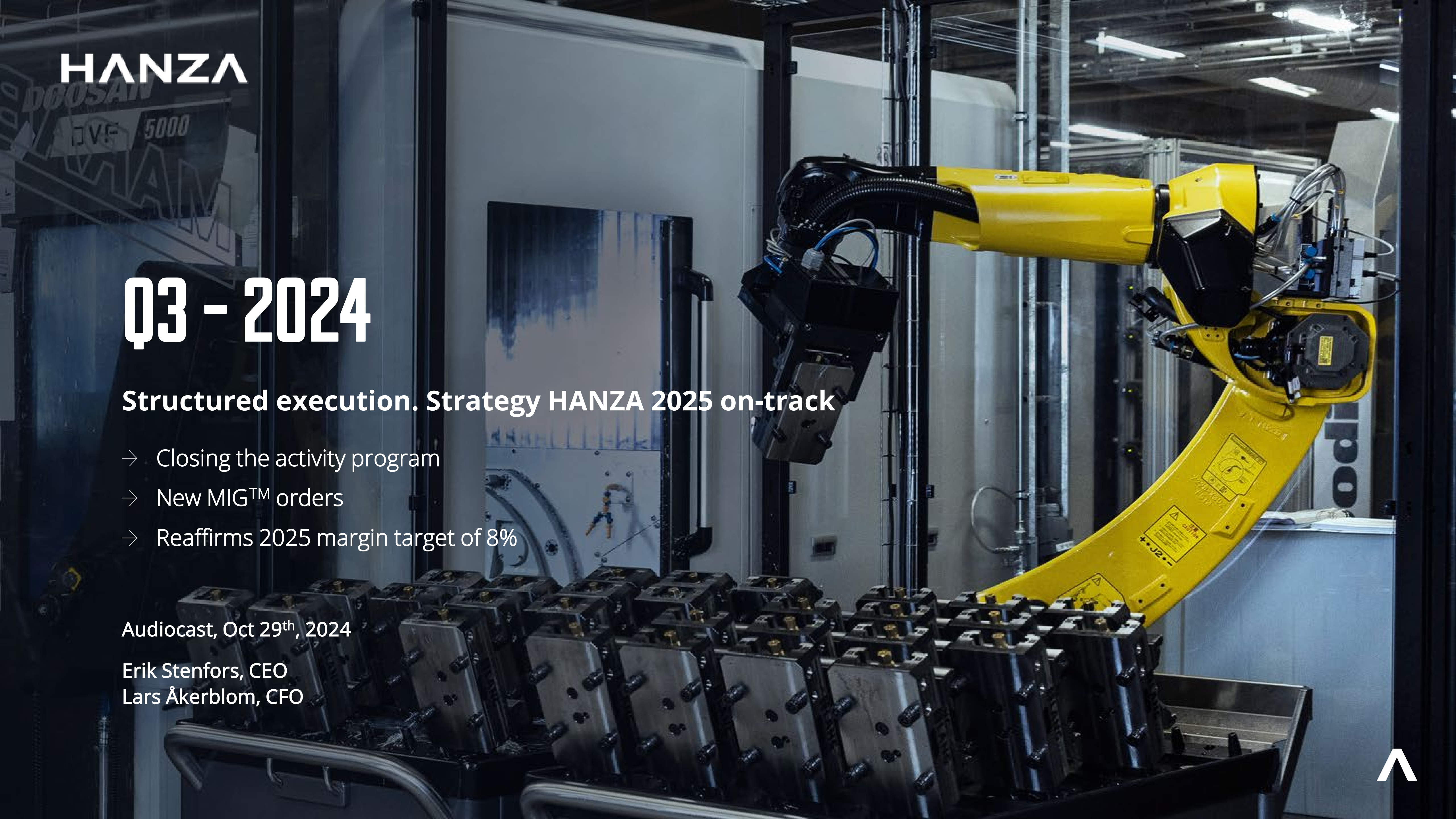
HANZA



Q3 - 2024

Structured execution. Strategy HANZA 2025 on-track

→ Closing the activity program

→ New MIG™ orders

→ Reaffirms 2025 margin target of 8%

Audiocast, Oct 29th, 2024

Erik Stenfors, CEO
Lars Åkerblom, CFO

AGENDA

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

HANZA IN ONE MINUTE

Manufacturing made easy

Part production and part assembly

Business model

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

Advisory services (MIG™)
Analysis, advice and support on how to streamline the supply-chain.

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

3M, SAAB, SIEMENS, KHS, oerlikon, SANDVIK, MITSUBISHI FORKLIFT TRUCKS, GETINGE, JOHN DEERE, Epiroc, WINDMOELLER & HOELSCHER, TOMRA, VÄDERSTAD, GE, Thermia, KONE, PerkinElmer, ABB

From the customer base

Market development

General

- Market optimism in early 2024, expected recovery in demand in the latter part of the year, which did not materialize.
- Instead, the market proved to be relatively stable in 2024, with a demand lower than in 2023.
- HANZA followed the strategy communicated at the beginning of 2024: Adapt business to the current level of demand, as the length of the recession is uncertain.

HANZA

- Difficult to predict development of specific segments. Hence, important to develop a solid customer base.
- HANZA had an organic decline of 4% in Q3, however satisfactory compared to the development of our industry.
- In a downturn, customers focus on costs, why HANZA's offer to optimize the supply chain is attractive.
- Two MIG™ contracts in Q3. Estimated annual sales volumes of these at full volume is above 15 MEUR, corresponding to an organic growth above 3%, based on current sales level.


Operations development

Challenging start of 2024

- Largest acquisition to date to be integrated, Orbit One
- Orbit One's margin was about 2 percentage points below HANZA's. HANZA set a target that the group, including Orbit One, should regain a margin of 8% by 2025.
- In addition, several efficiency- and capacity-enhancing activities are included in in Strategy HANZA 2025, such as opening new production units in Estonia and Sweden.
- Downturn hit in Q1/2024. Double-digit organic growth is replaced by organic decline.

Comprehensive activity plan Q1-Q3

- Q1: Integration and synergy program
- Q2: Factory consolidations program
- Q3: HANZA 2025 Group program

HANZA 2025 back on track

Necessary actions have been taken based on the acquisition, HANZA 2025 and the current economic situation. Desired results visible already in Q3.

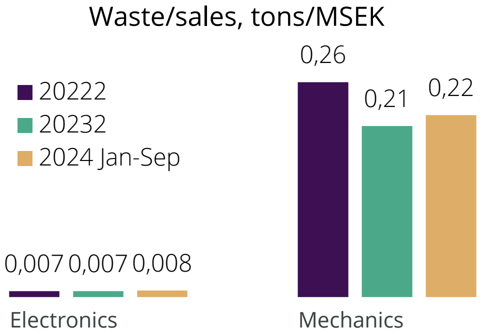
Top row, from left: Manufacturing of complete forklift trucks for Mitsubishi. Former Orbit One in Ronneby.
Bottom row, from left: New factory under construction in Sweden. New factory opened in Estonia.

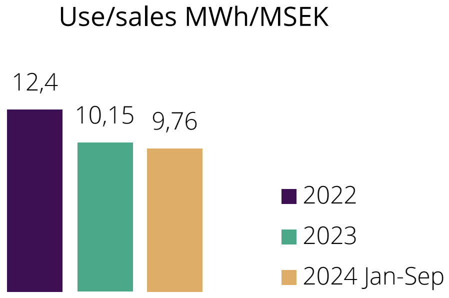
Sustainability main activities in Q3

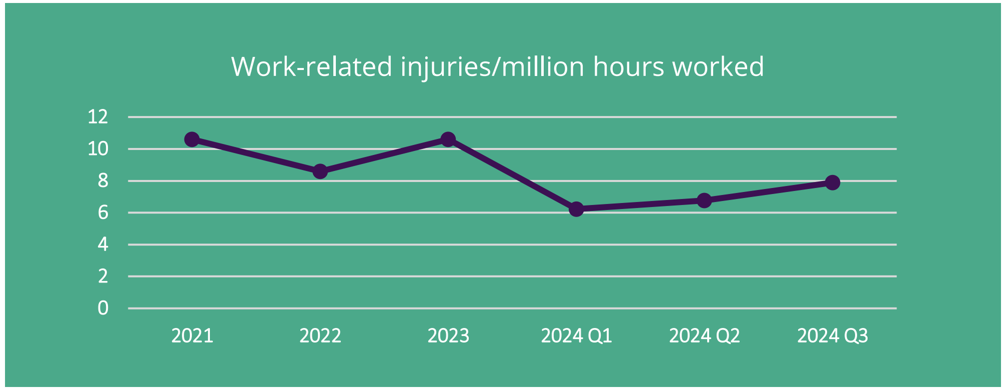
→ HANZA's annual Employee Engagement Survey has been completed with strong results. Key areas such as leadership, efficiency, corporate culture and work environment shows a very good trend. Follow-up activities are planned, including a leadership program for managers that started in Q4/24.

→ The collaboration with the Finnish consulting firm Gaia consulting continues. We are investigating how 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.

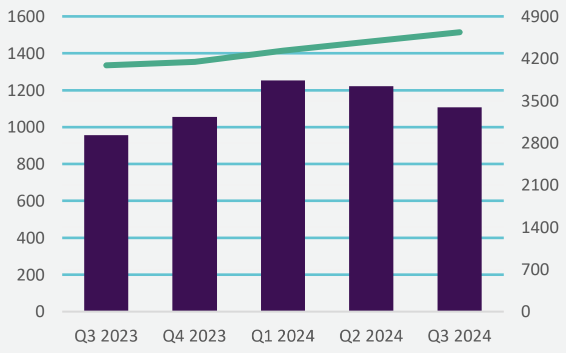




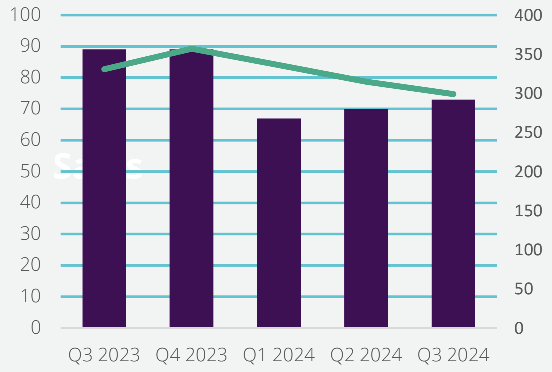


Q3 Financials

Sales (MSEK)



Operating profit (MSEK)



Sales and Earnings trend
Sales and operating profit per quarter (bars, top scale) and rolling 12 months (line, bottom scale).

Sales

- → Net sales grew by 16% to 1,107 MSEK (955).
- → Sales adjusted for acquisitions and currency was down 4% compared to Q3 -23.
- → 12 months sales amounted to 4.6 bn SEK (4.1).

Earnings

- → HANZA completed the action program with a group review linked to HANZA 2025, which resulted in a one-time cost from cost level rightsizing and revaluations of balance sheet items, mainly connected to the strategy of China in HANZA 2025, totaling to 33 MSEK.
- → Revaluation of the estimated remaining purchase price for Orbit One had a positive effect of 33 MSEK.
- → Excluding OTC, the operating margin amounted to 6.7% (9.3).
  The margin has seen a sequential increase in 2024; from 5.3% in Q1 and 5.7% in Q2.
- → Adjusted for OTC and acquisitions, the operating margin for comparable units were 7.1% (9.3).
- → The programs initiated in Q1 and Q2 starts to have a positive impact on earnings.
  Full effect on the programs will be reached early 2025.
- → Finance net amounted to -27 MSEK (-27).
- → Earnings per share amounts to SEK 0.88 (1.21).

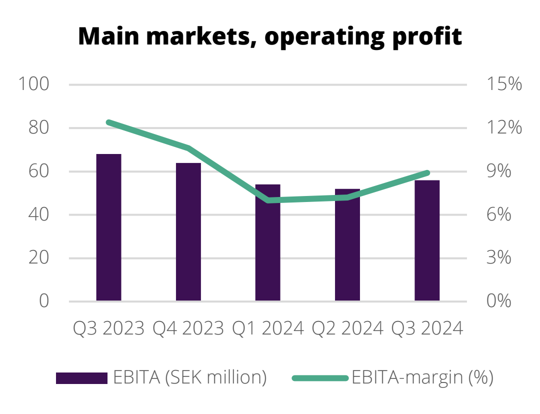
Q3 Financials

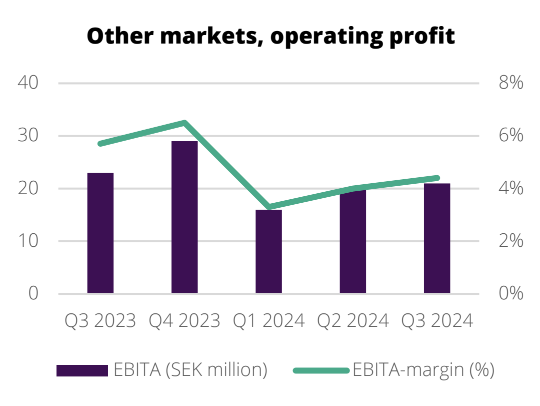
Segment Main markets

- Net sales up 14% to 626 MSEK (547)
  Sales down 8% adjusted for acquisitions and currency.
- Operating profit, excluding OTC, totaled 56 MSEK (68), corresponding to an operating margin of 8.9% (12.4). The Q2-24 margin amounted to 7.2%.
- Adjusted for OTC and acquisitions, the operating margin for comparable units were 9.8% (12.4).

Segment Other markets

- Net sales up 18% to 478 MSEK (405).
  Sales up 3% adjusted for acquisitions and currency.
- Operating profit, excluding OTC, amounted to 21 MSEK (23), corresponding to an operating margin of 4.4 % (5.7 %). The Q2-24 margin amounted to 4.0%.
- Adjusted for OTC and acquisitions the operating margin for comparable units were 4.6 % (5.7).
- Margin is negatively affected by an ongoing larger efficiency program in Poland, in connection with our new entity in Prabuty and the MIG™ project.





= Main Markets = Other Markets

Q3 Financials

Cashflow

- Strong cashflow from operations, 114 MSEK (5).
  Mainly due to a decrease in working capital, despite new projects.

Capex

- Reduced to 73 MSEK (77), of which 23 MSEK (10) is investments in buildings. The capex is expected to be on a lower level in 2025.

Net debt

- Interest bearing net debt increased to 909 MSEK (642), a decrease from Q2 2024 of 69 MSEK.
- Net deb / EBITDA R12 including Orbit One amounts to 2.2 times, down from 2.4 in Q2. Adjusted for items affecting comparability and Orbit One's EBITDA R12, the net debt/equity ratio amounts to 2.1.

Financial position

- Equity increased to 1,432 MSEK (1 078), corresponding to a net debt/Equity ratio of 0,6 (0,6) and Equity/Asset ration of 39% (39).
- Reduced working capital and net debt / EBITDA is important for further acquisitions and MIG™ projects.

(SEK million)	Q3 2024	Q3 2023
Equity	1,432	1,078
Equity/Asset ratio	39%	39%
Cash-flow operations (3 m.)	114	5
Cash	206	97
Net debt	909	642
EBITDA (3 m.)	123	119

Ownership structure as of 30.09.2024	%
Färna Invest AB	22.86
Clearstream Bankings S.A	9.09
Francesco Franzé	5.48
Håkan Halén	5.40
SHB Luxembourg cl acct Sweden	4.01
Första AP-fonden	3.55
Nordnet Pensionsförsäkring AB	3.50
ODIN Fonder	3.17
Tredje AP-fonden	2.21
BNP Paribas SA Luxembourg, W8IMY	1.96
10 largest shareholders	61.23

Some shareholding updates

- → Main owner Färna invest increased the owning from 21.5% in Q2 to 22.9% in Q3.
- → The First and Third AP Funds have increased their ownership and together now own 5.76%.
- → The CEO increased his ownership by 8,000 shares in the third quarter to 630,000 shares or 1.4%.

Outlook

HANZA 2025

HANZA's 2025 strategy is on track. HANZA reiterates that the group's operating margin will return to 8% for the full year 2025.

The sales growth is linked to expanding selected manufacturing clusters, which can be done organically, through MIG™ solutions or acquisitions.

Acquisitions

HANZA maintains a cautious acquisition strategy. Acquisitions must – like Orbit One – provide strong operational synergies and contribute to our financial targets.

There are however target companies that fulfil these criteria.

Long-term

The long-term strategy remains unchanged:

First, achieve the goals of Strategy HANZA 2025.

Then, expand with the next manufacturing cluster, according to an updated strategy for the coming years, with new operational and financial targets.

Q&A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DVF 5000
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IS ONE ™

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