



# Q3

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INTERIM REPORT  
JANUARY – SEPTEMBER 2020

*Please note that this English translation is for information purposes only. In case of any discrepancies between this version and the Swedish version of the interim report, the Swedish version shall prevail.*

## **INTERIM REPORT JANUARY 1 - SEPTEMBER 30, 2020**

### **Stabilizing volumes and increased number of business discussions**

*Following a sales decline during spring, the third quarter has been characterized by a stabilization and a significantly increased awareness of HANZA's business model. The pandemic has highlighted the value of regional manufacturing, and thus we see good opportunities for new business.*

*Erik Stenfors, CEO and Group Director*

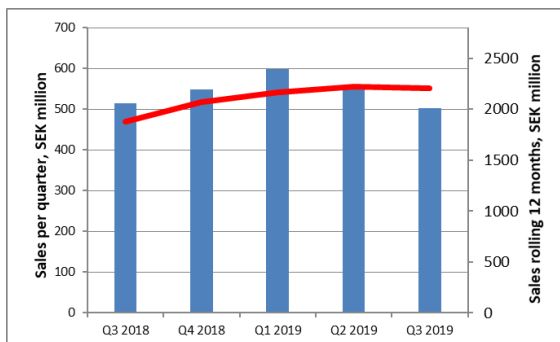
#### **THIRD QUARTER (July 1 - September 30, 2020)**

- Net sales amounted to SEK 503.1 million (515.5).
- Operating profit (EBITA) amounted to SEK 21.4 million (17.4), which corresponds to an EBITA margin of 4.3% (3.4). Operating profit after amortization of intangible assets (EBIT) amounted to SEK 15.2 million (14.3).
- Profit after tax amounted to SEK 6.6 million (0.9), which corresponds to SEK 0.20 per share (0.03).
- Cash flow from operating activities amounted to SEK 25.9 million (29.1).

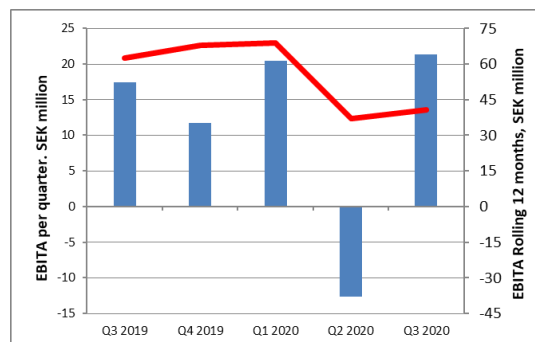
#### **FIRST NINE MONTHS (January 1 - September 30, 2020)**

- Net sales amounted to SEK 1,661.2 million (1,519.8).
- Operating profit (EBITA) amounted to SEK 29.2 million (56.2). which corresponds to an EBITA margin of 1.8% (3.7). Operating profit after amortization of intangible assets (EBIT) amounted to SEK 15.9 million (48.7). At the outbreak of covid-19 HANZA initiated an action program which affected the result with SEK 27.5 million.
- Profit after tax amounted to SEK -6.6 million (18.1), which corresponds to SEK -0.19 per share (0.58).
- Cash flow from operating activities amounted to SEK 120.2 M (113.1).

**Net sales**



**EBITA**



The graphs illustrate net sales and operating profit per quarter (bars), and on a rolling 12-month basis (lines) up to and including the quarter reported. The action program has negatively affected the operating profit by SEK 27.5 million in Q2. In Q3 a redistribution has been done between write-downs of tangible and intangible assets. The adjustment does not affect EBITDA or EBIT while EBITA is positively affected with SEK 2.8 million.

**CEO COMMENT**

HANZA is a fast-growing company. The Group was founded in 2008 and have during the years 2009 to 2019 had an average annual growth rate (CAGR) of close to 20%. Partly we have grown organically - most of our major customers have been obtained through our sales work - and partly we have grown through selected acquisitions in various countries. But during the third quarter, growth was slowed by the pandemic. Sales amounted to SEK 503 million, which is unchanged from the third quarter of the previous year, adjusted for currency. We are experiencing an unusual year where the customer portfolio and its development has determined the sales of HANZA and other contract manufacturers.

To better understand the impact of the pandemic during the third quarter and in the future, we need to go through our two financial segments; *Main markets* that include our manufacturing clusters in Sweden, Finland and Germany and *Other markets* that include the Baltics, Central Europe and China.

**The Group's growth and profitability**

Sweden is HANZA's first manufacturing cluster and today accounts for approx. one third of the Group's sales. It is also the most developed cluster and has therefore shown a strong margin. During the spring, sales decreased rapidly, and are today around 10% below expected volume. This has caused the operating margin in Sweden to fall to just under 6%, compared to the corresponding quarter in 2019, when the operating margin amounted to over 9%. Due to the size of the cluster, this has a significant impact on the Group's earnings.

Finland and Germany have also been heavily impacted by the downturn. In Germany, the Group's largest customer, active in the textile industry, has reduced its annual volume by as much as SEK 100 million, i.e. about 5% of the 2019 sales in HANZA Group. Combined with Sweden's slowdown, this has reduced the operating margin for the Main markets segment to approx. 4.3% (9%) during the third quarter.

In our second segment, Other markets, parts of the manufacturing clusters are under construction, which results in a lower profit level. Overall, customers in this segment have not suffered as large volume reductions. However, the volumes from customers to our manufacturing unit in Narva, Estonia, have been significantly negatively affected by reduced volumes in, primarily, the mining industry and materials handling machines. In 2019, Narva was prepared for volume increases but has instead been met by a volume decrease of approx. 40%, which resulted in significant losses. Our manufacturing unit in Tartu, Estonia, on the other hand, had a positive sales development, which created a good increase in profitability. Other units have experienced a more normal development under the circumstances, and in total the Other markets segment achieves an operating margin of approximately 4.3% (0%).

So, during the third quarter, we experienced a significant impact of covid-19 in various parts of the group. In total, it amounted to a sales drop of approx. 8%, compared to the expected volume. However, this is still an improvement compared to the second quarter when the decrease was about 10%. The stabilization together with the action program that was launched in April 2020 (described in the previous report), means that the operating profit for the quarter turned out better than our assessment during the spring.

Cash flow is a constant focus area at HANZA, and we are pleased to present a positive cash flow during a challenging period. During the third quarter, cash flow amounted to SEK 26 million (29). Furthermore, it is satisfying that the inventory decreased by SEK 74 million (or 17%) compared with the corresponding time last year, as the sales volumes are unchanged.

With stabilized volumes and a continued strong financial position, we have decided to resume our investment program, which was temporarily put on hold during the second quarter. During the third quarter, our machine investments amounted to approximately SEK 38 million.

### **Sustainability work and organizational development**

Our business model helps to streamline our customers' global and complex supply chains. Regional manufacturing not only reduces the customer's costs, it also reduces the customer's CO2 emissions through reduced transports. The pandemic has exposed the vulnerability of global supply chains, which is accelerating the transition to regional manufacturing. We have therefore initiated a project to measure the positive environmental impact of streamlining customers' manufacturing chains.

Sustainability is also about the work environment, and in this area we have worked for many years according to a strategy based on continuous improvements of the workplace. Activities are followed up with key performance indicators and employee surveys. Furthermore, there is constant work to ensure good compliance with policies, core values and codes of conduct.

During 2020 we have continued to develop the organization, including extensive decentralization. It has created clear contact areas and areas of responsibility, as well as additional commitment to developing the workplace. HANZA's factories are mainly located in smaller communities where we strive for close cooperation with local authorities to create new jobs.

### Looking to the future

The slowdown in the third quarter is entirely related to the corona crisis. Looking forward, we appreciate that our customers are stable companies, with volumes that will increase when the pandemic is over. Meanwhile, the crisis has brought us even closer to our customers; during the quarter, HANZA received several recognitions/awards thanks to successful product deliveries in challenging circumstances. We are proud of the appreciation and see it as a result of the commitment created between manufacturers and product companies in HANZA's model with manufacturing clusters.

Of course, it is impossible to state exactly when the various volumes will be back to normal. In the meantime, however, new business opportunities have been created by the crisis, both new potential customers and new acquisitions driven by the growing need for regional and complete manufacturing. We are working actively with these opportunities.

SEK million	Jul - Sep 2020	Jul - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
<b>Key ratios according to IFRS</b>					
Net sales	503.1	515.5	1,661.2	1,519.8	2,067,7
Operating profit (EBIT)	15.2	14.3	15.9	48.7	56,8
Amortisation and write-down of intangible assets	-6.2	-3.1	-13.3	-7.5	-11,1
Cash flow from operating activities	25.9	29.1	120.2	113.1	122,0
<b>Alternative performance measurements</b>					
Operational segments EBITA	21.6	24.7	29.9	70.6	83,6
Business development segment EBITA	-0.2	-7.3	-0.7	-14.4	-15,7
EBITA	21.4	17.4	29.2	56.2	67,9
Operating margin (EBITA)	4.3%	3.4%	1.8%	3.7%	3,3%
Net interest-bearing debt	504.5	557.6	504.5	557.6	543,3
Operational net debt	324.8	345.4	324.8	345.4	350,2
Equity ratio	32.2%	30.8%	32.2%	30.8%	32,6%

The alternative performance measurements above are considered relevant to give a picture of HANZA's operational profitability, the extent of external financing and the company's financial risk. Reconciliation tables for alternative performance measurements are published on the company's web page.

## MARKET DEVELOPMENT

HANZA's customer markets are mainly the Nordics and Germany, but customers are also found in the rest of Europe, Asia and the USA. Because HANZA's customers have a wide industry spread, the business cycle is normally reflected in HANZA's sales. However, HANZA has a special opportunity to gain new market shares during a recession, as product companies find a fresh need to streamline and regionalize their supply chain.

HANZA generally estimates that the economy and demand will stay weak for a period, the duration of which is entirely determined by the development of the corona virus. At the same time, HANZA sees new opportunities for market shares, as the pandemic has strengthened the trend towards complete, regional manufacturing close to the customer. This reinforces a trend that has previously been driven, among other things, by trade barriers, transport costs, delivery times and environmental aspects.

The Board has analyzed the Group's financial targets with regards to the pandemic and have assessed that they are still realistic and as such should remain unchanged. This means, among other things, that the Group's growth target is still an average sales increase of at least 10% per year over a business cycle, which is measured as the net change, i.e. the sum of additional volumes from new customers, company acquisitions, discontinued volumes and currency changes. It also means that HANZA's margin target of 6% after amortization of intangible assets (EBIT) remains unchanged.

## SALES AND PROFIT

### Third quarter

The Group's net sales amounted to SEK 503.1 million (515.5). The Main market segment (Sweden, Finland, Germany) shows net sales of SEK 265.7 million (286.5), a decrease of 7.3%. RITTER which was acquired in July 2019 is included in the comparison figures for just over two months. The Other market segment (The Baltics, Central Europe and China) shows net sales of SEK 237.4 million (229.0), an increase of 3.7%. During the quarter, sales have been impacted significantly by the effects of covid-19. The decline in existing customer base amounts to approximately 9%. Exchange rates have negatively impacted sales by approximately SEK 12 million.

EBITDA for the quarter amounted to SEK 38.2 million (36.1), which corresponds to an EBITDA margin of 7.6% (7.0). Depreciations, amortizations and write-downs during the period amounted to SEK 23.0 million (21.8), consisting of depreciations of tangible fixed assets of MSEK 16.8 million (18.7), amortizations and write-downs of intangible assets of SEK 6.2 million (3.1). In Q3, write-downs were redistributed between tangible and intangible assets, affecting write-downs of tangible assets positively with SEK 2.8 million (-) and intangible assets negatively with the same amount.

The Group's operating profit before amortizations of intangible fixed assets (EBITA) amounted to SEK 21.4 million (17.4), which corresponds to an operating margin of 4.3% (3.4). The operating margin is marginally impacted by currency fluctuations. The EBITA margin in the Main market segment amounts to 4.3% (9.0) and in the Other markets segment to 4.3% (-0.5). The margins in both segments are affected by covid-19 as described above.

In the Business Development segment, we report costs for special Group development projects not linked to HANZA's operations, such as acquisitions, divestments, listing expenses, development of service products etc. In the third quarter, EBITA for the Business Development segment amounted to SEK -0.2 million (-7.3).

EBIT for the Group amounted to SEK 15.2 million (14.3). The gross margin amounted to 41.9% (45.7). Other external costs amounted to SEK 54.1 million (72.0) and personnel costs amounted to SEK 120.0 million (128.9).

Net financial income amounted to SEK -6.1 million (-8.2). Of this, net interest amounts to SEK -4.3 million (-6.0). The decreased interest costs are attributable to a combination of decrease of net debt and lower interest rates on the loans. Currency rate gains and losses net amounted to SEK -0.3 million (-1.0). Other financial expenses amounted to SEK -1.5 million (-1.2).

Profit before tax amounted to SEK 9.1 million (6.1). Profit after tax amounted to SEK 6.6 million (0.9). Profit per share before and after dilution amounts to SEK 0.20 (0.03) for the quarter.

### **First nine months**

Net sales amounted in the first nine months to SEK 1,661.2 million (1,519.8). The Main market segment increased to SEK 909.3 million (803.8) The Other market segment increased to SEK 751.6 million (715.9). Sales have increased through the acquisitions of RITTER (July 2019) and Toolfac (January 2019) as the companies were not held whole previous year, and been affected negatively by the pandemic, see also "Market Development" above. The currency effect is negative and amounts to approximately SEK 2 million.

EBITDA amounted to SEK 98.8 million (113.0), which corresponds to an EBITDA margin of 5.9% (7.4). Depreciations, amortizations and write-downs during the period amounted to SEK 82.9 million (64.3), of which, amortization and write-down of intangible assets of SEK 13.3 million (7.5) and the write-downs of tangible fixed assets, in connection with the action program, of SEK 7.7 million. The gross margin amounted to 43.7% (45.2).

The Group's EBITA amounted in the nine-month period to SEK 29.2 million (56.2), which corresponds to an operating margin of 1.8% (3.7). The result is charged by the Group's action program of SEK 27.5 million of which EBITA is charged with SEK 24.7 million. The SEK 24.7 million is distributed with SEK 9.5 million to Main markets and SEK 15.2 million to Other markets. The Main market segment reports EBITA of SEK 30.6 million (61.5), which corresponds to an operating margin of 3.4% (7.7). The Other market segment shows EBITA of SEK -0.7 million (9.1), which corresponds to an operating margin of -0.1% (1.3). The business development segments EBITA amounted for the first nine months to SEK -0.7 million (-14.4).

The Groups EBIT amounted to SEK 15.9 million (48.7). Net financial income amounted to SEK -17.6 million (-19.4). Of this, net interest amounts to SEK -13.3 million (-14.2). The improved net interest is mainly attributable to lower interest rates on the loans. Currency rate gains and losses net amounted to SEK -0.1 million (-1.3). Other financial costs amounted to SEK -4.2 million (-3.9).

### **CASH FLOW AND INVESTMENTS**

Cash flow from operating activities remains positive and amounted in the third quarter to SEK 25.9 million (29.1). For the first nine months it amounted to SEK 120.2 million (113.1). Changes in working capital amounted to SEK 4.4 million (0.1) in the third quarter and to SEK 54.5 million (20.4) for the first nine months.

Cash flow from investment activities amounted in the third quarter to SEK -20.9 million (-75.0) which in its entirety consisted of investments in fixed assets. In the comparison figures, the acquisition of RITTER at SEK 60.7 million is included. For the nine-month period, cash flow from investment activities amounted to SEK -57.9 million (-127.1). Cash flow from acquisition of subsidiaries to SEK -3.1 million (-89.4).

Total investments in tangible fixed assets amounted to SEK 38.0 million (19.0) in the quarter. The difference from cash flows are due to investments in machinery and inventories through leasing.

Cash flow from financing activities for the third quarter amounted to SEK 5.7 million (62.7) and consists of new loans and repayments. During the first nine months cash flow from financing activities amounted to SEK -19.5 million (37.5)

### **FINANCIAL POSITION**

Shareholder's equity at the end of the period amounted to SEK 489.9 million (498.3) whereas the equity ratio was 32.2% (30.8). The balance sheet total amounted to SEK 1,520.3 million (1,618.6). Cash and cash equivalents amounted to SEK 110.1 million (103.7) at the end of the period. The interest-bearing net debt amounted to SEK 504.5 million (557.6). The interest-bearing net debt has increased by SEK 15.8 million in the third quarter 2020, mainly attributable to new investments. HANZA has negotiated new terms and conditions for borrowing, so called covenants, with the company's larger creditors. The new terms concern the size of the net debt in relation to EBITDA and are adapted to the effects of covid-19.

In connection with the Q2 report the acquisition balances for the acquisition of RITTER was finalized. This led to marginal changes in the balance sheet and key ratios. The income statement was not affected. See also Note 9 Acquisitions of subsidiaries.



## **THE SHARE**

At the beginning of the year, the total number of shares was 33,979,928 and the share capital amounted to SEK 3,397,993. No changes in number of shares or share capital have occurred during the year. During the second quarter, 850,000 warrants were issued to the company's senior executives at market value consideration. Each warrant entitles the holder to subscribe for one share in the company at a subscription price of SEK 20 from June 1, 2023 to September 30, 2023.

## **EMPLOYEES**

During the quarter, the average number of employees in the Group was 1,325 (1,701). The number of employees at the end of the period was 1,646 compared to 1,771 at the start of the year, which is explained by the employee reductions which HANZA has performed.

## **THE PARENT COMPANY**

The parent company's net sales, which consists exclusively of income from Group companies, amounted to SEK 5.2 million (7.2) in the quarter. Profit before tax in the quarter amounted to SEK -63.3 million (3.5). The result includes write-down of shares in subsidiaries of SEK 63.3 million due to adjusted company values and the closing of the Åtvidaberg site. There have been no investments in the parent company during the quarter.

## **MATERIAL RISKS AND UNCERTAINTIES**

The risk factors that are most material to HANZA are the financial risks and changes in the market, which currently are mainly driven by the outbreak of covid-19. For more information about risks and uncertainties, please refer to Note 3 in the company's 2019 annual report. In excess of the risks with an accelerating pandemic, there have been no material changes in risks since the preparation of the 2019 annual report.

## **RELATED PARTY TRANSACTIONS**

There have been no transactions between the HANZA Group and related parties during the quarter affecting the Group's position or earnings, beyond customary payments of remunerations to the Board of Directors and Group management salaries.

The interim report gives a true and fair view of parent company and Group operations, as well as their position and earnings, and describes the material risks and uncertainties faced by the parent company and the companies forming part of the Group.

Stocksund, 3 November 2020

On behalf of the Board

Erik Stenfors  
CEO

**THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL**

## **Review report**

HANZA Holding AB, corporate identity number 556748-8399

### **Introduction**

We have reviewed the condensed interim report for HANZA Holding AB as at September 30, 2020 and for the nine months 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 Statements 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 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. Accordingly, we do not express an audit opinion.

### **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 in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, November 3, 2020

Ernst & Young AB

Charlotte Holmstrand  
Authorized Public Accountant

## FINANCIAL REPORTS

## CONSOLIDATED INCOME STATEMENT

Amount in SEK millions	Note	Jul - Sep 2020	Jul - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
<b>Net sales</b>	<b>4</b>	<b>503.1</b>	<b>515.5</b>	<b>1,661.2</b>	<b>1,519.8</b>	<b>2,067.7</b>
Change of inventories in production, finished goods and work in progress on behalf of others		-21.2	-8.5	-34.2	-6.4	-15.5
Raw materials and consumables		-271.1	-271.5	-900.5	-826.3	-1 105.5
Other external costs		-54.1	-72.0	-199.1	-195.3	-262.6
Costs of personnel		-120.0	-128.9	-433.1	-380.7	-535.5
Depreciations, amortizations and write- downs		-23.0	-21.8	-82.9	-64.3	-92.2
Other operating income	5	3.8	2.3	8.4	4.9	8.6
Other operating expenses	5	-2.3	-0.8	-3.9	-3.0	-8.2
<b>Operating profit</b>	<b>4</b>	<b>15.2</b>	<b>14.3</b>	<b>15.9</b>	<b>48.7</b>	<b>56.8</b>
<b>Profit/loss from financial items</b>						
Financial income		-	-	-	0.4	0.5
Financial expenses		-6.1	-8.2	-17.6	-19.8	-25.0
<b>Financial items – net</b>	<b>6</b>	<b>-6.1</b>	<b>-8.2</b>	<b>-17.6</b>	<b>-19.4</b>	<b>-24.5</b>
<b>Profit/loss before tax</b>		<b>9.1</b>	<b>6.1</b>	<b>-1.7</b>	<b>29.3</b>	<b>32.3</b>
Income tax	7	-2.5	-5.2	-4.9	-11.2	-8.7
<b>Profit/loss for the period</b>		<b>6.6</b>	<b>0.9</b>	<b>-6.6</b>	<b>18.1</b>	<b>23.6</b>

Profit/loss for the period is in its entirety attributable to the parent company's shareholders

Earnings per share before dilution, SEK	0.20	0.03	-0.19	0.58	0.73
Earnings per share after dilution, SEK	0.20	0.03	-0.19	0.58	0.73

The number of shares before and after dilution are presented in Note 8.

## CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Amount in SEK millions	Note	Jul - Sep 2020	Jul - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
<b>Profit/loss for the period</b>		<b>6.6</b>	<b>0.9</b>	<b>-6.6</b>	<b>18.1</b>	<b>23.6</b>
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to the income statement</b>						
Remeasurement of post-employment benefits		-3.1	-	-1.9	-	3.6
Tax on items that will not be reclassified to the income statement		1.0	-	0.6	-	-1.1
<b>Total items that will not be reclassified to the income statement, net of tax</b>		<b>-2.1</b>	<b>-</b>	<b>-1.3</b>	<b>-</b>	<b>2.5</b>
<b>Items that can subsequently be reversed in profit or loss</b>						
Exchange rate differences		1.9	5.9	0.3	13.7	3.6
Exchange rate difference on acquisition loan		-0.3	-0.6	-0.6	-0.6	1.3
Tax on items that can subsequently be reversed in profit or loss		-	0.1	0.1	0.1	-0.3
<b>Total items that may be reclassified to the income statement, net of tax</b>		<b>1.6</b>	<b>5.4</b>	<b>-0.2</b>	<b>13.2</b>	<b>4.6</b>
<b>Other comprehensive income for the period</b>		<b>-0.5</b>	<b>5.4</b>	<b>-1.5</b>	<b>13.2</b>	<b>7.1</b>
<b>Total comprehensive income for the period</b>		<b>6.1</b>	<b>6.3</b>	<b>-8.1</b>	<b>31.3</b>	<b>30.7</b>

Comprehensive income is in its entirety attributable to the parent company's shareholders

## CONDENSED CONSOLIDATED BALANCE SHEET

Amount in SEK millions	Note	2020-09-30	2019-09-30	2019-12-31
<b>ASSETS</b>				
<b>Fixed assets</b>				
<b>Intangible assets</b>				
Goodwill		304.1	314.2	302.8
Other intangible assets		103.3	117.7	113.1
<b>Intangible assets</b>		<b>407.4</b>	<b>431.9</b>	<b>415.9</b>
<b>Right-of-use assets</b>		<b>139.7</b>	<b>148.4</b>	<b>143.7</b>
<b>Tangible fixed assets</b>		<b>285.1</b>	<b>294.5</b>	<b>278.5</b>
<b>Financial fixed assets</b>				
Other long-term securities holdings		0.3	0.3	0.3
Deferred tax assets		26.9	22.4	32.8
<b>Financial fixed assets</b>		<b>27.2</b>	<b>22.7</b>	<b>33.1</b>
<b>Total fixed assets</b>		<b>859.4</b>	<b>897.5</b>	<b>871.2</b>
<b>Current assets</b>				
Inventories		373.3	447.7	422.7
Accounts receivable		120.3	126.6	122.1
Other receivables		38.9	30.7	27.9
Prepaid expenses and accrued income		18.3	12.4	17.3
Cash and cash equivalents		110.1	103.7	66.7
<b>Total current assets</b>		<b>660.9</b>	<b>721.1</b>	<b>656.7</b>
<b>TOTAL ASSETS</b>		<b>1,520.3</b>	<b>1,618.6</b>	<b>1,527.9</b>

**CONDENSED CONSOLIDATED BALANCE SHEET, cont'd**

Amount in SEK millions	Note	2020-09-30	2019-09-30	2019-12-31
<b>SHAREHOLDERS' EQUITY</b>				
Shareholders' equity attributable to the parent company's shareholders		489.9	498.3	497.7
<b>LIABILITIES</b>				
<b>Long-term liabilities</b>				
Post-employment benefits		113.5	118.4	108.9
Deferred tax liabilities		41.9	46.1	45.8
Liabilities to credit institutions	3	187.3	250.0	209.9
Lease liabilities		80.4	91.1	92.8
<b>Total long-term liabilities</b>		<b>423.1</b>	<b>505.6</b>	<b>457.4</b>
<b>Current liabilities</b>				
Overdraft facility	3	51.5	59.1	52.1
Liabilities to credit institutions	3	102.1	81.7	97.7
Lease liabilities		46.5	56.8	45.5
Other interest-bearing liabilities		33.3	4.2	3.1
Accounts payable		221.6	259.2	231.7
Other liabilities		51.8	56.3	53.2
Accrued expenses and deferred income		100.5	97.4	89.5
<b>Total current liabilities</b>		<b>607.3</b>	<b>614.7</b>	<b>572.8</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,520.3</b>	<b>1,618.6</b>	<b>1,527.9</b>

## CONDENSED CONSOLIDATED REPORT OF CHANGES IN SHAREHOLDERS' EQUITY

Amount in SEK millions	Note	Jul - Sep 2020	Jul - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
<b>Opening balance</b>		483.8	442.0	<b>497.7</b>	<b>410.5</b>	<b>410.5</b>
Profit/loss for the period		6.6	0.9	-6.6	18.1	23.6
Other comprehensive income		-0.5	5.4	-1.5	13.2	7.1
<b>Total comprehensive income</b>		<b>6.1</b>	<b>6.3</b>	<b>-8.1</b>	<b>31.3</b>	<b>30.7</b>
<b>Transactions with shareholders</b>						
Non-cash issue		-	50.0	-	64.5	64.5
Warrant issue		-	-	0.3	-	-
Issue costs		-	-	-	-0.3	-0.3
Dividend		-	-	-	-7.7	-7.7
<b>Total contributions from and distributions to shareholders, recognized directly in equity</b>		<b>-</b>	<b>50.0</b>	<b>0.3</b>	<b>56.5</b>	<b>56.5</b>
<b>Closing balance</b>		<b>489.9</b>	<b>498.3</b>	<b>489.9</b>	<b>498.3</b>	<b>497.7</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Amount in SEK millions	Note	Jul - Sep 2020	Jul - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
<b>Cash flows from operating activities</b>						
Profit/loss after financial items		9.1	6.1	-1.7	29.3	32.3
Depreciations, amortizations and write-downs		23.0	21.8	82.9	64.3	92.2
Other non-cash items		1.1	1.2	1.7	1.8	4.8
Paid income tax		-11.7	-0.1	-17.2	-2.7	-1.7
<b>Cash flows from operating activities prior to the change in working capital</b>						
		<b>21.5</b>	<b>29.0</b>	<b>65.7</b>	<b>92.7</b>	<b>127.6</b>
<b>Total change in working capital</b>						
		<b>4.4</b>	<b>0.1</b>	<b>54.5</b>	<b>20.4</b>	<b>-5.6</b>
<b>Cash flows from operating activities</b>						
		<b>25.9</b>	<b>29.1</b>	<b>120.2</b>	<b>113.1</b>	<b>122.0</b>
<b>Cash flows from investing activities</b>						
Investments in subsidiaries	9	-	-60.7	-3.1	-89.4	-89.4
Investments in fixed assets		-20.8	-14.3	-55.0	-38.6	-50.5
Disposals of tangible fixed assets		-0.1	-	0.2	0.9	2.5
<b>Cash flows from investing activities</b>						
		<b>-20.9</b>	<b>-75.0</b>	<b>-57.9</b>	<b>-127.1</b>	<b>-137.4</b>
<b>Cash flows from financing activities</b>						
Warrant issue		-	-	0.3	-	-
New loans		41.2	85.6	94.8	137.1	149.5
Repayment of borrowings		-35.5	-22.9	-114.6	-91.9	-136.7
Dividends paid		-	-	-	-7.7	-7.7
<b>Cash flows from financing activities</b>						
		<b>5.7</b>	<b>62.7</b>	<b>-19.5</b>	<b>37.5</b>	<b>5.1</b>
<b>Increase/reduction in cash and cash equivalents</b>						
		<b>10.7</b>	<b>16.8</b>	<b>42.8</b>	<b>23.5</b>	<b>-10.3</b>
Cash and cash equivalents at the beginning of the period		98.4	85.1	66.7	77.5	77.5
Exchange differences in cash and cash equivalents		1.0	1.8	0.6	2.7	-0.5
<b>Cash and cash equivalents at the end of the period</b>						
		<b>110.1</b>	<b>103.7</b>	<b>110.1</b>	<b>103.7</b>	<b>66.7</b>



## CONDENSED PARENT COMPANY INCOME STATEMENT

Amount in SEK millions	Jul - Sep 2020	Jul - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
<b>Operating income</b>	<b>5.2</b>	<b>7.2</b>	<b>15.5</b>	<b>17.4</b>	<b>21.5</b>
<b>Operating expenses</b>	<b>-4.5</b>	<b>-3.5</b>	<b>-14.0</b>	<b>-16.0</b>	<b>-20.0</b>
<b>Operating profit</b>	<b>0.7</b>	<b>3.7</b>	<b>1.5</b>	<b>1.4</b>	<b>1.5</b>
<b>Profit/loss from financial items</b>					
Profit/loss from shares in group companies	-63.3	-	-82.3	-	-
Other interest income and similar income items	-	0.4	2.4	2.1	4.2
Interest charges and similar income items	-0.7	-0.6	-1.6	-1.0	-1.6
<b>Total profit/loss from financial items</b>	<b>-64.0</b>	<b>-0.2</b>	<b>-81.5</b>	<b>1.1</b>	<b>2.6</b>
<b>Profit/loss before tax</b>	<b>-63.3</b>	<b>3.5</b>	<b>-80.0</b>	<b>2.5</b>	<b>4.1</b>
Tax on profit for the period	-	-	-	-	-0.6
<b>Profit/loss for the period</b>	<b>-63.3</b>	<b>3.5</b>	<b>-80.0</b>	<b>2.5</b>	<b>3.5</b>

There are no parent company items that are recognized in comprehensive income, for which reason total comprehensive income is consistent with the profit/loss for the period.

## CONDENSED PARENT COMPANY BALANCE SHEET

Amount in SEK millions	Note	2020-09-30	2019-09-30	2019-12-31
<b>ASSETS</b>				
<b>Fixed assets</b>				
Financial fixed assets		387.2	458.6	453.7
<b>Total fixed assets</b>		<b>387.2</b>	<b>458.6</b>	<b>453.7</b>
<b>Current assets</b>				
Current receivables		1.9	1.6	1.4
Cash and cash equivalents		3.7	0.1	0.1
<b>Total current assets</b>		<b>5.6</b>	<b>1.7</b>	<b>1.5</b>
<b>TOTAL ASSETS</b>		<b>392.8</b>	<b>460.3</b>	<b>455.2</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Shareholders' equity		277.4	356.0	357.0
Long-term liabilities		54.6	77.4	70.1
Current liabilities		60.8	26.9	28.1
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>392.8</b>	<b>460.3</b>	<b>455.2</b>

## NOTES

### **Note 1            General information**

All amounts are reported in millions of SEK (SEK million) and refers to The Group unless otherwise stated. Information in brackets refers to the corresponding period of the preceding year. The interim information on pages 6 to 9 forms an integral part of this financial report.

### **Note 2            Basis for the preparation of reports and accounting principles**

HANZA Holding AB (publ) applies IFRS (International Financial Reporting Standards), as adopted by the European Union. This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The interim report for the parent company has been prepared in accordance with chapter 9 of the Swedish Annual Reports Act, and with RFR 2, Accounting for legal entities.

The Groups accounting principles are described in 2 of the company's 2019 annual report. These have been applied when this interim report was prepared too, but with the adjustments and clarifications below.

- HANZA has from 1 January 2020 adjusted the segment classification which is described in note 4.
- In connection with the covid-19 pandemic HANZA has had the possibility to use different types of government grants which are not covered by the descriptions in the 2019 annual report. The most important are temporarily reduced social security fees and postponed payments of taxes and social security fees. In cases where fees have been reduced the actual cost has been booked. Hence, the grants become cost reductions. Postponed payments of taxes and fees are interest-bearing and treated as other interest-bearing liabilities.

### **Note 3            Financial instruments - Fair value of financial liabilities valued at amortized cost**

The Group's borrowing consists of a large number of notes taken out at different times and with different maturities. Substantially all the loans carry a floating rate of interest. Against the background of the foregoing, the reported values may be deemed to provide a good approximation of fair values as the discount effect is not material.

### **Note 4            Revenue and segment information**

#### **Description of revenue from contracts with customers**

HANZA's revenue is attributable primarily to the production of components, subsystems and finished composite products according to the customer specifications, but where HANZA has been involved in customising the manufacturing process. HANZA's performance obligations are deemed to have been met when the component or composite product is delivered to the customer. Exceptions from the foregoing are cases where there is an agreement with the customer regarding a buffer stock of finished components or products. In these cases, the performance obligation is deemed to have been met at the time the component or product is placed in buffer stock, meaning that it is available to the customer.

The breakdown of external revenue by segment, which is in line with the Group's cluster-based organisation, is set out in the segment information section below. In addition, the recognition of external revenue is divided into the manufacturing technologies 'Mechanics' and 'Electronics' further below.

### Description of segment reporting

HANZA divide the operations into so called manufacturing clusters and applies a financial segment classification based on primary customer markets. Operational reporting is broken down into the following segments:

- **Main markets** – Manufacturing clusters located in or near HANZA's primary geographical customer markets, which currently consist of Sweden, Finland, Norway and Germany. These clusters currently comprise Sweden, Finland and Germany. The operations in these areas are characterised by closeness to the customers factories and close collaboration with customer development departments.
- **Other markets** – Manufacturing clusters outside of HANZA's primary geographical customer areas. These clusters currently consist of the Baltics, Central Europe and China. The operations are characterised by heavy labour input, complex, extensive monitoring, and closeness to important end-customer areas.
- **Business development** – Costs and revenues not allocated to the Manufacturing Clusters, which primarily consist of Group-wide functions within the parent company, as well as Group-wide adjustments not allocated to the other two segments

Ritter that was acquired in July 2019 with operations in Germany and Czech Republic was during 2019, organizationally included in cluster Central Europe and thereby included in former cluster Rest of the world. From the beginning of 2020, the organization has been developed so that the production units in the acquisition have been split into two different manufacturing clusters. Thereby has Germany come to form an own manufacturing cluster reported in segment Main markets (former Nordic), while the unit in Czech Republic is reported in Other markets (former Rest of the world), see definitions above. The values for 2019 have been recalculated. Transactions between segments are made on market terms.

### Revenues by segment

SEK millions	Jul - Sep 2020			Jul - Sep 2019		
	Segment revenues	Less sales between segments	Income from external customers	Segment revenues	Less sales between segments	Income from external customers
Main markets	266.1	-0.4	265.7	288.7	-2.2	286.5
Other markets	239.1	-1.7	237.4	236.1	-7.1	229.0
Business development	-	-	-	-	-	-
<b>Total</b>	<b>505.2</b>	<b>-2.1</b>	<b>503.1</b>	<b>524.8</b>	<b>-9.3</b>	<b>515.5</b>

SEK millions	Jan - Sep 2020			Jan - Sep 2019		
	Segment revenues	Less sales between segments	Income from external customers	Segment revenues	Less sales between segments	Income from external customers
Main markets	911.7	-2.4	909.3	807.5	-3.7	803.8
Other markets	765.5	-13.9	751.6	743.3	-27.4	715.9
Business development	0.3	-	0.3	0.1	-	0.1
<b>Total</b>	<b>1,677.5</b>	<b>-16.3</b>	<b>1,661.2</b>	<b>1,550.9</b>	<b>-31.1</b>	<b>1,519.8</b>

**Profit by segment**

Segment results are reconciled to profit/loss before tax as follows:

SEK millions	Jul - Sep 2020	Jul - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
<b>EBITA</b>					
Main markets	11.4	25.8	30.6	61.5	80.4
Other markets	10.2	-1.1	-0.7	9.1	3.2
Business development	-0.2	-7.3	-0.7	-14.4	-15.7
<b>Total EBITA</b>	<b>21.4</b>	<b>17.4</b>	<b>29.2</b>	<b>56.2</b>	<b>67.9</b>
Amortization and write-downs of intangible assets	-6.2	-3.1	-13.3	-7.5	-11.1
<b>Operating profit</b>	<b>15.2</b>	<b>14.3</b>	<b>15.9</b>	<b>48.7</b>	<b>56.8</b>
Financial items – net	-6.1	-8.2	-17.6	-19.4	-24.5
<b>Profit/loss before tax</b>	<b>9.1</b>	<b>6.1</b>	<b>-1.7</b>	<b>29.3</b>	<b>32.3</b>
<b>Non-recurring items</b>					
Revaluation of additional purchase price	-	-	-	-	1.1
Transaction costs	-	-5.0	-	-8.0	-8.4
Costs for change of listing	-	-	-	-3.7	-3.7
Write-down of assets	-	-	-	-	-3.0
Action programme covid-19	2,8	-	-24.7	-	-
Amortization of over-value in inventory identified in the acquisition of RITTER	-	-1.7	-	-1.7	-4.2
<b>Total</b>	<b>2,8</b>	<b>-6.7</b>	<b>-24.7</b>	<b>-13.4</b>	<b>-18.2</b>
<b>EBITA per segment excluding non-recurring items</b>					
Main markets	11.4	27.8	40.1	63.5	83,8
Other markets	7.4	-1.1	14.5	9.1	6,2
<b>Total</b>	<b>18.8</b>	<b>26.7</b>	<b>54.6</b>	<b>72.6</b>	<b>90.0</b>
Business development	-0.2	-2.6	-0.7	-3.0	-3.9
<b>Total</b>	<b>18.6</b>	<b>24.1</b>	<b>53.9</b>	<b>69.6</b>	<b>86.1</b>
Non-recurring items	2.8	-6.7	-24.7	-13.4	-18.2
<b>EBITA</b>	<b>21.4</b>	<b>17.4</b>	<b>29.2</b>	<b>56.2</b>	<b>67.9</b>

**Revenue from external customers by manufacturing technology**

SEK millions	Jul - Sep 2020	Jul - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
Mechanics	295.2	312.6	993.2	1,040.4	1,367.8
Electronics	207.9	202.9	667.7	479.3	699.8
Business development	-	-	0.3	0.1	0.1
<b>Total</b>	<b>503.1</b>	<b>515.5</b>	<b>1,661.2</b>	<b>1,519.8</b>	<b>2,067.7</b>

**Note 5 Other operating income and operating expenses**

SEK millions	Jul - Sep	Jul - Sep	Jan - Sep	Jan - Sep	Jan - Dec
<b>Other operating income</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
Profit on disposal of fixed assets	0.3	0.1	0.4	0.4	0.6
Revaluation of additional purchase price					1.1
Government grants	0.6		1.6		-
Exchange gains	1.4	1.7	3.0	2.9	4.5
Other items	1.5	0.5	3.4	1.6	2.4
<b>Total other operating income</b>	<b>3.8</b>	<b>2.3</b>	<b>8.4</b>	<b>4.9</b>	<b>8.6</b>
<b>Other operating expenses</b>					
Loss on disposal of fixed assets	-0.7	-0.1	-0.7	-0.1	-2.8
Exchange losses	-1.6	-0.6	-2.8	-2.5	-3.9
Other items		-0.1	-0.4	-0.4	-1.5
<b>Total other operating expenses</b>	<b>-2.3</b>	<b>-0.8</b>	<b>-3.9</b>	<b>-3.0</b>	<b>-8.2</b>

**Note 6 Financial income and expenses – Net financial items**

SEK millions	Jul - Sep	Jul - Sep	Jan - Sep	Jan - Sep	Jan - Dec
<b>Financial income</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
Interest income	-	-	-	0.4	0,5
<b>Total financial income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.4</b>	<b>0.5</b>
<b>Financial expenses</b>					
Interest expenses	-4.3	-6.0	-13.3	-14.6	-18.6
Net exchange gains and losses	-0.3	-1.0	-0.1	-1.3	-1.2
Other financial expenses	-1.5	-1.2	-4.2	-3.9	-5.2
<b>Total financial expenses</b>	<b>-6.1</b>	<b>-8.2</b>	<b>-17.6</b>	<b>-19.8</b>	<b>-25.0</b>
<b>Total financial items - net</b>	<b>-6.1</b>	<b>-8.2</b>	<b>-17.6</b>	<b>-19.4</b>	<b>-24.5</b>

**Note 7 Income tax**

The effective tax rate for the quarter was 27 percent (85). A part of the Group's operations derives from Estonia, where profits are only taxed upon distribution of dividends. The parent company rules over the dividends and there are currently no plans or needs to take dividends, which would result in taxes, from the Estonian companies. The Estonian tax rate has therefore been set at 0 percent for purposes of the calculation. The effective tax rate therefore varies according to the proportion of pre-tax profits stemming from Estonia and from units where the company has deemed that deferred tax assets cannot be booked due to insecurity about the possibility to use the tax losses in the future.

**Note 8 Number of shares**

The table below shows the average numbers of shares before and after dilution, that have been used in the calculation of earnings per share. The number of shares at the end of the period is also shown.

<b>Number of shares</b>	<b>Jul - Sep 2020</b>	<b>Jul - Sep 2019</b>	<b>Jan - Sep 2020</b>	<b>Jan - Sep 2019</b>	<b>Jan - Dec 2019</b>
Weighted average number of shares before dilution	33,979,928	33,001,667	33,979,928	31,500,912	32,125,760
Adjustment upon calculation of earnings per share after dilution:					
Warrants	-	-	-	857	617
Weighted average number of shares after dilution	33,979,928	33,001,667	33,979,928	31,501,769	32,126,377
Number of shares at the end of the period	33,979,928	33,979,928	33,979,928	33,979,928	33,979,928

**Note 9 Acquisitions of subsidiaries**

HANZA Holding have not done any acquisitions during 2020. In February, a liability referring to an additional purchase price from the acquisition of Toolfac oy amounting to SEK 3.1 million was settled. The liability was settled without any effect on the income statement.

The acquisition analysis for RITTER, which was acquired on July 25<sup>th</sup>, 2019 was determined as of June 30<sup>th</sup>, 2020, in which the items accrued liabilities and prepaid income were increased by SEK 5.3 million and deferred tax assets were increased by SEK 1.7 million. Goodwill in the acquisition thereby increased by SEK 3.6 million. The balance sheets for previous periods have been recalculated which affects the comparison values for September 30, 2019 and December 31, 2019 in this report. Also, the equity ratio as of those dates are marginally affected. Income statements for previous periods are not affected by the changes.

## KEY RATIOS

	Jul - Sep 2020	Jul - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
<b>Key ratios according to IFRS</b>					
Net sales, SEK millions	503.1	515.5	1,661.2	1,519.8	2,067.7
Earnings per share before dilution, SEK	0.20	0.03	-0.19	0.58	0.73
Earnings per share after dilution, SEK	0.20	0.03	-0.19	0.58	0.73
Average number of employees	1,325	1,701	1,546	1,573	1,603
<b>Alternative performance measurements</b>					
EBITDA margin, % <sup>*)</sup>	7.6%	7.0%	5.9%	7.4%	7.2%
Operating margin, %	3.0%	2.8%	1.0%	3.2%	2.7%
Operational segments EBITA, SEK millions	21.6	24.7	29.9	70.6	83.6
Operational EBITA margin, %	4.3%	4.8%	1.8%	4.6%	4.0%
Operating capital, SEK millions <sup>*)</sup>	994.4	1,055.9	994.4	1,055.9	1,041.0
Return on operating capital, % <sup>*)</sup>	2.2%	1.9%	2.9%	6.5%	7.9%
Capital turnover on operating capital, times <sup>*)</sup>	0.5	0.6	2.2	2.3	2.4
Net interest-bearing debt, SEK millions <sup>*)</sup>	504.5	557.6	504.5	557.6	543.3
Net debt/equity ratio, times <sup>*)</sup>	1.0	1.1	1.0	1.1	1.1
Operational net debt, SEK millions	324.8	345.4	324.8	345.4	350.2
Equity ratio, % <sup>*)</sup>	32.2%	30.8%	32.2%	30.8%	32.6%
Equity per share at end of period, SEK	14.42	14.66	14.42	14.66	14.65

The alternative performance measurements above are considered relevant to give a picture of HANZA's operational profitability, the distribution of financing between equity and external financing, return on contributed capital and the company's financial risk. Reconciliation tables for alternative performance measurements and motives for using each measurement are published on the company's web page.

## FORTHCOMING DISCLOSURES

Year-end report for the period January-December 2020 will be presented on Tuesday February 16, 2021

Annual report for 2020 will be published during week 13, 2021

The interim report for the period January-March 2021 will be presented on Monday April 26, 2021

Annual general meeting will be held on Monday April 26, 2021

The interim report for the period January-June 2021 will be presented on Tuesday July 27, 2021

The interim report for the period January-September 2021 will be presented on Tuesday November 9, 2021

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## DEFINITIONS, ALTERNATIVE PERFORMANCE MEASUREMENTS AND TERMS

- **KEY RATIOS ACCORDING TO IFRS - Definitions**

**EBIT** refers to earnings before interest and taxes and is the same as operating profit

- **ALTERNATIVE PERFORMANCE MEASUREMENTS – Definitions, reconciliation and motives**

The alternative performance measurements below are used in this report. Reconciliation tables for alternative performance measurements and motives for using each measurement are published on the company's web page.

**Business development costs** include costs incurred in special projects to develop the Group which are not related to the operating activities, such as acquisitions, disposals and listing costs.

**Business development segment EBITA** includes business development costs. EBITA and EBIT are equal for this segment.

**Gross margin** refers to net sales less cost of raw materials and consumables and change in inventories in production, finished goods and work in progress on behalf of others, divided by net sales

**EBITDA** refers to earnings before interest, taxes, depreciation and amortization of tangible and intangible assets

**EBITDA margin** is EBITDA divided by net sales

**EBITA** refers to earnings before interest, taxes and amortization of intangible assets

**Equity per share** is equity on the balance sheet date, adjusted for not registered equity, divided by the registered number of shares on the balance sheet date.

**Non-recurring items** are revenue and expense items in the operating profit which only by way of exception occurs in the operations. To non-recurring items are referred revenues and expenses such as acquisition costs, revaluation of additional purchase prices, profit or loss on disposal of buildings and land, debt concession, costs of larger restructurings such as moving of whole factories and larger write-downs.

**Capital turnover on average operating capital**, refers to net sales divided by average operating capital

**Operational segments EBITA** (operational EBITA) is EBITA before business development costs

**Operating profit from operational segments** (operating EBIT) is operating profit before business development costs

**Operational EBITA margin** refers to operational segments EBITA divided by net sales

**Operating capital** is the balance sheet total less cash and cash equivalents, financial assets and non-interest-bearing liabilities

**Operational net debt** is interest-bearing liabilities, excluding provisions for post-employment benefits and lease liabilities related to buildings and premises, less cash in hand and similar assets and short-term investments

**Net debt/equity ratio** is net interest-bearing debt divided by shareholders' equity

**Return on operating capital** is operating EBITA divided by average operating capital

**Net interest-bearing debt** is interest-bearing liabilities, including provisions for post-employment benefits, less cash in hand and similar assets and short-term investments

**Operating margin (EBIT margin)** is operating profit divided by net sales

**Equity ratio** is shareholders' equity divided by the balance sheet total

When earning measures are presented on a **rolling 12-months basis** they refer to the total for the last 12 months up to the presented period

- **TERMS – Definitions established by HANZA**

**CORE** (Cluster Operational Excellence) is a method used by HANZA to develop the factories operationally, which are carried out in shape of projects.

**MIG** (Manufacturing Solutions for Increased Growth & Earnings) is an advisory service developed by HANZA which analyses and gives advices on improvements in the customers complete manufacturing and logistic chain.

**MCS** (Material Compliance Services) is a service developed by HANZA which helps the customer to secure that a product fulfils regulations regarding included components.

**Manufacturing cluster** HANZA gathers a number of contract manufacturing technologies within certain geographical areas called manufacturing clusters.

## ABOUT HANZA

HANZA is a global knowledge-based manufacturing company that modernizes and streamlines the manufacturing industry. Through production facilities with various manufacturing technologies grouped into local clusters as well as advisory services, we create shorter lead times, more environmentally friendly processes and increased profitability for our customers.

The company was founded in 2008 and had sales exceeding SEK 2 billion in 2019. The company has operations in seven countries; Sweden, Germany, Finland, Estonia, Poland, the Czech Republic and China.

Among HANZA's clients are leading companies such as ABB, Epiroc, GE, Getinge, Oerlikon, Saab and Siemens.

Read more on [www.hanza.com](http://www.hanza.com)

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HANZA's share is listed on Nasdaq Stockholm