

INTERIM REPORT

1 January – 30 June 2021



THE INTERIM PERIOD

- Net revenue totalled SEK 1,522 million (1,084)
- Operating profit amounted to SEK 226 million (126)
- Profit before tax amounted to SEK 221 million (116)
- Profit after tax amounted to SEK 172 million (89)
- Earnings per share were SEK 5.93 (3.20)

Important events during the period

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

THE SECOND QUARTER

- Net revenue totalled SEK 824 million (546)
- Operating profit amounted to SEK 123 million (69)
- Profit before tax amounted to SEK 117 million (64)
- Profit after tax amounted to SEK 91 million (49)
- Earnings per share were SEK 3.13 (1.77)

SUMMARY OF THE INTERIM PERIOD JANUARY – JUNE 2021

Net revenue, SEK m	1,522	(1,084)
Net profit for the period, SEK m	172	(89)
Earnings per share, SEK	5.93	(3.20)
Profit margin, %	14.5	(10.7)

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

**THE GROUP**

We saw good organic growth and achieved further strengthened profitability during the second quarter. The Group's operations generated an increase in sales of just over 50 per cent compared to the corresponding period last year, of which 40 per cent was organic growth. At the same time, the operating profit rose by almost 80 per cent. High capacity utilisation and a favourable product mix are the primary reasons behind the strong results during the period. During the comparison quarter, we were adversely affected by the initial effects of the Coronavirus pandemic, for example in the form of periodic production stoppages among our customers.

The market trend has generally been favourable. The medical technology sector has continued to grow, although the previously very steep growth curve has stabilised somewhat. Activities within the operational area of batteries for electric vehicles, which is relatively new for the Group, have really picked up speed in recent months. In this area, a number of orders relating to large-scale automation assignments have been received in both Europe and North America. Sales within other sectors have generally remained at a stable level.

The two companies that were acquired shortly before the start of the year, as well as the other two that were added in May of this year, have made a positive contribution. The execution of the implementation work is a high priority, and interesting collaborations have already been established within the relevant business units.

Compared to last year's first six months, revenue rose by 40 per cent, of which 32 per cent was organic growth. Operating profit improved by 80 per cent and the operating margin rose from 11.6 to 14.8 per cent. The profit margin was 14.5 per cent.

THE INDUSTRIAL PRODUCTS BUSINESS UNIT

Within the Industrial Products business unit, sales rose by 27 per cent and operating profit improved by 40 per cent in relation to the comparison period.

Sales of the companies' own products have continued to rise, contributing to strengthened margins. Growth was particularly clear in respect of infrastructure solutions, and there has also been



Automation solutions for the manufacture of batteries for electric vehicles are a new operational area for the Group. Some of the companies within the Industrial Solutions business unit have launched the BatteryLine collaboration portal, with the aim of creating a network for the exchange of knowledge and information about development projects.



further stabilisation within the automotive sector. More and more strategic discussions regarding sustainable deliveries are being conducted with customers, such as vehicle manufacturers. Collaborations of this type are fully in line with the business unit's sustainability focus, and are also generating new business opportunities. The companies are carrying out joint activities, linked principally to material recycling, energy efficiency and reduced climate emissions.

THE INDUSTRIAL SOLUTIONS BUSINESS UNIT

Sales within the Industrial Solutions business unit rose by 37 per cent, of which 5 per cent refers to business combinations. Operating profit improved by 83 per cent compared to the corresponding period last year.

Sectors such as sustainable energy solutions, food and medical technology have developed strongly. For example, large orders have been received during the period regarding automation solutions for the manufacture of batteries for electric vehicles. In the short period that has passed since they were acquired, the addition of CPS and CIM has injected further energy into the business unit. CIM is already in the start-up phase regarding development collaborations with some of its sister companies. Remaining travel restrictions have continued to hamper some aspects of project operations, although things have started looking brighter towards the end of the period.

THE PRECISION TECHNOLOGY BUSINESS UNIT

The operations within the Precision Technology business unit reported 74 per cent higher sales, of which 33 per cent refers to business combinations. Operating profit surpassed the outcome of the comparison period by 104 per cent.

Affected sectors have developed well, on the whole, and the companies in the business unit have conducted their assignments efficiently. There has been significant organic growth, and profitability has been substantially strengthened at the same time by making optimal use of available resources. The newly acquired companies have contributed to a great extent here as well. The ongoing implementation work with the new operations has laid the foundations for collaboration at a new level within the business unit.

FUTURE DEVELOPMENT

All the business units are reporting a level of incoming orders which means that the Group as a whole is expected to be able to continue performing well in the near future. Our focus on profitable growth on the basis of strategic sales work has been further reinforced. Long-term relationships have given rise to business opportunities within new business areas and on new markets, and these activities are now being intensified. We also have important work ahead of us in relation to integrating our newly acquired companies in the optimal manner. This applies in particular to Lasertech and CIM, where synergies are immediately available, in the first instance with their sister companies within the relevant business units.

To date, the mass vaccinations against Coronavirus appear to be having a significant dampening effect on the spread of infection. We are looking forward to being able to increase our presence in various contexts in the near future. The supply of materials has moved higher and higher up the agenda in the wake of the pandemic. As in the previous quarter, we have not experienced any major disruptions to our operations linked to access to components and materials. However, there is some concern that the lack of input goods may have a dampening effect on our development in future.

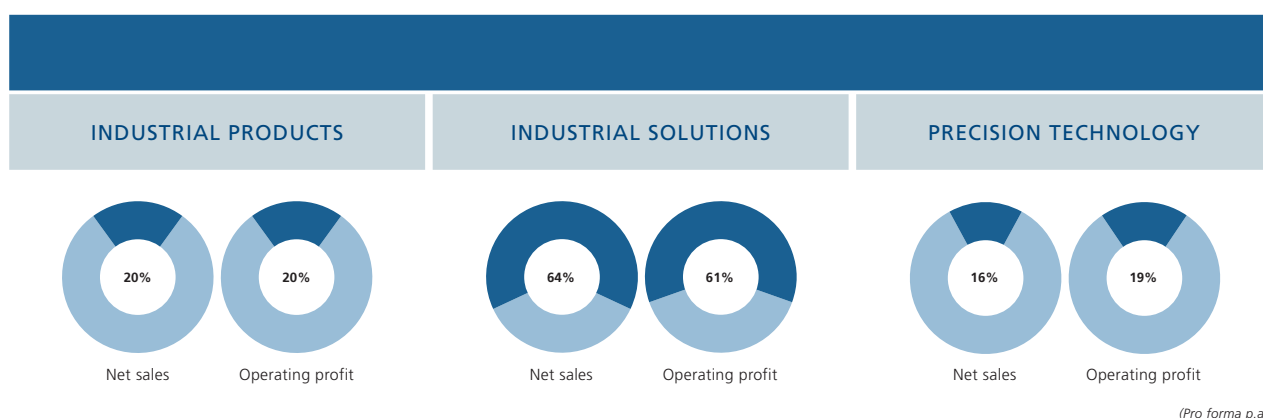
The Group's strong organic growth means that we need to expand our capacity. Extensive investments are being carried out in terms of both machinery and premises. Resources are also being committed to increase the pace of our work aimed at safeguarding our products from a sustainability perspective. Long-term collaborations with our customers are extremely important in this respect.

Over the past eight months, we have welcomed four new companies into the Group. There are still many interesting potential acquisitions to evaluate and, as before, this work is a high priority.

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.



(Pro forma p.a.)

NEW ACQUISITIONS

CASE PACKING SYSTEMS (CPS)

CPS develops, manufactures and sells systems for fully automated handling primarily of food packaging. Sales take place globally with Europe as the main market. CPS delivers efficient packaging machines, that substantially improve the customers' packaging process while reducing material usage and costs.

CPS is located in Stamproy, the Netherlands. The company has 70 employees and annual turnover amounts to approx. EUR 25 million.



CIM INDUSTRIAL SYSTEMS

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 is located in Denmark and employs 50 people. Annual sales totals approx. DKK 60 million.





INDUSTRIAL PRODUCTS

Q1-Q2 2021 vs Q1-Q2 2020: Sales rose by 27 per cent and operating profit improved by 40 per cent.

		2021 Q1-Q2	2020 Q1-Q2	2020 Q1-Q4
Net sales	SEK m	358	283	551
Operating profit	SEK m	54	39	76
Operating margin	%	15.2	13.8	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-Q2 2021 vs Q1-Q2 2020: Sales rose by 37 per cent, of which 5 per cent related to business combinations. Operating profit improved by 83 per cent.

		2021 Q1-Q2	2020 Q1-Q2	2020 Q1-Q4
Net sales	SEK m	872	634	1,345
Operating profit	SEK m	130	71	170
Operating margin	%	14.9	11.2	12.6

CPS and CIM is 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-Q2 2021 vs Q1-Q2 2020: Sales rose by 74 per cent, of which 33 per cent related to business combinations. Operating profit improved by 104 per cent.

		2021 Q1-Q2	2020 Q1-Q2	2020 Q1-Q4
Net sales	SEK m	293	168	345
Operating profit	SEK m	62	31	56
Operating margin	%	21.2	18.1	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 1,522 million (1,084). Operating profit amounted to SEK 226 million (126), corresponding to an operating margin of 14.8 per cent (11.6). Profit before tax was SEK 221 million (116).

The second quarter

Net revenue totalled SEK 824 million (546). Operating profit amounted to SEK 123 million (69), corresponding to an operating margin of 14.9 per cent (12.7). Profit before tax was SEK 117 million (64).

SHARE DATA AND KEY FIGURES

The interim period

Basic earnings per share were SEK 5.93 (3.20). Equity per share was SEK 39.95 (32.52). 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 1,165 (1,050).

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 will be effective as of 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 434 million (35), of which SEK 403 million related to business combinations, SEK 4 million to real estate, SEK 1 million to intangible non-current assets, SEK 24 million to machinery and equipment and SEK 2 million to right-of-use assets.

The second quarter

Net investments in non-current assets came to SEK 421 million (8), of which SEK 403 million related to business combinations, SEK 1 million to real estate, SEK 1 million to intangible non-current assets and SEK 16 million to machinery and equipment.

CASH FLOW AND LIQUIDITY

Cash flow from operating activities amounted to SEK 106 million (129). The weaker cash flow in relation to the comparison period is a consequence of increased working capital, principally in respect of inventories and trade debtors in all business units.

Liquid assets, including lines of credit granted but not utilised, totalled SEK 669 million (584) 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.

NEXT REPORT DATE

The interim report for the period 1 January to 30 September 2021 will be presented on Wednesday 27 October 2021.

The undersigned declare that this half-yearly interim report provides a true summary of the Parent Company's and the Group's activities, position and results. It also describes significant risks and uncertainty factors facing the Parent Company and the companies that form the Group.

Jönköping, 13 July 2021

Fredrik Rapp
Chairman of the Board

Anna Benjamin
Vice Chairman of the Board

Petter Fägersten
Board member

Eva-Lotta Kraft
Board member

Per Rodert
Board member

Lennart Persson
CEO

This report has not been reviewed by the company's auditor.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SUMMARY, SEK million)		2021 3 mths Apr-Jun	2020 3 mths Apr-Jun	2021 6 mths Jan-Jun	2020 6 mths Jan-Jun	20/21 12 mths jul-jun	2020 12 mths Jan-Dec
	Note						
Net revenue	2	824	546	1,522	1,084	2,677	2,239
Cost of goods sold		-615	-412	-1,137	-833	-2,013	-1,709
Gross profit		209	134	385	251	664	530
Selling expenses		-53	-41	-99	-82	-178	-161
Administrative expenses		-33	-24	-59	-46	-103	-90
Other operating income		2	1	6	9	16	19
Other operating expenses		-2	-1	-7	-6	-25	-24
Profit from participations in associated companies		0	0	0	0	0	0
Operating profit		123	69	226	126	374	274
Financial income		1	-1	7	3	12	8
Financial expenses		-7	-4	-12	-13	-30	-31
Profit before tax	2	117	64	221	116	356	251
Tax	3	-26	-15	-49	-27	-78	-56
Net profit for the period	8	91	49	172	89	278	195
– of which attributable to shareholders of the Parent Company		91	49	172	89	278	195
OTHER COMPREHENSIVE INCOME							
<i>Items that may be reclassified to net profit for the period</i>							
Change in hedging reserve including tax	4	-1	1	-1	1	2	4
Translation differences	4	-5	-13	8	-6	-4	-18
Other comprehensive income		-6	-12	7	-5	-2	-14
Comprehensive income for the period		85	37	179	84	276	181
– of which attributable to shareholders of the Parent Company		85	37	179	84	276	181
Basic earnings per share, SEK	5	3.13	1.77	5.93	3.20	9.59	6.86
Diluted earnings per share, SEK	5	3.11	1.72	5.88	3.11	9.53	6.76

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (SUMMARY, SEK million)		2021 30 Jun	2020 30 Jun	2020 31 Dec
	Note			
ASSETS				
Goodwill		945	575	626
Other intangible non-current assets		79	44	38
Property, plant and equipment		580	506	547
Right-of-use assets		107	120	111
Other non-current assets		3	2	3
Total non-current assets		1,714	1,247	1,325
Inventories		391	318	310
Current receivables	6	731	469	484
Cash and cash equivalents		242	112	367
Total current assets		1,364	899	1,161
TOTAL ASSETS		3,078	2,146	2,486
EQUITY AND LIABILITIES				
Equity		1,158	942	1,051
Non-current liabilities		1,132	686	790
Current liabilities	7	788	518	645
TOTAL EQUITY AND LIABILITIES		3,078	2,146	2,486

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SUMMARY, SEK million)	2021 31 Jun	2020 31 Jun	2020 31 Dec
Opening balance	1,051	800	800
Net profit for the period	172	89	195
Other comprehensive income	7	-5	-14
Comprehensive income for the period	179	84	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	1,158	942	1,051
– of which attributable to shareholders of the Parent Company	1,158	942	1,051

CONSOLIDATED CASH FLOW STATEMENT (SUMMARY, SEK million)	Note	2021 6 mths Jan-Jun	2020 6 mths Jan-Jun	20/21 12 mths Jul-Jun	2020 12 mths Jan-Dec
Operating profit		226	126	374	274
Interest and income tax paid/received and adjustments for non-cash items		-4	22	18	44
Change in working capital		-116	-19	-13	84
Cash flow from operating activities		106	129	379	402
Investments					
Acquisitions of subsidiaries	8	-434	–	-502	-68
Other		-28	-31	-72	-75
Cash flow after investments		-356	98	-195	259
Cash flow from other financing activities		229	-67	334	38
Cash flow for the period		-127	31	139	297
Cash and cash equivalents at the start of the period		367	82	112	82
Exchange rate differences in cash and cash equivalents		2	-1	-9	-12
Cash and cash equivalents at the end of the period		242	112	242	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 1.5 million (15) for the interim period and SEK 21 million for the 2020 full year. The amount for 2021 only includes support to cover sick pay costs.

■ NOTE 2

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 Apr-Jun	2020 3 mths Apr-Jun	2021 6 mths Jan-Jun	2020 6 mths Jan-Jun	2020 12 mths Jan-Dec
INDUSTRIAL PRODUCTS	193	134	358	283	551
Breakdown by geographic market ¹⁾					
Sweden	64	46	119	91	187
Rest of the Nordic countries	52	44	91	78	134
Rest of Europe	75	43	145	112	225
Rest of the world	2	1	3	2	5
Breakdown by type of product					
Proprietary products	70	58	126	104	185
Customer-specific manufacturing	123	76	232	179	366
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	193	134	358	283	551
INDUSTRIAL SOLUTIONS	485	327	872	634	1,345
Breakdown by geographic market ¹⁾					
Sweden	93	86	183	171	308
Rest of the Nordic countries	38	14	57	38	65
Rest of Europe	206	140	340	292	567
Rest of the world	148	87	292	133	405
Breakdown by type of product					
Proprietary products	322	182	563	362	844
Customer-specific manufacturing	163	145	309	272	501
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	185	159	354	314	609
Services transferred over time	6	1	7	3	8
Projects transferred over time	294	167	511	317	728
PRECISION TECHNOLOGY	146	85	293	168	345
Breakdown by geographic market ¹⁾					
Sweden	112	68	225	136	275
Rest of the Nordic countries	1	2	2	4	6
Rest of Europe	19	6	29	11	20
Rest of the world	14	9	37	17	44
Breakdown by type of product					
Proprietary products	1	0	1	1	2
Customer-specific manufacturing	145	85	292	167	343
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	146	85	293	168	345
GROUP TOTAL	824	546	1,522	1,084	2,239
Breakdown by geographic market ¹⁾					
Sweden	269	200	526	397	768
Rest of the Nordic countries	91	60	150	120	205
Rest of Europe	300	189	514	415	812
Rest of the world	164	97	332	152	454
Breakdown by type of product					
Proprietary products	393	240	690	467	1,031
Customer-specific manufacturing	431	306	832	617	1,208
Breakdown by timing of revenue recognition					
Goods and services transferred at a point in time	524	378	1,004	764	1,503
Services transferred over time	6	1	7	3	8
Projects transferred over time	294	167	511	317	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 Apr-Jun	2020 3 mths Apr-Jun	2021 6 mths Jan-Jun	2020 6 mths Jan-Jun	20/21 12 mths Jul-Jun	2020 12 mths Jan-Dec
(SEK million)						
Industrial Products	193	134	358	283	626	551
Industrial Solutions	485	327	872	634	1,583	1,345
Precision Technology	146	85	293	168	470	345
Eliminations	0	0	-1	-1	-2	-2
Group total	824	546	1,522	1,084	2,677	2,239

PROFIT/LOSS BEFORE TAX BY SEGMENT ¹⁾	2021 3 mths Apr-Jun	2020 3 mths Apr-Jun	2021 6 mths Jan-Jun	2020 6 mths Jan-Jun	20/21 12 mths Jul-Jun	2020 12 mths Jan-Dec
(SEK million)						
Industrial Products	29	21	52	35	86	69
Industrial Solutions	73	35	130	68	221	159
Precision Technology	27	17	60	29	85	54
Undistributed items	-12	-9	-21	-16	-36	-31
Group total	117	64	221	116	356	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 3

TAX

Tax amounts to 22 per cent (23) for the interim period.

■ NOTE 4

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 5

EARNINGS PER SHARE

BASIC EARNINGS PER SHARE	2021 3 mths Apr-Jun	2020 3 mths Apr-Jun	2021 6 mths Jan-Jun	2020 6 mths Jan-Jun	2021 12 mths Jul-Jun	2020 12 mths Jan-Dec
Net profit for the period, SEK million	90.9	49.5	172.0	89.3	277.8	195.1
Average number of outstanding shares, thousands	28,992	27,918	28,992	27,906	28,975	28,435
Basic earnings per share, SEK	3.13	1.77	5.93	3.20	9.59	6.86

DILUTED EARNINGS PER SHARE	2021 3 mths Apr-Jun	2020 3 mths Apr-Jun	2021 6 mths Jan-Jun	2020 6 mths Jan-Jun	2021 12 mths Jul-Jun	2020 12 mths Jan-Dec
Net profit for the period, SEK million	90.9	49.5	172.0	89.3	277.8	195.1
Interest expense on convertible bonds, SEK million ¹⁾	0.8	0.5	1.7	1.1	2.6	2.0
Issue expenses for convertible bonds, SEK million	0.1	0.0	0.1	0.0	0.1	0.0
Adjusted income, SEK million	91.8	50.0	173.8	90.4	280.5	197.1
Average number of outstanding shares, thousands	28,992	27,918	28,992	27,906	28,975	28,435
Adjustment for presumed conversion of convertible bonds, thousands	574	1,117	574	1,129	430	705
Average number of outstanding shares after dilution, thousands	29,566	29,035	29,566	29,035	29,405	29,140
Diluted earnings per share, SEK	3.11	1.72	5.88	3.11	9.53	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 6

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 7

CURRENT LIABILITIES

Current liabilities include interest derivatives measured at fair value of SEK 9 million (13) 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 8 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 1.3 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 34 million in net revenue and approx. SEK 4 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 1,678 million, while net profit would have been approx. SEK 190 million.

SHARE DATA, GROUP	2021 3 mths Apr-Jun	2020 3 mths Apr-Jun	2021 6 mths Jan-Jun	2020 6 mths Jan-Jun	20/21 12 mths Jul-Jun	2020 12 mths Jan-Dec
Average number of outstanding shares, thousands	28,992	27,918	28,992	27,906	28,975	28,435
Average number of outstanding shares after dilution, thousands	29,566	29,035	29,566	29,035	29,405	29,140
Basic earnings per share, SEK	3.13	1.77	5.93	3.20	9.59	6.86
Diluted earnings per share, SEK	3.11	1.72	5.88	3.11	9.53	6.76
Cash flow from operating activities per share, SEK	6.37	3.76	3.67	4.63	13.18	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			39.95	32.52	39.95	36.25
Share price on closing day, SEK			244.00	96.20	244.00	129.50

KEY FIGURES, GROUP	2021 3 mths Apr-Jun	2020 3 mths Apr-Jun	2021 6 mths Jan-Jun	2020 6 mths Jan-Jun	20/21 12 mths Jul-Jun	2020 12 mths Jan-Dec
Operating margin, %	14.9	12.7	14.8	11.6	14.0	12.2
Profit margin, %	14.1	11.8	14.5	10.7	13.3	11.2
Interest-bearing liabilities, SEK million			1,071	626	1,071	743
Deferred tax liabilities, SEK million			98	94	98	86
Lines of credit granted but not utilised, SEK million			427	472	427	417
Return on equity p.a., %			30.8	20.7	26.3	21.1
Return on capital employed p.a., %			23.6	16.4	21.2	17.3
Return on total capital p.a., %			17.1	12.1	15.4	12.7
Average equity, SEK million			1,118	863	1,056	925
Average capital employed, SEK million			1,970	1,578	1,815	1,625
Average total capital, SEK million			2,718	2,131	2,507	2,223
Interest coverage ratio, multiple			19.4	9.8	13.1	9.2
Equity/assets ratio, %			38	44	38	42
Proportion of risk-bearing capital, %			41	48	41	46
Depreciation, SEK million	27	21	50	42	94	86
Net investments in non-current assets, SEK million	421	8	434	35	565	166
Employees, average number	1,205	999	1,165	1,050	1,113	1,055

QUARTERLY SUMMARY, GROUP	2021 Q2	2020 Q2	2021 Q1	2020 Q1	2020 Q4	2019 Q4	2020 Q3	2019 Q3
Net revenue, SEK m	824	546	698	538	630	520	525	463
Gross profit, SEK m	209	134	176	117	156	109	123	90
Operating profit, SEK m	123	69	103	57	83	45	65	39
Profit before tax, SEK m	117	64	104	52	76	39	59	36
Net profit for the period, SEK m	91	49	81	40	60	30	46	27
Comprehensive income for the period, SEK m	85	37	94	47	53	27	44	29
Operating margin, %	14.9	12.7	14.8	10.5	13.2	8.7	12.3	8.5
Profit margin, %	14.1	11.8	14.9	9.6	12.1	7.6	11.2	7.8
Equity/assets ratio, %	38	44	44	39	42	38	44	37
Basic earnings per share, SEK ¹⁾	3.13	1.77	2.80	1.43	2.09	1.10	1.57	0.95
Cash flow from operating activities per share, SEK ¹⁾	6.37	3.76	-2.70	0.87	8.40	1.89	1.11	4.60

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	6 mths Jan-Jun	6 mths Jan-Jun	12 mths Jan-Dec
Net revenue	1	11.3	9.9	34.5
Selling and administrative expenses		-17.8	-14.3	-30.1
Operating profit/loss		-6.5	-4.4	4.4
Profit from participations in Group companies		5.0	20.0	56.1
Other financial items		-3.3	-1.7	0.2
Profit/loss after financial items		-4.8	13.9	60.7
Appropriations		–	–	9.0
Tax	2	0.0	1.3	-10.5
Net profit for the period		-4.8	15.2	59.2
<i>Statement of comprehensive income</i>				
Net profit for the period		-4.8	15.2	59.2
Other comprehensive income		–	–	–
Comprehensive income for the period		-4.8	15.2	59.2

BALANCE SHEET, PARENT COMPANY		2021	2020	2020
(SUMMARY, SEK million)		30 Jun	30 Jun	31 Dec
ASSETS				
Non-current assets		224.5	225.5	224.4
Current assets		747.2	620.2	840.3
EQUITY AND LIABILITIES				
Equity		288.7	310.0	366.0
Untaxed reserves		98.0	107.0	98.0
Non-current liabilities		184.7	120.0	183.5
Current liabilities		400.3	308.7	417.2
BALANCE SHEET TOTAL		971.7	845.7	1,064.7

STATEMENT OF CHANGES IN EQUITY, PARENT COMPANY		2021	2020	2020
(SUMMARY, SEK million)		30 Jun	30 Jun	31 Dec
Opening balance		366.0	237.0	237.0
Comprehensive income for the period		-4.8	15.2	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		288.7	310.0	366.0

CASH FLOW STATEMENT, PARENT COMPANY		2021	2020	2020
(SUMMARY, SEK million)		6 mths Jan-Jun	6 mths Jan-Jun	12 mths Jan-Dec
Operating profit/loss		-6.5	-4.4	4.4
Interest and income tax paid/received and adjustments for non-cash items		-9.2	14.1	44.2
Change in working capital		-47.5	50.8	165.7
Cash flow from operating activities		-63.2	60.5	214.3
Investments		0.0	0.0	-0.0
Cash flow after investments		-63.2	60.5	214.3
Financing		-72.5	-46.1	28.7
Cash flow for the period		-135.7	14.4	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		113.5	20.7	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 -1 per cent (-9) for the interim period.

*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.*



XANO Industri AB (publ) | Industrigatan 14 B | SE-553 02 Jönköping | Sweden
Phone: +46 (0)36 31 22 00 | info@xano.se | www.xano.se