

HANZA

WELCOME TO HANZA'S CAPITAL MARKETS DAY

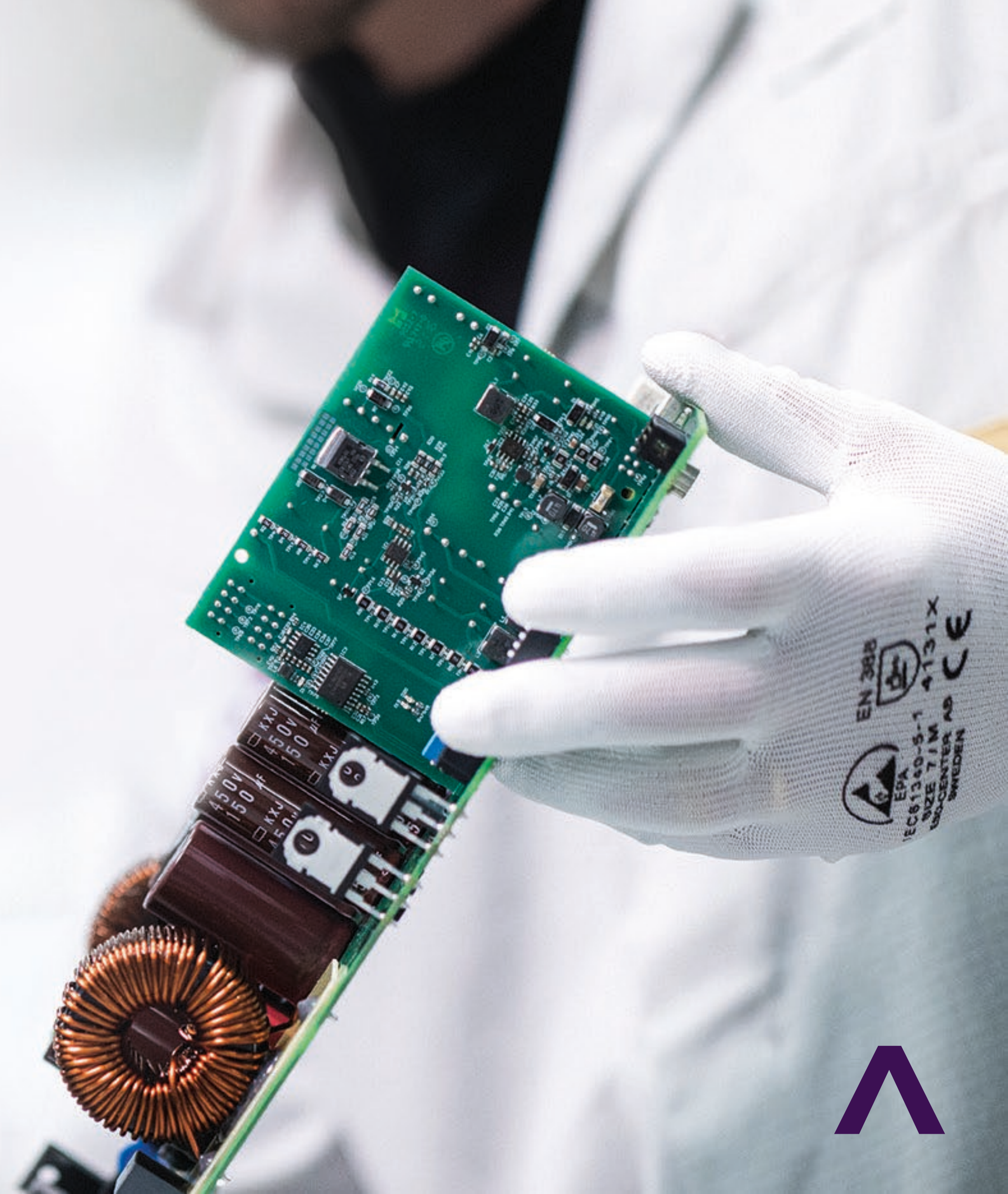
Kista, February 13th, 2024



Francesco Franzé
Chairman of the Board



Erik Stenfors
CEO



AGENDA

13.00

Welcome

Introduction

Progress report from six HANZA leaders

14.15 (ca) Break 15 min

Strategy recap

Financial development and revised financial targets

Q&A

15.30

Mingle and VR-tour

Mingle with HANZA leaders

Visit HANZA factories in Virtual Reality

Have a cup of coffee and a "semla"



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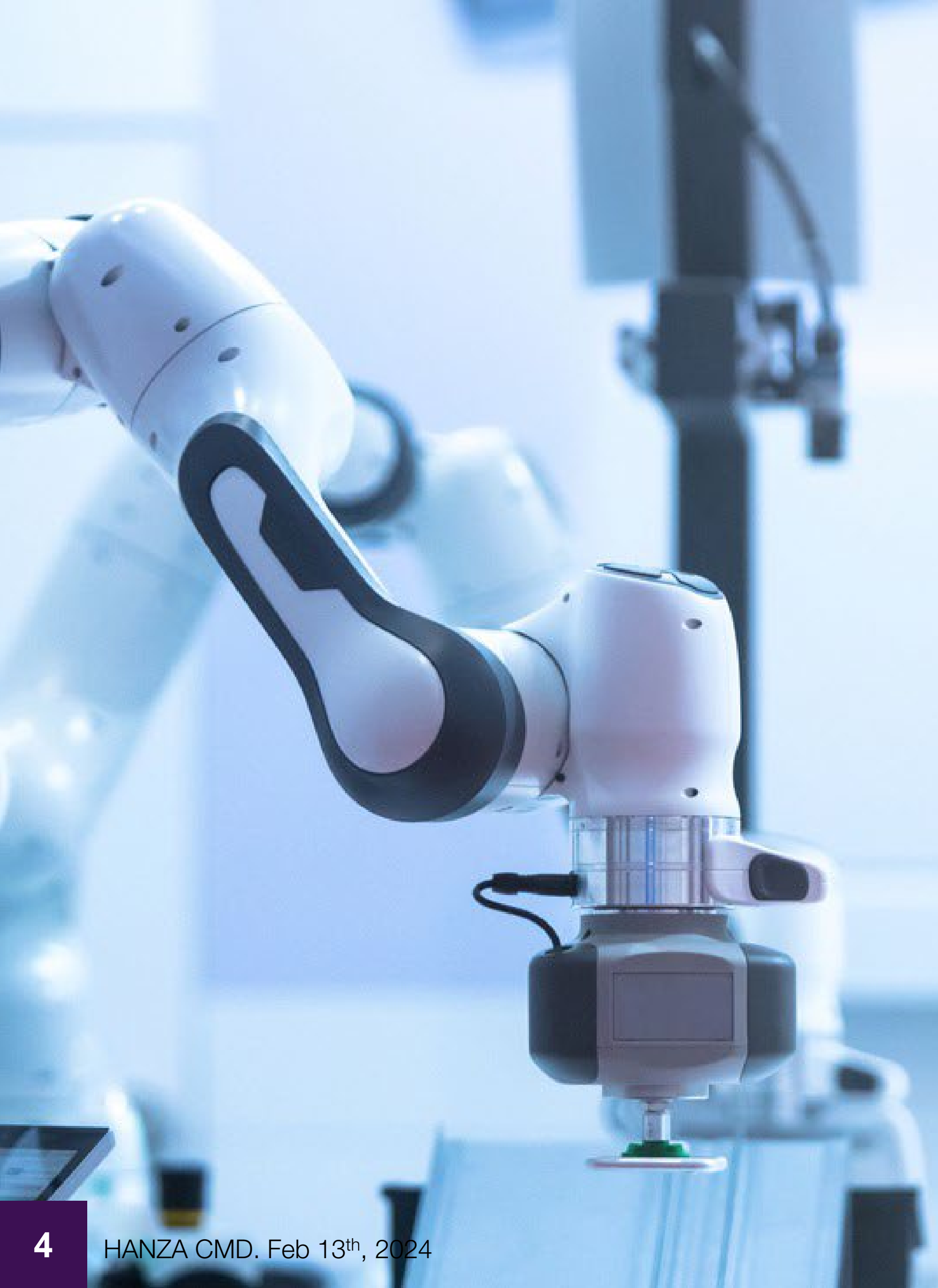
Our vision is to create
unique customer value in
the manufacturing industry



Tom Dahlén
Head of Sales

HANZA'S OFFER AND CURRENT MARKET TRENDS





What we do at HANZA

- We manufacture items and/or assemble complete products for product-owning companies mainly from Sweden, Finland and Germany
- HANZA is not a product-owning company, we manufacture only for our customers

In what way are we different from others?

- We are geographically located in clusters i.e. industrial parks
- We manufacture several technologies inhouse such as electronics, machined parts, sheet-metal, heavy mechanics, wire harnesses and complete assembly
- We also provide Advisory services, R&D and continuous product development throughout the product life-cycle

HANZA's unique offering - untraditional

Regional and complete manufacturing in Clusters

- More robust supply chain
- Higher flexibility
- Better for the environment
- Lower total costs
- Less capital tied up
- Alternative production sites

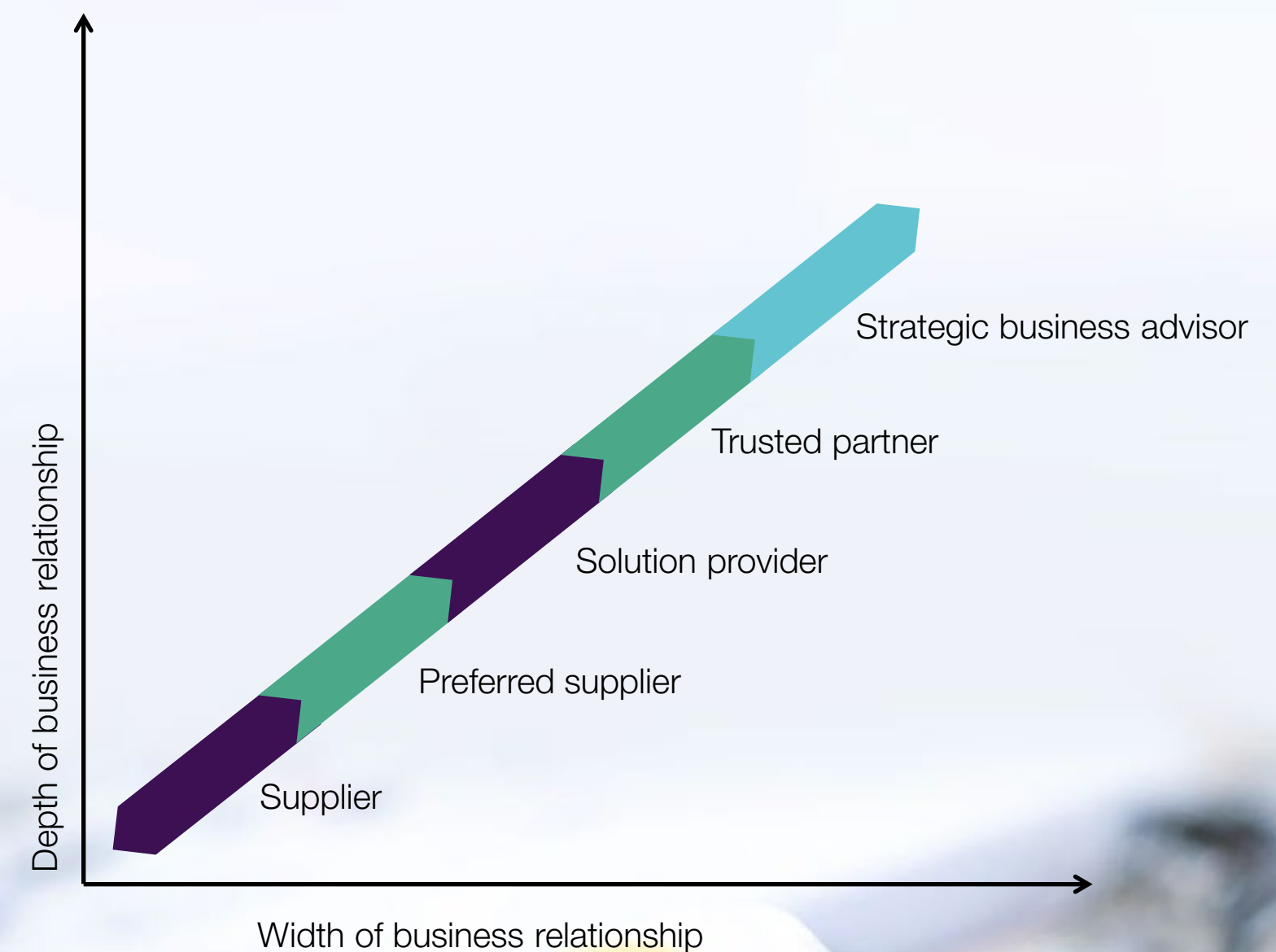
Services

- Advisory services how to tailor-make a supply chain (MIG)
- R&D services, unloading/helping customers R&D
- Design for Excellence and Design for Manufacturing

Other

- Continuous investments - capacity, automatization, digitalization
- Focus on Customer value with a long-term view

Ladder of partnership



General Market and trends

- **A visible economic downturn 2024**
- **We do not follow the cycle, we use it**
- **Medium term (~3 years), robust growth**
- **Supply-chain situation back to "normal"**
- **Deglobalization and geopolitical considerations**
- **"Buy more from less"**
- **Strategic and complete outsourcing**
- **Cyber war increase (ISO 27001)**

Segments

- Industrial
- Professional Consumer
- Defence & Security
- Medical & High Reliability
- Energy & Greentech
- Mining
- Construction
- Networks & Connectivity



HANZA'S RECENT ACQUISITION, ORBIT ONE

“

The perfect match –
100% complementary
forces and capabilities



Mattias Lindhe
CEO HANZA Orbit One



A leading Scandinavian manufacturing partner

- **Leader in robotization and automation**
- **Knowledgebased, de-centralized and data-driven organization**
- **Lean is a significant part of Orbit One's DNA since 2008**
- **Business model based on partnership**
- **Strong potential for growth**
- **Entrepreneurial and de-centralized management**



9001 : 2015



14001 : 2015



13485 : 2016



Ronneby:

HQ and manufacturing site
12,500 m²
36 Customers (2022)

Stockholm:

Manufacturing site
2,500 m²
14 Customers (2022)



Praby:

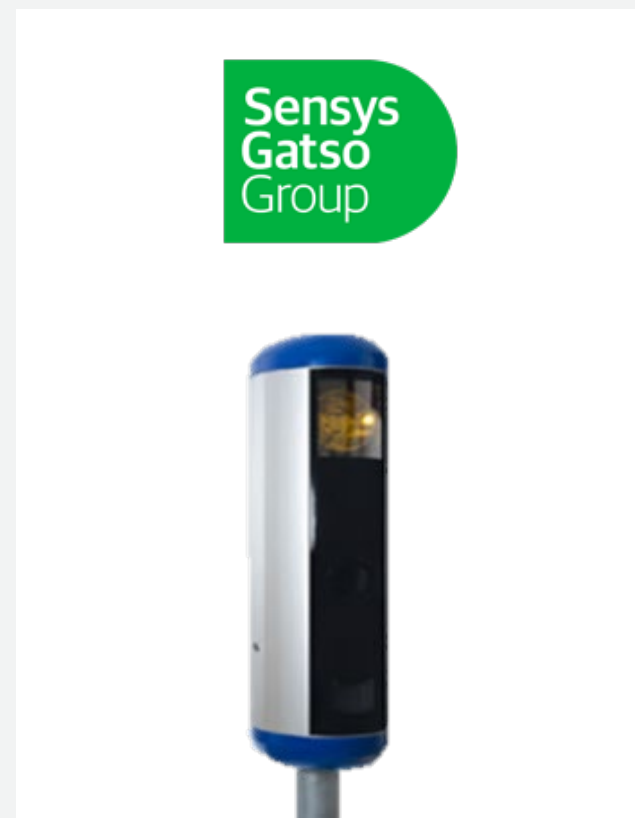
Manufacturing site
8,500 m²
20 Customers (2022)



Tailored service offering for a diversified customer base



- Development (design & test / DF(x))
- Sourcing & procurement
- Manufacturing & test
- Logistics
- After market services
- Re-cycling & refurbishment



“

We offer manufacturing close to our customers in six modern manufacturing clusters.



Andreas Nordin
COO

HANZA OPERATIONS DEVELOPMENT



Our manufacturing clusters

- **Six areas, "manufacturing clusters". Total premises, ca 170,000 sqm**
- **Decentralized organization with common corporate culture / ethics**
- **Small size HQ in Kista, Sweden (5 p)**
- **Long-term experience management**
- **A total of approx. 2,800 colleagues**

■ **Sweden:**
Colleagues: ~780

■ **Finland:**
Colleagues: ~230

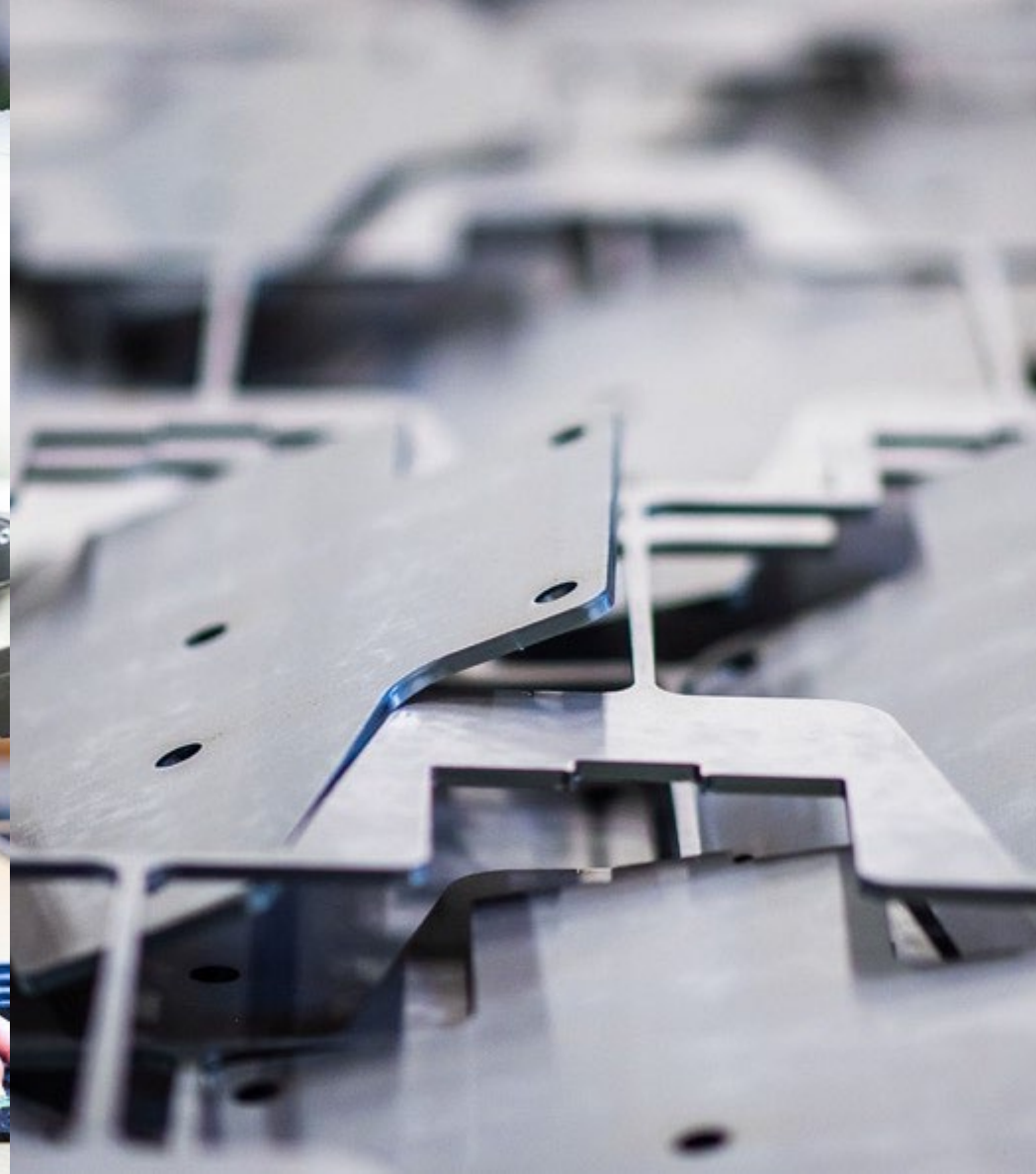
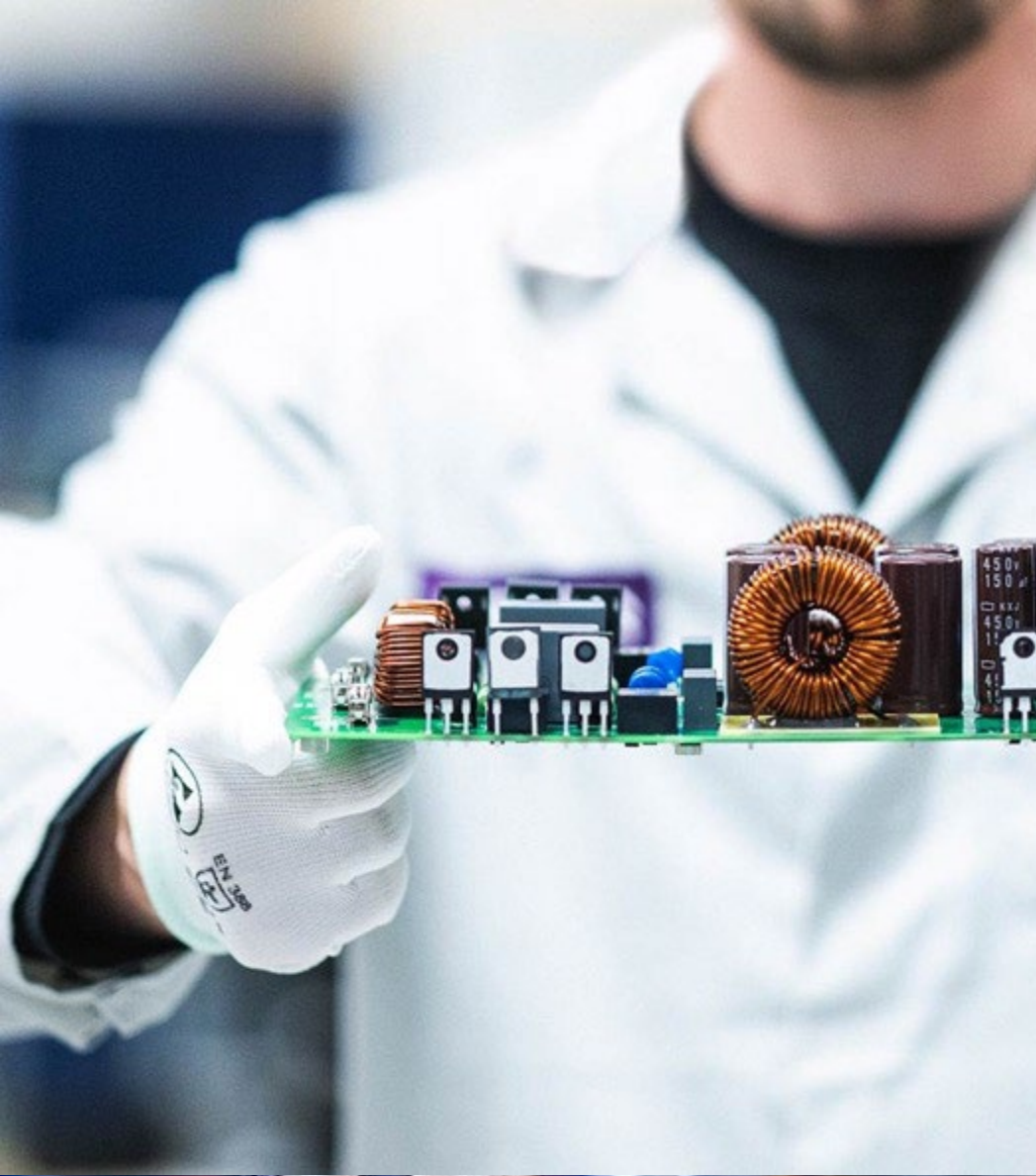
■ **Baltics:**
Colleagues: ~800

■ **Central Europe:**
Colleagues: ~650

■ **Germany:**
Employees: ~300

■ **China:**
Colleagues: ~70





Example of manufacturing technologies

- **Sheet metal mechanics (“mm”)**
Black/stainless, welding, wet/powder painting
- **Electronics manufacturing**
18 SMT lines, coating, potting
- **Cable harnesses**
Signal cables, power cables, complex cable harnesses
- **Machining**
Turning, milling, grinding
- **Heavy mechanics (“cm”)**
Cutting, bending, welding, machining, painting, assembly
- **Complex assembly**



How to ensure capacity – Modular expansion

Approx. 4% of the turnover is invested in new machines, either for replacement of older machines, increase capacity or automate the workflow.



Töcksfors



Narva



Brzeg-Dolny

New

Example of modular expansion in Tartu, Estonia



2022:
Assembly hall
12,000 sqm

Future:
Owned plot for
further expansion

2024:
Acquired new land
for further expansion

2016:
Completed Sheet metal
production 6,500 sqm

2023:
Expansion
3,700 sqm



Working with sustainability

Aiming for zero accidents

- All work accidents are investigated according to group procedure.
- We have a systematical and holistic approach to prevent work accidents.
- Weekly review of accidents.
- We evaluate our performance monthly.

Checking the supplier base

- Careful supplier selection process.
- Implementation of Supplier Code of Conduct.
- Application of supplier audit program.



A CLOSER LOOK AT HANZA CLUSTER SWEDEN

“

HANZA's original cluster is a rapidly growing success story.



Veronica Svensson
Sales Director
Scandinavia



Cluster Sweden footprint

Manufacturing sites

HANZA Mechanics Årjäng

| Grinding | milling | turning | EDM | heat treatment | assembly | logistic solutions |

HANZA Electronics Årjäng

| PCB assembly | box-build | test development center | logistic solutions |

HANZA Mechanics Töcksfors

Sheet metal mechanics | laser cutting | bending | punching | welding | painting | design adaptation for manufacturing | assembly | logistic solutions |

HANZA Mechanics Svanskog

Sheet metal mechanics | laser cutting | bending | punching | welding | painting | design adaptation for manufacturing | assembly | logistic solutions |

HANZA Electronics Ronneby

| PCB assembly | box-build | high level assembly | test development center | logistic solutions

HANZA Electronics Huddinge

| PCB assembly | box-build | logistic solutions

● Spectrum Technology

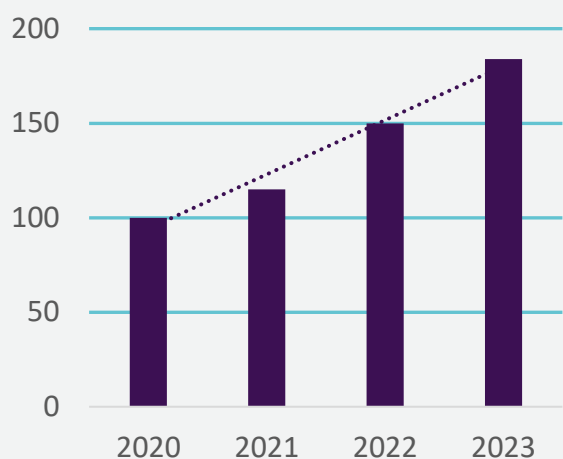
Automation center and customized robotization



● The largest Cluster in HANZA Group

● HQ in Kista, Stockholm

Sales development in %



The cluster concept and the long-term customer relationships

Product examples from Cluster Sweden

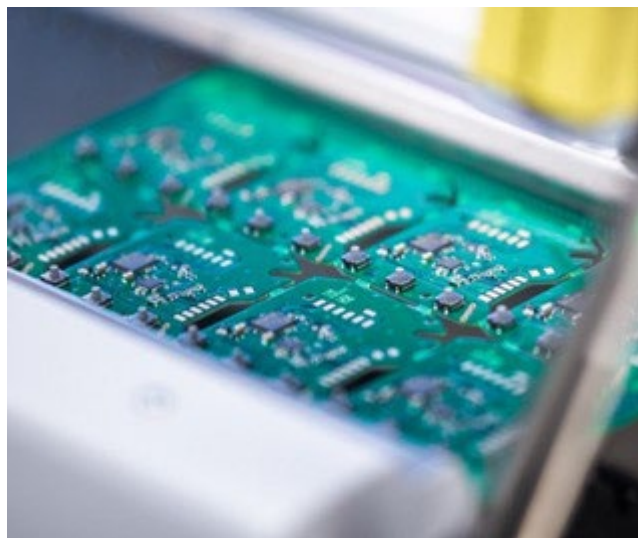
Machined parts



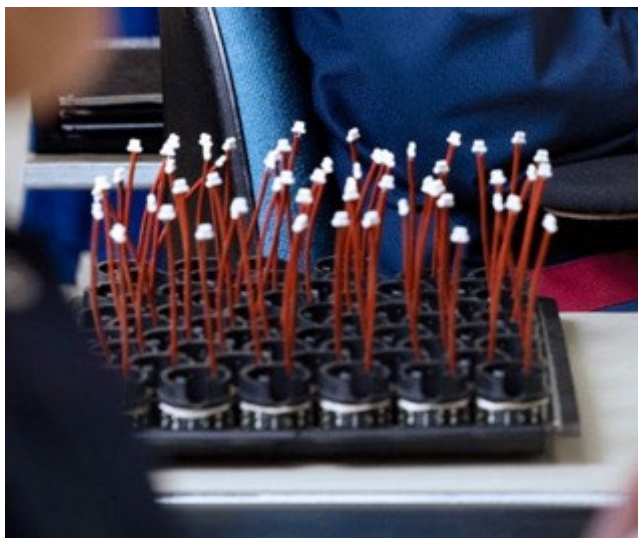
Sheet metal mechanics



Electronics manufacturing



Wire harnesses



Assembly



Reverse vending machines,
TOMRA



Fertilizer/seed tanks,
Väderstad



Ground heat pumps,
Thermia

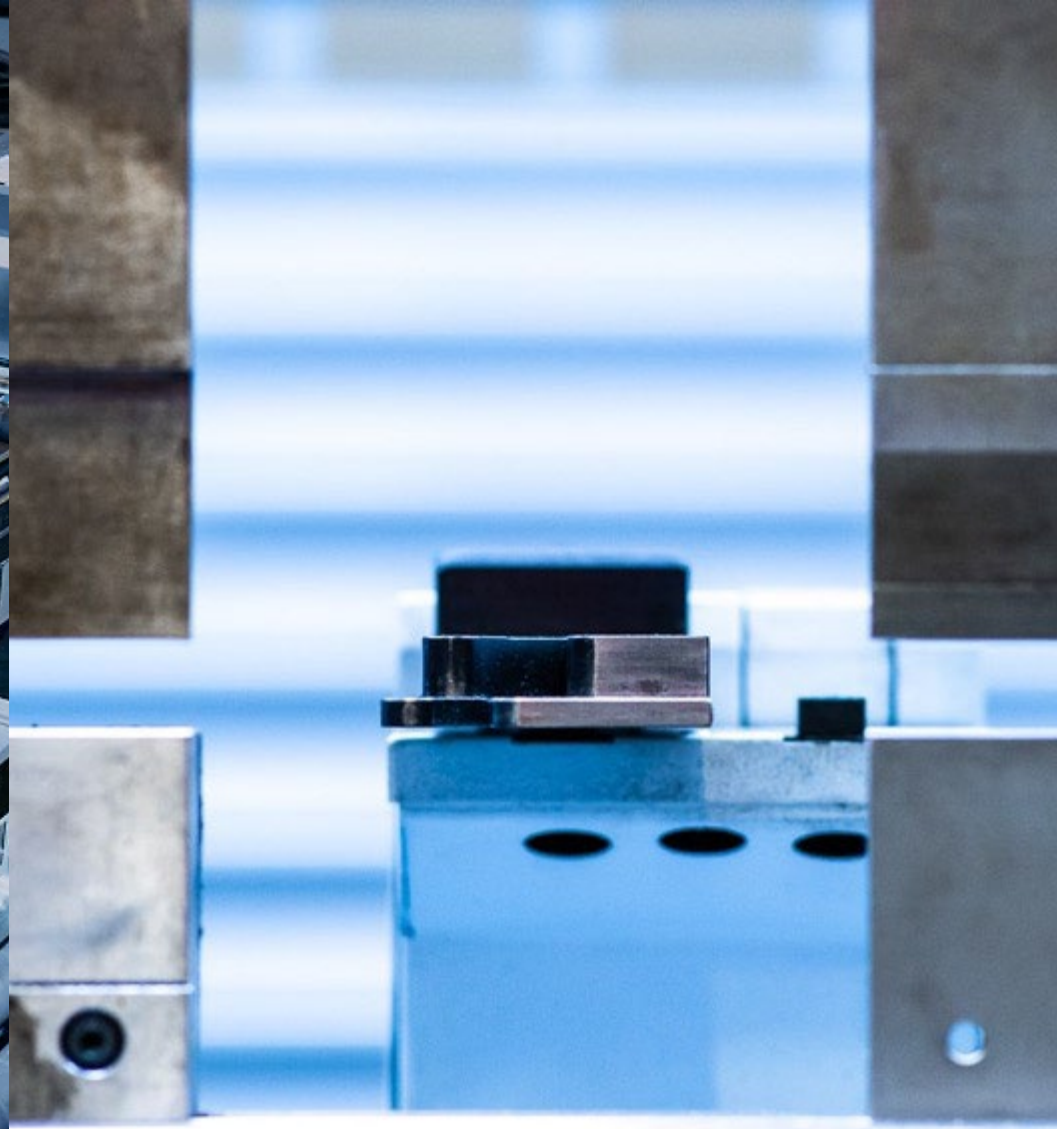


Peltor Headsets,
3M



Ultrasound systems,
GE Healthcare





Creating value beyond the cluster concept

How do we do it?



Design optimizations - DFX

- Altering the design of an existing or new product revision to better fit a modern and automated machine park.
- Use optimized processes for manufacturing.
- Maximum utilization of the material.
- Optimize the transportation/pallet size and the number of boxes per pallet.



Benefits for customer

- Direct cost-savings on product compared to target price:
 $86,000 \text{ boxes} \times 50 \text{ SEK} = 4.3 \text{ MSEK}$.
- 30% reduction of transportation cost through fewer trucks and optimized packaging = 64 truck loads less = 1.6 MSEK in saved freight cost.
- Significantly reduced CO2 emissions.



Creating value beyond the cluster concept

How do we do it?



Logistics optimization

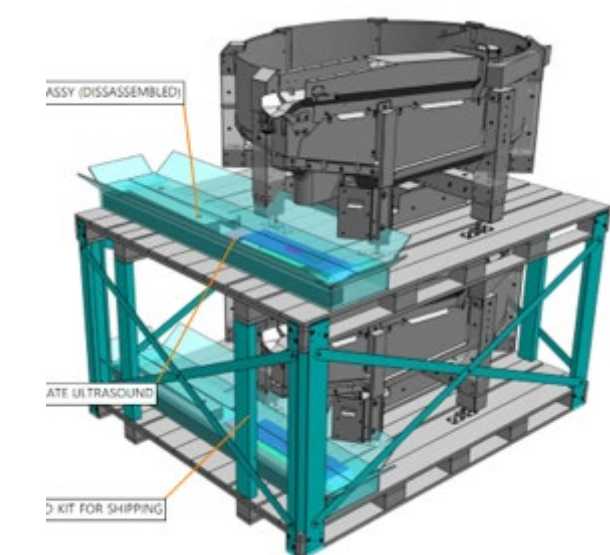
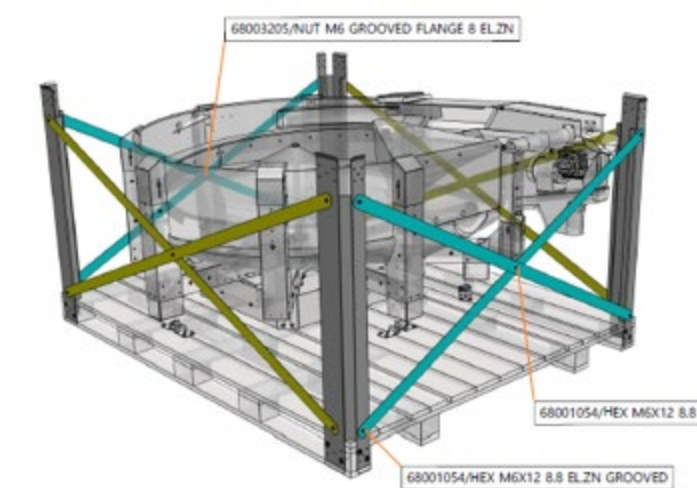
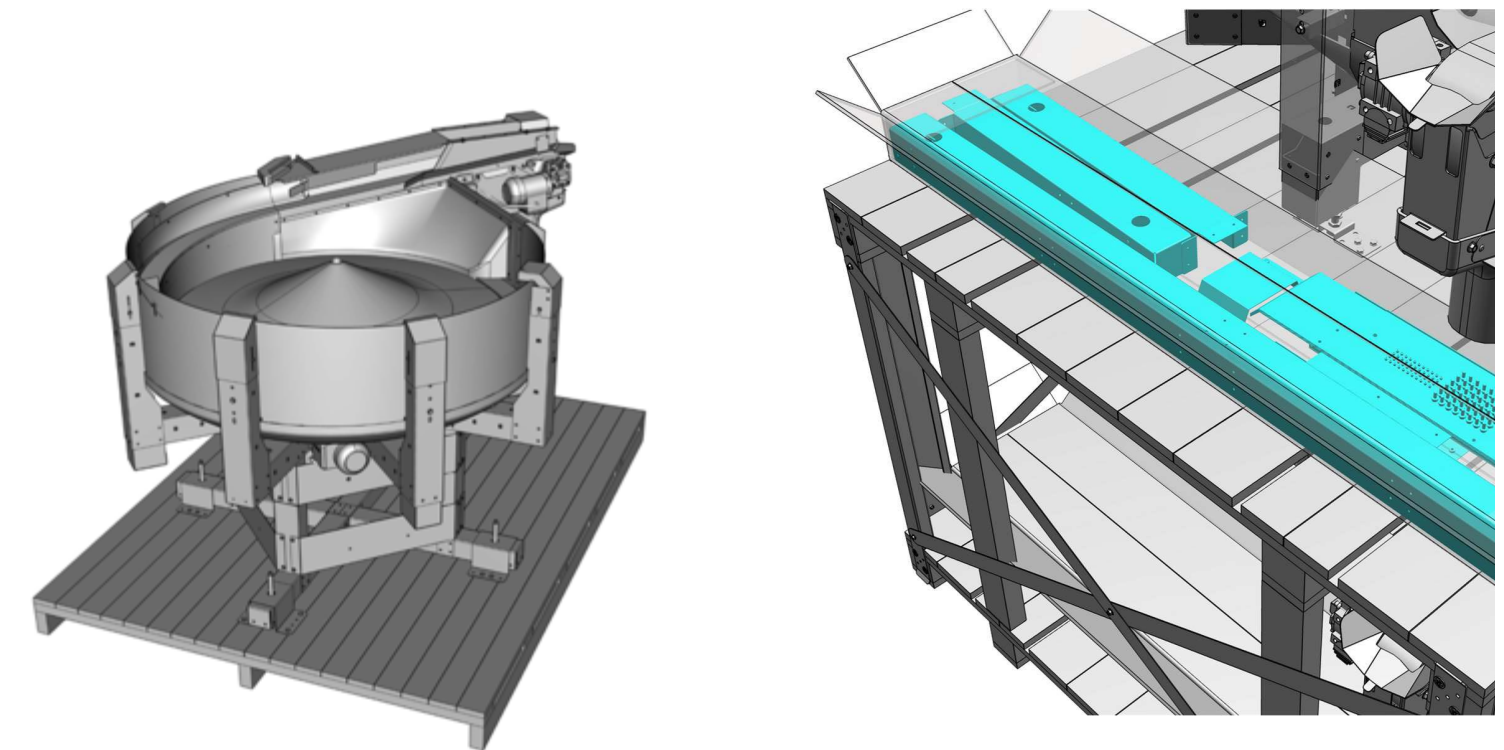
Analyzing the packaging and the transportation possibilities to find savings in warehouse space, production area space, way of handling, transportation costs and CO2 emissions.



Benefits for customer

Small adjustments of pallet size and re-construction of sub-assemblies, resulting in:

- Fitting 6 units per container instead of 2 units.
- Reduced the number of containers annually by 67%.
- Reduced freight cost and CO2 emissions equivalent to 67%.





Happy people perform better, stay healthier, and are less likely to leave the company. Investing in people is simply good business.

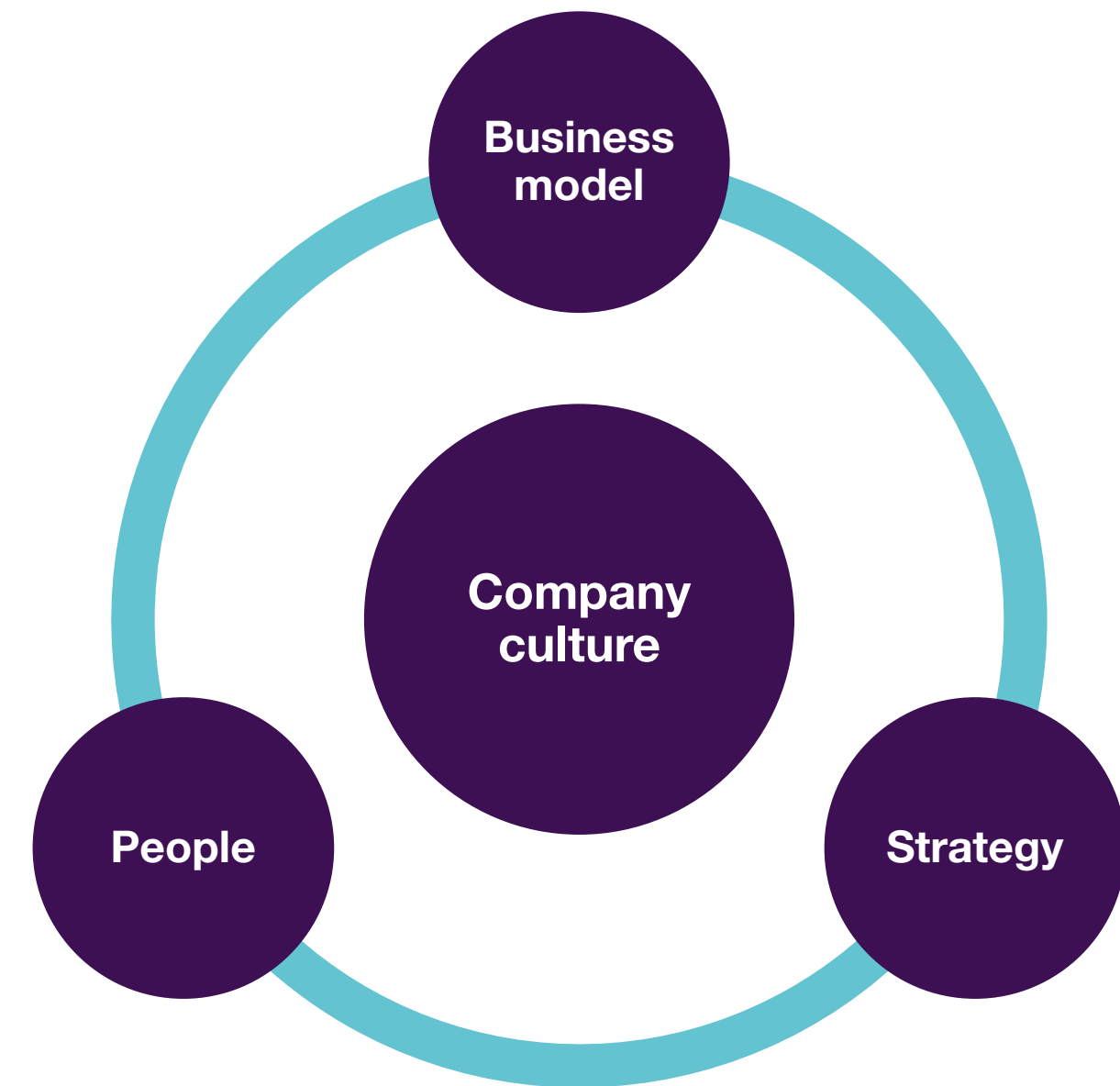


Diana Thorin
Head of HR & Communication

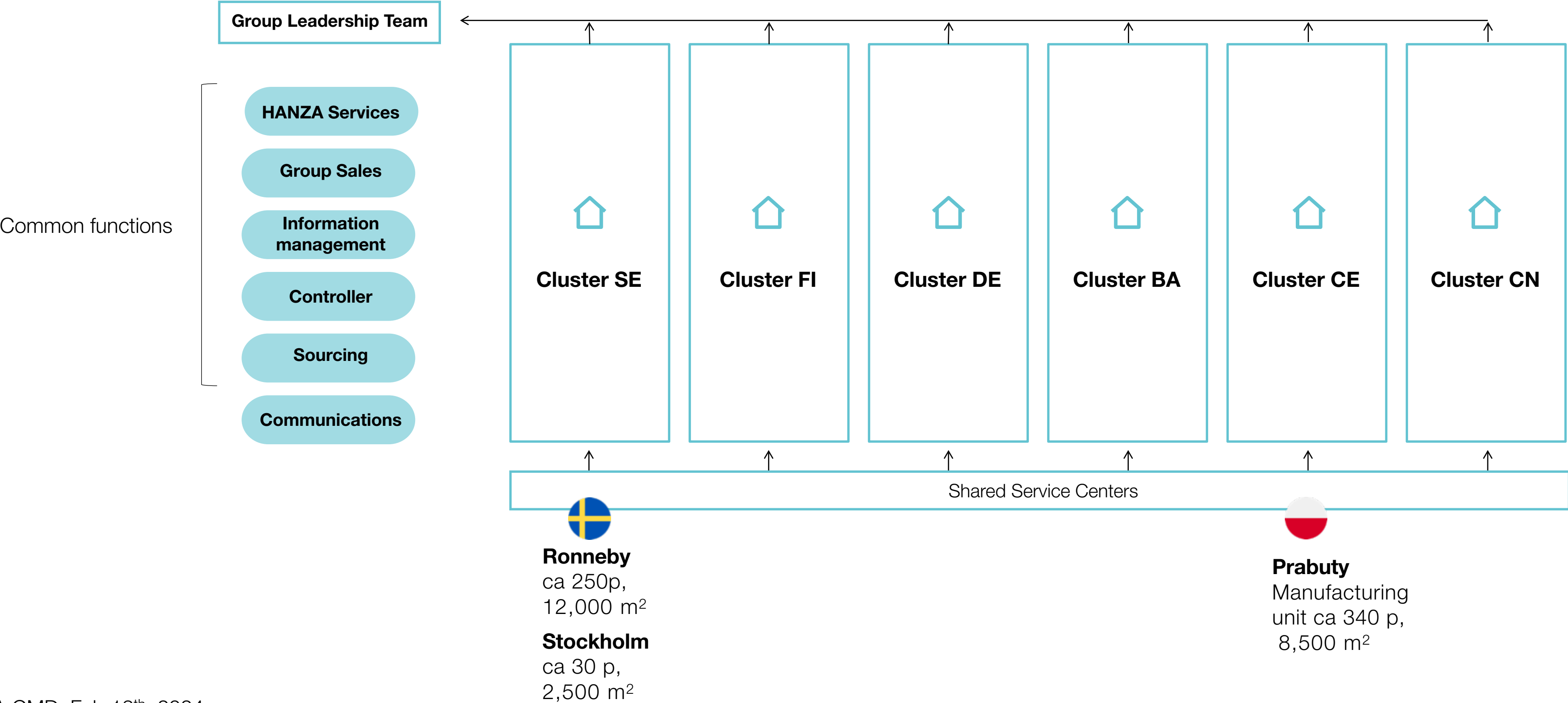
THE PEOPLE AND CULTURE OF HANZA



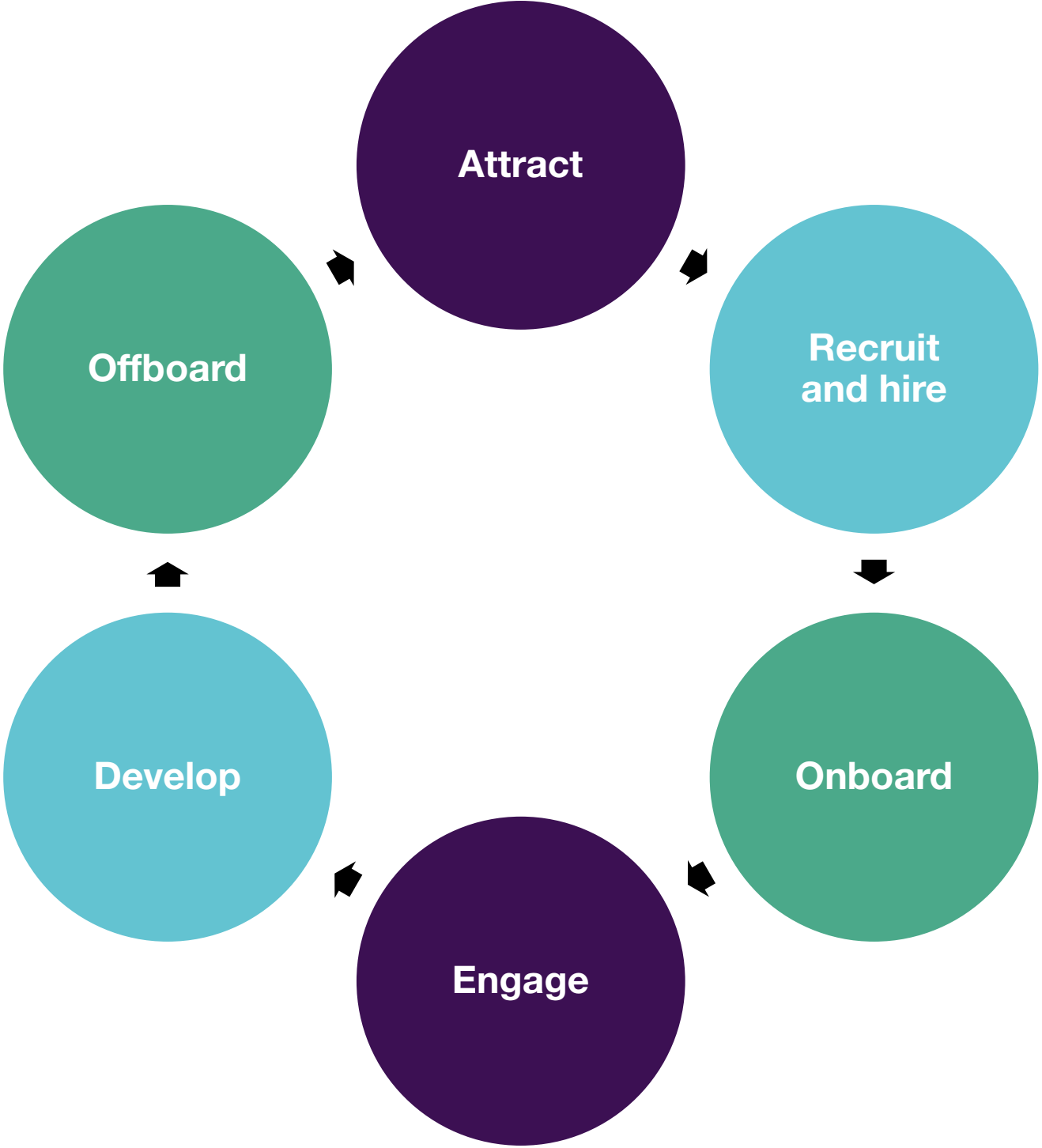
Developing people and company culture



HANZA organizational model supports our ambitions



Being a great employer
throughout the employee
journey



HANZA TECH SOLUTIONS

“

We bring additional
customer value through
product development.




**Jeannine
Budelmann**
MD, Tech Solutions



HANZA Tech Solutions supports the whole group

By giving R&D support to the customers, we help our customers to sell more → HANZA will produce more





HANZA Tech Solutions

We support our customers, and help to make their products more intelligent

**Developing innovative solutions and ensuring a
smooth transition to series production**

Electronics

- Customized electronic solutions: from compact microcontroller-assemblies to complex industrial PCs
- Test equipment design and manufacturing

Mechanics

- Development of housings, drive technologies, electronics and sensors
- Generation of data for sheet metal, turned and milled parts, and plastic parts

Software

- Embedded software
- Software for PCs & servers
- Cloud applications
- Machine learning algorithms & data processing

Consulting

- Workshops to develop specifications for a professional development
- Support for the obtaining of approvals and certifications (CE, UL, etc.)



Example project (industrial)

Condition monitoring and predictive maintenance: Load monitoring in loop sorters

→ Goal

- Early detection of overload situations during installation and normal operation before a damage occurs
- Predictive maintenance during operation

→ Solution

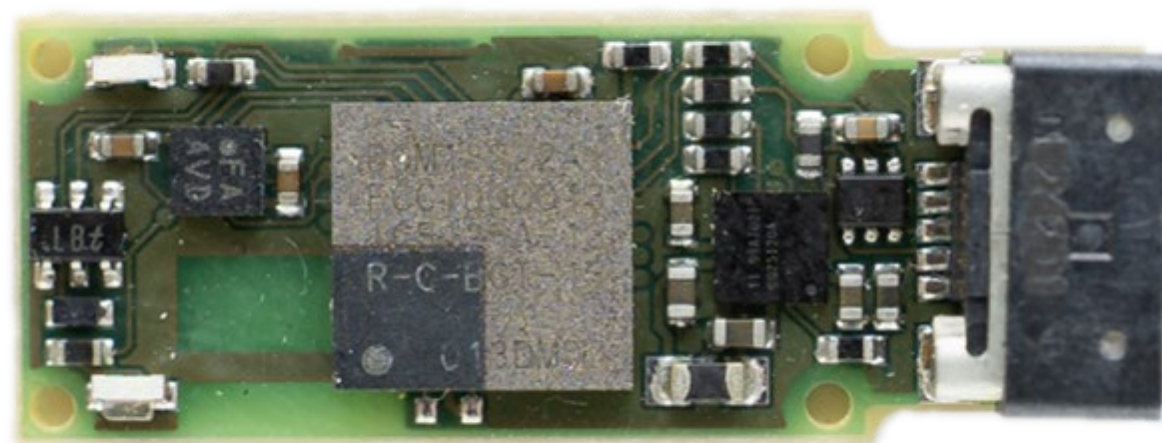
- Low power IoT sensor measuring the forces between the wagons and the acceleration
- Power supply by a battery (installation) or energy harvesting (normal operation)
- LoRaWAN connectivity to transmit overload or other unusual events and regular status messages to an edge gateway, which can trigger an alarm if necessary
- Edge gateway connected to the maintenance cloud of the manufacturer of the loop sorters for remote diagnostics and maintenance



Example project (industrial)

Embedded sensor node for wearables

- Acceleration sensor and microcontroller for the classification of positions like standing, kneeling, walking up/downstairs, etc. using a Random Forest classification algorithm
- Powered by a small embedded battery
- Bluetooth Low Energy interface for the communication with a handheld device



Application: Smart Safety Shoe

- Optimization of workplaces and workflows (including health prevention)
- Protection of critical working environments (e. g. deactivation or slowing down of robots or floor-borne vehicles if a worker approaches)



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In two years, HANZA has doubled sales, from SEK 2.5 bn in 2021 to pro forma SEK 5.2 bn in 2023. Over half of the growth is organic.



Erik Stenfors
CEO



Lars Åkerblom
CFO

Lars Åkerblom
CFO

HANZA 2025

Financial development FY 2023,
outlook and financial targets 2025

Feb 13th, 2024

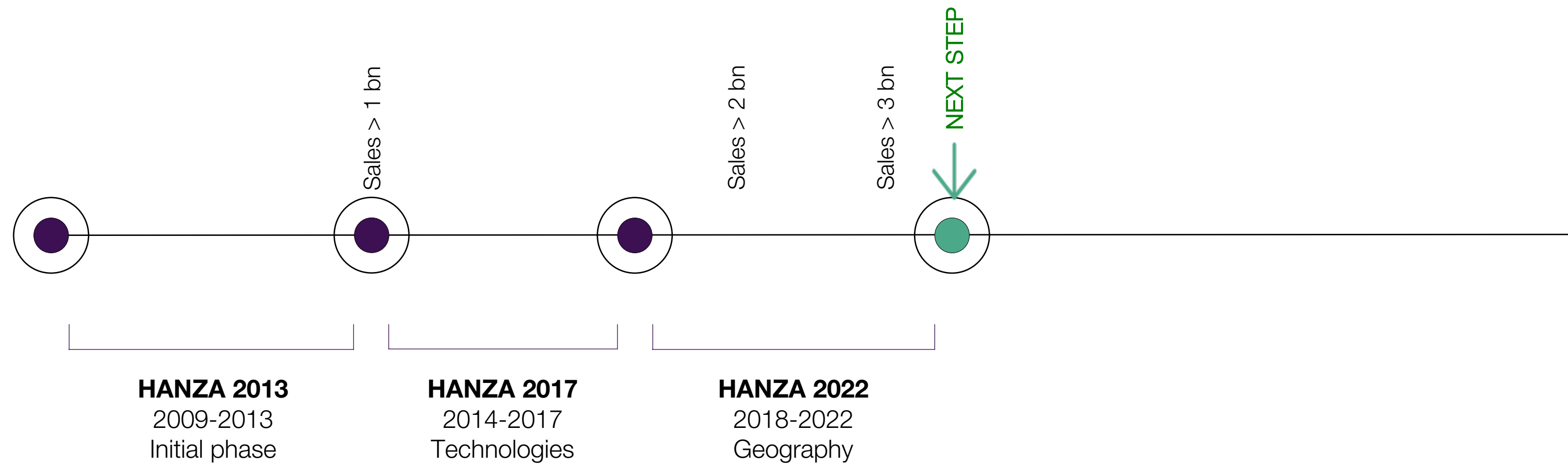
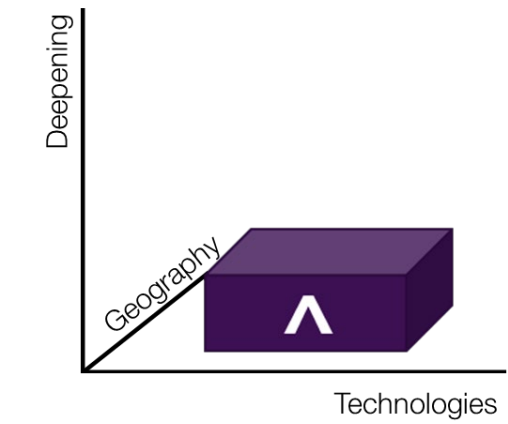
Erik Stenfors, CEO

Lars Åkerblom, CFO



Developing HANZA: A structured expansion

The three dimensions
of HANZA's expansion



Recap: HANZA 2025

Assessment 2022

Business model analysis

- Sustainable offer, highly appreciated by customers.
- Resilience, coping with economic fluctuations.
- Track-record, financial milestones have been met.

Position analysis

- Matching geography/technology/services to HANZA customers' current needs.
- Uneven maturity and size of our clusters.

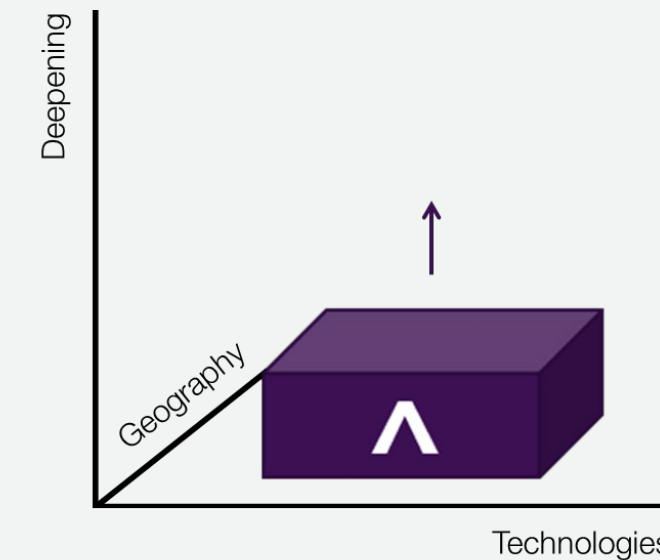
Acquisition analysis

- Performing better inside HANZA group than before.

➡ Strategy HANZA 2025

"The next direction of expansion is UP"

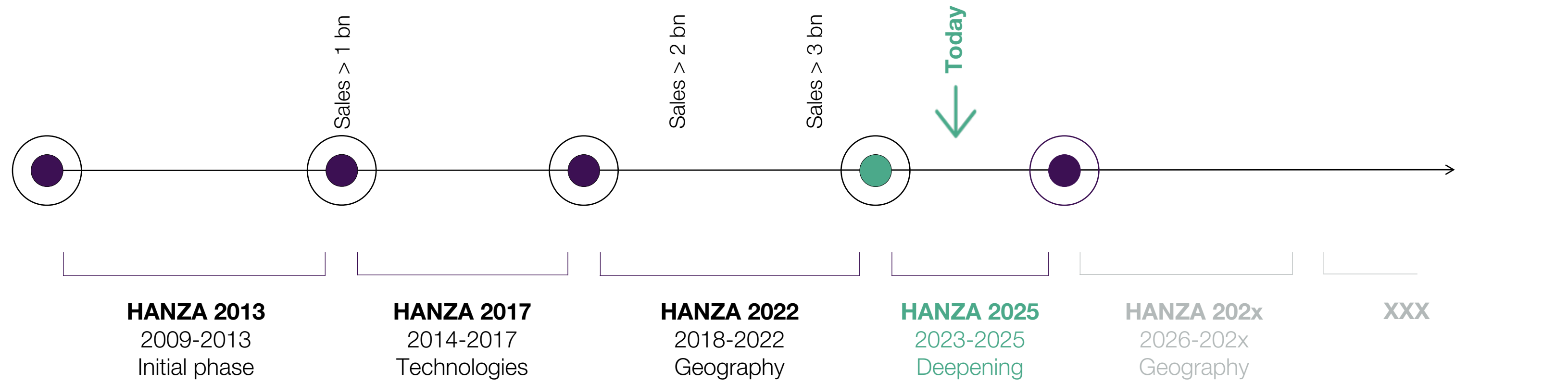
- Further develop existing clusters and services.
Modular expansion complemented with strategic acquisitions.
- Create a platform for the next step, which will be a geographical expansion (according to customer needs).



HANZA 2025,
launched in Nov 2022



Developing HANZA: A structured expansion



HANZA 2025, YEAR BY YEAR

Strategy maintained, financial targets increased

2023

A flying start to HANZA 2025, with new contracts, expansion of the operations and the largest acquisition to date.



2024

To finalize the integration and gain new market shares.

- Extensive integration process
- A weaker economy – at least at the beginning of the year
- New market shares
- New sales opportunities with expanded production facilities in the group
- Increased acquisition opportunities

2025

To ensure a solid platform for the next geographical step.

- Integration complete
- All Clusters and Services to have sufficient size
- Manage new market shares / organic growth in combination with a possibly stronger economy
- Possible completion of another completed acquisition



FINANCIAL DEVELOPMENT

- **Financial development FY 2023**
- **Directed share issue**
- **Acquisition of Orbit One**
- **Raised financial targets**



Fourth quarter 2023

Group

- Net sales 1,056 MSEK (1,001 MSEK), a growth of 5%.
Adjusted for currency, sale of material and energy the growth was 4%
- Operating profit excluding OTC amounted to 89 MSEK (63),
corresponding to a margin of 8.4% (6.3)
- EPS increased to 1.16 SEK (1.06)

Segment Main markets

- Net sales 605 MSEK (562), a growth of 7.7%
- Operating profit increased to 63 MSEK (42),
corresponding to a margin of 10.4% (7.4)

Segment Other markets

- Net sales 447 MSEK (434), a growth of 3.0 %
- Operating profit increased to 29 MSEK (24),
corresponding to a margin of 6.5% (5.5)



Full Year 2023

Group

- Net Sales increases by approx. 0.6 bn to 4.1 MSEK (3.5 bn)
- Growth adjusted for currency, acquisitions and material was 12%
- ATH operating profit in 2023: 344 MSEK (212)
ATH margin of 8.4% (6.0)
- Net result increased to 214 MSEK (121)
- EPS increased to 5.36 SEK (3.35)

Segment Main markets

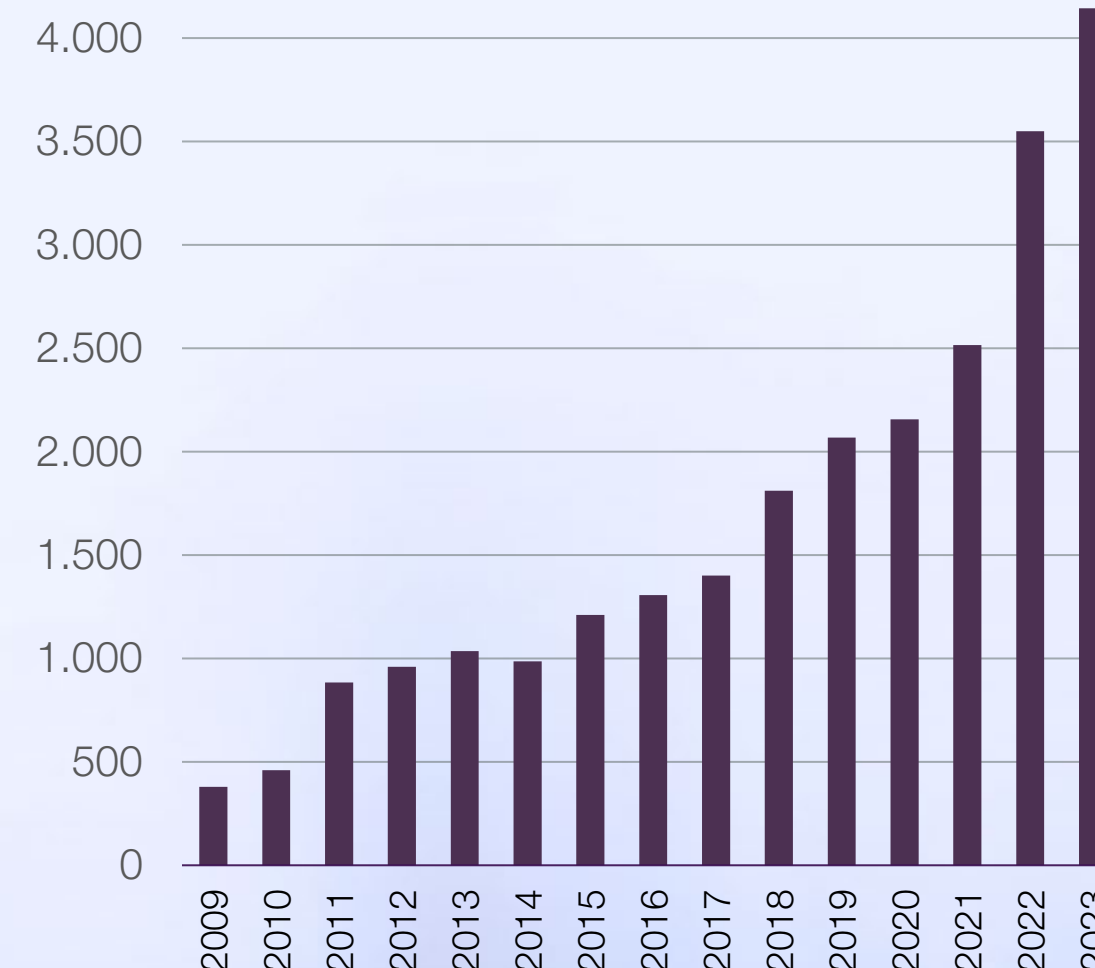
- Net sales 2,349 MSEK (1,976), a growth of 19%
- Operating profit increased to 255 MSEK (148), corresponding to a margin of 10.9% (7.4)

Segment Other markets

- Net sales 1,777 MSEK (1,568), a growth of 13%
- Operating profit increased to 110 MSEK (71), corresponding to a margin of 6.2% (4.5)

Sales development the first 15 y (MSEK)

CAGR = 19%



Cashflow and balance sheet

Cash flow

Despite the need to maintain a higher stock level, the cash-flow from operations was strong, totaling 277 MSEK (145).

Net debt

A strong cash flow together with the new share issue contributed to a rapid reduction in debt. Net debt /EBITDA decreased to 0.8 (1.9).

Equity/Asset ratio

Strong results together with new share issue increased the Equity/Asset ratio to 46% (35).

Dividends

The Board of Directors propose a dividend of 1.20 SEK per share (0.75), corresponding to 22% of the EPS.

(MSEK)	Q4 2023	Q4 2022
Equity	1 345	898
Equity/Asset ratio	46%	35%
Cash-flow operations (3 m.)	97	19
Cash	340	137
Net debt	363	556
Net debt /EBITDA	0.8	1.9
EPS in Q4 (SEK)	1.16	1.06

Follow-up of (previous) financial targets

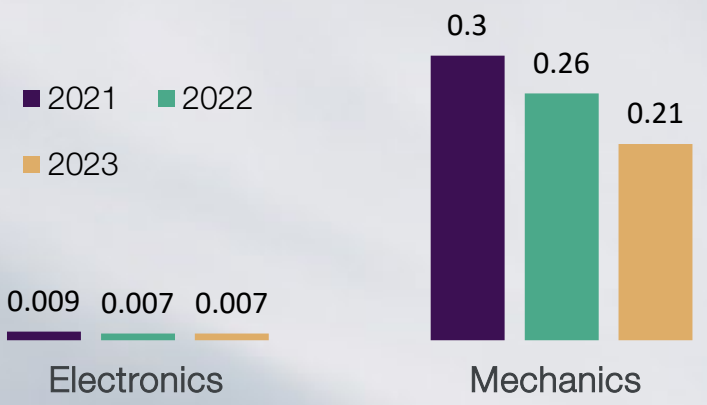
KPI	Updated target	Status
Growth	Sales SEK 5 bn in 2025	4.1 bn
Profitability	Operating margin at end of 2025: Minimum 8%	8.4%
Capital structure	Equity/Assets ratio: Minimum 30%	46%
Debt ratio	Net debt/EBITDA: Maximum 2.5 times	0,8
Dividend	30% of profit after tax, with consideration of the company's financial status.	22% proposal for FY 2023



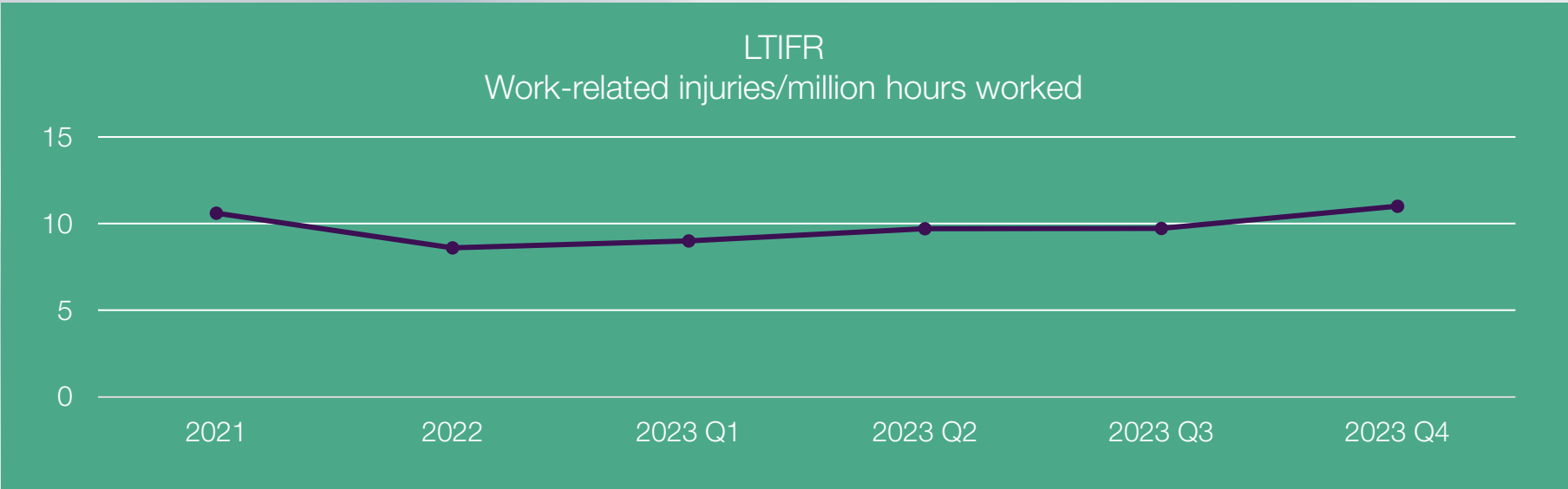
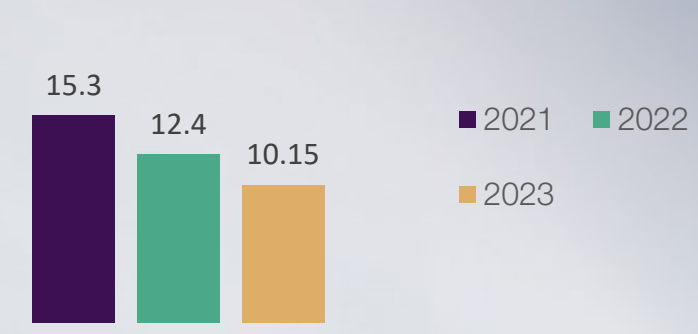
Main sustainability activities in 2023

- New sustainability goals decided in Q1 2023. Focus areas:
 - Environment & climate
 - Safety & ethics
 - Employees
- HANZA joined the UN Global Compact, committing to the ten principles of human rights, labor, environment and anti-corruption.
- A supplier relationship management (SRM) software has been introduced. E.g., SRM supports communication of our sustainability standards to suppliers.
- The results of HANZA's annual employee survey show improvements in all indices.
- Pilot project executed in Sweden to calculate the climate footprint at item level.
- A collaboration initiated with Finnish Gaia Consulting to support HANZA in the implementation of complete GHG calculations within scope 1, 2 & 3.
- Lockers with free menstrual protection installed in HANZA's factories and offices.

Hazardous waste/sales, ton/MSEK



Energy use/sales MWh/MSEK



HANZA's share issue

- 3.5 M shares (dilution of 8.1%) at 85 SEK
- 300 MSEK (before transaction cost of 7 MSEK / 2.3%)
- 260 MSEK recorded in Q4-23 and 40 MSEK in Q1 2024
- Directed share issue to selected owners, attracting institutions such as AP3, Lupus alpha and ODIN fonder. Main owner Gerald Engström participated (via Färna Invest) with ca 470 K shares after unanimous approval at an EGM in January 2024.
- To be used to support a continued expansion strategy and gives a readiness for new major business events
- Change to Mid Cap segment of Nasdaq in January 2024 following Nasdaq's annual review of the market value of listed companies.

HANZA's main shareholders on January 31, 2024

Ownership structure as of 31.01.2024	%	Shares
Färna Invest AB	21.25	9,277,694
Clearstream Bankings S.A.	9.20	4,016,969
Håkan Halén	5.40	2,357,470
Francesco Franzé	5.19	2,266,000
Nordnet Pensionsförsäkring AB	4.34	1,896,717
SHB Luxembourg cl acct Sweden	4.03	1,758,654
Tredje AP-fonden	3.01	1,315,177
Odin small cap	2.29	998,000
Avanza Pension	2.24	975,821
State Street Bank and Trust Co, W9	1.62	708,982
10 largest shareholders	58.26	25,571,484
Other shareholders	41.74	18,087,856
Total number of shares	100.00	43,659,340

Change in the main owner list in the last year
Two institutional investors added: AP3 and Odin replacing private investors.





Acquisition of Orbit One

- On December 1, 2023, HANZA entered an agreement to acquire all shares in Orbit One AB. The acquisition was closed January 4, 2024.
- The purchase price for the shares depends on the financial statements for November 2023 and preliminary amounts to SEK 367 million.
- In addition, there is an additional purchase price that is only payable if Orbit One shows a continued positive financial development in 2024, compared to 2023. The maximum additional consideration can amount to SEK 91 million.
- Given full additional purchase price, the total purchase price on a debt-free basis corresponds to a maximum of $EV/EBIT = 7$.
P/S at full purchase price amounts to approx. 0.4.
- Orbit One's CEO, Mattias Lindhe, will continue in the HANZA group and has bought 30,000 HANZA shares for part of the purchase price. For those shares he has entered into a lock-up commitment for 12 months.



Financial impact

P&L

- HANZA Group pro forma sales of SEK 5.2 bn.
- HANZA Group pro forma operating margin of 7.8%, somewhat lower than HANZA standalone (8.4% for 2023).
- The acquisition is increasing earnings per share.

Balance sheet

- Net debt / EBITDA still well below the financial target 2.5. Will increase from the 0.8 times we have in 2023.

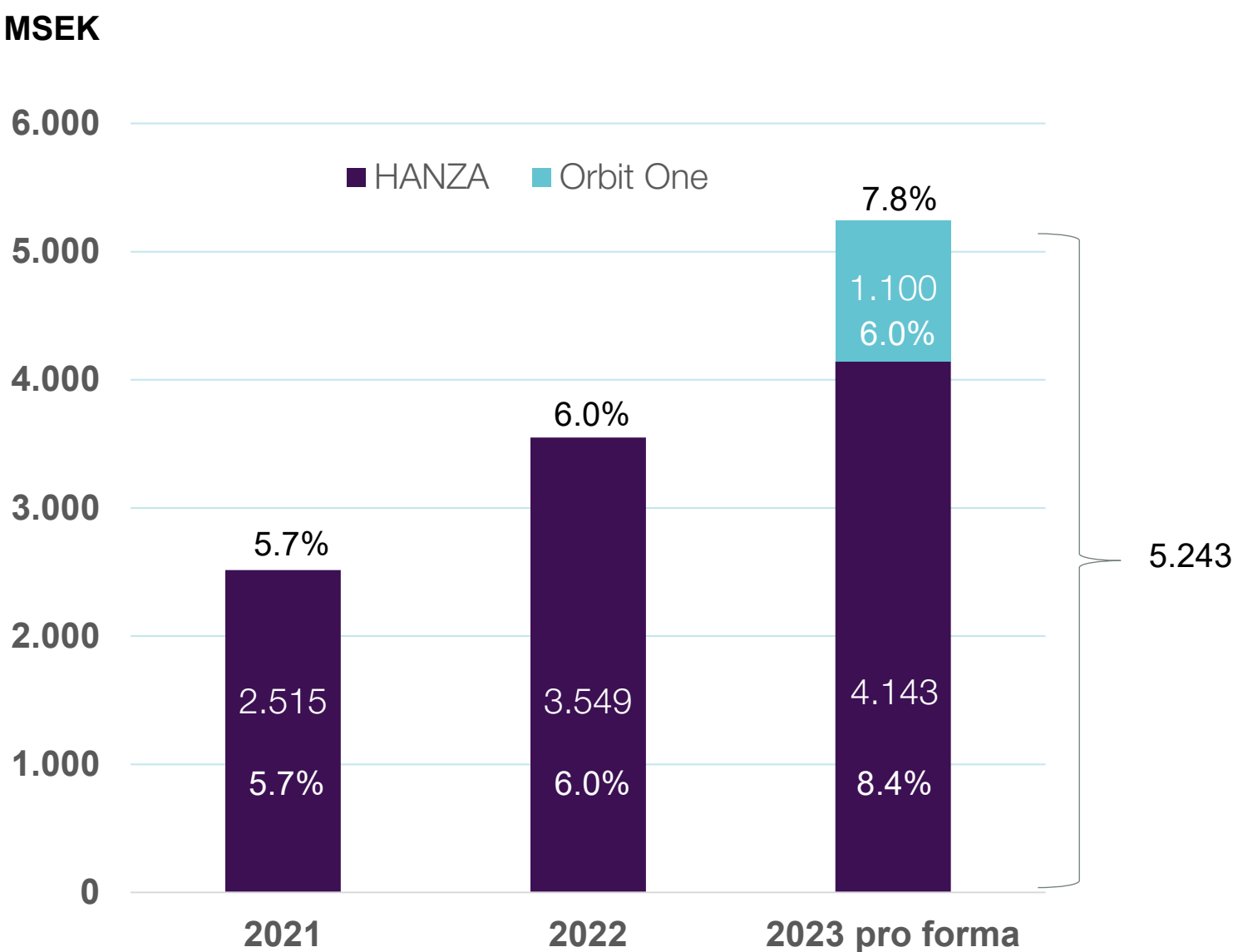
Cash-flow

- Combined entities are expected to generate a strong cash flow.

Other

- The deal reduces needs for investments in 2024.
- Increasing cluster size has a positive impact on profitability.
- After the integration period, Orbit One inside the HANZA cluster concept is expected to have a significantly higher margin.

Sales and operating margin



Pro forma graph

→ HANZA 2023

→ Orbit One, 2023 preliminary

→ Operating margin, EBITA



Revised financial targets

Current situation: Earnings

Rapid increase in earnings resulted in HANZA exceeding its target of “8% by the end of FY 2025” already in 2023.

Current situation: Sales

Rapid organic growth combined with acquiring Orbit One led HANZA to exceed its target of “SEK 5 bn” already in 2023 (pro forma).

Assessment

- Orbit One lower margin will reduce the HANZA Group’s margin. Furthermore, an ongoing economic slowdown affects the margin.
- HANZA has a long experience of successful integrations. Already during 2024, the integration is expected to lead to an increased margin.
- HANZA's business model has proven to generate new market shares also during weaker economic conditions, why HANZA is confident that the long-term growth will continue.
- Further complementary acquisitions may be included in HANZA 2025.

Conclusion

In the view of the above, the Board of Directors have found it appropriate to extend and increase the financial targets as shown in the table to the right.

KPI	Previous target / policy	Updated target / policy	Change
Growth	Sales 5 bn SEK in 2025	Sales 6.5 bn SEK in 2025	Increased
Profitability	Operating margin at end of 2025: Minimum 8%	Operating margin 2025: Minimum 8%	Increased
Capital structure	Equity/Assets ratio: Minimum 30%	Equity/Assets ratio: Minimum 30%	Unchanged
Debt ratio	Net debt/EBITDA: Maximum 2.5 times	Net debt/EBITDA: Maximum 2.5 times	Unchanged
Dividend	30% of profit after tax, with consideration of the company’s financial status.	30% of profit after tax, with consideration of the company’s financial status.	Unchanged



Q&A

www.hanza.com



Key takeaways

Proven business model

HANZA attracts new customers, both in strong and weak economy.

Strategy HANZA 2025

Expansion of existing business plus selected acquisitions.

Good position midway through the strategy

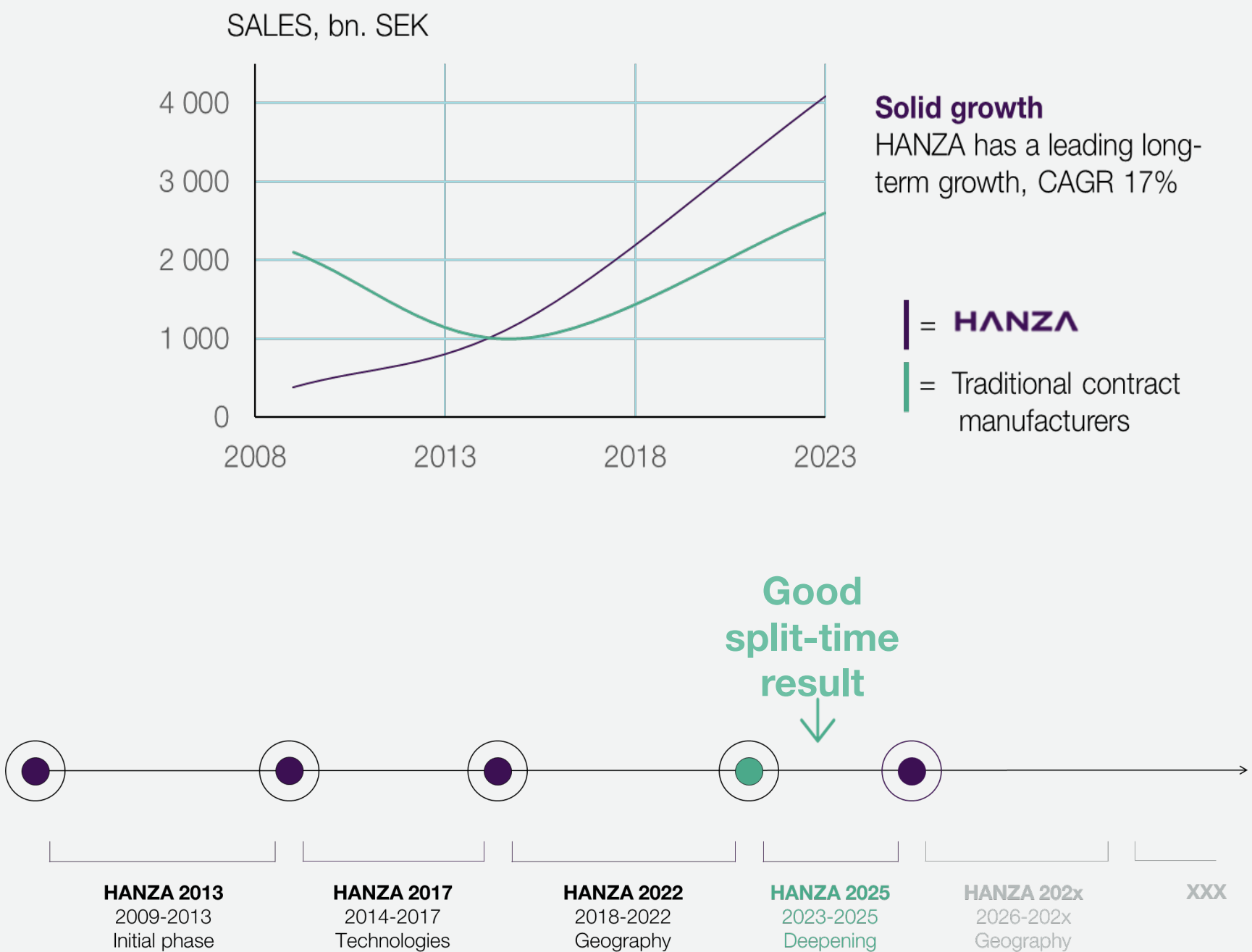
Steady positive cash-flows combined with a strong financial base provides freedom of action for coming actions.

New financial targets

Increase growth rate, maintain a sustainable margin.

Crucial for success:

A strong business model and talented people. HANZA has both.



AGENDA

13.00

Welcome

Introduction

Progress report from six HANZA leaders

14.15 (ca) Break 15 min

Strategy recap

Financial development and revised financial targets

Q&A

15.30

Mingle and VR-tour

Mingle with HANZA leaders

Visit HANZA factories in Virtual Reality

Have a cup of coffee and a "semla"



HANZA VR FACTORY TOUR

Welcome to the world of HANZA



Veronica Svensson
Sales Director
Scandinavia





ALL YOU NEED IS ONE™

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