Interim report 1 January – 30 June 2026

RESILIENCE THROUGH TRANSITION

The Group's underlying resilience is gradually being strengthened through efficiency measures, cost control and an increased focus on recurring revenue streams. Overall, our operating margin remains below target; however, two of our three business units have succeeded in maintaining their margins whilst undergoing structural changes.

The shift towards new sectors and market segments has led to growth in defence-related business as well as in our service and after-sales operations. Our efforts to develop our own products have also been successful.

The Group continues to have a solid financial foundation, which provides the flexibility to address current market challenges whilst enabling long-term growth initiatives to be implemented.

Interim period summary

» Net revenue totalled SEK 1,740 million (1,773)
» Operating profit amounted to SEK 133 million (160)
» Profit before tax amounted to SEK 105 million (121)
» Net profit amounted to SEK 82 million (93)
» Earnings per share were SEK 1.38 (1.57)
» Cash flow from operating activities amounted to SEK -26 million (148)

Quarter summary

» Net revenue totalled SEK 905 million (880)
» Operating profit amounted to SEK 69 million (77)
» Profit before tax amounted to SEK 55 million (58)
» Net profit amounted to SEK 43 million (45)
» Earnings per share were SEK 0.72 (0.76)
» Cash flow from operating activities amounted to SEK -11 million (130)

Important events during the period

» Acquisition of the Dutch service company Veldkamp
» Updated financial targets
» Extension of credit facilities

CEO'S COMMENTS

During the second quarter, we have seen the direct effects of increasingly challenging market conditions in the form of higher costs for materials, energy and transport. Our companies are largely passing on the price increases, albeit with a slight delay. The weaker profit for the quarter compared with the corresponding period is mainly due to a less favourable business mix and higher costs. The growth is entirely attributable to the Group's most recent acquisition, Veldkamp.

Our expectations for the financial outcomes are higher than our performance so far this year. Project order intake remains weak, whilst demand in other areas of the business is stable overall, although at a relatively low level. However, behind the figures, activities are taking place that are laying the foundations for the future. An example is the numerous new customer projects currently being undertaken by several of our companies, where volumes are gradually being ramped up. We are also seeing a general increase in the number of enquiries from several market segments.

Compared with the corresponding period last year, revenue in the second quarter increased by 3% whilst the operating profit fell by 11%. The operating margin was 7.6% (8.8) and the profit margin 6.1% (6.6). Operating cash flow amounted to SEK -11 million (130).

Summarising the whole interim period, Group revenue decreased by 2% compared to last year. Operating profit fell by 17% and the operating margin was 7.6% (9.0). The profit margin was 6.1% (6.8). Cash flow from operating activities amounted to SEK -26 million (148). The weaker cash flow is mainly attributable to lower profits and a higher level of capital tied up in project activities.

Ongoing initiatives

To increase our market share and ensure long-term profitability, we are continuing our efforts in product development, productisation and after-sales services, as well as in resource optimisation and greater collaboration between Group companies. With regard to the latter, the ongoing integration of Veldkamp is playing an important role within the Industrial Solutions business unit.

Within Industrial Products, the closure of Blowtech's Norwegian unit has been completed within the limits of the provisions set aside. Parts of the manufacturing process have been transferred to the Swedish sister company, where intensive work is currently underway to secure the resources needed for a smooth start-up of the projects that have been taken over.

Market conditions

Market conditions remain cautious, with investment decisions and orders being delayed, which is having an impact primarily on the Group's project-related operations. We continue to see positive trends for contracts relating to defence and infrastructure, whilst several other industrial sectors have shorter order horizons and delayed project start dates. A gradually increasing proportion of after-sales services is contributing to more stable performance at several Group companies.

Looking to the future

Uncertainty regarding developments in the external environment persists and limits the ability to make a credible assessment of the business opportunities for the Group as a whole in the near term. We are seeing positive signs in the form of rising levels of activity across various segments, but as regards major automation projects, we do not foresee any significant improvement in the short term.

The restructuring and efficiency measures we have implemented have streamlined our organisation. There is also a high level of commitment and drive within our operations to develop business models and implement strategic initiatives that will strengthen our competitiveness in the long term.

The Group's sound financial position continues to give us the flexibility to combine adjustments with proactive initiatives in priority areas.

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 SEK 3.4 billion and the number of employees is approx. 1,400. XANO's Class B shares were introduced on the stock exchange in 1988 and are listed on Nasdaq Stockholm in the Mid Cap segment.