



Interim report 1 January – 30 June 2025

IMPROVED PROFITABILITY

The second quarter remained consistent with the corresponding period last year in terms of revenue, although with improved profitability. We observed an increasing impact from the transitions and cost adjustments that were implemented. Growth in aftermarket services continues and contributed to the promising performance in the first half of the year. The Group has not observed any clear improvement of the economy, but several large orders from customers in canning and other packaging will provide successive increases in the future. Cash flow for the period was strong.

Interim period summary

- » Net revenue totalled SEK 1,773 million (1,721)
- » Operating profit amounted to SEK 160 million (92)
- » Profit before tax amounted to SEK 121 million (59)
- » Net profit amounted to SEK 93 million (46)
- » Earnings per share were SEK 1.57 (0.77)
- » Cash flow from operating activities amounted to SEK 148 million (10)

Second quarter summary

- » Net revenue totalled SEK 880 million (896)
- » Operating profit amounted to SEK 77 million (61)
- » Profit before tax amounted to SEK 58 million (42)
- » Net profit amounted to SEK 45 million (33)
- » Earnings per share were SEK 0.76 (0.55)
- » Cash flow from operating activities amounted to SEK 130 million (-13)

Important events during the period

In February, changes were made to the Group Management.

Events after the end of the period

On 4 July, all the shares in AB LK Precision Invest, owner of two industrial properties at Länna industriområde in Skogås, just south of Stockholm, were sold. The transaction brings an estimated capital gain of SEK 39 million.

CEO'S COMMENTS

We continue to see good results from our efforts to adapt and transform organisations. Several large orders received in recent months further strengthen the effect going forward.

With traditional markets in decline, the share of sales to new customers has grown. Though initially more resource-intensive, these sales are projected to have a growing positive impact on profitability. The same applies to our efforts to transition towards more service-oriented activities.

Revenue in the second quarter was slightly lower than last year but operating profit improved by 28 per cent. The operating margin was 8.8 per cent (6.8) and the profit margin 6.6 per cent (4.7). Operating cash flow amounted to SEK 130 million (-13).

Summarising the first half of the year, Group revenue increased by 3 per cent compared to the corresponding period last year. Operating profit improved by 74 per cent and the operating margin was 9.0 per cent (5.3). The profit margin was 6.8 per cent (3.5). Cash flow from operating activities amounted to SEK 148 million (10).

Performance

Relative to the first half of 2024, both Industrial Products and Precision Technology showed clear growth, while Industrial Solutions dropped somewhat in terms of revenue due to slightly lower volumes in the second quarter. However, profitability was significantly higher in all business units. In percentage terms, the most notable improvement was seen in Precision Technology, driven by strong performance across the majority of the business unit's companies. In the other two business units, there was more variation across individual entities, in part due to ongoing transitions and specific market challenges.

Market conditions

The economy has not shown any clear general improvement, but there is increased stability in demand. The defence and medical technology sectors continue to perform well. The can manufacturing industry is showing more positive signals than it has in a long time, and we secured several significant orders in this segment during the quarter. After a period of subdued activity, the agricultural sector is also trending in a more favourable direction.

Looking to the future

Overall, the market situation is largely unchanged from the previous quarter and many of our customers remain cautious in placing orders. However, with new projects gradually scaling up and several major deals finalised in recent months, the potential for year-on-year improvement continues to strengthen.

Concerns about the negative impact of the new U.S. trade policy have, so far, proven unfounded. In light of our experience that conditions can shift quickly, we maintain a high level of vigilance through close collaboration with our customers and suppliers.

Our work on adapting and adjusting to the current global situation continues. At the same time, we are working proactively to find new business niches and developing our offer to meet the needs of our customers, particularly in terms of after-sales services. We are also intensifying our activities related to acquisitions.

After the balance sheet date, we sold a real estate company in Skogås, just south of Stockholm. This will further strengthen our financial position and free up resources for future investments.

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. 1,300. XANO's Class B shares were introduced on the stock exchange in 1988 and are listed on Nasdaq Stockholm in the Mid Cap segment.