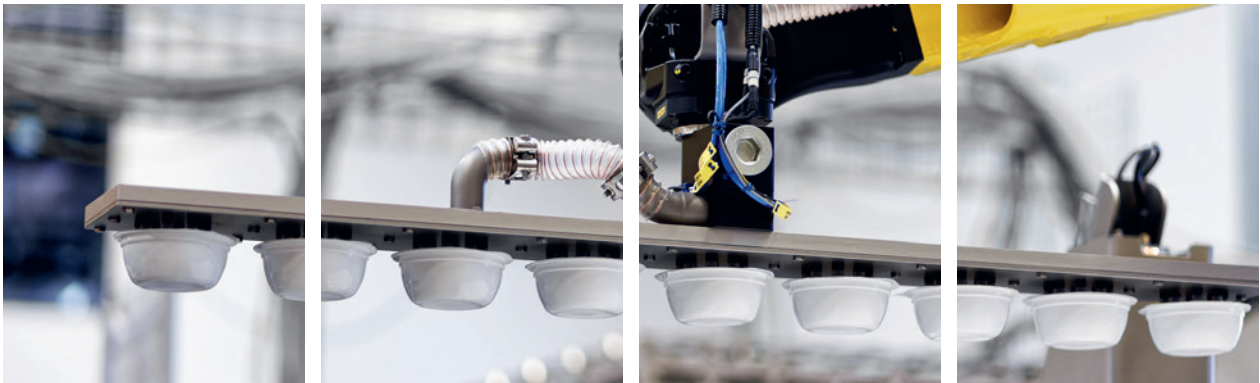


INTERIM REPORT

1 January – 30 June 2023



THE INTERIM PERIOD

- Net revenue totalled SEK 1,838 million (1,927)
- Operating profit amounted to SEK 189 million (244)
- Profit before tax amounted to SEK 159 million (233)
- Profit after tax amounted to SEK 124 million (182)
- Earnings per share were SEK 2.14 (3.14)
- Cash flow from operating activities amounted to SEK 52 million (53)

Important events during the period

- Lundgren Machinery was acquired

THE SECOND QUARTER

- Net revenue totalled SEK 942 million (942)
- Operating profit amounted to SEK 102 million (98)
- Profit before tax amounted to SEK 86 million (95)
- Profit after tax amounted to SEK 67 million (74)
- Earnings per share were SEK 1.15 (1.28)
- Cash flow from operating activities amounted to SEK 13 million (56)

SUMMARY OF THE INTERIM PERIOD JANUARY – JUNE 2023

Net revenue, SEK m	1,838	(1,927)
Net profit for the period, SEK m	124	(182)
Earnings per share, SEK	2.14	(3.14)
Profit margin, %	8.7	(12.1)

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

**THE GROUP**

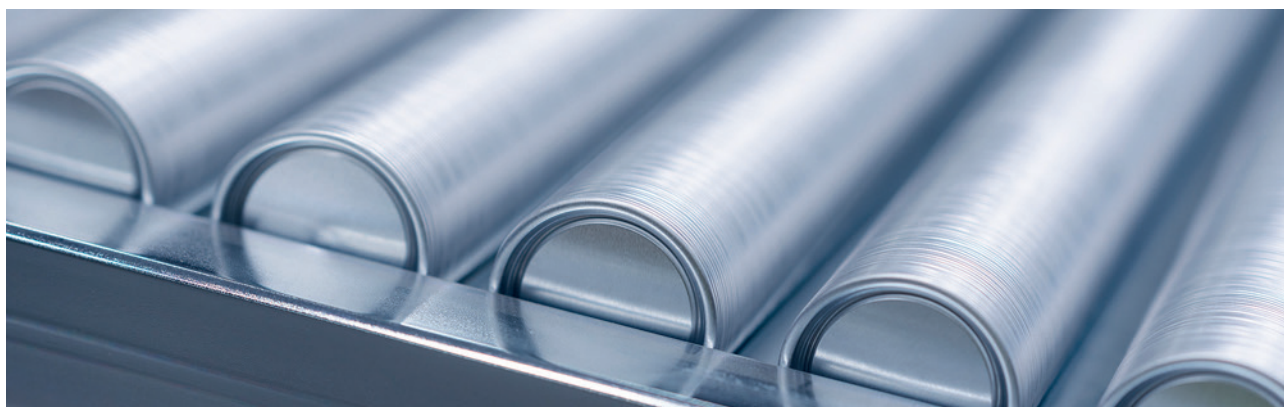
The results during the second quarter show a continued recovery in profitability compared to both the previous quarter and the second half of 2022. In addition, both revenue and operating profit are on a par with the corresponding period last year. The operating margin was strengthened slightly, amounting to 10.7 per cent (10.5) during the quarter.

The market situation has further stabilised, generally speaking, although activity levels are relatively low and vary between different sectors. As feared, the global financial concerns are continuing to hamper developments for project-related operations within Industrial Solutions. This can be seen, for example, from the fact that customers, particularly within the food and packaging sectors, are holding off on making investments as a result of increased capital costs and the declining purchasing power of end customers. There is increased competition for new assignments, which is applying downward pressure on margins. Profitability is also a challenge for those companies within Industrial Products that have strong links to the automotive sector, where it is still difficult to obtain compensation from our customers for cost increases. Otherwise, we have seen that implemented

price adjustments have gradually had an impact, while the prices of materials and energy, for example, have fallen slightly. The companies within Precision Technology have been affected to a great extent by the reduced volumes within the medical technology sector and a generally cautious approach among many major customers. However, the tone has gradually become somewhat more optimistic.

The most positive development during the quarter relates to the successes in terms of automation solutions for the handling of batteries for electric vehicles. One of the companies within Industrial Solutions has previously won large orders within this business area, but major new deals are now involving the majority of the companies in the business unit. Another sector that is reporting growth, primarily within Precision Technology, is the defence industry. Many ongoing assignments are being expanded, at the same time as additional Group companies have been receiving enquiries and have won new business.

Summarising the first half of the year compared to last year, we can see that the Group's revenue fell by almost 5 per cent. Operating profit decreased by close to 23 per cent and the operating margin was 10.3 per cent (12.7). The profit margin amounted to 8.7 per cent (12.1).



THE INDUSTRIAL PRODUCTS BUSINESS UNIT

In relation to the comparison period, sales fell by 8 per cent and operating profit decreased by 23 per cent.

A large proportion of the business has developed well and is reporting good profitability. There are still challenges, above all within the automotive sector, which are having a negative impact on aggregate performance levels. The promised compensation for previous cost increases has not been received, and it is generally difficult to achieve profitability in ongoing transactions. We are currently evaluating the preconditions within particularly exposed customer segments. The business unit's strategic market investments are continuing and are gradually being expanded in geographical terms. We are also continuing to focus on various sustainability activities, both within the Group and in collaboration with customers.

THE INDUSTRIAL SOLUTIONS BUSINESS UNIT

In relation to the comparison period, sales fell by 1 per cent and operating profit decreased by 11 per cent.

Incoming orders have consistently remained weak. Projects linked to battery handling are the exception to this, where large deals have been entered into regarding production during the autumn and in future years. The tender base is extensive on the whole, although the closure processes are long and drawn out. Many deals are also still being postponed, despite the fact that shortages in the supply chain have been slightly less tangible in recent times. As a result, the companies are experiencing challenges as regards resource allocation, which are affecting profitability. During the quarter, the business unit's operations have been supplemented with additional technical expertise and market opportunities through the acquisition of Lundgren Machinery.

THE PRECISION TECHNOLOGY BUSINESS UNIT

In relation to the comparison period, sales fell by 12 per cent and operating profit decreased by 43 per cent.

The market situation remains generally cautious, although the influx of orders has stabilised somewhat during the period. The saturation within the medical technology sector has not yet been able to be compensated by new business. However, assignments within the

defence industry have increased significantly in scope, and now involve the majority of the companies in the business unit. The potential for further growth in this area is deemed to be good. Other affected sectors continue to be hampered by disruptions in supply chains and general financial concerns. On the whole, the poorer utilisation of resources and lower productivity are affecting profitability to a great extent.

FUTURE DEVELOPMENT

It is becoming increasingly difficult to assess the Group's future development in the short term. We are adapting our operations in line with rapidly shifting conditions, based on well considered decisions that support long-term, sustainable development. Suspensions of deliveries, drawn-out decision-making processes and shortages of components must be balanced against market investments, an increased number of enquiries and new business. We are secure in our business model, yet at the same time adaptable. Changes are being implemented in certain units, whereas we are witnessing strong growth in others. Long-term collaborations with customers, for example within the defence industry, as well as investments in new niches such as automation in respect of battery manufacture, are producing results. Generally speaking, we are strengthening our competitiveness through investments in our sales organisations. After previously having grown to a large extent with existing customers, this growth is now taking place primarily through new ones. The volumes are initially small, but there is considerable potential in the long run. The long-term perspective for our business is becoming increasingly important, in contrast to the variability we are witnessing around us. This includes our sustainability work, where we are now significantly increasing the level of activity.

We are delighted to have been able to welcome Lundgren Machinery to the Group and the Industrial Solutions business unit in the past quarter. Acquisitions represent a significant element of our business concept, and we are actively looking for businesses that can strengthen our offering as well as introduce new markets and customer segments.

Lennart Persson
President and CEO

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 and the USA. The operations are divided up into the Industrial Products, Industrial Solutions and Precision Technology business units.



INDUSTRIAL PRODUCTS

Q1–Q2 2023 vs Q1–Q2 2022: Sales fell by 8 per cent and operating profit decreased by 23 per cent.

		2023	2022	2022
		Q1–Q2	Q1–Q2	Q1–Q4
Net sales	SEK m	472	514	906
Operating profit	SEK m	51	67	86
Operating margin	%	10.9	12.9	9.5

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.

INDUSTRIAL SOLUTIONS

Q1–Q2 2023 vs Q1–Q2 2022: Sales fell by 1 per cent and operating profit decreased by 11 per cent.

		2023	2022	2022
		Q1–Q2	Q1–Q2	Q1–Q4
Net sales	SEK m	1,119	1,133	2,119
Operating profit	SEK m	131	146	235
Operating margin	%	11.7	12.9	11.1

Lundgren Machinery is included as from 1 June 2023.

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 comprise industrial end-to-end production software solutions as well as contract assignments for advanced industrial products in small and medium-sized production runs.

PRECISION TECHNOLOGY

Q1–Q2 2023 vs Q1–Q2 2022: Sales fell by 12 per cent and operating profit decreased by 43 per cent.

		2023	2022	2022
		Q1–Q2	Q1–Q2	Q1–Q4
Net sales	SEK m	248	281	486
Operating profit	SEK m	29	50	56
Operating margin	%	11.6	17.9	11.5

Operations within the Precision Technology business unit cover component and system manufacture using advanced cutting processes, laser welding and 3D printing for the production of parts involving demanding quality and precision requirements.

FINANCIAL DISCLOSURES AND OTHER INFORMATION

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 second quarter

Net revenue totalled SEK 942 million (942). Operating profit amounted to SEK 102 million (98), corresponding to an operating margin of 10.7 per cent (10.5). Profit before tax was SEK 86 million (95).

The interim period

Net revenue totalled SEK 1,838 million (1,927). Operating profit amounted to SEK 189 million (244), corresponding to an operating margin of 10.3 per cent (12.7). Profit before tax was SEK 159 million (233).

SHARE DATA AND KEY FIGURES

The interim period

Basic earnings per share were SEK 2.14 (3.14). Equity per share was SEK 26.86 (24.99). The average number of outstanding shares was 57,985,082. The equity/assets ratio was 40 per cent (40) at the end of the period. The average number of employees was 1,371 (1,420).

IMPORTANT EVENTS DURING THE PERIOD

Lundgren Machinery AB was acquired on 1 June 2023. The company is located in Hjärup, just north of Malmö, Sweden. Lundgren Machinery's operations include the development and manufacturing of case erecting and case sealing machines, as well as contract assignments for prototypes, single units and complete solutions. Sales are made to leading food and pharmaceutical companies in Scandinavia and Northern Europe. The company has 10 employees and a turnover of approx. SEK 30 million. Lundgren Machinery complements the operations within XANO's business unit Industrial Solutions by adding adjacent technical skills and introducing new market niches. The acquisition means that the business unit's area of expertise is further broadened, and that Lundgren Machinery is given access to resources providing enhanced opportunities to develop its unique strengths. Consolidation is effective as from 1 June 2023. The acquired unit is expected to have a marginal 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 second quarter

Net investments in non-current assets came to SEK 41 million (36), of which SEK 15 million related to business combinations, SEK 2 million to intangible assets, SEK 25 million to property, plant and equipment and SEK -1 million to right-of-use assets.

The interim period

Net investments in non-current assets came to SEK 76 million (73), of which SEK 15 million related to business combinations, SEK 3 million to intangible assets, SEK 41 million to property, plant and equipment and SEK 17 million to right-of-use assets.

CASH FLOW AND LIQUIDITY

The interim period

Cash flow from operating activities amounted to SEK 52 million (53). Lower stock accumulations and the reduced tying-up of capital linked to project operations, as well as lower tax payments, are compensating for the weaker results and, on the whole, delivering a cash flow that is on a par with the comparison period.

Liquid assets, including lines of credit granted but not utilised, totalled SEK 1,264 million (1,418) 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. We also enjoy a high level of preparedness to make adjustments. The conflict in Ukraine and the lingering effects of the coronavirus pandemic still constitute risk and uncertainty factors that could entail significant consequences for the Group's operations. These risk and uncertainty factors relate primarily to a lack of access to components, disruptions in the supply chain, price rises and insufficient access to energy. The willingness to invest on the part of some of the Group's major customers is also closely linked to the development of the global economy.

A statement on the Group's other main financial and operational risks can be found on pages 80–82 of the 2022 annual report.

NEXT REPORT DATE

The interim report for the period 1 January to 30 September 2023 will be presented on Thursday 26 October 2023.

The undersigned declare that this half-yearly interim report provides a true summary of the Parent Company's and the Group's activities, position and results. It also describes significant risks and uncertainty factors facing the Parent Company and the companies that form the Group.

Jönköping, 11 July 2023

Fredrik Rapp
Chair of the Board

Anna Benjamin
Vice Chair of the Board

Petter Fägersten
Board member

Per Rodert
Board member

Jennie Hammer Viskari
Board member

Pontus Cornelius
Board member

Lennart Persson
CEO

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		2023	2022	2023	2022	22/23	2022
(SUMMARY, SEK million)		3 mths	3 mths	6 mths	6 mths	12 mths	12 mths
	Note	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jul-Jun	Jan-Dec
Net revenue	3	942	942	1,838	1,927	3,420	3,509
Cost of goods sold		-728	-738	-1,423	-1,477	-2,710	-2,764
Gross profit		214	204	415	450	710	745
Selling expenses		-80	-69	-152	-134	-276	-258
Administrative expenses		-43	-40	-85	-78	-160	-153
Other operating income	2	17	6	22	15	33	26
Other operating expenses		-6	-3	-11	-9	-21	-19
Profit from participations in associated companies		0	0	0	0	0	0
Operating profit		102	98	189	244	286	341
Financial income		7	9	11	15	26	30
Financial expenses		-23	-12	-41	-26	-77	-62
Profit before tax	3	86	95	159	233	235	309
Tax	4	-19	-21	-35	-51	-44	-60
Net profit for the period	8	67	74	124	182	191	249
<i>– of which attributable to shareholders of the Parent Company</i>		67	74	124	182	191	249
OTHER COMPREHENSIVE INCOME							
<i>Items that may be reclassified to net profit for the period</i>							
Change in hedging reserve including tax	5	-2	11	-4	12	4	20
Translation differences	5	10	6	8	15	14	21
Other comprehensive income		8	17	4	27	18	41
Comprehensive income for the period		75	91	128	209	209	290
<i>– of which attributable to shareholders of the Parent Company</i>		75	91	128	209	209	290
Basic earnings per share, SEK	6	1.15	1.28	2.14	3.14	3.30	4.30
Diluted earnings per share, SEK	6	1.15	1.27	2.14	3.11	3.30	4.27

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		2023	2022	2022
(SUMMARY, SEK million)		30 Jun	30 Jun	31 Dec
	Note			
ASSETS				
Goodwill		973	965	968
Other intangible non-current assets		74	70	66
Property, plant and equipment		725	684	717
Right-of-use assets		127	136	126
Other non-current assets		5	5	5
Total non-current assets		1,904	1,860	1,882
Inventories		580	566	565
Current receivables	7	1,209	967	981
Cash and cash equivalents	7	205	273	178
Total current assets		1,994	1,806	1,724
TOTAL ASSETS		3,898	3,666	3,606
EQUITY AND LIABILITIES				
Equity		1,557	1,449	1,530
Non-current liabilities	7	1,152	1,259	1,126
Current liabilities	7	1,189	958	950
TOTAL EQUITY AND LIABILITIES		3,898	3,666	3,606

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SUMMARY, SEK million)	2023 30 Jun	2022 30 Jun	2022 31 Dec
Opening balance	1,530	1,341	1,341
Net profit for the period	124	182	249
Other comprehensive income	4	27	41
Comprehensive income for the period	128	209	290
Cash dividends paid	-101	-101	-101
Total transactions with shareholders	-101	-101	-101
Closing balance	1,557	1,449	1,530
– of which attributable to shareholders of the Parent Company	1,557	1,449	1,530

CONSOLIDATED CASH FLOW STATEMENT (SUMMARY, SEK million)	Note	2023 3 mths Apr-Jun	2022 3 mths Apr-Jun	2023 6 mths Jan-Jun	2022 6 mths Jan-Jun	22/23 12 mths Jul-Jun	2022 12 mths Jan-Dec
Operating profit		102	98	189	244	286	341
Interest and income tax paid/received and adjustments for non-cash items		-21	-11	-17	-29	6	-6
Change in working capital		-68	-31	-120	-162	-165	-207
Cash flow from operating activities		13	56	52	53	127	128
Investments							
Acquisitions of subsidiaries	8	-16	–	-16	–	-16	–
Other		-27	-32	-44	-73	-111	-140
Cash flow after investments		-30	24	-8	-20	0	-12
Cash dividends paid		-58	-101	-58	-101	-58	-101
Cash flow from other financing activities		87	35	94	35	-10	-69
Cash flow for the period		-1	-42	28	-86	-68	-182
Cash and cash equivalents at the start of the period		208	302	178	346	273	346
Exchange rate differences in cash and cash equivalents		-2	13	-1	13	0	14
Cash and cash equivalents at the end of the period		205	273	205	273	205	178

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 2022 annual report with the exceptions of new or revised standards, interpretations and improvements, which are applied as from 1 January 2023. The critical assessments and the sources of estimates when preparing this interim report are the same as in the most recent annual report.

■ NOTE 2 OTHER OPERATING INCOME

The amounts reported in the quarter and the interim period include non-recurring items of SEK 9.7 million (–) in respect of electricity support to Swedish companies.

■ NOTE 3

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 4. 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)	2023 3 mths Apr-Jun	2022 3 mths Apr-Jun	2023 6 mths Jan-Jun	2022 6 mths Jan-Jun	2022 12 mths Jan-Dec
INDUSTRIAL PRODUCTS	238	263	472	514	906
Breakdown by geographic market ¹⁾					
Sweden	93	73	182	140	250
Rest of the Nordic countries	53	61	94	116	187
Rest of Europe	90	127	192	255	462
Rest of the world	2	2	4	3	7
Breakdown by type of product					
Proprietary products	61	78	119	152	247
Customer-specific manufacturing	177	185	353	362	659
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	238	263	472	514	906
INDUSTRIAL SOLUTIONS	575	545	1,119	1,133	2,119
Breakdown by geographic market ¹⁾					
Sweden	131	105	250	208	400
Rest of the Nordic countries	34	27	61	76	135
Rest of Europe	237	275	523	551	1,050
Rest of the world	173	138	285	298	534
Breakdown by type of product					
Proprietary products	474	348	860	763	1,463
Customer-specific manufacturing	101	197	259	370	656
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	163	242	332	425	704
Services transferred over time	16	8	33	33	79
Projects transferred over time	396	295	754	675	1,336
PRECISION TECHNOLOGY	129	134	248	281	486
Breakdown by geographic market ¹⁾					
Sweden	107	112	211	223	395
Rest of the Nordic countries	2	1	4	2	5
Rest of Europe	16	17	26	34	53
Rest of the world	4	4	7	22	33
Breakdown by type of product					
Proprietary products	0	1	1	1	2
Customer-specific manufacturing	129	133	247	280	484
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	129	134	248	281	486
GROUP TOTAL	942	942	1,838	1,927	3,509
Breakdown by geographic market ¹⁾					
Sweden	331	290	642	570	1,043
Rest of the Nordic countries	89	89	159	194	327
Rest of Europe	343	419	741	840	1,565
Rest of the world	179	144	296	323	574
Breakdown by type of product					
Proprietary products	535	427	980	916	1,712
Customer-specific manufacturing	407	515	858	1,011	1,797
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	530	639	1,051	1,219	2,094
Services transferred over time	16	8	33	33	79
Projects transferred over time	396	295	754	675	1,336

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

NET REVENUE BY SEGMENT	2023	2022	2023	2022	22/23	2022
(SEK million)	3 mths Apr-Jun	3 mths Apr-Jun	6 mths Jan-Jun	6 mths Jan-Jun	12 mths Jul-Jun	12 mths Jan-Dec
Industrial Products	238	263	472	514	864	906
Industrial Solutions	575	545	1,119	1,133	2,105	2,119
Precision Technology	129	134	248	281	453	486
Eliminations	0	0	-1	-1	-2	-2
Group total	942	942	1,838	1,927	3,420	3,509

PROFIT/LOSS BEFORE TAX BY SEGMENT ¹⁾	2023	2022	2023	2022	22/23	2022
(SEK million)	3 mths Apr-Jun	3 mths Apr-Jun	6 mths Jan-Jun	6 mths Jan-Jun	12 mths Jul-Jun	12 mths Jan-Dec
Industrial Products	27	29	44	62	57	75
Industrial Solutions	54	53	108	137	178	207
Precision Technology	13	18	23	48	26	51
Undistributed items	-8	-5	-16	-14	-26	-24
Group total	86	95	159	233	235	309

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 4 TAX

Tax amounts to 22 per cent (22) for the interim period.

■ NOTE 5 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 6 EARNINGS PER SHARE

BASIC EARNINGS PER SHARE	2023	2022	2023	2022	22/23	2022
	3 mths Apr-Jun	3 mths Apr-Jun	6 mths Jan-Jun	6 mths Jan-Jun	12 mths Jul-Jun	12 mths Jan-Dec
Net profit for the period, SEK million	67.1	74.3	124.2	182.2	191.1	249.1
Average number of outstanding shares, thousands ¹⁾	57,985	57,985	57,985	57,985	57,985	57,985
Basic earnings per share, SEK ¹⁾	1.15	1.28	2.14	3.14	3.30	4.30

DILUTED EARNINGS PER SHARE	2023 3 mths Apr-Jun	2022 3 mths Apr-Jun	2023 6 mths Jan-Jun	2022 6 mths Jan-Jun	22/23 12 mths Jul-Jun	2022 12 mths Jan-Dec
Net profit for the period, SEK million	67.1	74.3	124.2	182.2	191.1	249.1
Interest expense on convertible bonds, SEK million ²⁾	1.3	0.8	2.5	1.7	4.4	3.6
Issue expenses for convertible bonds, SEK million	0.1	0.1	0.1	0.1	0.2	0.2
Adjusted income, SEK million	68.5	75.2	126.8	184.0	195.7	252.9
Average number of outstanding shares, thousands ¹⁾	57,985	57,985	57,985	57,985	57,985	57,985
Adjustment for presumed conversion of convertible bonds, thousands ¹⁾	1,148	1,148	1,148	1,148	1,148	1,148
Average number of outstanding shares after dilution, thousands ¹⁾	59,133	59,133	59,133	59,133	59,133	59,133
Diluted earnings per share, SEK ¹⁾	1.15	1.27	2.14	3.11	3.30	4.27

¹⁾ All comparison figures have been recalculated due to the 2:1 share split carried out in June 2022.

²⁾ Constitutes current interest for convertible loan adjusted to market interest rate.

A 2:1 share split was carried out in June 2022. After the share split, the total number of shares stands at 58,494,214, divided between 14,577,600 Class A shares and 43,916,614 Class B shares. After deduction for the company's own holding, 509,132 Class B shares, the number of outstanding shares is 57,985,082. The average number of outstanding shares was 57,985,082 during the interim period. The average number of shares in the company's custody was 509,132 during the interim period. 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 189,692,614 on the closing day.

On 1 October 2020, convertibles at a nominal value of SEK 69,998,232 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 was originally SEK 122.00. Due to the share split in June 2022, the conversion rate has been recalculated in accordance with section 8B of the terms and conditions. The recalculated conversion rate is SEK 61. During the period 1 September to 12 September 2023, each convertible may be converted to one Class B share in XANO Industri AB. The nominal value corresponds to 1,147,512 Class B shares. 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.

NOTE 7 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities comprise cash and cash equivalents, accounts receivable, loan claims, loan liabilities, accounts payable and any derivatives. The financial assets and liabilities are distributed by category as stated below.

DISTRIBUTION BY CATEGORY 30 Jun 2023 (30 Jun 2022)	Financial assets measured at fair value through other compre- hensive income		Loan and accounts receivable valued at accrued acquisition value		Financial liabilities measured at fair value through profit and loss statement		Financial assets/li- abilities measured at fair value through other compre- hensive income		Other financial li- abilities		Total carrying amount		Fair value ¹⁾	
(SEK m)														
Accounts receivable	-	(-)	710	(598)							710	(598)	710	(598)
Derivative instruments ^{2, 3)}	-	(-)	-	(-)			16	(13)			16	(13)	16	(13)
Cash and cash equivalents	-	(-)	205	(273)							205	(273)	205	(273)
Total financial assets	-	(-)	915	(871)			16	(13)			931	(884)		
Loan liabilities					-	(-)	-	(-)	936	(983)	936	(983)	936	(983)
Lease liabilities					-	(-)	-	(-)	126	(130)	126	(130)		
Convertible loan					-	(-)	-	(-)	69	(67)	69	(67)	70	(70)
Bank overdraft facilities					-	(-)	-	(-)	133	(-)	133	(-)	133	(-)
Total interest-bearing liabilities					-	(-)	-	(-)	1,264	(1,180)	1,264	(1,180)		
Accounts payable					-	(-)	-	(-)	292	(313)	292	(313)	292	(313)
Derivative instruments ⁴⁾					-	(-)	-	(3)	-	(-)	-	(3)	-	(3)
Total financial liabilities					-	(-)	-	(3)	1,556	(1,493)	1,556	(1,496)		

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

²⁾ Current receivables include interest derivatives measured at fair value of SEK 15 million (13) for the interim period and SEK 17 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 a number of factors, including forward interest rates produced on the basis of observable yield curves.

³⁾ Current receivables include currency derivatives measured at fair value of SEK 1 million (-) for the interim period and SEK 4 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.

⁴⁾ Current liabilities include currency derivatives measured at fair value of SEK - million (3) for the interim period and SEK - 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 8**
BUSINESS COMBINATIONS

Lundgren Machinery AB is included in the consolidated results from 1 June 2023.

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

(SEK million)	Reported value in subsidiary	Fair value adjustment	Consolidated fair value
Intangible non-current assets	–	12	12
Property, plant and equipment	0	–	0
Right-of-use assets	–	3	3
Current assets	13	–	13
Non-current liabilities	–	-3	-3
Current liabilities	-7	-2	-9
Net assets/purchase price	6	10	16
Liquid assets in acquired businesses			0
Transaction costs			0
Total cash flow attributable to acquired business			16

The total purchase sum amounted to SEK 16 million and was paid in cash. The acquisition brings surplus values totalling SEK 12 million distributed between goodwill (SEK 2 million) and product concept (SEK 10 million). The transaction costs amount to SEK 0.4 million. Goodwill relates to synergy effects and customer relations. The expectation is that synergies will mainly be achieved by means of the acquisition adding adjacent technical skills and introducing new market niches to existing operations of the Industrial Solutions business unit. The utilisation of common resources will also entail coordination advantages.

The acquired unit contributed SEK 1 million in net revenue and approx. SEK -1 million in net profit after the deduction of write-offs from surplus values and financial expenses attributable to the acquisitions. If the acquired unit had been included in the Group throughout the whole interim period, revenue would have amounted to SEK 1,845 million, while net profit would have been approx. SEK 122 million.

No business combinations were performed in 2022.

SHARE DATA, GROUP	2023 3 mths Apr-Jun	2022 3 mths Apr-Jun	2023 6 mths Jan-Jun	2022 6 mths Jan-Jun	22/23 12 mths Jul-Jun	2022 12 mths Jan-Dec
Average number of outstanding shares, thousands	57,985	57,985	57,985	57,985	57,985	57,985
Average number of outstanding shares after dilution, thousands	59,133	59,133	59,133	59,133	59,133	59,133
Basic earnings per share, SEK	1.15	1.28	2.14	3.14	3.30	4.30
Diluted earnings per share, SEK	1.15	1.27	2.14	3.11	3.30	4.27
Cash flow from operating activities per share, SEK	0.20	0.98	0.88	0.92	2.17	2.21
Total number of shares on closing day, thousands			58,494	58,494	58,494	58,494
Number of shares in own custody on closing day, thousands			509	509	509	509
Number of outstanding shares on closing day, thousands			57,985	57,985	57,985	57,985
Equity per share on closing day, SEK			26.86	24.99	26.86	26.39
Share price on closing day, SEK			113.00	127.40	113.00	111.00

All comparison figures have been recalculated due to the 2:1 share split carried out in June 2022.

KEY FIGURES, GROUP	2023 3 mths Apr-Jun	2022 3 mths Apr-Jun	2023 6 mths Jan-Jun	2022 6 mths Jan-Jun	22/23 12 mths Jul-Jun	2022 12 mths Jan-Dec
Operating margin, %	10.7	10.5	10.3	12.7	8.4	9.7
Profit margin, %	9.1	10.1	8.7	12.1	6.9	8.8
Interest-bearing liabilities, SEK million			1,264	1,180	1,264	1,110
Deferred tax liabilities, SEK million			122	107	122	111
Lines of credit granted but not utilised, SEK million			1,059	1,145	1,059	1,185
Return on equity p.a., %			16.0	25.7	12.5	17.1
Return on capital employed p.a., %			14.7	20.3	11.5	14.3
Return on total capital p.a., %			10.7	14.4	8.4	10.3
Average equity, SEK million			1,557	1,416	1,524	1,456
Average capital employed, SEK million			2,727	2,556	2,700	2,599
Average total capital, SEK million			3,753	3,605	3,714	3,613
Interest coverage ratio, multiple			4.9	10.0	4.1	6.0
Equity/assets ratio, %			40	40	40	42
Depreciation, SEK million	34	32	67	62	131	126
EBITDA, SEK million	136	130	256	306	417	467
Net investments in non-current assets, SEK million	41	36	76	73	147	144
Employees, average number	1,362	1,425	1,371	1,420	1,402	1,426

QUARTERLY SUMMARY, GROUP	2023 Q2	2022 Q2	2023 Q1	2022 Q1	2022 Q4	2021 Q4	2022 Q3	2021 Q3
Net revenue, SEK m	942	942	896	985	806	883	776	746
Gross profit, SEK m	214	204	201	246	139	210	156	181
Operating profit, SEK m	102	98	87	146	34	114	63	113
Profit before tax, SEK m	86	95	73	138	19	107	57	105
Net profit for the period, SEK m	67	74	57	108	23	88	44	82
Comprehensive income for the period, SEK m	75	91	53	118	28	95	53	88
Operating margin, %	10.7	10.5	9.8	14.8	4.2	12.9	8.1	15.2
Profit margin, %	9.1	10.1	8.2	14.0	2.4	12.1	7.2	14.2
Equity/assets ratio, %	40	40	42	40	42	38	41	38
Basic earnings per share, SEK ¹⁾	1.15	1.28	0.99	1.86	0.40	1.51	0.76	1.42
Cash flow from operating activities per share, SEK ¹⁾	0.20	0.98	0.68	-0.06	1.63	1.75	-0.34	2.51

¹⁾ The comparison figures have been recalculated due to the 2:1 share split carried out in June 2022.

For definitions, see page 14.

DEFINITIONS

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.

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.

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.

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 84 in the 2022 annual report.

INCOME STATEMENT, PARENT COMPANY		2023	2022	2023	2022	2022
(SUMMARY, SEK million)		3 mths	3 mths	6 mths	6 mths	12 mths
	Note	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Net revenue	1	7.3	7.4	14.5	14.7	29.4
Selling and administrative expenses		-11.3	-11.8	-21.7	-21.2	-37.5
Operating profit/loss		-4.0	-4.4	-7.2	-6.5	-8.1
Profit from participations in Group companies		100.0	–	100.0	–	121.8
Other financial items		1.4	19.7	-0.3	20.8	30.4
Profit/loss after financial items		97.4	15.3	92.5	14.3	144.1
Appropriations		–	–	–	–	10.0
Tax	2	0.5	-3.1	1.5	-2.9	-28.0
Net profit for the period		97.9	12.2	94.0	11.4	126.1
<i>Statement of comprehensive income</i>						
Net profit for the period		97.9	12.2	94.0	11.4	126.1
Other comprehensive income		–	–	–	–	–
Comprehensive income for the period		97.9	12.2	94.0	11.4	126.1

BALANCE SHEET, PARENT COMPANY		2023	2022	2022
(SUMMARY, SEK million)		30 Jun	30 Jun	31 Dec
ASSETS				
Non-current assets		221.6	223.1	221.5
Current assets		1,112.6	919.1	1,024.3
EQUITY AND LIABILITIES				
Equity		492.4	385.1	499.9
Untaxed reserves		88.0	98.0	88.0
Non-current liabilities		250.0	317.0	250.0
Current liabilities		503.8	342.1	407.9
BALANCE SHEET TOTAL		1,334.2	1,142.2	1,245.8

STATEMENT OF CHANGES IN EQUITY, PARENT COMPANY		2023	2022	2022
(SUMMARY, SEK million)		30 Jun	30 Jun	31 Dec
Opening balance		499.9	475.2	475.2
Comprehensive income for the period		94.0	11.4	126.1
Cash dividends paid		-101.5	-101.5	-101.4
Closing balance		492.4	385.1	499.9

CASH FLOW STATEMENT, PARENT COMPANY		2023	2022	2023	2022	2022
(SUMMARY, SEK million)		3 mths	3 mths	6 mths	6 mths	12 mths
		Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Operating profit/loss		-4.0	-4.4	-7.2	-6.5	-8.1
Interest and income tax paid/received and adjustments for non-cash items		92.2	-5.3	74.9	-38.0	75.5
Change in working capital		-129.7	-53.8	-159.0	-60.1	-237.4
Cash flow from operating activities		-41.5	-63.5	-91.3	-104.6	-170.0
Investments		–	–	-0.1	–	–
Cash flow after investments		-41.5	-63.5	-91.4	-104.6	-170.0
Financing		44.2	28.5	72.5	28.5	28.5
Cash flow for the period		2.7	-35.0	-18.9	-76.1	-141.5
Cash and cash equivalents at the start of the period		0.0	115.0	21.7	155.0	155.0
Exchange rate differences in cash and cash equivalents		-2.7	6.3	-2.8	7.4	8.2
Cash and cash equivalents at the end of the period		0.0	86.3	0.0	86.3	21.7

■ 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 -2 per cent (21). Income tax-exempt dividends contribute to the deviating tax rate.

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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