

YEAR-END REPORT 2021



THE FULL YEAR

- Net revenue totalled SEK 3,151 million (2,239)
- Operating profit amounted to SEK 453 million (274)
- Profit before tax amounted to SEK 433 million (251)
- Profit after tax amounted to SEK 342 million (195)
- Earnings per share were SEK 11.80 (6.86)
- Proposed dividend per share SEK 3.50 (2.50)
- Proposed share split 2:1

Important events during the period

- Acquisition of CPS in the Netherlands
- Acquisition of CIM in Denmark
- Acquisition of PRM in the Netherlands

THE FOURTH QUARTER

- Net revenue totalled SEK 883 million (630)
- Operating profit amounted to SEK 114 million (83)
- Profit before tax amounted to SEK 107 million (76)
- Profit after tax amounted to SEK 88 million (60)
- Earnings per share were SEK 3.02 (2.09)

SUMMARY OF THE 2021 FINANCIAL YEAR

Net revenue, SEK m	3,151	(2,239)
Net profit for the period, SEK m	342	(195)
Earnings per share, SEK	11.80	(6.86)
Profit margin, %	13.8	(11.2)

CEO'S COMMENTS ON THE GROUP'S DEVELOPMENT DURING THE PERIOD

**THE GROUP**

We are able to summarise yet another year as our strongest to date. Through the expansion of existing operations and the acquisition of new businesses, we can report a 40 per cent increase in turnover compared to last year as well as stronger margins overall. Versatile operations with dedicated, conscientious employees have once again demonstrated that challenges can be turned into opportunities. We have managed to keep up with deliveries and maintain a high standard of quality, despite the challenging circumstances. Thanks to the constant development and improvement of our proprietary products and solutions, sales have continued to grow steadily, which has had a positive impact on profitability. All of our business units are performing well, but there are still areas that could be improved.

During the concluding quarter, growth stood at 40 per cent in relation to the corresponding period 2020. The newly added companies contributed to a high extent, but we also saw a good organic expansion totalling 19 per cent. Operating profit rose by 37 per cent, generating an operating margin of 12.9 per cent.

Compared to last year, 2021 full-year revenue rose by 41 per cent, of which 25 per cent was organic growth. Operating profit improved by 66 per cent and the operating margin improved from 12.2 to 14.4 per cent. The profit margin was 13.8 per cent (11.2). The profit figure for 2021 includes non-recurring items of SEK 8 million in respect of the payment of funds for collective AGS insurance. Excluding non-recurring items, the operating margin amounted to 14.1 per cent (12.2) and the profit margin to 13.5 per cent (11.2).

THE INDUSTRIAL PRODUCTS BUSINESS UNIT

Within the Industrial Products business unit, sales rose by 28 per cent, of which 4 per cent related to business combinations. Operating profit increased by 26 per cent in relation to last year.

The business unit reports significant growth this year, particularly in the area of proprietary products where the range is constantly being developed and expanded, with an increasing focus on sustainability. The acquisition of PRM has further bolstered the business unit's sustainability profile, thanks to their capacity for



recycling and reusing plastic materials. It also provides the business unit with an important competitive advantage, as more and more customers are requesting products and solutions that will help them reduce their carbon footprint. Project delays and production shutdowns in the automotive industry, caused by a lack of parts and materials, has been a challenge for some of our companies. Nevertheless, careful financial planning and a favourable production mix overall has ensured profitability remaining at a good level.

THE INDUSTRIAL SOLUTIONS BUSINESS UNIT

Sales within the Industrial Solutions business unit rose by 41 per cent, of which 16 per cent related to business combinations. Operating profit improved by 66 per cent compared to last year.

A high influx of project-based assignments and well-executed deliveries throughout the year, generated a healthy result for the business unit. As restrictions were gradually lifted, more installations and service assignments could also be carried out as planned. Collaboration within the business unit further intensified as a result of new project assignments involving several sister companies. Marketing efforts in North America picked up towards the end of the year, after previously having been hampered by widespread restrictions. The pandemic has continued to impact the business unit when it comes to things like staff absences and component shortages at supplier level.

THE PRECISION TECHNOLOGY BUSINESS UNIT

The operations within the Precision Technology business unit reported 60 per cent higher sales, of which 29 per cent related to business combinations. Operating profit surpassed the outcome of last year by 105 per cent.

Increased volumes can mostly be attributed to developments in the MedTech industry, which is a dominant segment within the business unit. Our companies reacted quickly to business opportunities as they arose and, as a result, exceeded all expectations. Developments in the various other segments were mixed and, during the latter part of the year, customers in several sectors were affected by an increasingly widespread component shortage. The companies in the business unit managed to reduce the impact of

these developments through wise investments and a high degree of flexibility, and continued to demonstrate healthy growth and profitability.

FUTURE DEVELOPMENT

The Group's positive result for 2021 has reinforced our already solid financial position. The volume of incoming orders has continued to rise over an extended period of time and as we enter 2022, our backlog of orders is significantly higher than it was at the same time last year. This is an indication of a positive market development in the foreseeable future. There are however a few distinct challenges. Firstly, we consider the current global shortage of materials and components to be somewhat of a concern. Sustained delays in the delivery of intermediate goods would lead to higher costs and protracted lead times. In the wake of the pandemic, there are a few lingering repercussions that continue to restrict certain operations, not least another increase in staff absences as a result of Covid.

As I mentioned earlier, however, we have demonstrated that we can turn challenges into opportunities and our long-term plans remain the same. Through focused ongoing strategic work, we have managed to advance our market positions. Our most recent acquisitions complement our existing operations well and, in some cases, bring something completely new into the mix. Things like access to related customers and market segments, as well as niche engineering expertise providing additional business opportunities. In order to take advantage of the benefits each acquisition entails, we have focused our investments on marketing activities and increasing our capacity. These activities have increased our expenditures in the short term, but in the long term we are expanding our platform for further development. Our plans for the future also include further acquisitions. We are constantly evaluating potential acquisitions that can strengthen our business and complement the Group's existing operations.

Lennart Persson

President and CEO

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.



INTRODUCING PRM

PRM is a technical rotational-moulding company located in Rijssen, the Netherlands. It has a strong focus on quality, flexibility and sustainable solutions. With more than 30 years of experience in the business, PRM adds specialist expertise and also strengthens our market position within the Industrial Products business unit.



HIGH-LEVEL ROTATIONAL MOULDING

PRM's operations include the development and manufacturing of products and systems through rotational moulding of polymer materials. The company possesses Europe's largest moulding machine. Sales are made to leading European companies covering sectors such as infrastructure, agriculture and offshore.

SUSTAINABLE PRODUCTION

An important area for future coordination activities is sustainable production. As one of the few companies in the rotational moulding industry, PRM has the capacity and complete resources for its own recycling of high-quality raw materials. The acquisition means that the Industrial Products business unit's ongoing work with the development of sustainable solutions for recycling and reuse of plastic materials takes another step forward.

PRM has 54 employees and a turnover of approx. EUR 11 million with good profitability.



INDUSTRIAL PRODUCTS

Q1-Q4 2021 vs Q1-Q4 2020: Sales rose by 28 per cent, of which 4 per cent related to business combinations. Operating profit improved by 26 per cent.

		2021 Q1-Q4	2020 Q1-Q4
Net sales	SEK m	703	551
Operating profit	SEK m	95	76
– of which non-recurring items		1	–
Operating margin	%	13.6	13.8

PRM is included as from 1 November 2021.

Operations within the Industrial Products business unit 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.

INDUSTRIAL SOLUTIONS

Q1-Q4 2021 vs Q1-Q4 2020: Sales rose by 41 per cent, of which 16 per cent related to business combinations. Operating profit improved by 66 per cent.

		2021 Q1-Q4	2020 Q1-Q4
Net sales	SEK m	1,898	1,345
Operating profit	SEK m	282	170
– of which non-recurring items		4	–
Operating margin	%	14.8	12.6

CPS and CIM are included as from 31 May 2021.

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 comprise industrial end-to-end production software solutions as well as contract assignments for advanced industrial products in small and medium-sized production runs.

PRECISION TECHNOLOGY

Q1-Q4 2021 vs Q1-Q4 2020: Sales rose by 60 per cent, of which 29 per cent related to business combinations. Operating profit improved by 105 per cent.

		2021 Q1-Q4	2020 Q1-Q4
Net sales	SEK m	552	345
Operating profit	SEK m	115	56
– of which non-recurring items		3	–
Operating margin	%	20.9	16.3

Modelltechnik is included as from 2 November 2020. Lasertech is included as from 1 December 2020.

Operations within the Precision Technology business unit cover component and system manufacture using advanced cutting processes, laser welding and 3D printing for the production of parts involving demanding quality and precision requirements.

FINANCIAL DISCLOSURES AND OTHER INFORMATION

GENERAL INFORMATION

All amounts are reported in millions of Swedish kronor and relate to the Group, unless otherwise indicated. Amounts in brackets refer to the corresponding period last year.

REVENUE AND PROFIT

The full year

Net revenue totalled SEK 3,151 million (2,239). Operating profit amounted to SEK 453 million (274), corresponding to an operating margin of 14.4 per cent (12.2). Profit before tax was SEK 433 million (251). The profit includes non-recurring items totalling SEK 8 million, see also Note 2.

The fourth quarter

Net revenue totalled SEK 883 million (630). Operating profit amounted to SEK 114 million (83), corresponding to an operating margin of 12.9 per cent (13.2). Profit before tax was SEK 107 million (76).

SHARE DATA AND KEY FIGURES

The full year

Basic earnings per share were SEK 11.80 (6.86). Equity per share was SEK 46.25 (36.25). The average number of outstanding shares was 28,992,541 during the period. The equity/assets ratio was 38 per cent (42) at the end of the period. The average number of employees was 1,245 (1,055).

IMPORTANT EVENTS DURING THE PERIOD

The Coronavirus pandemic has continued to have only limited negative consequences for the Group. Local restrictions have led to occasional instances of delays in the completion of projects. No major disruptions have been experienced regarding material supplies, and our delivery capacity is still good.

On 19 May, PiWi Beheer B.V. with subsidiaries, located in Stamproy, The Netherlands were acquired. The operations, which are mainly conducted within the subsidiary Case Packing Systems B.V. (CPS), include the development and manufacturing of systems for fully automated handling primarily of food packaging. Sales take place globally with Europe as the main market. CPS' solutions adjoin and complement existing operations within the XANO Industrial Solutions business unit. The acquisition adds additional technical expertise and access to new market segments. With common resources, the business unit's companies have the opportunity to offer the market more complete solutions and capacity to carry out extensive automation assignments and hereby achieve further coordination benefits. The purchase sum, paid in cash, totals EUR 31 million on a debt free basis. Turnover totals approx. EUR 25 million with an EBITDA margin of 20 per cent. The number

of employees is 70. The acquired units are expected to contribute SEK 1.20 in earnings per share on a yearly basis. Consolidation is effective as from 31 May 2021.

On 31 May, CIM Industrial Systems A/S with subsidiary, located in Aarhus, Copenhagen and Fredericia, Denmark were acquired. CIM is a leading production software specialist. Based on own frameworks and products, CIM provides end-to-end production software solutions within Industrial IoT, Track & Trace/Serialisation, Machine Vision and Test & Measurement, as well as related custom work. CIM's solutions enable their customers to make business critical decisions based on reliable data. Customers include blue-chip pharmaceutical and infrastructure companies. CIM employs approx. 50 people, of which the majority has an engineering background. Sales totals DKK 65 million. CIM's industrial software products and development resources will complement and complete existing automation operations within the XANO Industrial Solutions business unit. The acquisition adds technical software expertise and brings access to new market segments. There are positive development opportunities for the business concept internationally and many of CIM's services are directly applicable to the proprietary systems within the business unit. With common resources, the business unit's companies now have the potential to provide complete turnkey solutions with its own added software intelligence and with that the strength to carry out extensive and complex automation assignments. CIM's products and services may also be offered to customer in the Group's other business units. Consolidation is effective as from 31 May 2021. The acquired units are expected to have a marginal positive impact on XANO's earnings per share.

On 12 November, Tussenholding Lankamp B.V. with subsidiaries, located in Rijssen, the Netherlands, were acquired. The operations, which are mainly conducted within the subsidiary PRM Kunststoffen B.V. (PRM), include the development and manufacturing of products and systems through rotational moulding of polymer materials. The company possesses Europe's largest moulding machine. Sales are made to leading companies in Europe, with the Netherlands and Germany as primary markets. PRM has 54 employees and a turnover of approx. EUR 11 million with good profitability. PRM complements existing operations within XANO's business unit Industrial Products. An important area for future coordination activities is sustainable production. As one of the few companies in the rotational moulding industry, PRM has the capacity and complete resources for its own recycling of high-quality plastic raw materials. The acquisition means that the business unit's ongoing work with the development of sustainable solutions for recycling and reuse of plastic materials takes another step forward. PRM also brings additional expertise

and strengthens the business unit's market presence in Northern Europe. The acquisition creates a good base for manufacturing and marketing of the company's own industry and infrastructure product segments in the European market. Coordination advantages can be achieved by the business unit's companies with common resources having the opportunity to offer both expanded capacity and greater proximity to leading customers. Consolidation is effective as from 1 November 2021. The acquired units are expected to have a marginal positive impact on XANO's earnings per share.

EVENTS AFTER THE END OF THE PERIOD

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

INVESTMENTS

The full year

Net investments in non-current assets came to SEK 598 million (166), of which SEK 468 million related to business combinations, SEK 2 million to intangible non-current assets, SEK 26 million to real estate, SEK 61 million to machinery and equipment, SEK 3 million to financial assets and SEK 38 million to right-of-use assets.

The fourth quarter

Net investments in non-current assets came to SEK 119 million (127), of which SEK 65 million related to business combinations, SEK 1 million to intangible non-current assets, SEK 15 million to real estate, SEK 25 million to machinery and equipment, SEK 2 million to financial assets and SEK 11 million to right-of-use assets.

CASH FLOW AND LIQUIDITY

The full year

Cash flow from operating activities amounted to SEK 353 million (402). Despite a higher profit level, the cash flow was weaker than the previous year. Increased working capital, principally in respect of inventories and accounts receivable, had a negative impact on cash flow in 2021.

Liquid assets, including lines of credit granted but not utilised, totalled SEK 740 million (784) 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 at short notice. The ongoing Coronavirus 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.

A statement on the Group's other main financial and operational risks can be found on pages 79–80 of the annual report for 2020.

RELATED PARTY TRANSACTIONS

During the year, no transactions have been conducted between XANO and related parties that have significantly affected the Group's financial performance and position.

PROPOSED DIVIDEND

The Board of Directors proposes that the Annual General Meeting allocates a dividend of SEK 3.50 (2.50) per share, totalling SEK 101.5 million (72.5) based on the current number of outstanding shares. The proposed dividend represents approx. 30 per cent (37) of net profit for the period.

SHARE SPLIT

The Board of Directors is proposing that the Annual General Meeting should decide on increasing the number of shares by means of each existing share being split into two shares (share split 2:1). If the AGM decides in accordance with the proposal, the split will be effected before the end of June 2022.

AUTHORISATION FOR REPURCHASE OF OWN SHARES

The Board of Directors proposes that the Annual General Meeting renew the Board's authorisation to decide on the repurchase of the company's own shares. Such a mandate would authorise the Board to make decisions regarding the repurchase of the company's shares during the period until the next Annual General Meeting.

Any such repurchase could be effected both via the stock market and by offers to the shareholders. The proposal is that the mandate to the Board should also include the scope for assigning repurchased shares within the constraints of relevant legislation.

AUTHORISATION FOR A NEW SHARE ISSUE

The Board of Directors proposes that the Annual General Meeting renew 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 entail the Board being able to make a decision on a new share issue during the period until the next Annual General Meeting.

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.

ANNUAL GENERAL MEETING 2022

The upcoming AGM will take place in Jönköping on Thursday 12 May 2022.

At the AGM on 3 June 2021, a Nomination Committee consisting of Ulf Hedlundh (Chairman), Stig-Olof Simonsson and Anna Benjamin was appointed. The task of this committee prior to the 2022 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 and auditors.

Shareholders wishing to have an issue dealt with at the AGM must have submitted such a request in writing to the company no later than 24 March 2022 in order for the issue to be included in the notice. The request must be sent to the company at the address: XANO Industri AB, Att. AGM 2022, Industrigatan 14 B, SE-553 02 Jönköping, or by email to ir@xano.se with "AGM 2022" as the subject.

The annual report for 2021 (in Swedish) will be available in week 15, as a printed version from the head office and in digital format on the website www.xano.se. The annual report is distributed to those shareholders who have actively notified the company that they wish to receive a copy.

NEXT REPORT DATE

The interim report for the period 1 January to 31 March 2022 will be presented on Thursday 5 May 2022.

The undersigned declare that the year-end report provides an accurate summary of the Parent Company's and the Group's activities, position and results. It also describes significant risks and uncertainty factors faced by the Parent Company and the companies that form the Group.

Jönköping, 10 February 2022

Fredrik Rapp
Chairman

Anna Benjamin
Vice Chairman

Petter Fägersten
Board member

Eva-Lotta Kraft
Board member

Per Rodert
Board member

Lennart Persson
CEO

This report has not been reviewed by the company's auditor.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SUMMARY, SEK million)	Note	2021	2020	2021	2020
		3 mths Oct-Dec	3 mths Oct-Dec	12 mths Jan-Dec	12 mths Jan-Dec
Net revenue	3	883	630	3,151	2,239
Cost of goods sold		-673	-474	-2,375	-1,709
Gross profit		210	156	776	530
Selling expenses		-61	-45	-209	-161
Administrative expenses		-39	-26	-127	-90
Other operating income	2	9	7	26	19
Other operating expenses		-5	-9	-13	-24
Profit from participations in associated companies		0	0	0	0
Operating profit		114	83	453	274
Financial income		4	5	12	8
Financial expenses		-11	-12	-32	-31
Profit before tax	3	107	76	433	251
Tax	4	-19	-16	-91	-56
Net profit for the period	9	88	60	342	195
<i>– of which attributable to shareholders of the Parent Company</i>		<i>88</i>	<i>60</i>	<i>342</i>	<i>195</i>
OTHER COMPREHENSIVE INCOME					
<i>Items that may be reclassified to net profit for the period</i>					
Change in hedging reserve including tax	5	1	5	1	4
Translation differences	5	6	-12	19	-18
Other comprehensive income		7	-7	20	-14
Comprehensive income for the period		95	53	362	181
<i>– of which attributable to shareholders of the Parent Company</i>		<i>95</i>	<i>53</i>	<i>362</i>	<i>181</i>
Basic earnings per share, SEK	6	3.02	2.09	11.80	6.86
Diluted earnings per share, SEK	6	2.99	2.08	11.69	6.76

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		2021	2020
(SUMMARY, SEK million)	Note	31 Dec	31 Dec
ASSETS			
Goodwill		963	626
Other intangible non-current assets		74	38
Property, plant and equipment		639	547
Right-of-use assets		151	111
Other non-current assets		6	3
<i>Total non-current assets</i>		<i>1,833</i>	<i>1,325</i>
Inventories		476	310
Current receivables	7	840	484
Cash and cash equivalents		346	367
<i>Total current assets</i>		<i>1,662</i>	<i>1,161</i>
TOTAL ASSETS		3,495	2,486
EQUITY AND LIABILITIES			
Equity		1,341	1,051
Non-current liabilities		847	790
Current liabilities	8	1,307	645
TOTAL EQUITY AND LIABILITIES		3,495	2,486

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SUMMARY, SEK million)	2021 31 Dec	2020 31 Dec
Opening balance	1,051	800
Net profit for the period	342	195
Other comprehensive income	20	-14
Comprehensive income for the period	362	181
Conversion of personnel convertibles	–	58
Effects of convertible loan issued	–	7
Transfer of own shares	–	5
Cash dividends paid	-72	–
Total transactions with shareholders	-72	70
Closing balance	1,341	1,051
– of which attributable to shareholders of the Parent Company	1,341	1,051

CONSOLIDATED CASH FLOW STATEMENT (SUMMARY, SEK million)	Note	2021 12 mths Jan-Dec	2020 12 mths Jan-Dec
Operating profit		453	274
Interest and income tax paid/received and adjustments for non-cash items		19	44
Change in working capital		-119	84
Cash flow from operating activities		353	402
Investments			
Acquisitions of subsidiaries	9	-467	-68
Other		-91	-75
Cash flow after investments		-205	259
Cash dividends paid		-72	–
Cash flow from other financing activities		252	38
Cash flow for the period		-25	297
Cash and cash equivalents at the start of the period		367	82
Exchange rate differences in cash and cash equivalents		4	-12
Cash and cash equivalents at the end of the period		346	367

NOTES, GROUP

■ NOTE 1 ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable regulations of the Swedish Annual Accounts Act. The Group and the Parent Company apply the same accounting policies as described in the annual report for 2020 with the exceptions of new or revised standards, interpretations and improvements, which are applied as from 1 January 2021. The critical assessments and the sources of estimates when preparing this interim report are the same as in the most recent annual report.

The Group has received government support to cover e.g. temporary layoff costs, sick pay, social security contributions and pension costs, in order to reduce the financial effects of the pandemic. When it is reasonably certain that this support is being received, this is recognised as a reduction in costs under each function during the period in which the costs arise. Received and anticipated support amounts to SEK 1 million (21) for the full year. The amount for 2021 includes support to cover sick pay costs totalling SEK 2 million and repayment of support for temporary layoffs totalling SEK -1 million relating to the previous year.

■ NOTE 2 OTHER OPERATING INCOME

The amounts reported in the full year include non-recurring items of SEK 8 million (–) in respect of the payment of funds for collective AGS insurance via Fora. This payment is based on previous repayments of AGS premiums for the period 2004-2008.

■ NOTE 3

NET REVENUE AND PROFIT/LOSS BEFORE TAX

Net revenue refers to revenue from contracts with customers. The information on segments is provided from the management's perspective, which means that reporting 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 4–5. The segments are reported in accordance with the same accounting policies as the Group. Market conditions are applied to transactions between the segments.

NET REVENUE AND BREAKDOWN OF INCOME BY SEGMENT (SEK million)	2021 3 mths Oct-Dec	2020 3 mths Oct-Dec	2021 12 mths Jan-Dec	2020 12 mths Jan-Dec
INDUSTRIAL PRODUCTS	198	149	703	551
Breakdown by geographic market ¹⁾				
Sweden	63	57	231	187
Rest of the Nordic countries	37	30	164	134
Rest of Europe	97	60	302	225
Rest of the world	1	2	6	5
Breakdown by type of product				
Proprietary products	52	44	230	185
Customer-specific manufacturing	146	105	473	366
Breakdown by timing of revenue recognition				
Goods and services transferred at a point in time	198	149	703	551
INDUSTRIAL SOLUTIONS	537	374	1,898	1,345
Breakdown by geographic market ¹⁾				
Sweden	98	69	353	308
Rest of the Nordic countries	45	23	136	65
Rest of Europe	232	135	780	567
Rest of the world	162	147	629	405
Breakdown by type of product				
Proprietary products	440	250	1,363	844
Customer-specific manufacturing	97	124	535	501
Breakdown by timing of revenue recognition				
Goods and services transferred at a point in time	177	176	673	609
Services transferred over time	18	4	50	8
Projects transferred over time	342	194	1,175	728
PRECISION TECHNOLOGY	149	108	552	345
Breakdown by geographic market ¹⁾				
Sweden	120	85	435	275
Rest of the Nordic countries	1	1	4	6
Rest of Europe	12	5	50	20
Rest of the world	16	17	63	44
Breakdown by type of product				
Proprietary products	2	0	4	2
Customer-specific manufacturing	147	108	548	343
Breakdown by timing of revenue recognition				
Goods and services transferred at a point in time	149	108	552	345
GROUP TOTAL	883	630	3,151	2,239
Breakdown by geographic market ¹⁾				
Sweden	280	210	1,017	768
Rest of the Nordic countries	83	54	304	205
Rest of Europe	341	200	1,132	812
Rest of the world	179	166	698	454
Breakdown by type of product				
Proprietary products	494	294	1,597	1,031
Customer-specific manufacturing	389	336	1,554	1,208
Breakdown by timing of revenue recognition				
Goods and services transferred at a point in time	523	432	1,926	1,503
Services transferred over time	18	4	50	8
Projects transferred over time	342	194	1,175	728

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

NET REVENUE BY SEGMENT	2021	2020	2021	2020
(SEK million)	3 mths Oct-Dec	3 mths Oct-Dec	12 mths Jan-Dec	12 mths Jan-Dec
Industrial Products	198	149	703	551
Industrial Solutions	537	374	1,898	1,345
Precision Technology	149	108	552	345
Eliminations	-1	-1	-2	-2
Group total	883	630	3,151	2,239

PROFIT/LOSS BEFORE TAX BY SEGMENT ¹⁾	2021	2020	2021	2020
(SEK million)	3 mths Oct-Dec	3 mths Oct-Dec	12 mths Jan-Dec	12 mths Jan-Dec
Industrial Products	18	20	90	69
Industrial Solutions	76	49	274	159
Precision Technology	25	16	111	54
Undistributed items	-12	-9	-42	-31
Group total	107	76	433	251

¹⁾ The segment figures refer to the profit/loss before the distribution of group-wide costs and tax in accordance with internal reporting. Undistributed items mainly refer to the Parent Company.

■ NOTE 4

TAX

Tax amounts to 21 per cent (22) for the full year.

■ NOTE 5

OTHER COMPREHENSIVE INCOME

Change in hedging reserve including tax refers to the effective component of the change in value of derivative instruments used for hedge accounting. Translation differences refer to the effects of changes in exchange rates when net investments in non-Swedish subsidiaries are translated to SEK. The amount is reported net of hedging contracts.

■ NOTE 6 EARNINGS PER SHARE

BASIC EARNINGS PER SHARE	2021 3 mths Oct-Dec	2020 3 mths Oct-Dec	2021 12 mths Jan-Dec	2020 12 mths Jan-Dec
Net profit for the period, SEK million	87.6	60.4	342.1	195.1
Average number of outstanding shares, thousands	28,992	28,962	28,992	28,435
Basic earnings per share, SEK	3.02	2.09	11.80	6.86

DILUTED EARNINGS PER SHARE	2021 3 mths Oct-Dec	2020 3 mths Oct-Dec	2021 12 mths Jan-Dec	2020 12 mths Jan-Dec
Net profit for the period, SEK million	87.6	60.4	342.1	195.1
Interest expense on convertible bonds, SEK million ¹⁾	0.8	0.9	3.3	2.0
Issue expenses for convertible bonds, SEK million	0.1	0.0	0.2	0.0
Adjusted income, SEK million	88.5	61.3	345.6	197.1
Average number of outstanding shares, thousands	28,992	28,962	28,992	28,435
Adjustment for presumed conversion of convertible bonds, thousands	574	574	574	705
Average number of outstanding shares after dilution, thousands	29,566	29,536	29,566	29,140
Diluted earnings per share, SEK	2.99	2.08	11.69	6.76

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

On 1 October 2020, convertibles at a nominal value of SEK 69,998,232, corresponding to 573,756 Class B shares in the event of full conversion, were issued to employees within the XANO Group. The convertibles accrue interest corresponding to STIBOR 3M plus 1.75 percentage points and fall due for payment on 30 September 2023. The conversion rate is SEK 122.00. 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 convertibles are converted to shares, the dilution will be approx. 1.9 per cent of the share capital and 0.6 per cent of the number of votes based on the total number of shares on the closing day.

The total number of shares stands at 29,247,107, divided between 7,288,800 Class A shares and 21,958,307 Class B shares. After deduction for the company's own holding, 254,566 Class B shares, the number of outstanding shares is 28,992,541. The average number of outstanding shares was 28,992,541 during the full year. The average number of shares in the company's custody was 254,566 during the full year. Each Class A share entitles ten votes and each Class B share entitles one vote. The number of votes, following deductions for the company's own holding, was 94,591,741 on the closing day.

■ NOTE 7 CURRENT RECEIVABLES

Current receivables include currency derivatives measured at fair value of SEK – million (5) for the full year. The derivatives are used for hedging purposes and belong to value level 2 under IFRS 13. The fair value measurement is based on several factors, including observable data such as fixing rates and swap rates for the currency in question.

■ NOTE 8 CURRENT LIABILITIES

Current liabilities include interest derivatives measured at fair value of SEK 6 million (13) for the full year. The derivatives are used for hedging purposes and belong to value level 2 under IFRS 13. The fair value measurement is based on a number of factors, including forward interest rates produced on the basis of observable yield curves.

■ NOTE 9 BUSINESS COMBINATIONS

PiWi Beheer B.V. with subsidiary Case Packing Systems B.V. (CPS) and AV Holding 2018 ApS with subsidiary CIM Industrial Systems A/S are included in the consolidated results from 31 May 2021. Tussenholding Lankamp B.V. with subsidiary PRM Kunststoffen B.V. are included in the consolidated results from 1 November 2021. Investments in 2021 also include the final settlement of the purchase sum as well as transaction costs totalling SEK 2 million related to Lasertech LSH AB, which was acquired in December 2020.

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

ACQUISITION OF CPS (SEK million)	Reported values in subsidiary	Fair value adjustment	Consolidated fair value
Intangible non-current assets	–	228	228
Property, plant and equipment	24	7	31
Right-of-use assets	–	0	0
Current assets	154	–	154
Non-current liabilities	–	-6	-6
Current liabilities	-41	0	-41
Net assets/purchase price	137	229	366
Liquid assets in acquired businesses			-57
Transaction costs			1
Total cash flow attributable to acquired businesses			310

The total purchase price amounted to SEK 366 million and was paid in cash. The acquisitions bring surplus values totalling SEK 235 million distributed between goodwill (SEK 205 million), real estate (SEK 7 million) and product concept (SEK 23 million). The transaction costs amount to SEK 1.4 million. Goodwill relates to synergy effects and customer relations. The expectation is that synergies will mainly be achieved by means of the acquisition bringing not only additional technology expertise to existing operations at the Industrial Solutions business unit, but also access to new market segments. The utilisation of common resources will also entail synergies.

ACQUISITION OF CIM & PRM (SEK million)	Reported values in subsidiary	Fair value adjustment	Consolidated fair value
Intangible non-current assets	25	127	152
Property, plant and equipment	17	10	27
Right-of-use assets	–	29	29
Current assets	73	–	73
Non-current liabilities	-12	-31	-43
Current liabilities	-75	-7	-82
Net assets/purchase price	28	128	156
Liquid assets in acquired businesses			-3
Transaction costs			2
Total cash flow attributable to acquired businesses			155

The total purchase price for CIM amounted to SEK 121 million and was paid in cash. The acquisition brings surplus values totalling SEK 112 million distributed between goodwill (SEK 90 million) and product concept (SEK 22 million). The transaction costs amount to SEK 1.1 million. Goodwill relates to synergy effects and customer relations. The expectation is that synergies will mainly be achieved by means of the acquisition bringing not only specialist software expertise to existing operations at the Industrial Solutions business unit, but also access to new market segments.

The total purchase price for PRM amounted to SEK 35 million and was paid in cash. The acquisition brings surplus values totalling SEK 25 million distributed between goodwill (SEK 15 million) and machinery (SEK 10 million). The transaction costs amount to SEK 1.1 million. Goodwill relates to synergy effects and customer relations. The expectation is that synergies will mainly be achieved by means of the acquisition bringing not only additional technology expertise to existing operations at the Industrial Products business unit, but also strengthening the market presence in Northern Europe.

The acquired units contributed SEK 244 million in net revenue and approx. SEK 22 million in net profit after the deduction of write-offs from surplus values and financial expenses attributable to the acquisitions. 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.

SHARE DATA, GROUP	2021 3 mths Oct-Dec	2020 3 mths Oct-Dec	2021 12 mths Jan-Dec	2020 12 mths Jan-Dec
Average number of outstanding shares, thousands	28,992	28,962	28,992	28,435
Average number of outstanding shares after dilution, thousands	29,566	29,536	29,566	29,140
Basic earnings per share, SEK	3.02	2.09	11.80	6.86
Diluted earnings per share, SEK	2.99	2.08	11.69	6.76
Cash flow from operating activities per share, SEK	3.51	8.40	12.18	14.14
Total number of shares on closing day, thousands			29,247	29,247
Number of shares in own custody on closing day, thousands			255	255
Number of outstanding shares on closing day, thousands			28,992	28,992
Equity per share on closing day, SEK			46.25	36.25
Share price on closing day, SEK			325.00	129.50

KEY FIGURES, GROUP	2021 3 mths Oct-Dec	2020 3 mths Oct-Dec	2021 12 mths Jan-Dec	2020 12 mths Jan-Dec
Operating margin, %	12.9	13.2	14.4	12.2
Profit margin, %	12.1	12.1	13.8	11.2
Interest-bearing liabilities, SEK million			1,116	743
Deferred tax liabilities, SEK million			102	86
Lines of credit granted but not utilised, SEK million			394	417
Return on equity p.a., %			28.8	21.1
Return on capital employed p.a., %			21.8	17.3
Return on total capital p.a., %			15.6	12.7
Average equity, SEK million			1,188	925
Average capital employed, SEK million			2,139	1,625
Average total capital, SEK million			2,980	2,223
Interest coverage ratio, multiple			14.6	9.2
Equity/assets ratio, %			38	42
Proportion of risk-bearing capital, %			41	46
Depreciation, SEK million	29	22	104	86
Net investments in non-current assets, SEK million	119	127	598	166
Employees, average number	1,335	1,088	1,245	1,055

QUARTERLY SUMMARY, GROUP	2021 Q4	2020 Q4	2021 Q3	2020 Q3	2021 Q2	2020 Q2	2021 Q1	2020 Q1
Net revenue, SEK m	883	630	746	525	824	546	698	538
Gross profit, SEK m	210	156	181	123	209	134	176	117
Operating profit, SEK m	114	83	113	65	123	69	103	57
Profit before tax, SEK m	107	76	105	59	117	64	104	52
Net profit for the period, SEK m	88	60	82	46	91	49	81	40
Comprehensive income for the period, SEK m	95	53	88	44	85	37	94	47
Operating margin, %	12.9	13.2	15.2	12.3	14.9	12.7	14.8	10.5
Profit margin, %	12.1	12.1	14.2	11.2	14.1	11.8	14.9	9.6
Equity/assets ratio, %	38	42	38	44	38	44	44	39
Basic earnings per share, SEK ¹⁾	3.02	2.09	2.85	1.57	3.13	1.77	2.80	1.43
Cash flow from operating activities per share, SEK ¹⁾	3.51	8.40	5.00	1.11	6.37	3.76	-2.70	0.87

For definitions, see page 16.

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.

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.

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 performance indicators, 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.

For reconciliation of key figures, see page 82 in the 2020 annual report.

INCOME STATEMENT, PARENT COMPANY		2021	2020
(SUMMARY, SEK million)	Note	12 mths Jan-Dec	12 mths Jan-Dec
Net revenue	1	45.8	34.5
Selling and administrative expenses		-37.0	-30.1
Operating profit/loss		8.8	4.4
Profit from participations in Group companies		222.4	56.1
Other financial items		-2.6	0.2
Profit/loss after financial items		228.6	60.7
Appropriations		0.0	9.0
Tax	2	-46.9	-10.5
Net profit for the period		181.7	59.2
<i>Statement of comprehensive income</i>			
Net profit for the period		181.7	59.2
Other comprehensive income		–	–
Comprehensive income for the period		181.7	59.2

BALANCE SHEET, PARENT COMPANY		2021	2020
(SUMMARY, SEK million)		31 Dec	31 Dec
ASSETS			
Non-current assets		223.1	224.4
Current assets		1,099.9	840.3
EQUITY AND LIABILITIES			
Equity		475.2	366.0
Untaxed reserves		98.0	98.0
Non-current liabilities		185.9	183.5
Current liabilities		563.9	417.2
BALANCE SHEET TOTAL		1,323.0	1,064.7

STATEMENT OF CHANGES IN EQUITY, PARENT COMPANY		2021	2020
(SUMMARY, SEK million)		31 Dec	31 Dec
Opening balance		366.0	237.0
Comprehensive income for the period		181.7	59.2
Conversion of personnel convertibles		–	57.8
Effects of convertible loan issued		–	7.0
Transfer of own shares		–	5.0
Cash dividends paid		-72.5	–
Closing balance		475.2	366.0

CASH FLOW STATEMENT, PARENT COMPANY		2021	2020
(SUMMARY, SEK million)		12 mths Jan-Dec	12 mths Jan-Dec
Operating profit/loss		8.8	4.4
Interest and income tax paid/received and adjustments for non-cash items		204.7	44.2
Change in working capital		-235.2	165.7
Cash flow from operating activities		-21.7	214.3
Investments		-0.0	-0.0
Cash flow after investments		-21.7	214.3
Financing		-72.5	28.7
Cash flow for the period		-94.2	243.0
Cash and cash equivalents at the start of the year		249.1	6.3
Exchange rate differences in cash and cash equivalents		0.1	-0.2
Cash and cash equivalents at the end of the period		155.0	249.1

■ NOTE 1

Net revenue refers to revenue from contracts with customers. 100 per cent (100) of the Parent Company's net revenue comes from invoicing to subsidiaries.

■ NOTE 2

Income tax amounts to 21 per cent (15). Income tax-exempt dividends contributed to the deviating tax rate in 2020.

*The Parent Company, XANO Industri AB (publ) with corporate identity number 556076-2055,
is a public limited liability company with its registered office in Jönköping, Sweden.*



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