

INTERIM REPORT

1 January – 30 September 2021



THE INTERIM PERIOD

- Net revenue totalled SEK 2,268 million (1,609)
- Operating profit amounted to SEK 339 million (191)
- Profit before tax amounted to SEK 326 million (175)
- Profit after tax amounted to SEK 254 million (135)
- Earnings per share were SEK 8.78 (4.77)

Important events during the period

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

THE THIRD QUARTER

- Net revenue totalled SEK 746 million (525)
- Operating profit amounted to SEK 113 million (65)
- Profit before tax amounted to SEK 105 million (59)
- Profit after tax amounted to SEK 82 million (46)
- Earnings per share were SEK 2.85 (1.57)

SUMMARY OF THE INTERIM PERIOD JANUARY – SEPTEMBER 2021

Net revenue, SEK m	2,268	(1,609)
Net profit for the period, SEK m	254	(135)
Earnings per share, SEK	8.78	(4.77)
Profit margin, %	14.4	(10.9)

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

**THE GROUP**

We finished the quarter with a strong September and are able to summarise yet another period of growth with good profitability. During the third quarter of the year, we witnessed an increase in sales of 42 per cent compared to the corresponding period last year. Our most recent acquisition contributed to this to a great extent, although the Group achieved organic growth of 19 per cent at the same time. Operating profit rose by 75 per cent and the operating margin thereby exceeded the results achieved during the third quarter of last year, which had been our strongest Q3 to date. We have enjoyed an extended period of strong development for our proprietary products and solutions, which, in combination with a well-balanced mix of assignments, has meant that we have been able to make optimal use of available resources.

The rate of incoming orders remains good, and the market situation has generally continued to be favourable and stable. The periodic production stoppages experienced in recent times within the automotive industry have had a negative impact on some of our companies, however. Project-related operations represent an increasingly large share of our total volumes. In this area, we have been witnessing a high, steady influx of orders for a considerable period of time. The eased restrictions also mean that the projects can now be implemented more efficiently.

Compared to last year's first nine months, revenue rose by 41 per cent, of which 28 per cent was organic growth. Operating profit improved by 78 per cent and the operating margin rose from 11.8 to 15.0 per cent. The profit margin was 14.4 per cent (10.9). The profit figure includes non-recurring items of SEK 8 million in respect of the payment of funds for collective AGS insurance. Excluding non-recurring items, the operating margin amounted to 14.6 per cent (11.8) and the profit margin to 14.0 per cent (10.9).

THE INDUSTRIAL PRODUCTS BUSINESS UNIT

Within the Industrial Products business unit, sales rose by 25 per cent and operating profit improved by 40 per cent in relation to the comparison period.

The proportion of sales of proprietary products has continued to rise, while customer-specific assignments have stabilised. Within the automotive sector, however, several players have been forced to reduce their rate of production as a result of a shortage

OUR CORE VALUES



Entrepreneurial drive



Long-term thinking



Technical know-how

of components, which has affected outgoing deliveries from some of the companies in the business unit. The supply of materials has functioned without any major problems to date, although the lead times have generally grown longer. Within the business unit, there is a major focus on sustainable production and sustainable products, both internally and in collaboration with customers. Several joint activities are being conducted with the aim of maximising material recycling and energy efficiency in order to reduce our climate footprint. At the same time, the rate of development in respect of the proprietary product ranges remains high.

THE INDUSTRIAL SOLUTIONS BUSINESS UNIT

Sales within the Industrial Solutions business unit rose by 40 per cent, of which 14 per cent relates to business combinations. Operating profit improved by 74 per cent compared to the corresponding period last year.

An extended period with a high influx of project orders has generated significant growth and strong profits. At the same time, the reopening of borders has created the conditions for carrying out installations and service assignments with improved efficiency. After a period of high incoming orders in respect of automation solutions for handling batteries for electric vehicles, deliveries have now picked up speed. The phasing out of restrictions has also contributed towards the increase in the scope of customer-specific assignments. The implementation of our two most recent new acquisitions is continuing and is supplying technical expertise that is reinforcing a number of sister companies. The production unit in China has successfully relocated its operations. The difficulties as regards travel to and within China remain.

THE PRECISION TECHNOLOGY BUSINESS UNIT

The operations within the Precision Technology business unit reported 70 per cent higher sales, of which 33 per cent relates to business combinations. Operating profit surpassed the outcome of the comparison period by 124 per cent.

The level of activity among customers in the field of medical technology has remained high, while the number of enquiries and project start-ups, for example in the automotive and defence sectors, has also increased. Here too, however, the shortage of input goods has hampered deliveries to some extent, primarily within the automotive sector. There has been significant pressure on the companies in the business unit and they are working intensively with resource optimisation to safeguard the working

environment at the same time as living up to customers' expectations optimally. The strengthening of capacity in the form of staff recruitment, investments in machinery and the expansion of production areas is continuing.

FUTURE DEVELOPMENT

A stable market situation, with good incoming orders within all business units, is giving us reason to stick to our previous assessment that the Group as a whole looks like it will be able to continue performing well in the near future. Our areas of focus and our strategies remain unchanged. They are providing us with a good foundation for future activities, where joint projects and the exchange of knowledge within the business units are high priorities. Previously implemented and current development programmes within XANO Academy are improving our potential to identify synergies and establish rewarding collaborations on several levels.

Our market presence has begun to revert to a structure and scope that are more normal for us. It is still not possible to conduct physical meetings everywhere, although there has been a marked change in recent weeks. On the negative side, material supply problems have become increasingly apparent and are causing a certain amount of concern. We have managed well to date, although we have been indirectly affected by customers who have not received input goods to the required extent and have therefore postponed deliveries. Transport operations have also been subject to disruption and we are generally experiencing longer lead times.

The Group is growing and we continue our investment programmes in order to respond to our customers' wishes from a capacity perspective. We are reinforcing resources both in terms of personnel and machinery, as well as by expanding our factory space. In parallel with this, work is being conducted aimed at safeguarding the sustainability of products and production in the long term, both through internal activities as well as valuable collaborations with customers.

As before, the evaluation of potential acquisitions is a continuous process. We have a well elaborated selection model for identifying companies with operations that supplement our existing activities as optimally as possible, while at the same time having the conditions for both organic growth and technical development.

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.



BUILDING NETWORKS FOR KNOWLEDGE EXCHANGE AND DEVELOPMENT

XANO Academy is the Group's internal training hub. The purpose of the academy is to strengthen and profile XANO as an employer, to invest in employees, to facilitate a platform for internal networks, to achieve increased competitive advantages and to create a forum for the communication and implementation of XANO's core values.

Through a common understanding of the Group's business opportunities and the way in which new economic value is generated, each company is being given the optimum conditions for development and long-term profitability. Ongoing programmes cover topics including leadership and group dynamics, brand building, business and strategy development and driving innovation processes.





INDUSTRIAL PRODUCTS

Q1-Q3 2021 vs Q1-Q3 2020: Sales rose by 25 per cent and operating profit improved by 40 per cent.

		2021 Q1-Q3	2020 Q1-Q3	2020 Q1-Q4
Net sales	SEK m	505	402	551
Operating profit	SEK m	76	54	76
– of which non-recurring items		1	–	–
Operating margin	%	15.1	13.5	13.8

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 2021 vs Q1-Q3 2020: Sales rose by 40 per cent, of which 14 per cent related to business combinations. Operating profit improved by 74 per cent.

		2021 Q1-Q3	2020 Q1-Q3	2020 Q1-Q4
Net sales	SEK m	1,361	971	1,345
Operating profit	SEK m	202	117	170
– of which non-recurring items		4	–	–
Operating margin	%	14.9	12.0	12.6

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 2021 vs Q1-Q3 2020: Sales rose by 70 per cent, of which 33 per cent related to business combinations. Operating profit improved by 124 per cent.

		2021 Q1-Q3	2020 Q1-Q3	2020 Q1-Q4
Net sales	SEK m	403	237	345
Operating profit	SEK m	89	40	56
– of which non-recurring items		3	–	–
Operating margin	%	22.1	16.8	16.3

Modelltechnik is included as from 2 November 2020. Lasertech is included as from 1 December 2020.

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 interim period

Net revenue totalled SEK 2,268 million (1,609). Operating profit amounted to SEK 339 million (191), corresponding to an operating margin of 15.0 per cent (11.8). Profit before tax was SEK 326 million (175). The profit includes non-recurring items totalling SEK 8 million, see also Note 2.

The third quarter

Net revenue totalled SEK 746 million (525). Operating profit amounted to SEK 113 million (65), corresponding to an operating margin of 15.2 per cent (12.3). Profit before tax was SEK 105 million (59). The profit 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 8.78 (4.77). Equity per share was SEK 42.98 (34.04). The average number of outstanding shares was 28,992,541 during the period. The equity/assets ratio was 38 per cent (44) at the end of the period. The average number of employees was 1,215 (1,044).

IMPORTANT EVENTS DURING THE PERIOD

The Coronavirus pandemic has continued to have only limited negative consequences for the Group. Local restrictions have led to occasional instances of delays in the completion of projects. No major disruptions have been experienced regarding material supplies, and our delivery capacity is still good.

On 19 May, PiWi Beheer B.V. with subsidiaries, located in Stamproy, The Netherlands were acquired. The operations, which are mainly conducted within the subsidiary Case Packing Systems B.V. (CPS), include the development and manufacturing of systems for fully automated handling primarily of food packaging. Sales take place globally with Europe as the main market. CPS' solutions adjoin and complement existing operations within the XANO Industrial Solutions business unit. The acquisition adds additional technical expertise and access to new market segments. With

common resources, the business unit's companies have the opportunity to offer the market more complete solutions and capacity to carry out extensive automation assignments and hereby achieve further coordination benefits. The purchase sum, paid in cash, totals EUR 31 million on a debt free basis. Turnover totals approx. EUR 25 million with an EBITDA margin of 20 per cent. The number of employees is 70. The acquired units are expected to contribute SEK 1.20 in earnings per share on a yearly basis. Consolidation is effective as from 31 May 2021.

On 31 May, CIM Industrial Systems A/S with subsidiary, located in Aarhus, Copenhagen and Fredericia, Denmark were acquired. CIM is a leading production software specialist. Based on own frameworks and products, CIM provides end-to-end production software solutions within Industrial IoT, Track & Trace/Serialisation, Machine Vision and Test & Measurement, as well as related custom work. CIM's solutions enable their customers to make business critical decisions based on reliable data. Customers include blue-chip pharmaceutical and infrastructure companies. CIM employs approx. 50 people, of which the majority has an engineering background. Sales totalled DKK 56 million in 2020. The company is in an expanding phase and expects a growth of approx. 15% in 2021, related to both existing and new market segments. CIM's industrial software products and development resources will complement and complete existing automation operations within the XANO Industrial Solutions business unit. The acquisition adds technical software expertise and brings access to new market segments. There are positive development opportunities for the business concept internationally and many of CIM's services are directly applicable to the proprietary systems within the business unit. With common resources, the business unit's companies now have the potential to provide complete turn-key solutions with its own added software intelligence and with that the strength to carry out extensive and complex automation assignments. CIM's products and services may also be offered to customer in the Group's other business units. Consolidation is effective as from 31 May 2021. The acquired units are expected to have a marginal positive 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 interim period*

Net investments in non-current assets came to SEK 479 million (39), of which SEK 403 million related to business combinations, SEK 1 million to intangible non-current assets, SEK 11 million to real estate, SEK 36 million to machinery and equipment, SEK 1 million to financial assets and SEK 27 million to right-of-use assets.

The third quarter

Net investments in non-current assets came to SEK 45 million (4), of which SEK 7 million related to real estate, SEK 12 million to machinery and equipment, SEK 1 million to financial assets and SEK 25 million to right-of-use assets.

CASH FLOW AND LIQUIDITY

Cash flow from operating activities amounted to SEK 251 million (162). The stronger cash flow in relation to the comparison period is primarily a result of the higher profits achieved this year. Increased working capital, principally in respect of inventories, has had a negative impact on cash flow.

Liquid assets, including lines of credit granted but not utilised, totalled SEK 771 million (598) 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 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 and transports. 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 79–80 of the annual report for 2020.

ANNUAL GENERAL MEETING 2022

The upcoming AGM will take place in Jönköping on Thursday 12 May 2022.

At the AGM on 3 June 2021, a Nomination Committee consisting of Ulf Hedlundh (Chairman), Stig-Olof Simonsson and Anna Benjamin was appointed. The task of this committee prior to the 2022 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 2022.

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 24 March 2022 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 2022, Industrigatan 14 B, SE-553 02 Jönköping, or by email to ir@xano.se with "AGM 2022" as the subject.

NEXT REPORT DATE

The year-end report for the 2021 financial year will be presented on Thursday 10 February 2022.

Jönköping, 27 October 2021

Lennart Persson
President and CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SUMMARY, SEK million)		2021 3 mths Jul-Sep	2020 3 mths Jul-Sep	2021 9 mths Jan-Sep	2020 9 mths Jan-Sep	20/21 12 mths Oct-Sep	2020 12 mths Jan-Dec
	Note						
Net revenue	3	746	525	2,268	1,609	2,898	2,239
Cost of goods sold		-565	-402	-1,702	-1,235	-2,176	-1,709
Gross profit		181	123	566	374	722	530
Selling expenses		-49	-34	-148	-116	-193	-161
Administrative expenses		-29	-18	-88	-64	-114	-90
Other operating income	2	11	3	17	12	24	19
Other operating expenses		-1	-9	-8	-15	-17	-24
Profit from participations in associated companies		0	0	0	0	0	0
Operating profit		113	65	339	191	422	274
Financial income		1	0	8	3	13	8
Financial expenses		-9	-6	-21	-19	-33	-31
Profit before tax	3	105	59	326	175	402	251
Tax	4	-23	-13	-72	-40	-88	-56
Net profit for the period	9	82	46	254	135	314	195
– of which attributable to shareholders of the Parent Company		82	46	254	135	314	195
OTHER COMPREHENSIVE INCOME							
<i>Items that may be reclassified to net profit for the period</i>							
Change in hedging reserve including tax	5	1	-2	0	-1	5	4
Translation differences	5	5	0	13	-6	1	-18
Other comprehensive income		6	-2	13	-7	6	-14
Comprehensive income for the period		88	44	267	128	320	181
– of which attributable to shareholders of the Parent Company		88	44	267	128	320	181
Basic earnings per share, SEK	6	2.85	1.57	8.78	4.77	10.87	6.86
Diluted earnings per share, SEK	6	2.82	1.57	8.70	4.68	10.78	6.76

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (SUMMARY, SEK million)		2021 30 Sep	2020 30 Sep	2020 31 Dec
	Note			
ASSETS				
Goodwill		945	574	626
Other intangible non-current assets		76	43	38
Property, plant and equipment		588	503	547
Right-of-use assets		125	108	111
Other non-current assets		3	2	3
Total non-current assets		1,737	1,230	1,325
Inventories		414	315	310
Current receivables	7	745	563	484
Cash and cash equivalents		351	125	367
Total current assets		1,510	1,003	1,161
TOTAL ASSETS		3,247	2,233	2,486
EQUITY AND LIABILITIES				
Equity		1,246	986	1,051
Non-current liabilities		1,140	681	790
Current liabilities	8	861	566	645
TOTAL EQUITY AND LIABILITIES		3,247	2,233	2,486

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SUMMARY, SEK million)	2021 30 Sep	2020 30 Sep	2020 31 Dec
Opening balance	1,051	800	800
Net profit for the period	254	135	195
Other comprehensive income	13	-7	-14
Comprehensive income for the period	267	128	181
Conversion of personnel convertibles	–	58	58
Effects of convertible loan issued	–	–	7
Transfer of own shares	–	–	5
Cash dividends paid	-72	–	–
Total transactions with shareholders	-72	58	70
Closing balance	1,246	986	1,051
– of which attributable to shareholders of the Parent Company	1,246	986	1,051

CONSOLIDATED CASH FLOW STATEMENT (SUMMARY, SEK million)	Note	2021 9 mths Jan-Sep	2020 9 mths Jan-Sep	20/21 12 mths Oct-Sep	2020 12 mths Jan-Dec
Operating profit		339	191	422	274
Interest and income tax paid/received and adjustments for non-cash items		0	36	8	44
Change in working capital		-88	-65	61	84
Cash flow from operating activities		251	162	491	402
Investments					
Acquisitions of subsidiaries	9	-434	–	-502	-68
Other		-48	-41	-82	-75
Cash flow after investments		-231	121	-93	259
Cash dividends paid		-72	–	-72	–
Cash flow from other financing activities		279	-78	395	38
Cash flow for the period		-24	43	230	297
Cash and cash equivalents at the start of the period		367	82	125	82
Exchange rate differences in cash and cash equivalents		8	0	-4	-12
Cash and cash equivalents at the end of the period		351	125	351	367

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 2020 with the exceptions of new or revised standards, interpretations and improvements, which are applied as from 1 January 2021. 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 SEK 1 million (19) for the interim period and SEK 21 million for the 2020 full year. The amount for 2021 includes support to cover sick pay costs totalling SEK 2 million and repayment of support for temporary layoffs totalling SEK -1 million relating to the previous year.

■ NOTE 2 OTHER OPERATING INCOME

The amounts reported in the quarter and the interim period 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 pages 4–5. 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)	2021 3 mths Jul-Sep	2020 3 mths Jul-Sep	2021 9 mths Jan-Sep	2020 9 mths Jan-Sep	2020 12 mths Jan-Dec
INDUSTRIAL PRODUCTS	147	119	505	402	551
Breakdown by geographic market ¹⁾					
Sweden	49	39	168	130	187
Rest of the Nordic countries	36	26	127	104	134
Rest of Europe	60	53	205	165	225
Rest of the world	2	1	5	3	5
Breakdown by type of product					
Proprietary products	52	37	178	141	185
Customer-specific manufacturing	95	82	327	261	366
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	147	119	505	402	551
INDUSTRIAL SOLUTIONS	489	337	1,361	971	1,345
Breakdown by geographic market ¹⁾					
Sweden	72	68	255	239	308
Rest of the Nordic countries	34	4	91	42	65
Rest of Europe	208	140	548	432	567
Rest of the world	175	125	467	258	405
Breakdown by type of product					
Proprietary products	360	232	923	594	844
Customer-specific manufacturing	129	105	438	377	501
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	142	119	496	433	609
Services transferred over time	25	1	32	4	8
Projects transferred over time	322	217	833	534	728
PRECISION TECHNOLOGY	110	69	403	237	345
Breakdown by geographic market ¹⁾					
Sweden	90	54	315	190	275
Rest of the Nordic countries	1	1	3	5	6
Rest of Europe	9	4	38	15	20
Rest of the world	10	10	47	27	44
Breakdown by type of product					
Proprietary products	1	1	2	2	2
Customer-specific manufacturing	109	68	401	235	343
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	110	69	403	237	345
GROUP TOTAL	746	525	2,268	1,609	2,239
Breakdown by geographic market ¹⁾					
Sweden	211	161	737	558	768
Rest of the Nordic countries	71	31	221	151	205
Rest of Europe	277	197	791	612	812
Rest of the world	187	136	519	288	454
Breakdown by type of product					
Proprietary products	413	270	1,103	737	1,031
Customer-specific manufacturing	333	255	1,165	872	1,208
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	399	307	1,403	1,071	1,503
Services transferred over time	25	1	32	4	8
Projects transferred over time	322	217	833	534	728

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

NET REVENUE BY SEGMENT	2021 3 mths Jul-Sep	2020 3 mths Jul-Sep	2021 9 mths Jan-Sep	2020 9 mths Jan-Sep	20/21 12 mths Oct-Sep	2020 12 mths Jan-Dec
(SEK million)						
Industrial Products	147	119	505	402	654	551
Industrial Solutions	489	337	1,361	971	1,735	1,345
Precision Technology	110	69	403	237	511	345
Eliminations	0	0	-1	-1	-2	-2
Group total	746	525	2,268	1,609	2,898	2,239

PROFIT/LOSS BEFORE TAX BY SEGMENT ¹⁾	2021 3 mths Jul-Sep	2020 3 mths Jul-Sep	2021 9 mths Jan-Sep	2020 9 mths Jan-Sep	20/21 12 mths Oct-Sep	2020 12 mths Jan-Dec
(SEK million)						
Industrial Products	20	14	72	49	92	69
Industrial Solutions	68	42	198	110	247	159
Precision Technology	26	9	86	38	102	54
Undistributed items	-9	-6	-30	-22	-39	-31
Group total	105	59	326	175	402	251

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 (23) 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	2021 3 mths Jul-Sep	2020 3 mths Jul-Sep	2021 9 mths Jan-Sep	2020 9 mths Jan-Sep	20/21 12 mths Oct-Sep	2020 12 mths Jan-Dec
Net profit for the period, SEK million	82.5	45.4	254.5	134.7	314.9	195.1
Average number of outstanding shares, thousands	28,992	28,955	28,992	28,258	28,985	28,435
Basic earnings per share, SEK	2.85	1.57	8.78	4.77	10.87	6.86

DILUTED EARNINGS PER SHARE	2021 3 mths Jul-Sep	2020 3 mths Jul-Sep	2021 9 mths Jan-Sep	2020 9 mths Jan-Sep	20/21 12 mths Oct-Sep	2020 12 mths Jan-Dec
Net profit for the period, SEK million	82.5	45.4	254.5	134.7	314.9	195.1
Interest expense on convertible bonds, SEK million ¹⁾	0.8	–	2.5	1.1	3.4	2.0
Issue expenses for convertible bonds, SEK million	0.0	–	0.1	0.0	0.1	0.0
Adjusted income, SEK million	83.3	45.4	257.1	135.8	318.4	197.1
Average number of outstanding shares, thousands	28,992	28,955	28,992	28,258	28,985	28,435
Adjustment for presumed conversion of convertible bonds, thousands	574	–	574	750	574	705
Average number of outstanding shares after dilution, thousands	29,566	28,955	29,566	29,008	29,559	29,140
Diluted earnings per share, SEK	2.82	1.57	8.70	4.68	10.78	6.76

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

On 1 October 2020, convertibles at a nominal value of SEK 69,998,232, corresponding to 573,756 Class B shares in the event of full conversion, 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 is SEK 122.00. 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 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.

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, 254,566 Class B shares, the number of outstanding shares is 28,992,541. The average number of outstanding shares was 28,992,541 during the interim period. The average number of shares in the company's custody was 254,566 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 94,591,741 on the closing day.

■ NOTE 7

CURRENT RECEIVABLES

Current receivables include currency derivatives measured at fair value of SEK – million (1) for the interim period and SEK 5 million for the 2020 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

CURRENT LIABILITIES

Current liabilities include interest derivatives measured at fair value of SEK 7 million (14) for the interim period and SEK 13 million for the 2020 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 9 BUSINESS COMBINATIONS

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. Investments in 2021 also include the final settlement of the purchase sum as well as transaction costs totalling SEK 2 million related to Lasertech LSH AB, which was acquired in December 2020.

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

ACQUISITION OF CPS (SEK million)	Reported values in subsidiary	Fair value adjustment	Consolidated fair value
Intangible non-current assets	–	229	229
Property, plant and equipment	24	7	31
Right-of-use assets	–	0	0
Current assets	154	–	154
Non-current liabilities	–	-6	-6
Current liabilities	-40	0	-40
Net assets/purchase price	138	230	368
Liquid assets in acquired businesses			-57
Transaction costs			1
Total cash flow attributable to acquired businesses			312

The total purchase price is estimated at SEK 369 million and is paid in cash. The acquisitions bring surplus values totalling SEK 236 million distributed between goodwill (SEK 206 million), real estate (SEK 7 million) and product concept (SEK 23 million). The transaction costs amount to SEK 1.4 million. Goodwill relates to synergy effects and customer relations. The expectation is that synergies will mainly be achieved by means of the acquisition bringing not only additional technology expertise to existing operations at the Industrial Solutions business unit, but also access to new market segments. The utilisation of common resources will also entail synergies.

ACQUISITION OF CIM (SEK million)	Reported values in subsidiary	Fair value adjustment	Consolidated fair value
Intangible non-current assets	25	110	135
Property, plant and equipment	2	–	2
Right-of-use assets	–	6	6
Current assets	37	–	37
Non-current liabilities	-11	-10	-21
Current liabilities	-37	-1	-38
Net assets/purchase price	16	105	121
Liquid assets in acquired businesses			-2
Transaction costs			1
Total cash flow attributable to acquired businesses			120

The total purchase price is estimated at SEK 122 million and is paid in cash. The acquisition brings surplus values totalling SEK 110 million distributed between goodwill (SEK 88 million) and product concept (SEK 22 million). The transaction costs amount to SEK 1.1 million. Goodwill relates to synergy effects and customer relations. The expectation is that synergies will mainly be achieved by means of the acquisition bringing not only specialist software expertise to existing operations at the Industrial Solutions business unit, but also access to new market segments.

The acquired units contributed SEK 132 million in net revenue and approx. SEK 14 million in net profit after the deduction of write-offs from surplus values and financial expenses attributable to the acquisitions. If the acquired units had been included in the Group throughout the whole of 2021, revenue would have amounted to SEK 2,424 million, while net profit would have been approx. SEK 272 million.

SHARE DATA, GROUP	2021 3 mths Jul-Sep	2020 3 mths Jul-Sep	2021 9 mths Jan-Sep	2020 9 mths Jan-Sep	20/21 12 mths Oct-Sep	2020 12 mths Jan-Dec
Average number of outstanding shares, thousands	28,992	28,955	28,992	28,258	28,985	28,435
Average number of outstanding shares after dilution, thousands	29,566	28,955	28,566	29,008	29,559	29,140
Basic earnings per share, SEK	2.85	1.57	8.78	4.77	10.87	6.86
Diluted earnings per share, SEK	2.82	1.57	8.70	4.68	10.78	6.76
Cash flow from operating activities per share, SEK	5.00	1.11	8.67	5.74	17.07	14.14
Total number of shares on closing day, thousands			29,247	29,247	29,247	29,247
Number of shares in own custody on closing day, thousands			255	292	255	255
Number of outstanding shares on closing day, thousands			28,992	28,955	28,992	28,992
Equity per share on closing day, SEK			42.98	34.04	42.98	36.25
Share price on closing day, SEK			284.00	108.50	284.00	129.50

KEY FIGURES, GROUP	2021 3 mths Jul-Sep	2020 3 mths Jul-Sep	2021 9 mths Jan-Sep	2020 9 mths Jan-Sep	20/21 12 mths Oct-Sep	2020 12 mths Jan-Dec
Operating margin, %	15.2	12.3	15.0	11.8	14.6	12.2
Profit margin, %	14.2	11.2	14.4	10.9	13.9	11.2
Interest-bearing liabilities, SEK million			1,084	612	1,084	743
Deferred tax liabilities, SEK million			101	93	101	86
Lines of credit granted but not utilised, SEK million			420	473	420	417
Return on equity p.a., %			29.5	20.1	28.2	21.1
Return on capital employed p.a., %			22.4	16.4	22.1	17.3
Return on total capital p.a., %			16.2	12.0	15.9	12.7
Average equity, SEK million			1,149	893	1,117	925
Average capital employed, SEK million			2,060	1,583	1,967	1,625
Average total capital, SEK million			2,851	2,157	2,727	2,223
Interest coverage ratio, multiple			16.8	10.1	13.6	9.2
Equity/assets ratio, %			38	44	38	42
Proportion of risk-bearing capital, %			41	48	41	46
Depreciation, SEK million	25	22	75	64	97	86
Net investments in non-current assets, SEK million	45	4	479	39	606	166
Employees, average number	1,315	1,032	1,215	1,044	1,183	1,055

QUARTERLY SUMMARY, GROUP	2021 Q3	2020 Q3	2021 Q2	2020 Q2	2021 Q1	2020 Q1	2020 Q4	2019 Q4
Net revenue, SEK m	746	525	824	546	698	538	630	520
Gross profit, SEK m	181	123	209	134	176	117	156	109
Operating profit, SEK m	113	65	123	69	103	57	83	45
Profit before tax, SEK m	105	59	117	64	104	52	76	39
Net profit for the period, SEK m	82	46	91	49	81	40	60	30
Comprehensive income for the period, SEK m	88	44	85	37	94	47	53	27
Operating margin, %	15.2	12.3	14.9	12.7	14.8	10.5	13.2	8.7
Profit margin, %	14.2	11.2	14.1	11.8	14.9	9.6	12.1	7.6
Equity/assets ratio, %	38	44	38	44	44	39	42	38
Basic earnings per share, SEK ¹⁾	2.85	1.57	3.13	1.77	2.80	1.43	2.09	1.10
Cash flow from operating activities per share, SEK ¹⁾	5.00	1.11	6.37	3.76	-2.70	0.87	8.40	1.89

For definitions, see page 15.

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 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 82 in the 2020 annual report.

INCOME STATEMENT, PARENT COMPANY		2021	2020	2020
(SUMMARY, SEK million)	Note	9 mths Jan-Sep	9 mths Jan-Sep	12 mths Jan-Dec
Net revenue	1	39.4	14.9	34.5
Selling and administrative expenses		-25.2	-21.5	-30.1
Operating profit/loss		14.2	-6.6	4.4
Profit from participations in Group companies		5.0	20.0	56.1
Other financial items		-2.9	-4.1	0.2
Profit/loss after financial items		16.3	9.3	60.7
Appropriations		–	–	9.0
Tax	2	-2.3	2.3	-10.5
Net profit for the period		14.0	11.6	59.2
<i>Statement of comprehensive income</i>				
Net profit for the period		14.0	11.6	59.2
Other comprehensive income		–	–	–
Comprehensive income for the period		14.0	11.6	59.2

BALANCE SHEET, PARENT COMPANY		2021	2020	2020
(SUMMARY, SEK million)		30 Sep	30 Sep	31 Dec
ASSETS				
Non-current assets		224.5	225.5	224.4
Current assets		837.0	561.5	840.3
EQUITY AND LIABILITIES				
Equity		307.5	306.4	366.0
Untaxed reserves		98.0	107.0	98.0
Non-current liabilities		185.3	120.0	183.5
Current liabilities		470.7	253.6	417.2
BALANCE SHEET TOTAL		1,061.5	787.0	1,064.7

STATEMENT OF CHANGES IN EQUITY, PARENT COMPANY		2021	2020	2020
(SUMMARY, SEK million)		30 Sep	30 Sep	31 Dec
Opening balance		366.0	237.0	237.0
Comprehensive income for the period		14.0	11.6	59.2
Conversion of personnel convertibles		–	57.8	57.8
Effects of convertible loan issued		–	–	7.0
Transfer of own shares		–	–	5.0
Cash dividends paid		-72.5	–	–
Closing balance		307.5	306.4	366.0

CASH FLOW STATEMENT, PARENT COMPANY		2021	2020	2020
(SUMMARY, SEK million)		9 mths Jan-Sep	9 mths Jan-Sep	12 mths Jan-Dec
Operating profit/loss		14.2	-6.6	4.4
Interest and income tax paid/received and adjustments for non-cash items		-13.9	14.6	44.2
Change in working capital		25.8	74.4	165.7
Cash flow from operating activities		26.1	82.4	214.3
Investments		0.0	–	-0.0
Cash flow after investments		26.1	82.4	214.3
Financing		-72.5	-46.2	28.7
Cash flow for the period		-46.4	36.2	243.0
Cash and cash equivalents at the start of the year		249.1	6.3	6.3
Exchange rate differences in cash and cash equivalents		0.1	0.0	-0.2
Cash and cash equivalents at the end of the period		202.8	42.5	249.1

■ 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 14 per cent (-24) for the interim period. Income tax-exempt dividends contribute to the deviating tax rate.

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 2021 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, 27 October 2021

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.*



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