



XANO in brief

XANO acquires, manages and develops niche engineering companies with an entrepreneurial background.

With the ultimate goal of further developing each new company that joins the XANO family, our decentralised business model promotes responsibility, preserves entrepreneurial drive, nurtures expertise and allows each subsidiary to focus on what they do best. It is a winning combination that enables us to discover new ways to exceed our stakeholders' expectations and continue developing as a group.

We came from humble beginnings and, although we have grown in both size and confidence, we are no less humble. We are the XANO Group.

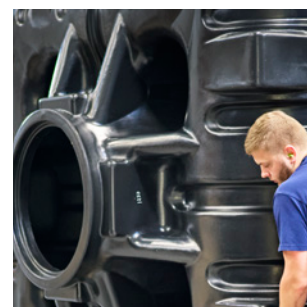
Annual Report 2022

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The year in brief

- » Difficult external factors increasingly had an impact.
- » The Group's long-term financial objectives were still exceeded.
- » Operating profit declined by 25 per cent compared to last year.
- » Extensive measures aimed at strengthening profitability.
- » Aggressive initiatives in respect of marketing activities.



Q1

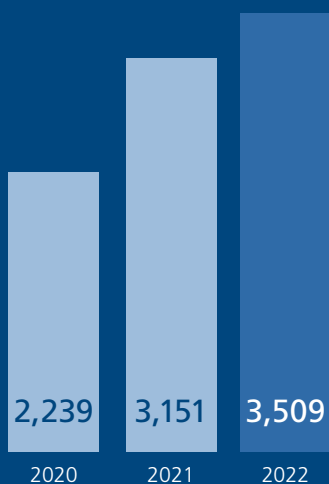
The year began with good growth and continued strong margins. The level of activity declined somewhat on affected markets towards the end of the period.

Q2

With a generally weaker market situation and tangible cost increases, the rate of growth eased and profitability declined.

Net revenue
(SEK m)

3,509

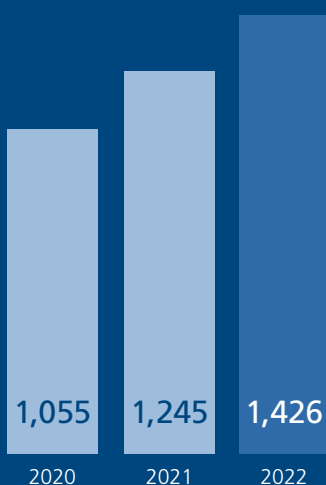


Employees
(on closing day)

1,409

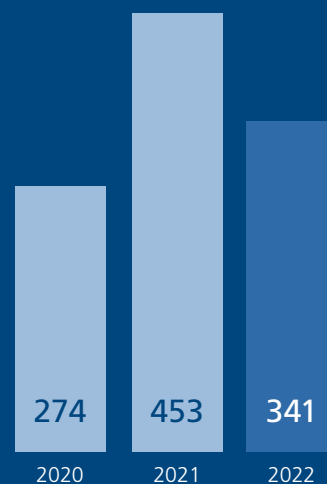
Employees
(average)

1,426



Operating profit
(SEK m)

341



Growth
(%)

+11.3

Operating margin
(%)

9.7

Q3

The consequences of the worrying global situation were accentuated. Lower incoming orders combined with disruptions in the supply chain resulted in reduced productivity.

Q4

The effects of delayed project deliveries had a significant impact. The increases in costs were not balanced out fully by corresponding price rises.

Focus on supply issues

The shortage of critical components has been one of our biggest challenges during the year. This situation has characterised both our customers' and our own operations, leading to significant consequences for the Group's profitability and cash flow. We will be seeing the effects of implemented and ongoing measures going forward.



Group development during the year

We started 2022 with considerable confidence, having just completed our most successful year to date. The order situation was good and the market trend was generally positive. Despite the global shortage of materials and components, we had a stable supply and had succeeded in maintaining a high level of delivery precision. Our concerns about increased costs and longer lead times soon became a reality, however. Russia's invasion of

Ukraine at the end of February marked the start of a period of increasingly difficult external factors. The war's direct impact on the Group's operations was limited, only affecting a few ongoing projects within the Industrial Solutions business unit. These projects were immediately terminated.

Towards the summer, however, we witnessed more extensive consequences that compounded the lingering effects of the coronavirus pandemic. Our compa-

nies were affected to varying degrees by disruptions in the supply chain and experienced a general decrease in incoming orders. Many ongoing assignments were postponed as a result of the shortage of critical components, both at our customers and within our own operations. Constant adaptations to the new conditions resulted in deteriorations in productivity. This, in combination with periods of high sickness absence, led to a significant reduction in profits.

Profitability was also affected by escalating purchase prices and high energy costs. Price adjustments in relation to customers were implemented where possible, and we made great efforts to reduce our cost base. We will gradually see the effects of these measures during 2023.

The past year provided us with major challenges, but it also contained many bright spots. Several of our companies continued to develop well, reporting both growth and stronger margins. We also enjoyed successes within new business areas. Most notable are the agreements that were entered into in respect of automation solutions for handling batteries for electric vehicles. We can see good potential for development here. We have established a number of operations in the USA in order to better meet the needs of major North American operators. This increased local presence has generated new enquiries and business.

Developments within our business units

Several of the companies within the Industrial Products business unit reported stable results. This was a consequence of good development as regards the proprietary product ranges within infrastructure and industry. However, our operations that have a high proportion of production linked to the automotive sector were affected by reduced order volumes and the delayed placing of orders following supply concerns on the part of our automotive customers. Difficulties in implementing price adjustments and a considerable lag as regards promised compensation caused a reduction in profitability. The market situation within other sectors was generally good, and more resources have been allocated to activities including the introduction of our own products on new markets.

The Industrial Solutions business unit initially displayed stable margins following good project sales in the previous year. Towards the end of the year, however, we saw the effects of the lower incoming orders and the disruptions in the supply chain experienced during the second half

of the year. Both ongoing automation projects and major deals in the start-up phase have been postponed. At the same time, orders have not been realised to the anticipated extent either. Our organisations that had geared up for growth have had to adjust and gear down. At the same time, our investments in new business areas and on new geographic markets have achieved successes. Extended after-sales services have also opened the door to new opportunities.

It was clear from an early stage that the Precision Technology business unit would not be able to match the previous year's strong results. The overall performance during the year was nevertheless significantly below our own expectations. The market situation was generally cautious. Within the medical technology sector in particular, which is the dominant sector for the business unit, customers continually revised their purchase volumes downwards. The high degree of unpredictability has impaired productivity, and it has not been possible to compensate fully for increased costs through corresponding price rises. This has hit profitability hard. Adaptations aimed at tightening up operations have been combined with aggressive measures on the marketing side.

Sustainability

Our vision as regards our sustainability work is to be a leading player and business partner. We are making further advances with a new Group-wide strategy, clear goals and a greater focus on each individual company. With business benefits as our starting point, we are continuing to work to integrate sustainability throughout the value chain. This is being achieved through collaboration both within the Group and via external networks, as well as through frequent exchanges with customers, suppliers and stakeholders in society.

XANO Academy is an important part of the work regarding network building, innovation and coordination in various projects. Our Academy is also a platform for establishing a corporate culture linked

to our core values and success factors. Our ambition is to involve and train more employees in areas such as environmental awareness, social responsibility and ethical business skills.

Future prospects

We are not anticipating any major changes in the near future as regards general market development within the Group's business areas. The downward curve has started to level out, but many major operators are continuing to adopt a cautious approach. Raw material prices have stabilised, but we are seeing continued challenges when it comes to cost increases in other areas. We also believe that the longer delivery times for critical components will continue in the near future. For several of our operations, this probably means that a further period of uncertainty lies ahead.

Actions in the form of cost savings and price rises are being implemented to strengthen our margins and increase our cash flow. We are also continuing to work diligently to safeguard critical processes in the supply chain in order to shorten lead times, primarily in respect of our automation projects. At the same time, we are investing in aggressive measures within prioritised areas. We are always looking to add further operations to the Group. We have the financial conditions both to develop our existing operations and to carry out more acquisitions in future.

Thank you

Developments around the world in recent times have resulted in a great many new challenges for us as a Group. I would therefore like to say a huge thank you to all our employees for their incredible commitment and the responsibility they have accepted.

Jönköping, February 2023

Lennart Persson
President and CEO

Vision and strategy

Our fundamental strategy has remained unchanged for many years. This does not mean that our operations are the same, however. We are clearer and more innovative, we do not only follow developments but often lead them, we have a higher rate of growth and a flexible organisational structure. Our offering to our customers often includes solutions rather than individual products or services. In other words, we haven't just carried on as before, rather we have developed the Group to encompass three clear business units that are becoming increasingly independent.



Vision

Market leader within selected segments

XANO will be a market leader within selected market segments. XANO will create strong 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, create added value for the shareholders. The manufacturing process must have a high technical content with the aim of satisfying the customer's needs. In order to achieve this, XANO needs to work within well-defined niches. The level of service and delivery capability have to be high. The companies must strive to achieve long-lasting relationships with both customers and suppliers. XANO must have a sufficiently large market share within each niche in order to be an interesting partner for both customers and suppliers.

Market offer

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. The Group currently has operations in the Nordic region, Estonia, the Netherlands, Poland, China and the USA. 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.

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 2022

Lower rate of growth but strong financial position

Delayed deliveries as a result of shortages in our customers' and our own supply chains resulted in a reduced rate of organic growth and weaker margins than in recent years. Last year's acquisitions added 9% in sales, and total growth under 2022 stood at 11%. The profit margin amounted to 8.8%. The equity/assets ratio stood at 42% at the end of the year.

Business concept

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

XANO creates value for shareholders by exercising both active ownership and management by objectives.

Core values that create added value

Our core values are entrepreneurial drive, long-term thinking 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 close and lasting collaborations with 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. Shown on the next page are examples of activities that have been implemented and are ongoing within areas that promote our business and at the same time support 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 and decisions 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 areas. A high degree of innovation creates efficiency and mutual business advantages.



Sustainable business

During the year, Fredriksons has made extensive investments linked directly to the collaboration with a customer working with sustainable energy solutions.

Blowtech has helped an automotive customer to improve the environmental performance in one of its products by offering manufacturing from recycled polyethylene.

Digitalisation

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.

Cipax has launched online platforms including visualisation tools that help customers to order products easily based on desired parameters.

Acquisitions that provide strength

By means of software intelligence developed in-house, CIM complements other companies within Industrial Solutions. The business unit thereby has the potential to offer complete solutions and customised aftersales services.

Lasertech's expertise within laser welding and industrial 3D printing has opened up new opportunities for sister companies within Precision Technology.

Strategic sales

The automation companies within Industrial Solutions are offering services throughout the lifecycle of the supplied equipment. Long-term servitisation is deepening relationships and helping customers in their ambitions in relation to productivity, safety and sustainability over time.

Profitable growth

Thanks to a major organisational shift and structured marketing work, KMV has grown by 30 per cent and strengthened its profitability, despite a shaky global situation.

With responsiveness to market trends and future needs, the companies within Industrial Solutions are exploring new niches where their expertise can create long-term, profitable growth.

Product development and innovations

Blowtech works with a lightweight method that, in addition to reducing weight and material consumption, also entails higher sound absorption capacity and better heat insulation for the products.

Cipax has launched a new water purification system for individual drains. The treatment process minimises particles and substances that can be harmful to health and the environment, and satisfies demands for a high level of protection.

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 expertise 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.

It can be easy to overlook the Group's ability to adapt, particularly when we are speaking about development in conjunction with long-term, 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 accordingly. In combination with the security of long-term 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 long-term 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 continue developing 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.

Success factors

Sustainable collaborations

We endeavour to run our businesses in a sustainable manner, on every level and with a long-term perspective. Our aim is to have close and 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 ensure long-term, sustainable growth.

Decentralised organisation

Each company in the Group 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 knowledge and innovative capacity, are creating endless opportunities for us to continue developing and ensure credibility in relation to our stakeholders.



Acquisitions

1987-1994 Ackurat
Resinit
Cipax

2012-2018 KMV
Canline
Jorgensen
Blowtech
Polyketting

2004-2008 LK Precision
NPB
Pioner Boat
Fredriksons
Mikroverktyg

2019-2022 Kuggteknik
Modellteknik
Lasertech
CPS
CIM
Cipax NL (PRM)

2021

Turnover exceeds
SEK 3 billion

2014

Spin-off AGES

2005

Change of name
to XANO

2004

Spin-off
ITAB Shop Concept

1988

Stock market listing

1979

The entrepreneur
Tord Johansson
establishes current
Group model

1937

Parent company
established

Continuous movement

Through our sustainability work, we want to be a leading player that actively facilitates the transition to a more sustainable society and business.

Focus for the year

Various forms of collaboration are still our focus, and a precondition for successful sustainability work. We are able to generate motivation and assume joint responsibility for leading development that is sustainable in the long term – between employees, in our relations with customers and suppliers, and in dialogues with investors and authorities.

From a tangible perspective, we have worked at Group level to formulate a new sustainability strategy that will be implemented in the Group during 2023. This strategy encompasses new and ambitious objectives. We have identified a number of areas in which, in the near future, we

will be implementing activities aimed at achieving significant improvements. In this way, our aim is to generate a clear shift in our vision in order, within our field of expertise, to be a leading player and business partner that facilitates the transition to a more sustainable society and business dealings.

Activities and impact

Internally, XANO Academy is an important part of the work regarding network building, innovation and coordination in various projects. Our ambition is to involve and train more employees in areas such as environmental awareness, social responsibility and ethical business skills. In this

respect, our Academy is one of the tools we use to establish our strategy throughout the Group and to make progress in our sustainability work.

For our Group companies, the potential to make a real difference lies in part in their ability to improve the sustainability performance of their customers. By means of long-term collaboration, we are able to build trust and contribute with knowledge regarding the choice of materials, product design and manufacturing methods to minimise environmental and health risks. We are investing in projects and capacity that will enable our operations to promote sustainable social development.



The 2022 Sustainability Report has been prepared as a separate document from the Annual Report, and is published on the website, xano.se.



Future employees

Resinit has an active collaboration with Teknikcollege for long-term skills provision and quality assurance of niche technical expertise. Teknikcollege Sweden is a collaboration between companies, local authorities and training coordinators that is intended to improve the status and quality of training courses that are relevant for industry.



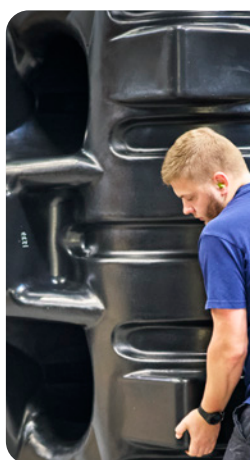
Development and network building

During 2022, five development programmes with a total of 72 participants have been completed within the framework of XANO Academy. A further programme has been launched. XANO Academy is an important arena for the implementation of XANO's core values. The programmes are intended to create networks for communication and the exchange of knowledge.



Investments for the future

Fredriksons has made extensive investments in factory space and production equipment linked directly to a customer that works with the storage of energy from renewable sources. New technology and the experiences gained from this project are developing Fredriksons' own operation and can be applied in future assignments.



Plastic and care for the environment

The Group's plastic-processing companies have a strong sustainability profile. They optimise their manufacturing to achieve reduced material consumption and higher energy efficiency, and develop sustainable products for areas such as water treatment. Sustainable chains for the recycling of materials are developed both in-house and together with partners.

Sustainable business

Sustainable business has been one of our focus areas right across the Group for a number of years. For us, the term encompasses everything that affects our capacity to conduct viable operations – without compromising on our responsibility for people and the environment. Collaboration on all levels is a precondition for sustainable business. We cooperate closely with our customers and participate in various networks that promote the work towards more circular processes. We can contribute to more sustainable business with efficient production processes, knowledge about materials and technology, as well as innovations and smart solutions. Our business model creates a driving force to develop within all areas.

Industrial Products

For the plastic-processing companies within the Industrial Products business unit, the recycling of materials has long been an important issue. There has been a clear shift towards increased circularity during the year. Though various initiatives, the proportion of recycled material in the production processes has increased significantly. For example, there are now a number of collection points for the recovery and recycling of boats. The material is dealt with and turned into fittings in new boats, for example.

Industrial Solutions

Within the Industrial Solutions business unit, sustainability relates primarily to presenting solutions that enable customers to get more out of both new and existing systems. Thanks to innovations, smart technology and added services, we are able to address their sustainability ambitions and contribute to their transition work. This also extends the collaboration and enables us to develop together. We are strengthening both sustainability performance and profitability levels.

Precision Technology

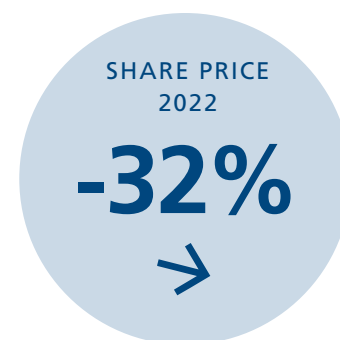
The companies in the Precision Technology business unit are focusing on making a difference in every deal. By means of long-lasting customer relations, the companies are able to contribute with knowledge and effective production methods that optimise both the manufacturing process and the function of the end product. Part of our strategy is to select assignments that promote long-term, sustainable social development within sectors such as renewable energy, medical technology and infrastructure.

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 36.6 million distributed between 14,577,600 Class A shares and 43,916,614 Class B shares, a total of 58,494,214 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 189,692,614. All shares have equal rights to dividends.



KEY FIGURES		2022	2021	2020	2019	2018
Net profit for the year	SEK m	249	342	195	163	171
Equity	SEK m	1,530	1,341	1,051	800	686
Balance sheet total	SEK m	3,606	3,495	2,486	2,081	1,994
Return on equity	%	17.1	28.8	21.1	21.8	27.6
Equity/assets ratio	%	42	38	42	38	34
Portion of risk-bearing capital	%	46	41	46	43	39
Cash flow from operating activities	SEK m	128	353	402	307	150
Average number of outstanding shares ¹⁾	thousands	57,985	57,985	56,870	55,789	55,788
Average number of outstanding shares after dilution ¹⁾	thousands	59,133	59,133	58,281	58,069	58,068
Average number of shares in own custody ¹⁾	thousands	509	509	581	585	585
Earnings per share ¹⁾	SEK	4.30	5.90	3.43	2.92	3.07
Earnings per share after dilution ¹⁾	SEK	4.27	5.84	3.38	2.85	2.99
Cash flow from operating activities per share ¹⁾	SEK	2.21	6.09	7.07	5.51	2.68
Total number of shares on the closing day ¹⁾	thousands	58,494	58,494	58,494	56,374	56,374
Number of shares in own custody on the closing day ¹⁾	thousands	509	509	509	585	585
Number of outstanding shares on the closing day ¹⁾	thousands	57,985	57,985	57,985	55,789	55,789
Equity per share on the closing day ¹⁾	SEK	26.39	23.13	18.12	14.34	12.29
Share price on the closing day ¹⁾	SEK	111.00	162.50	64.75	56.50	38.25
Share price in relation to equity per share	%	421	703	357	394	311
Proposed dividend per share ¹⁾	SEK	1.75	1.75	1.25	— ²⁾	1.00
Direct yield	%	1.6	1.1	1.9	—	2.6

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.

Portion of risk-bearing capital

Equity plus provisions for tax 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 83.

Share split

XANO's Annual General Meeting on 12 May 2022 decided to increase the number of shares by means of a share split (2:1 split), where each existing share is split into two new shares of the same class. 15 June 2022 was set as the record date. The split and the registration process were implemented in June 2022.

Price trends

During 2022, XANO's share price fell by almost 32 per cent, from SEK 162.50 (adjusted for the split) to SEK 111.00. The highest price paid during the year was SEK 174.80 in June, while the

lowest price paid was SEK 90.20 in November. The highest closing price was recorded on 2 June at SEK 168.00, with the lowest closing price being recorded on 3 November at SEK 91.00.

The number of shares sold totalled 4,900,606 (adjusted for the split), which corresponds to a turnover rate of 11.2 per cent, and the combined value of the trading amounted to SEK 659 million. As at 31 December 2022, XANO's share value amounted to SEK 6,493 million, 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 26 per cent,

excluding the value of spun-off operations.

Shareholders

The number of shareholders fell by 840 during the year. At the end of 2022, XANO had 6,192 shareholders, compared to 7,032 shareholders at the same time in the previous year. Of these, 5,873 were physical persons living in Sweden. The ten largest shareholders jointly held 93.8 per cent of the votes and 80.0 per cent of the capital. Institutional ownership made up 4.2 per cent of the votes and 13.6 per cent of the capital.

PRICE TREND AND TRADING VOLUMES 2018–2022



2:1 share splits were conducted in June 2019 and in June 2022. Historic prices have been adjusted.

Source: Nasdaq



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 2022 financial year, the Board is proposing a regular dividend of SEK 1.75 (1.75) per share, totalling SEK 101.5 million (101.5) based on the number of outstanding shares at the end of the year. The previous year's dividend per share has been recalculated as a result of the implemented share split. The proposed dividend corresponds to approx. 41 per cent (30) of the profit for the year and a direct yield of

1.6 per cent (1.1) calculated from the share price at the end of the year.

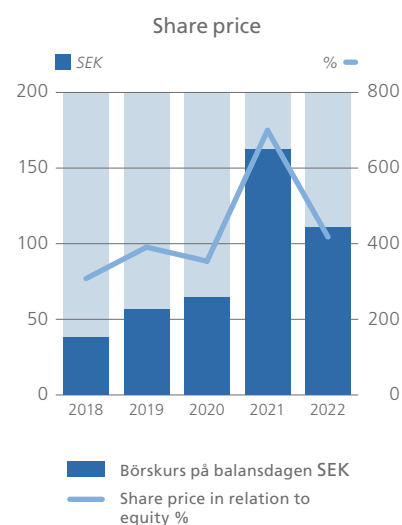
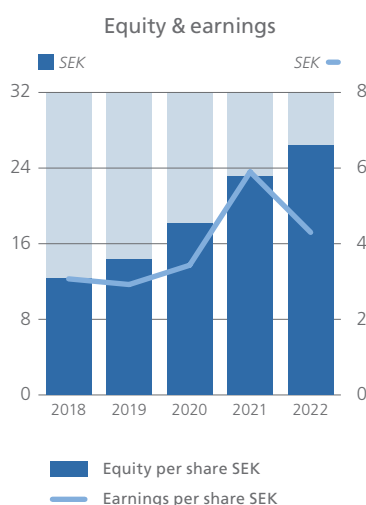
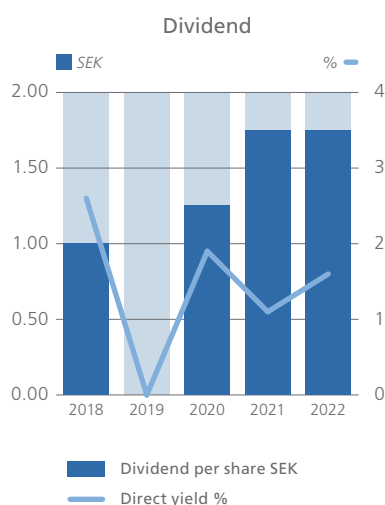
Shares in own custody

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 57,985,082 on the closing day. There have been no changes 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 amounts to SEK 61.00, equivalent to 1,147,512 Class B shares. The convertible will run for the period 1 October 2020 to 30 September 2023, at an interest rate corresponding to STIBOR 3M plus 1.75 percentage points. During the period 1 September to 12 September 2023, each convertible may be converted to one Class B share in XANO Industri AB. If all the convertibles are converted into shares, the dilution effect on the share capital will be approximately 1.9 per cent, and on the voting rights approximately 0.6 per cent, based on the current total number of shares.



LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2022

Shareholder	Class A shares	Class B shares	Total number of shares	Proportion (%) of share capital and votes	
Anna Benjamin and related parties	10,257,600	5,902,400	16,160,000	27.63	57.19
Pomona-gruppen AB	4,320,000	12,508,360	16,828,360	28.77	29.37
Stig-Olof Simonsson and related parties	–	4,116,069	4,116,069	7.04	2.17
Svolder AB	–	3,432,786	3,432,786	5.87	1.81
Kennert Persson	–	1,617,652	1,617,652	2.77	0.85
Petter Fägersten and related parties	–	1,220,800	1,220,800	2.09	0.64
Europea i Malmö AB	–	984,020	984,020	1.68	0.52
Sune Lantz	–	961,240	961,240	1.64	0.51
Christer Persson and related parties	–	755,071	755,071	1.29	0.40
Försäkringsaktiebolaget Avanza Pension	–	738,383	738,383	1.26	0.39
Total ten largest shareholders	14,577,600	32,236,781	46,814,381	80.03	93.84
Other owners	–	11,170,701	11,170,701	19.10	5.89
Total number of outstanding shares	14,577,600	43,407,482	57,985,082	99.13	99.73
Shares in own custody	–	509,132	509,132	0.87	0.27
Total number of shares	14,577,600	43,916,614	58,494,214	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 2022

Share type	Number of shares	Proportion (%)	Number of votes	Proportion (%)
Class A shares	14,577,600	25	145,776,000	77
Class B shares	43,916,614	75	43,916,614	23
Total	58,494,214	100	189,692,614	100
Of which in own custody	-509,132		-509,132	
Total outstanding	57,985,082		189,183,482	

Number of shares	Number of shareholders	Proportion of shareholders (%)	Proportion of shares (%)	Proportion of votes (%)
1 – 500	4,890	79.18	0.70	0.22
501 – 1,000	404	6.54	0.53	0.16
1,001 – 5,000	600	9.72	2.62	0.81
5,001 – 10,000	126	2.04	1.54	0.48
10,001 – 50,000	116	1.88	4.19	1.29
50,001 – 100,000	10	0.16	1.41	0.43
100,001 –	30	0.49	88.14	96.34
Total outstanding	6,176	100.00	99.13	99.73
Shares in own custody			0.87	0.27
Total			100.00	100.00

In owner groups.

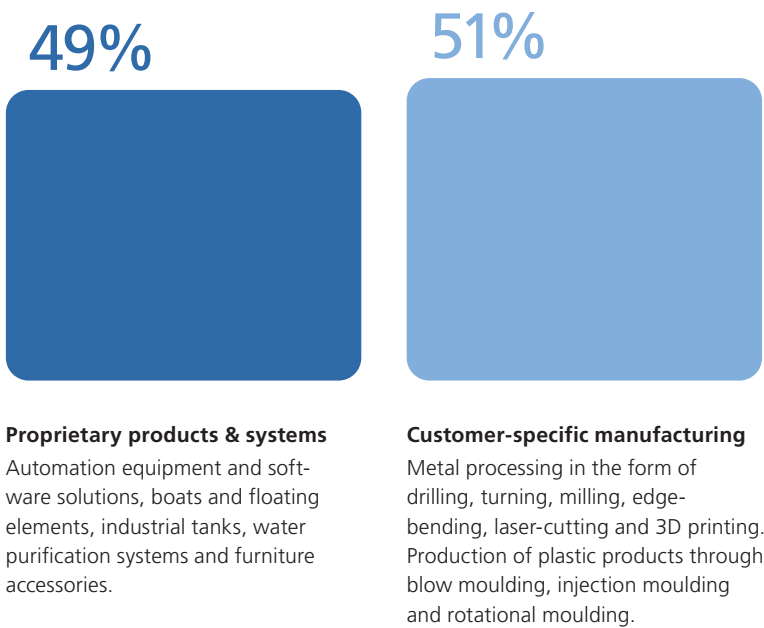
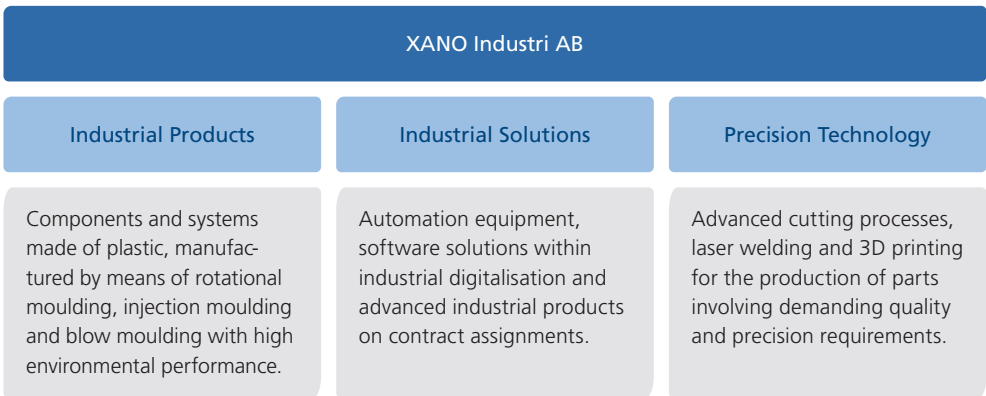
Source: Euroclear

SHARE CAPITAL TREND

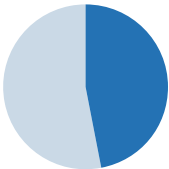
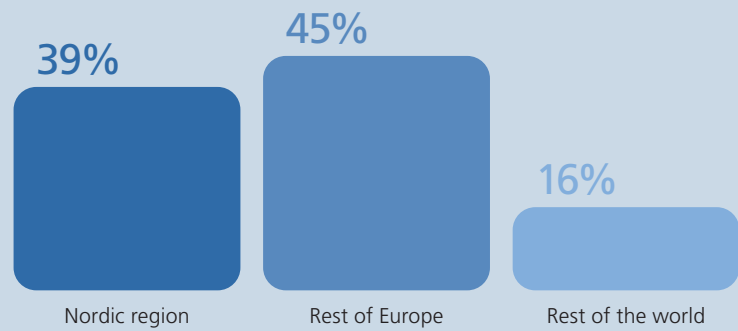
Year	Transaction	Change in share capital, TSEK	Total share capital, TSEK	Total number of shares	Quotient value, SEK
	Opening value	50	50	500	100.00
1985	Bonus issue	1,150	1,200	12,000	100.00
1986	Bonus issue	6,800	8,000	800,000	10.00
1987	New share issue	500	8,500	850,000	10.00
1988	New share issue	2,000	10,500	1,050,000	10.00
1992	New share issue due to conversion	91	10,591	1,059,100	10.00
1993	New share issue due to conversion	536	11,127	1,112,700	10.00
1995	New subscription through options	725	11,852	1,185,200	10.00
1997	2:1 split	0	11,852	2,370,400	5.00
1998	2:1 bonus issue	23,704	35,556	7,111,200	5.00
2006	Reduction in share capital	-990	34,566	6,913,200	5.00
2008	New share issue due to conversion	79	34,645	6,928,974	5.00
2016	New share issue due to conversion	589	35,234	7,046,745	5.00
2017	2:1 split	0	35,234	14,093,490	2.50
2019	2:1 split	0	35,234	28,186,980	1.25
2020	New share issue due to conversion	1,325	36,559	29,247,107	1.25
2022	2:1 split	0	36,559	58,494,214	0.625

Group overview

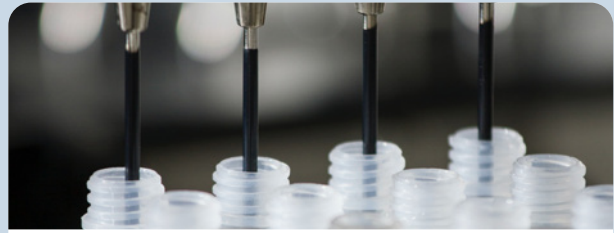
The XANO Group is made up of engineering companies that offer manufacturing and development services for industrial products and automation equipment. The Group is represented in the Nordic region, Estonia, the Netherlands, Poland, China and the USA. The operations are divided up into the Industrial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



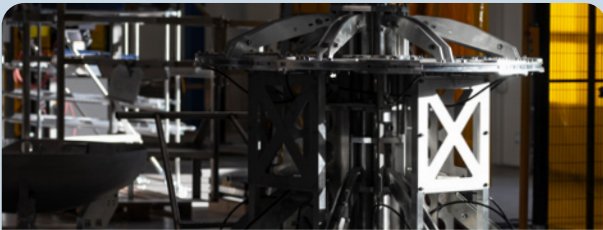
Markets and sectors



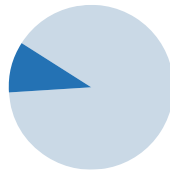
Packaging & food (47%)
Automation solutions for packaging and food handling comprising conveyors, accumulators, packaging machines and control systems.



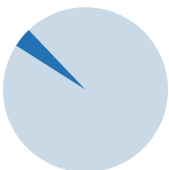
MedTech/Pharma (14%)
Components for X-ray and dialysis equipment, products for handling and storing pharmaceuticals, software solutions for monitoring production flows.



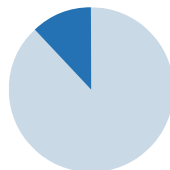
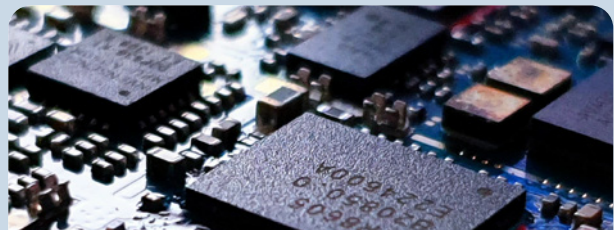
Infrastructure & environment (13%)
Water purification systems and pumps for environmental protection. Components for agricultural and construction machinery, defence and measuring equipment, energy storage and climate systems.



Automotive (10%)
Metal and plastic components for cars and heavy vehicles, such as transmission parts, air ducts, pipes, tanks and containers.



Marine (4%)
Boats for the public sector and private use, buoys and other floating elements for marinas and fish farms. Components for power transmission in ships.



Other technical industry (12%)
Components for the electronics and power industries, as well as for tool production and material handling, furniture accessories and consumer products.

Business Units

24

Industrial Products



34

Industrial Solutions



44

Precision Technology



Industrial Products

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

Ackurat provides 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 boats, industrial tanks and infrastructure solutions.



Sectors

33%	Automotive
25%	Infrastructure & environment
14%	Marine
28%	Other technical industry



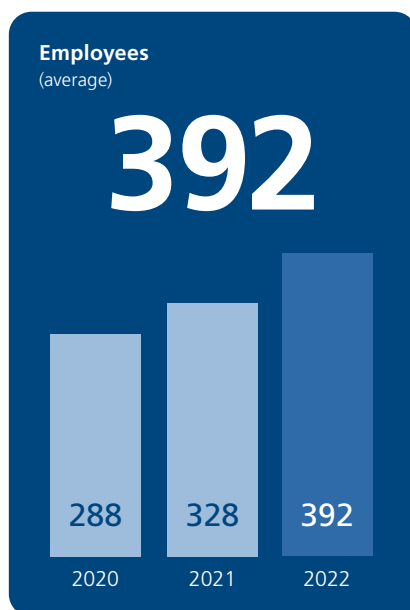
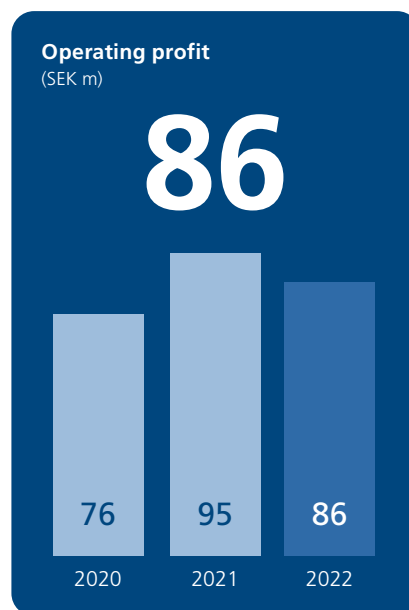
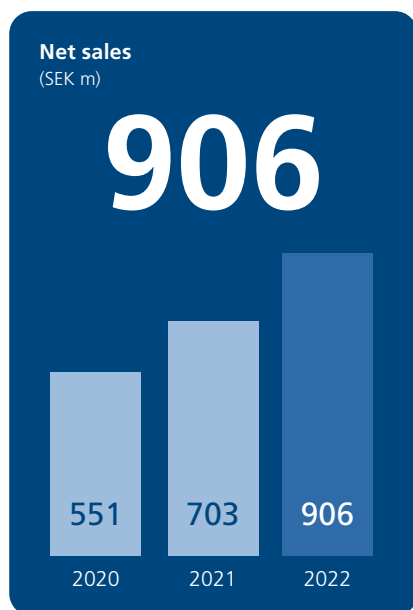
Markets

48%	Nordic region
51%	Rest of Europe
1%	Rest of the world

Industrial Products

The companies in the business unit work in polymer materials with a strong focus on sustainability. They optimise their processes in order to minimise material consumption and increase energy efficiency. Sustainable solutions for the recycling and reuse of materials are developed both in-house and together with industry colleagues.





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.

Inhouse-developed 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 to the public sector as well as to private individuals via a network of dealers.

Reflections and insights

Business Unit Manager Matz Svensson reflects on the past year and shares his thoughts.



A year with many faces

2022 proved to be an unusual year, with the shortage of materials and components, cost increases and business adaptations setting the tone in many respects, although new opportunities also opened up.

Supported by good incoming orders, we initially focused on keeping up the pressure in production, despite the prevailing material shortages and longer lead times. Around the end of the first half-year, much of the day-to-day work was focused on managing accentuated cost increases and the consequences of these. The frequent price negotiations were an example of this. The latter part of the year related principally to adapting the operations according to the prevailing conditions.

Operations were in full swing during the first half of the year. Of course, we were aware of the concerns linked to factors such as material supplies and rising prices, but it was not until shortly before the summer that we first saw a clear reduction in incoming orders. The deals were there to be done, but the customers

had concerns regarding their supply chains and were cautious about making decisions. A certain degree of tightening up was therefore necessary. We were careful and moved quickly, reviewed our costs and adjusted our pricing. Awareness and flexibility were important factors, and still are. We exert influence where we can.

Despite our efforts, we did not immediately succeed in balancing the increased cost base, partly as a result of lagging compensation from automotive customers. We will see the full impact of our measures in the early part of 2023.

Good delivery capacity

Long-term collaborations with our suppliers have helped us to retain good delivery reliability in relation to customers. For example, we have had the potential to supply the automotive industry with products at the rate they wanted, whereas they have experienced shortages in other areas. During periods when the delivery times for raw materials have been long, we have built up our own stocks. Being able to offer delivery reliability in worrying times has been an important competitive

advantage for us. Access to input materials for the business unit stabilised towards the end of the year, at which point we reduced our safety stock.

Aggressive investment

In Bjørkelangen, 60 km northeast of Oslo, Pioner Boat initiated the conversion and updating of its production facility during the year. More modern and more efficient boat production will be ready here by the summer of 2023.

Pioner's investment is a comprehensive and significant investment for the future. We are now achieving more efficient production and significantly higher capacity. Things will also be better than before from an environmental perspective.

Pioner has developed the concept of "Easy Boating", which offers an all-inclusive solution primarily to dealers, but also directly to end customers. The boat range is constantly being developed, and the first model fully adapted for electric operation was released in 2022.

Material recycling has long been an important issue within the business unit, and we have now made another

sustainable shift. Pioner has established a number of collection points for the recovery and recycling of boats. Our customers are offered the opportunity to leave their boats there at the end of their useful lives. The material is dealt with and turned into fittings in new boats, for example. This is an important part of our endeavour to create a circular value chain.

Targeted work on products developed in-house

The work of further developing our own product range has not slowed down during this unusual year, rather it has been intensified. The primary reason for this conscious initiative is that, through solid knowledge and many years of experience, we have the potential to offer smart and sustainable solutions to the market. This also provides us with better control over the entire process, which optimises the utilisation of resources and increases the stability in our companies.

The business unit has been successful with the products it has developed in-house, particular in the infrastructure sector. We have a very high success rate when it comes to quality, design and function. An important part of the work of making the products visible on the market involves forming value-generating partnerships with dealers. New collaborations are continually being entered into, for example with a number of HVAC wholesalers during the year.

One area where we have had considerable success in recent years is solutions for the treatment of wastewater. We started by producing our own tanks for underground installation, but the development work has continued. We are now offering complete systems, satisfying a major need among households that are not connected to the municipal sewage system. A new water purification system for individual drains has been launched during the year. The system satisfies the demands for a high

level of protection, where the treatment process minimises particles and substances that can be harmful to health and the environment.

Secure partner in worrying times

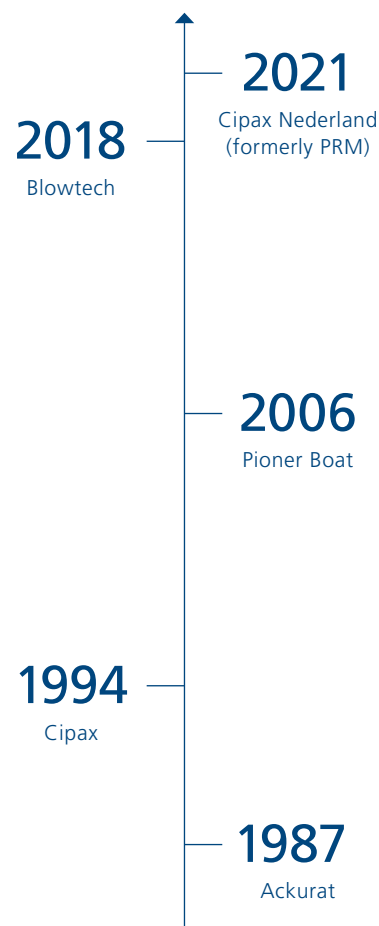
Business adaptations as a result of the more challenging business climate have been implemented and are ongoing. However, we have still retained our sales and development capacity. In this way, the potential for finding new deals and winning further market share has enhanced.

We have seen an increase in the number of enquiries in recent months. It is a good sign that our customers view us as a reliable supplier. In worrying times, it is only natural to go to a long-term, secure partner, and this has been in our favour over the past year. This knowledge is something we carry with us with pride, as is the value we create for our customers through our sustainability focus.

Opportunities and challenges

On the whole, the order situation is good for the companies in the business unit, and the number of enquiries we are receiving is rising. New customer segments and geographic areas have been introduced thanks to our most recent acquisition. With our own product and service offerings that are constantly being developed, along with an explicit sustainability profile, we are enjoying good conditions for growth and a stronger market position. Thanks to in-house operations for the recycling of materials, the business unit is contributing to improved environmental performance on the part of our customers. The investments in digital sales tools for industrial tanks, furniture accessories and boats are continuing, as is the establishment of value-generating partnerships with dealers. We are also reinforcing the capacity within our boat manufacturing operations.

The business unit's companies have good relations in the supply chain and a generally high level of delivery capacity. Access to and the price of plastic raw materials have stabilised. Due to the ongoing shortage of components among customers, however, primarily within the automotive sector, the drawn-out sales processes are expected to continue for some time to come. Several other customer groups are also being affected by long lead times in their delivery chains.

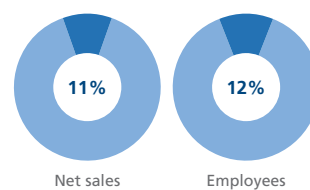


ACKURAT

Båkovo / Helsinki / Lammhult

Net sales	SEK m	97.8
Growth	%	+2.3
Employees	average	49

Share of business unit

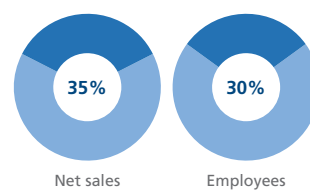


BLOWTECH

Gnosjö / Kongsvinger

Net sales	SEK m	318.3
Growth	%	+17.0
Employees	average	116

Share of business unit

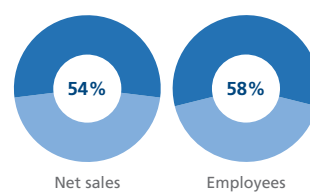


CIPAX

Björkelangen / Helsinki / Rijssen / Skebobruk / Taebila

Net sales	SEK m	495.8
Growth	%	+12.8
Employees	average	227

Share of business unit





Ackurat

Ackurat manufactures and sells standard injection-moulded plastic components and stocks thousands of items, 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.



Blowtech

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.



Cipax

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.

Progressive and flexible partnership

Valtra and Cipax challenge each other when it comes to product design and function. Working together, they create the best possible solution for each individual item.

Partners working in collaboration

For many years, Cipax has enjoyed a close collaboration with the tractor manufacturer Valtra. With its origins in Sweden and Finland, Valtra is the leading provider of customised smart solutions in the Nordic & Baltic countries and one of the most popular brands in Latin America.

The relationship between the companies began when Valtra was looking for another supplier for a specific item. With its specialist knowledge and long experience of rotational moulding, Cipax was able to offer the right quality and cost-effectiveness for the type of production Valtra wanted.

Challenges and develops

The collaboration was launched on a small scale with this single and, in the circum-

stances, small item. Cipax now produces a significant amount of Valtra's new coolant and diesel tanks, air ducts and battery cases for several of their tractor series. Valtra has a clear understanding of what they want and what is suitable for rotational moulding. Cipax possesses material expertise and extensive experience of the technology. In their respective roles of customer and supplier, the companies challenge each other when it comes to product design and function. The aim is to work together to create the best possible solution for each individual item.

Cipax's primary strengths are short lead times, flexibility and efficiency. These can be seen in part through the company's rapid responses and support to the customer, for example in the event of questions during the design phase.

Soft values make a difference

Quality in combination with cost effectiveness, production capacity, lead times and delivery reliability are factors that make Cipax a much appreciated supplier. However, the soft values in the partnership play an important role in the purchase decision. Regular, unpretentious meetings, involvement in each other's various processes and product development in close cooperation. Ideas and development opportunities are discussed and made tangible in varying forums. A high level of innovation, awareness and a solutions-oriented attitude are decisive factors for a mutually rewarding relationship that is sustainable in the long term.



Care of the environment

There is considerable demand for production using recycled materials. Cipax and Blowtech are working both with their own recycling, as well as with supplies through partnerships to satisfy this need.



A sustainable operation

Cipax's vision is to be a sustainable plastic producer. To achieve this, a circular operation is required, i.e. processes that support a life-cycle approach where the extraction of natural resources is minimised by recycling materials and reusing them to make new products. The effect is double, in other words, as less raw materials are consumed at the same time as waste volumes are reduced.

Cipax has taken several important steps in recent years, and is now able to boast that 100 per cent of in-house production waste is taken care of. The Cipax Group's Dutch unit has complete equipment for recycling waste material to make new plastic raw materials, which are then used in the company's own manufacturing.

Cipax has also been running Nordic Plastic Recycling (NPR) for a number of

years. Through this initiative, products such as polyethylene boats at the end of their useful life are dealt with. After various stages of processing, the recycled material is ready to be moulded to create new products. The nature of the recycling process is absolutely decisive when it comes to the quality of the recycled material. NPR has identified a method whereby the vital properties of the polyethylene are retained, resulting in a quality that is equivalent to new raw material.

Material optimisation

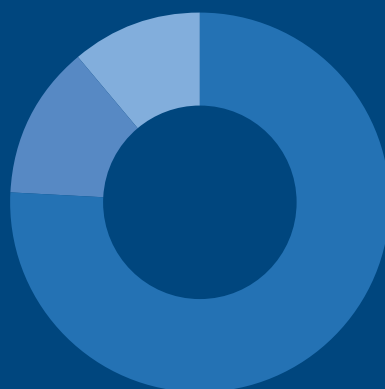
Blowtech specialises in products with complex forms and cavities for either liquids or air. For many years, the company has been manufacturing components from polymer materials for customers in the automotive sector. Around a fifth of the company's total production is made up of air ducts for cars.

The first air duct made from 100 per cent recycled material was produced in 2022. This took place after an extended period of discussions with an automotive customer regarding how to improve the environmental performance of their products. The fact that this process has taken time is principally due to the quality requirements and the access to materials. High quality recycled plastic is still in short supply. Thanks to a volume agreement that has recently been entered into, Blowtech has secured deliveries of high quality polyethylene (HDPE). The material has been recycled from production waste, halving the climate impact compared to using new raw material.

Blowtech is also working with a lightweight method that, in addition to the positive environmental aspect, also entails a reduction in weight, higher sound absorption capacity and better heat insulation for the products.

Industrial Solutions

The business unit is made up of Canline, Case Packing Systems (CPS), CIM, Fredriksons, Jorgensen, 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. 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 environment.



Sectors

- 76% Packaging & food
- 13% MedTech / Pharma
- 11% Infrastructure & environment

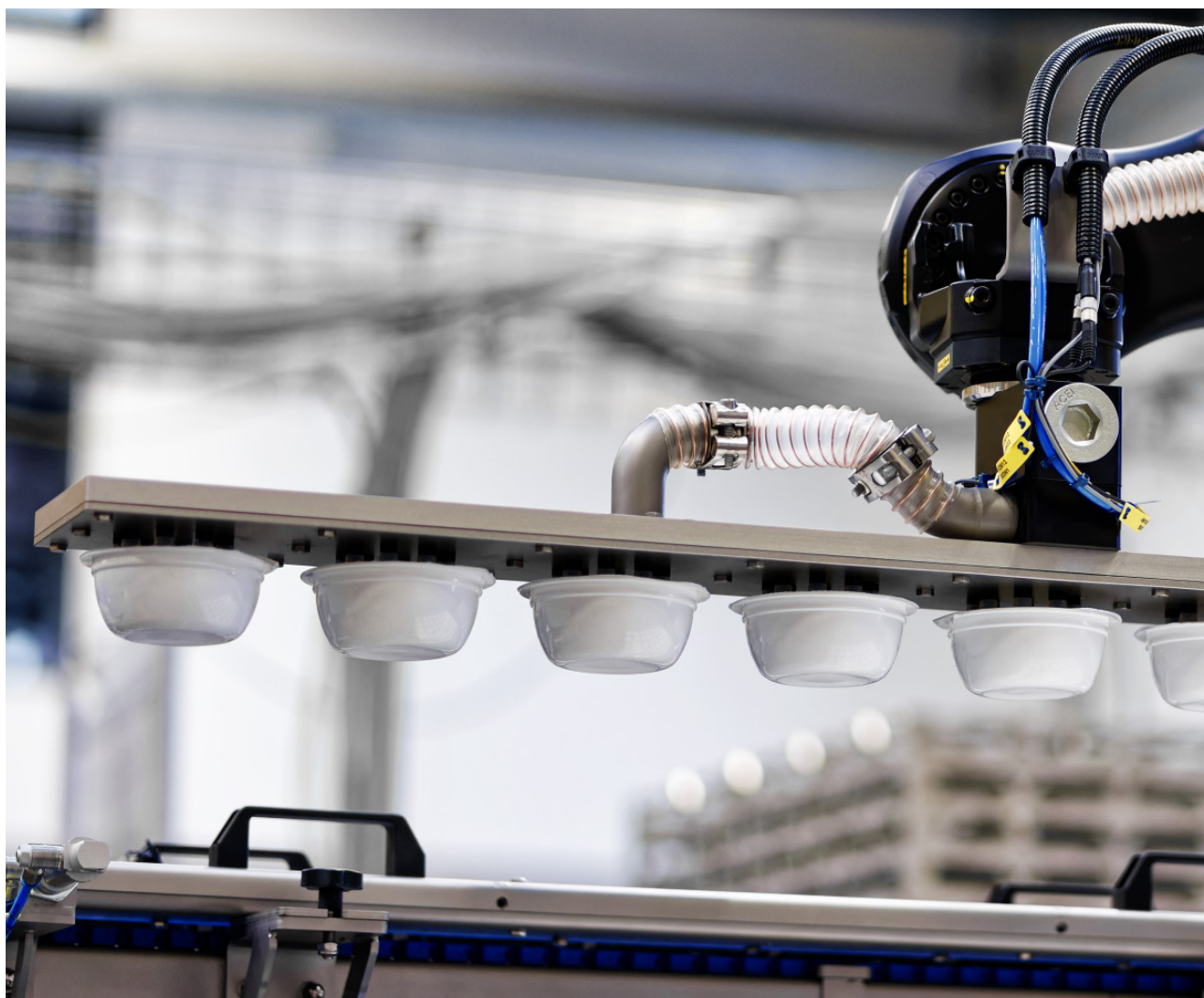


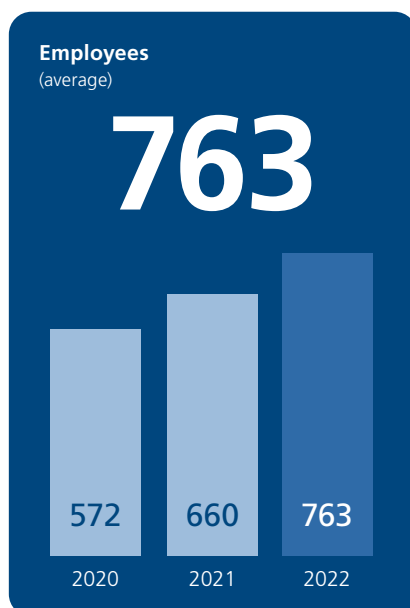
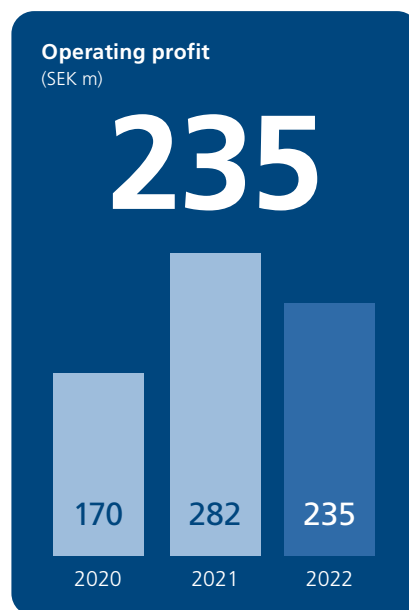
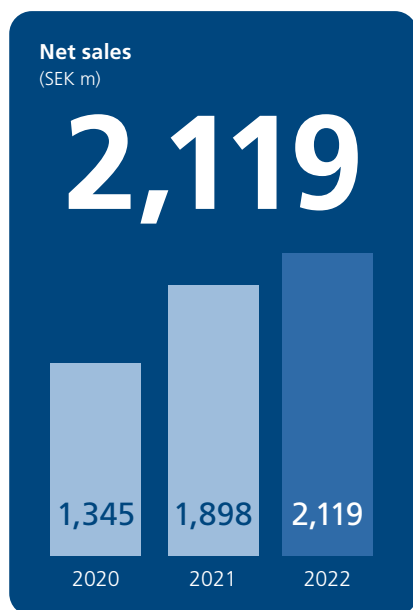
Markets

- 25% Nordic region
- 50% Rest of Europe
- 25% Rest of the world

Industrial Solutions

Thanks to 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.





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 all over 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 packaging for liquids, 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 process.

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

Business Unit Manager Frans Augustijn reflects on the past year and shares his thoughts.



The year in summary

The Industrial Solutions business unit started the year strongly. Our operations grew organically, and last year's acquisitions provided additional volumes. The market situation remained stable, both in respect of our own automation solutions as well as for contract assignments within several sectors. Despite disruptions to both our customers' and our own supply chains, the business unit reported good profitability overall.

During the second quarter, we witnessed a reduction in contract volumes and delays in various major automation projects. In addition, our operations in China were impeded by a period of lockdown linked to the coronavirus pandemic. Furthermore, difficulties in compensating for increased costs in ongoing projects had a direct impact on profits.

A lower rate of development and a declining willingness to invest on the part of major operators, above all within the packaging sector, resulted in a gradual reduction in the business unit's order book. The second half of the year was characterised to a great extent by this situation. The shortage of critical components resulted in postponements to both ongoing automation projects and major deals in the start-up phase.

The outcome from the combined activities over the year was not as we had hoped. However, we have seen positive results from our investments in new business areas and on new geographic markets. More in-depth collaboration with our customers through extended after-sales services has also opened the door to new opportunities.

Challenges and solutions

Our operations have mainly been characterised by the challenges in the supply chain during the year. Our work has therefore largely focused on identifying innovative ways of dealing with the consequences. For example, the shortage of components has led to us investigating what changes we can make in the design of our solutions in order to make use of the components that are actually available. Those parts that cannot be replaced are swapped between projects during different phases of the manufacturing process.

The shortage of components made it difficult to supply equipment for installation at our customers. As a result, the machines remained in our factories for a long time, taking up valuable production space. Significant price increases and delayed deliveries affected both profit levels and liquidity.

Promising new business area

Thanks to our expertise and long experience of automation solutions for various sectors, we are continually exploring new niches where the companies in the business unit can make a difference.

Equipment for handling batteries for electric vehicles is one example of a business area that is new for us. Through our Batteryline.com network, we succeeded in making contact with major operators on the market over the past year. Our efforts in this area have borne fruit in the form of large orders, and we can also see good development opportunities going forward.

Of course, there are difficulties associated with trying to move into a new market. The sector itself is relatively young, and so it is still not entirely clear what the facilities of the future will look like. For us, it is important to reach decisions about how we make best use of our knowledge in these projects in order to generate long-term profitable growth.

Areas of focus

For some time, strategic sales have been a common area of focus for the business unit. Driven by circumstances, we have worked even harder on these activities during the year. One way of doing this is to offer our services to the customer

throughout the lifecycle of the equipment we supply. Long-term servitisation deepens relationships and supports the customer's ambitions in relation to productivity, safety and sustainability over time. When we are in communication with the customer throughout the lifecycle, we receive information that helps us to improve design and functionality. This ultimately enables us to offer the customer better products and service. We can assist with data mining and analyses during the production process in order to increase productivity and reduce both energy consumption and waste.

Extensive measures

During the year, Fredriksons in Vadstena has made significant investments linked directly to a customer in the field of energy storage. Working in a new production line, the company manufactures a significant proportion of a system that stores energy during the day and makes it available during the night. This investment includes a new building and machinery with a complete production line.

We have established three new Group companies in the USA. We now have a combined office for two of the companies in Chicago and one in Houston. Sales and service employees currently work from these offices.

Sustainable solutions

In a broader perspective, our sustainability ambitions relate primarily to helping our customers to become more sustainable. With our expertise and innovation, our aim is to present solutions to our customers that help them to get more out of both existing and new products and systems. This is part of our day-to-day work and is something we are passionate about – making a real difference for our customers.

Outlook

We have learnt a great deal over the past year. Some of our experiences may seem costly, but they have increased our awareness and will therefore support our future development in the long term. The current circumstances are definitely challenging,

and are consequently pushing us towards new limits. In this way, we are constantly being forced to evaluate and reassess our strategies and goals.

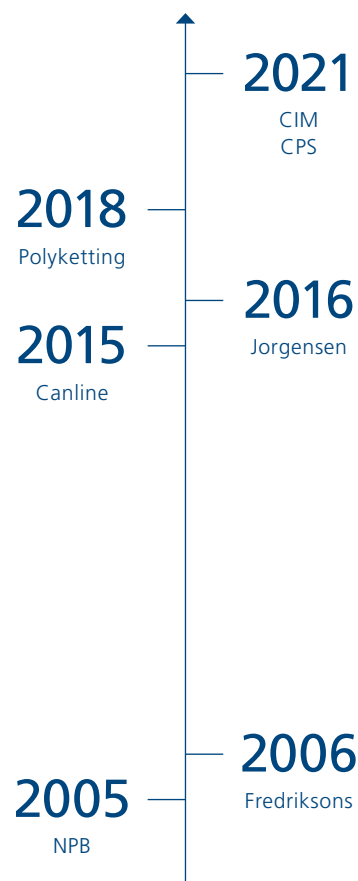
The shortage of critical components will, in all likelihood, continue for some time to come. We are therefore prioritising work aimed at trying to identify alternative supply routes, as well as adapting our machines based on the availability of components. By employing a more structured exchange of knowledge within the business unit, we can benefit from each other's experiences in order to find new solutions that will strengthen us.

Despite the worrying global situation, we have great faith in the future. Thanks to our investments in new business areas and on new markets, we are able to establish rewarding partnerships. We can also see considerable growth potential in our expanded offering, with smart software solutions and tailored after-sales services.

Opportunities and challenges

In the short term, the shortage of components is expected to continue to restrict elements of the business unit's operation. At the same time, the global financial concerns are resulting in a reduced willingness to invest on the part of major operators within relevant sectors. We are therefore still focusing on extensive measures within growth niches and the establishment on new geographic markets that have considerable development potential. The same applies to strategic sales, where our business offering is increasingly encompassing after-sales services. Here, we can see clear opportunities to add further value for our customers, at the same time as developing our own operations. Important success factors include more in-depth customer relationships, innovation and cooperation between our companies.

We are working hard at every level to minimise the impact of the current disruptions in the supply chain. This means, for example, that we are adapting our products and solutions in line with access to components. By involving our business partners at an early stage in the process and having a close dialogue with both customers and suppliers, we are jointly able to take back control over the course of events.

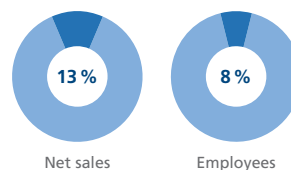


CANLINE

Eersel / Chicago

Net sales	SEK m	290,6
Growth	%	+21,1
Employees	average	57

Share of business unit

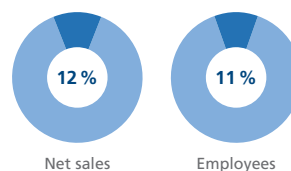


CASE PACKING SYSTEMS (CPS)

Stramproy

Net sales	SEK m	263,8
Growth	%	-8,4
Employees	average	87

Share of business unit

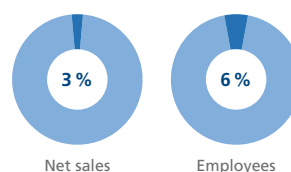


CIM INDUSTRIAL SYSTEMS

Fredericia / Hørsholm / Viby

Net sales	SEK m	79,2
Growth	%	-12,8
Employees	average	46

Share of business unit

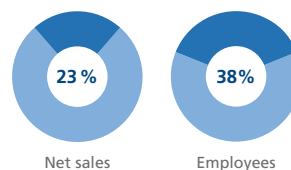


FREDRIKSSONS

Vadstena / Suzhou

Net sales	SEK m	531,2
Growth	%	-3,7
Employees	average	291

Share of business unit

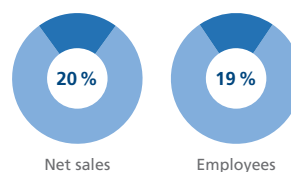


JORGENSEN ENGINEERING

Odense / Houston

Net sales	SEK m	461,9
Growth	%	+12,2
Employees	average	146

Share of business unit

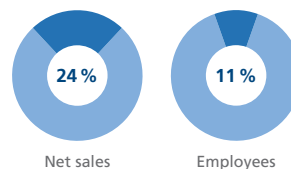


NPB AUTOMATION

Jönköping / Chicago

Net sales	SEK m	559,8
Growth	%	+18,3
Employees	average	84

Share of business unit

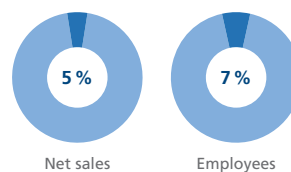


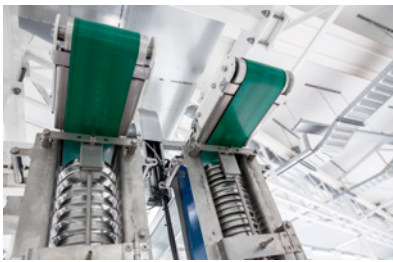
POLYKETTING

Zelhem

Net sales	SEK m	105,4
Growth	%	-15,4
Employees	average	51

Share of business unit





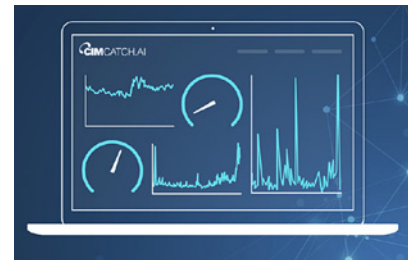
Canline

Canline develops and manufactures automation equipment, primarily conveyor systems for metal packaging. 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 industry.



Case Packing Systems (CPS)

CPS develops and manufactures systems for fully automatic handling, primarily in relation to food packaging. It sells these systems globally, with Europe as its main market. The company supplies efficient packaging machines that significantly improve its customers' handling processes, at the same time as reducing material consumption and costs.



CIM Industrial Systems

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.



Fredriksons

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



Jorgensen Engineering

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 milk powder, food, pharmaceuticals, EV battery and pet food segments. The company conducts installations all over the world, but Europe constitutes its main market.



NPB Automation

NPB develops and manufactures automation equipment, primarily lid handling solutions for can-related products. 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 industry.



Polyketting

Polyketting works with the development and manufacture of automation equipment, primarily accumulator units and conveyor systems, for the handling of packages. Customers are mainly made up of companies 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.

Establishment on new markets

In order to achieve a return from our extended market offering, it is important for us to be present close to decision-makers in global projects. The Industrial Solutions business unit has established operations in the USA, and can see good opportunities for development there.



Extended business opportunities

The companies in the business unit are well established and have a good reputation on the European market. Many of the customers are multinational companies, and installations have been carried out in all parts of the world over the years. In order to continue to grow and benefit from the business opportunities that exist, particularly in respect of after-sales services, it is necessary to be accessible close to decision-makers regarding investments in global projects.

After previously having been represented by external business partners, Jorgensen, NPB and Canline now have their own sales and service staff in place in Houston and Chicago in the USA. Establishment activities were launched during 2020, but the restrictions during the coronavirus pandemic resulted in delays in the process.

Initiative producing results

The new operations have already delivered good sales results. Thanks to the local presence, it has been possible to make contact with operators with which the business unit previously did not have any links. It is particularly evident that business opportunities related to the service offering are increasing as a result of the establishment.

The operations are continuing to be developed and resources are being provided. It may also be appropriate for other sister companies to follow on behind. Thanks to the Group's recent experiences, they will have a shorter introductory phase on the US market.

Complete offering

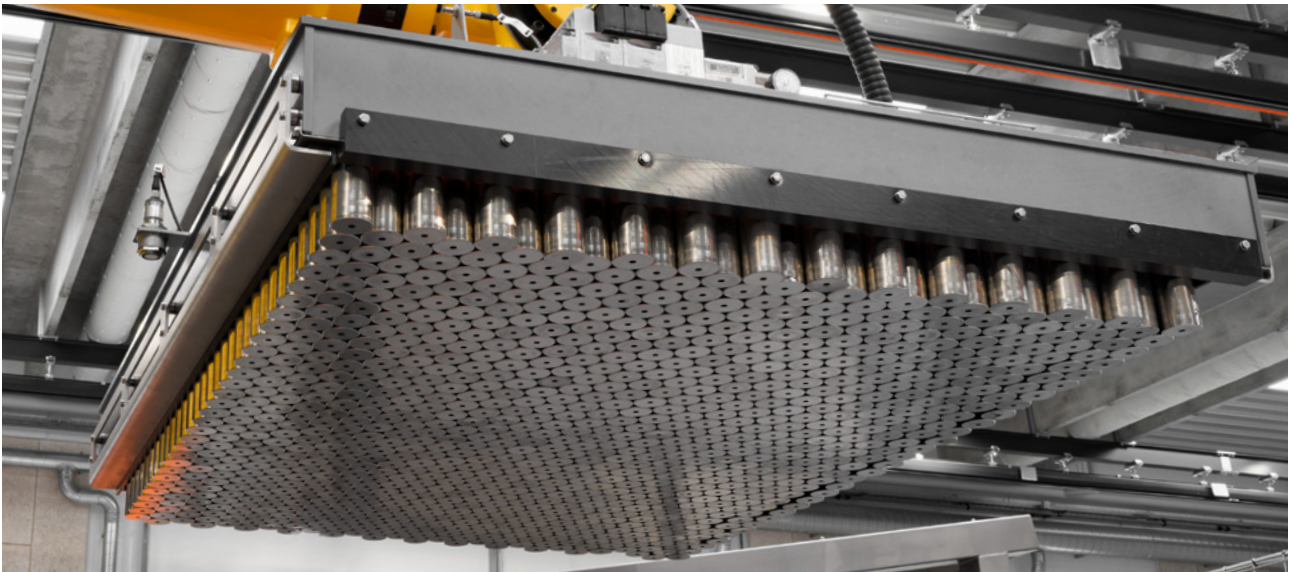
Jorgensen is one of the Group companies that has developed its business as a result of the investment in the USA. Other important success factors include the innovation and the advanced technological level within Jorgensen's

automation solutions. The company has carried out many successful installations, which are able to demonstrate well thought-out processes and creativity. Customers are offered a partnership in which Jorgensen accepts overall responsibility. Not only up to the point of installation and commissioning, but also for after-sales in the form of services for monitoring, maintenance and follow-up.

Creating trust

With long experience of automation assignments within various sectors, the companies in the business unit have the potential to provide considerable value in their customers' production flows.

However, there are challenges involved in establishing contacts and doing business on new geographic markets. The Group companies have built up their organisations with great care, focusing on establishing trust in their respective operations on the new market.



Continued development of new business areas

The Group companies are continually exploring new business areas where sustainable and profitable operations can be created. The rapidly growing energy storage sector is one successful example.

Our offering

The companies in the Industrial Solutions business unit manufacture automation equipment that handles production flows. Deliveries include conveyors, accumulators and packaging machines supplemented with smart software solutions.

High rate of growth

Demand for batteries for electric cars has accelerated in recent years. In order to meet this growing demand, battery manufacturers are working intensively to expand their production capacity. Large-scale facilities are being developed around Europe. In this respect, there is a demand for suppliers who can deliver production lines that are optimised for the specific market. With solid expertise regarding automation solutions for various sectors, our companies are contributing value in this development. In recent years, experiences and expertise have been accumulated and exchanged within the Battery-Line network. The aim is to create the conditions for a sustainable shift within battery manufacture.

Flexible all-inclusive solutions

The increasing rate of production within the sector has given rise to a switch from semi-automated factories to large, efficient facilities and highly automated, data-driven solutions. The demands placed on the production lines' capacity and flexibility are therefore extensive.

There are a number of important success factors for the Group companies concerned. This relates fundamentally to a genuine understanding of the demands and challenges facing their customers. Through mutual trust, our companies are aiming to create long-term partnerships with their customers. Thanks to a high level of knowledge and many years of experience from other assignments, we are able to offer these customers complete solutions. In addition to machine components, the solutions also include software and associated services, with verification and traceability being important parameters.

The level of automation is another key factor. Our customers are constantly challenging us to be at the forefront of

technology. High speed combined with careful handling are two of the demands placed on our equipment.

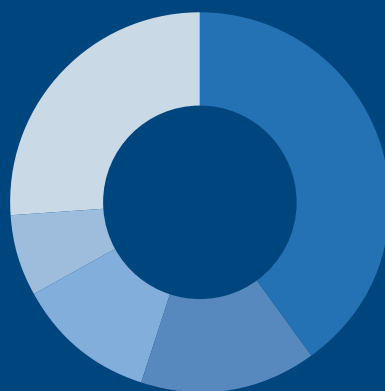
Sustainable business

We are constantly exploring new business areas where we can supply value through our combined expertise and experience. Our solutions are designed to generate profitability, both for our customers and for our own companies. They must also support long-term, sustainable development for the parties involved and for society in general.

When it comes to the energy storage sector, we can see considerable growth potential both for the market as a whole and, in the first instance, for our automation companies. However, we take great care when developing organisations linked to new business areas. It is important to identify a functioning model on a small scale, and then to gradually scale it up in line with increased demand.

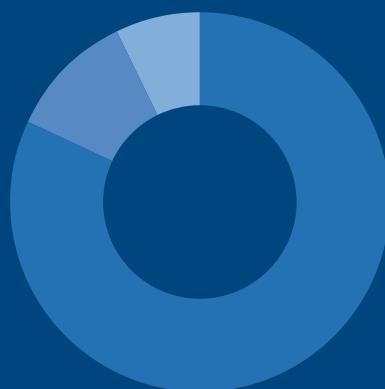
Precision Technology

The companies within the Precision Technology business unit work with component and system manufacture using advanced cutting processes, laser welding and 3D printing for the production of parts involving extremely demanding quality and precision requirements. KMOV 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 and forming tools as well as small series production. Lasertech is a leader within industrial 3D printing and laser welding in metal.



Sectors

- 40% MedTech / Pharma
- 15% Infrastructure & environment
- 12% Automotive
- 7% Packaging & food
- 26% Other technical industry

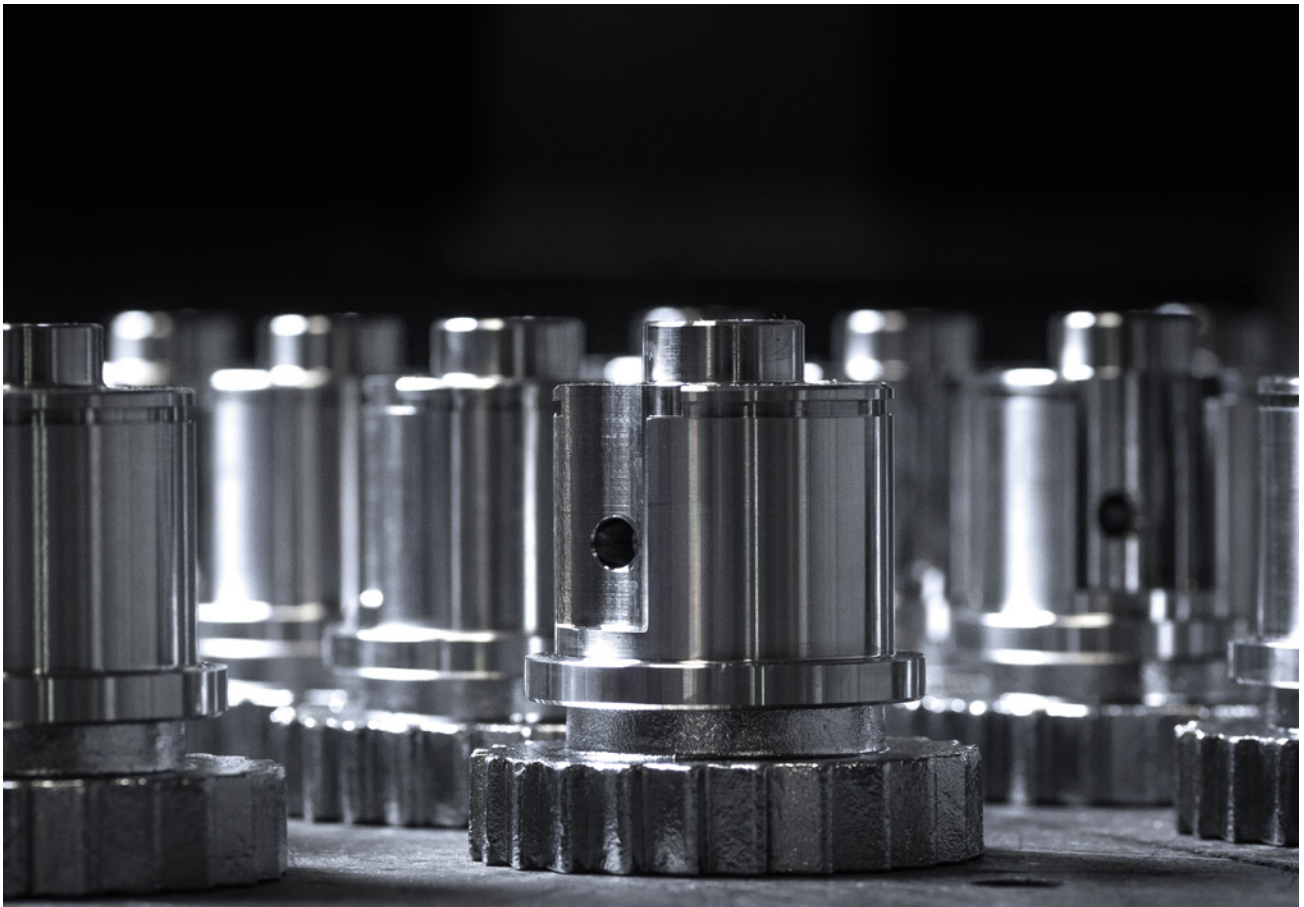


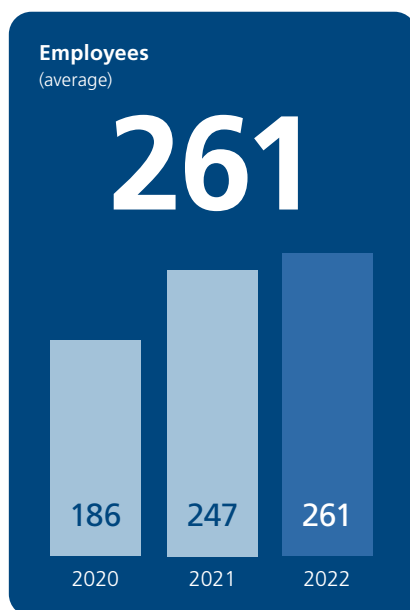
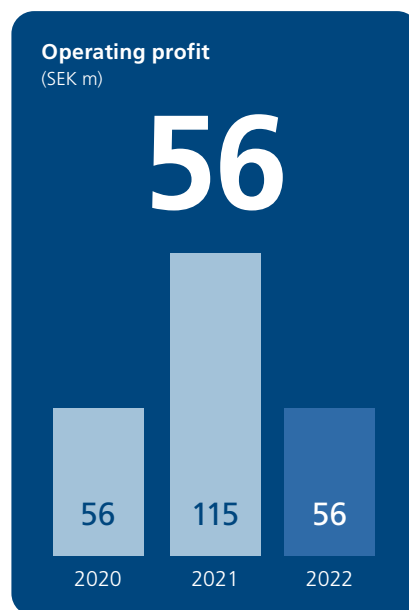
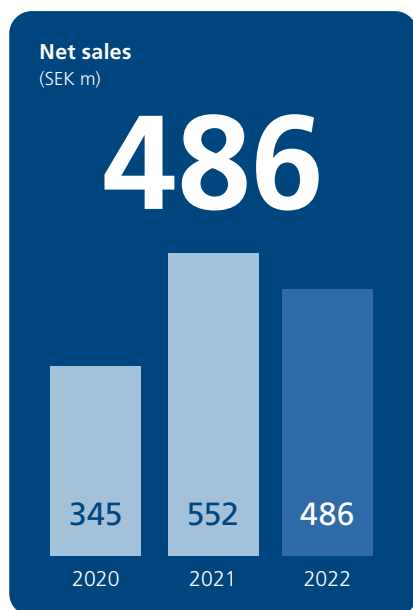
Markets

- 82% Nordic region
- 11% Rest of Europe
- 7% Rest of the world

Precision Technology

The companies in the business unit have the resources to take on assignments covering the entire chain, from prototype to series production. Mechanical processing and industrial 3D printing are supplemented with services such as laser marking, control measurement and assembly.





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 tool machine 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 low 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

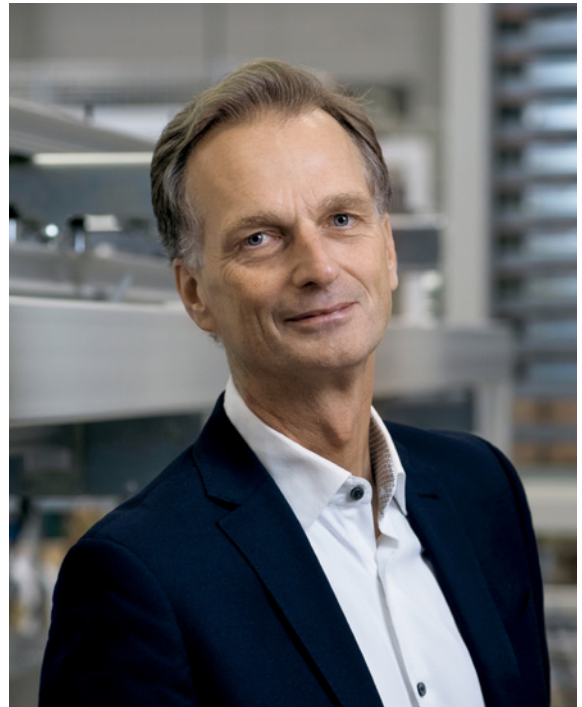
machining is supplemented with associated services such as non-destructive testing, laser marking and laser hardening, 3D construction, control measurement and assembly.

Customer structure

The dominant customer sector is the medical technology and pharmaceuticals industries, 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

Business Unit Manager Peter Elgh reflects on the past year and shares his thoughts.



Changed circumstances

The Precision Technology business unit was coming off the back of its strongest year to date, as its companies were generally experiencing a favourable business climate. The challenges related primarily to having the capacity to execute the assignments that were available. Towards the end of 2021, demand in sectors that had long enjoyed a steep upward curve returned to a more normal level.

At the start of 2022, there were clear warning signs regarding the significant changes that gradually came to affect us to an ever greater extent. The business unit's results in the first quarter were on a par with the comparison period. A generally more cautious approach was observed, however, above all from major customers. Several of them had excess capacity regarding their stock, and at the same time were suffering a shortage of components. As summer approached, we were also able to witness major disruptions in our customers' subcontractor chains. For us, this meant, for example, that orders were postponed and forecasts were scaled back.

The second half of the year was characterised by tangible reluctance within most of the concerned sectors. At the same time, our own operations were increasingly affected

by material shortages and substantial cost increases. Our companies had difficulty matching the cost increases with equivalent price rises.

In summary, it's fair to say that we have never experienced such major variations before, either in our customers' or our own forecast updates, as has been the case over the past year. To some extent, the situation was comparable with the financial crisis in 2008, but the world is more interconnected now. As a result, the impact is also greater. The unpredictability has meant that our companies have not made use of available resources in a satisfactory manner. The lower productivity has hit our profitability hard.

The organisations have been reviewed in order to balance the cost base in line with the lower volumes. We have scaled back hired capacity and worked on flexible solutions so as to safeguard our combined level of expertise. At the same time, our aggressive initiatives are continuing on the marketing side in an attempt to identify and cultivate new niches and customer segments.

KMV going against the flow

Kungsörs Mekaniska Verkstad (KMV) is one of our companies that has gone against the flow during the year. By generating internal commitment and building a flexible

organisation based on the company's specific conditions, a new and successful working method has been established. At the same time, a few years of intensive and structured marketing work have resulted in interesting business deals. In this way, and despite challenging external factors, KMV has been able to report strong growth and good profitability during the year.

The shift that KMV has carried out has been the clear shining light over the year. The company's management has worked hard, both internally to create an understanding of how KMV can offer value to its customers, and externally in terms of finding new business.

The year's areas of focus

The focus on sustainability has been further sharpened by means of the companies, in their strategic work, promoting sustainability activities in a separate plan. The starting point is that sustainability should be included as a central element in everything we do. It should obviously be included in our deals, but also in our dialogue with customers and in discussions with employees. The companies' activities should support the common goals within the Group, although we also encourage them to set their own goals based on what is important specifically to them.

Scalability has been another area of particular focus, with questions being aired that reflect the challenges experienced during the year. With ever faster changes in the surrounding world, we need to be able to scale our operations up and down in line with fluctuating needs. For example, we have looked at how this flexibility can be increased through skills development among existing employees.

One consistently relevant topic for our companies is the ability to retain employees and attract new ones. Here, we are making contact with training providers and authorities to secure skills provision in the long term.

Exchanges through networks

One issue that is particularly close to my heart is network building and the exchange of expertise between departments and companies. This relates fundamentally to strengthening each other and benefiting from the unique knowledge that each individual can contribute. In areas such as sustainability, productivity, competence matrices, labour law issues,

sales and marketing, many of our employees have met up in various networks to share their experiences.

Actively making a sustainable difference

We are constantly exploring our options in contributing to sustainable social development. This can be seen both in our business dealings as well as in our long-term customer relations and the role we play in society.

Our relatively small companies, most of which also run their operations in small locations, exert influence primarily by being responsible employers and by supporting local associations and activities.

Another way of exerting influence is to actively select customers who are at the forefront as regards the transition to a more sustainable society. Our companies enjoy long-term relationships with companies that are active in areas such as renewable energy, medical technology and infrastructure. In order to accompany customers in their development, our companies are continually investing in

new technology and capacity. In the field of medical technology, the clean room at Resinit has been expanded. Lasertech has reinforced its production resources and initiated collaborations with operators working in new business areas.

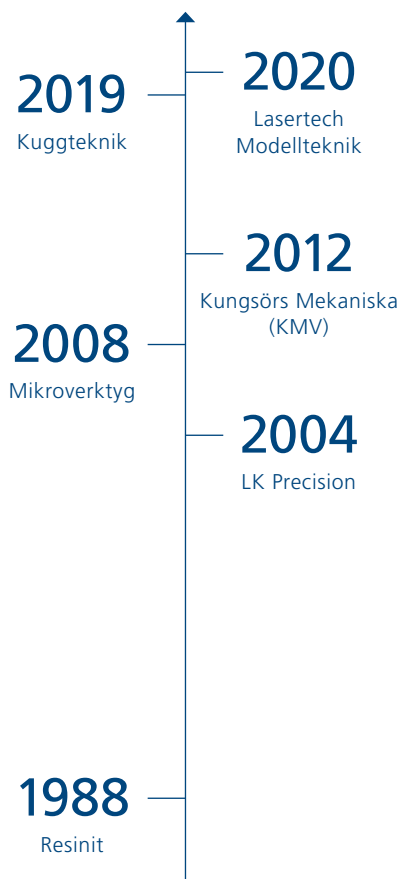
Strong belief in the future

A generally worrying global situation and continued disruptions in the supply chain will, in all likelihood, continue to affect us for some time to come. The constant changes in focus and ongoing adaptations over the past year have created a high degree of awareness regarding what is required of us in various scenarios. Implemented measures have increased the flexibility of the organisations, which are now better equipped to meet future challenges. At the same time, the investments in marketing activities entail greater opportunities for growth. There is strong belief in the future throughout the business unit, and we are looking forward to an exciting 2023.

Opportunities and challenges

Intensive, structured marketing work is one of the business unit's areas of focus. The challenging circumstances over the past year have further raised the level of activity and opened up new business opportunities. Our companies possess high levels of skills and technology, and jointly have the resources to take on a wide range of assignments within advanced processing. Established relationships with demanding customers provide access to interesting development projects. New market niches have been identified through in-depth collaboration within the business unit.

Shortages of materials and components will, in all likelihood, impede some of our operations for some time to come. In the first instance, this will be a result of major customers lacking the input goods to complete various projects and therefore postponing orders. The medical technology sector is a dominant industry, and its development will affect several of the companies in the business unit to a large extent. Following the pandemic, we witnessed something of a fall-off as many operators were sitting on large stocks, but demand is expected to increase again here. The various activities that are performed to ensure skills provision are continuing.

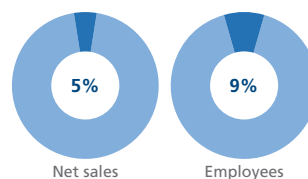


KUGGTEKNIK

Leksand

Net sales	SEK m	25.9
Growth	%	+6.1
Employees	average	23

Share of business unit

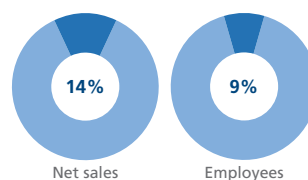


KUNGSÖRS MEKANISKA (KMV)

Kungsör

Net sales	SEK m	66.5
Growth	%	+31.2
Employees	average	23

Share of business unit

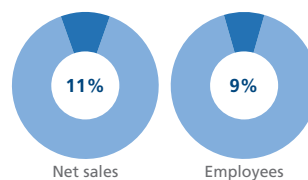


LASERTECH

Karlskoga

Net sales	SEK m	51.4
Growth	%	-28.7
Employees	average	23

Share of business unit

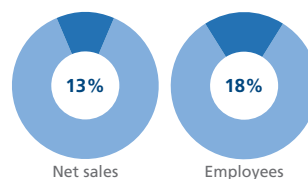


LK PRECISION

Skogås

Net sales	SEK m	65.4
Growth	%	-3.7
Employees	average	48

Share of business unit

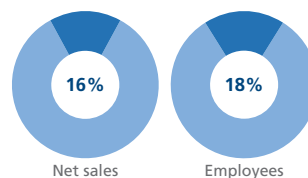


MIKROVERKTYG

Södertälje / Valskog

Net sales	SEK m	79.9
Growth	%	-2.9
Employees	average	47

Share of business unit

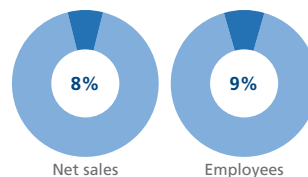


MODELLTEKNIK

Eskilstuna

Net sales	SEK m	39.7
Growth	%	+7.0
Employees	average	25

Share of business unit

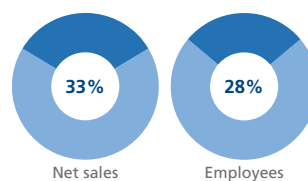


RESINIT

Västervik

Net sales	SEK m	160.4
Growth	%	-28.1
Employees	average	72

Share of business unit





Kuggteknik

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



Kungsörs Mekaniska (KMV)

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 that the company manufactures are machine tubes, pistons and drill pipes for the mining industry as well as cylinders and piston rods for the hydraulic industry. Manufacturing also covers piston rods for the offshore industry.



Lasertech

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, for example, in the automotive, defence and medical technology sectors.



LK Precision

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, aviation and space industries.



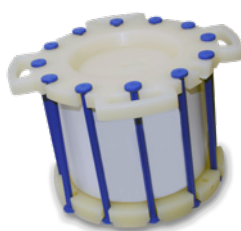
Mikroverktog

Mikrovertyg 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 groups are the automotive and defence sectors.



Modellteknik

Modellteknik is an engineering company holding leading-edge expertise in advanced cutting machining and mould manufacturing. The business possesses 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 segments.



Resinit

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.

Expertise and innovative technology

Lasertech's expertise within 3D printing and laser welding are offering a new dimension and strengthening the joint market offering.



Facts about additive manufacturing (AM)

Additive manufacturing (also known as 3D printing or freeform production) is a production technology in which three-dimensional components are built up layer-by-layer from a CAD model.

Benefits of the technology:

- » Extremely complex geometries can be manufactured easily.
- » Minimal waste as the method entails adding the required material rather than removing surplus material.
- » Materials that are difficult to handle are made accessible.
- » Rapid prototyping and relatively low initial cost.
- » Facilitates faster, more environmentally sustainable and cost-effective value chains.

Valuable expertise

Lasertech's expertise within laser welding and industrial 3D printing in metal has proved a valuable addition to the Group. The joint market offering has particularly been strengthened within the Precision Technology business unit. With resources for additive manufacturing, new opportunities are being opened up within various sectors for the entire business unit.

Niche technology

Lasertech is one of only a few companies in Sweden to offer both 3D printing and laser welding, as well as a combination of the two methods. The 3D technology is niche and specific, yet still has a broad range of applications.

A general feature of additive manufacturing is its high energy and material efficiency. It is a flexible method that is suitable for prototypes, unit production and low-volume series. There is no need for adapted tools, and small adjustments between components can therefore be carried out quickly and easily.

The challenge when it comes to 3D printing lies principally in the fact that people designing new industrial products do not spontaneously view additive technology as a viable option. More traditional methods such as milling and turning are still the starting point. As a result, the focus of the marketing work is also slightly different. For Lasertech, it is important above all to spread the benefits of AM and to identify products and business areas where the manufacturing method can create value for the customer.

Good development opportunities

Lasertech can see good development opportunities and has prepared the organisation for growth by adapting premises and expanding production resources. Most important of all, however, is the unique expertise that the company's employees possess. This is making it possible for Lasertech to take the step from subcontractor to partner.

A key factor is naturally for the initiatives being implemented to be in line with the expectations of the company's high-tech customers. Lasertech therefore maintains a close dialogue with purchasers and product developers, for example. The feedback has been positive and there is a high level of trust in Lasertech's build-up of capacity and expertise.

Enhancing change management

Kungsörs Mekaniska Verkstad (KMV) is one of the Group's companies that has gone against the flow during 2022. By aligning the organisation with its specific success factors, KMV achieved more than 30 per cent higher sales and stronger margins during a year characterised by many external challenges.

Facts about KMV

Place of business: Kungsör (SE)
Number of employees: 23
Sales: SEK 66 million
Growth 2022: +31%

Business activities: Specialist in long hole drilling. Complete partner within advanced mechanical processing of metal. Manufactures products such as cylinders, piston rods and propeller shafts, for example for the mining, hydraulics, energy, processing and offshore sectors in the Nordic region.

Change management

KMV's MD, Mattias Nettelbladt, came into the picture in 2020. Under his leadership, extensive change management has been conducted aimed at aligning the organisation with the company's specific success factors for development and profitable growth.

Commitment and participation

A large proportion of the initial work was concentrated on creating an understanding of the actual change required, and of the fact that the journey towards the goal must not be rushed. Open discussions and arguments have resulted in a close-knit and multi-faceted management team, where individuals are able to benefit from each other's strengths and experiences. Starting from the management team, the lessons are then distributed throughout the entire organisation.

Structured marketing work

The marketing and sales function has been reinforced with additional resources. Most significant for the development of the organisation, however, is the increased understanding of the value that KMV can create for its customers and the way the knowledge can be managed and converted into business deals.

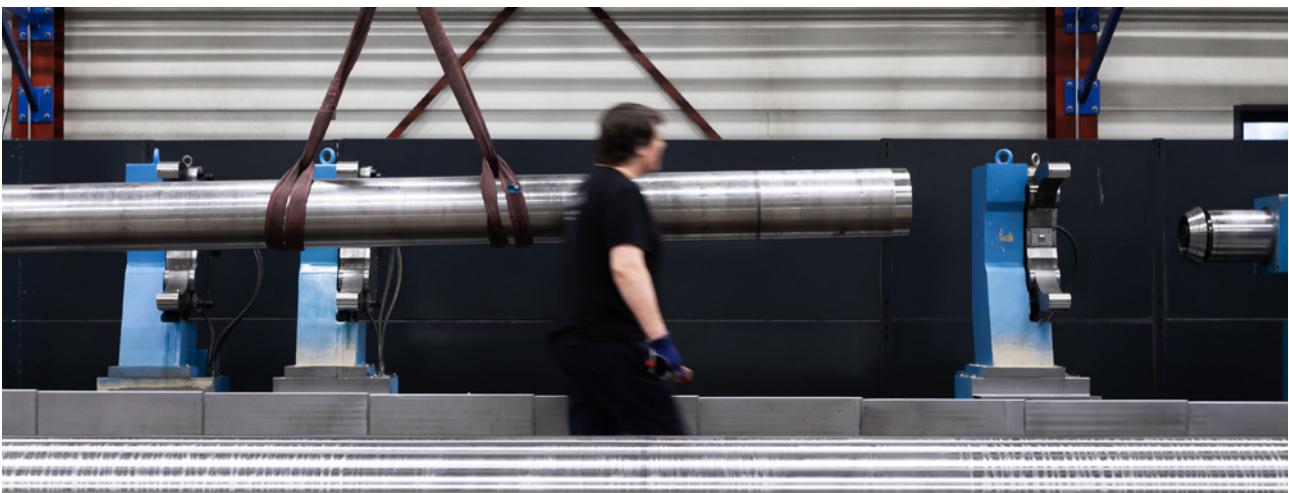
Production Lift

During the year, KMV has worked on development activities linked to Production Lift. This is a tried and tested development programme that runs for 18 months. The purpose is to strengthen the company's capacity for renewal and increased competitiveness, based on its own conditions. Key elements of the programme include leadership, values, working methods and improvement work. The working methodology is aimed at creating consensus and energy regarding

what needs to be achieved. The activities are initially implemented on a small scale to make it possible to learn and understand, before being spread to the business at large, thereby establishing a new working method.

Job tracks for young individuals and new arrivals

For KMV, as for many industrial colleagues, the recruitment of new employees is pretty much a constant challenge. Kungsör Municipality is running the Job Tracks initiative, which KMV is a part of. Using a combination of training and work placements, young and newly arrived individuals are given the opportunity to take the step into working life and gain meaningful employment. For KMV, this is a good way of securing the provision of skills, and the company currently has three employees who joined via Job Tracks.



Financial information

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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 2022 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 3,509 million (3,151). Operating profit amounted to SEK 341 million (453), corresponding to an operating margin of 9.7 per cent (14.4). Profit before tax was SEK 309 million (433). The profit includes non-recurring items totalling SEK 1 million (8), see also Note 2.

SHARE DATA AND KEY FIGURES

Basic earnings per share were SEK 4.30 (5.90). Equity per share amounted to SEK 26.39 (23.13). The average number of outstanding shares was 57,985,082 during the year. The equity/assets ratio was 42 per cent (38) at year-end. The average number of employees was 1,426 (1,245).

IMPORTANT EVENTS DURING THE YEAR

The Coronavirus pandemic continued to have only limited negative consequences for the Group. However, higher levels of sickness absence and disruptions in the supply of materials have affected the delivery capacity to a greater extent than before.

Regarding the conflict in Ukraine, XANO does not conduct any operations either there or in Russia. The few projects related to customers in the region that was ongoing, have been terminated. As a consequence of the conflict, however, already difficult external factors such as price increases and the lack of access to input goods are being accentuated, which is affecting the Group's companies to varying degrees.

The Group's total credit facilities have been expanded, through new agreements, by the equivalent of SEK 820 million to a total of around SEK 2,200 million. As a result, the financing of XANO's continued growth and acquisition-related work has been secured. A new agreement was entered into with Nordea Bank on 3 June 2022 regarding a credit facility of SEK 1,700 million, which is an increase of SEK 320 million from the previous level. This agreement will run for three years, with the option of extending

for a further one plus one years. A credit agreement was also entered into with the Swedish Export Credit Corporation in June regarding a new facility of around SEK 500 million with a corresponding duration.

Following a resolution at the Annual General Meeting, a 2:1 split of the Parent Company's shares was implemented in June.

EVENTS AFTER THE END OF THE YEAR

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

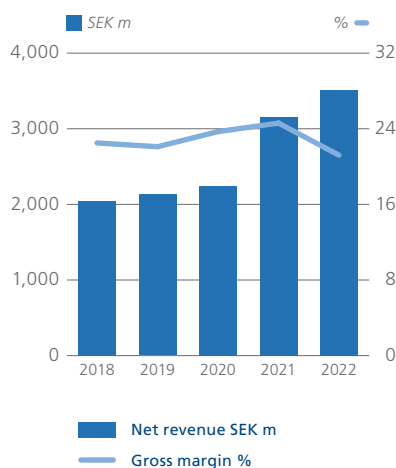
ACTIVITIES AND ORGANISATION

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 and the USA. The companies all operate within well-defined niches and possess a high level of expertise within their respective technical areas. In 2022, the Group's operations were divided into three business units: Industrial Products, Industrial Solutions and Precision Technology.

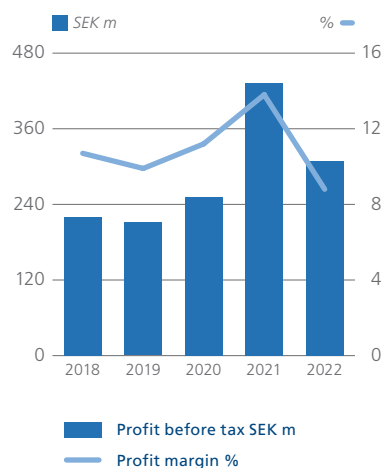
The Industrial Products business unit consists of Ackurat, Blowtech and Cipax. Operations comprise the design, manufacture and sale of plastic components and systems produced by means of rotational moulding, injection moulding and blow moulding. Deliverables include both customer-specific and proprietary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

NET REVENUE & GROSS MARGIN



PROFIT BEFORE TAX & PROFIT MARGIN



volume runs of parts and systems within areas such as medical technology and infrastructure.

THE GROUP'S DEVELOPMENT DURING THE YEAR

After an altogether strong start, most of the Group's operations were increasingly impeded by difficult external factors over the past year. Long-term financial objectives were still exceeded for the year as a whole, but the Group reported a deterioration in operating profit of approximately 25 per cent compared to the previous year. Sales increased by 11 per cent, of which 2 per cent was organic growth. Looking at the Group as a whole, there are two main factors that have affected profitability. The first relates to deteriorations in productivity as a result of constantly having to adapt the production process in line with new preconditions, combined with periodic high sickness absence. The second is that Group companies have not managed to sufficiently compensate for the cost increases they have been affected by. Far-reaching measures are being implemented in the form of cost savings and price rises, as well as to safeguard critical processes in the supply chain. These are being combined with aggressive initiatives related to marketing activities, for which resources are continually being allocated.

INDUSTRIAL PRODUCTS

Within the business unit, there were major differences between the companies in terms of outcome, with many of the companies reporting stable profits. One contributory factor is the positive trend as regards the proprietary product ranges within infrastructure and industry. The most significant negative effect was experienced by businesses having a high proportion of their production linked to the automotive sector. Here, the shortage of input goods at our customers both reduced order volumes and delayed the placing of orders. Within the automotive segment, it has also been difficult to implement price adjustments, and there is a considerable lag as regards promised compensation. Outside of the automotive segment, the market situation is generally good, and more resources have been allocated to marketing activities including the introduction of the business unit's own products on new markets.

INDUSTRIAL SOLUTIONS

Successful project sales during the previous year resulted in relatively stable margins during the first nine months of the year. However, the final quarter was impacted to a great extent by the effects of the lower incoming orders and the disruptions in the supply chain experienced during the second half of the year. In practice, this has resulted in both ongoing automation

projects and major deals in the start-up phase being postponed. Orders have also not been realised to the anticipated extent, and business unit organisations that have geared up for growth have had to adjust and scale down. However, there were positive results from investments in new business areas and on new geographic markets. More in-depth collaboration with customers through extended after-sales services has also opened the door to new opportunities.

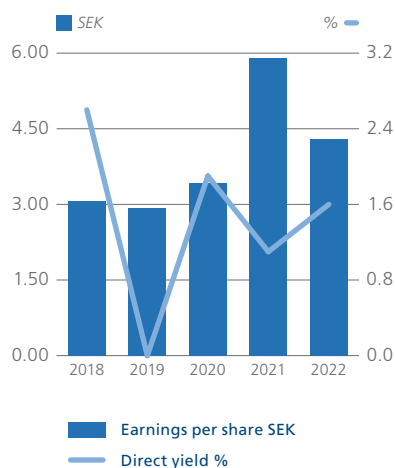
PRECISION TECHNOLOGY

Taking the current global situation in consideration, it was already beforehand looking difficult to meet the previous year's strong results, but the business unit's combined performance over the past year was still below our own expectations. Developments during the final quarter followed the trend from previous periods, with a generally more cautious market. Within the medical technology sector, which is the dominant sector for the business unit, customers continually revised their purchase volumes downwards. With the high degree of unpredictability, it has not been possible to utilise the resources satisfactorily, and the lower productivity levels have hit profitability hard. In addition to this, our companies have not been able to compensate for increased costs with corresponding price rises. The organisations have continued to adapt to the lower volumes. At the same time, aggressive initiatives are being implemented on the marketing side in an attempt to seek out new niches and customer segments.

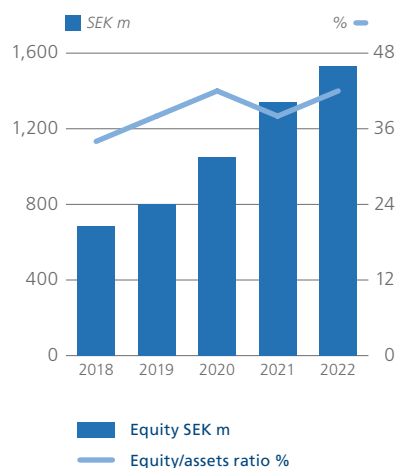
FUTURE DEVELOPMENT

The market situation is expected to remain cautious in the immediate future, although we are witnessing a certain levelling out of the downward trend and a more balanced influx of orders. Raw material prices have stabilised, although general cost increases are continuing to have a dampening effect on our business. During the present quarter, we will be seeing the effects of implemented price adjustments and the gradual adaptation of our workforce to the lower incoming order levels. Cash flow and margins are the focus of our agenda. Our order situation is good, but the shortage of critical components is a concern, particular in respect of our project-related operations. Work aimed at identifying alternative supply routes is therefore being prioritised, alongside investments in after-sales services. Through one of our more recent acquisitions, we have also extended our offering in respect of software solutions, an area where we can see considerable potential for growth. We are consequently maintaining our aggressive approach and have great faith in the future.

EARNINGS PER SHARE & DIRECT YIELD



EQUITY & EQUITY/ASSETS RATIO



INVESTMENTS

Net investments in non-current assets came to SEK 144 million (598), of which SEK 4 million related to intangible non-current assets, SEK 45 million to real estate, SEK 90 million to machinery and equipment and SEK 5 million to right-of-use assets.

CASH FLOW AND LIQUIDITY

Cash flow from operating activities amounted to SEK 128 million (353). Higher operating capital, primarily in the form of increased contract assets and reduced advance payments, along with a lower profit level, have contributed to the weaker cash flow in relation to the comparison period.

Liquid assets, including lines of credit granted but not utilised, totalled SEK 1,363 million (740) 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 ongoing Corona-virus pandemic is a risk and uncertainty factor that could have significant consequences for the Group's operations. The health and safety of our employees is our top priority, and we are complying with the guidelines and recommendations issued by the public authorities in the countries where we operate. This may in itself entail restrictions to our ability to carry out installations and maintain services for our customers. At the same time, the extent of our 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 conflict in Ukraine. The sanctions that are being introduced against Russia as a result 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. 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 other main financial and operational risks can be found in Note 35 on pages 80–82.

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 1,110 million (1,116) on the closing day. A detailed description of the Group's financial risks can be found in Note 35 on pages 80–82.

SUSTAINABILITY

In compliance with Chapter 6, Section 11 of the Swedish Annual Accounts Act (ÅRL), XANO prepare the sustainability report, which is required by law, as a separate document from the Annual Report. The sustainability report is being published on the website, www.xano.se, at the same time as the Annual Report. Information related to the EU Taxonomy can be found on page 29 of the 2022 Sustainability Report. Complete tables for disclosure of key ratios according to the taxonomy can be found on pages 99–100 of the 2022 Annual Report.

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 2022 sustainability report.

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 58,494,214, divided between 14,577,600 class A shares and 43,916,614 class B shares. Class A shares give entitlement to ten votes, while class B shares give entitlement to one vote. 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 57.2 per cent of the votes and 27.6 per cent of the capital. Pomona-gruppen AB holds 29.4 per cent of the votes and 28.8 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. Refer also to Notes 23 and 26.

WORK OF THE BOARD OF DIRECTORS

The 2022 AGM decided that the Board of Directors should consist of seven 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 2022 financial year, the Board of Directors held eight 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 2022 AGM consisting of Ulf Hedlundh (chairman), Stig-Olof Simonsson and Anna Benjamin. The task of the committee prior to the 2023 AGM is to nominate a Chairman of the Board and other Board members, auditors, a chairman for the AGM and to propose fees for the Board, committees and auditor. The nomination committee has so far held four meetings prior to its proposal to the 2023 AGM, the decisions of which have been summarised in a decision report. 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.

Five-year overview

	2022	2021	2020	2019	2018
INCOME STATEMENT, SEK M					
Net revenue	3,509	3,151	2,239	2,128	2,044
Cost of goods sold	-2,764	-2,375	-1,709	-1,658	-1,585
Gross profit	745	776	530	470	459
Selling expenses	-258	-209	-161	-158	-145
Administrative expenses	-153	-127	-90	-85	-83
Other operating income/expenses	7	13	-5	2	5
Operating profit	341	453	274	229	236
Financial income	30	12	8	9	8
Financial expenses	-62	-32	-31	-27	-25
Profit before tax	309	433	251	211	219
Tax	-60	-91	-56	-48	-48
Net profit for the year	249	342	195	163	171
FINANCIAL POSITION 31 DECEMBER, SEK M					
Non-current assets	1,882	1,833	1,325	1,262	1,131
Current assets	1,724	1,662	1,161	819	863
Equity	1,530	1,341	1,051	800	686
Non-current liabilities	1,126	847	790	690	587
Current liabilities	950	1,307	645	591	721
Balance sheet total	3,606	3,495	2,486	2,081	1,994
CASH FLOW, SEK M					
Cash flow from operating activities	128	353	402	307	150
Cash flow from investing activities	-140	-558	-143	-108	-243
Cash flow after investments	-12	-205	259	199	-93
Cash flow from financing activities	-170	180	38	-188	109
Cash flow for the year	-182	-25	297	11	16
KEY RATIOS					
Operating margin, %	9,7	14,4	12,2	10,8	11,6
Profit margin, %	8,8	13,8	11,2	9,9	10,7
Return on equity, %	17,1	28,8	21,1	21,8	27,6
Return on capital employed %	14,3	21,8	17,3	15,4	17,9
Return on total capital, %	10,3	15,6	12,7	11,4	13,0
Interest coverage ratio, multiple	6,0	14,6	9,2	8,8	9,9
Average equity, SEK m	1,456	1,188	925	750	620
Average capital employed, SEK m	2,599	2,139	1,625	1,549	1,363
Average total capital, SEK m	3,613	2,980	2,223	2,084	1,876
Equity/assets ratio, % ¹⁾	42	38	42	38	34
Proportion of risk-bearing capital, %	46	41	46	43	39
Basic earnings per share, SEK ^{1, 2)}	4.30	5.90	3.43	2.92	3.07
Costs related to convertible bonds, SEK m	4	4	2	2	2
Equity per share, SEK ²⁾	26.39	23.13	18.12	14.34	12.29
Cash flow from operating activities per share, SEK ²⁾	2.21	6.09	7.07	5.51	2.68
Proposed dividend per share, SEK ²⁾	1.75	1.75	1.25	0.00	1.00
MISCELLANEOUS					
Scheduled depreciation, SEK m	126	104	86	84	64
Interest-bearing liabilities, SEK m	1,110	1,116	743	762	785
Deferred tax liability, SEK m	111	102	86	96	91
Net investments excl. corporate transactions, SEK m	144	130	73	113	77
Average number of employees, excluding short-term work/temporary layoffs	1,426	1,245	1,055	1,085	1,015
Average number of employees, including short-term work/temporary layoffs	1,426	1,245	1,085	1,085	1,015

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 83-84. For details on the number of shares, see page 16.

AGREEMENTS

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

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 101–104.

AUTHORISATION FOR REPURCHASE OF OWN SHARES

The number of shares in the company's custody amounts to 509,132 class B shares, corresponding to 0.9 per cent of total share capital.

The Board of Directors proposes that the AGM renews the Board's authorisation to decide on repurchases of own shares. Such a mandate would empower the Board, during the period up until the next AGM, to make decisions regarding the repurchase of the company's shares. Any such repurchase could be effected both via the stock market and by offers to the shareholders. It is proposed that the mandate of the Board should also include scope for assigning repurchased shares within the constraints of relevant legislation.

AUTHORISATION FOR A NEW SHARE ISSUE

The Board of Directors proposes that the AGM renews the Board's authorisation to decide on a new issue of class B shares corresponding to a maximum of one tenth of the company's issued shares. Such a mandate would empower the Board to make a decision on a new share issue during the period up until the next AGM. The terms of the issue, including the issue price, must be based on a market assessment in which the issue price in each case is set as close to the market value as possible, less the discount which may be necessary to generate interest in the subscription.

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 to be 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	76,054,929
Retained earnings	252,215,341
Net profit for the year	126,134,287
Total	454,404,557

THE BOARD OF DIRECTORS AND THE CEO PROPOSE THAT THE SURPLUS BE DISTRIBUTED AS FOLLOWS:	(SEK)
Payment of a cash dividend of SEK 1.75 ¹⁾ per share to shareholders (57,985,082 shares ²⁾)	101,473,894
To be carried forward	352,930,663
Total	454,404,557

¹⁾ It is proposed that the dividend be paid in two instalments, SEK 1.00 in May and SEK 0.75 in November.

²⁾ After deduction for the company's own holding, the number of outstanding shares is 57,985,082.

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	2022	2021
Net revenue	3, 4	3,508,706	3,151,375
Cost of goods sold	6, 7, 8	-2,763,384	-2,375,501
Gross profit		745,322	775,874
Selling expenses	6, 7, 8	-257,598	-208,748
Administrative expenses	6, 7, 8, 9	-153,154	-127,457
Other operating income	10	25,436	26,263
Other operating expenses	11	-18,619	-12,831
Profit/loss from participations in associated companies	17	-156	-173
Operating profit	3, 4, 5	341,231	452,928
Financial income	12	29,578	12,420
Financial expenses	13, 26	-61,812	-31,866
Profit before tax		308,997	433,482
Tax	14	-59,929	-91,400
NET PROFIT FOR THE YEAR		249,068	342,082
– of which attributable to shareholders of the Parent Company		249,068	342,082
SHARE DATA			
Basic earnings per share ¹⁾	SEK 22, 23	4.30	5.90
Diluted earnings per share ¹⁾	SEK 22, 23	4.27	5.84
GROUP (SEK THOUSANDS)	NOTE	2022	2021
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to net profit for the year</i>			
Change in hedging reserve	24, 28	25,515	1,981
Tax relating to change in hedging reserve	24, 28	-5,256	-408
Translation differences	24	21,451	18,792
OTHER COMPREHENSIVE INCOME		41,710	20,365
COMPREHENSIVE INCOME FOR THE YEAR		290,778	362,447
– of which attributable to shareholders of the Parent Company		290,778	362,447

¹⁾ The comparison figure has been recalculated due to the 2:1 share split carried out in June 2022.

Consolidated statements of financial position

GROUP (SEK THOUSANDS)	NOTE	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Intangible non-current assets	15		
Goodwill		968,079	962,843
Other intangible non-current assets		62,606	71,941
Construction in progress for intangible non-current assets		3,518	2,119
		1,034,203	1,036,903
Property, plant and equipment	16		
Land and buildings		388,925	367,744
Plant and machinery	32	217,966	192,353
Equipment, tools, fixtures and fittings		55,047	51,081
Construction in progress for property, plant and equipment		55,269	27,785
Right-of-use assets	32	125,737	151,108
		842,944	790,071
Other non-current assets			
Participations in associated companies	17	0	152
Non-current receivables		1,847	1,909
Deferred tax asset	28	2,738	3,574
Total non-current assets		1,881,732	1,832,609
Current assets			
Inventories	18	564,699	475,626
Current receivables			
Accounts receivable – trade and other current assets	4, 19, 20, 35	926,564	803,171
Derivative instruments	20	20,427	–
Prepaid expenses		33,783	37,346
Cash and cash equivalents	20, 21	178,334	345,864
Total current assets		1,723,807	1,662,007
TOTAL ASSETS		3,605,539	3,494,616

Consolidated statements of financial position

GROUP (SEK THOUSANDS)	NOTE	31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES			
Equity			
Share capital	23	36,559	36,559
Other contributed capital		114,519	114,519
Reserves	24	73,153	31,443
Retained earnings		1,306,010	1,158,416
Total equity		1,530,241	1,340,937
<i>– of which attributable to shareholders of the Parent Company</i>		<i>1,530,241</i>	<i>1,340,937</i>
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	20, 26, 30, 32	1,006,328	737,813
Other provisions	27	8,027	6,855
Deferred tax liability	28	111,145	102,309
		1,125,500	846,977
Current liabilities			
Accounts payable – trade and other current liabilities	4, 20, 29	834,936	863,646
Provisions	27	6,423	4,846
Derivative instruments	20	–	5,885
Current interest-bearing liabilities	20, 25, 30, 32	103,836	378,316
Deferred income		219	8,179
Current tax liability		4,384	45,830
		949,798	1,306,702
Total liabilities		2,075,298	2,153,679
TOTAL EQUITY AND LIABILITIES		3,605,539	3,494,616

Consolidated statement of changes in equity

GROUP (SEK THOUSANDS)	NOTE	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity
Equity, 1 January 2021		36,559	114,519	11,078	888,815	1,050,971
Net profit for the year		–	–	–	342,082	342,082
Other comprehensive income		–	–	20,365	–	20,365
Comprehensive income for the year		–	–	20,365	342,082	362,447
Dividends paid in cash		–	–	–	-72,481	-72,481
Total transactions with shareholders		–	–	–	-72,481	-72,481
Equity, 31 December 2021		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	23, 24	36,559	114,519	73,153	1,306,010	1,530,241
<i>– of which attributable to shareholders of the Parent Company</i>		<i>36,559</i>	<i>114,519</i>	<i>73,153</i>	<i>1,306,010</i>	<i>1,530,241</i>

Consolidated cash flow statements

GROUP (SEK THOUSANDS)	NOTE	2022	2021
OPERATING ACTIVITIES			
Operating profit		341,231	452,928
<i>Adjustments for non-cash items etc.</i>			
Depreciation and amortisation		126,087	103,611
Capital gain from sale of non-current assets		1,754	-1,030
Revaluation/write-down of inventories		4,577	1,141
Other		1,277	6,563
Interest paid	33	-29,304	-17,847
Interest received	33	1,845	583
Income tax paid		-111,739	-73,712
Cash flow from operating activities before changes in working capital		335,728	472,237
Changes in working capital			
Increase (-) / decrease (+) in inventories		-80,450	-107,716
Increase (-) / decrease (+) in current receivables		-57,972	-243,940
Increase (+) / decrease (-) in current liabilities		-66,352	232,908
Increase (+) / decrease (-) in other provisions		-2,521	-319
Cash flow from operating activities		128,433	353,170
INVESTING ACTIVITIES			
Purchase of intangible non-current assets		-3,935	-1,940
Purchase of property, plant and equipment		-138,095	-87,509
Sale of property, plant and equipment		914	1,128
Indirect investments through acquisition of subsidiaries/assets and liabilities	33, 34	–	-467,321
Increase (-) / decrease (+) in other non-current receivables		1,104	-2,952
Cash flow from investing activities		-140,012	-558,594
FINANCING ACTIVITIES			
Dividends paid		-101,474	-72,481
Borrowings		953,601	337,727
Repayments of borrowings		-987,702	-62,033
Payments of lease liabilities		-34,316	-23,209
Change in bank overdraft facilities		–	–
Cash flow from financing activities		-169,891	180,004
CASH FLOW FOR THE YEAR		-181,470	-25,420
Cash and cash equivalents at the beginning of the year		345,864	366,993
Exchange rate differences in cash and cash equivalents		13,940	4,291
Cash and cash equivalents at the end of the year	21	178,334	345,864

Notes

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 2022 inclusive. These new items have not had any significant impact on the Group's accounts.

The new or revised standards with application from 2023 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.

The Group has received payment of funds for collective AGS insurance via Fora. This payment is based on previous repayments of AGS premiums for the period 2004-2008. Received amount totalled SEK 1 million (8) and was reported as other operating income.

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 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	25–50 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 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 2,176 million (957). 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 968 million (963). 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 8.0 million (6.9) and other current provision amount to SEK 6.4 million (4.8). 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 2022, the Group's reported liabilities with regard to derivative instruments amount to SEK – million (5.9) and the Group's reported assets with regard to derivative instruments amount to SEK 20.4 million (–). 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 113 million (122). 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 56-57. 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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Geographic markets¹⁾										
Sweden	250,507	230,763	399,783	353,242	394,556	434,874	-1,719	-2,005	1,043,127	1,016,874
Rest of the Nordic countries	186,790	163,779	134,572	136,889	5,281	3,527	–	–	326,643	304,195
Rest of Europe	461,675	302,487	1,050,441	779,549	52,490	49,738	–	–	1,564,606	1,131,774
Rest of the world	6,456	6,377	534,458	628,705	33,416	63,450	–	–	574,330	698,532
Total	905,428	703,406	2,119,254	1,898,385	485,743	551,589	-1,719	-2,005	3,508,706	3,151,375
Type of product										
Proprietary products	247,018	229,854	1,463,662	1,363,805	1,610	3,999	3	-109	1,712,293	1,597,549
Customer-specific manufacturing	658,410	473,552	655,592	534,580	484,133	547,590	-1,722	-1,896	1,796,413	1,553,826
Total	905,428	703,406	2,119,254	1,898,385	485,743	551,589	-1,719	-2,005	3,508,706	3,151,375
Timing of revenue recognition										
Goods/services transferred at a point in time	905,428	703,406	704,376	672,861	485,743	551,589	-1,719	-2,005	2,093,828	1,925,851
Services transferred over time	–	–	79,045	49,803	–	–	–	–	79,045	49,803
Projects transferred over time	–	–	1,335,833	1,175,721	–	–	–	–	1,335,833	1,175,721
Total	905,428	703,406	2,119,254	1,898,385	485,743	551,589	-1,719	-2,005	3,508,706	3,151,375

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	2022			2021		
	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	75,446	-51,075	24,371	89,989	-58,834	31,155
Industrial Solutions	207,065	-63,307	143,758	274,240	-106,943	167,297
Precision Technology	50,455	-36,179	14,276	110,900	-96,688	14,212
Undistributed items	-23,969	150,561	126,592	-41,647	262,465	220,818
Group total	308,997	0	308,997	433,482	0	433,482

PROFIT/LOSS ITEMS BY SEGMENT	2022				2021			
	Interest income	Interest expenses	Tax	Depreciation	Interest income	Interest expenses	Tax	Depreciation
Industrial Products	1,316	-9,707	-4,145	-39,173	482	-4,995	-6,702	-28,360
Industrial Solutions	2,779	-20,121	-25,681	-57,214	1,578	-11,900	-36,902	-45,839
Precision Technology	176	-5,785	-2,951	-29,303	72	-4,353	-2,280	-28,960
Undistributed items	-1,676	2,038	-27,152	-397	-1,569	-662	-45,516	-452
Group total	2,595	-33,575	-59,929	-126,087	563	-21,910	-91,400	-103,611

ASSETS AND LIABILITIES BY SEGMENT	2022				2021			
	Assets	Liabilities	Investeringar	Uppskjutna skatteskulder	Assets	Skulder	Investeringar	Uppskjutna skatteskulder
Industrial Products	759,938	133,656	52,150	21,460	729,751 ¹⁾	135,479	96,544	18,096
Industrial Solutions	2,274,107	699,978	58,284	48,104	2,062,70 ²⁾	722,583	471,271	41,330
Precision Technology	523,353	87,413	33,629	18,485	555,751 ³⁾	100,389	28,821	17,055
Undistributed items	48,141	44,087	-265	23,096	146,409 ⁴⁾	79,099	1,457	25,828
Group total	3,605,539	965,134	143,798	111,145	3,494,616	1,037,550	598,093	102,309

¹⁾ Including deferred tax assets totalling SEK 199 thousand (231).

²⁾ Including deferred tax assets totalling SEK 1,436 thousand (1,570).

³⁾ Including deferred tax assets totalling SEK 587 thousand (725).

⁴⁾ Including deferred tax assets totalling SEK 516 thousand (1,048).

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 2022, operating assets, such as inventories and accounts receivable, have increased within the Industrial Products and Industrial Solutions business units and decreased within the Precision Technology business unit.

ASSETS AND INVESTMENTS BY GEOGRAPHIC MARKET	2022		2021	
	Non-current assets	Investments	Non-current assets	Investments
Sweden	711,589	75,702	664,252	57,609
Rest of the Nordic countries	658,788	48,070	647,913	162,999
Rest of Europe	472,997	16,103	478,218	343,519
Rest of the world	38,358	3,923	42,226	33,966
Group total	1,881,732	143,798	1,832,609	598,093

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	2022	2021
Contract assets for ongoing assignments	297,480	172,833
Accrued income	12,369	3,368
	309,849	176,201
CONTRACT LIABILITIES	2022	2021
Contract liabilities for ongoing assignments	289,591	328,625
Advance payment from customers	42,302	20,893
Deferred income	219	8,179
	332,112	357,697

The total assignment income that has been recognised as revenue amounts to SEK 1,335,833 thousand (1,175,721).

During the year, revenue has been recognised from performance obligations fulfilled in earlier periods at SEK -17,742 thousand (2,708).

FOR ONGOING ASSIGNMENTS	2022	2021
Income from deliveries recognised as revenue over time	2,175,780	956,743
Expenditure for deliveries recognised as expenses over time	-1,715,321	-725,355
Reported profit	460,459	231,388
Advance payments received	1,633,207	1,394,780
Contract assets	297,480	172,833
Contract liabilities	289,591	328,625

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	176,201	357,697
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 2022	-101,151	-259,339
Additional assets/liabilities	219,434	216,627
Acquisitions of subsidiaries	–	–
Translation differences	15,365	17,127
Closing balance	309,849	332,112

NOTE 5 Employees and personnel costs

AVERAGE NUMBER OF EMPLOYEES	2022	of which men	2021	of which men
Sweden	663	82%	613	83%
Netherlands	240	90%	149	91%
Denmark	190	91%	163	91%
Norway	114	89%	101	88%
Estonia	105	87%	105	90%
China	93	83%	100	82%
Poland	11	36%	9	33%
USA	6	67%	1	0%
Finland	4	75%	4	75%
Group total	1,426	85%	1,245	86%

PROPORTION OF MEN AMONGST BOARD MEMBERS AND SENIOR EXECUTIVES	2022	2021
Parent Company		
Board members	57%	60%
Senior executives	50%	50%
Operating subsidiaries		
Board members	74%	76%
Senior executives	81%	79%

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS	2022	2021
Salaries and remuneration	760,241	618,059
Social security costs	213,694	179,718
(of which pension costs ^{1, 2, 3, 4)})	(84,225)	(63,196)
Group total	973,935	797,777

¹⁾ Of the Group's pension costs, SEK 9,352 thousand (7,759) 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 13,934 thousand (13,318). Alecta's surplus can be distributed to the insurance policyholders and/or the insured parties. At the end of 2022, Alecta's surplus in the form of the collective insurance level amounted to 172 per cent (172). The fee for the coming year is estimated to be on a par with that charged for 2022.

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 549 thousand (675).

BREAKDOWN OF SALARIES AND OTHER REMUNERATION	2022		2021	
	Board and MD ¹⁾	Other employees	Board and MD ¹⁾	Other employees
Sweden (of which bonuses)	30,300 (3,648)	282,248	29,613 (5,891)	259,874
Denmark (of which bonuses)	5,541 (469)	175,141	3,954 (237)	141,871
Netherlands (of which bonuses)	5,646 (159)	143,751	2,739 (183)	83,472
Norway (of which bonuses)	2,033 (7)	60,785	2,311 (285)	49,796
China (of which bonuses)	2,028 (-)	22,112	2,154 (148)	19,395
Estonia (of which bonuses)	563 (-)	20,073	588 (81)	18,373
USA (of which bonuses)	- (-)	5,722	- (-)	223
Finland (of which bonuses)	- (-)	2,243	- (-)	2,100
Poland (of which bonuses)	- (-)	2,055	- (-)	1,596
Group total (of which bonuses)	46,111 (4,283)	714,130	41,359 (6,825)	576,700

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 1,850 thousand should be distributed with SEK 350 thousand payable to the Chairman 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 chairman. During 2022, SEK 170 thousand was carried as an expense for these tasks.

In 2022, the Group management consisted of CEO Lennart Persson and CFO Marie Ek Jonson. The CEO received salary and benefits totalling SEK 9,161 thousand (9,646), of which SEK 3,030 thousand (3,708) constitutes variable remuneration. Other senior executives received salary and benefits totalling SEK 2,137 thousand (2,254), of which SEK 80 thousand (300) constitutes variable remuneration. At the 2020 AGM, it was decided to issue convertible bonds to employees, which also included the Group management. 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 30 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 2,595 thousand (2,286). Pension costs for other senior executives amounted to SEK 585 thousand (547).

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

	2022	2021
Material costs	-1,550,429	-1,383,706
Personnel costs	-1,104,233	-933,249
Depreciation	-126,087	-103,611
Other external costs	-393,387	-291,140
	-3,174,136	-2,711,706

NOTE 7 Personnel costs

PERSONNEL COSTS BY FUNCTION	2022	2021
Cost of goods sold	-849,247	-715,791
Selling expenses	-153,091	-127,068
Administrative expenses	-101,895	-90,390
	-1,104,233	-933,249

NOTE 8 Depreciation

DEPRECIATION BY FUNCTION	2022	2021
Cost of goods sold	-109,175	-89,527
Selling expenses	-12,795	-10,915
Administrative expenses	-4,117	-3,169
	-126,087	-103,611

DEPRECIATION BY CLASS OF ASSET	2022	2021
Other intangible non-current assets	-13,665	-10,519
Land and buildings	-18,271	-15,911
Plant and machinery	-38,495	-32,526
Equipment, tools, fixtures and fittings	-17,642	-12,190
Right-of-use assets	-38,014	-32,465
	-126,087	-103,611

NOTE 9 Auditors' remuneration

	2022	2021
KPMG (P.Y. Ernst & Young)		
Audit assignment	-2,349	-1,614
Audit activities other than audit assignment	-57	-74
Tax consultancy services	-104	-107
Other services	-	-154
	-2,510	-1,949
Övriga revisorer		
Audit assignment	-2,386	-1,321
Audit activities other than audit assignment	-177	-79
Tax consultancy services	-146	-26
Other services	-310	-20
	-3,019	-1,446
Total	-5,529	-3,395

"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

	2022	2021
Rental income	45	82
Exchange gains on operating receivables/liabilities	22,779	14,345
Other	2,612	11,836
	25,436	26,263

NOTE 11 Other operating expenses

	2022	2021
Cost of leased premises/personnel	-45	-82
Exchange losses on operating receivables/liabilities	-18,526	-12,229
Other	-48	-520
	-18,619	-12,831

NOTE 12 Financial income

	2022	2021
Interest income and similar profit/loss items	2,595	563
Exchange gains on financial assets/liabilities	26,983	11,857
	29,578	12,420

NOTE 13 Financial expenses

	2022	2021
Interest expenses and similar profit/loss items	-33,575	-21,910
Exchange losses on financial assets/liabilities	-28,237	-9,956
	-61,812	-31,866

NOTE 14 Tax on profit for the year

	2022	2021
Current tax	-55,382	-88,587
Deferred tax	-2,814	-865
Tax on dividends from non-Swedish subsidiaries	-1,733	-1,948
	-59,929	-91,400

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

	2022		2021	
Reported profit before tax	308,997		433,482	
Tax according to Swedish income tax rate	-63,653	21%	-89,297	21%
<i>Tax effect of</i>				
Consolidated amortisation of surplus values	-	-	-2	0%
Deviation in tax rate in non-Swedish subsidiaries	-1,071	0%	-1,092	0%
Transaction costs at business combinations	-	-	-737	0%
Hedging of currency risks in non-Swedish operations	7,313	-2%	1,495	-0%
Tax reduction for investments in Sweden	-	-	1,192	-0%
Dividends from non-Swedish subsidiaries	-1,880	0%	-1,688	0%
Adjustment of current tax in previous periods	674	-0%	0	0%
Other tax-related adjustments	-1,312	0%	-1,271	0%
Reported tax	-59,929	19%	-91,400	21%

NOTE 15 Intangible assets

GOODWILL	2022	2021
Accumulated acquisition values		
Opening balance	964,583	628,190
Acquisition of subsidiaries	–	334,504
Translation differences for the year	5,249	1,889
Closing balance	969,832	964,583
Accumulated amortisation		
Opening balance	-1,638	-1,635
Translation differences for the year	-13	-3
Closing balance	-1,651	-1,638
Accumulated impairment costs		
Opening balance	-102	-102
Closing balance	-102	-102
Closing residual value	968,079	962,843

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 2023 and the following forecast period, depending on the segment, amounts to 2–6 per cent (2–6) for this period and thereafter staying at 2 per cent (2). Assumed operating margins amount to 12–16 per cent (11–16) 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 12.0 per cent (10.8) 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	2022	2021
Industrial Products	115,922	114,945
Industrial Solutions	723,488	719,229
Precision Technology	128,669	128,669
	968,079	962,843

OTHER INTANGIBLE NON-CURRENT ASSETS	2022	2021
Accumulated acquisition values		
Opening balance	120,058	66,767
New acquisitions	797	1,258
Acquisitions of subsidiaries	–	45,279
Divestments and disposals	-43	-1,496
Reclassifications	2,888	7,127
Translation differences for the year	1,363	1,123
Closing balance	125,063	120,058
Accumulated scheduled depreciation		
Opening balance	-48,117	-37,032
Divestments and disposals	45	149
Depreciation according to plan for the year	-13,665	-10,519
Translation differences for the year	-720	-715
Closing balance	-62,457	-48,117
Closing residual value according to plan ¹⁾	62,606	71,941
Remaining amortisation period, years		
¹⁾ of which		
Capitalised expenditure for research and development	7	55,346
Patents	7	256
Other	2	7,004

CONSTRUCTION IN PROGRESS	2022	2021
Accumulated acquisition values		
Opening balance	2,119	8,460
New acquisitions/advance payments	3,136	682
Reclassifications	-1,878	-7,127
Translation differences for the year	141	104
Closing balance	3,518	2,119

NOTE 16 Property, plant and equipment

LAND AND BUILDINGS	2022	2021
Accumulated acquisition values		
Opening balance	539,703	499,117
New acquisitions	8,271	15,246
Acquisitions of subsidiaries	–	24,406
Divestments and disposals	-22	-8,909
Reclassifications	19,150	4,645
Translation differences for the year	16,624	5,198
Closing balance	583,726	539,703
Accumulated scheduled depreciation		
Opening balance	-171,959	-163,246
Divestments and disposals	12	8,908
Reclassifications	–	-14
Depreciation according to plan for the year	-18,271	-15,911
Translation differences for the year	-4,583	-1,696
Closing balance	-194,801	-171,959
Closing residual value according to plan ¹⁾	388,925	367,744
¹⁾ of which land	38,356	36,109

PLANT AND MACHINERY	2022	2021
Accumulated acquisition values		
Opening balance	586,773	523,868
New acquisitions	49,509	27,702
Acquisitions of subsidiaries	–	24,636
Divestments and disposals	-29,609	-3,179
Reclassifications	11,521	2,448
Translation differences for the year	13,496	11,298
Closing balance	631,690	586,773

Accumulated scheduled depreciation		
Opening balance	-394,420	-359,551
Divestments and disposals	29,656	3,139
Reclassifications	39	3,997
Depreciation according to plan for the year	-38,495	-32,526
Translation differences for the year	-10,504	-9,479
Closing balance	-413,724	-394,420
Closing residual value according to plan	217,966	192,353

EQUIPMENT, TOOLS, FIXTURES AND FITTINGS	2022	2021
Accumulated acquisition values		
Opening balance	165,046	138,489
New acquisitions	20,400	17,323
Acquisitions of subsidiaries	–	8,960
Divestments and disposals	-9,772	-10,653
Reclassifications	1,259	6,172
Translation differences for the year	7,797	4,755
Closing balance	184,730	165,046

Accumulated scheduled depreciation		
Opening balance	-113,965	-105,958
Divestments and disposals	7,182	10,276
Reclassifications	21	-2,392
Depreciation according to plan for the year	-17,642	-12,190
Translation differences for the year	-5,279	-3,701
Closing balance	-129,683	-113,965
Closing residual value according to plan	55,047	51,081

CONSTRUCTION IN PROGRESS	2022	2021
Accumulated acquisition values		
Opening balance	27,785	14,288
New acquisitions/advance payments	59,923	27,558
Disposals	-123	–
Reclassifications	-33,000	-14,856
Translation differences for the year	684	795
Closing balance	55,269	27,785

Additional contractual obligations to acquire property, plant and equipment amount to SEK 44,403 thousand (26,038).

RIGHT-OF-USE ASSETS	2022	2021
Opening balance	151,108	111,023
Acquisitions and adjustments	12,536	39,007
Acquisitions of subsidiaries	–	30,223
Terminated contracts	-7,200	-1,266
Amortisation	-38,014	-32,465
Translation differences	7,307	4,586
Closing balance	125,737	151,108

NOTE 17 Participations in associated companies

	2022	2021
Accumulated acquisition values		
Opening balance	392	529
Profit participation for the year ¹⁾	-156	-173
Translation differences for the year	11	36
Closing balance	247	392
Ackumulerade nedskrivningar		
Opening balance	-240	-223
Translation differences for the year	-7	-17
Closing balance	-247	-240
Carrying amount	0	152

Business name Corporate identity number Registered office	Kapital- andel	Röst- andel	Antal andelar	Eget kapital ¹⁾	Resultat efter skatt ¹⁾
Nordic Plastic Recycling AS 918 069 283 Åndalsnes, Norway	24%	24%	14,286	292	-715

¹⁾ Based on preliminary profit.

NOTE 18 Inventories

	2022	2021
Raw material and consumables	274,076	214,072
Products in progress	118,152	118,806
Finished products and goods for resale	130,020	99,689
Work in progress	712	1,890
Advance payments to suppliers	41,739	41,169
	564,699	475,626

Write-downs totalling SEK 4,577 thousand (1,141) have been made. Total expenditure for goods reported as costs amounts to SEK 1,550,429 thousand (1,383,706).

NOTE 19 Accounts receivable and other receivables

	2022	2021
Accounts receivable – trade	550,446	569,128
Tax asset	20,781	6,055
Other receivables	45,488	51,787
Accrued income	12,369	3,368
Contract assets	297,480	172,833
	926,564	803,171

NOTE 20 Financial assets and liabilities

DISTRIBUTION BY CATEGORY	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 profit and loss statement	Financial assets/liabilities measured at fair value through other comprehensive income	Other financial liabilities	Total carrying amount	Fair value ¹⁾
2022							
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
Derivative instruments			–	–	–	–	
Total financial liabilities			–	–	1,382,136	1,382,136	
2021							
Financial assets							
Accounts receivable ²⁾	–	569,128				569,128	569,128
Derivative instruments	–	–				–	
Cash and cash equivalents	–	345,864				345,864	345,864
Total financial assets	–	914,992				914,992	
Financial liabilities							
Borrowings			–	–	907,837	907,837	907,837
Lease liabilities ⁵⁾			–	–	142,416	142,416	
Convertible loan			–	–	65,876	65,876	69,998
Total interest-bearing liabilities			–	–	1,116,129	1,116,129	
Accounts payable			–	–	279,699	279,699	279,699
Derivative instruments			–	5,885	–	5,885	5,885
Total financial liabilities			–	5,885	1,395,828	1,401,713	

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 1,249 thousand (2,089), of which SEK 8 thousand (-183) constitutes realised losses. Required write-downs of outstanding receivables amounts to SEK 5,978 thousand (5,466), 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 (-5,315) 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 21,718 thousand (7,296) 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	2022	2021
Opening balance	5,466	3,952
Acquisitions of subsidiaries	–	–
Provision for anticipated bad debt losses	567	1,945
Reversal of anticipated bad debt losses	-132	-460
Translation differences for the year	77	29
Closing balance	5,978	5,466

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 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 ASSETS AS OF 31 DEC 2021	Maturity			Total
	-30 days	31-90 days	91-360 days	
Accounts receivable ¹⁾	428,741	105,698	34,689	569,128
Derivative instruments	–	–	–	–
Cash and cash equivalents	345,864	–	–	345,864
Total financial assets	774,605	105,698	34,689	914,992

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 ²⁾	–	–	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
Derivative instruments	–	–	–	–	–	–	–	–
Total financial liabilities	204,958	61,688	109,162	375,808	954,738	31,489	20,101	1,382,136
Total non-discounted cash flows ³⁾				380,732	1,054,049	34,331	20,747	1,489,859

FINANCIAL LIABILITIES AS OF 31 DEC 2021	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	5,619	8,550	364,147	378,316	558,129	69,337	44,471	1,050,253
Convertible loan ²⁾	–	–	–	–	65,876	–	–	65,876
Bank overdraft facilities	–	–	–	–	–	–	–	–
Total interest-bearing liabilities	5,619	8,550	364,147	378,316	624,005	69,337	44,471	1,116,129
Accounts payable	223,707	52,358	3,634	279,699	–	–	–	279,699
Derivative instruments	387	58	5,440	5,885	–	–	–	5,885
Total financial liabilities	229,713	60,966	373,221	663,900	624,005	69,337	44,471	1,401,713
Total non-discounted cash flows ³⁾				670,744	645,466	71,353	45,615	1,433,178

¹⁾ Of reported accounts receivable, the overdue amount totals SEK 73,401 thousand (129,973), see also Note 35.

²⁾ Falls due in 2023.

³⁾ 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.

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			
	31 Dec 2022	31 Dec 2021	Non-current		Current ¹⁾	
			31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
DKK	26,575	38,241	255,292	169,280	37,746	153,797
EUR	451,987	372,948	370,868	42,255	131,922	336,304
SEK	206,787	324,220	343,990	482,197	156,053	128,162
USD	36,760	117,732	–	–	978	1,812
Other currencies	27,098	61,851	36,178	44,081	49,109	43,825
	749,207	914,992	1,006,328	737,813	375,808	663,900

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	2022	2021
Cash and bank balances	178,329	345,859
Current investments	5	5
Amount at year-end	178,334	345,864

NOTE 22 Earnings per share

BASIC EARNINGS PER SHARE	2022	2021
Net profit for the year, SEK thousands	249,068	342,082
Average number of outstanding shares, thousands	57,985	57,985
Basic earnings per share, SEK	4.30	5.90
DILUTED EARNINGS PER SHARE	2022	2021
Net profit for the year, SEK thousands	249,068	342,082
Interest expense on convertible bonds, SEK thousands ¹⁾	3,618	3,331
Issue expenses for convertible bonds, SEK thousands	170	170
Adjusted income, SEK thousands	252,856	345,583
Average number of outstanding shares, thousands	57,985	57,985
Adjustment for presumed conversion of convertible bonds, thousands	1,148	1,148
Average number of shares at the calculation of earnings per share, thousands	59,133	59,133
Diluted earnings per share, SEK	4.27	5.84

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 2022	1 Jan 2022
Class A shares	14,577,600	7,288,800
Class B shares	43,916,614	21,958,307
Total number of shares	58,494,214	29,247,107
Quotient value, SEK	0.625	1.25
Share capital, SEK	36,558,883.75	36,558,883.75

The total number of shares is 58,494,214, of which 509,132 was held by the company at year-end. The average number of outstanding shares during 2022 amounted to 57,985,082. 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 189,183,482 at year-end.

A 2:1 share split was carried out in June 2022.

On 1 October 2020, convertibles for a nominal value of SEK 69,998 thousand, corresponding to 1,147,512 class B shares in the event of full conversion, were issued.

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 1.75 per share, in total SEK 101,474 thousand, and SEK 352,930 thousand being carried forward.

NOTE 24 Reserves

CUMULATIVE TRANSLATION DIFFERENCES	2022	2021
Opening balance	35,762	16,970
Translation differences for the year	56,950	25,919
Hedging of currency risk in non-Swedish operations	-35,499	-7,127
Closing balance	57,213	35,762

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	2022	2021
Opening balance	-4,319	-5,892
Changes for the year, including tax	20,259	1,573
Closing balance	15,940	-4,319

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 2022, there were fixed lock-in interest rate swaps with a total nominal amount of SEK 225 million (219).

	2022	2021
Total reserves	73,153	31,443

NOTE 25 Bank overdraft facilities

Utilised overdraft facilities are reported as current liabilities.

CHECKRÄKNINGSKREDIT	2022	2021
Bank overdraft facilities	304,451	304,091
Unutilised amount	-304,451	-304,091
Utilised amount	0	0

NOTE 26 Convertible loan

The Parent Company has an outstanding convertible loan reported at SEK 68,234 thousand (65,876). The nominal value for the outstanding loan is SEK 69,998 thousand. The convertible loan runs 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 can be redeemed against class B shares at a conversion rate of SEK 61.00. The conversion rate was originally SEK 122.00 but has been recalculated as a result of the 2:1 share split completed in June 2022. 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 3,945 thousand (3,583). For the outstanding convertible loan, the interest expense corresponds to 5.6 per cent of the actual liability. 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	2022	2021
Guarantee and complaint commitments	5,718	5,383
Pension commitments	549	675
Other commitments	1,760	797
	8,027	6,855
Estimated maturity time		
Between one and five years after the closing day	7,803	6,631
More than five years after the closing day	224	224
CURRENT	2022	2021
Guarantee and complaint commitments	6,167	4,549
Other commitments	256	297
	6,423	4,846

CHANGES IN OTHER PROVISIONS	Non-current			Current
	Guarantee commitments	Pension commitments	Other commitments	Other commitments
Opening balance	5,383	675	797	4,846
Provisions for the year	502	–	881	1,098
Payments/utilisation for the year	-532	-126	–	–
Translation differences for the year	365	–	82	479
Closing balance	5,718	549	1,760	6,423

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.

	2022	2021
Non-current assets, Group items ¹⁾	27,574	30,977
Buildings	4,673	4,376
Untaxed reserves		
Excess depreciation, machinery and equipment	17,966	15,177
Tax allocation reserves	21,546	25,220
Derivative instruments	4,135	-1,121
Non-Swedish items with diverging tax rate	37,279	29,281
Other items	-2,028	-1,601
Deferred tax liability	111,145	102,309
Deferred tax asset ²⁾	-2,738	-3,574
Net deferred tax liability	108,407	98,735
Deferred tax liability brought forward	-98,735	-84,777
Acquisition of subsidiaries	–	-14,406
Other temporary differences	595	2,635
Translation differences	-2,192	-912
Rounding	-5	-2
Deferred tax expense relating to temporary differences	8,070	1,273
– of which reported in		
Net profit for the year	2,814	865
Other comprehensive income	5,256	408

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

²⁾ SEK 1,436 thousand (1,319) 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	2022	2021
Deferred tax liability brought forward	102,309	85,521
Non-current assets, Group items	-3,403	-2,516
Buildings	297	461
Untaxed reserves		
Excess depreciation, machinery and equipment	2,789	2,028
Tax allocation reserves	-3,674	-724
Derivative instruments	5,256	408
Other items	-427	-790
Acquisition of subsidiaries	–	15,713
Non-Swedish items with diverging tax rate	7,998	2,208
Deferred tax liability carried forward	111,145	102,309

CHANGES IN DEFERRED TAX ASSET	2022	2021
Deferred tax asset brought forward	3,574	744
Change in loss carried forward	–	-680
Tax reduction for investments in Sweden	-537	1,189
Other	-416	1,002
Acquisitions of subsidiaries	–	1,307
Translation differences	117	12
Tax asset carried forward	2,738	3,574

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

	2022	2021
Advance payments from customers	42,302	20,893
Accounts payable	271,972	279,699
Salary and holiday pay liabilities	98,409	96,757
Accrued social security contributions	27,297	29,534
Other accrued expenses	48,148	39,195
Other non-interest-bearing liabilities	57,217	68,943
Contract liabilities	289,591	328,625
	834,936	863,646

NOTE 30 Pledged assets

	2022	2021
For own liabilities		
Property mortgages	45,391	115,119
Floating charges	10,500	93,763
Assets with right of repossession	–	70,027
Shares in subsidiaries	1,143,203	1,010,949
Other assets	41,564	45,643
	1,240,658	1,335,501
Other pledged assets		
Pledged endowment insurance with pension obligation	549	675
	549	675
Total	1,241,207	1,336,176

NOTE 31 Contingent liabilities

	2022	2021
Contingent liabilities in respect of advance payment and work guarantees	91,713	70,175
Other obligations	2,537	2,461
	94,250	72,636

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	2022	2021
Premises	100,012	114,550
Plant and machinery	12,524	24,538
Equipment, tools, fixtures and fittings	13,201	12,020
	125,737	151,108

INTEREST-BEARING LIABILITIES	2022	2021
Current component, within 1 year	33,324	35,759
Non-current component, between 1 and 5 years	86,018	97,723
Non-current component, over 5 years	2,748	8,934
	122,090	142,416

CONTRACTED FUTURE LEASE PAYMENTS	Lease contracts	Short-term leases	Low-value leases
Current component, within 1 year	36,484	484	124
Non-current component, between 1 and 5 years	90,454	–	209
Non-current component, over 5 years	2,787	–	–
Non-discounted amounts	129,725	484	333

AMOUNTS RECOGNISED IN CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	2022	2021
Depreciation	-38,014	-32,465
Interest expenses	-5,053	-4,162
Leasing expenses on short-term leases	-2,595	-2,242
Leasing expenses on low-value leases	-183	-155

DEPRECIATION DISTRIBUTED BY THE UNDERLYING CLASS OF ASSET	2022	2021
Premises	-25,828	-17,454
Plant and machinery	-5,768	-8,810
Equipment, tools, fixtures and fittings	-6,418	-6,201
	-38,014	-32,465

AMOUNTS RECOGNISED IN CONSOLIDATED CASH FLOW STATEMENTS	2022	2021
Interest paid	-4,076	-3,085
Repayment by instalments	-33,551	-29,022
Total leasing fees paid	-37,627	-32,107

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 2.5 million.

NOTE 33 Cash flow**ACQUISITIONS OF SUBSIDIARIES/ASSETS AND LIABILITIES**

No business combinations were performed in 2022.

In 2021, PiWi Beheer B.V. with subsidiary Case Packing Systems B.V. (CPS), AV Holding 2018 ApS with subsidiary CIM Industrial Systems A/S and Tussenholding Lankamp B.V. with subsidiary PRM Kunststoffen B.V. were acquired. Investments in 2021 also include the final settlement of the purchase sum and transaction costs totalling SEK 2,257 thousand related to Lasertech LSH AB, which was acquired in December 2020.

ACQUISITIONS IN TOTAL	2022	2021
Intangible non-current assets	–	379,504
Property, plant and equipment	–	58,281
Right-of-use assets	–	30,223
Current assets	–	227,032
Non-current liabilities	–	-48,784
Current liabilities	–	-121,023
Total purchase prices	–	525,233
Liquid assets in acquired businesses	–	-61,488
Transaction costs	–	3,576
Total cash flow attributable to acquired businesses	–	467,321

Transaction costs with regard to acquired entities amounted to SEK – thousand (3,576) and were recognised as administrative expenses in net profit for the year.

INTEREST

During the financial year, interest paid amounted to SEK 29,304 thousand (17,847) and interest received to SEK 1,845 thousand (583).

NOTE 34 Business combinations/divestments

In 2021, PiWi Beheer B.V. with subsidiary, AV Holding 2018 ApS with subsidiary and Tussenholding Lankamp B.V. with subsidiary were acquired. If the acquired units had been included in the Group throughout the whole of 2021, revenue would have amounted to SEK 3,407 million, while net profit would have been approx. SEK 369 million for the 2021 full year.

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

CHANGES IN LIABILITIES RELATED TO FINANCING ACTIVITIES	31 Dec 2021	Cash flow	Non-cash changes					31 Dec 2022
			Translation differences	Capitalisation effect	Acquisition of subsidiaries	Additional lease liabilities IFRS 16	Other	
Non-current interest-bearing liabilities								
Loan and leasing liabilities	671,937	292,702	41,689	–	–	–	–	1,006,328
Convertible loan	65,876	–	–	2,358	–	–	-68,234	–
	737,813							1,006,328
Kortfristiga räntebärande skulder								
Loan and leasing liabilities	378,316	-349,401	11,702	–	–	-5,015	–	35,602
Convertible loan	–	–	–	–	–	–	68,234	68,234
Bank overdraft facilities	–	–	–	–	–	–	–	–
	378,316							103,836
	1,116,129							1,110,164

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 2022 was 66 per cent (61). 44 per cent (48) 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 2022 is shown in the table below.

Share (%) of	SEK	EUR	DKK	Other
Invoicing	34	45	2	19
Cost of goods sold	32	43	14	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 27 million for the corresponding flow, of which approx. SEK 16 million are related to USD.

Currency derivatives are utilised to hedge sales in a currency other than the relevant entity's functional currency. On the closing day, currency derivatives regarding sale of USD 6.3 million 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 2022, a 5 per cent change to the SEK against all other currencies would affect invoicing by around SEK 86 million and net profit by around SEK 4 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 1,469 million (1,448) at year-end. On translation of the subsidiaries' balance sheets, exchange rate fluctuations have affected other comprehensive income for 2022 by SEK 21 million (19). 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 5 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 2.94 per cent (2.30). On the closing day, the Group's interest-bearing liabilities, excluding operating lease liabilities, amounted to SEK 994 million (988), of which SEK 769 million (769) is financed at a variable interest rate. The average fixed rate period for the remaining borrowings is 50 months and the average interest rate at year-end was 3.38 per cent (0.90). The net result of a 1 percentage point increase in interest rates is approx. SEK 7.7 million on an annual basis.

The Group's liabilities related to leases amount to SEK 116 million (128).

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 225 million (219) 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 (%)
2023	74,825	0.40	15
2024–2027	50,000	0.42	11
2028 and later	100,000	1.48	74
Total	224,825	0.88	100

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

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 39 per cent (23) 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 550 million (569). On the closing day, there was one customer for which outstanding accounts receivable amounted to SEK 55 million (80) in total.

AGE ANALYSIS OF ACCOUNTS RECEIVABLE

On the closing day	Not yet due	Time from maturity			Total
		6–30 days	31–90 days	> 90 days	
31 Dec 2022	477,045	33,275	32,866	7,260	550,446
31 Dec 2021	439,155	83,682	28,586	17,705	569,128

Losses reported on accounts receivable for the year amounted to SEK 1,249 thousand (2,089), of which SEK 8 thousand (-183) constituted actual losses. Required write-downs of outstanding receivables have been carried out at SEK 5,978 thousand (5,466), 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 x million (173). On the closing day, there is one customer for which outstanding contract assets exceed SEK 30 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 very 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 Coronavirus pandemic is still a risk and an uncertainty factor that could have significant consequences for the Group's operations. The health and safety of the employees is a top priority. The Group complies with the guidelines and recommendations issued by the public authorities in the countries where operations are conducted. This may in itself entail 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 conflict in Ukraine.

The sanctions that are being introduced against Russia as a result 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. 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.

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 42 per cent (38).

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 106–107.

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 2022, 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 2022, purchases from ITAB Shop Concept AB with subsidiaries to XANO's subsidiaries amounted to SEK 1.5 million (0.0) and purchases from AGES Industri AB with subsidiaries to XANO's subsidiaries amounted to SEK 0.8 million (1.2). At an overall assessment, ITAB is considered to be under the controlling interest of Pomona-gruppen AB and Board members Petter Fägersten 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 1.3 million (0.0). 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.

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.

PROPORTION OF RISK-BEARING CAPITAL

Equity plus provisions for taxes in relation to total capital.

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 84.

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 83.

INTEREST COVERAGE RATIO

Relate to financial resistance and shows how much the Group's profit can fall without jeopardizing interest payments.

	2022	2021
Profit before tax plus financial expenses, SEK thousands	370,809	465,348
Financial expenses, SEK thousands	61,812	31,866
Interest coverage ratio, multiple	6.0	14.6

ORGANIC GROWTH

Shows the growth in net revenue generated by the Group's own efforts.

	2022	2021
Net revenue for the period less revenue generated through acquisitions less net revenue for the previous period, SEK thousands	84,031	567,437
Net revenue for the previous period, SEK thousands	3,151,375	2,239,432
Organic growth, %	2.7	25.3

PROPORTION OF RISK-BEARING CAPITAL

Shows the Group's long-term solvency.

	2022	2021
Equity attributable to shareholders of the Parent Company, SEK thousands	1,530,241	1,340,937
Provisions for taxes, SEK thousands	111,145	102,309
Risk-bearing capital, SEK thousands	1,641,386	1,443,246
Total capital, SEK thousands	3,605,539	3,494,616
Proportion of risk-bearing capital, %	45.5	41.3

RETURN ON CAPITAL EMPLOYED

Shows how well the operational capital is used to create profitable growth.

	2022	2021
Profit before tax plus financial expenses, SEK thousands	370,809	465,348
Average ¹⁾ total capital employed, SEK thousands	2,599,429	2,139,353
Return on capital employed, %	14.3	21.8

RETURN ON EQUITY

Shows the Group's capacity to generate return on shareholders' equity.

	2022	2021
Net profit for the year attributable to shareholders of the Parent Company, SEK thousands	249,068	342,082
Average ¹⁾ equity attributable to shareholders of the Parent Company, SEK thousands	1,456,132	1,188,124
Return on equity, %	17.1	28.8

RETURN ON TOTAL CAPITAL

Quantifies how much return the Group generates through the use of its capital structure.

	2022	2021
Profit before tax plus financial expenses, SEK thousands	370,809	465,348
Average ¹⁾ total capital, SEK thousands	3,613,435	2,979,528
Return on total capital, %	10.3	15.6

¹⁾ Average capital is calculated as an average of the opening balance and reported quarterly data during the current year. For 2022, this means that the closing balances as of 31 December 2021, 31 March 2022, 30 June 2022, 30 September 2022 and 31 December 2022 were added together and divided by 5.

Income statements

PARENT COMPANY (SEK THOUSANDS)	NOTE	2022	2021
Net sales		29,408	45,816
Cost of goods sold		–	–
Gross profit		29,408	45,816
Selling expenses	3, 4, 6	-5,673	-5,564
Administrative expenses	3, 4, 5, 6	-32,154	-31,528
Other operating income		350	132
Other operating expenses		–	–
Operating profit/loss		-8,069	8,856
Profit from participations in Group companies	7	121,815	222,391
Interest income and similar profit/loss items	8	49,990	16,026
Interest expense and similar profit/loss items	9	-19,587	-18,635
Profit after financial items		144,149	228,638
Appropriations	10	10,003	-7
Profit before tax		154,152	228,631
Tax	11	-28,018	-46,953
NET PROFIT FOR THE YEAR		126,134	181,678

Statements of comprehensive income

PARENT COMPANY (SEK THOUSANDS)	NOTE	2022	2021
Net profit for the year		126,134	181,678
Other comprehensive income		–	–
COMPREHENSIVE INCOME FOR THE YEAR		126,134	181,678

Balance sheets

PARENT COMPANY (SEK THOUSANDS)	NOTE	2022-12-31	2021-12-31
ASSETS			
Non-current assets			
<i>Property, plant and equipment</i>	12		
Equipment, tools, fixtures and fittings		92	107
		92	107
<i>Financial non-current assets</i>			
Participations in Group companies	13	221,409	223,000
		221,409	223,000
Total non-current assets		221,501	223,107
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		976,733	938,939
Other receivables		20,226	5
Prepayments and accrued income		5,582	5,902
		1,002,541	944,846
<i>Current investments</i>		5	5
<i>Cash and bank balances</i>	16	21,716	155,023
Total current assets		1,024,262	1,099,874
TOTAL ASSETS		1,245,763	1,322,981

Balance sheets

PARENT COMPANY (SEK THOUSANDS)	NOTE	2022-12-31	2021-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	14	36,559	36,559
Statutory reserve		8,899	8,899
		45,458	45,458
<i>Non-restricted equity</i>			
Share premium reserve		76,055	76,055
Profit brought forward		252,215	172,011
Net profit for the year		126,134	181,678
		454,404	429,744
Total equity		499,862	475,202
Untaxed reserves			
	15	88,011	98,014
Liabilities			
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	16, 17	250,000	185,876
		250,000	185,876
<i>Current liabilities</i>			
Current interest-bearing liabilities		68,234	–
Accounts payable		1,531	3,398
Liabilities to Group companies		312,301	511,980
Current tax liabilities		10,511	29,337
Other liabilities	16	3,447	7,010
Accruals and deferred income		11,866	12,164
		407,890	563,889
Total liabilities		657,890	749,765
TOTAL EQUITY AND LIABILITIES		1,245,763	1,322,981

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 2021		36,559	8,899	76,055	244,492	366,005
Net profit for the year		–	–	–	181,678	181,678
Other comprehensive income		–	–	–	–	–
Comprehensive income for the year		–	–	–	181,678	181,678
Dividend paid in cash		–	–	–	-72,481	-72,481
Equity, 31 December 2021		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	14	36,559	8,899	76,055	378,349	499,862

Cash flow statements

PARENT COMPANY (SEK THOUSANDS)	NOTE	2022	2021
OPERATING ACTIVITIES			
Operating profit/loss		-8,069	8,856
<i>Adjustments for non-cash items etc.</i>			
Depreciation		15	11
Group contribution		123,406	218,767
Dividend received		–	5,000
Interest paid/received, net value	19	-1,025	-2,622
Income tax paid		-46,953	-16,463
Cash flow from operating activities before changes in working capital		67,374	213,549
Changes in working capital			
Increase (-) / decrease (+) in current receivables		-31,430	-361,016
Increase (+) / decrease (-) in current liabilities		-205,978	125,815
Cash flow from operating activities		-170,034	-21,652
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		–	-43
Cash flow from investing activities		–	-43
FINANCING ACTIVITIES			
Dividend paid		-101,474	-72,481
<i>Increase (+) / decrease (-) in interest-bearing liabilities</i>	19		
Borrowings		250,000	–
Repayment of debt		-120,000	–
Change in bank overdraft facilities		–	–
Cash flow from financing activities		28,526	-72,481
CASH FLOW FOR THE YEAR			
Cash and cash equivalents at the beginning of the year		155,028	249,117
Exchange rate differences in cash and cash equivalents		8,201	87
Cash and cash equivalents at the end of the year	19	21,721	155,028

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 2022.

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, 3 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	2022	of which men	2021	of which men
Sweden	10	40%	10	40%

PROPORTION OF MEN AMONGST BOARD MEMBERS AND SENIOR EXECUTIVES	2022	2021
Board members	57%	60%
Senior executives	50%	50%

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS	2022	2021
Salaries and remuneration	18,428	18,400
Social security costs	11,008	10,481
(of which pension costs ^{1, 2)})	(4,209)	(3,782)
	29,436	28,881

¹⁾ Of the Parent Company's pension costs, SEK 3,180 thousand (2,833) 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	2022	2021
Board members and senior executives	12,908	12,966
(of which bonuses) ¹⁾	(3,110)	(4,008)
Other employees	5,520	5,434
	18,428	18,400

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 71.

The guidelines are applied to employment contracts entered into after the 2020 Annual General Meeting (AGM) 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 1,850 thousand should be distributed with SEK 350 thousand payable to the Chairman 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 chairman. During 2022, SEK 170 thousand was carried as an expense for these tasks.

In 2022, the Group management consisted of CEO Lennart Persson and CFO Marie Ek Jonson. The CEO received salary and benefits totalling SEK 9,161 thousand (9,646), of which SEK 3,030 thousand (3,708) constitutes variable remuneration. Other senior executives received salary and benefits totalling SEK 2,137 thousand (2,254), of which

SEK 80 thousand (300) constitutes variable remuneration. At the 2020 AGM, it was decided to issue convertible bonds to employees, which also included the Group management. 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 30 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 2,595 thousand (2,286). Pension costs for other senior executives amounted to SEK 585 thousand (547).

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 six months by either party. In the event of notice on the part of the company, severance pay totalling six 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	2022	2021
Selling expenses	-2	-2
Administrative expenses	-13	-9
	-15	-11

DEPRECIATION BY CLASS OF ASSET	2022	2021
Equipment, tools, fixtures and fittings	-15	-11
	-15	-11

NOTE 5 Auditors' remuneration

	2022	2021
KPMG (P.Y. Ernst & Young)		
Audit assignment	-500	-384
Audit activities other than audit assignment	-	-74
Tax consultancy services	-	-19
Other services	-	-65
	-500	-542
Other auditors	-	-
Total	-500	-542

"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

	2022	2021
Lease fees recognised as expenses	915	916
Future minimum lease payments related to operating leases		
to be paid within 1 year	978	887
to be paid between 2 and 5 years	94	16

NOTE 7 Profit from participations in Group companies

	2022	2021
Dividends from Group companies	–	5,000
Impairment losses on shares in subsidiaries	-1,591	-1,376
Group contributions received	123,406	218,767
	121,815	222,391

NOTE 8 Interest income and similar profit/loss items

	2022	2021
Interest income, Group companies	14,170	6,267
Interest income, other	23,710	7,295
Exchange rate differences	12,110	2,464
	49,990	16,026

Other interest income includes a change in value of SEK 21,718 thousand (7,296) 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 9 Interest expense and similar profit/loss items

	2022	2021
Interest expense, Group companies	-3,835	-1,669
Interest expense, other	-15,640	-9,274
Exchange rate differences	-112	-7,692
	-19,587	-18,635

NOTE 10 Appropriations

	2022	2021
Change in excess depreciation	3	-7
Tax allocation reserve, change for the year	10,000	–
	10,003	-7

NOTE 11 Tax on profit for the year

	2022	2021
Current tax	-28,018	-46,953
	-28,018	-46,953

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

	2022		2021	
Reported profit before tax	154,152		228,631	
Tax according to current income tax rate	-31,755	21%	-47,098	21%
<i>Tax effect of</i>				
Non-deductible expenses	-1,300	1%	-2,287	1%
Tax-exempt dividends	–	–	1,030	0%
Other tax-exempt income	5,262	-4%	1,503	-1%
Standard income and deviating tax rate for tax allocation reserves	-225	0%	-101	0%
Reported tax	-28,018	18%	-46,953	21%

NOTE 12 Property, plant and equipment

EQUIPMENT, TOOLS, FIXTURES AND FITTINGS	2022	2021
Accumulated acquisition values		
Opening balance	1,314	1,271
New acquisitions	–	43
Closing balance	1,314	1,314
Accumulated scheduled depreciation		
Opening balance	-1,207	-1,196
Depreciation according to plan for the year	-15	-11
Closing balance	-1,222	-1,207
Closing residual value according to plan	92	107

NOTE 13 Participations in Group companies

	2022	2021
Accumulated acquisition values		
Opening balance	228,667	228,667
Acquisition of subsidiaries	–	–
Closing balance	228,667	228,667
Accumulated impairment costs		
Opening balance	-5,667	-4,291
Impairment losses for the year	-1,591	-1,376
Closing balance	-7,258	-5,667
Carrying amount	221,409	223,000

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%	27,567
Blowtech Group AB	556978-1205	Gnosjö, Sweden	1,000	100%	126,225
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
					221,409

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%
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 B.V.	13039933	Stramproy, The Netherlands	400	100%
CIM Industrial Systems A/S	24210022	Aarhus, Denmark	860,000	100%
Cipax AB	556065-7875	Norrtälje, 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%
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%
Lankamp Machines B.V. <i>under fusion</i>	06073690	Rijssen, The Netherlands	40	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%
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	14,286	24%
NPB Automation AB	556266-7948	Jönköping, Sweden	1,000	100%
NPB Automation USA Inc.	87-1409833	Chicago IL, USA	100	100%
Pelarsället 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 Automation B.V.	54154067	Zelhem, The Netherlands	100	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 Fastigheter Ljungarum AB	556202-5220	Jönköping, Sweden	2,796,000	100%

24 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 2022	1 Jan 2022
Class A shares	14,577,600	7,288,800
Class B shares	43,916,614	21,958,307
Total number of shares	58,494,214	29,247,107
Quotient value, SEK	0.625	1.25
Share capital, SEK	36,558,883.75	36,558,883.75

The total number of shares is 58,494,214, of which 509,132 was held by the company at year-end. The average number of outstanding shares during 2022 amounted to 57,985,082. 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 189,183,482 at year-end.

A 2:1 share split was carried out in June 2022.

On 1 October 2020, convertibles for a nominal value of SEK 69,998 thousand, corresponding to 1,147,512 class B shares in the event of full conversion, were issued.

The proposed dividend amounts to SEK 1.75 per share.

NOTE 15 Untaxed reserves

	2022	2021
Tax allocation reserve, allocated 2016	–	10,000
Tax allocation reserve, allocated 2017	29,000	29,000
Tax allocation reserve, allocated 2018	31,000	31,000
Tax allocation reserve, allocated 2019	28,000	28,000
	88,000	98,000
Accumulated excess depreciation	11	14
	88,011	98,014

Deferred tax liabilities represent SEK 19,194 thousand (21,395) of untaxed reserves.

NOTE 16 Liabilities

	2022	2021
NON-CURRENT LIABILITIES		
Maturity date between one and five years after closing day	250,000	185,876
Maturity date more than five years after closing day	–	–
	250,000	185,876
CURRENT LIABILITIES	68,234	–
Total interest-bearing liabilities	318,234	185,876

BANK OVERDRAFT FACILITIES	2022	2021
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 1,197 million (419) on the closing day.

The company has an outstanding convertible loan reported at SEK 68,234 thousand (65,876). The nominal value for the outstanding loan is SEK 69,998 thousand. The convertible loan runs 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 can be redeemed against class B shares at a conversion rate of SEK 61.00. (Change due to 2:1 share split.) 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 3,945 thousand (3,583). For the outstanding convertible loan, the interest expense corresponds to 5.6 per cent of the actual liability.

Derivative instruments totalling SEK – thousand (5,885) are included in current liabilities. The item relates to interest rate swaps and currency derivatives measured at their fair value. The year's change in value is reported among financial items in the income statement, see Note 8.

Cash and bank deposits include the balance in the bank overdraft facilities, Group currency accounts, amounting to SEK 21,716 thousand (155,023).

NOTE 17 Pledged assets

	2022	2021
Shares in subsidiaries	183,802	217,501
	183,802	217,501

NOTE 18 Contingent liabilities

	2022	2021
Guarantees in favour of subsidiaries	718,626	887,307
	718,626	887,307

NOTE 19 Cash flow**INTEREST**

Interest paid amounted to SEK 16,437 thousand (8,908) and interest received SEK 15,412 thousand (6,286).

LIQUID ASSETS	2022	2021
Cash and bank balances	21,716	155,023
Current investments	5	5
Amount at year-end	21,721	155,028

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 80–82.

NOTE 21 Proposal for the appropriation of profits

The Board of Directors and the CEO propose that the surplus be distributed as follows:

	2022	2021
Payment of a cash dividend of SEK 1.75 (1.75) per share to shareholders, calculated on 57,985,082 shares (57,985,082)	101,474	101,474
To be carried forward	352,930	328,270
	454,404	429,744

After deduction for the company's own holding, the number of outstanding shares is 57,985,082 at present. The previous year's number has been adjusted due to the 2:1 share split carried out in June 2022.

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 2022 have been approved for publication by the Board of Directors.

The financial statements will be presented to the Annual General Meeting on 11 May 2023 for adoption.

Jönköping, 30 March 2023

Fredrik Rapp
Chair of the Board

Anna Benjamin
Vice Chair of the Board

Petter Fägersten
Board member

Eva-Lotta Kraft
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 3 April 2023.

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 2022. The annual accounts and consolidated accounts of the company are included on pages 56-95 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 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. 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 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.

Other matter

The audit of the annual accounts for year 2021 was performed by another auditor who submitted an auditor's report dated 7 April 2022, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

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 disclosure 2 and 15 and accounting principles on page 67 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

As at 31 december 2022, recorded value of goodwill amounts to SEK 968 million (963) 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 are complex and is 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 analyzes 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 disclosure 2 and 4 and accounting principles on page 66 in the annual account 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 2022 amounts to SEK 3,509 million (3,151). Of the group's revenue from sales for 2022, SEK 1,336 million (1,176) 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 1-55, 99-100 and 106-112. 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 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 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the 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 organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The 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 fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the 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 2022.

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 ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated 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 12 May 2022. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 12 May 2022.

Jönköping den 3 april 2023

KPMG AB

Olle Nilsson
Auktoriserad revisor

Disclosure of KPIs according to the EU Taxonomy

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022 *

				Substantial contribution criteria						DNSH criteria for ('Does Not Significantly Harm')											
		Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year 2022 (18)	Taxonomy-aligned proportion of turnover, year 2021 (19)	Category (enabling activity or) (20)	Category 'transitional activity)' (21)	
Economic activities (1)	Code(s) (2)	TSEK	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	%	Enabling	Transitional	
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				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Construction, extension and operation of water collection, treatment and supply systems	5.1	2,564	0.1																		
Data-driven solutions for GHG emissions reductions	8.2	,014	0.2																		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		10,578	0.3																		
Total (A.1 + A.2)		10,578	0.3														0.0				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
Turnover of Taxonomy-non-eligible activities (B)		3,498,128	99.7																		
Total (A + B)		3,508,706	100.0																		

* Total turnover refers to the Group's net revenue for 2022. Taxonomy-eligible revenues relate to product solutions for water collection and purification and software for reducing fuel consumption in ships. In the tables above, reported revenues for taxonomy-eligible activities are linked to two separate legal entities with isolated accounts, whereby double counting can be excluded.

**Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities
– disclosure covering year 2022 ****

				Substantial contribution criteria							DNSH criteria for ('Does Not Significantly Harm')											
Economic activities (1)	Codes (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx, year 2022 (18)	Taxonomy-aligned proportion of CapEx, year 2021 (19)	Category (enabling activity or) (20)	Category 'transitional activity' (21)		
		TSEK	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	%	Enabling	Transitional		
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					
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																						
Construction, extension and operation of water collection, treatment and supply systems	5.1	0	0.0																			
Data-driven solutions for GHG emissions reductions	8.2	0	0.0																			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0.0																			
Total (A.1 + A.2)		0	0.0														0.0					
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																						
CapEx of Taxonomy-non-eligible activities (B)		144,696	100.0																			
Totalt (A + B)		144,696	100.0																			

**Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities
– disclosure covering year 2022 ****

				Substantial contribution criteria							DNSH criteria for ('Does Not Significantly Harm')							Minimum safeguards (17)		Taxonomy-aligned proportion of OpEx, year 2022 (18)	Taxonomy-aligned proportion of OpEx, year 2021 (19)	Category (enabling activity or) (20)	Category 'transitional activity' (21)
Economic activities (1)	Code(s) (2)	Absolute OpEx (3) TSEK	Proportion of OpEx (4) %	Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Yes/No	Climate change adaptation (12) Yes/No	Water and marine resources (13) Yes/No	Circular economy (14) Yes/No	Pollution (15) Yes/No	Biodiversity and ecosystems (16) Yes/No	Minimum safeguards (17) Yes/No		%	%	Enabling	Transitional		
A. TAXONOMY-ELIGIBLE ACTIVITIES																							
A.1. Environmentally sustainable activities (Taxonomy-aligned)																							
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		–	–																				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																							
Construction, extension and operation of water collection, treatment and supply systems		–	–																				
Data-driven solutions for GHG emissions reductions		–	–																				
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		–	–																				
Total (A.1 + A.2)		–	–																				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																							
OpEx of Taxonomy-non-eligible activities (B)		–	–																				
Total (A + B)		–	–																				

** XANO currently lacks detailed data to be able to calculate capital expenditure and operating expenditure in accordance with the EU taxonomy. The reason is that the Group's accounting systems currently do not support full reporting in accordance with the EU taxonomy. All capital expenditure has been assumed to be attributable to taxonomy-non-eligible economic activities. There is no basis for reporting total operating expenditure.

Corporate governance report 2022

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 2020. www.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

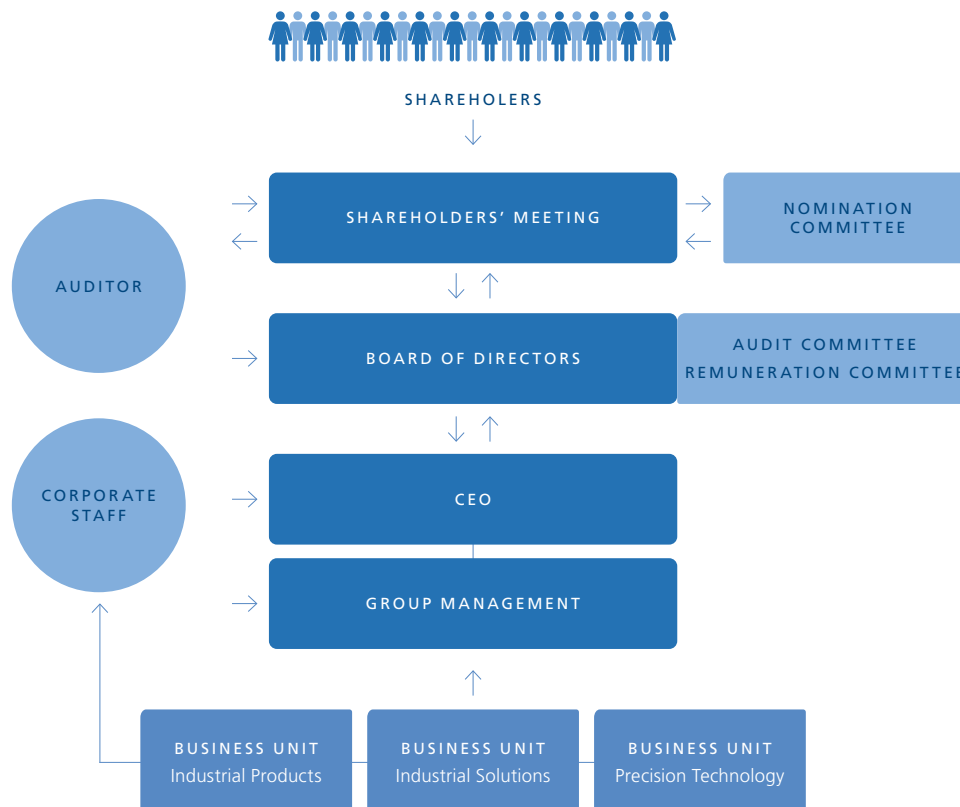
XANO Industri AB (publ) is a Swedish public limited company whose overall goal is to generate long-term value for its shareholders and other stakeholders.

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 Rulebook 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 2022, there were 6,192 shareholders in XANO, of which 5,899 were physical persons representing 14.0 per cent of the votes and 35.7 per cent of the capital. Institutional holdings constituted 4.2 per cent of the votes and 13.6 per cent of the share capital. The 10 largest shareholders accounted for 93.8 per cent of the votes and 80.0 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 57.2 per cent of the votes and 27.6 per cent of the capital. Pomona-gruppen AB held 29.4 per cent of the votes and 28.8 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 2022

XANO's 2022 AGM was held on Thursday 12 May. 48 shareholders representing 94 per cent of the votes and 79 per cent of the number of outstanding shares participated in the meeting. The following key decisions were made:

- » Cash dividends of SEK 3.50 per share.
- » Re-election of Board members Fredrik Rapp, Petter Fägersten, Eva-Lotta Kraft, Per Rodert and Anna Benjamin and new election of Jennie Hammer Viskari and Pontus Cornelius. Re-election of Fredrik Rapp as Chairman 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 2023 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.
- » Changes to the Articles of Association.
- » Share split 2:1.

ANNUAL GENERAL MEETING 2023

XANO's 2023 AGM will take place on Thursday 11 May at 4 pm in Jönköping. Further information can be found on page 108 of the annual report for 2022 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 2022 AGM decided that there should be seven members. The Board of Directors currently consists of Fredrik Rapp (Chairman), Petter Fägersten, Eva-Lotta Kraft, 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 eight meetings during the 2022 financial year. 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 2022 included the following main items:

No. 1 – 10 February (digital)

Year-end report 2021, report from audit committee, the auditor's report of the general observations arising from the audit of the 2021 financial statements.

No. 2 – 10 March (digital)

Consequences on Group operations due to Russia's invasion of Ukraine.

No. 3 – 5 May

Interim report 3 months, revised forecast for 2022, report from the remuneration committee, prerequisites prior to the AGM.

No. 4 – 5 May

Financing issues.

No. 5 – 12 July (digital)

Interim report 6 months.

No. 6 – 28–29 September

Group strategy, revised forecast for 2022, visit at and deeper information on Cipax Estonia, business unit strategies.

No. 7 – 27 October

Interim report 9 months, visit at and deeper information on Lasertech and the Precision Technology business unit.

No. 8 – 15 December

Budget for 2023, 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, Eva-Lotta Kraft 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 the company management. The remuneration committee at XANO also has the task of dealing with issues relating to remuneration and other employment conditions for the managing directors of other companies in the Group.

XANO's remuneration committee comprises the Chairman of the Board Fredrik Rapp (also Committee Chairman) 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 2022, 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 tasked with the preparation of decisions to be made by the meeting concerning appointment matters, with the aim of establishing a sound basis for consideration of such matters. 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 2022 AGM composed of Ulf Hedlundh as chairman, along with Stig-Olof Simonsson and Anna Benjamin. The task of the committee prior to the 2023 AGM is to nominate a Chairman of the Board and other Board members, auditor, a chairman 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 Chairman of the Board. The nomination committee has so far held three meetings prior to its proposal to the 2023 AGM, the decisions of which have been summarised in a decision report. 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 2022 for the term of office up until the AGM in 2022. 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.

COMPOSITION OF THE BOARD OF DIRECTORS AND COMMITTEES AS OF 31 DECEMBER 2022

Name	Elected	Board function	Independent in relation to the company and company management	Independent in relation to major shareholders	Participation in Board meetings 2022	Participation in Remuneration Committee meetings 2022	Participation in Audit Committee meetings 2022 ³⁾	Board fee including committee remuneration, SEK
Fredrik Rapp	2004	Chair	Yes	No ¹⁾	7 (8)	1 (1)	–	370,000
Anna Benjamin	2016	Vice Chair	Yes	No ¹⁾	8 (8)	–	1 (1)	280,000
Pontus Cornelius	2022	Board member	Yes	Yes	4 (4) ²⁾	–	–	250,000
Petter Fägersten	2011	Board member	Yes	No ¹⁾	8 (8)	1 (1)	–	270,000
Jennie Hammer Viskari	2022	Board member	Yes	Yes	4 (4) ²⁾	– (1) ²⁾	–	270,000
Eva-Lotta Kraft	2012	Board member	Yes	Yes	7 (8)	–	1 (1)	280,000
Per Rodert	2013	Board member	Yes	Yes	8 (8)	–	1 (1)	300,000
								2,020,000

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⁾ Pontus Cornelius and Jennie Hammer Viskari were appointed by the Annual General Meeting in May 2022.

³⁾ 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.

More information on the Board members and company management is given on pages 106–107.

DEVIATIONS FROM THE CODE

There are no deviations to report for 2022.

PRINCIPLES FOR THE REMUNERATION OF SENIOR EXECUTIVES, INCENTIVE SCHEMES, ETC.

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 71. 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 different 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 manage-

ment. 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 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 2021 and 2022, internal control work principally related to information security and GDPR. In addition, IT security training and vulnerability testing of our systems are carried out.

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 2023.

Jönköping, 30 March 2023

Fredrik Rapp
Chair of the Board

Anna Benjamin
Vice Chair of the Board

Petter Fägersten
Board member

Eva-Lotta Kraft
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 2022 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

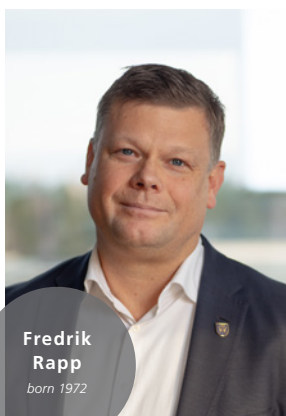
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance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

Jönköping, 3 April 2023

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 och 5,902,400 class B shares.



Jennie Hammer Viskari
born 1981

Board member elected 2022.
Principal education Graduate engineer, MBA.
Principal professional experience Senior positions within Veoneer/Autoliv.
Other directorships Member of the board of Veoneer Sweden 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, Skanditape AB, Övre Kullen AB.
Shareholding in XANO 1,220,800 class B shares.



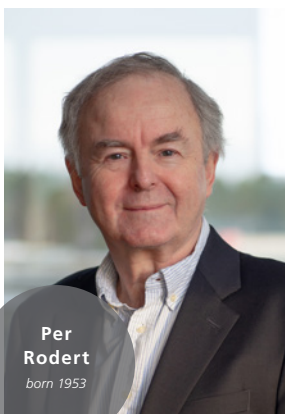
Eva-Lotta Kraft
born 1951

Board member elected 2012.
Principal education Graduate engineer, MBA.
Principal professional experience Manager Alfa Laval and Siemens-Elementa, Strategy and Marketing Director FOI.
Other directorships Member of the board of Försvarshögskolan.
Shareholding in XANO 8,896 class B shares.



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.
Shareholding in XANO –



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. Member of the boards of GMA AB, Gräsvårdsmaskiner AB, INEV AB, Jönköping Business Development AB, Lanab Group AB, Sport Competence AB, Sulkysport AB, Viking Bed AB, Walker Sweden AB.
Shareholding in XANO –

Details concerning the number of shares refer to holdings on 31 December 2022 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 Engineering graduate.

Principal professional experience CIO Eldon Vasa, Business Controller ITAB, Managing Director ITAB Kaluste and ITAB Plast.

Shareholding in XANO 408,000 class B shares.

Convertible holding in XANO nom. SEK 5,144,862 corresponding to 84,342 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 96,000 class B shares

Convertible holding in XANO nom. SEK 3,422,100 corresponding to 56,100 class B shares.

Auditor

KPMG AB

Auditor in charge

Olle Nilsson

born 1975

Authorised public accountant

Shareholder information

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 4 pm on Thursday 11 May 2023 in Jönköping.

Shareholders wishing to participate in the Annual General Meeting must be registered in the shareholders register maintained by Euroclear Sweden AB on 3 May 2023, 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 allocate a dividend of SEK 1.75 per share for the 2022 financial year. If the AGM approves the proposal, it is proposed that the dividend be paid in two instalments according to the following. SEK 1.00 with record date 15 May 2023 and payment date 19 May 2023. SEK 0.75 with record date 14 November 2023 and payment date 17 November 2023.

VALBEREDNING

A nomination committee was appointed at the 2022 AGM consisting of Ulf Hedlundh (Chairman), Stig-Olof Simonsson and Anna Benjamin. The task of this committee prior to the 2023 AGM is to nominate a Chairman of the Board and other Board members, auditor, a chairman for the AGM and to propose fees for the Board and auditors.

FINANCIAL CALENDAR

2 May

Interim report 1 January–31 March 2023

11 July

Interim report 1 January–30 June 2023

26 October

Interim report 1 January–30 September 2023

8 February

Year-end report 2023

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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