HANZA

ALL YOU NEED IS ONE ™

Interim report
HANZA AB
January 1 – September 30, 2023

INTERIM REPORT JANUARY–SEPTEMBER 2023

Continued growth with a record margin

Third quarter 2023

- → Net sales increased by 14% to SEK 955 million (838). Adjusted for currency and re-invoicing of energy and material costs in quarter 3, 2022, the organic growth amounted to 10%.
- → Operating profit (EBITA) increased to SEK 89 million (50), corresponding to an operating margin of 9.3% (6.0).
- → Profit after tax amounted to SEK 49 million (26), corresponding to SEK 1.21 (0.73) per share before dilution and SEK 1.21 (0.72) after dilution.
- → Cash flow from operating activities amounted to SEK 5 million (83).

The nine-month period 2023

- → Net sales increased by 21% to SEK 3,087 million (2,548). Adjusted for currency, acquisitions and re-invoicing of energy and material costs during 2022, growth amounted to 16%.
- → Operating profit (EBITA) increased to SEK 268 million (149), corresponding to an operating margin of 8.7% (5.8). The margin was positively affected by received energy subsidy of SEK 7 million. Excluding this item, the operating profit amounted to SEK 261 million, corresponding to an operating margin of 8.5%.
- → Profit after tax amounted to SEK 167 million (81), corresponding to SEK 4.21 (2.28) per share before dilution and SEK 4.19 (2.25) after dilution.
- → Cash flow from operating activities amounted to SEK 180 million (126).

Significant events during the quarter

→ In July, HANZA signed a manufacturing agreement with Mitsubishi Logisnext Europe, a leading provider of logistics solutions with customized forklifts. The agreement covers the complete manufacturing of a series of forklifts for the European market. The annual revenue is expected to exceed 100 MSEK/year and be fully operational in the first half of 2024.

Significant events during the year

→ At the beginning of the year, we deepened our collaboration with Thermia, a world-leading supplier of heat pumps. The collaboration increases annual sales by approximately SEK 35 million and is expected to continue to increase.

→ In March, a revised and expanded sustainability strategy was presented. Together with the strategy and financial goals in "HANZA 2025", this will ensure long-term profitable and sustainable growth.

→ HANZA's annual general meeting on May 8, 2023, resolved to elect Per Holmberg to the Board. Per Holmberg replaces Håkan Halén, who declined re-election.

→ The AGM resolved to introduce a long-term share savings program to 13 persons in senior positions, where participants can be allocated shares during 2026, provided that the participant invests in shares in HANZA during the second quarter of 2023, and that the financial targets for 2025 are met. Participation in the share savings program was high, the participants have invested in 32,600 of a maximum of 33,450 shares.

→ HANZA's management exercised the warrants previously purchased under the company's warrant program 2020/2023, which increased the total number of shares in HANZA AB by 850,000. As of June 30, 2023, the number of shares in HANZA thus amounts to 40,129,928.

→ The order backlog from a customer in the defense industry increased to approximately SEK 150 million per year, which is more than double compared to 2022. The orders relate to both production and product development, as well as a deepened collaboration with HANZA.

→ In June, HANZA acquired a previously rented property in Töcksfors of 11,000 square meters and approximately 28,000 square meters of associated land. The acquisition was financed with bank loans and own funds. The purpose of the acquisition is to prepare for continued expansion in Sweden and to reduce premises costs.

In August, HANZA celebrated its 15th anniversary. Photo from HANZA China in Suzhou.

CEO COMMENT | Quarter 3

On August 6, HANZA celebrated its 15th anniversary. Since the foundation, HANZA's average sales growth has been close to 20% per year, and as HANZA is the youngest Nordic contract manufacturer of its size, it means an industry-leading growth. Today, we are proud to have operations in seven countries and an annual turnover of over 4 billion SEK.

The reason for our development is simple; HANZA offers not only manufacturing, but also an improved supply chain. Furthermore, we offer added value through advisory services and product development. In customer dialogues, it is clear how our business model provides advantages over traditional contract manufacturing. We welcome you to visit our website where we have published a short film about our history.

By creating higher customer value, we attract new customers and enable higher earnings. We continue to increase our margin, and in Q3 we achieved the Group's highest ever operating margin of 9.3%.

HANZA's model of complete regional manufacturing is also well timed. In September, we participated in the subcontractor fair in Tampere, Finland. There, too, we could see that manufacturing is returning from Asia, so-called backsourcing. We therefore have ongoing work to develop our presence in Finland.

Erik Stenfors, CEO HANZA

Financial development

The third quarter is our weakest period in terms of sales due to vacations. As described in our report for Q3 last year, we then had direct invoicing of energy costs and certain materials without mark-up. This affects the calculation of sales growth negatively and adjusted for this and currency, the underlying organic growth is 10%, which we are happy with. Accumulated 12 months, our turnover now reaches SEK 4.1 million.

We have also had a positive profit development. At Group level, the operating margin increased by more than three percentage points to 9.3% (6.0). Segment Main Markets increased to 12.4% (7.1), which is an industry-leading margin. The increase is partly due to Germany developing according to the plan we presented last year. Segment Other Markets is also increasing the margin, but at a slower pace. For Q3 it amounted to 5.7% (5.1). Rolling 12 months, the Group reached a margin of 7.9%, which is close to our target for 2025 of at least 8%. The increase in earnings continues to earnings per share, which increased by 66% to SEK 1.21 (0.73).

Despite an improved component situation, new projects meant that working capital remained high. We see only a slightly positive cash flow from operating activities in Q3 of SEK 5 million (83). We are now working to restore our normally strong cash flow.

The future

We are currently planning for 2024, and we see continued growth from our existing customer base. In particular, we note an increased demand in the Other Markets segment next year, which is pleasing as this segment has had a lower growth rate than the Main Markets segment.

HANZA's continuous growth is partly due to the fact that our business model addresses a larger market than classic single-technology manufacturers. This, in turn, has made it possible to build a broad customer base with successful companies in various industries, such as the energy sector, the defense industry, reverse vending machines, agricultural machinery and the mining industry. Today, HANZA supplies everything from compasses for Silva to forklifts for Mitsubishi. We will keep growing with different products in different industries in the future.

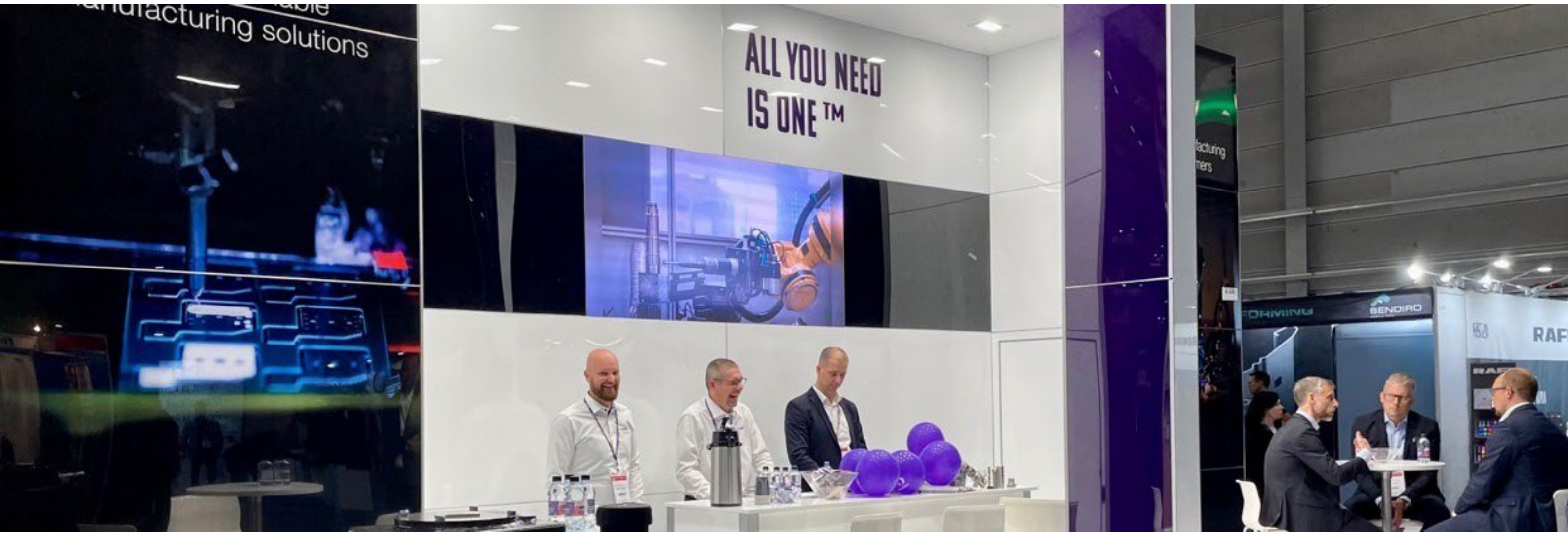
Organic growth brings a need for increased capacity. We ensure this primarily through a cost-effective expansion of existing manufacturing clusters, what we call a modular expansion. At the turn of the year, we will open a newly built production hall for sheet metal mechanics in Tartu, Estonia, which also includes a new transport system for welded, painted and finished sheet metal boxes to our nearby assembly factory, a factory that we opened in March last year.

To meet demand, we continuously explore potential capacity acquisitions, and in this phase of HANZA's development we are focusing on companies that are within our current geographies. There are many exciting opportunities to acquire successful colleagues and bring them into the HANZA Group and the cluster concept, which creates an even better development for both parties.

But above all, we see a bright future because we have managed to gather experienced and talented employees in HANZA for 15 years. We are now working together to pass our next milestone of 5 billion in annual sales.

Kista November 7, 2023

Erik Stenfors
CEO



HANZA was represented in a new stand at the subcontracting fair in Tampere, Finland.

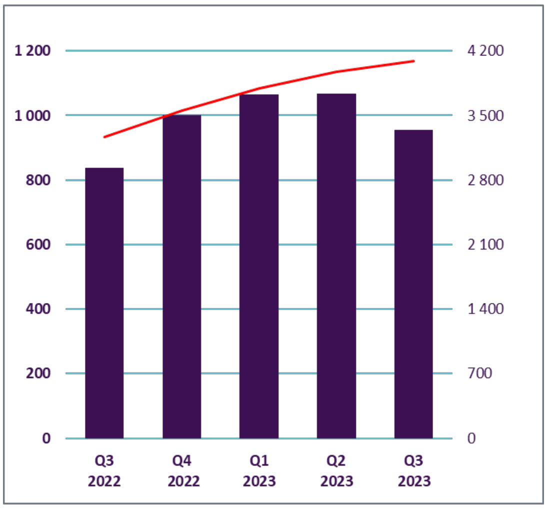
GROUP OVERVIEW

Market

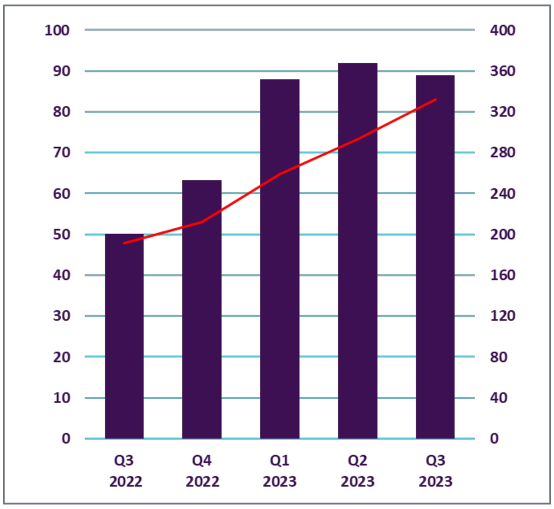
HANZA has an evenly distributed customer base where no customer accounts for more than 10% of the annual sales, and the 10 largest customers combined account for less than 50%. Our customers operate in various industries such as logistics, mining, defense, energy sector, agricultural and forestry products and recycling companies. Geographically, customers are mainly located in the Nordic region and Germany, but also in the rest of Europe, Asia and the USA. Order intake at Group level remains very good, although there are variations between different industries and geographies.

HANZA sees opportunities to gain further market shares as the trend towards complete and regional manufacturing is strengthened. This is a trend that has so far been driven by, among other things, trade barriers, transportation costs, delivery times, environmental aspects and the pandemic. The invasion of Ukraine has added a political dimension, where product companies manufacturing in countries with political risks are reviewing their supply chain and for that reason plan to move their production closer to their market.

Sales (MSEK)



Operating profit (MSEK)



The graphs show sales and operating profit (EBITA). Both per quarter (bars) and rolling 12 months (lines).

SUSTAINABILITY

HANZA’s sustainability work is focused on three areas: Environment & Climate, Safety & Ethics and Employees. The sustainability goals, together with the financial goals in the company's overall strategy "HANZA 2025", will ensure that HANZA achieves long-term profitable and sustainable growth.

Activities during the third quarter

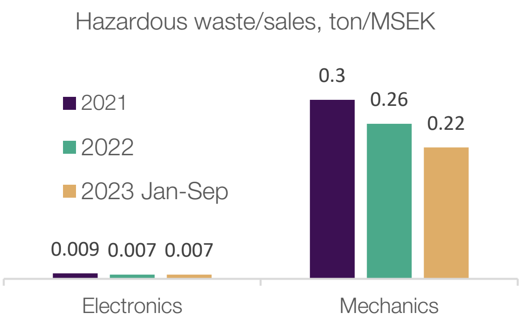
→ The results of HANZA's annual employee survey show improvements in all indices.

→ One of our focus areas for 2024 is to strengthen our internal communication. In Q3, we started work on a new intranet to ensure inclusion of all employees in the HANZA Group, regardless of position. The launch is planned for the beginning of summer 2024.

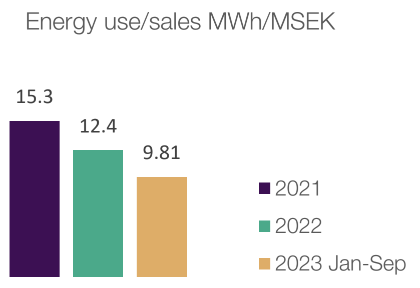
→ We see a steadily increasing demand from customers for cooperation in sustainability. During Q3, another two of our factories (one in Sweden and one in Germany), have started their supplier evaluation via the sustainability platform Ecovadis.

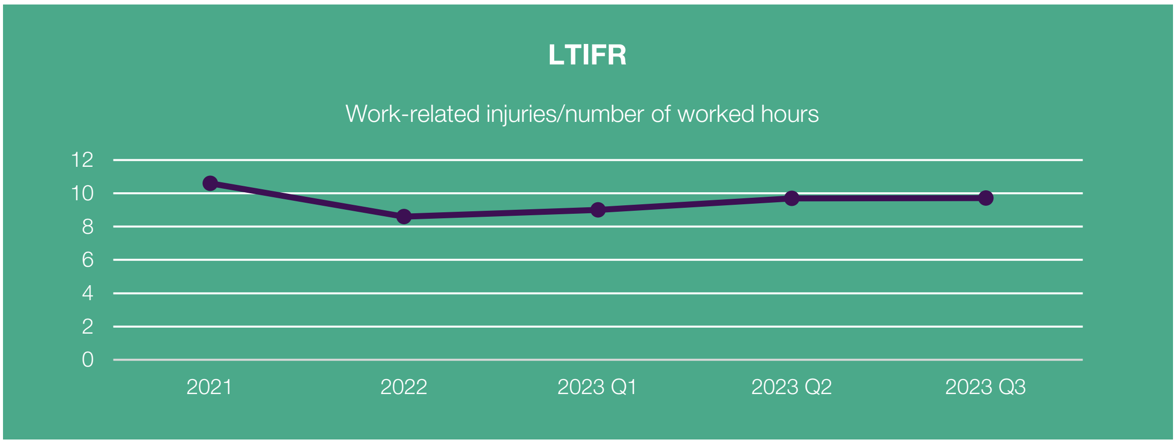
→ On behalf of a Norwegian customer, a pilot project for calculating the carbon footprint at item level has been initiated in our Swedish manufacturing cluster.

Hazardous waste



Energy use





FINANCIAL DEVELOPMENT

Third quarter

Net sales amounted to SEK 955 million (838), a growth of 14%. Sales have increased through new sales and increased volumes to existing customers. Changes in currency exchange rates affected the Group's sales positively by SEK 69 million. Excluding currency, the organic growth amounted to 6%. Adjusted for re-invoicing of energy and material costs, the organic growth amounted to 10%. Sales rolling 12-months amounts to SEK 4,089 million (3,265).

Gross margin for the quarter amounted to 46.3% (42.6). EBITDA for the quarter amounted to SEK 119 million (76), which corresponds to an EBITDA margin of 12.5% (9.1). The Group's operating profit before amortizations of intangible fixed assets (EBITA) amounted to SEK 89 million (50), which corresponds to an operating margin of 9.3% (6.0). – HANZA's highest margin to date.

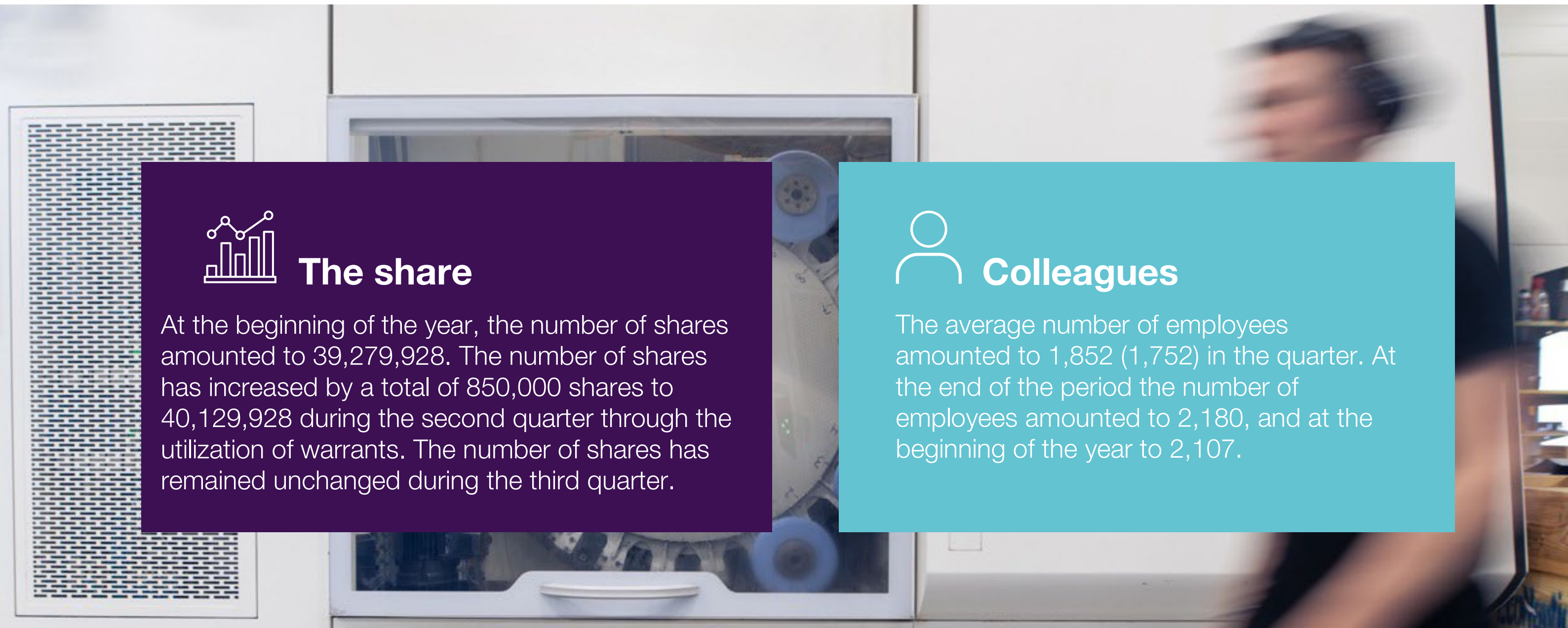
Profit before tax amounted to SEK 58 million (30) and profit after tax amounted to SEK 49 million (26). Income tax corresponded to a tax rate of 15.5% (13.3). The higher tax rate is because a smaller proportion of the profit comes from entities with a lower tax rate. Earnings per share for the quarter amounted to SEK 1.21 (0.73) before dilution and to SEK 1.21 (0.72) after dilution.

The nine-month period

Net sales amounted to 3,087 MSEK (2,548), corresponding to a growth of 21%. Exchange rate fluctuations affected the Group's sales positively by SEK 175 million. Acquisitions have added SEK 7 million. Excluding acquisitions and currency, growth amounts to 14%. Adjusted also for reduced direct invoicing of energy and materials, organic growth amounted to 16%.

The gross margin for the nine-month period amounted to 44.5% (43.3). EBITDA amounted to SEK 356 million (225), which corresponds to a margin of 11.5% (8.8). The Group's operating profit (EBITA) amounted to SEK 268 million (149), which corresponds to an operating margin of 8.7% (5.8). Excluding the allocated energy subsidy of SEK 7 million, the operating margin amounted to 8.5%.

Profit before tax in the nine-month period amounted to SEK 199 million (95) and profit after tax amounted to SEK 167 million (81). Earnings per share amounted to SEK 4.21 (2.28) before dilution and to SEK 4.19 (2.25) after dilution.



The share

At the beginning of the year, the number of shares amounted to 39,279,928. The number of shares has increased by a total of 850,000 shares to 40,129,928 during the second quarter through the utilization of warrants. The number of shares has remained unchanged during the third quarter.

Colleagues

The average number of employees amounted to 1,852 (1,752) in the quarter. At the end of the period the number of employees amounted to 2,180, and at the beginning of the year to 2,107.

Cash flow and investments

Cash flow from operating activities amounted to SEK 5 million (83) in the third quarter and SEK 180 million (126) in the nine-month period. The lower cash flow is mainly due to an increase in the Group's tied-up working capital, total change in working capital amounted to SEK -82 million (40) in the quarter and to SEK -93 million (-26) for the nine-month period.

Total investments in tangible fixed assets amounted to SEK 77 million (31) in the third quarter and to SEK 238 million (106) in the nine-month period, of which investments in and acquisitions of buildings accounted for SEK 10 million in the quarter and SEK 74 million in the nine-month period. Other investments relate mainly to investments in machinery and other fixed assets. Cash flow from investment activities during the third quarter amounted to SEK -75 million (-41) and for the nine-month period to SEK -234 million (-106). The difference from the cash flow from investments is due to the fact that certain investments do not affect cash flow as they are made through leasing or are an accounts-payable at the end of the period.

Financial position

Net interest-bearing debt amounted to SEK 642 million (603) at the end of the period. This is an increase from the previous quarter (584), mainly due to investments. The net debt in relation to adjusted EBITDA corresponds to 1.5 times (2.3). The balance sheet total amounted to 2,784 (2,396) at the end of the period. The increase is mainly due to the growth and to exchange rate differences, as well as the acquisition of the property in Töcksfors. Shareholders' equity at the end of the period amounted to SEK 1,078 million (710), which corresponds to an equity/assets ratio of 38.7% (29.6). During the quarter, a dividend of SEK 29 million was paid to the shareholders, and a new share issue connected to an option program added SEK 17 million.

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 nine-month period.

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 2022. No significant changes in the risks have occurred since the annual report for 2022 was submitted.

Related party transactions

During the quarter, there have been no related party transactions between the HANZA Group and related parties other than the above-mentioned subscription of shares via options and those described in Note 34 in the company's annual report for 2022.

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Review report

HANZA AB, org.no. 556748-8399

Introduction

We have reviewed the condensed interim report for HANZA AB as of September 30, 2023, and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, November 7, 2023

Ernst & Young AB

Linn Haslum Lindgren
Authorized Public Accountant

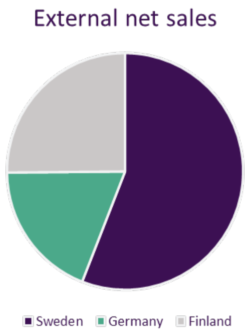
SEGMENT OVERVIEW

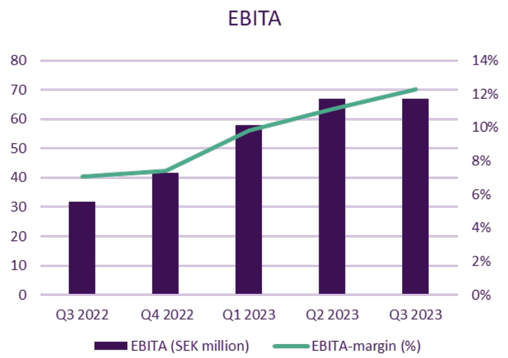
Description of segment reporting

HANZA divides its operations into so called manufacturing clusters and applies a financial segmentation based on primary customer markets. There are also operations within business development and service. This is reported in a separate segment.

Main markets segment

SEK million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
External net sales	**547**	**448**	**1,746**	**1,414**	**1,976**
Operating profit (EBITA)	**68**	**32**	**192**	**106**	**148**
EBITA-margin (%)	12.4	7.1	11.0	7.5	7.5





The Main markets segment is characterized by 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 HANZAs manufacturing clusters in Sweden, Finland and Germany. HANZAs operations in these areas are characterized by closeness to the customers' factories and close collaboration with customer development departments.

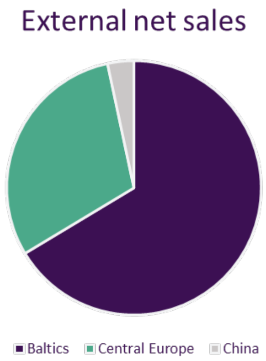
External net sales increased by 22.1% in the third quarter compared to the corresponding period last year. Adjusted for currency effects, growth in the quarter amounted to 15.8%. EBITA has increased significantly, and the segment reached a margin of 12.4% (7.1) in the third quarter.

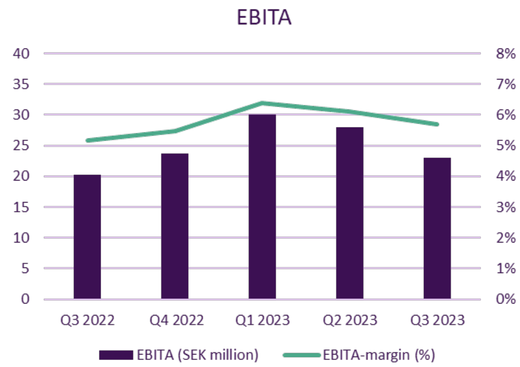
In the nine-month period, external net sales amounted to 1,746 (1,414), a growth of 23.5% which excluding currency effects corresponds to 18.3%. Operating margin, excluding energy subsidy of SEK 7 million, amounts to 17.8%.

The margin increase is mainly due to continued efficiency improvements and the fact that the manufacturing cluster in Germany has increased its margin after a coordination project implemented in 2022 following the acquisition of electronics manufacturer Helmut Beyers GmbH at the end of 2021.

Other markets segment

SEK million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
External net sales	**405**	**391**	**1,331**	**1,134**	**1,568**
Operating profit (EBITA)	**23**	**20**	**81**	**47**	**71**
EBITA-margin (%)	5.7	5.1	6.1	4.1	4.5





Other markets segment refers to manufacturing clusters outside of HANZA's primary geographical customer areas. Currently, the Other markets segment includes HANZA's manufacturing clusters in the Baltics, Central Europe and China. The business is characterized by a high work content, extensive complex assembly, and proximity to important end-customer areas.

External net sales increased by 3.6% during the third quarter, compared to the same period last year. Excluding currency effect, development in the quarter amounted to -6,6% which is mainly due to the re-invoicing of energy and material costs in Q3 2022. Adjusted for this, the development is positive. EBITA and operating margin have improved and amounted to 5.7% (5.1) during the quarter.

In the nine-month period, external net sales amounted to 1,331 (1,134), a growth of 17.4% of which 8.4% excluding currency effect. Operating margin have increased significantly during the nine-month period and amounts to 6.1% (4.1).

The margin improvement is an effect of capacity investments and efficiency improvements, e.g. the new assembly hall in Tartu that was completed at the end of Q1 2022, and expansion projects that was completed in Poland, the Czech Republic and China during 2022. In 2023, further expansion of factory space in Tartu, Poland and the Czech Republic was carried out, which are expected to be operational in Q4 2023 and Q1 2024. During the quarter, HANZA has rented premises of approx. 6,000 sqm in order to meet demand for 2024. This means that during Q4, 2023, and Q1, 2024, a further approx. 10,000 sqm of factory space will be in use.

Business development and services segment

Revenues and costs from services provided by HANZA in advisory and development services and costs 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.

External net sales amounted to SEK 5 million (0) and EBITA to SEK -2 million (-2) in the quarter. In the nine-month period, external net sales amounted to SEK 12 million (0) and EBITA to SEK -5 million (-4). Internal Group sales amounted to SEK 2 million (0) in both the quarter and the nine-month period. During the first half-year, costs for integration and coordination have affected sales and profit negatively.

FINANCIAL DEVELOPMENT

Consolidated income statement

SEK million	Note	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net sales	4	**955**	**838**	**3,087**	**2,548**	**3,549**
Change of inventories in production, finished goods and work in progress on behalf of others		-6	41	59	136	152
Raw materials and consumables		-507	-522	-1,773	-1,581	-2,170
Other external costs		-107	-116	-350	-323	-453
Costs of personnel		-212	-177	-675	-570	-781
Depreciations, amortizations and write-downs of tangible fixed assets		-30	-26	-88	-76	-103
Other operating income and expenses		-4	12	8	15	18
Operating profit (EBITA)	4	**89**	**50**	**268**	**149**	**212**
Depreciations, amortizations and write-downs of intangible fixed assets		-4	-4	-12	-13	-19
Operating profit (EBIT)	4	**85**	**46**	**256**	**136**	**193**
Financial items - net	5	**-27**	**-16**	**-57**	**-41**	**-50**
Profit/loss before tax	4	**58**	**30**	**199**	**95**	**143**
Income tax		-9	-4	-32	-14	-22
Profit/loss for the period		**49**	**26**	**167**	**81**	**121**
Earnings per share						
Earnings per share before dilution, SEK		1.21	0.73	4.21	2.28	3.35
Earnings per share after dilution, SEK		1.21	0.72	4.19	2.25	3.30

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

Consolidated comprehensive income statement

Profit/loss for the period	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Items that will not be reclassified to the income statement	**49**	**26**	**167**	**81**	**121**
Remeasurement of post-employment benefits	4	9	4	32	20
Tax on items that will not be reclassified to the income statement	-1	-3	-1	-10	-6
Total items that will not be reclassified to the income statement	**3**	**6**	**3**	**22**	**14**
Items that can subsequently be reversed in profit or loss					
Exchange rate differences	-20	13	22	39	50
Exchange rate difference on acquisition loan	-0	-1	-1	-1	-1
Tax on items that can subsequently be reversed in profit or loss	-3	1	-0	1	3
Total items that may be reclassified to the income statement	**-23**	**13**	**21**	**39**	**52**
Other comprehensive income for the period	**-21**	**19**	**24**	**61**	**66**
Total comprehensive income for the period	**28**	**45**	**191**	**142**	**187**

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

Condensed consolidated balance sheet

SEK million	Note	30.09.2023	30.09.2022	31.12.2022
ASSETS				
Fixed assets				
Goodwill		394	384	388
Other intangible assets		82	94	90
Tangible fixed assets		703	484	551
Right-of-use assets		188	188	180
Deferred tax assets		14	7	17
Total fixed assets		**1,381**	**1,157**	**1,226**
Current assets				
Inventories		1,010	883	937
Accounts receivable		173	173	151
Other receivables		123	84	90
Cash and cash equivalents		97	99	137
Total current assets		**1,403**	**1,239**	**1,315**
TOTAL ASSETS		**2,784**	**2,396**	**2,541**
SHAREHOLDERS' EQUITY				
Shareholders' equity attributable to the parent company's shareholders		**1,078**	**710**	**898**
LIABILITIES				
Long-term liabilities				
Post-employment benefits		108	86	102
Deferred tax liabilities		48	50	49
Liabilities to credit institutions	3	220	207	223
Lease liabilities		118	131	125
Total long-term liabilities		**494**	**474**	**499**
Current liabilities				
Overdraft facility	3	70	60	55
Liabilities to credit institutions	3	195	196	177
Lease liabilities		54	43	41
Other interest-bearing liabilities	3	63	100	75
Accounts payable		498	521	487
Other liabilities		332	292	309
Total current liabilities		**1,212**	**1,212**	**1,144**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2,784**	**2,396**	**2,541**

Condensed consolidated report of changes in shareholders' equity

SEK million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Opening balance	**1,049**	**665**	**898**	**586**	**586**
Profit/loss for the period	49	26	167	81	121
Other comprehensive income	-21	19	24	61	66
Total comprehensive income	**28**	**45**	**191**	**142**	**187**
Transactions with shareholders					
New share issue	-	-	17	-	147
Issue costs	1		1		
Dividend	-	-	-	-	-4
Total contributions from and distributions to shareholders, recognized directly in equity	-	-	-29	-18	-18
Closing balance	**1**	**-**	**-11**	**-18**	**125**
	1,078	**710**	**1,078**	**710**	**898**

Condensed consolidated statement of cash flows

SEK million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Cash flows from operating activities					
Profit/loss after financial items	58	30	199	95	143
Depreciations, amortizations and write-downs	34	30	100	89	122
Other non-cash items	5	-13	6	-11	-9
Paid income tax	-10	-4	-32	-21	-22
Cash flows from operating activities prior to the change in working capital	**87**	**43**	**273**	**152**	**234**
Total change in working capital	**-82**	**40**	**-93**	**-26**	**-89**
Cash flows from operating activities	**5**	**83**	**180**	**126**	**145**
Cash flows from investing activities					
Acquisition in subsidiaries	-2	-8	-2	-8	-8
Acquisition of assets	-	-	-49	-	-
Investments in fixed assets	-75	-34	-186	-101	-180
Disposals of tangible fixed assets	2	1	3	3	4
Cash flows from investing activities	**-75**	**-41**	**-234**	**-106**	**-184**
Cash flows from financing activities					
New share issue	-	-	17	-	143
New loans	72	54	191	240	263
Repayment of borrowings	-33	-45	-166	-196	-268
Dividends paid	-	-	-30	-18	-18
Cash flows from financing activities	**39**	**9**	**12**	**26**	**120**
Increase/reduction in cash and cash equivalents	**-31**	**51**	**-42**	**46**	**81**
Cash and cash equivalents at the beginning of the period	131	46	137	46	46
Exchange rate differences in cash and cash equivalents	-3	2	2	7	10
Cash and cash equivalents at the end of the period	**97**	**99**	**97**	**99**	**137**

Condensed parent company income statement

SEK million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Operating income	**7**	**5**	**19**	**15**	**24**
Operating expenses	**-10**	**-5**	**-22**	**-17**	**-24**
Operating profit	**-3**	**0**	**-3**	**-2**	**0**
Financial items - net	**0**	**-3**	**-3**	**2**	**16**
Profit/loss after net financial items	**-3**	**-3**	**-6**	**-**	**16**
Appropriations	-	-	-	-	34
Profit/loss before tax	**-3**	**-3**	**-6**	**-**	**50**
Tax on profit for the period	1	1	1	-	-4
Profit/loss for the period	**-2**	**-2**	**-5**	**-**	**46**

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

SEK million	30.09.2023	30.09.2022	31.12.2022
ASSETS			
Financial fixed assets	489	368	504
Current receivables	3	5	2
Cash and cash equivalents	-0	20	30
TOTAL ASSETS	**492**	**393**	**536**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	**418**	**248**	**437**
Untaxed reserves	2	2	2
Long-term liabilities	9	108	58
Current liabilities	63	35	39
Total liabilities	**74**	**145**	**99**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**492**	**393**	**536**

NOTES AND FINANCIAL CALENDER

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 8 to 12 forms an integral part of this financial report.

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

HANZA AB 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 fiscal year. For more information on these, please refer to Note 2 of HANZA AB's 2022 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 separate 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 customizing 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 organization, 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.

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

SEK million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Operating profit (EBITA)					
Main markets	68	32	192	106	148
Other markets	23	20	81	47	71
Business development and services	-2	-2	-5	-4	-7
Total EBITA	**89**	**50**	**268**	**149**	**212**
Amortization of intangible assets	-4	-4	-12	-13	-19
Operating profit (EBIT)	**85**	**46**	**255**	**136**	**193**
Financial items – net	-27	-16	-57	-41	-50
Profit/loss before tax	**58**	**30**	**199**	**95**	**143**
Items affecting comparability					
Revaluation of acquisition purchase price	-	10	-	10	10
Transaction costs	-	-1	-	-1	-1
Integration costs	-	-11	-	-11	-11
Total	**-**	**-2**	**-**	**-2**	**-2**
EBITA per segment excluding items affecting comparability					
Main markets	68	33	192	108	149
Other markets	23	20	81	47	71
Total	**91**	**53**	**273**	**155**	**220**
Business development and services	-2	-1	-5	-4	-6
Total	**89**	**52**	**268**	**151**	**214**
Items affecting comparability	-	-2	-	-2	-2
EBITA	**89**	**50**	**268**	**149**	**212**
Revenue from external customers by manufacturing technology					
Mechanics	520	489	1,740	1,533	2,111
Electronics	430	349	1,335	1,015	1,433
Business development and services	5	0	12	0	5
Total	**955**	**838**	**3,087**	**2,548**	**3,549**

Note 5 **Financial items - net**

SEK million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Financial expenses					
Interest expenses	-19	-8	-46	-22	-32
Other financial expenses	-4	-2	-13	-6	-9
Total financial expenses	**-23**	**-10**	**-59**	**-28**	**-41**
Net exchange gains and losses	-4	-6	2	-13	-9
Total financial items - net	**-27**	**-16**	**-57**	**-41**	**-50**

Not 6 **Acquisition of assets**

On June 29, HANZA acquired two properties in Töcksfors, Sweden of just over 11,000 square meters, with an additional approx. 28,000 square meters of associated land. The properties were previously rented by HANZA's manufacturing cluster in Sweden. As the acquisition in its entirety concerned real estate, it is recognized as an investment in fixed assets in the statement of cash flows. The acquired company has not had any income of expenses during the year to date. The purchase price amounted to a total of SEK 49 million and was financed through bank loans and own funds. The identified net assets amounted to a total of SEK 49 million, and consists of, in addition to buildings and land valued at SEK 50 million, a short-term liability of SEK 1 million related to title deed costs. The acquisition analysis is till preliminary.

Financial Calendar

- Year-end report 2023: Tuesday February 13, 2024
- Annual report 2023: Thursday March 28, 2024
- Interim report, Q1, 2024: Tuesday May 7, 2024
- Annual General Meeting: Tuesday May 14, 2024
- Interim report, Q2, 2024: Tuesday July 23, 2024
- Interim report Q3, 2024: Tuesday October 29, 2024

KEY RATIOS AND DEFINITIONS

	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Key ratios according to IFRS					
Net sales, SEK million	955	838	3,087	2,548	3,549
Operating profit (EBIT), SEK million	85	46	256	136	193
Amortization of intangible assets, SEK million	-4	-4	-12	-13	-19
Earnings per share before dilution, SEK	1.21	0.73	4.21	2.28	3.35
Earnings per share after dilution, SEK	1.21	0.72	4.19	2.25	3.30
Cash flow from operating activities, MSEK	5	83	180	126	145
Average number of employees	1,852	1,752	1,993	1,891	1,936
Alternative performance measurements					
EBITDA, SEK million	119	76	356	225	315
EBITDA margin, %	12.5	9.1	11.5	8.8	8.9
Operational segments EBITA, SEK million	91	52	273	153	219
EBITA Business development and services, SEK million	-2	-2	-5	-5	-7
Operational EBITA margin, %	9.5	6.2	8.8	6.0	6.2
Operating profit (EBITA), SEK million	89	50	268	149	212
EBITA margin, %	9.3	6.0	8.7	5.8	6.0
Operating capital, SEK million	1,809	1,433	1,809	1,433	1,559
Return on operating capital, %	5.0	3.5	15.9	10.9	14.8
Capital turnover on operating capital, times	0.5	0.6	3.7	2.5	2.5
Return on capital employed, %	4.5	3.0	14.2	9.4	12.7
Net interest-bearing debt, SEK million	642	603	642	603	556
Net debt/equity ratio, times	0.6	0.8	0.6	0.8	0.7
Net debt in relation to adjusted EBITDA, times	1.5	2.3	1.5	2.3	1.9
Equity ratio, %	38.7	29.6	38.7	29.6	35.3
Equity per share at end of period, SEK	26.86	19.83	26.86	19.83	22.85
Weighted average number of shares before dilution	40,129,928	35,779,928	39,659,781	35,779,928	36,258,695
Adjustment upon calculation of earnings per share after dilution: Warrants	163,000	489,512	145,088	469,448	475,009
Weighted average number of shares after dilution	40,292,928	36,269,440	39,804,869	36,249,376	36,733,704
Number of shares at the end of the period	40,129,928	35,779,928	40,129,928	35,779,928	39,279,928

Key ratios

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 website.

Key ratios	**Definitions**
Key ratios according to IFRS	
EBIT	Earnings before interest and taxes is operating profit, i.e., profit before net financial items, provisions, and taxes.
Alternative performance measurements	
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.	
Return on capital employed	EBIT before financial items divided by average capital employed.
Gross margin	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	Earnings before interest, taxes, depreciation, and amortization of tangible and intangible items.
EBITDA-margin	EBITDA divided by net sales.
EBITA	Earnings before interest, taxes, and amortization of intangible items.
EBITA-marginal	EBITA divided by net sales.
Equity per share	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	EBITDA excluding amortization of lease liabilities related to buildings and premises in accordance with IFRS 16.
Items affecting comparability	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	Net sales divided by average operating capital.
Operational segments EBITA	(Operativt EBITA). EBITA för segmenten Huvudmarknader och Övriga marknader.
Operational EBITA margin	Operational segments EBITA divided by operational segments net sales.
Operating capital	The balance sheet total less cash and cash equivalents, financial assets, and non-interest-bearing liabilities.
Net debt/equity ratio	Net interest-bearing debt divided by shareholders' equity.
Net debt in relation to adjusted EBITDA	Net interest-bearing debt at year end divided by adjusted EBITDA on a rolling 12-months basis.
Return on operating capital	Operating EBITA divided by average operating capital.
Net interest-bearing debt	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	Shareholders' equity divided by the balance sheet total.
Capital employed	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.	

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.

HANZA was founded in 2008 and has today a rolling annual turnover of approximately SEK 4 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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