HANZA

ALL YOU NEED IS ONE ™

Interim report
HANZA Holding AB (publ)
January 1 – March 31, 2022

INTERIM REPORT JANUARY-MARCH 2022

Record growth in a challenging quarter

First quarter 2022

- Net sales increased by 45% to SEK 824 million (567). Adjusted for acquisitions and currency, growth amounted to 28%.
- Operating profit (EBITA) increased by 83% to SEK 41.2 million (22.5), which corresponds to an operating margin of 5.0% (4.0).
- Profit after tax amounted to SEK 19.2 million (9.1), which corresponds to SEK 0.54 per share (0.27).
- Cash flow from operating activities amounted to SEK 13.4 million (66.1).

Significant events during the period

→ During the quarter, HANZA reported continued successful sales:

  - Central Europe received a new Norwegian customer with estimated annual sales of SEK 20 million, and an existing German customer announced a new volume of SEK 40 million.
  - Sweden signed an agreement with a global developer of digital security solutions with initial annual sales of approximately SEK 30 million and extended an agreement with a Norwegian customer with an annual turnover of double-digit millions.

→ In January, HANZA decided to expand its operations in Central Europe by acquiring a property neighboring the Group's electronics factory in Poland, and to expand one of the production facilities in the Czech Republic. The property purchase was completed in February.

→ In February, a Master thesis from the Royal Institute of Technology that shows significant benefits of local manufacturing was published. The study uses HANZA's business model as a reference and confirms how HANZA's cluster strategy contributes to measurable benefits for the environment.

→ In March, HANZA opened a newly built production facility in Tartu, Estonia, of 12,000 sqm. The new factory is an investment of approximately SEK 80 million and strengthens HANZA's position as a strong supplier of regional and complete manufacturing and creates further conditions for future growth.

CEO COMMENT

The quarter

The first quarter of 2022 will forever be connected to the Russian President's unjustified and violent invasion of Ukraine. HANZA supports the Ukrainian people with donations to UNICEF and UNHCR and is reviewing possibilities to help refugees in countries where we operate.

For HANZA's part, the war has only had a minor impact as we neither have operations nor customers in Russia / Ukraine. The quarter was instead characterized by extensive activities with internal projects and external challenges.

Internally, we continue with our projects to increase capacity in Estonia, Poland, the Czech Republic, and China. In March, we reached an important milestone when we opened our newly built factory in Estonia. It creates a completely new delivery capacity in the Baltic cluster, and we note with pride that we met both budget and timetable. In addition, the building is an important part of our ambitious environmental work - about 25% of the energy for the new factory is supplied by solar panels.

Externally, we were affected during the quarter by extensive staff shortages in multiple countries linked to covid-19, as well as a globally tough material situation that accelerated in certain areas following the outbreak of the war. With the support of significant extra efforts and great commitment, we still managed to complete record deliveries with a maintained high quality.

Erik Stenfors, CEO

Financial development

For the first time, HANZA reached sales of more than SEK 800 million in a single quarter. This is an increase of 45% compared with the corresponding quarter a year ago and can also be compared with HANZA's full-year sales in 2021 of SEK 2.5 billion. Reasons for the rapid growth is in equal parts good new sales, a strong customer portfolio and successfully completed acquisitions.

As described in previous reports, our extensive capacity expansion program in the Other markets segment is leading to temporarily lower profitability. In addition, during the quarter we have implemented extra production efforts to maintain good delivery accuracy when covid-19 caused absences and capacity reduction of up to 30%, in Estonia, Poland, Finland and the Czech Republic. Against this background, we can only be pleased that the Group shows an earnings increase of over 80% to SEK 41 million (22).

Tied-up capital remains high as we are forced to maintain extensive inventories in order to maintain good delivery accuracy. For that reason, it is highly satisfying that we are still able to deliver a positive cash flow for the quarter.

The future

Our extensive expansion program will be completed during the first half of 2022. The new plant in Estonia will contribute to increased delivery capacity and efficiency already during the second quarter. The new premises in Poland, the Czech Republic and China will be put into production during the third quarter. Thus, we remain confident in our assessment that earnings in Other markets will increase and normalize during the current year.

In Germany, volumes have returned after the pandemic, and we now have a record order book. The limiting factor for production is the availability of materials and during the year we will also need to increase capacity. Our latest acquisition, the electronics manufacturer Beyers in Mönchengladbach, is therefore important for the future and we continue to expect the factory to reach profitability by the end of 2022.

The general economy is difficult to predict. Historically, we see how HANZA differs from traditional contract manufacturers by showing growth in both strong and weak economic cycles. Various crises often point to weaknesses in global supply chains, which drives sales to HANZA, such as the pandemic.

The effects of the invasion of Ukraine follows this pattern and has brought new challenges for product companies in the form of shipping disruptions and the exclusion of suppliers linked to the war zone. We frequently receive new requests from companies that have been affected by the disruptions caused by the war and believe that we will be able to handle most of these thanks to the good capacity we are now creating. This will contribute positively to HANZA's development, and it is satisfying to be able to help customers who have found themselves in a difficult situation. But above all, we hope that the war in Ukraine will end as soon as possible.

Kista, May 3, 2022

Erik Stenfors
CEO

Inauguration of HANZA's new factory on March 17, 2022. People from left: Cluster President Baltics, Emöke Sogenbits and CEO Erik Stenfors. Chairman of the Board Francesco Franzé. HANZA's main owner Gerald Engström.

BUSINESS DEVELOPMENT

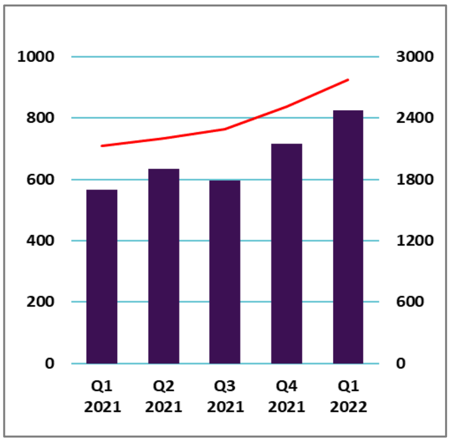
Market

HANZA's customer markets are mainly the Nordic countries and Germany, but customers are also located in the rest of Europe, Asia, and the USA. HANZA is experiencing very good demand in the Nordic markets. In Germany, demand has increased after the restrictions from the pandemic have been lifted.

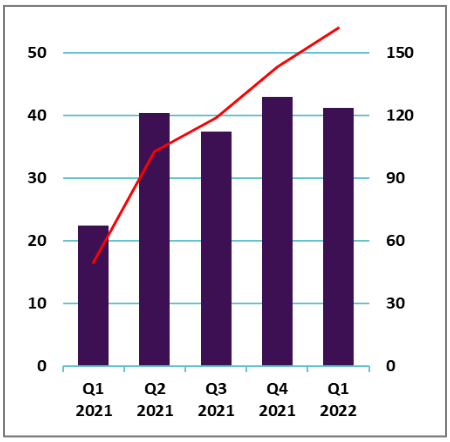
Furthermore, HANZA sees opportunities for new market shares as the pandemic reinforces the trend towards complete manufacturing near the end market. This is a trend that has previously been driven by, among other things, trade barriers, transport costs, delivery times, environmental aspects, and the pandemic. Now the invasion of Ukraine has also created a political dimension where product companies with operations in countries with political risks are reviewing their supply chain and evaluate transfer of their production.

HANZA's growth is currently limited by the supply of raw materials and components, a situation that to some extent has worsened with the war in Ukraine. We estimate that this will be a limiting factor for both HANZA and the manufacturing industry in general for some time to come. Our rapid growth has also led to capacity challenges in the Other markets segment, which will be addressed through various projects presented during the past year. These expansion projects have a temporary negative effect on profitability in Other markets at the end of 2021 and at the beginning of 2022.

Sales (MSEK)



Operating profit (MSEK)



The diagrams show sales and operating profit per quarter (bars), and rolling 12-month basis (lines)

First quarter

Net sales amounted to SEK 823.9 million (567.4), an increase of 45%. Sales have increased through new sales, increased volumes to existing customers, acquisitions, and increased prices on material. There is still some negative impact on volumes to certain customer groups due to the effects of covid-19. The global material shortage situation has also led to delayed production and thus lower sales. Changes in currency exchange rates affected the Group's sales positively by approximately SEK 17 million. Excluding currency and acquisitions, growth is approximately 26% during the quarter.

For the first quarter, the Main Markets segment reports sales of SEK 481.8 million (300.9), which is an increase of 60%. Acquired companies are included with SEK 93.0 million. Exchange rate effect has a positive effect of approximately SEK 6 million. The segment Other markets shows sales of SEK 342.1 million (266.5), an increase of 28%. Exchange rate effect has a positive effect of approximately SEK 11 million.

Gross margin amounted to 43.8% (45.9). The change from the previous year is due to the reasons stated above for both segments but the acquisitions have only affected the Main Markets segment.

EBITDA for the quarter amounted to SEK 66.4 million (42.7), which corresponds to an EBITDA margin of 8.1% (7.5). Depreciations and amortizations during the period amounted to SEK 29.5 million (23.7), of which amortization of intangible assets amounted to SEK 4.3 million (3.5) which are mainly related to customer relations that were added through acquisitions.

The Group’s operating profit before amortizations of intangible fixed assets (EBITA) amounted to SEK 41.2 million (22.5), which corresponds to an operating margin of 5.0% (4.0). The EBITA margin in the Main market segment amounted to 7.8% (5.1). The margin is negatively affected due to the newly acquired electronics unit in Germany, which does not yet contribute to the result. In the Other markets segment the margin amounted to 1.3% (3.9). The margin has been negatively affected by capacity shortages, production disruptions linked to the pandemic and costs related to the relocation of the final assembly to the newly opened production facility in Tartu.

In the Business Development segment, costs for special Group development projects not linked to HANZA’s operations, such as acquisitions, divestments, listing expenses, development of service products etc. are reported. In the first quarter, EBITA for the Business Development segment amounted to SEK -0.9 million (-3.2).

Other external costs amounted to SEK 100.8 million (69.1) and personnel costs amounted to SEK 196.5 million (149.5). The increased costs are due to increased net sales and acquired units. EBIT for the Group amounted to SEK 36.9 million (19.0). Net financial income amounted to SEK -11.6 million (-7.2). Of this, net interest amounted to SEK -6.3 million (-4.3).

Profit before tax amounted to SEK 25.3 million (11.8). Profit after tax amounted to SEK 19.2 million (9.1). Profit per share before dilution amounts to SEK 0.54 (0.27) and after dilution amounts to 0.53 (0.27) for the quarter.

Cash flow and investments

Cash flow from operating activities for the first quarter amounted to SEK 13.4 million (66.1). The change in working capital during the quarter amounted to SEK -37.9 million (37.4). The above-mentioned component shortage has led to increasing safety stocks and increased products at work.

Cash flow from investment activities during the first quarter amounted to SEK -32.6 million (-38.4) of which investments in buildings in Poland and Tartu were SEK million -13.4 (-4.5), other fixed assets, mainly machines, to a net of SEK -19.2 million (-13.7).

Total investments in tangible fixed assets amounted to SEK 38.7 million (31.1) in the quarter. The difference from cash flow from investments is mainly due to that some investments do not affect cash flow as they are made through leasing.

Cash flow from financing activities in the first quarter amounted to SEK -10.2 million (-11.7) and consists of new loans and amortizations.

Financial position

Organic growth, acquisitions, and a challenging material situation with a need for increased safety stock has led to an increase of total assets. Total assets at the end of the year amounted to SEK 2,037.5 million (1,672.1) and shareholders' equity at the end of the year amounted to SEK 617.8 million (520.5), which gives an equity/assets ratio of 30.3% (31.1).

Cash and cash equivalents at the end of the period amounted to SEK 17.2 million (138.8). In addition to cash and cash equivalents, the Group has unutilized credits, which combined with cash, unused credit facilities and positive cash flows provide a satisfactory liquidity.

The Group's interest-bearing net debt at the end of the year amounted to SEK 617.0 million (537.2) and increased by SEK 34.0 million during the quarter. The increase is mainly related to the need for increased working capital and investments.

Dividend

The Board of Directors have proposed to the Annual General Meeting on May 10, a dividend of SEK 0.50 per share (0.25) corresponding to an amount of SEK 17.9 million (8.9). The Board's proposal is based on the company's dividend policy, financial position, and liquidity.

The parent company

The parent company's net sales consist exclusively of income from Group companies. There have been no investments in the parent company during the quarter.

Material risks and uncertainties

The risk factors that generally carry the greatest significance for HANZA are unpredicted global incidents, financial risks, and changes in demand. For more information on risks and uncertainties, see Note 3 in the company's annual report for 2021. No significant changes in the risks have taken place since the annual report for 2021 was prepared.

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 share

In the first quarter the number of shares remained unchanged and amounted to 35,779,928.

Colleagues

In the quarter the average number of employees in the Group amounted to 1,962 (1,689). At the end of the period the number was 2,075 and at the beginning of the year the number was 2,001.

FINANCIAL DEVELOPMENT

Consolidated income statement

SEK millions	Note	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021
Net sales	4	**823.9**	**567.4**	**2,515.2**
Change of inventories in production, finished goods and work in progress on behalf of others		41.5	39.3	164.6
Raw materials and consumables		-504.9	-346.3	-1,530.6
Other external costs		-100.8	-69.1	-297.1
Costs of personnel		-196.5	-149.5	-634.1
Depreciations, amortizations and write-downs of tangible fixed assets		-25.2	-20.2	-88.7
Other operating income	5	5.4	2.9	19.8
Other operating expenses	5	-2.2	-2.0	-5.7
Operating profit (EBITA)	**4**	**41.2**	**22.5**	**143.4**
Depreciations, amortizations and write-downs of intangible fixed assets		-4.3	-3.5	-15.9
Operating profit (EBIT)	**4**	**36.9**	**19.0**	**127.5**
Profit/loss from financial items				
Financial income		-	-	-
Financial expenses		-11.6	-7.2	-27.8
Financial items – net	**6**	**-11.6**	**-7.2**	**-27.8**
Profit/loss before tax		**25.3**	**11.8**	**99.7**
Income tax		-6.1	-2.7	-19.5
Profit/loss for the period		**19.2**	**9.1**	**80.2**

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

Earnings per share before dilution, SEK	0.54	0.27	2.26
Earnings per share after dilution, SEK	0.53	0.27	2.25

The number of shares before and after dilution is shown in Note 7

Consolidated comprehensive income statement

SEK millions	Note	Jan-Mar 2022	Jan-Mar 2021	Jan–Dec 2021
Profit/loss for the period		**19.2**	**9.1**	**80.2**
Other comprehensive income				
Items that will not be reclassified to the income statement				
Remeasurement of post-employment benefits		8.9	2.9	2.2
Tax on items that will not be reclassified to the income statement		-2.8	-0.9	-0,7
Total items that will not be reclassified to the income statement		**6.1**	**2.0**	**1.5**
Items that can subsequently be reversed in profit or loss				
Exchange rate differences		6.3	7.8	10.6
Exchange rate difference on acquisition loan		0.8	-0.9	-0.3
Tax on items that can subsequently be reversed in profit or loss		-0.1	0.2	0.1
Total items that may be reclassified to the income statement		**7.0**	**7.1**	**10.4**
Other comprehensive income for the period		**13.1**	**9.1**	**11.9**
Total comprehensive income for the period		**32.3**	**18.2**	**92.1**

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

Condensed consolidated balance sheet

SEK millions	Note	31.03.2022	31.03.2021	31.12.2021
ASSETS				
Fixed assets				
Goodwill	8	363.7	338.5	361.7
Customer relations		91.1	104.0	93.8
Other intangible assets		8.2	8.7	8.8
Buildings and land		184.5	110.1	164.9
Machinery and equipment		247.0	190.9	241.7
Right-of-use assets		183.1	183.3	187.9
Other long-term securities holdings		-	0.6	-
Deferred tax assets		14.3	23.5	22.2
Total fixed assets		**1,091.9**	**959.5**	**1,081.0**
Current assets				
Inventories		731.9	404.4	662.9
Accounts receivable		132.6	100.9	106.6
Other receivables		47.1	48.1	36.3
Prepaid expenses and accrued income		16.8	20.4	18.7
Cash and cash equivalents		17.2	138.8	45.8
Total current assets		**945.6**	**712.6**	**870.3**
TOTAL ASSETS		**2,037.5**	**1,672.1**	**1,951.3**

Condensed consolidated balance sheet, cont'd

SEK millions	Note	31.03.2022	31.03.2021	31.12.2021
SHAREHOLDERS' EQUITY				
Shareholders' equity attributable to the parent company's shareholders		**617.8**	**520.5**	**585.5**
LIABILITIES				
Long-term liabilities				
Post-employment benefits		103.3	109.9	109.3
Deferred tax liabilities		44.4	45.8	44.2
Liabilities to credit institutions	3	203.9	195.8	244.9
Lease liabilities		131.8	125.1	132.5
Total long-term liabilities		**483.4**	**476.6**	**530.9**
Current liabilities				
Overdraft facility	3	81.4	36.1	58.7
Liabilities to credit institutions	3	129.9	94.3	107.2
Lease liabilities		41.9	42.9	41.8
Other interest-bearing liabilities	3	63.0	34.9	63.5
Accounts payable		403.2	291.8	373.4
Other liabilities		73.6	52.4	75.5
Accrued expenses and deferred income		143.3	122.6	114.8
Total current liabilities		**936.3**	**675.0**	**835.0**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2,037.5**	**1,672.1**	**1,951.3**

Condensed consolidated report of changes in shareholders' equity

SEK millions	Note	Jan-Mar 2022	Jan-Mar 2021	Jan–Dec 2021
Opening balance		**585.5**	**474.9**	**474.9**
Profit/loss for the period		19.2	9.1	80.2
Other comprehensive income		13.1	9.1	11.9
Total comprehensive income		**32.3**	**18.2**	**92.1**
Transactions with shareholders				
Non-cash issue		-	27.6	27.6
Issue costs		-	-0.2	-0.2
Dividend		-	-	-8.9
Total contributions from and distributions to shareholders, recognized directly in equity		**-**	**27.4**	**18.5**
Closing balance		**617.8**	**520.5**	**585.5**

Condensed consolidated statement of cash flows

SEK millions	Note	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021
Cash flows from operating activities				
Profit/loss after financial items		25.3	11.8	99.7
Depreciations, amortizations and write-downs		29.5	23.7	104.6
Other non-cash items		2.9	0.8	-2.3
Paid income tax		-6.4	-7.6	-8.5
Cash flows from operating activities prior to the change in working capital		**51.3**	**28.7**	**193.5**
Total change in working capital		**-37.9**	**37.4**	**-67.4**
Cash flows from operating activities		**13.4**	**66.1**	**126.1**
Cash flows from investing activities				
Acquisition in subsidiaries	8	-	-20.2	-48.4
Investments in fixed assets		-33.5	-18.9	-141.1
Disposals of tangible fixed assets		0.9	0.7	3.8
Cash flows from investing activities		**-32.6**	**-38.4**	**-185.7**
Cash flows from financing activities				
New loans		53.7	37.7	173.6
Repayment of borrowings		-63.9	-49.4	-186.2
Dividends paid		-	-	-8.9
Cash flows from financing activities		**-10.2**	**-11.7**	**-21.5**
Increase/reduction in cash and cash equivalents		**-29.4**	**16.0**	**-81.1**
Cash and cash equivalents at the beginning of the period		45.8	121.2	121.2
Exchange rate differences in cash and cash equivalents		0.8	1.6	5.7
Cash and cash equivalents at the end of the period		**17.2**	**138.8**	**45.8**

Condensed parent company income statement

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.

SEK millions	Note	Jan-Mar 2022	Jan-Mar 2021	Jan–Dec 2021
Operating income		**4.8**	**5.2**	**25.8**
Operating expenses		**-5.6**	**-5.2**	**-24.5**
Other operating income		-	0.1	0.2
Other operating expenses		-0.2	-	-0.1
Operating profit		**-1.0**	**0.1**	**1.4**
Profit/loss from financial items				
Profit/loss from shares in group companies		-	-	4.5
Other interest income and similar income items		0.1	0.1	1.2
Interest charges and similar income items		-1.8	-2.6	-4.9
Total profit/loss from financial items		**-1.7**	**-2.5**	**0.8**
Profit/loss after net financial items		**-2.7**	**-2.4**	**2.2**
Appropriations		-	-	6.0
Profit/loss before tax		**-2.7**	**-2.4**	**8.2**
Tax on profit for the period		0.5	-	-0.8
Profit/loss for the period		**-2.2**	**-2.4**	**7.4**

Condensed parent company balance sheet

SEK millions	Note	31.03.2022	31.03.2021	31.12.2021
ASSETS				
Fixed assets				
Financial fixed assets		**393.1**	**365.6**	**391.7**
Total fixed assets		**393.1**	**365.6**	**391.7**
Current assets				
Current receivables		5.3	31.9	13.1
Cash and cash equivalents		0.3	7.7	0.3
Total current assets		**5.6**	**39.6**	**13.4**
TOTAL ASSETS		**398.7**	**405.2**	**405.1**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity		**263.2**	**265.1**	**266.0**
Untaxed reserves		**1.7**	**0.5**	**1.7**
Long-term liabilities		**101.9**	**59.0**	**103.1**
Current liabilities		**31.9**	**80.6**	**34.3**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**398.7**	**405.2**	**405.1**

Notes

Note 1 **General information**

All amounts are reported in millions of SEK (SEK million) and refers to The Group unless otherwise stated. Information in brackets refers to the corresponding period of the preceding year. The interim information on pages 5 to 7 forms an integral part of this financial report.

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

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

The 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 2021 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. Substantially all the loans carry a floating rate of interest. Against this background, the reported values can 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 assembled 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 assembled product is delivered to the customer. Exceptions 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' in the end of this note.

Description of segment reporting

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

- Main markets – Manufacturing clusters located in or near HANZA's primary geographical customer markets, which currently consist of Sweden, Finland, Norway and Germany. These clusters currently comprise Sweden, Finland and Germany. The operations in these areas are characterized by closeness to the customers factories and close collaboration with customer development departments.

- Other markets – Manufacturing clusters outside of HANZA's primary geographical customer areas. These clusters currently consist of the Baltics, Central Europe and China. The operations are characterized by a high work content, extensive complex assembly and proximity to important end-customer areas.

- Business development – Costs and revenues not allocated to the Manufacturing Clusters, which primarily consist of Group-wide functions within the parent company, as well as Group-wide adjustments not allocated to the other two segments.

Transactions between segments are made on market terms.

Revenues by segment

SEK millions	Jan – Mar 2022			Jan – Mar 2021		
	Segment revenues	Less sales between segments	Income from external customers	Segment revenues	Less sales between segments	Income from external customers
Main markets	484.0	-2.2	481.8	302.9	-2.0	300.9
Other markets	346.3	-4.2	342.1	270.1	-3.6	266.5
Business development	-	-	-	-	-	-
Total	**830.3**	**-6.4**	**823.9**	**573.0**	**-5.6**	**567.4**

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

SEK millions	Jan-Mar 2022	Jan-Mar 2021	Jan–Dec 2021
EBITA			
Main markets	37.5	15.3	113.5
Other markets	4.6	10.4	41.6
Business development	-0.9	-3.2	-11.7
Total EBITA	**41.2**	**22.5**	**143.4**
Amortisation of intangible assets	-4.3	-3.5	-15.9
Operating profit	**36.9**	**19.0**	**127.5**
Financial items – net	-11.6	-7.2	-27.8
Profit/loss before tax	**25.3**	**11.8**	**99.7**
Items affecting comparability			
Revaluation of acquisition purchase price	-	-	0.2
Transaction costs	-	-2.3	-5.0
Integration costs	-	-3.7	-3.7
Repayment AFA	-	-	6.3
Total	**-**	**-6.0**	**-2.2**
EBITA per segment excluding items affecting comparability			
Main markets	37.5	19.0	110.7
Other markets	4.6	10.4	41.6
Total	**42.1**	**29.4**	**152.3**
Business development	-0.9	-0.9	-6.7
Total	**41.2**	**28.5**	**145.6**
Items affecting comparability	-	-6.0	-2.2
EBITA	**41.2**	**22.5**	**143.4**

Revenue from external customers by manufacturing technology

SEK millions	Jan-Mar 2022	Jan-Mar 2020	Jan–Dec 2021
Mechanics	492.9	362.0	1,594.0
Electronics	331.0	205.4	921.2
Business development	-	-	-
Total	**823.9**	**567.4**	**2,515.2**

Note 5 Other operating income and operating expenses

SEK millions Other operating income	Jan-Mar 2022	Jan-Mar 2021	Jan–Dec 2021
Profit on disposal of fixed assets	0.4	0.6	3.7
Revaluation of acquisition purchase price	-	-	0.2
Government grants	1.0	0.6	2.8
Repayment AFA	-	-	6.3
Exchange gains	2.0	0.1	0.7
Other items	2.0	1.6	6.1
Total other operating income	**5.4**	**2.9**	**19.8**
Other operating expenses			
Loss on disposal of fixed assets	-	-	-0.2
Exchange losses	-1.9	-1.8	-4.1
Other items	-0.3	-0.2	-1.4
Total other operating expenses	**-2.2**	**-2.0**	**-5.7**

Note 6 Financial income and expenses – Net financial items

SEK millions Financial income	Jan-Mar 2022	Jan-Mar 2021	Jan–Dec 2021
Net exchange gains and losses	-	-	-
Total financial income	**-**	**-**	**-**
Financial expenses			
Interest expenses	-6.3	-4.3	-20.0
Net exchange gains and losses	-3.4	-1.0	-0.3
Other financial expenses	-1.9	-1.9	-7.5
Total financial expenses	**-11.6**	**-7.2**	**-27.8**
Total financial items - net	**-11.6**	**-7.2**	**-27.8**

Note 7 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 numbers of shares at the end of the period are also shown.

Number of shares	**Jan-Mar 2022**	**Jan-Mar 2021**	**Jan–Dec 2021**
Weighted average number of shares before dilution	35,779,928	34,219,928	35,395,270
Adjustment upon calculation of earnings per share after dilution: Warrants	479,425	-	192,612
Weighted average number of shares after dilution	**36,259,353**	**34,219,928**	**35,587,882**
Number of shares at the end of the period	**35,779,928**	**35,779,928**	**35,779,928**

KEY RATIOS, DEFINITONS AND FINANCIAL CALENDER

Key ratios

	Jan-Mar 2022	Jan-Mar 2021	Jan–Dec 2021
Key ratios according to IFRS			
Net sales. SEK million	823.9	567.4	2,515.2
Operating pit (EBIT). SEK million	36.9	19.0	127.5
Amortisation of intangible assets. SEK million	-4.3	-3.5	-15.9
Earnings per share before dilution. SEK	0.54	0.27	2.26
Earnings per share after dilution. SEK	0.53	0.27	2.25
Cash flow from operating activities. SEK million	13.4	66.1	126.1
Average number of employees	1,962	1,689	1,741
Alternative performance measurements			
EBITDA. SEK million	66.4	42.7	232.1
EBITDA margin. %	8.1	7.5	9.2
Operational segments EBITA. SEK million	42.1	25.7	155.1
Business development segment EBITA. SEK million	-0.9	-3.2	-11.7
Operational EBITA margin. %	5.1	4.5	6.2
EBITA. SEK million	41.2	22.5	143.4
EBITA margin. %	5.0	4.0	5.7
Operating capital. SEK million	1,355.8	1,020.7	1,297.5
Return on operating capital. %	3.1	2.3	12.9
Capital turnover on operating capital. times	0.6	0.6	2.3
Return on capital employed. %	2.7	1.7	10.7
Net interest-bearing debt. SEK million	617.0	384.5	583.0
Net debt/equity ratio. times	1.0	0.7	1.0
Net debt in relation to adjusted EBITDA. times	2.7	3.4	2.9
Equity ratio. %	30.3	31.1	30.0
Equity per share at end of period. SEK	17.27	14.55	16.36

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

Definitions

Key ratios according to IFRS – Definitions

EBIT (earnings before interest and taxes) is operating profit, i.e. profit before net financial items, provisions and taxes.

Alternative performance measurements – Definitions. reconciliations 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.

Return on capital employed is EBIT plus financial income divided by average capital employed.

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.

EBITA margin is EBITA divided by net sales.

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.

Adjusted EBITDA is EBITDA excluding amortization of lease liabilities related to buildings and premises in accordance with IFRS 16.

Items affecting comparability are revenue and expense items in the operating profit which only by way of exception occurs in the operations. To items affecting comparability 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.

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

Net debt in relation to adjusted EBITDA is net interest-bearing debt at year end divided by adjusted EBITDA on a rolling 12-months basis.

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, excluding lease liabilities related to the right of use assets for buildings and premises in accordance with IFRS 16 less cash in hand, cash equivalents and short-term investments.

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

Capital employed is balance sheet total minus non-interest-bearing provisions and liabilities.

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.

Financial Calendar

→ Annual General Meeting: Tuesday May 10, 2022
→ Interim report, Q2, 2022: Tuesday July 26, 2022
→ Interim report Q3, 2022: Tuesday November 8, 2022

ABOUT HANZA

HANZA is a global knowledge-based manufacturing company that modernizes and streamlines the manufacturing industry. Through supply chain advisory services and with production facilities grouped in local manufacturing clusters we create stable deliveries, increased profitability and an environmentally friendly manufacturing process for our customers.

The company was founded in 2008 and in 2021 had sales exceeding SEK 2.5 billion. The company has six manufacturing clusters: Sweden, Finland, Germany, Baltics, Central Europe and China.

Among HANZA's clients are leading companies such as 3M, ABB, Epiroc, GE, Getinge, John Deere, SAAB, Sandvik, Siemens and Tomra.

More information

At www.hanza.com you find more information about HANZA Group, as well as financial reports, presentations and press releases.

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