

**HANZA**

**ALL YOU NEED  
IS ONE™**

**Interim report**

HANZA AB

January 1 – March 31, 2024



# INTERIM REPORT JANUARY-MARCH 2024

## Focus on acquisition integration

### First quarter 2024

- Net sales increased by 18% to SEK 1,253 million (1,065). Adjusted for acquisitions and currency net sales decreased by 6%.
- Operating profit amounted to SEK 67 million (88), which corresponds to an operating margin of 5.3% (8.3). An integration and efficiency program affected the result negatively by SEK 20 million. Revaluation of remaining acquisition purchase price affected the result positively by SEK 20 million. Energy subsidy improved the result in Q1 previous year by SEK 6 million. Adjusted for the above-mentioned items and acquisitions, the comparable operating margin amounted to 6.4% (7.7).
- Profit after tax amounted to SEK 34 million (59), which corresponds to SEK 0.77 (1.49) per share before dilution and SEK 0.77 (1.47) after dilution.
- Cash flow from operating activities amounted to SEK 31 million (89).

## Significant events during and after the period

- At the turn of the year, HANZA completed the acquisition of Orbit One AB, one of the Nordic region's leading contract manufacturers of electronics with factories in Sweden and Poland.
- In January, HANZA decided to invest approx. SEK 75 million in an expansion of 8,800 square meters of production space for the group's manufacturing cluster in Sweden. The new facility will provide space primarily for assembly. Occupancy is planned for the end of 2024/beginning of 2025.
- In January, an extraordinary general meeting approved a directed share issue of 470,500 shares at a price of SEK 85 per share to Färna Invest AB, which is owned by HANZA's principal owner Gerald Engström.
- In February, HANZA revised the financial targets for 2025. The sales target was raised by 30% to SEK 6.5 billion and the operating margin target of 8% was expanded to apply to the full year 2025. The motivation for this is the proven profitability level in HANZA's established clusters, market successes, and the acquisition of Orbit One, which has broadened the Group's expertise and customer base and as such increases the growth potential for the coming years.
- In March, an integration and efficiency program was launched in line with the company's strategy and new financial targets. The program includes a redundancy notice affecting 50 people in the unit in Ronneby, Sweden, a unit that was added through the acquisition of Orbit One. A non-recurring cost of SEK 20 million for the program is charged to Q1/2024. The full financial effect is expected to be reached in Q4/2024.
- In April, the Board of Directors convened an Annual General Meeting on May 14, 2024. The Board proposes a dividend of SEK 1.20/share (0.75). The Nomination Committee proposes re-election of Board members Francesco Franzé, Helene Richmond, Per Holmberg and new election of Taina Horgan. Sofia Axelsson and Gerald Engström have declined re-election.

# CEO COMMENT | Q1

The quarter was characterized by the acquisition of Orbit One, which was completed at the beginning of the year. The company fits perfectly into HANZA's strategy by complementing and strengthening HANZA's expertise and electronics offering. Furthermore, the broadened customer base will increase the Group's growth by opening new markets and new customer segments. Additionally, and equally important, HANZA and Orbit One are a great match in terms of corporate culture.

During the period, we also saw the weakening of volumes that we described in our year-end report. This means lower demand from some customers, which in turn creates an imbalance in capacity utilization. Orbit One is also affected by the market situation. As soon as the acquisition was completed, we therefore launched a combined integration and efficiency program aimed at addressing the economic slowdown and achieving synergies, particularly in administrative functions. The program has run according to plan and will continue during Q2 and Q3 2024.

We have also started an expansion in Sweden with an 8,800 square meter extension in Töcksfors. This is an important investment that will enable us to follow and support our customers' development.



Erik Stenfors, CEO HANZA

## Financial development

The volume decline has mainly affected Other markets, which had a negative impact on profitability in the segment during the quarter. Furthermore, the extensive union strike in Finland affected sales and earnings in the Main markets segment. For comparable units, the Group's margin decreased by just under one percentage point to 6.4% in Q1, 2024 (7.7).

The new entities from Orbit One are now undergoing extensive adaptation to become part of the Group's manufacturing clusters in Sweden and Central Europe. The entities did not contribute significantly to the Group's earnings during the period. The Group's efficiency program is charged to the result in Q1 with a one-time cost of SEK 20 million. As a significant part of the purchase price for Orbit One is linked to the result in 2024, the volume decrease is compensated by a reduced purchase price and HANZA's liability for the remaining purchase price has been reduced by SEK 20 million.

A low debt level is a crucial factor in maintaining freedom in the development of HANZA. Today, the Group's balance sheet is the strongest to date, with equity amounting to approx. SEK 1.4 billion, which corresponds to approx. SEK 33 /share.

## The future

Although we are currently in an intense period with both a weaker economy and an extensive efficiency program, we are optimistic about the future.

Firstly, the integration of Orbit One is going exceptionally well. HANZA has a successful acquisition history that originates from a careful selection process. We choose companies that share our corporate culture and that add value to our customers. Orbit One is a clear example of this. In addition to the ease with which we can implement integration and activities - such as our ongoing program - we receive positive feedback from customers. Orbit One's customers appreciate being part of a stronger concept, and HANZA's customers appreciate the broadening of the electronics offering.

Secondly, we are carrying out several interesting sales activities that leverage the strength of our business model. After all, HANZA does not only sell manufacturing; above all, we sell a more efficient manufacturing chain. And the need to streamline manufacturing has increased both for geopolitical reasons and because of the economic slowdown.

Thirdly, the number of potential acquisitions has increased due to a weaker economy. There are several traditional contract manufacturers who see a more secure future in being part of HANZA. Our strong financial position gives us great freedom of action for possible further acquisitions.

We therefore have many reasons to be positive about the future, which is why the Board of Directors decided to revise our financial targets in February, raising the sales target by 30% to SEK 6.5 billion for 2025 and expanding the operating profit target of 8% to apply to the full year 2025.

But above all, our optimism comes from our success in bringing together the best people in the industry. Please visit our website, where you will find HANZA's first Capital Markets Day held in February this year with some of our talented leaders. Together we create a great future!

Kista, May 7, 2024

Erik Stenfors  
CEO



### The share

The number of shares amounted to 43,188,840 at the beginning of the year and during the period increased by 470,500 through a directed share issue. At the end of the period the number of shares amounted to 43,659,340



### Colleagues

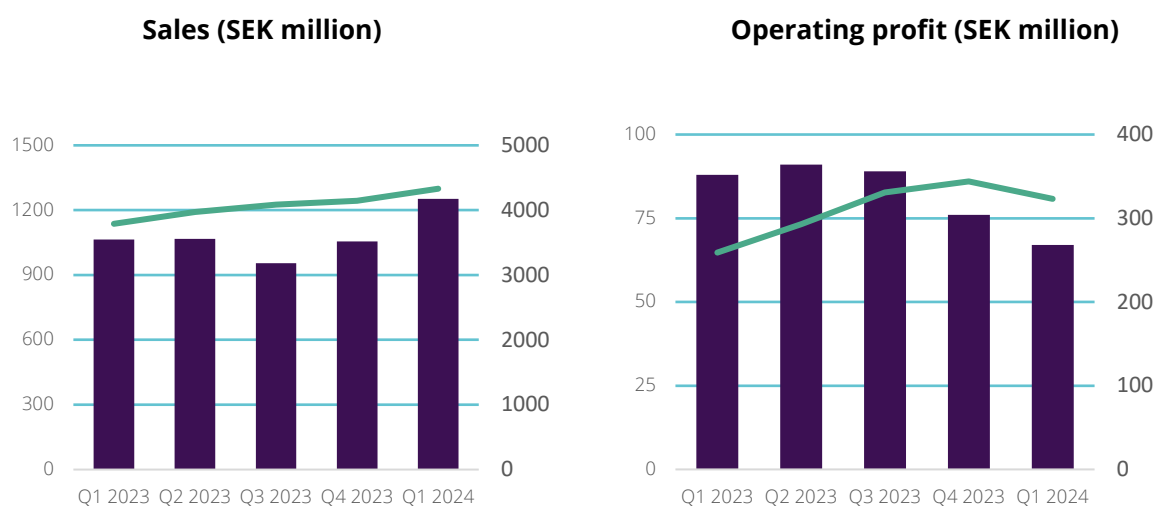
The average number of employees in Q1 amounted to 2,694 (2,038). At the end of the period, the number of employees amounted to 2,679, at the start of the year the number was 2,178. The increase is due to the acquisition of Orbit One.

# GROUP OVERVIEW

## Market

After the acquisition of Orbit One, HANZA continues to have an evenly distributed customer base where no customer accounts for more than 10% of HANZA's turnover and where the ten largest customers combined account for less than 50%. Customers operate in various industries such as logistics, the mining industry, the defense industry, energy sector, agricultural and forestry products and recycling companies. Geographically, customers are mainly located in the Nordic region and Germany, but there are also customers in the rest of Europe, Asia and America. HANZA has seen a slowdown in order intake from some customers in early 2024, while other customers continue to grow. HANZA has retained all customers and a recovery in volumes is expected to take place already in the fall of 2024.

HANZA offers a competitive alternative to traditional contract manufacturers, which is particularly sought after during an economic downturn. A decrease in order intake is therefore expected to be offset in the long term by new market shares. Furthermore, HANZA's business model is supported by the trend towards complete and regional manufacturing. This trend 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 with manufacturing in countries with political risks are reviewing their supply chain and for that reason planning to move their production closer to their market. Another geopolitical risk has recently been added by escalating unrest in the Middle East.



The graphs show turnover and operating profit, EBITA, per quarter (bars, scale on the left) and rolling 12 months (line, scale on the right) for the last five quarters.

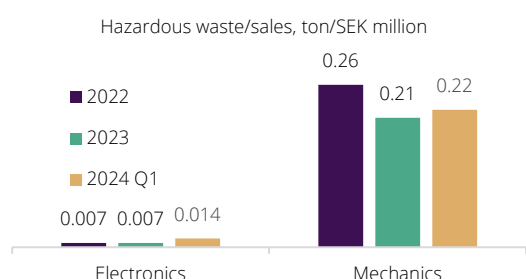
# SUSTAINABILITY

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", shall ensure that HANZA achieves long-term profitable and sustainable growth.

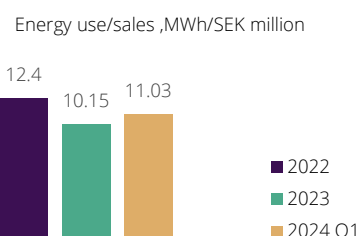
## Activities during the period:

- In January 2024, work started on a double materiality analysis to identify and map our most material impacts on people and the environment, and to understand the risks and opportunities arising from sustainability issues. The work involves both internal and external stakeholders and is expected to be completed in June.
- Mapping of our scope 1 and 2 emissions for 2023 has been completed, and scope 3 mapping is ongoing. We aim to use the results to set clear climate targets that can be validated through the Science Based Targets initiative.
- During the spring, several interviews with key customers have been conducted, to find out what HANZA can do to support customers' climate goals. These dialogues have been greatly appreciated and have given HANZA a good idea of what is expected of us as a supplier.
- In HR, we have an ongoing program to train and develop our leaders, as well as a review of our values. We have also introduced KPI's for employee turnover cost.

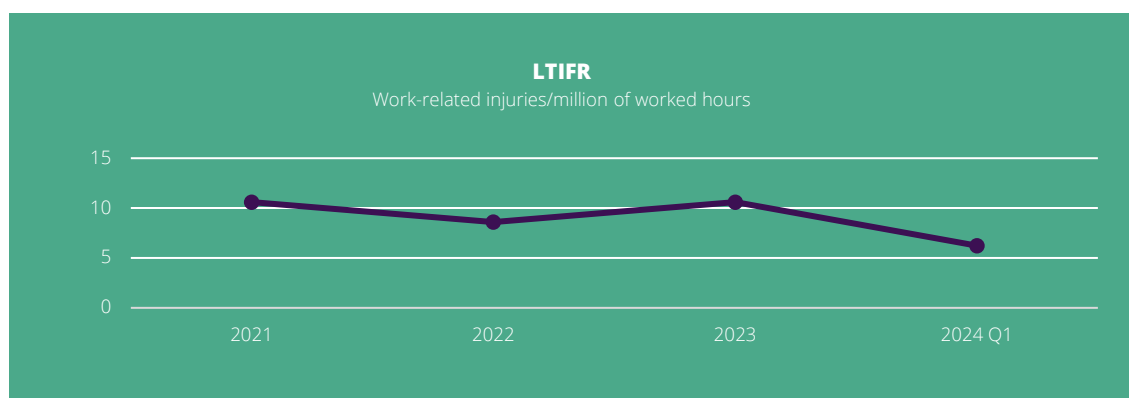
### Hazardous waste



### Energy use



The increase in hazardous waste for electronics is due to clearing of a previously rented unit in Ronneby.



The reported figures for Q1 2024 include our new entities in Ronneby, Huddinge and Prabuty.

# FINANCIAL DEVELOPMENT

## First quarter

Net sales amounted to SEK 1,253 million (1,065) which corresponds to a growth of 18%. Currency exchange changes have affected the Groups net sales positively by SEK 5 million. Acquisitions have contributed with SEK 243 million. Volumes have weakened in the quarter, mainly in the Other markets segment with lower demand from some customers. Excluding currency and acquired units, net sales decreased by 6%.

The gross margin amounted in the quarter to 42% (43). EBITDA for the quarter amounted to SEK 104 million (117), which corresponds to a margin of 8.3% (11.0). The Group's operating profit (EBITA) amounted to SEK 67 million (88), which corresponds to an operating margin of 5.3% (8.3). One-time costs related to an integration and efficiency program affected the result negatively by SEK 20 million. Revaluation of acquisition purchase price affected the result positively by SEK 20 million. Energy subsidy improved the result for the first quarter previous year by SEK 6 million. Adjusted for the items mentioned above and currency and acquisitions, the operating margin for comparable units amounted to 6.4% (7.7).

Profit before tax amounted in the quarter to SEK 35 million (70) and profit after tax to SEK 34 million (59). Tax cost corresponds to a tax rate of 3.5% (15.8). The low tax rate is due to that revaluation of purchase price is not subject to tax. Profit per share amounted in the quarter to SEK 0.77 (1.49) before dilution and to SEK 0.77 (1.47) after dilution.

## Cash flow and investments

Cash flow from operating activities for the fourth quarter amounted to SEK 31 million (89). The decrease is due to lower result and to that change in working capital amounted to SEK -27 million (4) in the quarter.

Cash flow from investing activities amounted to SEK -414 million (-68) of which acquisition of companies SEK -358 million (-). Investments in tangible fixed assets amounted to SEK 58 million (68) of which investments in buildings SEK 6 million (4). The remaining SEK 52 million (64) mainly referred to investments in machines and other fixed assets.

## Financial position

The acquisition of Orbit One increased the Groups net interest-bearing liabilities by SEK 575 million in paid purchase price and net debt in Orbit One. The Group's net interest-bearing liability amounted at the end of the period to SEK 930 million (539). In relation to EBITDA rolling 12 months including Orbit One this gives a leverage of 1.9 times, which is well below the target of 2.5. Due to the acquisition the balance sheet total has increased, both compared to 31 December 2023 and Q1 2023, and amounted at the end of the quarter to SEK 3,745 million (2,638). Shareholders' equity at the end of the period amounted to SEK 1,454 million (966), which corresponds to an equity/asset ratio of 39% (37).

## 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 in the period.

## Dividend

The Board has proposed a dividend of SEK 1.20 (0.75) to the annual general meeting on May 14, corresponding to a total amount of SEK 52 million (29) for the fiscal year 2023.

## 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 2023. No significant changes in the risks have occurred since the annual report for 2023 was submitted.

## Related party transactions

During the quarter, apart from the share issue to Färna Invest approved by the Annual General Meeting, there were no transactions with related parties other than those described in note 32 of the company's annual report for 2023.

## Audit review

As in previous years, this report has not been subject to review by the company's auditor.





# SEGMENT OVERVIEW

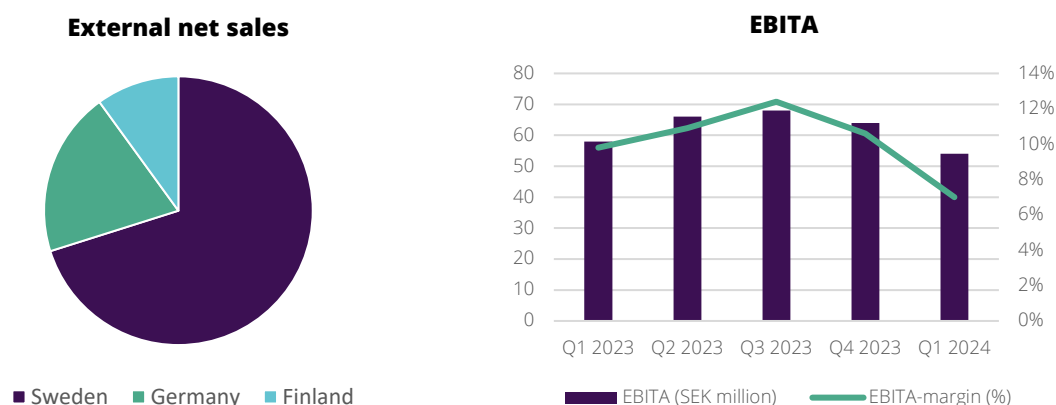
## Description of segment reporting

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	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
<b>External net sales</b>	<b>770</b>	<b>594</b>	<b>2,349</b>
<b>Operating profit (EBITA)*</b>	<b>54</b>	<b>58</b>	<b>255</b>
EBITA-margin (%) *	7.0	9.8	10.9

\*Excluding items affecting comparability



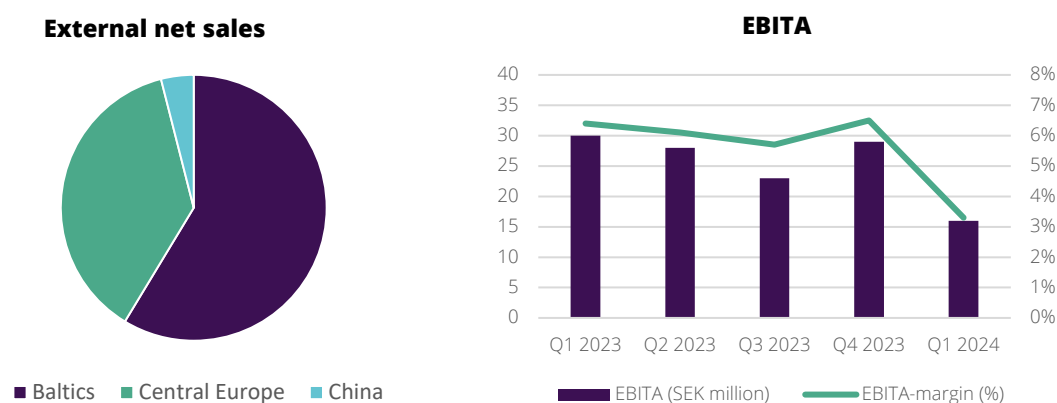
The Main markets segment is characterized by manufacturing clusters located in or near HANZA's primary geographical customer markets, which currently consist of Sweden, Finland, Norway and Germany. These clusters currently comprise HANZA's manufacturing clusters in Sweden, Finland and Germany. HANZA's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

External net sales increased by 30% in the quarter compared to the corresponding period last year. Excluding acquisitions and currency effects, organic growth amounted to 1%. EBITA amounts to SEK 39 million (58), after one-time costs for the efficiency program of SEK 15 million. Operating margin excluding one-time costs amounts to 7.0%. For comparable units and excluding energy subsidy in 2023, the margin is 8.2% (8.8). Net sales as well as the result has been negatively affected by a union strike in Finland during the first quarter.

## Other markets segment

SEK million	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
External net sales	480	468	1,777
Operating profit (EBITA)*	16	30	110
EBITA-margin (%) *	3.3	6.4	6.2

\* Excluding items affecting comparability



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 in the quarter by 3% compared to the corresponding period previous year. Excluding acquisitions and currency effect, organic growth was -14%. EBITA amounts to SEK 12 million (30), after one-time costs for the efficiency program of SEK 4 million. Operating margin excluding one-time costs amounts to 3.3%. For comparable units the margin is 4.9% (6.4).

## Business development and services segment

Business development and services segment refers to 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 3 million (3) in the quarter. Internal net sales amounted to SEK 4 million (0) and EBITA amounted to SEK 16 million (0), of which one-time items affected positively by SEK 19 million.

# FINANCIAL REPORTS

## Consolidated income statement

SEK million	Note	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
<b>Net sales</b>	4	<b>1,253</b>	<b>1,065</b>	<b>4,143</b>
Change of inventories in production, finished goods and work in progress on behalf of others		-13	18	33
Raw materials and consumables		-713	-627	-2,334
Other external costs		-129	-125	-484
Costs of personnel		-312	-223	-904
Depreciations and write-downs of tangible fixed assets		-37	-29	-120
Other operating income and expenses		18	9	10
<b>Operating profit (EBITA)</b>	4	<b>67</b>	<b>88</b>	<b>344</b>
Amortizations and write-downs of intangible fixed assets		-6	-4	-17
<b>Operating profit (EBIT)</b>	4	<b>61</b>	<b>84</b>	<b>327</b>
<b>Financial items - net</b>	5	<b>-26</b>	<b>-14</b>	<b>-80</b>
<b>Profit/loss before tax</b>	4	<b>35</b>	<b>70</b>	<b>247</b>
Income tax		-1	-11	-33
<b>Profit/loss for the period</b>		<b>34</b>	<b>59</b>	<b>214</b>
<b>Earnings per share</b>				
Before dilution, SEK		0.77	1.49	5.36
After dilution, SEK		0.77	1.47	5.31

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

## Consolidated comprehensive income statement

SEK million	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
<b>Profit/loss for the period</b>	<b>34</b>	<b>59</b>	<b>214</b>
<b>Items that will not be reclassified to the income statement</b>			
Remeasurement of post-employment benefits	-	-	-7
Tax on items that will not be reclassified to the income statement	-	-	2
<b>Total items that will not be reclassified to the income statement</b>	<b>-</b>	<b>-</b>	<b>-5</b>
<b>Items that may be reclassified to the income statement</b>			
Exchange rate differences	35	9	-4
Tax on items that can subsequently be reversed in profit or loss	-	-	-
<b>Total items that may be reclassified to the income statement</b>	<b>35</b>	<b>9</b>	<b>-4</b>
<b>Other comprehensive income for the period</b>	<b>35</b>	<b>9</b>	<b>-9</b>
<b>Total comprehensive income for the period</b>	<b>69</b>	<b>68</b>	<b>205</b>

*Total comprehensive income for the period is in its entirety attributable to the parent company's shareholders.*

## Condensed consolidated balance sheet

SEK million	Note	31.03.2024	31.03.2023	31.12.2023
<b>ASSETS</b>				
<b>Fixed assets</b>				
Goodwill		529	390	387
Other intangible assets		152	87	77
Tangible fixed assets		790	595	714
Right-of-use assets		230	186	186
Other fixed assets		2	-	-
Deferred tax assets		31	7	23
<b>Total fixed assets</b>		<b>1,734</b>	<b>1,265</b>	<b>1,387</b>
<b>Current assets</b>				
Inventories		1,317	958	936
Accounts receivable		361	165	175
Other receivables		155	115	91
Cash and cash equivalents		178	135	340
<b>Total current assets</b>		<b>2,011</b>	<b>1,373</b>	<b>1,542</b>
<b>TOTAL ASSETS</b>		<b>3,745</b>	<b>2,638</b>	<b>2,929</b>
<b>SHAREHOLDERS' EQUITY</b>				
<b>Shareholders' equity attributable to the parent company's shareholders</b>		<b>1,454</b>	<b>966</b>	<b>1,345</b>
<b>LIABILITIES</b>				
<b>Long-term liabilities</b>				
Post-employment benefits		106	105	102
Deferred tax liabilities		92	48	57
Liabilities to credit institutions	3	509	228	326
Lease liabilities		147	132	114
<b>Total long-term liabilities</b>		<b>854</b>	<b>513</b>	<b>599</b>
<b>Current liabilities</b>				
Overdraft facility	3	-	28	99
Liabilities to credit institutions	3	373	172	86
Lease liabilities		55	48	53
Other interest-bearing liabilities	3	33	71	11
Accounts payable		570	512	450
Other liabilities		406	328	286
<b>Total current liabilities</b>		<b>1,437</b>	<b>1,159</b>	<b>985</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>3,745</b>	<b>2,638</b>	<b>2,929</b>

## Condensed consolidated report of changes in shareholders' equity

SEK million	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
<b>Opening balance</b>	<b>1,345</b>	<b>898</b>	<b>898</b>
Profit/loss for the period	34	59	214
Other comprehensive income	35	9	-9
<b>Total comprehensive income</b>	<b>69</b>	<b>68</b>	<b>205</b>
<b>Transactions with shareholders</b>			
New share issue	40	-	277
Issue costs	-1	-	-7
Share savings program	1		1
Dividend	-	-	-29
<b>Total contributions from and distributions to shareholders, recognized directly in equity</b>	<b>40</b>	<b>-</b>	<b>242</b>
<b>Closing balance</b>	<b>1,454</b>	<b>966</b>	<b>1,345</b>

## Condensed consolidated statement of cash flows

SEK million	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
<b>Cash flows from operating activities</b>			
Profit/loss after financial items	35	70	247
Depreciations, amortizations and write-downs	43	33	137
Other non-cash items	-8	-1	12
Paid income tax	-12	-17	-17
<b>Cash flows from operating activities prior to the change in working capital</b>	<b>58</b>	<b>85</b>	<b>379</b>
<b>Total change in working capital</b>	<b>-27</b>	<b>4</b>	<b>-102</b>
<b>Cash flows from operating activities</b>	<b>31</b>	<b>89</b>	<b>277</b>
<b>Cash flows from investing activities</b>			
Acquisition in subsidiaries	-358	-	-2
Acquisition of assets	-	-	-49
Investments in fixed assets	-58	-68	-249
Disposals of tangible fixed assets	2	-	5
<b>Cash flows from investing activities</b>	<b>-414</b>	<b>-68</b>	<b>-295</b>
<b>Cash flows from financing activities</b>			
New share issue	39	-	270
New loans	416	68	517
Repayment of borrowings	-243	-92	-541
Dividends paid	-	-	-29
<b>Cash flows from financing activities</b>	<b>212</b>	<b>-24</b>	<b>217</b>
<b>Increase/reduction in cash and cash equivalents</b>	<b>-171</b>	<b>-3</b>	<b>199</b>
Cash and cash equivalents at the beginning of the period	340	137	137
Exchange rate differences in cash and cash equivalents	9	1	4
<b>Cash and cash equivalents at the end of the period</b>	<b>178</b>	<b>135</b>	<b>340</b>

## Condensed parent company income statement

SEK million	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
Operating income	8	6	32
Operating expenses	-8	-6	-30
<b>Operating profit</b>	-	-	2
<b>Financial items - net</b>	-	-1	-4
<b>Profit/loss after net financial items</b>	-	-1	-2
Appropriations	-	-	8
<b>Profit/loss before tax</b>	-	-1	6
Tax on profit for the period	-	-	-
<b>Profit/loss for the period</b>	-	-1	6

*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	31.03.2024	31.03.2023	31.12.2023
<b>ASSETS</b>			
Financial fixed assets	1,388	523	886
Current receivables	18	3	29
Cash and cash equivalents	-	1	164
<b>TOTAL ASSETS</b>	<b>1,406</b>	<b>527</b>	<b>1,079</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	<b>723</b>	<b>436</b>	<b>684</b>
Untaxed reserves	2	2	2
Long-term liabilities	405	53	216
Overdraft facility	30		
Current liabilities	246	36	177
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,406</b>	<b>527</b>	<b>1,079</b>



# NOTES

## **Note 1      General information**

All amounts are reported in millions of SEK (SEK million) and refers to The Group unless otherwise stated. Information in brackets refers to the corresponding period of the preceding year. The interim information on pages 7 to 10 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 the HANZA AB's 2023 annual report.

## **Note 3      Financial instruments – Fair value of financial liabilities valued at amortized cost**

In connection with the acquisition of Orbit One a major part of the Group's contracts was renegotiated and refinanced with a fewer number of larger loans in the parent company from a consortium of three banks, a so-called club deal. These loans have a maturity of 5 years and carry a floating rate of interest. The Group's other borrowings consist of a minor 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 above. 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	Jan-mar 2024	Jan-mar 2023	Jan-dec 2023
<b>Operating profit (EBITA)</b>			
Main markets	39	58	255
Other markets	12	30	110
Business development and services	16	0	-21
<b>Total EBITA</b>	<b>67</b>	<b>88</b>	<b>344</b>
Amortization of intangible assets	-6	-4	-17
<b>Operating profit (EBIT)</b>	<b>61</b>	<b>84</b>	<b>327</b>
Financial items – net	-26	-14	-80
<b>Profit/loss before tax</b>	<b>35</b>	<b>70</b>	<b>247</b>
<b>Items affecting comparability</b>			
Revaluation of acquisition purchase price	20	-	-1
Transaction costs	-	-	-10
Efficiency program	-20	-	-2
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-13</b>
<b>EBITA per segment excluding items affecting comparability</b>			
Main markets	54	58	256
Other markets	16	30	110
<b>Total</b>	<b>70</b>	<b>88</b>	<b>366</b>
Business development and services	-3	-	-9
<b>Total</b>	<b>67</b>	<b>88</b>	<b>357</b>
Items affecting comparability	-	-	-13
<b>EBITA</b>	<b>67</b>	<b>88</b>	<b>344</b>
<b>Revenue from external customers by manufacturing technology</b>			
Mechanics	584	611	2,347
Electronics	666	451	1,779
Business development and services	3	3	17
<b>Total</b>	<b>1,253</b>	<b>1,065</b>	<b>4,143</b>

**Note 5****Financial items - net**

SEK million	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
<b>Financial income and expenses</b>			
Interest income	1	-	1
Interest expenses	-27	-12	-66
Other financial expenses	-6	-4	-18
<b>Total financial income and expenses</b>	<b>-32</b>	<b>-16</b>	<b>-83</b>
Net exchange gains and losses	6	2	3
<b>Total financial items - net</b>	<b>-26</b>	<b>-14</b>	<b>-80</b>

**Note 6 Acquisitions in subsidiaries****Acquisitions during the year**

On January 4, 2024, all shares in Orbit One AB with domicile in Ronneby, Sweden were acquired. The company offers contract manufacturing of electronics in Sweden and Poland and has a total of approximately 620 employees. The purchase price is estimated to SEK 425 million and is based on the company's preliminary balance sheet as of November 30, 2023, and the initially estimated additional purchase price. SEK 367 million were paid at the acquisition and the remaining SEK 58 million were reported as liability. The amount recognized as a liability includes an additional purchase price linked to an expected improvement in earnings in 2024 compared to 2023. The remaining purchase price can amount to a maximum of SEK 116 million. The remaining purchase price was estimated in the acquisition analysis, which was presented in the year-end report and the annual report 2023, at SEK 61 million, which is discounted to SEK 58 million. In March 2024, the estimated remaining purchase price has been reduced to SEK 40 million. The decrease adjusted for discounting amounts to SEK 20 million which has been reported as other operating income.

In the acquisition an intangible asset made up of customer relations of SEK 76 million was identified. The amortization period for these is estimated to 10 years. Deferred tax related to customer relations amounts to SEK 16 million. In addition, a goodwill of SEK 134 million is reported, mainly consisting of market position, staff and synergies with HANZA's other operations in Sweden and Poland. The goodwill will not be tax deductible. The acquisition analysis is still preliminary. The table on the next page summarizes the purchase price for Orbit One and the fair value of the acquired assets and assumed liabilities that were recognized on the acquisition date.

Net sales in the acquired companies amounted in the first quarter to SEK 243 million and EBITA excluding items affecting comparability amounted to SEK 2 million. The result has in its entirety been allocated to the period after the acquisition.

## Payment of additional purchase price

During the first quarter, an additional purchase price of SEK 1 million was paid, which constituted the remaining additional purchase price for the acquisition of HANZA Tech Solutions GmbH, which was acquired in 2022. During the quarter, the estimated remaining purchase price for the acquisition of Orbit One was also reduced by SEK 20 million.

## Acquisition analysis of Orbit One

<b>Purchase price, SEK million</b>	
Liquid assets paid at take over	367
Purchase price liability mainly due in Q1 2025	58
<b>Total estimated purchase price</b>	<b>425</b>
Reported amounts of identifiable acquired and assumed liabilities	
Cash and cash equivalents	10
Intangible fixed assets	76
Tangible fixed assets	25
Right-of-use assets	51
Other fixed assets	5
Inventories	404
Accounts receivables and other receivables	185
Deferred tax liabilities	-28
Liabilities to credit institutions	-180
Lease liabilities	-38
Accounts payable and other liabilities	-219
<b>Total identified net assets</b>	<b>291</b>
Goodwill	<b>134</b>
<b>Total net assets transferred</b>	<b>425</b>
<b>Cash flow effect from the acquisition</b>	
Liquid assets paid at take over	-367
Cash in the acquired company	11
<b>Cash flow from acquisitions</b>	<b>-356</b>

# KEY RATIOS, DEFINITIONS AND FINANCIAL CALENDAR

	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
<b>Key ratios according to IFRS</b>			
Net sales, SEK million	1,253	1,065	4,143
Operating profit (EBIT), SEK million	61	84	327
Amortization of intangible assets, SEK million	-6	-4	-17
Earnings per share before dilution, SEK	0.77	1.49	5.36
Earnings per share after dilution, SEK	0.77	1.47	5.31
Cash flow from operating activities, MSEK	31	89	277
Average number of employees	2,694	2,038	2,001
<b>Alternative performance measurements</b>			
EBITDA, SEK million	104	117	464
EBITDA margin, %	8.3	11.0	11.2
Operational segments EBITA, SEK million	51	88	365
EBITA Business development and services, SEK million	16	0	-21
Operational EBITA margin, %	4.1	8.3	8.8
Operating profit (EBITA), SEK million	67	88	344
EBITA margin, %	5.3	8.3	8.3
Operating capital, SEK million	2,499	1,615	1,796
Return on operating capital, %	3.1	5.5	20.5
Capital turnover on operating capital, times	0.6	0.7	4.9
Return on capital employed, %	2.5	4.9	17.1
Net interest-bearing debt, SEK million	930	539	363
Net debt/equity ratio, times	0.6	0.6	0.3
Net debt in relation to adjusted EBITDA, times	2.2	1.6	0.8
Equity ratio, %	38.8	36.6	45.9
Equity per share at end of period, SEK	33.29	24.59	31.14
Weighted average number of shares before dilution	43,581,785	39,279,928	39,987,799
Adjustment upon calculation of earnings per share after dilution	163,000	600,482	347,689
Weighted average number of shares after dilution	43,744,785	39,880,410	40,335,488
Number of shares at the end of the period	43,659,340	39,279,928	43,188,840



## Financial Calendar

- 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

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 into regional manufacturing clusters, we create stable deliveries, increased profitability and an environmentally friendly manufacturing process for our customers.

HANZA was founded in 2008 and today has a pro forma annual turnover of over SEK 5 billion. The company has six manufacturing clusters: Sweden, Finland, Germany, Baltics, Central Europe and China.

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

HANZA is listed on Nasdaq Stockholm's main list.

## More information

At [www.hanza.com](http://www.hanza.com) you find more information about HANZA Group, as well as financial reports, presentations, and press releases.

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