

Q3 - 2023

- Continued growth
- Strongest margin to date
- Solid outlook for 2024

Audiocast, Nov 7th, 2023

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AGENDA

- **Progress report**
- **Financial performance**
- **Conclusions and Outlook**
- **Q&A**

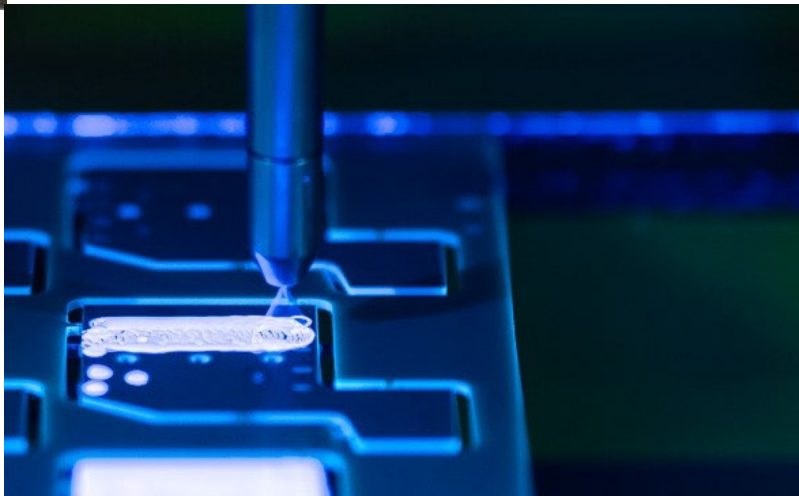


15
2008
2023
HANZA



LAUNCH 2008, WITH A VISION:
To create unique value in
the Manufacturing industry

ALL YOU NEED IS ONE™



HANZA 2023
15-year celebration



15 years of complete and regional manufacturing

A STRONG BUSINESS MODEL...



Manufacturing Clusters

A group of neighboring factories offering parts production and parts assembly.



Advisory Services (MIG™)

Analysis & advice on how to streamline the supply chain of product-owning companies.



Product Development

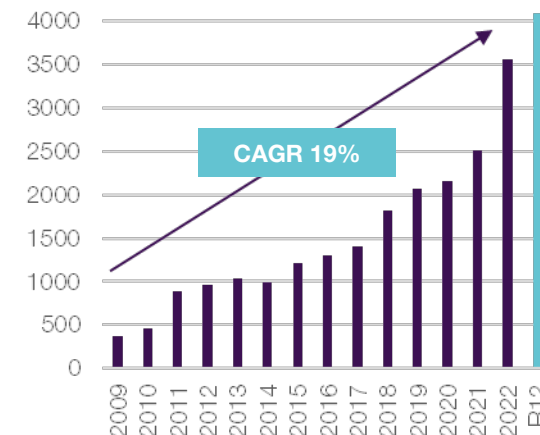
HANZA Tech Solutions, supports our customers' product development.

...RESULTS IN A SOLID CUSTOMER BASE...



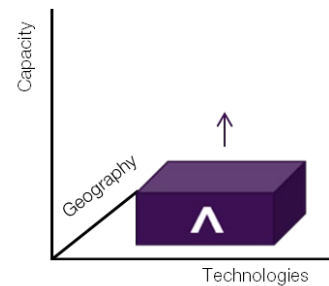
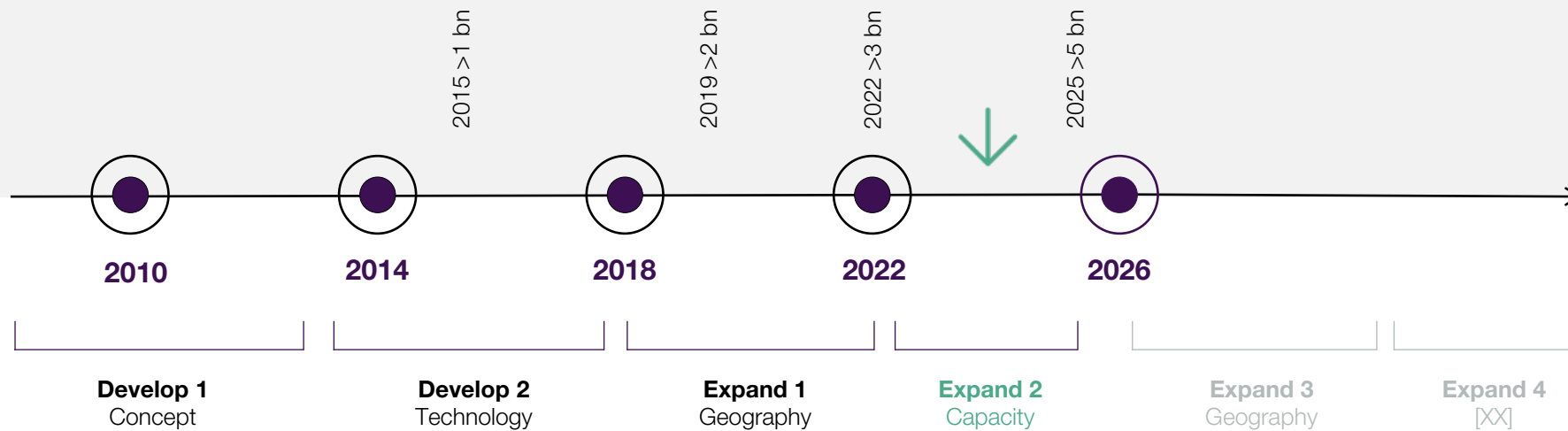
Production ranges from Compasses to Forklifts and Reverse vending machines.

...RESULTS IN LONG-TERM GROWTH.



HANZA today

In the fourth phase



Third quarter 2023, on the right track

Sales and market development

- Well-composed customer base lowers the risk of rapid order fluctuations:
 - No dominant customers, largest well below 10 % of annual sales
 - Customers from industries such as defense, energy, recycling, that do not move in line with the general economy.
 - Customers with long order cycles, i.e. project-based orders.
- Extensive potential for new sales:
 - HANZA has a uniquely broad offering; from compasses to forklifts.
 - In addition, HANZA offers to streamline supply-chains (MIG™).
Example Q3/23: Mitsubishi order, order value well above 100 MSEK p.a.

Operational development

- Key acquisitions support operational development
 - Turn-around acquisition in Germany Oct/21 now loaded and profitable.
 - R&D acquisition in July/22 increase our offer in this area.
- Quality remains at a very high level. Still backlog in part of the group.
- Several capacity actions in the Other Markets segment;
New factory space of 9,700 sqm opens in Q3/23 and Q4/24.

New



HANZA Brzeg-Dolny, Poland

New



HANZA Tech Solutions, Germany

Future



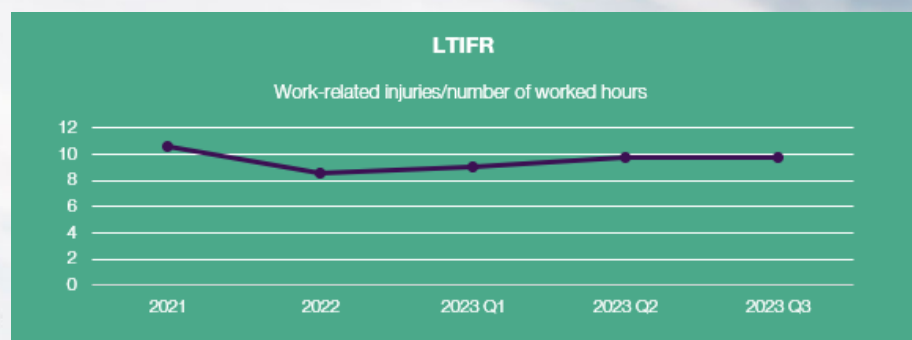
HANZA Tartu, Estonia

New

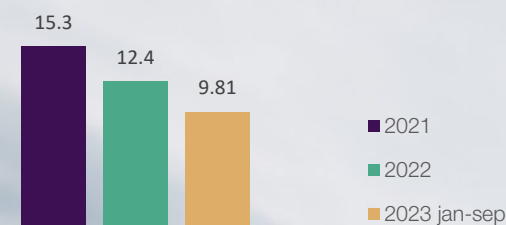


Sustainability main activities in Q3

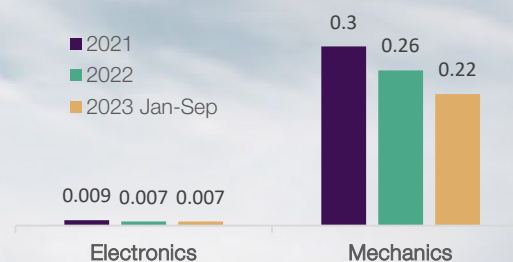
- The results of HANZA's annual employee survey show improvements in all indices.
- One focus area in 2024 is internal communication. Work started on a new intranet to ensure inclusion of all in the Group, regardless of position. To be launched summer of 2024.
- In Q3, two more of our factories (in Sweden and in Germany) started supplier assessment via the Ecovadis sustainability platform.
- 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.



Energy use/sales MWh/MSEK



Hazardous waste/sales, ton/MSEK



Q3 Financials

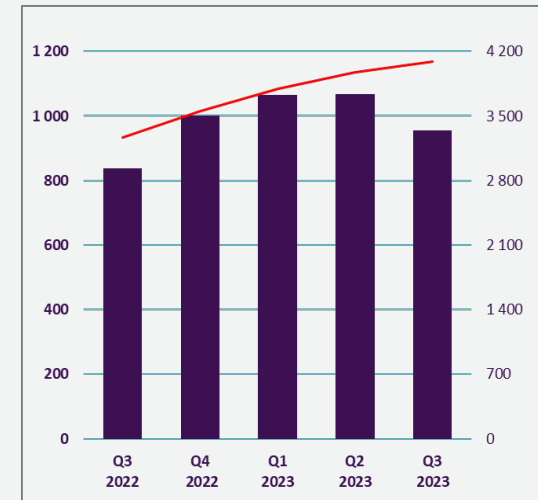
Sales

- Although comparative figures are stronger, we continue to grow:
Sales up 14% to **SEK 955 million** (838),
- Invoicing of energy costs and some materials with low or no margin last year results in higher underlying organic growth margin. Adjusted for that and currency the growth was 10%
- 12 months sales **SEK 4.1 bn** (SEK 3.5 bn in FY 2022).

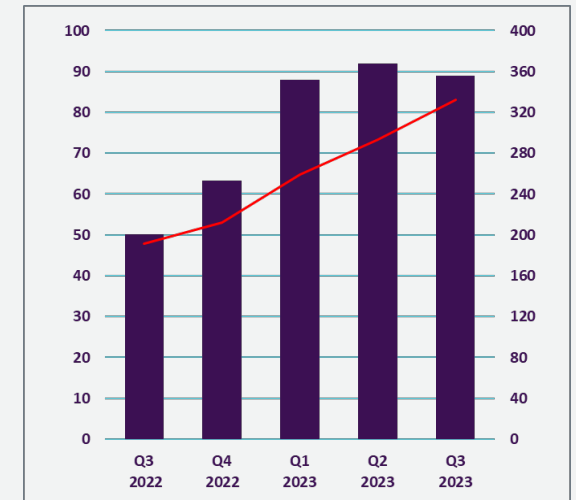
Earnings

- Significant increase of EBITA: Q3 up 78% to **SEK 89 million** (50) corresponding to an operating margin of 9.3% (6.0).
- 12 months operating profit, excluding energy subsidies and other one-time items, is **SEK 324 million** (SEK 214 million in FY 2022), corresponding to an operating margin of 7.9%.
- Earnings per share increased by 66% to **SEK 1.21** (0.73).
YTD, the EPS is SEK 4.21 (2.28), compared to SEK 3.34 for FY 2022.

Sales (MSEK)



Operating profit (MSEK)



Sales and operating profit per quarter (bars, left scale) and accumulated 12 months (line, right scale).



Q3 Financials

Segment Main markets

- Net sales up to **547 MSEK** (448)
Growth adjusted for currency, energy and material: 16%.
- Operating profit up to **68 MSEK** (32),
corresponding to an operating margin of **12.4%** (7.1).

Record margin to date.

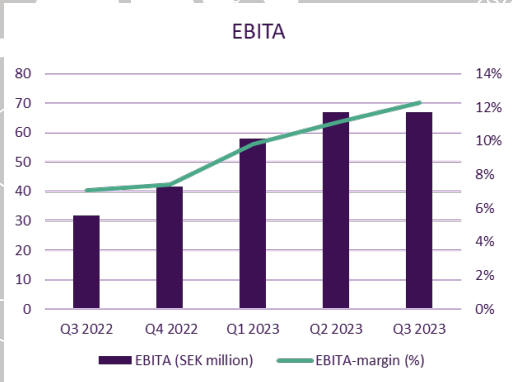
The margin in 2022 was negatively affected by increased cost for energy and material that have are forwarded to the customer.

Segment Other markets

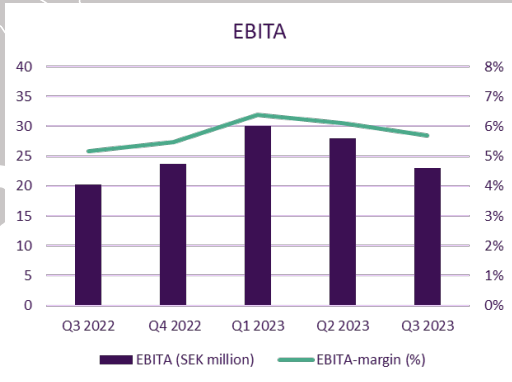
- Net sales up to **405 MSEK** (391)
Growth adjusted for currency, energy and material: 1%.
- Operating profit up to **23 MSEK** (20),
corresponding to an operating margin of **5.7%** (5.1%).

Growth is negatively affected by our capacity-enhancing projects.

Strong increase in margin compared to 2021 despite the negative effect on the margin due to increased cost for energy and material that are forwarded to the customer.



Main Markets



Other Markets

= Main Markets

= Other Markets

Q3 Financials

Cash flow

- Cash flow from operations amounted to **SEK 5 million** (83)
- Cash flow negatively affected by increased working capital caused by new projects. Activities ongoing to decrease the working capital.

Net debt

- Net interest-bearing debt **SEK 642 million** (603)
- Net debt / EBITDA = **1.5** (2.3)

Capex

- Investment in Q3 amounted to 77 MSEK (31), whereof building are 10 MSEK (4)
- Investments YTD amounts to 238 MSEK (106), whereof buildings 74 MSEK (17)

Development of financial KPIs

(SEK million)	Q3 2023	Q3 2022
Equity	1 078	710
Cash-flow operations (3 m.)	5	83
Cash	97	99
Net debt	642	603
EBITDA (3 m.)	119	76
EPS (SEK)	1.21	0.73

Follow-up of financial targets

KPI	Updated target	Status
Growth	Sales SEK 5 bn in 2025	R12: 4.1 bn
Profitability	Operating margin at end of 2025: Minimum 8%	7.9% R12
Capital structure	Equity/Assets ratio: Minimum 30%	39% in Q3
Debt ratio	Net debt/EBITDA: Maximum 2.5 times	1.5 in Q3
Dividend	30% of profit after tax, with consideration of the company's financial status.	24% for 2022



Conclusions and Outlook

Solid outlook 2024

- Continued growth from the existing customer base in 2024, in particular volumes in the Other Markets segment.
- New customers / MIG™ expected. Good opportunities ahead.

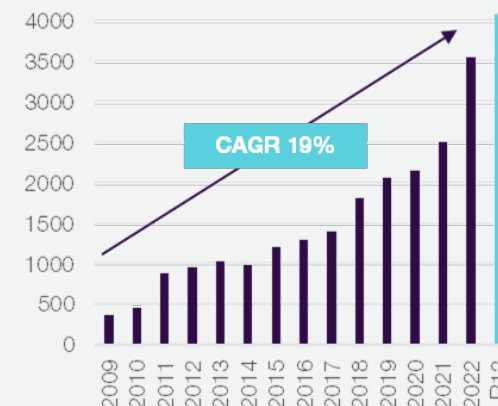
Expecting continued trend support

- Clear macro trend: Regionalization continues

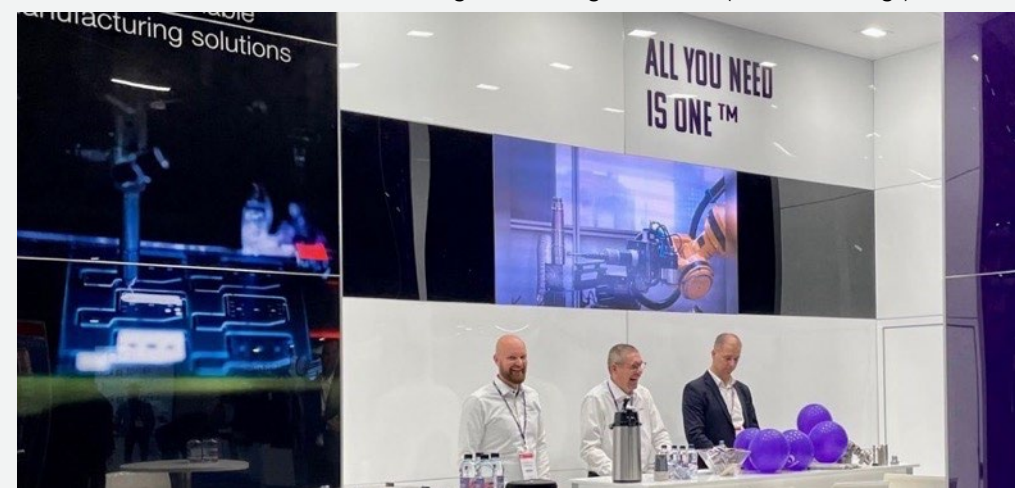
Operating in a growing M&A market

- Growing number of opportunities. Price expectations return to realistic.
- Further capacity acquisitions may be relevant. Current focus is on possibilities within our existing technologies / geographies.

Growth expected to continue in 2024, excluding new sales and acquisitions.



Sep/23: HANZA attending the exhibition in Tampere, Finland.
Also in Finland manufacturing is returning from Asia ("backsourcing").





Q & A

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A close-up photograph of a person's hands, with blue-painted fingernails, working on a green printed circuit board (PCB). The person is using a fine-tipped, gold-colored precision tool to work on one of several identical components on the board. A magnifying glass is positioned above the work area, casting a bright blue light. The background is dark and out of focus.

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