YEAR-END REPORT 2019

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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.

A solid base for the future

FOURTH QUARTER (1 October – 31 December 2019)

- Net sales amounted to SEK 547.9 million (432.8)
- Operating profit before amortizations of intangible fixed assets (EBITA) amounted to SEK 11.7 million (-1.1). The profit is impacted by direct costs of SEK -4.8 million (-14.0) attributable to the closing of a unit in China, acquisitions, integration and reversal of surplus values in the balance sheet at the RITTER acquisition. Adjusted for these non-recurring items, EBITA amounted to SEK 16.5 million (12.9). EBIT amounted to SEK 8.1 million (-3.1).
- Profit after tax amounted to SEK 5.5 million (-9.7), which corresponds to SEK 0.16 per share (-0.33).
- Cash flow from operating activities amounted to SEK 8.9 million (39.8).

FULL YEAR (1 January – 31 December 2019)

- Net sales amounted to SEK 2,067.7 million (1,810.6).
- Operating profit before amortizations of intangible fixed assets (EBITA) amounted to SEK 67.9 million (61.3). Profit is impacted by direct costs of SEK 18.2 million (17.3) attributable to listing on NASDAQ's main list, the closing of a unit in China, acquisitions, integration and reversal of surplus values in the balance sheet at the RITTER acquisition. Adjusted for these non-recurring items, EBITA amounted to SEK 86.1 million (78.6). EBIT amounted to SEK 56.8 million (54.1).
- Profit after tax amounted to SEK 23.6 million (20.8), which corresponds to SEK 0.73 per share (0.74).
- Cash flow from operating activities amounted to SEK 122.0 million (113.5).

MATERIAL EVENTS DURING 2019

- **Listing**
  On March 25, HANZA's share was listed on NASDAQ Stockholm's main list, having previously been listed on First North. The listing took place without raising capital or issuing new shares.

- **Acquisitions**
  - On January 31, HANZA acquired Toolfac Oy, a high-tech Finnish manufacturer of machined parts, with a production plant and approx. 60 employees in Iisalmi, Finland. The purchase price amounted to SEK 34 million and consisted of a cash portion and a share portion, as well as a variable additional purchase price. During the year, Toolfac was integrated into HANZA's manufacturing cluster in Finland.

  - On July 25, we acquired the RITTER Group, a German manufacturer with production plants in Germany and the Czech Republic, and a total of approx. 290 employees. Additionally, the company contributed a product development department to HANZA. The purchase price amounted to EUR 12 million and consisted of a cash portion and a share portion. During the year, RITTER was integrated into HANZA's manufacturing cluster in Central Europe.

  Read more on the financial impact of the acquisitions in the Market Development and Sales and Profit section below.

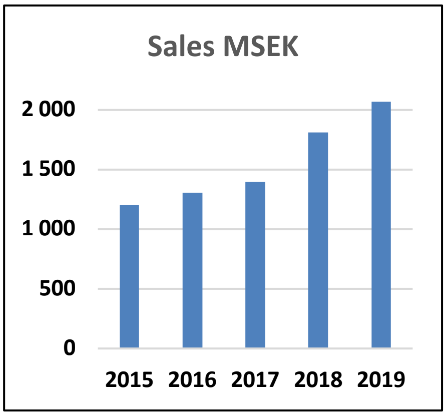
- **Customers**
  In 2019, HANZA won new customers and manufacturing contracts including in February signing a global manufacturing agreement with Epiroc, for deliveries of assembled mechanics and subsystems to supply the company's mining equipment. The collaboration with existing customers was also broadened, among other things we deepened our relationship with the med-tech company Getinge through the manufacture of assembled mechanical parts for their ventilators and anesthesia machines. In June, HANZA was named Supplier of the Year by the multinational group 3M at a supplier conference in Switzerland.

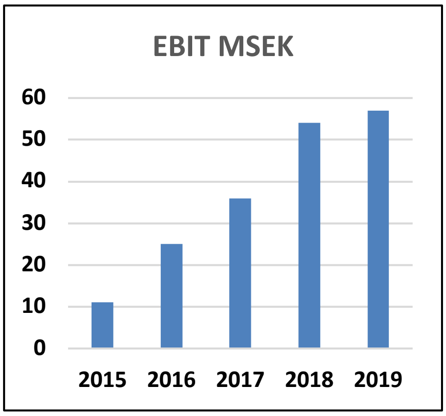
- **Development of HANZA's manufacturing clusters**

During 2019, HANZA initiated and implemented several key development projects for the group's manufacturing clusters, including:

- In Finland, following the acquisition of Toolfac, an efficiency project was carried out whereby HANZA's unit in Tampere was moved and integrated with the group's other operations.
- In Central Europe, following the RITTER acquisition, we carried out a coordination project whereby HANZA's former Czech unit in Kunovice (sheet metal mechanics), was organizationally coordinated with the acquired unit in Zabreh (cable harness production and advanced final assembly). The new unit in Remscheid, Germany, was also integrated with the HANZA Group.
- In the Baltics, a major efficiency program was carried out with upgrading of machinery, renovation of buildings etc.
- In China, HANZA decided to cease its operations in Ma'anshan, to concentrate the group's operations in China to Suzhou. This happens in conjunction with HANZA agreeing with a German customer to move certain parts of their manufacturing to HANZA's factory in Suzhou.

FIVE YEAR OVERVIEW





In the year 2019, profit was negatively impacted by non-recurring costs of SEK 18.2 million (17.3). The operating profit for 2015 is shown excluding a positive one-off item relating to negative goodwill, which arose from the acquisition of the company Metalliset. Including this one-off item, operating profit for the year 2015 amounts to SEK 51.1 million.

SEK million	Oct - Dec 2019	Oct - Dec 2018	Jan - Dec 2019	Jan - Dec 2018
Key ratios according to IFRS				
Net sales	547,9	432,8	2,067,7	1,810,6
Operating profit (EBIT)	8,1	-3,1	56,8	54,1
Amortisation of intangible assets	-3,6	-2,0	-11,1	-7,2
Cash flow from operating activities	8,9	39,8	122,0	113,5
Alternative performance measurements				
Operational segments EBITA	13,0	1,3	83,6	71,3
Business development segment EBITA	-1,3	-2,4	-15,7	-10,0
EBITA	11,7	-1,1	67,9	61,3
Operating margin (EBITA)	2,1%	-0,3%	3,3%	3,4%
Net interest-bearing debt *)	543,3	264.7	543,3	264.7
Operational net debt	350,2	260.2	350,2	260.2
Equity ratio *)	32,7%	37,5%	32,7%	37,5%

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.

*) The net interest-bearing debt has been increased with SEK 79.8 million as of 1 January 2019 due to the implementation of IFRS 16, since operational lease liabilities has been included in the balance sheet. This also caused the equity ratio to decrease with 2.6 percentage points, see note 2. In conjunction with the RITTER acquisition in July, the interest-bearing net-debt increased by SEK 246.8 million of which SEK 35.7 million are attributable to operating lease liabilities according to IFRS 16.

CEO COMMENT

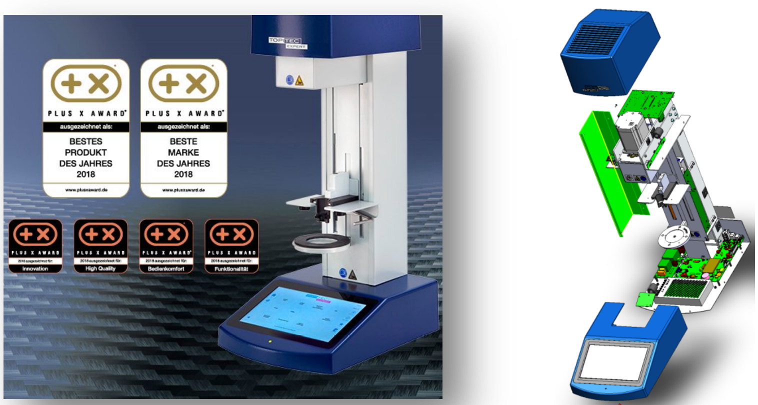
In 2019 we carried out extensive work to develop our company and achieved several important operational goals: We took the next step in Finland by acquiring a high-tech company specialized in machining; HANZA was approved for listing on NASDAQ's main list – a quality stamp for our Group - and we carried out significant work to further develop our manufacturing clusters. Furthermore, on 25 July, we reached a milestone when we established HANZA in Germany through the acquisition of RITTER Elektronik. Following the acquisition, extensive integration work has been carried out, involving substantial costs, but we can still confirm in this report that we are following the financial assessment that we presented in September 2019.

HANZA in Germany

Our offer is based on streamlining our customers' manufacturing process, which among other things reduces the number of suppliers and removes unnecessary transport. This leads to increased growth and profitability, as well as reduced impact on the environment. Our model is not product-dependent – we manufacture anything from small units, such as compasses, to large items such as conveyor belts for the mining industry, weighing several tons. The common denominator is that the manufacturing is customer specific and is done in small to medium sized volumes.

This is why launching HANZA's concept in Germany is so important. Not only because it is the largest economy in Europe, but also because the market is a good fit for HANZA's business model. The German manufacturing industry is mainly focused on large volumes divided into specific manufacturing technologies. Our model is less exposed to competition than traditional component production and our initial market response has been good.

HANZA's unique advisory services will also play a significant role in Germany and will be supported through the product-development competence we have acquired via RITTER. We have already agreed with one customer to move certain parts of their manufacturing from Germany to HANZA's factory in Suzhou, in order to be closer to the end market.



In 2019, HANZA completed its offer by also offering product development. The picture above shows an award-winning product for mixing ointments, developed entirely by HANZA for a customer whose end market is German pharmacies.

Financial development

In 2019, HANZA reached sales exceeding SEK 2 billion for the first time, which in itself is another milestone. But of course, profitability is more important, where a higher customer value yields higher margins than in traditional contract manufacturing. However, a number of development projects are ongoing, which are all part of our Strategy 2022, which is why it can be difficult to keep track of the underlying business' profitability. In addition to acquisitions and listing, we have performed a review of the Group's five manufacturing clusters, including coordinating our IT systems and through separate projects in Finland, Estonia and the Czech Republic. Furthermore, we decided to focus our operations in China to our production unit in Suzhou - a decision that was made in close cooperation with our customers.

To describe how these extensive activities affect the Group financially, in September last year (after the establishment in Germany), we published a financial assessment of profit after non-recurring costs for the second half on 2019: Segment Rest of the World should achieve a slightly positive margin and the Nordic segment should achieve a margin exceeding 6%. We note that the outcome in this report is in line with our guidance.

Furthermore, it is worth repeating our continuous focus on cash-flow, which enables expansion, amortization, investments, acquisitions and dividends. It is therefore a pleasure to yet again being able to present a strong cash-flow from our operations in 2019; SEK 122.0 million (113.5).
HANZA continues to be financially strong.

HANZA and the future

HANZA aims to be a steadily growing company, both in revenue and profitability. The Group's profitability target of 6% EBIT remains, although we have implemented the EBITA measurement to show profitability development in a more comparable way.

Another important goal is that HANZA should be a transparent company. The activities conducted in 2019 have already been announced in previous interim reports. In the same way, we now announce that our focus in 2020 will be on organic growth. This means that we will work on new customer contracts, streamline our operations and last, but not least, develop our organization following our most recent acquisitions.

A selection of pictures from 2019, from left to right: Acquisition of the high-tech company Toolfac, Finland; HANZA's management opens trade at NASDAQ; HANZA receives Supplier of the Year award from 3M; acquisition of the RITTER Group with factories in Germany and the Czech Republic.

MARKET DEVELOPMENT

Following the RITTER acquisition, HANZA's main customer markets are the Nordics and Germany. Some customers are also located in other parts of Europe, Asia and the USA. Since HANZA's customers are spread across a range of industries, the state of the business cycle is usually reflected in HANZA's sales volumes. However, new opportunities for market shares for HANZA have emerged also during recessions, driven by customers with an immediate need to streamline their manufacturing chain.

The National Institute for Economic Research writes in its latest forecast (January 2020) about positive signs from the manufacturing industry. The German economy was weak in 2019, but in January 2020, the purchasing index increased. On the other hand, the Corona virus has created uncertainty and could, among other things, affect availability of components - especially so-called printed circuit boards for electronics manufacturing. All in all, however, HANZA notes that the underlying demand continues to follow expectations.

HANZA does not provide forecasts but notes that the company has a good starting point to continue to gain new market shares, thanks to the company's manufacturing concept, the German market and the new expertise in product development. Additionally, customs, transport costs, delivery times, environmental aspects etc, have recently driven more and more European manufacturing companies into so-called back-sourcing from China (production for Europe returns to Europe) which can also provide HANZA with new opportunities for market shares.

The Group's growth target is an average revenue growth of at least 10% per annum over a business cycle, which is measured as the net change, that is, the sum of additional volumes from new customers, acquisitions, phased out volumes and exchange rate fluctuations.

SALES AND PROFIT

Fourth quarter

Net sales amounted to SEK 547.9 million (432.8). Exchange rates have positively impacted sales by approx. SEK 9 million. In the fourth quarter of 2019, the Nordic segment shows net sales of SEK 232.3 million (227.3), an increase of 2%. The Rest of World segment shows net sales of SEK 315.6 million (205.5), an increase of 54%.

In addition to new sales, revenue has increased through acquisitions completed in 2019, and decreased by HANZA's decision to in 2018 terminate a contract with a larger, non-strategic customer. Excluding new sales, these events have a positive impact on the Group's annual sales by approx. SEK 430 million, compared to sales in 2018, with full effect from the fourth quarter of 2019. The segments are also affected by the fact that volumes have been moved from the Nordic segment to the Rest of World segment following the integration of the Group's unit in Tampere, Finland.

EBITDA for the quarter amounted to SEK 36.0 million (11.7), which corresponds to an EBITDA margin of 6.6% (2.7). Depreciations and amortizations during the period amounted to SEK 27.9 million (14.8), of which amortization of intangible assets amounted to SEK 3.6 million (2.0) and depreciation of right-of-use assets arising from the transition to IFRS 16 (see note 2) to SEK 6.3 million (-). The introduction of IFRS 16 only had a marginal effect on operating profit as it has reduced other external costs by SEK 6.6 million and increased depreciation by SEK 6.3 million, which positively impacts

EBITDA by SEK 6.6 million and improves the EBITDA margin by 1.2 percentage points (see further note 2).

The Group's operating profit before amortizations of intangible fixed assets (EBITA) amounted to SEK 11.7 million (-1.1), which corresponds to an operating margin of 2.1% (-0.3). The operating margin is marginally impacted by currency fluctuations. The EBITA margin in the Nordic amounts to 4.0% (7.1), which is a low level for the segment but is, however, explained by planned activities and factories closing during the Christmas and New Year holidays. For the second half of the year, the EBITA margin was 6% which was in line with the guidance provided by the company in September 2019. In the Rest of World segment, the EBITA margin amounts to 1.1% (-7.2), which is a low margin for the Group and is explained by additional costs for the efficiency and development projects implemented by HANZA in 2019. However, this segment still reached the margin that the company had guided for.

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 fourth quarter, EBITA for the Business Development segment amounted to SEK -1.3 million (-2.4).

EBIT for the Group amounted to SEK 8.1 million (-3.1). The gross margin amounted to 47.4% (43.2). Other external costs amounted to SEK 67.3 million (65.0) and personnel costs amounted to SEK 154.8 million (110.0). The change in gross margin and increased costs are linked to the acquired companies.

Net financial income amounted to SEK -5.1 million (-4.8). Of this, net interest amounts to SEK -3.9 million (-3.2). The increased interest costs are attributable to the increased net debt following the acquisition of RITTER and Toolfac as well as the introduction of IFRS 16 (see note 2). Currency rate gains and net losses amounted to SEK +0.1 million (-0.4). Other financial costs amounted to SEK -1.3 million (-1.2).

Profit before tax amounted to SEK 3.0 million (-7.9). Profit after tax amounted to SEK 5.5 million (-9.7). The positive tax is explained in note 7 below. Profit per share before and after dilution amounts to SEK 0.16 (-0.33) for the quarter.

Full Year

Net sales amounted to SEK 2,067.7 million (1,810.6). The Nordic segment increased to SEK 966.6 million (910,4). The Rest of World segment increased to SEK 1,101.0 million (900,5). Sales have increased through acquisitions and new customers and contracts and decreased through completed projects. Transfers of customers between segments also has an impact, see above. The currency effect is positive and amounts to approx. SEK 44 million.

EBITDA amounted to SEK 149.0 million (113.2), which corresponds to an EBITDA margin of 7.2% (6.3). Depreciations and amortizations in the period amounted to SEK 92.2 million (59.1), of which amortizations of intangible assets amounted to SEK 11.1 million (7.2) and right-of-use assets added when transferring to IFRS 16 (see note 2) to SEK 25.0 million (-). The introduction of IFRS 16 has had a marginal positive effect on operating profit through reduced other external costs of SEK 26.1 million and increased depreciation of SEK 25.0 million, which positively impacts EBITDA by SEK 26.1 million and improves EBITDA margin by 1.3 percentage points (see note 2). The gross margin was 45.8% (44.5).

EBITA for the Group for the full year amounted to SEK 67.9 million (61.3), corresponding to a margin of 3.3% (3.4). The Nordics report an EBITA of SEK 62.7 million (67.4), which corresponds to an EBITA margin of 6.5% (7.4). The Rest of World segment shows an EBITA of SEK 20.9 million (3.9), which corresponds to an EBITA margin of 1.9% (0.4). EBITA for the Business Development segment amounted to SEK -15.7 million (-10.0) for the year, and mainly includes expenses for the list change and acquisition costs for Toolfac and RITTER.

EBIT for the Group amounted to SEK 56.8 million (54.1). Net financial income amounted to SEK -24.5 million (-24.9). Of this, net interest amounted to SEK -18.1 million (-14.1). The change in net interest is mainly due to increased net liabilities following the acquisitions of Toolfac and RITTER, as well as the transition to IFRS 16 (see note 2). Net exchange gains and losses amounted to SEK -1.2 million (6.4). Other financial expenses amounted to SEK -5.2 million (-4.4).

CASH FLOW AND INVESTMENTS

Cash flow from operating activities remains positive and amounted to SEK 8.9 million (39.8) in the fourth quarter. For the full year, this amounted to SEK 122.0 million (113.5). Changes in working capital amounted to SEK -26.0 million (33.5) in the fourth quarter, and SEK -5.6 million (27.8) for the full year.

The aggregation of production units (‘cluster formation’) reduces capital tied up over time and leads to lower investment needs.

Cash flow from investment activities in the fourth quarter amounted to SEK -10.3 million (-20.0) of which investments in fixed assets were SEK -10.3 million net. For the full year, cash flow from investments in fixed assets amounted to a net of SEK -48.0 million (-44.7) and acquisitions of subsidiaries to SEK -89.4 million (-144.4).

Total investments in fixed assets amounted to SEK 13.2 million (18.2) for the fourth quarter and for the full year to SEK 63.4 million (59.5). The difference from cash flows is due to investments in machinery and inventories through leasing.

Cash flow from financing activities for the fourth quarter was SEK -32.4 million (-14.4) and consists of borrowings and amortizations. For the full year, cash flow from financing activities amounted to SEK 5.1 million (95.1). The borrowings include acquisition loans of SEK 92.2 million relating to the acquisitions of Toolfac and RITTER. The acquisitions were also financed by directed new issues to the vendors totaling SEK 64.4 million, after transaction costs.

FINANCIAL POSITION

Shareholder's equity at the end of the period amounted to SEK 497.7 million (410.5) whereas the equity ratio was 32.7% (37.5). The balance sheet total amounted to SEK 1,522.7 million (1,096.1). Cash and cash equivalents amounted to SEK 66.7 million (77.5) at the end of the period. The interest-bearing net debt amounted to SEK 543.3 million (264.7) at the end of the period and has during the fourth quarter decreased by SEK 14.3 million.

The implementation of IFRS 16 as per 1 January 2019, reduced the equity ratio by 2.6 percentage points and increased the interest-bearing net debt by SEK 79.7 million (see note 2). At the RITTER acquisition, an additional SEK 35.7 million was added to liabilities attributable to IFRS 16.

DIVIDEND

The Board proposes an unchanged dividend of SEK 0.25 (0.25) per share for the 2019 financial year, which is equivalent to approximately SEK 8.5 million

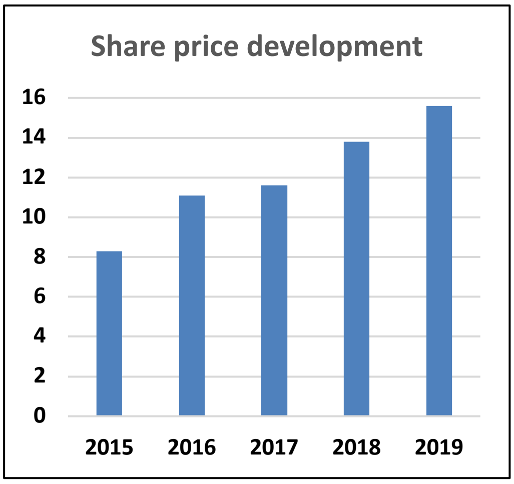
THE SHARE

At the beginning of the year, the total number of shares was 29,869,718 and the share capital amounted to SEK 2,986,972.

- A small, remaining part of the warrants program was redeemed at the beginning of January 2019, whereby the number of shares was increased by 110,210 and the share capital by SEK 11,021.
- On January 31, 2019, Toolfac was acquired, where the purchase price comprised in part of shares, leading to an increase in shares by 1,000,000 and share capital by SEK 100,000.
- On July 25, 2019, RITTER was acquired, where the purchase price comprised in part of shares, leading to an increase in shares by 3,000,000 and share capital by SEK 300,000.

Thereafter, the number of shares amounts to 33,979,928 and the share capital to SEK 3,397,993.
At the end of 2019, the HANZA share price was SEK 15.65 (13.85).

FIVE YEAR OVERVIEW



The HANZA share price as per last day of trading

EMPLOYEES

During the quarter, the average number of employees in the Group was 1,752 (1,412). The number of employees at the end of the period was 1,771. At the start of the year, the number was 1,514. Of the employees at the end of the period, 340 has come through acquisitions.

THE PARENT COMPANY

The parent company's net sales, which consists exclusively of income from Group companies, amounted to SEK 4.1 million (8.6) for the quarter, and to SEK 21.5 million (19.8) for the full year. Profit before tax in the quarter amounted to SEK 1.6 million (7.3) and to SEK 4.1 million (4.9) for the full year. 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. For more information about risks and uncertainties, please refer to Note 3 in the company's 2018 annual report. There have been no material changes in risks since the preparation of the 2018 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, 18 February 2020

On behalf of the Board

Erik Stenfors, CEO

FINANCIAL REPORTS

CONSOLIDATED INCOME STATEMENT

Amount in SEK millions	Note	Oct - Dec 2019	Oct - Dec 2018	Jan - Dec 2019	Jan - Dec 2018
Net sales	**4**	**547.9**	**432.8**	**2,067.7**	**1,810.6**
Change of inventories in production, finished goods and work in progress on behalf of others		-9.1	-8.1	-15.5	-9.6
Raw materials and consumables		-279.2	-237.9	-1 105.5	-996.1
Other external costs		-67.3	-65.0	-262.6	-248.4
Costs of personnel		-154.8	-110.0	-535.5	-445.7
Depreciation		-27.9	-14.8	-92.2	-59.1
Other operating income	5	3.7	2.4	8.6	9.4
Other operating expenses	5	-5.2	-2.5	-8.2	-7.0
Operating profit	**4**	**8.1**	**-3.1**	**56.8**	**54.1**
Profit/loss from financial items					
Financial income		0.1	-	0.5	-
Financial expenses		-5.2	-4.8	-25.0	-24.9
Financial items – net	**6**	**-5.1**	**-4.8**	**-24.5**	**-24.9**
Profit/loss before tax		**3.0**	**-7.9**	**32.3**	**29.2**
Income tax	7	2.5	-1.8	-8.7	-8.4
Profit/loss for the period		**5.5**	**-9.7**	**23.6**	**20.8**

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

Earnings per share before dilution, SEK	0.16	-0.33	0.73	0.74
Earnings per share after dilution, SEK	0.16	-0.33	0.73	0.74

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

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Amount in SEK millions	Note	Oct - Dec 2019	Oct - Dec 2018	Jan - Dec 2019	Jan - Dec 2018
Profit/loss for the period		**5.5**	**-9.7**	**23.6**	**20.8**
Other comprehensive income					
Items that will not be reclassified to the income statement					
Remeasurement of defined benefit pension plans		3.6	-	3.6	-
Tax on items that will not be reclassified to the income statement		-1.1	-	-1.1	-
Total items that will not be reclassified to the income statement, net of tax		**2.5**	-	**2.5**	-
Items that can subsequently be reversed in profit or loss					
Exchange rate differences		-10.1	-0.7	3.6	12.9
Exchange rate difference on acquisition loan		1.9	-	1.3	-
Tax on items that can subsequently be reversed in profit or loss		-0.4	-	-0.3	-
Total items that may be reclassified to the income statement, net of tax		**-8.6**		**4.6**	
Other comprehensive income for the period		**-6.1**	**-0.7**	**7.1**	**12.9**
Total comprehensive income for the period		**-0.6**	**-10.4**	**30.7**	**33.7**

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

CONDENSED CONSOLIDATED BALANCE SHEET

Amount in SEK millions	Note	31.12.2019	31.12.2018
ASSETS			
Fixed assets			
Intangible assets			
Goodwill		299.2	264.5
Other intangible assets		113.1	65.9
Intangible assets		**412.3**	**330.4**
Right-of-use assets	**2**	**143.7**	**-**
Tangible fixed assets		**278.5**	**269.6**
Financial fixed assets			
Other long-term securities holdings		0.3	0.3
Deferred tax assets		31.2	16.4
Financial fixed assets		**31.5**	**16.7**
Total fixed assets		**866.0**	**616.7**
Current assets			
Inventories		422.7	290.1
Accounts receivable		122.1	83.8
Other receivables		27.9	18.1
Prepaid expenses and accrued income		17.3	9.9
Cash and cash equivalents		66.7	77.5
Total current assets		**656.7**	**479.4**
TOTAL ASSETS		**1,522.7**	**1,096.1**

CONDENSED CONSOLIDATED BALANCE SHEET, cont'd

Amount in SEK millions	Note	31.12.2019	31.12.2018
SHAREHOLDERS' EQUITY			
Shareholders' equity attributable to the parent company's shareholders		**497.7**	**410.5**
LIABILITIES			
Long-term liabilities			
Post-employment benefits	9	108.9	4.5
Non-interest-bearing long-term liabilities		45.8	28.9
Liabilities to credit institutions	3	209.9	207.2
Lease liabilities	2	92.8	-
Total long-term liabilities		**457.4**	**240.6**
Current liabilities			
Overdraft facility	3	52.1	45.3
Liabilities to credit institutions	3	97.7	68.1
Lease liabilities	2	45.5	-
Other interest-bearing liabilities		3.1	17.1
Accounts payable		231.7	219.4
Other liabilities		53.2	29.1
Accrued expenses and deferred income		84.3	66.0
Total current liabilities		**567.6**	**445.0**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,522.7**	**1,096.1**

CONDENSED CONSOLIDATED REPORT OF CHANGES IN SHAREHOLDERS' EQUITY

Amount in SEK millions	**Note**	**Oct - Dec 2019**	**Oct - Dec 2018**	**Jan - Dec 2019**	**Jan - Dec 2018**
Opening balance		498.3	410.2	**410.5**	**309.3**
Profit/loss for the period		5.5	-9.7	23.6	20.8
Other comprehensive income		-6.1	-0.7	7.1	12.9
Total comprehensive income		**-0.6**	-10.4	**30.7**	**33.7**
Effect of implementation of IFRS 15			-		0.8
Transactions with shareholders					
Redemption of warrants		-	10.7	-	10.7
New share issue		-	-	-	60.3
Non-cash issue		-	-	64.5	-
Issue costs		-	-	-0.3	-4.3
Dividend		-	-	-7.7	-
Total contributions from and distributions to shareholders, recognized directly in equity		**-**	**10.7**	**56.5**	66.7
Closing balance		**497.7**	**410.5**	**497.7**	**410.5**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Amount in SEK millions	Note	Oct - Dec 2019	Oct - Dec 2018	Jan - Dec 2019	Jan - Dec 2018
Cash flows from operating activities					
Profit/loss after financial items		3.0	-7.9	32.3	29.2
Depreciation and amortisations		27.9	14.8	92.2	59.1
Other non-cash items		3.0	1.1	4.8	4.7
Paid income tax		1.0	-1.7	-1.7	-7.3
Cash flows from operating activities prior to the change in working capital		**34.9**	**6.3**	**127.6**	**85.7**
Total change in working capital		**-26.0**	**33.5**	**-5.6**	**27.8**
Cash flows from operating activities		**8.9**	**39.8**	**122.0**	**113.5**
Cash flows from investing activities					
Investments in subsidiaries	9	-	-	-89.4	-144.4
Investments in fixed assets		-11.9	-20.0	-50.5	-46.5
Disposals of tangible fixed assets		1.6	-	2.5	1.8
Cash flows from investing activities		**-10.3**	**-20.0**	**-137.4**	**-189.1**
Cash flows from financing activities					
New share issue		-	10.7	-	66.7
New loans		12.4	10.4	149.5	232.8
Repayment of borrowings		-44.8	-35.5	-136.7	-204.4
Dividends paid		-	-	-7.7	-
Cash flows from financing activities		**-32.4**	**-14.4**	**5.1**	**95.1**
Increase/reduction in cash and cash equivalents		**-33.8**	**5.4**	**-10.3**	**19.5**
Cash and cash equivalents at the beginning of the period		103.7	72.1	77.5	56.1
Exchange differences in cash and cash equivalents		-3.2	-	-0.5	1.9
Cash and cash equivalents at the end of the period		**66.7**	**77.5**	**66.7**	**77.5**

CONDENSED PARENT COMPANY INCOME STATEMENT

Amount in SEK millions	Oct - Dec 2019	Oct - Dec 2018	Jan - Dec 2019	Jan - Dec 2018
Operating income	**4.1**	**8.6**	**21.5**	**19.8**
Operating expenses	**-4.0**	**-4.1**	**-20.0**	**-18.5**
Operating profit	**0.1**	**4.5**	**1.5**	**1.3**
Profit/loss from financial items				
Other interest income and similar income items	2.1	0.6	4.2	2.2
Interest charges and similar income items	-0.6	-0.1	-1.6	-0.9
Total profit/loss from financial items	**1.5**	**0.5**	**2.6**	**1.3**
Profit/loss after net financial items	**1.6**	**5.0**	**4.1**	**2.6**
Appropriations	-	2.3	-	2.3
Profit/loss before tax	**1.6**	**7.3**	**4.1**	**4.9**
Tax on profit for the period	-0.6	-0.4	-0.6	-0.4
Profit/loss for the period	**1.0**	**6.9**	**3.5**	**4.5**

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	31.12.2019	31.12.2018
ASSETS			
Fixed assets			
Financial fixed assets		**453.7**	**297.3**
Total fixed assets		**453.7**	**297.3**
Current assets			
Current receivables		1.4	2.9
Cash and cash equivalents		0.1	11.5
Total current assets		**1.5**	**14.4**
TOTAL ASSETS		**455.2**	**311.7**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity		**357.0**	**297.0**
Long-term liabilities		**70.1**	**7.2**
Current liabilities		**28.1**	**7.5**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**455.2**	**311.7**

NOTES

Note 1 General information

All amounts are reported in millions of SEK (SEK millions) 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 10 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. Aside from the changes described farther down in this note, 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 2018 annual report.

Implementation of IFRS 16

IFRS 16 ”Leasing” has been applied by the Group from 2019. The standard requires that assets and liabilities attributable to all leases, with some exceptions, are reported in the balance sheet. The transition has been done according to the modified retrospective approach where lease liability and the right-of-use asset values are set to the present value of remaining lease payments at the transition date 1 January 2019. Contracts which at the transition date had a shorter remaining contract period than one year were, according to a practical expedient, not included in the liability and right-of-use asset.

The essential difference for HANZA is that a number of rental contracts for factories and other premises, which previously have been treated as operational leases, now are reported as right-of-use assets and lease liabilities in the balance sheet, which has increased the balance sheet total with SEK 79.7 million at the opening of 2019. In addition, assets in financial leases of SEK 39.3 million which were previously included in tangible fixed assets, have now been reclassified to right-of-use assets. The lease liabilities in those financial leases amounted to SEK 35.9 million. The effect on the balance sheet and the most essential related key ratios are presented in the following table:

Effects of the implementation of IFRS 16

Amount in SEK millions	Closing balance 31.12.2018	Reclassification of financial contracts	Recording of *) operational contracts	Opening balance 01.01.2019
Tangible fixed assets	269.6	-39.3		230.3
Right-of-use assets		39.3	79.7	119.0
Long-term liabilities to credit institutions	207.2	-22.9		184.3
Long-term lease liabilities		22.9	55.3	78.2
Short-term liabilities to credit institutions	68.1	-13.0		55.1
Short-term lease liabilities		13.0	24.4	37.4
Net interest-bearing debt	264.7		79.7	344.4
Equity ratio	37.5%			34.9%

*) A reconciliation between recorded liability and reported future operational leasing fees according to IAS 17 is available in note 30 in the annual report 2018.

During the period right-of-use assets and lease liabilities have changed through acquisitions depreciations, repayments, capitalization of interest and adding of new contracts after which right-of-use assets amounted to SEK 143.7 million, long-term lease liabilities to SEK 92.8 million and short-term lease liabilities to SEK 45.5 million.

In the income statement, the effect on the operating profit in Q4 is marginal. However, other external costs decrease by SEK 6.6 million while depreciations increase by SEK 6.3 million and interest costs by SEK 0.2 million. Hence the effect on EBITDA is SEK 6.6 million, on operating income SEK 0.3 million and SEK 0.1 million on income before tax. The effect on the EBITDA-margin is 1.2%-points while the effect on other income related key ratios are marginal. The corresponding figures for 2018 have not been recalculated.

Revaluation of loan in foreign currency in other comprehensive income

At the acquisition of RITTER Elektronik GmbH (see Note 9) HANZA raised an acquisition loan in the acquisition currency, EUR. Exchange rate differences on this loan is reported in other comprehensive income as it is judged as part of the acquisition.

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 applies cluster-based segment classification. Operational reporting is broken down into the following segments:

- **Nordic** – Manufacturing clusters located in or near HANZA's primary geographical customer markets, which currently consist of Sweden, Finland and Norway. These clusters currently comprise Sweden and Finland. The operations in these areas are characterised by a high degree of automation and close collaboration with customer development departments.

- **Rest of World** – Manufacturing clusters outside of HANZA's primary geographical customer areas, but close to key end-customer regions. These clusters currently consist of the Baltic States, Central Europe and China (in China). The operations are characterised by heavy labour input, complex, extensive monitoring, and a focus on efficient logistics. During the quarter RITTER, with production in Germany and Czech Republic, mainly for German customers, have been added to this segment.
- **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

Transactions between segments are made on market terms.

Revenues by segment

SEK millions	Oct - Dec 2019			Oct - Dec 2018		
	Segment revenues	Less sales between segments	Income from external customers	Segment revenues	Less sales between segments	Income from external customers
Nordic	237.1	-4.8	232.3	228.6	-1.3	227.3
Rest of the world	319.9	-4.3	315.6	218.0	-12.5	205.5
Business development	-	-	-	-	-	-
Total	**557.0**	**-9.1**	**547.9**	**446.6**	**-13.8**	**432.8**

SEK millions	Jan – Dec 2019			Jan – Dec 2018		
	Segment revenues	Less sales between segments	Income from external customers	Segment revenues	Less sales between segments	Income from external customers
Nordic	975.1	-8.5	966.6	921.6	-11.2	910.4
Rest of the world	1,130.6	-29.6	1,101.0	953.0	-52.5	900.5
Business development	0.1	-	0.1	-0.3	-	-0.3
Total	**2,105.8**	**-38.1**	**2,067.7**	**1,874.3**	**-63.7**	**1,810.6**

Profit by segment

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

SEK millions	Oct - Dec 2019	Oct - Dec 2018	Jan - Dec 2019	Jan - Dec 2018
EBITA				
Nordic	9.4	16.1	62.7	67.4
Rest of the world	3.6	-14.8	20.9	3.9
Business development	-1.3	-2.4	-15.7	-10.0
Total EBITA	**11.7**	**-1.1**	**67.9**	**61.3**
Amortisation of intangible assets	-3.6	-2.0	-11.1	-7.2
Operating profit	**8.1**	**-3.1**	**56.8**	**54.1**
Financial items – net	-5.1	-4.8	-24.5	-24.9
Profit/loss before tax	**3.0**	**-7.9**	**32.3**	**29.2**
Non-recurring items				
Revaluation of additional purchase price	1.1	-0.8	1.1	-0.8
Transaction costs	-0.4	-	-8.4	-0.3
Costs for change of listing	-	-2.3	-3.7	-5.3
Write-down assets China	-3.0	-	-3.0	-
Write-down of inventory	-	-10.9		-10.9
Amortization of over-value in inventory identified in the acquisition of RITTER	-2.5	-	-4.2	-
Total	**-4.8**	**-14.0**	**-18.2**	**-17.3**
EBITA per segment excluding non-recurring items				
Nordic	8.3	16.1	61.6	67.4
Rest of the world	9.1	-3.9	28.4	14.8
Total	**17.4**	**12.2**	**90.0**	**82.2**
Business development	-0.9	0.7	-3.9	-3.6
Total	**16.5**	**12.9**	**86.1**	**78.6**
Non-recurring items	-4.8	-14.0	-18.2	-17.3
EBITA	**11.7**	**-1.1**	**67.9**	**61.3**

Revenue from external customers by manufacturing technology

SEK millions	Oct - Dec 2019	Oct - Dec 2018	Jan - Dec 2019	Jan - Dec 2018
Mechanics	327.4	304.8	1,367.8	1,274.6
Electronics	220.5	128.0	699.8	536.3
Business development		-	0.1	-0.3
Total	**547.9**	**432.8**	**2,067.7**	**1,810.6**

No single customer accounts for 10% or more of the Group’s revenue.

Note 5 Other operating income and operating expenses

SEK millions	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Other operating income	**2019**	**2018**	**2019**	**2018**
Profit on disposal of fixed assets	0.2	0.2	0.6	1.6
Revaluation of additional purchase price	1.1	-	1.1	-
Exchange gains	1.6	1.3	4.5	5.5
Other items	0.8	0.9	2.4	2.3
Total other operating income	**3.7**	**2.4**	**8.6**	**9.4**
Other operating expenses				
Loss on disposal of fixed assets	-2.7	-	-2.8	-0.2
Revaluation of additional purchase price	-	-0.8	-	-0.8
Exchange losses	-1.4	-1.3	-3.9	-5.4
Other items	-1.1	-0.4	-1.5	-0.6
Total other operating expenses	**-5.2**	**-2.5**	**-8.2**	**-7.0**

Note 6 Financial income and expenses – Net financial items

SEK millions	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Financial income	**2019**	**2018**	**2019**	**2018**
Interest income	0,1	-	0,5	-
Total financial income	**0.1**	**-**	**0.5**	**-**
Financial expenses				
Interest expenses	-4.0	-3.2	-18.6	-14.1
Net exchange gains and losses	0.1	-0.4	-1.2	-6.4
Other financial expenses	-1.3	-1.2	-5.2	-4.4
Total financial expenses	**-5.2**	**-4.8**	**-25.0**	**-24.9**
Total financial items - net	**-5.1**	**-4.8**	**-24.5**	**-24.9**

Income tax

Note 7

The effective tax rate for the quarter was positive mainly attributable to changed assessments of the possibilities to use tax losses carried forward in Finland after the acquisition of Toolfac, in which deferred tax assets have been booked for part of the losses from previous years. The effective tax rate for the full year was 27 percent (29). 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.

Number of shares	Oct - Dec 2019	Oct - Dec 2018	Jan - Dec 2019	Jan - Dec 2018
Weighted average number of shares before dilution	33,979,928	29,187,221	32,125,760	27,907,850
Adjustment upon calculation of earnings per share after dilution:				
Warrants	-	253,291	617	225,907
Weighted average number of shares after dilution	33,979,928	29,440,512	32,126,377	28,133,757
Number of shares at the end of the period	33,979,928	29,869,718	33,979,928	29,869,718

Note 9 Acquisitions of subsidiaries

HANZA Holding has during 2019 made two acquisitions. Toolfac Oy (”Toolfac”) was acquired in January and in July Ritter Elektronik GmbH (”RITTER”) was acquired.

On 31 January 2019, HANZA Holding acquired all shares in Toolfac Oy, with domicile in Iisalmi, Finland. The company conducts manufacturing with a focus on machining. Toolfac’s sales for 2018 were approximately SEK 80 million. The total purchase price is capped at SEK 34.1 million, consisting of a cash component in the amount of SEK 15.6 million that was paid upon entry into possession, 1,000,000 shares in HANZA Holding valued at SEK 14.4 million and a variable additional purchase price of no more than SEK 4.1 million, payable during the first quarter of 2020. The expected additional purchase price has been estimated at SEK 4.1 million in the acquisition analysis, which was discounted to SEK 4.0 million. As per 31 December, the liability relating to the additional purchase price has decreased by SEK 1.1 million which is reported under other operating income. An external valuation of Toolfac’s property identified a surplus value of SEK 6.5 million. The remaining surplus value of the acquisition, SEK 8.8 million before deferred tax, has been linked to customer relations. The deferred tax liability for these items is SEK 3.0 million. The acquisition analysis is conclusive. The table on next page summarises the purchase price for Toolfac and the fair value of the acquired assets and assumed liabilities that were recognised on the acquisition date.

On 25 July 2019, HANZA Holding acquired all shares in RITTER Elektronik GmbH with domicile in Remscheid, Germany and with subsidiary RITTER Electro CZ with domicile in Zabreh, Czech Republic. The company has one production unit in Remscheid, Germany with about 180 employees, which offers manufacturing of electronics, mechanics and final assembly, and one production unit in Zabreh, Czech Republic, with about 110 employees, offering manufacturing of electronics, mechanics and advanced final assembly. RITTER’s sales for 2018 were approximately SEK 430 million. The total purchase price amounts to SEK 126.6 million, consisting of a cash component in the amount of SEK 76.6 million that was paid upon entry into possession and 3,000,000 shares in HANZA Holding valued at SEK 50.0 million. In the acquisition, an intangible asset in the form of customer relations was identified in the amount of SEK 45.2 million. The customer relations will be amortized on a straight-line basis over 10 years. Deferred tax liability related to this item amounts to SEK 14.3 million. The German company has significant defined benefit pensions which HANZA previously only had to a marginal extent. The pension liability has been valued according to IAS 17 R at acquisition and will be reported as post-employment benefits. In inventory a surplus value of SEK 4.2 million was identified in work in progress. This surplus value will be expensed on a straight-line basis during 2019. In addition, goodwill in the amount of SEK 33.5 million is reported in the acquisition. This goodwill is not tax deductible. This goodwill mainly consists of synergies with the other Hanza units in Central Europe and presence on the German market. The value of goodwill reported in the acquisition and identified assets and liabilities have changed compared to what was reported in the financial statement as per 30.09.2019 due to improved information on the acquired companies position at the time of acquisition. The acquisition analysis for RITTER is still preliminary. The table below summarises the purchase price for RITTER and the fair value of the acquired assets and assumed liabilities that were recognized on the acquisition date.

Purchase price, SEK million	**Toolfac**	**RITTER**
Cash and cash equivalents paid upon entry into possession	15.6	76.6
Equity instruments 1,000,000 ordinary shares	14.4	50.0
Conditional additional purchase price due in Q1 2020	4.0	-
Total estimated purchase price	**34.0**	**126.6**
Reported amounts of identifiable acquired assets and assumed liabilities		
Cash and cash equivalents	4,1	15,9
Intangible fixed assets	8,8	47,3
Right-of-use assets	-	35,7
Buildings and land	8,2	16,1
Machinery and equipment	20,3	7,4
Deferred tax assets	-	16,0
Inventories	15,8	128,4
Accounts receivable and other receivables	5,7	59,9
Deferred tax liability	-3,2	-15,8
Post-employment benefits	-	-108,5
Lease liabilities	-	-35,7
Borrowings	-14,9	-10,1
Accounts payable and other liabilities	-10,8	-63,5
Total identified net assets	**34,0**	**93,1**
Goodwill	-	33,5
Total net assets transferred	**34,0**	**126,6**
Cash flow effect from acquisitions	**-11,5**	**-60,7**

HANZA's business model aims to coordinate factories with various manufacturing technologies into what are referred to as Manufacturing Clusters within certain geographical areas. Following an acquisition, production is reallocated in order to optimise the manufacturing process, material logistics and cost-efficiency from the Manufacturing Cluster's perspective. In addition, administration, IT, marketing, sales etc. are also coordinated within the respective Manufacturing Cluster in order to make a positive impact on the acquired company's profitability. This integration, which commences immediately after the acquisition, impacts individual factories' financial reports, for which reason an acquired company's reports following an acquisition are no longer comparable to the situation that would have prevailed if the company had remained independent.

Hence the acquired companies' net sales during 2019 is expected to be positively affected by the fact that they are a part of HANZA Group, see also "Market Performance" above. The table below shows reported net sales and EBIT from the acquired units.

Net sales and EBIT in the acquired companies, SEK million	**October - December 2019 Toolfac**	**RITTER**	**January – December 2019 Toolfac**	**RITTER**
Date of acquisition			*2019-01-31*	*2019-07-25*
Net sales before acquisition	-	-	6,7	284,5
Net sales after acquisition	15,9	101,8	67,8	189,6
Total net sales if the company had been held for the full period	**15,9**	**101,8**	**74,5**	**474,1**
EBIT before acquisition	-	-	0,3	29,9
EBIT after acquisition	-0,9	12,4	6,6	22,3
Total EBIT if the company had been held for the full period	**-0,9**	**12,4**	**6,9**	**52,2**

EBIT above shows the results reported by the companies but does not include from the acquisitions added amortisation of identified surplus values integration costs or transaction costs.

KEY RATIOS

	Oct - Dec 2019	**Oct - Dec 2018**	**Jan - Dec 2019**	**Jan - Dec 2018**
Key ratios according to IFRS				
Net sales, SEK millions	547.9	432.8	2,067.7	1,810.6
Earnings per share before dilution, SEK	0.16	-0.33	0.73	0.74
Earnings per share after dilution, SEK	0.16	-0.33	0.73	0.74
Average number of employees	1,752	1,412	1,603	1,407
Alternative performance measurements				
EBITDA margin, %*)	6.6%	2.7%	7.2%	6.3%
Operating margin, %	1.5%	-0.7%	2.7%	3.0%
Operational segments EBITA, SEK millions	13.0	1.3	83.6	71.3
Operational EBITA margin, %	2.4%	0.3%	4.0%	3.9%
Operating capital, SEK millions*)	1,041.0	670.7	1,041.0	670.7
Return on operating capital, %*)	1.1%	-0.2%	7.9%	10.9%
Capital turnover on operating capital, times*)	0.5	0.6	2.4	3.2
Net interest-bearing debt, SEK millions*)	543.3	264.7	543.3	264.7
Net debt/equity ratio, times*)	1.1	0.6	1.1	0.6
Operational net debt, SEK millions	350.2	260.2	350.2	260.2
Equity ratio, %*)	32.7%	37.5%	32.7%	37.5%
Equity per share at end of period, SEK	14.65	13.70	14.65	13.70

*) The key ratio has been affected by the transition to IFRS 16. Corresponding figures for 2018 have not been recalculated. See note 2.

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

- Annual report for 2019 will be published during week 14, 2020
- The interim report for the period January-March 2020 will be presented on 27 April 2020
- Annual general meeting will be held on 27 April 2020
- The interim report for the period January-June 2020 will be presented on 28 July 2020
- The interim report for the period January-September 2020 will be presented on 3 November 2020

For further information please contact:

Erik Stenfors, CEO
Tel: +46 709 50 80 70, email: erik.stenfors@hanza.com

Lars Åkerblom, CFO
Tel: +46 707 94 98 78,email: lars.akerblom@hanza.com

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 items

EBITDA margin is EBITDA divided by net sales

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

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.

ABOUT HANZA

HANZA modernizes and streamlines the manufacturing industry. By gathering different manufacturing technologies locally, the company offers shorter lead times and more environmentally friendly processes and increased profitability to product-owning companies.

HANZA was founded in 2008 and in 2019 reached sales exceeding SEK 2 billion.
HANZA has production facilities in seven countries; Sweden, Finland, Germany, Estonia, Poland, Czech Republic and China.

HANZA's customers include leading companies such as ABB, Epiroc, GE, Getinge, Saab and Siemens.
Read more on www.hanza.com

HANZA Holding AB (publ)
Brovägen 5, SE-182 76 Stocksund

Telephone: +46 (0)8-624 62 00
Corporate ID number: 556748-8399
www.hanza.com
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