



Year-end report 2021

THE FULL YEAR

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

THE FOURTH QUARTER

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

Important events during the period

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

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

The Group

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

During the concluding quarter, growth stood at 40 per cent in relation to the corresponding period 2020. The newly added companies contributed to a high extent, but we also saw a good organic expansion totalling 19 per cent.

Operating profit rose by 37 per cent, generating an operating margin of 12.9 per cent.

Compared to last year, 2021 full-year revenue rose by 41 per cent, of which 25 per cent was organic growth.

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

The Industrial Products business unit

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

The business unit reports significant growth this year, particularly in the area of proprietary products where the range is constantly being developed and expanded, with an increasing focus on sustainability. The acquisition of PRM has further bolstered the business unit's sustainability profile, thanks to their capacity for recycling and reusing plastic materials. It also provides the business unit with an important competitive advantage, as more and more customers are requesting products and solutions that will help them reduce their carbon footprint. Project delays and production shutdowns in the automotive industry, caused by a lack of parts and materials, has been a challenge for some of our companies. Nevertheless, careful financial planning and a favourable production mix overall has ensured profitability remaining at a good level.

The Industrial Solutions business unit

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

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

The Precision Technology business unit

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

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

Future development

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

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

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 and the USA. Consolidated revenue totals approx. SEK 3.2 billion and the number of employees is almost 1,400. The XANO share has been listed on the Stockholm Stock Exchange since 1988.