HANZA

ALL YOU NEED IS ONE ™

Interim report
HANZA AB
January 1 – June 30 2024

INTERIM REPORT JANUARY - JUNE 2024

Continued strategy work after completed integration of Orbit One

Second quarter 2024

- Net sales increased by 14% to SEK 1,221 million (1,068).
  Adjusted for acquisitions and currency, net sales decreased by 8%.
- Operating profit (EBITA) amounted to SEK 50 million (92), which corresponds to an operating margin of 4.1% (8.6). A consolidation project where two minor units are integrated to the larger manufacturing clusters affected the result negatively by SEK 20 million, mainly costs for rent and lay-offs. Adjusted for this item, the operating profit amounted to SEK 70 million (92) which corresponds to an operating margin of 5.7% (8.6). The margin for comparable units amounted to 6.7%.
- Profit after tax amounted to SEK 6 million (60), which corresponds to SEK 0.16 (1.51) per share before dilution and SEK 0.16 (1.49) after dilution.
- Cash flow from operating activities amounted to SEK 135 million (86).

First half year 2024

- Net sales increased by 16% to SEK 2,474 million (2,132).
  Adjusted for acquisitions and currency net sales decreased by 7%.
- Operating profit (EBITA) amounted to SEK 117 million (179), which corresponds to an operating margin of 4.7% (8.4). An integration and efficiency program and a consolidation project affected the result negatively by SEK 40 million. Revaluation of acquisition purchase price affected the result positively by SEK 20 million. Energy subsidy improved the result previous year by SEK 7 million. Adjusted for these items the operating profit amounted to SEK 137 million, which corresponds to an operating margin of 5.5% (8.1). The margin for comparable units amounted to 6.6%.
- Profit after tax amounted to SEK 40 million (118), which corresponds to SEK 0.93 (3.00) per share before dilution and SEK 0.92 (2.96) after dilution.
- Cash flow from operating activities amounted to SEK 166 million (175).

Significant events during and after the period

- In January, HANZA completed the acquisition of Orbit One AB, a leading Nordic contract manufacturer of electronics with operations in Sweden and Poland.
- In January, HANZA decided to invest approx. SEK 75 million in an expansion of 8,800 sqm of production space for the group's manufacturing cluster in Sweden. The new facility meets increased demand for assembly capacity. Opening is planned at the end of 2024.
- In February, HANZA revised the financial targets for 2025. The sales target was increased by 30% to SEK 6.5 billion and the operating margin target of 8% was raised to apply to the full year 2025.
- In March, an integration and efficiency program was launched. The program included a staff reduction of 50 people 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 was charged to Q1/2024.
- In May, HANZA's AGM decided on the election of Taina Horgan, and the re-election of Francesco Franzé, Helene Richmond and Per Holmberg. Taina replaces Gerald Engström, who declined re-election. Sofia Axelsson also declined re-election. Francesco Franzé was re-elected Chairman of the Board.
- In June, HANZA initiated union negotiations in Sweden and a consultation process with employee representatives in Finland regarding a proposed closure of two smaller production units in 2024. The aim is to consolidate customer volumes in the long term for further increased operational efficiency and customer value in accordance with the HANZA 2025 strategy. This resulted in a non-recurring cost in the second quarter totaling SEK 20 million, mainly for rent and redundancies.
- In June, HANZA inaugurated a 3,700 sqm expansion of the sheet metal factory in Tartu, Estonia. The new premises are connected to HANZA's assembly hall by an automatic transportation system.

Top photo: HANZA's production facility in Tartu, Estonia.

Bottom left: Inauguration ceremony of the new sheet metal premises. In the picture, in addition to HANZA's management, the Estonian Minister of Economy Tiit Riisalo and the Mayor of Tartu Jarno Laur.

Bottom right: Tour of the production facility with Estonian Prime Minister Kaja Kallas.

CEO COMMENT | Q2

The weak economy continued to dampen the volumes of several of our customers in Q2, which in turn had a negative impact on HANZA's sales. However, the development was expected, and we have implemented several measures to ensure a positive future development.

One important activity is that we have intensified our sales efforts. HANZA offers not only manufacturing, but above all an improved supply chain through a unique combination of different manufacturing technologies. A weaker economy increases the need for cost-effective manufacturing solutions, and we are experiencing very good new sales, well distributed across customer segments and geographies. Please find more about this below.

Another measure is to adjust the cost base. June saw the completion of our integration and efficiency program launched in March. Through the rapid and successful integration of Orbit One and the alignment of administrative functions and manufacturing technologies, we have achieved further cost rationalization.

In parallel with managing the economic downturn, our long-term strategic work continues in line with "HANZA 2025". In June, a new factory was inaugurated in Estonia and another factory is being completed in Sweden. These are tailor-made factories that provide major operational benefits. In Q2, we also finalized a union negotiation to close a small production unit in Sweden, and a similar negotiation is ongoing in Finland. By consolidating customer volumes and technologies, we create robust manufacturing clusters.

Financial development

Sales in Q2 were comparable to Q1. Main Markets segment decreased slightly to SEK 723 million (770 in Q1) and the Other Markets segment increased slightly to SEK 495 million (480 in Q1). Currency only marginally affected turnover between the quarters.

A recovery in the operating margin started at the end of the quarter following the implementation of the efficiency and integration program. The full effect is expected by the end of the year. Excluding acquisitions, the Group's margin increased to 6.6% in Q2, compared to 6.4% in Q1. Orbit One, which was initially negatively impacted by the program, showed an increase in margin towards the end of the quarter. Overall, the margin in Main Markets increased to 7.2%, compared to 7.0% in Q1, and in Other Markets to 4.0%, compared to 3.3% in Q1.

In addition, the process of consolidating volumes and technologies in line with HANZA 2025 resulted in a non-recurring cost of SEK 20 million in Q2. Work is now underway in several manufacturing clusters and is expected to be completed by the end of 2024. In addition to operational benefits, the process is expected to help HANZA regain an operating margin of at least 8% during 2025.

Q2 showed a strong operating cash flow of SEK 135 million. Together with an already strong financial position, HANZA's positive cash flows provide great opportunities for future business.

The future

Our view is still that a cyclical recovery in customer volumes will be seen towards the end of 2024. In addition, ongoing new sales will make a positive contribution to our future revenue. One example of a new and exciting customer in Q2 is Munters, a Swedish company that specializes in energy-efficient solutions for air treatment and climate control. We have also won a deal worth SEK 134 million from a leading global player in the defense industry. This is the largest single order HANZA has received at one time. Deliveries will start in January 2025.

Through ongoing customer dialogues, we also expect to be able to present new so-called MIG™ projects during 2024. These are projects where we restructure a customer's supply chain. In this context, we can take the opportunity to report that our production of complete forklifts for Mitsubishi has now reached full volume. This was a major MIG™ project that we announced in July 2023, with the specific aim of having the project fully implemented by July 2024.

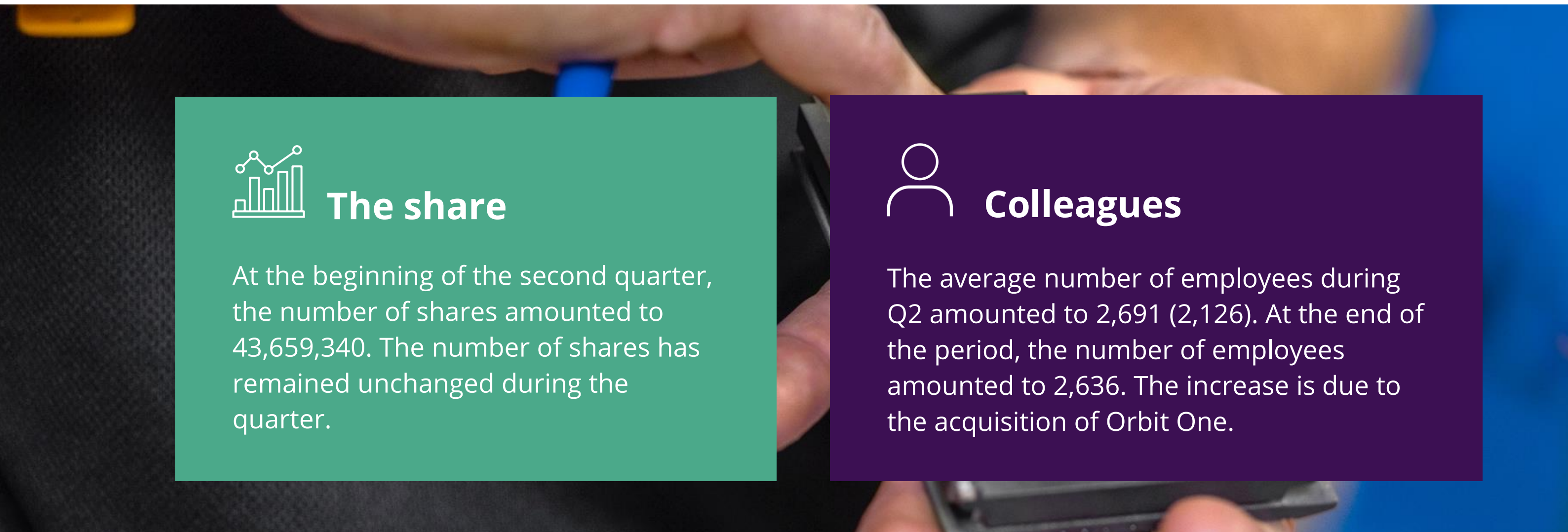
With a business model that wins market shares even in a weaker economy, as well as a strong financial position, HANZA is on a solid foundation for strategic business. Our latest acquisition, Orbit One, is an example of this - a company that fits perfectly into our HANZA 2025 strategy. In addition, Orbit One has been successfully integrated in a short time, which opens for new acquisitions. Today, we have several different interesting companies on our radar.

Looking at the longer term, our success lies in a structured expansion model where we grow with new manufacturing technologies and new manufacturing clusters. For each expansion step, we set clear milestones with operational and financial targets a few years ahead. Our scalable concept and organizational model make it easy to add factories and make acquisitions. So far, we have passed three such milestones and are now heading towards our fourth, HANZA 2025. When we reach it, we will present the next step, that is, a plan and goals for the years after 2025.

To summarize; Our business model together with our expansion model has created a stable development since HANZA was founded just over 15 years ago, which makes us confident about the future. But there are no shortcuts, we will continue our intensive work in the second half of 2024 to ensure that we reach the goals for 2025. After that, we look forward to starting the next expansion journey together with our employees, customers, suppliers and shareholders!

Kista, July 23, 2024

Erik Stenfors
CEO



The share

At the beginning of the second quarter, the number of shares amounted to 43,659,340. The number of shares has remained unchanged during the quarter.

Colleagues

The average number of employees during Q2 amounted to 2,691 (2,126). At the end of the period, the number of employees amounted to 2,636. The increase is due to the acquisition of Orbit One.

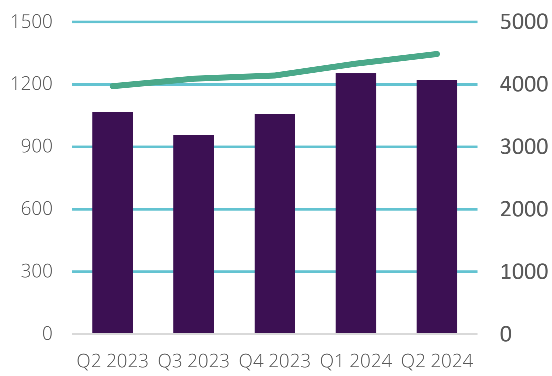
BUSINESS DEVELOPMENT

Market

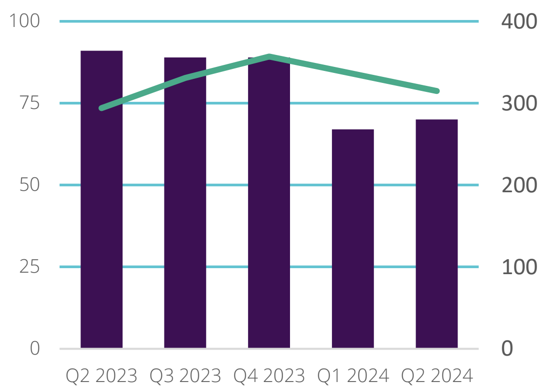
Also after the acquisition of Orbit One, HANZA has an evenly distributed customer base where no customer accounts for more than 10% of HANZA's turnover and where the ten largest customers combined account for less than 50%. Customers operate in various industries such as logistics, the mining industry, 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 expects a return of volumes towards the end of 2024.

HANZA offers a competitive alternative to traditional contract manufacturers, which is particularly sought after during an economic downturn. A decline in order intake can thus be compensated for with new market shares. Furthermore, HANZA's business model is supported by the trend towards complete and regional manufacturing. This trend has been driven primarily by trade barriers, transportation costs, delivery times, environmental aspects and the pandemic. However, 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 are planning to move their production closer to their market. Another geopolitical risk has been added by unrest in the Middle East.

Sales (SEK million)



Operating profit (SEK million)



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

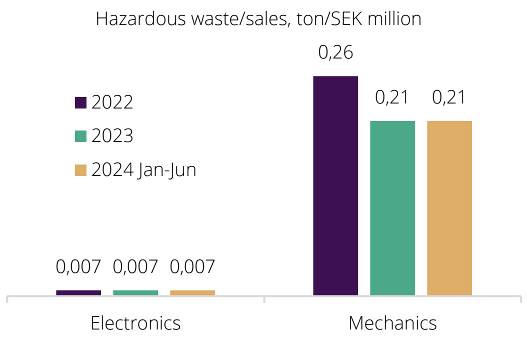
SUSTAINABILITY

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.

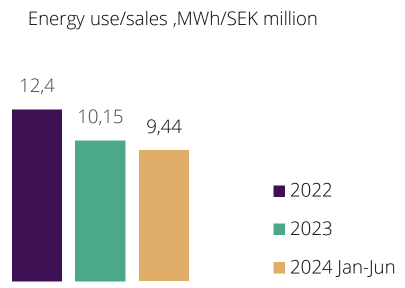
Activities during the period

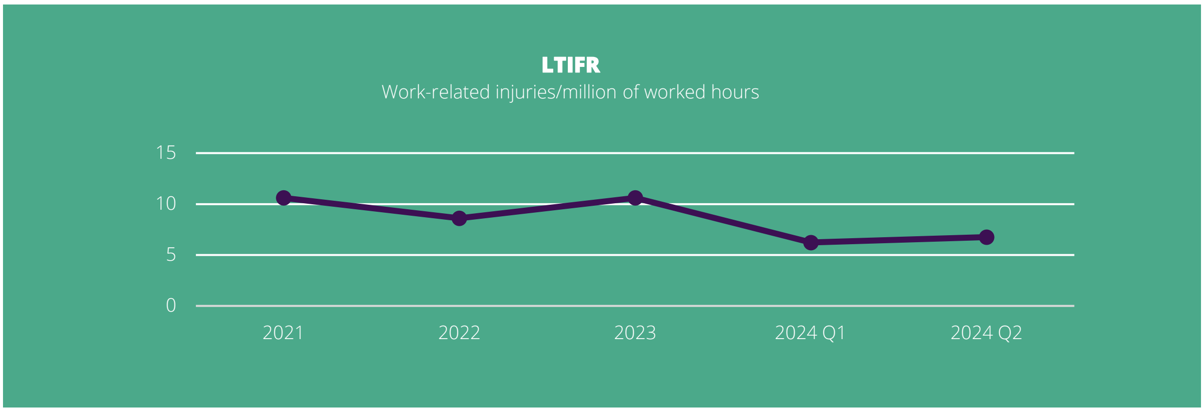
- → Preparations for the EU directive CSRD continue. Work on the double materiality analysis and mapping of scope 3 emissions is almost complete and the calculation for emissions in 2023 has been presented. The results will be analyzed and used as a basis for updated climate targets.
- → In June, we launched our new intranet, HANZA Hub, which was created with the aim of including all our employees and developing communication within the group. The intranet offers automatic translation into all local languages within HANZA.
- → In June, we also inaugurated our new sheet metal factory extension in Tartu, Estonia. The new part of the factory adds about 3,700 sqm of production space and includes smart ESG investments such as a solar park on the roof, automated storage solutions and an automated transport system between the buildings.

Hazardous waste



Energy use





The reported figures for the first half year of 2024 include our new entities in Ronneby, Huddinge and Prabuty.

FINANCIAL DEVELOPMENT

Second quarter

Net sales amounted to SEK 1,221 million (1,068) which corresponds to a growth of 14%. Currency exchange changes have affected the Groups net sales positively by SEK 4 million. Acquisitions have contributed with SEK 239 million. Excluding currency and acquired units net sales decreased by 8%. Sales rolling 12 months is SEK 4,485 million (3,972).

The gross margin amounted in the quarter to 43% (45). EBITDA for the quarter amounted to SEK 94 million (121), which corresponds to a margin of 7.7% (11.3). The Group's operating profit (EBITA) amounted to SEK 50 million (92), which corresponds to an operating margin of 4.1% (8.6). One-time costs related to a consolidation program where two smaller units are integrated in the larger production clusters, affects the result negatively by SEK 20 million, primarily cost for rent and lay-offs. Adjusted for the items mentioned above, the operating profit is SEK 70 million (92), which corresponds to an operating margin of 5.7%. The margin for comparable units amounted to 6.6%.

Net financial items amounted to SEK -35 million (-16), of which exchange losses amounted to SEK -6 million (4). In Q1 exchange gains of SEK 6 million were reported. Profit before tax amounted in the quarter to SEK 8 million (72) and profit after tax to SEK 6 million (60). Tax cost corresponds to a tax rate of 21.7% (16.7). The higher tax rate is due to a lower share of profits coming from entities with lower tax rates. Earnings per share amounted in the quarter to SEK 0.16 (1.51) before dilution and to SEK 0.16 (1.49) after dilution. Costs affecting comparability and the exchange losses have affected earnings per share negatively by about SEK 0.50.

First half year

Net sales amounted to SEK 2,474 million (2,132) which corresponds to a growth of 16%. Currency exchange changes have affected the Groups net sales positively by SEK 9 million. Acquisitions have contributed with SEK 482 million. Excluding currency and acquired units net sales decreased by 7%.

The gross margin amounted in the first six month to 43% (44). EBITDA for the half year amounted to SEK 198 million (237), which corresponds to a margin of 8.0% (11.1). The Group's operating profit (EBITA) amounted to SEK 117 million (179), which corresponds to an operating margin of 4.7% (8.4). One-time costs related to both an integration and efficiency program and a consolidation program, affects the result negatively by SEK 40 million. Revaluation of acquisition purchase price affected the result positively by SEK 20 million. Energy subsidy improved the result previous year by SEK 7 million. Adjusted for the items mentioned above and acquisitions, the comparable operating margin is 6.6% (8.1).

Profit before tax amounted to SEK 43 million (141) and profit after tax to SEK 40 million (118). Tax cost corresponds to a tax rate of 7.1% (16.3). This half year, the profit per share amounted to SEK 0.93 (3.00) before dilution and to SEK 0.92 (2.96) after dilution.

Cash flow and investments

Cash flow from operating activities for the second quarter amounted to SEK 135 million (86) and for the first half year to SEK 166 million (175). The increase in the second quarter is mainly due to improved working capital tied-up. The change in working capital amounted to SEK 77 million (-14) in the quarter and to SEK 50 million (-10) for the half year.

Total investments in tangible fixed assets amounted in Q2 to SEK 108 million (92) of which investments in buildings SEK 18 million. Remaining SEK 90 million is mainly investments in machines and other fixed assets. For the first six months, the investments were SEK 166 million (161) of which buildings SEK 24 million (64). The cash flow from investments, excluding acquisitions, amounted to SEK -89 million (-91) for the second quarter, and to SEK -145 million (-159) for the first six months. The difference compared to cash flow from investments is due to that some investments are not affecting cash flow as they are financed by leasing or are accounts payable at the end of the period.

Financial position

The interest-bearing net debt is at the end of the period SEK 978 million (584). This is a smaller increase from quarter one (930 in Q1), which is mainly due to the dividend of SEK 52 million that was conducted during the quarter. The net debt corresponds to a net debt in relation to adjusted EBIDA of 2.4 times (1.5). Adjusted for items affecting comparability and Orbit One's EBITDA rolling 12 months the net debt/equity ratio amounts to 2.2 times. The balance sheet total amounts at the end of the period to SEK 3,765 million (2,795). The increase is due to the acquisition of Orbit One. The Shareholders' equity amounts at the end of the period to SEK 1,395 million (1,048) with an equity ratio of 37% (38). During the quarter, a divided of SEK 52 million was paid to the shareholders.

The Annual General Meeting

The Annual General Meeting held on May 14, 2024, decided, among other things, on the following:

- Re-election of Francesco Franzé, Helene Richmond and Per Holmberg and a new election of Taina Horgan. Francesco Franzé was re-elected Chairman of the Board.
- To authorize the Board, on one or more occasions during the period until the next Annual General Meeting, to decide to increase the company's share capital by issuing shares, warrants and/or convertibles up to approximately 10% of the current share capital.
- To decide on a dividend to the shareholders of SEK 1.20 per share (0.75).

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.

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

In the quarter, there have been no related party transactions between the HANZA Group and related parties other than the transactions described in note 32 in 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

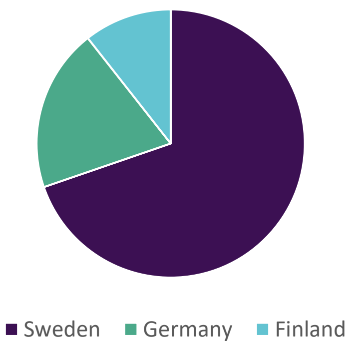
HANZA divides its operations into so called manufacturing clusters and applies a financial segmentation based on primary customer markets. There are also operations within business development and service. This is reported in a separate segment.

Main markets segment

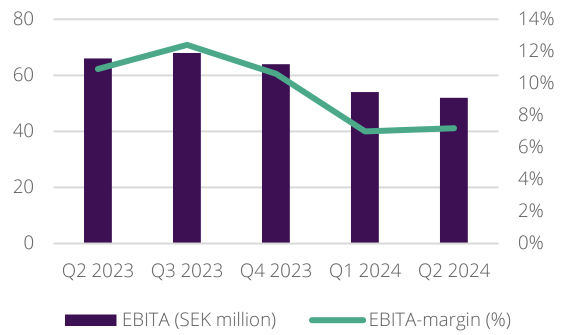
SEK million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
External net sales	**723**	**605**	**1 493**	**1 198**
Operating profit (EBITA)*	**52**	**67**	**106**	**124**
EBITA-margin (%) *	7.2	11.1	7.1	10.4

** Excluding items affecting comparability*

External net sales



EBITA



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 HANZAs manufacturing clusters in Sweden, Finland and Germany. HANZAs operations in these areas are characterized by closeness to the customers' factories and close collaboration with customer development departments.

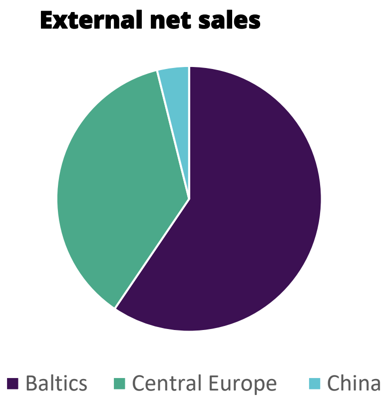
External net sales increased by 20% in the second quarter compared to the corresponding period last year. Adjusted for acquisitions and currency effects, sales decreased by 9%. The segment reaches an operating margin of 7.2% (11.1) in Q2 For comparable units the margin is 8.2% (10.8).

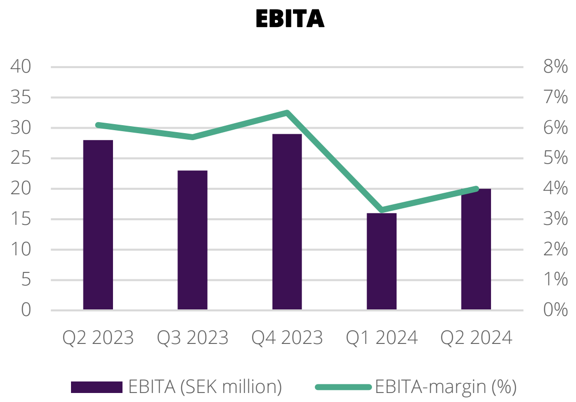
In the first six months, the external net sales increased by 25% to SEK 1,493 million. Adjusted for acquisitions and currency effects, sales decreased by 4%. The segment's operating margin, excluding one-time cost and energy subsidy, amounts to 8.2% (9.8).

Other markets segment

SEK million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
External net sales	**495**	**458**	**975**	**926**
Operating profit (EBITA) *	**20**	**28**	**36**	**58**
EBITA-margin (%) *	4.0	6.1	3.7	6.3

**Exkluding 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 second quarter by 8% compared to the corresponding period previous year. Adjusted for acquisitions and currency effect, sales decreased by 7%. Operating margin amounts in the quarter to 4.0% (6.1). For comparable units the margin is 5.2%.

For the first six months, the external net sales amounts to SEK 975 million (926), an increase of 5%. Adjusted for acquisitions and currency effect, sales decreased by 10%. Operating margin amounts to 3.7% (6.3). For comparable units the margin is 5.0% (6.3).

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 (4) in the second quarter and EBITA excluding items affecting comparability, amounted to SEK -2 million (-3). In the first six months, external net sales amounted to SEK 6 million (7) and EBITA excluding items affecting comparability amounted to SEK -5 million (-3).

FINANCIAL REPORTS

Consolidated income statement

SEK million	Note	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Net sales	4	**1,221**	**1,068**	**2,474**	**2,132**	**4,143**
Change of inventories in production, finished goods and work in progress on behalf of others		-1	47	-14	65	33
Raw materials and consumables		-692	-639	-1,405	-1,266	-2,334
Other external costs		-132	-118	-261	-243	-484
Costs of personnel		-309	-240	-621	-463	-904
Depreciations, amortizations and write-downs of tangible fixed assets		-44	-29	-81	-58	-120
Other operating income and expenses		7	3	25	12	10
Operating profit (EBITA)	4	**50**	**92**	**117**	**179**	**344**
Depreciations, amortizations and write-downs of intangible fixed assets		-7	-4	-13	-8	-17
Operating profit (EBIT)	4	**43**	**88**	**104**	**171**	**327**
Financial items - net	5	**-35**	**-16**	**-61**	**-30**	**-80**
Profit/loss before tax	4	**8**	**72**	**43**	**141**	**247**
Income tax		-2	-12	-3	-23	-33
Profit/loss for the period		**6**	**60**	**40**	**118**	**214**
Earnings per share						
Before dilution, SEK		0.16	1.51	0.93	3.00	5.36
After dilution, SEK		0.16	1.49	0.92	2.96	5.31

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

Consolidated comprehensive income statement

SEK million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Profit/loss for the period	**6**	**60**	**40**	**118**	**214**
Items that will not be reclassified to the income statement					
Remeasurement of post-employment benefits	1	-	1	-	-7
Tax on items that will not be reclassified to the income statement	-	-	-	-	2
Total items that will not be reclassified to the income statement	**1**	**-**	**1**	**-**	**-5**
Items that may be reclassified to the income statement					
Exchange rate differences	-13	33	22	41	-4
Exchange rate difference on acquisition loan	-	-1	-	-1	-
Tax on items that can subsequently be reversed in profit or loss	-	3	-	3	-
Total items that may be reclassified to the income statement	**-13**	**35**	**22**	**44**	**-4**
Other comprehensive income for the period	**-12**	**35**	**23**	**44**	**-9**
Total comprehensive income for the period	**-6**	**95**	**63**	**162**	**205**

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

Condensed consolidated balance sheet

SEK million	Note	30.06.2024	30.06.2023	31.12.2023
ASSETS				
Fixed assets				
Goodwill		533	400	387
Other intangible assets		146	86	77
Tangible fixed assets		820	693	714
Right-of-use assets		265	170	186
Other fixed assets		2	-	-
Deferred tax assets		34	6	23
Total fixed assets		**1,800**	**1,355**	**1,387**
Current assets				
Inventories		1,263	1,024	936
Accounts receivable		364	160	175
Other receivables		151	125	91
Cash and cash equivalents		187	131	340
Total current assets		**1,965**	**1,440**	**1,542**
TOTAL ASSETS		**3,765**	**2,795**	**2,929**
SHAREHOLDERS' EQUITY				
Shareholders' equity attributable to the parent company's shareholders		**1,396**	**1,048**	**1,345**
LIABILITIES				
Long-term liabilities				
Post-employment benefits		104	113	102
Deferred tax liabilities		94	58	57
Liabilities to credit institutions	3	486	221	326
Lease liabilities		171	114	114
Total long-term liabilities		**855**	**506**	**599**
Current liabilities				
Overdraft facility	3	-	47	99
Liabilities to credit institutions	3	397	204	86
Lease liabilities		75	45	53
Other interest-bearing liabilities	3	41	67	11
Accounts payable		580	530	450
Other liabilities		421	348	286
Total current liabilities		**1,514**	**1,241**	**985**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,765**	**2,795**	**2,929**

Condensed consolidated report of changes in shareholders' equity

SEK million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Opening balance	**1,454**	**966**	**1,345**	**898**	**898**
Profit/loss for the period	6	60	40	118	214
Other comprehensive income	-12	35	23	44	-9
Total comprehensive income	-6	**95**	**63**	**162**	**205**
Transactions with shareholders					
New share issue	-	17	40	17	277
Issue costs	-	-	-1	-	-7
Share savings program	-	-	1	-	1
Dividend	-52	-29	-52	-29	-29
Total contributions from and distributions to shareholders, recognized directly in equity	**-52**	**-12**	**-12**	**-12**	**242**
Closing balance	**1,396**	**1,048**	**1,396**	**1,048**	**1,345**

Condensed consolidated statement of cash flows

SEK million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Cash flows from operating activities					
Profit/loss after financial items	8	72	43	141	247
Depreciations, amortizations and write-downs	51	33	94	66	137
Other non-cash items	21	-	13	-	12
Paid income tax	-22	-5	-34	-22	-17
Cash flows from operating activities prior to the change in working capital	**58**	**100**	**116**	**185**	**379**
Total change in working capital	**77**	**-14**	**50**	**-10**	**-102**
Cash flows from operating activities	**135**	**86**	**166**	**175**	**277**
Cash flows from investing activities					
Acquisition in subsidiaries	-6	-	-364	-	-2
Acquisition of assets	-	-	-	-	-49
Investments in fixed assets	-90	-92	-148	-160	-249
Disposals of tangible fixed assets	1	1	3	1	5
Cash flows from investing activities	**-95**	**-91**	**-509**	**-159**	**-295**
Cash flows from financing activities					
New share issue	-	17	39	17	270
New loans	90	51	506	119	517
Repayment of borrowings	-70	-41	-313	-133	-541
Dividends paid	-52	-30	-52	-30	-29
Cash flows from financing activities	**-32**	**-3**	**180**	**-27**	**217**
Increase/reduction in cash and cash equivalents	**8**	**-8**	**-163**	**-11**	**199**
Cash and cash equivalents at the beginning of the period	178	135	340	137	137
Exchange rate differences in cash and cash equivalents	1	4	10	5	4
Cash and cash equivalents at the end of the period	**187**	**131**	**187**	**131**	**340**

Condensed parent company income statement

SEK million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Operating income	**8**	**6**	**16**	**12**	**32**
Operating expenses	**-8**	**-6**	**-16**	**-12**	**-30**
Operating profit	**0**	**0**	**0**	**0**	**2**
Financial items - net	**-5**	**-2**	**-5**	**-3**	**-4**
Profit/loss after net financial items	**-5**	**-2**	**-5**	**-3**	**-2**
Appropriations	-	-	-	-	8
Profit/loss before tax	**-5**	**-2**	**-5**	**-3**	**6**
Tax on profit for the period	-	-	-	-	-
Profit/loss for the period	**-5**	**-2**	**-5**	**-3**	**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	30.06.2024	30.06.2023	31.12.2023
ASSETS			
Financial fixed assets	1,361	496	886
Current receivables	41	2	29
Cash and cash equivalents	41	1	164
TOTAL ASSETS	**1,443**	**499**	**1,079**
SHAREHOLDERS’ EQUITY AND LIABILITIES			
Shareholders’ equity	**666**	**418**	**684**
Untaxed reserves	2	2	2
Long-term liabilities	371	12	216
Current liabilities	404	67	177
Total liabilities	**777**	**81**	**395**
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	**1,443**	**499**	**1,079**

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 8 to 11 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 below. In addition, the recognition of external revenue is divided into the manufacturing technologies 'Mechanics' and 'Electronics' at the end of this note.

Profit by segment

Segment results are reconciled to profit/loss before tax as follows:

SEK million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Operating profit (EBITA)					
Main markets	34	67	73	124	255
Other markets	18	28	30	58	110
Business development and services	-2	-3	14	-3	-21
Total EBITA	**50**	**92**	**117**	**179**	**344**
Amortization of intangible assets	-7	-4	-13	-8	-17
Operating profit (EBIT)	**43**	**88**	**104**	**171**	**327**
Financial items – net	-35	-16	-61	-30	-80
Profit/loss before tax	**8**	**72**	**43**	**141**	**247**
Items affecting comparability					
Revaluation of acquisition purchase price	-	-	20	-	-1
Transaction costs	-	-	-	-	-10
Cost for integration and consolidation of factories	-20	-	-40	-	-2
Total	**-20**	**-**	**-20**	**-**	**-13**
EBITA per segment excluding items affecting comparability					
Main markets	52	67	106	124	256
Other markets	20	28	36	58	110
Total	**72**	**95**	**142**	**182**	**366**
Business development and services	-2	-3	-5	-3	-9
Total	**70**	**92**	**137**	**179**	**357**
Items affecting comparability	-20	-	-20	-	-13
EBITA	**50**	**92**	**117**	**179**	**344**

Revenue from external customers by manufacturing technology

Mechanics	569	609	1,153	1,220	2,347
Electronics	649	455	1,315	905	1,779
Business development and services	3	4	6	7	17
Total	**1,221**	**1,068**	**2,474**	**2,132**	**4,143**

Note 5 **Financial items - net**

SEK million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Financial income and expenses					
Interest income	1	-	2	-	1
Interest expenses	-24	-16	-51	-28	-66
Other financial expenses	-6	-4	-12	-9	-18
Total financial income and expenses	**-29**	**-20**	**-61**	**-37**	**-83**
Net exchange gains and losses	-6	4	-	6	**3**
Total financial items - net	**-35**	**-16**	**-61**	**-30**	**-80**

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 was estimated to SEK 425 million and is based on the company's balance sheet as of November 30, 2023. SEK 367 million were paid at takeover and SEK 5 million in Q2 2024. There is also an additional purchase price linked to expected profit improvements in 2024 compared with 2023 which can amount to a maximum of SEK 116 million.

The additional purchase price was in the acquisition analysis estimated to SEK 61 million which was discounted to SEK 58 million. In Q1 2024 the estimated additional purchase price was decreased to SEK 40 million of which SEK 5 million was paid in Q2 2024. The decrease, adjusted for discounting, amounts to SEK 20 million which was 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 those 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 and the cash flow from the acquisition.

Net sales in the acquired companies amounted in the second quarter to SEK 239 million and for the first half year to SEK 482 million. Operating profit, EBITA excluding items affecting comparability, amounted in the quarter to SEK 5 million and for the first half year to SEK 7 million. The result has in its entirety been allocated to the period after the acquisition.

Purchase price, SEK million	
Liquid assets paid at take over	367
Liquid assets paid in Q2 2024	5
Purchase price liability due in Q1 2025	53
Total estimated purchase price	**425**

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
Total identified net assets	**291**
Goodwill	**134**
Total net assets transferred	**425**

Cash flow effect from the acquisition	
Liquid assets paid at take over	-367
Liquid assets paid in Q2 2024	-5
Cash in the acquired company	10
Cash flow from the acquisition	**-362**

Payment of purchase price

In the second quarter has, in addition to the above-mentioned payment for Orbit One of SEK 5 million, an additional purchase price of SEK 1 million been paid out. This was a part of the additional purchase price in the acquisition of Helmut Beyers GmbH which was acquired in 2021.

KEY RATIOS, DEFINITIONS AND FINANCIAL CALENDER

	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Key ratios according to IFRS					
Net sales, SEK million	1,221	1,068	2,474	2,132	4,143
Operating profit (EBIT), SEK million	43	88	104	171	327
Amortization of intangible assets, SEK million	-7	-4	-13	-9	-17
Earnings per share before dilution, SEK	0.16	1.51	0.93	3.00	5.36
Earnings per share after dilution, SEK	0.16	1.49	0.92	2.96	5.31
Cash flow from operating activities, MSEK	135	86	166	175	277
Average number of employees	2,691	2,126	2,727	2,075	2,001
Alternative performance measurements					
EBITDA, SEK million	94	121	198	237	464
EBITDA margin, %	7.7	11.3	8.0	11.1	11.2
Operational segments EBITA, SEK million	52	95	103	182	365
EBITA Business development and services, SEK million	-2	-3	14	-3	-21
Operational EBITA margin, %	4.3	8.9	4.2	8.5	8.8
Operating profit (EBITA), SEK million	50	92	117	179	344
EBITA margin, %	4.1	8.6	4.7	8.4	8.3
Operating capital, SEK million	2,483	1,728	2,483	1,728	1,796
Return on operating capital, %	2.0	5.5	5.5	10.9	20.5
Capital turnover on operating capital, times	0.5	0.6	2.3	2.6	4.9
Return on capital employed, %	1.6	4.9	4.3	9.6	17.1
Net interest-bearing debt, SEK million	978	584	978	584	363
Net debt/equity ratio, times	0.7	0.6	0.7	0.6	0.3
Net debt in relation to adjusted EBITDA, times	2.4	1.5	2.4	1.5	0.8
Equity ratio, %	37	38	37	38	46
Equity per share at end of period, SEK	32	26	32	26	31
Weighted average number of shares before dilution	43,659,340	39,560,148	43,620,563	39,420,812	39,987,799
Adjustment upon calculation of earnings per share after dilution	163,000	440,200	163,000	526,435	347,689
Weighted average number of shares after dilution	43,822,340	40,000,348	43,783,563	39,947,247	40,335,488
Number of shares at the end of the period	43,659,340	40,129,928	43,659,340	40,129,928	43,188,840

Financial Calendar

→ 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-margin	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	(Operatonal EBITA). EBITA for the segments Main markets and Other markets
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 less 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 in Sweden, Finland, Germany, Baltics, Central Europe and China, with a total of more than 2,600 employees.

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 you find more information about HANZA Group, as well as financial reports, presentations and press releases.

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