HANZA

Q1 - 2024

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AGENDA

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

The start of 2024

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.

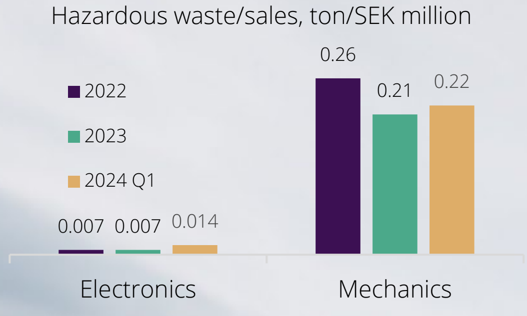
  HANZA's sales model is applied to the new, broader customer base.

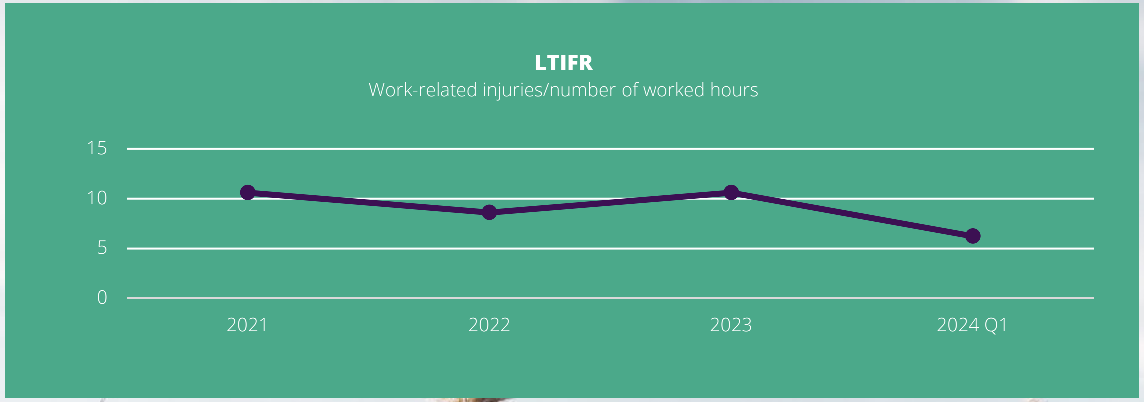
Sustainability main activities in Q1

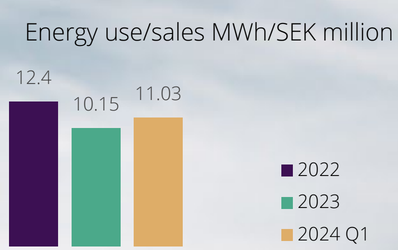
→ Started on a double materiality analysis to identify and map our most material impacts on people and the environment and understand the risks and opportunities arising from sustainability issues.

→ 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.







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).

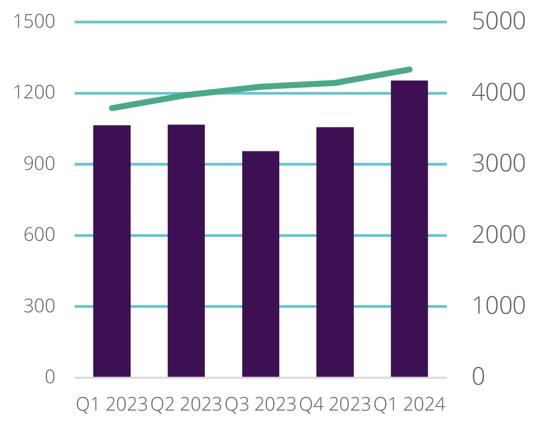
→ Efficiency program initiated, led to OTC of 20 MSEK in Q1. The cost savings will reach full economic effect in Q4 2024.

→ Revaluation of the estimated remaining purchase price for Orbit One, a positive OTC of 20 MSEK.

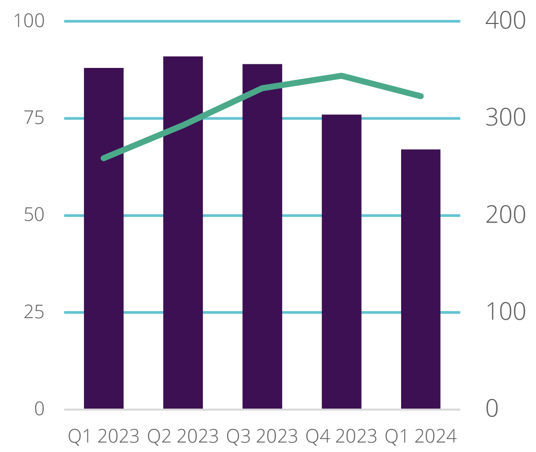
→ Adjusted for OTC and acquisitions the operating margin for comparable units were 6.4% (7.7). (Q1 23 energy subsidy effected positively by 6 MSEK)

→ 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.

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 ration of 39% (37).
- A strong balance sheet gives possibilities for further acquisitions and MIG projects.

(SEK million)	Q1 2024	Q1 20223
Equity	1 454	966
Equity/Asset ratio	39%	37%
Cash-flow operations (3 m.)	31	89
Cash	178	135
Net debt	930	539
EBITDA (3 m.)	104	117
EPS (SEK)	0.77	1.49

Revised financial targets

Reflecting the improved profitability and proven strong business model together with the acquisition of Orbit One and the strong financial situation in HANZA, the Board of Directors have found it appropriate to revise and increase the financial targets.

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

Conclusions and Outlook

Q1 key take-aways

Valuable acquisition, combined with swift activities in a weaker economy creates a good position for the future. Integration/efficiency program is running seamlessly.

Main conclusion

HANZA 2025 to be delivered as planned, the BoD decided to raise HANZA's financial targets for 2025.

Outlook

Continued strategic work according to HANZA 2025, which includes additional actions. HANZA will create the solid platform for next geographic expansion.

Q&A

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