

INTERIM REPORT

1 January – 30 September 2022



THE INTERIM PERIOD

- Net revenue totalled SEK 2,703 million (2,268)
- Operating profit amounted to SEK 307 million (339)
- Profit before tax amounted to SEK 290 million (326)
- Profit after tax amounted to SEK 226 million (254)
- Earnings per share were SEK 3.90 (4.39)

Important events during the period

- Extended credit facilities
- 2:1 share split implemented

THE THIRD QUARTER

- Net revenue totalled SEK 776 million (746)
- Operating profit amounted to SEK 63 million (113)
- Profit before tax amounted to SEK 57 million (105)
- Profit after tax amounted to SEK 44 million (82)
- Earnings per share were SEK 0.76 (1.42)

SUMMARY OF THE INTERIM PERIOD JANUARY – SEPTEMBER 2022

Net revenue, SEK m	2,703	(2,268)
Net profit for the period, SEK m	226	(254)
Earnings per share, SEK	3.90	(4.39)
Profit margin, %	10.7	(14.4)

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

**THE GROUP**

The Group started the year strongly but has during the last two quarters been negatively affected by various external factors to a gradually increasing extent. Viewed over the whole interim period, we exceeded our long-term financial targets but compared to last year's strong figures, we reported a deterioration in consolidated operating profit of almost 10 per cent. The operating margin for the nine-month period was 11.4 per cent (15.0) and the profit margin amounted to 10.7 per cent (14.4). Revenue increased by 19 per cent, of which 8 per cent was organic growth.

If we look at development during the third quarter alone, it can be summarised as weak. The effects of the challenging global business climate were further accentuated. The degree of this impact varied between the business units, however, with Industrial Solutions reporting more positive results than the others. Compared to the same period last year, the Group reported an increase in revenue of 4 per cent, wholly related to acquired operations, while the operating margin fell from 15.2 to 8.1 per cent. Last year's profit figure includes non-recurring items of SEK 8 million. Excluding non-recurring items, the operating profit fell from 14.1 to 8.1 per cent.

Generally speaking, the level of activity on affected markets has declined further since the end of the second quarter. Some of our companies are still experiencing good demand, although the majority of the businesses are affected by a cooler market climate. In combination with shortages of materials and components, for example, this is resulting in deteriorations in productivity. To date, price adjustments in relation to customers have not been able to match generally rising purchase prices and high energy costs, which have lowered profitability. Current measures are focusing on strengthening margins by adapting the cost level for the future.



THE INDUSTRIAL PRODUCTS BUSINESS UNIT

Compared to the first nine months of last year, sales rose by 39 per cent, of which 21 per cent related to business combinations. The operating profit increased marginally.

Results during the third quarter were weak. Developments in respect of proprietary infrastructure and industrial products continued to display a positive trend, although this did not balance out the falling volumes linked to customer-specific assignments. Above all, the conditions within the automotive sector, which represents a dominant sector for the business unit, remained challenging. The order situation is good, but delays at short notice and lagging compensation for cost increases adversely effected profitability. The high energy prices also had a major impact. Adaptations aimed at tightening up operations are being implemented, as well as joint ventures linked to areas such as sustainable production, where the interests of customers are becoming increasingly tangible.

THE INDUSTRIAL SOLUTIONS BUSINESS UNIT

In relation to last year's first nine months, sales rose by 20 per cent, of which 11 per cent related to business combinations. Operating profit fell marginally.

Here, too, contract volumes have decreased. Thanks to the successful launching of projects at the start of the year, the business unit still managed to report a decent third quarter. As feared, however, the market situation has become more cautious, including within the packaging and food industries. Disruptions to ongoing projects, in the form of component shortages and customers postponing installations, had an adverse impact on margins. It is pleasing to note that the investments in automation solutions for handling batteries for electric vehicles have resulted in large-scale assignments for a new customer in Europe. The work of establishing our operations on new geographic markets is continuing. The same applies to the business unit's collaborations regarding business-critical processes and technical developments.

THE PRECISION TECHNOLOGY BUSINESS UNIT

Sales decreased by 7 per cent and operating profit fell by 39 per cent compared to the first nine months of last year.

The business unit reported a weak third quarter. In relation to the comparison period, the decline was primarily linked to the medical technology sector, which achieved extremely strong growth last year. However, the level of caution has become increasingly tangible within the majority of affected sectors. Our companies have found it difficult to match increased costs with price rises. In addition, a shortage of input goods has resulted in disruptions both in our own businesses and at our customers. This has resulted in a lower utilisation of resources and poorer productivity, with a direct and significant impact on profitability. The market investments are continuing, at the same time as the organisations are otherwise being adjusted in line with the changed conditions.

FUTURE DEVELOPMENT

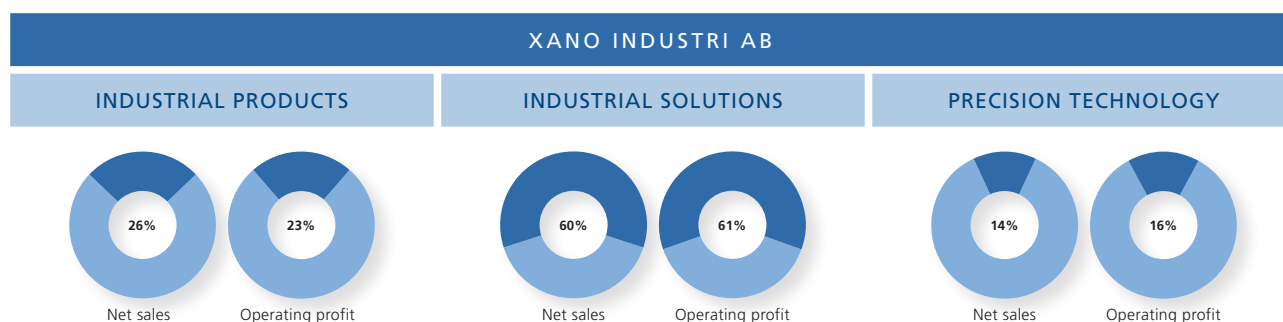
A general reduction in incoming orders is indicating a continued decline within a number of market segments, although the rate and extent of this decline are hard to judge. We are constantly adapting our operations with a focus on cash flow and margins. The immediate future is expected to remain difficult in many ways, but we are confident about the future in a longer perspective.

With a solid financial position combined with a business model based on entrepreneurship and well-thought-out strategies, our investments in profitable growth and development are continuing. We will continue to be careful as regards the profile on the markets and the projects we select. We can see good opportunities for growth within areas such as sustainable energy and infrastructure solutions. Through in-depth collaboration within the Group, we can also reinforce our offering and develop our customer relations. Wide-ranging, joint initiatives are also being conducted in relation to areas such as sustainability and internal processes. And supplementing the Group's operations through further acquisitions remains relevant.

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–Q3 2022 vs Q1–Q3 2021: Sales rose by 39 per cent, of which 21 per cent related to business combinations. Operating profit increased marginally.

		2022 Q1–Q3	2021 Q1–Q3	2021 Q1–Q4
Net sales	SEK m	700	505	703
Operating profit	SEK m	77	76	95
– of which non-recurring items		–	1	1
Operating margin	%	11.0	15.1	13.6

PRM is included as from 1 November 2021.

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–Q3 2022 vs Q1–Q3 2021: Sales rose by 20 per cent, of which 11 per cent related to business combinations. Operating profit decreased marginally.

		2022 Q1–Q3	2021 Q1–Q3	2021 Q1–Q4
Net sales	SEK m	1,629	1,361	1,898
Operating profit	SEK m	201	202	282
– of which non-recurring items		–	4	4
Operating margin	%	12.4	14.9	14.8

CPS and CIM are included as from 31 May 2021.

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–Q3 2022 vs Q1–Q3 2021: Sales fell by 7 per cent and operating profit decreased by 39 per cent.

		2022 Q1–Q3	2021 Q1–Q3	2021 Q1–Q4
Net sales	SEK m	375	403	552
Operating profit	SEK m	54	89	115
– of which non-recurring items		–	3	3
Operating margin	%	14.4	22.1	20.9

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 third quarter

Net revenue totalled SEK 776 million (746). Operating profit amounted to SEK 63 million (113), corresponding to an operating margin of 8.1 per cent (15.2). Profit before tax was SEK 57 million (105). Profit for the previous year includes non-recurring items totalling SEK 8 million, see also Note 2.

The interim period

Net revenue totalled SEK 2,703 million (2,268). Operating profit amounted to SEK 307 million (339), corresponding to an operating margin of 11.4 per cent (15.0). Profit before tax was SEK 290 million (326). Profit for the previous year includes non-recurring items totalling SEK 8 million, see also Note 2.

SHARE DATA AND KEY FIGURES

The interim period

Basic earnings per share were SEK 3.90 (4.39). Equity per share was SEK 25.90 (21.49). The average number of outstanding shares was 57,985,082 during the period. The equity/assets ratio was 41 per cent (38) at the end of the period. The average number of employees was 1,425 (1,215).

IMPORTANT EVENTS DURING THE PERIOD

The Coronavirus pandemic has continued to have only limited negative consequences for the Group. However, higher levels of sickness absence and disruptions in the supply of materials have affected the delivery capacity to a greater extent than before.

As regards the conflict in Ukraine, XANO does not conduct any operations either there or in Russia. The few projects related to customers in the area in question that was ongoing, have been terminated. As a consequence of the conflict, however, already difficult external factors such as price increases and the lack of access to input goods are being accentuated, which is affecting the Group's companies to varying degrees.

The Group's total credit facilities have been expanded, through new agreements, by the equivalent of SEK 820 million to a total of around SEK 2,200 million. As a result, the financing of XANO's continued growth and acquisition-related work has been secured. A new agreement was entered into with Nordea Bank on 3 June 2022 regarding a credit facility of SEK 1,700 million, which is an increase of SEK 320 million from the previous level. This agree-

ment will run for three years, with the option of extending for a further one plus one years. A credit agreement was also entered into with the Swedish Export Credit Corporation in June regarding a new facility of around SEK 500 million with a corresponding duration.

Following a resolution at the Annual General Meeting, a 2:1 split of the Parent Company's shares was implemented in June.

EVENTS AFTER THE END OF THE PERIOD

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

INVESTMENTS

The third quarter

Net investments in non-current assets came to SEK 24 million (45), of which SEK 1 million related to intangible assets, SEK 4 million to real estate, SEK 18 million to machinery and equipment and SEK 1 million to right-of-use assets.

The interim period

Net investments in non-current assets came to SEK 97 million (479), of which SEK 2 million related to intangible assets, SEK 26 million to real estate, SEK 69 million to machinery and equipment and SEK 0 million to right-of-use assets.

CASH FLOW AND LIQUIDITY

The interim period

Cash flow from operating activities amounted to SEK 33 million (251). Higher operating capital, primarily in the form of increased contract assets and lower advance payments, along with larger tax payments, have contributed to the weaker cash flow in relation to the comparison period.

Liquid assets, including lines of credit granted but not utilised, totalled SEK 1,337 million (771) on the closing day.

NUMBER OF SHARES AND VOTES

At the Annual General Meeting on 12 May 2022, it was decided to increase the number of shares by splitting each existing share into two new shares of the same type (2:1 split). The split was carried out and registered in June, with 15 June as the record date.

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, with a nominal value of SEK 0.625. Each class A share entitles ten votes and each class B share entitles one vote. The total number of votes amounts to 189,692,614. The company holds 509,132 of its own class B shares. The share capital remains unchanged at SEK 36,558,884.

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 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 and transports, which have increased as a result of the ongoing conflict in Ukraine. The sanctions that are being introduced against Russia as a result of the invasion, as well as any countermeasures, may affect parts of our operation, for example in the form of a lack of 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 83–84 of the annual report for 2021.

ANNUAL GENERAL MEETING 2023

The upcoming AGM will take place in Jönköping on Thursday 11 May 2023.

At the AGM on 12 May 2022, a Nomination Committee consisting of Ulf Hedlundh (Chairman), Stig-Olof Simonsson and Anna Benjamin was appointed. The task of this committee prior to the 2023 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 nominate candidates for XANO's Board of Directors may contact Ulf Hedlundh, Chair of the Nomination Committee, on tel. +46 8 440 37 70 or email ulf.hedlundh@svolder.se. In order for received proposals to be able to be handled properly, these should be received by the Nomination Committee no later than 31 January 2023.

Shareholders wishing to have an issue dealt with at the AGM must have submitted such a request in writing to the company no later than 23 March 2023 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 2023, Industrigatan 14 B, SE-553 02 Jönköping, or by email to ir@xano.se with "AGM 2023" as the subject.

NEXT REPORT DATE

The year-end report for the 2022 financial year will be presented on Thursday 9 February 2023.

Jönköping, 27 October 2022

Lennart Persson
President and CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		2022	2021	2022	2021	21/22	2021
(SUMMARY, SEK million)		3 mths	3 mths	9 mths	9 mths	12 mths	12 mths
	Note	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Oct-Sep	Jan-Dec
Net revenue	3	776	746	2,703	2,268	3,586	3,151
Cost of goods sold		-620	-565	-2,097	-1,702	-2,770	-2,375
Gross profit		156	181	606	566	816	776
Selling expenses		-61	-49	-195	-148	-256	-209
Administrative expenses		-35	-29	-113	-88	-152	-127
Other operating income	2	8	11	23	17	32	26
Other operating expenses		-5	-1	-14	-8	-19	-13
Profit from participations in associated companies		0	0	0	0	0	0
Operating profit		63	113	307	339	421	453
Financial income		15	1	30	8	34	12
Financial expenses		-21	-9	-47	-21	-58	-32
Profit before tax	3	57	105	290	326	397	433
Tax	4	-13	-23	-64	-72	-83	-91
Net profit for the period	9	44	82	226	254	314	342
– of which attributable to shareholders of the Parent Company		44	82	226	254	314	342
OTHER COMPREHENSIVE INCOME							
<i>Items that may be reclassified to net profit for the period</i>							
Change in hedging reserve including tax	5	2	1	14	0	15	1
Translation differences	5	7	5	22	13	28	19
Other comprehensive income		9	6	36	13	43	20
Comprehensive income for the period		53	88	262	267	357	362
– of which attributable to shareholders of the Parent Company		53	88	262	267	357	362
Basic earnings per share, SEK	6	0.76	1.42	3.90	4.39	5.41	5.90
Diluted earnings per share, SEK	6	0.76	1.41	3.87	4.35	5.36	5.84

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		2022	2021	2021
(SUMMARY, SEK million)		30 Sep	30 Sep	31 Dec
	Note			
ASSETS				
Goodwill		967	945	963
Other intangible non-current assets		68	76	74
Property, plant and equipment		693	588	639
Right-of-use assets		129	125	151
Other non-current assets		5	3	6
Total non-current assets		1,862	1,737	1,833
Inventories		543	414	476
Current receivables	7	1,017	745	840
Cash and cash equivalents		224	351	346
Total current assets		1,784	1,510	1,662
TOTAL ASSETS		3,646	3,247	3,495
EQUITY AND LIABILITIES				
Equity		1,502	1,246	1,341
Non-current liabilities		1,271	1,140	847
Current liabilities	8	873	861	1,307
TOTAL EQUITY AND LIABILITIES		3,646	3,247	3,495

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SUMMARY, SEK million)	2022 30 Sep	2021 30 Sep	2021 31 Dec
Opening balance	1,341	1,051	1,051
Net profit for the period	226	254	342
Other comprehensive income	36	13	20
Comprehensive income for the period	262	267	362
Cash dividends paid	-101	-72	-72
Total transactions with shareholders	-101	-72	-72
Closing balance	1,502	1,246	1,341
– of which attributable to shareholders of the Parent Company	1,502	1,246	1,341

CONSOLIDATED CASH FLOW STATEMENT (SUMMARY, SEK million)	Note	2022 9 mths Jan-Sep	2021 9 mths Jan-Sep	21/22 12 mths Oct-Sep	2021 12 mths Jan-Dec
Operating profit		307	339	421	453
Interest and income tax paid/received and adjustments for non-cash items		-33	0	-14	19
Change in working capital		-241	-88	-272	-119
Cash flow from operating activities		33	251	135	353
Investments					
Acquisitions of subsidiaries	9	–	-434	-33	-467
Other		-97	-48	-140	-91
Cash flow after investments		-64	-231	-38	-205
Cash dividends paid		-101	-72	-101	-72
Cash flow from other financing activities		27	279	0	252
Cash flow for the period		-138	-24	-139	-25
Cash and cash equivalents at the start of the period		346	367	351	367
Exchange rate differences in cash and cash equivalents		16	8	12	4
Cash and cash equivalents at the end of the period		224	351	224	346

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 2021 with the exceptions of new or revised standards, interpretations and improvements, which are applied as from 1 January 2022. 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 2021 interim period and full year include non-recurring items of SEK 8 million in respect of the payment of funds for collective AGS insurance via Fora. This payment is based on previous repayments of AGS premiums for the period 2004-2008.

■ 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)	2022 3 mths Jul-Sep	2021 3 mths Jul-Sep	2022 9 mths Jan-Sep	2021 9 mths Jan-Sep	2021 12 mths Jan-Dec
INDUSTRIAL PRODUCTS	186	147	700	505	703
Breakdown by geographic market ¹⁾					
Sweden	50	49	190	168	231
Rest of the Nordic countries	34	36	150	127	164
Rest of Europe	101	60	356	205	302
Rest of the world	1	2	4	5	6
Breakdown by type of product					
Proprietary products	47	52	199	178	230
Customer-specific manufacturing	139	95	501	327	473
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	186	147	700	505	703
INDUSTRIAL SOLUTIONS	496	489	1,629	1,361	1,898
Breakdown by geographic market ¹⁾					
Sweden	86	72	294	255	353
Rest of the Nordic countries	29	34	105	91	136
Rest of Europe	258	208	809	548	780
Rest of the world	123	175	421	467	629
Breakdown by type of product					
Proprietary products	352	360	1,115	923	1,363
Customer-specific manufacturing	144	129	514	438	535
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	120	142	545	496	673
Services transferred over time	15	25	48	32	50
Projects transferred over time	361	322	1,036	833	1,175
PRECISION TECHNOLOGY	94	110	375	403	552
Breakdown by geographic market ¹⁾					
Sweden	77	90	300	315	435
Rest of the Nordic countries	2	1	4	3	4
Rest of Europe	9	9	43	38	50
Rest of the world	6	10	28	47	63
Breakdown by type of product					
Proprietary products	0	1	1	2	4
Customer-specific manufacturing	94	109	374	401	548
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	94	110	375	403	552
GROUP TOTAL	776	746	2,703	2,268	3,151
Breakdown by geographic market ¹⁾					
Sweden	213	211	783	737	1,017
Rest of the Nordic countries	65	71	259	221	304
Rest of Europe	368	277	1,208	791	1,132
Rest of the world	130	187	453	519	698
Breakdown by type of product					
Proprietary products	399	413	1,315	1,103	1,597
Customer-specific manufacturing	377	333	1,388	1,165	1,554
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	400	399	1,619	1,403	1,926
Services transferred over time	15	25	48	32	50
Projects transferred over time	361	322	1,036	833	1,175

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

NET REVENUE BY SEGMENT	2022 3 mths Jul-Sep	2021 3 mths Jul-Sep	2022 9 mths Jan-Sep	2021 9 mths Jan-Sep	21/22 12 mths Oct-Sep	2021 12 mths Jan-Dec
(SEK million)						
Industrial Products	186	147	700	505	898	703
Industrial Solutions	496	489	1,629	1,361	2,166	1,898
Precision Technology	94	110	375	403	524	552
Eliminations	0	0	-1	-1	-2	-2
Group total	776	746	2,703	2,268	3,586	3,151

PROFIT/LOSS BEFORE TAX BY SEGMENT ¹⁾	2022 3 mths Jul-Sep	2021 3 mths Jul-Sep	2022 9 mths Jan-Sep	2021 9 mths Jan-Sep	21/22 12 mths Oct-Sep	2021 12 mths Jan-Dec
(SEK million)						
Industrial Products	7	20	69	72	87	90
Industrial Solutions	51	68	188	198	264	274
Precision Technology	3	26	51	86	76	111
Undistributed items	-4	-9	-18	-30	-30	-42
Group total	57	105	290	326	397	433

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	2022 3 mths Jul-Sep	2021 3 mths Jul-Sep	2022 9 mths Jan-Sep	2021 9 mths Jan-Sep	21/22 12 mths Oct-Sep	2021 12 mths Jan-Dec
Net profit for the period, SEK million	43.7	82.5	225.9	254.5	313.5	342.1
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⁾	0.76	1.42	3.90	4.39	5.41	5.90

DILUTED EARNINGS PER SHARE	2022 3 mths Jul-Sep	2021 3 mths Jul-Sep	2022 9 mths Jan-Sep	2021 9 mths Jan-Sep	21/22 12 mths Oct-Sep	2021 12 mths Jan-Dec
Net profit for the period, SEK million	43.7	82.5	225.9	254.5	313.5	342.1
Interest expense on convertible bonds, SEK million ²⁾	0.9	0.8	2.6	2.5	3.4	3.3
Issue expenses for convertible bonds, SEK million	0.0	0.0	0.1	0.1	0.2	0.2
Adjusted income, SEK million	44.6	83.3	228.6	257.1	317.1	345.6
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⁾	0.76	1.41	3.87	4.35	5.36	5.84

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 CURRENT RECEIVABLES

Current receivables include interest derivatives measured at fair value of SEK 17 million (–) for the interim period and SEK – million for the 2021 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 CURRENT LIABILITIES

Current liabilities include interest derivatives measured at fair value of SEK – million (7) for the interim period and SEK 6 million for the 2021 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.

Current liabilities include currency derivatives measured at fair value of SEK 4 million (–) for the interim period and SEK – million for the 2021 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 9 BUSINESS COMBINATIONS

No business combinations have been performed in 2022.

PiWi Beheer B.V. with subsidiary Case Packing Systems B.V. (CPS) and AV Holding 2018 ApS with subsidiary CIM Industrial Systems A/S are included in the consolidated results from 31 May 2021. Tussenholding Lankamp B.V. with subsidiary PRM Kunststoffen B.V. are included in the consolidated results from 1 November 2021. If the acquired units had been included in the Group throughout the whole of 2021, revenue would have amounted to SEK 3,407 million, while net profit would have been approx. SEK 369 million for the 2021 full year.

SHARE DATA, GROUP	2022 3 mths Jul-Sep	2021 3 mths Jul-Sep	2022 9 mths Jan-Sep	2021 9 mths Jan-Sep	21/22 12 mths Oct-Sep	2021 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	0.76	1.42	3.90	4.39	5.41	5.90
Diluted earnings per share, SEK	0.76	1.41	3.87	4.35	5.36	5.84
Cash flow from operating activities per share, SEK	-0.34	2.51	0.58	4.34	2.33	6.09
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			25.90	21.49	25.90	23.13
Share price on closing day, SEK			104.00	142.00	104.00	162.50

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

KEY FIGURES, GROUP	2022 3 mths Jul-Sep	2021 3 mths Jul-Sep	2022 9 mths Jan-Sep	2021 9 mths Jan-Sep	21/22 12 mths Oct-Sep	2021 12 mths Jan-Dec
Operating margin, %	8.1	15.2	11.4	15.0	11.7	14.4
Profit margin, %	7.2	14.2	10.7	14.4	11.1	13.8
Interest-bearing liabilities, SEK million			1,188	1,084	1,188	1,116
Deferred tax liabilities, SEK million			109	101	109	102
Lines of credit granted but not utilised, SEK million			1,113	420	1,113	394
Return on equity p.a., %			21.0	29.5	22.4	28.8
Return on capital employed p.a., %			17.4	22.4	18.0	21.8
Return on total capital p.a., %			12.4	16.2	12.9	15.6
Average equity, SEK million			1,438	1,149	1,399	1,188
Average capital employed, SEK million			2,589	2,060	2,537	2,139
Average total capital, SEK million			3,615	2,851	3,542	2,980
Interest coverage ratio, multiple			7.1	16.8	7.8	14.6
Equity/assets ratio, %			41	38	4.1	38
Proportion of risk-bearing capital, %			44	41	44	41
Depreciation, SEK million	31	25	93	75	122	104
Net investments in non-current assets, SEK million	24	45	97	479	216	598
Employees, average number	1,435	1,315	1,425	1,215	1,403	1,245

QUARTERLY SUMMARY, GROUP	2022 Q3	2021 Q3	2022 Q2	2021 Q2	2022 Q1	2021 Q1	2021 Q4	2020 Q4
Net revenue, SEK m	776	746	942	824	985	698	883	630
Gross profit, SEK m	156	181	204	209	246	176	210	156
Operating profit, SEK m	63	113	98	123	146	103	114	83
Profit before tax, SEK m	57	105	95	117	138	104	107	76
Net profit for the period, SEK m	44	82	74	91	108	81	88	60
Comprehensive income for the period, SEK m	53	88	91	85	118	94	95	53
Operating margin, %	8.1	15.2	10.5	14.9	14.8	14.8	12.9	13.2
Profit margin, %	7.2	14.2	10.1	14.1	14.0	14.9	12.1	12.1
Equity/assets ratio, %	41	38	40	38	40	44	38	42
Basic earnings per share, SEK ¹⁾	0.76	1.42	1.28	1.57	1.86	1.40	1.51	1.05
Cash flow from operating activities per share, SEK ¹⁾	-0.34	2.51	0.98	3.18	-0.06	-1.35	1.75	4.20

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

For definitions, see page 13.

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.

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 deferred tax liabilities 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 86 in the 2021 annual report.

INCOME STATEMENT, PARENT COMPANY		2022	2021	2021
(SUMMARY, SEK million)	Note	9 mths Jan-Sep	9 mths Jan-Sep	12 mths Jan-Dec
Net revenue	1	22.0	39.4	45.8
Selling and administrative expenses		-29.1	-25.2	-37.0
Operating profit/loss		-7.1	14.2	8.8
Profit from participations in Group companies		–	5.0	222.4
Other financial items		22.7	-2.9	-2.6
Profit/loss after financial items		15.6	16.3	228.6
Appropriations		–	–	0.0
Tax	2	-3.2	-2.3	-46.9
Net profit for the period		12.4	14.0	181.7
<i>Statement of comprehensive income</i>				
Net profit for the period		12.4	14.0	181.7
Other comprehensive income		–	–	–
Comprehensive income for the period		12.4	14.0	181.7

BALANCE SHEET, PARENT COMPANY		2022	2021	2021
(SUMMARY, SEK million)		30 Sep	30 Sep	31 Dec
ASSETS				
Non-current assets		223.1	224.5	223.1
Current assets		867.6	837.0	1,099.9
EQUITY AND LIABILITIES				
Equity		386.1	307.5	475.2
Untaxed reserves		98.0	98.0	98.0
Non-current liabilities		317.6	185.3	185.9
Current liabilities		289.0	470.7	563.9
BALANCE SHEET TOTAL		1,090.7	1,061.5	1,323.0

STATEMENT OF CHANGES IN EQUITY, PARENT COMPANY		2022	2021	2021
(SUMMARY, SEK million)		30 Sep	30 Sep	31 Dec
Opening balance		475.2	366.0	366.0
Comprehensive income for the period		12.4	14.0	181.7
Cash dividends paid		-101.5	-72.5	-72.5
Closing balance		386.1	307.5	475.2

CASH FLOW STATEMENT, PARENT COMPANY		2022	2021	2021
(SUMMARY, SEK million)		9 mths Jan-Sep	9 mths Jan-Sep	12 mths Jan-Dec
Operating profit/loss		-7.1	14.2	8.8
Interest and income tax paid/received and adjustments for non-cash items		-45.2	-13.9	204.7
Change in working capital		-51.7	25.8	-235.2
Cash flow from operating activities		-104.0	26.1	-21.7
Investments		–	0.0	-0.0
Cash flow after investments		-104.0	26.1	-21.7
Financing		28.5	-72.5	-72.5
Cash flow for the period		-75.5	-46.4	-94.2
Cash and cash equivalents at the start of the year		155.0	249.1	249.1
Exchange rate differences in cash and cash equivalents		8.2	0.1	0.1
Cash and cash equivalents at the end of the period		87.7	202.8	155.0

■ 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 21 per cent (14) for the interim period. Income tax-exempt dividends contributed to the deviating tax rate in 2021.

Review report

XANO Industri AB (publ), corp. ID no. 556076-2055

Introduction

We have reviewed the condensed interim financial information (interim report) of XANO Industri AB (publ) as of 30 September 2022 and for the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed on the basis of a review does not provide the same level of assurance as a conclusion expressed on the basis of an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and with the Swedish Annual Accounts Act regarding the Parent Company.

Jönköping, 27 October 2022

KPMG AB

Olle Nilsson

Authorised Public Accountant

*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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