Year-end report 2024

THE FULL YEAR
- Net revenue totalled SEK 3,315 million (3,431)
- Operating profit amounted to SEK 183 million (301)
- Profit before tax amounted to SEK 115 million (226)
- Profit after tax amounted to SEK 100 million (175)
- Earnings per share were SEK 1.69 (3.01)
- Cash flow from operating activities amounted to SEK 172 million (519)
- No dividend is proposed (previous year SEK 1.00 per share)

THE FOURTH QUARTER
- Net revenue totalled SEK 857 million (836)
- Operating profit amounted to SEK 78 million (54)
- Profit before tax amounted to SEK 64 million (23)
- Profit after tax amounted to SEK 61 million (18)
- Earnings per share were SEK 1.03 (0.30)
- Cash flow from operating activities amounted to SEK 33 million (326)

Important events during the year
- Graniten Engineering was acquired
- Dansk Rotations Plastic was acquired
- Issue of personnel convertibles 2024/2027
- Divestment of a real estate company

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

The Group

Overall, the past year has presented significant challenges from various perspectives. In the final quarter, however, market developments were judged to be somewhat more favourable in relative terms. We also observed increasingly significant impacts from the adaptation measures implemented. While this was not enough for us to reach our full-year profitability targets, it gives us a positive start to 2025.

In organic terms, full-year volumes decreased by approximately 10 per cent, but with the addition of 7 per cent from acquired units, we still achieved revenue close to the previous year's level. However, the margins were considerably worse. The biggest impact came from the challenges faced by several companies in the Industrial Solutions business unit, where market conditions forced extensive restructuring of operations and organisations. In Industrial Products, the outcome was also significantly lower than in the previous year. In total, the business units' full-year profits were charged with SEK 35 million in costs related to restructuring measures and SEK 31 million for anticipated bad debts. At Group level, a capital gain on the disposal of a real estate company contributed positively by SEK 66 million.

During the fourth quarter, consolidated revenue amounted to SEK 857 million (836), which is 2 per cent higher than the corresponding period last year. Adjusted operating profit totalled SEK 64 million (54) and adjusted operating margin was 7.5 per cent (6.5). Operating cash flow amounted to SEK 33 million (326).

Group revenue for the full year fell by just over 3 per cent compared to the previous year, totalling SEK 3,315 million (3,431). Organic growth stood at -10 per cent. Adjusted operating profit amounted to SEK 174 million (294) and adjusted operating margin was 5.3 per cent (8.6). Cash flow from operating activities totalled SEK 172 million (519).

The Industrial Products business unit

In relation to the previous year, sales fell by 2 per cent and operating profit decreased by 57 per cent.

This poor performance was largely related to production in the automotive industry in one of the business unit's Norwegian operations. Industry-specific challenges, combined with low productivity and quality shortage costs, prompted far-reaching restructuring measures. Following a period of declining demand from the European agricultural sector, the Group's Dutch unit has also been subject to significant adjustment measures. On the plus side, the latest addition, Danish DRP, showed good growth and profitability. The company has also won a major new project involving several of its sister companies. The business unit experienced a positive trend in enquiries and order intake, including a clear upturn in the Norwegian boat business towards the end of the year. The share of proprietary products in the total order book is increasing, thereby strengthening margins. Product development continues at a rapid pace, driven by sustainability principles and a shift towards more circular flows.

The Industrial Solutions business unit

In relation to the previous year, sales fell by 4 per cent and operating profit decreased by 62 per cent.

The significant decline for the can manufacturing industry meant an overall volume decrease of more than 10 per cent and more than 50 per cent for the largest company concerned. The loss of revenue, combined with the costs of adapting to new conditions, had a significant impact on profitability. Our project-related operations had few major assignments in general during the year. Instead, the turnover was distributed over a larger number of smaller projects, which consumed comparatively more resources. In contract manufacturing, growth has been hampered in particular by the cautious attitude of established customer segments in China. However, despite generally challenging market conditions, several of the companies managed to maintain good margins through proactive initiatives. In the field of sustainable energy, the business unit has had great success in the past. Operational disruptions and difficulties in scaling up production according to plan have led to productivity and solvency problems for several customers. For us, this means a great deal of uncertainty about ongoing projects and we have made a provision of just over SEK 30 million in 2024 for anticipated bad debt losses. Large future order volumes have been cancelled but confidence in the sector itself remains. We are exploring new business niches, while the ongoing shift in focus from construction to maintenance is generating growth for our aftermarket services. The development of new geographical markets continues.

The Precision Technology business unit

In relation to the previous year, sales fell by 1 per cent and operating profit decreased by 2 per cent.

Market conditions in the business unit’s traditionally strong sectors, such as medical technology and automotive, remained cautious in the latter part of the year. In parallel, growth related to assignments in the defence sector remained strong. Overall, both revenue and profitability were higher than in the fourth quarter of the previous year and the full-year figures were only fractionally lower. The companies’ strategic sales activities have generated inputs for future projects. Several interesting enquiries and projects are in progress, but closing deals are still a slow process. The adaptation of organisations continues through cost savings and improvement of internal processes. Activities are also coordinated to achieve further optimisation.

Future development

Although some stabilisation was experienced in parts of our business in the fourth quarter, there are no consistent signs of any significant change in the near future. Therefore, we are continuing to adjust and restructure, albeit on a smaller scale than in 2024. At the same time, we see that past activities are starting to have an impact.

The transition within our companies has led to collaboration with several new customers, resulting in the launch of new production, which will continue moving forward. These investments have a negative impact on profitability in the short term but are expected to generate returns in the latter part of the year.

The sale of a real estate company in the fourth quarter provided a healthy capital injection. The evaluation of similar activities supporting our strategic transition and future initiatives is ongoing.

See also attached full report.

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XANO develops, acquires and operates niche engineering companies offering manufacturing and development services for industrial products and automation equipment. The Group’s operations are divided into three business units and are represented in the Nordic countries, Estonia, the Netherlands, Poland, China, the USA and Australia. Consolidated revenue totals approx. SEK 3.5 billion and the number of employees is approx. 1,400. The XANO share has been listed on the Stockholm Stock Exchange since 1988.