



XANO

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

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

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

This Annual Report is not an xHTML document compliant with the ESEF (European Single Electronic Format) regulation.

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The year in brief

- » Positive effects from completed transition activities
- » Varying conditions in the Group's primary markets
- » Growth and markedly improved profitability
- » Strong cash flow and a reinforced financial position
- » Further development of the Group's overall service offering



Q1

The effects of implemented cost-adjustment measures resulted in a significantly higher earnings level than in the previous year. Some recovery was seen in a number of market niches, alongside a more general stabilisation in demand. The growth trend in medtech and defence remained strong.

Q2

The outcome of operational transitions and the expansion of aftermarket services strengthened margins. No clear cyclical upturn was evident, but several major projects were secured in the metal can industry, where development had been exceptionally weak for a long time.

Q3

Higher activity levels in previously hesitant sectors generated growth and, together with margin strengthening, delivered an improved earnings level. The divestment of a property company contributed further and also generated strong cash flow.

Q4

After overall lower order volumes in the second half of the year, fourth-quarter revenue decreased compared with the reference period. In addition, a less favourable sales mix contributed to the weak result in the closing quarter.



Efficiency improvements and resource optimisation have been prioritised over growth to strengthen margins.

Three priorities for 2026

- 1** Further margin enhancement through resource efficiencies and strategic acquisitions.
- 2** Continued development of sustainable, innovation-driven business across the Group.
- 3** Sustained proactive investment in new markets and operating niches.

Resource optimisation for stronger margins

Transition efforts and efficiencies have generated a clear improvement in earnings. We continue to face challenges, however, with rapidly changing market conditions that entail wide variations in demand and financial results between our units. Through restructuring and acquisitions, we have laid the foundation for growth by expanding into new business areas and further developing our overall offering.

The Group's development during the year

We are pleased to be seeing positive effects from the tough decisions and actions that characterised virtually the whole of 2024. Our far-reaching transition activities signalled something of a reboot for several of the Group's units. Raising efficiency and optimising resources for stronger margins took priority over growth, as many of our traditional markets have been experiencing weak development for some time. The financial results for 2025 show that the Group companies' efforts to adapt their respective operations are gradually strengthening margins. Having said that, shifting conditions on our primary markets remain a challenge. This is also a contributing factor behind the varying performance among our individual operations.

It is not easy to convey a cohesive idea of market developments for the Group as a whole when conditions in our traditionally strong sectors are constantly in flux. The previously sluggish metal can industry has recovered somewhat, but in other food- and packaging-related segments customers are still very cautious about investing. Following a period of strong growth in medtech and pharmaceuticals, order volumes in the sector have gradually returned to normal, while the growth trend for defence- and security-related projects has solidified.

Overall, we deliver a clear improvement in earnings compared to the previous year, along with growth of just under 3 per cent. Overall, the market situation for the Group's companies has somewhat stabilised, while investments related to the launch of new production for new customers are now delivering ongoing returns.

Persistently weak demand in several segments, along with project delays, has nevertheless prompted further cost-saving and productivity-enhancing measures.

Development in our business units

The overall market trend for the Industrial Products business unit was cautiously positive with higher demand in several sectors, while previously declining sectors showed some recovery. Several companies increased share in their particular markets, and there were high numbers of new projects in the order books, securing higher volumes going forward. With continued success for newly launched proprietary products – including industrial tanks, sustainable furniture components and a new boat model – the business unit delivered solid organic growth. Several of the business unit's operations continued to generate strong earnings, while there were clear improvements among those that have previously faced severe profitability challenges. The latter include Blowtech in Norway, which has extended delivery agreements with automotive customers ahead of the planned winding-down of operations. A high manufacturing pace and the transfer of production to the Swedish sister company have temporarily impacted on productivity in both units.

In the Industrial Solutions business unit, we saw slightly lower volumes overall. A gradual increase in activity in the metal can industry has brought new business, but a general wait-and-see attitude has otherwise characterised several markets where customers remain cautious about investments. Among contract assignments for large companies too, decision-making

processes remain long. Further development of the business unit's combined service and aftermarket offering has generated growth, but has not fully compensated for weak project-related demand. The higher proportion of service sales has, however, contributed to the improved profitability achieved in 2025. We continue to work on transition with a focus on higher indirect sales, combined with cost control and process streamlining.

On the whole, the Precision Technology business unit delivered good growth and a marked improvement in earnings. The market has generally been cautiously positive, albeit partly constrained by the challenging external environment. Following a period of strong growth in medtech and pharmaceuticals, order volumes in the sector gradually returned to normal during the year. Meanwhile, defence and security projects steadily increased. All companies in the business unit are currently to some extent involved in projects with customers that deliver defence equipment. The potential for growth is still deemed positive, but rapid technological development, long lead times and the consequences of political decisions are factors that may affect business opportunities going forward.

Activities

The Group delivers a clear improvement in earnings compared to the previous year. We continue to see large variations in orders and financial performance across individual operations within each business unit, however. Further measures are therefore being taken in the companies facing the greatest challenges, based on tailored activity plans. Winding-down of operations



XANO's Group Management: Marie Ek Jonson, Lennart Persson and Marilyn Lindh.

at Blowtech's Norwegian unit continues and will be completed in Q2 2026.

We are proactively working to identify businesses that complement our existing operations positively, and in September 2025, the Group acquired the assets of a U.S. company with the aim of strengthening the American Group company IPS within the Industrial Solutions business unit. Veldkamp of the Netherlands was acquired in January 2026. We see significant potential in both these new companies for service-based growth, fully in line with our strategy of translating altered market conditions into platforms for long-term value creation.

Ongoing development is crucial if our units are to remain relevant and competitive. We are driven by an ambition to be at the forefront, combining advanced technical expertise with strong innovation capability. Every initiative we take should be closely linked to our long-term strategy, guided always by the principle of sustainable business. In the Industrial Products business unit, there is a keen focus on developing sustainable solutions through cooperation, both across markets and organisational boundaries, and several new products have been successfully launched during the year.

For the Precision Technology business unit, networking within the Group has

deepened and led to more coordinated market activities. As a result, knowledge and awareness of each other's strengths and areas of expertise have increased significantly. The companies now consider each business opportunity not only from their own point of view but from a holistic perspective, and this has been a factor in the business unit's positive development during the year.

Outlook

We do not expect any major shifts in prevailing market conditions in the near future. For the Group's project-based operations in the Industrial Solutions business unit, this will likely entail a challenging start to 2026. Despite the generally uncertain global situation, our other business units have a more positive view of their opportunities going forward. Within Industrial Products, several major projects are ongoing in tandem with new product launches. Meanwhile, the companies within Precision Technology are gradually consolidating relationships with customers linked to defence and security, where the potential for growth is deemed high. There is, however, some sluggishness as regards new assignments, as long lead times are characteristic of this sector.

Our focus on evolving the Group's overall offering with an emphasis on

aftermarket services is further bolstered by our two latest acquisitions. This applies primarily to the Industrial Solutions business unit's operations related to the metal can industry.

The year's improved profitability and strong cash flow have further stabilised our financial position. We therefore have great potential to remain proactive in our efforts in new markets and operating niches, and to make further strategic acquisitions.

Thanks

I am proud of the results we have achieved together during the year. Our efforts to adapt to an ever-changing market have required a lot of tough decisions, sometimes involving comprehensive changes in our companies. Despite this, throughout the Group there has been a determination to do one's best, and this is driving development forward. In conclusion, I would therefore like to express my sincere gratitude to all employees in the XANO Group.

Jönköping, February 2026

Lennart Persson
President and CEO

Strategic platform

Our strategic platform is built on XANO's values – Entrepreneurship, Innovate for the Future and Better Together. These values form the basis for how we run our business, develop our companies and create long-term value.

By combining entrepreneurial drive and innovative power with a responsible and sustainable approach, we ensure a strategy that both preserves our legacy and leads us forward. In this way, our values go beyond guiding principles and become an integral part of daily operations across the entire Group.

Mission

Acquire and develop technology-driven companies

XANO acquires and develops technology-based companies. We drive sustainable business through collaboration and innovative solutions. Profitable growth through entrepreneurship is at the heart of how we develop our businesses and create long-term value. Group companies retain their independence but gain strength from being part of a group.

Purpose

Building on legacy, engineering the future

Our strength lies in combining continuity with innovation, where each acquisition adds expertise and power to the Group as a whole. By continuing to develop both the Group and its individual companies with respect for the history that has shaped us and a focus on value-creating growth, the Group is building long-term resilience. This gives us an identity that is both robust and dynamic.

Vision

Market leader in sustainable business

XANO's vision is to be a leading operator in sustainable business, serving as a role model for innovation, responsibility, and long-term thinking. Through advanced technology and smart solutions, we inspire development that contributes to a better tomorrow. Our approach is based on responsible, long-term business practices that create profitability and value for both people and the environment.

Sustainable business

Transforming complexity into precision and simplicity – that is XANO.

We acquire niche companies with high technical expertise and build strong business units that are attractive partners. Through active ownership and a decentralised model, we increase our resilience and create profitable growth with a constant focus on more sustainable business practices.

Our strategy describes how we translate our purpose and values into practical action to achieve our vision. All parts are closely interconnected and reflect how we run and expand our business. Collectively, they provide the foundation for a working approach where initiative, innovation, and joint efforts drive success across the Group.

XANO is growing through acquisitions, but also organically by further developing the companies we acquire. The Group's model is built on independent companies with strong local leadership, enabling decisions to be made close to the business. This creates commitment,

responsibility and the conditions for swift adaptations. At the same time, the long-term perspective is strengthened through active ownership and a common direction for the Group as a whole.

The strategy combines innovation, responsibility, partnership and a long-term perspective to create value for our customers, employees, shareholders and society. The Group companies operate in rapidly developing industries, requiring constant innovation. By combining technical expertise, entrepreneurial drive and a focus on sustainability, we transform challenges into business opportunities.

A central part of the strategy is our

Sustainability Roadmap, which clarifies the targets for the transition to a fully sustainable business. The plan serves as a common direction and support for all companies in the Group. This ensures that our growth supports profitability, competitiveness, and responsibility.

With a clear strategic platform, based on our values and our long tradition of technology-driven entrepreneurship, we are well equipped for the future. XANO remains committed to developing profitable businesses, guided by the belief that we can achieve the most together.

Financial targets

XANO's organic growth shall outpace general market growth. Growth will also be achieved through the acquisition of businesses and companies. The equity/assets ratio shall exceed 30 per cent. The profit margin shall reach 8 per cent over time.

From 2026, the profit margin target will be replaced by a target for the EBIT margin to reach 12 per cent over time.

Target attainment in 2025

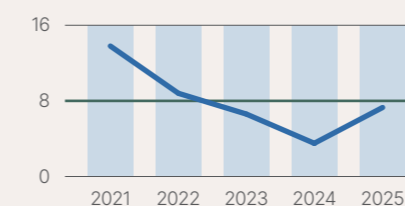
Organic growth was 0.9 per cent and revenue was boosted a further 1.7 per cent through acquisitions. The profit margin was reported at 7.3 per cent (3.5) and the equity ratio was 50 per cent (45). The proposed dividend of SEK 1.00 corresponds to just over 33 per cent of the profit for the year.

The EBIT margin amounted to 9.4 per cent (5.5).

Profit margin %

Target
8 per cent over time

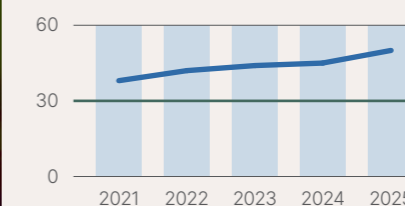
Outcome 2025
7.3%



Equity/assets ratio %

Target
Exceeding 30 per cent

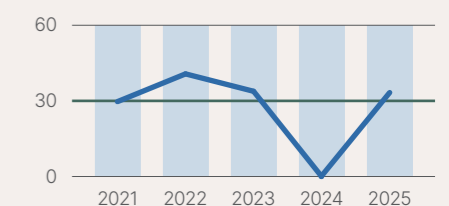
Outcome 2025
50%



Dividend %

Target
Corresponding to at least 30% of profit after tax

Proposal for 2025
33%





“The decision to acquire Altek was driven by an entrepreneurial approach focused on long-term value creation.”

Our values

Entrepreneurship

XANO is built on a strong entrepreneurial spirit, where initiative, responsibility and personal commitment drive development throughout the Group. This approach is demonstrated by IPS's identification of, and response to, the opportunity to acquire Altek, transforming changing market conditions into a platform for long-term value creation within the Industrial Solutions business unit.

Identify opportunities

When IPS became aware that Altek was considering winding up its operations in light of its owner's impending retirement, it began analysing potential business opportunities. Altek was a well-established supplier of testing equipment for the manufacture of cans and lids and had been a well-known name in the canning industry for several decades. The company had thousands of machines installed globally and a solid long-standing reputation in the market. At the same time, in recent years the market had begun to demand greater innovation and a more pronounced customer focus.

IPS already had a strong portfolio in tool control, inspection and maintenance, areas that are crucial to ensuring quality in the production of cans and lids. Since the quality of can manufacturing is highly dependent on the precision and condition of the forming tools, Altek's product range was a natural and strategic complement to IPS's existing offering.

Strategic fit

The decision to acquire Altek was driven by an entrepreneurial approach focused on long-term value creation rather than

short-term performance. Rather than viewing Altek's weakened market position as a liability, IPS identified the opportunity to rebuild confidence in a reputable brand by deploying its own strengths in customer service, innovation and technical expertise.

Consolidation within the industry has led many suppliers of inspection equipment to prioritise fully automated, in-line solutions. Although this development has led to efficiency gains, it has also meant a reduced focus on off-line inspection, an area that remains crucial for many end users. IPS saw that this market gap could provide a stable foundation for new growth based on both the company's working methods and Altek's installed base.

A stronger position

Through this acquisition, IPS has strengthened its position in the specialised niche market for tool rooms serving the can industry. Altek's global presence has expanded IPS's access beyond can manufacturers to include can fillers and parts of the three-piece can segment. The broader customer base creates opportunities beyond pure equipment sales, particularly in aftermarket services, upgrades and

long-term service agreements.

The installed base of Altek machines represents significant potential for service-based growth, in line with the business unit's strategy. By upgrading inspection solutions and integrating IPS technologies, the combined offering contributes to improved quality assurance, increased availability and higher long-term performance in several can-related segments.

Entrepreneurship in practice

While the integration of the acquisition is still in its early stages, initial market response has been positive. Customers have appreciated IPS's focus on responsiveness and cooperation, which emphasises the value of working with a supplier that prioritises practical solutions and long-term partnerships. This development reflects XANO's entrepreneurial culture, where responsibility, initiative and a deep understanding of customer needs guide decision-making. The acquisition of Altek demonstrates how entrepreneurship at XANO is about identifying gaps in the industry, understanding customer needs and tackling challenges to create long-term value.



” Product development is focused on the use of recycled materials in applications with stringent technical requirements.



Our values

Innovate for the future

XANO is driven by the ambition to be at the forefront, combining advanced technical expertise with strong innovation capability. At Cipax, this takes the form of developing our own products for water treatment and water collection, where sustainability and long-term resilience are integrated into every solution.

Future-proof solutions

Within the Industrial Products business unit, Cipax manufactures its own CPX products for applications such as water treatment and rainwater collection. Ongoing development is driven by innovation, customer needs, rising sustainability requirements and a continuously evolving regulatory landscape. As product owner, Cipax is responsible for specifications, design and performance, ensuring that innovations remain closely aligned with long-term strategic objectives.

Product development focuses on broadening existing ranges and adapting materials and systems to new requirements, including the use of recycled materials, in applications with high technical demands. For example, buried septic tanks must meet the same strict requirements for strength and service life, regardless of whether they are made from virgin or recycled materials.

Sustainability as a driver

Considerable attention is paid to upcoming regulatory changes that may affect

future product design and performance.

At the same time, sustainability considerations are increasingly guiding development priorities and investment decisions.

Environmental parameters are therefore integrated into development projects through clear targets for reduced environmental impact and enhanced circular material flows, ensuring that innovations are future-oriented and robust over time.

Cooperation and sharing best practices

Innovation is further strengthened through joint efforts across markets and organisational boundaries. Through acquisitions in recent years, Cipax has broadened its geographical presence, creating new opportunities to share knowledge and experiences between countries.

Local market insights play an important role in continued development. In the Netherlands, local conditions have led to a greater focus on rainwater harvesting than in the Nordic countries. These experiences provide the foundation for further development of advanced rainwater harvesting systems, which can be adapted and

deployed in additional markets. By sharing best practices across markets, innovations become structured and scalable.

Innovation in practice

Cipax currently has several development projects in its pipeline, including large tanks for storing water and chemicals, as well as new systems for individual sewage treatment. At the same time, extensive work is underway to test and set requirements for recycled materials, which is a prerequisite for increasing the proportion of recycled content without compromising product quality or performance.

A strong focus on technical expertise, sustainability and long-term relevance runs throughout the entire Industrial Products business unit and the wider XANO Group. Continuous development is essential to maintaining relevance and competitiveness. Across the Group, this is achieved by combining innovation, resilience and sustainability with a long-term perspective and a clear link to established strategies.



“We always try to see how a business opportunity can create value for the entire group, not just for the individual company.”

Our values

Better together

At XANO, we firmly believe that joint efforts create greater value than individual initiatives can achieve. For the Precision Technology business unit, this takes the form of structured, long-term cooperation between the companies, where combined knowledge, shared business opportunities, and mutual trust strengthen both customer value and competitiveness.

Cooperation that has grown over time

Cooperation within XANO's Precision Technology business unit has grown stronger over time. The acquisition of Lasertech at the end of 2020 served as a clear catalyst for further coordination of customer relations and market engagement. Since then, cooperation has been formalised through regular meetings between sales managers, which has further developed both business exchanges and relationships within the group.

Shared business opportunities

A key element of this cooperation is the sharing of customer contacts and business opportunities. The companies do not limit themselves to their own operations but seek to consider every potential deal from a holistic perspective. Enquiries that are not suitable for one company are often relevant to another. This has resulted in several tangible business opportunities, arising from both direct intercompany purchase orders and from combined offerings that leverage multiple areas of expertise.

Joint initiatives between companies within the business unit has made it possible to offer more comprehensive solutions to customers in sectors such as the defence industry and the premium sports car segment, without exposing sensitive customer information.

Cooperation in regulated environments

Cooperation within the Precision Technology business unit is especially important when serving defence customers, where stringent documentation and security requirements are common across technology areas. By sharing experiences and working methods, companies can support each other in matters relating to, for example, permits, reporting and safety procedures.

Sharing best practices on these matters is a recurring topic at business unit meetings, and additional initiatives are planned to further deepen expertise collaboratively. This enables companies to respond more quickly to customer demands while ensuring consistent and professional handling.

Better together in practice

For companies within Precision Technology, 'Better Together' means that collaboration is a natural part of everyday life. New opportunities are identified, customer dialogues are conducted with transparency, and established routines safeguard existing customer relationships.

Although not all joint efforts lead to business transactions, they create significant value by enhancing understanding of each other's competencies and strengths. This approach ensures that both the individual company and the broader business unit are represented in a coordinated and strategically relevant manner to the market.

Through collective initiatives, combined offerings, and close cooperation between specialised companies, Precision Technology puts XANO's "Better Together" value into practice, strengthening the individual company, the business unit, and the Group as a whole.

Business model

Our operational structure, with three business units, is designed to further develop capabilities and preserve entrepreneurial spirit while optimising the benefits of collaboration.

Development and innovation

We continuously evaluate and develop our strategies and goals to ensure long-term relevance and focus. By proactively embracing new technology and strengthening our business units with the right expertise, we are consolidating our position as an innovative and sustainable group of companies. Close cooperation and a strong sense of responsibility in a decentralised organisation enable rapid decision-making and efficient use of resources, which strengthens our collective ability to create value. This approach is crucial to maintaining our profitability and competitiveness, while building on our core values: Entrepreneurship, Innovate for the future and Better together.

Our capacity to innovate plays a central role in our business model. Maintaining a leading position in our areas of operation

demonstrates our identity and enhances our credibility as a sustainable, long-term operator. In addition, our focus on development and innovation enables us to offer solutions that both meet customer needs and create added value throughout the value chain.

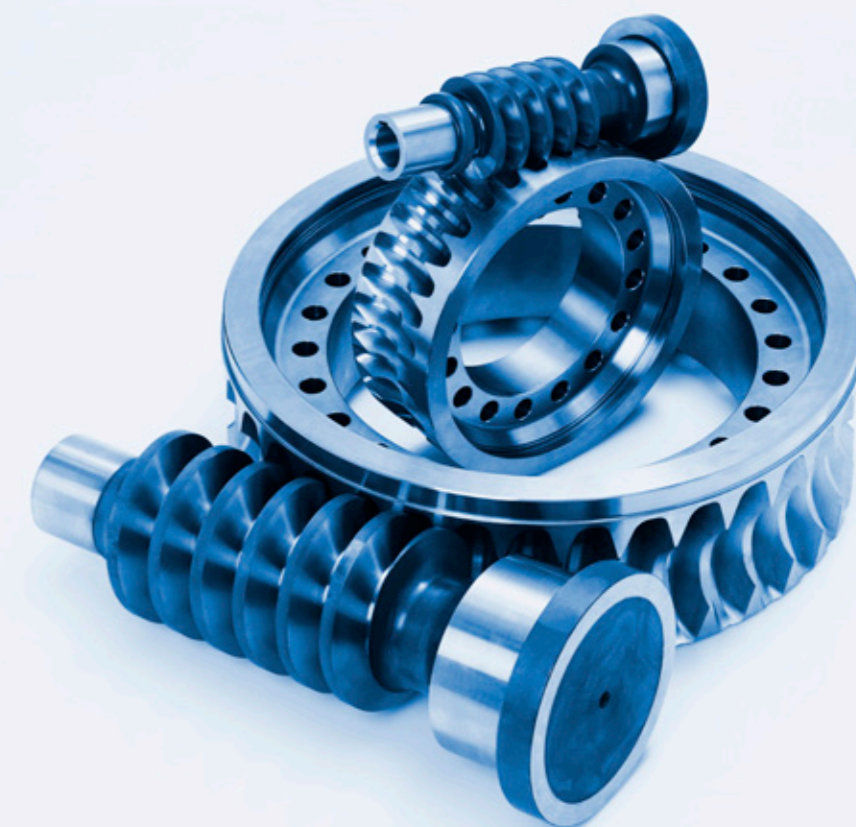
Long-term perspective

In our business model, long-term thinking and adaptability are not opposites, but complementary forces. By identifying opportunities and acting strategically, we can ensure both profitability and resilience. Our ability to combine innovation with long-term partnerships strengthens our position and gives us a competitive edge.

Complementary acquisitions

Acquisitions are an essential part of our growth strategy. Each new company brings unique perspectives and technical expertise, strengthening our collective offering. By preserving the entrepreneurial spirit and investing in long-term development, we create conditions for both growth and innovation.

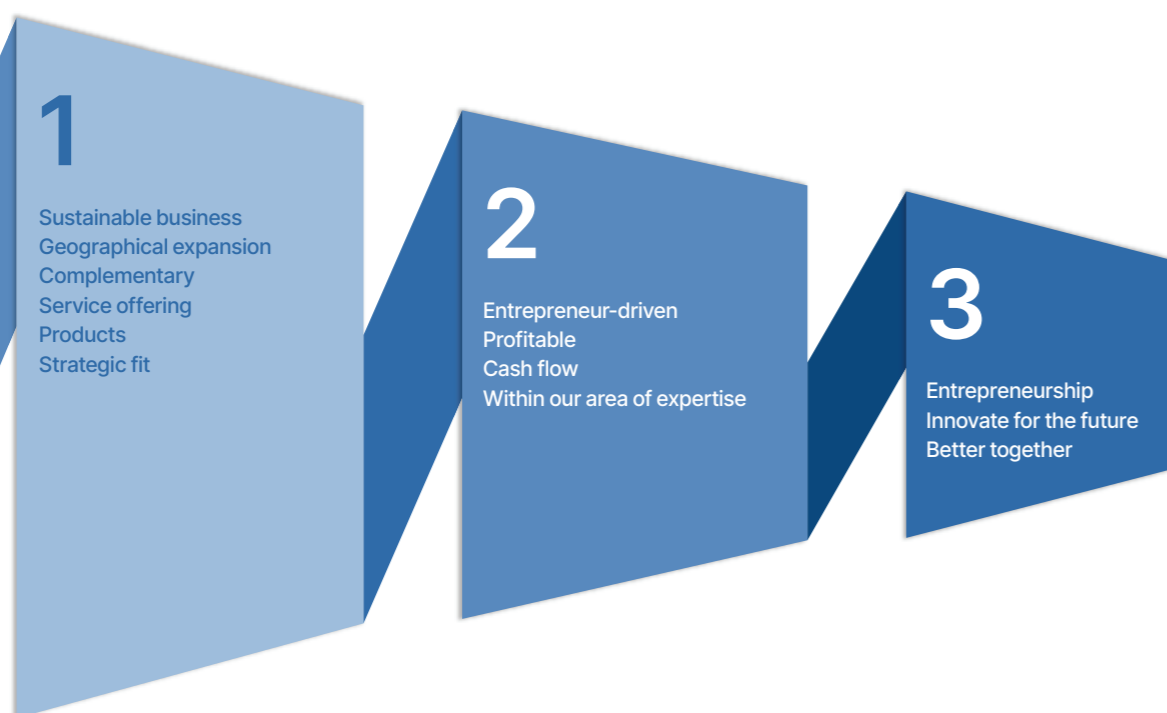
Our acquisition model is designed to identify and develop businesses with strong momentum, unique technology and innovative ideas. By integrating these into our business units, we ensure the continued success of both the individual companies and the Group as a whole. Collaboration between the Group's units creates business opportunities that strengthen the Group as a whole and enhance our ability to achieve our vision of being the market leader in sustainable business.



XANO's acquisition model

XANO grows by acquiring and further developing niche technology companies with strong market positions and entrepreneur-driven management teams. Potential acquisitions are evaluated in several stages based on clearly defined criteria, ranging from strategic relevance and complementary offerings to profitability and culture. This model ensures that new companies complement our business units, contribute to the overall strength of the Group, and adhere to our principles of sustainable business conduct.

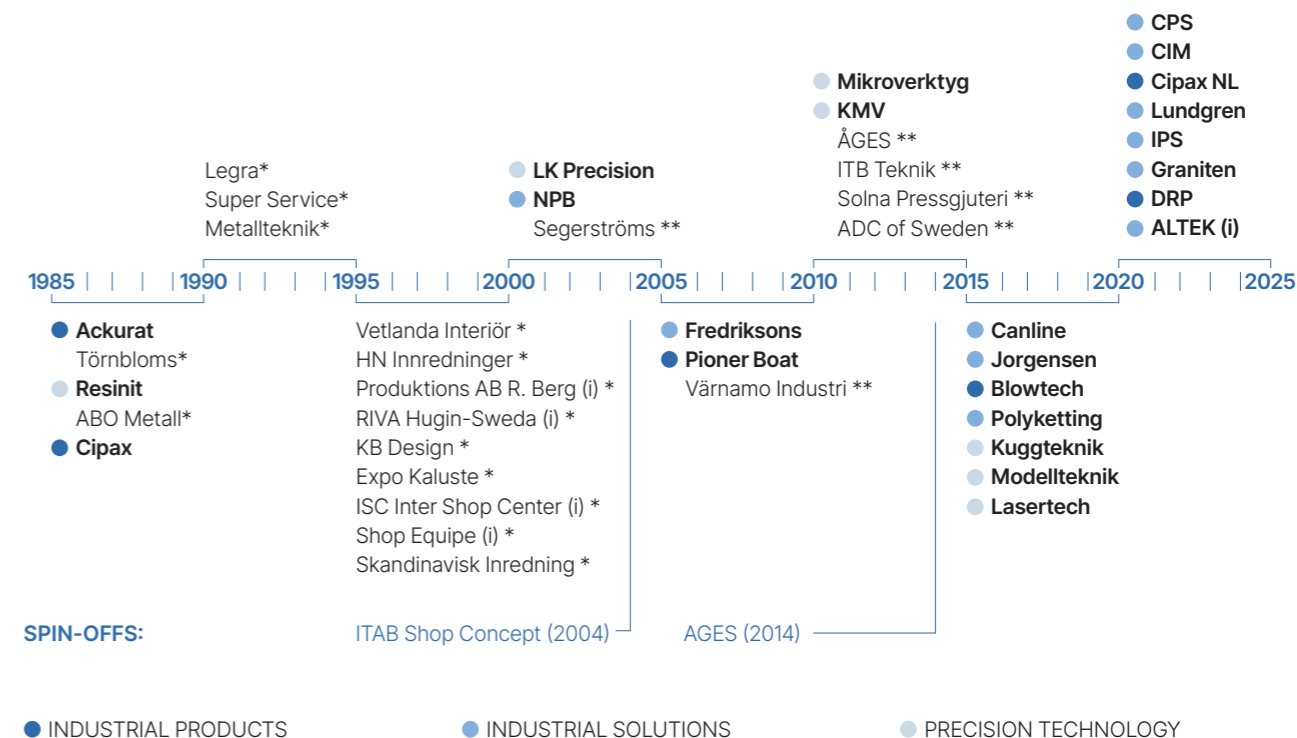
Through active and long-term ownership, we create the conditions for each acquired company to continue to grow based on its own strengths, while contributing to the Group's overall development.



Acquisition evaluation model

The model serves as a structured framework for evaluating potential acquisitions. The assessment is carried out in stages, with the selection criteria being progressively refined and narrowed down. This ensures that only companies with clear potential for long-term value generation proceed to the next stage of the process.

Acquisitions and spin-offs



Since 1987, nearly 70 company and business acquisitions have been completed. The above list shows the entities that have been acquired until the end of December 2024 and either remain part of the XANO Group, or have been included in a spin-off and dividend to XANO's shareholders. (i) indicates the acquisition of assets and liabilities (part of a company).

Companies/operations that were part of the ITAB Shop Concept spin-off are indicated with * and those that were part of the AGES spin-off are indicated with **. In addition to the above, other businesses have been acquired. These have since been merged with Group companies, sold or liquidated.

The XANO share

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

The share capital amounts to SEK 37.3 million, divided into 14,577,600 Class A shares and 45,062,698 Class B shares, totalling 59,640,298 shares, with a quota value of SEK 0.625.

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

KEY FIGURES		2025	2024	2023	2022	2021
Net profit for the year	SEK m	178	100	175	249	342
Equity	SEK m	1,875	1,720	1,651	1,530	1,341
Balance sheet total	SEK m	3,755	3,783	3,761	3,606	3,495
Return on equity	%	9.9	6.0	11.0	17.1	28.8
Equity/assets ratio	%	50	45	44	42	38
Cash flow from operating activities ¹⁾	SEK m	444	172	519	128	353
Average number of outstanding shares ²⁾	thousands	59,310	59,264	58,302	57,985	57,985
Average number of outstanding shares after dilution ²⁾	thousands	59,640	59,347	59,132	59,133	59,133
Average number of shares in own custody ²⁾	thousands	330	376	509	509	509
Earnings per share ²⁾	SEK	3.01	1.69	3.01	4.30	5.90
Earnings per share after dilution ²⁾	SEK	3.01	1.69	3.01	4.27	5.84
Cash flow from operating activities per share ^{1, 2)}	SEK	7.49	2.91	8.91	2.21	6.09
Total number of shares on the closing day ²⁾	thousands	59,640	59,640	59,640	58,494	58,494
Number of shares in own custody on the closing day ²⁾	thousands	330	330	509	509	509
Number of outstanding shares on the closing day ²⁾	thousands	59,310	59,310	59,131	57,985	57,985
Equity per share on the closing day ²⁾	SEK	31.62	28.99	27.91	26.39	23.13
Share price on the closing day ²⁾	SEK	77.00	56.20	76.40	111.00	162.50
Share price in relation to equity per share	%	244	194	274	421	703
Proposed dividend per share ²⁾	SEK	1.00	0.00	1.00	1.75	1.75
Direct yield	%	1.3	0.0	1.3	1.6	1.1

¹⁾ Amounts have been adjusted compared with the year-end report for 2025.

²⁾ The comparative figures have been recalculated due to a 2:1 share split carried out in 2022.

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.

Market capitalisation
Total number of shares multiplied by the share price on the closing day.

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

Total yield
Change in the share price for the year plus dividends paid.

Further definitions can be found on page 91.

Price trend and trading volumes 2021–2025



A 2:1 share split was conducted in June 2022. Historic prices have been adjusted.

Source: Nasdaq

Price trends

In 2025, XANO's share price rose by 37 per cent, from SEK 56.20 to SEK 77.00. The highest price paid during the year was recorded in December at SEK 79.00, and the lowest was paid in May at SEK 42.00. The highest closing price was recorded on 29 December at SEK 78.20 and the lowest closing price on 6 May at SEK 42.00.

The number of shares traded was 4,424,510 (1,856,779), corresponding to a turnover rate of 9.8 per cent (4.2), and the

total value of trading was SEK 259 million (141). As of 31 December 2025, XANO's market capitalisation amounted to SEK 4,592 million (3,552), based on the latest closing price and total number of shares. The total return for the year was 37 per cent. The average over the last ten years has been just over 16 per cent.

Shareholders

The number of shareholders decreased slightly during the year. At 31 December

2025, XANO had 5,093 shareholders, compared with 5,102 at the same date in the previous year. Of these, 4,836 (4,844) were individual shareholders residing in Sweden. The ten largest shareholders jointly held 94.4 (94.2) per cent of the votes and 82.0 (80.9) per cent of the capital. Institutional ownership accounted for 4.6 (4.5) per cent of the votes and 14.8 (14.5) per cent of the capital.

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 2025 financial year, the Board of Directors proposes an ordinary dividend of SEK 1.00 (0.00) per share, totalling SEK 59,3 million (0.0) based on the number of shares outstanding at the end of the year.

The proposed dividend corresponds to approximately 33 per cent (0) of profit for the year and a direct yield of 1.3 per cent (0.0) based on the year-end share price.

The Group continuously evaluates and implements activities that promote the ongoing transition and enable proactive investments for the future. As part of the work to secure resources for this, no dividend was paid for the 2024 financial year.

Shares in own custody

The number of shares in the company's custody on the closing day amounted to 329,690 Class B shares, corresponding to 0.55 per cent of total share capital. After deduction for the company's own holding, the number of outstanding shares was 59,310,608 on the closing day.

Convertible bond programme

In 2024, XANO Group employees subscribed for 330,180 convertible bonds at a price of SEK 106, corresponding to a nominal value of SEK 34,999,080. The convertible bonds run from 1 October 2024 to 30 September 2027 at an interest rate corresponding to STIBOR 3M plus 2.00 percentage points. Each convertible bond can be converted into one XANO Class B share during the period 1–12 September 2027. If all convertible bonds are converted into shares, the dilution will be approx. 0.6 per cent of the share capital and approx. 0.2 per cent of the voting rights based on the current total number of shares.

Largest shareholders as of 31 December 2025

Shareholder	Class A shares	Class B shares	Total number of shares	Proportion (%) of	
				share capital	votes
Anna Benjamin and related parties	10,257,600	5,902,400	16,160,000	27.10	56.84
Pomona-gruppen AB	4,320,000	12,508,360	16,828,360	28.22	29.19
Svolder AB	–	4,937,500	4,937,500	8.28	2.59
Stig-Olof Simonsson and related parties	–	4,168,269	4,168,269	6.99	2.18
Kennert Persson	–	1,557,652	1,557,652	2.61	0.82
Europea i Malmö AB	–	1,255,310	1,255,310	2.10	0.66
Petter Fägersten and related parties	–	1,220,800	1,220,800	2.05	0.64
Försäkringsaktiebolaget Avanza Pension	–	1,202,309	1,202,309	2.02	0.63
Sune Lantz	–	960,840	960,840	1.61	0.50
Christer Persson and related parties	–	614,010	614,010	1.03	0.32
Lennart Persson	–	484,342	484,342	0.81	0.25
Spiltan Fonder AB	–	462,228	462,228	0.78	0.24
SEB Investment Management	–	304,274	304,274	0.51	0.16
Nordea Funds AB	–	250,905	250,905	0.42	0.13
Handelsbanken Fonder AB	–	244,810	244,810	0.41	0.13
Total 15 largest shareholders	14,577,600	36,074,009	50,651,609	84.93	95.29
Other owners	–	8,658,999	8,658,999	14.52	4.54
Total number of outstanding shares	14,577,600	44,733,008	59,310,608	99.45	99.83
Shares in own custody	–	329,690	329,690	0.55	0.17
Total number of shares	14,577,600	45,062,698	59,640,298	100.00	100.00

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

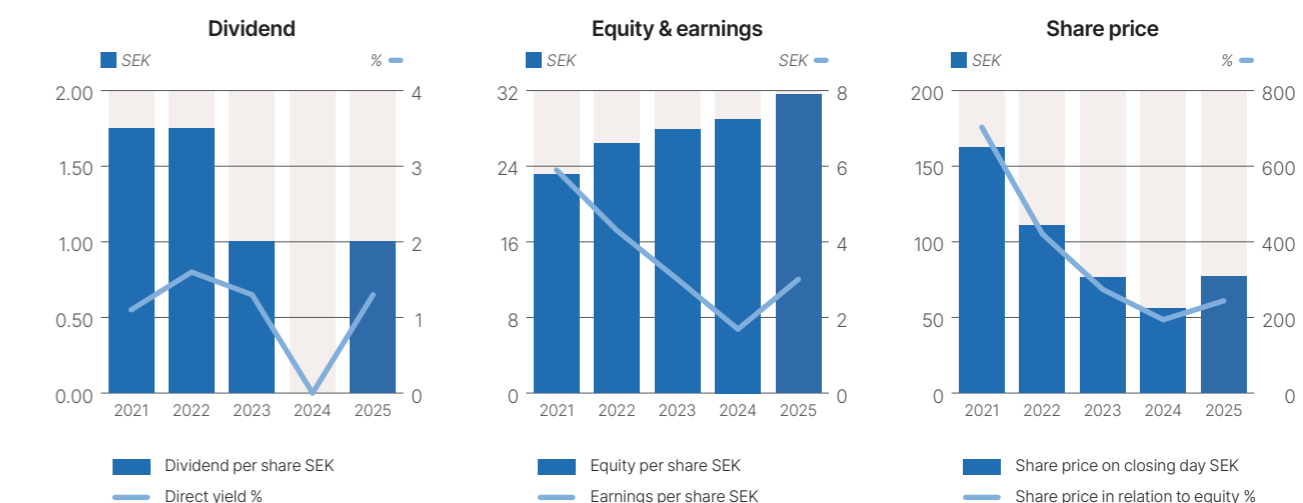
Source: Euroclear

Share distribution as of 31 December 2025

Share class	Number of shares	Proportion (%)	Number of votes	Proportion (%)
Class A shares	14,577,600	24	145,776,000	76
Class B shares	45,062,698	76	45,062,698	24
Total number of shares	59,640,298	100	190,838,698	100
Of which in own custody	-329,690			
Total outstanding	59,310,608			

Number of shares	Number of shareholders	Proportion of shareholders (%)	Proportion of shares (%)	Proportion of votes (%)
1 – 500	3,742	73.5	0.59	0.19
501 – 1,000	410	8.0	0.49	0.15
1,001 – 5,000	661	13.0	2.63	0.82
5,001 – 10,000	123	2.4	1.44	0.45
10,001 – 50,000	110	2.2	3.67	1.15
50,001 – 100,000	11	0.2	1.69	0.53
100,001 –	36	0.7	88.94	96.54
Total outstanding	5,093	100.0	99.45	99.83
Shares in own custody			0.55	0.17
Total number of shares			100.00	100.00

Source: Euroclear





Sustaining the planet

We are working systematically to reduce our climate and environmental impact across the value chain. Group companies invest in energy-efficient technology, optimise production processes and increase the use of recycled materials. With strengthened processes for comprehensive climate reporting, we can share data on our climate impact transparently, use it to set science-based targets, and track progress.



Sustainable business

Our values – Entrepreneurship, Innovate for the future and Better together – are more than just words; they reflect how the Group is being built through a combination of technical expertise, entrepreneurial spirit, and joint efforts.

XANO's values include a commitment to sustainable business practices. Our journey is about driving the transition to sustainable business through innovation, technology, and partnerships.

By viewing sustainability as an integral part of our business model and decentralised structure, we ensure that every acquired company and every business unit contributes to the whole through both profitable growth and responsibility for the planet, people, and society.

Sustainability Roadmap

To turn ambition into action, we work based on the XANO Group's Sustainability Roadmap, which forms part of our strategic platform. The Roadmap addresses the material impacts, risks and opportunities identified in the Group's double materiality assessment, while specifying the pursuit of more sustainable business. The Roadmap brings together the concrete targets and measurable indicators that are common to all Group companies.

The Sustainability Roadmap is based on three main pillars: Sustaining the planet, Owning social responsibility and Driving sustainable business. Issues such as energy efficiency, circular material flows, working conditions, value chain engagement, innovation, and sustainable

business development are some of the topics included in this framework.

Since its introduction in early 2024, the Roadmap has been integrated into Group company business plans with positive results. All units within the Group have drawn up their own targets and activities in line with the joint Roadmap, which together will contribute to the achievement of the Group's targets.

In 2025, we intensified our work on data collection and follow-up of sustainability goals to strengthen implementation. Based on the updated materiality assessment and a broader data set, a review of the Sustainability Roadmap was also carried out at the end of the year. These efforts resulted in targeted adjustments that further clarify priorities and make the Roadmap more concrete and actionable across the Group.

Looking ahead

Sustainability has evolved from a minor consideration to an active driving force in the Group's business development, spanning acquisitions, production, employees, and end customers.

In 2026, we will take the next step in our efforts to achieve fully sustainable operations:

- » We will intensify our efforts to define what sustainable business means in practice, so that sustainability aspects are even more clearly integrated into business decisions, investments and innovation processes.
- » We will join the Science Based Targets initiative (SBTi) to anchor our climate goals in science and bring greater clarity to our transition journey.
- » We will revise our Sustainability Roadmap to ensure that it reflects improved data quality, new insights from the last two years of work and the requirements of the SBTi process, and to enable an even more accurate and achievable transition.
- » We will continue to build sustainability into our corporate culture, leadership, governance and daily operations to ensure that our targets are translated into action throughout the Group.

By combining technical expertise, entrepreneurial drive, and a cooperative approach, with sustainability as a natural starting point, we are reinforcing our position as a profitable and responsible industrial group for the long term.



Owning social responsibility

As an employer and part of the value chain, we recognise our responsibility for the well-being of people and communities. We work to ensure good and safe working conditions, an inclusive culture, and equal opportunities across all Group companies. All Group companies actively develop health and safety structures and promote an inclusive workplace where all employees have opportunities for development. Through close dialogue with employees, customers, and suppliers, we identify social risks and follow them up systematically.

Driving sustainable business

Our decentralised business model allows us to combine local entrepreneurial drive with the Group's shared sustainability ambitions. Each Group company operates according to its own conditions, but within the framework of our values and shared strategy, which includes XANO's Sustainability Roadmap. When making acquisitions, we consider both financial and sustainability-related strategic potential, aiming for each new company to reinforce the Group's progress toward more sustainable business. Innovation, partnership, and circular solutions are central elements of business development.



Sustainability highlights

In 2025, XANO's sustainability efforts made progress, gaining depth, and becoming more clearly defined. The focus was on moving from ambition to implementation and creating a clearer link between the Group's strategy, business development and sustainability targets.

At the beginning of the year, the Chief Sustainability Officer joined the Group Management Team, strengthening sustainability governance. This marks an important step in fully integrating sustainability into the Group's strategic decision-making and business development.

As part of our ongoing development work, we have deepened our analysis of the Group's impact, risks and opportunities through an updated double materiality assessment. The results form the basis for a revision of our Sustainability Roadmap, which will clarify focus areas and priorities for the coming years. At the same time, work on defining what constitutes sustainable business within XANO has continued and will be formalised in 2026 through clear criteria and evaluation models.

To strengthen our climate-related initiatives, we have further expanded the scope of our climate calculations. The new calculations provide a more comprehensive picture of the Group's climate emissions and are a necessary step in the ongoing process of joining the Science Based Targets initiative. With these as a starting point, we can set science-based targets and monitor our progress in a more consistent and transparent manner.

Several initiatives within the Group companies have contributed to reducing climate impact and improving resource efficiency. Investments in energy-efficient technology, optimised production flows and an increased share of recycled mate-

rials have led to noticeable enhancements. The effect is, however, not visible at Group level, as improved data quality and a broader reporting scope have resulted in higher reported emission levels in this year's disclosures.

The Group has intensified its focus on social considerations during the year. We have introduced a Group-wide model for risk assessment in the supply chain, which makes it possible to identify and manage sustainability-related risks in the value chain consistently. In line with the Sustainability Roadmap, Group companies systematically address health and safety, equal opportunities, and skills development, adapted to each business's conditions.

During the year, we also strengthened our training initiatives related to anti-corruption and business ethics as part of the Group's efforts to ensure responsible conduct at all levels. Together, these initiatives contribute to building a strong and sustainable corporate culture where responsibility, respect and long-term skills development are central. Taken together, we observe a significant improvement across all areas linked to social sustainability during 2025. At the same time, we continue to develop our efforts to further strengthen the Group's social responsibility and to build a long-term resilient organisation.

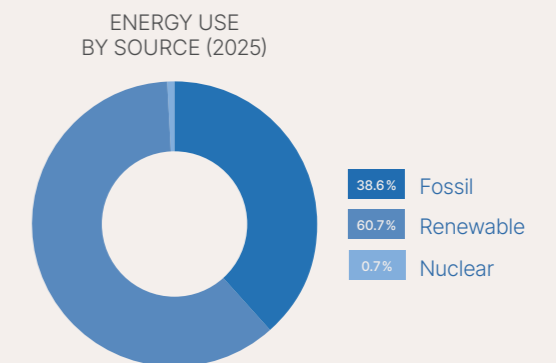
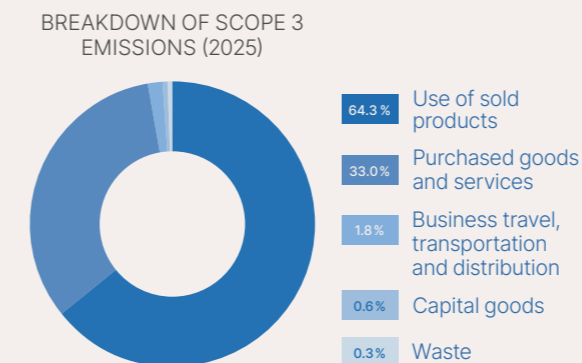
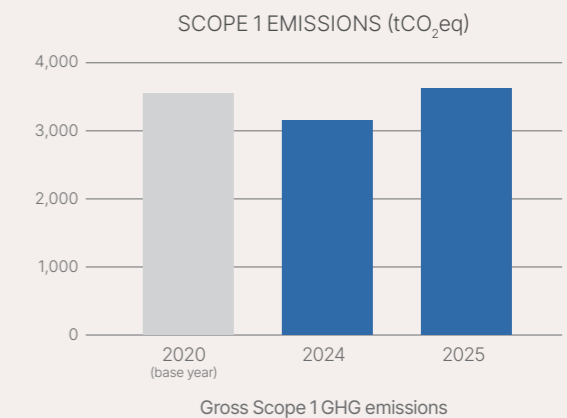
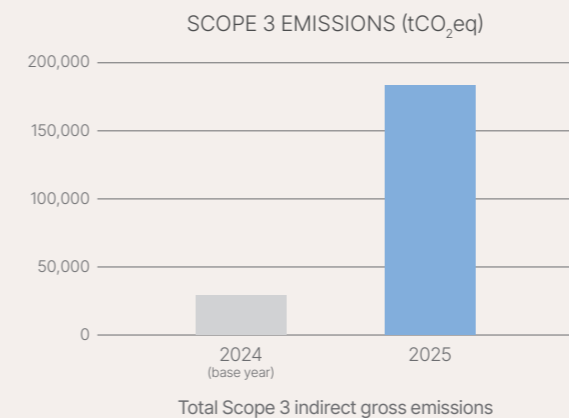
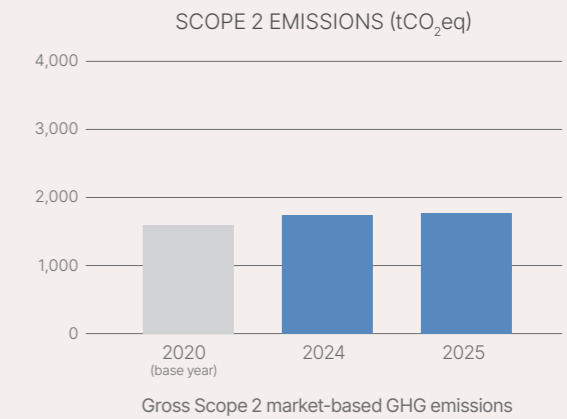
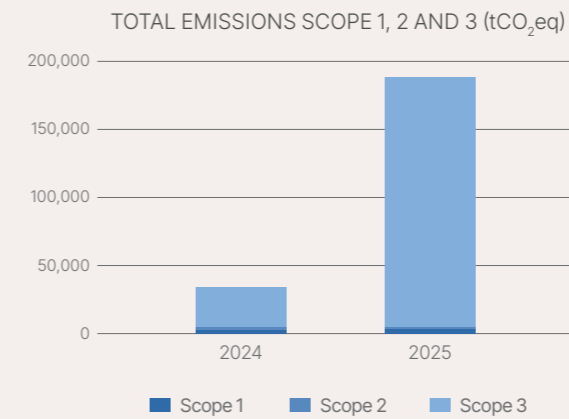
Work on developing sustainable business has continued during the year. Sustainability aspects have been more clearly

integrated into the acquisition process, which strengthens our ability to identify risks and opportunities at an early stage and ensure that new companies share our values and contribute to the Group's long-term goals.

As our Better Together value gains traction, we are seeing deeper cooperation both within the Group and across the value chain. Through closer dialogue and a more collaborative culture, new initiatives are constantly being created together with customers, suppliers and sister companies. This enables us to identify common opportunities and jointly develop solutions that are more sustainable from an economic, environmental and social perspective.

Innovation remains a central part of business development. Multiple Group companies have launched new products and solutions with a lower climate footprint, improved resource efficiency, or other environmental benefits. The proportion of service-related business is gradually increasing, contributing to more stable revenue streams and representing a natural step in the transition towards more circular business models where the focus is on function, longevity and value creation over time.

These efforts help establish a Group in which sustainability is fully integrated into the business, serving as a driving force for innovation, profitability, and long-term growth.



Group overview

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

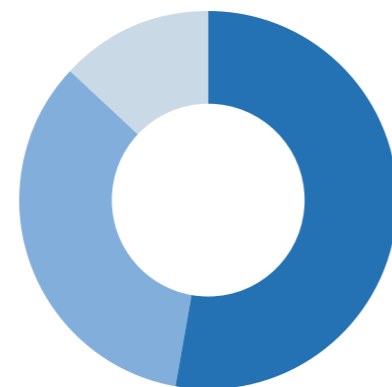
Business units

<p>Industrial Products</p> <p>Components and systems made from polymeric materials, manufactured using rotational, injection and blow moulding with high environmental performance.</p>	<p>Industrial Solutions</p> <p>Automation equipment, software solutions within industrial digitalisation and advanced industrial products on contract assignments.</p>	<p>Precision Technology</p> <p>Advanced cutting processes, laser welding and 3D printing for the production of parts involving demanding quality and precision requirements.</p>
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Volume distribution (%)



Market segmentation (%)



Packaging & food



42%

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

MedTech/Pharma



12%

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

Infrastructure & environment



10%

Water purification systems and pumps for environmental protection. Measuring equipment, climate systems and power transmission in ships. Software solutions for reducing greenhouse gas emissions.

Automotive



10%

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

Defence & security



5%

Components and subsystems for defence, surveillance and security solutions.

Agriculture & forestry



4%

Silos, tanks and containers for collecting, storing and transport. Components such as air valves and pipes for agricultural and construction machinery.

Marine



3%

Boats for public and private use, buoys and other floating elements for marinas and fish farms, as well as components for power transmission in ships.

Other technical industry



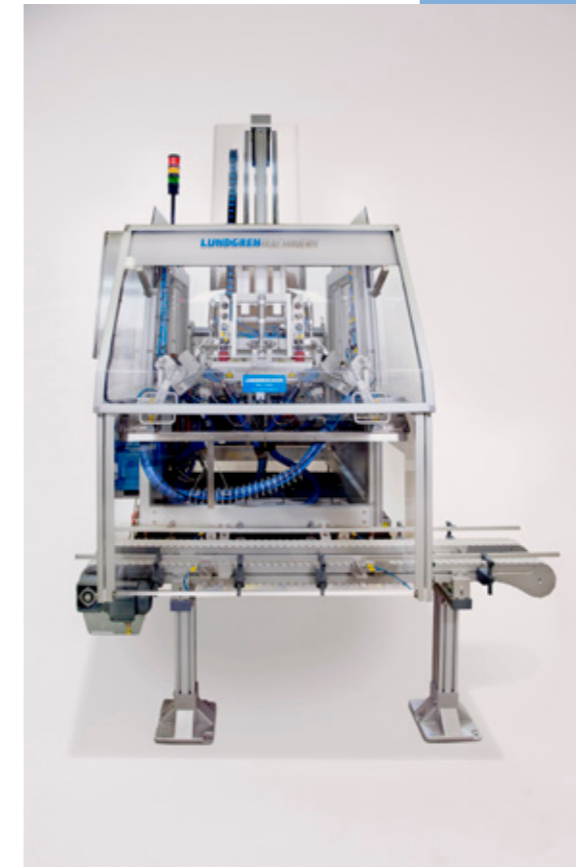
14%

Components for the electronics and power industries, as well as for tool production and material handling, furniture accessories and consumer products.

Business units

The XANO Group consists of three business units, which each have a clear profile and a distinct offering. Together, they form a balanced whole, with their distinct orientations and interconnected business models which create stability and long-term resilience.

Combining specialised expertise with a shared commitment to profitable growth and continuous improvement strengthens the Group's position in the market. Each business unit is built on solid pillars of entrepreneurship, innovation and collaboration. With strong teams, technical innovation, commercial drive and close customer relationships, each business unit can grow on its own terms while contributing to the overall development of the Group.



40 Industrial Solutions

The business unit develops and provides innovative automation and production solutions that optimise manufacturing processes and reduce resource consumption. Additionally, the business encompasses the development of integration technology and software solutions within industrial digitalisation, along with contract assignments for advanced industrial products.

Industrial Solutions consists of Canline, Case Packing Systems (CPS), CIM, Fredriksons, Graniten, Integrated Packaging Solutions (IPS), Jorgensen, Lundgren, NPB, Polyketting and Veldkamp .

32

Industrial Products

The companies within this business unit specialise in the development and manufacturing of components and systems made from polymeric materials, with an emphasis on circular material flows and resource-efficient production. Products are manufactured using rotational moulding, injection moulding, and blow moulding techniques.

Industrial Products consists of Ackurat, Blowtech, Cipax and Pioner Boat.

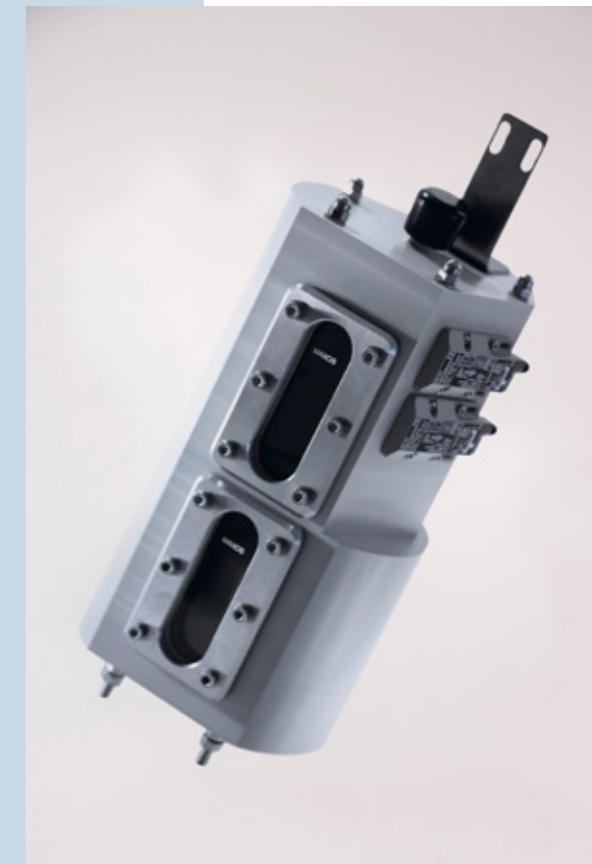


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Precision Technology

This business unit offers advanced component and system manufacturing using advanced cutting processes, industrial 3D printing and laser welding, with a focus on high precision and quality. The offer is complemented by services such as laser marking, control measurement and assembly. Companies have the resources to take on projects that cover the entire chain from prototype to series production.

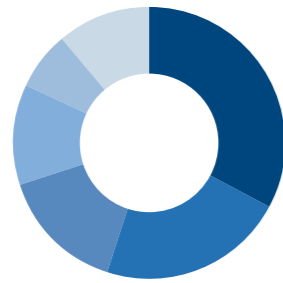
Precision Technology consists of Kuggteknik, Kungsörs Mekaniska Verkstad (KMV), Lasertech, LK Precision, Mikroverktyg, Modellteknik and Resinit.



Industrial Products

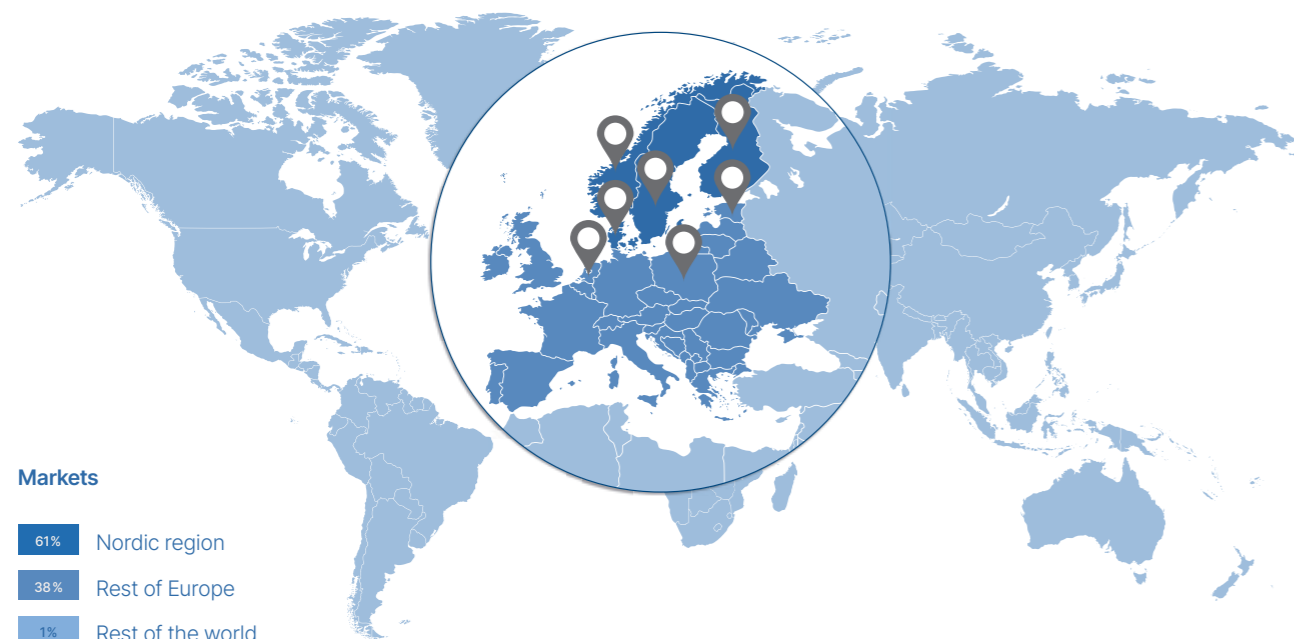
The business unit is made up of Ackurat, Blowtech, Cipax and Pioner Boat.

The companies process polymeric materials through rotational moulding, blow moulding and injection moulding. One third of revenue relates to the business unit's own product ranges, including tanks and material-handling solutions for industrial use, boats and marine products, sustainable solutions for on-site wastewater systems, as well as furniture and interior fittings. The business unit has production and service capabilities that make it possible to manage complete customer assignments, covering everything from project management and design to manufacturing, assembly and distribution.



Sectors

- 33% Automotive
- 22% Infrastructure & environment
- 15% Agriculture & forestry
- 12% Marine
- 7% Furniture industry
- 11% Other technical industry



Markets

- 61% Nordic region
- 38% Rest of Europe
- 1% Rest of the world

Entrepreneurship

Team power

Lars-Erik singles out the employees as the main driving force behind Cipax's development. By giving each person responsibility and the opportunity to contribute, a culture is created where initiative, dedication and the desire to improve are central parts of everyday life. It is this shared drive that propels the company forward – from the quality and reliability of its products and customer relationships to a long-term sustainability approach that encompasses materials, environmental impact and partnerships. Together, the team is building a solid foundation for continued development and future opportunities.



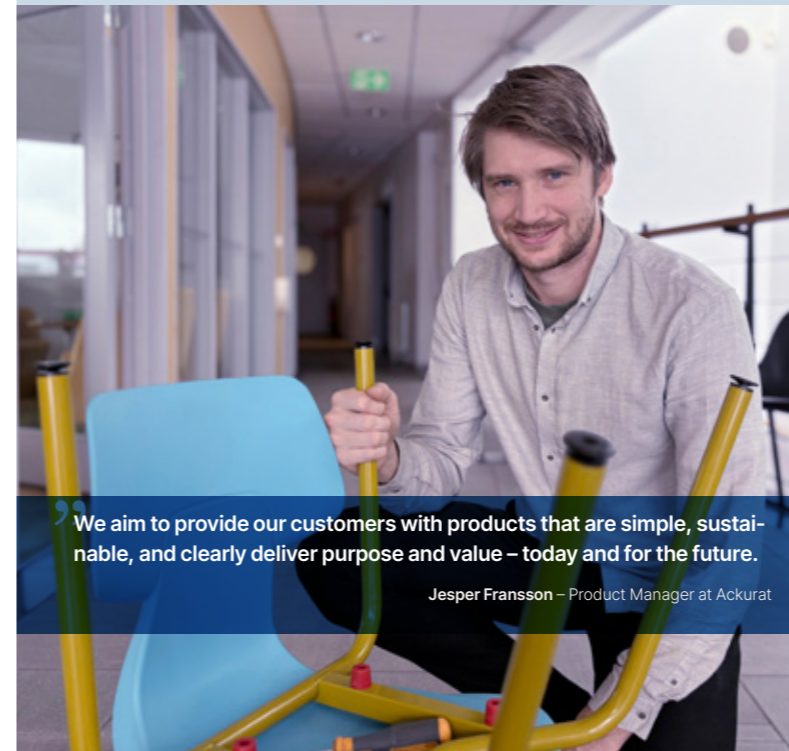
It is the team and our shared desire to grow that make us strong and drive us forward, with every employee contributing their part.

Lars-Erik Andersson – Managing Director at Cipax

Innovate for the future

Innovation that drives simplicity and improvement

Jesper has been instrumental in the development of the PIN-CH flexible furniture foot part series, where the focus has been on simplicity, function and durability. At Ackurat, the series has been developed to give users clear choices – the right grip for the right surface – while the design makes the products as easy to dismantle as they are to assemble. This creates better conditions for future waste separation and recycling. The team is also exploring the possibility of using recycled materials, further strengthening the series' sustainable profile. PIN-CH has been well received by customers and is hailed as a smart, flexible and future-oriented alternative.



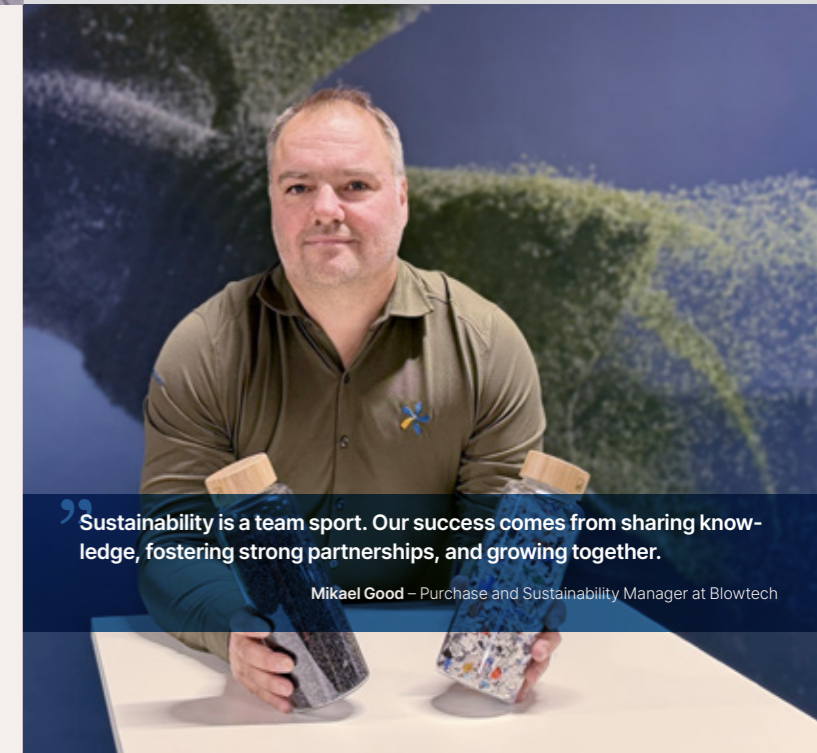
We aim to provide our customers with products that are simple, sustainable, and clearly deliver purpose and value – today and for the future.

Jesper Fransson – Product Manager at Ackurat

Better together

Working together for sustainable development

For Mikael, working on sustainability is something that's done together. At Blowtech, it's all about sharing knowledge, setting common goals and working closely with suppliers and customers to build strong networks that drive development forward. Open dialogue and transparency across our value chain have generated new insights, including detailed mapping of climate footprints by product and material type. For Mikael, cooperation is key. Taking small steps together creates real change and opens the door to more circular and innovative solutions.



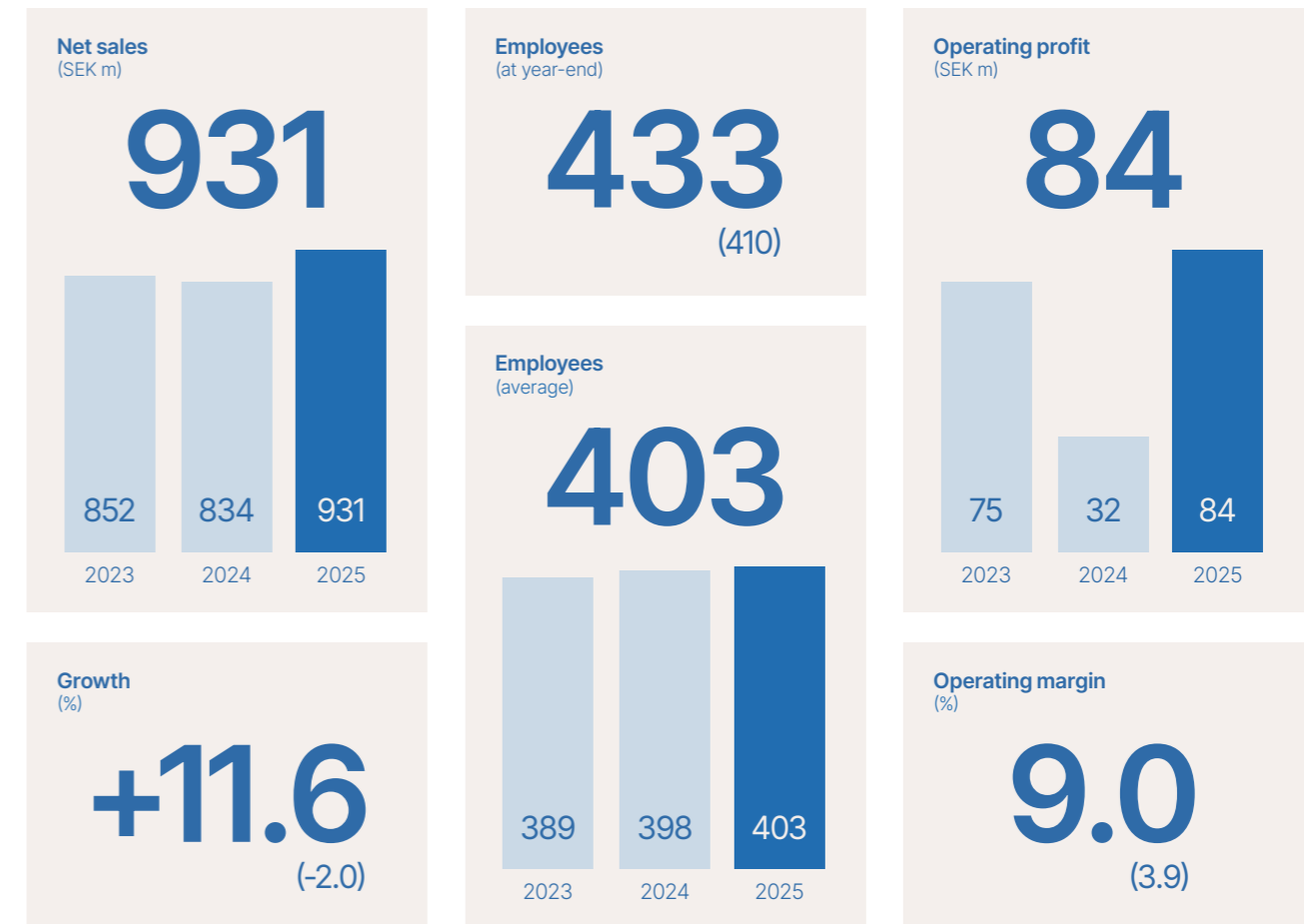
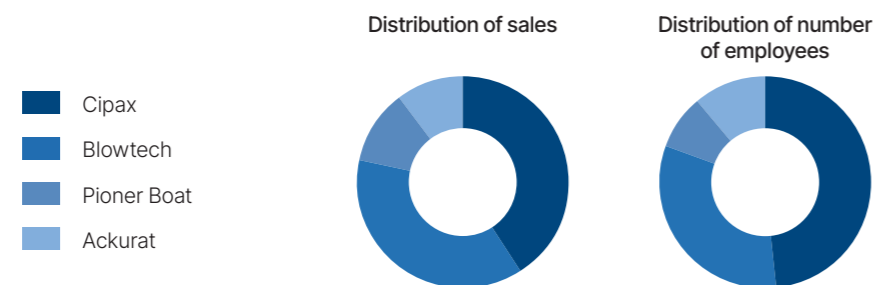
Sustainability is a team sport. Our success comes from sharing knowledge, fostering strong partnerships, and growing together.

Mikael Good – Purchase and Sustainability Manager at Blowtech



Sustainable functionality

Industrial Products is an innovative business unit specialising in customer-specific projects and in-house developed solutions in polymer processing. Advanced production methods and high technical expertise are used to create durable, functional products – everything from own boats and wastewater systems to customer-specific industrial containers and vehicle components. By working closely with global manufacturers and engineering industries, this business unit ensures high quality and cost efficiency in every project.



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

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

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

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

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



Reflections and insights

Matz Svensson has overall responsibility for operations within the Industrial Products business unit. Here, he summarises his reflections on the past year.

Market conditions

The business climate remained characterised by caution throughout the year as a whole, although several companies in the business unit still managed to increase their market share. We had a high number of new projects in our order books, with total orders worth well above the previous year's levels. These projects will go ahead continually throughout 2026 and 2027, and some of them involve production over several years.

Compared to the previous year, volume shares for the business unit's primary industries were largely unchanged. The exception was revenue related to the automotive sector, which increased significantly. The reasons for this were partly retroactive compensation received for previous cost increases, and partly extended and expanded delivery contracts ahead of announced winding-down of customer collaborations. These discontinuations are a result of the business unit's strategy to actively reduce its share of automotive-related activities in order to free up capacity and resources for other markets and for our proprietary products.

Organic growth for the business unit was 10 per cent, and just under 2 per cent more was added by acquisitions. The share of revenue linked to proprietary products and systems increased from 27 to 30 per cent.

Restructuring and coordination

Blowtech's Norwegian unit has been struggling with long-term challenges linked to production for the automotive sector, and winding-down of unprofit-

able delivery contracts has been under way for some time. Remaining production and relevant machinery have been transferred to the Swedish unit, in order to achieve a more sustainable production structure over time. In Norway, the intended replacement volumes have not materialised as planned. Following careful consideration, we have therefore decided to wind down operations in Norway, and the process will be completed in the first half of 2026.

Streamlining has otherwise taken place in the form of flow optimisation, increased automation and capacity adaptation, for example. The ongoing shift in the sales mix – where production for new customer segments and more sophisticated projects initially requires more extensive resources – is affecting productivity in the short term, but will help to boost margins in the long run.

Proprietary products

Our companies have enjoyed continued success with proprietary products. The portfolios are continually expanding and being introduced both in new customer segments and new geographical markets. For example, sustainable infrastructure products and furniture components were launched during the year, as was a new boat model. A further boat model is under development and the range is otherwise being expanded generally.

Sustainability aspects and regulatory requirements are pivotal considerations in the business unit's development work. Existing regulations are always met as a minimum requirement, but great attention

is also paid to upcoming changes that may affect future product design and performance. Sustainability is therefore integrated into development projects through clear targets for reduced environmental impact and more circular material flows.

Sustainable materials and circular flows

As a company in the polymer industry, we take our responsibility to mitigate our operations' climate impact very seriously. This means for example that we are meticulous in our choice of materials, and that we optimise material use, promote circular flows and minimise waste. We have designed production processes that support an ecocycle-based approach, minimising the use of natural resources by reusing and recycling materials wherever possible. Offcut materials are recycled on site at our production units, and investments are being made in an in-house recycling facility; this will increase access to recycled materials, which are currently in short supply.

In line with the EU's strategy for transitioning to a more circular economy and upcoming EU legislation, Cipax, together with an external partner, has developed a model for calculating the climate impact of our proprietary products, from raw material extraction to delivery from the company's warehouse ('cradle to gate'). The model can also be used for tailored calculations for rotationally moulded, customer-specific products. Detailed climate data helps both us and our customers to make sustainable choices.



Three priorities for 2026

1

An expanded share of proprietary products, with a focus on broader product portfolios and sustainable materials.

2

Strengthened circularity through accelerated return flows and a higher proportion of recycled materials.

3

Continued transition and consolidation to reduce dependence on the automotive sector and reinforce profitability.



Ackurat

Sweden / Poland / Finland

Ackurat manufactures and sells standard injection-moulded components in polymeric materials 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 Europe. Its customers are primarily manufacturers of furniture, fittings and machinery.

Net sales	SEK m	95.8
Growth	%	+1.6
Employees	average	44



Blowtech

Sweden

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

Net sales	SEK m	349.7
Growth	%	+18.1
Employees	average	130



Cipax

Sweden / Estonia / The Netherlands / Denmark / Norway / Finland

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

Net sales	SEK m	383.9
Growth	%	-4.3
Employees	average	195



Pioner Boat

Norway

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

Net sales	SEK m	105.6
Growth	%	+21.9
Employees	average	34

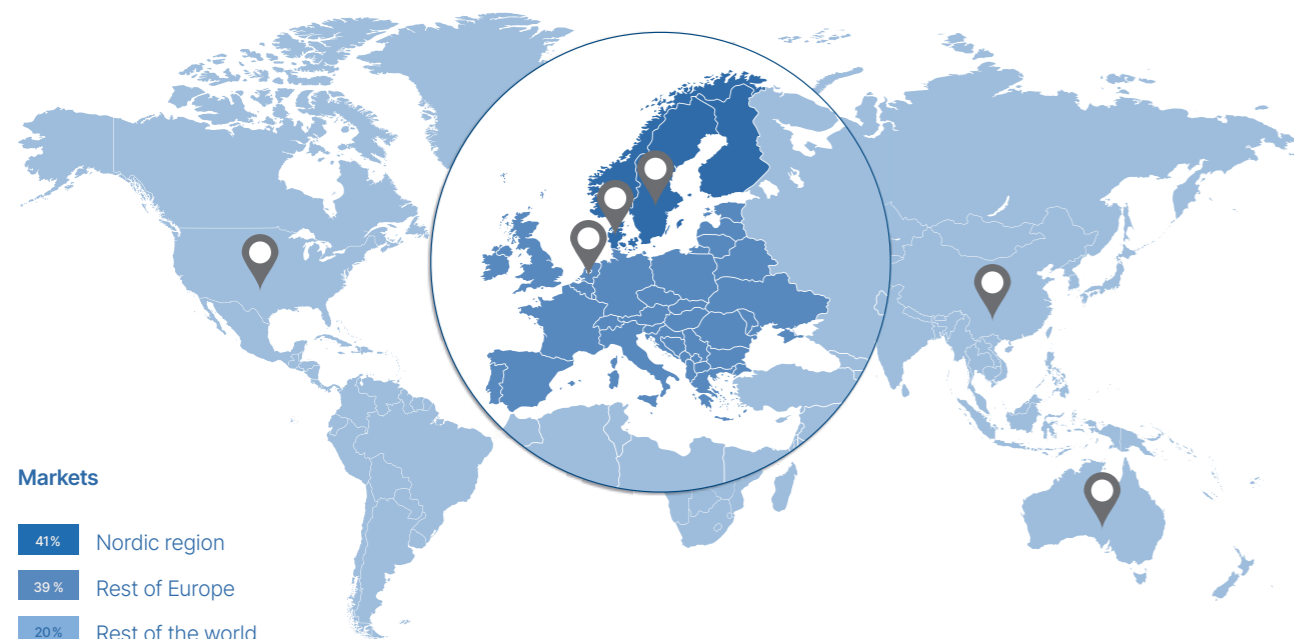
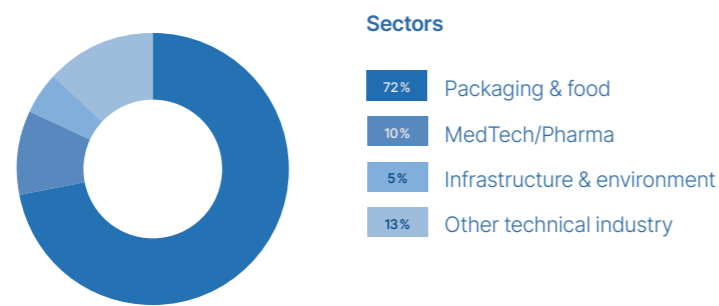


Industrial Solutions

The business unit is made up of Canline, Case Packing Systems (CPS), CIM, Fredriksons, Graniten, Integrated Packaging Solutions (IPS), Jorgensen, Lundgren, NPB, Polyketting and, from 2026, Veldkamp.

The operations include the development and manufacture of automation solutions for production lines in sectors such as packaging, food and pharmaceuticals, complemented by software solutions, integration technology and support systems, as well as services such as process optimisation, maintenance, technical support and training.

In addition, contract assignments are carried out for advanced industrial products in small and medium-sized series, primarily for applications within the packaging and food industries, medical technology, infrastructure and environmental sectors.



Entrepreneurship

Responsibility in practice

When Jorgensen Engineering faced a sudden change in management, the team acted quickly and took responsibility together. John U. Madsen (CFO), Per V. Rasmussen (CSO), Thomas Lassen (CTO), Tim Christiansen (COO) and Joachim B. Christensen (Senior Sales Manager) – pictured from left to right – stepped in to ensure stability, maintain momentum and provide clear direction while the board worked on a long-term solution.

By combining a structured approach, clear communication, and a shared mandate, they effectively divided responsibilities and kept projects on track during a challenging period. The support from the board and the employee-elected members strengthened the management team in their work. The decision to step forward together shows that entrepreneurship is also about taking initiative in challenging situations.



When we act together and take responsibility, we create stability and momentum. That's entrepreneurship in action.

John Uhrenholt Madsen – CFO and acting CEO at Jorgensen Engineering

Innovate for the future

Driven by customers' needs

Ruud is motivated by developing new and improved products that help customers benefit from the advanced solutions his team delivers. His work is strongly customer-driven, and the development of Smart End is a clear example of this. The product was developed entirely based on a customer's specifications and refined through close cooperation and continuous dialogue. As new needs arose, the team integrated updates and additional features along the way.

The result is a solution that is not available anywhere else on the market. Ruud's approach demonstrates how forward-thinking development emerges by understanding customers' challenges and translating them into practical solutions that make a real difference.



What motivates me is developing new and improved products that help our customers get value from the solutions we deliver.

Ruud Coolen – R&D Engineer at Canline

Better together

Success through cooperation

When a complex customer project required extra effort, Joakim and his team at Graniten decided to take joint responsibility for technology, budget, and customer satisfaction. Their strength lay in their trust in each other, a clear common direction and a strong desire to succeed together. This made it possible to carry out a quick and successful installation at a leading pharmaceutical customer.

The project demonstrated the importance of combining skills and working as a team when demands increase. Through close cooperation, the team was able to translate innovation into tangible customer value while strengthening its ability to meet future challenges.



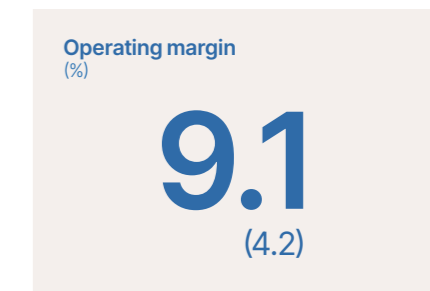
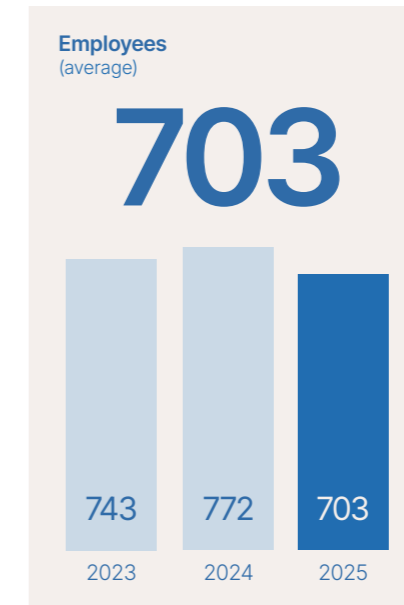
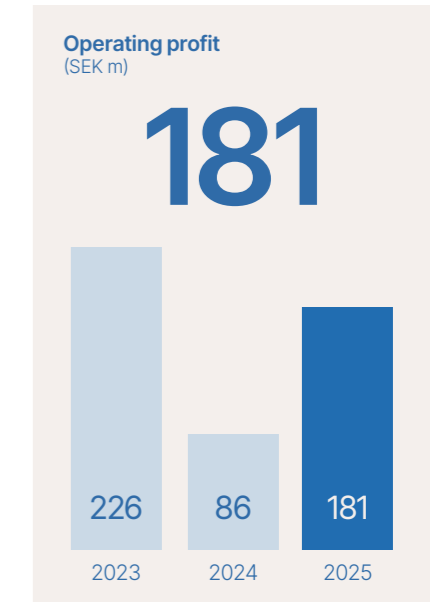
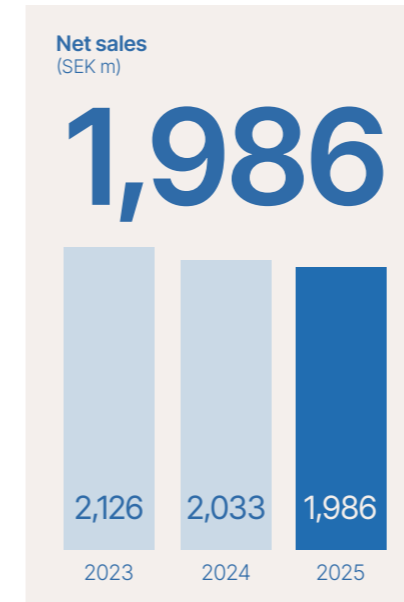
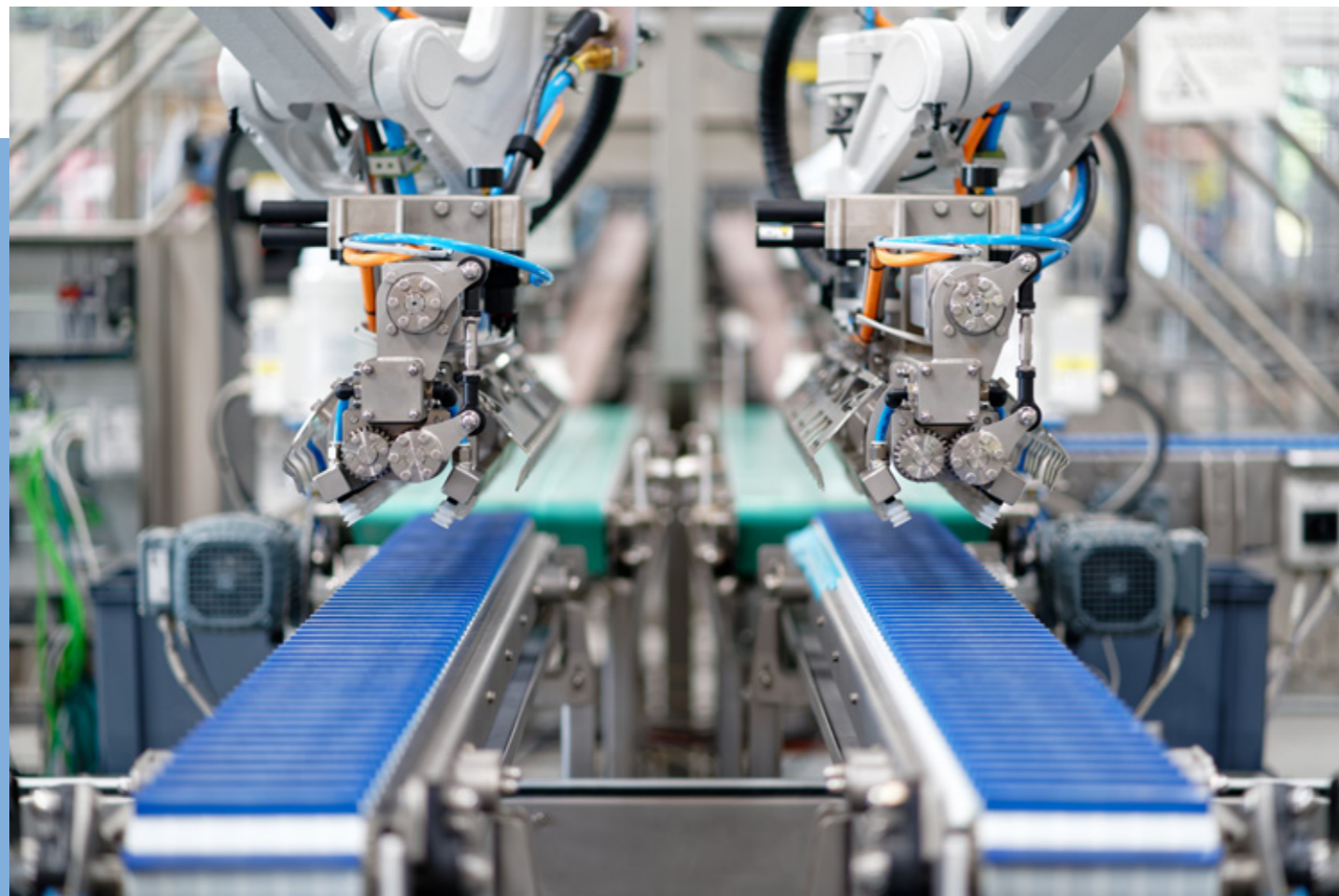
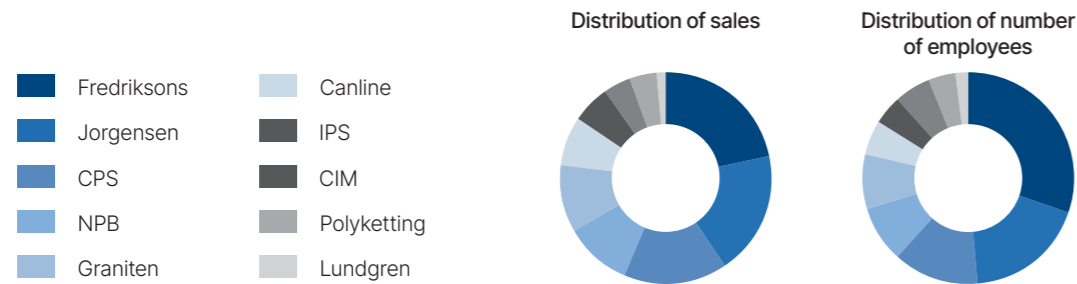
It is when we trust each other, share the same goals and work as a team that we succeed.

Joakim Jönsson – Engineering & Product development Director at Graniten



Innovative solutions

Industrial Solutions creates advanced automated solutions that optimise global production flows. Through customised conveyors, packaging machines and end-to-end solutions with digital control and traceability, companies deliver innovation, efficiency and precision. Robotic integration and intelligent control systems ensure high quality, hygiene and flexibility for customers working in the food, pharmaceutical, manufacturing and infrastructure sectors.



Business unit 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 around the world. Conveyors, accumulators and packaging machines are just some examples of the business unit's products. Some of its machines control production flows for cartons, metal cans and lids, while others handle all types of filled packages, such as soft containers, pouches and bottles. The companies in the business unit offer tailored all-inclusive solutions for various production environments. The demands placed on the equipment include high effi-

ciency, careful handling, flexibility, good hygiene and product quality control.

Combined range of services

The business unit's combined range of services covers a broad spectrum. This includes automated sheet metal working and system assembly for advanced product solutions, as well as comprehensive software solutions that make it possible for customers to make business-critical decisions based on reliable data. The processes relating to the development and manufacture of automation equipment are supported by services such as prototyping using 3D printing, robot integration and line control. Digital technology delivers instant remote access and constant

accessibility. The business unit's solutions also offer identification at unit level and full traceability throughout the customer's production flow. It also offers after-sales services, for example in the form of process optimisation, maintenance, technical support and training.

Primary customer structure

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



Reflections and insights

Frans Augustijn has overall responsibility for operations within the Industrial Solutions business unit. Here, he summarises his reflections on the past year.

Market trends

The market climate is characterised by continued uncertainty and limited willingness to invest in several of the sectors where the business unit's companies traditionally operate. Demand in automation and project-related assignments was generally subdued, and customer decision-making processes remained long. Demand remained relatively stable in customised manufacturing, and along with higher sales in service and aftermarket this provided some counterbalance to the more project-dependent parts of the business.

Following a long period of overcapacity and low project activity in the metal can industry – so vital to the business unit – we were delighted to see a gradual recovery during the year. Several contracts were won, and stable growth is predicted for the customer segment in the long term.

Despite challenging market conditions and an imbalance in incoming orders, the business unit essentially maintained the previous year's volumes overall. Meanwhile, operational adjustments led to a considerable improvement in margins and higher operating capacity.

Challenges

The low number of major projects, and the resulting increased competition, hampered development for the majority of companies in the business unit. While investment needs do exist in the relevant sectors, global instability is leading many customers to wait and see. This great uncertainty has brought recurring challenges with resource planning and performance management. Margins were affected in part by the lack of compensation for costs incurred in preparing for projects that were later postponed or cancelled altogether.

With increased price pressure and competition, the need for stronger purchasing

capability, more effective processing of business opportunities and tighter internal cost discipline has become even more pronounced. Moreover, projects of high technical complexity require very strict project management and clearly defined processes for quality assurance. One of the priorities for the business unit's companies this year has therefore been to further develop and optimise internal functions.

Our initiatives related to geographic expansion have been hampered by ongoing conflicts and general instability in the wider world. However, we continue to plan for a deeper presence in selected areas where we see coordination advantages and strong growth potential.

More service-oriented operations

We have seen positive results from our initiatives in aftermarket and productisation. The asset acquisition of Altek in the U.S. in September 2025 and the addition of the Dutch company Veldkamp in January 2026 improve the business unit's ability to grow further in this area. The increasing share of service sales is gradually contributing to a more stable revenue stream and more predictable cost structures.

Transforming customised solutions into scalable, standardised products and modules also means shorter lead times, lower risk levels, stronger cash flow and clearer customer value. The increased systematisation of the service offering is an important step in the business unit's long-term strategy towards more service-oriented operations that support sustainable business and technological development. By offering services related to maintenance, upgrades and optimisation of customers' production equipment, we can reduce resource use, extend operating life and decrease the need for new production. In this way, we

take greater responsibility for the planet while strengthening both our own and our customers' competitiveness.

Better together

One of the business unit's most central development areas during the year has been deepening the exchange between sister companies. 'Better together' is one of the Group's core values and is based on the conviction that collaboration leads to shared success. Through coordinated initiatives in areas such as development, marketing, project management and purchasing, we can create a better foundation for increased efficiency and competitiveness.

In practical terms, several companies have collaborated around key customers to present an attractive combined offering and increase the chances of winning business where comprehensive solutions are in demand. Development projects have been run in group format focusing on automation functions, data collection, and new concepts for optimising production. To streamline marketing activities, the sister companies have more systematically and extensively shared industry information, customer insights and technical expertise. Many customer meetings have thereby been improved, shortening the path from idea to decision-making material. Through a new central function, purchasing audits and support in managing larger projects have strengthened both cost control and commercial discipline.

With a broader service base, a clearer internal collaboration model and a focus on long-term value creation, we have strengthened our position for the coming year.



Three priorities for 2026

1

Strengthened margins through the continued development of service offerings and aftermarket sales.

2

Productisation of in-house developed solutions to increase scalability and deliver clearer customer value.

3

More stable revenue streams through strategic adjustments to the sales mix.



NPB Automation
Sweden

NPB develops and manufactures automation equipment, primarily end 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 and food industry.

Net sales	SEK m	211.2
Growth	%	+25.4
Employees	average	61



Canline Systems
The Netherlands

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 and food industry.

Net sales	SEK m	152.1
Growth	%	+9.0
Employees	average	37



Integrated Packaging Solutions (IPS)
USA

IPS provides machinery, tools and integration technology as well as production-optimisation and sustainability-improvement services to metal packaging manufacturers. Via the proprietary CanSCHOOL concept, the company offers digital training linked to can handling. IPS is an international company whose customer base consists of global players in the packaging and food industry.

Net sales	SEK m	121.7
Growth	%	-5.2
Employees	average	31



Jorgensen Engineering
Denmark / USA

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

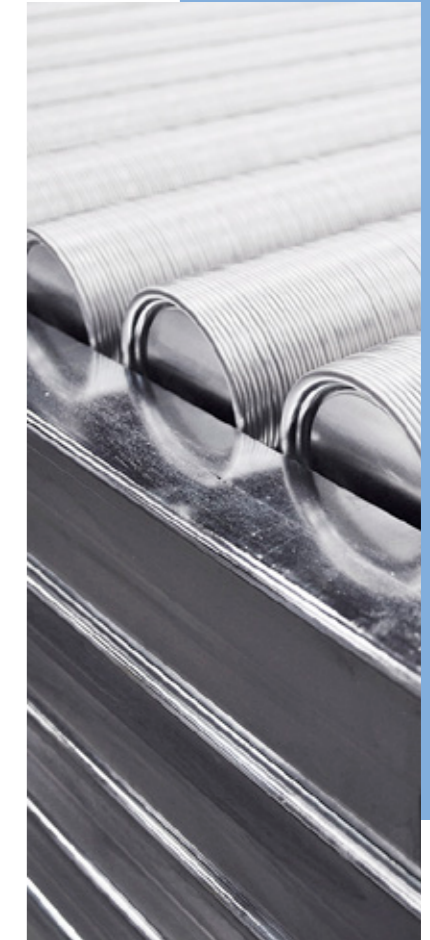
Net sales	SEK m	383.2
Growth	%	-28.8
Employees	average	130



Case Packing Systems (CPS)
The Netherlands / USA / Australia

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

Net sales	SEK m	320.4
Growth	%	-12.8
Employees	average	91



Fredriksons
Sweden / China

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

Net sales	SEK m	443.8
Growth	%	-2.8
Employees	average	213



Polyketting
The Netherlands

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

Net sales	SEK m	81.4
Growth	%	-20.9
Employees	average	28



Graniten Engineering
Sweden

Graniten develops and manufactures high-tech automation solutions for packaging processes. The equipment is based on proprietary, industry-unique technology that optimises production flows according to changing conditions and varying needs. Graniten also works with customer-specific assignments, mainly for assembly. Customers are mainly in Europe and consist of leading companies in pharmaceuticals, medical technology and healthcare.

Net sales	SEK m	208.0
Growth	%	+67.5
Employees	average	58



Lundgren Machinery
Sweden

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

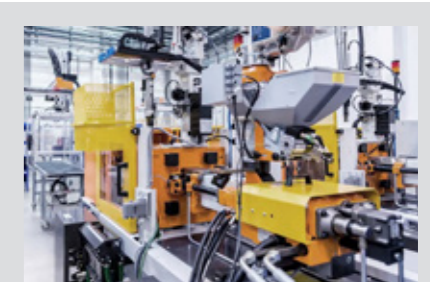
Net sales	SEK m	27.5
Growth	%	+33.2
Employees	average	13



CIM Industrial Systems
Denmark

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

Net sales	SEK m	84.2
Growth	%	-1.1
Employees	average	40



Veldkamp
The Netherlands

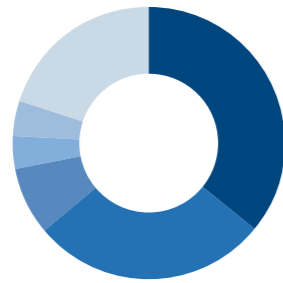
Veldkamp is a comprehensive technical supplier within packaging, production, food and pharmaceuticals. Its core areas – projects and technical support – include machine design and refurbishment, as well as services such as maintenance, machine monitoring, hiring out technical specialists, and delivery of niche components.

Veldkamp was acquired in January 2026.

Precision Technology

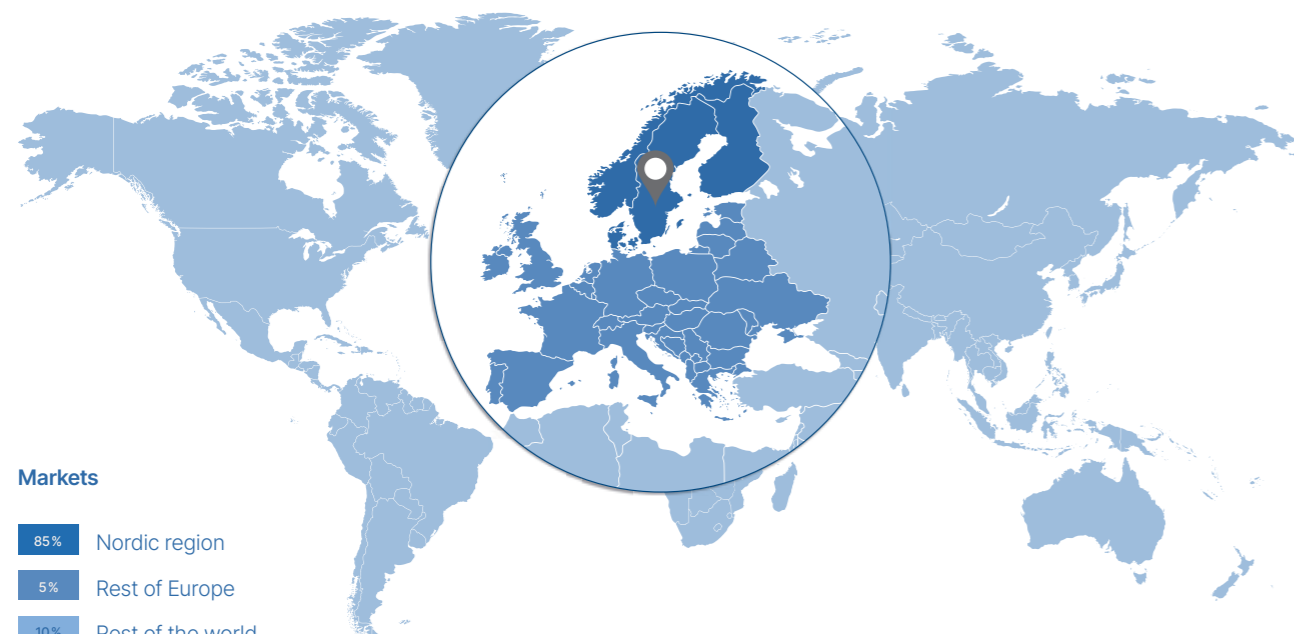
The business unit is made up of Kuggteknik, Kungsörs Mekaniska Verkstad (KMV), Lasertech, LK Precision, Mikroverktyg, Modellteknik and Resinit.

The companies work with advanced machining of metallic and polymeric materials, as well as industrial 3D printing and laser welding. Their combined expertise includes turning, milling and internal machining such as precision drilling and threading. Services such as non-destructive testing, laser marking and assembly are also offered. Furthermore, prototype development and toolmaking are carried out, in combination with volume production in both short and long series.



Sectors

- 36% MedTech/Pharma
- 28% Defence
- 8% Infrastructure & environment
- 4% Tools
- 4% Automotive
- 20% Other technical industry



Markets

- 85% Nordic region
- 5% Rest of Europe
- 10% Rest of the world

Entrepreneurship

Making a difference together

At LK Precision, Attila has played an important role in driving change by leading the introduction of a new business system and taking responsibility for the company's development. Through a structured working method, strong initiative, and close cooperation with colleagues, he has contributed to clearer processes and a unified direction for the future. For Attila, entrepreneurship is about creating change by taking responsibility, identifying challenges, setting clear goals and communicating openly. It shows how progress is made when people work together to turn ideas into action.

To drive change, you need clear goals, open communication and a willingness to take responsibility together.

Attila Nagy – Supply Chain Manager/Customer Support at LK Precision

Innovate for the future

When you take development into your own hands

Jennifer has played a leading role in developing a new and more efficient method for deburring, focusing on both health and safety and production efficiency. By evaluating previous solutions and actively seeking new approaches, Jennifer and her team at Resinit took control of development and chose a method that better suited the needs of the business.

The work was based on close cooperation between several internal corporate functions and external partners. Through knowledge sharing, early testing and local collaboration, ice blasting was developed into a functional and safe process. The result shows how future-oriented development arises when technical expertise, joint effort, and a willingness to think innovatively are combined.

We realised early on that we needed to take control of development ourselves, and that proved to be the right way forward.

Jennifer Zeylon – Production Technician at Resinit

Better together

Building strength through collaboration

Lars is a driving force in the exchange between the companies within Precision Technology and regards collaboration across organisational boundaries as a natural part of daily work. Through his role at Mikroverktyg, he actively shares contacts, experience and business opportunities, enabling the companies to jointly deliver more flexible and comprehensive solutions.

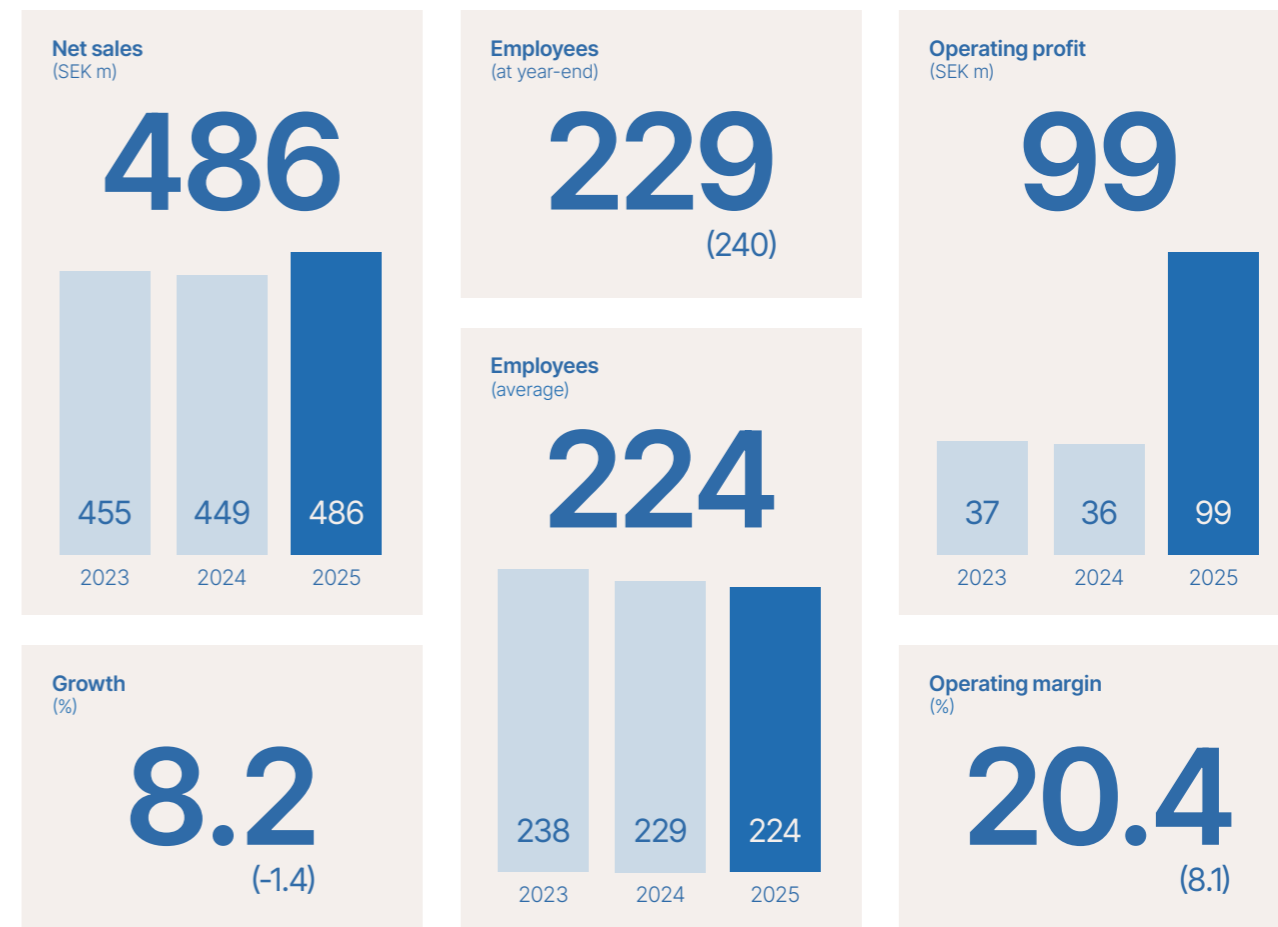
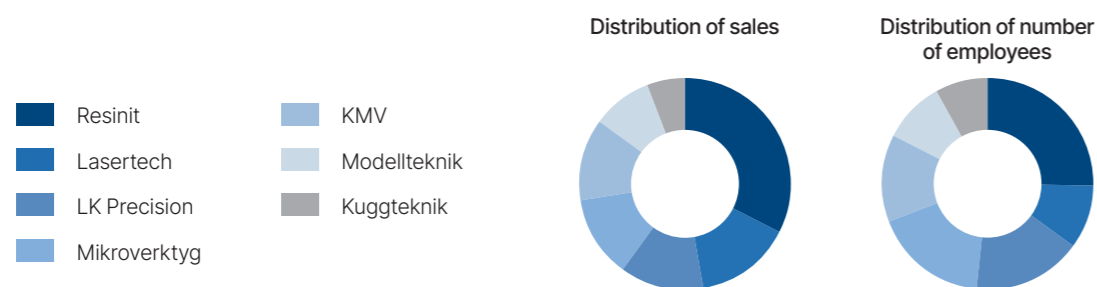
Drawing on shared experience, needs and gaps in customers' offerings are identified, creating new business opportunities within Precision Technology. For Lars, success is about working together, sharing knowledge and creating value through collaboration – both for customers and for the group companies involved.

Through joint efforts, we can offer customers a broader and more comprehensive solution, combining several processing methods.

Lars Bohman – Sales and Application Engineer at Mikroverktyg

Precis precision

Precision Technology offers advanced machining in metal and polymeric materials for demanding industrial segments. High-tech CNC processes, industrial 3D printing and laser welding are used to manufacture complex components with high precision and quality. With end-to-end solutions from project management to production and testing, Precision Technology serves global operators in the medtech, defence, aerospace, automotive and energy sectors.



Business unit offering

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

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

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

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

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

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

Customer structure

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



Reflections and insights

Peter Elgh has overall responsibility for operations within the Precision Technology business unit. Here, he summarises his reflections on the past year.

Market conditions

Overall, the market for the business area's companies saw cautiously positive development, with several customer segments showing signs of stabilising and a higher level of activity. The wait-and-see attitude remained in certain niches, however, and this was particularly evident towards the end of the year.

Following a period of strong growth in medtech and pharmaceuticals, order volumes in the sector gradually returned to more normal levels during the year. Meanwhile, defence and security projects went on increasing in scope. At the end of the year, all companies in the business unit were to some extent involved in projects with customers that deliver defence equipment. The conditions for further growth are deemed good in this segment, although there are factors that could impact on business opportunities. The main ones are rapid technological development, long lead times, and the potential consequences of political decisions.

Order intake overall was higher than in the previous year, even though there were large variations both between periods and between individual units. On the whole, the business unit delivered good growth and a marked improvement in earnings. The increase in margins was largely driven by more efficient processes and an advantageous sales mix.

Transition

In line with the business unit's long-term strategy, for some time the companies

have been working to phase out projects and assignments that do not meet the criteria for our definition of long-term business. Ongoing organisational and operational adjustments have also been made during the year to deal with the altered business situation. By actively cultivating markets, we have continuously established new operating niches and customer relationships. Growth in the defence sector is one example of where our efforts are producing results. A focus on margin improvement, supported by efficiency gains in internal processes like capacity planning and cost control, has enabled us to deliver a higher profit level overall than last year.

The business unit in focus

The exchange of experience within the business unit has gradually deepened, resulting, among other things, in more coordinated market activities. This has significantly increased the understanding of each company's respective resources and capabilities. Rather than focusing solely on their own operations, the companies strive to identify how different business opportunities can create value for the entire group. Through this collaboration, the business unit is able to offer combined competencies and more comprehensive solutions to its customers.

Sustainable production

Companies in the business unit work primarily with advanced cutting processes in metallic and polymer materials.

Production generally uses CNC machines for operations such as milling, drilling and threading. Mitigating climate impact from own operations is primarily a matter of optimising resource use in order to minimise energy consumption, material waste and scrap. All companies in the business unit have electricity contracts that guarantee supplies from renewable sources and continuous monitoring of manufacturing processes. When investment is needed, the possibility of buying renovated machines is always considered first. As well as being climate smart, this is also more favourable economically and in terms of turnaround times.

The products manufactured in the business unit are almost exclusively customer specific. As subcontractors, our companies are often tightly constrained, for example in terms of material selection. To support more sustainable decisions, we provide relevant expertise on material properties, production methods and resource efficiency. In many cases, we are involved in the customer's development processes early on, enabling us to contribute knowledge to create solutions that promote efficiency, circularity and a long service life. By challenging existing practices, introducing new technology and suggesting improvements even when they are not requested, we act as a change partner and a driving force for more sustainable choices throughout the value chain.



Three priorities for 2026

1

Deepened establishment within selected customer segments, with a focus on defence and medical technology.

2

Strengthened operational efficiency through optimisation of processes, resources and capacity across the business unit.

3

Increased internal collaboration within the business unit to enable more joint development opportunities.



Kuggteknik
Sweden

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

Net sales	SEK m	28.1
Growth	%	+12.3
Employees	average	18



Kungsörs Mekaniska (KMV)
Sweden

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

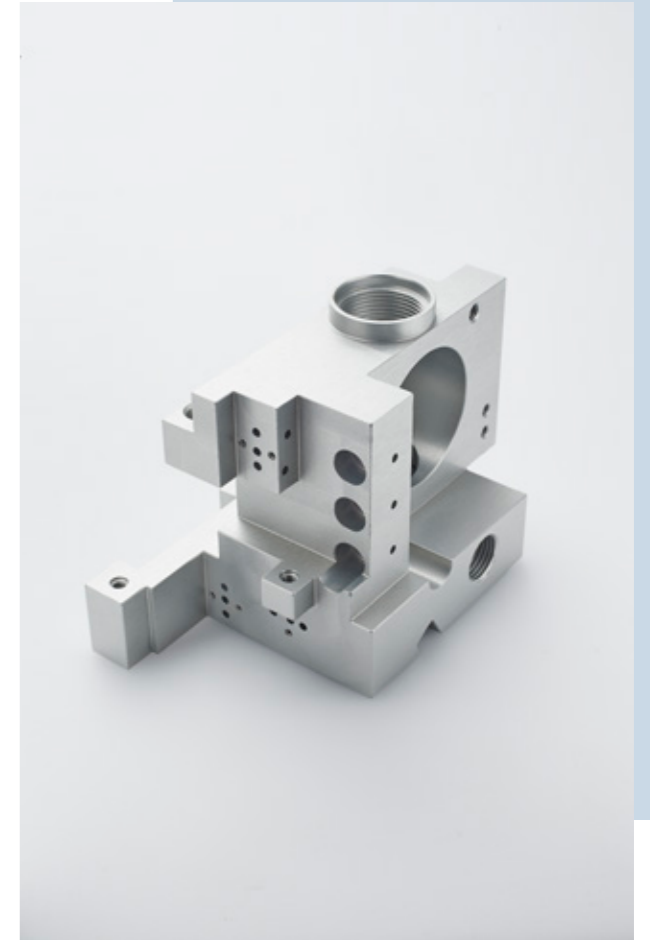
Net sales	SEK m	61.1
Growth	%	-6.8
Employees	average	30



Mikroverktyg
Sweden

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 sectors are construction machinery, automotive and defence.

Net sales	SEK m	61.2
Growth	%	-12.7
Employees	average	39



Lasertech
Sweden

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

Net sales	SEK m	72.6
Growth	%	+15.9
Employees	average	22



LK Precision
Sweden

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

Net sales	SEK m	62.6
Growth	%	+13.4
Employees	average	37



Modellteknik
Sweden

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 sectors.

Net sales	SEK m	44.4
Growth	%	-10.0
Employees	average	21



Resinit
Sweden

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

Net sales	SEK m	158.9
Growth	%	+28.4
Employees	average	57

Corporate governance report 2025

XANO INDUSTRI AB (PUBL)

Swedish Corporate Governance model

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

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

Corporate governance at XANO

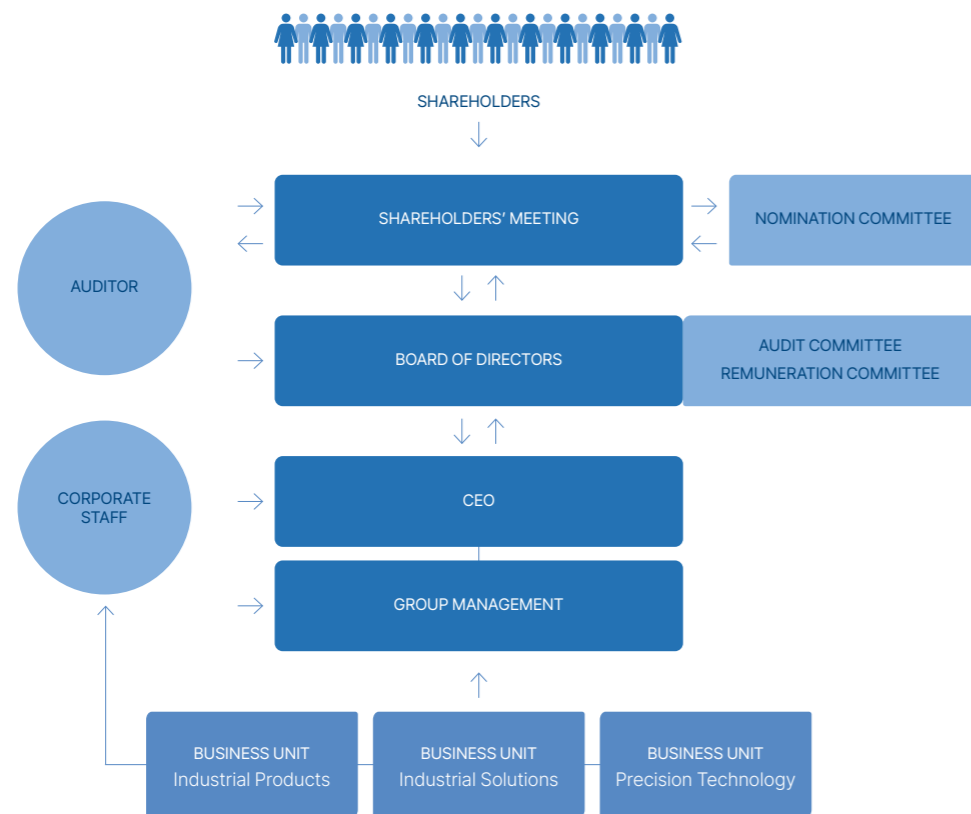
XANO Industri AB (publ) is a Swedish public limited company whose overall goal is to generate long-term value for its shareholders and other

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

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

Shareholders

At the end of 2025, there were 5,093 shareholders in XANO, of which 4,923 were physical persons representing 12.2 per cent of the votes and 28.4 per cent of the capital. Institutional holdings constituted 4.6 per cent of the votes and 14.8 per cent of the share capital. The ten largest shareholders accounted for 94.4 per cent of the votes and 82.0 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 both capital and votes in the company. Anna Benjamin controlled 56.8 per cent of the votes and 27.1 per cent of the capital. Pomona-gruppen AB held 29.2 per cent of the votes and 28.2 per cent of the capital.



Shareholders' meeting

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

Annual General Meeting

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

Annual General Meeting 2025

XANO's 2024 AGM was held on Thursday 15 May. 30 shareholders, whose holdings corresponded to 90 per cent of the votes and 68 per cent of the number of outstanding shares, were represented in the meeting. The following key decisions were made:

- » Re-election of Board members Fredrik Rapp, Petter Fägersten, Anna Benjamin, Jennie Hammer Viskari, Pontus Cornelius and Vibeke Gyllenram. Re-election of Fredrik Rapp as Chair of the Board.
- » Election of the registered auditing company KPMG AB, Jönköping, with authorised public accountant Olle Nilsson as auditor in charge.
- » Adoption of the revised terms of reference for the Nomination Committee.
- » Authority for the Board of Directors to decide on repurchase and transfer of the company's own shares.
- » Authority for the Board of Directors to decide on new share issue.

Annual General Meeting 2026

XANO's 2026 AGM will take place on Thursday 7 May at 16:00 in Jönköping. Further information can be found on page 61 of the annual report for 2025 and on the website 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 2025 AGM decided that there should be six members. The Board of Directors currently consists of Anna Benjamin, Pontus Cornelius, Petter Fägersten, Vibeke Gyllenram, Jennie Hammer Viskari and Fredrik Rapp (Chair). Anna Benjamin, Petter Fägersten and Fredrik Rapp 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 2025. 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 2025 included the following main items:

No. 1 – 6 February

Year-end report 2024, report from the audit committee, the auditor's report of the general observations arising from the audit of the 2024 financial statements, sale of real estate company, formalities related to the upcoming AGM.

No. 2 – 19 March (per capsulam)

Approval of the annual report and ESEF report, and formalities and proposals related to the upcoming AGM.

No. 3 – 8 May

Interim report 3 months, revised forecast for 2025, report from the remuneration committee, investments, prerequisites prior to the AGM.

No. 4 – 10 July (digital)

Interim report 6 months.

No. 5 – 18 September (digital)

Revised forecast for 2025, acquisition discussions.

No. 6 – 22–23 September

Group strategy, visit at and in-depth information on Fredriksons, business unit strategies.

No. 7 – 30 October (digital)

Interim report 9 months, acquisition discussions.

No. 8 – 11 December

Budget for 2026, sustainability, investments.

In December 2024, the Board of Directors adopted an updated Code of Conduct, as well as a new Environmental Policy and a Climate Transformation Plan. The Code of Conduct describes the Group's values and the accountability expected from employees and partners. The policy sets out the minimum standards to be observed by the Group's companies and the suppliers that wish to cooperate with them. The Code of Conduct is part of a context in which the Environmental Policy expands on the Group's positions. The Climate Transition Plan summarises the Group's overall perspective and strategic focus on the sustainable transition.

Audit committee

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

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

Remuneration committee

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

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

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

In 2025, Group management consisted of CEO Lennart Persson, CFO Marie Ek Jonson and CSO Marilyn Lindh (appointed on 7 Februari 2025).

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. Guidelines and policies regulating work at the subsidiaries are drawn up in the respective areas.

Business units

In 2025, the Group was made up of three reporting business units: Industrial Products, Industrial Solutions and Precision Technology. The operational management for the business units reports directly to the CEO. Through Group staff functions, supporting documentation for decisions for the Board and CEO are collated within other areas.

Nomination committee

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

In accordance with current terms of reference, a Nomination Committee composed of Anna Benjamin (representative of Viem Invest AB), Christina Tillman (representative of Pomona-gruppen AB) and Tomas Risbecker (Chair) (representative of Svolder AB) was appointed in October 2025. Fredrik Rapp is co-opted in his capacity as Chair of the Board.

The task of the committee prior to the 2026 AGM is to nominate a Chair of the Board and other Board members, auditor, a chair for the AGM, and to propose fees for the Board and auditor. In its proposal, the committee will nominate the most qualified Board members for the company, based on an overall assessment of relevant expertise and experience, and must pay particular attention to the demand for diversity and breadth in the Board, as well as endeavour to achieve an even gender distribution. In its proposal, the nomination committee has in particular complied with and taken into account point 4.1 of the Swedish Corporate Governance Code.

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

In preparation for the 2026 AGM, the Nomination Committee has held six formal meetings and conducted additional deliberations when necessary.

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 auditors' election for XANO last took place at the AGM in 2025 for the term of office up until the AGM in 2026. The AGM elected the registered auditing company KPMG AB with authorised public accountant Olle Nilsson as auditor in charge. Alongside the work for XANO, Olle Nilsson undertakes auditing work for companies including KABE Group AB, OEM International AB and Väderstad AB.

Deviations from the Code

There are no deviations to report for 2025.

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 pages 77–78.

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 and CSO who, together with the CEO, makes up the Group management.

Apart from the current convertible bond programme, there are no outstanding share-based or share-price-linked incentive schemes for senior executives.

Internal controls concerning financial reporting

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

Financial reporting

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

Control environment

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

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

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

Risk assessment

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

Control activities

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

In 2025, internal control work principally related to information security and follow-up on procedures related to employer responsibilities and purchase. In addition, IT security training and vulnerability testing of the Group's systems continue.

Monitoring

The Group management and controllers monitor the financial reporting and key business events on an ongoing basis. At each Board meeting, financial developments are reviewed against forecasts and an assessment is made as to what extent approved investments are following established plans. The audit committee evaluates the internal controls, company code and key accounting issues on an ongoing basis. The company's auditor participates in at least one Board meeting and one audit committee meeting each year 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 2026.

Composition of the Board of Directors and Committees as of 31 December 2025

Name	Elected	Board function	Independent in relation to the company and company management	Independent in relation to major shareholders	Participation in Board meetings 2025	Participation in Remuneration Committee meetings 2025	Participation in Audit Committee meetings 2025 ¹⁾	Board fee including committee remuneration, SEK
Anna Benjamin	2016	Vice Chair	Yes	No ¹⁾	8 (8)	–	4 (4)	295,000
Pontus Cornelius	2022	Member	Yes	Yes	8 (8)	–	4 (4)	330,000
Petter Fägersten	2011	Member	Yes	No ¹⁾	8 (8)	3 (3)	–	280,000
Vibeke Gyllenram	2024	Member	Yes	Yes	5 (5)	–	2 (3)	295,000
Jennie Hammer Viskari	2022	Member	Yes	Yes	8 (8)	2 (3)	–	280,000
Fredrik Rapp	2004	Chair	Yes	No ¹⁾	8 (8)	3 (3)	–	385,000
								1,865,000

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, the same applies to Petter Fägersten.

²⁾ The Audit Committee held four meetings for which decisions were summarised in minutes. Committee members have also participated in further meetings where briefings were given by the Group's auditor.

More information on Board members and company management is given on pages 160–161.

Jönköping, 18 March 2026

Fredrik Rapp
Chair of the Board

Anna Benjamin
Vice Chair of the Board

Petter Fägersten
Board member

Jennie Hammer Viskari
Board member

Pontus Cornelius
Board member

Vibeke Gyllenram
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 2025 on pages 56–59 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, 20 March 2026

KPMG AB

Olle Nilsson
Authorised Public Accountant

Shareholder information

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) will take place at 16:00 on Thursday 7 May 2026 in Jönköping.

Shareholders wishing to participate in the AGM must be registered in the shareholders register maintained by Euroclear Sweden AB on 28 April 2026, and must notify the company of their intention to participate in the meeting in the manner and not later than the date specified in the convening notice.

DIVIDEND

The Board of Directors proposes that the AGM allocates a dividend of SEK 1.00 per share for the 2025 financial year. If the AGM approves the proposal, it is proposed that the dividend be paid in two instalments according to the following: SEK 0.50 with record date 11 May 2026 and payment date 15 May 2026, and SEK 0.50 with record date 10 November 2026 and payment date 13 November 2026.

NOMINATION COMMITTEE

In accordance with current terms of reference, a Nomination Committee composed of Tomas Risbecker (Chair), Christina Tillman and Anna Benjamin has been appointed. The task of the committee prior to the 2026 AGM is to nominate a Chair of the Board and other Board members, auditor, a chair for the AGM, and to propose fees for the Board and auditor.

FINANCIAL CALENDAR

6 May

Interim report 1 January–31 March 2026

9 July

Interim report 1 January–30 June 2026

29 October

Interim report 1 January–30 September 2026

10 February

Year-end report 2026

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 email to ir@xano.se or by telephone on 036-31 22 00.

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

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Directors' Report

Annual report and consolidated financial statements

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 2025 financial year.

Directors' report, financial reports and financial notes are found on pages 63–103. The directors' report continues and also includes XANO's statutory sustainability report on pages 104–154. The sustainability report has been prepared in accordance with the Annual Accounts Act and the European Sustainability Reporting Standards (ESRS).

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 3,402 million (3,315). Operating profit amounted to SEK 319 million (183), corresponding to an operating margin of 9.4 per cent (5.5). Adjusted operating profit amounted to SEK 286 MSEK (174), corresponding to an operating margin of 8.4 percent (5.3). Profit before tax was SEK 247 million (115).

Items affecting comparability

Items affecting comparability totalled SEK 33 million (9) and include costs related to restructuring activities of SEK -8 million (-35), business combination components of SEK 41 million (75), and other items of SEK – million (-31).

Share data and key figures

Basic earnings per share were SEK 3.01 (1.69). Equity per share was SEK 31.62 (28.99). The average number of outstanding shares was 59,310,608 (59,264,032). The equity/assets ratio was 50 per cent (45) at the end of the period. The average number of employees was 1,342 (1,411).

Important events during the year

In February, Marilyn Lindh, Chief Sustainability Officer at XANO, was appointed member of the Group Management, which since before included Lennart Persson, President and CEO, and Marie Ek Jonson, CFO.

In July, all the shares in AB LK Precision Invest, owner of two industrial properties at Länna industriområde in Skogås, just south of Stockholm, were sold. On an ongoing basis, the divestment will have a small impact on XANO's earnings and financial position. The purchase price, which was paid in cash, amounted to SEK 43 million and generated a capital gain of SEK 41 million. The sale entails an increased capital scope and is part of

XANO's continued work with aggressive transformation through investments in product development and innovations as well as through acquisitions and establishment in new geographical areas and market niches.

In September, the operations of ALTEK in the United States were acquired through XANO's US subsidiary Integrated Packaging Solutions (IPS). ALTEK is a well-regarded supplier of testing equipment for can and lid manufacturing. The acquisition includes the ALTEK brand, product designs, current orders and service agreements, as well as inventory assets, and is being carried out as an asset purchase. Through this acquisition, IPS strengthens its position as a comprehensive supplier of support systems and tools for the packaging and food industries. The offering is broadened with complementary service and maintenance solutions aimed at optimising equipment uptime and performance. The acquisition is expected to have a marginal impact on XANO's earnings per share.

Events after the end of the year

Acquisitions

In January 2026, the service company Veldkamp, based in Raalte, the Netherlands, was acquired. Veldkamp is a technical full-service provider active in the packaging, production, food and pharmaceutical sectors. The acquisition includes a group of companies which specialises in designing, building and optimising production lines. Veldkamp focuses on two core areas; the projects division, including machine construction, remanufacturing, overhauls and machine relocation, and technical support, covering a broad range of services including maintenance and repair, machine monitoring, secondment of technical specialists and delivery of special parts. The Veldkamp group has around 60 employees. Total net sales amount to approximately EUR 10 million with good profitability. Veldkamp will be part of XANO's Industrial Solutions business unit, strengthening the overall market position in the packaging and food industry. Veldkamp complements the operations within Industrial Solutions by adding circular business offerings and new products. The acquisition means that the business unit's area of expertise is further broadened, particularly within the can industry, and that Veldkamp is given enhanced opportunities to grow and develop its unique strengths. Consolidation will be effective as of 1 January 2026. The acquisition is expected to have a marginal impact on XANO's earnings per share. The transaction includes all shares in Nive B.V. with subsidiaries and Veldkamp Verspanings Techniek B.V.

Financial targets

From 2026, we are updating our financial targets to better reflect market conditions and our long-term strategy. The new external target of an EBIT margin of 12 per cent over time replaces the previous profit margin target of 8 per cent over time.

Activities and organisation

The XANO Group consists of engineering companies offering manufacturing and development services for industrial products and automation equipment. The Group is represented in the Nordic countries, Estonia, the Netherlands, Poland, China, the USA and Australia. The companies all operate within well-defined niches and possess a high level of expertise within their respective technical areas. In 2025, the Group's operations were divided into three business units: Industrial Products, Industrial Solutions and Precision Technology.

The Industrial Products business unit consists of Ackurat, Blowtech, Cipax, Dansk Rotations Plastic (DRP) and Pioneer Boat. Operations comprise the development, 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, agriculture and infrastructure sectors.

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 and 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, Graniten, Integrated Packaging Solutions (IPS), Jorgensen, Lundgren Machinery, NPB and Polyketting.

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

The Group's development during the year

The outcome for the full year 2025 shows revenue growth of just under 3 per cent and a significant improvement in earnings compared with the previous year. The Group companies' activities aimed at strengthening profitability have clearly influenced margins in the right direction. However, we continue to see substantial variations in both order levels and financial results between individual operations within each business unit. In the companies facing the greatest challenges, further measures are being implemented in accordance with tailored activity plans.

The winding down of operations at Blowtech's Norwegian unit is ongoing and will be completed during Q2 2026. In connection with the termination of agreements, deliveries to the automotive industry increased temporarily.

Constantly changing conditions in our traditional markets have continued to have a significant impact on developments within the Group's companies. A previously subdued can manufacturing industry has shown some recovery, while other niches related to packaging and food, as well as medtech and pharmaceuticals, continue to display more cautious tendencies. The growth trend within the defence sector, however, remains intact. Overall, order intake during the second half of the year was somewhat weaker than at the beginning of the year.

Cash flow from operating activities, in combination with lower capital tied up in project-based operations, contributed to strong cash flow in 2025. The sale of a property company in the third quarter further strengthened our financial position and freed up resources for future initiatives.

Industrial Products

The business unit recorded growth of just under 12 per cent and a marked improvement in operating profit compared with the previous year. Higher volumes, price adjustments and sales mix, combined with implemented cost savings, contributed to the improved earnings.

This year's growth mainly relates to increased call-offs from automotive customers at Blowtech in Norway. Although the

winding down of this unit is in progress, extensions of delivery agreements prior to closure have resulted in better financial performance for the unit but have delayed the phase-out process. The transfer of production to the Swedish sister company is temporarily affecting productivity in both units.

Although the general business climate continues to be perceived as cautious, several companies within the business unit have increased their respective market shares. A record number of new projects were added to the order books in 2025 and the business unit's total order backlog is well above the level recorded the previous year.

The companies continued to see success with their newly launched proprietary products, including industrial tanks, sustainable furniture fittings and a new boat model.

Industrial Solutions

The business unit's revenue fell by just over 2 per cent, while operating profit improved significantly compared with the previous year as a result of adjustment measures and sales mix.

Continued postponements of major automation projects and weak order intake related to customer-specific assignments were offset to some degree by an upward trend in the can manufacturing industry. Customer decision-making processes remain protracted. After organisational adjustments, margins are moving in the right direction despite lower volumes.

During the year, active efforts were undertaken to identify businesses that can complement the existing operations effectively. In September, an asset acquisition was carried out in the United States with the aim of strengthening the American Group company IPS.

Further development of the business unit's combined service and aftermarket offering has generated growth and has gradually contributed to higher profitability. The acquisition of Veldkamp in January 2026 adds additional new products and circular models, strengthening activities within this area.

Precision Technology

The business unit reported revenue growth of 8 per cent. Increased volumes, combined with implemented cost adjustments, resulted in a significantly improved operating profit.

A cautious business climate in several sectors was largely offset by increased deliveries to customers linked to the defence industry. After a period of strong development in medtech and pharmaceuticals, activity levels declined towards the end of the year among customers in this sector, resulting in weaker demand.

Assignments within defence and security are steadily increasing. At present, all companies in the business unit are involved to some extent in projects with customers supplying defence equipment. The growth potential is considered to remain favourable.

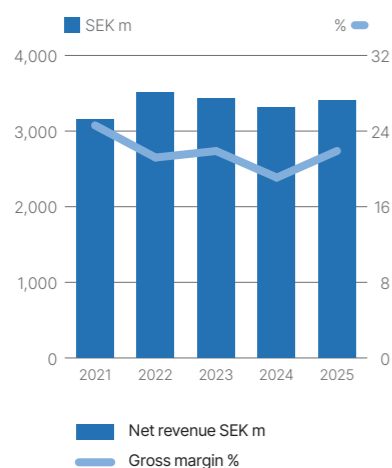
Future development

No major changes in current market conditions are expected in the near future. For the Group's project-based operations within the Industrial Solutions business unit, this means a challenging start to 2026. While global conditions remain uncertain, our other business units remain positive about their future prospects. Several major projects are underway within Industrial Products, and more are planned for the future. Meanwhile, companies within Precision Technology are gradually strengthening their relationships with customers linked to defence and security, where growth potential is believed to be high. New assignments remain somewhat slow, reflecting the sector's long preparation cycles.

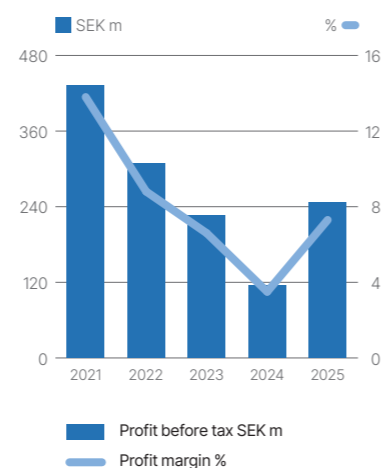
Our focus on further developing the Group's overall offering, with an emphasis on growth of aftermarket sales, was bolstered by the acquisition of the service company Veldkamp in January 2026. Veldkamp strengthens Industrial Solutions' expertise in the can manufacturing industry through the introduction of new products and circular solutions.

We are well positioned to continue our intensive efforts to enter new markets and business niches, and to make further strategic acquisitions.

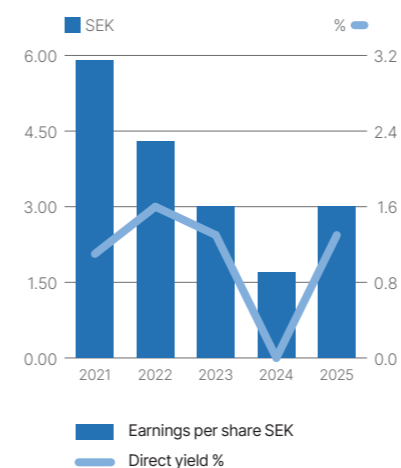
Net revenue & gross margin



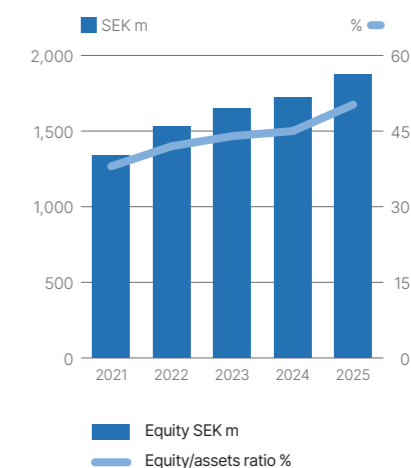
Profit before tax & profit margin



Earnings per share & direct yield



Equity & equity/assets ratio



Investments

Net investments in non-current assets came to SEK 125 million (332), of which SEK -6 million related to business combinations.

Cash flow and liquidity

Cash flow from operating activities amounted to SEK 444 million (172). Improved profit performance and reduced capital tied up in project activities contribute to the period's strong cash flow.

Liquid assets, including lines of credit granted but not utilised, totalled SEK 1,733 million (1,373) 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. Our level of preparedness to make adjustments is also high. The willingness to invest on the part of some of the Group's major customers is closely linked to the development of the global economy. We are not witnessing any quick turnaround and recovery in the established markets where we have been experiencing declining trends. Geopolitical turmoil in several parts of the world may contribute to increased inflation and price risks, as well as disruptions in supply chains. In addition, uncertainty surrounds the future of global trade due to ongoing U.S. tariffs and reciprocal measures from other countries. XANO works with proactive price and contract management to meet cost increases.

A statement on the Group's other main financial and operational risks can be found in Note 35 on pages 89–90.

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 905 million (1,146) on the closing day. A detailed description of the Group's financial risks can be found in Note 35 on pages 89–90.

Environmental impact

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

deemed to be limited. A description of the Group's environmental activities can be found in the sustainability report on pages 104–154.

Research and development

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

The share and shareholders

As of the closing day, the total number of shares is 59,640,298, divided between 14,577,600 class A shares and 45,062,698 class B shares. Class A shares give entitlement to ten votes, while class B shares give entitlement to one vote. All shares have equal rights to dividends. As of the closing day, the company holds 329,690 class B shares in own custody.

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

Convertible bond programme

As of 1 October 2024, convertibles with a nominal value of SEK 34,999,080 and with a due date of 30 September 2027 were issued to employees in the XANO Group. Refer also to Notes 22 and 25.

Work of the Board of Directors

The 2025 AGM decided that the Board of Directors should consist of six members. The members elected at the AGM include both representatives of XANO's largest shareholders and independent representatives. The CEO and other salaried employees in the Group participate in Board meetings in a reporting or administrative capacity.

During the 2025 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.

Five-year overview

	2025	2024	2023	2022	2021
INCOME STATEMENT, SEK M					
Net revenue	3,402	3,315	3,431	3,509	3,151
Cost of goods sold	-2,656	-2,680	-2,678	-2,764	-2,375
Gross profit	746	635	753	745	776
Selling expenses	-300	-367	-295	-258	-209
Administrative expenses	-166	-171	-174	-153	-127
Other operating income/expenses	39	86	17	7	13
Operating profit	319	183	301	341	453
Financial income	33	43	21	30	12
Financial expenses	-105	-111	-96	-62	-32
Profit before tax	247	115	226	309	433
Tax	-69	-15	-51	-60	-91
Net profit for the year	178	100	175	249	342
FINANCIAL POSITION 31 DECEMBER, SEK M					
Non-current assets	2,177	2,284	2,092	1,882	1,833
Current assets	1,578	1,499	1,669	1,724	1,662
Equity	1,875	1,720	1,651	1,530	1,341
Non-current liabilities	954	1,191	1,201	1,126	847
Current liabilities	926	872	909	950	1,307
Balance sheet total	3,755	3,783	3,761	3,606	3,495
CASH FLOW, SEK M					
Cash flow from operating activities ¹⁾	444	172	519	128	353
Cash flow from investing activities	-28	-133	-313	-140	-558
Cash flow after investments ¹⁾	416	39	206	-12	-205
Cash flow from financing activities ¹⁾	-256	-137	-70	-170	180
Cash flow for the year	160	-98	136	-182	-25
KEY RATIOS					
Operating margin, %	9.4	5.5	8.8	9.7	14.4
Adjusted operating margin, %	8.4	5.3	8.6	9.7	14.5
Profit margin, %	7.3	3.5	6.6	8.8	13.8
Adjusted profit margin, %	6.3	3.2	6.4	8.8	13.9
Return on equity, %	9.9	6.0	11.0	17.1	28.8
Return on capital employed, %	12.4	7.9	11.6	14.3	21.8
Return on total capital, %	9.3	5.9	8.5	10.3	15.6
Interest coverage ratio, multiple	3.4	2.0	3.4	6.0	14.6
Average equity, SEK m	1,801	1,672	1,595	1,456	1,188
Average capital employed, SEK m	2,834	2,849	2,772	2,599	2,139
Average total capital, SEK m	3,789	3,856	3,810	3,613	2,980
Equity/assets ratio, % ²⁾	50	45	44	42	38
Basic earnings per share, SEK ^{2, 3)}	3.01	1.69	3.01	4.30	5.90
Costs related to convertible bonds, SEK m	2	1	4	4	4
Equity per share, SEK ³⁾	31.62	28.99	27.91	26.39	23.13
Cash flow from operating activities per share, SEK ^{1, 3)}	7.49	2.91	8.91	2.21	6.09
Proposed dividend per share, SEK ³⁾	1.00	0.00	1.00	1.75	1.75
EBITDA, SEK m	486	352	441	467	557
Adjusted EBITDA, SEK m	459	332	434	467	560
Organic growth, %	0.9	-10.3	-3.1	2.7	25.3
OTHER					
Depreciation and amortisation, SEK m	168	169	140	126	104
Interest-bearing liabilities, SEK m	905	1,146	1,115	1,110	1,116
Deferred tax liability, SEK m	86	108	104	111	102
Net investments, excl. business combinations, SEK m	131	190	128	144	130
Average number of employees, incl. short-term work/temporary layoffs	1,342	1,411	1,381	1,426	1,245

¹⁾ The figure for the year has been adjusted in relation to the year-end report for 2025.

²⁾ Based on net profit for the year.

³⁾ The comparison figures have been recalculated due to the 2.1 share split carried out in 2022.

For definitions and information on key figures, see pages 91–92. For details on the number of shares, see page 20.

Nomination committee

In accordance with current terms of reference, a Nomination Committee composed of Anna Benjamin (representative of Viem Invest AB), Christina Tillman (representative of Pomona-gruppen AB) and Tomas Risbecker (Chair) (representative of Svolder AB) was appointed in October 2025. Fredrik Rapp is co-opted in his capacity as Chair of the Board.

The task of the committee prior to the 2026 AGM is to nominate a Chair of the Board and other Board members, auditor, a chair for the AGM, and to propose fees for the Board and auditor. In preparation for the 2026 AGM, the Nomination Committee has held six formal meetings and conducted additional deliberations when necessary.

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

Agreements

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

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 56–59.

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. No changes to the current guidelines are proposed. 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	163,040,762	
Retained earnings	495,785,864	
Net profit for the year	116,797,620	
Total	775,624,246	

The Board of Directors and the CEO propose that the surplus be distributed as follows:		(SEK)
Payment of a cash dividend of SEK 1.00 ¹⁾ per share to shareholders (59,310,608 shares ²⁾)	59,310,608	
To be carried forward	716,313,638	
Total	775,624,246	

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

²⁾ After deduction for the company's own holding, the number of outstanding shares is currently 59,310,608.

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	2025	2024
Net revenue	3, 4	3,401,602	3,314,731
Cost of goods sold	6, 7, 8	-2,655,464	-2,680,280
Gross profit		746,138	634,451
Selling expenses	6, 7, 8	-300,251	-365,906
Administrative expenses	6, 7, 8, 9	-165,771	-170,825
Other operating income	10	55,453	99,734
Other operating expenses	11	-16,522	-14,322
Profit/loss from participations in associated companies	16	-218	-251
Operating profit	3, 4, 5, 38	318,829	182,881
Financial income	12	32,590	43,120
Financial expenses	13, 25	-104,401	-111,071
Profit before tax		247,018	114,930
Tax	14	-68,640	-14,875
NET PROFIT FOR THE YEAR		178,378	100,055
<i>– of which attributable to shareholders of the Parent Company</i>		<i>178,378</i>	<i>100,055</i>
SHARE DATA			
Basic earnings per share	SEK 21, 22	3.01	1.69
Diluted earnings per share	SEK 21, 22	3.01	1.69
GROUP (SEK thousands)	Note	2025	2024
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to net profit for the year</i>			
Change in hedging reserve	23, 28	-57	-2,894
Tax relating to change in hedging reserve	23, 28	12	596
Translation differences	23	-22,565	12,843
OTHER COMPREHENSIVE INCOME		-22,610	10,545
COMPREHENSIVE INCOME FOR THE YEAR		155,768	110,600
<i>– of which attributable to shareholders of the Parent Company</i>		<i>155,768</i>	<i>110,600</i>

Consolidated statements of financial position

GROUP (SEK thousands)	Note	2025-12-31	2024-12-31
ASSETS			
Non-current assets			
Intangible non-current assets			
Goodwill	15	1,170,333	1,203,834
Other intangible non-current assets		165,924	188,344
Construction in progress for intangible non-current assets		420	1,612
		1,336,677	1,393,790
Property, plant and equipment			
Land and buildings	15	366,130	400,514
Plant and machinery		230,256	243,321
Equipment, tools, fixtures and fittings		51,592	54,388
Construction in progress for property, plant and equipment		18,540	21,647
Right-of-use assets	32	162,329	148,492
		828,847	868,362
Other non-current assets			
Participations in associated companies	16	0	0
Non-current receivables		1,827	2,183
Deferred tax asset	28	9,771	20,219
		11,598	22,402
Total non-current assets		2,177,122	2,284,554
Current assets			
Inventories	17	498,642	501,010
Current receivables			
Accounts receivable – trade and other current assets	4, 18, 19, 35	660,943	728,191
Derivative instruments	19	3,751	5,314
Prepaid expenses		48,657	37,065
Cash and cash equivalents	19, 20	366,320	226,601
		1,079,671	997,171
Total current assets		1,578,313	1,498,181
TOTAL ASSETS		3,755,435	3,782,735

Consolidated statements of financial position

GROUP (SEK thousands)	Note	2025-12-31	2024-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital	22	37,275	37,275
Other contributed capital		201,505	201,505
Reserves	23	38,388	60,998
Retained earnings		1,598,196	1,419,818
Total equity		1,875,364	1,719,596
<i>– of which attributable to shareholders of the Parent Company</i>			
		<i>1,875,364</i>	<i>1,719,596</i>
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	19, 25, 30, 32	853,447	1,072,125
Other non-current liabilities	26	1,988	542
Other provisions	27	12,750	10,582
Deferred tax liability	28	85,918	107,547
		954,103	1,190,796
Current liabilities			
Accounts payable – trade and other current liabilities	4, 19, 29	846,892	784,258
Provisions	27	14,052	10,357
Current interest-bearing liabilities	19, 24, 30, 32	51,075	74,178
Deferred income		4,013	3,114
Current tax liability		9,936	436
		925,968	872,343
Total liabilities		1,880,071	2,063,139
TOTAL EQUITY AND LIABILITIES		3,755,435	3,782,735

Consolidated statements of changes in equity

GROUP (SEK thousands)	Note	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity
Equity, 1 January 2024		37,275	183,714	50,453	1,379,074	1,650,516
Net profit for the year		–	–	–	100,055	100,055
Other comprehensive income		–	–	10,545	–	10,545
Comprehensive income for the year		–	–	10,545	100,055	110,600
Effect of convertible loan issued		–	2,359	–	–	2,359
Transfer of treasury shares		–	15,432	–	–	15,432
Cash dividends paid		–	–	–	-59,311	-59,311
Total transactions with shareholders		–	17,791	–	-59,311	-41,520
Equity, 31 Decemer 2024		37,275	201,505	60,998	1,419,818	1,719,596
Net profit for the year		–	–	–	178,378	178,378
Other comprehensive income		–	–	-22,610	–	-22,610
Comprehensive income for the year		–	–	-22,610	178,378	155,768
Cash dividends paid		–	–	–	–	–
Total transactions with shareholders		–	–	–	–	–
EQUITY, 31 DECEMBER 2025	22, 23	37,275	201,505	38,388	1,598,196	1,875,364
<i>– of which attributable to shareholders of the Parent Company</i>		<i>37,275</i>	<i>201,505</i>	<i>38,388</i>	<i>1,598,196</i>	<i>1,875,364</i>

Consolidated cash flow statements

GROUP (SEK thousands)	Note	2025	2024
OPERATING ACTIVITIES			
Operating profit		318,829	182,881
<i>Adjustments for non-cash items etc.</i>			
Depreciation and amortisation of non-current assets ¹⁾		167,508	169,262
Capital gain from sale of non-current assets		-40,632	-67,387
Impairment of accounts receivable		1,835	37,927
Other		5,752	-6,912
Interest paid	33	-66,189	-77,991
Interest received	33	7,364	10,541
Income tax paid		-48,423	-51,036
Cash flow from operating activities before changes in working capital		346,044	197,285
Changes in working capital			
Increase (-) / decrease (+) in inventories		-18,045	17,640
Increase (-) / decrease (+) in current receivables		7,062	120,725
Increase (+) / decrease (-) in current liabilities		104,487	-162,825
Increase (+) / decrease (-) in other provisions		4,816	-623
Cash flow from operating activities		444,364	172,202
INVESTING ACTIVITIES			
Purchase of intangible non-current assets		-9,137	-20,471
Purchase of property, plant and equipment		-61,530	-79,067
Sale of property, plant and equipment		2,058	2,208
Indirect investments through acquisition of subsidiaries/assets and liabilities	33, 34	-1,881	-96,436
Indirect divestments through sale of subsidiaries	33, 34	42,773	71,599
Increase (-) / decrease (+) in other non-current assets		261	-11,708
Cash flow from investing activities		-27,456	-133,875
FINANCING ACTIVITIES			
Dividends paid		–	-59,311
Borrowings		–	65,903
Repayments of borrowings		-191,116	-128,033
Payments of lease liabilities ¹⁾		-56,970	-48,881
Change in bank overdraft facilities		-8,004	33,417
Cash flow from financing activities		-256,090	-136,905
CASH FLOW FOR THE YEAR			
		160,818	-98,578
Cash and cash equivalents at the beginning of the year		226,601	308,936
Exchange rate differences in cash and cash equivalents		-21,099	16,243
Cash and cash equivalents at the end of the year	20	366,320	226,601

¹⁾ Reporting of amortisation has been adjusted compared with the 2025 year-end report.

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 Lantmätargränd 5, SE-553 20 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 2025 inclusive. These new items have not had any significant impact on the Group's accounts.

The new or revised standards with application from 2026 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 material impact on the Group's financial performance or position may have an impact on the presentation of the financial statements. The impact of IFRS 18, effective from 1 January 2027, is being assessed.

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.

TRANSLATION OF FOREIGN CURRENCIES

-FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

Items included in the financial statements for the various entities belonging to the Group are expressed 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 Group's presentation currency are translated to the Group's presentation currency as follows:

- Assets and liabilities for each of the balance sheets are translated at the exchange rate on the closing day.
- Income and expenses for each of the income statements are translated at the average exchange rate.
- 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.

-RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCY

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.

MATERIAL ESTIMATES AND ASSESSMENTS

Preparation of the financial statements and application of the accounting policies are based on assessments and estimates about the future.

The Company has identified sustainability-related risks and opportunities through materiality analysis and external monitoring. These have been incorporated into the overall risk assessment and into relevant financial processes. The sustainability-related risks and opportunities identified have not had any material impact on the valuation of assets, provisions or other accounting estimates as at the balance sheet date. In assessing potential impairment requirements, consideration has been given, among other things, to climate-related investments and transition measures within the cash flow assumptions. These assessments did not result in any impairment during the financial year.

Geopolitical uncertainty may lead to increased inflation and price risk, as well as disruptions to supply and value chains. XANO applies proactive price and contract management to address the effects of, among other things, increased import tariffs to the United States. The impact of implemented price adjustments has not been material during the financial year. Through the measures undertaken and the ability to offer production within its own units outside Sweden, the company considers that potential trade barriers can be mitigated. The identified disruptions have therefore not affected the company's accounting estimates and judgements in this year's financial reports, nor in conducted impairment tests.

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 over time on the basis of the performance obligations satisfied on the closing day when it is possible to reliably calculate the financial result of the assignment. This 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 1,211 million (1,618). See also Note 4.

IMPAIRMENT TESTS FOR GOODWILL

Every year, or when there is an indication that the 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, on such as future growth, profit level and interest rate, must be made for these calculations. The Group's reported goodwill amounts to SEK 1,170 million (1,204). 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 relating to guarantee commitments are mainly based on historical experience where turnover and guarantee period influence the assessment and where liabilities usually represent a percentage of turnover. 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 12.8 million (10.6) and other current provision amount to SEK 14.1 million (10.4). See also Note 27.

DERIVATIVE INSTRUMENTS

The Group holds derivatives measured at fair value. The valuation of derivatives is based on market values that fluctuate over time. The recognition may be affected if the criteria for hedge accounting and effectiveness are not met. As of the closing day, the Group's reported assets with regard to derivative instruments amount to SEK 3.8 million (5.3). See also Note 19.

LEASE CONTRACTS

The application of IFRS Leases requires a high degree of assessment in determining the value of the right-of-use assets and the lease liabilities, for example in assessing the lease term, the exercise of extension and termination options and the discount rate. The Group's right-of-use assets relating to leases amount to SEK 162 million (148). See also Note 32.

NOTE 3 Segment reporting etc.

The Group reports on the following segments: Industrial Products, Industrial Solutions and Precision Technology. Segments are defined on the basis of the Group's business units, which are organised by production method and type of products and services. The operations within each segment are described on pages 64-65. 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	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
GEOGRAPHIC MARKETS ¹⁾										
Sweden	339,731	328,306	691,827	543,048	405,086	373,879	1	45	1,436,645	1,245,278
Rest of the Nordic countries	228,960	174,221	118,567	123,415	3,826	5,871	-	-	351,353	303,507
Rest of Europe	355,560	324,437	784,863	855,240	26,962	41,805	-1,043	-889	1,166,342	1,220,593
Rest of the world	6,653	7,164	390,890	510,853	49,719	27,336	-	-	447,262	545,353
Total	930,904	834,128	1,986,147	2,032,556	485,593	448,891	-1,042	-844	3,401,602	3,314,731
TYPE OF PRODUCT										
Proprietary products	277,469	225,866	1,395,273	1,564,408	2,216	2,342	-1,042	-844	1,673,916	1,791,772
Customer-specific manufacturing	653,435	608,262	590,874	468,148	483,377	446,549	-	-	1,727,686	1,522,959
Total	930,904	834,128	1,986,147	2,032,556	485,593	448,891	-1,042	-844	3,401,602	3,314,731
TIMING OF REVENUE RECOGNITION										
Goods/services transferred at a point in time	915,010	834,128	781,357	712,661	485,315	448,465	-1,042	-844	2,180,640	1,994,410
Services transferred over time	-	-	103,548	118,652	278	426	-	-	103,826	119,078
Projects transferred over time	15,894	-	1,101,242	1,201,243	-	-	-	-	1,117,136	1,201,243
Total	930,904	834,128	1,986,147	2,032,556	485,593	448,891	-1,042	-844	3,401,602	3,314,731

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	2025			2024		
	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	60,956	-42,110	18,846	9,370	-42,733	-33,363
Industrial Solutions	119,859	47,548	167,407	26,224	14,872	41,096
Precision Technology	89,384	-53,304	36,080	21,181	-8,040	13,141
Undistributed items	-23,181	47,866	24,685	58,155	35,901	94,056
Group total	247,018	0	247,018	114,930	0	114,930

PROFIT/LOSS ITEMS BY SEGMENT	2025				2024			
	Interest income	Interest expenses	Tax	Depreciation	Interest income	Interest expenses	Tax	Depreciation
Industrial Products	2,364	-24,099	-19,611	-43,167	4,857	-27,915	3,389	-57,533
Industrial Solutions	8,218	-58,789	-49,093	-84,202	13,852	-74,477	-14,285	-78,487
Precision Technology	263	-10,267	29	-38,200	617	-15,724	-4,038	-32,612
Undistributed items	-4,834	26,993	35	-1,939	-6,595	36,350	59	-630
Group total	6,011	-66,162	-68,640	-167,508	12,731	-81,766	-14,875	-169,262

ASSETS AND LIABILITIES BY SEGMENT	2025				2024			
	Assets	Liabilities	Investments	Deferred tax liabilities	Assets	Liabilities	Investments	Deferred tax liabilities
Industrial Products	812,962 ¹⁾	142,530	30,004	18,151	846,634 ¹⁾	121,292	132,302	20,445
Industrial Solutions	2,266,280 ²⁾	719,026	41,379	48,485	2,407,835 ²⁾	679,510	182,052	60,294
Precision Technology	559,214 ³⁾	86,475	21,052	19,159	524,740 ³⁾	91,380	37,734	20,507
Undistributed items	116,979 ⁴⁾	27,518	946	123	3,526 ⁴⁾	24,654	-33,670	6,301
Group total	3,755,435	975,549	93,381	85,918	3,782,735	916,836	318,418	107,547

¹⁾ Including deferred tax assets totalling SEK 5,028 thousand (8,222).

²⁾ Including deferred tax assets totalling SEK 4,743 thousand (11,997).

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

⁴⁾ Including deferred tax assets totalling SEK 0 thousand (0).

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.

ASSETS AND INVESTMENTS BY GEOGRAPHIC MARKET	2025		2024	
	Non-current assets	Investments	Non-current assets	Investments
Sweden	830,377	63,412	837,344	192,854
Rest of the Nordic countries	716,005	2,076	751,921	115,034
Rest of Europe	392,619	5,661	441,987	11,815
Rest of the world	238,121	22,232	253,302	-1,285
Group total	2,177,122	93,381	2,284,554	318,418

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

NOTE 4 Revenue, contract assets and contract liabilities

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. Selling prices are mainly 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.

For sales of services, revenue is normally recognised over time as the performance obligation is satisfied. The Group provides separate services such as the monitoring of customers' production lines and consultation.

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

PROJECT DELIVERIES

The Group conducts project deliveries mainly to the packaging industry. These deliveries consist of proprietary products and systems. The projects are customer unique and consequently do not create an asset with any alternative usage. The customer agreements are such that they provide the company with the right to receive payment for performance completed to date. The projects can consist of several components, such as design, machines, control systems, installation and guarantee commitments. Guaranties 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. Guarantee commitments are normally time-limited to between 12 and 36 months. For these deliveries, revenue recognition takes place over time. Revenue is recognised using an input method based on the company's efforts to satisfy the performance obligation 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 fulfilment 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.

CONTRACT ASSETS AND CONTRACT LIABILITIES

A contract asset is recognised when the Group has supplied the product/service to a customer, or fulfilled an obligation, 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.

CONTRACT ASSETS	2025	2024
Contract assets for ongoing assignments	134,513	174,600
Accrued income	3,344	3,156
	137,857	177,756
CONTRACT LIABILITIES	2025	2024
Contract liabilities for ongoing assignments	303,662	220,215
Advance payment from customers	74,944	95,364
Deferred income	4,013	3,114
	382,619	318,693

Total assignment income for projects, recognised as revenue over time, amounts to SEK 1,117,136 thousand (1,201,243).

During the year, revenue from performance obligations satisfied in earlier periods has been recognised at SEK 8,258 thousand (8,264).

FOR ONGOING ASSIGNMENTS	2025	2024
Income from deliveries recognised as revenue over time	1,210,528	1,618,362
Expenditure for deliveries recognised as expenses over time	-897,029	-906,320
Reported profit	313,499	712,042
Advance payments received	1,248,090	1,509,289

Revenue for ongoing assignments includes revenue before acquisition dates.

Unfulfilled performance obligations that are expected to be recognised as revenue later than within one year amount to SEK 120,632 thousand. For details on impairment testing, see Note 35.

CONTRACT ASSETS AND CONTRACT LIABILITIES	Assets	Liabilities
Opening balance	177,756	318,693
Assets at the start of the year reclassified to accounts receivable or contract liabilities	-20,167	-
Assets/liabilities at the start of the year recognised as expense/income in 2025	-139,484	-230,224
Additional assets/liabilities	127,515	310,872
Translation differences	-7,763	-16,722
Closing balance	137,857	382,619

NOTE 5 Employees and personnel costs

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.

AVERAGE NUMBER OF EMPLOYEES	2025	of which men	2024	of which men
Sweden	651	82%	643	80%
The Netherlands	203	92%	228	90%
Denmark	192	89%	220	89%
Norway	103	85%	113	85%
Estonia	89	85%	89	85%
China	51	82%	56	86%
USA	34	94%	45	96%
Poland	10	40%	10	40%
Australia	5	100%	4	100%
Finland	4	75%	3	67%
Group total	1,342	85%	1,411	84%

PROPORTION OF MEN AMONGST BOARD MEMBERS AND SENIOR EXECUTIVES	2025	2024
<i>Parent Company</i>		
Board members	50%	57%
Senior executives	33%	50%
<i>Operating subsidiaries</i>		
Board members	72%	73%
Senior executives	77%	80%

In 2025, the number of male board members at the parent company has decreased by one.

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS	2025	2024
Salaries and remuneration	842,185	913,411
Social security costs (of which pension costs ^{1, 2, 3, 4)})	250,597 (81,731)	245,101 (84,563)
Group total	1,092,782	1,158,512

¹ Of the Group's pension costs, SEK 11,197 thousand (9,809) 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 17,418 thousand (17,742). Alecta's surplus can be distributed to the insurance policyholders and/or insured parties. At the end of 2025, Alecta's surplus in the form of the collective insurance level amounted to 167 per cent (162). The fee for the coming year is estimated to be on a par with that charged for 2025.

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 525 thousand (501).

BREAKDOWN OF SALARIES AND OTHER REMUNERATION	2025		2024	
	Styrelse och VD ¹	Övriga anställda	Styrelse och VD ¹	Övriga anställda
Sweden (of which bonuses)	38,983 (6,265)	315,173	30,366 (2,473)	305,615
Denmark (of which bonuses)	8,072 (663)	184,593	7,306 (558)	212,186
The Netherlands (of which bonuses)	6,254 (608)	141,477	6,147 (423)	187,713
Norway (of which bonuses)	2,574 (73)	57,262	2,388 (-)	56,501
USA (of which bonuses)	2,700 (-)	37,102	2,904 (-)	57,034
Estonia (of which bonuses)	719 (100)	21,107	629 (-)	20,245
China (of which bonuses)	1,639 (-)	14,807	1,761 (-)	13,689
Australia (of which bonuses)	- (-)	4,095	- (-)	3,978
Poland (of which bonuses)	- (-)	2,950	- (-)	2,663
Finland (of which bonuses)	- (-)	2,678	- (-)	2,286
Group total (of which bonuses)	60,941 (7,709)	781,244	51,501 (3,454)	861,910

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 and CSO who, together with the CEO, make up the Group Management.

The AGM decided that the Board's fee of SEK 1,665 thousand should be distributed with SEK 365 thousand payable to the Chair and SEK 260 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 35 thousand per ordinary member and SEK 70 thousand to the committee chair. During 2025, SEK 200 thousand was carried as an expense for these tasks.

In 2025, the Group Management consisted of CEO Lennart Persson, CFO Marie Ek Jonson and CSO Marilyn Lindh. The CEO received salary and benefits totalling SEK 11,663 thousand (8,012), of which SEK 4,545 thousand (1,455) constitutes variable remuneration. Other senior executives received salary and benefits totalling SEK 3,965 thousand (2,389), of which SEK 460 thousand (173) constitutes variable remuneration. The 2024 AGM decided on issue of personnel convertibles which also included members of the Group management. Apart from current convertible bond programme, there are no outstanding share or share price-related incentive schemes for the Group Management.

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 28 per cent (31) 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 2,650 thousand (2,427). Pension costs for other senior executives amounted to SEK 962 thousand (646).

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

	2025	2024
Material costs	-1,357,770	-1,326,075
Personnel costs	-1,198,807	-1,267,851
Depreciation	-167,508	-169,262
Other external costs	-397,401	-453,823
	-3,121,486	-3,217,011

NOTE 7 Personnel costs

PERSONNEL COSTS BY FUNCTION	2025	2024
Cost of goods sold	-890,136	-939,439
Selling expenses	-194,005	-209,832
Administrative expenses	-114,666	-118,580
	-1,198,807	-1,267,851

NOTE 8 Depreciation and amortisation

DEPRECIATION BY FUNCTION	2025	2024
Cost of goods sold	-139,359	-143,441
Selling expenses	-19,576	-19,205
Administrative expenses	-8,573	-6,616
	-167,508	-169,262

DEPRECIATION BY CLASS OF ASSET	2025	2024
Intangible non-current assets	-27,358	-23,420
Land and buildings	-21,065	-21,361
Plant and machinery	-46,787	-43,894
Equipment, tools, fixtures and fittings	-17,962	-18,379
Right-of-use assets	-54,336	-62,208
	-167,508	-169,262

NOTE 9 Auditors' remuneration

	2025	2024
KPMG		
Audit assignment	-3,569	-3,096
Audit activities other than audit assignment	-119	-109
Tax consultancy services	-	-35
Sustainability assurance	-625	-
Other services	-18	-86
	-4,331	-3,326
Other auditors		
Audit assignment	-2,993	-2,806
Audit activities other than audit assignment	-19	-35
Tax consultancy services	-236	-217
Other services	-47	-338
	-3,295	-3,396
Total	-7,626	-6,722

"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

	2025	2024
Currency effects on operating receivables/liabilities	11,155	12,159
Capital gain on disposal of Group company	40,627	66,066
Other	3,671	21,509
	55,453	99,734

NOTE 11 Other operating expenses

	2025	2024
Currency effects on operating receivables/liabilities	-14,617	-13,091
Other	-1,905	-1,231
	-16,522	-14,322

NOTE 12 Financial income

	2025	2024
Interest income and similar profit/loss items	6,011	12,731
Currency effects on financial assets/liabilities	26,579	30,389
	32,590	43,120

NOTE 13 Financial expenses

	2025	2024
Interest expenses and similar profit/loss items	-66,162	-81,766
Currency effects on financial assets/liabilities	-38,239	-29,305
	-104,401	-111,071

NOTE 14 Tax on profit for the year

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 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. The temporary differences refer mainly to untaxed reserves in Swedish companies.

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

	2025	2024
Current tax	-66,408	-17,985
Deferred tax	10,252	4,973
Tax on dividends from non-Swedish subsidiaries	-12,484	-1,863
	-68,640	-14,875

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

	2025		2024	
Reported profit before tax	247,018		114,930	
Tax according to Swedish income tax rate	-50,886	21%	-23,676	21%
Tax effect of				
Deviation in tax rate in non-Swedish subsidiaries	-11,515	5%	-1,510	1%
Transaction costs at business combinations	63	-0%	1,809	-2%
Hedging of currency risks in non-Swedish operations	-5,912	2%	3,104	-3%
Dividends from non-Swedish subsidiaries	-10,612	4%	-1,863	1%
Adjustment of current tax in previous periods	-164	0%	208	-0%
Capital gain on disposal of Group company	8,369	-3%	13,610	-12%
Other tax-related adjustments ¹⁾	2,017	-1%	-6,557	7%
Reported tax	-68,640	28%	-14,875	13%

¹⁾ Includes non-deductible items such as pensions, interest expenses and bad debts as well as non-activated tax loss carry-forwards in foreign subsidiary.

NOTE 15 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.

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.

CLASS OF ASSET	AMORTISATION PERIOD
Capitalised development expenditure	3-10 years
Patents	3-10 years
Customer relations	3-10 years
Product concepts	3-10 years
Other intangible non-current assets	3-10 years

GOODWILL	2025	2024
Accumulated acquisition values		
Opening balance	1,203,936	1,135,911
Acquisition of subsidiaries	937	50,492
Translation differences for the year	-34,438	17,533
Closing balance	1,170,435	1,203,936
Accumulated impairment costs		
Opening balance	-102	-102
Closing balance	-102	-102
Closing residual value	1,170,333	1,203,834

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 2026 and the following forecast period, depending on the segment, amounts to 5–10 per cent (5–10) for this period and thereafter staying at 2 per cent (2). Assumed operating margins amount to 11–14 per cent (11–13) 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 13.1 per cent (12.2) 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	2025	2024
Industrial Products	161,162	162,485
Industrial Solutions	880,502	912,680
Precision Technology	128,669	128,669
	1,170,333	1,203,834

INTANGIBLE NON-CURRENT ASSETS	2025	2024
Accumulated acquisition values		
Opening balance	290,613	172,565
New acquisitions	8,716	16,799
Acquisition of subsidiaries	–	26,998
Divestments and disposals	–	-787
Reclassifications	2,409	71,254
Translation differences for the year	-9,157	3,784
Closing balance	292,581	290,613
Accumulated scheduled amortisation		
Opening balance	-102,269	-77,733
Divestments and disposals	–	814
Reclassifications	-71	-1,280
Amortisation according to plan for the year	-27,358	-23,420
Translation differences for the year	3,041	-650
Closing balance	-126,657	-102,269
Closing residual value according to plan¹⁾	165,924	188,344

	Remaining amortisation period (years)	2025	2024
¹⁾ of which			
Capitalised development expenditure	8	80,870	82,991
Patents	3	613	724
Customer relations	8	28,418	33,372
Product concepts	6	51,031	64,578
Other	2	4,992	6,679

CONSTRUCTION IN PROGRESS	2025	2024
Accumulated acquisition values		
Opening balance	1,612	5,460
New acquisitions/advance payments	420	3,645
Acquisition of subsidiaries	–	59,689
Reclassifications	-1,612	-67,310
Translation differences for the year	–	128
Closing balance	420	1,612

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. Land is not depreciated.

CLASS OF ASSET	DEPRECIATION PERIOD
Buildings	20–50 years
Land improvements	20 years
Plant and machinery	3–12 years
Equipment, tools, fixtures and fittings	3–12 years

LAND, LAND IMPROVEMENTS AND BUILDINGS	2025	2024
Accumulated acquisition values		
Opening balance	615,371	586,689
New acquisitions	2,925	6,041
Acquisition of subsidiaries	–	20,997
Sale of subsidiaries	-23,140	-57,935
Divestments and disposals	-612	–
Reclassifications	3,139	52,729
Translation differences for the year	-19,991	6,850
Closing balance	577,692	615,371

Accumulated scheduled depreciation		
Opening balance	-214,857	-210,701
Sale of subsidiaries	17,128	19,619
Divestments and disposals	607	–
Reclassifications	–	-202
Depreciation according to plan for the year	-21,065	-21,361
Translation differences for the year	6,625	-2,212
Closing balance	-211,562	-214,857

Closing residual value according to plan¹⁾	366,130	400,514
¹⁾ of which land	33,092	36,259

PLANT AND MACHINERY	2025	2024
Accumulated acquisition values		
Opening balance	721,591	660,859
New acquisitions	12,775	17,131
Acquisition of subsidiaries	–	7,078
Sale of subsidiaries	-4,462	-1,091
Divestments and disposals	-18,811	-14,697
Reclassifications	27,253	47,284
Translation differences for the year	-19,125	5,027
Closing balance	719,221	721,591

Accumulated scheduled depreciation		
Opening balance	-478,270	-445,367
Sale of subsidiaries	3,303	1,091
Divestments and disposals	17,093	14,597
Reclassifications	407	-728
Depreciation according to plan for the year	-46,787	-43,894
Translation differences for the year	15,289	-3,969
Closing balance	-488,965	-478,270

Closing residual value according to plan	230,256	243,321
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EQUIPMENT, TOOLS, FIXTURES AND FITTINGS	2025	2024
Accumulated acquisition values		
Opening balance	209,307	189,440
New acquisitions	10,434	16,068
Acquisition of subsidiaries	–	7,830
Sale of subsidiaries	–	-53
Divestments and disposals	-4,591	-2,262
Reclassifications	7,041	-4,606
Translation differences for the year	-9,798	2,890
Closing balance	212,393	209,307

Accumulated scheduled depreciation		
Opening balance	-154,919	-138,204
Sale of subsidiaries	–	53
Divestments and disposals	4,383	1,523
Reclassifications	-405	2,210
Depreciation according to plan for the year	-17,962	-18,379
Translation differences for the year	8,102	-2,122
Closing balance	-160,801	-154,919
Closing residual value according to plan	51,592	54,388

CONSTRUCTION IN PROGRESS	2025	2024
Accumulated acquisition values		
Opening balance	21,647	81,594
New acquisitions/advance payments	35,275	41,415
Disposals	–	-1,636
Reclassifications	-38,162	-99,351
Translation differences for the year	-220	-375
Closing balance	18,540	21,647

Additional contractual obligations to acquire property, plant and equipment amount to SEK 0 thousand (0).

RIGHT-OF-USE ASSETS	2025	2024
Opening balance	148,492	122,218
New acquisitions and adjustments	73,611	78,332
Acquisition of subsidiaries	–	7,387
Terminated contracts	-66	-444
Depreciation	-57,163	-51,208
Impairment costs/reversal of impairment costs	2,827	-11,000
Translation differences	-5,372	3,207
Closing balance	162,329	148,492

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 Note 32.

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

CLASS OF ASSET	DEPRECIATION PERIOD
Premises	3–12 years
Machinery and equipment	3–12 years

NOTE 16 Participations in 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.

	2025	2024
Accumulated acquisition values		
Opening balance	22	274
Reclassifications	210	–
Profit share for the year ¹⁾	-232	-251
Translation differences for the year	–	-1
Closing balance	0	22

Akkumulerade nedskrivningar		
Opening balance	-22	-250
Reclassifications	22	224
Translation differences for the year	–	4
Closing balance	0	-22

Carrying amount	0	0
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Business name Corporate identity number Registered office	Share of equity	Share of votes	Number of shares	Equity ¹⁾	Profit after tax ¹⁾
Nordic Plastic Recycling AS 918 069 283 Åndalsnes, Norway	35%	35%	370,765	-1,207	-663

¹⁾ Based on preliminary profit.

NOTE 17 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.

	2025	2024
Raw material and consumables	238,971	259,883
Products in progress	125,701	109,588
Finished products and goods for resale	102,937	109,385
Work in progress on behalf of third parties	1,102	2,640
Advance payments to suppliers	29,931	19,514
	498,642	501,010

Write-downs totalling SEK 4,541 thousand (1,613) have been made. Total expenditure for goods recognised as costs amounts to SEK 1,357,770 thousand (1,326,075).

NOTE 18 Accounts receivable and other receivables

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

	2025	2024
Accounts receivable – trade	458,177	461,894
Tax asset	31,920	52,649
Other receivables	32,989	35,841
Accrued income	3,344	3,207
Contract assets	134,513	174,600
	660,943	728,191

NOTE 19 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 THROUGH THE INCOME STATEMENT

Financial assets and liabilities measured at fair value through the income statement comprise assets held for trading, such as short-term investments, and assets and liabilities reported at fair value via net profit for the year, such as derivatives not subject to 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. Borrowings and accounts payable are valued at their accrued acquisition value.

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE 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. To use hedge accounting, a number of criteria must be fulfilled: The position to be hedged is identified and exposed to currency or interest rate fluctuations, the purpose of the instrument is to serve as a hedge, and a hedge effectively protects the underlying position.

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 currency derivatives aimed at reducing the impact of interest rate fluctuations, the change in value is recognised in other comprehensive income as long as the criteria for hedge accounting and effectiveness are met. The ineffective portion 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 portion of the borrowings' translation differences that is deemed to be an effective hedge is recognised as a translation difference in other comprehensive income. The portion of the borrowings' translation differences attributable to the ineffective part is recognised as a financial item in net profit for the year.

Convertible bonds are a compound financial instrument with both debt and equity characteristics. They are recognised 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 recognised as a non-current asset. Financial liabilities expected to be settled more than 12 months after the closing day are recognised as non-current liabilities.

DISTRIBUTION BY CATEGORY 2025	Loan and accounts receivable valued at accrued acquisition value	Financial liabilities measured at fair value through the income statement	Financial assets measured at fair value through other comprehensive income	Other financial liabilities measured at accrued acquisition value	Total carrying amount	Fair value ¹⁾
Financial assets						
Accounts receivable ²⁾	458,177	–	–	–	458,177	458,177
Derivative instruments ^{3,4)}	–	–	3,751	–	3,751	3,751
Cash and cash equivalents	366,320	–	–	–	366,320	366,320
Total financial assets	824,497	–	3,751	–	828,248	
Financial liabilities						
Borrowings				697,748	697,748	697,748
Lease liabilities ⁵⁾				173,150	173,150	
Convertible loan				33,624	33,624	34,999
Bank overdraft facilities				–	–	–
Total interest-bearing liabilities				904,522	904,522	
Accounts payable				239,466	239,466	239,466
Total financial liabilities				1,143,988	1,143,988	

DISTRIBUTION BY CATEGORY 2024	Loan and accounts receivable valued at accrued acquisition value	Financial liabilities measured at fair value through the income statement	Financial assets measured at fair value through other comprehensive income	Other financial liabilities measured at accrued acquisition value	Total carrying amount	Fair value ¹⁾
Financial assets						
Accounts receivable ²⁾	461,894	–	–	–	461,894	461,894
Derivative instruments ^{3,4)}	–	–	5,314	–	5,314	5,314
Cash and cash equivalents	226,601	–	–	–	226,601	226,601
Total financial assets	688,495	–	5,314	–	693,809	
Financial liabilities						
Borrowings		–	–	933,202	933,202	933,202
Lease liabilities ⁵⁾		–	–	162,389	162,389	
Convertible loan		–	–	32,838	32,838	34,999
Bank overdraft facilities		–	–	17,874	17,874	17,874
Total interest-bearing liabilities		–	–	1,146,303	1,146,303	
Accounts payable		–	–	222,841	222,841	222,841
Total financial liabilities		–	–	1,369,144	1,369,144	

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

²⁾ Bad debt losses recognised as expenses for the year amount to SEK 6,425 thousand (37,991), of which SEK 209 thousand (90) constitutes realised losses. Required closing accumulated provision for outstanding claims amounts to SEK 15,758 thousand (41,834), see also Note 35.

³⁾ Derivative instruments refer to forward exchange contracts that are measured at fair value and belong to Level 2 under IFRS 13. The change in value for the year totals SEK 176 thousand (–) excluding tax. The item is effectively hedged and recognised as "Change in hedging reserve" in the consolidated statement of comprehensive income.

⁴⁾ Derivative instruments refer to interest rate swaps that measured at fair value and belong to Level 2 under IFRS 13. The change in value for the year totals SEK -233 thousand (-2,894) excluding tax. The item is effectively hedged and recognised as "Change in hedging reserve" in the consolidated statement of comprehensive income.

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

CAPITALISED IMPAIRMENT OF OUTSTANDING ACCOUNTS RECEIVABLE	2025	2024
Opening balance	41,834	5,326
Acquisition of subsidiaries	–	–
Provision for expected bad debt losses	6,253	37,708
Reversal of expected/actual bad debt losses	-30,802	-1,288
Translation differences for the year	-1,527	88
Closing balance	15,758	41,834

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 2025-12-31	Maturity			Total
	–30 days	31–90 days	91–360 days	
Accounts receivable ¹⁾	313,450	111,905	32,822	458,177
Derivative instruments	0	0	3,751	3,751
Cash and cash equivalents	366,320	–	–	366,320
Total financial assets	679,770	111,905	36,573	828,248

FINANCIAL ASSETS 2024-12-31	Maturity			Total
	–30 days	31–90 days	91–360 days	
Accounts receivable ¹⁾	309,936	133,117	18,841	461,894
Derivative instruments	1,245	0	4,069	5,314
Cash and cash equivalents	226,601	–	–	226,301
Total financial assets	537,782	133,117	22,910	693,809

¹⁾ Of recognised accounts receivable, overdue amount totals SEK 65,466 thousand (86,195), see also Note 35.

FINANCIAL LIABILITIES 2025-12-31	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	4,090	8,680	38,305	51,075	735,261	33,784	50,778	870,898
Convertible loan	-	-	-	-	33,624	-	-	33,624
Bank overdraft facilities	-	-	-	-	-	-	-	-
Total interest-bearing liabilities	4,090	8,680	38,305	51,075	768,885	33,784	50,778	904,522
Accounts payable	189,334	41,504	8,628	239,466	-	-	-	239,466
Total financial liabilities	193,424	50,184	46,933	290,541	768,885	33,784	50,778	1,143,988
<i>Total non-discounted flows</i> ¹⁾	<i>193,871</i>	<i>51,077</i>	<i>50,960</i>	<i>295,908</i>	<i>774,909</i>	<i>36,483</i>	<i>54,436</i>	<i>1,164,736</i>

FINANCIAL LIABILITIES 2024-12-31	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	4,517	9,533	42,254	56,304	969,939	27,177	42,171	1,095,591
Convertible loan	-	-	-	-	32,838	-	-	32,838
Bank overdraft facilities	17,874	-	-	17,874	-	-	-	17,874
Total interest-bearing liabilities	22,391	9,533	42,254	74,178	1,002,777	27,177	42,171	1,146,303
Accounts payable	165,789	48,376	8,676	222,841	-	-	-	222,841
Total financial liabilities	188,180	57,909	50,930	297,019	1,002,777	27,177	42,171	1,369,144
<i>Total non-discounted flows</i> ¹⁾	<i>188,180</i>	<i>57,909</i>	<i>56,746</i>	<i>302,835</i>	<i>1,098,519</i>	<i>27,669</i>	<i>52,977</i>	<i>1,482,000</i>

¹⁾ Includes estimated future interest payments.

In June 2022, new credit agreements were signed with the Group's main banks. The agreements ran for three years with an option to extend for a further one plus one year. All agreements have been extended until June 2027.

For fixed interest rates, interest rate risks and credit risks, see Note 35.

DISTRIBUTION BY CURRENCY	Financial assets		Financial liabilities			
			Non-current		Current	
	2025-12-31 ¹⁾	2024-12-31 ¹⁾	2025-12-31	2024-12-31	2025-12-31	2024-12-31
DKK	26,498	29,981	227,378	287,934	17,933	16,490
EUR	383,647	282,405	229,696	334,533	97,316	-198,316
SEK	545,152	213,429	372,283	350,067	129,430	162,883
USD	-81,327	83,094	4,132	84,727	15,148	129,180
Other currencies	-45,722	84,900	19,958	14,864	30,714	186,782
	828,248	693,809	853,447	1,072,125	290,541	297,019

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

NOTE 20 Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and investments with a maturity of three months or less, and include balance in bank overdraft facilities, Group currency accounts.

CASH AND CASH EQUIVALENTS	2025	2024
Cash and bank balances	366,315	226,596
Investments in securities etc.	5	5
Amount at year-end	366,320	226,601

NOTE 21 Earnings per share

BASIC EARNINGS PER SHARE	2025	2024
Net profit for the year, SEK thousands	178,378	100,055
Average number of outstanding shares, thousands	59,310	59,264
Basic earnings per share, SEK	3.01	1.69

DILUTED EARNINGS PER SHARE	2025	2024
Net profit for the year, SEK thousands	178,378	100,055
Interest expense on convertible bonds, SEK thousands ¹⁾	1,982	566
Issue expenses for convertible bonds, SEK thousands	79	20
Adjusted income, SEK thousands	180,439	100,641
Average number of outstanding shares, thousands	59,310	59,264
Adjustment for presumed conversion of convertible bonds, thousands	330	83
Average number of shares at the calculation of earnings per share, thousands	59,640	59,347
Diluted earnings per share, SEK	3.01	1.69

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

For details on number of shares and convertible bonds, see Note 22.

NOTE 22 Share capital etc.

DISTRIBUTION OF SHARE CAPITAL	2025-12-31	2025-01-01
Class A shares	14,577,600	14,577,600
Class B shares	45,062,698	45,062,698
Total number of shares	59,640,298	59,640,298
Quota value, SEK	0.625	0.625
Share capital, SEK	37,275,186.25	37,275,186.25

The total number of shares is 59,640,298, of which 329,690 was held by the company at year-end. The average number of outstanding shares during 2025 amounted to 59,310,608. Class A shares give entitlement to ten votes and class B shares entitlement to one vote. The number of votes, following deductions for the company's own holding, was 190,509,008 at year-end.

On 1 October 2024, convertibles for a nominal value of SEK 34,999 thousand, corresponding to 330,180 Class B shares, 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 1.00 per share, in total SEK 59,310,608, and SEK 716,313,638 being carried forward.

NOTE 23 Reserves

CUMULATIVE TRANSLATION DIFFERENCE	2025	2024
Opening balance	57,767	44,924
Translation differences for the year	-51,263	27,910
Effect of hedging of currency risk in non-Swedish operations	28,698	-15,067
Closing balance	35,202	57,767

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

HEDGING RESERVE	2025	2024
Opening balance	3,231	5,529
Changes for the year, including tax	-45	-2,298
Closing balance	3,186	3,231

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

	2025	2024
Total reserves	38,388	60,998

NOTE 24 Bank overdraft facilities

Utilised overdraft facilities are recognised as current interest-bearing liabilities.

	2025	2024
Bank overdraft facilities granted	304,327	309,095
Unutilised amount	-304,327	-291,221
Utilised amount	0	17,874

NOTE 25 Convertible loan

The Parent Company has an outstanding convertible loan reported at SEK 33,624 thousand (32,838). The nominal value for the outstanding loan is SEK 34,999 thousand (34,999). The convertible loan runs until 30 September 2027 with an annual interest rate corresponding to STIBOR 3M plus 2.00 percentage points (3.91 per cent in March 2026). During the period 1-12 September 2027, convertible bonds can be redeemed against Class B shares at a conversion rate of SEK 106.00. Given that the loan is subordinate to other liabilities and the Group's financial position in general, the interest rate cannot be regarded as corresponding to a market interest rate. The market interest rate for this loan was assessed at 8.15 per cent (government bonds interest rate at the time of issue, 1.65 per cent, with a 6.50 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 2,293 thousand (662). The result is also charged with issue costs incurred in connection with raising the convertible loan.

NOTE 26 Other non-current liabilities

One Group company has an incentive programme with issued synthetic options. The programme constitutes a cash-settled share-based remuneration. The premium for these options has been calculated at market value using the Black & Scholes model. The valuation is based on the market value of the relevant subsidiary, the agreed strike price, the risk-free interest rate, the volatility (assessed on the basis of comparable companies) and the current maturity.

Other non-current liabilities include an option liability measured at fair value. During the term of the option, the liability is remeasured at market value and the change is recognised as a financial item in net profit for the year.

	2025	2024
Option liability	1,988	542
	1,988	542

Estimated maturity time	2025	2024
Between one and five years after the closing day	1,988	542
More than five years after the closing day	-	-

NOTE 27 Other 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 to satisfy the obligation, and a reliable assessment of the amount can be made. The amounts are regularly assessed based on both historical experience and reasonable expectations for the future. XANO's operations include products covered by guarantees that are normally limited to between 12 and 36 months. The Group's provisions mainly refer to guarantee and pension commitments.

	2025	2024
NON-CURRENT		
Guarantee commitments	8,741	7,115
Pension commitments	525	501
Other commitments	3,484	2,966
	12,750	10,582
Estimated maturity time		
Between one and five years after the closing day	12,629	10,461
More than five years after the closing day	121	121
CURRENT		
Guarantee and complaint commitments	3,476	5,673
Other commitments	10,576	4,684
	14,052	10,357

CHANGES IN OTHER PROVISIONS	Non-current			Current
	Guarantee commitments	Pension commitments	Other commitments	Other commitments
Opening balance	7,115	501	2,966	10,357
Provisions for the year	5,412	79	575	12,348
Acquisition of subsidiaries	-	-	-	-
Payments/utilisation for the year	-3,407	-55	-33	-7,873
Translation differences for the year	-379	-	-24	-780
Closing balance	8,741	525	3,484	14,052

NOTE 28 Deferred tax**TEMPORARY DIFFERENCES**

Temporary differences arise if the recognised 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.

	2025	2024
Intangible non-current assets ¹⁾	17,404	21,575
Property, plant and equipment ¹⁾	17,463	19,132
Untaxed reserves		
Excess depreciation, machinery and equipment	22,568	22,193
Tax allocation reserves	-	5,992
Derivative instruments	826	838
Other temporary differences in non-Swedish subsidiaries	28,980	38,852
Other items	-1,323	-1,035
Deferred tax liabilities	85,918	107,547
Deferred tax assets ²⁾	-9,771	-20,219
Net deferred tax liabilities	76,147	87,328
Deferred tax liabilities brought forward	-87,328	-96,236
Acquisition of subsidiaries	-	-6,756
Sale of subsidiaries	760	-1,733
Other temporary differences	-456	12,224
Translation differences	613	-396
Deferred tax expense relating to temporary differences	-10,264	-5,569
<i>- of which recognised in</i>		
Net profit for the year	-10,252	-4,973
Other comprehensive income	-12	-596

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

²⁾ SEK 8,140 thousand (11,233) relates to operations in non-Swedish subsidiaries. In view of expected future development, these operations are expected to generate positive results in coming years and the loss carry-forward is recognised at the amount judged to be utilised. If there is no legal right of offset, the asset is recognised as a deferred tax asset in the balance sheet.

DEFERRED TAX

CHANGES IN DEFERRED TAX LIABILITIES	2025	2024
Deferred tax liabilities brought forward	107,547	103,530
Non-current assets	-5,840	-8,176
Untaxed reserves		
Excess depreciation, machinery and equipment	375	2,740
Tax allocation reserves	-5,992	-7,810
Derivative instruments	-12	-596
Other items	472	1,266
Acquisition of subsidiaries	-	8,593
Sale of subsidiaries	-760	1,733
Non-Swedish items with diverging tax rate	-8,909	6,394
Translation differences	-963	-127
Deferred tax liabilities carried forward	85,918	107,547

CHANGES IN DEFERRED TAX ASSETS	2025	2024
Deferred tax assets brought forward	20,219	7,294
Loss carry-forwards in Swedish subsidiaries	-7,984	6,156
Loss carry-forwards in foreign subsidiaries	-2,743	4,919
Acquisition of subsidiaries	-	1,837
Other items	629	-292
Translation differences	-350	305
Deferred tax assets carried forward	9,771	20,219

The Group's judgement is that deferred tax is not covered by the disclosure requirement regarding maturity 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

	2025	2024
Advance payments from customers	74,944	95,364
Accounts payable	239,466	222,841
Salary and holiday pay liabilities	103,975	108,707
Accrued social security contributions	25,836	23,884
Other accrued expenses	25,649	30,942
Other non-interest-bearing liabilities	73,360	82,305
Contract liabilities	303,662	220,215
	846,892	784,258

NOTE 30 Pledged assets

	2025	2024
For own liabilities		
Property mortgages	38,618	43,131
Floating charges	7,150	7,150
Shares in subsidiaries	1,195,607	1,060,548
Other collaterals	24,990	34,712
	1,266,365	1,145,541
Other pledged assets		
Pledged endowment insurance with pension commitments	525	501
	525	501
Total	1,266,890	1,146,042

NOTE 31 Contingent liabilities

	2025	2024
Contingent liabilities in respect of advance payment and work guarantees	7,217	53,319
Other obligations	156	165
	7,373	53,484

NOTE 32 Leases

Leases mean that the right of use for the object in question is recognised 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 included in the calculation cover fixed fees, variable lease payments that depend on an index or a price initially valued using an index, amounts expected to be paid under residual value guarantees, exercise 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 recognised at acquisition value less depreciation and impairment, and the liability is revalued to reflect the effect of interest and lease payments performed. Depreciation for the non-current asset/right-of-use asset and interest expenses for the lease liability are recognised 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 recognised as operating expenses on a straight-line basis over the lease term. Variable lease payments that are not dependent on an index or a price are not included in the valuation. Such lease payments are recognised as expenses in the operating profit in the period in which they arise.

Items covered by lease contracts are recognised in the consolidated financial statements as below. Standard terms for the Group's lease contracts related to machinery are variable interest rate 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	2025	2024
Premises	141,269	124,533
Plant and machinery	1,142	3,244
Equipment, tools, fixtures and fittings	19,918	20,715
	162,329	148,492

INTEREST-BEARING LIABILITIES	2025	2024
Current component, within 1 year	47,028	52,352
Non-current component, between 1 and 5 years	87,475	83,973
Non-current component, over 5 years	38,647	26,064
	173,150	162,389

CONTRACTED FUTURE LEASE PAYMENTS	Lease contracts	Short-term leases	Low-value leases
Current component, within 1 year	52,395	1,157	168
Non-current component, between 1 and 5 years	94,823	-	48
Non-current component, over 5 years	45,305	-	-
Non-discounted amounts	192,523	1,157	216

AMOUNTS RECOGNISED IN CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	2025	2024
Depreciation	-57,163	-51,208
Write-downs/reversal of write-downs	2,827	-11,000
Interest expenses	-6,407	-4,982
Leasing expenses on short-term leases	-2,043	-2,370
Leasing expenses on low-value leases	-262	-261

DEPRECIATION DISTRIBUTED BY THE UNDERLYING CLASS OF ASSET	2025	2024
Premises	-40,947	-37,755
Plant and machinery	-2,036	-3,391
Equipment, tools, fixtures and fittings	-14,180	-10,062
	-57,163	-51,208

AMOUNTS RECOGNISED IN CONSOLIDATED CASH FLOW STATEMENTS	2025	2024
Interest paid	-6,407	-4,982
Repayment by instalments	-56,923	-48,867
Total leasing fees paid	-63,330	-53,849

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 4.5 million.

NOTE 33 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 expenses related to the cash flow of investing or financing activities.

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

INTEREST

During the financial year, interest paid amounted to SEK 66,189 thousand (77,991) and interest received to SEK 7,364 thousand (10,541).

BUSINESS COMBINATIONS

IFRS 3 is applied to business combinations. This means, amongst other things, that transaction fees on business combinations are recognised as expenses and that conditional purchase prices are set at the fair value at the time of acquisition and that the effects of revaluations of these purchase prices are recognised in net profit for the year.

In 2025, the assets and liabilities of ALTEK were acquired and are included in the consolidated results from September. All shares in AB LK Precision Invest were sold on 4 July 2025.

In 2024, Graniten Engineering AB and Cipax Danmark ApS (formerly Dansk Rotations Plastic ApS) were acquired and XANO Fastigheter Ljungarum AB were sold.

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

ACQUISITIONS 2025	Reported values in subsidiaries	Fair value adjustment	Consolidated fair value
Intangible assets	937	–	937
Current assets	944	–	944
Net assets/purchase price			1,881
Transaction costs			–
Cash flow attributable to acquired businesses			1,881

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

DIVESTMENTS	2025	2024
Property, plant and equipment	7,171	38,316
Current assets	282	8
Non-current liabilities	-742	-1,836
Current liabilities	-4,565	-30,955
Reported value in subsidiary	2,146	5,533
Capital gain excluding transaction costs	41,255	67,395
Total purchase price	43,401	72,928
Transaction costs	-628	-1,329
Cash flow attributable to divested businesses	42,773	71,599

ACQUISITIONS	2025	2024
Intangible assets	937	137,179
Property, plant and equipment	–	35,905
Financial assets	–	1,836
Right-of-use assets	–	7,387
Current assets	944	48,814
Non-current liabilities	–	-23,864
Current liabilities	–	-90,726
Total purchase price	1,881	116,531
Transfer of treasury shares with no cash-flow effect	–	-15,432
Liquid assets in acquired businesses	–	-6,442
Transaction costs	–	1,779
Total cash flow attributable to acquired businesses	1,881	96,436

Transaction costs with regard to acquired entities amounted to SEK – thousand (1,779) and were recognised as administrative expenses in net profit for the year.

CHANGES IN LIABILITIES RELATED TO FINANCING ACTIVITIES	2024-12-31	Cash flow	Changes with no cash-flow effect					2025-12-31
			Translation differences	Capitalisation effect	Acquisition of subsidiaries	Additional lease liabilities IFRS 16	Other	
<i>Non-current interest-bearing liabilities</i>								
Borrowings and lease liabilities	1,039,287	-171,102	-48,362	–	–	–	–	819,823
Convertible loan	32,838	–	–	786	–	–	–	33,624
	1,072,125							853,447
<i>Current interest-bearing liabilities</i>								
Borrowings and lease liabilities	56,304	-3,373	-1,641	–	–	-215	–	51,075
Bank overdraft facilities	17,874	-8,004	-9,870	–	–	–	–	0
	74,178							51,075
	1,146,303							904,522

NOTE 34 Business combinations

In July, all the shares in AB LK Precision Invest, owner of two industrial properties at Länna industriområde in Skogås, just south of Stockholm, were sold. The purchase price, which was paid in cash, amounted to SEK 43 million and brought a capital gain of SEK 41 million, recognised in net profit for year in accordance with IFRS 10. In connection with the divestment, a new ten-year lease was signed for the subsidiary AB LK Precision Parts, which continues to operate on the property.

In September, the operations of ALTEK in the United States were acquired through XANO's US subsidiary Integrated Packaging Solutions (IPS). ALTEK is a well-regarded supplier of testing equipment for can and lid manufacturing. The acquisition includes the ALTEK brand, product designs, current orders and service agreements, as well as inventory assets, and is being carried out as an asset purchase. Through this acquisition, IPS strengthens its position as a comprehensive supplier of support systems and tools for the packaging and food industries. The offering is broadened with complementary service and maintenance solutions aimed at optimising equipment uptime and performance. The acquisition preliminarily brings a surplus value of SEK 1 million relating to goodwill. The operations' contribution to the Group's turnover and profit in 2025 is immaterial.

In 2024, Graniten Engineering AB and Cipax Danmark ApS (formerly Dansk Rotations Plastic ApS) were acquired and XANO Fastigheter Ljungarum AB was sold.

Acquired assets and liabilities are specified in Note 33 Cash flow.

NOTE 35 Risks

FINANCIAL RISKS

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

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

CURRENCY RISKS

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

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

TRANSACTION RISKS

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

The proportion of invoicing in foreign currency in 2025 was 59 per cent (64). 45 per cent (39) 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 2025 is shown in the table below.

Share (%) of	SEK	EUR	DKK	Other
Invoicing	41	36	4	19
Cost of goods sold	39	34	12	15

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 60 million for the corresponding flow, of which approx. SEK 30 million are related to EUR.

Currency derivatives are utilised to hedge sales in a currency other than the relevant entity's functional currency. On the closing day, there were forward exchange contracts for hedging EUR 0.4 million and USD 1.6 million.

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 2025, 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 3 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 1,459 million (1,528) at year-end. On translation of the subsidiaries' balance sheets, exchange rate fluctuations have affected other comprehensive income for 2025 by SEK -24 million (13). The currency exposure that arises through investments in foreign net assets is partially hedged by raising 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 4 million and SEK 4 million respectively, based on the current net assets.

INTEREST RATE RISKS

Interest rate risks refer to the risk that changes in the interest rate level will affect the XANO's financial results negatively through increased borrowing costs. Financing mainly takes place through borrowing from banks. In 2025, the average interest rate (interest expenses in relation to the average interest-bearing liabilities) was 6.3 per cent (6.9). On the closing day, the Group's interest-bearing liabilities, excluding operating lease liabilities, amounted to SEK 732 million (987), of which SEK 246 million (507) was financed at a variable interest rate. The average interest rate on borrowings with variable interest rates was 3.5 per cent (4.6) at year-end. The net result of a 1 percentage point increase in interest rates is approx. SEK 2.5 million on an annual basis. The Group's liabilities related to operating leases amount to SEK 172 million (160).

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 of a nominal sum of SEK 486 million (480) 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 running currency swap agreements.

FIXED INTEREST RATE PERIOD FOR BORROWINGS

Maturity date	Amount (SEK 000)	Average interest rate (%) ¹⁾	Share (%)
2026	–	–	–
2027–2030	410,776	2.17	84
2031 and later	75,000	2.30	16
Total	485,776	2.19	100

¹⁾ Exclusive of margin incurred on variable-rate loans underlying swap contracts.

The average fixed interest rate period is 40 months.

LIQUIDITY AND FINANCING RISKS

Liquidity and financing risks refer to not being able to fulfil payment obligations as a result of insufficient liquidity or difficulty in taking out external loans. XANO actively seeks to ensure a high level of financing preparedness and effective capital procurement by always having confirmed lines of credit. The majority of the Group's borrowing comes from banks and with the loans in each company's local currency. Parent companies also lend funds within the Group at market terms, usually at a variable interest rate. The payment capacity (liquid assets including credit that has been granted but not utilised relative to net revenue) amounted to 51 per cent (41) 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 recognised value of SEK 458 million (462). On the closing day, there was no customer for which outstanding accounts receivable exceeded SEK 50 million in total.

AGE ANALYSIS OF ACCOUNTS RECEIVABLE

On the closing day	Not yet due	Time from maturity			Total
		6–30 days	31–90 days	> 90 days	
2025-12-31	392,711	36,041	18,063	11,362	458,177
2024-12-31	375,699	48,484	22,209	15,502	461,894

Bad debt losses recognised as expenses for the year amount to SEK 6,425 thousand (37,991), of which SEK 209 thousand (90) constitutes actual losses. Required closing accumulated provision for outstanding claims amounts to SEK 15,758 thousand (41,834), see also Note 19.

A credit risk also exists for contract assets. The maximum credit risk attributable to contract assets corresponds to the recognised value of SEK 135 million (175). On the closing day, there were no customer for which outstanding contract assets exceeded SEK 25 million. Impairment testing for losses for the year has not entailed any reserve, as these are not deemed to amount to a significant sum.

OPERATIONAL RISKS

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

As regards input goods, metal represents a dominant raw material together with plastic, often produced from oil-based products. Raw material prices are dependent on world market prices and exchange rate fluctuations, as well as production capacity. The number of raw materials is large, as metals and plastic raw materials occur in many variants. However, price fluctuations for raw materials have a limited effect on the Group's results, as many agreements with customers include raw material clauses. The management of price risks forms part of the daily 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, Group companies have implemented 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. Our level of preparedness to make adjustments is also high. The willingness to invest on the part of some of the Group's major customers is closely linked to the development of the global economy. We are not witnessing any quick turnaround and recovery in the established markets where we have been experiencing declining trends. Geopolitical turmoil in several parts of the world may contribute to increased inflation and price risks, as well as disruptions in supply chains. In addition, uncertainty surrounds the future of global trade due to ongoing U.S. tariffs and reciprocal measures from other countries. XANO works with proactive price and contract management to meet cost increases. By offering manufacturing in its own units outside Sweden, trade barriers can be countered.

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 50 per cent (45).

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 customary 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 160–161.

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 2025, 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 2025, purchases from ITAB Shop Concept AB with subsidiaries to XANO's subsidiaries amounted to SEK 0.0 million (0.0) and purchases from AGES Industri AB with subsidiaries to XANO's subsidiaries amounted to SEK 1.1 million (1.4). Sales to ITAB totalled SEK 0.3 million (0.8). 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. 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 Items affecting comparability

In this annual report, the Group presents certain financial indicators that are not defined in IFRS. These indicators aim to provide supplementary information as they contribute to the understanding of the Group's financial development.

ITEMS AFFECTING COMPARABILITY	2025	2024
Costs for restructuring activities ¹⁾	-8,182	-35,174
Items related to business combinations ²⁾	40,931	74,848
Other items ³⁾	-	-31,077
Total	32,749	8,597

¹⁾ Include, inter alia, redundancy costs, impairment of right-of-use assets and relocation costs when transferring production between units.

²⁾ Include capital gains of SEK 40.6 million (66.1) from the divestment of subsidiaries, and adjusted conditional purchase price of SEK 0.3 million (10.5).

³⁾ Amount for 2024 refers to impairment of accounts receivable.

NOTE 39 Events after the end of the year

ACQUISITIONS

In January 2026, the service company Veldkamp, based in Raalte, the Netherlands, was acquired. Veldkamp is a technical full-service provider active in the packaging, production, food and pharmaceutical sectors. The acquisition includes a group of companies which specialises in designing, building and optimising production lines. The Veldkamp group has around 60 employees and total net sales of approximately EUR 10 million. The companies will be part of XANO's Industrial Solutions business unit, strengthening the overall market position in the packaging and food industry. The acquisition means that the business unit's area of expertise is further broadened, particularly within the can industry, and that Veldkamp is given enhanced opportunities to grow and develop its unique strengths. Consolidation will be effective as of 1 January 2026. The acquisition is expected to have a marginal impact on XANO's earnings per share. The transaction includes all shares in Nive B.V. with subsidiaries and Veldkamp Verspanings Techniek B.V.

The total purchase consideration is estimated to amount to EUR 8.9 million, of which EUR 6.9 million was paid in cash on completion and EUR 2 million relates to a contingent consideration to be settled in cash during 2027. Should the conditions not be met, the outcome may range from EUR 0–2 million. At the time of the finalisation of these financial statements, the acquisition analysis has not been completed, meaning that information on the fair values of acquired assets and assumed liabilities, as well as any goodwill that may arise, cannot yet be determined reliably.

The acquisition has not affected the Group's financial position or earnings for the 2025 financial year.

FINANCIAL TARGETS

From 2026, the Group's financial targets are updated to better reflect market conditions and the long-term strategy. The new external target of an EBIT margin of 12 per cent over time replaces the previous profit margin target of 8 per cent over time.

Definitions

ADJUSTED EBITDA

Operating profit less items affecting comparability plus depreciation and amortisation of tangible and intangible non-current assets.

ADJUSTED OPERATING MARGIN

Operating profit less items affecting comparability in relation to net revenue.

ADJUSTED OPERATING PROFIT

Operating profit less items affecting comparability.

ADJUSTED PROFIT MARGIN

Profit before tax less items affecting comparability in relation to net revenue.

ADJUSTED PROFIT BEFORE TAX

Profit before tax less items affecting comparability.

AVERAGE NUMBER OF EMPLOYEES

Average number of employees during the period based on working hours. Employees who are covered by short-term work/temporary layoffs are only included to the extent that relates to actually worked time.

BASIC EARNINGS PER SHARE

Net profit in relation to the average number of outstanding shares.

CAPITAL EMPLOYED

Balance sheet total less non-interest-bearing liabilities.

CASH FLOW FROM OPERATING ACTIVITIES PER SHARE

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

DILUTED EARNINGS PER SHARE

Net profit plus costs relating to convertible loan in relation to the average number of outstanding shares plus the average number of shares added at conversion of outstanding convertibles.

DIRECT YIELD

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

EBITDA

Operating profit plus depreciation and amortisation of tangible and intangible non-current assets.

EQUITY PER SHARE

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

EQUITY/ASSETS RATIO

Equity in relation to total capital.

GROSS MARGIN

Gross profit in relation to net revenue.

INTEREST COVERAGE RATIO

Profit before tax plus financial expenses in relation to financial expenses.

ITEMS AFFECTING COMPARABILITY

Events or transactions that have a material financial impact and whose effects on earnings are important to note when comparing the financial results for the period with results for previous periods.

NET INVESTMENTS

Closing balance less opening balance plus amortisation/depreciation, impairment costs and translation differences relating to non-current assets.

OPERATING MARGIN / EBIT MARGIN

Operating profit in relation to net revenue.

ORGANIC GROWTH

Growth in net revenue generated by the Group's own efforts and in existing structure. The amount has not been adjusted for exchange rate fluctuations.

PROFIT MARGIN

Profit before tax in relation to net revenue.

RETURN ON CAPITAL EMPLOYED

Profit before tax plus financial expenses in relation to average capital employed.

RETURN ON EQUITY

Net profit in relation to average equity.

RETURN ON TOTAL CAPITAL

Profit before tax plus financial expenses in relation to average total capital.

REVENUE GROWTH

Net revenue for the period in relation to net revenue for a comparative period.

TOTAL CAPITAL

Total equity and liabilities (balance sheet total).

Key figures

Key figures included in this report derive primarily from the disclosure requirements according to IFRS. Other measures, known as alternative key figures, describe e.g. the profit trend, financial strength and how the Group has invested its capital. 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 92.

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 91.

INTEREST COVERAGE RATIO

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

	2025	2024
Profit before tax plus financial expenses, SEK thousands	351,419	226,001
Financial expenses, SEK thousands	104,401	111,071
Interest coverage ratio, multiple	3.4	2.0

ORGANIC GROWTH

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

	2025	2024
Net revenue for the period less revenue generated through acquisitions less net revenue for the previous period, SEK thousands	28,947	-352,216
Net revenue for the previous period, SEK thousands	3,314,731	3,431,455
Organic growth, %	+0.9	-10.3

RETURN ON CAPITAL EMPLOYED

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

	2025	2024
Profit before tax plus financial expenses, SEK thousands	351,419	226,001
Average ¹⁾ capital employed, SEK thousands	2,834,238	2,848,880
Return on capital employed, %	12.4	7.9

¹⁾ Average capital is calculated as an average of the opening balance and reported quarterly data during the current year. For 2025, this means that the closing balances as of 31 December 2024, 31 March 2025, 30 June 2025, 30 September 2025 and 31 December 2025 were added together and divided by 5.

RETURN ON EQUITY

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

	2025	2024
Net profit for the year attributable to shareholders of the Parent Company, SEK thousands	178,378	100,055
Average ¹⁾ equity attributable to shareholders of the Parent Company, SEK thousands	1,800,805	1,671,598
Return on equity, %	9.9	6.0

RETURN ON TOTAL CAPITAL

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

	2025	2024
Profit before tax plus financial expenses, SEK thousands	351,419	226,001
Average ¹⁾ total capital, SEK thousands	3,789,186	3,855,642
Return on total capital, %	9.3	5.9

Income statements

PARENT COMPANY (SEK thousands)	Note	2025	2024
Net sales		32,341	33,015
Cost of goods sold		–	–
Gross profit		32,341	33,015
Selling expenses	3, 4, 6	-7,286	-6,221
Administrative expenses	3, 4, 5, 6	-41,424	-35,301
Other operating income		245	111
Other operating expenses		–	–
Operating profit/loss		-16,124	-8,396
Profit from participations in Group companies	7	93,991	91,887
Interest income and similar profit/loss items	8	70,508	81,973
Interest expense and similar profit/loss items	9	-53,156	-60,575
Resultat efter finansiella poster		95,219	104,889
Appropriations	10	27,884	30,834
Profit before tax		123,103	135,723
Tax	11	-6,305	-6,736
NET PROFIT FOR THE YEAR		116,798	128,987

Statements of comprehensive income

PARENT COMPANY (SEK thousands)	Note	2025	2024
Net profit for the year		116,798	128,987
Other comprehensive income		–	–
COMPREHENSIVE INCOME FOR THE YEAR		116,798	128,987

Balance sheets

PARENT COMPANY (SEK thousands)	Note	2025-12-31	2024-12-31
ASSETS			
Non-current assets			
Property, plant and equipment	12		
Equipment, tools, fixtures and fittings		889	564
		889	564
Financial non-current assets			
Participations in Group companies	13	175,780	168,344
		175,780	168,344
Total non-current assets		176,669	168,908
Current assets			
Current receivables			
Receivables from Group companies		1,278,804	1,305,606
Current tax assets		4,418	–
Other receivables		4,029	4,051
Prepayments and accrued income		5,450	7,849
		1,292,701	1,317,506
Current investments		5	5
Cash and bank balances	16	100,986	6
Total current assets		1,393,692	1,317,517
TOTAL ASSETS		1,570,361	1,486,425

Balance sheets

PARENT COMPANY (SEK thousands)	Note	2025-12-31	2024-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	14	37,275	37,275
Statutory reserve		8,899	8,899
		46,174	46,174
Non-restricted equity			
Share premium reserve		163,041	163,041
Profit brought forward		495,786	366,799
Net profit for the year		116,798	128,987
		775,625	658,827
Total equity		821,799	705,001
Untaxed reserves			
	15	301	28,185
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	16, 17	283,624	282,838
		283,624	282,838
Current liabilities			
Bank overdraft facilities		–	14,148
Accounts payable		1,301	1,195
Liabilities to Group companies		442,745	438,615
Current tax liabilities		–	608
Other liabilities		2,589	2,769
Accruals and deferred income		18,002	13,066
		464,637	470,401
Total liabilities		748,261	753,239
TOTAL EQUITY AND LIABILITIES		1,570,361	1,486,425

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 2024		37,275	8,899	145,250	426,110	617,534
Net profit for the year		-	-	-	128,987	128,987
Other comprehensive income		-	-	-	-	-
Comprehensive income for the year		-	-	-	128,987	128,987
Effect of convertible loan issued		-	-	2,359	-	2,359
Transfer of treasury shares		-	-	15,432	-	15,432
Cash dividends paid		-	-	-	-59,311	-59,311
Equity, 31 December 2024		37,275	8,899	163,041	495,786	705,001
Net profit for the year		-	-	-	116,798	116,798
Other comprehensive income		-	-	-	-	-
Comprehensive income for the year		-	-	-	116,798	116,798
Cash dividends paid		-	-	-	-	-
EQUITY, 31 DECEMBER 2025	14	37,275	8,899	163,041	612,584	821,799

Cash flow statements

PARENT COMPANY (SEK thousands)	Note	2025	2024
OPERATING ACTIVITIES			
Operating profit/loss		-16,124	-8,396
<i>Adjustments for non-cash items etc.</i>			
Depreciation		136	48
Group contribution received		5,300	26,756
Dividend received		85,000	125,000
Interest paid/received, net value	19	19,062	20,115
Income tax paid		-12,481	-6,354
Cash flow from operating activities before changes in working capital		80,893	157,169
Changes in working capital			
Increase (-) / decrease (+) in current receivables		36,581	-239,889
Increase (+) / decrease (-) in current liabilities		14,826	69,105
Cash flow from operating activities		132,300	-13,615
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-461	-419
Purchase of financial non-current assets		-17,025	-
Cash flow from investing activities		-17,486	-419
FINANCING ACTIVITIES			
Dividend paid		-	-59,311
<i>Increase (+) / decrease (-) in interest-bearing liabilities</i>			
Repayment of borrowings		-	34,999
Change in bank overdraft facilities		-14,148	14,148
Transfer of treasury shares		-	15,432
Cash flow from financing activities		-14,148	5,268
CASH FLOW FOR THE YEAR		100,666	-8,766
Cash and cash equivalents at the beginning of the year		11	8,678
Exchange rate differences in cash and cash equivalents		314	99
Cash and cash equivalents at the end of the year	19	100,991	11

Notes

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 2025.

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, 2 per cent (3) was invoicing from subsidiaries.

There are significant financial receivables and liabilities between the Parent Company and its subsidiaries which accrue interest at the market rate.

In addition to that referred to in Note 3, Board members and senior executives have received customary 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 are compound financial instruments with the character of both liability and 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 are made 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	2025	of which men	2024	of which men
Sweden	12	33%	12	33%

PROPORTION OF MEN AMONGST BOARD MEMBERS AND SENIOR EXECUTIVES	2025	2024
Board members	50%	57%
Senior executives	33%	50%

In 2025, the number of male board members at the parent company has decreased by one.

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS	2025	2024
Salaries and remuneration	24,470	20,093
Social security costs	13,445	12,219
<i>(of which pension costs^{1, 2)})</i>	<i>(4,520)</i>	<i>(4,696)</i>
	37,915	32,312

¹ Of the Parent Company's pension costs, SEK 3,613 thousand (3,073) 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	2025	2024
Board members and senior executives	17,316	12,202
<i>(of which bonuses¹)</i>	<i>(5,005)</i>	<i>(1,628)</i>
Other employees	7,154	7,891
	24,470	20,093

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 pages 77–78.

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 and CSO who, together with the CEO, make up the Group Management.

The AGM decided that the Board's fee of SEK 1,665 thousand should be distributed with SEK 365 thousand payable to the Chair and SEK 260 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 35 thousand per ordinary member and SEK 70 thousand to the committee chair. During 2025, SEK 200 thousand was carried as an expense for these tasks.

In 2025, the Group Management consisted of CEO Lennart Persson, CFO Marie Ek Jonson and CSO Marilyn Lindh. The CEO received salary and benefits totalling

SEK 11,663 thousand (8,012), of which SEK 4,545 thousand (1,455) constitutes variable remuneration. Other senior executives received salary and benefits totalling SEK 3,965 thousand (2,389), of which SEK 460 thousand (173) constitutes variable remuneration. The 2024 AGM decided on issue of personnel convertibles which also included members of the Group management. Apart from current convertible bond programme, there are no outstanding share or share price-related incentive schemes for the Group Management.

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 28 per cent (31) 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 2,650 thousand (2,427). Pension costs for other senior executives amounted to SEK 962 thousand (646).

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

NOTE 4 Depreciation

DEPRECIATION BY FUNCTION	2025	2024
Försäljningskostnader	–	–
Administrative expenses	-136	-48
	-136	-48

DEPRECIATION BY CLASS OF ASSET	2025	2024
Equipment, tools, fixtures and fittings	-136	-48
	-136	-48

NOTE 5 Auditors' remuneration

	2025	2024
KPMG		
Audit assignment	-949	-556
Audit activities other than audit assignment	-80	-18
Tax consultancy services	–	–
Sustainability assurance	-625	–
Other services	–	-60
Total	-1,654	-634

"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

	2025	2024
Lease fees recognised as expenses	1,891	1,217
<i>Future minimum lease payments related to operating leases</i>		
to be paid within 1 year	1,805	1,917
to be paid between 2 and 5 years	1,595	2,731

NOTE 7 Profit from participations in Group companies

	2025	2024
Dividends from Group companies	85,000	125,000
Impairment losses on shares in subsidiaries	-9,589	-38,413
Group contributions received	18,580	5,300
	93,991	91,887

NOTE 8 Interest income and similar profit/loss items

	2025	2024
Interest income, Group companies	55,780	63,828
Interest income, other	14,414	16,799
Exchange rate differences	314	1,346
	70,508	81,973

Exchange rate differences include a change in value of SEK 176 thousand (-) relating to currency derivatives measured at their fair value.

NOTE 9 Interest expense and similar profit/loss items

	2025	2024
Interest expense, Group companies	-9,850	-16,245
Interest expense, other	-43,306	-43,083
Exchange rate differences	-	-1,247
	-53,156	-60,575

Other interest expense includes a change in value of SEK -233 thousand (-2,894) relating to interest rate swaps measured at their fair value.

NOTE 10 Appropriations

	2025	2024
Change in excess depreciation	-116	-166
Tax allocation reserve, change for the year	28,000	31,000
	27,884	30,834

NOTE 11 Tax on profit for the year

	2025	2024
Current tax	-6,305	-6,736
	-6,305	-6,736

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

	2025	2024
Reported profit before tax	123,103	135,723
Tax according to current income tax rate	-25,359	-27,959
<i>Tax effect of</i>		
Non-deductible expenses	-533	-479
Other tax-exempt income	20,082	22,252
Standard income and deviating tax rate for tax allocation reserves	-344	-550
Adjustment relating to the previous year	-151	-
Reported tax	-6,305	-6,736

¹⁾ Include income tax-exempt dividends from subsidiaries.

NOTE 12 Property, plant and equipment

EQUIPMENT, TOOLS, FIXTURES AND FITTINGS	2025	2024
Accumulated acquisition values		
Opening balance	1,878	1,459
New acquisitions	461	419
Closing balance	2,339	1,878
Accumulated scheduled depreciation		
Opening balance	-1,314	-1,266
Depreciation according to plan for the year	-136	-48
Closing balance	-1,450	-1,314
Closing residual value according to plan	889	564

NOTE 13 Participations in Group companies

	2025	2024
Accumulated acquisition values		
Opening balance	228,667	228,667
Acquisition of subsidiaries	25	-
Shareholder contributions	17,000	-
Closing balance	245,692	228,667
Accumulated impairment costs		
Opening balance	-60,323	-21,910
Impairment losses for the year	-9,589	-38,413
Closing balance	-69,912	-60,323
Carrying amount	175,780	168,344

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%	23,473
Blowtech Group AB	556978-1205	Gnosjö, Sweden	1,000	100%	84,675
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 Industrial Products AB	559548-2588	Jönköping, Sweden	250	100%	15
XANO Precision AB	556620-3294	Jönköping, Sweden	1,000	100%	22,086
					175,780

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	Helsingfors, Finland	630	100%
Batteryline Sweden AB	559452-6740	Jönköping, Sweden	250	100%
Blowtech GP AB	556560-1712	Gnosjö, Sweden	2,000	100%
Blowtech GT AS	994841270	Kongsvinger, Norway	250,000	100%
Canline Holding B.V.	17270976	Eersel, the Netherlands	180	100%
Canline Systems B.V.	17270973	Eersel, the Netherlands	180	100%
Case Packing Systems Australia Pty Ltd	36 668 944 152	Kilmore VIC, Australia	50,000	100%
Case Packing Systems B.V.	13039933	Stramproy, the Netherlands	400	100%
Case Packing Systems USA Inc	92-3009398	Chicago IL, USA	100	100%
CIM Industrial Systems A/S	24210022	Aarhus, Denmark	860,000	100%
Cipax AB	556065-7875	Norrköping, Sweden	200	100%
Cipax Danmark ApS	35021310	Vordingborg, Denmark	240	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%
Graniten Engineering AB	556628-2298	Uddevalla, Sweden	5,000	100%
Holtermoen Eiendom AS	928 432 009	Bjørkelangen, Norway	1,873	100%
Holtermoen Eiendom Vest AS	928 432 017	Bjørkelangen, Norway	269	100%
Integrated Packaging Solutions, LLC	26-4774454	Denver CO, USA	-	100%
Jorgensen Engineering A/S	51 45 22 16	Odense, Denmark	30,000,000	100%
Jorgensen Engineering USA Inc.	87-1389636	Houston TX, USA	100	100%
AB Kuggteknik	556122-2992	Leksand, Sweden	2,500	100%
Kungsörs Mekaniska Verkstad AB	556141-4243	Kungsör, Sweden	1,500	100%
Lasertech LSH AB	556559-2887	Karlskoga, Sweden	500	100%
AB LK Precision Parts	556237-5377	Stockholm, Sweden	2,000	100%
Lundgren Machinery AB	556207-9359	Staffanstorps, Sweden	2,000	100%
Mikroverktyg AB	556020-8828	Södertälje, Sweden	1,000	100%
Modellteknik i Eskilstuna AB	556504-4996	Eskilstuna, Sweden	5,000	100%
Nordic Plastic Recycling AS	918 069 283	Åndalsnes, Norway	370,765	35%
NPB Automation AB	556266-7948	Jönköping, Sweden	1,000	100%
NPB Automation USA Inc. in liquidation	87-1409833	Chicago IL, USA	100	100%
Pelarsätlet AB	556572-2716	Eskilstuna, Sweden	1,000	100%
Pioner Boat AS	990 374 031	Bjørkelangen, Norway	6,180	100%
PIWi Beheer B.V.	12052152	Stramproy, the Netherlands	180	100%
Polyketting B.V.	54154782	Zelhem, the Netherlands	1,800	100%
Polyketting Holding B.V.	54154065	Zelhem, the Netherlands	7,502	100%
Resinit AB	556332-1263	Västervik, Sweden	1,000	100%
Tussenholding Lankamp B.V.	81213166	Rijssen, the Netherlands	100,000	100%
VIAB Konsult AB	556506-0802	Jönköping, Sweden	1,000	100%
XANO Automation Inc.	35-2764388	Denver CO, USA	1,000	100%

NOTE 14 Share capital and number of shares

DISTRIBUTION OF SHARE CAPITAL	2025-12-31	2025-01-01
Class A shares	14,577,600	14,577,600
Class A shares	45,062,698	45,062,698
Total number of shares	59,640,298	59,640,298
Quota value, SEK	0.625	0.625
Share capital, SEK	37,275,186.25	37,275,186.25

The total number of shares is 59,640,298, of which 329,690 was held by the company at year-end. The average number of outstanding shares during 2025 amounted to 59,310,608. Class A shares give entitlement to ten votes and class B shares entitlement to one vote. The number of votes, following deductions for the company's own holding, was 190,509,008 at year-end.

On 1 October 2024, convertibles for a nominal value of SEK 34,999 thousand, corresponding to 330,180 Class B shares, 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 1.00 per share, in total SEK 59,310,608, and SEK 716,313,638 being carried forward.

NOTE 15 Untaxed reserves

	2025	2024
Tax allocation reserve, allocated 2019	0	28,000
	0	28,000
Accumulated excess depreciation	301	185
	301	28,185

Deferred tax liabilities represent SEK 62 thousand (6,030) of untaxed reserves.

NOTE 16 Liabilities

	2025	2024
Non-current liabilities		
Maturity date between one and five years after closing day	283,624	282,838
Maturity date more than five years after closing day	–	–
	283,624	282,838
Current liabilities	–	–
Total interest-bearing liabilities	283,624	282,838

BANK OVERDRAFT FACILITIES	2025	2024
Bank overdraft facilities granted, Group currency accounts	300,000	300,000
Unutilised amount	-300,000	-285,852
Utilised amount	0	14,148

Liquid assets, including lines of external credit granted but not utilised, totalled SEK 1,361 million (1,132) on the closing day.

The Parent Company has an outstanding convertible loan reported at SEK 33,624 thousand (32,838). The nominal value for the outstanding loan is SEK 34,999 thousand (34,999). The convertible loan runs until 30 September 2027 with an annual interest rate corresponding to STIBOR 3M plus 2.00 percentage points (3.91 per cent in March 2026). During the period 1–12 September 2027, convertible bonds can be redeemed against Class B shares at a conversion rate of SEK 106.00. Given that the loan is subordinate to other liabilities and the Group's financial position in general, the interest rate cannot be regarded as corresponding to a market interest rate. The market interest rate for this loan was assessed at 8.15 per cent (government bonds interest rate at the time of issue, 1.65 per cent, with a 6.50 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.

Cash and bank deposits include the balance in the bank overdraft facilities, Group currency accounts, amounting to SEK 100,986 thousand (6).

NOTE 17 Pledged assets

	2025	2024
Shares in subsidiaries	142,252	133,977
	142,252	133,977

NOTE 18 Contingent liabilities

	2025	2024
Guarantees in favour of subsidiaries	499,021	730,723
	499,021	730,723

NOTE 19 Cash flow**INTEREST**

Interest paid amounted to SEK 52,636 thousand (61,218) and interest received to SEK 71,698 thousand (81,333).

LIQUID ASSETS	2025	2024
Cash and bank balances	100,986	6
Current investments	5	5
Amount at year-end	100,991	11

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 89–90.

NOTE 21 Proposal for the appropriation of profits

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

	2025	2024
Payment of a cash dividend of SEK 1.00 (0.00) per share to shareholders, calculated on 59,310,608 ¹⁾ (59,310,608) shares	59,311	–
To be carried forward	716,314	658,827
	775,625	658,827

¹⁾ After deduction for the company's own holding, the number of outstanding shares is 59,310,608 on the closing day.

NOTE 22 Events after the end of the year

From 2026, the Group's financial targets are updated to better reflect market conditions and the long-term strategy. The new external target of an EBIT margin of 12 per cent over time replaces the previous profit margin target of 8 per cent over time.

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 the consolidated financial statements for the 2025 financial year were approved for issue by the Board of Directors on 18 March 2026.

The financial statements will be presented to the Annual General Meeting on 7 May 2026 for adoption.

Jönköping, 18 March 2026

Fredrik Rapp
Chair of the Board

Anna Benjamin
Vice Chair of the Board

Petter Fägersten
Board member

Jennie Hammer Viskari
Board member

Pontus Cornelius
Board member

Vibeke Gyllenram
Board member

Lennart Persson
President and CEO

Our audit report on the annual accounts and the consolidated accounts, as well as our limited assurance report on the statutory sustainability statement, were issued on 20 March 2026.

KPMG AB

Olle Nilsson
Authorised public accountant

Sustainability Report

1. General disclosures

1.1. Basis for the preparation of the Sustainability Report

XANO Group's statutory Sustainability Report for the financial year 1 January–31 December 2025 has been prepared in accordance with the Annual Accounts Act and applicable ESRS standards. The report covers XANO Industri AB (publ) and the companies in which the Group has a controlling interest. The scope of consolidation for the Sustainability Report corresponds to the scope applied in the consolidated financial statements. The reporting currency is the same as that used in the Group's financial reporting. Due to rounding, individual amounts may not sum exactly to the reported totals.

In addition to its own operations, XANO includes relevant info from the value chain (upstream and downstream) when it's important for understanding impacts, risks, opportunities (IROs) or key performance indicators. Where primary data is not yet available, substantiated estimates and external data sources are used. Detailed descriptions of the value chain, its impact and role in the Group's strategy and business model, as well as in the double materiality assessment and the material sustainability aspects, can be found in the relevant sections of the Sustainability Report and in the accompanying Sustainability Notes.

Material topics, sub-topics and sub-sub-topics identified in the Group's double materiality assessment have been reconciled with the relevant requirements in ESRS (E1, E5, S1, S2, G1 and ESRS 2) to determine which material information should be reported. Where a material IRO is not fully addressed by the disclosure requirements set out in the topic standards, reporting is complemented by company-specific disclosures. All selections and related page references are compiled in an ESRS index included at the end of the Sustainability Report. The structure is reviewed annually at the same time as the double materiality assessment is updated.

Data collection and consolidation are carried out through Group-wide processes and internal controls described in the relevant sections of this Sustainability Report.

Detailed information on time horizons according to ESRS, material changes in methodology or scope, accounting principles, assumptions/approximations and data sources can be found in the Sustainability Notes section.

1.2. Business model and strategies

1.2.1. Description of business model and value chain

XANO's business model is based on the acquisition, development and active ownership of technology-based companies within production, automation and precision technology. Our decentralised governance structure allows Group companies considerable independence in their operations, while sustainability efforts are driven collectively to ensure a unified strategy, strengthen synergies, and create clearer momentum across the business.

The Group's turnover for 2025 was SEK 3,402 million and the number of employees on the balance sheet date was 1,342. The breakdown of the number of employees by category is presented in section 4.6.3.

The Group's operations are divided into three different business units:

1. Industrial Products

The business unit focuses on circular material flows and resource-efficient production through the development and manufacturing of plastic components and systems. Industrial Products comprises Ackurat, Blowtech, Cipax Group and Pioneer

Boat, each of which holds a strong market position in its respective segment.

- » **Ackurat** supplies injection-moulded parts such as slide stops, handles and adjustable feet to the furniture and interior design industry.
- » **Blowtech** is a leading Nordic operator in technical blow moulding, producing plastic components for vehicles, construction machinery and infrastructure equipment.
- » **Cipax** his a market leader within rotational moulding in the Nordic and Baltic regions, with product segments including industrial tanks and infrastructure solutions.
- » **Pioneer Boat** manufactures boats using rotational moulding with a robust design.

Through the business unit's extensive technical expertise and strong environmental focus, these companies are leading the transition towards more sustainable materials and manufacturing processes.

2. Industrial Solutions

The business unit develops and provides innovative automation and production solutions that optimise manufacturing processes and reduce resource consumption. The business unit comprises Canline, Case Packing Systems (CPS), CIM, Fredriksons, Integrated Packaging Solutions (IPS), Jorgensen, Lundgren, NPB, Polyketting och Graniten. Specialising in industrial automation, packaging technology and smart production systems, these companies help customers to achieve business and sustainability goals.

- » **Canline, CPS, Jorgensen, Lundgren, NPB and Polyketting** supply automation solutions developed in-house for the packaging industry, including conveyor systems, accumulators and highly automated packaging equipment.
- » **CIM** develops end-to-end software solutions for Industry 4.0 tailored to customers' needs, focusing on digitalising and optimising production processes.
- » **IPS** provides metal packaging manufacturers with machinery and integration technologies as well as production optimisation services.
- » **Fredriksons** combines advanced automation with customised manufacturing of industrial products in small and medium-sized batches, with applications in the packaging and food industries, medtech, infrastructure and the environment.
- » **Graniten** develops advanced automation solutions for the pharma and medtech industries, specialising in packaging machinery and flexible productio.

With strong technical expertise and a growing focus on sustainability and resource efficiency, this business unit drives innovation in automation and production optimisation for the industry of the future.

3. Precision Technology

The business unit offers advanced component and system manufacturing using advanced cutting processes, industrial 3D printing

and laser welding, with a focus on high precision and quality. The unit comprises Kuggteknik, Kungsörs Mekaniska Verkstad (KMV), Lasertech, LK Precision, Mikroverktyg, Modellteknik and Resinit, who supply solutions to industries including medtech, manufacturing and transmission parts.

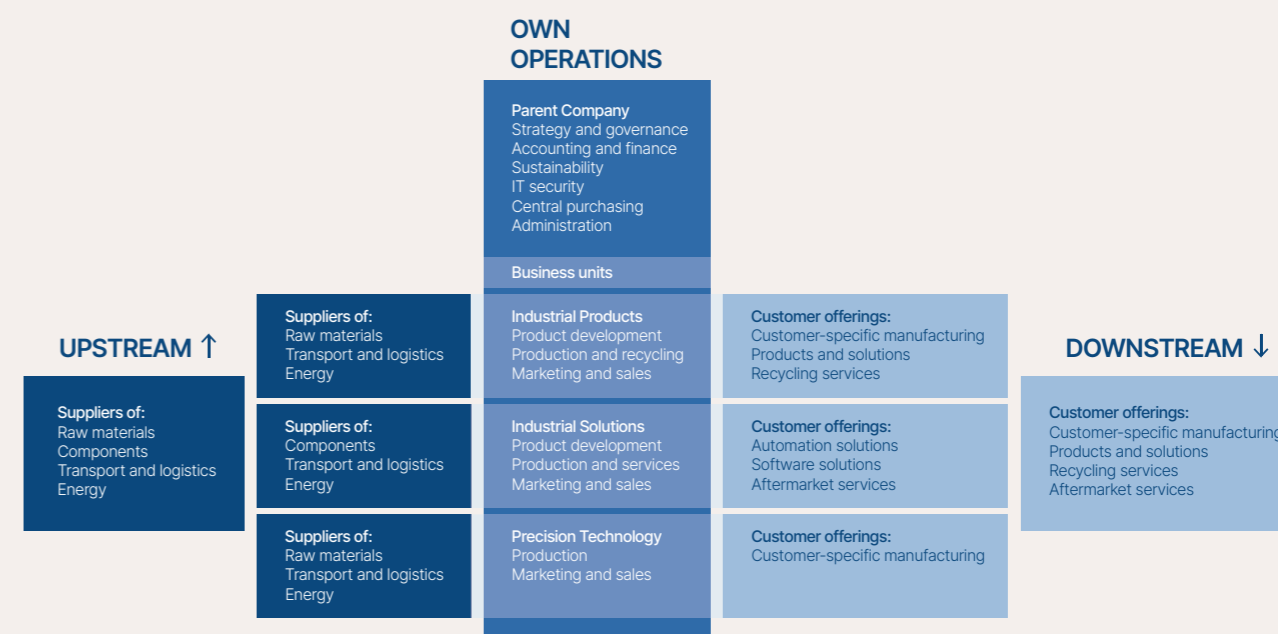
- » **KMV** is specialised in the advanced machining of internal surfaces and precision drilling.
- » **LK Precision** and **Resinit** produce parts in small and medium-sized batches, primarily serving the medical device industry.
- » **Mikroverktyg** manufactures tools and prototypes as well as precision components and transmission parts in small production batches, while **Kuggteknik** complements this with automated production for higher volumes.
- » **Modellteknik** focuses on prototyping, mould manufacturing and short production runs.
- » **Lasertech** is a leader in industrial 3D printing and metal laser welding.

Through excellence and advanced technologies, the companies in this business unit offer high-quality solutions for manufacturing companies with demanding requirements for precision, sustainability and resource efficiency.

Diversification in the value chain

The Group's value chain is extensive and spans several geographic markets, but at the same time there is a relatively high degree of homogeneity. The procurement structure is largely concentrated in Europe, with a significant share of suppliers based in Sweden, Denmark, and the Netherlands. However, some commodities and components are sourced from Asia, particularly China, which poses its own specific sustainability and operational challenges.

The structure of the value chain varies across the three business units, which has a certain impact on sourcing strategies and the ability to influence sustainability factors. Industrial Products and Precision Technology are primarily focused on sourcing



commodities, meaning their sustainability efforts in the supply chain largely concentrate on the origin of materials, extraction processes, and the environmental and climate impact of production and transportation. In contrast, Industrial Solutions focuses mainly on component sourcing, where suppliers' production techniques and processes have a greater impact on the sustainability performance. This distinction creates somewhat differing conditions for collecting relevant sustainability data and ensuring transparency across the supply chain.

XANO Group's most important value chain partners are strategic material and component suppliers, contractors/subcontractors, logistics and recycling partners, and technology suppliers. Key dependencies include access to high-quality recycled materials, stable energy supplies, capacity at key suppliers, and customer demands for lower climate impact and traceability. These dependencies are managed through framework agreements, supplier assessments and collaborative development, as well as alternative sources where possible.

Downstream, the customer base comprises a relatively homogeneous group of operators, enabling a comprehensive assessment of sustainability-related aspects and the overall impact of the business. This enables a systematic approach to sustainability risks and the development of coherent strategies to foster sustainable business relationships throughout the value chain.

Sales are geographically concentrated in Sweden and the Nordic region (approximately 53% of turnover), followed by the rest of Europe (approximately 34%) – and a smaller share elsewhere in the world, mainly concentrated in North America and Asia (approximately 13%). The customer base consists mainly of B2B/OEM customers in industrial applications; the exact breakdown by industry is shown in the Annual Report (see Annual Report 2025, p. 29). Sales are primarily made directly to customers through multi-year framework agreements and project-based deliveries, with the selective use of distributors in certain niches.

Input factors and measures to secure them

The Group's business model relies mainly on the following input factors and the associated processes for acquiring, developing, and safeguarding them:

- » **Materials (polymer raw materials, metals, components):** multi-source strategy and framework agreements, supplier qualification and due diligence, increased share of recycled/recovered materials (internal and external sources), and

traceability in priority flows.

- » **Energy:** energy efficiency, electricity procurement strategy including renewable electricity where possible, power/capacity monitoring and continuity plans.
- » **Competence and capacity:** strategic recruitment, training and staffing in critical roles; partnerships for specialist capacity.
- » **Technology and facilities:** planned investments, preventive maintenance and renewal for consistent quality and availability.
- » **Data and IT support:** shared systems and data models for production/delivery/traceability.
- » **Capital:** investment prioritisation in line with business strategy (including Sustainability Roadmap) and established decision-making/monitoring processes.

Outputs and expected stakeholder impacts

- » **Customers:** lower energy and material consumption, higher availability, better traceability/compliance and lower life cycle costs; increased benefits between 2026 and 2030 through service content and circular solutions.
- » **Investors:** stronger risk management (energy/materials, supply chain), more stable cash flows; lower exposure to energy and emission costs in the long term.
- » **Own workforce:** safer work environment, greater inclusion, and skills development; improved attractiveness and productivity over time.
- » **Suppliers/workers in the value chain:** clear requirements set out in the Code of Conduct, risk-based checks, cooperation regarding recycled materials and traceability; expectation of improved working conditions in high-risk regions.
- » **Society and the environment:** reduced emissions and waste through more efficient processes, increased material recycling and longer equipment life.

1.2.2. Material impacts, risks and opportunities

XANO Group's double materiality assessment identifies the impacts, risks and opportunities (IROs) that are most significant to the Group and its value chain. The table below provides an overview of material IROs for each topical standard, including their connection to the disclosure requirements in the applicable ESRS standards and how they are addressed in the sustainability report.

The material IROs reported in the table are covered by ESRS standards E1 Climate change, E5 Resource use and circular

economy, S1 Own workforce, S2 Workers in the value chain and G1 Business conduct. Further details can be found in the Sustainability Notes. A more detailed description of the Group's material IROs, including time horizons and position in the value chain can be found in the respective topic chapters.

Changes compared with the previous year and explanations regarding not material topics are provided in *Note 2 – Double Materiality Assessment*. Detailed measures, indicators, and follow-up per topic are reported in the respective topic notes.

ESRS STANDARD	IRO	MAIN DISCLOSURE REQUIREMENTS	REPORTED 2025	REFERENCE / COMMENT
E1 - Climate Change	Increased likelihood of extreme weather events, as a result of climate change, can damage our own infrastructure and facilities, and lead to increased costs.	SBM-3, IRO-1, E1-9	Partially	Financial effects (E1-9) are covered by a transitional provision Note 1 – General accounting principles
	Increased likelihood of extreme weather events, as a result of climate change, can cause disruptions in our own production.	SBM-3, IRO-1, E1-9	Partially	Financial effects (E1-9) are covered by a transitional provision Note 1 – General accounting principles
	Greenhouse gas emissions from fuel consumption in Scope 1.	E1-6	Yes	
	Greenhouse gas emissions from business travels with own vehicles.	E1-6	Yes	
	Greenhouse gas emissions from purchased materials (Scope 3).	E1-6	Yes	
	Greenhouse gas emissions from transportation of goods (Scope 3).	E1-6	Yes	
	Greenhouse gas emissions from waste management (Scope 3).	E1-6	Yes	
	Greenhouse gas emissions from business travels (Scope 3).	E1-6	Yes	
	Our products contribute to lower amounts of greenhouse gas emissions in society.	E1-1, E1-3	Yes	
	Opportunities for innovating new business models and products with lower greenhouse gas emissions can lead to competitive advantage, and new markets and revenue streams.	E1-1, E1-3	Yes	
	Lower costs and reduced regulatory risk through alternative materials, production processes and fuels.	E1-1, E1-3, E1-9	Partially	Financial effects (E1-9) are covered by a transitional provision Note 1 – General accounting principles
	Increased energy prices in the whole value chain increases costs.	SBM-3, E1-5, E1-9	Partially	Financial effects (E1-9) are covered by a transitional provision Note 1 – General accounting principles
More volatile and fluctuating energy prices make production costs unpredictable.	SBM-3, E1-5, E1-9	Partially	Financial effects (E1-9) are covered by a transitional provision Note 1 – General accounting principles	
E5 - Resource Use and Circular Economy	Dependence on large inflows of materials, such as steel, other metals and plastics, for the manufacturing of the Group's products.	E5-4	Yes	
	A large portion of resources are currently virgin and managed in a linear system, where materials are extracted, utilised, and then disposed of, rather than being retained in circulation.	E5-4	Yes	
	Increasing volumes of recycled materials are used in production, promoting the transition to a more circular economy.	E5-4	Yes	
	Shortages of raw materials due to high demand and competition lead to increased costs.	E5-6	No	Financial effects (E5-6) are covered by a transitional provision Note 1 – General accounting principles
	Both existing and potential major customers are raising expectations regarding the use of circular and sustainable materials. Their ambitious targets for recycled content may reduce competitiveness and pose financial risks for the Group, including potential loss of business if these expectations are not met.	E5-6	No	Financial effects (E5-6) are covered by a transitional provision Note 1 – General accounting principles
	Sourcing recycled and sustainable materials for use in products responds to growing customer requirements, strengthens supplier collaboration and supports competitiveness in selected markets.	E5-2	Yes	
	Production quality issues result in the disposal or rejection of products.	E5-2	Yes	
	The Group works actively to encourage actors in the value chain, such as suppliers and customers, to transition towards more circular business practices in the industry.	E5-2	Yes	
	Turning products into services by providing customers with the option to reuse, repair and refurbish products or components, and offering consulting services that promote the adoption of sustainable practices lead to differentiation, competitive advantage and new revenue streams.	E5-2, E5-6	Partially	Financial effects (E5-6) are covered by a transitional provision Note 1 – General accounting principles
	Transition to circular business models and products that are for instance reusable and recyclable lead to greater resource efficiency, reduce costs of materials, generate new revenue streams and higher earnings as well as positive environmental impact.	E5-2, E5-3, E5-6	Partially	Financial effects (E5-6) are covered by a transitional provision Note 1 – General accounting principles

The table continues on the next page

ESRS STANDARD	IRO	MAIN DISCLOSURE REQUIREMENTS	REPORTED 2025	REFERENCE / COMMENT
E5 - Resource Use and Circular Economy <i>(continued)</i>	Significant waste generation occurs both within our manufacturing operations and upstream in the supply chain during the production of raw materials.	E5-5	Partially	Only waste leaving the company's own operations is reported. Covered by a transitional provision related to entity-specific information
	There is a risk that products are not recycled or integrated into a circular economy model, resulting in disposal as waste after their use phase.	E5-5	Yes	
	Activities in own operations and along the supply chain produce both hazardous waste and waste that is disposed of in landfills.	E5-5	Partially	Only waste leaving the company's own operations is reported. Covered by a transitional provision related to entity-specific information
	Innovation and emerging opportunities within circularity enable increased resource efficiency and a reduction in overall waste generation and costs.	E5-2	Yes	
	Investments in recycling and waste reduction can lead to lower long-term costs and reduced risk.	E5-2, E5-3, E5-6	Partially	Financial effects (E5-6) are covered by a transitional provision Note 1 – General accounting principles
S1 - Own Workforce	Occupational health and safety risks related to own operations, such as forklift operation, rotating machinery, suspended loads, smoke emissions from processing/welding, but also from business travels, service and repair of sold products.	SBM-3, S1-14	Partially	Certain disclosure requirements within S1-14 are not reported for 2025 due to applicable transitional provisions Note 1 – General accounting principles
	Ergonomic risks in own operations such as repetitive strain injuries or injuries from heavy lifting.	SBM-3, S1-14	Partially	Certain disclosure requirements within S1-14 are not reported for 2025 due to applicable transitional provisions Note 1 – General accounting principles
	Recruitment opportunities by meeting potential employees' expectations regarding employers' sustainability work.	SBM-3	Yes	
	A good work environment can create an attractive workplace, which helps attract and retain qualified employees.	SBM-3, S1-14	Partially	Certain disclosure requirements within S1-14 are not reported for 2025 due to applicable transitional provisions Note 1 – General accounting principles
	High employee turnover results in lost expertise, reduced productivity and increased recruitment costs.	SBM-3, S1-1, S1-6	Yes	
	Operating as a fair employer that provides secure and good employment where people are treated with respect strengthens the brand and improves the ability to attract talent internationally.	SBM-3, S1-1, S1-6	Yes	
	Continued efforts in equality, inclusion and diversity lead to increased well-being, greater creativity and higher efficiency in the company.	S1-1, S1-4, S1-16	Yes	
	Financial risk in the form of increased costs or reduced revenues if the Group fails to recruit, develop and retain skilled personnel. Talent shortages, high turnover or low performance may hinder growth and profitability.	S1-1, S1-4, S1-16	Yes	
	Loss of competence over time due to fewer newly graduated individuals and an ageing workforce.	S1-13	No	Training and skills development (S1-13) are covered by a transitional provision Note 1 – General accounting principles
	Investments in skills development enable the Group to remain at the forefront, creating competitiveness.	S1-13	No	Training and skills development (S1-13) are covered by a transitional provision Note 1 – General accounting principles
G1 – Business Conduct	Active efforts to foster an ethical business culture throughout the entire Group enhance brand awareness and can lead to stronger relationships with customers and other stakeholders.	G1-1	Yes	
	There is a risk that the Group or any of its subsidiaries do not have the appropriate routines or systems in place to ensure that whistleblowers know how to report and can do so anonymously, easily and in their own language.	G1-1	Yes	
	There is a risk that the Group or any of its subsidiaries do not have the appropriate routines or systems in place to prevent and detect corruption and bribery in their own operations.	G1-3	Yes	
	Risk of corruption and bribery upstream in the supply chain, for example during raw material extraction or in the production of materials and components used in the Group's products.	G1-2, G1-3	Yes	
	Risk of corruption and bribery in the operations of any of the companies in the Group.	G1-3	Yes	
	Risk that incidents of corruption or bribery in the Group's own operations or upstream in the value chain lead to reputational damage and consequently lost business opportunities.	G1-4	Yes	

S2 - Workers in the value chain are covered by a transitional provision and are therefore not reported in this table.

Summary of the Group's IROs

Negative environmental impact mainly stems from material-intensive flows and energy used in our own operations, as well as waste management. Positive impact is created through offers that reduce customers' energy and material consumption and an increased use of recycled materials.

In addition to environmental aspects, the material IROs also cover the following social and governance-related areas:

- » **Occupational health and safety (S1):** Risk of accidents, noise and ergonomic strain in production; opportunities through systematic safety initiatives and attractive working conditions that strengthen the supply of skilled labour.
- » **Skills, diversity and equality (S1):** Risks related to a lack of key skills and gender imbalance; opportunities through investment in skills development and an inclusive culture that boosts innovation and efficiency.
- » **Working conditions in the supply chain (S2):** Risk of poor health, safety, child or forced labour in the extraction and production of commodities.
- » **Business ethics and compliance (G1):** Risk of corruption, bribery and inadequate whistleblower reporting channels; opportunities through strong corporate culture, training and transparency that strengthen the brand and relationships with stakeholders.

Opportunities include a greater share of services and aftermarket, circular flows and material shifts that reduce life cycle costs, and strengthened trust through ethics and transparency.

Effects and response

There is already a noticeable shift in selected operations towards service-based business models, increased use of recycled or alternative materials, improved energy efficiency in operations, and stricter due diligence across the value chain. In the future, more circular flows – including returns, reuse, and recycling – along with an expanding share of services are expected to affect the revenue model, product design, and supplier base.

At the same time, the Group is reinforcing efforts in health and safety, skills supply, and inclusion by implementing initiatives to mitigate health and safety risks, develop and retain key skills, and promote equality and diversity. In the area of governance, the Group's ethics and compliance system is being enhanced, with expanded anti-corruption training and risk-based monitoring of suppliers.

Requirements for traceability and data quality in the supply chain are increasing, as is capital allocation to efficient production, energy solutions and system support. Measures already implemented include targets for materials in selected product lines, energy efficiency projects, and updated supplier evaluations. Planned measures include more in-depth supplier checks in risk flows, continued investments in production and data, and further development of service offerings. These decisions are integrated into business plans and governance.

A description of targets and progress is presented in the Sustainability Notes, *Note 3 – XANO Sustainability Roadmap*, and in the respective topic chapters.

Impact on people and the environment

The greatest negative environmental impact is considered to occur upstream in the procurement of commodities and materials, as well as through energy and waste in our own operations. Positive environmental impact is created through more efficient cus-

tomers processes, a higher proportion of recycled materials and improved recycling. Within our own operations, the main impact on people concerns the working environment and occupational health. In the supply chain, risks may exist in certain regions and industries. The Code of Conduct, risk-based monitoring and action plans are used to limit these risks.

Link to strategy and business model

The impacts are closely linked to the material- and energy-intensive nature of the business model and its use by customers, while the service and aftermarket components generate positive effects through improved efficiency, longer service life, and lower life-cycle costs.

Social and governance aspects are also integrated into the strategy, with a focus on safe and attractive workplaces, skills development and diversity, and a strong culture of ethics and compliance across the Group. These factors contribute to long-term competitiveness, innovation capacity, and trust among customers, employees, and other stakeholders.

These relationships guide portfolio selection, purchasing principles, investments and development priorities, and are reflected in the Group's sustainability roadmap.

Time horizons

Time horizons follow ESRS (short-term ≈ financial year, medium-term = up to five years, long-term = over five years). IROs related to energy, occupational health and safety, and data quality are mainly found in the short/medium term; material flows, circularity, and supplier capacity in the medium/long term; and climate risks in the medium/long term. The precise time horizon per IRO is shown in the respective topic chapters.

Financial effects

- » **Current situation (current financial year):** Energy and material prices have affected cost levels, gross margins and inventory valuations in the financial reports. At the same time, enhanced energy efficiency, material optimisation, and higher service revenues have contributed to mitigating cost pressures. Investments in efficient production, occupational health and safety, and supplier monitoring have entailed both initial investment expenditures and recurring costs related to risk reduction, but are expected to strengthen profitability over time.
- » **Risk of material adjustment within the next period:** Risks may arise in inventories and assets related to energy and materials if price levels, exchange rates, or quality change significantly. Personnel-related costs and supplier commitments also carry a risk depending on market conditions and contractual agreements.
- » **Outlook:** In the short-term, the net impact on margins is expected to be limited. In the medium term, gross margins are expected to improve as a result of a higher share of services and reduced offcuts. In the long-term, lower exposure to energy and emission costs and more resilient cash flows are anticipated through circular flows and service-based business models.

Work to quantify and systematically monitor the financial effects of IROs – including their impact on earnings, balance sheet and cash flow – is planned for 2026/2027. Methodologies and data sources will be continuously developed and implemented once they are considered sufficiently robust.

1.2.3. Sustainability-related targets and strategies

The sustainability-related targets set out in the Group's sustainability roadmap are based on a comprehensive mapping of the business, covering key customer segments, products and solutions, geographical areas, and stakeholders. These aspects are assessed against material IROs to ensure the targets' relevance.

The tangible elements of the Group's sustainability work are incorporated into the strategy via the sustainability roadmap, which is built on three pillars:

- 1. Sustaining the planet** – Focuses on reducing climate impact and resource consumption through energy efficiency, sustainable materials and transport, and circular processes.
- 2. Owning social responsibility** – Ensuring good working conditions, career development opportunities, and gender equality within our own operations and, to some extent, across the value chain.
- 3. Driving sustainable business** – Developing circular business models, innovation, strategic partnerships and ethical business practices to drive sustainable change.

The aim of this roadmap and the overall corporate strategy is to position XANO as a leader in sustainable manufacturing while enhancing the Group's long-term competitiveness.

The targets in the sustainability roadmap relate to the Group's main products and services. The main customer categories are OEM/B2B customers in packaging & food, medtech & pharmaceuticals, infrastructure & environment, and other tech industries. Geographically, this covers all of the Group's markets, weighted in relation to each market's share of turnover.

A detailed summary of the Group's sustainability roadmap, including its connection to stakeholders, policies and material IROs, can be found in *Note 3 – XANO Sustainability Roadmap*.

Main challenges

Key challenges in implementing the Group's sustainability strategy stem from reconciling high ambitions with a decentralised structure, in which Group companies face varying conditions and levels of maturity. Ensuring access to reliable data and comparable key performance indicators continues to be a challenge, as does mitigating climate impacts in the value chain, where commodities and material flows represent the largest portion of emissions. For some targets, particularly those related to circularity and supplier responsibility, external factors such as customer requirements, technological maturity and access to recycled materials also affect the pace of implementation. Despite this, the Group's structure and innovation capacity create favourable conditions for progressively integrating sustainability objectives into business plans and investment decisions.

Product and service groups

The surveys conducted reveal a number of key features. The clearest example is the environmental impact of the materials and components used in the Group companies' products and solutions. The challenge is tackled in two ways: firstly, through a gradual transition to environmentally and climate-friendly materials, including recycled and bio-based options; and secondly, by fostering a circular approach to waste management in accordance with the principles of the waste hierarchy.

The targets that ensure satisfactory progress include increased use of more sustainable materials and components, reduced climate emissions from waste management, sustainable innovations, service-based business offerings, and closer integration within the value chain.

The current range of products and services already offers a number of sustainability-related benefits. Examples of this include the increased focus on service content within the Industrial Solutions business unit, where various types of aftermarket services – such as maintenance, repairs and upgrades – extend the service life of production solutions and reduce resource consumption. Precision Technology uses advanced production methods that optimise material usage and reduce offcuts, leading to resource savings. Industrial Products has also made significant progress in developing circular material flows, successfully reusing recycled plastic material in its own production, which reduces the need for new commodities.

Customer segments

A fundamental prerequisite for all of the Group's companies is the customers' perspective. Assisting customers in tackling their challenges is just as important in terms of sustainability as it is in other areas.

The Group's customer base is mainly composed of industrial companies in the manufacturing and automation sectors, providing the framework for prioritising customer-related sustainability initiatives.

For the approximately 50% of the business represented by customer-specific manufacturing, close cooperation is essential to drive meaningful impact. This is an opportunity here to contribute knowledge and expertise related to material selection, production methods and choice of material supplier. In this context, the most relevant targets are those relating to innovation through value chain engagement and an increase in service-based content.

When it comes to our own products and solutions, there is a wider range of activities to choose from. The aim is to reduce the customer's environmental and climate impact through innovation and development, with a focus on efficiency, circular flows, resource conservation, and service offerings.

Generally speaking, there is currently a clear increase in demand for products, solutions and services that help customers achieve their sustainability targets. This covers all the areas described above, with the Group demonstrating a strong capacity to meet customer needs while continuously exploring ways to optimise resource utilisation, reduce its climate impact, and foster innovation for responsible, long-term business development.

Several of the Group's operations, particularly within the Industrial Solutions business unit, have a customer base that covers a wide geographical area. Appropriate adjustments are made in accordance with national legislation, but sustainability-related targets are applied in the same way regardless of country.

Geographical conditions make the biggest difference when it comes to working with suppliers. Here, targets have been set to ensure due diligence based on geographical risk areas, as well as in relation to high-risk industries and materials.

Current status assessment

The XANO Group's current significant products and markets are, in general, aligned with the Group's overall strategic and sustainability-related objectives, although the degree of alignment varies.

A substantial part of the operations is focused on products and services that support the operation, upgrading and extended lifetime of customers' production equipment, which is consistent with the ambition to promote resource efficiency and a more circular use of industrial assets.

At the same time, the contribution to long-term objectives in certain markets depends on customers' demand for more sustainable solutions, as well as the pace of the broader transition across the value chain.

Overall, current products and markets are considered to be aligned with the Group's objectives; however, continued development and gradual adaptation of the offering are deemed necessary to strengthen this alignment over time.

MAIN PRODUCTS/SERVICES	BUSINESS UNIT	MOST RELEVANT TARGETS IN THE SUSTAINABILITY ROADMAP	INITIAL FOLLOW-UP
Components and systems in polymeric materials	Industrial Products	Sustainable materials	Quantity and share of recycled material
Automation & production solutions, service and aftermarket	Industrial Solutions	Circular business models, sustainable innovation, value chain engagement	Share of revenue from service-based business, number of sustainable innovations
Advanced component and system manufacturing	Precision Technology	Waste as a resource, energy consumption	Waste volumes, energy consumption

MARKET/CUSTOMER GROUP	MOST RELEVANT TARGETS IN THE SUSTAINABILITY ROADMAP	INITIAL FOLLOW-UP
Packaging & Food, Medtech & Pharmaceuticals	Circular business models, sustainable innovation, value chain engagement	Share of revenue from service-based business, number of sustainable innovations
Infrastructure & environment	Sustainable materials	Quantity and share of recycled material
Other technical industry	Sustainable materials, waste as a resource, energy consumption, sustainable innovation, value chain engagement	Quantity and share of recycled material, waste volumes, energy consumption, number of sustainable innovations

1.2.4. Resilience in business model and strategies

The Group's corporate sustainability function conducted the resilience analysis as a qualitative assessment, drawing on existing knowledge of the Group's companies, operations, and markets. The assessment draws on documentation from strategy work, the double materiality assessment and risk management, using identified impacts, risks, and opportunities (IROs) as the basis for evaluating the business model's resilience under various conditions. The analysis was reviewed and approved by Group Management.

XANO's business model, which is based on long-term thinking, acquisitions, technological innovation, decentralised governance and sustainable growth, is considered to be resilient in the face of material impacts and risks and capable of capitalising on opportunities within E1 – Climate change, E5 – Circular economy, S1 – Own workforce, S2 – Workers in the value chain and G1 – Business conduct. The assessment is based on measures already taken, planned initiatives outlined in the Sustainability Roadmap, and established governance and monitoring processes.

Measures and effects are assessed in the short-term (≈ financial year), medium-term (≤ 5 years) and long-term (> 5 years). Climate change adaptation, the supply of materials and circular flows are considered to be particularly important in the medium term.

Core resilience mechanisms

- » **Offering and revenue composition:** gradually increased proportion of services/aftermarket and solutions that reduce customers' resource and climate impact (mitigates exposure to material and emission costs).
- » **Materials and circularity (E5):** increased use of recycled/alternative materials, reduced offcuts and expanded return/recycling flows in priority product lines.
- » **Energy and climate change (E1):** systematic energy efficiency measures and increased use of fossil-free/renewable electricity where possible.
- » **People and skills (S1/S2):** structured work health and safety efforts, skills supply and risk-based due diligence in the supply chain.
- » **Business ethics and governance (G1):** clear governance documents, whistleblower mechanism, training and internal control.

Dependencies and uncertainties

The availability and price of recycled materials, the energy market and regulatory requirements, as well as supplier capacity in certain geographical areas, may affect resilience. These are addressed through a multi-source strategy, framework agreements, and the evaluation, qualification, and monitoring of suppliers.

Monitoring and analysis

Resilience is monitored as part of regular operational management and the Sustainability Roadmap, using indicators such as the proportion of service revenue, share of recycled materials, energy and emissions intensity, accident frequency, supplier audit coverage, and share of renewable electricity. Outcomes for 2025 are reported in the respective topic chapters.

A quantitative analysis of resilience and its implications for the long-term business model is of critical importance. For this reason, the following initiatives are planned:

1. Development of resilience indicators linked to sustainability risks and opportunities, such as the share of turnover from

circular business models or the diversification of supplier networks.

2. Implementation of risk simulations to analyse the impact of, for example, raw material price increases, new climate regulations or changes in customer behaviour.
3. Establishment of a structured process for quantitative scenario planning, in which future scenarios are analysed to assess the impact on financial and operational stability.

The Group aims to progressively incorporate quantitative analysis into its resilience assessment over the coming years, in order to enhance the robustness of the business model.

1.2.5. Stakeholder commitments

Summary and methodology

XANO engages with customers, suppliers, employees, investors/shareholders, authorities and local communities/organisations. In accordance with the Group's decentralised governance model, most of the dialogue takes place at company level within the framework of day-to-day business. The Group coordinates and synthesises insights from the companies in connection with the double materiality assessment and regular planning and reporting cycles. The methodologies include surveys, interviews,

workshops and business meetings, supplier evaluations and monitoring, as well as targeted dialogues on specific matters. The aim is to identify material impacts, risks and opportunities (IROs), provide information about strategy and goals, validate priorities and track progress in our own operations and value chain.

As part of the work related to the environmental standards ESRS E2–E5, no targeted consultations have been conducted with local communities.

Key stakeholders and engagement

CATEGORY	STAKEHOLDER	ORGANISATION AND EXAMPLE OF ENGAGEMENT
Affected stakeholders	Employees	Mainly handled at company level: employee feedback and surveys, employee interviews and follow-ups, safety representatives/cooperation, incident and improvement reporting.
Affected stakeholders	Workers in the value chain	Supplier dialogues, Code of Conduct as a contractual condition, risk-based self-assessments and audits (on-site/digital, as needed), follow-up of measures, whistleblower reporting channel.
Affected stakeholders Users of the Sustainability Report	Local community/organisations (environmental and social interest groups via research institutes, industry initiatives, NGOs)	Business intelligence and legal monitoring, participation in industry forums and targeted dialogues on relevant matters.
Users of the Sustainability Report	Customers	Company-specific business dialogues and joint development, contract and follow-up meetings, targeted customer surveys as needed.
Users of the Sustainability Report	Suppliers	Supplier evaluation and follow-up, risk-based audits in priority flows, targeted surveys.
Users of the Sustainability Report	Investors and shareholders	Dialogue meetings and reporting within the framework of capital market communication; annual general meeting.
Users of the Sustainability Report	Authorities and supervision	Formal processes in licensing and supervision, reporting in accordance with requirements; ongoing monitoring of legislation and standards.

From insights to action

Insights from stakeholder dialogues are collected by the companies and coordinated at Group level. During the reporting period, activities based on these insights have led to increased use of recycled materials in selected product lines, strengthened due diligence in prioritised supply chain flows, and expanded service and efficiency offerings to meet customer demands for lower resource use and climate impact. (Details can be found in *Note 3 – XANO Sustainability Roadmap* and in the respective topic sections).

Understanding interests and opinions

- » **Customers:** traceability, circularity and reduced climate impact during product use.
- » **Suppliers:** clear requirements in the Code of Conduct, viable timelines for compliance and data.
- » **Employees:** health and safety in the workplace, opportunities for development and an inclusive culture.
- » **Investors/shareholders:** robust targets and key performance indicators, reliable data and clear governance.

- » **Authorities:** compliance and transparent reporting.
- » **Local community/organisations:** reduced environmental impact and responsible relationships in the value chain.

Link to strategy and business model

Stakeholder views are integrated into the Group's strategic planning through the double materiality assessment. The insights gained are used to validate prioritised IROs and influence the design of the Sustainability Roadmap. This ensures that the business model develops in line with the expectations of customers, suppliers and other stakeholders in terms of sustainability, innovation and ethics.

Changes and next steps

During the reporting period, no changes to the strategy or business model were made as a result of stakeholder commitments.

The analyses conducted confirm that the current approach is appropriate. The views expressed have been taken into account and are being addressed within the framework of existing objectives, tools, and operational processes.

The next step is a comprehensive evaluation of the Sustainability Roadmap within the scope of the upcoming planning cycle. The aim is to ensure continued alignment with stakeholder feedback, updated double materiality assessments (IROs) and the Group's focus on sustainable business. The review covers targets, sub-targets, key performance indicators and measures, as well as the need for governance, data support and resources.

The assessment is expected to strengthen relationships with customers and suppliers through clearer priorities and more collaborative development initiatives, and to increase investor and regulatory confidence through greater transparency.

1.3. Double materiality assessment

1.3.1. Application of double materiality assessment

Work on the XANO Group's double materiality assessment began in 2023 and has since been carried out in several stages, with the aim of ensuring comprehensive and effective implementation across all Group companies. The assessment was completed in 2025, and its results form the basis for the content of this Sustainability Report.

The assessment is led centrally at Group level and follows the ESRS methodology, with defined parameters and thresholds. The process involves identifying, assessing, prioritising and continuously monitoring actual and potential impacts on people and the environment. Value chain-related data is incorporated into the assessment and may affect risk levels and the prioritisation of topics.

The Group's double materiality assessment will continue to be evaluated and further developed annually to ensure its relevance. As an acquiring company, the Group has an increased need for regular evaluations in order to adapt to a growing business.

A double materiality assessment is conducted to identify and prioritise the company's sustainability-related impacts, risks, and opportunities. Impact, risks and opportunities are considered based on the following aspects:

- » **Impact materiality:** How the company's activities affect the environment, society and stakeholders.
- » **Financial materiality:** How risks and opportunities related to sustainability matters affect the organisation's financial performance and business model.

The assessment focuses particularly on material-intensive flows, high-risk industries, and geographies with elevated risk.

Methodology

The Group's double materiality assessment has so far been carried out in multiple stages. In 2023, a global assessment covering the entire Group was carried out, followed in 2024 by individual double materiality assessments conducted by each subsidiary based on its own operations. The findings of the

individual assessments were consolidated and combined with the initial general assessment, resulting in an initial, broadly based double materiality assessment for the Group as a whole. Based on this, an enhanced assessment was carried out at Group level in 2025, which now forms the foundation for XANO Group's sustainability work. In 2026, the methodology will be evaluated against developments in the ESRS standards to ensure compliance. This could potentially result in more in-depth analyses at an individual Group company level.

Further description of the method and analysis tools is provided in the Sustainability Notes, *Note 2 – Double materiality assessment*.

Due diligence and validation

The due diligence process is integrated into the double materiality assessment. It serves as a basis for identifying and validating actual and potential impacts across the Group's value chain. The assessment is based on information gathered from Group companies through dialogue and collaboration, as well as ongoing discussions between the Group's corporate sustainability function, business unit managers, and management teams of Group companies.

Group management is regularly updated on risks, opportunities and sustainability-related matters through business unit reports and follow-up meetings. The targets and activities developed by Group companies based on the Group's Sustainability Roadmap serve as an indirect tool for managing identified risk areas, and follow-up takes place in connection with business reviews and board meetings in Group companies where applicable. In this way, due diligence contributes to both substantiating and deepening the double materiality assessment.

The results of the Group's double materiality assessment are validated by Group and business unit management and reported annually in December to XANO's Board of Directors to ensure that the analysis is consistent and in line with the company's strategy.

1.3.2. Material topics, sub-topics and sub-sub-topics

In the double materiality assessment, material impacts, risks, and opportunities (IROs) have been identified across 13 sub-topics, corresponding to five topics according to ESRS 1, Appendix A.

- » **E1 – Climate change**
 - Climate change adaptation
 - Climate change mitigation
 - Energy
- » **E5 – Circular economy**
 - Resource inflows, including resource use
 - Resource outflows related to products and services
 - Waste
- » **S1 – Own workforce**
 - Working conditions
 - » Secure employment
 - » Health and safety
 - Equal treatment and opportunities for all
 - » Gender equality and equal pay for work of equal value
 - » Training and skills development
- » **S2 – Workers in the value chain**
 - Working conditions
 - » Health and safety
 - Other work-related rights
 - » Child labour
 - » Forced labour

- » **G1 – Business conduct**
 - Corporate culture
 - Protection of whistle-blowers
 - Corruption and bribery
 - » Prevention and detection, including training
 - » Incidents

These material topics, including sub-topics and sub-sub-topics, collectively cover a significant portion of the business and value chain, and both influence and are influenced by different parts of the business model.

The material sustainability matters are integrated into XANO Group's business model and strategy. Climate and circular economy (E1, E5) mainly affect product development, material selection, supplier strategies and investments in energy efficiency. Social matters (S1, S2) are directly linked to skills supply, health and safety, supplier responsibility and the ability to attract and retain employees. Matters related to business conduct (G1) lay the foundation for ethics, transparency and risk management in the value chain. The Sustainability Roadmap integrates these areas into business plans, targets and follow-ups within each business unit.

Explanations for the negative materiality assessment for E2 Pollution, E3 Water and marine resources, E4 Biodiversity and ecosystems, S3 Affected communities and S4 Consumers and end-users can be found in the Sustainability Notes.

1.4. Sustainability governance

1.4.1. Governing, management and supervisory bodies

Composition and diversity of the Board and Group Management

On the balance sheet date, XANO's Board of Directors consisted of six non-executive members. The composition of the Board of Directors takes into account the principles of The Swedish Corporate Governance Code, in particular with regard to diversity, range of expertise and experience, and gender distribution. No employee representatives are included on the Board of Directors.

The ratio of women to men on the Board is 50/50. In terms of age, four of the six members fall into the 40–49 age group, while two members fall into the 50–59 age group. In addition, 50% (3 out of 6) of the Board members are independent, which means that they do not have any operational role in the company and are not considered to be dependent on major owners or the Company.

The Board is structured to provide effective governance, aligned with the company's operations, developmental stage, and future requirements.

Group Management consists of three people: the CEO and Group President, the CFO and the CSO. The gender distribution is 33% men (1 in 3) and 67% women (2 in 3). In terms of age, two people fall into the 50–59 age group, while one member falls into the 40–49 age group.

The names and positions of all Board members and Group Management are listed on pages 160–161 of the Annual Report.

The Board of Directors and Management of the XANO Group have many years of combined experience in the manufacturing industry, with particular expertise in sectors central to the Group. A number of members have held positions in international groups with operations across the Nordic region, the Baltic states, and Central Europe, equipping them with extensive knowledge of the geographical markets in which the Group is active. The collective experience also encompasses business development, sustainability strategy and regulatory matters related to industrial production.

Roles and responsibilities

XANO's Board of Directors bears ultimate responsibility for the Group's strategic work, including reviewing all of the Group's sustainability-related impacts, risks and opportunities. Within the scope of this responsibility, the Board ensures that sustainability aspects are integrated into the long-term strategy and decision-making processes of the business, and that material sustainability-related impacts, risks and opportunities are adequately addressed.

Overall responsibility for sustainability has been delegated to Group Management, which is responsible for managing and monitoring the Group's impacts, risks and opportunities, implementing relevant control mechanisms and targets, and integrating sustainability aspects into the strategy and business model. The majority of operational responsibility rests with the Group's Chief Sustainability Officer, who is also a member of Group Management.

To ensure effective governance and follow-up, sustainability-related information is reported to Group management on an ongoing basis. The Board reviews relevant sustainability-related analyses and decision-making documentation in order to assess risks, opportunities and strategic priorities. The Audit Committee oversees the reporting process. Responsibility for risk management and performance monitoring is delegated to the Group CEO, and the Audit Committee monitors that the company has appropriate processes for sustainability reporting in accordance with applicable regulations.

Responsibilities and mandates are based on the principles of The Swedish Corporate Governance Code and are regulated by the Board's decision-making procedures and instructions to the CEO.

XANO actively works to integrate sustainability-related aspects into governance and decision-making processes. Currently, these matters are handled within the framework of existing strategic and operational decision-making structures, but more formalised processes are being developed on an ongoing basis.

The Board of Directors and Group Management ensure that relevant mechanisms are in place to monitor sustainability performance through regular reporting and follow-up. The Chief Sustainability Officer is responsible for collecting and analysing data related to the Group's sustainability goals and material impacts, risks, and opportunities, which are presented to the Board of Directors and Group Management during the preparation of the annual report. As processes and system supports develop, structured quarterly reporting of selected data points will take place both internally and externally. The time horizon for this has not been established.

Systems for sustainability-related activities such as reporting of sustainability data and monitoring of performance against targets are continuously evaluated to ensure alignment with regulatory requirements and business needs.

The Chief Sustainability Officer reports directly to the CEO and Chief Financial Officer. The CEO, CFO and Chief Sustainability Officer report to the Board of Directors as shown in the table below.

Controls and procedures for sustainability reporting are carried out in close collaboration between the corporate Sustainability and Finance functions. Financial and selected organisational data is reported in the Group's financial reporting system and is therefore verified and consolidated by the finance function. The sustainability function is responsible for methodology and explanations of assumptions. The IT function provides system support.

Expertise in sustainability matters is primarily provided by the Chief Sustainability Officer and supported by access to internal operational expertise. Where necessary, external experts (e.g. auditors or subject matter experts) are engaged to provide methodological support, interpretation of requirements and ensure quality. Relevant functions develop and maintain expertise through participation in targeted training, industry forums, and experience exchanges covering areas such as climate reporting, energy efficiency, occupational health and safety, supplier responsibility, and business ethics. Internal skills and external expertise are combined when preparing decision documentation, interpreting ESRS requirements, and assessing risks in the Group's materiality assessment.

The available expertise is relevant to the areas deemed material: climate change and energy (E1), circular economy and material flows (E5), health and safety and employee matters (S1), matters related to workers in the value chain (S2) and business conduct (G1). This expertise is applied in the preparation of documentation, the prioritisation of measures, and the follow-up on targets. Internal and external skills and expertise include environmental and energy specialists, HR and occupational health and safety representatives, purchasing and quality managers with supplier experience, and ethics and compliance functions.

AREA	OPERATIONAL RESPONSIBILITY	OVERSEEN BY	INFORMATION GIVEN TO EXECUTIVE BOARD	INFORMATION GIVEN TO THE BOARD OF DIRECTORS	INFORMATION GIVEN TO AUDIT COMMITTEE
Material impacts, risks and opportunities	Chief Sustainability Officer XANO	Group Management, Board of Directors, Audit committee	Ongoing, related to strategic and operational management work	In case of changes, or annually in December	At the time of the Annual Report
Target monitoring and presentation of reported sustainability data	Chief Sustainability Officer XANO	Group Management, Board of Directors, Audit committee	Quarterly	Quarterly (from 2026)	At the time of the Annual Report
Business model and strategy, including target setting	Group Management	Board of Directors	–	In case of changes, or annually in September	–
Risk management and assessment	Chief Sustainability Officer XANO	Group Management, Board of Directors, Audit committee	Ongoing, related to strategic and operational management work	Annually in September	At the time of the Annual Report
Policies and governing documents	Chief Sustainability Officer XANO	Group Management, Board of Directors	In case of changes	In case of changes	–
Sustainability reporting	Chief Sustainability Officer XANO	Group Management, Board of Directors, Audit committee	During the preparation of the Annual Report	At the time of the Annual Report	At the time of the Annual Report
Stakeholders	Chief Sustainability Officer XANO	Group Management, Board of Directors	Ongoing, related to strategic and operational management work	Annually in December	–

1.4.2. Sustainability-related incentive programmes

Information on remuneration principles, as well as the structure and criteria for remuneration to the Chief Executive Officer, is presented in the Group's remuneration report, which is prepared in accordance with applicable regulations.

During 2025, variable remuneration schemes in the form of bonus programmes were applied for senior executives. Within these remuneration schemes, sustainability-related indicators or impacts were included as performance criteria only for the Group's Chief Executive Officer. For other executives, sustainability-related performance was therefore not used as a basis for assessing variable remuneration, and no portion of the variable remuneration was dependent on the achievement of sustainability targets.

All senior executives within the XANO Group are covered by a long-term incentive programme in the form of a convertible programme linked to the development of the company's share

price. This constitutes a value-based incentive but is not linked to individual performance targets or specific sustainability- or climate-related criteria.

Against this background, no part of the variable remuneration during 2025 was linked to specific climate-related considerations, including the Group's targets for reducing greenhouse gas emissions. The performance of senior executives has therefore not been assessed against the emission reduction targets reported within the scope of climate reporting, and no portion of the remuneration recognised for the period is related to climate-related performance criteria.

Terms for incentive programmes, as well as any changes to remuneration structures, are decided and established at Group level in accordance with applicable remuneration guidelines and corporate governance principles, with the General Meeting and the Board of Directors as decision-making bodies.

1.4.3. Statement on due diligence

XANO ensures due diligence by identifying, assessing and managing material sustainability-related impacts, risks and opportunities. This process is integrated into the Group's governance, strategy and risk management and includes the following:

MAIN PARTS	APPLICATION	SECTION IN THE SUSTAINABILITY REPORT
Integrating due diligence into governance, strategy and business model	Due diligence is integrated into corporate governance through the double materiality assessment, Environmental Policy, Code of Conduct, Climate Transition Plan and Sustainability Roadmap, and covers our own operations as well as upstream and downstream operations where relevant. Prioritisation is done based on severity and likelihood. The Chief Sustainability Officer coordinates the process and reports in accordance with the governance model.	Section 1.4: Sustainability governance
Engage the relevant stakeholders in all the major steps of the due diligence process	Relevant stakeholders are involved through collaborative forums, safety representatives/health and safety committees and local consultations. The value chain uses supplier self-assessments, audits (where necessary), a whistleblower mechanism open to external parties, and customer dialogues/surveys.	Section 1.2.5: Stakeholder commitments
Identify and assess the material impacts, risks and opportunities	A double materiality assessment is conducted in accordance with the guidelines in ESRS 1 to identify and assess impact, risks and opportunities.	Section 1.3: Double materiality assessment
Take action to manage material impacts, risks and opportunities	Identified impacts, risks and opportunities are managed through applicable policies, plans, targets and KPIs. These are monitored regularly and reported in the Group's annual sustainability report.	Section 1.2.3: Sustainability-related goals and strategies, as well as corresponding topic-related chapters
Monitor the effectiveness of implemented measures and communicate the results	KPIs related to the Group's material IROs are reported quarterly and/or annually by the Group companies. Collected data is reviewed and consolidated, and target fulfilment is monitored to ensure progress in line with Group-wide targets.	Section 1.4.5: Risk management and internal control

1.4.4. Sustainability-related policies and governing documents

The Group applies Group-wide policies and governing documents that cover all material sustainability areas. The documents are available in the joint management system, and each group company CEO is responsible for ensuring compliance. The Parent Company follows up through regular internal control and reporting in accordance with established reporting channels. The Board of

Directors and Audit Committee exercise supervision in accordance with the rules of procedure and instructions.

An overview of all sustainability-related policies and governing documents can be found in the Sustainability Notes. Detailed information on policies for each material topic is provided in the respective topic sections of the Sustainability Notes.

1.4.5. Risk management and internal control

All collected data is checked by the Parent Company, both quarterly and for the full year, prior to compilation of the Group's annual Sustainability Report. The system used for sustainability-related reporting within the Group ensures a reliable structure. All individuals responsible for reporting receive detailed instructions and appropriate training. Key control measures include

applying methods in accordance with policy documents, verifying source data and assumptions, maintaining traceable documentation, and conducting internal reviews.

The sustainability reporting process comprises the following elements:

ACTIVITY	EXECUTED BY
Establishment of material metrics based on the Group's strategy and material sustainability-related impacts, risks and opportunities	Parent Company
Production of emission factors, templates and allocation formulae	Parent Company
Collection of relevant data from suppliers and own organisation	Respective Group company
Reporting of data in the Group's sustainability reporting system	Respective Group company
Verification and consolidation of the collected data	Parent Company
Reporting of the consolidated data	Parent Company

The sustainability report has been subject to a limited assurance review and covers pages 104–154. The assurance report is presented on pages 158–159. In addition to the external assurance, an internal review of the process and key performance indicators has been carried out.

Opportunities identified through the double materiality assessment are integrated into governance via strategies for the product and service portfolio, the investment process and the Group's sustainability roadmap. Approved initiatives are linked to budgets and responsibilities and are monitored through relevant key performance indicators within the ongoing operational management.

Sustainability risks are managed within the Group's risk management framework using the same principles as other company-specific risks. Group Management is responsible for the overall assessment, and the Board of Directors and Audit Com-

mittee exercise supervision in accordance with a defined meeting schedule and as required.

For risks related to the Group's sustainability reporting, an annual risk assessment is performed using a risk matrix, in which relevant risks are evaluated based on likelihood, impact, and priority.

Responsibility for risk minimisation lies with the Parent Company's corporate sustainability function, which ensures the implementation of appropriate measures across relevant corporate functions and processes, either through direct execution or through delegated responsibility.

An initial risk analysis was conducted as part of the 2024 sustainability reporting. During the past year, measures have been implemented with the objective of reducing likelihood. This year's risk analysis shows good results from actions taken:

RISK	LIKELIHOOD	CONSEQUENCE	PRIORITY	ACTIONS TAKEN	UPDATED ASSESSMENT
Incorrect or incomplete data from internal or external sources	Medium (High)	High (High)	High (High)	Providing training for report contributors and developing detailed instructions and supporting documents.	After the measures have been implemented, the likelihood is assessed to be lower. Further measures are planned.
Misunderstanding of ESRS standards or local legal requirements	Low (Medium)	High (High)	High (High)	Knowledge acquisition by responsible parties at Group level, development of information material for Group companies, close cooperation with auditors and other external partners.	Measures implemented and partnerships established have had the desired effect, and the likelihood is now assessed as low. Continued knowledge acquisition and joint efforts are prerequisites for maintaining effectiveness.
Problems with IT systems for data collection and consolidation	Medium (Medium)	Medium (Medium)	Medium (Medium)	Further development of the Group-wide reporting system.	A number of measures have been implemented in cooperation with the system supplier to ensure adequate system support. However, the likelihood is still considered to be medium, as some uncertainty remains regarding the functionality of the system.
Insufficient time to review and validate data	Medium (Medium)	High (High)	Medium (High)	Careful planning of reporting cycles, resource planning and system support.	Risk mitigation measures have been implemented during the year. However, the likelihood is still assessed as medium, as certain measures remain to be implemented to achieve a fully optimised data management process at the Parent Company.

2024 assessment is shown in brackets.

2. E1 – Climate change

2.1. Introduction

XANO works systematically to reduce the Group's climate impact while also strengthening the resilience of the business to climate-related risks. The climate work covers both the mitigation of greenhouse gas emissions in the Group's own operations and value chain, and adaptation to the physical and regulatory changes arising from the global climate transition. The work is integrated into the Group's strategy for sustainable growth and is based on the material impacts, risks and opportunities (IROs) identified in the Group-wide double materiality assessment.

The Group's IROs within this area include, among other things, greenhouse gas emissions in Scopes 1, 2 and 3, dependence on

energy and climate-impacting materials, higher energy prices and regulatory requirements linked to the transition to a net-zero economy, as well as physical climate-related risks such as extreme weather events.

At the same time, energy efficiency improvements, electrification, alternative material choices and the development of products with a reduced climate footprint create opportunities for stronger competitiveness, lower costs and new market positions.

The XANO Group's material IROs form the basis for the policies, actions and targets presented in this chapter.

2.2. Impacts, risks and opportunities

TOPIC	TYPE	IRO	VALUE CHAIN	TIME HORIZON
Climate change adaptation	▲	Increased likelihood of extreme weather events, as a result of climate change, can damage our own infrastructure and facilities, and lead to increased costs.	■	Medium-term Long-term
	▲	Increased likelihood of extreme weather events, as a result of climate change, can cause disruptions in our own production.	■▶	Medium-term Long-term
Climate change mitigation	⊖	Greenhouse gas emissions from fuel consumption in Scope 1.	■	Short-term Medium-term Long-term
	⊖	Greenhouse gas emissions from business travels with own vehicles.	■	Short-term Medium-term Long-term
	⊖	Greenhouse gas emissions from purchased materials (Scope 3).	▶	Short-term Medium-term Long-term
	⊖	Greenhouse gas emissions from transportation of goods (Scope 3).	◀▶	Short-term Medium-term Long-term
	⊖	Greenhouse gas emissions from waste management (Scope 3).	◀	Short-term Medium-term Long-term
	⊖	Greenhouse gas emissions from business travels (Scope 3).	■	Short-term Medium-term Long-term
	⊕	Our products contribute to lower amounts of greenhouse gas emissions in society.	◀	Short-term Medium-term Long-term
	◊	Opportunities for innovating new business models and products with lower greenhouse gas emissions can lead to competitive advantage, and new markets and revenue streams.	◀■	Medium-term Long-term
	◊	Lower costs and reduced regulatory risk through alternative materials, production processes and fuels.	◀■▶	Medium-term Long-term
Energy	⚡▲	Increased energy prices in the whole value chain increases costs.	◀■▶	Short-term Medium-term
	⚡▲	More volatile and fluctuating energy prices make production costs unpredictable.	◀■▶	Short-term Medium-term

Type

- ⊕ Actual positive impact
- ⊖ Actual negative impact
- ▲ Physical opportunity
- ▲ Physical risk
- ⊕ Potential positive impact
- ⊖ Potential negative impact
- ◊ Transition opportunity
- ⚡ Transition risk

Value chain

- ◀ Downstream
- Own operations
- ▶ Upstream

XANO has conducted analyses of climate-related impacts, risks and opportunities in its own operations and value chain as part of its double materiality assessment. The methodology for its completion is described in section 1.3. This covers all Group companies. Qualitative resilience analyses were also carried out in 2024 and 2025 alongside this. The analyses cover three time horizons according to the ESRs: short-term (<1 year), medium-term (1–5 years) and long-term (>5 years).

Factors driving climate-related impacts other than GHG emissions were considered through a comprehensive screening in the initial preparatory work for the double materiality assessment. Based on this assessment, such impacts were not considered material and were therefore not analysed further.

The identification and classification of climate-related risks and opportunities is based on a largely qualitative assessment of how physical climate-related hazards and transition-related aspects are expected to affect the Group's operations in the short, medium and long term. The assessment is based on factors such as the technical life of the assets, the companies' strategic planning horizons and the time perspective for investments and capital allocation, and serves as the basis for the time horizons reported above.

Physical risks

The Group's material physical risks stem from the potential consequences of extreme weather events driven by climate change, including their impact on energy prices and supply. Exposure varies between Group companies depending on plant structure, geographical location and energy dependence. The most relevant effects are assessed to be disruptions to operations and logistics, as well as a need for increased energy supply resilience. Overall, physical threats are considered limited in the short term but are expected to increase over the longer term, particularly for material- and energy-intensive activities.

Transition-related risks and opportunities

Transition risks are driven by regulatory requirements and increased demand for energy, which can lead to increased costs both directly and indirectly. The risks are greatest in businesses that are highly dependent on materials or where production processes have limited flexibility.

Substantial opportunities remain in developing service-based businesses, increasing the use of more sustainable materials, and energy efficiency initiatives. Customer demand for solutions that reduce climate impact creates opportunities for increased competitiveness, particularly in automation and production optimisation.

2.2.1. Impact on business model and strategy

Climate-related risks and opportunities influence XANO's business model by shaping which technologies, materials and processes remain competitive and economically sustainable over the long term. Increased exposure to physical climate-related hazards can lead to disruptions in production, more complex logistics and requirements for adaptation of properties and processes. This affects priorities in investments, operational redundancy, and material and energy supply.

Transition risks linked to customer demands, legislation and cost changes are simultaneously driving an increased need for technical innovation, energy efficiency, material conversion and circular solutions. This impacts product portfolios, development projects, and long-term business opportunities, and means that XANO needs to gradually integrate climate performance and life cycle perspectives into its offerings and customer engagement.

The identified climate opportunities influence the strategy by creating increased demand for energy-efficient solutions, resource-efficient components and products with a lower climate footprint. This strengthens the incentives to develop material-efficient designs, energy-efficient systems and optimised produc-

tion flows. These opportunities also drive closer dialogues with customers about how XANO's products can contribute to their climate targets and emission reduction strategies.

In summary, the climate-related IROs mean that XANO needs to gradually adapt and develop its business model through an accelerated transition in material and energy use, investments in electrification and energy efficiency, a stronger focus on supplier selection and value chain management, an increased ability to meet customer climate requirements, and the development of products and solutions with a lower climate impact. These changes are reflected in the Sustainability Roadmap, the Climate Transition Plan and the Group-wide processes for strategy, investments and innovation.

To date, no activities or assets have been identified that cannot be converted to be compatible with a climate-neutral economy. This does not mean that operations or assets are currently considered fully compatible with a climate-neutral economy; rather, the Group has not identified any operations or assets that are considered to lack realistic opportunities for transition over time.

2.2.2. Resilience

XANO has conducted qualitative analyses of the Group's resilience to climate-related physical and transition risks as an integral part of the double materiality assessment and the Group-wide Climate Transition Plan. These analyses are based on existing data from the operations' business plans, energy data, material flows, supplier information, and dialogues with customers.

The resilience analysis covers the Group's own operations and material parts of the upstream and downstream value chain, to the extent that these are deemed to be relevant to the Group's climate-related risks, opportunities and business model.

These analyses show that the Group's business model is fundamentally resilient thanks to a diversified business structure,

broad geographical spread and an increasing share of services and system solutions, which reduces sensitivity to both physical and transition-related risks. Exposure varies between Group companies depending on the energy supply, technical design of processes and material intensity in each respective operation. The highest level of vulnerability is found in operations with large material flows and significant energy consumption, where climate-related changes may affect operational reliability, cost levels and delivery capacity.

The risks deemed most relevant are linked to disruptions in energy supply, extreme weather events and changes in the cost of materials and transport. At the same time, the Group is considered to have significant capacity to adapt its operations through energy efficiency measures, increased use of renewable energy, the development of more resource-efficient material flows and strong customer-driven innovation.

Climate opportunities, such as increased demand for energy-efficient products, sustainable materials and automated solu-

tions, are expected to further strengthen the Group's long-term competitiveness and ability to withstand climate-related changes in the operating environment.

Identified assets and operations at risk are considered in strategic planning, investment assessments, and the prioritisation of current and planned measures. The work will gradually be formalised and further structured as the Group's processes for climate risk management and investment control are developed.

Scenario analysis

The resilience analyses conducted to date are qualitative and not based on comprehensive scenario modelling. An in-depth, quantitative scenario-based analysis will be carried out in 2026 and will cover both physical and transition-related scenarios over a short-, medium- and long-term time horizon. The results will be incorporated into the target review and future updates of the Climate Transition Plan.

2.3. Climate Transition Plan

2.3.1. Summary

The XANO Group's first Climate Transition Plan was adopted, following Board approval, on 15 December 2024. The plan contains an initial overview of how the Group will gradually adapt to a climate-neutral economy.

The Climate Transition Plan is based on the Paris Agreement's goal of limiting global warming to 1.5°C. However, the current climate targets on which the plan is based are preliminary and have not yet been calibrated or validated against scientifically based emission trajectories in line with 1.5-degree scenarios. The Climate Transition Plan should therefore not be interpreted as meaning that XANO's current targets are already fully compatible with the Paris Agreement, but rather as a structured roadmap for how the Group will gradually develop targets, measures and governance to achieve compatibility over time.

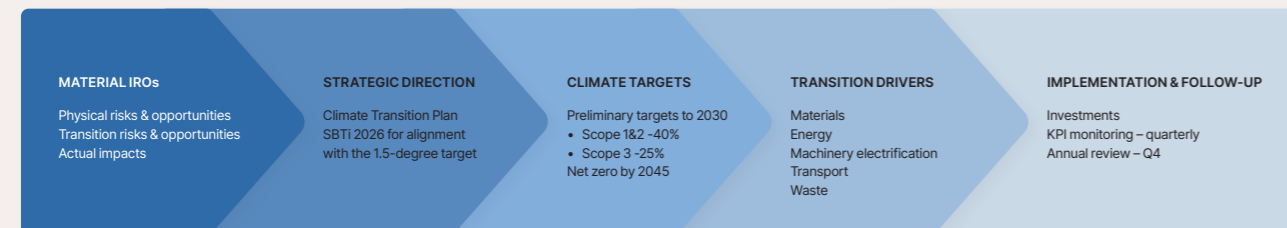
The plan covers all Group companies and is integrated into the business strategy. It addresses how XANO intends to integrate the climate perspective into investment processes and financial planning, and is guided by clear links to the Sustainability Roadmap and preliminary climate targets. This means that climate considerations influence the prioritisation of measures, resource

allocation, modernisation of production environments and the development of product and material strategies.

The Climate Transition Plan contributes to the development of our business strategy by highlighting climate-related conditions, risks and opportunities. At an organisational level, these aspects are taken into account in strategic discussions and decisions, in line with the Group's ambition to develop and conduct sustainable business.

Efforts to systematically incorporate the Climate Transition Plan's assumptions into the Group's business strategy, investment processes, and financial planning are currently in the development phase. At present, the potential effects of future developments, such as changes in sales volumes, the product mix or growth ambitions, are mainly handled qualitatively. These can affect both emission levels and target achievement and are therefore part of the ongoing development of the Climate Transition Plan.

The Climate Transition Plan is reviewed annually to ensure that it is aligned with the business strategy, developments in the value chain and changing regulatory requirements.



2.3.2. Scientific basis

The Group plans to join the Science Based Targets initiative (SBTi) in 2026. The process began in the first quarter of 2026 and includes methodology selection, validation of Scope 1–3 boundaries, and the development of emission trajectories in line with 1.5°C scenarios.

The current targets, a 40% reduction in Scope 1 and 2 emissions by 2030, a 25% reduction in Scope 3 emissions by 2030, and a long-term ambition of net zero by 2045, are preliminary and will be calibrated according to SBTi requirements before they can be classified as science based.

2.3.3. Key emission reduction factors

The measures in the Climate Transition Plan are based on the Group-wide Sustainability Roadmap and its current priorities. Currently, the transition factors focus on those parts of the value chain where XANO has the greatest control and where measures can be structured and followed up in a reliable manner.

Measures related to downstream emissions, including the use phase of sold products, are currently mainly addressed indirectly through product development, technical improvements and dialogue with customers. These working methods have not yet been fully formalised as separate areas of action in the Climate Transition Plan.

During 2025, the Group initiated the measurement of energy consumption during the use of sold products. Based on the consolidated data, the Group intends to introduce a target linked to reducing energy consumption in the use phase. This will be carried out in connection with the planned update of the sustainability roadmap in 2026 and will also form the basis for a corresponding update of the climate transition plan. This means that, at present, the use of sold products does not constitute a separate transition area with defined actions, targets or follow-up structures in the climate transition plan.

For a description of the expected effect of these measures, please refer to section 2.5.3, which reports on the measures' contribution to the Group's objectives. A qualitative assessment of expected effects and measures implemented during the year can be found in section 2.5.1.

The Climate Transition Plan structures the Group's emissions reduction efforts around five transition factors, reflecting the distribution of emissions across the value chain and the analyses conducted as part of the update of the Sustainability Roadmap:

1. Material transition

Materials account for the largest share of the Group's total climate impact. Our focus is on:

- increased use of inputs and components with lower climate impact
- structured mapping of climate data from suppliers
- long-term work with alternative materials

2. Energy transition

Our work on the energy transition includes the following main activities:

- cooperation and advocacy work to increase access to renewable electricity
- full transition to renewable electricity

3. Machine and process transitions

Within the Group, there are a number of operations whose production processes use fossil fuels to power machinery. These account for the majority of Scope 1 climate emissions and are therefore a priority area in the Group's transition plan. However, there are significant challenges associated with high investment costs and limited access to renewable electricity. The main activities in this area are:

- electrification of machinery and vehicles
- replacement of direct fossil energy use where technically viable
- long-term investment plan to replace machinery

4. Transport transition

When it comes to reducing transport-related emissions, the focus is on transport over which the Group companies have direct control: transport purchased from external carriers and transport using their own vehicles. The work mainly involves:

- optimising logistics
- transition to modes of transport with lower emissions

5. Waste reduction and circular flows

Within XANO, there are favourable conditions for transitioning to circular flows, and several Group companies are already working on this in a structured manner. Main activities are:

- reduction of production-related waste
- increased material recycling
- increased use of circular materials in production

The five transition factors are addressed in the Climate Transition Plan, the Environmental Policy, and the Sustainability Roadmap, and form the basis for each Group company's local action plan related to climate measures.

2.3.4. Resources and investments

As the Group is in the early stages of implementing its Climate Transition Plan, a Group-wide model will be developed in 2026 to identify climate-related investments and monitor both capital expenditure and, in the next stage, operating costs associated with the transition. The model aims to create uniform definitions, ensure comparable reporting and clarify the links between climate-related investments, financial key figures and taxonomy

requirements. The areas currently considered to account for the largest share of future climate-related investments are the electrification of machinery, the transition to renewable electricity and heating, logistics and process optimisation, and investments in material efficiency and more resource-efficient product solutions. Quantified data will be generated and integrated as part of the target review in 2026.

2.3.5. Locked-in emissions

XANO Group has not yet completed a full assessment of potential locked-in emissions. A preliminary review conducted within the framework of the Climate Transition Plan suggests that these risks may arise primarily in:

- » older machinery that relies on fossil fuels
- » processes where technology conversion requires long-term investments
- » product segments where material dependencies limit the ability to rapidly reduce climate impact

The work of identifying, quantifying and addressing potential locked-in emissions will be intensified in 2026 and included in the planned scenario-based analysis.

2.3.6. Alignment with the EU taxonomy, energy sectors and Paris-aligned benchmarks

Recent taxonomy surveys indicate that only a small portion of the Group's turnover is covered by the EU Taxonomy Regulation. Therefore, the Climate Transition Plan prioritises measures with a high actual climate impact over taxonomy-related investments. However, we are continuously monitoring taxonomy relevance, and future investments will be assessed against taxonomy

requirements as the Group's business development and the SBTi process progress.

The Group has no capital expenditure linked to coal, oil or gas-related activities and is not covered by the EU's Paris-aligned benchmarks.

2.3.7. Monitoring and progress

In 2025, the Climate Transition Plan was implemented within XANO Group through its integration into the regular governance structure. Operational implementation of the plan was ensured through its integration with the targets established in the Sustainability Roadmap and the corresponding activities of the Group companies. During the year, the focus was on establishing common working methods, securing reporting procedures and

further developing the data base, particularly within Scope 3, where the Group has improved coverage and data quality during the year. The work will continue in 2026 as part of the planned revision of the Sustainability Roadmap, scenario analysis and the process of XANO aligning with the Science Based Targets initiative.

2.4. Climate change policies

The Group's work on climate change is guided by its Environmental Policy, Sustainability Roadmap and Climate Change Plan. The Environmental Policy (adopted in 2024) describes XANO's work on emission reductions, energy efficiency, renewable energy and climate adaptation. The policy was approved by the Group Management and the Board of Directors and is integrated into the regular governance model together with the Sustainability Roadmap and Climate Transition Plan.

The policy framework covers all material climate-related impacts, risks and opportunities and forms the governing basis for the Group's targets, activities and internal monitoring. The Environmental Policy, Sustainability Roadmap and Climate Change Plan are implemented by the Managing Directors of the respective subsidiaries, while follow-up and reporting are carried out centrally through the quarterly collection of related data.

2.4.1. Environmental policy

The Environmental Policy applies to the Group's own operations in all geographical areas where XANO operates and provides a common framework for the subsidiaries' work on climate-related matters. The policy is comprehensive in nature and does not include detailed requirements for each activity, product, or market, but is supplemented by the Sustainability Roadmap and Climate Transition Plan, which outline priorities and measures.

In formulating this policy, relevant internal and external requirements were taken into account, such as applicable legislation and general expectations from customers and other business partners. The policy does not entail any formal commitments to specific third-party standards or initiatives beyond what is required by law.

The Environmental Policy is available to relevant internal stakeholders and is communicated within the Group through

regular governance and monitoring processes. External availability occurs to the extent deemed relevant, including through the Group's sustainability reporting.

The Environmental Policy sets out the overall approach to the Group's work on both climate change mitigation and climate adaptation. Specific targets, priorities and measures for reducing emissions are set out in the Sustainability Roadmap, while climate-related risks, resilience and adaptation are addressed in the Climate Transition Plan. Together, these documents form a comprehensive framework for managing and monitoring the Group's climate-related work.

GHG removals are not covered by the Environmental Policy, and the Policy sets out the long-term direction rather than specific time horizons.

2.5. Climate-related governance

2.5.1. Actions and resources

XANO works continuously to implement climate-related measures in line with the Group's Environmental Policy, Sustainability Roadmap and Climate Change Plan. The measures include both emission reduction actions and climate adaptation initiatives. Between 2024 and 2025, work has mainly focused on energy efficiency, transition to renewable electricity, logistics optimisation, electrification of machine parks, reduction of production waste and material-related improvements.

The measures described here and in section 2.3.3. constitute the main initiatives implemented or prioritised during the reporting year to contribute to the fulfilment of the Group's Environmental Policy, Sustainability Roadmap and Climate Change Plan. Overall, the measures are considered to be in line with the Group's current climate targets and form the basis for achieving the established emission reduction targets in the long term.

The emission reductions achieved to date are difficult to assess at this stage, as the Group is still in the process of establishing data collection, methodology and system boundaries. The significant expansion of Scope 3 reporting in 2024 and the further category expansion in 2025 mean that comparability between years cannot yet be guaranteed. This is also affected by the fact that newly acquired Group companies have so far been added to the inventory without a fixed model for base year adjustment, which further limits the ability to calculate Group-wide emission reductions in a robust and ESRS-compatible manner.

In 2024 and 2025, work focused on establishing more comprehensive and quality-assured data sources, improving normalisation of value chain data, and harmonising calculation methods—necessary prerequisites for reliably quantifying emission reductions going forward. At the same time, several climate-related measures have been implemented, contributing to improved working methods, an increased share of renewable electricity in parts of the business, reduced resource consumption in selected processes, and a stronger basis for decision-making for continued climate work. A robust quantification of emission reductions at Group level will only be possible once stable baselines have

been established, the model for integrating newly acquired companies has been implemented and the improved Scope 3 processes are fully functional.

The measures described mainly cover the Group's own operations and are implemented in the subsidiaries, taking into account the varying conditions of the operations. The focus lies on operations with significant energy consumption and material flows. The measures apply to all geographical areas in which the Group operates. Measures in the value chain are primarily addressed through material-related improvements, supplier dialogues and the development of more resource-efficient solutions.

The Sustainability Roadmap and Climate Transition Plan will be updated in 2026 to include an in-depth analysis of expected emission reductions. In parallel, targets and emission reduction mechanisms will be harmonised with SBTi's methodological requirements.

During 2025, emissions associated with the use of sold products were analysed and included in the Group's climate reporting for the first time. This category is assessed to have a material impact on the Group's overall emissions profile and is expected to play an important role in the continued development of the sustainability roadmap and climate transition plan. However, the use of sold products has not yet been an explicit component of the climate measures carried out during 2025, as the work to date has primarily focused on establishing methodology, data quality and system boundaries for this category. At the same time, Group companies that develop and deliver products are continuously working to improve energy efficiency and resource use in their products and solutions, in line with customer and business requirements. Going forward, the use of sold products will be more clearly integrated into the planning, prioritisation and follow-up of climate-related actions.

Within this scope, the preliminary qualitative assessment indicates that measures related to energy use and material efficiency are considered to have the greatest potential to contribute to future emission reductions within the Group's own operations

and the other analysed emission categories. Actions to reduce electricity consumption and the use of oil and gas in production have been prioritised in parts of the Group and are assessed to have had some mitigating effect, although this cannot yet be clearly observed in the Group's consolidated emissions data. Increased use of recycled materials and reduced waste volumes are also expected to contribute to reduced climate impact and are anticipated to become increasingly important over time.

Overall, forthcoming emission reductions are expected to follow a similar pattern, with continued focus on energy-intensive operations and material flows, while measures linked to the use of sold products are expected to gradually gain greater significance. In parallel, improved data processes and more stable baselines will enable a more reliable quantification of the actual effect of implemented measures.

The implementation of several measures depends on both internal resources and external market conditions, such as access

to investment funds, supplier capacity and energy markets. These dependencies partly limit the pace of transition, particularly in energy- and material-intensive operations.

Time horizons for implementation and expected effects of individual climate measures have not yet been determined. A more structured timeline for each measure, including links to the short, medium and long term, will be established when the Sustainability Roadmap and Climate Transition Plan are updated in 2026.

To ensure that future investments support the Group's sustainability and climate transition plans, a Group-wide model will be developed in 2026 to identify and link investments to relevant sustainability aspects, including climate action. The model aims to clarify the link between investments and emission reductions and simplify reporting in accordance with the requirements to describe links to relevant financial items, key figures in accordance with EU Regulation 2021/2178 and the Group's planning for capital investments.

2.5.2. Climate-related targets and monitoring

XANO Group's climate-related targets serve as key drivers in efforts to manage the material climate-related impacts, risks and opportunities identified in the double materiality assessment. The targets have been set to concretise and operationalise the environmental policy's focus on emission reduction, energy efficiency, and climate change. The Group's overarching preliminary targets, as set out in the adopted Climate Transition Plan 2024, are presented in section 2.3.

In addition to the overarching climate targets, the Sustainability Roadmap includes a number of operational targets that are directly or indirectly linked to the Group's emissions reduction efforts and serve as measurable indicators for the implementation of the climate transition. These targets, all of which are set for 2030, are:

- » 30% increase in the use of sustainable materials and components in production
- » 30% reduction in climate emissions from purchased transport
- » 30% reduction in climate emissions from passenger transport
- » 50% reduction in climate emissions from purchased electricity
- » 50% reduction in climate emissions from combustion of oil and gas combustion
- » 40% reduction of production-related waste
- » 30% reduction in climate emissions from waste incineration
- » 90% of the Group's investments contribute to sustainable development
- » At least 40 new sustainable innovations launched annually
- » 30 sustainable products or services developed in cooperation with customers and/or suppliers to be launched annually
- » 12% of the Group's EBIT originates from sustainable products or services developed in close cooperation with customers and/or suppliers

The targets follow the same organisational boundaries, data sources and calculation methods as the GHG inventory according to the GHG Protocol. All targets are absolute and expressed in tonnes of CO₂e in cases where they relate to emission reductions. The base years – 2020 for Scope 1–2 and 2024 for Scope 3 – were selected primarily based on data availability and are preliminarily considered representative. They will be reviewed in connection with the target revision and SBTi process in 2026, in light of both changes within the Group structure and the process to further development more scientifically based targets.

Targets have been set at Group level based on internal analyses and strategic considerations, with the involvement of relevant internal corporate functions. External stakeholders have not been directly involved in the formal target setting, but general expectations from customers and other business partners have been taken into account.

Since the Group did not have any climate-related targets set before the base years, there is no historical target monitoring to report for the period prior to that. The Group's climate-related targets have not yet been formally validated, but will be calibrated within the framework of the planned SBTi process to ensure compatibility with the Paris Agreement's 1.5-degree target.

Target monitoring is integrated into the Group's governance and takes place quarterly through reporting of related KPIs. Monitoring is used to assess the effectiveness of the objectives, guide priorities and identify the need for further measures. To date, the results have been reported to Group management and the Board of Directors together with the annual sustainability reporting. This will be increased to quarterly reporting from 2026 onwards.

As the target is under development, both through the revision of the Sustainability Roadmap in the first quarter of 2026 and through XANO's planned participation in the Science Based Targets initiative, all targets will be reviewed, updated and, if necessary, raised to ensure long-term compatibility with the Paris Agreement's 1.5-degree target.

Monitoring of operational targets in 2025, including reporting of outcomes and assessment of target fulfilment, is described in the Sustainability Notes, *Note 3 – XANO Group's Sustainability Roadmap*.

EMISSION REDUCTIONS AND TARGET YEARS	BASE YEAR	TARGET YEAR		
	2020	2028	2030	2045
Scope 1 & 2 – location based				
Gross greenhouse gas emissions (tCO ₂ e)	7,824	5,633	4,695	782
Reduction (%)	–	28%	40%	90%
Scope 1 & 2 – market based				
Gross greenhouse gas emissions (tCO ₂ e)	7,093	5,107	4,256	709
Reduction (%)	–	28%	40%	90%
Scope 3				
Gross greenhouse gas emissions (tCO ₂ e)	29,203	24,238	21,902	2,920
Reduction (%)	–	17%	25%	90%

Base year and target levels will be reviewed in connection with the Group's planned commitment to the Science Based Targets initiative (SBTi), in order to ensure alignment with science-based reduction pathways. The reported targets refer to the objectives applicable during the reporting year and therefore do not include the categories Use of sold products and Employee commuting within Scope 3.

2.5.3. Emission reduction mechanisms

Preliminary analyses indicate that XANO's emission reductions are mainly expected to come from two areas: the energy transition and material-related initiatives. The energy transition includes the electrification of machinery, the transition to renewable electricity, energy efficiency improvements and the gradual replacement of fossil fuel-based heating. The impact of the electrification of machinery depends on technical conditions and investment cycles, which makes it somewhat difficult to assess.

Materials, which account for a significant portion of the Group's total climate impact, are expected to contribute through increased use of materials with a lower climate footprint, improved material efficiency and design optimisation.

In addition, transport is expected to contribute to a more limited extent through logistics optimisation, route planning and the electrification of vehicles and transport equipment.

These assessments are based on the analysis in the climate transition plan and documentation prepared in connection with

the updated greenhouse gas inventory for 2024. Preliminary quantitative contributions per emission reduction mechanism have not yet been determined, primarily due to limited data availability and uncertainties linked to technological development, investment cycles and supplier data within the value chain. The expected quantitative contributions have therefore not yet been established. A quantification will be conducted during 2026 in connection with the revision of the sustainability roadmap and the Group's planned commitment to the Science Based Targets initiative. The outcome of this work will ensure that the emission reduction mechanisms are aligned with SBTi requirements and the Group's long-term emission reduction targets. Emission reductions linked to the use of sold products are assessed to have substantial long-term potential but are not yet included as a formalised emission reduction area in this analysis.

2.6. Energy

The Group's total energy consumption for 2025 amounted to 50,163 MWh, compared with 49,714 MWh in the previous year, corresponding to an increase of 0.9%. The two companies acquired in 2024 and included in the reporting for the first time in 2025 reported combined energy consumption of 2,780 MWh. Adjusted for this change in reporting perimeter, energy consumption totalled 47,383 MWh, corresponding to a decrease of 4.7% compared with 2024. The underlying reduction is mainly

attributable to energy efficiency measures implemented in the operations.

The share of renewable energy decreased by 2.8 percentage points, which is explained by a higher share of nuclear energy in the electricity mix as well as additional fossil fuel consumption in production from one of the companies newly included in the reporting.

ENERGY USE AND ENERGY MIX	2025	2024
Fuel consumption from coal and coal products (MWh)	0	0
Fuel consumption from crude oil and petroleum products (MWh)	4,251	2,164
Fuel consumption from natural gas (MWh)	6,674	8,183
Fuel consumption from other fossil sources (MWh)	5,357	4,510
Consumption of purchased or acquired electricity, heating, steam and cooling from fossil sources (MWh)	3,078	3,091
Energy consumption from fossil sources (MWh)	19,360	17,948
Percentage of fossil fuels in total energy use (%)	38.6%	36.1%
Energy consumption from nuclear sources (MWh)	364	211
Share of nuclear energy sources in total energy use (%)	0.7%	0.4%
Fuel energy consumption from renewable sources, including biomass (MWh)	0	0
Consumption of purchased or acquired electricity, heating, steam and cooling from renewable sources (MWh)	30,439	31,555
Use of self-generated renewable non-fuel energy (MWh)	0	0
Total use of renewable energy (MWh)	30,439	31,555
Percentage of renewable sources in total energy use (%)	60.7%	63.5%
Total energy use (MWh)	50,163	49,714
Energy intensity (MWh per net revenue)	14.7	15.0

2.7. Climate emissions

GHG INTENSITY PER NET REVENUE	2025
Emission intensity – location-based	
Total greenhouse gas emissions (location-based) per net revenue (tCO ₂ e/SEK m)	55.4
Emission intensity – market-based	
Total greenhouse gas emissions (market-based) per net revenue (tCO ₂ e/SEK m)	55.4

Emission intensity is reported only for 2025, as the extent of the Group's Scope 3 reporting has been significantly expanded during the year.

GROSS GREENHOUSE GAS (GHG) EMISSIONS	2025	2024	BASÅR	%
Scope 1 GHG emissions			2020	
Scope 1 gross GHG emissions (tCO ₂ e)	3,617	3,145	3,542	+2.1
Scope 2 GHG emissions			2020	
Scope 2 gross location-based GHG emissions (tCO ₂ e)	1,530	1,685	2,180	-29.8
Scope 2 gross market-based GHG emissions (tCO ₂ e)	1,771	1,743	1,594	+11.1
Significant Scope 3 GHG emissions			2024	
Total Scope 3 indirect gross GHG emissions (tCO ₂ e)	183,218		29,203	+527.4
1. Purchased goods and services	60,520		26,300	+130.1
2. Capital goods	1,096		695	+57.7
4. Upstream transportation and distribution	1,361		1,032	+31.9
5. Waste generated in operations	537		617	-13.0
6. Business travel	735		559	+31.5
7. Employee commuting	1,120		-	-
11. Use of sold products	117,849		-	-
Total GHG emissions				
Total gross location-based GHG emissions (tCO ₂ e)	188,365		34,925	+439.3
Total gross market-based GHG emissions (tCO ₂ e)	188,606		34,339	+449.3

The table above presents the Group's gross greenhouse gas emissions distributed across Scope 1, Scope 2 (location- and market-based) and the material Scope 3 categories.

The significant increase in total emissions in 2025 compared with previous years is primarily attributable to an expanded system boundary and improved data coverage within Scope 3, rather than to a corresponding increase in operational climate impact.

During the year, additional subcategories within Purchased goods and services have been included, data collection has improved, and category 7 (Employee commuting) and category 11 (Use of sold products) are reported externally for the first time. These changes mean that Scope 3 now provides a more complete picture of the Group's value chain emissions, but they also limit comparability with previous reporting years.

Scope 1 and Scope 2 are mainly influenced by energy use, fuel mix and electricity procurement structure, while Scope 3 is largely dominated by purchased goods and services and the use of sold products.

Compared with 2024, Scope 1 increased slightly to 3,617 tCO₂e (3,145), while Scope 2 decreased on a location-based basis to 1,530 tCO₂e (1,685) and increased slightly on a market-based basis to 1,771 tCO₂e (1,743). Scope 3 amounted to 183,218 tCO₂e (29,203), with the increase mainly attributable to expanded reporting, particularly of purchased goods and services and use of sold products. Adjusted for the changed system boundary, developments in Scope 1 and 2 are relatively stable compared with the previous year.

Methodology, boundaries, changes in data coverage and the assessment of uncertainties are described in *Note 6 – Climate change*.

3. E5 – Resource use and circular economy

3.1. Introduction

XANO works to strengthen resource efficiency and integrate circular principles into both product development and operational processes. This includes reducing dependence on newly extracted raw materials, increasing the use of recycled content, and promoting solutions that extend product life, reuse, and recycling. This work is closely linked to the Group’s strategic goals for sustainable growth and to the material impacts, risks and opportunities (IROs) identified in the Group-wide double materiality assessment.

The Group’s IROs in this area include dependence on large material inflows, waste and offcut generation, product quality-related scrap, and risks associated with raw material shortages or growing customer demand for circular material content. At the same time, circular business models and the use of secondary raw materials create opportunities for lower costs, greater resource efficiency and enhanced competitiveness. These IROs underpin the policies, actions and targets presented in this chapter.

3.2. Impacts, risks and opportunities

TOPIC	TYPE	IRO	VALUE CHAIN	TIME HORIZON
Resource inflows	⊖	Dependence on large inflows of materials, such as steel, other metals and plastics, for the manufacture of our products.	▶	Short-term Medium-term Long-term
	⊖	A large portion of resources is currently virgin and managed in a linear system, where materials are extracted, utilised, and then disposed of, rather than being retained in circulation.	◀ ▶	Short-term Medium-term
	⊕	Increasing volumes of recycled materials in production which promotes the transition to a more circular economy.	▶	Short-term Medium-term Long-term
	⚠	Lack of raw materials as a result of "high demand" and competition leads to increased costs.	▶	Medium-term Long-term
	⚠	Both existing and prospective major customers are raising expectations regarding the use of circular and sustainable materials. Their ambitious targets for recycled content may lead to reduced competitiveness and pose financial risks for the company, including potential loss of business if such expectations are not met.	◀	Medium-term
	◊	Sourcing recycled and sustainable materials for use in products responds to growing customer requirements, strengthens supplier collaboration and supports competitiveness in selected markets.	▶	Short-term Medium-term
Resource outflows	⊖	Production quality issues result in the disposal or rejection of products.	■	Short-term Medium-term
	⊕	The Group works actively to inspire and encourage stakeholders in the value chain, such as suppliers and customers, to transition towards more circular business practices within our industry.	◀ ▶	Short-term Medium-term Long-term
	◊	Turning products into services by providing customers with the option to reuse, repair and refurbish products or components, and offering consulting services that promote the adoption of sustainable practices lead to differentiation, competitive advantage and new revenue streams.	◀	Short-term Medium-term Long-term
	◊	Transition to circular business models and products that are for instance reusable and recyclable lead to greater resource efficiency, reduce costs of materials, generate new revenue streams and higher earnings as well as positive environmental impact.	◀ ■	Medium-term Long-term
Waste	⊖	Significant waste generation occurs both within our manufacturing operations and upstream in the supply chain during the production of raw materials.	■ ▶	Short-term Medium-term
	⊖	There is a risk that products are not recycled or integrated into a circular economy model, resulting in disposal as waste after their use phase.	■ ▶	Short-term Medium-term
	⊖	Activities in own operations and along the supply chain produce both hazardous waste and waste that is disposed of in landfills.	▶	Short-term Medium-term
	◊	Innovation and emerging opportunities within circularity enable increased resource efficiency and a reduction in overall waste generation and costs.	■	Short-term Medium-term
	◊	Investments in recycling and waste reduction can lead to lower long-term costs and reduced risk.	■	Medium-term Long-term

Type

- ⊕ Actual positive impact
- ⊖ Actual negative impact
- ⚠ Physical opportunity
- ⚠ Physical risk
- ◊ Potential positive impact
- ⊖ Potential negative impact
- ◊ Transition opportunity
- ⚠ Transition risk

Value chain

- ◀ Downstream
- Own operations
- ▶ Upstream

XANO has analysed the impacts, risks and opportunities related to the circular economy in its own operations and in the value chain as part of the double materiality assessment. The method description can be found in section 1.3, and the assessment covers all Group companies. The analysis is based on an examination of resource flows, material use, waste management and circular business models, and covers both current material flows and future dependencies. The assessment also took into account potential IROs linked to a continued approach without a shift towards increased circularity, as well as a gradual transition towards more circular material flows.

The analysis shows that resource use, risks and negative impacts are mainly concentrated in the upstream stage through material procurement and in the company’s own operations through production and waste management.

The most significant material resources for the Group’s operations are metals and engineering plastics, which account for the majority of resource inflows and are therefore prioritised in the analysis of resource use and the circular economy. Other materi-

als, such as wood, paper, chemicals and packaging materials, are used to a more limited extent and are considered to be of lesser relative importance.

The Group’s material impacts, risks and opportunities in resource use and the circular economy relate to and affect Group companies in various ways, depending on their business model, products and solutions. For companies within the Industrial Products and Precision Technology business units, direct material flows are central, as reflected in material and production waste from their own operations. In contrast, resource use within Industrial Solutions primarily occurs through purchased components and system solutions rather than direct material consumption.

During this process, XANO held consultations with relevant stakeholders, such as suppliers, customers and industry organisations, but not with affected communities. These consultations were conducted within the framework of regular stakeholder commitments and were taken into account in the materiality assessment.

3.3. Policies for resource use and circular economy

The Group’s circular economy initiatives are guided by its Environmental Policy and Sustainability Roadmap, which together serve as the foundational governing documents in this area.

The policy documents provide clear guidance on how resource use, material selection and waste management should be developed within the Group and are directly linked to the material impacts, risks and opportunities identified in the double materiality assessment for resource use and the circular economy.

The Environmental Policy encompasses the Group’s own operations and relevant parts of the value chain, addressing identified impacts, risks, and opportunities related to resource use and the circular economy, including considerations of products, material choices, and resource outflows. It stipulates that the Group shall reduce its dependence on primary raw materials by gradually increasing the use of recycled and reused materials, as well as renewable and bio-based materials, where technically feasible and commercially viable.

The waste hierarchy serves as the basis for all material and waste management within the Group. The policy describes how waste prevention, reuse and material recycling should be prioritised over recycling methods with lower environmental benefits and, ultimately, disposal. The policy also emphasises that strategies to avoid or minimise waste should always be prioritised over strategies that focus solely on waste treatment or disposal.

XANO’s Sustainability Roadmap puts the Environmental Policy into action by defining focus areas, strategic directions, and Group-wide targets, all clearly linked to the transition toward more circular material flows. The Roadmap serves as a guiding document for Group companies, which develop locally adapted activities based on their operating conditions to achieve the Group’s overarching circular economy ambitions.

The Environmental Policy is monitored through the Sustainability Roadmap’s target structure and relevant key performance indicators within the framework of the Group’s sustainability-related governance and reporting.

3.4. Governance related to circular economy

XANO Group’s circular economy initiatives are implemented within the framework of the Group’s decentralised governance model. Group companies are responsible for planning and

implementing relevant measures, while the Group ensures that the work is carried out in line with the Environmental Policy, the Sustainability Roadmap and the identified material IROs.

3.4.1. Actions and resources

Efforts to increase resource efficiency are ongoing in the Group's production operations. Several Group companies have improved material utilisation by optimising cutting and machining processes, implementing quality-enhancing measures to reduce scrap and designing products that require less material in their manufacture. One concrete example is the resource-efficient method for deep-hole drilling developed by the Precision Technology business unit, which reduces the need for energy-intensive recycling processes for offcuts.

The Industrial Products business unit is engaged in extensive efforts to increase the use of secondary raw materials. Recycled plastic is being used to an increasing extent, and internally generated waste material is recycled as much as possible. One of the Group company's is also participating in research and development projects to enable the use of recycled polymers in its product area.

Circular design principles are being progressively integrated into product development, including the use of recycled materials, solutions that extend the lifespan of customers' products, and designs that promote longer product lifecycles. The Industrial Solutions business unit practises circular business models by offering servicing, maintenance and spare parts that extend the life of customers' equipment and reduce the need for new production. The business unit also handles the return and remanufacturing of equipment.

3.4.2. Targets and monitoring

As part of its Sustainability Roadmap, XANO is working towards a number of goals related to the circular economy. These include targets to reduce production waste by 40 per cent by 2030 and to reduce the climate impact of waste incineration by 30 per cent by the same year. The targets primarily address the upper levels of the waste hierarchy, focusing on waste prevention, increased material recycling, and reducing the share of waste sent to incineration.

The Group is also working to increase the proportion of sustainable materials in products and packaging. Sustainable materials are defined in the Sustainability Roadmap as recyclable and containing recycled or bio-based materials, or other materials with a significantly lower climate footprint than their standard alternatives. This approach contributes to a more circular material flow and reduced dependence on new raw materials. (E5-3_08)

In addition to targets linked to the production phase and waste management, the Sustainability Roadmap also includes targets for increasing the proportion of service and life-cycle-based business, which aims to extend the use phase of customers' equipment and reduce the need for new production.

Efforts to prevent waste in the value chain are mainly focused on the downstream stage. Through service, maintenance, and spare parts offerings, Group companies help extend the lifespan of customers' equipment, thereby reducing waste generated when products reach end-of-life. Upstream efforts are more limited and mainly involve discussions with suppliers about material quality and packaging solutions.

For waste generated in our own operations, established procedures ensure correct sorting and handling. By working with recycling suppliers, we are able to recycle a lot of materials and safely handle hazardous waste.

The Group engages in collaborative initiatives with suppliers, customers, industry organisations, and research institutes to advance circular material flows, with a particular focus on plastics and metals. These initiatives are organised locally by the individual Group companies and followed up within the framework of regular governance.

The key measures described above are both ongoing and long-term, and are implemented within the framework of the Group's Sustainability Roadmap. The targets for 2030 represent a first milestone in the work towards increased resource efficiency and circular material flows.

The circular economy targets are strategically set within the framework of the Sustainability Roadmap and are not formally based on or validated against scientific thresholds. Stakeholder perspectives have been taken into account through the double materiality assessment and ongoing dialogues with relevant stakeholders, while targets are set within the framework of the Group's regular governance processes.

In 2026, XANO will revise its Sustainability Roadmap to ensure that the goals remain relevant and achievable. In connection with this, baselines will be established for all targets, and key performance indicators for circular material use and resource efficiency will be developed for more detailed monitoring at Group level.

XANO has not identified any business-specific ecological thresholds in the area of circular economy and resource use, and therefore this information is not applicable for the reporting year. In addition, there are no statutory targets that directly cover the Group's operations. The targets reported for this area are expressed in absolute terms, in the form of a percentage reduction or improvement relative to a defined base year. Further information is found in *Note 3*.

3.5. Resource inflows

XANO conducts annual monitoring of the material flows that are most significant for production. The Group companies use both primary and secondary raw materials in their production. The majority of secondary raw materials consist of externally recycled materials, such as recycled plastic granules and metal with recycled content. One of the Group companies also recycles pro-

duction waste internally at its own facility, which further reduces the need for new materials.

By consolidating resource inflows, the Group gains a comprehensive understanding of its material use, creating a robust basis for progressively increasing the proportion of sustainable and recycled materials.

MATERIAL USE	ABSOLUTE WEIGHT (TONNES)	SHARE OF TOTAL (%)
Total weight of products and technical and biological materials	29,043	100.0
Biological materials	3,451	11.9
Secondary materials	2,988	10.3
Other products and technical materials	22,604	77.8

3.6. Resource outflows

3.6.1. Products leaving the business

XANO Group's product outflows vary across business units but are predominantly composed of technical components, plastic-based products, and customised automation and system solutions. The products consist primarily of metals, engineering plastics and electronic components, reflecting the Group's various areas of operation. The classification of products designed according to circular principles is based on overall characteristics such as reparability, modularity and the recyclability of materials. Packaging is used to a limited extent and consists predominantly of standardised transportation and protective packaging; this is not considered to be a significant focus area in relation to circular product outflows.

Product life varies between business units but is generally considered to be in line with or above industry standards. The assessment is based on qualitative assessments from Group companies, based on product quality, technical specifications and customer usage experience, rather than on formal industry standards or quantitative service life data. Industrial Solutions develops automation solutions and production equipment with a long technical lifespan, where service, spare parts and upgrades enable the equipment to be used for many years. Precision Technology manufactures high-precision components that are integrated into customers' systems and normally have a long technical life span. Within Industrial Products, the range includes robust plastic products with varying areas of application, where durable construction contributes to a long service life.

Levels of reparability vary among business units. Industrial Solutions products are designed to be serviced, repaired and upgraded, which is a key part of the business model. The components supplied within Precision Technology are not normally repaired separately, but are integrated parts of customers' larger systems. Within Industrial Products, reparability varies;

some plastic products can be repaired or refurbished, while other products are not suitable for repair. At present, there are no established reparability indices or accepted classification systems applicable to the Group's mainly industrial and customised products, which is why reparability is described qualitatively based on product design and business model.

A significant proportion of the materials used in the Group's products are recyclable. Metals can generally be recycled to a high quality, and many of the plastics used within the Industrial Products business area are technically recyclable, although actual recycling rates vary between markets. Packaging materials such as wood, cardboard and corrugated cardboard are generally highly recyclable.

Within Industrial Solutions, the products consist of advanced system solutions that combine several types of materials and electronic components. While the materials are generally recyclable, effective recycling relies on the ability to dismantle and separate components in a manner that is both technically and economically viable. Against this backdrop, the business unit is focusing on strategies that are higher up in the waste hierarchy, such as extending service life through service, maintenance, upgrades and reuse, which provides greater resource efficiency than material recycling at the end of the life cycle.

XANO Group does not currently report quantitative data on the share of recyclable material in products and packaging. This is mainly due to limited access to standardised and comparable data from the value chain, particularly for components and materials included in customised system solutions. Within the reporting framework, the focus has been on ensuring reliable and comparable data, while efforts continue to enhance data availability for more comprehensive quantification in the future.

3.6.2. Waste leaving the business

XANO conducts annual monitoring of the waste generated in production, logistics and office operations. The report covers the total amount of waste and is divided into hazardous and non-hazardous waste.

Waste consists primarily of metal shavings and grinding residues, plastic waste and rejected products, wooden packaging, paper and cardboard, chemicals, oils, electronic waste and water-based process waste. These waste streams reflect the Group's main activities and production processes.

The Group companies are constantly working to reduce waste volumes and increase recycling rates. This includes improved waste sorting procedures, higher material recycling in production, and design choices that support increased recyclability in products and packaging.

In certain parts of the business, initiatives are also being carried out at customer level, such as product take-back schemes, which help to reduce waste at the end of the products' life cycle.

WASTE	HAZARDOUS WASTE (TONNES)	NON-HAZARDOUS WASTE (TONNES)	COLLECTED WASTE (TONNES)
Diverted from disposal	237.2	1,038.1	1,275.3
Preparing for reuse	0.0	75.7	75.7
Recycling	193.9	848.0	1,041.9
Other recycling procedures	43.3	114.4	157.7
Waste disposed of	318.9	780.9	1,099.8
Incineration	20.7	5.9	26.6
Landfill	47.0	402.2	449.2
Other disposal method	251.2	372.8	624
Total waste	556.1	1,819.0	2,375.1
Non-recycled waste	318.9	780.9	1,099.8
Percentage of non-recycled waste	57.3%	42.9%	46.3%

4. S1 – Own workforce

4.1. Introduction

XANO Group's own workforce is a key prerequisite for the Group's long-term development, competitiveness and ability to meet customer demands. Work on social sustainability covers matters relating to occupational health and safety, skills supply, equal treatment, development opportunities and secure and attractive working conditions. The work is conducted within the framework of the Group's decentralised management model and is integrated into business processes, leadership and local development initiatives. The focus is on creating positive and safe working conditions, attracting and retaining talent, and ensuring a work culture based on respect, participation and equal opportunities.

In accordance with ESRS S1, reporting encompasses all individuals in the Group's own workforce who may be materially affected by the business, including full-time, part-time, and temporary employees across all Group companies, as well as consultants working within the operations. The majority of the workforce consists of production, technical and engineering roles, supplemented by administrative and management positions. The use of consultants is limited but, when it occurs, is subject to relevant requirements and procedures for occupational health and safety.

4.2. Impacts, risks and opportunities

TOPIC	TYPE	IRO	VALUE CHAIN	TIME HORIZON
Working conditions - Health and safety	⊖	Occupational health and safety risks related to our own operations, for example in connection with forklift operation, rotating machinery, suspended loads, and fumes from processing/welding, as well as from business travel, service work and repair of sold products.	■	Short-term Medium-term Long-term
	⊖	Ergonomic risks from own operations such as repetitive strain injuries or injuries from heavy lifting.	■	Short-term Medium-term Long-term
	▽	Recruitment opportunities by meeting potential employees' sustainability expectations for employers.	■	Medium-term
	▽	A good work environment can lead to an attractive workplace, which helps attract top talent.	■	Short-term Medium-term
Working conditions - Secure employment	▽	High employee turnover results in lost expertise, reduced productivity, and increased recruitment costs.	■	Medium-term
	▽	Operating as a fair employer that provides secure and good employment where people are respected increases our brand awareness and enhances our ability to attract global talent.	■	Short-term Medium-term Long-term
Equal treatment and opportunity for all - Gender equality and equal pay for equal value	▽	Continued efforts in equality, inclusion, and diversity lead to increased well-being, creativity, and efficiency within the company.	■	Short-term Medium-term Long-term
Equal treatment and opportunity for all - Training and skills development	▽	Financial risk such as increased costs or loss in revenues, if we do not recruit, train, and retain skilled personnel. Talent shortages, turnover, or underperformance could hinder growth and profitability.	■	Medium-term Long-term
	▽	Loss of competence over time due to a decline in newly graduated students and an aging workforce.	■	Long-term
	▽	Investments in skills development enable us to be a company at the forefront, which creates competitiveness.	■	Medium-term Long-term

Type

- ⊕ Actual positive impact
- ⊖ Actual negative impact
- ▽ Opportunity
- ⊕ Potential positive impact
- ⊖ Potential negative impact
- ▽ Risk

Value chain

- ◀ Downstream
- Own operations
- ▶ Upstream

XANO Group's most significant negative impacts relate to risks associated with occupational health and safety, such as workplace accidents, strain-related illnesses and exposure to high-risk tasks in industrial production. The company's own workforce comprises employees and, to a limited extent, staff provided by third parties and self-employed contractors. Certain groups may

be more exposed to specific risks, such as shift workers, roles involving high physical strain or occupations with special safety requirements. This understanding is developed through local risk assessments, workplace inspections and dialogues with safety organisations. Similarly, some of the material risks and opportunities relate specifically to skills-intensive groups such as techni-

cians, engineers and experienced operators, who are crucial to the Group's long-term development.

The business also has a positive impact on its own workforce, primarily through good working conditions and active efforts to promote occupational health and safety and equal opportunities.

The Group is dependent on skilled labour and stable production environments. This gives rise to risks related to skills shortages, challenges in attracting and retaining staff, and increased demands on occupational health and safety, while also present-

4.3. Policies for own workforce

The Group's management of its own workforce is governed by the Code of Conduct, which serves as the overarching policy document for ethics, social responsibility, working conditions, occupational health and safety, and human rights. The code applies to all employees, temporary staff, management and the Board of Directors, and sets out clear expectations on how business partners should act in line with XANO's values. To complement this, the Sustainability Roadmap sets out specific targets and requirements for Group companies in areas such as health and safety, skills development and equal opportunities. Together, these policy documents constitute the Group's key tools for structuring and managing the material impacts, risks and opportunities relating to its own workforce.

No significant changes were made to the policy framework during the financial year, and the Group has continued to apply the same policies and commitments as in previous years.

The Code of Conduct is based on internationally recognised standards, including the UN Guiding Principles on Business and Human Rights, the ILO Core Conventions and the OECD Guidelines for Multinational Enterprises. Through the code, the Group undertakes to respect human rights, ensure fair working conditions and maintain a healthy, safe and inclusive working environment. The code expressly prohibits child labour, forced labour and human trafficking, and addresses the risk of this occurring within its own workforce and value chain.

4.4. Cooperation with own workforce

XANO Group operates under a decentralised management model, where dialogue and engagement with employees occur close to the operations. The perspectives of our own workforce are continuously taken into account in decisions and activities relating to health and safety, working conditions, skills development and organisational changes.

Engagement mainly takes place in the individual Group companies and includes workplace meetings, safety inspections, development discussions, employee surveys, dialogue with safety representatives and local cooperation groups. Dialogue occurs continuously throughout the year and at multiple stages of the decision-making process, including during planning of organisational changes, conducting occupational health and safety risk assessments, and in the design and follow-up of local plans for health and safety, skills development, and equal opportunities.

Operational responsibility for ensuring that dialogue takes place lies with Group company management, usually the CEO,

ing opportunities to enhance competitiveness through training initiatives, modern working methods, and improved working conditions.

The ongoing transition towards more energy-efficient and climate-friendly production processes may lead to changes in skills requirements and new ways of working, but is not expected to have any significant negative consequences for the workforce. Instead, the transition is expected to contribute to safer working environments and strengthened technical expertise over time.

Efforts to engage and involve employees are mainly carried out in the individual Group companies through established forms of dialogue such as workplace meetings, employee performance reviews, surveys and local cooperation structures. Non-compliance management and access to corrective measures are ensured through the Group's whistleblower function and local HR procedures.

Health and safety are maintained through structured occupational health and safety programmes and annually updated local health and safety plans within our own operations, in line with the minimum requirements outlined in the Sustainability Roadmap. The Code of Conduct also prohibits discrimination based on nationality, skin colour, pregnancy, religion, caste, ethnicity, gender, gender identity, age, marital status, sexual orientation, illness, disability, or trade union and political affiliation, and forbids harassment and abuse in all areas of the business. Equal opportunities and non-discrimination are promoted through requirements for annually updated local plans for equality and equal treatment, which include risk analysis, activities and follow-up.

Compliance with the policy is ensured through established procedures for implementation, monitoring, and the management of incidents and discrepancies across the organisation. The division of responsibility for the Group's policies and governance documents is described in the Sustainability Notes, *Note 4*.

HR manager or production manager, depending on the size and structure of the business.

The Group does not have any global framework agreements on working conditions and human rights, or other central agreements with employee organisations beyond national legislation and local collective agreements.

The effectiveness of the dialogue is assessed locally in each Group company by monitoring the results of employee surveys, work environment measurements, safety inspections, employee turnover and the outcome of local action plans in the areas of health and safety, skills development and equal opportunities.

Perspectives from employees who may be particularly vulnerable or marginalised are captured within the framework of the regular dialogue and follow-up processes. This work is complemented by activities linked to each subsidiary's equal opportunities plan, in which the companies analyse gender equality, representation and any obstacles for different groups, and describe how employees are involved in this work.

4.5. Complaints channels

The framework for identifying, managing, and addressing situations in which Group companies may have caused or contributed to adverse impacts on their own workforce is based on XANO's decentralised governance model. The general approach is based on handling such situations as close to the business as possible through local HR processes, occupational health and safety procedures, dialogue with the employees concerned, and action plans within the framework of occupational health and safety work.

The Group companies provide several channels through which employees can express their views, report non-conformities or raise issues. These include local HR functions, line managers, safety organisations and trade union representatives. In addition to the local channels, the Group provides a whistleblower function that enables anonymous reporting via an external party.

The Group has established mechanisms for receiving and handling complaints and incidents related to employee issues, both formally through the whistleblower function and informally through local reporting channels. Access to these channels is ensured through local induction procedures, information in staff handbooks, digital platforms and internal communications. Cases received through regular local channels are managed by the

respective Group companies in accordance with their procedures for registration, investigation, documentation, and follow-up of corrective measures. Cases reported via the whistleblower function are initially received and assessed by an external party and the Group's central functions, after which they are, where relevant, handed over to the relevant local organisation for further processing. Assessments of how the channels work are made indirectly based on the ongoing handling of cases and the insights generated through regular health and safety and HR processes, rather than through any specific evaluation methods.

The Group obtains indications of employees' awareness of and confidence in the channels through regular dialogue within the business and through experience gained from managing incoming cases. There is no specific evaluation process for this.

The Code of Conduct contains an explicit prohibition against reprisals in connection with trade union involvement. There is no specific policy governing protection against reprisals for employees using the Group's complaint or whistleblower channels. However, this risk is managed through the whistleblower function, which allows anonymous reporting via an external party, and by ensuring that all cases are treated confidentially.

4.6. Management related to own workforce

4.6.1. Actions and resources

XANO works systematically to identify, manage and follow up on material negative and positive impacts, as well as risks and opportunities related to its own workforce. Action plans and resources in this area are governed by local legislation, established health and safety and HR processes in each business, and any certified management systems, such as ISO standards. The Group's Sustainability Roadmap complements this by requiring each Group company to draw up and follow up on local plans for health and safety, skills development and equal opportunities on an annual basis. The Code of Conduct provides an overall framework for expected behaviour and responsibility, but does not regulate how action plans are designed.

The measures described in this section constitute the Group's central and recurring key measures for its own workforce. The measures are primarily ongoing and are implemented continuously within the framework of regular health and safety and HR processes across all Group companies, in accordance with the Code of Conduct and the requirements of the Sustainability Roadmap. Follow-up and further development take place annually through local plans and group-wide follow-up, rather than through time-limited projects with fixed end dates.

Local action plans and activities aim to prevent or reduce negative impacts and risks such as workplace accidents, strain-related ill health and risks linked to gender imbalance and skills shortages. Examples of completed or ongoing measures include workplace inspections, risk assessments, ergonomic improvements, investments in machine safety and follow-up of occupational injuries.

In cases where the Group has caused or contributed to an actual negative impact on employees, the matter is addressed

through established HR processes and work environment procedures, with corrective measures applied where necessary, such as rehabilitation support or redeployment solutions. In addition to preventing negative impacts, initiatives are also implemented with the aim of creating positive effects for the company's own workforce, such as skills development initiatives, leadership programmes, improved induction processes and activities related to gender equality and inclusion.

The impact of these measures is monitored locally through regular work environment and HR procedures, such as employee surveys, health and safety inspections, monitoring of sick leave, and incident and near-miss reporting. Group companies are responsible for annually evaluating and updating their plans for occupational health and safety, skills development and equal opportunities. At Group level, progress is monitored through reporting in the sustainability system and through ongoing follow-up within the framework of established governance processes. This serves as a foundation for assessing results and identifying the need for further measures or improvements.

The Group-wide work to identify and implement measures is based on the Sustainability Roadmap, which sets out the framework for how the Group's material negative impacts, risks and opportunities are to be managed. Group companies implement these requirements in practice by drawing up and following up local plans. Additional relevant measures are identified and implemented locally within the framework of regular health and safety and HR processes. These processes are used to determine which measures are proportionate in relation to identified actual or potential negative impacts, and to plan and implement measures that address material risks related to occupational health and

safety, skills supply and working conditions. At the same time, activities are being carried out that aim to capitalise on opportunities, such as initiatives in skills development, leadership and equal opportunities, which help to strengthen the Group's long-term ability to attract, develop and retain employees. Monitoring and follow-up take place at both local and Group levels, guided by established indicators and integrated into regular governance and oversight processes.

To prevent our operations from causing or contributing to negative impacts, requirements are in place for safe working procedures, structured occupational health and safety efforts, annual local follow-ups, skills development, and gender equality initiatives.

Compliance is ensured through management at Group company level and the Group's monitoring framework.

Resources for managing material impacts, risks and opportunities are allocated by each Group company being responsible for staffing, competence and budget for HR processes, occupational health and safety, training, leadership and local plans for health and safety, skills development and equal opportunities. The Group's management functions provide support, guidelines and ensure follow-up.

The main expected results of the measures implemented are a reduced risk of accidents, improved occupational health and safety, a stronger supply of skilled labour and an increased ability to attract and retain employees.

4.6.2. Targets and monitoring

Targets and follow-up structures for managing material impacts, risks and opportunities linked to our own workforce are handled within the framework of the Group's Sustainability Roadmap. The targets in the Sustainability Roadmap are set to put the Group's workforce-related policies into practice and to monitor how well they contribute to managing identified impacts, risks and opportunities related to its own workforce. The objectives set cover occupational health and safety, skills development and equal opportunities. In formulating the targets, consideration has also been given to relevant national labour law frameworks, EU legislation, and international guidelines such as the ILO Core Conventions and the OECD Guidelines for Multinational Enterprises. Follow-up is conducted through reporting in the Group's sustainability reporting system, via internal controls, and within the framework of regular governance and monitoring processes. These processes are grounded in established health and safety and HR procedures within the Group companies, ensuring that

employee perspectives are considered in regular follow-up. A detailed overview of the labour-related objectives in the Sustainability Roadmap, as well as an evaluation of the year's results and target fulfilment, can be found in the Sustainability Notes, *Note 3*.

The targets in the Group's Sustainability Roadmap were set at central level without formal involvement from workers' representatives. However, when the objectives were formulated, a stakeholder analysis was conducted involving employees from several Group companies, whose insights were incorporated into the process.

Lessons learned and areas for improvement are identified through employee survey results, incident follow-ups, qualitative dialogues, and evaluations of activities outlined in the subsidiaries' local plans. These insights are used to adjust goals and activities for the coming year and ensure that they remain relevant and effective.

4.6.3. Data reporting

NUMBER OF EMPLOYEES (FTEs ON CLOSING DAY)	WOMEN	MEN	TOTAL
Total number of employees	211	1,144	1,355
Sweden	128	541	669
The Netherlands	17	190	207
Denmark	22	166	188
Other countries	44	247	291

The table presents detailed data only for those countries where the number of employees amounts to at least 50 and simultaneously represents at least 10 per cent of the Group's total number of employees. See Note 8 for a description of the accounting policies applied.

TYPE OF EMPLOYMENT (AVERAGE NUMBER)	PERMANENT STAFF		FIXED-TERM STAFF		STAFF WITHOUT GUARANTEED WORKING HOURS		TOTAL
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	
Sweden	98	513	6	33	1	5	656
The Netherlands	27	144	4	23	0	1	199
Denmark	29	155	2	10	0	0	196
Other countries	42	219	5	25	0	0	291
Total	196	1,031	17	91	1	6	1,342

The gender distribution within each employment category has been calculated proportionally based on the Group's total reported gender distribution.

Employee turnover	2025
Total employee turnover (number)	252
Employee turnover rate (%)	19%

Age breakdown (headcount as of the last day)	2025
16–25 years	82
26–35 years	270
36–45 years	286
46–55 years	345
56 and older	394
Total	1,377

OCCUPATIONAL HEALTH AND SAFETY	EMPLOYEES	NON-EMPLOYEES
Number of people covered by the occupational health and safety programme	1,355	85
Percentage covered by the occupational health and safety programme	100%	79%
Number of work-related accidents	44	2
Workdays lost to work-related injuries and ill health	876	4
Accident frequency rate (number/1 million hours worked)	17.7	23.2
Number of fatalities resulting from work-related injuries or ill health	0	0

GENDER PAY GAP (%)	2025
Sweden	1.9%
The Netherlands	10.3%
Denmark	16.8%
Other countries	-6.4%
Total	11.4%

Based on average hourly wages. Further information can be found in Note 8.

REMUNERATION RATIO	2025
Total remuneration for the highest-paid individual (TSEK)	14,313
Median annual salary (TSEK)	495
Remuneration ratio	28.9

Based on average hourly wages. Further information can be found in Note 8.

DISCRIMINATION AND FORMAL COMPLAINTS	NUMBER / AMOUNT
Reported cases of discrimination	3
Complaints filed through internal channels	3
Antal klagomål till nationella kontaktpunkter (OECD NCP)	0
Fines, penalties and compensation for damages as a result of discrimination (SEK)	0

5. S2 – Workers in the value chain

5.1. Introduction

XANO addresses sustainability matters in various ways across the value chain and sees transparency and responsible business relationships as a central part of its sustainability work. The topic Workers in the value chain (S2) has been identified as material to the Group in the double materiality assessment. However, for

the 2025 financial year, the Group will apply the option to report only the information required under ESRS 2, paragraph 17, in accordance with the applicable transitional rules. See *Note 1 – Application of transitional rules* in the Sustainability Notes for a full description.

5.2. Impacts, risks and opportunities

As part of the double materiality assessment, impacts, risks and opportunities (IROs) linked to workers in the value chain, as well as their impact on the Group's operations, strategy and business model, have been analysed. The methodology and results are described in section 1.3. Based on this process, three matters have been assessed as material to the topic of *Workers in the value chain*:

- » **Working conditions – Health and safety:** risk of health and safety-related discrepancies upstream in the value chain
- » **Other work-related rights – Child labour:** risk of the use of child labour in the extraction of raw materials
- » **Other work-related rights – Forced labour:** risk of forced labour in raw material extraction and material production

While the practical risk of child labour and forced labour is low and primarily arises far upstream in the value chain, where the Group's influence is limited, these matters have been deemed material. This is in line with ESRS requirements to consider matters where potential negative consequences are serious, irreversible, or affect vulnerable groups, even when the probability is low and the impact lies beyond the direct control of the Group's own operations.

The Group's business model involves extensive purchases of metals, electronics and plastics, which entails exposure to high-risk segments in the value chain. The strategy for purchasing and supplier management is therefore designed to take human rights and working conditions into account throughout the supply chain.

5.3. Policies for workers in the value chain

The work is governed by the Group's Code of Conduct, which includes requirements related to human rights, prohibition of child labour and forced labour, and basic health and safety require-

ments. The Group's Sustainability Roadmap contains targets and guidance related to these matters and thus serves as a guide for the specific activities carried out in supplier management.

5.4. Governance related to workers in the value chain

5.4.1. Actions

The Group uses risk-based supplier assessment, contractual requirements, monitoring and dialogue to identify, prevent and mitigate negative impacts in the value chain. An important part of this work is the close and direct personal contact that Group companies have with their suppliers, which contributes to increased transparency and understanding of local working conditions and makes it possible to identify potential risks at an early stage.

During the reporting year, work on risk-based supplier assessment was strengthened through the gradual introduction of the Group's requirements and working methods at subsidiary level, including increased use of the Code of Conduct in supplier dialogues and in new business relationships.

5.4.2. Targets and monitoring

The Group has established two ongoing objectives to ensure a systematic approach to managing worker-related risks within the value chain. These stipulate that at least 80 per cent of the purchasing volume must be covered by the Group's Code of Conduct, and that Group companies must annually identify any high-risk suppliers and take proportionate action with respect to them. The targets are not time-bound with a specific end date, but serve as ongoing performance targets, monitored annually in accordance with the Sustainability Roadmap.

To monitor these targets, Group companies report the proportion of purchasing volume covered by the Group's Code of

Conduct, the number of identified high-risk suppliers, and the share of such suppliers where corrective measures have been implemented. The Group does not currently follow any additional quantitative key performance indicators for the S2 area, as existing metrics are considered to be appropriate for the objectives that apply during the phase-in period.

The 2025 follow-up indicates improvements in the coverage of the Code of Conduct and in the identification and management of high-risk suppliers, although opportunities for further improvement remain.

6. G1 – Business conduct

6.1. Introduction

Responsible Business Conduct is a priority area at XANO and a core element of the Group's efforts to advance sustainable business practices. The Board and Group management have overall responsibility for business ethics, anti-corruption and maintaining a good business culture. The Board and Group management bring extensive and relevant experience across key areas of responsible business conduct, including corporate governance, industrial development, finance, business development, internal control, and sustainability.

Many of the Board members and senior management team have extensive experience from leading positions in international industrial groups, as well as backgrounds in accounting, auditing, risk management and regulatory matters. This collective expertise ensures that the Group has sufficient capacity to manage, monitor and follow up on key matters relating to business ethics, anti-corruption and fair business practices, and to integrate these into the Group's internal governance.

6.2. Impacts, risks and opportunities

TOPIC	TYPE	IRO	VALUE CHAIN	TIME HORIZON
Corporate culture	▽	Active efforts to foster an ethical business culture throughout the entire group enhance our brand awareness and can lead to stronger relationships with customers and other stakeholders.	◀ ■	Short-term Medium-term Long-term
Protection of whistle-blowers	⊖	There is a risk that we or any of our subsidiaries do not have the right routines nor systems in place to ensure whistle-blowers know how to report, and can report anonymously, easily and in their own language.	■	Short-term Medium-term
Corruption and bribery - Prevention and detection including training	⊖	There is a risk that we or any of our subsidiaries do not have the right routines nor systems in place to prevent and detect corruption and bribery in our own operations.	■	Short-term Medium-term
Corruption and bribery - Incidents	⊖	Risk of corruption and bribery upstream in the supply chain, such as during raw material extraction or in the production of materials and components used in our products.	▶	Medium-term Long-term
	⊖	Risk of corruption and bribery in the operations of any of the companies in the Group.	■	Medium-term
	▽	Risk that incidents of corruption or bribery in our own operations or upstreams in the value chain lead to reputational damage and consequently lost business opportunities.	■ ▶	Medium-term

Type

- ⊕ Faktisk positiv inverkan
- ⊖ Faktisk negativ inverkan
- ▽ Möjlighet
- ⊕ Potentiell positiv inverkan
- ⊖ Potentiell negativ inverkan
- ▽ Risk

Value chain

- ◀ Nedströms
- Egna verksamheten
- ▶ Uppströms

XANO Group operates in industries and geographies where there are external and operational risk factors related to business ethics. Material risks mainly relate to exposure in purchasing and sales processes, limited transparency in parts of the supply chain, and the potential for external parties' lack of business ethics to negatively impact operations. This may include risks such as cor-

ruption, insufficient reporting of discrepancies, and the potential for poor business conduct within the value chain to undermine trust and business relationships. A strong focus on corporate culture and business ethics creates opportunities for enhancing the brand and strengthening long-term relationships.

6.3. Policies for responsible business conduct

The Group's Code of Conduct is the central governing document for business ethics and anti-corruption and applies to all companies within the Group. The Code of Conduct is consistent with the Swedish Anti-Corruption Institute's code against corruption in business, which is applied as a supplementary framework for the governance of gifts, rewards, and other business-related benefits.

Responsibility for implementing and complying with the Code of Conduct lies with the CEO of each Group company, in accordance with the Group's governance model. The Group has established mechanisms to identify, report, and address any violations of the Code of Conduct, including routine governance and follow-up processes, as well as an independent whistleblower service.

Incoming cases are handled by independent functions and can be escalated to Group management if necessary. The Group

primarily communicates the Code of Conduct to the MDs of the respective Group companies in connection with their induction and through the Group-wide platform for governance documents. Within local organisations, the policy is communicated through internal processes and systems, and by making the Code of Conduct a mandatory appendix to all new employment contracts.

The Group ensures the protection of whistle-blowers through established procedures and processes and in accordance with the requirements of Swedish Whistleblower Act.

Corporate functions with an increased risk of misconduct include purchasing, sales and marketing, as well as other roles involving external business contacts. These functions are addressed through the Sustainability Roadmap's goal of annual anti-corruption training for all employees who come into contact with customers and/or suppliers

6.4. Governance related to responsible business conduct

XANO continuously works to build and strengthen a shared corporate culture that fosters ethical and responsible behaviour. This is achieved through leadership training, regular dialogues within business units, and monitoring of internal guidelines and

work practices. The aim of this work is to ensure that the Group's values and expectations are integrated into day-to-day operations.

6.4.1. Relationships with suppliers and business partners

XANO requires its suppliers to adhere to the Group's Code of Conduct, and Group companies conduct risk-based monitoring of supplier compliance. Supplier work includes activities such as self-assessments, dialogue and assessment based on geographical and operational risks, as well as other sustainability-related risks. Social and environmental criteria are taken into account in the risk assessment and may influence the choice of suppliers where relevant.

Group companies work to ensure that invoices are paid on time and in accordance with the terms of the contracts signed. This covers all suppliers, including small and medium-sized enterprises. This is managed by Group companies through adherence to good business practices and maintaining strong payment readiness.

6.4.2. Training and skills development

Employees who have contact with customers and/or suppliers, including management positions, undergo annual anti-corruption training via a web-based training programme developed by an independent third party with special expertise in anti-corruption. The course covers all corporate functions identified as having an increased risk of exposure to corruption and bribery. The course provides a basic and practical overview of what bribery and corruption entail in a business context, relevant legal requirements, common risk situations, and how to identify, handle and report suspicious situations in accordance with the Group's policies and expected business conduct.

The course covers all corporate functions that are considered to have an increased risk of exposure to corruption and bribery, such as purchasing, sales and other roles involving external business contacts, which means that all identified risk functions are covered by the training programme.

Board members are responsible for ensuring that they have the relevant expertise in business ethics and anti-corruption necessary to perform their duties. This can be achieved through participation in training courses within the framework of other assignments or through other relevant skills development.

6.4.3. Ethical Business Conduct

Within XANO Group, suspected incidents of corruption or other misconduct are primarily handled through the independent whistleblower service and the procedures linked to it. As part of our preventive work, risks are identified and managed on an ongoing basis through regular governance, including risk-based monitoring of suppliers, training initiatives for risk-exposed functions and a strong focus on corporate culture and business ethics.

Cases submitted through the external whistleblower service are initially received and assessed by an independent party, who ensures that the report falls within the scope of whistleblower legislation and determines whether it should be handled through the whistleblower function. The case is then, where appropriate, referred to the Group's Parent Company for further assessment and decision on actions to be taken. The Parent Company can involve additional external expertise or transfer the matter to the relevant Group company when appropriate. This structure

ensures an objective and independent investigation process. In addition, discrepancies and suspected incidents can be identified through routine governance processes, such as business reviews or board meetings. Results and significant observations are reported to Group Management and, where necessary, to the Board of Directors. The Group undertakes to investigate matters quickly, correctly and impartially, in accordance with the established processes.

During the year, one report was received through the Group's external whistleblower function; it was assessed not to meet the legal definition of a whistleblowing case. All cases have been processed and closed. No incidents of corruption, bribery or violations of anti-corruption legislation have been confirmed within the Group.

No disciplinary measures have been taken, and no legal proceedings related to corruption or bribery have been initiated.

6.4.4. Targets and monitoring

XANO Group's Sustainability Roadmap includes targets for business ethics and anti-corruption, including annual training for corporate functions exposed to elevated corruption and ethics risks, zero tolerance for ethical violations, and risk-based monitoring of suppliers. The Roadmap also includes targets to ensure that Group companies' suppliers confirm and comply with the Code of Conduct, and that appropriate measures are taken for suppliers with an elevated risk of ethical misconduct. The Code of Conduct states that it must be attached to all new employment contracts and, as such, form a mandatory part of the induction process for new employees. A detailed overview of the targets related to the Sustainability Roadmap can be found in the Sustainability Notes, Note 3.

In accordance with the Group's decentralised governance model, each Group company, under the leadership of its respective CEO, is responsible for implementing these objectives in practice and ensuring compliance with the Group's principles within its own operations. Monitoring of target fulfilment and compliance is carried out through the Group's regular reporting and monitoring processes, in which resources, risks and preventive measures are evaluated on an ongoing basis.

The Group's established policy framework, training programmes and whistleblowing function serve as common governance mechanisms that support Group companies in their efforts to prevent negative impacts. A strong emphasis on corporate culture and business ethics also creates opportunities, including a stronger brand, enhanced trust, and long-term relationships.

EU Taxonomy

EU Taxonomy regulation

The EU Taxonomy Regulation is part of the EU's framework for sustainable finance and aims to classify economic activities carried out within the EU based on their environmental sustainability. The aim is to enhance transparency in the capital markets and facilitate investment in economic activities that contribute to the EU's net-zero emissions target for 2050, as well as other EU environmental objectives.

Reporting occurs in accordance with Article 8 of the Taxonomy Regulation and associated delegated acts.

Identification of economic activities

During the 2025 financial year, the Group conducted a review of its operations in relation to all six of the taxonomy's environmental objectives. The review was carried out for each subsidiary and each environmental objective and documented internally.

The following activity categories were identified as potentially taxonomy-eligible under the Taxonomy regulation:

- » Manufacture of components for vehicles and mobility
- » Treatment of stormwater and wastewater in urban systems
- » Construction, expansion and operation of systems for the collection, purification and distribution of water
- » Provision of IT/OT data-driven solutions
- » Repair, renovation & remanufacturing

Other areas of the Group's operations have been assessed as falling outside the sectors and activities defined in the taxonomy. This assessment is based on the fact that approximately 50 per cent of the business consists of customised contract manufacturing, which in many cases does not directly correspond to any of the economic activities specified in the delegated acts.

A corresponding analysis has been carried out for the remaining parts of the business, and these have not been identified as falling within the scope of the taxonomy's specified activities, as they mainly relate to specialised industrial components and solutions that do not fall within the sectors and technical screening criteria specified in the regulations.

Materiality thresholds applied

The Group has applied a cumulative threshold of 10 per cent per indicator (turnover, capital expenditure and operating expenditure) to identify which economic activities are considered material for the purposes of assessing taxonomy eligibility and taxonomy alignment.

The total share of taxonomy-eligible turnover is less than 10 per cent of the Group's total turnover for the financial year 2025. Information on revenue is presented in the Group's income statement on page 69.

A similar assessment has been carried out for capital expenditure and operating expenditure. Identified taxonomy-eligible activities are not associated with significant investments or operating costs during the year.

Assessment of capital expenditure and operating expenditure

Capital expenditure is defined in accordance with the Taxonomy Regulation and comprises additions to tangible and intangible fixed assets during the financial year, including right-of-use assets. The amounts are disclosed in Note 15 on pages 80–81 as acquisitions and reclassifications for completed intangible assets (excluding goodwill), tangible assets, and right-of-use assets.

All additional investments during the year, including new right-of-use assets, have been assessed in relation to the activities defined in the Taxonomy. None of this year's investments have been classified as attributable to a taxonomy-eligible activity to an extent that meets the applicable materiality threshold.

Reported operating expenses include direct non-capitalized costs related to research and development, building renovations, short-term leases, and maintenance and repairs. All of these cost categories have been assessed in relation to identified taxonomy-eligible activities, and none have been considered significantly attributable to such activities.

Comparison with the previous period

The methodology for identifying and assessing taxonomy-eligible activities has remained unchanged compared with the previous financial year. No major changes have been made to the structure of the business or investment profile that would affect the taxonomy outcome. The outcome for 2025 is therefore essentially comparable with that of the previous year.

The Group did not identify or report any taxonomy-aligned activities during the 2024 financial year.

Analysis of the outcome

At present, the Group's operations are covered by the taxonomy to a very limited extent. A significant part of the Group's operations is conducted in the form of customised manufacturing. Sustainability work within the Group is largely integrated into the business model and conducted through close collaboration with customers, where technical expertise, development partnerships, and process efficiency help support customers' transition and sustainability objectives. Regardless of the extent to which its operations are classified under the Taxonomy, XANO Group continuously works to enhance its sustainability performance and long-term competitiveness across all relevant areas.

Reporting of key performance indicators under the Taxonomy

KPI (1)	Total (2)	Breakdown by environmental objectives of Taxonomy-aligned activities										Proportion of enabling activities (12)	Proportion of transitional activities (13)	Not assessed activities considered non-material (14)	Taxonomy-aligned activities in previous financial year 2024 (15)	Proportion of Taxonomy-aligned activities in previous financial year 2024 (16)	
		Proportion of Taxonomy-aligned activities (3)	Taxonomy-aligned activities (4)	Proportion of Taxonomy-aligned activities (5)	Climate Change Mitigation (6)	Climate Change Adaptation (7)	Water (8)	Circular Economy (9)	Pollution (10)	Biodiversity (11)							
	TSEK	%	TSEK	%	%	%	%	%	%	%	%	%	%	TSEK	%		
Turnover	3,401,602	0.0	0	0.0	–	–	–	–	–	–	–	–	–	–	3.3	0	0.0
CapEx	149,045	0.0	0	0.0	–	–	–	–	–	–	–	–	–	–	1.4	0	0.0
OpEx	19,399	0.0	0	0.0	–	–	–	–	–	–	–	–	–	–	2.3	0	0.0

Sustainability Notes

NOTE 1 General reporting principles

VALUE CHAIN METRICS AND ESTIMATES

Some metrics include value chain data which has been estimated using indirect sources. Calculations follow the GHG Protocol and use a combination of primary data (supplier-specific), where available, and secondary data (industry databases, public sources and established emission factors). For each key figure, the methods of calculation, underlying assumptions, sources of uncertainty, and estimated precision are disclosed in the relevant subject note (primarily E1).

The Group continuously works to improve data quality through measures such as expanded supplier dialogue and improved system support, thereby aiming to increase the proportion of primary data and reduce uncertainty over time.

CHANGES TO THE PREPARATION AND PRESENTATION OF SUSTAINABILITY INFORMATION COMPARED TO THE PREVIOUS REPORTING PERIOD

This year's Sustainability Report is the Group's first to be fully prepared in accordance with the ESRS. The 2024 report was designed using ESRS as a guiding framework and was primarily updated to achieve compliance with applicable ESRS standards. An ESRS index has been added to cross-reference each disclosure requirement with its corresponding location in the Sustainability Report.

The preparation of this year's Sustainability Report has resulted in the following updates:

- » Enhanced value chain data where relevant, including additional subcategories within Scope 3, and a clarified calculation hierarchy in accordance with the GHG Protocol.
- » Updated emission factors and assumptions where deemed relevant and where data was available.
- » Clarified system boundaries and methods per key figure in the Notes section, as well as a description of the level of metric uncertainty and planned improvements.

Topic-specific details, including instances where comparative figures cannot be adjusted, differences between previously reported and adjusted comparative figures, the nature of any material errors from previous periods, corrections included for previous periods, and explanations where correction is not practicable, are disclosed in the relevant notes (E1, E5, S1, S2).

Comparative figures for 2024 have been restated for reported energy consumption and the associated greenhouse gas emissions. The restatement is described in *Note 6 Climate Change – Energy consumption and energy mix*, as well as *Scope 2*.

TIME HORIZONS

The following definitions, in accordance with the ESRS, are used consistently throughout the Sustainability Report for the short, medium, and long term:

- » **Short-term:** The period adopted by the undertaking as the reporting period.
- » **Medium-term:** The period from the end of the short-term reporting period up to 5 years.
- » **Long-term:** The period of more than five years from the end of the medium-term reporting period.

OMISSIONS IN ACCORDANCE WITH ESRS 2 BP-1

To the extent permitted by national law, XANO has not applied any omissions during the reporting year, including:

- » the exemption from disclosing forthcoming events or ongoing negotiations pursuant to Article 19a.3/29a.3 of Directive 2013/34/EU; and
- » the possibility of omitting information to protect intellectual property, know-how, or results of innovation.

APPLICATION OF TRANSITIONAL RULES

The Group applies transitional rules that allow certain disclosures to be omitted during the first reporting years.

For environmental standards E1 and E5, the transitional rules mean that no information on expected financial effects according to the data points associated with E1-9 and E5-6 will be reported for the financial years 2025 and 2026.

Within ESRS S1, transitional rules apply to data points S1-12, S1-13, S1-14_06–S1-14_09 and S1-15. These are therefore not included in this year's reporting.

The Group also applies the general transition rule for ESRS S2 – Workers in the value chain, which means that no detailed data points according to S2 are reported for the financial years 2025 and 2026. However, the qualitative disclosures required under ESRS 2 are included, including an overview of material risks in the value chain and the processes used by the Group to identify and manage these risks.

The above disclosures will remain valid following the end of the transition periods.

ESRS INDEX (SUMMARY)

This Sustainability Report meets the disclosure requirements of ESRS 2 and the topic standards E1, E5, S1, S2, and G1, in accordance with the outcome of the double materiality assessment. A complete list of applicable disclosure requirements with page references is presented in the ESRS index on pages 152–154.

INFORMATION DERIVED FROM OTHER LEGISLATION

This Sustainability Report has been prepared in accordance with CSRD/ESRS. In addition to the CSRD/ESRS, this report also includes disclosures according to the table *List of datapoints derived from other EU legislation* on page 151.

OTHER APPLIED FRAMEWORKS: GHG PROTOCOL

XANO Group calculates and reports greenhouse gas (GHG) emissions in accordance with the GHG Protocol for Scope 1, Scope 2, and relevant Scope 3 categories. Organisational delimitation is based on operational control. For Scope 2, both location-based and market-based emissions are reported, while Scope 3 covers the categories identified as material. Method, system boundaries, data sources, and assumptions are specified by category in *Note 6 – Climate change*.

STANDARDS APPLIED:

- » Corporate Accounting and Reporting Standard (Revised)
- » Scope 2 Guidance (2015)
- » Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)
- » Technical Guidance for Calculating Scope 3 Emissions (2013)

CURRENCY AND ROUNDING

Amounts are reported in the same currency as in the Group's financial reporting. Due to rounding, individual amounts and percentages may not precisely sum to the reported total. Any deviations are reported with the corresponding information.

INFORMATION INCORPORATED BY REFERENCE

The following information is incorporated by reference:

- » **ESRS 2, GOV-1 §22(a):** Identity and composition of the Board of Directors and Group Management: see pages 160–161.
- » **GOV-3:** See the Remuneration Report, published on the website <https://xano.se/en/>.

NOTE 2 Double materiality assessment

METHOD AND DETERMINATION OF MATERIAL INFORMATION

The information disclosed in this report is based on the outcomes of the 2025 double materiality assessment. The assessment complies with ESRS 1 and covers the identification, assessment, prioritisation, and follow-up of actual and potential impacts, risks, and opportunities in our operations and throughout the upstream and downstream value chain.

Where primary data is unavailable, the assessment is based on documented assumptions and proxy data – such as industry benchmarks, emission factors and estimated usage profiles. Data sources, assumptions, limitations and uncertainties are documented for traceability and verification purposes.

Input data includes emissions data (Scope 1–3), energy statistics, material and waste flows, supplier audits (surveys and follow-ups), health and safety and HR data, customer requirements and regulatory drivers, as well as established emission factors and allocation keys. Sources and parameters are updated annually.

The materiality assessment covers the upstream value chain (commodities/components/transport), own operations (energy, health and safety, offcuts) and the downstream value chain (use, service, end of life). Particular focus is placed on the procurement of materials and components in high-risk geographies and industries, where enhanced due diligence and monitoring are conducted.

Currently, the assessment of risks in the value chain is based on collective knowledge within the Group, including information gathered from Group companies during the double materiality assessment and through ongoing dialogues among business unit managers, the corporate sustainability function, and Group management. From 2026 onwards, plans are in place to systematise this work through a Group-wide risk assessment tool based on external indices measuring country, material, and industry risk. The tool will be used by individual Group companies to identify suppliers with elevated risk, and the results will be integrated into the double materiality assessment to serve as a basis for prioritising and following up on relevant impacts, risks and opportunities (IROs).

Stakeholders are involved via dialogues, surveys, and workshops, and where necessary, the underlying information is supported with input from external experts. Stakeholder insights are logged in the materiality tool and influence prioritisation. (*For a detailed description, see section 1.2.5. Stakeholder commitments*).

ASSESSMENT CRITERIA

Each topic has been assessed based on relevant impacts, risks, and opportunities, divided into impact materiality and financial materiality, using a five-point scoring system.

Negative impacts are assessed based on severity using the criteria of magnitude, scope, irreversibility, and likelihood, while positive impacts are assessed based on magnitude, scope, and probability. For risks and opportunities with financial effects, the criteria of consequence and likelihood are assessed. The assessment also covers potential impacts on investments and cash flows. Classification is documented per IRO and monitored continuously, with a formal review at least annually within the planning cycle.

The quantitative thresholds used to assess financial materiality at Group level relate to the impact on earnings and are based on consequence intervals in the range of < SEK 5 million, SEK 5–20 million, SEK 20–35 million, SEK 35–50 million and > SEK 50 million, combined with likelihood levels of 0–24%, 25–49%, 50–74%, 75–99% and 100%.

For qualitative calibration, factors such as the proportion of the Group's turnover or operations that may be affected, geographical exposure, the relevance of the business model, and alignment with XANO's long-term priorities and stakeholder expectations are also considered.

IROs identified as negative impacts are additionally evaluated for their connection to human rights. Where such a link is identified, the principle that severity may outweigh likelihood is applied, except when the probability is considered extremely low.

This combination of quantitative and qualitative assessment means that IROs with the same score may in some cases receive different final classifications, depending on the context and overall assessment.

Where applicable, the double materiality assessment considers the relationship between material impacts and dependencies, as well as associated risks and opportunities. These factors inform the prioritisation and selection of appropriate measures.

REPORTING OF TOPICS DEEMED NOT MATERIAL

TOPIC	REASONING
E2 – Pollution	A review of emissions to air, water, and soil in our own processes and across the supply chain indicates low volumes, below both legal requirements and internal thresholds. No high-risk geographies or substance profiles were identified.
E3 – Water and marine resources	Operations are not water-intensive and are not located in areas of water stress. No material impact thresholds were reached upstream, in our own operations, or downstream.
E4 – Biodiversity and ecosystems	No direct land conversion or proximity to protected/sensitive areas; indirect dependencies were not deemed to exceed the materiality threshold.
S3 – Affected communities	Given the nature and geographical location of the business, no significant impacts on local communities have been identified. Assessments are conducted in connection with new establishments or acquisitions.
S4 – Consumers and end-users	XANO operates primarily in the B2B sector; product use is industrial and regulated, with no significant end-user risks related to health/safety, labelling or data protection.

The following topic standards are considered material and are disclosed in the corresponding sections of the main report and Sustainability Notes: E1 – Climate change, E5 – Resource use and circular economy, S1 – Own workforce, S2 – Workers in the value chain and G1 – Business conduct.

NOTE 3 XANO Sustainability Roadmap

The Group's Sustainability Roadmap is a central part of the overall business strategy and focuses on creating measurable sustainability results. Through a combination of internal controls and external collaboration, XANO strives to become a market leader in sustainable business conduct, with clear targets and time frames for reducing environmental impact, strengthening social responsibility, and driving responsible business practices. The majority of the targets extend to 2030, with interim targets for 2026 and 2028.

Continuous monitoring and control ensure that the Group's sustainability targets are met in line with the business strategy and stakeholder expectations.

The strategy is built on three pillars:

- » **Sustaining the planet:** Focus on environmental impact, energy efficiency and material use.
- » **Owning social responsibility:** Employee well-being, diversity in the organisation and working conditions in the value chain.
- » **Driving sustainable business:** Circular business models, innovation and ethical business practices.

Each area contains specific targets with clear time frames and measurable key performance indicators.

FOCUS AREAS AND TARGETS

SUSTAINING THE PLANET

Purpose: To reduce negative environmental impacts through more efficient use of resources and reduced climate emissions.

FOCUS AREA	TARGET	OUTCOME 2025 (BASE YEAR 2024)
Sustainable materials	Increase the use of sustainable materials and components to 30% in 2030	13% of total reported purchases of materials and components (in tonnes)
Energy use	50% reduction of emissions from purchased electricity in 2030	0% decrease/increase
	50% reduction of emissions from oil and gas in 2030	19% increase
Transport	30% reduced emissions from transportation and business travel in 2030	10% decrease
Waste as a resource	40% reduction of production waste in 2030	11% decrease

Connection to stakeholders, policies and material IROs:

- » Affected stakeholders: suppliers, customers, shareholders, society and the Planet.
- » This topic is also regulated by the Group's Environmental Policy.
- » Related material impacts include extreme weather and increased energy costs that may affect the supply chain, as well as Greenhouse gas emissions in Scope 1, 2 and 3.

During 2025, the Group has seen positive developments in certain climate-related areas, while further measures are required to achieve the 2030 targets. The use of sustainable materials and components in production amounted to 13%, in line with the expected rate of progress. Transport-related emissions decreased compared with 2024, but are not yet following the planned reduction pathway. Emissions from purchased electricity decreased compared with the previous year, adjusted for acquired entities; however, additional efforts are required to meet the targeted pace of reduction. Emissions from oil and gas increased during the year, primarily as a result of higher activity levels and structural changes, and the existing target is therefore under review to ensure a realistic and cost-effective transition. Production waste decreased compared with 2024 at Group level, indicating improved resource efficiency. Overall, 2025 shows progress in selected areas, but the pace of the climate transition needs to be strengthened to align with long-term objectives.

OWNING SOCIAL RESPONSIBILITY

Purpose: Ensuring good working conditions, gender equality and the responsible management of supplier relationships.

FOCUS AREA	TARGET	OUTCOME 2025 (BASE YEAR 2024)
Health and safety in our own workforce	All companies work in a structured way with their work environment	69% of the Group companies met the criteria for structured work
	Maximum 2% short-term sick leave	2.2% short-term absence across the Group
	No work-related accidents	84 accidents
Upstream value chain	At least 80% of the purchase value is governed by XANO's Code of Conduct	Not possible to quantify at Group level
Diversity and equal opportunities	All companies work in a structured way with diversity and conduct an annual salary benchmark	61% of the Group companies met the criteria for structured work and 57% conducted a salary benchmark
Own workforce development	All companies work in a structured way with their people development	64% of the Group companies met the criteria for structured work

Connection to stakeholders, policies and material IROs:

- » Affected stakeholders: employees, suppliers, society and shareholders.
- » The Code of Conduct and supplier audits address workforce matters for XANO's own workforce and workers in the supply chain.
- » Material impacts include risks related to working conditions in XANO's own workforce and in the value chain, including potential physical and psychological stresses.

Social sustainability efforts continued to develop during 2025. Short-term absence is close to the target level at Group level and is considered overall stable, although variations exist between business units. The number of reported work-related accidents increased compared with the previous year, which is primarily assessed to be due to improved data quality and reporting routines rather than an actual deterioration in the working environment. Efforts to cover purchasing volumes with the Group's Code of Conduct show significant variation between Group companies, with several meeting or exceeding the target while others need to increase their efforts to achieve it. Work related to health and safety, diversity, pay reviews and skills development has also strengthened compared with 2024; however, the Group as a whole has not yet reached the established targets. The focus for 2026 is to reduce differences between companies and ensure more consistent implementation and follow-up.

DRIVING SUSTAINABLE BUSINESS

Purpose: Fostering sustainable innovation, enhancing the business model with circular solutions, and upholding high ethical standards.

FOCUS AREA	TARGET	OUTCOME 2025 (BASE YEAR 2024)
Circular business models	20% of revenue comes from service-based business in 2030	5.8% of revenue based on the roadmap definition
	35% of EBIT comes from service-based business in 2030	Data not available for quantitative follow-up; the target will be revised in 2026
Sustainable innovation	90% of investments contribute to sustainable development in 2030	10.9% of investments were classified as sustainable
	At least 30 sustainable innovations per year in 2030	4 launched innovations meeting the roadmap definition
Value chain engagement	30 sustainable products/services developed in cooperation yearly in 2030	Data not available for quantitative follow-up; the target will be revised in 2026
	12% of EBIT comes from such products/services in 2030	Data not available for quantitative follow-up; the target will be revised in 2026
Anti-corruption and ethics	100% of applicable employees receive annual anti-corruption training	100% completion
	No confirmed ethical incidents	0 incidents reported

Connection to stakeholders, policies and material IROs:

- » Affected stakeholders: employees, suppliers, customers, shareholders and the Planet.
- » Ethical business practices are governed by the Group's Code of Conduct and The Swedish Anti-Corruption Institute's rules.
- » Material impacts include limitations in product recycling, material flows and circular business models. Ethical business principles, including anti-corruption measures and value chain responsibility, are also key components of the Group's strategy.

Efforts to develop sustainable business have progressed during 2025 but remain in a build-up phase. The share of sustainable investments varies significantly between business units, and the low outcome in certain areas can partly be explained by the need for greater clarity regarding definitions and assessment criteria. A Group-wide tool for investment assessment is therefore being implemented to strengthen quality and comparability going forward. The number of reported sustainable innovations remains limited and is below the level required to meet the interim targets for 2026 and 2030; the target will be reviewed in order to clarify its scope in relation to adjacent development targets. The share of service-based business is increasing steadily, particularly within the Industrial Solutions business unit. In the area of business ethics, the targets for annual anti-corruption training were achieved and no confirmed ethical incidents were reported, providing a stable foundation for the continued development of sustainable business models.

NOTE 4 Sustainability-related policies and guidance documents

POLICIES/ GUIDANCE DOCUMENTS	DEFINITIONS	MANAGEMENT/ MONITORING	STAKEHOLDERS CONCERNED	PERSON RESPONSIBLE FOR IMPLEMENTATION
Code of Conduct	Minimum standards of responsibility internally and in relation to the Group's stakeholders – covers the environment, social responsibility and business conduct	Encompasses all Group companies, departments and employees, as well as suppliers. The MD of each Group company ensures compliance. Monitoring via internal control	Shareholders Customers Employees The Planet	Chief Sustainability Officer, XANO
Environmental Policy	Minimum requirements for environmental aspects related to the Group's material topics as well as biodiversity and hazardous substances	The MD of each Group company ensures compliance. Monitoring in the Group companies at business review meetings with the respective business unit manager	Shareholders Customers Suppliers Employees The Planet	Chief Sustainability Officer, XANO
Climate Transition Plan	Consolidated guidance document for the Group's climate-related work	The MD of each Group company ensures compliance. Monitored through sustainability reporting to the Parent Company and internal controls related to performance against targets.	Shareholders Customers Suppliers Employees The Planet	Chief Sustainability Officer, XANO
Sustainability Roadmap	Guiding document containing the minimum requirements for targets linked to all aspects of the Group's sustainability initiatives	The MD of each Group company ensures compliance. Monitored through sustainability reporting to the Parent Company and internal controls related to performance against targets.	Shareholders Customers Suppliers Employees The Planet	Chief Sustainability Officer, XANO
Decision-making process	Authority framework for each corporate body (General Meeting, Board of Directors, Chairman and MD)	Determined annually by the Board of Directors. Monitoring in the Group companies at business review meetings with the respective business unit manager	Employees	Chair of the Board of Directors of each Group company
MD mandate	The MD's responsibilities and powers	Determined annually by the Board of Directors. Monitoring in the Group companies at business review meetings with the respective business unit manager	Employees	Chair of the Board of Directors of each Group company
Sanctions policy	Restrictions on financial transactions and commitments	The MD of each Group company ensures compliance. The business unit manager and the Executive Board have the power to stop transactions	Shareholders Customers Suppliers Employees	MD of the respective Group company
IMM's Code to prevent corruption in business	Preventing corruption in business	Employees with customer and/or supplier contacts are trained annually in anti-corruption, compliance is followed up via internal control, a whistleblowing scheme is available	Shareholders Customers Suppliers Employees	MD of the respective Group company

NOTE 5 Non-applicable disclosure requirements

SPECIFIC SECTORS/ACTIVITIES, PROHIBITED PRODUCTS AND FOSSIL GAS

- » **Prohibited products/services:** The Group does not offer products or services that are prohibited in the markets in which it operates. No market-specific bans or recalls were recorded in 2025.
- » **Fossil fuels:** The Group does not operate in the fossil fuel sector (coal, oil, gas); turnover is 0.
- » **Chemical production:** The Group does not engage in chemical production as defined under NACE C20; turnover is 0.
- » **Controversial weapons:** The Group does not engage in any activities related to controversial weapons; turnover is 0.
- » **Tobacco:** The Group is not involved in the cultivation or production of tobacco; turnover is 0.
- » **EU taxonomy – fossil gas:** Turnover from taxonomy-aligned economic activities related to fossil gas is 0% of the Group's turnover in 2025.

NOTE 6 Climate change

ENERGY CONSUMPTION AND MIX

REPORTING PRINCIPLES

The reporting of energy consumption covers the Group's own operations (Scope 1 and 2) and includes all production facilities, offices and vehicle fleets. Energy data is reported annually by each Group company and converted to MWh based on established conversion factors.

Non-renewable energy sources include fuel consumption in the Group's vehicle fleet, rental cars and company-owned transport (petrol, diesel, LPG, natural gas and propane), as well as the use of oil and natural gas for heating. Purchased electricity, district heating, steam, and cooling are reported as non-renewable when national energy mixes specify a fossil fuel share.

Renewable energy sources include purchased or self-generated electricity, heat, steam, and cooling from solar, wind, and hydropower, as well as fuels of biogenic origin (e.g. biodiesel and biogas). Energy consumption from electric cars and plug-in hybrids is reported here in accordance with the GHG Protocol classification.

Nuclear-based energy constitutes the portion of purchased electricity and district heating that, according to the national energy mix, originates from nuclear sources.

The Group does not produce energy for sale. The small amounts of solar energy produced by individual Group companies are reported as renewable energy.

Energy intensity is calculated as total energy consumption (MWh) divided by net sales (MSEK) in accordance with ESRs requirements. The Group's operations are essentially conducted within manufacturing activities that belong to sectors with a high climate impact according to ESRs E1. All Group companies, with the exception of a few pure sales companies and the software-focused Group company CIM, operate in such sectors. Against this background, and in line with the principle of materiality, energy intensity is calculated based on the Group's total energy consumption in relation to total net sales. Activities not belonging to a sector with a high climate impact are considered to be of limited scope and do not significantly affect the outcome of the calculation. Net revenue used in the calculation corresponds to the Group's total net revenue and can be reconciled with the Group's Income Statement. Comparative figures for energy consumption for the previous reporting period have been restated following the identification of deficiencies in the underlying activity data and classification. The adjustment has been made to ensure improved data quality and methodological consistency. This means that location-based emissions are adjusted from 1,610 to 1,685 tonnes of CO₂e, and market-based emissions from 1,502 to 1,743 tonnes of CO₂e.

GREENHOUSE GAS EMISSIONS

XANO Group's greenhouse gas inventory is compiled in accordance with the Greenhouse Gas Protocol Corporate Standard and Scope 3 Standard and encompasses all subsidiaries over which the Group has financial control. The report includes Scope 1, Scope 2 (site and market-based) and Scope 3 categories that are material to the Group. The calculations are mainly based on activity data and supplemented with emission factors from authoritative sources and suppliers. Methods, assumptions and data sources are specified in the method descriptions for each category.

The reporting thresholds have been updated in accordance with the ESRs, which means that all acquired subsidiaries are included from the acquisition date. This differs from previous years, when newly acquired companies were first included in the year following acquisition. In the 2025 reporting, two companies acquired in 2024 have been added to the inventory, which affects comparability between years. The two newly acquired companies report total greenhouse gas emissions (Scopes 1–3) of 2,569 tonnes CO₂e, location-based, and 2,677 tonnes CO₂e, market-based. The Group does not yet have an established method for retroactively adjusting historical emissions figures in the event of acquisitions, but will develop such a model in 2026 to improve comparability between years.

Scope 3 reporting has been developed during the year by including additional subcategories within Purchased goods and services, improving coverage of relevant supplier flows. The category Employee commuting will also be included externally from 2025 onwards. The category Use of sold products continues to be reported internally until calculation models and data collection have been further developed. Explanations of excluded categories, as well as the methodology, boundaries and data sources for each Scope 3 category, are reported in accordance with the requirements of the standard.

A predominant share of the Scope 3 emissions is based on secondary data in the form of generic emission factors and industry averages. In certain categories, primarily transport and parts of business travel, supplier specific emissions data is used. For activity data, standardised assumptions are applied in some cases where primary data is unavailable. Methodology and data quality are described under each respective category.

The Group does not use biofuels and therefore does not generate any biogenic emissions. The data points relating to biogenic emissions in Scope 1, Scope 2 and Scope 3 are therefore not applicable.

Emissions intensity is calculated based on the Group's total greenhouse gas (GHG) emissions in relation to net revenue. The net revenue applied in the calculation corresponds to the amount reported in the financial statements, in the calculation applied as million SEK, thereby ensuring alignment between sustainability reporting and financial reporting.

SCOPE 1

REPORTING PRINCIPLES

Scope 1 covers direct GHG emissions from sources owned or controlled by the Group. In XANO's case, these mainly arise from fuel consumption of the Group's vehicle fleet and the use of oil, natural gas, LPG and propane in production. The calculations are based on activity data from each Group company and converted to CO₂e using emission factors from DEFRA (2024).

For company cars and commercial vehicles, a standardised assumption corresponding to the EU's E segment is used, in line with the vehicle segment that dominates the vehicle fleet. Emissions from plug-in hybrid electric and battery electric vehicles are based on DEFRA emission factors (2024), while energy consumption per kilometre and fuel consumption are based on established proxy values from AIB (2023).

None of the Group's operations are covered by regulated emissions trading schemes such as the EU ETS. The proportion of Scope 1 emissions covered by such systems is therefore 0%.

INCLUDED EMISSIONS SOURCES

- » Fuel consumption in the Group's vehicle fleet (owned and leased vehicles).
- » Transportation using vehicles owned or leased by the Group.
- » Use of oil, natural gas, LPG, propane and recycled propane in production.

EXCLUDED EMISSIONS SOURCES

- » Process-related emissions (operations do not generate any such emissions).
- » Refrigerants (no refrigerants are reported and no emissions occur).
- » Other stationary or mobile emission sources that do not occur as part of the operations.

DISCLOSURES IN ACCORDANCE WITH ESRs 2 BP-2

Scope 1 is based entirely on primary data from the Group companies' reported fuel consumption, combined with the emission factors above. The uncertainty in the calculations is assessed as low, as the data primarily consists of volume-based activity data derived from purchases or direct measurements. Assumptions and proxy values, such as uniform vehicle class, are set out in the methodology description above. No changes in methodology, retroactive adjustments or error corrections have been made in this year's reporting.

SCOPE 2

REPORTING PRINCIPLES

Scope 2 refers to indirect emissions from the production of purchased energy used in the Group's operations. Calculations are made using both location-based and market-based methods. Emission sources that do not occur in the Group's operations are excluded.

Emission factors for location-based calculations are based on AIB's country mix (2023) for facilities within the EU, with supplementary factors from Carbon Footprint (2023) for countries outside the EU. For district heating, the emission factors for the electricity mix are used as a proxy value.

Market-based emissions are calculated using supplier-specific emission factors where available, and otherwise using AIB's residual mix (2023) or Carbon Footprint (2023) according to the same principle. Purchased renewable electricity is covered by 96% emission guarantees.

INCLUDED EMISSIONS SOURCES

- » Purchased electricity
- » Purchased district heating

EXCLUDED EMISSIONS SOURCES

- » Purchased cooling or steam
- » Emissions from self-generated energy
- » Other forms of energy not used in operations

DISCLOSURES IN ACCORDANCE WITH ESR5 2 BP-2

The calculations for Scope 2 are based on primary data for the Group's electricity and district heating consumption. In cases where supplier-specific emission factors are not available, secondary data is used as described above. Accuracy is considered high for location-based calculations, while it is medium for market-based calculations in geographies where supplier-specific factors are not available or where district heating is calculated using proxy values based on the emission factors of the electricity mix. Assumptions, including the use of residual mix and proxy values, are set out in the methodology description above. No methodological changes have been made in this year's reporting. Comparative figures for Scope 2 for the previous reporting period have been restated following the identification of deficiencies in both the activity data and the emission factors used. The adjustment has been made to ensure improved data quality and methodological consistency.

SCOPE 3

Scope 3 according to the GHG Protocol Corporate Value Chain (Scope 3) Standard covers indirect greenhouse gas emissions that arise in the Group's value chain outside the direct control of its own operations. Of the 15 categories defined in the standard, six are included in XANO's reporting for 2025, based on materiality, data availability and methodological relevance: *Purchased goods and services, Capital goods, Upstream transportation and distribution, Waste generated in operations, Business travelling and Employee commuting.*

Scope 3 reporting has been enhanced in 2025 by including additional subcategories within Purchased goods and services. These items could not previously be reported due to a lack of access to reliable emission factors and weighting models, but have now been integrated into the inventory as the methodology has developed.

Emissions calculations are based on a combination of primary and secondary data, with secondary data being used when supplier-specific information is unavailable. The methodology, assumptions and emission factors are described under each category. Uncertainties, assumptions and proxy solutions are reported in accordance with ESR5 2 BP-2. Any changes between years are explained in the methodology section for greenhouse gas emissions.

PURCHASED GOODS AND SERVICES

This category accounts for the largest share of the Group's Scope 3 emissions, mainly linked to commodities such as steel, aluminium, plastics, chemicals and various types of components and packaging materials. The magnitude of emissions is influenced by both volumes and emission intensity in upstream processes such as extraction, material processing and manufacturing. This category is central to the Group's climate work, as it is greatly influenced by purchasing volumes, material choices and supplier structure, and is an area where the Group has significant financial and strategic influence.

REPORTING PRINCIPLES

This category comprises commodities, components and packaging materials used in production. Where supplier-specific emission factors are available, these have been used (primary data). In other cases, calculations are based on general emission factors from authoritative sources such as DEFRA, scientific articles and industry reports, following the Group's emission factor list

For commodities, emissions are calculated by multiplying the quantity purchased (tonnes or litres) by the relevant emission factors. For components and packaging materials, an expenditure-based method is applied, whereby the cost is converted to SEK using quarterly exchange rates and then multiplied by general emission factors. Where general emission factors are applied, a uniform emission intensity is assumed within each material category, implying a simplified calculation approach based on standard values.

For one of the Group companies, estimates of material volumes were based on data from a comparable sister company, as complete purchasing data was not available. This approach is considered reasonable in the absence of primary data; however, it results in increased uncertainty in the calculations.

Due to the high proportion of secondary data and categories with varying data quality, measurement uncertainty for this category is assessed as higher than for Scope 1 and Scope 2. Continuous efforts are being made to improve supplier data, particularly regarding emissions from steel, aluminium, plastics and electronics.

CHANGES FROM THE PREVIOUS YEAR

For 2025, the category was expanded to include additional expenditure-based subcategories relating to components. These sub-items were previously excluded due to limited access to relevant emission factors and the lack of reliable conversion methods. Thanks to the development of emission factor data, these subcategories can now be included, which makes the reporting of the Group's purchasing-related climate impact more comprehensive.

CAPITAL GOODS

Investments in capital goods, including machinery, equipment and buildings, result in indirect emissions primarily associated with manufacturing, material use and upstream transport. This category is considered significant for the Group, given the scale of investments and their long-term impact on the Group's carbon footprint. Choosing more energy-efficient and sustainable capital goods in procurements is a way to lower emissions over the life cycle and help manage transition-related risks, while also cutting resource and maintenance costs.

REPORTING PRINCIPLES

This category includes land and buildings, plant and machinery, equipment, major tools and installations. Calculations are based on a cost-based method whereby the monetary value of purchases is converted into SEK using quarterly exchange rates and then multiplied by general emission factors (tonnes of CO₂e/SEK) developed by specialised consultants. This method is used because detailed primary data on the specific material content and manufacturing processes of capital goods are generally not available.

When general emission factors are used, all capital goods within each category are assumed to have the same emission intensity. This is a necessary simplified assumption in the absence of supplier-specific data and means that the results are based on standardised values.

Given that the category is largely based on secondary data and standardised figures, the measurement uncertainty is considered to be relatively high. Improvements in data quality are planned in line with the increasing number of suppliers able to provide primary climate data for capital goods.

UPSTREAM TRANSPORTATION AND DISTRIBUTION

Transportation of purchased materials, components and products accounts for a significant portion of the Group's value chain emissions. Emissions levels are affected by distances travelled, freight weights and choice of transport, as well as by the Group's ability to influence suppliers' logistical decisions. Optimising transport flows and increasing the use of transport alternatives with lower climate impact could reduce both emissions and costs related to fuel and logistics.

REPORTING PRINCIPLES

This category includes transportation costs paid directly by Group companies, including transportation from suppliers to Group units and transportation of sold products at the Group's expense. Calculations are primarily based on supplier-specific emission data (primary data), whereby actual emission values reported by each transport supplier form the basis of the inventory.

No complete supplier-specific information is available for one of the Group companies. For this company, emissions have been calculated using a standardised method based on the emission intensity of a comparable sister company with a similar supplier structure and transportation pattern. This proxy solution is only used if primary data is not available and is considered methodologically reasonable in relation to the company's transportation profile. However, this means increased uncertainty for this particular part of the category.

In other parts of the category, uncertainty is low relative to other Scope 3 categories, as the data is based on actual transportation reports from suppliers. However, uncertainty may arise if the suppliers' emission factors refer to general averages rather than transportation-specific calculations.

Parts of transportation flows that are not reported are due to certain transportation falling outside the Group's payment responsibility and thus outside the reporting limit under the GHG Protocol.

WASTE GENERATED BY OPERATIONS

Waste generated in production, logistics and office operations constitutes a significant part of the Group's total environmental impact. By increasing recycling, reducing the amount of mixed waste and gradually replacing non-recyclable materials with more circular alternatives, emissions linked to waste management can be reduced. This work also strengthens resource efficiency and contributes to increased adaptation to future demands from customers, legislators and other stakeholders.

REPORTING PRINCIPLES

This category includes waste generated in production, offices and other activities. Waste is classified as hazardous or non-hazardous and then sorted according to different waste management methods: *preparation for reuse, recycling, other recovery operations, incineration, landfill and other disposal operations.*

The reported waste volumes (tonnes) are based on primary data from Group companies, while the breakdown between treatment methods is based on secondary data. This means that the activity data is primary, but that the calculation of the emissions breakdown is based on standardised values and proxy values.

As the Group operates in several geographical areas with varying data availability, regional distribution statistics from Eurostat (EU countries) and the EPA (USA) were used to estimate how waste is allocated between treatment methods. For certain markets, data from several countries was combined and weighted based on 2023 volumes. This method ensures consistent reporting across the Group despite varying access to primary data.

After waste volumes were distributed according to national/regional patterns, the weight per treatment method was multiplied by general emission factors developed by specialised consultants. The same emission factors are applied to both hazardous and non-hazardous waste, which is a simplified assumption that is necessary in the absence of material-specific data.

The Group has identified that parts of the reported waste volumes for 2023 may be incorrect due to a system-related error that affected the activity data collected for certain Group companies. In practice, it has not been possible to recreate reliable primary data retroactively, and therefore the 2023 values could not be corrected. The inaccuracy is not considered to be due to methodological or classification shortcomings. The improvements made to system support for data collection in 2024 ensure that this year's calculations are based on more complete and consistent data.

The data quality in this category is assessed to be moderate, as the methodology is based on templates, regional statistics and secondary data for both distribution and emission factors. Uncertainty mainly relates to variations in local waste systems and differences between actual and assumption-based treatment methods. The percentage of primary data in the category is low.

BUSINESS TRAVEL

Business travel accounts for a significant portion of the Group's value chain emissions, particularly in relation to air travel and ground transportation associated with business travel. Emissions are dependent on travel patterns, geographical distances, and choice of transport. By increasing the use of digital meetings, promoting public transport and replacing air travel where alternatives exist, emissions from this category could be reduced.

REPORTING PRINCIPLES

This category includes air travel, train travel and car travel using rental cars and employees' private cars (diesel, petrol, plug-in hybrid and electric vehicles).

Emissions from air travel are based on supplier-specific climate data (primary data). For train and car journeys, emissions are calculated by multiplying the journey length by general emission factors from DEFRA (2024) for each mode of transport. All train journeys are assumed to have the same emission factor as international train journeys, ensuring consistency regardless of geographical route.

Since detailed information on car models is often lacking, the cars are assumed to correspond to average vehicle models within each fuel type. Emissions from plug-in hybrids and electric vehicles are based on DEFRA's energy intensity factors per kilometre and the European electricity mix according to AIB (2023).

Air travel is based on primary data, while car and train travel are based on secondary data and standardised figures, meaning that the quality of data varies between modes of transport. Uncertainty arises mainly in the absence of vehicle information, when estimating journey lengths and when using generalised emission factors.

EMPLOYEE COMMUTING

Emissions from employee commuting between home and work constitute a relevant part of the Group's total climate impact. This category is being reported for the first time in 2025. Travel patterns, geographical location of workplaces and access to public transport vary between Group companies, which creates both variations in emissions and opportunities to reduce climate impact through, for example, increased use of public transport, cycling and remote working where possible.

REPORTING PRINCIPLES

This category includes commuting by car (petrol, diesel, plug-in hybrid and electric), public transport (bus and train), bicycle and walking.

Emissions are calculated by multiplying estimated or reported distances and travel frequencies by general emission factors from DEFRA (2024) for each mode of transport. All car journeys are assumed to use average vehicle models when specific information is lacking. Bus and train journeys are based on national or regional average factors. Travelling by bicycle and on foot is assumed to generate zero emissions.

Activity data (number of employees, travel frequency and estimated travel length) is classified as primary data when reported by Group companies. For companies where activity data is lacking, estimates based on national or regional travel surveys are used. In 2025, estimates were applied for eight Group companies. For these, the methodology was based on:

- » **average commuting distance one-way**, taken from official national statistics (e.g. Trafikanalys, stat.ee, NTNU, dst.dk, CBS)
- » **national/regional mode of transport breakdowns**, taken from official statistics (e.g. SCB, stat.ee, Institute of Transport Economics, Transportvaneundersøgelsen and CBS)
- » **number of full-time employees**, as a basis for estimating total commuting volume

Emissions are calculated by multiplying these estimates by DEFRA's emission factors for cars, buses and trains. These estimates mean greater uncertainty for the companies concerned, especially as commuting patterns can vary within regions and over time.

USE OF SOLD PRODUCTS

Use of sold products refers to indirect GHG emissions arising during the use phase of products and solutions delivered to customers. At XANO, this category is only reported for the Industrial Solutions business unit, where products and system solutions consume energy during their technical lifetime. Emissions depend on the energy performance of the products, usage patterns, lifespan, and the geographical electricity mix in the markets where the products are used.

This category is relevant from a business and climate transition perspective, as energy efficiency in delivered solutions is a key part of customer value and the Group's long-term climate work.

REPORTING PRINCIPLES

The calculation covers estimated electricity consumption during the use phase of products and solutions sold during the financial year and is based on sales-related activity data. Estimates of service life, operating hours and power ranges are made by each Group company based on available information about the products and their use. These estimates are based on technical specifications and the professional judgement of the reporting companies.

Total energy consumption is calculated using reported operating hours and average power levels within each power range, as well as geographical distribution. For Group companies that do not yet have established methods for reporting activity data, a standardised estimation approach is applied. This is based on reported data from other Group companies in relation to turnover. In total, 27.6% of reported emissions in the category are based on this standardised calculation.

Calculated emissions are based on regional, location-based emission factors for electricity. To better reflect expected lifetime emissions, a model based on external energy scenarios is applied, in which the emissions intensity of electricity is assumed to decline gradually over the product lifetime.

The methodology relies to a considerable extent on simplifications and assumptions, as well as standardised calculations for non-reporting Group companies. Consequently, the calculation is subject to a high degree of uncertainty, and data quality is therefore assessed as limited.

CHANGES FROM THE PREVIOUS YEAR

The category is reported externally for the first time in 2025. During the year, the methodology has been further developed and standardised, enabling external disclosure. Work to refine assumptions and improve data quality will continue during 2026.

EXCLUDED CATEGORIES FROM SCOPE 3

The following Scope 3 categories are not reported externally:

FUEL AND ENERGY-RELATED ACTIVITIES NOT INCLUDED IN SCOPE 1 OR SCOPE 2

This category is not considered material, as the majority of these emissions are already covered by Scope 1 and Scope 2. The remaining activities are considered to be marginal or irrelevant to the Group's operations.

LEASED ASSETS UPSTREAM

The Group does not rent or lease assets to an extent that is expected to give rise to material emissions. The category is therefore considered not material.

UPSTREAM SHIPPING AND DISTRIBUTION

At present, the Group has limited insight into the transport stage after the products have left the company's control. There is insufficient data available, and the category is considered to have a low impact relative to other emission items. A future mapping exercise will be considered when improved access to customer data becomes available.

PROCESSING OF SOLD PRODUCTS

XANO's products are sold as ready-made solutions and, as a rule, are not further processed by the customer. The category is therefore considered to be irrelevant to the Group's value chain.

END-OF-LIFE TREATMENT OF SOLD PRODUCTS' WASTE

There is a lack of reliable data describing how sold products are disposed of at end of life. This category is also considered to have a limited impact compared to other relevant Scope 3 emissions.

DOWNSTREAM LEASED ASSETS

The Group does not lease assets to customers to such an extent that the category would give rise to material GHG emissions. The category is considered not material.

FRANCHISES

The Group does not conduct any business through franchises. The category is therefore not applicable.

INVESTMENTS

The Group does not hold a significant investment portfolio that gives rise to material emissions, and the category is therefore considered irrelevant.

NOTE 7 Resource use and circular economy

RESOURCE INFLOWS

REPORTING PRINCIPLES

Resource inflows are reported based on the volumes of materials supplied to the business during the year. The report covers both technical and biological materials, including steel and other metals, plastics, wood, paper, chemicals, and packaging materials. The Group does not use critical raw materials or rare earth elements to any significant extent. Water and fixed assets are not included in resource inflows as they are not used as materials in the production processes. The report includes the total weight of materials and the proportion of biological materials and secondary raw materials, including recycled and reused materials. Resource inflows in the upstream value chain consist of purchased materials and components from suppliers.

Supplier-provided weight data is used as the primary data source when available. If weight data is not available, financial purchase data is used and converted to a weight based on relevant conversion factors. Cutting fluids and other fluids have been converted from litres to kilograms based on density. Estimates are only used when direct data is unavailable and are stated consistently across the Group.

Part of the material inflow consists of externally recycled material, primarily recycled plastic and recycled-content metal. This material originates from external recycling processes and is reported as secondary raw materials. One of the Group companies also recycles plastic waste internally at its own facility. This internal recirculation is not included in the amount of reported secondary raw materials. Double counting is prevented by reporting only net material inflows and ensuring materials are not recorded both as purchased and internally reused.

RESOURCE OUTFLOWS – PRODUCTS LEAVING THE BUSINESS

REPORTING PRINCIPLES

The information on product flows is based on an overall assessment of the Group companies' product portfolios and dialogue with management and key staff members in the operations, rather than on centralised, quantitative reporting of the weight or material composition of the products. As detailed quantitative data on the weight of the products and the recyclable material content is not available, this information is reported qualitatively. Currently, the Group does not have a uniform system for calculating recyclable material content relative to total material weight in accordance with AR 27. We will explore options for developing data collection in the future to enable more quantitative reporting over the long term.

RESOURCE OUTFLOWS – WASTE LEAVING THE BUSINESS

REPORTING PRINCIPLES

The reported waste volumes are based on primary data from Group companies, while the breakdown between treatment methods is based on secondary data. This means that the activity data is primary, but that the estimation of treatment methods is based on standardised values and proxy values.

As the Group operates in several geographical areas with varying data availability, regional and national distribution statistics from Eurostat (EU countries) and the EPA (USA) were used to estimate how waste is allocated between treatment methods.

In certain markets, countries with similar waste systems have been grouped, and a joint regional treatment distribution has been established. These allocation keys are weighted based on the reported waste volumes of the Group companies. This method ensures consistent reporting across the Group despite varying access to primary data. The allocation keys are used consistently to calculate how waste is distributed between reuse, material recycling, other recycling, energy recovery, landfill and other disposal operations.

The total waste generated and its treatment distribution provide the foundation for assessing the amount and proportion of non-recycled waste.

INFORMATION IN ACCORDANCE WITH ESRs 2 BP-2

Certain key figures in the reporting for ES – Resource use and circular economy are based in part on estimates, standardised values and secondary data where primary data is not available, particularly when converting purchasing data to weight and when allocating waste between treatment methods. The accuracy is considered moderate, as the methodology relies on proxy values and regional statistics of varying detail. The primary sources of uncertainty stem from assumptions about material density, the representativeness of regional distributions, and the limited availability of detailed product data.

The Group plans to gradually improve data quality by strengthening data collection in Group companies and investigating the possibility of developing more uniform methods for quantifying material content over time.

Data collection methods and calculation principles remain unchanged from the previous year, and no adjustments to comparative figures were required. As no material errors from prior periods have been detected, the disclosure requirements concerning corrections that are not practicable do not apply.

FINANCIAL EFFECTS

Information on the expected financial effects of material risks associated with the circular economy is not included in the 2025 reporting. This follows the transitional rules applicable to the financial years 2025 and 2026. See *Note 1 – Application of transitional rules* in the Sustainability Notes for a full description.

NOTE 8 Own workforce

NUMBER OF EMPLOYEES AND STAFF STRUCTURE

REPORTING PRINCIPLES

The total number of employees is reported as the number of employees on the last day of the reporting period. This includes gender distribution and geographic distribution. Employment type is reported as an average headcount. All reported data is based on information provided by the Group companies. Age distribution is reported as the number of employees at the balance sheet date.

The gender distribution in senior management is reported in section 1.4.1.

Information on the percentage of employees covered by collective agreements is currently not available at Group level in a reliable and comparable manner. Work is underway to map and structure this information to enable future reporting in accordance with ESRs.

The information in this note refers to the same staff population as in the Group's financial statements.

EMPLOYEE TURNOVER

REPORTING PRINCIPLES

The number of departures is measured as the number of employees who left the organisation during the reporting period. The turnover rate is calculated by dividing the number of departures by the average number of full-time employees (FTE) during the period.

HEALTH AND SAFETY

REPORTING PRINCIPLES

Information on work-related accidents, occupational illnesses, fatalities, and the scope of occupational health and safety management systems is based on locally reported incidents and each operation's application of its working environment systems.

For the Group's U.S. operations, data on sick leave is unavailable due to local policy. The company's employees represented 2.3% of the Group's total workforce at the end of the reporting period.

Information on the extent to which the Group's occupational health and safety management systems are subject to internal auditing and/or external certification is not currently available in a reliable and comparable manner at Group level. The Group has therefore not reported the proportion of its own workforce covered by such systems. Work is underway to map and structure this information to enable future reporting in accordance with ESRs.

SALARY AND REMUNERATION

REPORTING PRINCIPLES

Compensation is determined locally in accordance with national legislation and established practice in each country of operation, in line with the Group's Code of Conduct. No separate Group-wide assessment of adequate pay has been conducted. Calculations of gender pay differences are based on fixed and variable remuneration for employees as of the last day of the reporting period. The gender pay gap has been calculated as the difference between the average hourly pay of women and men within the Group, expressed as a proportion of men's average hourly pay. The calculation is based on the reported average hourly pay (per Group company) and the average number of employees by gender and subsidiary. The data have been weighted by company and consolidated at Group level to ensure comparability.

For the Group's U.S. operations, data on gender-related compensation is unavailable due to local legislation and data protection regulations. The company's employees represented 2.3% of the Group's total workforce at the end of the reporting period.

Information on gender pay differences broken down by base pay and variable remuneration components is currently not available in a reliable and comparable manner at Group level. The Group has therefore not reported this breakdown. Work is ongoing to further develop data collection with the aim of enabling future reporting in accordance with the ESRs.

As individual-level pay data are not available at Group level, the Group's median pay has been estimated through a weighted calculation in which each company's average hourly pay per gender has been multiplied by the number of employees. A synthetic population distribution was then constructed in order to identify the 50th percentile of the aggregated population.

The calculated median hourly pay amounts to SEK 238. To enable comparison with the total annual remuneration of the highest-paid individual, the hourly rate has been converted into annual remuneration based on a standard annual working time of 2,080 hours.

The remuneration ratio has been calculated as the total annual remuneration of the highest-paid individual divided by the median annual remuneration for all employees, excluding the highest-paid individual.

DEFINITION OF GROUP MANAGEMENT LEVEL

REPORTING PRINCIPLES

Group management level is defined as the members of the Group management team and serves as the basis for reporting on gender distribution and age structure within senior management.

INCIDENTS AND COMPLAINTS

There have been no fines, sanctions or claims for damages related to discrimination or other work-related violations during the year, and therefore no reconciliation with the financial reports is required.

During the reporting period, no serious human rights violations linked to our own workforce have been identified. No such incidents have been identified as cases of

List of Datapoints from other EU legislations

DISCLOSURE REQUIREMENT AND RELATED DATA POINT	REFERENCE IN THE SUSTAINABILITY DISCLOSURE REGULATION	REFERENCE IN THE THIRD PILLAR	REFERENCE IN THE BENCHMARK REGULATION	REFERENCE IN THE EU CLIMATE LAW
ESRS 2 GOV-1 Gender balance on the administrative, management and supervisory bodies par. 21d	●		●	
ESRS 2 GOV-1 Proportion of independent members of the administrative, management and supervisory bodies par. 21e			●	
ESRS 2 GOV-4 Description of due diligence processes par. 30	●			
ESRS E1-1 Transition plan for climate neutrality by 2050 par. 14				●
ESRS E1-4 Greenhouse gas emission reduction targets par. 34	●	●	●	
ESRS E1-5 Energy consumption from fossil sources, disaggregated by source par. 38	●			
ESRS E1-5 Energy consumption and energy mix par. 37	●			
ESRS E1-6 Gross and total greenhouse gas emissions (Scope 1, 2 and 3) par. 44	●	●	●	
ESRS E1-6 Greenhouse gas emission intensity (gross) par. 53–55	●	●	●	
ESRS E5-5 Non-recycled waste par. 37d	●			
ESRS E5-5 Hazardous waste and radioactive waste par. 39	●			
ESRS S1-1 Commitments in the human rights policy par. 20	●			
ESRS S1-1 Due diligence strategies related to issues covered by the ILO core conventions 1–8 par. 21			●	

non-compliance with the UN Guiding Principles on Business and Human Rights or the OECD Guidelines for Multinational Enterprises. Consequently, no fines, penalties or claims for damages have been incurred, and no reconciliation with financial reports is necessary.

REPORTING PRINCIPLES

Information on reported incidents of discrimination, harassment and other complaints is based on local reporting systems and the Group's whistleblower function. Only verified and closed cases are included in the summary, and no information that could identify individuals is disclosed.

INFORMATION IN ACCORDANCE WITH ESRs 2 BP-2

At present, there are no planned changes to methods or processes that will affect reporting in this area.

No changes have been made to accounting policies, presentation or comparative figures from the previous year, and no material errors in prior periods have been identified.

TRANSITIONAL RULE FOR INFORMATION CONCERNING OWN WORKFORCE

Certain detailed social disclosures required under ESRs S1 are not included in the 2025 reporting. This follows the transitional rules permitting certain data points related to working conditions, social welfare, training and skills development, work-related ill health, and work-life balance to be omitted for the 2025 and 2026 financial years.

See *Note 1 – Application of transitional rules* in the Sustainability Notes for a full description.

DISCLOSURE REQUIREMENT AND RELATED DATA POINT	REFERENCE IN THE SUSTAINABILITY DISCLOSURE REGULATION	REFERENCE IN THE THIRD PILLAR	REFERENCE IN THE BENCHMARK REGULATION	REFERENCE IN THE EU CLIMATE LAW
ESRS S1-1 Processes and actions to prevent human trafficking par. 22	●			
ESRS S1-1 Strategy for preventing work-related accidents or systems to manage them par. 23	●			
ESRS S1-3 Grievance mechanisms related to workforce matters par. 32c	●			
ESRS S1-14 Number of fatalities and number and rate of work-related accidents par. 88b–c	●		●	
ESRS S1-14 Number of days lost due to injuries, accidents, fatalities or illness par. 88e	●			
ESRS S1-16 Unadjusted gender pay gap par. 97a	●		●	
ESRS S1-16 Excessive remuneration of the CEO par. 97b	●			
ESRS S1-17 Incidents of discrimination par. 103a	●			
ESRS S1-17 Failure to observe the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises par. 104a	●		●	
ESRS G1-4 Fines for violations of anti-corruption and anti-bribery laws par. 24a	●		●	
ESRS G1-4 Standards for combating corruption and bribery par. 24b	●			

Disclosure requirements related to ESRs S2 and E1-9, concerning anticipated financial effects, fall under the applicable transitional provisions and are therefore not presented in the table above. Other disclosure requirements and related data points under ESRs 2 Appendix B that are not included in the table above have, based on the Group's double materiality assessment, been deemed as not material to the Group.

ESRS index

ESRS 2 – General disclosures

DISCLOSURE REQUIREMENT	SECTION IN THE REPORT	NOTE	PAGE FROM
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		Omissions in accordance with ESRS 2 BP-1	144
		Time horizons	144
BP-2	Disclosures in relation to specific circumstances	Material topics, sub-topics and sub-sub-topics	114
		Sustainability-related policies and governing documents	116
		Value chain metrics and estimates	144
		Changes to the preparation and presentation of sustainability information compared to the previous reporting period	144
		Application of transitional rules	144
		XANO Sustainability Roadmap	145
		Sustainability-related policies and guidance documents	146
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		Scope 2	147
		Scope 3	148
		Disclosures in accordance with ESRS 2 BP-2	147
		Resource inflows	150
		Resource outflows – products leaving the business	150
		Resource outflows – waste leaving the business	150
		Disclosures in accordance with ESRS 2 BP-2	151
Number of employees and staff structure	150		
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GOV-1	The role of the administrative, management and supervisory bodies	Governing, management and supervisory bodies	114
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GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Governing, management and supervisory bodies	114
GOV-3	Integration of sustainability-related performance in incentive schemes	Sustainability-related incentive programmes	116
GOV-4	Statement on due diligence	Statement on due diligence	116
GOV-5	Risk management and internal controls over sustainability reporting	Governing, management and supervisory bodies	114
		Risk management and internal control	117
SBM-1	Strategy, business model and value chain	Description of business model and value chain	104
		Sustainability-related targets and strategies	110
		XANO Sustainability Roadmap	145
SBM-2	Interests and views of stakeholders	Stakeholder commitments	112
		Governing, management and supervisory bodies	114
SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities	106
		Resilience in business model and strategies	111
		Material impacts, risks and opportunities by topic:	
		Climate change	118
		Resource use and circular economy	128
		Own workforce	133
Business conduct	140		
IRO-1	Description of the process to identify and assess material impacts, risks, and opportunities	Stakeholder commitments	112
		Application of double materiality assessment	113
		Governing, management and supervisory bodies	114
		Risk management and internal control	117
		Double materiality assessment	144

DISCLOSURE REQUIREMENT	SECTION IN THE REPORT	NOTE	PAGE FROM
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Basis for the preparation of the Sustainability Report	104
		Information derived from other legislation	144
		Reporting of topics deemed not material	145
		ESRS index	152
MDR-A	Actions and resources in relation to material sustainability matters	Actions and resources by topic:	
		Climate change	123
		Resource use and circular economy	130
		Own workforce	135
MDR-P	Policies adopted to manage material sustainability matters	Policies for material sustainability matters by topic:	
		Climate change	122
		Resource use and circular economy	129
		Own workforce	134
MDR-T	Tracking effectiveness of policies and actions through targets	Monitoring of the effectiveness of policies by topic:	
		Climate change	124
		Resource use and circular economy	130
		Own workforce	136
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E1 – Climate change

DISCLOSURE REQUIREMENT (INCLUDING MDR-A, MDR-M, MDR-P AND MDR-T)	SECTION IN THE REPORT	NOTE	PAGE FROM
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E1-2	Policies related to climate change mitigation and adaptation	Climate change policies	122
E1-3	Actions and resources in relation to climate change policies	Actions and resources	123
E1-4	Targets related to climate change mitigation and adaptation	Targets and monitoring	124
		Emission reduction mechanisms	125
E1-5	Energy consumption and mix	Energy	125
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E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Climate emissions	126
		Greenhouse gas emissions	147
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		Scope 2	147
		Scope 3	148

E5 – Resource use and circular economy

DISCLOSURE REQUIREMENT (INCLUDING MDR-A, MDR-M, MDR-P AND MDR-T)	SECTION IN THE REPORT	NOTE	PAGE FROM
E5-1	Policies related to resource use and circular economy	Policies for resource use and circular economy	129
E5-2	Actions and resources related to resource use and circular economy	Actions and resources	130
E5-3	Targets related to resource use and circular economy	Targets and monitoring	130
E5-4	Resource inflows	Resource inflows	131
		Resource inflows	150
E5-5	Resource outflows and waste	Resource outflows	131
		Resource outflows – products leaving the business	150
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S1 – Own workforce

DISCLOSURE REQUIREMENT (INCLUDING MDR-A, MDR-M, MDR-P AND MDR-T)	SECTION IN THE REPORT	NOTE	PAGE FROM
S1-1	Policies related to own workforce	Policies for own workforce	134
S1-2	Processes for engaging with own workforce and workers' representatives about impacts	Cooperation with own workforce	134
S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	Complaints channels	135
S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Actions and resources	135
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Targets and monitoring	136
S1-6	Characteristics of the undertaking's employees	Data reporting	136
		Number of employees and staff structure	150
		Employee turnover	150
S1-8	Collective bargaining coverage and social dialogue	Number of employees and staff structure	150
S1-9	Diversity metrics	Governing, management and supervisory bodies	114
		Data reporting	114
		Definition of Group management level	151
S1-14	Health and safety metrics	Data reporting	136
		Health and safety	150
S1-16	Remuneration metrics (pay gap and total remuneration)	Data reporting	137
		Salary and remuneration	150
S1-17	Incidents, complaints and severe human rights impacts	Data reporting	137
		Incidents and complaints	151

S2 – Workers in the value chain

DISCLOSURE REQUIREMENT (INCLUDING MDR-A, MDR-M, MDR-P AND MDR-T)	SECTION IN THE REPORT	NOTE	PAGE FROM
BP-2	Disclosures in relation to specific circumstances	Application of transitional rules	144

G1 – Business conduct

DISCLOSURE REQUIREMENT (INCLUDING MDR-A, MDR-M, MDR-P AND MDR-T)	SECTION IN THE REPORT	NOTE	PAGE FROM
G1-1	Business conduct policies and corporate culture	Policies for responsible business conduct	141
		Governance related to responsible business conduct	141
G1-2	Management of relationships with suppliers	Relationships with suppliers and business partners	141
G1-3	Prevention and detection of corruption and bribery	Training and skills development	141
		Ethical Business Conduct	142
G1-4	Incidents of corruption or bribery	Ethical Business Conduct	142

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 2025, except for the sustainability report on pages 104-154. The annual accounts and consolidated accounts of the company are included on pages 63-154 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 2025 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 2025 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the Parent Company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its Parent Company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

VALUATION OF GOODWILL

See Note 15 and accounting principles on page 74 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

As at 31 december 2025, recorded value of goodwill amounts to SEK 1,170 million (1,204) 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 analyses in order to be able to assess how reasonable changes in assumptions can affect the valuation.

We have also evaluated the disclosures provided in the annual report regarding goodwill and impairment testing.

REVENUE RECOGNITION

See Note 4 and accounting principles on page 74 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 2025 amounts to SEK 3,402 million (3,315). Of the Group's revenue from sales for 2025, SEK 1,117 million (1,201) 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, 61, 104–154 and 160–164. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 2025 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the Group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined 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 2025. Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 *Examination of the Esef report*. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of XANO Industri AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

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

KPMG AB, Box 214, 551 14, Jönköping, was appointed auditor of XANO Industri AB (publ) by the general meeting of the shareholders on 15 May 2025. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 12 May 2022.

Jönköping, 20 March 2026

KPMG AB

Olle Nilsson
Authorised Public Accountant

Auditor's limited assurance report of XANO Industri AB (publ)'s sustainability statement

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

Conclusion

We have conducted a limited assurance engagement of the sustainability statement for XANO Industri AB (publ) (the "company") for the financial year 2025. The sustainability statement is included on pages 104-154 in this document.

Based on our limited assurance engagement as described in the section Auditor's responsibility, nothing has come to our attention that causes us to believe that the sustainability statement does not, in all material respects, meet the requirements of the Swedish Annual Accounts Act which includes:

- whether the sustainability statement meets the requirements of ESRS,
- whether the process the company has carried out to identify reported sustainability information has been conducted as described in the sustainability statement, and
- compliance with the reporting requirements of the EU:s Green Taxonomy Regulation Article 8.

Basis for conclusion

We have conducted the assurance engagement in accordance with FAR's recommendation RevR 19 *The auditor's limited assurance regarding the statutory sustainability statement*. Our responsibility according to this recommendation is further described in the section Auditor's responsibility.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matters

The sustainability information for the prior year has not been subject to any assurance, and consequently no assurance of the comparative information in the sustainability statement for 2025 has been performed.

Information other than the sustainability statement

This document also contains information other than the sustainability statement and is found on pages 1–59, 61–103 and 160–164. The Board of Directors and the Managing Director are responsible for this other information.

Our conclusion on the sustainability statement does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our limited assurance engagement on the sustainability statement, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the sustainability statement. In this procedure we also take into account our knowledge otherwise obtained in the limited assurance engagement 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 sustainability statement in accordance with Chapter 6, Sections 12–12f of the Swedish Annual Accounts Act, and for such internal control as they determine is necessary to enable the preparation of the sustainability statement that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion with limited assurance on whether the sustainability statement has been prepared in accordance with Chapter 6, Sections 12–12f of the Swedish Annual Accounts Act based on our review. The limited assurance engagement has been conducted in accordance with FAR's recommendation RevR 19 *The auditor's limited assurance regarding the statutory sustainability statement*. This recommendation requires that we plan and perform our procedures to obtain limited assurance that the sustainability statement is prepared in accordance with these requirements.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. This means that it is not possible for us to obtain such assurance that we become aware of all significant matters that could have been identified if a reasonable assurance engagement had been performed.

Our firm applies ISQM 1 (International Standard on Quality Management), which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

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.

A limited assurance engagement involves performing procedures to obtain evidence to support the sustainability statement. The auditor selects the procedures to be performed, including assessing the risks of material misstatements in the sustainability statement, whether due to fraud or error. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board of Directors and the Managing Director prepare the sustainability statement, in order to design procedures that are appropriate under the circumstances, but not for the purpose of providing a conclusion on the effectiveness of the company's internal control. The review consists of making inquiries, primarily of persons responsible for the preparation of the sustainability statement, performing analytical review, and conducting other limited review procedures.

In conducting our limited assurance engagement, with respect to the process undertaken to identify the sustainability information to be reported, we have:

- Obtained an understanding of the process by:
 - performing inquiries to understand the sources of the information used by management; and
 - reviewing the company's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our review procedures regarding the Process implemented by the company was consistent with the description of the Process set out in the sustainability statement.

In conducting our limited assurance engagement, with respect to the sustainability statement, we have performed, but were not limited to, the following:

- Through inquiries, obtained a general understanding of the company's reporting and consolidation processes, including the company's internal control environment and information systems, relevant to the preparation of information in the sustainability statement.
- Evaluated whether information identified as material through the process the company has carried out is also included in the sustainability statement.

- Evaluated whether the structure and the presentation of the sustainability statement is in accordance with the requirements of the ESRS.
- Performed inquiries with relevant personnel and analytical procedures on selected disclosures in the sustainability statement.
- Performed substantive procedures through sample testing on selected disclosures in the sustainability statement.
- Through inquiries, obtained understanding of the methods used to develop material estimates and how these methods were applied.
- Through inquiries, obtained a general understanding of the process to identify economic activities which are eligible and aligned with the EU Green Taxonomy, and the corresponding disclosures in the sustainability statement.

Inherent limitations in preparing the sustainability statement

In reporting forward-looking information in accordance with ESRS, the Board of Directors and the Managing Director of XANO Industri AB (publ) are required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by XANO Industri AB (publ). Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Jönköping, 20 March 2026

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 och 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 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.



Petter Fägersten
born 1982

Board member elected 2011.
Principal education Graduate economist.
Principal professional experience MD and Marketing Manager ITAB Shop Concept Jönköping.
Other directorships Member of the boards of ITAB Shop Concept AB, INEV AB, Idyllum AB, Pontix AB, Övre Kullen AB.
Shareholding in XANO 1,220,800 Class B shares.



Lennart Persson
born 1968

President and CEO joined the company in 1998.
Principal education Graduate engineer.
Principal professional experience CIO Eldon Vasa, business controller ITAB, Managing Director of ITAB Kaluste and ITAB Plast.
Holding in XANO 484,342 Class B shares and nom. SEK 5,692,730 convertibles corresponding to 53,705 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 economist.
Principal professional experience Controller ITAB.
Holding in XANO 121,000 Class B shares and nom. SEK 3,728,020 convertibles corresponding to 35,170 Class B shares.



Marilyn Lindh
born 1982

CSO joined the company in 2023, part of the Group Management since 7 February 2025.
Principal education Engineering and design at Jönköping University.
Principal professional experience Marketing and sales at Swedoor/JELD-WEN, CSO at TECCA and T-Emballage.
Holding in XANO Nom. SEK 950,926 convertibles corresponding to 8,971 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 Alvearium.
Other directorships Chair of the board of Alvearium Invest AB. Member of the boards of Cordgarn AB and Texrep AB.
Shareholding in XANO –



Jennie Hammer Viskari
born 1981

Board member elected 2022.
Principal education Ingenjörsexamen, MBA.
Principal professional experience Global VP Sales & Marketing Magna Electronics, VD Magna Electronics Sweden, ledande befattningar inom Veoneer/Autoliv.
Other directorships Styrelseordförande i Magna Electronics Sweden AB.
Shareholding in XANO –



Vibeke Gyllenram
born 1977

Board member elected 2024.
Principal education Master's degree in economics.
Principal professional experience CEO AGES, VP Stormwater Solutions ViaCon Group, senior positions within ABB Process Automation and Robotics, in Sweden and globally.
Other directorships –
Shareholding in XANO 1,450 Class B shares.

Group Management

Auditor

KPMG AB

Auditor in charge

Olle Nilsson

born 1975

Authorised public accountant

Details concerning the number of shares refer to holdings on 31 December 2025 and include, where applicable, holdings via related parties and holdings where the given Board member is able to exert a controlling interest.

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