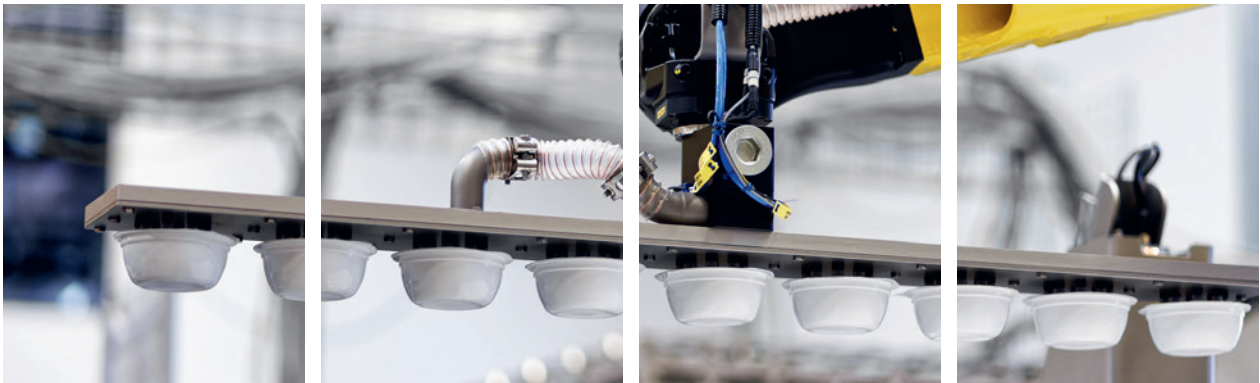


INTERIM REPORT

1 January – 30 September 2023



THE INTERIM PERIOD

- Net revenue totalled SEK 2,595 million (2,703)
- Operating profit amounted to SEK 247 million (307)
- Profit before tax amounted to SEK 203 million (290)
- Profit after tax amounted to SEK 157 million (226)
- Earnings per share were SEK 2.71 (3.90)
- Cash flow from operating activities amounted to SEK 193 million (33)

Important events during the period

- Lundgren Machinery was acquired
- Integrated Packaging Solutions was acquired

THE THIRD QUARTER

- Net revenue totalled SEK 757 million (776)
- Operating profit amounted to SEK 58 million (63)
- Profit before tax amounted to SEK 44 million (57)
- Profit after tax amounted to SEK 33 million (44)
- Earnings per share were SEK 0.57 (0.76)
- Cash flow from operating activities amounted to SEK 141 million (-20)

SUMMARY OF THE INTERIM PERIOD JANUARY – SEPTEMBER 2023

Net revenue, SEK m	2,595	(2,703)
Net profit for the period, SEK m	157	(226)
Earnings per share, SEK	2.71	(3.90)
Profit margin, %	7.8	(10.7)

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

**THE GROUP**

We are continuing to experience a generally cautious market climate, although with clear differences between the Group's various business areas. Compared to the previous year, sales are falling within the medical technology and packaging industries, which are traditionally strong sectors for the Group. However, the conditions are more stable within the food and infrastructure/environment sectors. The strongest growth is being achieved through new business linked to defence equipment and vehicle batteries. This is a result of the shift that has taken place, from previously having grown to a large extent with existing customers to the fact that we are now developing collaborations with players within new growth sectors. This transition is initially having a negative impact on our margins, but it is a long-term investment. The same applies to the focus on new markets. Thanks to our most recent acquisition, the American company Integrated Packaging Solutions (IPS),

our existing establishment in the USA is now being intensified. In the first instance, IPS complements NPB and Canline within the Industrial Solutions business unit, providing clear growth opportunities primarily within service and aftersales.

The revenue and profit recorded in the third quarter were poorer than in the corresponding period last year. The operating margin weakened slightly, amounting to 7.7 per cent (8.1) for the quarter. At the same time, cash flow from operating activities strengthened, amounting to SEK 141 million (-20).

The Group's revenue during the period January-September fell by 4 per cent compared to the previous year. Operating profit declined by almost 20 per cent, while the operating margin was reported at 9.5 per cent (11.4). The profit margin amounted to 7.8 per cent (10.7) and remains in line with our long-term target.



THE INDUSTRIAL PRODUCTS BUSINESS UNIT

In relation to the comparison period, sales fell by 7 per cent and operating profit declined by 15 per cent.

The poorer profitability compared to the previous year is primarily linked to the automotive sector, where it has not been possible to compensate for the increasing costs through corresponding price adjustments. Reduced sales in respect of boats are also having an impact. Other parts of the business unit's operations have reported stable development, and sales primarily within infrastructure and environment are generating healthy contributions. The companies are witnessing development opportunities via the ever greater interest in sustainable production that customers are demonstrating. Investments are being made in processes for material recycling and circular flows, as well as the cultivation of new geographic markets.

THE INDUSTRIAL SOLUTIONS BUSINESS UNIT

In relation to the comparison period, sales fell by 2 per cent and operating profit declined by 11 per cent.

The business unit's project-related activities are being affected by a low level of activity among customers, above all within the can sector. However, we are witnessing an increased desire to invest within the food sector, and additional automation projects linked to the manufacture of vehicle batteries have also been won. When it comes to contract assignments within medical technology and packaging, the trend is declining compared to the previous year. Our investments in respect of new markets and business areas are continuing. The acquisition of Integrated Packaging Solutions (IPS) means that the establishment in the USA is accelerating, at the same time as the focus on aftersales services is being intensified.

THE PRECISION TECHNOLOGY BUSINESS UNIT

In relation to the comparison period, sales fell by 9 per cent and operating profit declined by 39 per cent.

The lower volumes achieved within the medical technology sector this year have impaired the utilisation of resources, resulting in weaker

profitability. Many new deals with considerable potential have been won, above all linked to the defence sector. The commissioning of new products is resource-intensive, however, and initially only makes a limited contribution. Incoming orders and forecasts from customers vary, but overall are characterised by the current difficult market climate. The companies are conducting active sales work, offering the business unit's combined resources. The number of enquiries and indications of future projects are pointing towards increased stability going forward.

FUTURE DEVELOPMENT

There are many challenges associated with the current global situation, but we are continuing our aggressive measures with a long-term perspective in line with our business model. The investments we are making, both in our organisations and in respect of new business areas and markets, are impacting our profitability. However, we are seeing good results from the activities we are carrying out, and are anticipating gradually higher returns in future.

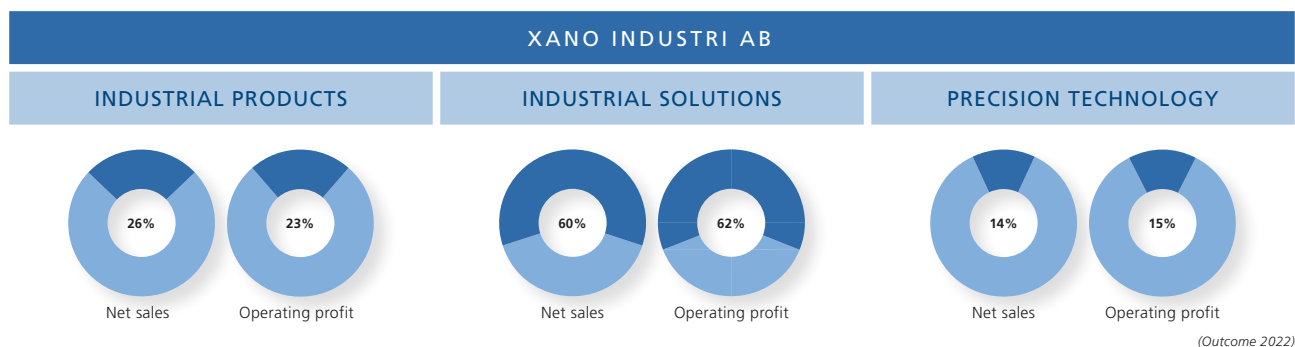
The sustainability perspective is becoming more and more important in all businesses. As a result of the recruitment of a sustainability manager, we have taken yet another step in our ambition of becoming a leading player in the transition to a more sustainable society and business dealings.

Acquisitions are a vital part of our business model. Thanks to our latest addition, Integrated Packaging Solutions (IPS), the Group is gaining further growth opportunities above all within service and aftersales. The access to IPS's expertise and networks is also facilitating the ongoing process of presenting and making the Group's offering available on the North American market. We are continuing to evaluate potential acquisition objects that can supplement our existing operations.

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, the USA and Australia. The operations are divided up into the Industrial Products, Industrial Solutions and Precision Technology business units.



INDUSTRIAL PRODUCTS

Q1–Q3 2023 vs Q1–Q3 2022: Sales fell by 7 per cent and operating profit declined by 15 per cent.

		2023	2022	2022
		Q1–Q3	Q1–Q3	Q1–Q4
Net sales	SEK m	650	700	906
Operating profit	SEK m	65	77	86
Operating margin	%	10.0	11.0	9.5

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 2023 vs Q1–Q3 2022: Sales fell by 2 per cent and operating profit declined by 11 per cent.

		2023	2022	2022
		Q1–Q3	Q1–Q3	Q1–Q4
Net sales	SEK m	1,604	1,629	2,119
Operating profit	SEK m	180	201	235
Operating margin	%	11.2	12.4	11.1

Lundgren Machinery is included as from 1 June 2023. Integrated Packaging Solutions is included as from 30 September 2023.

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 2023 vs Q1–Q3 2022: Sales fell by 9 per cent and operating profit declined by 39 per cent.

		2023	2022	2022
		Q1–Q3	Q1–Q3	Q1–Q4
Net sales	SEK m	342	375	486
Operating profit	SEK m	33	54	56
Operating margin	%	9.7	14.4	11.5

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 third quarter

Net revenue totalled SEK 757 million (776). Operating profit amounted to SEK 58 million (63), corresponding to an operating margin of 7.7 per cent (8.1). Profit before tax was SEK 44 million (57).

The interim period

Net revenue totalled SEK 2,595 million (2,703). Operating profit amounted to SEK 247 million (307), corresponding to an operating margin of 9.5 per cent (11.4). Profit before tax was SEK 203 million (290).

SHARE DATA AND KEY FIGURES

The interim period

Basic earnings per share were SEK 2.71 (3.90). Equity per share was SEK 27.96 (25.90). The average number of outstanding shares was 58,022,865. The equity/assets ratio was 41 per cent (41) at the end of the period. The average number of employees was 1,373 (1,425).

IMPORTANT EVENTS DURING THE PERIOD

Lundgren Machinery AB was acquired on 1 June 2023. The company is located in Hjärup, just north of Malmö, Sweden. Lundgren Machinery's operations include the development and manufacturing of case erecting and case sealing machines, as well as contract assignments for prototypes, single units and complete solutions. Sales are made to leading food and pharmaceutical companies in Scandinavia and Northern Europe. The company has 10 employees and a turnover of approx. SEK 30 million. Lundgren Machinery complements the operations within XANO's business unit Industrial Solutions by adding adjacent technical skills and introducing new market niches. The acquisition means that the business unit's area of expertise is further broadened, and that Lundgren Machinery is given access to resources providing enhanced opportunities to develop its unique strengths. Consolidation is effective as from 1 June 2023. The acquired unit is expected to have a marginal impact on XANO's earnings per share.

An agreement to acquire Integrated Packaging Solutions (IPS) with subsidiaries, located in Denver, Colorado, was signed on 21 August 2023. IPS is an international company operating within

the packaging sector, mainly targeting the can-making industry. IPS provides machinery and integration technology as well as production-optimisation services to metal packaging manufacturers. The company has 40 employees and access to a wide network of industry experts. In 2022, sales amounted to USD 16 million. IPS is in an expansive phase and expects good growth the coming years related to both existing and new markets. IPS' operations primarily complement those of NPB and Canline within XANO's Industrial Solutions business unit, with which there are clear synergies. IPS provides growth possibilities principally in service and aftersales. Through the company's newly developed concept CanSCHOOL, there are opportunities to further deepen collaboration with customers in the can-making industry. The concept is also applicable to other industries in which the business unit companies are active. The addition of IPS is supporting XANO's ambitions to expand market shares in the US and become the natural choice of partner for decision makers in investment projects worldwide. The acquisition represents an intensification of the Group's ongoing establishment in the US. The access to IPS' expertise and networks will benefit and speed up the process of making the Group's offering visible in the North American market. The purchase sum, to be paid in cash, totals USD 21 million. Balance sheet total amounts to approx. USD 5 million. Net sales amount to USD 16 million with an EBIT margin of just over 20 per cent. The acquired units are initially expected to contribute SEK 0.30 in earnings per share on an annual basis. Following a confirmatory due diligence and the fulfilment of customary closing conditions, the acquisition was concluded during September 2023. Consolidation is effective as of 30 September 2023.

EVENTS AFTER THE END OF THE PERIOD

There are no individual events of major significance to report after the closing day.

INVESTMENTS

The third quarter

Net investments in non-current assets came to SEK 255 million (24), of which SEK 234 million related to business combinations, SEK 0 million to intangible assets, SEK 28 million to property, plant and equipment and SEK -7 million to right-of-use assets.

The interim period

Net investments in non-current assets came to SEK 331 million (97), of which SEK 249 million related to business combinations, SEK 3 million to intangible assets, SEK 69 million to property, plant and equipment and SEK 10 million to right-of-use assets.

CASH FLOW AND LIQUIDITY*The interim period*

Cash flow from operating activities amounted to SEK 193 million (33). Lower stock levels and reduced tying-up of capital linked to project operations are compensating for the weaker results and, on the whole, delivering a higher cash flow than in the comparison period.

Liquid assets, including lines of credit granted but not utilised, totalled SEK 1,193 million (1,337) on the closing day.

NUMBER OF SHARES AND VOTING RIGHTS

Following the conversion of personnel convertibles in September, the total number of registered shares in the company amounts to 59,640,298, divided between 14,577,600 Class A shares and 45,062,698 Class B shares, with a quotient value of SEK 0.625. Each Class A share entitles ten votes and each Class B share entitles one vote. The total number of votes amounts to 190,838,698. The company holds 509,132 of its own Class B shares. The share capital amounts to SEK 37,275,186.25.

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. The conflict in Ukraine and the lingering effects of the coronavirus pandemic still constitute risk and uncertainty factors that could entail significant consequences for the Group's operations. These risk and uncertainty factors relate primarily to a lack of access to components, disruptions in the supply chain, price rises and insufficient access to energy. The willingness to invest on the part of

some of the Group's major customers is also closely linked to the development of the global economy.

A statement on the Group's main financial and operational risks can be found on pages 80–82 of the 2022 annual report.

ANNUAL GENERAL MEETING 2024

The upcoming AGM will take place in Jönköping on Thursday 16 May 2024.

At the AGM on 11 May 2023, a Nomination Committee consisting of Tomas Risbecker (Chairman), Stig-Olof Simonsson and Anna Benjamin was appointed. The task of this committee prior to the 2024 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 Tomas Risbecker, Chair of the Nomination Committee, via email to tomas.risbecker@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 2024.

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 28 March 2024 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 2024, Industrigatan 14 B, SE-553 02 Jönköping, or by email to ir@xano.se with "AGM 2024" as the subject.

NEXT REPORT DATE

The year-end report for the 2023 financial year will be presented on Thursday 8 February 2024.

Jönköping, 26 October 2023

Lennart Persson
President and CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		2023	2022	2023	2022	22/23	2022
(SUMMARY, SEK million)		3 mths	3 mths	9 mths	9 mths	12 mths	12 mths
	Note	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Oct-Sep	Jan-Dec
Net revenue	3	757	776	2,595	2,703	3,401	3,509
Cost of goods sold		-598	-620	-2,021	-2,097	-2,688	-2,764
Gross profit		159	156	574	606	713	745
Selling expenses		-66	-61	-218	-195	-281	-258
Administrative expenses		-42	-35	-127	-113	-167	-153
Other operating income	2	13	8	35	23	38	26
Other operating expenses		-6	-5	-17	-14	-22	-19
Profit from participations in associated companies		0	0	0	0	0	0
Operating profit		58	63	247	307	281	341
Financial income		8	15	19	30	19	30
Financial expenses		-22	-21	-63	-47	-78	-62
Profit before tax	3	44	57	203	290	222	309
Tax	4	-11	-13	-46	-64	-42	-60
Net profit for the period	8	33	44	157	226	180	249
<i>– of which attributable to shareholders of the Parent Company</i>		33	44	157	226	180	249
OTHER COMPREHENSIVE INCOME							
<i>Items that may be reclassified to net profit for the period</i>							
Change in hedging reserve including tax	5	0	2	-4	14	2	20
Translation differences	5	-6	7	2	22	1	21
Other comprehensive income		-6	9	-2	36	3	41
Comprehensive income for the period		27	53	155	262	183	290
<i>– of which attributable to shareholders of the Parent Company</i>		27	53	155	262	183	290
Basic earnings per share, SEK	6	0.57	0.76	2.71	3.90	3.11	4.30
Diluted earnings per share, SEK	6	0.57	0.76	2.71	3.87	3.11	4.27

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		2023	2022	2022
(SUMMARY, SEK million)		30 Sep	30 Sep	31 Dec
	Note			
ASSETS				
Goodwill		1,151	967	968
Other intangible non-current assets		105	68	66
Property, plant and equipment		732	693	717
Right-of-use assets		123	129	126
Other non-current assets		4	5	5
Total non-current assets		2,115	1,862	1,882
Inventories		558	543	565
Current receivables	7	1,154	1,017	981
Cash and cash equivalents	7	205	224	178
Total current assets		1,917	1,784	1,724
TOTAL ASSETS		4,032	3,646	3,606
EQUITY AND LIABILITIES				
Equity		1,653	1,502	1,530
Non-current liabilities	7	1,311	1,271	1,126
Current liabilities	7	1,068	873	950
TOTAL EQUITY AND LIABILITIES		4,032	3,646	3,606

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SUMMARY, SEK million)	2023 30 Sep	2022 30 Sep	2022 31 Dec
Opening balance	1,530	1,341	1,341
Net profit for the period	157	226	249
Other comprehensive income	-2	36	41
<i>Comprehensive income for the period</i>	155	262	290
Conversion of personnel convertibles	70	–	–
Cash dividends paid ¹⁾	-102	-101	-101
<i>Total transactions with shareholders</i>	-32	-101	-101
Closing balance	1,653	1,502	1,530
– of which attributable to shareholders of the Parent Company	1,653	1,502	1,530

¹⁾ Adjusted for additional dividend due to conversion.

CONSOLIDATED CASH FLOW STATEMENT (SUMMARY, SEK million)	Note	2023 3 mths Jul-Sep	2022 3 mths Jul-Sep	2023 9 mths Jan-Sep	2022 9 mths Jan-Sep	22/23 12 mths Oct-Sep	2022 12 mths Jan-Dec
Operating profit		58	63	247	307	281	341
Interest and income tax paid/received and adjustments for non-cash items		-13	-4	-30	-33	-3	-6
Change in working capital		96	-79	-24	-241	10	-207
Cash flow from operating activities		141	-20	193	33	288	128
Investments							
Acquisitions of subsidiaries	8	-195	–	-211	–	-211	–
Other		-28	-24	-72	-97	-115	-140
Cash flow after investments		-82	-44	-90	-64	-38	-12
Cash dividends paid		–	–	-58	-101	-58	-101
Cash flow from other financing activities		79	-8	173	27	77	-69
Cash flow for the period		-3	-52	25	-138	-19	-182
Cash and cash equivalents at the start of the period		205	273	178	346	224	346
Exchange rate differences in cash and cash equivalents		3	3	2	16	0	14
Cash and cash equivalents at the end of the period		205	224	205	224	205	178

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 2022 annual report with the exceptions of new or revised standards, interpretations and improvements, which are applied as from 1 January 2023. The critical assessments and the sources of estimates when preparing this interim report are the same as in the most recent annual report.

■ NOTE 2 OTHER OPERATING INCOME

The amount reported in the interim period includes non-recurring items of SEK 9.7 million (–) in respect of electricity support to Swedish companies.

■ **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 page 4. 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)	2023 3 mths Jul-Sep	2022 3 mths Jul-Sep	2023 9 mths Jan-Sep	2022 9 mths Jan-Sep	2022 12 mths Jan-Dec
INDUSTRIAL PRODUCTS	178	186	650	700	906
Breakdown by geographic market ¹⁾					
Sweden	71	50	253	190	250
Rest of the Nordic countries	30	34	124	150	187
Rest of Europe	75	101	267	356	462
Rest of the world	2	1	6	4	7
Breakdown by type of product					
Proprietary products	45	47	164	199	247
Customer-specific manufacturing	133	139	486	501	659
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	178	186	650	700	906
INDUSTRIAL SOLUTIONS	485	496	1,604	1,629	2,119
Breakdown by geographic market ¹⁾					
Sweden	134	86	384	294	400
Rest of the Nordic countries	31	29	92	105	135
Rest of Europe	189	258	712	809	1,050
Rest of the world	131	123	416	421	534
Breakdown by type of product					
Proprietary products	372	352	1,232	1,115	1,463
Customer-specific manufacturing	113	144	372	514	656
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	148	120	480	545	704
Services transferred over time	23	15	56	48	79
Projects transferred over time	314	361	1,068	1,036	1,336
PRECISION TECHNOLOGY	94	94	342	375	486
Breakdown by geographic market ¹⁾					
Sweden	83	77	294	300	395
Rest of the Nordic countries	1	2	5	4	5
Rest of Europe	7	9	33	43	53
Rest of the world	3	6	10	28	33
Breakdown by type of product					
Proprietary products	0	0	1	1	2
Customer-specific manufacturing	94	94	341	374	484
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	94	94	342	375	486
GROUP TOTAL	757	776	2,595	2,703	3,509
Breakdown by geographic market ¹⁾					
Sweden	288	213	930	783	1,043
Rest of the Nordic countries	62	65	221	259	327
Rest of Europe	271	368	1,012	1,208	1,565
Rest of the world	136	130	432	453	574
Breakdown by type of product					
Proprietary products	417	399	1,397	1,315	1,712
Customer-specific manufacturing	340	377	1,198	1,388	1,797
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	420	400	1,471	1,619	2,094
Services transferred over time	23	15	56	48	79
Projects transferred over time	314	361	1,068	1,036	1,336

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

NET REVENUE BY SEGMENT (SEK million)	2023 3 mths Jul-Sep	2022 3 mths Jul-Sep	2023 9 mths Jan-Sep	2022 9 mths Jan-Sep	22/23 12 mths Oct-Sep	2022 12 mths Jan-Dec
Industrial Products	178	186	650	700	856	906
Industrial Solutions	485	496	1,604	1,629	2,094	2,119
Precision Technology	94	94	342	375	453	486
Eliminations	0	0	-1	-1	-2	-2
Group total	757	776	2,595	2,703	3,401	3,509

PROFIT/LOSS BEFORE TAX BY SEGMENT ¹⁾ (SEK million)	2023 3 mths Jul-Sep	2022 3 mths Jul-Sep	2023 9 mths Jan-Sep	2022 9 mths Jan-Sep	22/23 12 mths Oct-Sep	2022 12 mths Jan-Dec
Industrial Products	10	7	54	69	60	75
Industrial Solutions	37	51	145	188	164	207
Precision Technology	0	3	23	51	23	51
Undistributed items	-3	-4	-19	-18	-25	-24
Group total	44	57	203	290	222	309

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 (22) 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	2023 3 mths Jul-Sep	2022 3 mths Jul-Sep	2023 9 mths Jan-Sep	2022 9 mths Jan-Sep	22/23 12 mths Oct-Sep	2022 12 mths Jan-Dec
Net profit for the period, SEK million	32.9	43.7	157.1	225.9	180.3	249.1
Average number of outstanding shares, thousands	58,097	57,985	58,023	57,985	58,013	57,985
Basic earnings per share, SEK	0.57	0.76	2.71	3.90	3.11	4.30

DILUTED EARNINGS PER SHARE	2023 3 mths Jul-Sep	2022 3 mths Jul-Sep	2023 9 mths Jan-Sep	2022 9 mths Jan-Sep	22/23 12 mths Oct-Sep	2022 12 mths Jan-Dec
Net profit for the period, SEK million	32.9	43.7	157.1	225.9	180.3	249.1
Interest expense on convertible bonds, SEK million ¹⁾	1.1	0.9	3.6	2.6	4.6	3.6
Issue expenses for convertible bonds, SEK million	0.0	0.0	0.1	0.1	0.2	0.2
Adjusted income, SEK million	34.0	44.6	160.8	228.6	185.1	252.9
Average number of outstanding shares, thousands ²⁾	58,097	57,985	58,023	57,985	58,013	57,985
Adjustment for presumed conversion of convertible bonds, thousands ²⁾	1,036	1,148	1,110	1,148	1,120	1,148
Average number of outstanding shares after dilution, thousands ²⁾	59,133	59,133	59,133	59,133	59,133	59,133
Diluted earnings per share, SEK ²⁾	0.57	0.76	2.71	3.87	3.11	4.27

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

²⁾ Due to conversion, 1,146,084 shares were issued in September 2023.

On 1 October 2020, convertibles at a nominal value of SEK 69,998,232 were issued to employees within the XANO Group. During the interim period, holders of a nominal SEK 69,911,124 requested conversion of their claims to shares. Through the conversion, 1,146,084 new Class B shares were issued.

The total number of shares stands at 59,640,298, divided between 14,577,600 Class A shares and 45,062,698 Class B shares. After deduction for the company's own holding, 509,132 Class B shares, the number of outstanding shares is 59,131,166. The average number of outstanding shares was 58,022,865 during the interim period. The average number of shares in the company's custody was 509,132 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 190,329,566 on the closing day.

■ NOTE 7 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities comprise cash and cash equivalents, accounts receivable, loan claims, loan liabilities, accounts payable and any derivatives. The financial assets and liabilities are distributed by category as stated below.

DISTRIBUTION BY CATEGORY 30 Sep 2023 (30 Sep 2022)	Financial assets measured at fair value through other compre- hensive income		Loan and accounts receivable valued at accrued acquisition value		Financial liabilities measured at fair value through profit and loss statement		Financial assets/li- abilities measured at fair value through other compre- hensive income		Other financial li- abilities		Total carrying amount		Fair value ¹⁾	
(SEK m)														
Accounts receivable	-	(-)	739	(586)	-	(-)	-	(-)	1,060	(995)	739	(586)	739	(586)
Derivative instruments ^{2, 3)}	-	(-)	-	(-)	-	(-)	16	(17)	-	(-)	16	(17)	16	(17)
Cash and cash equivalents	-	(-)	205	(224)	-	(-)	-	(-)	-	(-)	205	(224)	205	(224)
Total financial assets	-	(-)	944	(810)	-	(-)	16	(17)	1,060	(995)	960	(827)	960	(827)
Loan liabilities	-	(-)	-	(-)	-	(-)	-	(-)	1,060	(995)	1,060	(995)	1,060	(995)
Lease liabilities	-	(-)	-	(-)	-	(-)	-	(-)	130	(125)	130	(125)	130	(125)
Convertible loan	-	(-)	-	(-)	-	(-)	-	(-)	-	(68)	-	(68)	-	(70)
Bank overdraft facilities	-	(-)	-	(-)	-	(-)	70	(0)	70	(0)	70	(0)	70	(0)
Total interest-bearing liabilities	-	(-)	-	(-)	-	(-)	1,260	(1,188)	1,260	(1,188)	1,260	(1,188)	1,260	(1,188)
Accounts payable	-	(-)	-	(-)	-	(-)	271	(283)	271	(283)	271	(283)	271	(283)
Derivative instruments ⁴⁾	-	(-)	-	(4)	-	(4)	-	(-)	-	(-)	-	(4)	-	(4)
Total financial liabilities	-	(-)	-	(4)	-	(4)	1,531	(1,471)	1,531	(1,471)	1,531	(1,471)	1,531	(1,471)

¹⁾ The fair value of financial assets and liabilities, with the exception of the convertible loan and lease liabilities, is estimated to be the same as their carrying amount in all material respects.

²⁾ Current receivables include interest derivatives measured at fair value of SEK 16 million (17) for the interim period and SEK 17 million for the 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.

³⁾ Current receivables include currency derivatives measured at fair value of SEK 0 million (-) for the interim period and SEK 4 million for the 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.

⁴⁾ Current liabilities include currency derivatives measured at fair value of SEK - million (4) for the interim period and SEK - million for the 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 BUSINESS COMBINATIONS

Lundgren Machinery AB is included in the consolidated results from 1 June 2023. Integrated Packaging Solutions (IPS) is consolidated as of 30 September 2023.

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

Lundgren Machinery (SEK million)	Reported value in subsidiary	Fair value adjustment	Consolidated fair value
Intangible non-current assets	–	12	12
Property, plant and equipment	0	–	0
Right-of-use assets	–	3	3
Current assets	13	–	13
Non-current liabilities	–	-3	-3
Current liabilities	-7	-2	-9
Net assets/purchase price	6	10	16
Liquid assets in acquired businesses			0
Transaction costs			0
Total cash flow attributable to acquired business			16

The total purchase sum amounted to SEK 16 million and was paid in cash. The acquisition brings surplus values totalling SEK 12 million distributed between goodwill (SEK 2 million) and product concept (SEK 10 million). The transaction costs amount to SEK 0.4 million. Goodwill relates to synergy effects. The expectation is that synergies will mainly be achieved by means of the acquisition adding adjacent technical skills and introducing new market niches to existing operations of the Industrial Solutions business unit. The utilisation of common resources will also entail coordination advantages.

Integrated Packaging Solutions (IPS) (SEK million)	Reported value in subsidiary	Fair value adjustment	Consolidated fair value
Intangible non-current assets	0	215	215
Property, plant and equipment	6	–	6
Right-of-use assets	–	13	13
Current assets	52	1	53
Non-current liabilities	–	-42	-42
Current liabilities	-37	-5	-42
Net assets/purchase price	21	182	203
Liquid assets in acquired businesses			-11
Transaction costs			3
Total cash flow attributable to acquired business			195

The total purchase sum amounted to USD 21 million, of which USD 19 million was paid in cash on the acquisition date and USD 2 million refers to a conditional purchase sum that will be paid in cash in 2025. The acquisition is deemed to bring surplus values totalling USD 19.8 million distributed between goodwill (USD 16.5 million), product concept (USD 2.3 million) and customer relations (USD 1.0 million). The transaction costs are calculated at USD 0.3 million. Goodwill relates to synergy effects. The expectation is that synergies will mainly be achieved by means of the acquisition adding adjacent technical skills and introducing new market niches to existing operations of the Industrial Solutions business unit. The utilisation of common resources will also entail coordination advantages. The expectation is that synergies will mainly be achieved through increased growth possibilities, principally in service and aftersales, for existing operations of the Industrial Solutions business unit. Through the company's newly developed concept CanSCHOOL, there are opportunities to further deepen collaboration with customers in the can-making industry. The concept is also applicable to other industries in which the business unit companies are active. Furthermore, the acquisition supports XANO's ambitions to expand market shares in the US and become the natural choice of partner for decision makers in investment projects worldwide. The acquisition represents an intensification of the Group's ongoing establishment in the US. The access to IPS' expertise and networks will benefit and speed up the process of making the Group's offering visible in the North American market.

The acquired unit contributed SEK 5 million in net revenue and approx. SEK -6 million in net profit after the deduction of acquisition costs, write-offs from surplus values and financial expenses attributable to the acquisitions. If the acquired unit had been included in the Group throughout the whole interim period, revenue would have amounted to SEK 2,734 million, while net profit would have been approx. SEK 164 million.

No business combinations were performed in 2022.

SHARE DATA, GROUP	2023 3 mths Jul-Sep	2022 3 mths Jul-Sep	2023 9 mths Jan-Sep	2022 9 mths Jan-Sep	22/23 12 mths Oct-Sep	2022 12 mths Jan-Dec
Average number of outstanding shares, thousands	58,097	57,985	58,023	57,985	58,013	57,985
Average number of outstanding shares after dilution, thousands	59,133	59,133	59,133	59,133	59,133	59,133
Basic earnings per share, SEK	0.57	0.76	2.71	3.90	3.11	4.30
Diluted earnings per share, SEK	0.57	0.76	2.71	3.87	3.11	4.27
Cash flow from operating activities per share, SEK	2.45	-0.34	3.33	0.58	4.96	2.21
Total number of shares on closing day, thousands			59,640	58,494	59,640	58,494
Number of shares in own custody on closing day, thousands			509	509	509	509
Number of outstanding shares on closing day, thousands			59,131	57,985	59,131	57,985
Equity per share on closing day, SEK			27.96	25.90	27.96	26.39
Share price on closing day, SEK			80.00	104.00	80.00	111.00

Due to conversion, 1,146,084 shares were issued in September 2023.

KEY FIGURES, GROUP	2023 3 mths Jul-Sep	2022 3 mths Jul-Sep	2023 9 mths Jan-Sep	2022 9 mths Jan-Sep	22/23 12 mths Oct-Sep	2022 12 mths Jan-Dec
Operating margin, %	7.7	8.1	9.5	11.4	8.3	9.7
Profit margin, %	5.7	7.2	7.8	10.7	6.5	8.8
Interest-bearing liabilities, SEK million			1,260	1,188	1,260	1,110
Deferred tax liabilities, SEK million			132	109	132	111
Lines of credit granted but not utilised, SEK million			1,193	1,113	1,193	1,185
Return on equity p.a., %			13.3	21.0	11.5	17.1
Return on capital employed p.a., %			12.8	17.4	10.9	14.3
Return on total capital p.a., %			9.3	12.4	7.9	10.3
Average equity, SEK million			1,581	1,438	1,565	1,456
Average capital employed, SEK million			2,774	2,589	2,757	2,599
Average total capital, SEK million			3,823	3,615	3,787	3,613
Interest coverage ratio, multiple			4.2	7.1	3.8	6.0
Equity/assets ratio, %			41	41	41	42
Depreciation, SEK million	36	31	103	93	136	126
EBITDA, SEK million	94	94	350	400	417	467
Net investments in non-current assets, SEK million	255	24	331	97	378	144
Employees, average number	1,377	1,435	1,373	1,425	1,387	1,426

QUARTERLY SUMMARY, GROUP	2023 Q3	2022 Q3	2023 Q2	2022 Q2	2023 Q1	2022 Q1	2022 Q4	2021 Q4
Net revenue, SEK m	757	776	942	942	896	985	806	883
Gross profit, SEK m	159	156	214	204	201	246	139	210
Operating profit, SEK m	58	63	102	98	87	146	34	114
Profit before tax, SEK m	44	57	86	95	73	138	19	107
Net profit for the period, SEK m	33	44	67	74	57	108	23	88
Comprehensive income for the period, SEK m	27	53	75	91	53	118	28	95
Operating margin, %	7.7	8.1	10.7	10.5	9.8	14.8	4.2	12.9
Profit margin, %	5.7	7.2	9.1	10.1	8.2	14.0	2.4	12.1
Equity/assets ratio, %	41	41	40	40	42	40	42	38
Basic earnings per share, SEK ¹⁾	0.57	0.76	1.15	1.28	0.99	1.86	0.40	1.51
Cash flow from operating activities per share, SEK ¹⁾	2.45	-0.34	0.20	0.98	0.68	-0.06	1.63	1.75

¹⁾ The comparison figures have been recalculated due to the 2:1 share split carried out in June 2022. Due to conversion, 1,146,084 shares were issued in September 2023.

For definitions, see page 14.

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.

EBITDA

Operating profit plus depreciation and amortisation of tangible and intangible non-current assets.

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.

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 84 in the 2022 annual report.

INCOME STATEMENT, PARENT COMPANY		2023	2022	2023	2022	2022
(SUMMARY, SEK million)		3 mths	3 mths	9 mths	9 mths	12 mths
	Note	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net revenue	1	7.2	7.3	21.7	22.0	29.4
Selling and administrative expenses		-11.3	-7.9	-33.0	-29.1	-37.5
Operating profit/loss		-4.1	-0.6	-11.3	-7.1	-8.1
Profit from participations in Group companies		30.0	–	130.0	–	121.8
Other financial items		3.2	1.9	2.9	22.7	30.4
Profit/loss after financial items		29.1	1.3	121.6	15.6	144.1
Appropriations		–	–	–	–	10.0
Tax	2	0.2	-0.3	1.7	-3.2	-28.0
Net profit for the period		29.3	1.0	123.3	12.4	126.1
<i>Statement of comprehensive income</i>						
Net profit for the period		29.3	1.0	123.3	12.4	126.1
Other comprehensive income		–	–	–	–	–
Comprehensive income for the period		29.3	1.0	123.3	12.4	126.1

BALANCE SHEET, PARENT COMPANY		2023	2022	2022
(SUMMARY, SEK million)		30 Sep	30 Sep	31 Dec
ASSETS				
Non-current assets		221.6	223.1	221.5
Current assets		1,142.2	867.6	1,024.3
EQUITY AND LIABILITIES				
Equity		590.8	386.1	499.9
Untaxed reserves		88.0	98.0	88.0
Non-current liabilities		250.0	317.6	250.0
Current liabilities		435.0	289.0	407.9
BALANCE SHEET TOTAL		1,363.8	1,090.7	1,245.8

STATEMENT OF CHANGES IN EQUITY, PARENT COMPANY		2023	2022	2022
(SUMMARY, SEK million)		30 Sep	30 Sep	31 Dec
Opening balance		499.9	475.2	475.2
Comprehensive income for the period		123.3	12.4	126.1
Conversion of personnel convertibles		69.9	–	–
Cash dividends paid		-102.3	-101.5	-101.4
Closing balance		590.8	386.1	499.9

CASH FLOW STATEMENT, PARENT COMPANY		2023	2022	2023	2022	2022
(SUMMARY, SEK million)		3 mths	3 mths	9 mths	9 mths	12 mths
		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Operating profit/loss		-4.1	-0.6	-11.3	-7.1	-8.1
Interest and income tax paid/received and adjustments for non-cash items		-11.1	-7.2	63.8	-45.2	75.5
Change in working capital		80.2	8.4	-78.8	-51.7	-237.4
Cash flow from operating activities		65.0	0.6	-26.3	-104.0	-170.0
Investments		–	–	-0.1	–	–
Cash flow after investments		65.0	0.6	-26.4	-104.0	-170.0
Financing		-64.1	0.0	8.4	28.5	28.5
Cash flow for the period		0.9	0.6	-18.0	-75.5	-141.5
Cash and cash equivalents at the start of the period		0.0	86.3	21.7	155.0	155.0
Exchange rate differences in cash and cash equivalents		-0.9	0.8	-3.7	8.2	8.2
Cash and cash equivalents at the end of the period		0.0	87.7	0.0	87.7	21.7

■ 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 -1 per cent (21) for the interim period. Income tax-exempt dividends contribute to the lower tax rate in 2023.

Review report

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

Introduction

We have reviewed the condensed interim financial information (interim report) of XANO Industri AB (publ) as of 30 September 2023 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 Information 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, ISA, 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. Therefore, the conclusion expressed on the basis of a review does not provide the same level of assurance as a conclusion expressed on the basis of an audit.

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 with the Swedish Annual Accounts Act regarding the Parent Company.

Jönköping, 26 October 2023

KPMG AB

Olle Nilsson

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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