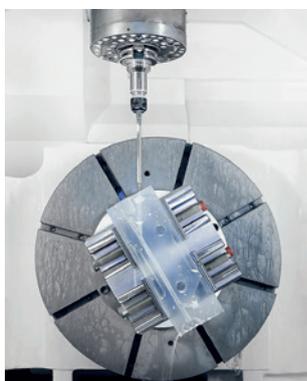


YEAR-END REPORT

1 January – 31 December 2020



THE FULL YEAR

- Net revenue totalled SEK 2,239 million (2,128)
- Operating profit amounted to SEK 274 million (229)
- Profit before tax amounted to SEK 251 million (211)
- Profit after tax amounted to SEK 195 million (163)
- Earnings per share were SEK 6.86 (5.85)
- Proposed dividend SEK 2.50 (–) per share

Important events during the period

- Conversion of personnel convertibles 2016/2020
- Subscription for personnel convertibles 2020/2023
- Modelltechnik was acquired
- Lasertech was acquired

THE FOURTH QUARTER

- Net revenue totalled SEK 630 million (520)
- Operating profit amounted to SEK 83 million (45)
- Profit before tax amounted to SEK 76 million (39)
- Profit after tax amounted to SEK 60 million (30)
- Earnings per share were SEK 2.09 (1.10)

CEO's comments on the Group's development during the period

THE GROUP

After four good quarters, with particularly strong growth during the second half of the year, we can summarise 2020 as the Group's best year ever. All our business units surpassed the previous year's profit levels and reported improved margins. Many of the Group's companies advanced their market positions, and we completed two supplementary acquisitions within Precision Technology that are further strengthening us as a group.

Committed corporate management teams and employees are the foundation for our organisation, which encompasses three business units in a decentralised, entrepreneur-governed structure. The business is characterised by a clear focus on profitable growth through long-term work with strategic customers and assignments. Our successful business model is the primary reason

why the effects of the prolonged Coronavirus pandemic only had a marginal impact on the consolidated results for the year. For a few of the Group's companies, however, the pandemic resulted in major challenges, principally in the form of significantly reduced volumes going to the automotive sector. Activities linked to after-sales and service were also impeded by restrictions to freedom of movement, which also dampened the rate of growth. In this respect, we have worked actively to identify alternatives to traditional working methods. At the same time, additional resources have been set aside for marketing, and the level of activity within strategic sales has been raised. Our work on product and technical development has continued to be a high priority, and has also included our efforts to achieve more resource-efficient manufacturing and a higher degree of recycling and circularity.

For the whole year, sales growth amounted to 5 per cent, of which just over 4 per cent was organic. Compared to the previous year, operating profit increased by 19 per cent while the operating margin rose from 10.8 to 12.2 per cent. The profit margin stood at 11.2 per cent (9.9), which means that we clearly exceeded our stated goal of 8 per cent. A high cash flow further confirmed the Group's healthy financial position.

The results during the fourth quarter were strong and exceeded the comparative figures from the corresponding period in the previous year. In terms of the market, too, the year finished in a stable manner, with an improved order situation overall compared to the end of the previous year.

THE INDUSTRIAL PRODUCTS BUSINESS UNIT

Within the Industrial Products business unit, sales decreased by almost 10 per cent, while operating profit marginally exceeded last year's figure. The operating margin stood at 13.8 per cent (12.4). A favourable mix including an increased share of proprietary products in the infrastructure and marine segments had a positive impact on margins. The reduction in volume compared to the previous year can mainly be explained by the production stoppages implemented at automotive manufacturers during the spring. By the end of the year, demand in this sector had more or less returned to the previously forecast levels. Organisational adaptations, combined with efficiency improvements and government support measures, minimised the impact on profits caused by the loss of sales.

THE INDUSTRIAL SOLUTIONS BUSINESS UNIT

The increase in sales within the Industrial Solutions business unit amounted to 11 per cent. Operating profit improved by 31 per cent compared to last year. The operating margin stood at 12.6 per cent (10.6). Project deliveries for the packaging and food industries increased significantly, resulting in strengthened margins. The customer-specific assignments enjoyed a balanced mix and, along



with efficiency improvements, also contributed to a great extent to the business unit's positive performance. Sales and aftersales activities have been limited by restrictions linked to the pandemic, although so far it has been possible to perform installations largely as planned.

THE PRECISION TECHNOLOGY BUSINESS UNIT

The operations within the Precision Technology business unit reported 11 per cent higher sales, of which just over 5 per cent was organic growth, and an operating profit that exceeded that of the comparison period by 12 per cent. The operating margin stood at 16.3 per cent (16.2). Developments during the year shifted significantly between the business unit's companies in line with their respective customer profile. Deliveries linked to the medical technology sector increased dramatically, while volumes related to e.g. the automotive sector decreased. The strengthening of resources continued through investments in machinery and extended production areas. Two business acquisitions towards the end of the year are adding new technology and introducing additional customer segments.

FUTURE DEVELOPMENT

It is difficult to assess how the ongoing pandemic will affect the Group's operations in the longer term. We have generally experienced strong sales in recent months, and our combined order stock is higher now than at the corresponding time last year. Thanks to our stated focus on marketing, we have been able to advance our positions. We now consider that we are growing more than the market in all three business units. Our financial position is good. This suggests continued stable growth in both the short and the medium term. There are challenges, however. At present, the prevailing travel restrictions are the primary reason that can limit our potential to carry out installations and important meetings with customers. Aftersales activities are also being affected to a large extent. At the same time, there is room for improvement in some of the Group's companies that have experienced particular strains over the past year, but that are now receiving more positive signals from their customers. We also consider that the conditions are good for further strategic acquisitions that can provide access to new market segments and deliver complementary technical expertise.

THANK YOU

Finally, I would once again like to express my appreciation and gratitude for the excellent work that the Group's employees together have carried out.

Jönköping, 11 February 2021

Lennart Persson
President and CEO

GENERAL INFORMATION

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

REVENUE AND PROFIT

The full year

Net revenue totalled SEK 2,239 million (2,128). Operating profit amounted to SEK 274 million (229), corresponding to an operating margin of 12.2 per cent (10.8). Profit before tax was SEK 251 million (211).

The fourth quarter

Net revenue totalled SEK 630 million (520). Operating profit amounted to SEK 83 million (45), corresponding to an operating margin of 13.2 per cent (8.7). Profit before tax was SEK 76 million (39).

SHARE DATA AND KEY FIGURES

The full year

Basic earnings per share were SEK 6.86 (5.85). Equity per share was SEK 36.25 (28.68). The average number of outstanding shares was 28,435,152 during the year. The equity/assets ratio was 42 per cent (38) at year-end. The average number of employees was 1,055 (1,085).

IMPORTANT EVENTS DURING THE PERIOD

The negative impact of the Coronavirus pandemic on the Group has been limited. After several vehicle manufacturers decided to shut down their production processes, we implemented adaptations in parts of our operations. These measures initially affected approximately 160 individuals. Following the restart, there was a gradual increase in automotive production volumes, although not to the previously forecast levels.

The Annual General Meeting was originally planned for 7 May but was held instead on 25 June. The Meeting decided to approve the Board of Directors' proposal that no dividends should be paid for the 2019 financial year. The purpose of this proposal was to ensure as high a level of financial latitude as possible, bearing in mind the prevailing uncertainty linked to the effects of the Coronavirus pandemic.

On 1 July 2016, personnel convertibles were issued with a closing date of 30 June 2020. During the period 1–12 June 2020, a nominal amount of SEK 57,776,921.50 was registered for conversion to Class B shares. The conversion rate was SEK 54.50 and the number of new Class B shares resulting from the conversion amounted to 1,060,127. The registration process was implemented in June 2020.

During the period 27 August to 3 September 2020, employees within the XANO Group subscribed for 573,756 convertibles at a price of SEK 122, equivalent to a nominal amount of SEK 69,998,232. The convertible runs for the period 1 October 2020 to

30 September 2023, at an interest rate corresponding to STIBOR 3M plus 1.75 percentage points. During the period 1 September to 12 September 2023, each convertible may be converted to one Class B share in XANO Industri AB. If all the convertibles are converted into shares, the dilution effect on the share capital will be approximately 1.9 per cent, and on the voting rights approximately 0.6 per cent, based on the current total number of shares.

On 2 November, all the shares in Modellteknik i Eskilstuna AB were acquired. Modellteknik is an engineering company possessing leading-edge expertise in advanced cutting machining and mould manufacturing. The business possesses resources for the manufacture of prototypes and fixtures, design and cutting machining in short and medium-sized runs. Its customers are primarily in the automotive and defence segments. The company has 22 employees and sales of SEK 35 million. Modellteknik is part of XANO's Precision Technology business unit. As a result of the acquisition, the business unit is gaining further technical expertise and access to new market segments. Consolidation took place as from 2 November 2020. The acquisition is expected to have a marginal impact on XANO's earnings per share.

On 14 December, all the shares in Lasertech LSH AB were acquired. 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 has a stable customer structure including renowned companies, for example in the automotive, defence and medical technology sectors. Annual sales amount to approx. SEK 60 million with good profitability. Lasertech is part of XANO's Precision Technology business unit. The acquisition is providing additional technical expertise, while at the same time creating increased growth opportunities for both Lasertech and other Group companies. Lasertech currently cooperates with a number of customers that are already established within the business unit, although the acquisition is also providing access to new market segments. Consolidation took place as from 1 December 2020. The acquisition is expected to have a marginal positive impact on XANO's earnings per share.

EVENTS AFTER THE END OF THE PERIOD

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

INVESTMENTS

The full year

Net investments in non-current assets came to SEK 166 million (123), of which SEK 93 million related to corporate transactions, SEK 1 million to intangible non-current assets, SEK 8 million to real estate and SEK 64 million to machinery and equipment.

The fourth quarter

Net investments in non-current assets came to SEK 127 million (44), of which SEK 93 million related to corporate transactions, SEK -3 million to intangible non-current assets, SEK 4 million to real estate, SEK 31 million to machinery and equipment and SEK 2 million to right-of-use assets.

CASH FLOW AND LIQUIDITY

Cash flow from operating activities amounted to SEK 402 million (307) during the year. The stronger cash flow in relation to the comparison period is primarily a consequence of the higher profits and reduced tax payments during the year, as well as advance payments that have increased contract liabilities in project-related operations.

The higher cash flow, combined with the absence of a dividend and the raised convertible debenture loan, has had a positive impact on cash and cash equivalents. Liquid assets, including lines of credit granted but not utilised, totalled SEK 784 million (510) on the closing day.

NUMBER OF SHARES AND VOTING RIGHTS

In June 2020, a further 1,060,127 new Class B shares were added as a result of the conversion of XANO Industri AB convertibles 2016/2020.

In connection with the acquisition of Lasertech in December 2020, 37,878 of the company's own Class B shares were transferred.

On the closing day, the total number of registered shares in the company amounts to 29,247,107, divided between 7,288,800 Class A shares and 21,958,307 Class B shares, with a quotient value of SEK 1.25. Each Class A share entitles the holder to ten votes and each Class B share entitles the holder to one vote. The total number of votes amounts to 94,846,307. The company holds 254,566 of its own Class B shares.

RISKS AND UNCERTAINTY FACTORS

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

The Group's operations span many different sectors and customer segments, which generally entails a good spreading of risk. We also enjoy a high level of preparedness to make adjustments at short notice. The ongoing Coronavirus pandemic is a risk and uncertainty factor that could have significant consequences for the Group's operations. The health and safety of our employees is our top priority, and we are complying with the guidelines and recommendations issued by the public authorities in the countries where we operate. This may in itself entail restrictions to our ability to carry out installations and maintain services for our customers. At the same time, the extent of our customers' need for products and services may be significantly reduced. There are also risks associated with e.g. material supplies and the purchase of services. In the short term, the risks related to the pandemic are considered to be limited. The longer-reaching consequences of a continued spread of infection and its impact on the Group's operations are difficult to foresee.

A statement on the Group's other main financial and operational risks can be found on pages 77–78 of the annual report for 2019.

RELATED PARTY TRANSACTIONS

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

PROPOSED DIVIDEND

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

AUTHORISATION FOR REPURCHASE OF OWN SHARES

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

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

AUTHORISATION FOR A NEW SHARE ISSUE

The Board of Directors proposes that the Annual General Meeting renew the Board's authorisation to decide on a new issue of Class B shares corresponding to a maximum of one tenth of the company's issued shares. Such a mandate would entail the Board being able to make a decision on a new share issue during the period until the next Annual General Meeting.

The terms of the issue, including the issue price, must be based on a market assessment in which the issue price in each case is set as close to the market value as possible, less the discount which may be necessary to generate interest in the subscription.

ANNUAL GENERAL MEETING 2021

The Board of Directors has decided to postpone the upcoming Annual General Meeting until Thursday, 3 June 2021. The previously announced date was 6 May. The Meeting will be held in Jönköping, starting at 3.00 pm.

At the AGM on 25 June 2020, a Nomination Committee consisting of Ulf Hedlundh (Chairman), Stig-Olof Simonsson and Anna Benjamin was appointed. The task of this Committee prior to the 2021 AGM is to nominate a Chairman of the Board and other Board members, auditors, a Chairman for the AGM and to propose fees for the Board and auditors.

Shareholders wishing to have an issue dealt with at the Annual General Meeting must have submitted such a request in writing to the company no later than 15 April 2021 in order for the issue to be included in the notice. The request must be sent to the company at the address: XANO Industri AB, Att. AGM 2021, Industriegatan 14 B, SE-553 02 Jönköping, or by e-mail to ir@xano.se with "AGM 2021" as the subject.

The annual report for 2020 (in Swedish) will be available in week 16, as a printed version from the head office and in digital format on the website www.xano.se. The annual report is distributed to those shareholders who have actively notified the company that they wish to receive a copy.

NEXT REPORTING DATE

The interim report for the period 1 January to 31 March 2021 will be presented on Thursday 6 May 2021.

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

Jönköping, 11 February 2021

Fredrik Rapp
Chairman

Anna Benjamin
Vice Chairman

Petter Fägersten
Board member

Eva-Lotta Kraft
Board member

Per Rodert
Board member

Lennart Persson
CEO

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SUMMARY, SEK million)		2020 3 mths Oct-Dec	2019 3 mths Oct-Dec	2020 12 mths Jan-Dec	2019 12 mths Jan-Dec
	Note				
Net revenue	2	630	520	2,239	2,128
Cost of goods sold		-474	-411	-1,709	-1,658
Gross profit		156	109	530	470
Selling expenses	3	-45	-41	-161	-158
Administrative expenses		-26	-22	-90	-85
Other operating income		7	4	19	14
Other operating expenses		-9	-5	-24	-12
Profit from participations in associated companies		0	0	0	0
Operating profit		83	45	274	229
Financial income		5	1	8	9
Financial expenses		-12	-7	-31	-27
Profit before tax	2	76	39	251	211
Tax	4	-16	-9	-56	-48
Net profit for the period		60	30	195	163
<i>– of which attributable to shareholders of the Parent Company</i>		<i>60</i>	<i>30</i>	<i>195</i>	<i>163</i>
OTHER COMPREHENSIVE INCOME					
<i>Items that may be reclassified to net profit for the period</i>					
Change in hedging reserve including tax	5	5	4	4	1
Translation differences	5	-12	-7	-18	6
Other comprehensive income		-7	-3	-14	7
Comprehensive income for the period		53	27	181	170
<i>– of which attributable to shareholders of the Parent Company</i>		<i>53</i>	<i>27</i>	<i>181</i>	<i>170</i>
Basic earnings per share, SEK	6	2.09	1.10	6.86	5.85
Diluted earnings per share, SEK	6	2.08	1.07	6.76	5.70

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (SUMMARY, SEK million)		Note	2020 31 Dec	2019 31 Dec
ASSETS				
Goodwill			626	577
Other intangible non-current assets			38	44
Property, plant and equipment			547	503
Right-of-use assets			111	136
Other non-current assets			3	2
Total non-current assets			1,325	1,262
Inventories			310	318
Current receivables			484	419
Cash and cash equivalents			367	82
Total current assets			1,161	819
TOTAL ASSETS			2,486	2,081
EQUITY AND LIABILITIES				
Equity			1,051	800
Non-current liabilities			790	690
Current liabilities		7	645	591
TOTAL EQUITY AND LIABILITIES			2,486	2,081

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SUMMARY, SEK million)	2020 31 Dec	2019 31 Dec
Opening balance	800	686
Net profit for the period	195	163
Other comprehensive income	-14	7
<i>Comprehensive income for the period</i>	181	170
Conversion of personnel convertibles	58	–
Effects of convertible loan issued	7	–
Transfer of own shares	5	–
Dividend paid in cash	–	-56
<i>Total transactions with shareholders</i>	70	-56
Closing balance	1,051	800
<i>– of which attributable to shareholders of the Parent Company</i>	<i>1,051</i>	<i>800</i>

CONSOLIDATED CASH FLOW STATEMENT (SUMMARY, SEK million)	Note	2020 12 mths Jan-Dec	2019 12 mths Jan-Dec
Operating profit		274	229
Interest and income tax paid/received and adjustments for non-cash items		44	1
Change in working capital		84	77
Cash flow from operating activities		402	307
Investments			
Acquisitions of subsidiaries	8	-68	-8
Other		-75	-100
Cash flow after investments		259	199
Dividend paid		–	-56
Cash flow from other financing activities		38	-132
Cash flow for the period		297	11
Cash and cash equivalents at the start of the period		82	70
Exchange rate differences in cash and cash equivalents		-12	1
Cash and cash equivalents at the end of the period		367	82

NOTES, GROUP

■ NOTE 1 ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable regulations of the Swedish Annual Accounts Act. The Group and the Parent Company apply the same accounting policies as described in the annual report for 2019 with the exceptions of new or revised standards, interpretations and improvements, which are applied as from 1 January 2020. The critical assessments and the sources of estimates when preparing this interim report are the same as in the most recent annual report.

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

■ NOTE 2

NET REVENUE AND PROFIT/LOSS BEFORE TAX

Net revenue refers to revenue from contracts with customers. The information on segments is provided from the management's perspective, which means that reporting corresponds to the way in which the information is presented internally. The Group reports on the following segments: Industrial Products, Industrial Solutions and Precision Technology. The operations within each segment are described on page 15. The segments are reported in accordance with the same accounting policies as the Group. Market conditions are applied to transactions between the segments.

NET REVENUE AND BREAKDOWN OF INCOME BY SEGMENT (SEK million)	2020 3 mths Oct-Dec	2019 3 mths Oct-Dec	2020 12 mths Jan-Dec	2019 12 mths Jan-Dec
INDUSTRIAL PRODUCTS	149	143	551	610
Breakdown by geographic market ¹⁾				
Sweden	57	43	187	182
Rest of the Nordic countries	30	30	134	135
Rest of Europe	60	68	225	286
Rest of the world	2	2	5	7
Breakdown by type of product				
Proprietary products	44	33	185	164
Customer-specific manufacturing	105	110	366	446
Breakdown by timing of revenue recognition				
Goods and services transferred at a point in time	149	143	551	610
INDUSTRIAL SOLUTIONS	374	303	1,345	1,214
Breakdown by geographic market ¹⁾				
Sweden	69	108	308	389
Rest of the Nordic countries	23	21	65	71
Rest of Europe	135	105	567	506
Rest of the world	147	69	405	248
Breakdown by type of product				
Proprietary products	250	181	844	740
Customer-specific manufacturing	124	122	501	474
Breakdown by timing of revenue recognition				
Goods and services transferred at a point in time	176	161	609	584
Services transferred over time	4	6	8	13
Projects transferred over time	194	136	728	617
PRECISION TECHNOLOGY	108	75	345	310
Breakdown by geographic market ¹⁾				
Sweden	85	62	275	254
Rest of the Nordic countries	1	2	6	5
Rest of Europe	5	4	20	22
Rest of the world	17	7	44	29
Breakdown by type of product				
Proprietary products	0	1	2	3
Customer-specific manufacturing	108	74	343	307
Breakdown by timing of revenue recognition				
Goods and services transferred at a point in time	108	75	345	310
GROUP TOTAL	630	520	2,239	2,128
Breakdown by geographic market ¹⁾				
Sweden	210	212	768	819
Rest of the Nordic countries	54	53	205	211
Rest of Europe	200	177	812	814
Rest of the world	166	78	454	284
Breakdown by type of product				
Proprietary products	294	215	1,031	907
Customer-specific manufacturing	336	305	1,208	1,221
Breakdown by timing of revenue recognition				
Goods and services transferred at a point in time	432	378	1,503	1,498
Services transferred over time	4	6	8	13
Projects transferred over time	194	136	728	617

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

NET REVENUE BY SEGMENT	2020	2019	2020	2019
(SEK million)	3 mths Oct-Dec	3 mths Oct-Dec	12 mths Jan-Dec	12 mths Jan-Dec
Industrial Products	149	143	551	610
Industrial Solutions	374	303	1,345	1,214
Precision Technology	108	75	345	310
Eliminations	-1	-1	-2	-6
Group total	630	520	2,239	2,128

PROFIT/LOSS BEFORE TAX BY SEGMENT ¹⁾	2020	2019	2020	2019
(SEK million)	3 mths Oct-Dec	3 mths Oct-Dec	12 mths Jan-Dec	12 mths Jan-Dec
Industrial Products	20	11	69	69
Industrial Solutions	49	28	159	123
Precision Technology	16	5	54	47
Undistributed items	-9	-5	-31	-28
Group total	76	39	251	211

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

■ NOTE 3 TAX

Tax amounts to 22 per cent (23) for the full year.

■ NOTE 4 OTHER COMPREHENSIVE INCOME

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

■ NOTE 5 EARNINGS PER SHARE

BASIC EARNINGS PER SHARE	2020 3 mths Oct-Dec	2019 3 mths Oct-Dec	2020 12 mths Jan-Dec	2019 12 mths Jan-Dec
Net profit for the period, SEK million	60.4	30.5	195.1	163.1
Average number of outstanding shares, thousands	28,962	27,895	28,435	27,895
Basic earnings per share, SEK	2.09	1.10	6.86	5.85

DILUTED EARNINGS PER SHARE	2020 3 mths Oct-Dec	2019 3 mths Oct-Dec	2020 12 mths Jan-Dec	2019 12 mths Jan-Dec
Net profit for the period, SEK million	60.4	30.5	195.1	163.1
Interest expense on convertible bonds, SEK million ¹⁾	0.9	0.6	2.0	2.3
Issue expenses for convertible bonds, SEK million	0.0	0.0	0.0	0.0
Adjusted income, SEK million	61.3	31.1	197.1	165.4
Average number of outstanding shares, thousands	28,962	27,895	28,435	27,895
Adjustment for presumed conversion of convertible bonds, thousands	574	1,140	705	1,140
Average number of outstanding shares after dilution, thousands	29,536	29,035	29,140	29,035
Diluted earnings per share, SEK	2.08	1.07	6.76	5.70

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

Due to the 2:1 share split carried out in June 2019, all comparison figures have been recalculated.

On 1 July 2016, convertibles at a nominal value of SEK 62,130,000, corresponding to 1,140,000 Class B shares in the event of full conversion, were issued to employees within the XANO Group. During the year, holders of a nominal SEK 57,776,921.50 requested conversion of their claims to shares. Through the conversion, 1,060,127 new Class B shares were issued.

On 1 October 2020, convertibles at a nominal value of SEK 69,998,232, corresponding to 573,756 Class B shares in the event of full conversion, were issued to employees within the XANO Group. The convertibles accrue interest corresponding to STIBOR 3M plus 1.75 percentage points and fall due for payment on 30 September 2023. The conversion rate is SEK 122.00. During the period 1 September to 12 September 2023, each convertible may be converted to one Class B share in XANO Industri AB. If all convertibles are converted to shares, the dilution will be approx. 1.9 per cent of the share capital and 0.6 per cent of the number of votes based on the total number of shares on the closing day.

The total number of shares stands at 29,247,107, divided between 7,288,800 Class A shares and 21,958,307 Class B shares. After deduction for the company's own holding, 254,566 Class B shares, the number of outstanding shares is 28,992,541. The average number of outstanding shares was 28,435,152 during the year. The average number of shares in the company's custody was 290,581 during the year. Each Class A share entitles ten votes and each Class B share entitles one vote. The number of votes, following deductions for the company's own holding, was 94,591,741 on the closing day.

■ NOTE 6 CURRENT RECEIVABLES

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

■ NOTE 7 CURRENT LIABILITIES

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

■ NOTE 8 BUSINESS COMBINATIONS

Modellteknik i Eskilstuna AB and Pelarstället AB are included in the consolidated results from 2 November 2020. Lasertech LSH AB is included in the consolidated results from 1 December 2020. If the acquired units had been included in the Group throughout the whole of 2020, revenue would have amounted to approx. SEK 2,325 million, while net profit would have been SEK 205 million for the 2020 full year.

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

ACQUISITION OF MODELLEKNIK (SEK million)	Reported values in subsidiary	Fair value adjustment	Consolidated fair value
Intangible non-current assets	–	5	5
Property, plant and equipment	11	6	17
Right-of-use assets	–	7	7
Current assets	12	–	12
Non-current liabilities	-1	-6	-7
Current liabilities	-16	-2	-18
Net assets/purchase price	6	10	16
Liquid assets in acquired businesses			-2
Total cash flow attributable to acquired businesses			14

The total purchase prices amounted to SEK 15.7 million and were paid in cash. The acquisitions bring surplus values totalling SEK 11.2 million distributed between goodwill (SEK 4.9 million), real estate (SEK 4.7 million) and machinery (SEK 1.6 million). The transaction costs amount to SEK 0.2 million. Goodwill relates to synergy effects and customer relations. The expectation is that synergies will mainly be achieved as a result of existing operations in the Precision Technology business unit gaining access to new market segments due to the acquisition, as well as acquiring both further technological expertise and added capacity within cutting machining. The utilisation of common resources will also entail synergies. Pelarstället AB owns the property in which Modellteknik conducts its operations.

ACQUISITION OF LASERTECH (SEK million)	Reported values in subsidiary	Fair value adjustment	Consolidated fair value
Intangible non-current assets	–	47	47
Property, plant and equipment	14	–	14
Right-of-use assets	–	3	3
Current assets	31	–	31
Non-current liabilities	-5	-2	-7
Current liabilities	-17	-3	-20
Net assets/purchase price	23	45	68
Liquid assets in acquired businesses			-15
Transaction costs			1
Total cash flow attributable to acquired businesses			54

The total purchase price amounted to SEK 70.5 million, and was paid with SEK 64.1 million in cash and SEK 5 million against a promissory note in December 2020. The remaining amount, SEK 1.4 million, has been paid in January 2021. The acquisition brings surplus values totalling SEK 47.3 million related to goodwill. The transaction costs amount to SEK 0.8 million. Goodwill relates to synergy effects and customer relations. The expectation is that synergies will mainly be achieved as a result of existing operations at the Precision Technology business unit gaining access to new market segments due to the acquisition, as well as acquiring further technological expertise. The utilisation of common resources will also entail synergies. Furthermore, the acquisition is giving rise to increased growth opportunities for both Lasertech and other Group companies.

In connection with the transaction, XANO Industri AB transferred its own shares to the value of SEK 5 million. Payment for the shares was received in the form of a promissory note.

SHARE DATA, GROUP	2020	2019	2020	2019
	3 mths Oct-Dec	3 mths Oct-Dec	12 mths Jan-Dec	12 mths Jan-Dec
Average number of outstanding shares, thousands	28,962	27,895	28,435	27,895
Average number of outstanding shares after dilution, thousands	29,536	29,035	29,140	29,035
Basic earnings per share, SEK	2.09	1.10	6.86	5.85
Diluted earnings per share, SEK	2.08	1.07	6.76	5.70
Cash flow from operating activities per share, SEK	8.40	1.89	14.14	11.02
Total number of shares on closing day, thousands			29,247	28,187
Number of shares in own custody on closing day, thousands			255	292
Number of outstanding shares on closing day, thousands			28,992	27,895
Equity per share on closing day, SEK			36.25	28.68
Share price on closing day, SEK			129.50	113.00

The comparison figures have been recalculated due to the 2:1 share split carried out in June 2019. See also Note 5 on page 10.

KEY FIGURES, GROUP	2020	2019	2020	2019
	3 mths Oct-Dec	3 mths Oct-Dec	12 mths Jan-Dec	12 mths Jan-Dec
Operating margin, %	13.2	8.7	12.2	10.8
Profit margin, %	12.1	7.6	11.2	9.9
Interest-bearing liabilities, SEK million			743	762
Deferred tax liabilities, SEK million			86	96
Lines of credit granted but not utilised, SEK million			417	428
Return on equity, %			21.1	21.8
Return on capital employed, %			17.3	15.4
Return on total capital, %			12.7	11.4
Average equity, SEK million			925	750
Average capital employed, SEK million			1,625	1,549
Average total capital, SEK million			2,223	2,084
Interest coverage ratio, multiple			9.2	8.8
Equity/assets ratio, %			42	38
Proportion of risk-bearing capital, %			46	43
Depreciation, SEK million	22	22	86	84
Net investments in non-current assets, SEK million	127	44	166	123
Employees, average number	1,088	1,118	1,055	1,085

QUARTERLY SUMMARY, GROUP	2020	2019	2020	2019	2020	2019	2020	2019
	Q4	Q4	Q3	Q3	Q2	Q2	Q1	Q1
Net revenue, SEK m	630	520	525	463	546	581	538	564
Gross profit, SEK m	156	109	123	90	134	139	117	132
Operating profit, SEK m	83	45	65	39	69	74	57	71
Profit before tax, SEK m	76	39	59	36	64	69	52	67
Net profit for the period, SEK m	60	30	46	27	49	54	40	52
Comprehensive income for the period, SEK m	53	27	44	29	37	54	47	60
Operating margin, %	13.2	8.7	12.3	8.5	12.7	12.8	10.5	12.5
Profit margin, %	12.1	7.6	11.2	7.8	11.8	11.9	9.6	11.9
Equity/assets ratio, %	42	38	44	37	44	35	39	35
Basic earnings per share, SEK ¹⁾	2.09	1.10	1.57	0.95	1.77	1.93	1.43	1.87
Cash flow from operating activities per share, SEK ¹⁾	8.40	1.89	1.11	4.60	3.76	1.82	0.87	2.71

¹⁾ The comparison figures have been recalculated due to the 2:1 share split carried out in June 2019.

For definitions, see page 13.

DEFINITIONS

AVERAGE NUMBER OF EMPLOYEES

Average number of employees during the period based on working hours. Employees covered by short-term work/temporary layoffs are only included to the extent of actual working hours.

BASIC EARNINGS PER SHARE

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

CAPITAL EMPLOYED

Balance sheet total less non-interest-bearing liabilities.

CASH FLOW FROM OPERATING ACTIVITIES PER SHARE

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

DILUTED EARNINGS PER SHARE

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

EQUITY PER SHARE

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

EQUITY/ASSETS RATIO

Equity in relation to total capital.

INTEREST COVERAGE RATIO

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

NET INVESTMENTS

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

OPERATING MARGIN

Operating profit in relation to net revenue.

ORGANIC GROWTH

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

PROFIT MARGIN

Profit before tax in relation to net revenue.

PROPORTION OF RISK-BEARING CAPITAL

Equity plus provisions for taxes in relation to total capital.

RETURN ON CAPITAL EMPLOYED

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

RETURN ON EQUITY

Net profit in relation to average equity.

RETURN ON TOTAL CAPITAL

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

REVENUE GROWTH

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

TOTAL CAPITAL

Total equity and liabilities (balance sheet total).

KEY FIGURES

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

Presented key figures take the nature of the business into account, and are deemed to provide relevant information to shareholders and other stakeholders for assessing the Group's potential to carry out strategic investments, fulfil financial commitments and provide yield for shareholders at the same time as achieving comparability with other companies. The margin measures are also presented internally for each segment.

For reconciliation of key figures, see page 80 in the 2019 annual report.

INCOME STATEMENT, PARENT COMPANY		2020	2019
(SUMMARY, SEK million)		12 mths Jan-Dec	12 mths Jan-Dec
	Note		
Net revenue	1	34.5	22.5
Selling and administrative expenses		-30.1	-27.1
Operating profit/loss		4.4	-4.6
Profit from participations in Group companies		56.1	128.3
Other financial items		0.2	-4.3
Profit/loss after financial items		60.7	119.4
Appropriations		9.0	-13.0
Tax	2	-10.5	-18.4
Net profit for the period		59.2	88.0
<i>Statement of comprehensive income</i>			
Net profit for the period		59.2	88.0
Other comprehensive income		-	-
Comprehensive income for the period		59.2	88.0
BALANCE SHEET, PARENT COMPANY		2020	2019
(SUMMARY, SEK million)		31 Dec	31 Dec
ASSETS			
Non-current assets		224.4	235.6
Current assets		840.3	620.9
EQUITY AND LIABILITIES			
Equity		366.0	237.0
Untaxed reserves		98.0	107.0
Non-current liabilities		183.5	120.0
Current liabilities		417.2	392.5
BALANCE SHEET TOTAL		1,064.7	856.5
STATEMENT OF CHANGES IN EQUITY, PARENT COMPANY		2020	2019
(SUMMARY, SEK million)		31 Dec	31 Dec
Opening balance		237.0	204.8
Comprehensive income for the period		59.2	88.0
Conversion of personnel convertibles		57.8	-
Effects of convertible loan issued		7.0	-
Transfer of own shares		5.0	-
Dividend paid in cash		-	-55.8
Closing balance		366.0	237.0
CASH FLOW STATEMENT, PARENT COMPANY		2020	2019
(SUMMARY, SEK million)		12 mths Jan-Dec	12 mths Jan-Dec
Operating profit/loss		4.4	-4.6
Interest and income tax paid/received and adjustments for non-cash items		44.2	102.9
Change in working capital		165.7	117.2
Cash flow from operating activities		214.3	215.5
Investments		-0.0	-0.0
Cash flow after investments		214.3	215.5
Financing		28.7	-214.4
Cash flow for the period		243.0	1.1
Cash and cash equivalents at the start of the year		6.3	5.2
Exchange rate differences in cash and cash equivalents		-0.2	0.0
Cash and cash equivalents at the end of the period		249.1	6.3

■ NOTE 1

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

■ NOTE 2

Income tax amounts to 15 per cent (17). Income tax-exempt dividends contribute to the deviating tax rate.

THIS IS XANO

The XANO Group consists of engineering companies offering manufacturing and development services for industrial products and automation equipment. The Group is represented in the Nordic countries, Estonia, the Netherlands, Poland, China and the United States. The companies all operate within well-defined niches and possess a high level of expertise within their respective technical areas. Each unit is anchored locally and developed according to its own potential. At the same time, the Group affinity creates economies of scale for the companies and their customers. The Group's operations are divided up into the Industrial Products, Industrial Solutions and Precision Technology business units.

INDUSTRIAL PRODUCTS



Operations within the Industrial Products business unit comprise the design, manufacture and sale of plastic components and systems produced by means of rotational moulding, injection moulding and blow moulding. Deliverables include both customer-specific and proprietary products.

		2020 Q1-Q4	2019 Q1-Q4
Net sales	SEK m	551	610
Operating profit	SEK m	76	75
Operating margin	%	13.8	12.4

Companies

Akkurat

Sweden
Finland
Poland

Blowtech

Sweden
Norway

Cipax

Sweden
Estonia
Norway
Finland

INDUSTRIAL SOLUTIONS



Companies within the Industrial Solutions business unit supply automation solutions developed in-house, such as packaging machines, accumulators and conveyor systems, to the packaging industry. Contract assignments for advanced industrial products in small and medium-sized production runs are also performed.

		2020 Q1-Q4	2019 Q1-Q4
Net sales	SEK m	1,345	1,214
Operating profit	SEK m	170	129
Operating margin	%	12.6	10.6

Companies

Canline

The Netherlands
USA

Fredriksons

Sweden
China

Jorgensen

Denmark

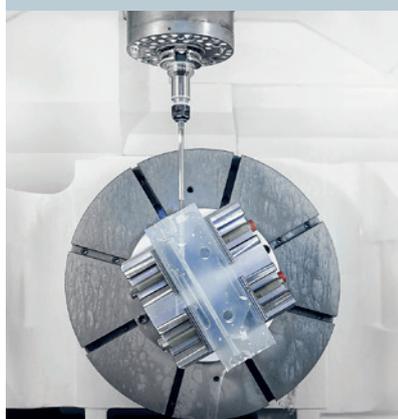
NPB

Sweden

Polyketting

The Netherlands

PRECISION TECHNOLOGY



Operations within the Precision Technology business unit cover component and system manufacture through advanced cutting machining, laser welding and 3D printing, used for the production of components with stringent requirements for quality and precision.

		2020 Q1-Q4	2019 Q1-Q4
Net sales	SEK m	345	310
Operating profit	SEK m	56	50
Operating margin	%	16.3	16.2

Companies

Kuggteknik

Sweden

KMV

Sweden

Lasertech

Sweden

LK Precision

Sweden

Mikroverktyg

Sweden

Modellteknik

Sweden

Resinit

Sweden

Kuggteknik is included from 1 July 2019. Modellteknik is included from 2 November 2020. Lasertech is included from 1 December 2020.

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



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