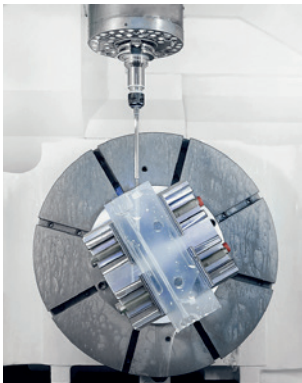


INTERIM REPORT

1 January – 30 September 2020



THE INTERIM PERIOD

- Net revenue totalled SEK 1,609 million (1,608)
- Operating profit amounted to SEK 191 million (184)
- Profit before tax amounted to SEK 175 million (172)
- Profit after tax amounted to SEK 135 million (133)
- Earnings per share were SEK 4.77 (4.75)

Important events during the period

- Limited impact of the COVID-19 pandemic
- The AGM decided that no dividends should be paid
- Conversion of personnel convertibles 2016/2020 implemented
- Subscription for personnel convertibles 2020/2023 implemented

Events after the closing day

- Modelltechnik was acquired

THE THIRD QUARTER

- Net revenue totalled SEK 525 million (463)
- Operating profit amounted to SEK 65 million (39)
- Profit before tax amounted to SEK 59 million (36)
- Profit after tax amounted to SEK 46 million (27)
- Earnings per share were SEK 1.57 (0.95)

CEO's comments on the Group's development during the period

THE GROUP

Overall, our companies achieved the Group's strongest third quarter to date. Compared to last year, our growth stood at just over 13 per cent and the improvement in operating profit amounted to 65 per cent. For the entire nine-month period, this means that sales are matching the results achieved during the strong comparison period, at the same time as profitability has improved.

We experienced a general stabilisation in demand in several market sectors, and the indicated upturn within medical technology was greater than expected. The level of activity remained high in respect of automation projects within the packaging and food industries. The automotive industry stabilised further, with volumes approaching the previously forecast levels.

The ongoing pandemic has had limited impact on the Group's financial results. However, the spread of the virus has meant that it has been necessary to implement a number of restructuring

measures. This initially related primarily to adapting our personnel resources in line with the abrupt decline in production volumes that affected parts of the business. In this respect, the negative impact on profits has been mitigated by the government support measures. In order to continue maintaining our margins during the drawn-out progress of the pandemic, work has been intensified aimed at achieving a reduced cost burden while at the same time optimising our sales activities in line with the new situation.

In relation to the outcome achieved during the comparison period, revenue was marginally higher while operating profit increased by 3 per cent. The operating margin rose from 11.5 to 11.8 per cent. The profit margin was 10.9 per cent (10.7) and continued to exceed our long-term goal of at least 8 per cent.

THE INDUSTRIAL PRODUCTS BUSINESS UNIT

Within the Industrial Products business unit, sales fell by 14 per cent, while operating profit declined by 13 per cent in relation to the comparison period. The operating margin was 13.5 per cent (13.4). The business unit's proprietary products, primarily within the infrastructure and marine segments, have continued to develop well, which has contributed to a great extent to the strong margins overall. The loss of sales compared to last year is mainly related to the shutting down of the automotive industry during the spring. Following a gradual recovery, deliveries within this sector have now returned to more normal levels.

THE INDUSTRIAL SOLUTIONS BUSINESS UNIT

Sales within the Industrial Solutions business unit rose by 7 per cent, while operating profit increased by 18 per cent compared to the corresponding period last year. The operating margin was 12.0 per cent (10.8). Greater efficiency and flexibility have contributed to a gradual improvement in profitability. The companies have also benefited considerably from greater exchanges within the business unit. The volumes in respect of customer-specific assignments have increased compared to last year. The influx of project orders has remained good, although there is still a certain amount of caution within some areas. The existing travel restrictions have mainly affected our sales work, whereas it has been possible to carry out installations according to plan in the vast majority of cases.

THE PRECISION TECHNOLOGY BUSINESS UNIT

Overall, the Precision Technology business unit reported marginally higher sales, while operating profit was 9 per cent below that of the comparison period. The operating margin was 16.8 per cent (18.6). There were still significant variations between the companies and affected customer segments. The pressure remained high within the medical technology sector, and several other sectors are displaying a slight upward trend. The companies in the business unit have continued to work on optimising the relevant organisation and its resources, as well as implementing ongoing capacity reinforcements. After the closing day, the business unit's opera-



tions have been supplemented with Modellteknik, which possesses leading-edge expertise in advanced cutting machining and mould manufacturing.

FUTURE DEVELOPMENT

The transition due to the altered conditions has been successful. Our decentralised, entrepreneur-governed business model comprising three business units, where decisions are taken close to our operations, has made it possible to adjust working methods rapidly while at the same time maintaining good cost control. Our long-term work with strategic customers and assignments has provided us with a solid foundation on which to stand. Within the Group's global project activities, it has been possible to carry out installations as planned so far. However, further restrictions to freedom of movement as a result of the coronavirus pandemic may lead to difficulties in fulfilling delivery commitments in affected areas. Aftersales and service have already been affected to a great extent, resulting in reduced sales. Within these areas, we are working to identify alternative solutions. We have appointed additional resources for marketing activities and have raised the level of activity in respect of strategic sales. Product and technical development also remain an important part of our day-to-day work. This includes our sustainability work, with a focus on more energy and resource-efficient manufacturing and environmentally friendly materials, as well as increased recycling and circularity.

We are continually evaluating interesting operations to incorporate in the Group. After the closing day, we have conducted a supplementary acquisition within Precision Technology which is further strengthening us as a group.

The long-term effects of the pandemic on our business are difficult to assess. However, bearing in mind the developments to date and the healthy level of incoming orders in recent months, we are anticipating continued strong results in the near future. Our ability to achieve good margins in this challenging situation is a sign of strength. As a result, I would like to say a big thank you to all the Group's employees for their commitment and loyalty.

Lennart Persson
President and CEO

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 interim period

Net revenue totalled SEK 1,609 million (1,608). Operating profit amounted to SEK 191 million (184), corresponding to an operating margin of 11.8 per cent (11.5). Profit before tax was SEK 175 million (172).

The third quarter

Net revenue totalled SEK 525 million (463). Operating profit amounted to SEK 65 million (39), corresponding to an operating margin of 12.3 per cent (8.5). Profit before tax was SEK 59 million (36).

SHARE DATA AND KEY FIGURES

The interim period

Basic earnings per share were SEK 4.77 (4.75). Equity per share was SEK 34.04 (27.70). The average number of outstanding shares was 28,258,229 during the period. The equity/assets ratio was 44 per cent (37) at the end of the period. The average number of employees was 1,044 (1,074).

IMPORTANT EVENTS DURING THE PERIOD

To date, the negative impact of the COVID-19 pandemic on the Group has been limited. After several vehicle manufacturers decided to shut down their production processes, we implemented adaptations in parts of our operations. These measures initially affected approximately 160 individuals. Following the restart, there has been a gradual increase in automotive production volumes, although not yet to the previously forecast levels.

The Annual General Meeting was originally planned for 7 May but was held instead on 25 June. The Meeting decided to approve the Board of Directors' proposal that no dividends should be paid for the 2019 financial year. The purpose of this proposal was to ensure as high a level of financial latitude as possible, bearing in mind the prevailing uncertainty linked to the effects of the COVID-19 pandemic.

On 1 July 2016, personnel convertibles were issued with a closing date of 30 June 2020. During the period 1–12 June 2020, a nominal amount of SEK 57,776,921.50 was registered for conversion to Class B shares. The conversion rate was SEK 54.50 and the number of new Class B shares resulting from the conversion amounts to 1,060,127. The registration process was implemented in June 2020.

During the period 27 August to 3 September 2020, employees within the XANO Group subscribed for 573,756 convertibles at a price of SEK 122, equivalent to a nominal amount of SEK 69,998,232. The convertible will run for the period 1 October 2020 to 30 September 2023, at an interest rate corresponding to STIBOR 3M plus 1.75 percentage points. During the period 1 September to 12 September 2023, each convertible may be converted to one Class B share in XANO Industri AB. If all the convertibles are converted into shares, the dilution effect on the share capital will be approximately 1.9 per cent, and on the voting rights approximately 0.6 per cent, based on the current total number of shares.

EVENTS AFTER THE END OF THE PERIOD

On 2 November, all the shares in Modellteknik i Eskilstuna AB were acquired. Modellteknik is an engineering company possessing leading-edge expertise in advanced cutting machining and mould manufacturing. The business possesses resources for the manufacture of prototypes and fixtures, design and cutting machin-

ing in short and medium-sized runs. Its customers are primarily in the automotive and defence segments. The company has 22 employees and sales of SEK 35 million. Modellteknik will be part of XANO's Precision Technology business unit. As a result of the acquisition, the business unit is gaining further technical expertise and access to new market segments. Consolidation is taking place as from 2 November 2020. The acquisition is expected to have a marginal impact on XANO's earnings per share.

INVESTMENTS

The interim period

Net investments in non-current assets came to SEK 39 million (79), of which SEK 4 million related to intangible non-current assets, SEK 4 million to real estate, SEK 33 million to machinery and equipment and SEK -2 million to right-of-use assets.

The third quarter

Net investments in non-current assets came to SEK 4 million (35), of which SEK 1 million related to intangible non-current assets, SEK 8 million to machinery and equipment and SEK -5 million to right-of-use assets.

CASH FLOW AND LIQUIDITY

The interim period

Cash flow from operating activities amounted to SEK 162 million (255) during the interim period. The weaker cash flow in relation to the comparison period is a consequence of the year's increase in working capital, principally in respect of contract assets in project-related operations.

Liquid assets, including lines of credit granted but not utilised, totalled SEK 598 million (376) on the closing day.

NUMBER OF SHARES AND VOTING RIGHTS

Following the conversion of personnel convertibles in June, the total number of registered shares in the company amounts to 29,247,107, divided between 7,288,800 Class A shares and 21,958,307 Class B shares, with a quotient value of SEK 1.25. Each Class A share entitles ten votes and each Class B share entitles one vote. The total number of votes amounts to 94,846,307. The company holds 292,444 of its own Class B shares.

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

at short notice. 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. In the short term, the risks related to the pandemic are considered to be limited. The longer-reaching consequences of a continued spread of infection and its impact on the Group's operations are difficult to foresee.

A statement on the Group's other main financial and operational risks can be found on pages 77–78 of the annual report for 2019.

ANNUAL GENERAL MEETING 2021

The upcoming AGM will take place in Jönköping on Thursday 6 May 2021.

At the AGM on 25 June 2020, a Nomination Committee consisting of Ulf Hedlundh (Chairman), Stig-Olof Simonsson and Anna Benjamin was appointed. The task of this committee prior to the 2021 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 e-mail 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 2021.

Shareholders wishing to have an issue dealt with at the Annual General Meeting must have submitted such a request in writing to the company no later than 18 March 2021 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 2021, Industriegatan 14 B, SE-553 02 Jönköping, or by e-mail to ir@xano.se with "AGM 2021" as the subject.

NEXT REPORT DATE

The year-end report for the 2020 financial year will be presented on Thursday 11 February 2021.

Jönköping, 5 November 2020

Lennart Persson
President and CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SUMMARY, SEK million)		2020	2019	2020	2019	19/20	2019
		3 mths	3 mths	9 mths	9 mths	12 mths	12 mths
		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Oct-Sep	Jan-Dec
	Note						
Net revenue	2	525	463	1,609	1,608	2,129	2,128
Cost of goods sold		-402	-373	-1,235	-1,247	-1,646	-1,658
Gross profit		123	90	374	361	483	470
Selling expenses		-34	-34	-116	-117	-157	-158
Administrative expenses		-18	-19	-64	-63	-86	-85
Other operating income		3	3	12	10	16	14
Other operating expenses		-9	-1	-15	-7	-20	-12
Profit from participations in associated companies		0	0	0	0	0	0
Operating profit		65	39	191	184	236	229
Financial income		0	3	3	8	4	9
Financial expenses		-6	-6	-19	-20	-26	-27
Profit before tax	2	59	36	175	172	214	211
Tax	3	-13	-9	-40	-39	-49	-48
Net profit for the period	7	46	27	135	133	165	163
<i>– of which attributable to shareholders of the Parent Company</i>		46	27	135	133	165	163
OTHER COMPREHENSIVE INCOME							
<i>Items that may be reclassified to net profit for the period</i>							
Change in hedging reserve including tax	4	-2	-1	-1	-3	3	1
Translation differences	4	0	3	-6	13	-13	6
Other comprehensive income		-2	2	-7	10	-10	7
Comprehensive income for the period		44	29	128	143	155	170
<i>– of which attributable to shareholders of the Parent Company</i>		44	29	128	143	155	170
Basic earnings per share, SEK ¹⁾	5	1.57	0.95	4.77	4.75	5.87	5.85
Diluted earnings per share, SEK ¹⁾	5	1.57	0.94	4.68	4.63	5.75	5.70

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (SUMMARY, SEK million)		2020	2019	2019
		30 Sep	30 Sep	31 Dec
	Note			
ASSETS				
Goodwill		574	577	577
Other intangible non-current assets		43	41	44
Property, plant and equipment ¹⁾		503	488	503
Right-of-use assets ¹⁾		108	139	136
Other non-current assets		2	2	2
Total non-current assets		1,230	1,247	1,262
Inventories		315	324	318
Current receivables	6	563	428	419
Cash and cash equivalents		125	77	82
Total current assets		1,003	829	819
TOTAL ASSETS		2,233	2,076	2,081
EQUITY AND LIABILITIES				
Equity		986	773	800
Non-current liabilities		681	207	690
Current liabilities	7	566	1,096	591
TOTAL EQUITY AND LIABILITIES		2,233	2,076	2,081

¹⁾ Right-of-use assets include rights of use in finance and operating leases. The comparative figures have been adjusted in respect of rights of use in finance leases, which in interim reports for 2019 were reported as machinery and equipment.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SUMMARY, SEK million)	2020 30 Sep	2019 30 Sep	2019 31 Dec
Opening balance	800	686	686
Net profit for the period	135	133	163
Other comprehensive income	-7	10	7
Comprehensive income for the period	128	143	170
Conversion of personnel convertibles	58	–	–
Dividend paid in cash	–	-56	-56
Total transactions with shareholders	58	-56	-56
Closing balance	986	773	800
– of which attributable to shareholders of the Parent Company	986	773	800

CONSOLIDATED CASH FLOW STATEMENT (SUMMARY, SEK million)	Note	2020 9 mths Jan-Sep	2019 9 mths Jan-Sep	19/20 12 mths Oct-Sep	2019 12 mths Jan-Dec
Operating profit		191	184	236	229
Interest and income tax paid/received and adjustments for non-cash items		36	5	32	1
Change in working capital		-65	66	-54	77
Cash flow from operating activities		162	255	214	307
Investments					
Acquisitions of subsidiaries	8	–	-8	–	-8
Other		-41	-62	-79	-100
Cash flow after investments		121	185	135	199
Dividend paid		–	-56	–	-56
Cash flow from other financing activities		-78	-125	-85	-132
Cash flow for the period		43	4	50	11
Cash and cash equivalents at the start of the period		82	70	77	70
Exchange rate differences in cash and cash equivalents		0	3	-2	1
Cash and cash equivalents at the end of the period		125	77	125	82

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 2019 with the exceptions of new or revised standards, interpretations and improvements, which are applied as from 1 January 2020. The critical assessments and the sources of estimates when preparing this interim report are the same as in the most recent annual report.

The Group has received government support to cover e.g. temporary layoff costs, sick pay, social security contributions and pension costs, in order to reduce the financial effects of the pandemic. When it is reasonably certain that this support is being received, this is recognised as a reduction in costs under each function during the period in which the costs arise. Received and anticipated support amounts to approx. SEK 19 million for the interim period.

■ NOTE 2

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 13. 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)	2020 3 mths Jul-Sep	2019 3 mths Jul-Sep	2020 9 mths Jan-Sep	2019 9 mths Jan-Sep	2019 12 mths Jan-Dec
INDUSTRIAL PRODUCTS	119	125	402	467	610
Breakdown by geographic market ¹⁾					
Sweden	39	38	130	139	182
Rest of the Nordic countries	26	27	104	105	135
Rest of Europe	53	57	165	218	286
Rest of the world	1	3	3	5	7
Breakdown by type of product					
Proprietary products	37	31	141	131	164
Customer-specific manufacturing	82	94	261	336	446
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	119	125	402	467	610
INDUSTRIAL SOLUTIONS	337	269	971	911	1,214
Breakdown by geographic market ¹⁾					
Sweden	68	80	239	281	389
Rest of the Nordic countries	4	27	42	50	71
Rest of Europe	140	123	432	401	506
Rest of the world	125	39	258	179	248
Breakdown by type of product					
Proprietary products	232	162	594	559	740
Customer-specific manufacturing	105	107	377	352	474
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	119	128	433	423	584
Services transferred over time	1	1	4	7	13
Projects transferred over time	217	140	534	481	617
PRECISION TECHNOLOGY	69	70	237	235	310
Breakdown by geographic market ¹⁾					
Sweden	54	55	190	192	254
Rest of the Nordic countries	1	0	5	3	5
Rest of Europe	4	8	15	18	22
Rest of the world	10	7	27	22	29
Breakdown by type of product					
Proprietary products	1	0	2	2	3
Customer-specific manufacturing	68	70	235	233	307
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	69	70	237	235	310
GROUP TOTAL	525	463	1,609	1,608	2,128
Breakdown by geographic market ¹⁾					
Sweden	161	172	558	607	819
Rest of the Nordic countries	31	54	151	158	211
Rest of Europe	197	188	612	637	814
Rest of the world	136	49	288	206	284
Breakdown by type of product					
Proprietary products	270	193	737	692	907
Customer-specific manufacturing	255	270	872	916	1,221
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	307	322	1,071	1,120	1,498
Services transferred over time	1	1	4	7	13
Projects transferred over time	217	140	534	481	617

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

NET REVENUE BY SEGMENT	2020	2019	2020	2019	19/20	2019
(SEK million)	3 mths Jul-Sep	3 mths Jul-Sep	9 mths Jan-Sep	9 mths Jan-Sep	12 mths Oct-Sep	12 mths Jan-Dec
Industrial Products	119	125	402	467	545	610
Industrial Solutions	337	269	971	911	1,274	1,214
Precision Technology	69	70	237	235	312	310
Eliminations	0	-1	-1	-5	-2	-6
Group total	525	463	1,609	1,608	2,129	2,128

PROFIT/LOSS BEFORE TAX BY SEGMENT ¹⁾	2020	2019	2020	2019	19/20	2019
(SEK million)	3 mths Jul-Sep	3 mths Jul-Sep	9 mths Jan-Sep	9 mths Jan-Sep	12 mths Oct-Sep	12 mths Jan-Dec
Industrial Products	14	11	49	58	60	69
Industrial Solutions	42	20	110	95	138	123
Precision Technology	9	11	38	42	43	47
Undistributed items	-6	-6	-22	-23	-27	-28
Group total	59	36	175	172	214	211

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 3 TAX

Tax amounts to 23 per cent (23) for the interim period.

■ NOTE 4 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 5 EARNINGS PER SHARE

BASIC EARNINGS PER SHARE	2020 3 mths Jul-Sep	2019 3 mths Jul-Sep	2020 9 mths Jan-Sep	2019 9 mths Jan-Sep	19/20 12 mths Oct-Sep	2019 12 mths Jan-Dec
Net profit for the period, SEK million	45.4	26.5	134.7	132.6	165.2	163.1
Average number of outstanding shares, thousands	28,955	27,895	28,258	27,895	28,167	27,895
Basic earnings per share, SEK	1.57	0.95	4.77	4.75	5.87	5.85

DILUTED EARNINGS PER SHARE	2020 3 mths Jul-Sep	2019 3 mths Jul-Sep	2020 9 mths Jan-Sep	2019 9 mths Jan-Sep	19/20 12 mths Oct-Sep	2019 12 mths Jan-Dec
Net profit for the period, SEK million	45.4	26.5	134.7	132.6	165.2	163.1
Interest expense on convertible bonds, SEK million ¹⁾	–	0.6	1.1	1.7	1.7	2.3
Issue expenses for convertible bonds, SEK million	–	0.0	0.0	0.0	0.0	0.0
Adjusted income, SEK million	45.4	27.1	135.8	134.3	166.9	165.4
Average number of outstanding shares, thousands	28,955	27,895	28,258	27,895	28,167	27,895
Adjustment for presumed conversion of convertible bonds, thousands	–	1,140	750	1,140	847	1,140
Average number of outstanding shares after dilution, thousands	28,955	29,035	29,008	29,035	29,014	29,035
Diluted earnings per share, SEK	1.57	0.94	4.68	4.63	5.75	5.70

¹⁾ Constitutes current interest for convertible loan adjusted to market interest rate.

Due to the share split carried out in June 2019, all comparison figures have been recalculated.

On 1 July 2016, convertibles at a nominal value of SEK 62,130,000, corresponding to 1,140,000 Class B shares in the event of full conversion, were issued to employees within the XANO Group. During the interim period, holders of a nominal SEK 57,776,921.50 requested conversion of their claims to shares. Through the conversion, 1,060,127 new Class B shares were issued.

The total number of shares stands at 29,247,107, divided between 7,288,800 Class A shares and 21,958,307 Class B shares. After deduction for the company's own holding, 292,444 Class B shares, the number of outstanding shares is 28,954,663. The average number of outstanding shares was 28,258,229 during the interim period. The average number of shares in the company's custody was 292,444 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 94,553,863 on the closing day.

■ NOTE 6 CURRENT RECEIVABLES

Current liabilities include interest derivatives measured at fair value of SEK 1 million (–) for the interim period. 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 7 CURRENT LIABILITIES

Current liabilities include interest derivatives measured at fair value of SEK 14 million (16) for the interim period and SEK 13 million for the 2019 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.

As at the closing day, 30 September 2019, all liabilities to the Group's main bank were recognised as current in accordance with IAS 1, as the agreement applicable at the time was due to expire within 12 months. A new, long-term credit agreement was entered into with the bank in November 2019.

■ NOTE 8 BUSINESS COMBINATIONS

AB Kuggteknik is included in the consolidated results from 1 July 2019. If the acquired unit had been included in the Group throughout the whole of 2019, revenue would have amounted to approx. SEK 2,142 million, while net profit would have been unchanged at SEK 163 million for the 2019 full year.

SHARE DATA, GROUP	2020 3 mths Jul-Sep	2019 3 mths Jul-Sep	2020 9 mths Jan-Sep	2019 9 mths Jan-Sep	19/20 12 mths Oct-Sep	2019 12 mths Jan-Dec
Average number of outstanding shares, thousands	28,955	27,895	28,258	27,895	28,167	27,895
Average number of outstanding shares after dilution, thousands	28,955	29,035	29,008	29,035	29,014	29,035
Basic earnings per share, SEK	1.57	0.95	4.77	4.75	5.87	5.85
Diluted earnings per share, SEK	1.57	0.94	4.68	4.63	5.75	5.70
Cash flow from operating activities per share, SEK	1.11	4.60	5.74	9.13	7.63	11.02
Total number of shares on closing day, thousands			29,247	28,187	29,247	28,187
Number of shares in own custody on closing day, thousands			292	292	292	292
Number of outstanding shares on closing day, thousands			28,955	27,895	28,955	27,895
Equity per share on closing day, SEK			34.04	27.70	34.04	28.68
Share price on closing day, SEK			108.50	111.00	108.50	113.00

The comparison figures have been recalculated due to the 2:1 share split carried out in June 2019. See also Note 5 on page 9.

KEY FIGURES, GROUP	2020 3 mths Jul-Sep	2019 3 mths Jul-Sep	2020 9 mths Jan-Sep	2019 9 mths Jan-Sep	19/20 12 mths Oct-Sep	2019 12 mths Jan-Dec
Operating margin, %	12.3	8.5	11.8	11.5	11.1	10.8
Profit margin, %	11.2	7.8	10.9	10.7	10.1	9.9
Interest-bearing liabilities, SEK million			612	772	612	762
Deferred tax liabilities, SEK million			93	89	93	96
Lines of credit granted but not utilised, SEK million			473	299	473	428
Return on equity p.a., %			20.1	24.0	19.0	21.8
Return on capital employed p.a., %			16.4	16.5	15.3	15.4
Return on total capital p.a., %			12.0	12.3	11.3	11.4
Average equity, SEK million			893	737	869	750
Average capital employed, SEK million			1,583	1,546	1,575	1,549
Average total capital, SEK million			2,157	2,085	2,140	2,084
Interest coverage ratio, multiple			10.1	9.7	9.0	8.8
Equity/assets ratio, %			44	37	44	38
Proportion of risk-bearing capital, %			48	42	48	43
Depreciation, SEK million	22	21	64	62	86	84
Net investments in non-current assets, SEK million	4	35	39	79	83	123
Employees, average number	1,032	1,082	1,044	1,074	1,063	1,085

QUARTERLY SUMMARY, GROUP	2020 Q3	2019 Q3	2020 Q2	2019 Q2	2020 Q1	2019 Q1	2019 Q4	2018 Q4
Net revenue, SEK m	525	463	546	581	538	564	520	549
Gross profit, SEK m	123	90	134	139	117	132	109	128
Operating profit, SEK m	65	39	69	74	57	71	45	63
Profit before tax, SEK m	59	36	64	69	52	67	39	57
Net profit for the period, SEK m	46	27	49	54	40	52	30	45
Comprehensive income for the period, SEK m	44	29	37	54	47	60	27	43
Operating margin, %	12.3	8.5	12.7	12.8	10.5	12.5	8.7	11.6
Profit margin, %	11.2	7.8	11.8	11.9	9.6	11.9	7.6	10.5
Equity/assets ratio, %	44	37	44	35	39	35	38	34
Basic earnings per share, SEK ¹⁾	1.57	0.95	1.77	1.93	1.43	1.87	1.10	1.61
Cash flow from operating activities per share, SEK ¹⁾	1.11	4.60	3.76	1.82	0.87	2.71	1.89	2.12

¹⁾ The comparative figures have been recalculated due to the 2:1 share split carried out in June 2019.

For definitions, see page 11.

DEFINITIONS

AVERAGE NUMBER OF EMPLOYEES

Average number of employees during the period based on working hours. Employees covered by short-term work/temporary layoffs are only included to the extent of actual working hours.

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 provisions for taxes 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 80 in the 2019 annual report.

INCOME STATEMENT, PARENT COMPANY		2020	2019	2019
(SUMMARY, SEK million)		9 mths Jan-Sep	9 mths Jan-Sep	12 mths Jan-Dec
	Note			
Net revenue	1	14.9	14.5	22.5
Selling and administrative expenses		-21.5	-21.4	-27.1
Operating profit/loss		-6.6	-6.9	-4.6
Profit from participations in Group companies		20.0	25.0	128.3
Other financial items		-4.1	-6.9	-4.3
Profit/loss after financial items		9.3	11.2	119.4
Appropriations		–	–	-13.0
Tax	2	2.3	2.9	-18.4
Net profit for the period		11.6	14.1	88.0
<i>Statement of comprehensive income</i>				
Net profit for the period		11.6	14.1	88.0
Other comprehensive income		–	–	–
Comprehensive income for the period		11.6	14.1	88.0

BALANCE SHEET, PARENT COMPANY		2020	2019	2019
(SUMMARY, SEK million)		30 Sep	30 Sep	31 Dec
ASSETS				
Non-current assets		225.5	230.9	235.6
Current assets		561.5	536.9	620.9
EQUITY AND LIABILITIES				
Equity		306.4	163.1	237.0
Untaxed reserves		107.0	94.0	107.0
Non-current liabilities		120.0	0.1	120.0
Current liabilities		253.6	510.6	392.5
BALANCE SHEET TOTAL		787.0	767.8	856.5

STATEMENT OF CHANGES IN EQUITY, PARENT COMPANY		2020	2019	2019
(SUMMARY, SEK million)		30 Sep	30 Sep	31 Dec
Opening balance		237.0	204.8	204.8
Comprehensive income for the period		11.6	14.1	88.0
Conversion of personnel convertibles		57.8	–	–
Dividend paid in cash		–	-55.8	-55.8
Closing balance		306.4	163.1	237.0

CASH FLOW STATEMENT, PARENT COMPANY		2020	2019	2019
(SUMMARY, SEK million)		9 mths Jan-Sep	9 mths Jan-Sep	12 mths Jan-Dec
Operating profit/loss		-6.6	-6.9	-4.6
Interest and income tax paid/received and adjustments for non-cash items		14.6	2.1	102.9
Change in working capital		74.4	177.0	117.2
Cash flow from operating activities		82.4	172.2	215.5
Investments		–	-0.0	-0.0
Cash flow after investments		82.4	172.2	215.5
Financing		-46.2	-170.7	-214.4
Cash flow for the period		36.2	1.5	1.1
Cash and cash equivalents at the start of the period		6.3	5.2	5.2
Exchange rate differences in cash and cash equivalents		0.0	0.0	0.0
Cash and cash equivalents at the end of the period		42.5	6.7	6.3

■ 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.

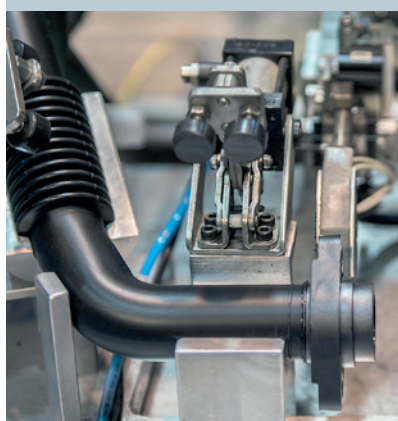
■ NOTE 2

Income tax amounts to -24 per cent (-27). Income tax-exempt dividends contribute to the deviating tax rate.

THIS IS XANO

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



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.

		2020	2019	2019
		Q1–Q3	Q1–Q3	Q1–Q4
Net sales	SEK m	402	467	610
Operating profit	SEK m	54	63	75
Operating margin	%	13.5	13.4	12.4

Companies

Akkurat
Sweden
Finland
Poland

Blowtech
Sweden
Norway

Cipax
Sweden
Estonia
Norway
Finland

INDUSTRIAL SOLUTIONS



Companies within the Industrial Solutions business unit supply automation solutions developed in-house, such as packaging machines, accumulators and conveyor systems, to the packaging industry. Contract assignments for advanced industrial products in small and medium-sized production runs are also performed.

		2020	2019	2019
		Q1–Q3	Q1–Q3	Q1–Q4
Net sales	SEK m	971	911	1,214
Operating profit	SEK m	117	98	129
Operating margin	%	12.0	10.8	10.6

Companies

Canline
Netherlands
USA

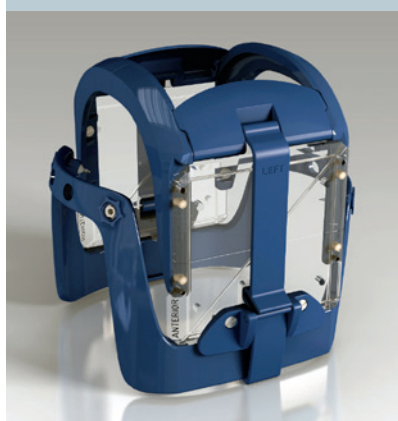
Fredriksons
Sweden
China

Jorgensen
Denmark

NPB
Sweden

Polyketting
Netherlands

PRECISION TECHNOLOGY



Operations within the Precision Technology business unit cover component and system manufacture through advanced cutting machining of metal and plastic, used for the production of components with stringent requirements for quality and precision.

		2020	2019	2019
		Q1–Q3	Q1–Q3	Q1–Q4
Net sales	SEK m	237	235	310
Operating profit	SEK m	40	44	50
Operating margin	%	16.8	18.6	16.2

Companies

Kuggteknik
Sweden

KMV
Sweden

LK Precision
Sweden

Mikroverktyg
Sweden

Resinit
Sweden

Kuggteknik is included from 1 July 2019.

Auditor's review report

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

Introduction

We have reviewed the condensed interim report for XANO Industri AB (publ) as at 30 September 2020 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 Statements 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 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. Accordingly, we do not express an audit opinion.

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 in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Jönköping, 5 November 2020

Ernst & Young AB

Joakim Falck

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.

