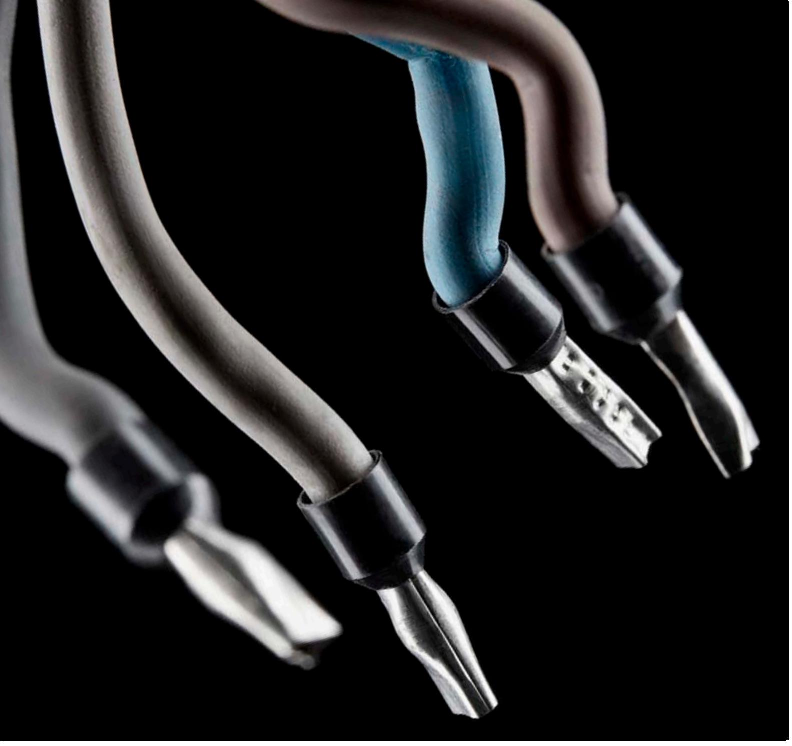
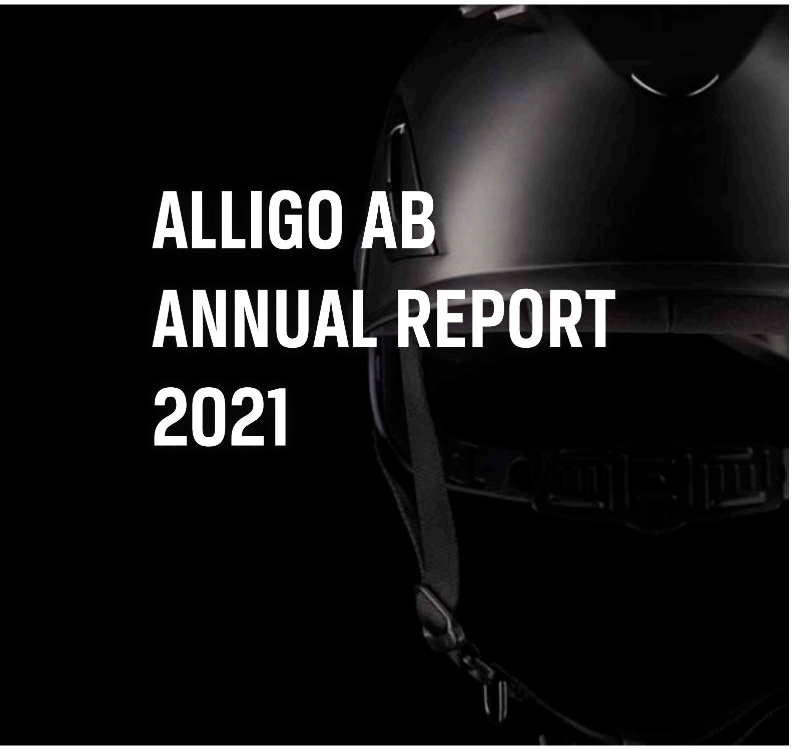


ALLIGO AB ANNUAL REPORT 2021



ALLIGO

The formerly named Momentum Group AB has changed its name to Alligo AB. The company remains listed on Nasdaq Stockholm, but since 15 December 2021 has been traded under the new short name ALLIGO B.

» Read more on page 1.

ABOUT THE ANNUAL REPORT

In the annual report 2021, the Components & Services business area is recognised as discontinued operations in accordance with IFRS 5, which is the result of the Board's proposal for the separate listing of Components & Services as a separate company. The Alligo business area represents continuing operations.

A description of the operations of the Alligo business area is provided on pages 4–25.

A description of the operations of the Components & Services business area is provided on pages 26–31.

The formal annual report and consolidated financial statements for Alligo AB (publ) comprise the administration report and related financial statements as well as notes on pages 33–86.

The corporate governance report and statutory sustainability report for Alligo AB (publ) can be found within the administration report on pages 42–47 and 38–41 respectively.

For continuing operations, a sustainability report is also provided with reference to Global Reporting Initiative standards and can be found integrated in the description of operations on pages 1–7, 9–19, 22–25 and 96–107.

CONTENTS

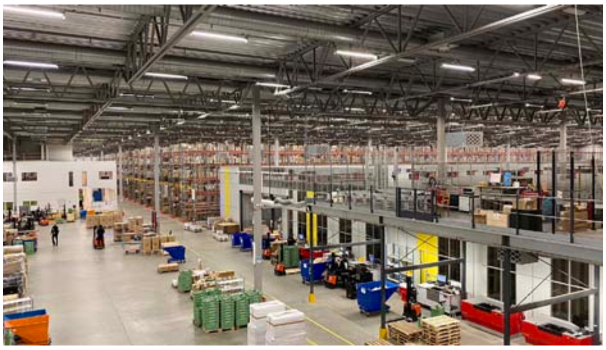
2021 in brief

2021 was an eventful year: work to integrate Swedol and Tools continued apace and the Board of Directors decided to prepare a separate listing of the Components & Services business area and its name was changed to Alligo.

» Read more about the separate listing of the Components & Services business area and related key events on page 1.

FIRST QUARTER

- The expansion of the logistics centre in Örebro was completed and the final inspection carried out. This enabled the closure of Grolls' central warehouse in Hisings Backa and its relocation to Örebro, facilitating a greater degree of automation, more efficient warehousing and better service for customers.
- The integration of Tools in Finland into the business area's common IT platform was implemented as planned. At the same time, the legal structure was simplified.



SECOND QUARTER

- The integration of Swedol and Tools continued according to plan. This included the completion of the work to develop a common Nordic range.
- On 19 April, the Tools, Consumables, Workwear & Protective Equipment business area was renamed Alligo. The launch of the shared name and new common values represented the next step of the growth journey together.
- An ISO audit in accordance with the 9001, 14001 and 45001 standards was carried out in Sweden and Norway with good results.
- Product availability was negatively affected by the global container shortage and the impact of the Suez Canal blockage, which led to some delays in deliveries of own brands and new product launches.

THIRD QUARTER

- The Board of Directors decided to move forward with the proposal to relocate the Swedish logistics operations of Tools in Alingsås to Örebro and combine all logistics in Sweden in a modern logistics centre. The migration is expected to streamline the flow of goods and provide better service to customers. Annual cost savings are expected to be in the region of MSEK 25. The decision involves restructuring costs of MSEK 108 relating to the remaining lease period of six years and other property-related costs. The move also requires an investment in Örebro of MSEK 19.
- Work to establish new strategic objectives was completed. Together with our mission, vision and values, the strategic objectives constitute Alligo's strategic map that will guide our work forward.

FOURTH QUARTER

- The Alligo business area acquired workwear specialist RAF Romerike Arbeidstøy AS. This acquisition strengthens Alligo's position in workwear and personal protective equipment in the Oslo area.
- The Alligo business area signed an agreement on the divestment of Gigant in order to simplify the structure and give Gigant better conditions to develop its business. Gigant's customers are mainly resellers, while Alligo focuses on selling directly to end customers. Alligo remains a reseller to Gigant following the divestment.

ALLIGO
– an integrated company

Alligo is a leading player within workwear, personal protective equipment, tools and consumables in the Nordic region. The business area was formed in 2020, through the merger of Swedol and Tools, under the name Tools, Consumables, Workwear & Protective Equipment. In 2021, we adopted the name Alligo, which means "something that is connected" in Esperanto. All parts of Alligo are connected and together we are an integrated company that meets the needs of Nordic professionals. We have a clear focus on consumables and offer a standardised product range of goods and services that enable companies to function. Through the concept brands Swedol, Tools, Grolls and Univern, alongside local specialist brands, we interact with professional customers throughout the Nordic region in the channels where they want to meet us, whether this is a store, field sales, digital channels or on-site service.

Scalable platform for growth

We have embarked on intensive integration work since the merger of Swedol and Tools. To date, we have carried out several store integrations, launched a Nordic standard range, expanded the logistics centre in Örebro, commenced the relocation of Tools' logistics in Sweden to Örebro and implemented our common IT and business system in Tools in Finland, among other things. This work will continue during 2022.

All these efforts are being made to establish an integrated company with a scalable platform that can continue to drive long-term profitable and sustainable growth. To guide us, we have established a strategic map that leads us towards the vision of becoming unbeatable as a partner to our customers and suppliers, as an employer for our employees and as a leader for sustainable development in our industry.

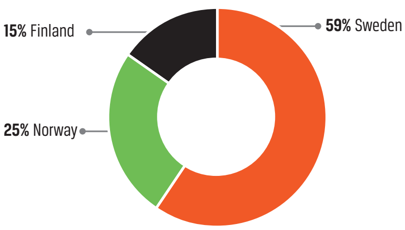
TOOLS | swedol | UNIVERN | GROLLS

ALLiGO

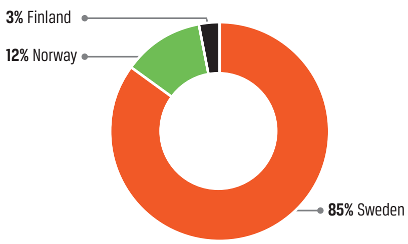
KPIs 2021

8,475	645	7.6	2,319
REVENUE, MSEK	EBITA, MSEK	EBITA MARGIN, %	NUMBER OF EMPLOYEES

REVENUE BY GEOGRAPHIC AREA, 2021



EBITA BY GEOGRAPHIC AREA, 2021



Comments and outcomes in the annual report relate to the Alligo business area, the continuing operations, unless otherwise specified. The Components & Services business area constitutes discontinued operations.

» Read more about the Components & Services business area on pages 26–31 and in note 32.

INCREASED FOCUS through the separate listing of Components & Services

The Board of Directors of Alligo AB proposes that the Components & Services business area be listed as an independent listed company.

In April 2021, the Board of Directors instructed the Group management to analyse the conditions for distributing the Components & Services business area to shareholders with the intention of listing it as an independent listed company on Nasdaq Stockholm. The aim is to increase shareholder value in both the short term and the long term through an increased focus on each business area.

The Group currently consists of two strong and operationally independent business areas – the Alligo business area and the Components & Services business area – each with their own focus areas and dedicated management.

The Alligo business area is operated as an integrated company where value creation takes place primarily through operational improvements and growth within the business. The Components & Services business area has a clear focus on acquisition-driven growth.

Dividing these two business areas into two separate listed companies enables both to be strengthened and gives them the freedom to operate on the basis of their own focus areas and conditions.

The Board of Directors convened an Extraordinary General Meeting on 23 March 2022. If the shareholders decide to adopt the Board's proposal, Components & Services will be distributed and listed on Nasdaq Stockholm at the end of March 2022 under the company name Momentum Group AB.

Key milestones in the preparations

Possibility of dividing into two listed companies investigated

On **9 April**, the Board decided to instruct the Group management to investigate the conditions for dividing the Group into two separate listed companies.

Preparations for distribution and separate listing

On **15 September**, the Board began work to prepare a distribution and separate listing of the Components & Services business area.

New Group management

The Board appointed Clein Ullenvik, former business area manager of Alligo, as President & CEO. Irene Wisenborn Bellander, former CFO of the Alligo business area, was appointed CFO. The new management commenced on **1 November**.

Change of company name

On **2 December**, an Extraordinary General Meeting voted through a proposal from the Board of Directors to change the company name from Momentum Group AB to Alligo AB. Since **15 December**, the company's shares have been traded under the short name ALLIGO B.

MESSAGE FROM THE CEO

The year 2021 saw the launch of the new integrated company Alligo. The Group with its two business areas, Alligo and Components & Services, began the year under the name Momentum Group. Since September, intensive preparations have been under way to divide the two business areas into separate listed companies. A new Group management was appointed in November and the Group changed its name to Alligo in December. In spring 2022, the Components & Services business area was listed separately under the name Momentum Group. I am looking forward to working with this new structure, which enhances the opportunities for each business area to develop and create value based on its own focus areas and objectives.

Leading Nordic player

Alligo combines some of the strongest brands and product offerings within workwear, personal protective equipment, tools and consumables in the Nordic region. The focus during the year has been on developing the business and continuing to build on the sound history of the various companies. Alligo has a scalable platform where we work with shared systems and benefit from economies of scale by coordinating key functions and areas, such as Assortment and Procurement, logistics, digitisation and finance.

We enhanced our sales management in 2021 and launched a common Nordic range. This was a major project that involved reducing the number of items and suppliers in order to enhance our customer offering, improve sustainability in our offering and increase profitability. The coordination of the logistics organisation has also continued. We have expanded the logistics centre in Örebro, completed the relocation of the logistics centre in Hisings Backa and decided to migrate the logistics centre in Alingsås to Örebro.

Stable market development

The situation on our markets was stable compared with the previous year, although the Covid-19 pandemic was still resulting in varying degrees of restrictions in society. The small and medium-sized customers that represent a relatively large portion of the customer base in Sweden retained high levels of employment and were less affected by the pandemic. At the same time, our larger industrial customers suffered more of a negative impact, which affected sales in Norway and Finland. We are seeing a slight positive growth in sales to industrial customers in Sweden, but we still face challenges in the industrial sector.

Inflation has picked up pace around the world, including our markets in Sweden, Norway and Finland, and during the year was at a level that has a significant impact on our purchase prices. We have largely been successful in offsetting this, however, by continuously reviewing and adapting our customer pricing.

The global container shortage has increased lead times and the price of shipping. This has affected Alligo, but through good procurement management and close cooperation with our suppliers, we have managed to avoid major supply disruptions. However, the situation on the freight market has delayed the launch of our own products in the Tools business.

Despite several challenges, Alligo performed well during the year. Calculated as if Swedol had been included for 12 months in 2020, revenue increased by 5 per cent while the EBITA margin was 7.6 per cent (5.7). This improvement in profit was driven by the performance in Sweden, with increased sales, good penetration of the price increases implemented, synergies and very cold weather towards the end of the year that generated strong demand for high-margin products.

Intensive integration work

We have embarked on intensive integration work throughout the organisation since the merger of Tools and Swedol in 2020. We were able to achieve several important milestones in the first year alone, including the launch of a new organisation with a shared mission and vision.

We have picked up the pace in 2021, including the launch of Alligo's new shared values, which is the last piece of the puzzle in our strategic map, consisting of our mission, vision, strategic objectives and strategies. We pursue our vision, which has clear links to our strategic objectives, on the basis of our values and our raison d'être in the form of our mission. We have formulated our strategies, which are at the heart of our business planning, on the basis of our strategic objectives. There is now a clear common thread running through the entire organisation.

To ensure effective management of the integrated company, we have established new shared financial and non-financial targets for Alligo. Together, these targets are designed to ensure that Alligo delivers a good return to shareholders through sustainable and profitable growth, as well as financial stability.

Targeted sustainability work

Swedol and Tools have a long history of ambitious sustainability work and we have taken this with us into Alligo. Together, we have a greater responsibility and a greater opportunity to influence the world around us to head in the right direction. We continue to support the UN Global Compact principles and have now also set the bar even higher with our aim to be a leader in sustainable development in our industry. Sustainability work is an integral part of Alligo's business planning and is anchored in our vision and strategy. We want to continue to build on the good sustainability work we have already done and to become better at communicating it.

On the right path

It has been a year of fast-paced change work within all parts of the organisation, along with preparations for the splitting of the company. We have achieved a lot and come a long way in a short time. This would not have been possible without our employees, who have given their all throughout the year. It has been tough at times, but Alligo is on the right path and we have established a stable foundation for growth.

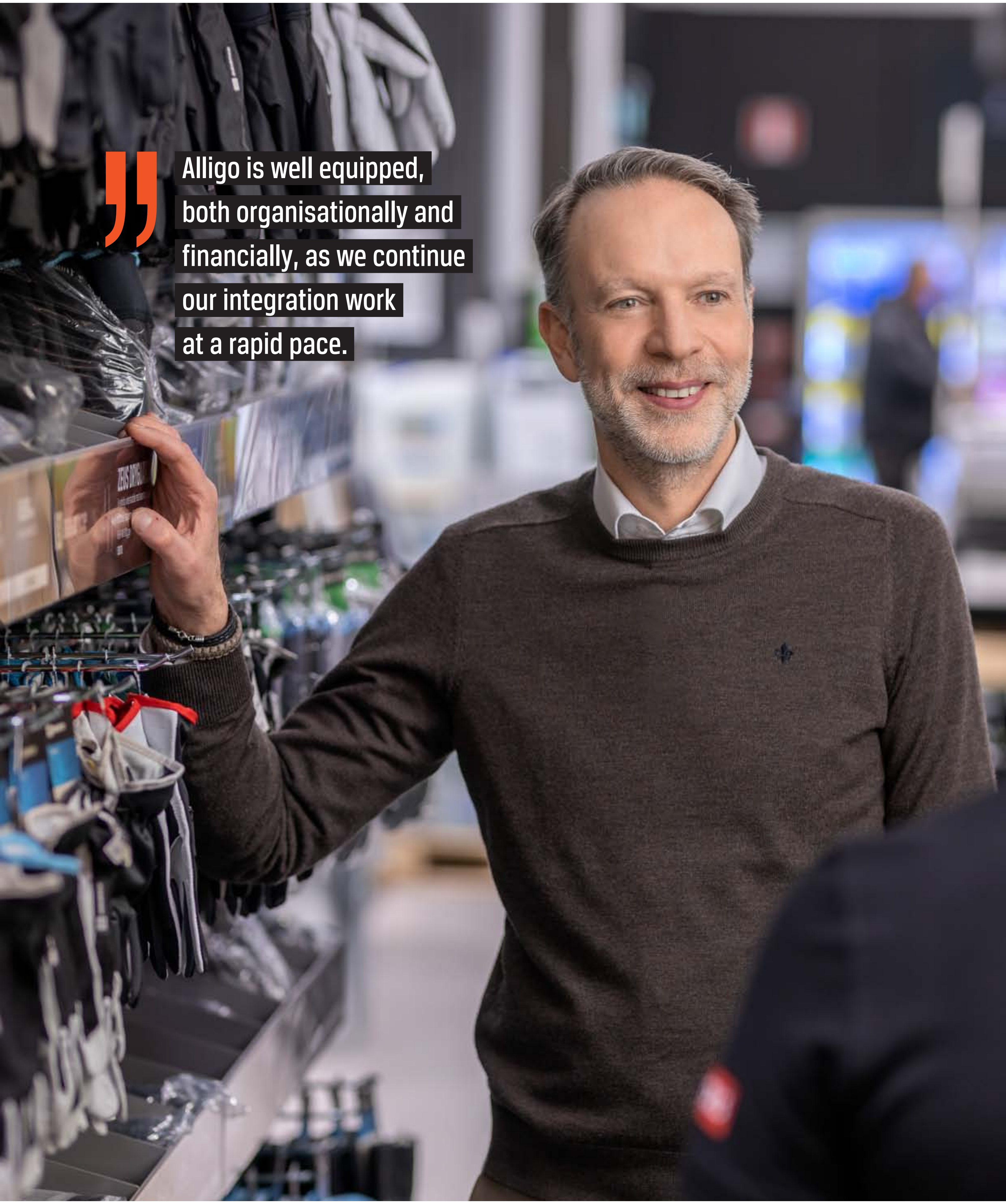
The planned migration to a new common Nordic pricing system, the relocation of logistics operations from Alingsås to Örebro and the implementation of our joint IT and business system in Tools in Sweden will bring challenges in the form of major changes to the business and we are taking preventive measures to reduce the risk of disruption.

The tragic situation we are witnessing with the war in Ukraine may have an indirect negative commercial impact on Alligo in both the short and long term. Alligo has no operations in Russia or Ukraine and only limited customer and supplier exposure in these countries, but the impact on the Group is hard to predict due to the uncertainty of market conditions and we are following developments closely.

I can confirm that Alligo is well equipped, both organisationally and financially, as we continue our integration work at a rapid pace. Together with our employees, customers and suppliers, we are doing everything we can to make businesses work in the green transition that lies ahead for all of society.

Tyresö, March 2022

Clein Johansson Ullenvik
Group President and CEO



> Alligo is well equipped, both organisationally and financially, as we continue our integration work at a rapid pace.

STRATEGIC DIRECTION

At Alligo, we have a clear vision – we must be unbeatable. To achieve this vision, we need to work together towards four strategic objectives. In 2021, we completed a joint strategy project and reviewed our material sustainability issues to establish a clear direction for the future.

MISSION – We make businesses work

If we do our job right, our customers will have what they need to do their job right – both as companies and as employees. They have tools and consumables where they need them, when they need them. They have workwear and personal protective equipment that protects them against the weather and against hazards. With our expertise, we can help customers to develop their business and make it safer and more efficient.

VISION – We are unbeatable...

...as a partner to our customers
...as an employer for our employees
...as a partner to our suppliers
...as a leader in sustainable development in our industry

Our vision describes what we want to achieve in the longer term. We must not be satisfied with being one of the leaders in the industry, we must be unbeatable. To achieve this, we must meet – and exceed – the expectations of our stakeholders. If we are the best partner for our customers, this will drive our sales. To make positive contributions to our customers, we need to have committed and skilled employees. To be able to provide our customers with the best offering, we need to have good relationships with the best suppliers. To be able to contribute to a sustainable society – as well as being relevant to our customers and employees – we must take sustainability issues seriously.

VALUES

Alligo's values are based on three pillars that together define who we are and how we interact with our customers and other stakeholders.

Commitment

We care about what we do; for us, this is about professional pride. We do our utmost to ensure we do a good job, and our commitment is something that can be seen, both from our employees and to our customers.

Collaboration

We are one team together. We believe in being a community, where we are willing to help each other and are not afraid to ask others for help, to ensure success. We warmly welcome both customers and suppliers to our team.

Competence

To earn someone's trust and confidence, you need to be knowledgeable about what you do. We always look to challenge ourselves, to learn more, and to think innovatively. In close partnership with everyone who trusts in us, we aim to become even better at everything we do.

INTEGRATED SUSTAINABILITY WORK

Alligo supports Agenda 2030 and aims to achieve the UN Global Goals for Sustainable Development. The goals where we have the biggest impact and can make the greatest difference are connected with our material sustainability issues that clearly go hand in hand with our vision. By working with sustainability as an integrated part of our strategy and business planning, we aim to become the unrivalled leader of sustainable development in our sector.

Vision	We are unbeatable... ...as a leader in sustainable development in our industry		
	...as a partner to our customers	...as an employer	...as a partner to our suppliers
Key sustainability issues	• Product quality and safety • Customer satisfaction • Transparent sustainability communication and help customers to make sustainable choices	• Diversity and equality • Work environment and health • Skills development • Anti-corruption	• Working conditions and human rights in the supply chain • Climate impact • Environmental impact and chemicals
Global Goals	3 GOOD HEALTH AND WELL-BEING 6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	6 CLEAN WATER AND SANITATION 8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION

STRATEGIC OBJECTIVES

Alligo's strategies are connected to four strategic objectives that, in turn, are connected to our vision.
These strategic objectives give our business a common direction and are all designed to deliver profitable growth.

We provide our customers with what they need in a friendly way

Our offering contains a defined range of own brands and strong external brands. The offering is tailored to the customers' needs and with our expertise and commitment, we guide customers to the right products instead of offering them all products in all categories. A key part of our offering is services that create added value for the customer. We aim to standardise and expand our range of services, while also offering larger customers a tailored service package as required. Some customers prefer to interact with us digitally, while for others meeting in person is vital. Whichever channel the customer chooses to use to meet us, we must meet the customer in the way they want to be met. We are continually developing our digital solutions in order to meet the needs and expectations of customers.

We are the workplace where the best people want to work and we help them grow

Attracting employees, helping them to grow and retaining them is vital for our competitiveness. Everyone must be able to thrive at work and we must offer a good workplace. Without committed and skilled employees, we cannot provide the right service to our customers or operate our own business. Leadership is key when establishing a workplace where people want to work. We must be constantly developing, improving and strengthening leadership. To become unbeatable, we must believe in the future and have a performance culture where we all share a strong desire to achieve our objectives and we take pleasure in our shared successes. The skills and development of our employees are important to our business and we must establish a culture where there is always a focus on skills development. In order to be a modern and attractive employer, we must create a good work environment that is characterised by equality and diversity.

We have our industry's most efficient operations and reliable processes

Our customers must be able to rely on us and we must offer reliable, efficient and flexible supply solutions that make a difference to the customer. Efficient processes generate value for customers, increase our profitability and give our employees a better work environment. We are always working to improve our processes in order to ensure quality and efficiency, both internally and externally. We operate a transaction-intensive business and large volumes of data are generated and stored in our systems every day. More advanced analysis and solutions based on artificial intelligence will give us new insights about our customers and our operations and help us to develop and generate new business.

We are known as the leader in sustainable development in our industry

We must work continuously to reduce the impact of our business on the environment, for example by continuing to invest in reducing energy consumption and sorting waste. Around 80 per cent of the carbon emissions in our value chain are generated by manufacturers, suppliers and shipping companies. This is where we can make significant efforts to reduce our climate footprint. This is also where we see the greatest sustainability risks in relation to human rights and working conditions, for example. Maintaining close cooperation with our suppliers and stipulating clear requirements is therefore an important focus for Alligo. In our interaction with customers, we can use professional guidance to help them make conscious and more sustainable choices. By coordinating and standardising our range, we are better able to ensure that it contains sustainable products that are easy to find, for example through environmental labelling. Customers who are familiar with our sustainability work know that we lead the way in our industry, but we need to do more if we are to increase awareness both internally and externally.

BUSINESS MODEL

Alligo creates value by making businesses work. Our business model is based on efficient and sustainable processes, using a common platform with economies of scale within central key functions.

We use efficient and sustainable processes at every stage to make businesses work. Our scalable business model means that Alligo is able to achieve profitable growth, both organically and through acquisitions. New initiatives, investments and acquisitions can be integrated systematically and benefit from Alligo's shared platform with economies of scale within key areas, such as concept and market, assortment and procurement, logistics, finance, IT, HR and sales.

Offering

Our offering focuses on products with a high degree of standardisation. The range is carefully selected and developed to meet the needs of our priority customer segments. The standardisation of goods and services enables us to increase efficiency and availability, while also offering flexibility to those customers who need it. The combination of own brands and external brands provides an attractive and competitive offering. Services are an important part of our offering and deliver clear value. Our overall offering is characterised by high quality, value for money and product safety, combined with a good service level and availability.

Procurement

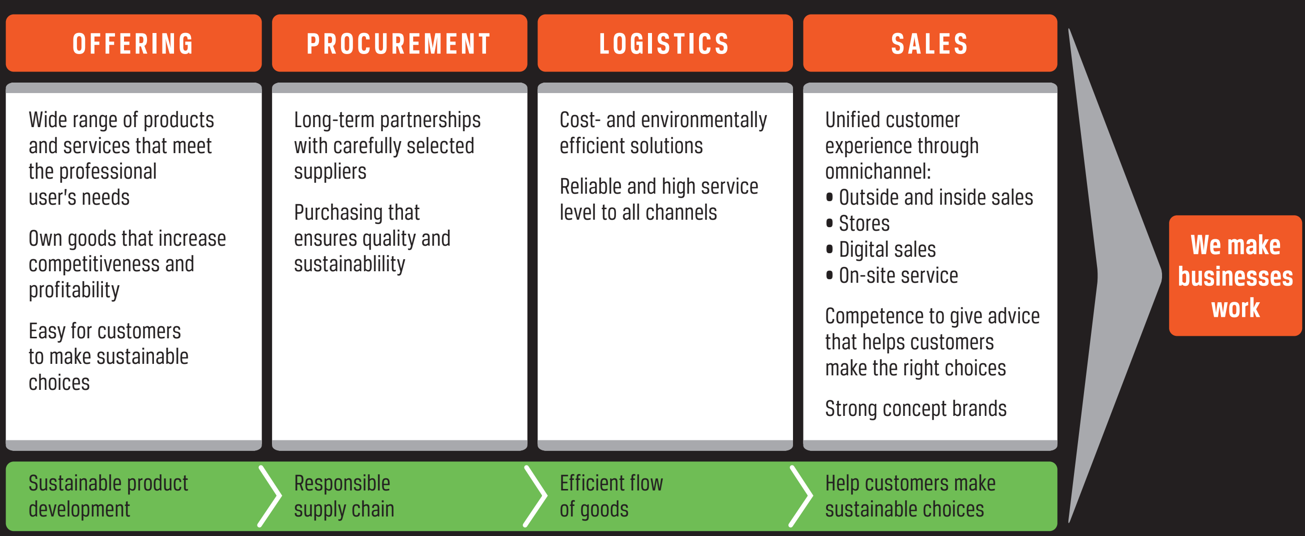
Alligo establishes long-term partnerships with suppliers all over the world. The focus is on establishing a well-balanced base of carefully selected suppliers who can ensure product and delivery quality at the right price and also guarantee sustainability for people and the environment. Alligo continually reviews its processes in order to streamline its procurement and guarantee compliance with stringent sustainability requirements.

Logistics

An efficient and reliable flow of goods is essential for Alligo's value creation and competitiveness. Having centralised, highly automated logistics reduces costs while also enabling a high level of service and reliable deliveries, whatever the sales channel. A coordinated logistics function creates better opportunities for Alligo to optimise logistics flows from both inward and outward shipping, thereby reducing the climate footprint caused by product transport.

Sales

Alligo has several different sales channels that support and complement each other, such as field sales, telesales, stores, online and digital solutions on site at the customer. All sales channels are relevant and meet customers' needs in different purchasing situations. Whatever the channel, we help customers do business with us in the way that suits them best and we are always striving to find new and innovative ways of interacting with our customers using digital channels. In each country, we want to present ourselves to customers with a main concept brand that gives them a clear and strong partner. The sales organisation in each country is coordinated under a country manager in order to give focus and drive to sales work. Our customer-facing employees have extensive knowledge about our products and services and are able to help customers make the right choice.



Sustainability throughout the value chain

Sustainability is an integral part of Alligo's strategy and business planning. Sustainable processes are essential for our competitiveness.

We offer customers high-quality, safe products that make it easy for them to make sustainable choices.

Our relationships with suppliers are based on a long-term approach, trust and respect. We ensure that those we select as partners are able to guarantee quality-assured, sustainable products and meet strict social and environmental requirements.

Having an effective flow of goods enables us to reduce our climate footprint and at the same time increase the level of service and customer satisfaction.

In all our channels, we assist customers and support them to make sustainable choices. The foundations for this are laid at the product development stage.

We make businesses work

We focus on corporate customers within eight defined industry segments. All are welcome at Alligo, but the development of our business is based on the needs and requirements of professional users. All elements of our business model are designed to give companies what they need to operate safely, sustainably and efficiently.

We have extensive expertise and work close to customers so that we can help them to develop their business and make it more efficient, safer and more sustainable. We make sure they have the right tools and consumables where they need them, when they need them. They have workwear and personal protective equipment that protects them against the weather and against hazards.

We also make it easy for companies to meet their needs in a way that is as sustainable as possible. If we do our job right, we create value responsibly for all our stakeholders.

NEW FINANCIAL TARGETS

Alligo has set four new financial targets with a focus on profitable growth, financial stability and dividend. The targets are adapted to Alligo's strategy and new conditions following the separate listing of the Components & Services business area. To provide greater understanding of the new targets, the outcome for 2021 is given as a starting point.

GROWTH

>5%

Organic growth

Average organic growth shall be more than 5 per cent per year over a business cycle. Further growth shall also be made through acquisitions.

2021: Organic growth was 4.3 per cent and total growth was 4.9 per cent (-5.7).

Growth was mainly driven by small and medium-sized enterprises in Sweden, while there was weaker development in the industrial segment. In Norway, development within oil and gas has remained weak. Work continues to increase the proportion of small and medium-sized customers, primarily in Finland but also in Norway.

PROFITABILITY

>10%

EBITA margin

The EBITA margin shall be more than 10 per cent per year.

2021: The EBITA margin was 7.6 per cent (5.7).

The improved EBITA margin was driven mainly by Swedish operations and more specifically by price increases, synergies and two quarters with winter sales and a favourable product mix. The impact of this was reduced by weaker profitability in Finnish operations and work is under way to strengthen the sales and assortment management in Finland, alongside continued Nordic coordination in order to achieve the target overall of an EBITA margin of 10 per cent.

INDEBTEDNESS

<3X

Ratio of net operational liabilities to EBITDA excl. IFRS 16

Ratio of net operational liabilities to EBITDA excl. IFRS 16 shall be less than a multiple of 3.

2021: Ratio of net operational liabilities to EBITDA excl. IFRS 16 amounted to a multiple of 1.7.

The strong financial position provides a solid foundation for continued growth and means we are well prepared to take advantage of future acquisition opportunities.

DIVIDEND

30-50%

Dividend from net profit

The dividend as a percentage of net profit shall be 30-50 per cent, taking into account other factors such as financial position, cash flow and growth opportunities.

2021: The proposed dividend as a percentage of net profit from continuing operations is 30 per cent. The Board of Directors has also proposed distributing the wholly owned subsidiary Momentum Group AB.

The proposed dividend for the year is equivalent to 30 per cent of earnings per share for continuing operations and the financial year. The current capital structure and profitability are considered to provide sufficient scope for the proposed dividend.

The outcomes presented above refer to continuing operations unless otherwise specified.

NEW NON-FINANCIAL TARGETS

To become the unbeatable leader in sustainable development in our industry, Alligo focuses on its role as a partner to our customers, an employer to our employees and a partner to our suppliers. Based on its vision and material sustainability issues, Alligo has set itself five new non-financial targets.
To provide greater understanding of the new targets, the outcome for 2021 is given as a starting point.

RESPONSIBLE SUPPLIER RELATIONSHIPS

100%

Signing of Code of Conduct

All key suppliers must have signed Alligo's Supplier Code of Conduct.

2021: At year-end, 96 per cent of key suppliers (suppliers with a purchasing value in excess of MSEK 1) had signed the Group's Supplier Code of Conduct.

All new supplier contracts include Alligo's Supplier Code of Conduct. As a result of communication difficulties during the Covid-19 pandemic, there are a few current suppliers who have not yet signed the Code of Conduct.

SATISFIED CUSTOMERS

>75

Customer Satisfaction Index

All concept brands on all of the Group's geographic markets shall achieve a Customer Satisfaction Index (CSI) of more than 75.

2021: All concept brands and markets achieved a CSI that exceeded the target of 75.

Swedol in Sweden achieved a CSI of 76 (76), Tools in Sweden achieved 79 (80), Tools in Norway 79 (78) and Tools in Finland 77 (-).
Grolls in Sweden achieved a CSI of 78 (79) and Grolls in Finland 76 (76).
Univern in Norway achieved as CSI of 85 (83).

HEALTH

<5%

Sickness absence

Sickness absence shall be less than 5 per cent of total scheduled hours.

2021: Sickness absence amounted to 6.8 per cent (7.1).

Extensive change work over the past two years, as well as the Covid-19 pandemic, continue to affect sickness absence for 2021, which fell compared with the previous year but is still above target.

GENDER EQUALITY

>30%

Proportion of female managers

The proportion of female managers shall be more than 30 per cent.

2021: The proportion of female managers was 22.3 per cent (20.3).

It is pleasing to see that the proportion of female managers is constantly rising and moving towards our target of the proportion of female managers reflecting the overall gender distribution of Alligo's employees.

CLIMATE IMPACT

↓CO_2

Reduced carbon emissions

The carbon emissions produced by the company shall be reduced.

Reducing our climate impact is a key priority for Alligo. We have begun work on the accurate and reliable measurement of the carbon emissions generated by our business. Once we have established a sound basis, we intend to set a common goal for reduced carbon emissions to guide our business forward.

The outcomes presented above refer to continuing operations.

MARKET

Alligo operates on three Nordic main markets: Sweden, Norway and Finland. The focus is on corporate customers within eight defined industry segments, which together provide a broad market.

Alligo's Nordic main markets together generate revenue of approximately MDSEK 50 per year. Customers are a combination of small and medium-sized enterprises, large industrial companies and the public sector. The size of customers varies by country, with small and medium-sized enterprises predominant in Sweden, while larger companies account for a greater proportion in Norway and Finland.

Industry segments are prioritised strategically and tactically at country level and can vary between markets. Alligo supplies all industry segments on all markets, with the exception of Fishing and aquaculture and Oil and gas, which are specific to Norway. We also welcome consumers and other customers who want to buy from us, but we develop our business with a focus on the eight selected industry segments.

Market conditions

A mix of corporate customers of varying sizes has a balancing effect on Alligo. Large companies often display strong growth during economic upturns, resulting in major increases in volumes. Small and medium-sized enterprises are more resilient during economic downturns compared with larger industrial companies. This trend has also been evident during the ongoing Covid-19 pandemic, with larger industrial projects paused to a greater extent while activity levels remained high at small and medium-sized enterprises in several industry segments.

Our main competitors are chains that focus on industry and construction, as well as independent local operators. Some of the larger chains are established on all of Alligo's markets, while others have a more limited geographic presence or only compete within certain product categories.

Market trends

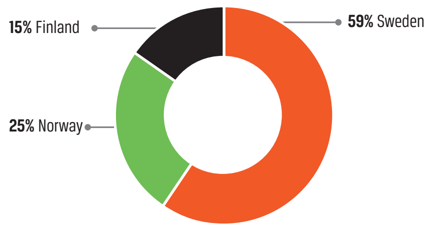
Current market trends include digitisation, consolidation and goods shortages.

There is large and partially unrealised potential in digitising operations. Technology is advancing rapidly and companies that take advantage of the benefits of increased digitisation can enhance their competitiveness.

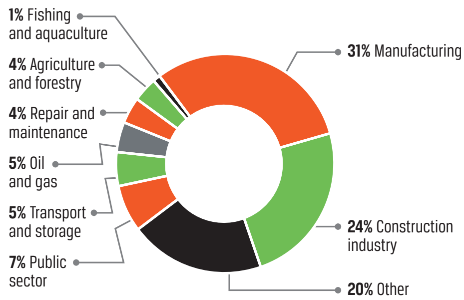
Alligo's markets are consolidated to varying degrees. This process is continuing and larger companies, such as Alligo, can benefit from economies of scale to improve profitability through consolidation.

A new trend that has emerged is a global shortage of various resources. Customers may be affected by shortages of construction materials or electronics, which affects their sales and, in turn, demand for Alligo's products. Supply issues and shortages of certain raw materials can also affect companies such as Alligo more directly. These problems will more than likely continue and worsen during 2022, given developments in Russia and Ukraine.

REVENUE BY GEOGRAPHIC AREA, 2021



REVENUE BY INDUSTRY SEGMENT 2021



Alligo focuses on corporate customers in eight industry segments:

- Manufacturing
- Construction industry
- Public sector
- Transport and storage
- Repair and maintenance
- Agriculture and forestry
- Fishing and aquaculture
- Oil and gas

SWEDEN

	2021
Revenue	MSEK 5,213
EBITA	MSEK 560
EBITA margin	10.7%

Sweden is Alligo's largest geographic market. In 2021, revenue in Sweden increased by 23 per cent. This increase is mainly the result of the acquisition of Swedol, which took place in April 2020, but there were also contributions from a recovery on the market compared with the previous year and strong growth among small and medium-sized enterprises. There was a weak increase in sales to large industrial customers in Sweden.

Alligo is well established in Sweden, with a broad, nationwide network of stores. At year-end, Alligo had a total of 109 stores in Sweden, divided into 53 Swedol stores, 19 Tools stores, 19 Grolls stores and 18 stores operated under independent specialist brands.

The Swedish market is relatively consolidated and Alligo faces competition in all industry segments. The largest competitors are Ahlsell, Derome, Berendsen, BIG and Würth at national level. Alligo also faces competition from building suppliers and local ironmongers and workwear stores.

NORWAY

	2021
Revenue	MSEK 2,220
EBITA	MSEK 80
EBITA margin	3.6%

Alligo holds a leading position on the Norwegian market. The Norwegian market showed a slight recovery in relation to the comparison period, although development within the oil and gas industry remained weak. The acquisition of RAF Romerike Arbeidstøy A/S had a positive impact and revenue increased by 10 per cent in total over the year.

At year-end, Alligo had a total of 55 stores in Norway, divided into 46 Tools stores and nine Univern stores. During the year, Swedol was rebranded as Tools in Norway and therefore ceased to be a concept brand on the Norwegian market.

The Group's competitors in Norway consist mainly of large nationwide operators such as Würth, Tess, Ahlsell and BIG. There are also many strong local operators with broad product ranges that lie partially outside Alligo's offering, as well as specialist chains.

FINLAND

	2021
Revenue	MSEK 1,292
EBITA	MSEK 17
EBITA margin	1.3%

Alligo has a weaker market position in Finland compared with Sweden and Norway, although the potential for growth is considered good. Sales were positively affected in 2021 by the acquisition of Imatran Pultti Oy. Overall, revenue increased by 9 per cent.

At year-end, Alligo had a total of 39 stores in Finland, divided into 29 Tools stores, seven Grolls stores, two stores under the independent specialist brand Metaplan and one store under the independent specialist brand Imatran Pultti.

The Finnish market is relatively consolidated and the competition largely consists of nationwide chains such as Würth, Etra, IKH and Ahlsell, as well as local operators.

One integrated company – multiple concept brands

SWEDEN

Main store brand .... **Swedol**

Other store brands ...... **Tools** – industrial concept in independent stores/sales offices or co-located with Swedol.
Grolls – specialises in workwear and protective equipment in independent stores or as a shop-in-shop at Swedol.

Specialist brands .... **Mercus, Company Line, Reklamproffsen, Industri-profil, Triffiq, Profilmakarna and Defacto.**

Total number of units.... 109

NORWAY

Main store brand .... **Tools**

Other store brand....... **Univern** – specialises in workwear and protective equipment in independent stores or as a shop-in-shop at Tools.

Total number of units.... 55

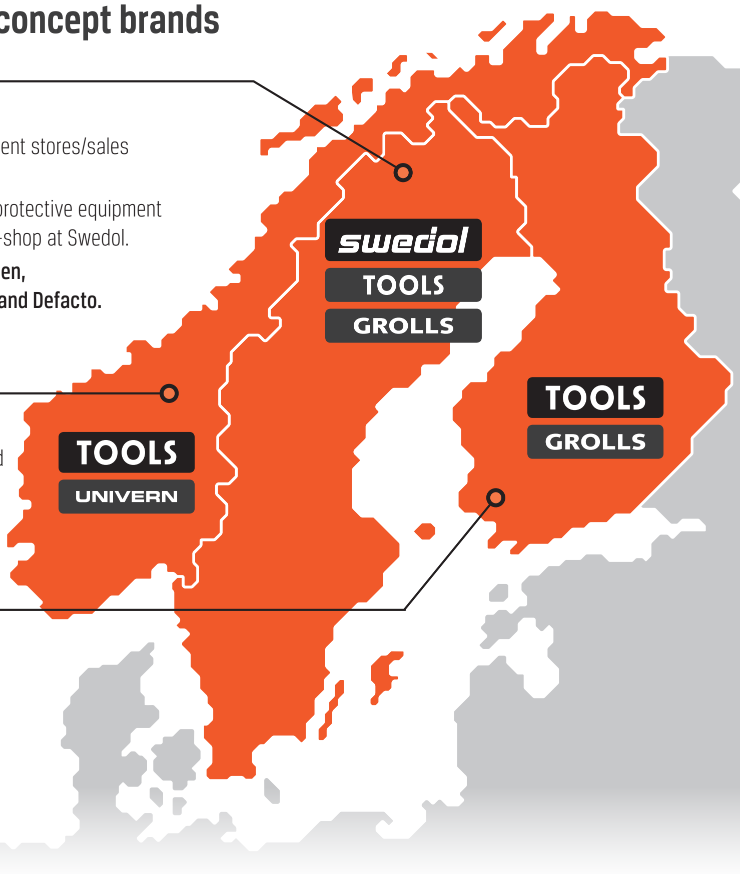
FINLAND

Main store brand .... **Tools**

Other store brand....... **Grolls** – specialises in workwear and protective equipment in independent stores or as a shop-in-shop at Tools.

Specialist brands .... **Metaplan and Imatran Pultti.**

Total number of units.... 39



SALES

At Alligo, we meet customers where they want to meet us. Sales take place through various channels, which all perform a key function and support each other.

Our sales work focuses on our main markets. Sweden, Norway and Finland each have their own country manager, who leads their own sales organisation. Separating the countries in this way provides a clear division of responsibilities and effective, target-oriented management of sales work.

Alligo interacts with customers through the concept brands Swedol, Tools, Grolls and Univern, as well as through independent specialist brands with strong local roots.

Sales channels

The sales channel that a customer chooses depends on their particular purchasing situation and what type of customer they are. We guide customers to the channels that are the most effective and best meet their needs, but it is always the customer who makes the final decision about how they want to do business with Alligo.

Field sales and telesales

Our dedicated and competent sales team reach out to new and existing customers in person, which is important for building long-term, strong and sustainable customer relationships. Key Account Managers also play an important role in tenders and procurement at larger customers.

Stores

Through its stores, Alligo reaches out to a broad customer base on all markets and can offer a fast, easily accessible service, as well as a high level of product availability. The stores offer one or more of Alligo's concepts.

Digital channels

Digital channels enable a high degree of customisation and also help to drive sales in stores. Customers can choose to interact with Alligo entirely digitally through online stores or customised marketplaces and e-commerce solutions.

Customers can also interact with Alligo through an omnichannel concept, where the physical store is the primary channel, complemented by digital solutions.

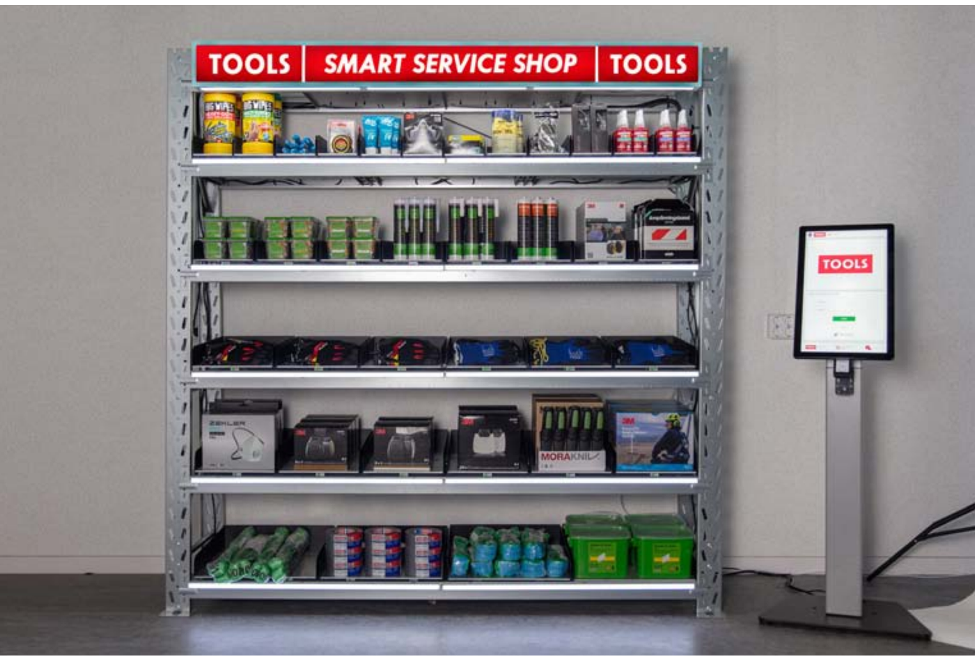
With a multichannel concept, Alligo can tailor e-commerce to the customer's needs using a range of digital solutions. Electronic Data Interchange (EDI) is used to transfer information between Alligo and the customer's system, making ordering and invoicing more efficient for example. Using Punchout technology, Alligo's e-commerce stores can interact with the customer's purchasing system, simplifying and streamlining the customer's procurement process.

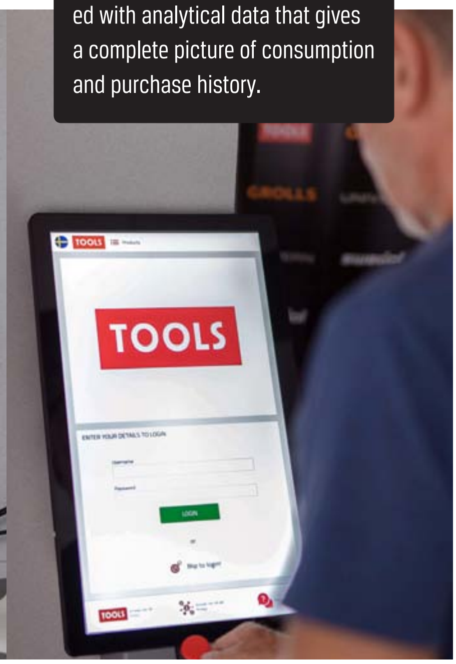
On-site service

To make everyday life easier for our customers, we have developed smart and efficient solutions that enable customers to buy from Alligo on site at their own company. The umbrella name for our smart solutions on site at the customer is Smart Services, which includes self-scanning solutions, weighing machines, vending machines, lockers, RFID storage; all the way to unstaffed containers and "pop-up" stores.

By providing the supply of goods directly on site at the business, Alligo helps customers to save valuable time while also giving them greater control over consumption. The solutions we offer are at the forefront of technological development and are being continuously developed to meet the growing needs of customers and ensure the highest possible customer value.

Smart Services put consumables close to the user and provide control over consumption. Alligo takes over the management of purchasing, orders and delivery notes and the customer receives everything on one fully itemised invoice. Customers are also provided with analytical data that gives a complete picture of consumption and purchase history.





OFFERING

Alligo's offering consists of goods and services that are developed and adapted for corporate customers within eight defined industry segments. The products consist of own brands and external brands and are characterised by high quality, value for money and product safety, combined with a good service level and availability.

Alligo is one of the leading players within consumables, such as workwear, personal protective equipment and tools, in the Nordic region. The offering has been developed and adapted for corporate customers within eight defined industry segments and provides breadth as well as specialisation within selected product areas. The focus is on providing customers with the consumables they need to operate their day-to-day business. The aim is to maintain a high degree of standardisation while also retaining flexibility for those customers who need it. A balanced mix of own products and some of the leading external brands ensure that customers find what they need for their business to function.

Sustainable product development

New products are continually being developed and existing ones updated, improved or discontinued. Sustainability is an important aspect of product development – if customers are to be able to make sustainable choices, we must offer sustainable products. Products are developed both internally and in collaboration with suppliers. We develop our offering on the basis of sustainability targets and criteria, along with a fundamental understanding of the role that each product category plays for our prioritised customers. For example, all of our new own workwear products must be OEKO-TEX-certified.

Coordinated range

In 2021, a Nordic standard range was launched, which means that around 70 per cent of the range is common to all countries. The number of items has been significantly reduced and all of Alligo's own brands are available in all countries. Coordinating the range makes management and follow-up easier for Alligo, which increases profitability and provides better conditions for achieving the sustainability targets. Customers gain added value in the form of greater availability, improved service levels and shorter lead times.

Strong own brands

Selling our own products provides better control over the supply chain and the properties and quality of products, as well as higher margins. Own brands are a particularly important part of the range within the product category Personal protective equipment.

Björnkläder was founded in 1905 and is one of the oldest and best-known workwear brands in Sweden. The clothing is durable, functional and fashionable, with a focus on quality.

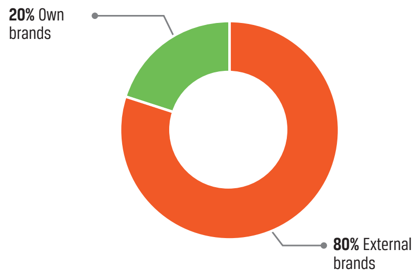
Gesto is a brand with a broad range of workwear and protective footwear. Its products are characterised by quality and function, combined with value for money and a sporty design.

Univern is a Norwegian premium brand founded in 1977. Its offering includes workwear for extreme outdoor environments that demand a very high level of protection against wind, water and cold.

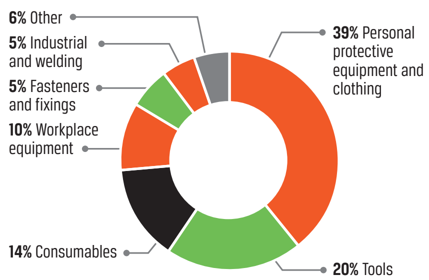
Own brands play a key role in many areas of our range.

- 1832 – Corporate branded clothing
- 4 USE – Consumables
- AmPro® – Tools*
- AWARD – Vehicle and workplace lighting
- Balance – Work gloves
- INNO – Chemical products
- Nima – Hunting and slaughter products
- NUAIR – Compressors*
- swedol – Oil and fat products

SALE OF OWN BRANDS 2021



SALES BY PRODUCT AREA 2021



* Own brand products, for which Alligo has exclusive rights, but does not operate and develop the brands itself.

PROCUREMENT

Alligo's Assortment and Procurement organisation is centralised and is responsible for the Group's overall offering in the Nordic region. Alligo wants to be an unbeatable partner for suppliers and is working to build long-term, sustainable relationships.

Assortment and Procurement is responsible for Alligo having the right offering and the right products for customers. This responsibility includes ensuring reliable deliveries and the best possible contracts with responsible suppliers.

In 2021, Alligo established a common Nordic organisation for Assortment and Procurement. This organisation is led by an Assortment and Procurement Manager and includes assortment managers and category organisations with experienced category managers and product managers. Assortment and Procurement works with a CSR coordinator who performs an important support function in the relationship with suppliers.

Centralised procurement establishes a strong position and negotiating power. During the year, Alligo began work to consolidate the range and reduce the supplier base, which is an important prerequisite for maintaining good control of the supply chain. Having good control enables Alligo to carry out responsible procurement, with the right quality and good profitability.

Supply problems from Asia

The availability of both own products and external brands was affected by shortages in global logistics flows during the year. The shortages were caused by a number of factors, such as a shortage of containers, lockdowns because of the Covid-19 pandemic, problems at US ports and congestion at European ports.

These supply problems have resulted in longer delivery times and greater uncertainty, which has delayed our own brand launches. The shortages are expected to continue in 2022 and the Assortment and Procurement organisation is closely monitoring developments. Measures have been implemented to increase availability. Alligo has adapted procurement, been in close dialogue with shipping suppliers and increased the level of its safety stock of own products.

We want to be an unbeatable partner for our suppliers

Alligo wants to be an unbeatable partner for our suppliers. This will give us the opportunity to work with the very best, under the best possible conditions. Through close cooperation with the right suppliers, together we can ensure sustainability throughout the value chain.

The centralised and efficient processes that we have, and are continuing to establish, are an important step on the path towards our vision. As a Nordic player with large volumes, Alligo gives suppliers access to a broad market. We can offer short decision paths and it is easy to deliver to our consolidated logistics function.

Alligo's size and centralised procurement not only makes us more attractive as a partner to our suppliers, but also gives us a stronger negotiating position and the opportunity to build a supplier base that is right for us and our customers.

Close cooperation with selected suppliers is key to Alligo. The main criteria in the work to develop the Group's supplier base are product quality, reliable deliveries, sales margin and the supplier's ability to live up to Alligo's requirements for sustainability. It is important to have a good balance in the supplier base in terms of the number of suppliers and their share of the total procurement volume in order to mitigate risks in the flow of goods, ensure the Group's negotiating strength and maintain good control from a sustainability perspective.

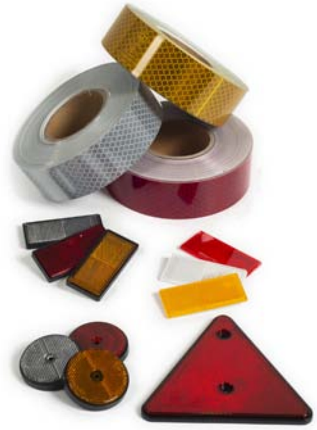
Sustainability throughout the value chain

Alligo's responsibility for environmental and social impact extends beyond its own operations. Some of the biggest sustainability risks are to be found upstream in our value chain. Alligo imports products from countries where there is a greater risk of these requirements not being met. It is therefore a priority for us to work together with our suppliers to achieve sustainability throughout the value chain.

Alligo supports the UN Global Compact's ten principles on human rights, environment and anti-corruption and will only work with suppliers that support the same principles. On the basis of this commitment, we have drawn up a Supplier Code of Conduct. The Code of Conduct stipulates requirements for compliance with internationally recognised conventions on human rights and decent working conditions and it also contains principles for good business ethics and reduced environmental impact. The Code of Conduct reflects the code that can be found within the amfori Business Social Compliance Initiative (amfori BSCI), a global business initiative that works to achieve responsible supply chains.

The conditions and risk landscape vary depending on which parts of the range the procurement relates to. Within workwear and personal protective equipment, own brands account for around half of the range and manufacturing is located mainly in Asia, which increases the importance of stipulating requirements for and monitoring suppliers. Within Tools and consumables, the proportion of external

At the end of 2021, **96%** of suppliers had signed up to Alligo's Supplier Code of Conduct.



brands is greater and the supplier base broader and manufacturing takes place within Europe to a greater extent.

Before contracts are signed establishing new supplier partnerships, an assessment is made of the risk landscape and the supplier's ability to live up to Alligo's fundamental social and environmental requirements. All key suppliers are required to sign Alligo's Supplier Code of Conduct, accept and comply with Alligo's list of chemical restrictions and undergo a self-assessment.

Alligo signs up to the PFAS Movement

During the year, Alligo signed up to the PFAS Movement, an initiative of the environmental organisation ChemSec. PFAS (per- and poly-fluoroalkyl substances) is a large group of substances that are used for their grease- and water-repellent properties. PFAS are considered harmful to humans, are very difficult to break down and can travel across large distances. At Alligo, we are keen to have legislation on these substances and we want to phase out PFAS from our own range as far as possible. Through the PFAS Movement, we are helping to put pressure on the industry to develop good alternative substances.

Monitoring partnerships

Alligo carries out systematic work to monitor and develop supplier partnerships. Regular risk analyses are performed and key suppliers are evaluated annually. Site visits to suppliers provide a good insight into our suppliers' operations and are a key element of ongoing development work. Third-party audits are carried out on an ongoing basis within the context of amfori BSCI.

Alligo strives to make its own visits to all key suppliers at least once a year, something that was not possible in either 2020 or 2021 as a result of the ongoing Covid-19 pandemic. Which suppliers are visited and how often is determined on the basis of the scope of production, as well as the risk landscape in the country and at the factory in question.

If non-compliance with Alligo's requirements is identified in an evaluation or supplier visit, a joint action plan is drawn up in the first instance in order to ensure compliance through support and training. In the event of gross or repeated non-compliance with the Code of Conduct, the partnership can nevertheless be terminated.

» Further information about monitoring and audits is provided in sustainability note 2.

LOGISTICS

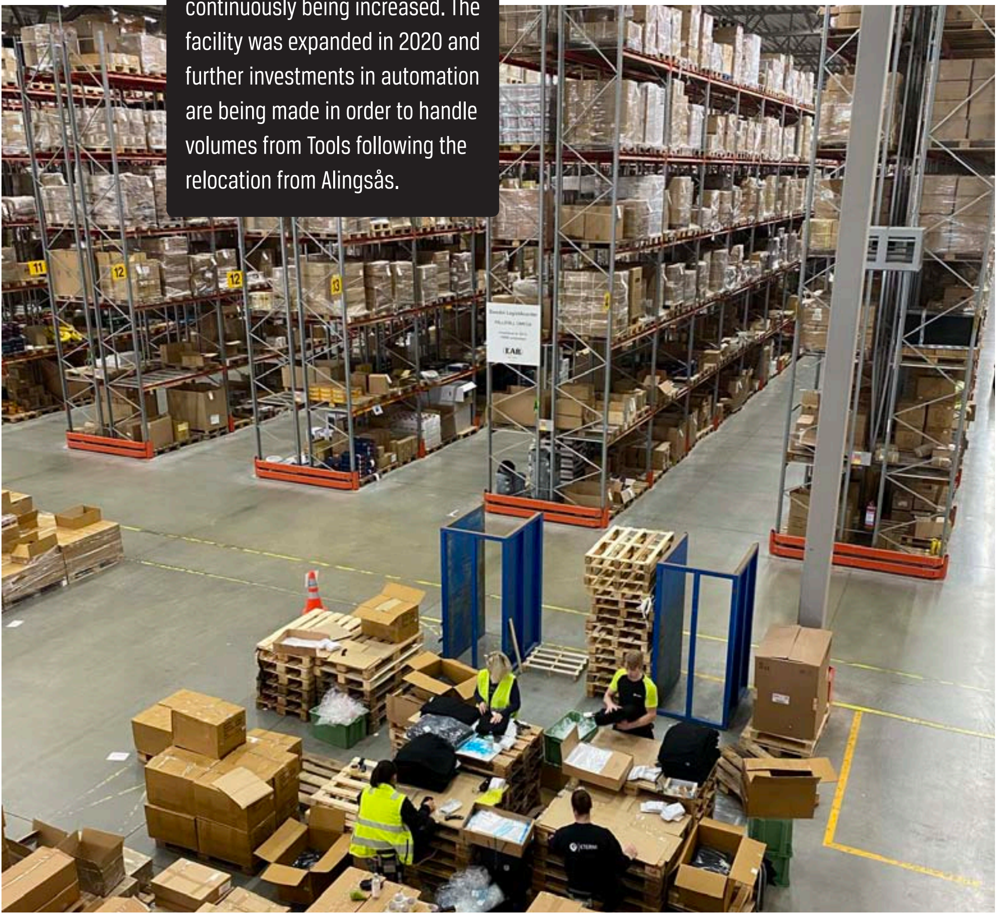
If Alligo is to make businesses work, logistics must deliver and supply customers with products. To achieve the vision of being unbeatable for our customers, we need a high level of availability and reliable deliveries and this is where logistics makes the difference. A priority area for Alligo in 2021 was to consolidate its logistics operations.

Efficient and reliable logistics are vital for Alligo's competitiveness. Logistics can create significant customer value by delivering to customers in a way that suits them and makes it easier for them, whatever their situation and whatever the sales channel. Alligo's logistics function consists of an integrated logistics organisation with seven warehouse and logistics units in the Nordic region. These units vary in size, from around 1,500 square metres to at most 30,000 square metres, and are located in Örebro and Alingsås in Sweden, Skedsmokorset, Rosenholm, Stavanger and Sandnes in Norway and Kotka in Finland.

Integration of the logistics function

We have embarked on extensive integration work since the merger of Swedol and Tools.

The logistics centre in Örebro is a modern facility and its capacity is continuously being increased. The facility was expanded in 2020 and further investments in automation are being made in order to handle volumes from Tools following the relocation from Alingsås.



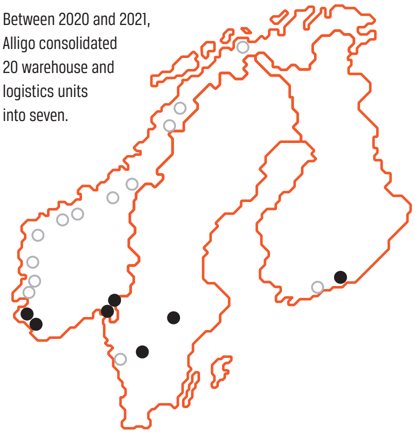
The different logistics organisations have been integrated and since the end of 2020 have been managed as a single Nordic organisation. The deployment of the common organisation was completed during the first half of 2021 and cooperation has also further strengthened, partly because much of the business could once again be visited in person thanks to the easing of pandemic restrictions.

The integrated logistics function is led by a Logistics Director, assisted by two logistics managers, one for Sweden and one for Norway and Finland. Management support is available in the form of a Transport Manager, Logistics Development Manager, Business Developer, HR and Business Controller. In total, the logistics organisation had 290 employees in the Nordic region at year-end; 200 in Sweden, 70 in Norway and 20 in Finland.

The 20 different warehouse and logistics units and regional warehouses have been consolidated into seven. The biggest changes have taken place in Norway, where 11 regional warehouses have been consolidated into the logistics units in Stavanger and Rosenholm. In Sweden, the relocation of the logistics unit in Hisings Backa to the modern, expanded logistics centre in Örebro was completed, which has increased the level of automation. In Finland, logistics are largely concentrated in a logistics unit in Kotka. It has also been decided to relocate the logistics centre in Alingsås to Örebro and this is expected to be completed during the first half of 2022.

ALLIGO'S LOGISTICS CENTRES

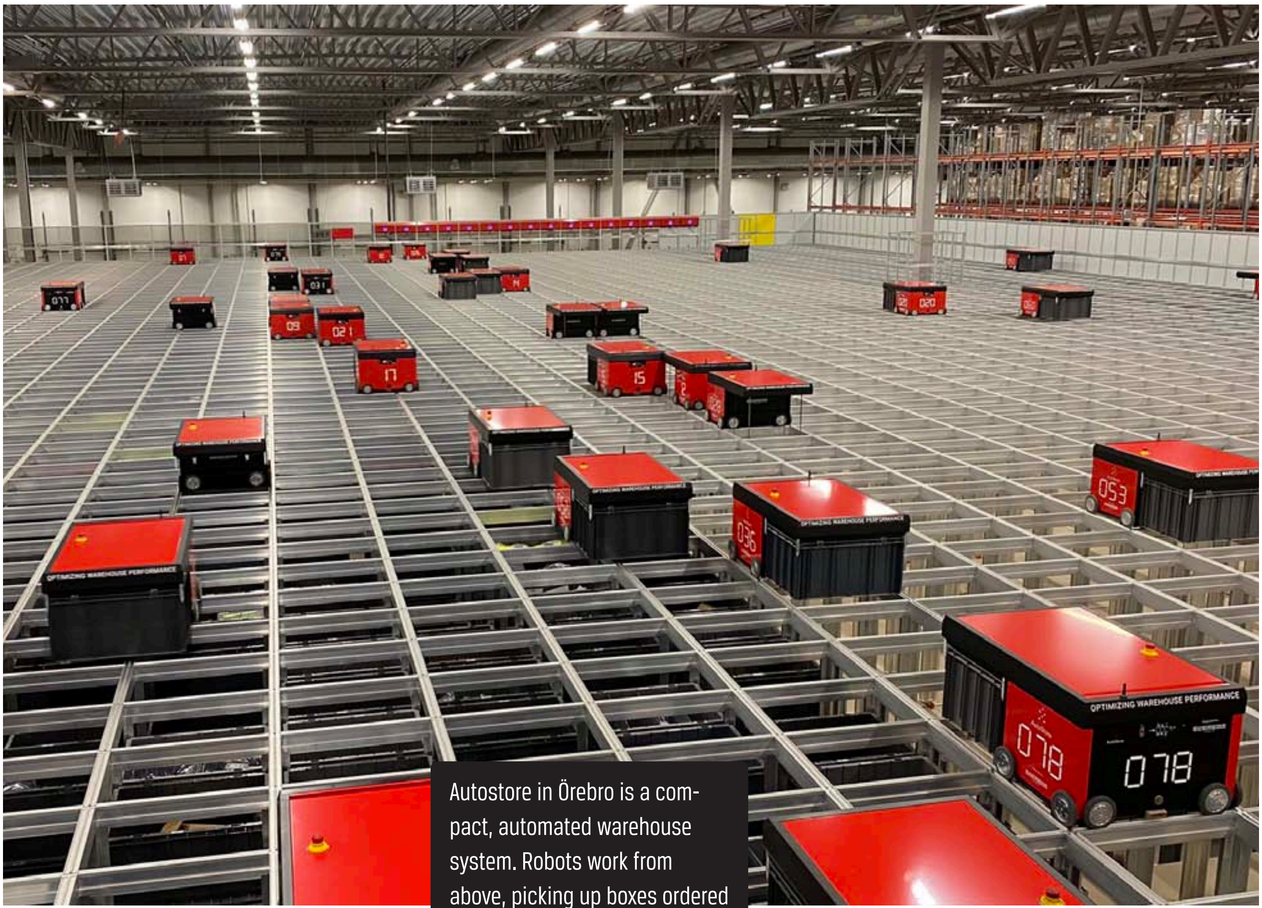
Between 2020 and 2021, Alligo consolidated 20 warehouse and logistics units into seven.



Efficient and reliable flow of goods

We are always working to improve our logistics operations and efforts were made in several key areas in 2021. In addition to the full deployment of the organisation and the integration of warehouse and logistics units, a number of different improvement projects have been under way, such as: optimisation of the shipping structure by customer group, coordination of IT systems and definitions, as well as improvements in common processes and offerings.

As it did in 2020, the Covid-19 pandemic made 2021 a particularly challenging year. Restrictions, recommendations and a high level of sickness absence at the logistics centres led to an increased risk of operational disruption. Thanks to our employees handling the situation well and Alligo utilising Nordic warehouse staffing agencies, along with the use of rapid testing as necessary, operations were able to continue with only occasional minor delays.



Autostore in Örebro is a compact, automated warehouse system. Robots work from above, picking up boxes ordered by the system and transporting them to the picking stations.

Another challenge in 2021 was the volume of late inward deliveries as a result of shortages in global logistics flows, which affected stock availability in some cases.

Climate impact

Carbon emissions from shipping account for a significant portion of Alligo's negative environmental impact and are an important issue that Alligo is prioritising. The largest emissions come from sea and air freight, with sea freight accounting for the majority of shipments that come from Asia. Alligo holds monthly review meetings with the shipping companies to follow up on sustainability and climate footprint. This impact can be reduced by continually working to optimise logistics flows. Specific measures that can reduce carbon emissions include minimising air freight, increasing the proportion of rail freight, switching to fossil-free fuels and increasing capacity utilisation.

Air freight is used in emergencies to meet the delivery requirements of customers. One consequence of the global container shortage for both sea and rail freight in 2021 has been that Alligo had to use air freight more than it wanted in order to deliver to customers.

Rail freight accounts for an increasing proportion of shipments, both inward and outward. In Sweden, Alligo uses the shipping companies' standard shipping, where the use of the rail network can still be vastly improved. In Norway, rail freight is used for deliveries to northern Norway, for both lead time and climate reasons. Rail freight can also be used for inward shipments from the rest of the world, but like sea freight has been adversely affected by global capacity shortages.

The transition to renewable and fossil-free fuels as well as electric vehicles is currently being examined and Alligo follows the action plans of each shipping company for meeting the UN Sustainable Development Goals. In some cases, the switch to fossil-free fuels has already taken place.

Work to increase capacity utilisation for deliveries to stores includes optimising the content of each pallet and using pallet collars so that we are not shipping fresh air. Pallets can also be stacked so as to utilise the maximum height of the vehicle. The size of a plastic crate is adapted to the size of the pallet for smart loading. A project is also under way to replace plastic crates with corrugated cardboard boxes in order to further optimise capacity utilisation.

Despite increased sales and changed logistics flows, Alligo's relative emissions reduced, thanks to good partnerships with shipping companies that actively work with the UN Global Goals. Alligo is currently examining how the total carbon emissions at Group level can be calculated in a scientific and reliable way. Carbon emissions in logistics are monitored using tonnes of CO_2e/MSEK of revenue for outward shipping during each quarter. In 2021, the tonnes of CO_2e/MSEK of revenue amounted to 0.3.

» Further information about carbon emissions from shipping is provided in sustainability note 3.

Recycling of materials

Large volumes of packaging and packing material are collected at Alligo's logistics centres. We are continually working to reduce the consumption of materials and improve our recycling and reuse. Packaging from suppliers to stores is sent back to the logistics centre and reused. We also work with the circulation of pallets. Alligo is a member of FTI in Sweden and Grønt Punkt i Norge AS and pays fees for recycling. Hazardous waste is reported to the Swedish Environmental Protection Agency. We sort waste and recycle in all parts of the business. An important performance measure that is monitored as part of Alligo's quality and environmental work is the waste sorting rate. This measure was introduced in Swedish operations in 2021, but the aim is for monitoring to be extended to all countries in the future. In 2021, the waste sorting rate for Alligo's Swedish operations as a whole (logistics centres, stores and offices) was 94 per cent.

EMPLOYEES

Competent and dedicated employees are the foundation for Alligo's success. Our vision is to be unbeatable as an employer.

Alligo has around 2,300 employees in total, spread throughout the Nordic region. We want all of our employees to feel proud and motivated to work for Alligo.

To realise our vision and our strategic objectives, Alligo must be an attractive employer with good leadership, a good work environment, a strong shared, value-based culture and development opportunities.

On a general level, Alligo's HR function works to develop Alligo as an attractive employer with a good work environment. It is primarily by having a value-driven business and structured skills development that Alligo will stand out as an attractive employer that people want to join and where they want to stay.

An integrated company with shared values

The merger and integration of Tools and Swedol has brought major changes for many employees. Extensive work has been done to build a new common organisation. Alligo not only combines the best of Tools and Swedol, it is a new common organisation with new shared values that have a unique Alligo identity.

All parts of the organisation have been involved in the work to draw up the new shared values that were implemented during the year. It doesn't matter whether it says Tools, Swedol, Grolls or Univern on our employees' tops, we are all part of the same team. Alligo's values are based on commitment, cooperation and competence.

We care about what we do. With the right commitment, we make things flexible and easy for customers, we see opportunities and find solutions, we inspire and help each other to be even better.

We are a team and we are stronger when we work together. We help each other to succeed, we treat each other and everyone with respect, we have fun together, we do not shy away from discussions and constructive criticism and we are reliable and keep our promises.

With a high level of competence, we can establish long-term trust among our customers, partners and other stakeholders. We are always challenging ourselves to be better, we learn from one another, we embrace change and develop our skills.

These are the values that make Alligo what we are. With a strong shared and inclusive culture, we are driving the company forward with the vision of together becoming unbeatable at what we do.

Regular employee surveys

To be an attractive employer for our employees, we need to understand their working conditions, how they feel and what is driving them. Alligo therefore conducts regular employee surveys that include questions about commitment, leadership, management, team effectiveness, the organisational and social work environment and attractiveness as an employer. The results are used to follow up performance measures and provide the basis for future action and new initiatives.

The survey used as a basis for the annual report was carried out during Q3 2021 and has a good response level for Alligo as a whole, with a response rate of 87 per cent (72). The employee survey shows marginally worse results in several of the areas examined, although the leadership index (LSI) has improved. By continually measuring and following up the results of employee

On 3 February 2021, Tools in Motala moved into Swedol's former premises at Mineralvägen 5. These two concept brands complement each other well. Swedol has extensive knowledge of in-store sales, while the staff of Tools have long experience of field sales and telesales.

surveys, Alligo is able to target measures in those areas that are weaker or are showing a negative trend.

» The results of the employee survey are presented in sustainability note 4.

Training and skills development

Dedicated and competent employees are vital for Alligo to achieve its goals. We constantly need to develop and enhance our skills to be the best at what we do and training and other types of skills development are the key to success. In 2021, as in 2020, it was difficult to provide large-scale training in a traditional manner. In 2022, Alligo plans to launch a digital learning platform that brings together various training courses. This platform is part of the work to establish Group-wide training courses and enhance skills development throughout the organisation.

Another important tool, both for getting to know employees better and for developing their skills, is regular employee reviews. Alligo's aim is for all employees to have an annual employee review. In 2021, 81 per cent of all employees had an employee review.

Leadership in change

Good leadership is important for all organisations, particularly in times of major change. Alligo is currently on a change journey that began with the merger of Tools and Swedol. The work to strengthen leadership has made varying progress in different parts of the organisation. To improve the conditions for leadership, we will focus on building structural capital with value-driven processes that are adaptable to change and are tailored to the large organisation we have become.

The leadership development programme continued in Sweden and Norway in 2021. Alligo is also working to develop the programme throughout the business. Leadership, measured as LSI, improved marginally overall according to the employee survey. The target is for LSI to amount to at least 80; the outcome for 2021 was 76 (75).

Work environment and safety

Alligo has a responsibility to ensure that the entire organisation provides a good work environment and a safe workplace. Alligo carries out systematic work to improve the work environment and increase safety throughout the business. Key tools in this work are a common Code of Conduct, a shared work environment policy and systematic work environment training. We continuously monitor our work environment targets to evaluate and improve our performance.

The logistics function is the part of the business that has the greatest risk of workplace accidents. Alligo aims to eradicate accidents completely and this is a goal we are working towards. In 2021, the number of workplace accidents in Sweden was 52. Alligo also aims to increase the number of incidents reported so as to establish a good reporting process. In 2021, there were 102 incidents reported, which is an increase from the comparison year, when 85 incidents were reported.

During an intensive integration process involving coordination and changes to the business, there is a major risk of increased stress among employees and Alligo is working to prevent and address this. The Covid-19 pandemic was another factor that continued to affect employees during the year. Alligo is working to continually adapt the business based on the current recommendations of the authorities and is continuously monitoring sickness absence in the organisation. In 2021, sickness absence was 6.8 per cent (7.1).

» Further information about employee turnover, sickness absence and workplace injuries is presented in sustainability notes 4 & 5.

Diversity and equality

Alligo is working to increase diversity and equality throughout the organisation. We have a zero tolerance policy on abuse and our corporate culture must be inclusive and promote the equal value of all people, regardless of gender, age, ethnicity or sexual orientation. Historically, women have been under-represented in Alligo's industry, both among customers and within our own organisation. This is therefore a priority area and we are taking a long-term and targeted approach. For example, we always aim to have at least one woman among the final candidates in a recruitment process. Alligo's aim is for the proportion of female managers to amount to 30 per cent. In 2021, this target was adopted as one of five non-financial targets that Alligo monitors and presents in its financial reports. The outcome for 2021 was 22.3 per cent (20.3).

» Information about the age and gender distribution of employees is presented in sustainability note 4.

ALLIGO's share

Alligo's Class B shares have been listed on Nasdaq Stockholm's Mid Cap market since the IPO on 21 June 2017. On 15 December 2021, there was a change of name from Momentum Group AB to Alligo AB (publ). The share price of Alligo B increased by 35.2 per cent during 2021 and Alligo's market capitalisation at year-end was MSEK 9,488.

During the year, there was a change of name from Momentum Group AB (publ) to Alligo AB (publ). Alligo continues to be traded on Nasdaq Stockholm's Mid Cap market, under the short name ALLIGO B. The change of company name is part of the preparations for the separate listing of the Components & Services business area under the company name Momentum Group AB.

Share development

During the 2021 financial year, Alligo's share price increased by 35.2 per cent to SEK 192. During the same period, the OMX Stockholm PI index rose by 35.0 per cent. The highest and lowest closing prices during the period were SEK 239.5 (on 18/10/2021) and SEK 136.6 (on 26/02/2021) respectively. Between the initial listing on Nasdaq Stockholm on 21 June 2017, when the closing price was SEK 74.0, and 31 December 2021 the share price has risen 159.5 per cent. During the same period, OMX Stockholm PI rose by 74.4 per cent. Alligo's total market capitalisation for the listed Class B shares amounted to MSEK 9,488 as at 31 December 2021. During the year, approximately 3.3 million shares were traded, at a total value of MSEK 586. Based on the total number of outstanding Class B shares during the year, this corresponds to a turnover rate of 6.7 per cent. Broken down by trading day, an average of approximately 13,200 Alligo shares were traded each day, at an average value of around MSEK 2.3.

Share capital

As at 31 December 2021, the share capital amounted to MSEK 102. The total number of outstanding shares was 50,480,889, of which 1,062,436 were Class A shares and 49,418,453 were Class B shares. The quotient value is SEK 2.04 per share. Each Class A share entitles the holder to ten votes and each Class B share to one vote. All shares carry equal rights to the company's assets, earnings and dividends. Only the Class B share is listed on the Stockholm Stock Exchange. A conversion provision in the Articles of Association allows for conversion of Class A shares into Class B shares.

Repurchase of own shares

Alligo's holding of Class B treasury shares as at 31 December 2021 amounted to 425,300, corresponding to 0.8 per cent of the total number of shares and 0.7 per cent of the total number of votes. After a deduction for the shares repurchased by the company, the number of shares outstanding as at 31 December 2021 totalled a net amount of 50,480,889. The repurchased shares are intended to be used for future incentive programmes or cancelled. For further information regarding the terms of share-based incentive programmes, see note 5.

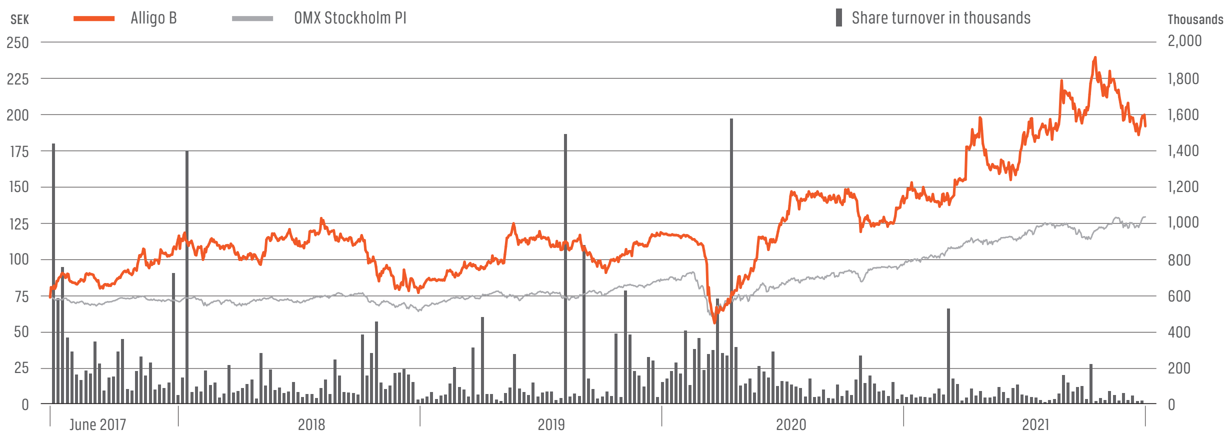
Dividend

Alligo's dividend policy and financial target state that 30–50 per cent of the earnings per share are to be distributed to the shareholders. The Board's proposed dividend for the 2021 financial year amounts to SEK 1.75 per outstanding share, which corresponds to a total of MSEK 88 and 30 per cent of the net profit from continuing operations. The current capital structure and profitability are considered to provide sufficient scope for the proposed dividend, which is in line with the target and policy and is at the lower end of the range, partly as a result of the distribution of Momentum Group AB.

Proposed distribution of Momentum Group AB

Alligo (then Momentum Group) announced on 15 September 2021 that the company had decided to continue with its preparations to distribute the wholly owned subsidiary Momentum Group Komponenter & Tjänster AB to shareholders and list it separately on Nasdaq Stockholm under the name Momentum Group AB. If an Extraordinary General Meeting on 23 March 2022 votes in favour of the Board's proposal, the first trading day is expected to be 31 March 2022. The last day for trading in Alligo's shares with entitlement to distribution of Momentum Group is 23 March 2022. For each Class A and Class B share in Alligo AB, a Class A and a Class B share respectively in Momentum Group AB will be allotted. The record date for both share classes is 25 March 2022. Alligo holds 425,300 Class B treasury shares, which will not provide entitlement to allotment of shares in Momentum Group. As part of the preparations ahead of the distribution, on 26 January 2022 Nordstjernan AB requested the conversion of 498,363 Class A shares in Alligo to the corresponding number of Class B shares. After the conversion, Nordstjernan holds 213 Class A shares and 27,776,641 Class B shares, corresponding to 55.02 per cent of the shares and 49.99 per cent of the votes in Alligo excluding repurchased shares.

SHARE PRICE DEVELOPMENT



ALLIGO'S TOTAL MARKET CAPITALISATION AS AT 31 DECEMBER 2021 WAS

MSEK 9,488

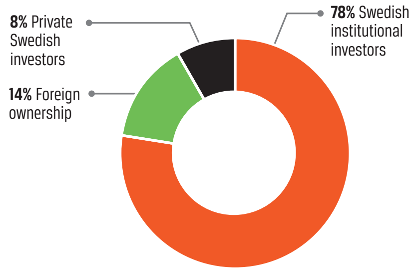
During the year, some 3.3 million Alligo shares were traded, at a total value of MSEK 586.

OWNERSHIP STRUCTURE AS AT 31/12/2021

	Owners	
Size class, no. of shares	Number	% of total
1–500	3,733	79.4
501–1,000	400	8.5
1001–5,000	379	8.1
5,001–10,000	62	1.3
10,001–15,000	29	0.6
15,001–20,000	11	0.2
20,001–	88	1.9
Total	**4,702**	**100**

Source: Euroclear Sweden.

ALLIGO'S SHAREHOLDER CATEGORIES AS AT 31/12/2021



MAJOR SHAREHOLDERS AS AT 31/12/2021

	Number		% of	
	Class A shares	Class B shares	Capital	Votes
Nordstjernan AB	498,576	27,278,278	54.6	53.4
Tom Hedelius	513,124	-	1.0	8.5
BNP Paribas Sec Service Paris	-	3,355,000	6.6	5.5
Swedbank Robur Funds	-	2,926,159	5.8	4.8
Handelsbanken Funds	-	2,754,440	5.4	4.6
Carnegie Funds	-	1,418,195	2.8	2.4
Sandrew Aktiebolag	-	800,000	1.6	1.3
Länsförsäkringar Fund Management	-	737,932	1.4	1.2
Brown Brothers Harriman	-	684,469	1.4	1.1
Jefferies LLC	-	637,244	1.2	1.1
Third AP Fund	-	568,233	1.1	0.9
BNY Mellon NA	-	388,487	0.8	0.6
Morgan Stanley & Co Intl PLC	-	353,928	0.7	0.6
Ciboney Group DFA Intl Small Cap	-	288,476	0.6	0.5
Other shareholders	50,736	7,227,612	15	13.5
Total	**1,062,436**	**49,418,453**	**100.0%**	**100.0%**
Plus: Repurchased Class B shares		425,300		
Total	**1,062,436**	**49,843,753**	**100.0%**	**100.0%**

Source: Euroclear Sweden.

SHARE CAPITAL DEVELOPMENT

		Change in number of shares		Total number of shares			
Date	Event	Class A shares	Class B shares	Class A shares	Class B shares	Change in share capital, SEK	Total share capital, SEK
8 Aug 2016	New formation	500[1]		500[1]		50,000	50,000
31 Mar 2017	Split 1/50	24,500[1]	–	25,000[1]	–	0	50,000
31 Mar 2017	Introduction of separate share classes	–	–	25,000	–		
31 Mar 2017	New share issue	1,038,780	27,201,636	1,063,780	27,201,636	56,480,832	56,530,832
2 Aug 2017	Conversion of Class A shares	-1,344	+1,344	1,062,436	27,202,980	0	56,530,832
27 Mar 2020	Directed issue to shareholders of Swedol AB	–	22,633,876	1,062,436	49,836,856	45,267,752	101,798,584
24 Apr 2020	Directed issue to shareholders of Swedol AB	–	6,897	1,062,436	49,843,753	13,794	101,812,378

1) Prior to the introduction of separate share classes, the company had only one share class. For formatting purposes, these shares are presented in the column for Class A shares.

FIVE REASONS to invest in Alligo

1

Market growth and resilient customer segments

Alligo's markets consist of corporate customers in Sweden, Norway and Finland. The different markets provide stable growth and complement each other well. Customers are a balanced mix of small and medium-sized enterprises, large companies and public-sector agencies. Together, the different industry segments provide good opportunities for continued organic growth and strong resilience in weaker economic times.

2

Scalable platform provides a foundation for continued growth

Alligo has built an integrated organisation that can scale up and grow, both organically and through acquisitions. The cost structure is adaptable and functions such as IT, logistics, procurement, sales and finance are coordinated and streamlined. The Group is continuously working to improve its operational efficiency and develop the organisation using digital solutions.

3

Own brands increase competitiveness and profitability

Own brands enable greater control of the product development process, which Alligo uses to offer a product range that is tailored to our defined industry segments. The extensive development of own brands and services means customers can be offered a unique and competitive product range, with increased profitability for Alligo.

4

Sustainable enterprise

Sustainability is an integral part of the business – from strategy to working methods and helping customers make sustainable choices – and increases competitiveness as well as reducing risk. Alligo has decided to go further than the requirements of laws and regulations to become one of the leaders in sustainability in the industry. This is a long-term commitment and we are working together with our stakeholders to build a genuinely sustainable business.

5

A leader in the consolidation process on the Nordic markets

The markets in the Nordic countries are undergoing a consolidation process, which can benefit relatively large groups such as Alligo. Alligo is actively involved in the consolidation process and has leading positions in Sweden and Norway. There are good opportunities for sustainable, profitable growth and Alligo will continue to invest and strengthen its position, both organically and through acquisitions, on all markets where the Group operates.

RISKS AND RISK MANAGEMENT

Like all businesses, the Alligo Group's operations entail risks and opportunities. The purpose of risk management in the Group is to balance opportunities and risks in a conscious and controlled manner.

To ensure support and a unified approach to how the businesses should deal with risks and opportunities, the work involved in identifying and responding to the most material risks is integrated into the Group's strategic and operational planning process at all operational levels in the organisation. Continuous work is carried out to develop the risk management process and implement measures to prevent and minimise risks in all of the main risk areas presented below.

Alligo describes its main risks from three perspectives: strategic risks associated with the industry/market in which the Group operates, operational risks related to how the Group conducts its business, and financial risks linked to the types of financial transactions in which the Group is involved. Each risk is assessed on the basis of probability and impact.

STRATEGIC RISKS

A Market development/Economic situation

The Alligo Group's customers mainly comprise industrial, construction and service companies in Sweden, Norway and Finland, as well as the public sector in Sweden and Norway. Accordingly, the industrial and construction economy in the Nordic region impacts on the Group's development, mainly with respect to changes in the number of employees, productivity and the level of investment willingness. A mix of corporate customers of varying sizes has a balancing effect on Alligo. Large companies often display strong growth during economic upturns, resulting in major increases in volumes. Small and medium-sized companies are more resilient during economic downturns compared with larger industrial companies. Moreover, demand in each individual country is impacted by investments in infrastructure programmes, such as expansions and maintenance of motorways and railways, and by various initiatives in publicly financed operations, such as the Swedish Armed Forces.

The ongoing Covid-19 pandemic has affected the entire global economy since spring 2020, including the Alligo Group and its customers, suppliers and employees. The pandemic has had a negative impact on the Group's demand, but has also led to supply disruptions as a result of production shutdowns and major difficulties on the freight market. These problems will more than likely continue and worsen during 2022, given developments in Russia and Ukraine, although Alligo has no operations and only limited customer and supplier exposure in these countries.

Alligo has continually implemented measures and made efforts to ensure the health and safety of its employees, customers and other stakeholders and the continued high availability of products and services, and to protect the companies' strong brands in the market and society at large.

B Competitive situation

As the structural transformation and consolidation of the industry progresses, the competitive situation is also changing for the companies that form part of Alligo. Customers are increasingly striving to limit their number of suppliers and instead initiate closer collaboration with these suppliers in order to jointly develop the value chain, focus on a value-added offering of products and services and thereby reduce the total cost for purchasing, stocking, administration and tied-up capital. Competition among resellers has increased due to the entry of new, often web-based resellers and certain international players into the Swedish market in recent years, especially in the building material and private markets.

C Sustainable and circular approach

Customers, suppliers, employees and society at large are making greater demands on a sustainable and circular approach in all business operations. This entails increasing demands on the companies in Alligo to view sustainability as a natural part of daily operations and to develop and offer products and services that meet these high expectations. A summary of Alligo's sustainability-related risks is available in the Group's 2021 Sustainability Report on pages 38–41.

D Increased digitisation

The importance of being able to offer customers both digital sales channels and digital solutions for efficient transaction management is growing, while Alligo also needs to employ digitisation to increase its internal efficiency. This is placing greater demands on the companies in Alligo to develop solutions that meet the current and future needs of customers and business partners. These solutions, in turn, require continuous investments in efficient transaction and integration platforms, systems for managing large quantities of product information and attractive e-commerce solutions.

OPERATIONAL RISKS

E Risks relating to sales and operating margin

A large-scale project is currently under way to establish a common Nordic range. There is a risk that the products in the range will not match demand or that the management of the range and sales will not achieve full impact in the organisation, resulting in reduced sales and lower margins.

Alligo interacts with customers through a number of concept brands, which may be perceived as unclear and have a negative impact on sales.

Alligo sells to corporate customers, who may often receive discounts and have customer-specific pricing. In some cases, prices may be regulated for a contract period with limited opportunity for Alligo to increase them. Alligo works with clear frameworks that govern the sales team's pricing for customers, but failure to adhere to this may result in poorer margins. There is also a risk that changes in Alligo's purchase prices or other costs cannot be passed on fully and immediately to customers, which may affect margins in either the short term or the long term.

Alligo has a broad customer base and is not dependent on a small number of industries or a few individual large customers, although the customer concentration is higher in Finland. Alligo also has a broad product portfolio and an increasing proportion of own-brand products, which enhances the range and enables higher margins.

F Product risks

The ability to meet stakeholders' expectations for quality and transparency, as well as compliance with laws and requirements relating to the range, is vital for customers' trust. Alligo works with both its own brands and external brands. The Group's products must meet customers' expectations with regard to function, quality, safety and price.

Alligo is continuously working to optimise the customer offering in terms of quality, price and environmental impact. The Group also applies the precautionary principle when designing products and carries out ongoing product testing to ensure that stringent requirements with regard to function, quality, safety and chemical content are met. This means that products and substances are gradually phased out as necessary. Large-scale product development and ongoing product range work ensure that the Group has a range with high levels of product quality, product safety and customer satisfaction.

G Critical IT systems

Alligo's operations are dependent on having continuous access to IT-based tools and systems, which may be vulnerable to damage and disruptions caused by, for example, computer viruses, power cuts, fires, cyber-attacks, operational disruptions and similar events. Disruptions to critical IT systems could cause problems when it comes to delivering products and services to customers within the agreed time frame. Alligo works pro-actively to identify and address potential threats and risks.

H Risks in the flow of goods

Alligo is dependent on the flow of goods functioning in a reliable and cost-effective manner. The goods flow process begins as early as the purchase planning stage and deficiencies in the purchasing function can create disruption to the flow of goods even before the logistics function is able to distribute them. An increasing proportion of goods coming from Asia places additional requirements on an efficient purchasing process. Purchasing work is carefully planned and systematically monitored to minimise the risk of any disruption. By consolidating the flow of goods, maintaining high capacity utilisation and prioritising alternatives to air freight, Alligo is working to reduce the negative climate impact of transport.

The Group has five large logistics centres, two of which are in Sweden, two in Norway and one in Finland. A fire, problems with IT systems or other technology used by the logistics centres, or any other form of major disruption at these facilities could create problems for the affected companies within Alligo when it comes to delivering products to their customers, although the business would still be able to deliver to shops as the products can be delivered directly from the suppliers. The expansion of the logistics centre in Örebro and the planned relocation of logistics operations from Alingsås involve an increased risk of disruption to the flow of goods in the short term, but will contribute to increased automation and greater efficiency.

In order to meet increased demands on the flow of goods and storage capacity, the logistics function is continuously streamlined, among other things by increasing automation. Örebro is the Group's most highly automated logistics centre; Norway and Finland both have a low level of automation.

I Risks in the organisation

Competent and dedicated employees and qualified key personnel are important for Alligo's ability to realise strategies and achieve goals. If Alligo fails to provide an attractive work environment and continuous development, this would have a direct negative impact on the company's ability to attract, engage and retain qualified employees.

Alligo works continuously to create a safe, fair and diversified workplace with a high level of well-being and pride among employees. Significant processes are also documented in a common quality and management system in order to further develop working methods and reduce reliance on individuals.

The ongoing integration of Tools and Swedol could lead to less focus on sales and development than the competition during a transition phase, as the coordination requires resources or in case the new organisation does not work as planned. There is a risk that the ongoing range and sales management may not achieve full impact in the organisation. In addition, the planned changes in and coordination of IT systems may also lead to disruptions in the operations, while planned synergies in the integration work may be delayed or may not materialise.

J Credit and counterparty risks

Alligo is exposed to normal credit and counterparty risks in its customer relationships. None of the Group's customers account for a significant portion of the Group's revenue.

K Acquisition and integration risks

Acquisitions and integration represent a key element of Alligo's growth strategy. The risks here are that the Group may be unable to realise the expected benefits of an acquisition and that integration processes may take longer or become more costly than estimated.

L Business ethics risks and responsibility in the supply chain

In its capacity as a major player and a listed company, Alligo has a responsibility to act in an ethical and exemplary manner. Unethical behaviour could result in legal consequences and damage the company's reputation and trust. The Group works on the basis of high ethical standards and evaluates suppliers in order to ensure that they operate their business in a responsible manner and that risks relating to environmental impact, human rights, corruption and social conditions are minimised. Alligo requires all its employees, business partners and suppliers to act in accordance with Alligo's Code of Conduct. All employees must receive training on the content and meaning of the Code of Conduct.

FINANCIAL RISKS

M Wage inflation in manufacturing countries

Alligo is affected by changes in the wage level in those countries where the Group's products are manufactured. This can vary between different products depending on the proportion of the manufacturing process that is labour-intensive.

N Raw material prices

One of the factors affecting purchase prices for the Group's products is the global market prices for individual raw materials. This applies in particular to electrical materials (copper), batteries (zinc), lighting (aluminium), steel, plastic products (oil) and clothing (cotton). The Group does not hedge the price risk of underlying raw materials but attempts to neutralise the negative cost impact of the commodities market by adjusting prices in line with changes in raw material prices.

O Exchange rate fluctuations

Alligo makes a significant proportion of its purchases in both Asia and Europe and therefore has exposure to USD and EUR. Sales usually take place in local currency in the countries where the Group operates. For a description of the Group's exposure to various currencies and the financial instruments used to minimise the risks, refer to the section Foreign exchange rates in note 24 Financial risks and risk management.

P Interest rate fluctuations

For a description of the manner in which Alligo is exposed to interest rate fluctuations in relation to external borrowing and lending and the way this is managed to minimise risks, refer to the section Interest rate risks in note 24 Financial risks and risk management.

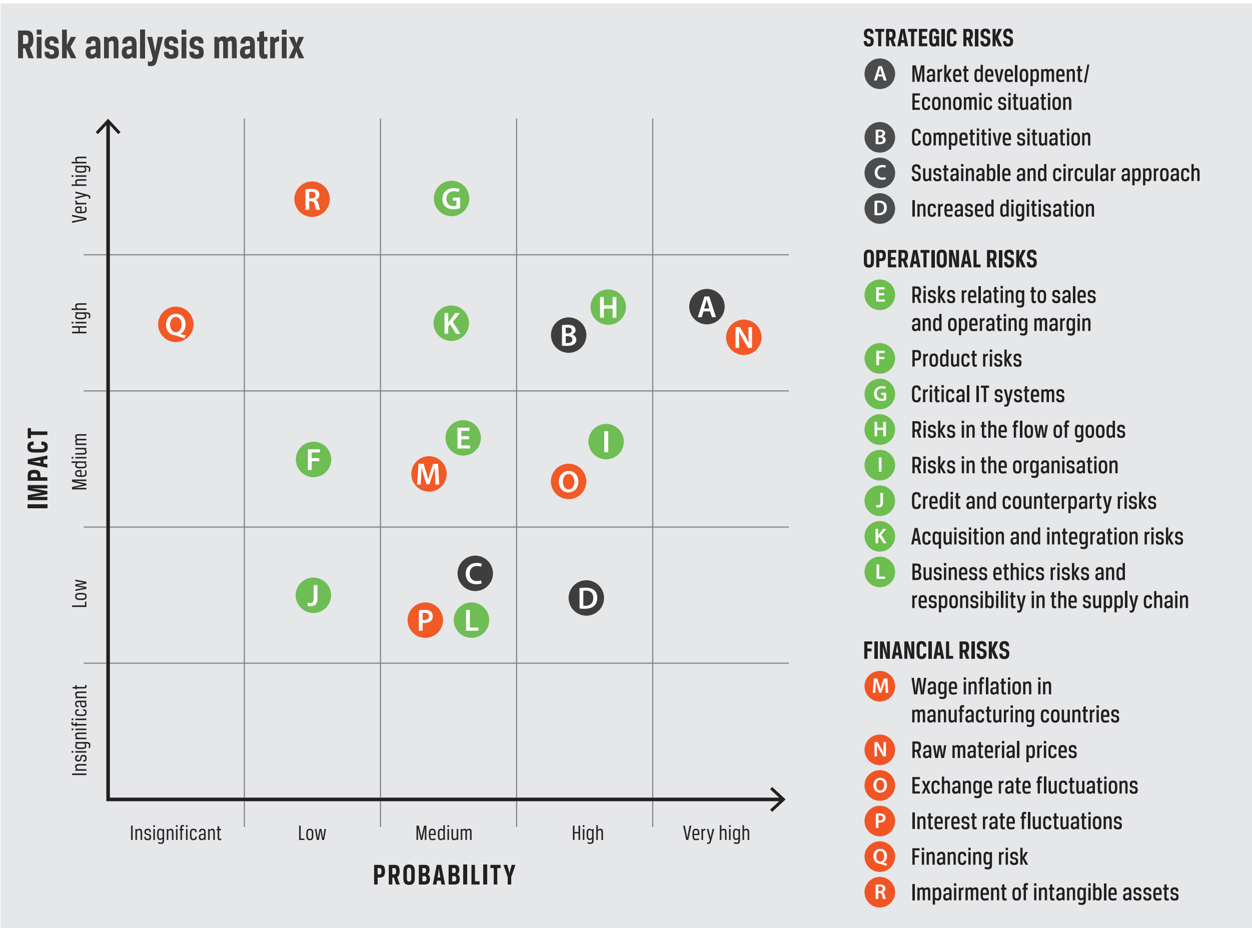
Q Financing risk

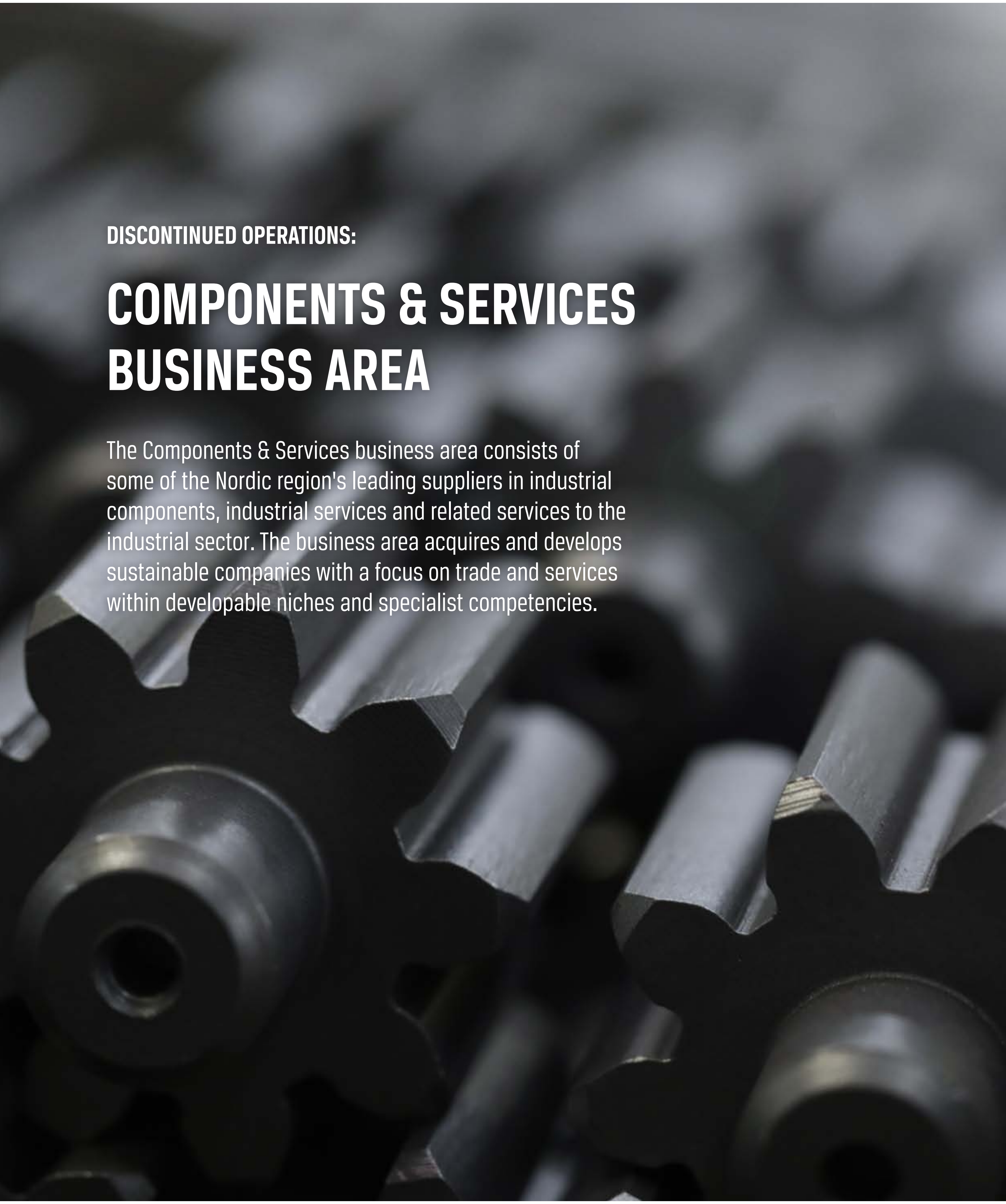
Financing risk refers to the risk that meeting Alligo's requirements for external capital could become more difficult or more expensive. For a description of the Group's financing and the manner in which the financing risk is managed, refer to the section Liquidity and refinancing risks in note 24 Financial risks and risk management.

R Impairment of intangible assets

Goodwill relating to acquisitions is a significant item on the consolidated balance sheet. Impairment costs relating to goodwill and other intangible assets may have a negative impact on the Group's financial position and earnings.

Alligo continuously monitors relevant circumstances relating to its business, the general economic situation and the potential impact of such circumstances on the valuation of the Group's goodwill and other intangible assets.





DISCONTINUED OPERATIONS:

COMPONENTS & SERVICES BUSINESS AREA

The Components & Services business area consists of some of the Nordic region's leading suppliers in industrial components, industrial services and related services to the industrial sector. The business area acquires and develops sustainable companies with a focus on trade and services within developable niches and specialist competencies.

BUSINESS OVERVIEW

Operations within the Components & Services business area are conducted with three particular areas of focus: business development through decentralised responsibility and development of employees; business development through active ownership; and growth through the acquisition of sustainable companies.

Business development through decentralised responsibility and development of employees

The Components & Services business area has a decentralised organisation, where business decisions are made close to customers and suppliers. Operating activities are managed independently within the companies, which take responsibility for their own performance and profitability. This provides greater flexibility for adapting the offering to the needs of customers, while also giving employees significant responsibility and good opportunities for development. The overall size of the business area supports the companies with experience, knowledge, contact points, access to networks and financial resources. Continuous cooperation and exchange of experiences between the companies enables best practices to be established.

Business development through active ownership

The combination of decentralised responsibility, a desire to improve and simplicity are fundamental to business development through active ownership. The business area's offering is based on customised products and services within the context of each company's operations, combined with local presence, a high level of availability and fast and reliable deliveries. Components & Services has established a strong local presence on its primary markets and aims to achieve local market leadership wherever the business area operates. Having a local presence provides an advantage over other operators on the market and helps to establish long-term relationships with customers and good awareness of their needs.

Growth through the acquisition of sustainable companies

To ensure growth through the acquisition of sustainable companies, a proven model is used to identify, acquire and successfully integrate new companies. Components & Services focuses on acquiring companies with well-developed customer and/or supplier relationships, which are leaders in their market niches and which have long-term, sustainable profitability and growth or the conditions in place to achieve this.

OPERATING AREAS

The Components & Services business area is organised into two main operating areas: Components and Services.

Components

Group of companies within industrial components, services and solutions for industry – with expertise in industry improvements – comprising companies with leading specialist positions within their respective market niches.

Services

Group of companies within industrial services in Sweden, which through their services prolong the efficiency and life of installed machinery and carry out new installations. They also offer solutions for digitised maintenance.

2021 in brief

Work continued unabated in 2021 to improve the conditions of Components & Services to develop and create profitable growth. The year was dominated by a continued clear acquisition agenda and preparations ahead of the separate listing of the business area on Nasdaq Stockholm.

KPIs 2021

1,491	193	12.9	484
REVENUE, MSEK	EBITA, MSEK	EBITA MARGIN, %	NUMBER OF EMPLOYEES

FIRST QUARTER

During the first quarter, the Components & Services business area completed the acquisition of Öbergs i Karlstad, Mekano and Mekano i Sävedalen. The business area also signed an agreement to acquire three electromechanical service workshops from Assemblin El through a conveyance of assets and liabilities with closing on 1 April. The acquisitions, with a total annual revenue of around MSEK 285, strengthen the position of Components & Services as a market-leading supplier of industrial components and industrial service to Nordic industry.

SECOND QUARTER

The Components & Services business area established a new organisational structure with the aim of supporting the continued direction and acquisition focus of operations.

THIRD QUARTER

During the third quarter, the Components & Services business area acquired Intertechna. The acquired company generates annual revenue of around MSEK 25 and strengthens the business area's offering within digitised maintenance for Nordic industry.

FOURTH QUARTER

The fourth quarter was characterised by good underlying demand, although the global shortage of components affected final deliveries towards the end of the year.

MARKET

Market remains good with positive earnings trend despite global components shortage

We had good underlying demand throughout 2021 in most of our operations but final deliveries were affected by the global shortage of components. Organic revenue growth combined with good cost control and contributions from acquisitions, along with well-managed price increases from suppliers, meant that EBITA increased by 24 per cent compared with last year. Our entrepreneur-driven companies with decentralised performance responsibility and local proximity to customers, as well as good relations with our business partners, continue to create good opportunities for continued growth.

Our markets have been characterised by ongoing uncertainty but also positive signs from customers and suppliers throughout the year. There is currently surplus demand in some product areas, which, combined with a shortage of materials, is resulting in delayed delivery in parts of our operations. We believe, however, that most operators are in a similar situation and that, relatively speaking, we are able to maintain good delivery capacity and have taken market share during this period.

All the measures we have taken in recent years have clearly improved our conditions for growth, profitability and development. Working from a strong financial position and with a clear strategy, we have made a number of interesting acquisitions during the year in the form of Mekano, Assemblin's workshops, Öbergs and Intertechna. These acquisitions strengthen our focus and market position and we still have a clear acquisition agenda.

Ulf Lilius
Business Area Manager, Components & Services

Components & Services operates on the market for industrial components and related services in Sweden, Norway and Denmark.

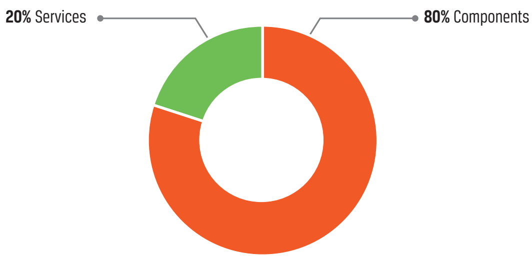
The companies of Components & Services operate on the Nordic market for industrial components, industrial service and related services, primarily in Sweden and to a certain extent in Norway and Denmark. Customers come from all industrial segments.

The estimated value of the market for industrial components, industrial service and related services in Sweden, Norway, Denmark and Finland is at least MDSEK 25. In Sweden, which is the single largest market, the business area is estimated to have a market share of around ten per cent. In other countries, the market share is estimated at less than one per cent.

The growth of the market is closely linked to the overall level of industrial production, the ongoing process of automation and the number of employees within industry. The market is fragmented with many small local operators and a handful of larger operators. The pace of change is rapid, with specialisation increasing at every level. The customer base is also fragmented and therefore requires differentiated solutions. As a result, many operators often have a specific focus and so compete only partially with Components & Services, for example within certain product or service categories in particular geographic areas.

The competitive advantages for the different companies within Components & Services include availability in the form of broad, deep and effective support, close partnership with strong business partners and manufacturers, as well as local presence combined with specialist expertise within selected product and service areas.

REVENUE 2021



STRATEGIC DIRECTION

MISSION – United for a sustainable industry

Our company must, together with its customers, partners and other stakeholders, contribute to creating a sustainable industry in the Nordic region from a social, environmental and economic perspective. A well-functioning and sustainable industry generates several positive social and environmental effects and supports economic growth and development. Increased resource efficiency, safer and healthier work environments, and cleaner and more environmentally friendly technologies and industrial processes are all important industry adaptations when it comes to facilitating sustainable development.

VISION – The best choice for customers

Our companies focus on understanding customer requirements and – based on the situation and needs – offering an optimum solution for the customer. The companies also aim to be the best at what they do, a reflection that they are premium suppliers with a high level of expertise that differentiate themselves from other suppliers through various customer value advantages. Remaining "the best choice for customers" and a leading player in tomorrow's market requires a long-term, profitable business. This in turn requires that we offer popular and competitive products and services, sustainable values and expertise, and have the capability and resources for continuous development.

BUSINESS CONCEPT – We aim to make our customers' everyday operations easier, safer and more profitable – by offering sustainable products and services

It is crucial that customers maintain good profitability within their operations. Our companies sell quality products and related services that create customer value throughout their entire service life. By doing so, we make industrial customers' everyday operations easier, safer, more sustainable and more profitable.

STRATEGY – Value over price

To generate profitability and realise the mission, vision and business concept, all companies in the business area must offer their customers an optimal total economy (minimum total cost) through their solutions backed by in-depth customer insight and good availability, high-quality products and services, and a high level of expertise (customer value advantage). To be able to offer this to customers while also maintaining their own profitability, the businesses must work on the basis of maximum efficiency and cost awareness and continuously strengthen their competence and experience so that the companies can operate more efficiently than their competitors (cost advantage).

This strategy enables Components & Services to build and strengthen its abilities, which in turn leads to goal achievement and continuing competitive advantages.

CUSTOMER VALUE ADVANTAGE

Ability to create and charge for higher customer value than the competition

- In-depth customer insight
- Product & service quality
- Breadth and depth of offering
- Good availability
- Superior customer service
- Superior customer relations
- Value-based offering (total cost)

COST ADVANTAGE

Ability to deliver at a lower cost than the competition

Economies of scale
- Logistics
- Procurement
- IT

Process efficiency
- Sales
- Offering development
- Support processes

Abilities and competitive advantages

1 Value creation for customers with a sustainable customer offering

2 Strong local market positions within industrial components, industrial service and related services

3 Decentralised responsibility with local business acumen and decision-making close to customers and suppliers

4 Strong local companies combined with economies of scale

UNITED for a sustainable industry

The mission and vision of Components & Services are based on offering customers sustainable products and services. Sustainability is therefore a natural part of everyday operations and acting in a responsible manner in relation to the companies' stakeholders is an obvious requirement.

Components & Services takes a broad view of sustainability, which requires the business area and its various companies to take responsibility for how their operations affect their surroundings from a social, environmental and economic perspective.

A responsible value chain

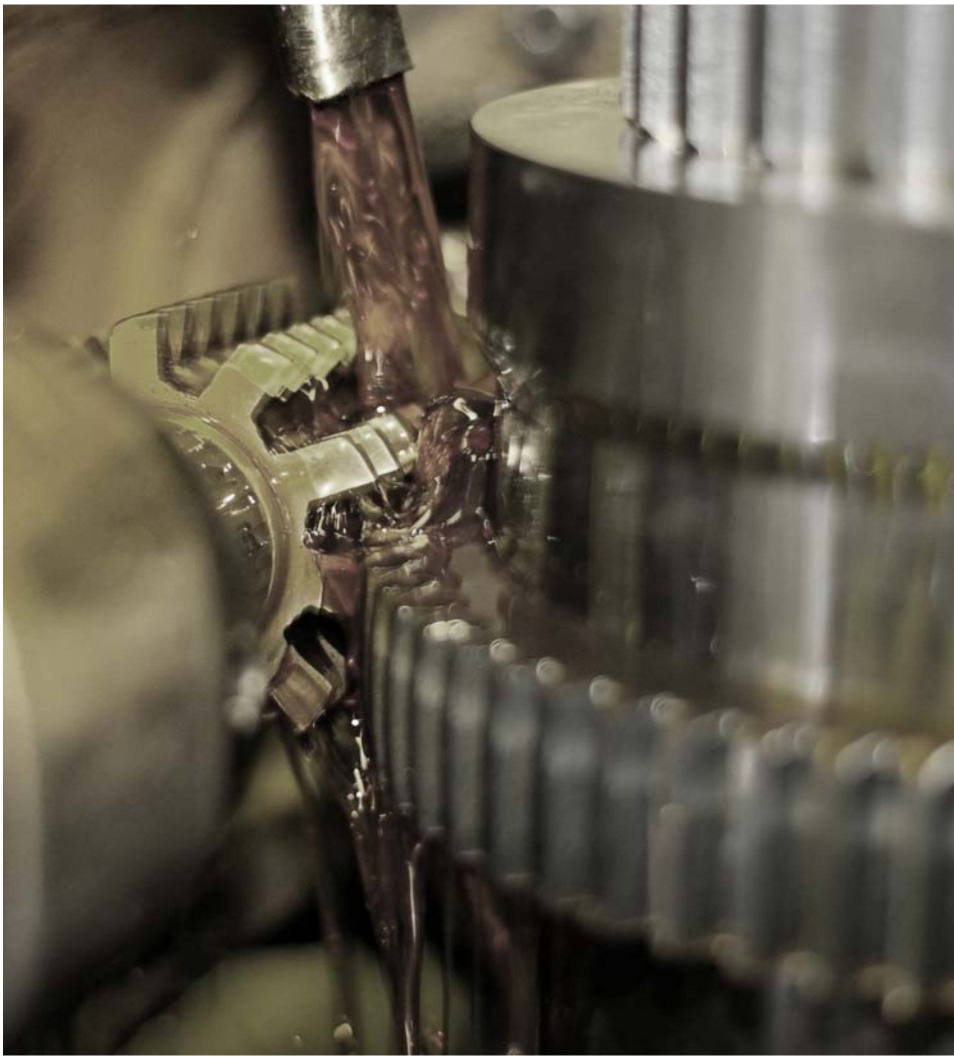
Components & Services believes that a focus on sustainability is vital for long-term profitability and growth, as it also creates business opportunities. To achieve this, the business area takes a holistic approach spanning the entire value chain – looking backwards towards suppliers (including through selection and specifying requirements), introspectively (including through a healthy work environment based on equality and respect) and forwards towards customers (including through business ethics and by helping customers to make sustainable product choices).

The shared mission of Components & Services – United for a sustainable industry – explains what the business area is trying to achieve. Our purpose is to contribute to a sustainable industry together with our stakeholders, with a focus on people, environment and finances. A safer and healthier work environment, maximised life cycles, more environmentally friendly industrial processes and good business ethics are examples of key parameters to enable a sustainable industry.

Sustainable corporate governance

Sustainability work at Components & Services is based on the UN Sustainable Development Goals and Global Compact and is governed by a common Code of Conduct and several other policies covering areas such as work environment, equal treatment and environment and quality.

Components & Services has chosen to focus on three of the UN Global Goals where the business area believes it is best placed to make a contribution and have an impact. The companies of the business area have considerable autonomy and establish their own targets and initiatives for contributing to the overall shared goals. Three of the business area's nine companies are environmentally and quality-certified in accordance with ISO 14001:2015 and three in accordance with ISO 9001:2015. In addition, two companies work in line with the social responsibility guidance standard ISO 26001:2010.



8 DECENT WORK AND ECONOMIC GROWTH

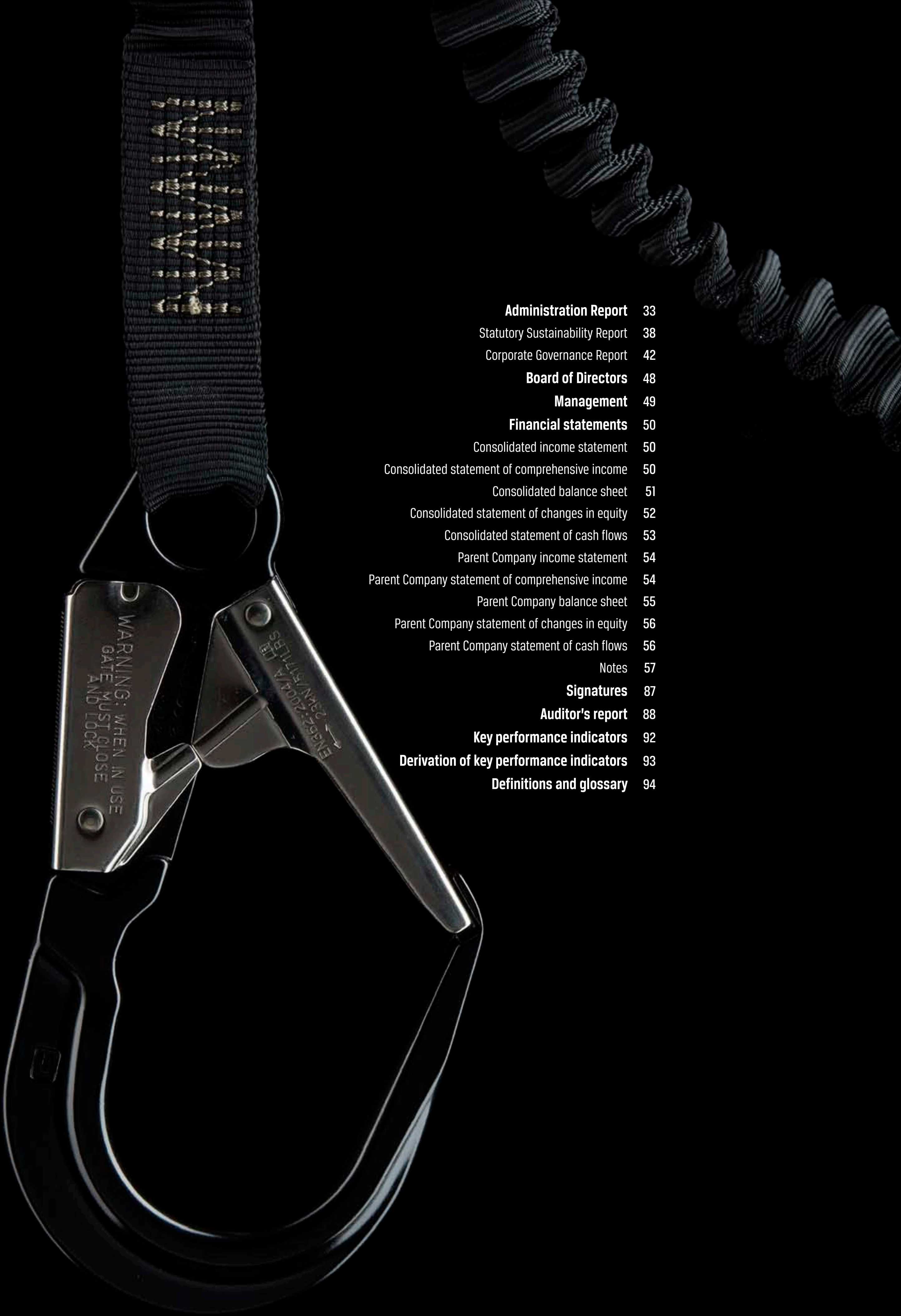
Work to provide sustainable workplaces in the value chain:
- A safe and healthy work environment
- Opportunities to develop skills and working methods
- Active participation in the community where the business area operates
- Act responsibly in business dealings
- Good working conditions at suppliers

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Work for a sustainable industry by increasing the share of procurement from sustainable suppliers and implementing industry improvements:
- Long-term partnerships for sustainable products and services
- Help customers to make sustainable choices
- Offer sustainable products and services with long service lives
- Extend the service life of machinery and production facilities

13 CLIMATE ACTION

Minimise climate impact in the value chain:
- The business area's products and services can demonstrate a quantifiable reduction in the customer's climate impact
- Smart shipments
- Purchase of fossil-free or climate-neutral electricity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ADMINISTRATION REPORT

The Board of Directors and CEO of Alligo AB (publ), Corporate Registration Number 559072-1352, hereby submit the Annual Report and consolidated financial statements for the financial year 1 January to 31 December 2021.

The following corporate governance report, income statements, balance sheets, statements of comprehensive income, statements of changes in equity, statements of cash flows and notes constitute an integrated part of the Annual Report and have been reviewed by the company's auditors. The statutory sustainability report in accordance with the Swedish Annual Accounts Act can be found on pages 38–41.

Change of company name and new management

In accordance with a resolution at the Extraordinary General Meeting of 2 December 2021, the Group's parent company has changed its name from Momentum Group AB to Alligo AB.

As part of the preparations for the separate listing of the Components & Services business area, the Board of Directors appointed the former business area manager of Alligo, Clein Ullenvik, as President & CEO and the former CFO of the Alligo business area, Irene Wisenborn Bellander, as CFO. The new management took up their posts on 1 November.

Discontinued operations

In the Annual Report, the Components & Services business area is reported under discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The Alligo business area represents continuing operations. Comments and figures relate to continuing operations unless otherwise specified. Comparison figures in the consolidated income statement have been recalculated. For more information, see note 1 Summary of significant accounting policies on page 58 and note 32 Discontinued operations on page 86.

Shortened financial year 2020 (9 months) for comparison year

In August 2020, the Annual General Meeting of the former Momentum Group AB (publ) resolved to change its financial year to the calendar year as of 1 January 2021. Accordingly, the 2020 financial year was shortened to cover the period 1 April–31 December 2020 (9 months). All information for the 2020 financial year therefore includes the outcome for the period 1 April–31 December 2020 (9 months) unless otherwise specified.

For financial tables, like-for-like sales trends, development by geographic segment and key performance indicators over a 12-month comparison period for 2020, see Alligo's year-end report for 2021.

Acquisition of Swedol closed on 1 April 2020

Momentum Group's acquisition of Swedol was completed during spring 2020 and closed on 1 April 2020. All information for the 2020 financial year therefore includes Swedol.

Revenue and profit

Revenue

Revenue amounted to MSEK 8,475 (6,019), with the change from the previous year largely attributable to the shortened financial year and the acquisition of Swedol, which was closed in April 2020. Compared with revenue for the corresponding 12-month period last year, including Swedol for the entire reporting period (MSEK 8,078), revenue increased by around 5 per cent. Revenue from like-for-like sales (including Swedol), measured in local currency and adjusted for the number of trading days, increased by around 4 per cent compared with the corresponding period last year.

The proportion of own brands during the financial year was 20.2 per cent, compared with 19.4 per cent for the same period last year. This increase was driven by the successfully launch of the company's own shoe brands. The launch of clothing has been delayed as a result of disruption to supplies from Asia. The proportion of own brands has increased in Sweden and Norway but reduced in Finland as a result of higher relative growth in external brands. Currency translation effects had an impact of MSEK -3 on like-for-like sales.

Profit

Operating profit amounted to MSEK 427, compared with MSEK 226 for the 9-month period last year and MSEK 261 for the 12-month period. This improvement in profit is partly due to the shortened financial year for the comparison year and to the acquisition of Swedol. The operating margin was 5.0 per cent, compared with 3.8 per cent for the 9-month period and 3.6 per cent for the 12-month period last year.

Operating profit for the most recent 12-month period was charged with depreciation of MSEK -74 (-45) on tangible non-current assets and amortisation of MSEK -105 (-92) on intangible non-current assets and depreciation on right-of-use assets of MSEK -384 (-352), as well as items affecting comparability of MSEK -155 (106). Of the items affecting comparability of MSEK 155, MSEK 108 relates to restructuring costs in connection with the relocation of the Swedish logistics operations of Tools to Alligo's central warehouses in Örebro, of which MSEK 62 relates to the write-down of non-current assets and right-of-use assets of the logistics centre in Alingsås. MSEK 37 relates to losses on divestment of operations and MSEK 10 relates to costs in connection with preparations ahead of the separate listing of the Components & Services business area.

EBITA (operating profit excluding items affecting comparability and amortisation of intangible assets arising in connection with corporate acquisitions) amounted to MSEK 645 (374). The EBITA margin was 7.6 per cent (6.2). EBITA for the corresponding 12-month period of the previous year, including Swedol for the entire reporting period, amounted to MSEK 462, with an EBITA margin of 5.7 per cent.

The coordination of Tools and Swedol is proceeding according to plan. The remaining restructuring reserves derive in the amount of MSEK 46 from the restructuring that took place during the third quarter of 2020 and the remaining restructuring reserves originating from the third quarter of 2021 amount to MSEK 107, compared with an initial MSEK 108.

Profit after financial items amounted to MSEK 379 (187) and net financial items to MSEK -48 (-39). The profit margin was 4.5 per cent (3.1).

Net profit amounted to MSEK 291 (145). This corresponds to earnings per share for continuing operations of SEK 5.75 (2.90).

Development by geographic area

Alligo is a leading player within workwear, personal protective equipment, tools and consumables in the Nordic region. Customers are a balanced mix of small and medium-sized enterprises, large companies and public-sector agencies within eight defined industry segments, served by the concept brands Swedol, Tools, Grolls and Univern and by local independent specialist brands.

Sweden

Revenue in Sweden for the financial year totalled MSEK 5,213, compared with MSEK 4,245 for the full year 2020. This 23 per cent increase was mainly driven by the acquisition of Swedol, a recovery compared with the previous year and strong growth among small and medium-sized enterprises. The number of stores at the end of the period was 109 (121). EBITA for the period amounted to MSEK 560, compared with MSEK 313 for the full year 2020 and the EBITA margin to 10.7 per cent (7.4). The improvement in profit was driven by higher sales, with two quarters of cold winter weather and the resulting favourable product mix, good penetration of the price increases implemented and synergies.

Norway

Revenue in Norway during the period totalled MSEK 2,220, compared with MSEK 2,017 for the full year 2020. The market showed a slight recovery in relation to the comparison period, although development within the oil and gas industry remained weak. The number of stores at the end of the period was 55 (60). EBITA for the period amounted to MSEK 80, compared with MSEK 62 for the full year 2020 and the EBITA margin to 3.6 per cent (3.1). Profits benefited from the higher volumes and synergies.

Finland

Revenue in Finland during the period totalled MSEK 1,292, compared with MSEK 1,181 for the full year 2020. The acquisition of Swedol and Imatran Pultti Oy made a positive contribution. The number of stores at the end of the period was 39 (37). EBITA for the period amounted to MSEK 17, compared with MSEK 53 for the full year 2020 and the EBITA margin to 1.3 per cent (4.5). The weak profits were the result of continued unfavourable development in the customer mix and the weak penetration of the price increases implemented in an inflationary economy. Work is ongoing to strengthen the sales and assortment management.

Parent Company

At the end of the period, the Group comprised the Parent Company Alligo AB and a total of 43 Swedish and foreign wholly owned subsidiaries, of which 31 are continuing operations. The Parent Company's operations comprise Group-wide functions such as management, administration and finance. Income takes the form of a management fee from Group companies for Group-wide services and costs which the Parent Company has provided. Income from discontinued operations has been received for the period January to October 2021.

The Parent Company's revenue for the period amounted to MSEK 23 (29) and the loss after financial items totalled MSEK -15 (-14). The loss includes Group contributions of MSEK 42 (-). The balance sheet total amounted to MSEK 4,133 (4,440), with equity accounting for 48 per cent (46) of total assets. Cash and cash equivalents at the end of the period amounted to MSEK 251 (357) and external interest-bearing liabilities to MSEK 1,545 (1,688). The number of employees at the Parent Company at the end of the period was 2 (8).

Corporate acquisitions

Continuing operations at Alligo made two corporate acquisitions with closing during 2021, as well as one divestment.

Acquisition of Imatran Pultti

At the end of April 2021, Alligo acquired 100 per cent of the shares in Imatran Pultti Oy, together with its subsidiary Beranger Oy. Imatran Pultti has two stores in Imatra in the south-east of Finland, which sell personal protective equipment, tools, fittings and industrial components. The acquisition further strengthens the position of Tools as a leading supplier to Finnish industry. The acquired companies together generate annual revenue of approximately MEUR 5 with favourable profitability and have 11 employees. Closing took place in late April 2021.

Acquisition of RAF Romerike Arbeidstøy

On 4 October 2021, Alligo acquired 100 per cent of the shares in RAF Romerike Arbeidstøy AS. The acquisition further strengthens the position of Alligo as a leading supplier on the Norwegian market. The acquired company generates annual revenue of approximately MNOK 16 with favourable profitability. Closing took place in conjunction with the acquisition and is considered to have had a slight positive impact on the Group's earnings per share in 2021.

Divestment of Gigant

On 5 October 2021, the Group signed an agreement on the divestment of 100 per cent of the shares in Gigant AB, together with its subsidiaries. The divestment focuses Alligo on its role as a partner to end customers, primarily within the industrial and construction sectors. The divested operations generated revenue of approximately MSEK 230 in 2020. The transfer of Gigant was completed in early November and resulted in a slight negative impact on the Group's profits. See note 31 Business combinations and divestments on pages 84–85 for information about the acquisitions made during the 2021 financial year.

Profitability

The Group's profitability, measured as the return on equity, amounted to 13 per cent (12) and the return on working capital (EBITA/WC) to 36 per cent (23) for the most recent 12-month period. The return on capital employed for the corresponding period was 7 per cent (6).

Cash flow and financial position

Cash flow from operating activities before changes in working capital for the financial year totalled MSEK 1,121 (885). Inventories increased during the period by MSEK 282 and operating receivables by MSEK 279 as a result of adaptations to the range and disruption in the supply chain, as well as an increased level of activity. Operating liabilities rose by MSEK 383. Cash flow from operating activities for the period therefore amounted to MSEK 943 (1,191).

Cash flow for the reporting period was also impacted by a net amount of MSEK -171 (-152) pertaining to investments in and divestments of non-current assets, and a net amount of MSEK -174 (-1,757) pertaining to acquisitions and divestments of subsidiaries and other business units. Investments in non-current assets principally relate to the implementation of a new common business system in Finland and Sweden, store modifications and the continued expansion of the Group's warehousing and logistics facility in Örebro.

At the end of the reporting period, the Group's financial net loan liability amounted to MSEK 2,272, compared with MSEK 2,331 at the beginning of the financial year. The Group's operational net loan liability at the end of the period amounted to MSEK 1,259, compared with MSEK 1,293 at the beginning of the year. Cash and cash equivalents, including unutilised granted credit facilities, totalled MSEK 1,334. Maturity periods and fixed-interest periods for interest-bearing liabilities are presented in note 24 Financial risks and risk management on pages 77–79. The equity/assets ratio at the end of the reporting period was 40 per cent. Equity per share, both before and after dilution, totalled SEK 67.95 at the end of the reporting period, compared with SEK 60.25 at the beginning of the reporting period.

The Swedish tax rate, which also applies to the Parent Company, was 20.6 per cent during the financial year. The effective tax rate was approximately 25.3 per cent.

Employees

At the end of the reporting period, the number of employees in the Group amounted to 2,319, compared with 2,341 at the beginning of the period. The change in the number of employees is mainly the result of the net effect of the divested operations and the corporate acquisitions made during the reporting period. The number of employees at the end of the reporting period, including discontinued operations, amounted to 2,807 (2,670).

Sustainability report

For Alligo, sustainability issues and corporate social responsibility as a prerequisite for long-term profitability and therefore represent an integral part of everyday work. Sustainability work continued in 2021 and is reported in Alligo's statutory sustainability report on pages 38–41, as well as in the sustainability report with reference to GRI standards for continuing operations, which is integrated in the description of operations on pages 1–7, 9–19 and 22–25, as well as in the sustainability notes and GRI index on pages 96–107. The auditor's opinion regarding the statutory sustainability report can be found on page 91.

EU Taxonomy Regulation

The EU's Taxonomy Regulation (EU 2020/852) came into force in July 2020. The Taxonomy aims to help investors identify and compare environmentally sustainable investments using a common classification system for environmentally sustainable economic activities. Alligo is a public interest entity that is subject to the sustainability requirements under the EU directive on non-financial reporting and therefore has an obligation to report for the 2021 financial year the proportion of the business that is covered.

The Group's revenues are generated primarily by the sale of goods. Some sales of services also occur. The financial activities that take place in the Group and which generate revenue, operating expenses and capital expenses are not currently included in the technical screening criteria according to the Taxonomy. This has been ensured through comparison with the listed activities in the European Commission's EU Taxonomy Compass. The Taxonomy's criteria in relation to the company will be monitored and evaluated on an ongoing basis as the regulation is updated.

Environmental impact

During the financial year, the Group has not conducted any operations subject to permit and/or reporting requirements. The Group has the necessary permits for activities such as the handling of and trading in certain chemical products and managing electronic waste. No Group companies were involved in any environmentally related disputes.

Research and development

Alligo does not conduct any research and development, but with the aim of strengthening and developing the Group's position as one of the leading players in workwear, personal protective equipment, tools and consumables in the Nordic region, resources are mainly invested in the continued development of concepts and service solutions for its customers and partners and the further development of the Group's proprietary product brands. Activities implemented during 2021 included continued development of various service concepts and customer solutions, a continued focus on digitisation of transaction management and information sharing both externally with customers and internally, development of logistics and e-commerce solutions for end customers, and training for end users.

Financial and business risks

Efficient and systematic risk assessment of financial and business risks is important for Alligo. The Group's Financial Policy establishes guidelines and goals for managing financial risks in the Group and regulates the distribution of responsibility between the Board of Directors, CEO and CFO of Alligo AB, as well as the boards, CEOs and CFOs of the business areas and subsidiaries. All foreign-currency management and granting of credit to customers are handled within the framework of the established policy. For a detailed account of financial and business risks and the Group's management thereof, refer to pages 23–25 and note 24 Financial risks and risk management on pages 77–79.

Guidelines for determining remuneration and other terms of employment for senior executives

The Board of Directors of Alligo AB ("the company") proposes that the Annual General Meeting of 11 May 2022 adopt the guidelines for remuneration and other terms of employment for senior executives as described below. The guidelines are to be applied for remuneration agreed after the 2022 Annual General Meeting and to subsequent amendments to remuneration already agreed. The guidelines do not apply to remuneration resolved by the General Meeting of Shareholders. As regards employment relationships governed by rules other than those of Sweden, the appropriate adjustments must be made to pension benefits and other benefits to comply with mandatory rules or established local standards, while also fulfilling the overall purpose of these guidelines as far as possible. Provisions stipulated for the company also apply where appropriate to the Group.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

The successful implementation of the company's business strategy and protection of the company's long-term interests, including its sustainability, require that the company can recruit and retain qualified employees. This requires that the company can offer competitive total remuneration, which is made possible through these guidelines. Total remuneration is to be in line with market conditions and competitive and be linked to responsibility and authority.

Forms of remuneration, etc.

Remuneration is to be in line with market conditions and comprise the following components: fixed salary, possible variable salary according to a separate agreement, pension and other benefits. In addition, the General Meeting can, irrespective of these guidelines, resolve on share-based and share-price-based remuneration, for example.

Fixed salary

The fixed salary shall consist of a fixed cash salary and be reviewed on an annual basis. The fixed salary shall be competitive and reflect the requirements placed on the role in terms of qualifications, responsibility, complexity and the manner in which it contributes to achieving the business targets. The fixed salary shall also reflect the performance of the senior executive and thus be individual and differentiated.

Variable salary

In addition to fixed salary, the CEO and other senior executives may periodically, according to a separate agreement, receive variable salary for fulfilling agreed criteria. Any variable salary may consist of an annual cash salary and be equivalent to not more than 50 per cent of the fixed annual salary.

A fundamental balance must exist between fixed and variable salary to avoid unhealthy risk taking. The fixed salary is to account for a sufficient portion of the senior executive's total remuneration to allow the variable portion to be reduced to zero. The variable salary shall be linked to one or more predefined and measurable criteria determined by the Board of Directors, which may be financial, such as the Group's and/or the business area's earnings growth, profitability and cash flow, or non-financial, such as customer satisfaction, quality, environment, work environment and safety. The targets link the senior executive's remuneration to the company's earnings and thus promote the implementation of the company's business strategy, long-term value creation and competitiveness. The terms and bases of calculation of variable salary shall be determined for each financial year. Fulfilment of the criteria for payment of variable salary must be measurable over a period of one financial year. Variable salary is regulated the year after qualification.

The degree to which the criteria were met is assessed when the measurement period for fulfilling the criteria for the payment of variable salary ends. The Board of Directors is responsible for determining variable cash payments to the CEO. Variable cash payments to other senior executives are determined by the Remuneration Committee. As regards financial targets, the assessment is based on the company's latest published financial information.

The terms for variable salary should be formulated such that the Board, in the event of exceptional financial conditions, is able to limit or refrain from making variable salary payments should such action be deemed reasonable. In drawing up variable remuneration for the company management, the Board must consider including provisions that:

(i) impose conditions on the payment of a portion of such remuneration requiring that the performance on which the payment was based is shown to be sustainable over time, and

(ii) enable the company to reclaim such remuneration paid on the basis of information that is later shown to be manifestly erroneous.

Further variable cash payments may be paid in extraordinary circumstances, assuming that such extraordinary arrangements are of limited duration and are only introduced at an individual level either to recruit or retain senior executives, or as remuneration for extraordinary work duties beyond the individual's ordinary work duties. Such remuneration may not exceed an amount corresponding to 20 per cent of the fixed annual salary and not be paid more than once per year and per individual. A decision on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee.

Pension

The CEO and other senior executives are covered by a defined contribution pension, the size of which depends on the outcome of the pension insurance policies taken out. Premiums for the defined contribution pension must not exceed 40 per cent of the fixed annual salary.

Other benefits

Other benefits, including company car, travel concessions, extra healthcare insurance and occupational health services, shall be in line with market conditions and only constitute a limited share of total remuneration. Premiums and other costs pursuant to such benefits shall amount to not more than 10 per cent of the fixed annual salary in total.

Conditions in the case of termination

All senior executives must observe a period of notice of up to 6 months if notice is given by the employee. If employment is terminated by the company, the period of notice applied is up to 12 months. If employment is terminated by the company, senior executives may be entitled, in addition to salary and other employment benefits during the period of notice, to severance pay corresponding to up to 12 months' fixed salary. Severance pay is not offset against other income. No severance pay is to be paid if notice is given by the employee. In addition to severance pay, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid when the former executive is not entitled to severance pay. Remuneration shall be based on the fixed salary paid at the time of termination and shall amount to not more than 60 per cent of the fixed salary at the time of termination, subject to mandatory collective agreement provisions, and shall be paid for the period covered by the non-compete undertaking, which shall amount to not more than 12 months after the end of employment.

Salary and terms of employment

In the preparation of the Board's proposals for these remuneration guidelines, the salary and employment terms of the company's employees have been considered by including information about total employee remuneration, remuneration components and the increase and rates of increase in remuneration over time in the decision-making data used by the Remuneration Committee and the Board to evaluate the reasonableness of the guidelines and their limitations.

Preparation and decision-making process

The Board has established a Remuneration Committee. The Committee's duties include preparing principles for remuneration of senior executives and the Board's decision on proposed guidelines for remuneration of senior executives. The Board shall prepare a proposal for new guidelines at least every four years and submit it to the Annual General Meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting of Shareholders. The Remuneration Committee shall also monitor and evaluate the programme for the variable remuneration of senior executives, the application of the guidelines for the remuneration of senior executives, as well as the current remuneration structures and remuneration levels at the company. Remuneration of the CEO shall be decided by the Board of Directors after being prepared and recommended by the Remuneration Committee, within the scope of established remuneration principles. Remuneration of other senior executives shall be decided by the Remuneration Committee, within the scope of established remuneration principles and after consulting with the CEO. The CEO and other senior executives do not participate in the discussions and decisions of the Board or the Remuneration Committee regarding remuneration-related matters in so far as they are affected by such matters.

Share-based incentive programmes resolved by the General Meeting of Shareholders

The Board of Directors shall each year assess the need for a share-based incentive programme and when necessary present proposals for a decision to the Annual General Meeting. Decisions on any share-based and share price-based incentive programme for senior executives shall be made by the General Meeting of Shareholders and contribute to long-term value growth. Senior executives may be offered an equivalent incentive to that which would have been paid under a share-based or share price-based incentive programme, if such a programme is impracticable in the country where a senior executive is tax resident, or if in the company's view such participation cannot take place at a reasonable administrative cost or economic contribution. In relation to share-based remuneration, information shall be provided about acquisition periods and, where applicable, information about the obligation to hold shares for a certain period after acquisition. The cost and investment for the company and incentive and financial outcome for such senior executives shall under such circumstances essentially correspond to the share-based or share price-based incentive programme.

Derogation from the guidelines

The Board may resolve to temporarily derogate in part from the guidelines if in a specific case there is special cause for the derogation and a derogation is necessary to safeguard the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As stated above, the Remuneration Committee's duties include the preparation of the Board's decisions on remuneration issues, which also includes decisions on derogation from the guidelines. If the Board resolves to derogate from the guidelines, this decision shall be reported at the next Annual General Meeting.

These guidelines above correspond to the guidelines adopted at the Annual General Meeting on 31 August 2020. The wording regarding the criteria to which variable remuneration should be linked has been adapted to Alligo's new non-financial targets for reasons of clarity.

Future development

Alligo has set four new financial targets with a focus on profitable growth, financial stability and dividend. In addition, five new non-financial targets have been set, based on the vision and material sustainability issues. The new targets are adapted to Alligo's strategy and new conditions following the separate listing of the Components & Services business area.

The Group's targets are for average organic growth to be more than 5 per cent per year over a business cycle and for additional growth to be achieved through acquisitions. A further target is for the EBITA margin to be more than 10 per cent per year.

Since Alligo was formed through the merger of Swedol and Tools in 2020, intensive work has been under way to construct an integrated company with a common platform that provides economies of scale within key areas such as concept and market, Assortment and Procurement, logistics, finance, IT, HR and sales.

Dividend 2022

The Board of Directors proposes to the Annual General Meeting a dividend of SEK 1.75 per share, corresponding to a pay-out ratio of 30 per cent of earnings per share for the 2021 financial year. The Board of Directors has also proposed distributing the wholly owned subsidiary Momentum Group Komponenter & Tjänster AB.

The Board has made an assessment of the financial position of the company and the Group, as well as the ability of the company and the Group to fulfil their obligations in both the short and long term. A total of MSEK 88.3 is required for the proposed dividend payment (taking into account the 425,300 Class B shares that Alligo AB holds in treasury), which means that, all other things being equal, the Group's equity/assets ratio as of 31 December 2021 would decrease by approximately 1 percentage point. After payment of the proposed dividend and taking into consideration the prevailing market conditions, the equity/assets ratio of the company and the Group is still deemed to meet the demands placed on the operations conducted by the Group. The Board's assessment is that the proposed dividend is well balanced taking into account the demands placed on the size of the equity and liquidity of the company and the Group, given the type of business conducted, its scope and relative risks. The proposed dividend is also in line with the company's dividend policy, which states that 30–50 per cent of earnings per share are to be distributed over a business cycle.

Proposed appropriation of profit

The appropriation of profit proposed by the Board and the CEO is presented on page 74.

Events after the end of the financial year

Acquisition of Liukkosen Pultty Oy

Alligo acquired all the shares in Liukkosen Pultti Oy which runs a workwear and tool store in Lahti, Finland.

Conversion of Class A shares to Class B shares

Nordstjernan requested the conversion of Class A shares to Class B shares in Alligo as part of the preparations for the separate listing of Momentum Group. During February, the number of shares and votes in Alligo AB (publ) changed as a result of Nordstjernan AB converting 498,363 Class A shares to the corresponding number of Class B shares.

Distribution and listing of Momentum Group on Nasdaq Stockholm

The Board of Directors decided to convene an Extraordinary General Meeting on 23 March 2022 to decide on the distribution of all of Alligo's shares in subsidiary Momentum Group to Alligo's shareholders. Nasdaq Stockholm AB has determined that Momentum Group fulfils the applicable requirements for listing on Nasdaq Stockholm and will approve an application for admission to trading of Momentum Group's Class B shares, subject to certain standard conditions being met.

The appropriation of profit proposed by the Board and the CEO is presented on page 74.

Acquisition of Lunna AS

Alligo acquired 100 per cent of the shares in Lunna AS, which has three stores north of Oslo and sells industrial components, tools, workwear and personal protective equipment.

War in Ukraine

Alligo has no operations in Russia or Ukraine and only limited customer and supplier exposure in these countries. The war in Ukraine may have an indirect negative commercial impact on Alligo in both the short and long term. The impact on the Group is hard to predict due to the uncertainty of market conditions, but we are following developments closely.

STATUTORY SUSTAINABILITY REPORT

Sustainable development refers to development that meets today's needs without jeopardising the opportunities for future generations. Working on sustainable development enables Alligo to take responsibility for how its operations achieve their objectives. This responsibility spans the entire value chain from supplier to customer.

Alligo aims to conduct its business in an ethical and responsible manner, while also promoting health and safety, respecting human rights and taking responsibility for improving the environment – all with the aim of contributing to sustainable development. Achieving this goal will require, for example, sustainable product choices and services that extend the products' life cycles, responsibility in the supply chain, optimisation of logistics and dedicated employees who enjoy working for their employer.

Sustainability is not just something that is required in order for Alligo to be a responsible stakeholder in society, it is also a prerequisite for long-term profitability. Sustainability creates commercial value: in the form of better offerings, more loyal customers, more satisfied employees and stronger relationships with suppliers.

About the sustainability report

Alligo has prepared the company's sustainability report for the 2021 financial year, which covers the Parent Company, Alligo AB (publ), corporate registration number 559072-1352, and its operational subsidiaries. In the annual report 2021, the Components & Services business area is recognised as discontinued operations in accordance with IFRS 5, which is the result of the Board's proposal for the separate listing of Components & Services as a separate company. The Alligo business area represents continuing operations. Comments and outcomes in the statutory sustainability report relate to both business areas and therefore the Group as a whole, unless otherwise specified. In preparing the sustainability report, guidance has been taken from existing practices and guidelines for fulfilling the requirements of the Swedish Annual Accounts Act with respect to sustainability reporting. No material changes in the application of policies for reporting, or its scope, have occurred compared with the previous year's sustainability report. In signing the 2021 Annual Report, the Board of Directors of Alligo AB also approved the sustainability report. The auditors' opinion regarding the statutory sustainability report can be found on page 91.

The statutory sustainability report on pages 38–41 refers to the Group as a whole unless otherwise specified.

Purpose of the sustainability report

The Group's sustainability report is intended to document the sustainability initiatives that have long been pursued in the various operations in the Group, and is built on Alligo's continual dialogue with its various stakeholders concerning which sustainability issues are the most material for the Group. Group-wide policies with guidelines for the work of the operations in areas such as the environment and quality and a joint Code of Conduct stipulate minimum requirements that all operations and employees must meet.

Governance and responsibilities

Alligo AB's Board of Directors has overall responsibility for the Group's sustainability work and for annually establishing Group-wide policies for such areas as the environment and work environment, ethical guidelines, quality and corporate social responsibility.

Based on these, the different units of the Group draw up customised goals and action plans. Sustainability work is led by Group management, business area management and other senior executives, with support from the sustainability, quality and HR managers in the Group. Reported performance measures are a compilation of values reported from the subsidiaries. In several areas, the various business areas and companies have their own targets and performance measures to monitor, in addition to those presented for the Group as a whole.

Business model and focus areas

Sustainability issues are an integral part of the Group's operations and business model, as reported by business area on pages 4–19 and 26–31. A report on the focus areas, sustainability targets and ongoing sustainability work within the Alligo business area is an integral part of the description of operations on pages 1–7, 9–19 and 22–25 and the sustainability notes and GRI index on pages 96–107. A report on the focus areas and ongoing sustainability work within the Components & Services business area is provided on page 31.

In their sustainability reporting, companies are legally required to provide information about the consequences of their operations in four areas: Environment, Social conditions and personnel, Respect for human rights, and Counteracting corruption. Alligo has chosen to divide its sustainability report based on three different sustainability perspectives, which together comprise information about what is deemed to constitute the Group's most material sustainability issues and contain reporting in the four statutory areas.

Based on Alligo's business model and the Group's continual dialogue with its various stakeholders (pages 31, 39 and 98) regarding which sustainability issues are most material for the Group, a number of focus areas have been identified as being of the greatest significance for both Alligo Group as a whole and its stakeholders.

Focus areas:

ENVIRONMENTAL RESPONSIBILITY

Environmental impact from the Group's products and services and from freight and passenger transport.

Statutory area for sustainability reporting:

Environment

FINANCIAL AND ETHICAL RESPONSIBILITY

Ensuring corporate responsibility that respects human rights and counteracts corruption.

Statutory area for sustainability reporting:

Respect for human rights and Counteracting corruption

SOCIAL RESPONSIBILITY

As a responsible employer, to offer a wholesome work environment and good health and safety, respect human rights and counteract discrimination and harassment in operations.

Statutory area for sustainability reporting:

Social conditions and personnel

Sustainability-related risks

The Group's business model is affected by sustainability-related risks. Material sustainability-related risks that are considered to be of the greatest significance for the Group as a whole and the Group's management of these risks are presented below. A more detailed description of sustainability-related risks and risk management within the Alligo business area is integrated in the risk section on pages 23–25.

ENVIRONMENTAL RESPONSIBILITY

Purchase and sale of lower-quality products, with shorter life cycles and/or that contain environmentally hazardous substances; environmental performance in the vehicle fleet and transport companies; use of environmentally hazardous packing material in packaging and transport; and deficient coordination in in-bound and outbound deliveries from central warehouses.

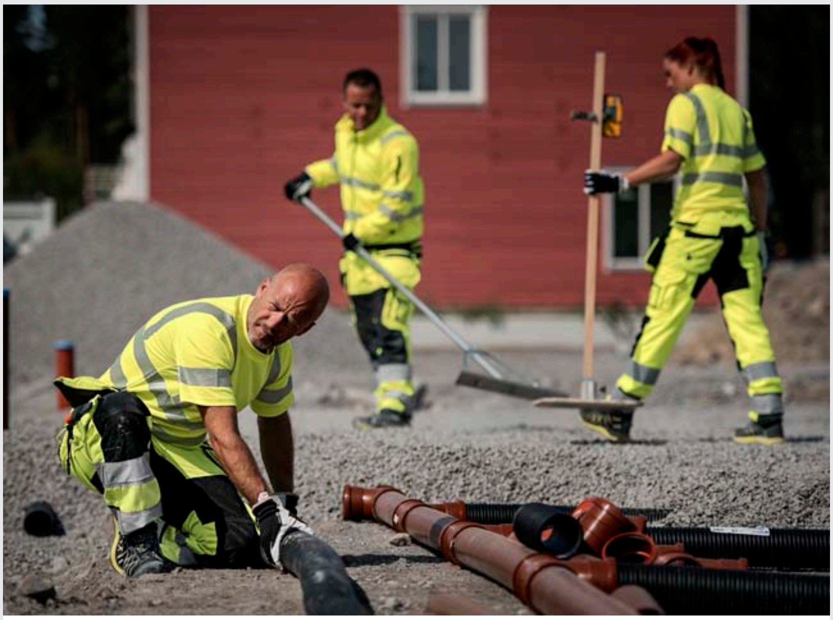
FINANCIAL AND ETHICAL RESPONSIBILITY

Deviations from the Group's Code of Conduct, which entails violations of human rights in the operations of the Group or its suppliers; participation in cartels or other prohibited collaborations with competitors, customers or suppliers that limit or distort competition; and offering or receiving bribes or other forms of undue compensation for the purpose of inducing someone to act in contravention of prescribed obligations.

SOCIAL RESPONSIBILITY

Work environment risks (that could constitute a danger to the lives and health of employees); all types of discrimination, harassment, assault or threats at the Group's workplaces; and other conditions that do not promote a secure, comfortable work environment for employees.

» Alligo's preventive work in each area is reported on pages 40–41.



Satisfied stakeholders

Alligo's sustainability work is based on a continual dialogue with the Group's principal stakeholders. Alligo works to increase the satisfaction of stakeholders and gradually further strengthen relationships.

Satisfied customers

Alligo works in the best interests of new and existing customers by continuously developing and offering products that meet their expectations in terms of function, quality, safety, environmental impact and supply reliability. Services within servicing and maintenance extend the useful lives of the products and thereby reduce the customers' total costs.

The work to create satisfied customers is followed up on a regular basis through customer surveys at the Group's companies. The results form the basis for the businesses' work related to service level and availability, product range and service development and skills development.

Satisfied employees

Alligo works in the best interests of new and existing employees by offering a healthy physical and psychosocial work environment and opportunities for skills and performance development. The companies in the Group conduct regular employee surveys and the results form the basis for new efforts and initiatives designed to increase employee satisfaction.

Satisfied business partners

Based on the strong market position of the respective business areas, Alligo works to achieve competitive purchasing terms and efficient processes and to create close and long-term partnerships with suppliers. Alligo must act professionally, honestly and ethically, based on the Group's Code of Conduct and internationally recognised standards and expects its suppliers to do the same.

Through close relationships and cooperation, Alligo can work to reduce risks relating to working conditions, work environment and environmental impact in the supply chain and so have a positive impact on suppliers' development.

Satisfied owners

Alligo works to create shareholder value by focusing on sustainable operations and long-term profitable growth, to minimise major business risks through active and effective corporate governance and to provide accurate and relevant information to the stock market.

Creating better conditions for the development of the Group's business areas based on their own conditions and focus improves the opportunities for increased shareholder value over time.

FOCUS AREAS – SUSTAINABILITY

Environmental responsibility

Alligo's environmental impact primarily comprises the products and services offered as well as the use of resources during transport. In accordance with the Group's environmental policy, impact on the environment is to be minimised as far as is technically possible, reasonable from a commercial perspective and environmentally justified. Many of the Group's businesses are certified in accordance with ISO 9001 Quality management systems and ISO 14001 Environmental management systems as well as ISO 45001 Occupational health and safety management systems.

Alligo's offering is designed and regularly updated on the basis of customers' needs. The Group will offer products and services that meet extensive requirements for product safety, environmental impact, quality and total cost and work with manufacturers and suppliers that share the Group's views on close and strong collaboration. The life cycles of customers' machinery and production facilities are extended with regular service and maintenance through the business's service workshops.

An efficient and reliable flow of goods is an important element of sustainability work and the Group's logistics management is therefore key. The Group's logistics functions continually work to optimise logistics flows in order to increase the level of service and reduce environmental impact. Carbon emissions from product transport represent a significant portion of the Group's negative environmental impact and it is therefore a priority to optimise the logistics flows of both inward and outward shipping. For example, the Group works to increase capacity utilisation, improve procurement and assortment management and make more environmentally friendly transport choices. Reducing the volume of packaging and other consumables is another important issue.

ENVIRONMENT

Examples of policies and guidelines

Code of Conduct,
Environmental Policy,
Quality Policy,
Guidelines for Company Cars.

Goals for 2021

The Group aims to achieve an annual reduction of carbon emissions from company cars.

Outcome

For the Group's company cars in Sweden, the average carbon emissions per kilometre driven decreased by approximately 12 per cent during the full year 2021 compared with the full year 2020 (10).

Social responsibility

Alligo must be seen as an attractive employer by all current, potential and former employees. This means that all managers and employees must maintain a professional attitude toward all human resources activities and work in accordance with clear guidelines. Continuous skills development for employees is vital to the future development of Alligo. The Group's subsidiaries conduct regular employee surveys designed to find out, among other things, what employees think of their respective companies as an employer and what their experience is of the work climate and leadership. The results of the surveys help to identify development areas and form the basis for new efforts and initiatives. Several measures have been implemented in the past few years in areas such as leadership development.

In order to further improve the work environment, training for managers in both formal and practical areas is offered, with the aim of ensuring that the Group's businesses offer a safe and healthy work environment. The Group also provides training that guides managers in setting goals, giving feedback and recognising and improving responsibility, as well as helping employees to enhance their skills and performance.

A variety of experiences and backgrounds among employees promotes an equitable work environment that encourages development.

SOCIAL RESPONSIBILITY AND PERSONNEL

Examples of policies and guidelines

Work Environment Policy,
Equal Opportunities Policy,
Code of Conduct.

Goals for 2021

The Group endeavours to conduct annual performance reviews with all employees regarding such factors as work environment, work situations, discrimination (if any), equality, health and safety.

Outcome

During 2021, around 81 per cent of the employees in the Alligo business area had performance reviews with their immediate superiors, as did around 68 per cent (90) of the employees in the Components & Services business area.

Due to the coordination and implementation of a new shared organisation, no measurement could be made in the Alligo business area for 2020.

Financial and ethical responsibility

Alligo's Code of Conduct pertains to all businesses and employees in the Group and underlines the importance of always behaving in an ethically correct manner and respecting human rights.

The Code of Conduct also imposes requirements on suppliers. These requirements include a written affirmation that they act within the framework of the laws of their respective countries, counteract corruption and otherwise comply with the intentions of the Code of Conduct, for example, by offering their employees a safe and healthy work environment and not permitting child labour in production. The Group does not tolerate corruption, bribes or other disloyal practices that may limit competition, and all such incidents are to be reported to Alligo's management. If appropriate, a report to the competition authorities is prepared. No reports of practices that limit competition were submitted to Group management during the 2021 financial year. Alligo supports and respects the protection of human rights, and works to ensure that its operations are not complicit in the violation of human rights.

A number of businesses in the Group also perform on-site supplier inspections with manufacturers on a regular basis, focusing, among other things, on quality, environment, labour laws, work environment and business ethics. This work helps to ensure that suppliers live up to the requirements that Alligo places on its partners.

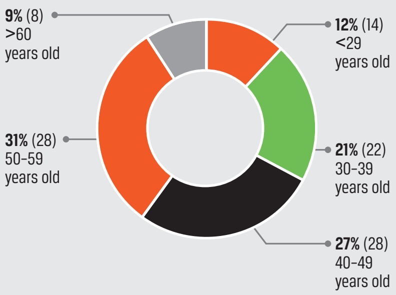
Alligo has a whistleblowing function that includes a web-based system where every employee has the opportunity to report, openly or anonymously, all types of irregularities that may have serious consequences for the Group. The whistleblowing function can also be accessed externally on the Group's website. In 2021, seven cases were reported via the whistleblowing function. Six cases related to the Alligo business area and one to the Components & Services business area.

Alligo's Code of Conduct can be found on the Group's website.

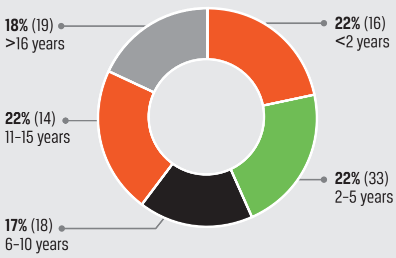
BUSINESS ETHICS AND FINANCIAL RESPONSIBILITY

Examples of policies and guidelines	Goals for 2021	Outcome
Code of Conduct, Self-assessment tools for suppliers, Quality Policy.	The goal of the Group is that the majority of the purchase volume is to come from suppliers who have signed and apply the Group's Code of Conduct (or similar).	Of the Group's total purchase volume of approximately MDSEK 5.8 (5.1), around 91 per cent (70) came from suppliers who have confirmed that they apply the Group's Code of Conduct (or similar).

DISTRIBUTION BY AGE 2021 (2020 9 months)



LENGTH OF EMPLOYMENT 2021 (2020 9 months)



EMPLOYEES

Group	2021	2020 (9 mos.)
Average no. of employees	2,769	2,564
Percentage women	26	27
Percentage men	74	73

Gender equality is a key issue as more men than women traditionally work in the industry in which Alligo operates. Consequently, the Group's business areas are working in many different ways to promote greater equality over time in terms of gender distribution at all levels of the organisations.

CORPORATE GOVERNANCE REPORT

Alligo's corporate governance aims to ensure that the business creates long-term sustainable value for shareholders and other stakeholders. High standards of openness, reliability and ethical values are guiding principles for Alligo's business.

Alligo applies the Swedish Corporate Governance Code (the "Code"). The Code is part of the self-regulation system of Swedish trade and industry, and is based on the "comply or explain" principle. This means that a company that applies the Code may deviate from individual rules, but is required to provide an explanation for each deviation. This Corporate Governance Report for the 2021 financial year was prepared in accordance with the recommendations of the Code. In 2021, Alligo deviated from one of the recommendations of the Code: the auditors' review of the Group's six-month or nine-month interim reports. This deviation from the Code is reported in further detail in the relevant section below. The Corporate Governance Report constitutes a part of the formal annual accounts and has been reviewed by the company's auditors.

The purpose of the company's corporate governance structure is to establish a clear distribution of roles and responsibilities between the owners, Board of Directors, Board committees and executive management. Alligo AB primarily applies the Swedish Companies Act and the rules that apply as a result of the company's shares being listed on Nasdaq Stockholm ("Stockholm Stock Exchange") as well as best practice in the stock market. In the course of its operations, Alligo also complies with the regulations stipulated in the company's Articles of Association. The Articles of Association are available in full on the company's website.

Corporate governance structure at Alligo

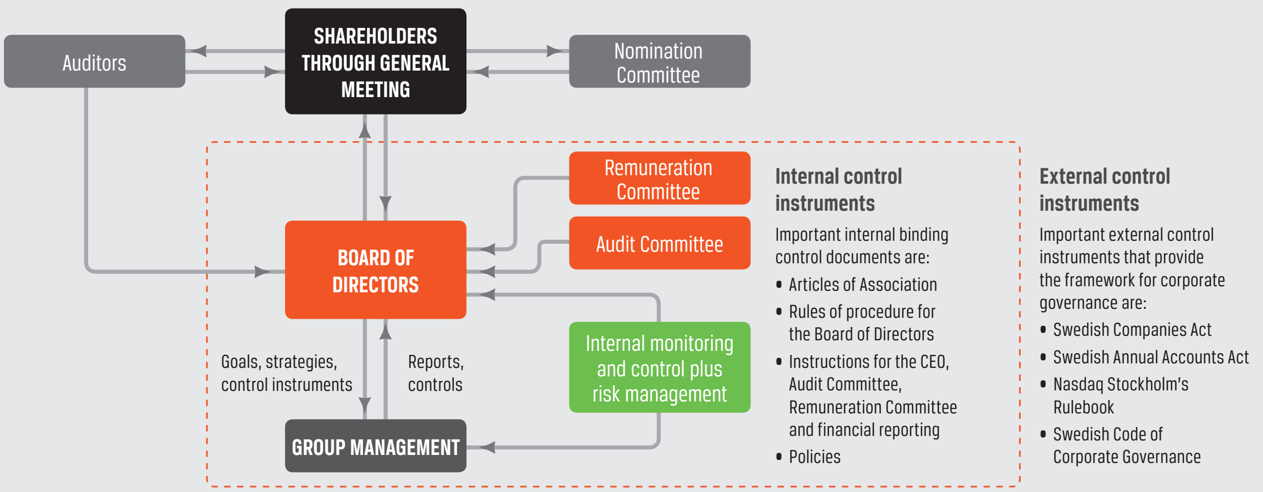
The General Meeting of Shareholders is the company's highest decision-making body. The Board of Directors and its Chair, as well as the auditors, where applicable, are appointed by the Annual General Meeting. The Nomination Committee drafts proposals for the Annual General Meeting regarding the composition of the Board of Directors. By order of the Annual General Meeting, it is the duty of the appointed auditors to examine the financial statements and the administration of the Board of Directors and the CEO during the financial year. The Board of Directors is ultimately responsible for the company's organisation and administration. It is also the duty of the Board to ensure that all shareholders' interests in Alligo are provided for. The Board of Directors appoints the CEO and the Deputy CEOs. The Audit Committee examines the procedures for risk management, governance, control and financial reporting. The Remuneration Committee prepares proposals concerning remuneration levels for the CEO as well as general incentive programmes – for the approval of the Board – and decides on remuneration levels for other senior executives. The CEO and other members of Group management are responsible for the day-to-day management of Alligo.

Share structure, shareholders and repurchase of own shares

The share capital amounted to approximately MSEK 102 as at 31 December 2021. The distribution by class of share was as follows: Class A shares 1,062,436, Class B shares 49,843,753. The total number of shares before repurchasing was 50,906,189. The number of repurchased Class B shares was 425,300 and the total number of shares after repurchasing was 50,480,889.

All shares carry equal rights to Alligo AB's assets and earnings. The company's Class A shares entitle the holder to ten votes each and Class B shares to one vote each. The Articles of Association contain no limitations concerning how many votes each shareholder may cast

CORPORATE GOVERNANCE STRUCTURE



at the General Meeting of Shareholders. For repurchased shares held in treasury, all rights are waived until such time as the shares are reissued. The Board is authorised, during the period until the next Annual General Meeting, to decide to increase the company's share capital through a new issue of shares up to a maximum of 10 per cent of the number of shares in the company as a means of payment for acquisitions.

According to Chapter 6, Section 2a of the Swedish Annual Accounts Act, listed companies are required to disclose information concerning certain circumstances that may affect opportunities to take over the company through a public takeover bid for the shares in the company. The company's lenders are entitled to cancel approved committed credit facilities if the company's shares are delisted from Nasdaq Stockholm or in connection with public takeover bids if the bidder secures a shareholding of more than 50 per cent of the number of shares in the company or controls at least 50 per cent of the votes in the company. Otherwise the company has not entered into any significant agreements with suppliers or employees that would be affected, change, expire or stipulate the payment of financial remuneration should control of the company change as a result of a public takeover bid for the shares in the company.

As at 31 December 2021, Nordstjernan AB held 54.6 per cent of the share capital and 53.4 per cent of the total number of votes in the company. No other shareholders had direct or indirect shareholdings in the company representing more than one-tenth of the total number of votes. As at 31 December 2021, Alligo AB had approximately 5,700 shareholders. Further information regarding Alligo's shares and ownership structure as at 31 December 2021 is provided in the section on the Alligo share on page 20.

Repurchase of own shares and incentive programmes

As at 31 December, the number of Class B shares held in treasury amounted to 425,300, corresponding to 0.8 per cent of the total number of shares and 0.7 per cent of the total number of votes. The number of treasury shares held reduced by 74,700 during the financial year. In connection with the 2017 share-based incentive programme, 74,700 call options were redeemed to acquire an equivalent number of repurchased shares.

The 2018 Annual General Meeting approved a call option programme containing 250,000 call options directed at around 50 key personnel ("Call option programme 2018/2022"). At the Extraordinary General Meeting of 2 December 2021, the company had 240,000 call options outstanding, held by around 25 people. Each option entitled the holder to acquire one (1) share in the company on two occasions: 1) during the period 14–28 February 2022 and 2) during the period 16–30 May 2022, at a redemption price of SEK 137.30 per call option. The redemption periods for the call options were considered to complicate the company's planned separate listing of the Components & Services business area on Nasdaq Stockholm, which is targeted to take place during the first half of 2022. Given the above, the Board of Directors was granted approval to offer cash redemption to the holders of the 240,000 call options outstanding. The redemption price for the call options was the market value of the call options calculated according to an external independent valuation in line with a recognised valuation method (Black-Scholes model, including the time value up to and including May 2022). On 10 December, a cash redemption of 230,000 call options took place in the amount of SEK 16,820,000 (SEK 72.50 per call option). As regards the holders of call options who chose not to accept the offer of cash redemption, the Board of Directors intends to use the authority to take decisions on the acquisition and transfer of own shares that it was granted at the Annual General Meeting of 11 May 2021 to acquire and transfer shares to those call option holders who request redemption by exercising their call options.

General Meeting

The General Meeting of Shareholders is the company's highest decision-making body where shareholders exercise their voting rights. At the Annual General Meeting, decisions are made concerning the Annual Report, dividends, the election of the directors and auditors, directors' and auditors' fees, and other matters in accordance with the Swedish Companies Act and the Articles of Association.

Annual General Meeting on 11 May 2021

The Annual General Meeting of Alligo AB was held on 11 May 2021. The notice for the Annual General Meeting and the supporting documentation for the Meeting were published in accordance with the company's Articles of Association.

The Covid-19 pandemic meant that the Meeting was held without the physical presence of shareholders, proxies and third parties and that the shareholders were able to exercise their voting rights only by post prior to the Meeting. A total of 44 shareholders participated in the Meeting, representing a combined total of 81.4 per cent of the votes in the company.

Among other decisions, the Meeting resolved on authorisations for repurchases of own shares and new share issues in conjunction with acquisitions, approved the Board of Directors' remuneration report, and to discharge the company's Board of Directors and CEO from liability for their administration of the company during the 2021 financial year. Directors Johan Eklund, Stefan Hedelius, Göran Näsholm, Johan Sjö, Gunilla Spongh and Christina Åqvist were re-elected. Johan Sjö was re-elected Chair of the Board.

Extraordinary General Meeting on 2 December 2021

An Extraordinary General Meeting of Alligo AB was held on 2 December 2021.

The Covid-19 pandemic meant that the Meeting was held without the physical presence of shareholders, proxies and third parties and that the shareholders were able to exercise their voting rights only by post prior to the Meeting. A total of 38,600,607 shares were represented at the Meeting, equivalent to 80 per cent of the total shares in the company.

Among other things, the Meeting resolved to amend the Articles of Association to change the name of the company from Momentum Group AB to Alligo AB. It was also resolved to redeem the call options in the Call option programme 2018/2022.

Nomination Committee

The Annual General Meeting in August 2020 resolved on the instructions for the appointment of an Nomination Committee at Alligo as well as its duties, which apply until further notice. In accordance with these instructions, a Nomination Committee was appointed ahead of the 2022 Annual General Meeting comprising Peter Hofvenstam (nominated by Nordstjernan) as Chair, Stefan Hedelius (nominated by Tom Hedelius), Joakim Spetz (nominated by Swedbank Robur Funds) and Lilian Fossum Biner (nominated by Handelsbanken Funds). The Nomination Committee is to prepare motions regarding the Chair of the Annual General Meeting, the number of Board members, the election of Board members, the Chair of the Board and auditors, as well as the fees to be paid to each Board member and the auditors.

The Nomination Committee's complete motions regarding the Board of Directors and auditors will be presented in the notice for the

2022 Annual General Meeting and on the company's website. The Nomination Committee will present and motivate its motions regarding the Board of Directors and auditors on the company's website in conjunction with the publication of the notice for the Meeting and at the Annual General Meeting itself. No separate remuneration was paid for work on the Nomination Committee during the year.

Board of Directors 2021

In accordance with Alligo's Articles of Association, the Board of Directors is to comprise not fewer than five and not more than eight ordinary Board members.

Board members

Alligo AB's Board of Directors comprises six ordinary Board members appointed by the 2021 Annual General Meeting: Johan Sjö (Chair), Johan Eklund, Stefan Hedelius, Göran Näsholm, Gunilla Spongh and Christina Åqvist. A presentation of these Board members, including information on other assignments and work experience, can be found on page 42 and on the company's website. All Board members are independent in relation to the company and its senior executives. Two Board members are dependent in relation to the company's major shareholders. Accordingly, the Board of Directors meets the requirement that at least two of the Board members who are independent in relation to the company should also be independent in relation to major shareholders. There is also one employee representative on the Board, Rasmus Flodin.

According to the resolution of the Annual General Meeting, each Board member elected by the Annual General Meeting receives a fee of SEK 380,000. The Chair of the Board receives a fee of SEK 800,000. A separate fee of SEK 100,000 is paid to the Chair of the Audit Committee. No fees are paid for any other committee work. The total Board fees are therefore unchanged from the previous year, although this entails a change in the individual fees of Board members compared with the previous year.

Refer to the table below for a summary of the members of the Board elected by the Annual General Meeting, their participation in committees, attendance at Board meetings, dependency and fees.

Chair of the Board

The Chair of the Board is responsible for ensuring that the work of the Board is well organised and conducted efficiently and that the Board performs its duties. In particular, the Chair is responsible for organising and leading the work of the Board in a manner that creates the best possible conditions for the Board to conduct its work. It is the Chair's task to ensure that a new Board member receives the required introductory training and any other training deemed appropriate by the Chair and the Board member, to ensure that the Board continuously updates and deepens its knowledge about the company, to ensure that the Board holds meetings as required and receives sufficient information and supporting data for its work, to propose an agenda for Board meetings in consultation with the CEO, to ensure that the decisions of the Board are carried out and to ensure that the work of the Board is evaluated annually. The Chair is responsible for all contact with the owners regarding ownership matters and for conveying feedback from the owners to the Board.

Duties of the Board

The Board of Directors is ultimately responsible for the company's organisation and administration of the company's affairs in the interests of the company and of all shareholders in accordance with the laws, regulations and agreements that the company is obligated to follow. Based on its analysis of the company's operating environment, the Board is also responsible for deciding on strategic matters.

Each year, the Board adopts written rules of procedure that regulate the work of the Board and its internal distribution of responsibility, including its committees and the distribution of responsibilities with internal business area boards, the procedure for resolutions within the Board, the agendas of Board meetings and the duties of the Chair as well as instructions for financial reporting. The Board has also issued instructions to the CEO, which grant the authority to make decisions regarding investments, corporate acquisitions and sales as well as financing issues. The Board has also adopted a number of policies for the Group's operations, including a financial policy, environmental policy and code of conduct.

The Board of Directors oversees the work of the CEO through continuous monitoring of the operations during the year and is responsible for ensuring that the organisation and management as well as the guidelines for administration of the company are appropriate and that the company has adequate internal control and effective systems in place for monitoring and controlling the company's operations and compliance with legislation and regulations applicable to the company's operations.

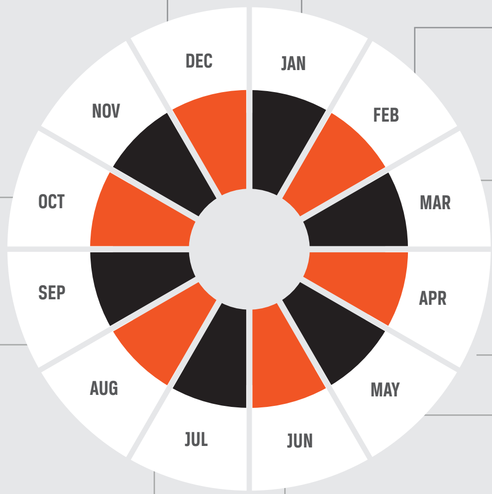
The Board is also responsible for establishing, developing and monitoring the company's goals and strategies, decisions regarding acquisitions and divestments of businesses, major investments, repurchases of own shares, and appointment and remuneration of Group management. The Board and CEO present the annual accounts to the Annual General Meeting.

The work of the Board is evaluated annually under the supervision of the Chair of the Board. The Nomination Committee is informed of the results of this evaluation. The Board evaluates

BOARD COMPOSITION, ATTENDANCE, DEPENDENCY CONDITIONS AND FEES FOR 2021

			No. of meetings attended			Dependent in relation to		
Ordinary Board members	Year of election	Position	Board of Directors	Audit Committee	Remuneration Committee	Alligo	Major shareholders	Fee, SEK
No. of meetings			**13**	**7**	**2**			
Johan Sjö	2019	Chair of the Board Chair of Remuneration Committee	13	7	2	No	Yes	800,000
Johan Eklund	2020	Board member	13	7		No	Yes	380,000
Stefan Hedelius	2016	Board member	13	7	2	No	No	380,000
Göran Näsholm	2019	Board member	13	7		No	No	380,000
Gunilla Spongh	2016	Board member Chair of Audit Committee	13	7		No	No	480,000
Christina Åqvist	2020	Board member	13	7		No	No	380,000

THE WORK OF THE BOARD OF DIRECTORS IN 2021



JANUARY
- Budget 2021
- Redemption of call options
- Board evaluation
- Acquisition opportunities

FEBRUARY
- Year-end report 2020
- Proposal for appropriation of profits
- Reporting of final audit report
- Risk assessment
- Internal control
- Remuneration of senior executives
- Status of coordination of Tools and Swedol
- Sustainability
- Acquisition opportunities

MARCH
- Submission of annual report
- Remuneration of senior executives
- Notice of Annual General Meeting
- Separate listing Components & Services
- Acquisition opportunities

APRIL
- Interim Report Q1
- Separate listing Components & Services
- Acquisition opportunities

MAY
- Statutory Board meeting
- Board's rules of procedure and CEO instructions
- Mission, vision, core values
- Status Sweden
- Logistics
- Separate listing Components & Services
- Acquisition opportunities

JUNE
- Strategy
- Situation analysis
- Status of coordination of Tools and Swedol
- Separate listing Components & Services
- Acquisition opportunities

JULY
- Interim Report Q2
- KPMG audit plan
- Separate listing Components & Services

SEPTEMBER
- Coordination of logistics in Sweden
- Separate listing Components & Services
- Acquisition opportunities

OCTOBER
- Interim Report Q3
- New management
- Change of name
- Cash redemption of call options
- Coordination of logistics in Sweden
- Budget 2022
- Status Sweden
- Sustainability
- Acquisition opportunities

DECEMBER
- Budget 2022
- Accounting issues
- Reporting of management audit and review for Q3
- Status Norway and Finland
- Status of coordination of Tools and Swedol
- Employee survey
- Evaluation of CEO and senior executives
- Acquisition opportunities

the work of the CEO on an ongoing basis. This issue is also specifically addressed each year at a Board meeting, without the presence of any member of Group management. The Board also evaluates and comments on any significant assignments, if any, performed by the CEO outside the company. Each Board member is to independently assess the matters to be addressed by the Board and request the information deemed necessary to make well-founded decisions.

Each Board member is to continuously acquire any knowledge about the company's operations, organisation, markets and so forth required for the assignment.

Work of the Board

The work of the Board of Directors follows an annual plan. In addition to the statutory meeting, which is held in conjunction with the Annual General Meeting, the Board of Directors normally convenes on five occasions each year (scheduled meetings) in connection with the publication of the interim reports and holds an annual strategy meeting. Extraordinary meetings are convened when necessary. Each meeting follows an agenda, which is distributed to the Board members prior to each Board meeting along with supporting documentation. The decisions of the Board are made after discussions led by the Chair of the Board. The task of the committees appointed by the Board is to draft motions for resolutions by the Board (see below).

The agenda for the statutory meeting of the Board includes the adoption of the rules of procedure for the Board of Directors, decisions regarding signatory powers and the approval of the minutes. The items addressed at the scheduled meeting in February include the year-end financial statements, the proposed appropriation of profit and the financial report. In conjunction with this meeting, the company's auditors report to the Audit Committee on their observations and assessments based on the audit performed. Each scheduled meeting also includes a number of fixed agenda items, including reports on the current financial outcome of the company's operations.

The Board of Directors held 13 Board meetings during the 2021 financial year, including a statutory meeting and two meetings per capsulam.

The Board's work during the year focused on issues pertaining to measures taken to address the Covid-19 pandemic and follow-up of ongoing operations, earnings and profitability trends, the Group's organisation and strategic development, and the Group's financial position. Refer to the table on page 44 for information regarding attendance at Board and committee meetings.

The CEO and the Group CFO report to and attend Board meetings. Other employees in the Group participate in Board meetings to report on specific issues or whenever deemed appropriate.

Remuneration Committee

The Remuneration Committee appointed by the Board prepares the motion regarding guidelines for determining remuneration and other terms of employment for senior executives. Motions for new guidelines are to be prepared at least every four years and submitted by the Board for resolution by the Annual General Meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting of Shareholders. The Remuneration Committee shall also monitor and evaluate the programme for the variable remuneration of senior executives, the application of the guidelines for the remuneration of senior executives, as well as the current remuneration structures and remuneration levels at the company. The Board prepares an annual remuneration report on the application of the company's remuneration guidelines.

Remuneration of the CEO shall be decided by the Board of Directors after being prepared and recommended by the Remuneration Committee, within the scope of established remuneration principles. Remuneration of other senior executives shall be decided by the Remuneration Committee, within the scope of established remuneration principles and after consulting with the CEO. The Remuneration Committee informs the Board of its decisions.

The Remuneration Committee consists of Chair of the Board Johan Sjö (Chair of the Remuneration Committee) and Board member Stefan Hedelius. The CEO presents reports to the Committee. The CEO does not report on their own remuneration. The Remuneration Committee convened on two occasions during the 2021 financial year, during which minutes were taken.

Audit Committee

The Board has appointed an Audit Committee, which – without influencing the responsibilities and duties of the Board in any other respect – is responsible for monitoring the company's financial reporting, monitoring the efficiency of the company's internal control and risk management with respect to its financial reporting, remaining informed about the audit of the Annual Report and consolidated financial statements, reviewing and monitoring the impartiality and independence of the auditors and whether the auditors have provided the company with services other than auditing services, and assisting in the preparation of motions regarding the election of auditors for resolution by the General Meeting of Shareholders.

The Audit Committee consists of all ordinary Board members and the committee meetings were held in conjunction with the scheduled Board meetings. In conjunction with the adoption of the annual accounts, the Audit Committee meets with and receives a report from the company's external auditors. At the same time, the Committee also meets with the auditors without the presence of the CEO or other members of Group management. The Chair of the Audit Committee is Gunilla Spongh. The Chair has accounting and audit competence. The Audit Committee convened on seven occasions during the 2021 financial year, during which minutes were taken. During the year, SEK 100,000 was paid to the Chair of the Committee.

CEO and Group management

The CEO manages the operations in accordance with the Swedish Companies Act and the framework established by the Board. With respect to the authority of the CEO to make decisions regarding investments, corporate acquisitions, corporate sales and financing issues, the rules approved by the Board of Directors apply. In consultation with the Chair of the Board, the CEO prepares the necessary information and supporting data for Board meetings, reports on various matters and explains the motivation for motions presented for resolution. The CEO leads the work of Group management and makes decisions in consultation with the other members of management.

Auditors

According to the Articles of Association, a registered accounting firm (or, alternatively, one or two authorised public accountants) is to be elected as auditor. KPMG was elected as the company's auditor at the 2021 Annual General Meeting for the period until the end of the 2022 Annual General Meeting. The Chief Auditor is Helena Arvidsson Älgne. KPMG performs the audit of Alligo AB and most of its subsidiaries.

The company's auditors follow an audit plan, which includes feedback from the Board and the Audit Committee, and reports its findings to the company management teams, Group management and the Board and Audit Committee of Alligo AB during the course of the audit and in conjunction with the adoption of the annual accounts. The company's auditor also participates in the Annual General Meeting, presenting and commenting on the audit work. The independence of the external auditors is regulated through special instructions established by the Board, which state the areas which may be addressed by the external auditors in addition to the normal audit work. KPMG continuously assesses its independence in relation to the company and provides the Board with written assurance of the auditing firm's independence in relation to Alligo each year. The total fee for KPMG's services in addition to the audit assignment amounted to MSEK 1 (0) during the 2021 financial year.

Ethical guidelines

Alligo strives to conduct its business with high requirements imposed on integrity and ethics. The Board of Directors adopts a Code of Conduct for the Group's operations on an annual basis, which also includes ethical guidelines. The Code of Conduct is available in full on the company's website.

Guidelines for determining remuneration and other terms of employment for senior executives

The Board aims to ensure that the remuneration system in place for the CEO and other members of the Group's senior management is competitive and in line with market conditions. The guidelines for determining remuneration and other terms of employment for senior executives that applied for the 2021 financial year, which were adopted by the 2021 Annual General Meeting, are presented on pages 35–36.

INTERNAL CONTROL OF FINANCIAL REPORTING

Alligo's work with internal monitoring and control is designed to ensure that financial reporting is appropriate, accurate and reliable in accordance with applicable laws and regulations.

According to the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board of Directors is responsible for the company's internal control. This responsibility includes an annual evaluation of the financial reporting received by the Board of Directors and specifying requirements for its content and presentation so as to ensure the quality of the reporting. These requirements stipulate that the financial reporting must be suited to its purpose, with the application of the accounting rules in force and other requirements that apply to listed companies. The following description is limited to the internal control of Alligo with respect to financial reporting.

Control environment

The basis of the internal control of the company's financial reporting comprises the control environment, including the organisation, decision paths, lines of authority and responsibilities documented and communicated in various control documents, such as control documents established by the Board, policies and Group-wide guidelines and manuals.

Alligo bases and organises its operations on decentralised accountability for profitability, with its business and operating areas taking the form of companies. Accordingly, central control documents include rules of procedure for internal Board work and instructions for the division of responsibility between each board and the CEOs.

The Group's most important financial control documents are gathered on its intranet and include a comprehensive financial policy, a reporting manual, a manual for the Group's internal bank, a description of accounting policies and expanded instructions preceding every closing of the books. These financial rules and regulations are updated regularly and training programmes are offered during the financial year to ensure the uniform implementation and application of the rules and regulations. On a more general level, all operations in the Alligo Group are to be conducted in accordance with the Group's Code of Conduct.

Control activities

Alligo has established control structures to manage the risks that the Board of Directors and corporate management consider to be significant to the company's internal control with respect to financial reporting. Examples include transaction-related controls, such as regulations concerning authorisation and investments, as well as clear payment procedures and analytical controls performed by the Group's controller organisation. Controllers at all levels in the Group play a key role in terms of integrity, competence and the ability to create an environment that is conducive to achieving transparency and true and fair financial reporting.

The monthly earnings follow-up conducted via the internal reporting system is an important overall control activity. The earnings follow-up includes reconciliations with previously set goals and the most recent forecast as well as follow-up of adopted key performance indicators. This follow-up of earnings also functions as an important complement to the controls and reconciliations performed in the actual financial processes.

Follow-up

Follow-ups to assure the quality of the Group's internal control are performed within the Group in various ways. The central finance function works pro-actively through its participation in various projects aimed at developing internal control. The function also continuously conducts audits to assess the efficiency of internal controls in various parts of the Group and follows up the implementation of the Group's policies and guidelines.

Alligo strives to achieve an open corporate climate and high business ethics. The success of the Group is based on a number of ethical guidelines, which are described in Alligo's Code of Conduct. The Group's internal and external stakeholders play a key role in helping to identify any deviations from established values and ethical guidelines. To make it easier to identify such deviations, Alligo has introduced a whistleblowing system. The whistleblowing system allows any suspicions of misconduct to be reported anonymously. It is an important tool for reducing risks and fostering high business ethics and thereby maintaining customer and public confidence in the Group's operations.

Internal audit

The Board has decided not to establish a special internal audit function. This decision was made based on the size and operations of the Group as well as the existing internal control processes as described above. When necessary, the Audit Committee commissions external advisers to assist on projects relating to internal control.

Auditors' review of the six-month or nine-month report

Neither Alligo's six-month report nor its nine-month report for the 2021 financial year were reviewed by the company's external auditors, which is a deviation from the rules of the Code. However, an enhanced review was performed for the third quarter in relation to continuing operations, commissioned by the management. The intention is to have Alligo's nine-month report for 2022 reviewed by the company's external auditors.

Non-compliance

The company has not breached the rulebook of the stock exchange on which its shares are listed for trading or the best practice in the stock market.

BOARD OF DIRECTORS

JOHAN SJÖ

Chair of the Board since 2019.

Born: 1967.

Education: M.Sc. Econ.

Other current assignments: Senior Advisor Nordstjernan AB, Chair of the Board of AddLife AB and OptiGroup AB. Board member of Camfil AB and M2 Asset Management AB.

Work experience: Investment Director and Head of Distribution & Trade at Nordstjernan AB, President & CEO of the Addtech Group and senior positions in the Bergman & Beving Group and at Alfred Berg/ABN Amro.

Independent in relation to:
- the company and its management: Yes.
- major shareholders: No.

Shares owned: 27,400 Class B shares (own holding).

JOHAN EKLUND

Board member since 2020.

Born: 1991.

Education: M.Sc. Econ.

Other current assignments: Investment Manager at Nordstjernan. Chair of the Board of Salcomp Holding AB.

Work experience: Analyst at Morgan Stanley.

Independent in relation to:
- the company and its management: Yes.
- major shareholders: No.

Shares owned: –.

STEFAN HEDELIUS

Board member since 2016.

Born: 1969.

Education: University studies in economics, various international executive education programmes.

Other current assignments: CEO and Board member of Human Care Group AB. Board member of AddLife AB.

Work experience: CEO of NOTE AB. Vice President Brand and Marketing at Scandinavian Airlines (SAS) and senior positions in the Ericsson Group, including Vice President Marketing and Communications, Head of Strategy and Marketing, and Vice President of Ericsson Austria.

Independent in relation to:
- the company and its management: Yes.
- major shareholders: Yes.

Shares owned: 1,500 Class B shares (own holding).

GÖRAN NÄSHOLM

Board member since 2019.

Born: 1955.

Education: M.Sc., Mechanical Engineering & M.Sc. Econ.

Other current assignments: Chair of the Board of Malef Holding AB. Board member of LW Sverige AB, Nordisk Bergteknik AB and Pegroco Invest AB.

Work experience: President & CEO of Ahlsell AB. Senior positions in the Ahlsell Group, President of Jirva AB, Purchasing Director at Calor Celsius AB and senior positions in the Alfa Laval Group.

Independent in relation to:
- the company and its management: Yes.
- major shareholders: Yes.

Shares owned: 30,000 Class B shares (own holding).

GUNILLA SPONGH

Board member since 2016.

Born: 1966.

Education: M.Sc. Eng. and Industrial Economics.

Other current assignments: Chair of the Board of Bluefish Pharmaceuticals AB. Deputy Chair of the Board of Swedish Stirling AB. Board member of AQ Group AB, Byggmax Group AB, Consivo Group AB, Lernia AB, Pierce Group AB, ViaCon Group AB and Systemair AB.

Work experience: CFO of Preem AB. International Business Director and CFO of Mekonomen Group. Senior positions at Cashguard, Enea and Electrolux.

Independent in relation to:
- the company and its management: Yes.
- major shareholders: Yes.

Shares owned: 1,550 Class B shares (own holding).

CHRISTINA ÅQVIST

Board member since 2020.

Born: 1978.

Education: LL.B.

Other current assignments: Partner at Indequity AB. Chair/member of the boards of companies in which Indequity invests.

Work experience: President & CEO of Distrelec Group AG, Head of Retail & Greenfield Expansion at B&B Tools, consultant at Boston Consulting Group and corporate lawyer at Advokatfirman Vinge.

Independent in relation to:
- the company and its management: Yes.
- major shareholders: Yes.

Shares owned: –.

RASMUS FLODIN

Board member since 2021.
Employee representative.

Born: 1992.

Education: Studies at IHM Business School.

Other current assignments: Field sales, Tools Sverige AB.

Independent in relation to:
- the company and its management: No.
- major shareholders: Yes.

Shares owned: –.

GROUP MANAGEMENT

CLEIN JOHANSSON ULLENVIK

CEO & President since November 2021

Born: 1966.

Education: M.Sc. Business & Economics.

Other current assignments: Chair of the Board, Board member and/or CEO of several subsidiaries within the Alligo Group. Board member of CT Invest AB and Greenboys AB.

Work experience: CEO of several subsidiaries within the Alligo Group. CEO and President of Swedol AB.

Shares owned: 24,658 Class B shares (own holding).

IRENE WISENBORN BELLANDER

CFO since November 2021

Born: 1973.

Education: M.Sc., Business Administration and Economics.

Other current assignments: Board member of several subsidiaries within the Alligo Group.

Work experience: CFO Swedol AB, CFO Bring, senior positions at Mekonomen and Lantmännen. Authorised Public Accountant PwC.

Shares owned: –.

AUDITORS

KPMG AB have been auditors for Alligo AB since 2016.

HELENA ARVIDSSON ÄLGNE

Authorised Public Accountant. Chief Auditor.

Born: 1962.

Helena Arvidsson Älgne has been Chief Auditor for Alligo AB since 2020.

JONAS ERIKSSON

Authorised Public Accountant. Cosignatory.

Born: 1974.

Jonas Eriksson has been cosignatory auditor for Alligo AB since 2021.

Consolidated income statement

MSEK	Note	2021	2020[1] (9 mos.)
Revenue	3	8,475	6,019
Other operating income	4	33	29
Total operating income		**8,508**	**6,048**
Cost of goods sold		-4,987	-3,713
Personnel costs	5	-1,640	-1,107
Depreciation, amortisation, impairment losses and reversal of impairment losses		-563	-431
Other operating expenses	6, 12	-891	-571
Total operating expenses		**-8,081**	**-5,822**
Operating profit	3	**427**	**226**
Financial income		3	3
Financial expenses		-51	-42
Net financial items	7	**-48**	**-39**
Profit/loss after financial items		**379**	**187**
Taxes	9	-88	-42
Profit/loss for the year, continuing operations		**291**	**145**
Profit/loss for the year, discontinued operations	32	**139**	**84**
Profit/loss for the year, Group total		**430**	**229**
Of which, attributable to:			
Parent Company shareholders		429	228
Non-controlling interests		1	1
Earnings per share, SEK	18		
Continuing operations[2]		5.75	2.90
Discontinued operations[2]		2.75	1.65
Group total[2]		8.50	4.55

1) For a 12-month comparison period for 2020, see Alligo's year-end report for 2021.
2) Before and after dilution.

Consolidated statement of comprehensive income

MSEK	Note	2021	2020[1] (9 mos.)
Profit/loss for the year		**430**	**229**
Other comprehensive income			
Components that will not be reclassified to profit/loss for the year:			
Remeasurement of defined benefit pension plans		1	-2
Tax attributable to components that will not be reclassified	9	0	0
		1	**-2**
Components that will be reclassified to profit/loss for the year:			
Translation differences		51	-37
Fair value changes for the year in cash flow hedges		7	-13
Fair value changes in cash flow hedges transferred to profit/loss for the year		14	-14
Tax attributable to components that were or can be reclassified to profit/loss for the year	9	-4	6
		68	**-58**
Other comprehensive income for the year		**69**	**-60**
Comprehensive income for the year		**499**	**169**
Of which, attributable to:			
Parent Company shareholders		498	168
Non-controlling interests		1	1

1) For a 12-month comparison period for 2020, see Alligo's year-end report for 2021.

Consolidated balance sheet

MSEK	Note	31/12/2021	31/12/2020
ASSETS			
Non-current assets			
Intangible non-current assets	10	2,577	2,784
Tangible non-current assets	11	532	506
Right-of-use assets	12	935	952
Financial investments		0	1
Other non-current receivables	16	14	0
Deferred tax assets	9	75	70
Total non-current assets		**4,133**	**4,313**
Current assets			
Inventories	14	1,856	1,761
Tax assets		17	0
Accounts receivable	24	1,154	1,141
Other receivables	16	119	59
Prepaid expenses and accrued income	15	141	163
Cash and cash equivalents		286	375
Discontinued operations, assets held for distribution	32	973	-
Total current assets		**4,546**	**3,499**
TOTAL ASSETS		**8,679**	**7,812**
EQUITY AND LIABILITIES			
Equity	17		
Share capital		102	102
Other contributed capital		-	-
Reserves		-5	-73
Retained earnings including profit/loss for the year		3,332	3,008
Equity attributable to Parent Company shareholders		**3,429**	**3,037**
Non-controlling interests		**19**	**14**
Total equity		**3,448**	**3,051**
Non-current liabilities			
Non-current interest-bearing liabilities	24	1,421	1,544
Non-current lease liabilities	24	674	641
Non-current non-interest-bearing liabilities	20	3	17
Provisions for pensions	19	0	34
Other provisions	20	47	1
Deferred tax liabilities	9	349	360
Total non-current liabilities		**2,494**	**2,597**
Current liabilities			
Current interest-bearing liabilities	24	124	124
Current lease liabilities	24	339	363
Accounts payable		1,144	1,022
Tax liabilities		8	36
Other liabilities	21	167	183
Accrued expenses and deferred income	22	445	436
Discontinued operations, liabilities held for distribution		510	-
Total current liabilities		**2,737**	**2,164**
TOTAL LIABILITIES		**5,231**	**4,761**
TOTAL EQUITY AND LIABILITIES		**8,679**	**7,812**

Consolidated statement of changes in equity

	Equity attributable to Parent Company shareholders					
MSEK	**Share capital**	**Reserves**	**Retained earnings incl. profit/loss for the year**	**Total**	**Non-controlling interests**	**Total equity**
Opening equity, 01/04/2020	**102**	**-15**	**2,782**	**2,869**	**19**	**2,888**
Profit/loss for the year			228	**228**	1	**229**
Other comprehensive income		-58	-2	**-60**		**-60**
Non-cash issue[1]	0		0	**0**		**0**
Changes in ownership share in partly owned subsidiaries			1	**1**	-8	**-7**
Contributions in partly owned subsidiaries				**-**	2	**2**
Change in value of option liability[2]			-1	**-1**		**-1**
Closing equity, 31/12/2020	**102**	**-73**	**3,008**	**3,037**	**14**	**3,051**
Opening equity, 01/01/2021	**102**	**-73**	**3,008**	**3,037**	**14**	**3,051**
Profit/loss for the year			429	**429**	1	**430**
Other comprehensive income		68	1	**69**		**69**
Dividend			-76	**-76**		**-76**
Repurchase of share options			-20	**-20**		**-20**
Sale of treasury shares			9	**9**		**9**
Acquisitions of partly owned subsidiaries				**-**	10	**10**
Changes in ownership share in partly owned subsidiaries			-5	**-5**	-5	**-10**
Dividends paid in partly owned subsidiaries				**-**	-1	**-1**
Change in value of option liability[2]			2	**2**		**2**
Option liability, acquisitions[3]			-16	**-16**		**-16**
Closing equity, 31/12/2021	**102**	**-5**	**3,332**	**3,429**	**19**	**3,448**

1) New issue of a total of 22,633,876 Class B shares pertaining to the offering to the shareholders of Swedol AB (publ) during the first quarter of 2020, as well as 6,897 Class B shares during the second quarter of 2020.

2) Pertains to a change in the value of the put options in relation to non-controlling interests issued in conjunction with acquisitions of partly owned subsidiaries.

3) Pertains to the value of the put options in relation to non-controlling interests in the acquired subsidiary Mekano AB which grant the shareholders the right to sell shares to Alligo. The price of the options is dependent on the results achieved at the company and may be extended by one year at a time from 2025 onwards.

Consolidated statement of cash flows

MSEK	Note	2021	2020[1] (9 mos.)
Operating activities			
Profit/loss after financial items, continuing operations		379	187
Profit/loss after financial items, discontinued operations[2]		176	107
Adjustments for non-cash items	30	710	527
Income taxes paid		-144	-58
Cash flow from operating activities before changes in working capital		**1,121**	**763**
Cash flow from changes in working capital			
Change in inventories		-282	167
Change in operating receivables		-279	113
Change in operating liabilities		383	43
Changes in working capital		**-178**	**323**
Cash flow from operating activities		**943**	**1,086**
Investing activities			
Acquisition of tangible non-current assets		-114	-125
Proceeds from sale of tangible non-current assets		2	0
Acquisition of intangible non-current assets		-44	-24
Acquisition of subsidiaries/operating segments, net effect on liquidity	31	-151[3]	-1,749
Divestment of subsidiaries/operating segments, net effect on liquidity	31	-23	-
Acquisition of financial non-current assets		-15	-
Proceeds from sale of financial non-current assets		0	1
Cash flow from investing activities		**-345**	**-1,897**
Cash flow before financing		**598**	**-811**
Financing activities			
Dividend paid to Parent Company shareholders		-76	-
Dividend paid to non-controlling interests		-1	-
Additional acquisition of shares in already partly owned subsidiaries		-14	-26
Shareholders' contributions received in partly owned subsidiaries		-	2
Sale/repurchase of call options		-20	-
Repurchase/sale of treasury shares		9	-
Borrowings		-	555
Repayment of loans		-527	-500
Cash flow from financing activities		**-629**	**31**
Cash flow for the year		**-31**	**-780**
Cash and cash equivalents at the beginning of the year		375	1,157
Exchange difference in cash and cash equivalents		1	-2
Cash and cash equivalents at year-end	31	**345[4]**	**375**

1) For a 12-month comparison period for 2020, see Alligo's year-end report for 2021.

2) For information about the impact of the Components & Services business area on consolidated cash flow in each section, see note 32 Discontinued operations.

3) Of the total of MSEK -151 of cash flow from the acquisition of subsidiaries and other business units, MSEK -31 pertains to business combinations in continuing operations and MSEK -120 to business combinations in discontinued operations.

4) In comparison with cash and cash equivalents on the balance sheet, MSEK 286 can be found on the line Cash and cash equivalents and MSEK 59 on the line Assets held for distribution.

Parent Company income statement

MSEK	Note	2021	2020[1] (9 mos.)
Revenue	3	23	22
Other operating income	4	5	2
Total operating income		**28**	**24**
Personnel costs	5	-31	-20
Depreciation, amortisation, impairment losses and reversal of impairment losses		0	0
Other operating expenses	6, 12	-17	-13
Total operating expenses		**-48**	**-33**
Operating profit		**-20**	**-9**
Profit from financial items			
Profit from participations in Group companies	7	-	-
Profit from other securities and receivables recognised as non-current assets	7	30	21
Other interest income and similar profit/loss items	7	0	0
Interest expenses and similar profit/loss items	7	-25	-25
Net financial items		**5**	**-4**
Profit/loss after financial items		**-15**	**-13**
Appropriations	8	42	-
Profit/loss before tax		**27**	**-13**
Taxes	9	-6	3
Profit/loss for the year		**21**	**-10**

1) For a 12-month comparison period for 2020, see Alligo's year-end report for 2021.

Parent Company statement of comprehensive income

MSEK	Note	2021	2020[1] (9 mos.)
Profit/loss for the year		**21**	**-10**
Other comprehensive income			
Components that will not be reclassified to profit/loss for the year		-	-
Components that will be reclassified to profit/loss for the year		-	-
Other comprehensive income for the year		**-**	**-**
Comprehensive income for the year		**21**	**-10**

1) For a 12-month comparison period for 2020, see Alligo's year-end report for 2021.

Parent Company balance sheet

MSEK	Note	31/12/2021	31/12/2020
ASSETS			
Non-current assets			
Intangible non-current assets	10	0	0
Financial non-current assets:			
Participations in Group companies	28	1,991	1,991
Receivables from Group companies	13	1,694	1,913
Deferred tax assets	9	0	3
Total financial non-current assets		**3,685**	**3,907**
Total non-current assets		**3,685**	**3,907**
Current assets			
Current receivables:			
Receivables from Group companies		172	139
Tax assets		20	30
Other receivables	16	1	2
Prepaid expenses and accrued income		4	5
Total current receivables		**197**	**176**
Cash and bank		**251**	**357**
Total current assets		**448**	**533**
TOTAL ASSETS		**4,133**	**4,440**
EQUITY, PROVISIONS AND LIABILITIES			
Equity	17		
Restricted equity:			
Share capital		102	102
Non-restricted equity:			
Share premium reserve		1,442	1,442
Retained earnings		426	523
Profit/loss for the year		21	-10
Total equity		**1,991**	**2,057**
Untaxed reserves	30	**-**	**-**
Non-current liabilities			
Provisions		4	-
Liabilities to credit institutions	24	1,421	1,544
Liabilities to Group companies		-	-
Total non-current liabilities		**1,425**	**1,544**
Current liabilities			
Liabilities to credit institutions	24	124	124
Accounts payable		2	1
Liabilities to Group companies		580	705
Tax liabilities		-	-
Other liabilities		1	2
Accrued expenses and deferred income	22	10	7
Total current liabilities		**717**	**839**
TOTAL EQUITY, PROVISIONS AND LIABILITIES		**4,133**	**4,440**

Parent Company statement of changes in equity

MSEK	Restricted equity Share capital	Non-restricted equity Holding of treasury shares	Share premium reserve	Retained earnings	Profit/loss for the year	Total equity
Opening equity, 01/04/2020	**102**	**-49**	**1,442**	**570**	**2**	**2,067**
Reversal of earnings				2	-2	**0**
Profit/loss for the year					-10	**-10**
Other comprehensive income						**-**
Non-cash issue[1]	0		0			**0**
Closing equity, 31/12/2020	**102**	**-49**	**1,442**	**572**	**-10**	**2,057**
Opening equity, 01/01/2021	**102**	**-49**	**1,442**	**572**	**-10**	**2,057**
Reversal of earnings				-10	10	**0**
Profit/loss for the year					21	**21**
Other comprehensive income						**-**
Dividend				-76		**-76**
Repurchase of share options				-20		**-20**
Sale of treasury shares		8		1		**9**
Closing equity, 31/12/2021	**102**	**-41**	**1,442**	**467**	**21**	**1,991**

1) New issue of a total of 22,633,876 Class B shares pertaining to the offering to the shareholders of Swedol AB (publ) during the first quarter of 2020, as well as 6,897 Class B shares during the second quarter of 2020.

Parent Company statement of cash flows

MSEK	Note	2021	2020[1] (9 mos.)
Operating activities			
Profit/loss after financial items		-15	-13
Adjustments for non-cash items	30	0	3
Income taxes paid		7	-6
Cash flow from operating activities before changes in working capital		**-8**	**-16**
Cash flow from changes in working capital			
Change in current receivables and liabilities to Group companies		-116	519
Change in operating receivables		2	14
Change in operating liabilities		3	-4
Changes in working capital		**-111**	**529**
Cash flow from operating activities		**-119**	**513**
Investing activities			
Acquisition of intangible non-current assets		-	0
Acquisition of subsidiaries		-	-1,237
Divestment of subsidiaries[2]		-	2,724
Contributions in subsidiaries		-	-1,941
Cash flow from investing activities		**-**	**-454**
Cash flow before financing		**-119**	**59**
Financing activities			
Dividend		-76	-
Sale of treasury shares		9	-
Repurchase of share options		-20	-
Change in non-current receivables and liabilities to Group companies		224	-1,142
Group contributions paid and received		0	-66
Borrowings		0	555
Repayment of loans		-124	-202
Cash flow from financing activities		**13**	**-855**
Cash flow for the year		**-106**	**-796**
Cash and cash equivalents at the beginning of the year		357	1,153
Exchange difference in cash and cash equivalents		-	-
Cash and cash equivalents at year-end	30	**251**	**357**

1) For a 12-month comparison period for 2020, see Alligo's year-end report for 2021.
2) Intra-Group conveyances.

NOTES

NOTE 1 Summary of significant accounting policies

Compliance with standards and legislation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations from the IFRS Interpretations Committee as approved by the EU. Recommendation RFR 1 Supplementary Accounting Rules for Groups issued by the Swedish Financial Reporting Board has also been applied. The Parent Company applies the same accounting policies as the Group, except in the cases stated below under "Parent Company accounting policies."

The Parent Company's financial statements and the consolidated financial statements were approved for publication by the Board of Directors and President & CEO on 23 March 2022. The income statements and balance sheets of the Parent Company and the Group are subject to approval by the Annual General Meeting to be held on 11 May 2022.

European Single Electronic Format (ESEF)

From the 2021 financial year onwards, Alligo applies the Commission Delegated Regulation (EU) 2018/815 with regard to a single electronic reporting format (ESEF). The new technical standard is to be applied to financial years beginning on or after 1 January 2021. The purpose of ESEF is to create a standard reporting format that facilitates analysis and comparison of information. For Alligo, compliance with the requirements of the new standard means that the annual report for 2021 has been prepared in an XHTML format (Extensible HyperText Markup Language) and that the financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and the information in the table below have been tagged in accordance with a separate ESEF Taxonomy.

ESEF data

Name of the reporting company:	Alligo AB
Change of name of the reporting company since end of previous reporting period:	Momentum Group AB (name changed on 31/12/2021)
Company domicile:	Stockholm
Legal form of company:	Aktiebolag (limited liability company)
Country of registration:	Sweden
Address of company's head office:	Vindkraftsvägen 2, 135 70 Tyresö
Description of the company's nature and principal activities:	Alligo is a leading player within workwear, personal protective equipment, tools and consumables in the Nordic region.
Name of parent company:	Alligo AB
Name of ultimate parent company of the group:	Axel and Margaret Ax:son Johnson Foundation

Valuation basis applied when preparing the financial statements

The Parent Company's functional currency is Swedish kronor (SEK), which also constitutes the reporting currency for the Group. This means that the financial statements are presented in SEK. All amounts, unless specifically stated otherwise, are rounded to the nearest million.

Assets and liabilities are recognised at historical cost, except for certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities measured at fair value consist of derivative instruments.

Preparing the financial statements in accordance with IFRS requires that management makes judgements and estimates and makes assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and judgements. The estimates and assumptions are reviewed on a regular basis. Changes in estimates are recognised in the period when the change is made if the change affects this period only, or in the period when the change is made and in future periods if the change affects the current period as well as future periods. Assessments made by management in applying IFRS which have a significant impact on the financial statements and estimates that can lead to significant adjustments to the financial statements for the following year are described in greater detail in Note 2.

Events after the balance sheet date refer to both favourable and unfavourable events that occur between the balance sheet date and the date at the beginning of the following financial year when the financial statements are signed by the members of the Board of Directors and the President & CEO. Information is provided in the Annual Report about any significant events after the end of the financial year that were not accounted for when the financial statements were adopted. Such events that confirm the circumstances prevailing at the balance sheet date are taken into account at the time of adoption of the financial statements.

Non-current assets and disposal groups held for sale are recognised at the lower of their recognised carrying amount at the time of classification and their fair value after a deduction for selling expenses. Offsetting of receivables and liabilities and of income and costs occurs only when required or when expressly permitted in an accounting recommendation.

The stated accounting policies for the Group have been applied consistently for all periods presented in the consolidated financial statements, unless specifically stated otherwise. The Group's accounting policies have been applied consistently in the reporting and consolidating of the Parent Company and subsidiaries.

New and amended accounting policies

There were no new standards or changes to standards in 2021 that required any change to the accounting or valuation policies.

New IFRS that have not yet been applied

No other new or amended IFRS or IFRS IC interpretations that have been published by the IASB but have not yet been adopted by the EU are deemed to be relevant for the Group's financial statements.

Distribution of Momentum Group

Alligo (then Momentum Group) announced on 15 September 2021 that the company had decided to continue with its preparations to distribute the wholly owned subsidiary Momentum Group Komponenter & Tjänster AB to shareholders and list it separately on Nasdaq Stockholm under the name Momentum Group AB. The plan is for Momentum Group AB to be listed separately during the first half of 2022. As Alligo has committed to distributing the shares in the subsidiary, and the holding fulfils other criteria of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the holding has been classified as an asset held for distribution to owners and recognised in accordance with the applicable rules for non-current assets held for sale and discontinued operations. The business area is reported separately in the Group's financial statements under the items "Discontinued operations" on the respective relevant lines of the income statement, balance sheet and cash flow statement for the current periods. For previous periods, the income statement has been recalculated according to the same principles. Balance sheets for previous years have not been recalculated, as this is not permitted under IFRS. More detailed financial tables for discontinued operations are presented in note 32 Discontinued operations.

Segment reporting

An operating segment is a part of the Group that conducts operations that can generate revenue and incur costs, and for which independent financial information is available. The earnings of an operating segment are also monitored by the company's chief operating decision-makers to enable them to be assessed and to allow resources to be allocated to the operating segment. See Note 3 for additional information on the breakdown into and presentation of operating segments.

Classification of current and non-current items

Non-current assets essentially consist of amounts that are expected to be recovered or paid more than 12 months from the balance sheet date, while current assets essentially consist of amounts that are expected to be recovered or paid within 12 months from the balance sheet date. Non-current liabilities essentially consist of amounts which the Group, as of the end of the reporting period, has an unconditional right to pay more than 12 months after the end of the reporting period. If Alligo does not have such a right as at the end of the reporting period – or if the liability is held for trading or expected to be settled within the normal business cycle – the liability amount is recognised as a current liability.

Consolidation principles

Subsidiaries

Subsidiaries are companies in which Alligo AB has a controlling influence. A controlling influence exists if the Parent Company has power over the investee, is exposed to or has rights to variable returns from its involvement and has the ability to use its power over the investee to affect the amount of the investor's returns. When assessing whether or not a controlling influence exists, consideration is given to potential voting shares and whether any de facto control exists.

Subsidiaries are recognised in accordance with the purchase method of accounting. This method entails that the acquisition of a subsidiary is viewed as a transaction through which the Group indirectly acquires the assets of the subsidiary and assumes its liabilities. The acquisition analysis determines the fair value, on the date of acquisition, of the identifiable assets, assumed debts and any non-controlling interests. Transaction costs arising, with the exception of transaction costs attributable to the issue of equity instruments or debt instruments, are recognised directly in profit and loss for the year. In the case of business combinations where the transferred remuneration, any non-controlling interests and the fair value of previously held participations (step acquisitions) exceed the fair value of the acquired assets and assumed liabilities that are to be recognised separately, the difference is recognised as goodwill. Should the difference be negative, which is known as a bargain purchase, it is recognised directly in profit or loss for the year.

Contingent considerations are measured at fair value on the date of acquisition. In those cases where the contingent consideration is classified as an equity instrument, no revaluation is applied and settlement is made directly within equity. Other contingent considerations are remeasured for each financial statement and the difference is recognised in profit or loss for the year. If the acquisition does not pertain to 100 per cent of the subsidiary, a non-controlling interest arises. There are two methods for recognising non-controlling interests: (i) by recognising the non-controlling interest's share of the proportional net assets or (ii) by recognising the non-controlling interest at fair value, meaning that the non-controlling interest has part of goodwill. Which of these two alternatives is to be applied for the recognition of non-controlling interests can be determined on a case-by-case basis.

For step acquisitions, goodwill is determined on the date on which controlling influence arises. Previous holdings are measured at fair value and the change in value is recognised in profit or loss for the year. For divestments that lead to a loss of controlling influence but where a holding remains, the holding is measured at fair value and the change in value is recognised in profit or loss for the year. The financial statements of subsidiaries are consolidated from the date of acquisition until the date when the controlling influence ceases.

Discontinued operations

Discontinued operations are a part of the Group that has either been divested or is classified as held for distribution and which constitutes an independent business operation or is a subsidiary that has been acquired for the sole purpose of being sold. Discontinued operations are recognised separately from continuing operations in the income statement, with corresponding reporting for the comparison period. Assets that are held for distribution are recognised separately on the balance sheet, as are liabilities relating to these assets. The comparison period is not affected. Assets that are held for distribution are valued at the lower of the carrying amount and the fair value after a deduction for selling expenses; see note 32 for further information.

Transactions eliminated in consolidation

Intra-group receivables and liabilities, income or expenses, and unrealised gains or losses arising in intra-Group transactions between Group companies are eliminated in their entirety when preparing the consolidated financial statements. Unrealised gains that arise in transactions with associates are eliminated to an extent corresponding to the Group's participating interest in the company. Unrealised losses are eliminated in the same manner as unrealised gains, but only insofar as no impairment requirement exists.

Foreign currency

Transactions in foreign currency

Transactions in foreign currency are translated to the functional currency using the exchange rate prevailing on the transaction date. The functional currency is the currency of the primary economic environments in which the companies conduct their operations. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate prevailing on the balance sheet date. Exchange rate differences that arise during translation are recognised in profit or loss for the year. Non-monetary assets and liabilities recognised at historical cost are translated at the exchange rate prevailing on the transaction date.

Financial statements of foreign entities

Assets and liabilities in foreign entities, including goodwill and other consolidated surplus values and deficits, are translated from the foreign entity's functional currency to the Group's reporting currency, SEK, at the exchange rate prevailing on the balance sheet date. Income and expenses in foreign entities are translated to SEK at the average exchange rate, which constitutes an approximation of the foreign exchange rates prevailing at each transaction date.

Translation differences arising as a result of the translation of a foreign subsidiary's net assets are recognised in other comprehensive income and are accumulated in a separate equity component, referred to as the translation reserve. When a foreign entity is divested, the accumulated translation differences attributable to the entity are realised and reclassified from the translation reserve in equity to profit or loss for the year.

Income

The Group's primary income comprises the sale of goods. Some sales of services also occur. Income is recognised at an amount that reflects the consideration to which the company expects to be entitled for transferring products and/or services to a customer when control has been transferred to the customer.

Sale of goods

Income includes the fair value of the amount that has been, or will be, received for goods sold in the Group's operating activities. Income is recognised net, less discounts, such as volume-related discounts. Income is recognised at a specific time when control is transferred to the customer and the Group has fulfilled its performance obligation, which takes place on delivery of the goods.

Service assignments

Part of the Group's income comes from service assignments. Most of this income is related to assignments carried out over short periods of time, such as service and repairs. Income is normally recognised when the service is performed. Income from service assignments that is recognised over time is primarily attributable to workshop-related services that are mainly based on costs incurred, compared with total expected costs for each identified performance obligation.

Government grants

Income related to grants from the EU, central governments or local governments is recognised in profit or loss for the year when the Group becomes entitled to the grants by fulfilling the terms and obligations associated with the grants. During the financial year, the Group received government grants for short-time working. The grants received are deemed to meet the definition of government grants under IAS 20 and the grants have been recognised in the income statement under personnel costs as a cost reduction. Other grants from the EU, central or local governments are recognised as other operating income.

Leases

When a contract is entered into, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lease components are separated from non-lease components for leases for buildings (such as warehouse and store facilities). For leases related to other classes of assets (such as vehicles and other assets), lease components and any non-lease components are recognised as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the lease liability's initial value plus the lease payments made at or before the commencement date and any initial direct costs. The right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term, which for the Group is normally the end of the lease term. In cases where the cost of the right-of-use asset reflects the fact that the Group will exercise an option to purchase the underlying asset, the asset is depreciated at the end of its useful life.

The lease liability – which is divided into non-current and current parts – is initially measured at the present value of remaining lease payments during the estimated lease term. When determining the lease term, the extension option is only included when it is reasonably certain that the option will be exercised. Periods after an option to terminate are only included in the lease term when it is reasonably certain that the termination option will not be exercised.

Lease payments are discounted using the Group's incremental borrowing rate, which reflects the Group's credit risk. The incremental borrowing rate is an interest rate that reflects the term of each lease. The following lease payments are included in the measurement of a lease liability:

- fixed payments, less any lease incentives received in conjunction with signing the lease,
- variable lease payments depending on an index or a rate, initially measured using the index or rate on the commencement date,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease if the lease term reflects the lessee exercising the option to terminate the lease.

Variable lease payments not based on an index or a rate (including property tax) are not included in the measurement of the lease liability, but are recognised in the consolidated statement of comprehensive income in the period in which they occur.

Subsequent measurement of the lease liability is carried out by reducing the carrying amount to reflect the lease payments made and increasing the carrying amount to reflect the interest on the lease liability using the effective interest rate method.

The lease liability and corresponding right-of-use asset will be remeasured when:

- the lease term changes or the assessment of an option to purchase changes. The lease liability is then remeasured by discounting the revised lease payments using a revised discount rate,
- the lease payments are revised due to changes in an index or a rate or when the amounts expected to be payable under a residual value guarantee change. The lease liability is then remeasured by discounting the revised lease payments using an unchanged discount rate (unless the changes in the lease payments are the result of a revised variable rate, in which case a revised discount rate is used), or
- the lease is modified and the modification is not recognised as a separate lease. The lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

No right-of-use asset or lease liability is recognised for leases with a term of 12 months or less, or where the underlying asset is of low value, less than SEK 50 thousand. Lease payments for these leases are expensed on a straight-line basis over the term of the lease.

Financial income and expenses

Financial income and expenses consist of interest income on bank funds and receivables, and of interest-bearing securities, interest expenses on loans, dividend income, exchange rate differences and unrealised and realised gains/losses on financial investments.

Interest income on receivables and interest expenses on liabilities are calculated using the effective interest rate method. The effective interest rate is the rate that discounts the estimated future receipts and disbursements during the financial instrument's expected term to the net carrying amount of the financial asset or the liability. Interest expense includes the accrued amount of issuance costs and similar direct transaction costs in connection with borrowing. Dividend income is recognised when the right to receive payment has been established.

Exchange gains and losses are recognised net.

Financial instruments

Financial instruments measured and recognised in the Group in accordance with the rules of IFRS 9 Financial instruments are recognised as assets on the balance sheet including cash and cash equivalents, accounts receivable, financial investments and derivatives. Liabilities include accounts payable, loan liabilities, liabilities related to put options issued on equity instruments in partly owned subsidiaries and derivatives.

Recognition and derecognition from the balance sheet

A financial asset or financial liability is recognised on the balance sheet when the Group becomes a party under the contractual terms of the instrument in question. A financial asset, or a portion of a financial asset, is derecognised from the balance sheet when the contractual rights are realised, fall due or the Group loses control over them.

A financial liability, or a portion of a financial liability, is derecognised from the balance sheet when the obligation in the contract is fulfilled or ceases to apply in some other way. Financial assets and financial liabilities are offset and recognised as a net amount on the balance sheet only when there is a legal right to offset the amounts and when there is an intention to settle the items in a net amount or to realise the asset and settle the liability simultaneously. Acquisitions and disposals of financial assets are recognised on the transaction date, which is the date when the Group undertakes to acquire or dispose of assets.

Classification and measurement

The Group classifies its financial instruments into one of the following categories: financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets or liabilities at amortised cost. A financial instrument's classification determines the subsequent measurement of the instrument after initial recognition. The classification of financial assets is based on the company's business model for holding the financial assets and the asset's contractual cash flow characteristics. The Group's holdings of financial instruments are classified as follows:

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include financial assets held for trading. A financial asset is classified in this category if it was principally acquired for the purpose of being sold within the near future. Derivatives are always classified as held for trading insofar as they do not comprise hedged instruments.

Financial assets measured at amortised cost

Financial assets measured at amortised cost comprise holdings of receivables and other debt instruments for which the objective of the Group's business model is only to receive the principal amount and any interest and which generate cash flows that are solely payments of principal and interest on the principal amount outstanding. This category includes cash and cash equivalents, accounts receivable and any other receivables. These assets are included in current assets with the exception of items with maturity dates more than 12 months after the balance sheet date, which are classified as non-current assets. The assets are recognised less expected credit losses. Any impairment requirement for the receivables is determined based on individual testing, taking into consideration earlier experience of customer losses on similar receivables.

Financial assets measured at fair value through other comprehensive income

The category "Financial assets measured at fair value through other comprehensive income" includes holdings of equity instruments for which a choice has been made to recognise the instruments in this category as well as holdings of debt instruments that meet the same cash flow requirements as financial assets measured at amortised cost but where the business model entails that the instruments are also realised through sales. These assets are included in non-current assets if management does not intend to dispose of them within 12 months of the balance sheet date. The Group has no financial assets in this category.

Financial liabilities measured at amortised cost

Loans and other financial liabilities, such as accounts payable, are included in this category. Financial liabilities arising in connection with acquisitions in respect of issued put options on equity instruments in partly owned subsidiaries, which grant the shareholders the right to sell the remaining shares, are also included in this category. Recognition is initially at fair value after deductions for transaction costs. Borrowing is then recognised at amortised cost and any differences between the loan amount (net after transaction costs) and the repayable amount are recognised in profit or loss for the year distributed over the term of the loan and by applying the effective interest rate method. Remeasurements related to put options issued on equity instruments in partly owned subsidiaries are recognised in equity as the final settlement is recognised as a transaction with non-controlling interests.

Borrowing is classified as a current liability if the company does not hold an unconditional right to defer payment for a minimum of 12 months after the balance sheet date.

Financial liabilities measured at fair value

Liabilities measured at fair value comprise hedging instruments for which the fair value is based on observable market data and which are therefore included in level 2 according to IFRS 13 and contingent purchase considerations that are measured using discounted cash flow and are thus included in level 3.

Derivatives and hedge accounting

Derivative instruments are initially measured at fair value. After the acquisition date, derivative instruments held for hedging purposes, meaning foreign exchange forward contracts, are measured at fair value.

The Group identifies certain derivatives as a hedge of a highly probable forecast transaction in foreign currency (cash flow hedging). The effective portion of changes in the fair value of derivative instruments identified as cash flow hedges are recognised in other comprehensive income and the accumulated changes in value are recognised in a separate component under equity (the hedging reserve). Any gains or losses attributable to the ineffective portion are recognised immediately in profit or loss. Accumulated amounts in equity are reversed to profit or loss for the year in the periods in which the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). If the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventories), or a non-financial liability, the hedging reserve is dissolved in other comprehensive income and included in the initial carrying amount of the asset or liability.

Tangible non-current assets

Owned assets

Tangible non-current assets are recognised as assets on the balance sheet if it is probable that future financial benefits will accrue to the Group and the cost of the asset can be calculated in a reliable manner. Tangible non-current assets are recognised in the Group at cost, less accumulated depreciation and any impairment losses. The cost includes the purchase price and costs directly attributable to the asset to bring it to location and make it usable for the purpose intended with its procurement. Examples of directly attributable costs included in cost are expenses for shipping and handling, installation, legal ratification, consulting services and legal services. Tangible non-current assets that consist of parts with different useful lives are treated as separate components of tangible non-current assets.

The carrying amount of a tangible non-current asset is derecognised from the balance sheet upon disposal or sale, or when no future financial benefits are expected to be derived from the use or disposal/sale of the asset. Gains or losses that arise upon the sale or disposal of an asset are defined as the difference between the selling price and the carrying amount of the asset, less direct selling expenses. Gains and losses are recognised as other operating income/expenses.

Additional expenditures

Additional expenditures are added to the cost only to the extent that it is probable that the future financial benefits associated with the asset will accrue to the Group and the cost can be calculated in a reliable manner. All other additional expenditures are recognised as an expense in the period in which they arise.

Depreciation policies

Assets are depreciated on a straight-line basis over their estimated useful lives. The Group applies component depreciation, which means that depreciation is based on the estimated useful life of individual components.

Estimated useful lives:

Buildings, business properties	5–100 years
Land	20 years
Leasehold improvements	3–15 years
Machinery	3–10 years
Equipment	3–5 years

Business properties consist of a number of components with varying useful lives. The main classification is buildings and land. The land component is not depreciated as its useful life is considered to be unlimited. Buildings, however, consist of a number of components for which the useful life varies. The useful lives of these components have been deemed to vary between five and 100 years.

An assessment of the depreciation methods applied and the residual value and useful life of assets is carried out at each year-end.

Intangible assets

Goodwill

Goodwill represents the difference between the consideration transferred for a business combination and the fair value of the acquired assets and assumed debt. Goodwill is measured at cost, less any accumulated impairment losses. Goodwill is distributed to cash-generating units and is not amortised continuously. Instead, impairment testing is conducted on an annual basis. For business combinations for which the consideration transferred is less than the fair value of the acquired assets and assumed debt, known as a bargain purchase, the difference is recognised directly in profit or loss for the year.

Other intangible assets

Other intangible assets acquired by the Group are recognised at cost less accumulated amortisation and impairment losses and comprise brands, customer relations and capitalised IT expenditure for development and purchases of software. Accrued expenses for internally generated goodwill and internally generated brands are recognised in profit or loss for the year when the cost is incurred.

Additional expenditures

Additional expenditures for capitalised intangible assets are recognised as an asset on the balance sheet only to the extent that they increase the future financial benefits of the specific asset to which they are attributable. All other expenditures are expensed as incurred.

Amortisation policies

Amortisation is recognised in profit or loss for the year on a straight-line basis over the estimated useful life of the intangible asset, unless the useful life is indefinable. Goodwill and intangible assets with an indefinable useful life, such as certain brands, are tested on an annual basis for any indications of an impairment requirement, or as soon as there are indications that the asset in question has declined in value. Intangible assets that are subject to amortisation are amortised from the date on which they are available for use.

Estimated useful lives:

Customer relations	3–10 years
Software, IT investments	3–10 years

An assessment of the amortisation methods and useful lives applied is carried out at each year-end.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is primarily calculated by using a method based on a weighted average and includes expenditures arising during the acquisition of the inventory assets and transportation thereof to their current location and state or by applying the "first-in, first-out" (FIFO) method. Net realisable value is the estimated selling price in the operating activities, after deduction of the estimated costs for completion and for accomplishing a sale.

Write-down/impairment of tangible and intangible assets

The carrying amount of the Group's tangible and intangible assets is tested on at least each balance sheet date to determine whether there are any indications of a requirement for write-down/impairment. If there is any indication of write-down/impairment, the recoverable amount of the asset is calculated. The recoverable amount of goodwill and other intangible assets with an indefinable useful life such as acquired brands and intangible assets not yet ready for use is calculated at least annually.

Where it is not possible to allocate essentially independent cash flows to an individual asset, net assets are grouped at the lowest level at which essentially independent cash flows can be determined (cash-generating unit). An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds the recoverable amount. An impairment loss is recognised as a cost in profit or loss for the year. When impairment losses are identified for a cash-generating unit, the impairment loss is primarily allocated to goodwill. Proportional impairment charges are then made against other non-current assets included in the unit.

Calculation of recoverable amount

The recoverable amount is the higher of the fair value, less selling expenses, and the value in use. In calculating the value in use, future cash flows are discounted using a discount factor that takes into account the risk-free rate of interest and the risk associated with the specific asset. For an asset that does not generate cash flows and is essentially independent of other assets, the recoverable amount is calculated for the cash-generating unit to which the asset belongs.

Reversal of impairment losses

Impairment losses on goodwill are not reversed. Impairment losses on other assets are reversed if there has been a change in the assumptions on which the calculation of the recoverable amount was based. An impairment loss is reversed only to the extent that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset if no impairment loss had been charged, taking into account the amortisation that would then have been made.

Equity

The Group's equity can be divided into share capital, other contributed capital, reserves, retained earnings including profit or loss for the year and non-controlling interests.

Repurchase of own shares

The holding of treasury shares and other equity instruments is recognised as a decrease of equity. Purchases of such instruments are recognised as a deduction in equity. Proceeds from any sale of equity instruments are recognised as increases in equity. Any transaction costs are recognised directly in equity.

Earnings per share

The calculation of earnings per share is based on consolidated profit or loss for the year attributable to the Parent Company shareholders and on the weighted average number of shares outstanding during the year. When calculating earnings per share on a fully diluted basis, the average number of shares outstanding is adjusted by taking into account the theoretical dilution of the number of shares outstanding, which during reported periods is attributable to call options on repurchased shares issued to employees. For the calculation of individual components, see note 18.

Employee benefits

Defined contribution pension plans

Obligations pertaining to fees for defined contribution pension plans are recognised as an expense in profit or loss for the year at the rate they are accrued as the employees perform services for the company during a specific period.

Defined benefit pension plans

The Group's net obligations pertaining to defined benefit pension plans are calculated separately for each plan in the form of an estimate of the future remuneration that the employee has earned as a result of their employment in both the current and prior periods. These calculations are performed by a qualified actuary using the projected unit credit method. The obligations are measured at the present value of expected future payments, with due consideration for future salary increases.

The discount rate used is the interest rate on the balance sheet date for an investment grade corporate bond or housing bonds with a term equivalent to the Group's pension obligations. When there is no functioning market for such bonds, the market rate for government bonds with an equivalent term is used. In the case of funded plans, the fair value of the plan assets reduces the calculated value. When the calculation leads to an asset for the Group, the carrying amount of the asset is limited to the lowest of the surplus on the plan and the asset limitation calculated utilising the discount rate. The asset restriction consists of the present value of the future economic benefits in the form of reduced future contributions or cash repayments. Any minimum funding requirements are taken into consideration when calculating the present value of future repayments or payments. Obligations for retirement pensions to salaried employees in Sweden in accordance with the ITP plan are handled mainly within the so-called FPG/PRI system. However, obligations for family pensions are secured by insurance with Alecta. These obligations are also defined benefit obligations. However, the Group has not had access to the information necessary to recognise these obligations as a defined benefit plan. Therefore, these pensions secured by insurance with Alecta are recognised as defined contribution plans.

In 2021, Alecta's surplus in the form of its collective funding level was 172 per cent (148). The collective funding level is the market value of Alecta's assets as a percentage of the insurance commitments, calculated in accordance with Alecta's actuarial calculation assumptions, which do not comply with IAS 19. Alecta's surplus can be distributed to the policyholders and/or the insured. When the benefits under a plan are improved, the proportion of the increase in benefits pertaining to the employees' service during prior periods is recognised as an expense in profit or loss for the year. The carrying amount for pensions and similar commitments on the balance sheet corresponds to the present value of the commitments at year-end, less the fair value of the plan assets. Net interest expense/income on the defined benefit obligation/asset is recognised under net financial expense in profit and loss for the year. Net interest is based on the interest rate arising on the discounting of the net obligation, meaning the interest on the obligation, plan assets and interest on the effect of any asset limitations. Other components are recognised in operating profit.

Remeasurement effects comprise actuarial gains and losses, the difference between actual returns on plan assets and the total included in net interest income, and any changes to the effects of asset limitations (excluding interest included in net financial items). Remeasurement effects are recognised in other comprehensive income. Special payroll tax forms part of the actuarial assumptions and is therefore recognised as part of the net obligation/asset. Yield tax is recognised continuously in profit or loss for the period to which the tax pertains and thus is not included in the liability calculation. For funded plans, the tax is charged to the return on plan assets and is recognised in other comprehensive income. For unfunded or partly unfunded plans, the tax is charged to profit or loss for the year.

Benefits in the case of termination

In connection with the termination of employment, a provision is recognised only in cases when the company is obligated either to terminate an employee's or a group of employees' employment before the normal point in time, or when benefits are given as an offer to encourage voluntary termination of employment. In the latter case, a liability and expense are recognised if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Provisions

A provision is recognised on the balance sheet when there is an existing legal or constructive obligation as a result of a past event and it is probable that an outflow of financial resources will be required to settle the obligation and the amount can be estimated reliably. When the effect of the timing of the payment is significant, provisions are calculated based on a discount of the expected future cash flow at an interest rate before taxes that reflects current market assessments of the time value of money and, where applicable, the risks associated with the liability.

Guarantees

A provision for guarantees is recognised when the underlying products or services are sold. The provision is based on historical data on guarantees and a total assessment of the possible outcomes in relation to the probabilities associated therewith.

Restructuring

A provision for restructuring is recognised when the Group has adopted a comprehensive and formal restructuring plan and the restructuring has either begun or been publicly announced. No provisions are set aside for future operating expenses.

Onerous contracts

A provision for onerous contracts is recognised when the benefits that the Group expects to receive from a contract are lower than the inevitable costs to fulfil the obligations in accordance with the contract. Contracts covered by IFRS 16 have been recognised as an impairment of a right-of-use asset.

Taxes

Income taxes consist of current taxes and deferred taxes. Income taxes are recognised in profit or loss for the year, except when the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is also recognised in other comprehensive income or in equity. Current taxes are taxes to be paid or refunded relating to the current year, with the application of the tax rates resolved, or in practice resolved, as of the balance sheet date. Current taxes also include adjustments of current taxes attributable to earlier periods. Deferred taxes are calculated in accordance with the balance sheet method based on temporary differences between the carrying amount of assets and liabilities and the value of assets and liabilities for tax purposes. Temporary differences arising from the recognition of consolidated goodwill are not taken into account. Nor are temporary differences attributable to participations in subsidiaries and associates that are not expected to be reversed within the foreseeable future. The measurement of deferred taxes is based on how the carrying amount of assets or liabilities is expected to be realised or settled. Deferred taxes are calculated using the tax rates and tax rules resolved, or in practice resolved, as at the balance sheet date. Deferred tax assets pertaining to deductible temporary differences and loss carryforwards are recognised only to the extent that it is probable that it will be possible to utilise them. The value of deferred tax assets is reduced when it is no longer deemed probable that it will be possible to utilise them.

Contingent liabilities

A contingent liability is recognised when there is a possible obligation arising from past events and whose existence will be confirmed only by one or more uncertain future events, or when there is an obligation which is not recognised as a liability or provision because it is unlikely that an outflow of resources will be required.

Cash flow statement

Receipts and disbursements have been divided into the following categories: operating activities, investing activities and financing activities. The indirect method is applied for flows from operating activities. The changes in operating assets and operating liabilities for the year have been adjusted for effects of changes in exchange rates. Acquisitions and disposals are recognised in investing activities. The assets and liabilities held by the entities acquired and sold on the date of acquisition are not included in the analysis of changes in working capital, nor in the changes of balance sheet items recognised in investing and financing activities. Cash and cash equivalents include cash and bank flows, as well as current investments whose conversion to bank funds may occur at an amount that is usually known in advance. Cash and cash equivalents include current investments with a term of less than three months.

Parent Company accounting policies

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board. Statements issued by the Swedish Financial Reporting Board in relation to listed companies have also been applied. RFR 2 stipulates that the Parent Company, in the annual accounts for the legal entity, shall apply all IFRS and statements adopted by the EU to the greatest extent possible within the framework of the Swedish Annual Accounts Act, the Swedish Pension Obligations Vesting Act and with due consideration given to the relationship between accounting and taxation. The recommendation states which exceptions/additions should be made from/to IFRS. Combined, this results in differences between the accounting policies of the Group and of the Parent Company in the areas indicated below.

Changes in accounting policies

Unless otherwise stated below, the same changes as detailed above for the Group applied to the Parent Company's accounting policies during the financial year.

Subsidiaries

Participations in subsidiaries are recognised at the Parent Company in accordance with the cost method. This means that transaction fees are included in the carrying amount for holdings in subsidiaries. In the consolidated financial statements, transaction fees are recognised directly in earnings when incurred. Contingent considerations are valued on the basis of the probability that a consideration will be paid. Any changes to provisions/receivables are added to/deducted from the cost. In the consolidated financial statements, contingent considerations are measured at fair value, with changes in value in profit or loss.

Tangible non-current assets

Leased assets

The Parent Company does not apply IFRS 16, in accordance with the exemption in RFR 2. As a lessee, lease payments are expensed on a straight-line basis over the lease term. Consequently, right-of-use assets and lease liabilities are not recognised on the balance sheet.

Employee benefits

Other bases for the calculation of defined benefit pension plans are used in the Parent Company than those set out in IAS 19. The Parent Company complies with the provisions of the Swedish Pension Obligations Vesting Act and the directives of the Swedish Financial Supervisory Authority, as this is a condition for tax deductibility. The most important differences compared with the rules in IAS 19 are how the discount interest rate is determined, that the calculation of the defined benefit obligation takes place based on the current salary level without assumption of future salary increases, and that all actuarial gains and losses are recognised in profit or loss for the year as they arise.

Taxes

At the Parent Company, untaxed reserves are recognised including deferred tax liabilities. However, in the consolidated financial statements, untaxed reserves are divided into deferred tax liabilities and equity. At the Parent Company, no part of the appropriations is distributed to deferred tax expense in profit or loss.

Financial instruments

The Parent Company has decided not to apply IFRS 9 to financial instruments. However, some of the principles of IFRS 9 are still applicable, such as impairment, recognition/derecognition, criteria for the application of hedge accounting and the effective interest rate method for interest income and expense.
At the Parent Company, financial non-current assets are measured at cost less any impairment, while financial current assets are measured at the lower of cost or net realisable value. For financial assets recognised at amortised cost, the impairment requirements under IFRS 9 are applied.

In accordance with the exemptions granted in RFR 2, the Parent Company has elected not to apply the provisions of IFRS 9 regarding financial guarantee contracts on behalf of subsidiaries. The Parent Company recognises financial guarantee contracts as a provision on the balance sheet when the company has an obligation for which payment is likely to be required to settle the obligation.

Group contributions and shareholders' contributions

Shareholders' contributions are recognised directly in equity of the recipient and capitalised in shares and participations of the donor. Group contributions, both received and paid, are recognised in profit or loss as appropriations.

NOTE 2 Significant estimates and assessments

Estimates and assessments have been made based on the information available at the time this report was submitted. These estimates and assessments may be subject to change at a later date, partly due to changes in factors in the operating environment. Here is an account of the most significant assessments, where there is a risk that future events and new information may change the basis for current estimates and assessments.

Impairment testing of goodwill and other non-current assets

In accordance with IFRS, goodwill and certain brands are not amortised. Instead, annual tests for indications of impairment are performed. Other intangible and tangible non-current assets are amortised and depreciated, respectively, over the period the asset is deemed to generate income. All intangible and tangible non-current assets are subject to annual testing for indications of impairment. Impairment tests are based on a review of forecast future cash flows. The assumptions used when conducting impairment testing are described in note 10.

Inventory obsolescence

Since Alligo conducts trading operations, inventories constitute a large asset item on the consolidated balance sheet. The Group measures inventories at the lower of cost and net realisable value. The cost of inventories is primarily calculated by using a method based on a weighted average and includes expenditures arising during the acquisition of the inventory assets and transportation thereof to their current location and state or by applying the "first-in, first-out" (FIFO) method. When calculating net realisable value, articles with redundancy and a low turnover rate, discontinued and damaged articles, and handling costs and other selling expenses are taken into consideration. If general demand for the Group's product range changes significantly and assumptions of the net realisable value of articles differ from the actual outcome, earnings in the financial statements may be affected.

NOTE 3 Segment reporting and specification of income from contracts with customers

The Group's operating segments comprise the business areas Alligo (formerly Tools, Consumables, Workwear & Protective Equipment) and Components & Services. The operating segments reflect the operational organisation, as used by Group management and the Board of Directors to monitor operations. Group management, comprising the President & CEO and CFO, are the Group's chief operating decision-makers.

The Alligo business area comprises the concept brands Swedol, Tools, Univern and Grolls as well as the specialist brands Mercus, Company Line, Reklamproffsen, Industri-profil, TriffiQ, Profilmakarna, Defacto, Metaplan and Imatran Pultti. Its range consists of products and services within workwear, personal protective equipment, tools and consumables for commercial customers within sectors including industry, construction and the public sector in the Nordic region.

The Components & Services business area comprises Momentum Industrial, Öbergs i Karlstad, ETAB Industriautomation, Rörick Elektriska Verkstad, Mekano, Mekano i Sävedalen, Carl A Nilssons Elektriska Reparationsverk stad, JNF Køge and Intertechna which offer spare parts, service and repairs for customers in the industrial sector in the Nordic region.

Group-wide includes the Group's management, finance function and support functions. The support functions include internal communications, Investor Relations and Legal. Financial items and taxes are not broken down by operating segment and are instead reported as a whole in Group-wide. Intra-Group pricing between the operating segments takes place on market terms.

The accounting policies are the same as for the consolidated financial statements, which means that the Components & Services business area is reported under discontinued operations in accordance with IFRS 5.

Revenue presented below for the geographic markets is based on the domicile of the customers.

Items affecting comparability for Alligo in 2021 relate to restructuring costs in connection with the relocation of the Swedish logistics operations of Tools to Alligo's central warehouses and consist primarily of write-downs of non-current assets and right-of-use assets (Alingsås lease agreement) and of losses on divestment of operations. Items affecting comparability in Group-wide relate to costs for advisers in connection with the investigation of the conditions for a possible division of the Group.

Items affecting comparability for Alligo in 2020 relate to restructuring costs in connection with the integration of Swedol and Tools and consist primarily of the write-down of right-of-use assets and costs for coordinating the range. Items affecting comparability in Group-wide comprise costs for the acquisition of Swedol.

Operating segments 2021

MSEK	Alligo	Group-wide	Eliminations	Group total	Components & Services
Revenue					
From external customers by geographic area:					
Sweden	4,875	-		**4,875**	1,388
Norway	2,195	-		**2,195**	36
Finland	1,242	-		**1,242**	3
Other countries	163	-		**163**	64
From other segments	0	20	-20	**-**	-
Total	**8,475**	**20**	**-20**	**8,475**	**1,491**
EBITA	**659**	**-14**		**645**	**193**
Items affecting comparability	-149	-6		**-155**	-6
Amortisation of intangible assets in connection with corporate acquisitions	-63	0		**-63**	-10
Operating profit	**447**	**-20**		**427**	**177**
Net financial items	-	-48	-	**-48**	-1
Profit/loss after net financial items	**447**	**-68**		**379**	**176**
Goodwill	1,461	-		**1,461**	236
Other assets	6,537	2,142	-2,434	**6,245**	737
Total assets	**7,998**	**2,142**	**-2,434**	**7,706**	**973**
Liabilities	5,028	2,130	-2,434	**4,724**	526
Other disclosures					
Investments	153	-	-	**153**	6
Depreciation and amortisation	-562	-1	-	**-563**	-54

The columns "Group-wide" and "Eliminations" pertaining to assets comprise the elimination of intra-segment receivables of MSEK 2,434, intra-segment receivables of MSEK 1,866 and undistributed assets of MSEK 276. The columns "Group-wide" and "Eliminations" pertaining to liabilities comprise the elimination of intra-segment liabilities of MSEK 2,434, intra-segment liabilities of MSEK 569 and undistributed liabilities of MSEK 1,561.

Operating segments 2020 (9 months)

MSEK	Alligo	Group-wide	Eliminations	Group total	Components & Services
Revenue					
From external customers by geographic area:					
Sweden	3,490	-	-	**3,490**	775
Norway	1,534	-	-	**1,534**	21
Finland	873	-	-	**873**	2
Other countries	122	-	-	**122**	39
From other segments	0	22	-22	**-**	-
Total	**6,019**	**22**	**-22**	**6,019**	**837**
EBITA	**381**	**-7**	**0**	**374**	**111**
Items affecting comparability	-99	-2	-	**-101**	-
Amortisation of intangible assets in connection with corporate acquisitions	-47	-	-	**-47**	-4
Operating profit	**235**	**-9**	**0**	**226**	**107**
Net financial items	-	-39	-	**-39**	-
Profit/loss after net financial items	**235**	**-48**	**0**	**187**	**107**
Goodwill	1,440	-	-	**1,440**	163
Other assets	5,975	2,409	-2,761	**5,623**	586
Total assets	**7,415**	**2,409**	**-2,761**	**7,063**	**749**
Liabilities	4,786	2,340	-2,761	**4,365**	410
Other disclosures					
Investments	145	0	-	**145**	4
Depreciation and amortisation	-431	0	-	**-431**	-28

The columns "Group-wide" and "Eliminations" pertaining to assets comprise the elimination of intra-segment receivables and internal gains on inventories of MSEK 1,186, intra-segment receivables of MSEK 887 and undistributed assets of MSEK 2,671 primarily for the non-cash issue and reserved liquidity relating to the acquisition of Swedol. The columns "Group-wide" and "Eliminations" pertaining to liabilities comprise the elimination of intra-segment liabilities of MSEK 1,186, intra-segment liabilities of MSEK 221 and undistributed liabilities of MSEK 1,367.

Revenue by class of income

	GROUP		PARENT COMPANY	
MSEK	**2021**	**2020 (9 mos.)**	**2021**	**2020 (9 mos.)**
Sale of goods	8,303	5,903	-	-
Service assignments	114	82	23	22
Commissions, bonuses and other income	58	34	-	-
Total	**8,475**	**6,019**	**23**	**22**

Income at the Parent Company pertains to intra-Group services totalling MSEK 20 (22) and services provided to discontinued operations totalling MSEK 3 (0).

Information concerning non-current assets by geographic area

The Group primarily conducts operations in Sweden, Norway and Finland. Intangible and tangible non-current assets presented for the geographic markets are based on the geographic location of the operations.

Non-current assets

MSEK	31/12/2021	31/12/2020
Sweden	2,464	2,666
Norway	315	313
Finland	330	309
Other countries	0	2
Group total	**3,109**	**3,290**

NOTE 4 Other operating income

	GROUP		PARENT COMPANY	
MSEK	**2021**	**2020 (9 mos.)**	**2021**	**2020 (9 mos.)**
Exchange rate gains on operating receivables/liabilities	7	0	-	-
Grants from EU, central and local government	5	7	-	-
Insurance indemnification	1	2	-	-
Contingent purchase consideration, acquisitions	-	4	-	-
Logistics and administrative services	18	15		
Other	2	1	5	2
Total	**33**	**29**	**5**	**2**

Other operating income at the Parent Company pertains to internally invoiced expenses of MSEK 5 (2).

NOTE 5 Employees and personnel costs

Average no. of employees by country	2021 Men	2021 Women	2021 Total	2020 (9 mos.) Men	2020 (9 mos.) Women	2020 (9 mos.) Total
Sweden, Parent Company	3	2	**5**	5	3	**8**
Sweden, Other subsidiaries	945	435	**1,380**	925	410	**1,335**
Norway	452	129	**581**	444	131	**575**
Finland	266	77	**343**	253	70	**323**
Other countries	4	10	**14**	4	10	**14**
Group total	**1,670**	**653**	**2,323**	**1,631**	**624**	**2,255**

Percentage women	2021	2020 (9 mos.)
Parent Company		
Board of Directors	33	33
Group management	50	0
Group		
Boards of directors	17	23
Other senior executives	9	18

The category "Other senior executives" includes individuals in management groups of continuing operations.

Costs for employee benefits and Board fees	2021	2020 (9 mos.)
Parent Company		
Salaries and other remuneration	18	13
Pension costs, defined benefit plans	0	0
Pension costs, defined contribution plans	3	3
Social security contributions	6	4
Subsidiaries		
Salaries and other remuneration	1,241	850
Pension costs, defined benefit plans	0	0
Pension costs, defined contribution plans	102	72
Social security contributions	285	197
Group total	**1,655**	**1,139**

The row pertaining to salaries and other remuneration at subsidiaries includes government grants of MSEK -1 (26) received for short-time working.

Salaries and other remuneration distributed between Board of Directors/senior executives and other employees

MSEK	2021 Board of Directors and CEO	2021 Other employees	2020 (9 mos.) Board of Directors and CEO	2020 (9 mos.) Other employees
Parent Company total	**13**	**5**	**10**	**3**
(of which, bonuses, etc.)	3	0	2	0
Subsidiaries total	**29**	**1,212**	**17**	**833**
(of which, bonuses, etc.)	5	28	0	13
Group total	**42**	**1,217**	**27**	**836**

The category "Board of Directors and CEO" in the table above includes the Board members, CEOs and Deputy CEOs in the Group as well as the other senior executives in each business area.

Salaries and other remuneration to the Board of Directors and Group management of Alligo

Board of Directors

Fees to the Chair of the Board and other Board members have been paid in accordance with the resolution of the Annual General Meeting in May 2021 according to the table below. Special remuneration was paid for committee work in 2021, with members of the Audit Committee receiving SEK 100 thousand.

Group management

Salaries and remuneration to the Group's management for the 2021 financial year have been paid in accordance with the guidelines for remuneration adopted by the Annual General Meeting in May 2021. As of November 2021, the Group management comprises President & CEO Clein Johansson Ullenvik and CFO Irene Wisenborn Bellander. Up to November 2021, the Group management comprised Ulf Lilius as President & CEO as well as Deputy CEO & CFO Niklas Enmark.

President & CEO

Remuneration to the President & CEO, Clein Ullenvik, comprises fixed salary, variable salary, other benefits and pension. For the company's CEO, variable salary can amount to a maximum of 50 per cent of fixed salary, based on the Group's earnings. In addition, a premium of 20 per cent of the variable salary can be paid as a consideration for the variable portion being used to acquire shares in Alligo AB. From the age of 65, the CEO is covered by a defined contribution pension, the size of which depends on the outcome of the pension insurance policies taken out. In the event of termination of employment at the initiative of the company, the period of notice is six months. Severance pay is also payable at a maximum amount of six months' salary. If notice is given by the employee, severance pay of six months' salary is paid, which is a derogation from the applicable guidelines and derives from the time as President and CEO of Swedol AB (publ).

Ulf Lilius was the President & CEO of Alligo AB until November 2021. Remuneration to the CEO of Alligo AB comprises fixed salary, variable salary, participation in the 2017/21 and 2018/22 call option programmes (see following pages for a more detailed description), other benefits and pension. For the company's CEO, variable salary can amount to a maximum of 50 per cent (40 per cent for 2020) of fixed salary, based on the Group's earnings. In addition, a premium of 20 per cent of the variable salary can be paid as a consideration for the variable portion being used to acquire shares in Alligo AB. As at 31 December 2020, the CEO held 50,000 call options, 15,000 of which within the framework of the call option programme 2017/21 and 35,000 within the framework of the call option programme 2018/22. As at 31 December 2021, the holding amounted to 0 call options, as the call option programme 2017/21 had ended during 2021 and a cash redemption of the call option programme 2018/22 took place in 2021. From the age of 65, the CEO is covered by a defined contribution pension, the size of which depends on the outcome of the pension insurance policies taken out. In the event of termination of employment at the initiative of the company, the period of notice is 12 months. Severance pay is also payable at a maximum amount of 12 months' salary.

Deputy CEO & CFO

Niklas Enmark was the Deputy CEO & CFO of Alligo AB until November 2021. Remuneration to the Deputy CEO & CFO of Alligo AB comprises fixed salary, variable salary, participation in the 2017/21 and 2018/22 call option programmes (see below and following page for a more detailed description), other benefits and pension. For the company's Deputy CEO & CFO, Niklas Enmark, variable salary can amount to a maximum of 40 per cent of fixed salary, based on the Group's earnings. In addition, a premium of 20 per cent of the variable salary can be paid as a consideration for the variable portion being used to acquire shares in Alligo AB. As at 31 December 2020, the Deputy CEO held 45,000 call options, 15,000 of which within the framework of the call option programme 2017/21 and 30,000 within the framework of the call option programme 2018/22. As at 31 December 2021, the holding amounted to 0 call options, as the call option programme 2017/21 had ended during 2021 and a cash redemption of the call option programme 2018/22 took place in 2021. From the age of 65, the Deputy CEO & CFO is covered by a defined contribution pension, whose size depends on the outcome of the pension insurance policies taken out. In the event of termination of employment at the initiative of the company, the period of notice is 12 months. Severance pay is also payable at a maximum amount of 12 months' salary.

Remuneration and other benefits to the Board of the Parent Company and Group management 2021

SEK thousand	Board fee/ Fixed salary	Variable salary	Other benefits	Pension costs	Total	Call options outstanding, no.
Board of Directors						
Johan Sjö, Chair of the Board[1]	800	-	-	-	**800**	-
Göran Näsholm, Board member	380	-	-	-	**380**	-
Stefan Hedelius, Board member[1]	380	-	-	-	**380**	-
Gunilla Spongh, Board member[2]	480	-	-	-	**480**	-
Christina Åqvist, Board member	380	-	-	-	**380**	-
Johan Eklund, Board member	380	-	-	-	**380**	-
Total	**2,800**	**-**	**-**	**-**	**2,800**	**-**
Group management						
As of 1 November, 2 months:						
Clein Ullenvik, President & CEO	756	352	3	223	**1,334**	-
1 January–31 October, 10 months:						
Ulf Lilius, President & CEO	3,798	1,850	68	1,110	**6,826**	0
Niklas Enmark, Deputy CEO & CFO	2,132	848	78	647	**3,705**	0
Total	**6,686**	**3,050**	**149**	**1,980**	**11,865**	**0**

Remuneration and other benefits to the Board of the Parent Company and Group management 2020 (9 months)

SEK thousand	Board fee/ Fixed salary	Variable salary	Other benefits	Pension costs	Total	Call options outstanding, no.
Board of Directors						
Johan Sjö, Chair of the Board[1,3]	720	-	-	-	**720**	-
Göran Näsholm, Board member [3]	323	-	-	-	**323**	-
Stefan Hedelius, Board member[1]	248	-	-	-	**248**	-
Gunilla Spongh, Board member[2]	278	-	-	-	**278**	-
Christina Åqvist, Board member[3]	323	-	-	-	**323**	-
Johan Eklund, Board member	210	-	-	-	**210**	-
Total	**2,102**	**-**	**-**	**-**	**2,102**	**-**
Group management						
Ulf Lilius, President & CEO	3,788	1,500	59	1,075	**6,422**	50,000
Niklas Enmark, Deputy CEO & CFO	2,253	750	71	575	**3,649**	45,000
Total	**6,041**	**2,250**	**130**	**1,650**	**10,071**	**95,000**

1) Member of the Remuneration Committee.

2) Chair of the Audit Committee .

3) A special fee for subsidiary Board members. The cost of this is charged to the subsidiary and is not listed for the Parent Company. The fee amounted to SEK 225,000 for Johan Sjö and SEK 112,500 each for Göran Näsholm and Christina Åqvist.

Call option programme 2018/2022

In August 2018, the Annual General Meeting of Momentum Group AB resolved to offer 50 key personnel in senior positions the opportunity to acquire a maximum of 250,000 call options on repurchased Class B shares on market terms. The programme was fully subscribed. The call options have been conveyed at a price of SEK 10.20 per call option, equivalent to the market value of the options according to a valuation performed by Nordea Bank. The redemption price for the call options is SEK 137.30 per share and the redemption periods were set at 14-28 February and 16–30 May 2022, respectively. The programme was secured in its entirety by share repurchases. The offering was linked to a subsidy corresponding to the call premium paid, which meant that an amount of SEK 10.20 per acquired call option was to be paid to the holder. The subsidy was paid by the holder's employer in September 2020 based on the condition that all originally acquired call options in this programme remained and that the individual was still an employee of the Group. As at the beginning of the year, there were 240,000 call options outstanding. Through a resolution at the Extraordinary General Meeting of 2 December, the company has offered and implemented a cash redemption of 232,000 call options in the programme.

Call option programme 2017/2021

In November 2017, an Extraordinary General Meeting of Shareholders in Momentum Group AB resolved to offer 40 key personnel in senior positions the opportunity to acquire a maximum of 250,000 call options on repurchased Class B shares on market terms. The programme was fully subscribed. The call options have been conveyed at a price of SEK 9.60 per call option, equivalent to the market value of the options according to a valuation performed by Nordea Bank. The original redemption price per call option for the 2017 share-based incentive programme of SEK 121.60 has been recalculated by Nordea Bank in accordance with the terms of the incentive programme due to paid and adopted dividends between 2018 and 2021, and thus amounts to SEK 119.30. Each call option in this programme entitles the holder to acquire one repurchased Class B share during the redemption periods of 18-25 February and 12-25 May 2021, respectively. The programme was secured in its entirety by share repurchases. The offering was linked to a subsidy corresponding to the call premium paid, which meant that an amount of SEK 9.60 per acquired call option was to be paid to the holder. The subsidy was paid by the holder's employer in December 2019 based on the condition that all originally acquired call options in this programme remained and that the individual was still an employee of the Group. Following the redemption and repurchase of a total of 74,700 and 175,300 call options 2017/2021 respectively, this programme was ended in May 2021.

Options issued and outstanding as at 31 December 2021

SEK thousand	Date of issue	Redemption periods	Redemption price, SEK	No. of options issued	No. of options redeemed during the period	No. of options repurchased during the period	No. of options outstanding	Settlement method
Group								
Call option programme 2018/22	September 2018	14–28 February 2022 and 16–30 May 2022	**137.30**	250,000	-	232,000	8,000	Physical delivery
Call option programme 2017/21	December 2017	18–25 February 2021 and 12–25 May 2021	**119.30**	250,000	74,700	159,300	0	Physical delivery
Parent Company								
Call option programme 2018/22	September 2018	14–28 February 2022 and 16–30 May 2022	**137.30**	96,500	-	96,500	0	Physical delivery
Call option programme 2017/21	December 2017	18–25 February 2021 and 12–25 May 2021	**119.30**	48,500	2,000	46,500	0	Physical delivery

NOTE 6 Fees to auditors

	GROUP		PARENT COMPANY	
MSEK	**2021**	**2020 (9 mos.)**	**2021**	**2020 (9 mos.)**
KPMG				
Audit assignment	6	4	1	1
Tax advisory services	0	0	-	-
Other assignments	1	0	1	0
Total fees to KPMG	**7**	**4**	**2**	**1**
Other auditors				
Audit assignment	0	0	-	-
Tax advisory services	-	-	-	-
Other assignments	0	0	-	-
Total fees to other auditors	**0**	**0**	**-**	**-**
Total fees to auditors	**7**	**4**	**2**	**1**

Audit assignment refers to statutory auditing of the Annual Report and accounting as well as the administration of the Board of Directors and the President & CEO, and auditing and other reviews carried out in accordance with the law, agreements or contracts. This includes other work assignments that are incumbent upon the company's auditors as well as advisory services or other assistance occasioned through the findings of such reviews or the performance of such other work assignments. Other assignments comprise advisory services concerning accounting issues.

NOTE 7 Financial income and expenses

Group, MSEK	**2021**	**2020 (9 mos.)**
Other financial income	3	3
Financial income	**3**	**3**
Interest expenses on liabilities to credit institutions	-24	-24
Interest expenses on leases	-15	-12
Net interest expenses on defined benefit pensions	0	-1
Other financial expenses	-12	-5
Financial expenses	**-51**	**-42**
Net financial items	**-48**	**-39**

Parent Company, MSEK	**2021**	**2020 (9 mos.)**
Profit from participations in Group companies	**-**	**-**
Interest income, Group companies	30	21
Interest income, other	0	0
Interest income and similar profit/loss items	**30**	**21**
Interest expenses on liabilities to credit institutions	-24	-22
Interest expenses, other	0	0
Other financial expenses	-1	-3
Interest expenses and similar profit/loss items	**-25**	**-25**
Profit from financial items	**5**	**-4**

NOTE 8 Appropriations

	PARENT COMPANY	
MSEK	**2021**	**2020 (9 mos.)**
Group contributions received	42	-
Group contributions paid	-	-
Total	**42**	**-**

NOTE 9 Taxes

Tax recognised in the income statement

MSEK	GROUP 2021	GROUP 2020 (9 mos.)	PARENT COMPANY 2021	PARENT COMPANY 2020 (9 mos.)
Tax expense for the period	-96	-78	-3	-
Adjustment of taxes attributable to earlier years	-4	0	0	-
Deferred tax	12	36	-3	3
Tax included in profit/loss for the period, continuing operations	**-88**	**-42**	**-6**	**3**
Tax included in profit/loss for the period, discontinued operations	-37	-23		
Tax relating to other comprehensive income	-4	6		
Tax included in comprehensive income for the period	**-129**	**-59**		

Reconciliation of effective taxes

The relationship between taxes at the average tax rate and recognised taxes for continuing operations is illustrated in the following table:

	GROUP				PARENT COMPANY			
MSEK	2021	%	2020 (9 mos.)	%	2021	%	2020 (9 mos.)	%
Profit/loss before tax	379		187		27		-13	
Taxes at an average tax rate	-80	20.9	-40	21.1	-6	20.6	3	21.4
Tax effect of:								
Changed tax rate	0		0		-		-	
Taxes attributable to earlier years	-1	0.2	0		0		-	
Non-deductible expenses	-10	2.7	-1	0.7	0		0	
Non-taxable income	0		0		-		-	
Unutilised loss carryforwards	0		-1	0.7				
Other items	3	-0.7	0		-		-	
Total tax	**-88**	**23.1**	**-42**	**22.5**	**-6**	**20.6**	**3**	**21.4**

Deferred tax recognised on the balance sheet

Deferred tax assets and liabilities on the balance sheet are attributable as follows:

	31/12/2021			31/12/2020		
Group, MSEK	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Intangible assets		-216	**-216**	1	-225	**-224**
Buildings and land		-11	**-11**		-12	**-12**
Machinery and equipment	3	-	**3**	6	-	**6**
Leased assets	22	-	**22**	11	-	**11**
Hedging instruments	0	-2	**-2**	3	-1	**2**
Inventories	32	-	**32**	30	-	**30**
Accounts receivable	2	-	**2**	4	-	**4**
Untaxed reserves	-	-120	**-120**	-	-120	**-120**
Pension provisions	0	-	**0**	4	-	**4**
Other provisions	9	-	**9**	1	-	**1**
Loss carryforwards	3	-	**3**	9	-	**9**
Other	4	0	**4**	1	-2	**-1**
Total	**75**	**-349**	**-274**	**70**	**-360**	**-290**

The deferred tax asset at the Parent Company of MSEK 0 (3) pertains in its entirety to loss carryforwards. The Group has no uncapitalised loss carryforwards.

A reconciliation of deferred net receivables (net liability) from the beginning of the year until year-end is shown in the table below:

MSEK	GROUP 31/12/2021	GROUP 31/12/2020
Opening balance at the beginning of the year, net	**-290**	**-8**
Recognised in profit/loss for the period, continuing operations	12	31
Recognised in profit/loss for the period, discontinued operations	-7	-
Recognised in other comprehensive income	-4	6
Acquisition of operations	-2	-320
Divestment of operations	-4	-
Discontinued operations	22	-
Translation differences	-1	1
Closing balance at year-end, net	**-274**	**-290**

NOTE 10 Intangible assets

	2021						2020 (9 mos.)					
	Acquired intangible assets				Internally developed		Acquired intangible assets				Internally developed	
Group, MSEK	**Goodwill**	**Customer relations**	**Brands**	**Other**	**Software**	**Total**	**Goodwill**	**Customer relations**	**Brands**	**Other**	**Software**	**Total**
Accumulated cost												
At the beginning of the year	1,603	568	634	148	5	**2,958**	553	109	4	86	5	**757**
Investments				43		**43**				24		**24**
Acquisition of subsidiaries	19	13				**32**	1,067	460	630	52		**2,209**
Divestment of operations	-5	-1	-4	-10		**-20**						
Sales and disposals				-7	-5	**-12**				-13		**-13**
Reclassifications				-7		**-7**						**-**
Translation differences	7	3		5		**15**	-17	-1	0	-1		**-19**
Discontinued operations	-163	-21		-2		**-186**						
At year-end	**1,461**	**562**	**630**	**170**	**0**	**2,823**	**1,603**	**568**	**634**	**148**	**5**	**2,958**
Accumulated amortisation												
At the beginning of the year	-	-98	-4	-70	-2	**-174**	-	-48	-4	-44	-1	**-97**
Amortisation for the year		-63		-41	-1	**-105**		-50		-36	-1	**-87**
Divestment of operations		1	4	10		**15**						
Sales and disposals				8	3	**11**				10		**10**
Translation differences		-2		-3		**-5**		0	0	0		**0**
Discontinued operations		10		2		**12**						
At year-end	**-**	**-152**	**0**	**-94**	**0**	**-246**	**-**	**-98**	**-4**	**-70**	**-2**	**-174**
Impairment losses on cost												
At the beginning of the year						**-**						**-**
Impairment losses for the year						**-**						**-**
At year-end	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Carrying amount at the beginning of the year	1,603	470	630	78	3	**2,784**	553	61	0	42	5	**660**
Carrying amount at year-end	1,461	410	630	76	0	**2,577**	1,603	470	630	78	3	**2,784**

	Licences	
Parent Company, MSEK	**2021**	**2020 (9 mos.)**
Accumulated cost		
At the beginning of the year	0	0
Investments	-	-
At year-end	**0**	**0**
Accumulated amortisation		
At the beginning of the year	0	0
Amortisation for the year	0	0
At year-end	**0**	**0**
Carrying amount at the beginning of the year	**0**	**0**
Carrying amount at year-end	**0**	**0**

Impairment testing of goodwill

The carrying amount of goodwill was tested prior to the balance-sheet date on 31 December 2021 using the balance sheet on 31 December 2021 as a base. The Group's total reported goodwill value of MSEK 1,461 (1,603) has been allocated by operating segment according to the table below:

	Goodwill	
Group, MSEK	**31/12/2021**	**31/12/2020**
Alligo	1,461	1,440
Components & Services	-	163
Total goodwill	**1,461**	**1,603**

Alligo has historically conducted a large number of acquisitions. Consolidated goodwill is allocated to the cash-generating units, which correspond with the Group's operating segments. Goodwill values are tested at operating segment level. The basis of this testing and the assessment of future cash flows is based on the target scenario for each operating segment for the forthcoming financial year, with forecasts of earnings and cash flows for subsequent years.

The recoverable amount was calculated on the basis of value in use and is based on the assessment of cash flows for the coming five-year period. Assumptions have been made concerning future revenue, contribution ratios, cost level, working capital requirements and investment requirements. Key assumptions are based on the underlying conditions of the individual operations, market conditions and the action plans in place in each operating area. In addition, shared assumptions are also used with respect to inflation and salary trends for the countries where the Group conducts its main operations. Assumptions are also made with respect to future foreign exchange rates that impact the price of the Group's purchases and sales. There is a strong correlation between the shared assumptions and external sources of information and previous experiences. For cash flows beyond the five-year period, growth has been assumed to amount to approximately 2 per cent annually, corresponding to the long-term growth rate on Alligo's markets.

Cash flows have been discounted by a weighted capital cost for borrowed capital and equity, and are presented in the table below for each cash-generating unit. The discount rate is applied to an asset base, excluding right-of-use assets, with lease payments included in the cash flow of each cash-generating unit. The discount rate is thus comparable with that used in the preceding year. The testing of goodwill values did not indicate any impairment requirement.

	Discount rate, before tax	
Group, %	**31/12/2021**	**31/12/2020**
Alligo	11.0%	11.0%
Components & Services	-	10.5%

No reasonable changes in key assumptions would result in an impairment requirement

NOTE 11 Tangible non-current assets

	2021					2020 (9 mos.)				
Group, MSEK	**Buildings and land**	**Leasehold improvements**	**Machinery and equipment**	**Construction in progress**	**Total**	**Buildings and land**	**Leasehold improvements**	**Machinery and equipment**	**Construction in progress**	**Total**
Accumulated cost										
At the beginning of the year	208	80	381	120	**789**	37	47	237	4	**325**
Investments	1	1	37	71	**110**	5	11	20	89	**125**
Acquisition of subsidiaries			1		**1**	168	21	148	27	**364**
Divestment of operations			-4		**-4**					
Sales and disposals		-2	-13		**-15**		-1	-16		**-17**
Reclassifications	95	11	58	-157	**7**		2	-2		**0**
Translation differences	0	2	8	0	**10**	-2		-6		**-8**
Discontinued operations		-3	-46	-1	**-50**					
At year-end	**304**	**89**	**422**	**33**	**848**	**208**	**80**	**381**	**120**	**789**
Accumulated depreciation										
At the beginning of the year	-33	-36	-214		**-283**	-30	-30	-204		**-264**
Depreciation for the year	-8	-10	-44		**-62**	-4	-7	-31		**-42**
Divestment of operations		0	3		**3**					
Sales and disposals		1	6		**7**		1	16		**17**
Translation differences		-2	-6		**-8**	1	0	5		**6**
Discontinued operations		3	37		**40**					
At year-end	**-41**	**-44**	**-218**	**0**	**-303**	**-33**	**-36**	**-214**		**-283**
Write-downs on cost										
At the beginning of the year					**-**					**-**
Write-downs for the year		-10	-3		**-13**					**-**
At year-end	**0**	**-10**	**-3**	**0**	**-13**	**0**	**0**	**0**	**0**	**0**
Carrying amount at the beginning of the year	**175**	**44**	**167**	**120**	**506**	**7**	**17**	**33**	**4**	**61**
Carrying amount at year-end	**263**	**35**	**201**	**33**	**532**	**175**	**44**	**167**	**120**	**506**

NOTE 12 Leases

The Group's lease portfolio primarily comprises leases related to warehouse and store facilities as well as vehicles. The average term of leases for premises is 3–5 years. Longer terms mainly pertain to leases for warehouse and logistics facilities. Extension options are mainly taken into account for those leases with an ordinary term of less than three years, unless specific circumstances indicate with reasonable certainty that the option to extend will be exercised. Other right-of-use assets in the table below refer mainly to machinery and equipment used in the Group's warehouse and logistics operations. The lease term for vehicles and other assets essentially corresponds to the non-cancellable period of the lease.

Right-of-use assets

MSEK	**Premises**	**Vehicles**	**Other**	**Total**
Opening carrying amount 01/04/2020	**431**	**51**	**9**	**491**
Acquisitions	621	39	13	**673**
Extensions and remeasurements	121	0	1	**122**
Amortisation during the year	-290	-34	-6	**-330**
Translation differences	-3	-1	0	**-4**
Closing balance as at 31 Dec 2020	**880**	**55**	**17**	**952**
Acquisitions	114	37	9	**160**
Extensions and remeasurements	240	-2	0	**238**
Amortisation during the year	-341	-30	-12	**-383**
Divested operations	-1	-1	0	**-2**
Discontinued operations	-41	-10	0	**-51**
Translation differences	20	1	0	**21**
Closing balance as at 31 December 2021	**871**	**50**	**14**	**935**

Cash flow

The total cash flow for continuing operations in relation to leases amounted to MSEK -395 (-297) during the financial year. This figure includes amounts recognised as lease liabilities, and amounts paid for variable lease payments, short-term leases and low-value leases.

Lease liabilities

A maturity analysis of lease liabilities is presented in note 24 Financial risks.

Amounts recognised in profit or loss

Profit or loss shows the following amounts for continuing operations in relation to leases:

MSEK	2021	2020 (9 mos.)
Depreciation of right-of-use assets	-383	-305
Interest on lease liabilities	-15	-12
Variable lease payments not included in the measurement of the lease liability	-9	-6
Income from sub-leasing of right-of-use assets	2	3
Cost of short-term leases	-2	-2
Cost of low-value leases, not short-term leases of low value	-9	-7

Non-cancellable lease payments amount to:

	PARENT COMPANY	
MSEK	2021	2020 (9 mos.)
Leases where the company is the lessee		
Within 1 year	0	1
Between 1 and 5 years	0	1
Later than 5 years	-	-
Total	**0**	**2**

Expensed lease payments amount to:

	PARENT COMPANY	
MSEK	2021	2020 (9 mos.)
Minimum lease payments	2	1
Total lease costs	**2**	**1**

NOTE 13 Receivables from Group companies

	PARENT COMPANY	
MSEK	31/12/2021	31/12/2020
Carrying amount at the beginning of the year	**1,913**	**779**
Additional assets	4	1,222
Deducted assets	-223	-88
Total	**1,694**	**1,913**

NOTE 14 Inventories

	GROUP	
MSEK	31/12/2021	31/12/2020
Finished goods and goods for resale	1,856	1,761
Total	**1,856**	**1,761**

Cost of goods sold includes net change in the Group's obsolescence reserve and write-downs during the year of MSEK -49 (-48). Net change includes realisation of earlier write-downs.

NOTE 15 Prepaid expenses and accrued income

	GROUP	
MSEK	31/12/2021	31/12/2020
Prepaid expenses		
Rents	1	1
Insurance premiums	2	2
Licences	17	11
Computer costs	1	4
Bank and financial expenses	4	4
Other prepaid expenses	31	17
Accrued income		
Delivery of goods	8	9
Commission and bonus income	76	113
Other accrued income	1	2
Total	**141**	**163**

NOTE 16 Non-current receivables and other receivables

	GROUP	
MSEK	31/12/2021	31/12/2020
Non-current receivables classified as non-current assets		
Pension funds	0	0
Non-current receivables	14	0
Total	**14**	**0**

	GROUP		PARENT COMPANY	
MSEK	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Other receivables classified as current assets				
VAT receivable	4	6	0	2
Tax account	22	13	1	0
Advance payments	75	32	-	-
Derivative hedging instruments	7	0	-	-
Other receivables	11	8	0	0
Total	**119**	**59**	**1**	**2**

NOTE 17 Equity

Classes of shares

As at 31 December 2021, the share capital amounted to MSEK 102. The distribution by class of shares is presented in the table below. All shares have a quotient value of SEK 2.00. All shares entitle their holders to the same rights to the company's remaining net assets. For shares held in treasury, all rights are rescinded until these shares have been reissued.

Class of share

Number	31/12/2021	31/12/2020
Class A shares	1,062,436	1,062,436
Class B shares	49,843,753	49,843,753
Total number of shares before repurchasing	**50,906,189**	**50,906,189**
Less: Repurchased Class B shares	-425,300	-500,000
Total number of shares after repurchasing	**50,480,889**	**50,406,189**
Opening repurchased Class B shares	**500,000**	**500,000**
Sale of treasury shares on redemption of share options	-74,700	-
Closing repurchased treasury shares	**425,300**	**500,000**

The table below shows the changes for the year in the number of shares by class of shares.

Number	31/12/2021	31/12/2020
Class A shares		
Number of Class A shares at the beginning of the year	1,062,436	1,062,436
Number of Class A shares at year-end	**1,062,436**	**1,062,436**
Class B shares		
Number of Class B shares at the beginning of the year	49,843,753	49,836,856
Non-cash issue[1]	-	6,897
Number of Class B shares at year-end	**49,843,753**	**49,843,753**

1) As a result of the acquisition of Swedol, the Board of Directors of Alligo resolved on a directed issue to the shareholders of Swedol comprising 22,633,876 Class B shares at the end of March 2020 and 6,897 Class B shares in April 2020.

According to Alligo AB's Articles of Association, holders of Class A shares are entitled to request that such shares be converted to Class B shares. The total number of votes in the company decreases as a result of any conversion to Class B shares. The company's Class A shares entitle the holder to ten votes each and the company's Class B shares entitle the holder to one vote each. As part of the preparations for the separate listing of Momentum Group AB, which constitutes the Components & Services business area of Alligo, Nordstjernan AB has converted 498,363 Class A shares in Alligo to the corresponding number of Class B shares. The conversion is effected in accordance with the conversion provision in Alligo's Articles of Association.

The separate listing of Momentum Group AB is intended to take place through the distribution of all of Alligo's shares in Momentum Group AB. The distribution of shares in Momentum Group AB is intended to take place in accordance with the Lex Asea rules and one of the conditions for the application of the Lex Asea rules is that Alligo is not part of the same Group as Nordstjernan at the time of the distribution of the shares in Momentum Group AB. Nordstjernan is therefore not permitted to hold more than 50 per cent of the votes in Alligo, as Alligo would then be a subsidiary of Nordstjernan and therefore in the same Group. After the conversion, Nordstjernan holds 213 Class A shares and 27,776,641 Class B shares, corresponding to 55.02 per cent of the shares and 49.99 per cent of the votes in Alligo.

Repurchased treasury shares included in the equity item retained earnings, including profit or loss for the year

Repurchased shares include the acquisition cost of treasury shares held by the Parent Company, its subsidiaries and associates. As at 31 December 2021, the Group held 425,300 own shares (500,000) in treasury.

Call option programme 2017/2021

Following a resolution at an Extraordinary General Meeting of Shareholders in November 2017, 40 key personnel in senior positions were offered the opportunity to acquire a maximum of 250,000 call options on repurchased Class B shares. The programme was fully subscribed. If fully exercised, the number of outstanding Class B shares will increase by 250,000, corresponding to 0.5 per cent of the total number of shares and 0.4 per cent of the total number of votes. The call options have been conveyed at a price of SEK 9.60 per call option, equivalent to the market value of the options according to a valuation performed by Nordea Bank. The redemption price for the call options is SEK 119.30 per share and the redemption periods were set at 12–25 February and 12–25 May 2021, respectively. The original redemption price per call option for the 2017 share-based incentive programme was SEK 121.60, but has been recalculated by Nordea Bank in accordance with the terms of the incentive programme due to paid and adopted dividends between 2018 and 2021. During the year, 74,700 call options were redeemed and equity increased by MSEK 8.9 from funds received on the sale of treasury shares. The remaining 159,300 call options were repurchased during the year, reducing equity by MSEK 3.4. The call option programme 2017/2021 is thereby closed.

Call option programme 2018/2022

Following a resolution at the Annual General Meeting of Shareholders in August 2018, 50 key personnel in senior positions were offered the opportunity to acquire a maximum of 250,000 call options on repurchased Class B shares. The programme was fully subscribed. If fully exercised, the number of outstanding Class B shares will increase by 250,000, corresponding to 0.5 per cent of the total number of shares and 0.4 per cent of the total number of votes. The call options have been conveyed at a price of SEK 10.20 per call option, equivalent to the market value of the options according to a valuation performed by Nordea Bank. The redemption price for the call options is SEK 137.30 per share and the redemption periods were set at 14–28 February and 16–30 May 2022, respectively. During the year, 232,000 call options were repurchased, reducing equity by MSEK 16.8.

Translation reserve

The translation reserve includes all foreign exchange differences arising from the translation of the financial statements of foreign operations for which the financial statements have been prepared in a currency other than the currency in which the consolidated financial statements are presented. The Group presents its financial statements in Swedish kronor.

	GROUP	
MSEK	31/12/2021	31/12/2020
Translation reserve		
Opening translation reserve	-62	-17
Change related to acquired businesses	-	-8
Translation effect for the year	51	-37
Closing translation reserve	**-11**	**-62**

Hedging reserve

The hedging reserve covers the change in value of the foreign exchange forward contracts hedged. At the end of the year, the value of the hedging reserve amounted to MSEK 6 (-11).

	GROUP	
MSEK	31/12/2021	31/12/2020
Hedging reserve		
Opening hedging reserve	-11	2
Change related to acquired businesses	-	8
Fair value changes for the year in cash flow hedges	7	-13
Tax attributable to hedges for the year	-1	3
Fair value changes in cash flow hedges transferred to profit/loss for the year	14	-14
Tax attributable to hedges transferred to profit or loss for the year	-3	3
Closing hedging reserve	**6**	**-11**

Parent Company

Restricted funds

Restricted funds may not be reduced through dividends.

Non-restricted equity

Retained earnings

Comprises earnings generated in previous years after any dividends are paid. Together with profit or loss for the year, less holdings of treasury shares, comprises total non-restricted equity, meaning the amount available to be distributed to the shareholders. As at the balance-sheet date, total equity in Alligo AB amounted to MSEK 1,991, of which MSEK 102 was restricted equity.

Distribution of Momentum Group AB

The Board of Directors has proposed that an Extraordinary General Meeting that will take place on 23 March 2022 resolve that all the shares in Momentum Group AB, the wholly owned subsidiary that contains the Components & Services business area, be distributed to the shareholders of Alligo AB. The estimated book value of the shares in Momentum Group AB at the time of distribution is MSEK 43, meaning a distribution of approximately SEK 0.84 per share.

Dividend

The Board of Directors of Alligo AB proposes to the Annual General Meeting a dividend of SEK 1.75 per share, corresponding to a pay-out ratio of 30 per cent of earnings per share for the financial year. Taking into account the Class B shares repurchased by the company, the proposed dividend corresponds to a total of approximately MSEK 88. The proposed dividend is in line with the company's dividend policy, which states that 30–50 percent of earnings per share are to be distributed over a business cycle.

MSEK	31/12/2021	31/12/2020
SEK 1.75 (1.50) per share	88	76

Proposed appropriation of profit (SEK)		
The following funds are at the disposal of the General Meeting of Shareholders:	1,889,406,113	1,955,732,749
Required for distribution to shareholders of shares in Momentum Group AB	42,578,000	-
The following funds are at the disposal of the Annual General Meeting:	**1,846,828,113**	**1,955,732,749**
The Board of Directors proposes that the shareholders receive a dividend of SEK 1.75 per share	88,341,556	75,609,284
That the remaining profit be brought forward*	1,758,486,557	1,880,123,466
Total	**1,846,828,113**	**1,955,732,749**

* Of which share premium account SEK 1,442,217,240.

NOTE 18 Earnings per share

	BEFORE DILUTION		AFTER DILUTION	
SEK	2021	2020 (9 mos.)	2021	2020 (9 mos.)
Earnings per share, continuing operations	5.75	2.90	5.75	2.90
Earnings per share, discontinued operations	2.75	1.65	2.75	1.65
Earnings per share, total Group	8.50	4.55	8.50	4.55

The calculation of the numerators and denominators used in the above calculations of earnings per share is specified below.

Earnings per share before dilution

The calculation of earnings per share for the 2021 financial year was based on profit for the year attributable to the ordinary shareholders of the Parent Company amounting to MSEK 429 (MSEK 228) and a weighted average number of shares outstanding during the financial year amounting to 50,453,264 (50,406,189). The two components have been calculated in the following manner:

Profit for the year attributable to Parent Company shareholders, before dilution

MSEK	2021	2020 (9 mos.)
Profit for the year attributable to Parent Company shareholders	429	228
Profit attributable to Parent Company shareholders, before dilution	**429**	**228**

Weighted average number of shares outstanding, before dilution

Thousands of shares	2021	2020 (9 mos.)
Total number of shares at financial year-end	50,906	50,906
Effect of holding of treasury shares	-453	-500
Number of shares for calculation of earnings per share	**50,453**	**50,406**

Earnings per share after dilution

The calculation of earnings per share after dilution for the 2021 financial year was based on profit attributable to the ordinary shareholders in the Parent Company amounting to MSEK 429 (MSEK 228) and a weighted average number of shares outstanding during the financial year amounting to 50,455,198 (50,408,189). The two components have been calculated in the following manner:

Profit attributable to Parent Company shareholders, after dilution

MSEK	2021	2020 (9 mos.)
Profit for the year attributable to Parent Company shareholders	429	228
Profit attributable to Parent Company shareholders, after dilution	**429**	**228**

Weighted average number of shares outstanding, after dilution

Thousands of shares	2021	2020 (9 mos.)
Total number of shares at financial year-end	50,906	50,906
Effect of holding of treasury shares	-453	-500
Effect of non-cash issue	-	-
Effect of share-option programmes[1]	2	2
Number of shares for calculation of earnings per share	**50,455**	**50,408**

1) As at 31 December 2021, Alligo AB had an outstanding call option programme. The share price on 31 December 2021 was SEK 192.00 and the call options issued on the repurchased shares resulted in a dilution effect of approximately 2,000 shares. These call option programmes are described in greater detail in note 5.

NOTE 19 Provisions for pensions

During the year, Alligo had defined benefit pension plans in Sweden. Defined contribution pension plans are also used in Sweden. Group subsidiaries in other countries primarily have defined contribution pension plans.

Defined contribution plans

These plans mainly cover retirement pensions and family pensions. Premiums are paid on an ongoing basis during the year by each Group company to separate legal entities, such as insurance companies. The premium level is based on salary. The pension cost for the period is included in profit or loss.

Defined benefit plans

These plans mainly cover retirement pensions. Vesting is based on the number of years of service. For each year of service, the employee earns an increased right to pension, which is recognised as benefits earned during the year and as an increase in pension obligations. Unfunded and funded pension plans are used in Sweden. The unfunded pension plans were in the operations divested during the year. The defined benefit plans are exposed to actuarial risks, such as life expectancy, currency, interest rate and investment risks.

Obligations for employee benefits, defined benefit plans

The following provisions for pension obligations have been made on the balance sheet:

Group, MSEK	31/12/2021	31/12/2020
Pension obligations unfunded plans, present value	0	34
Pension obligations funded plans, present value	1	1
Plan assets, fair value	-1	-1
Net pension obligations	**0**	**34**

The Group has a number of defined benefit pension plans that are all managed individually. Funded plans are recognised net on the balance sheet. Accordingly, obligations are recognised on the balance sheet at the following net amounts:

Group, MSEK	31/12/2021	31/12/2020
Plan assets for pension obligations	0	0
Provisions for pensions and similar obligations	0	34
Net liabilities according to the balance sheet	**0**	**34**
Of which, credit insured through PRI Pensionsgaranti	0	14

Performance of pension obligations and plan assets

Pension obligations, plan assets and provisions for pension obligations for the defined benefit pension plans have developed as follows:

Pension obligations, unfunded plans:

Group, MSEK	31/12/2021	31/12/2020
Opening balance	34	31
Benefits earned during the year	0	0
Interest expense	0	1
Benefits paid	-1	0
Remeasurement recognised in other comprehensive income	-1	2
Divested operations	-32	-
Pension obligations unfunded plans, present value	**0**	**34**

Pension obligations, funded plans:

Group, MSEK	31/12/2021	31/12/2020
Opening balance	1	2
Benefits paid	0	-1
Redemption of pension obligations	0	0
Pension obligations funded plans, present value	**1**	**1**

Plan assets:

Group, MSEK	31/12/2021	31/12/2020
Opening balance	1	2
Funds paid to employees	0	-1
Redemption of pension obligations	0	0
Plan assets, fair value	**1**	**1**

Plan assets comprise funds paid to and managed by insurance companies and are distributed between the following classes of assets:

Plan assets:

Group, MSEK	31/12/2021	31/12/2020
Cash and cash equivalents	1	1
Equity instruments	0	0
Debt instruments	0	0
Properties	0	0
Other assets	0	0
Plan assets, fair value	**1**	**1**

All plan assets are managed by an insurance company and are included in the insurance company's asset portfolio. The assets are thus not considered to be traded on an active market from the Group's perspective. Estimated pension payments over the next ten-year period are calculated at approximately MSEK 1 and the liquidity risk is thus clearly limited with respect to the correlation between plan assets and obligations.

Net change in defined benefit obligations during the year:

Group, MSEK	31/12/2021	31/12/2020
Opening balance	34	31
Pension costs incl. interest expense on defined benefit plans	0	1
Benefits paid	-1	-1
Funds paid to employees	0	1
Remeasurement recognised in other comprehensive income	-1	2
Redemption of pension obligations	0	0
Divested operations	-32	-
Closing balance	**0**	**34**

Pension costs (costs recognised in profit or loss for the year):

Group, MSEK	31/12/2021	31/12/2020
Pensions earned during the period	0	0
Net interest expense	0	1
Pension costs, defined benefit plans	**0**	**1**
Pension costs, defined contribution plans	105	75
Pension costs in profit or loss for the year	**105**	**76**

Pension costs are distributed in profit or loss between Personnel costs and Net financial items, with the latter comprising the net amount of interest on the obligations and interest on the plan assets.

Actuarial assumptions:

Group, MSEK	31/12/2021	31/12/2020
Discount rate at the end of the year, %	-	1.5
Expected salary increase, %	-	2.75
Expected inflation[1], %	-	1.5
Expected remaining period of service, years	-	12.5

1) Inflation assumption is equivalent to pension indexation.

Financing

As at 31 December 2021, the average weighted term of the total pension obligation was 9.5 years (21.1). The Group estimates that MSEK 0 will be paid in 2022 to funded and unfunded defined benefit plans recognised as defined benefit plans, and MSEK 75 will be paid in 2022 to the defined benefit plans recognised as defined contribution plans. The latter pertains exclusively to ITP2 at Swedish companies.

NOTE 20 Non-current non-interest-bearing liabilities and other provisions

Group, MSEK	31/12/2021	31/12/2020
Non-current non-interest-bearing liabilities		
Option liability, acquisitions	3	17
Total	**3**	**17**
Specification		
Carrying amount at the beginning of the period	17	35
Acquisition of partly owned subsidiary		-
Remeasurement pertaining to the change in ownership share in partly owned subsidiary	-4	-19
Other unrealised changes in value	0	1
Discontinued operations	-10	-
Carrying amount at the end of the period	**3**	**17**
Provisions classified as non-current liabilities		
Guarantee commitments	0	0
Other	47	1
Total	**47**	**1**
Specification		
Carrying amount at the beginning of the period	1	0
Provisions made during the period	47	1
Amount used during the period	-1	0
Discontinued operations	0	-
Translation differences	0	0
Carrying amount at the end of the period	**47**	**1**

NOTE 21 Other liabilities

Group, MSEK	31/12/2021	31/12/2020
Employee withholding taxes	35	38
VAT liability	95	99
Derivative hedging instruments	0	14
Advance payments from customers	16	16
Additional purchase consideration	5	-
Other operating liabilities	16	16
Total	**167**	**183**

NOTE 22 Accrued expenses and deferred income

	GROUP		PARENT COMPANY	
MSEK	**31/12/2021**	**31/12/2020**	**31/12/2021**	**31/12/2020**
Accrued expenses				
Salaries and remuneration to employees	211	222	6	5
Social security contributions	64	90	2	2
Bonuses, refunds to customers	35	29	-	-
Operating and premises costs including tax	21	21	-	-
Auditors' fees	3	3	0	0
Other consulting fees	6	4	1	-
Car and travel expenses	6	4	0	-
Temporarily contracted employees	7	6	-	-
Shipping costs	22	13	-	-
IT and computer costs	3	4	-	-
Other accrued expenses	59	36	1	0
Deferred income				
Marketing income	3	2	-	-
Other deferred income	5	2	-	-
Total	**445**	**436**	**10**	**7**

NOTE 23 Pledged assets and contingent liabilities

	GROUP		PARENT COMPANY	
MSEK	**31/12/2021**	**31/12/2020**	**31/12/2021**	**31/12/2020**
Pledged assets				
In the form of pledged assets for own liabilities and provisions:				
Corporate mortgages	3	-	-	-
Total pledged assets	**3**	**-**	**-**	**-**
Contingent liabilities				
Guarantees for subsidiaries[1]	-	-	0	14
Guarantees, other	17	17	-	-
Total contingent liabilities	**17**	**17**	**0**	**14**

1) Parent Company guarantees essentially pertain to PRI obligations.

The Parent Company Alligo AB has entered into an agreement guaranteeing the fulfilment of the subsidiary Momentum Group Services AB's rental agreement with an external party for the Group's warehouse and logistics property in Alingsås. The annual rental cost amounts to approximately MSEK 12 and the agreement expires at the end of 2027.

NOTE 24 Financial risks and risk management

Alligo's operations entail exposure to a number of financial risks. Changes, particularly in foreign exchange rates and interest rate levels, affect the Group's earnings and cash flows, but financing risks also arise and are managed within the framework of the Group's adopted policies.

Financial operations

The goal of the Group's financial operations is to ensure high efficiency in the areas of investments, liquidity flows, borrowing, foreign currency management and granting of credit. The Board of Directors determines the Group's financial policy each year, which includes guidelines, goals and frameworks for treasury management and for managing the financial risks in the Group. The financial policy defines and identifies the financial risks that can arise, and regulates the distribution of responsibility between the Board of Directors, the CEO, the CFO, the internal bank function as well as the subsidiaries' CEOs and CFOs. The Group's central financial operations comprise securing the Group's long-term supply of liquidity for investments and working capital in an efficient manner. The Parent Company has its own internal bank function tasked with coordinating the Group's financial activities and ensuring that systems are available for efficient cash management for the Group companies. The Parent Company manages the Group's external borrowing. All foreign currency management and granting of credit to customers are handled within the framework of the established policies.

Capital management

The company's goal regarding the financial position is that it should enable the Group to have favourable access to liquidity, that the cost of borrowed capital should be kept at market rate, that the return on cash and cash equivalents should be satisfactory and that the risk in investments and exposures should be kept low. A prerequisite for this is that the Group has a long-term favourable financial position and meets the financial commitments included in the loan agreements, etc.

Financial instruments and hedge accounting

The Group uses financial derivative instruments to manage foreign exchange risks that arise during its operations. Derivative instruments held for hedging comprise foreign exchange forward contracts. These derivative instruments are hedged, which means that the instruments are recognised on the balance sheet at fair value and that any changes in the values of these instruments are recognised in other comprehensive income in equity until their underlying cash flows are reflected in profit or loss.

Currency risks

For Alligo, foreign exchange risk arises at the subsidiaries as a result of future payment flows in foreign currencies, referred to as a transaction exposure, and through portions of the Group's equity comprising net assets of foreign subsidiaries and the Group's profit compromising profit from foreign subsidiaries, referred to as translation exposure.

Transaction exposure

Transaction exposure comprises future contracted and forecast receipts and disbursements in foreign currencies for subsidiaries, which, in the Group's case, mainly involves purchases and sales of goods. The total transaction exposure of continuing operations for key currencies is shown in the table below.

Annual net flow by currency (countervalue in MSEK)

Currency	2021	2020 (9 mos.)
NOK	302	248
EUR	-249	-99
USD	-607	-323

The Group has its primary customer markets in Sweden, Norway and Finland, with sales in SEK, NOK and EUR, respectively. Purchasing that takes place outside the Nordic regions is mainly paid in USD and EUR.

The effects of exchange rate changes are reduced on the basis of purchases and sales in the same currency, currency clauses and foreign exchange forward contracts. Risk exposure is limited by the Group's sales largely comprising products that are sold at a fixed price in the local currency according to a price list valid for a period of approximately six months. Group companies hedge parts of their future currency outflows in foreign currency using foreign exchange forward contracts for net exposures in excess of approximately MSEK 25 in currency commitments over a 12-month period, in accordance with the Group's financial policy. The currency hedge standard is for 75 per cent of the expected net flow 6 months in the future and 50 per cent of the expected net flow 6 to 12 months in the future to be currency hedged on a rolling quarterly basis. To enable it to manage the hedging of exposure in foreign currency effectively, the Group's Finance function has a mandate to deviate from the currency hedge standard by +/- 15 per cent. The main currency risk arises in relation to purchases of goods from Asia (USD) and Europe (EUR). The nominal amounts of outstanding foreign exchange forward contracts for continuing operations are presented in the table below:

	31/12/2021		31/12/2020	
Foreign exchange forward contracts	**Nominal value**	**Average rate**	**Nominal value**	**Average rate**
NOK/SEK	-	-	8	0.97
USD/SEK[1]	144	9.04	178	8.21
EUR/SEK[1]	29	10.23	11	10.20

1) Foreign exchange forward contracts for purchase of currency.

Translation exposure of earnings

The Group's earnings are affected by the translation of the income statements of foreign subsidiaries, for which translation is carried out at the average exchange rate for the financial year. In cases where the local currency of the foreign subsidiary changes in relation to SEK, the Group's recognised revenue and earnings that were translated to SEK also change. The Group's translation exposure in revenue and operating profit is presented in the tables below.

Revenue	2021	2020 (9 mos.)
Outcome translated to average rate for the preceding year	8,437	6,193
Currency translation		
NOK	75	-153
EUR	-37	-21
Total currency translation	**38**	**-174**
Outcome	**8,475**	**6,019**

Operating profit	2021	2020 (9 mos.)
Outcome translated to average rate for the preceding year	426	426
Currency translation		
NOK	2	-1
EUR	-1	-1
Total currency translation	**1**	**-2**
Outcome	**427**	**226**

The Group has net exposures in several foreign currencies. The table below shows the effect on the Group's revenue and operating profit if the rates for the exposure currencies were to change by five per cent.

Change in rate for underlying exposure currencies +/- 5%	2021	2020 (9 mos.)
Effect		
- Revenue	+/- 176	+/- 124
- Operating profit	+/- 4	+/- 3

The following rates were applied in the year-end accounts:

	Average rate		Balance sheet rate	
Currency	**2021**	**2020 (9 mos.)**	**31/12/2021**	**31/12/2020**
NOK	0.998	0.964	1.025	0.955
EUR	10.145	10.431	10.227	10.038
USD	8.582	9.060	9.044	8.189
DKK	1.364	1.400	1.375	1.349

Translation exposure of equity

The value of the net assets of foreign subsidiaries is translated to SEK at year-end at the exchange rate in effect on the balance sheet date. The exchange rate difference between the years is recognised against equity through other comprehensive income. Translation exposure for foreign subsidiaries' net assets is at present only hedged to a limited extent through external borrowing in another currency than SEK.

Net assets in foreign subsidiaries by currency (MSEK)

Currency	31/12/2021	31/12/2020
NOK	486	431
EUR	457	438
DKK	13	13

Interest rate risks

Interest rate risk refers to the risk that changes in the market interest rate will have a negative impact on the Group's net interest income. The speed at which an interest rate change has an effect depends on the length of the period of fixed interest on the loans and the type of hedging instruments used. Both the market interest rate and the Group's earnings are expected to follow the general economic cycle. Hence, the Group's financial policy stipulates that the period of fixed interest is normally to be short-term, with at least 50 per cent of the loans having a fixed-interest period of less than one year. In order to further manage the risk of higher market interest rates in the future, Alligo's financial policy also stipulates that different forms of interest derivatives may be used to limit interest rate risk. As at 31 December 2021, the Group does not hold any interest derivative instruments.

The debt portfolio comprises a committed credit facility, revolving credit facilities with fixed-interest periods of three months and bank loans. The average period of fixed interest for the whole debt portfolio is 3 months. The bank loans raised in March 2020 pertained exclusively to the acquisition of Swedol, which closed in April 2020. The Group also recognises interest-bearing liabilities relating to leases. The primary variable interest rates are STIBOR and EURIBOR. Liabilities to credit institutions by underlying currency are presented in the table above right. Given the same average loan liability during the year and the same fixed-interest periods, a change in the market interest rate of 1 percentage point would result in a change in interest expense of approximately MSEK 16 per year.

Liabilities to credit institutions by currency

31/12/2021	SEK	EUR	Total
Committed credit facility	-	-	**-**
Revolving credit facility	470	82	**552**
Bank loans	993	-	**993**
31/12/2020	**SEK**	**EUR**	**Total**
Committed credit facility	-	-	**-**
Revolving credit facility	470	80	**550**
Bank loans	1,118	-	**1,118**

Liquidity and refinancing risks

Liquidity and refinancing risk pertains to the risk that the Group is unable to fulfil its payment obligations due to insufficient liquidity and that the possibility of financing is limited when loans are due for rescheduling. The Group's financial policy stipulates that borrowing and trading in financial instruments may only be conducted with one of the large Nordic commercial banks. Current investments of any surplus liquidity are made with terms of one to six months at current market interest rates. The counterparty for deposits is always one of the large Nordic commercial banks. At the end of the financial year, the Parent Company had access to a committed credit facility of MSEK 400, of which MSEK 400 was unutilised. The credit facility is renewed on an annual basis and was extended to February 2023 after the balance sheet date. In addition to this committed credit facility, the Group has a revolving credit facility totalling MSEK 1,200, of which MSEK 648 was unutilised. The current revolving credit facility was raised in April 2020 in conjunction with the acquisition of Swedol and has a term of three years, with the option to extend for one year.

The financing is linked to financial covenants that the Group is obligated to fulfil every quarter. The primary covenants by which Alligo is measured are the interest coverage ratio and the equity/assets ratio. There are specific definitions for each component. As at 31 December 2021, the financial covenants were fulfilled.

The Group's financing risk is also dependent on the possibility of refinancing loans as they mature. The Group's financial liabilities at year-end amounted to MSEK 3,710 and the maturity structure of the loan liabilities is presented in the table below. A table showing the Group's financial assets and liabilities is presented in note 26 Financial assets and liabilities.

Maturity structure financial liabilities (undiscounted cash flows)

			Matures		
31/12/2021, MSEK	**Carrying amount**	**Future payment amount**	**Within 1 year**	**Within 5 years**	**After 5 years**
Interest-bearing financial liabilities to credit institutions	1,545	1,627	147	1,101	379
Interest-bearing lease liabilities	1,013	1,062	339	649	74
Accounts payable and other non-interest-bearing financial liabilities	1,147	1,147	1,144	3	-
Derivative hedging instruments	0	0	0	-	-
Contingent purchase considerations	5	5	5	-	-
Financial liabilities	**3,710**	**3,841**	**1,635**	**1,753**	**453**
31/12/2020, MSEK					
Interest-bearing financial liabilities to credit institutions	1,668	1,765	145	1,088	532
Interest-bearing lease liabilities	1,004	1,053	367	635	51
Accounts payable and other non-interest-bearing financial liabilities	1,039	1,039	1,029	10	-
Derivative hedging instruments	14	14	14	-	-
Financial liabilities	**3,725**	**3,871**	**1,555**	**1,733**	**583**

The Parent Company manages the Group's external borrowing. The maturity structure presented in the table above pertaining to interest-bearing financial liabilities corresponds to the actual maturity structure for the Parent Company.

Credit risks

In its commercial and financial transactions, the Group is exposed to credit risks in relation to Alligo's counterparties. Credit risk or counterparty risk pertains to the risk of loss if the counterparty does not fulfil its obligations. The Group is exposed to credit risk through its financial transactions, i.e. through the investment of surplus liquidity and implementation of foreign exchange forward contracts and in connection with accounts receivable and advance payments to suppliers in the commercial operations. The financial policy stipulates that only the major Nordic commercial banks are suitable for the investment of surplus liquidity and foreign exchange forward contract subscriptions.

In order to capitalise on the operational business's knowledge of customers and suppliers, the credit risk assessments are managed in the commercial transactions by each company. The credit risk is spread over a wide range of customers and is a good reflection of the Group's trading where the total revenue is built up of many business transactions and a favourable risk spread of sales across varying industries and companies. No individual customer accounts for more than five percent of the total credit exposure over a one-year period. To minimise the risk of credit losses, the Group companies apply credit policies that limit outstanding amounts and credit periods for individual customers. The size of each customer's credit is assessed individually. A credit check is made for all new customers. The intention is that credit limits will reflect the customer's payment capacity. Historically, Alligo's credit losses have been low.

The credit quality of the accounts receivable that have neither matured for payment nor been impaired is deemed favourable.

Reserves for expected credit losses and maturity structure are presented in the table below.

Accounts receivable

MSEK	31/12/2021	31/12/2020
Accounts receivable	1,195	1,177
Accumulated reserve for expected credit losses	-41	-36
Accounts receivable, net	**1,154**	**1,141**

Specification of change in reserve for expected credit losses

MSEK	31/12/2021	31/12/2020
Carrying amount at the beginning of the period	-36	-15
Changes pertaining to acquired businesses	0	-10
Change related to confirmed credit losses	4	6
Change related to expected credit losses	-10	-17
Discontinued operations	2	-
Translation differences	-1	0
Carrying amount at the end of the period	**-41**	**-36**

Maturity analysis

MSEK	31/12/2021	31/12/2020
- not past due	1,039	1,031
- receivables past due by 1–30 days	106	95
- receivables past due by 31–60 days	12	10
- receivables past due by 61–90 days	4	4
- receivables past due by > 90 days	34	37
Total receivables	**1,195**	**1,177**

Parent Company

Alligo's operations entail exposure to a number of financial risks. Changes, particularly in foreign exchange rates and interest rate levels, affect the Group's earnings and cash flows, but financing risks also arise and are managed within the framework of the Group's adopted policies. Alligo AB manages the Group's external borrowing. Accordingly, the Parent Company is exposed to the same refinancing and interest rate risk as the Group. The Parent Company is also impacted indirectly by the other risks described above through its function in the Group. See above for a more detailed description.

NOTE 25 Specification of interest-bearing net loan liabilities by asset and liability

	31/12/2021			31/12/2020		
Group, MSEK	**Interest-bearing**	**Non-interest bearing**	**Total**	**Interest-bearing**	**Non-interest bearing**	**Total**
ASSETS						
Intangible non-current assets	-	2,577	**2,577**	-	2,784	**2,784**
Tangible non-current assets	-	532	**532**	-	506	**506**
Right-of-use assets	-	935	**935**	-	952	**952**
Financial non-current assets	14	-	**14**	1	-	**1**
Deferred tax assets	-	75	**75**	-	70	**70**
Total non-current assets	**14**	**4,119**	**4,133**	**1**	**4,312**	**4,313**
Current assets						
Inventories	-	1,856	**1,856**	-	1,761	**1,761**
Tax assets	-	17	**17**	-	0	**0**
Accounts receivable	-	1,154	**1,154**	-	1,141	**1,141**
Prepaid expenses and accrued income	-	141	**141**	-	163	**163**
Other receivables	-	119	**119**	-	59	**59**
Cash and bank	286	-	**286**	375	-	**375**
Discontinued operations, assets held for distribution		973	**973**	-	-	**-**
Total current assets	**286**	**4,260**	**4,546**	**375**	**3,124**	**3,499**
TOTAL ASSETS	**300**	**8,379**	**8,679**	**376**	**7,436**	**7,812**
LIABILITIES						
Non-current liabilities						
Non-current interest-bearing liabilities	2,095	-	**2,095**	2,185	-	**2,185**
Non-current non-interest-bearing liabilities	-	3	**3**	-	17	**17**
Provisions for pensions	0	-	**0**	34	-	**34**
Other provisions	-	47	**47**	-	1	**1**
Deferred tax liabilities	-	349	**349**	-	360	**360**
Total non-current liabilities	**2,095**	**399**	**2,494**	**2,219**	**378**	**2,597**
Current liabilities						
Current interest-bearing liabilities	463	-	**463**	487	-	**487**
Accounts payable	-	1,144	**1,144**	-	1,022	**1,022**
Tax liabilities	-	8	**8**	-	36	**36**
Other liabilities	-	167	**167**	-	183	**183**
Accrued expenses and deferred income	-	445	**445**	-	436	**436**
Discontinued operations, liabilities held for distribution		510	**510**			
Total current liabilities	**463**	**2,274**	**2,737**	**487**	**1,677**	**2,164**
TOTAL LIABILITIES	**2,558**	**2,673**	**5,231**	**2,706**	**2,055**	**4,761**
Interest-bearing net liabilities	**-2,258**			**-2,330**		

NOTE 26 Financial assets and liabilities

Group, MSEK	31/12/2021	31/12/2020
FINANCIAL ASSETS		
Financial assets measured at fair value		
Financial investments	0	1
Contingent purchase considerations	4	-
Derivative hedging instruments	7	0
Financial assets measured at amortised cost		
Non-current receivables	14	0
Accounts receivable	1,154	1,141
Cash and cash equivalents	286	375
Total financial assets	**1,465**	**1,517**
FINANCIAL LIABILITIES		
Financial liabilities measured at fair value		
Derivative hedging instruments	0	14
Contingent purchase considerations	5	-
Financial liabilities measured at amortised cost		
Option liability	3	17
Interest-bearing liabilities	2,558	2,672
Accounts payable	1,144	1,022
Total financial liabilities	**3,710**	**3,725**

The carrying amount of all of the Group's financial assets is deemed to be a reasonable approximation of their fair value. Liabilities measured at fair value comprise hedging instruments for which the fair value is based on observable market data and which are therefore included in level 2 according to IFRS 13 and contingent purchase considerations that are measured using discounted cash flow and are thus included in level 3.

A reconciliation between the opening and closing balances for level 3 financial instruments is presented in the table below.

Group, MSEK	31/12/2021	31/12/2020
Contingent purchase considerations		
Value at the beginning of the year	-	5
Cost, acquisitions	5	-
Change related to cash-settled contingent purchase considerations	-	-5
Value at year-end	**5**	**-**

Parent Company, MSEK	31/12/2021	31/12/2020
FINANCIAL ASSETS		
Financial assets measured at amortised cost		
Receivables from Group companies	1,866	2,052
Cash and cash equivalents	251	357
Total financial assets	**2,117**	**2,409**
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost		
Liabilities to credit institutions	1,545	1,668
Liabilities to Group companies	580	705
Accounts payable	2	1
Total financial liabilities	**2,127**	**2,374**

The carrying amount of all of the Parent Company's financial assets is deemed to be a reasonable approximation of their fair value.

NOTE 27 Expected recovery periods for assets, provisions and liabilities

Amounts expected to be recovered

Group, MSEK	Within 12 months	After 12 months	Total
ASSETS			
Intangible non-current assets[1]	97	2,480	**2,577**
Tangible non-current assets[1]	56	476	**532**
Right-of-use assets[1]	313	622	**935**
Financial non-current assets			
Financial investments	0	0	**0**
Other non-current receivables	1	13	**14**
Deferred tax assets	20	55	**75**
Total non-current assets	**487**	**3,646**	**4,133**
Current assets			
Inventories	1,856		**1,856**
Tax assets	17		**17**
Accounts receivable	1,154		**1,154**
Prepaid expenses and accrued income	141		**141**
Other receivables	119		**119**
Cash and bank	286		**286**
Discontinued operations, assets held for distribution	973		**973**
Total current assets	**4,546**		**4,546**
TOTAL ASSETS	**5,033**	**3,646**	**8,679**

Amounts expected to be paid

Group, MSEK	Within 12 months	After 12 months	After 5 years	Total
LIABILITIES				
Non-current liabilities				
Non-current interest-bearing liabilities	0	1,046	375	**1,421**
Non-current lease liabilities	0	605	69	**674**
Non-current non-interest-bearing liabilities	0	3	-	**3**
Provisions for pensions	0	0	0	**0**
Other provisions	12	24	11	**47**
Deferred tax liabilities	29	134	186	**349**
Total non-current liabilities	**41**	**1,812**	**641**	**2,494**
Current liabilities				
Current interest-bearing liabilities	124			**124**
Current lease liabilities	339			**339**
Accounts payable	1,144			**1,144**
Tax liabilities	8			**8**
Other liabilities	167			**167**
Accrued expenses and deferred income	445			**445**
Discontinued operations, assets held for distribution	510			**510**
Total current liabilities	**2,737**			**2,737**
TOTAL LIABILITIES	**2,778**	**1,812**	**641**	**5,231**

1) Expected annual depreciation and amortisation are recognised in the amounts expected to be recovered within 12 months.

NOTE 28 Group companies

Specification of the Parent Company's direct holdings of participations in subsidiaries

	Corp. Reg. No.	Reg. office	No. of participations	Holding %	Carrying amount in the Group 31/12/2021	Carrying amount in the Group 31/12/2020
Alligo Holding AB	559072-1378	Stockholm	500	100	1,948	1,948
Momentum Group AB[10]	559266-0699	Stockholm	25,000	100	43	43
Total					**1,991**	**1,991**
Accumulated cost						
At the beginning of the year					1,991	50
Contributions					-	1,941
Acquisitions					-	0
Carrying amount at year-end					**1,991**	**1,991**

Specification of the Parent Company's indirect holdings of participations in subsidiaries

	Reg. office, country	Holding % 31/12/2021	Holding % 31/12/2020
Gigant AB[7]	Sweden	-	100
Gigant Sverige AB[7]	Sweden	-	100
TOOLS Sverige AB	Sweden	100	100
Momentum Industrial AB[10]	Sweden	100	100
Rörick Elektriska Verkstad AB[10]	Sweden	100	100
Mercus Yrkeskläder AB	Sweden	100	100
AB Carl A. Nilssons Elektriska Reparationsverkstad[10]	Sweden	100	100
Momentum Group Services AB	Sweden	100	100
TriffiQ Företagsprofilering AB	Sweden	100	100
AB Knut Sehlins Industrivaruhus	Sweden	100	100
Elka Produkter AB[7]	Sweden	-	70
Reklamproffsen Skandinavien AB	Sweden	100	100
Profilmakarna i Södertälje AB	Sweden	100	100
Brider AB	Sweden	100	100
ETAB Industriautomation AB[10]	Sweden	90	70
Company Line Förvaltning AB[3]	Sweden	90	70
Company Line AB[4]	Sweden	90	70

Specification of the Parent Company's direct holdings of participations in subsidiaries, cont.

		Holding %	
	Reg. office, country	31/12/2021	31/12/2020
Company Line Workwear AB[4]	Sweden	90	70
Company Line i Kiruna AB[4]	Sweden	90	70
Souvenirer i Norr AB[4]	Sweden	90	70
Company Line i Piteå AB[2, 4]	Sweden	90	70
AMJ Papper AB[4]	Sweden	90	70
Swedol AB	Sweden	100	100
Swedol Förvaltning AB	Sweden	100	100
IP Hjelte AB	Sweden	100	100
Arne Blom Marknads AB	Sweden	100	100
Momentum Group Holding AB[2, 10]	Sweden	100	100
Mekano AB[1, 10]	Sweden	100	-
Mekano i Sävedalen AB[1, 10]	Sweden	100	-
Öbergs i Karlstad AB[1, 10]	Sweden	100	-
Intertechna AB[1, 10]	Sweden	100	-
TOOLS AS	Norway	100	100
Gigant AS[7]	Norway	-	100
Tools Univern AS[2]	Norway	100	100
Univern Solutions AS[9]	Norway	100	98
Momentum Industrial AS[6, 10]	Norway	100	-
RAF Romerike Arbeidstøy AS[1]	Norway	100	-
Gigant Työpisteet OY[7]	Finland	-	100
TOOLS Finland Oy	Finland	100	100
TOOLS Fastigheter Holding Oy	Finland	100	100
Grolls Oy[5]	Finland	-	100
Metaplan Oy	Finland	100	100
Imatran Pultti Oy[1]	Finland	100	-
Beranger Oy[1]	Finland	100	-
JNF Momentum Køge A/S[10]	Denmark	100	100

1) The company was acquired in 2021.
2) The company changed its name in 2021.
3) During 2021, Alligo Holding AB, a subsidiary of Alligo AB, acquired a further 20 per cent of the shares in the already partly owned subsidiary Company Line Förvaltning AB. The price paid for the shares was in accordance with the option arrangement entered into in conjunction with the initial acquisition of 70 per cent of the shares in Company Line Förvaltning AB.
4) The company is wholly owned by Company Line Förvaltning AB.
5) Intra-Group merger carried out in 2021.
6) Company formed in 2021.
7) The company was divested in 2021.
8) The company was liquidated in 2021.
9) During 2021, TOOLS Univern AS acquired a further 2 per cent of the shares in the already partly owned subsidiary Univern Solutions AS.
10) The company is part of the Components & Services business area, which is reported as discontinued operations.

NOTE 29 Related parties

No transactions having an impact on the Group's position or earnings occurred between Alligo and its related parties during the financial year. Refer to note 5 Employees and personnel costs for information on personnel costs.

NOTE 30 Cash flow statement

Cash and cash equivalents

	GROUP		PARENT COMPANY	
MSEK	**31/12/2021**	**31/12/2020**	**31/12/2021**	**31/12/2020**
The following subcomponents are included in cash and cash equivalents:				
Cash and bank	286	375	251	357
Discontinued operations, assets held for distribution	59	-	-	-
Total according to the balance sheet	345	375	251	357
Total according to the cash flow statement	**345**	**375**	**251**	**357**

Interest paid

	GROUP		PARENT COMPANY	
MSEK	**31/12/2021**	**2020 (9 mos.)**	**31/12/2021**	**2020 (9 mos.)**
Interest received	2	3	30	21
Interest paid	-44	-37	-24	-22
Total	**-42**	**-34**	**6**	**-1**

Adjustments for non-cash items

	GROUP		PARENT COMPANY	
MSEK	**31/12/2021**	**2020 (9 mos.)**	**31/12/2021**	**2020 (9 mos.)**
Depreciation and amortisation	617	459	0	0
Change in reserve for non-recurring costs	43	60	-	-
Divestment of operations	37	-	-	-
Loss on sale of non-current assets	7	0	-	-
Change in other provisions	6	1	-	-
Change in pension obligations	0	1	-	-
Adjustment for interest paid/received	0	3	0	3
Other	0	3	0	0
Total	**710**	**527**	**0**	**3**

Acquisition of subsidiaries and other business units[1]

	Continuing operations		Discontinued operations		Group total	
Group, MSEK	**31/12/2021**	**2020 (9 mos.)**	**31/12/2021**	**2020 (9 mos.)**	**31/12/2021**	**2020 (9 mos.)**
Acquired assets:						
Intangible non-current assets	32	2,208	119	1	151	2,209
Right-of-use assets	7	622	77	-	84	622
Other non-current assets	1	372	6	1	7	373
Inventories	9	1,023	26	2	35	1,025
Other current assets incl. cash and cash equivalents	12	457	69	-	81	457
Total assets	**61**	**4,682**	**297**	**4**	**358**	**4,686**
Acquired non-controlling interests, provisions and liabilities:						
Deferred tax liability	-3	-329	-11	-	-14	-329
Interest-bearing liabilities – credit institutions		-527		-	0	-527
Lease liabilities	-7	-621	-77	-	-84	-621
Current operating liabilities	-11	-481	-38	-	-49	-481
Non-controlling interests	0	0	-10	-	-10	0
Total non-controlling interests, provisions and liabilities	**-21**	**-1,958**	**-136**	**0**	**-157**	**-1,958**
Purchase consideration	**-40**	**-2,724**	**-161**	**-4**	**-201**	**-2,728**
Less: New share issue	-	1,487		-	-	1,487
Less/plus: Net cash in acquired business[2]	4	-503	32	-	36	-503
Less: Additional purchase consideration	5	-	9	-	14	-
Plus: Additional purchase consideration paid	-	-		-5	-	-5
Effect on cash and cash equivalents	**-31**	**-1,740**	**-120**	**-9**	**-151**	**-1,749**

1) See note 31 Business combinations and divestments.

2) Net of cash and cash equivalents and interest-bearing liabilities in the acquired businesses.

Reconciliation of liabilities deriving from financing activities

Group, MSEK	31/12/2020	Cash flows	Changes that do not impact cash flow: Liabilities in acquired companies[1]	Redemption of liabilities in acquired companies[1]	Translation differences	New and remeasured leases	Discontinued operations	31/12/2021
Committed credit facility	**0**		-	-	0	-		**0**
Revolving loan	**550**		-	-	1	-		**551**
Bank loans	**1,118**	-124	-	-		-		**994**
Lease liabilities	**1,004**	-403	84	-	21	429	-122	**1,013**
Other credits	**-**	0			-	-		**-**
Total	**2,672**	**-527**	**84**	**0**	**22**	**429**	**-122**	**2,558**

Group, MSEK	31/03/2020	Cash flows	Changes that do not impact cash flow: Liabilities in acquired companies[1]	Redemption of liabilities in acquired companies[1]	Translation differences	New and remeasured leases	Discontinued operations	31/12/2020
Committed credit facility	**78**	-78	-	-	0	-	-	**0**
Revolving loan	**88**	470	-	-	-8	-	-	**550**
Bank loans	**1,157**	-39	-	-	-	-	-	**1,118**
Lease liabilities	**511**	-297	619	-	-4	175	-	**1,004**
Other credits	**-**	0	503	-503	-	-	-	**-**
Total	**1,834**	**56**	**1,122**	**-503**	**-12**	**175**	**0**	**2,672**

1) Cash flow from acquisitions of subsidiaries includes the net of cash and cash equivalents and interest-bearing liabilities in the row Cash flow from acquisition of subsidiaries.

Parent Company, MSEK	31/12/2020	Cash flows	Translation differences that do not impact cash flow	31/12/2021
Committed credit facility	**0**	-	0	**0**
Revolving loan	**550**	-	1	**551**
Bank loans	**1,118**	-124	-	**994**
Total	**1,668**	**-124**	**1**	**1,545**

Parent Company, MSEK	31/03/2020	Cash flows	Translation differences t hat do not impact cash flow	31/12/2020
Committed credit facility	**78**	-78	0	**0**
Revolving loan	**88**	470	-8	**550**
Bank loans	**1,157**	-39	-	**1,118**
Total	**1,323**	**353**	**-8**	**1,668**

NOTE 31 Business combinations and divestments

Financial year 2021

Continuing operations at Alligo made two corporate acquisitions with closing during 2021. None of these acquisitions is deemed significant enough to require a separate presentation of the acquisition analysis. The total purchase consideration for the acquisition amounted to MSEK 40. At the end of April, Alligo acquired 100 per cent of the shares in Imatran Pultti Oy together with its subsidiary Beranger Oy. Imatran Pultti has two stores in Imatra in the south-east of Finland, which sell personal protective equipment, tools, fittings and industrial components. The acquisition further strengthens the position of Tools as a leading supplier to Finnish industry. The acquired companies together generate annual revenue of approximately MEUR 5 with favourable profitability and have 11 employees. Closing took place in late April 2021. On 4 October 2021, Alligo acquired 100 per cent of the shares in RAF Romerike Arbeidstøy AS. The acquisition further strengthens the position of Alligo as a leading supplier on the Norwegian market. The acquired company generates annual revenue of approximately MNOK 16 with favourable profitability. Closing took place in conjunction with the acquisition and is considered to have had a slight positive impact on the Group's earnings per share in 2021. Acquisition costs of approximately MSEK 1 were recognised as other operating expenses in 2021.

Goodwill relates to unidentifiable intangible assets and synergies within procurement, logistics, IT and administration, for example, that are expected to arise as a result of the acquisition.

According to the preliminary acquisition analyses, the assets and liabilities included in the operations acquired during the financial year amounted to the following. The main reason why the acquisition analyses are considered to be preliminary is that only a short time has passed since the acquisitions.

Acquisitions during the 2021 financial year

MSEK	Fair value recognised in the Group
Acquired assets	
Intangible non-current assets	13
Right-of-use assets	7
Other non-current assets	1
Inventories	9
Other current assets	12
Total assets	**42**
Acquired provisions and liabilities	
Lease liabilities	-7
Deferred tax liability	-3
Current operating liabilities	-11
Total provisions and liabilities	**-21**
Net of identified assets and liabilities	**21**
Goodwill[1]	19
Non-controlling interests	-
Purchase consideration	**40**
Less/Plus: Net cash in acquired business	-4
Less: Contingent purchase consideration	-5
Effect on the Group's cash and cash equivalents	**31**

1) No part of recognised goodwill is expected to be tax deductible.

Financial year 2020 (9 months)

Acquisition of Swedol – closed on 1 April 2020

On 11 November 2019, the former Momentum Group announced a recommended public offer to the shareholders of Swedol AB (publ). On 23 March 2020, the Board of Directors of Momentum Group resolved to complete the offer following scrutiny for compatibility with competition law by the national competition authorities in Sweden, Norway and Finland and the offer being accepted by shareholders representing approximately 98 per cent of the shares in Swedol. Closing on the shares in Swedol took place on 1 April 2020. The last day for trading in Swedol's Class B shares on Nasdaq Stockholm was 20 April 2020 and Momentum Group has called for a compulsory redemption of the remaining shares outstanding in Swedol. The arbitration board in the dispute resolution proceeding granted preferential rights to the outstanding shares in early July 2020, after which Momentum Group now holds 100 per cent of the shares and votes in Swedol.

The total purchase consideration for the acquisition amounted to MSEK 2,724 (excluding acquisition costs), of which the non-cash issue's share was MSEK 1,487 and the remaining share was a cash settlement. The fair value of the 22,640,773 Class B shares in Momentum Group issued as part of the purchase consideration is based on the listed share price for Momentum Group's Class B shares on 1 April 2020 of SEK 65.70 per share. Acquisition costs totalling MSEK 14 were recognised as other operating expenses for the 2019/20 financial year and MSEK 2 for the 2020 financial year of 1 April to 31 December 2020.

In accordance with the final acquisition analysis presented below, MSEK 1,066 of the purchase consideration was allocated to goodwill, MSEK 630 to brands and MSEK 460 to customer relations. The allocation to brands and customer relations was based on the discounted value of future cash flows attributable to each class of assets, where an assessment was conducted that included margin, tied-up capital and turnover rate of the customer base. The value of goodwill was based on the expectation that the Momentum Group's position in the markets in question will strengthen and the other synergies in areas such as purchasing, store coordination and logistics that the Group expects to realise through the acquisition.

If the acquisition had been completed on 1 April 2019, a preliminary consolidated income statement at 31 March 2020 for the Momentum Group, including Swedol, would have shown total revenue of MSEK 9,780 and net profit after tax of MSEK 425 for the 2019/20 financial year. These amounts have been calculated based on the Swedol Group's earnings, adjusted for additional depreciation and amortisation that would have arisen if the adjustment to fair value for tangible and intangible non-current assets had been applied from 1 April 2019, together with attributable tax effects. There are no material differences in accounting policies between Momentum Group and the acquired business, as Swedol applied IFRS in its historical financial statements.

During the 2020 financial year (1 April to 31 December 2020), the acquisition of Swedol contributed MSEK 2,789 to the Group's revenue and MSEK 284 to the Group's EBITA.

According to the final acquisition analysis, the total assets and liabilities included in the acquisition of Swedol AB amounted to the following:

Acquisition of Swedol

MSEK	Fair value recognised in the Group
Acquired assets	
Brands	630
Customer relations	460
Other Intangible non-current assets	52
Buildings and land	168
Other Tangible non-current assets	195
Right-of-use assets	622
Deferred tax assets	9
Inventories	1,023
Other receivables	432
Cash and cash equivalents	25
Total assets	**3,616**
Acquired provisions and liabilities	
Interest-bearing liabilities – credit institutions	527
Interest-bearing liabilities – leases	621
Deferred tax liability	329
Other current liabilities	481
Total provisions and liabilities	**1,958**
Net of identified assets and liabilities	**1,658**
Goodwill[1]	1,066
Non-controlling interests	0
Purchase consideration	**2,724**
Less – New share issue	-1,487
Plus – Net debt in Swedol	503
Effect on the Group's cash and cash equivalents	**1,740**

1) No part of recognised goodwill is expected to be tax deductible.

NOTE 32 Discontinued operations

In September 2021, Alligo announced that the company was preparing to spin off and distribute the Components & Services business area. On 24 February 2022, Alligo's Board of Directors decided to propose that an Extraordinary General Meeting resolve to distribute all of the shares in the wholly owned subsidiary Momentum Group AB to Alligo's shareholders. The intention is for the decision to be made to list Components & Services on Nasdaq Stockholm with 31 March 2022 as the first day of trading.

As of December 2021, the Components & Services business area has been classified as an asset held for distribution to owners and recognised in accordance with the applicable accounting policies of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. All related effects are referred to as "Discontinued operations".

Components & Services is reported as discontinued operations in the consolidated statement of comprehensive income for 2021. The consolidated statement of comprehensive income for 2020 has been recalculated according to the same principles. The profit/loss of Components & Services has been excluded from the individual rows of the consolidated income statement and the net profit/loss is instead reported as "Profit/loss for the period, discontinued operations".

In the consolidated statement of cash flows, a distinction is made between "Profit/loss after financial items, continuing operations" and "Profit/loss after financial items, discontinued operations".

On the balance sheet as at 31 December 2021, assets and liabilities relating to Components & Services have been reclassified as "Discontinued operations, assets held for distribution" and "Discontinued operations, liabilities held for distribution" respectively. The balance sheet comparison figures for the previous year are not permitted to be recalculated under IFRS and are therefore unchanged.

Information on the income statement, balance sheet and cash flows for discontinued operations is presented below.

Income statement

MSEK	2021	2020 (9 mos.)
Revenue	1,491	837
Other operating income	4	1
Total operating income	**1,495**	**838**
Cost of goods sold	-795	-472
Personnel costs	-342	-164
Depreciation, amortisation, impairment losses and reversal of impairment losses	-54	-28
Other operating expenses	-127	-67
Total operating expenses	**-1,318**	**-731**
Operating profit	**177**	**107**
Net financial items	**-1**	**0**
Profit/loss after financial items	**176**	**107**
Taxes	-37	-23
Profit/loss for the year from discontinued operations	**139**	**84**

Balance sheet

MSEK	2021
ASSETS	
Intangible non-current assets	284
Right-of-use assets	127
Tangible non-current assets	17
Other non-current receivables	1
Deferred tax assets	1
Total non-current assets	**430**
Inventories	211
Accounts receivable	255
Other current receivables	18
Cash and cash equivalents	59
Total current assets	**543**
TOTAL ASSETS HELD FOR DISTRIBUTION	**973**
LIABILITIES	
Non-current interest-bearing liabilities	9
Non-current lease liabilities	81
Deferred tax liability	34
Other non-current liabilities and provisions	23
Total non-current liabilities	**147**
Current interest-bearing liabilities	0
Current lease liabilities	41
Accounts payable	154
Tax liabilities	31
Other liabilities	33
Accrued expenses and deferred income	104
Total current liabilities	**363**
TOTAL LIABILITIES HELD FOR DISTRIBUTION	**510**

Cash flow statement

MSEK	2021	2020 (9 mos.)
Cash flow from operating activities	193	182
Cash flow from investing activities	-125	-7
Cash flow from financing activities	-41	-23
Cash flow for the year from discontinued operations	**27**	**152**

Key performance indicators

	2021	2020[1] (9 mos.)
Revenue, MSEK	1,491	837
EBITA, MSEK	193	111
EBITA margin, %	12.9	13.3
Return on working capital (EBITA/WC), %	68.2	

1) For a 12-month comparison period for 2020, see Alligo's year-end report for 2021.

SIGNATURES

The Board of Directors and the Chief Executive Officer deem that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and provide a true and fair view of the financial position and earnings of the Group. The annual report has been prepared in accordance with generally accepted accounting policies and provides a true and fair view of the financial position and earnings of the Parent Company.

The Administration Report for the Group and the Parent Company gives a true and fair overview of the development of the operations, position and earnings of the Group and of the company and describes the material risks and uncertainties faced by the Parent Company and the companies included in the Group.

Stockholm, 22 March 2022
Alligo AB (publ)

Johan Sjö
Chair of the Board

Johan Eklund
Board member

Stefan Hedelius
Board member

Göran Näsholm
Board member

Gunilla Spongh
Board member

Christina Åqvist
Board member

Rasmus Flodin
Board member
Employee representative

Clein Johansson Ullenvik
Group President and CEO

Our Auditor's Report was submitted on 22 March 2022

KPMG AB

Helena Arvidsson Älgne
Authorised Public Accountant
Chief Auditor

Jonas Eriksson
Authorised Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Alligo AB (publ), corp. id 559072-1352

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENT

Opinions

We have audited the annual accounts and Consolidated financial statement of Alligo AB (publ) for the year 2021, except for the corporate governance statement on pages 42-47 and the sustainability report on pages 38-41. The annual accounts and Consolidated financial statement of the company are included on pages 33-87 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The Consolidated financial statement have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 42-47 and sustainability report on pages 38-41. The statutory administration report is consistent with the other parts of the annual accounts and Consolidated financial statement.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the Parent Company and the statement of comprehensive income and balance sheet for the Group.

Our opinions in this report on the the annual accounts and Consolidated financial statement are consistent with the content of the additional report that has been submitted to the Parent Company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its Parent Company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and Consolidated financial statement of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and Consolidated financial statement as a whole, but we do not provide a separate opinion on these matters.

Valuation of goodwill and other acquired intangible assets

Refer to note 10 and accounting principles on page 61 in the annual account and Consolidated financial statement for detailed information and description of the matter.

Description of key audit matter

As of 31 December 2021, the carrying value of goodwill and other aquired intangible assets in the Consolidated financial statement amounts to 2,861 MSEK incl. discontinued operations, representing approximately 33 percent of total assets. Goodwill should be subject to impairment testing at least annually. Impairment tests are complex and include significant levels of judgement by the Group management.

The impairment test should be carried out in accordance with a certain technique where the Group management is required to make forecasts and assessments of both the internal and external conditions and plans. Examples of such assessments are future cash flow projections, which requires assumptions about future market conditions. Another important assumption is the discount rate to to be used to appropriately assess the risk associated with the future cash flows.

The above mention factors together represent significant judgements which are of importance to the accounting.

Response in the audit

We have inspected the Group's impairment tests to ensure they have been carried out in accordance with IFRS. Furthermore, we have evaluated management's future cash flow forecasts and the underlying assumptions, which includes the longterm growth rate and the assumed discount rate, by obtaining and evaluating the Group's written documentation and plans. We have also made inquiries to the Group management and considered previous years' forecasts in relation to the actual outcome.

An important part of our work has also been to evaluate how changes to the assumptions may impact the valuation. The evaluation has been carried out by obtaining and assessing the Group's sensitivity analysis.

We have also reviewed the completeness of disclosures in the Annual Report and considered whether the disclosures accurately reflect the assumptions that Group management apply in their impairment test, and whether they are sufficiently comprehensive to make the assumptions understandable for the readers of the annual report.

Other Information than the annual accounts and Consolidated financial statement

This document also contains other information than the annual accounts and Consolidated financial statement and is found on pages 1-32 and 92-108. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the President and CEO are responsible for this other information.

Our opinion on the annual accounts and Consolidated financial statement does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and Consolidated financial statement, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and Consolidated financial statement. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the President and CEO

The Board of Directors and the President and CEO are responsible for the preparation of the annual accounts and Consolidated financial statement and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the Consolidated financial statement, in accordance with IFRS as adopted by the EU. The Board of Directors and the President and CEO are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and Consolidated financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and Consolidated financial statement The Board of Directors and the President and CEO are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the President and CEO intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and Consolidated financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and Consolidated financial statement.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and Consolidated financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the President and CEO.
- Conclude on the appropriateness of the Board of Directors' and the President and CEO's, use of the going concern basis of accounting in preparing the annual accounts and Consolidated financial statement. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and Consolidated financial statement or, if such disclosures are inadequate, to modify our opinion about the annual accounts and Consolidated financial statement. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and Consolidated financial statement, including the disclosures, and whether the annual accounts and Consolidated financial statement represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the Consolidated financial statement. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and Consolidated financial statement, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions

In addition to our audit of the annual accounts and Consolidated financial statement, we have also audited the administration of the Board of Directors and the President and CEO of Alligo AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President and CEO be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the President and CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The President and CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the President and CEO in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and Consolidated financial statement, we have also examined that the Board of Directors and the President and CEO have prepared the annual accounts and Consolidated financial statement in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Alligo AB (publ) for year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report #8ebdF9X19XICE1g= has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section.

We are independent of Alligo AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the President and CEO

The Board of Directors and the President and CEO are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the President and CEO determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and Consolidated financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the President and CEO, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the President and CEO.

The procedures mainly include a technical validation of the Esef report, i.e., if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and Consolidated financial statement.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow statement.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 42-47 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is 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 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

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

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 38-41, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Alligo AB (publ) by the general meeting of the shareholders on 11 May 2021. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2016.

Stockholm 22 March 2022

KPMG AB

Helena Arvidsson Älgne
Authorised Public Accountant
Chief Auditor

Jonas Eriksson
Authorised Public Accountant

KEY PERFORMANCE INDICATORS (KPIs)

MSEK	31/12/2021	31/12/2020[1]
IFRS KEY PERFORMANCE INDICATORS		
Profit/loss for the year[2], MSEK	430	283
Earnings per share, continuing operations[3], SEK	5.75	3.65
Earnings per share, discontinued operations[3], SEK	2.75	2.85
Earnings per share, total operations[3], SEK	8.50	6.50
ALTERNATIVE KEY PERFORMANCE INDICATORS		
Income statement-based KPIs		
Revenue, MSEK	8,475	7,237
Operating profit, MSEK	427	261
Items affecting comparability	-155	-106
Amortisation of intangible assets in connection with corporate acquisitions	-63	-52
EBITA, MSEK	645	419
Depreciation/amortisation of tangible and other intangible non-current assets[4]	-116	-85
EBITDA excl. IFRS 16, MSEK	747	494
Profit after financial items, MSEK	379	217
Operating margin, %	5.0	3.6
EBITA margin, %	7.6	5.8
Profit margin, %	4.5	3.0
Profitability KPIs		
Return on working capital (EBITA/WC), %	36	23[5]
Return on capital employed, %	7	6[5]
Return on equity[2], %	13	12
Financial position KPIs		
Net financial liabilities, MSEK	2,272	2,331[5]
Net operational liabilities, MSEK	1,259	1,293[5]
Equity[2,6], MSEK	3,429	3,037
Equity/assets ratio, %	40	39[5]
Other KPIs		
No. of employees at the end of the period	2,319	2,341
Share price at the end of the period, SEK	192	142

1) These key performance indicators include the acquisition of Swedol as of 1 April 2020.

2) Refers to the Group total (continuing operations and discontinued operations).

3) Before and after dilution.

4) Total depreciation/amortisation of tangible and intangible non-current assets, excluding amortisation of intangible assets in connection with corporate acquisitions and the effects of IFRS 16.

5) Margin calculated on the basis of the figures reported in the financial statements. This means that profit/loss items for previous periods are recalculated and based on continuing operations, while balance sheet items for previous periods are not recalculated.

6) Refers to equity attributable to the Parent Company's shareholders.

DERIVATION OF KPIs

Alligo uses certain financial key performance indicators in its analysis of the business and its performance that are not calculated in accordance with IFRS. The company believes that these alternative key performance indicators provide valuable information for the company's Board of Directors, owners and investors, as they enable a more accurate assessment of current trends and Alligo's performance when combined with other key performance indicators calculated in accordance with IFRS. As not all listed companies calculate these financial key performance indicators in the same way, there is no guarantee that the information is comparable with other companies' key performance indicators of the same name. Hence, these financial key performance indicators must not be viewed as a replacement for those measures calculated in accordance with IFRS.

EBITA

MSEK	31/12/2021	31/12/2020
Operating profit	427	261
Items affecting comparability		
Restructuring costs	108[1]	97[2]
Divestment of operations	37	-
Acquisition-related costs	0	7
Integration costs related to the acquisition of Swedol	0	2
Split and listing expenses	10	0
Amortisation and impairment of intangible assets in connection with corporate acquisitions	63	52
EBITA	**645**	**419**
Operating profit excl. IFRS 16	413	251
Amortisation and impairment of other intangible non-current assets	42	40
Depreciation and write-downs of tangible non-current assets	74	45
EBITDA excl. IFRS 16	**747**	**494**

RETURN ON EQUITY

MSEK	31/12/2021	31/12/2020
Average equity[3]	3,218	2,326
Profit/loss for the period[3]	429	282
Return on equity, %	**13**	**12**

NET FINANCIAL LIABILITIES

MSEK	31/12/2021	31/12/2020
Non-current interest-bearing liabilities	2,095	2,219
Current interest-bearing liabilities	463	487
Cash and cash equivalents	-286	-375
Net financial liabilities	**2,272**	**2,331**

WORKING CAPITAL

MSEK	31/12/2021	31/12/2020
Average operating assets		
Average inventories	1,722	1,602
Average accounts receivable	1,050	1,076
Total average operating assets	**2,772**	**2,678**
Average operating liabilities		
Average accounts payable	-973	-886
Total average operating liabilities	**-973**	**-886**
Average working capital	**1,799**	**1,792**
EBITA	645	419
Return on working capital (EBITA/WC), %	**36**	**23**

NET OPERATIONAL LIABILITIES

MSEK	31/12/2021	31/12/2020
Net financial liabilities	2,272	2,331
Financial lease liabilities	-1,013	-1,004
Net provisions for pensions	0	-34
Net operational liabilities	**1,259**	**1,293**
EBITDA excl. IFRS 16, rolling 12 months	747	494
Ratio of net operational liabilities to EBITDA excl. IFRS 16	**1.7**	**2.6**

CAPITAL EMPLOYED

MSEK	31/12/2021	31/12/2020
Average balance sheet total	8,217	5,952
Average non-interest-bearing liabilities and provisions		
Average non-interest-bearing non-current liabilities	-371	-244
Average non-interest-bearing current liabilities	-1,615	-1,407
Total average non-interest-bearing liabilities and provisions	**-1,986**	**-1,651**
Average capital employed	**6,231**	**4,301**
Operating profit	427	261
Financial income	3	4
Total operating profit + financial income	**430**	**265**
Return on capital employed, %	**7**	**6**

EQUITY/ASSETS RATIO

MSEK	31/12/2021	31/12/2020
Balance sheet total (closing balance)	8,679	7,812
Equity[3]	3,429	3,037
Equity/assets ratio, %	**40**	**39**

1) Restructuring costs in connection with the relocation of the Swedish logistics operations of Tools to Alligo's central warehouses, consisting primarily of write-downs of non-current assets and right-of-use assets (Alingsås lease agreement).

2) Restructuring costs in connection with the integration of Swedol and Tools, consisting primarily of the write-down of right-of-use assets and costs for coordinating the range.

3) Refers to equity or profit attributable to the Parent Company's shareholders.

DEFINITIONS AND GLOSSARY

Alligo reports key performance indicators in order to describe the underlying profitability of the business and improve comparability. The Group applies ESMA's guidelines on alternative key performance indicators.

Definitions and purpose of key performance indicators

Change in revenue from like-for-like sales

Revenue from like-for-like sales refers to sales in local currency from stores that were part of the Group during the current period and the entire corresponding period in the preceding year.

Used to analyse the underlying sales growth driven by changes in volume, the product and service offering, and the price for similar products and services across different periods, excluding growth driven by newly opened stores.

EBITA

Operating profit adjusted for items affecting comparability and before any impairment of goodwill and amortisation and impairment of other intangible assets incurred in connection with corporate acquisitions and equivalent transactions.

Used to present the Group's earnings generated from operating activities.

EBITA margin

EBITA as a percentage of revenue.

Used to measure the Group's earnings generated from operating activities and provides an understanding of the earnings performance over time. The EBITA margin based on revenue from both external and internal customers is presented per business area (operating segment).

EBITDA excl. IFRS 16

Operating profit adjusted for items affecting comparability before any depreciation and write-down of tangible non-current assets and any amortisation and impairment of goodwill and other intangible non-current assets incurred in connection with corporate acquisitions and equivalent transactions, excluding effects on operating profit of reporting in accordance with IFRS 16.

This key performance indicator is used to calculate the debt ratio, excluding the effects of IFRS 16.

Employee turnover

Information about the number of employees whose employment has ended through notice of termination during the period. The value is measured from the date on which notice is given. Only employees with an obligation to work during the notice period are included. Employees released from their duties are excluded. Employee turnover as a percentage is defined as the number of terminations as a proportion of the total number of employees, irrespective of the type and scope of employment.

Equity/assets ratio

Equity attributable to Parent Company shareholders as a percentage of the balance sheet total at the end of the period.

Used to analyse the financial risk in the Group and show how much of the Group's assets are financed by equity.

FTE

The average number of full-time equivalent employees is defined as the total number of working hours divided by the normal working hours for a full-time position during a given period. Working hours are defined as such time that is compensated with salary or other remuneration in exchange for work. It also includes time that relates to paid holiday, paid sick leave and time off in lieu.

Items affecting comparability

Items affecting comparability include revenue and expenses that do not arise regularly in the operating activities.

Excluding items affecting comparability increases the comparability of results between periods.

Net financial liabilities

Net financial liabilities measured as non-current interest-bearing liabilities and current interest-bearing liabilities, less cash and cash equivalents at the end of the period.

Used to monitor the debt trend and analyse the Group's total indebtedness including lease liabilities.

Net operational liabilities

Net operational liabilities measured as non-current interest-bearing liabilities and current interest-bearing liabilities, excluding lease liabilities and net provisions for pensions, less cash and cash equivalents at the end of the period.

Used to monitor the debt trend and analyse the Group's total indebtedness excluding lease liabilities and net provisions for pensions.

Operating profit

Profit before financial items and tax.

Used to present the Group's earnings before interest and taxes.

Operating margin

Operating profit (EBIT) relative to revenue.

Used to measure the Group's earnings generated before interest and tax and provides an understanding of the earnings performance over time. Specifies the percentage of revenue remaining to cover interest payments and tax and to provide profit after the Group's expenses have been paid.

Organic growth

Organic growth refers to sales in local currency from stores that were part of the Group during the current period and the entire corresponding period in the preceding year, as well as sales from new stores opened during the year.

Used to analyse the underlying sales growth driven by changes in volume, the product and service offering, and the price for similar products and services across different periods, including growth driven by newly opened stores.

Profit margin

Profit after financial items as a percentage of revenue.

Used to assess the Group's earnings generated before tax and presents the share of revenue that the Group may retain in earnings before tax.

Ratio of net operational liabilities to EBITDA excl. IFRS 16

Net operational liabilities divided by EBITDA, excl. IFRS 16, for a rolling 12-month period.

This key performance indicator shows the multiple of the EBITDA result for the most recent 12-month period, excluding the effects of IFRS 16, that would be needed in order to settle net operational liabilities. As a debt ratio, the indicator shows the Group's resilience and interest rate sensitivity.

Return on working capital (EBITA/WC)

EBITA for the most recent 12-month period divided by average working capital measured as total working capital (accounts receivable and inventories less accounts payable) at the end of each month for the most recent 12-month period and the opening balance at the start of the period divided by 13. The Group's internal profitability target, which encourages high EBITA and low tied-up capital.

Used to analyse profitability in the Group and its various operations.

Return on capital employed

Operating profit plus financial income for the most recent 12-month period divided by average capital employed measured as the balance sheet total less non-interest-bearing liabilities and provisions at the end of the most recent four quarters and the opening balance at the start of the period divided by five.

Presented to show the Group's return on its externally financed capital and equity, meaning independent of its financing.

Return on equity

Net profit for the most recent 12-month period divided by average equity measured as total equity attributable to Parent Company shareholders at the end of the most recent four quarters and the opening balance at the start of the period divided by five.

Used to measure the return generated on the capital invested by the shareholders.

Sickness absence

Number of hours of absence as a result of illness or other health reasons as a proportion of the total number of employees, irrespective of the type and scope of employment. Gender distribution refers to the proportion of sickness absence hours by gender out of total sickness absence.

Glossary

CO_2e

Carbon dioxide equivalents

Comparable stores

Comparable stores refers to stores that were open throughout the entire current financial year and the comparison year.

CSI

Customer Satisfaction Index.

eNPS

The Employee Net Promoter Score is a measure of how likely an employee is to recommend their workplace to friends and acquaintances.

STANDARD 100 by OEKO-TEX®

Independent global testing and certification system for all types of textiles that have been tested for harmful substances – from yarns and material to finished products.

Other units

Other units refers to acquired or divested units during the corresponding period.

SUSTAINABILITY REPORT

The sustainability notes and GRI index together with the description of operations on pages 1–7, 9–19 and 22–25 constitute Alligo AB's first sustainability report prepared with reference to Global Reporting Initiative standards.

BOUNDARIES

The sustainability report includes Alligo AB (publ), corporate ID no. 559072-1352, and its subsidiary Alligo Holding AB and subsidiaries which together form the Alligo business area.

The Components & Services business area, which comprises the subsidiary Momentum Group AB and subsidiaries, is intended to be distributed to shareholders and is not included.

SUSTAINABILITY NOTES

About the sustainability report

This sustainability report has been prepared with reference to Global Reporting Initiative standards (GRI Standards). At least one disclosure per area is reported based on the material sustainability issues identified by Alligo and its stakeholders.

The sustainability report includes Alligo AB (publ), corporate ID no. 559072-1352, and its subsidiary Alligo Holding AB and subsidiaries which together form the Alligo business area. The companies included in this sustainability report are defined as continuing operations in Alligo's Annual Report 2021. The Components & Services business area, which comprises the subsidiary Momentum Group AB and subsidiaries, is defined as discontinued operations due to its planned distribution to shareholders and is not included.

Sustainability is an integral part of Alligo's business model and strategy. To reflect this, the sustainability report is integrated in the description of operations on pages 1–7, 9–19 and 22–25 and together with the following sustainability notes and GRI index on pages 96–107 constitutes Alligo's sustainability report for 2021. Alligo's GRI index contains general disclosures as well as specific disclosures that Alligo has identified as being material to report, with reference to where the information can be found in the report.

The sustainability report for 2021 is Alligo's first to be prepared in accordance with GRI Standards. Alligo is continuously working to develop its sustainability work and reporting. Extensive integration work has been under way in the organisation since the merger of Swedol and Tools in April 2020. The shared platform with central functions is in place but the work to integrate working methods, monitoring and systems is still ongoing in some areas, which makes it more difficult to collate sustainability data from the organisation as a whole. There is still some work to do and data to collect in some areas before full reporting without derogations is possible. Comparative information from the previous year is provided as far as possible and is reported in parentheses. The sustainability report has not been externally reviewed.

» A sustainability report in accordance with the Swedish Annual Accounts Act that includes the Group as a whole can be found on pages 38–41.

Sustainability governance

Alligo's Board of Directors is ultimately responsible for the overall sustainability work. The Group's position is established in Alligo's Code of Conduct and policies relating to issues such as quality, environment, work environment, procurement and processing of personal data. The Group management continually follows up the Group-wide sustainability work but strategic and operational responsibility for sustainability issues lies with the respective operations managers and with the Business Development and Sustainability department, which also coordinates this work.

The Code of Conduct is central to the governance of sustainability work. The Code of Conduct is based on the UN Global Compact's ten principles, the UN Declaration of Human Rights, the ILO (International Labour Organization) fundamental conventions and the OECD guidelines for multinational enterprises and provides guidance for employees, Board members and temporarily contracted employees on how they are expected to behave in relation to issues such as human rights, working conditions, the environment and business ethics. Each support function and subsidiary is responsible for implementing the Code of Conduct in their own operations. All managers have a duty to ensure that their staff are familiar with and work to the Code of Conduct.

» Alligo's policy documents can be found on the Group's website: www.alligo.com.

Whistleblowing function

Alligo's whistleblowing function can be used if a person becomes aware of, or suspects, serious deviations from the Code of Conduct or violations by management personnel. Serious deviations can be misconduct that is ongoing, has taken place or is planned and which may harm Alligo's business or employees. Reporting takes place anonymously to a third party and there are no reprisals or other negative consequences for the individual reporting such incidents. In 2021, six cases were reported to the whistleblowing function relating to continuing operations at Alligo. Of the cases reported, five relate to Swedish operations and one to Norwegian operations.

» Alligo's whistleblowing function is available via https://report.whistleb.com/sv/alligo.

Global cooperation

Alligo is a member of amfori BSCI, a global business initiative that works to achieve responsible supply chains. This membership gives Alligo access to the cross-industry network of companies that are working to facilitate the monitoring and development of social and environmental issues in the supply chain in accordance with a common code of conduct. In practice, this means, among other things, that Alligo is able to see other companies' evaluations from supplier visits, which enhances control and transparency in the supply chain. Alligo's Supplier Code of Conduct is harmonised with amfori BSCI's code of conduct and is based on, among other things, the UN Global Compact, the UN Declaration of Human Rights, the ILO's eight fundamental conventions, the UN Convention against Corruption and environmental protection legislation.

Management system

Alligo Holding AB, Swedol AB, Tools Sverige AB, Tools Univern AS, Univern Solutions AS and Swedol AS have a management system certified in accordance with the standards ISO 9001:2015 for quality, ISO 14001:2015 for the environment and ISO 45001:2018 for occupational health and safety. The management system ensures that business is operated according to established procedures and it supports employees in their everyday work. The system also helps to increase customer and stakeholder value and reduce Alligo's negative environmental impact.

Agenda 2030

Alligo supports Agenda 2030 in its entirety. To identify business synergies between the operational strategies and the UN Sustainable Development Goals, Alligo has mapped operations in relation to the SDGs. The goals where Alligo has the greatest impact and can make the biggest difference are those related to Alligo's material sustainability issues, which are essential to the work to achieve Alligo's vision of becoming the leader in sustainable development in our industry.

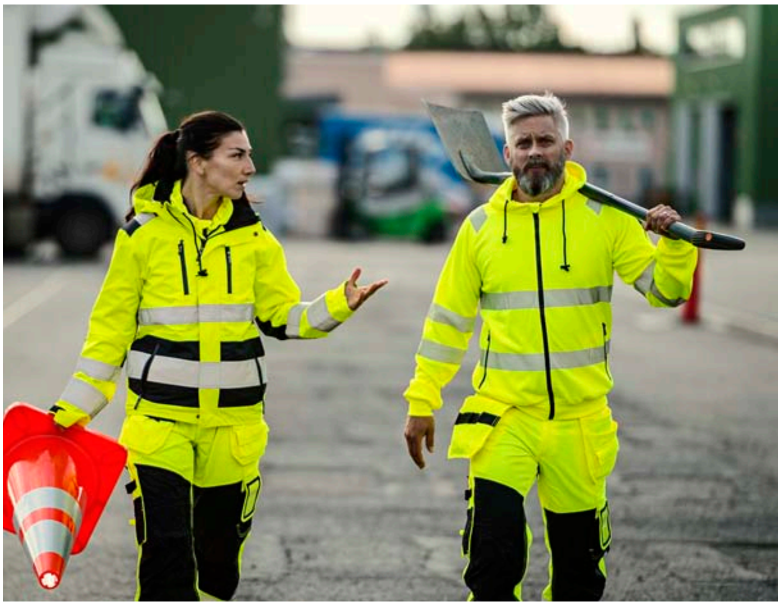
» SDG mapping can be found on page 4.

STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS

Alligo maintains a continuous open dialogue with its stakeholders. Being responsive to the expectations of stakeholders and the world around us is vital if we are to continue to develop and improve our sustainability work. Alligo's most important stakeholders are those groups that are most affected by and/or have the greatest influence over operations and they have been identified as customers, suppliers, employees, trade unions, owners/investors and society. Together with Alligo's own assessment of key sustainability aspects based on the impact of operations on economic, social and environmental conditions, the stakeholder dialogue provides the basis for the materiality analysis that is carried out in order to identify the most material issues within Alligo's sustainability work.

Alligo's materiality analysis is validated annually through new stakeholder dialogues and risk analyses. In 2021, the materiality analysis was updated due to the work to integrate Swedol and Tools, in order to adapt the focus of the sustainability work to the conditions of the new organisation. The material sustainability issues are well established with the Board of Directors and form the basis for the content of the sustainability report.

» A summary of Alligo's material sustainability issues can be found on page 4.



Alligo's stakeholder analysis 2021

STAKEHOLDERS	CHANNELS FOR DIALOGUE	KEY ISSUES AND EXPECTATIONS
Customers	■ Everyday contact through sales in store, through field sales and in digital channels ■ Customer service ■ Procurement ■ Customer surveys	■ Quality products available at the right time and place at an attractive price ■ Competent and dedicated personnel ■ Easy to do business with ■ Sustainable enterprise
Suppliers	■ Supplier visits ■ Everyday contact ■ Supplier evaluations ■ Trade fairs ■ Product training	■ Partner-like relationship with key suppliers ■ Reliable deliveries
Employees	■ Development reviews and personal interaction ■ Work environment committees ■ Employee surveys ■ Training	■ Common purpose and direction ■ Work environment and health ■ Development and career opportunities ■ Fair pay ■ Leadership built on trust and commitment ■ Modern workplace with a focus on diversity and equality ■ Sustainable enterprise
Trade unions	■ Regular meetings and negotiations ■ Workplace visits by local trade union representatives ■ Board representation	■ Transparent and fair processes ■ Fair employer – conditions, remuneration, etc. ■ Positive attitude towards trade union activity ■ Cooperation beyond legal requirements
Owners/ Investors	■ Policies and guidelines ■ Ongoing reporting and Board meetings ■ Ongoing contact with investors and analysts	■ Return on investment ■ Transparent reporting ■ Sustainable enterprise
Society	■ Membership of industry organisations ■ Contact with the authorities ■ Business intelligence	■ Compliance with laws and regulations ■ Sustainable enterprise

SUSTAINABILITY NOTES

H1 HEALTH AND SAFETY OF CUSTOMERS

Own products – greater responsibility and control

Alligo has a relatively high proportion of own products, particularly within personal protective equipment, which includes both clothing and shoes. This means greater responsibility and requirements for control in the production chain. Alligo carries out systematic work to ensure that the products are of high quality. A key element in the product development of clothing is in the specification work, where the material composition of the garment is specified in detail, providing control over the content and quality. Having control over the material composition provides traceability and enables continual improvement. Alligo is a member of the Chemicals Group run by RISE. A restricted chemicals list is used to ensure that no unwanted chemicals find their way into the products.

The manufacture of own products takes place largely in Asia, which means relatively long shipping journeys. To minimise the risk of clothing that does not meet Alligo's requirements being transported unnecessarily, external quality controls of own products are carried out before they are shipped from Asia.

For products to be competitive and safe, the right material must be used. Alligo is therefore investing heavily in increasing the proportion of own brands that are certified in accordance with STANDARD 100 by OEKO-TEX® (OEKO-TEX-certified).

» Read more about Alligo's goals in relation to OEKO-TEX-certification in H8.

High requirements for quality and safety

Some of Alligo's products have particularly high requirements for safety and quality, including tools, chemicals, vehicle accessories and safety equipment. Alligo works systematically with quality requirements, product testing and certifications to ensure compliance with high safety requirements in relation to function, chemical content and documentation. Work is actively carried out to identify possible failings in quality and safety work, wherever they occur in the production chain. Should any failings be identified internally or by customers, these are recorded and followed up.

Alligo's overriding objective is for there to be no deviations in terms of either quality and safety or chemical content in relation to the products. To systematically examine risk products that may potentially contain harmful or hazardous substances that are regulated by law, or are prohibited, annual spot checks are carried out in store in collaboration with the Chemicals Group industry organisation at RISE. Products that are selected for checks are identified using a preparatory analysis method and the goods selected are those which may be considered to contain risk substances, as well as products from relevant suppliers. These include own brands, electronics that may contain lead and various plastics/rubber materials that may contain a variety of substances such as softeners (phthalates), PAH, chlorinated paraffins, etc.

The table shows a summary of spot checks carried out over the past two years. A hit means that Alligo has had to take some kind of action because a substance has been found that in some way is regulated by EU legislation. The most common occurrence is that it contains a candidate substance >0.1 per cent. Information is then provided to customers who buy the product and Alligo begins to phase out the substance in the product where possible. Alligo also holds an open dialogue with the supplier in order to reach a common solution. The total number of products for which sales have been stopped because of banned substances is one over the past three years.

Spot checks in store

Year	Number of products tested	Number of hits	Proportion of hits, %
2021	61	5	8
2020	62	4	6

Product recalls

If a product is considered to represent a health risk or has a quality non-conformance or incorrect labelling, it is recalled. Alligo has clear internal procedures for product recalls. In 2021, there were 23 product recalls in total, of which one related to own brands and 22 related to external brands. No recalls were of a serious nature and they were withdrawn by suppliers of external brands. One recall related to incorrect labelling. No recalls resulted in environmental fines.

H2 SUPPLIER PARTNERSHIPS

Supplier Relationship Management

Alligo has established a systematic working method for strategic supplier management. All key suppliers are registered in a platform for Supplier Relationship Management (SRM). Before Alligo is able to enter into a partnership with a key supplier (purchases in excess of MSEK 1), the supplier must have been informed about and accepted Alligo's Supplier Code of Conduct and list of chemical restrictions and undergone a self-assessment that covers all areas of the Code of Conduct.

The risk landscape for a partnership with a supplier is initially graded on the basis of the country where the supplier is located, but risk analyses are then carried out on an ongoing basis taking into account the two-yearly self-assessments and the company's supplier visits and third-party audits. The risk landscape is assessed using the SRM platform.

New key suppliers added in 2021 have undergone Alligo's process for Relationship Management and undertaken to comply with its requirements.

Alligo strives to make its own visits to all key suppliers at least once a year, something that was not possible in either 2020 or 2021 as a result of the ongoing Covid-19 pandemic. Within the context of Alligo's membership of amfori BSCI, third-party ethics audits are carried out on an ongoing basis at the suppliers of products forming part of Alligo's own brands. As regards external brands, Alligo works with major players that have their own comparably stringent requirements for sustainability and good control in the supply chain.

It is the responsibility of the respective product manager or category manager to ensure that key suppliers live up to Alligo's requirements. A CSR coordinator performs a support function in the partnership with suppliers and has a key role in giving feedback to suppliers about any non-conformities and proposed measures, as well as other further development.

Third-party audits

Third-party audits are carried out on an ongoing basis at factories where Alligo's own products are manufactured, in accordance with amfori BSCI's audit programme for monitoring compliance with the Code of Conduct. Which suppliers are audited, and how often, is determined on the basis of the scope of production, as well as the risk landscape in the country and at the factory in question.

Despite the Covid-19 pandemic, the majority of Alligo's planned audits through amfori BSCI were able to take place at manufacturers in China, Bangladesh, India, Pakistan and Portugal. Approved audit firms and local auditors have been able to visit the factories through the initiative's audit programme.

The aim is for the audits to be semi-announced as far as possible, which means that the auditors can come and perform the audit at the factory on any day within an announced period of four weeks. This has not been possible during the pandemic, however, as all visitors to factories have been required to register their arrival in advance because of the risk of spreading infection.

It has not been possible to carry out third-party audits at the factories Alligo works with in Laos and Vietnam. There are no locally approved auditors in place in these countries and under normal conditions auditors travel from countries such as Thailand in order to carry out the factory audits. During the Covid-19 pandemic, Laos and Vietnam completely closed their borders and no auditors have been able to travel into these countries. During this period, Alligo was nevertheless able to carry out its own audits, focusing on quality, health and safety, through our local agent.

In 2021, ethics audits were carried out at suppliers' factories in China, Bangladesh, India, Pakistan and Portugal. A total of 59 of the factories belonging to Alligo's suppliers of own products and own brands had valid third-party audits during 2021.

If non-compliance is identified in a supplier visit, a joint action plan is drawn up in the first instance in order to ensure compliance with the Code of Conduct through support and training. The cases of non-conformance identified through third-party audits during the year have mainly concerned working days that are too long without sufficient time to rest and recover, shortcomings in the factories' handling of complaints mechanisms, chemicals handling and employees not having sufficient knowledge about their rights under the Code of Conduct, as well as shortcomings in the use of suitable personal protective equipment. The non-conformities have been addressed and clear follow-up plans including measures have been drawn up and verified.

H3 CARBON EMISSIONS FROM TRANSPORT

Reducing the carbon emissions caused by product transport is a priority for Alligo. The carbon emissions from outward shipping are monitored on a quarterly basis, with the aim of continuously reducing the tonnes of CO_2e per MSEK of revenue. The outcome for 2021 was 0.3. In 2020, work began to integrate Swedol and Tools and there is no standard follow-up for Alligo and therefore no comparison data available. The base year for Alligo is 2021.

The total amount of carbon emissions from outward shipping in 2021 was 2,577 tonnes of CO_2e. Alligo works with several different transport suppliers and some of the emissions are therefore calculated in accordance with EN 16258:2012, while some are estimated on the basis of the route and type of fuel.

It is not possible at present to monitor carbon emissions from inward shipping in all parts of the organisation. Part of Alligo's ongoing integration work involves securing partnerships with transport suppliers that will enable this.

H4 EMPLOYEES

Information on employees

Form of employment by geographic area, no.*	SWEDEN 2021	SWEDEN 2020	NORWAY 2021	NORWAY 2020	FINLAND 2021	FINLAND 2020	OTHER 2021	OTHER 2020
Permanent and probationary employment	1,330	1,291	571	561	343	323	14	14
Fixed-term employment	56	51	10	14	-	-	-	-
Total	**1,386**	**1,342**	**581**	**575**	**343**	**323**	**14**	**14**

Gender distribution by type of employment, no.*	WOMEN 2021	WOMEN 2020	MEN 2021	MEN 2020	TOTAL 2021	TOTAL 2020
Full-time employment	594	604	1,536	1,594	2,130	2,198
Part-time employment	59	21	134	36	193	57
Total	**653**	**625**	**1,670**	**1,630**	**2,323**	**2,255**

* Number of employees calculated as full-time equivalents

New employees and employee turnover

Gender distribution	WOMEN 2021	WOMEN 2020	MEN 2021	MEN 2020
Number of new employees	258	126	330	186
Proportion of new employees, %	44	40	56	60
Employee turnover, %	33	31	67	69

Age	<30 2021	<30 2020	30–50 2021	30–50 2020	>50 2021	>50 2020
Number of new employees	229	122	264	135	95	55
Proportion of new employees, %	39	39	45	43	16	18
Employee turnover, %	30	28	44	44	26	28

Geographic area	SWEDEN 2021	SWEDEN 2020	NORWAY 2021	NORWAY 2020	FINLAND 2021	FINLAND 2020	OTHER 2021	OTHER 2020
Number of new employees	318	156	202	102	68	54	-	-
Proportion of new employees, %	54	50	34	33	12	17	0	0
Employee turnover, %	75	72	17	18	8	10	0	0

Diversity

The tables show diversity in terms of gender and age among the Board of Directors and senior executives as well as among other employees. Senior executives means members of Alligo's management group. Alligo does not monitor the ethnicity of employees.

	2021		2020	
Gender distribution, proportion, %	**Women**	**Men**	**Women**	**Men**
Board of Directors and senior executives	23	77	21	79
Other employees	31	69	31	69

	2021			2020		
Age distribution, proportion, %	**<30**	**30-50**	**>50**	**<30**	**30-50**	**>50**
Board of Directors and senior executives	2	58	40	3	58	39
Other employees	20	45	35	22	45	33

Key performance indicators based on employee survey

Alligo carries out regular employee surveys that can be summarised in a number of key performance indicators. The results are used as a basis for risk assessment, future measures and new initiatives, for example. The survey providing the basis for the Annual Report was carried out during Q3 2021 and had a response rate of 87 per cent (72).

Employee Net Promoter Score

Alligo measures its attractiveness as an employer using the Employee Net Promoter Score (eNPS), which is a measure of how likely employees are to recommend their workplace to a friend or acquaintance. eNPS is measured on a scale of -100 to +100. Alligo aims to achieve the benchmark for retail as a whole. In 2021, the benchmark for retail was +15 (+14). Alligo's eNPS was -12 (+1). The decline and the low figure are probably the result of continued intensive change and integration work, uncertainty resulting from the announced consolidation of the logistics function and a sometimes strained staffing situation, primarily in the stores, due to the Covid-19 pandemic.

eNPS	2021	2020
Alligo	-12	+1

Leadership index

Efforts to strengthen leadership are an ongoing task that has made varying progress in different parts of the organisation. Alligo's leadership development programme continued in Sweden and Norway in 2021 and will be extended to the entire operation in the future. Alligo uses the leadership index (LSI) to assess the perception of leadership within the organisation, its strengths and opportunities. The results of this enable Alligo to plan which measures should be taken in order to further strengthen leadership. Alligo has set itself a target of 80. Leadership, measured as LSI, improved marginally overall during the year compared with the previous year and amounted to 76 (75). This is a pleasing result given the situation in 2021; see outcome and comments for eNPS.

LIS	2021	2020
Alligo	76	75

Engagement Index

Alligo uses an engagement index (EI) to identify the conditions that exist for individual and organisational engagement, what the forces driving engagement are and how engagement can best be preserved and strengthened. EI is measured in the form of energy (the motivation, inspiration and pride of employees) and clarity (clarity of goals at individual and group level and connection to overall goals). Alligo's EI is at a good level and has remained stable in relation to the previous year at 76 (76). Given the business conditions during the year, an unchanged level of engagement is a pleasing result.

EI	2021	2020
Alligo	76	76

Team efficiency index

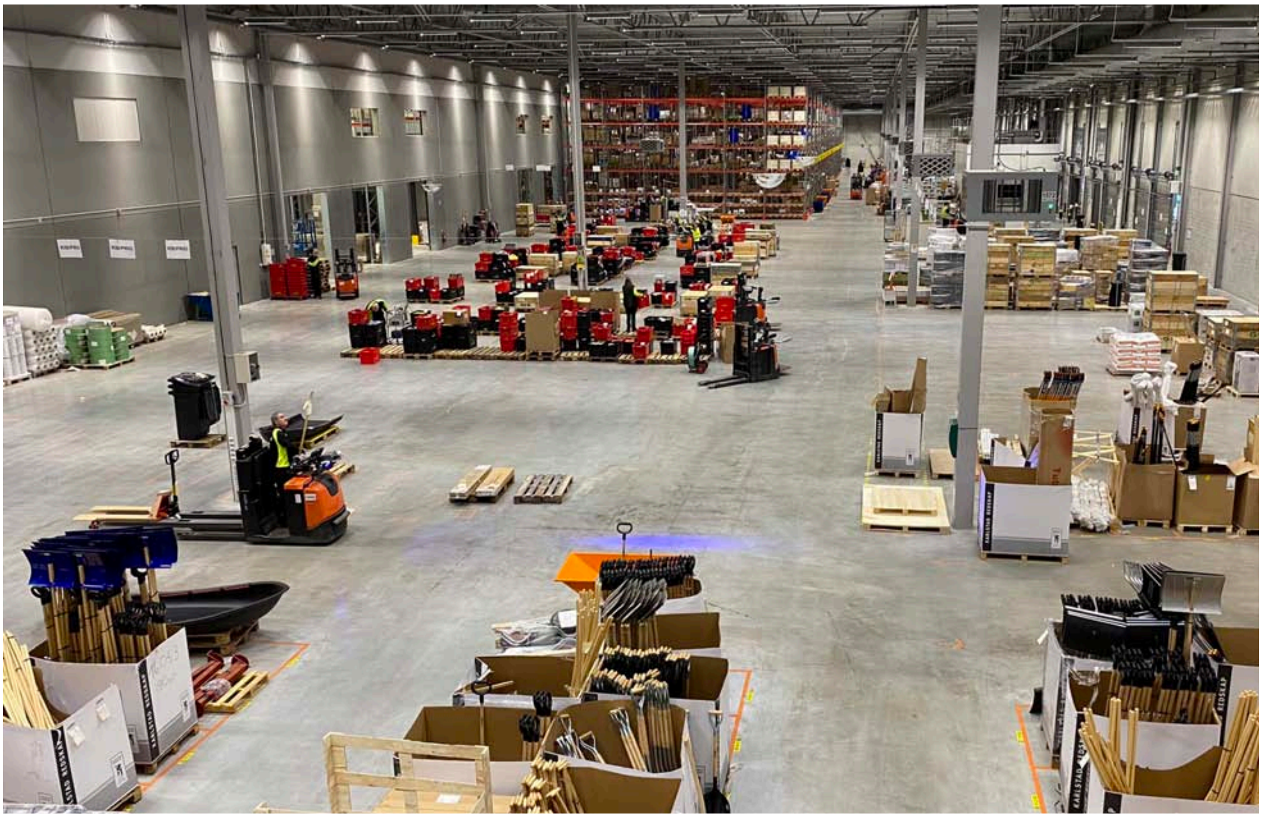
Alligo uses a team efficiency index (TEI) to evaluate cooperation and efficiency in various working groups and in the organisation as a whole. Alligo's TEI for 2021 was 74, which is a good level that must also be viewed against the background of intensive change work, which improves long-term efficiency but can often have the exact opposite effect in the short term. TEI was not measured for 2020 and comparison data is therefore unavailable.

TEI	2021	2020
Alligo	74	N/A

Training and Education

The proportion of employees at Alligo who had regular performance reviews was 81 per cent. It is not possible to report the breakdown by gender and age owing to the organisation's businesses having different reporting systems which are not fully integrated. Nor is there any comparison data available from the previous year. Alligo is carrying out intensive integration work and intends to introduce a common monitoring system in the future.

H5 WORK ENVIRONMENT AND SAFETY



In 2021, Alligo's management system was certified in accordance with the ISO 45001:2018 occupational health and safety standard. The management system is also certified in accordance with ISO 9001:2015 for quality and ISO 14001:2015 for the environment. The certification covers Alligo Holding AB, Swedol AB, Tools Sverige AB, Tools AS, Univern Solutions AS and Swedol AS. In practice, this means that all operations in Sweden and Norway are covered with the exception of Momentum Group Services and Alligo's independent specialist brands. The operations in Finland are not covered.

Among other things, the aim of ISO 45001 is to prevent workplace accidents and other work-related health problems, promote a safe and healthy work environment and establish the conditions for good cooperation between employer and employee.

The standard requires the certified organisation to identify and assess risks to health and safety at the workplace, implement a system for control and monitoring and set targets for improving its work environment performance.

Within the framework of Alligo's ISO certification, internal and external audits are carried out in all relevant operations.

The number of employees, including temporarily contracted employees, who are covered by Alligo's certified management system and the proportion this represents of the total number of employees, including temporarily contracted employees, at Alligo is shown in the table below.

31/12/2021	Number*	Proportion, %
Employees, including temporarily contracted employees, who are covered by the occupational health and safety management system	1,794	74

* Number of employees calculated as full-time equivalents.

Systematic work environment management

Alligo aims to offer a good physical, social and organisational work environment that promotes good health in the short and long term and contributes to the development of employees and the business. The work environment should be characterised by respect for and trust in the individual. At Alligo, work environment issues are an integral part of everyday operations.

Alligo pursues systematic work environment management and implements the measures that are technically possible, organisationally reasonable and financially justifiable to prevent employees being exposed to ill-health or accident at work. Incident reporting, regular risk assessments, evaluation and monitoring of the work environment are all central parts of this work. Overall work environment goals are drawn up in conjunction with work environment committees and are adopted by the company's management group.

Responsibility for the work environment is a natural part of the role of manager and all managers must undergo work environment training. It is the responsibility of managers to identify early signs of ill-health and to adapt the work situation so that the employee can avoid long-term absence and rehabilitation processes. To ensure that established procedures are followed, Alligo has implemented a digital system that sends out reminders to store managers when it is time for a safety inspection, fire safety briefing and work environment briefing.

Employee participation and work environment communication

Representatives of management and employees meet quarterly in work environment committees and discuss work environment issues. In 2020 and 2021, there have been some practical obstacles to holding these meetings because of the Covid-19 pandemic, but the conditions for 2020 appear better and the work environment committees' meetings are being prioritised. The organisation has safety representatives and an incident reporting system is available to all employees via the intranet.

Health-promoting activities

In 2021, a health initiative was implemented in Alligo's Swedish operations, called Alligo Health Sweden, while in Norway health-promoting activities were carried out via an external health partner. Employees in Sweden are covered by a wellness allowance and employees in Sweden and Finland are covered by occupational healthcare.

Responsibility in the supply chain

Alligo has clear established processes for reducing risks in the supply chain. Work environment issues at factories are an integral part of work that includes both evaluation and monitoring before and during a partnership with a supplier.

» Read more about Alligo's responsibility in the supply chain in note H2.

Accidents and injuries at the workplace

Alligo aims to eradicate accidents completely and this is a goal we are working towards. The organisation is continuously working to improve incident reporting and reduce the number of injuries and accidents at the workplace.

Accidents

An accident is a registered accident whether or not it results in sickness absence. In 2021, the total number of workplace accidents in Alligo's operations in Sweden was 52.

Alligo's greatest physical work environment risks are associated with the Group's logistics centres. At Alligo's largest logistics centre in Örebro, there were 40 accidents reported in 2021, one of which resulted in sickness absence. The accidents mainly occurred in connection with the use of forklift trucks and handling when lifting and when picking and packing products. The injuries caused in accidents were mainly wounds to the hand and fingers, which account for 31 per cent of the reported accidents. Other than these, muscle pain and sprains are the most frequent injuries.

Alligo has a target for the logistics centre in Örebro for there to be at least 3,500 man-hours between each registered accident. The overall outcome for 2021 was 3,600 hours between each accident; in 2020 the figure was 3,991 hours.

A total of 12 accidents were reported for Alligo's stores and offices in 2021, four of which resulted in some form of sickness absence. All 12 accidents were reported from stores and the injuries that occurred were mainly wounds and/or cuts, as well as falls.

Reported incidents and observations

An event that could have led to an injury or an accident, but which ended well, is referred to as an incident. An incident is an indication that something serious could happen next time and that action therefore needs to be taken. Incidents relate not only to physical factors, but can also include psychosocial factors. It is important that incidents are reported, as this is an excellent way of identifying the risks that can lead to accidents and injuries. Alligo has placed particular emphasis on improving the reporting of risk observations and incidents (incident reporting) at the businesses' logistics centres, which is where the physical work environment risks are the greatest.

The volume and level of detail of Alligo's incident reporting has improved in 2021. A total of 102 incidents were reported, compared with 85 in 2020. Of these incidents, 100 were reported from the logistics centre in Örebro and related mainly to incidents involving forklift trucks and products falling from shelves. Two of the incidents were reported from stores.

There has been a particular focus in 2021 on encouraging the reporting of observations at the logistics centre in Örebro. The aim was to identify risks before they develop into incidents and accidents and in this way enhance the work to achieve a safe work environment. In 2021, there were 180 risk observations reported, compared with six in 2020.

Sickness absence

Alligo continuously monitors the sickness absence of employees. The overall level of sickness absence was 7 per cent (7). This relatively high level is mainly attributable, as it was in 2020, to the Covid-19 pandemic. Although vaccination helped to reduce sickness absence in 2021 in relation to 2020, it was still recommended that those with symptoms stay at home instead of going to work, which meant that sickness absence remained at a high level.

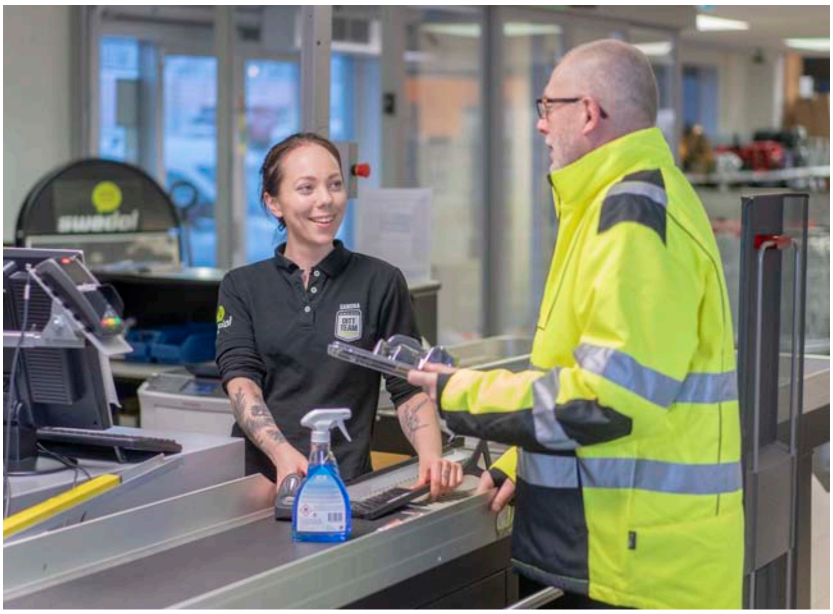
Sickness absence, %	2021	2020
Total	7	7
Women	34	32
Men	66	68

H6 CUSTOMER SATISFACTION

Satisfied customers are at the heart of Alligo's operations and are a prerequisite for profitable and sustainable growth. Alligo places great emphasis on customer value and monitors this through annual customer surveys. Customer satisfaction is measured using a Customer Satisfaction Index (CSI). The target is for all concept brands to achieve a CSI of more than 75.

In 2021, all concept brands in all countries achieved this target. Swedol in Sweden achieved a CSI of 76 (76), Tools in Sweden achieved 79 (80), Tools in Norway 79 (78) and Tools in Finland 77 (-). Grolls in Sweden achieved a CSI of 78 (79) and Grolls in Finland 76 (76). Univern in Norway achieved as CSI of 85 (83).

The probable reasons for this outcome are a combination of the initiatives implemented, good service and guaranteed delivery capacity. Alligo continues to monitor this and implements tailored action plans to ensure it will achieve these targets in the future.



H7 ANTI-CORRUPTION

Zero tolerance of corruption and misconduct

Alligo does not tolerate any form of corruption or other misconduct and complies with the Swedish Anti-Corruption Institute's code in relation to gifts, rewards and other benefits in business. The company refrains from all business dealings that risk having a negative impact on trust in the company and equivalent requirements are placed on both partners and suppliers. Alligo's views on corruption are enshrined in the Group's Code of Conduct and the Supplier Code of Conduct, which are adopted by the Board of Directors. There are also separate guidelines on entertainment. The Code of Conduct and other rules of conduct are available to all employees via Alligo's intranet. There are also special pages for new employees where all the key information, including the Code of Conduct, has been put together to provide clarity.

Alligo endeavours to provide regular training on the Code of Conduct. Intensive work to integrate Swedol and Tools has been under way since spring 2020 and a lot of focus has been drawn to this change work, which has meant that the proportion of employees who had received training in the Code of Conduct by the end of 2021 is lower than desired. In the future, however, the integration work will create better conditions for Alligo to hold training more often and in a more systematic way, thanks to digital tools.

Training in the Code of Conduct[1]

2021	Number who received training	Proportion who received training, %
Board of Directors and senior executives	17	100
Other employees	1,574	56

1) Training in the Code of Conduct was last provided in spring 2020 and includes anti-corruption.

Responsibility in the supply chain

Alligo purchases on a number of markets where corruption is a recognised problem. Counteracting the risk of corruption and other misconduct in the supply chain is an important part of Alligo's clearly established processes for supplier management and monitoring. In 2021, Alligo set the target of all key suppliers (with a purchasing value in excess of MSEK 1) having signed Alligo's Supplier Code of Conduct, which contains, among other things, specific provisions relating to anti-corruption. At the end of the base year 2021, 96 per cent of all key suppliers had signed.

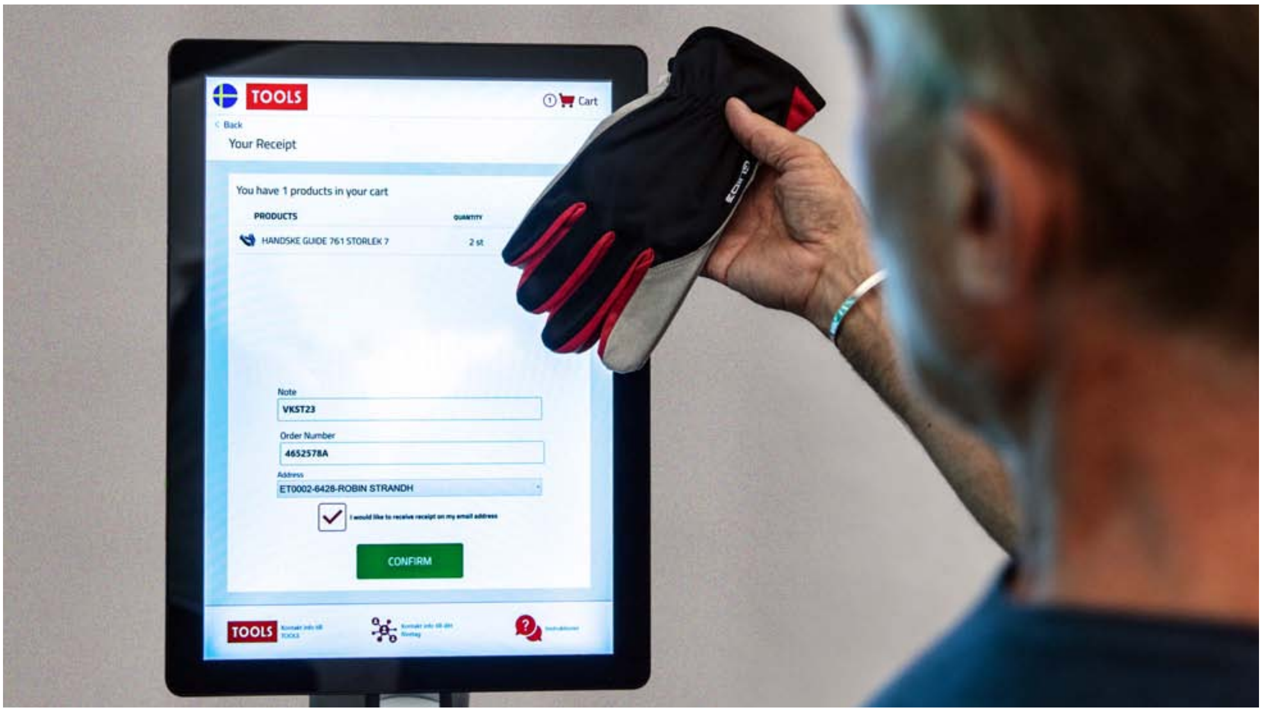
» Read more about supplier management work in note H2.

H8 SUSTAINABLE CHOICES

Within the context of the responsibility and opportunities that sustainability work brings, Alligo has identified the material sustainability issue "Transparent sustainability communication and help customers to make sustainable choices".

An important prerequisite for Alligo to be able to help customers to make sustainable choices is having a sustainable offering with safe and sustainable products. Clear information about products and services in a transparent and easily accessible way in both e-commerce and in stores and through field sales are important in establishing transparent sustainability communication. Within the context of this work, Alligo has set the target of increasing the proportion of garments in its own brands that are OEKO-TEX-certified and in order to achieve this target, all newly developed garments in its own brands must be OEKO-TEX-certified. In 2021, the proportion of OEKO-TEX-certified garments in own brands increased from 65 to 76 per cent.

Alligo sees great potential for development in relation to this issue and is working to establish a structured method of driving forward and monitoring its work on transparent sustainability communication and sustainable choices.



GRI INDEX

The sustainability report for 2021 has been prepared with reference to Global Reporting Initiative standards. The tables indicate the pages or sustainability notes where standard disclosures and selected indicators from the materiality analysis are reported.

General disclosures

GRI STANDARD	DISCLOSURE	REFERENCE	COMMENT
(2016)	**ORGANISATIONAL PROFILE**		
102-1	Name of the organisation	Front page	
102-2	Activities, brands, products, and services	pp. 6, 12–13, Inside cover	See: "Alligo – one integrated company"
102-3	Location of headquarters	Back page	
102-4	Location of operations	pp. 10–11.	
102-5	Ownership and legal form	pp. 20–21.	
102-6	Markets served	pp. 10–11.	
102-7	Scale of the organisation	Inside cover	
102-8	Information on employees and other workers	H4	
102-9	Supply chain	pp. 14–15.	
102-10	Significant changes to the organisation and its supply chain	pp. 1, 16, Inside cover	See: "2021 in brief"
102-11	Precautionary Principle or approach	p.24, H1	
102-12	External initiatives	pp. 15, 97, H1	
102-13	Membership of associations	pp. 15, 97.	Alligo is a member of the Swedish Trade Federation, the Confederation of Norwegian Enterprise (NHO) and the Finnish Commerce Federation
(2016)	**STRATEGY**		
102-14	Statement from senior decision-maker	pp. 2–3.	
(2016)	**ETHICS AND INTEGRITY**		
102-16	Values, principles, standards, and norms of behaviour	pp. 4, 18–19, 97	
(2016)	**GOVERNANCE**		
102-18	Governance structure	pp. 42–49, 98	
(2016)	**STAKEHOLDER ENGAGEMENT**		
102-40	List of stakeholder groups	p. 98	
102-41	Collective bargaining agreements		All employees in Sweden are covered
102-42	Identifying and selecting stakeholders	p. 98	
102-43	Approach to stakeholder engagement	p. 98	
102-44	Key topics and concerns raised	p. 98	
(2016)	**REPORTING PRACTICE**		
102-45	Entities included in the consolidated financial statements	p. 97	
102-46	Defining report content and topic Boundaries	pp. 4, 97, 98	
102-47	List of material topics	pp. 4, 98.	
102-48	Restatements of information	p. 97	
102-49	Changes in reporting	p. 98	This is Alligo's first sustainability report with reference to GRI Standards
102-50	Reporting period		1 January–31 December 2021
102-51	Date of most recent report		This is Alligo's first sustainability report with reference to GRI Standards
102-52	Reporting cycle		Annually
102-53	Contact point for questions regarding the report		Peter Söderberg, Business Development and Sustainability Manager, peter.soderberg@alligo.com
102-54	Claims of reporting in accordance with the GRI Standards	p. 97	
102-55	GRI index	pp. 106–107.	
102-56	External assurance	p. 97	The report has not been externally assured

Topic-specific disclosures

GRI STANDARD	DISCLOSURE	REFERENCE	COMMENT
	ECONOMIC IMPACT		
201 (2016)	**Economic performance**		
201-1	Direct economic value generated and distributed	pp. 8, 10–11, Inside cover	See: "KPIs 2021"
103-1/2/3	Management approach	pp. 4–6.	
205 (2016)	**Anti-corruption**		
205-2	Communication and training about anti-corruption policies and procedures	p. 15, H7	Derogation: Information about employees that have received training on anti-corruption, broken down by employee category and region, is not available
103-1/2/3	Management approach	pp. 14–15, 24, 97, H7	
	Own disclosure – economic impact		
Own	Customer satisfaction, CSI	H6	
103-1/2/3	Management approach	H6	
	ENVIRONMENTAL IMPACT		
305 (2016)	**Emissions**		
305-4	GHG emissions intensity	p. 17, H3	
103-1/2/3	Management approach	pp.16–17, H3	
308 (2016)	**Supplier Environmental Assessment**		
308-1	New suppliers that were screened using environmental criteria	H2	
103-1/2/3	Management approach	pp. 14–17, 97, H2	
	Own disclosure – environment		
Own	Sustainable choices	H8	Refers to: "Transparent sustainability communication and help customers to make sustainable choices"
103-1/2/3	Management approach	H8	Refers to: "Transparent sustainability communication and help customers to make sustainable choices"
	SOCIAL IMPACT		
401 (2016)	**Employment**		
401-1	New employee hires and employee turnover	H4	Derogation: Information about gender distribution for each form of employment is not available
103-1/2/3	Management approach	pp. 19, 97, H2, H4	
403 (2018)	**Occupational Health and Safety**		
403-1/2/3/4/5/6/7	All mandatory disclosures	pp. 19, 97, H2, H5	
403-8	Workers covered by an occupational health and safety management system	H5	
404 (2016)	**Training and Education**		
404-3	Percentage of employees receiving regular performance and career development reviews	H4	Derogation: Information about the breakdown by gender and category is not available
103-1/2/3	Management approach	p. 19	
405 (2016)	**Diversity and Equal Opportunity**		
405-1	Diversity of governance bodies and employees	H4	
103-1/2/3	Management approach	pp. 18–19, 97, H4	
414 (2016)	**Supplier Social Assessment**		
414-1	New suppliers that were screened using social criteria	H2	
103-1/2/3	Management approach	pp. 14–15, 97, H2	
416 (2016)	**Customer Health and Safety**		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	H1	
103-1/2/3	Management approach	H1	
	Own disclosure – social impact		
Own	Employee Net Promoter Score, eNPS	H4	
103-1/2/3	Management approach	pp. 18–19, H4	
	Own disclosure – social impact		
Own	Leadership index	H4	
103-1/2/3	Management approach	pp. 18–19, H4	

INFORMATION FOR SHAREHOLDERS

FINANCIAL CALENDAR

Interim Report Jan-Mar 2022	28 April 2022
Annual General Meeting 2022	11 May 2022
Interim Report Jan-Jun	15 July 2022
Interim Report Jan-Sep	28 October 2022

ANNUAL GENERAL MEETING

Alligo's Annual General Meeting 2022 will take place on 11 May 2022 at Kapitel 8, Klarabergsviadukten 90 in Stockholm, Sweden, at 10 am. Registration for the Annual General Meeting begins at 9.30 am. Documents to be submitted to the Annual General Meeting are available on the company's website for at least three weeks immediately prior to the meeting.

WWW.ALLIGO.COM

Financial reports, press releases, share information and other relevant company information can be found on the Group's website. You will also find a subscription service here where you can subscribe to press releases and financial reports.

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If there are any discrepancies, the Swedish version shall take precedence.

ALLIGO AB ANNUAL REPORT 2021

WE MAKE BUSINESSES WORK

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