INTERIM REPORT
SECOND QUARTER 2017

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INTERIM REPORT 1 January - 30 June 2017

The HANZA Group was created through two organizational phases. During phase 2, various manufacturing technologies have been consolidated into five geographical areas, or *clusters*, as part of the *Frontrunner* program.

Frontrunner was completed during the reporting period. Financial items deriving from the cluster project, such as factory relocations, disposals of machinery and discontinued customer volumes, are indicated with a reference to Frontrunner. For more information, please refer to the sections entitled *Impact of Frontrunner* and *Turnover and financial result*.

SECOND QUARTER (1 April - 30 June 2017)

- Net turnover increased by 7.3% to SEK 367.6 million (342.5).
- Operating profit from the operational business areas amounted to SEK 14.4 million (11.4). The Group's operating profit amounted to SEK 14.0 million (10.5). Frontrunner has an effect on operating profit in the amount of SEK 3.7 million (-2.0).
- Profit after tax amounted to SEK 8.0 million (3.3), which corresponds to SEK 0.36 per share (0.16).
- Cash flow from operating activities amounted to SEK 2.0 million (26.3).

FIRST SIX MONTHS (1 January - 30 June 2017)

- Net turnover increased by 5.4% to SEK 717.6 million (681.1).
- Operating profit from the operational business areas amounted to SEK 23.6 million (25.9). The Group's operating profit amounted to SEK 22.4 million (23.0). Frontrunner has an effect on operating profit in the amount of SEK -0.5 million (+0.3).
- Profit after tax amounted to SEK 11.3 million (8.7), which corresponds to SEK 0.52 per share (0.42).
- Cash flow from operating activities amounted to SEK 35.1 million (32.0).

Comments from HANZA's CEO Erik Stenfors:

"Yet another successful quarter. We continue to reduce our debt while at the same time posting healthy organic growth. Since the turn of the year, we have reduced net interest-bearing debt by SEK 60 million, from SEK 227 million to 167 million. Moreover, as announced previously, we have been forced to revise our plan for the final factory relocation in Finland, yet are still able to report a positive margin for the Mechanics segment (2.1%). We maintain an industry-leading margin of 7.3% within the Electronics segment."

"Over the course of eight years and two phases, we have systematically developed HANZA into an international billion SEK industry. A long-term focus and a strong business model have caused HANZA to attract the best owners, customers and employees. Since the previous report, the board of directors has been expanded to include Gerald Engström and Helene Richmond. We have also signed agreements with Saab and Getinge, and recruited Andreas Nordin and Petra Duprez to join Group management."

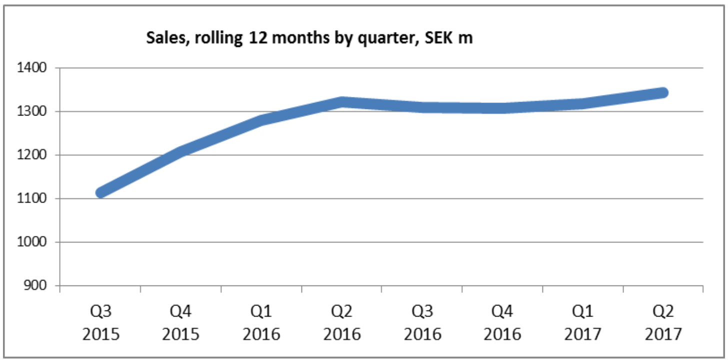
"HANZA's unique combination of consultancy services and complete manufacturing enables us to gain new market shares. This year, our focus is on continued streamlining of our Manufacturing clusters. After that we will be ready to expand our offer to the rest of Europe – HANZA enters its third phase."

MATERIAL EVENTS DURING THE SECOND QUARTER OF 2017

- In May, HANZA intensified its collaboration with the defense and security group Saab by signing an additional agreement with an order value of approximately SEK 16 million. Manufacturing under this contract will take place in HANZA's manufacturing cluster in Sweden.
- Board members Mikael Smedeby, Francesco Franzé and Håkan Halén were re-elected at the annual general meeting held on 10 May, and Gerald Engström and Helene Richmond were elected to the board for the first time. Mikael Smedeby was elected Chairman of the Board, while Francesco Franzé was elected Vice-Chairman.
- A lease agreement was signed with the landlord in Vaasa, Finland, after which the local court approved HANZA's reorganization of the business in May. The group's second phase is thus complete.
- In May, HANZA divested a property in Estonia that had been released as part of the company's cluster program. The sale generated a positive non-recurring item in the amount of SEK 2.4 million, which helps offset the negative non-recurring items that arose in connection with liquidations, redundancies and factory relocations.

MATERIAL EVENTS AFTER THE END OF THE REPORTING PERIOD

- In July, HANZA signed a manufacturing agreement with the international medical technology company Getinge for an initial order value in excess of EUR 1 million. Production under this contract will take place in HANZA's manufacturing cluster in Estonia.
- HANZA is strengthening the Group management for the forthcoming expansion by recruiting a Chief Operating Officer (COO) and a Head of Strategic HR (SHR), both of whom will be joining the Group on 1 September 2017. At the same time, HANZA announces that the company's CFO intends to leave the company by no later than the start of 2018.



The HANZA Group's sales performance. The figure shows how sales increased through the acquisition of Metalliset in 2015 and how the closed factories and customers who were phased out during the Frontrunner program in 2016 have successfully been replaced with new volumes

CEO'S COMMENTS

Continued improvement in profitability
HANZA is the only manufacturing partner that has designed rational manufacturing environments by relocating factories to selected geographical areas, i.e. our Manufacturing clusters. In 2015 and 2016, we finalized six such factory relocations and were proud to report that we remained profitable – in spite of significant organizational costs.

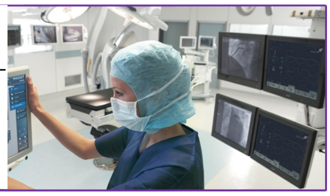
Today we present yet another successful quarter. At the same time that turnover is growing, we continue to decrease our debts. Since the turn of the year, we have reduced net debt by SEK 60 million, from SEK 227 million to SEK 167 million.

We are seeing an improvement in terms of earnings as well. As described in our previous report, a dispute concerning a lease in Finland led to us to delay the final transfer of mechanics to the second quarter of 2017. This delay had a negative effect on the mechanics segment, for example caused by parallel production, which generated both additional costs and higher materials consumption. However, we have managed to balance the negative onetime costs with positive non-recurring items, and we present a positive margin in the Mechanics segment (2.1%). Meanwhile, we maintain an industry-leading operating margin of 7.3% within the Electronics segment; and thus, the Group's total operating margin amounted to 3.8%. Moreover, reduced interest charges contributed to an improvement in earnings per share (EPS), which increased from 16 öre per share for Q2 2016, to 36 öre per share for Q2 2017.

Long-term thinking as a success factor
Working from a strong business model, we have built up HANZA methodically over the course of eight years and two phases. Long-term thinking organized under a clear vision has helped HANZA grow into an international billion SEK industry that attracts the best owners, customers and employees.

Some examples: Since our previous report, we have announced that the board of directors has been expanded to include the entrepreneur behind Systemair, Gerald Engström, as well as the Manager from SKF, Helene Richmond. We have signed new agreement with the defense group Saab and the medical technology group Getinge. And we have recruited Andreas Nordin and Petra Duprez to join Group management – both of whom bring a great deal of competence and experience to the table.

The defense group Saab and the medical technology company Getinge – two global leaders that entered into new agreements with HANZA during Q2 2017



Market demand provide good prospects for the future
There is a significant need on the market for a manufacturing partner that offers more customer value than traditional contract manufacturers. Our unique concept, which combines consultancy services with complete manufacturing, enables us to consistently gain new market shares.

We plan to continue developing HANZA step by step. Our current focus is on the finalization and continued streamlining of our unique Manufacturing clusters, which is why we have expanded the Group management. After that we plan to expand our offer to customers in the rest of Europe, meaning that HANZA enters its third phase of development!

MARKET PERFORMANCE

HANZA's primary market is the Nordic region, but customers are also located in the rest of Europe, Asia and the US. HANZA's exposure to a broad range of industries means that general economic conditions are normally reflected in HANZA's volumes.

We are seeing strong global growth. In Europe, growth has spread from Germany to other major economies, such as those of France and Spain. The United States has also posted an upswing compared to the first quarter. China has posted a strong first half of the year, but we may see a slowdown during the remainder of 2017.

Sweden saw strong demand during the second quarter. According to the August update issued by the National Institute of Economic Research, the economic boom will continue through the remainder of 2017. Demand is also healthy in Finland, whereas the industrial sector in Norway declined somewhat during Q2 2017.

HANZA does not provide sales forecasts, but concludes that the prospects for continued organic growth are very good.

THE IMPACT OF FRONTRUNNER

The HANZA Group was created through two organizational phases. During phase 2, a special program called *Frontrunner* was carried out for the purpose of rapidly finalizing a unique cluster structure, i.e. creating select geographical areas where HANZA is able to offer multiple manufacturing technologies. Under Frontrunner therefore, select production volumes and standalone factories have been moved to the clusters.

In terms of volume, manufacturing corresponding to annual turnover of approximately SEK 150 million has been discontinued under the program. In addition, the majority of single-technology production in the telecom industry has been phased out, in close cooperation with the customer. In 2014, single-technology manufacturing accounted for one of the Group's largest individual sales volumes, with annual turnover significantly in excess of SEK 100 million, whereas today such production accounts for annual turnover of less than SEK 10 million. The changeover was motivated by the Group's focus on complete manufacturing and MIG™ projects, which creates greater value for customers and therefore also for HANZA.

Experience shows that staff redundancies in connection with a factory closure incur liquidation costs in excess of SEK 100,000 per person. In 2016, such staff redundancies affected approximately 130 people. Staff redundancies have continued in Vaasa, Finland in 2017. Building costs during liquidation initiatives depend on whether the property is owned or rented. The costs of the program have been reported on an ongoing, quarterly basis in the company's interim reports; see Note 4. In terms of cash flow, the aggregation of production units ("Cluster Formation") normally reduces the ratio of capital tied up.

HANZA has not allocated a restructuring reserve for Frontrunner, but has recognized the costs on an ongoing basis in the income statement (see Turnover and financial result below). One of the goals of Frontrunner was to compensate for negative non-recurring items, such as severance packages and building costs, by means of positive items, such as the structured disposal of assets that can be freed up when concentrating business operations into clusters. The restructuring program had an impact during the first six months of 2017; on a combined basis, the items generated a non-recurring item in the amount of SEK -0.5 million, of which SEK +3.7 million is attributable to the second quarter. These costs are largely reflected in gross margin.

SEK millions	**Apr - June 2017**	**Apr - June 2016**	**Jan - June 2017**	**Jan - June 2016**	**Jan - Dec 2016**
Net turnover	367.6	342.5	717.6	681.1	1,305.8
Operating profit from operational business areas	14.4	11.4	23.6	25.9	30.0
Business development	-0.4	-0.9	-1.2	-2.9	-4.8
Operating profit	14.0	10.5	22.4	23.0	25.2
Cash flow from operating activities	2.0	26.3	35.1	32.0	41.6
Net interest-bearing debt	166.8	212.4	166.8	212.4	226.7
Equity ratio	38.0%	35.7%	38.0%	35.7%	35.6%

TURNOVER AND FINANCIAL RESULT

Second quarter

Net turnover increased by 7.3%, to SEK 367.6 million (342.5). However, comparative figures from previous years include volumes that were discontinued as part of the Frontrunner program (see above), meaning that underlying organic growth is higher. Because of our broad-based business activities, revenue is fairly non-seasonal, with the exception of the third quarter, which comes out lower due to the summer period.

EBITDA for the quarter amounted to SEK 24.8 million (22.2), which corresponds to an EBITDA margin of 6.7% (6.5). Depreciation during the period amounted to SEK 10.8 million (11.7). The Group's operating profit amounted to SEK 14.0 million (10.5), which corresponds to an operating margin of 3.8% (3.1).

The reported operating income is inclusive of all expenses, even those incurred under special program like Frontrunner. No separate restructuring reserve or the equivalent has been established for this reason. However, HANZA does recognize the non-recurring items in notes, such as severance packages, rental costs set aside for the liquidation of premises, stock scrapping and impairment of assets that will not be utilized in the future, etc. HANZA's strategy is to free up and sell off excess assets during factory consolidation in order to offset the additional costs incurred by the establishment of the Cluster structure. The net result of these items for the second quarter was positive in the amount of SEK 3.7 million, due to the reorganization in Vaasa and the sale of a property in Estonia, see Note 4. This amount only includes items directly attributable to the program. In addition to this there are indirect costs such as quality assurance work, changeover of material structures, internal training of new staff, etc.

For Q2 2017, the Electronics segment is reporting an operating profit of SEK 9.5 million (6.5), which corresponds to an operating margin of 7.3% (5.3). Turnover increased by 7.7%, to SEK 129.3 million (121.6).

The Mechanics segment's operating profit runs to SEK 4.9 million (4.9), which corresponds to an operating margin of 2.1% (2.2). Unlike the Electronics segment, the Mechanics segment continues to be burdened by non-recurring items. Direct non-recurring items within the Mechanics segment during Q2 amounted to SEK 4.6 million (-2.0); see also Note 4. There are indirect costs in addition to this that are not reported explicitly; see above.

We recognize costs associated with special projects to develop the Group and which are not linked to HANZA's operational activities under the Business development segment; such special projects include acquisitions, disposals, listing costs, the development of service products, etc. During the second quarter, operating profit for the Business development segment amounted to SEK -0.4 million (-0.9).

Gross margin amounts to 40.5% (44.2). The reduced margin is due primarily to the non-recurring costs linked to the conclusion of the Group's "Frontrunner" organizational phase. Changes in the customer mix have lowered the gross margin as well, as the number of customers who provide their own materials has diminished. Other external charges amounted to SEK -49.0 million (-47.9), while costs of personnel amounted to SEK -86.2 million (-87.1).

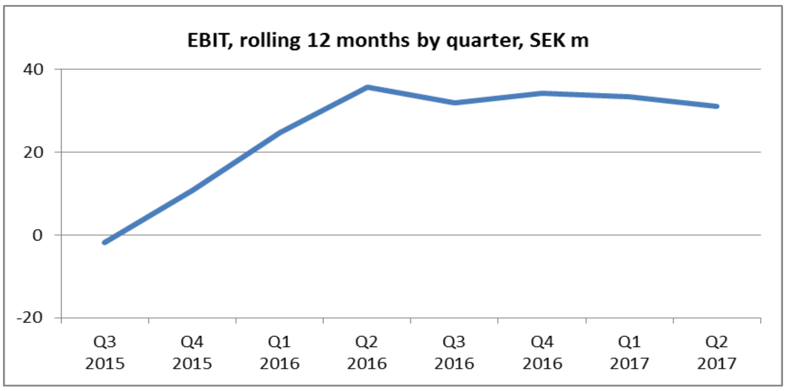
Net financial items during the quarter amounted to SEK -4.9 million (-6.2). Of this amount, net interest income/expenses amounts to SEK -3.0 million (-3.7). The decrease in net interest expenses is a consequence of lower net debt and lower interest rates.

Profit before tax amounted to SEK 9.1 million (4.3). Profit after tax amounted to SEK 8.0 million (3.3).

First six months
HANZA's net turnover increased by 5.4% to SEK 717.6 million (681.1) during the first half of the year.

EBITDA for the first six months amounted to SEK 44.8 million (46.6), which corresponds to an EBITDA margin of 6.2% (6.8). Depreciation during the period amounted to SEK 22.4 million (23.6). The gross margin amounted to 41.6% (44.6). The Group's operating profit (EBIT) amounted to SEK 22.4 million (23.0), which corresponds to an operating margin of 3.1% (3.4).

Net financial items amounted to SEK -8.6 million (-12.5), of which net interest income/expenses amounted to SEK -6.1 million (-8.6). The improvement is primarily attributable to lower net debt and lowered interest rates; see Note 6. Profit before tax amounted to SEK 13.8 million (10.5). Profit after tax amounted to SEK 11.3 million (8.7).



The HANZA Group's EBIT performance, excluding direct non-recurring items. The graph shows operating profit, excluding direct non-recurring items, which are recognized separately. In addition, there are indirect non-recurring items that cannot be quantified.

CASH FLOW AND INVESTMENTS

Cash flows from operating activities during the second quarter amounted to SEK 2.0 million (26.3). During the quarter, cash flow was adversely affected by increased working capital in the amount of SEK -18.8 million (+15.3). The increase in working capital is the effect of the Group's growth and major customer projects. However, the aggregation of production units ("Cluster formation") entails a reduction in capital tied up as well as lower investment needs as compared to traditional standalone production units.

Cash flows from investing activities during the second quarter amounted to SEK 8.6 million (12.2), comprising investments in machinery and equipment in the amount of 4.9 SEK million (2.9), and disposals of fixed assets in the amount of SEK 13.5 million (15.1). During the quarter, outstanding loans decreased in the amount of SEK 10.2 million (decrease in the amount of 32.0).

FINANCIAL POSITION

Shareholders' equity at the end of the period amounted to SEK 298.0 million (270.3), whereas the equity ratio was 38.0% (35.7).

The balance sheet total amounted to SEK 783.7 million (756.8). Cash and cash equivalents amounted to SEK 42.2 million (29.0) at the end of the period. Net interest-bearing debt amounted to SEK 166.8 million (212.4) at the end of the period.

EMPLOYEES

During the quarter, the average number of employees in the Group was 1,416 (1,351). The number of employees at the end of the period is 1,395, whereas the number at the start of the year was 1,399.

THE PARENT COMPANY

The parent company's net turnover, which consists exclusively of income from Group companies, amounted to SEK 2.5 million (0.7) during the second quarter. Profit before tax for the quarter amounted to SEK -0.7 million (-2.9). No investments have been effected in the parent company.

SHARES

At the beginning of the year, Hanza had an outstanding convertible loan from Färna Invest AB in a nominal amount of SEK 15.0 million. This loan was converted at the beginning of March at a strike price of 9.29, causing the number of shares to increase by 1,614,639 units, for a total of 22,324,008 units at the end of the period. There were no changes in the number of shares outstanding during the second quarter. There is only one share class. Erik Penser Bank AB is the company's Certified Adviser, and also acts as the market maker.

The shares trade on the Nasdaq First North Premier Stockholm. The Premier segment places more stringent demands on the company in terms of disclosure and reporting than the ordinary First North rules. The Premier segment also holds the company to a higher level of transparency, which serves to prepare the company for a possible transfer over to Nasdaq's main lists. The share price at the end of the period was SEK 10.65 (8.35).

Since 2016, there has also been a warrants program in place for 1,001,000 warrants, under which warrant holders are entitled to subscribe for 1 share at SEK 12 from 1 November 2018 until 31 December 2018. Of these warrants, 721,000 have been offered and subscribed for as at the end of the period. After the end of the period, another 175,000 warrants were offered and subscribed for. Thus, the total number of subscribed warrants is 896,000.

MATERIAL RISKS AND UNCERTAINTIES

The risk factors that are most material to HANZA are the financial risks and changes in the market. For more information about risks and uncertainties, please refer to Note 3 in the company's 2016 annual report. There have been no material changes in the risks since the preparation of the 2016 annual report.

RELATED PARTY TRANSACTIONS

During the quarter, there have been no transactions between the HANZA Group and related parties with a material effect on the Group's position or earnings.

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, 28 August 2017

On behalf of the Board of directors

Erik Stenfors, CEO

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

FINANCIAL REPORTS

CONSOLIDATED REPORT ON COMPREHENSIVE INCOME

Amount in SEK millions	Note	Apr - June 2017	Apr - June 2016	Jan - June 2017	Jan - June 2016	Jan - Dec 2016
Net turnover	**4**	**367.6**	**342.5**	**717.6**	**681.1**	**1,305.8**
Change of inventories in production, finished goods and work in progress on behalf of others		8.6	-2.8	13.4	-4.4	4.3
Raw materials and consumables		-227.3	-188.3	-432.7	-372.7	-722.6
Other external charges		-49.0	-47.9	-95.5	-98.0	-196.2
Costs of personnel		-86.2	-87.1	-171.6	-170.5	-332.8
Depreciation		-10.8	-11.7	-22.4	-23.6	-47.5
Other operating income	5	11.9	8.7	15.8	14.4	20.7
Other operating expenses	5	-0.8	-2.9	-2.2	-3.3	-6.5
Operating profit	**4**	**14.0**	**10.5**	**22.4**	**23.0**	**25.2**
Profit/loss from financial items						
Financial income		-	0.3	-	0.3	0.3
Financial expenses		-4.9	-6.5	-8.6	-12.8	-22.0
Financial items – net	**6**	**-4.9**	**-6.2**	**-8.6**	**-12.5**	**-21.7**
Profit/loss before tax		**9.1**	**4.3**	**13.8**	**10.5**	**3.5**
Income tax		-1.1	-1.0	-2.5	-1.8	-1.6
Profit/loss for the period		**8.0**	**3.3**	**11.3**	**8.7**	**1.9**
Other comprehensive income						
Items that can subsequently be reversed in profit or loss						
Exchange rate differences		4.0	4.7	3.9	7.2	11.4
Other comprehensive income for the period		**4.0**	**4.7**	**3.9**	**7.2**	**11.4**
Total comprehensive income for the period		**12.0**	**8.0**	**15.2**	**15.9**	**13.3**

Profit/loss for the period and total comprehensive income are in their entirety attributable to the parent company's shareholders

Earnings per share before dilution, SEK	0.36	0.16	0.52	0.42	0.09
Earnings per share after dilution, SEK	0.36	0.15	0.51	0.41	0.09
Weighted average number of shares before dilution	22,324,008	20,642,179	21,797,689	20,642,179	20,651,884
Adjustment upon calculation of earnings per share after dilution:					
Convertibles	-	349,267	526,319	341,242	1,538,917
Weighted average number of shares after dilution	22,324,008	20,991,446	22,324,008	20,983,421	22,190,801

CONDENSED CONSOLIDATED BALANCE SHEET

Amount in SEK millions	Note	2017-06-30	2016-06-30	2016-12-31
ASSETS				
Fixed assets				
Intangible assets				
Goodwill		146.1	143.9	145.1
Other intangible assets		0.5	0.3	0.5
Intangible assets		**146.6**	**144.2**	**145.6**
Tangible fixed assets		**216.1**	**239.2**	**243.5**
Financial fixed assets				
Other long-term securities holdings		0.3	0.3	0.3
Deferred tax assets		16.2	16.1	17.2
Financial fixed assets		**16.5**	**16.4**	**17.5**
Total fixed assets		**379.2**	**399.8**	**406.6**
Current assets				
Inventories		266.4	231.5	243.5
Accounts receivable		62.3	68.4	57.2
Other receivables		23.7	18.0	14.6
Prepayments and accrued income		9.9	10.1	9.6
Cash and cash equivalents		42.2	29.0	24.1
Total current assets		**404.5**	**357.0**	**349.0**
TOTAL ASSETS		**783.7**	**756.8**	**755.6**

CONDENSED CONSOLIDATED BALANCE SHEET, cont'd

Amount in SEK millions	Note	2017-06-30	2016-06-30	2016-12-31
SHAREHOLDERS' EQUITY				
Shareholders' equity attributable to the parent company's shareholders		**298.0**	**270.3**	**268.8**
LIABILITIES				
Long-term liabilities				
Liabilities to credit institutions	3	93.3	109.0	69.1
Convertible loan		-	13.3	-
Non-interest bearing long-term liabilities		7.5	6.8	7.1
Total long-term liabilities		**100.8**	**129.1**	**76.2**
Current liabilities				
Overdraft facility	3	63.1	48.3	74.5
Liabilities to credit institutions	3	43.9	60.5	86.4
Convertible loan		-	4.5	13.9
Other interest-bearing liabilities		8.7	5.8	6.9
Accounts payable		182.5	159.3	155.2
Other liabilities		36.8	24.4	25.1
Accrued expenses and deferred income		49.9	54.6	48.6
Total current liabilities		**384.9**	**357.4**	**410.6**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**783.7**	**756.8**	**755.6**
Shareholders' equity per share at the end of the period, SEK		13.34	13.09	12.98
Number of shares at the end of the period		22,324,008	20,642,179	20,709,369

CONSOLIDATED REPORT OF CHANGES IN SHAREHOLDERS' EQUITY

Amount in SEK millions	Share capital	Other contributed capital	Reserves	Profit/loss carried forward including comprehensive income for the period	Total shareholders' equity
Opening balance as at 1 January 2016	**2.0**	**294.8**	**-3.3**	**-39.4**	**254.1**
Profit/loss for the period	-	-	-	1.9	1.9
Other comprehensive income					
Exchange rate differences	-	-	11.4	-	11.4
Total comprehensive income			**11.4**	**1.9**	**13.3**
Employee stock options	-	0.9	-	-	0.9
New share issue	0.1	0.6	-	-	0.7
Issue costs	-	-0.2	-	-	-0.2
Total contributions from and distributions to shareholders, recognized directly in equity	**0.1**	**1.3**	**-**	**-**	**1.4**
Closing balance as at 31 December 2016	**2.1**	**296.1**	**8.1**	**-37.5**	**268.8**
Opening balance as at 1 January 2017	**2.1**	**296.1**	**8.1**	**-37.5**	**268.8**
Profit/loss for the period	-	-	-	11.3	11.3
Other comprehensive income					
Exchange rate differences	-	-	3.9	-	3.9
Total comprehensive income	**-**	**-**	**3.9**	**11.3**	**15.2**
Issue costs	-	-0.1	-	-	-0.1
Conversion of convertible loan	0.1	14.0	-	-	14.1
Total contributions from and distributions to shareholders, recognized directly in equity	**0.1**	**13.9**	**-**	**-**	**14.0**
Closing balance as at 30 June 2017	**2.2**	**310.0**	**12.0**	**-26.2**	**298.0**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Amount in SEK millions	Apr - June 2017	Apr - June 2016	Jan - June 2017	Jan - June 2016	Jan - Dec 2016
Cash flows from operating activities					
Profit/loss after financial items	9.1	4.3	13.8	10.5	3.5
Depreciation	10.8	11.4	22.4	23.3	47.5
Other non-cash items	-1.5	-2.4	-3.1	-5.3	-7.4
Paid income tax	2.4	-2.3	0.8	-4.2	-4.6
Cash flows from operating activities prior to the change in working capital	**20.8**	**11.0**	**33.9**	**24.3**	**39.0**
Total change in working capital	**-18.8**	**15.3**	**1.2**	**7.7**	**2.6**
Cash flows from operating activities	**2.0**	**26.3**	**35.1**	**32.0**	**41.6**
Cash flows from investing activities					
Investments in fixed assets	-4.9	-2.9	-8.0	-7.7	-28.2
Disposals of tangible fixed assets	13.5	15.1	19.9	20.2	28.5
Cash flows from investing activities	**8.6**	**12.2**	**11.9**	**12.5**	**0.3**
Cash flows from financing activities					
New share issue	-	-	-	-	-0.2
Change in loans	-10.2	-32.0	-28.7	-64.7	-67.8
Cash flows from financing activities	**-10.2**	**-32.0**	**-28.7**	**-64.7**	**-68.0**
Reduction/increase in cash and cash equivalents	**0.4**	**6.5**	**18.3**	**-20.2**	**-26.1**
Cash and cash equivalents at the beginning of the period	42.2	21.8	24.1	48.8	48.8
Exchange differences in cash and cash equivalents	-0.4	0.7	-0.2	0.4	1.4
Cash and cash equivalents at the end of the period	**42.2**	**29.0**	**42.2**	**29.0**	**24.1**

CONDENSED PARENT COMPANY INCOME STATEMENT

Amount in SEK millions	Apr - June 2017	Apr - June 2016	Jan - June 2017	Jan - June 2016	Jan - Dec 2016
Operating income	**2.5**	**0.7**	**4.4**	**1.4**	**9.2**
Operating expenses	**-3.0**	**-3.1**	**-6.1**	**-5.5**	**-12.1**
Operating profit	**-0.5**	**-2.4**	**-1.7**	**-4.1**	**-2.9**
Profit/loss from financial items					
Profit/loss from shares in group companies	-	0.3	-	2.1	2.1
Other interest income and similar income items	0.1	0.3	0.4	0.7	1.2
Interest charges and similar income items	-0.3	-1.1	-0.9	-2.2	-4.2
Total profit/loss from financial items	**-0.2**	**-0.5**	**-0.5**	**0.6**	**-0.9**
Profit/loss before tax	**-0.7**	**-2.9**	**-2.2**	**-3.5**	**-3.8**
Tax on profit for the period	-	-	-	-	1.3
Profit/loss for the period	**-0.7**	**-2.9**	**-2.2**	**-3.5**	**-2.5**

Other interest income and similar income items include interest income from Group companies in the amount of SEK 0.4 million (0.7).

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	2017-06-30	2016-06-30	2016-12-31
ASSETS				
Fixed assets				
Financial fixed assets		**241.9**	**253.2**	**257.2**
Total fixed assets		**241.9**	**253.2**	**257.2**
Current assets				
Current receivables		1.1	0.5	0.4
Cash and cash equivalents		0.0	0.0	0.0
Total current assets		**1.1**	**0.5**	**0.4**
TOTAL ASSETS		**243.0**	**253.7**	**257.6**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity		**224.0**	**210.4**	**212.1**
Provisions		**-**	**2.6**	**0.1**
Long-term liabilities		**2.8**	**15.7**	**15.0**
Current liabilities		**16.2**	**25.0**	**30.4**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**243.0**	**253.7**	**257.6**

NOTES

Note 1 General information

All amounts are reported in millions of SEK (SEK millions) unless otherwise stated. Information in brackets refers to the corresponding period of the preceding year. The interim information on pages 5 to 8 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 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 accounting principles are in accordance with the principles that were applied in the previous financial year. For more information on these, please refer to Note 2 of the company's 2016 annual report. This announcement should be read in conjunction with this annual report.

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. Most of 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.

The fair value of short-term borrowing corresponds to its carrying amount, as the discount effect is not material.

Note 4 Segment information

Revenues
Sales between segments are made on market terms.

	Apr - June 2017			**Apr - June 2016**		
	Segment revenues	**Less sales between segments**	**Income from external customers**	**Segment revenues**	**Less sales between segments**	**Income from external customers**
Mechanics	240.7	-2.5	238.2	222.2	-1.5	220.7
Electronics	139.5	-10.2	129.3	130.7	-9.1	121.6
Business development	0.1	-	0.1	0.2	-	0.2
Total	**380.3**	**-12.7**	**367.6**	**353.1**	**-10.6**	**342.5**

Note 4 Segment information, continued

	Jan - June 2017			Jan - June 2016		
	Segment revenues	**Less sales between segments**	**Income from external customers**	**Segment revenues**	**Less sales between segments**	**Income from external customers**
Mechanics	465.2	-4.2	461.0	449.0	-6.9	442.1
Electronics	275.5	-19.4	256.1	257.3	-18.9	238.4
Business development	0.5	-	0.5	0.6	-	0.6
Total	**741.2**	**-23.6**	**717.6**	**706.9**	**-25.8**	**681.1**

Operating profit is reconciled with profit/loss before tax as follows:

	Apr - June 2017	**Apr - June 2016**	**Jan - June 2017**	**Jan - June 2016**	**Jan - Dec 2016**
Operating profit					
Mechanics	4.9	4.9	4.2	12.1	6.0
Electronics	9.5	6.5	19.4	13.8	24.0
Business development	-0.4	-0.9	-1.2	-2.9	-4.8
Total	**14.0**	**10.5**	**22.4**	**23.0**	**25.2**
Financial items – net	-4.9	-6.2	-8.6	-12.5	-21.7
Profit/loss before tax	**9.1**	**4.3**	**13.8**	**10.5**	**3.5**
Non-recurring items					
Revaluations of additional cash equivalents	-	-	-	-	1.7
Transaction costs Metalliset	-	-	-	0.4	0.4
Restructuring	1.3	-4.2	-2.9	-6.3	-17.7
Reservation rental costs Estonia	-	-	-	-3.7	-
Real estate capital gains	2.4	2.2	2.4	6.6	6.6
Total	**3.7**	**-2.0**	**-0.5**	**-3.0**	**-9.0**
Operating profit per segment excluding non-recurring items					
Mechanics	0.3	6.9	3.5	15.5	15.7
Electronics	9.5	6.5	19.4	13.8	24.0
Total	**9.8**	**13.4**	**22.9**	**29.3**	**39.7**
Business development	0.5	-0.9	-0.0	-3.3	-5.5
Total	**10.3**	**12.5**	**22.9**	**26.0**	**34.2**
Non-recurring items	3.7	-2.0	-0.5	-3.0	-9.0
Operating profit	**14.0**	**10.5**	**22.4**	**23.0**	**25.2**

In Q2 2017, the non-recurring item for restructuring was impacted positively by a debt write-down in Hanza Finland Vaasa Oy. See also Note 5.

Note 5 Other operating income and operating expenses

Other operating income	Apr - June 2017	Apr - June 2016	Jan - June 2017	Jan - June 2016	Jan - Dec 2016
Profit on disposal of fixed assets	3.9	5.2	6.5	9.6	11.3
Revaluation of additional cash equivalents	-	-	-	-	1.7
Insurance payments	-	0.7	-	0.7	0.7
Exchange gains	0.4	1.7	1.4	1.9	3.2
Debt write-down	7.3	-	7.3	-	-
Other items	0.3	1.1	0.6	2.2	3.8
Total	**11.9**	**8.7**	**15.8**	**14.4**	**20.7**
Other operating expenses					
Profit on disposal of fixed assets	-0.6	-	-1.0	-	-0.5
Exchange losses	-0.1	-2.2	-1.0	-2.4	-4.9
Other items	-0.1	-0.7	-0.2	-0.9	-1.1
Total other operating income	**-0.8**	**-2.9**	**-2.2**	**-3.3**	**-6.5**

Profit on disposal of fixed assets relates to the sale of real property and manufacturing machinery.
The debt write-down relates to Hanza Finland, Vaasa Oy.

Note 6 Financial income and expenses – Net financial items

Financial income	Apr - June 2017	Apr - June 2016	Jan - June 2017	Jan - June 2016	Jan - Dec 2016
Interest income	0.0	0.0	0.0	0.0	0.0
Net exchange gains and losses	-	-	-	-	-
Other financial income	-	0.3	-	0.3	0.3
Total financial income	**0.0**	**0.3**	**0.0**	**0.3**	**0.3**
Financial expenses					
Interest expenses	-3.0	-3.7	-6.1	-8.6	-15.0
Net exchange gains and losses	-0.9	-1.7	-0.6	-2.2	-3.4
Other financial expenses	-1.0	-1.1	-1.9	-2.0	-3.6
Total financial expenses	**-4.9**	**-6.5**	**-8.6**	**-12.8**	**-22.0**
Total financial items - net	**-4.9**	**-6.2**	**-8.6**	**-12.5**	**-21.7**

KEY RATIOS

	Apr - June 2017	Apr - June 2016	Jan - June 2017	Jan - June 2016	Jan - Dec 2016
Net turnover, SEK millions	367.6	342.5	717.6	681.1	1305.8
EBITDA margin,%	6.7%	6.5%	6.2%	6.8%	5.6%
Operating margin, 5.6%	3.8%	3.1%	3.1%	3.4%	1.9%
Operating profit from operational business areas, SEK millions	14.4	11.4	23.6	25.9	30.0
Operational operating margin,%	3.9%	3.3%	3.3%	3.8%	2.3%
Operating capital, SEK millions	464.8	482.7	464.8	482.7	495.5
Return on operating capital,%	3.1%	2.3%	4.9%	5.3%	6.0%
Capital turnover on operating capital, times	0.8	0.7	3.0	2.8	2.6
Net interest-bearing debt, SEK millions	166.8	212.4	166.8	212.4	226.7
Net gearing ratio, times	0.6	0.8	0.6	0.8	0.8
Equity ratio,%	38.0%	35.7%	38.0%	35.7%	35.6%
Average number of employees	1,416	1,351	1,370	1,351	1,346

FORTHCOMING DISCLOSURES

The interim report for the period January-September 2017 will be presented on 23 October 2017.

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DEFINITIONS

The Group is the entity being referred to in this interim report except as otherwise stated. Figures in brackets indicate outcomes for the corresponding period in 2016.

Business development costs include non-recurring costs incurred in order to develop the business model and the organization, such as listing costs, costs for the transition to IFRS, decommissioning of unprofitable factories on acquisition, acquisition costs in the form of the due diligence

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

The EBITDA margin is EBITDA divided by net turnover

EBIT refers to earnings before interest and taxes

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

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

The operational operating margin refers to operating profit from operational business areas divided by net turnover

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

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

Return on operating capital is operating EBIT divided by average operating capital

Net interest-bearing debt is interest-bearing liabilities less cash in hand and similar assets and short-term investments

The operating margin (EBIT margin) is operating profit divided by net turnover

The equity ratio is shareholders' equity divided by the balance sheet total

ABOUT HANZA

HANZA is a rapidly-growing industrial business partner in the manufacturing sector. The company creates enhanced growth and profitability for its customers by offering consultancy services and complete manufacturing solutions in mechanics, electronics, cabling and final assembly, among other areas. HANZA was founded in 2008 and has rapidly grown into a company with a market capitalisation running into the billions of SEK. The company has operations in Sweden, Finland, Estonia, Poland, the Czech Republic and China. HANZA's customers include leading companies such as ABB, Atlas Copco, Ericsson, Saab Defence and Siemens.

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