

Välkommen till

# ÅRSSTÄMMA I HANZA AB

KISTA 14 MAJ 2024



# FÖRSLAG TILL DAGORDNING

1. Stämmans öppnande och val av ordförande vid stämman
2. Upprättande och godkännande av röstlängd
3. Val av en eller två justeringspersoner
4. Godkännande av dagordning
5. Prövning av om stämman blivit behörigen sammankallad
6. VD:s anförande
7. Framläggande av årsredovisningen och revisionsberättelsen samt koncernredovisningen och koncernrevisionsberättelsen
8. Beslut om:
  - a) fastställelse av resultaträkningen och balansräkningen samt koncernresultaträkningen och koncernbalansräkningen,
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10. Fastställande av antalet styrelseledamöter och styrelsesuppleanter
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13. Fastställande av arvoden till styrelse och revisor
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15. Beslut om bemyndigande för strategiska emissioner
16. Beslut om bemyndigande för styrelsen att återköpa samt överlåta egna aktier
17. Beslut om riktlinjer för ersättning till ledande befattningshavare
18. Stämmans avslutande



**HANZA**

# **ANNUAL GENERAL MEETING**

**HANZA AB**

Kista, May 14<sup>th</sup>, 2024

Francesco Franzé, Chairman of the Board  
Erik Stenfors, CEO  
Lars Åkerblom, CFO



## AGENDA

- **HANZA in brief**
- **Development 2023 and Q1, 2024**
- **Financial performance**
- **Conclusions and Outlook**

# Contract Manufacturing

Support for product owning companies.



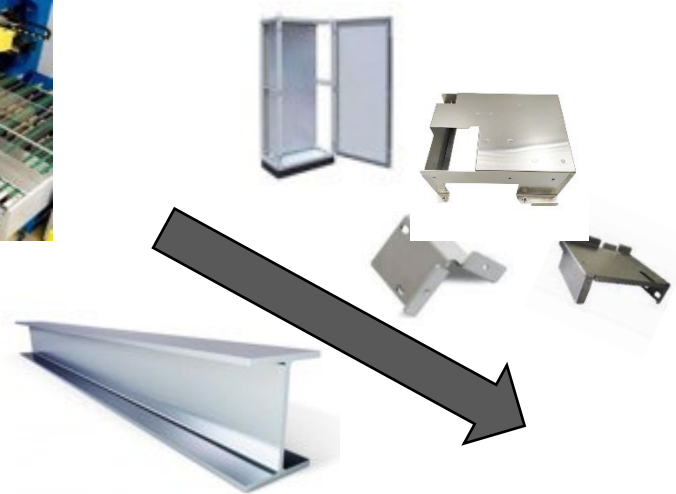
A product-owning company hires contract manufacturers to produce parts, freeing itself to focus on R&D and sales.



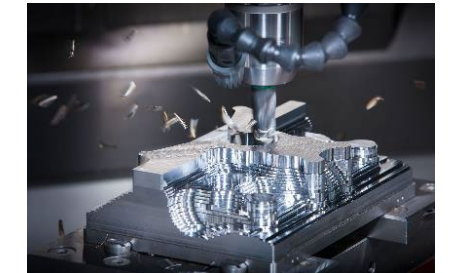
# Contract Manufacturers

Manufacture a part on request.

Contract manufacturer of sheet metal mechanics



Contract manufacturer of machining



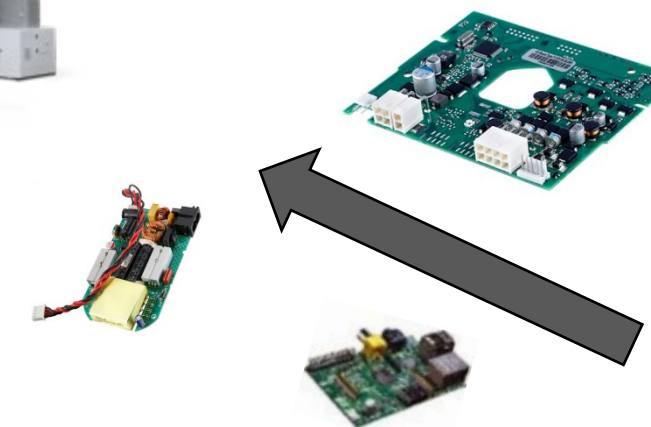
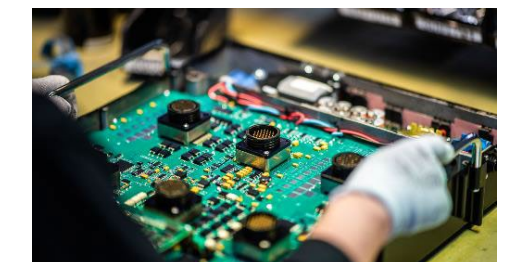
Assembly  
By the product owner or one of the contract manufacturers



Contract manufacturer of wire harnesses



Contract manufacturer of electronics



## THE VISION

Being a manufacturing partner that increases customer value for product owning companies.

“ **A strong focus on customer needs and feedback.**

To place a strong emphasis on understanding our customers' needs and then tailoring our offering to meet that need. This focus on **customer centricity** and **customization** must underpin all key business decisions and strategies.



## Vision – Execution

→ **Manufacture parts and assemble complete products for product owning companies**

Create a wide range of manufacturing technologies, including electronics, machined parts, sheet metal, heavy mechanics, wire harnesses, and complex product assembly

Develop factories strategically located in clusters (picture, right). Today 6 manufacturing clusters.

To not have own products. Only manufacture for customers. No conflict in resources or business model.

→ **In addition to manufacturing, add value-creating services.**

Today advisory services for optimizing supply chains and research and development (R&D) services

→ **Developing customer areas one by one.**

Today, HANZA is primarily serving customers in Sweden, Norway, Finland and Germany.





# Vision – Progress report

## SCOPE



### Manufacturing clusters

A group of factories offering both part production and part assembly.



### Product development

"HANZA Tech Solutions" to support our customers' R&D departments.



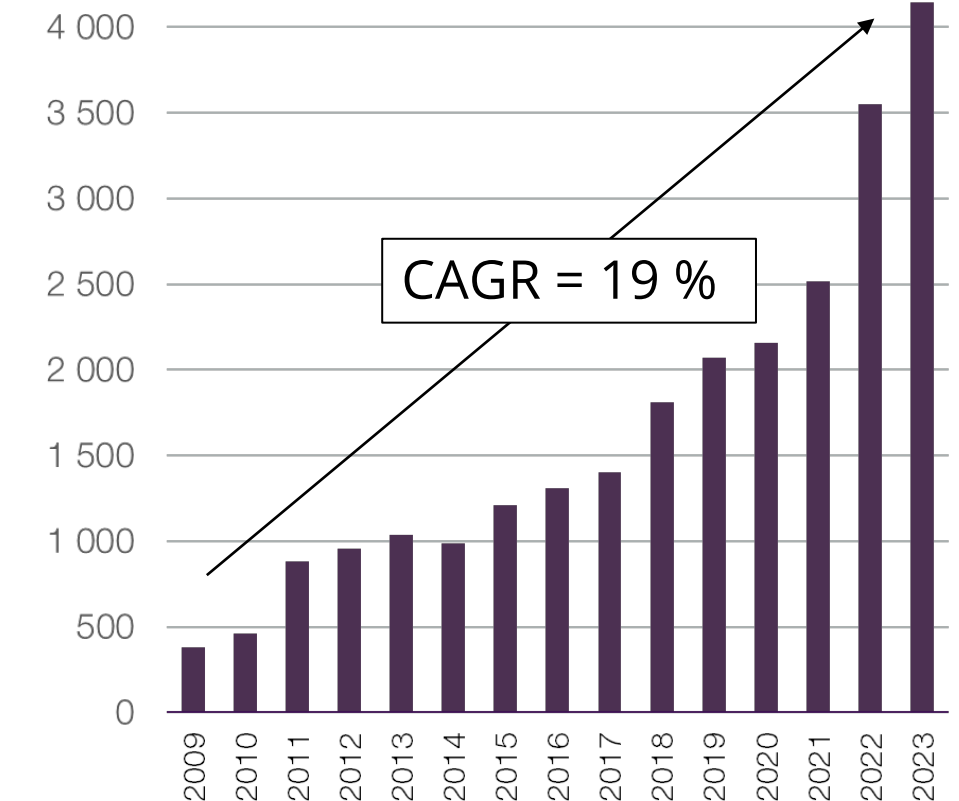
### Advisory services (MIG)™

Analysis, advice and support on how to streamline the supply-chain.

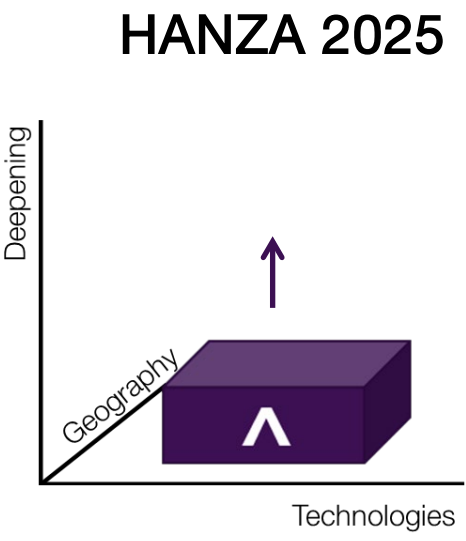
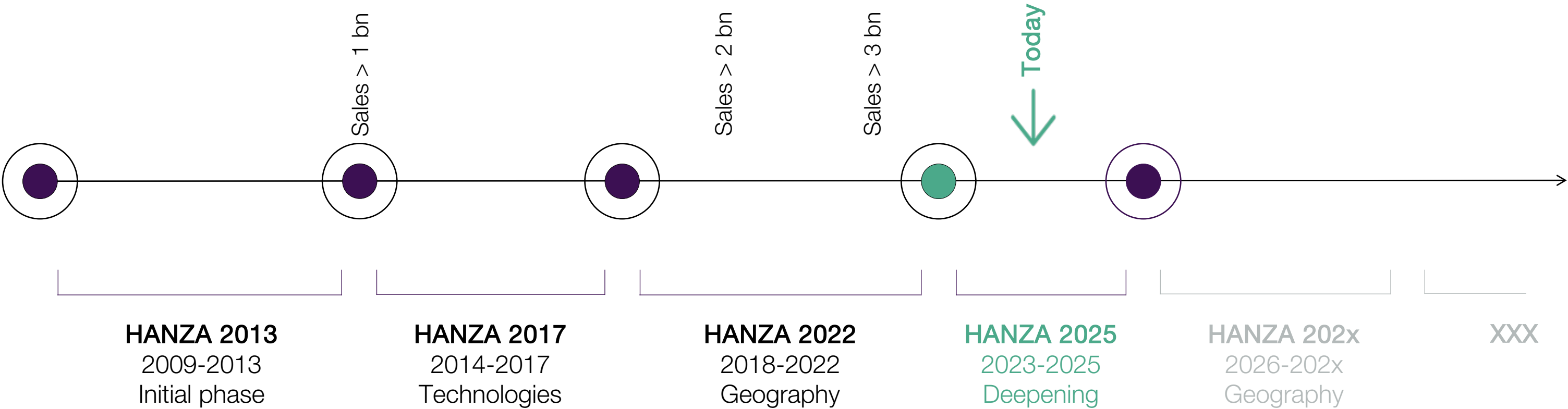
Examples from HANZA's customer base



Annual sales first 15 y (MSEK)



# Development in context: A structured expansion





Väderstad, one of the outstanding customers

## Highlights 2023

- **Sustainability:** An expanded strategy was launched.
- **Modular expansion:**
  - Acquired a previously leased building in Töcksfors of 11,000 sqm and approx. 28,000 sqm of adjacent land.
  - Inaugurated a new assembly plant in Narva, Estonia, of 5,000 sqm, expanding the offering in heavy mechanics.
- **Acquisition:** Signed an agreement to acquire the Swedish electronics manufacturer Orbit One. The company has sales of over SEK 1 bn and has two production facilities in Sweden and one in Poland and a total of approximately 620 employees.
- **MIG™:** Signed an agreement with Mitsubishi to do complete manufacturing of a series of forklifts for the European market.



# MIG™ example: Mitsubishi in July 2023

- Mitsubishi Logisnext is a leading provider of logistics solutions with self-designed forklifts.
- HANZA created a new manufacturing solution (MIG™):
  - (a) Taking over the entire supply-chain, and
  - (b) Outsourcing assembly from Mitsubishi's factory in Finland
- Over 40 suppliers are replaced by one: HANZA.



## A value-creating deal

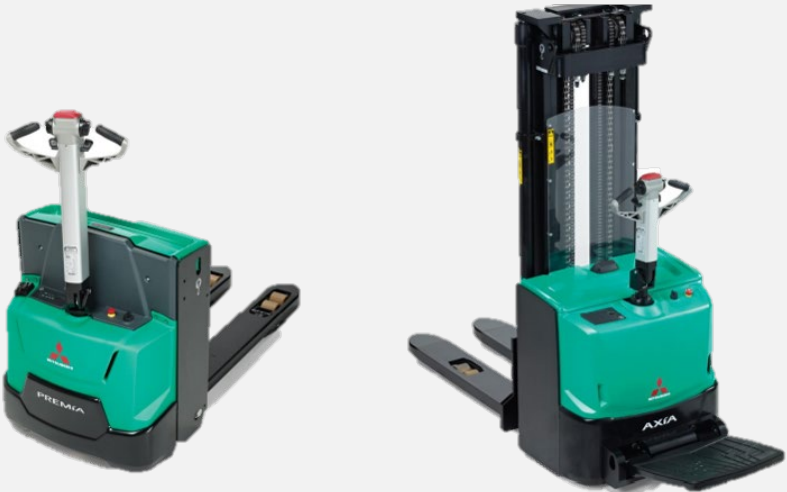
Major impact on the total cost of ownership for the customer.

## A unique deal

No other contract manufacturer can offer this.

## A green deal

Reducing transports, reducing the emission of CO2.



# The start of 2024

## Closing an important and valuable acquisition (Orbit One)

- **In line with "HANZA 2025"**  
Acquisition within existing technology and geography to strengthen current operations. Completing Cluster CE and further developing SE
- **Increases customer value**  
Orbit One's customers appreciate being part of a stronger concept, HANZA's customers appreciate the expansion of the EMS part.
- **Adds expertise to the group**  
Both in EMS and in key positions (eg. automation, sourcing, IT, ERP)
- **Expands customer base**  
Distributed across different sectors and no overlap gives high potential.
- **New cost synergies**  
Transfer from a classic contract manufacturer to HANZA's cluster concept.
- **Perfect fit on corporate cultures**



The acquisition of Orbit One doubled HANZA's capacity in electronics production, creating a more even distribution within HANZA's various manufacturing technologies.



# The start of 2024

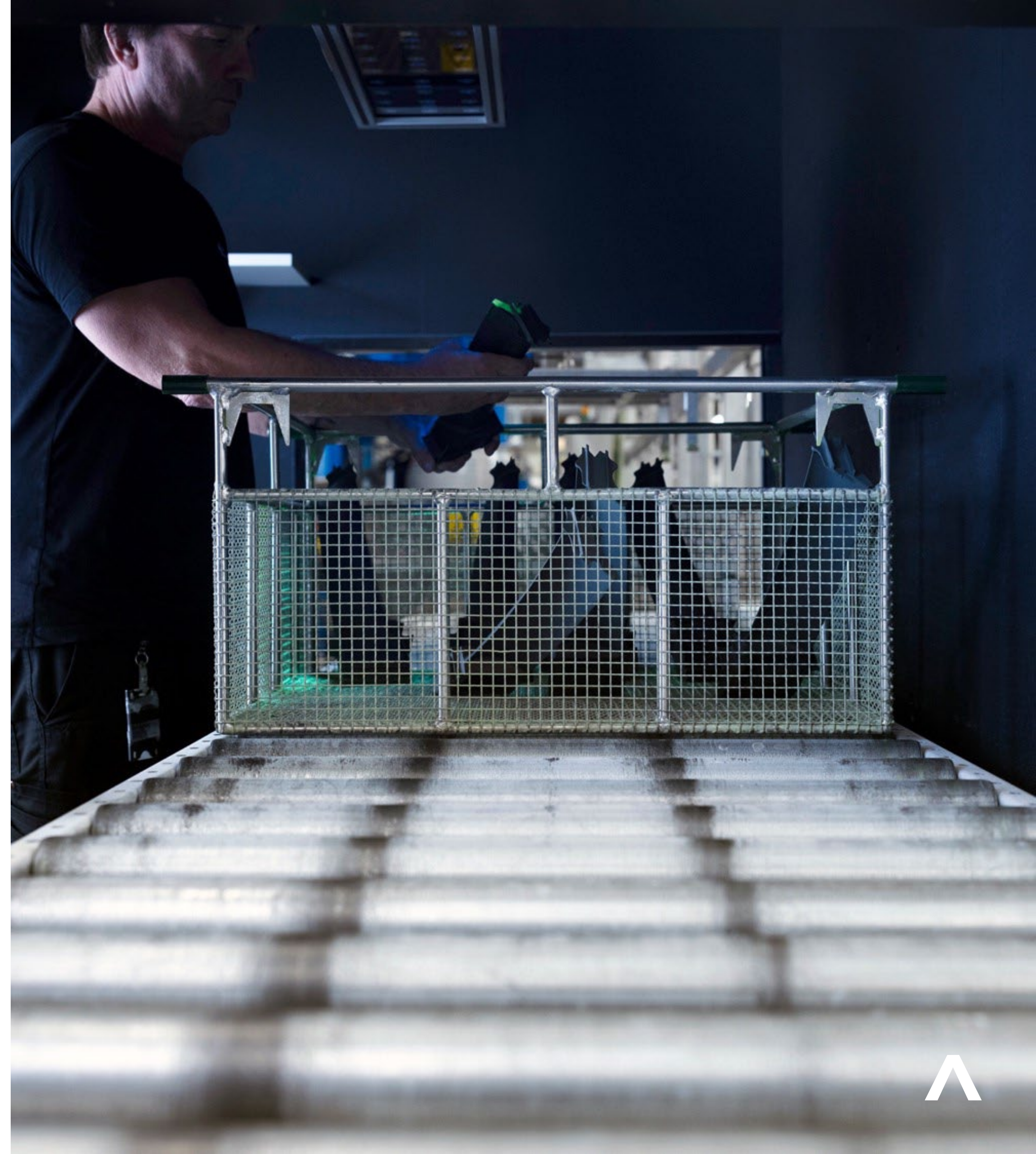
## Economic Slowdown

- **Sales declined as anticipated**
  - **Demand imbalance:** Some sectors, like defense and energy, experienced continued strong performance. Other, like mining and industrial, faced reduced demand.
  - **Segment imbalance:** Reduced demand mainly affected clusters in the segment Other markets, which is not yet on target size.
- **Strike in Finland**

A wave of strikes followed the government suggestions on reforms of labor and social legislation, affecting Main markets.
- **Signs of Recovery**

Potential upturn in the second half of 2024 with increased volumes and margins, as the customer base is intact.
- **Rapid actions**

Forward planning cannot rest on assumed economic upturns. The key to success is to act quickly and decisively.





## The start of 2024

### Activities initiated and ongoing

- **A combined Integration- and Efficiency program**  
Aimed at achieving synergies, particularly in administrative functions, and addressing the economic slowdown.  
  
Includes workforce reductions of 50 employees in Ronneby, Sweden, and potential reductions in Prabuty, Poland.  
  
Aligned with "HANZA 2025", to achieve HANZA's financial targets.
- **Expanding sales activities**  
Capitalizing on the strength of HANZA's business model:  
Not just manufacturing but offering a more efficient manufacturing chain.  
  
The need to streamline manufacturing has increased both for geopolitical reasons and because of the economic slowdown.  
  
HANZA's sales model is applied to the new, broader customer base.



# FY 2023 Financial development

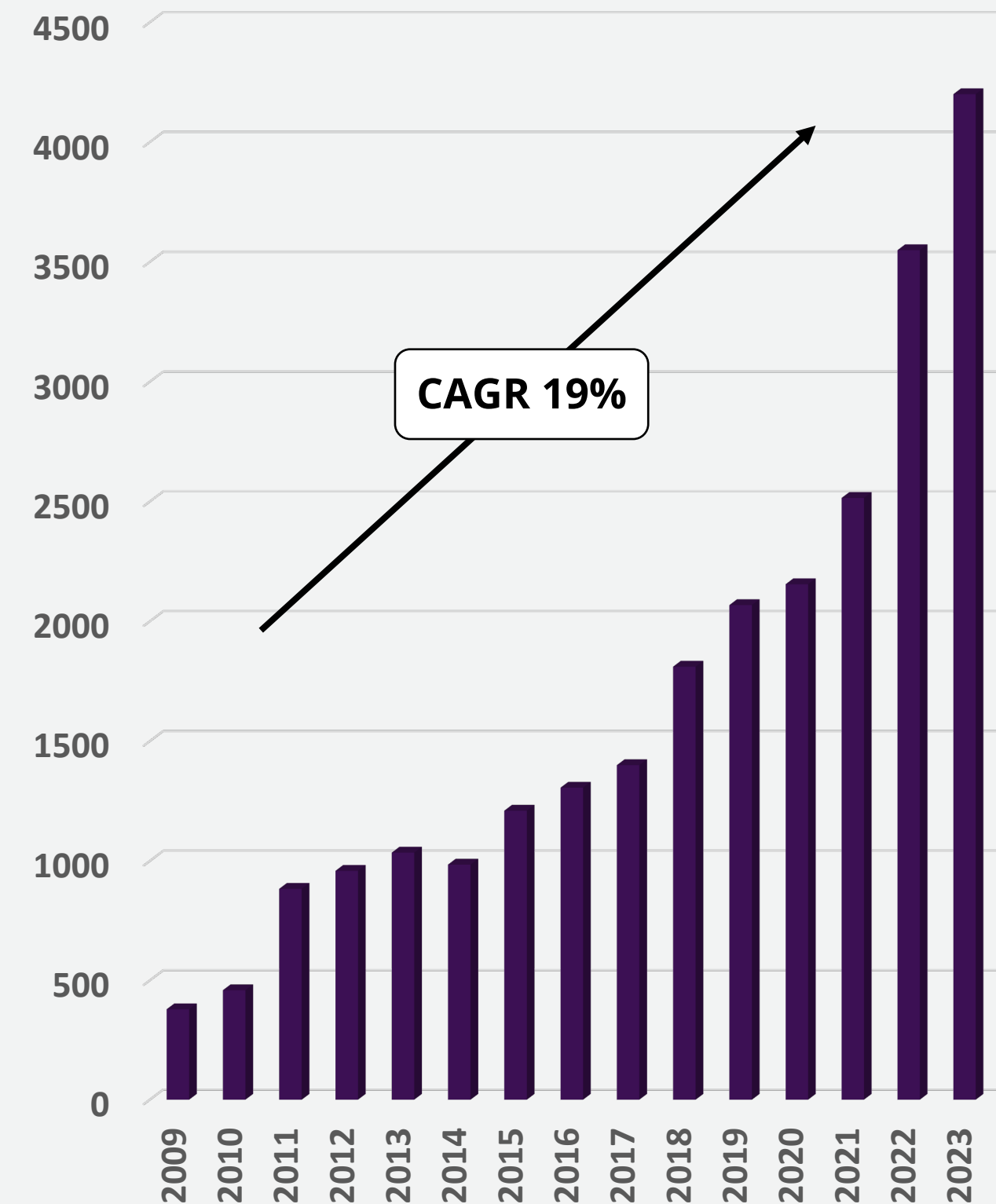
## Sales and Earnings

- Net sales reached 4.1 bn SEK, half a bn SEK higher than 2022
- Organic growth was 17% for the FY 2023
- ATH operating profit in 2023: 8.4% MSEK (6,0)
- Net earnings 214 MSEK (121) gives an EPS of 5.36 SEK (3.35)

## Cashflow and balance sheet

- Cashflow from operations 277 MSEK (145)
- Equity/Asset ratio 46% (35)
- Net debt / EBITDA 0.8 (1.9)
- New share issue added 260 MSEK (+40 MSEK in Q1 2024)

ANNUAL SALES (MSEK)





## HANZA's share issue Q4/23-Q1/24

- Successful completion of a directed share issue of 3.5 M shares (representing just under 9% of the total number of shares), widening the ownership of HANZA to international investors.
- Adding about 300 MSEK to an already strong financial position, means HANZA strengthen the potential in HANZA 2025 expansion program
- Decision to investment about 75 MSEK in expansion of factory in Sweden made in January 2024.
- Transaction cost about 2.7%
- HANZA's main shareholder Gerald Engström participated with 470 500 shares after unanimous approval at an EGM in January 2024.



# HANZA 2025 - UPDATED FINANCIAL TARGETS

KPI	Previous target / policy	Updated target / policy	Change
<b>Growth</b>	Sales 5 bn SEK in 2025	Sales 6.5 bn SEK in 2025	<b>Increased</b>
<b>Profitability</b>	Operating margin at end of 2025: Minimum 8%	Operating margin 2025: Minimum 8%	<b>Increased</b>
<b>Capital structure</b>	Equity/Assets ratio: Minimum 30%	Equity/Assets ratio: Minimum 30%	Unchanged
<b>Debt ratio</b>	Net debt/EBITDA: Maximum 2.5 times	Net debt/EBITDA: Maximum 2.5 times	Unchanged
<b>Dividend</b>	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



# Q1 Financials

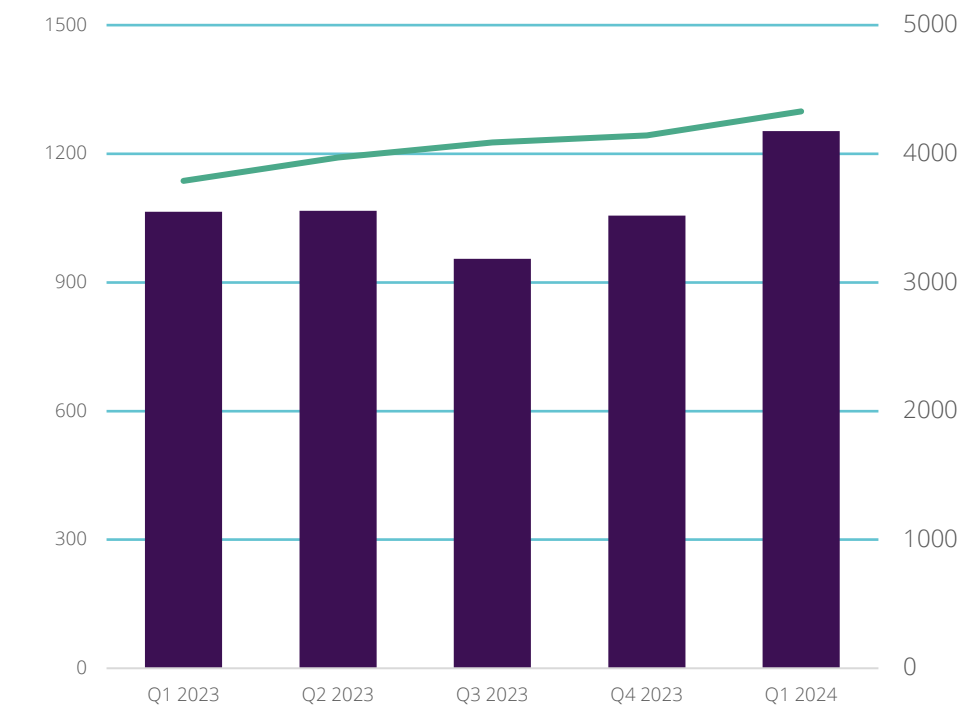
## Sales

- Net sales grew by 18% to 1,253 MSEK (1,065).
- Adjusted for acquisitions and currency net sales decreased by 6%, due to macroeconomic factors that lead to lower customer volumes.
- 12 months sales 4.3 bn SEK (4.1 bn in FY 2023).

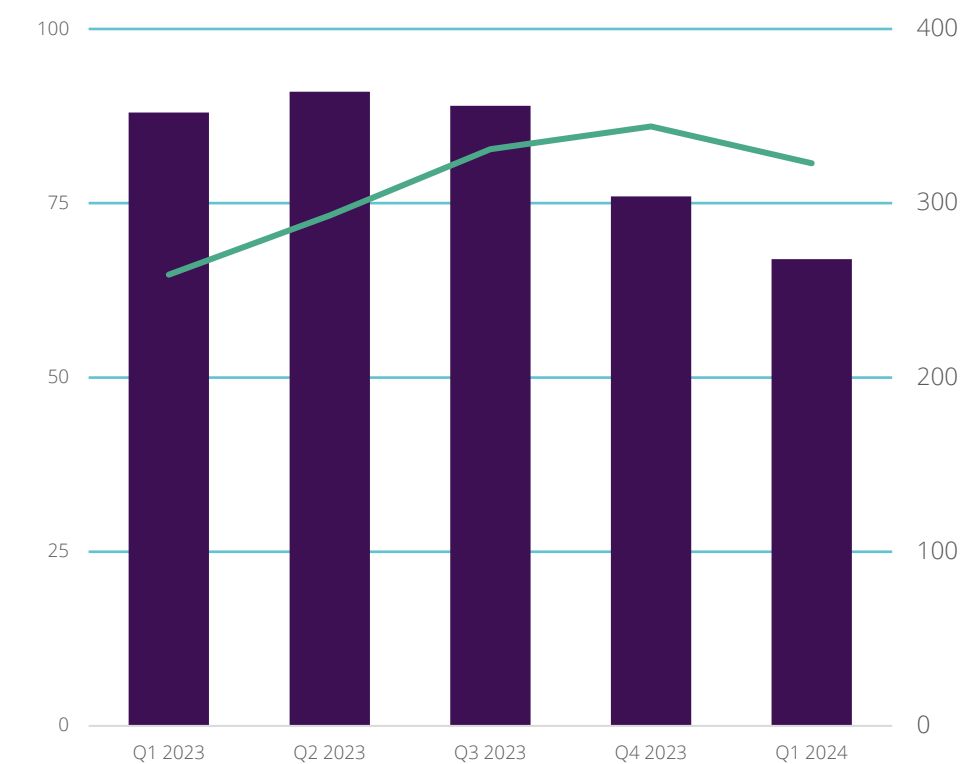
## Earnings

- EBITA in Q1 amounted to 67 MSEK (88), corresponding to an operating margin of 5.3% (6.0).
- Efficiency program initiated, led to OTC of 20 MSEK in Q1. The cost savings will reach full economic effect in Q4 2024.
- Revaluation of the estimated remaining purchase price for Orbit One, a positive OTC of 20 MSEK.
- Adjusted for OTC and acquisitions the operating margin for comparable units were 6.4% (7.7). (Q1 23 energy subsidy effected positively by 6 MSEK)
- Earnings per share amounts to SEK 0.77 (1.49).

## Sales (MSEK)



## Operating profit (MSEK)



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



# Q1 Financials

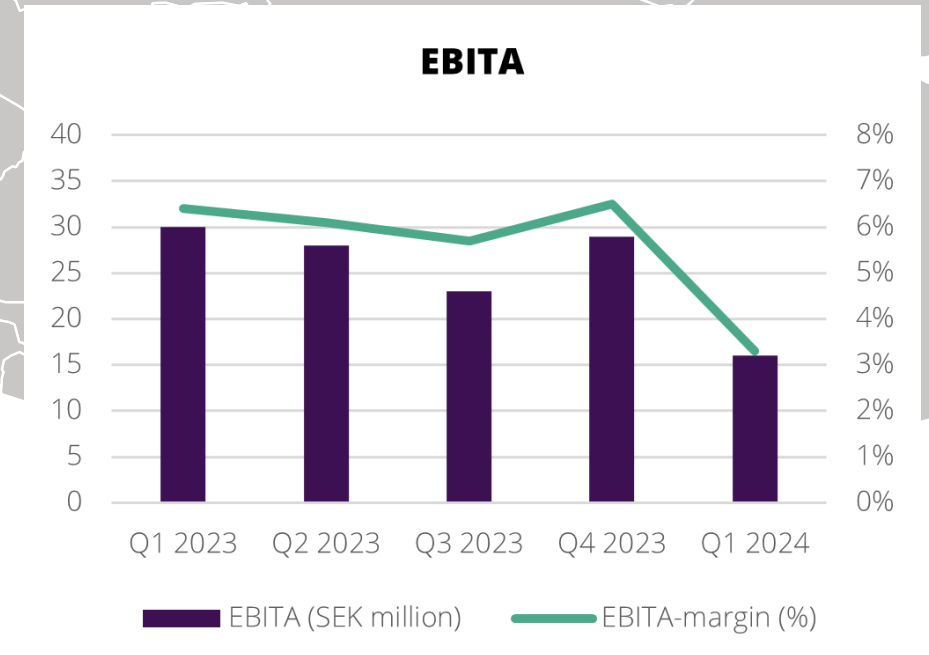
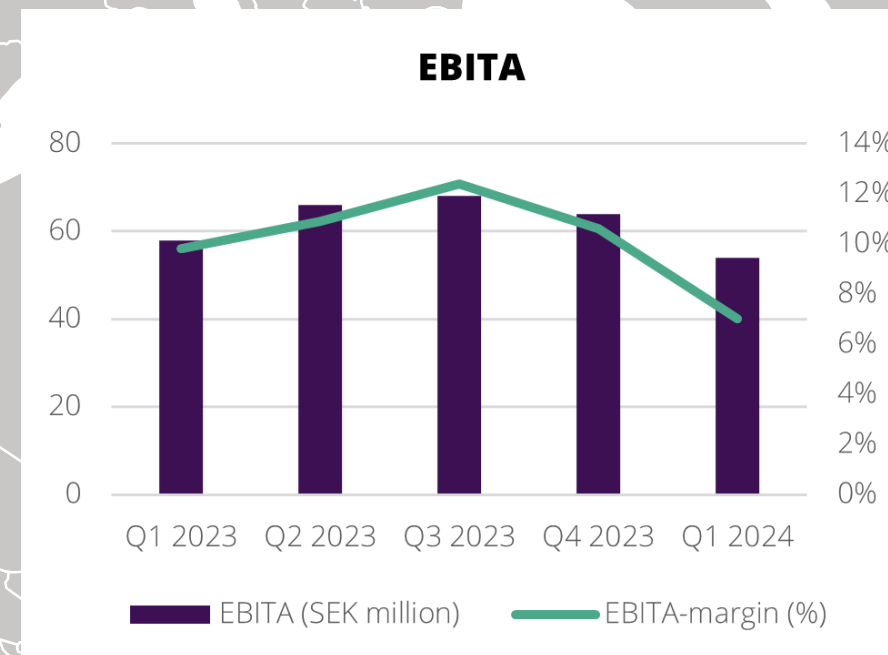
## Segment Main markets

- Net sales up to 30% to 770 MSEK (594)  
Growth adjusted for acquisitions and currency: 1%.
- Operating profit excluding OTC and energy subsidy was 54 MSEK (48), corresponding to an operating margin of 7.0 % (8.8).
- Adjusted for OTC, energy subsidy and acquisitions the operating margin for comparable units were 8.2% (8.8).
- Both sales and EBITA was affected negatively by union strikes in Finland.

## Segment Other markets

- Net sales up 3% to SEK 480 MSEK (468).  
Growth adjusted for currency, energy and material: -14%.
- Operating profit excluding OTC amounted to 16 MSEK (30), corresponding to an operating margin of 3.3% (6.4%).
- Adjusted for OTC and acquisitions the operating margin for comparable units were 4.9% (6.4).
- Sales was affected negatively by decreased volumes from certain industries.

It is clear how the less developed manufacturing clusters are more affected by economic fluctuations.



**Main Markets**

**Other Markets**

= Main Markets

= Other Markets



# Q1 Financials

## Cashflow

- Cashflow from operations amounted to 31 MSEK (89). Temporary increase of working capital for the ramp up of MLE.

## Capex

- Amounted to 58 MSEK (68), of which 6 MSEK related to buildings (4).

## Net debt

- Interest bearing net debt increased to 930 MSEK (539). The acquisition of Orbit One added 575 MSEK. The net debt includes estimated remaining purchase price for Orbit One of 40 MSEK that presupposes improved profitability 2024 towards 2023.
- Net deb / EBITDA rolling 12 months including Orbit One amounts to 1,9 times.

## Financial position

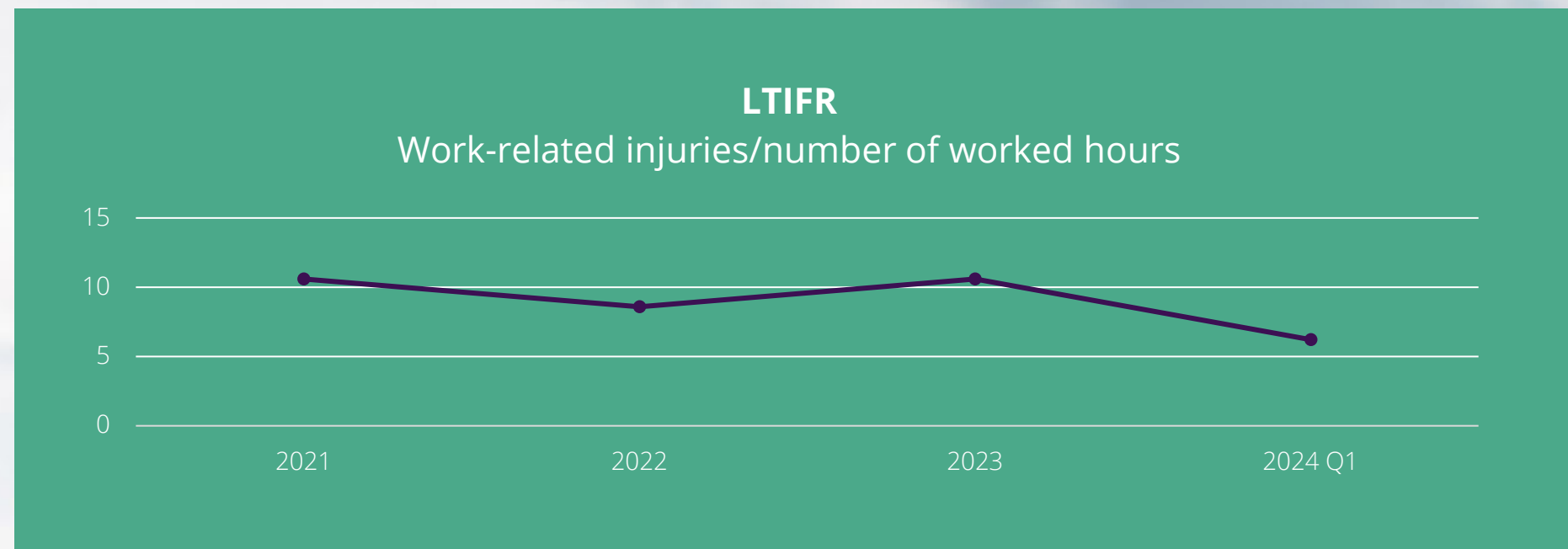
- The new share issue was completed in Q1 with a 40 MSEK to HANZA's main owner Färna Invest AB (Gerald Engström)
- Equity increased to 1 454 MSEK (966), corresponding to a net debt/Equity ratio of 0,6 (0,6) and Equity/Asset ratio of 39% (37).
- A strong balance sheet gives possibilities for further acquisitions and MIG projects.

(SEK million)	Q1 2024	Q1 2023
Equity	1 454	966
Equity/Asset ratio	39%	37%
Cash-flow operations (3 m.)	31	89
Cash	178	135
Net debt	930	539
Net deb / EBITDA R12	1.9	1.6
EPS (SEK)	0.77	1.49

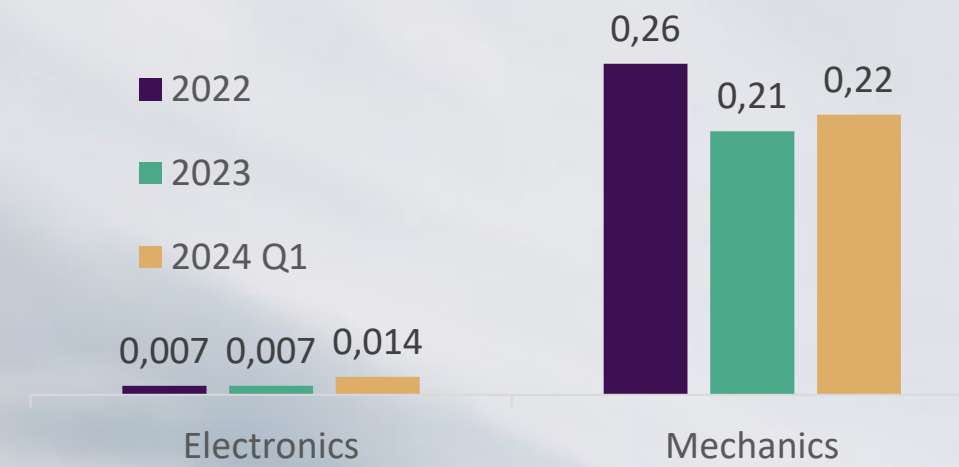


# Sustainability main activities in Q1

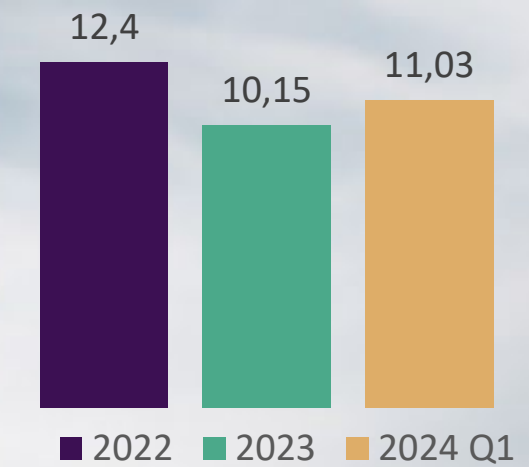
- Started on a double materiality analysis to identify and map our most material impacts on people and the environment and understand the risks and opportunities arising from sustainability issues.
- Mapping of our scope 1 and 2 emissions for 2023 has been completed, and mapping for scope 3 is ongoing.
- Several interviews with key customers have been conducted, to find out what HANZA can do to support customers' climate goals.



Hazardous waste/sales, ton/SEK million



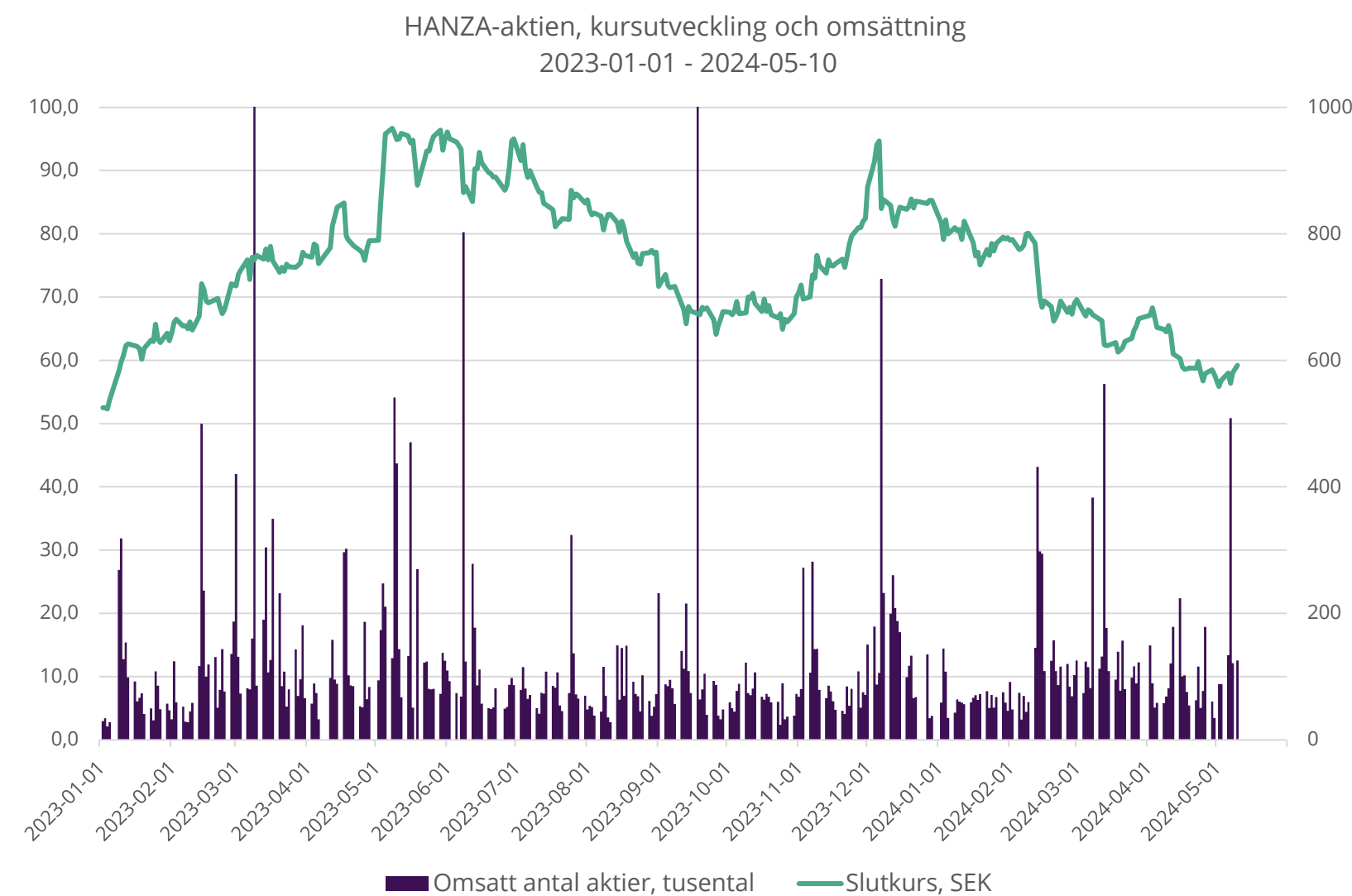
Energy use/sales MWh/SEK million



## HANZA's shareholders on March 31, 2024

# HANZA's share: Good long-term development

- Market cap. May 13 approx. SEK 2,5 bn SEK
- Total return is 215% for the last 3 years



Ownership structure as of 31.03.2024	Shares	Votes	%
Färna Invest AB	9,277,694	9,277,694	21.25
Clearstream Bankings S.A	4,007,969	4,007,969	9.18
Håkan Halén	2,357,470	2,357,470	5.40
Francesco Franzé	2,266,000	2,266,000	5.19
Nordnet Pensionsförsäkring AB	1,944,251	1,944,251	4.45
SHB Luxembourg cl acct Sweden	1,751,654	1,751,654	4.01
Odin small cap	1,140,000	1,140,000	2.61
Tredje AP-fonden	957,755	957,755	2.19
Avanza Pension	801,071	801,071	1.83
J.P. Morgan SE, Luxembourg Branch W81MY/NQI	646,929	646,929	1.48
10 largest shareholders	25,150,793	25,150,793	57.61
Other shareholders	18,508,547	18,508,547	42.39
Total number of shares	43,659,340	43,659,340	100.00

HANZA's senior executives own a total of approx. 1.3 M shares (3.7%)

Trading of HANZA shares	2023	2022
Total no. of shares traded (M)	28	32
Total no. of trades (K)	179	152
Average daily trading volume (K)	112	125
Average daily trades	712	600



# Q&A





# Key takeaways

## Proven business model

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

## Good position

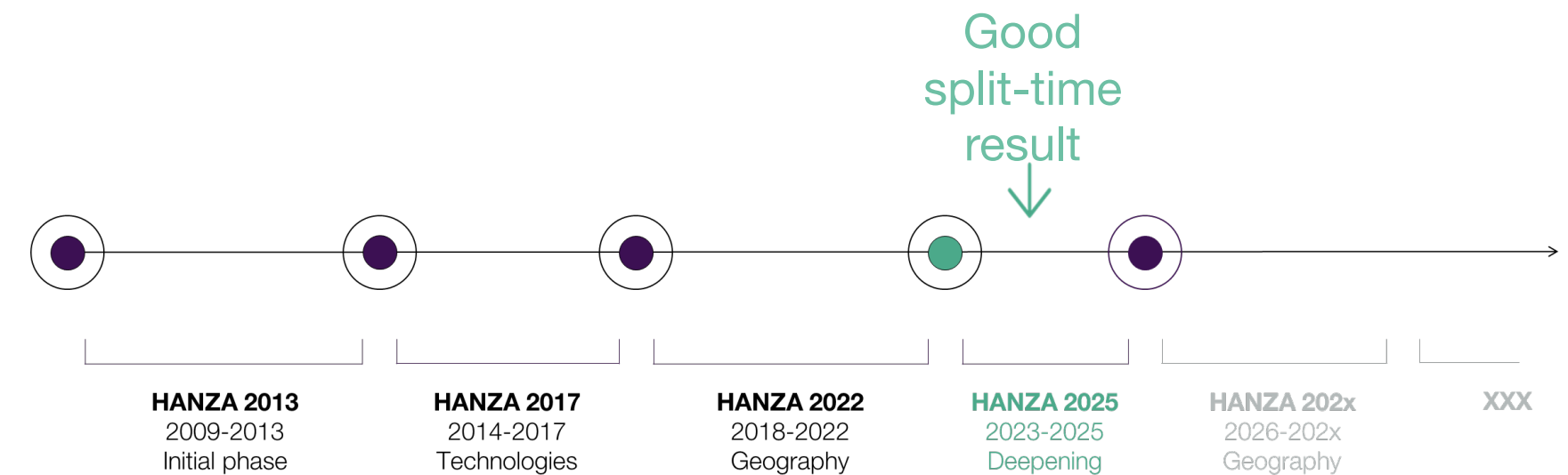
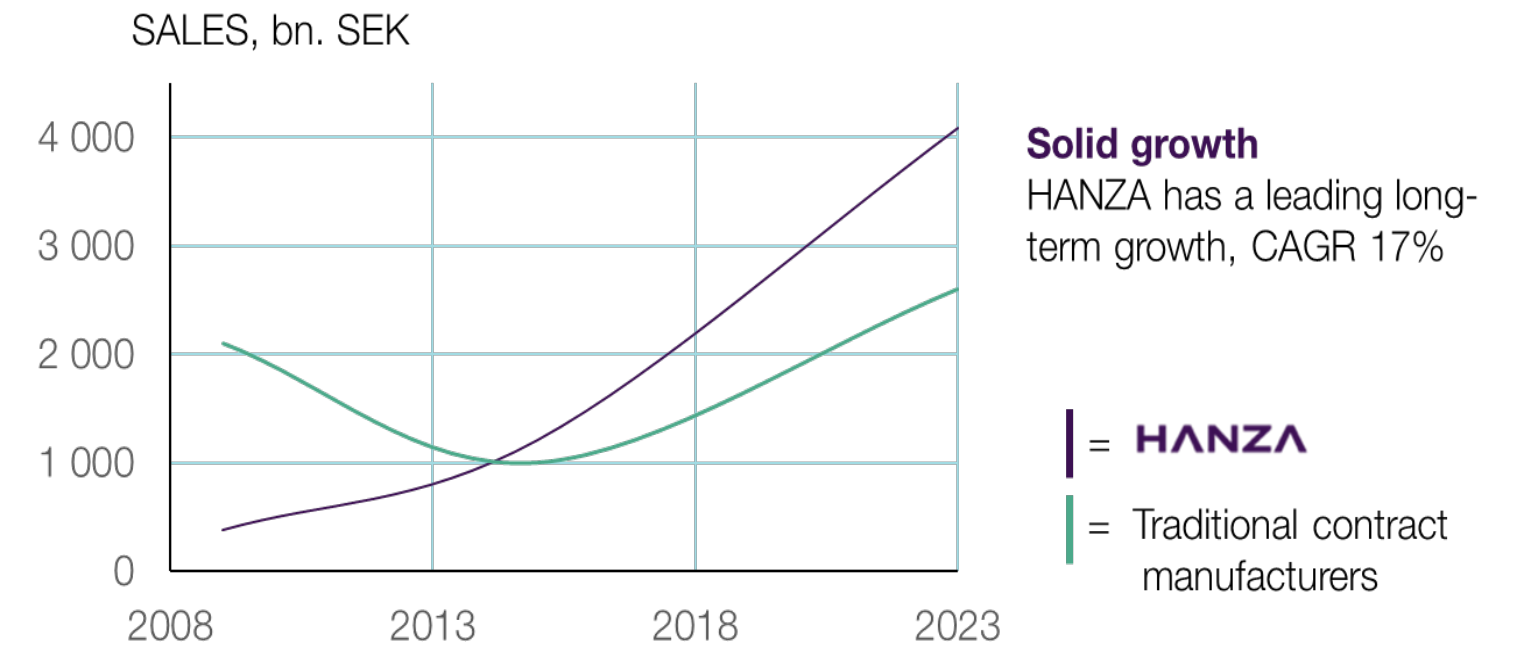
Steady cash-flows combined with a strong financial base provides freedom for coming actions.

## Structured future

HANZA 2025, step by step

Crucial for success A strong concept and talented people.

**HANZA has both.**



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## Taina Horgan - Proposed new board member



- Born: 1965
- Education: DIHM Business Bachelor
  - Certifierad Process Professional Master, BP Group CPP
  - ICQ Lead Auditor ISO9001
- Position:
  - Current: Business Development Director, Systemair Group (2019 – present).
  - Previously: Sales Manager at FläktGroup and held several senior positions within Systemair, including Vice President of Business Development and IT Application Manager.
- Other assignments:
  - Board member, Mälardalen Chamber of Commerce (2008-2011)
  - Board member, Brukshotellet Skinnskatteberg (current)
- Shareholding: 0 shares





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