



Alcadon Group

The Alcadon Way

# Enabling Digitalization for a better world



# 2023

ANNUAL REPORT

# Content

Annual Report 2023

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# The year in brief

## Events during the year

- Alcadon signs a 5-year framework agreement with Fiberklaar in Belgium. Volumes under the framework agreement are approximately MEUR 16 until 2027.
- In March 2023, Alcadon carries out a directed share issue of 974,818 shares and raised approx. MSEK 52.6 before issuance costs. The number of shares in Alcadon Group AB thus increases from 20,612,823 to 21,587,641.
- Alcadon terminates the incentive programme 2019/2023:1-6, whereby six employees, including the CEO and CFO, subscribed for shares with the support of subscription warrants. The number of shares in Alcadon Group AB thus increases from 21,587,641 to 21,722,570.
- Alcadon wins 4-year contract with Banedanmark at an estimated value of MDKK 40–45.
- Alcadon receives a MGBP 3.7 order for a new data data centre in the UK through Networks Centre.
- Net sales increase by 42 percent to MSEK 1,573 (1,110). In unchanged currency levels, net sales increase by 31 percent.
- Operating profit before amortisation of intangible assets (EBITA) increases by 56 percent to MSEK 107 (69), of which MSEK -1.5 (-6.4) is attributable to unrealised exchange rate gains and losses and the reversal of contingent consideration of MSEK 6.0 (1.6). In 2022, acquisition costs of MSEK -4.3 were also included.
- Cash flow from operating activities amounts to MSEK 137 (24), corresponding to SEK 6.36 (1.21) per share.
- Earnings per share amount to SEK 1.76 (1.86).
- The equity ratio increases during the period to 44 percent from 37 percent.

## Historical overview

	2023	2022	2021
Net sales, MSEK	1,572.8	1,110.4	736.5
Gross margin, %	24.4	25.5	28.1
Operating profit before amortization of intangible assets (EBITA), MSEK	106.8	68.6	67.5
Operating profit before amortization of intangible assets (EBITA), %	6.8	6.2	9.2
Net profit or loss for the year, MSEK	37.9	37.1	47.1
Earnings per share, SEK	1.76	1.86	2.62





# A word from the CEO

## A SOLID FOUNDATION IN SUCCESSFUL ACQUISITIONS AND ROBUST CASH FLOWS IN A CONTINUED TURBULENT ENVIRONMENT

We look back on the year with a sense of progress and strengthened financial and strategic position. Our acquisitions in recent years have performed at a high level, validating our growth strategy. The stability and growth opportunities of the Group have also improved significantly, providing us with a solid foundation to build upon. Notably, the strong cash flow has also contributed to verifying that we are on the right track.

Several of the challenges that characterized 2022 have not caused as much headache in 2023, but have nonetheless provided a breeding ground for other difficulties. Our efforts during the year could have resulted in a much stronger outcome but were naturally influenced by these factors. Higher financing costs for our customers in the broadband segment have dampened demand in a few markets, while the data centre segment has shown growth that has exceeded our expectations. The varying demand also underscores the strength of our broader geographic presence and diversified segment exposure that we have developed in recent years.

For the full year 2023, the Group's net sales increased by 42 percent to 1,573 MSEK. EBITA increased by 56 percent to 107 MSEK, and the cash flow from operating activities increased by 470 percent to 137 MSEK, corresponding to an operational cash flow per share of 6.4 SEK (1.2 SEK in 2022). Excluding direct acquisition costs, unrealized exchange rate changes, and refunded additional purchase prices related to acquisitions, EBITA increased by 33 percent. Margins were negatively affected by currency developments and cost inflation, as well as the lagging effect in passing on cost increases. Price increases to counteract cost inflation have been implemented gradually throughout the year with the desired effect. The acquired companies also have lower gross margins than the original Nordic operations, which affects the comparison. The financial situation remains solid with a high solvency ratio of 44 percent and a net debt, including lease liabilities, of 350 MSEK as of December 31, 2023 (a reduction from 447 MSEK on December 31, 2022). Our financial situation is thus reassuring and provides ample room for manoeuvre in the future.

In Q1 2024, Wood Communication in Ireland was acquired, primarily financed through a new issue and payment with shares in Alcadon Group. The company has an impressive track record and should fit well into Alcadon.

The year ended strongly with both organic growth and continued strong cash flow from operating activities in

Q4. Growth in local currency during the quarter was strongest in Benelux at 135 percent, closely followed by Germany at 58 percent, and the UK at 16 percent. The weakest performance was in Denmark and Norway with growth rates of -50 percent and -28 percent respectively.

### MARKET DEVELOPMENT AND TRENDS

Over time, our market is primarily influenced by increasing data volumes, an inevitable fact that supports our growth ambitions. The emergence of artificial intelligence and the increasing need for energy-efficient data storage create strong pressure for investments in data centres and fiber. This has been very clear in 2023 and is a trend expected to continue in the future.

Despite underlying drivers, megatrends, and clear logic supporting long-term growth, not all segments will exhibit high growth simultaneously in all markets (except for the data centre segment in 2023).

We are coming from a period, or cycle, within broadband expansion with significantly increasing demand and substantial investments in expanded capacity in several markets. Naturally, this has resulted in some excess capacity and weaker capacity utilization in an environment that in 2023 was partly characterized by higher financing costs and thus lower demand. We are now in a recovery period in markets such as Germany, the UK, and Denmark where some consolidation has been observed among our customers. Returns on our customers' investments should logically increase



gradually in the future, which we see clear signs of. In other words, do not dismiss broadband expansion in Europe; we will speak as warmly about it in the near future as we do today about the data centre segment. Currently, several operators perceive significant market turbulence, but long-term action will lay the foundation for good times ahead when inevitable investment decisions favor fewer actors after a welcome consolidation.

Our perspective is that network investments in properties will continue to be a stable segment, and data centres should grow significantly in the coming years. Expectations are also that broadband expansion will recover in the near future in markets where development has been weaker and continue to grow significantly in several markets.

Being a flexible distributor with no major capital investment needs and with a presence in several segments within network infrastructure has been advantageous in these times. It will continue to be so in the future.

### THE SIGNIFICANCE OF ACQUISITIONS

Finding, executing, and integrating good acquisitions is not always easy but need not be unfeasible either. We consider ourselves relatively risk-averse, having only acquired companies in recent years where we have an established and longstanding relationship. This caution is also reflected in our low acquisition frequency and is one reason why we often are not classified as a serial acquirer, roll-up, or similar. Despite the low acquisition frequency, acquisitions over the past four years represent approximately 75 percent of our net sales.

More important than the contributions of acquisitions to the Group's turnover is, of course, the return and contribution to the Group's future development. In our evaluation of acquisitions, we try to consider not only the strategic value and synergies but also the perspective of equating acquisitions with an investment in a standalone company. This means analyzing the expected returns of acquired companies initially and over time, cash flow per share, and what we can expect in different scenarios, with and without synergies. The process is, of course, filled with assumptions, and we try to be reasonably conservative in our assessments. The main thing is that the willingness and experience to analyze acquisitions from various perspectives exist, which reduces risk and significantly facilitates the integration process.

In our interactions with both investors and other acquiring companies, we often observe a tendency where companies and their acquisitions are primarily based on individual key metrics. Which key figures are fashionable to track often change over time depending on market sentiment. In many cases, logical opinions are aired when this is discussed, but at times the messages are contradictory and expressed as if the value of one key metric excludes others. Naturally,

we act based on what we believe is logical to create long-term shareholder value, something most naturally strive for. But a solid understanding requires a holistic view. One key metric often provides limited insight, while the combination of several metrics offers a more comprehensive understanding. Cash flow, operating margins, organic profit growth, return on reinvested profits, and earnings per share development are all important key figures but cannot be seen in isolation. The analysis must be nuanced even if there is a point in simplifying in a complex environment.

Incrementally, we believe that our acquisitions contribute to the Group's (financial and strategic) development in a positive way, and capital allocation has, in our opinion, functioned as intended. Today, we also have an efficient playbook for how we want to integrate our acquisitions over time and create value, something we intend to continue and improve upon. We have a proven decentralized model and are both aware of, and actively seek, collaborative synergies between our companies. This is appreciated by sellers and has provided greater benefits than we often initially assessed. Both aware of, and actively seek, collaborative synergies between our companies. This is appreciated by sellers and has provided greater benefits than we often initially assessed.

Gradually we are moving towards becoming one of Europe's most appreciated providers of network infrastructure, perhaps partly already there, and acquisitions have played a significant role in that work.

### TOWARDS 2024 WITH CONFIDENCE

It is with great pride that I look back on what we have accomplished in recent years. Acquisitions have been the key to strengthening our foundation for continued high organic growth and returns. In addition to this, they have contributed to increased stability in our business and a significantly stronger customer offering, which benefits us going forward.

I also want to extend a big thank you to all the fantastic employees who have joined us and are leading us forward in an entrepreneurial, decentralized environment. In a decentralized organization, the company's success depends on individuals' wise judgments and their commitment to contribute, and it is working very well today.

We believe in our model, and I am convinced that we have the best times ahead of us.

**Sonny Mirborn**

CEO and President

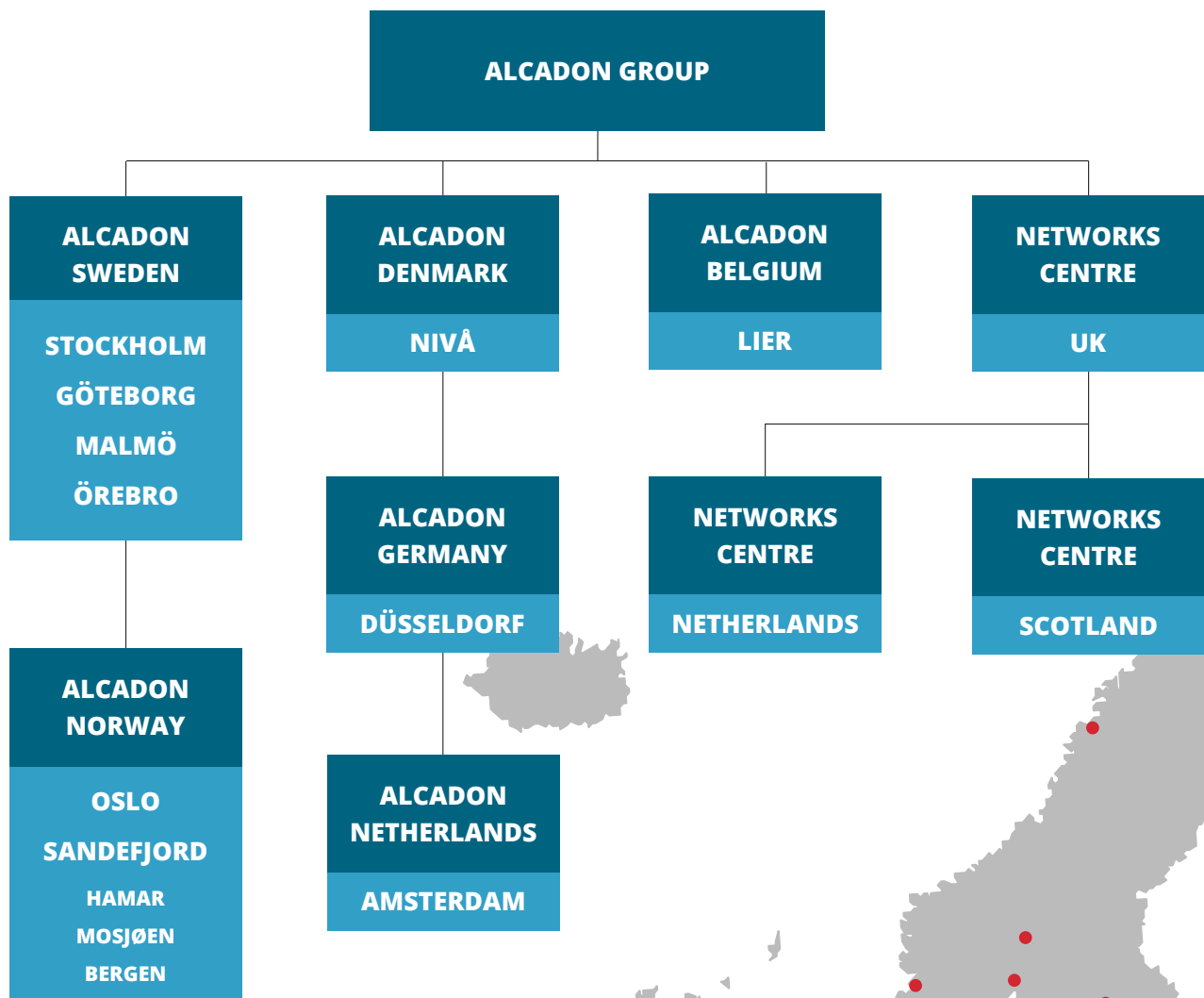


# The Alcadon Way...

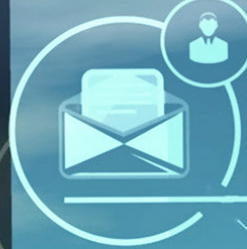
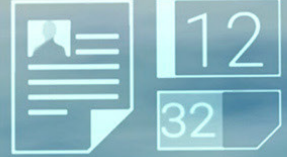
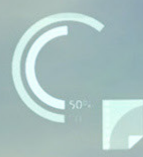
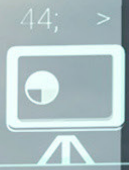
...Is all about enabling digitalization by being one of the industry's most trusted indisputable competence centres and solution provider

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

## ALCADON GROUP TODAY







5.9223

75%



68%

120%



# Alcadon in brief



## BUSINESS CONCEPT

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

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

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



## OUR VISION - 2025

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



## WE ARE HERE!

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

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

## BUSINESS AREAS



### COMMERCIAL PROPERTY NETWORKS

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



### FIBER NETWORKS

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



### RESIDENTIAL NETWORKS

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



### SERVICES & TRAINING

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

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

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



# Alcadon Group

## – An introduction



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

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

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

In the early 2000s, Alcadon ventured into the field of active equipment to complement an already strong portfolio of passive systems. In the early 2010s, Alcadon further enhanced its capabilities in related fields and ventured into FTTH and the data centre segment. Two fields that have grown in importance over time and within Alcadon's fields of core competence.




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

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

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

We aim to continue our journey in the same manner.

## OUR HISTORY

<b>2023</b>	A year characterized by strong operating cash flow and continued strong development outside the Nordic region. The data center segment in particular is developing very strongly throughout the Group. An agreement was signed with Belgian Fiberklaar where Alcadon assists in the broadband rollout in the Belgian market.	
<b>2022</b>	A subsidiary in the Netherlands is established. Acquires Networks Centre based in the UK with subsidiaries in the Netherlands. Acquires the remaining 20% of Alcadon in Belgium (formerly 6X International).	
<b>2021</b>	In December, Alcadon acquire 80% of 6X International in Belgium, a company with a solid market position within network infrastructure. Alcadon also acquires 6X International ApS Denmark and 6X International GmbH Germany and Susanne Stengade becomes co-owner of Alcadon and SVP Central/Western Europe.	
<b>2020</b>	Partnership with Siemens. Focused efforts to strengthen product management capabilities and improve logistical function by creating a central logistics unit in Stockholm.	
<b>2019</b>	New CEO & CFO take position. New executive management team. Efficiency programme launched to improve go-to market capabilities and reduce opex.	
<b>2016</b>	Alcadon Group AB listed on First North.	
<b>1997</b>	MRV Communication, USA (NASDAQ). Acquires part of Alcadon and significantly strengthens Alcadon's capabilities in the Active segment. Part of Distit, during a period where much focus was directed towards the fiber roll-out in Sweden and Norway and developing the Data centre segment.	
<b>1995</b>	ECS (European Cabling System) Alcadon's structured cable system is launched with the aim of becoming the market's number one premium solution.	
<b>1988</b>	Established on Lilla Essingen, Stockholm, Sweden.	





# THE ALCADON WAY...

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

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

## OUR PURPOSE – WHY WE EXIST

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

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

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

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

### OUR VISION FOR 2025

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







## OUR VALUES AND GUIDING PRINCIPLES

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

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

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



# OUR STRATEGY – HOW WE WORK

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

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





## ACQUISITION STRATEGY

### - HOW WE APPROACH GROWTH THROUGH ACQUISITIONS

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

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

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

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

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

## BUSINESS MODEL

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

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

## PRODUCTS

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

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



## CUSTOMERS

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

## SUPPLIERS

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

## LOGISTICS AND WAREHOUSING

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

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

## PERSONNEL

As at 31 December 2023, Alcadon had 164 (179) employees. The number of employees was 46 (48) in Sweden, 17 (20) in Norway,

17 (22) in Denmark, 4 (3) in Germany, 6 (6) in Belgium, 68 (79) in the UK and 6 (1) in the Netherlands.

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

## COMPETITIVE ADVANTAGE AND GROWTH STRATEGY

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

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

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

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

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

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



## SOME ACQUISITIONS AT A GLANCE

### DataConnect 2017

#### At a glance:

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

#### Rationale:

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

### Svagströsmateriel 2017

#### At a glance:

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

#### Rationale:

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

### Networks Centre Ltd and BV 2022

#### At a glance:

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

#### Rationale:

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

### Cable Com 2018

#### At a glance:

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

#### Rationale:

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

### 6X International ApS and GmbH 2021

#### At a glance:

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

#### Rationale:

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

# OUR ANNUAL TARGETS OVER A BUSINESS CYCLE

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

## Financial goals over a business cycle

- Growth – Annual turnover growth of 20 percent
- Profitability – EBITA margin exceeding 10 percent
- Indebtedness – Net interest-bearing liabilities/EBITDA R12 adjusted (pro forma) between 2 and 3

## Additional goals

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

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

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

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

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

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

# OUR VISION FOR 2025

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

## Vision 2025 decided in connection with the capital market day held in September 2022:

- NPS > 30 and ENPS > 30 with the purpose of being highly renowned by employees and customers alike.
- Premium partner for us entails being a competence centre recognised for being solution oriented, being able to offer tailor-made solutions in a partnership with suppliers and customers but also to offer state-of the art, high quality solutions and products.
- With Europe we mean having a significant presence in at least 8 countries.
- Premium – Top of the line / state of the art service, solutions etc.
- Our overall financial targets for 2025 is to reach BSEK 2.6 in turnover and MSEK 280 in EBITA while maintaining a net debt/EBITDA ratio in the range of 2–3.

# Corporate governance report

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

Alcadon Group AB (publ), reg.no. 559009-2382, is a Swedish public limited company governed by Swedish law. During 2023, the business operations were conducted in Sweden, Norway, Denmark, Germany, Belgium, the United Kingdom, and the Netherlands. The operating subsidiaries are: Alcadon AB (Sweden), Alcadon AS (Norway), Alcadon ApS (Denmark), Alcadon GmbH (Germany), Alcadon B.V. (Belgium), Networks Centre Ltd. (the United Kingdom), Networks Centre Ltd. (Scotland), Communications Centre International Ltd. (the United Kingdom), and Networks Centre B.V. (the Netherlands).

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

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

Since Alcadon Group's share is not listed on a regulated market, the Code does not apply to the Company. Nevertheless, Alcadon Group's corporate governance is, to a great extent, inspired by the code. Since 2017, a Nomination Committee has been in place which fulfils the guidelines regarding independence as stated in the Code.

## SHAREHOLDERS

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

The number of shareholders in Alcadon Group amounted to 5,766 on 31 December 2023. For more information about shareholders and ownership structure, please refer to page 63.

## GENERAL MEETING

The Company's highest decision-making body is the General Meeting, where the shareholders exercise their influence in the Company. Shareholders who wish to participate in the General Meeting, personally or via proxy, shall be entered into the share register no later than Thursday, 20 April 2024 and submit a registration to the Company according to the notice.

Notice of the General Meeting shall be published in Post-och Inrikes Tidningar and on the Company's website ([www.alcadongroup.se](http://www.alcadongroup.se)). At the time of notice, information regarding the notice shall be published in Svenska Dagbladet.

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

## ANNUAL GENERAL MEETING 2023

The Annual General Meeting 2023 was held in Stockholm on 28 April. For information about the Annual General Meeting and the resolutions passed, please refer to the Company's AGM communiqué, available on the Company's website: [www.alcadongroup.se/investerare/bolagsstammor/](http://www.alcadongroup.se/investerare/bolagsstammor/).

## ANNUAL GENERAL MEETING 2024:

The Annual General Meeting 2024 will be held in Stockholm on Friday,

26 April 2024, 10:00 a.m. Shareholders wishing to have a matter considered at the general meeting shall submit



their proposals to the Chairman of the Board, Pierre Fors, well in advance of the announcement of the notice of the Annual General Meeting, which is projected to be at the end of March 2024. More information about the Annual General Meeting 2024 can be found on page 68 of this Annual Report.

## BOARD OF DIRECTORS

According to the Articles of Association, the Board of Directors shall consist of a minimum of three and a maximum of ten members, with a maximum of five alternates. The four elected members were appointed by the Annual General Meeting 2023 for the period up to the next Annual General Meeting, in accordance with the Swedish Code of Corporate Governance. There is no rule on the longest time a member may serve on the Board of Directors. The board members' average age is 62 years old, and one of the members is a woman.

Three of the board members are considered by the Nomination Committee to be independent in relation to the Company, the company management and the Company's major owners. Pierre Fors is considered by the Nomination Committee to be independent in relation to the Company's major shareholders. As he has previously been employed by the Company and is also a large shareholder in Alcadon Group AB, Pierre is not considered independent in relation to the Company and the company management. The Alcadon Group therefore fulfils the requirements set in the Code with regard the Board of Directors' independence in relation to the Company, the company management, and the Company's major owners. For more information about the board members elected by the General Meeting, please refer to page 65.

The work and responsibilities of the Board of Directors

On 28 April 2023, the Board of Directors adopted a Rules of Procedure for the Board with instructions regarding division of duties between the Board of Directors and the CEO and instructions for financial reporting. The Board of Directors is responsible for ensuring that Alcadon Group's organisation is designed so that the accounting, management of funds, and other financial conditions are controlled in a satisfactory manner. The Board of Directors shall continuously assess the Group's financial situation.

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

The four ordinary meetings coincide with the timing of the external financial reporting. In addition, one ordinary meeting is held in June for strategic discussion and discussion relating to corporate governance and one

meeting in December to review the budget and business plan for the following year.

At the board meeting where the annual accounts are presented, usually in February, the auditor takes part in order to convey any observations from the audit for the previous year. In addition to the ordinary meetings, the Board of Directors is called to extra meetings when the situation requires. During the year, the Board of Directors met 14 times, including a statutory board meeting.

## Attendance frequency of the Board of Directors in 2023

Name	Position	Elected	Depen- dence	Attend- ance
Pierre Fors	Chairman	2016	Yes <sup>1)</sup>	14/14
Jonas Mårtensson	Vice Chairman	2016	No	14/14
Marie Ygge	Member	2019	No	14/14
Lars Engström	Member	2020	No	13/14

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

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

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

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

## Remuneration of the Board of Directors

The Chairman of the Board and the board members were paid fees as resolved by the Parent Company's Annual General Meeting 2023.

Any work in addition to standard board duties shall take place on market grounds and shall be agreed directly between the Company and the board member it concerns. The extent of these consulting fees is specifically reported in the Annual Report.

In addition to the ordinary fees, the Company has carried out transactions of MSEK 0.9 (0.8) with Paseca AB which

is owned by the Chairman of the Board, Pierre Fors. These transactions relate to consultancy services.

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

## Fees to the Board of Directors

KSEK	2023
Pierre Fors, board member and Chairman of the Board	280
Jonas Mårtensson, board member and Vice Chairman	220
Marie Ygge, board member	165
Lars Engström, board member	165

## BOARD COMMITTEES

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

## AUDIT

Auditors have the task of reviewing the Company's financial reporting and the Board of Directors' and CEO's administration of the Company.

The selection of auditor took place at the Annual General Meeting 2023, when Grant Thornton Sweden AB was re-elected as auditor for the period until the end of the Annual General Meeting 2024. The auditor in charge is Authorised Public Accountant Daniel Forsgren (born in 1972). For information, the auditor in charge receives regular notices of board meetings and general meetings, board minutes, monthly financial reporting, CEO reports, and other information of material importance to the operations.

The audit also includes the Company's internal controls and administration audit. The review is based on a risk assessment and specific areas of importance. At the Board of Directors' yearly review of the annual accounts, the auditors present an audit report made in writing.

The auditor in charge has, on one occasion, met the Board of Directors to present the work relating to the evaluation of internal controls and the audit of the annual accounts for the financial year 2023. Members of the Board have, on some occasions during the year, met the auditor without the presence of the CEO or another person from the executive management.

Grant Thornton submits the audit report relating to Alcadon Group AB and the Group. Grant Thornton also performs services for companies within the Alcadon Group in addition to the audit work. In addition to auditing, ISRE and tax advice, Grant Thornton Sweden has issued audit opinions. Grant Thornton International has provided consultancy and tax advice. For this work, Grant Thornton has invoiced a total amount of KSEK 2,579 (4,110) for 2023.

The auditor receives fees for its work in accordance with the decision at the Annual General Meeting. For information about auditor's fees during 2023, please see Note 5.

## CHIEF EXECUTIVE OFFICER

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

Every month, the CEO provides the members of the Board with the information required in order to monitor the Company's and the Group's position, operations and development, and keeps the Chairman of the Board regularly informed of operations. The CEO shall take the measures necessary for the accounting to be performed in accordance with law, and for the management of funds to be handled in a secure manner. For a more detailed division of responsibilities between the Board of Directors' and the CEO's tasks, there is a written CEO instruction which is continuously updated. The CEO attended all Board meetings in 2023. Sonny Mirborn is the CEO and President of Alcadon Group AB since 11 July 2019.

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

## REMUNERATION OF THE CEO AND OTHER SENIOR EXECUTIVES

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

In addition to the CEO, the group of other senior executives consists of five people. Through group management, we create opportunities for stronger leadership, we strengthen the ties between our Swedish and foreign operations, and promote cross-functional business development projects. Internal recruitment to group management means that we benefit from the collective experience and strong culture the Company demonstrates today, while external recruitment provides us further good prerequisites when we

enter the next phase in our development, with both continuity and development of our group management. The remuneration principles for 2023 are unchanged compared with the previously applied principles. The notice period for the CEO is a mutual notice of six months with full pay and other remuneration. In the event of termination by the Company, severance pay corresponding to three months' salary is paid. For other senior executives, a notice period of three to twelve months applies. For information about the amounts paid to the CEO and other senior executives, please refer to Note 7.

## INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN FINANCIAL REPORTING

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

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

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

### Control environment

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

### Risk assessment

The Board of Directors has the ultimate responsibility for risk management. Through a clear organisation and decision-making process, including high awareness of risks among employees, with common definitions and principles within established frameworks, controlled risk-taking is achieved. Risk areas are business- and industry-related risks, as well as risks in connection with the year-end closing process linked to financial reporting, operational risks, and legal risk. See also pages 26–27 with regard to risks and risk management.

### Control activities

The Group's business processes include financial controls with respect to the approval and reporting of business transactions. The year-end and reporting process includes controls, which, among other

things, relate to accounting, valuation and disclosure requirements, as well as regarding the application of material accounting principles and estimates, both in individual subsidiaries and at group level. The economics and finance function at Alcadon Group AB is responsible for the preparation of financial statements, quarterly reports, controls and analyses in the Group and in all subsidiaries.

The regular analysis of each operation's monthly financial reporting includes significant items such as assets, liabilities, income, expenses and cash flow.

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

All financial reports and other press releases are published simultaneously with the disclosure on Alcadon Group's website.

## Information/Communication

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

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

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

### Monitoring

The Board of Directors has not established a function for internal audit. The main work relating to internal auditing is handled by the Company's CFO. The Board of Directors' assessment is that this approach, together with the monthly financial reports which the Board of Directors receives, at present is satisfactory and fulfils the requirements on reporting and internal control that can be set.

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

The Group's process for financial reporting is reviewed annually by group management and forms the basis for



the evaluation of the internal management system and the internal governing documents to ensure that these cover all important areas related to financial reporting. The processes for financial reporting are of material importance for the Board of Directors' monitoring of operations and are evaluated continuously.

### DIRECT OR INDIRECT SHAREHOLDINGS

As of 31 December 2023, people with a so-called insider position in the Company own shares corresponding to 9.9 percent of the capital and votes in the Company. See pages 65–67 for information on the shareholding of board members and senior executives.

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

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

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

- Procedure for disclosure of inside information.
- Procedure for establishing an insider list.
- Procedure for transactions performed by persons discharging managerial responsibilities and related parties.
- Procedure for trade bans during the so-called closed periods.

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

### VOTING RESTRICTIONS

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

### CERTAIN ARTICLES OF ASSOCIATION PROVISIONS

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

## AUTHORISATIONS PROVIDED BY THE GENERAL MEETING

The Annual General Meeting on 28 April 2023 resolved to authorise the Board of Directors to, on one or more occasions before the next Annual General Meeting, with or without deviation from the shareholders' preferential rights, decide on a new issue of shares, the total number limited to not exceed 15 percent of the total number of outstanding shares in the Company at the time of the General Meeting's authorisation. The authorisation includes the right of the Board of Directors to decide on a new issue of shares against cash payment, and with or without a provision on non-cash contribution or set-off or otherwise with conditions, in accordance with the Swedish Companies Act. Any cash or set-off issue with deviation from the shareholders' preferential rights shall be carried out on market terms.

The main purpose of the authorisation is to give the Board of Directors flexibility in the work of ensuring that the Company can raise capital for company and business acquisitions in an appropriate manner. The authorisation shall also enable the Board of Directors to make decisions on private placements, even in situations that do not involve acquisitions but are more concerned with securing the Company's liquidity.

### NOMINATION COMMITTEE

Alcadon Group's corporate governance work is, to a great extent, inspired by the Code. The Code states that the Nomination Committee is the General Meeting's body with the sole task of preparing the meeting's decisions on election and fee issues and, where applicable, procedural matters for the next Nomination Committee.

The members of the Nomination Committee shall, regardless of how they are appointed, safeguard the interests of all shareholders.

Prior to the 2024 Annual General Meeting, the Nomination Committee for Alcadon Group AB has been appointed in accordance with the principles decided at the 2023 Annual General Meeting, which means, among other things, that:

- The Chairman of the Board shall, no later than 15 October 2023, convene the three largest shareholders in terms of voting rights or owners representing the three largest groups of owners of the Company, each of whom has the right to appoint one member of the Nomination Committee.
- In addition, the Chairman of the Board shall be a member of the Nomination Committee at the time of its establishment.

## Nomination Committee

On 26 October 2023, in accordance with the above, Alcadon Group AB informed that Alcadon Group's Nomination Committee for the 2024 Annual General Meeting consists of:

- Carl Johan Högbom (appointed by and representing Investment AB Spiltan)
- Anders Bladh (appointed by and representing Ribbskottet AB)
- Jacob Lundgren (appointed by and representing Andra AP-fonden)
- Pierre Fors (Chairman of the Board)

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

The members have not received any fees or remuneration for their work in the Nomination Committee. The Nomination Committee held five minuted meetings in 2023 and 2024, as well as a number of other meetings.

Proposals to be presented to the 2024 Annual General Meeting for resolution

The Nomination Committee will present proposals to the 2024 Annual General Meeting for resolutions on:

- election of the Chairman of the Meeting
- remuneration and fees to the Board of Directors and the auditor
- the number of board members and deputies
- election of board members and Chairman of the Board
- election of auditor
- principles of the Nomination Committee's work

It is noted that Pierre Fors did not participate in resolutions regarding the Nomination Committee's proposal for board fees, nor in resolutions regarding the Nomination Committee's proposal to re-elect Pierre Fors to the Board of Directors.





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

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

### **Tasks and responsibilities**

It is the Board of Directors that is responsible for the 2023 corporate governance statement on pages 19–24 and for preparing it in accordance with the Annual Accounts Act.

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

Our examination was conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and the generally accepted auditing practice in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

### **Opinions**

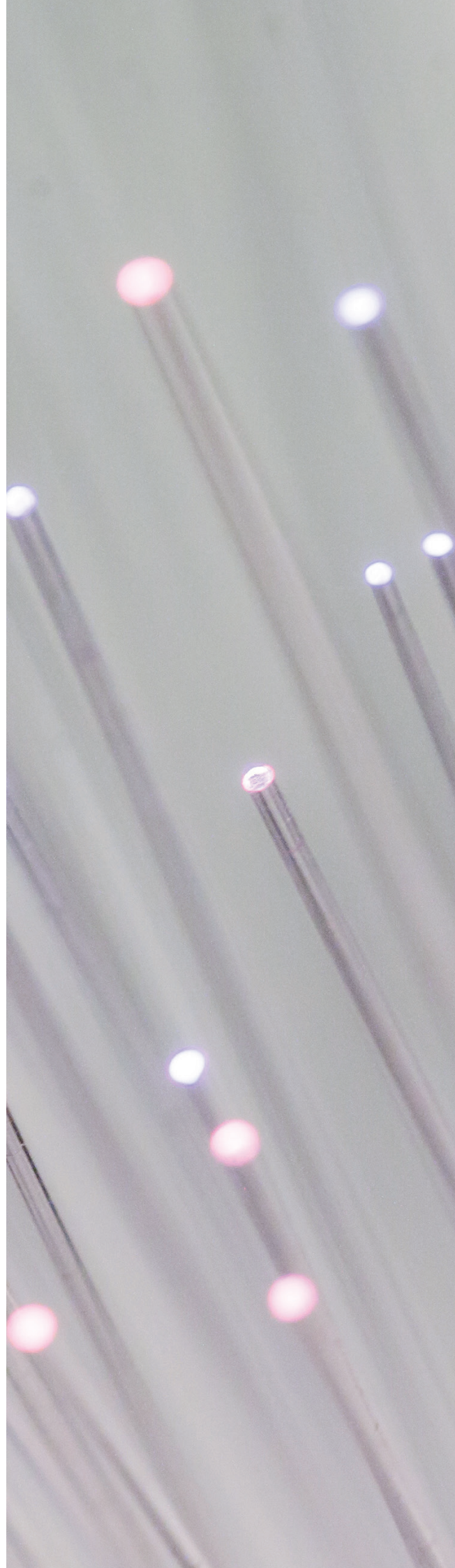
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6, section 6, the second paragraph, items 2–6 of the Annual Accounts Act and chapter 7, section 31, the second paragraph of the same law are consistent with the annual accounts and consolidated accounts, and are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

Stockholm, Sweden, 26 March 2024

Grant Thornton Sweden AB

Daniel Forsgren

Authorized Public Accountant





# Risks and risk management

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

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

## OPERATIONAL AND INDUSTRY-RELATED RISKS

### Fluctuations of the economic cycle

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

### Technology development

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

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

Price pressure and competition

Alcadon's operations are conducted in an industry exposed to competition. Market participants compete

on price, innovation, design and quality, but also on technology and market penetration. Alcadon is facing a large number of competitors, both traditional retailers and specialised suppliers. In recent years, the Group has seen increasing price pressure in the market, which has contributed to decreasing margins on certain product groups and a demand for cost-efficient solutions.

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

### Risks related to acquisitions

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

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

### Regulatory risks

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

increased warranty costs (see also the section "Risks related to product quality and product safety" below).

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

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

### **Dependence on suppliers**

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

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

As at 31 December 2023, the Group had 164 employees. Alcadon's future development is dependent on the Group's ability to retain and recruit personnel with relevant experience, knowledge and commitment. Should any member of management or other key employees terminate their employment, this could, at least in the short term, have a materially adverse effect.

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

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

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

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

### **Tax risks**

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

### **RISK MANAGEMENT**

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

Our staff is an important resource and a means of competition, and it is, therefore, very good that the majority of key employees have been large shareholders in Alcadon for a long time. Furthermore, our good and long-standing relations with Asian and European suppliers are crucial for maintaining a high level of quality and ensuring the availability of goods to customers.

Risks related to acquisitions are managed through a very detailed due diligence process, supported by external advisors and with the active participation of the Company's Board of Directors where several members have extensive experience of such processes. The management's industry expertise, which further covers the operations of acquired businesses, has also contributed to efficient integration.

### **FINANCIAL RISKS**

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

# Management report

The Board of Directors and the Chief Executive Officer of Alcadon Group AB, reg.no. 559009-2382, registered in Stockholm, hereby present the annual and consolidated accounts for the financial year 2023. The Company is the Parent Company of the Alcadon Group.

The Company's share is listed on Nasdaq First North Stockholm since 14 September 2016. The Board of Directors has decided to start the process, during 2023, of switching from Nasdaq First North Growth Market to Nasdaq Main Market in Stockholm. The decision is a declaration of intent, and timing of the application will be adapted to Nasdaq's prevailing market conditions.

## THE GROUP'S OPERATIONS

Alcadon was founded in Sweden in 1988 with the sole purpose of providing top of the line premium products for network infrastructure and data communication. Through value-adding distribution and by representing world-leading manufacturers, the groundwork for further expansion into Europe was laid.

Today, Alcadon is established in Sweden, Norway, Denmark, Germany, Belgium, the Netherlands, and the United Kingdom. In all markets, we offer products and systems for data and telecommunications through suppliers of leading brands. This is complemented by own brands such as ECS.

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

## REVENUE AND RESULTS

Net sales increased by 42 percent to MSEK 1,573 (1,110). Organic growth including currency impact was 3.7 percent, less currency impact -4.3 percent and the acquired growth was 38 percent. In unchanged currency levels, net sales increased by 31 percent. Pro forma organic growth was 5.5 percent.

Other operating income amounts to MSEK 4.0 (1.6) and consists mainly of revaluation and reversal of contingent considerations of MSEK 3.3 (1.6). Gross margin amounts to 24.4 (25.5) percent. Gross margin excluding the Networks Centre acquisition amounted to 26.0 (26.7) percent.

Gross margin amounts to 24.4 (25.5) percent. Gross margin excluding the Networks Centre acquisition amounted to 26.0 (26.7) percent.

Operating expenses increased compared to the previous year as a result of the acquisition of Networks Centre

and the weaker Swedish krona. Costs were affected in 2022 by MSEK -2.5 in revaluation of contingent considerations and MSEK -4.3 in acquisition costs.

Operating profit before amortisation of intangible assets (EBITA) for the period amounted to MSEK 107 (69), an increase of 56 percent. EBITA has been affected by MSEK -1.5 (-6.4) attributable to unrealised exchange rate gains and losses. Of this, MSEK -2.6 (-2.0) is the revaluation of contingent considerations. Reversal of contingent considerations has affected by MSEK 6.0 (1.6). In 2022, acquisition costs of MSEK -4.3 were included. Adjusted for the above, EBITA increased by 33 percent and the EBITA margin amounted to 6.5 percent (6.9).

Amortisation of customer relations amounts to MSEK -14.1 (-5.8). Profit or loss for the period amounted to MSEK 38 (37).

A summary of key indicators, the quarterly performance, and a comparison with the previous year is provided in the section Indicators and the year in quarters, on pages 59–60.

Cash flow from operating activities amounted to MSEK 137 (24). Change in working capital amounted to MSEK 34 (-54).

Other net investments in tangible, intangible and financial fixed assets amounted to MSEK -8.8 (-12.9). Net cash flow from acquisitions amounted to MSEK -42 (-246) which relates to deferred payment for the acquisition of NWC in the amount of MSEK -9, paid contingent consideration of MSEK -26 (MGBP -2) for the acquisition of NWC and paid contingent consideration of MSEK -6 (MDKK -4) for the acquisition of Alcadon ApS (formerly 6X International ApS).

Earnings per share decreased from SEK 1.86 to SEK 1.76, amounting to a decrease of 5 percent for the year.

## CASH FLOW; INVESTMENTS AND LIQUID ASSETS

Cash flow from financing activities amounted to MSEK -125 (306) and consists of a new share issue of MSEK 50 (125) after issuance costs, amortisation of loans, amortisation of lease liabilities and interest paid and received.

At the end of the period, the Group's cash and cash equivalents amounted to MSEK 63 (101). The overdraft granted with SEB amounts to MSEK 50 (50), of which MSEK 50 (45) was undrawn at the end of the period.



The Company has financing with SEB without pledged collateral. Previous financing belonging to the Networks Centre has been paid off in full during the third quarter of 2023.

The Parent Company has no contingent liabilities or pledged assets.

The Group has no significant tangible fixed assets other than rights of use assets. As of 31 December 2023, the inventory value amounts to MSEK 293 (345).

The Group had a goodwill item of MSEK 676 (671) on 31 December 2023. The goodwill is attributable to the acquisition of the Alcadeltaco Group at the end of December 2015, as part of the creation of the current Group structure, and to the Group's subsequent acquisitions. Goodwill is tested for impairment regularly and is recognised at cost less accumulated impairment. The tests for impairment conducted at year-end 2023/2024 indicated that no impairment loss had occurred. See further Note 11.

Equity ratio amounts to 44 (37) percent on the balance sheet date.

Earnings per share decreased from SEK 1.86 to 1.76, corresponding to a 5 percent decrease for the year.

## INVESTMENTS

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

## FINANCING

Alcadon's financing consists of bank loans with SEB of initially MSEK 380, extending over 3+1 years from August 2022. After repayments, the SEB loans amount to MSEK 333 as of 31 December 2023.

### Terms in brief:

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

In total, the Group's bank loans amount to MSEK 333 (463) as of 31 December 2023, of which MSEK 38 (130) is recognised as current liabilities under Short-term interest-bearing liabilities and MSEK 295 (333) is recognised as long-term under Long-term interest-bearing liabilities. In September 2023, previous short-term financing belonging to the Networks Centre has been repaid in full. Current liabilities of MSEK 38 (130) relate to the amortisation plan for the loans with SEB.

The Company reports covenants linked to:

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

The debt ratio is calculated less lease liabilities and including lease expenses related to operational leasing. 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. Alcadon has not breached against any covenants during the year.

The overdraft granted with SEB amounts to MSEK 50 (50), of which 50 (45) was undrawn at the end of the period.

## FINANCIAL OBJECTIVES AND TARGET ACHIEVEMENT

Alcadon's financial objectives over a business cycle and Vision 2025 entail a continued focus on profitable growth both organically and through acquisitions, with Alcadon becoming a reputable European premium partner active in carefully selected business areas related to the digitisation of society.

### Financial goals over a business cycle

- **Growth** – Annual turnover growth of 20 percent
- **Profitability** – EBITA margin exceeding 10 percent
- **Indebtedness** – Net interest-bearing liabilities/ EBITDA R12 adjusted (pro forma) between 2 and 3

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

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

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

Financial goals	Goal	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2024
Growth	20%	43%	51%	68%	79%	68%	42%
Profitability	>10%	5.9%	6.2%	6.2%	5.6%	6.4%	6.8%
Debt	2-3	3.8	3.7	3.2	3.2	2.8	2.8

## Vision 2025

- Net sales – MSEK 2,600
- EBITA – MSEK 280
- EBITA % - 10.8%

## Additional goals

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

Additional goals	Goal	2022	2023
Employee engagement	>30	40	22
Customer loyalty	>30	54*	57

\*Measured in Sweden and Norway during 2022. In 2023, all companies are included.

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

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

## SIGNIFICANT EVENTS DURING THE YEAR

- Alcadon, through its Belgian subsidiary, Alcadon B.V, has signed a 5-year framework agreement with Fiberklaar in Belgium, for the supply of fibre optic material in FTTH deployment. Volumes under the framework agreement are approximately MEUR 16 until 2027.
- Alcadon has carried out a targeted new issue of shares to existing and new investors. Through the new issue, approximately MSEK 52.6 was added to Alcadon before issuance costs. There was strong demand for participation in the issue, exceeding the issue volume by 2.1 times. The number of shares in Alcadon Group AB increased from 20,612,823 to 21,587,641 after the issue was completed.
- Alcadon terminates the incentive programme 2019/2023:1–6, whereby six employees, including the CEO and CFO, subscribed for shares with the support of subscription warrants. The number of shares in Alcadon Group AB increased from 21,587,641 to 21,722,570.

- A total of 21 employees, including the CEO, have fully subscribed for warrants under the incentive programme approved by the Annual General Meeting in April. For terms, please see note 28.
- Alcadon has won a 4-year contract for the delivery of fibre-optic components starting on 1 September 2023. The contract has an estimated value of approximately MDKK 40–45 over the next 4 years. It can then be extended for another 2+2 years.
- Alcadon has received an order worth MGBP 3.7 for a newly constructed data centre in the United Kingdom. Most deliveries are expected to be shipped during Q4 2023, and the rest will be shipped and invoiced during Q1 2024.

## SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- Despite a very strong cash flow during the year, the Board proposes that no dividend be paid for 2023, in light of good investment opportunities with good return potential going forward.
- Alcadon has entered an agreement to acquire Wood Communications Ltd., Ireland, through the acquisition of all shares in its parent company Lewralos Limited, one of Ireland's leading distributors of networking products. The purchase price on a cash and debt-free basis amounts to MEUR 10.1 (corresponding to approximately MSEK 113.5), of which up to 25 percent of the purchase price is paid through a new issue of shares in Alcadon to the Sellers by way of an issue-in-kind upon closing, which is expected to take place on 2 April 2024, and the remainder will be settled in cash. A conditioned based purchase price (earn-out) of a maximum of approximately MEUR 2.9 (approx. MSEK 32.6) may be paid if certain conditions are met during the period up until and including three years after closing, which part of the additional purchase price can be paid through a set-off issue, subject to the approval of the General Meeting. Through the acquisition, Alcadon is expected to receive multiple synergies in both short and long-term, such as a broader customer base in Europe, improved collaboration with partners and suppliers, as well as new distribution channels for Alcadon's products.
- Alcadon has carried out a targeted new issue of shares to existing and new investors to partly finance the acquisition of Wood Communications Ltd. Through the issue, Alcadon received MSEK 75 before transaction costs. The number of shares in Alcadon Group AB increased from 21,722,570 to 23,777,365 after the issue was completed.

See further Note 29.

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



## OWNERSHIP

As of 31 December 2023, the Company's share capital consisted of 21,722,570 shares, all with equal voting rights and equal right to dividend. The Company had 5,766 shareholders on 31 December 2023, with the 20 largest shareholders holding 76 percent of the number of votes and shares on 31 December 2023.

Owners with holdings that exceed 10 percent of the total number of shares as of 31 December 2023 are Investment AB Spiltan and Ribbskottet AB.

On 21 March 2023, Alcadon Group carried out a directed issue of 974,818 shares at a subscription price of SEK 54 per share. The subscription price of the new issue was determined by means of the so-called accelerated book building process. Through the new issue, approximately MSEK 52.6 was added to Alcadon before issuance costs. The number of shares in Alcadon Group AB thus increased from 20,612,823 to 21,587,641 after the issue was completed.

On 23 March 2023, incentive programme 2019/2023:1-6 was terminated whereby six employees, including the CEO and CFO, subscribed for shares with the support of subscription warrants. The number of shares in Alcadon Group AB thus increased from 21,587,641 to 21,722,570.

After the balance sheet date, on 6 March 2024, Alcadon Group carried out a directed issue of 2,054,795 shares at a subscription price of SEK 36.5 per share to partly finance the acquisition of Wood Communications Ltd.

The subscription price of the new issue was determined by means of the so-called accelerated book building process. Through the new issue, approximately MSEK 75 was added to Alcadon before issuance costs. The number of shares in Alcadon Group AB thus increased from 21,722,570 to 23,777,365 after the issue was completed.

In-depth ownership information is provided in the section "Ownership" on page 63.

## ENVIRONMENTAL RESPONSIBILITY AND CLIMATE-RELATED ISSUES

Alcadon is not conducting any operations that are subject to compulsory licensing pursuant to the Swedish Environmental Code. There is impact on the environment, mainly deriving from the transport of goods, energy consumption, waste and packaging.

Alcadon is working actively to minimise the impact on the environment in all of the said areas. The environmental impact is also taken into account in the selection of passenger modes of transport and electricity suppliers. Additional information is provided on pages 14–20 in Alcadon's Sustainability Report.

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



## REMUNERATION OF SENIOR MANAGEMENT

The Group's guidelines for the remuneration of senior executives are described in the corporate governance report on pages 20–21. Details of the remuneration of the Board of Directors and senior executives for 2023 are provided in Note 7.

## FINANCIAL INSTRUMENTS

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

## RISKS AND UNCERTAINTIES

Alcadon's operations, sales, and financial results may be affected by a number of uncertainties. The Group portrays the risks relating to its business activities and its risk management in this Annual Report. See the section "Risks and risk management" on pages 26–27 for the Group's assessment of various risk areas and Note 2 regarding financial risks.

## SUSTAINABILITY REPORT

As of the 2019 financial year, the Group is subject to the obligation to prepare a Sustainability Report in accordance with the Swedish Annual Accounts Act. The Sustainability Report for 2023, which, in accordance with FAR's recommendation RevR12, has been reviewed by the Company's auditor, will be presented on the Group's website no later than at the end of March 2024. The same section describes the Group's Sustainability Policy and descriptions of the principles that govern, among other things, environmental responsibility, corporate responsibility, and diversity and equality work.  
<https://alcadongroup.se/verksamhet/policy-for-hallbarhet/>

## EXPECTED FUTURE DEVELOPMENT

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

## THE PARENT COMPANY

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

The Parent Company's net sales amounted to MSEK 11 (8.6) and the operating profit to MSEK -3.1 (-8.3). Profit or loss for the year amounted to MSEK -31.0 (-2.1).

## CORPORATE GOVERNANCE REPORT

The Company has prepared a separate Corporate Governance Report, see pages 19–23 of the printed Annual Report and the auditor's opinion on page 24.

## ANNUAL GENERAL MEETING

The Annual General Meeting 2024 will be held in Stockholm on Friday, 26 April 2024, 10:00 a.m. Shareholders wishing to have a matter considered at the general meeting shall submit their proposals to the Chairman of the Board, Pierre Fors, well in advance of the announcement of the notice of the Annual General Meeting, which is projected to be at the end of March 2024.

### Proposed appropriations of profit or loss (SEK)

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

Retained earnings	407,097,480
Net profit or loss for the year	31,024,581
<b>Total</b>	<b>438,122,061</b>

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

Dividend to shareholders: SEK 0 per share	0
Carried forward to new account	438,122,061
<b>Total</b>	<b>438,122,061</b>

Despite a very strong cash flow during the year, the Board proposes that no dividend be paid for 2023, in light of good investment opportunities with good return potential going forward.

The financial position of the Company and the Group as of 31 December 2023 and the result of the operations during 2023 are set out in the income statements, balance sheets, cash flow statements and notes to the financial statements below.

# Financial statements

INCOME STATEMENT, KSEK		THE GROUP		THE PARENT COMPANY	
	NOTE	2023	2022	2023	2022
<b>Operating income</b>					
Net sales	3	1,572,828	1,110,381	11,066	8,665
Other operating income		4,043	1,623	3,326	-
<b>Total operating income</b>		<b>1,576,071</b>	<b>1,112,004</b>	<b>14,392</b>	<b>8,665</b>
<b>Operating expenses</b>					
Goods for resale		-1,188,576	-826,778	0	0
Other external expenses	5, 6	-95,820	-79,712	-7,567	-7,956
Personnel costs	7	-164,881	-121,028	-9,953	-9,027
<b>Operating profit before depreciation/amortization</b>		<b>127,594</b>	<b>84,486</b>	<b>-3,129</b>	<b>-8,317</b>
Depreciation and amortization of tangible and intangible fixed assets		-38,777	-22,228	-7	-
<b>Operating profit</b>		<b>88,816</b>	<b>62,257</b>	<b>-3,136</b>	<b>-8,317</b>
<b>Profit from financial items</b>					
Interest income and similar items	8	1,304	5,521	35,042	2,213
Interest expenses and similar items	9	-38,870	-16,186	-27,474	-9,206
<b>Profit after net financial items</b>		<b>51,250</b>	<b>51,592</b>	<b>4,433</b>	<b>-15,310</b>
Appropriations		-	-	30,123	13,255
Tax on profit for the year	10	-13,390	-14,520	-3,531	-
<b>Net profit or loss for the year</b>		<b>37,860</b>	<b>37,072</b>	<b>31,025</b>	<b>-2,055</b>
<b>Attributable to:</b>					
The parent company's shareholders		37,860	37,072		
Non-controlling interests		-	-85		
<b>Earnings per share, SEK</b>					
Earnings per share	4	1.76	1.86		
Diluted earnings per share	4	1.76	1.82		

STATEMENT OF OTHER COMPREHENSIVE INCOME		THE GROUP	
	NOTE	2023	2022
Net profit or loss for the year		37,860	37,072
<b>Items that may be reclassified to profit or loss</b>			
Exchange differences on translation of foreign subsidiaries		5,622	11,355
<b>Other comprehensive income after tax</b>		<b>5,622</b>	<b>11,355</b>
<b>Comprehensive income for the year</b>		<b>43,482</b>	<b>48,427</b>
<b>Comprehensive income for the year attributable to:</b>			
The parent company's shareholders		43,482	48,427

BALANCE SHEET (KSEK)		THE GROUP		THE PARENT COMPANY	
ASSETS	NOTE	2023	2022	2023	2022
<b>Fixed assets</b>					
<b>Intangible fixed assets</b>					
Goodwill	11	675,666	670,973	-	-
Software	12	4,946	8,100	30	-
Other intangible assets	12	116,683	127,010	-	-
<b>Total intangible assets</b>		<b>797,295</b>	<b>806,083</b>	<b>30</b>	-
<b>Tangible fixed assets</b>					
Buildings and land		3,202	3,634	-	-
Equipment, tools, fixtures and fittings		6,210	7,086	-	-
Rights of use	6	81,963	88,761	-	-
<b>Total tangible fixed assets</b>	<b>13</b>	<b>91,375</b>	<b>99,481</b>	-	-
<b>Financial fixed assets</b>					
Participations in Group companies	15	-	-	768,039	758,729
Receivables from Group companies		-	-	298,197	178,324
Other long-term receivables		7,177	4,554	-	-
Deferred tax assets	21	461	455	354	354
<b>Total financial fixed assets</b>		<b>7,638</b>	<b>5,009</b>	<b>1,066,590</b>	<b>937,407</b>
<b>Total fixed assets</b>		<b>896,307</b>	<b>910,574</b>	<b>1,066,620</b>	<b>937,407</b>
<b>Current assets</b>					
<b>Inventories, etc.</b>					
Finished goods and merchandise	16	293,863	345,299	-	-
<b>Total inventories, etc.</b>		<b>293,863</b>	<b>345,299</b>	-	-
<b>Current receivables</b>					
Trade receivables	17	294,421	274,855	-	-
Receivables from Group companies		-	-	411	16
Other receivables		7,855	14,382	-	18
Tax assets		3,683	2,022	-	494
Prepayments and accrued income	18	22,279	14,101	1,759	2,423
<b>Total current receivables</b>		<b>328,239</b>	<b>305,359</b>	<b>2,170</b>	<b>2,951</b>
<b>Cash and bank</b>		<b>62,521</b>	<b>101,257</b>	<b>28,926</b>	<b>80,108</b>
<b>Total current assets</b>		<b>684,623</b>	<b>751,916</b>	<b>31,096</b>	<b>83,059</b>
<b>TOTAL ASSETS</b>		<b>1,580,931</b>	<b>1,662,490</b>	<b>1,097,716</b>	<b>1,020,467</b>



BALANCE SHEET (KSEK)		THE GROUP		THE PARENT COMPANY	
EQUITY AND LIABILITIES	NOTE	2023	2022	2023	2022
<b>Equity</b>	<b>19</b>				
<b>Restricted equity</b>					
Share capital		1,050	996	1,050	996
Restricted reserves/Statutory reserve		10	10	10	10
<b>Total restricted equity</b>		<b>1,060</b>	<b>1,006</b>	<b>1,060</b>	<b>1,006</b>
<b>Non-restricted equity</b>					
Other contributed capital		401,431	351,260	-	-
Retained earnings including comprehensive income for the year		266,964	222,872	-	-
Retained profit		-	-	407,097	358,371
Net profit or loss for the year		-	-	31,025	-2,055
<b>Total non-restricted equity</b>		<b>668,395</b>	<b>574,131</b>	<b>438,122</b>	<b>356,317</b>
Equity attributable to Parent Company shareholders		669,455	575,138	439,182	-
Non-controlling interests		-	-	-	-
<b>Total equity</b>		<b>669,455</b>	<b>575,138</b>	<b>439,182</b>	<b>357,323</b>
<b>Liabilities</b>					
<b>Long-term liabilities</b>					
Provisions	26, 27	108,133	140,264	107,856	140,264
Long-term interest-bearing liabilities	20	294,500	332,500	294,500	332,500
Liabilities to Group companies		-	-	62,697	81,800
Deferred tax liabilities	21	31,592	33,327	-	-
Lease liabilities	6	60,416	65,613	-	-
<b>Total long-term liabilities</b>		<b>494,641</b>	<b>571,704</b>	<b>465,054</b>	<b>554,563</b>
<b>Current liabilities</b>					
Trade payables		279,191	260,529	1,190	996
Liabilities to Group companies		-	-	143,871	56,591
Tax liabilities		12,151	12,401	3,091	-
Current interest-bearing liabilities	20	38,522	130,046	38,000	42,923
Lease liabilities	6	18,713	20,196	-	-
Other liabilities		31,407	55,238	3,612	4,355
Accruals and deferred income	22	36,850	37,239	3,716	3,716
<b>Total current liabilities</b>		<b>416,835</b>	<b>515,649</b>	<b>193,480</b>	<b>108,581</b>
<b>Total liabilities</b>		<b>911,476</b>	<b>1,087,353</b>	<b>658,533</b>	<b>663,144</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,580,931</b>	<b>1,662,490</b>	<b>1,097,716</b>	<b>1,020,467</b>

## CHANGES IN EQUITY

	Share capital	Restricted reserves/ Statutory reserve	Other contributed capital	Retained earnings incl. profit for the year	Parent Company shareholders	Non-controlling interests	Total equity
<b>THE GROUP</b>							
<b>2022 opening balance</b>	<b>886</b>	<b>10</b>	<b>153,079</b>	<b>186,492</b>	<b>340,468</b>	<b>247</b>	<b>340,714</b>
Non-cash issue	48	-	72,188	-	72,236	-	72,236
New share issue	62	-	128,348	-	128,410	-	128,410
Issuance costs	-	-	-3,107	-	-3,107	-	-3,107
Warrant proceeds	-	-	752	-	752	-	752
Other comprehensive income	-	-	-	11,355	11,355	-	11,355
Dividend	-	-	-	-9,813	-9,813	-	-9,813
Acquisition of minority shareholding	-	-	-	-2,235	-2,235	-247	-2,482
Net profit or loss for the year	-	-	-	37,072	37,072	-	37,072
<b>Closing balance 2022-12-31</b>	<b>996</b>	<b>10</b>	<b>351,260</b>	<b>222,872</b>	<b>575,138</b>	<b>0</b>	<b>575,138</b>
<b>2023 opening balance</b>	<b>996</b>	<b>10</b>	<b>351,260</b>	<b>222,872</b>	<b>575,138</b>	<b>0</b>	<b>575,138</b>
Redemption of warrants	7	-	3,696	-	3,703	-	3,703
Repurchase of warrants	-	-	-4,543	-	-4,543	-	-4,543
New share issue	47	-	52,452	-	52,499	-	52,499
Issuance costs	-	-	-1,629	-	-1,629	-	-1,629
Warrant proceeds	-	-	805	-	805	-	805
Other comprehensive income	-	-	-	5,622	5,622	-	5,622
Net profit or loss for the year	-	-	-	37,860	37,860	-	37,860
<b>Closing balance 2023-12-31</b>	<b>1,050</b>	<b>10</b>	<b>402,041</b>	<b>266,354</b>	<b>669,455</b>	<b>0</b>	<b>669,455</b>

	Share capital	Reserves	Retained earnings	Net profit/ loss for year	Total
<b>THE PARENT COMPANY</b>					
<b>2022 opening balance</b>	<b>886</b>	<b>10</b>	<b>164,120</b>	<b>5,878</b>	<b>170,894</b>
Appropriation of net profit or loss for the year	-	-	5,878	-5,878	-
Non-cash issue	48	-	72,188	-	72,236
New share issue	62	-	128,348	-	128,410
Issuance costs	-	-	-3,107	-	-3,107
Warrant proceeds	-	-	752	-	752
Dividends	-	-	-9,813	-	-9,813
Other changes in equity	-	-	5	-	5
Net profit or loss for the year	-	-	-	-2,055	-2,055
<b>Closing balance 2022-12-31</b>	<b>996</b>	<b>10</b>	<b>358,371</b>	<b>-2,055</b>	<b>357,323</b>
<b>2023 opening balance</b>	<b>996</b>	<b>10</b>	<b>358,371</b>	<b>-2,055</b>	<b>357,323</b>
Appropriation of net profit or loss for the year	-	-	-2,055	2,055	-
Redemption of warrants	7	-	3,696	-	3,703
Repurchase of warrants	-	-	-4,543	-	-4,543
Warrant proceeds	-	-	805	-	805
New share issue	47	-	52,452	-	52,499
Issuance costs	-	-	-1,629	-	-1,629
Net profit or loss for the year	-	-	-	31,025	31,025
<b>Closing balance 2023-12-31</b>	<b>1,050</b>	<b>10</b>	<b>407,096</b>	<b>31,025</b>	<b>439,182</b>

CASH FLOW STATEMENT (KSEK)		THE GROUP		THE PARENT COMPANY	
	NOTE	2023	2022	2023	2022
<b>Operating activities</b>					
Operating profit		88,816	62,257	-3,136	-8,317
Adjustments for non-cash items, etc.	25	30,988	33,467	1,685	13,255
Income tax paid		-17,041	-17,415	54	-2,163
<b>Cash flow from operating activities before change in working capital</b>		<b>102,764</b>	<b>78,309</b>	<b>-1,396</b>	<b>2,775</b>
<b>Change in working capital</b>					
Change in inventories		51,436	-106,600	-	-
Change in trade and other receivables		-21,218	-21,967	698	-50,404
Change in trade and other payables		3,664	74,335	95,951	51,424
<b>Net cash from operating activities</b>		<b>136,645</b>	<b>24,077</b>	<b>95,253</b>	<b>3,795</b>
<b>Investing activities</b>					
Change on acquisition of subsidiaries	26	-41,691	-261,267	-41,691	-261,267
Acquisition of intangible fixed assets		-1,641	-6,840	-37	-
Acquisition of tangible fixed assets		-4,570	-4,934	-	-
Change in other financial fixed assets		-2,623	-1,014	-119,873	-
<b>Cash flow from investing activities</b>		<b>-50,524</b>	<b>-259,017</b>	<b>-161,600</b>	<b>-261,267</b>
<b>Financing activities</b>					
Dividend paid		-	-9,813	-	-9,813
New issuance		52,640	128,410	52,640	128,410
Other contributed capital		-1,629	-3,107	-1,629	-3,107
Change in bank overdraft facility		-	-8,877	-	-8,877
Warrant proceeds		-841	752	-841	752
Interest paid and received and other financial items	8, 9	-30,813	-11,744	7,918	-6,993
Amortisation of lease liabilities		-14,839	-10,698	-	-
Amortisation	20	-129,524	-46,711	-42,923	-31,475
Borrowings		-	268,216	-	263,929
<b>Cash flow from financing activities</b>		<b>-125,005</b>	<b>306,428</b>	<b>15,165</b>	<b>332,827</b>
<b>Cash flow for the year</b>		<b>-38,884</b>	<b>71,488</b>	<b>-51,182</b>	<b>75,355</b>
Cash and cash equivalents at the beginning of the year		101,257	28,372	80,108	4,754
Exchange rate difference in cash and cash equivalents		148	1,397	-	-
<b>Cash and cash equivalents at the end of the year</b>		<b>62,521</b>	<b>101,257</b>	<b>28,926</b>	<b>80,108</b>



## NOTE 1 – ACCOUNTING AND VALUATION POLICIES

### 1.1 IN GENERAL

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

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

The financial statements for the financial year 2023 were approved by the Board of Directors and the CEO on 26 March 2024 and will be presented to the Annual General Meeting on

26 April 2024 for adoption.

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

### 1.2 BASIS OF ACCOUNTING

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

- The Group reports a profit for financial year 2023 of KSEK 37,860 and has current assets that exceed short-term liabilities by KSEK 267,788.
- The Group's management establishes an annual budget and long-term strategic plans including an assessment of cash flow needs and continues to monitor actual outcomes against budget and plans throughout the reporting period.

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

The Parent Company, Alcadon Group AB, prepares its reports in accordance with the Swedish Annual Accounts Act as well as the Swedish Financial Reporting Board's recommendations RFR 2 Accounting for Legal Entities.

The main accounting and valuation policies used in the preparation of the financial statements are summarised below. Where the Parent Company applies different policies, these are specified under "Parent Company" below.

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

### Functional currency and reporting currency

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

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

### Other accounting and valuation policies

Fixed assets and non-current liabilities consist, in all material respects, of amounts expected to be recovered or paid more than twelve months from the balance sheet date.

Current assets and liabilities consist, in all material respects, of amounts expected to be recovered or paid within twelve months from the balance sheet date.

### New and updated IFRS standards which apply from 1 January 2023

The following standards and amendments are new for the fiscal year beginning January 1, 2023.

- Changes in IAS 1 Presentation of financial statements
- Changes in IAS 8 Accounting policies, changes in accounting estimates and errors
- Changes in IAS 12 Income taxes
- Changes in IFRS 17 Insurance contracts

None of the above amended and improved IFRS standards with entry into force in 2023 have had any significant impact on the Group's financial statements.

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

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

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

### 1.3 ESTIMATES AND ASSESSMENTS

The Group's management makes estimates and assessments about the future. Such assessments are reviewed regularly and are based on past experience and other factors, including expectations of future events that are judged to be reasonable taking current conditions into consideration. By definition, the estimates for accounting purposes that follow from such estimates and assessments will rarely correspond

to the actual outcome. The calculation of fair values of business combinations is based on valuation techniques for the various components of a business combination. In particular, the fair value of contingent consideration depends on the outcome of several variables.

For the assessment of the items below, please refer to the respective reference in the 2023 Annual Report:

Impairment/goodwill – see 1.11 and 1.13

Inventories – see 1.14

Expected credit losses – see 1.18

Climate-related issues are not considered to have a significant impact on the current reported values. For further assessment of climate-related issues, please refer to Alcadon's Sustainability Report.

## 1.4 CONSOLIDATED ACCOUNTS

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

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised as of the date when the acquisition or disposal becomes effective, as appropriate. Alcadon Group's foreign subsidiaries are translated using the current method. This implies that the assets and liabilities of foreign subsidiaries are translated at the exchange rate on the balance sheet date. All items in the income statements are translated at the average exchange rate for the year. Translation differences are recorded in "Other comprehensive income" of the Group.

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

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

## 1.5 SEGMENT REPORTING

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

The chief operating decision maker is the function responsible for the allocation of resources and assessment of the performance of the operating segments. The Chief Executive Officer is the Group's chief operating decision maker. Alcadon has identified one operating segment, which corresponds to the Group's business as a whole. The assessment is based on the CEO regular review of the business as a whole, which provides the basis for decisions on the allocation of resources and assessments of its performance. The majority of Alcadon's revenue consists of the sale of goods within network infrastructure and is aimed at the customer segments Networks for commercial properties, Fiber networks/Broadband and Residential networks. In addition, business-supporting sales within services and training are conducted to a small extent. No internal follow-up or separate resource allocation takes place based on the customer segments. Everything takes place within the framework of network infrastructure, whereupon this is identified as Alcadon's only operating segment.

## 1.6 TRANSLATION OF FOREIGN CURRENCY

### Reporting currency

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

### Transactions and balance sheet items

Transactions in foreign currency are translated to the functional currency at the rates of exchange applicable on the transaction date or the date when the items are remeasured. Foreign exchange gains and losses arising from the payment of such transactions and from the translation of monetary assets and liabilities denominated in foreign currency at closing rate are recognised in the income statement. Exchange rate differences are recognised in operating profit to the extent that they relate to operating transactions and otherwise in net financial items.

### Group companies

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

## 1.7 REVENUE RECOGNITION

Net sales are recognised at the fair value of the consideration received or to be received for goods and services sold in the Group's ordinary activities. Revenue is recognised at the time when control of the products and services delivered has been transferred to the counterparty in accordance with the agreement.

Recognised revenue reflects expected remuneration in connection with fulfilling contractual obligations to customers and corresponds to the remuneration to which the Group is deemed entitled.

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

### **Sales of goods**

The Group engages in the wholesale of data- and telecommunications products and systems. In the majority of cases, Alcadon supplies goods without any related conditional undertakings of installation or support. Sales of goods are considered to be a performance commitment and are carried out in the Commercial Property Networks, Residential Networks, and Fibre Networks/FTTx business areas. Sales are recognised as revenue when control of the goods is transferred to the customer, i.e. at a specific point in time, which normally coincides with delivery to the counterparty. Sales are recognised as revenue when control of the goods is transferred to the customer, which normally coincides with their delivery. Delivery occurs when the goods have been handed over in accordance with the terms of delivery, the risks of the goods have been transferred to the customer, and the customer has either accepted the goods in accordance with the contract, or the time span for objecting to the contract has expired, or the Group has objective evidence that all the criteria for acceptance have been met. There may be volume discounts based on accumulated sales over a period. Revenue from the sale of goods is recognised based on the price stated in the contract less estimated volume discounts. A liability is recognised for expected volume discounts in relation to sales up to the balance sheet date.

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

### **Sales of services**

The Group provides services in the form of:

- Technical support relating to supplied hardware
- Service contracts

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

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

## **1.8 LEASES**

### **The Group as lessee**

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

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

### **Measuring and recognising leases as the lessee**

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

The Group amortises the right of use on a straight-line basis from the inception of the lease to the earlier of the useful life of the right of use and the expiry of the lease.

The Group further assesses the right of use for impairment when there is an indication of impairment.

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

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

Alcadon evaluates all new agreements to determine whether they contain leasing components. Decisive for this assessment is whether the agreement contains a unique or implicitly specified asset, Alcadon has the right



to the main economic benefits arising from the use of the asset and the right to control the use throughout the duration of the grant.

When entering into a new leasing agreement, it is assessed whether Alcadon will choose to extend the agreement or use early termination. This means that Alcadon as the lessee assesses which contract length is reasonable instead of only starting from the contract length in the agreement.

In the lease accounting, Alcadon applies relief rules, which means that lease agreements with a short contract duration (shorter than 12 months) and lease agreements with a smaller value (approx. EUR 5,000) are expensed and not recorded as a lease liability or right-of-use asset.

The lease debt and the size of the right of use are calculated to be applied primarily the implicit interest in the agreement. In cases where it cannot be determined, the marginal loan interest is used instead, which corresponds to the interest the company would have been offered if the acquisition had been financed with a loan from a financial institution.

## 1.9 BORROWING COSTS

Interest costs are recognised as an expense in the period in which they are incurred. Borrowing costs are allocated over the term of the loan on the basis of the recognised liability.

## 1.10 INCOME TAX

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

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

## 1.11 INTANGIBLE FIXED ASSETS

### Goodwill

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

### Other intangible fixed assets

Intangible fixed assets are recognised at cost less

amortisation according to plan and any impairment losses. Amortisation according to plan is linear over the asset's estimated useful life.

The following depreciation periods are applied:

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

## 1.12 TANGIBLE FIXED ASSETS

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

The following depreciation periods are applied:

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

## 1.13 IMPAIRMENT TESTING

### Intangible and tangible fixed assets

The Company reviews the carrying amounts of its assets on each balance sheet date to assess if there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is calculated as the higher of its value in use and its net realisable value.

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

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

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

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

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

### Financial fixed assets

## **Assets recognised at amortised cost.**

The Group assesses the expected future credit losses that are associated with assets recognised at amortised cost. The Group recognises a credit reserve for such expected credit losses at each reporting date.

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

Expected credit losses are recognised in the consolidated income statement in the item Other external costs.

### **1.14 INVENTORIES**

Inventories refers to data- and telecommunications products. Inventories are measured according to the lowest value principle, i.e. at the lower of cost and net realisable value.

Cost is determined using the first-in-first-out method.

The Group's management calculates net sales value for the inventory and takes into account the most reliable information available per respective balance sheet date.

Future sales of these items may be affected by future technology and other market-driven changes that may reduce future sales prices. Net realisable value is calculated as the estimated sales value less estimated cost of sales.

### **1.15 REMUNERATION OF EMPLOYEES**

#### **Pension obligations**

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

#### **Termination benefits**

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

### **1.16 PROVISIONS**

Provisions are recognised when the Company has or can be considered to have an obligation as a result of events that have occurred, and it is probable that an outflow

of resources will be required to settle the obligation. A further prerequisite is that the amount payable can be reliably estimated.

### **1.17 CONTINGENT LIABILITIES**

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

### **1.18 FINANCIAL INSTRUMENTS**

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

#### **Classification**

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

#### **Financial assets at amortised cost**

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

#### **Financial liabilities at amortised cost**

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

#### **Financial liabilities at fair value through profit or loss**

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

#### **Recognition of financial instruments**

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

liabilities are removed from the balance sheet when the contractual obligation is paid or has otherwise ceased to exist. The same applies to part of a financial liability.

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

Trade receivables are monitored and reported regularly within each company and within the Group. The risk that the Group's customers will not fulfil their payment obligations is limited by credit control, credit limits per customer and, in some cases, through insuring trade receivables against credit losses. Credit limits are monitored regularly. Exposure to individual customers is limited.

### 1.19 CASH FLOW STATEMENT

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

### 1.20 EARNINGS PER SHARE

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

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

### 1.21 OTHER IMPORTANT INFORMATION

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

### 1.22 ACCOUNTING POLICIES OF THE PARENT COMPANY

The Parent Company's financial statements are prepared in accordance with the Swedish Annual Accounts Act (ÅRL) and RFR 2 Accounting for Legal Entities. In its financial statements, the Parent Company applies the International Financial Reporting Standards (IFRS) as adopted by the EU whenever possible within the framework of the ÅRL, taking into consideration the relationship between accounting and taxation. Consequently, the Parent Company applies the principles set out in Note 1 to the consolidated accounts,

with the below exceptions. Unless otherwise specified, these policies have been applied consistently for all presented years.

Assets, provisions, and liabilities are valued at cost unless otherwise stated below.

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

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

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

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

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



**Management of capital**

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

The Group's capital management objective is to maintain a solidity of no less than 25 percent. Capital is defined as equity and refers to the equity attributable to the shareholders of the Parent Company. Equity amounted to MSEK 670 (575), corresponding to a solidity of 44 (37) percent. Thus, the objective was achieved.

**Financial risks**

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

**Currency risk**

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

**Interest rate risk**

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

**Credit risk**

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

**Liquidity and financing risk**

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

**Cash flow risk**

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

### NOTE 3 - NET SALES

Alcadon is mainly engaged in the sale of goods, which constitutes more than 99 percent of net sales. Sales take place within 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 agreements. Technical support is considered to constitute a separate performance commitment, one where the revenue is reported over time. Service agreements are reported linearly over the agreement period. See table below for net sales, as well as material and immaterial fixed assets, by region..

Geographic market (external turnover)	THE GROUP		THE PARENT COMPANY	
	2023	2022	2023	2022
Sweden	369,032	349,868	-	-
Norway	110,223	148,133	-	-
Denmark	171,907	286,635	-	-
Germany	113,793	38,407	-	-
The United Kingdom	649,676	236,140	-	-
The Benelux	158,196	51,198	-	-
<b>Total</b>	<b>1,572,828</b>	<b>1,110,381</b>	<b>0</b>	<b>0</b>

The Group has no customer that represents more than 10% of its turnover.

Geographic distribution (material and immaterial fixed assets)	THE GROUP		THE PARENT COMPANY	
	2023	2022	2023	2022
Sweden	257,916	257,182	30	-
Norway	64,609	64,658	-	-
Denmark	61,490	66,436	-	-
Germany	473	519	-	-
The United Kingdom	494,056	506,783	-	-
Benelux	10,125	9,988	-	-
<b>Total</b>	<b>888,670</b>	<b>905,565</b>	<b>30</b>	<b>0</b>

### NOTE 4 - EARNINGS PER SHARE

	THE GROUP	
	2023	2022
Average number of shares used in the calculation of earnings per share	19,942,010	17,945,952
Number of shares at the end of the period (NOTE 19)	20,612,823	18,341,026
Net profit or loss for the year (KSEK)	37,072	47,119
<b>Earnings per share (SEK)</b>	<b>1.86</b>	<b>2.62</b>
Average number of shares after dilution	20,392,010	18,359,285
Diluted earnings per share (SEK)	1.82	2.56

### NOTE 5 - REMUNERATION OF THE AUDITOR

	THE GROUP		THE PARENT COMPANY	
	2023	2022	2023	2022
Grant Thornton				
-Audit engagements	-2,218	-1,915	-475	-420
-Audit work in addition to audit engagements	-238	-60	-219	-60
-Other services	-123	-2,135	-60	-2,135
<b>Total</b>	<b>-2,579</b>	<b>-4,110</b>	<b>-754</b>	<b>-2,615</b>

## NOTE 6 – LEASES AND RIGHTS OF USE

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

SPECIFIED INFORMATION BY TYPE OF ASSET	Cars	Office space	Buildings and land	TOTAL
	2023	2023	2023	2023
Amortisation	-1,550	-6,663	-6,743	-14,956
Interest expense	-206	-417	-1,089	-1,712
Total cash flow	-1,756	-7,080	-7,832	-16,668
Carrying amount, rights of use	7,659	21,668	43,739	73,067
<b>Recognised lease liability</b>				
Current	2,623	6,255	6,384	15,262
Long-term 1–5 years	5,086	15,901	21,023	42,010
Long-term >5 years	0	0	18,406	18,406
<b>Total</b>	<b>7,710</b>	<b>22,156</b>	<b>45,813</b>	<b>75,678</b>

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



## NOTE 6 – LEASES AND RIGHTS OF USE (CONT'D.)

RIGHT OF USE ASSETS	Amount of right of use assets	Interval of remaining terms	Average remaining lease period	Antal avtal med förlängningsoption	Amount of lease agreements with extension option	Amount of lease agreements with variable costs relating to index	Amount of lease agreements with termination option
	2023	2023	2023	2023	2023	2023	2023
Cars	23	1 - 36 months	18 months	23	23	0	0
Office space	6	16 - 49 months	38 months	5	0	6	0
Buildings and land	6	31 - 116 months	82 months	6	0	6	0

During the year, cars with an acquisition value of 5.4 MSEK were acquired, and cars with an acquisition value of 5.4 MSEK were disposed of.

During the year, office space with an acquisition value of 5.8 MSEK was acquired, and office space with an acquisition value of SEK 3.4 million was disposed of.

Short-term leases and leases of low-value assets are excluded, as these are expensed as they arise. Costs of short-term leases and leases of low-value assets amount to MSEK -4.6 (-2.9).

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

	2023		2022	
	Number of members on the Board	Of whom women	Number of members on the Board	Of whom women
Parent Company (Alcadon Group AB)	4	1	4	1
<b>Total</b>	<b>4</b>	<b>1</b>	<b>4</b>	<b>1</b>
	Average number of employees	Of whom women	Average number of employees	Of whom women
<i>Sweden:</i>				
-Parent Company (Alcadon Group AB)	2	-	2	-
-Alcadon AB (Subsidiary in Sweden)	44	5	47	6
<i>Foreign subsidiaries:</i>				
-Alcadon AS Norway	18	4	17	4
-Alcadon ApS Denmark	20	7	15	8
-Alcadon GmbH Germany	4	-	3	-
-Networks Centre UK and Netherlands*	70	25	29	12
-Alcadon BV Belgium	6	3	5	-
-Alcadon BV Netherlands	5	-	1	-
<b>Total</b>	<b>170</b>	<b>44</b>	<b>87</b>	<b>15</b>

The number of employees of the Group at the end of the period is 164 (179).

\*Networks Centre is included from 17 August 2022.

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

Salaries and other remuneration broken down by country and for board members, chief executive officers and other employees are presented in the tables below:

	2023		2022	
	Salaries and remunerations	Social security contributions	Salaries and remunerations	Social security contributions
Parent Company (Alcadon Group AB)	-7,451	-2,288	-6,425	-1,814
Subsidiaries	-129,603	-24,070	-95,485	-17,293
<b>Total</b>	<b>-137,053</b>	<b>-26,358</b>	<b>-101,910</b>	<b>-19,107</b>

	Board members, CEO and other senior executives	Other employees	Board members, CEO and other senior executives	Other employees
<i>Sweden:</i>				
-Parent Company (Alcadon Group AB)	-7,451	-	-6,425	-
-Alcadon AB (Subsidiary in Sweden)	-2,403	-23,724	-2,101	-27,260
<i>Foreign subsidiaries:</i>				
-Alcadon AS Norway	-1,321	-11,203	-1,207	-12,934
-Alcadon ApS Denmark	-6,239	-16,119	-4,070	-18,067
-Alcadon GmbH Germany	-	-4,742	-	-3,021
-Networks Centre UK and Netherlands*	-2,657	-53,816	-857	-18,031
-Alcadon BV Belgium	-	-6,643	-	-6,921
-Alcadon BV Netherlands	-	-737	-	-1,832
<b>Total</b>	<b>-20,070</b>	<b>-116,983</b>	<b>-14,661</b>	<b>-88,066</b>

	Board members, CEO and other senior executives	Other employees	Board members, CEO and other senior executives	Other employees
<b>Of which pension costs</b>				
Parent Company (Alcadon Group AB)	-1,195	-	-834	-
Subsidiaries	-1,263	-5,901	-1,011	-4,921
<b>Total</b>	<b>-2,458</b>	<b>-5,901</b>	<b>-1,845</b>	<b>-4,921</b>

### SALARIES AND OTHER BENEFITS TO SENIOR EXECUTIVES DURING THE YEAR 2023 AMOUNT TO THE FOLLOWING:

Year 2023 (KSEK)	Salary/Fee	Pension	Variable remuneration	Other remuneration	Total
<i>The Board of Directors</i>					
Pierre Fors (Chairman)	-280	-	-	-857	-1,137
Jonas Mårtensson (Vice Chairman)	-217	-	-	-	-217
Marie Ygge	-162	-	-	-	-162
Lars Engström	-162	-	-	-	-162
Sonny Mirborn (CEO)	-2,689	-810	-780	-	-4,279
Other senior executives <sup>1)</sup>	-11,150	-1,535	-1,981	-812	-15,478
<b>Total</b>	<b>-14,659</b>	<b>-2,345</b>	<b>-2,761</b>	<b>-1,669</b>	<b>-21,434</b>

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

Notice period and severance pay

The notice period for the CEO is a mutual notice of six months with full pay and other remuneration. In the event of termination by the Company, severance pay corresponding to three months' salary is paid. For other senior executives, a notice period of three to twelve months applies.

## NOTE 8 – INTEREST INCOME AND SIMILAR ITEMS

	THE GROUP		THE PARENT COMPANY	
	2023	2022	2023	2022
Interest income	1,232	477	941	420
Financial currency effects	-	2,789	439	-
Interest income from Group companies	-	-	10,302	1,793
Other financial income	71	2,255	-	-
<b>Total</b>	<b>1,304</b>	<b>5,521</b>	<b>11,682</b>	<b>2,213</b>

## NOTE 9 – INTEREST EXPENSES AND SIMILAR ITEMS

	THE GROUP		THE PARENT COMPANY	
	2023	2022	2023	2022
Interest expenses	-28,777	-9,241	-24,582	-7,103
Financial currency effects	-3,268	-1,825	-	197
Interest expenses, lease liabilities	-1,712	-596	-	-
Interest expenses to Group companies	-	-	-1,207	-
Other financial expenses	-5,113	-4,524	-1,685	-2,300
<b>Total</b>	<b>-38,870</b>	<b>-16,186</b>	<b>-27,474</b>	<b>-9,206</b>

## NOTE 10 – TAX ON PROFIT FOR THE YEAR

	THE GROUP		THE PARENT COMPANY	
	2023	2022	2023	2022
Current tax	-16,066	-13,924	-3,531	-
Deferred tax	2,676	-602	-	-
<b>Recognised tax</b>	<b>-13,389</b>	<b>-14,526</b>	<b>-3,531</b>	<b>0</b>
<i>Effective tax rate 26.1% (28.1%) for the Group in 2023</i>				
Recognised profit before tax	51,250	51,592	34,556	-2,055
Tax according to the applicable Swedish tax rate 20.6% (20.6%)	-10,557	-10,628	-7,118	423
<i>Tax effect of:</i>				
Adjustment for foreign tax rates	-2,325	-573	-	-
Adjustment of previous years' taxes	3,670	-	42	-
Non-deductible expenses and non-taxable income	-4,177	-3,319	3,546	-423
<b>Recognised tax</b>	<b>-13,390</b>	<b>-14,520</b>	<b>-3,531</b>	<b>0</b>



## NOTE 11 - GOODWILL

	THE GROUP		THE PARENT COMPANY	
	2023	2022	2023	2022
Opening balance	670,973	338,141	-	-
Acquisitions	-	328,405	-	-
Translation differences	4,693	4,427	-	-
<b>Carrying amount</b>	<b>675,666</b>	<b>670,973</b>	<b>0</b>	<b>0</b>

Goodwill is tested for impairment every year. Goodwill amounts to MSEK 225 in Sweden, MSEK 64 in Norway, MSEK 47 in Denmark, MSEK 8 in Belgium, and MSEK 332 in the United Kingdom. The discount rate used in 2023 is 9.4 (11.7) percent for Sweden, 10.1 (11.8) percent for Norway, 9.7 to 10.1 (11.7) percent for Belgium, to 9.37% (11.0) percent for Denmark to 9, 3% (11.0%) and 10.2 percent for Networks Centre. to 10.2%. The discount rate used is based on WACC (Weighted Average Cost of Capital) before tax. The recoverable amount Calculation of the recovery value is calculated based on projected/forecasted cash flow over the next 5 years, assuming with an assumption of an EBITDA margin of between 7.6--8.7% (8.2--9.3) percent for Norway, 10.8--11.7 % (11.2--12.1) percent for Sweden, 7.5--8.2% (4.4--5.4) percent for Belgium, 6.8--7.6 % (9.4--10.1) percent for Denmark and 11.1--11.6 percent for Networks Centre. The forecasts are derived from have been built up based on estimates in each cash-generating unit. During In connection with the process/preparation of developing the forecast, a number of assumptions are made regarding, for example relating to, sales price, volume, purchase price, and product mix, on which the as a basis for future growth and the EBITDA margin are based. The assumed perpetual growth rate after the forecast period amounts to 2% (2) percent. Management's. Management's method to determine/for determining the value or values included in the key/significant assumptions reflects past experience and, where applicable, is consistent with external sources of information where applicable. Sensitivity. The sensitivity analyses have been carried out on a reduction in the EBITDA margin and an increase in the discount rate. In Norway, the EBITDA margin could/may decrease to approx. 5.36.1% (5.3) before a possible impairment requirement arises, is demonstrated and the discount rate could/may increase to approx. 13.7% (12.0% (12.0). In Sweden, the EBITDA margin could/may decrease to approx. 8.56.1% (8.5) before a possible need for impairment requirement arises, is demonstrated and the discount rate could/may increase to approx. 16.8% (12.4% (12.4). In Denmark, the EBITDA margin could/may decrease to approx. 3.1.5% (3.1) before a possible need for impairment requirement arises, is demonstrated and the discount rate could/may increase to approx. 57% (39% (39). In Belgium, the EBITDA margin could/may decrease to approx. 1.42.7% (1.4) before a possible impairment requirement arises, is demonstrated and the discount rate could/may increase to approx. 32% (99% (99). Identified acquired net assets in connection with the acquisition of ). In the Networks Centre amount to MSEK 132. See Note 26., the EBITDA margin may decrease to approx. 6.9% before a possible need for impairment is demonstrated and the discount rate may increase to approx. 17%. The sensitivity analyses show that there is relatively large scope for a reduction in the expected EBITDA margin and an increased discount rate before any need to write down goodwill arises.

## NOTE 12 - OTHER INTANGIBLE ASSETS

	THE GROUP		THE PARENT COMPANY	
	2023	2022	2023	2022
Acquisition value, opening balance	143 044	17 509	-	-
Acquisition value	-	119 725	-	-
Purchases	4 454	5 926	-	-
Disposals	-	-115	-	-
<b>Accumulated acquisition value, closing balance</b>	<b>147 498</b>	<b>143 044</b>	<b>0</b>	<b>0</b>
Amortisation, opening balance	-7 934	-1 682	-	-
Amortisation for the period	-17 935	-6 325	-	-
Disposals	-	73	-	-
Accumulated amortisation, closing balance	-25 869	-7 934	0	0
<b>Carrying amount</b>	<b>121 629</b>	<b>135 110</b>	<b>0</b>	<b>0</b>

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

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

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

## NOTE 13 – EQUIPMENT AND RIGHTS OF USE

	THE GROUP		THE PARENT COMPANY	
	2023	2022	2023	2022
Acquisition value, opening balance	174,562	65,788	-	-
Acquisition value	-	97,603	-	-
Purchases	12,981	12,126	-	-
Disposals	-245	-955	-	-
<b>Accumulated acquisition value, closing balance</b>	<b>187,298</b>	<b>174,562</b>	<b>0</b>	<b>0</b>
Depreciation, opening balance	-75,081	-30,014	-	-
Acquisition value	-	-30,119	-	-
Depreciation for the year according to plan	-21,088	-15,903	-	-
Disposals	245	955	-	-
<b>Accumulated depreciation, closing balance</b>	<b>-95,923</b>	<b>-75,081</b>	<b>0</b>	<b>0</b>
<b>Planned residual value, closing balance</b>	<b>91,375</b>	<b>99,481</b>	<b>0</b>	<b>0</b>

Of the outgoing planned residual value, 81,963 (88,761) KSEK are made up of right-of-use assets.

## NOTE 14 - FINANCIAL ASSETS AND LIABILITIES

2023-12-31

FINANCIAL ASSETS	Amortised cost	Total
Other current financial assets	9,924	9,924
Trade receivables	294,421	294,421
Cash and cash equivalents	62,521	62,521
<b>Total</b>	<b>366,867</b>	<b>366,867</b>

FINANCIAL LIABILITIES	Fair value through profit or loss	Other liabilities	Total
Long-term borrowings	-	294,500	294,500
Short-term borrowings	-	38,522	38,522
Trade and other payables	-	279,191	279,191
Contingent consideration	108,133	-	108,133
<b>Total</b>	<b>108,133</b>	<b>612,213</b>	<b>720,346</b>

2022-12-31

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

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

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

As of 31 December 2023, the Group's non-derivative financial liabilities have contractual maturities as follows:

2023-12-31	Current		Long-term	
	within 6 months	6–12 months	1–5 years	Total
Loan SEB	19,000	19,000	294,500	332,500
Overdraft facilities	-	-	-	-
Utilised bank overdraft facility	-	-	-	-
Trade payables	279,191	-	,	279,191
Contingent consideration	5,955	76,608	25,570	108,133
<b>Total</b>	<b>304,146</b>	<b>95,608</b>	<b>320,070</b>	<b>719,824</b>

IFRS 13 introduces a hierarchy for the type of inputs used in the different valuation techniques when measuring fair value. They are referred to as Level 1, 2 and 3 inputs, with level 1 inputs given the highest priority and Level 3 inputs given the lowest priority.

Level 1 inputs consist of quoted prices (market prices) in active markets for identical assets that the Company has access to at the time of valuation.

Level 2 includes inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset. Inputs at Level 3 shall be used in the absence of observable inputs, including situations where there is little or no market activity for similar assets or where there are no comparables. However, the purpose of the valuation is the same, i.e. to estimate a market value for the asset, which means that the inputs should reflect assumptions that market participants would have considered when pricing the asset.

The valuation of contingent considerations is made according to Level 3 as it is dependent on future operating profit before tax and depreciation/amortisation.

Except for borrowings, the carrying amount approximates the fair value for other assets and liabilities. Thus, the Group does not categorise them according to the fair value hierarchy. Credit institution loans are subject to variable interest rates, and their book value is deemed equivalent to fair value in all material respects.

## NOTE 15 – PARTICIPATIONS IN GROUP COMPANIES

Name/registered office	Reg.no.	Number of shares	Share %	Carrying amount
Alcadeltaco AB, seated in Stockholm, Sweden	556813-7623	100	100	189,770
Alcadon ApS, seated in Nivå, Denmark	27 04 80 13	250	100	101,883
Alcadon B.V, seated in Schelle, Belgium	BE 0446.121.707	3,500	100	13,352
Networks Centre Holding Company Ltd, seated in Ashington, UK	11809457	18,762	100	463,034
<b>Via Alcadeltaco AB</b>				
Alcadon AB, seated in Stockholm, Sweden	556480-4341	10,000	100	
<b>Via Alcadon ApS</b>				
Alcadon GmbH, seated in Kiel, Germany	20/290/10989	24,701	100	
Alcadon B.V, seated in Amsterdam, the Netherlands	NL 85425729	100	100	
<b>Via Alcadon AB</b>				
Alcadon A/S, seated in Oslo, Norway	NO952334891	6,000	100	
<b>Via Networks Centre Holding Company Ltd</b>				
Networks Centre Ltd, seated in Ashington, UK	05531233	18,809	100	
Networks Centre Investments Ltd, seated in Ashington, UK	13121259	1	100	
Networks Centre (Scotland) Ltd, seated in Glasgow, UK	SC712797	1	100	
Communications Centre International Ltd, seated in Ashington, UK	02355286	1,000	100	
Networks Centre B.V., seated in-Graveland, the Netherlands	NL 82002541	100	100	

## NOTE 15 – PARTICIPATIONS IN GROUP COMPANIES (CONT'D.)

	THE GROUP		THE PARENT COMPANY	
	2023	2022	2023	2022
Accumulated acquisition values, opening balance	-	-	758,729	299,389
Merged companies	-	-	-	-
Addition by merger	-	-	-	-
Addition/Acquisition	-	-	9,310	459,340
<b>Accumulated acquisition value, closing balance</b>	<b>0</b>	<b>0</b>	<b>768,039</b>	<b>758,729</b>
Accumulated impairment, opening balance	-	-	-	-
<b>Accumulated impairment, closing balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying amount</b>	<b>0</b>	<b>0</b>	<b>768,039</b>	<b>758,729</b>

## NOTE 16 – INVENTORIES

	THE GROUP		THE PARENT COMPANY	
	2023	2022	2023	2022
Merchandise	293,863	345,299	-	-
<b>Total</b>	<b>293,863</b>	<b>345,299</b>	<b>0</b>	<b>0</b>

In 2023, costs attributable to inventory totalling KSEK 1,188,576 (KSEK 826,778) were included in the result, including a 1 percent obsolescence deduction.

## NOTE 17 – TRADE RECEIVABLES

	THE GROUP		THE PARENT COMPANY	
	2023	2022	2023	2022
Gross trade receivables	295,227	276,955	-	-
Allowance for expected non-payment	-806	-2,100	-	-
<b>Total trade receivables</b>	<b>294,421</b>	<b>274,855</b>	<b>0</b>	<b>0</b>

All amounts are current. The net carrying amount of trade receivables is considered to be a reasonable approximation of the fair value. In accordance with the rules in IFRS 9, the Group applies a simplified method for impairment testing of trade receivables. For trade receivables, the Group applies the simplified approach to credit provisions, i.e., the reserve will correspond to the expected loss over the life of the trade receivable. To measure the expected credit losses, trade receivables have been grouped based on allocated credit risk characteristics and days overdue. The Group employs forward-looking variables for expected credit losses.

<b>2023-12-31</b>	<b>Not yet due</b>	<b>1-30 days</b>	<b>&gt; 30 days</b>	<b>&gt; 60 days</b>
Gross carrying amount	237,275	32,638	14,009	11,305
Allowance for expected non-payment	-	-	-	-806
<b>2022-12-31</b>	<b>Not yet due</b>	<b>1-30 days</b>	<b>&gt; 30 days</b>	<b>&gt; 60 days</b>
Gross carrying amount	188,657	51,494	18,567	18,236
Allowance for expected non-payment	-	-	-	-2,100



## NOTE 18 – PREPAYMENTS AND ACCRUED INCOME

	THE GROUP		THE PARENT COMPANY	
	2023	2022	2023	2022
Accrued income	9,924	3,701	-	-
Prepaid insurance	1,131	383	533	764
Prepaid rent	4,861	4,401	-	-
Other prepayments	6,363	5,617	1,227	1,659
<b>Carrying amount</b>	<b>22,279</b>	<b>14,101</b>	<b>1,759</b>	<b>2,423</b>

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

## NOTE 19 – EQUITY

**The share capital** amounts to SEK 1,049,677.36, divided on 21,722,570 shares, each with a quota value of approximately SEK 0.05. All shares carry equal right to dividend and each share entitles the holder to cast one vote on the Annual General Meeting of the Parent Company.

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

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

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

	THE PARENT COMPANY	
SUBSCRIBED AND PAID SHARES:	2023	2022
At the beginning of the year	20,612,823	18,341,026
Newly issued shares	1,109,747	2,271,797
<b>Amount at year-end</b>	<b>21,722,570</b>	<b>20,612,823</b>

## NOTE 20 – LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES

Alcadon's financing consists of bank loans with SEB of initially MSEK 380, extending over 3+1 years from August 2022. After repayments, the SEB loans amount to MSEK 333 as of 31 December 2023.

### Terms in brief

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

In total, the Group's bank loans amount to MSEK 333 (463) as of 31 December 2023, of which MSEK 38 (125) is recognised as a short-term liability under Other interest-bearing liabilities, MSEK 0 (4.9) is recognised under Overdraft facility and MSEK 295 (333) is recognised as long-term under Liabilities to credit institutions. In September 2023, previous short-term financing belonging to the Networks Centre has been repaid in full. Current liabilities of MSEK 38 (130) relate to the amortisation plan for the loans with SEB.

The Company reports covenants linked to:

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

The debt ratio is calculated less lease liabilities and including lease expenses related to operational leasing. 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. Alcadon has not breached any covenants during the year.

The overdraft granted with SEB amounts to MSEK 50 (50), of which MSEK 50 (45) was undrawn at the end of the period.

## NOTE 20 – LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES

The Group's borrowings	LONG-TERM		CURRENT	
	2023	2022	2023	2022
Borrowings comprise the following financial liabilities:				
Lease liabilities (IFRS 16)	60,416	65,613	18,713	20,196
Loan SEB	294,500	332,500	38,000	38,000
Loan HSBC	-	-	-	87,123
Bank overdraft facility	-	-	-	4,923
Other financing	-	-	522	-
<b>Total</b>	<b>354,916</b>	<b>398,113</b>	<b>57,235</b>	<b>150,243</b>

## NOTE 21 – DEFERRED TAX LIABILITIES AND TAX ASSETS

Deferred taxes arising from temporary differences and unused tax losses, as follows. Loss carry-forwards are restricted for mergers.

	THE GROUP		THE PARENT COMPANY	
	2023	2022	2023	2022
Untaxed reserves	-3,700	-3,700	-	-
Customer relations	-115,740	-125,864	-	-
IFRS 16-impact	519	492	-	-
Other temporary differences	-6,889	-5,864	-	-
Tax loss carryforwards	1,718	1,718	1,654	1,654
	<b>-124,092</b>	<b>-133,218</b>	<b>1,654</b>	<b>1,654</b>
<b>Recognised as:</b>				
Deferred tax liabilities	-31,592	-33,327	-	-
Deferred tax assets	461	455	354	354

## NOTE 22 – ACCRUALS AND DEFERRED INCOME

	THE GROUP		THE PARENT COMPANY	
	2023	2022	2023	2022
Accruals for employee costs	13,849	18,228	1,512	1,535
Other accrued expenses	23,002	19,011	2,204	2,181
<b>Carrying amount</b>	<b>36,850</b>	<b>37,239</b>	<b>3,716</b>	<b>3,716</b>

## NOTE 23 – PLEDGED ASSETS AND CONTINGENT LIABILITIES

	THE GROUP		THE PARENT COMPANY	
	2023	2022	2023	2022
<b>Pledged assets</b>				
For own provisions and liabilities				
Pledged assets, Networks Centre	-	87,123	-	-
Contingent liabilities	6,143	-	-	-
<b>Total</b>	<b>6,143</b>	<b>87,123</b>	<b>0</b>	<b>0</b>

The Company has financing with SEB without pledged collateral. Previous financing belonging to the Networks Centre has been paid off in full during the third quarter of 2023. Contingent liabilities refer to a possible compensation program in Networks Centre, which the Company can unilaterally decide on. The Parent Company has no contingent liabilities or pledged assets.

## NOTE 24 – TRANSACTIONS BETWEEN GROUP COMPANIES

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

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

	THE GROUP		THE PARENT COMPANY	
	2023	2022	2023	2022
Exchange rate differences	-5,224	11,553	4,148	-
Returned additional consideration	-2,470	-	-2,470	-
Depreciation/amortisation	38,777	22,228	7	-
Group contributions				13,255
Other adjustments	-	-313	-	-
<b>Total adjustments</b>	<b>31,084</b>	<b>33,467</b>	<b>1,685</b>	<b>13,255</b>

## NOTE 26 – PROVISIONS

	THE GROUP		THE PARENT COMPANY	
	2023	2022	2023	2022
Provisions, opening balance	140,264	26,800	140,264	26,800
New provisions	277	116,064	0	116,064
Reversed provisions	-2,470	-	-2,470	-
Exchange rate differences	2,532	3,700	2,532	3,700
Payments	-32,470	-6,300	-32,470	-6,300
<b>Provisions, closing balance</b>	<b>108,133</b>	<b>140,264</b>	<b>107,856</b>	<b>140,264</b>

Provision as of 31 December 2023 relates to contingent consideration for the acquisition of Alcadon ApS (formerly 6X International ApS) of MSEK 9 (MDKK 6), and contingent consideration for the acquisition of Networks Centre of MSEK 99 (MGBP 7.7).

In the first quarter of 2023, MSEK 6 (MDKK 4) was paid in contingent consideration for Alcadon ApS and in the fourth quarter of 2023, MSEK 27 (MGBP 2) was paid in contingent consideration for Networks Centre.

During the fourth quarter, MSEK 6 (MDKK 4) in contingent consideration for Alcadon ApS (formerly 6X International ApS) was reversed as it did not fall due for payment.

Contingent consideration for the acquisition of Networks Centre of MSEK 99 (MGBP 7.7) relates to the discounted value of the remaining contingent consideration of MGBP 8.0, which corresponds to MSEK 102 calculated at the closing rate. The difference between the discounted value in the balance sheet and the remaining contingent consideration (MGBP 0.3) is recognised as an interest expense in the financial net until any payment date for the contingent consideration. The interest expense during the fourth quarter amounts to MSEK -0.9 (-1.4) and January–December to MSEK -3.5.

## NOTE 27 – RELATED PARTY TRANSACTIONS

The Group has during the year, through Alcadon Group AB, carried out transactions of MSEK 0.9 (0.8) with Paseca AB, which is owned by the Chairman of the Board, Pierre Fors. These transactions relate to consultancy services.

Through Networks Centre, the Group has had sales of MSEK 2.5 (0.0) and purchases of MSEK 4.5 (0.0) with Xsicute Ltd, which is 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.

Furthermore, Networks Centre has purchased marketing services of MSEK 0.8 (0.0) from HCO Consulting, which is owned and controlled by Networks Centre's former principal owner Duncan Lindsay.

All transactions are considered commercially reasonable and based on market conditions. No other material related party transactions were carried out during the year.

## NOTE 28 – WARRANTS

During the year, Alcadon has completed incentive program 2019/2023:1-6 whereby six employees, including the Company's CEO and CFO, subscribed for shares for a total of SEK 3,702,452 with the support of warrants. The incentive program, based on warrants of series 2019/2023:1-6, which Alcadon introduced in connection with the extraordinary general meeting on July 10, 2019 with a term until April 2023 has now ended. In total, the participants subscribed for 134,929 shares at a price of SEK 27.44 per share. In connection with the share subscription and in order to enable the subscription of new shares, Alcadon repurchased a total of 171,071 of the unexercised warrants in the program from the Company's CEO and CFO and two more of the participants for a total purchase price of SEK 4,543,646. The purchase price for the repurchased warrants has been used partly to pay for the newly subscribed shares through set-off, partly to cover the participants' tax effects for the sold options. The repurchased warrants of series 2019/2023:1-6 have been cancelled. Any remaining unexercised options in the series will lapse. The number of shares and votes in the Company increased to 21,722,570.

In accordance with the Annual General Meeting's resolution in April 2021, 26 employees subscribed for warrants under the warrant program 2021/2024 incentive scheme. The transfer was made at the current market value of the warrants after calculation according to Black & Scholes. Each warrant entitles the holder to subscribe for one new share in Alcadon Group during the period from 26 February 2024 to 24 March 2024.

The subscription price amounts to SEK 44.50. Upon full exercise of the warrants, up to 110,000 shares may be issued, which corresponds to a dilution of approximately 0.5 percent calculated on the basis of the Company's 21,722,570 shares.

The average price of ordinary shares during January to December and October to December was below the exercise price of the warrants.

Hence, the shares are not included in the calculation of the number of shares after dilution in the financial tables.

In accordance with the Annual General Meeting's resolution in April 2022, 19 employees subscribed for warrants under the warrant program 2022/2025 incentive scheme. The transfer was made at the current market value of the warrants after calculation according to Black & Scholes. Each warrant entitles the holder to subscribe for one new share in Alcadon Group during the period from 24 February 2025 to 21 March 2025.

The subscription price amounts to SEK 99.97. Upon full exercise of the warrants, up to 60,000 shares may be issued, which corresponds to a dilution of approximately 0.3 percent calculated on the basis of the Company's 21,722,570 shares.

The average price of ordinary shares during January to December and October to December was below the exercise price of the warrants.

Hence, the shares are not included in the calculation of the number of shares after dilution in the financial tables.

In accordance with the Annual General Meeting's resolution in April 2023, 19 employees subscribed for warrants under the warrant program 2023/2026 incentive scheme. The transfer was made at the current market value of the warrants after calculation according to Black & Scholes. Each warrant entitles the holder to subscribe for one new share in Alcadon Group during the period from 23 February 2026 to 20 March 2026. The subscription price amounts to SEK 62.40. Upon full exercise of the warrants, up to 125,000 shares may be issued, which corresponds to a dilution of approximately 0.6 percent calculated on the basis of the Company's 21,722,570 shares.

The average price of ordinary shares during January to December and October to December was below the exercise price of the warrants.

Hence, the shares are not included in the calculation of the number of shares after dilution in the financial tables.

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

<b>Closing balance</b>	<b>2021/2024</b>	<b>2022/2025</b>	<b>2023/2026</b>
<b>Number of warrants</b>	<b>110 000</b>	<b>60 000</b>	<b>125 000</b>
<b>Time of allotment</b>	<b>2021-05-31</b>	<b>2022-05-31</b>	<b>2023-05-31</b>
Exercise date	2024-02-25	2025-02-23	2026-02-23
Share price at allotment (SEK)	36.99	78.9	37.0
Volatility	35%	37%	37%
Duration	2.8 år	2.8 år	2.9 år
Yield dividend	2.70%	1.30%	2.70%
Risk-free return	-0.30%	1.10%	2.84%
Fair value per warrant at allotment (SEK)	5.07	12.54	6.44
Exercise price at allotment (SEK)	44.5	99.97	62.4
Exercisable from/to	2024-02-26	2025-02-24	2026-02-24
	2024-03-24	2025-03-21	2026-03-20



## NOTE 29 - EVENTS AFTER THE BALANCE SHEET DATE

- Trots ett mycket starkt kassaflöde under året föreslår styrelsen att ingen utdelning lämnas för 2023, mot bakgrund av goda investeringsmöjligheter med god avkastningspotential framöver.
- Alcadon har tecknat avtal om att förvärva irländska Wood Communications Ltd genom förvärv av samtliga aktier i dess moderbolag Lewralos Limited, en av Irlands ledade distributörer av nätverksprodukter. Köpeskillingen uppgår, på kassa och skuldfri basis, till 10,1 miljoner euro (motsvarande cirka 113,5 MSEK), varav högst 25 procent av köpeskillingen erläggs genom en apportemission av aktier i Alcadon till Säljarna vid tillträdet, vilket väntas ske den 2 april 2024, och resterande del erläggs genom en kontantlikvid. En villkorsbaserad tilläggsköpeskillning (s.k. earn-out) om maximalt cirka 2,9 miljoner euro (cirka 32,6 MSEK) kan komma att utgå om vissa villkor uppfylls under perioden fram till och med tre år efter tillträdet, där en del av tilläggsköpeskillingen kan komma att erläggas genom en kvittningsemission, villkorat av bolagsstämmans godkännande. Genom förvärvet förväntas Alcadon erhålla ett flertal synergier på både kort och lång sikt, till exempel en bredare kundbas i Europa, förbättrat samarbete med leverantörer, samt nya distributionsmöjligheter av Alcadons produkter.
- Alcadon har genomfört en riktade nyemission av aktier till befintliga och nya investerare för att delfinansiera förvärvet av Wood Communications Ltd. Genom emission har Alcadon tillförs 75 miljoner kronor före transaktionskostnader Antal aktier i Alcadon Group AB ökade från 21 722 570 till 23 777 365 efter genomförd emission.

## NOTE 31 - GROUP STRUCTURE

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

# Indicators

INDIDCATORS FOR THE GROUP	2023	2022	2021
Net sales, MSEK	1,572.8	1,110.4	736.5
Gross margin, %	24.4	25.5	28.1
Operating profit before amortisation of intangible assets (EBITA), MSEK	106.8	68.6	67.5
Operating profit before amortisation of intangible assets (EBITA), %	6.8	6.2	9.2
Operating profit after depreciation/amortisation (EBIT), MSEK	88.8	62.3	65.8
Operating margin after depreciation/amortisation (EBIT), %	5.6	5.6	8.9
Profit or loss for the period, MSEK	37.9	37.1	47.1
Net margin, %	2.4	3.3	6.4
Equity ratio, %	44.1	36.8	49.1
Return on equity, %	5.9	7.5	15.8
Net interest-bearing liabilities, MSEK	349.6	447.1	151.8
Net interest-bearing liabilities excluding leasing debt, MSEK	270.5	361.3	65.8
Operating profit before depreciation/amortisation (EBITDA) / Working capital, %	41.3	23.5	45.9
Cash flow from operating activities, MSEK	136.6	24.1	18.4
Cash flow from operating activities per share, SEK	6.36	1.21	1.0
Equity per share, SEK	30.8	27.9	18.6
Earnings per share, SEK	1.76	1.86	2.62
Number of shares at the end of the period	21,722,570	20,612,823	18,341,026
Average number of shares	21,491,373	19,942,010	17,945,952
Number of employees at the end of the period	164	179	95
Average number of employees during the period	170	127	87

## DEFINITIONER

Gross profit	Net sales less cost of goods sold.
Gross margin:	Gross result as a percentage of net sales for the period.
EBITA margin:	Operating result before amortisation of intangible assets as a percentage of net sales for the period.
EBIT margin:	Operating result after depreciation as a percentage of net sales for the period.
Net margin:	Profit or loss for the period as a percentage of net sales.
Return on equity:	Net profit or loss for the last 12 months as a percentage of average equity.
Net interest-bearing liabilities:	The net total of financial assets including cash and cash equivalents less interest-bearing provisions and liabilities. The calculations include lease liabilities in accordance with IFRS 16 totalling MSEK 84 (89).
Operating profit before depreciation/amortisation (EBITDA)/Working capital:	Operating profit before depreciation/amortisation (R12) divided by Working capital, calculated as Inventories plus Trade receivables minus Trade payables.
Equity ratio:	Equity as a percentage of total assets (excluding cash balance and financial assets) at the end of the period.
Earnings per share:	Net profit or loss for the period divided by the average number of shares during the period.
Cash flow from operating activities per share, SEK:	Cash flow from operating activities divided by the average number of shares during the period.
Operating expenses:	Staff costs and other external operating costs.

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

# Financial quarterly overview for the Group

## CONSOLIDATED QUARTERLY DATA

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
INCOME STATEMENT (MSEK)	2023	2023	2023	2023	2022	2022	2022	2022
Net sales	431.5	381.4	371.1	388.8	401.2	288.0	216.1	205.1
<b>Profit</b>								
Operating profit before amortisation of intangible assets (EBITA)	39.3	28.0	11.4	28.1	30.5	11.6	10.7	15.8
Profit after net financial items	20.7	12.1	2.0	16.3	19.0	7.7	10.7	14.2
Profit or loss for the period	14.8	13.7	-2.2	11.6	13.9	4.7	7.9	10.6
<b>Margin measures in %</b>								
Gross margin, %	23.7	23.8	24.2	26.0	25.3	23.5	26.0	28.3
Operating margin (EBITA), %	9.1	7.3	3.1	7.2	7.6	4.0	4.9	7.7
Net margin, %	3.4	3.6	-0.6	3.0	3.5	1.6	3.7	5.2
<b>BALANCE SHEET (MSEK)</b>								
<b>Assets</b>								
Total fixed assets	896	926	953	914	911	888	398	390
Total current assets	685	703	729	725	752	735	435	427
<b>Total assets</b>	<b>1,581</b>	<b>1,629</b>	<b>1,682</b>	<b>1,639</b>	<b>1,662</b>	<b>1,623</b>	<b>832</b>	<b>817</b>
<b>Equity &amp; liabilities</b>								
Total equity	669	680	687	644	575	556	480	479
Total long-term liabilities & provisions	495	558	574	562	572	563	148	153
Total current liabilities	417	391	421	434	516	505	204	185
<b>Total equity &amp; liabilities</b>	<b>1,581</b>	<b>1,629</b>	<b>1,682</b>	<b>1,639</b>	<b>1,662</b>	<b>1,623</b>	<b>832</b>	<b>817</b>
<b>CASH FLOW (MSEK)</b>								
Net from operating activities	41.7	60.1	17.9	17.7	8.4	22.1	-12.6	5.9
Investing activities	-28.4	-0.6	-3.6	-17.9	-17.7	-229.1	-4.4	-7.3
Financing activities	-20.2	-72.9	-35.4	3.3	-12.9	235.8	-17.3	100.8
<b>Cash flow for the period</b>	<b>-7.0</b>	<b>-13.5</b>	<b>-21.1</b>	<b>3.0</b>	<b>-22.3</b>	<b>28.8</b>	<b>-34.3</b>	<b>99.4</b>
<b>OTHER INDICATORS</b>								
Earnings per share, SEK	0.68	0.63	-0.10	0.56	0.67	0.23	0.40	0.55
Return on equity, %	5.5	5.4	4.2	6.3	6.5	6.8	8.8	10.5
Equity per share, SEK	30.8	31.3	31.6	29.6	27.9	23.3	24.5	24.4
Cash flow from operating activities per share, SEK	1.9	2.8	0.8	0.8	0.4	1.1	-0.6	0.3
Share price at the end of the period, SEK	35.0	28.1	39.9	50.6	74.3	68.6	72.0	85.6

# Signature of the Annual Report

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

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

**Stockholm, Sweden, 26 March 2024**

**Pierre Fors**  
Chairman of the Board

**Jonas Mårtensson**  
Vice Chairman

**Marie Ygge**  
Director

**Lars Engström**  
Director

**Sonny Mirborn**  
CEO

Our audit report relating to this Annual Report was issued on 26 March 2024.  
**Grant Thornton Sweden AB**

**Daniel Forsgren**  
Authorized Public Accountant



# Share information

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

The number of shares in Alcadon Group AB amounted to 21,722,570 as of 31 December 2023. After the balance sheet date, on 6 March 2024, Alcadon Group carried out a directed issue of 2,054,795 shares at a subscription price of SEK 36.5 per share to partly finance the acquisition of Wood Communications Ltd. The subscription price of the new issue was determined by means of the so-called accelerated book building process. Through the new issue, approximately MSEK 75 was added to Alcadon before issuance costs. The number of shares in Alcadon Group AB thus increased from 21,722,570 to 23,777,365 after the issue was completed.

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

Company name: Alcadon Group AB

Ticker: ALCA

Number of shares: 21,722,570

ISIN: SE0008732218

## SHARE PERFORMANCE CHART 2023



## OWNERSHIP

Name	Shareholding	Shareholding, %
Investment AB Spiltan	3,445,893	15.9%
Ribbskottet Aktiebolag	2,400,000	11.0%
Andra AP-Fonden	1,512,524	7.0%
Athanase Industrial Partners	1,413,507	6.5%
Susanne Stengade Holding ApS	981,780	4.5%
Avanza Pension	922,864	4.2%
Consensus Asset Management	778,192	3.6%
Jeansson, Theodor	681,910	3.1%
Nordnet Pensionsförsäkring AB	579,824	2.7%
ÖstVäst Capital Management	549,833	2.5%
Norron Fonder	546,632	2.5%
Swedbank Robur Microcap	545,000	2.5%
Fondita Fund Management	375,000	1.7%
Lindsay, Duncan	317,088	1.5%
Lindsay, Natalie	314,389	1.4%
Cicero Fonder	270,349	1.2%
Evli Fund Management	253,108	1.2%
Hajskäret Invest AB	208,459	1.0%
Mårtensson, Jonas	208,092	1.0%
Reid, James	202,621	0.9%
<b>Total</b>	<b>16,507,065</b>	<b>76.0%</b>
<b>Others</b>	<b>5,215,505</b>	<b>24.0%</b>
<b>Totalt</b>	<b>21,722,570</b>	<b>100.0%</b>

## DISTRIBUTION OF SHARES ON 31 DECEMBER 2023

Shareholding	Number of owners	Number of shares
100,001 -	30	17,892,053
20,001 - 100,000	36	1,732,979
5,001 - 20,000	75	745,180
1,001 - 5,000	296	675,228
501 - 1000	344	273,000
<500	4,985	404,130
	<b>5,766</b>	<b>21,722,570</b>

## DEFINITIONS OF ALTERNATIVE INDICATORS

	Quarter 4		January - December	
Operating profit before amortization of intangible assets (EBITA), MSEK	2023	2022	2023	2022
Operating profit after depreciation (EBIT), MSEK	34,7	25,5	88,8	62,3
Depreciation intangible assets	4,5	5,0	17,9	6,3
Operating profit before amortization of intangible assets (EBITA), MSEK	39,3	30,5	106,8	68,6

	Quarter 4		January - December	
Operating expenses	2023	2022	2023	2022
Operating expenses including cost of goods	397,8	364,9	1 449,3	1 027,5
Cost of goods	329,3	299,6	1 188,6	826,8
Operating expenses	68,5	65,3	260,7	200,7

Net interest-bearing liabilities, MSEK	2023-12-31	2022-12-31
Long-term liabilities to credit institutions	294.5	332.5
Short-term liabilities to credit institutions	38.5	125.1
Overdraft	0.0	4,9
Liquid funds	-62.5	-101.3
Net interest-bearing liabilities excluding leasing	270.5	361.3
Long-term lease liabilities	60.4	65.6
Short-term lease liabilities	18.7	20.2
Net interest-bearing liabilities	349.6	447.1

	Quarter 4	
Indebtedness	2023	2022
EBITDA R12	127.6	84.5
EBITDA R12 Proforma (period before acquisition*)	0.0	34.0
Acquisition costs	0.0	4.2
Revaluation and return additional purchase price	-3.3	0.4
EBITDA R12 adjusted (pro forma)	124.3	122.7
Leasing cost IFRS16, operational leasing incl. proforma	-15.3	-15.1
EBITDA R12 adjusted IFRS16 (pro forma)	108.9	107.6
Net interest-bearing liabilities	349.6	447.1
Net interest-bearing liabilities/ EBITDA R12 adjusted (pro forma)	2.8	3.7
Net interest-bearing liabilities excluding leasing	270.5	361.3
Net interest-bearing liabilities excluding leasing/ EBITDA R12 adjusted IFRS16 (pro forma)	2.5	3.4

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

# Board of Directors

## PIERRE FORS, CHAIRMAN OF THE BOARD

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

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

**Shareholding:** 100,000



## JONAS MÅRTENSSON, VICE CHAIRMAN

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

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

**Shareholding:** 208,092



## MARIE YGGE, DIRECTOR

Marie Ygge, born in 1958, member of the board since 2019. Marie has extensive experience from leading positions in the IT industry, including with Microsoft (2005–2017) and, prior to that, IBM

(1985–2005). During these years, Marie has held a number of managerial positions where she has been the Swedish responsible for sales to the public sector, large enterprises and small- and medium-sized customers. Her most recent role was as Head of Business Development for Public Sector at Microsoft EMEA (2014–2017). Marie holds a M.Sc. from KTH Royal Institute of Technology and runs her own consultancy business.

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

**Shareholding:** 4,000 shares



## LARS ENGSTRÖM, DIRECTOR

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

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

**Shareholding:** 5,850 shares





# Management

## SONNY MIRBORN, CEO ALCADON GROUP

CEO and President since July 2019, born in 1980.

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



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

**Shareholding:** 127,741 shares

**Other holdings:** 58,258 warrants

## NIKLAS SVENSSON, CHIEF FINANCIAL OFFICER

CFO since October 2019, born in 1981.

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

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

**Shareholding:** 29,523 shares

**Other holdings:** 30,354 warrants



## EINAR FERAGEN, CHIEF EXECUTIVE OFFICER, ALCADON AS

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

**Shareholding:** 0 shares

**Other holdings:** 5,919 warrants



**SUSANNE STENGADE, SENIOR VICE PRESIDENT CENTRAL EUROPE AND CEO ALCADON DENMARK/GERMANY**

CEO and board member of 6X International (Denmark/Germany), born 1967. Bachelor's degree in International Business from Niels Brock's Handelsakademi in Copenhagen. Susanne has held several senior positions in sales with a focus on fibre optic solutions in companies such as NKT and Draka. In 2003, Susanne founded 6X International, where she has been CEO ever since. At the end of 2019, 6X International established a subsidiary in Germany, where Susanne is also the CEO.

**Shareholding:** 981,780 shares.



**MAX LUNDSTEN, CHIEF PRODUCT OFFICER**

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

**Shareholding:** 58,899 shares

**Other holdings:** 5,451 warrants



**MAGNUS LARSSON, CHIEF EXECUTIVE OFFICER SWEDEN**

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

**Shareholding:** 10,000 shares

**Other holdings:** 18,604 warrants



**DUNCAN LINDSAY, SENIOR VICE PRESIDENT UK**

Duncan has a BA (Hons) in Business Administration and was previously President of Networks Centre Ltd, a company founded by Duncan in 2005, with operations in the UK and the Netherlands. He also has prior experience in leading positions at two specialised distributors in network infrastructure and in the tourism industry.

**Other board assignments:**

**Shareholdings held directly and through related parties:** 631,477 shares

**Other holdings:** –



# Annual General Meeting

Shareholders of Alcadon Group AB (publ), reg.no. 559009-2382 ("the COmpany", "Alcadon"), are convened to the Annual General Meeting on Friday, 26 April 2024, at 10.00 a.m. at the Courtyard by Marriott hotel on Kungsholmen in Stockholm, with address Rålambshovsleden 50, 112 19 Stockholm.

Registration will commence at 9:30 am.

## Right to participate and notification

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

- be registered as a shareholder in the share register prepared by Euroclear Sweden AB ("Euroclear") as of Monday, 18 April 2024,
- notify their intention to attend the Annual General Meeting no later than Monday 22 April 2024 by one of the methods below:
  - Registration link: <https://anmalan.vpc.se/euroclearproxy>
  - E-mail: [generalmeetingservice@euroclear.com](mailto:generalmeetingservice@euroclear.com)
  - Postal address: Alcadon AB (publ), "Annual General Meeting", c/o Euroclear Sweden, Box 191, 101 23 Stockholm, Sweden.

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

In order to be entitled to participate in the general meeting, a shareholder whose shares are registered in the name of a nominee must, in addition to registering for the meeting, register the shares in his/her own name so that the shareholder is entered in the share register as of Monday, 18 April 2024. Such registration may be temporary (registration for voting rights) and shall be requested from the nominee, in accordance with the nominee's procedures, at such time in advance as the nominee determines and in good time before the said date. Voting rights registrations made no later than Monday, 22 April 2024 are taken into account when preparing the share register.

If the shareholder is represented by a proxy, a written, signed and dated power of attorney must be attached. The power of attorney may not be issued earlier than one year before the date of the annual general meeting, unless a longer period of validity is specified in the power of attorney, but no longer than five years from the date of issue. The power of attorney in original as well as the registration certificate and other authorization documents showing the authorized representative should be available to the Company at the above address or e-mail no later than Monday, 22 April 2024. A form for power of attorney is available in Swedish and English on the Company's website, [www.alcadongroup.se](http://www.alcadongroup.se).

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

## FINANCIAL CALENDAR

Q1 Report 2024	26 April 2024, 08:00 a.m.
Annual General Meeting 2024	26 April 2024, 10:00 a.m.
Q2 Report 2024	9 August 2024, 08:00 a.m.
Q3 Report 2024	25 October 2024, 08:00 a.m.
Year-end report 2024	No later than week 8, 2025
Annual report 2024	No later than three weeks prior to the Annual General Meeting 2025
Annual General Meeting 2025	25 April 2025, 10:00 a.m.

## Contact information

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



Alcadon Group

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## **Alcadon Bv Netherlands**

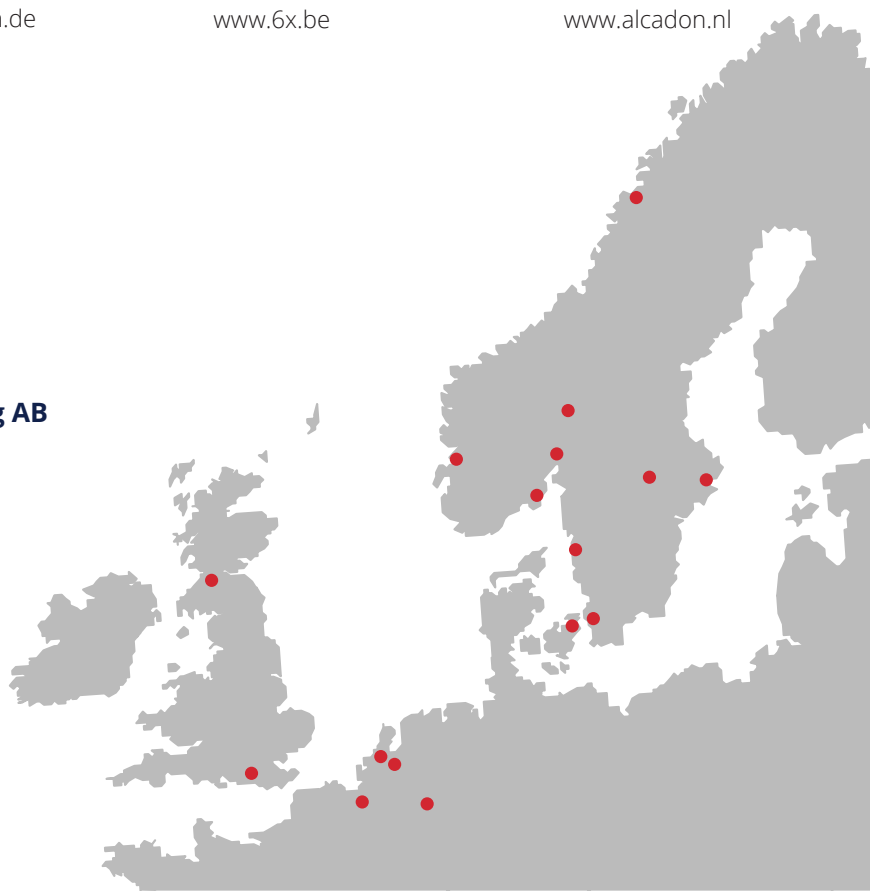
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