ANNUAL AND SUSTAINABILITY REPORT 2022

ALLIGO

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ABOUT THE ANNUAL AND SUSTAINABILITY REPORT

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 47–101. The corporate governance report forms part of the administration report and is presented on pages 52–58.

Alligo AB prepares a sustainability report with reference to GRI Standards. Index details are provided on pages 121–123. The statutory sustainability report required by the Swedish Annual Accounts Act can be found on pages 10, 13, 28–45 and 110–120.

Alligo AB's former subsidiary Momentum Group AB is reported as discontinued operations. Comments and figures relate to continuing operations unless otherwise specified. For further information, see notes 1 and 32. The Group's remuneration report is published separately at www.alligo.com.

THIS IS ALLIGO

Alligo is a leading player within workwear, personal protective equipment, tools and consumables in the Nordic region.

The name Alligo comes from Esperanto and means "something that is connected". All parts of Alligo are connected and together we are an integrated company. We have a clear focus on workwear, personal protective equipment, tools and 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 corporate customers throughout the Nordic region in the channels where they want to meet us, whether this is in-store, field sales or telesales, digital channels or on-site service.

Alligo has performed intensive integration work since the merger of Swedol and Tools in 2020. We have carried out store integrations, launched a Nordic standard range, expanded the logistics centre in Örebro, relocated Tools' logistics in Sweden to Örebro and implemented our common IT and business system in Sweden and Finland. Now the major integration projects have been completed and our focus going forward is on marketing and improving operational efficiency.

Alligo is today an integrated company with a scalable platform that can continue to drive long-term profitable and sustainable growth. We are driven by our vision of becoming unbeatable as a partner to our customers and suppliers, as an employer for our employees and as a leader in sustainable development in our industry.

TOOLS | swedol | UNIVERN | GROLLS

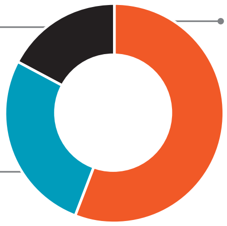
ALLIGO

2022 IN BRIEF

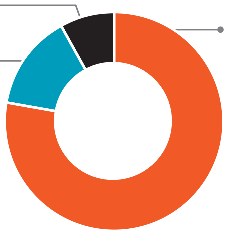
KEY PERFORMANCE INDICATORS

9,211	756	8.2	2,371
REVENUE, MSEK	EBITA,MSEK	EBITA MARGIN,%	NUMBER OF EMPLOYEES

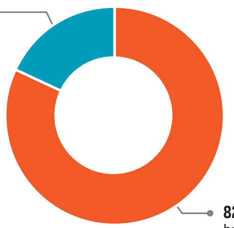
REVENUE BY GEOGRAPHIC SEGMENT, 2022



EBITA BY GEOGRAPHIC SEGMENT, 2022



SALE OF OWN BRANDS 2022



FIRST QUARTER

- All of the shares in subsidiary Momentum Group AB were distributed to the shareholders of Alligo AB. The distribution strengthened each business area's opportunities to develop based on their own focus areas.
- Alligo set four new financial targets and five new sustainability targets, which together are designed to ensure that Alligo delivers a good return to shareholders through sustainable and profitable growth, as well as financial stability.
- Alligo acquired 100% of the shares in Lunna AS, which is located north of Oslo, and Liukkosen Pultti Oy in Lahti, Finland.

SECOND QUARTER

- On 2 May, Alligo completed the implementation of its joint IT and business system in Tools in Sweden, the transition to a new pricing system in Sweden and the relocation of the logistics operations of Tools in Alingsås to Örebro.
- Alligo signed a lease for a newly constructed logistics centre in Vestby logistics park, south of Oslo. The two existing logistics units in the Oslo area will both relocate to the new premises, which extend over 16,000 square metres, beginning in autumn 2023.
- Alligo acquired the industrial operations of H E Seglem AS in south-west Norway through a conveyance of assets and liabilities.

THIRD QUARTER

- Alligo acquired 100% of the shares in Magnusson Agentur AB in Vinslöv and LVH AS in Lillehammer, Norway.

FOURTH QUARTER

- Alligo signed an agreement for premises for a new flagship store for Tools and Grolls in Konala, strengthening its presence in the Helsinki region. A new head office for the Finnish operations is being established next door to the store, with move-in scheduled for 2023.
- Alligo acquired 75% of the shares in Profeel Sweden AB and signed an agreement to acquire 70% of the shares in Profilföretaget Z-Profil AB, Kents Textiltryck i Halmstad AB and Olympus Profile i Uddevalla AB.

STABLE YEAR IN AN UNCERTAIN WORLD

2022 was a year that shaped Alligo and our future direction. The business refocused following the distribution of Momentum Group to shareholders during the second quarter. At the same time, we implemented several key integration projects and further developed our business model. We have done all of this against the background of an uncertain and at times turbulent world. It has not been without its challenges, but we have achieved success with the initiatives and projects we have implemented and have continued to see profitable growth.

A changing world

Sweden, along with large parts of the rest of the world, began to open up during the first quarter of the year, following the pandemic restrictions. At the same time, inflation in Sweden and other countries increased as the global economy picked up following years of restrictions and money market stimulus.

Following Russia's invasion of Ukraine at the end of February, inflation continued to rise, largely due to higher energy prices as a result of sanctions against the Russian energy sector. When the war broke out, Alligo quickly decided that it would not trade with companies with a link to Russia and Belarus. This has not had any significant impact on Alligo, as the company had extremely limited exposure before the war began.

Sales and earnings for the year

Despite everything, Alligo's market remained stable, albeit with a slight slowdown in Sweden during the fourth quarter. Revenue for the full year 2022 was MSEK 9,211 (8,417), an increase of 9.4 per cent. Organic growth amounted to 6.1 per cent and growth through acquisitions to 1.0 per cent, while currency effects totalled 2.3 per cent. Sales growth remained stable on all markets during the year, although this does contain an inflation effect.

Inflation in Sweden is at its highest level since the early 1990s and the weak krona makes purchases more expensive, putting pressure on virtually all companies. We have paid continuous close attention to our pricing over the course of the year to ensure that we make adjustments to reflect more expensive procurement and underlying cost increases, while also keeping our pricing competitive in relation to our competitors.

EBITA for the full year 2022 amounted to MSEK 756 (645) and the EBITA margin was 8.2 per cent (7.7). The improvement in profit can be attributed to increases on all three markets of Sweden, Norway and Finland. There is also scope for further improvement as we now have a clearer focus on sales and operational efficiency rather than integration.

Integration phase completed

On 31 March 2022, the subsidiary Momentum Group was distributed to shareholders. Following the completion of this distribution, we increased the pace of the integration work that was already under way at Alligo. Since the merger of Swedol and Tools and the formation of Alligo in spring 2020, we have worked hard to transform two independent businesses into a single unit.

Implementing so many changes simultaneously in a short space of time has been challenging. To give just a few examples, we have modified the organisational structure, coordinated logistics in several countries, replaced the IT and business systems in Sweden and Finland, merged companies and changed the legal structure. This work continued to take place at a rapid rate during the first half of 2022, mostlyaccording to plan. The relocation of the logistics operations from Alingsås to Örebro at a time when several systems were also switched over did cause some disruption, however, resulting in late deliveries to customers, principally in May and June. We did everything we could to reduce the impact on our customers and regain their trust and we now have a concentrated logistics operation in Sweden that provides better service and combined deliveries from an ultra-efficient central warehouse.

We have implemented most of our integration projects, with the very largest now complete, and we are able to put the integration phase behind us. Alligo is now focused on driving sales, implementing operational enhancements and improving efficiency. Increased coordination still offers great potential. As previously announced, the logistics operations in Skedsmokorset and Rosenholm in Norway will be coordinated in the newly built warehouse in Vestby Industripark and we are continuing to roll out the Nordic standard range.

Targeted sustainability work

Sustainability is business critical and we have continued to build on the work we have done in previous years. We support the principles of the UN Global Compact and our material sustainability issues are linked to the Global Goals for Sustainable Development. An important initiative we implemented during the year was to map our climate emissions. The next step is to set climate targets based on this and to draw up action plans for achieving these.

Another key initiative was to enhance the technical expertise of our sales staff with regard to the products we sell, with sustainability aspects an important part of this. The knowledge days we held during the year were the most comprehensive to date and for the first time we brought together all of our sales staff and our supplier partners in all three countries.

Strong foundation for the future

The organisational changes we have made in recent years have proven their worth and Alligo is now an integrated company with a tried and tested business model. We can see that the model works and we know where we need to focus our resources in order to continue to achieve profitable growth. We are heading in the right direction and this is reflected in our employees in the organisation. Our sales staff handle corporate customers all over the Nordic region with knowledge and commitment. We are also at the forefront of developing smart solutions that make business easier for our customers and streamline the flow of goods from Alligo all the way into their operations. Alongside the strong development of existing operations, we have a successful acquisition process that enables Alligo to be enhanced with complementary companies, increasing overall growth. Evidence of this can be seen in the agreements we signed in 2022 to make nine new acquisitions that we welcome into the Alligo family.

There is greater uncertainty on the market today than there was a year ago and we are monitoring developments carefully so we can react quickly to any changes. At the same time, we believe greatly in what we are doing and Alligo is a much stronger company today than it was a year ago. Our solid financial position also means we are well-equipped to address both the challenges and opportunities that lie ahead. We continue to drive profitable growth and supplement organic sales with acquisitions that are in line with our strategy.

Tyresö, March 2023

Clein Johansson Ullenvik
Group President and CEO

"The organisational changes we have made in recent years have proven their worth and Alligo is now an integrated company with a tried and tested business model."

STRATEGIC DIRECTION

Alligo's strategy and business planning is based on a clear mission, vision and values. We must make businesses work and we must be unbeatable for our customers, employees and suppliers and as a leader in sustainable development in our industry.

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.

/STRATEGIC POSITION

The strategy is based on Alligo being run as an integrated company where all the different parts are connected and contribute to the overall performance. As an integrated company with a strong focus on operational efficiency, we can drive long-term sustainable and profitable growth.

On the merger of Tools and Swedol in 2020, Alligo was positioned between a holding company with an investment focus and an integrated company with an operational focus. The strategic ambition has always been to drive value creation by making operational improvements to the existing business and through profitable organic and acquisition-based growth.

Through our intensive integration work over the past two years, we have worked hard to become an integrated company. There are some things still to be done but the major strategic shift has been implemented.

A scalable platform with shared functions, processes and systems enables Alligo to achieve profitable organic growth and to adapt the organisation as necessary to the prevailing conditions. We are also actively working on acquisitions and we have established an effective process for identifying companies that are a good fit for the structure. Acquisitions complement and strengthen Alligo's operations and are integrated based on their particular situation.

Alligo as an integrated company from different perspectives:

CUSTOMERS

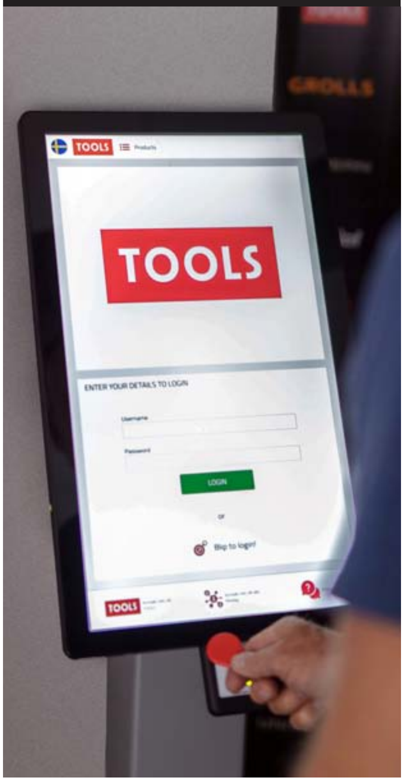
- Focus on corporate customers within eight defined industry segments
- Strong provision for end customers

OFFERING

- Focus on consumables and a high degree of standardisation
- Services are an important part of the offering

CHANNELS

- Multiple sales channels that meet customers on their terms
- Digital channels support and generate various kinds of sales



/STRATEGIC OBJECTIVES

To strengthen Alligo's strategic position, we work on the basis of four strategic objectives. The strategic objectives relate to areas identified as being particularly important in order for us to achieve the vision and they contain specific strategies within each target area.

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

Our offering is tailored to the customer's needs and contains a defined range of own brands and strong external brands. 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.

2 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.

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

Efficient processes generate value for customers, make us a reliable partner for our suppliers, 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. All of our stakeholders must be able to rely on us and trust us to keep our promises and to live up to the expectations placed on us. We operate a transaction-intensive business that generates large volumes of data every day, enabling us to make use of various advanced analysis methods, such as artificial intelligence, to gain new insights into operations which help us and our stakeholders to develop and to establish new business and cooperation.

Customers can be offered reliable, efficient and flexible supply solutions that make a difference in their business. Together with our suppliers, we create value through long-term close cooperation, which helps to reduce the risks in the value chain, benefiting the development of both Alligo and our suppliers.

4 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. Around 95 per cent of the climate emissions in our value chain are generated by the products we sell. It is here in the supply chain that 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, working conditions and corruption, 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 customers are given the sustainability information they need, for example through certification and environmental labelling. Customers who are familiar with our sustainability work know that we lead the way in our industry, but we need to be even better and also increase awareness about our work both internally and externally.

BUSINESS MODEL

Alligo makes businesses work and creates value for stakeholders through efficient and sustainable processes. The basis for this is a common platform with economies of scale within central key functions.

A scalable business model enables Alligo to achieve profitable growth, both organically and through acquisitions. New initiatives, investments and acquisitions are integrated systematically and benefit from our shared platform with economies of scale within key areas, such as assortment and procurement, logistics, finance, IT, HR and sales.

Offering

The range is carefully selected and developed to meet the needs of Alligo's defined industry segments. The standardisation of goods and services increases efficiency and availability, while also offering flexibility to those customers who need it. A combination of own brands and external brands provides an attractive and competitive offering, with services also an important element with clear value for customers. The overall offering is characterised by high quality, value for money and product safety, combined with a good service level and availability.

Procurement

Centralised procurement makes Alligo an attractive partner with a strong negotiating position. Long-term partnerships with a well-balanced base of carefully selected suppliers from all over the world ensure product and delivery quality at the right price, while we are also able to work with our suppliers to achieve sustainable development throughout the value chain. We continually review our processes in order to streamline procurement and guarantee compliance with stringent sustainability requirements.

Logistics

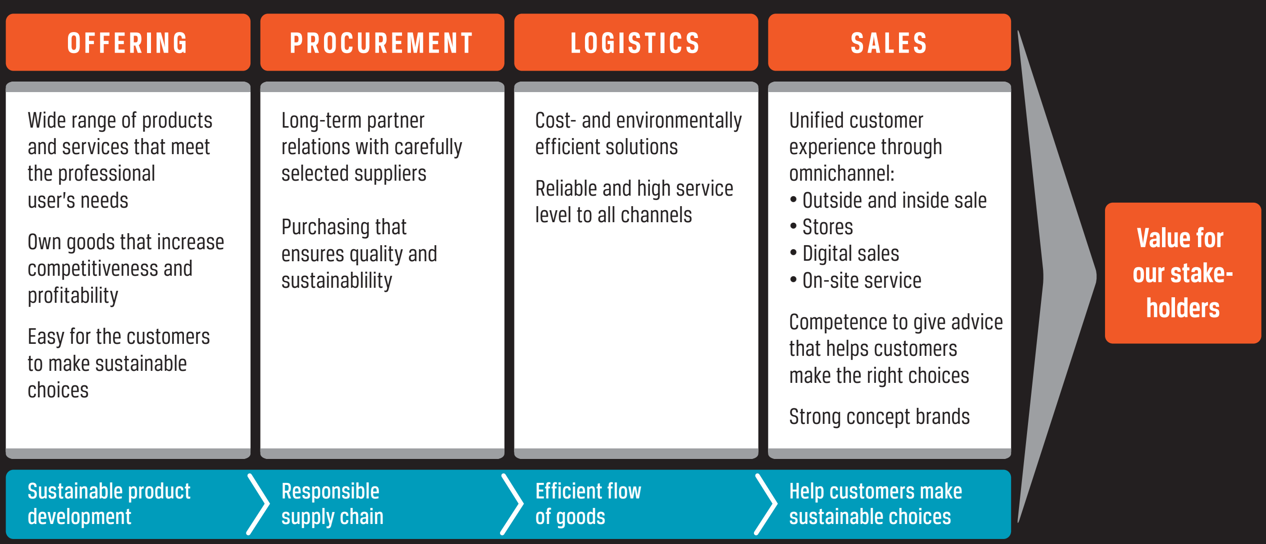
An efficient and reliable flow of goods is essential for Alligo's value creation and competitiveness. Having centralised, highly automated logistics reduces costs while also enabling a high level of service and reliable deliveries, whatever the sales channel. Coordinated logistics also create better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

Sales

Alligo meets customers' needs in different purchasing situations through sales channels that support and complement each other. In each country, we 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 employees have extensive knowledge about our products and services and are therefore able to help customers make the right choice.

Value for stakeholders

The business model aims to create value for Alligo stakeholders in a sustainable manner, with in-house product development, responsibility in the supply chain, an efficient flow of goods and sustainable choices for customers. The offering makes customers' businesses work, gives suppliers a strong and reliable partner and provides employees with an attractive place to work. Dividends and long-term sustainable returns are generated for shareholders, while Alligo contributes to society through sustainable enterprise.



» Read more about sales and how Alligo helps customers to make sustainable choices on pages 18 and 36.

» Read more about the offering and product development on pages 19 and 37.

» Read more about procurement and responsibility in the supply chain on pages 38–39.

» Read more about logistics and the flow of goods on pages 22 and 44–45.

FINANCIAL TARGETS

Alligo's financial targets focus on profitable growth, financial stability and dividend. The targets have been set based on Alligo's conditions during a medium-term strategy period.

TARGET

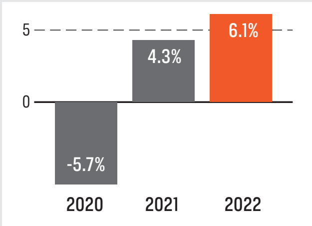
OUTCOME AND COMMENTS 2022

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.



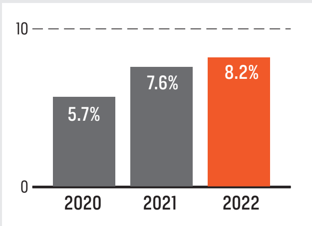
Organic growth was higher than the target of 5 per cent in all countries and contains an inflation component. Growth was driven mainly by larger industrial customers in Finland and Norway, as well as small and medium-sized enterprises in Sweden. Sales to larger industrial customers in Sweden were negatively affected by disruption to logistics and sales processes as a result of the migration to a common business system and the coordination of logistics. A slight slowdown was observed in Sweden during the fourth quarter. Sales within oil and gas were strong in Norway.

PROFITABILITY

>10%

EBITA margin

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



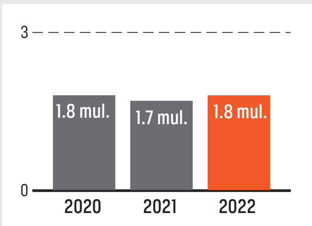
Improved EBITA margin was observed across all markets and was driven primarily by growth, better gross margins and synergies. The effect was mitigated by an unfavourable country mix in the form of stronger growth in Norway and Finland than in Sweden. Work is ongoing to establish a more favourable customer mix in Finland and Norway and to further strengthen the sales and assortment management in order to achieve the target of an overall 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.



The higher net liabilities compared with last year are the result of integration investments, acquisitions, dividends and build up of inventories.

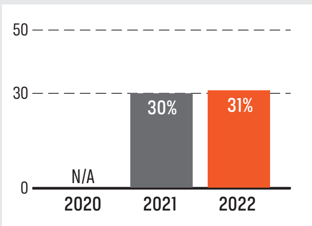
The strong financial position provides a solid foundation for continued growth and means we are well prepared to take advantage of future acquisition opportunities.

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.



The proposed dividend for the year of SEK 3.00 per share (1.75) is equivalent to 31 per cent of earnings per share for continuing operations and the financial year. The current financial position and profitability are considered to provide sufficient scope for the proposed dividend.

SUSTAINABILITY TARGETS

The sustainability targets are based on Alligo's vision and material sustainability issues and are designed to make Alligo a leader in sustainable development in our industry.

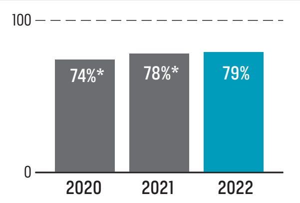
TARGET | OUTCOME AND COMMENTS 2022

RESPONSIBLE SUPPLIER RELATIONSHIPS

100%

Signing of Code of Conduct

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



Alligo's Supplier Code of Conduct is based on internationally recognised frameworks and incorporates conventions on human rights, decent working conditions and action on environmental and climate impact, as well as principles for good business ethics.

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.

CSI INDEX	2020	2021	2022
Swedol, Sweden	76	76	76
Tools, Sweden	80	79	77
Tools, Norway	78	79	79
Tools, Finland	N/A	77	-
Grolls, Sweden	78	79	78
Grolls, Finland	76	76	-
Univern, Norway	83	85	81

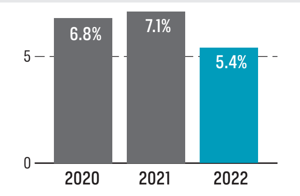
All concept brands where CSI was measured exceeded our target. The respective management teams are working on the results to perform analyses and draw up action plans. They are examining what is good and can be strengthened, as well as what needs improving. The measurement for Finland takes place in February 2023 and is therefore not included in the results.

HEALTH

<5%

Sickness absence

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



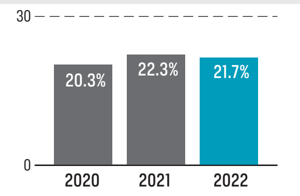
Extensive change work and the Covid-19 pandemic had a significant impact on sickness absence for 2021 and 2020. These factors also affected sickness absence in 2022, but to a lesser degree and the outcome is closer to the target.

GENDER EQUALITY

>30%

Proportion of female managers

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



The proportion of female managers decreased slightly during the year and the target remains for the proportion of female managers to correspond to 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.

Work was carried out during the year to map the climate emissions generated in the supply chain. Alligo will use the results of this to set targets for reduced emissions.

* The calculation basis was adjusted in 2022 and the comparative figures have been restated according to the same principles.

MARKET OVERVIEW

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.

The three main markets of Sweden, Norway and Finland generate total revenue of approximately MDSEK 53 per year within Alligo's product categories. Customers are a mix of small and medium-sized enterprises, large industrial companies and the public sector. Operations are developed and managed with a focus on corporate customers within eight selected industry segments.

Market conditions

The market remained stable during 2022, with a slight slowdown in Sweden towards the end of the year. High inflation and increased interest rates are likely to have an impact on future market conditions.

Having corporate customers of varying sizes provides a balanced mix that helps to spread the risks. 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.

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.

Market trends

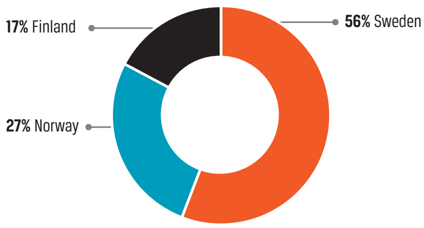
Increased sustainability requirements are an ongoing trend. Many larger and public sector customers are stipulating increasingly clear sustainability requirements. At the same time, the awareness and demands of smaller customers are also increasing. Their specific requirements are not as formalised, but having a sustainable offering is a competitive advantage.

There is still potential for increased digitisation in the industry. Technology is advancing rapidly and companies that take advantage of the benefits can enhance their competitiveness.

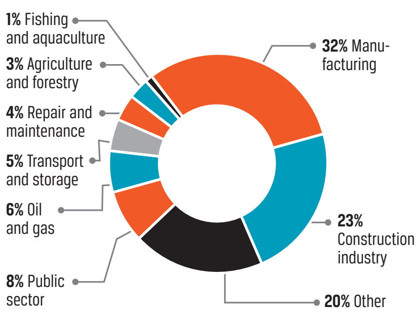
Alligo's markets are consolidated to varying degrees. This process is continuing and larger companies, such as Alligo, can benefit from economies of scale to improve profitability through consolidation. There has also been an increase in horizontal integration in the market. Companies from other markets, for example, can achieve proximity to Alligo through acquisitions and compete more within certain product areas.

A shortage of resources and supply problems in global value chains have been an issue in recent years. Like the rest of the industry, Alligo is at risk of being affected by this, both directly and indirectly. The situation has improved, but disruptions and new problems can be hard to predict.

REVENUE BY GEOGRAPHIC SEGMENT, 2022



REVENUE BY INDUSTRY SEGMENT 2022



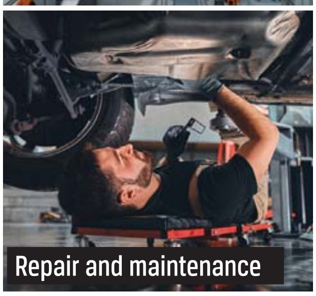
Alligo focuses on corporate customers in eight industry segments:


Manufacturing


Construction industry


Public sector

Transport and storage


Repair and maintenance


Agriculture and forestry


Fishing and aquaculture


Oil and gas

/SWEDEN

Key figures, Sweden	2022
Revenue	MSEK 5,339
EBITA	MSEK 610
EBITA margin	11.4%

Sweden is Alligo's largest geographic market, with annual revenue of around MDSEK 25. It has a broad customer base with companies of varying sizes within all of Alligo's eight industry segments apart from Oil and gas and Fishing and aquaculture. A large proportion of sales are made to companies within industry, construction, transport and the public sector. Despite market unrest, increased inflation and economic slowdown, the market trend remained stable for the full year 2022, with a slight slowdown in the fourth quarter.

Alligo occupies a strong market position in Sweden within all of the Group's product categories. A relatively high proportion of small and medium-sized enterprises gives Alligo a diversified customer base which historically has been resilient during economic downturns.

The main store brand in the market is Swedol, which is unique to Sweden. In addition to Swedol is Tools, which has a well-established industrial concept, Grolls, which specialises in workwear and protective equipment, and a number of local specialist brands.

Alligo's development

Alligo's revenue in Sweden amounted to MSEK 5,339 (5,151) in 2022. Organic growth was approximately 5 per cent and total growth was approximately 4 per cent. Revenue contained a significant inflation effect and was positively affected by two acquisitions, while a disposal during the comparison year had a negative impact on total growth. The year got off to a weak start, suffering the effects of an early start to winter sales in the fourth quarter of 2021 and restraint among small and medium-sized enterprises as a result of Russia's invasion of Ukraine. Growth was then stable, although the industrial segment in particular was adversely affected by disruptions to logistics and sales processes connected with the change of business system at Tools during the second and third quarters.

Price increases from suppliers throughout the industry had a negative impact on margins, but both EBITA and the EBITA margin nevertheless increased. EBITA in 2022 amounted to MSEK 610 (560) and the EBITA margin was 11.4 per cent (10.9).

A priority is to fully implement our Nordic standard range, which was launched in 2021. This work progressed in 2022 and will continue during 2023. To drive sales more effectively, the sales management in Sweden has defined different customer types that enable sales and marketing activities to be targeted better, based on customer needs.

Competitors

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.

STORES AND BRANDS

Main store brand .... Swedol

Other store brands

Tools – industrial concept in independent stores/sales offices or co-located with Swedol.

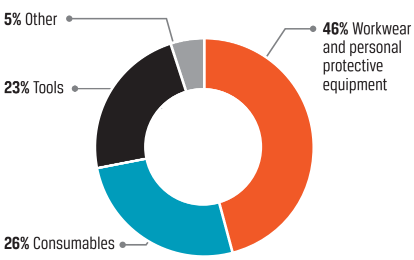
Grolls – specialises in workwear and protective equipment in independent stores or as a shop-in-shop at Swedol.

Specialist brands

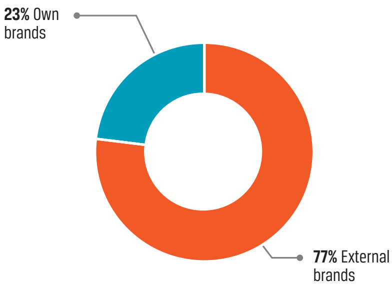
Mercus, Company Line, Reklamproffsen, Industriprofil, Triffiq, Profilmakarna, Defacto, Magnusson Agentur, Profeel, Z-Profil, Kents Textiltryck and Olympus Profile.

Total number of units 107

SALES BY PRODUCT CATEGORY 2022



SALE OF OWN BRANDS 2022



/NORWAY

Key figures, Norway	2022
Revenue	MSEK 2,591
EBITA	MSEK 107
EBITA margin	4.1%

The Norwegian market has annual revenue of approximately MDNOK 16. The market differs from Alligo's other markets through the two industry segments of Oil and gas and Fishing and aquaculture, which are unique to Norway. Together, these two industry segments represent a significant portion of the overall market in Norway.

The market was generally stable during 2022 but was strengthened in particular by Oil and gas, which benefited from uncertainty on the energy market as a result of Russia's invasion of Ukraine.

The market in Norway is characterised by a strong local connection. Having locally established stores is often a prerequisite for doing business. Personal contact is also extremely important and a relatively large proportion of sales are made by field sales staff who have close relationships with customers.

Alligo is a market leader in Norway and is established through the concept brands Tools and Univern. Tools is the main store brand and Univern specialises in workwear and protective equipment and is a strong brand on the Norwegian market.

Alligo's development

Alligo's revenue in Norway amounted to MSEK 2,591 (2,198) in 2022, an increase of approximately 18 per cent.

Revenue contained a significant inflation effect and was also positively affected by four acquisitions and currency effects. Organic growth was around 8 per cent. Sales to small and medium-sized enterprises were adversely affected by the Covid-19 pandemic at the beginning of the year, but then experienced stable development over the year and benefited from the strong trend within Oil and gas. The Fishing and aquaculture industry segment also developed strongly.

Compared with Sweden, which has a broad base of small and medium-sized enterprises, Alligo's customer mix in Norway consists of a greater proportion of large industrial customers. The margins here are lower and it is often more difficult in the short term to implement the price increases necessary to compensate for the high inflation and price rises in the supply chain. EBITA in 2022 amounted to MSEK 107 (80) and the EBITA margin was 4.1 per cent (3.6). The improved profit was driven by growth and synergies.

The focus in Norway is on improving the reach to small and medium-sized enterprises in order to achieve a better balance in the customer mix. Efforts are being made, therefore, to improve both the store network and the sales management. Work continues on the rollout of Alligo's Nordic product range. There is great potential for our own brands, which are well-established in Sweden, to reach new customers on the Norwegian market and supplement an already strong local offering.

Competitors

Competitors in Norway consist mainly of large nationwide operators such as Tess, Würth, Ahlsell and BIG. There are also many strong local operators with broad product ranges, as well as specialist chains.

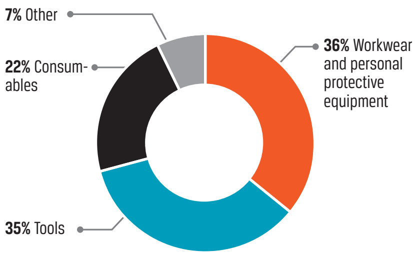
STORES AND BRANDS

Main store brand .... Tools

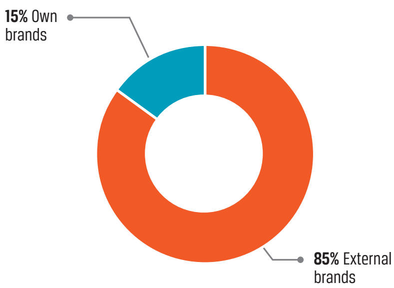
Other store brands
Univern – specialises in workwear and protective equipment in independent stores or as a shop-in-shop at Tools.

Total number of units 57

SALES BY PRODUCT CATEGORY 2022



SALE OF OWN BRANDS 2022



/FINLAND

Key figures, Finland	2022
Revenue	MSEK 1,552
EBITA	MSEK 62
EBITA margin	4.0%

The market in Finland has annual revenue of approximately MDEUR 1.2. Customers are companies of varying sizes within all of Alligo's industry segments apart from Oil and gas and Fishing and aquaculture. The market structure is generally similar to Sweden, but is distinguished by a relatively large proportion of manufacturing industries.

The market generally experienced stable development during the year despite macroeconomic factors such as increased inflation and economic slowdown. Sanctions against neighbouring Russia as a result of the invasion of Ukraine have had only a marginal impact on the market, as exports to Russia were already limited before the war.

Alligo's market position is weaker here compared with Sweden and Norway. In Finland, the Group is strong within the manufacturing industry segment and the customer mix has a relatively high proportion of large industrial customers. We therefore see great potential for also achieving growth among small and medium-sized enterprises and within the industry segments where the Group has been successful on the markets in Sweden and Norway.

The main store brand in Finland is Tools. Alligo is also established in the form of Grolls, which specialises in workwear and protective equipment, as well as a number of local specialist brands. There are also two Grolls stores in Estonia that come under the Finnish sales organisation.

Alligo's development

Revenue in Finland amounted to MEUR 1,552 (1,320) in 2022. Growth was approximately 15 per cent, of which approximately 8 per cent was organic growth. Revenue contained a significant inflation effect and favourable currency effects. Sales were initially adversely affected by the Covid-19 pandemic and related restrictions in society. A major strike among workers in the pulp and paper industry also had a negative impact during the first four months of the year. Otherwise, Alligo experienced stable development on the market during the year. Sales benefited from growth among larger industrial customers and the beneficial effects of improved sales and assortment management, while there was also a positive impact from three acquisitions.

Compared with Sweden, a greater proportion of sales are made to larger industrial customers, where the margins are generally lower. This also made it difficult to fully compensate for the high level of inflation and price increases in the supply chain. EBITA in 2022 amounted to MSEK 62 (19) and the EBITA margin increased to 4.0 per cent (1.4).

Alligo is working to continue to build on its platform of industrial customers in Finland and to improve its reach to other industry segments and small and medium-sized enterprises. A key element of this is investing in and upgrading the store network. In many of the stores in Finland, there is not enough space for customers to move around in relative to the storage space, which takes up most of the total area. Many stores are being refurbished to provide a better experience for customers in-store, while efficient centralised logistics also mean that reduced storage space does not have a negative impact on availability. We also envisage good opportunities to strengthen our local presence in areas that have been identified as weak, such as the Helsinki region, through acquisitions.

Competitors

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.

STORES AND BRANDS

Main store brand .... Tools

Other store brands

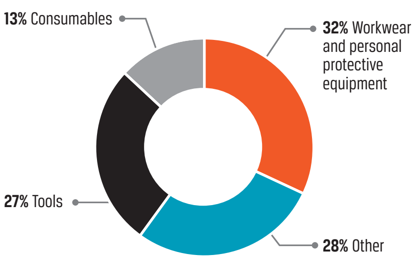
Grolls – specialises in workwear and protective equipment in independent stores or as a shop-in-shop at Tools.

Specialist brands

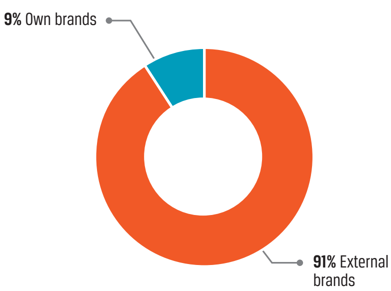
Metaplan and Liukkosen Pultti.

Total number of units 39

SALES BY PRODUCT CATEGORY 2022



SALE OF OWN BRANDS 2022



SALES

Alligo serves customers according to their needs and circumstances. The different sales channels complement and support each other. Whatever the customer's preferences, it must always be easy to do business with Alligo.

Sales take place through separate sales organisations for the main markets of Sweden, Norway and Finland. Each of the country-based sales organisations is led by a country manager and separating the countries in this way provides a clear division of responsibilities with effective and 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.

Although sales work is clearly focused on individual countries, our systems and functions are coordinated. Customers who buy from Alligo's various concept brands in Sweden and Finland now have a single agreement and receive one invoice and a combined delivery, even if the order relates to a combination of concept brands. This will also be possible in Norway in the future.

Sales channels

Customers choose their sales channel based on their particular purchasing situation and their individual needs. Alligo provides guidance to assist with this process, but it is always the customer who decides how they want to do business with us.

Field sales and telesales

Dedicated and competent sales staff help to build and maintain long-term, strong and sustainable customer relationships. Sales staff serve new and existing customers in person, both physically and digitally, and reach out to customers who do not normally shop in-store or who have a greater need for personal contact and tailored solutions. Key Account Managers also play an important role in tenders and procurement at larger customers.

Stores

In-store sales provide the majority of Alligo's revenue. In stores, customers are provided with a fast and easily accessible service, as well as a high level of product availability. Having a local presence with stores is particularly important for many of the small and medium-sized enterprises that form the basis of Alligo's customer mix, especially in Sweden. The stores are operated within the concept brands Tools, Swedol, Grolls and Univern, as well as smaller specialist brands. Individual stores offer one or more of Alligo's concept brands.

Digital channels

Customers can choose to interact with Alligo entirely digitally through online stores, customised marketplaces or various e-commerce solutions. Digital channels also drive sales to other sales channels, even if the actual order is not always placed digitally. Customers can also choose to use Alligo's multichannel concept, where e-commerce is tailored based on the customer's needs and is combined with other channels.

The number of digital orders is steadily increasing and we see great potential in streamlining our own sales processes and customers' procurement processes using digital solutions. For example, information can be transferred between Alligo and the customer's business system using Electronic Data Interchange (EDI). Punchout technology also enables Alligo's e-commerce stores to interact with the customer's purchasing system.

On-site service

Alligo's on-site service enables customers to be supplied with goods directly on site at their business, saving valuable time and giving them greater control over consumption. The umbrella name for our smart solutions on site at the customer is Smart Service, which includes self-scanning solutions, vending machines, loan machines and unstaffed pop-up stores, for example. Once Smart Service has been installed on site at the customer, it provides an automated sales channel directly into the business.

❯❯ Read more about the application of Smart Service in practice on pages 20–21.

OFFERING

Alligo's offering is developed for corporate customers within eight defined industry segments. The products consist of both 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 brands and leading external brands ensures that customers find what they need for their business to function.

New products are continually being developed and existing ones updated, improved or discontinued. Sustainability plays a key role in product development, with a clear link to our vision.

›› Read more about our sustainable product development work on page 37.

Nordic standard range

Alligo has a coordinated range on the three Nordic main markets of Sweden, Norway and Finland. The standard range was launched in 2021, but rollout has taken longer than planned and will continue during 2023.

Work to reduce the total number of articles continued during the year, while product launches within various parts of Alligo have improved access to our own brands.

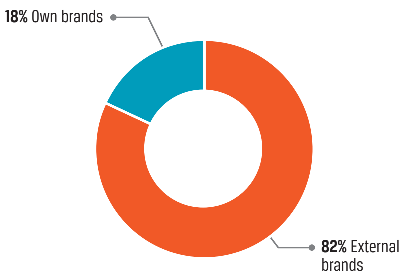
The standardisation of the range facilitates control and monitoring within the Group, which increases profitability and creates better conditions for achieving the sustainability targets. Customers gain added value in the form of guaranteed product quality, greater availability, improved service levels and shorter lead times.

Strong own brands

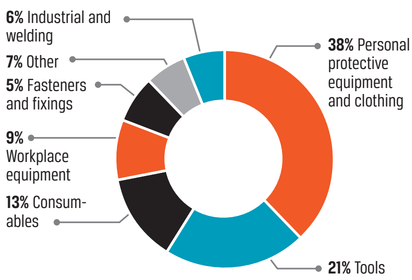
Selling own brands provides better control over the supply chain and the properties and quality of products, as well as higher margins. Own brands are a particularly important part of the range within the product category Personal protective equipment.

In addition to own brands there are the private labels AmPro and NUAIR, where Alligo has exclusive rights but does not operate and develop the brands itself.

SALE OF OWN BRANDS 2022



SALES BY PRODUCT AREA 2022



Björnkläder – Iconic workwear since 1905

GESTO – Workwear and footwear with a focus on function

UNIVERN – Workwear for Nordic weather conditions

AmPro® – Tools and storage with smart solutions

AWARD – Complete lighting range for the professional user

Balance – Protective gloves for all jobs

1832 – Base and corporate branded clothing for every occasion

4USE – Consumables for every occasion

Nima – Farming and forestry specialist

NUAIR – Compressors

INNO – Chemical products

swedol – Oil and fat products

SMART SERVICE – A CUSTOMER CASE

Marko Hurskainen is the factory manager at Škoda Transtech Oy, which makes low-floor trams and railway rolling stock and has its headquarters in Oulu, Finland. The company is part of the international Škoda Group, which has around 650 employees at the factory in Otanmäki and average annual revenue of approximately MEUR 100. Within the Group, Škoda Transtech specialises in product development, manufacture and maintenance of railway equipment designed for Nordic conditions.

Škoda Transtech has a long-term partnership with Tools for procuring workwear, tools, personal protective equipment and other consumables. Part of the factory manager's job is to manage and plan the delivery of this equipment.

Smart Service was implemented in spring 2022 and it has already revolutionised purchasing procedures at the factory. One of the main benefits is having access to products round-the-clock on-site at the business.

"So far, the partnership works well and is beneficial," says Marko Hurskainen.

What do you buy through Smart Service?

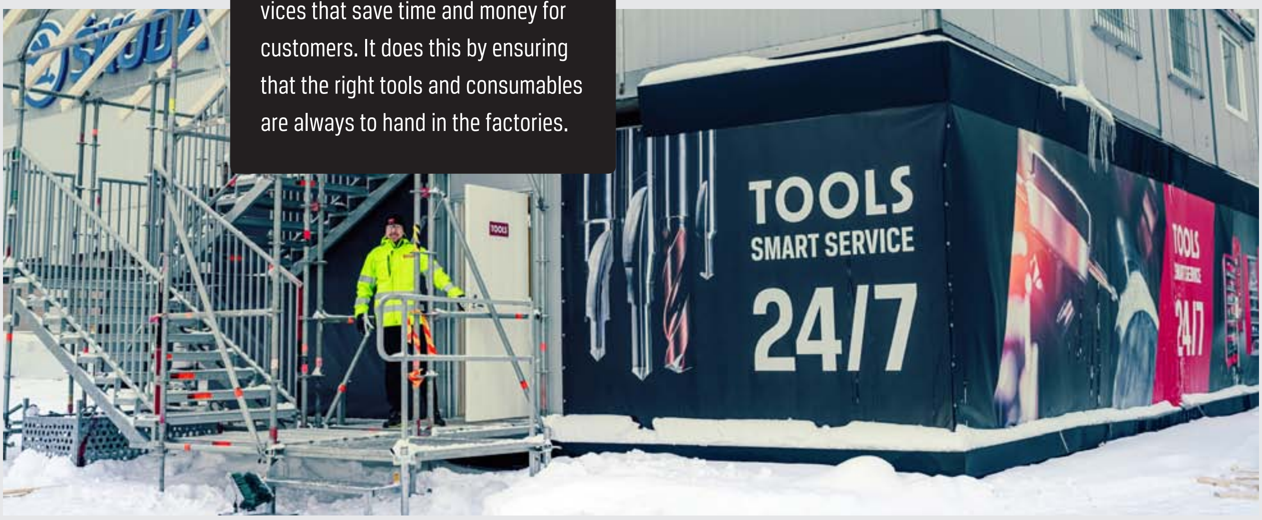
"We use Smart Service to buy all kinds of indirect material: tools, employee protective products, grinding products, welding products, workwear, footwear and chemicals. We used to buy these products from several different manufacturers, but now we have been able to centralise purchasing around a single supplier."

What does a typical purchasing scenario look like?

"We have a large automated Smart Service store that is accessible around the clock and acts as a central warehouse. We also have 14 intelligent product lockers close to the work areas. The product lockers are the main purchasing point for employees

Name: Marko Hurskainen
Company: Škoda Transtech Oy
Role: Factory Manager

Smart Service is an umbrella term for a combination of products and services that save time and money for customers. It does this by ensuring that the right tools and consumables are always to hand in the factories.



and products can be obtained here quickly, flexibly and with proper monitoring. Products that are not needed on a day-to-day basis can be placed in the Smart Service central warehouse."

Do you also use other channels when buying from Alligo?

"Yes, through direct purchase orders. If we find that we are repeatedly buying a product, we optimise this purchase by transferring the product to a Smart Service solution. We continuously monitor purchasing data and use this to automate distribution to smart channels. We submit enquiries to Tools, which then actively makes changes to the product portfolio on the basis of these."

Has Smart Service changed your procurement processes?

"Automation through Smart Service has reduced our manual purchase orders by up to 80 per cent."

Have you been able to use the data generated by Smart Service?

"The aim is to optimise the process so that the production lines have the right products near where they are used. If a workstation only uses a few of a certain product, this can be transferred to the Smart Service central warehouse – and vice versa. Consumption patterns can also be actively monitored and generate relevant data to optimise and ensure sustainable development and consumption."

Have you been able to quantify the added value from using Smart Service?

"Product availability has improved as the product flow is more evenly distributed. The time that production staff spend walking and waiting has also been reduced. Previously, supervisors took products to the users, so this has also freed up their time. Predictability has also improved."

There is without doubt further potential, as more services from Tools, such as tool hire and calibration services, are on the wish list.

"In the future, we aim to increase the number of smart services at the factory and expand their use within the Group," concludes Marko.

How the intelligent Smart Service locker works:

- The locker is installed in the customer's factory.
- The content is tailored for each individual customer.
- The locker is activated using an access card.
- The shelf containing the desired product is lit in green.
- The system automatically registers when a product is running out. Alligo staff come round and top it up.
- A nearby screen displays information about the products.
- The product is placed in a digital customer basket. When the purchase is made, an invoice is generated for the customer.
- The locker is connected to Alligo's business system and collects lots of data.

LOGISTICS

Alligo's logistics supply stores and customers with the products they need to work. To be unbeatable as a supplier for our customers, Alligo needs to maintain a high level of availability and ensure reliable deliveries.

The logistics function supplies all of our sales channels with products, directly to customers or via the store network. Efficient and reliable logistics are a prerequisite for Alligo's business model to function and are vital for the Group's competitiveness.

The function consists of an integrated organisation with six warehouse and logistics units in the Nordic region. These units vary in size, from around 3,000 square metres to at most approximately 30,000 square metres, and are located in Örebro in Sweden, Skedsmokorset, Rosenholm and Stavanger in Norway and Kotka in Finland.

Focus on coordination

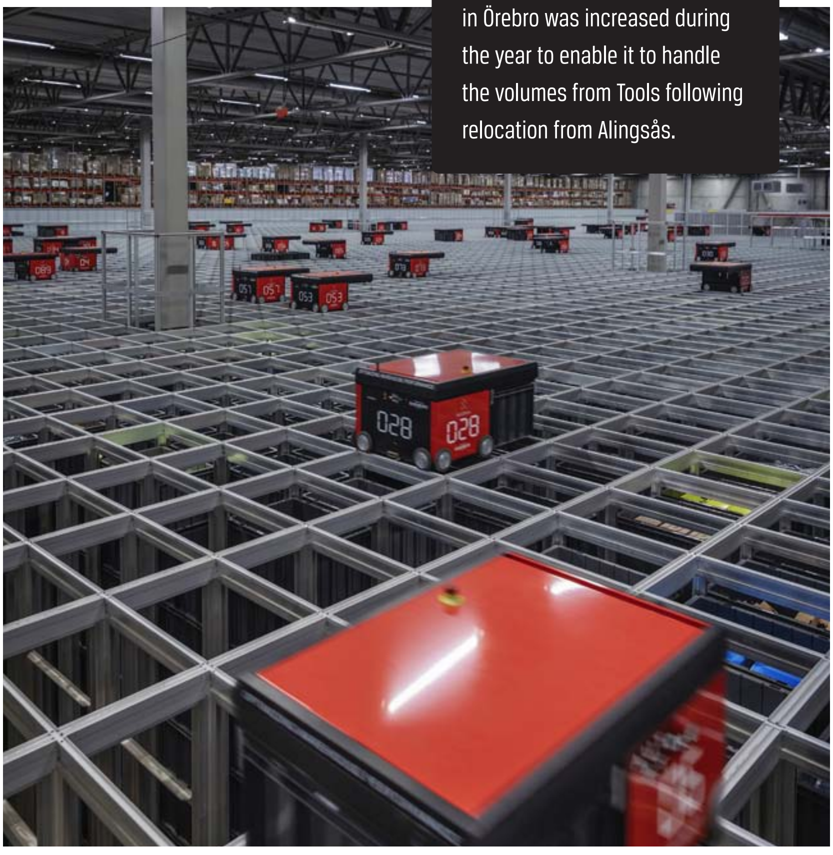
Extensive integration work began in spring 2020 following the merger of Swedol and Tools. Several different logistics organisations have been integrated so that they can be managed as a single Nordic organisation.

The logistics function has been streamlined by reducing the number of units. Between 2020 and 2022, the 20 different warehouse and logistics units and regional warehouses have been consolidated into six.

In Sweden, the migration was completed of the former logistics centre in Hisings Backa to Örebro in 2021. The logistics centre in Alingsås also moved to Örebro in 2022. Both moves involved the major reorganisation of logistics in Sweden. The migration from Alingsås was completed at the same time as the Swedish operations carried out several system switchovers, which disrupted various logistics processes and resulted in late deliveries during the period May to September. Following some short-term challenges, we have now successfully completed the coordination of logistics in Sweden and created a modern and efficient logistics centre with a high degree of automation. This has made the Group even more efficient and enables costs to be reduced while at the same time providing customers with a better service. The Group's customers in Sweden now receive a combined delivery from one logistics centre when they buy from Alligo's various concept brands.

Major changes have also taken place in Norway, where several regional warehouses have been consolidated into the existing larger logistics units in 2021. A decision was made in 2022 to consolidate further by moving the logistics operations at Skedsmokorset and Rosenholm to a newly constructed logistics centre in Vestby Logistikpark, south of Oslo. To ensure sufficient capacity and room for expansion, lease agreements have been signed for new premises with a total area of 16,500 square metres. Relocation is expected to begin in autumn 2023 and will create the conditions for profitable growth and satisfied customers. All employees affected by the move are being offered continued employment.

In Finland, we will begin reviewing the current logistics organisation to secure sufficient capacity for the future here too.

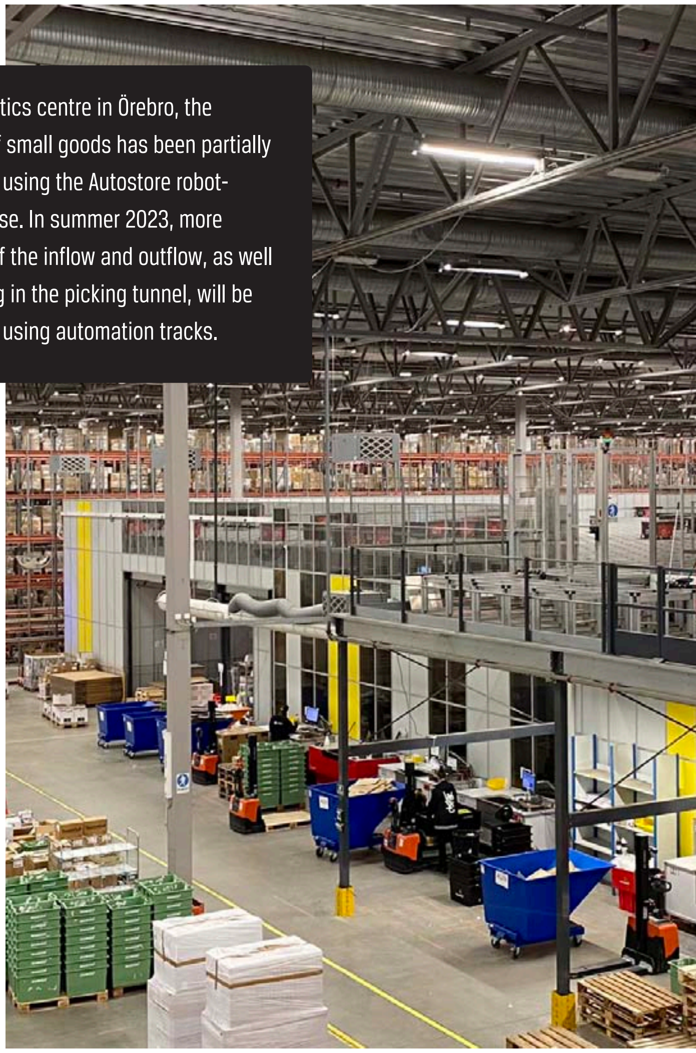


The capacity of the automated warehouse system Autostore in Örebro was increased during the year to enable it to handle the volumes from Tools following relocation from Alingsås.

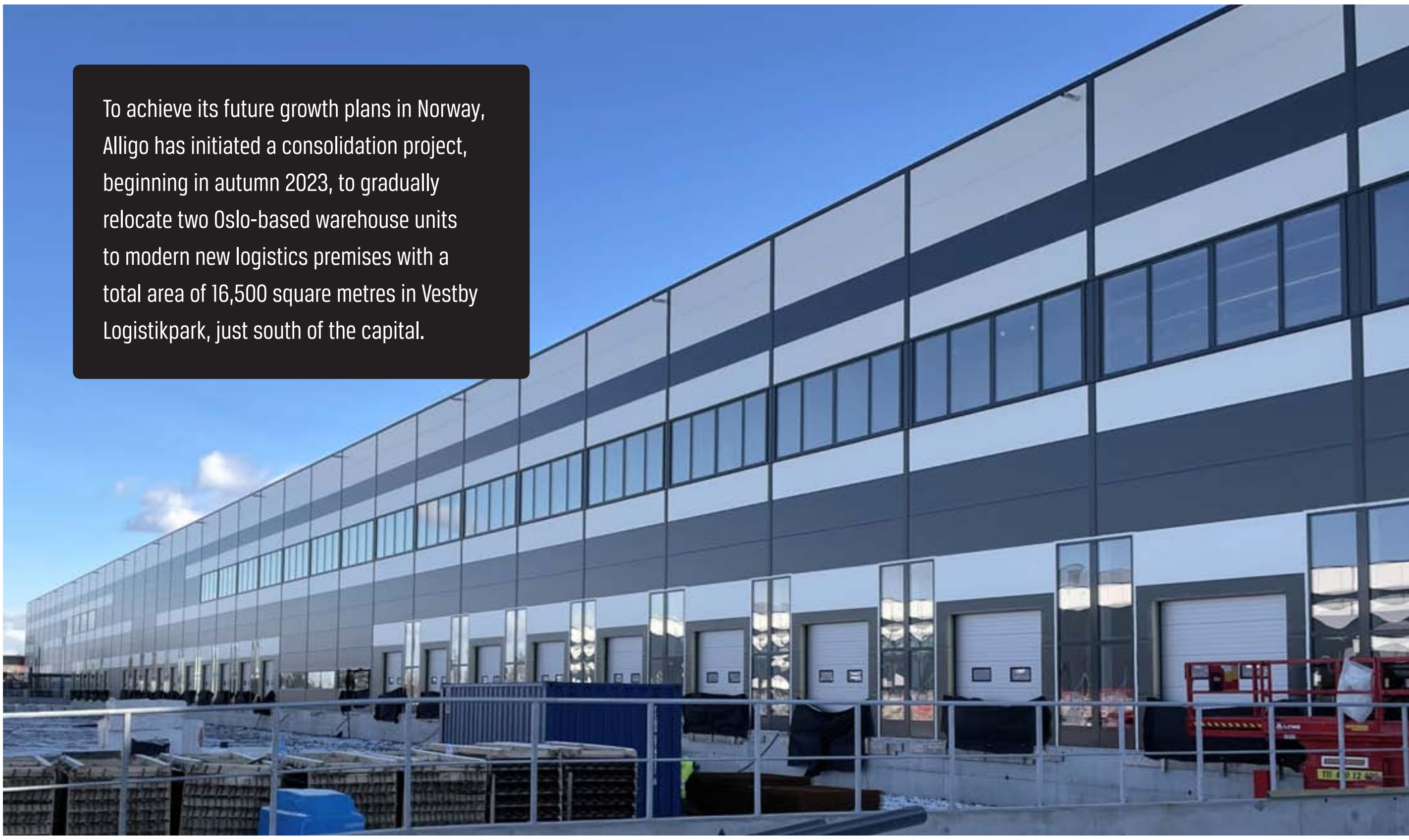
Efficient and reliable flow of goods

While Alligo has carried out extensive integration work over the past two years, the business has also faced challenges relating to the Covid-19 pandemic and global uncertainty. The logistics centres have been adapted to the need to ensure deliveries and maintain large buffer stocks. This has been driven both by challenges in global logistics flows and by the rollout of Alligo's Nordic standard range, which includes a greater proportion of own brands that are stockpiled to a greater extent than external brands.

Continuous improvement work is ongoing to increase internal efficiency. A key focus area is increased automation and the logistics centre in Örebro has already come a long way in this respect with the Autostore robotic warehouse. To reduce manual handling in other parts of the process, Alligo has decided to invest in automation tracks in Örebro that will automate more elements of the flow of goods. These will come into operation in autumn 2023.



At the logistics centre in Örebro, the handling of small goods has been partially automated using the Autostore robotic warehouse. In summer 2023, more elements of the inflow and outflow, as well as handling in the picking tunnel, will be automated using automation tracks.



To achieve its future growth plans in Norway, Alligo has initiated a consolidation project, beginning in autumn 2023, to gradually relocate two Oslo-based warehouse units to modern new logistics premises with a total area of 16,500 square metres in Vestby Logistikpark, just south of the capital.

ALLIGO'S SHARE

Alligo was listed on Nasdaq Stockholm under the name Momentum Group on 21 June 2017. The company's Class B shares are traded on the Mid Cap market, under the short name ALLIGO B since the change of name on 15 December 2021.

Share development

During the 2022 financial year, Alligo's share price fell by 58.7 per cent to SEK 79.3. During the same period, the OMX Stockholm PI index fell by 24.6 per cent. Up to and including 23 March, the share was traded with rights to the distribution of shares in Momentum Group. The closing price for Alligo's Class B share on 23 March was SEK 221.5. In 2022, up to and including 23 March, the share price increased by 13.3 per cent, while OMXSPI fell by 16.6 per cent during the same period. From 24 March onwards, the share was traded without rights to the distribution of shares in Momentum Group. The closing price on 24 March was SEK 155.4. During the period from 24 March to the end of the year, the share price fell by 49.0 per cent, while OMXSPI fell by 10.9 per cent.

Alligo's total market capitalisation for the listed Class B shares amounted to MSEK 3,992 as at 31 December 2022. During the year, approximately 3.3 million shares were traded on Nasdaq Stockholm, at a total value of approximately MSEK 364. Based on the total number of outstanding Class B shares during the year, this corresponds to a turnover rate of 6.6 per cent. Broken down by trading day, an average of approximately 13,082 Alligo shares were traded each day, at an average value of around MSEK 1.4.

Share capital

As part of the preparations for the distribution of Momentum Group, on 26 January 2022 Nordstjernan AB requested the conversion of 498,363 Class A shares to the corresponding number of Class B shares in Alligo. This resulted in a change to the number of shares and votes in Alligo in February. As at 31 December 2022, the share capital amounted to MSEK 102. The total number of outstanding shares was 50,480,889, of which 564,073 were Class A shares and 50,342,116 were Class B shares. The quotient value is SEK 2.00 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 2022 amounted to 425,300, corresponding to 0.8 per cent of the total number of shares and 0.8 per cent of the total number of votes. The holding of treasury shares will be used for incentive programmes or acquisitions or cancelled.

›› For further information regarding the terms of share-based incentive programmes, see note 5.

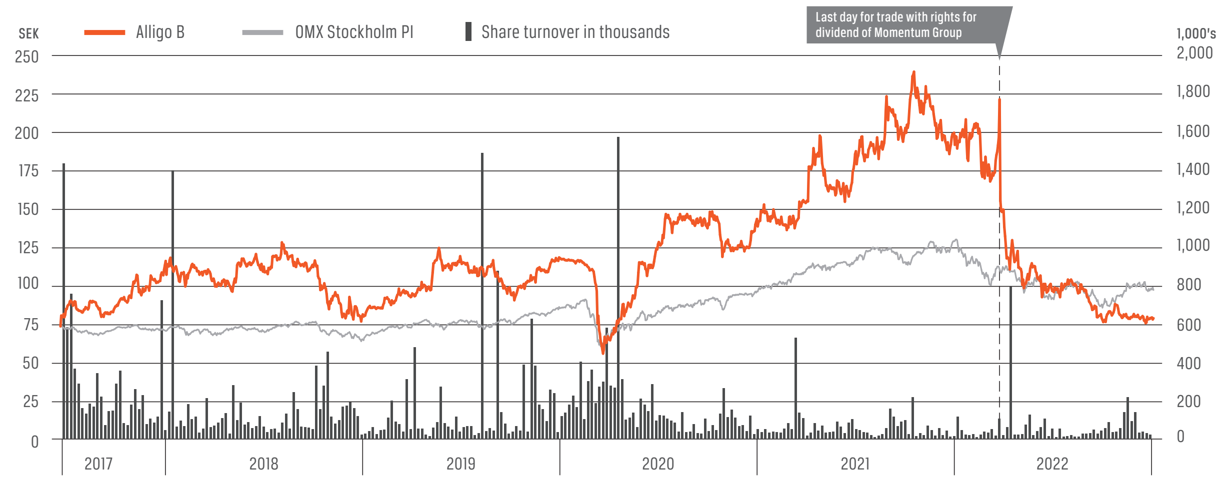
Dividend

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 2022 financial year amounts to SEK 3.00 per outstanding share, which corresponds to a total of MSEK 151 and 31 per cent of the net profit. 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.

Distribution of Momentum Group

An Extraordinary General Meeting on 23 March 2022 voted through a proposal from the Board of Directors to distribute all of the company's shares in Momentum Group AB to the shareholders of Alligo. This distribution contained a total of 50,480,889 shares, of which 564,073 were Class A shares and 49,916,816 were Class B shares, corresponding to all of the shares in Momentum Group. One Class A share in Alligo provided entitlement to one Class A share in Momentum Group and one Class B share in Alligo provided entitlement to one Class B share in Momentum Group. This distribution corresponded to a total sum of MSEK 43, based on the carrying amount, constituting a dividend per share of approximately SEK 0.84. Alligo's 425,300 Class B treasury shares did not provide entitlement to allotment of shares in Momentum Group. The record date for the distribution was 25 March 2022. Momentum Group's net assets prior to distribution were MSEK 486. Remeasurement to fair value on distribution, corresponding to the market value of MSEK 4,038 of Momentum Group on listing, resulted in an impact on earnings of MSEK 3,553.

SHARE PRICE DEVELOPMENT



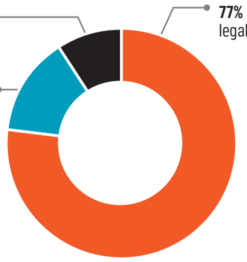
Market capitalisation as at 31 December 2022 was MSEK 3,992.

OWNERSHIP STRUCTURE AS AT 31/12/2022

Size class, no. of shares	Owners Number	Owners % of total
1–500	3,947	79.8
501–1,000	419	8.5
1,001–5,000	394	8.0
5,001–10,000	69	1.4
10,001–15,000	24	0.5
15,001–20,000	12	0.2
20,001–	82	1.7
Total	**4,947**	**100**

Source: Euroclear Sweden.

ALLIGO'S SHAREHOLDER CATEGORIES AS AT 31/12/2022



MAJOR SHAREHOLDERS AS AT 31/12/2022

	Number		% of	
	Class A shares	Class B shares	Capital	Votes
Nordstjernan AB	213	27,776,641	54.6	49.6
Tom Hedelius	513,124	-	1.0	9.2
Handelsbanken Funds	-	3,733,546	7.3	6.7
Kempen Capital Management	-	3,212,441	6.3	5.7
Swedbank Robur Funds	-	2,811,760	5.5	5.0
Carnegie Funds	-	1,410,000	2.8	2.5
Sandrew Aktiebolag	-	800,000	1.6	1.4
Dimensional Fund Advisors	-	691,569	1.4	1.2
Third AP Fund	-	568,233	1.1	1.0
Fidelity Investments (FMR)	-	461,287	0.9	0.8
Avanza Pension	-	272,413	0.5	0.5
La Financière de l'Echiquier	-	265,149	0.5	0.5
SEB Fonder	-	240,678	0.5	0.4
Fortezza Finanz AG	-	184,000	0.4	0.3
Other shareholders	50,736	7,489,099	14.8	14.3
Total	**564,073**	**49,916,816**	**99.2**	**99.2**
Plus: Repurchased Class B shares		425,300	0.8	0.8
Total	**564,073**	**50,342,116**	**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*		500*		50,000	50,000
31 Mar 2017	Split 1/50	24,500*	–	25,000*	–	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
26 Jan 2022	Conversion of Class A shares	-498,363	+498,363	564,073	50,342,116	13,794	101,812,378

* 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 excellent opportunities for continued organic growth and good resilience in weaker economic times.

2 SCALABLE PLATFORM 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 carries out targeted work together with stakeholders with the aim of becoming a leader in sustainability in the industry. The long-term goal is to establish a genuinely sustainable business.

5 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.

INVESTOR FAQ

How will you achieve your target margin (EBITA margin >10%)?

In 2022, we have a stable and positive trend for our EBITA margin, which amounts to 8.2 per cent (7.7) for the full year. We can see that there is room for further improvement, particularly in Norway and Finland, as our focus shifts from integration to sales and operational efficiency.

What does your future pricing strategy look like?

High inflation and a weak Swedish krona are putting pressure on our margins and we are continuously working to ensure that Alligo's pricing reflects more expensive procurement and underlying cost increases. However, if we are to continue to increase our market share even on weaker markets, it is also important that our pricing is not out of step with our competitors. Aggressive price increases may prompt our customers to choose other low-cost alternatives. We are therefore exercising a certain amount of caution in relation to our future pricing strategy.

How are you preparing Alligo's business for a future recession and weaker market?

Alligo is a much stronger company today than even just a year ago and is therefore better equipped to handle a future recession. At the same time, we are implementing a number of measures and activities to prepare us for a more challenging market.

We are continuing our work to increase growth by developing the customer mix to include more small and medium-sized enterprises, developing our offering, and continuing to acquire companies that are aligned with our acquisition strategy.

The integration of Tools and Swedol has been an enormous streamlining project. In addition, we are preparing ourselves for the possible need to reduce costs further.

We are also reviewing our pricing, while at the same time ensuring it is not out of step with our competitors.

We are renegotiating some of our supplier contracts in order to minimise currency effects and we are also continuously working to reduce stock levels.

Is the merger and integration of Tools and Swedol complete?

During the first half of 2022, we undertook several major integration projects with the aim of making Alligo a fully integrated company. We have implemented a common pricing system, IT and business system and consolidated our logistics operations. As the year ends, we can close the major project to coordinate Swedol and Tools and confirm that 2022 was a stable year for Alligo.

With a shared platform in place in Sweden, we now have better conditions to focus on sales management, implementing our Nordic range, developing our offering and streamlining our processes. Overall, this gives us good opportunities to continue to run Alligo's business efficiently and successfully.

Will Alligo make more acquisitions and, if so, in which countries/markets?

Alligo's acquisition strategy is based on identifying the right companies to acquire and integrating them through an efficient process. The nine acquisitions made in 2022, with total annual revenue of MSEK 400, show that Alligo's model works. We intend to continue driving consolidation in the markets in which the Group operates and we will continue to acquire the right companies at the right time during 2023.

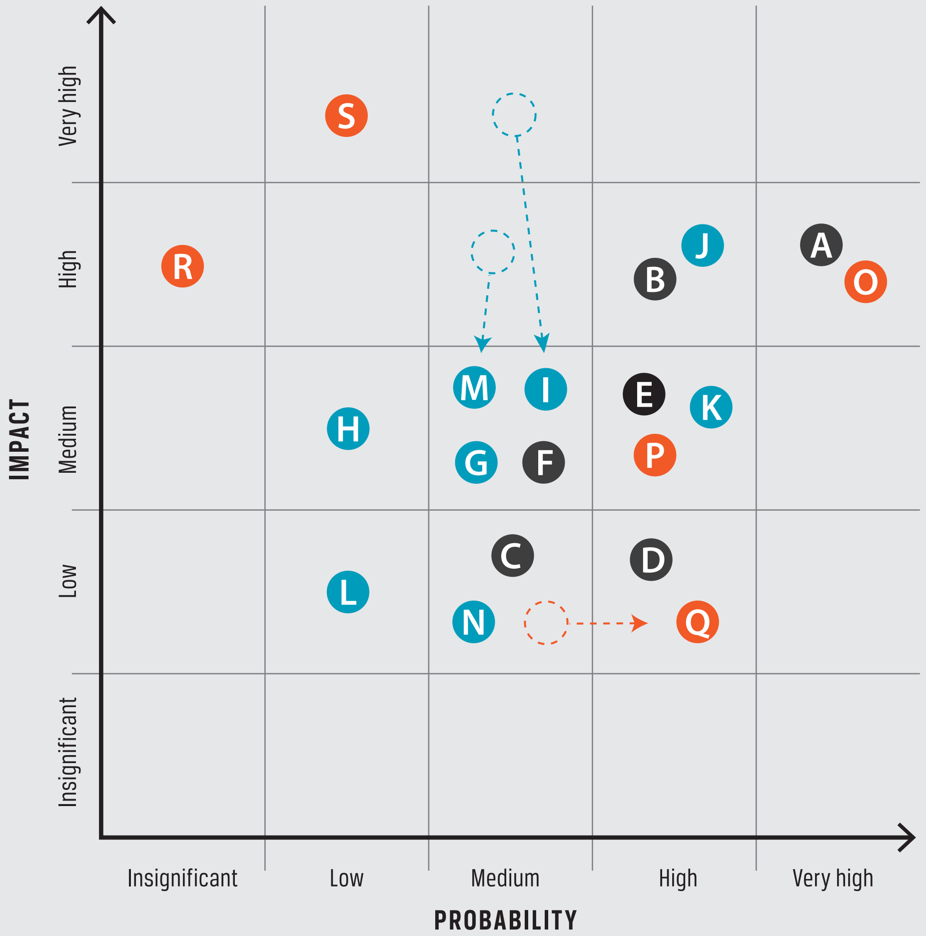
RISKS AND RISK MANAGEMENT

Like all businesses, Alligo's operations entail risks and opportunities. The purpose of risk management is to prevent and balance these risks in a way that creates value.

The identification and assessment of the most significant risks is integrated into Alligo's strategic and operational planning at all business levels within the organisation. Risk management is continuously developed and measures are implemented in order to prevent and minimise risks within all the main risk areas.

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.

Risk matrix



STRATEGIC RISKS
- A Market development/ Economic situation
- B Competitive situation
- C Sustainable and circular approach
- D Increased digitisation
- E Climate-related risks
- F Wage inflation in manufacturing countries

OPERATIONAL RISKS
- G Risks relating to sales and gross margin
- H Product risks
- I Critical IT systems
- J Risks in the flow of goods
- K Risks in the organisation
- L Credit and counter-party risks
- M Acquisition and integration risks
- N Business ethics risks and responsibility in the supply chain

FINANCIAL RISKS
- O Raw material prices
- P Exchange rate fluctuations
- Q Interest rate fluctuations
- R Financing risk
- S Impairment of intangible assets

STRATEGIC RISKS

A Market development/Economic situation

Macroeconomic factors such as GDP development, inflation and interest rates affect Alligo's conditions for profitable growth. Alligo'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 enterprises 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 roads and railways, and by various initiatives in publicly financed operations, such as the Swedish Armed Forces.

Russia's invasion of Ukraine and subsequent sanctions drove up the prices of energy and raw materials during the year, adding to already increasing inflation. Alligo does not have any dealings with companies that have links to Russia or Belarus, but like all companies is affected by market developments. There remains uncertainty about how the war will progress, but high inflation and much-increased interest rates have a direct impact on the economy.

The risk of pandemic-related effects has decreased since the beginning of 2022, but cannot be ruled out in the future. The business has therefore ensured it is very well prepared to handle changes in the global situation and in the economy.

B Competitive situation

As the structural transformation and consolidation of the industry progresses, the competitive situation is also changing for Alligo. Many customers are 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. Alligo is constantly working to develop and enhance its competitiveness, for example in terms of its offering, purchasing terms, quality and pricing. Alligo is also an active participant in the ongoing consolidation of the industry.

C Sustainable and circular approach

Customers, investors, suppliers, employees and society at large are making greater demands on a sustainable and circular approach in all business operations. If Alligo is unable to meet these demands at least as well as its competitors, this may have an adverse effect on sales. Alligo carries out strategic sustainability work in its own operations and through collaborations in the value chain in order to develop and offer products and services that meet these stringent requirements and expectations.

One of Alligo's strategic priorities is to help customers make more sustainable choices and the company is continuously working to develop its offering according to the changing needs of customers. Alligo is also affected by new legislation and policy instruments resulting from changes to climate policy and product-related legislation, for example, and Alligo monitors this closely to enable it to take steps in good time to handle any potential impact on the business.

›› Read more about Alligo's sustainability work on pages 32–45.

D Increased digitisation

Digitisation is becoming increasingly important for meeting customer expectations and being able to run the company's own operations effectively. If Alligo is unable to meet the needs of customers and business partners, today and for tomorrow, there is a risk that Alligo may lose competitiveness.

Alligo is pursuing many different initiatives to digitise its operations. For example, customers are offered digital sales channels and digital solutions for efficient transaction management, while Alligo is also able to improve its internal efficiency. These solutions require continuous investments in efficient transaction and integration platforms, systems for managing large quantities of product information and attractive e-commerce solutions.

E Climate-related risks

Climate change is a risk that could affect all parts of Alligo's business model. Alligo works to reduce the climate impact of its own operations and throughout the value chain and to deal with the consequences that may result from climate change. More extreme weather, with increased precipitation for example, may have both a direct and an indirect impact on Alligo. Risks such as the flooding of central warehouses and stores are not considered to involve any significant impact on Alligo's own operations, but the products that Alligo sells are often manufactured in countries where rising sea levels and extreme weather conditions, for example, may lead to production disruption and increased costs. This is therefore a factor that Alligo takes into account when selecting suppliers and production countries.

›› Read more about Alligo's climate work on pages 44–45.

F Wage inflation in manufacturing countries

Alligo is affected by changes in the wage level in those countries where the Group's products are manufactured. The impact varies between different products depending on the proportion of the manufacturing process that is labour-intensive. Relocating production and establishing in new countries of manufacture requires careful analysis and planning. This represents a strategic risk in the business model that needs to be prevented and planned for from a medium-term perspective.

OPERATIONAL RISKS

G Risks relating to sales and gross margin

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 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.

Sales risks are balanced using a broad customer base containing small and medium-sized companies, as well as through diversification of the industry segments where sales are targeted. A broad product portfolio and a significant proportion of own brands also enhances the range and enables higher margins.

H 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 and external brands. The Group's products must meet customers' expectations with regard to function, quality, safety, price and environmental and climate impact.

Alligo is continuously working to optimise the customer offering in terms of quality, price and environmental and climate impact. The Group applies the precautionary principle when designing products and carries out product testing to ensure that stringent requirements with regard to function, quality, safety and chemical content are met. This means that relevant standards are followed and 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.

I 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.

In 2022, a change of IT and business systems was implemented in Tools in Sweden, which led to disruption during the period from May to September. The switch to our common IT and business system will be made in Norway in the future, which represents a risk of temporary short-term disruptions. Overall however, Alligo is less vulnerable to disruptions to critical IT systems than before. Large-scale change work has been implemented, involving not only a change of system but also the construction of a more robust IT structure with stronger backup and redundancy systems.

J 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. A large proportion of goods coming from Asia places stringent requirements on having a structured purchasing process and a well-balanced supplier base. Purchasing work is carefully planned and systematically monitored to minimise the risk of any disruption.

The Group has four larger logistics centres, one of which is 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 in delivering products to customers, although the business would still be able to deliver to stores as the products can be delivered directly from the suppliers. 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, with the logistics centre in Örebro currently having the greatest degree of automation.

In 2022, the logistics operations in Alingsås were relocated to Örebro, which, combined with the change of IT and business systems, led to disruptions during the period from May to September. Alligo also decided to relocate the logistics operations in Skedsmokorset and in Rosenholm in Norway to a newly constructed logistics centre in Vestby industripark. The move is scheduled to begin during autumn 2023 and carries a risk of a short-term impact on the flow of goods in Norway, although once the relocation is complete this will ensure capacity and provide better conditions.

K 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 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. Alligo has well-developed processes for internal communication via an intranet and other internal channels, which make the necessary information readily available to employees. Significant processes are also documented in a common management system in order to further develop working methods and reduce reliance on individuals.

Extensive integration work has been carried out on Tools and Swedol since their merger and Alligo now operates as an integrated company. There remains a risk that the management and changes implemented may not achieve full impact throughout the organisation.

OPERATIONAL RISKS (cont.)

L Credit and counterparty risks

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

M 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. Alligo has a proven, well-functioning acquisition process which, combined with the relative size of the acquisitions, limits the potential impact.

N 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. Alligo works on the basis of high ethical standards and stipulates requirements for the Board, employees and other contracted personnel to comply with the Group's Code of Conduct. All employees must receive training on the content and meaning of the Code of Conduct.

Parts of Alligo's range are manufactured in countries where there is an increased risk of corruption, for example. The requirements that Alligo places on its suppliers in relation to human rights, working conditions, the environment and anti-corruption are communicated through the Group's Supplier Code of Conduct and restricted chemicals list. These requirements are subject to systematic follow-up through self-assessments, factory visits and audits.

FINANCIAL RISKS

O 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.

P 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.

Q 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.

R 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.

S 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.

ALLIGO'S SUSTAINABILITY WORK

Sustainability is an integral part of Alligo's business strategy. Our products and services make businesses work, which is our mission. Our operations create jobs for employees and perform an important function in society.

Sustainability – an integral part of the strategy

Sustainability is an integral part of Alligo's strategy. We want to be known as the leader in sustainable development in the industry. The strategy is based on Alligo's material sustainability issues.

Customer requirements and expectations of Alligo in terms of sustainability have increased in recent years, just as they have in the rest of society. In interaction with customers, we want to help them make conscious and more sustainable choices. We achieve this by working with various product standards and certifications.

Alligo has a large number of suppliers in the EU, Asia and other parts of the world. Relationships with suppliers are based on a long-term approach, trust and respect. Alligo carries out systematic work to select those partners that offer the right quality and that meet Alligo's requirements in terms of sustainability.

Alligo needs employees with the right skills, who develop and are happy, if it is to achieve the targets set and deliver value to customers and owners. Our values – commitment, cooperation and competence – permeate the organisation, with important elements including good leadership, systematic work environment management, continuing professional development and internal communication.

Alligo works to reduce the negative impact of the business on the environment and climate. As a retail operator, the majority of Alligo's environmental and climate impact comes from raw materials and the manufacture of the products that Alligo sells. We mapped our climate emissions during the year and this showed that 95 per cent derive from the products.

UN GLOBAL COMPACT
WE SUPPORT

Alligo has signed up to the UN Global Compact principles on human rights, working conditions, the environment and anti-corruption.

Dialogue with stakeholders

Alligo has identified those stakeholders that affect or are affected by and that influence or are influenced (both positively and negatively) by Alligo's operations in different ways. Being responsive to the expectations of stakeholders and the world around us is vital if we are to continue to develop and improve Alligo's operations and sustainability work. The most important stakeholders are customers, suppliers, employees, owners/investors and society/authorities.

Alligo holds dialogues with these stakeholders in different ways and through this dialogue identifies the issues that the stakeholders consider most relevant for Alligo to work on. The stakeholder dialogue is validated annually and is an important part of Alligo's analysis of which sustainability issues are the most material for its operations.

Alligo's stakeholder analysis 2022

STAKEHOLDERS	DIALOGUE AND FOLLOW-UP	ISSUES IN FOCUS
Customers	**Dialogue:** Everyday contact through sales in-store, via field sales and in digital channels, contact with customer services and in procurement processes, newsletters and other material tailored to the customer. **Follow-up:** Customer surveys.	• Quality products available at the right time and place at an attractive price • Competent and dedicated personnel • Easy to do business with • Environmental and climate impact • Chemicals in products • Certified management system • Systematic sustainable supply chain work
Suppliers	**Dialogue:** Meetings, supplier visits, everyday contact, trade fairs and product training. **Follow-up:** Supplier evaluations, acceptance of Code of Conduct and restricted chemicals list, audits and factory visits.	• Partner-like relationship with key suppliers • Reliable deliveries • Prices • Acceptance of Supplier Code of Conduct and restricted chemicals list
Employees	**Dialogue:** Employee reviews and personal interaction, intranet, training, cooperation with trade unions, Board representation. **Follow-up:** Employee survey and 'pulse measurements', monitoring of employee turnover, sickness absence and work injuries and incidents.	• Common set of values • Physical and psychosocial work environment • Development and career opportunities • Good employment terms • Leadership built on trust and commitment
Owners/ Investors	**Dialogue:** Annual General Meeting, Board meetings, meetings with investors and analysts. **Follow-up:** Ongoing reporting, interim reports, annual report.	• Return on investment • Transparent reporting • Risk management • Sustainable enterprise
Society/ authorities	**Dialogue:** Contact with various authorities, meetings and cooperation in industry organisations. **Follow-up:** Annual report, website.	• Compliance with laws and regulations • Environmental and climate impact

MATERIAL SUSTAINABILITY ISSUES

Alligo's sustainability work is based on the sustainability issues that are most material in terms of the impact of the business on the economy, environment and people. By incorporating these issues as an integral part of its strategy and business planning, Alligo contributes to the UN Sustainable Development Goals.

To identify the sustainability issues that are most material for Alligo, we have mapped and analysed the positive and negative impact that our operations and our business relationships have, or may have, on the economy, environment and people.

The materiality analysis is updated and validated annually. In 2022, the link between our material sustainability issues and the UN Sustainable Development Goals has been made clearer.

›› Further information about Alligo's material sustainability issues can be found on page 111.

ALLIGO'S MATERIAL ISSUES AND THE SUSTAINABLE DEVELOPMENT GOALS TO WHICH THEY ARE LINKED:

8 DECENT WORK AND ECONOMIC GROWTH

Decent work and economic growth

Customer satisfaction
Having satisfied customers enables Alligo to continue operating and to be a profitable company. It also creates opportunities for the continued development of Alligo's business and its employees.

Diversity and equal opportunity
Having a range of skills and experience makes our workplace more dynamic and attractive for our employees. This provides better opportunities to meet our customers' needs and expectations.

Work environment and health
A good physical and psychosocial work environment is essential for satisfied and committed employees who contribute to Alligo's profitability and development.

Skills development
Competent and dedicated employees are the foundation of Alligo's success.

Working conditions and human rights in the supply chain
Alligo has suppliers in countries where there are risks in terms of human rights and working conditions (also relates to Goal 12).

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Responsible production and consumption

Product quality and safety
It is extremely important that Alligo's products maintain a high level of quality and are safe to use. A product with a long lifespan also means less impact on the environment.

Environmental impact and chemicals
Alligo's products have an impact on the environment and climate when they are manufactured and when they are used. This includes, for example, the use of energy, land, water and chemicals in the extraction of raw materials and in production processes. Pollution from these processes can have an impact on human health. Waste is generated in production, in Alligo's own operations and when the product reaches the end of its life.

Transparent sustainability communication and help customers to make sustainable choices
Transparent communication, for example through environmental labelling, certification, safety data sheets for chemicals and other information, means that Alligo can help its customers to make more sustainable choices and so reduce the negative impact on the environment and society.

Anti-corruption
Alligo purchases large volumes of goods and services, which presents a risk of corruption and improper incentives. Some of Alligo's suppliers are located in countries where there is a greater risk of corruption.

13 CLIMATE ACTION

Climate action

Climate impact
The majority of Alligo's climate impact comes from raw materials and manufacturing processes for the products supplied. Emissions also arise in Alligo's value chain from transport, energy use at premises and business travel.

SUSTAINABILITY GOVERNANCE

Sustainability must permeate the entire business and its governance is an integral part of Alligo's corporate governance. This governance is targeted and covers the organisation as well as compliance with laws and regulations, both external and internal.

Organisational governance

The organisational governance of the strategic sustainability work is the duty of the Group management, with the Head of Business Development and Sustainability having overall responsibility. The sustainability work is managed and coordinated by the Group's Sustainability and Quality department. The Board of Directors follows up on the sustainability work through the reporting of the Group management. Operational responsibility for specific sustainability issues lies with the manager of the relevant area.

Compliance with laws and regulations

Alligo works continuously to identify and implement new and updated legislation within work environment, environment, chemicals, fire safety and other areas that are relevant to the business. Procedures and process descriptions have been drawn up to support this work.

Internal rules and working practices

Alligo has committed to comply with the UN Global Compact principles on human rights, working conditions, the environment and corruption. Alligo's Code of Conduct is central to the governance of sustainability work. The Code of Conduct is based, among other things, on the ten principles of the Global Compact. Requirements and expectations of suppliers are stipulated in Alligo's Supplier Code of Conduct.

Other general policy documents are the work environment policy, environmental policy, quality policy, diversity and equality guidelines and the guidelines on victimisation, harassment and discrimination.

The Group's management system and intranet are important channels for communicating internal rules and working practices.

Targeted sustainability work

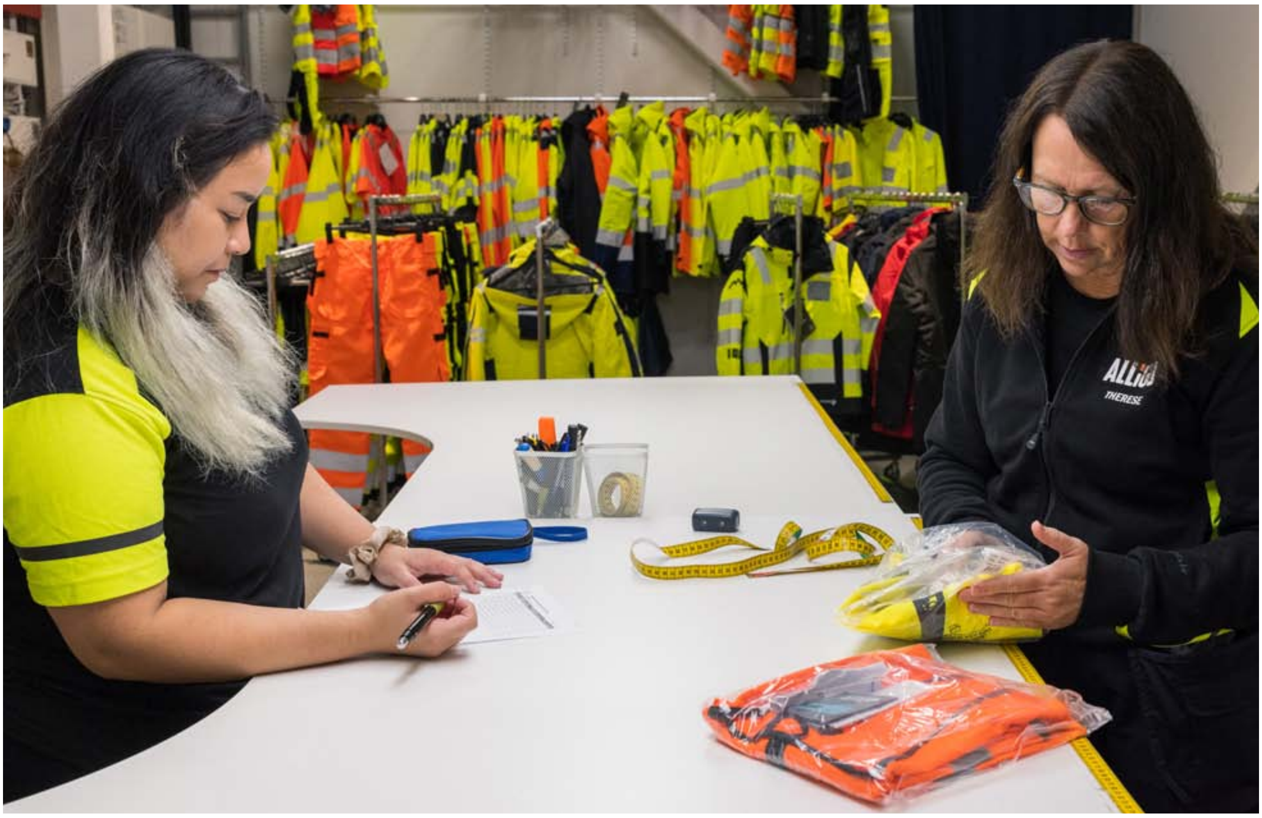
Sustainability is an integral part of the strategy, which shows the way towards Alligo's strategic objectives. To achieve these, Alligo has adopted a number of general sustainability targets.

Based on Alligo's overall strategy and priorities, each management group function has set targets, key figures and priorities that govern the work to achieve the overall sustainability targets.

›› The Group's sustainability targets are presented on page 13.

MANAGEMENT SYSTEM

Alligo Holding AB, Swedol AB, Tools AS and Tools Univern AS have a certified management system in accordance with the standards for quality (ISO 9001:2015), environment (ISO 14001:2015) and occupational health and safety (ISO 45001:2018). The management system, which is process-oriented, ensures that Alligo's business is operated according to established procedures and it supports employees in their everyday work. Internal and external audits are performed in our operations to ensure legal compliance and compliance with internal rules and procedures.



PRODUCT LIABILITY

Alligo's products must be characterised by high quality and safety. It is important that the products have a long lifespan, so many spare parts are kept in stock and customers can obtain help with repairs to both tools and clothing.

High requirements for quality and safety

Alligo has a relatively high proportion of own brands, particularly within personal protective equipment, including clothing and footwear.

Some of the products, such as workwear, protective equipment, tools and chemicals, entail particularly high requirements for quality and safety. 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. If Alligo becomes aware that a product does not live up to our health and safety requirements in use, sales of the product are halted and a recall is made where necessary. No recalls were carried out during the year, although sales were halted for a small number of products.

Good quality for increased sustainability

Alligo's aim is for its own brand clothing, for example, to last a long time. If a garment can be used for a long time, this reduces unnecessary production, resulting in lower consumption of raw materials, energy, water and chemicals. A longer product lifespan also means reduced transport between all the different stages in the production chain and ultimately less waste.

During product development, new materials are tested against criteria for the intended use. Materials are tested according to relevant standards by the supplier and further checks on the quality of the material are then made in our own laboratory, for both new development and ongoing production. Tests are carried out on properties such as colour fastness, tear strength, wear durability and water resistance of the material. The results are evaluated for approval for clothes production or in some cases improvement as required. In those cases where the material is not approved, a new assessment is performed on the improved material.

In Alligo's corporate branding department, the customer's garments can be adjusted to better fit the individual who will be wearing the garment and a certain amount of repair can be done. This helps to make the garment last longer as workwear is currently difficult to recycle.

* Traditionally, finished textiles are dyed in the required colour. Dope-dye means that the plastic material used in production is dyed in the required colour before the textile is produced.

Greater opportunity for more sustainable choices

During the year, Alligo continued its work to assess how its own brand clothing can be made more sustainable. Based on a risk analysis, we have identified the key areas that will enable us to offer more sustainable products and so make it easier for customers to make more sustainable choices. The analysis covers the entire chain from production of textile fibre to finished product and has identified the key areas for Alligo to work on right now: choice of materials, PFAS, origin of fibre, manufacturing processes and water purification.

The analysis has led us to carry out systematic work, for example to increase the proportion of recycled polyester in clothing, reduce the use of water and chemicals by switching to the Dope-dye* colouring process, and to phase out PFAS.

›› Further information about the use of water and chemicals is presented on page 45.

Certifications

Enabling customers to make more sustainable choices requires clear information to be provided about the products and services in a transparent and easily accessible manner and this is where certification plays a key role. Alligo has chosen the third-party certification OEKO-TEX® STANDARD 100 for clothing, which stipulates permissible thresholds for chemicals in textile products. Clothing marked with this certification is considered to be safe from chemicals that harm the environment and health. Products are also subject to random sampling in partnership with an external operator to ensure that the requirements are met. 71 per cent of Alligo's own brand clothing is certified in accordance with OEKO-TEX® STANDARD 100.

OEKO TEX® STANDARD 100
SE 10-192 RISE
www.oeko-tex.com

When a textile product is marked with OEKO-TEX® STANDARD 100, it means that every part of the product, for example every thread, button or zip, does not contain harmful substances above levels that are harmful to health. This standard sets thresholds for substances that are known to be harmful to the environment and health and often goes beyond the requirements of current legislation. The tests for harmful substances are performed by an independent accredited testing institution.

SUSTAINABLE PRODUCT DEVELOPMENT

– an integral part of Alligo's business model

Our stakeholders are stipulating increasingly stringent requirements for sustainability and this is driving demand for products that give greater consideration to people and the environment. Meeting this demand requires innovation and targeted work that goes beyond current requirements.

New products are continually being developed and existing ones updated, improved or discontinued. Alligo's range contains thousands of articles and product development takes place both internally and through partnerships with suppliers. The range is developed on the basis of sustainability targets and criteria, along with a fundamental understanding of the role that each product category plays for our customers.

The breadth of our range represents both a challenge and a major opportunity to drive sustainable development. We do not have just one single product that we can focus on making as sustainable as possible, so we focus on the areas where we can make the greatest possible improvements. For example, a single improvement, such as changing a material, can have an impact on all the products within an entire product group.

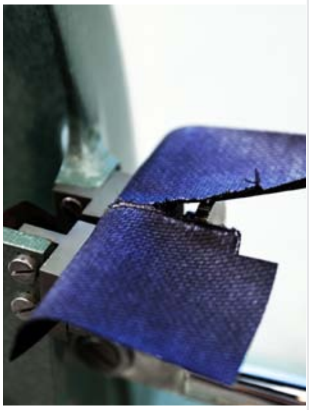
Quality assurance in our own lab

A good example of our work to create sustainable products can be seen in Alligo's test lab for workwear. To ensure workwear is safe and of consistently high quality, we perform almost 700 checks every year. In the lab, textile engineers work to ensure, among other things, that clothing lasts longer and that the quality requirements and the requirements for relevant certifications are met. Garments that last longer provide value to the customer and also reduce unnecessary production and wasted resources such as raw materials, energy, water and chemicals. This also leads to reduced transport throughout the value chain and less waste.

Quality assurance process for clothing:

During product development, new materials are tested against criteria for the intended use.

- Quality assurance at the lab involves ensuring the high quality of the material, both for new development and ongoing production.
- Before new production begins of any garment, one metre of full-width material is sent to the lab together with a test report from the material supplier.
- The colour, appearance and grip of the material is checked before testing begins. The results are evaluated for approval for clothes production or in some cases improvement if critical parameters are not met. In those cases where the material is not approved, a new assessment is performed on the improved material.



Tests carried out at our lab in Gothenburg:

- Check colour shade
- Weight
- Colour fastness on rubbing
- Colour fastness on washing – staining and change in colour
- Dimensional change after washing
- Spirality after washing
- Tear strength
- Propensity to surface pilling, fuzzing or matting
- Wear durability
- Water resistance
- Nickel test on metal accessories

RESPONSIBLE SOURCING

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 care for people, society and the environment.

A centralised assortment and procurement organisation is responsible for Alligo having the right offering and the right products for customers. This responsibility includes ensuring that Alligo works with suppliers that satisfy the same high social, ethical and environmental requirements as Alligo's own operations.

When Russia invaded Ukraine, Alligo took the decision not to work with Russian and Belarusian suppliers. The company already had very little exposure to Russia and Belarus before the war. Russia is a major supplier of steel and consumables within steel production, however, which has affected the global availability and price of steel. The invasion initially had a short-lived impact on global sea freight. One lasting effect is that all rail freight from Asia has stopped, as this previously travelled via Russia.

At the beginning of the year, the production and transport of goods, from China in particular, was affected by continued lockdowns because of the Covid-19 pandemic. In countries such as Pakistan and Bangladesh, production was sometimes affected by electricity rationing. As production recovered, bottlenecks arose in the global supply chains. Alligo was able to ensure deliveries through its good cooperation with suppliers and logistics partners and buffer stocks. This has required increased stockpiling to ensure the availability of products, however.

New pandemic lockdowns and electricity rationing may present further challenges in the value chain in the future. Alligo is taking preventive action to secure alternative suppliers and spread the risks by moving some of its production from China to countries such as Vietnam and Laos.

Right supplier base

The ongoing work to consolidate the range and reduce the supplier base is a key requirement for the ability to offer quality goods at the right price and to achieve greater control in the supply chain. It is important to have a good balance in the number of suppliers and their share of the total purchasing volume in order to mitigate risks in the flow of goods, secure Alligo's negotiating power and enable responsible sourcing throughout the value chain. This applies to suppliers of both own brands and well-known external brands.

Responsibility throughout the value chain

Alligo's responsibility for the impact on people, society and the environment extends beyond its own operations. Alligo works in line with the OECD guidelines for multinational enterprises. The introduction of legislation on due care for companies in relation to sustainability in the form of the Norwegian Transparency Act and equivalent upcoming legislation within the EU clarifies our responsibilities and working practices.

Work to ensure responsible sourcing is based on the fundamental requirements of Alligo's Supplier Code of Conduct and restricted chemicals lists. This Code is based on the amfori BSCI code of conduct and makes reference to the UN Global Compact, international conventions on human rights, decent working conditions and action on environmental and climate impact, as well as principles for good business ethics.

The Supplier Code of Conduct and restricted chemicals lists are incorporated in all new commercial contracts that Alligo signs with key suppliers[1]. Currently, 78 per cent of the Group's direct purchases are made from suppliers that have accepted these fundamental requirements.

›› Further information about the restricted chemicals lists is presented on page 45.

amfori BSCI is a European business initiative that works for social responsibility and sustainable working conditions in global supply chains. Its members work together to drive improvements through consistent requirements and initiatives. Suppliers undertake to comply with the common code of conduct and follow-up is performed by independent third-party auditors.

amfori
Trade with purpose

1) Suppliers with a purchasing value in excess of MSEK 1 in an individual country.

Risks in the supply chain

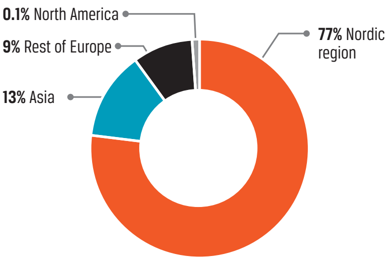
Alligo works continuously to identify and analyse sustainability risks in the supply chain and then follow up suppliers based on a risk prioritisation. The conditions and risks vary depending on the type of supplier and product group. Alligo has its greatest opportunity to stipulate requirements and influence production and suppliers in the supply chain in relation to its own brands.

Complex supply chains, where a large proportion of manufacturing takes place in Asian countries with a widespread risk of political instability, corruption and weak labour law protection, represent a particularly high risk within the product groups of workwear and personal protective equipment. Migrant workers are a group that is particularly vulnerable to unreasonable working conditions in the supply chain. In order to manage these risks, supplier visits are carried out by Alligo's own personnel, in addition to self-assessments and audits at the factories.

Large quantities of water and chemicals are used in manufacturing in the textile industry, which represents an environmental risk in relation to these product groups. In 2022, we began the comprehensive mapping of textile suppliers in order to gain a better insight into how this is managed, for example by having treatment plants on site. This mapping provides good opportunities for Alligo to develop cooperation with suppliers.

Around 17 per cent of workwear in Alligo's own brands is produced at factories that are STeP-certified. If a factory is OEKO-TEX® STeP-certified, this means that it takes active measures to minimise risks, reduce resource consumption and environmental impact, and create a safe and attractive workplace.

GEOGRAPHIC DISTRIBUTION OF PROCUREMENT FROM KEY SUPPLIERS 2022[1,2]



Supplier assessments

Alligo has developed a method for performing continuous risk assessments on new and existing suppliers. This work is based on a well-established index[3] linked to working conditions, human rights, environment and corruption. Suppliers which Alligo defines as key suppliers must also perform a self-assessment. The questions in this assessment are based on the requirements of the Group's Supplier Code and restricted chemicals lists and are linked to the risk areas of human rights, trade unions, health and safety, environmental protection, business ethics and product safety.

Based on the geographical risks, type of industry and the responses in the self-assessment, suppliers are allocated to different risk categories. This work was begun in 2021 and so far a total of 251 suppliers have completed Alligo's self-assessment, which corresponds to 57 per cent of the total number of key suppliers. Work to include the Group's suppliers in this more comprehensive supplier assessment remains ongoing and the aim is to cover all key suppliers.

1) Suppliers with a purchasing value in excess of MSEK 1 in an individual country..

2) Share of procured value.

3) The World Bank's Worldwide Governance Indicators, Transparency International's Corruption Perceptions Index, the ITUC Global Rights Index and Yale University's Environmental Performance Index.

Audits

Third-party audits are carried out at factories where Alligo's own products are manufactured, in accordance with amfori BSCI's audit programme, to monitor compliance with the requirements of the Code of Conduct. Which suppliers are audited, and how often, is determined on the basis of the product category, country-specific risks and the factory in question.

Despite continued challenges relating to pandemic restrictions, it has been possible to conduct the majority of Alligo's planned audits through amfori BSCI. Approved audit firms and local auditors have been able to visit the factories through the initiative's audit programme.

In 2022, audits were carried out at suppliers' factories in China, Bangladesh, Laos, Vietnam and Pakistan. A total of 47 of the factories belonging to Alligo's suppliers of own brands had valid third-party audits during 2022.

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. Non-compliance that can be defined as violating human rights or jeopardising the independence of the audit can be classified as intolerable non-compliance and is treated separately from other non-compliance and audit findings. Intolerable non-compliance can include, for example, child labour or forced labour or if the workplace exposes workers to a direct threat to their health and/or life.

›› Further information about monitoring and audits is presented in sustainability note 3.

BUSINESS ETHICS

Alligo strives to achieve an open corporate climate with high business ethics and secure information management. As a starting point, we have a number of ethical guidelines, which are described in Alligo's Code of Conduct.

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. Alligo refrains from 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.

There were no confirmed cases of corruption within Alligo's operations in 2022.

Code of Conduct

Alligo's Code of Conduct stresses the importance of always acting in an ethically correct manner and respecting human rights. The Code of Conduct guides our actions and we aim to ensure that all employees receive training on it. The integration work between Swedol and Tools has occupied much of our focus in recent years, however, and this training has not been carried out to the desired extent. In 2022, Alligo's function managers received training and it is each manager's responsibility to ensure that their employees understand the requirements stipulated in the Code of Conduct. In the future, shared system support and digital tools will provide better conditions for the systematic provision of training.

Responsibility in the supply chain

Alligo purchases on some markets where corruption is a recognised problem. Mitigating the risk of corruption and other misconduct in the supply chain is therefore an important part of Alligo's clearly established processes for supplier management and monitoring. All key suppliers must have signed Alligo's Supplier Code of Conduct, which among other things contains specific provisions regarding anti-corruption.

›› Read more about our work on responsibility in the supply chain on pages 38–39.

Whistleblowing function

To identify deviations from our established values and business ethics policy, Alligo has implemented a whistleblowing function. Here, both internal and external stakeholders are able to report anonymously any suspicions of serious breaches of the Code of Conduct or of violations committed by persons discharging managerial responsibilities. Serious breaches can refer to irregularities that are happening, have happened or are planned. Reporting takes place anonymously via a third party and does not result in any reprisals or other negative consequences. In 2022, 9 cases were reported via the whistleblowing function (6).

›› Alligo's whistleblowing function is available via https://report.whistleb.com/en/alligo

Information security

Information security includes the protection of written and oral information, as well as digital information, and forms part of Alligo's risk management processes. Alligo's information security policy describes the management's ambition and provides guidance on work in this area.

The aim is to protect information assets from all kinds of threats, minimise business risks and ensure compliance with current laws and regulations. The right information must be available to the right people at the right time. Information must be protected so that it remains accurate and complete and is not misused. Events in information systems must be traceable.

Information security applies to all parts of the business and covers everything from personal data processing, insider information and fraud prevention to technical protection using firewalls and encryption, for example, as well as physical protection, for instance from fires.

Through the integration work carried out in recent years, Alligo has built a modern new IT infrastructure and maintains a high standard of technical security. Data is stored at several different physical locations and is protected using fire cells. The technical and the administrative work are both process driven and communication and information management take place on the basis of a clear organisational structure of authority and responsibility.

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 employees to feel proud and motivated to work for Alligo.

To realise the vision and the 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.

Focus on integration

Extensive integration work involving major changes for many employees began on the merger of Swedol and Tools in 2020. This work continued for part of the first half of 2022. Alligo has combined the best aspects of Tools and Swedol, while at the same time developing a new shared organisation with a separate and unique Alligo identity. Alligo has strengthened and coordinated the HR function during the year, while work is ongoing to develop processes and procedures and adapt them to the new shared Group structure. More resources have been devoted to HR and early 2023 sees the launch of a shared HR system, a digital learning management system and a shared payroll system, which will facilitate effective monitoring and control.

Common set of values

A common set of values provides the basis for the new organisation's unique Alligo identity. 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, collaboration and competence and will guide us in everything we do.

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 become an attractive employer that is unbeatable for our employees, we need to understand their working conditions, how they feel and what is driving them. That is why dialogue with employees is extremely important. In 2022, the content of the employee surveys and the process of implementing them was developed in order to establish a continuous and more transparent dialogue and to give managers better opportunities to act more quickly in response to the results. This enables us to achieve constant improvements that make a difference over time. The employee surveys now obtain the feedback of employees once a month in a slightly more focused format, where we measure our team index. We also measure our attractiveness as an employer (eNPS) and confidence in the management on a quarterly basis, while once a year the survey also addresses issues relating to equality and discrimination as well as the proportion of employees who have had an employee review.

Good results must be made even better

The first employee survey in the new format was carried out during the fourth quarter of 2022 and had a response rate of 83 per cent, which shows that employees are engaged and happy

During the Knowledge Days, around 700 of Alligo's sales staff met with our largest suppliers to learn more about their products.

to share their opinions. We expect the response rate to fall slightly in future surveys as they will be frequent, but we are working to maintain a high level.

The overall results of the survey were good. The team index was 66, which is a good result, but Alligo is aiming considerably higher in the longer term. eNPS improved from a very poor result of -13 in 2021 to +5. Confidence in the management improved considerably, which may be partly the result of the action plan implemented by Alligo. All members of the Group management visit operations every month, where they provide explanations, ask questions and obtain feedback from the organisation. The total proportion of employees who had had an employee review was 86 per cent. Among employees who have worked for the company for more than a year, the proportion was 100 per cent.

›› The results of the employee survey are presented in their entirety in sustainability note 2.

Training and skills development

Alligo needs dedicated, skilled employees if it is to achieve its goals. We are constantly working to develop and strengthen the skills of our employees. This requires both training and other types of skills development. In 2022, Alligo had a major focus on knowledge days, where our sales staff meet suppliers and receive product training. We have also focused strongly on building up and developing the platform for skills development. To strengthen the leadership within the organisation, we are also continuing to develop the leadership development programme. One focus area here is to attract more women into the programme.

Work environment and health

Alligo is responsible for ensuring that the entire organisation provides a good work environment and a safe workplace. We therefore carry out ongoing work to improve the work environment and increase safety throughout the business. 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 the employees and the business. The work environment should be characterised by respect for and trust in the individual. Key tools in this work are a common Code of Conduct, a shared work environment policy and systematic work environment training. Alligo's management system is certified in accordance with the occupational health and safety standard ISO 45001:2018. This certification covers the majority of Alligo's operations in Sweden and Norway. The business in Finland is not covered yet, but including all operations is part of the remaining integration work.

›› Information about which companies are covered by Alligo's certified management system is presented on page 35.

Systematic work environment management

Systematic work environment management involves implementing the measures that are technically possible, organisationally reasonable and financially justifiable to prevent ill-health and accidents. Work environment and health are a natural part of everyday operations throughout Alligo. The company works continuously to identify and assess risks to health and safety, implement measures and ensure their effectiveness. We also work towards clear work environment goals in order to improve work environment performance. The goals are drawn up in conjunction with Alligo's work environment committees and are then adopted by the corporate management. Within the framework of Alligo's certified management systems, internal and external audits are carried out in all relevant operations.

Representatives of management and employees meet quarterly in work environment committees and discuss work environment issues. All work environment committee representatives in the Group are able to undergo work environment training, while there are also safety representatives in the organisation to further ensure a good work environment and compliance with laws and regulations. During the year, we further developed the organisation of work environment committees in Sweden. These are now divided into three different levels with the aim of getting closer to the business and escalating relevant issues to the corporate management effectively.

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.

Sickness absence and wellness

To combat stress and ill-health, Alligo continuously monitors sickness absence in the organisation and implements measures where necessary. In 2022, sickness absence was 5.4 per cent (7.1). Alligo also carries out health-promoting wellness initiatives. In Sweden this takes place under the name Alligo Health Sweden, while in Norway health-promoting activities are provided by an external wellness partner. Employees in Sweden are covered by a wellness allowance and employees in Sweden and Finland are covered by occupational healthcare.

❯❯ Further information about ISO 45001, employee turnover, sickness absence and workplace injuries is presented in sustainability note 2.

Incidents and accidents at the workplace

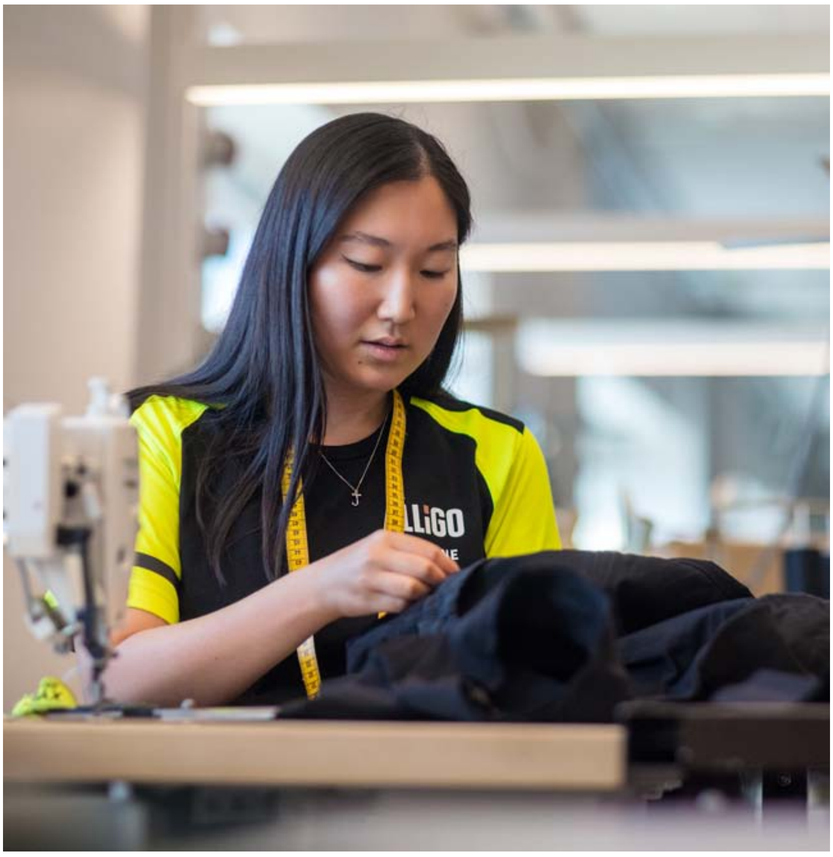
Alligo aims to eradicate accidents completely and this is a goal we are working towards. We carry out systematic work to prevent injuries and accidents at the workplace and incident reporting is an important tool for achieving this.

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. We have therefore made an incident reporting system available to all employees and we are actively working to improve the reporting process and increase the number of incidents reported. Particular emphasis has been placed on improving the reporting of risk observations and incidents at the businesses' logistics centres, which is where the physical work environment risks are the greatest. The incidents reported from the logistics operations usually relate to incidents involving forklift trucks and products falling from shelves.

An accident is a registered accident whether or not it results in sickness absence. An accident that results in sickness absence is classed as serious. The target for Alligo's largest logistics centre in Örebro is for there to be at least 3,500 man-hours between each registered accident. The overall outcome for 2022 was 2,795 hours (3,600) between each accident. Accidents within logistics operations mainly occur in connection with the use of forklift trucks and handling when lifting and when picking and packing products. These mainly result in wounds to the hand, as well as muscle pain and sprains.

Accidents are less common in stores and offices and mainly involve wounds and/or cuts, as well as falls.

❯❯ Information about reported incidents and accidents can be found in sustainability note 2.



Diversity and equal opportunity

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. One of Alligo's sustainability targets is for the proportion of female managers to be at least 30 per cent, which corresponds to the proportion of all employees who are women. The trend in 2022 was negative and the outcome was 21.7 per cent (22.3). Alligo will implement additional measures in 2023 to encourage more women to apply for managerial positions.

❯❯ Information about the age and gender distribution of employees is presented in sustainability note 2.

ENVIRONMENT AND CLIMATE

The majority of Alligo's environmental and climate impact comes from the manufacture of the products supplied. This includes, for example, emissions into the air, water and land from the extraction of raw materials, in manufacturing processes and from the shipping of goods.

The products that Alligo sells have different impacts on the environment and climate, depending on the material. Pollution can enter the air, land and water, for example. Biodiversity can be affected by this pollution and by land use, for example in the extraction of raw materials, resource use in production and in transportation. The finished product can have an impact on the environment through its use if, for example, it requires energy, such as a drilling machine, or if the product contains chemicals. There is also an impact on the environment and climate when the product has reached the end of its life and becomes waste.

Climate impact in the value chain

We performed comprehensive mapping during the year of the climate emissions generated in the value chain. This mapping took place according to the Greenhouse Gas Protocol and covers scopes 1–3: direct emissions within own activities that Alligo can influence (scope 1), indirect emissions from purchased heating and electricity (scope 2), and other indirect emissions that arise as a consequence of Alligo's activities both upstream and downstream in the value chain from sources that are neither owned nor controlled by Alligo (scope 3). There is naturally greater certainty with regard to scopes 1 and 2 than scope 3, where several assumptions have had to be made. We will continue to work to improve the accuracy of the calculations and adjust the methodology according to the principles of the Greenhouse Gas Protocol. Alligo will use the results of this mapping to set targets and draw up action plans for achieving these.

Direct and indirect emissions from own activities

Direct emissions from Alligo's own activities (scope 1) derive mainly from business travel by car, while indirect emissions (scope 2) arise from energy use in stores, warehouses and offices.

Logistics centres, stores and offices require energy in the form of heating and electricity. We are working systematically to improve the energy efficiency of these premises, reviewing and optimising ventilation, heating and lighting for example.

Other indirect emissions

Alligo's emissions deriving from goods and services as well as other indirect emissions in the value chain (scope 3) account for the majority of the Group's climate emissions.

Manufacture of the products that Alligo sells accounts for around 95 per cent of total emissions. Maintaining a dialogue with suppliers is therefore vital if these emissions are to be reduced. It is also important that Alligo is able to help customers to choose products with a lower climate impact. We strive to maintain a high level of quality in our range, which means that customers can use the products for longer. A longer product lifespan also means reduced transport between all the different stages in the production chain and ultimately less waste.

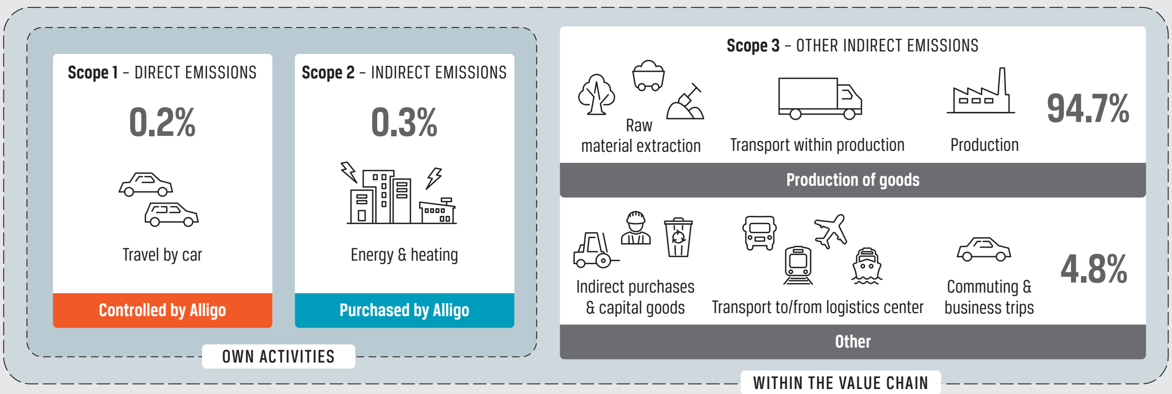
The largest share of emissions in this category originates from tools, as these often contain metal and/or plastic, which are materials where fossil fuels are often used in the manufacturing processes.

Within the clothing and protective equipment category, the production of textiles has a large climate impact. We are in a good position to influence the choice of materials and manufacturing processes for our own brands in this category. One example of this is replacing polyester, a material that is often made from fossil oil, with recycled polyester. Increasing the proportion of recycled polyester in the textile reduces the climate impact.

Other emissions in the value chain come from sources such as indirect purchases, in other words goods and services that Alligo purchases but which are not sold on to customers, as well as from transport and business travel.

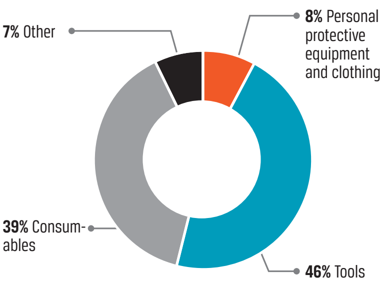
Goods are transported from suppliers by sea, rail, road and air to Alligo's logistics centres. Products are generally transported from the logistics centres to Alligo stores by truck. Ships account for the majority of transport that comes from Asia. We are actively working to reduce air freight, but this is used where necessary to meet the delivery requirements of customers.

ALLIGO'S CLIMATE EMISSIONS: Approximately 680,000 tonnes CO_2e*



* Based on data for 2022; for a breakdown and definitions, see sustainability note 4.

GREENHOUSE GAS EMISSIONS BY PRODUCT CATEGORY



Rail transport is used wherever possible, but since Russia's invasion of Ukraine all rail traffic from Asia has been suspended and rail accounted for only a small proportion of transport during 2022. Other measures include increasing capacity utilisation in containers and stipulating requirements for suppliers.

›› For further information about climate emissions, see sustainability note 4.

Chemicals in products

Alligo puts a large number of chemical products on the market. Selling chemical products involves a responsibility to ensure that the right information is provided in the form of labelling and safety data sheets, as well as the content of the chemical products. Chemicals are also found in products such as tools and clothing.

To keep up with and influence future legislation, and to have a dialogue and an exchange of experiences with other companies, Alligo is a member of several different organisations and networks such as TEKO, Normpack and The Chemicals Group.

We require suppliers to comply with our restricted chemicals lists. These stipulate which chemicals are not permitted in the products or are only permitted in limited quantities. The requirements are based on legislation, key customer requirements and the basis provided by The Chemicals Group. Stipulating clear restrictions for what the products can contain reduces the risk of them containing hazardous substances and facilitates cooperation with suppliers. Should any incorrectly labelled products be sold, we take action as soon as we become aware of this. Sales of the product are halted and a recall is made where necessary.

Alligo has chosen the third-party certification OEKO-TEX® STANDARD 100 for clothing, which stipulates permissible thresholds for chemicals in textile products. We also perform random sampling on products in partnership with an external operator to ensure that the requirements are met.

›› Read more about OEKO-TEX® STANDARD 100 on page 36.

Reduced use of PFAS

PFAS is a group of high-fluorine chemical substances that are difficult to break down and which can be found in parts of the range. We have identified clothing within own brands that may contain PFAS and work is ongoing to replace these substances in those products where they are not necessary. In 2021, Alligo joined the Chemsec PFAS Movement and supports the common goal of regulation of PFAS for all non-essential use. The Chemsec PFAS Movement is a forum for resolving common problems concerning the phasing out of PFAS. Through its membership, Alligo has expressed a desire to exclude PFAS from products wherever possible.

THE CHEMICALS GROUP

The Chemicals Group, a network operated by RISE, shares knowledge on chemical-related and environmental issues with member companies in the textile and electronics industries.
The network provides access to business intelligence, practical tools, updates about relevant legislation and the latest news in the field.

Water use and chemicals in the environment

Large quantities of water are used in the manufacture of the products that Alligo sells, particularly within the textile industry. Freshwater can be a scarce resource in those countries where production takes place. Water is used, for example, in growing cotton for clothing, in the dying processes of materials or in fabric production.

Textile manufacture is also chemical-intensive. For example, growing cotton often involves spraying the cotton fields. The dye bath used to colour textiles usually contains chemicals and heavy metals, which brings a risk of water pollution. During the course of the year, we have carried out work to map the water treatment facilities of the factories that we use. This work is continuing in 2023.

›› Further information about Alligo's mapping of textile suppliers is presented on page 39.

Waste and hazardous waste

Alligo's operations generate waste and a certain amount of hazardous waste. We have procedures for sorting and managing waste and, where necessary, reporting it to the relevant authorities. The waste is collected by a waste management contractor licensed to transport waste and hazardous waste.

Compliance with environmental legislation

Alligo complies with current environmental legislation, which includes applying the precautionary principle and implementing the measures necessary to reduce the negative environmental impact of the business. No operations are carried out that are subject to permit and/or reporting requirements, but Alligo does have a permit for handling flammable and explosive goods at the locations this covers. We monitor current and upcoming legislation. Internal and external audits are carried out to ensure legal compliance.

PFAS

PFAS (high-fluorine substances) are created to repel grease, dirt and water. They can therefore be found in certain products, such as protective clothing. These substances are extremely hard to break down and so persist in the environment. The substances are also able to spread over long distances in the air and water. Some PFAS substances can also have an adverse effect on human health.

ADMINISTRATION REPORT

The Board of Directors and CEO of Alligo AB (publ), Company Registration Number 559072-1352, hereby submit the annual report and consolidated financial statements for the financial year 1 January to 31 December 2022.

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 10, 13, 28–45 and 110–120.

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. At the same time, the Board of Directors appointed Clein Ullenvik as President and CEO and Irene Wisenborn Bellander as Group CFO. The new corporate management took office on 1 November 2021.

Discontinued operations

In the annual report, Alligo's former subsidiary Momentum Group AB (the Components & Services business area) is reported as 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 pages 69–70 and note 32 Discontinued operations on page 100.

Revenue and profit

Revenue

Revenue increased by 9.4 per cent to MSEK 9,211 (8,417) and contains an inflation effect. Revenue from like-for-like sales, measured in local currency and adjusted for the number of trading days, increased by 6.1 per cent compared with the previous year. The growth in like-for-like sales corresponds to organic growth, as no new stores were established during the year. This increase was driven mainly by larger industrial customers in Finland and Norway, as well as small and medium-sized enterprises in Sweden. Sales to larger industrial customers in Sweden have been negatively affected by disruption to logistics and sales processes as a result of the migration to a common business system and the coordination of logistics during the second quarter. A slight slowdown in sales in Sweden was also observed during the fourth quarter.

The proportion of own brands during the year was 18.2 per cent (20.4). This reduction is mainly the result of the divestment of Gigant and Nytello during the fourth quarter of the previous year; adjusted for this the proportion of own brands is higher than during the comparison year (17.9). This increase was driven by a successful launch of the Group's own brands for footwear and, during the latter part of the year, clothing. The clothing brand launch was delayed as a result of disruption to supplies from Asia during the first half of the year. There is now good availability of own brands and the proportion of sales of own brands has increased in both Sweden and Finland. Currency translation effects had a positive impact on revenue of MSEK 195, mainly as a result of the development of NOK, but also of EUR. The financial year contained the same number of trading days as the comparison year.

Profit

Operating profit amounted to MSEK 669 (427). EBITA (operating profit excluding items affecting comparability and amortisation of intangible assets arising in connection with corporate acquisitions) increased by 17 per cent to MSEK 756 (645), corresponding to an EBITA margin of 8.2 per cent (7.7). This improvement in profit can be seen across all markets and was driven by growth, better gross margins and synergies. The effect is mitigated by an unfavourable country mix in the form of stronger growth in Norway and Finland than in Sweden.

Operating profit has been charged with items affecting comparability of MSEK -24 (-155), which comprise costs for organisational changes of MSEK -13, rental costs for the coordination of logistics of MSEK -6 and costs ahead of the separate listing of Momentum Group of MSEK -5.

The coordination of Tools and Swedol is proceeding according to plan. In principle, only the coordination of the range remains to be fully implemented, alongside the planned change of business system in Norway. The store integrations in Norway and Sweden have been completed, with the exception of two that remain in Sweden. At 203, the net total number of Alligo stores remained unchanged compared with the beginning of the year. The logistics operations in Sweden were coordinated during the second quarter and a common business system and pricing system were also implemented in Tools in Sweden. The relocation of logistics operations has caused disruption to the logistics processes, but will provide both cost savings and better service for customers in the long term. A common business system and pricing system were implemented in Tools in Finland during the second quarter of 2021 and there are similar plans for Tools in Norway in early 2025.

During the year, MSEK 54 was utilised from restructuring reserves reported in previous years. The restructuring reserve from the third quarter of 2020 amounts to MSEK 19 (originally MSEK 97). The restructuring reserve originating from the third quarter of 2021 amounts to MSEK 80, compared with an initial MSEK 108.

The effective tax rate was 21.4 per cent (23.2). Profit after financial items was MSEK 612 (379) and profit after tax was MSEK 481 (291), which corresponds to earnings per share of SEK 9.51 (5.75) for the financial year.

Total profit from the Group, including discontinued operations, amounted to MSEK 4,062 (430), of which MSEK 481 (291) is attributable to continuing operations, MSEK 28 (139) to discontinued operations, and MSEK 3,553 to the impact on earnings of the distribution of Momentum Group.

Development by geographic area

Alligo is a leading player within workwear, personal protective equipment, tools and consumables in the Nordic region. Its offering consists of a standardised product range of goods and services that enable companies to function. Customers are a balanced mix of small and medium-sized enterprises, large companies and public-sector agencies within eight defined industry segments, which Alligo serves through the concept brands Swedol, Tools, Grolls and Univern and through local independent stores.

Sweden

Revenue in Sweden increased by approximately 4 per cent to MSEK 5,339 (5,151) and organic growth was around 5 per cent. Revenue contains a not-insignificant inflation effect and was also positively affected by the acquisitions of Magnusson Agenturer AB and Profeel Sweden AB, while the divestment of Gigant during the previous year had a negative impact on overall growth. Following a weaker first quarter, with winter sales arriving in the fourth quarter of 2021 and small and medium-sized enterprises exercising restraint as a result of Russia's invasion of Ukraine, development in stores has now stabilised. Development within the industrial segment, which was strong during the first quarter, was negatively affected by a new business system through disruptions to the logistics and sales processes during the second and third quarters. Sales weakened gradually during the fourth quarter, despite favourable winter weather.

EBITA for the year amounted to MSEK 610 (560) and the EBITA margin to 11.4 per cent (10.9). The improvement in profit was driven by synergies and good margin development in stores, but was negatively affected by challenges within the industrial segment, which are partly the result of the integration work.

Norway

Revenue in Norway amounted to MSEK 2,591 (2,198). This increase of around 18 per cent contains a not-insignificant inflation effect and was positively affected by the acquisitions of RAF Romerike Arbeidstøy AS, Lunna AS, H E Seglem and LVF AS, as well as positive currency effects. Organic growth was around 8 per cent. Following a weaker start to the year, with a high spread of infection and an early winter that particularly hit sales to small and medium-sized enterprises, demand has stabilised and, since the second quarter, sales growth within the oil and gas industry has been strong.

EBITA for the year amounted to MSEK 107 (80) and the EBITA margin to 4.1 per cent (3.6). The improvement in profit was driven by growth and synergies. Work is ongoing to establish a more favourable customer mix and to strengthen the sales and assortment management in order to improve margins, while the new sales organisation is also helping to reduce costs.

Finland

Revenue in Finland amounted to MSEK1,552 (1,320) and contains a not-insignificant inflation effect. The acquisitions of Imatran Pultti Oy and Liukkosen Pultti Oy made a positive contribution to this, alongside growth at larger industrial customers and favourable currency effects. Organic growth was around 8 per cent.

EBITA for the year amounted to MSEK 62 (19) and the EBITA margin to 4.0 per cent (1.4). The improvement in profit was driven by growth, while the work to strengthen the sales and assortment management also began to have an effect from the third quarter onwards.

The customer mix remains unfavourable, but activities are under way to increase the proportion of small and medium-sized enterprises, including by investing in stores.

Parent Company

At the end of the financial year, the Group comprised the parent company Alligo AB and a total of 25 Swedish and foreign wholly owned subsidiaries. The parent company's operations comprise Group-wide management, including Legal and Investor Relations functions. 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 year amounted to MSEK 17 (23) and the loss after financial items totalled MSEK -29 (-15). Items affecting comparability have had an impact on profit of MSEK -4 (-6), relating to costs ahead of the separate listing of Momentum Group. The distribution of Momentum Group corresponded to the carrying amount of MSEK 43. The balance sheet total amounted to MSEK 4,064 (4,133), with equity accounting for 46 per cent (48) of total assets. The number of employees at the parent company at the end of the year was 2 (2).

Corporate acquisitions

Continuing operations at Alligo made six corporate acquisitions, one of which was a conveyance of assets and liabilities, with closing during 2022. Agreements were also signed for a further three corporate acquisitions with closing in 2023.

Acquisition of Liukkosen Pultti Oy

On 5 January 2022, Alligo signed an agreement to acquire 100 per cent of the shares in Liukkosen Pultti Oy. Liukkosen Pultti operates a store in Lahti that sells workwear and tools and the acquisition strengthens Alligo's presence on the Finnish market. Liukkosen Pultti generates annual revenue of approximately MEUR 4.5 with favourable profitability and has 12 employees. Closing took place on 1 February 2022.

Acquisition of Lunna AS

As of 8 March 2022, Alligo has 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. The acquisition strengthens Alligo's position as a leading supplier to Norwegian industry. Lunna generates annual revenue of approximately MNOK 82 with favourable profitability and has 26 employees. Closing took place in conjunction with the acquisition. The company will be integrated into Tools AS.

Acquisition of the industrial operations of H E Seglem AS

As of 2 June, Alligo has acquired the industrial operations of Norwegian company H E Seglem AS through a conveyance of assets and liabilities. H E Seglem's hydraulics and bunker operations are not included in the acquisition. H E Seglem has a store in Egersund in south-west Norway and sells industrial products, tools, forestry and gardening equipment, workwear and personal protective equipment. The industrial operations of H E Seglem AS generate annual revenue of approximately MNOK 40 and have eight employees. The acquisition strengthens Alligo's position in south-west Norway. Closing took place in conjunction with the acquisition.

Acquisition of Magnusson Agentur AB

On 1 July 2022, Alligo acquired 100 per cent of the shares in Magnusson Agentur AB, which runs a store selling corporate branded products and workwear in Vinslöv. The acquisition strengthens Alligo's position in corporate branded products and workwear. Magnussons generates annual revenue of approximately MSEK 27 with favourable profitability and has six employees. Closing took place in conjunction with the acquisition.

Acquisition of LVH AS

On 19 August 2022, Alligo acquired 100 per cent of the shares in LVH AS, a reseller of tools, consumables, workwear and personal protective equipment in Lillehammer. The acquisition strengthens Alligo's position in the Norwegian Interior. LVH AS generates annual revenue of approximately

MNOK 13 and has four employees. Closing took place in conjunction with the acquisition. The company has been integrated into Tools AS.

Acquisition of Profeel Sweden AB

On 9 November, Alligo signed an agreement to acquire 75 per cent of the shares in Profeel Sweden AB, which operates two stores: one in Eskilstuna and one in Västerås. The acquisition strengthens Alligo's position in corporate branded clothing and product media in Sweden. Profeel generates annual revenue of approximately MSEK 70 and has 18 employees. Closing took place in conjunction with the acquisition.

See note 31 Business combinations and divestments on pages 97–99 for information about the acquisitions closed during the 2022 financial year as well as acquisitions made after the end of the financial year.

Profitability

The Group's profitability, measured as the return on equity, amounted to 16 per cent for the most recent 12-month period, corresponding to a return on capital employed of 11 per cent.

Cash flow and financial position

Cash flow from operating activities before changes in working capital for the year totalled MSEK 1,047 (922). Inventories increased during the year by MSEK 349 as a result of increased volumes for the rollout of own brands and other adaptations to the range. External factors, such as increased costs for purchasing products, freight and currency also had an impact. The average value of inventories was MSEK 2,068 (1,722) and the inventory turnover rate was 4.5 (4.9). Operating receivables increased by MSEK 100 and operating liabilities fell by MSEK -91. Cash flow from operating activities for the year therefore amounted to MSEK 507 (750).

Cash flow for the year was also impacted by a net amount of MSEK -152 (-166) pertaining to investments in and divestments of non-current assets, as well as by MSEK -144 (-54) pertaining to acquisitions and divestments of subsidiaries. Investments in non-current assets principally relate to the implementation of a new common business system in Sweden, the development of e-commerce solutions and service concepts, store modifications in all countries and the continued expansion and automation of the Group's logistics centre in Örebro.

The Group's financial net loan liability amounted to MSEK 2,547 at the end of the year, compared with MSEK 2,272 at the beginning of the year. The Group's operational net loan liability at the end of the year amounted to MSEK 1,534, compared with MSEK 1,259 at the beginning of the year. Cash and cash equivalents, including unutilised granted credit facilities, totalled MSEK 1,176 compared with MSEK 1,334 at the beginning of the year. The business was refinanced during the first quarter as a result of the distribution of Momentum Group. The total credit facility is MSEK 2,300 and was raised in March 2022. It has a term of three years, with the option to extend for one year and subsequently for a further year. The interest rate is linked to STIBOR plus a surcharge based on the ratio of net operational liabilities to EBITDA. In addition, there is a committed credit facility of MSEK 400.

Maturity periods and fixed-interest periods for interest-bearing liabilities are presented in note 24 Financial risks and risk management, pages 89-91.

The equity/assets ratio at the end of the year was 41 per cent. Equity per share was SEK 67.51 at the end of the year, compared with SEK 67.95 at the beginning of the financial year.

Employees

At the end of the year, the number of employees in the Group amounted to 2,371, compared with 2,319 at the beginning of the year. The increase in the number of employees is the result of corporate acquisitions made.

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 2022 and is reported in Alligo's sustainability report which has been prepared with reference to GRI Standards and is integrated in the description of operations as well as in the sustainability notes. For the GRI Index, see pages 121–123. Pages 10, 13, 28–45 and 110–120 contain Alligo's statutory sustainability report required by the Swedish Annual Accounts Act. The auditor's opinion regarding the statutory sustainability report can be found on page 105. Disclosures in accordance with the EU Taxonomy Regulation are presented in the sustainability report on pages 118–120.

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 2022 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 and regulates the distribution of responsibility between Alligo AB's Board of Directors, CEO and Group CFO, as well as the boards, CEOs and CFOs of 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 28-31 and note 24 Financial risks and risk management on pages 89-91.

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

The Board of Directors of Alligo AB ("the company") proposes to the Annual General Meeting of 24 May 2023 that the guidelines for determining remuneration and other terms of employment for senior executives remain unchanged from those adopted by the Annual General Meeting of 11 May 2022.

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.

Future development

Alligo's financial targets focus on profitable growth, financial stability and dividend. The targets have been set based on Alligo's conditions during a medium-term strategy period. Five sustainability targets have also been established. These are based on Alligo's vision and material sustainability issues and are designed to make Alligo a leader in sustainable development in our industry.

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, several important integration projects have been implemented and the business model has been further developed. The organisational structure has been changed, stores and logistics have been coordinated, IT systems and ranges have been harmonised, a shared platform has been created that provides economies of scale and the legal structure has been simplified. Operations have also been streamlined through the distribution of Momentum Group in March 2022. Alligo's business has developed at a rapid pace in only a short time and Alligo is now a stronger company than it was a year ago.

Dividend 2022

The Board of Directors proposes to the Annual General Meeting a dividend of SEK 3.00 per share, corresponding to a pay-out ratio of 31 per cent of earnings per share for the 2022 financial year.

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 151.4 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 at 31 December 2022 would decrease by approximately 2 percentage points. 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 86.

Events after the end of the financial year

Acquisition of Profilföretaget Z-Profil AB

On 2 January 2023, the acquisition was completed of 70 per cent of the shares in Profilföretaget Z-Profil AB, which has operations in Umeå and Skellefteå. The acquisition strengthens Alligo's position in corporate branded clothing and product media in Sweden. Z-Profil generates annual revenue of approximately MSEK 40 and has 13 employees.

Acquisition of Kents Textiltryck i Halmstad AB and Olympus Profile i Uddevalla AB

On 2 January 2023, the acquisitions were completed of 70 per cent of the shares in corporate branding companies Kents Textiltryck i Halmstad AB and Olympus Profile i Uddevalla AB. The companies generate annual revenue of just over MSEK 40, have 15 and 13 employees respectively and sell workwear, corporate branded clothing and product media.

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 2022 financial year was prepared in accordance with the recommendations of the Code. 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. In addition to this, there are policies in a number of areas, including the Group's Code of Conduct, which must be familiar to and complied with by all employees. All parts of the business also work in accordance with Alligo's management systems.

Corporate governance structure at Alligo

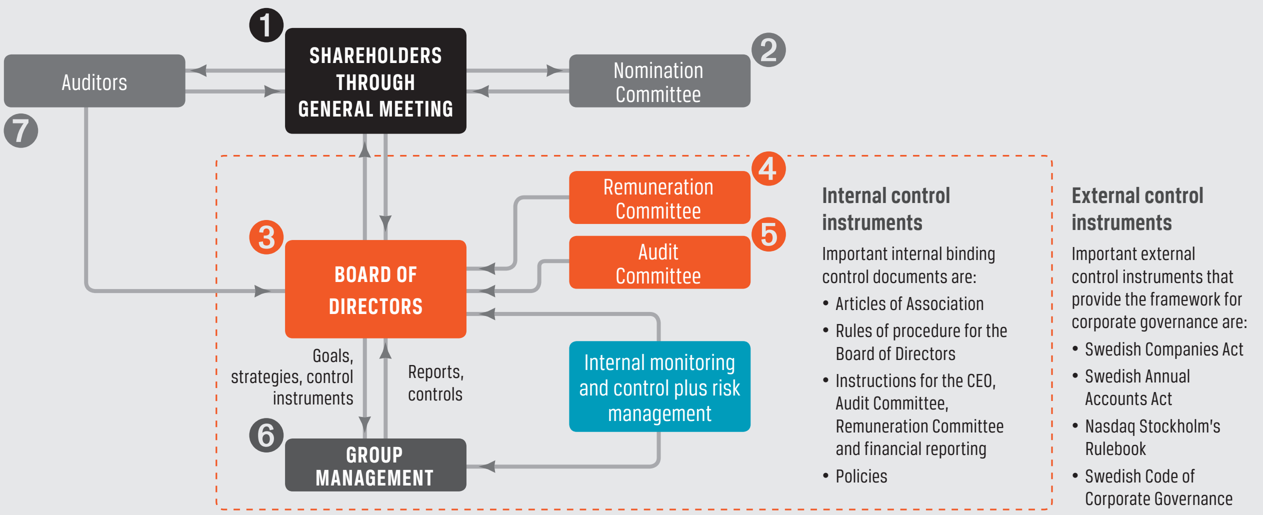
The General Meeting of Shareholders is the company's highest decision-making body. The Board of Directors and its Chair, as well as the auditors where applicable, are appointed by the Annual General Meeting. The Nomination Committee drafts proposals for the Annual General Meeting regarding the composition 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. It is also the responsibility of the Remuneration Committee to decide on remuneration levels for other senior executives. The CEO and other members of the management are responsible for the day-to-day administration of Alligo.

Share structure and holding of treasury shares

The share capital amounted to approximately MSEK 102 as at 31 December 2022. The distribution by class of share was as follows: Class A shares 564,073, Class B shares 50,342,116. 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 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.

CORPORATE GOVERNANCE STRUCTURE



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.

Treasury 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 0.8 per cent of the total number of votes. There were no changes to the holding of treasury shares during the financial year.

The 2022 Annual General Meeting approved a call option programme ("Call option programme 2022/2025") containing a maximum of 185,000 options, corresponding to approximately 0.36 per cent of the total number of shares and approximately 0.33 per cent of the total number of votes in the company. The programme is designed for key personnel in senior positions and provides the opportunity to acquire call options at market price for Class B shares repurchased by Alligo. After two years, a subsidy will be paid equivalent to the premium paid for each call option (before tax) provided that the option holder's employment at the Group has not been terminated and that the call options have not been divested prior to this point. The subsidy is recognised as an accrued expense until the time when the employment condition is met. The subsidy is also charged with social security contributions.

Each call option entitles the holder to acquire one (1) repurchased Class B share in the company on three occasions: 1) during the period from 2 June 2025 to 16 June 2025 inclusive, 2) during the period from 18 August 2025 to 1 September 2025 inclusive, and 3) during the period from 3 November 2025 to 17 November 2025 inclusive. The redemption price has been calculated as SEK 129.30, based on 120 per cent of the volume-weighted average price during the period 12 May to 25 May 2022. If the share price at the time the call option is exercised exceeds SEK 194.00, the redemption price shall be increased krona for krona by the amount in excess of SEK 194.00. The option premium has been calculated as SEK 7.82 by an independent third party according to the accepted Black-Scholes model.

185,000 call options have been allotted and acquired by employees on market terms. Of these, 80,000 have been acquired by the Group CEO and CFO and 105,000 by other key personnel. The option premium paid totals MSEK 1.4.

In June 2022, a cash redemption of the remaining 8,000 outstanding options in the "Call option programme 2018/2022" took place for a cash sum of SEK 362,647.

1 Shareholders

As at 31 December 2022, Nordstjernan AB held 54.6 per cent of the share capital and 49.6 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 2022, Alligo AB had approximately 5,000 shareholders. Further information regarding Alligo's shares and ownership structure as at 31 December 2022 is provided in the section on the Alligo share on page 24.

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.

Extraordinary General Meeting on 23 March 2022

An Extraordinary General Meeting of Alligo AB was held on 23 March 2022. The Meeting resolved to distribute all of the shares in the wholly owned subsidiary Momentum Group AB to the shareholders of Alligo AB. Göran Näsholm, Stefan Hedelius, Johan Sjö, Johan Eklund and Christina Åqvist were re-elected to the Board of Directors. It was recorded that Gunilla Spongh declined re-election. Cecilia Marlow was elected as a new member of the Board. Göran Näsholm was elected Chair of the Board of Directors.

Annual General Meeting on 11 May 2022

The Annual General Meeting of Alligo AB was held on 11 May 2022 in Stockholm. 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. A total of approximately 50 shareholders participated in the Meeting, representing a combined total of 81.5 per cent of the votes in the company. The Meeting was attended by all Board members and the company's auditors.

Among other decisions, the Meeting resolved on authorisations for repurchases of own shares and new share issues in conjunction with acquisitions, a decision on the issue of call options, a decision on changing the guidelines for determining remuneration and other terms of employment for senior executives and also approved the Board of Directors' remuneration report and discharged the Board of Directors and CEO from liability for their administration of the company during the 2021 financial year. Göran Näsholm, Stefan Hedelius, Johan Sjö, Christina Åqvist and Cecilia Marlow were re-elected to the Board of Directors. It was recorded that Johan Eklund declined re-election. Pontus Boman was elected as a new member of the Board. Göran Näsholm was re-elected Chair of the Board of Directors.

2 Nomination Committee

The Annual General Meeting in August 2020 resolved on the instructions for the appointment of a Nomination Committee at Alligo as well as its duties, which apply until further notice.

In accordance with these instructions, the Nomination Committee is tasked ahead of the upcoming Annual General Meeting with submitting proposals for the number of Board members, the election of Board members including the Chair of the Board, the election of auditors, Board fees and auditors' fees, the Chair of the Meeting, proposed principles for the appointment of next year's Nomination Committee and instructions for its work. As part of the process to prepare a proposal for Board members, the Chair of the Board presents the evaluation of the Board's work carried out during the past year. The company's business and future direction are also presented by the CEO, while the Chair of the Audit Committee reports on the cooperation with the auditors. This then provides the basis for the work of the Nomination Committee, together with the requirements of the Swedish Code of Corporate Governance and the company-specific requirements at Alligo.

Composition of the Board of Directors

In its nomination work, the Nomination Committee ensures that the proposed Board of Directors has a well-balanced composition in relation to the company's operations, stage of development and circumstances that ensures its ability to manage the company's affairs effectively and with integrity. The Board of Directors must contain the skills and qualities that are considered important for Alligo's continued development. In addition to good knowledge of Alligo's business and industry, the Board of Directors must also possess general expertise in areas such as corporate management, accounting, sustainability, law and finance. The composition of the Board must be characterised by diversity and breadth in terms of experience, qualifications and background, while giving consideration to an even gender distribution and continuity.

Nomination Committee 2023

A Nomination Committee was appointed ahead of the 2023 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's complete motions regarding the Board of Directors and auditors will be presented in the notice for the 2023 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.

3 Board of Directors

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 2022 Annual General Meeting: Göran Näsholm (Chair), Pontus Boman, Johan Sjö, Cecilia Marlow, Stefan Hedelius and Christina Åqvist. A presentation of these Board members, including information on other assignments and work experience, can be found on page 59 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, Johanna Främberg.

According to the resolution of the Annual General Meeting, each Board member elected by the Annual General Meeting receives a fee of SEK 300,000. The Chair of the Board receives a fee of SEK 650,000. A separate fee of SEK 150,000 is paid to the Chair of the Audit Committee and SEK 100,000 is paid to the Chair of the Remuneration Committee. The total Board fee of SEK 2,400,000 is therefore SEK 400,000 lower than 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

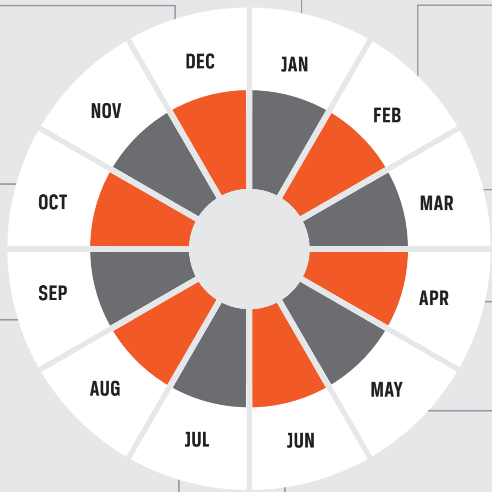
The Board of Directors is ultimately responsible for the company's organisation and administration of the company's affairs in the interests of the company and of all shareholders in accordance with the laws, regulations, agreements and

BOARD COMPOSITION, ATTENDANCE, DEPENDENCY CONDITIONS AND FEES FOR 2022

			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			**17**	**4**	**2**			
Göran Näsholm	2019	Chair of the Board, Chair of Remuneration Committee	17	1	2	No	No	750,000
Johan Sjö	2019	Board member*	13	1	2	No	Yes	300,000
Pontus Boman	2022	Board member	8	2		No	Yes	300,000
Stefan Hedelius	2016	Board member	16	1	1	No	No	300,000
Cecilia Marlow	2022	Chair of Audit Committee, Board member	12	4		No	No	450,000
Christina Åqvist	2020	Board member	14	1		No	No	300,000
Johan Eklund	2020	Board member	9	2		No	Yes	0
Gunilla Spongh	2016	Board member	5	1		No	No	0

*Chair of the Board up to the Annual General Meeting on 23 March 2022.

THE WORK OF THE BOARD OF DIRECTORS IN 2022



JANUARY
- Distribution of Momentum Group
- Financing

FEBRUARY
- Year-End Report 2021
- Proposal for appropriation of profits
- Reporting of final audit report
- Risk assessment
- Internal control
- Remuneration of senior executives
- Financing
- Distribution of Momentum Group
- Convening of extraordinary meeting
- Russia's invasion of Ukraine

MARCH
- Submission of Annual Report
- Remuneration report
- Share options scheme
- Convening of Annual General Meeting
- Distribution of Momentum Group
- Business intelligence
- Central warehouses Norway
- Acquisition opportunities

APRIL
- Interim Report Q1
- Acquisition opportunities
- Business intelligence

MAY
- Statutory Board meeting
- Board's rules of procedure and CEO instructions
- Business intelligence
- Coordination of logistics IT systems, legal structure
- Acquisition opportunities

JUNE
- Strategy
- Situation analysis
- Follow-up on coordination of logistics IT systems, legal structure
- Audit plan
- Status Finland
- Sustainability
- Acquisition opportunities

JULY
- Interim Report Q2
- Follow-up on coordination of logistics and IT systems
- Business intelligence
- Acquisition opportunities

SEPTEMBER
- Sustainability
- Business intelligence
- Follow-up on coordination of logistics and IT systems
- Status Sweden
- IT structure
- Policy documents
- Acquisition opportunities

OCTOBER
- Interim Report Q3
- Reporting of management audit and review for Q3
- Business intelligence
- Budget 2023
- Policy documents
- Sustainability
- Acquisition opportunities

DECEMBER
- Budget 2023
- Accounting issues
- Business intelligence
- Status Norway
- Employee survey
- Evaluation of CEO and senior executives
- Board evaluation
- Acquisition opportunities

internal guidelines that the company is obligated to follow. This responsibility includes Alligo's sustainability work and the company's impact on the economy, environment and people.

The duties of the Board of Directors include establishing and monitoring the company's overall goals and strategies, ensuring that there are effective systems for the monitoring and control of the business and associated risks, identifying the impact of sustainability issues on the company's risks and business opportunities, adopting guidelines on the company's conduct in society in order to secure its ability to create long-term value, and ensuring that the company's provision of information is characterised by transparency and is accurate, relevant and reliable. The Board is also responsible for decisions regarding acquisitions and divestments of businesses, major investments, repurchases of own shares, and appointment and remuneration of the Group's corporate management.

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, privacy policy and code of conduct.

The Board of Directors oversees the work of the CEO through ongoing monitoring of the business during the year and is responsible for ensuring that the organisation, management and guidelines for the administration of the company's affairs are appropriate. The Board is also responsible for the company having adequate internal control and effective systems for the monitoring and control of operations and for the company's compliance with legislation and regulations applicable to its operations. The Board and CEO present the annual accounts to the Annual General Meeting.

Evaluation of the Board's work

The work of the Board is evaluated annually under the supervision of the Chair of the Board. The purpose of this evaluation is to enhance the working methods and efficiency of the Board of Directors by obtaining the opinions of the Board members on how Board work is carried out and which steps can be taken to improve the efficiency of Board work, on sustainable enterprise and on whether the Board is well balanced in terms of skills. The results of the evaluation performed in November have been reported to and discussed by both the Board of Directors and the Nomination Committee and they provide an important basis for the Nomination Committee ahead of the Annual General Meeting.

The Board evaluates the work of the CEO on an ongoing basis. This issue is also specifically addressed once a year without the presence of any member of the Group's corporate 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 eight occasions each year (ordinary meetings) in connection with the publication of the interim reports, the signing of the annual report, the adoption of the budget and the monitoring of sustainability work, as well as 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 Remuneration Committee and Audit Committee appointed by the Board are tasked with drafting motions for resolutions by the Board and their work is carried out in accordance with instructions adopted annually by the Board.

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 ordinary 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 and to the Board of Directors as a whole on their observations and assessments based on the audit performed. The company's auditors also present a corresponding report to the Audit Committee and to the Board of Directors as a whole on the management audit performed and the review of the third quarter. Each ordinary 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 17 Board meetings during the 2022 financial year, including a statutory meeting and four meetings per capsulam. The Board's work during the year focused on issues pertaining to measures taken to address the uncertain market situation and follow-up of ongoing operations, the distribution of the Momentum Group, the coordination of logistics and business systems, the Group's organisation and strategic development, and the Group's financial position. Refer to the table on page 54 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 for the presentation of specific issues or whenever deemed appropriate. The Secretary of the Board is the Group CFO.

4 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. A proposal for new guidelines is to be prepared at least every four years and the Board submits the proposal 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.

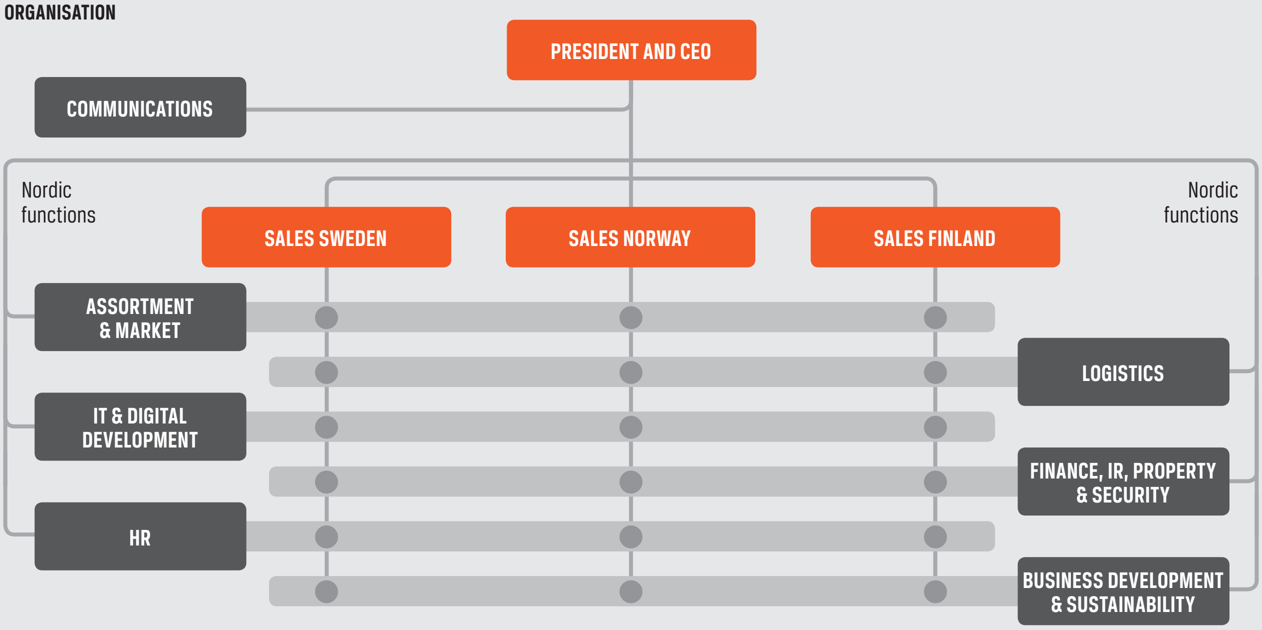
The Remuneration Committee consists of the Chair of the Board Göran Näsholm (Chair of the Remuneration Committee) and Board member Johan Sjö. The CEO presents reports to the Committee. The CEO does not report on their own remuneration. The Remuneration Committee convened on two occasions during the 2022 financial year, during which minutes were taken.

5 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 Board member Cecilia Marlow (Chair of the Audit Committee) and Board member Pontus Boman. The committee members have particular expertise, experience and interest in financial and accounting matters. In conjunction with the Board of Directors' adoption of the annual accounts and the accounts for the third quarter, the Audit Committee meets with and receives a report from

ORGANISATION



the company's external auditors. At the same time, the Committee also meets with the auditors without the presence of the CEO, the Group CEO or other members of Group management. The Audit Committee meets ahead of each reporting date and the Group CFO attends these meetings. During the 2022 financial year, the Audit Committee held four minuted meetings, which report the results of its work to the Board of Directors on an ongoing basis. During the year, SEK 150,000 was paid to the Chair of the Committee.

❻ 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. Supporting information for the Board's examination of motions is sent to the Board members one week before the Board meeting. The Board also receives monthly reports containing up-to-date information about the commercial and financial development of the company, as well as the progress made in relation to sustainability.

The CEO leads the work of Group management and makes decisions in consultation with the other members of management. The Group management meets once a month to follow up on operations and discuss general Group matters, including risk and sustainability, and to draft proposals for the strategic plan, business plan and budget which the CEO presents to the Board of Directors. The work to develop the business plan involves employees at many levels throughout the Group and is overseen by Group management on an ongoing basis. The matters examined by the Board of Directors have largely reflected the work of the Group management during the year. In addition, the CEO and the Group CFO ("Corporate management") hold monthly meetings with each country manager on country-specific issues, acquisitions and follow-up of operations, as well as six-monthly reviews with each Nordic function.

❼ 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 2022 Annual General Meeting for the period until the end of the 2023 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, corporate management and the Board and Audit Committee of Alligo AB during the course of the audit and in conjunction with the adoption of the accounts for the third quarter and 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 (1) during the 2022 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 2022 financial year, which were adopted by the 2022 Annual General Meeting, are presented on pages 49–51.

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.

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

Alligo's nine-month report for the 2022 financial year was reviewed by the company's external auditors in line with the Code. In 2021, an enhanced review was performed on the financial statements for the third quarter in relation to continuing operations, commissioned by the CEO and Group CFO.

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

GÖRAN NÄSHOLM

Chair of the Board since 2022.
Board member since 2019.

Born: 1955.

Education/training: M.Sc. in Mechanical Engineering & M.Sc. Econ.

Other current assignments: Chair of the Board of Malef Holding AB and LW Sverige AB. Board member of Pegroco Invest AB, Nordisk Bergteknik AB and GardenStore 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: 60,000 Class B shares (own holding).

CECILIA MARLOW

Board member since 2022.

Born: 1960.

Education/training: B.Sc. in Economics.

Other current assignments: Chair of the Board of NCS Colour AB, NCS Colour Holding AB and Wästbyggen Gruppen AB. Board member of Spendrups Bryggeriaktiebolag, Kivra AB, Mordin AB, Segelman Virtual Stores AB, Bokusgruppen AB, Alligo Holding AB and Desenio Group AB.

Work experience: Chair of the Board/ Board member of several listed and unlisted companies, including STH Svenska Handelsfastigheter, Kivra AB, AR Packaging Group AB, Perma Ventures AB, MatHem i Sverige AB, Platzer Fastigheter, Claes Ohlson and Midsona. Board member and CEO of Internationella Engelska Skolan.

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

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

JOHAN SJÖ

Board member since 2019.

Born: 1967.

Education/training: M.Sc. in Economics.

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: 39,400 Class B shares (own holding).

PONTUS BOMAN

Board member since 2022.

Born: 1971.

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

Other current assignments: Investment Director at Nordstjernan AB.

Work experience: President and CEO of the Bergman & Beving Group, senior positions at B&B Tools, ESSVE, Boston Consulting Group and Accenture.

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

Shares owned: –.

STEFAN HEDELIUS

Board member since 2016.

Born: 1969.

Education/training: 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).

CHRISTINA ÅQVIST

Board member since 2020.

Born: 1978.

Education/training:: 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: –.

JOHANNA FRÄMBERG

Deputy Board member since 2022.
Employee representative.

Born: 1980.

Education/training: KY Logistik.

Other current assignments: Process & Logistics Developer, Swedol AB.

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

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.

GROUP MANAGEMENT

CLEIN JOHANSSON ULLENVIK

President and CEO since November 2021.

Born: 1966.

Education/training: M.Sc. Business and 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: President and CEO of Swedol AB, CEO and President of Monier Roofing, senior positions at ABB and Ahlsell.

Shares owned: 35,658 Class B shares (own holding).

Call options: 50,000.

IRENE WISENBORN BELLANDER

CFO since November 2021.

Born: 1973.

Education/training: 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: 4,000 Class B shares (own holding).

Call options: 30,000.

HÅKAN WANSELIUS

Head of Assortment and Procurement since 2022.

Born: 1962.

Education/training: Post-secondary marketing training.

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

Work experience: Head of Sales and Marketing at Swedol AB, Country Manager Monier Roofing, Head of Sales and Marketing at Alcro-Beckers, Snickers Workwear and Black & Decker.

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

Call options: 13,000.

GUSTAF JOHANSSON

CIO since 2022.

Born: 1988.

Education/training: MSc Engineering and MBA.

Other current assignments: –.

Work experience: Senior positions at Momentum Group and B&B Tools.

Shares owned: 3,500 Class B shares (own holding).

Call options: 13,000.

KLAS WAHLSTRÖM

HR Director since 2022.

Born: 1962.

Education/training: B.Sc. in Economics.

Other current assignments: –.

Work experience: HR Director at Pratikertjänst, HR Director at Aleris, Deputy CEO and other senior positions at Manpower.

Shares owned: –.

Call options: –.

PETER SÖDERBERG

Head of Business Development and Sustainability since 2022.

Born: 1973.

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

Other current assignments: –.

Work experience: Business Development Manager at Swedol AB, partner at Occam Associates, management consultant at Boston Consulting Group.

Shares owned: 7,200 Class B shares (own holding).

Call options: 13,000.

PONTUS GLASBERG

Head of Logistics since 2022.

Born: 1978.

Education/training: Technology/Economics programme.

Other current assignments: –.

Work experience: Logistics Director at Swedol AB, senior positions at Volvo CE and Spendrups.

Shares owned: 20,000 Class B shares (own holding).

Call options: 10,000.

TORBJÖRN ERIKSSON

Country Manager Sales Sweden since 2022.

Born: 1967.

Education/training: Mechanical engineer.

Other current assignments: –.

Work experience: Head of Division Tools Nordics, CEO of Tools Sweden, senior positions at Momentum Industrial and Movomech.

Shares owned: –.

Call options: 10,000.

JENS HENRIKSEN

Country Manager Sales Norway since 2022.

Born: 1969.

Education/training: MSc Engineering and Master in Management.

Other current assignments: Board member of Astrup AS.

Work experience: CEO of Tools AS, CEO of Luna Norge, senior roles at ELFA Distrelec.

Shares owned: 46,420 Class B shares (own holding).

Call options: 13,000.

SEPPO RONKAINEN

Country Manager Sales Finland since 2022.

Born: 1969.

Education/training: MSc Engineering in process and materials technology.

Other current assignments: –.

Work experience: Senior positions at multinational companies such as Metso:Outotec and Wärtsilä and CEO positions at medium-sized privately owned Finnish companies.

Shares owned: –.

Call options: –.

CONSOLIDATED INCOME STATEMENT

MSEK	Note	2022	2021
Revenue	3	9,211	8,417
Other operating income	4	122	91
Total operating income		**9,333**	**8,508**
Cost of goods sold		-5,483	-4,987
Personnel costs	5	-1,719	-1,640
Depreciation, amortisation, impairment losses and reversal of impairment losses		-486	-563
Other operating expenses	6, 12	-976	-891
Total operating expenses		**-8,664**	**-8,081**
Operating profit	3	**669**	**427**
Financial income		4	3
Financial expenses		-61	-51
Net financial items	7	**-57**	**-48**
Profit/loss after financial items		**612**	**379**
Taxes	9	-131	-88
Profit/loss for the year, continuing operations		**481**	**291**
Profit/loss for the year, discontinued operations	32	**3,581**	**139**
Profit/loss for the year, Group total		**4,062**	**430**
Of which, attributable to:			
Parent Company shareholders		4,061	429
Profit/loss for the year, continuing operations		480	291
Profit/loss for the year, discontinued operations excluding impact on earnings of the distribution of Momentum Group		28	138
Impact on earnings of the distribution of Momentum Group		3,553	-
Non-controlling interests		1	1
Profit/loss for the year, continuing operations		1	0
Profit/loss for the year, discontinued operations		0	1
Earnings per share, SEK	18		
Continuing operations[1]		9.51	5.75
Discontinued operations excluding impact on earnings of the distribution of Momentum Group[1]		0.55	2.75
Impact on earnings of the distribution of Momentum Group[1]		70.38	-
Group total[1]		80.44	8.50

1) Before and after dilution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	2022	2021
Profit/loss for the year		**4,062**	**430**
Other comprehensive income			
Components that will not be reclassified to profit/loss for the year			
Remeasurement of defined benefit pension plans		0	1
Tax attributable to components that will not be reclassified	9	0	0
		0	**1**
Components that will be reclassified to profit/loss for the year			
Translation differences		57	51
Fair value changes for the year in cash flow hedges		2	7
Fair value changes in cash flow hedges transferred to profit/loss for the year		-7	14
Tax attributable to components that were or can be reclassified to profit/loss for the year	9	1	-4
		53	**68**
Other comprehensive income for the year		**53**	**69**
Comprehensive income for the year		**4,115**	**499**
Attributable to:			
Parent Company shareholders		4,114	498
Non-controlling interests		1	1

CONSOLIDATED BALANCE SHEET

MSEK	Note	31/12/2022	31/12/2021
ASSETS			
Non-current assets			
Intangible non-current assets	10	2,655	2,577
Right-of-use assets	12	983	935
Tangible non-current assets	11	574	532
Financial investments		0	0
Other non-current receivables	16	24	14
Deferred tax assets	9	67	75
Total non-current assets		**4,303**	**4,133**
Current assets			
Inventories	14	2,275	1,856
Tax assets		1	17
Accounts receivable	24	1,285	1,154
Other receivables	16	148	119
Prepaid expenses and accrued income	15	137	141
Cash and cash equivalents		215	286
Discontinued operations, assets held for distribution	32	-	973
Total current assets		**4,061**	**4,546**
TOTAL ASSETS		**8,364**	**8,679**
EQUITY AND LIABILITIES			
Equity	17		
Share capital		102	102
Reserves		48	-5
Retained earnings including profit/loss for the year		3,258	3,332
Equity attributable to Parent Company shareholders		**3,408**	**3,429**
Non-controlling interests		**5**	**19**
Total equity		**3,413**	**3,448**
Non-current liabilities			
Non-current interest-bearing liabilities	24	1,749	1,421
Non-current lease liabilities	24	661	674
Non-current non-interest-bearing liabilities	20	9	3
Provisions for pensions	19	0	0
Other provisions	20	43	47
Deferred tax liabilities	9	363	349
Total non-current liabilities		**2,825**	**2,494**
Current liabilities			
Current interest-bearing liabilities	24	0	124
Current lease liabilities	24	352	339
Accounts payable		1,070	1,144
Tax liabilities		55	8
Other liabilities	21	198	167
Accrued expenses and deferred income	22	451	445
Discontinued operations, liabilities held for distribution		-	510
Total current liabilities		**2,126**	**2,737**
TOTAL LIABILITIES		**4,951**	**5,231**
TOTAL EQUITY AND LIABILITIES		**8,364**	**8,679**

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**
Closing equity, 31/12/2020	**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**
Option liability, acquisitions[1]			-16	**-16**		**-16**
Change in value of option liability[2]			2	**2**		**2**
Closing equity, 31/12/2021	**102**	**-5**	**3,332**	**3,429**	**19**	**3,448**
Opening equity, 01/01/2022	**102**	**-5**	**3,332**	**3,429**	**19**	**3,448**
Profit/loss for the year			4,061	**4,061**	1	**4,062**
Other comprehensive income		53		**53**		**53**
Distribution of shares in Momentum Group[3]			-4,038	**-4,038**	-17	**-4,055**
Dividend			-88	**-88**		**-88**
Premium received for issued share options			1	**1**		**1**
Repurchase of share options			0	**0**		**0**
Acquisitions of partly owned subsidiaries				**-**	4	**4**
Changes in ownership share in partly owned subsidiaries			-1	**-1**	-2	**-3**
Option liability, acquisitions[4]			-9	**-9**		**-9**
Closing equity, 31/12/2022	**102**	**48**	**3,258**	**3,408**	**5**	**3,413**

1) 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.

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) Distribution of Momentum Group AB. Corresponds to the market value of Momentum Group at listing on Nasdaq Stockholm on 31 March 2022 (based on the opening price).

4) Pertains to the value of the put options in relation to non-controlling interests in the acquired subsidiary Profeel Sweden 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 2026 onwards.

CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	Note	2022	2021
Operating activities			
Profit/loss after financial items		612	379
Adjustments for non-cash items	30	485	656
Income taxes paid		-50	-113
Cash flow from operating activities before changes in working capital		**1,047**	**922**
Cash flow from changes in working capital			
Change in inventories		-349	-271
Change in operating receivables		-100	-222
Change in operating liabilities		-91	321
Changes in working capital		**-540**	**-172**
Cash flow from operating activities		**507**	**750**
Investing activities			
Acquisition of tangible non-current assets		-108	-109
Proceeds from sale of tangible non-current assets		4	2
Acquisition of intangible non-current assets		-38	-44
Acquisition of subsidiaries/operating segments, net effect on liquidity	31	-144	-31
Divestment of subsidiaries/operating segments, net effect on liquidity	31	-	-23
Acquisition of financial non-current assets		-11	-15
Proceeds from sale of financial non-current assets		1	0
Cash flow from investing activities		**-296**	**-220**
Cash flow before financing		**211**	**530**
Financing activities			
Dividend paid to Parent Company shareholders		-88	-76
Dividend paid to non-controlling interests		-	-1
Additional acquisition of shares in already partly owned subsidiaries		-7	-14
Repurchase/sale of share options		1	-20
Repurchase/sale of treasury shares		-	9
Borrowings		1,871	-
Repayment of loans		-2,058	-486
Cash flow from financing activities		**-281**	**-588**
Cash flow for the year, continuing operations		**-70**	**-58**
Cash flow for the year, discontinued operations	**32**	**7**	**27**
Cash flow for the year, Group total		**-63**	**-31**
Cash and cash equivalents at the beginning of the year		345	375
Exchange difference in cash and cash equivalents		-1	1
Cash and cash equivalents in discontinued operations		-66	-
Cash and cash equivalents at year-end	31	**215**	**345**[1]

1) 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	2022	2021
Revenue	3	17	23
Other operating income	4	4	5
Total operating income		**21**	**28**
Personnel costs	5	-28	-31
Depreciation, amortisation, impairment losses and reversal of impairment losses		0	0
Other operating expenses	6, 12	-20	-17
Total operating expenses		**-48**	**-48**
Operating profit		**-27**	**-20**
Profit from financial items:			
Profit from other securities and receivables recognised as non-current assets		38	30
Other interest income and similar profit/loss items		1	0
Interest expenses and similar profit/loss items		-41	-25
Net financial items	7	**-2**	**5**
Profit/loss after financial items		**-29**	**-15**
Appropriations	8	32	42
Profit/loss before tax		**3**	**27**
Taxes	9	-1	-6
Profit/loss for the year		**2**	**21**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	2022	2021
Profit/loss for the year		**2**	**21**
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		**2**	**21**

PARENT COMPANY BALANCE SHEET

MSEK	Note	31/12/2022	31/12/2021
ASSETS			
Non-current assets			
Intangible non-current assets	10	0	0
Financial non-current assets			
Participations in Group companies	28	1,948	1,991
Receivables from Group companies	13	1,484	1,694
Deferred tax assets	9	0	0
Total financial non-current assets		**3,432**	**3,685**
Total non-current assets		**3,432**	**3,685**
Current assets			
Current receivables			
Receivables from Group companies		456	172
Tax assets		0	20
Other receivables	16	0	1
Prepaid expenses and accrued income		1	4
Total current receivables		**457**	**197**
Cash and bank		175	251
Total current assets		**632**	**448**
TOTAL ASSETS		**4,064**	**4,133**
EQUITY, PROVISIONS AND LIABILITIES			
Equity	17		
Restricted equity			
Share capital		102	102
Non-restricted equity			
Share premium reserve		1,442	1,442
Retained earnings		317	426
Profit/loss for the year		2	21
Total equity		**1,863**	**1,991**
Untaxed reserves		**1**	**-**
Non-current liabilities			
Provisions		4	4
Liabilities to credit institutions	24	1,739	1,421
Total non-current liabilities		**1,743**	**1,425**
Current liabilities			
Liabilities to credit institutions	24	-	124
Accounts payable		1	2
Liabilities to Group companies		436	580
Tax liabilities		0	-
Other liabilities		1	1
Accrued expenses and deferred income	22	19	10
Total current liabilities		**457**	**717**
TOTAL EQUITY, PROVISIONS AND LIABILITIES		**4,064**	**4,133**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Restricted equity	Non-restricted equity				
MSEK	Share capital	Holding of treasury shares	Share premium reserve	Retained earnings	Profit/loss for the year	Total equity
Closing equity, 31/12/2020	**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**
Opening equity, 01/01/2022	**102**	**-41**	**1,442**	**467**	**21**	**1,991**
Reversal of earnings				21	-21	**0**
Profit/loss for the year					2	**2**
Other comprehensive income						**-**
Distribution of shares in Momentum Group[1]				-43		**-43**
Dividend				-88		**-88**
Repurchase of share options				0		**0**
Premium received for issued share options				1		**1**
Closing equity, 31/12/2022	**102**	**-41**	**1,442**	**358**	**2**	**1,863**

1) Distribution of Momentum Group AB, corresponds to the book value of shares.

PARENT COMPANY STATEMENT OF CASH FLOWS

MSEK	Note	2022	2021
Operating activities			
Profit/loss after financial items		-29	-15
Adjustments for non-cash items	30	3	0
Income taxes paid		19	7
Cash flow from operating activities before changes in working capital		**-7**	**-8**
Cash flow from changes in working capital			
Change in current receivables and liabilities to Group companies		-437	-116
Change in operating receivables		1	2
Change in operating liabilities		8	3
Changes in working capital		**-428**	**-111**
Cash flow from operating activities		**-435**	**-119**
Investing activities			
Cash flow from investing activities		**-**	**-**
Cash flow before financing		**-435**	**-119**
Financing activities			
Dividend		-88	-76
Repurchase/sale of treasury shares		-	9
Repurchase/sale of share options		1	-20
Change in non-current receivables and liabilities to Group companies		219	224
Group contributions paid and received		42	0
Borrowings		1,733	0
Repayment of loans		-1,548	-124
Cash flow from financing activities		**359**	**13**
Cash flow for the year		**-76**	**-106**
Cash and cash equivalents at the beginning of the year		251	357
Cash and cash equivalents at year-end	30	**175**	**251**

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 5 April 2023. 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 24 May 2023.

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 reports for 2021 and 2022 have 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 reporting entity:	Alligo AB
Domicile of entity:	Stockholm
Legal form of entity:	Aktiebolag (limited liability company)
Country of incorporation:	Sweden
Address of entity's registered office:	Vindkraftsvägen 2, 135 70 Tyresö
Description of nature of entity's operations and principal activities:	Alligo is a leading player within workwear, personal protective equipment, tools and consumables in the Nordic region.
Name of parent entity:	Alligo AB
Name of ultimate parent of 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 2022 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 shares in the discontinued operations of Momentum Group were distributed to the shareholders of Alligo with a record date of 25 March 2022.

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. As a result of Momentum Group being defined as discontinued operations during Q1 2022, Alligo adapted its segment reporting so that it reflects how continuing operations are organised and monitored.

1 Continuation: **Summary of key accounting policies**

As of Q1 2022, Alligo reports three operating segments: Sweden, Norway and Finland. 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.

In 2022, certain components that were previously recognised as revenue (approximately MSEK 58 for 2021) were reclassified as other income in order to better reflect the underlying operations.

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.

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 100 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.

1 Continuation: **Summary of key accounting policies**

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 one hundred 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. Brands are distributed to cash-generating units and are not amortised continuously. Instead, impairment testing is conducted on an annual basis. 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 year-end.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is primarily calculated 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, 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.

1 Continuation: **Summary of key accounting policies**

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 2022, Alecta's surplus in the form of its collective funding level was 172 per cent (172). 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 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

As of Q1 2022, the Group's operating segments consist of the geographic segments of Sweden, Norway and Finland. The operating segments reflect the operational organisation, as used by Group's corporate management and the Board of Directors to monitor operations. Group-wide includes the Group's management and support functions. The support functions include 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.

Items affecting comparability in 2022 in Sweden and Norway relate to costs for organisational changes in connection with establishing new sales organisations as well as rental costs for the coordination of logistics. Items affecting comparability in Finland relate to severance costs in connection with a change of management and rental costs. In addition, the period has been impacted by items affecting comparability relating to costs ahead of the separate listing of Momentum Group.

Items affecting comparability in 2021 in Sweden relate to restructuring costs in connection with the coordination of logistics. This coordination concerns 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) and of losses on divestment of operations. Items affecting comparability in Norway relate to losses on the divestment of operations. In addition, the period has been impacted by items affecting comparability relating to costs for advisers in connection with the investigation of the conditions for a possible division of the Group.

2022 MSEK	Sweden	Norway	Finland	Total segments	Group-wide	Eliminations	Group total
Revenue							
From external customers	5,105	2,559	1,547	**9,211**	-	-	9,211
From other segments	234	32	5	**271**	-	-271	0
Total	**5,339**	**2,591**	**1,552**	**9,482**	**-**	**-271**	**9,211**
EBITA	**610**	**107**	**62**	**779**	**-23**	**-**	**756**
Items affecting comparability	-9	-6	-5	**-20**	-4	-	-24
Amortisation of intangible assets in connection with corporate acquisitions	-41	-16	-6	**-63**	-	-	-63
Operating profit	**560**	**85**	**51**	**696**	**-27**	**0**	**669**
Net financial items	-	-	-	**-**	-57	-	-57
Profit/loss after net financial items	**560**	**85**	**51**	**696**	**-84**	**0**	**612**
Goodwill	1,122	151	288	**1,561**	-	-	1,561
Other assets	5,575	1,113	669	**7,357**	2,116	-2,670	6,803
Total assets	**6,697**	**1,264**	**957**	**8,918**	**2,116**	**-2,670**	**8,364**
Liabilities	3,688	1,151	587	**5,426**	2,200	-2,670	4,956
Other disclosures							
Investments	102	33	11	**146**	-	-	146
Depreciation and amortisation	-295	-139	-52	**-486**	0	-	-486

The columns "Group-wide" and "Eliminations" pertaining to assets comprise the elimination of intra-segment receivables of MSEK 2,670, intra-segment receivables of MSEK 1,939 and undistributed assets of MSEK 177.

The columns "Group-wide" and "Eliminations" pertaining to liabilities comprise the elimination of intra-segment liabilities of MSEK 2,670, intra-segment liabilities of MSEK 436 and undistributed liabilities of MSEK 1,764.

2021 MSEK	Sweden	Norway	Finland	Total segments	Group-wide	Eliminations	Group total
Revenue							
From external customers	4,920	2,177	1,320	**8,417**	-	-	8,417
From other segments	231	21	0	**252**	-	-252	0
Total	**5,151**	**2,198**	**1,320**	**8,669**	**-**	**-252**	**8,417**
EBITA	**560**	**80**	**19**	**659**	**-14**	**-**	**645**
Items affecting comparability	-130	-19	-	**-149**	-6	-	-155
Amortisation of intangible assets in connection with corporate acquisitions	-44	-14	-5	**-63**	-	-	-63
Operating profit	**386**	**47**	**14**	**447**	**-20**	**0**	**427**
Net financial items	-	-	-	**0**	-48	-	-48
Profit/loss after net financial items	**386**	**47**	**14**	**447**	**-68**	**0**	**379**
Goodwill	1,097	105	259	**1,461**	-	-	1,461
Other assets	5,371	817	497	**6,685**	2,142	-2,582	6,245
Total assets	**6,468**	**922**	**756**	**8,146**	**2,142**	**-2,582**	**7,706**
Liabilities	3,833	878	465	**5,176**	2,130	-2,582	4,724
Other disclosures							
Investments	120	19	14	**153**	-	-	153
Depreciation and amortisation	-386	-131	-46	**-563**	0	-	-563

The columns "Group-wide" and "Eliminations" pertaining to assets comprise the elimination of intra-segment receivables of MSEK 2,582, 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 2,582, intra-segment liabilities of MSEK 569 and undistributed liabilities of MSEK 1,561.

Revenue by class of income

	GROUP		PARENT COMPANY	
MSEK	2022	2021	2022	2021
Revenue				
Sale of goods	9,116	8,303	-	-
Service assignments	95	114	17	23
Total	**9,211**	**8,417**	**17**	**23**

Income at the Parent Company pertains to intra-Group services totalling MSEK 17 (20) and services provided to discontinued operations totalling MSEK 0 (3).

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	31/12/2022	31/12/2021
Sweden	2,489	2,464
Norway	374	315
Finland	366	330
Other countries	0	0
Group total	**3,229**	**3,109**

NOTE 4 Other operating income

	GROUP		PARENT COMPANY	
MSEK	2022	2021	2022	2021
Exchange rate gains on operating receivables/liabilities	5	7	0	0
Commissions	20	17	-	-
Advertising subsidy	12	3	-	-
Rental income	5	3	-	-
Administrative services	10	13	-	-
Logistics services	30	18	-	-
Grants from EU, central and local government	10	5	-	-
Insurance indemnification	0	1	-	-
Other	30	24	4	5
Total	**122**	**91**	**4**	**5**

Other operating income at the Parent Company pertains to internally invoiced expenses of MSEK 4 (5).

NOTE 5 Employees and personnel costs

Average no. of employees by country	2022 Men	2022 Women	2022 Total	2021 Men	2021 Women	2021 Total
Sweden, Parent Company	1	1	**2**	3	2	**5**
Sweden, Other subsidiaries	918	444	**1,362**	945	435	**1,380**
Norway	462	129	**591**	452	129	**581**
Finland	286	83	**369**	266	77	**343**
Other countries	3	8	**11**	4	10	**14**
Group total	**1,670**	**665**	**2,335**	**1,670**	**653**	**2,323**

Percentage women	2022	2021
Parent Company		
Board of Directors	33	33
Corporate management	50	50
Group		
Boards of directors	16	17
Other senior executives	10	9

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

Costs for employee benefits and Board fees	2022	2021
Parent Company		
Salaries and other remuneration	18	18
Pension costs, defined benefit plans	0	0
Pension costs, defined contribution plans	3	3
Social security contributions	7	6
Subsidiaries		
Salaries and other remuneration	1,302	1,241
Pension costs, defined benefit plans	0	0
Pension costs, defined contribution plans	111	102
Social security contributions	291	285
Group total	**1,732**	**1,655**

Salaries and other remuneration to the Board of Directors, corporate management and management group 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 2022 according to the table below. Special remuneration was paid for committee work in 2022, with the chair of the Audit Committee receiving SEK 150 thousand and the chair of the Remuneration Committee receiving SEK 100 thousand.

Corporate management

Salaries and remuneration to the Group's corporate management for the 2022 financial year have been paid in accordance with the guidelines for remuneration adopted by the Annual General Meeting in May 2022. As of November 2021, the corporate management comprises President & CEO Clein Johansson Ullenvik and CFO Irene Wisenborn Bellander. Up to and including November 2021, the corporate management comprised Ulf Lilius as President & CEO as well as Deputy CEO & CFO Niklas Enmark.

Management group

Salaries and remuneration to the management group for the 2022 financial year have been paid in accordance with the guidelines for remuneration adopted by the Annual General Meeting in May 2022. As of 1 January 2022, the management group comprises the President & CEO, the CFO, the Head of Assortment and Procurement, the Country Manager Sweden, the Country Manager Norway, the Country Manager Finland, Head of Logistics, the Head of Business Development and Sustainability, the CIO and the HR Director.

President & CEO

Clein Johansson Ullenvik has been the President & CEO of Alligo AB since 1 November 2021. Remuneration to the President & CEO of Alligo AB 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 an amount of six months' salary. In the event of resignation, severance pay is also payable at an amount of six months' salary.

Ulf Lilius was the President & CEO of Alligo AB until and including November 2021. Remuneration to the President & CEO of Alligo AB comprises fixed salary, variable salary, participation in the 2017/21 and 2018/22 call option programmes (see below 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 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 and including 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 for a more detailed description), other benefits and pension. For the company's Deputy CEO & CFO, 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, Niklas Enmark, 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 Directors, CEO and other senior executives of the Parent Company 2022

SEK thousand	Board fee/ Fixed salary	Variable salary	Other benefits	Pension costs	Total	Call options outstanding, no.
Board of Directors						
Göran Näsholm, Chair of the Board[1]	750	-	-	-	**750**	-
Johan Sjö, Board member[2]	300	-	-	-	**300**	-
Stefan Hedelius, Board member	300	-	-	-	**300**	-
Cecilia Marlow, Board member[3]	450	-	-	-	**450**	-
Christina Åqvist, Board member	300	-	-	-	**300**	-
Pontus Boman, Board member[4]	300	-	-	-	**300**	-
Total	**2,400**	**-**	**-**	**-**	**2,400**	**-**
Senior executives						
Clein Ullenvik, President & CEO	5,857	1,935	6	1,548	**9,346**	50,000
Other senior executives (9)	18,630[5]	2,458	661	5,072	**26,821**	102,000
Total	**24,487**	**4,393**	**667**	**6,620**	**36,167**	**152,000**

Remuneration and other benefits to the Board of Directors and CEO of the Parent Company 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[2]	800	-	-	-	**800**	-
Göran Näsholm, Board member	380	-	-	-	**380**	-
Stefan Hedelius, Board member[2]	380	-	-	-	**380**	-
Gunilla Spongh, Board member[3]	480	-	-	-	**480**	-
Christina Åqvist, Board member	380	-	-	-	**380**	-
Johan Eklund, Board member	380	-	-	-	**380**	-
Total	**2,800**	**-**	**-**	**-**	**2,800**	**-**
CEOs						
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**

1) Chair of the Remuneration Committee.
2) Member of the Remuneration Committee.
3) Chair of the Audit Committee.
4) Member of the Audit Committee.
5) Includes severance pay in Finland of MSEK 2.0.

Call option programme 2022

The 2022 Annual General Meeting approved a call option programme containing a maximum of 185,000 options, corresponding to approximately 0.36 per cent of the total number of shares and approximately 0.33 per cent of the total number of votes in the company. The programme is designed for key personnel in senior positions and provides the opportunity to acquire call options at market price for Class B shares repurchased by Alligo. After two years, a subsidy will be paid equivalent to the premium paid for each call option (before tax) provided that the option holder's employment at the Group has not been terminated and that the call options have not been divested prior to this point. The subsidy is recognised as an accrued expense until the time when the employment condition is met. The subsidy is also charged with social security contributions. The cost for the year amounts to MSEK 0.4. Each call option entitles the holder to acquire one (1) repurchased Class B share in the company on three occasions: 1) during the period from 2 June 2025 to 16 June 2025 inclusive, 2) during the period from 18 August 2025 to 1 September 2025 inclusive, and 3) during the period from 3 November 2025 to 17 November 2025 inclusive. The redemption price has been calculated as SEK 129.30, based on 120 per cent of the volume-weighted average price during the period 12 May to 25 May 2022. If the share price at the time the call option is exercised exceeds SEK 194.00, the redemption price shall be increased krona for krona by the amount in excess of SEK 194.00. The option premium has been calculated as SEK 7.82 by an independent third party according to the accepted Black-Scholes model. 185,000 call options have been allotted and acquired by employees on market terms. Of these, 80,000 have been acquired by the Group CEO and CFO and 105,000 by other key personnel. The option premium paid totals MSEK 1.4.

5 Continuation: **Employees and personnel costs**

Call option programme 2018/2022

In August 2018, the Annual General Meeting of Momentum Group AB resolved to offer 50 key individuals 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.

At the beginning of the year, there were 8,000 call options outstanding. On 2 June 2022, a cash redemption of the remaining 8,000 outstanding options in the programme took place for a cash sum of SEK 362,647.

Options issued and outstanding as at 31 December 2022 and options settled during the year

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 2022	June 2022	2–16 Jun 2025, 18 Aug 2025–1 Sep 2025 and 3–17 Nov 2025	**129.30**	185,000	-	-	185,000	Physical delivery
Call option programme 2018/22	September 2018	14–28 Feb 2022 and 16–30 May 2022	**137.30**	250,000	-	8,000	0	Physical delivery
Parent Company								
Call option programme 2022	June 2022	2–16 Jun 2025, 18 Aug 2025–1 Sep 2025 and 3–17 Nov 2025	**129.30**	80,000	-	-	80,000	Physical delivery

NOTE 6 Fees to auditors

	GROUP		PARENT COMPANY	
MSEK	**2022**	**2021**	**2022**	**2021**
KPMG				
Audit assignment	6	6	2	1
Tax advisory services	0	0	0	-
Other assignments	1	1	1	1
Total fees to KPMG	**7**	**7**	**3**	**2**
Other auditors				
Audit assignment	0	0	-	-
Tax advisory services	0	-	-	-
Other assignments	0	0	-	-
Total fees to other auditors	**0**	**0**	**-**	**-**
Total fees to auditors	**7**	**7**	**3**	**2**

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 8 Appropriations

	PARENT COMPANY	
MSEK	**2022**	**2021**
Group contributions received	33	42
Group contributions paid	-	-
Tax allocation reserve, change for the year	-1	-
Total	**32**	**42**

NOTE 7 Financial income and expenses

Group, MSEK	**2022**	**2021**
Other financial income	4	3
Financial income	**4**	**3**
Interest expenses on liabilities to credit institutions	-39	-24
Interest expenses on leases	-19	-15
Net interest expenses on defined benefit pensions	0	0
Other financial expenses	-3	-12
Financial expenses	**-61**	**-51**
Net financial items	**-57**	**-48**

Parent Company, MSEK	**2022**	**2021**
Profit from participations in Group companies	**-**	**-**
Interest income, Group companies	40	30
Interest income, other	1	0
Interest income and similar profit/loss items	**41**	**30**
Interest expenses, Group companies	-2	0
Interest expenses on liabilities to credit institutions	-39	-24
Other financial expenses	-2	-1
Interest expenses and similar profit/loss items	**-43**	**-25**
Profit from financial items	**-2**	**5**

NOTE 9 Taxes

Tax recognised in the income statement

	GROUP		PARENT COMPANY	
MSEK	**2022**	**2021**	**2022**	**2021**
Tax expense for the period	-111	-96	-1	-3
Adjustment of taxes attributable to earlier years	0	-4	-	0
Deferred tax	-20	12	-	-3
Tax included in profit/loss for the period, continuing operations	**-131**	**-88**	**-1**	**-6**

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	**2022**	**%**	**2021**	**%**	**2022**	**%**	**2021**	**%**
Profit/loss before tax	612		379		3		27	
Taxes at an average tax rate	-127	20.7	-80	20.9	-1	20.6	-6	20.6
Tax effect of:								
Changed tax rate	0		0		-		-	
Taxes attributable to earlier years	0		-1	0.2	-			
Non-deductible expenses	-4	0.7	-10	2.7	0	14.2	0	
Non-taxable income	0		0		0	-0.2	-	
Unutilised loss carryforwards	0		0					
Other items	0		3	-0.7	-		-	
Total tax	**-131**	**21.4**	**-88**	**23.1**	**-1**	**34.6**	**-6**	**20.6**

Taxes recognised in the statement of comprehensive income

	GROUP	
MSEK	**2022**	**2021**
Deferred tax on defined-benefit pension plans	0	0
Deferred tax on hedging instruments	1	-4
Total	**1**	**-4**

Deferred tax recognised on the balance sheet

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

	31/12/2022			31/12/2021		
Group, MSEK	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Intangible assets		-210	**-210**		-216	**-216**
Buildings and land		-11	**-11**		-11	**-11**
Machinery and equipment	3	-	**3**	3	-	**3**
Leased assets	15	-	**15**	22	-	**22**
Hedging instruments	0	-1	**-1**	0	-2	**-2**
Inventories	36	-	**36**	32	-	**32**
Accounts receivable	2	-	**2**	2	-	**2**
Untaxed reserves	-	-141	**-141**	-	-120	**-120**
Pension provisions	0	-	**0**	0	-	**0**
Other provisions	6	-	**6**	9	-	**9**
Loss carryforwards	3	-	**3**	3	-	**3**
Other	2	0	**2**	4	0	**4**
Total	**67**	**-363**	**-296**	**75**	**-349**	**-274**

The Group reports deferred tax assets for tax loss carryforwards to the extent it is likely that these can be utilised. The Group's tax loss carryforward amounts to MSEK 12.6 (12.4) at year-end, of which deferred tax has been recognised in the amount of MSEK 2.6 (2.6). The Group has uncapitalised loss carryforwards of MSEK 0.2 (0) relating to a deficit at the acquired company Profeel Norway AS.

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

	GROUP	
MSEK	**2022**	**2021**
Opening balance at the beginning of the year, net	**-274**	**-290**
Recognised in profit/loss for the period, continuing operations	-20	12
Recognised in profit/loss for the period, discontinued operations	-	-7
Recognised in other comprehensive income	1	-4
Acquisition of operations	-4	-2
Divestment of operations	-	-4
Discontinued operations	-	22
Translation differences	1	-1
Closing balance at year-end, net	**-296**	**-274**

NOTE 10 Intangible assets

	2022						2021					
	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	1,461	562	630	170	0	**2,823**	1,603	568	634	148	5	**2,958**
Investments				38		**38**				43		**43**
Acquisition of subsidiaries	82	38				**120**	19	13				**32**
Divestment of operations						**0**	-5	-1	-4	-10		**-20**
Sales and disposals				-4		**-4**				-7	-5	**-12**
Reclassifications				0		**0**				-7		**-7**
Translation differences	18	4		4		**26**	7	3		5		**15**
Discontinued operations	-	-	-	-	-	**0**	-163	-21		-2		**-186**
At year-end	**1,561**	**604**	**630**	**208**	**0**	**3,003**	**1,461**	**562**	**630**	**170**	**0**	**2,823**
Accumulated amortisation												
At the beginning of the year	-	-152	-	-94	0	**-246**	-	-98	-4	-70	-2	**-174**
Amortisation for the year		-64		-35		**-99**		-63		-41	-1	**-105**
Divestment of operations						**0**		1	4	10		**15**
Sales and disposals				2		**2**				8	3	**11**
Translation differences		-2		-3		**-5**		-2		-3		**-5**
Discontinued operations	-	-	-	-	-	**0**		10		2		**12**
At year-end	**-**	**-218**	**-**	**-130**	**0**	**-348**	**-**	**-152**	**0**	**-94**	**0**	**-246**
Write-downs on cost												
At the beginning of the year						**-**						**-**
Write-downs for the year						**-**						**-**
At year-end	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Carrying amount at the beginning of the year	1,461	410	630	76	0	**2,577**	1,603	470	630	78	3	**2,784**
Carrying amount at year-end	**1,561**	**386**	**630**	**78**	**0**	**2,655**	**1,461**	**410**	**630**	**76**	**0**	**2,577**

	Licences	
Parent Company, MSEK	**2022**	**2021**
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 and trademarks

The carrying amount of goodwill and trademarks was tested prior to the balance sheet date of 31 December 2022 using the balance sheet on 31 December 2022 as a base. The Group's total reported goodwill amounts to MSEK 1,561 (1,461) and the carrying amount to 630 (630), allocated by operating segment according to the table below:

	Goodwill		Trademarks	
Group, MSEK	**31/12/2022**	**31/12/2021**	**31/12/2022**	**31/12/2021**
Sweden	1,122	1,097	551	551
Norway	151	105	79	79
Finland	288	259	-	-
Total	**1,561**	**1,461**	**630**	**630**

Alligo has historically conducted a large number of acquisitions. Consolidated goodwill and trademarks are allocated to the cash-generating units, which correspond with the Group's operating segments. Goodwill and trademark values are tested at operating segment level. The basis of this testing and the assessment of future cash flows is based on the budget for each operating segment for the coming 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 and trademark values did not indicate any impairment requirement.

	Discount rate, before tax	
Group, %	**31/12/2022**	**31/12/2021**
Sweden	8.0%	11.0%
Norway	11.5%	11.0%
Finland	11.5%	11.0%

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

NOTE 11 Tangible non-current assets

Group, MSEK	2022 Buildings and land	2022 Leasehold improvements	2022 Machinery and equipment	2022 Construction in progress	2022 Total	2021 Buildings and land	2021 Leasehold improvements	2021 Machinery and equipment	2021 Construction in progress	2021 Total
Accumulated cost										
At the beginning of the year	304	89	422	33	**848**	208	80	381	120	**789**
Investments		10	52	46	**108**	1	1	37	71	**110**
Acquisition of subsidiaries			2		**2**			1		**1**
Divestment of operations					**-**			-4		**-4**
Sales and disposals	-1	-3	-56		**-60**		-2	-13		**-15**
Reclassifications		10	60	-70	**0**	95	11	58	-157	**7**
Translation differences	4	2	8	0	**14**	0	2	8	0	**10**
Discontinued operations	-	-	-	-	**-**		-3	-46	-1	**-50**
At year-end	**307**	**108**	**488**	**9**	**912**	**304**	**89**	**422**	**33**	**848**
Accumulated depreciation										
At the beginning of the year	-41	-44	-218		**-303**	-33	-36	-214		**-283**
Depreciation for the year	-7	-11	-52		**-70**	-8	-10	-44		**-62**
Divestment of operations					**-**		0	3		**3**
Sales and disposals	0	2	55		**57**		1	6		**7**
Translation differences	-3	-1	-6		**-10**		-2	-6		**-8**
Discontinued operations	-	-	-		**-**		3	37		**40**
At year-end	**-51**	**-54**	**-221**	**-**	**-326**	**-41**	**-44**	**-218**	**-**	**-303**
Write-downs on cost										
At the beginning of the year		-10	-3		**-13**					**-**
Reversal of write-down		1	0		**1**		-	-		**-**
Write-downs for the year		-	-		**-**		-10	-3		**-13**
Sales and disposals		1			**1**					**-**
At year-end	**-**	**-8**	**-3**	**-**	**-11**	**-**	**-10**	**-3**	**-**	**-13**
Carrying amount at the beginning of the year	263	35	201	33	**532**	175	44	167	120	**506**
Carrying amount at year-end	**256**	**46**	**264**	**9**	**575**	**263**	**35**	**201**	**33**	**532**

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

Group, MSEK	Premises	Vehicles	Other	Total
Opening carrying amount 01/01/2021	**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 31/12/2021	**871**	**50**	**14**	**935**
Acquisitions	84	40	8	**132**
Extensions and remeasurements	220	-1	1	**220**
Amortisation during the year	-279	-32	-7	**-318**
Translation differences	13	1	0	**14**
Closing balance 31/12/2022	**909**	**58**	**16**	**983**

Cash flow

The total cash flow for continuing operations in relation to leases amounted to MSEK -401 (-395) 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 and risk management.

12 Continuation: **Leases**

Amounts recognised in profit or loss

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

Group, MSEK	2022	2021
Depreciation of right-of-use assets	-318	-383
Interest on lease liabilities	-19	-15
Variable lease payments not included in the measurement of the lease liability	-10	-9
Income from sub-leasing of right-of-use assets	5	2
Cost of short-term leases	-2	-2
Cost of low-value leases, not short-term leases of low value	-11	-9

Non-cancellable lease payments amount to:

	PARENT COMPANY	
MSEK	2022	2021
Leases where the company is the lessee		
Within 1 year	0	0
Between 1 and 5 years	-	0
Later than 5 years	-	-
Total	**0**	**0**

Expensed lease payments amount to:

	PARENT COMPANY	
MSEK	2022	2021
Minimum lease payments	0	2
Total lease costs	**0**	**2**

NOTE 13 Receivables from Group companies

	PARENT COMPANY	
MSEK	31/12/2022	31/12/2021
Carrying amount at the beginning of the year	**1,694**	**1,913**
Additional assets	-	4
Deducted assets	-210	-223
Total	**1,484**	**1,694**

NOTE 14 Inventories

	GROUP	
MSEK	31/12/2022	31/12/2021
Finished goods and goods for resale	2,275	1,856
Total	**2,275**	**1,856**

Cost of goods sold includes net change in the Group's obsolescence reserve and write-downs during the year of MSEK -43 (-49). Net change includes realisation of earlier write-downs.

NOTE 15 Prepaid expenses and accrued income

	GROUP	
MSEK	31/12/2022	31/12/2021
Prepaid expenses		
Rents	0	1
Insurance premiums	2	2
Licences	16	17
Computer costs	0	1
Bank and financial expenses	0	4
Other prepaid expenses	14	31
Accrued income		
Delivery of goods	0	8
Commission and bonus income	104	76
Other accrued income	1	1
Total	**137**	**141**

NOTE 16 Non-current receivables and other receivables

	GROUP	
MSEK	31/12/2022	31/12/2021
Non-current receivables classified as non-current assets		
Pension funds	0	0
Non-current prepaid expenses	11	-
Non-current receivables	13	14
Total	**24**	**14**

	GROUP		PARENT COMPANY	
MSEK	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Other receivables classified as current assets				
VAT receivable	0	4	0	0
Tax account	36	22	0	1
Advance payments	107	75	-	-
Derivative hedging instruments	2	7	-	-
Other receivables	3	11	0	0
Total	**148**	**119**	**0**	**1**

NOTE 17 Equity

Classes of shares

As at 31 December 2022, 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	31/12/2022	31/12/2021
Class A shares	564,073	1,062,436
Class B shares	50,342,116	49,843,753
Total number of shares before repurchasing	**50,906,189**	**50,906,189**
Less: Repurchased Class B shares	-425,300	-425,300
Total number of shares after repurchasing	**50,480,889**	**50,480,889**
Opening repurchased Class B shares	**425,300**	**500,000**
Sale of treasury shares on redemption of share options	-	-74,700
Closing repurchased treasury shares	**425,300**	**425,300**

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

Number	2022	2021
Class A shares		
Number of Class A shares at the beginning of the year	1,062,436	1,062,436
Conversion of Class A shares to Class B shares[1]	-498,363	-
Number of Class A shares at year-end	**564,073**	**1,062,436**
Class B shares		
Number of Class B shares at the beginning of the year	49,843,753	49,843,753
Conversion of Class A shares to Class B shares[1]	498,363	-
Number of Class B shares at year-end	**50,342,116**	**49,843,753**

1) As part of the preparations for the distribution of Momentum Group AB, Nordstjernan AB requested the conversion of 498,363 Class A shares to the corresponding number of Class B shares in Alligo AB.

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.

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 2022, the Group held 425,300 own shares (425,300) in treasury.

Call option programme 2018/2021

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, the remaining 8,000 call options were repurchased, reducing equity by MSEK 0.4. The call option programme 2018/2022 is thereby closed.

Call option programme 2022

Following a resolution at the Annual General Meeting of Shareholders in May 2022, 15 key personnel in senior positions were offered the opportunity to acquire a maximum of 185,000 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 185,000, corresponding to 0.4 per cent of the total number of shares and 0.3 per cent of the total number of votes. The call options have been conveyed at a price of SEK 7.82 per call option, equivalent to the market value of the options according to a valuation performed by an independent third party according to the Black-Scholes model. The redemption price for the call options is SEK 129.3 per share. If the share price at the time the call option is exercised exceeds SEK 194.00, the redemption price shall be increased krona for krona by the amount in excess of SEK 194.00. Each call option entitles the holder to acquire one (1) repurchased Class B share in the company on three occasions: 1) during the period from 2 June 2025 to 16 June 2025 inclusive, 2) during the period from 18 August 2025 to 1 September 2025 inclusive, and 3) during the period from 3 November 2025 to 17 November 2025 inclusive. The option premium paid has increased equity by MSEK 1.4.

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	**2022**	**2021**
Translation reserve		
Opening translation reserve	-11	-62
Translation effect for the year	57	51
Closing translation reserve	**46**	**-11**

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 2 (6).

	GROUP	
MSEK	**2022**	**2021**
Hedging reserve		
Opening hedging reserve	6	-11
Fair value changes for the year in cash flow hedges	2	7
Tax attributable to hedges for the year	0	-1
Fair value changes in cash flow hedges transferred to profit/loss for the year	-7	14
Tax attributable to hedges transferred to profit or loss for the year	1	-3
Closing hedging reserve	**2**	**6**

17 Continuation: **Equity**

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 1,863, of which MSEK 102 was restricted equity.

Distribution of Momentum Group AB

An Extraordinary General Meeting on 23 March 2022 voted through a proposal from the Board of Directors to distribute all of the company's shares in Momentum Group AB to the shareholders of Alligo AB. This distribution contained a total of 50,480,889 shares, of which 564,073 were Class A shares and 49,916,816 were Class B shares, corresponding to all of the shares in Momentum Group AB. One Class A share in Alligo AB provided entitlement to one Class A share in Momentum Group AB and one Class B share in Alligo AB provided entitlement to one Class B share in Momentum Group AB.

This distribution corresponded to a total sum of MSEK 43, based on the carrying amount, constituting a dividend per share of approximately SEK 0.84. Alligo AB's 425,300 Class B treasury shares did not provide entitlement to allotment of shares in Momentum Group AB. The record date for the distribution was 25 March 2022.

Dividend

The Board of Directors of Alligo AB proposes to the Annual General Meeting a dividend of SEK 3.00 per share, corresponding to a pay-out ratio of approximately 31 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 151. 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	31/12/2022
SEK 3.00 (1.75) per share	151
Proposed appropriation of profit (SEK)	
The following funds are at the disposal of the General Meeting of Shareholders:	1,761,200,439
Required for distribution to shareholders of shares in Momentum Group AB	-
The following funds are at the disposal of the Annual General Meeting:	**1,761,200,439**
The Board of Directors proposes that the shareholders receive a dividend of SEK 3.00 per share	151,442,667
That the remaining profit be brought forward[1]	1,609,757,772
Total	**1,761,200,439**

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

NOTE 18 Earnings per share

	BEFORE DILUTION		AFTER DILUTION	
SEK	**2022**	**2021**	**2022**	**2021**
Earnings per share, continuing operations	9.51	5.75	9.51	5.75
Earnings per share, discontinued operations	0.55	2.75	0.55	2.75
Earnings per share, impact on earnings of the distribution of Momentum Group	70.38	-	70.38	-
Earnings per share, total Group	80.44	8.50	80.44	8.50

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 2022 financial year was based on profit for the year attributable to the ordinary shareholders of the Parent Company amounting to MSEK 4,061 (MSEK 429) and a weighted average number of shares outstanding during the financial year amounting to 50,480,889 (50,453,264). The two components have been calculated in the following manner:

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

MSEK	2022	2021
Profit for the year attributable to Parent Company shareholders	4,061	429
Profit attributable to Parent Company shareholders, before dilution	**4,061**	**429**

Weighted average number of shares outstanding, before dilution

Thousands of shares	2022	2021
Total number of shares at financial year-end	50,906	50,906
Effect of holding of treasury shares	-425	-453
Number of shares for calculation of earnings per share	**50,481**	**50,453**

Earnings per share after dilution

The calculation of earnings per share after dilution for the 2022 financial year was based on profit attributable to the ordinary shareholders in the Parent Company amounting to MSEK 4,061 (MSEK 429) and a weighted average number of shares outstanding during the financial year amounting to 50,481,928 (50,455,198). The two components have been calculated in the following manner:

Profit attributable to Parent Company shareholders, after dilution

MSEK	2022	2021
Profit for the year attributable to Parent Company shareholders	4,061	429
Profit attributable to Parent Company shareholders, after dilution	**4,061**	**429**

Weighted average number of shares outstanding, after dilution

Thousands of shares	2022	2021
Total number of shares at financial year-end	50,906	50,906
Effect of holding of treasury shares	-425	-453
Effect of share-option programmes[1]	1	2
Number of shares for calculation of earnings per share	**50,482**	**50,455**

1) As at 31 December 2022, Alligo AB had an outstanding call option programme. The share price on 31 December 2022 was SEK 79.3 and the call options issued on the repurchased shares resulted in a dilution effect of approximately 1,000 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 2021. 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	31/12/2022	31/12/2021
Pension obligations unfunded plans, present value	0	0
Pension obligations funded plans, present value	0	1
Plan assets, fair value	0	-1
Net pension obligations	**0**	**0**

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	31/12/2022	31/12/2021
Plan assets for pension obligations	0	0
Provisions for pensions and similar obligations	0	0
Net liabilities according to the balance sheet	**0**	**0**

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	31/12/2022	31/12/2021
Opening balance	-	34
Benefits earned during the year	-	0
Interest expense	-	0
Benefits paid	-	-1
Remeasurement recognised in other comprehensive income	-	-1
Divested operations	-	-32
Pension obligations unfunded plans, present value	**-**	**0**

Pension obligations, funded plans:

Group, MSEK	31/12/2022	31/12/2021
Opening balance	1	1
Benefits paid	0	0
Redemption of pension obligations	-1	0
Pension obligations funded plans, present value	**0**	**1**

Plan assets:

Group, MSEK	31/12/2022	31/12/2021
Opening balance	1	1
Funds paid to employees	0	0
Redemption of pension obligations	-1	0
Plan assets, fair value	**0**	**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	31/12/2022	31/12/2021
Cash and cash equivalents	0	1
Equity instruments	0	0
Debt instruments	0	0
Properties	0	0
Other assets	0	0
Plan assets, fair value	**0**	**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 0 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	31/12/2022	31/12/2021
Opening balance	0	34
Pension costs incl. interest expense on defined benefit plans	0	0
Benefits paid	0	-1
Funds paid to employees	0	0
Remeasurement recognised in other comprehensive income	-	-1
Redemption of pension obligations	0	0
Divested operations	-	-32
Closing balance	**0**	**0**

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

Group, MSEK	2022	2021
Pensions earned during the period	0	0
Net interest expense	0	0
Pension costs, defined benefit plans	**0**	**0**
Pension costs, defined contribution plans	114	105
Pension costs in profit or loss for the year	**114**	**105**

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.

Financing

As at 31/12/2022, the average weighted term of the total pension obligation was 8.0 years (9.5). The Group estimates that MSEK 0 will be paid in 2023 to funded and unfunded defined benefit plans recognised as defined benefit plans, and MSEK 3 will be paid in 2023 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	31/12/2022	31/12/2021
Non-current non-interest-bearing liabilities		
Option liability, acquisitions	9	3
Total	**9**	**3**
Specification		
Carrying amount at the beginning of the period	3	17
Acquisition of partly owned subsidiary	9	-
Remeasurement pertaining to the change in ownership share in partly owned subsidiary	-3	-4
Other unrealised changes in value	0	0
Discontinued operations	-	-10
Carrying amount at the end of the period	**9**	**3**

Group, MSEK	31/12/2022	31/12/2021
Provisions classified as non-current liabilities		
Guarantee commitments	0	0
Other	43	47
Total	**43**	**47**
Specification		
Carrying amount at the beginning of the period	47	1
Provisions made during the period	0	47
Amount used during the period	-4	-1
Discontinued operations	-	0
Translation differences	0	0
Carrying amount at the end of the period	**43**	**47**

NOTE 21 Other liabilities

Group, MSEK	31/12/2022	31/12/2021
Employee withholding taxes	58	35
VAT liability	113	95
Derivative hedging instruments	0	0
Advance payments from customers	11	16
Additional purchase consideration	13	5
Other operating liabilities	3	16
Total	**198**	**167**

NOTE 22 Accrued expenses and deferred income

	GROUP		PARENT COMPANY	
MSEK	**31/12/2022**	**31/12/2021**	**31/12/2022**	**31/12/2021**
Accrued expenses				
Salaries and remuneration to employees	230	211	13	6
Social security contributions	69	64	4	2
Bonuses, refunds to customers	37	35	-	-
Operating and premises costs including tax	23	21	-	-
Auditors' fees	3	3	1	0
Other consulting fees	8	6	1	1
Car and travel expenses	6	6	0	0
Temporarily contracted employees	8	7	-	-
Shipping costs	15	22	-	-
IT and computer costs	2	3	-	-
Other accrued expenses	44	59	0	1
Deferred income				
Marketing income	0	3	-	-
Other deferred income	6	5	-	-
Total	**451**	**445**	**19**	**10**

NOTE 23 Pledged assets and contingent liabilities

	GROUP		PARENT COMPANY	
MSEK	**31/12/2022**	**31/12/2021**	**31/12/2022**	**31/12/2021**
Pledged assets				
In the form of pledged assets for own liabilities and provisions				
Corporate mortgages	3	3	-	-
Total pledged assets	**3**	**3**	**-**	**-**
Contingent liabilities				
Guarantees for subsidiaries	-	-	-	0
Guarantees, other	11	17	-	-
Total contingent liabilities	**11**	**17**	**-**	**0**

The Parent Company Alligo AB has entered into an agreement guaranteeing the fulfilment of the subsidiary Asås-Logistik 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 14 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	2022	2021
NOK	285	302
EUR	-377	-249
USD	-840	-607

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 and average currency exchange rates of outstanding foreign exchange forward contracts for continuing operations are presented in the table below:

	31/12/2022		31/12/2021	
Foreign exchange forward contracts	Nominal value	Average rate	Nominal value	Average rate
NOK/SEK	-	-	-	-
USD/SEK[1]	113	10.09	144	9.04
EUR/SEK[1]	-	-	29	10.23

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 when 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	2022	2021
Outcome translated to average rate for the preceding year	9,007	8,380
Currency translation		
NOK	133	74
EUR	71	-37
Total currency translation	**204**	**37**
Outcome	**9,211**	**8,417**

Operating profit	2022	2021
Outcome translated to average rate for the preceding year	662	426
Currency translation		
NOK	5	2
EUR	2	-1
Total currency translation	**7**	**1**
Outcome	**669**	**427**

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%	2022	2021
Effect		
- Revenue	+/- 205	+/- 175
- Operating profit	+/- 7	+/- 4

The following rates were applied in the year-end accounts:

	Average rate		Balance sheet rate	
Currency	2022	2021	31/12/2022	31/12/2021
NOK	1.052	0.998	1.057	1.025
EUR	10.632	10.145	11.128	10.227
USD	10.125	8.582	10.437	9.044
DKK	1.429	1.364	1.496	1.375

24 Continuation: **Financial risks and risk management**

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	31/12/2022	31/12/2021
NOK	561	486
EUR	538	457
DKK	-	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 2022, 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 Group also recognises interest-bearing liabilities relating to leases. The primary variable interest rates are STIBOR and EURIBOR. Liabilities to credit institutions per underlying currency are presented in the table below. 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 17 per year.

Liabilities to credit institutions by currency

31/12/2022	SEK	EUR	NOK	Total
Committed credit facility	-	-	-	**-**
Revolving credit facility	550	89	-	**639**
Bank loans	1,100	-	10	**1,110**

31/12/2021	SEK	EUR	NOK	Total
Committed credit facility	-	-	-	**-**
Revolving credit facility	470	82	-	**552**
Bank loans	993	-	-	**993**

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 2024 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 561 was unutilised. The current revolving credit facility was raised in March 2022 in conjunction with the distribution of Momentum Group and has a term of three years, with the option to extend for one year and subsequently for one further 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 2022, 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 3,854 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		
31/12/2022, Group, MSEK	**Carrying amount**	**Future payment amount**	**Within 1 years**	**Within 5 years**	**After 5 years**
Interest-bearing financial liabilities to credit institutions	1,749	1,892	76	1,816	-
Interest-bearing lease liabilities	1,013	1,101	353	667	81
Accounts payable and other non-interest-bearing financial liabilities	1,079	1,079	1,070	9	-
Derivative hedging instruments	0	0	0	-	-
Contingent purchase considerations	13	13	7	6	-
Financial liabilities	**3,854**	**4,085**	**1,506**	**2,498**	**81**
31/12/2021, Group, MSEK					
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		-
Derivative hedging instruments	0	0	0	-	-
Contingent purchase considerations	5	5	5	-	-
Financial liabilities	**3,710**	**3,841**	**1,635**	**1,753**	**453**
31/12/2022, Parent Company, MSEK					
Interest-bearing financial liabilities to credit institutions	1,739	1,882	66	1,816	-
Financial liabilities	**1,739**	**1,882**	**66**	**1,816**	**-**
31/12/2021, Parent Company, MSEK					
Interest-bearing financial liabilities to credit institutions	1,545	1,627	147	1,101	379
Financial liabilities	**1,545**	**1,627**	**147**	**1,101**	**379**

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	31/12/2022	31/12/2021
Accounts receivable	1,333	1,195
Accumulated reserve for expected credit losses	-48	-41
Accounts receivable, net	**1,285**	**1,154**

Specification of change in reserve for expected credit losses

MSEK	31/12/2022	31/12/2021
Carrying amount at the beginning of the period	-41	-36
Changes pertaining to acquired businesses	-1	0
Change related to confirmed credit losses	13	4
Change related to expected credit losses	-18	-10
Discontinued operations	-	2
Translation differences	-1	-1
Carrying amount at the end of the period	**-48**	**-41**

Maturity analysis

- not past due	1,187	1,039
- receivables past due by 1-30 days	80	106
- receivables past due by 31-60 days	19	12
- receivables past due by 61-90 days	10	4
- receivables past due by > 90 days	37	34
Total receivables	**1,333**	**1,195**

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

	31/12/2022			31/12/2021		
Group, MSEK	Interest-bearing	Non interest bearing	Total	Interest-bearing	Non interest bearing	Total
ASSETS						
Non-current assets						
Intangible non-current assets	-	2,655	**2,655**	-	2,577	**2,577**
Tangible non-current assets	-	574	**574**	-	532	**532**
Right-of-use assets	-	983	**983**	-	935	**935**
Financial non-current assets	13	11	**24**	14	-	**14**
Deferred tax assets	-	67	**67**	-	75	**75**
Total non-current assets	**13**	**4,290**	**4,303**	**14**	**4,119**	**4,133**
Current assets						
Inventories	-	2,275	**2,275**	-	1,856	**1,856**
Tax assets	-	1	**1**	-	17	**17**
Accounts receivable	-	1,285	**1,285**	-	1,154	**1,154**
Prepaid expenses and accrued income	-	137	**137**	-	141	**141**
Other receivables	-	148	**148**	-	119	**119**
Cash and bank	215	-	**215**	286	-	**286**
Discontinued operations, assets held for distribution	-	-	**-**	-	973	**973**
Total current assets	**215**	**3,846**	**4,061**	**286**	**4,260**	**4,546**
TOTAL ASSETS	**228**	**8,136**	**8,364**	**300**	**8,379**	**8,679**

25 Continuation: **Specification of interest-bearing net loan liabilities by asset and liability**

Group, MSEK	31/12/2022 Interest-bearing	31/12/2022 Non interest bearing	31/12/2022 Total	31/12/2021 Interest-bearing	31/12/2021 Non interest bearing	31/12/2021 Total
LIABILITIES						
Non-current liabilities						
Non-current interest-bearing liabilities	2,410	-	**2,410**	2,095	-	**2,095**
Non-current non-interest-bearing liabilities	-	9	**9**	-	3	**3**
Provisions for pensions	0	-	**0**	0	-	**0**
Other provisions	-	43	**43**	-	47	**47**
Deferred tax liabilities	-	363	**363**	-	349	**349**
Total non-current liabilities	**2,410**	**415**	**2,825**	**2,095**	**399**	**2,494**
Current liabilities						
Current interest-bearing liabilities	352	-	**352**	463	-	**463**
Accounts payable	-	1,070	**1,070**	-	1,144	**1,144**
Tax liabilities	-	55	**55**	-	8	**8**
Other liabilities	-	198	**198**	-	167	**167**
Accrued expenses and deferred income	-	451	**451**	-	445	**445**
Discontinued operations, liabilities held for distribution	-	-	**-**	-	510	**510**
Total current liabilities	**352**	**1,774**	**2,126**	**463**	**2,274**	**2,737**
TOTAL LIABILITIES	**2,762**	**2,189**	**4,951**	**2,558**	**2,673**	**5,231**
Interest-bearing net liabilities	**-2,534**			**-2,258**		

NOTE 26 Financial assets and liabilities

Group, MSEK	31/12/2022	31/12/2021
FINANCIAL ASSETS		
Financial assets measured at fair value		
Financial investments	0	0
Contingent purchase considerations	0	4
Derivative hedging instruments	2	7
Financial assets measured at amortised cost		
Non-current receivables	13	14
Accounts receivable	1,285	1,154
Cash and cash equivalents	215	286
Total financial assets	**1,515**	**1,465**
FINANCIAL LIABILITIES		
Financial liabilities measured at fair value		
Derivative hedging instruments	0	0
Contingent purchase considerations	13	5
Financial liabilities measured at amortised cost		
Option liability	9	3
Interest-bearing liabilities	2,762	2,558
Accounts payable	1,070	1,144
Total financial liabilities	**3,854**	**3,710**

The carrying amount of the Group's financial assets is deemed to be a reasonable approximation of their fair value. Assets 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. Liabilities measured at fair value comprise 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	31/12/2022	31/12/2021
Contingent purchase considerations		
Value at the beginning of the year	5	-
Cost, acquisitions	10	5
Additional purchase considerations paid	-2	-
Revaluation	-1	0
Interest expenses from discounting	0	0
Translation differences	1	0
Value at year-end	**13**	**5**

Parent Company, MSEK	31/12/2022	31/12/2021
FINANCIAL ASSETS		
Financial assets measured at amortised cost		
Receivables from Group companies	1,940	1,866
Cash and cash equivalents	175	251
Total financial assets	**2,115**	**2,117**
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost		
Liabilities to credit institutions	1,739	1,545
Liabilities to Group companies	436	580
Accounts payable	1	2
Total financial liabilities	**2,176**	**2,127**

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]	90	2,565	**2,655**
Tangible non-current assets[1]	67	507	**574**
Right-of-use assets[1]	326	657	**983**
Financial non-current assets			
Financial investments	0	0	**0**
Other non-current receivables	1	23	**24**
Deferred tax assets	17	50	**67**
Total non-current assets	**501**	**3,802**	**4,303**
Current assets			
Inventories	2,275		**2,275**
Tax assets	1		**1**
Accounts receivable	1,285		**1,285**
Prepaid expenses and accrued income	137		**137**
Other receivables	148		**148**
Cash and bank	215		**215**
Total current assets	**4,061**		**4,061**
TOTAL ASSETS	**4,562**	**3,802**	**8,364**

1) Expected annual depreciation and amortisation are recognised in the amounts expected to be recovered within 12 months.

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	10	1,739	-	**1,749**
Non-current lease liabilities	0	588	73	**661**
Non-current non-interest-bearing liabilities	0	9	-	**9**
Provisions for pensions	0	0	0	**0**
Other provisions	7	32	4	**43**
Deferred tax liabilities	32	137	194	**363**
Total non-current liabilities	**49**	**2,505**	**271**	**2,825**
Current liabilities				
Current interest-bearing liabilities	0			**0**
Current lease liabilities	352			**352**
Accounts payable	1,070			**1,070**
Tax liabilities	55			**55**
Other liabilities	198			**198**
Accrued expenses and deferred income	451			**451**
Total current liabilities	**2,126**			**2,126**
TOTAL LIABILITIES	**2,175**	**2,505**	**271**	**4,951**

NOTE 28 Group companies

Specification of the Parent Company's direct holdings of participations in subsidiaries

					Carrying amount in the Group	
	Co. Reg. No.	Reg. office	No. of participations	Holding %	31/12/2022	31/12/2021
Alligo Holding AB	559072-1378	Stockholm	500	100	1,948	1,948
Momentum Group AB	559266-0699	Stockholm	-	-	-	43
Total					**1,948**	**1,991**

	31/12/2022	31/12/2021
Accumulated cost		
At the beginning of the year	1,991	1,991
Contributions	-	-
Acquisitions	-	-
Distribution	-43	-
Carrying amount at year-end	**1,948**	**1,991**

28 Continuation: Group companies

Specification of the Parent Company's indirect holdings of participations in subsidiaries

		Holding, %	
	Reg. office, country	31/12/2022	31/12/2021
TOOLS Sverige AB[5]	Sweden	-	100
Momentum Industrial AB[7]	Sweden	-	100
Rörick Elektriska Verkstad AB[7]	Sweden	-	100
Mercus Yrkeskläder AB	Sweden	100	100
AB Carl A. Nilssons Elektriska Reparationsverkstad[7]	Sweden	-	100
Asås-Logistik AB[2]	Sweden	100	100
TriffiQ Företagsprofilering AB	Sweden	100	100
AB Knut Sehlins Industrivaruhus[5]	Sweden	-	100
Reklamproffsen Skandinavien AB	Sweden	100	100
Profilmakarna i Södertälje AB	Sweden	100	100
Brider AB[5]	Sweden	-	100
ETAB Industriautomation AB[7]	Sweden	-	70
Company Line Förvaltning AB[3]	Sweden	100	90
Company Line AB[4]	Sweden	100	90
Company Line Workwear AB[5]	Sweden	-	90
Company Line i Kiruna AB[4]	Sweden	100	90
Souvenirer i Norr AB[4]	Sweden	100	90
Company Line i Piteå AB[4]	Sweden	100	90
AMJ Papper AB[4]	Sweden	100	90
Swedol AB	Sweden	100	100
Swedol Förvaltning AB	Sweden	100	100
IP Hjelte AB	Sweden	100	100
Arne Blom Marknads AB[5]	Sweden	-	100
Momentum Group Holding AB[7]	Sweden	-	100
Mekano AB[7]	Sweden	-	70
Mekano i Sävedalen AB[7]	Sweden	-	100
Öbergs i Karlstad AB[7]	Sweden	-	100
Intertechna AB[7]	Sweden	-	100
Magnusson Agentur AB[1]	Sweden	100	-
Profeel Sweden AB[1]	Sweden	75	-
TOOLS AS	Norway	100	100
Tools Univern AS	Norway	100	100
Univern Solutions AS[5]	Norway	-	100
Momentum Industrial AS[7]	Norway	-	100
RAF Romerike Arbeidstøy AS[5]	Norway	-	100
Lunna AS[1]	Norway	100	-
Profeel Norway AS[6]	Norway	75	-
TOOLS Finland Oy	Finland	100	100
TOOLS Fastigheter Holding Oy	Finland	100	100
Metaplan Oy	Finland	100	100
Imatran Pultti Oy[5]	Finland	-	100
Beranger Oy[5]	Finland	-	100
JNF Momentum Køge A/S[7]	Denmark	-	100

1) The company was acquired in 2022.
2) The company changed its name in 2022.
3) During 2022, Alligo Holding AB, a subsidiary of Alligo AB, acquired the remaining 10 per cent of the shares in the already partly owned subsidiary Company Line Förvaltning AB.
4) The company is wholly owned by Company Line Förvaltning AB.
5) Intra-Group merger carried out in 2022.
6) The company is wholly owned by Profeel Sweden AB.
7) 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	31/12/2022	31/12/2021	31/12/2022	31/12/2021
The following subcomponents are included in cash and cash equivalents:				
Cash and bank	215	286	175	251
Discontinued operations, assets held for distribution	-	59	-	-
Total according to the balance sheet	215	345	175	251
Total according to the cash flow statement	**215**	**345**	**175**	**251**

Interest paid

	GROUP		PARENT COMPANY	
MSEK	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Interest received	4	2	41	30
Interest paid	-58	-44	-41	-24
Total	**-54**	**-42**	**0**	**6**

Adjustments for non-cash items

	GROUP		PARENT COMPANY	
MSEK	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Depreciation and amortisation	486	563	0	0
Change in reserve for non-recurring costs	-4	43	-	-
Divestment of operations	-	37	-	-
Loss on sale of non-current assets	0	7	-	-
Change in other provisions	-1	6	-	-
Change in pension obligations	0	0	-	-
Adjustment for interest paid/received	4	0	3	0
Other	0	0	0	0
Total	**485**	**656**	**3**	**0**

Acquisition of subsidiaries and other business units[1]

	GROUP	
MSEK	31/12/2022	31/12/2021
Acquired assets:		
Intangible non-current assets	120	32
Right-of-use assets	38	7
Other non-current assets	5	1
Inventories	56	9
Other current assets incl. cash and cash equivalents	50	12
Total assets	**269**	**61**
Acquired non-controlling interests, provisions and liabilities:		
Deferred tax liability	-7	-3
Interest-bearing liabilities – credit institutions	-16	-
Lease liabilities	-38	-7
Current operating liabilities	-45	-11
Non-controlling interests	-4	0
Total non-controlling interests, provisions and liabilities	**-110**	**-21**
Purchase consideration	**-159**	**-40**
Of which contingent purchase consideration	10	5
Additional purchase consideration paid	-2	-
Cash and cash equivalents in acquired companies	10	4
Loans settled on acquisition	-3	-
Effect on cash and cash equivalents	**-144**	**-31**

1) See note 31 Business combinations and divestments.

30 Continuation: **Cash flow statement**

Reconciliation of liabilities deriving from financing activities

Group, MSEK	31/12/2021	Cash flows	Changes that do not impact cash flow: Liabilities in acquired companies	Translation differences	New and remeasured leases	Discontinued operations	31/12/2022
Committed credit facility	**0**	-4	4	0	-	-	**0**
Revolving loan	**551**	79	-	9	-	-	**639**
Bank loans	**994**	105	12		-	-	**1,110**
Lease liabilities	**1,013**	-366	38	14	314	-	**1,013**
Other credits	**-**	-1	1	-	-	-	**0**
Total	**2,558**	**-187**	**55**	**22**	**314**	**-**	**2,762**

Group, MSEK	31/12/2020	Cash flows	Changes that do not impact cash flow: Liabilities in acquired companies	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**	**22**	**429**	**-122**	**2,558**

Parent Company, MSEK	31/12/2021	Cash flows	Translation differences that do not impact cash flow	31/12/2022
Committed credit facility	**0**	-	0	**0**
Revolving loan	**551**	79	9	**639**
Bank loans	**994**	106	-	**1,100**
Total	**1,545**	**185**	**9**	**1,739**

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**

NOTE 31 Business combinations and divestments

Financial year 2022

Share transfers

Alligo made six corporate acquisitions with closing during 2022. None of these acquisitions is deemed significant enough to require a separate presentation of the acquisition analysis.

On 5 January 2022, Alligo signed an agreement to acquire 100 per cent of the shares in Liukkosen Pultti Oy. Liukkosen Pultti operates a store in Lahti that sells workwear and tools and the acquisition strengthens Alligo's presence on the Finnish market. The acquired company generates annual revenue of approximately MEUR 4.5 with favourable profitability and has 12 employees. Closing took place on 1 February 2022.

On 8 March 2022, Alligo acquired 100 per cent of the shares in Lunna AS. Lunna has three stores north of Oslo and sells industrial components, tools, workwear and personal protective equipment. The acquisition strengthens Alligo's position as a leading supplier to Norwegian industry. The acquired company generates annual revenue of approximately MNOK 82 with favourable profitability and has 26 employees. Closing took place in conjunction with the acquisition.

On 1 July 2022, Alligo acquired 100 per cent of the shares in Magnusson Agentur AB, which runs a store selling corporate branded products and workwear in Vinslöv. The acquisition strengthens Alligo's position in corporate branded products and workwear. The acquired company generates annual revenue of approximately MSEK 27 with favourable profitability and has six employees. Closing took place in conjunction with the acquisition.

On 19 August 2022, Alligo acquired 100 per cent of the shares in LVH AS, a reseller of tools, consumables, workwear and personal protective equipment in Lillehammer. The acquisition strengthens Alligo's position in the Norwegian Interior. LVH AS generates annual revenue of approximately MNOK 13 and has four employees. Closing took place in conjunction with the acquisition.

On 9 November 2022, Alligo acquired 75 per cent of the shares in Profeel Sweden AB, which operates two stores: one in Eskilstuna and one in Västerås. The acquisition strengthens Alligo's position in corporate branded clothing and product media in Sweden. Profeel generates annual revenue of approximately MSEK 70 and has 18 employees. Closing took place in conjunction with the acquisition.

During 2022, the acquired companies have contributed MSEK 158 to the Group's revenue and MSEK 13 to the Group's EBITA. Calculated as if closing had taken place on 1 January 2022, the acquired companies have contributed MSEK 208 to the Group's revenue and MSEK 11 to the Group's EBITA. The total purchase consideration for the acquisitions amounted to MSEK 138, of which MSEK 10 comprised contingent purchase considerations. In all cases, the additional purchase considerations are based on gross profit for the years 2022, 2023 and 2024. The additional purchase considerations were measured at fair value, where it was determined that they will be paid at the agreed amount, totalling MSEK 10. Acquisition costs of approximately MSEK 5 were recognised as other operating expenses in 2022.

Share transfers, MSEK	Carrying amount	Fair value adjustment	Fair value recognised in the Group
Acquired assets			
Intangible non-current assets		34	34
Right-of-use assets		30	30
Other non-current assets	3	2	5
Inventories	55	-10	45
Other current assets	50		50
Total assets	**108**	**56**	**164**
Acquired provisions and liabilities			
Non-current liabilities	-16		-16
Lease liabilities		-30	-30
Deferred tax liability		-7	-7
Current operating liabilities	-45		-45
Total provisions and liabilities	**-61**	**-37**	**-98**
Net of identified assets and liabilities	**47**	**19**	**66**
Goodwill[1]			76
Non-controlling interests[2]			-4
Purchase consideration			**138**
Of which contingent purchase consideration			-10
Additional purchase consideration paid			2
Cash and cash equivalents in acquired companies			-10
Loans settled on acquisition			3
Effect on the Group's cash and cash equivalents			**123**

1) No part of recognised goodwill is expected to be tax deductible.
2) Non-controlling interests are calculated as the proportional share of the identified net assets.

31 Continuation: **Business combinations and divestments**

Conveyances of assets and liabilities

As of 2 June, Alligo has acquired the industrial operations of Norwegian company H E Seglem AS through a conveyance of assets and liabilities. H E Seglem's hydraulics and bunker operations are not included in the acquisition. H E Seglem has a store in Egersund in southwest Norway and sells industrial products, tools, forestry and gardening equipment, workwear and personal protective equipment. The industrial operations of H E Seglem AS generate annual revenue of approximately MNOK 40 and have eight employees. The acquisition strengthens Alligo's position in south-west Norway. Closing took place in conjunction with the acquisition. Calculated as if closing had taken place on 1 January 2022, the acquired operations have contributed MSEK 40 to the Group's revenue and MSEK 3 to the Group's EBITA. The purchase consideration totalled MSEK 21, with no additional purchase consideration.

Acquisition costs of approximately MSEK 0.3 were recognised as other operating expenses. Recognised goodwill of MSEK 6 is expected to be tax-deductible in its entirety.

Additional purchase considerations paid

Additional purchase considerations of approximately MSEK 2 were paid during the year.

Acquisition analyses

Some of the surplus value in the preliminary acquisition analyses has been allocated to customer relations, while the unallocated surplus value has been assigned to goodwill. 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. Goodwill has an indefinable useful life and is not amortised but is tested for impairment annually or where there are indications of a decline in value. The estimated value of customer relations is amortised over an estimated useful life of 10 years. The main reason why the acquisition analyses are considered to be preliminary is that only a short time has passed since the acquisitions.

Conveyances of assets and liabilities, MSEK	Carrying amount	Fair value adjustment	Fair value recognised in the Group
Acquired assets			
Intangible non-current assets		4	4
Right-of-use assets		8	8
Other non-current assets			-
Inventories	12	-1	11
Other current assets			-
Total assets	**12**	**11**	**23**
Acquired provisions and liabilities			
Non-current liabilities			-
Lease liabilities		-8	-8
Deferred tax liability			-
Current operating liabilities			-
Total provisions and liabilities	**-**	**-8**	**-8**
Net of identified assets and liabilities	**12**	**3**	**15**
Goodwill			6
Non-controlling interests			-
Purchase consideration			**21**
Of which contingent purchase consideration			-
Additional purchase consideration paid			-
Cash and cash equivalents in acquired companies			-
Loans settled on acquisition			-
Effect on the Group's cash and cash equivalents			**21**

Acquisitions after the end of the period

Share transfers

Alligo made three corporate acquisitions in 2022 with closing in January 2023. None of these acquisitions is deemed significant enough to require a separate presentation of the acquisition analysis.

On 6 December, Alligo signed an agreement to acquire 70 per cent of the shares in Profilföretaget Z-Profil AB, which has operations in Umeå and Skellefteå. The acquisition strengthens Alligo's position in corporate branded clothing and product media in Sweden. Z-Profil generates annual revenue of approximately MSEK 40 and has 13 employees. Closing took place on 2 January 2023.

On 22 December, Alligo signed an agreement to acquire 70 per cent of the shares in corporate branding companies Kents Textiltryck i Halmstad AB and Olympus Profile i Uddevalla AB. The companies generate annual revenue of just over MSEK 40, have 15 and 13 employees respectively and sell workwear, corporate branded clothing and product media. Closing took place on 2 January 2023.

Preliminary acquisition analyses

Share transfers, MSEK	Carrying amount	Fair value adjustment	Fair value recognised in the Group
Acquired assets			
Intangible non-current assets		19	19
Right-of-use assets		14	14
Other non-current assets	2		2
Inventories	11	-1	10
Other current assets	40		40
Total assets	**53**	**32**	**85**
Acquired provisions and liabilities			
Non-current liabilities			-
Lease liabilities		-14	-14
Deferred tax liability	-1	-4	-5
Current operating liabilities	-31		-31
Total provisions and liabilities	**-32**	**-18**	**-50**
Net of identified assets and liabilities	**21**	**14**	**35**
Goodwill[1]			19
Non-controlling interests[2]			-10
Purchase consideration			**44**
Of which contingent purchase consideration			-
Additional purchase consideration paid			-
Cash and cash equivalents in acquired companies			-10
Loans settled on acquisition			-
Effect on the Group's cash and cash equivalents			**34**

1) No part of recognised goodwill is expected to be tax deductible.
2) Non-controlling interests are calculated as the proportional share of the identified net assets.

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 acquisitions was MSEK 40.

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.

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.

According to the final acquisition analyses, the assets and liabilities included in the operations acquired during the 2021 financial year amounted to the following.

Share transfers, MSEK	Carrying amount	Fair value adjustment	Fair value recognised in the Group
Acquired assets			
Intangible non-current assets		13	13
Right-of-use assets		7	7
Other non-current assets	1		1
Inventories	10	-1	9
Other current assets	12		12
Total assets	**23**	**19**	**42**
Acquired provisions and liabilities			
Non-current liabilities			-
Lease liabilities		-7	-7
Deferred tax liability		-3	-3
Current operating liabilities	-11		-11
Total provisions and liabilities	**-11**	**-10**	**-21**
Net of identified assets and liabilities	**12**	**9**	**21**
Goodwill			19
Non-controlling interests			-
Purchase consideration			**40**
Of which contingent purchase consideration			-5
Additional purchase consideration paid			-
Cash and cash equivalents in acquired companies			-4
Loans settled on acquisition			-
Effect on the Group's cash and cash equivalents			**31**

NOTE 32 Discontinued operations

Alligo's subsidiary Momentum Group AB (Components & Services business area) was classified during the fourth quarter of 2021 as discontinued operations and since then has been recognised in accordance with the applicable accounting policies of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The distribution of the business was completed during the first quarter of 2022, when Momentum Group was distributed to the shareholders and listed on Nasdaq Stockholm on 31 March 2022. Momentum Group's net assets prior to distribution were MSEK 486. Remeasurement to fair value on distribution, corresponding to the market value of MSEK 4,038 of Momentum Group on listing, resulted in an impact on earnings of MSEK 3,553.

Momentum Group is recognised as discontinued operations in the consolidated statement of comprehensive income. The comparison periods have been recalculated according to the same principles. The profit/loss of Momentum Group 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 year, discontinued operations". On the balance sheet as at 31 December 2021, assets and liabilities relating to Momentum Group are recognised as "Discontinued operations, assets held for distribution" and "Discontinued operations, liabilities held for distribution" respectively.

Information on the income statement, balance sheet and cash flows for discontinued operations is presented below:

Income statement

MSEK	2022	2021
Revenue	399	1,491
Other operating income	2	4
Total operating income	**401**	**1,495**
Cost of goods sold	-211	-795
Personnel costs	-101	-342
Depreciation, amortisation, impairment losses and reversal of impairment losses	-15	-54
Other operating expenses	-37	-127
Total operating expenses	**-364**	**-1,318**
Operating profit	**37**	**177**
Net financial items	**-1**	**-1**
Profit/loss after financial items	**36**	**176**
Taxes	-8	-37
Profit/loss for the year, Components & Services	**28**	**139**
Reclassification of foreign exchange differences from other comprehensive income	1	-
Impact on earnings of the distribution of Momentum Group	3,552	-
Profit/loss for the year, discontinued operations	**3,581**	**139**

Balance sheet

MSEK	2022	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	**-**	**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	**-**	**510**

Cash flow statement

MSEK	2022	2021
Cash flow from operating activities	8	193
Cash flow from investing activities	0	-125
Cash flow from financing activities	-1	-41
Cash flow for the year	**7**	**27**

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, 4 April 2023
Alligo AB (publ)

Göran Näsholm
Chair of the Board

Cecilia Marlow
Board member

Johan Sjö
Board member

Pontus Boman
Board member

Stefan Hedelius
Board member

Christina Åqvist
Board member

Johanna Främberg
Board member
Employee representative

Clein Johansson Ullenvik
Group President and CEO

Our auditor's report was submitted on 5 April 2023

KPMG AB

Helena Arvidsson Älgne
Authorised Public Accountant
Chief Auditor

Jonas Eriksson
Authorised Public Accountant

AUDITOR'S REPORT

To the General Meeting of Shareholders of Alligo AB (publ), Company Registration No. 559072-1352

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Alligo AB (publ) for the year 2022 except for the corporate governance statement on pages 52–58 and the sustainability report on pages 10, 13, 28–45 and 110–120. The annual accounts and consolidated accounts of the company are included on pages 47–101 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 at 31 December 2022 and its financial performance and cash flow for the year then ended, in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as at 31 December 2022 and its 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 52–58 and the sustainability report on pages 10, 13, 28–45, 110–120. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the Parent Company and the Group.

Our opinions in this report on the annual accounts and consolidated accounts 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 Article 5.1 of the Audit Regulation (537/2014) 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 are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts and consolidated accounts for 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 accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of goodwill and trademarks in the Group

Refer to note 10 and accounting policies on page 73 in the annual report and the consolidated accounts for detailed information and description of the matter.

Description of key audit matter

As of December 31st 2022, the carrying value of goodwill and trademarks with indefinable lifetime in the consolidated accounts amounts to 2 191 MSEK, representing approximately 26 percent of total assets. Goodwill and trademarks with indefinable lifetime 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 accounts

This document also contains other information than the annual accounts and consolidated accounts and this is found on pages 106–124. The other information also comprises 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 accounts 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 accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. 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 accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts 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 have 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 accounts 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 accounts.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, 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 accounts. 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 accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. 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 accounts, including the disclosures, and whether the annual accounts and consolidated accounts 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 accounts. 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 accounts, 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 examination of the administration of the company and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the President and CEO of Alligo AB (publ) for the year 2022 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 organisation 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 organisation 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 fulfil 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 judgement 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 judgement with a 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.

Auditor's review of the ESEF Report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the President and CEO have prepared the annual accounts and consolidated accounts 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 2022. Our examination and our opinion refer only to the statutory requirements. In our opinion, the ESEF report 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 Auditor's 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 form an opinion with reasonable assurance as to 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 has been 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 the consolidated accounts. We select the procedures based on our judgement, 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 review measures largely involve a validation of the ESEF Report, i.e. whether the ESEF report was prepared in a valid XHTML format, and a reconciliation of the ESEF report with the audited annual accounts and consolidated accounts.

In addition, the review also involves an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Auditor's examination of the corporate governance report

The Board of Directors is responsible for the corporate governance report on pages 52–58 and that it is prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance report is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance report. This means that our examination of the corporate governance 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 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 of the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 10, 13, 28–45, 110–120 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 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 shareholders on 11 May 2022.
KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2016.

Stockholm, 5 April 2023

Helena Arvidsson Älgne Authorised Public Accountant Chief Auditor	KPMG AB	Jonas Eriksson Authorised Public Accountant

KEY PERFORMANCE INDICATORS (KPIs)

MSEK	31/12/2022	31/12/2021
IFRS KEY PERFORMANCE INDICATORS		
Profit/loss for the year[1], MSEK	4,062	430
Earnings per share, continuing operations[2], SEK	9.51	5.75
Earnings per share, discontinued operations[2,3], SEK	0.55	2.75
Impact on earnings per share of the distribution of Momentum Group[2], SEK	40.38	-
Earnings per share, total operations[2], SEK	80.44	8.50
ALTERNATIVE KEY PERFORMANCE INDICATORS		
Income statement-based KPIs		
Revenue, MSEK	9,211	8,417
Operating profit, MSEK	669	427
Items affecting comparability, MSEK	-24	-155
Amortisation of intangible assets in connection with corporate acquisitions, MSEK	-63	-63
EBITA, MSEK	756	645
Depreciation/amortisation of tangible and other intangible non-current assets[4], MSEK	-105	-116
EBITDA excl. IFRS 16, MSEK	845	747
Profit after financial items, MSEK	612	379
Operating margin, %	7.3	5.1
EBITA margin, %	8.2	7.7
Profit margin, %	6.6	4.5
Profitability KPIs		
Return on working capital (EBITA/WC)[5], %	34	36
Return on capital employed [5], %	11	7
Return on equity[1,3], %	16	13
Financial position KPIs		
Net financial liabilities, MSEK	2,547	2,272
Net operational liabilities, MSEK	1,534	1,259
Equity[6], MSEK	3,408	3,429
Equity/assets ratio[1], %	41	40
Other KPIs		
No. of employees at the end of the period	2,371	2,319
Share price at the end of the period, SEK	79	192

1) Refers to the Group total (continuing operations and discontinued operations).
2) Before and after dilution.
3) Adjusted for the impact on earnings of the distribution of Momentum Group AB
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) KPI 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	31/12/2022	31/12/2021
Operating profit	669	427
Items affecting comparability		
Restructuring costs	19[1,2]	108[3]
Divestment of operations	-	37
Split and listing expenses	5	10
Amortisation and impairment of intangible assets in connection with corporate acquisitions	63	63
EBITA	**756**	**645**
Operating profit excl. IFRS 16	653	413
Amortisation and impairment of other intangible non-current assets	35	42
Depreciation and write-downs of tangible non-current assets	70	74
EBITDA excl. IFRS 16	**845**	**747**

RETURN ON EQUITY

MSEK	31/12/2022	31/12/2021
Average equity[4]	3,236	3,218
Profit/loss for the period[4]	508	429
Return on equity, %	**16**	**13**

NET FINANCIAL LIABILITIES

MSEK	31/12/2022	31/12/2021
Non-current interest-bearing liabilities	2,410	2,095
Current interest-bearing liabilities	352	463
Cash and cash equivalents	-215	-286
Net financial liabilities	**2,547**	**2,272**

WORKING CAPITAL

MSEK	31/12/2022	31/12/2021
Average operating assets		
Average inventories	2,068	1,722
Average accounts receivable	1,164	1,050
Total average operating assets	**3,231**	**2,772**
Average operating liabilities		
Average accounts payable	-1,015	-973
Total average operating liabilities	**-1,015**	**-973**
Average working capital	**2,216**	**1,799**
EBITA	756	645
Return on working capital (EBITA/WC), %	**34**	**36**

NET OPERATIONAL LIABILITIES

MSEK	31/12/2022	31/12/2021
Net financial liabilities	2,547	2,272
Financial lease liabilities	-1,013	-1,013
Net provisions for pensions	0	0
Net operational liabilities	**1,534**	**1,259**
EBITDA excl. IFRS 16, rolling 12 months	845	747
Ratio of net operational liabilities to EBITDA excl. IFRS 16	**1.8**	**1.7**

CAPITAL EMPLOYED

MSEK	31/12/2022	31/12/2021
Average balance sheet total	8,054	8,217
Average non-interest-bearing liabilities and provisions		
Average non-interest-bearing non-current liabilities	-400	-371
Average non-interest-bearing current liabilities	-1,665	-1,615
Total average non-interest-bearing liabilities and provisions	**-2,065**	**-1,986**
Average capital employed	**5,989**	**6,231**
Operating profit	669	427
Financial income	4	3
Total operating profit + financial income	**673**	**430**
Return on capital employed, %	**11**	**7**

EQUITY/ASSETS RATIO

MSEK	31/12/2022	31/12/2021
Balance sheet total (closing balance)	8,364	8,679
Equity[4]	3,408	3,429
Equity/assets ratio, %	**41**	**40**

1) Costs for organisational changes in connection with establishing new sales organisations as well as rental costs for the coordination of logistics.

2) Severance costs in connection with a change of management.

3) Restructuring costs in connection with relocation of the Swedish logistics operations of Tools to Alligo's central warehouses in Örebro.

4) 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 (KPIs).

Definitions and purpose of KPIs

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.

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.

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.

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).

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.

Full-time equivalents

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.

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.

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 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.

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.

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.

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.

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.

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.

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.

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.

Glossary

CO_2e

Carbon dioxide equivalents.

eNPS

The Employee Net Promoter Score is a measure of how likely an employee is to recommend their workplace to friends and acquaintances.

Comparable stores

Comparable stores refers to stores that were open throughout the entire current financial year and the comparison year.

CSI

Customer Satisfaction Index.

OEKO-TEX® STANDARD 100

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.

IN-DEPTH SUSTAINABILITY INFORMATION

Read more about:	Page

SUSTAINABILITY NOTES

About the sustainability report

Alligo's sustainability report forms part of the annual report and refers to the 2022 financial year. The sustainability report has been prepared with reference to GRI Standards 2021. Alligo's GRI index on pages 121–123 contains general disclosures as well as the specific disclosures that Alligo has identified as being material to report, with reference to where the information can be found in the report. Alligo issues a sustainability report annually and last year's sustainability report was published on 23 March 2022.

The statutory sustainability report required by the Swedish Annual Accounts Act is integrated on pages 10, 13, 28–45 and 110–120.

The auditor's opinion on the statutory sustainability report can be found on page 105.

The sustainability report encompasses all companies within Alligo unless otherwise stated. Comparative information from the previous year is provided as far as possible. In running text, information from the previous year is shown in parentheses. Where previously reported information has been adjusted, this is stated in a footnote or in the GRI index.

The sustainability report has not been externally reviewed.

Materiality analysis and stakeholder dialogue

The issues that have been identified as material to report have been mapped on the basis of the actual and potential impact, both positive and negative, that Alligo has on the economy, environment and people. The material sustainability issues have been decided by the Group management and approved by the Board of Directors.

The material sustainability issues provide the basis for the company's strategic sustainability work and therefore the content of the sustainability report.

Mapping has been carried out on the basis of the risks and opportunities that Alligo has within sustainability, taking as a starting point the UN Sustainable Development Goals, GRI Standards and other relevant international agreements and frameworks, current and pending legislation, political decisions and situation analysis, for example. Information is also included from supplier self-assessments and audits, internal deviation reports and results from the external audit of our management system. The requirements and expectations of stakeholders identified through dialogues with them have helped Alligo considerably in the evaluation and prioritisation of its material sustainability issues.

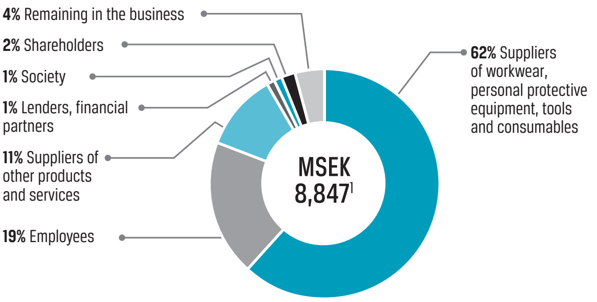
Read more about Alligo's dialogue with stakeholders on page 33 and material sustainability issues on page 34.

H1 ECONOMIC VALUE

> GRI 201-1 Direct economic value generated and distributed

Economic value distributed to stakeholders

SALES



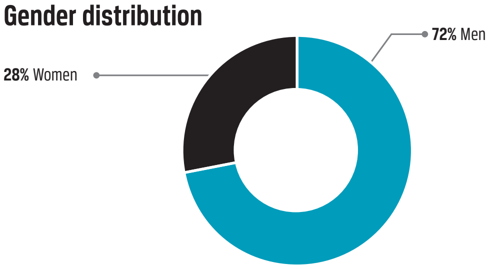
1) Revenue minus depreciation and write-downs.

H2 EMPLOYEES

Average number of employees

	2022	2021
Women	665	653
Men	1,670	1,670
Total	**2,335**	**2,323**

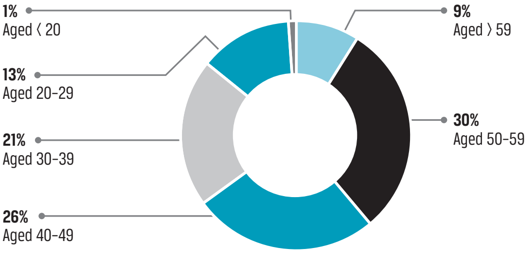
Gender distribution



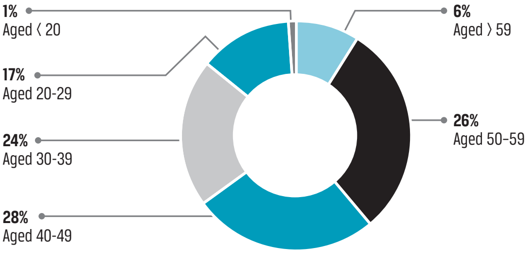
H2 EMPLOYEES Cont.

Age distribution

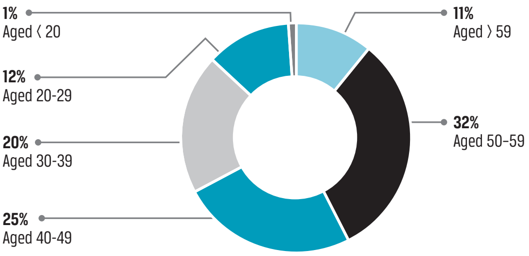
AGE DISTRIBUTION, TOTAL



AGE DISTRIBUTION, WOMEN



AGE DISTRIBUTION, MEN



CALCULATION METHOD

Employee statistics are obtained from each company's employee management system. The number is calculated as full-time equivalents: 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.

Form of employment

GRI 2-7 Employees by category

Number employees per category	SWEDEN 2022	SWEDEN 2021	NORWAY 2022	NORWAY 2021	FINLAND 2022	FINLAND 2021	OTHER 2022	OTHER 2021	TOTAL 2022	TOTAL 2021
Full-time	**1,292**	**1,329**	**485**	**452**	**369**	**335**	**11**	**14**	**2,157**	**2,130**
Women	412	410	108	100	83	74	8	10	**611**	**594**
Men	881	919	377	351	286	261	3	4	**1,546**	**1,536**
Part-time	**67**	**56**	**106**	**129**	**-**	**8**	**-**	**-**	**173**	**193**
Women	32	27	21	29	-	3	-	-	**52**	**59**
Men	35	29	85	100	-	5	-	-	**121**	**134**
Total	**1,359**	**1,385**	**591**	**581**	**369**	**343**	**11**	**14**	**2,330**	**2,323**

CALCULATION METHOD

The number of employees is calculated as full-time equivalents.

Temporarily contracted employees

GRI 2-8 Workers who are not employees

Number	SWEDEN 2022	SWEDEN 2021	NORWAY 2022	NORWAY 2021	FINLAND 2022	FINLAND 2021	OTHER 2022	OTHER 2021	TOTAL 2022	TOTAL 2021
Temporarily contracted employees	46	51	38	35	17	13	-	-	**102**	**100**

CALCULATION METHOD

The largest volume of hours from external personnel is by workers in logistics who are contracted in to cover production peaks. These are employed by staffing companies. There are also temporarily contracted employees within central support functions, both on an interim basis and from staffing companies to meet a temporary need, as well as arrangements that lead to a permanent position. The number is calculated as full-time equivalents.

Accidents and incidents

REGISTERED WORKPLACE ACCIDENTS[1]

Number	2022 Logistics centres	2022 Stores & Offices	2022 Total	2021 Logistics centres	2021 Stores & Offices	2021 Total
Sweden						
Registered accidents	98[2]	16	**114**	40[3]	12	**52**
Of which accidents that did not result in sickness absence	15[2]	1	**16**	1[3]	4	**5**

REPORTED INCIDENTS[1]

Number	2022 Logistics centres	2022 Stores & Offices	2022 Total	2021 Logistics centres	2021 Stores & Offices	2021 Total
Sweden	188[2]	6	**194**	100[3]	2	**102**

1) As a result of integration work, data is only available for Sweden.
2) Relates to logistics centres in Örebro and Alingsås.
3) Relates to logistics centre in Örebro.

H2 EMPLOYEES Cont.

Accidents at logistics centres

The most common accidents at the logistics centre occur in connection with the use of forklift trucks, lifting and manual goods handling. The injuries caused in accidents were usually wounds to the hand and fingers.

Accidents in stores and offices

All registered accidents during the year and the comparison period happened in stores. Injuries were typically wounds and cuts; in one case a forklift truck was involved.

Reported incidents at logistics centres

The incidents follow the same pattern as the accidents and commonly involve incidents relating to forklift trucks and products falling from shelves.

Reported incidents in stores and offices

All six incidents were reported from stores and none related to offices.

Risk observations

There has been a particular focus on encouraging the reporting of observations at the logistics centre in Örebro. The aim is to identify risks before they develop into incidents and accidents and in this way enhance the work to achieve a safe work environment. In 2022, there were 181 risk observations reported, compared with 180 in 2021.

Sickness absence

	2022	2021
Total, %	5	7
Percentage women	42	34
Percentage men	58	66

CALCULATION METHOD

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.

Compensation ratio

GRI 2-21 Annual total compensation ratio

	2022
Annual total compensation ratio	20
Change in annual total compensation ratio	6

CALCULATION METHOD

- The annual total compensation ratio is calculated as the total compensation of the highest-paid individual (CEO) divided by the median salary of other employees.
- The change in annual total compensation ratio is calculated as the percentage increase in the total compensation of the highest-paid individual (CEO) divided by the median change in salary of other employees.

Collective bargaining agreements

GRI 2-30 Collective bargaining agreements

Approximately 70 per cent of all employees in the Group are covered by collective bargaining agreements. Those employees that are not covered by collective bargaining agreements have working conditions and benefits that reflect or are otherwise based on local collective bargaining agreements in order to ensure that market working conditions, salaries and benefits are provided.

Changes in composition of workforce

GRI 401-1 New employee hires and employee turnover

GENDER DISTRIBUTION

	FEMALE		MALE		TOTAL	
	2022	2021	2022	2021	2022	2021
No. new employees	230	258	321	330	**551**	**588**
Proportion of new employees, %	30	31	18	17	**22**	**21**
No. of leavers	197	180	438	359	**635**	**539**
Employee turnover, %	26	22	25	18	**25**	**19**

AGE

	<30		30–50		>50	
	2022	2021	2022	2021	2022	2021
No. new employees	200	229	273	264	79	95
Proportion of new employees, %	8	8	11	9	3	3
No. of leavers	124	162	317	237	194	140
Employee turnover, %	5	6	13	8	8	5

GEOGRAPHIC SEGMENT

	SWEDEN		NORWAY		FINLAND		OTHER	
	2022	2021	2022	2021	2022	2021	2022	2021
No. new employees	301	318	169	202	80	68	1	-
Proportion of new employees, %	20	19	26	28	21	19	8	-
No. of leavers	256	402	307	92	71	45	1	-
Employee turnover, %	17	24	48	13	19	12	8	-

CALCULATION METHOD

- The number of new employees includes all those who were permanent employees or probationary employees during the year. Transfers between Group companies are not included.
- The proportion of new employees is calculated on the basis of the number of new employees during the year as a percentage of the total number of employees at the end of the year, irrespective of the type and scope of employment.
- The number of leavers is calculated based on 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 is calculated on the basis of the number of leavers as a percentage of the total number of employees at the end of the year, irrespective of the type and scope of employment.

H2 EMPLOYEES Cont.

Systematic work environment management

403-8 Workers covered by an occupational health and safety management system

	2022		2021	
	Number	Proportion, %	Number	Proportion, %
Employees, including temporarily contracted employees, who are covered by the occupational health and safety management system	2,432	100	2,423	100

All of Alligo's employees and temporarily contracted employees are covered by the occupational health and safety management system, based on the legislation in each country. Employees and temporarily contracted employees at Alligo Holding AB, Swedol AB, Tools AS and Tools Univern AS are covered by the management system certified in accordance with the occupational health and safety standards (ISO 45001:2018). The inclusion of all operations is part of the remaining integration work.

CALCULATION METHOD

The number of employees is calculated as full-time equivalents.

Employee reviews

404-3 Percentage of employees receiving regular performance and career development reviews

EMPLOYEES WHO HAVE HAD EMPLOYEE REVIEWS

Proportion of employees, %	2022	2021[1]
Women	74	-
Men	82	-
Total	**79**	**81**

1) Gender distribution is unavailable for 2021.

CALCULATION METHOD

The number of employees who have had employee reviews is calculated on the basis of the responses in Alligo's employee survey. The outcome in the table refers to all employees who responded to the survey. Among staff who had been employed for at least a year, 86 per cent had had an employee review in the past 12 months, where the proportion was 83 per cent for women and 87 per cent for men.

Employee survey

The response rate for the employee survey on which the outcome is based was 83 per cent (87). In 2022, the content and format of Alligo's employee surveys was revised, affecting the key figures reported. Only the eNPS is comparable with the report for 2021.

SURVEY RESULTS

	2022	2021[1]
eNPS	5	-12
Confidence in management	77	-
Team index	66	-

1) Comparative figures for Confidence in management and Team index are unavailable for 2021.

CALCULATION METHOD

- 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.
- Confidence in management is measured by having employees answer yes or no to the question of whether they have confidence in the management. Confidence in management is measured on a scale of 0–100.
- Team index assesses a combination of nine research-based areas for building effective teams. Team index is measured on a scale of 0–100.

Diversity

GRI 405-1 Diversity of governance bodies and employees

GENDER DISTRIBUTION

	2022		2021	
% of	Women	Men	Women	Men
Board of Directors and senior executives	19	81	17	83
Other employees	30	70	30	70

AGE DISTRIBUTION

	2022			2021		
% of	<30	30-50	>50	<30	30-50	>50
Board of Directors and senior executives	0	31	69	6	33	61
Other employees	15	47	38	18	47	35

CALCULATION METHOD

- Board of Directors and senior executives means Board members and members of Alligo's management group. The figures for the comparison year have been adjusted, as several managers at other levels in the organisation were included as senior executives in 2021. Managers who are not members of the management group are instead included in other employees.
- The gender distribution is calculated as the number of women/men divided by the total number of employees.
- The age distribution is calculated as the number of staff within each age category divided by the total number of employees.

H2 EMPLOYEES Cont.

Discrimination

› GRI 406-1 Incidents of discrimination and corrective actions taken

Number	2022
Reported incidents of discrimination	4

Incidents of discrimination are reported for the first time in 2022 and were not monitored at Group level during the comparison period. In one of the reported cases an action plan has been implemented and in three of the reported cases action plans were implemented and had their results examined by the management.

CALCULATION METHOD

An incident is considered discrimination if it is classified as discrimination under local legislation or under Alligo's Code of Conduct, which includes discrimination based on seven grounds: gender, trans expression or identity, ethnicity, disability, sexual orientation, age and religion or other religious belief.

H3 SUPPLIERS

Screening of suppliers using environmental and social criteria

› GRI 308-1 New suppliers that were screened using environmental criteria

› GRI 414-1 New suppliers that were screened using social criteria

Key suppliers that have accepted Alligo's Supplier Code of Conduct

Proportion, %	2022	2021
Key suppliers	79	78

Self-assessments performed

At the end of 2022, a total of 251 suppliers had completed Alligo's self-assessment for suppliers, corresponding to 57 per cent of the total number of key suppliers.

CALCULATION METHOD

- Key supplier means a supplier where direct procurement has taken place in excess of MSEK 1 in an individual country in which Alligo operates. The basis of calculation was adjusted in 2022 and the comparative figure for 2021 has been restated according to the same principles.
- The calculation of the proportion of suppliers that have accepted the requirements of Alligo's Supplier Code of Conduct is based on the documentation Alligo has relating to its suppliers.
- The number of self-assessments performed is obtained from Alligo's supplier documentation system. Self-assessments cover criteria relating to areas such as environment, social aspects and product safety.

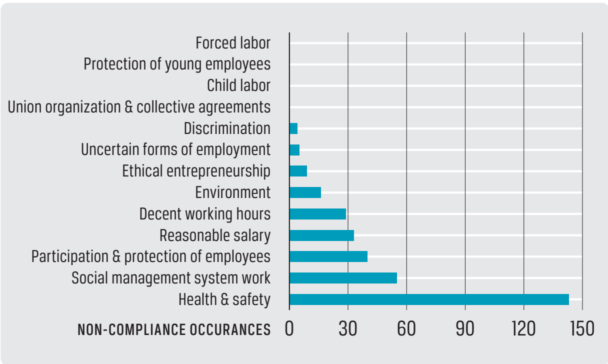
Non-compliance identified in supplier audits

In 2022, a total of 47 (59) audits were carried out in China, Bangladesh, Laos, Vietnam and Pakistan. These audits, which are based on the requirements of Alligo's Supplier Code of Conduct, were performed through amfori BSCI's audit programme at suppliers of Alligo's own brands.

Non-compliance 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, as well as shortcomings in the use of suitable personal protective equipment.

If negative social and/or environmental non-compliance is identified, an action plan is drawn up within 60 days. A follow-up audit subsequently takes place.

NON-COMPLIANCE WITH CODE OF CONDUCT IN FACTORY AUDITS



Intolerable non-compliance

Non-compliance relating to human rights violations or which jeopardises the independence of the audit constitutes intolerable non-compliance and is treated separately from other audit non-compliance. In 2022, no intolerable non-compliance was identified during audits or factory visits or through Alligo's whistleblowing service. One partnership with a supplier was ended as a result of non-compliance with Alligo's values.

H4 ENVIRONMENT AND CLIMATE

Energy consumption

GRI 302-1 Energy consumption within the organisation

MWh	2022
Electricity	
Renewable (hydropower)	20,029
Non-renewable (fossil fuel, nuclear power)	3,767
Heating	
Renewable (no fossil fuel in district heating)	7,464
Non-renewable (oil, fossil fuel in district heating)	926
Total	**32,186**

CALCULATION METHOD

For the calculation method, see Greenhouse gas emissions, scope 1 and scope 2.

Greenhouse gas emissions

GRI 305-1 Direct (Scope 1) GHG emissions
GRI 305-2 Energy indirect (Scope 2) GHG emissions
GRI 305-3 Other indirect (Scope 3) GHG emissions

Greenhouse gas emissions, tonnes CO_2e	2022	2021
Direct emissions (scope 1)		
Direct heat consumption (oil)	26	26
Business travel by company car	1,457	1,109
Total	**1,483**	**1,135**
Indirect emissions (scope 2)		
Electricity (market-based)	1,623	2,971
Heating (district heating)	870	870
Total	**2,492**	**3,841**
Other indirect emissions (scope 3)		
Purchased goods and services (direct purchases)	643,787	594,980
Purchased goods and services (indirect purchases) and capital goods	21,522	17,931
Energy and fuel-related emissions	952	963
Transport (inward and outward shipping)	3,892	6,679
Business travel	216	216
Employee travel to and from work	5,916	5,551
Investments	239	213
Total	**676,525**	**626,534**
Total emissions	**680,500**	**631,509**
Indirect emissions (scope 2)		
Market-based method	2,492	
Location-based method	2,131	

CALCULATION METHOD

In 2022, Alligo mapped the Group's climate emissions for the first time. There is naturally greater certainty with regard to scopes 1 and 2 than scope 3, where several assumptions have had to be made. We will continue to work to improve the accuracy of the calculations and adjust the methodology as required. Climate indicators previously reported will no longer be reported, as Alligo now has a more comprehensive basis.

Climate emissions are calculated on the basis of the Greenhouse Gas Protocol using the operational control approach. Climate emissions from the combustion of biofuel are not reported. Emissions are stated in i CO_2e (carbon dioxide equivalents), a measurement used when several different greenhouse gases (in this case carbon dioxide, methane and nitrous oxide) are converted to carbon dioxide with an equivalent climate impact. A breakdown by individual greenhouse gas is not reported. There is no base year as Alligo has not yet adopted any climate targets. There has been no climate offsetting.

Scope 1

Scope 1 comprises direct emissions from sources that are controlled by Alligo. These include emissions from company cars and direct heating at the company's premises. There were no emissions from the leakage of refrigerants.

Emissions relating to business travel by company car have been calculated based on information about the litres of fuel used, distance travelled or emissions data received from the leasing companies that Alligo uses. Emissions relating to electricity for plug-in hybrids and electric vehicles are included in Scope 2.

Some individual stores are oil-heated and emissions have been calculated based on the quantity of oil purchased.

Sources of emissions factors: Swedish Transport Administration, Swedish Environmental Protection Agency, Swedish Energy Agency and DEFRA.

H4 ENVIRONMENT AND CLIMATE Cont.

Scope 2

Scope 2 comprises indirect emissions of purchased electricity, district heating and district cooling. Electricity and district heating that are paid for in the rent are included, as these sources are controlled by the company. Vehicles powered by electricity are included in electricity consumption. No information is available about district cooling.

Emissions relating to electricity have been calculated mainly on the basis of the quantity of energy purchased. Estimates have also been made based on the area of the premises. Emissions relating to district heating have been calculated on the basis of consumption in a normal-sized store.

Under the Greenhouse Gas Protocol, the method selected for calculating emissions from energy consumption must be specified and emissions relating to the other method must be reported separately. Alligo uses the market-based method and therefore reports the location-based method separately.

Market-based method

The market-based method means that emissions factors are based on production from specific energy sources and suppliers, in other words when there are contracts for product-specific electricity. For other electricity, the residual mix is used, which is adjusted for the purchase of product-specific electricity. Alligo purchases a large proportion of product-specific green electricity generated from hydropower,which is included in the calculations.

Location-based method

With the location-based method, the emissions factors correspond to the total production of the power grid. This method does not take into account the company's purchase of product-specific green energy.

Sources of emissions factors: Swedish Energy Markets Inspectorate, Vattenfall, Swedenergy, International review of district heating and cooling (Werner, 2017).

Scope 3

Scope 3 comprises other indirect emissions in the value chain, both upstream and downstream. Emissions relating to the use of the products that Alligo sells, downstream transport and distribution, as well as waste, are not included as data is either incomplete or unavailable.

Purchased goods and services (direct purchases)

This category contains the products that Alligo sells, in other words emissions relating to the extraction of raw materials, transport and production. Emissions have been calculated mainly on the basis of the number of products and available life cycle analysis data. A cost-based method has also been used.

Sources of emissions factors: The Swedish National Agency for Public Procurement, EPD/LCA from suppliers, Gottfridsson & Zhang and GORE-TEX.

Purchased goods and services (indirect purchases) and capital goods

This category contains the products and services that Alligo purchases but does not sell on to customers, as well as capital goods. Emissions have been calculated using a cost-based method.

Sources of emissions factors: The Swedish National Agency for Public Procurement

Energy and fuel-related emissions

These emissions relate to upstream emissions from the generation of electricity and heat.

Sources of emissions factors: See scopes 1 and 2 above.

Transport (inward and outward shipping)

Transport comprises inward shipping to Alligo's logistics centres and outward shipping from logistics centres to stores. Emissions data has been obtained from Alligo's shipping companies.

Business travel

Emissions data for business travel has been obtained mainly from travel agencies. Estimates have also been made based on the number of employees. Emissions from business travel by own car are not included.

Employee travel to and from work

Emissions relating to employee travel to and from work have been estimated based on the number of employees and an assessment of routes and vehicles.

Sources of emissions factors: Swedish Transport Administration, NTM (Network for Transport Measures) and Sveriges Television.

Investments

Investments relate to Alligo's specialist companies. Emissions have been calculated using a cost-based method.

EU TAXONOMY FOR SUSTAINABLE INVESTMENTS

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.

Alligo is a public interest entity and therefore has an obligation to report the proportion of its business that is aligned with the Taxonomy Regulation. Alligo, whose activities largely focus on the sale of workwear, personal protective equipment, tools and consumables, currently has few activities that are listed in the published delegated acts for the Taxonomy Regulation.

Alligo has reviewed the economic activities listed in the two published delegated acts on technical screening criteria and identified a small number of activities in the delegated act on climate change mitigation. No activities carried out by Alligo are considered to be listed in the delegated act on climate change adaptation.

For an economic activity to be Taxonomy-aligned, the activity must be contained in the technical screening criteria, the activity must do no significant harm to any of the other five environmental objectives and it must fulfil the minimum safeguards that set the standard for the social sustainability of companies. Minimum safeguards refers to processes to ensure that the business is operated in accordance with the OECD Due Diligence Guidance for Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights throughout the value chain.

Taxonomy-eligible activities

7.3. Installation, maintenance and repair of energy efficiency equipment

In 2022, Alligo replaced the existing lighting at a number of locations with LED lighting. This activity is considered to be in line with the criteria for Do No Significant Harm.

Alligo has established processes to ensure that the business is operated in accordance with the OECD Due Diligence Guidance for Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights throughout the value chain. The process is centred on a risk-based working method. Alligo considers that the requirement for the fulfilment of minimum safeguards in relation to social sustainability is met.

Accounting policies

The key performance indicators have been calculated in line with the definitions in Annex 1 to the Delegated Act 2021:4987, supplementing Article 8 of the Taxonomy Regulation. Relevant data has been collated from the Group's financial systems.

Turnover

The activity that is considered to be Taxonomy-eligible does not generate any turnover. The turnover in the denominator consists of the Group's revenue (page 62).

Capital expenditure (CapEx)

Alligo's total capital expenditure relates to investments in tangible non-current assets as reported in note 11 (page 83) and in intangible non-current assets as reported in note 10 (page 82). The value of Taxonomy-eligible investments is calculated at cost.

Operating expenditure (OpEx)

Total operating expenditure is calculated as direct costs that cannot be capitalised relating to the day-to-day maintenance of tangible non-current assets. Alligo's Taxonomy-eligible operating expenditure is not material as the Taxonomy-eligible investment requires minimal ongoing maintenance.

Turnover

				Substantial contribution criteria						DNSH criteria ('Do No Significant Harm')										
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year 2022 (18)	Taxonomy-aligned proportion of turnover, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
	Code	MSEK	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	%	E	T
A TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
- Installation, maintenance and repair of energy efficiency equipment	7.3	-	0.0%							Yes	-	-	Yes	Yes	-	Yes	0.0%	0.0%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0.0%														0.0%	0.0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
-																				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Total (A.1 + A.2)		**-**	**0.0%**																	
B TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		9,211	100.0%																	
Total (A+B)		**9,211**	**100.0%**																	

Capital expenditure (CapEx)

				Substantial contribution criteria						DNSH criteria ('Do No Significant Harm')										
Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx, year 2022 (18)	Taxonomy-aligned proportion of CapEx, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
	Code	MSEK	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	%	E	T
A TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
- Installation, maintenance and repair of energy efficiency equipment	7.3	1	0.7%							Yes	-	-	Yes	Yes	-	Yes	0.7%	0.0%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1	0.7%														0.7%	0.0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
-																				
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Total (A.1 + A.2)		**1**	**0.7%**																	
B TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		151	99.3%																	
Total (A+B)		**152**	**100.0%**																	

Operating expenditure (OpEx)

				Substantial contribution criteria						DNSH criteria ('Do No Significant Harm')										
Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, year 2022 (18)	Taxonomy-aligned proportion of OpEx, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
	Code	MSEK	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	%	E	T
A TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
- Installation, maintenance and repair of energy efficiency equipment	7.3	0	0.0%							Yes	-	-	Yes	Yes	-	Yes	0.0%	0.0%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0%														0.0%	0.0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
-																				
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Total (A.1 + A.2)		**0**	**0.0%**																	
B TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		25	0.0%																	
Total (A+B)		**25**	**0.0%**																	

GRI INDEX

Alligo's sustainability report for the period 1 January 2022–31 December 2022 has been prepared with reference to GRI Standards. GRI:1 Foundation 2021 has been applied. The index indicates the pages or sustainability notes where standard disclosures and selected indicators from the materiality analysis have been reported.

General disclosures

GRI STANDARD	DISCLOSURE		PAGES	COMMENT
GRI 2: General disclosures 2021	2-1	Organisational details	pp. 47–48, 93	
	2-2	Entities included in the organisation's sustainability reporting	Inside cover, pp. 93–94, 111	
	2-3	Reporting period, frequency and contact point	p. 111	Contact: Susanna Fink, Head of Sustainability and Quality. E-mail: susanna.fink@alligo.com
	2-4	Restatements of information		The report does not contain any significant changes to previously reported information. Minor changes are indicated alongside the relevant information.
	2-5	External assurance	p. 111	The sustainability report has not been externally reviewed.
	2-6	Activities, value chain and other business relationships	pp. 10, 14–17, 19, 22–23, 36–39, 47	
	2-7	Employees	H2	Derogation: Information based on the form of employment is unavailable.
	2-8	Workers who are not employees	H2	
	2-9	Governance structure and composition	pp. 35, 52–61	
	2-10	Nomination and selection of the highest governance body	pp. 53–54	
	2-11	Chair of the highest governance body	p. 54	
	2-12	Role of the highest governance body in overseeing the management of impacts	pp. 35, 54–55, 57, 111	
	2-13	Delegation of responsibility for managing impacts	pp. 35, 54–57	
	2-14	Role of the highest governance body in sustainability reporting	pp. 35, 54–55, 111	
	2-15	Conflicts of interest	pp. 53–54	
	2-16	Communication of critical concerns	pp. 40, 58	
	2-17	Collective knowledge of the highest governance body	pp. 53–54	
	2-18	Evaluation of the performance of the highest governance body	p. 55	
	2-19	Remuneration policies	pp. 49–51, 78–80	
	2-20	Process to determine remuneration	p. 56	
	2-21	Annual total compensation ratio	H2	
	2-22	Statement on sustainable development strategy	p. 4	
	2-23	Policy commitments	pp. 35, 38, 57	
	2-24	Embedding policy commitments	pp. 35, 38–40, 42–43	
	2-25	Processes to remediate negative impacts	pp. 33–34, 111	
	2-26	Mechanisms for seeking advice and raising concerns	p. 40	
	2-27	Compliance with laws and regulations	p. 35	No significant non-compliance with laws and regulations was identified in 2022.
	2-28	Membership associations	pp. 35, 38	Alligo is a member of the Swedish Trade Federation, the Confederation of Norwegian Enterprise (NHO) and the Finnish Commerce Federation.
	2-29	Approach to stakeholder engagement	p. 33	
	2-30	Collective bargaining agreements	H2	

Material topics

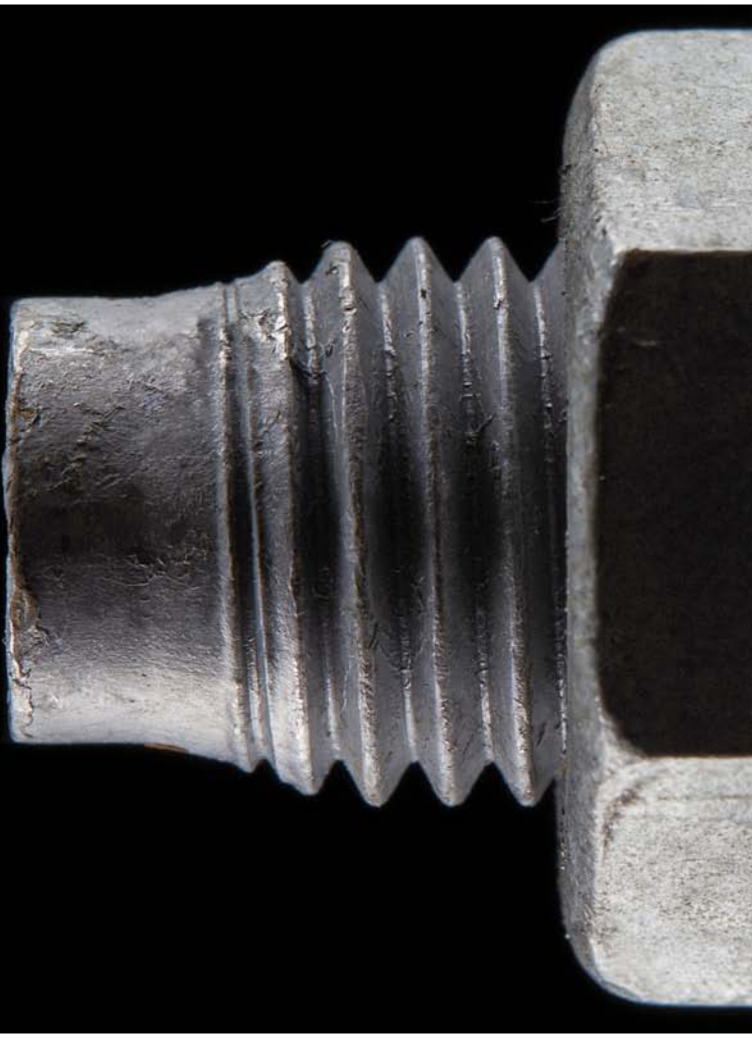
GRI STANDARD	DISCLOSURE	PAGES	COMMENT
GRI 3: Material topics 2021	3-1 Process to determine material topics	pp. 33–34, 111	
	3-2 List of material topics	p. 34	
ECONOMIC IMPACT			
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	H1	
Anti-corruption			
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 34–35, 40	
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	pp. 13, 38, 40	Derogation: Information by region is unavailable. Information is unavailable on the number and proportion of employees trained in the Code of Conduct (including anti-corruption) for 2022 as a result of integration work.
	205-3 Confirmed incidents of corruption and actions taken	p. 40	No incidents of corruption were reported in 2022.
Customer satisfaction			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 34	
Own disclosure	Customer Satisfaction Index (CSI)	p. 13	A general customer survey is carried out annually. This involves an external market research company interviewing a representative portion of the customers in each country by telephone.
ENVIRONMENTAL IMPACT			
Energy			
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 34, 44	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	H4	
Emissions			
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 13, 34, 44–45	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	H4	
	305-2 Energy indirect (Scope 2) GHG emissions	H4	
	305-3 Other indirect (Scope 3) GHG emissions	H4	
Supplier Environmental Assessment			
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 13, 34, 38–39	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	H3	Refers to all key suppliers of direct material that accepted Alligo's Supplier Code of Conduct.
Sustainable choices			
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 34, 36–37	
Own disclosure	Proportion of own brand garments certified in accordance with OEKO-TEX® STANDARD 100	p. 36	The proportion of garments certified in accordance with OEKO-TEX® STANDARD 100 in Alligo's own range includes the brands Björnkläder, 1832, Univern and Gesto and is calculated by dividing the number of certified models by the total number of models from the four own brands.

GRI STANDARD	DISCLOSURE	PAGES	COMMENT
	SOCIAL IMPACT		
Employment			
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 13, 34, 41–43, 49, H2	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	H2	
Occupational Health and Safety			
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 34, 42–43	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	pp. 35, 42, H2	
	403-2 Hazard identification, risk assessment, and incident investigation	pp. 42–43	
	403-3 Occupational health services	p. 43	
	403-4 Worker participation, consultation, and communication on occupational health and safety	pp. 42–43	
	403-5 Worker training on occupational health and safety	p. 42	
	403-6 Promotion of worker health	p. 43	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	pp. 38–39	
	403-8 Workers covered by an occupational health and safety management system	H2	
Skills development			
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 34, 41-42	
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	H2	Derogation: Information about the breakdown by category is unavailable.
Diversity and equal opportunity			
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 13, 34–35, 43, 53–54	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	H2	
Non-discrimination			
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 35, 41	
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	H2	
Supplier Social Assessment			
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 13, 34, 38–39	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	H3	Refers to all key suppliers of direct material that accepted Alligo's Supplier Code of Conduct.
Customer Health and Safety			
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 34, 36–37	
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		No incidents of non-compliance concerning the health and/or safety impacts of products were identified in 2022. This can be verified by the fact that there was no contact from the authorities regarding lack of compliance in relation to the range or products delivered.

INFORMATION FOR SHAREHOLDERS

FINANCIAL CALENDAR

Interim Report Q1 Jan–Mar 2023	28 April 2023
Annual General Meeting 2023	24 May 2023
Interim Report Q2 Jan–Jun 2023	18 July 2023
Interim Report Q3 Jan–Sep 2023	26 October 2023



ANNUAL GENERAL MEETING

Alligo's Annual General Meeting 2023 will take place on 24 May 2023 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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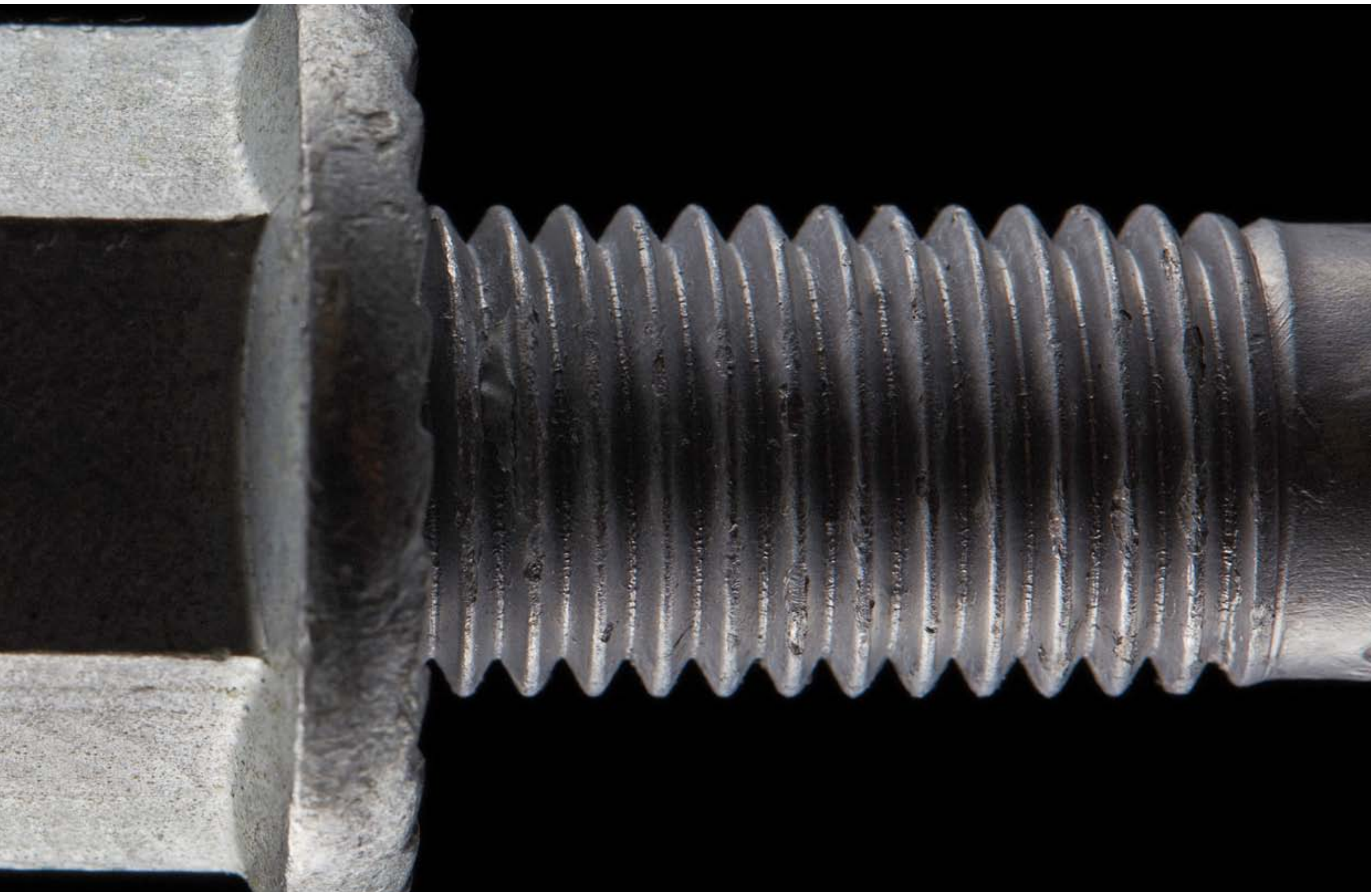

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WE MAKE BUSINESSES WORK

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