HANZA

ALL YOU NEED IS ONE ™

Interim report
HANZA AB
January 1 – September 30, 2024

INTERIM REPORT JANUARY - SEPTEMBER 2024

Action program completed, "HANZA 2025" continues – financial targets remain unchanged

Third quarter 2024

- → Net sales increased by 16% to SEK 1,107 million (955).
  Adjusted for acquisitions and currency, net sales decreased by 4%.
- → Operating profit (EBITA) amounted to SEK 82 million (89), which corresponds to an operating margin of 7.4% (9.3). During the quarter, it was decided on the third and final part of the action program implemented in 2024, which resulted in one-time costs of SEK 33 million of which SEK 25 million affects the operating profit. Revaluation of the acquisition purchase price for Orbit One affected the result positively by SEK 33 million. Adjusted for the items above, the operating profit amounted to SEK 74 million which corresponds to an operating margin of 6.7%. The margin for comparable units amounted to 7.1%.
- → Profit after tax amounted to SEK 40 million (49), which corresponds to SEK 0.91 (1.21) per share before dilution and SEK 0.90 (1.21) after dilution.
- → Cash flow from operating activities amounted to SEK 114 million (5).

The nine month period 2024

- → Net sales increased by 16% to SEK 3,581 million (3,087).
  Adjusted for acquisitions and currency, net sales decreased by 6%.
- → Operating profit (EBITA) amounted to SEK 199 million (268), which corresponds to an operating margin of 5.6% (8.7). The action program that HANZA implemented during 2024 affected the result negatively by SEK 65 million in all. Revaluation of acquisition purchase price affected the result positively by SEK 53 million. Energy subsidy improved the result previous year by SEK 7 million. Adjusted for these items, the operating profit amounted to SEK 211 million (261), which corresponds to an operating margin of 5.9% (8.5). The margin for comparable units amounted to 6.7%.
- → Profit after tax amounted to SEK 80 million (167), which corresponds to SEK 1.84 (4.21) per share before dilution and SEK 1.83 (4.19) after dilution.
- → Cash flow from operating activities amounted to SEK 280 million (180).

Significant events during the period

- In **January**, HANZA completed the acquisition of Orbit One AB, one of the Nordic region's leading contract manufacturers of electronics with operations in Sweden and Poland.

- In **January**, HANZA decided to invest approximately 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 is expected to be completed by the end of 2024 and will increase capacity and operational efficiency.

- In **February**, HANZA revised the financial targets for 2025, which in turn are based on the Group's strategy “HANZA 2025”. The sales target was raised to SEK 6.5 billion and the operating margin target of 8% was expanded to apply to the full year 2025.

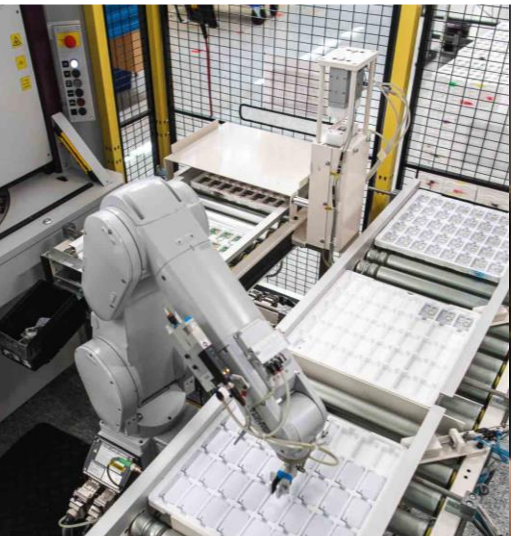
- In **March**, the first step in an action program was launched to integrate Orbit One, strengthen the company's operating margin and manage the economic downturn in 2024. This entailed, among other things, a staff reduction of approx. 50 people in Ronneby, Sweden, which is a unit that was added through the acquisition of Orbit One.

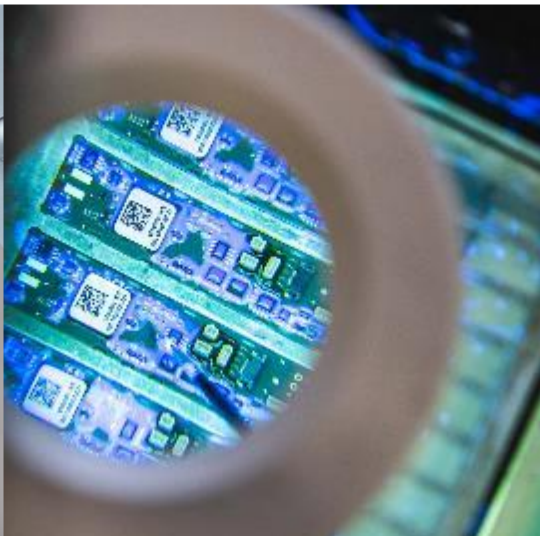
- In **June**, the next step in the action program was initiated when HANZA began union negotiations in Sweden and a consultation process in Finland, regarding a proposed closure of two smaller production units in order to consolidate customer volumes.

- In **June**, HANZA inaugurated a 3,700 sqm expansion of the sheet metal factory in Tartu, Estonia. The new facility is connected to HANZA's assembly hall by an automated transportation system, increasing both operational efficiency and capacity.

- In **August**, HANZA signed a so-called MIG™ agreement with a German company. HANZA will develop a new supply chain for a product line, which includes consolidation of production of input components to the HANZA Group, as well as a transfer of existing production from Germany to HANZA's manufacturing cluster in Central Europe. The first deliveries will take place in the autumn of 2024 and at full volume, production is expected to reach annual sales of over EUR 10 million.

- In **September**, HANZA signed a so-called MIG™ agreement with Canadian Mitel Networks Corp, under which HANZA will move manufacturing from China to Europe. The estimated annual volume amounts to SEK 60 million and includes the manufacture of complete products for Mitel's business communication products.





CEO COMMENT | Third quarter

It is gratifying to be able to present a positive report in a negative economic situation. During the quarter, we have not only lived up to market expectations, but Q3 also marks the end of a period of intensive work with several large projects.

At the beginning of the year, we acquired Orbit One, a manufacturer of advanced electronics and our largest acquisition to date.
Orbit One is a company with sales in the billions, where the operating margin has been a few percentage points below HANZA. At the same time as the acquisition was completed, we faced a rapid economic downturn and we thus had to solve multiple tasks: Integrate Orbit One, strengthen the company's profitability, and manage a decline in demand.

We have addressed these challenges through a three-part package of measures: In Q1 we initiated a comprehensive efficiency and integration program, in Q2 we carried out factory consolidations, and now in Q3 we concluded with a broader program for the remaining parts of the Group (see below). By acting quickly, we have now implemented the measures needed - for the acquisition and the current economic situation - and we see in this report how the activities are producing the desired results.

Due to the volume decline, we have also placed great emphasis on new sales. During the quarter we were able to report two new, larger so-called MIG™ agreements, which is an important proof of how well our offering is being received by product-owning companies during a weaker economy.

Financial development

There is a seasonal decline in sales in the third quarter. However, the economic situation has not changed significantly, and demand remains at a stable but lower level compared to 2023.
Through a strong customer base, HANZA sees a limited organic decline, 4% in Q3.

Q1 was the weakest quarter of the year due to the economic downturn and the integration of Orbit One which had lower profitability. Since then, we have seen a positive development of the operating margin from 5.3% in Q1 to 5.7% in Q2 and now 6.7% in Q3. It is worth noting that the underlying margin increase from Q2 to Q3 is higher as the quarter includes July, the weakest month in terms of earnings due to the holiday period. We therefore expect a continued margin improvement in Q4.

In Q3, we conducted a final review of the Group as part of the action program we reported on during the year. This entailed non-recurring costs of SEK 33 million related to staff adjustments and balance sheet adjustments, see below. The non-recurring costs were balanced against non-recurring income of SEK 33 million linked to a lower purchase price for Orbit One, as agreed.

During the year, we have also carried out significant work to develop our operational efficiency, with extensive investments and new factories. It is satisfying to note that we are maintaining a strong cash flow - SEK 114 million in Q3 - despite tying up working capital in our new projects. Today, HANZA is well invested, and our net debt continues to decrease.

The future

At the beginning of 2024, there was hope in the industry that the downturn was mainly due to inventory adjustments - after high demand in 2023 - and that the market would therefore recover already in the second half of the year. HANZA took a more cautious approach and communicated early on that we are preparing the Group for a continued weak market throughout 2024. This more cautious assessment has proven to be a strength and will continue to guide us going forward. That is, while we see signs that the economy will strengthen in 2025, we assume that demand will continue at current levels, and we have taken measures accordingly.

Looking ahead, it is also important to note that the acquisition of Orbit One has met our expectations. Orbit One has contributed with competence, revenue synergies and cost synergies and strengthened HANZA's geographical presence and customer base. In Q3, Orbit One has increased the contribution to the Group's profitability and the contribution will be even greater going forward.

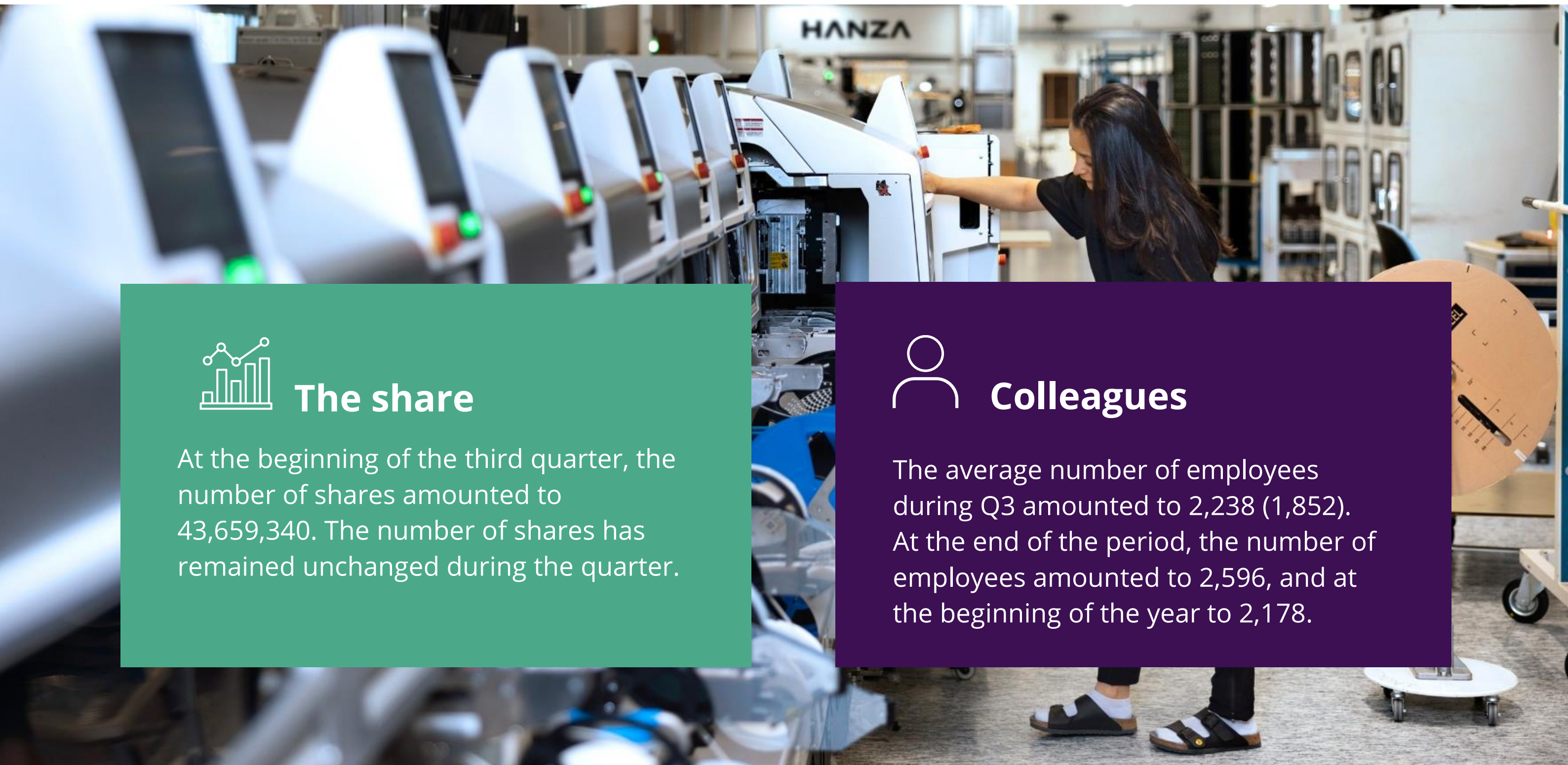
In terms of our profitability development, we therefore remain confident that we will reach our operating margin target of 8% in 2025 under current market conditions. We base this on three key factors: The rapid integration of Orbit One, the significant development of our operations, and our solid customer base, which is complemented by new business.

Finally, we continue to see acquisitions as an important part of our HANZA 2025 strategy, but maintain a prudent acquisition strategy, where we only consider acquisitions that - like Orbit One - provide strong operational synergies and support our financial targets. However, we have identified potential acquisitions that meet these criteria.

With a strong offering and well-executed integration work, we look to the future with confidence. HANZA will continue to develop in a way that is positive for employees, customers and shareholders.

Kista October 29, 2024

Erik Stenfors
CEO



The share

At the beginning of the third 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 Q3 amounted to 2,238 (1,852). At the end of the period, the number of employees amounted to 2,596, and at the beginning of the year to 2,178.

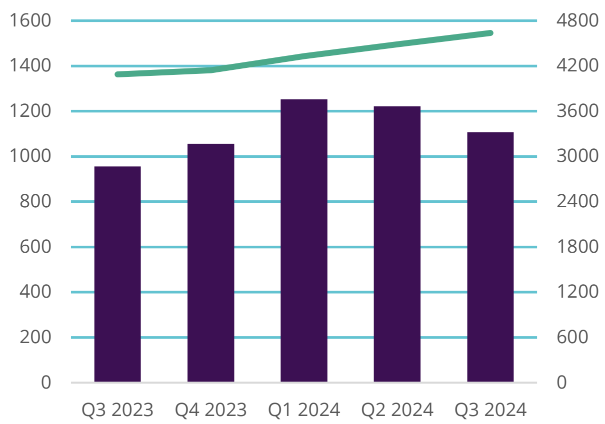
GROUP OVERVIEW

Market

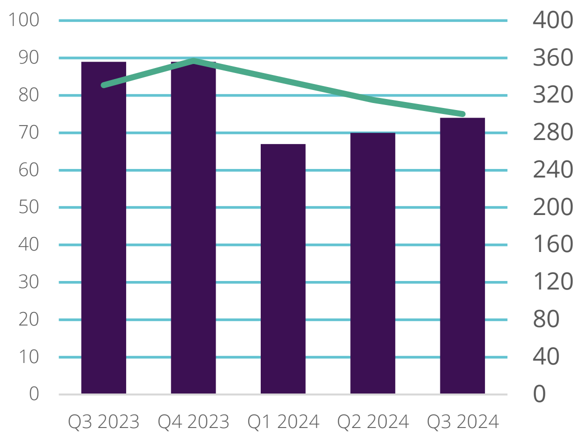
Even after the acquisition of Orbit One, HANZA has an evenly distributed customer base, where no customer accounts for more than 10% of HANZA's annual sales and where the ten largest customers combined account for less than 50%. Customers operate in various industries such as mining, defense, logistics, energy, agriculture, forestry and recycling. 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 several customers in early 2024, while other customers continue to grow. The new market situation with lower volumes has been fairly constant since the decline in early 2024. HANZA has retained all customers and also won new important contracts during the year. The market has continuously postponed the assessment of when a return of volumes may happen, but it is still likely that a return will occur in 2025. HANZA has dimensioned the cost situation according to the current market situation, but at the same time maintains a very good capacity for volume increases.

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. 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 been added by unrest in the Middle East. The economic downturn in Germany, driven mainly by the automotive segment where HANZA is not active, may provide new opportunities for so-called MIG™ contracts.

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.

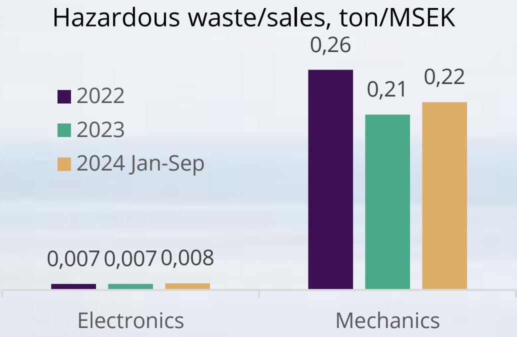
Activities during the quarter

→ Our annual engagement survey has been completed with strong results. Important areas such as leadership, efficiency, corporate culture and work environment show a positive trend. Based on the results, activities are planned for next year, including a leadership program for managers that will begin in Q4.

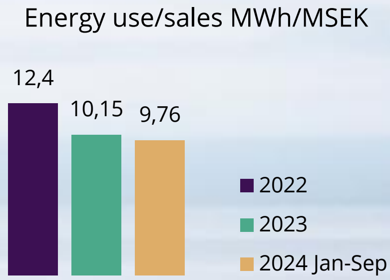
→ The collaboration with Finnish Gaia Consulting continues, where we are now investigating our possibilities to set climate targets according to Science Based Targets. Work on GHG emissions calculation (scope 1,2&3) for 2024 has also begun.

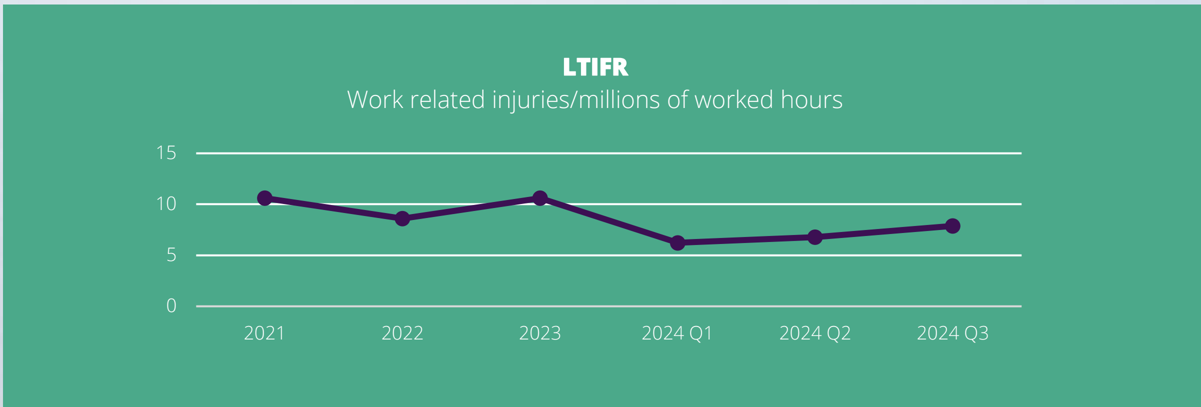
→ Our double materiality analysis has been completed and we are continuously working on preparations for sustainability reporting according to CSRD.

Hazardous waste



Energy use





The reported figures for 2024 include HANZA's new entities in Ronneby and Prabuty.

FINANCIAL DEVELOPMENT

Third quarter

Net sales amounted to SEK 1,107 million (955) which corresponds to a growth of 16%. Sales has increased through acquisitions. Exchange rate fluctuations have affected the Group's net sales negatively by SEK 24 million. Excluding currency and acquisitions, organic growth was -4%. Sales rolling 12 months amounts to SEK 4,637 million (4,088).

In the quarter, the gross margin amounted to 40.7% (46.3). The lower gross margin is mainly because the acquired companies have lower gross margin, which is typical for EMS companies. EBITDA for the quarter amounted to SEK 123 million (119), which corresponds to a margin of 11.1% (12.5). The Group's operating profit (EBITA) amounted to SEK 82 million (89), which corresponds to an operating margin of 7.4% (9.3).

In Q3, HANZA conducted a review of operations in line with the "HANZA 2025" strategy, which resulted in a non-recurring cost of SEK 33 million, of which SEK 25 million affected operating profit. Part of the cost is linked to adjustments to the workforce after implemented efficiency improvements and to meet the weaker economy. Strategy "HANZA 2025" also includes, as described earlier, the development of operations in China into a so-called Gateway for customers seeking to move manufacturing to or from China. Thus, HANZA does not have the ambition that operations in China will grow to the same size as other manufacturing clusters. On that basis, HANZA has decided to make a non-cash affecting write-down of goodwill of SEK 8 million. Remaining goodwill connected to China is SEK 7 million. Revaluation of the acquisition purchase price of Orbit One affected the result positively by SEK 33 million. Adjusted for the items mentioned above, the operating margin amounted to 6.7%. The margin for comparable units amounted to 7.1%.

Net financial items amounted to SEK -27 million (-27), of which exchange gains amounted to SEK 2 million (-4). Profit before tax amounted in the quarter to SEK 41 million (58) and profit after tax to SEK 40 million (49). Income tax corresponds to a tax rate of 2.4% (15.5). The low tax rate is mainly due to that dissolution of acquisition purchase price does not affect taxes. Earnings per share amounted in the quarter to SEK 0.91 (1.21) before dilution and to SEK 0.90 (1.21) after dilution.

The nine month period

Net sales amounted to SEK 3,581 million (3,087) which corresponds to a growth of 16%. Sales has increased through acquisitions. Exchange rate fluctuations have affected the Groups net sales negatively by SEK 15 million. Excluding currency and acquisitions, growth was -6%.

The gross margin amounted in the nine-month period to 42,1% (44,5). EBITDA amounted to SEK 321 million (356), which corresponds to a margin of 9.0% (11.5). The Group's operating profit (EBITA) amounted to SEK 199 million (268), which corresponds to an operating margin of 5.6% (8.7). The activity program implemented by HANZA in 2024 affected the profit negatively by SEK 65 million in total. Revaluation of acquisition purchase price affected the result positively by SEK 53 million. In 2023 energy subsidy improved the result by SEK 7 million. Adjusted for these items the operating profit amounted to SEK 211 million (261) which corresponds to an operating margin of 5.9% (8.5). The margin for comparable units amounted to 6.7%.

Profit before tax for the first nine months of the year, amounted to SEK 84 million (199) and profit after tax to SEK 80 million (167). Tax cost corresponds to a tax rate of 4.8% (16.0). The lower tax rate is mainly due to that revaluation of acquisition purchase price does not affect taxes. Profit per share amounted to SEK 1.84 (4.21) before dilution and to SEK 1.83 (4.19) after dilution.

Cash flow and investments

Cash flow from operating activities for the second quarter amounted to SEK 114 million (5) and in the nine month period to SEK 280 million (180). The higher cash flow is mainly due to the Groups decreased working capital tied-up, which change amounted to SEK 38 million (-82) in the quarter and to SEK 88 million (-93) for the nine month period.

Total investments in tangible fixed assets amounted in Q3 to SEK 73 million (77) and in the nine month period to SEK 239 million (238) of which investments in and acquisitions of buildings stood for SEK 23 million (10) in the quarter and SEK 47 million (74) in the nine month period. Remaining investments refer mainly to machines and other fixed assets. The cash flow from investments, excluding acquisitions, amounted in the third quarter to SEK -63 million (-73) and in the nine month period to SEK -208 million (-232).

Financial position

The interest-bearing net debt is at the end of the period SEK 909 million (642). This is a decrease in the quarter by SEK 69 million. The net debt corresponds to a net debt in relation to adjusted EBIDA of 2.2 times (1.5). Adjusted for items affecting comparability and Orbit One’s EBITDA rolling 12 months the net debt/equity ratio amounts to 2.1 times. The balance sheet total amounts at the end of the period to SEK 3,716 million (2,784). The increase is mainly due to the acquisition of Orbit One. The Shareholders’ equity amounts at the end of the period to SEK 1,432 million (1,078) corresponding to an equity ratio of 38.5% (38.7). During the year, a divided of SEK 52 million was paid to the shareholders.

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 essential 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.

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Review report

HANZA AB, org.nr 556748-8399

Introduction

We have reviewed the condensed interim report for HANZA AB as at September 30, 2024 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, the date of our digital signature

Ernst & Young AB

Linn Haslum Lindgren
Authorized Public Accountant

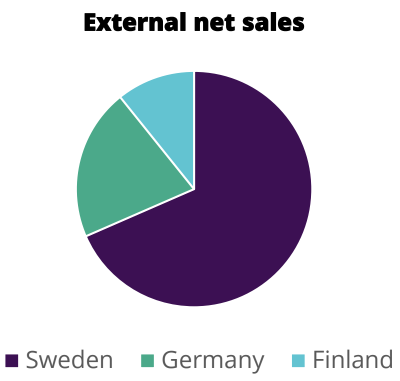
SEGMENT OVERVIEW

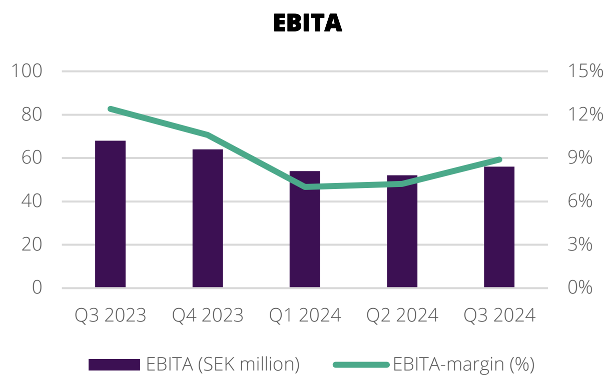
Description of segment reporting

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	July-Sep 2024	July-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Jan-Dec 2023
External net sales	**626**	**547**	**2,119**	**1,746**	**2,349**
Operating profit (EBITA)*	**56**	**98**	**162**	**192**	**255**
EBITA-margin (%)	8.9	12.4	7.6	11.0	10.9





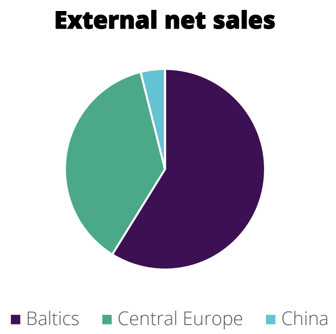
The Main markets segment is characterized by manufacturing clusters located in or near HANZA's primary geographical customer markets, which currently consist of Sweden, Finland, Norway and Germany. These clusters currently comprise HANZAs manufacturing clusters in Sweden, Finland and Germany. HANZAs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

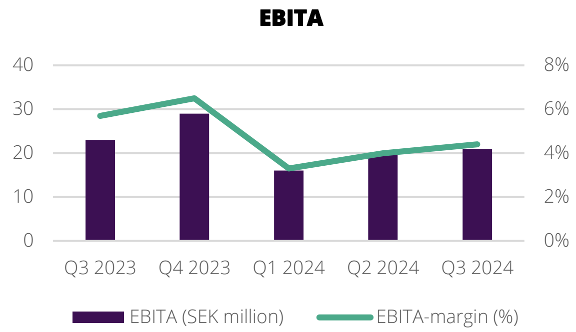
External net sales in the third quarter increased by 14% compared to the corresponding period in 2023. Adjusted for acquisitions and currency effects, sales decreased by 8%. The segment reached an operating margin of 6.5% (12.4) in Q3. Operating margin, excluding items affecting comparability, amounted to 8.9% (12.4). For comparable units the margin is 9.8% (12.4).

In the nine month period, the external net sales amounted to SEK 2,119 million (1,746), an increase of 21%. Adjusted for acquisitions and currency effects, sales decreased by 6%. Operating margin, excluding items affecting comparability, amounted to 7.6% (11.0).

Other markets segment

SEK million	July-Sep 2024	July-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Jan-Dec 2023
External net sales	**478**	**405**	**1,453**	**1,331**	**1,777**
Operating profit (EBITA)*	**21**	**23**	**56**	**81**	**110**
EBITA-margin (%)	4.4	5.7	3.9	6.1	6.2





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 third quarter by 18% compared to the corresponding period in 2023. Adjusted for acquisitions and currency effect, sales increased by 3%. Operating margin in Q3 amounted to 2.3% (5.7). Operating margin, excluding items affecting comparability amounts to 4.4% (5.7). For comparable units the margin is 4.6% (5.7). In Poland, a major efficiency project is currently underway due to the new unit in Prabuty and the new MIG^{TM} project. This project will burden the efficiency and thus profitability of the segment for some time, after which the margin is expected to increase significantly.

For the nine month period, the external net sales amounts to SEK 1,453 million (1,331), an increase of 9%. Adjusted for acquisitions and currency effect, sales decreased by 6%. Operating margin, excluding items affecting comparability amounts to 3.9% (6.1).

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 in the quarter to SEK 3 million (5) and EBITA excluding items affecting comparability, amounted to SEK -3 million (-2). In the nine month period, external net sales amounted to SEK 9 million (12) and EBITA excluding items affecting comparability amounted to SEK -8 million (-5).

FINANCIAL DEVELOPMENT

Consolidated income statement

SEK million	Note	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Jan-Dec 2023
Net sales	4	**1,107**	**955**	**3,581**	**3,087**	**4 ,43**
Change of inventories in production, finished goods and work in progress on behalf of others		-14	-6	-28	59	33
Raw materials and consumables		-642	-507	-2,047	-1,773	-2,334
Other external costs		-110	-107	-371	-350	-484
Costs of personnel		-258	-212	-879	-675	-904
Depreciations, amortizations and write-downs of tangible fixed assets		-41	-30	-122	-88	-120
Other operating income and expenses		40	-4	65	8	10
Operating profit (EBITA)	4	**82**	**89**	**199**	**268**	**344**
Depreciations, amortizations and write-downs of intangible fixed assets		-14	-4	-27	-12	-17
Operating profit (EBIT)	4	**68**	**85**	**172**	**256**	**327**
Financial items - net	5	**-27**	**-27**	**-88**	**-57**	**-80**
Profit/loss before tax	4	**41**	**58**	**84**	**199**	**247**
Income tax		-1	-9	-4	-32	-33
Profit/loss for the period		**40**	**49**	**80**	**167**	**214**
Earnings per share						
Before dilution, SEK		0.91	1.21	1.84	4.21	5.36
After dilution, SEK		0.90	1.21	1.83	4.19	5.31

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

Consolidated comprehensive income statement

SEK million	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Jan-Dec 2023
Profit/loss for the period	**40**	**49**	**80**	**167**	**214**
Remeasurement of post-employment benefits	-1	4	0	4	-7
Tax on items that will not be reclassified to the income statement	0	-1	0	-1	2
Total items that will not be reclassified to the income statement	**-1**	**3**	**0**	**3**	**-5**
Items that may be reclassified to the income statement					
Exchange rate differences	-5	-20	17	22	-4
Exchange rate difference on acquisition loan	0	0	0	-1	-
Tax on items that can subsequently be reversed in profit or loss	0	-3	0	0	-
Total items that may be reclassified to the income statement	**-5**	**-23**	**17**	**21**	**-4**
Other comprehensive income for the period	**-6**	**-21**	**17**	**24**	**-9**
Total comprehensive income for the period	**34**	**28**	**97**	**191**	**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	30.09.2024	30.09.2023	31.12.2023
ASSETS				
Fixed assets				
Goodwill		524	394	387
Other intangible assets		140	82	77
Tangible fixed assets		857	703	714
Right-of-use assets		272	188	186
Other fixed assets		2	-	-
Deferred tax assets		39	14	23
Total fixed assets		**1,834**	**1,381**	**1,387**
Current assets				
Inventories		1,203	1,010	936
Accounts receivable		298	173	175
Other receivables		175	123	91
Cash and cash equivalents		206	97	340
Total current assets		**1,882**	**1,403**	**1,542**
TOTAL ASSETS		**3,716**	**2,784**	**2,929**
SHAREHOLDERS' EQUITY				
Shareholders' equity attributable to the parent company's shareholders		**1,432**	**1,078**	**1,345**
LIABILITIES				
Long-term liabilities				
Post-employment benefits		105	108	102
Deferred tax liabilities		98	48	57
Liabilities to credit institutions	3	513	220	326
Lease liabilities		175	118	114
Total long-term liabilities		**891**	**494**	**599**
Current liabilities				
Overdraft facility	3	-	70	99
Liabilities to credit institutions	3	368	195	86
Lease liabilities		64	54	53
Other interest-bearing liabilities	3	8	63	11
Accounts payable		549	498	450
Other liabilities		404	332	286
Total current liabilities		**1,393**	**1 212**	**985**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,716**	**2,784**	**2,929**

Condensed consolidated report of changes in shareholders’ equity

SEK million	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Jan-Dec 2023
Opening balance	**1,396**	**1,049**	**1,345**	**898**	**898**
Profit/loss for the period	40	49	80	167	214
Other comprehensive income	-6	-21	17	24	-9
Total comprehensive income	**34**	**28**	**97**	**191**	**205**
Transactions with shareholders					
New share issue	-	-	40	17	277
Share savings program	2	1	3	1	1
Issue expenses	-	-	-1	-	-7
Dividend	-	-	-52	-29	-29
Total contributions from and distributions to shareholders, recognized directly in equity	**2**	**1**	**-10**	**-11**	**242**
Closing balance	**1,432**	**1,078**	**1,432**	**1,078**	**1,345**

Condensed consolidated statement of cash flows

SEK million	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Jan-Dec 2023
Cash flows from operating activities					
Profit/loss after financial items	41	58	84	199	247
Depreciations, amortizations and write-downs	55	34	149	100	137
Other non-cash items	-14	5	-1	6	12
Paid income tax	-6	-10	-40	-32	-17
Cash flows from operating activities prior to the change in working capital	**76**	**87**	**192**	**273**	**379**
Total change in working capital	**38**	**-82**	**88**	**-93**	**-102**
Cash flows from operating activities	**114**	**5**	**280**	**180**	**277**
Cash flows from investing activities					
Acquisition in subsidiaries	-	-2	-364	-2	-2
Acquisition of assets	-	-	-	-49	-49
Investments in fixed assets	-64	-75	-212	-186	-249
Disposals of tangible fixed assets	1	2	4	3	5
Cash flows from investing activities	**-63**	**-75**	**-572**	**-234**	**-295**
Cash flows from financing activities					
New share issue	-	-	39	17	270
New loans	58	72	564	191	517
Repayment of borrowings	-82	-33	-395	-166	-541
Dividends paid	-	-	-52	-30	-29
Cash flows from financing activities	**-24**	**39**	**156**	**12**	**217**
Increase/reduction in cash and cash equivalents	**27**	**-31**	**-136**	**-42**	**199**
Cash and cash equivalents at the beginning of the period	187	131	340	137	137
Exchange rate differences in cash and cash equivalents	-8	-3	2	2	4
Cash and cash equivalents at the end of the period	**206**	**97**	**206**	**97**	**340**

Condensed parent company income statement

SEK million	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Jan-Dec 2023
Operating income	**8**	**7**	**24**	**19**	**32**
Operating expenses	**-8**	**-10**	**-24**	**-22**	**-30**
Operating profit	**0**	**-3**	**0**	**-3**	**2**
Financial items - net	**-4**	**0**	**-9**	**-3**	**-4**
Profit/loss after net financial items	**-4**	**-3**	**-9**	**-6**	**-2**
Appropriations	-	-	-	-	8
Profit/loss before tax	**-4**	**-3**	**-9**	**-6**	**6**
Tax on profit for the period	-	1	-	1	-
Profit/loss for the period	**-4**	**-2**	**-9**	**-5**	**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	30.09.2024	30.09.2023	31.12.2023
ASSETS			
Financial fixed assets	1,371	489	886
Current receivables	40	3	29
Cash and cash equivalents	121	0	164
TOTAL ASSETS	**1,532**	**492**	**1,079**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	**662**	**418**	**684**
Untaxed reserves	2	2	2
Long-term liabilities	406	9	216
Current liabilities	462	63	177
Total liabilities	**870**	**74**	**395**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,532**	**492**	**1,079**

NOTES AND FINANCIAL CALENDAR

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 12 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 in pages 11-12. 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	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Jan-Dec 2023
Operating profit (EBITA)					
Main markets	41	68	114	192	255
Other markets	11	23	41	81	110
Business development and services	30	-2	44	-5	-21
Total EBITA	**82**	**89**	**199**	**268**	**344**
Amortization of intangible assets	-14	-4	-27	-12	-17
Operating profit (EBIT)	**68**	**85**	**172**	**256**	**327**
Financial items – net	-27	-27	-88	-57	-80
Profit/loss before tax	**41**	**58**	**84**	**199**	**247**
Items affecting comparability					
Revaluation of acquisition purchase price	33	-	53	-	-1
Transaction costs	-	-	-	-	-10
Cost for integration and consolidation of factories	-25	-	-65	-	-2
Total	**8**	**-**	**-12**	**-**	**-13**
EBITA per segment excluding items affecting comparability					
Main markets	56	68	162	192	256
Other markets	21	23	57	81	110
Total	**77**	**91**	**219**	**273**	**366**
Business development and services	-3	-2	-8	-5	-9
Total	**74**	**89**	**211**	**268**	**357**
Items affecting comparability	8	-	-12	-	-13
EBITA	**82**	**89**	**199**	**268**	**344**
Revenue from external customers by manufacturing technology					
Mechanics	498	520	1,651	1,740	2,347
Electronics	606	430	1,921	1,335	1,779
Business development and services	3	5	9	12	17
Total	**1,107**	**955**	**3,581**	**3,087**	**4,143**

Note 5	Financial items - net				
SEK million	**Jul-Sep 2024**	**Jul-Sep 2023**	**Jan-Sep 2024**	**Jan-Sep 2023**	**Jan-Dec 2023**
Financial income and expenses					
Interest income	1	-	3	-	1
Interest expenses	-25	-19	-76	-46	-66
Other financial expenses	-5	-4	-17	-13	-18
Total financial income and expenses	**-29**	**-23**	**-90**	**-59**	**-83**
Net exchange gains and losses	2	4	2	2	**3**
Total financial items - net	**-27**	**-27**	**-88**	**-27**	**-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. Transaction costs amounted to about SEK 10 million and were charged to other external costs in Q4 2023. The purchase price was estimated to SEK 425 million and is based on the company's balance sheet as of November 30, 2023 and initially estimated additional purchase price. 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. In Q2 SEK 5 million was paid out. In Q3 the remaining provision for additional purchase price of SEK 35 million (before discounting) has been resolved. The total resolution, reported as other operating income, adjusted for discounting, amounts to SEK 53 million, of which SEK 33 million in Q3.

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 quarter to SEK 209 million and for the nine month period to SEK 691 million. Operating profit, EBITA excluding items affecting comparability, amounted in the quarter to SEK 9 million and for the nine month period to SEK 16 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**

Financial Calendar

- Year-end report 2024: Tuesday February 11, 2025
- Annual report 2024: Tuesday March 25, 2025
- Interim report, Q1, 2025: Tuesday May 6, 2025
- Annual General Meeting: Tuesday May 13, 2025
- Interim report, Q2, 2025: Tuesday July 22, 2025
- Interim report, Q3, 2025: Tuesday October 28, 2025

KEY RATIOS, DEFINITIONS AND FINANCIAL CALENDER

	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Jan-Dec 2023
Key ratios according to IFRS					
Net sales, SEK million	1,107	955	3,581	3,087	4,143
Operating profit (EBIT), SEK million	68	85	172	256	327
Amortization of intangible assets, SEK million	-14	-4	-27	-12	-17
Earnings per share before dilution, SEK	0.91	1.21	1.84	4.21	5.36
Earnings per share after dilution, SEK	0.90	1.21	1.83	4.19	5.31
Cash flow from operating activities, SEK million	114	5	280	180	277
Average number of employees	2,238	1,852	2,545	1,993	2,001
Alternative performance measurements					
EBITDA, SEK million	123	119	321	356	464
EBITDA margin, %	11.1	12.5	9.0	11.5	11.2
Operational segments EBITA, SEK million	52	91	155	273	365
EBITA Business development and services, SEK million	30	-2	44	-5	-21
Operational EBITA margin, %	4.7	9.5	4.3	8.8	8.8
Operating profit (EBITA), SEK million	82	89	199	268	344
EBITA margin, %	7.4	9.3	5.6	8.7	8.3
Operating capital, SEK million	2,459	1,809	2,459	1,809	1,796
Return on operating capital, %	3.3	5.0	9.4	15.9	20.5
Capital turnover on operating capital, times	0.4	0.5	3.4	3.7	4.9
Return on capital employed, %	2.5	4.5	7.2	14.2	17.1
Net interest-bearing debt, SEK million	909	642	909	642	363
Net debt/equity ratio, times	0.6	0.6	0.6	0.6	0.3
Net debt in relation to adjusted EBITDA, times	2.2	1.5	2.2	1.5	0.8
Equity ratio, %	38.5	38.7	38.5	38.7	45.9
Equity per share at end of period, SEK	32.81	26.86	32.81	26.86	31.14
Weighted average number of shares before dilution	43,659,340	40,129,928	43,633,583	39,659,781	39,987,799
Adjustment upon calculation of earnings per share after dilution	163,000	163,000	163,000	145,088	347,689
Weighted average number of shares after dilution	43,822,340	40,292,928	43,796,583	39,804,869	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

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 web site.

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 group 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 an annual turnover of approx. SEK 4.6 billion. The company has six manufacturing clusters in Sweden, Finland, Germany, Baltics, Central Europe and China, with a total of more than 2,500 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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