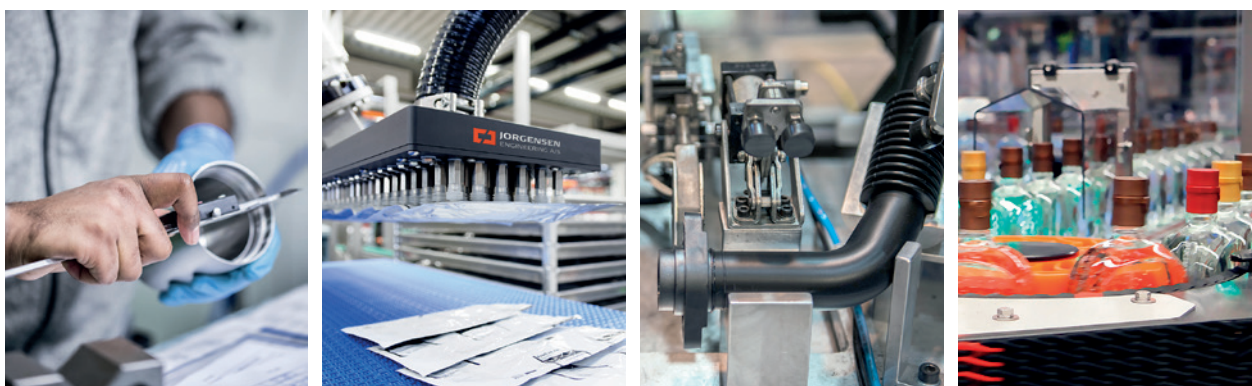


INTERIM REPORT

1 January – 30 June 2019



THE INTERIM PERIOD

- Net revenue totalled SEK 1,145 million (1,045)
- Operating profit amounted to SEK 145 million (122)
- Profit before tax amounted to SEK 136 million (115)
- Profit after tax amounted to SEK 106 million (90)
- Earnings per share were SEK 3.80 (3.22)

Important events during the period

- A 2:1 share split was carried out in June

Events after the end of the period

- Acquisition of Kuggteknik

THE SECOND QUARTER

- Net revenue totalled SEK 581 million (541)
- Operating profit amounted to SEK 74 million (61)
- Profit before tax amounted to SEK 69 million (59)
- Profit after tax amounted to SEK 54 million (47)
- Earnings per share were SEK 1.93 (1.67)

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

The Group companies once again reported strong figures over the past three-month period, and excellent results for both the second quarter and the whole of the first half-year were achieved. The market conditions remained generally good, with incoming orders at a stable, satisfactory level. During the interim period, sales growth amounted to 10 per cent, of which 6 per cent was organic. Operating profit improved by 19 per cent and the operating margin rose from 11.7 to 12.7 per cent. The profit margin stood at 11.9 per cent.

Within the Industrial Products business unit, invoicing increased by 6 per cent, while operating profit exceeded last year's figure by 19 per cent. Targeted work in relation to organisational development and efficiency improvements had a positive impact on our margins. In terms of the market, we witnessed strong growth for proprietary products, particularly within the infrastructure segment, with several new products being launched. For our standard products targeted primarily at furniture and fittings manufacturers, the growth on new export markets continued. Several projects linked to sustainability, including efforts to increase recovery and recycling of plastics, are in progress.

The increase in volume within the Industrial Solutions business unit amounted to 12 per cent, of which almost 6 per cent was organic. Operating profit improved by 22 per cent compared to last year. In relation to the comparison period, project volumes increased significantly, whereas the extent of deliveries linked to customer-specific assignments remained unchanged. The market conditions were generally viewed as favourable, although there were still fluctuations as regards incoming orders, particular in relation to project-based assignments. Extended assembly premises for automation equipment developed in-house were taken into operation in Jönköping.

The operations within the Precision Technology business unit reported 8 per cent higher sales and an operating profit that surpassed that of the comparison period by 4 per cent. The strengthening of resources through investments in production equipment and the recruitment of new personnel was successful. In combination with a favourable mix of assignments and a high level of technology, the business unit was able to report continued good profitability. Further machine capacity is continually being added, and at the same time the production areas in Västervik are being expanded. After the end of the period, Kuggteknik in Leksand was acquired as a supplement to Mikroverktyg.

The Group reported a strong first half-year, and we are also confident ahead of the autumn. Just as at the same time last year, however, some of our market segments became more cautious up to the end of the first half-year. In combination with the considerable fluctuations in incoming orders in respect of project-related volumes, future developments are difficult to judge. We are continuing to work on capacity reinforcements, both through investments in machinery and the extension of production areas as well as organisational development. At the same time, we are maintaining our focus on long-term work with selected customers and assignments, in order to achieve the best possible utilisation

of resources. As a result, we judge that the conditions for stable, profitable growth will remain good.

REVENUE AND PROFIT

The interim period

Net revenue totalled SEK 1,145 million (1,045). Operating profit amounted to SEK 145 million (122), corresponding to an operating margin of 12.7 per cent (11.7). Profit before tax was SEK 136 million (115).

The second quarter

Net revenue totalled SEK 581 million (541). Operating profit amounted to SEK 74 million (61), corresponding to an operating margin of 12.8 per cent (11.3). Profit before tax was SEK 69 million (59).

SHARE DATA AND KEY FIGURES

The interim period

Basic earnings per share were SEK 3.80 (3.22). Equity per share was SEK 26.67 (21.91). The average number of outstanding shares was 27,894,536 during the period. The equity/assets ratio was 35 per cent (31) at the end of the period. The average number of employees was 1,070 (999).

IMPORTANT EVENTS DURING THE PERIOD

Following a decision at the Annual General Meeting, a 2:1 split of the Parent Company's shares was conducted in June.

EVENTS AFTER THE END OF THE PERIOD

On 1 July, AB Kuggteknik in Leksand, Sweden, was acquired. Kuggteknik works with cutting machining and has specialist expertise regarding the manufacturing of toothed products in metal. The business possesses resources for production of both prototypes and large volumes to exacting tolerances. Its customers are found primarily within the tool and machinery manufacturing, medical technology, packaging industry and defence sectors. The company has 25 employees and annual sales totalling SEK 30 million. Kuggteknik will be a part of XANO's Precision Technology business unit and supplement existing operations at Mikroverktyg. The acquisition brings additional technical expertise as well as access to new market segments. Kuggteknik will be included in the consolidated results from 1 July 2019. The acquisition is expected to have a marginal effect on XANO's earnings per share.

INVESTMENTS

The interim period

Net investments in non-current assets came to SEK 44 million (240), of which SEK 5 million related to intangible non-current assets, SEK 14 million to real estate, SEK 17 million to machinery and equipment and SEK 8 million to right-of-use assets.

The second quarter

Net investments in non-current assets came to SEK 17 million (42), of which SEK 3 million related to intangible non-current assets, SEK 9 million to real estate, SEK 4 million to machinery and equipment and SEK 1 million to right-of-use assets.

CASH FLOW AND LIQUIDITY

Cash flow from operating activities amounted to SEK 126 million (50) for the period. The stronger cash flow in relation to the comparison period is a consequence of the year's higher profits in combination with a smaller increase in working capital, principally in respect of stock and contract assets.

Liquid assets, including lines of credit granted but not utilised, totalled SEK 316 million (285) on the closing day.

NUMBER OF SHARES AND VOTING RIGHTS

At the Annual General Meeting on 9 May 2019, it was decided to increase the number of shares by splitting each existing share into two new shares of the same type (2:1 split). The split was conducted in June, with 12 June as the record date.

After the share split, the total number of shares stands at 28,186,980, divided between 7,288,800 class A shares and 20,898,180 class B shares. Each class A share entitles ten votes and each class B share entitles one vote. The total number of votes amounts to 93,786,180. The company holds 292,444 of its own class B shares.

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.

A statement on the Group's main financial and operational risks can be found on pages 77–78 of the annual report for 2018. No additional significant risks are deemed to have arisen.

ACCOUNTING POLICIES

As with the annual financial statements for 2018, the consolidated financial statements for 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, the Swedish Annual Accounts Act and the recommendations and statements of the Swedish Financial Reporting

Board. This interim report has been prepared in accordance with IAS 34.

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 applies the same accounting policies as described in the annual report for 2018 with the exceptions of new or revised standards, interpretations and improvements, which are applied as from 1 January 2018.

IFRS 16 Leases is applied from 2019. According to the new standard, most leased assets will be recognised in the balance sheet. For XANO, this means that rights of use for operational leases, for example in respect of premises and cars, are recognised as fixed assets, and that corresponding undertakings are recognised as borrowings. At the same time, the depreciation of rights of use and interest expenses for lease liabilities are recognised in the income statement instead of rental costs. The Group has adopted the new standard using the modified retroactive approach, which means that the comparison year has not been restated and that the cumulative effect of initially applying IFRS 16 has been recognised as an adjustment to opening balances at the date of initial application. The simplification rule, whereby the right-of-use asset corresponds to the lease liability, was applied at the time of the transition. In addition, the exemptions to not report short-term leases and assets of a low value will be applied. The value of additional right-of-use assets and lease liabilities was SEK 86 million as at 1 January 2019, and the equity/assets ratio thereby decreased by approximately 1.5 percentage points. Regarding reconciliation of lease liabilities, please refer to the description in the 2018 annual report. The application is not expected to have any significant impact on the Group's income statement. Financial key performance indicators (covenants) agreed with the Group's main bank are not affected by the introduction of the new standard.

NEXT REPORT DATE

The interim report for the period 1 January to 30 September 2019 will be presented on Thursday 7 November 2019.

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, 10 July 2019

Fredrik Rapp
Chairman of the Board

Anna Benjamin
Vice Chairman of the Board

Petter Fägersten
Board member

Eva-Lotta Kraft
Board member

Stig-Olof Simonsson
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 (SEK million) | 2019 | 2018 | 2019 | 2018 | 18/19 | 2018 |
|--|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| | 3 mths Apr-Jun | 3 mths Apr-Jun | 6 mths Jan-Jun | 6 mths Jan-Jun | 12 mths Jul-Jun | 12 mths Jan-Dec |
| Net revenue | 581 | 541 | 1,145 | 1,045 | 2,144 | 2,044 |
| Cost of goods sold | -442 | -421 | -874 | -810 | -1,649 | -1,585 |
| Gross profit | 139 | 120 | 271 | 235 | 495 | 459 |
| Selling expenses ¹⁾ | -43 | -38 | -83 | -73 | -155 | -145 |
| Administrative expenses | -23 | -22 | -44 | -42 | -85 | -83 |
| Other operating income | 4 | 5 | 7 | 10 | 16 | 19 |
| Other operating expenses | -3 | -4 | -6 | -8 | -12 | -14 |
| Profit from participations in associated companies | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating profit | 74 | 61 | 145 | 122 | 259 | 236 |
| Financial income | 2 | 3 | 5 | 6 | 7 | 8 |
| Financial expenses | -7 | -5 | -14 | -13 | -26 | -25 |
| Profit before tax | 69 | 59 | 136 | 115 | 240 | 219 |
| Tax | -15 | -12 | -30 | -25 | -53 | -48 |
| Net profit for the period | 54 | 47 | 106 | 90 | 187 | 171 |
| OTHER COMPREHENSIVE INCOME | | | | | | |
| <i>Items that may be reclassified to net profit for the period</i> | | | | | | |
| Change in hedging reserve including tax ²⁾ | -1 | -1 | -2 | -1 | 0 | 1 |
| Translation differences ³⁾ | 1 | 4 | 10 | 17 | 2 | 9 |
| Other comprehensive income | 0 | 3 | 8 | 16 | 2 | 10 |
| Comprehensive income for the period | 54 | 50 | 114 | 106 | 189 | 181 |
| – of which attributable to shareholders of the Parent Company | 54 | 50 | 114 | 106 | 189 | 181 |
| Basic earnings per share, SEK ⁴⁾ | 1.93 | 1.67 | 3.80 | 3.22 | 6.71 | 6.13 |
| Diluted earnings per share, SEK ⁴⁾ | 1.87 | 1.63 | 3.69 | 3.14 | 6.52 | 5.97 |
| Depreciation constitutes | -21 | -16 | -41 | -31 | -74 | -64 |

Net revenue refers to revenue from contracts with customers, see also page 5.

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

¹⁾ Amounts for the 2018 full year include non-recurring items of SEK 3 million regarding the reversal of anticipated bad debt losses.

²⁾ Refers to the effective component of the change in value of derivative instruments used for hedge accounting.

³⁾ Refers 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.

⁴⁾ Based on net profit for the period. A 2:1 share split was carried out in June 2019. The comparison figures have been recalculated accordingly.

Polyketting B.V. with subsidiaries is included in the consolidated results from 1 May 2018. If the acquired units had been included in the Group throughout the whole of 2018, revenue would have amounted to approx. SEK 2,071 million, while net profit would have been unchanged at SEK 171 million.

Regarding the effects of introducing IFRS 16, see page 8.

NET REVENUE AND PROFIT/LOSS BY SEGMENT

| (SEK million) | Q1–Q2 2019 | | | | Q1–Q2 2018 | | | | Q1–Q4 2018 | | | |
|------------------------------------|--------------|-------------------------|--------------|------------------------------------|--------------|-------------------------|--------------|------------------------------------|--------------|-------------------------|--------------|------------------------------------|
| | External | Net revenue Internal | Total | Profit before tax ¹⁾ | External | Net revenue Internal | Total | Profit before tax ¹⁾ | External | Net revenue Internal | Total | Profit before tax ¹⁾ |
| Industrial Products ²⁾ | 342 | 0 | 342 | 47 | 323 | 0 | 323 | 41 | 583 | 0 | 583 | 59 |
| Industrial Solutions ²⁾ | 642 | 0 | 642 | 75 | 572 | 0 | 572 | 60 | 1,172 | 0 | 1,172 | 139 |
| Precision Technology | 161 | 4 | 165 | 31 | 150 | 3 | 153 | 30 | 289 | 5 | 294 | 50 |
| Elimination | – | -4 | -4 | – | – | -3 | -3 | – | – | -5 | -5 | – |
| Undistributed items | – | – | – | -17 | – | – | – | -16 | – | – | – | -29 |
| Group total | 1,145 | – | 1,145 | 136 | 1,045 | – | 1,045 | 115 | 2,044 | – | 2,044 | 219 |

¹⁾ The figure refers 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.

²⁾ The comparison periods have been recalculated as a result of the altered subdivision into business units.

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 11. The segments are reported in accordance with the same accounting policies as the Group. Market conditions are applied to transactions between the segments. In 2019, all segments have boosted their total working capital, such as stock levels and accounts receivable.

| BREAKDOWN OF REVENUE (SEK million) | INDUSTRIAL PRODUCTS | | | INDUSTRIAL SOLUTIONS | | | PRECISION TECHNOLOGY | | | GROUP TOTAL | | |
|---|---------------------|---------------|---------------|----------------------|---------------|---------------|----------------------|---------------|---------------|---------------|---------------|---------------|
| | 2019 Q1-Q2 | 2018 Q1-Q2 | 2018 Q1-Q4 | 2019 Q1-Q2 | 2018 Q1-Q2 | 2018 Q1-Q4 | 2019 Q1-Q2 | 2018 Q1-Q2 | 2018 Q1-Q4 | 2019 Q1-Q2 | 2018 Q1-Q2 | 2018 Q1-Q4 |
| Geographic markets ¹⁾ | | | | | | | | | | | | |
| Sweden | 101 | 96 | 174 | 201 | 224 | 424 | 137 | 124 | 244 | 435 | 441 | 837 |
| Rest of the Nordic countries | 78 | 73 | 126 | 23 | 42 | 67 | 3 | 1 | 3 | 104 | 116 | 196 |
| Rest of Europe | 104 | 111 | 278 | 278 | 194 | 494 | 10 | 8 | 16 | 392 | 313 | 788 |
| Rest of the world | 59 | 43 | 5 | 140 | 112 | 187 | 15 | 20 | 31 | 214 | 175 | 223 |
| Total | 342 | 323 | 583 | 642 | 572 | 1,172 | 165 | 153 | 294 | 1,145 | 1,045 | 2,044 |
| Type of product | | | | | | | | | | | | |
| Proprietary products | 100 | 89 | 149 | 397 | 327 | 719 | 2 | 2 | 3 | 499 | 418 | 871 |
| Customer-specific manufacturing | 242 | 234 | 434 | 245 | 245 | 453 | 163 | 151 | 291 | 646 | 627 | 1,173 |
| Total | 342 | 323 | 583 | 642 | 572 | 1,172 | 165 | 153 | 294 | 1,145 | 1,045 | 2,044 |
| Timing of revenue recognition | | | | | | | | | | | | |
| Goods and services transferred at a point in time | 342 | 323 | 583 | 295 | 295 | 553 | 165 | 153 | 294 | 798 | 768 | 1,425 |
| Services transferred over time | – | – | – | 6 | 5 | 13 | – | – | – | 6 | 5 | 13 |
| Projects transferred over time | – | – | – | 341 | 272 | 606 | – | – | – | 341 | 272 | 606 |
| Total | 342 | 323 | 583 | 642 | 572 | 1,172 | 165 | 153 | 294 | 1,145 | 1,045 | 2,044 |

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

| SHARE DATA | 2019 3 mths Apr-Jun | 2018 3 mths Apr-Jun | 2019 6 mths Jan-Jun | 2018 6 mths Jan-Jun | 2018 12 mths Jan-Dec |
|--|---------------------------|---------------------------|---------------------------|---------------------------|----------------------------|
| Average number of outstanding shares, thousands | 27,895 | 27,895 | 27,895 | 27,893 | 27,894 |
| Average number of outstanding shares after dilution, thousands | 29,035 | 29,035 | 29,035 | 29,033 | 29,034 |
| Average number of shares in own custody, thousands | 292 | 292 | 292 | 294 | 293 |
| Basic earnings per share, SEK ¹⁾ | 1.93 | 1.67 | 3.80 | 3.22 | 6.13 |
| Diluted earnings per share, SEK ^{1, 2)} | 1.87 | 1.63 | 3.69 | 3.14 | 5.97 |
| Cash flow from operating activities per share, SEK | 1.82 | 1.21 | 4.53 | 1.78 | 5.37 |
| Total number of shares on closing day, thousands | | | 28,187 | 28,187 | 28,187 |
| Number of shares in own custody on closing day, thousands | | | 292 | 292 | 292 |
| Number of outstanding shares on closing day, thousands | | | 27,895 | 27,895 | 27,895 |
| Equity per share on closing day, SEK | | | 26.67 | 21.91 | 24.58 |
| Share price on closing day, SEK | | | 129.00 | 121.50 | 76.50 |

¹⁾ Based on net profit for the period.

²⁾ Costs related to convertible bonds amount to SEK 1,140 thousand (1,136) for the interim period and SEK 2,292 thousand for the 2018 full year.

A 2:1 share split was carried out in June 2019. After the share split, the total number of shares stands at 28,186,980, divided between 7,288,800 class A shares and 20,898,180 class B shares. After deduction for the company's own holding, 292,444 class B shares, the number of outstanding shares is 27,894,536. Due to the share split, all comparison figures have been recalculated.

On 1 July 2016, convertibles at a nominal value of SEK 62,130,000 were issued to employees within the XANO Group. The convertibles accrue interest corresponding to STIBOR 3M plus 2.20% and fall due for payment on 30 June 2020. The conversion rate was originally SEK 218. Due to the share splits in 2017 and 2019, the conversion rate has been recalculated in accordance with section 8B of the terms and conditions. The recalculated conversion rate is SEK 54.50. During the period 1 June to 12 June 2020, 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. 4 per cent of the share capital and 1.2 per cent of the number of votes based on the total number of shares on the closing day.

For definitions, see page 9.

| CONSOLIDATED STATEMENT OF FINANCIAL POSITION (SEK million) | 2019 30 Jun | 2018 30 Jun | 2018 31 Dec |
|---|----------------|----------------|----------------|
| ASSETS | | | |
| Goodwill | 577 | 580 | 575 |
| Other intangible non-current assets | 41 | 37 | 39 |
| Property, plant and equipment | 522 | 508 | 515 |
| Right-of-use assets | 89 | – | – |
| Other non-current assets | 2 | 2 | 2 |
| Total non-current assets | 1,231 | 1,127 | 1,131 |
| Inventories | 309 | 301 | 288 |
| Current receivables | 526 | 467 | 505 |
| Cash and cash equivalents | 67 | 60 | 70 |
| Total current assets | 902 | 828 | 863 |
| Assets held for sale | – | 1 | – |
| TOTAL ASSETS | 2,133 | 1,956 | 1,994 |
| EQUITY AND LIABILITIES | | | |
| Equity | 744 | 611 | 686 |
| Non-current liabilities | 648 | 654 | 587 |
| Current liabilities ^{1,2)} | 741 | 691 | 721 |
| TOTAL EQUITY AND LIABILITIES | 2,133 | 1,956 | 1,994 |
| Interest-bearing liabilities constitute ³⁾ | 847 | 835 | 785 |
| Deferred tax liabilities constitute | 88 | 90 | 91 |
| Lines of credit granted but not utilised total | 249 | 225 | 190 |

¹⁾ Current liabilities include interest derivatives measured at fair value of SEK 17 million (14) for the interim period and SEK 14 million for the 2018 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.

²⁾ Current liabilities include currency derivatives measured at fair value of SEK – million (1) for the interim period and SEK 1 million for the 2018 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.

³⁾ Lease liabilities related to right-of-use assets constitute SEK 88 million (–) for the interim period.

Polyketting B.V. with subsidiaries was acquired in May 2018. Acquired assets and liabilities, including surplus values and after revaluation to fair value, amounted to SEK 57 million and SEK 28 million, respectively.

The value of additional right-of-use assets and lease liabilities due to the application of IFRS 16 was SEK 86 million as at 1 January 2019.

| STATEMENT OF CHANGES IN EQUITY (SEK million) | 2019 30 Jun | 2018 30 Jun | 2018 31 Dec |
|---|----------------|----------------|----------------|
| Opening balance | 686 | 541 | 541 |
| Net profit for the period | 106 | 90 | 171 |
| Other comprehensive income | 8 | 16 | 10 |
| Comprehensive income for the period | 114 | 106 | 181 |
| Transfer of own shares | – | 20 | 20 |
| Dividend paid in cash | -56 | -56 | -56 |
| Total transactions with shareholders | -56 | -36 | -36 |
| Closing balance | 744 | 611 | 686 |
| – of which attributable to shareholders of the Parent Company | 744 | 611 | 686 |

| CASH FLOW STATEMENT | 2019 | 2018 | 18/19 | 2018 |
|--|-------------------|-------------------|--------------------|--------------------|
| (SEK million) | 6 mths Jan-Jun | 6 mths Jan-Jun | 12 mths Jul-Jun | 12 mths Jan-Dec |
| Operating profit | 145 | 122 | 259 | 236 |
| Interest and income tax paid/received and adjustments for non-cash items | 0 | 3 | 24 | 27 |
| Change in working capital | -19 | -75 | -57 | -113 |
| Cash flow from operating activities | 126 | 50 | 226 | 150 |
| Investments | | | | |
| Acquisitions of subsidiaries | – | -162 | – | -162 |
| Other | -40 | -37 | -84 | -81 |
| Cash flow after investments | 86 | -149 | 142 | -93 |
| Dividend paid | -56 | -56 | -56 | -56 |
| Cash flow from other financing activities | -36 | 206 | -77 | 165 |
| Cash flow for the period | -6 | 1 | 9 | 16 |
| Cash and cash equivalents at the start of the period | 70 | 53 | 60 | 53 |
| Exchange rate differences in cash and cash equivalents | 3 | 6 | -2 | 1 |
| Cash and cash equivalents at the end of the period | 67 | 60 | 67 | 70 |

| QUARTERLY SUMMARY | 2019 | 2018 | 2019 | 2018 | 2018 | 2017 | 2018 | 2017 |
|--|------|------|------|------|------|------|------|-------|
| | Q2 | Q2 | Q1 | Q1 | Q4 | Q4 | Q3 | Q3 |
| Net revenue, SEK m | 581 | 541 | 564 | 504 | 549 | 432 | 450 | 378 |
| Gross profit, SEK m | 139 | 120 | 132 | 115 | 128 | 99 | 96 | 93 |
| Operating profit, SEK m | 74 | 61 | 71 | 61 | 63 | 54 | 51 | 52 |
| Profit before tax, SEK m | 69 | 59 | 67 | 56 | 57 | 50 | 47 | 50 |
| Net profit for the period, SEK m | 54 | 47 | 52 | 43 | 45 | 42 | 36 | 39 |
| Comprehensive income for the period, SEK m | 54 | 50 | 60 | 56 | 43 | 48 | 32 | 37 |
| Operating margin, % | 12.8 | 11.3 | 12.5 | 12.1 | 11.6 | 12.5 | 11.2 | 13.8 |
| Profit margin, % | 11.9 | 10.9 | 11.9 | 11.2 | 10.5 | 11.6 | 10.3 | 13.1 |
| Equity/assets ratio, % | 35 | 31 | 35 | 32 | 34 | 36 | 32 | 32 |
| Basic earnings per share, SEK ¹⁾ | 1.93 | 1.67 | 1.87 | 1.55 | 1.61 | 1.54 | 1.30 | 1.38 |
| Cash flow from operating activities per share, SEK ¹⁾ | 1.82 | 1.21 | 2.71 | 0.57 | 2.12 | 3.39 | 1.47 | -0.56 |

¹⁾ The comparison figures have been recalculated due to the 2:1 share split carried out in June 2019.
For definitions, see page 9.

| KEY FIGURES | 2019 6 mths Jan-Jun | 2018 6 mths Jan-Jun | 18/19 12 mths Jul-Jun | 2018 12 mths Jan-Dec |
|--|---------------------------|---------------------------|-----------------------------|----------------------------|
| Operating margin, % | 12.7 | 11.7 | 12.1 | 11.6 |
| Profit margin, % | 11.9 | 11.0 | 11.2 | 10.7 |
| Return on equity p.a., % | 29.3 | 30.5 | 27.3 | 27.6 |
| Return on capital employed p.a., % | 19.4 | 19.7 | 17.6 | 17.9 |
| Return on total capital p.a., % | 14.3 | 14.3 | 13.0 | 13.0 |
| Average equity, SEK m | 725 | 590 | 686 | 620 |
| Average capital employed, SEK m | 1,546 | 1,300 | 1,506 | 1,363 |
| Average total capital, SEK m | 2,088 | 1,799 | 2,041 | 1,876 |
| Interest coverage ratio, multiple | 10.9 | 9.8 | 10.5 | 9.9 |
| Equity/assets ratio, % | 35 | 31 | 35 | 34 |
| Proportion of risk-bearing capital, % | 39 | 36 | 39 | 39 |
| Net investments in non-current assets, SEK m | 44 | 240 | 87 | 283 |
| Average number of employees | 1,070 | 999 | 1,050 | 1,015 |

For definitions, see page 9.

| IFRS 16 EFFECTS ON REPORTED PERFORMANCE INDICATORS | 2019 6 mths Jan-Jun | 2019 6 mths Jan-Jun | 2019 6 mths Jan-Jun | 2018 6 mths Jan-Jun |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| (SEK million) | OUTCOME | IFRS 16 EFFECT | WITHOUT IFRS 16 | OUTCOME |
| Operating profit | 145.1 | +0.7 | 144.4 | 122.2 |
| Financial items | -9.1 | -1.4 | -7.7 | -7.0 |
| Profit before tax | 136.0 | -0.7 | 136.7 | 115.2 |
| Tax | -29.9 | +0.2 | -30.1 | -25.3 |
| Net profit for the period | 106.1 | -0.5 | 106.6 | 89.9 |
| Depreciation constitutes | -41.3 | -8.7 | -32.6 | -31.2 |
| Operating margin, % | 12.7 | +0.1 | 12.6 | 11.7 |
| Profit margin, % | 11.9 | - | 11.9 | 11.0 |

For definitions, see page 9.

DEFINITIONS

AVERAGE NUMBER OF EMPLOYEES

Average number of employees during the period based on working hours.

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.

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.

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 possibilities 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.

| INCOME STATEMENT, PARENT COMPANY (SEK million) | 2019 6 mths Jan-Jun | 2018 6 mths Jan-Jun | 2018 12 mths Jan-Dec |
|---|---------------------------|---------------------------|----------------------------|
| Net revenue | 9.9 | 7.6 | 21.9 |
| Selling and administrative expenses | -14.9 | -13.4 | -26.2 |
| Operating profit/loss | -5.0 | -5.8 | -4.3 |
| Profit from participations in Group companies | 25.0 | 20.0 | 136.9 |
| Other financial items | -5.5 | -3.5 | -4.1 |
| Profit/loss after financial items | 14.5 | 10.7 | 128.5 |
| Appropriations | – | – | -17.1 |
| Tax | 2.2 | 2.0 | -20.8 |
| Net profit for the period | 16.7 | 12.7 | 90.6 |
| <i>Statement of comprehensive income</i> | | | |
| Net profit for the period | 16.7 | 12.7 | 90.6 |
| Other comprehensive income | – | – | – |
| Comprehensive income for the period | 16.7 | 12.7 | 90.6 |

Net revenue refers to revenue from contracts with customers.

Income tax amounts to -16 per cent (-20) for the interim period. Income tax-exempt dividends contribute to the deviating tax rate.

100 per cent (100) of the Parent Company's net revenue comes from invoicing to subsidiaries.

| BALANCE SHEET, PARENT COMPANY (SEK million) | 2019 30 Jun | 2018 30 Jun | 2018 31 Dec |
|--|----------------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | 228.7 | 228.8 | 228.7 |
| Current assets | 631.4 | 534.3 | 693.4 |
| EQUITY AND LIABILITIES | | | |
| Equity | 165.7 | 126.9 | 204.8 |
| Untaxed reserves | 94.0 | 76.9 | 94.0 |
| Non-current liabilities | 165.6 | 183.8 | 172.1 |
| Current liabilities | 434.8 | 375.5 | 451.2 |
| BALANCE SHEET TOTAL | 860.1 | 763.1 | 922.1 |

| STATEMENT OF CHANGES IN EQUITY, PARENT COMPANY (SEK million) | 2019 30 Jun | 2018 30 Jun | 2018 31 Dec |
|---|----------------|----------------|----------------|
| Opening balance | 204.8 | 150.0 | 150.0 |
| Comprehensive income for the period | 16.7 | 12.7 | 90.6 |
| Transfer of own shares | – | 20.0 | 20.0 |
| Dividend paid in cash | -55.8 | -55.8 | -55.8 |
| Closing balance | 165.7 | 126.9 | 204.8 |

| CASH FLOW STATEMENT, PARENT COMPANY (SEK million) | 2019 6 mths Jan-Jun | 2018 6 mths Jan-Jun | 2018 12 mths Jan-Dec |
|--|---------------------------|---------------------------|----------------------------|
| Operating profit/loss | -5.0 | -5.8 | -4.3 |
| Interest and income tax paid/received and adjustments for non-cash items | 8.3 | 6.3 | 112.8 |
| Change in working capital | 88.2 | -0.7 | -141.5 |
| Cash flow from operating activities | 91.5 | -0.2 | -33.0 |
| Investments | 0.0 | -155.9 | -155.9 |
| Cash flow after investments | 91.5 | -156.1 | -188.9 |
| Financing | -87.1 | 153.7 | 188.2 |
| Cash flow for the period | 4.4 | -2.4 | -0.7 |
| Cash and cash equivalents at the start of the year | 5.2 | 5.9 | 5.9 |
| Exchange rate differences in cash and cash equivalents | 0.0 | 0.1 | 0.0 |
| Cash and cash equivalents at the end of the period | 9.6 | 3.6 | 5.2 |

THIS IS XANO

The XANO Group consists of engineering companies offering manufacturing and development services for industrial products and automation equipment. The Group is represented in the Nordic countries, Estonia, the Netherlands, Poland, China and the United States. The companies all operate within well-defined niches and possess a high level of expertise within their respective technical areas. Each unit is anchored locally and developed according to its own potential. At the same time, the Group affinity creates economies of scale for the companies and their customers. The Group's operations are divided into the business units Industrial Products, Industrial Solutions and Precision Technology.

INDUSTRIAL PRODUCTS



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.

| | | 2019 | 2018 | 2018 |
|------------------|-------|-------|-------|-------|
| | | Q1-Q2 | Q1-Q2 | Q1-Q4 |
| Net sales | SEK m | 342 | 323 | 583 |
| Operating profit | SEK m | 49 | 41 | 64 |
| Operating margin | % | 14.4 | 12.8 | 11.1 |

Companies

Ackurat
Sweden
Finland
Poland

Blowtech
Sweden
Norway

Cipax
Sweden
Estonia
Norway
Finland

INDUSTRIAL SOLUTIONS



Companies within the Industrial Solutions business unit supply automation solutions developed in-house, such as packaging machines, accumulators and conveyor systems, to the packaging industry. Contract assignments for advanced industrial products in small and medium-sized production runs are also performed.

| | | 2019 | 2018 | 2018 |
|--------------------------------|-------|-------|-------|-------|
| | | Q1-Q2 | Q1-Q2 | Q1-Q4 |
| Net sales | SEK m | 642 | 572 | 1,172 |
| Operating profit | SEK m | 79 | 65 | 147 |
| – of which non-recurring items | | – | – | 3 |
| Operating margin | % | 12.3 | 11.3 | 12.5 |

Companies

Canline
Netherlands
USA

Fredriksons
Sweden
China

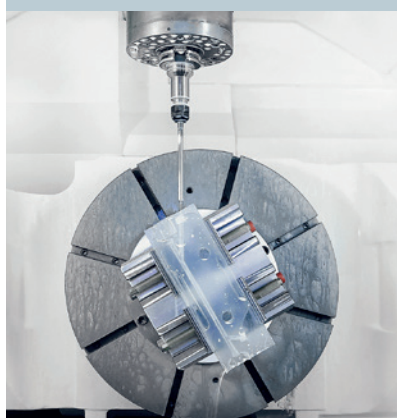
Jorgensen
Denmark

NPB
Sweden

Polyketting
Netherlands

Polyketting is included from 1 May 2018.

PRECISION TECHNOLOGY



Operations within the Precision Technology business unit cover component and system manufacture through advanced cutting machining of metal and plastic, used for the production of components with stringent requirements for quality and precision.

| | | 2019 | 2018 | 2018 |
|------------------|-------|-------|-------|-------|
| | | Q1-Q2 | Q1-Q2 | Q1-Q4 |
| Net sales | SEK m | 165 | 153 | 294 |
| Operating profit | SEK m | 32 | 31 | 52 |
| Operating margin | % | 19.4 | 20.1 | 17.7 |

Companies

KMV
Sweden

LK Precision
Sweden

Mikroverktyg
Sweden

Resinit
Sweden

*The Parent Company, XANO Industri AB (publ) with corporate identity number 556076-2055,
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