



INTERIM REPORT 1 JANUARY – 31 MARCH 2024

THE FIRST QUARTER

- » Net revenue totalled SEK 825 million (896)
- » Operating profit amounted to SEK 31 million (87)
- » Profit before tax amounted to SEK 17 million (73)
- » Profit after tax amounted to SEK 13 million (57)
- » Earnings per share were SEK 0.22 (0.99)
- » Cash flow from operating activities amounted to SEK 23 million (39)

Important events during the period

- » Graniten Engineering was acquired

Events after the end of the period

- » Dansk Rotations Plastic was acquired

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

The Group

The start of the year was characterised to a great extent by ongoing difficult market conditions. Within our largest business unit, Industrial Solutions, incoming orders were weak, particularly from the can industry, while the climate for new investments in the packaging sector remained cool. More generally, we were also impeded by the low level of activity within the medical technology sector and widespread uncertainty within most of our other customer segments. Business dealings within new business areas contributed volume but did not generate sufficient profitability to compensate for the poorer results achieved within established niches.

Group revenue fell by 8 per cent in relation to the comparison period. Operating profit decreased by 64 per cent and the operating margin was 3.8 per cent (9.8). The profit margin amounted to 2.1 per cent (8.2). Cash flow from operating activities totalled SEK 23 million (39).

The Uddevalla-based automation company Graniten Engineering was acquired at the end of the quarter and is now part of the Industrial Solutions business unit. The acquisition of Dansk Rotations Plastic (DRP) was completed after the end of the period, and it will primarily complement Cipax within the Industrial Products business unit.

The Industrial Products business unit

In relation to the comparison period, sales fell by 10 per cent and operating profit decreased by 35 per cent.

Most of the companies in the business unit reported stable volumes and good profitability. However, the combined earnings were impaired as a result of weak performance in the two Norwegian businesses. There are several reasons for this, but these are mainly linked to lower productivity and significantly reduced volumes as regards boats. Incoming orders were generally slightly weaker than anticipated but varied both between and within affected sectors. Many new projects were launched and will gradually impact on margins going forward. The focus remains on investments in product development and the cultivation of new markets for proprietary products. Several activities linked to new materials and circular flows, for example, are also in progress.

The Industrial Solutions business unit

In relation to the comparison period, sales fell by 8 per cent and operating profit decreased by 72 per cent.

Reduced project volumes related to the can industry have been compensated to some extent by sales within new business areas. However, the investments that have been made in marketing efforts have impacted on profitability in the short term, and earnings for the quarter were weak overall. The performance levels within the business unit varied though, as can be seen from the strengthened margins achieved by Polyketting, Fredriksons and CIM, for example. In the prevailing market conditions, other companies have had difficulty in rapidly adapting their own resources when major projects are being delayed or orders are withdrawn at short notice. The business unit is therefore working on a strategic transition in order to position itself on new markets and within new sectors with a combined offer. The automation company Graniten Engineering was acquired during the quarter, which is complementing existing operations and creating new business opportunities.

The Precision Technology business unit

In relation to the comparison period, sales fell by 5 per cent and operating profit decreased by 13 per cent.

Generally speaking, the trend for the companies in the business unit was cautiously positive at the start of the year. Major customers, primarily within medical technology and automotive, remained hesitant as regards their placement of orders, although higher levels of activity were noted among several smaller players. The volumes in relation to the defence sector rose further. KMV and Lasertech demonstrated good profitability, although the performance of the other companies in the business unit varied from fair to weak. Overall, earnings were slightly poorer than during the comparison period, although the margins improved in relation to the previous quarter. The adaptation of the businesses is continuing in parallel with intensive sales activities.

Future development

The prospects for the immediate future have not change significantly compared to our estimates following the previous quarter. The general uncertainty persists and there are many challenges. The trend in our businesses, particularly the project-related operations, is to a great extent dependent on a more favourable global economy, and there are no clear signs of a turnaround in this respect yet.

We have implemented many changes within our organisations with the aim of adapting costs to the prevailing conditions. With our ambition of adopting an aggressive approach even in challenging situations, there is a delicate balance between tightening our belts and retaining resources for future growth. As regards the latter, we have also increased our level of activity in respect of acquisitions over the past twelve-month period. Two companies were added during 2023, and these were joined by Graniten in March. Dansk Rotations Plastic (DRP) was acquired after the end of the quarter.

Graniten develops high-tech automation solutions and has a very interesting modular concept for the production of pharmaceuticals in small volumes. This is a new customer segment for the Group, and Graniten is also bringing technical expertise which its new sister companies can benefit from in their operations.

DRP will allow us to expand our capacity and extend our offering of proprietary products. We are also able to access new markets where DRP holds a leading position.

In summary, we can state that we have a challenging period ahead of us, but at the same time we have good potential to gear up when opportunities present themselves.

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 3.5 billion and the number of employees is approx. 1,400. The XANO share has been listed on the Stockholm Stock Exchange since 1988.