Interim report 1 January – 31 March 2026

THE FIRST QUARTER

Cautious market conditions – stable financial position

The first quarter was marked by a cautious market environment and lower activity levels in the Group's project-related operations compared with the same period last year. Efficiency and adaptation measures implemented during the period strengthened resilience and helped mitigate the impact of lower volumes. We saw further growth linked to defence-related business and higher demand for our service and aftermarket offerings. The Group maintains a stable financial position, enabling it to navigate current market challenges while pursuing long-term initiatives.

Quarter summary

» Net revenue totalled SEK 835 million (893)
» Operating profit amounted to SEK 64 million (83)
» Profit before tax amounted to SEK 50 million (63)
» Net profit amounted to SEK 39 million (48)
» Earnings per share were SEK 0.66 (0.81)
» Cash flow from operating activities amounted to SEK -15 million (18)

Important events during the period

» The Dutch service company Veldkamp was acquired
» Updated financial targets

CEO'S COMMENTS

The first quarter of the year was marked by continued challenging market conditions, reflected in generally subdued demand. The lower level of activity, particularly in relation to major automation projects, resulted in a weaker profit performance and a lower operating margin than in the corresponding period last year. In particular, operations in the Industrial Solutions business unit were constrained by prevailing market conditions, while Industrial Products delivered a very strong quarter, achieving both growth and significantly improved profitability. Overall, the companies within Precision Technology reported volumes in line with the previous year, but the onset of new business had a somewhat dampening effect on earnings during the quarter.

Group revenue declined by 6.5 per cent compared with the first quarter of the preceding year. Operating profit decreased by 23 per cent to SEK 64 million (83), corresponding to an operating margin of 7.6 per cent (9.3). The profit margin amounted to 6.0 per cent (7.0). Cash flow from operating activities amounted to SEK -15 million (18). The weaker cash flow was primarily attributable to lower profit for the period and increased capital employed in working capital, mainly related to project-based operations.

Ongoing initiatives

We are continuing to build on last year's initiatives, prioritising cost control and resource optimisation in order to strengthen margins and ensure stability in a changing market environment. The further development of our comprehensive range of offerings, with a focus on aftersales services, is a key part of this.

At the same time, we aim to take a proactive approach to expanding into new markets and business niches, leveraging the strength of our financial position to create long-term value. One example of this is the acquisition and integration of the Dutch service company Veldkamp. Veldkamp expands the Group's offering in technical services, maintenance and circular business models, primarily strengthening operations within the Industrial Solutions business unit.

The closure of Blowtech's Norwegian unit is in its final stages. The process has been efficiently managed, and supply agreements with automotive customers have been concluded satisfactorily.

Market conditions

There were no significant changes in market conditions during the period. The cautious stance observed in the second half of last year has continued, leading to subdued demand across several sectors. Our customers' drawn-out decision-making processes regarding major investments, combined with existing deals being deferred, continue to pose a significant challenge to us. However, at individual unit level, many of our companies report order books that are in line with or higher than those of the previous year. The can manufacturing industry has largely recovered, and the proportion of defence-related business is growing steadily. Service and aftersales operations continue to show a positive trend, progressively contributing to a more stable revenue base.

Looking to the future

Heightened geopolitical uncertainty significantly limits the Group's ability to provide a reliable outlook on future performance. In the short term, however, we see increased cost risks in areas including energy, materials and transport. We are actively implementing price adjustments and optimising resources to mitigate the impact.

At present, there are no clear indications of a meaningful stabilisation in market conditions for the Group's project-based activities within the Industrial Solutions business unit. For the Group's other areas, we see better prospects for gradual improvement as ongoing projects are being realised and the efficiency measures already implemented begin to have a greater impact.

The Group's financial position remains stable, enabling both further adjustments and proactive initiatives in priority areas.

See also attached full report.

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XANO develops, acquires and operates niche engineering companies offering manufacturing and development services for industrial products and automation equipment. The Group's operations are divided into three business units and are represented in the Nordic countries, Estonia, the Netherlands, Poland, China, the USA and Australia. Consolidated revenue totals SEK 3.4 billion and the number of employees is approx. 1,400. XANO's Class B shares were introduced on the stock exchange in 1988 and are listed on Nasdaq Stockholm in the Mid Cap segment.