

XANO in brief

XANO develops, acquires and runs niche engineering companies on the basis of entrepreneurship. Our vision is to create strong units that are sustainable in the long term from companies where economies of scale are utilised optimally. We aim to be a leading player that actively facilitates the transition to a more sustainable society and enterprise.

The Group companies offer unique products and solutions with associated services. There is a strong drive for innovation and development in each of the niche engineering companies in the XANO family. Our decentralised business model promotes the assumption of responsibility and contributes to preserving entrepreneurial drive, safeguarding expertise and making it possible for each individual company to achieve success by focusing on the things they do best.

We value a high level of further development, as well as an endeavour to achieve sustainable technical innovations and constantly improve at what we do. By using our combined knowledge and experience, we are ensuring that all the companies within the XANO Group will remain at the forefront in their respective markets.

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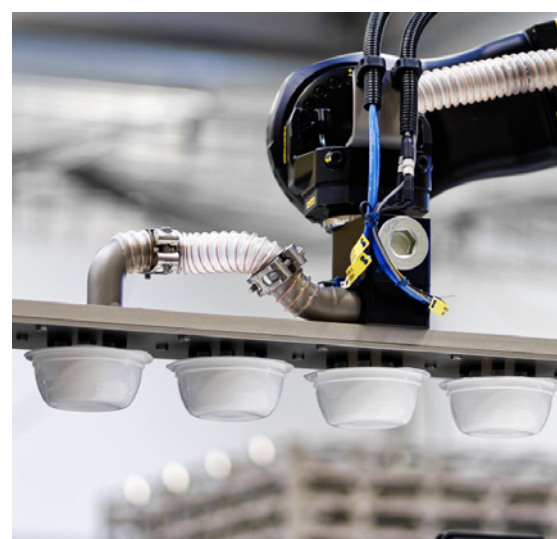
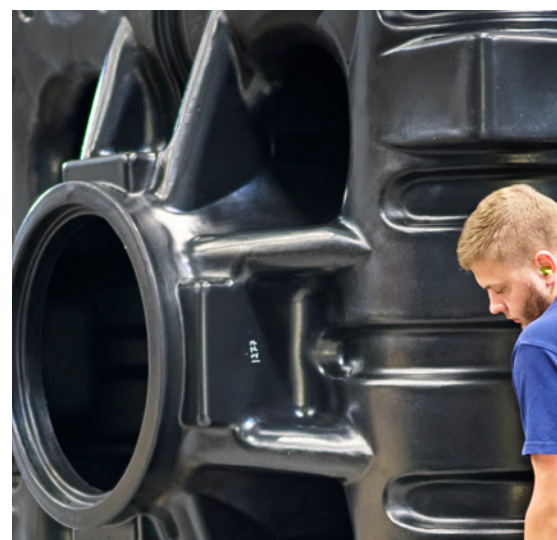
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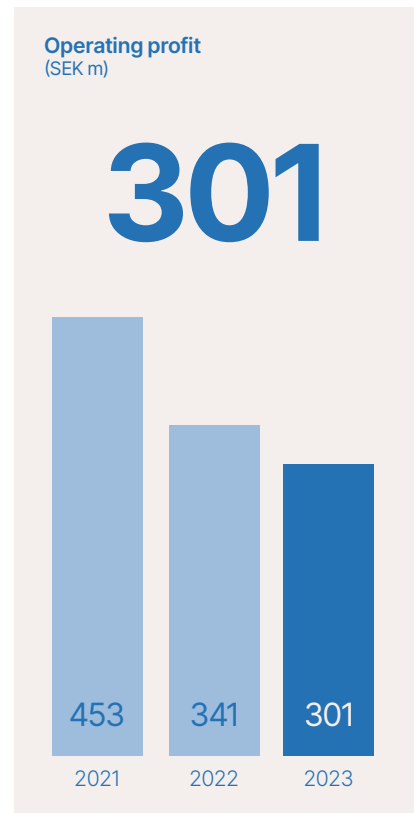
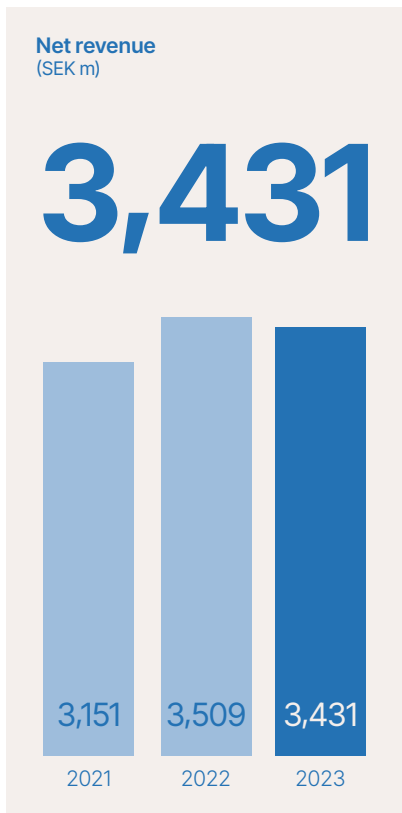
The year in brief

- » Declining trends in traditional markets
- » Successes within new business areas
- » Aggressive market investments
- » Two complementary acquisitions



Q1 Slower rate of development within affected sectors. More stable material and energy prices, but continued challenges in respect of the supply of components. Lag in the impact of implemented price rises is affecting margins.

Q2 Generally low level of activity, although varying between different customer segments. Cautious situation within packaging and food. Successes in terms of automation solutions for the handling of batteries for electric vehicles. Acquisition of Lundgren Machinery.



Q3 Market climate generally remaining cautious, although good growth through new business linked to defence equipment and vehicle batteries. Long-term market investments that initially have a negative impact on profitability. Acquisition of IPS.

Q4 Good development within new niches, although no clear general stabilisation of market conditions. Slightly higher volumes and significantly improved operating profit in relation to the comparison period. Negative currency impact in respect of financial items.

Aggressive transition

Altered external conditions and strategic choices resulted in a high degree of transition within the Group over the past year. We saw declining trends in traditional markets and therefore intensified our efforts within new business areas and on new geographic markets.

Group development during the year

External circumstances, in combination with strategic decisions, meant that several of our companies underwent major changes during the year. Declining trends in traditional markets and a generally low willingness to invest, primarily among our European customers in the packaging industry, affected us significantly. At the same time, we saw a return to more normalised conditions for sectors that had enjoyed strong growth during the pandemic, above all medical technology and food. Our investments in new business areas and on new geographic markets were therefore intensified. This resulted in robust growth linked to automation projects relating to the handling of vehicle batteries as well as for contract assignments in the defence sector. In order to supplement and strengthen our existing operations, we also carried out two acquisitions. These market investments are jointly affecting profitability in the short term, although they are in line with our strategic plan and will support our long-term objectives.

Developments within our business units

The events in the outside world created differing conditions for the customer segments within the Industrial Products business unit, resulting in substantial fluctuations in incoming orders during the year. We witnessed a slight fall-off in terms of sales, although several of the companies still increased their market share. The sale of products to the infrastructure sector and the furniture industry generated healthy contributions. Overall,

however, profitability was impaired as a result of various challenges within the automotive sector, as well as a significant reduction in the number of boats sold. The business unit's strategic marketing efforts resulted in many new innovation projects and collaborations. Sustainability performance was further improved through investments in product and process development. In parallel with this, the introduction of proprietary products in new geographic markets continued at the same pace.

Within the Industrial Solutions business unit, we witnessed generally lower project volumes, primarily as a result of the global financial concerns and disruptions in the supply chain. Contract assignments for customers in the fields of medical technology and packaging also experienced a declining trend. The weak performance in the business unit's traditional markets was compensated to some extent by sales successes in new business niches and geographic areas. The two acquisitions carried out during the year provided additional technical expertise, while the business opportunities arising for our after-sales services, for example, also increased. Several joint activities were launched, and an extended collaboration both between sister companies and with external partners was initiated.

For the Precision Technology business unit, the saturation within the medical technology sector resulted in significantly lower volumes compared with last year. With more cautious demand from other established customer segments as well, adaptations to both organisations and

technology resources were required. Productivity, as well as profitability in the long term, were greatly affected by short-termism as regards order placement and deficiencies in supply chains. Many new assignments, particularly in relation to production for the defence sector, were won as a result of strategic marketing activities, however. These new business dealings are only making a limited contribution initially, but there is considerable potential for development, increasing opportunities for growth for the majority of the companies in the business unit.

Acquisitions

We are continually evaluating various businesses that, by means of integration in our business units, might create further business opportunities. The primary aim is to strengthen our existing Group companies, at the same time as developing the acquired entity. Two acquisitions were carried out within Industrial Solutions during 2023.

Lundgren Machinery develops and manufactures machines that handle cardboard packaging. Its customers comprise leading food and pharmaceutical companies in Scandinavia and northern Europe. The operations within Lundgren and its sister company CPS have clear points of contact, and we can see considerable potential in their joint development.

Integrated Packaging Solutions (IPS) also operates in the packaging sector, principally in the global can industry. IPS manufactures mechanical equipment, integration technology and various production-optimising services. In addition



“Our ambition is to continue to be aggressive.”

to aiding our ongoing establishment in the USA, the acquisition of IPS is strengthening the Group's offering, above all in respect of service and after-sales. Tangible synergies exist, first and foremost via the coordination of activities within NPB and Canline.

Sustainability

The sustainability aspects play a prominent role in our strategic work. We employ a long-term perspective, where the environment, people and the economy are dependent on each other and work together. Both at management level as well as within XANO's subsidiaries, there is a fundamental awareness of, and a growing commitment to, the transition that has to take place throughout our value chain. We have to make use of this drive and come together around a common working method with ambitious goals. We have further sharpened our focus during the year, in part through the recruitment of a sustainability manager. Over the next few years, we will be making major strides on our way to creating a real impression and becoming a leading player in the field of sustainability.

Future prospects

Based on our current circumstances, the prospects for the future still seem both uncertain and challenging. In the

established markets, where we have been experiencing declining trends, we are not witnessing any quick turnaround and recovery. To a large extent, the investment ambitions of our major customers are governed by developments in the global economy. If stabilisation is delayed, this will probably result in us needing to make further adaptations in some of our businesses.

Various external factors mean that our established customer segments are not growing to the same rapid extent as before. Our efforts aimed at developing collaborations with players within new growth niches and on new geographic markets are producing clear results, however. With the acquisition of the US company IPS, we are also increasing our business opportunities linked to after-sales, where the rate of development has been relatively slow up until now. The strategic investments that are being made are in line with our focus on long-term, sustainable business. Our ambition is to remain aggressive, yet we are still humble in the face of the challenges before us.

We have completed a successful first step in establishing operations on the US market, and we have a solid foundation for our continued work there. We can also see new business opportunities globally through the coordination between IPS and Canline/NPB. The situation for the

can industry is currently strained, but we are making preparations for a turnaround by shaping and optimising both our organisations and our processes.

Further developing the Group's operations is central to our business model. The same also applies to carrying out acquisitions that can strengthen our business units. The evaluation of potentially complementary businesses is therefore an ongoing process.

Thank you

We are experiencing worrying times with many challenges. For us as a Group, these means both adaptations aimed at tightening up operations as well as aggressive measures. These changes require considerable personal commitment and the assumption of responsibility. I would like to finish by extending my thanks to the Group's employees, who have been successfully showcasing the skills they possess.

Jönköping, February 2024

Lennart Persson
Managing Director and CEO

Vision and strategy

Our fundamental strategy has remained unchanged for many years, although our business activities have not remained the same. We have a clearer focus and are more innovative, we often lead developments rather than just following, and we enjoy a higher rate of growth and have a flexible organisational structure. Our offering to our customers increasingly includes all-inclusive solutions rather than individual products or services. We have developed the Group to encompass three distinct business units, which are becoming increasingly independent.

Vision

Market leader within selected segments

XANO will be a market leader within selected market segments. XANO will create strong and long-term sustainable units from companies where economies of scale are utilised optimally.

Strategy

Develop, acquire and run niche engineering companies

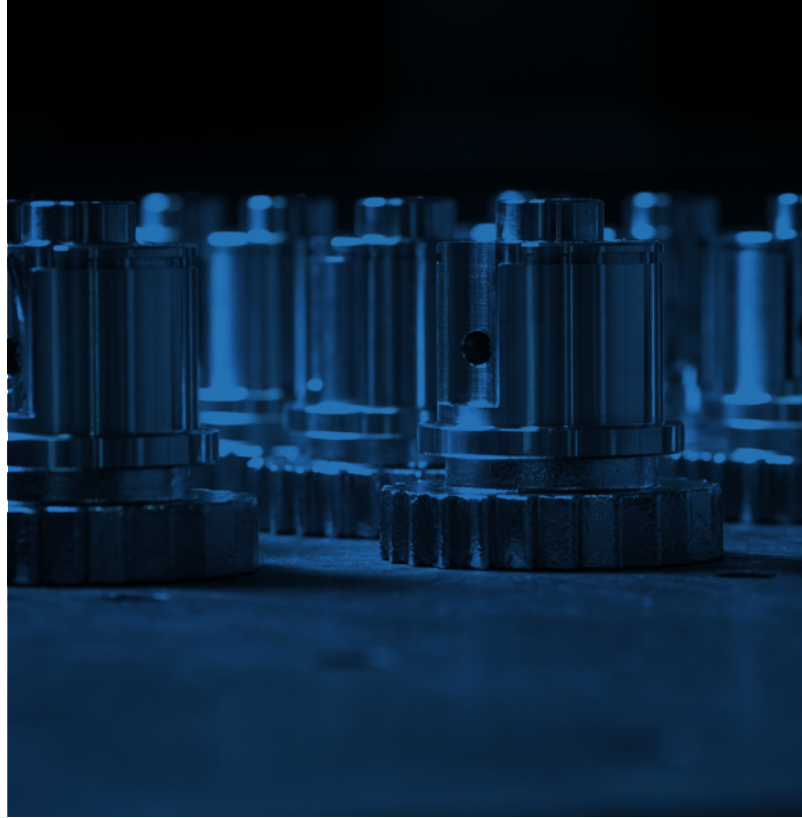
XANO will develop, acquire and run niche companies and, through active ownership and sustainable business models, create added value for the shareholders. Manufacturing processes must have high technical contents with the aim of satisfying customers' needs. In order to achieve this, XANO must work within well-defined niches. The level of service and delivery capability have to be high. Long-lasting relationships with both customers and suppliers must be achieved. XANO must have a sufficiently large market share within each niche in order to be an interesting partner for both customers and suppliers.



Market offering

Advanced technology for selected target groups

XANO's market offering includes the manufacture and assembly of components and systems with associated services, as well as the development, manufacture and marketing of proprietary products and solutions. The Group currently has operations in the Nordic region, Estonia, the Netherlands, Poland, China, the USA and Australia. The units all work within well-defined niches and have a high level of expertise within their respective technical fields. Possessing such advanced technical expertise enables XANO to create added value for its customers. Sustainability will also be an essential part of XANO's market offering.



Financial objectives

Stable profitability and high growth

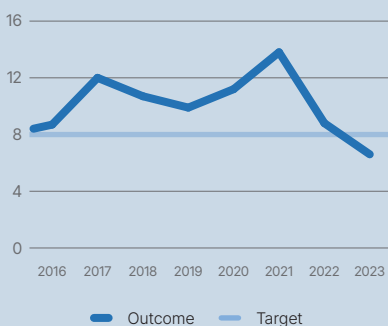
XANO's organic growth will be at a higher level than general market growth. Growth will also take place through the acquisition of operations and companies. The profit margin will amount to 8% over time. The equity/assets ratio will exceed 30%.

Goal fulfilment 2023

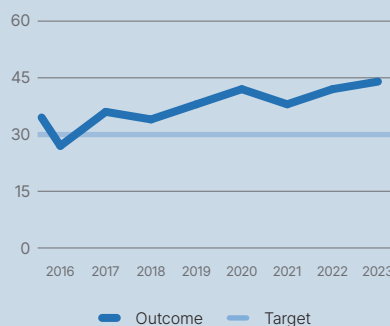
Strong equity/assets ratio but lower profit margin

Sales fell by 2 per cent as a result of declining trends on traditional markets and a generally low willingness to invest on the part of major customers. The change that was implemented through investments in new business areas and on new markets reduced our profitability. The profit margin amounted to 6.6 per cent (8.8). The equity/assets ratio stood at 44 per cent (42) at the end of the year.

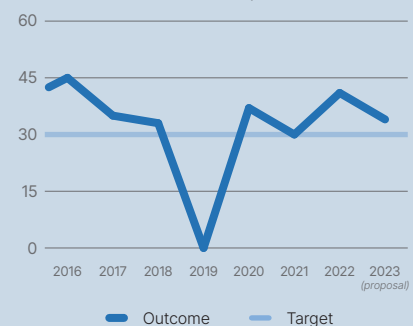
Profit margin %



Equity/assets ratio %



Dividend %
(in relation to net profit)



Business concept

XANO develops, acquires and operates manufacturing businesses with unique or market-leading products and systems with associated services. The Group owns niche engineering companies whose main market is industry in Europe.

XANO creates value for shareholders by exercising both active ownership and management by objectives, with sustainable development as a foundation.

Core values that create added value

Our core values are Enterprise, a Long-term approach and Technical know-how. Our leading strengths are our people, our entrepreneurship and our commitment to long-term partnerships. These represent a winning combination that makes it possible for us to meet our stakeholders' expectations and continue to develop.

We endeavour to run our businesses in a sustainable manner, with a long-term perspective and on every level. Through long-lasting

collaborations with our stakeholders, we aim to establish mutual trust that promotes long-term, profitable growth.

With common areas of focus linked to our core values, we are making effective use of the Group's combined knowledge and experience to further develop our operations. We are jointly carrying out activities aimed at promoting our business, at the same time as supporting sustainable development.



Entrepreneurial drive

Entrepreneurship combined with strong drive is the most important common denominator for the companies in the Group. Leadership is down-to-earth and close at hand, with clear demands for the involvement of all employees.



Long-term thinking

The long-term approach characterises all activities within the Group. XANO invests long-term in its companies, which in turn strive to achieve long-term relationships and close collaboration with all stakeholders.



Technical know-how

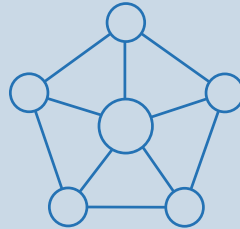
The Group's companies are niche operations, possessing sound technical expertise within their respective specialist fields. A high degree of innovation creates efficiency and mutual business advantages.

Success factors



Sustainable collaborations

We endeavour to run our businesses in a sustainable manner, with a long-term perspective and on every level. Our aim is to have long-lasting relationships with our stakeholders. Through collaboration with strategic customers in selected sectors, we are involved in unique assignments. This strengthens our credibility, at the same time as we are able to secure long-term, profitable growth.



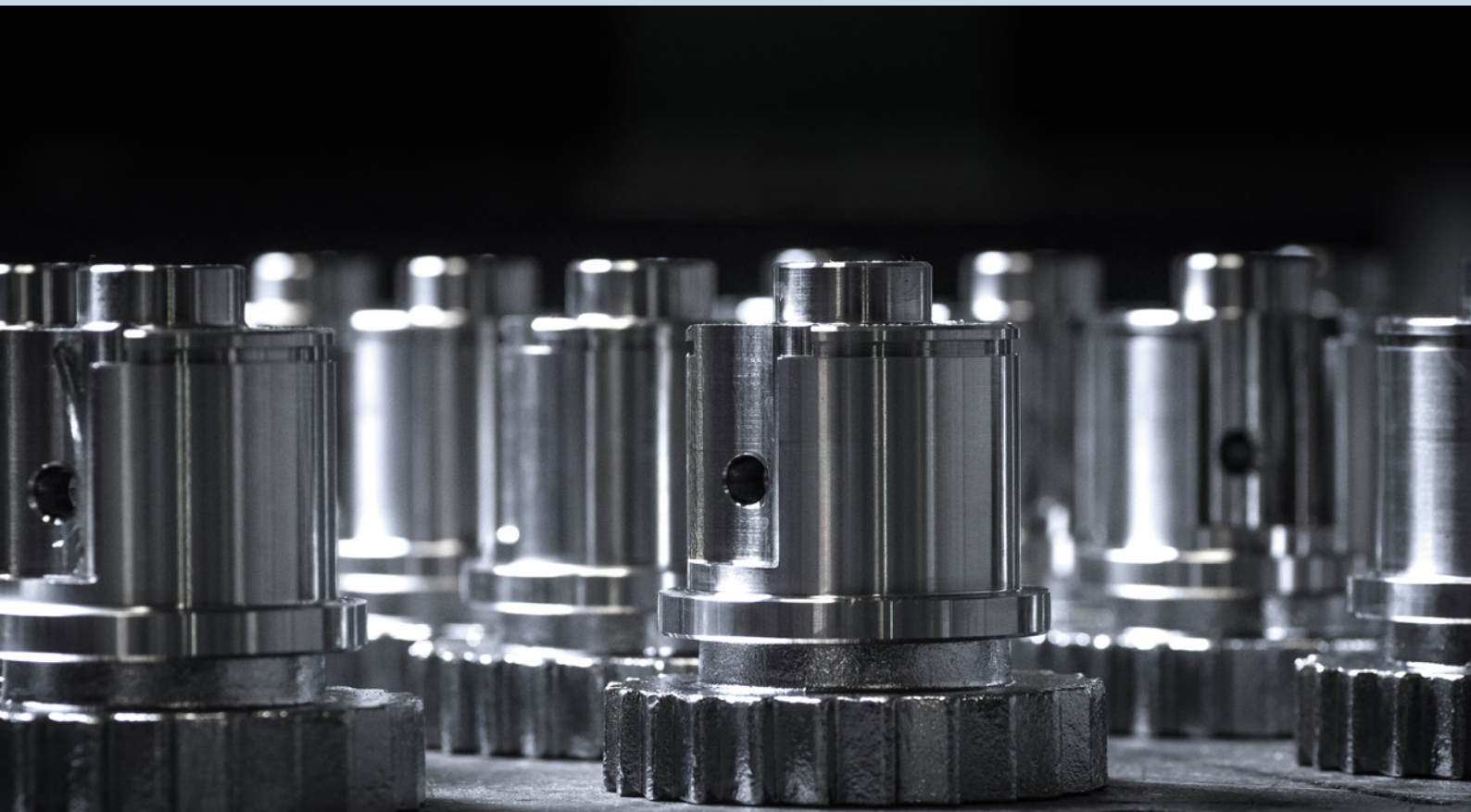
Decentralised organisation

Each Group company stakes out its own route and manages its own areas of responsibility. In parallel with this, the benefits of being part of a bigger picture are always on hand through various opportunities for collaboration and coordination.



Knowledge and innovation

The commitment of our employees, in combination with their specialist expertise and innovative capacity, are creating endless opportunities for us to continue developing and ensure credibility in relation to our stakeholders.



Business model

Our business structure, with its three business units, has been designed to improve capabilities and preserve entrepreneurial drive, at the same time as optimising the benefits of collaboration.

Development and innovation

We are constantly evaluating and reassessing our strategies and goals, bringing in new technology and welcoming additional experts into our three business units. For us, this core activity is crucial for our success as a corporate group that is sustainable in the long term. This ensures not only that we remain profitable for our shareholders and investors, but also preserves our inherent curiosity, drive and adaptability.

Innovation plays a natural and central role in our business model. Being at the forefront within our business areas makes us credible and helps us to remain profitable.

Long-term perspective

It can be easy to overlook the Group’s ability to adapt, particularly when we are speaking about development in conjunction with sustained profitable growth. In our business model, however, long-term thinking and good adaptability are not mutually exclusive. We have the ability to see opportunities and then adapt accord-

ingly. In combination with the security of long-lasting partnerships and the drive to bring about innovations that improve efficiency and create added value, this has made us both profitable and strong. By continuing to invest in important areas such as sustainability and technological development, we are further cementing our continuing stability and hence our solid financial position.

Acquisitions that supplement our operations

Acquisitions constitute an essential part of our business concept, and we are always working actively to look for and evaluate niche companies that can reinforce and complement the Group’s existing operations.

Every new unit that is incorporated into the Group adds its own perspective and unique technical expertise, characteristics that strengthen our joint offer. In order for each acquisition to contribute to the Group’s growth and profitability in the long-term, our intention is always to further develop the operation while at

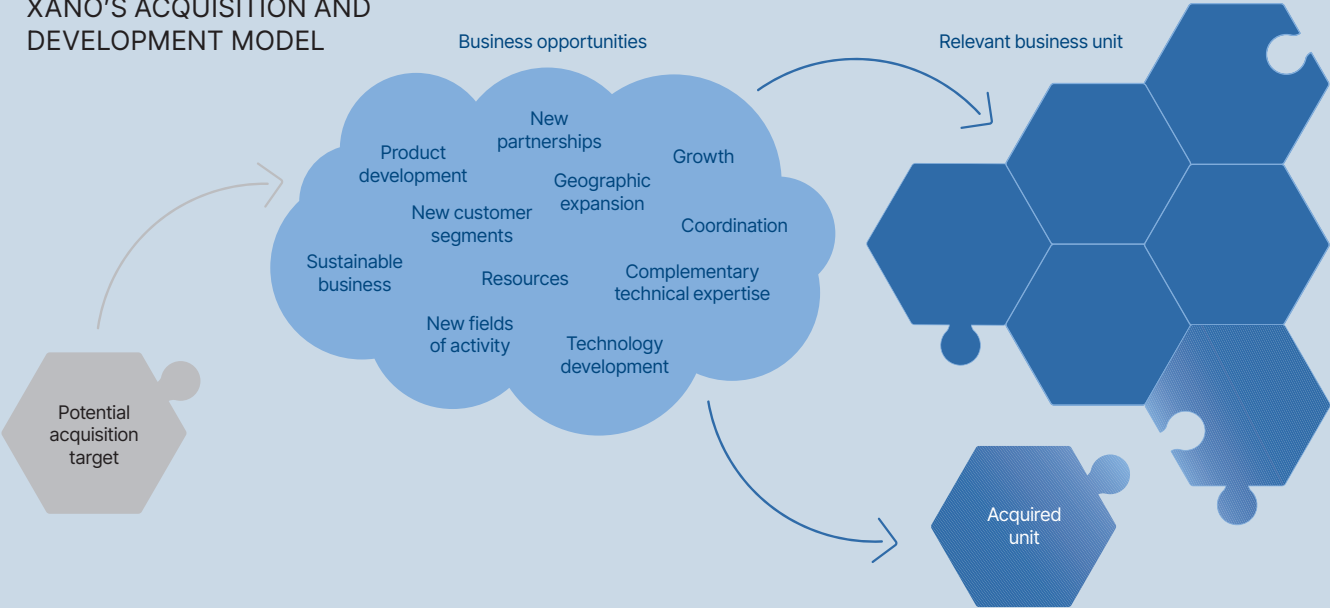
the same time preserving the inherent entrepreneurial drive.

As well as the goal of adding capacity to satisfy demands on rapidly growing markets, our acquisition strategy includes the ambition of expanding our range of services and specialist skills in order to offer our customers more comprehensive solutions.

Next generation of entrepreneurs

Our acquisition and development model can be likened to a greenhouse for the next generation of entrepreneurs. We identify businesses that have drive, unique technology and innovative approaches. With a clear, long-term strategy focused on making the best possible use of our opportunities for coordination, we integrate complementary businesses in our existing business units. Each new entity’s human capital and unique properties are preserved and developed, in order to promote their own growth and simultaneously create business opportunities for other Group companies.

XANO’S ACQUISITION AND DEVELOPMENT MODEL





Acquisitions

1987-1994 Ackurat
Resinit
Cipax

2004-2008 LK Precision
NPB
Pioner Boat
Fredriksons
Mikroverktyg

2012-2018 KMV
Canline
Jorgensen
Blowtech
Polyketting

2019-2022 Kuggteknik
Modellteknik
Lasertech
CPS
CIM
Cipax NL

2023 Lundgren
IPS



The XANO share

XANO's Class B shares were registered on the Stockholm Stock Exchange on 5 December 1988 and are now listed on Nasdaq Stockholm in the Mid Cap segment.

The share capital amounts to SEK 37.3 million distributed between 14,577,600 Class A shares and 45,062,698 Class B shares, a total of 59,640,298 shares, with a nominal value of SEK 0.625.

Each Class A share entitles the holder to ten votes and each Class B share to one vote. The total number of votes amounts to 190,838,698. All shares have equal rights to dividends.



KEY FIGURES		2023	2022	2021	2020	2019
Net profit for the year	SEK m	175	249	342	195	163
Equity	SEK m	1,651	1,530	1,341	1,051	800
Balance sheet total	SEK m	3,761	3,606	3,495	2,486	2,081
Return on equity	%	11.0	17.1	28.8	21.1	21.8
Equity/assets ratio	%	44	42	38	42	38
Cash flow from operating activities	SEK m	519	128	353	402	307
Average number of outstanding shares ¹⁾	thousands	58,302	57,985	57,985	56,870	55,789
Average number of outstanding shares after dilution ¹⁾	thousands	59,132	59,133	59,133	58,281	58,069
Average number of shares in own custody ¹⁾	thousands	509	509	509	581	585
Earnings per share ¹⁾	SEK	3.01	4.30	5.90	3.43	2.92
Earnings per share after dilution ¹⁾	SEK	3.01	4.27	5.84	3.38	2.85
Cash flow from operating activities per share ¹⁾	SEK	8.91	2.21	6.09	7.07	5.51
Total number of shares on the closing day ¹⁾	thousands	59,640	58,494	58,494	58,494	56,374
Number of shares in own custody on the closing day ¹⁾	thousands	509	509	509	509	585
Number of outstanding shares on the closing day ¹⁾	thousands	59,131	57,985	57,985	57,985	55,789
Equity per share on the closing day ¹⁾	SEK	27.91	26.39	23.13	18.12	14.34
Share price on the closing day ¹⁾	SEK	76.40	111.00	162.50	64.75	56.50
Share price in relation to equity per share	%	274	421	703	357	394
Proposed dividend per share ¹⁾	SEK	1.00	1.75	1.75	1.25	— ²⁾
Direct yield	%	1.3	1.6	1.1	1.9	—

¹⁾ The comparative figures have been recalculated due to 2:1 share splits carried out in 2019 and 2022.

²⁾ In order to safeguard financial latitude during the ongoing coronavirus pandemic, no dividend was paid out for 2019.

Definitions

Cash flow from operating activities per share
Cash flow from operating activities in relation to the average number of outstanding shares.

Direct yield
Proposed dividend in relation to the share price on the closing day.

Earnings per share
Profit for the year in relation to the average number of outstanding shares.

Earnings per share after dilution
Profit for the year plus costs attributable to convertible loans in relation to the average number of outstanding shares, plus the average number of shares that are added on conversion of outstanding convertibles.

Equity per share
Equity in relation to the number of outstanding shares on the closing day.

Equity/assets ratio
Equity in relation to total capital.

Return on equity
Profit for the year in relation to average equity.

Share value
Total number of shares multiplied by the share price on the closing day.

Total yield
Change in the share price for the year plus unpaid dividend.

Further definitions can be found on page 105.

Price trends

During 2023, XANO's share price fell by 31 per cent, from SEK 111.00 to SEK 76.40. The highest price paid during the year was SEK 130.60 in February, while the lowest price paid was SEK 70.90 in November. The highest closing price was recorded on 3 February at SEK 129.60 and the lowest closing price was recorded on 30 November at SEK 71.70.

The number of shares sold totalled 4,080,366, which corresponds to a turnover rate of 9.2 per cent (11.2), and the combined value of the trading amounted to SEK 369 million (659). As at

31 December 2023, XANO's share value amounted to SEK 4,557 million (6,493), based on the latest closing price and the total number of shares. The total return for the year was negative. The average over the past ten years has been just over 13 per cent, excluding the value of spun-off operations.

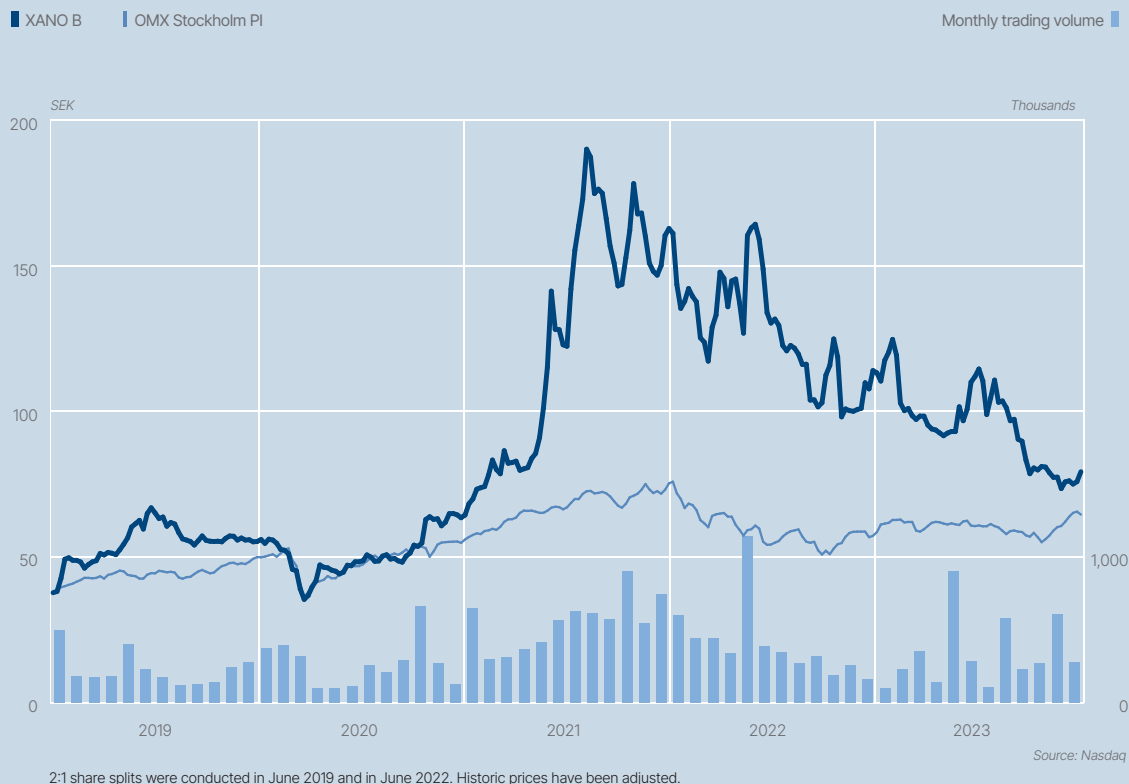
Conversion

In September 2023, 1,146,084 new Class B shares were added due to conversion of personnel convertibles. The dilution effect on the share capital was 1.9 per, and on the voting rights 0.6 per cent.

Shareholders

The number of shareholders fell by 396 during the year. At the end of 2023, XANO had 5,796 shareholders, compared to 6,192 shareholders at the same time in the previous year. Of these, 5,482 were natural persons living in Sweden. The ten largest shareholders jointly held 93.9 per cent of the votes and 80.6 per cent of the capital. Institutional ownership made up 4.1 per cent of the votes and 13.3 per cent of the capital.

Price trend and trading volumes 2019–2023





Dividend policy

It is the aim of the Board of Directors that dividends over an extended period will follow the earnings trend and correspond to at least 30% of profit after tax. The annual dividend proportion must however be viewed in relation to investment needs and any repurchase of shares.

For the 2023 financial year, the Board is proposing a regular dividend of SEK 1.00 (1.75) per share, totalling SEK 59.1 million (102.3) based on the number of outstanding shares at the end of the year.

The previous year's total amount has been adjusted for additional dividends as a result of conversion of personnel convertibles in September 2023.

The proposed dividend corresponds to approx. 34 per cent (41) of the profit for the year and a direct yield of 1.3 per cent (1.6) calculated from the share price at the end of the year.

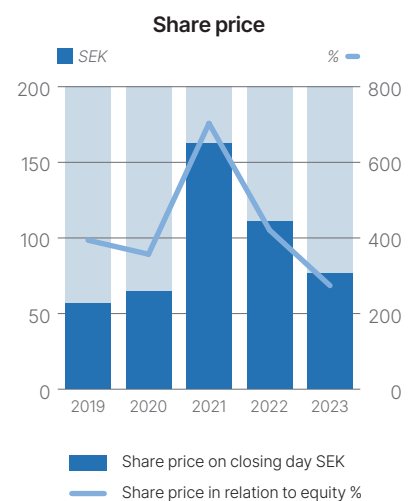
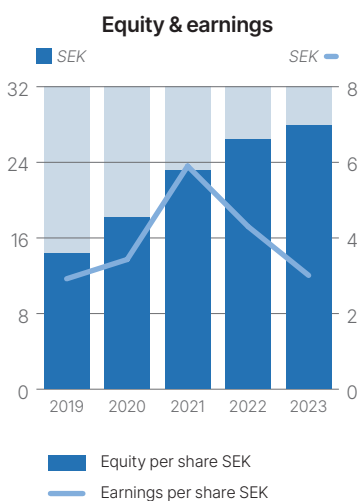
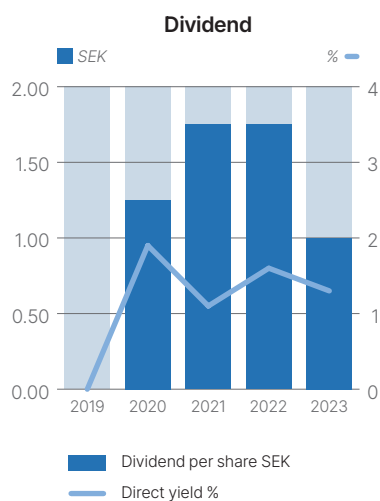
Shares in own custody

The number of shares in the company's custody on the closing day amounted to 509,132 Class B shares, corresponding to 0.9 per cent of total share capital. Minus the shares held by the company, the number of outstanding shares amounted to 59,131,166 on the closing day. There have been no changes in the number of shares in own custody during the year.

Convertible bond programme

On 1 October 2020, 573,756 personnel convertibles were issued at a price of SEK 122, equivalent to a nominal amount of SEK 69,998,232. As a result of the share split conducted in June 2022, the conversion rate was recalculated at SEK 61.00, equivalent to 1,147,512 Class B shares. In September 2023, convertibles equivalent to a nominal amount of SEK 69,911,124 were converted and 1,146,084 new Class B shares were issued.

On the closing day 2023-12-31, there are no outstanding convertible bond programmes.



Largest shareholders as at 31 December 2023

Shareholder	Class A shares	Class B shares	Total number of shares	Proportion (%) of share capital	Proportion (%) of votes
Anna Benjamin and related parties	10,257,600	5,902,400	16,160,000	27.10	56.84
Pomona-gruppen AB	4,320,000	12,508,360	16,828,360	28.22	29.19
Svolder AB	–	4,339,451	4,339,451	7.28	2.27
Stig-Olof Simonsson and related parties	–	4,198,419	4,198,419	7.04	2.20
Kennert Persson	–	1,557,652	1,557,652	2.61	0.82
Petter Fägersten and related parties	–	1,220,800	1,220,800	2.05	0.64
Europea i Malmö AB	–	1,126,240	1,126,240	1.89	0.59
Sune Lantz	–	960,840	960,840	1.61	0.50
Försäkringsaktiebolaget Avanza Pension	–	909,864	909,864	1.53	0.48
Tredje AP-fonden	–	765,948	765,948	1.28	0.40
Christer Persson and related parties	–	627,100	627,100	1.05	0.33
RBCB Client - Lux N-Tr 30%-Mig	–	545,240	545,240	0.91	0.29
Lennart Persson	–	484,342	484,342	0.81	0.25
Spiltan Fonder AB	–	455,996	455,996	0.76	0.24
SEB Investment Management	–	324,674	324,674	0.54	0.17
Total 15 largest shareholders	14,577,600	35,927,326	50,504,926	84.69	95.21
Other owners	–	8,626,240	8,626,240	14.46	4.52
Total number of outstanding shares	14,577,600	44,553,566	59,131,166	99.15	99.73
Shares in own custody	–	509,132	509,132	0.85	0.27
Shares in own custody	14,577,600	45,062,698	59,640,298	100.00	100.00

Each Class A share carries ten votes and each Class B share one vote.

Source: Euroclear

Share distribution as at 31 December 2023

Share type	Number of shares	Proportion (%)	Number of votes	Proportion (%)
Class A shares	14,577,600	24	145,776,000	76
Class B shares	45,062,698	76	45,062,698	24
Total	59,640,298	100	190,838,698	100
Of which in own custody	-509,132		-509,132	
Total outstanding	59,131,161		190,329,566	

Number of shares	Number of shareholders	Proportion of shareholders (%)	Proportion of shares (%)	Proportion of votes (%)
1 – 500	4,432	78.54	0.66	0.21
501 – 1,000	420	6.49	0.53	0.17
1,001 – 5,000	649	10.41	2.70	0.84
5,001 – 10,000	130	2.09	1.60	0.50
10,001 – 50,000	114	1.83	4.09	1.28
50,001 – 100,000	9	0.14	0.90	0.28
100,001 –	31	0.50	88.66	96.46
Total outstanding	5,785	100.00	99.15	99.73
Shares in own custody			0.85	0.27
Total			100.00	100.00

In owner groups.

Source: Euroclear

Smart functions

Several of the Group's companies offer digital solutions that have been developed in-house, both as standalone products and to support physical manufacturing. Software solutions make up part of the offering within after-sales services, an area that is growing and gradually gaining ever greater significance for our companies.

Automation equipment with advanced control and monitoring systems is manufactured within the Industrial Solutions business unit. The software specialist CIM constitutes the hub here. The company develops both customised applications and standard solutions within industrial digitalisation. For example, CIM has launched a platform for handling production data, where advanced machine intelligence interacts with human intelligence. The application gathers, correlates and makes data available from various systems. With supplementary information and feedback from operators and engineers, the system is becoming successively smarter and an ever better tool for the optimisation of production processes.

Jorgensen works with connected systems where remote data is collected, and monitors the function of production lines all over the world in real time. Required adjustments can be carried out without the need to be physically on site.

NPB's offering Start-up Services includes tailored solutions that improve efficiency and ensure reliable operation of delivered equipment.

IPS specialises in integration technology and production-optimising services for the can industry. Within the CanSCHOOL concept, training programmes are offered that help customers to get the maximum return on their investments.

Using online platforms that incorporate visualisation tools, Cipax and Pioner Boat within the Industrial Products business unit help their customers to order products easily based on desired parameters.



Accelerating niche

Several companies within the Industrial Solutions business unit are now involved, in various ways, in projects relating to automation solutions for handling batteries for electric vehicles. This is a relatively new business area for the Group, which has developed strongly in a short period of time. The market itself is also new, and external partnerships are crucial for achieving success in these projects. There are also frequent exchanges internally, and by working together the Group companies can offer extensive resources.

[Read more on page 41.](#)



Driving technological development

One of the Group's growing customer segments is the defence industry. The manufacturing that is conducted relates to complex products that require a high degree of technical expertise, which perfectly suits the companies within the Precision Technology business unit. Many of them already have strong relationships with several of the leading players in Sweden. The collaborations with customers in the defence industry are driving technological developments and are opening up business opportunities within other areas as well.

[Read more on page 50.](#)

After-sales services

The investments in after-sales are designed to extend customer relationships. Through close cooperation, we are succeeding in developing and optimising both our customers' and our own operations. The companies in the Industrial Solutions business unit offer a wide spectrum of services, including production optimisation, service, support, analysis, monitoring and maintenance. With the acquisition of the US company Integrated Packaging Solutions (IPS), this offering is being further reinforced.

[Read more at xano.se](http://xano.se)



Group overview

The XANO Group is made up of engineering companies that offer manufacturing and development services for industrial products and automation equipment. The Group is represented in the Nordic region, Estonia, the Netherlands, Poland, China, the USA and Australia. The operations are divided up into three business units.

Business units

Industrial Products

Components and systems made of plastic, manufactured by means of rotational moulding, injection moulding and blow moulding with high environmental performance.

Industrial Solutions

Automation equipment, software solutions within industrial digitalisation and advanced industrial products on contract assignments.

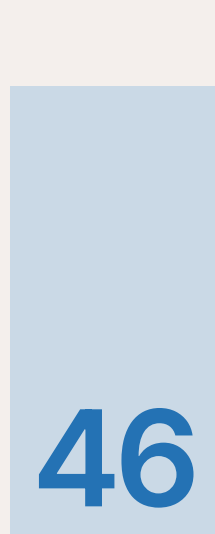
Precision Technology

Advanced cutting processes, laser welding and 3D printing for the production of parts involving demanding quality and precision requirements.

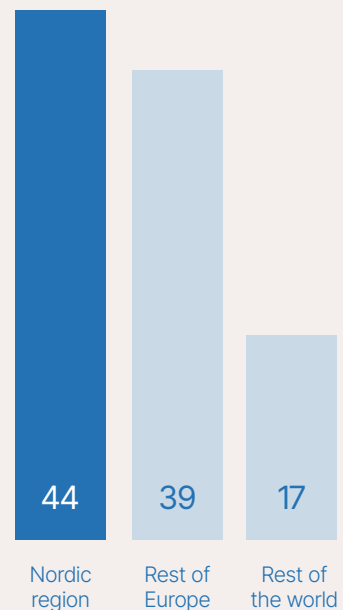
Proprietary products and systems (%)

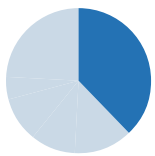


Customer-specific manufacturing (%)



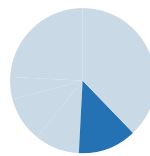
Markets (%)





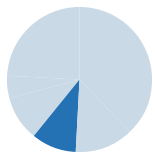
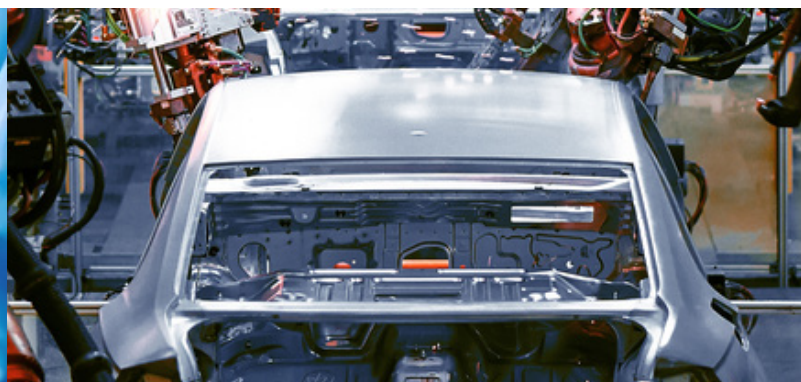
Packaging & food (38%)

Automation solutions for packaging and food handling comprising conveyors, accumulators, packaging machines and control systems.



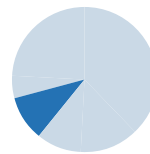
Infrastructure & environment (13%)

Water purification systems and pumps for environmental protection. Components for agricultural and construction machinery, defence and measuring equipment, energy storage, climate systems and power transmission in ships. Software solutions for reducing greenhouse gas emissions.



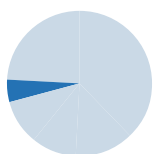
MedTech/Pharma (10%)

Components for X-ray and dialysis equipment, products for handling and storing pharmaceuticals, software solutions for monitoring production flows.



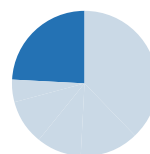
Automotive (10%)

Metal and plastic components for cars and heavy vehicles, such as transmission parts, air ducts, pipes, tanks and containers.



Sustainable energy (5%)

Automation equipment for the handling of electric vehicle batteries.



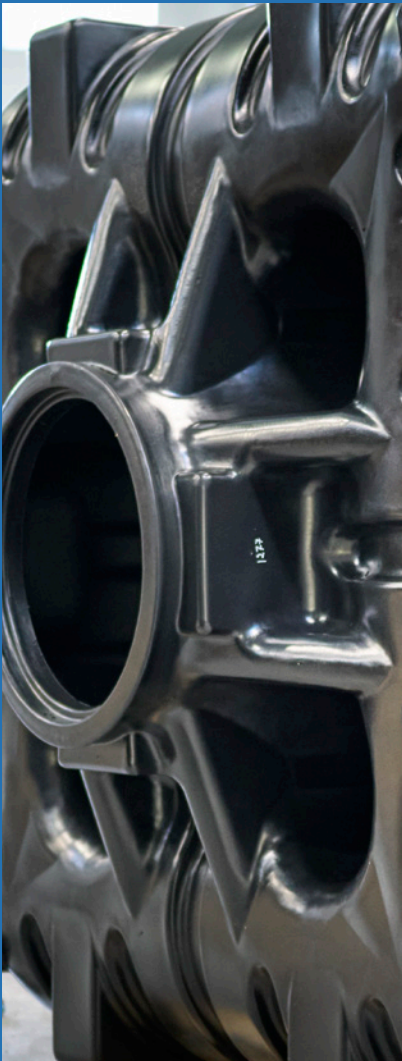
Other technical industry (24%)

Components for the electronics and power industries, as well as for tool production and material handling, furniture accessories and consumer products. Boats for the public sector and private use, buoys and other floating elements for marinas and fish farms.

Business units

24

Industrial Products



34

Industrial Solutions



44

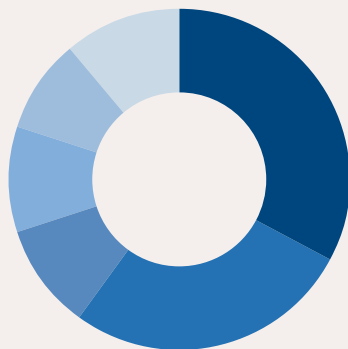
Precision Technology



Industrial Products

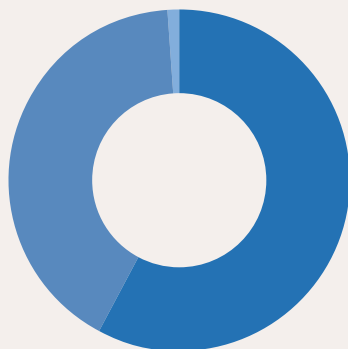
The companies in the business unit work in polymer materials with a strong focus on sustainability. Manufacturing is performed through rotational moulding, injection moulding and blow moulding.

The companies optimise their processes in order to minimise material consumption and simultaneously increase energy efficiency. Sustainable solutions for the recycling and reuse of materials are developed both in-house and together with industry colleagues.



Sectors

33%	Automotive
27%	Agriculture & forestry
10%	Infrastructure & environment
10%	Marine
9%	Furniture industry
11%	Other technical industry



Markets

58%	Nordic region
41%	Rest of Europe
1%	Rest of the world

Industrial Products

The business unit is made up of Ackurat, Blowtech, Cipax and Pioner Boat.

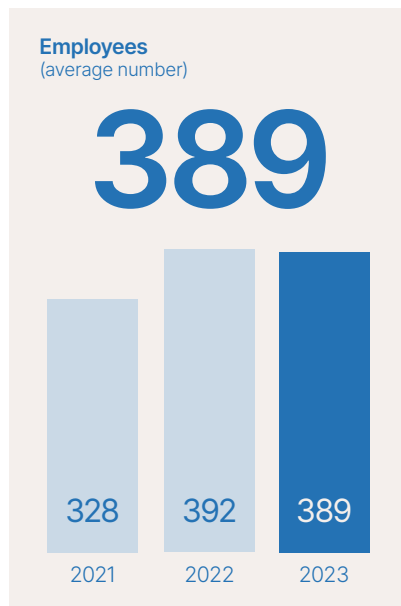
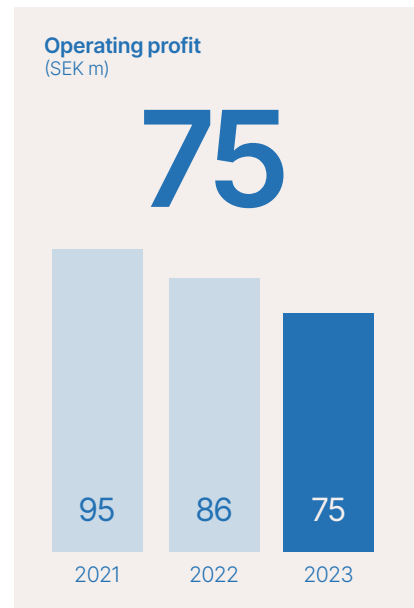
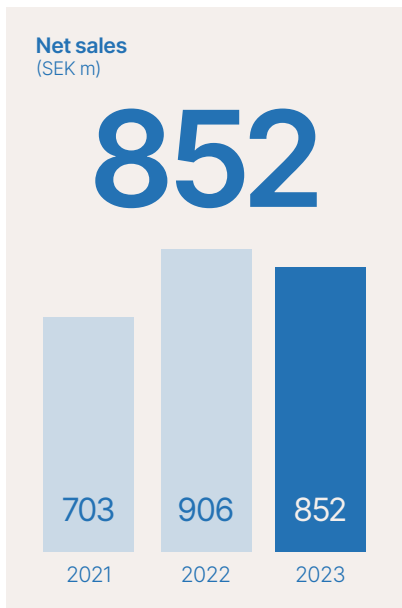
Ackurat supplies customers including furniture and fittings manufacturers with injection-moulded parts such as slide stops, handles and adjustable feet.

Blowtech is a leading Nordic player in technical blow moulding, producing plastic components for vehicles and other technical industry.

Cipax has a leading position within rotational moulding in northern Europe, with product segments including industrial tanks and infrastructure solutions.

Pioner Boat manufactures boats for both professional use and leisure activities. The boats are manufactured in a single piece by means of rotational moulding using recyclable plastic material.





Customer-specific assignments

The business unit's companies have production and service functions at their disposal, which make it possible to carry out complete assignments for customers, covering everything from project management and design to manufacturing, assembly and distribution. The goal of each assignment is to achieve the best production economics and functionality, regardless of whether this relates to an individual product or a total solution.

The processing of polymer materials constitutes the foundation for the operations within Industrial Products. The companies employ production methods such as blow moulding, rotational moulding and injection moulding. A wide range

of post-machining service are also offered, and the business unit possesses extensive experience of the system assembly of complex product solutions.

Proprietary products

Industrial Products has several proprietary product ranges, such as boats and marine products, as well as containers, tanks and material handling solutions intended for industrial use. Sustainable solutions for individual drains are also being developed. In addition, the business unit produces a wide range of small components that add functionality in the design of products such as furniture, fittings and rehabilitation equipment.

Customer structure

Global manufacturers of heavy vehicles and cars make the largest single customer segment for the companies in the business unit. The infrastructure sector includes customers that manufacture agricultural and construction machinery, as well as climate systems and water treatment solutions. Other major customer groups include marinas, furniture and fittings producers and other technical industries. The proprietary boat range is sold both to the public sector and to private individuals via a network of dealers.

Reflections and insights

Matz Svensson is responsible for operations within the Industrial Products business unit. Here he gathers his reflections on the past year.



Varying impact of the outside world

The business unit's development during the year has, to a large extent, been related to events in the outside world. These events have influenced affected industry sectors in various ways.

"We can observe that our customers have experienced considerable differences regarding conditions and results. Some have been affected positively by external factors, although for the majority the challenging world situation has impeded their development to varying degrees. For our part, it has meant that we have been able to grow within certain niches, while experiencing a slowdown in others," says Matz Svensson, Business Unit Manager for Industrial Products.

Tools to meet the challenges

In order to manage the effects of the negative factors, strategic sales work has been one area of focus for the business unit. In purely practical terms, this has involved developing the processes in the day-to-day work.

"The importance of choosing your customers with care has become increasingly apparent. We prioritise those customers in whom we have confidence in the long

term, as well as the areas within which we can generate sustainable businesses. It is a matter of actively searching out and working more intensively with them," considers Matz. "The effects can already be seen, as we have won significantly more projects with both new and existing customers in 2023."

The strategic work also includes increased exchanges between sister companies. A good example of this is the collaboration between Blowtech and Cipax.

"With their differing profiles, they jointly have the potential to help customers all the way through the process, whatever the series volume. When a customer moves from smaller to larger volumes, we are able to retain the assignment within the Group. This is beneficial for all parties. The customer has a complete supplier to grow and develop with, while also creating new business opportunities for us," says Matz.

Adaptations

High inflation and continued cost increases mean that it became necessary to adapt both organisations and working methods.

"The impact of global economic developments left us with no choice other than to carefully review our organisations and processes. In order to defend our margins, for example, we have worked with price adjustments and contract negotiations to a greater extent than we had originally planned," says Matz.

"We have also adapted our operations in terms of personnel in line with lower demand in certain areas. At the same time, we have focused aggressively on the sales side, in order to win market shares in those segments where we see long-term potential. For example, we believe our proprietary products have good opportunities for development in relatively new markets, such as Germany and the Netherlands," continues Matz.

The construction of Pioner's new boat factory in the Norwegian town of Bjørkelangen began in 2022. The facility is now complete and ready to deliver more efficient and more sustainable production.

"We have invested in property and production capacity for future boat manufacture, which has been and remains an exciting project. In parallel with this, however, we have seen a fall-off on the boat market. This is not an ideal situa-

tion, but it does give us opportunities to develop our processes so that we are well prepared when the conditions normalise. We feel confident that we have a good product. In 2023, for the second year in a row, Pioner was named Boat of the Year in Norway," Matz emphasises.

Innovation and sustainability

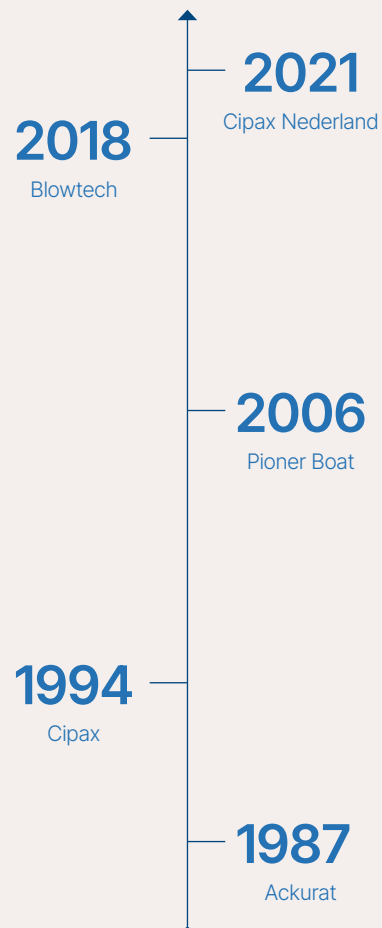
New products and solutions are constantly being developed, yet the tempo has been further raised in 2023.

"Both we and our customers have demonstrated high levels of innovation. We have probably never been involved in as many new projects at the same time

as over the past year. The innovation projects and the collaborations in respect of these have been successful, as we have also become better at involving our subcontractors. Infrastructure, including products such as distribution wells and septic tanks, is the sector that is growing most. Here, we are renowned for supplying quality products with innovative and smart solutions," says Matz.

Innovation is also vital within sustainability work, where the companies within Industrial Products are making the greatest difference by helping their customers to become more sustainable, in part through the use of recycled materials.

"We can offer more circular flows to more and more customers. For many years, we have been working in various ways to optimise our products in order to reduce our climate footprint, and we are now also selecting recycled materials to use in our production processes. In addition to this, a system is being developed that will simplify the sorting of products for recycling later on in the chain. I am proud of how we have advanced our positions within both innovation and sustainability during the year," concludes Matz.



Sister companies growing together

They manufacture the same kinds of technical products from plastic, but use different techniques. With their respective production methods, the sister companies Cipax and Blowtech are able to offer optimal solutions for large and small volumes alike. By working together, they are generating increased business benefit along with their customers.

"Blowtech and Cipax are able to produce more or less the same types of products for customers with a similar profile, but using different production techniques – blow moulding and rotational moulding. In simple terms, Blowtech is the right solution when you want large production runs, while the Cipax method is better suited for smaller runs. We see considerable potential in our collaboration. Working together, we can increase the business benefit through the potential to help customers all the way through the process, regardless of the series volume," says Magnus Karlsson, Managing Director of Blowtech.

Cipax has been part of the Group since the 1990s, while Blowtech joined in 2018. The companies are now working together to satisfy their customers' needs in the best possible way.

"The customer would previously have contacted both of us to obtain separate quotes, and we would each have worked individually to arrive at the most beneficial

solution for the customer. We now work together to achieve the optimum delivery for the customer, regardless of the production technique and leaving aside which of us received the original enquiry," continues Magnus Karlsson.

In projects where the volumes are uncertain, such as a new product or establishing operations on a new market, the collaboration creates an opportunity for the business to remain within XANO – from initial prototype to large-scale production.

"This results either in a higher investment cost with a lower production cost if the project is anticipating large volumes. Or a lower investment cost if the project is anticipating smaller volumes. Our basic idea is to take in the project as a Cipax project, with small volumes and low investment costs. Then, as things start to grow, we adapt ourselves according to the product's forecast volume. As the volumes rise, Cipax can pass the project over to Blowtech. In this way, we are able to retain

the business within the Group," considers Magnus Karlsson.

Training and networking are keys to increase knowledge about each production technique. In a sales and networking collaboration, the companies train each other to become more skilled at presenting the most beneficial offering to the customer.

"It can be perceived as difficult to allow a different player to join a functioning customer relationship. For this reason, it is important for the sales staff to get to know each other, to conduct some form of continuing dialogue in addition to the communications that take place during ongoing projects. A natural interaction, where we build secure relationships between the companies and are constantly reminded of each other, is an important element in getting the collaboration to work. The closer the contact we have, the easier it is to pick up the phone and discuss a project," concludes Magnus Karlsson.



"Working together, we can increase the business benefit."

Product development through collaboration

For Ackurat, a sustainable business deal is defined as being a secure business partner that is involved in the customer's design process from an early stage. The interactions with the customer drive the development forward and make it possible to extend the range of unique, proprietary products.

Ackurat offers an extensive range of plastic components, many of which are completely unique on the market. Manufacturing takes place in the company's facilities in Sweden and Poland, where new materials and technologies are constantly being explored.

The primary target group is European furniture manufacturers that have their own brand. New products are developed on the basis of their needs.

"We identify and contact companies that have a profile that makes them of interest to us. In order for us to be able to attract them, it is important that our products cannot be found anywhere else in the world," says Ackurat's Managing Director, Fredric Fagerberg.

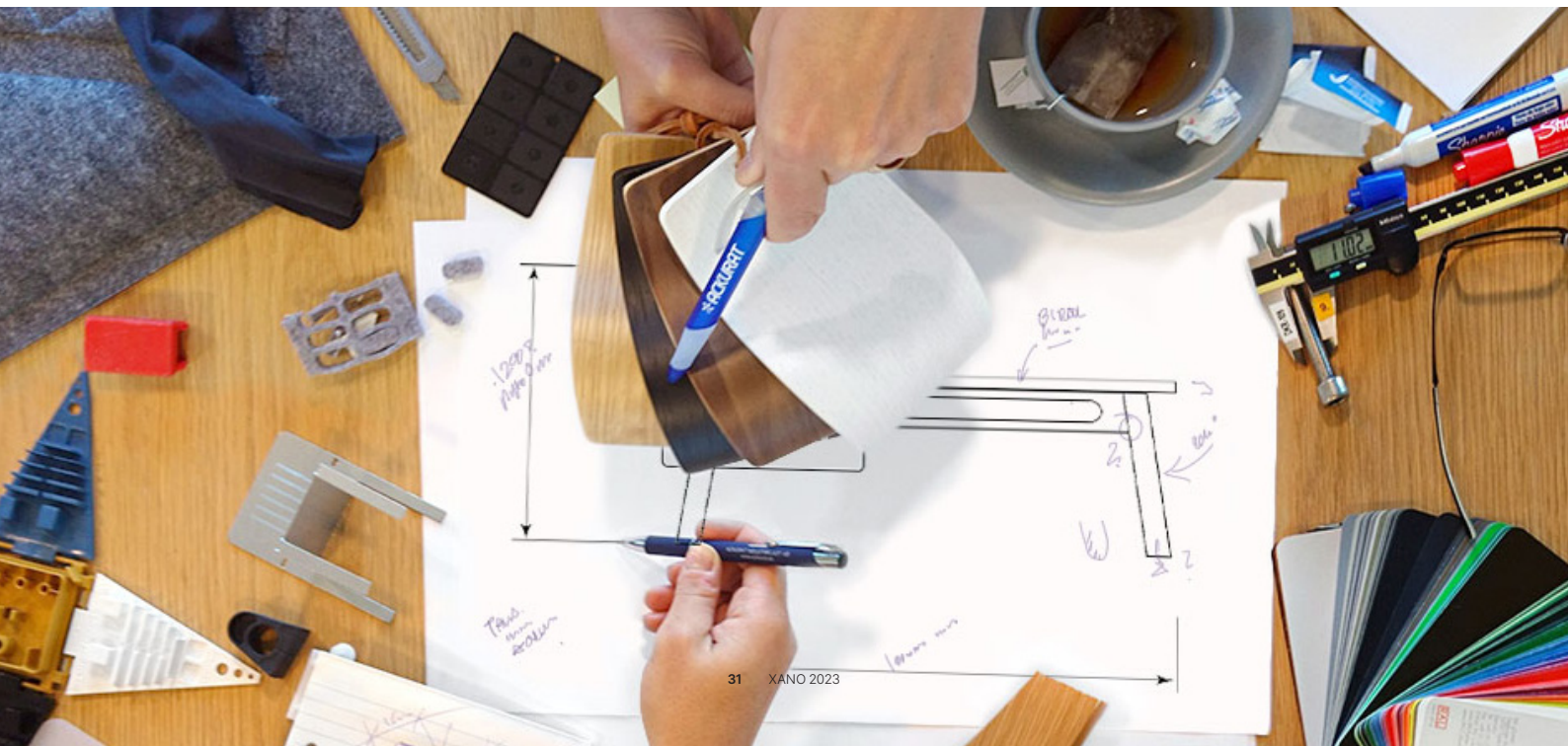
"The physical cultivation of customers is very important and allows us to stand

out on the market. This working method also makes it easier for customers to search us out in turn. It is not uncommon for product developers to contact us directly and present their ideas, and some of these have been turned into new products and are now included in our standard range. In both encounters, both when we contact the customer and when they seek us out, listening is the key to successful product development. Understanding the customer and the market, the level of demand and the trends that exist, is a vital part of the process when it comes to developing products that meet our customers' needs," adds Camilla Strid, Marketing Manager at Ackurat.

In Ackurat's opinion, sustainable business is created by the company being a reliable business partner. By being

involved in the customer's design process from an early stage, Ackurat is able to assist with both expertise and security.

"The customer may lack sufficient expertise in certain areas, such as material knowledge, that is required in a development project. Instead of investing in the necessary resources internally, they turn to us and receive our help for the time it is required. We possess the knowledge the customer needs, and both parties are able to develop through a mutual exchange during the course of the project. We jointly create considerable opportunities to both improve our profitability and expand our respective knowledge banks," rounds off Fredric Fagerberg.





Ackurat

Sweden / Poland / Finland

Ackurat manufactures and sells standard injection-moulded plastic components such as slide stops and glides for furniture, hand wheels, adjustable feet, levers, handles and various pipe stoppers. The company also offers customised solutions. Ackurat has units in Sweden, Finland and Poland, with sales concentrated in Northern Europe. Its customers are primarily manufacturers of furniture, fittings and machinery.

Net sales	SEK m	97.2
Growth	%	-0.6
Employees	average	46



Blowtech

Norway / Sweden

Blowtech works with technical blow moulding of plastic. The production facilities in Gnosjö and Kongsvinger produce components for vehicles and construction machinery, as well as for systems within infrastructure, in medium to large series. The blow moulding method has a certain amount in common with glass-blowing, although with high industrial precision in the manufacturing process. The technique is very useful when manufacturing complex forms of polymer products, such as petrol tanks, air ducts, various types of containers and other technical components.

Net sales	SEK m	301.5
Growth	%	-5.3
Employees	average	128



Cipax

Sweden / Norway / Estonia / The Netherlands / Finland

Cipax develops and manufactures components and systems through rotational moulding using recyclable plastic materials. The companies have a strong focus on quality, flexibility and sustainability, with in-house resources for recycling plastic raw materials with a high level of quality. The manufacturing process is characteristically cost-efficient for small to medium series due to low tool costs and flexible production. The flexibility in product design facilitates the manufacture of complex items, for example within the marine, infrastructure, agriculture, automotive and other technical industry sectors.

Net sales	SEK m	395.8
Growth	%	+0.4
Employees	average	174



Pioner Boat

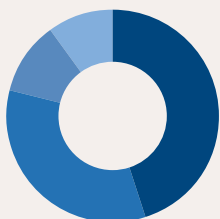
Norway

Pioner Boat manufactures boats for both professional use and leisure activities. The boats are manufactured in a single piece by means of rotational moulding using recyclable plastic material. The method and material that are used deliver high impact and temperature resistance. The boats require a minimum of maintenance and have a long service life. Pioner has a strong position on the Norwegian market but sales are also made to mainly Sweden, Great Britain, Finland and Germany.

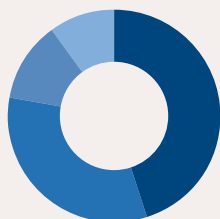
Net sales	SEK m	87.7
Growth	%	-38,2
Employees	average	41



Proportion of net sales



Proportion of employees



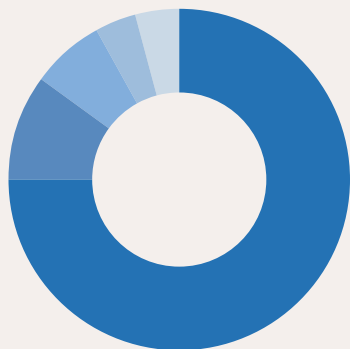
- Cipax
- Blowtech
- Ackurat
- Pioner Boat

Industrial Solutions

The business unit's base is made up of proprietary automation solutions in the form of packaging machines, accumulators and conveyor systems for the food and packaging industries.

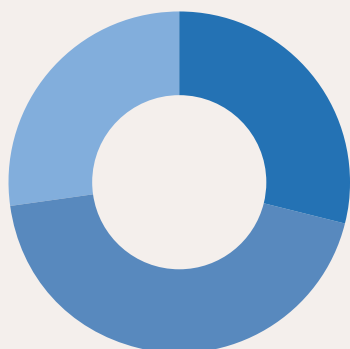
In addition to this, the operation encompasses the development of integration technology and software solutions within industrial digitalisation, as well as contract assignments for advanced industrial products.

With wide-ranging expertise and solid innovation, the companies in the business unit are able to supply product solutions and services that deliver added value over time.



Sectors

75%	Packaging & food
10%	MedTech/Pharma
7%	Sustainable energy
4%	Infrastructure & environment
4%	Other technical industry



Markets

29%	Nordic region
44%	Rest of Europe
27%	Rest of the world

Industrial Solutions

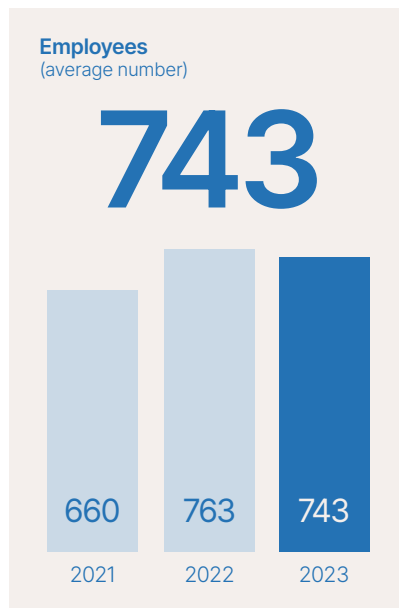
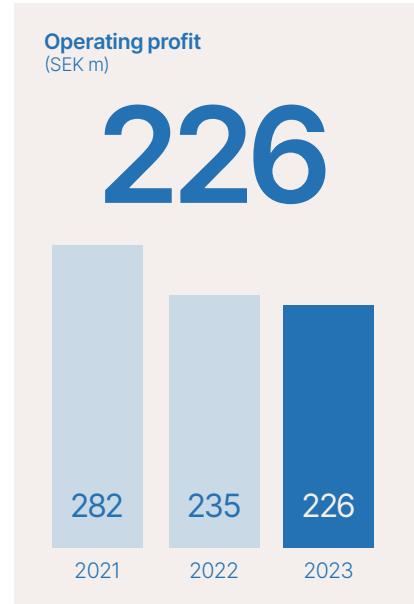
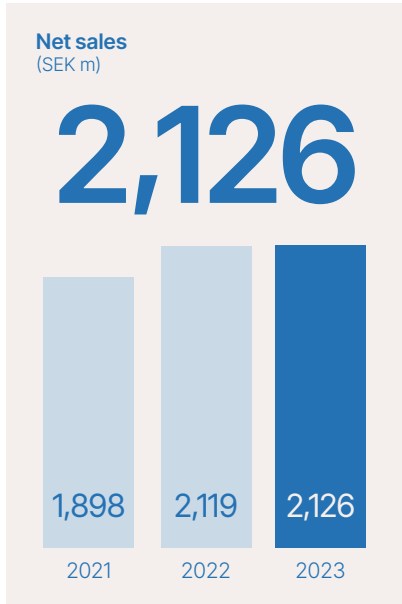
The business unit is made up of Canline, Case Packing Systems (CPS), CIM, Fredriksons, Integrated Packaging Solutions (IPS), Jorgensen, Lundgren Machinery, NPB and Polyketting.

The companies supply automation solutions developed in-house, in the form of packaging equipment, accumulators and conveyor systems, above all to the packaging and food industries.

CIM develops software solutions within industrial digitalisation. IPS supplies manufacturers of metal packages with machinery and integration technology, as well as supplying production-optimising services.

Fredriksons conducts contract assignments in respect of advanced industrial products in small and medium-sized series, for applications primarily within the packaging and food industries, medical technology, infrastructure and the environment.





Business unit's offering

Most of the operations within Industrial Solutions are centred around automation equipment. Both separate units and complete, ready-made solutions are developed and assembled, to be installed with customers right around the world. Conveyors, accumulators and packaging machines are just some examples of the business unit's products. Some of its machines control production flows for cartons, metal cans and lids, while others handle all types of filled packages, such as soft containers, pouches and bottles. The companies in the business unit offer tailored all-inclusive solutions for various production environments. The demands placed on the equipment include high efficiency, careful handling, flexibility, good hygiene and product quality control.

Combined range of services

The business unit's combined range of services covers a broad spectrum. This includes automated sheet metal working and system assembly for advanced product solutions, as well as comprehensive software solutions that make it possible for customers to make business-critical decisions based on reliable data. The processes relating to the development and manufacture of automation equipment are supported by services such as prototyping using 3D printing, robot integration and line control. Digital technology delivers instant remote access and constant accessibility. The business unit's solutions also offer identification at unit level and full traceability throughout the customer's production flow. It also offers after-sales services, for example in the form of process optimisation and training.

Primary customer structure

The business unit supplies equipment to global operators in the packaging, food and pharmaceutical sectors. Other important customer segments include medical technology, infrastructure and energy. Common driving forces on the market are efficiency, flexibility, quality, good hygiene and traceability.

Reflections and insights

Frans Augustijn is responsible for operations within the Industrial Solutions business unit. Here he gathers his reflections on the past year.



Turning challenges into opportunities

Over the past year, factors such as the general economic downturn, rising interest rates and inflation have greatly affected business dealings within many sectors globally. For the Industrial Solutions business unit, this has resulted in the exploration of new areas of development.

"There have been many challenges, but these have also opened the door to opportunities. We have launched several collaborations, both between sister companies and with external partners, which have given rise to new business deals and at the same time raised our level of innovation. These partnerships are also making it possible for us to offer full-scale solutions to our customers. We can't achieve this as isolated entities," says Frans Augustijn, Business Unit Manager for Industrial Solutions.

Lower project volumes

The companies in the business unit often work with large projects that entail significant investments on the part of customers. The global financial concerns and the disruptions in the supply chain have given rise to caution, primarily within the packaging industry, which has affected both existing and new business.

"Our customers have generally been cautious when it comes to investments in new production lines, particularly on our traditional markets. Ongoing projects have also been postponed, and the continuing limited access to certain components has at times resulted in installations being delayed. Overall, this means that our companies have been faced with major challenges in terms of resource allocation, which has affected both profitability and cash flow," considers Frans.

Investments that are producing growth

The declining market in Europe and weaker demand from traditional customer segments have driven the establishment of operations in new areas.

"We were already focusing on the USA, and we have started up several of our own operations there. We have acquired IPS during the year, which is supporting and speeding up the process of establishing ourselves and presenting our services on the North American market. There are also grounds for looking at other geographic markets, such as India, where there is currently a great deal of activity, particularly in the food sector," emphasises Frans.

"With experience from various projects in more than 40 countries, we have also invested in new business niches. Our automation solutions for handling vehicle batteries have reported continued successes over the year."

Secure supplier

An increasingly tough market climate and consolidation within relevant sectors is certainly resulting in challenges, but also new opportunities. For the Industrial Solutions business unit, being a renowned player and part of a reliable industrial group is a major advantage.

"It is clear that this situation can create openings for new business, both in the short and the long term. By developing and supplementing our operations, we are able to offer innovative digital solutions as a complement to physical equipment. This means, for example, that we can make contact with customers who have purchased machinery from our sector colleagues and who are now looking for services to optimise and safeguard the operation of their existing equipment," says Frans. "Here, we can benefit from our collaboration within the business unit, as well as from partnerships with external players."

Sustainable performance

By continually developing the joint market offering, the companies within Industrial Solutions can guide their customers towards a more sustainable working method. This is a responsibility that covers both machinery and digital solutions.

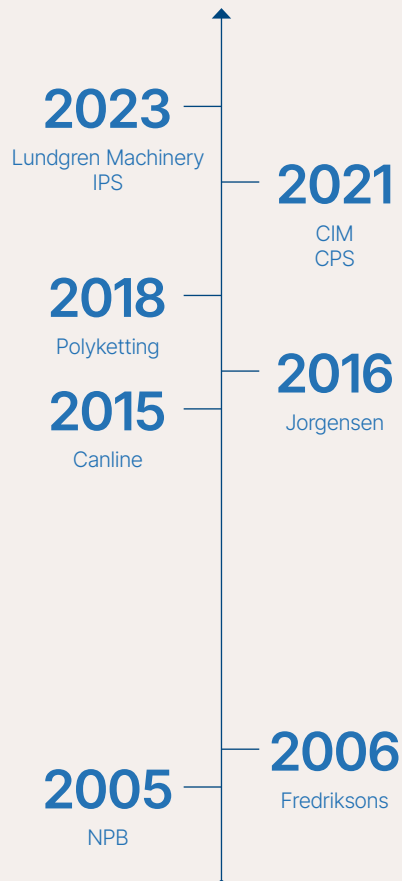
“We have an important role to play when it comes to our customers’ potential to achieve their ambitions in terms of sustainability. For example, this can relate to the safety of operators, lower consumption of water and energy, the development of new products, minimising the amount of waste and shorter

learning curves. At the same time, all of these things are sensible approaches from a financial perspective,” emphasises Frans. “We are increasingly using digital solutions for analysis and data transfer as a sustainable way of achieving better performance and increasing the service life of both machinery and systems.”

Innovation is a key factor

From a financial perspective, 2023 did not live up to the overall expectations of the business unit. However, the business unit’s positions have still been advanced in many ways.

“Due to the changed circumstances, we made a number of adjustments to our organisations, which despite everything provided us with decent results. We carried out activities aimed at reducing our costs, at the same time as being aggressive in terms of exploring new markets and developing sustainable solutions. As a result, we are now seeing good opportunities for growth and improved margins in future. I believe that the key to long-term success lies to a great extent in our innovation,” rounds off Frans.



Digitalisation for increased business benefit

With today's ever higher demands on various aspects of production, it is important to find smart solutions that meet the customer's expectations at the same time as increasing the flexibility of the in-house organisation.

CIM from Denmark is a leading software specialist within the Industry 4.0 concept. Working on the basis of proprietary structures and products, CIM develops complete, customised solutions that promotes making business-critical decisions founded on reliable data. The company's customers, which are primarily active within the pharmaceutical and infrastructure sectors, use CIM's solutions to quality-assure and improve the efficiency of their production lines.

Rapid, secure line clearance

The manufacture and handling of pharmaceuticals are subject to high demands as regards quality, cleanliness and documentation. It was previously common for each production line to run one specific product, but with today's shorter production runs, several different products have to be able to be handled one after another in the same line. In order to satisfy the demands associated with pharmaceutical production, extensive work takes place between different runs – line clearance.

This process entails both physical cleaning of the previous run, as well as extensive documentation.

"A production line can be configured to handle several different products. When manufacturing pharmaceuticals, the line clearance process ensures that the equipment is completely free of the previous products before starting the next production round. This is important in order to prevent the products mixing and thereby being contaminated," says Morten Kahr Nielson, Site Manager at CIM.

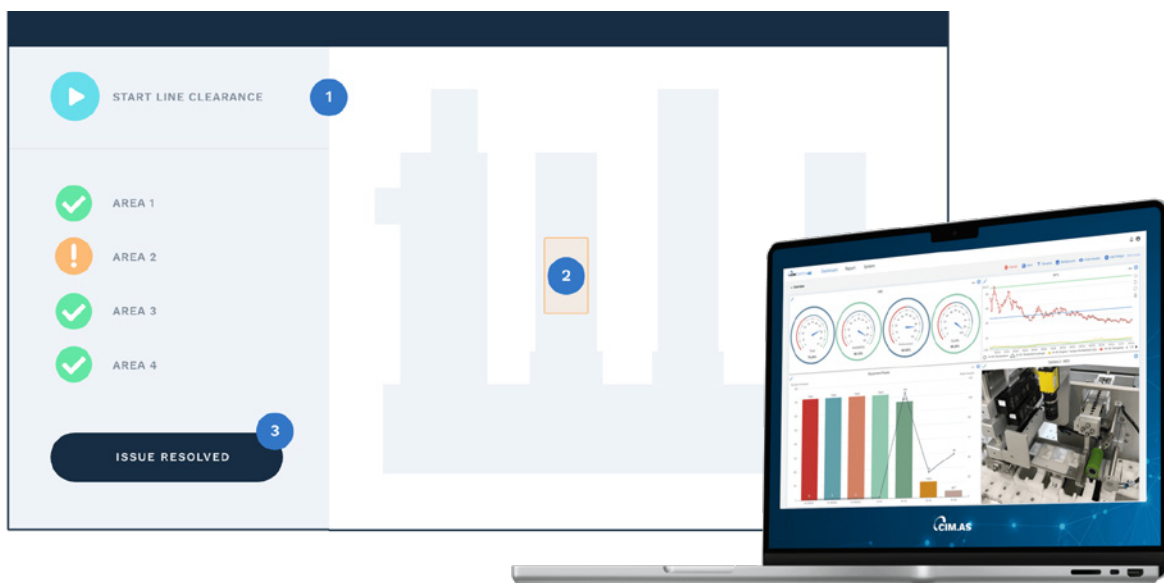
Time is a critical factor

During line clearance, time is a critical factor – every minute that the line is stationary means a loss of income. Working in close collaboration with customers, CIM has developed a digital solution that significantly shortens the set-up time, at the same time as safeguarding and documenting the process. With the time savings that are achieved, it is possible to make a return on the investment almost immediately.

"When manufacturing pharmaceuticals, as much as 75 per cent of the time is spent on documentation. You have to demonstrate that each stage of the production process is taking place in line with all regulations. This documentation is traditionally carried out manually, which means that it takes up a great deal of time. When line clearance is performed manually, there is also a risk of a particular element not being carried out correctly, which can lead to costly scrapping," continues Morten Kahr Nielsen.

A solution with many benefits

The benefits of CIM's solution are mainly financial, although optimised material consumption due to reduced waste and lower energy consumption are also factors. In addition, the burden of responsibility is also reduced for the operators. As well as minimising risk, flexibility is also increased as the tasks can be carried out by more employees when the specific knowledge requirements are not as extensive.



Tried and tested technology within new business areas

By working together and drawing benefit from the unique technical expertise of each company, there are good opportunities to establish operations within new business areas.

An enquiry from a common customer within the automotive sector was the start of a project that took Jorgensen Engineering, Canline Systems and NPB Automation on a shared journey into the electric vehicle market. The sister companies within XANO's Industrial Solutions business unit are now working with the most innovative customers in the world.

Jorgensen, which develops complete packaging handling systems, and Canline, which supplies conveyor systems with magnetic technology, initially formed a project group with the aim of developing a solution for cylindrical batteries. NPB, which has expertise within lid handling, was involved at a later stage to add its specific knowledge.

"For us as a Group, we could see considerable potential in this area. The links between the markets we were already operating on and the electric vehicle market were obvious, and we brought tried and tested technology from established markets to a new market," says Mark Veron, R&D Manager at Canline.

Partnership is the key

The need for partnership is decisive when it comes to further development and the establishment of operations.

"We are finding out how to resolve matters alongside the customer, as this is a new market for both parties. We and the customer are both providing innovation, as we are combining process expertise with handling as well as mechanical and automation engineering on a much larger scale than we are used to," says Joachim Bruhn Christensen, Sales Manager within the electric vehicle battery segment at Jorgensen.

On this market, it is important to be able to demonstrate the concept through simulations before the design is complete.

"We are gathering more customer reviews and have a higher level of customer involvement compared with other projects, which is creating the conditions for a closer relationship between the affected parties," considers Joachim Bruhn Christensen.

A market with potential

There will be a major transition over the next few years, as internal combustion engines are replaced with batteries.

"The electric vehicle market is developing rapidly, and for us within the business unit, this is a sector that has the potential to become dominant in the future," says Michael Axelsson, Business Development Manager at NPB.

There are no signs of the electric vehicle market slowing down, despite the economic challenges in the world.

"Extensive investments are being made within this area. We will take this opportunity to continue to develop in line with the market," says Michael Axelsson. "Together, we can offer the customer extensive capacity and are less vulnerable to shortages of resources, which is always a challenge in a rapidly growing sector," Michal Axelsson rounds off.





Canline Systems

The Netherlands / USA

Canline develops and manufactures automation equipment, primarily conveyor systems for metal packaging and EV batteries. The equipment is based on proprietary technology unique in the sector, and the company possesses specialist expertise in design, mechanics and electrical control. Installations are performed all over the world, above all for customers in the packaging and automotive industry.

Net sales	SEK m	238.7
Growth	%	-17.9
Employees	average	72



Case Packing Systems (CPS)

The Netherlands / USA / Australia

CPS develops and manufactures systems for fully automatic handling, primarily in relation to food packaging. These systems are sold globally, with Europe, US and Australia as main markets. The company supplies efficient packaging machines, mainly for secondary packaging, that significantly improve its customers' handling processes, at the same time as reducing material consumption and costs.

Net sales	SEK m	316.0
Growth	%	19.8
Employees	average	91



CIM Industrial Systems

Denmark

CIM is a leading software specialist in the field of industrial digitalisation. Working on the basis of structures and products developed in-house, CIM supplies complete, customised software solutions that make it possible for its customers to make business-critical decisions based on reliable data. Developed products are sold worldwide directly to end-users and OEM's as well as through agents.

Net sales	SEK m	92.8
Growth	%	17.2
Employees	average	43



Fredriksons

Sweden / China

Fredriksons works with customer-specific manufacture including sheet metal processing, cutting machining and assembly. Customers are primarily active within food handling, medical technology, infrastructure, aerospace and environment. Fredriksons also develops conveyor solutions, principally for large Swedish companies with international operations. Fredriksons' Chinese supplies sub-systems and complete solutions intended for food handling, medical technology and bioprocesses.

Net sales	SEK m	494.3
Growth	%	-6.9
Employees	average	253



Integrated Packaging Solutions (IPS)

USA

IPS provides machinery and integration technology as well as production-optimisation and sustainability-improvement services to metal packaging manufacturers. Via the proprietary CanSCHOOL concept, the company offers digital training linked to can handling. IPS is an international company whose customer base consists of global players in the packaging and food industry. The company works both directly with end users and, in some areas, through agents.

Net sales	SEK m	156.4
Growth	%	-4.5
Employees	average	44

(pro forma)



Jorgensen Engineering

Denmark / USA

Jorgensen develops and manufactures automation equipment and complete packaging handling systems. Through a high level of technology and extensive automation expertise, both mechanical equipment and control systems are optimised for maximum efficiency at every stage. Its customers are world-leading players within the EV battery, milk powder, food, pharmaceuticals and pet food segments. The company conducts installations all over the world, but Europe and US constitute its main markets.

Net sales	SEK m	536.6
Growth	%	16.2
Employees	average	151



Lundgren Machinery
Sweden

Lundgren Machinery's operations primarily include the development and manufacturing of case erecting and case sealing machines. Sales are made to OEM's and leading food and pharmaceutical companies with Europe as the main market.

Net sales	SEK m	18.1
Growth	%	-38.3
Employees	average	11

(pro forma)



NPB Automation
Sweden / USA

NPB develops and manufactures automation equipment, primarily end handling solutions for can-related products and EV batteries. The equipment is based on proprietary technology unique in the sector, and the company possesses specialist expertise in design, mechanics and electrical control. Installations are performed all over the world, above all for customers in the packaging and automotive industry.

Net sales	SEK m	420.0
Growth	%	-25.0
Employees	average	79



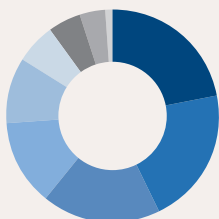
Polyketting
The Netherlands

Polyketting works with the development and manufacture of automation equipment, primarily accumulator units and conveyor systems, for the handling of packages. Customers are mainly OEM's and end users within the food industry. Polyketting's automation solutions are intended to generate the maximum possible efficiency in their customers' production lines, where large volumes of packages are filled and transported.

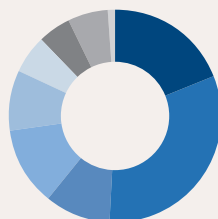
Net sales	SEK m	111.3
Growth	%	5.6
Employees	average	37



Proportion of net sales



Proportion of employees

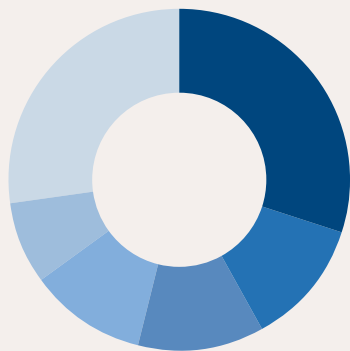
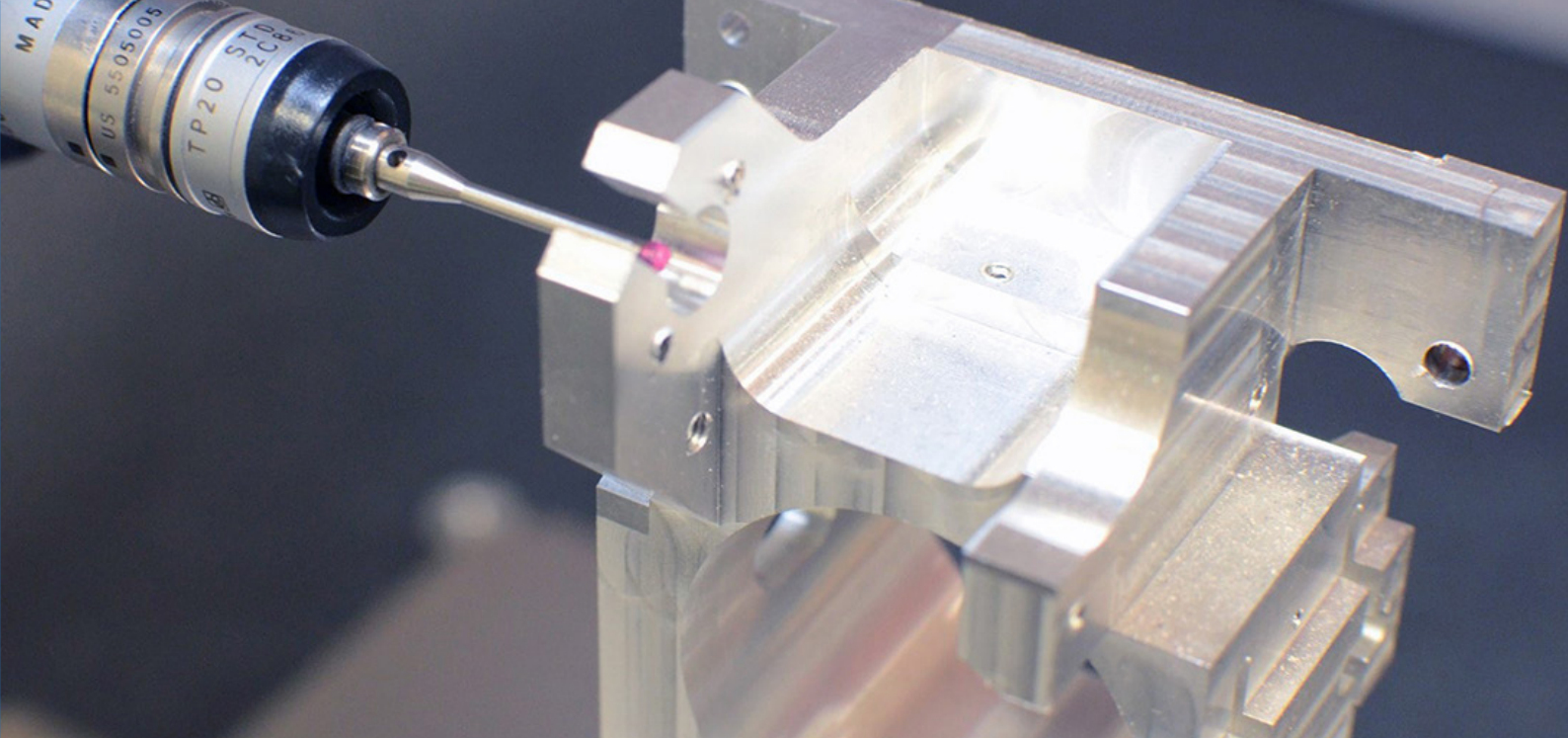


- Jorgensen
- Fredriksons
- NPB
- CPS
- Canline
- IPS
- Polyketting
- CIM
- Lundgren Machinery

Precision Technology

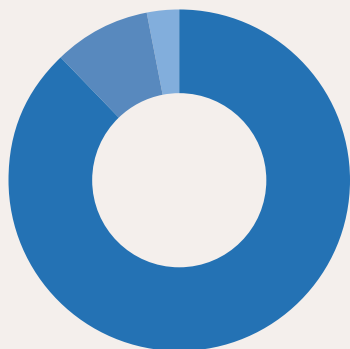
The operations in the business unit are focused on the manufacture of components with very high demands for quality and precision. The companies have the resources to take on assignments covering the entire chain, from prototype to series production.

Mechanical processing, laser welding and industrial 3D printing are supplemented with services such as laser marking, control measurement and assembly.



Sectors

30%	MedTech/Pharma
12%	Defence
12%	Infrastructure & environment
11%	Automotive
8%	Packaging & food
27%	Other technical industry



Markets

88%	Nordic region
9%	Rest of Europe
3%	Rest of the world

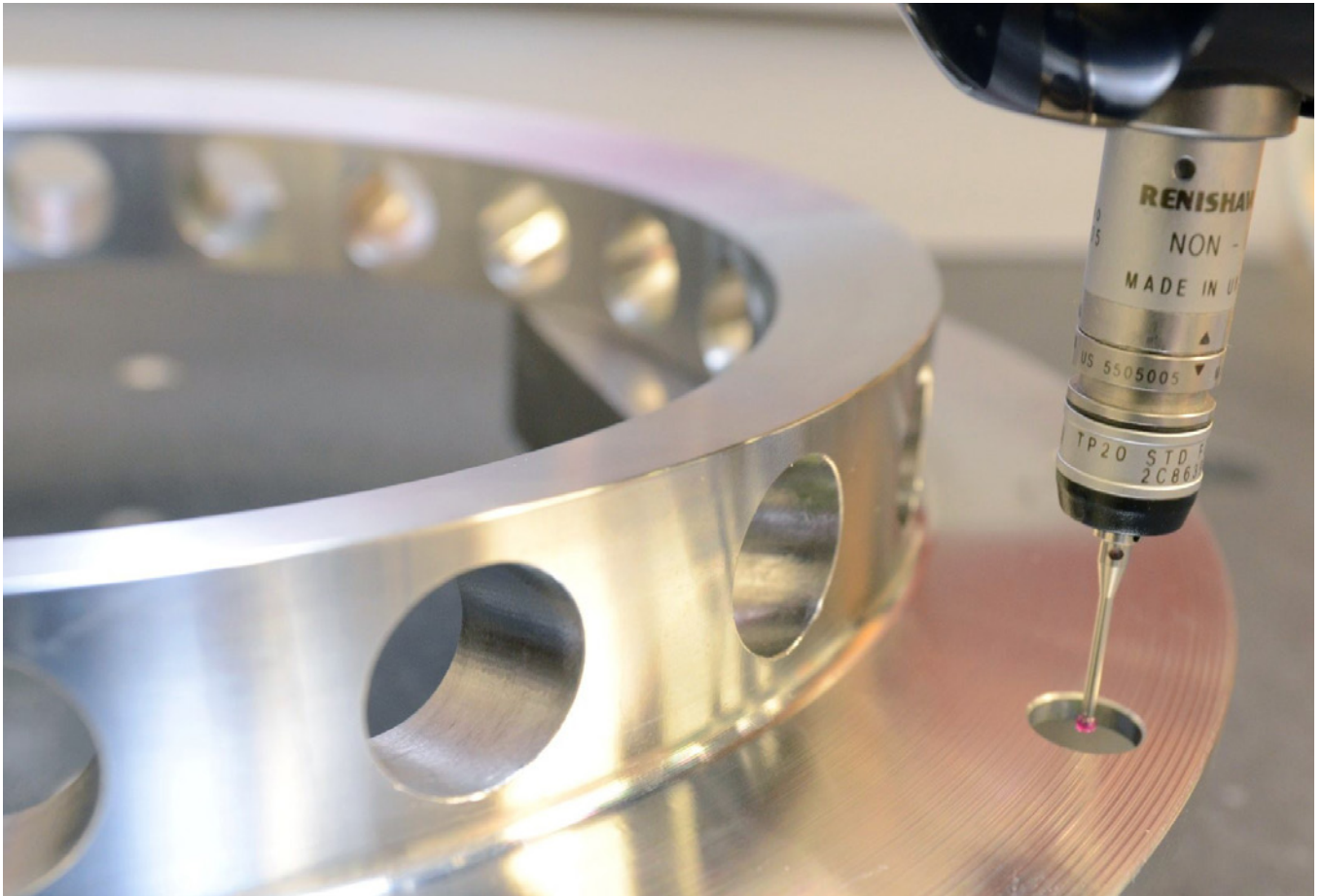
Precision Technology

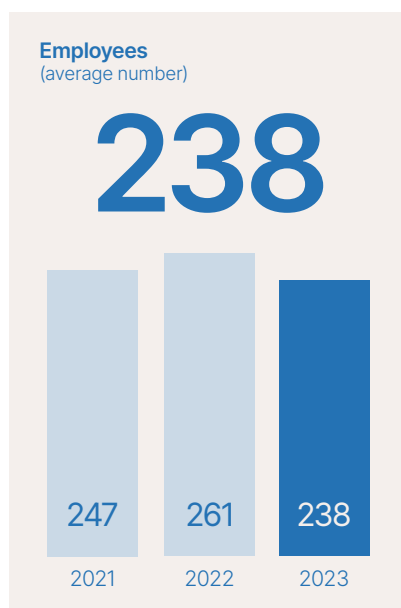
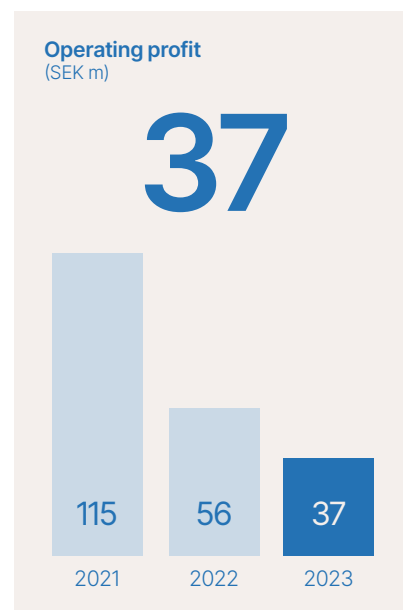
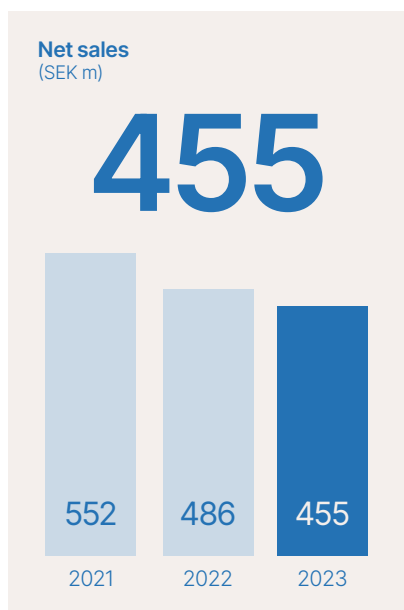
The business unit is made up of Kuggteknik, Kungsörs Mekaniska Verkstad (KMV), Lasertech, LK Precision, Mikroverktyg, Modellteknik and Resinit.

KMV specialises in internal machining, primarily precision drilling. LK Precision and Resinit produce parts in metal and plastic, mainly for medical technical equipment.

Mikroverktyg manufactures precision components and transmission parts in short production runs. Kuggteknik complements Mikroverktyg with automated operations for higher volumes.

Modellteknik specialises in the manufacture of prototypes, forming tools and the production of short series of items. Lasertech is a leader within industrial 3D printing and laser welding in metal.





Business unit's offering

The companies in the business unit work primarily with cutting machining in metal and plastic. The joint offering encompasses the manufacture of complex components in short and long production runs, as well as the production of models, prototypes, tools and fixtures. Other production services supplied include industrial 3D printing (also known as additive manufacturing) and laser welding.

Cutting machining is performed using various methods and for products in many different industrial segments. One thing that the processes have in common is that material is machined away from solid pieces to produce components with specific geometric shapes. During manufacturing, multi-operation machines are normally used that are controlled by a CNC system (Computer Numerical Control). A multi-operation machine is an advanced

machine tool with automatic tool changes, which carries out operations such as milling, drilling and thread-cutting. Tools and methods are selected based on the design, function and finish of the final component, as well as the quantity that are to be produced.

3D printing is a flexible manufacturing process for producing components regardless of their geometry, which also delivers several other benefits. The method does not require any tools, there is minimal material waste and it is possible to integrate functions in a way that is not possible using more conventional production methods. Laser welding offers the potential to join different components together, either edge-to-edge or with an overlap.

The business unit offers all-inclusive solutions including everything from technical innovation and project management

to production and verification. Mechanical machining is supplemented with associated services such as non-destructive testing, laser marking and laser hardening, 3D construction, control measurement and assembly.

Customer structure

The dominant customer sector is the medical technology and pharmaceuticals industry, with world-leading companies making challenging demands. Within the infrastructure sector, deliveries are made to high-tech customers within e.g. the aerospace industry. Customers within the automotive sector comprise global companies, with the emphasis on heavy vehicles. Long-term collaborations also exist within the offshore and power industry, as well as in relation to innovative energy solutions, food handling, safety and protection.

Reflections and insights

Peter Elgh is responsible for operations in the Precision Technology business unit. Here he gathers his reflections on the past year.



Changing and challenging

The past year entailed ongoing changes and associated challenges, but also new business opportunities. Previously strong sectors and customer segments weakened, while others enjoyed considerable growth. This shift has required adaptations to both organisations and technical resources.

"A year ago, we found ourselves in a situation with a war not far from our doorstep and the lingering effects of the coronavirus pandemic, resulting in expensive energy and high inflation. The financial instability has continued in 2023, and we have also seen the onset of new armed conflicts. There is a general concern around the world that is affecting us and that we have to respond to," considers Peter Elgh, Business Area Manager for Precision Technology. "For our operations, this has meant it has become increasingly important to develop scalability. We are good at adapting to new circumstances, but we have to become

even better and above all faster when it comes to making changes."

Growth with new customers

For a long time, developing and growing with existing customers has been part of the business unit's strategy. With the global challenges that have arisen in recent years, this is an area that has had to be re-evaluated to a great extent.

"The expansion within previously strong sectors has abated, and we are no longer able to grow in the same way as before. This applies to medical technology, for example, which is one of our main sectors and has reported stable development for many years. The pandemic led to an extreme increase in demand, but we are now witnessing weaker demand from our customers in this niche, with volumes at significantly lower levels," says Peter.

With growth coming to a standstill within established areas, there is a need for strategies for different business areas.

"We are seeing strong growth for the

defence industry, for example. With the aid of clarity in our strategic plan, we have focused on market cultivation and sales in a way that we have not done previously. Thanks to this work, and in a short period of time, we have grown within the defence sector in particular. I am proud of the way we have made adjustments and met the needs of our customers. Kungsörs Mekaniska Verkstad, LK Precision and Modellteknik are good examples of how we have adapted the organisations and identified new business activities that are in line with our long-term strategies," emphasises Peter.

Increased customer requirements

The specific requirements from customers are constantly increasing, and are frequently linked to technical expertise.

"There is an expectation that we will present the optimal technical solution for the customer's project. In order to do this, we need to understand all aspects of the assignment's challenges, and to enjoy

a close collaboration with the customer. Linked to this, we are also seeing an increased need to monitor the outside world and to invest in organisational development," says Peter.

The level of demands and expectations in relation to sustainability is also continually being raised. For example, several of the business unit's companies are required to be connected to supplier portals, where they are analysed based on a number of sustainability aspects. At the same time, communication regarding what support the Group companies can offer their customers in their sustainability

work is becoming increasingly important.

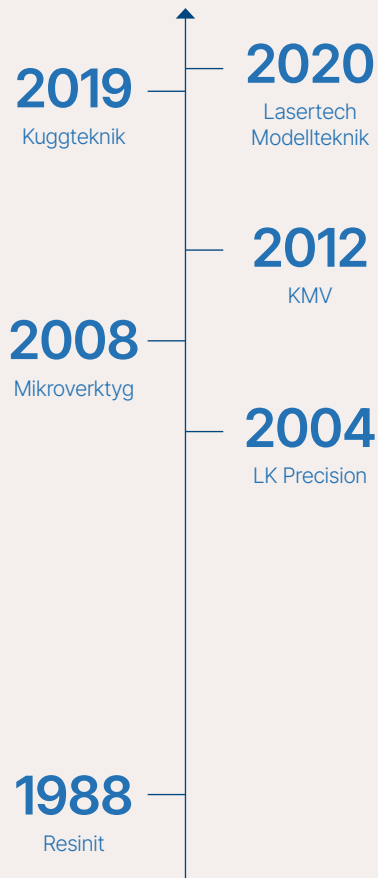
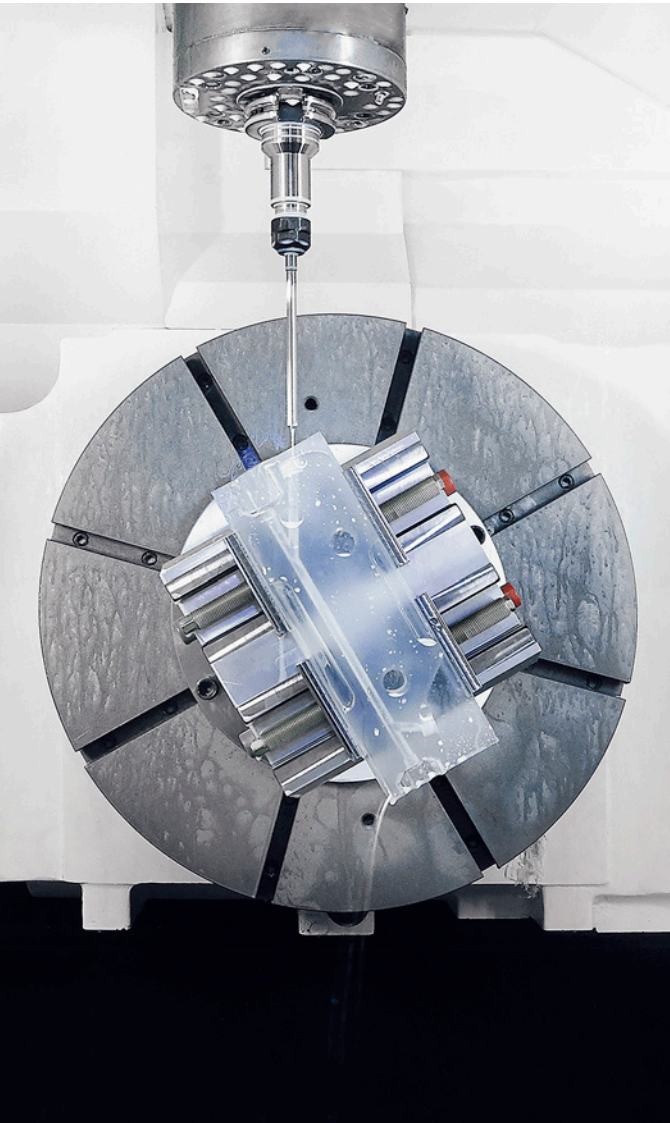
"We want to demonstrate how, together with our customers and suppliers, we can create more sustainable and profitable business operations by considering more than just the traditional aspects in our business decisions. Active partnerships with both customers and suppliers are the single most important factor in gaining an understanding of the varying assignments," explains Peter.

Tools for safeguarding the future

In order to both manage the present and safeguard future operations within the

business unit, it is important to have the support of shared tools as well as a clear link to the strategic plan.

"We are living through a time when we definitely cannot lean back – we need to be in the eye of the storm and to manage the current situation. It is also vital to develop processes and systems, to consistently be at the forefront as regards technology and expertise. I consider it positive for the future that we have been able to make adjustments during the year, in order to grow within new niches where our combined expertise is in strong demand," concludes Peter.



Growth through strategic transition

Changes in the outside world can rapidly affect developments within various sectors. With specialist expertise in fields such as cutting machining, laser welding and additive manufacturing, the operations within the Precision Technology business unit can offer manufacturing services for technically demanding customers within a variety of sectors.

Growth within new sectors

LK Precision and Modellteknik are two of the companies in the business unit, with medical technology and automotive as traditionally dominant sectors. Both have also been working within the defence segment for a long time. Growth has increased in this area in recent years.

"We have had customers within the defence industry for many years, but the volumes have been at a fairly low level. After several years of growth within medical technology, we are currently noticing more normalised demand in that segment. However, developments within the defence sector are looking considerably brighter," says Fredrik Mossberg, CEO of LK Precision.

"With our profile, we find it difficult to compete in basic assignments. We are looking for complex products, and the demands are particularly high within the defence industry," continues Fredrik Mossberg.

The business unit is also home to Modellteknik, which has been working with customers linked to the defence industry since the 1990s. The efforts within this area were intensified ten years ago. While many other sectors

were perceived as hard to assess, there was greater stability in the forecasts from the defence customers.

"We wanted to create a more stable foundation in the organisation, and therefore familiarised ourselves with various niches within the defence industry. This is now home to our single largest customer. Both projects and collaborations are long-term in nature, and the forecasts are looking good going forward," says Johan Tegnemo, Technical Sales Manager at Modellteknik.

Transition and development

In order to develop successfully within a new sector, high demands are placed on the organisation and the challenges encompass more than just the manufacturing process.

"Managing strong growth takes up resources. We have to assess which customers we want to grow with, and then free up capacity by actively dropping others," says Johan Holmberg, CEO of Modellteknik.

"Production linked to defence equipment is also heavily regulated and requires extensive documentation. It is essential to acquire an understanding

of this segment, and we have been doing that over the years," says Johan Tegnemo.

"We have different experiences and we are able to learn from each other," interjects Fredrik Mossberg. "Administrative processes are an important element, but this also involves everything from a knowledge of materials and machining to measurement technology and surface treatment."

"The solutions to the challenges we face in one project can then be taken into the next one, which means that we can maintain, strengthen and exceed the level of technical expertise that the customer requires," says Johan Tegnemo.

"Our collaborations with customers within the defence industry help to drive forward our internal technical developments. Being a reliable supplier within the defence industry provides a seal of approval that also opens the door to other business opportunities," says Johan Holmberg.

All the companies in the business unit now have assignments within the defence sector, and can see good opportunities for development over the next few years.



Business opportunities with additive technology

With increased product complexity as well as demands for shorter lead times and more sustainable production, many business opportunities are opening up linked to Lasertech's operations within 3D printing and laser welding.

Unique technical combination

Lasertech in Karlskoga works in the fields of industrial 3D printing and laser welding, with laser technology as the common denominator. Lasertech's offering distinguishes it from other players working in the same niche and generates unique business opportunities.

"The combination of the two technologies increases our flexibility. We can help customers to build larger components than the capacity of our 3D printers. The products are divided up and printed in several pieces, which are then joined together using welding technology," says Jonas Spalin, CEO of Lasertech.

More flexible than traditional manufacture

Above all, the thing that distinguishes 3D printing from traditional manufacture is its flexibility. Using additive technology, the product acquires precisely the properties required.

"We build in functionality in roughly the same way as doing a jigsaw puzzle

– piece by piece. This provides considerable freedom in the design of the product," continues Jonas.

"With additive technology, we can make rapid improvements and adaptations. We can also manufacture on-demand, as well as produce small batches efficiently," adds Kristian Vingerhagen, 3D engineer at Lasertech.

Closed cycle

In addition to flexibility, this also offers benefits from a sustainability perspective.

"With 3D printing, we are not working on the basis of a blank that we have to drill or mill – we only build the parts we want to use. In this way, we do not generate either waste material or shavings, and we can recycle just about all the powder we use in the manufacturing process," says Jonas Spalin.

"As we are able to manufacture on-demand at short notice, the customer does not need to keep any stock. The potential for local production reduces

freight distances, which also reduces the climate footprint," continues Kristian Vingerhagen.

Opportunities going forward

3D printing has been around for a long time as a complement to traditional manufacturing methods. Nevertheless, it is a relatively unexplored area in which Lasertech can see good business opportunities going forward. The same applies to its sister companies within the Precision Technology business unit. Experiences and technical expertise are continually being exchanged through internal production, marketing and sales networks. Being familiar with and being able to market each other's operations forms part of the business unit's day-to-day strategic work. The companies have differing profiles, but in many cases have the same customer segments, and the specific benefits of additive technology serve to bind the companies together.



"Additive technology offers considerable freedom when it comes to product design."



Kuggteknik

Sweden

Kuggteknik works with cutting machining and manufactures geared products made of metal. The business specialises in small gears and transmission products in recurring series for demanding industrial customers. The production includes both prototypes and volume manufacture with narrow tolerances. Kuggteknik's customers are mainly found within the fields of tool and machine manufacture, medical technology, packaging industry and defence.

Net sales	SEK m	25.6
Growth	%	-1.2
Employees	average	20



Kungsörs Mekaniska (KMV)

Sweden

KMV specialises in internal machining of long components, primarily precision drilling. The company drills holes in lengths of up to 14 metres with diameters ranging from 2 mm up to 600 mm. Examples of products include machine tubes, cylinders, pistons and piston rods for the hydraulic industry. Production assignments are also carried out within the packing and medical technology sectors.

Net sales	SEK m	75.3
Growth	%	+13.2
Employees	average	29



Lasertech

Sweden

Lasertech is a leading company within industrial 3D printing and laser welding in metal. The range of services also includes non-destructive testing, laser marking and laser hardening. Lasertech's customer structure encompasses companies in the automotive, defence and medical technology sectors.

Net sales	SEK m	53.8
Growth	%	+4.7
Employees	average	18



LK Precision

Sweden

LK Precision is a precision company that produces complicated components from metallic materials in small and medium-sized runs. High-tech expertise combined with leading edge technology in the field of cutting machining means that the company can offer tailored production solutions, above all as a contract manufacturer for the large medical technology companies as well as within the defence and aerospace industries.

Net sales	SEK m	57.0
Growth	%	-12.8
Employees	average	43



Mikroverktyg

Sweden

Mikroverktyg is a prototype manufacturer that focuses on cutting machining, with specialist expertise regarding precision components and transmission parts such as toothed gears, splines and racks. The company also manufactures fixtures, tools, measuring devices, hydraulic components, spare parts and other components demanding high levels of precision. The most important target sectors are construction machinery, automotive and defence.

Net sales	SEK m	80.7
Growth	%	1.0
Employees	average	47



Modellteknik

Sweden

Modellteknik is an engineering company holding leading-edge expertise in advanced cutting machining and mould manufacturing. The business possesses such resources for the manufacture of prototypes, 3D design, control measurement and product development, as well as cutting machining in short and medium-sized runs. Its customers are primarily in the automotive and defence sectors.

Net sales	SEK m	53.1
Growth	%	-33.8
Employees	average	25



Resinit

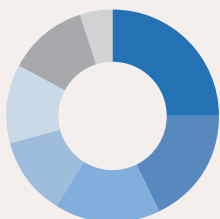
Sweden

Resinit's speciality is difficult-to-handle plastic materials with high demands regarding quality and delivery reliability. The company offers all-inclusive solutions where mechanical processing is supplemented with associated services, primarily assembly, and mainly targets international players within sectors such as medical technology, food, defence and power, as well as other technical industry.

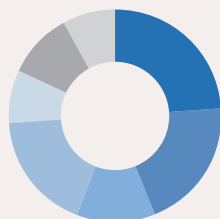
Net sales	SEK m	112.7
Growth	%	-29.7
Employees	average	56



Proportion of net sales



Proportion of employees



- Resinit
- Mikroverktyg
- KMV
- LK Precision
- Lasertech
- Modellteknik
- Kuggteknik



Sustainability report 2023

"The business aspect is an important building block for drive and commitment."

Commitment is the key to successful sustainability work

XANO's ambition is to become a leading player in respect of sustainability. But where is the Group now, and what does the road ahead look like when it comes to achieving the ambitious goals relating to environment, people and the economy?



"There is an underlying awareness and a growing level of commitment, both at management level and in XANO's subsidiaries. As a result, we find ourselves in a favourable position where we can make use of this drive and come together around a common working method with ambitious goals. Within the next few years, we will be making major strides on our way to creating a real impression and becoming a leading player in the field of sustainability," says Marilyn Lindh, Chief Sustainability Officer at XANO.

Not just in theory

Sustainable business has long been an area of focus for the Group. This means that sustainability aspects have held a prominent position in the strategic work that has been carried out. In this way, good conditions have been created for the companies to act.

"The subsidiaries have drawn up individual sustainability plans based on their own, specific circumstances. As part of this process, they have analysed where they have most impact, which has led to both increased awareness and understanding as well as greater knowledge. And sustainability is no longer just an idea. Some companies have developed their own solutions, for example in order to reduce material and energy consumption," continues Marilyn.

Find focus and link to the business

The next step is to find focus in the sustainability work and link it to the business.

"Our aim now is to narrow our focus and identify what is most important. We

need to know where we currently have the greatest impact, both positive and negative. In order to succeed with this, we need to test and analyse various scenarios. Once we have found our focus, we have to link it to the business and identify the opportunities that exist in this integration. This is the main challenge, yet at the same time the obvious way of preserving our drive," considers Marilyn.

Commitment is built from within

The key to conducting successful sustainability work is to build commitment from within the individual organisation.

"In an entrepreneur-driven environment like ours, it is only natural to want to ensure profitability in the sustainable transition. The commercial aspect is therefore an important building block for drive and commitment. We have to make the smartest choices that generate business and profitability, at the same time as having a positive impact on the planet and on people," says Marilyn.

Basic security is a precondition in the ongoing work. Knowledge about why the work needs to be carried out, and in what way, has to be firmly established within the organisation.

"Insecurity is often the reason for people not committing and doing more. We therefore need a broad understanding of where we are starting from and what we need to do. We get this by determining where we are at the moment and what the ongoing sustainability work entails, both for our companies and for each individual employee. Knowledge eliminates insecurity, and this in turn gives us the

confidence to dare to do things," says Marilyn.

Important partnerships

Several examples of partnerships can be seen within the subsidiaries, where sustainable solutions are developed in close cooperation with customers. One of these is CIM's "The white liner project".

"Investments and cash flow are challenges in the relationship between customer and supplier. We therefore need to work together, just as in the example with CIM, in order to achieve the most sustainable solutions. The partnership offers the opportunity to make a mutual, long-term commitment. We carry out development and testing until we have worked out how best to handle the task. This benefits everyone – us, the customer and the planet," considers Marilyn.

A long-term perspective

The sustainability work is conducted with a long-term perspective, where the environment, people and the economy are dependent on each other and work together.

"The environment, people and the economy are connected and affect each other in many different ways. In the long term, the planet comes first – without the planet, there are no resources for neither people nor businesses. At the same time, we also need to be profitable, because without money we cannot exert influence where required. When we find our focus and integrate it fully in our business, it has positive effects. I am confident about the future," concludes Marilyn.

Sustainable value chain

KMV specialises in long hole drilling and is a complete partner within advanced mechanical processing, all the way from raw material to finished product with the focus on sustainability. The company challenges its customers regarding long-term business benefits through collaboration in a sustainable value chain.



Sustainability as a sales argument

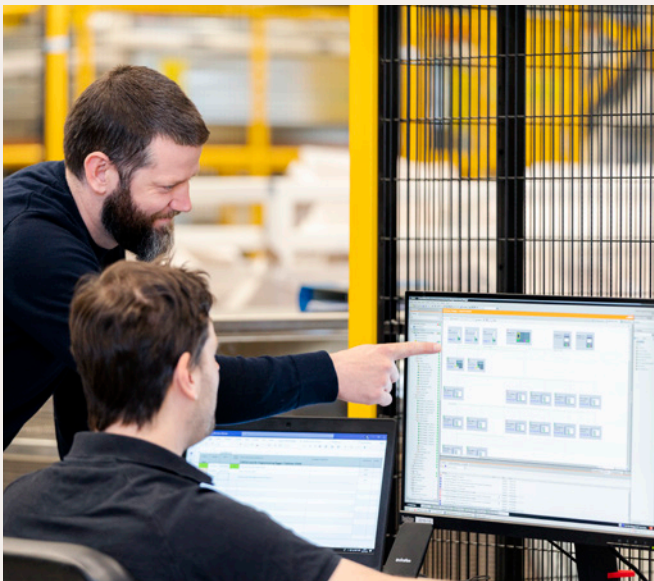
Within the manufacturing sector, quality and delivery precision are topics that are always on the table when negotiating new assignments. Until now, there has not been as much focus on sustainability. KMV wants to change this. By identifying the value, the company can offer its customers in its role as supplier, including factors such as geographic proximity and its own, robust sustainability profile, they are challenging their customers to place greater value on the sustainability aspect in each project. It is a matter of seeing

the whole picture. Quality and delivery reliability are basic preconditions, but if the customer wishes to position itself as sustainable, the perspective needs to be broader than this.

"We have to dare to talk sustainability and to challenge our customers to contribute to a sustainable value chain in their way. At the same time, we need to be paid for the value we provide – we can only be sustainable if we are a profitable business," says Mattias Nettelblatt, CEO of KMV.

Lasting business benefit

High customer demands serve to develop KMV's own operations, both when it comes to technology and from a sustainability perspective. Collaborating with customers in sectors where the products are both inherently complex and surrounded by specific requirements builds knowledge and experience. This in turn generates business benefit for KMV, at the same time as providing the company with the conditions to contribute to sustainable value chains within a variety of segments.



Technology development with the focus on people

NPB designs and manufactures automation equipment for global companies, in the first instance within the packaging and food industries. The handling solutions often entail major investments for the customer, which is therefore dependent on the equipment both getting up to speed quickly after its installation as well as delivering long-term, reliable operation. The start-up process is traditionally about getting the technology to work. Via its Start-up Services concept, NPB is focusing instead on the person who carries out the day-to-day work, in this case the operator. The training for the customer's operators is designed on the basis of existing processes and provides practical guidance within operation, quality and process control, as well as maintenance control. Safe operators ensure efficiency and reliability in the long term.

Read more at www.xano.se

Our sustainability work

We are starting to find our way and clarify how we, together with our stakeholders, can achieve a state of resilience and pass on a world that both we and future generations can be proud of.

Going forward together

For XANO, sustainability is much more than can be described in a report. At a time when the planet is approaching a number of irreversible breaking points, and the challenges are greater than most of us can grasp, we want to be part of the solution. Working together is the only way forward, and this is the heart of our approach to sustainability.

We are part of a value chain, our employees are members of society and our economy is part of a larger context. As a result, we cannot move forward with sufficient energy on our own. By working in cooperation with customers, suppliers, industry colleagues, researchers, legislators and many others, we can achieve genuine forward momentum.

Resilience

The objective for our sustainability work is as simple as it is obvious – a resilient XANO on the basis of the “Triple Bottom Line” concept. Planet, People, Profit.

The planet first. A viable planet where we can live and thrive, including future generations, is the most fundamental aspect of all. For XANO, this means measuring our impact and focusing our work in those areas where we consider it can make the most difference for the planet.

People. Our employees, as well as the individuals in our value chain, are the people who are affected in various ways by our operations. The focus here lies primarily on good living and working conditions for our own employees and for those who work in our supply chain. However, it also involves supplying safe products and solutions that contribute to secure conditions for our customers, and for their customers in turn.

And finally, we have profit. It is this that enables us to continue to be a good employer, to invest in sustainable solutions and drive progress. We see an unbreakable link between sustainable development and future profitability. Sustainability has to permeate our entire

business, and the business decisions we make are evaluated on the basis of a Planet, People and Profit perspective.

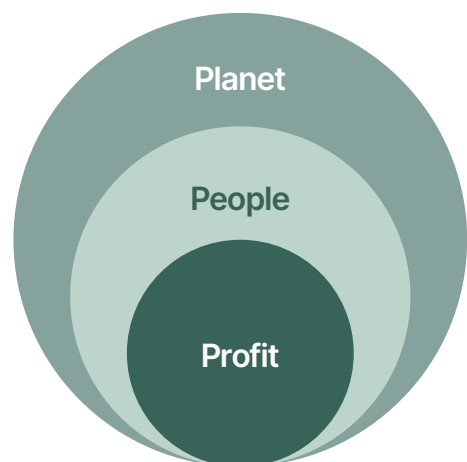
For many, sustainability is a difficult concept to grasp fully. Particularly in a business context. We do not have all the answers, but we are starting to find our way and to clarify how we and our various businesses can contribute to a sustainable transformation. How we, together with our stakeholders, can achieve a state of resilience and pass on a world that both we and future generations can be proud of.

In harmony

In order to find our place in a larger, global context, we also reflect our strategic work in the Sustainable Development Goals. At this juncture, our sustainability journey acquires further, significant dimensions that help us to make the right decisions, in harmony with the world around us.



We have identified and linked ten of the UN's Global Goals to our significant ESG aspects and our sustainability policy.



The objective for our sustainability work is a resilient XANO based on Planet, People and Profit.

Double materiality assessment

The double materiality assessment covers the impact we have on the world around us, as well as financial sustainability risks that may affect us. It is also double from the perspective that the transition to a sustainable world entails not only risks but also considerable opportunities.

Carrying out a materiality assessment is a structured way of mapping out where you as a company should focus your resources to achieve the greatest possible impact. It lays the foundation for the extensive analysis work that needs to be conducted in order to identify business supporting sustainability work, where the outcome has significant positive effects as regards planet, people and profit.

XANO is one of the group of companies that are the first to be covered by the new EU legislation for sustainability reporting, known as the CSRD (Corporate Sustainability Reporting Directive). This means that, as early as 2024, we will be starting to gather data and adapt our operations in accordance with the Directive. As part of our preparations for this transition, we carried out a double materiality assessment during the autumn of 2023 based on the guidelines set out in the standard linked to the CSRD, called ERS 1.

A double materiality assessment goes one step further than a traditional materiality assessment. In addition to looking at the impact we have on the world around us, we have also analysed the potential financial sustainability risks and opportunities that may affect us.

The analysis was conducted at Group level, and in our assessments, we have given consideration to all the different operations that come under our umbrella, as well as their respective value chains. This is a wide-ranging analysis that at times can be difficult to navigate, but we are certain that the results correspond to the reality in which we and our subsidiaries are operating.

ESRS 1 provides a predetermined structure for the double materiality assessment. A subdivision into various topics linked to environmental impact, social impact and financial impact. Each topic has subtopics, which in some cases also have a further layer of sub-subtopics.

For XANO, the double materiality assessment resulted in eleven subtopics within six main topics being deemed material. The ones that were deemed most material of all were, not unexpectedly, climate change and energy, closely followed by resource use and working conditions in the value chain.

We are taking the results of the materiality assessment and using them in our strategic work. This is based on the risks that were identified during the course of the work, but also the opportunities. Due to our great confidence in the commercial benefits of integrated sustainability work, we view the double materiality assessment in two ways. The materiality assessment is double in the sense that it considers our own impact as well as the impact of the outside world on us, but also from the perspective that the transition to a sustainable world entails not only risks but also considerable opportunities for us as a company.

Material topics





Roadmap

Drawing from all parts of our operation, we have identified joint goals and strategies. We now have a roadmap that can help us increase the pace of our own transition and take us to a point where we are also driving the transition in the context in which we work.

Diversity of perspectives

A resilient XANO that contributes positively to people and planet, at the same time as we strengthen our profitability and, accordingly, retain the potential to develop in a sustainable direction. This may sound simple, but we won't get there without a clear roadmap. This roadmap must be drawn up and the selected route must be clear and feasible for all of our subsidiaries to follow. The work includes challenges that not all enterprises have to address, but also opportunities and a strength in the diversity of perspectives that exist within XANO due to its many subsidiaries and decentralised governance.

Humble confidence

We don't believe we will ever be able to sit back and claim that the roadmap is complete. That we know exactly where we are going and what we will meet along the way. We therefore believe it is necessary to display humility in the face of things we cannot know for certain at present, as well as an awareness of the fact that we will need adjust our course along the way.

This doesn't mean that we are unsure about what we are going to do or what we are aiming towards. We identify our direc-

tion based on the knowledge we have now, and we are heading in that direction with considerable force and confidence. Because we know that every step we can take that make us more sustainable, more resilient, are good steps.

Common goals and strategies

During the autumn, we have carried out extensive work to draw up a roadmap that can help us increase the pace of our own transition and take us to a point where we are also driving the transition in the context in which we work. Starting with the double materiality assessment, we have continued this work and added the commercial perspective. Working from all parts of our operation, based on gathered data and the in-depth knowledge and experience that exist in our subsidiaries, we have looked for common goals and strategies.

This work is continuing, but we now have a shared foundation to stand on where we can clearly see where our focus should be over the coming years. We have created an initial outline of our roadmap, and the work of filling in the details is now getting under way.

Strategic focus

When we highlight the direction of our strategic sustainability work over the coming years, our focus is on planet, people and profit. We consider what a sustainable approach to these three elements might look like for XANO. What do we need to do differently in order to minimise our negative impact on the planet? How can we affect people positively? What does sustainable business mean for us?

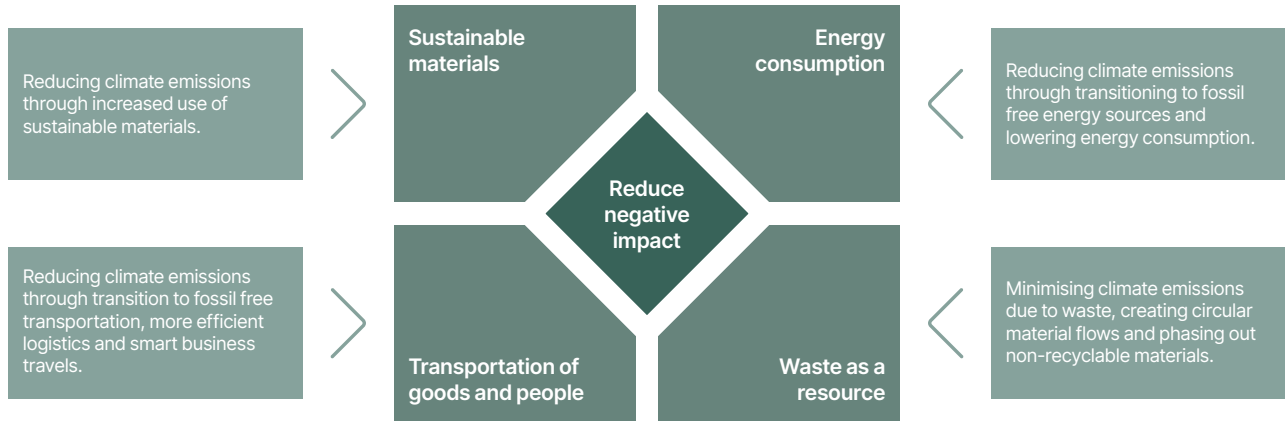
We are attempting to answer these questions through the content of our areas of focus:

- » Sustaining the Planet
- » Owning Social Responsibility
- » Driving Sustainable Business

The starting point and the overall level consequently comprise planet, people and profit. This, in itself, does not say anything about what we are actually going to do. To understand this, we have to go deeper. With our three areas of focus and their underlying sub-areas, we have a clear direction of travel for our continued journey. We know what we are going to do, and in many cases, we have already come some way along the road.



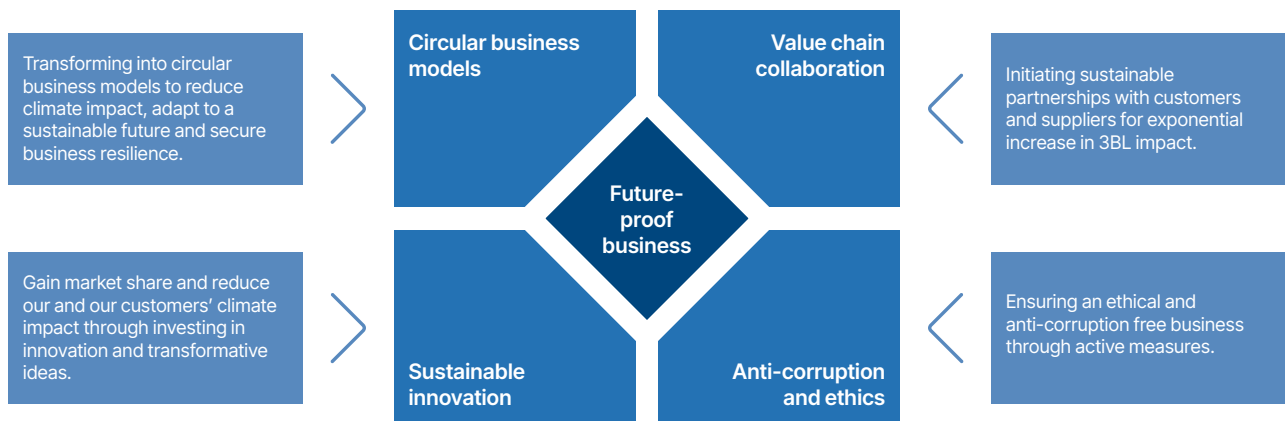
Sustaining the Planet



Owning Social Responsibility



Driving Sustainable Business



Sustainability governance

Common goals

Sustainability governance within a Group like ours, which has a wide range of subsidiaries, constitutes an exciting dynamic where our decentralised governance model meets our endeavour to achieve a clearer direction towards common sustainability goals.

In this relationship between parent and subsidiary companies, we are striving to balance decentralised operations with an overall framework for sustainability. The subsidiaries enjoy a considerable degree of autonomy, but when it comes to sustainability, there is a greater need for a more uniform strategy and clearer guidance. We expect that our subsidiaries will not only maintain our common values regarding sustainability but will also actively strive to integrate them in their operational and strategic decisions.

At the same time, the Group companies are working on their own, complementary strategies according to their own specific circumstances. They set individual goals with associated action plans related to their own particular business. These are compiled in a sustainability plan, which is presented to the Group management and then followed up during the year.

Overall control

The responsibility for sustainability control extends from the Group management and the Board of Directors down to each individual subsidiary. The Group management is responsible for determining the overall sustainability goals and strategies to which each subsidiary has to adapt. The Board of Directors is responsible for monitoring the implementation of these goals and strategies, and for ensuring that sustainability matters are integrated in

the Group's overall strategy. During 2023, the parent company employed a Chief Sustainability Officer with responsibility for driving the strategic sustainability work and for coaching the Group companies.

Our sustainability policy constitutes the backbone of our endeavours to achieve a sustainable future. It defines our fundamental principles, guidelines and expectations when it comes to environmental, social and economic sustainability. It serves as a common foundation for all the subsidiaries to apply in their unique business areas and, if necessary, to add to.

Reporting key performance indicators

The processes regarding reporting are of the utmost importance when it comes to measuring and assessing our performance in relation to the sustainability goals. During 2023, a new Group-wide system was implemented for gathering and analysing data related to our sustainability efforts and results. This provides us with a guiding framework in order to monitor and improve our performance over time. Working on the basis of the CSRD, a review is currently being conducted of the data points we have been using since 2016 to ensure compliance with the legislation.

EU Taxonomy

We also need to comply with the requirements in the EU Green Taxonomy. In previous years, only a small proportion of our sales have been affected by the Taxonomy, but this proportion has increased somewhat this year. Based on the new goals and guidelines that have been added during the year, a comprehensive review of our operations has been conducted. We are positive about the fact that more activ-

ities are now covered by the regulation. The report of our Taxonomy-related operations can be found on pages 121–123.

Responsible business conduct

Anti-corruption and ethics constitute one of four identified subtopics within the "Driving Sustainable Business" area of focus in our strategic sustainability work. This is an important area for us, and we place great emphasis on conducting ethically sound business dealings. We follow the rules of the Swedish Anti-Corruption Institute regarding the way gifts, rewards and other benefits associated with the business sector may be used to promote operations. We regularly train relevant employees in relation to anti-corruption and perform follow-up activities through internal control. We use an independent whistleblower service to ensure that any unethical behaviour is brought to our attention. Two whistleblowing cases were received in 2023. Both of these have been managed and closed during the year. Neither of the cases related to the actions of individuals in a managerial position.

Lasting positive impact

In summary, our view of sustainability control is focused on balancing decentralised operations with a uniform sustainability strategy. By clarifying the expectations in respect of subsidiaries, defining the division of responsibility between Group management, Board of Directors and the individual companies, and by having clear policies and processes regarding reporting and liability, we are striving to achieve a sustainable future where every part of our Group contributes to a lasting positive impact on society and the environment.

Policy / Steering document	Defines	Management / follow-up
The Group's code of conduct	Minimum requirements regarding accepting responsibility internally and in relation to the Group's stakeholders	Covers all Group companies, functions and employees, the responsibility of each manager during introduction, compliance followed up via internal control
Code of conduct for suppliers	Minimum requirements regarding accepting responsibility in the supply chain	Incorporated in all supplier agreements, compliance followed up via dialogue with each supplier
The Group's sustainability policy	Preconditions and overall focus of the Group's sustainability work	Compliance within the Group companies followed up at business review meetings with the relevant business area managers
Chain of command	Authorisation framework for each corporate body (General Meeting, Board of Directors, Chair and CEO)	Determined annually by the Board of Directors, compliance within the Group companies is followed up at the business review meetings
CEO instructions	CEO's responsibility and authorisation	Determined annually by the Board of Directors, compliance within the Group companies is followed up at the business review meetings
Sanctions compliance policy	Requirements relating to sanctions and export control laws and regulations	The CEOs of the Group companies are responsible for compliance, and relevant business area managers and company boards of directors can halt transactions
Swedish Anti-Corruption Institute's code against corruption in business	Preventive measures against corruption	Employees who are in contact with customers and/or suppliers are trained in respect of anti-corruption, compliance is followed up via internal control, whistleblower function

Risks and opportunities

When working with the double materiality assessment, we looked at financial impact on the basis of the categories defined in the CSRD. We evaluated a large number of different risks, the likelihood of them occurring and the financial impact such an occurrence would have on us. In addition, we identified opportunities for

a possible positive financial impact.

Three significant risks and three significant opportunities emerged in this assessment. These will be subject to systematic follow-up going forward and are covered by the areas on which we will be focusing our efforts in our strategic sustainability work.

Risks associated with social impact, anti-corruption and human rights were also evaluated during the work on the materiality assessment, but none of these were deemed material according to the method that was used.

Risk	Impact	Risk management
Increased risk of disruptions to production and property-related costs due to extreme weather linked to climate change.	Direct impact at our physical units and indirect impact in the value chain. For example, linked to material supplies and transport.	Supplier follow-up and differentiated supply chain, good administration of our property portfolio.
Increased costs for climate emissions.	Little direct impact. Indirect impact linked to material supplies.	Work to reduce our direct emissions and focus on reduced climate impact from materials.
Increased energy costs.	Direct and indirect impact.	Work on energy efficiency improvements and switch to renewable energy. Measures to exert influence in the supply chain.

Possibility	Impact	Current situation and plan going forward
Use of recycled and sustainable materials in the manufacture of products and solutions.	Increased market share and higher profitability, as well as reduced climate and environmental impact.	Most of the companies in the Group work strategically to increase the share of recycled material in their production processes. An important part of XANO's overall strategic work.
Circular business models.	Increased market share and higher profitability, as well as reduced climate and environmental impact.	Part of XANO's overall strategic work. Mapping of risks and opportunities carried out.
Active sustainability work an advantage when recruiting new employees.	Makes skills provision easier and ensures continued productivity and profitability.	Strategic sustainability work at Group level and in the subsidiaries. Work on the employer brand and good working environment conditions.



Environmental impact

We abide by the GHG Protocol framework when measuring sustainability data. Extensive work is being conducted to compile and safeguard credible emissions data regarding our use of materials.

Accurate sustainability work that results in actual movement requires the collection and analysis of sustainability data. The GHG Protocol framework is used for this, which we have opted to abide by. In Scopes 1 and 2, we measure our direct emissions from our operations as well as indirect emissions from the energy we purchase.

All other indirect emissions are gathered within Scope 3. Here we have identified the most essential aspects for XANO and chosen to direct our resources into measuring them. This applies to waste,

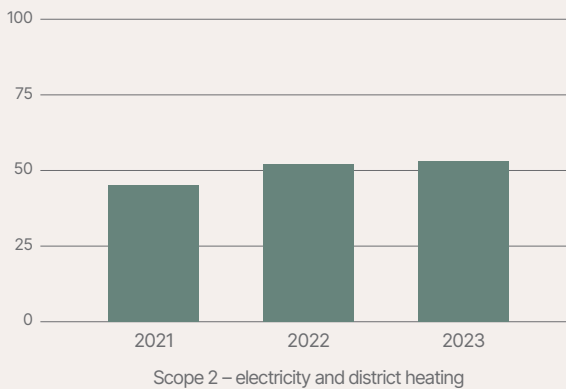
purchased transport and business travel. Scopes 1, 2 and these selected categories in Scope 3 are what we are presenting in this report.

That is not everything we measure, however. We know that the majority of our climate impact derives from the materials we procure and use in the manufacture of our products and solutions. We also measure this, but the uncertainty associated with these measurements means that we have decided not to report this at present. We have extensive work ahead of us in the foreseeable future in

terms of securing credible emissions data regarding our use of materials. And until we are ready to share this information, we will be using it internally to ensure that we are targeting our activities and resources correctly for the greatest possible effect.

Basic guidance regarding the work on our environmental impact can be found in our sustainability policy, which the companies are required to comply with, and which is followed up in the work on our sustainability plans.

SHARE OF RENEWABLE ENERGY (%)



TOTAL EMISSIONS ¹⁾

6,815
(tonnes)

CHANGE

-18.3
(%)

IN RELATION TO REVENUE ²⁾

1.8
(tonnes/SEK m)

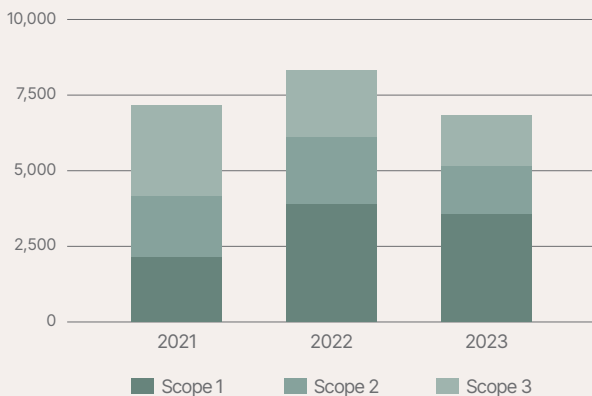
CHANGE ²⁾

-12.7
(%)

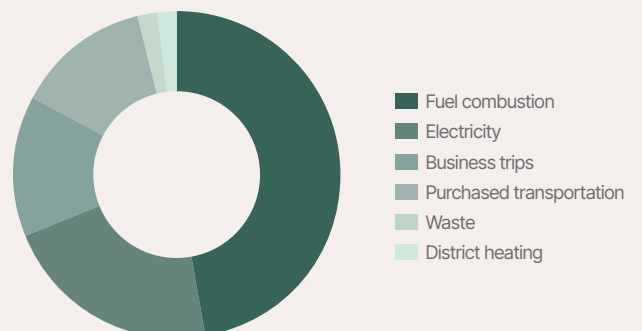
¹⁾ Includes emissions in Scope 1 and Scope 2 and emissions related to purchased transportation, business trips and waste in Scope 3.

²⁾ Revenue data refer to amounts before elimination of internal sales. Last year's revenue in currencies other than SEK have been translated into SEK at the average exchange rates of the current year.

EMISSIONS PER SCOPE (tonnes CO₂e)



EMISSION SHARE PER CATEGORY



Activities linked to environmental impact

Reduced impact

Measuring and analysing gathered data allows us to determine the extent of our impact. One thing we can see is that we have taken steps towards reducing our impact linked to energy consumption.

Many of our subsidiaries now purchase wholly or partially renewable electricity as it becomes available in the countries in which they operate.

We can also see that more and more of our subsidiaries are working to find smart ways of recycling their production waste, at the same time as minimising the amount of spillage through better and more efficient production processes. We are changing our perspective and starting to view waste as a resource, which is both profitable and good for the planet.

A good example of this is Kungsörs Mekaniska Verkstad, which works with long hole drilling. They have developed a method for extracting the drilled material in one large piece, rather than small metal shavings. This gives rise to a considerably simpler recycling process. The next step will be to look at the potential for manufacturing additional products out of the drilled material to achieve even greater efficiency and a significant reduction in climate impact.

Within Industrial Products, where plastic is the primary raw material, significant progress has also been made in the work on waste as a valuable resource. Cipax in the Netherlands have their own facility where they handle both their own and collected plastic material, grinding

it down to create a powder than can be used again in the production of rotationally moulded plastic products. By building strong collaborations with customers and other relevant business partners, they are endeavouring to scale up the recycling operation. This ensures that they will have their own supply of recycled material, at the same time as contributing to an increased degree of recycling of a material that is currently far too often sent for incineration. There are several examples of activities of this type within Industrial Products, and there are far-reaching plans to scale this up further.

Chemicals handling

In the double materiality assessment, the area of "Substances of concern" was identified as material. The Group companies work in a structured manner on the handling of these substances and are striving to minimise their use as far as possible.

Collaboration in the value chain

Since we know that a large part of our environmental and climate impact stems from the materials we use, collaborations in the value chain are particularly crucial. We are constantly working to identify opportunities for more sustainable products and are talking with our customers about how we can work together to make sustainable changes. We still have a long way to go in this respect, and we are continually evaluating which approaches can produce the best results from a market

perspective. This is because we know that a product can have a minimal climate footprint, yet still not make any difference if it is not also competitive. Considerations and prioritisation activities of this type are absolutely vital if we are going to see real change.

Important changes

The work is also continuing in relation to our direct impact. Measures such as a shift to renewable energy, district heating, a fleet of electric vehicles and reduced energy and fuel consumption are the tools we have at our disposal. We are restricted to a certain extent by the geographical location of some of our subsidiaries, where access to renewable alternatives is sometimes limited. We have made important changes during the year, however, and the Group companies are continually conducting activities aimed at achieving the goals set out in their respective sustainability plans.

Strategic area of focus

Our continued goal of reducing our negative impact on the environment and the climate can be summarised in the strategic area of focus we have decided to name "Sustaining the Planet", with its four subcategories "Sustainable materials", "Energy consumption", "Transportation of goods and people" and "Waste as a resource". We are convinced that this work will produce results and a clear forward momentum for the entire Group.



Social impact

As an employer, we have an enormous responsibility to ensure good working conditions for our employees. This responsibility also covers people in our supply chain, where we can exert influence through systematic follow-up activities.

XANO is nothing without the people who work for us. They are our real resources. Their time, energy, creativity, knowledge and experience are the things that drive us forwards, create value for our customers and shareholders, and have brought us to where we are today. As an employer, ensuring good working conditions for our employees entails an enormous responsibility. Providing development opportunities on equal terms and supporting a healthy balance between private and working life.

As part of our strategic sustainability work, we have identified four sub-areas within the "Owning Social Responsibility" area of focus. Three of these are related to our own organisation: "Health and safety in our own workforce", "People development" and "Equal opportunity". These are intended to intensify the work that is already in progress in relation to XANO and all of our subsidiaries being the best possible employers for our employees. The Group companies have policies and pro-

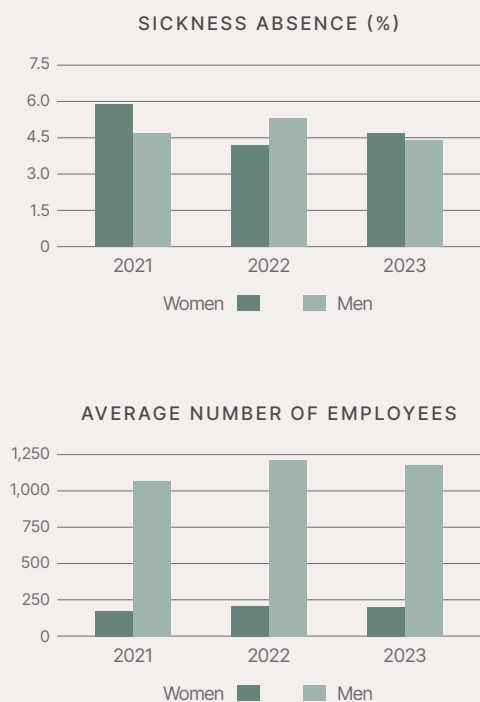
cesses in place to ensure a good working environment, health and safety for the employees, as well as compliance with the relevant legislation in each country. Within XANO, we view active diversity work as a must, and each individual company is expected to provide an inclusive workplace from a diversity perspective. These areas are regulated in XANO's code of conduct and sustainability policy and are followed up through internal control and in the work on business and sustainability plans.

In addition to our own employees, we also have a responsibility for people in our supply chain. This is summarised in the area "Upstream value chain control". With this, we want to assume greater responsibility for ensuring that good working conditions and human rights are also maintained outside of our direct control. At present, this is primarily achieved through our code of conduct for suppliers and our sustainability policy, as well as by our various subsidiaries working closely with their

suppliers and selecting business partners with care. We will be expanding this work in the future through additional guidelines for systematic monitoring of suppliers and risk assessment.

Supplying products that offer a high level of security for the user is an important area that is deeply embedded in the Group companies' DNA. We are proud of the work that is being done and consider it only natural that the area of "Personal safety for consumers and/or users" was identified as material in our double materiality assessment.

When it comes to tasks linked to social impact, we have, up until now, mainly gathered data relating to sickness absence from our subsidiaries. Within the work on our strategic direction going forward and the CSRD, we see a need to extend this with more data points. This will be done as from 2024.



KEY FIGURES – PERSONNEL		2023	2022
Average number of employees ¹⁾		1,381	1,426
– in Sweden		619	663
– in other countries		762	763
– women		203	211
– men		1,178	1,215
Number of employees on closing day		1,415	1,409
– in Sweden		583	654
– in other countries		798	755
– women		212	213
– men		1,203	1,196
Average age, women ²⁾	years	45	43
Average age, men ²⁾	years	45	43
Average employment period, women ²⁾	years	7	7
Average employment period, men ²⁾	years	7	8
Sickness absence	%	4.6	5.2
– short-term	%	3.5	4.2
– long-term	%	1.1	1.0
– women	%	4.7	4.2
– men	%	4.4	5.3

¹⁾ Average number of employees during the period based on time worked.

²⁾ Refers to employees at the end of the year.

Sustainable business

In order to run a business with consideration for planet, people and profit, we have to make smart decisions and the right moves at the right time. We have to be profitable in order to secure the resources needed for our transformation journey.

What is a sustainable business? This is a question we have been reflecting on for a number of years. Is a profitable business always a sustainable business? No, we don't think so. So, what are the most important building blocks in order for something to be viewed as a sustainable business?

A good starting point for understanding the concept is to look at what is sustainable in a broader perspective, i.e. something that has no negative impact from an environmental, social and financial perspective. This also provides the answer to why a profitable business is not always a sustainable business. All too often, profitability goes hand in hand with a negative impact on both the planet and people. And, by definition, is not sustainable.

However, this is not enough to identify what a sustainable business actually is. Not if we want to understand it in practice. The value chain is a central concept here. Upstream, in the supply chain, where the majority of the impact on both people and

the planet occurs. But we also need to look downstream, at our customers, in order to understand what can be a sustainable business now and in the future.

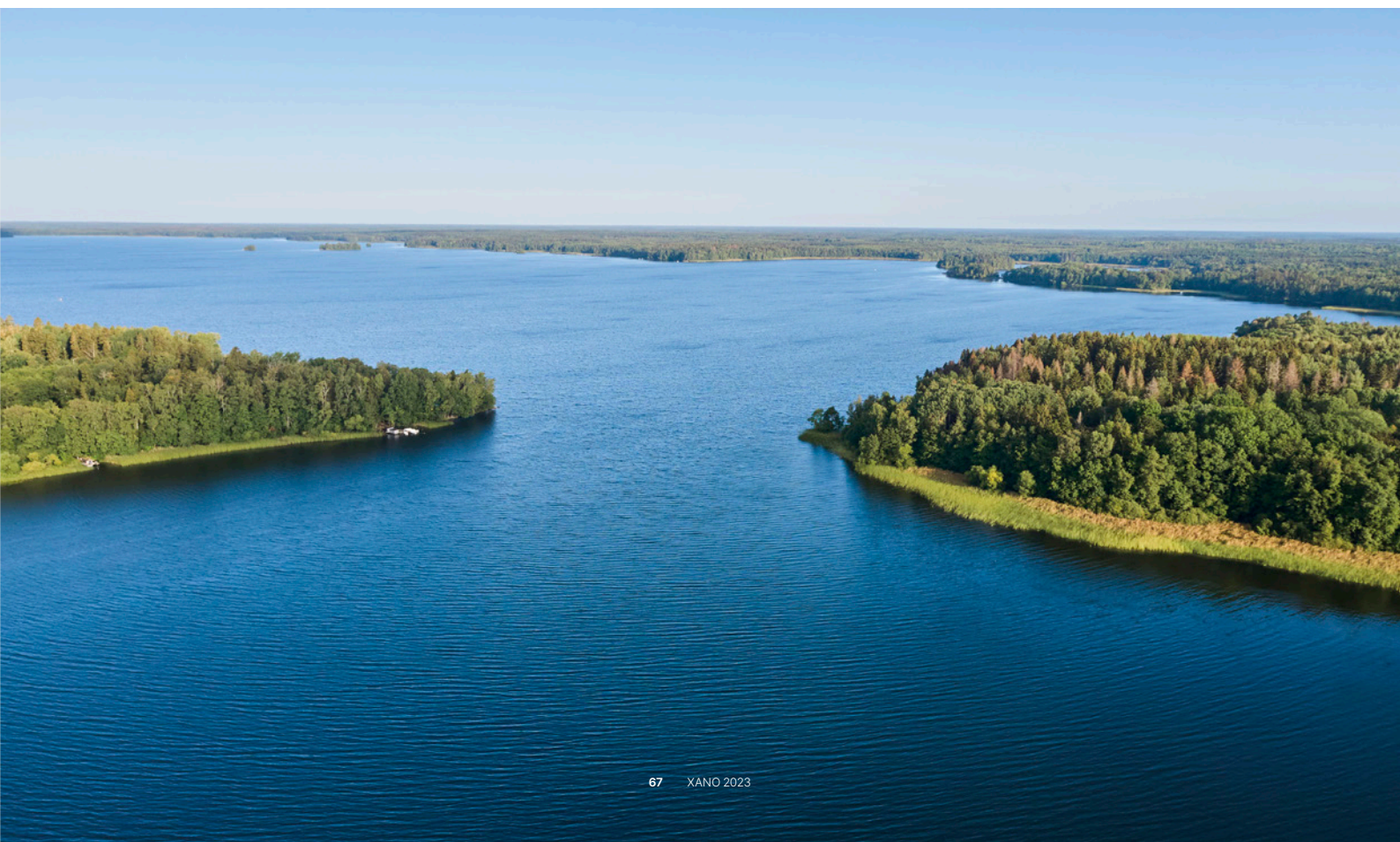
Understanding the context you find yourself in is decisive when it comes to identifying sustainable business opportunities. It took a long time for humanity to get to where we are today. Even though the transformation that is now required will have to move much faster, it will not always proceed as rapidly as we would wish. In order to run a business in accordance with the principle of Planet, People and Profit, we have to make smart decisions and the right moves at the right time. Because we have to be profitable in order to secure the resources needed for our transformation journey.

And it is here that the understanding of sustainable business is so vital. When we evaluate new and existing business dealings on the basis of a deep understanding of what is most sustainable in the long term,

we can make major advances and transform our operations. We can then move steadily towards our vision of a truly resilient XANO. The Group companies have been working on this analysis for a long time, and when our Chief Sustainability Officer travelled around and met the companies during the autumn, it received renewed focus.

Conducting sustainable business dealings is the aim of our final area of focus, "Driving Sustainable Business". Here, we have defined four areas that we believe will be decisive: "Circular business models", "Value chain collaboration", "Sustainable innovation" and "Anti-corruption and ethics".

We are continuing to work on what constitutes sustainable business for XANO, while our subsidiaries are doing the same for their operations. Slowly but surely, we are piecing together the jigsaw puzzle that will show what resilience looks like for us and all of our companies.



Sustainable streamlining

CIM develops software solutions for production lines. One of its niches is the pharmaceutical industry, where the company is renowned for its drive when it comes to introducing new technology that ensures productivity and compliance with strict rules.

Innovative technology

For CIM, the focus is on developing solutions that will optimise its customers' production processes. These customers contact CIM with ideas relating to improvements that can e.g. save time or minimise the amount of waste.

"The customer may not have the resources to develop new concepts, machines and algorithms. They turn to us, and we try to help them. This might entail building a robot equipped with cameras or supplying models for deep learning. We mostly work with software, although our deliveries sometimes also include physical machines," says Anders Rohde, Site Manager at CIM.

Efficient and sustainable labelling

One customer enquiry resulted in CIM launching an initiative aimed at digitalising labelling and making the labelling of pharmaceuticals more sustainable and efficient.

"Despite this being an apparently simple task, there are several challenges when it comes to producing and handling labels, such as availability, material consumption and changing the produc-

tion set-up," says Anders. "Labelling is a critical part of pharmaceutical manufacture, and so it is also an important area to develop.

The traditional way of handling product labelling is to print static data on labels, such as logos and product information, prior to the manufacturing process. Dynamic data, such as the expiry date, is printed towards the end of each product run.

"Let's assume that a company sells five different pharmaceutical products to 200 countries. For these products, information must be provided in the local language, which means that 1,000 different labels have to be printed. The products are much more expensive than the labels, so the dealers tend to buy large batches of ready-printed labels – if the correct label is missing, the product in question cannot be sold. However, labels have a limited useful life and there is therefore a large amount of waste," says Anders.

The most important element when handling labelling is changing over the production set-up. This phase normally entails extensive manual work.

"A single machine or production line might handle many different products for different countries. Between the production rounds, the operator has to manually change labels from one product or one country to another. This is a time-consuming process that gives rise to long operational downtime, which in turn lead to lost income," emphasises Anders.

Everything happens in the printer

The relatively complex situation relating to supplying labels, material consumption and performing changeovers required a more sustainable approach that served to improve efficiency.

"Just imagine if we could print both static information and dynamic data in the same printer as part of the manufacturing process? The only thing we would need to stock then would be white labels. Using the same label for all the products and adding all the information at the same time means that everything happens in the printer. Integrated digital printing is tackling these challenges and delivering sustainable handling," rounds off Anders.



Looking ahead

XANO is the sum of all of our subsidiaries, today finding considerable energy in a clear entrepreneurial drive, a high level of technical expertise and a long-term perspective, all of which are creating the conditions for a Group that is based on sustainable business.

A sustainable XANO. A resilient XANO. A sustainable and resilient world. We do not have that much influence from a global perspective. But as part of a bigger picture, a value chain, a global commercial sector, our influence is considerably greater.

Through far-reaching collaborations, our committed companies can increase their positive impact exponentially. It is only when we understand this and start to build new, sustainable collaborations that the transition to a resilient world can really take effect.

There is a great deal going on for XANO right now, and even more is set to happen in the future. We are absolutely determined to make changes and to be a driving force in the scenarios in which we operate and are able to exert influence. We will be starting

within our own operations and other areas where we can have a direct impact. After this, we will move on to our value chain for an even greater effect. The journey that lies ahead of us is both exciting and challenging in equal measure, and we will be tackling it with a high degree of humility.

Working on the basis of data in order to know the effect of our operations and where we can make the biggest difference, we are establishing goals and setting a course. Our subsidiaries demonstrate a high level of commitment and forward drive. We are constantly increasing the share of recycled material and looking for new ways of becoming more circular, evaluating new business dealings from a sustainability perspective and developing products with

a lower climate footprint. In addition, health and safety are high up on the agenda and we are carrying out work on sustainability in the supply chain. To name just a few areas.

XANO is the sum of all of our subsidiaries, today finding considerable energy in a clear entrepreneurial drive, a high level of technical expertise and a long-term perspective, all of which are creating the conditions for a Group that is based on sustainable business. We are confident in the knowledge that XANO has a strong and stable foundation to stand on, which is preparing us for the new circumstances that the transition to a sustainable and resilient world will entail. With the planet, people and profit on the bottom line.

XANO's business model is described on pages 8–12. The five-year overview on page 81 presents the Group's development in respect of results and position, as well as key performance indicators. Definitions and information regarding key performance indicators can be found on pages 105–106. On page 115 there is a list of the companies that are included in the Group. Complete taxonomy tables can be found on pages 121–123.

Diversity policy for the Board of XANO Industri AB (publ)

In its proposal to the Annual General Meeting regarding the election of Board members, the company's nomination committee must take into account point 4.1 of the Swedish Code of Corporate Governance, using the most recently revised version that applies from 1 January 2024. See also page 72.



Corporate governance report 2023

XANO INDUSTRI AB (PUBL)

Swedish Corporate Governance model

Corporate governance in Swedish listed companies is regulated by a combination of written rules and generally accepted practices. The framework includes the Swedish Companies Act ("the Act") and the rules that apply in the regulated market in which the company's shares are quoted. In addition, all listed Swedish companies have been covered by the Swedish Corporate Governance Code ("the Code") since 2008 with the latest revised version in force from 1 January 2024. <https://bolagsstyrning.se/>

The Act stipulates that the company must have three decision-making bodies: the shareholders' meeting, the Board of Directors and the CEO. There must also be a controlling body, an auditor, who is appointed by the shareholders' meeting. The Act stipulates which tasks the respective bodies have and which responsibilities fall upon the people making up the bodies. The Code complements the Act by setting higher requirements in certain areas, but also by making it possible for companies to deviate from these in specific circumstances if this will lead to better corporate governance.

Corporate governance at XANO

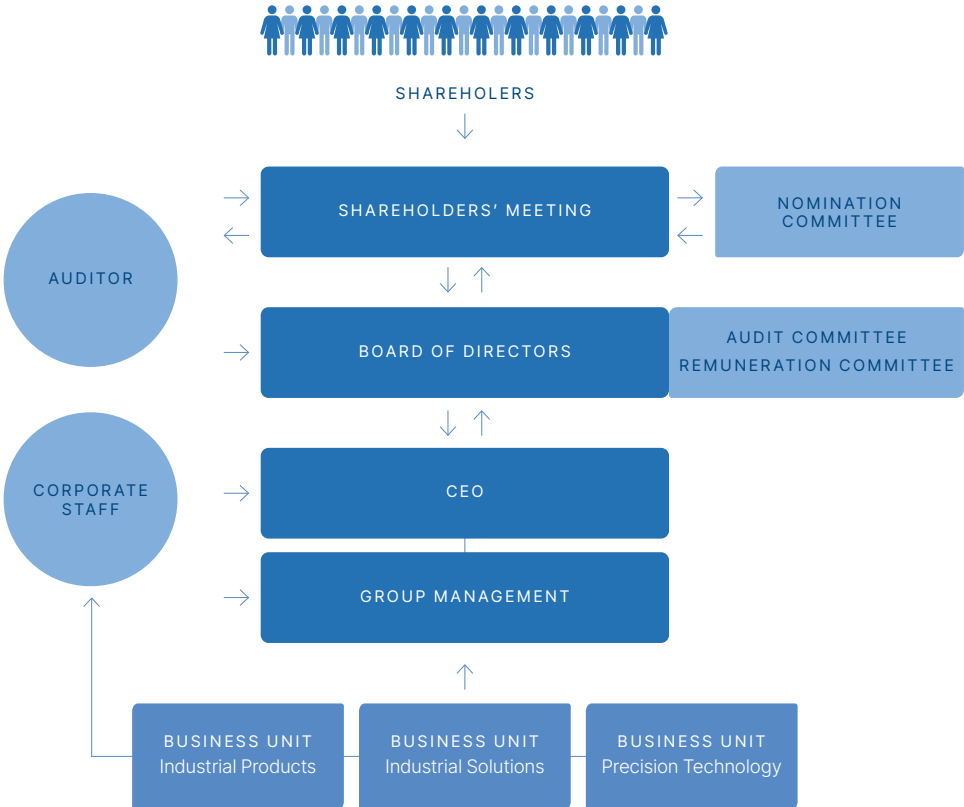
XANO Industri AB (publ) is a Swedish public limited company whose overall goal is to generate long-term value for its shareholders and other

stakeholders. XANO's Class B share is listed on Nasdaq Stockholm in the Mid Cap segment. The information requirements to which XANO is subject as a result of this can be found in the "Nordic Main Market Rule-book for Issuers of Shares" published by the stock exchange.

XANO has been covered by the Code since 2008. This corporate governance report describes XANO's corporate governance, management and administration, in addition to the internal controls that are in place concerning financial reporting.

Shareholders

At the end of 2023, there were 5,796 shareholders in XANO, of which 5,509 were physical persons representing 14.0 per cent of the votes and 35.2 per cent of the capital. Institutional holdings constituted 4.1 per cent of the votes and 13.3 per cent of the share capital. The ten largest shareholders accounted for 93.9 per cent of the votes and 80.6 per cent of the capital. As of the closing day, there were two shareholders who each owned and controlled more than 10 per cent of the votes for all shares in the company. Anna Benjamin controlled 56.8 per cent of the votes and 27.1 per cent of the capital. Pomona-gruppen AB held 29.2 per cent of the votes and 28.2 per cent of the capital.



Shareholders' meeting

The shareholders' meeting is the forum in which the shareholders' influence is exercised. It is the company's highest decision-making body and has a superior position in relation to the company's Board and the CEO. According to the Articles of Association, notices convening a shareholders' meeting must be issued through advertising in the Official Swedish Gazette and on the company website. Confirmation that notices convening the meeting have been issued must be published in Dagens Industri.

Annual General Meeting

The Annual General Meeting (AGM) assembles once a year in order to decide on matters such as the adoption of the annual report and consolidated financial statements, the discharge of the Board of Directors and CEO from liability and to decide on the allocation of profits from the previous year. The meeting also elects the Board of Directors and auditors. All shareholders who are directly registered in the share register and who have notified their attendance in time can attend the meeting and vote on behalf of all their shares. Shareholders who are unable to attend themselves may be represented by a proxy.

Annual General Meeting 2023

XANO's 2023 AGM was held on Thursday 11 May. 88 shareholders, whose holdings corresponded to 90 per cent of the votes and 66 per cent of the number of outstanding shares, were represented in the meeting. The following key decisions were made:

- » Cash dividends of SEK 1.75 per share, to be paid at two separate occasions with SEK 1.00 in May and SEK 0.75 in November.
- » Re-election of Board members Fredrik Rapp, Petter Fägersten, Per Rodert and Anna Benjamin, Jennie Hammer Viskari and Pontus Cornelius. Re-election of Fredrik Rapp as Chair of the Board.
- » Election of the registered auditing company KPMG AB, Jönköping, with authorised public accountant Olle Nilsson as auditor in charge.
- » Composition of the nomination committee ahead of the 2024 AGM.
- » Authority for the Board of Directors to decide on repurchase and transfer of the company's own shares.
- » Authority for the Board of Directors to decide on new share issue.

Annual General Meeting 2024

XANO's 2024 AGM will take place on Thursday 16 May at 16:00 in Jönköping. Further information can be found on page 75 of the annual report for 2023 and on the website www.xano.se.

Board of Directors

The task of the Board of Directors is to manage the company's affairs on behalf of the shareholders. According to the Articles of Association, the Board must be made up of at least three and no more than eight members. The 2023 AGM decided that there should be six members. The Board of Directors currently consists of Fredrik Rapp (Chair), Petter Fägersten, Per Rodert, Anna Benjamin, Jennie Hammer Viskari and Pontus Cornelius. Fredrik Rapp, Anna Benjamin and Petter Fägersten are considered dependent in relation to major shareholders. Other members are judged to be independent in relation to both major shareholders and the company and the company management. The Articles of Association do not contain any specific regulations concerning the appointment and dismissal of Board members or changes to the Articles of Association.

The work of XANO's Board of Directors is governed both by laws and recommendations and by the Board's rules of procedure, which are adopted once a year. These rules of procedure contain rules concerning matters such as the distribution of work between the Board of Directors and the CEO, financial reporting and investments.

The Board of Directors held seven meetings during 2023. Each ordinary meeting considers the following fixed items: review of the minutes of the previous meeting, general review of the business units with follow-up on the latest report and comparison with the forecast as well as financing and liquidity. In addition to fixed reporting items, the Board of Directors also decides on issues of a more general nature, such as the Group's strategy, structural and organisational matters, policies, guidelines, acquisitions and major investments.

The company's auditor participates in at least one of the Board's meetings each year. The auditor's observations arising from the audit of the company's accounts, procedures and internal controls are presented at this meeting.

In addition to the fixed items mentioned above, the programme for 2023 included the following main items:

No. 1 – 9 February

Year-end report 2022, report from audit committee, the auditor's report of the general observations arising from the audit of the 2022 financial statements, visit at and in-depth information on NPB.

No. 2 – 23 March (digital)

Follow-up of results, acquisition discussions.

No. 3 – 2 May

Interim report 3 months, revised forecast for 2023, report from the remuneration committee, prerequisites prior to the AGM.

No. 4 – 11 July (digital)

Interim report 6 months.

No. 5 – 27–28 September

Group strategy, revised forecast for 2023, acquisition discussions, visit at and in-depth information on CPS, business unit strategies.

No. 6 – 26 October (digital)

Interim report 9 months, acquisition discussions.

No. 7 – 14 December

Budget for 2024, evaluation of the Board's and the CEO's work.

In addition, the Board must set guidelines for the company's conduct in society. As from 2014, a Code of Conduct is applied that will form the basis for the day-to-day decisions in XANO's operations and ensure that the Group is responsible in its contacts with various stakeholders.

In December 2016, the Board adopted a sustainability policy that specifies guidelines for the Group's sustainability work. This policy describes how the Group's companies should act in order to contribute optimally to sustainable development. An updated version of the policy was adopted in May 2022.

Audit committee

The task of the audit committee is to prepare the Board's work by quality assuring the company's financial reporting, regularly meeting the company's auditor to inform themselves of the audit's direction and scope, as well as discussing the co-ordination between the external audit and the internal controls and the view of the company's risks, setting guidelines for which services other than auditing may be handled by the company's auditor, evaluating the audit work and informing the company's nomination committee of the outcome of the evaluation as well as assisting the nomination committee in its proposals for auditor and fees for audit work.

XANO's audit committee comprises the Board members Anna Benjamin, Pontus Cornelius and Per Rodert (Committee Chair).

Remuneration committee

The task of the remuneration committee is to prepare issues relating to remuneration and other employment conditions for Group management and business unit managers.

XANO's remuneration committee comprises the Chair of the Board Fredrik Rapp (also Committee Chair) along with Board members Petter Fägersten and Jennie Hammer Viskari.

CEO

The Board appoints the CEO to take care of the day-to-day administration of the company. The current CEO, Lennart Persson, took up the position on 1 July 2014 after having been Deputy CEO since 2005.

Group management

During the year, Group management consisted of CEO Lennart Persson and CFO Marie Ek Jonson.

Corporate staff

There is a staff function reporting directly to the CEO, which is responsible for business development, finance, insurance, purchasing, IT, communications, consolidated financial statements and group-wide administration. This is where projects involving all or a number of the Group's companies are managed. Manuals and policies regulating work at the subsidiaries are drawn up in the respective areas.

Business units

In 2023, the Group was made up of three reporting business units: Industrial Products, Industrial Solutions and Precision Technology. The operational management for the business units reports directly to the CEO. Through Group staff functions, supporting documentation for decisions for the Board and CEO are collated within other areas.

Nomination committee

The nomination committee is the body of the shareholders' meeting with the task to prepare decisions to be made by the meeting concerning appointment and remuneration matters and, where applicable, procedural issues for the next nomination committee.

Following a proposal by the main shareholders Anna Benjamin and Pomona-gruppen AB, which together represented 87 per cent of votes and 56 per cent of the capital in XANO, a nomination committee was appointed by the 2023 AGM composed of Tomas Risbecker as chair, along with Stig-Olof Simonsson and Anna Benjamin.

The task of the committee prior to the 2024 AGM is to nominate a Chair of the Board and other Board members, auditor, a chair for the AGM, and to propose fees for the Board and auditor. In its proposal to the Board, the nomination committee will propose the most qualified Board members for the company, based on an overall assessment of relevant expertise and experience, and must pay particular attention to the demand for diversity and breadth in the Board, as well as endeavour to achieve an even gender distribution. In its proposal, the nomination committee has in particular complied with and taken into account point 4.1 of the Swedish Corporate Governance Code.

The nomination committee has evaluated the work of the Board with the aid of a questionnaire as well as personal discussions with the members of the Board. The results of the evaluation have been communicated to the Chair of the Board.

The nomination committee has so far held five meetings prior to its proposal to the 2023 AGM. In addition, there have been ongoing contacts between the members of the nomination committee.

Auditor

A registered auditing company, or one or two auditors of whom at least one must be an authorised public accountant, must be elected by the shareholders' meeting to examine the company's annual report, the consolidated financial statements and accounts as well as the administration by the Board and CEO. The auditor's report to the shareholders is presented at the AGM.

The ordinary election of an auditor for XANO last took place at the AGM in 2023 for the term of office up until the AGM in 2024. The AGM elected the registered auditing company KPMG AB with authorised public accountant Olle Nilsson as auditor in charge. Alongside the work for XANO Industri AB, Olle Nilsson undertakes auditing work for companies including KABE Group AB, Väderstad AB and Ahlstrom Sweden AB.

Deviations from the Code

There are no deviations to report for 2023.

Composition of the Board of Directors and Committees as of 31 December 2023

Name	Elected	Board function	Independent in relation to the company and company management	Independent in relation to major shareholders	Participation in Board meetings 2023	Participation in Remuneration Committee meetings 2023	Participation in Audit Committee meetings 2023 ²⁾	Board fee including committee remuneration, SEK
Fredrik Rapp	2004	Chair	Yes	No ¹⁾	7 (7)	1 (1)	–	370,000
Anna Benjamin	2016	Vice Chair	Yes	No ¹⁾	7 (7)	–	1 (1)	280,000
Pontus Cornelius	2022	Board member	Yes	Yes	7 (7)	–	1 (1)	280,000
Petter Fägersten	2011	Board member	Yes	No ¹⁾	7 (7)	1 (1)	–	270,000
Jennie Hammer Viskari	2022	Board member	Yes	Yes	6 (7)	1 (1)	–	270,000
Per Rodert	2013	Board member	Yes	Yes	6 (7)	–	1 (1)	300,000
								1,770,000

¹⁾ Fredrik Rapp and Anna Benjamin are considered to be dependent in relation to major shareholders in their capacity as shareholders. At an overall assessment, Petter Fägersten is also considered to be dependent in relation to major shareholders.

²⁾ The Audit Committee has conducted one meeting, the decisions of which have been summarised in a decision report. During the year, the members have also participated in a further two meetings with briefings given by the Group's auditor. The committee members have also had a number of contacts in connection with the execution of assigned tasks.

More information on the Board members and company management is given on pages 125–126.

Principles for the remuneration of senior executives, incentive schemes, etc.

The full guidelines for remuneration and other terms of employment for senior executives are described in Note 5 for the Group, on page 93.

The guidelines are applied to employment contracts entered into after the 2022 Annual General Meeting and to changes made thereafter to ongoing employment contracts. With the exception of restriction principles for variable remuneration and the definition of pensionable salary, the guidelines are applied in existing agreements with senior executives.

Remuneration for the CEO and other senior executives consists of basic salary, variable remuneration, other benefits and pension premiums. "Other senior executives" refers to the CFO who, together with the CEO, makes up the Group management.

There are no outstanding share or share price-related incentive schemes.

Internal controls concerning financial reporting

In accordance with the Act and the Code, the Board is responsible for internal controls which aim to protect the company's assets and thereby the shareholders' investments.

Financial reporting

All units report their financial results each month. These reports are consolidated and form the basis of quarterly reports and operational monitoring. This operational monitoring is carried out in accordance with an established structure where incoming orders, invoicing, liquidity, capital tie-up and other key ratios of importance for the Group are collated and form the basis of analysis and action by the management and controllers at various levels. Other important group-wide elements of the internal controls are business plans and the annual forecasting process. For communication with external parties, there is an information policy which is intended to ensure that all information obligations are fulfilled correctly and in full.

Control environment

The primary task of the audit committee is to monitor the accounting and reporting processes and to ensure the quality of these reports and processes. Responsibility for maintaining an effective control environment and the ongoing work relating to risk management and internal controls concerning financial reporting rests with the CEO. In turn, managers at various levels within the company have this responsibility within their respective areas. Responsibilities and authorities are defined in documents including CEO instructions, instructions concerning authorisation rights, manuals and other policies, procedures and codes. The Board of Directors establishes the Group's key policies concerning communications, credit, financing and risk management. The Group management

establishes other policies and instructions, and responsible corporate functions issue guidelines and monitor the application of the regulations.

The Group's accounting and reporting rules are set out in a finance manual which is available to all finance personnel. Together with laws and other external regulations, the organisational structure and internal regulations constitute the control environment.

Risk assessment

XANO regularly analyses risks by reviewing the risk of errors within the financial reporting of important profit/loss and balance sheet items. Operational risks are also assessed.

Control activities

The purpose of control activities is to identify, prevent and correct errors and deviations. Policies and guidelines are particularly important for accurate accounting, reporting and information provision and also to define the control activities that must be carried out. XANO policies and guidelines are updated on an ongoing basis both in documents and through meetings. Control activities cover areas such as attestation procedures, account reconciliation, analytical follow-up and the control of IT systems. Every unit is also visited regularly by representatives from the business unit and Group management teams during which the internal controls and financial reporting are evaluated. The Group management reports the result of its work on internal controls to the Audit Committee.

During 2023, internal control work principally related to information security and follow-up on procedures related to employer responsibilities and purchase. In addition, IT security training and vulnerability testing of the Group's systems continue.

Monitoring

The Group management and controllers monitor the financial reporting and key business events on an ongoing basis. At each Board meeting, financial developments are reviewed against forecasts and an assessment is made as to what extent approved investments are following established plans. The audit committee evaluates the internal controls, company code and key accounting issues on an ongoing basis. The company's auditor participates in at least one of the Board's meetings each year and at every audit committee meeting to present the auditor's observations.

XANO has so far not considered it necessary to establish a separate internal audit function. The work relating to internal controls is carried out within the framework of other activities and primarily takes place using central resources. It is the company's view that this evaluation largely corresponds to the work that is performed by an internal audit function in other companies. Certain aspects of the internal controls are reviewed by the auditors on an ongoing basis. The matter of a separate internal audit function will be reviewed again during 2024.

Jönköping, 20 March 2024

Fredrik Rapp
Chair of the Board

Anna Benjamin
Vice Chair of the Board

Petter Fägersten
Board member

Per Rodert
Board member

Jennie Hammer Viskari
Board member

Pontus Cornelius
Board member

Auditor's report on the corporate governance statement

To the general meeting of the shareholders in XANO Industri AB (publ), corporate identity number 556076-2055

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the corporate governance statement for the year 2023 on pages 70-73 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

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

OPINIONS

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

Jönköping 22 March 2024

KPMG AB

Olle Nilsson
Authorised Public Accountant

Shareholder information

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 16:00 on Thursday 16 May 2024 in Jönköping.

Shareholders wishing to participate in the Annual General Meeting must be registered in the shareholders register maintained by Euroclear Sweden AB on 7 May 2024, and must notify the company of their intention to participate in the Meeting in the manner and not later than the date specified in the convening notice.

DIVIDEND

The Board of Directors proposes that the AGM allocates a dividend of SEK 1.00 per share for the 2023 financial year. If the AGM approves the proposal, it is proposed that the dividend be paid in two instalments according to the following. SEK 0.50 with record date 20 May 2024 and payment date 23 May 2024. SEK 0.50 with record date 12 November 2024 and payment date 15 November 2024.

NOMINATION COMMITTEE

A nomination committee was appointed at the 2023 AGM consisting of Tomas Risbecker (Chair), Stig-Olof Simonsson and Anna Benjamin. The task of this committee prior to the 2024 AGM is to nominate a Chair of the Board and other Board members, auditor, a chair for the AGM and to propose fees for the Board and auditors.

FINANCIAL CALENDAR

25 April

Interim report 1 January–31 March 2024

9 July

Interim report 1 January–30 June 2024

31 October

Interim report 1 January–30 September 2024

6 February

Year-end report 2024

INFORMATION MATERIAL

Printed information is distributed to those shareholders who notify the company that they wish to receive such information. Notification must be submitted by e-mail to ir@xano.se or by telephone on 036-31 22 00.

Subscription for press releases is registered via www.xano.se under "Investors". Reports and press releases can also be found on the website, available to read and download.

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Directors' Report

The Board of Directors and the CEO of XANO Industri AB (publ), with corporate identity no. 556076-2055 and registered office in Jönköping, Sweden, hereby submit the annual report and consolidated financial statements for the 2023 financial year.

The information in this annual report refers to continuing operations unless otherwise indicated.

Operations

XANO develops, acquires and operates manufacturing businesses with unique or market-leading products and systems with related services.

Revenue and profit

Net revenue totalled SEK 3,431 million (3,509). Operating profit amounted to SEK 301 million (341), corresponding to an operating margin of 8.8 per cent (9.7). Profit before tax was SEK 226 million (309).

Share data and key figures

Basic earnings per share were SEK 3.01 (4.30). Equity per share amounted to SEK 27.91 (26.39). The average number of outstanding shares was 58,302,218 during the year. The equity/assets ratio was 44 per cent (42) at year-end. The average number of employees was 1,381 (1,426).

Important events during the year

Lundgren Machinery AB was acquired on 1 June 2023. The company is located in Hjärup, just north of Malmö, Sweden. Lundgren Machinery's operations include the development and manufacturing of case erecting and case sealing machines, as well as contract assignments for prototypes, single units and complete solutions. Sales are made to leading food and pharmaceutical companies in Scandinavia and Northern Europe. The company has 10 employees and a turnover of approx. SEK 30 million. Lundgren Machinery complements the operations within XANO's business unit Industrial Solutions by adding adjacent technical skills and introducing new market niches. The acquisition means that the business unit's area of expertise is further broadened, and that Lundgren Machinery is given access to resources providing enhanced opportunities to develop its unique strengths. Consolidation is effective as from 1 June 2023. The acquired unit is expected to have a marginal impact on XANO's earnings per share.

An agreement to acquire Integrated Packaging Solutions (IPS) with subsidiaries, located in Denver, Colorado, was signed on 21 August 2023. IPS is an international company operating within the packaging sector, mainly targeting the can-making industry. IPS provides machinery and integration technology as well as production-optimisation services to metal packaging manufacturers. The company has 40 employees and access to a wide network of industry experts. Sales amount to approx. USD 16 million. IPS is in an expansive phase and expects good growth the coming years related to both existing and new markets. IPS' operations primarily complement those of NPB and Canline within XANO's Industrial Solutions business unit, with which there are clear synergies. IPS provides growth possibilities principally in service and aftersales. Through the company's newly developed concept CanSCHOOL, there are opportunities to further deepen collaboration with customers in the can-making industry. The concept is also applicable to other industries in which the business unit companies are active. The addition of IPS is supporting XANO's ambitions to expand market shares in the US and become the natural choice of partner for decision makers in investment projects worldwide. The acquisition represents an intensification of the Group's ongoing establishment in the US. The access to IPS' expertise and networks will benefit and speed up the process of making the Group's offering visible in the North American market. The acquired units are initially expected to contribute SEK 0.30 in earnings per share on an annual basis. Following a confirmatory due diligence and the fulfilment of customary closing conditions, the acquisition was concluded during September 2023. Consolidation is effective as of 30 September 2023.

Events after the end of the year

There are no individual events of major significance to report after the closing day.

Activities and organisation

The XANO Group consists of engineering companies offering manufacturing and development services for industrial products and automation equipment. The Group is represented in the Nordic countries, Estonia, the Netherlands, Poland, China, the USA and Australia. The companies all operate within well-defined niches and possess a high level of expertise within their respective technical areas. In 2023, the Group's operations were divided into three business units: Industrial Products, Industrial Solutions and Precision Technology.

The Industrial Products business unit consists of Ackurat, Blowtech, Cipax and Pioner Boat. Operations comprise the design, manufacture and sale of plastic components and systems produced by means of rotational moulding, injection moulding and blow moulding. Deliverables include both customer-specific and proprietary products mainly for the automotive and infrastructure segments.

Companies within the Industrial Solutions business unit supply in-house developed automation solutions, such as packaging machines, accumulators and conveyor systems, to the packaging and food industries. Operations also include industrial end-to-end production software solutions as well as contract assignments for advanced industrial products in small and medium-sized production runs. The business unit consists of Canline, Case Packing Systems (CPS), CIM, Fredriksons, Integrated Packaging Solutions (IPS), Jorgensen, Lundgren Machinery, NPB and Polyketting.

The Precision Technology business unit includes Kuggteknik, Kungsörs Mekaniska (KMV), Lasertech, LK Precision, Mikroverktyg, Modellteknik and Resinit. Operations cover advanced cutting machining, laser welding and 3D printing for the production of components with stringent requirements for quality and precision. Production primarily comprises low to medium volume runs of parts and systems within areas such as medical technology and infrastructure.

The Group's development during the year

The past year saw a high degree of adjustment for most of the Group's companies. We witnessed declining trends in traditional markets and experienced a generally low willingness to invest, primarily among our European customers in the packaging industry. Sectors that enjoyed strong growth during the pandemic, such as medical technology and food, experienced a return to more normalised conditions. To balance the loss of volume in respect of existing customers, we intensified our efforts in new business areas and in new geographic markets. This resulted in a robust growth primarily within automation for the handling of vehicle batteries and for contract assignments in the defence sector. We also conducted two acquisitions with the aim of complementing and strengthening our existing operations. Implemented marketing investments are affecting profitability in the short term but are supporting our strategic direction and our long-term goals.

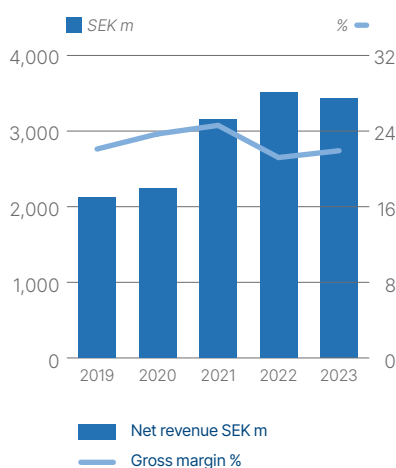
Industrial Products

The year was characterised by fluctuations in order intake and differing conditions for the business unit's various customer segments. Despite a slight decline in sales, however, several of the companies increased their market shares. The sale of products to the infrastructure sector and the furniture industry generated healthy contributions. On the other hand, various challenges in the automotive sector and a significant fall in the number of boats sold reduced profitability. Many new innovation projects and collaborations were launched through strategic marketing initiatives. Investments in product and process development did further boost sustainability performance. The introduction of proprietary products in new geographic markets is continued.

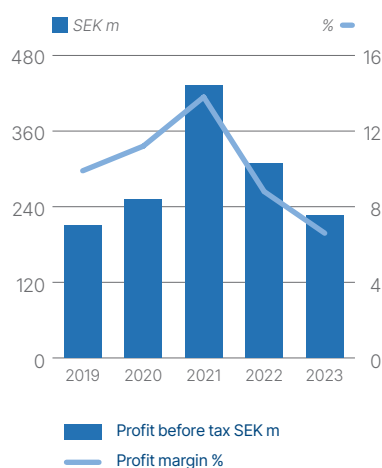
Industrial Solutions

Global financial turmoil and disruptions in the supply chain led to generally lower project volumes. There was also a downward trend in respect of contract assignments for customers within medical technology and packaging. Sales successes in new busi-

Net revenue & gross margin



Profit before tax & profit margin



ness niches and geographic areas did, to some extent, compensate for the weak performance in the business unit's traditional markets. The two companies acquired during the year added expertise and strengthened business opportunities, including for our aftermarket services. In addition, the ongoing establishment process in the USA was intensified. Several joint activities and increased cooperation between the sister companies as well as with external partners were initiated.

Precision Technology

Saturation in the medical technology sector resulted in significantly lower volumes compared with last year. In other respects, too, the business unit's companies experienced a general decline in demand from established customer segments, which resulted in adaptations to both organisations and technology resources. Short-termism in order placement and shortages in supply chains had a negative impact on both resource utilisation and productivity, and thus on profitability. Strategic marketing efforts did, however, make it possible to win many new assignments, mainly in the defence sector. Such business dealings are only making a limited contribution initially, but there is considerable potential for development, increasing opportunities for growth for the majority of the companies in the business unit.

Future development

It is difficult to come to any conclusion other than that the outlook remains both uncertain and challenging. We are not witnessing any quick turnaround and recovery in the established markets, where we have been experiencing declining trends. The investment ambitions of our major customers are closely linked to the global economic development. As a result, we will probably need to make further adaptations to our operations.

At the same time, we are seeing clear results from our efforts in new business areas and in new geographic markets. Our aftermarket activities have only provided a modest contribution to date, but the conditions have improved thanks to the acquisition of the US company IPS. These investments are in line with our

strategic work focused on long-term sustainable business. We are proactive yet humble in the face of the challenges before us.

Investments

Net investments in non-current assets came to SEK 378 million (144), of which SEK 250 million related to business combinations, SEK 6 million to intangible assets, SEK 89 million to property, plant and equipment, SEK 5 million to financial assets and SEK 28 million to right-of-use assets.

Cash flow and liquidity

Cash flow from operating activities amounted to SEK 519 million (128). Lower stock levels and reduced tying-up of capital linked to project operations are compensating for the weaker results and, on the whole, delivering a higher cash flow than in the previous year.

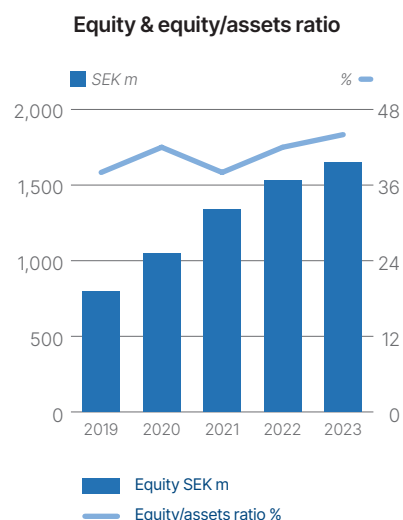
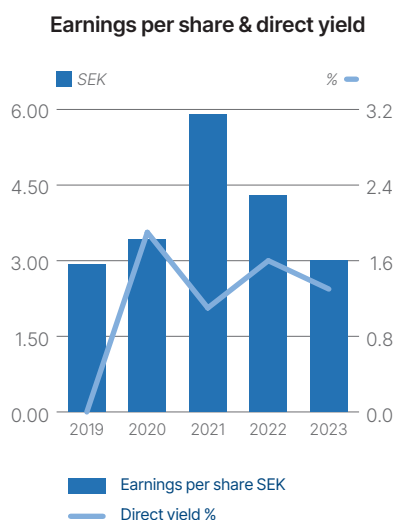
Liquid assets, including lines of credit granted but not utilised, totalled SEK 1,417 million (1,363) on the closing day.

Risks and uncertainty factors

The Group's main risks and uncertainty factors include operational risks associated with customers and suppliers and other external factors such as price risks for input goods. In addition, there are financial risks as a result of changes in exchange rates and interest rate levels.

The Group's operations span many different sectors and customer segments, which generally entails a good spreading of risk. We also enjoy a high level of preparedness to make adjustments. The conflict in Ukraine and the lingering effects of the coronavirus pandemic still constitute risk and uncertainty factors that could entail significant consequences for the Group's operations. These risk and uncertainty factors relate primarily to a lack of access to components, disruptions in the supply chain, price rises and insufficient access to energy. The willingness to invest on the part of some of the Group's major customers is also closely linked to the development of the global economy.

A statement on the Group's main financial and operational risks can be found in Note 35 on pages 103–104.



Currency and interest rates

As a result of its international activities, XANO is exposed to currency fluctuations, mainly in DKK, EUR, NOK and USD relative to SEK. The Group's interest-bearing liabilities amounted to SEK 1,115 million (1,110) on the closing day. A detailed description of the Group's financial risks can be found in Note 35 on pages 103–104.

Sustainability

The statutory sustainability report has been prepared separated from the directors' report and can be found on pages 54–69. Complete tables for disclosure of key performance indicators according to the taxonomy can be found on pages 121–123.

Environmental impact

The Group is engaged in activities with a reporting obligation in seven Swedish subsidiaries and activities that require a permit under the Swedish Environmental Code in one Swedish subsidiary. The parent company does not conduct any activities that require a permit. The Group's operations subject to a permit or reporting obligation affect the external environment through the use of materials, chemicals, energy and water, which in turn generate climate emissions and waste. There is also an indirect environmental impact as a result of products, packaging and transport. The nature of the Group's operations, manufacturing processes and products is such that the environmental risks are deemed to be limited. A description of the Group's environmental activities can be found in the sustainability report on pages 54–69.

Research and development

Within the framework of each subsidiary, products and processes are continually developed. Development expenses, which are not significant, are normally written off as they arise. Under certain circumstances, expenses can be capitalised, provided that future economic benefits can be demonstrated, and the expense is of considerable value. The Group does not conduct in-house research.

The share and shareholders

As of the closing day, the total number of shares is 59,640,298, divided between 14,577,600 class A shares and 45,062,698 class B shares. Class A shares give entitlement to ten votes, while class B shares give entitlement to one vote. All shares have equal rights to dividends. As of the closing day, the company holds 509,132 class B shares in own custody.

As of the closing day, there are two shareholders who each owns and controls more than 10 per cent of the votes for all shares in the company. Anna Benjamin controls 56.8 per cent of the votes and 27.1 per cent of the capital. Pomona-gruppen AB holds 29.2 per cent of the votes and 28.2 per cent of the capital.

Convertible bond programme

As of 1 October 2020, convertibles with a nominal value of SEK 69,998,232 and with a due date of 2 October 2023 were issued to employees in the XANO Group. During the period 1–12 September 2023, a nominal SEK 69,911,124 was reported for conversion to Class B shares. The conversion price was SEK 61.00 and the number of new Class B shares added due to the conversion amounts to 1,146,084. Refer also to Notes 23 and 26. As of the closing day, there are no outstanding convertible bond programme.

Work of the Board of Directors

The 2023 AGM decided that the Board of Directors should consist of six members. The members elected at the AGM include both representatives of XANO's largest shareholders and independent representatives. The CEO and other salaried employees in the Group participate in Board meetings to present reports or in an administrative capacity.

During the 2023 financial year, the Board of Directors held seven meetings. Each regular meeting deals with the reports and items requiring a decision that are defined in the Board's rules of procedure, in addition to business information. The Board makes decisions on issues of a general nature, such as the Group's strategy and structural and organisational issues, as well as acquisitions and major investments.

The Board's control function is dealt with by the audit committee. The company's auditor attends at least one Board meeting each year to report the auditor's observations following the examination of the company's financial statements, procedures and internal controls.

Nomination committee

A nomination committee was appointed at the 2023 AGM consisting of Tomas Risbecker (chair), Stig-Olof Simonsson and Anna Benjamin. The task of the committee prior to the 2024 AGM is to nominate a Chair of the Board and other Board members, auditors, a chair for the AGM and to propose fees for the Board, committees and auditor. The nomination committee has so far held five meetings prior to its proposal to the 2024 AGM. In addition, there have been ongoing contacts between the members of the nomination committee.

The Articles of Association do not contain any specific regulations concerning the appointment and dismissal of Board members or changes to the Articles of Association.

Agreements

There are no agreements between the company and the members of the Board of Directors.

Five-year overview

	2023	2022	2021	2020	2019
INCOME STATEMENT, SEK M					
Net revenue	3,431	3,509	3,151	2,239	2,128
Cost of goods sold	-2,678	-2,764	-2,375	-1,709	-1,658
Gross profit	753	745	776	530	470
Selling expenses	-295	-258	-209	-161	-158
Administrative expenses	-174	-153	-127	-90	-85
Other operating income/expenses	17	7	13	-5	2
Operating profit	301	341	453	274	229
Financial income	21	30	12	8	9
Financial expenses	-96	-62	-32	-31	-27
Profit before tax	226	309	433	251	211
Tax	-51	-60	-91	-56	-48
Net profit for the year	175	249	342	195	163
FINANCIAL POSITION 31 DECEMBER, SEK M					
Non-current assets	2,092	1,882	1,833	1,325	1,262
Current assets	1,669	1,724	1,662	1,161	819
Equity	1,651	1,530	1,341	1,051	800
Non-current liabilities	1,201	1,126	847	790	690
Current liabilities	909	950	1,307	645	591
Balance sheet total	3,761	3,606	3,495	2,486	2,081
CASH FLOW, SEK M					
Cash flow from operating activities	519	128	353	402	307
Cash flow from investing activities	-313	-140	-558	-143	-108
Cash flow after investments	206	-12	-205	259	199
Cash flow from financing activities	-70	-170	180	38	-188
Cash flow for the year	136	-182	-25	297	11
KEY RATIOS					
Operating margin, %	8.8	9.7	14.4	12.2	10.8
Profit margin, %	6.6	8.8	13.8	11.2	9.9
Return on equity, %	11.0	17.1	28.8	21.1	21.8
Return on capital employed %	11.6	14.3	21.8	17.3	15.4
Return on total capital, %	8.5	10.3	15.6	12.7	11.4
Interest coverage ratio, multiple	3.4	6.0	14.6	9.2	8.8
Average equity, SEK m	1,595	1,456	1,188	925	750
Average capital employed, SEK m	2,772	2,599	2,139	1,625	1,549
Average total capital, SEK m	3,810	3,613	2,980	2,223	2,084
Equity/assets ratio, % ¹⁾	44	42	38	42	38
Basic earnings per share, SEK ^{1, 2)}	3.01	4.30	5.90	3.43	2.92
Costs related to convertible bonds, MSEK	4	4	4	2	2
Equity per share, SEK ²⁾	27.91	26.39	23.13	18.12	14.34
Cash flow from operating activities per share, SEK ²⁾	8.91	2.21	6.09	7.07	5.51
Proposed dividend per share, SEK ²⁾	1.00	1.75	1.75	1.25	0.00
EBITDA, SEK m	441	467	557	360	313
MISCELLANEOUS					
Scheduled depreciation, SEK m	140	126	104	86	84
Interest-bearing liabilities, SEK m	1,115	1,110	1,116	743	762
Deferred tax liability, SEK m	104	111	102	86	96
Net investments, excl. business combinations, SEK m	128	144	130	73	113
Average number of employees, incl. short-term work/temporary layoffs	1,381	1,426	1,245	1,085	1,085

¹⁾ Based on net profit for the year.

²⁾ The comparison figures have been recalculated due to the 2:1 share splits carried out in 2019 and 2022.

For definitions and information on key figures, see pages 105–106. For details on the number of shares, see page 14.

Corporate governance

XANO's corporate governance is based on Swedish legislation and the listing agreement with Nasdaq Stockholm. Directives issued by authorities and stakeholders within Swedish industry and on the financial market are also applied for various issues.

Governance, management and control are divided between shareholders at the AGM, the Board and the CEO in accordance with the Swedish Companies Act and the company's Articles of Association and rules of procedure.

All companies listed on Nasdaq Stockholm must follow the "Swedish Corporate Governance Code", known as "the Code". XANO's corporate governance report has been prepared separately from the directors' report and can be found on pages 70–73.

Remuneration and employment conditions for senior executives

The Annual General Meeting decides on the guidelines for determining remuneration for the CEO and other senior executives. The relevant guidelines were adopted by the 2022 Annual General Meeting (AGM). These guidelines cover remuneration and other employment conditions for Board Members, the CEO and other members of the Group management. The guidelines are applied to employment contracts entered into after the 2022 AGM and to changes made thereafter to ongoing employment contracts, and will apply until further notice, although at most until the 2026 AGM. The guidelines do not refer to remuneration that is determined by the AGM. See also to Note 5.

Proposal for the appropriation of profits

Parent Company

The following amounts are at the disposal of the AGM:		(SEK)
Share premium reserve		145,249,750
Retained earnings		276,016,172
Net profit for the year		150,093,799
Total		571,359,721

The Board of Directors and the CEO propose that the surplus be distributed as follows:		(SEK)
Payment of a cash dividend of SEK 1.00 ¹⁾ per share to shareholders (59,131,166 shares ²⁾)		59,131,166
To be carried forward		512,228,555
Total		571,359,721

¹⁾ It is proposed that the dividend be paid in two instalments, SEK 0.50 in May and SEK 0.50 in November.

²⁾ After deduction for the company's own holding, the number of outstanding shares is currently 59,131,166.

Statement by the Board of Directors regarding the proposed dividend

Based on the proposed dividend, the equity/assets ratio is adequate as company and Group activities are still profitable. It is the opinion of the Board that the liquidity in the company and Group can be maintained at a satisfactory level.

The Board believes that the proposed dividend does not prevent the parent company or the other Group companies from fulfilling their obligations in the short and long term, or from meeting their required investments. The proposed dividend can thus be justified with reference to the provisions of Section 3(2–3) in Chapter 17 of the Swedish Companies Act (the prudence rule).

Consolidated statements of comprehensive income

GROUP (SEK THOUSANDS)	NOTE	2023	2022
Net revenue	3, 4	3,431,455	3,508,706
Cost of goods sold	6, 7, 8	-2,678,627	-2,763,384
Gross profit		752,828	745,322
Selling expenses	6, 7, 8	-295,265	-257,598
Administrative expenses	6, 7, 8, 9	-173,624	-153,154
Other operating income	10	48,992	25,436
Other operating expenses	11	-31,321	-18,619
Profit/loss from participations in associated companies	17	-529	-156
Operating profit	3, 4, 5	301,081	341,231
Financial income	12	21,399	29,578
Financial expenses	13, 26	-95,810	-61,812
Profit before tax		226,670	308,997
Tax	14	-51,273	-59,929
NET PROFIT FOR THE YEAR		175,397	249,068
<i>– of which attributable to shareholders of the Parent Company</i>		<i>175,397</i>	<i>249,068</i>
SHARE DATA			
Basic earnings per share	SEK 22, 23	3.01	4.30
Diluted earnings per share	SEK 22, 23	3.01	4.27
GROUP (SEK THOUSANDS)			
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to net profit for the year</i>			
Change in hedging reserve	24, 28	-13,112	25,515
Tax relating to change in hedging reserve	24, 28	2,701	-5,256
Translation differences	24	-12,289	21,451
OTHER COMPREHENSIVE INCOME		-22,700	41,710
COMPREHENSIVE INCOME FOR THE YEAR			
<i>– of which attributable to shareholders of the Parent Company</i>		<i>152,697</i>	<i>290,778</i>

Consolidated statements of financial position

GROUP (SEK THOUSANDS)	NOTE	2023-12-31	2022-12-31
ASSETS			
Non-current assets			
Intangible non-current assets	15		
Goodwill		1,135,809	968,079
Other intangible non-current assets		94,832	62,606
Construction in progress for intangible non-current assets		5,460	3,518
		1,236,101	1,034,203
Property, plant and equipment	16		
Land and buildings		375,988	388,925
Plant and machinery	32	215,492	217,966
Equipment, tools, fixtures and fittings		51,236	55,047
Construction in progress for property, plant and equipment		81,594	55,269
Right-of-use assets	32	122,218	125,737
		846,528	842,944
Other non-current assets			
Participations in associated companies	17	24	0
Non-current receivables		1,809	1,847
Deferred tax asset	28	7,294	2,738
Total non-current assets		2,091,756	1,881,732
Current assets			
Inventories	18	509,118	564,699
Current receivables			
Accounts receivable – trade and other current assets	4, 19, 20, 35	806,330	926,564
Derivative instruments	20	7,892	20,427
Prepaid expenses		36,668	33,783
Cash and cash equivalents	20, 21	308,936	178,334
Total current assets		1,668,944	1,723,807
TOTAL ASSETS		3,760,700	3,605,539

Consolidated statements of financial position

GROUP (SEK THOUSANDS)	NOTE	2023-12-31	2022-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital	23	37,275	36,559
Other contributed capital		183,714	114,519
Reserves	24	50,453	73,153
Retained earnings		1,379,074	1,306,010
Total equity		1,650,516	1,530,241
<i>– of which attributable to shareholders of the Parent Company</i>		<i>1,650,516</i>	<i>1,530,241</i>
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	20, 26, 30, 32	1,067,160	1,006,328
Other non-current liabilities	34	20,083	8,027
Other provisions	27	10,292	8,027
Deferred tax liability	28	103,530	111,145
		1,201,065	1,125,500
Current liabilities			
Accounts payable – trade and other current liabilities	4, 20, 29	844,912	834,936
Provisions	27	5,756	6,423
Derivative instruments	20	–	–
Current interest-bearing liabilities	20, 25, 30, 32	47,871	103,836
Deferred income		5,232	219
Current tax liability		5,348	4,384
		909,119	949,798
Total liabilities		2,110,184	2,075,298
TOTAL EQUITY AND LIABILITIES		3,760,700	3,605,539

Consolidated statement of changes in equity

GROUP (SEK THOUSANDS)	NOTE	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity
Equity, 1 January 2022		36,559	114,519	31,443	1,158,416	1,340,937
Net profit for the year		–	–	–	249,068	249,068
Other comprehensive income		–	–	41,710	–	41,710
Comprehensive income for the year		–	–	41,710	249,068	290,778
Dividends paid in cash		–	–	–	-101,474	-101,474
Total transactions with shareholders		–	–	–	-101,474	-101,474
Equity, 31 December 2022		36,559	114,519	73,153	1,306,010	1,530,241
Net profit for the year		–	–	–	175,397	175,397
Other comprehensive income		–	–	-22,700	–	-22,700
Comprehensive income for the year		–	–	-22,700	175,397	152,697
Conversion of personnel convertibles		716	69,195	–	–	69,911
Dividends paid in cash		–	–	–	-102,333	-102,333
Total transactions with shareholders		716	69,195	–	-102,333	-32,422
EQUITY, 31 DECEMBER 2023	23, 24	37,275	183,714	50,453	1,379,074	1,650,516
<i>– of which attributable to shareholders of the Parent Company</i>		37,275	183,714	50,453	1,379,074	1,650,516

Consolidated cash flow statements

GROUP (SEK THOUSANDS)	NOTE	2023	2022
OPERATING ACTIVITIES			
Operating profit		301,081	341,231
<i>Adjustments for non-cash items etc.</i>			
Depreciation and amortisation		139,597	126,087
Capital gain from sale of non-current assets		-237	1,754
Revaluation/write-down of inventories		1,629	4,577
Other		4,606	1,277
Interest paid	33	-66,978	-29,304
Interest received	33	11,627	1,845
Income tax paid		-71,276	-111,739
Cash flow from operating activities before changes in working capital		320,049	335,728
Changes in working capital			
Increase (-) / decrease (+) in inventories		64,333	-80,450
Increase (-) / decrease (+) in current receivables		149,950	-57,972
Increase (+) / decrease (-) in current liabilities		-19,884	-66,352
Increase (+) / decrease (-) in other provisions		4,749	-2,521
Cash flow from operating activities		519,197	128,433
INVESTING ACTIVITIES			
Purchase of intangible non-current assets		-6,067	-3,935
Purchase of property, plant and equipment		-89,130	-138,095
Sale of property, plant and equipment		187	914
Indirect investments through acquisition of subsidiaries/assets and liabilities	33, 34	-213,264	-
Increase (-) / decrease (+) in other non-current assets		-5,004	1,104
Cash flow from investing activities		-313,278	-140,012
FINANCING ACTIVITIES			
Dividends paid		-102,333	-101,474
Borrowings		241,376	953,601
Repayments of borrowings		-170,168	-987,702
Payments of lease liabilities		-39,752	-34,316
Change in bank overdraft facilities		987	-
Cash flow from financing activities		-69,890	-169,891
CASH FLOW FOR THE YEAR		136,029	-181,470
Cash and cash equivalents at the beginning of the year		178,334	345,864
Exchange rate differences in cash and cash equivalents		-5,427	13,940
Cash and cash equivalents at the end of the year	21	308,936	178,334

Notes, Group

NOTE 1 General information

XANO Industri AB with corporate identity number 556076-2055, is a public limited liability company with its registered office at Industrigatan 14 B in Jönköping, Sweden. The company's class B share is listed on Nasdaq Stockholm. XANO Industri AB is a subsidiary of Viem Invest AB with corporate identity number 556239-3099 and registered office in Jönköping, Sweden. Viem Invest AB is the ultimate parent of the Group. All amounts are reported in SEK thousands unless otherwise indicated.

NOTE 2 Accounting policies

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendations and statements.

GENERAL

Applied accounting policies and valuation principles are unchanged compared to the previous year, with the exceptions due to new or revised standards, interpretations and improvements, which are applied from 1 January 2023 inclusive. These new items have not had any significant impact on the Group's accounts.

The new or revised standards with application from 2024 and later, have not been applied in connection with the preparation of these financial statements. The application of these new standards is not considered to have a significant impact on the Group's financial performance or position.

CONSOLIDATED FINANCIAL STATEMENTS

GENERAL

The consolidated financial statements cover the parent company, XANO Industri AB, and the companies over which the parent company has a direct or indirect controlling interest as at year-end. Controlling interest is defined on the basis of whether the shareholder is capable of controlling the company, entitled to a return and in a position to manage the activities that influence the return. This is usually achieved if the holding corresponds to more than 50 per cent of the number of votes. As of the closing day, all subsidiaries included in the consolidated financial statements are owned to 100 per cent.

The consolidated financial statements have been prepared in accordance with the acquisition method. This means that in the consolidated financial statements, shares in subsidiaries are replaced with the subsidiary's identifiable assets, liabilities and contingent liabilities, valued at fair value at the time of acquisition. The equity of the acquired subsidiary is eliminated in its entirety, which means that the consolidated equity includes only that portion of the subsidiary's equity which has accrued after the acquisition. If the consolidated acquisition value of the shares exceeds the acquisition analysis' value of the company's net assets, the difference is recognised as consolidated goodwill. If the consolidated acquisition value of the shares is instead lower than the value of the company's net assets, the difference is recognised directly in the profit/loss for the year. Only the profit or loss that has come about after acquisition is included in the consolidated income statement. The financial performance of divested companies is reported up to the date of sale.

BUSINESS COMBINATIONS

IFRS 3 is applied to business combinations. This means, amongst other things, that transaction fees on business combinations must be reported as a cost and also that conditional purchase prices must be set at the fair value at the time of acquisition and that the effects of revaluations of these purchase prices must be reported in the profit for the year.

TRANSLATION OF FOREIGN CURRENCIES

– Functional currency and presentation currency

Items included in the financial statements for the various entities belonging to the Group are valued in the currency used in the primary economic environment in which each company operates (functional currency). The Swedish krona (SEK), which is the parent company's functional currency and presentation currency, is used in the consolidated financial statements.

– Foreign subsidiaries

The profit and financial position of all Group companies with a functional currency other than the presentation currency are translated to the Group's presentation currency as follows:

- (i) Assets and liabilities for each of the balance sheets are translated at the exchange rate on the closing day.
- (ii) Income and expenses for each of the income statements are translated at the average exchange rate.
- (iii) All translation differences that arise are recognised in other comprehensive income.

In the case of the disposal of foreign operations, the total translation differences attributable to the foreign company are recognised as part of the capital gain/loss in the consolidated statement of comprehensive income.

RECOGNITION OF ASSOCIATED COMPANIES

Associated companies are those companies that are not subsidiaries, but where the parent company has significant influence. The consolidated financial statements present participations in associated companies according to the equity accounting method. The equity accounting method means that participations in companies are recognised at the acquisition value at the time of acquisition, and then adjusted by the Group's share of the change in the associated company's net assets. The consolidated income statement includes the Group's share of the associated company's profit after tax.

REVENUES

The Group supplies products and systems with associated services. Revenue is recognised when control of the product/service has been transferred to the customer. The transaction prices are mainly made up of fixed prices.

GOODS AND SERVICES

The majority of the Group's deliveries relate to goods. The deliveries comprise both customer-specific products manufactured in the form of direct assignments from customers, as well as proprietary products. In addition to the end product, a delivery can include closely integrated elements such as design and freight and is therefore normally jointly deemed to constitute one performance obligation. In the case of the sale of goods, the customer gains control on delivery in accordance with the freight terms, and the revenue is recognised at this time. The Group does not apply uniform freight terms. Volume discounts and other bonuses are deducted from income at the most likely value.

In the case of the sale of services, the revenue is normally recognised over time in line with the fulfilment of the performance obligation. The Group provides separate services such as the monitoring of customers' production lines and consultation. Service agreements are primarily fixed price assignments.

For deliveries of goods and services, payment terms of 30 to 90 days after delivery are normally applied.

PROJECT DELIVERIES

The Group conducts project deliveries mainly to the packaging industry. These deliveries consist of proprietary products and systems. The projects are customer unique and consequently do not create an asset with any alternative usage. The customer agreements are such that they provide the company with the right to receive payment for performance completed to date. The projects can consist of several components, such as design, machines, control systems, installation and warranty commitments. The warranties are standard in nature but cannot be supplied by another party. Bearing in mind the close integration between the components, the project deliveries are normally deemed to constitute one performance obligation. The agreements are primarily fixed price assignments. The contracts normally run for less than 12 months. The warranty commitments are normally time-limited to between 12 and 36 months. For these deliveries, revenue recognition takes place over time. Revenue is recognised on the basis of an input method based on the company's efforts to fulfil the performance obligation (degree of completion) on the closing day when the company can reliably calculate the financial outcome of the assignment. Preliminary estimates are used initially to assess income and expenditure. When a more accurate forecast can be determined, the forecast values are used instead to assess profit. The degree of completion is based on expenditure incurred in relation to estimated total expenditure. For projects that are initially difficult to forecast, income is recognised at an amount corresponding to the established cost, i.e. profit is recognised at SEK 0 pending the implementation of profit determination. An adjustment is made for anticipated losses as soon as these are known. Anticipated fines or penalties to customers as a result of e.g. delivery delays reduce the revenue by the amounts that are expected to be paid out. The subsidiaries have established procedures for following

up the projects. In the company's judgement, the selected method provides a good picture of the company's performance and entitlement to payment. Normal payment terms for these deliveries entail part at the time of the order, part on delivery and part following approved installation. The difference between received payment and entitlement to payment as a result of executed performance is recognised net in the balance sheet for each agreement, either as a contract asset or a contract liability.

PENSIONS

Pensions and other benefits after the termination of employment are classified as either defined contribution plans or defined benefit plans. With a defined contribution plan, the company's obligation is limited to paying fixed contributions to a separate legal entity (insurance company) and the company has no other obligations. A defined benefit plan is a pension plan that stipulates an amount for the pension benefit that an employee will receive after retirement. This is normally based on factors such as age, length of employment and salary. An independent actuary calculates the size of the obligations linked to each respective defined benefit plan. The actuary revalues the pension plan's obligation every year and distributes the costs over the employee's working life. The obligation is reported as a liability in the balance sheets. The Group primarily has defined contribution pension plans.

The majority of the Group's Swedish salaried employees are covered by the ITP plan, which is financed through pension insurance with Alecta or SPP. According to a statement from the Swedish Financial Reporting Board, this is a defined benefit plan. The Group has not had access to information that makes it possible to report this plan as a defined benefit plan. The pension plan as per ITP is therefore reported as a defined contribution plan in accordance with IAS 19. In addition, there are pension obligations which are subject to fixed contributions and which are hedged through payment of premiums to insurance companies.

TAXES

Reported income taxes include tax that will be paid for the current year and any changes to deferred tax. Tax assets and liabilities are valued at nominal amounts and in accordance with the current tax rules and tax rates. Deferred tax is calculated on temporary differences that arise between reported values and the tax base for assets and liabilities. The temporary differences refer mainly to untaxed reserves in Swedish companies.

Deferred tax liabilities are normally reported for all taxable temporary differences, while deferred tax assets are reported to the extent it is likely that the sums may be utilised.

When a legal right of offset exists, the receivable or liability is reported at net value.

NON-CURRENT ASSETS

Non-current assets are valued at the acquisition value less accumulated depreciation and any impairment costs. If there is an indication that an asset has reduced in value, the asset's recoverable amount is calculated. If the reported value exceeds the recoverable amount, the asset is written down to a value corresponding to the recoverable amount. If an asset cannot be tested for impairment separately, the asset must be allocated to a cash-generating unit for impairment testing. Future expenses are only recognised at their acquisition value if it is probable that the financial benefits that are associated with the asset will fall to the company and that the acquisition value can be calculated reliably. All other future expenses are reported as a cost during the period in which they arise.

INTANGIBLE NON-CURRENT ASSETS

Expenditure for product and process development is normally charged to the income statement continuously. Expenses for major projects, which are directly linked to identifiable products controlled by the Group and which will probably give financial benefits in future years, are recognised in the balance sheet as intangible non-current assets. Other intangible assets include both acquired assets and internally developed assets. The latter consist mainly of direct costs for own work as well as attributable shares of indirect costs.

Impairment tests for goodwill are performed every year. The Group's goodwill is divided between the Group's cash-generating units. Recoverable amounts for a cash-generating unit are determined based on calculations of values in use. These calculations are based on the Group's annual forecasting process, in which the forecast is determined by the Board of Directors, where future cash flows for the existing business are forecast for the current year and the coming four-year period. The cash flow beyond the five-year period is extrapolated. XANO uses a current weighted capital cost for discounting estimated future cash flows. Discounted flows are compared with the carrying amount.

Amortisation is included in the costs for each function. Amortisation is calculated systematically over the expected utilisation period as per the list below.

Capitalised development expenditure	3–10 years
Patents	3–10 years
Other intangible non-current assets	3–10 years

PROPERTY, PLANT AND EQUIPMENT

Depreciation is included in the costs for each function. Depreciation is calculated systematically over the expected utilisation period as per the list below.

Buildings	20–50 years
Land improvements	20 years
Machinery and equipment	3–12 years

RIGHT-OF-USE ASSETS

The right-of-use assets in lease contracts are initially recognised at the value of the lease liabilities, adjusted for any prepaid lease payments. See also the Leases paragraph.

Amortisation is included in the costs for each function. Amortisation is calculated systematically over the expected utilisation period or, if it is shorter, the contract period as per the list below.

Premises	2–12 years
Machinery and equipment	2–10 years

CONTRACT ASSETS AND CONTRACT LIABILITIES

A contract asset is recognised when the Group has supplied the product/service to a customer, or fulfilled a commitment, but has not yet invoiced the customer. A contract liability is recognised when the Group has received or will receive payment but has not yet supplied the product/service to the customer.

Impairment testing is performed continually for contract assets. Testing takes place individually and takes factors such as the customer's financial difficulties into account. In addition, an assessment is conducted for each segment, during which anticipated credit losses are assessed primarily from a historical perspective. Impairment testing for losses for the year has not entailed any reserve, as these are not deemed to amount to a significant sum.

ACCOUNTS RECEIVABLE – TRADE

Accounts receivable are recognised when the company has completed an undertaking and/or is entitled to unconditional payment and has invoiced the customer.

INVENTORIES

Inventories are valued as per the principle of lowest value and the first in, first out (FIFO) method. This means that inventories are recorded at the lower of the acquisition value as per the FIFO method and the net realisable value. The acquisition value of own-labelled finished and semi-finished goods consists of direct manufacturing costs and a reasonable mark-up for indirect manufacturing costs.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents constitute cash and bank balances as well as investments with a term of no more than three months.

FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities cover cash and bank balances, current investments, accounts receivable, loan receivables, loan liabilities, accounts payable and any derivatives. A financial asset or liability is recognised on the balance sheet when the company becomes party to the instrument's contractual terms. A financial asset is removed when the right to receive cash flows from the asset has expired or been transferred to another party. A financial liability is removed from the balance sheet once the obligation has been discharged, revoked or transferred.

Financial instruments are recognised at their accrued acquisition value, fair value via the income statement or fair value in other comprehensive income depending on how the instrument is classified. The company's business model for the management of financial instruments and the characteristics of the contractual cash flows from the instrument constitute the basis for the classification.

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE VIA THE INCOME STATEMENT

Financial assets and liabilities measured at fair value via the profit and loss statement cover assets held for trading and assets and liabilities which are reported at fair value via net profit for the year, such as derivatives that are not covered by hedge accounting.

FINANCIAL ASSETS AND LIABILITIES MEASURED AT ACCRUED ACQUISITION VALUE

Loan receivables and accounts receivable are valued at their accrued acquisition value. Credit risk is managed by each subsidiary through adopted procedures for credit control and dunning management. Impairment testing is carried out on an ongoing basis for these assets. Testing takes place individually and considers factors such as the financial difficulties of the debtor. In addition, an assessment is conducted for each segment, during which anticipated credit losses are assessed primarily from a historical perspective. Other financial liabilities, such as borrowings and accounts payable, are valued at their accrued acquisition value.

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE IN OTHER COMPREHENSIBLE INCOME

Financial assets and liabilities measured at fair value in other comprehensive income include assets and liabilities for which hedge accounting is applied.

XANO uses hedge accounting in accordance with IAS 39. In order for it to be possible to use hedge accounting, a number of criteria must be fulfilled: the position to be hedged is identified and exposed to exchange rate or interest rate fluctuations, the purpose of the instrument is to serve as a hedge, and a hedge effectively protects the underlying position against changes in its value.

XANO uses interest rate swaps to change the fixed-rate interest period in the desired direction as well as to reduce the effect of interest rate fluctuations. These derivatives are measured at their fair value in the balance sheet. The valuation is based on forward interest rates produced on the basis of observable yield curves. The valuation system detects which day count convention is being traded and adjusts the valuation accordingly. The relationship between the hedging instrument and the hedged item is documented when the transaction is entered into. The efficiency of the hedging relationship is measured regularly thereafter. The interest coupon share is regularly reported as either interest income or interest expense in the income statement. Other value changes are reported in other comprehensive income as long as the criteria for hedge accounting and efficiency are fulfilled. The inefficient part is recognised at fair value as a financial item in net profit for the year.

XANO uses currency derivatives to hedge sales in a currency other than the relevant entity's functional currency, as well as to reduce the effect of interest rate fluctuations between currencies. These contracts are valued at their fair value in the balance sheet. Valuation of the derivatives is based on observable data such as fixing rates and swap rates for the currency in question. The change in value for derivatives to hedge sales is recognised in other comprehensive income until the hedged flow is entered in the income statement and for as long as the criteria for hedge accounting and efficiency are satisfied. When the hedged flow meets the income statement, the change in value is recognised as net sales in relation to the way the hedged flow has been recognised as income, and in addition as exchange rate differences in net profit for the year. For other derivatives, the value changes are reported in other comprehensive income as long as the criteria for hedge accounting and efficiency are fulfilled. The inefficient part is recognised at fair value as a financial item in net profit for the year.

XANO uses borrowings in foreign currency to hedge net investments in foreign enterprises. The component of profit or loss which is deemed to constitute an effective hedge is reported as other comprehensive income. The profit or loss that is attributable to the inefficient part is recognised as a financial item in net profit for the year.

Convertible bonds consist of a composite financial instrument with the character of both a liability and of equity. These are reported partly as a financial liability and partly as an equity instrument.

When settlement or disposal is expected to take place more than 12 months after the closing day, a financial asset is reported as a non-current asset. Financial liabilities which are expected to be settled more than 12 months after the closing day are reported as non-current liabilities.

TRANSLATION OF FOREIGN CURRENCIES

Receivables and liabilities in foreign currency have been translated to the functional currency at the closing day rate. Translation differences for operating receivables and liabilities are reported under operating profit, while translation differences attributable to liquid assets, loan receivables and liabilities are included in the net financial income.

PROVISIONS

Provisions are recognised in the balance sheet when the company has a legal or informal commitment as a result of an event that has occurred, and it is more probable than not that an outflow of resources is required in order to settle the commitment and a reliable assessment of the amount can be made. The amounts are assessed on an ongoing basis based on both historical experience and reasonable future expectations. XANO's operation includes products covered by a guarantee that is normally limited to between 12 and 36 months. The Group's provisions mainly refer to guarantee commitments and pensions.

LEASES

Leases mean that the right of use for the object in question is reported as a right-of-use asset. At the same time, the corresponding commitments are reported as interest-bearing liabilities. Assets and liabilities are valued at the start of the lease period at the current value of agreed lease payments, discounted using the lessee's incremental borrowing rate. Lease payments that are included in the calculation cover e.g. fixed payments, variable lease payments that are dependent on an index or a price initially valued with the aid of an index, amounts that are expected to be paid out according to residual value guarantees, redemption prices for options to buy, etc. An option to extend a lease or an option to buy is taken into account in the calculation, if the lessee is reasonably sure of utilising such an opportunity. In subsequent periods, the asset is reported at cost less depreciation and impairment, and the liability is revalued to reflect the effect of interest and lease payments. Depreciation for the

non-current asset/right-of-use asset and interest expenses for the lease liability are reported in the income statement.

The Group assesses whether a contract is or contains a lease at the start of the agreement. The Group reports all leases in which the Group is the lessee, apart from short-term leases (leases with a lease term of less than 12 months) as well as leases where the underlying asset is of a low value. For leases that satisfy the requirements for the relief rules (short-term agreements and assets of a low value), lease payments are reported as an operating expense on a straight-line basis over the term of the lease. Variable lease payments that are not dependent on an index or a price are not included in the valuation. Such lease payments are reported as a cost in the operating profit in the period in which they arise.

CASH FLOW

Cash flow is reported by applying the indirect method. This means that the net profit/loss is adjusted for transactions that have not resulted in deposits or withdrawals during the period and for any income and costs related to the cash flow of investing or financing activities.

In the cash flow statement, purchase prices for companies that are either acquired or disposed of are presented on a separate line. The assets and liabilities that the acquired or sold company had at the time of the acquisition/disposal are therefore not included in the cash flow.

SEGMENTS

The accounting standard applied requires that information be provided from the management's perspective, which means that the reporting must correspond to the way in which the information is presented internally. The Group reports on the segments Industrial Products, Industrial Solutions and Precision Technology. The segments are defined on the basis of the Group's business units, which are organised according to production method and type of products and services.

MATERIAL VALUATIONS AND ASSESSMENTS

Preparation of the financial statements and application of the accounting policies are based on assessments and estimates about the future. Below is a description of areas where material estimates and assessment have been made as well as assumptions that entail a risk of significant adjustments during the coming period.

REVENUE RECOGNITION

The Group conducts project deliveries to the packaging industry. For these projects, income is recognised on the basis of the degree of completion on the closing day when it is possible to reliably calculate the financial result of the assignment. This method means that assessments must be performed of the projects' total income and expenditure, and changes to these items entail that the profit for future periods will be affected. It is particularly difficult to assess the profit at the start of projects and for projects that are technically complicated. In addition, it is necessary to assess whether the conditions are satisfied in order for the project deliveries to be recognised over time. Recognised income for ongoing assignments amounts to SEK 2,523 million (2,176). See also Note 4.

IMPAIRMENT TESTS FOR GOODWILL

Every year, or when there is an indication that an asset has fallen in value, the Group performs impairment tests for goodwill. The recoverable amount is determined by calculating the value in use. Certain estimates must be made for these calculations. The Group's reported goodwill amounts to SEK 1,136 million (968). See also Note 15.

PROVISIONS

Provisions are defined as liabilities that are uncertain in terms of the date of settlement or the amount. This means that estimates are always made when provisions are reported. Liabilities in respect of guarantee commitments are based primarily on historical experience. For other provisions, the amounts that are expected to be paid out are reserved. The Group's reported other non-current provisions amount to SEK 10.3 million (8.0) and other current provision amount to SEK 5.8 million (6.4). See also Note 27.

DERIVATIVE INSTRUMENTS

The Group holds derivatives that are measured at their fair value. Their valuation is based on estimates and comprises the market value that fluctuates over time. In addition to this, the accounting may be affected if the criteria for hedge accounting and effectiveness are not met. As of 31 December 2023, the Group's reported assets with regard to derivative instruments amount to SEK 7.9 million (20.4). See also Note 20.

LEASE CONTRACTS

The application of IFRS Leases requires a high degree of assessment when determining the value of the right-of-use assets and the lease liabilities, for example in order to assess the lease term and discount rate. The Group's right-of-use assets relating to leases amount to SEK 122 million (126). See also Note 32.

NOTE 3 Segment reporting etc.

The information on segments is provided from the management's perspective, which corresponds to the way in which the information is presented internally. The Group reports on the following segments: Industrial Products, Industrial Solutions and Precision Technology. The operations within each segment are described on pages 78-79. The segments are reported in accordance with the same accounting policies as the Group. Undistributed items mainly refer to the Parent Company.

BREAKDOWN OF REVENUE	Industrial Products		Industrial Solutions		Precision Technology		Eliminations/ undistributed items		Group total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Geographic markets ¹⁾										
Sweden	338,470	250,507	501,291	399,783	388,074	394,556	-1,813	-1,719	1,226,022	1,043,127
Rest of the Nordic countries	152,751	186,790	120,659	134,572	11,415	5,281	-	-	284,825	326,643
Rest of Europe	353,850	461,675	929,142	1,050,441	40,640	52,490	-	-	1,323,632	1,564,606
Rest of the world	6,535	6,456	575,457	534,458	14,984	33,416	-	-	596,976	574,330
Total	851,606	905,428	2,126,549	2,119,254	455,113	485,743	-1,813	-1,719	3,431,455	3,508,706
Type of product										
Proprietary products	206,323	247,018	1,659,979	1,463,662	1,794	1,610	4	3	1,868,100	1,712,293
Customer-specific manufacturing	645,283	658,410	466,570	655,592	453,319	484,133	-1,817	-1,722	1,563,355	1,796,413
Total	851,606	905,428	2,126,549	2,119,254	455,113	485,743	-1,813	-1,719	3,431,455	3,508,706
Timing of revenue recognition										
Goods/services transferred at a point in time	851,606	905,428	653,565	704,376	455,113	485,743	-1,813	-1,719	1,958,471	2,093,828
Services transferred over time	-	-	86,178	79,045	-	-	-	-	86,178	79,045
Projects transferred over time	-	-	1,386,806	1,335,833	-	-	-	-	1,386,806	1,335,833
Total	851,606	905,428	2,126,549	2,119,254	455,113	485,743	-1,813	-1,719	3,431,455	3,508,706

¹⁾ Revenue by geographic market refers to revenue from customers according to where the customers are located.

Market conditions are applied to transactions between the segments.

The XANO Group currently has no customer that generates revenue accounting for more than 10 per cent of the Group's total revenue.

PROFIT/LOSS ITEMS BY SEGMENT	2023			2022		
	Intra-group reported profit before tax	Distribution of group-wide costs and group contribution	Profit before tax	Intra-group reported profit before tax	Distribution of group-wide costs and group contribution	Profit before tax
Industrial Products	59,489	-50,504	8,985	75,446	-51,075	24,371
Industrial Solutions	162,705	-2,841	159,864	207,065	-63,307	143,758
Precision Technology	23,097	-1,149	21,948	50,455	-36,179	14,276
Undistributed items	-18,621	54,494	35,873	-23,969	150,561	126,592
Group total	226,670	0	226,670	308,997	0	308,997

PROFIT/LOSS ITEMS BY SEGMENT	2023				2022			
	Interest income	Interest expenses	Tax	Depreciation	Interest income	Interest expenses	Tax	Depreciation
Industrial Products	4,998	-19,762	-2,298	-42,056	1,316	-9,707	-4,145	-39,173
Industrial Solutions	7,369	-52,688	-41,484	-65,401	2,779	-20,121	-25,681	-57,214
Precision Technology	371	-14,148	-4,577	-31,712	176	-5,785	-2,951	-29,303
Undistributed items	925	17,445	-4,379	-428	-1,676	2,038	-27,152	-397
Group total	13,663	-69,153	-52,738	-139,597	2,595	-33,575	-59,929	-126,087

ASSETS AND LIABILITIES BY SEGMENT	2023				2022			
	Assets	Liabilities	Investments	Deferred tax liabilities	Assets	Liabilities	Investments	Deferred tax liabilities
Industrial Products	775,492 ¹⁾	127,903	63,832	19,083	759,938 ¹⁾	133,656	52,150	21,460
Industrial Solutions	2,451,042 ²⁾	753,959	286,121	51,929	2,274,107 ²⁾	699,978	58,284	48,104
Precision Technology	508,383 ³⁾	85,016	22,947	18,783	523,353 ³⁾	87,413	33,629	18,485
Undistributed items	25,783 ⁴⁾	28,275	960	13,735	48,141 ⁴⁾	44,087	-265	23,096
Group total	3,760,700	995,153	373,860	103,530	3,605,539	965,134	143,798	111,145

¹⁾ Including deferred tax assets totalling SEK 4,189 thousand (199).

²⁾ Including deferred tax assets totalling SEK 2,951 thousand (1,436).

³⁾ Including deferred tax assets totalling SEK 0 thousand (587).

⁴⁾ Including deferred tax assets totalling SEK 154 thousand (516).

Assets by segment refer to all assets. Liabilities by segment consist of operating liabilities excluding interest-bearing liabilities. Investments consist of purchases and sales of property, plant and equipment as well as intangible non-current assets, including increases and reductions resulting from the acquisition and disposal of subsidiaries. During 2023, operating assets, such as inventories and accounts receivable, have decreased within all business units.

ASSETS AND INVESTMENTS BY GEOGRAPHIC MARKET	2023		2022	
	Non-current assets	Investments	Non-current assets	Investments
Sweden	747,965	52,668	711,589	75,702
Rest of the Nordic countries	636,839	46,961	658,788	48,070
Rest of Europe	461,259	25,800	472,997	16,103
Rest of the world	245,693	248,431	38,358	3,923
Group total	2,091,756	373,860	1,881,732	143,798

Reported value of assets and investments by geographic market according to where the assets are located.

NOTE 4 Revenue, contract assets and contract liabilities

CONTRACT ASSETS	2023	2022
Contract assets for ongoing assignments	163,772	297,480
Accrued income	26,643	12,369
	190,415	309,849
CONTRACT LIABILITIES	2023	2022
Contract liabilities for ongoing assignments	293,578	289,591
Advance payment from customers	89,691	42,302
Deferred income	5,232	219
	388,501	332,112

The total assignment income that has been recognised as revenue amounts to SEK 1,386,806 thousand (1,335,833).

During the year, revenue has been recognised from performance obligations fulfilled in earlier periods at SEK -10,155 thousand (-17,742).

FOR ONGOING ASSIGNMENTS	2023	2022
Income from deliveries recognised as revenue over time	2,522,802	2,175,780
Expenditure for deliveries recognised as expenses over time	-1,920,410	-1,715,321
Reported profit	602,392	460,459
Advance payments received	1,213,134	1,633,207
Contract assets	163,772	297,480
Contract liabilities	293,578	289,591

Unfulfilled performance obligations that are expected to be recognised as revenue later than within one year do not amount to significant figures. For details on impairment testing, see Note 35.

CONTRACT ASSETS AND CONTRACT LIABILITIES	Assets	Liabilities
Opening balance	309,849	332,112
Assets at the start of the year reclassified to accounts receivable or contract liabilities	-	-
Liabilities at the start of the year recognised as income in 2023	-227,540	-258,356
Additional assets/liabilities	107,868	313,335
Acquisitions of subsidiaries	-	5,235
Translation differences	238	-3,825
Closing balance	190,415	388,501

NOTE 5 Employees and personnel costs

AVERAGE NUMBER OF EMPLOYEES	2023	of which men	2022	of which men
Sweden	619	81%	663	82%
The Netherlands	253	91%	240	90%
Denmark	191	91%	190	91%
Norway	113	88%	114	89%
Estonia	91	86%	105	87%
China	79	84%	93	83%
USA	19	90%	6	67%
Poland	10	40%	11	36%
Finland	4	75%	4	75%
Australia	2	100%	-	-
Group total	1,381	85%	1,426	85%

PROPORTION OF MEN AMONGST BOARD MEMBERS AND SENIOR EXECUTIVES	2023	2022
<i>Parent Company</i>		
Board members	67%	57%
Senior executives	50%	50%
<i>Operating subsidiaries</i>		
Board members	73%	74%
Senior executives	82%	81%

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS	2023	2022
Salaries and remuneration	830,132	760,241
Social security costs	233,425	213,694
(of which pension costs ^{1, 2, 3, 4})	(84,609)	(84,225)
Group total	1,063,557	973,935

¹ Of the Group's pension costs, SEK 9,463 thousand (9,352) relates to the Group's Board and CEO. The Group's outstanding pension obligations for these amount to SEK 0 thousand (0).

² The year's cost for pension obligations taken out with Alecta (reported as a defined contribution plan) amounts to SEK 12,107 thousand (13,934). Alecta's surplus can be distributed to the insurance policyholders and/or the insured parties. At the end of 2023, Alecta's surplus in the form of the collective insurance level amounted to 158 per cent (172). The fee for the coming year is estimated to be on a par with that charged for 2023.

³ Pension costs do not include special employer's contribution. Special employer's contribution is reported amongst social security costs.

⁴ Two of the Group's Swedish subsidiary companies have pension obligations secured through endowment insurance. The remaining balance was recognised as an asset and a pension liability, respectively, and amounts to SEK 546 thousand (549).

BREAKDOWN OF SALARIES AND OTHER REMUNERATION	2023		2022	
	Board and MD ¹⁾	Other employees	Board and MD ¹⁾	Other employees
Sweden (of which bonuses)	30,354 (2,070)	276,440	30,300 (3,648)	282,248
Denmark (of which bonuses)	5,597 (296)	196,792	5,541 (469)	175,141
The Netherlands (of which bonuses)	6,232 (126)	180,147	5,646 (159)	143,751
Norway (of which bonuses)	1,301 (-)	58,377	2,033 (7)	60,785
USA (of which bonuses)	775 (-)	26,627	- (-)	5,722
Estonia (of which bonuses)	620 (-)	21,403	563 (-)	20,073
China (of which bonuses)	1,798 (-)	17,688	2,028 (-)	22,112
Finland (of which bonuses)	- (-)	2,513	- (-)	2,243
Poland (of which bonuses)	- (-)	2,435	- (-)	2,055
Australia (of which bonuses)	- (-)	1,033	- (-)	-
Group total (of which bonuses)	46,677 (2,492)	783,455	46,111 (4,283)	714,130

¹⁾ Includes remuneration for board members, Group management and managing directors. Bonuses do not include holiday pay.

REMUNERATION FOR BOARD MEMBERS AND SENIOR EXECUTIVES

Remuneration to senior executives must be based on market terms, position, individual performance and the Group's earnings. The total remuneration will be made up of fixed remuneration, variable remuneration in the form of short-term incentives based on financial or strategic performance targets, pensions and other benefits. Conditions relating to termination and severance pay are in addition to this. In addition, the Annual General Meeting – irrespective of these guidelines – can decide on share-based and share price-related remuneration. The fixed remuneration constitutes basic cash salary and the value of any benefits, including pension benefits. The fixed remuneration must make up at least 50 per cent of the total remuneration. The fixed remuneration must reflect the responsibility that the position entails and must be competitive on the relevant market. Pay reviews will be conducted annually to ensure continued competitiveness and to reward individual performance. Variable cash remuneration will make up a maximum of 50 per cent of the total remuneration and at the most correspond to 9 months' basic cash salary. Variable remuneration will principally relate to financial performance targets but will also be able to be measured against non-financial targets in order thereby to focus on activities that promote the company's business and sustainability strategies as well as its long-term interests. The targets will be determined by the Board of Directors and must be specific, clearly measurable and for a set period of time. Variable remuneration linked to financial targets is determined annually and paid after the adoption of the annual accounts. All variable remuneration is conditional on positive net earnings for the Group and will be adjusted retrospectively if it has been paid out on false grounds. Senior executives will have a pension scheme with a retirement age of 65. Pension benefits, including health insurance, must be premium based. Variable compensation is not qualifying income for pension purposes. Pension premiums, including any salary exchange, must not exceed 35% of pensionable salary. Other benefits may include e.g. medical care insurance and a company car in accordance with the tax rules applicable at the time. Both the company and the CEO will be subject to a notice period of six months. In the case of termination of employment by the company, the CEO will be entitled to severance pay corresponding to 18 months' salary. The amount of severance pay will be adjusted for income from other sources. In the case of resignation by the CEO, no severance pay will be payable. Other senior executives will be subject to a notice period from either side of six months. In the case of termination of employment by the company, the executive will be entitled to severance pay corresponding to 6 months' salary. The amount of severance pay will be adjusted for income from other sources. In the case of resignation by the executive, no severance pay will be payable. In those cases where a Board member carries out services for the company over and above the Board work, a separate fee may be paid for this, provided such services contribute to the implementation of the company's business and sustainability strategy and the addressing of the company's long-term interests. Such consultancy fees may never exceed the annual Board fee for each individual Board member. The fee must be on market terms. Remuneration to the CEO must be determined by the

Board based on the recommendation by the Remuneration Committee. Remuneration to other senior executives must be determined by the Remuneration Committee and be reported to the Board. The Remuneration Committee must monitor and evaluate the application of the guidelines for remuneration, as well as applicable remuneration structures and remuneration levels in the company. Based on a recommendation from the Remuneration Committee, the Board must, every four years or in the event of major changes, draw up proposed new guidelines for ratification by the Annual General Meeting. To the extent that these matters relate to them, the CEO and other senior executives will not attend meetings of the Board where remuneration-related issues are discussed and decided. When preparing the Board's proposals regarding remuneration guidelines, salaries and terms and conditions of employment for the company's other employees must be taken into consideration, and an explanation must be given for the annual change in salary of each individual executive in relation to the average salary for the company's other employees. Any change in the difference between remuneration for senior executives and remuneration for other employees must be presented in the remuneration report. Based on a recommendation by the Remuneration Committee, the Board may deviate from the guidelines if specific reasons for this exist, and it is deemed necessary in order to address the company's long-term interests or to safeguard the company's financial strength. Deviations may only be made in exceptional circumstances.

The guidelines are applied to employment contracts entered into after the 2022 Annual General Meeting and to changes made thereafter to ongoing employment contracts. With the exception of restriction principles for variable remuneration and the definition of pensionable salary, the guidelines are applied in existing agreements with senior executives.

Terms of remuneration for the CEO and other senior executives cover basic cash salary, variable cash remuneration, other benefits and pension premiums. Other senior executives refer to the CFO who, together with the CEO, makes up the Group management.

The AGM decided that the Board's fee of SEK 1,600 thousand should be distributed with SEK 350 thousand payable to the Chair and SEK 250 thousand payable to each of the other ordinary Board members for the period up to and including the next annual general meeting. The AGM further decided that remuneration for tasks undertaken in the remuneration committee should amount to SEK 20 thousand per person and remuneration for tasks undertaken in the audit committee should amount to SEK 30 thousand per ordinary member and SEK 50 thousand to the committee chair. During 2023, SEK 170 thousand was carried as an expense for these tasks.

In 2023, the Group management consisted of CEO Lennart Persson and CFO Marie Ek Jonson. The CEO received salary and benefits totalling SEK 7,672 thousand (9,161), of which SEK 1,404 thousand (3,030) constitutes variable remuneration. Other senior executives received salary and benefits totalling SEK 2,570 thousand (2,137), of which SEK 336 thousand (80) constitutes variable remuneration. There are no outstanding share or share price-related incentive schemes.

Senior executives have a defined contribution pension plan with a retirement age of 65. According to the contract, the pension premium for the CEO is 30 per cent (30) of the pensionable salary. There is a pension agreement for other senior executives corresponding to the collectively agreed ITP plan. In addition to this, there is an option to reallocate salary withdrawals (known as salary sacrifice) to additional pension contributions. The pension premium for other senior executives amounted to an average of 31 per cent (30) of the pensionable salary. According to existing agreement, "Pensionable salary" refers to the basic salary and car benefits plus an average of the last three years' variable remuneration. The pension costs for the CEO amounted to SEK 2,597 thousand (2,595). Pension costs for other senior executives amounted to SEK 628 thousand (585).

The company and CEO have a mutual six-month period of notice. In the event of notice on the part of the company, severance pay totalling 18 months' salary is payable. Severance pay will be offset against other income. In the event of notice on the part of the CEO, no severance pay is payable. For other senior executives, there is a period of notice of 6 months by either party. In the event of notice on the part of the company, severance pay totalling 6 months' salary is payable. Severance pay will be offset against other income. In the event of notice on the part of the senior executive, no severance pay is payable.

NOTE 6 Expenses by nature

	2023	2022
Material costs	-1,423,142	-1,550,429
Personnel costs	-1,189,365	-1,104,233
Depreciation	-139,597	-126,087
Other external costs	-395,412	-393,387
	-3,147,516	-3,174,136

NOTE 7 Personnel costs

PERSONNEL COSTS BY FUNCTION	2023	2022
Cost of goods sold	-885,165	-849,247
Selling expenses	-183,967	-153,091
Administrative expenses	-120,233	-101,895
	-1,189,365	-1,104,233

NOTE 8 Depreciation

DEPRECIATION BY FUNCTION	2023	2022
Cost of goods sold	-119,750	-109,175
Selling expenses	-14,785	-12,795
Right-of-use assets	-5,062	-4,117
	-139,597	-126,087

DEPRECIATION BY CLASS OF ASSET	2023	2022
Other intangible non-current assets	-16,272	-13,665
Land and buildings	-19,242	-18,271
Plant and machinery	-42,209	-38,495
Equipment, tools, fixtures and fittings	-18,021	-17,642
Nyttjanderättstillgångar	-43,853	-38,014
	-139,597	-126,087

NOTE 9 Auditors' remuneration

	2023	2022
KPMG		
Audit assignment	-3,039	-2,349
Audit activities other than audit assignment	-54	-57
Tax consultancy services	-95	-104
Other services	-241	-
	-3,429	-2,510
Other auditors		
Audit assignment	-2,537	-2,386
Audit activities other than audit assignment	-47	-177
Tax consultancy services	-204	-146
Other services	-426	-310
	-3,214	-3,019
Total	-6,643	-5,529

"Audit assignment" refers to the review of the annual report, interim reports, the administration by the Board and CEO and the corporate governance report.

NOTE 10 Other operating income

	2023	2022
Rental income	96	45
Exchange gains on operating receivables/liabilities	28,989	22,779
Other	19,907	2,612
	48,992	25,436

NOTE 11 Other operating expenses

	2023	2022
Cost of leased premises/personnel	-	-45
Exchange losses on operating receivables/liabilities	-24,945	-18,526
Other	-6,376	-48
	-31,321	-18,619

NOTE 12 Financial income

	2023	2022
Interest income and similar profit/loss items	13,663	2,595
Exchange gains on financial assets/liabilities	7,736	26,983
	21,399	29,578

NOTE 13 Financial expenses

	2023	2022
Interest expenses and similar profit/loss items	-69,153	-33,575
Exchange losses on financial assets/liabilities	-26,657	-28,237
	-95,810	-61,812

NOTE 14 Tax on profit for the year

	2023	2022
Current tax	-68,307	-55,382
Deferred tax	19,665	-2,814
Tax on dividends from non-Swedish subsidiaries	-2,631	-1,733
	-51,273	-59,929

The difference between the Swedish income tax rate 20.6% (20.6) and the effective tax rate arises as follows:

	2023		2022	
Reported profit before tax	226,670		308,997	
Tax according to Swedish income tax rate	-46,694	21%	-63,653	21%
<i>Tax effect of</i>				
Deviation in tax rate in non-Swedish subsidiaries	371	-0%	-1,071	0%
Transaction costs at business combinations	-688	0%	-	-
Hedging of currency risks in non-Swedish operations	-589	0%	7,313	-2%
Dividends from non-Swedish subsidiaries	-2,630	1%	-1,880	0%
Adjustment of current tax in previous periods	-96	0%	674	-0%
Other tax-related adjustments	-947	1%	-1,312	0%
Reported tax	-51,273	23%	-59,929	19%

NOTE 15 Intangible assets

GOODWILL	2023	2022
Accumulated acquisition values		
Opening balance	969,832	964,583
Acquisition of subsidiaries	182,648	–
Translation differences for the year	-14,918	5,249
Closing balance	1,137,562	969,832
Accumulated amortisation		
Opening balance	-1,651	-1,638
Translation differences for the year	–	-13
Closing balance	-1,651	-1,651
Accumulated impairment costs		
Opening balance	-102	-102
Closing balance	-102	-102
Closing residual value	1,135,809	968,079

Goodwill is distributed between the Group's cash-generating units, which consist of segments. Estimates of the recoverable amounts include assumptions regarding growth, income trends and investments, including investments in working capital. Assumed growth based on budget for 2024 and the following forecast period, depending on the segment, amounts to 5–9 per cent (2–6) for this period and thereafter staying at 2 per cent (2). Assumed operating margins amount to 11–15 per cent (12–16) in the long term. The assumptions concerning growth and margins are based on the results of previous years and the management's expectations concerning market developments.¹⁾ Investment amounts are based on forecasts and subsequently judged to stay at the same level as depreciation.

At a minimum once a year, the Group performs impairment tests for goodwill. A discount rate²⁾ (WACC) of 12.8 per cent (12.0) before tax was used for this year's test. This year's test showed no impairment indication. A number of sensitivity analyses were performed in which the sustained growth rate was set at 0 per cent, the operating margin was reduced by 2 percentage points relative to the forecast level or the discount rate was increased by 2 percentage points. None of the analyses showed any impairment indication.

¹⁾ As the Group's total operating profit includes undistributed items with a negative result, primarily in relation to costs for the parent company, the Group's total operating margin is lower than those assumed for the cash-generating units/segments.

²⁾ The discount rate consists of a risk-adjusted return requirement, which in addition to risk-free interest, includes a risk premium based on the average market-risk premium on the Swedish equity market with a premium supplement based on the size of the company and the company's costs for borrowed capital, adjusted for the gearing ratio derived from market data.

GOODWILL BY SEGMENT	2023	2022
Industrial Products	114,574	115,922
Industrial Solutions	892,566	723,488
Precision Technology	128,669	128,669
	1,135,809	968,079

OTHER INTANGIBLE NON-CURRENT ASSETS	2023	2022
Accumulated acquisition values		
Opening balance	125,063	120,058
New acquisitions	1,839	797
Acquisitions of subsidiaries	45,776	–
Divestments and disposals	–	-43
Reclassifications	3,772	2,888
Translation differences for the year	-3,885	1,363
Closing balance	172,565	125,063
Accumulated scheduled depreciation		
Opening balance	-62,457	-48,117
Divestments and disposals	–	45
Depreciation according to plan for the year	-16,272	-13,665
Translation differences for the year	996	-720
Closing balance	-77,733	-62,457
Closing residual value according to plan ¹⁾	94,832	62,606
	Remaining amortisation period, years	
¹⁾ of which		
Capitalised expenditure for research and development	3	88,335
Patents	10	472
Other	3	6,025

CONSTRUCTION IN PROGRESS	2023	2022
Accumulated acquisition values		
Opening balance	3,518	2,119
New acquisitions/advance payments	4,228	3,136
Reclassifications	-2,228	-1,878
Translation differences for the year	-58	141
Closing balance	5,460	3,518

NOTE 16 Property, plant and equipment

LAND AND BUILDINGS	2023	2022
Accumulated acquisition values		
Opening balance	583,726	539,703
New acquisitions	1,752	8,271
Acquisitions of subsidiaries	5,800	–
Divestments and disposals	-2,353	-22
Reclassifications	711	19,150
Translation differences for the year	-2,947	16,624
Closing balance	586,689	583,726
Accumulated scheduled depreciation		
Opening balance	-194,801	-171,959
Divestments and disposals	2,342	12
Reclassifications	–	–
Depreciation according to plan for the year	-19,242	-18,271
Translation differences for the year	1,000	-4,583
Closing balance	-210,701	-194,801
Closing residual value according to plan ¹⁾	375,988	388,925
¹⁾ of which land	38,162	38,356

PLANT AND MACHINERY	2023	2022
Accumulated acquisition values		
Opening balance	631,690	586,773
New acquisitions	24,930	49,509
Acquisitions of subsidiaries	58	-
Divestments and disposals	-2,820	-29,609
Reclassifications	15,385	11,521
Translation differences for the year	-8,384	13,496
Closing balance	660,859	631,690

Accumulated scheduled depreciation		
Opening balance	-413,724	-394,420
Divestments and disposals	2,928	29,656
Reclassifications	252	39
Depreciation according to plan for the year	-42,209	-38,495
Translation differences for the year	7,386	-10,504
Closing balance	-445,367	-413,724
Closing residual value according to plan	215,492	217,966

EQUIPMENT, TOOLS, FIXTURES AND FITTINGS	2023	2022
Accumulated acquisition values		
Opening balance	184,730	165,046
New acquisitions	9,622	20,400
Acquisitions of subsidiaries	111	-
Divestments and disposals	-6,418	-9,772
Reclassifications	5,351	1,259
Translation differences for the year	-3,956	7,797
Closing balance	189,440	184,730

Accumulated scheduled depreciation		
Opening balance	-129,683	-113,965
Acquisitions of subsidiaries	6,339	7,182
Reclassifications	-252	21
Depreciation according to plan for the year	-18,036	-17,642
Translation differences for the year	3,428	-5,279
Closing balance	-138,204	-129,683
Closing residual value according to plan	51,236	55,047

CONSTRUCTION IN PROGRESS	2023	2022
Accumulated acquisition values		
Opening balance	55,269	27,785
New acquisitions/advance payments	52,904	59,923
Disposals	-46	-123
Reclassifications	-22,991	-33,000
Translation differences for the year	-3,542	684
Closing balance	81,594	55,269

Additional contractual obligations to acquire property, plant and equipment amount to SEK 22,211 thousand (44,403).

RIGHT-OF-USE ASSETS	2023	2022
Opening balance	125,737	151,108
New acquisitions and adjustments	28,560	12,536
Acquisitions of subsidiaries	15,953	-
Terminated contracts	-862	-7,200
Amortisation	-43,837	-38,014
Translation differences	-3,333	7,307
Closing balance	122,218	125,737

NOTE 17 Participations in associated companies

	2023	2022
Accumulated acquisition values		
Opening balance	247	392
Capital contribution	561	-
Profit participation for the year ¹⁾	-509	-156
Translation differences for the year	-25	11
Closing balance	274	247
Accumulated impairment losses		
Opening balance	-247	-240
Write-downs for the year	-20	-
Translation differences for the year	17	-7
Closing balance	-250	-247
Carrying amount	24	0

Business name Corporate identity number Registered office	Share of equity	Share of votes	Number of shares	Equity ¹⁾	Profit after tax ¹⁾
Nordic Plastic Recycling AS 918 069 283 Andalsnes, Norge	35%	35%	370,765	66	-1,455

¹⁾ Based on preliminary profit.

NOTE 18 Inventories

	2023	2022
Raw material and consumables	268,592	274,076
Products in progress	116,633	118,152
Finished products and goods for resale	99,919	130,020
Work in progress	1,520	712
Advance payments to suppliers	22,454	41,739
	509,118	564,699

Write-downs totalling SEK 1,629 thousand (4,577) have been made. Total expenditure for goods reported as costs amounts to SEK 1,423,142 thousand (1,550,429).

NOTE 19 Accounts receivable and other receivables

	2023	2022
Accounts receivable – trade	531,468	550,446
Tax asset	25,915	20,781
Other receivables	59,451	45,488
Accrued income	25,724	12,369
Contract assets	163,772	297,480
	806,330	926,564

NOTE 20 Financial assets and liabilities

DISTRIBUTION BY CATEGORY 2023	Financial assets measured at fair value through other comprehensive income	Loan and accounts receivable valued at accrued acquisition value	Financial liabilities measured at fair value through the income statement	Financial receivables/liabilities measured at fair value through other comprehensive income	Other financial liabilities	Total carrying amount	Fair value ¹⁾
Financial assets							
Accounts receivable ²⁾	–	531,468		–		531,468	531,468
Derivative instruments ^{3, 4)}	–	–		7,892		7,892	7,892
Cash and cash equivalents	–	308,936		–		308,936	308,936
Total financial assets	–	840,404		7,892		848,296	
Financial liabilities							
Borrowings			–	–	988,460	988,460	988,460
Lease liabilities ⁵⁾			–	–	122,551	122,551	
Bank overdraft facilities			–	–	4,020	4,020	4,020
Total interest-bearing liabilities			–	–	1,115,031	1,115,031	
Accounts payable			–	–	231,673	231,673	231,673
Total financial liabilities			–	–	1,346,704	1,346,704	

DISTRIBUTION BY CATEGORY 2022	Financial assets measured at fair value through other comprehensive income	Loan and accounts receivable valued at accrued acquisition value	Financial liabilities measured at fair value through the income statement	Financial receivables/liabilities measured at fair value through other comprehensive income	Other financial liabilities	Total carrying amount	Fair value ¹⁾
Financial assets							
Accounts receivable ²⁾	–	550,446		–		550,446	550,446
Derivative instruments ^{3, 4)}	–	–		20,427		20,427	20,427
Cash and cash equivalents	–	178,334		–		178,334	178,334
Total financial assets	–	728,780		20,427		749,207	
Financial liabilities							
Borrowings			–	–	919,840	919,840	919,840
Lease liabilities ⁵⁾			–	–	122,090	122,090	
Convertible loan			–	–	68,234	68,234	69,998
Total interest-bearing liabilities			–	–	1,110,164	1,110,164	
Accounts payable			–	–	271,972	271,972	271,972
Total financial liabilities			–	–	1,382,136	1,382,136	

¹⁾ The fair value of financial assets and liabilities, with the exception of the convertible loan and lease liabilities, is estimated to be the same as their carrying amount in all material respects.

²⁾ Losses reported on accounts receivable for the year amount to SEK 738 thousand (1,249), of which SEK 42 thousand (8) constitutes realised losses. Required write-downs of outstanding receivables amounts to SEK 5,326 thousand (5,978), see also Note 35.

³⁾ The derivative instruments constitute currency derivatives that are measured at their fair value and belong to Level 2 under IFRS 13. The year's change in value totals SEK -3,797 thousand (3,797) excluding tax. The item is effectively hedged and is reported as "Change in hedging reserve" in the consolidated statement of comprehensive income.

⁴⁾ The derivative instruments constitute interest rate swaps that are measured at their fair value and belong to Level 2 under IFRS 13. The year's change in value totals SEK -9,315 thousand (21,718) excluding tax. The item is effectively hedged and is reported as "Change in hedging reserve" in the consolidated statement of comprehensive income.

⁵⁾ For details on lease contracts, see Note 32.

WRITE-DOWNS OF OUTSTANDING ACCOUNTS RECEIVABLE	2023	2022
Opening balance	5,978	5,466
Acquisitions of subsidiaries	653	–
Provision for anticipated bad debt losses	645	567
Reversal of anticipated bad debt losses	-1,935	-132
Translation differences for the year	-15	77
Closing balance	5,326	5,978

Impairment has been assessed on the basis of a historical perspective at 0.1% of total revenue, see also Note 35.

AGE ANALYSIS

FINANCIAL ASSETS AS OF 31 DEC 2023	Maturity			Total
	-30 days	31-90 days	91-360 days	
Accounts receivable ¹⁾	373,161	113,699	44,608	531,468
Derivative instruments	929	-	6,963	7,892
Cash and cash equivalents	308,936	-	-	308,936
Total financial assets	683,026	113,699	51,571	848,296

FINANCIAL ASSETS AS OF 31 DEC 2022	Maturity			Total
	-30 days	31-90 days	91-360 days	
Accounts receivable ¹⁾	374,611	150,635	25,200	550,446
Derivative instruments	693	153	19,581	20,427
Cash and cash equivalents	178,334	-	-	178,334
Total financial assets	553,638	150,788	44,781	749,207

FINANCIAL LIABILITIES AS OF 31 DEC 2023	Maturity							Total
	-30 days	31-90 days	91-360 days	Total within 1 year	Between 1 and 3 years	Between 3 and 5 years	After 5 years	
Borrowings and lease liabilities	3,655	4,309	35,887	43,851	1,029,278	19,990	17,892	1,111,011
Bank overdraft facilities	4,020	-	-	4,020	-	-	-	4,020
Total interest-bearing liabilities	7,675	4,309	35,887	47,871	1,029,278	19,990	17,892	1,115,031
Accounts payable	171,879	42,731	17,063	231,673	-	-	-	231,673
Total financial liabilities	179,554	47,040	52,950	279,544	1,029,278	19,990	17,892	1,346,704
<i>Total non-discounted cash flows ²⁾</i>	<i>179,554</i>	<i>47,040</i>	<i>54,320</i>	<i>280,914</i>	<i>1,166,558</i>	<i>23,002</i>	<i>18,874</i>	<i>1,489,348</i>

FINANCIAL LIABILITIES AS OF 31 DEC 2022	Maturity							Total
	-30 days	31-90 days	91-360 days	Total within 1 year	Between 1 and 3 years	Between 3 and 5 years	After 5 years	
Borrowings and lease liabilities	2,967	5,934	26,701	35,602	954,738	31,489	20,101	1,041,930
Convertible loan	-	-	68,234	68,234	-	-	-	68,234
Bank overdraft facilities	-	-	-	-	-	-	-	-
Total interest-bearing liabilities	2,967	5,934	94,935	103,836	954,738	31,489	20,101	1,110,164
Accounts payable	201,991	55,754	14,227	271,972	-	-	-	271,972
Total financial liabilities	204,958	61,688	109,162	375,808	954,738	31,489	20,101	1,382,136
<i>Total non-discounted cash flows ³⁾</i>				<i>380,732</i>	<i>1,054,049</i>	<i>34,331</i>	<i>20,747</i>	<i>1,489,859</i>

¹⁾ Of reported accounts receivable, the overdue amount totals SEK 75,582 thousand (73,401), see also Note 35.

²⁾ Includes estimated future interest payments.

In June 2022, new credit agreements were entered into with the Group's main banks. The agreements run for three years, with the option of extending for a further one plus one years. In 2023, an extension was made for an additional year regarding a line of credit totalling SEK 1,700 million. For a line of credit totalling SEK 500 million, no extension has yet been made.

With regard to fixed interest rate periods and interest rate risks as well as credit risks, see Note 35.

DISTRIBUTION BY CURRENCY	Financial assets		Financial liabilities			
			Non-current		Current ¹⁾	
	31 Dec 2023 ¹⁾	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022 ¹⁾
DKK	33,398	26,575	251,181	255,292	36,999	37,746
EUR	659,059	451,987	335,205	370,868	120,284	131,922
SEK	233,005	206,787	345,101	343,990	79,423	156,053
USD	-16,187	36,760	110,649	-	7,954	978
Other currencies	-60,979	27,098	25,024	36,178	34,884	49,109
	848,296	749,207	1,067,160	1,006,328	279,544	375,808

¹⁾ Includes utilised bank overdraft facilities with multi-currency accounts.

NOTE 21 Cash and cash equivalents

Cash and cash equivalents include the balance in bank overdraft facilities, Group currency accounts.

CASH AND CASH EQUIVALENTS	2023	2022
Cash and bank balances	308,329	178,329
Current investments	607	5
Amount at year-end	308,936	178,334

NOTE 22 Earnings per share

BASIC EARNINGS PER SHARE	2023	2022
Net profit for the year, SEK thousands	175,397	249,068
Average number of outstanding shares, thousands	58,302	57,985
Basic earnings per share, SEK	3.01	4.30

DILUTED EARNINGS PER SHARE	2023	2022
Net profit for the year, SEK thousands	175,397	249,068
Interest expense on convertible bonds, SEK thousands ¹⁾	3,562	3,618
Issue expenses for convertible bonds, SEK thousands	128	170
Adjusted income, SEK thousands	179,087	252,856
Average number of outstanding shares, thousands	58,302	57,985
Adjustment for presumed conversion of convertible bonds, thousands	830	1,148
Average number of shares at the calculation of earnings per share, thousands	59,132	59,133
Diluted earnings per share, SEK	3.01	4.27

¹⁾ Constitutes current interest for convertible loan adjusted to market interest rate.

With regard to the number of shares and convertible bonds, see Note 23.

NOTE 23 Share capital etc.

DISTRIBUTION OF SHARE CAPITAL	31 Dec 2023	1 Jan 2023
Class A shares	14,577,600	14,577,600
Class B shares	45,062,698	43,916,614
Total number of shares	59,640,298	58,494,214
Quotient value, SEK	0.625	0.625
Share capital, SEK	37,275,186.25	36,558,883.75

The total number of shares is 59,640,298, of which 509,132 was held by the company at year-end. The average number of outstanding shares during 2023 amounted to 58,302,218. Class A shares give entitlement to ten votes and class B shares entitlement to one vote. The number of votes, following deductions for the company's own holding, was 190,329,566 at year-end.

On 1 October 2020, convertibles for a nominal value of SEK 69,998,232 were issued to Group employees. Holders of a nominal SEK 69,911,124 requested conversion of their claims to shares. Due to the conversion, 1,146,084 new class B shares were issued in September 2023.

The Board of Directors and the CEO propose that the surplus of the Parent Company be distributed through a cash dividend to shareholders of SEK 1.00 per share, in total SEK 59,131 thousand, and SEK 512,229 thousand being carried forward.

NOTE 24 Reserves

CUMULATIVE TRANSLATION DIFFERENCES	2022	2022
Opening balance	57,213	35,762
Translation differences for the year	-15,148	56,950
Hedging of currency risk in non-Swedish operations	2,859	-35,499
Closing balance	44,924	57,213

Investment in shares in subsidiaries in Denmark, the Netherlands and Norway has partly been hedged by taking out loans in DKK, EUR and NOK, respectively.

HEDGING RESERVE	2023	2022
Opening balance	15,940	-4,319
Changes for the year, including tax	-10,411	20,259
Closing balance	5,529	15,940

The amounts concern the effective component of value change in derivative instruments used for hedge accounting. There were no reclassifications reported in net profit for the year.

On the closing day of 31 December 2023, there were fixed lock-in interest rate swaps with a total nominal amount of SEK 150 million (225).

	2023	2022
Total reserves	50,453	73,153

NOTE 25 Bank overdraft facilities

Utilised overdraft facilities are reported as current liabilities.

	2023	2022
Bank overdraft facilities	308,938	304,451
Unutilised amount	-304,918	-304,451
Utilised amount	4,020	0

NOTE 26 Convertible loan

In 2020, convertible debentures with a nominal value of SEK 69,998 thousand were issued. During 2023, holders of a nominal SEK 69,911 thousand requested conversion of their claims into shares while a nominal SEK 87 thousand was repaid. On the closing day, the convertible loan liability amounted to SEK – thousand (68,234).

The convertible loan ran until 30 September 2023 with an annual interest rate corresponding to STIBOR 3M plus 1.75 percentage points (4.25 per cent for the current period). During the period 1–12 September 2023, convertible bonds were redeemed against class B shares at a conversion rate of SEK61.00. Given that the loan is subordinate to other liabilities and the Group's financial position in general, the interest rate cannot be regarded as corresponding to a market interest rate. The market interest rate for this loan was assessed at 5.64 per cent (government bonds interest rate at the time of issue, -0.36 per cent, with a 6.00 per cent supplement for risk premium). Borrowings that accrue interest at a rate that differs from the market interest rate are recognised at the market value and the difference is added to the company's share premium reserve. Interest is charged to the income statement at the market interest rate over the term of the loan. At the same time, the reported liability will increase in the balance sheet so that it corresponds to the nominal sum at the end of the loan term. The market value for the convertible loan has been calculated by a present value computation of future interest payments and the loan's nominal value.

Recorded interest expense on convertible loan for the year is SEK 4,029 thousand (3,945). The income statement is also charged with issue costs which arose in connection with taking out the convertible loan.

NOTE 27 Other provisions

NON-CURRENT	2023	2022		
Guarantee and complaint commitments	9,210	5,718		
Pension commitments	546	549		
Other commitments	536	1,760		
	10,292	8,027		
Estimated maturity time				
Between one and five years after the closing day	10,068	7,803		
More than five years after the closing day	224	224		
CURRENT	2023	2022		
Guarantee and complaint commitments	5,723	6,167		
Other commitments	33	256		
	5,766	6,423		
CHANGES IN OTHER PROVISIONS	Non-current			Current
	Guarantee commitments	Pension commitments	Other commitments	Other commitments
Opening balance	5,718	549	1,760	6,423
Provisions for the year	3,572	36	–	-427
Acquisition of subsidiaries	–	–	–	17
Payments/utilisation for the year	–	-39	-1,262	-247
Translation differences for the year	-80	–	38	-10
Closing balance	9,210	546	536	5,756

NOTE 28 Deferred tax
TEMPORARY DIFFERENCES

Temporary differences arise if the reported and taxable values of assets or liabilities are different. Temporary differences for the following items have resulted in deferred tax liabilities and deferred tax assets.

	2023	2022
Non-current assets, Group items ¹⁾	34,339	27,574
Buildings	4,952	4,673
Untaxed reserves		
Excess depreciation, machinery and equipment	19,453	17,966
Tax allocation reserves	13,802	21,546
Derivative instruments	1,434	4,135
Non-Swedish items with diverging tax rate	31,851	37,279
Other items	-2,301	-2,028
Deferred tax liability	103,530	111,145
Deferred tax asset ²⁾	-7,294	-2,738
Net deferred tax liability	96,236	108,407
Deferred tax liability brought forward	-108,407	-98,735
Acquisition of subsidiaries	-10,133	–
Other temporary differences	363	595
Translation differences	-425	-2,192
Rounding	–	-5
Deferred tax expense relating to temporary differences	-22,366	8,070
<i>– of which reported in</i>		
Net profit for the year	-19,665	2,814
Other comprehensive income	-2,701	5,256

¹⁾ Relates primarily to consolidated carrying amounts as a result of fair value measurement in connection with the acquisition of subsidiaries.

²⁾ SEK 6,009 thousand (1,436) relates to the business in non-Swedish subsidiaries. In view of expected future development, the businesses are expected to generate positive results in coming years; hence the loss carry-forward is reported to the amount that is judged to be utilised. If there is no legal right of offset, the asset is reported as a deferred tax asset in the balance sheet.

DEFERRED TAX

CHANGES IN DEFERRED TAX LIABILITY	2023	2022
Deferred tax liability brought forward	111,145	102,309
Non-current assets, Group items	-3,368	-3,403
Buildings	279	297
Untaxed reserves		
Excess depreciation, machinery and equipment	1,487	2,789
Tax allocation reserves	-7,744	-3,674
Derivative instruments	-2,701	5,256
Other items	-273	-427
Acquisition of subsidiaries	10,133	–
Non-Swedish items with diverging tax rate	-5,428	7,998
Deferred tax liability carried forward	103,530	111,145

CHANGES IN DEFERRED TAX ASSET	2023	2022
Deferred tax asset brought forward	2,738	3,574
Change in loss carried forward	-652	-
Other	5,445	-416
Translation differences	-237	117
Tax asset carried forward	7,294	2,738

The Group's judgement is that deferred tax is not covered by the disclosure requirement regarding maturity date according to IAS 1.61, since there is often uncertainty as to when a deferred tax triggers a payment.

NOTE 29 Accounts payable and other liabilities

	2023	2022
Advance payments from customers	89,691	42,302
Accounts payable	231,673	271,972
Salary and holiday pay liabilities	109,652	98,409
Accrued social security contributions	24,884	27,297
Other accrued expenses	41,152	48,148
Other non-interest-bearing liabilities	54,282	57,217
Contract liabilities	293,578	289,591
Total	844,912	834,936

NOTE 30 Pledged assets

	2023	2022
For own liabilities		
Property mortgages	34,660	45,391
Floating charges	7,650	10,500
Shares in subsidiaries	1,149,036	1,143,203
Other assets	40,745	41,564
	1,232,091	1,240,658
Other pledged assets		
Pledged endowment insurance with pension obligation	546	549
	546	549
Total	1,232,637	1,241,207

NOTE 31 Contingent liabilities

	2023	2022
Contingent liabilities in respect of advance payment and work guarantees	46,482	91,713
Other obligations	-	2,537
Total	46,482	94,250

NOTE 32 Leases

Items covered by lease contracts are reported in the consolidated financial statements as below. The standard terms for the Group's lease contracts related to machinery are adjustable rate of interest and a lease term of seven years, with a residual value of 25 per cent of the acquisition value. An average incremental borrowing rate of 3 per cent has been applied when calculating lease liabilities.

RIGHT-OF-USE ASSETS	2023	2022
Premises	98,145	100,012
Plant and machinery	6,942	12,524
Equipment, tools, fixtures and fittings	17,131	13,201
Total	122,218	125,737

INTEREST-BEARING LIABILITIES	2023	2022
Current component, within 1 year	42,063	33,324
Non-current component, between 1 and 5 years	80,460	86,018
Non-current component, over 5 years	28	2,748
Total	122,551	122,090

CONTRACTED FUTURE LEASE PAYMENTS	Lease contracts	Short-term leases	Low-value leases
Current component, within 1 year	45,343	1,996	169
Non-current component, between 1 and 5 years	84,064	-	191
Non-current component, over 5 years	29	-	-
Non-discounted amounts	129,436	1,996	360

AMOUNTS RECOGNISED IN CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	2023	2022
Depreciation	-43,837	-38,014
Interest expenses	-4,433	-5,053
Leasing expenses on short-term leases	-2,932	-2,595
Leasing expenses on low-value leases	-218	-183

DEPRECIATION DISTRIBUTED BY THE UNDERLYING CLASS OF ASSET	2023	2022
Premises	-31,403	-25,828
Plant and machinery	-4,931	-5,768
Equipment, tools, fixtures and fittings	-7,503	-6,418
Total	-43,837	-38,014

AMOUNTS RECOGNISED IN CONSOLIDATED CASH FLOW STATEMENTS	2023	2022
Interest paid	-4,433	-4,076
Repayment by instalments	-39,882	-33,551
Total leasing fees paid	-44,315	-37,627

The value of leases that have not yet begun, but to which the lessee is contracted, does not come to any noteworthy sum.

The effect on lease liabilities in the event of a 1 per cent change in the discount rate is SEK 1.2 million.

NOTE 33 Cash flow

ACQUISITIONS OF SUBSIDIARIES/ASSETS AND LIABILITIES

Lundgren Machinery AB is included in the consolidated results from 1 June 2023. Integrated Packaging Solutions (IPS) is included in the consolidated results from 30 September 2023.

No business combinations occurred in 2022.

According to preliminary acquisition calculation, the total value of acquired assets and liabilities, purchase price and the effect on the Group's liquid assets are as follows:

LUNDGREN MACHINERY	Reported value in subsidiary	Fair value adjustment	Consolidated fair value
Intangible non-current assets	–	12,336	12,336
Property, plant and equipment	61	–	61
Right-of-use assets	–	2,698	2,698
Current assets ¹⁾	12,538	-100	12,438
Non-current liabilities	-198	-3,110	-3,308
Current liabilities	-6,677	-1,548	-8,225
Net assets/purchase price			16,000
Liquid assets in acquired business			-271
Transaction costs			420
Total cash flow attributable to acquired business			16,149

¹⁾ Accounts receivable are recognised in the amount of SEK 2,003 thousand and are expected to be received in full. Cash and cash equivalents are recognised in the amount of SEK 271 thousand.

INTEGRATED PACKAGING SOLUTIONS	Reported value in subsidiary	Fair value adjustment	Consolidated fair value
Intangible non-current assets	–	216,088	216,088
Property, plant and equipment	5,908	–	5,908
Financial assets	195	–	195
Right-of-use assets	–	13,255	13,255
Current assets ¹⁾	51,671	–	51,671
Non-current liabilities	–	-41,835	-41,835
Current liabilities	-37,327	-2,871	-40,198
Net assets/purchase price			205,084
Liquid assets in acquired businesses			-10,950
Transaction costs			2,981
Total cash flow attributable to acquired businesses			197,115

¹⁾ Accounts receivable are recognised in the amount of SEK 30,854 thousand and are expected to be received in full. Cash and cash equivalents are recognised in the amount of SEK 10,950 thousand.

ACQUISITIONS IN TOTAL	2023	2022
Intangible non-current assets	228,424	–
Property, plant and equipment	5,969	–
Financial assets	195	–
Right-of-use assets	15,953	–
Current assets	64,109	–
Non-current liabilities	-45,143	–
Current liabilities	-48,423	–
Total purchase prices	221,084	–
Liquid assets in acquired businesses	-11,221	–
Transaction costs	3,401	–
Total cash flow attributable to acquired businesses	213,264	–

Transaction costs with regard to acquired entities amounted to SEK 3,401 thousand (–) and were recognised as administrative expenses in net profit for the year.

CHANGES IN LIABILITIES RELATED TO FINANCING ACTIVITIES	31Dec 2022	Cash flow	Non-cash changes					31Dec 2023
			Translation differences	Capitalisation effect	Acquisition of subsidiaries	Additional lease liabilities IFRS 16	Other	
<i>Non-current interest-bearing liabilities</i>								
Loan and leasing liabilities	1,006,328	53,467	-4,893	–	12,258	–	–	1,067,160
	1,006,328							1,067,160
<i>Current interest-bearing liabilities</i>								
Loan and leasing liabilities	35,602	7,280	-1,136	–	6,628	-503	–	47,871
Convertible loan	68,234	-87	–	1,764	–	–	-69,911	0
Bank overdraft facilities	–	–	–	–	–	–	–	–
	103,836							47,871
	1,110,164							1,115,031

INTEREST

During the financial year, interest paid amounted to SEK 66,978 thousand (29,304) and interest received to SEK 11,627 thousand (1,845).

NOTE 34 Business combinations/divestments

Lundgren Machinery AB was acquired on 1 June 2023. The company is located in Hjärup, just north of Malmö, Sweden. Lundgren Machinery's operations include the development and manufacturing of case erecting and case sealing machines, as well as contract assignments for prototypes, single units and complete solutions. Sales are made to leading food and pharmaceutical companies in Scandinavia and Northern Europe. The company has 10 employees and a turnover of approx. SEK 30 million. Lundgren Machinery is part of XANO's Industrial Solutions business unit. The total purchase sum amounted to SEK 16 million and was paid in cash. The acquisition brings surplus values totalling SEK 12 million distributed between goodwill (SEK 2 million) and product concept (SEK 10 million). The transaction costs amount to SEK 0.4 million. Goodwill relates to synergy effects. The expectation is that synergies will mainly be achieved by means of the acquisition adding adjacent technical skills and introducing new market niches to existing operations of the Industrial Solutions business unit. The utilisation of common resources will also entail coordination advantages.

In September 2023, the acquisition of Integrated Packaging Solutions, LLC (IPS) with subsidiaries, located in Denver, Colorado, were concluded. IPS is an international company operating within the packaging sector, mainly targeting the can-making industry. IPS provides machinery and integration technology as well as production-optimisation services to metal packaging manufacturers. The company has 40 employees and sales amount to approx. USD 16 million. IPS is part of XANO's Industrial Solutions business unit. The total purchase sum amounted to USD 21 million, of which USD 19 million was paid in cash on the acquisition date and USD 2 million refers to a purchase sum, conditional on continued employment, which will be paid in cash in 2025. The acquisition is deemed to bring surplus values totalling USD 19.9 million distributed between goodwill (USD 16.6 million), product concept (USD 2.3 million) and customer relations (USD 1.0 million). The transaction costs are calculated at USD 0.3 million. Goodwill relates to synergy effects. The expectation is that synergies will mainly be achieved through increased growth possibilities, principally in service and aftersales, for existing operations of the Industrial Solutions business unit.

The acquired units contributed SEK 33 million in net revenue and approx. SEK -17 million in net profit after write-offs from surplus values and financial expenses attributable to the acquisitions. If the acquired units had been included in the Group throughout the full year, revenue would have amounted to SEK 3,570 million, while net profit would have been approx. SEK 182 million.

No business combinations occurred in 2022.

The acquired assets and liabilities are specified in Note 33 Cash flow.

NOTE 35 Risks

FINANCIAL RISKS

XANO is exposed to financial risks through its international activities. Financial risks refer to changes in the Group's cash flow resulting from changes in exchange rates and interest levels as well as liquidity, financing and credit risks.

The Group's policy for managing financial risks is determined by the Board and creates a framework for risk management. The aim is to reduce the cost of capital procurement as well as the financial risk in a cost-effective manner. The Parent Company has a central role in managing financial activities, which means that the Group can make use of economies of scale and better examine financial risks.

CURRENCY RISKS

The Group's activities are exposed to currency risks mainly within the following three areas:

- » Transaction risks
- » Risks from translation of subsidiaries' income statements
- » Risks from translation of subsidiaries' balance sheets

TRANSACTION RISKS

The transaction risk arises due to the commercial payment flows that take place in a currency other than the local currency of each subsidiary. According to Group policy, these commercial flows are not typically hedged. Due to any changes made to the Group's structure and their impact on currency flows, this policy may be amended. The flows are monitored continuously in order to minimise transaction risks.

The proportion of invoicing in foreign currency in 2023 was 66 per cent (66). 41 per cent (44) of the Group's manufacturing took place in Sweden. The majority of the

Group's products are sold in countries other than the countries where manufacturing is performed. A transaction risk arises as a result of deliveries from the manufacturing units to foreign end customers, as well as when purchasing materials.

A simplified breakdown by currency of the Group's income and cost structure for 2023 is shown in the table below.

Share (%) of	SEK	EUR	DKK	Other
Invoicing	34	46	3	17
Cost of goods sold	32	40	17	11

The Group is mainly exposed to changes in EUR and USD. In addition to this, subsidiaries hold receivables and borrowings in other currencies than the functional currency, primarily in EUR and USD. An average change of 5 per cent in all currencies against the Swedish krona would give an impact on profit before tax of approx. SEK 65 million for the corresponding flow, of which approx. SEK 45 million are related to EUR.

Currency derivatives are utilised to hedge sales in a currency other than the relevant entity's functional currency. On the closing day, no currency derivatives were running.

RISK FROM TRANSLATION OF SUBSIDIARIES' INCOME STATEMENTS

Translation of non-Swedish subsidiaries' income statements into SEK takes place at an average rate. If invoicing and net profit are the same as in 2023, a 5 per cent change to the SEK against all other currencies would affect invoicing by around SEK 97 million and net profit by around SEK 6 million.

RISK FROM TRANSLATION OF SUBSIDIARIES' BALANCE SHEETS

Translation risks are attributable to changes caused by currency fluctuations for net assets in foreign currencies, which are translated into SEK. Foreign subsidiaries' net assets were valued at SEK 1,491 million (1,469) at year-end. On translation of the subsidiaries' balance sheets, exchange rate fluctuations have affected other comprehensive income for 2023 by SEK -12 million (21). The currency exposure that arises through investments in foreign net assets is partially hedged by taking out loans in the corresponding currency. The Group's translation risks relate primarily to changes in EUR and CNY against SEK. A change of 5 per cent in either EUR or CNY against the SEK would have an impact on Group equity of SEK 6 million and SEK 4 million respectively, based on the current net assets.

INTEREST RATE RISKS

Interest rate risks refer to the risk that changes in the interest rate level will affect the Group's financial results negatively through increased borrowing costs. Financing mainly takes place through borrowing from banks. The average interest rate (interest expenses in relation to the average interest-bearing liabilities) was 5.9 per cent (2.9). On the closing day, the Group's interest-bearing liabilities, excluding operating lease liabilities, amounted to SEK 996 million (994), of which SEK 846 million (769) is financed at a variable interest rate. The average interest rate on loans with variable interest rates was 5.4 per cent (3.4) at year-end. The net result of a 1 percentage point increase in interest rates is approx. SEK 8.5 million on an annual basis.

The Group's liabilities related to operating leases amount to SEK 119 million (116).

Interest rate swap agreements are used to change the fixed-rate interest period in the desired direction as well as reducing the effect of interest rate fluctuations. As of the closing day, interest rate swap agreements worth a total nominal sum of SEK 150 million (225) were in place.

Currency swap agreements are used to reduce the interest charges within the Group's multi-currency accounts. As of the closing day, there were no currency swap agreements.

FIXED RATE PERIOD FOR BORROWINGS

Maturity date	Amount (SEK 000)	Average interest rate (%) ¹⁾	Share (%)
2024	–	–	–
2025–2028	50,000	0.42	12
2029 and later	100,000	1.48	88
Total	150,000	1.13	100

¹⁾ Exclusive of margin incurred on variable rate loans for swap agreements.

The average fixed interest rate period is 58 months.

LIQUIDITY AND FINANCING RISKS

Liquidity and financing risks refer to not being able to fulfil payment obligations as a result of insufficient liquidity or difficulty in taking out external loans. XANO actively seeks to ensure a high level of financing preparedness and effective capital procurement by always having confirmed lines of credit. The majority of the Group's borrowing comes from banks and with the loans in each company's local currency. Parent companies also lend funds within the Group at market terms, usually at a variable interest rate. The payment capacity (liquid assets including credit that has been granted but not utilised relative to net revenue) amounted to 41 per cent (39) on the closing day.

CREDIT RISKS

Credit risks refer to the risk of a contracting party being unable to fulfil its undertakings in a financial transaction. For XANO, credit risks are primarily associated with accounts receivable. The risk of customer losses (bad debt) is managed through defined procedures for credit controls and claims management. The Group's customers are primarily large, well-established companies with a good ability to pay, spread across a number of industries and geographic markets, which has meant that customer losses have historically been low. The maximum credit risk concerning the Group's accounts receivable corresponds to the reported value of SEK 531 million (550). On the closing day, there was no customer for which outstanding accounts receivable exceeded SEK 50 million in total.

AGE ANALYSIS OF ACCOUNTS RECEIVABLE

On the closing day	Time from maturity				Total
	Not yet due	6–30 days	31–90 days	>90 days	
31 Dec 2023	455,874	22,768	28,613	24,213	531,468
31 Dec 2024	477,045	33,275	32,866	7,260	550,446

Losses reported on accounts receivable for the year amounted to SEK 738 thousand (1,249), of which SEK 42 thousand (8) constituted actual losses. Required write-downs of outstanding receivables have been carried out at SEK 5,326 thousand (5,978), see also Note 20.

A credit risk also exists for contract assets. The maximum credit risk attributable to contract assets corresponds to the reported value of SEK 164 million (297). On the closing day, there is one customer for which outstanding contract assets exceed SEK 25 million. Impairment testing for losses for the year has not entailed any reserve, as these are not deemed to amount to a significant sum.

OPERATIONAL RISKS

Operational risks are associated with both customers and suppliers, as well as other external factors and the Group's own activities. From a Group perspective, the customer base is broad and varied in terms of both industry and size. The Group has attempted to minimise the risks that exist in connection with customers' requests for production in low-cost countries by offering production at its own foreign units. Project deliveries to the packaging industry account for a large part of the Group's revenue. The high proportion of project-based sales entails an increased risk of volume fluctuations.

As regards input goods, metal represents a dominant raw material together with plastic, often produced from oil-based products. Raw material prices are dependent on world market prices and exchange rate fluctuations, as well as production capacity. The number of raw materials is large, as metals and plastic raw materials occur in many variants. However, price fluctuations for raw materials have a limited effect on the Group's results, as many agreements with customers contain raw material clauses. The management of price risks forms part of day-to-day work and imposes demands concerning ongoing cost rationalisation and productivity improvements.

Within the Group's product area there is always a risk that products may need to be recalled due to faults. To avoid these risks, the Group companies use quality control systems.

The Group has satisfactory protection against the traditional insurance risks such as fire, theft, liability, stoppages, etc., through the insurance policies taken out.

The Group's operations span many different sectors and customer segments, which generally entails a good spreading of risk. The level of preparedness to make adjustments at short notice is also high. The willingness to invest on the part of some of the Group's major customers is closely linked to the development of the global economy. We are not witnessing any quick turnaround and recovery in the established markets, where we have been experiencing declining trends. The conflict in the Ukraine and lingering effects of the Coronavirus pandemic are still risk and uncertainty factors that could have significant consequences for the Group's operations, such as entailing restrictions to the ability to carry out installations and maintain services for customers. At the same time, the extent of customers' need for products and services may be significantly reduced. There are also risks associated with e.g. material supplies and the purchase of services and transports, which have increased as a result of the ongoing conflicts in the Ukraine and Middle East. The sanctions that are being introduced against Russia because of the invasion, as well as any countermeasures, may affect parts of our operation, for example in the form of a lack of access to energy.

NOTE 36 Capital management

XANO's objective, during strong and stable growth, is to achieve a good return on equity with limited financial risk. In order to achieve this, a stable cash flow and a strong balance sheet are required with an equity/assets ratio greater than 30 per cent. At the end of the year, the equity/assets ratio was 44 per cent (42).

The Group's financing is dependent on certain financial key ratios agreed with the Group's main bank being achieved. The relevant key ratios relate to the Group's risk capital participation and net liabilities in relation to profit. The outcome for the year has meant that the key ratios concerned are within the agreed levels.

It is the aim of the Board of Directors that dividends over an extended period will follow the earnings trend and correspond to at least 30 per cent of profit after tax. The annual dividend proportion must however be viewed in relation to investment needs and any repurchase of shares.

NOTE 37 Related party transactions

XANO's related parties consist of senior executives, Board members and companies that are subject to the controlling interest of XANO's Board members or senior executives in subsidiaries.

In addition to the payments referred to in Note 5, Board members and senior executives have received normal share dividends. Senior executives have also received the right to acquire personnel convertibles in accordance with decision made at the Annual General Meeting. The share and convertible holdings of Board members and senior executives as of the closing day are presented on pages 125–126.

Viem Invest AB, controlled by board member Anna Benjamin, and Pomona-gruppen AB, under the controlling interest of Board member Fredrik Rapp, are major XANO shareholders. In 2023, no transactions have taken place between these holding companies and XANO.

Transactions take place between XANO's subsidiaries and companies which are subject to the controlling interest of XANO's Board members or senior executives in subsidiaries. These transactions constitute part of the companies' normal activity and take place under market conditions. During 2023, purchases from ITAB Shop Concept AB with subsidiaries to XANO's subsidiaries amounted to SEK 0.0 million (1.5) and purchases from AGES Industri AB with subsidiaries to XANO's subsidiaries amounted to SEK 0.4 million (0.8). At an overall assessment, ITAB is considered to be under the controlling interest of Pomona-gruppen AB and Board members Petter Fågersten and Anna Benjamin. AGES is under the controlling interest of Viem Invest AB and Pomona-gruppen AB. Purchases from INEV AB with subsidiaries, which are under the controlling interest of Board member Per Rodert, amounted to SEK 0.5 million (1.3). Other related party transactions do not come to any noteworthy sum. As of the closing day, amounts payable to and receivable from related parties do not come to any noteworthy sum.

NOTE 38 Events after the end of the year

There are no individual events of major significance to report after the closing day.

Definitions

AVERAGE NUMBER OF EMPLOYEES

Average number of employees during the period based on working hours. Employees who are covered by short-term work/temporary layoffs are only included to the extent that relates to actually worked time.

BASIC EARNINGS PER SHARE

Net profit in relation to the average number of outstanding shares.

CAPITAL EMPLOYED

Balance sheet total less non-interest-bearing liabilities.

CASH FLOW FROM OPERATING ACTIVITIES PER SHARE

Cash flow from operating activities in relation to the average number of outstanding shares.

DILUTED EARNINGS PER SHARE

Net profit plus costs relating to convertible loan in relation to the average number of outstanding shares plus the average number of shares added at conversion of outstanding convertibles.

DIRECT YIELD

Proposed dividend in relation to the share price on the closing day.

EBITDA

Operating profit plus depreciation and amortisation of tangible and intangible non-current assets.

EQUITY PER SHARE

Equity in relation to the number of outstanding shares on the closing day.

EQUITY/ASSETS RATIO

Equity in relation to total capital.

GROSS MARGIN

Gross profit in relation to net revenue.

INTEREST COVERAGE RATIO

Profit before tax plus financial expenses in relation to financial expenses.

NET INVESTMENTS

Closing balance less opening balance plus amortisation/depreciation, impairment costs and translation differences relating to non-current assets.

OPERATING MARGIN

Operating profit in relation to net revenue.

ORGANIC GROWTH

Growth in net revenue generated by the Group's own efforts and in existing structure. The amount has not been adjusted for exchange rate fluctuations.

PROFIT MARGIN

Profit before tax in relation to net revenue.

RETURN ON CAPITAL EMPLOYED

Profit before tax plus financial expenses in relation to average capital employed.

RETURN ON EQUITY

Net profit in relation to average equity.

RETURN ON TOTAL CAPITAL

Profit before tax plus financial expenses in relation to average total capital.

REVENUE GROWTH

Net revenue for the period in relation to net revenue for a comparative period.

TOTAL CAPITAL

Total equity and liabilities (balance sheet total).

Key figures

Key figures included in this report derive primarily from the disclosure requirements according to IFRS. Other measures, known as alternative key figures, describe e.g. the profit trend, financial strength and how the Group has invested its capital.

Presented key figures take the nature of the business into account and are deemed to provide relevant information to shareholders and other stakeholders for assessing the Group's potential to carry out strategic investments, fulfil financial commitments and provide yield for shareholders at the same time as achieving comparability with other companies. The margin measures are also presented internally for each segment.

The calculation of the Group's primary alternative key figures is found on page 106.

Reconciliation of alternative key figures

Key figures included in this report derive primarily from the disclosure requirements according to IFRS. With the aim of illustrating the Group's profit trend and financial strength, as well as how the Group has invested its capital, reference is also made to a number of alternative key figures that are not defined within the IFRS regulatory framework or directly in the income statement and balance sheet. The calculation of the Group's primary alternative key figures is presented below. The definition of each key figure is found on page 105.

INTEREST COVERAGE RATIO

Relate to financial resistance and shows how much the Group's profit can fall without jeopardising interest payments.

	2023	2022
Profit before tax plus financial expenses, SEK thousands	322,480	370,809
Financial expenses, SEK thousands	95,810	61,812
Interest coverage ratio, multiple	3.4	6.0

ORGANIC GROWTH

Shows the growth in net revenue generated by the Group's own efforts.

	2023	2022
Net revenue for the period less revenue generated through acquisitions less net revenue for the previous period, SEK thousands	-110,067	84,031
Net revenue for the previous period, SEK thousands	3,508,706	3,151,375
Organic growth, %	-3.1	2.7

RETURN ON CAPITAL EMPLOYED

Shows how well the operational capital is used to create profitable growth.

	2023	2022
Profit before tax plus financial expenses, SEK thousands	322,480	370,809
Average ¹⁾ total capital employed, SEK thousands	2,772,013	2,599,429
Return on capital employed, %	11.6	14.3

RETURN ON EQUITY

Shows the Group's capacity to generate return on shareholders' equity.

	2023	2022
Net profit for the year attributable to shareholders of the Parent Company, SEK thousands	175,397	249,068
Average ¹⁾ equity attributable to shareholders of the Parent Company, SEK thousands	1,594,794	1,456,132
Return on equity, %	11.0	17.1

RETURN ON TOTAL CAPITAL

Quantifies how much return the Group generates through the use of its capital structure.

	2023	2022
Profit before tax plus financial expenses, SEK thousands	322,480	370,809
Average ¹⁾ total capital, SEK thousands	3,810,219	3,613,435
Return on total capital, %	8.5	10.3

¹⁾ Average capital is calculated as an average of the opening balance and reported quarterly data during the current year. For 2023, this means that the closing balances as of 31 December 2022, 31 March 2023, 30 June 2023, 30 September 2023 and 31 December 2023 were added together and divided by 5.

Income statements

PARENT COMPANY (SEK THOUSANDS)	NOTE	2023	2022
Net sales		29,680	29,408
Cost of goods sold		–	–
Gross profit		29,680	29,408
Selling expenses	3, 4, 6	-6,083	-5,673
Administrative expenses	3, 4, 5, 6	-34,515	-32,154
Other operating income		272	350
Other operating expenses		–	–
Operating profit/loss		-10,646	-8,069
Profit from participations in Group companies	7	142,104	121,815
Interest income and similar profit/loss items	8	57,527	49,990
Interest expense and similar profit/loss items	9	-57,409	-19,587
Profit after financial items		131,576	144,149
Appropriations	10	28,992	10,003
Profit before tax		160,568	154,152
Tax	11	-10,474	-28,018
NET PROFIT FOR THE YEAR		150,094	126,134

Statements of comprehensive income

PARENT COMPANY (SEK THOUSANDS)	NOTE	2023	2022
Net profit for the year		150,094	126,134
Other comprehensive income		–	–
COMPREHENSIVE INCOME FOR THE YEAR		150,094	126,134

Balance sheets

PARENT COMPANY (SEK THOUSANDS)	NOTE	2023-12-31	2022-12-31
ASSETS			
Non-current assets			
<i>Property, plant and equipment</i>			
Equipment, tools, fixtures and fittings	12	193	92
		193	92
<i>Financial non-current assets</i>			
Participations in Group companies	13	206,757	221,409
		206,757	221,409
Total non-current assets		206,950	221,501
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		1,087,352	976,733
Other receivables		7,196	20,226
Prepayments and accrued income		5,231	5,582
		1,099,779	1,002,541
<i>Current investments</i>			
Cash and bank balances	16	5	5
		8,673	21,716
Total current assets		1,108,457	1,024,262
TOTAL ASSETS		1,315,407	1,245,763

Balance sheets

PARENT COMPANY (SEK THOUSANDS)	NOTE	2023-12-31	2022-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	14	37,275	36,559
Statutory reserve		8,899	8,899
		46,174	45,458
<i>Non-restricted equity</i>			
Share premium reserve		145,250	76,055
Profit brought forward		276,016	252,215
Net profit for the year		150,094	126,134
		571,360	454,404
Total equity		617,534	499,862
Untaxed reserves	15	59,019	88,011
Liabilities			
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	16, 17	250,000	250,000
		250,000	250,000
<i>Current liabilities</i>			
Current interest-bearing liabilities		–	68,234
Accounts payable		1,505	1,531
Liabilities to Group companies		374,869	312,301
Current tax liabilities		167	10,511
Other liabilities	16	2,306	3,447
Accruals and deferred income		10,007	11,866
		388,854	407,890
Total liabilities		638,854	657,890
TOTAL EQUITY AND LIABILITIES		1,315,407	1,245,763

Statement of changes in equity

PARENT COMPANY	NOTE	RESTRICTED EQUITY		NON-RESTRICTED EQUITY		TOTAL EQUITY
		Share capital	Statutory reserve	Share premium reserve	Other non-restricted equity	
(SEK THOUSANDS)						
Equity, 1 January 2022		36,559	8,899	76,055	353,689	475,202
Net profit for the year		-	-	-	126,134	126,134
Other comprehensive income		-	-	-	-	-
Comprehensive income for the year		-	-	-	126,134	126,134
Dividend paid in cash		-	-	-	-101,474	-101,474
Equity, 31 December 2022		36,559	8,899	76,055	378,349	499,862
Net profit for the year		-	-	-	150,094	150,094
Other comprehensive income		-	-	-	-	-
Comprehensive income for the year		-	-	-	150,094	150,094
Conversion of personnel convertibles		716	-	69,195	-	69,911
Dividend paid in cash		-	-	-	-102,333	-102,333
EQUITY, 31 DECEMBER 2023	14	37,275	8,899	145,250	426,110	617,534

Cash flow statements

PARENT COMPANY (SEK THOUSANDS)	NOTE	2023	2022
OPERATING ACTIVITIES			
Operating profit/loss		-10,646	-8,069
<i>Adjustments for non-cash items etc.</i>			
Depreciation		44	15
Group contribution received ¹⁾		123,406	218,767
Dividend received		130,000	–
Interest paid/received, net value	19	14,436	-1,025
Income tax paid		-20,937	-46,953
Cash flow from operating activities before changes in working capital		236,303	162,735
Changes in working capital			
Increase (-) / decrease (+) in current receivables ¹⁾		-206,464	-126,791
Increase (+) / decrease (-) in current liabilities		59,956	-205,978
Cash flow from operating activities		89,795	-170,034
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-145	–
Cash flow from investing activities		-145	–
FINANCING ACTIVITIES			
Dividend paid		-102,333	-101,474
<i>Increase (+) / decrease (-) in interest-bearing liabilities</i>	19		
Borrowings		–	250,000
Repayment of debt		-87	-120,000
Change in bank overdraft facilities		–	–
Cash flow from financing activities		-102,420	28,526
CASH FLOW FOR THE YEAR		-12,770	-141,508
Cash and cash equivalents at the beginning of the year		21,721	155,028
Exchange rate differences in cash and cash equivalents		-273	8,201
Cash and cash equivalents at the end of the year	19	21,448	21,721

¹⁾ Reporting of Group contribution received has been adjusted compared with the previous year and the year-end report for 2023. The comparison year has been recalculated.

Notes, Parent Company

NOTE 1 General information

XANO Industri AB (publ), with corporate identity number 556076-2055, is a public limited liability company with its registered office in Jönköping, Sweden. The company's class B shares are listed on Nasdaq Stockholm.

All amounts are reported in SEK thousands unless otherwise indicated.

NOTE 2 Accounting policies

The annual report has been prepared in accordance with the Swedish Annual Accounts Act and recommendations and statements of the Swedish Financial Reporting Board.

GENERAL

The Parent Company applies the same accounting policies as the Group except for the cases described below. The Parent Company's financial statements are prepared in accordance with recommendation RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board. The deviations that occur between the Parent Company's and the Group's policies are caused by limitations in the scope to apply IFRS to the Parent Company as a result of the Swedish Annual Accounts Act and, in some cases, for tax reasons. Applied accounting principles are unchanged compared to the previous year, with the exception of new or revised standards, interpretations and improvements that are to be applied from 1 January 2023.

RECEIVABLES AND LIABILITIES

Receivables have been recognised at the amount they are expected to accrue. Receivables and liabilities in foreign currency have been translated at the closing day rate. Translation differences relating to operating receivables and liabilities are reported under operating profit, while translation differences attributable to financial receivables and liabilities are included under net financial income.

RELATED PARTY TRANSACTIONS

100 per cent (100) of the Parent Company's net sales came from invoicing to subsidiaries. Of the Parent Company's operating expenses, 4 per cent (3) was invoicing from subsidiaries.

There are significant financial receivables and liabilities between the Parent Company and subsidiaries which accrue interest at the market rate.

In addition to that referred to in Note 3, Board members and senior executives have received normal share dividends. Senior executives have also received the right to acquire personnel convertibles in accordance with decision made at the Annual General Meeting.

As the owner, the Parent Company has a related party relationship with its subsidiaries, see Note 13. Viem Invest AB, controlled by Board member Anna Benjamin, and Pomona-gruppen AB, under the controlling interest of Board member Fredrik Rapp, are major XANO shareholders. Apart from the share dividend, no transactions have taken place between these holding companies and XANO.

PARTICIPATING INTERESTS IN GROUP COMPANIES

Participating interests are valued according to the cost method. Dividends from subsidiaries are recognised as income. The items are tested for impairment annually and the interests are valued at the highest consolidated value, i.e. the subsidiary's adjusted equity with a supplement for consolidated surplus values.

NON-CURRENT ASSETS

Non-current assets are valued at the acquisition value less accumulated depreciation and any impairment costs. If there is an indication that an asset has reduced in value, the asset's recoverable amount is calculated. If the reported value exceeds the recoverable amount, the asset is written down to a value corresponding to the recoverable amount.

Depreciation is included in the costs for each function. Depreciation is calculated systematically over the expected utilisation period as follows:

Machinery and equipment	3–10 years
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LIQUID ASSETS

Liquid assets (cash and cash equivalents) constitute cash and bank balances as well as investments with a term of no more than three months.

CASH FLOW

Cash flow is reported by applying the indirect method. This means that the net profit/loss is adjusted for transactions that have not resulted in deposits or withdrawals during the period and for any income and costs related to the cash flow of investing or financing activities.

FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are generally reported at the acquisition value. Impairment costs concerning financial non-current assets are recognised if a permanent reduction in value has been confirmed.

XANO uses currency derivatives and interest rate swaps to control the uncertainty in currency flows and future interest rate streams in regard to Group borrowings with variable interest rates. Since these derivatives are not hedged effectively in the company, they are valued at their fair value via the income statement in accordance with Section 14 in Chapter 4 of the Swedish Annual Accounts Act. The interest coupon share is regularly reported as either interest income or interest expense in the income statement.

Convertible bonds consist of a composite financial instrument with the character of both a liability and of equity. These are reported partly as a financial liability and partly as an equity instrument.

INCOME

The Parent Company offers its subsidiaries services relating to business development, organisation, finance, etc. Income from services is reported under the period in which the service is performed. Intra-Group sales occur at market prices.

GROUP CONTRIBUTION

Group contributions received from subsidiaries are recognised as financial income.

TAXES

Reported income taxes include tax that will be paid for the current year and any changes to deferred tax. Tax assets and liabilities are valued at nominal amounts and in accordance with the current tax rules and tax rates. Deferred tax is calculated on temporary differences that arise between reported values and taxable values of assets and liabilities.

Deferred tax liabilities are normally reported for all taxable temporary differences, while deferred tax assets are reported to the extent it is likely that the sums may be utilised.

In the Parent Company, due to the link between reporting and taxation, deferred tax liabilities associated with untaxed reserves are reported as part of untaxed reserves.

BANK OVERDRAFT FACILITIES, GROUP CURRENCY ACCOUNTS

The subsidiaries' claims on and debts to internal lines of credit are recognised as liabilities to and receivables from Group companies. The Group's total claim on/debt to the bank is recognised as an asset/liability in the Parent Company. Interest at the market rate is applied to the subsidiaries' claims and debts.

LEASE CONTRACTS

The parent company recognises all leases, both financial and operational, as operating leases. Expenses for the leases are recognised in the income statement on a straight-line basis over the lease term. Leases refer primarily to the leasing of premises and cars.

NOTE 3 Employees and personnel costs

AVERAGE NUMBER OF EMPLOYEES	2023	of which men	2022	of which men
Sweden	11	45%	10	40%

PROPORTION OF MEN AMONGST BOARD MEMBERS AND SENIOR EXECUTIVES	2023	2022
Board members	67%	57%
Senior executives	50%	50%

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS	2023	2022
Salaries and remuneration	18,305	18,428
Social security costs	11,607	11,008
(of which pension costs ^{1, 2)})	(46,720)	(4,209)
	29,912	29,436

¹ Of the Parent Company's pension costs, SEK 3,225 thousand (3,180) relates to Board members and senior executives. The company's outstanding pension commitments for these amount to SEK 0 thousand (0).

² Pension costs do not include special employer's contribution.

BREAK-DOWN OF SALARIES AND OTHER REMUNERATION	2023	2022
Board members and senior executives	11,911	12,908
(of which bonuses) ¹	(1,740)	(3,110)
Other employees	6,394	5,520
	18,305	18,428

¹ Bonuses do not include holiday pay.

REMUNERATION FOR BOARD MEMBERS AND SENIOR EXECUTIVES

The full guidelines for remuneration and other terms of employment for senior executives are described in Note 5 for the Group on page 93.

The guidelines are applied to employment contracts entered into after the 2022 Annual General Meeting and to changes made thereafter to ongoing employment contracts. With the exception of restriction principles for variable remuneration and the definition of pensionable salary, the guidelines are applied in existing agreements with senior executives.

Terms of remuneration for the CEO and other senior executives cover basic cash salary, variable cash remuneration, other benefits and pension premiums. Other senior executives refer to the CFO who, together with the CEO, makes up the Group management.

The AGM decided that the Board's fee of SEK 1,600 thousand should be distributed with SEK 350 thousand payable to the Chair and SEK 250 thousand payable to each of the other ordinary Board members for the period up to and including the next annual general meeting. The AGM further decided that remuneration for tasks undertaken in the remuneration committee should amount to SEK 20 thousand per person and remuneration for tasks undertaken in the audit committee should amount to SEK 30 thousand per ordinary member and SEK 50 thousand to the committee chair. During 2023, SEK 170 thousand was carried as an expense for these tasks.

In 2023, the Group management consisted of CEO Lennart Persson and CFO Marie Ek Jonson. The CEO received salary and benefits totalling SEK 7,672 thousand (9,161), of which SEK 1,404 thousand (3,030) constitutes variable remuneration. Other senior executives received salary and benefits totalling SEK 2,570 thousand (2,137), of which SEK 336 thousand (80) constitutes variable remuneration. There are no outstanding share or share price-related incentive schemes.

Senior executives have a defined contribution pension plan with a retirement age of 65. According to the contract, the pension premium for the CEO is 30 per cent (30) of the pensionable salary. There is a pension agreement for other senior executives corresponding to the collectively agreed ITP plan. In addition to this, there is an option to reallocate salary withdrawals (known as salary sacrifice) to additional pension contributions. The pension premium for other senior executives amounted to an average of 31 per cent (30) of the pensionable salary. According to existing agreement, "Pensionable salary" refers to the basic salary and car benefits plus an average of the last three years' variable remuneration. The pension costs for the CEO amounted to SEK 2,597 thousand (2,595). Pension costs for other senior executives amounted to SEK 628 thousand (585).

The company and CEO have a mutual six-month period of notice. In the event of notice on the part of the company, severance pay totalling 18 months' salary is payable. Severance pay will be offset against other income. In the event of notice on the part of the CEO, no severance pay is payable. For other senior executives, there is a period of notice of 6 months by either party. In the event of notice on the part of the company, severance pay totalling 6 months' salary is payable. Severance pay will be offset against other income. In the event of notice on the part of the senior executive, no severance pay is payable.

NOTE 4 Depreciation

DEPRECIATION BY FUNCTION	2023	2022
Selling expenses	-	-2
Administrative expenses	-44	-13
	-44	-15

DEPRECIATION BY CLASS OF ASSET	2023	2022
Equipment, tools, fixtures and fittings	-44	-15
	-44	-15

NOTE 5 Auditors' remuneration

	2023	2022
KPMG		
Audit assignment	-575	-500
Audit activities other than audit assignment	-	-
Tax consultancy services	-15	-
Other services	-4	-
Total	-594	-500

"Audit assignment" refers to the review of the annual report, interim reports, the administration by the Board and CEO and the corporate governance report.

NOTE 6 Operating leases

	2023	2022
Lease fees recognised as expenses	1,063	915
Future minimum lease payments related to operating leases		
to be paid within 1 year	1,240	978
to be paid between 2 and 5 years	512	94

NOTE 7 Profit from participations in Group companies

	2023	2022
Dividends from Group companies	130,000	–
Impairment losses on shares in subsidiaries	-14,652	-1,591
Group contributions received	26,756	123,406
	142,104	121,815

NOTE 8 Interest income and similar profit/loss items

	2023	2022
Interest income, Group companies	44,926	14,170
Interest income, other	12,601	23,710
Exchange rate differences	–	12,110
	57,527	49,990

Other interest income includes a change in value of SEK – thousand (21,718) relating to interest rate swaps measured at their fair value.

Exchange rate differences include a change in value of SEK – thousand (3,797) relating to currency derivatives measured at their fair value.

NOTE 9 Interest expense and similar profit/loss items

	2023	2022
Interest expense, Group companies	-12,018	-3,835
Interest expense, other	-41,321	-15,640
Exchange rate differences	-4,070	-112
	-57,409	-19,587

Other interest income includes a change in value of SEK -9,315 thousand (–) relating to interest rate swaps measured at their fair value.

Exchange rate differences include a change in value of SEK -3,797 thousand (–) relating to currency derivatives measured at their fair value.

NOTE 10 Appropriations

	2023	2022
Change in excess depreciation	-8	3
Tax allocation reserve, change for the year	29,000	10,000
	28,992	10,003

NOTE 11 Tax on profit for the year

	2023	2022
Current tax	-10,474	-28,018
	-10,474	-28,018

The difference between the income tax rate 20.6% (20.6) and the effective tax rate arises as follows:

	2023		2022	
Reported profit before tax	160,568		154,152	
Tax according to current income tax rate	-33,077	21%	-31,755	21%
<i>Tax effect of</i>				
Non-deductible expenses	-3,582	2%	-1,300	1%
Other tax-exempt income	26,895	-17%	5,262	-4%
Standard income and deviating tax rate for tax allocation reserves	-710	1%	-225	0%
Reported tax	-10,474	7%	-28,018	18%

NOTE 12 Property, plant and equipment

EQUIPMENT, TOOLS, FIXTURES AND FITTINGS	2023	2022
Accumulated acquisition values		
Opening balance	1,314	1,314
New acquisitions	145	–
Closing balance	1,459	1,314
Accumulated scheduled depreciation		
Opening balance	-1,222	-1,207
Depreciation according to plan for the year	-44	-15
Closing balance	-1,266	-1,222
Closing residual value according to plan	193	92

NOTE 13 Participations in Group companies

	2023	2022
Accumulated acquisition values		
Opening balance	228,667	228,667
Acquisition of subsidiaries	–	–
Closing balance	228,667	228,667
Accumulated impairment costs		
Opening balance	-7,258	-5,667
Impairment losses for the year	-14,652	-1,591
Closing balance	-21,910	-7,258
Carrying amount	206,757	221,409

PARENT COMPANY HOLDINGS

BUSINESS NAME	CORPORATE IDENTITY NUMBER	REGISTERED OFFICE	NUMBER OF SHARES	SHARE OF EQUITY	CARRYING AMOUNT
Ackurat Industriplast AB	556076-4564	Växjö, Sweden	10,000	100%	14,855
Blowtech Fastigheter AB	556606-9042	Gnosjö, Sweden	1,000	100%	26,126
Blowtech Group AB	556978-1205	Gnosjö, Sweden	1,000	100%	113,014
Cipax Industri AB	556261-0096	Jönköping, Sweden	1,000	100%	3,483
XANO Automation AB	556432-6329	Jönköping, Sweden	5,000	100%	17,153
XANO Evolution AB	556412-4070	Jönköping, Sweden	46,200	100%	5,499
XANO Fastigheter AB	556237-3265	Jönköping, Sweden	30,500	100%	4,541
XANO Precision AB	556620-3294	Jönköping, Sweden	1,000	100%	22,086
					206,757

SUBSIDIARY HOLDINGS

BUSINESS NAME	CORPORATE IDENTITY NUMBER	REGISTERED OFFICE	NUMBER OF SHARES	SHARE OF EQUITY
Ackurat Sp. z o. o	0000404285	Gdansk, Poland	34,227	100%
Ackurat Suomen Oy	0535817-5	Helsinki, Finland	630	100%
Batteryline Sweden AB	559452-6740	Jönköping, Sweden	250	100%
Blowtech GP AB	556560-1712	Gnosjö, Sweden	2,000	100%
Blowtech GT AS	994841270	Kongsvinger, Norway	250,000	100%
Canline Holding B.V.	17270976	Eersel, the Netherlands	180	100%
Canline Systems B.V.	17270973	Eersel, the Netherlands	180	100%
Canline Systems USA Inc.	87-1375033	Chicago IL, USA	100	100%
Canline USA Corporation	46-3583603	Roanoke VA, USA	1,000	100%
Case Packing Systems Australia Pty Ltd	36 668 944 152	Kilmore VIC, Australia	50,000	100%
Case Packing Systems B.V.	13039933	Stramproy, the Netherlands	400	100%
Case Packing Systems USA Inc	92-3009398	Chicago IL, USA	100	100%
CIM Industrial Systems A/S	24210022	Aarhus, Denmark	860,000	100%
Cipax AB	556065-7875	Norrköping, Sweden	200	100%
Cipax Eesti AS	10092500	Taebala, Estonia	400	100%
Cipax Nederland B.V.	06066255	Rijssen, the Netherlands	400	100%
Cipax Norge AS	928 432 025	Bjørkelangen, Norway	1,778	100%
Cipax Oy	2188914-4	Helsingfors, Finland	1,000	100%
CPS Onroerende Zaak B.V.	13039319	Stramproy, the Netherlands	400	100%
Fredriksons Industry (Suzhou) Co Ltd	022735	Suzhou, China	-	100%
Fredriksons Verkstads AB	556420-7537	Vadstena, Sweden	5,000	100%
Holtermoen Eiendom AS	928 432 009	Bjørkelangen, Norway	1,873	100%
Holtermoen Eiendom Vest AS	928 432 017	Bjørkelangen, Norway	269	100%
Integrated Packaging Solutions, LLC	26-4774454	Denver CO, USA	-	100%
Jorgensen Engineering A/S	51 45 22 16	Odense, Denmark	30,000,000	100%
Jorgensen Engineering USA Inc.	87-1389636	Houston TX, USA	100	100%
AB Kuggteknik	556122-2992	Leksand, Sweden	2,500	100%
Kungsörs Mekaniska Verkstad AB	556141-4243	Kungsör, Sweden	1,500	100%
Lasertech LSH AB	556559-2887	Karlskoga, Sweden	500	100%
AB LK Precision Invest	556258-1644	Stockholm, Sweden	1,000	100%
AB LK Precision Parts	556237-5377	Stockholm, Sweden	2,000	100%
Lundgren Machinery AB	556207-9359	Staffanstorps, Sweden	2,000	100%
Mikroverktyg AB	556020-8828	Södertälje, Sweden	1,000	100%
Modellteknik i Eskilstuna AB	556504-4996	Eskilstuna, Sweden	5,000	100%
Nordic Plastic Recycling AS	918 069 283	Åndalsnes, Norway	370,765	35%
NPB Automation AB	556266-7948	Jönköping, Sweden	1,000	100%
NPB Automation USA Inc.	87-1409833	Chicago IL, USA	100	100%
Pelartället AB	556572-2716	Eskilstuna, Sweden	1,000	100%
Pioner Boat AS	990 374 031	Bjørkelangen, Norway	6,180	100%
PiWi Beheer B.V.	12052152	Stramproy, the Netherlands	180	100%
Polyketting B.V.	54154782	Zelhem, the Netherlands	1,800	100%
Polyketting Components B.V.	54154068	Zelhem, the Netherlands	1,800	100%
Polyketting Holding B.V.	54154065	Zelhem, the Netherlands	7,502	100%
Polyketting Special Products B.V.	54154069	Zelhem, the Netherlands	1,800	100%
Resinit AB	556332-1263	Västervik, Sweden	1,000	100%
Tussenholding Lankamp B.V.	81213166	Rijssen, the Netherlands	100,000	100%
VIAB Konsult AB	556506-0802	Jönköping, Sweden	1,000	100%
XANO Automation Inc.	35-2764388	New York NY, USA	1,000	100%
XANO Fastigheter Ljungarum AB	556202-5220	Jönköping, Sweden	2,796,000	100%

26 of the subsidiaries are industrial companies whilst the rest are companies with limited operations such as sales companies, holding companies, real estate companies and dormant companies.

NOTE 14 Share capital and number of shares

DISTRIBUTION OF SHARE CAPITAL	31 Dec 2023	1 Jan 2023
Class A shares	14,577,600	14,577,600
Class B shares	45,062,698	43,916,614
Total number of shares	59,640,298	58,494,214
Quotient value, SEK	0.625	0.625
Share capital, SEK	37,275,186.25	36,558,883.75

The total number of shares is 59,640,298, of which 509,132 was held by the company at year-end. The average number of outstanding shares during 2023 amounted to 58,302,218. Class A shares give entitlement to ten votes and class B shares entitlement to one vote. The number of votes, following deductions for the company's own holding, was 190,329,566 at year-end.

On 1 October 2020, convertibles for a nominal value of SEK 69,998,232 were issued to Group employees. Holders of a nominal SEK 69,911,124 requested conversion of their claims to shares. Due to the conversion, 1,146,084 new class B shares were issued in September 2023.

The Board of Directors and the CEO propose that the surplus of the Parent Company be distributed through a cash dividend to shareholders of SEK 1.00 per share, in total SEK 59,131 thousand, and SEK 512,229 thousand being carried forward.

NOTE 15 Untaxed reserves

	2023	2022
Tax allocation reserve, allocated 2017	–	29,000
Tax allocation reserve, allocated 2018	31,000	31,000
Tax allocation reserve, allocated 2019	28,000	28,000
	59,000	88,000
Accumulated excess depreciation	19	11
	59,019	88,011

Deferred tax liabilities represent SEK 12,816 thousand (19,194) of untaxed reserves.

NOTE 16 Liabilities

	2023	2022
NON-CURRENT LIABILITIES		
Maturity date between one and five years after closing day	250,000	250,000
Maturity date more than five years after closing day	–	–
	250,000	250,000
CURRENT LIABILITIES		
	–	68,234
Total interest-bearing liabilities	250,000	318,234

BANK OVERDRAFT FACILITIES	2023	2022
Bank overdraft facilities granted, Group currency accounts	300,000	300,000
Unutilised amount	-300,000	-300,000
Utilised amount	0	0

Liquid assets, including lines of external credit granted but not utilised, totalled SEK 1,096 million (1,197) on the closing day.

In 2020, convertible debentures with a nominal value of SEK 69,998 thousand were issued. During 2023, holders of a nominal SEK 69,911 thousand requested conversion of their claims into shares while a nominal SEK 87 thousand was repaid. On the closing day, the convertible loan liability amounted to SEK – thousand (68,234).

The convertible loan ran until 30 September 2023 with an annual interest rate corresponding to STIBOR 3M plus 1.75 percentage points (4.25 per cent for the current period). During the period 1–12 September 2023, convertible bonds were redeemed against class B shares at a conversion rate of SEK61.00. Given that the loan is subordinate to other liabilities and the Group's financial position in general, the interest rate cannot be regarded as corresponding to a market interest rate. The market interest rate for this loan was assessed at 5.64 per cent (government bonds interest rate at the time of issue, -0.36 per cent, with a 6.00 per cent supplement for risk premium). Borrowings that accrue interest at a rate that differs from the market interest rate are recognised at the market value and the difference is added to the company's share premium reserve. Interest is charged to the income statement at the market interest rate over the term of the loan. At the same time, the reported liability will increase in the balance sheet so that it corresponds to the nominal sum at the end of the loan term. The market value for the convertible loan has been calculated by a present value computation of future interest payments and the loan's nominal value.

Recorded interest expense on convertible loan for the year is SEK 4,029 thousand (3,945).

Cash and bank deposits include the balance in the bank overdraft facilities, Group currency accounts, amounting to SEK 8,673 thousand (21,716).

NOTE 17 Pledged assets

	2023	2022
Shares in subsidiaries	170,592	183,802
	170,592	183,802

NOTE 18 Contingent liabilities

	2023	2022
Guarantees in favour of subsidiaries	795,979	718,626
	795,979	718,626

NOTE 19 Cash flow**INTEREST**

Interest paid amounted to SEK 42,555 thousand (16,437) and interest received to SEK 56,991 thousand (15,412).

LIQUID ASSETS	2023	2022
Cash and bank balances	8,673	21,716
Current investments	5	5
Amount at year-end	8,678	21,721

NOTE 20 Risks

The Parent Company is exposed to financial risks through its international activities. Financial risks refer to changes in exchange rates and interest levels. A statement on the Group's main financial and operational risks can be found in Note 35 on pages 103-104.

NOTE 21 Proposal for the appropriation of profits

The Board of Directors and the CEO propose that the surplus be distributed as follows:

	2023	2022
Payment of a cash dividend of SEK 1.00 (1.75) per share to shareholders, calculated on 59,131,166 shares	59,131	102,333
To be carried forward	512,229	352,071
	571,360	454,404

After deduction for the company's own holding, the number of outstanding shares is 59,131,166 on the closing day.

The total dividend amount for 2022 has been adjusted as a result of the conversion carried out in September 2023. Payment of dividends was made on two occasions, in May and November, respectively. At the time of payment of SEK 0.75 per share in November, 1,146,084 shares had been added due to the conversion. The total dividend amount hereby increased by SEK 859 thousand.

NOTE 22 Events after the end of the year

There are no individual events of major significance to report after the closing day.

The undersigned certify that the consolidated financial statements and the annual report have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and generally accepted accounting policies respectively, and give a true and fair view of the financial positions and results of the Group and the Company, and that the Directors' report gives a fair review of the development of the operations, financial positions and results of the Group and the Company and describes substantial risks and uncertainties that the Group companies face.

The annual report and consolidated financial statements for XANO Industri AB (publ) for 2023 have been approved for publication by the Board of Directors.

The financial statements will be presented to the Annual General Meeting on 16 May 2024 for adoption.

Jönköping, 20 March 2024

Fredrik Rapp
Chair of the Board

Anna Benjamin
Vice Chair of the Board

Petter Fägersten
Board member

Per Rodert
Board member

Jennie Hammer Viskari
Board member

Pontus Cornelius
Board member

Lennart Persson
President and CEO

Our audit report was submitted on 22 March 2024.

KPMG AB

Olle Nilsson
Authorised public accountant

Auditor's report

To the general meeting of the shareholders of XANO Industri AB, corporate identity number 556076-2055

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of XANO Industri AB (publ) for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 77-117 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. 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 statement of comprehensive income and statement of financial position for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

VALUATION OF GOODWILL

See Note 15 and accounting principles on page 89 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

As at 31 December 2023, recorded value of goodwill amounts to SEK 1,136 million (968) in the group's report of its financial position. Goodwill corresponds to the difference between the value of net assets and the purchase price paid in the event of an acquisition.

In contrast to other fixed assets, there is no depreciation of goodwill, instead the value is tested on an annual basis, or when there is an indication of a decrease in value, meaning that the recorded values do not exceed the calculated recoverable amount.

The recoverable amount is determined for each cash generating unit through a present value calculation of future cash flows. The present value calculation of future cash flows is complex and based on the management's business plans and forecasts.

Key assumptions include earnings, growth, investment requirements and discount rate.

Future events and new information can change these assumptions and have a major impact on the calculation of the recoverable amount. An impairment test contains by nature a greater element of estimates and judgments, which is why we have assessed that valuation of goodwill is a key audit matter in the audit.

Response in the audit

In our audit, we have devoted particular focus to the group's assessment of the need for write-down requirements in the asset goodwill.

We have assessed whether the performed impairment tests for goodwill are prepared in accordance with the prescribed discounted cash flow technique.

We have also evaluated the company's process and internal controls for establishing impairment testing and how management identifies cash-generating units. We have also evaluated the reasonableness of the assumptions made, by evaluating the previous accuracy of forecasts and assumptions.

With the assistance of internal valuation specialists, we have tested the selected discount rate and assumptions regarding long-term growth. Another important part of our work has been to take part of and evaluate the company's sensitivity analyses in order to be able to assess how reasonable changes in assumptions can affect the valuation.

We have also evaluated the disclosures provided in the annual report regarding goodwill and impairment testing.

REVENUE RECOGNITION

See Note 4 and accounting principles on page 88 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The group's revenue from sales for the year 2023 amounts to SEK 3,431 million (3,509). Of the group's revenue from sales for 2023, SEK 1,387 million (1,336) consists of project deliverables to customers, where the group records revenue over time in compliance with IFRS 15. For these project deliverables, revenue is recorded based on the company's efforts to comply with its performance obligation.

Revenue recognition is therefore based on assessments of the degree of completion in relation to complete compliance, and changes to this assessment imply that future results will be affected. Assessing the result is particularly difficult at the beginning of projects and for projects that are technically complex.

In light of the fact that there is a large measure of assessments that are of significant importance for the accounting of revenue and results linked to revenue that is recorded over time, we have assessed that this is a key audit matter in the audit.

Response in the audit

In our audit, we have assessed the process and internal controls for revenues recorded over time. We have specifically focused on the company's procedures and evaluations to measure progress towards complete compliance.

In addition, for a selection of projects, we have performed review of underlying documentation and reviewed management's evaluation of the need for provision regarding onerous contract.

We have reviewed the disclosures in the financial statement.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-76 and 121-128. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director 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 Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and

consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

AUDITOR'S AUDIT OF THE ADMINISTRATION AND THE PROPOSED APPROPRIATIONS OF PROFIT OR LOSS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of XANO Industri 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 Managing Director 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 Managing Director

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 organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director 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 Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for XANO Industri AB (publ) for year 2023.

Our examination and our opinion relate 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 Auditors' responsibility section. We are independent of XANO Industri 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 Managing Director

The Board of Directors and the Managing Director 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 Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, 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 Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

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

KPMG AB, Box 214, 551 14, Jönköping, was appointed auditor of XANO Industri AB (publ) by the general meeting of the shareholders on the 11 May 2023. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 12 May 2022.

Jönköping, 22 March 2024

KPMG AB

Olle Nilsson

Authorised Public Accountant

Disclosure of KPIs according to the EU Taxonomy

EU Taxonomy Regulation

The EU Taxonomy Regulation is part of the EU Sustainable Finance Framework, which was developed to classify economic activities carried out within the EU. The purpose of the taxonomy is to create transparency in the market and enable investments in economic activities that contribute to the EU's goal of net-zero emissions by 2050, as well as other environmental objectives defined by the EU. The economic activities included in the taxonomy relate to the EU's six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

An economic activity is considered sustainable if it contributes substantially to one or more of the environmental objectives without causing significant harm to any of the other objectives and fulfils certain minimum safeguards.

XANO has economic activities within the following chapters of the EU Taxonomy Regulation:

1. **Climate change mitigation**
 - 3.18 Manufacture of automotive and mobility components
 - 5.1 Construction, extension and operation of wastewater collection and treatment
 - 8.2 Data-driven solutions for GHG emissions reductions
3. **The sustainable use and protection of water and marine resources**
 - 2.2 Urban wastewater treatment
4. **The transition to a circular economy**
 - 4.1 Provision of IT/OT data-driven solutions
 - 5.2 Sale of spare parts

As there is still a lack of sufficient regulatory guidance in several respects, XANO believes that there is a relatively large room for interpretation in parts of the taxonomy. The disclosures are therefore based on the Group's current interpretation of the taxonomy regulation and may change as general practice evolves and new regulatory guidance is provided.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023*

Financial year 2023	Year			Substantial contribution criteria							DNSH criteria ("Does Not Significantly Harm")							Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) turnover year 2022 (18)	Category enabling activity (19)	Category transitional activity(20)
	Code (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)				
Economic Activities (1)		SEK thousands	%	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	%	E	T		
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	0.0				
Of which enabling		0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-			
Of which transitional		0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	0.0		-		
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											
Manufacture of automotive and mobility components	CCM 3.18	9,306	0.3	-	-	-	-	-	-							0.0				
Construction, extension and operation of wastewater collection and treatment	CCM 5.1	1,706	0.1	-	-	-	-	-	-							0.1				
Data-driven solutions for GHG emissions reductions / Provision of IT/OT data-driven solutions	CCM 8.2/ CE 4.1	3,692	0.1	-	-	-	-	-	-							0.2				
Urban wastewater treatment	WTR 2.2	32,143	0.9	-	-	-	-	-	-							0.0				
Sale of spare parts	CE 5.2	2,959	0.1	-	-	-	-	-	-							0.0				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		49,865	1.5	-	-	-	-	-	-							0.3				
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		49,865	1.5	-	-	-	-	-	-							0.3				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities		3,381,590	98.5																	
Total		3,431,455	100.0																	

	Proportion of turnover/ Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0%	0.5%
CCA	0.0%	0.0%
WTR	0.0%	0.9%
CE	0.0%	0.1%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	Year		Substantial contribution criteria							DNSH criteria ("Does Not Significantly Harm")							Proportion of Taxonomy-aligned (A.1) or -eligible (A.2.) CapEx year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code (2)	CapEx (3)	Proportion of CapEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Bioeconomy (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Bioeconomy (16)	Minimum Safeguards (17)			
Economic Activities (1)		SEK thousands	%	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	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	0.0			
Of which enabling		0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-		
Of which transitional		0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	0.0		-	
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										
Manufacture of automotive and mobility components	CCM 3.18	0	0.0	-	-	-	-	-	-							0.0			
Construction, extension and operation of wastewater collection and treatment	CCM 5.1	0	0.0	-	-	-	-	-	-							0.0			
Data-driven solutions for GHG emissions reductions / Provision of IT/OT data-driven solutions	CCM 8.2/ CE 4.1	0	0.0	-	-	-	-	-	-							0.0			
Urban wastewater treatment	WTR 2.2	0	0.0	-	-	-	-	-	-							0.0			
Sale of spare parts	CE 5.2	0	0.0	-	-	-	-	-	-							0.0			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0.0	-	-	-	-	-	-							0.0			
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		0	0.0	-	-	-	-	-	-							0.0			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		95,197	100.0																
Total		95,197	100.0																

	Proportion of CapEx / Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0%	0.0%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

Methodology for identifying Taxonomy-eligible activities

The XANO Group consists of different types of businesses. There is a wide spread of activities, which require a comprehensive review of each activity based on the EU Taxonomy technical screening criteria. Such a review has been carried out for all six environmental objectives and relevant activities have been identified. As none of the identified economic activities are currently assessed to be Taxonomy-aligned, neither of the principles "Do no significant harm" or "Minimum safeguards" have been evaluated for 2023.

Analysis of the outcome

In summary, 0 per cent of our net revenue for 2023 is Taxonomy-aligned. The same applies to both capital and operating expenditure.

Currently, the Group's activities are covered by the taxonomy to a very limited extent. Almost half of the Group's operations relate to manufacturing on behalf of customers. In addition to the pure business aspect, new collaborations are valued based on the opportunities for joint sustainability work that exist in each partnership. Our customers place high demands on us as a subcontractor and we contribute to their sustainability goals with technical innovation and expertise by participating in development collaborations. Notwithstanding the economic activities listed in the Taxonomy Regulation, we are continuously striving for more sustainable business in all areas.

Accounting principles

The majority of reported turnover of Taxonomy-eligible activities are linked to segregated legal entities with separate accounts, why double counting can be excluded. In cases where several such activities are traced to the same legal entity, measures have been taken to ensure that no double counting occurs.

Total turnover refers to the Group's net revenue for 2023. Turnover covered by the Taxonomy Regulation follows the same definition as net revenue in the annual report and consists of revenue from the sale of products and systems and the provision of related services after deduction of sales rebates and VAT, and other taxes directly related to revenue.

For 2022, no capital and operating expenditures linked to identified taxonomy activities were disclosed due to a lack of data as the Group's accounting systems did not support full reporting. This has been adjusted for this year's disclosure.

CapEx refers to investments in tangible and intangible assets before depreciation and revaluations and excluding changes in fair value. Examples of this are costs of moulds and tools, as well as the time spent on development that has been set up as assets.

Operating expenses (OpEx) refer to direct costs that are not capitalised assets. Examples of this are repair and maintenance of fixed assets as well as direct personnel costs linked to development.

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2023

Financial year 2023	Year		Substantial contribution criteria							DNSH criteria ("Does Not Significantly Harm")							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)
	Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Bioeconomy (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Bioeconomy (16)				
		SEK thousands	%	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)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0			
Of which enabling		0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-		
Of which transitional		0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0		-	
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											
Manufacture of automotive and mobility components	CCM 3.18	0	0.0	-	-	-	-	-	-								0.0			
Construction, extension and operation of wastewater collection and treatment	CCM 5.1	48	0.3	-	-	-	-	-	-								0.0			
Data-driven solutions for GHG emissions reductions / Provision of IT/OT data-driven solutions	CCM 8.2/ CE 4.1	5,804	40.3	-	-	-	-	-	-								0.0			
Urban wastewater treatment	WTR 2.2	908	6.3	-	-	-	-	-	-								0.0			
Sale of spare parts	CE 5.2	101	0.7	-	-	-	-	-	-								0.0			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		6,861	47.6	-	-	-	-	-	-								0.0			
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		6,861	47.6	-	-	-	-	-	-								0.0			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities		7,561	52.4																	
Total		14,422	100.0																	

	Proportion of OpEx/ Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0%	40.6%
CCA	0.0%	0.0%
WTR	0.0%	6.3%
CE	0.0%	0.7%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

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

Auditor's opinion regarding the statutory sustainability report

To the general meeting of the shareholders in XANO Industri AB, corporate identity number 556076-2055

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the sustainability report for the year 2023 on pages 54-69 and 121-123, and that it is prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE EXAMINATION

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 *The auditor's opinion regarding the statutory sustainability report*. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

OPINION

A statutory sustainability report has been prepared.

Jönköping, 22 March 2024

KPMG AB

Olle Nilsson
Authorised Public Accountant

Board of Directors



Fredrik Rapp
born 1972

Chair of the Board elected 2004.

Principal education Graduate economist.

Principal professional experience MD Pomona-gruppen, MD Talk Telecom.

Other directorships Chair of the boards of Argynnis Group AB, Estinvest AB, Serica Consulting AB, Svenska Handbollförbundet. Member of the boards of ITAB Shop Concept AB, Corem Property Group AB, AGES Industri AB, Pomona-gruppen AB, AB Segulah.

Shareholding in XANO 4,320,000 class A shares and 12,536,360 class B shares.



Anna Benjamin
born 1976

Vice Chair of the Board elected 2016.

Principal education Master's degree in economics.

Principal professional experience Project manager in business development ICA Sverige, manager PricewaterhouseCoopers, controller Nobina.

Other directorships Member of the boards of ITAB Shop Concept AB, AGES Industri AB, Hand in Hand Sweden, INEV AB, Pegital Investment AB.

Shareholding in XANO 10,257,600 class A shares and 5,902,400 class B shares.



Jennie Hammer Viskari
born 1981

Board member elected 2022.

Principal education Graduate engineer, MBA.

Principal professional experience Global VP Sales & Marketing Magna Electronics, MD Magna Electronics Sweden, senior positions within Veoneer/Autoliv.

Other directorships Chair of the board of Magna Electronics Sweden AB.

Shareholding in XANO –



Pontus Cornelius
born 1968

Board member elected 2022.

Principal education Graduate from School of Economics at Gothenburg University.

Principal professional experience Senior positions within Tetra Pak, Indutrade, Ernströmgruppen, Bona and Spinova.

Other directorships Chair of the board of Sluta Gräv AB. Member of the board of Aranäs Fastigheter AB.

Shareholding in XANO –



Petter Fägersten
born 1982

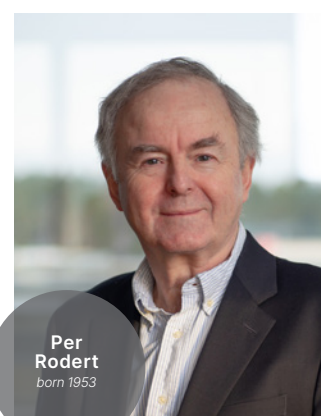
Board member elected 2011.

Principal education Graduate economist.

Principal professional experience MD and Marketing Manager ITAB Shop Concept Jönköping.

Other directorships Member of the boards of ITAB Shop Concept AB, INEV AB, Idyllum AB, Pontix AB, Övre Kullen AB.

Shareholding in XANO 1,220,800 class B shares.



Per Rodert
born 1953

Board member elected 2013.

Principal education Graduate in business administration.

Principal professional experience MD INEV, MD Rörvik Timber, MD and CFO Munksjö.

Other directorships Chair of the boards of DevPort AB, Allt i Plåt AB, Orax AB, Gräsvårdsmaskiner AB, Sulkysport AB, Walker Movers Sweden AB. Member of the boards of GMA AB, INEV AB, Jönköping Business Development AB, Lanab Group AB, Sport Competence AB, Viking Bed AB.

Shareholding in XANO –

Details concerning the number of shares refer to holdings on 31 December 2023 and include, where applicable, holdings via related parties and holdings where the given Board member is able to exert a controlling interest.

Group Management



Lennart Persson
born 1968

CEO joined the company in 1998.
Principal education Graduate engineer.
Principal professional experience CIO Eldon Vasa, Business Controller ITAB, Managing Director ITAB Kaluste and ITAB Plast.
Shareholding in XANO 484,342 class B shares.
Significant shareholding or ownership interests in associated companies None.

Marie Ek Jonson
born 1967

CFO joined the company in 1992.
Principal education Graduate in business administration.
Principal professional experience Controller ITAB.
Shareholding in XANO 121,000 class B shares.

Auditor

KPMG AB
Auditor in charge
Olle Nilsson
born 1975
Authorised public accountant

Adresser

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