ANNUAL AND SUSTAINABILITY REPORT 2023

ALLIGO

WE MAKE BUSINESSES WORK

CONTENTS

ABOUT THE ANNUAL AND SUSTAINABILITY REPORT

The formal Annual Report and consolidated financial statements for Alligo AB (publ) comprise the Administration Report with related financial statements and notes on pages 67–120. The Corporate Governance Report is part of the Administration Report and is presented on pages 73–79. The Group prepares a Sustainability Report with reference to GRI Standards. Index details are provided on pages 63–65. The statutory Sustainability Report can be found on pages 14, 17 and 32–62. The Group's Remuneration Report is published separately at www.alligo.com.

2023 IN BRIEF

Q1 First quarter

Alligo completed the acquisition of 70 per cent of the shares in corporate branding company Z-Profil AB, which has operations in Umeå and Skellefteå. Z-Profil is a specialist in corporate branded clothing and product media.

Alligo completed the acquisitions of 70 per cent of the shares in Kents Textiltryck i Halmstad AB and Olympus Profile i Uddevalla AB, which sell workwear, corporate branded clothing and product media.

Q2 Second quarter

Alligo acquired 100 per cent of the shares in Finnish company Kitakone Oy, which runs a store in Jyväskylä selling tools, fixings and chemicals to the construction and vehicle service and repair markets.

Alligo acquired 70 per cent of the shares in corporate branding company Topline AB. Topline has operations in Borås and Gothenburg and is also established in Kalmar through its subsidiary Topline Kalmar AB.

Alligo acquired 100 per cent of the shares in Finnish company Tampereen Pirkka-Hitsi Oy, which runs two stores and specialises in the sale and servicing of welding machines.

Q3 Third quarter

On the basis of the authorisation granted by the Annual General Meeting, the Board of Directors decided to repurchase some of the company's own Class B shares. The aim is to ensure that future acquisitions of companies or businesses can take place through payment in treasury shares, while also providing the opportunity to adapt the Group's capital structure.

Q4 Fourth quarter

Alligo decided to streamline its concept brands in the Nordic region. The stores in Sweden were brought together under the Swedol concept brand and in Norway and Finland under the Tools concept brand.

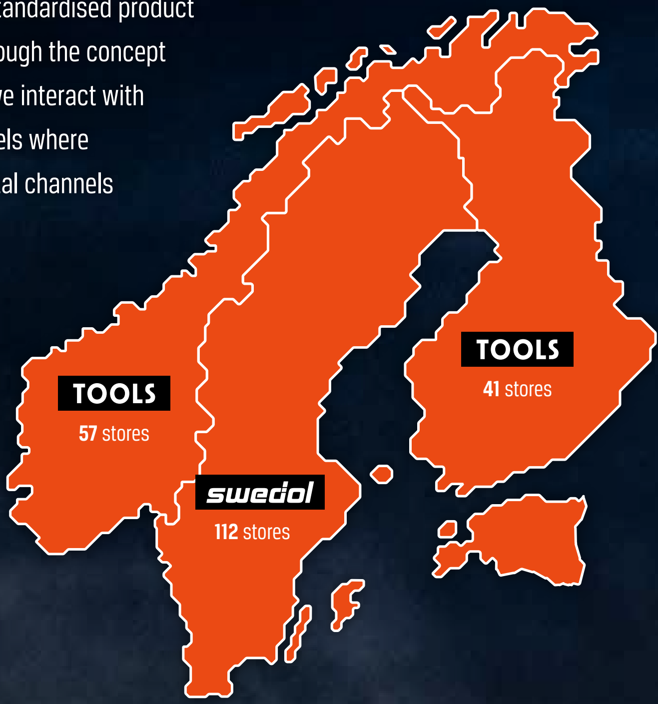
Alligo signed an agreement to acquire 100 per cent of the shares in Tore Vagle AS, which sells tools and industrial components in Sandnes, Norway. The acquisition was completed in January 2024.

Alligo signed agreements to acquire 100 per cent of the shares in Svets och Tillbehör i Sverige AB and Svetspartner i Malmö AB. The companies have operations in Ystad and Malmö respectively and have a broad offering within welding and grinding and related service business. The acquisitions were completed in January 2024.

Alligo joined the Science Based Targets initiative (SBTi).

ALLIGO IN A MINUTE

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 make businesses work. Through the concept brands Swedol and Tools, alongside local specialist brands, we interact with professional users throughout the Nordic region in the channels where they want to meet us, whether this is a store, field sales, digital channels or smart solutions on-site at the customer.



Since Alligo was formed through the merger of Swedol and Tools in 2020, intensive integration work has been carried out. Alligo is now an integrated company with a scalable platform that can continue to drive long-term profitable and sustainable growth, both organically and through acquisitions. 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.

swedol TOOLS

ALLIGO

Independent stores

SWEDEN: Mercus, Company Line, Reklamproffsen, Industriprofil, TriffiQ, Profilmakarna, Defacto, Magnusson Agentur, Profeel, Z-Profil, Kents Textiltryck, Olympus Profile, Topline, Svets och Tillbehör i Sverige and Svetspartner i Malmö. **NORWAY:** Tore Vagle. **FINLAND:** Metaplan, Liukkosen Pultti, Kitakone and Pirkka-Hitsi.

KPIs 2023

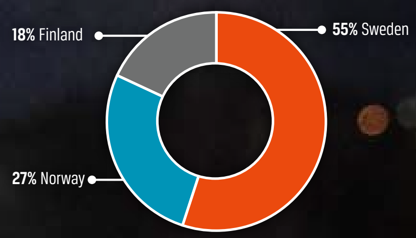
9,335
REVENUE, MSEK

827
ADJUSTED EBITA, MSEK

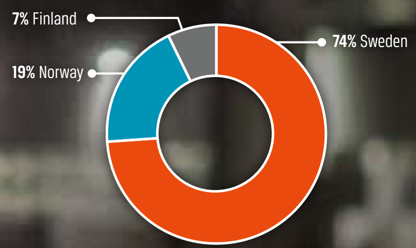
8.9
ADJUSTED EBITA MARGIN, %

2,443
NUMBER OF EMPLOYEES

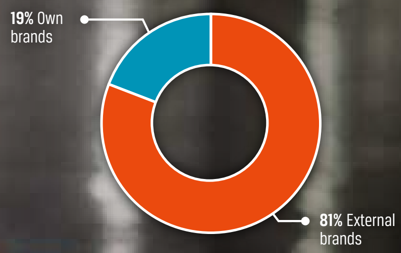
REVENUE BY GEOGRAPHIC SEGMENT



ADJUSTERAD EBITA BY GEOGRAPHIC SEGMENT



SALE OF OWN BRANDS



MESSAGE FROM THE CEO

There was a continued slowdown in demand on the market during the year. A weaker economy affected the majority of our industry segments. Customers within the construction industry suffered the most, although manufacturing industry was also affected towards the end of the year. The Swedish market felt the most impact, although Finland experienced a similar trend. In Norway, the market was boosted by continued strong development within oil and gas in particular. The Norwegian market has historically had a balancing effect against the Swedish market and the slowdown during the year was less than in Sweden.

In response to the weaker economy, we have continuously streamlined our operations and adapted the cost structure to the prevailing conditions. Alligo managed to adjust successfully to the weaker market and achieved increased profitability and strong cash flow during 2023.

Sales maintained and profitability increased

Revenue for the full year 2023 was MSEK 9,335 (9,211), an increase of 1.3 per cent. The year began with stable growth, which gradually reduced and turned into a decline during the fourth quarter. Organic growth was negative at -1.4 per cent. It was instead acquisitions that helped to maintain the level of sales. Growth through acquisitions was 3.5 per cent.

Inflation and a weak Swedish krona made purchases even more expensive, putting pressure on margins. It was therefore particularly important to work on pricing in 2023. Our aim was to find the right balance between adjusting our prices in line with underlying cost increases while remaining competitive in a market where more customers have been experiencing difficulties. Pricing work takes place continuously through adjustments based on the product and market situation. The overall outcome has been good and we strengthened both our gross margin and our operating margin during the year. Adjusted EBITA for 2023 amounted to MSEK 827 (756) and the adjusted EBITA margin was 8.9 per cent (8.2). The improved profit was primarily the result of organic growth in Norway, margin improvements and cost adjustments. In order to strengthen profitability, we have worked on areas such as price and cost adaptation, supplier negotiations, improved sales and assortment management and increasing the proportion of small and medium-sized customers.

Reduced tied-up capital and strong cash flow

Decreasing inventory and reduced tied-up capital was a priority area throughout 2023 and the trend is heading in the right direction. While we are working hard to reduce inventories, sales of our own brands have increased, which is positive but has the opposite effect to an extent. The work to reduce tied-up capital has been successful overall and cash flow from operating activities increased to MSEK 993 (507) in 2023. We have achieved major improvements in a short time, but there is scope to reduce stock levels further and this work will continue during 2024. The challenge lies in streamlining our procurement processes so that we do not build up inventories outside our focus areas – something that becomes easier the more we standardise our range.

Streamlining of concept brands

In the fourth quarter of the year we decided to streamline our concept brands to one per country. This was a decision we have been considering for a long time and it felt right to implement this change now, which means that Swedol will be our concept brand in Sweden and Tools in Norway and Finland. The conversion of the Univern stores in Norway to Tools has already been completed in 2023. The remaining Tools and Grolls stores in Sweden and Grolls stores in Finland will be converted during 2024. This change is in line with the integrated company that we have developed since the merger of Swedol and Tools. The change will not mean any difference in practice for our customers, but we are creating the opportunity for us to have standardised communication and more effective marketing in each country.

Enhanced climate and sustainability work

We continued to strengthen the Group's sustainability work during the year, including the important steps of mapping our climate-affecting emissions and signing Alligo up to the Science Based Targets initiative (SBTi). By joining this initiative, we are committing ourselves, by the end of 2025, to develop specific, science-based targets for reducing emissions in scopes 1, 2 and 3. At the same time as raising the level of our climate work, we are building further on the good work that we have done in previous years. We support the principles of the UN Global Compact and we are preparing the company to take the next steps in sustainability reporting. An important area where we have made a lot of progress is in phasing out PFAS. Through our own brands, we can be at the forefront of reducing the use of substances that are harmful to health and the environment.

Well-positioned for the future

During the year, not only have we improved efficiency by adapting the organisation and implementing cost-saving measures, we have also continued to build a stronger company for the future. Many important changes and investments have been made. We have created a new Nordic organisation for industrial customers that works alongside the sales organisations. We have also continued to invest in our logistics, with the ongoing migration to Vestby Logistikpark outside Oslo an important step for Alligo in Norway. In Sweden, we have invested in new automation tracks to further enhance the logistics centre in Örebro, which is the hub of our logistics for the entire Nordic region. At the same time, we are continuing to develop our own brands and the Nordic standard range that will strengthen us on all markets.

Actively working on acquisitions is particularly important when the market is experiencing lower growth. We see good opportunities for strengthening our offering and position by acquiring profitable companies that complement our business. We are therefore pleased to have signed agreements to acquire six new companies, which we welcome to Alligo. Three of the acquisitions were companies in welding, an area where we see great potential to strengthen our position and our offering. The opportunities for making further acquisitions in the future are good, as we have a proven integration model and a strong balance sheet.

There remains considerable uncertainty on the market but the extensive integration work that we have carried out since the merger of Swedol and Tools has laid the foundation for a stable company with the ability to handle changes in the market situation. The focus is always on profitable growth. The scalability of our business model enables us to maintain good cost control but also to react quickly to future improvements in the economic situation.

Tyresö, April 2024

Clein Johansson Ullenvik
Group President and CEO

"The extensive integration work that we have carried out since the merger of Swedol and Tools has laid the foundation for a stable company with the ability to handle changes in the market situation.

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 industrial companies and public-sector agencies. The mix of companies, industry segments and geographic markets provides good opportunities for continued profitable growth and 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 assortment, procurement, logistics, finance, IT and sales enable new investments to be 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 – increasing competitiveness as well as reducing risk. Alligo carries out targeted work 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 large groups. Alligo has a leading position and is actively involved in this. 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

Will Alligo's gross margin continue to have the same stable development in 2024?

We are relatively pleased with the stable development of the gross margin, which was 41.4 per cent (40.5) in 2023. To ensure the continued stable development of our margin, we are continuing to work to improve sales and assortment management and to increase the proportion of small and medium-sized customers. Close cooperation with our partner suppliers is also important. If we are to maintain a good underlying gross margin in times of high inflation, weak Swedish and Norwegian currencies and increased pressure on customers, it is particularly important that we adapt our pricing. It is important to find the balance between adjusting for underlying cost increases and maintaining competitive prices.

Is the weak economy affecting Alligo's ability to achieve the target margin (adjusted EBITA of 10%)?

The adjusted EBITA margin has continued to achieve stable development and is 8.9 per cent (8.2) for 2023, which shows that we are on the right track. The measures we have implemented to strengthen the margin and reduce costs in response to the weaker market provide Alligo with the conditions to continue its positive development. Ultimately, however, a weaker market cannot be offset by lower costs.

Do you have the capacity to continue to make acquisitions in 2024?

Acquisitions are an important part of Alligo's growth strategy and we have a history of identifying the right companies to acquire and integrating them using an effective model. Alligo has a strong balance sheet that provides good conditions for continuing to acquire profitable companies that complement our business. Our focus is on areas where we see great potential to strengthen our position and our offering. One such area is welding, where we signed agreements to acquire three companies during the year. Overall in 2023, we signed a total of six agreements (nine) for acquisitions with total annual revenue of approximately MSEK 334 (413).

How is Alligo's customer mix a strength in the current market situation?

Alligo's customer mix, consisting of small, medium-sized and large companies within eight different industry segments, dampens the effect of economic fluctuations.

The slowdown that we saw in the first half of 2023 applied mainly to small and medium-sized companies in the construction industry, which found things more difficult as the larger construction companies took on smaller projects that would normally have been carried out by smaller contractors. Larger infrastructure projects that were already under way continued to progress, however. We also saw something of a slowdown within transport and agriculture/forestry. The manufacturing industry segment, which has larger customers and longer contracts, was more stable with no immediate indications of slowdown until the fourth quarter. The public sector remains relatively stable. Positive development continues for oil and gas, as well as the fishing industry based in Norway.

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

Our sector experienced the weaker economy at an early stage, with a slowdown in Sweden already observed in the fourth quarter of 2022. Historically, Alligo has come out of a weaker market early, which we hope will also be the case this time.

In more difficult financial times for customers, Alligo needs to be able to offer more affordable options and to focus on sales. Our combined knowledge and experience within product development gives us the ability to offer affordable products under our own brands without reducing either quality or our gross margins.

What risks and opportunities are there for Alligo over the coming year?

In recent years, we have focused strongly on integrating Swedol and Tools and constructing Alligo. We have changed the organisational structure, coordinated logistics and the store network, switched to a common IT and business system and merged companies – so this has been a relatively challenging time.

Alligo is now well equipped to handle the current economic situation and we have a stable platform to build on. We continue to work to improve the customer mix with a larger proportion of small and medium-sized companies, to develop our offering, improve assortment management and refine our sales work at both Nordic and country level. At the same time, we intend to continue acquiring profitable companies that are aligned with Alligo's growth strategy.

What is your primary focus in 2024?

Alligo's focus in 2024 is on sales. We are intensifying our activities on all markets with a focus on sales and assortment management in order to increase the proportion of small and medium-sized companies as well as sales of our own brands. In Norway and Finland, we have invested in more attractive locations and better stores in order to draw in small and medium-sized customers. In Sweden, the focus is on strengthening margins in the manufacturing industry segment through improved sales and assortment management. At the same time we are continuing to expand in attractive growth areas, such as the new store that opened in Boden in December.

ALLIGO'S HISTORY

2021

Momentum Group changes its name to **Alligo**.

2022

The Components and Services business area (Momentum Group) is distributed to shareholders and listed separately on Nasdaq Stockholm.

Alligo completes the integration of **Swedol** and **Tools**.

2023

Alligo takes the decision to streamline its concept brands, with just one in each country. **Swedol** in Sweden and **Tools** in Norway and Finland.

2019

Momentum Group tables a bid to buy Swedol, with the intention of integrating **Swedol** and **Tools**. The acquisition is completed in spring 2020.

2017

B&B Tools (formerly Bergman & Beving) is split into two separately listed companies: Bergman & Beving and Momentum Group, which includes **Tools**.

2013

Swedol adopts a new strategy with a focus on the professional market.

2016

Swedol acquires Björnkläder Intressenter AB and with it the **Grolls** brand.

2008

Swedol is listed on Nasdaq Stockholm.

2006

Swedol expands, opening several new stores.

2002

Bergman & Beving launches a six-year aggressive acquisition strategy. 150 companies in Sweden, Norway and Finland are bought up and integrated into the **Tools** chain.

1999

Hydraulprodukter changes its name to Swedol Hydraulprodukter and a couple of years later to **Swedol**.

Tools is formed in Norway, as part of Bergman & Beving.

1832

L. **Groll** Lärftshandel is founded on Järntorget in Gamla stan, Stockholm.

1963

Mail order company Hydraulprodukter (later **Swedol**) is established in Tyresö, south of Stockholm.

1995

Hydraul-produkter opens its first physical store.

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 – sustainability must be integrated throughout our business.

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 know what you are doing. We always look to challenge ourselves, to learn more, and to think innovatively. In close partnership with those who trust us, we aim to become even better at everything we do.

/STRATEGIC POSITION

Alligo is run as an integrated company where all the different parts are connected to form one whole. The focus is on operational efficiency and long-term sustainable and profitable growth.

Alligo is an integrated company that creates value through operational improvements and profitable growth, both organic and through acquisitions.

The business has a clear operational focus and is run from a Nordic perspective. Alligo's shared, scalable platform enables it to achieve profitable growth and, where necessary, adapt the organisation's cost structure to current conditions.

Customers

The business is developed with a focus on corporate customers within eight defined industry segments on the main geographical markets of Sweden, Norway and Finland. Our priority is sales to end customers, but we are also a product owner with our own brands that we can sell through resellers to broaden our market coverage.

Offering

The product offering is focused on consumables such as workwear, personal protective equipment and tools, not on input goods. The range must have a high degree of standardisation. Services are also an important part of the offering.

Channels

The sales channels of field sales and telesales, stores, digital sales and on-site service complement and support each other. Sales take place through a concept brand in each country and via the channel(s) the customer chooses based on their needs.

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

- One main concept brand per country
- Multiple sales channels that meet customers on their terms
- Digital channels support and generate various kinds of sales

/STRATEGIC ACQUISITIONS

Business acquisitions are an integral part of Alligo's growth strategy.
Acquiring suitable companies enables us to strengthen the business and realise synergies.

Focus on well-run companies

Acquisitions are an important tool for driving the development and growth of Alligo. The companies we acquire must be aligned with our strategy and bring clear value. We focus on acquiring well-run, profitable companies that can be fully integrated into Alligo, providing us with growth and synergies without increasing complexity.

Alligo mainly acquires companies that operate in our existing markets and product areas. Acquisitions enable us to strengthen our geographical presence, expand our customer base and enhance our offering within key product areas. Our acquisitions generate synergies through co-location, coordination of ranges, purchasing, warehousing and administration, as well as cross-selling, for example.

Long-term acquisition process

The work to identify and carry out suitable acquisitions is a long-term and continuously ongoing process. With good knowledge of the local markets in each country, we are always considering which companies could complement and strengthen Alligo. A long-list of potential acquisition candidates is constantly added to, evaluated and prioritised.

There is usually a pipeline of companies where Alligo is in different stages of dialogue or negotiations – from indicative offer to letter of intent and due diligence to binding transfer agreement. Acquisition work is mainly run by the local sales organisations together with a Nordic acquisition team.

Acquisitions are generally financed using the company's own funds and existing credit facilities. Alligo is also able to pay in its own shares if this is deemed beneficial by both parties.

Extensive integration

Alligo has a proven model for integrating acquisitions, which is adapted to each individual case. The key factors for successful integration include retaining staff and key personnel, coordinating ranges and purchasing terms, harmonising pricing and coordinating IT systems.

The acquired companies are generally incorporated under the local concept brands – Swedol in Sweden and Tools in Norway and Finland. The length of the transition period can vary depending on the individual conditions and how well established the individual brand is on the local market. An exception is product media companies in Sweden, which continue to operate under their own established brands as the business is clearly separate from the broad concept brands of Swedol and Tools.

ACQUISITION AGREEMENTS SIGNED IN 2022–2023

	Date	Company	Product category	Number of employees	Number of stores	Revenue (MSEK)[1]
	Feb 2022	Liukkosen Pultti Oy	Workwear/Tools	12	1	47
	Mar 2022	Lunna AS	Industrial Components/Tools/Workwear/Protective Equipment	26	3	86
	Jun 2022	H E Seglem AS	Industrial Components/Tools/Workwear/Protective Equipment	8	1	42
	Jul 2022	Magnusson Agentur AB	Corporate Branded Products/Workwear	6	1	27
	Aug 2022	LVH AS	Tools/Consumables/Workwear/Protective Equipment	4	1	13
	Nov 2022	Profeel Sweden AB (75%)	Corporate Branded Clothing/Product Media	18	2	72
	Dec 2022	Z- Profil AB (70%)[2]	Corporate Branded Clothing/Product Media	13	2	41
	Dec 2022	Kents Textiltryck i Halmstad AB (70%)[2]	Workwear/Corporate Branded Clothing/Product Media	15	1	42
	Dec 2022	Olympus Profile i Uddevalla AB (70%)[2]	Workwear/Corporate Branded Clothing/Product Media	13	1	43
	Apr 2023	Kitakone Oy	Tools/Fixings/Chemicals	8	1	32
	May 2023	Topline AB (70%)	Workwear/Corporate Branded Clothing/Product Media	16	3	60
	Jun 2023	Tampereen Pirkka-Hitsi Oy	Welding	13	2	53
	Dec 2023	Tore Vagle AS[3]	Tools/Industrial Components	11	1	41
	Dec 2023	Svets och Tillbehör i Sverige AB[3]	Welding/Grinding	22	1	120
	Dec 2023	Svetspartner i Malmö AB[3]	Welding/Grinding	10	1	25
Total				**195**	**21**	**748**

1) Exchange rate: EUR 10.5: NOK 1.05. 2) Acquisition completed in 2023. 3) Acquisition completed in 2024.

/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 are 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-affecting emissions in our value chain are generated by the products we sell. It is therefore important for us to influence our suppliers to reduce their carbon footprint. The supply chain 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. Many customers are already familiar with our sustainability work and know that we lead the way in our industry. We need to be even better at communicating our work and results, which helps to increase awareness 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.

Alligo has a scalable business model that focuses on profitable growth, both organic and through acquisitions. Sharing a common platform in key areas such as assortment, procurement, logistics, finance, IT and sales enables new investments and acquisitions to benefit from economies of scale and synergies. The business model allows investments and acquisitions for profitable growth to increase in line with demand, while also enabling us to adapt the cost structure and reduce costs as necessary.

Offering

The range is carefully selected and developed to meet the needs of corporate customers within eight 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. Own brands can provide higher margins and are important for strengthening sustainability in the range, as Alligo develops the products and has greater control over their properties, quality and value chain. 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

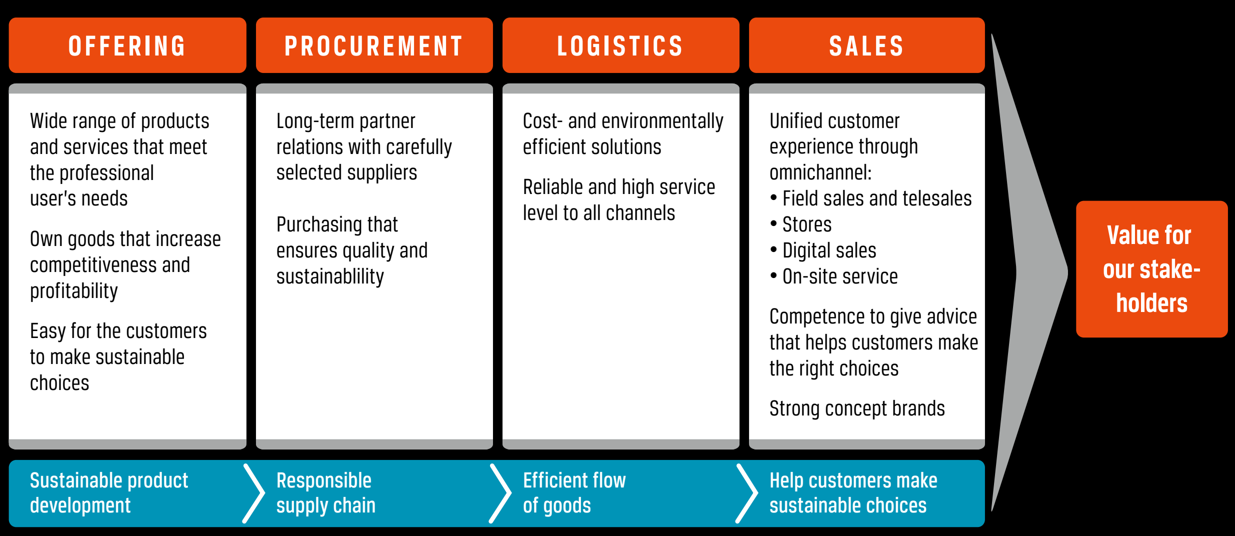
An efficient and reliable flow of goods is essential for Alligo's value creation and competitiveness. Having centralised, highly automated logistics reduces costs while also enabling a high level of service and reliable deliveries, whatever the sales channel. Coordinated logistics also create better opportunities for optimising logistics flows for both inward and outward shipping and reducing the carbon 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 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. There is also a Nordic sales organisation focused on larger industrial customers that works together with the country organisations. Our employees have extensive knowledge about our products and services and are therefore able to help customers make sustainable choices that are the right ones for making their business work.

Value for stakeholders

The business model aims to create value for Alligo stakeholders, 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 the offering and product development on pages 24–27 and 42–43.

» Read more about procurement and responsibility in the supply chain on pages 22 and 44–45.

» Read more about logistics and the flow of goods on pages 28–29 and 50–51.

» Read more about sales and how Alligo helps customers to make sustainable choices on pages 23 and 40–41.

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

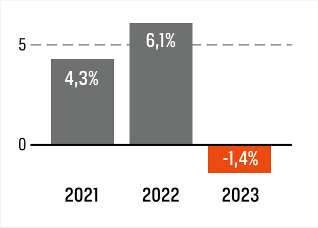
OUTCOME AND COMMENTS 2023

GROWTH

>5%

Organic growth

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



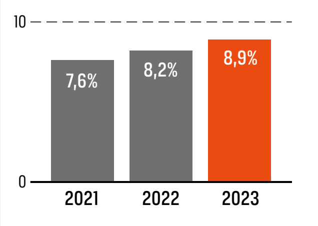
The weaker market in 2023 affected Sweden in particular, but also Finland during the second half of the year. Norway performed better as a result of strong development in the oil and gas industry segment. Organic growth was negative in Sweden at -5 per cent, while it was unchanged in Finland and amounted to four per cent in Norway. In 2022, organic growth surpassed the target of five per cent in all countries.

PROFITABILITY

>10%

Adjusted EBITA margin

The adjusted EBITA margin shall be more than ten per cent per year.



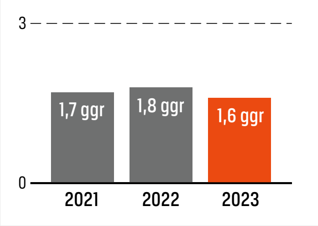
The improved adjusted EBITA margin is the result of a strong gross margin and cost adjustments. Profitability in Norway increased in 2023 and in Sweden was at a stable high level, while Finland performed weaker as a result of investments in stores. Work is ongoing to establish a more favourable customer mix in Finland and Norway and to further strengthen the sales and assortment management in order to achieve the target of an adjusted EBITA margin of ten per cent for the Group.

INDEBTEDNESS

<3X

Ratio of net operational liabilities to adjusted EBITDA

The ratio of net operational liabilities to adjusted EBITDA shall be less than a multiple of three.



Net liabilities were lower at the end of 2023 compared with 2022 as a result of the improved cash flow and work to reduce stock levels. The effect of this was mitigated by a higher level of investment, acquisitions made, dividend and the repurchase of shares.

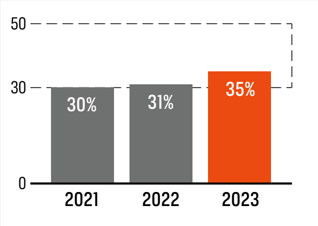
The strong financial position provides a solid foundation for continued growth and means we are well prepared to take advantage of future acquisition opportunities.

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 3.50 per share (3.00) is equivalent to 35 per cent (31) of earnings per share for 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

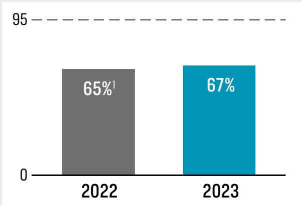
OUTCOME AND COMMENTS 2023

RESPONSIBLE SUPPLIER RELATIONSHIPS

›95%

Must meet the supplier standard

More than 95 per cent must meet Alligo's supplier standard, measured as a proportion of the total purchase value from suppliers to the standard range.



In 2023, an increased proportion of suppliers met Alligo's supplier standard, which includes agreements, acceptance of the Supplier Code of Conduct and related Chemical Restriction Lists, and self assessments performed by suppliers on the requirements of Alligo's Code of Conduct. The Code 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

The Customer Satisfaction Index (CSI) shall be more than 75.

CSI	2021	2022	2023[2]
Sweden (Swedol)	76	76	–
Sweden (Tools)	79	77	–
Sweden (Grolls)	79	78	–
Norway (Tools)	79	79	–
Norway (Univern)	85	81	–
Finland (Tools)	77	n.a.	–
Finland (Grolls)	76	n.a.	–

The method for measuring customer satisfaction is under review and no outcome for 2023 can be reported.

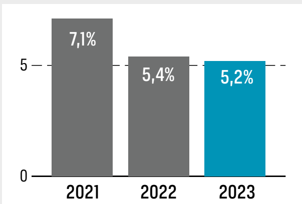
The results of measurements in previous years were above target in all countries.

HEALTH

‹5%

Sickness absence

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



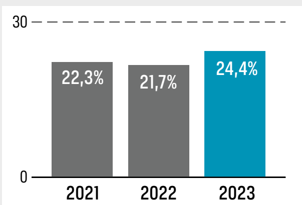
Extensive change work and the Covid-19 pandemic had a significant impact on sickness absence in 2020 and 2021. These factors also affected sickness absence in 2022, but to a lesser degree. Sickness absence reduced further in 2023, driven by Norway and Finland.

GENDER EQUALITY

›30%

Proportion of female managers

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



The proportion of female managers increased in 2023, driven by development in Sweden. This is the result of a targeted effort to have both female and male final candidates in recruitment processes. The target is for the proportion of female managers to correspond to the overall gender distribution of Alligo's employees.

CLIMATE IMPACT

↓CO_2

Reduced greenhouse gas emissions

Climate-affecting emissions shall be reduced.

In December 2023, Alligo joined the Science Based Targets initiative. By the end of 2025, the Group shall set targets for reduced climate impact.

1) The calculation basis was adjusted in 2023 and the comparative figures for 2022 have been restated according to the same principles.
2) The method for measuring customer satisfaction is under review. No outcome for 2023 can be reported.

MARKET OVERVIEW

Alligo operates on three Nordic main markets: Sweden, Norway and Finland. The focus in these markets is on corporate customers within eight defined industry segments.

Three main markets in the Nordics

The three main markets of Sweden, Norway and Finland generate total revenue of approximately MDSEK 59 per year within Alligo's product categories. The market can be divided into corporate customers within eight selected industry segments (see right), two of which – Oil and gas and Fishing and aquaculture – are exclusive to Norway. Customers are mostly a combination of small and medium-sized enterprises, large industrial companies and the public sector.

Market conditions

The slowdown observed in Sweden during the fourth quarter of 2022 continued in 2023, resulting in a more challenging market. A declining economy is a risk to all segments, but the clearest slowdown was seen in the construction industry. There was also a clear impact on the manufacturing industry during the second half of the year. Similar developments were also seen in Norway and Finland, with a delayed and slightly lesser impact. Norway benefited from strong development within Oil and gas and Fishing and aquaculture. Inflation and higher interest rates affected all markets and create uncertainty about the future.

Alligo's balanced mix of corporate customers in different sizes and industry segments in three countries dampens the effect of economic fluctuations.

Competitors

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.

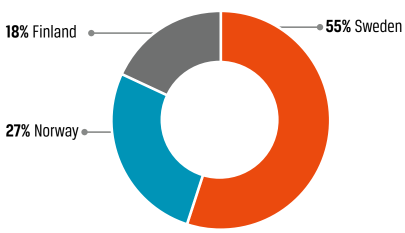
Market trends

Higher inflation has increased price sensitivity among customers, who are demanding affordable products to a greater extent than before. This benefits companies that are able to supply affordable products while ensuring quality and margins.

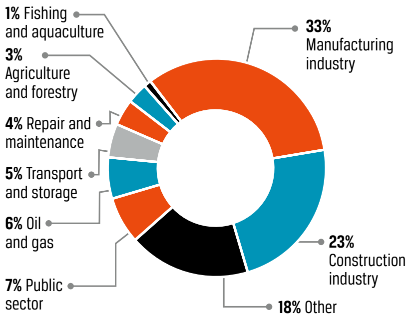
Increased sustainability requirements remain an ongoing trend. Many larger and public sector customers are stipulating ever-clearer sustainability requirements, which can sometimes be difficult for smaller operators to fulfil. At the same time, the awareness and demands of smaller customers are also increasing. Their specific requirements are often not as formalised, but having a sustainable offering is a competitive advantage.

The ongoing consolidation on Alligo's markets means that larger companies can exploit economies of scale for profitable growth. 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.

REVENUE BY GEOGRAPHIC SEGMENT 2023



REVENUE BY INDUSTRY SEGMENT 2023




Manufacturing industry

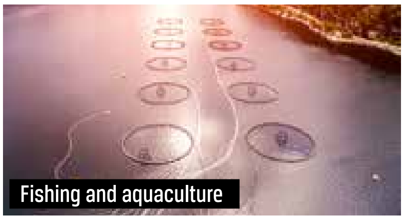

Construction industry


Public sector


Transport and storage


Repair and maintenance


Agriculture and forestry


Fishing and aquaculture


Oil and gas

/SWEDEN

Key figures	2023
Revenue	MSEK 5,357
Adjusted EBITA	MSEK 612
Adjusted EBITA margin	11.4%

Market description

Sweden is Alligo's largest geographic market, with annual revenue of around MDSEK 27. The market is dynamic, with a balanced mix of companies in both heavy and light industry, and includes all of Alligo's industry segments except for Oil and gas and Fishing and aquaculture. A large proportion of sales are made to corporate customers within the manufacturing industry, construction industry, transport and storage, and the public sector. There is a broad customer base containing companies of all sizes. The proportion of small and medium-sized companies is higher in Sweden relative to Norway and Finland.

The slowdown observed in the fourth quarter of 2022 intensified during the second half of 2023, with the weakest development in the construction industry. Alligo has a strong market position and is established under the concept brand Swedol, which is unique for Sweden. The remaining Tools and Grolls stores will be converted to Swedol stores during 2024. In addition to Swedol, there are also several independent stores operating under their own brands. These are mainly companies with a focus on product media.

Alligo's development

Revenue in Sweden amounted to MSEK 5,357 (5,339) in 2023, an increase of 0.3 per cent. Sales were positively affected by the acquisition of seven product media companies but there was a negative impact from the market slowdown seen in most customer segments. Organic growth was negative at approximately -5 per cent.

Adjusted EBITA for 2023 amounted to MSEK 612 (610) and the adjusted EBITA margin was 11.4 per cent (11.4). The improvement in profit was driven by the efficiency measures that were implemented, such as improved sales and assortment management and cost adjustments.

In 2023, the proportion of in-store sales was 66 per cent (70), the proportion of direct sales was 24 per cent (25) and the remaining 10 per cent (5) related to product media.

Work continues going forward to fully implement Alligo's Nordic standard range. This work has been ongoing since the standard range launched in 2021 and has returned good results to date. An organisational change was implemented during the year, with a new country manager, while a Nordic organisation was also established with a focus on the manufacturing industry segment. The aim is to increase the level of activity in sales work and to strengthen margins within the manufacturing industry segment through improved sales and assortment management.

Competitors

The Swedish market is relatively consolidated and Alligo faces competition in all industry segments. The largest competitors at national level are Ahlsell, Derome, Würth and Elis, as well as BIG, which is a collaboration of several local and regional operators. Alligo also faces competition from building suppliers and local ironmongers and workwear stores.

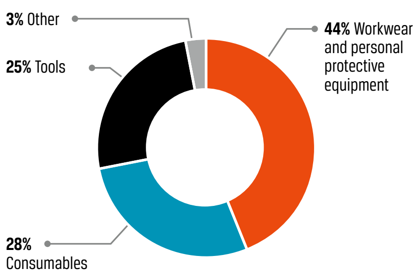
SWEDEN BRANDS AND STORES

Concept brand	Swedol
Total number of units	112
of which, independent stores	13

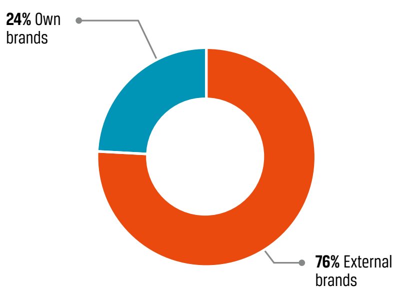
Mercus, Company Line, Reklamproffsen, Industriprofil, TriffiQ, Profilmakarna, Defacto, Magnusson Agentur, Profeel, Z-Profil, Kents Textiltryck, Olympus Profile, Topline, Svets och Tillbehör i Sverige* and Svetspartner i Malmö*.

* Independent stores acquired in 2024, not included in the total number of units for 2023.

SALES BY PRODUCT CATEGORY 2023



SALE OF OWN BRANDS 2023



/NORWAY

Key figures	2023
Revenue	MSEK 2,611
Adjusted EBITA	MSEK 160
Adjusted EBITA margin	6.1%

Market description

The Norwegian market includes all of Alligo's industry segments and generates annual revenue of approximately MDNOK 17. Unique to Norway are the two industry segments of Oil and gas and Fishing and aquaculture, which account for a significant portion of the market. Compared with Sweden, heavy industry also makes up a greater proportion of the market in Norway. Historically, the market development in Norway has tended to balance out the development in Sweden, providing a degree of natural diversification.

The market is characterised by a strong local connection, where having a presence through 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.

Market development was relatively stable in 2023. Stagnation within the construction industry had a negative impact on development but this was offset by the strong development in Oil and gas and Fishing and aquaculture. Alligo is a leading player on the market and is established through its Tools concept brand.

Alligo's development

Revenue in Norway amounted to MSEK 2,611 (2,591) in 2023, an increase of 0.8 per cent. Sales were positively affected by the acquisitions of Lunna AS, H E Seglem and LVH AS and good development within the oil and gas industry in particular, but mitigated by the exchange rate developments of the Norwegian krone (NOK). Organic growth was around four per cent.

Investments focused on small and medium-sized companies had a positive impact and the proportion of sales to these customers increased in 2023. As in Alligo's other markets, development within the construction industry was weak.

Adjusted EBITA amounted to MSEK 160 (107) in 2023 and the adjusted EBITA margin was 6.1 per cent (4.1). The improved profit was driven by growth, better sales and assortment management and cost adjustments.

In 2023, the proportion of in-store sales was 47 per cent (45) and the proportion of direct sales was 53 per cent (55).

The work to improve the sales and assortment management returned good results in 2023 and will remain a focus area going forward. Initiatives such as having district sales staff, targeted marketing, campaigns and Tools days provide Alligo with the right conditions to reach small and medium-sized companies to a greater extent and establish a more favourable customer mix. The implementation of Alligo's Nordic standard range continued during the year. A lot has already been achieved, but there is still considerable potential for greater harmonisation and efficiency. Alligo has completed the work to streamline its concept brands in Norway and the final stores converted from Univern to Tools in 2023.

Competitors

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

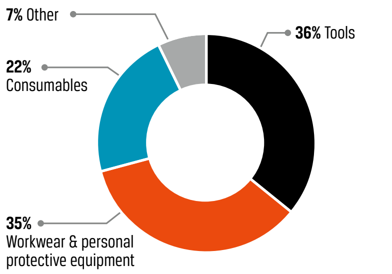
NORWAY BRANDS AND STORES

Concept brand	Tools
Total number of units	57

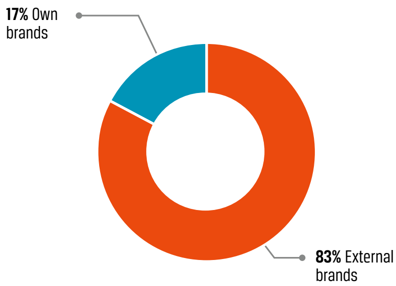
Independent stores
Tore Vagle*.

* Independent store acquired in 2024, not included in the total number of units for 2023.

SALES BY PRODUCT CATEGORY 2023



SALE OF OWN BRANDS 2023



/FINLAND

Key figures	2023
Revenue	MSEK 1,709
Adjusted EBITA	MSEK 61
Adjusted EBITA margin	3.6%

Market description

The market in Finland has annual revenue of approximately MDEUR 1.3 and includes all of Alligo's industry segments apart from Oil and gas and Fishing and aquaculture. The market is very similar to Sweden, but like Norway has a larger proportion of companies within heavy industry.

Demand slowed on the market during the year as the economy declined, with the weakest development coming in the construction industry, joined by the manufacturing industry towards the end of the year. Compared with the Swedish market, the economic downturn in Finland was milder in 2023. The market position in Finland is weaker compared with Sweden and Norway. A relatively high proportion of large industrial customers means there is great potential for increasing growth among small and medium-sized companies.

The concept brand on the Finnish market, which also includes two stores in Estonia, is Tools. The remaining Grolls stores at the turn of the year will be converted, as planned, to Tools stores in 2024. In addition to the Tools chain, there are also several independent stores operating under their own brand.

Alligo's development

Revenue in Finland amounted to MSEK 1,709 (1,552) in 2023, an increase of 10.1 per cent. Sales were positively affected by the acquisitions of Liukkosen Pultti Oy, Kitakone Oy and Tampereen Pirkka-Hitsi Oy, as well as by positive currency effects. The slowdown on the market gradually intensified during the year and organic growth amounted to approximately 0 per cent.

Adjusted EBITA in 2023 amounted to MSEK 61 (62) and the adjusted EBITA margin was 3.6 per cent (4.0). Profit was positively affected by investments focused on improving the customer mix and by additional purchase considerations recognised in income but mitigated by higher costs resulting from investments in stores.

In 2023, the proportion of in-store sales was 25 per cent (20) and the proportion of direct sales was 75 per cent (80).

Alligo sees good opportunities for expanding and developing the business in Finland. The priority is to better reach small and medium-sized companies and other industry segments beyond the industrial customer base, where we are already strong. Investing in the store network is an important part of this work, as many stores have not been attractive enough and have had too little space in the store relative to storage space. The refurbishment of the store network continues in the form of renovations and updates. Another key area is sales and assortment management.

Competitors

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

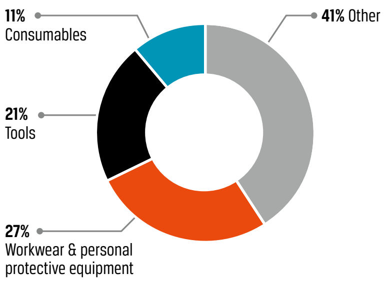
FINLAND BRANDS AND STORES

Concept brand	Tools
Total number of units*	41
of which, independent stores	4

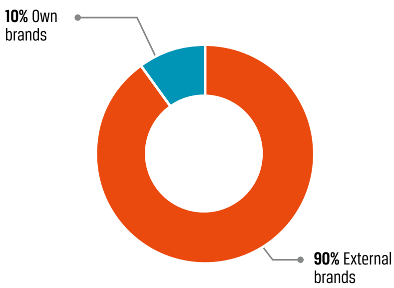
Metaplan, Liukkosen Pulttii, Kitakone and Pirkka-Hitsi.

* Includes two stores in Estonia.

SALES BY PRODUCT CATEGORY 2023



SALE OF OWN BRANDS 2023



PROCUREMENT

Procurement is key to the functioning of Alligo's business model. Good knowledge and efficient processes enable Alligo to determine what to purchase and when. A network of carefully selected suppliers means that the right goods can be bought at the right price with guaranteed availability.

Centralised procurement in the Nordics

The assortment and procurement organisation is responsible for Alligo having the right offering for customers. The ability to offer a Nordic standard range also requires an organisation that works at Nordic level and is responsible for the offering on all geographic markets. The assortment and procurement organisation ensures there is a broad and specialised range that meets customers' needs and satisfies demanding social, ethical and environmental requirements. Procurement work aims to obtain goods at the right price with the right quality and also ensure reliable deliveries that provide a high level of availability combined with a good inventory turnover rate.

Matching procurement needs with the right orders requires efficient processes and good knowledge of demand, range, certification and suppliers. Different conditions apply to the procurement of own brands and the procurement of external brands. Own brands represent a large proportion of the range within the Personal protective equipment and workwear product area and are procured mainly from suppliers in Asia. The proportion of own brands is lower within Tools and Consumables, for example, and suppliers are based in Europe to a greater extent.

Focus on reduced stock levels while maintaining availability

A changing world requires short decision paths to adapt procurement to trends and sales development at an early stage. In recent years, the consequences of a pandemic and geopolitical challenges, for example, have increased the need for good monitoring and preventive measures in procurement work. When the challenges in the global supply chains were at their peak, Alligo was very successful in securing deliveries and built up buffer stocks through effective cooperation with suppliers and logistics partners. The focus now is instead on reducing stock levels without affecting availability. Sales forecasts for each country are used continuously to reduce the risks in procurement work and ensure availability.

Right supplier base

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. Consolidating the supplier base has been a priority since the merger of Swedol and Tools and the total number of suppliers has been reduced by around 50 per cent. Buying from fewer suppliers means we can establish stronger partnerships with better opportunities for control, enhanced requirements specifications and competitive purchase prices. This work is closely linked to the standardisation and focusing of Alligo's range. Alligo also takes preventive long-term action through the geographic diversification of the supplier base in order to reduce potential risks in the flow of goods.

SALES

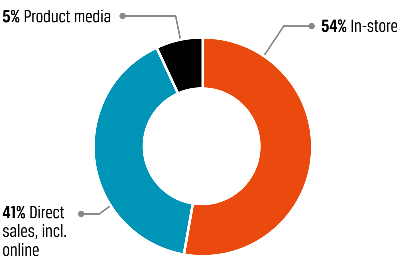
Alligo serves customers according to their needs and circumstances, with sales channels that support and complement each other. Whatever the customer's preferences, it must always be easy to do business with Alligo.

Sales take place through separate sales organisations for the main markets of Sweden, Norway and Finland. Each sales organisation is led by its own country manager. Separating the countries provides a clear division of responsibilities with effective, target-oriented management of sales work. In 2023, a Nordic organisation with a focus on customers in the manufacturing industry was also established to work alongside the various country organisations. The aim is to increase the level of activity in sales work and to strengthen margins within the manufacturing industry segment through improved sales and assortment management.

Concept brands

Alligo serves its customers on each market through brands that have a standardised concept in all sales channels. In 2023, Alligo decided to streamline its concept brands with one for each country, which involves the Tools and Grolls stores in Sweden changing their name to Swedol. The Grolls stores in Finland are changing their name to Tools. The Univern stores in Norway have already completed their name change to Tools. These changes began in 2023 and will be completed during 2024. A total of 49 stores are affected and once the work is completed, Alligo will have the Swedol store chain with 90 stores in Sweden and the Tools chain with 57 stores in Norway, as well as 40 stores in Finland. The name changes have no direct impact on customers, who can continue to shop just as they did before, but strengthen Alligo's ability to operate standardised, effective marketing on each market. In addition to the store chains, Alligo also has a number of independent brands with strong local roots.

SALES BY CHANNEL 2023



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 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 attractive stores is particularly important for small and medium-sized companies. The stores are operated under the concept brands Swedol and Tools, as well as a number of smaller specialist brands. Individual stores offer a Nordic standard range to a varying degree, depending on the store space available. The range includes minor local adaptations.

Digital channels

Customers can choose to interact with Alligo entirely digitally through online stores, customised webshops or various e-commerce solutions. Digital channels also drive sales to the other sales channels, even if the actual order is not 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. For example, information can be transferred between Alligo and the customer's business system, and Alligo's online stores can 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 smart solutions on site at the customer is Smart Service.

›› Read more about Smart Service on pages 26–27.

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.

Product areas

Alligo is a leading Nordic player within the product categories workwear, personal protective equipment, tools and consumables. The offering is 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 products they need to operate their day-to-day business. The range must have a high degree of standardisation while also offering 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.

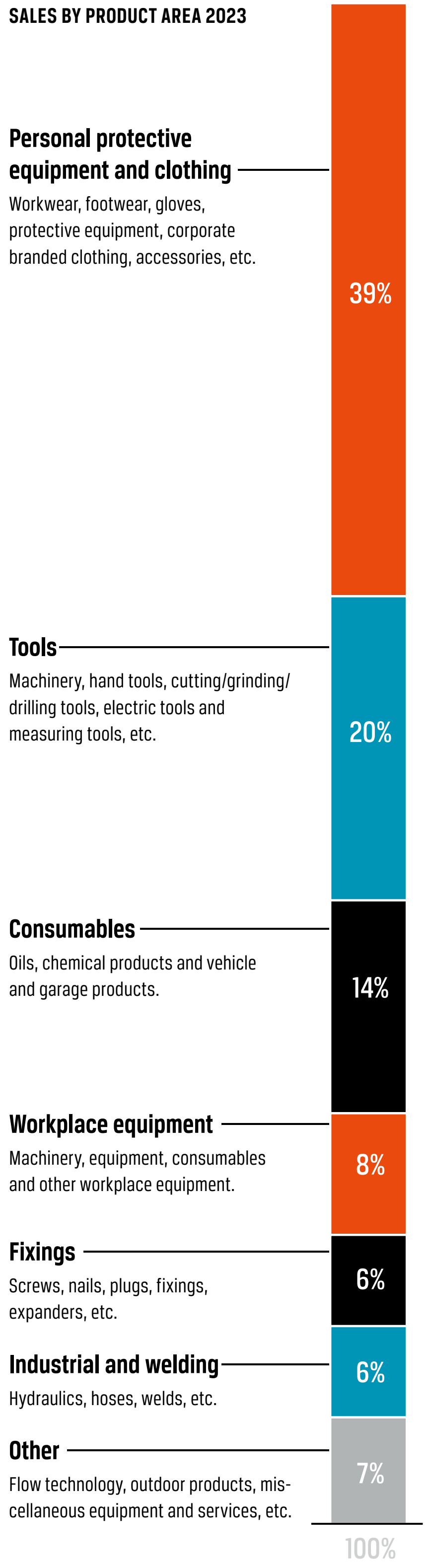
Nordic standard range

Alligo has a coordinated range on the three Nordic main markets of Sweden, Norway and Finland. The standard range was launched in 2021 and is being continuously developed. A key element of this is reducing the total number of articles. Instead of offering many products that are similar in terms of quality and price, a more attractive customer offering can be created by offering products that are clearly differentiated. By the end of 2023, the total number of articles had been reduced from around 325,000 at launch in 2021 to around 120,000. Removing unnecessary articles has made it simpler for both customers and sales staff to find and select the right products without affecting the breadth of the range.

Standardising the range also facilitates control and monitoring within the Group, 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. Besides removing unnecessary articles, we are also looking to strengthen those areas that are weaker by launching new products in both own brands and external brands. The pricing of the range is transparent and customers can see what a product costs in store or online.

Alligo can offer advanced tailored solutions for customers with specific needs and requirements making larger purchases.

SALES BY PRODUCT AREA 2023

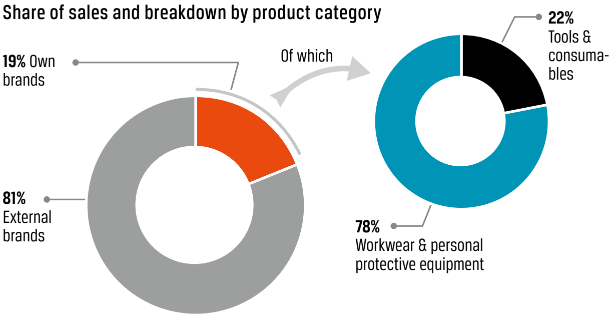


Strong own brands

Alligo has a portfolio of strong own brands in several important product groups. Selling own brands provides better control over the supply chain and the properties and quality of products, as well as the opportunity for higher sales margins. They are particularly important within the Personal protective equipment and clothing product area, where own brands account for a large proportion of sales. Own brands range from historic brands with over 100 years of tradition to brands that have been built up from scratch in a relatively short space of time. Whatever their background, each brand performs a specific function and they combine to create a differentiated offering.

In addition to own brands, Alligo also has private labels from Ampro and Nuair. Private labels are where Alligo has exclusive rights but does not own and develop the brands itself. Private labels perform an important function in the offering and can be used to develop the range with products manufactured by our suppliers on the basis of specific needs identified by our product managers.

OWN BRANDS 2023
Share of sales and breakdown by product category



Product development

New products are continually being developed and existing ones updated, improved or discontinued. Product development is centred around Alligo's mission to make businesses work. In all our interaction with customers throughout the Nordic region, every day, all year round, we always establish a good understanding of what the business needs in order to work and how we can make their everyday life easier and more efficient. We can also draw on large volumes of data to intensify our knowledge and create an overall picture of the needs of the business and the development potential of our offering. This could relate to issues such as quality and functionality within the existing range, the need for new products or smart service solutions. Sustainability is a key element in all product development and has a clear link to our vision. Our laboratory in Gothenburg plays an important role in the development of workwear.

›› Read more about product development on pages 42–43.

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

4 USE
Consumables for every occasion

Nima
Farming and forestry specialist

NUAIR
Compressors

INNO
Chemical products

swedol
Oil and fat products

/SMART SERVICE

Smart Service is an umbrella term for Alligo's smart solutions that help customers to save both time and money. With a Smart Service solution, customers have their own store on site directly in their business, ensuring that the right tools and consumables are always close at hand.

On site at the customer

Smart Service brings together a range of products and services that are tailored to the needs of the individual customer and help to streamline the supply of goods in their business. Once installed, the solution acts as a separate sales channel on site at the customer.

Smart Service offers everything from user-friendly self-scanning stores and vending machines (traditional machines, weight-based systems or RFID systems) to loaning machines for critical equipment, or more advanced solutions such as unstaffed pop-up stores.

A Smart Service solution includes both hardware in the form of storage cabinets, vending machines or self scanning storage and everything else needed for it to function correctly, such as restocking service, software and Business Intelligence data. Everything is included on a monthly invoice that covers both goods and services.

Clear customer value

The Smart Service concept has been developed internally, first at Tools and then within Alligo, over a very long period, always focused on the needs of the customer. The service is tailored to the particular situation of each company through a six-stage process. First, a needs analysis is performed in order to identify the objectives as well as the challenges that exist in the business. A situation analysis is then performed based on the current conditions and a solution is presented to the customer. Once an agreement is in place, the solution is implemented and the results followed up together with the customer in terms of the agreed objectives.

With Smart Service on site at the customer, Alligo delivers a competitive and unique solution that streamlines the customer's operations and strengthens the partnership with Alligo. The customer has access to the products on site at their business 24 hours a day and can, for example, automate product ordering, reception, inward delivery and inventory management, track tools and assets, optimise floor space and reduce storage costs and the risk of theft. Reducing consumption and waste helps to make the business more sustainable and also saves money.

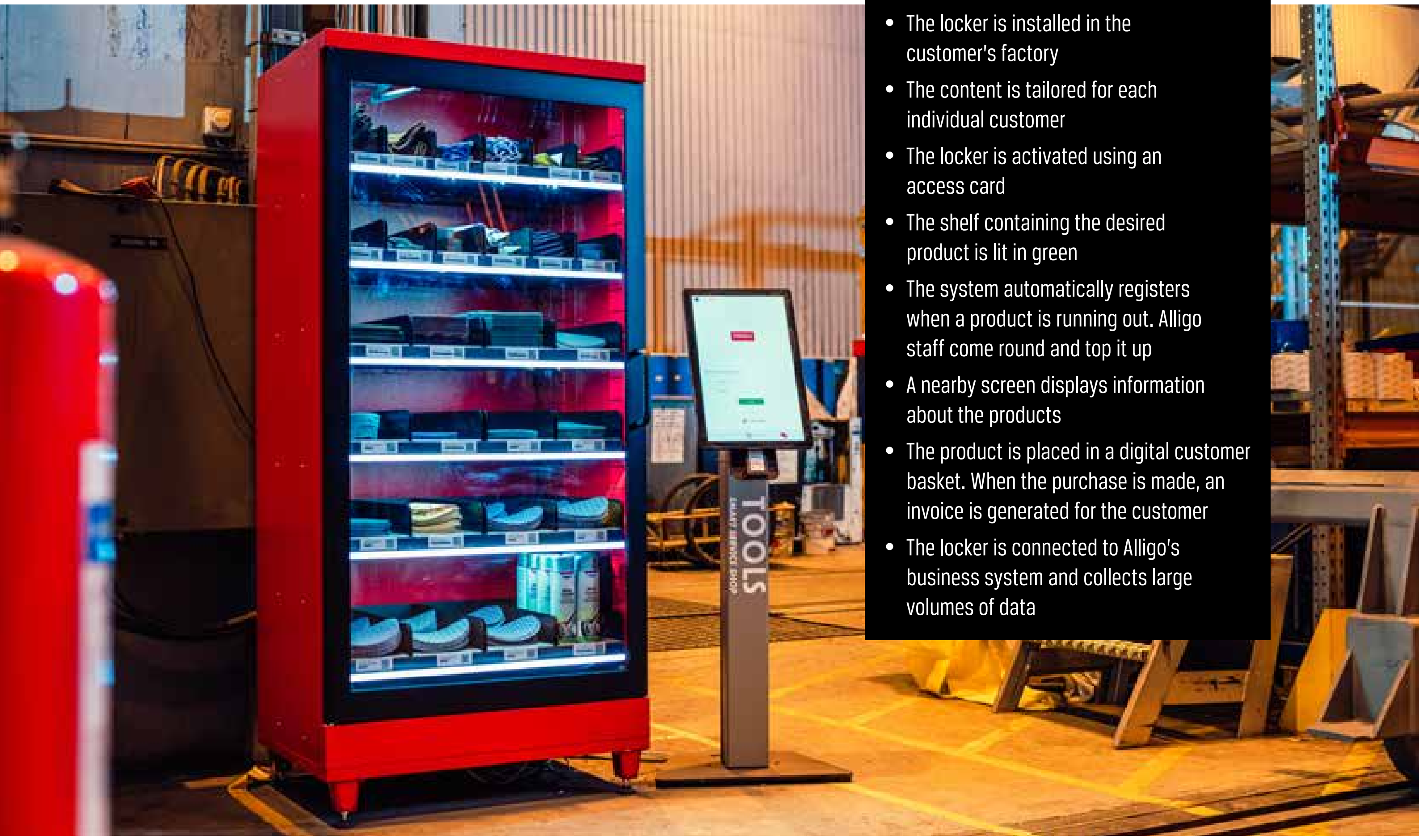
Aside from the physical delivery of goods on site at customers, Smart Service is a fundamentally digital solution. Data is generated that gives the customer access to valuable analysis data, as well as complete cost control down to individual level. The data generated also enables Alligo to improve both Smart Service and its offering as a whole.

Benefits of Smart Service:

- The right products always available
- Automatic restocking
- Saves time and streamlines workflows, as the cabinet is positioned close to production
- Permissions that can be individually specified
- Automated cost control
- Reduced storage costs
- Reduced consumption and less waste
- Less administration and fewer purchase orders
- Statistics and feedback available down to individual level

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 large volumes of data



LOGISTICS

Alligo's Nordic logistics function supplies stores and customers with the products they need to work. To be an unbeatable supplier requires a high level of availability and reliable deliveries on all markets.

Coordinated logistics

Alligo's logistics function is organised at Nordic level with a logistics management that plans and oversees logistics for operations in all countries. Below the Nordic management there are operational organisations in Sweden, Norway and Finland that are responsible for the efficient operation of logistics in each geographical market.

Extensive integration work has been carried out since the merger of Swedol and Tools in spring 2020. Several separate logistics organisations have been integrated into a single Nordic organisation and 20 different warehouses and logistics units and regional warehouses have been consolidated into five. Coordination in Sweden was completed in 2022 with the migration of the logistics unit in Alingsås to Örebro. In Norway, the logistics units in Skedsmokorset, Rosenholm and Stavanger will be moved to a modern new logistics centre in Vestby Logistikpark. The migration began in December 2023 and is expected to be completed during the third quarter of 2024. The logistics operations in Finland are being reviewed to ensure there is sufficient capacity given the ongoing changes to the store network, future growth and the streamlining of operations.

Alligo's logistics units are located in Örebro in Sweden, Vestby and Stavanger in Norway and Kotka in Finland. The units vary in size, from 3,000 square metres in Kotka right up to 30,000 square metres in Örebro. Part of the flow is centralised at the logistics centre in Örebro, which not only supplies stores in Sweden with products but also manages large parts of the flow of goods to local logistics units and stores in Norway and Finland.

The centralisation of logistics at Nordic level provides greater capacity for coordination, efficiency and purchasing power. At the same time, the local units ensure the availability of the shared and country-specific ranges on each geographical market and create short lead times to end customers.

Continuous improvements

Efficient and reliable logistics are a central element of Alligo's business model and are vital for the Group's competitiveness, as logistics supply all the sales channels with goods, either directly to customers or via the store network.

The logistics function has faced geopolitical challenges in recent years. The impact of external factors can be hard to predict, which increases the need for adaptability. Disruptions to global logistics flows and the rollout of Alligo's Nordic standard range have required adjustments in order to secure deliveries and the availability of goods. Global logistics flows improved in 2023 and Alligo implemented a stock

Alligo's logistics units in Skedsmokorset, Rosenholm and Stavanger are migrating to the newly constructed logistics centre in Vestby, outside Oslo.

In the new automated facility at the logistics centre in Örebro, goods are transported using a 470-metre long conveyor belt.

optimisation project in order to balance stock levels with maintaining high availability of goods.

Whatever the impact the outside world has, the logistics function is tasked with continuously streamlining inventory management and the flow of goods. Continuous improvement work and increased capacity for planned future growth strengthen Alligo's competitiveness.

Vestby in Norway

The migration of the logistics units in Skedsmokorset, Rosenholm and Stavanger in Norway to newly constructed premises in Vestby Logistikpark south of Oslo is an important investment in both the short and long term. Three logistics units are being coordinated in modern new premises, bringing greater efficiency in operations and improved service for customers. The lease has been signed for a total area of 16,500 square metres, which ensures sufficient capacity and provides opportunity for future expansion. The project has been carried out in four phases, starting in summer 2022 when construction began. The same inventory management system that is used in Sweden was then implemented, an important integration measure in itself, and in December the migration of operations from Skedsmokorset began. The migration of operations from Rosenholm began towards the end of the first quarter of 2024, with the migration of operations from Stavanger beginning during the second quarter. The migration process is expected to be completed during the third quarter of 2024.

Increased automation in Örebro

In 2022, Alligo decided to further increase the degree of automation by investing in automated mechanical equipment at the logistics centre in Örebro. The new facility enables the streamlining of several elements of the inflow and outflow. Before implementation was completed towards the end of 2023, the pickers in the Autostore robotic warehouse spent around half their time collecting and handling empty packaging and transporting and delivering ready-picked goods. In the new automated flow, the pickers no longer need to perform these tasks and the goods are lifted up and after picking deposited directly on a conveyor belt that takes them to a facility where the delivery is finalised automatically. The system also includes an automated mini-warehouse where the goods can be stored until the complete order is fully picked instead of being stored temporarily on the warehouse floor before being finalised and transported to stores. Overall, this eliminates many time-consuming and tiring tasks, resulting in greater operational efficiency and a better working environment.

ALLIGO'S SHARE

Alligo's Class B share is traded on Nasdaq Stockholm's Mid Cap list under the short name ALLIGO B. At year-end, the total market capitalisation was MSEK 6,312.

Alligo was listed on Nasdaq Stockholm under the name Momentum Group AB on 21 June 2017. In accordance with a resolution at the Extraordinary General Meeting of 2 December 2021, the Group's parent company changed its name to Alligo AB. Since 15 December 2021, the listed Class B share has been traded under the short name ALLIGO B with the ISIN code SE0009922305.

Share development

During the 2023 financial year, Alligo's share price increased by 56.4 per cent from SEK 79.30 to SEK 124.00. During the same period, the OMX Stockholm PI index rose by 13.5 per cent. The closing price for Alligo's Class B share on 29 December was SEK 124.00. The total return, corresponding to the sum of the share price increase and dividends, amounted to 60.5 per cent in 2023. The equivalent return on Nasdaq Stockholm was 18.8 per cent.

Alligo's total market capitalisation for the listed Class B shares amounted to MSEK 6,242 as at 31 December 2023. During the year, approximately 13.4 million shares were traded on Nasdaq Stockholm, at a total value of approximately MSEK 1,405. Based on the total number of outstanding Class B shares during the year, this corresponds to a turnover rate of 26.3 per cent. Broken down by trading day, an average of approximately 52,790 Alligo shares were traded each day, at an average value of around MSEK 5.6.

Share capital

As at 31 December 2023, the share capital amounted to MSEK 102. The total number of outstanding shares was 50,050,889, of which 564,073 were Class A shares and 49,486,816 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 and holding of treasury shares

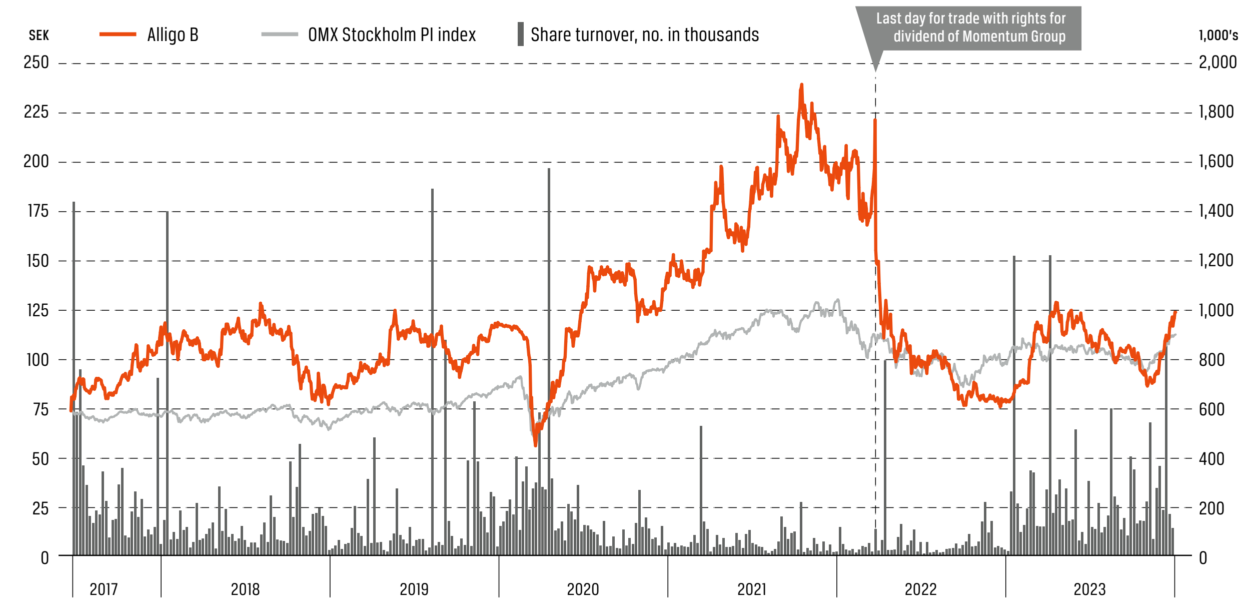
On 15 August, Alligo's Board of Directors, on the basis of the authorisation granted by the Annual General Meeting of 24 May 2023, decided to repurchase some of the company's own Class B shares. The aim of this repurchase is to enable companies or businesses to be acquired in the future using treasury shares, while also facilitating the adaptation of the Group's capital structure. The repurchase takes place on an ongoing basis, on one or more occasions, up to the Annual General Meeting in 2024. In 2023, a total of 430,000 Class B shares were repurchased. Alligo already held 425,300 Class B shares, which were repurchased for the purpose of incentive programmes, among other things. Alligo's holding of Class B treasury shares as at 31 December 2023 amounted to 855,300, corresponding to 1.7 per cent of the total number of shares and 1.5 per cent of the total number of votes.

›› 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 2023 financial year amounts to SEK 3.50 (3.00) per outstanding share, which corresponds to a total of MSEK 175 (151) and 35 per cent (31) 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.

SHARE PRICE DEVELOPMENT

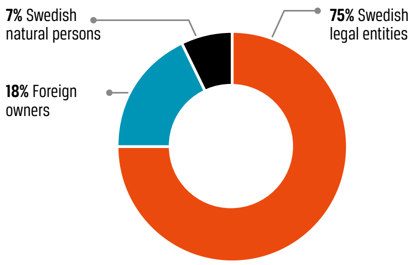


6,312
MARKET CAPITALISATION, MSEK

60.50
TOTAL RETURN, %

2.37
YIELD, %

SHAREHOLDER CATEGORIES AS AT 31/12/2023



OWNERSHIP STRUCTURE AS AT 31/12/2023

	Owners	
Size class, no. of shares	**Number**	**% of total**
1-500	5,604	83.3
501-1,000	519	7.7
1,001-5,000	435	6.5
5,001-10,000	74	1.1
10,001-50,000	54	0.8
50,001-100,000	14	0.2
100,001-500,000	16	0.2
500,001-1,000,000	8	0.1
1,000,001-	4	0.1
Total	**6,728**	**100.0**

Source: Monitor from Modular Finance AB. Compiled and processed data from sources including Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

MAJOR SHAREHOLDERS AS AT 31/12/2023

	Number		% of	
	Class A shares	**Class B shares**	**Capital**	**Votes**
Nordstjernan	213	27,776,641	54.6	49.6
Fidelity Investments (FMR)		4,323,050	8.5	7.7
Van Lanschot Kempen Investment Management		3,559,000	7.0	6.4
Handelsbanken Funds		1,180,182	2.3	2.1
Sandrew AB		800,000	1.6	1.4
Nordnet Pensionsförsäkring		725,609	1.4	1.3
Carnegie Funds		700,964	1.4	1.3
Dimensional Fund Advisors		699,893	1.4	1.3
Third AP Fund		650,000	1.3	1.2
Avanza Pension		609,227	1.2	1.1
Ten largest shareholders	**213**	**41,024,566**	**80.6**	**73.3**
Other shareholders	563,860	8,462,250	17.7	25.2
Total	**564,073**	**49,486,816**	**98.3**	**98.5**
Plus: Repurchased Class B shares		855,300	1.7	1.5
Total	**564,073**	**50,342,116**	**100.0**	**100.0**

Source: Monitor from Modular Finance AB. Compiled and processed data from sources including Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

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.

» Information about Alligo's share is continuously updated at www.alligo.com.

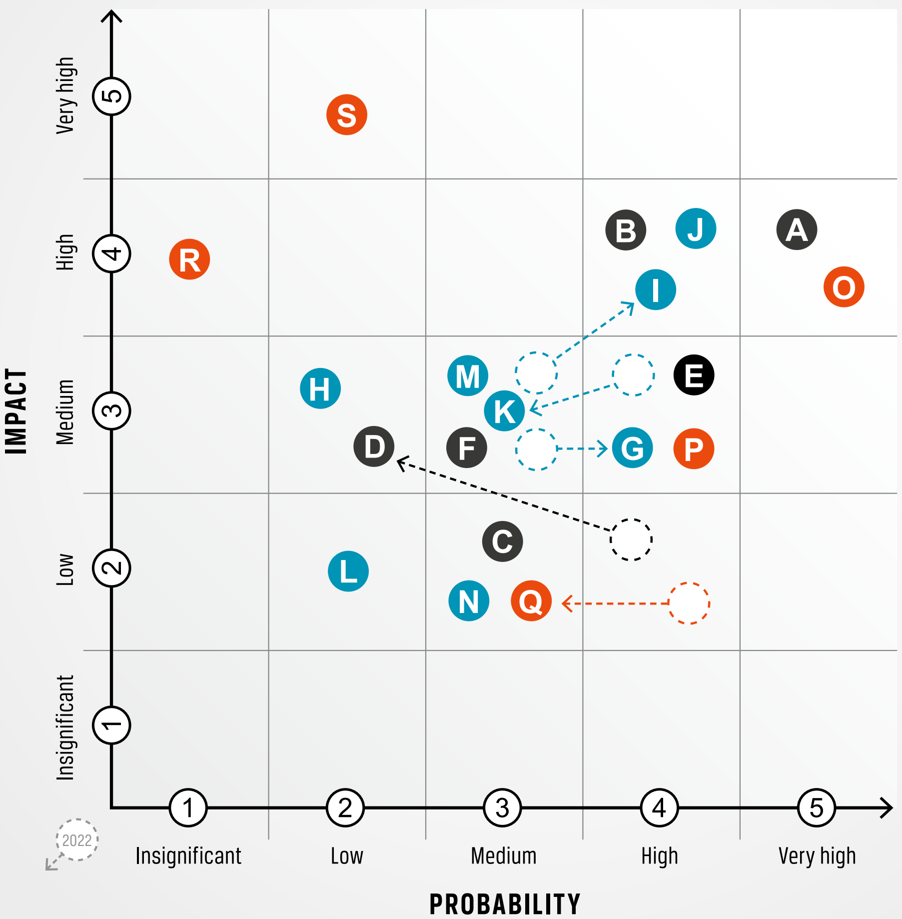
RISKS AND RISK MANAGEMENT

Alligo's operations give rise to strategic, operational and financial risks as well as opportunities. The purpose of risk management is to prevent and mitigate 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. Process owners and risk owners within the different parts of our operations identify and assess existing and potential new risks together with the Group management, which performs the general analysis of risks and opportunities for the entire business. The risk management process 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 industries and geographic markets 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 Sustainability 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 IT risks
- J Risks in the flow of goods
- K Risks in the organisation
- L Credit and counterparty 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

PROBABILITY: **5** IMPACT: **4**

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 within eight industry segments has a balancing effect and contributes to diversification and risk spread. The geographic spread between Sweden, Norway and Finland also has a diversifying effect. Demand in each individual country is impacted by investments in infrastructure programmes, such as expansion and maintenance of roads and railways, and by various initiatives in publicly financed operations, such as the Swedish Armed Forces.

Inflation remained high throughout 2023 and the economy weakened due to an intensifying slowdown in demand. There is also uncertainty regarding the development of the war in Ukraine and the future impact this may have on the freight market, raw material prices, inflation and the economy. At the same time, geopolitical tensions are growing in other parts of the world and the potential impact is hard to predict.

The risk of pandemic-related effects has decreased since the beginning of 2022, but cannot be ruled out in the future.

The past few years have shown that careful planning and good organisational preparation are needed in order to handle any future changes in the world around us and the economic situation.

B Competitive situation

PROBABILITY: **4** IMPACT: **4**

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 actively involved in the ongoing consolidation of the industry by acquiring companies that complement its existing operations in Sweden, Norway and Finland.

C Sustainability and circular approach

PROBABILITY: **3** IMPACT: **2**

Customers, investors, suppliers, employees and society at large are making greater demands for sustainability and a 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, taxes and other 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 36–51.

D Increased digitisation

PROBABILITY: **2** IMPACT: **3**

Digitisation is becoming increasingly important for meeting customer expectations and being able to run the company's own operations effectively. If Alligo does not take advantage of the new technologies and working methods available and is unable to meet the needs of customers and business partners, both now and in the future, there is a risk that Alligo may lose competitiveness.

This requires continuous investments in efficient transaction and integration platforms, systems for managing large quantities of product information and attractive e-commerce solutions.

Alligo has implemented several important projects to strengthen its digital sales channels and enable customers to interact with a modern e-commerce platform. The company is also continuously developing its own operations using digital solutions to enhance internal efficiency.

E Climate-related risks

PROBABILITY: **4** IMPACT: **3**

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 50–51.

F Wage inflation in manufacturing countries

PROBABILITY: **3** IMPACT: **3**

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

PROBABILITY: **4** IMPACT: **3**

There is a risk that the products in the range will not match demand or that the sales and assortment management 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.

Increased purchase prices and a slowdown in demand over the past year have increased the risk of impact on gross margin.

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

H Product risks

PROBABILITY: **2** IMPACT: **3**

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 IT risks

PROBABILITY: **4** IMPACT: **4**

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, operational disruptions and similar events. With increased digitisation and rapid developments in technology, within artificial intelligence for example, cyber risks and IT attacks are increasingly becoming an issue. Disruptions to critical IT systems could cause problems with delivering products and services to customers within the agreed time frame. Alligo works pro-actively to identify and address potential threats and risks.

The migration to Alligo's Group-wide IT and business systems in Norway is planned for 2025. The planned migration in Norway entails a risk of temporary short-term disruptions but is expected to be less complicated than the migration previously implemented in Tools in Sweden, where logistics were coordinated at the same time. The coordination of logistics in Norway is expected to be implemented during the third quarter of 2024 and will not result in any disruption when the change of IT and business systems takes place.

Overall, Alligo is currently 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

PROBABILITY: **4** IMPACT: **4**

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 three larger logistics centres, one of which is in Sweden, one 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 Norway, the logistics units in Skedsmokorset, Rosenholm and Stavanger are being moved to a modern new logistics centre in Vestby Industripark. The migration began in December 2023 and is expected to be completed during the third quarter of 2024. There is a short-term risk of impact on the flow of goods in Norway. The risk is deemed lower, however, in comparison with the previous migration of the logistics operations in Alingsås to Örebro, as it is not taking place at the same time as a change of system. This coordination will secure capacity and efficient logistics in Norway.

K Risks in the organisation

PROBABILITY: **3** IMPACT: **3**

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 and Alligo now operates as an integrated company and the organisation is less vulnerable than before.

OPERATIONAL RISKS (cont.)

L Credit and counterparty risks

PROBABILITY: **2** IMPACT: **2**

Alligo is exposed to normal credit and counterparty risks in its customer relationships. A diversified customer base is helping to keep the Group's customer losses comparatively low, despite the economic downturn. None of Alligo's customers individually accounts for a significant portion of total revenue.

M Acquisition and integration risks

PROBABILITY: **3** IMPACT: **3**

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

PROBABILITY: **3** IMPACT: **2**

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 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 Chemical Restriction Lists. These requirements are subject to systematic follow-up through self-assessments, factory visits and audits.

FINANCIAL RISKS

O Raw material prices

PROBABILITY: **5** IMPACT: **4**

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

PROBABILITY: **4** IMPACT: **3**

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 23 Financial risks and risk management.

Q Interest rate fluctuations

PROBABILITY: **3** IMPACT: **2**

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 23 Financial risks and risk management.

R Financing risk

PROBABILITY: **1** IMPACT: **4**

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 23 Financial risks and risk management.

S Impairment of intangible assets

PROBABILITY: **2** IMPACT: **5**

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

CONTENTS

An integral part of the strategy

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.

Alligo's sustainability work is an integral part of the Group's strategy, where our material sustainability issues are at the heart of our strategic sustainability work.

The requirements and expectations of our stakeholders in terms of sustainability have increased in recent years as a result of greater focus on the climate, the transition to a circular economy and more extensive sustainability legislation. Our sustainability work during the year has been dominated by preparations ahead of upcoming legal requirements relating to matters such as sustainability reporting and due diligence on sustainability issues in the supply chain.

Alligo needs employees with the right skills, who thrive and are gratified, if it is to achieve the targets set and deliver value to customers and owners. Our values – Commitment, Collaboration and Competence – permeate the organisation, with important elements including good leadership, systematic work on occupational health and safety, continuing professional development and internal communication.

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. We carry out systematic work to select suppliers that offer the right quality and that meet Alligo's requirements in terms of sustainability.

In interaction with customers, we want to help them make conscious and more sustainable choices. Our products must be characterised by high quality and safety, which is ensured, among other things, by working with various product standards and certifications. By basing our product development on the customer's needs, we find creative solutions that contribute to increased safety and better ergonomics or which otherwise make our customers' everyday lives easier and make their business work.

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. In December, therefore, Alligo joined the Science Based Targets initiative – a global organisation that helps companies to set ambitious, science-based and verified targets for reducing emissions.

Dialogue with stakeholders

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

We hold dialogues with our stakeholders in different ways and in various forums. Through this dialogue, we identify the issues that the stakeholders consider to be most important for Alligo to work on. The stakeholder dialogue is validated annually and is an important part of the analysis to determine which sustainability issues are the most material for operations.

Alligo's stakeholder analysis 2023

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 • Circularity and recycling of textile 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 and contract follow-up (including Code of Conduct and Chemical Restriction Lists) through audits, factory visits and quality controls, for example.	• Partner-like relationship with key suppliers • Reliable deliveries • Prices • Acceptance of Supplier Code of Conduct and Chemical Restriction Lists • Product quality
Employees	**Dialogue:** Performance appraisals and personal interaction, intranet, training, cooperation with trade unions, Board representation. **Follow-up:** '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 and Sustainability 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 and Sustainability Report, website and whistleblowing function.	• Increased legal requirements relating to reporting, due diligence and transparent sustainability information, for example • 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 requirements and expectations of stakeholders have been a key part of the analysis. The materiality analysis is updated and validated annually.

Our material sustainability issues are linked to the UN Sustainable Development Goals, which aim to eradicate extreme poverty, reduce inequality and injustice in the world, promote peace and justice and address climate change by 2030. Alligo contributes to these goals in different ways, directly or indirectly through the supply chain, for example.

We began work during the year to analyse material sustainability issues using the double materiality method in accordance with the requirements of the EU Corporate Sustainability Reporting Directive (CSRD). This work will be completed early in 2024.

›› Further information about Alligo's materiality analysis can be found on page 53.

Alligo's material issues and the Sustainable Development Goals to which the issues 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.

Occupational health and safety

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 for 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 consumption and production

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 Alligo's entire business and is an integral part of corporate governance. Sustainability governance is targeted and aims to ensure that the business is run in the most responsible and effective way possible.

Organisation and responsibilities

The strategic sustainability work is governed by the Group management, with the Head of Business Development and Sustainability having overall responsibility. The operational work is managed and coordinated by the Group's Sustainability and Quality department. The Board of Directors is ultimately responsible for and follows up on the sustainability work through the reporting of the Group management.

Governing documents and principles

Alligo participates in the UN Global Compact. This initiative aims to encourage companies to take responsibility for ten basic principles in the areas of human rights, labour, environment and anti-corruption.

Code of Conduct leads the way

Alligo's Code of Conduct is central to the governance of sustainability work. It has been adopted by the Board of Directors and is based on Alligo's values and international conventions and declarations such as the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the ILO's fundamental conventions and the Children's Rights and Business Principles. The Code applies to all employees, members of the Board of Directors and temporarily contracted employees and it describes the responsibilities that we have in relation to issues such as human rights, labour, environment and anti-corruption.

We also require our business partners – including suppliers, subcontractors and other external parties – to comply with all the relevant sections of the Code by accepting the requirements of our Supplier Code of Conduct.

Alligo's Code of Conduct was updated during the year in order to better meet the requirements and expectations placed on the Group. An online training course on the Code of Conduct has also been developed. This training course is mandatory for all employees and 74 per cent have so far completed it. To keep the Code of Conduct alive, the online training course will be supplemented next year by all working groups holding structured discussions on the Code.

Other general policy documents are the occupational health and safety policy, environmental policy, quality policy, diversity and equality guidelines and the guidelines on victimisation, harassment and discrimination.

›› Further information about Alligo's Supplier Code of Conduct can be found on pages 44–45.

Compliance with laws and regulations

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

Systematic working method

The Group's management system and intranet are important channels for communicating internal rules and working methods and making governing documents readily available to all employees. Alligo's process-oriented management system aims to govern, monitor and develop its work on quality, environmental and occupational health and safety issues and systematically produce continuous improvements. The management system is certified according to the standards for quality (ISO 9001:2015), environment (ISO 14001:2015) and occupational health and safety (ISO 45001:2018). The certification covers the Group's Nordic functions as well as the sales organisations in Sweden and Norway. Work has begun to include the Finnish sales organisation in the certification.

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 17.

UN GLOBAL COMPACT
WE SUPPORT

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

PRODUCT LIABILITY

Alligo's products are characterised by high quality and safety. It is important from a number of perspectives that the products can be used for a long time, so spare parts are kept in stock and customers can obtain help with repairs to both tools and clothing.

High requirements for quality and safety

The product range is at the heart of Alligo's offering. It is therefore very important that we provide products of high quality that comply with relevant legislation and standards. All products in our range must be safe and traceable. Through Alligo's Supplier Code of Conduct and related Chemical Restriction Lists, which form part of our agreements, we specify requirements for the products that we buy. For example, suppliers must inform us of any risks relating to the products and provide the information that is required under European and national legislation, as well as information about safe handling.

Alligo has own brands, where products such as personal protective equipment must meet standards and legal requirements designed to ensure that the equipment protects the user. We therefore carry out systematic work to ensure the quality of materials and accessories in our clothing. We also secure certifications within personal protective equipment.

Alligo has established processes and procedures for handling quality deficiencies. If we become aware that a product does not live up to our health and safety requirements, 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.

Focus on increased circularity

In a circular economy, products and materials must be used for as long as possible. This reduces unnecessary production and wasted resources such as raw materials, energy, water and chemicals, thereby reducing emissions.

In the Personal protective equipment and clothing product area, Alligo has a large proportion of products that are own brands. This means that we are able to influence the lifespan of the clothing in the design stage. During product development, new materials are tested against criteria for the intended use. Materials are tested according to relevant standards by the supplier. Alligo's laboratory then performs further checks on the quality of the material, for both new development and ongoing production. Tests are carried out on properties such as colour fastness, tear strength, wear durability, dimensional stability after washing and water resistance of the material. The results are evaluated for approval for clothes production or in some cases improvement as required.

Recycling clothing is a complex issue, particularly in relation to personal protective equipment. Depending on the composition and material, some clothing is more difficult to recycle and the recycling process from textile fibres to new fibre also requires energy. Workwear contains many elements and materials, such as outer material and lining, reflective strips, zips, logos and often flame retardants. The clothing may have been contaminated during use, by spilt oil for example, making it even more difficult to recycle. The technology for recycling textiles continues to be developed and Alligo works actively to find possible solutions for our products.

Processes and choice of materials

Alligo aims to use production processes that are as efficient as possible when making clothing. The pattern design ensures that waste from cutting out textiles is minimised and we make well-considered materials choices.

Textile production requires a lot of water, so we aim to choose production processes that use as little water as possible. Switching to the Dope-dye* colouring process reduces the use

* 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.

of water and chemicals in the production of materials. We are also working to increase the proportion of recycled polyester in the textile, which reduces the climate impact. In clothing that uses cotton as a raw material, we try to use, as far as possible, cotton that complies with ethical initiatives such as Better Cotton.

Chemicals

Alligo's range includes a large number of chemical products. 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 used in the manufacture of products and can be found in tools and clothing, for example. Alligo's products must not contain hazardous chemicals that pose a risk to the health of the user or the environment. That is

why we require our suppliers to comply with our Chemical Restriction Lists. These stipulate which chemicals are not permitted in the products or are only permitted in limited quantities. The requirements are based on legislation, customer requirements and the basis provided by The Chemicals Group, a network for textile and electronics companies of which Alligo is a member. Stipulating clear restrictions for what the products can contain reduces the risk of them containing hazardous substances and facilitates cooperation with suppliers. We also perform random sampling on products together with an external operator to check that the products do not contain chemicals above specified thresholds.

To ensure that our clothing does not contain hazardous chemicals, we aim to have all garments in our own brands certified according to OEKO-TEX® STANDARD 100. This standard stipulates thresholds for chemicals that must not be exceeded in textile products. Clothing with this certification is considered to be safe from chemicals that harm the environment and health, which also includes PFAS. 93 per cent of Alligo's own brand clothing sold in 2023 is certified in accordance with OEKO-TEX® STANDARD 100.

Reduced use of PFAS

PFAS is a group of persistent, high-flourinated chemical substances which can be found in many different products such as electronics, surface treatments, clothing and protective equipment. The ability of these substances to repel dirt, oil and water is the reason for their use in these kinds of products. In Alligo's workwear range, PFAS is present in some items of clothing that require this protection.

In 2023, the EU proposed further regulation of the use and occurrence of PFAS. The proposal means that PFAS will be banned, with a small number of exceptions for products in areas such as personal protective equipment. Work is under way to ensure that Alligo's own-brand workwear does not contain PFAS. This is an imposing task, as the clothing's function with regard to safety, for example, cannot be jeopardised.

Alligo has joined ChemSec's PFAS Movement, which aims to regulate and phase out PFAS. The initiative is also a forum for resolving common issues regarding the phase-out.

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 institute.

INFLUENCE AND COLLABORATIONS

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 the industry organisation TEKO, Normpack and The Chemicals Group, which supports members on chemical-related and environmental issues, as well as relevant technical committees at SIS (Swedish Institute for Standards).

CASE/PRODUCT DEVELOPMENT with the customer in focus

Sara Nygren Jönsson is Head of Product Development at Alligo and is responsible for developing Alligo's own clothing brands Björnkläder, Univern, Gesto and 1832. The focus is on innovation and sustainability through products that make businesses work.

Sara leads an organisation containing five product developers and two pattern designers based in Gothenburg. The staff include textile designers and textile engineers, who between them have good experience in the industry. The product developers work in a team together with the product managers of Alligo's clothing brands.

"I am proud to be able to say that we have a high level of expertise in our organisation. We have really laid the foundation for being innovative and driving development forward."

"All our work is based around the customer. We work closely with our colleagues in sales, assortment, marketing and other parts of Alligo. Together, we establish a good understanding of the needs, requirements and expectations of customers."

» We have really laid the foundation for being innovative and driving development forward. «

Detail-driven processes

Alligo has three different types of product development processes, depending on whether it is dealing with new products, product updates or the recertification of products. The processes themselves are all very similar and differ mainly in terms of the time required, from around 18 months up to 3 years, depending on the complexity.

It all begins with a situation analysis of trends and innovation. Sales, the market and competitors are analysed and it is important to attend trade fairs and meet suppliers. Product developers and product managers work together closely to decide which products we should invest in and what the requirements of the sales team and customers are. The functions of the garment can then be defined and selected.

"Focus groups with sales staff are able to address questions about the products, which are then evaluated and combined with the analysis performed at the beginning of the process. Based on this, we start designing the garment, with details such as pockets, zips, buttons, functions, cutting and stitching. Right down to whether it should be single stitch or double stitch. We create what we call a Techpack, which contains all the components involved, such as: size of buttons, colours, fibres, labels, washing instructions and how the garment is packed and measured."

Once the pattern designer has created a pattern for the garment, a request is sent to the supplier, who produces an initial sample.

"We measure and try it out on real people to see if the supplier has understood everything we have asked for. If anything needs adjusting, we change it. The materials for the product are tested by our certification experts in the lab here in Gothenburg. Once certification and user testing at the customer is completed, which can take several months, we can submit an order for a trial run. This is followed by further testing to ensure that everything is as intended. Once this is completed, production can begin."

Achieving successful product development

The single most important factor for successful product development is what the customer wants and developing products centred at all times around the customer. This applies to everything from function, quality and ergonomics to the product being stylish and fashionable.

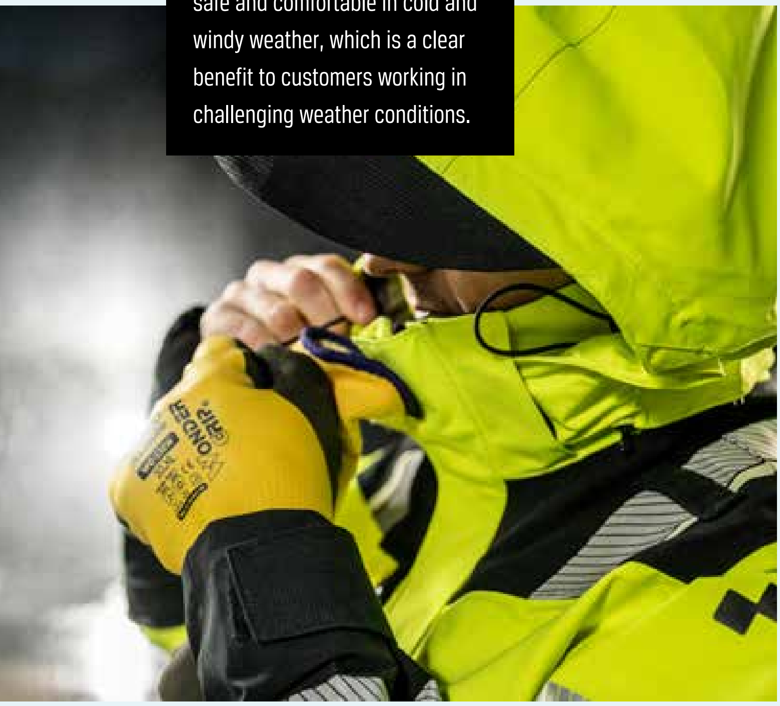
"We need to be innovative here while also ensuring that the requirements specifications are firmly based in reality. We need to devote sufficient resources to achieving the requirements we set. Otherwise you end up wondering whether a function is necessary or not."

Based on customers' needs

The design of a garment is always based on how it will be used. Alligo has eight industry segments with corporate customers across a range of professions, taking in everything from fishing to the construction industry. The clothing must be suitable for the particular job for which it is designed. Within industry, for example, flame-retardant clothing may be needed, while clothing within fishing and aquaculture must be designed to cope with cold and windy weather.

"The fact that we have so many different professions with unique needs can be challenging, but it also means there is huge potential for developing unique and competitive products for many different types of user. Some segments are small and can differ slightly between countries, so we must prioritise what we choose to look at. The focus is then on products where we can reach a broad target group. Some products, for example, can be used by many different segments, while others have strong demand despite being highly specific. Having our own sales team and extensive contact with our sales staff helps us to understand what the customers need in their everyday business."

Product ergonomics are an important area of product development. One example of this is a helmet-adapted hood that is both safe and comfortable in cold and windy weather, which is a clear benefit to customers working in challenging weather conditions.



» It's about finding smart new functions that solve a challenge or problem the customer has in their everyday business. «

Creating value for customers is all about developing products that are as good and sustainable as possible based on the brand's positioning and price point. Specific garments can often have special requirements in terms of sustainability or safety, which customers themselves are not always aware of.

"We always ensure that our products meet all requirements, that the garments are long-lasting and so provide clear value for the customer. For higher and better protection for the sort of work that requires this, we have upgraded one of our flame-retardant collections to welding class 2 and electric arc class 2. Another important area is ergonomics. Just as chairs and other equipment at the workplace are important for those who work in an office, the function and ergonomics of clothing is important for those who are in workwear all day every day. It's about finding smart new functions that solve a challenge or problem the customer has in their everyday business. Innovation is important here for constantly producing a better product."

Innovation creates customer value

One example of a product that Alligo's product developers came up with for customers in fishing and aquaculture is a helmet-adapted hood. "The hood helps keep the customer warm, comfortable and safe in cold and windy weather. It has an extra adjustment that can be tightened so that it stays over the helmet, while also allowing good visibility when the head is turned in different directions. You can also carry on wearing the hood after taking the helmet off because it can be closed up.

» This is a product we are very proud of. It complements standard reflectors and increases safety in environments with little or no light. «

Another example Sara mentions is a luminous tape that can be applied to clothing, tools, phones and other surfaces and helps the customer to be seen better in poorly lit environments. It's called Signal Lucence. The tape does not contain a battery and is certified in accordance with OEKO-TEX® Standard 100. It is made from a fluorescent material that absorbs sunlight and then glows without any other light source. Just five minutes outdoors or ten minutes indoors is all that is needed for it to light up for eight hours.

"This is a product we are very proud of. It complements standard reflectors and increases safety in environments with little or no light. If someone were to fall in the water at sea, for example, you can act immediately to get the person out of the water instead of starting to look for them using a searchlight. There are many other situations where the tape can be of benefit, though, and it has already generated considerable interest on the market. So it is a particularly good feeling for us to be the first to use this in Sweden." ■

Signal Lucence is a complement to existing reflectors on high visibility clothing and provides an extra level of visibility and safety at the workplace.

SUPPLY CHAIN RESPONSIBILITY

Alligo establishes long-term partnerships with suppliers of both own brands and external brands. We expect our suppliers to comply with national laws and regulations, to respect international conventions and to comply with the requirements of our Supplier Code of Conduct.

Alligo's responsibility for the impact on people, society and the environment extends beyond its own operations. Our suppliers are mainly located in the Nordic region, the rest of Europe and Asia. Our own-brand products are manufactured primarily in China, Bangladesh, Laos, Vietnam and Pakistan. As we buy from suppliers operating in markets where there is often a lack of respect for human rights, working conditions and anti-corruption, our supply chain responsibility is a priority area. We have the opportunity here to make a difference for many of the people who work in our supply chain.

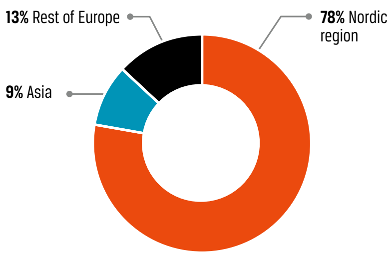
Systematic and risk-based working method

In order to work effectively with our many suppliers and to ensure responsible business practices, Alligo follows the OECD Guidelines for Multinational Enterprises. This means that we have adopted a risk-based working method to improve our conditions for responsible procurement. Alligo has risk assessment procedures for the supply chain and carries out regular follow-ups that are reported to the Group management.

The company's responsibility to work with due diligence on issues of sustainability in the supply chain is moving from voluntary to legislated through the Norwegian Transparency Act and the upcoming EU Corporate Sustainability Due Diligence Directive. Alligo has worked during the year to ensure that our processes and procedures are in line with these requirements.

In order to enhance the internal competence of employees who work closely with our suppliers, a half-day training course was held during the year for staff involved in direct and indirect procurement. The training focused on upcoming legislative requirements and processes to ensure responsible supplier relationships and supply chains.

GEOGRAPHIC DISTRIBUTION OF PROCUREMENT FROM KEY SUPPLIERS 2023[1,2]



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

Clear requirements

Work to ensure responsible sourcing is based on the fundamental requirements of Alligo's Supplier Code of Conduct and Chemical Restriction Lists. The Code is based on, among other things, the UN Global Compact and international conventions on human rights, decent working conditions and action on environmental and climate impact, as well as principles for good business ethics. Alligo is a member of amfori BSCI, which means that the Supplier Code of Conduct also reflects the requirements of amfori BSCI. Alligo uses a digital sustainability platform for suppliers to support its work to follow up suppliers and monitor sustainability risks more effectively. The portal documents, among other things, the suppliers' self-assessment responses and the results of audits.

The Supplier Code of Conduct and the Chemical Restriction Lists are basic requirements that are included in all new agreements Alligo signs with suppliers. 67 per cent (65) of the purchase value is from suppliers to our standard range who have accepted these basic requirements.

›› Further information about the restricted chemicals lists can be found on pages 40–41.

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

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. We have the greatest opportunity to stipulate requirements and influence suppliers of our own brands.

Alligo performs risk assessments on new and existing suppliers based on geographic risks, type of industry, self assessments and external reports. The geographic risks and risks related to industry are based on a well-established index that is linked to working conditions, human rights, environment and corruption.

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 Personal protective equipment and workwear product area. Migrant workers, which are prevalent in China for example, are a group that is particularly vulnerable to unreasonable working conditions.

Environmental challenges in the textile industry

Within Alligo's own brands, clothing manufacture represents a significant environmental risk and uses large volumes of water. The water is used, for example, in growing cotton for clothing, in the dying processes of materials and in fabric production. Given that the production of textiles also often takes place in countries where there is limited access to freshwater, this risks having a major impact.

For example, in cotton cultivation, fields are often sprayed with pesticides, affecting both humans and the environment. The dye bath used to colour textiles usually contains chemicals and heavy metals, which brings a risk of water pollution and can affect the health of the factory workers. In 2022, Alligo began a comprehensive mapping of textile suppliers in order to gain a better insight into how this is managed, for example by having wastewater treatment plants in place. This work continued during 2023.

Around 18 per cent (17) of workwear in Alligo's own brands is produced in 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.

›› Further information about the environmental impact of products can be found on pages 40–41.

Self-assessments

Suppliers to Alligo's standard range must perform a self-assessment using Alligo's digital sustainability platform. The questions in the self-assessment are based on the requirements of the Group's Supplier Code and Chemical Restriction Lists, in other words questions relating to human rights, trade unions, health and safety, environmental protection, business ethics and product safety. The self-assessment provides additional information to the risk analysis performed.

The work began in 2021 and by 2023 a total of 246 suppliers (212) had completed Alligo's self-assessment, which corresponds to 67 per cent (65) of the total purchase value from suppliers to our standard range. The aim is for all suppliers to our standard range to perform the self-assessment.

Third-party audits and factory visits

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 adapted on the basis of the risk analysis performed.

Staff from Alligo's product department regularly visit suppliers and manufacturers in order to follow up on contract terms, among other things. During these visits, issues relating to human rights, working conditions, environment and corruption are also discussed.

In 2023, audits were carried out at the factories of suppliers of Alligo's own brands in China, Bangladesh, Laos, Vietnam and Pakistan. A total of 52 of the factories (47) belonging to suppliers of own brands had valid third-party audits in 2023.

If non-compliance is identified, 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. 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 mainly concerns 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. Non-compliance that can be defined as violating human rights or jeopardising the independence of the audit is classified as zero tolerance non-conformities and is treated separately from other non-compliance and audit findings. Zero tolerance non-conformities can include, for example, child labour or bonded labour or the workplace exposing workers to a direct threat to their health and/or life. In 2023, no zero tolerance non-conformities were identified either during audits or factory visits or through Alligo's whistleblowing function.

Whistleblowing

Alligo's whistleblowing function enables both employees and external stakeholders, such as suppliers and subcontractors, to report irregularities such as a lack of compliance with our Supplier Code of Conduct. Matters can be reported anonymously to our externally managed system. There is also the opportunity for suppliers to use amfori BSCI's whistleblowing function.

Alligo places requirements on suppliers to establish similar whistleblowing functions.

›› Further information about Alligo's whistleblowing function can be found on page 46.

›› Further information about responsible supply chains is presented in sustainability note H3.

BUSINESS ETHICS

Alligo strives to achieve an open corporate climate with high business ethics and secure information management. We do not tolerate unethical business practices or violations of human rights in our business or the value chains in which we operate.

Code of Conduct

Alligo's Code of Conduct describes the expectations on Alligo and our employees. Together with our common values, this guides our behaviour towards each other and towards others. The Code stresses the importance of having an open corporate climate where we always act in an ethically correct manner and respect human rights.

›› Further information about Alligo's Code of Conduct can be found on page 39.

Zero tolerance of corruption

We do not accept any form of corruption or other unethical business practices either directly or indirectly, for example through an intermediary such as an agent or consultant.

We perform analyses to assess the risks of corruption and the need for measures. In the business that Alligo operates, buyers and sellers are groups that run a higher risk of being involved in corruption.

Alligo buys from markets with an increased risk of corruption and human rights violations. To mitigate the risk, our suppliers must accept the requirements in our Supplier Code of Conduct.

There were no confirmed cases of corruption within Alligo's operations in 2023.

›› Further information about business ethics risks and risk management can be found on pages 32–35.

›› Further information about supply chain responsibility can be found on pages 44–45.

Whistleblowing function

Alligo's whistleblowing function is a channel for employees, customers, suppliers and other stakeholders to report suspected serious irregularities or legal infringements. The function can be used to report serious risks of irregularities that may affect people, our organisation, society or the environment.

Reporting takes place anonymously via a third party and follows the requirements of national legislation incorporating the EU Whistleblowing Directive. Those who report their suspicions must not be subjected to any form of reprisals as a result of their report.

In 2023, six cases (nine) were reported via the whistleblowing function.

›› Alligo's whistleblowing function is available via the Group's website.

Information security

Information assets are valuable to Alligo and include both oral and written information, as well as digital information. Alligo's information security policy governs the organisation's information management. The responsibility of employees is also stated in the Code of Conduct. Alligo performs annual risk assessments for the business, which include information management risks.

Information security work aims to protect the Group's information assets from all kinds of internal and external threats and so minimise the risks. The work also aims to ensure compliance with applicable laws and regulations.

The work 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. Alligo has a modern IT infrastructure that maintains a high standard of technical security. Data is stored at different physical locations and is protected using fire cells.

EMPLOYEES

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

Our employees are vital to Alligo's success. All of our employees, whatever their position and level, have the same fundamental task: to help the company achieve its goals. To maximise their contribution, Alligo needs to be a company with the ability to both attract and retain good employees and to get the best out of every single one of them.

Alligo is an ambitious company with far-reaching goals. This places great demands on the organisation and on the employees in it, as we constantly challenge, change and improve. It is also here where we find our drive to build together a business that will be unbeatable.

Values

The foundation of Alligo's success as an employer and a company lies in our common values. These describe the approach that everyone can expect our employees to take, both internally and externally: the willingness and ability for Collaboration, the right Competence and a high level of Commitment.

These values, which form part of our strategic platform, permeate all processes relating to our employees. The values are a decisive factor in recruitment selection and a constant element of training. They form part of the discussions concerning an employee's development, as well as pay and promotion. Employees who exemplify what our values mean in everyday work are acknowledged and rewarded internally.

The values also guide the organisation in its actions where governing structures are lacking or are not required. This establishes a balance between stability, which ensures quality and predictability, and flexibility, which enables Alligo to act quickly in response to unexpected opportunities and threats.

Commitment is particularly important, as this is directly linked to the inherent desire of our employees to go the extra mile. That is why we regularly measure the commitment of our employees using what we call pulse measurements. The result of the last pulse index measurement in 2023 was 67, which is an improvement on the previous year's result of 66. Our aim this year is a result significantly higher than that. To really be unbeatable as an organisation requires a consistently high level of commitment. We are therefore focused on improving this result in all units, at all levels and in all countries, as this will boost Alligo's results as a whole. A high response rate (79 per cent) and a large number of written comments in each measurement show that our employees have confidence that the results are taken seriously. Analysing the comments provides a sound basis for understanding the results and driving improvement work.

Leadership

The key enabler of commitment is leadership. We therefore devote significant resources to developing leaders at all levels to give them the skills they need to be successful in their roles and to deliver on their business goals.

Follow-up on business results together with regular employee surveys provide managers with a clear picture of how well they are doing their job. This also provides the basis for transparent dialogue in every team on how strengths can be maintained and how improvements can be made where necessary. In this work, we believe in continuous small improvements that have a major impact over time.

Objective measurement gives the Nordic functions a clear picture of where their support is most needed so that it can be delivered appropriately.

Leadership is also one of the most important components in a good work environment, which is why all our managers undergo work environment training. This training focuses on what managerial responsibility involves and how they need to work in order to fulfil it.

Training and skills development

Competence is one of Alligo's values and is central to creating value in interaction with customers, but also to all other parts of the business that lead to this interaction. Alligo's ambition is to have the industry's most competent

employees and to be the company that offers the greatest opportunities for development for each individual employee.

Against this background, a new digital platform for competence development was implemented during the year. The platform enables the collation, quality assurance, management and sharing of the large-scale competence that exists in various parts of the Group. The platform also contains both internal and external training courses. An internal network of knowledgeable and reliable employees from our own organisation has been established. These employees have been trained in communicating knowledge and have held their first training courses in the role of teacher. External training coordinators have also been engaged where these are the best solution.

Occupational health and safety

All of Alligo's employees are important and nobody should suffer injury at work, either physical or psychological. The work environment must be safe and promote good health.

The basis of our occupational health and safety management is the regulatory framework in each country. These are supplemented by Alligo's Code of Conduct and occupational health and safety policy. Alligo's management system is certified in accordance with the occupational health and safety standard ISO 45001:2018 and contributes processes that ensure a consistent and structured working method. This certification covers the majority of operations in Sweden and Norway.

The working method is centred around the risks that can be identified in the work environment. These are analysed and prioritised in terms of their probability and impact and subsequently targets are drawn up and decisions made on which activities should be implemented in order to achieve the targets. Finally, an assessment is made of whether the measures implemented have been effective.

Occupational health and safety management begins locally and the intention is for decisions to be made at the lowest level wherever possible. System support is available here to help the managers by sending reminders about safety inspections, fire safety controls and work environment inspections. The system stores checklists and templates for this work in a readily available central location. The work is carried out in occupational health and safety committees containing representatives of the employer, trade unions and safety officers. The committees come together at quarterly meetings to highlight and discuss occupational health and safety issues.

Any issues that cannot be handled locally are escalated to more senior levels for a decision or as a basis for updating the structures for the work. At an overall level, work environment targets are established and are reported on and followed up quarterly by the Group management. As part of the employee surveys, Alligo measures the absence of discrimination and psychological harassment. HR follows up the results and offers support in the subsequent work. The organisation's managers also undergo training to help them better identify and handle discrimination and psychological harassment.

›› Information about which companies are covered by Alligo's certified management system is presented on page 39.

Sickness absence and wellness

Sickness absence represents a strain on the individual, the work group and Alligo as a whole. From an economic perspective, sickness absence disrupts continuity and results in indirect costs in the form of reduced productivity and quality, as well as direct costs for sick pay and cover workers. On a personal level, sickness absence not only means loss of income but also a temporary loss of connection to the work.

Sickness absence is one of Alligo's sustainability targets that is reported and followed up quarterly. Sickness absence for 2023 as a whole amounted to 5.2 per cent (5.4). The level of sickness absence is higher for women than men, as it is in society in general, but this is still an unsatisfactory situation. Various solutions have been implemented to try and understand the reasons and influence sickness absence in a positive direction. A system that provides information about the reasons for absence has been implemented in Sweden, Norway and Finland, enabling us to see patterns and hopefully prevent some of the reasons behind absence.

A further system has also been rolled out throughout the organisation in Sweden. This system provides managers with information about the pattern of each employee's sickness absence and includes reminders that help managers to act on the basis of fact and in good time. Employees are also given access to medical advice straight away when reporting sick and the administration of sickness absence is simplified.

As the rules and traditions relating to wellness vary between countries, the benefits provided in this area are slightly different but include, for example, occupational health services, wellness allowance and a subsidised registration fee for fitness training.

›› Further information about ISO 45001, employee turnover, sickness absence and workplace injuries can be found in sustainability note H2.

Incidents and accidents at the workplace

Alligo's zero vision aims to eliminate accidents at work completely. Incident reporting is a key tool in our work to prevent injuries and accidents at the workplace, as it provides a basis for identifying, evaluating and addressing risks that could otherwise lead to accidents and injuries. For this reason, a common system was implemented during the year for reporting risk observations, incidents and accidents. The system is available to all employees and we are actively working to improve the reporting process and increase the number of incidents reported.

Accidents are reported and registered whether or not they lead to subsequent sickness absence. Accidents are most common in the logistics operations and mainly occur in connection with the use of forklift trucks and handling when lifting and when picking and packing products. The most common injuries are wounds to the hand, as well as muscle pain and sprains.

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

›› Information about reported incidents and accidents is presented in sustainability note H2.

Diversity and equal opportunity

Alligo has zero tolerance of harassment and discrimination and believes in the equal value of all people, whatever their external attributes, orientation and inner beliefs. All diversity that serves the organisation's purpose is encouraged and it is only the individual person's ability to help Alligo achieve its goals that should influence employment and promotion.

Legislation and grounds of discrimination vary between countries. Norway's rules are similar to Sweden's but there are more bases of discrimination, while Finland has a different kind of regulatory framework.

Historically speaking, women are under-represented in Alligo's industry compared with the proportion of women in the general population and this applies both to customers and within our own organisation. Alligo is keen to attract more talented women who want to work in our industry. For example, we always aim to have one woman and one man as 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 roughly corresponds to the proportion of female employees. The trend in 2023 was positive, with an outcome of 24.4 per cent (21.7). In 2024, Alligo will be introducing measures designed to encourage more women to apply for managerial roles by giving them the opportunity to approach the responsibility in a way that suits them.

ENVIRONMENT AND CLIMATE

The majority of Alligo's environmental and climate impact arises in connection with the manufacture of the products we sell. This includes, for example, emissions to air, water and land from the extraction of raw materials, in manufacturing processes and from the transport of goods.

Climate impact in the value chain

Direct emissions from Alligo's own activities (scope 1) arise mainly from business travel by car. Indirect emissions (scope 2) arise from the use of electricity and heating in stores, warehouses and offices.

Other indirect emissions in the value chain (scope 3) arising from the manufacture of products account for the majority of Alligo's climate emissions. Additional other indirect emissions derive mainly from purchased transport, indirect purchases and business travel.

In 2022, Alligo mapped the general climate emissions for the Group. There is relatively little access to specific emissions factors for calculating emissions relating to products. Spend-based emissions factors have therefore been used to a great extent. Our work continued during the year to improve the precision of calculations and adjust the calculation method.

Climate targets

In 2023, Alligo joined the Science Based Targets initiative (SBTi) – a global organisation that helps companies to set ambitious and science-based targets for reducing emissions. This commitment means that Alligo must develop targets within 24 months that will be approved by the SBTi.

During the year, we continued to work on our current targets for reducing electricity consumption and reducing the climate impact from transports. Going forward, we will develop our current targets according to the SBTi methodology.

Climate impact of Alligo's own activities

Emissions arising from Alligo's own activities account for around 0.5 per cent of total emissions. The majority of direct emissions (scope 1) consist of emissions from company cars.

Alligo has around 560 company cars, of which 48 per cent are hybrid vehicles (including plug-in hybrids), 6 per cent are electric vehicles and 46 per cent run on diesel or petrol. The majority of the vehicles are used in our sales organisation. We want to increase the proportion of electric company cars wherever possible, taking into account the available charging infrastructure and the cost.

The climate impact from energy use at Alligo's premises is included in indirect emissions (scope 2). We buy product-specific fossil-free electricity generated using hydro power and wind power in Sweden and Norway.

Alligo's electricity consumption[1] must be less than 65 kWh/m^2 in the long term. Electricity consumption has gradually been reduced to 71 kWh/m^2 (73.2). A large proportion of Alligo's premises are heated using district heating, where a significant share of the fuel mix comes from renewable sources or waste. In 2023, the available data was reviewed in order to obtain a better basis for establishing targets and measures in relation to district heating.

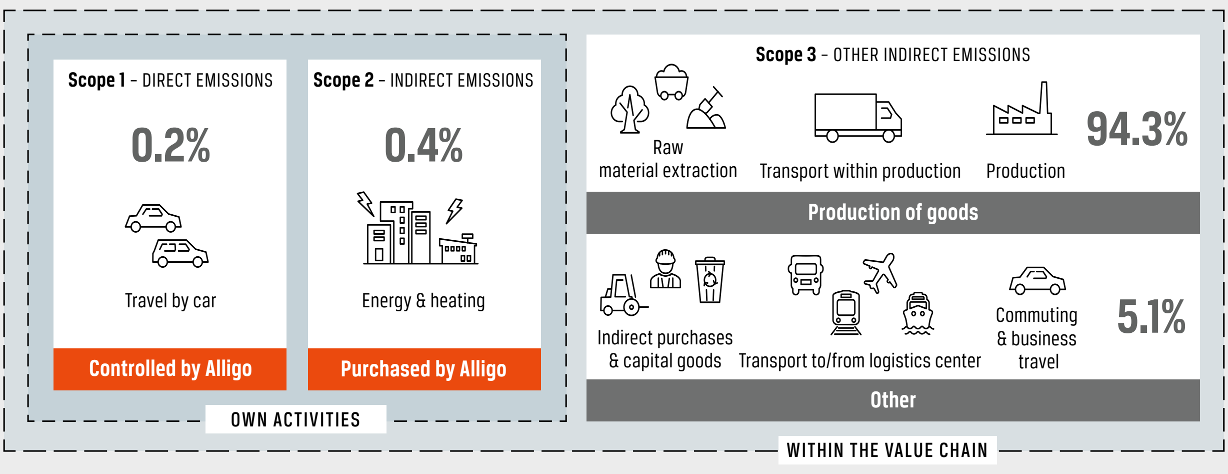
Alligo is carrying out systematic work to improve energy efficiency at its own premises in order to make better use of resources. For example, we are reviewing and optimising ventilation, heating and lighting. Energy-efficient LED lighting was installed in ten stores during the year. Plans for installing sensors to monitor temperature and ventilation have also been drawn up for Alligo's Norwegian operations.

Solar panels will be installed on the roof of the new logistics centre in Vestby in Norway. It is estimated that these will generate more electricity than the logistics centre will need.

Climate impact from products is Alligo's biggest challenge

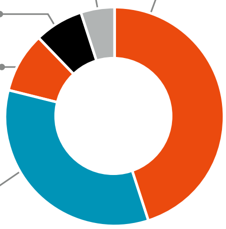
The extraction of raw materials, production of materials and manufacture of products, as well as the use of the products that Alligo sells, all give rise to climate emissions. These indirect emissions (scope 3) account for approximately 94 per cent of the Group's climate-affecting emissions. The largest share of emissions arises from the Tools product category. These products often contain metal and/or plastic, materials where

ALLIGO'S CLIMATE EMISSIONS: Approximately 700,000 tonnes CO_2e[2]



1) Relates to purchased electricity where Alligo has a separate agreement with the electricity supplier, i.e. the electricity is not included in the rent. Separate agreements are in place for approximately 71 per cent of the premises area used by Alligo.
2) Based on data for 2023; for a breakdown and definitions, see sustainability note H4.

GREENHOUSE GAS EMISSIONS BY PRODUCT CATEGORY



fossil fuels are often used in the manufacturing processes.

Within the Workwear & personal protective equipment product category, the production of textiles has a large climate impact. We have good opportunity to influence the choice of materials and manufacturing processes for Alligo's own brands in this product 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.

The finished product can have an impact on the climate through its use if, for example, it requires energy, such as a drilling machine. There is also an impact on the environment and climate when the product has reached the end of its life. This happens, for example, if the material cannot be recycled or if energy recovery or material recovery is not possible.

Manufacturing products has the most climate impact, so Alligo strives to maintain a high level of quality in our range, which allows customers to use the products for longer. A longer product lifespan also means less resource use, reduced transport between all the different stages in the production chain and ultimately less waste.

›› Further information about quality and circularity can be found on pages 40-41.

Climate impact from transport

Goods are transported from suppliers by sea, rail, road and air to Alligo's logistics centres. These indirect emissions (scope 3) account for 0.4 per cent of Alligo's total emissions.

Ships account for the majority of transport from our suppliers in Asia. Air freight is used only where this is necessary in order to meet the customer's delivery requirements. Alligo aims to reduce its air freight, which accounted for less than 0.5 per cent of inward shipping in terms of weight in 2023.

Products are mainly transported from logistics centres to stores or directly to the customer by truck (outward transport). This transport is provided solely by subcontractors. Alligo places requirements on suppliers through the Supplier Code of Conduct as well as through specific contractual requirements such as transport providers having to take steps to reduce their environmental impact, continuously improve their environmental performance, minimise resource use and reduce their carbon emissions.

During the year, Alligo switched suppliers for the transport of its products within the Oslo area to a provider with an entirely electric vehicle fleet, reducing climate emissions.

As of autumn 2023, products are transported from Italian suppliers by train instead of truck. The products are consolidated at a terminal in Italy and loaded together on a train for onward transport to Sweden. The products are then transported by truck to Alligo's logistics centre in Örebro. This mixed loading, which reduces the transport required and replaces trucks with trains on the longest part of the route, results in reduced climate impact.

In Alligo's logistics centre in Örebro, the packaging machine knows the capacity utilisation of the boxes for the products to be dispatched. The machine automatically produces the optimum box size based on the contents. This improves capacity utilisation and makes transport more efficient.

The total emissions from outward transport reduced by 11 per cent during the year. Measured in terms of transport work, emissions are 0.14 kg CO_2e/tkm (0.14).

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

Other environmental impact

The products that Alligo supplies affect the environment throughout their life cycle. The extraction of raw materials can be energy intensive and affect the local environment and biodiversity through pollutant emissions into the air, land or water. Biodiversity can also be affected by land use change, for example in the extraction of raw materials, resource use in production and in transportation.

Chemicals are used in the manufacture of products and can therefore be found in tools and clothing, for example. Within the Workwear & personal protective equipment product category, Alligo has a large proportion of own-brand clothing. Textile production requires large volumes of water, which is used, for example, in growing cotton for clothing, in the dying processes of materials and in fabric production.

The environment is also affected to varying extents by product usage, for example if a product requires energy when used, such as a drilling machine. Some products are made from materials such as rubber or fleece that can release microplastics into the environment when used.

›› Further information about chemicals in products can be found on pages 40-41.

›› Further information about the environmental impact of production can be found on pages 44-45.

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 notification 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.

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 2023 financial year. The Sustainability Report has been prepared with reference to GRI Standards 2021. Alligo's GRI index on pages 63-65 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 5 April 2023.

The statutory Sustainability Report required by the Swedish Annual Accounts Act is integrated on pages 14, 17 and 32-62.

The auditor's opinion on the statutory Sustainability Report can be found on page 125.

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.

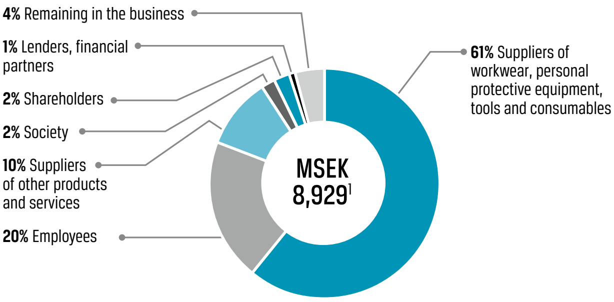
Read more about Alligo's dialogue with stakeholders on page 37 and material sustainability issues on page 38.

H1 ECONOMIC VALUE

› GRI 201-1 Direct economic value generated and distributed

Economic value distributed to stakeholders

SALES



1) Revenue excluding depreciation and write-downs.

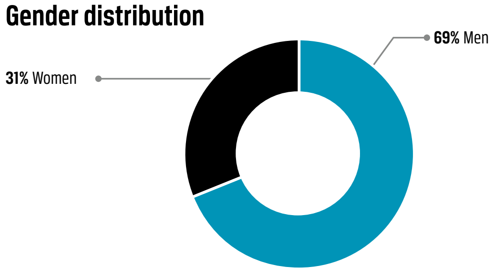
8 DECENT WORK AND ECONOMIC GROWTH

H2 EMPLOYEES

Average number of employees

	2023	2022
Women	748	665
Men	1,696	1,670
Total	**2,444**	**2,335**

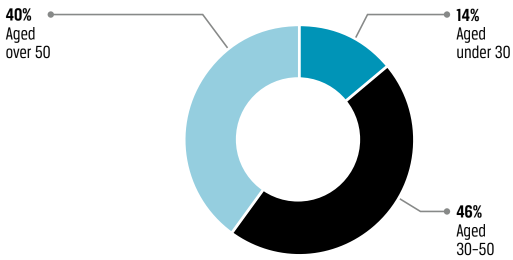
Gender distribution



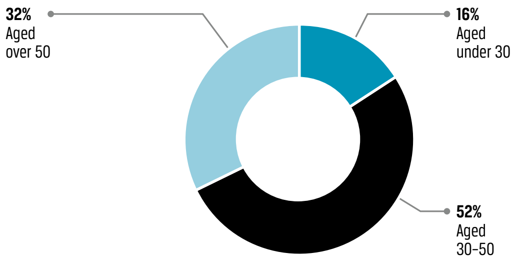
H2 EMPLOYEES Cont.

Age distribution

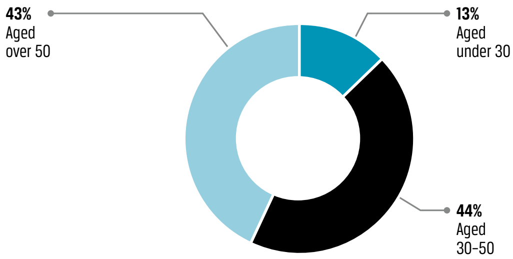
AGE DISTRIBUTION, TOTAL



AGE DISTRIBUTION, WOMEN



AGE DISTRIBUTION, MEN



CALCULATION METHOD

Employee statistics are obtained from each company's employee information 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 of employees per category	SWEDEN 2023	SWEDEN 2022	NORWAY 2023	NORWAY 2022	FINLAND 2023	FINLAND 2022	OTHER 2023	OTHER 2022	TOTAL 2023	TOTAL 2022
Full-time employees	**1,333**	**1,292**	**569**	**485**	**422**	**369**	**13**	**11**	**2,337**	**2,157**
Women	467	412	131	108	112	83	10	8	**720**	**611**
Men	866	881	438	377	310	286	3	3	**1,617**	**1,546**
Part-time employees	**46**	**67**	**29**	**106**	**4**	-	-	-	**79**	**173**
Women	23	32	8	21	-	-	-	-	**32**	**52**
Men	23	35	21	85	4	-	-	-	**48**	**121**
Total	**1,379**	**1,359**	**598**	**591**	**426**	**369**	**13**	**11**	**2,416**	**2,330**

CALCULATION METHOD

Full-time employees means employees with a full-time contract, calculated as full-time equivalents at the reporting date. Part-time employees means employees with fixed term contracts or hourly contracts, calculated as full-time equivalents at the reporting date.

Temporarily contracted employees

› GRI 2-8 Workers who are not employees

Number	SWEDEN 2023	SWEDEN 2022	NORWAY 2023	NORWAY 2022	FINLAND 2023	FINLAND 2022	OTHER 2023	OTHER 2022	TOTAL 2023	TOTAL 2022
Temporarily contracted employees	50	46	24	38	4	17	-	-	**78**	**102**

CALCULATION METHOD

The largest volume of hours from external personnel is by workers in logistics who are contracted in from staffing companies to cover production peaks. There are also employees within central support functions who are contracted in from staffing companies and on an interim basis to meet a temporary need. The number is calculated as average monthly full-time equivalents for the year.

Accidents and incidents

REGISTERED WORKPLACE ACCIDENTS

Number	2023[1] Logistics centres	2023[1] Stores & Offices	2023[1] Total	2022[2] Logistics centres	2022[2] Stores & Offices	2022[2] Total
Sweden						
Registered accidents	63	15	**78**	98	16	**114**
Of which accidents that did not result in sickness absence	12	1	**13**	15	1	**16**

REPORTED INCIDENTS

Number	2023 Logistics centres	2023 Stores & Offices	2023 Total	2022 Logistics centres	2022 Stores & Offices	2022 Total
Sweden	189	8	**197**	188	6	**194**

1) Relates to logistics centres in Sweden, Norway and Finland, as well as stores/offices in Sweden.
2) Relates to Sweden.

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. The injuries were typically wounds and cuts to the hand.

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 the incidents were reported from stores and no incidents were reported from offices during the year.

Risk observations

There has been a particular focus on encouraging the reporting of observations within logistics operations. The aim is to identify risks before they lead to incidents and accidents. In 2023, there were 861 risk observations reported, compared with 181 in 2022.

Sickness absence

	2023	2022
Total, %	5.2	5.0
Percentage women	38	42
Percentage men	62	58

CALCULATION METHOD

Sickness absence refers to the number of hours of sickness absence as a proportion of total scheduled hours. The 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

	2023	2022
Annual total compensation ratio	14	20
Change in annual total compensation ratio	1.6	6.0

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 88 per cent (70) 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 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	
	2023	2022	2023	2022	2023	2022
Number of new employees	107	230	177	321	**284**	**551**
Proportion of new employees, %	12	30	9	18	**10**	**22**
Number of leavers	107	197	239	438	**346**	**635**
Employee turnover, %	12	26	13	25	**13**	**25**

AGE

	<30		30-50		>50	
	2023	2022	2023	2022	2023	2022
Number of new employees	104	200	147	273	33	79
Proportion of new employees, %	24	8	12	11	3	3
Number of leavers	86	124	155	317	105	194
Employee turnover, %	19	5	12	13	10	8

GEOGRAPHIC SEGMENT

	SWEDEN		NORWAY		FINLAND		OTHER	
	2023	2022	2023	2022	2023	2022	2023	2022
Number of new employees	146	301	66	169	72	80	-	1
Proportion of new employees, %	8	20	11	26	17	21	0	8
Number of leavers	210	256	78	307	58	71	-	1
Employee turnover, %	12	17	13	48	14	19	0	8

CALCULATION METHOD

- The number of new employees includes all those who became 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 average total number of employees during the year.
- 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.

H2 EMPLOYEES Cont.

CALCULATION METHOD continued

- The number of leavers, for whatever reason, during the year divided by the average number of employees during the year.
- Employee turnover by category (gender, age, geography) is stated as the proportion of the total number in each category.

Systematic work environment management

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

	2023		2022	
	Number	Proportion, %	Number	Proportion, %
Employees, including temporarily contracted employees, who are covered by the occupational health and safety management system	2,494	100	2,432	100

All of Alligo's employees and temporarily contracted employees are covered by the occupational health and safety management system. 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 standard (ISO 45001:2018).

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, %	2023	2022
Women	79	74
Men	83	82
Total	**82**	**79**

CALCULATION METHOD

The number of employees who have had employee reviews is calculated on the basis of the responses in Alligo's pulse measurements. 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, 84 per cent had had an employee review in the past 12 months, where the proportion was 82 per cent for women and 84 per cent for men.

Pulse measurements

Alligo carries out regular employee surveys called pulse measurements. The response rate for the pulse measurements on which the outcome is based was 79 per cent (83).

SURVEY RESULTS

	2023	2022
eNPS	-2	5
Confidence in management	75	77
Pulse index	67	66

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.
- The pulse index assesses a combination of nine research-based areas for building effective teams and is measured on a scale of 0–100.

Diversity

GRI 405-1 Diversity of governance bodies and employees

GENDER DISTRIBUTION

	2023		2022	
% of	Women	Men	Women	Men
Board of Directors and senior executives	19	81	19	81
Other employees	31	69	30	70

AGE DISTRIBUTION

	2023			2022		
% of	<30	30-50	>50	<30	30-50	>50
Board of Directors and senior executives	-	31	69	-	31	69
Other employees	14	46	40	15	47	38

CALCULATION METHOD

- Board of Directors and senior executives means Board members and members of Alligo's management group. Managers who are not members of the management group are included in other employees.
- The gender distribution is calculated as the number of women/men divided by the total number per category: Board of Directives and senior executives, and Other employees respectively.
- 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	2023	2022
Reported incidents of discrimination	3	4

Action was taken in all reported cases; in one of the cases through a mediation process, while action plans were implemented in the other two, resulting in termination of employment, change of position and a range of support measures. The results of the action plans were reviewed 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

Responsible supplier relationships

Alligo's aim is for more than 95 per cent of the total purchase value from suppliers to the standard range to meet Alligo's supplier standard[1].

Proportion, %	2023	2022
Proportion of total purchase value from suppliers to the standard range	67	65

1) Alligo's supplier standard includes agreements, acceptance of the Supplier Code of Conduct and related Chemical Restriction Lists, and self-assessments performed by suppliers on the requirements of the Code of Conduct.

Self-assessments performed

By the end of 2023, a total of 246 suppliers (212) had completed Alligo's supplier self-assessment, which corresponds to 67 per cent (65) of the total purchase value from suppliers to Alligo's standard range.

CALCULATION METHOD

- The calculation basis was adjusted in 2023 and the comparative figures for 2022 have 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.

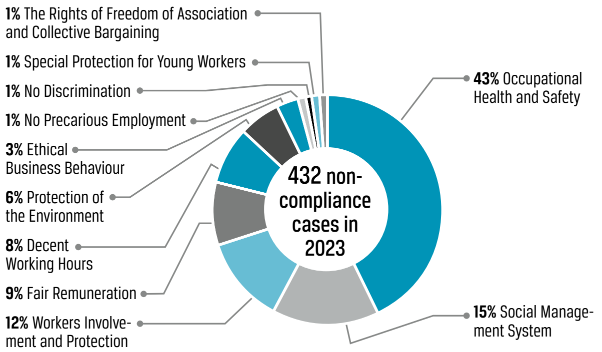
Non-compliance identified in supplier audits

In 2023, a total of 52 audits (47) 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



Zero tolerance non-conformities

Non-compliance relating to human rights violations or which jeopardises the independence of the audit constitutes zero tolerance non-conformities and is treated separately from other audit non-compliance. In 2023, no zero tolerance non-conformities were identified during audits or factory visits or through Alligo's whistleblowing service.

H4 ENVIRONMENT AND CLIMATE

Energy consumption

GRI 302-1 Energy consumption within the organisation

MWh	2023	2022
Electricity		
Renewable (hydropower)	17,730	20,029
Non-renewable (fossil fuel, nuclear power)	3,011	3,767
Heating[1]		
Renewable (no fossil fuel in district heating)	2,323	7,464
Non-renewable (oil, fossil fuel in district heating)	468	926
Own activities		
Non-renewable (oil, gas)[2]	952	97
Total	**24,484**	**32,283**

1) The outcome for district heating in 2023 is based on actual figures, which has a major impact on the outcome compared with 2022.
2) Energy use for own activities includes fuel that Alligo purchases for generating energy in its own stores. As a result of improved measurement methods, the outcome for 2023 is not directly comparable with 2022.

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	2023	2022[1]
Direct emissions (scope 1)		
Direct heat consumption (oil and gas)	206	174
Business travel by company car	1,167	1,457
Car hire for business travel	23	17
Product media companies	207	202
Total	**1,603**	**1,850**
Indirect emissions (scope 2)		
Electricity (market-based)	1,669	1,623
Heating (district heating)	484	870
Product media companies	312	340
Total	**2,465**	**2,832**
Other indirect emissions (scope 3)		
Purchased goods and services (direct purchases)	659,053	643,787
Purchased goods and services (indirect purchases)	21,854	18,681
Capital goods	4,114	2,840
Energy and fuel-related emissions	621	996
Transport (inward and outward shipping)	2,935	3,892
Waste	92	32
Business travel	451	194
Employee travel to and from work	5,817	5,916
Downstream transport and distribution	70	94
Total	**695,008**	**676,433**
Total emissions	**699,076**	**681,115**
Indirect emissions (scope 2)		
Market-based method	2,465	2,832
Location-based method	2,245	2,131

1) Improved measurement methods mean that the outcome for 2022 has been adjusted compared with the previous year's report.

CALCULATION METHOD

Climate-affecting emissions are calculated on the basis of the Greenhouse Gas Protocol using the operational control approach. 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.

H4 ENVIRONMENT AND CLIMATE Cont.

Scope 1

Scope 1 comprises direct emissions from sources that are controlled by Alligo. These include emissions from company cars and direct heating at premises, as well as emissions resulting 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. Emissions from business travel using rental cars have been moved from scope 3 to scope 1.

Individual stores use oil and gas for heating and emissions have been calculated based on the quantity of fuel purchased.

Emissions from Alligo's product media companies have been calculated using a cost-based method and reported under scope 1 for 2023.

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

Scope 2

Scope 2 comprises indirect emissions of purchased electricity, district heating and district cooling. A larger proportion of electricity and district heating is purchased via direct contracts between Alligo and energy suppliers. A smaller proportion of electricity and district heating consumption is included in lease agreements. Emissions from these are calculated on the basis of average consumption per store. Vehicles powered by electricity are included in electricity consumption. No information is available about district cooling.

Indirect emissions from purchased electricity, district heating and district cooling from Alligo's product media companies have been calculated using a cost-based method and reported under scope 2 for 2023.

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 are not included as data is either incomplete or unavailable.

Emissions from the processing of waste are reported according to information provided by suppliers for Sweden and Norway. Climate emissions from waste are calculated according to established flat rates per fraction and processing method. For the Finnish operations, estimates have been made based on the volume of waste per store, fraction breakdown and processing method.

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 transport partners.

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 in 2022 related to Alligo's product media companies.
For 2023, the reporting of emissions for Alligo's product media companies was moved to scopes 1 & 2.

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, whose activities focus on the sale of workwear, personal protective equipment, tools and consumables, has few activities that are listed in the delegated acts for the Taxonomy Regulation.

For an economic activity to be Taxonomy-aligned, it must make a substantial contribution to one of the environmental objectives defined in the Taxonomy. The activity must do no significant harm to any of the other environmental objectives and it must comply with the minimum safeguards. 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

Climate change mitigation (CCM) 7.3. Installation, maintenance and repair of energy efficiency equipment

In 2023, Alligo replaced the existing lighting at a number of locations with LED lighting. This activity does not make a substantial contribution to the environmental objective as the defined energy classification is not achieved. The activity was incorrectly reported as aligned for the financial year 2022. The comparison year has therefore been adjusted.

Transition to a circular economy (CE) 5.2 Sale of spare parts

Alligo sells certain spare parts that fall under this activity. For the 2024 financial year, only activities that are Taxonomy-eligible in terms of circular economy are reported. The criteria for Do No Significant Harm and minimum safeguards have therefore not been evaluated in relation to the Taxonomy.

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 sale of spare parts activity generates a certain amount of turnover. The turnover in the denominator consists of the Group's revenue, see page 84.

Capital expenditure (CapEx)

Alligo's total capital expenditure relates to investments in tangible non-current assets as reported in note 11 on page 104 and intangible non-current assets as reported in note 10 on page 103, as well as right-of-use assets as reported in note 12 on page 105. The value of Taxonomy-eligible investments is calculated at cost. Comparative figures have been restated as the denominator has been supplemented with right-of-use assets that were excluded on initial recognition.

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

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities.

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')							2022		
Economic activities: (1)	Code(s) (2)	**Turnover** (3)	Proportion of **turnover**, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) **turnover**, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code	MSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	%	E	T
A TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Total turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
of which enabling:		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E	
of which transitional:		-	-	-						-	-	-	-	-	-	-	-		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
- Sale of spare parts	CE 5.2	17	0.2	N/EL	N/EL	N/EL	N/EL	EL	N/EL								-		
Total turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		17	0.2	-	-	-	-	0.2	-								-		
Total turnover of Taxonomy-eligible activities (A.1 + A.2 = A)		17	0.2	-	-	-	-	0.2	-								-		
B TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Total turnover of Taxonomy- non-eligible activities (B)		9,319	99.8																
Total (A+B)		9,335	100.0																

Key for eligibility and alignment:

Y = Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.
N = No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.
EL = Taxonomy-eligible activity for the relevant objective (eligible).
N/EL = Taxonomy non-eligible activity for the relevant objective (non-eligible).

Capital expenditure (CapEx)

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities.

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')							2022		
Economic activities: (1)	Code(s) (2)	**CapEx** (3)	Proportion of **CapEx**, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) **CapEx**, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code	MSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	%	E	T
A TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Total CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
of which enabling:		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E	
of which transitional:		-	-	-						-	-	-	-	-	-	-	-		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
- Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	1	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2[1]		
Total CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1	0.1	0.1	-	-	-	-	-								0.2[1]		
Total CapEx of Taxonomy-eligible activities (A.1 + A.2 = A)		1	0.1	0.1	-	-	-	-	-								0.2[1]		
B TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Total CapEx of Taxonomy-non-eligible activities (B)		827	99.9																
Total (A+B)		828	100.0																

Key for eligibility and alignment:

Y = Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.
N = No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.
EL = Taxonomy-eligible activity for the relevant objective (eligible).
N/EL = Taxonomy non-eligible activity for the relevant objective (non-eligible).

1) Comparative figures have been restated; see accounting policies for capital expenditure on page 60.

Operating expenditure (OpEx)

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')							2022		
Economic activities: (1)	Code(s) (2)	OpEx (3)	Proportion of OpEx, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) OpEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code	MSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	%	E	T
A TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Total OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
of which enabling:		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E	
of which transitional:		-	-	-						-	-	-	-	-	-	-	-		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
- Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Total OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0.0**	0.0	-	-	-	-	-								0.0		
Total OpEx of Taxonomy-eligible activities (A.1 + A.2 = A)		**0**	**0.0**	0.0	-	-	-	-	-								0.0		
B TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Total OpEx of Taxonomy- non-eligible activities (B)		**25**	**0.0**																
Total (A+B)		**25**	**0.0**																

Key for eligibility and alignment:

Y = Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.
N = No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.
EL = Taxonomy-eligible activity for the relevant objective (eligible).
N/EL = Taxonomy non-eligible activity for the relevant objective (non-eligible).

Nuclear and fossil gas related activities

NUCLEAR ENERGY RELATED ACTIVITIES		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No

FOSSIL GAS RELATED ACTIVITIES		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

GRI INDEX

Alligo's Sustainability Report for the period 1 January 2023–31 December 2023 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. 67-68, 115	
	2-2	Entities included in the organisation's sustainability reporting	pp. 53, 115	
	2-3	Reporting period, frequency and contact point	p. 53	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. 53	The Sustainability Report has not been externally reviewed.
	2-6	Activities, value chain and other business relationships	pp. 14, 18–21, 24, 28–29, 40–41, 44–45, 67	
	2-7	Employees	H2 pp. 53–54	Derogation: Information based on the form of employment is unavailable.
	2-8	Workers who are not employees	H2 p. 54	
	2-9	Governance structure and composition	pp. 39, 73-83	
	2-10	Nomination and selection of the highest governance body	pp. 74-75	
	2-11	Chair of the highest governance body	p. 75	
	2-12	Role of the highest governance body in overseeing the management of impacts	pp. 39, 53, 75–76, 78	
	2-13	Delegation of responsibility for managing impacts	pp. 39, 75–78	
	2-14	Role of the highest governance body in sustainability reporting	pp. 39, 53, 75–76	
	2-15	Conflicts of interest	pp. 74-75	
	2-16	Communication of critical concerns	pp. 46, 79	
	2-17	Collective knowledge of the highest governance body	pp. 74-75	
	2-18	Evaluation of the performance of the highest governance body	p. 76	
	2-19	Remuneration policies	pp. 69–71, 99-101	
	2-20	Process to determine remuneration	p. 77	
	2-21	Annual total compensation ratio	H2 p. 55	
	2-22	Statement on sustainable development strategy	p. 4	
	2-23	Policy commitments	pp. 39, 44, 78	
	2-24	Embedding policy commitments	pp. 12–13, 39–41, 44–51	
	2-25	Processes to remediate negative impacts	pp. 39, 44-46	
	2-26	Mechanisms for seeking advice and raising concerns	p. 46	
	2-27	Compliance with laws and regulations	p. 39	No significant non-compliance with laws and regulations was identified in 2023.
	2-28	Membership associations	pp. 39, 41, 44	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	pp. 37, 53	
	2-30	Collective bargaining agreements	H2 p. 55	

Material topics

GRI STANDARD	DISCLOSURE	PAGES	COMMENT
GRI 3: Material topics 2021	3-1 Process to determine material topics	pp. 37-38, 53	
	3-2 List of material topics	p. 38	
ECONOMIC IMPACT			
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	H1 p. 53	
Anti-corruption			
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 35, 38-39, 44-46, 57	
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	pp. 17, 39, 44-45, 57	Derogation: Information by region is unavailable.
	205-3 Confirmed incidents of corruption and actions taken	p. 46	No incidents of corruption were reported in 2023.
Customer satisfaction			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 38	
Own disclosure	Customer Satisfaction Index (CSI)	p. 17	The method for measuring customer satisfaction is under review. No outcome for 2023 can be reported.
ENVIRONMENTAL IMPACT			
Energy			
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 38, 50	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	H4 p. 58	
Emissions			
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 4, 17, 38, 50-51	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	H4 pp. 50, 58-59	
	305-2 Energy indirect (Scope 2) GHG emissions	H4 pp. 50, 58-59	
	305-3 Other indirect (Scope 3) GHG emissions	H4 pp. 50, 58-59	
Supplier Environmental Assessment			
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 17, 38, 44-45	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	H3 p. 57	
Sustainable choices			
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 38, 40-44	
Own disclosure	Proportion of own brand garments certified in accordance with OEKO-TEX® STANDARD 100	p. 41	

GRI STANDARD	DISCLOSURE	PAGES	COMMENT
	SOCIAL IMPACT		
Employment			
GRI 3: Material topics 2021	3-3 Management of material topics	H2 pp. 17, 38, 47–49, 53-57	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	H2 p. 55	
Occupational Health and Safety			
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 38, 47-49	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	H2 pp. 39, 48, 56	
	403-2 Hazard identification, risk assessment, and incident investigation	pp. 48-49	
	403-3 Occupational health services	p. 49	
	403-4 Worker participation, consultation, and communication on occupational health and safety	pp. 47-48	
	403-5 Worker training on occupational health and safety	p. 48	
	403-6 Promotion of worker health	pp. 48-49	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	H3 pp. 44–45, 57	
	403-8 Workers covered by an occupational health and safety management system	H2 p. 56	
Skills development			
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 38–39, 47–48	
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	H2 p. 56	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. 17, 38–39, 49, 74–75	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	H2 p. 56	
Non-discrimination			
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 39, 48-49	
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	H2 p. 57	
Supplier Social Assessment			
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 17, 38, 44–45	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	H3 p. 57	
Customer Health and Safety			
GRI 3: Material topics 2021	3-3 Management of material topics	pp. 38, 40-41	
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 2023. This can be verified by the fact that there was no contact from the authorities regarding lack of compliance relating to the range or products delivered.

ANNUAL REPORT

CONTENTS

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 2023.

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 14, 17 and 32–62.

About the company

Alligo is a Nordic player within workwear, personal protective equipment, tools and consumables. Sales are generally made through the concept brands Swedol in Sweden and Tools in Norway and Finland, through stores, direct sales and digital channels. Customers are a mix of small and medium-sized companies, large industrial companies and the public sector and come from various industries, including manufacturing industry, construction industry, transport and storage, repair and maintenance, agriculture and forestry, as well as oil and gas. The Group has around 2,400 employees and annual revenue of approximately SEK 9.3 billion. Alligo AB (publ) is listed on Nasdaq Stockholm.

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. For more information, see note 1 Summary of significant accounting policies on page 92 and note 31 Discontinued operations on page 120.

Revenue and profit

Revenue

Revenue increased by 1.3 per cent to MSEK 9,335 (9,211). Acquisitions made had a positive impact on revenue but this was counteracted by negative organic growth and fewer trading days. Revenue from like-for-like sales, measured in local currency and adjusted for the number of trading days, decreased by -1.4 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. The slowdown that was observed in Sweden in the fourth quarter of 2022, and in Finland during the second quarter of 2023, has gradually intensified and the downturn applies to most customer segments. Organic growth was negative in Sweden, unchanged in Finland and positive in Norway. The growth in Norway was driven primarily by larger customers within the oil and gas industry. Acquired growth amounted to 3.5 per cent and relates primarily to our acquisitions of product media companies in Sweden, as well as acquisitions completed in Finland and Norway.

The proportion of own brands for the financial year was 19.4 per cent (18.2). This increase is a result of improvements on all markets. Workwear and personal protective equipment accounted for 78.4 per cent of own brand sales, and tools and consumables for 21.6 per cent. For the financial year, the proportion of in-store sales was 54 per cent (55), the proportion of direct sales was 41 per cent (42) and the remaining 5 per cent (3) relates to product media. Currency translation effects had a positive impact on revenue of MSEK 4, driven by the EUR trend and offset by the NOK trend. The financial year contained two trading days fewer than last year.

Profit

Operating profit amounted to MSEK 748 (669). Adjusted EBITA (operating profit excluding items affecting comparability and amortisation of intangible assets arising in connection with corporate acquisitions) increased by nine per cent to MSEK 827 (756), corresponding to an adjusted EBITA margin of 8.9 per cent (8.2). The improvement in profit was primarily attributable to Norway and was driven by organic growth, margin improvements and cost adjustments. The effect is mitigated by an unfavourable country mix in the form of stronger growth in Norway and Finland than in Sweden.

Operating profit was charged with items affecting comparability of MSEK -20 (-24) net relating to costs for the scrapping of Covid materials, as well as costs for organisational changes and other efficiency measures in connection with the savings programme implemented.

The coordination of Tools and Swedol has been completed in principle and only the adaptation of the range remains to be fully implemented, alongside the change of business system in Norway, which is scheduled for early 2025.

During the year, MSEK 36 was utilised from restructuring reserves from previous years, MSEK 18 of which originates from the third quarter of 2020 and MSEK 18 from the third quarter of 2021. The restructuring reserve from the third quarter of 2020 amounts to MSEK 1 (originally MSEK 97). The restructuring reserve originating from the third quarter of 2021 and relating to the coordination of logistics in Sweden amounts to MSEK 62, compared with an initial MSEK 108. Both restructuring reserves have been utilised according to the original plan.

The effective tax rate was 21.6 per cent (21.4). Profit after financial items was MSEK 634 (612) and profit after tax was MSEK 497 (481), which corresponds to earnings per share for continuing operations of SEK 9.76 (9.51) for the financial year.

Total profit from the Group amounted to MSEK 497 (4,062), of which MSEK 497 (481) is attributable to continuing operations, MSEK 0 (28) to discontinued operations, and MSEK 0 (3,553) to the impact on earnings of the distribution of Momentum Group.

Development by geographic area

Alligo operates on three Nordic main markets – Sweden, Norway and Finland – which generate total revenue of approximately MDSEK 59 per year. The focus in these markets is on corporate customers within eight defined industry segments.

Sweden

Revenue in Sweden increased by 0.3 per cent to MSEK 5,357 (5,339). Sales were boosted by the acquisitions of seven product media companies. The slowdown that was observed in the fourth quarter of 2022 intensified and applies to most customer segments. Organic growth was negative at approximately -5 per cent. The number of stores at the end of the year was 112 (107).

Adjusted EBITA for the financial year amounted to MSEK 612 (610) and the adjusted EBITA margin to 11.4 per cent (11.4). The improvement in profit was driven by margin improvements and cost adjustments implemented.

Operating profit has been charged with items affecting comparability of MSEK -9 (-9) net. The proportion of own brands for the financial year was 23.9 per cent (22.9). For the financial year, the proportion of in-store sales was 66 per cent (70), the proportion of direct sales was 24 per cent (25) and the remaining 10 per cent (5) relates to product media.

Work is under way to increase the level of activity in sales work and to strengthen margins within the manufacturing industry segment through improved sales and assortment management, as well as to make further adjustments to the cost base. The approved organisational changes, with a new country manager and the establishment of a Nordic organisation with a focus on industrial customers, are part of this.

Norway

Revenue in Norway increased by 0.8 per cent to MSEK 2,611 (2,591). Sales were positively affected by the acquisitions of Lunna AS, H E Seglem and LVH AS and good development within the oil and gas industry in particular, but mitigated by the exchange rate developments of the Norwegian krone (NOK). Organic growth was around four per cent. The number of stores at the end of the year was 57 (57).

Adjusted EBITA for the financial year amounted to MSEK 160 (107) and the adjusted EBITA margin to 6.1 per cent (4.1). The improvement in profit was driven by growth, better sales and assortment management and cost adjustments.

Operating profit has been charged with items affecting comparability of MSEK -5 (-6). The proportion of own brands for the financial year was 16.5 per cent (14.6). For the financial year, the proportion of in-store sales was 47 per cent (45) and the proportion of direct sales was 53 per cent (55).

Work is under way to establish a more favourable customer mix in the form of a greater proportion of small and medium-sized companies, as well as to strengthen the sales and assortment management in order to improve margins and at the same time reduce costs.

Finland

Revenue in Finland increased by 10.1 per cent to MSEK 1,709 (1,552). The acquisitions of Liukkosen Pultti Oy, Kitakone Oy and Tampereen Pirkka-Hitsi Oy made a positive contribution to this, as did positive currency effects. Organic growth was approximately 0 per cent and the slowdown observed in the second quarter intensified during the fourth quarter. The number of stores at the end of the year was 41 (39).

Adjusted EBITA for the financial year amounted to MSEK 61 (62) and the adjusted EBITA margin to 3.6 per cent (4.0). Profit has been boosted by margin improvements and additional purchase considerations recognised in income in the amount of MSEK 6 (-) but mitigated by higher costs resulting from investments in stores.

Operating profit has been charged with items affecting comparability of MSEK -6 (-5). The proportion of own brands for the financial year was 10.2 per cent (8.8). For the financial year, the proportion of in-store sales was 25 per cent (20) and the proportion of direct sales was 75 per cent (80).

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

Parent Company

At the end of the year, the Group comprised the parent company Alligo AB and a total of 32 Swedish and foreign 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.

The Parent Company's revenue for the financial year amounted to MSEK 25 (17) and the loss after financial items totalled MSEK -14 (-29). Profit has been charged with items affecting comparability of MSEK 0 (-4). The distribution of Momentum Group during the first quarter of 2022 corresponded to the carrying amount of MSEK 43. The balance sheet total amounted to MSEK 4,325 (4,064) and equity represented 41 per cent (46) of total assets. The number of employees at the Parent Company at the end of the financial year was 2 (2).

Corporate acquisitions

Alligo completed six corporate acquisitions in 2023. Agreements were also signed for a further three corporate acquisitions with closing in 2024.

Acquisition of Profilföretaget Z-Profil AB

On 6 December 2022, Alligo signed an agreement to acquire 70 per cent of the shares in Profilföretaget Z-Profil AB, which has operations in Umeå and Skellefteå. Z-Profil generates annual revenue of approximately MSEK 40 and has 13 employees. Closing took place on 2 January 2023.

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

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.

Acquisition of Kitakone Oy

On 3 April, Alligo acquired 100 per cent of the shares in Finnish company Kitakone Oy, which runs a store in Jyväskylä selling tools, fixings and chemicals to the construction and vehicle service and repair markets. Kitakone generates annual revenue of approximately MEUR 3 and has eight employees. Closing took place in conjunction with the acquisition.

Acquisition of Topline AB

On 24 May, Alligo signed an agreement to acquire 70 per cent of the shares in corporate branding company Topline AB, which sells workwear, corporate branded clothing and product media. Topline has operations in Borås and Gothenburg and is also established in Kalmar through its subsidiary Topline Kalmar AB. Together the two companies generate annual revenue of just over MSEK 60 and have 16 employees. Closing took place on 1 June.

Acquisition of Tampereen Pirkka-Hitsi Oy

On 7 June, Alligo acquired 100 per cent of the shares in Finnish company Tampereen Pirkka-Hitsi Oy, which runs two stores – one in Pirkkala and one in Varkaus – and specialises in the sale and servicing of welding machines. Pirkka-Hitsi generates annual revenue of approximately MEUR 5.0 and has 13 employees. Closing took place in conjunction with the acquisition.

See note 30 Business combinations and divestments on pages 117-119 for information about the acquisitions closed during the 2023 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 14 per cent for the most recent twelve-month period, corresponding to a return on capital employed of 12 per cent.

Cash flow and financial position

Cash flow from operating activities before changes in working capital for the financial year totalled MSEK 1,020 (1,047). Inventories increased during the first three quarters of the year and then decreased during the fourth quarter. In total, inventories increased by MSEK 83 (349) during the financial year. The average value of inventories was MSEK 2,353 (2,068) and the inventory turnover rate was 4.0 (4.5). Operating receivables decreased by MSEK 176 and operating liabilities fell by MSEK -120. Cash flow from operating activities for the financial year thus amounted to MSEK 993 (507).

Cash flow for the year was also impacted by a net amount of MSEK -215 (-152) pertaining to investments in and divestments of non-current assets, as well as by MSEK -126 (-144) pertaining to acquisitions of subsidiaries. Investments in non-current assets principally relate to the development of e-commerce solutions and service concepts, store modifications primarily in Finland but also in other countries, the construction of a logistics centre in Vestby and the continued automation of the Group's logistics centre in Örebro.

The Group's financial net loan liability amounted to MSEK 2,640 at the end of the financial year, compared with MSEK 2,547 at the beginning of the year. The Group's operational net loan liability at the end of the year amounted to MSEK 1,449, compared with MSEK 1,534 at the beginning of the year. Available cash and cash equivalents, including unutilised granted credit facilities, totalled MSEK 1,251 compared with MSEK 1,176 at the beginning of the year. The business was refinanced during the first quarter of 2022 as a result of the distribution of Momentum Group. The total credit facility is MSEK 2,300, excluding a committed credit facility of MSEK 400. The credit facility was raised in March 2022 and extended by a year in March 2023. The credit facility therefore runs until 2026, with the option to extend for a further year. The interest rate is linked to STIBOR plus a surcharge based on the ratio of net operational liabilities to adjusted EBITDA.

Maturity periods and fixed-interest periods for interest-bearing liabilities are presented in note 23 Financial risks and risk management on pages 110-112.

The equity/assets ratio at the end of the financial year was 41 per cent. Equity per share was SEK 72.19 at the end of the financial year, compared with SEK 67.51 at the beginning of the year.

Employees

At the end of the year, the number of employees in the Group amounted to 2,443, compared with 2,371 at the beginning of the year. The increase in the number of employees is the result of corporate acquisitions made and the investments in Finland.

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 2023 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 63-65. Pages 14, 17 and 32–62 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 125. Disclosures in accordance with the EU Taxonomy Regulation are presented in the Sustainability Report on pages 60-62.

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 2023 included continued development of various service concepts and customer solutions such as on-site service (smart service), 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 the Group. 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 32-35 and note 23 Financial risks and risk management on pages 110-112.

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 23 May 2024 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 made 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 ten 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 six 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 proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account by including information on the employees' total remuneration, the components of the remuneration and increase and growth rate over time, in the Compensation Committee's and the Board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

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 programmes, 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 in the section on preparation and decision-making process, 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 five per cent per year over a business cycle and for additional growth to be achieved through acquisitions. A further target is for the adjusted EBITA margin to be more than ten per cent per year.

The extensive integration work carried out since the merger of Swedol and Tools has laid the foundation for a stable company with the ability to handle the market situation and changes in the world around us. The scalability of Alligo's business model provides opportunities to maintain good cost control but also to react quickly and take advantage of future improvements in the economic situation.

Dividend 2023

The Board of Directors proposes to the Annual General Meeting of 23 May 2024 a dividend of SEK 3.50 (3.00) per share, which corresponds to 35 per cent (31) of the earnings per share for the 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. Taking into account the repurchased Class B shares, the proposed dividend corresponds to a total of MSEK 175 (151).

The proposed dividend means that, all other things being equal, the Group's equity/assets ratio as at 31 December 2023 would decrease by approximately two 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 107.

Events after the end of the financial year

Acquisition of Tore Vagle AS

On 2 January 2024, the acquisition was completed of 100 per cent of the shares in Norwegian company Tore Vagle AS, which has operations in Sandnes and sells tools and industrial components. Tore Vagle AS generates annual revenue of approximately MNOK 39 and has 11 employees.

Acquisition of Svets och Tillbehör i Sverige AB

On 2 January 2024, the acquisition was completed of 100 per cent of the shares in Svets och Tillbehör i Sverige AB, which operates in Ystad and has a broad offering within welding and grinding and related service business. Svets och Tillbehör i Sverige AB generates annual revenue of approximately MSEK 120 and has 22 employees.

Acquisition of Svetspartner i Malmö AB

On 2 January 2024, the acquisition was completed of 100 per cent of the shares in Svetspartner i Malmö AB ("Järnab"), which has a broad offering within welding and grinding and related service business. Svetspartner i Malmö AB generates annual revenue of approximately MSEK 25 and has ten employees.


TOOLS
SMART SERVICE SHOP

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 is a Swedish public limited company listed on Nasdaq Stockholm Mid Cap and applies the Swedish Code of Corporate Governance (the "Code"). The Code is available at www.corporategovernanceboard.se, where the Swedish model of corporate governance is also described.

This Corporate Governance Report is presented in accordance with the Swedish Annual Accounts Act and the Code and provides an account of Alligo's corporate governance during the 2023 financial year.

In 2023, there were no deviations from Nasdaq Stockholm's Rulebook, the Code or best practice in the stock market. The Corporate Governance Report constitutes a part of the formal annual accounts and has been reviewed by Alligo's auditors in accordance with the opinion on page 125.

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.

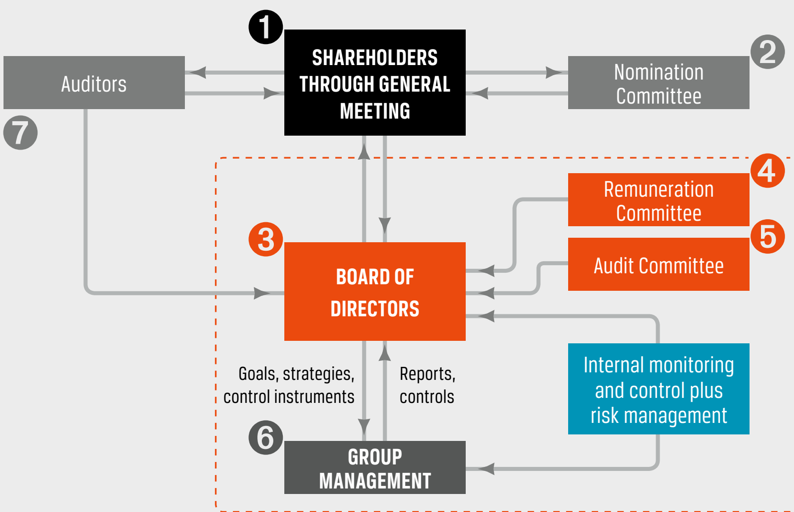
Share structure and holding of treasury shares

The share capital amounted to approximately MSEK 102 as at 31 December 2023. 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 855,300 and the total number of shares after repurchasing was 50,050,889.

All shares carry equal rights to Alligo AB's assets and earnings. Provided that registration to participate at the Annual General Meeting has taken place in the prescribed manner, each shareholder is entitled to vote at the general meeting on behalf of all owned, directly registered and represented shares. 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 ten per cent of the number of shares in the company as a means of payment for acquisitions.

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

CORPORATE GOVERNANCE STRUCTURE



Internal control instruments

Important internal binding control documents are:

- Articles of Association
- Rules of procedure for the Board of Directors
- Instructions for the CEO, Audit Committee, Remuneration Committee and financial reporting
- Policies

External control instruments

Important external control instruments that provide the framework for corporate governance are:

- Swedish Companies Act
- Swedish Annual Accounts Act
- Nasdaq Stockholm's Rulebook
- Swedish Code of Corporate Governance

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

On 15 August 2023, Alligo's Board of Directors, on the basis of the authorisation granted by the Annual General Meeting of 24 May 2023, decided to repurchase some of the company's own Class B shares. The aim of this repurchase is to ensure that companies or businesses can be acquired in the future using treasury shares, while also facilitating the adaptation of the Group's capital structure. During the third quarter, 430,000 shares were repurchased, corresponding to 0.8 per cent of the total number of shares and 0.8 per cent of the total number of votes. As at 31 December 2023, Alligo's holding of Class B treasury shares amounted to 855,300, corresponding to 1.7 per cent of the total number of shares and 1.5 per cent of the total number of votes.

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.

❶ Shareholders

As at 31 December 2023, 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 2023, Alligo AB had approximately 6,000 shareholders. Further information regarding Alligo's shares and ownership structure as at 31 December 2023 is provided in the section on the Alligo share on pages 30–31.

General Meeting

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

Annual General Meeting 2023

The Annual General Meeting of Alligo AB was held on 24 May 2023 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 78.8 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 for new share issues in conjunction with acquisitions, as well as on the amendment of the instructions for the Nomination Committee. The Board of Directors' remuneration report was also approved and the Board of Directors and CEO discharged from liability for their administration of the company during the 2022 financial year. Göran Näsholm, Pontus Boman, Stefan Hedelius, Johan Sjö, Christina Åqvist and Cecilia Marlow were re-elected to the Board of Directors. Göran Näsholm was re-elected Chair of the Board of Directors. The full minutes of the Meeting are available on Alligo's website.

❷ Nomination Committee

The main tasks of the Nomination Committee are to submit proposals, in good time before the Annual General Meeting, for the election of the Chair of the Board and other Board members, resolutions on Board fees, the election of the auditor and resolutions on auditor's fees. The Nomination Committee is also responsible for the election of the Chair of the AGM and for any resolutions on amendments to the Instructions for the Nomination Committee.

In accordance with the instructions adopted at Alligo's Annual General Meeting in May 2023, the members of the Nomination Committee shall consist of the four largest shareholders in Alligo in terms of voting rights (in accordance with the share register maintained by Euroclear Sweden on the last banking day in February) who wish to appoint a member. If fewer than three members have been nominated in accordance with the above, other shareholders in the order of voting rights are to be granted the opportunity to nominate one member each until a total of three members have been nominated. The shareholder that controls the most voting rights in the company has the right to nominate the Chair of the Nomination Committee. The Chair of the Board shall be co-opted to the Nomination Committee (without voting rights) and coordinate the nomination procedure.

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 Code and Alligo's company-specific requirements.

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 2024

In accordance with the resolution of the 2023 Annual General Meeting, the Chair of the Nomination Committee shall each year contact the four largest shareholders in terms of voting rights, as registered at the end of February, to ask them to appoint a member each to the Nomination Committee ahead of the upcoming Annual General Meeting.

At the Annual General Meeting 2023, a Nomination Committee was elected consisting of Peter Hofvenstam (Nordstjernan) as Chair, along with Stefan Hedelius (nominated by Tom Hedelius), Lilian Fossum Biner (nominated by Handelsbanken Fonder) and Björn Börjesson (nominated by Sandrew AB) as members of the Nomination Committee.

The Nomination Committee's complete motions regarding the Board of Directors and auditors will be presented in the notice for the 2024 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 Alligo's website in conjunction with the publication of the notice for the Meeting and during the Annual General Meeting itself. The Nomination Committee has held four meetings ahead of the 2024 Annual General Meeting and has also maintained ongoing contact. No remuneration has been paid for the work of the Nomination Committee.

3 Board of Directors

The Board of Directors is ultimately responsible for the company's organisation and administration. 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. The Board of Directors is elected by the Annual General Meeting.

Board members

Alligo AB's Board of Directors comprises six ordinary Board members appointed by the 2023 Annual General Meeting: Göran Näsholm (Chair), Pontus Boman, Johan Sjö, Cecilia Marlow, Christina Åqvist and Stefan Hedelius. A presentation of these Board members, including information on other assignments and work experience, can be found on pages 80–81 and on Alligo'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 are also two employee representatives on the Board: Johanna Främberg and Emma Hammarlund.

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 unchanged compared with the previous year.

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

Chair of the Board

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

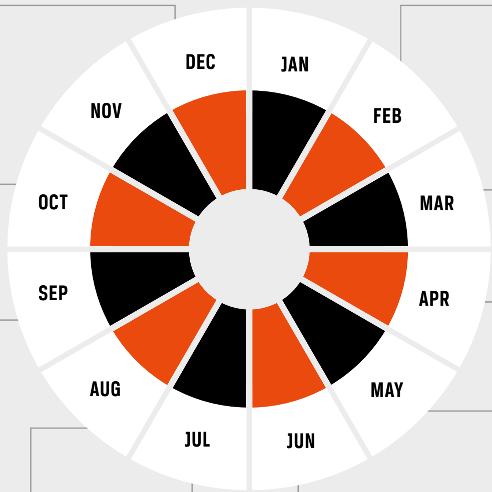
Duties of the Board

The Board of Directors is ultimately responsible for the company's organisation and for the administration of the company's affairs in the

BOARD COMPOSITION, ATTENDANCE, DEPENDENCY CONDITIONS AND FEES FOR 2023

			No. of meetings attended			Dependent in relation to		
Ordinary Board members	**Year of election**	**Position**	**Board of Directors**	**Audit Committee**	**Remuneration Committee**	**Alligo**	**Major shareholders**	**Fee, SEK**
No. of meetings			**13**	**4**	**1**			
Göran Näsholm	2019	Chair of the Board, Chair of the Remuneration Committee	13		1	No	No	750,000
Johan Sjö	2019	Board member	13		1	No	Yes	300,000
Pontus Boman	2022	Board member	13	4		No	Yes	300,000
Stefan Hedelius	2016	Board member	13			No	No	300,000
Cecilia Marlow	2022	Board member, Chair of the Audit Committee	13	4		No	No	450,000
Christina Åqvist	2020	Board member	13			No	No	300,000

THE WORK OF THE BOARD OF DIRECTORS IN 2023



FEBRUARY
- Year-end Report 2023
- Proposal for appropriation of profits
- Reporting of final audit report
- Risk assessment
- Internal control and risk analysis
- Sustainability targets
- Remuneration of senior executives
- Financing
- Acquisition opportunities

MARCH
- Submission of Annual Report
- Remuneration report
- Convening of Annual General Meeting
- HR status
- Business intelligence
- Acquisition opportunities

APRIL
- Interim Report Q1
- Acquisition opportunities
- Business intelligence

MAY
- Statutory Board meeting
- Board's rules of procedure and CEO instructions
- Status Finland
- Business intelligence
- Acquisition opportunities

JUNE
- Strategy
- Situation analysis
- Risk analysis
- Audit plan
- Sustainability
- Acquisition opportunities

JULY
- Interim Report Q2
- Business intelligence
- Acquisition opportunities

AUGUST
- Repurchase of own shares

SEPTEMBER
- Sustainability
- Concept brands
- Business intelligence
- Code of Conduct
- Reduction of stocks
- Acquisition opportunities

OCTOBER
- Interim Report Q3
- Reporting of management audit and review for Q3
- Business intelligence
- Budget 2024
- Reduction of stocks
- Coordination of logistics
- Board evaluation
- Acquisition opportunities

DECEMBER
- Budget 2024
- Accounting issues
- Reduction of stocks
- Business intelligence
- Employee survey
- Evaluation of CEO and senior executives
- Science Based Targets
- Crisis plan
- Acquisition opportunities

interests of the company and of all shareholders in accordance with the Articles of Association, the Swedish Companies Act and other relevant laws and regulations and internal guidelines. 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 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 for the appointment and remuneration of positions in 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 ensures 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 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 Auditor's 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 13 Board meetings during the 2023 financial year, including a statutory meeting and three meetings per capsulam. The Board's work during the year focused on issues pertaining to measures taken to address the weak and uncertain market situation and follow-up of ongoing operations in general, the coordination of logistics and business systems in Norway, sustainability issues, acquisition opportunities, the Group's organisation and strategic development, and the Group's financial position. Refer to the table on page 75 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.

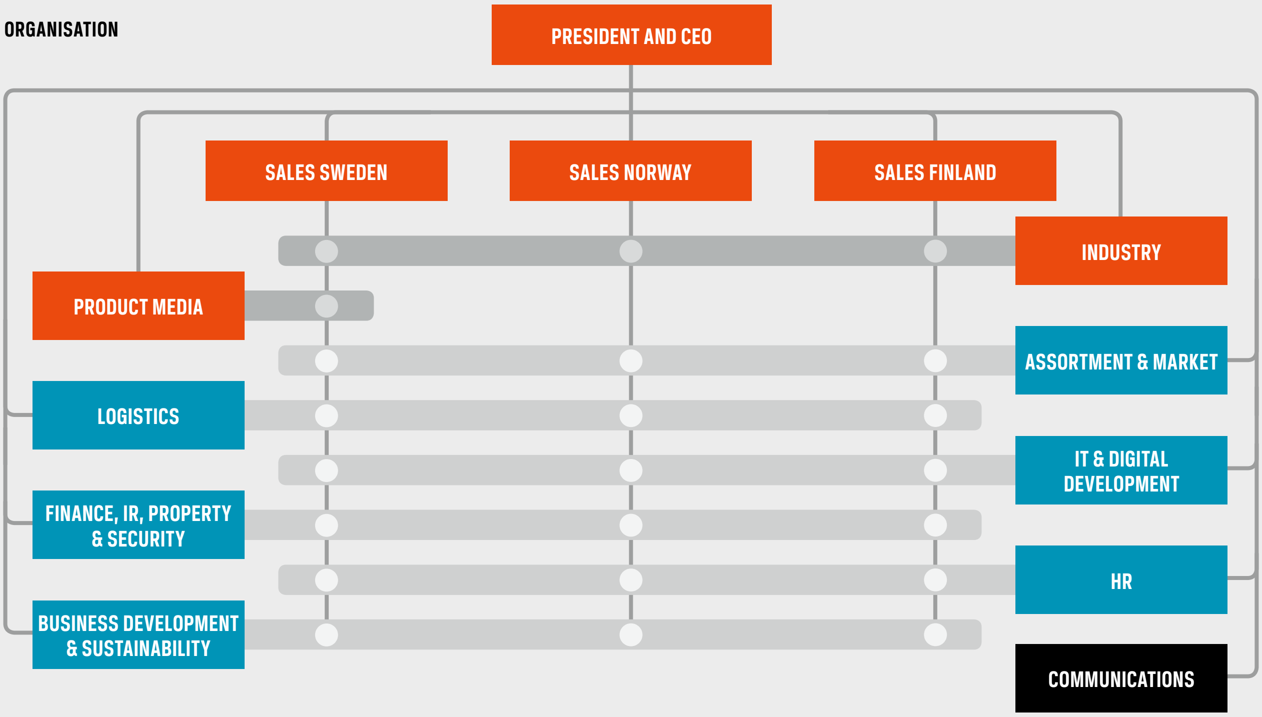
The Remuneration Committee consists of the Chair of the Board Göran Näsholm (Chair of the Remuneration Committee) and Board member Johan Sjö. The CEO presents reports to the Committee. The CEO does not report on their own remuneration. The Compensation Committee convened on one occasion during the 2023 financial year, during which minutes were taken. During the year, SEK 100,000 was paid to the Chair of the Committee.

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

ORGANISATION



the accounts for the third quarter, the Audit Committee meets with and receives a report from the company's external auditors. At the same time, the Committee also meets with the auditors without the presence of the CEO, 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 2023 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.

6 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 drafts 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.

7 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 2023 Annual General Meeting for the period until the end of the 2024 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 0 (1) during the 2023 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 2023 financial year, which were adopted by the 2023 Annual General Meeting, are presented on pages 69-71.

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.

In accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance (the "Code"), the Board is responsible for ensuring that the company has good internal control and efficient processes that can ensure that the financial reporting is appropriate, correct and reliable in accordance with applicable reporting rules 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 collated on Alligo's 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 are to be conducted in accordance with Alligo'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 comparisons with previous years, previously set goals and the most recent forecast as well as the 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 proactively 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 reports for the 2022 and 2023 financial years were reviewed by the company's external auditors in line with the Code.

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, LW Sverige AB and Sell Power AB. Board member of Navogo Invest AB and Nordisk Bergteknik 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: 70,000 Class B shares (own holding).

CECILIA MARLOW

Board member since 2022.

Born: 1960.

Education/training: Master of Business Administration.

Other current assignments: Chair of the Board of NCS Colour AB, NCS Colour Holding AB and Wästbygg Gruppen AB (publ). Board member of SJ AB, Mordin AB, Segelman Virtual Stores AB and Bokusgruppen AB (publ).

Work experience: Chair of the Board/Board member of several listed and unlisted companies, including Spendrups Bryggeriaktiebolag, Desenio Group AB (publ), 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).

PONTUS BOMAN

Board member since 2022.

Born: 1971.

Education/training: M.Sc. Engineering.

Other current assignments: Investment Director at Nordstjernan with responsibility for the Trade & Industry sector, Chair of the Board of Rosti Group AB, Board member of Norva24 Group AB.

Work experience: President & CEO of Bergman & Beving AB, 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: –.

JOHAN SJÖ

Board member since 2019.

Born: 1967.

Education/training: M.Sc. in Economics.

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

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

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

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

CHRISTINA ÅQVIST

Board member since 2020.

Born: 1978.

Education/training: LL.B. and studies in economics.

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

STEFAN HEDELIUS

Board member since 2016.

Born: 1969.

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

Other current assignments: VD and Board member of Human Care Group AB. Board member of AddLife AB, Momentum Group AB, AIK Ishockey AB, Praktikertjänst AB.

Work experience: CEO of NOTE AB, Vice President Brand and Marketing for Scandinavian Airlines (SAS) and senior positions in the Ericsson Group.

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

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

JOHANNA FRÄMBERG

Board member since 2022.
Employee representative.

Born: 1980.

Education/training: Vocational qualification in logistics.

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

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

Shares owned: –.

EMMA HAMMARLUND

Board member since 2024.
Employee representative.

Born: 1988.

Education/training: Bachelor of Engineering in Textile Technology.

Other current assignments: PIM & MD Specialist, Swedol, Board member of Riksklubben Unionen Alligo, Regional Council representative of Unionen Göteborg.

Work experience: Operational buyer at Swedol, Textile engineer at Y. Berger & Co AB.

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

Shares owned: –.

AUDITOR

KPMG AB has been the auditor for Alligo AB since 2016.

HELENA ARVIDSSON ÄLGNE

Authorised Public Accountant.

Born: 1962.

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

GROUP MANAGEMENT

CLEIN JOHANSSON ULLENVIK

President and CEO since 2021.

Born: 1966.

Education/training: B.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 Greenboys AB.

Work experience: President and CEO of Swedol AB (publ), President and CEO 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 2021.

Born: 1973.

Education/training: M.Sc. Business Administration and Economics.

Other current assignments: Board member of several subsidiaries within the Alligo Group and of Wisenborn Invest AB.

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

Shares owned: 8,300 Class B shares (own holding).

Call options: 30,000.

HÅKAN WANSELIUS

Head of Assortment and Procurement since 2022, Country Manager Sales Sweden since 2023.

Born: 1962.

Education/training: Marketing at post-secondary level.

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

Work experience: Head of Sales and Marketing at Swedol AB, Country Manager at 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.

SEPPO RONKAINEN

Country Manager Sales Finland since 2022.

Born: 1969.

Education/training: M.Sc. Material and recycling technology.

Other current assignments: –.

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

Shares owned: –.

Call options: –.

JOHNNY BERG

Acting Country Manager Sales Norway since 2024.

Born: 1975.

Education/training: Electrician.

Other current assignments: –.

Work experience: Senior positions at Tools Norway such as Regional Director, Nordic Assortment and Procurement Manager, and Sales Director.

Shares owned: –.

Call options: –.

PONTUS GLASBERG

Logistics Director 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.

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.

TORBJÖRN ERIKSSON

Head of Industry Customer Segment since 2023.

Born: 1967.

Education/training: Mechanical engineer.

Other current assignments: –.

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

Shares owned: –.

Call options: 10,000.

GUSTAF JOHANSSON

CIO since 2022.

Born: 1988.

Education/training: MSc Computer Science and Engineering. MBA.

Other current assignments: Chair of the Board of JNF Momentum A/S.

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: MBA.

Other current assignments: Board member of Stenhusgruppen AB and subsidiaries.

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

Shares owned: –.

Call options: –.

CONSOLIDATED INCOME STATEMENT

MSEK	Note	2023	2022
Revenue	3	9,335	9,211
Other operating income	4	127	122
Total operating income		**9,462**	**9,333**
Cost of goods sold		-5,467	-5,483
Personnel costs	5	-1,784	-1,719
Depreciation, amortisation, impairment losses and reversal of impairment losses		-533	-486
Other operating expenses	6, 12	-930	-976
Total operating expenses		**-8,714**	**-8,664**
Operating profit	3	**748**	**669**
Financial income		13	4
Financial expenses		-127	-61
Net financial items	7	**-114**	**-57**
Profit/loss after financial items		**634**	**612**
Taxes	9	-137	-131
Profit/loss for the year, continuing operations		**497**	**481**
Profit/loss for the year, discontinued operations	31	**-**	**3,581**
Profit/loss for the year, Group total		**497**	**4,062**
Attributable to:			
Parent Company shareholders		491	4,061
Profit/loss for the year, continuing operations		491	480
Profit/loss for the year, discontinued operations excluding impact on earnings of the distribution of Momentum Group		-	28
Impact on earnings of the distribution of Momentum Group		-	3,553
Non-controlling interests		6	1
Profit/loss for the year, continuing operations		6	1
Profit/loss for the year, discontinued operations		-	0
Earnings per share (SEK)	18		
Continuing operations[1]		9.76	9.51
Discontinued operations excluding impact on earnings of the distribution of Momentum Group[1]		-	0.55
Impact on earnings of the distribution of Momentum Group[1]		-	70.38
Group total[1]		9.76	80.44

1) Before and after dilution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	2023	2022
Profit/loss for the year		**497**	**4,062**
Other comprehensive income			
Components that will not be reclassified to profit/loss for the year			
Remeasurement of defined benefit pension plans		0	0
Tax attributable to components that will not be reclassified	9	0	0
		0	**0**
Components that will be reclassified to profit/loss for the year			
Translation differences		-48	57
Fair value changes for the year in cash flow hedges		-1	2
Fair value changes in cash flow hedges transferred to profit/loss for the year		-2	-7
Tax attributable to components that were or can be reclassified to profit/loss for the year	9	0	1
		-51	**53**
Other comprehensive income for the year		**-51**	**53**
Comprehensive income for the year		**446**	**4,115**
Attributable to:			
Parent Company shareholders		440	4,114
Non-controlling interests		6	1

CONSOLIDATED BALANCE SHEET

MSEK	Note	31/12/2023	31/12/2022
ASSETS			
Non-current assets			
Intangible non-current assets	10	2,723	2,655
Right-of-use assets	12	1,162	983
Tangible non-current assets	11	666	574
Financial investments		2	0
Other non-current receivables	16	29	24
Deferred tax assets	9	59	67
Total non-current assets		**4,641**	**4,303**
Current assets			
Inventories	14	2,348	2,275
Tax assets		2	1
Accounts receivable	23	1,164	1,285
Other receivables	16	66	148
Prepaid expenses and accrued income	15	184	137
Cash and cash equivalents		382	215
Discontinued operations, assets held for distribution	31	-	-
Total current assets		**4,146**	**4,061**
TOTAL ASSETS		**8,787**	**8,364**
EQUITY AND LIABILITIES			
Equity	17		
Share capital		102	102
Other contributed capital		-	-
Reserves		-3	48
Retained earnings including profit/loss for the year		3,514	3,258
Equity attributable to Parent Company shareholders		**3,613**	**3,408**
Non-controlling interests		**26**	**5**
Total equity		**3,639**	**3,413**
Non-current liabilities			
Non-current interest-bearing liabilities	23	1,831	1,749
Non-current lease liabilities	23	793	661
Non-current non-interest-bearing liabilities	19	63	9
Provisions for pensions		0	0
Other provisions	19	31	43
Deferred tax liabilities	9	381	363
Total non-current liabilities		**3,099**	**2,825**
Current liabilities			
Current interest-bearing liabilities	23	0	0
Current lease liabilities	23	398	352
Accounts payable		1,017	1,070
Tax liabilities		27	55
Other liabilities	20	178	198
Accrued expenses and deferred income	21	429	451
Discontinued operations, liabilities held for distribution		0	-
Total current liabilities		**2,049**	**2,126**
TOTAL LIABILITIES		**5,148**	**4,951**
TOTAL EQUITY AND LIABILITIES		**8,787**	**8,364**

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, 31/12/2021	**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[1]			-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[2]			-9	**-9**		**-9**
Closing equity, 31/12/2022	**102**	**48**	**3,258**	**3,408**	**5**	**3,413**
Opening equity, 01/01/2023	**102**	**48**	**3,258**	**3,408**	**5**	**3,413**
Profit/loss for the year			491	**491**	6	**497**
Other comprehensive income		-51		**-51**		**-51**
Dividend			-151	**-151**		**-151**
Repurchase of own shares			-46	**-46**		**-46**
Acquisitions of partly owned subsidiaries				**-**	15	**15**
Change in value of option liability			-5	**-5**		**-5**
Option liability, acquisitions[3]			-33	**-33**		**-33**
Closing equity, 31/12/2023	**102**	**-3**	**3,514**	**3,613**	**26**	**3,639**

1) 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.

2) 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.

3) Pertains to the value of the put options in relation to non-controlling interests in the acquired subsidiaries Z-Profil AB, Kents Textiltryck i Halmstad Aktiebolag, Olympus Profile i Uddevalla AB and Topline 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	2023	2022
Operating activities			
Profit/loss after financial items		634	612
Adjustments for non-cash items	29	527	485
Income taxes paid		-141	-50
Cash flow from operating activities before changes in working capital		**1,020**	**1,047**
Cash flow from changes in working capital			
Change in inventories		-83	-349
Change in operating receivables		176	-100
Change in operating liabilities		-120	-91
Changes in working capital		**-27**	**-540**
Cash flow from operating activities		**993**	**507**
Investing activities			
Acquisition of tangible non-current assets		-172	-108
Proceeds from sale of tangible non-current assets		1	4
Acquisition of intangible non-current assets		-39	-38
Acquisition of subsidiaries/operating segments, net effect on liquidity	30	-126	-144
Divestment of subsidiaries/operating segments, net effect on liquidity	30	-	-
Acquisition of financial non-current assets		-7	-11
Proceeds from sale of financial non-current assets		2	1
Cash flow from investing activities		**-341**	**-296**
Cash flow before financing		**652**	**211**
Financing activities			
Dividend paid to Parent Company shareholders		-151	-88
Additional acquisition of shares in already partly owned subsidiaries		-	-7
Repurchase/sale of share options		-	1
Repurchase/sale of treasury shares		-46	-
Borrowings		92	1,871
Repayment of loans		-378	-2,058
Cash flow from financing activities		**-483**	**-281**
Cash flow for the year, continuing operations		**169**	**-70**
Cash flow for the year, discontinued operations	31	**-**	**7**
Cash flow for the year, Group total		**169**	**-63**
Cash and cash equivalents at the beginning of the year		215	345
Exchange difference in cash and cash equivalents		-2	-1
Cash and cash equivalents in discontinued operations		-	-66
Cash and cash equivalents at year-end	29	**382**	**215**

PARENT COMPANY INCOME STATEMENT

MSEK	Note	2023	2022
Revenue	3	25	17
Other operating income	4	3	4
Total operating income		**28**	**21**
Personnel costs	5	-20	-28
Depreciation, amortisation, impairment losses and reversal of impairment losses		0	0
Other operating expenses	6, 12	-14	-20
Total operating expenses		**-34**	**-48**
Operating profit		**-6**	**-27**
Profit from financial items:			
Profit from other securities and receivables recognised as non-current assets	7	79	38
Other interest income and similar profit/loss items	7	8	1
Interest expenses and similar profit/loss items	7	-95	-41
Net financial items		**-8**	**-2**
Profit/loss after financial items		**-14**	**-29**
Appropriations	8	108	32
Profit/loss before tax		**94**	**3**
Taxes	9	-20	-1
Profit/loss for the year		**74**	**2**

There are no items at the parent company that are recognised under other comprehensive income. Total comprehensive income therefore corresponds to the profit/loss for the year.

PARENT COMPANY BALANCE SHEET

MSEK	Note	31/12/2023	31/12/2022
ASSETS			
Non-current assets			
Intangible non-current assets	11	0	0
Financial non-current assets			
Participations in Group companies	27	1,948	1,948
Receivables from Group companies	13	1,484	1,484
Deferred tax assets	9	0	0
Total financial non-current assets		**3,432**	**3,432**
Total non-current assets		**3,432**	**3,432**
Current assets			
Current receivables			
Receivables from Group companies		563	456
Tax assets		0	0
Other receivables	16	0	0
Prepaid expenses and accrued income		1	1
Total current receivables		**564**	**457**
Cash and bank		329	175
Total current assets		**893**	**632**
TOTAL ASSETS		**4,325**	**4,064**
EQUITY, PROVISIONS AND LIABILITIES			
Equity	17		
Restricted equity			
Share capital		102	102
Non-restricted equity			
Share premium reserve		1,442	1,442
Retained earnings		122	317
Profit/loss for the year		74	2
Total equity		**1,740**	**1,863**
Untaxed reserves		**33**	**1**
Non-current liabilities			
Provisions		4	4
Liabilities to credit institutions	23	1,831	1,739
Total non-current liabilities		**1,835**	**1,743**
Current liabilities			
Accounts payable		1	1
Liabilities to Group companies		682	436
Tax liabilities		14	0
Other liabilities		1	1
Accrued expenses and deferred income	21	19	19
Total current liabilities		**717**	**457**
TOTAL EQUITY, PROVISIONS AND LIABILITIES		**4,325**	**4,064**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

MSEK	Restricted equity Share capital	Non-restricted equity Holding of treasury shares	Share premium reserve	Retained earnings	Profit/loss for the year	Total equity
Closing equity, 31/12/2021	**102**	**-41**	**1,442**	**467**	**21**	**1,991**
Reversal of earnings				21	-21	**0**
Profit/loss for the year[1]					2	**2**
Distribution of shares in Momentum Group[2]				-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**
Opening equity, 01/01/2023	**102**	**-41**	**1,442**	**358**	**2**	**1,863**
Reversal of earnings				2	-2	**0**
Profit/loss for the year[1]					74	**74**
Dividend				-151		**-151**
Repurchase of own shares		-46				**-46**
Closing equity, 31/12/2023	**102**	**-87**	**1,442**	**209**	**74**	**1,740**

1) Profit/loss for the year corresponds to total comprehensive income.

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

PARENT COMPANY STATEMENT OF CASH FLOWS

MSEK	Note	2023	2022
Operating activities			
Profit/loss after financial items		-14	-29
Adjustments for non-cash items	29	0	3
Income taxes paid		-6	19
Cash flow from operating activities before changes in working capital		**-20**	**-7**
Cash flow from changes in working capital			
Change in current receivables and liabilities to Group companies		246	-437
Change in operating receivables		0	1
Change in operating liabilities		0	8
Changes in working capital		**246**	**-428**
Cash flow from operating activities		**226**	**-435**
Investing activities			
Acquisition of tangible non-current assets		0	-
Cash flow from investing activities		**0**	**0**
Cash flow before financing		**226**	**-435**
Financing activities			
Dividend		-151	-88
Repurchase/sale of treasury shares		-46	-
Repurchase/sale of share options		-	1
Change in non-current receivables and liabilities to Group companies		0	219
Group contributions paid and received		33	42
Borrowings		92	1,733
Repayment of loans		0	-1,548
Cash flow from financing activities		**-72**	**359**
Cash flow for the year		**154**	**-76**
Cash and cash equivalents at the beginning of the year		175	251
Cash and cash equivalents at year-end	29	**329**	**175**

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 9 April 2024. 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 23 May 2024.

European Single Electronic Format (ESEF)

Alligo applies the Commission Delegated Regulation (EU) 2018/815 with regard to a single electronic reporting format (ESEF). The Annual Report is therefore published in an XHTML format (Extensible HyperText Markup Language) and 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:	Alligo AB

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.

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 consolidation of the Parent Company and subsidiaries.

New and amended accounting policies

There were no new IFRS standards or changes to standards for the 2023 financial year that are considered to have any material impact on the Group's financial statements.

Alligo is affected by the changes in IAS 12 Income Taxes (ED/2023/1 International Tax Reform – Pillar Two Model Rules) regarding Pillar 2. The impact on the Group has been assessed on the basis of Alligo's country-by-country reporting (CbCR). Operations in Sweden, Norway and Finland have a high effective tax rate in excess of 15 per cent, which means that Alligo is not affected by the top-up tax contained in the model rules. Operations in Estonia are exempt as they have revenue lower than MEUR 10 and profit of less than MEUR 1.

New IFRS that have not yet been applied

No 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 have any material impact on the Group's financial statements.

Segment reporting

Alligo's operating segments consist of the geographic segments of Sweden, Norway and Finland (including Estonia). The operating segments reflect how the Group's corporate management and Board of Directors 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.

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.

Acquisitions

Subsidiaries are recognised in accordance with the purchase method of accounting. 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 under other operating expenses. In the case of business combinations where the transferred remuneration,

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

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 recognised at fair value at the time of acquisition by calculating the present value of the likely outcome. If the contingent consideration is classified as a financial liability, this is remeasured at fair value at each reporting date. Remeasurement is recognised in profit or loss for the year. In those cases where the contingent consideration is classified as an equity instrument, no remeasurement is applied and settlement is recognised directly within equity. The terms and conditions stipulated by the respective purchase agreement determine the valuation of the contingent consideration.

If the acquisition does not pertain to 100 per cent of the subsidiary, a non-controlling interest arises. Put options issued to non-controlling interests refer to agreements that give such interests the right to sell shares in the subsidiary at fair value at a future point in time. Call options issued to non-controlling interests refer to agreements that give Alligo the right to buy shares in the subsidiary at fair value at a future point in time. The amount that will be paid if the option is exercised is initially recognised directly in equity as a financial liability at an amount corresponding to the present value of the redemption price that applies at the first date on which the option can be exercised.

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, this 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 recognised separately from continuing operations in the income statement, with retroactive effect for earlier periods. 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.

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.

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. 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.

Revenue from contracts with customers

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 expected consideration and the consideration to which the Group is entitled for transferring products and/or services to a customer when control has been transferred to the customer.

Sale of goods

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

Service assignments

Part of the Group's income comes from service assignments. Most of this income is related to assignments carried out over shorter periods of time, such as service and repairs. 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.

Leases

Group as lessee

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, extension options are only included when it is reasonably certain that they will be exercised. Periods after an option to terminate are 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 – in the calculation of present value. 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. Dividend income is recognised when the right to receive payment has been established.

Exchange gains and losses are recognised net.

Financial instruments

Financial instruments on the balance sheet are recognised on the assets side in the form of cash and cash equivalents, accounts receivable, financial investments and derivatives. On the liabilities side, accounts payable, loan liabilities, contingent considerations, liabilities related to put options issued on equity instruments in partly owned subsidiaries and derivatives are recognised.

Recognition and derecognition from the balance sheet

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

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

Classification and measurement

The Group classifies its financial instruments in the following categories:

- Financial assets and liabilities measured at fair value through profit or loss,
- Financial assets and liabilities measured 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 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 liabilities measured at amortised cost

The category of financial liabilities measured at amortised cost includes borrowing, accounts payable, other liabilities and lease liabilities. 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.

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 through profit or loss

Financial 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 in the fair value hierarchy and contingent considerations that are measured using discounted cash flow and are thus included in level 3 in the fair value hierarchy.

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

Call and put options relating to the acquisition of non-controlling interests

Call and put options relating to the acquisition of non-controlling interests are measured at fair value. Measurement takes place continuously and is based on the conditions stipulated in the purchase agreement and the shareholder agreement, discounted on the balance sheet date, where the change in value of the share is an important component. Measurement takes place in accordance with level 3 in the fair value hierarchy. Changes in the value of call and put options are recognised in equity.

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 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.

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

The Group recognises goodwill relating to unidentifiable intangible assets and synergies within procurement, logistics, IT and administration, for example, that are expected to arise as a result of acquisitions. 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 as it has an indefinable useful life. 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.

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.

Depreciation 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 brands with an indefinable useful life are tested in the year-end financial statements for any indications of an impairment requirement, or as soon as there are indications that the asset in question has declined in value. Amortisation is applied on a straight-line basis over the estimated useful life of the asset, which is reviewed on an ongoing basis after the non-current asset has been taken into use.

Estimated useful lives:

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

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

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is primarily calculated 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. Supplier bonuses, price reductions and similar are deducted when determining purchasing costs, which can have an impact on the cost of goods sold. 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 in the year-end financial statements or where there are indications of a decline in value in order to determine whether there is a need 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.

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.

Employee benefits

Post-employment benefits

The Group has defined contribution pension plans, which 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. These obligations are not discounted as the payments fall due within 12 months.

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. According to a statement from the Swedish Financial Reporting Board, UFR 10, this is a multi-employer defined benefit plan. 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 2023, Alecta's surplus in the form of its collective funding level was 158 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.

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

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

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

The indirect method is applied for flows from operating activities. Changes in operating assets and operating liabilities are 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 for the Group applied to the Parent Company's accounting policies during the financial year.

Subsidiaries

Shares in subsidiaries are recognised at the Parent Company according to the cost method after deduction of any accumulated impairment. When there is an indication that shares and participations in subsidiaries have fallen in value, the recoverable amount is calculated. If the recoverable amount is less than the carrying amount, impairment is implemented. Transaction fees in relation to acquisitions are added to 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.

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

Preparing the financial statements in accordance with IFRS requires assessments, estimates and assumptions to be made that affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses. These assumptions and estimates are based on historical experience and expectations of future events. Changes to the estimates and assessments may result in significant differences in the financial statements.

The assumptions and estimates that Alligo made at the closing date for 2023 and which have the greatest impact on the financial statements are presented below.

Impairment testing of goodwill and other non-current assets

The Group does not amortise goodwill and brands and instead performs impairment testing in the year-end financial statements or where there are indications of a decline in value. Goodwill and brands are tested for impairment for each cash-generating unit, which correspond to the Group's operating segments. 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 is calculated on the basis of value in use and is based on the assessment of cash flows for the coming five-year period. Key assumptions are future revenue, contribution ratios, cost level, working capital requirements and investment requirements. The key assumptions are based on the underlying conditions, market conditions and action plans in place in each operating segment. Assumptions are also made with respect to inflation and salary trends in each country, as well as shared assumptions on future exchange rates that affect the price of the Group's sales and purchases. Alligo performs sensitivity analyses as a tool for testing the key assumptions and assessing the need for impairment.

» Further information about assumptions and sensitivity analysis are presented in Note 10 Intangible non-current assets.

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 impairment testing in the year-end financial statements or where there are indications of a decline in value.

Inventory obsolescence

Since Alligo conducts trading operations, inventories constitute a large asset item on the consolidated balance sheet. 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 the estimated net realisable value is lower than the cost, a provision for inventory obsolescence is recognised. 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

	2023						
MSEK	Sweden	Norway	Finland	Total segments	Group-wide	Eliminations	Group total
Revenue							
From external customers	5,058	2,569	1,708	**9,335**	-	-	**9,335**
From other segments	299	42	1	**342**	-	-342	**0**
Total	**5,357**	**2,611**	**1,709**	**9,677**	**-**	**-342**	**9,335**
Adjusted EBITA	**612**	**160**	**61**	**833**	**-6**	**-**	**827**
Items affecting comparability	-9	-5	-6	**-20**	-	-	**-20**
Amortisation of intangible assets in connection with corporate acquisitions	-40	-11	-8	**-59**	-	-	**-59**
Operating profit	**563**	**144**	**47**	**754**	**-6**	**-**	**748**
Net financial items	-	-	-	**0**	-114	-	**-114**
Profit/loss after net financial items	**563**	**144**	**47**	**754**	**-120**	**0**	**634**
Goodwill	1,152	145	343	**1,640**	-	-	**1,640**
Other assets	5,807	1,205	768	**7,780**	2,376	-3,009	**7,147**
Total assets	**6,959**	**1,350**	**1,111**	**9,420**	**2,376**	**-3,009**	**8,787**
Liabilities	3,725	1,181	719	**5,625**	2,558	-3,009	**5,174**
Other disclosures							
Non-current assets	3,184	812	556	**4,552**	0	-	**4,552**
Investments	112	58	41	**211**	0	-	**211**
Depreciation and amortisation	-325	-143	-65	**-533**	0	-	**-533**

The columns "Group-wide" and "Eliminations" pertaining to assets comprise the elimination of intra-segment receivables of MSEK 3,009, intra-segment receivables of MSEK 2,046 and undistributed assets of MSEK 330.

The columns "Group-wide" and "Eliminations" pertaining to liabilities comprise eliminations of intra-segment liabilities of MSEK 3,009, intra-segment liabilities of MSEK 682 and undistributed liabilities of MSEK 1,876.

3 Continuation: **Segment reporting and specification of income from contracts with customers**

Items affecting comparability in 2023 relate to costs for the scrapping of Covid materials, costs for organisational changes and efficiency measures in connection with the savings programme implemented, as well as acquisition costs.

	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**
Adjusted 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	-	-	-	**0**	-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							
Non-current assets	3,120	659	433	**4,212**	0	-	**4,212**
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 eliminations of intra-segment liabilities of MSEK 2,670, intra-segment liabilities of MSEK 436 and undistributed liabilities of MSEK 1,764.

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.

Revenue by class of income

	GROUP		PARENT COMPANY	
MSEK	**2023**	**2022**	**2023**	**2022**
Revenue				
Sale of goods	9,231	9,116	-	-
Service assignments	104	95	25	17
Total	**9,335**	**9,211**	**25**	**17**

Income in the Parent Company pertains to intra-Group services totalling MSEK 25 (17). No individual customer accounts for more than ten per cent of the Group's revenue.

NOTE 4 Other operating income

	GROUP		PARENT COMPANY	
MSEK	**2023**	**2022**	**2023**	**2022**
Exchange rate gains on operating receivables/liabilities	0	5	0	0
Commissions	17	20	-	-
Advertising subsidy	9	12	-	-
Rental income	8	5	-	-
Administrative services	14	10	-	-
Logistics services	28	30	-	-
Grants from EU, central and local government	3	10	-	-
Insurance indemnification	3	0	-	-
Other	45	30	3	4
Total	**127**	**122**	**3**	**4**

Other operating income at the Parent Company pertains to internally invoiced expenses of MSEK 3 (4).

NOTE 5 Employees and personnel costs

Average no. of employees by country	2023 Men	2023 Women	2023 Total	2022 Men	2022 Women	2022 Total
Sweden, Parent Company	1	1	**2**	1	1	**2**
Sweden, subsidiaries	927	503	**1,430**	918	444	**1,362**
Norway	457	134	**591**	462	129	**591**
Finland	308	101	**409**	286	83	**369**
Other countries	3	9	**12**	3	8	**11**
Group total	**1,696**	**748**	**2,444**	**1,670**	**665**	**2,335**

Percentage women	2023	2022
Parent Company		
Board of Directors	33	33
Corporate management	50	50
Group		
Boards of directors	16	16
Other senior executives	10	10

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

Costs for employee benefits and Board fees	2023	2022
Parent Company		
Salaries and other remuneration	12	18
Pension costs, defined contribution plans	3	3
Social security contributions	5	7
Subsidiaries		
Salaries and other remuneration	1,364	1,302
Pension costs, defined benefit plans	0	0
Pension costs, defined contribution plans	119	111
Social security contributions	296	291
Group total	**1,799**	**1,732**

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 2023 according to the table below. Special remuneration was paid for committee work in 2023, 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 2023 financial year have been paid in accordance with the guidelines for remuneration adopted by the Annual General Meeting in May 2023. The corporate management comprises President & CEO Clein Johansson Ullenvik and CFO Irene Wisenborn Bellander.

Management group

Salaries and remuneration to the management group for the 2023 financial year have been paid in accordance with the guidelines for remuneration adopted by the Annual General Meeting in May 2023. 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, the Logistics Director, 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.

Remuneration and other benefits to the Board of Directors, CEO and other senior executives of the Parent Company 2023

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	5,719	2,148	8	1,548	**9,423**	50,000
Other senior executives (9)	17,763	1,745	834	4,412	**24,754**	102,000
Total	**23,482**	**3,893**	**842**	**5,960**	**34,177**	**152,000**

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 Continuation: **Employees and personnel costs**

Remuneration and other benefits to the Board of Directors and CEO 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**

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 2022/2025

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.

Options issued and outstanding as at 31 December 2023 and options settled during the year

	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
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	**2023**	**2022**	**2023**	**2022**
KPMG				
Audit assignment	6	6	2	2
Tax advisory services	0	0	0	0
Other assignments	0	1	0	1
Total fees to KPMG	**6**	**7**	**2**	**3**
Other auditors				
Audit assignment	0	0	-	-
Tax advisory services	0	0	-	-
Other assignments	0	0	-	-
Total fees to other auditors	**0**	**0**	**-**	**-**
Total fees to auditors	**6**	**7**	**2**	**3**

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

NOTE 7 Financial income and expenses

Group, MSEK	**2023**	**2022**
Interest income	13	4
Financial income	**13**	**4**
Interest expenses on liabilities to credit institutions	-92	-39
Interest expenses on leases	-31	-19
Other financial expenses	-4	-3
Financial expenses	**-127**	**-61**
Net financial items	**-114**	**-57**

Parent Company, MSEK	**2023**	**2022**
Profit from participations in Group companies	**-**	**-**
Interest income from Group companies	93	40
Interest income, other	8	1
Interest income and similar profit/loss items	**101**	**41**
Interest expenses, Group companies	-14	-2
Interest expenses on liabilities to credit institutions	-92	-39
Other financial expenses	-3	-2
Interest expenses and similar profit/loss items	**-109**	**-43**
Profit from financial items	**-8**	**-2**

NOTE 8 Appropriations

	PARENT COMPANY	
MSEK	**2023**	**2022**
Group contributions received	140	33
Group contributions paid	-	-
Tax allocation reserve, change for the year	-32	-1
Total	**108**	**32**

NOTE 9 Taxes

Tax recognised in the income statement

MSEK	GROUP 2023	GROUP 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
Tax expense for the period	-120	-111	-20	-1
Adjustment of taxes attributable to earlier years	0	0	-	-
Deferred tax	-17	-20	-	-
Tax included in profit/loss for the period	**-137**	**-131**	**-20**	**-1**

Reconciliation of effective taxes

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

	GROUP				PARENT COMPANY			
MSEK	2023	%	2022	%	2023	%	2022	%
Profit/loss before tax	634		612		94		3	
Taxes at an average tax rate	-132	20.8	-127	20.7	-19	20.6	-1	20.6
Tax effect of:								
Changed tax rate	-		0		-		-	
Taxes attributable to earlier years	0		0		-		-	
Non-deductible expenses	-3	0.4	-4	0.6	-1	0.4	0	14.2
Non-taxable income	0	-0.1	0		0		0	-0.2
Unutilised loss carryforwards	0		0		-		-	
Standard interest on tax allocation reserve	-2	0.4	0	0.1	0		-	
Other items	0	0.1	0		-		-	
Total tax	**-137**	**21.6**	**-131**	**21.4**	**-20**	**21.0**	**-1**	**34.6**

Taxes recognised in the statement of comprehensive income

MSEK	GROUP 2023	GROUP 2022
Deferred tax on defined-benefit pension plans	0	0
Deferred tax on hedging instruments	0	1
Total	**0**	**1**

Deferred tax recognised on the balance sheet

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

	31/12/2023			31/12/2022		
Group, MSEK	Assets	Liabilities	Net	Assets	Liabilities	Net
Intangible assets		-208	**-208**		-210	**-210**
Buildings and land		-11	**-11**		-11	**-11**
Machinery and equipment	3	-	**3**	3	-	**3**
Leased assets	12	-	**12**	15	-	**15**
Hedging instruments	0	0	**0**	0	-1	**-1**
Inventories	33	-	**33**	36	-	**36**
Accounts receivable	1	-	**1**	2	-	**2**
Untaxed reserves	-	-159	**-159**	-	-141	**-141**
Pension provisions	0	-	**0**	0	-	**0**
Other provisions	5	-	**5**	6	-	**6**
Loss carryforwards	3	-	**3**	3	-	**3**
Other	2	-3	**-1**	2	0	**2**
Total	**59**	**-381**	**-322**	**67**	**-363**	**-296**

The Group's tax loss carryforward amounts to MSEK 14.8 (12.6) at year-end, of which deferred tax has been recognised in the amount of MSEK 3.0 (2.6). The Group has uncapitalised loss carryforwards of MSEK 0.3 (0.2) relating to a deficit at 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:

MSEK	GROUP 2023	GROUP 2022
Opening balance at the beginning of the year, net	**-296**	**-274**
Recognised in profit/loss for the period, continuing operations	-17	-20
Recognised in other comprehensive income	0	1
Acquisition of operations	-9	-4
Divestment of operations	-	-
Translation differences	0	1
Closing balance at year-end, net	**-322**	**-296**

NOTE 10 Intangible assets

	2023						2022					
	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	1,561	604	630	208	0	**3,003**	1,461	562	630	170	0	**2,823**
Investments				39	0	**39**				38	0	**38**
Acquisitions of subsidiaries	88	48				**136**	82	38				**120**
Sales and disposals				-2		**-2**				-4		**-4**
Reclassifications				0		**0**				0		**0**
Translation differences	-9	-6		-5		**-20**	18	4		4		**26**
At year-end	**1,640**	**646**	**630**	**240**	**0**	**3,156**	**1,561**	**604**	**630**	**208**	**0**	**3,003**
Accumulated amortisation												
At the beginning of the year	-	-218	0	-130	0	**-348**	-	-152	0	-94	0	**-246**
Amortisation for the year		-59		-35	0	**-94**		-64		-35	0	**-99**
Sales and disposals				2		**2**				2		**2**
Translation differences		3		4		**7**		-2		-3		**-5**
At year-end	**-**	**-274**	**0**	**-159**	**0**	**-433**	**-**	**-218**	**0**	**-130**	**0**	**-348**
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	1,561	386	630	78	0	**2,655**	1,461	410	630	76	0	**2,577**
Carrying amount at year-end	**1,640**	**372**	**630**	**81**	**0**	**2,723**	**1,561**	**386**	**630**	**78**	**0**	**2,655**

	Licences	
Parent Company, MSEK	**2023**	**2022**
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 brands

The carrying amount of goodwill and brands was tested prior to the balance sheet date of 31 December 2023 using the balance sheet on 30 November 2023 as a base. The Group's total recognised goodwill amounts to MSEK 1,640 (1,561) and recognised brands to MSEK 630 (630), allocated by operating segment according to the table below:

	Goodwill		Brands	
Group, MSEK	**31/12/2023**	**31/12/2022**	**31/12/2023**	**31/12/2022**
Sweden	1,152	1,122	551	551
Norway	145	151	79	79
Finland	343	288	-	-
Total	**1,640**	**1,561**	**630**	**630**

Goodwill and brands are tested for impairment in the year-end financial statements or where there are indications of a decline in value. The recoverable amount of a cash-generating unit is established on the basis of calculations of the value in use, which is the present value of estimated cash flows for the coming five-year period. For cash flows beyond the five-year period, growth has been assumed to amount to approximately two 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.

	Discount rate, before tax	
Group, %	**31/12/2023**	**31/12/2022**
Sweden	8.0	8.0
Norway	10.5	11.5
Finland	11.0	11.5

Sensitivity analysis

For all cash generating units, an increase in the discount rate of one percentage point, a decrease in the assumed long-term growth rate of one percentage point or a reduction in the adjusted EBITA margin of one percentage point do not individually give rise to any impairment requirement. Alligo considers the range to cover reasonable possible changes in key assumptions.

The impairment testing performed indicated no impairment requirement for goodwill or brands as at 31 December 2023.

NOTE 11 Tangible non-current assets

Group, MSEK	2023 Buildings and land	2023 Leasehold improvements	2023 Machinery and equipment	2023 Construction in progress	2023 Total	2022 Buildings and land	2022 Leasehold improvements	2022 Machinery and equipment	2022 Construction in progress	2022 Total
Accumulated cost										
At the beginning of the year	307	108	488	9	**912**	304	89	422	33	**848**
Investments	2	9	90	71	**172**		10	52	46	**108**
Acquisitions of subsidiaries		1	2		**3**			2		**2**
Sales and disposals		0	-4		**-4**	-1	-3	-56		**-60**
Reclassifications		8	30	-38	**0**		10	60	-70	**0**
Translation differences	0	-3	-10	-1	**-14**	4	2	8	0	**14**
At year-end	**309**	**123**	**596**	**41**	**1,069**	**307**	**108**	**488**	**9**	**912**
Accumulated depreciation										
At the beginning of the year	-51	-54	-221		**-326**	-41	-44	-218		**-303**
Depreciation for the year	-8	-12	-58		**-78**	-7	-11	-52		**-70**
Sales and disposals		0	2		**2**	0	2	55		**57**
Translation differences	0	2	6		**8**	-3	-1	-6		**-10**
At year-end	**-59**	**-64**	**-271**	**0**	**-394**	**-51**	**-54**	**-221**	**0**	**-326**
Write-downs on cost										
At the beginning of the year		-8	-3		**-11**		-10	-3		**-13**
Reversal of write-down		1	1		**2**		1	0		**1**
Sales and disposals		-			**0**		1			**1**
At year-end	**0**	**-7**	**-2**	**0**	**-9**	**0**	**-8**	**-3**	**0**	**-11**
Carrying amount at the beginning of the year	256	46	264	9	**575**	263	35	201	33	**532**
Carrying amount at year-end	**250**	**52**	**323**	**41**	**666**	**256**	**46**	**264**	**9**	**575**

Parent Company, MSEK	Equipment 2023	Equipment 2022
Accumulated cost		
At the beginning of the year	-	-
Investments	0	-
At year-end	**0**	**-**
Accumulated depreciation		
At the beginning of the year	-	-
Depreciation for the year	0	-
At year-end	**0**	**-**
Carrying amount at the beginning of the year	**-**	**-**
Carrying amount at year-end	**0**	**-**

Impairment testing of tangible non-current assets

Impairment testing has been performed for tangible non-current assets and there is no impairment requirement as the value in use exceeds the carrying amount for the cash-generating units.

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 three to five years. Longer terms mainly pertain to leases for warehouse and logistics facilities.

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 01/01/2022	**871**	**50**	**14**	**935**
Purchases (including 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**
Purchases (including acquisitions)	192	46	18	**256**
Extensions and remeasurements	310	0	0	**310**
Amortisation during the year	-319	-36	-8	**-363**
Translation differences	-21	-3	0	**-24**
Closing balance 31/12/2023	**1,071**	**65**	**26**	**1,162**

Cash flow

The total cash flow relating to leases amounted to MSEK -411 (-401) 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 23 Financial risks.

Amounts recognised in profit or loss

Profit or loss shows the following amounts relating to leases:

Group, MSEK	2023	2022
Depreciation of right-of-use assets	-363	-318
Interest on lease liabilities	-31	-19
Variable lease payments not included in the measurement of the lease liability	-8	-10
Income from sub-leasing of right-of-use assets	8	5
Cost of short-term leases	-3	-2
Cost of low-value leases, not short-term leases of low value	-12	-11

Non-cancellable lease payments amount to:

	PARENT COMPANY	
MSEK	**2023**	**2022**
Leases where the company is the lessee		
Within 1 year	-	0
Between 1 and 5 years	-	-
Later than 5 years	-	-
Total	**-**	**0**

Expensed operating lease payments amount to:

	PARENT COMPANY	
MSEK	**2023**	**2022**
Minimum lease payments	0	0
Total lease costs	**0**	**0**

NOTE 13 Receivables from Group companies

	PARENT COMPANY	
MSEK	31/12/2023	31/12/2022
Carrying amount at the beginning of the year	**1,484**	**1,694**
Additional assets	-	-
Deducted assets	0	-210
Total	**1,484**	**1,484**

NOTE 14 Inventories

	GROUP	
MSEK	31/12/2023	31/12/2022
Finished goods and goods for resale	2,348	2,275
Total	**2,348**	**2,275**

There are no significant differences between the carrying amount of inventories and the fair value. Cost of goods sold includes net change in the Group's obsolescence reserve and write-downs during the year of MSEK -13 (-43). Net change includes realisation of earlier write-downs. No goods have been pledged as security for loans and other obligations.

NOTE 15 Prepaid expenses and accrued income

	GROUP	
MSEK	31/12/2023	31/12/2022
Prepaid expenses		
Rents	0	0
Insurance premiums	3	2
Licences	28	16
Security costs	3	1
Marketing costs	3	2
Other prepaid expenses	31	11
Accrued income		
Delivery of goods	9	0
Commission and bonus income	106	104
Other accrued income	1	1
Total	**184**	**137**

NOTE 16 Non-current receivables and other receivables

	GROUP	
MSEK	31/12/2023	31/12/2022
Non-current receivables classified as non-current assets		
Pension funds	0	0
Non-current prepaid expenses	18	11
Non-current receivables	11	13
Total	**29**	**24**

	GROUP		PARENT COMPANY	
MSEK	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Other receivables classified as current assets				
VAT receivable	1	0	-	0
Tax account	22	36	0	0
Advance payments	32	107	-	-
Derivative hedging instruments	0	2	-	-
Other receivables	11	3	-	0
Total	**66**	**148**	**0**	**0**

NOTE 17 Equity

Share capital

As at 31 December 2023, 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	31/12/2023	31/12/2022
Class A shares	564,073	564,073
Class B shares	50,342,116	50,342,116
Total number of shares before repurchasing	**50,906,189**	**50,906,189**
Less: Repurchased Class B shares	-855,300	-425,300
Total number of shares after repurchasing	**50,050,889**	**50,480,889**
Opening repurchased Class B shares	**425,300**	**425,300**
Repurchase of shares	430,000	-
Closing repurchased treasury shares	**855,300**	**425,300**

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

Number	2023	2022
Class A shares		
Number of Class A shares at the beginning of the year	564,073	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**	**564,073**
Class B shares		
Number of Class B shares at the beginning of the year	50,342,116	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**	**50,342,116**

1) As part of the preparations for the distribution of Momentum Group during the first quarter of 2022, Nordstjernan 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 and its subsidiaries.

On the basis of the authorisation granted by the Annual General Meeting of 24 May 2023, Alligo's Board of Directors decided on 15 August to repurchase some of the company's own Class B shares. The aim of this repurchase is to enable companies or businesses to be acquired in the future using treasury shares, while also facilitating the adaptation of the Group's capital structure. The repurchase will take place on an ongoing basis, on one or more occasions, up to the Annual General Meeting in 2024. During the third quarter of 2023, 430,000 shares were repurchased, corresponding to 0.8 per cent of the total number of shares and 0.8 per cent of the total number of votes. As at 31 December 2023, the Group's holding of treasury shares amounted to 855,300 (425,300), corresponding to 1.7 per cent of the total number of shares and 1.5 per cent of the total number of votes.

Translation reserve

The translation reserve includes all foreign exchange differences arising from the translation of the financial statements of foreign operations to the Group reporting currency of Swedish kronor.

	GROUP	
MSEK	2023	2022
Translation reserve		
Opening translation reserve	46	-11
Translation effect for the year	-48	57
Closing translation reserve	**-2**	**46**

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 -1 (2).

	GROUP	
MSEK	2023	2022
Hedging reserve		
Opening hedging reserve	2	6
Fair value changes for the year in cash flow hedges	-1	2
Tax attributable to hedges for the year	0	0
Fair value changes in cash flow hedges transferred to profit/loss for the year	-2	-7
Tax attributable to hedges transferred to profit or loss for the year	0	1
Closing hedging reserve	**-1**	**2**

Parent Company

Restricted equity

Restricted equity comprises share capital.

Non-restricted equity

Non-restricted equity is available for distribution to shareholders and comprises the share premium account, retained earnings and profit or loss for the year, less holdings of treasury shares.

As at the balance-sheet date, total equity in Alligo AB amounted to MSEK 1,740, of which MSEK 102 was restricted equity.

Dividend

The Board of Directors of Alligo AB proposes to the Annual General Meeting a dividend of SEK 3.50 (3.00) per share, corresponding to a pay-out ratio of approximately 35 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 175. 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	31/12/2023	31/12/2022
SEK 3.50 (3.00) per share	175	151
Proposed appropriation of profit (SEK)		
The following funds are at the disposal of the General Meeting of Shareholders:	1,637,944,060	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:	**1,637,944,060**	**1,761,200,439**
The Board of Directors proposes that the shareholders receive a dividend of SEK 3.50 per share	175,178,112	151,442,667
That the remaining profit be brought forward[1]	1,462,765,948	1,609,757,772
Total (SEK)	**1,637,944,060**	**1,761,200,439**

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

NOTE 18 Earnings per share

SEK	BEFORE DILUTION 2023	BEFORE DILUTION 2022	AFTER DILUTION 2023	AFTER DILUTION 2022
Earnings per share, continuing operations	9.76	9.51	9.76	9.51
Earnings per share, discontinued operations	-	0.55	-	0.55
Earnings per share, impact on earnings of the distribution of Momentum Group	-	70.38	-	70.38
Earnings per share, Group total	9.76	80.44	9.76	80.44

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 2023 financial year was based on profit for the year attributable to the ordinary shareholders of the Parent Company amounting to MSEK 491 (4,061) and a weighted average number of shares outstanding during the financial year amounting to 50,301,722 (50,480,889). The two components have been calculated in the following manner:

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

MSEK	2023	2022
Profit for the year attributable to Parent Company shareholders	491	4,061
Profit attributable to Parent Company shareholders, before dilution	**491**	**4,061**

Weighted average number of shares outstanding, before dilution

Thousands of shares	2023	2022
Total number of shares at financial year-end	50,906	50,906
Effect of holding of treasury shares	-604	-425
Number of shares for calculation of earnings per share	**50,302**	**50,481**

Earnings per share after dilution

The calculation of earnings per share after dilution for the 2023 financial year was based on profit attributable to the ordinary shareholders in the Parent Company amounting to MSEK 491 (4,061) and a weighted average number of shares outstanding during the financial year amounting to 50,301,722 (50,481,928). The two components have been calculated in the following manner:

Profit attributable to Parent Company shareholders, after dilution

MSEK	2023	2022
Profit for the year attributable to Parent Company shareholders	491	4,061
Profit attributable to Parent Company shareholders, after dilution	**491**	**4,061**

Weighted average number of shares outstanding, after dilution

Thousands of shares	2023	2022
Total number of shares at financial year-end	50,906	50,906
Effect of holding of treasury shares	-604	-425
Effect of share option programmes[1]	-	1
Number of shares for calculation of earnings per share	**50,302**	**50,482**

1) As at 31 December 2023, Alligo AB had an outstanding call option programme. The share price on 31 December 2023 was SEK 124 and the call options issued on the repurchased shares did not result in any dilution effect. Details of the call option programme are provided in Note 5 Employees and personnel costs.

NOTE 19 Non-current non-interest-bearing liabilities and other provisions

Group, MSEK	31/12/2023	31/12/2022
Non-current non-interest-bearing liabilities		
Option liability, acquisitions	47	9
Additional purchase consideration	16	0
Total	**63**	**9**
Specification		
Carrying amount at the beginning of the period	9	3
Acquisition of partly owned subsidiary	49	9
Remeasurement pertaining to the change in ownership share in partly owned subsidiary	-	-3
Other unrealised changes in value	5	0
Translation differences	0	-
Carrying amount at the end of the period	**63**	**9**

Group, MSEK	31/12/2023	31/12/2022
Provisions classified as non-current liabilities		
Guarantee commitments	0	0
Other	31	43
Total	**31**	**43**
Specification		
Carrying amount at the beginning of the period	43	47
Provisions made during the period	-	0
Amount used during the period	-9	-4
Discontinued operations	-3	-
Translation differences	0	0
Carrying amount at the end of the period	**31**	**43**

NOTE 20 Other liabilities

Group, MSEK	31/12/2023	31/12/2022
Employee withholding taxes	38	58
VAT liability	101	113
Derivative hedging instruments	1	0
Advance payments from customers	9	11
Additional purchase consideration	10	13
Other operating liabilities	19	3
Total	**178**	**198**

NOTE 21 Accrued expenses and deferred income

	GROUP		PARENT COMPANY	
MSEK	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Accrued expenses				
Salaries and remuneration to employees	213	230	13	13
Social security contributions	79	69	3	4
Bonuses, refunds to customers	46	37	-	-
Operating and premises costs including tax	14	23	-	-
Auditors' fees	3	3	1	1
Other consulting fees	9	8	2	1
Car and travel expenses	2	6	0	0
Temporarily contracted employees	4	8	-	-
Shipping costs	13	15	-	-
IT and computer costs	3	2	-	-
Other accrued expenses	34	44	0	0
Deferred income				
Marketing income	1	0	-	-
Other deferred income	8	6	-	-
Total	**429**	**451**	**19**	**19**

NOTE 22 Pledged assets and contingent liabilities

	GROUP		PARENT COMPANY	
MSEK	31/12/2023	31/12/2022	31/12/2023	31/12/2022
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	-	-	-	-
Guarantees, other	10	11	-	-
Total contingent liabilities	**10**	**11**	**-**	**-**

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 15 and the agreement expires at the end of 2027.

NOTE 23 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 financial policy stipulates that only the major Nordic commercial banks are suitable for the investment of surplus liquidity and foreign exchange forward contract subscriptions.

The Group's central financial operations comprise effectively securing the Group's long-term supply of liquidity for investments and working capital. 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 for key currencies is shown in the table below.

Annual net flow by currency (equivalent value in MSEK)

Currency	2023	2022
NOK	426	285
EUR	-413	-377
USD	-638	-840

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 twelve-month period, in accordance with the Group's financial policy. The currency hedge standard is for 75 per cent of the expected net flow six months in the future and 50 per cent of the expected net flow six to twelve months in the future to be currency hedged on a rolling quarterly basis. To enable it to manage the hedging of exposure in foreign currency effectively, the Group's Finance function has a mandate to deviate from the currency hedge standard by +/- 15 per cent. The main currency risk arises in relation to purchases of goods from Asia (USD) and Europe (EUR). The nominal amounts of outstanding foreign-exchange forward contracts are presented in the table below:

	31/12/2023		31/12/2022	
Foreign exchange forward contracts	Nominal value	Average rate	Nominal value	Average rate
USD/SEK[1]	175	10.08	113	10.09

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, MSEK	2023	2022
Outcome translated to average rate for the preceding year	9,329	9,007
Currency translation		
NOK	-120	133
EUR	126	71
Total currency translation	**6**	**204**
Outcome	**9,335**	**9,211**

Operating profit, MSEK	2023	2022
Outcome translated to average rate for the preceding year	751	662
Currency translation		
NOK	-7	5
EUR	4	2
Total currency translation	**-3**	**7**
Outcome	**748**	**669**

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%	2023	2022
Effect on: Revenue	+/- 214	+/- 205
Effect on: Operating profit	+/- 10	+/- 7

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

	Average rate		Balance-day rate	
Currency	2023	2022	31/12/2023	31/12/2022
NOK	1.005	1.052	0.987	1.057
EUR	11.477	10.632	11.096	11.128
USD	10.613	10.125	10.042	10.437

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	31/12/2023	31/12/2022
NOK	625	561
EUR	561	538

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 2023, 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 fixed-interest period for the whole debt portfolio is three months. The Group also recognises interest-bearing liabilities relating to leases. The primary variable interest rates are STIBOR and EURIBOR. Liabilities to credit institutions by underlying currency are presented in the table above right.

Given the same average loan liability during the year and the same fixed-interest periods, a change in the market interest rate of one percentage point would result in a change in interest expense of approximately MSEK 18 per year.

Liabilities to credit institutions by currency

31/12/2023	SEK	EUR	NOK	Total
Revolving credit facility	620	111	-	**731**
Bank loans	1,100	-	-	**1,100**
31/12/2022	**SEK**	**EUR**	**NOK**	**Total**
Revolving credit facility	550	89	-	**639**
Bank loans	1,100	-	10	**1,110**

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 2025 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 469 was unutilised. The current revolving credit facility was raised in March 2022 in conjunction with the distribution of Momentum Group and runs until March 2026, with the option to extend for one year.

The financing is linked to financial covenants that the Group is obligated to fulfil every quarter. The primary covenants by which Alligo is measured are the interest coverage ratio and the equity/assets ratio. There are specific definitions for each component. As at 31 December 2023, 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 4,113 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 25 Financial assets and liabilities.

Maturity structure financial liabilities (undiscounted cash flows)

			Matures		
31/12/2023, Group, MSEK	**Carrying amount**	**Future payment amount**	**Within one year**	**Within five years**	**After five years**
Interest-bearing financial liabilities to credit institutions	1,831	2,038	94	1,944	-
Interest-bearing lease liabilities	1,191	1,339	408	806	125
Accounts payable	1,017	1,017	1,017	-	-
Call and put options	47	51	-	51	-
Derivative hedging instruments	1	1	1	-	-
Contingent purchase considerations	26	27	8	19	-
Financial liabilities	**4,113**	**4,473**	**1,528**	**2,820**	**125**
31/12/2022, Group, MSEK					
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	1,070	1,070	1,070	-	-
Call and put options	9	9	-	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**
31/12/2023, Parent Company, MSEK					
Interest-bearing financial liabilities to credit institutions	1,831	2,038	94	1,944	-
Financial liabilities	**1,831**	**2,038**	**94**	**1,944**	**0**
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**	**0**

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

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.

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 a credit policy that limits 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. The Group also has reserves for expected credit losses in the amount of MSEK 28 (48).

Accounts receivable

MSEK	31/12/2023	31/12/2022
Accounts receivable	1,192	1,333
Accumulated reserve for expected credit losses	-28	-48
Accounts receivable, net	**1,164**	**1,285**

Specification of change in reserve for expected credit losses

MSEK	31/12/2023	31/12/2022
Carrying amount at the beginning of the period	-48	-41
Changes pertaining to acquired businesses	0	-1
Change related to confirmed credit losses	11	13
Change related to expected credit losses	8	-18
Translation differences	1	-1
Carrying amount at the end of the period	**-28**	**-48**

Maturity analysis

- not past due	1,054	1,187
- receivables past due by 1-30 days	100	80
- receivables past due by 31-60 days	8	19
- receivables past due by 61-90 days	8	10
- receivables past due by > 90 days	22	37
Total receivables	**1,192**	**1,333**

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 24 Specification of interest-bearing net loan liabilities by asset and liability

	31/12/2023			31/12/2022		
Group, MSEK	**Interest-bearing**	**Non-interest bearing**	**Total**	**Interest-bearing**	**Non-interest bearing**	**Total**
ASSETS						
Non-current assets						
Intangible non-current assets	-	2,723	**2,723**	-	2,655	**2,655**
Tangible non-current assets	-	1,162	**1,162**	-	574	**574**
Right-of-use assets	-	666	**666**	-	983	**983**
Financial non-current assets	13	18	**31**	13	11	**24**
Deferred tax assets	-	59	**59**	-	67	**67**
Total non-current assets	**13**	**4,628**	**4,641**	**13**	**4,290**	**4,303**
Current assets						
Inventories	-	2,348	**2,348**	-	2,275	**2,275**
Tax assets	-	2	**2**	-	1	**1**
Accounts receivable	-	1,164	**1,164**	-	1,285	**1,285**
Prepaid expenses and accrued income	-	66	**66**	-	137	**137**
Other receivables	-	184	**184**	-	148	**148**
Cash and bank	382	-	**382**	215	-	**215**
Total current assets	**382**	**3,764**	**4,146**	**215**	**3,846**	**4,061**
TOTAL ASSETS	**395**	**8,392**	**8,787**	**228**	**8,136**	**8,364**

Group, MSEK	31/12/2023 Interest-bearing	31/12/2023 Non-interest bearing	31/12/2023 Total	31/12/2022 Interest-bearing	31/12/2022 Non-interest bearing	31/12/2022 Total
LIABILITIES						
Non-current liabilities						
Non-current interest-bearing liabilities	2,624	-	**2,624**	2,410	-	**2,410**
Non-current non-interest-bearing liabilities	-	63	**63**	-	9	**9**
Provisions for pensions	0	-	**0**	0	-	**0**
Other provisions	-	31	**31**	-	43	**43**
Deferred tax liabilities	-	381	**381**	-	363	**363**
Total non-current liabilities	**2,624**	**475**	**3,099**	**2,410**	**415**	**2,825**
Current liabilities						
Current interest-bearing liabilities	398	-	**398**	352	-	**352**
Accounts payable	-	1,017	**1,017**	-	1,070	**1,070**
Tax liabilities	-	27	**27**	-	55	**55**
Other liabilities	-	178	**178**	-	198	**198**
Accrued expenses and deferred income	-	429	**429**	-	451	**451**
Total current liabilities	**398**	**1,651**	**2,049**	**352**	**1,774**	**2,126**
TOTAL LIABILITIES	**3,022**	**2,126**	**5,148**	**2,762**	**2,189**	**4,951**
Interest-bearing net liabilities	**-2,627**			**-2,534**		

NOTE 25 Financial assets and liabilities

Group, MSEK	31/12/2023	31/12/2022
FINANCIAL ASSETS		
Financial assets measured at fair value		
Financial investments	2	0
Contingent purchase considerations	0	0
Derivative hedging instruments	0	2
Financial assets measured at amortised cost		
Non-current receivables	11	13
Accounts receivable	1,164	1,285
Cash and cash equivalents	382	215
Total financial assets	**1,559**	**1,515**
FINANCIAL LIABILITIES		
Financial liabilities measured at fair value through profit or loss		
Derivative hedging instruments	1	0
Contingent purchase considerations	26	13
Call and put options[1]	47	9
Financial liabilities measured at amortised cost		
Interest-bearing liabilities	3,022	2,762
Accounts payable	1,017	1,070
Total financial liabilities	**4,113**	**3,854**

1) Changes in the value of call and put options issued to non-controlling interests are recognised directly in equity.

The carrying amount of the Group's financial assets and liabilities 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. Liabilities measured at fair value comprise contingent purchase considerations that are measured using discounted cash flow.

Financial liabilities measured at fair value through profit or loss pertain to additional purchase considerations not yet paid and at the beginning of the year amounted to MSEK 13. For the full year 2023, additional purchase considerations of MSEK 8 were paid. New additional purchase considerations amounted to a total of MSEK 27, of which MSEK 2 derived from the acquisition of Kents Textiltryck i Halmstad Aktiebolag, MSEK 6 from the acquisition of Kitakone Oy and MSEK 19 from the acquisition of Pirilä Group Oy. Additional purchase considerations not yet paid amounted to MSEK 26 at the end of the period. The additional purchase considerations are based on revenue growth and gross profit for the years 2023 and 2024. The additional purchase considerations are valued on an ongoing basis using a probability assessment, where an evaluation is made of whether they will be paid at the agreed amounts. Management has taken into account here the risk for the outcome of future cash flows. As at 31 December 2023, additional purchase considerations not yet paid have been revalued by a net amount of MSEK -6 and recognised in consolidated earnings. The fair value of the Group's financial assets and liabilities is estimated to be the same as their carrying amount.

Call and put options issued to non-controlling interests are measured based on the conditions stipulated in the purchase agreement and the shareholder agreement and are discounted on the balance sheet date. The key parameter is the change in value of the share, which is based on results up to an estimated maturity date.

The Group does not use net recognition for any of its material assets or liabilities. There were no transfers between levels or measurement categories during the year.

25 Continuation: **Financial assets and liabilities**

A reconciliation between the opening and closing balances for level 3 financial instruments is presented in the table below.

	Contingent purchase considerations		Call and put options	
Group, MSEK	**31/12/2023**	**31/12/2022**	**31/12/2023**	**31/12/2022**
Value at the beginning of the year	13	5	9	3
Cost, acquisitions	27	10	33	9
Additional purchase considerations paid	-8	-2		
Recognised in operating profit	-6	-1		
Recognised in net financial items	-1	0		
Recognised in equity	-	-	5	-3
Translation differences	1	1		
Value at year-end	**26**	**13**	**47**	**9**

Parent Company, MSEK	**31/12/2023**	**31/12/2022**
FINANCIAL ASSETS		
Financial assets measured at amortised cost		
Receivables from Group companies	2,047	1,940
Cash and cash equivalents	329	175
Total financial assets	**2,376**	**2,115**
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost		
Liabilities to credit institutions	1,831	1,739
Liabilities to Group companies	682	436
Accounts payable	1	1
Total financial liabilities	**2,514**	**2,176**

The carrying amount of all of the Parent Company's financial assets is deemed to be a reasonable approximation of their fair value.

NOTE 26 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]	92	2,631	**2,723**
Tangible non-current assets[1]	88	578	**666**
Right-of-use assets[1]	369	793	**1,162**
Financial non-current assets			
Financial investments	2	0	**2**
Other non-current receivables	1	28	**29**
Deferred tax assets	15	44	**59**
Total non-current assets	**567**	**4,074**	**4,641**
Current assets			
Inventories	2,348		**2,348**
Tax assets	2		**2**
Accounts receivable	1,164		**1,164**
Prepaid expenses and accrued income	66		**66**
Other receivables	184		**184**
Cash and bank	382		**382**
Total current assets	**4,146**		**4,146**
TOTAL ASSETS	**4,713**	**4,074**	**8,787**

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	0	1,831	-	**1,831**
Non-current lease liabilities	0	692	101	**793**
Non-current non-interest-bearing liabilities	0	63	-	**63**
Provisions for pensions	0	0	0	**0**
Other provisions	0	27	4	**31**
Deferred tax liabilities	36	153	192	**381**
Total non-current liabilities	**36**	**2,766**	**297**	**3,099**
Current liabilities				
Current interest-bearing liabilities	0			**0**
Current lease liabilities	398			**398**
Accounts payable	1,017			**1,017**
Tax liabilities	27			**27**
Other liabilities	178			**178**
Accrued expenses and deferred income	429			**429**
Total current liabilities	**2,049**			**2,049**
TOTAL LIABILITIES	**2,085**	**2,766**	**297**	**5,148**

NOTE 27 Group companies

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

	Co. Reg. No.	Reg. office	No. of participations	Holding %	Carrying amount in the Group 31/12/2023	Carrying amount in the Group 31/12/2022
Alligo Holding AB	559072-1378	Stockholm	500	100	1,948	1,948
Total					**1,948**	**1,948**
Accumulated cost						
At the beginning of the year					1,948	1,991
Contributions					-	-
Acquisitions					-	-
Distribution					-	-43
Carrying amount at year-end					**1,948**	**1,948**

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

	Reg. office, country	Holding, % 31/12/2023	Holding, % 31/12/2022
Mercus Yrkeskläder AB	Sweden	100	100
Asås-Logistik AB	Sweden	100	100
TriffiQ Företagsprofilering AB	Sweden	100	100
Reklamproffsen Skandinavien AB	Sweden	100	100
Profilmakarna i Södertälje AB	Sweden	100	100
Company Line Förvaltning AB	Sweden	100	100
Company Line AB	Sweden	100	100
Company Line i Malmfälten AB[2]	Sweden	100	100
Souvenirer i Norr AB	Sweden	100	100
Company Line i Piteå AB	Sweden	100	100
AMJ Papper AB	Sweden	100	100
Swedol AB	Sweden	100	100
Swedol Förvaltning AB	Sweden	100	100
IP Hjelte AB	Sweden	100	100
Magnusson Agentur AB	Sweden	100	100
Profeel Sweden AB	Sweden	75	75
Profilföretaget Z-profil AB[1]	Sweden	70	-
Kents Textiltryck i Halmstad AB[1]	Sweden	70	-
Olympus Profile i Uddevalla AB[1]	Sweden	70	-
Topline Aktiebolag[1]	Sweden	70	-
Topline Kalmar Aktiebolag[1,4]	Sweden	36	-
Tools AS	Norway	100	100
Tools Univern AS	Norway	100	100
Lunna AS[3]	Norway	-	100
Profeel Norway AS	Norway	75	75
Tools Finland Oy	Finland	100	100
Tools Fastigheter Holding Oy	Finland	100	100
Metaplan Oy	Finland	100	100
Kitakone Oy[1]	Finland	100	-
Pirilä Group Oy[1]	Finland	100	-
Tampereen Pirkka-Hitsi Oy[1]	Finland	100	-

1) The company was acquired in 2023.
2) The company changed its name in 2023.
3) Intra-Group merger carried out in 2023.
4) The company is 51%-owned by Topline Aktiebolag.

According to impairment testing for the Parent Company's carrying amount in Group companies, there is no impairment requirement as at 31 December 2023.

NOTE 28 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. All transactions take place on market terms, including internal pricing between operating segments. Refer to Note 5 Employees and personnel costs for information on personnel costs and benefits.

NOTE 29 Cash flow statement

Cash and cash equivalents

	GROUP		PARENT COMPANY	
MSEK	**31/12/2023**	**31/12/2022**	**31/12/2023**	**31/12/2022**
The following subcomponents are included in cash and cash equivalents:				
Cash and bank	382	215	329	175
Total according to the balance sheet	382	215	329	175
Total according to the cash flow statement	**382**	**215**	**329**	**175**

Interest paid

	GROUP		PARENT COMPANY	
MSEK	**31/12/2023**	**31/12/2022**	**31/12/2023**	**31/12/2022**
Interest received	13	4	101	41
Interest paid	-124	-58	-106	-41
Total	**-111**	**-54**	**-5**	**0**

Adjustments for non-cash items

	GROUP		PARENT COMPANY	
MSEK	**31/12/2023**	**31/12/2022**	**31/12/2023**	**31/12/2022**
Depreciation and amortisation	533	486	0	0
Change in reserve for non-recurring costs	-6	-4	-	-
Loss on sale of non-current assets	1	0	-	-
Change in other provisions	-1	-1	-	-
Adjustment for interest paid/received	0	4	0	3
Other	0	0	0	0
Total	**527**	**485**	**0**	**3**

Acquisition of subsidiaries and other business units[1]

	GROUP	
MSEK	**31/12/2023**	**31/12/2022**
Acquired assets:		
Intangible non-current assets	136	120
Right-of-use assets	25	38
Other non-current assets	6	5
Inventories	36	56
Other current assets incl. cash and cash equivalents	75	50
Total assets	**278**	**269**
Acquired non-controlling interests, provisions and liabilities:		
Deferred tax liability	-12	-7
Interest-bearing liabilities – credit institutions	-1	-16
Lease liabilities	-25	-38
Current operating liabilities	-55	-45
Non-controlling interests	-14	-4
Total non-controlling interests, provisions and liabilities	**-107**	**-110**
Purchase consideration	**-171**	**-159**
Of which contingent purchase consideration	27	10
Additional purchase consideration paid	-8	-2
Cash and cash equivalents in acquired companies	26	10
Loans settled on acquisition	-	-3
Effect on cash and cash equivalents	**-126**	**-144**

1) See note 30 Business combinations and divestments.

Reconciliation of liabilities deriving from financing activities

Group, MSEK	31/12/2022	Cash flows	Changes that do not impact cash flow: Liabilities in acquired companies[1]	Translation differences	New and remeasured leases	31/12/2023
Committed credit facility	**0**	0	0	0	-	**0**
Revolving loan	**639**	93	-	-1	-	**731**
Bank loans	**1,110**	-14	4	0	-	**1,100**
Lease liabilities	**1,013**	-365	25	-23	541	**1,191**
Other credits	**0**	-	-	-	-	**0**
Total	**2,762**	**-286**	**29**	**-24**	**541**	**3,022**

Group, MSEK	31/12/2021	Cash flows	Changes that do not impact cash flow: Liabilities in acquired companies[1]	Translation differences	New and remeasured leases	31/12/2022
Committed credit facility	**0**	-4	4	0	-	**0**
Revolving loan	**551**	79	-	9	-	**639**
Bank loans	**994**	105	12	-1	-	**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**

Parent Company, MSEK	31/12/2022	Cash flows	Translation differences not affecting cash flow	31/12/2023
Committed credit facility	**0**	-	0	**0**
Revolving loan	**639**	93	-1	**731**
Bank loans	**1,100**	-	-	**1,100**
Total	**1,739**	**93**	**-1**	**1,831**

Parent Company, MSEK	31/12/2021	Cash flows	Translation differences not affecting 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**

1) See Note 30 Business combinations.

NOTE 30 Business combinations and divestments

Financial year 2023

Share transfers

Alligo made six corporate acquisitions with closing during 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.

On 3 April, Alligo acquired 100 per cent of the shares in Finnish company Kitakone Oy, which runs a store in Jyväskylä selling tools, fixings and chemicals to the construction and vehicle service and repair markets. Closing took place in conjunction with the acquisition.

On 24 May, Alligo signed an agreement to acquire 70 per cent of the shares in corporate branding company Topline AB, which has operations in Borås and Gothenburg, as well as in Kalmar through its subsidiary Topline Kalmar AB. The company generates annual revenue of over MSEK 60 and has 16 employees. Closing took place on 1 June 2023.

On 7 June, Alligo acquired 100 per cent of the shares in Finnish company Pirilä Group Oy, with its subsidiary Tampereen Pirkka-Hitsi Oy, which runs two stores in Finland and specialises in the sale and servicing of welding machines. Closing took place in conjunction with the acquisition.

During the period, the acquired companies have contributed MSEK 212 to the Group's revenue and MSEK 20 to the Group's adjusted EBITA. Calculated as if closing had taken place on 1 January 2023, the acquired companies have contributed MSEK 266 to the Group's revenue and MSEK 24 to the Group's adjusted EBITA. The total purchase consideration for the acquisitions amounted to MSEK 171, of which MSEK 27 comprised additional purchase considerations. Acquisition costs of approximately MSEK 4 were recognised as other operating expenses in 2023.

30 Continuation: **Business combinations and divestments**

Continuation: financial year 2023

Additional purchase considerations paid

Additional purchase considerations of approximately MSEK 8 were paid during the period in relation to the acquisitions of Kents Textiltryck i Halmstad Aktiebolag, Liukkosen Pultti Oy, Magnusson Agentur AB and Imatran Pultti Oy. The outcome for the additional purchase considerations is in line with previously made assessments.

Acquisition analyses

Some of the surplus value in the final acquisition analyses has been allocated to customer relations, while the unallocated surplus value has been assigned to goodwill. The estimated value of customer relations is amortised over an estimated useful life of ten years.

Share transfers, MSEK	Carrying amount	Fair value adjustment	Fair value recognised in the Group
Acquired assets			
Intangible non-current assets		48	48
Right-of-use assets		25	25
Other non-current assets	4	2	6
Inventories	47	-11	36
Other current assets	75		75
Total assets	**126**	**64**	**190**
Acquired provisions and liabilities			
Non-current liabilities	-1		-1
Lease liabilities		-25	-25
Deferred tax liability	-2	-10	-12
Current operating liabilities	-55		-55
Total provisions and liabilities	**-58**	**-35**	**-93**
Net of identified assets and liabilities	**68**	**29**	**97**
Goodwill[1]			88
Non-controlling interests[2]			-14
Purchase consideration			**171**
Of which contingent purchase consideration			-27
Additional purchase consideration paid			8
Cash and cash equivalents in acquired companies			-26
Effect on the Group's cash and cash equivalents			**126**

Acquisitions after the end of the period

Share transfers

Alligo made three corporate acquisitions in 2023 with closing in January 2024. None of these acquisitions is deemed significant enough to require a separate presentation of the acquisition analysis.

On 8 December, Alligo signed an agreement to acquire 100 per cent of the shares in Tore Vagle AS. The company has operations in Sandnes, Norway, and sells tools and industrial components. The company generates annual revenue of approximately MNOK 39 and has 11 employees. Closing took place on 2 January 2024.

On 13 December, Alligo signed agreements to acquire 100 per cent of the shares in Svets och Tillbehör i Sverige AB and Svetspartner i Malmö AB. The companies have operations in Ystad and Malmö respectively and have a broad offering within welding and grinding and related service business. The companies together generate annual revenue of approximately MSEK 145 and have 32 employees. Closing took place on 2 January 2024.

Preliminary acquisition analyses

Share transfers, MSEK	Carrying amount	Fair value adjustment	Fair value recognised in the Group
Acquired assets			
Intangible non-current assets		28	28
Right-of-use assets		45	45
Other non-current assets	2	2	4
Inventories	42	-9	33
Other current assets	26		26
Total assets	**70**	**66**	**136**
Acquired provisions and liabilities			
Non-current liabilities	-7		-7
Lease liabilities		-45	-45
Deferred tax liability	0	-6	-6
Current operating liabilities	-24		-24
Total provisions and liabilities	**-31**	**-51**	**-82**
Net of identified assets and liabilities	**39**	**15**	**54**
Goodwill[1]			84
Non-controlling interests[2]			-
Purchase consideration			**138**
Of which contingent purchase consideration			-18
Additional purchase consideration paid			-
Cash and cash equivalents in acquired companies			-2
Loans settled on acquisition			6
Effect on the Group's cash and cash equivalents			**124**

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 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, southern Sweden. 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, with 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.

According to the final acquisition analyses, the assets and liabilities included in the operations acquired during the 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		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.

Conveyances of assets and liabilities

On 2 June 2022, Alligo 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.

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**

NOTE 31 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 for 2022. The comparison periods have been restated 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".

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

Income statement

MSEK	2023	2022
Revenue	-	399
Other operating income	-	2
Total operating income	**-**	**401**
Cost of goods sold	-	-211
Personnel costs	-	-101
Depreciation, amortisation, impairment losses and reversal of impairment losses	-	-15
Other operating expenses	-	-37
Total operating expenses	**-**	**-364**
Operating profit	**-**	**37**
Net financial items	**-**	**-1**
Profit/loss after financial items	**-**	**36**
Taxes	-	-8
Profit/loss for the year, Components & Services	**-**	**28**
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**

Balance sheet

MSEK	2023	2022
ASSETS		
Intangible non-current assets	-	-
Right-of-use assets	-	-
Tangible non-current assets	-	-
Other non-current receivables	-	-
Deferred tax assets	-	-
Total non-current assets	**-**	**-**
Inventories	-	-
Accounts receivable	-	-
Other current receivables	-	-
Cash and cash equivalents	-	-
Total current assets	**-**	**-**
TOTAL ASSETS	**-**	**-**
LIABILITIES		
Non-current interest-bearing liabilities	-	-
Non-current lease liabilities	-	-
Deferred tax liability	-	-
Other non-current liabilities and provisions	-	-
Total non-current liabilities	**-**	**-**
Current interest-bearing liabilities	-	-
Current lease liabilities	-	-
Accounts payable	-	-
Tax liabilities	-	-
Other liabilities	-	-
Accrued expenses and deferred income	-	-
Total current liabilities	**-**	**-**
TOTAL LIABILITIES	**-**	**-**

Cash flow statement

MSEK	2023	2022
Cash flow from operating activities	-	8
Cash flow from investing activities	-	0
Cash flow from financing activities	-	-1
Cash flow for the year	**-**	**7**

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, 9 April 2024
Alligo AB (publ)

Göran Näsholm
Chair of the Board

Cecilia Marlow
Board member

Pontus Boman
Board member

Johan Sjö
Board member

Christina Åqvist
Board member

Stefan Hedelius
Board member

Johanna Främberg
Board member
Employee representative

Emma Hammarlund
Board member
Employee representative

Clein Johansson Ullenvik
Group President and CEO

Our Auditor's Report was submitted on 9 April 2024

KPMG AB

Helena Arvidsson Älgne
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 financial statements of Alligo AB (publ) for the year 2023 except for the Corporate Governance Report on pages 73–79. The annual accounts and consolidated financial statements of the company are included on pages 67–121 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 2023 and its financial performance and cash flow for the year then ended, in accordance with the Annual Accounts Act. The consolidated financial statements 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 2023 and its financial performance and cash flow for the year then ended in accordance with the IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the Corporate Governance Report on pages 73–79. 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 financial statements 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 financial statements 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 financial statements as a whole, but we do not provide a separate opinion on these matters.

Valuation of goodwill and brands in the Group

Refer to Note 10 and the accounting policies on pages 94–95 in the Annual Report and consolidated accounts for detailed information and a description of the matter.

Description of key audit matter

As at 31 December 2023, the Group reports acquisition-related intangible assets relating to goodwill and brands in the amount of MSEK 2,270, which represents 26 per cent of total assets. Goodwill and brands with an indefinite useful life should be subject to impairment testing at least annually. Impairment tests are complex and involve significant levels of judgement by the Group management. Under current regulations, impairment testing should be carried out in accordance with a certain technique where the corporate management is required to make forecasts and assessments of both the internal and external conditions and plans of the company. Examples of such assessments are future cash flow projections, which requires assumptions about future market conditions. Another important assumption is which discount rate to use to assess the risk associated with the future cash flows. Given the above, there are significant judgements which are of importance to the accounting.

Response in the audit

We have inspected the company's impairment tests to assess whether they have been carried out in accordance with the stipulated technique. Furthermore, we have assessed the reasonableness of the future cash flow forecasts and the assumed discount rate and growth rate, by examining and evaluating the management's written documentation and plans. We have also interviewed the 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 on the valuation. This evaluation has been carried out by examining and assessing the Group's sensitivity analysis. We have also reviewed the completeness of the disclosures in the Annual Report and considered whether the disclosures accurately reflect the assumptions that the Group has applied in its impairment testing, and whether the information is sufficiently comprehensive to enable the assumptions of the corporate management to be understood.

Other information than the annual accounts and consolidated financial statements

This document also contains other information than the annual accounts and consolidated accounts and this is found on pages 1–66 and 126–130. 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 & CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated financial statements does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated financial statements, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated financial statements. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the President and CEO

The Board of Directors and the President and CEO are responsible for the preparation of the annual accounts and consolidated financial statements and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated financial statements, in accordance with the IFRS Accounting Standards as adopted by the EU. The Board of Directors and the President & CEO are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated financial statements the Board of Directors and the President & 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 & 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 financial statements 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 financial statements, 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 & CEO.
- Conclude on the appropriateness of the Board of Directors' and the President & CEO's use of the going concern basis of accounting in preparing the annual accounts and consolidated financial statements. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the annual accounts and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated financial statements, including the disclosures, and whether the annual accounts and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated financial statements, 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 financial statements, we have also audited the administration of the Board of Directors and the President and CEO of Alligo AB (publ) for the year 2023 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 & 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 & 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 & 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 financial statements, we have also examined that the Board of Directors and the President and CEO have prepared the annual accounts and consolidated financial statements 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 2023.

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 the International Standard on Quality Management 1, which requires the audit firm to design, implement and manage a system for quality control, including guidelines or procedures regarding compliance with professional ethical requirements, professional standards and legal and other 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 financial statements. 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 financial statements.

In addition, the review also involves an assessment of whether the Group's income statement, balance sheet and statement of equity as well as the statement of cash flows and notes in the ESEF Report have been tagged with iXBRL in accordance with the ESEF Regulation.

Auditor's examination of the Corporate Governance Report

The Board of Directors is responsible for the Corporate Governance Report on pages 73–79 and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's recommendation 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 Report 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 financial statements 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 for 2023 on pages 14, 17, and 32–62 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 24 May 2023.
KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2016.

Stockholm, 9 April 2024

KPMG AB

Helena Arvidsson Algne
Authorised Public Accountant

KEY PERFORMANCE INDICATORS (KPIs)

MSEK	31/12/2023	31/12/2022	31/12/2021
IFRS KEY PERFORMANCE INDICATORS			
Profit/loss for the year[1], MSEK	497	4,062	430
Earnings per share, continuing operations[2], SEK	9.76	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	-	70.38	-
Earnings per share, total operations[2], SEK	9.76	80.44	8.50
ALTERNATIVE KEY PERFORMANCE INDICATORS			
Income statement-based KPIs			
Revenue, MSEK	9,335	9,211	8,417
Gross profit, MSEK	3,868	3,728	3,430
Operating profit, MSEK	748	669	427
Items affecting comparability, MSEK	-20	-24	-155
Amortisation of intangible assets in connection with corporate acquisitions, MSEK	-59	-63	-63
Adjusted EBITA, MSEK	827	756	645
Depreciation/amortisation of tangible and other intangible non-current assets[4], MSEK	-111	-105	-116
Adjusted EBITDA, MSEK	914	845	747
Profit after financial items, MSEK	634	612	379
Gross margin, %	41.4	40.5	40.8
Operating margin, %	8.0	7.3	5.1
Adjusted EBITA margin, %	8.9	8.2	7.7
Profit margin, %	6.8	6.6	4.5
Profitability KPIs			
Return on working capital (adjusted EBITA/WC), %	32	34	36
Return on capital employed, %	12	11	7
Return on equity[1, 3], %	14	16	13
Financial position KPIs			
Net financial liabilities, MSEK	2,640	2,547	2,272
Net operational liabilities, MSEK	1,449	1,534	1,259
Equity[5], MSEK	3,613	3,408	3,429
Equity/assets ratio, %	41	41	40
Other KPIs			
No. of employees at the end of the period	2,443	2,371	2,319
Share price at the end of the period, SEK	124	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) 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.

GROSS PROFIT

MSEK	31/12/2023	31/12/2022	31/12/2021
Revenue	9,335	9,211	8,417
Cost of goods sold	-5,467	-5,483	-4,987
Gross profit	**3,868**	**3,728**	**3,430**

ADJUSTED EBITA

MSEK	31/12/2023	31/12/2022	31/12/2021
Operating profit	748	669	427
Items affecting comparability			
Restructuring costs	-	19[1, 2]	108[3]
Organisational changes	9[4]	-	-
Scrapping of stocks	11[5]	-	-
Divestment of operations	-	-	37
Split and listing expenses	-	5	10
Amortisation and impairment of intangible assets in connection with corporate acquisitions	59	63	63
Adjusted EBITA	**827**	**756**	**645**
Operating profit excl. IFRS 16	724	653	413
Amortisation and impairment of other intangible non-current assets	35	35	42
Depreciation and write-downs of tangible non-current assets	76	70	74
Adjusted EBITDA	**914**	**845**	**747**

WORKING CAPITAL

MSEK	31/12/2023	31/12/2022	31/12/2021
Average operating assets			
Average inventories	2,353	2,068	1,722
Average accounts receivable	1,207	1,164	1,050
Total average operating assets	**3,561**	**3,231**	**2,772**
Average operating liabilities			
Average accounts payable	-968	-1,015	-973
Total average operating liabilities	**-968**	**-1,015**	**-973**
Average working capital	**2,593**	**2,216**	**1,799**
Adjusted EBITA	827	756	645
Return on working capital (adjusted EBITA/WC), %	**32**	**34**	**36**

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) Costs for organisational changes and efficiency measures in connection with the savings programme implemented, as well as acquisition costs.
5) Scrapping of Covid materials.
6) Refers to equity or profit attributable to the Parent Company's shareholders.

CAPITAL EMPLOYED

MSEK	31/12/2023	31/12/2022	31/12/2021
Average balance sheet total	8,513	8,054	8,217
Average non-interest-bearing liabilities and provisions			
Average non-interest-bearing non-current liabilities	-448	-400	-371
Average non-interest-bearing current liabilities	-1,670	-1,665	-1,615
Total average non-interest-bearing liabilities and provisions	**-2,118**	**-2,065**	**-1,986**
Average capital employed	**6,395**	**5,989**	**6,231**
Operating profit	748	669	427
Financial income	13	4	3
Total operating profit + financial income	**761**	**673**	**430**
Return on capital employed, %	**12**	**11**	**7**

RETURN ON EQUITY

MSEK	31/12/2023	31/12/2022	31/12/2021
Average equity[6]	3,469	3,236	3,218
Profit/loss for the period[6]	491	508	429
Return on equity, %	**14**	**16**	**13**

NET FINANCIAL LIABILITIES

MSEK	31/12/2023	31/12/2022	31/12/2021
Non-current interest-bearing liabilities	2,624	2,410	2,095
Current interest-bearing liabilities	398	352	463
Cash and cash equivalents	-382	-215	-286
Net financial liabilities	**2,640**	**2,547**	**2,272**

NET OPERATIONAL LIABILITIES

MSEK	31/12/2023	31/12/2022	31/12/2021
Net financial liabilities	2,640	2,547	2,272
Financial lease liabilities	-1,191	-1,013	-1,013
Net provisions for pensions	0	0	0
Net operational liabilities	**1,449**	**1,534**	**1,259**
Adjusted EBITDA, rolling 12 months	914	845	747
Ratio of net operational liabilities to adjusted EBITDA	**1.6**	**1.8**	**1.7**

EQUITY/ASSETS RATIO

MSEK	31/12/2023	31/12/2022	31/12/2021
Balance sheet total (closing balance)	8,787	8,364	8,679
Equity[6]	3,613	3,408	3,429
Equity/assets ratio, %	**41**	**41**	**40**

DEFINITIONS AND GLOSSARY

Alligo reports key performance indicators in order to describe the underlying profitability of the business and improve comparability. The Group applies ESMA's guidelines on alternative key performance indicators.

Definitions and purpose of KPIs

Return on working capital (adjusted EBITA[1]/WC)

Adjusted 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 adjusted 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.

Gross margin

Ratio of gross profit, i.e. revenue minus cost of goods sold, to revenue.

Used to measure product profitability.

Adjusted EBITA[1]

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.

1) As of Q1 2023, Alligo has made the name of this KPI clearer by adding the word "adjusted". No changes have been made to its calculation.

Adjusted EBITDA[1]

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.

Adjusted EBITA[1] margin

Adjusted 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 adjusted 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 adjusted EBITDA[1]

Net operational liabilities divided by adjusted EBITDA for a rolling 12-month period.

This key performance indicator shows the multiple of the adjusted EBITDA result for the most recent 12-month period 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 (EBIT)

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.

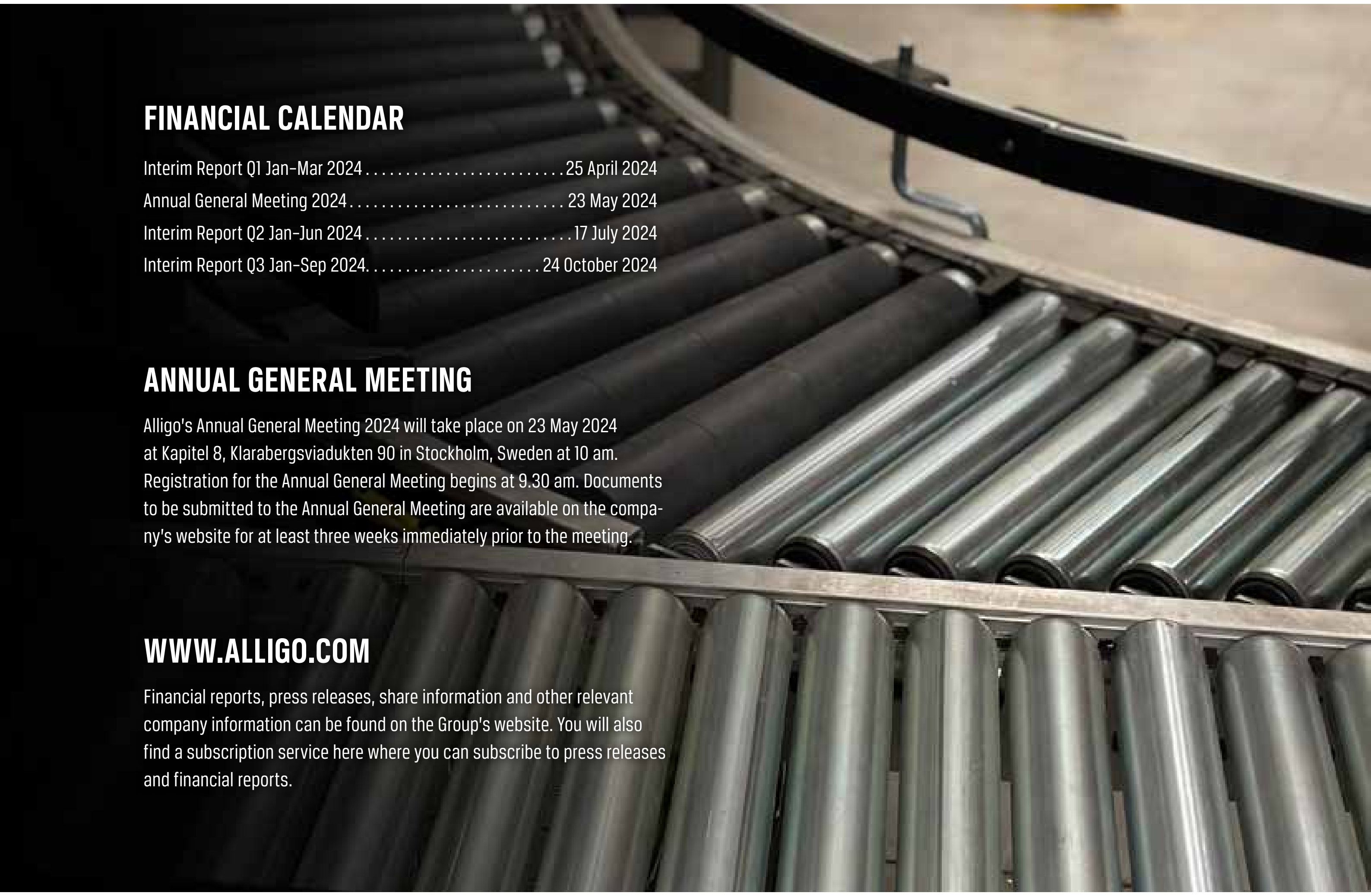
OEKO-TEX® STANDARD 100

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.

INFORMATION FOR SHAREHOLDERS



FINANCIAL CALENDAR

Interim Report Q1 Jan–Mar 2024 .... 25 April 2024
Annual General Meeting 2024 .... 23 May 2024
Interim Report Q2 Jan–Jun 2024 .... 17 July 2024
Interim Report Q3 Jan–Sep 2024. .... 24 October 2024

ANNUAL GENERAL MEETING

Alligo's Annual General Meeting 2024 will take place on 23 May 2024 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.

FOR ANY QUESTIONS RELATING TO THE ANNUAL REPORT, PLEASE CONTACT:

CLEIN JOHANSSON ULLENVIK
President and CEO
+46 70 558 84 17
clein.ullenvik@alligo.com

IRENE WISENBORN BELLANDER
CFO
+46 72 452 60 40
irene.bellander@alligo.com

WE MAKE BUSINESSES WORK

Alligo AB (publ)

Postal address:
Box 631
135 26 Tyresö, Sweden

Visiting address:
Vindkraftsvägen 2
135 70 Stockholm

Tel.: +46 8 727 27 20
Co. reg. no.: 559072-1352
IR contact: ir@alligo.com

ALLIGO