

HANZA

**ALL YOU NEED
IS ONE™**

Year-end report 2024
HANZA AB



YEAR-END REPORT 2024

Steady progress in an unstable market

Fourth quarter 2024

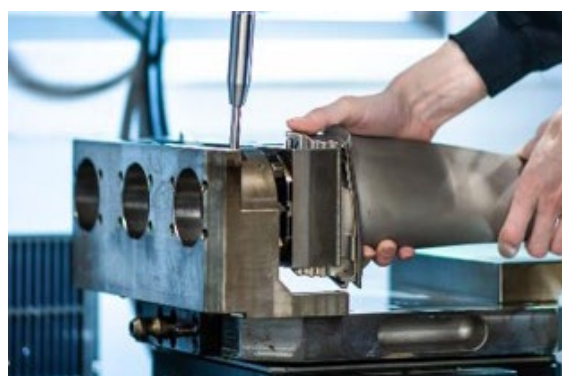
- Net sales increased by 20% to SEK 1,270 million (1,056).
Adjusted for currency and acquisitions, net sales decreased by 3%.
- Operating profit (EBITA) amounted to SEK 74 million (76), which corresponds to an operating margin of 5.8% (7.2). Adjusted for acquisitions costs for Leden Group, SEK 16 million, the underlying operating result was SEK 90 million, which corresponds to an operating margin of 7.1%. For comparable units, excluding acquisitions and one-off items, the operating margin amounted to 7.7%.
- Profit after tax amounted to SEK 31 million (47), which corresponds to SEK 0.71 SEK (1.16) per share before dilution, and SEK 0.71 (1,15) after dilution.
- Cashflow from operating activities amounted to SEK 289 million (97).

Full year 2024

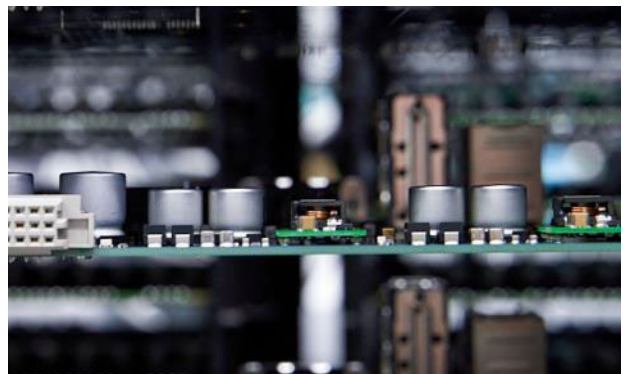
- Net sales increased by 17% to SEK 4,851 million (4,143).
Adjusted for currency and acquisition, net sales decreased by 5%.
- Operating profit (EBITA) amounted to SEK 273 million (344), which corresponds to an operating margin of 5.6% (8.3). Non-recurring items affected the result negatively by SEK 28 million. Excluding these items, the operating profit amounted to SEK 301 million (357), which corresponds to an operating margin of 6.2% (8.6). For comparable units, excluding acquisitions and one-off items, the operating margin amounted to 7.0%.
- Profit after tax amounted to SEK 111 million (214), which corresponds to SEK 2.55 (5.36) per share before dilution, and SEK 2.54 (5.31) after dilution.
- Cashflow from operating activities amounted to SEK 569 million (277).
- The Board proposes a dividend of SEK 0.80 (1.20) per share for 2024.

Significant events during 2024

- In January, an Extraordinary General Meeting approved the Board's proposal for a directed share issue to Färna Invest AB (owned by Gerald Engström), providing HANZA with SEK 40 million. The issue was part of a capital raising of SEK 300 million from December 2023, intended to prepare for future activities within the "HANZA 2025" strategy, such as acquisitions.
- In January, HANZA completed the acquisition of Orbit One AB, one of the leading Nordic 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 which will be inaugurated on February 11, 2025, will increase capacity and operational efficiency.
- In February 2025, 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 raised to apply to the full year 2025.
- In March, an action program was launched to integrate Orbit One, manage the economic downturn and achieve the company's new operating margin target. It started with an efficiency and integration program in Q1, continued in Q2 with customer volume and factory consolidations and ended in Q3 with a broader program for the rest of the Group.
- 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 new German customer, WISI Communications GmbH, to 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 manufacturing from Germany to HANZA's manufacturing cluster in Central Europe. The first deliveries took place in the fall of 2024 and at full volume, production is expected to reach an annual turnover 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.
- In November, HANZA announced the strengthening of Group Management with Mattias Lindhe as Chief Strategy Officer (CSO) and Diana Thorin as Chief Human Resources Officer (CHRO), both of whom previously held other senior positions in the Group. The purpose is to strengthen resources for both the final phase of the HANZA 2025 strategy and for the long-term continued geographical expansion.
- In December, HANZA signed an agreement to acquire Leden Group, a leading Finnish company in advanced mechanical manufacturing with sales of approximately SEK 1.1 billion. Through the acquisition, HANZA is developing its offering primarily in Finland, but also in the Baltics. This means, among other things, increased competence and capacity in advanced mechanical manufacturing.



CEO COMMENTS | Year-end report

2024 marked the start of a new recession, which we estimated would be long-lasting. To address declining volumes, we therefore launched an action program, ONYX, during Q1. At the same time, despite the headwinds, we were able to continue working according to our strategy "HANZA 2025", which in short means that we complete our existing operations before taking the next expansion step.

In line with HANZA 2025, we integrated the acquisition of Orbit One, divided between our clusters in Sweden and Central Europe. We continued our organic expansion by opening new factories in Estonia and Sweden. The year ended with the signing of a strategic acquisition of a Finnish company, Leden Group. The acquisition strengthens our competence and capacity in mechanical manufacturing, broadens our customer base in a good way and increases our presence in Finland and the Baltics.

Our successes demonstrate one of HANZA's distinctive characteristics, to continuously develop and create customer value, regardless of the economic cycle. We enter 2025 as a significantly stronger company.



Erik Stenfors, CEO HANZA

HANZA is a group in constant motion, driven by a clear strategy and a strong corporate culture. In 2024, we maintained a high development pace - something that is valued by both customers and colleagues. As we summarize the year, we can clearly see how our business model creates new opportunities even in a weaker economy. This has resulted in several strategic deals and further strengthened our market position.

Financial development

Compared with 2023, demand has decreased in several industries, such as forestry and agricultural equipment, textiles and mining. At the same time, demand in defense, security and energy has increased, but not enough to offset the decline in other sectors. The fact that turnover is still approaching pre-recession levels is due to good new sales.

In Q1 2024, we saw a significant weakening of the operating margin to 5.3%, mainly as a consequence of the economic downturn and the integration of Orbit One - a company we acquired at the beginning of the year, and which had significantly lower profitability. In March, we launched a comprehensive integration and action program, which has since created a positive profitability development. In Q4, 2024, the operating margin reached 7.1%, excluding costs for the Leden acquisition.

HANZA has shown stable cash flows for many years, which is important for us to maintain our high development pace. In Q4, we had a record strong cash flow from operating activities, 289 MSEK, which meant that we were able to reduce net debt by 209 MSEK, down to 700 MSEK.

The future

Looking ahead, we are focused on finalizing our ongoing projects within the framework of HANZA 2025, with particular emphasis on the integration of Leden Group. This expansion is an important step in our operational development, and we have a number of activities planned immediately after the closing, which is expected to take place in the first quarter of 2025.

A major development phase is also ongoing in Cluster Central Europe, where we are strengthening and optimizing operations in our factories as a next step following the integration of Orbit One in Poland. Important activities are also underway in other parts of the Group that will be completed before we close this chapter in HANZA's history.

Continued growth requires new production volumes. For 2025 - just as for 2024 - we cannot rely on an economic upturn. Therefore, new sales will continue to be a priority area, and we expect to be able to continuously present new business.

We know that conditions in the world around us change - and sometimes quickly. That's why we hold on to our structured growth model. That is, we launch a strategic plan with new operational targets for the coming years only when the previous plan has been fulfilled. In this way, we ensure that each strategic step is taken within the framework of our business model, with consideration changes in the external environment. We are currently working with an extensive analysis and planning for the next development phase, which is expected to be presented within a year.

HANZA makes customers' manufacturing easier through a business where committed employees drive continuous development in line with our strategy. As we look forward to a new exciting year, I would like to take this opportunity to thank our customers, employees, suppliers and shareholders. Your commitment and trust enables HANZA to continue to develop a sustainable and competitive industry - for everyone's benefit!

Kista, February 11, 2025

Erik Stenfors
CEO



The share

The number of shares amounted to 43,188, 840 at the beginning of the year and increased by 470,500 during Q1 through a directed share issue. At the end of the year, the number of shares amounted to 43,659,340.



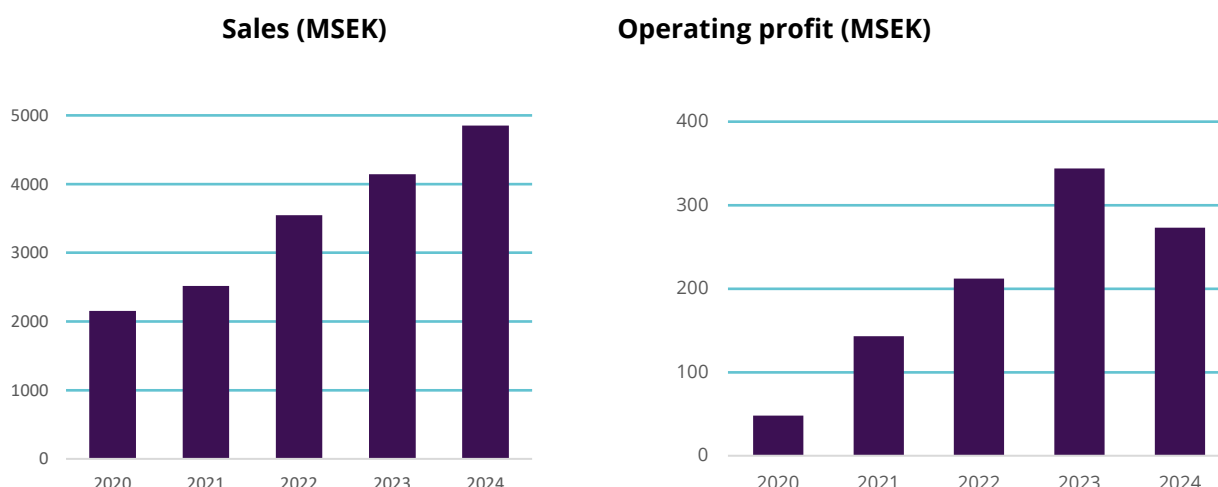
Colleagues

The average number of employees in Q4 amounted to 2,587 (2,024). At the end of the period, the number of employees amounted to 2,587. At the start of 2024, the number was 2,798 including Orbit One.

MARKET

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%. This will still apply after the acquisition of Leden Group. 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 during 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. HANZA maintains that a recovery could take place in 2025, even if the market is not expected to return to pre-2024 levels. 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 companies with manufacturing in risk areas are considering moving production closer to the market to secure their supplies. Uncertainty about future tariffs following the US presidential election further increases the need for local manufacturing. The economic downturn in Germany, mainly driven by the automotive segment where HANZA is not active, may provide new opportunities for so-called MIG™ contracts.



The graphs show sales and operating profit, EBITA, for the last five years.

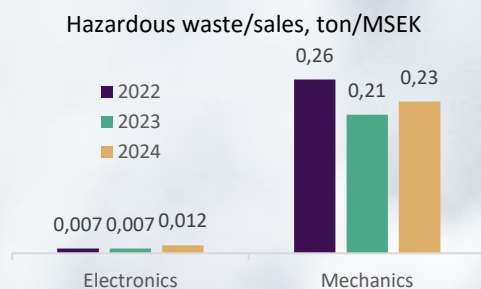
SUSTAINABILITY

HANZA's sustainability work is focused on three areas: Environment & Climate, Safety & Ethics and Colleagues. 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.

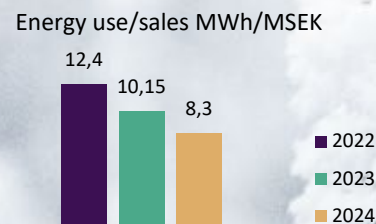
Selected activities from 2024

- During the year, we carried out a double materiality assessment, which for us was a thorough review of all the impacts we have on the environment and people, and potentially on our own financial value. The analysis provided valuable insights, and highlighted areas that we will continue to work on.
- In June, we launched our new intranet, HANZA Hub, which was created to include all our employees, and to develop 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.
- A complete GHG calculation for scope 1, 2 and 3 was carried out for all HANZA factories.
- During the year, we have invested in several new energy-efficient machines. In the mechanics factory in Kunovice, Czech Republic, three older bending machines were replaced by one new, modern machine. This change is expected to dramatically reduce both energy consumption and CO2 emissions – from 171 MWh per year to 6 MWh per year, and from 147.6 tons CO2 emissions per year to 5.2 tons per year.
- In the fall of 2024, a leadership program for managers at executive and cluster level was initiated, with a focus on communicative leadership.

Hazardous waste

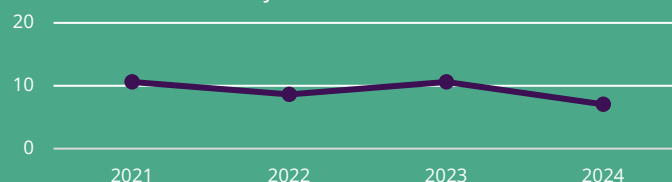


Energy use



LTIFR

Workrelated injuries/millions of worked hours



FINANCIAL DEVELOPMENT

Fourth quarter

Net sales amounted to SEK 1,270 million (1,056), a growth of 20%. Sales have increased through acquisitions. Exchange rate fluctuations had a positive impact of SEK 1 million on consolidated sales. Excluding currency and acquisitions, organic growth amounted to -3%.

The gross margin for the quarter amounted to 42.8% (44.4). The lower gross margin is mainly due to the acquisition of Orbit One, which has a lower gross margin, which is typical for electronics companies. EBITDA for the quarter amounted to SEK 121 million (108), corresponding to a margin of 9.5% (10.2). The group's operating profit (EBITA) amounted to SEK 74 million (76), corresponding to an operating margin of 5.8% (7.2). Costs related to the acquisition of Leden amounted to SEK 16 million. Adjusted for non-recurring items, the underlying operating result amounted to SEK 90 million, corresponding to an operating margin of 7.1% (8.4). For comparable units, excluding acquisitions and one-off items, the operating margin amounted to 7.7%.

Net financial items amounted to SEK -26 million (-23), of which exchange rate gains amounted to SEK 0 million (1). Profit before tax for the quarter amounted to SEK 41 million (48), profit after tax amounted to SEK 31 million (47). Income tax corresponds to a tax rate of 24% (2). The higher tax rate in the quarter is due to a higher proportion of non-deductible expenses and assessments of the value of loss carryforwards in connection with the annual accounts. The tax rate for the full year is 11% compared to 13% for 2024. Earnings per share for the quarter amounted to SEK 0.71 (1.16) before dilution and to SEK 0.71 (1.15) after dilution.

Full year

Net sales amounted to SEK 4,851 million (4,143), corresponding to growth of 17%. Sales have increased through acquisitions. Exchange rate fluctuations had a negative impact of SEK 14 million on the Group's sales. Excluding acquisitions and currency, organic growth amounted to -5%.

The gross margin for the full year amounted to 42.2% (44.5). EBITDA amounted to SEK 442 (464), corresponding to a margin of 9.1% (11.2). The Group's operating profit amounted to SEK 273 million (344), corresponding to an operating margin of 5.6% (8.3). The activity program implemented by HANZA in 2024 had a negative impact on earnings of SEK 65 million in total. Revaluation of purchase price had a positive impact on earnings of SEK 53 million. Costs for the acquisition of Leden amounted to SEK 16 million. Adjusted for these items, operating profit amounted to SEK 301 million (357), corresponding to an operating margin of 6.2% (8.6). For comparable units, excluding acquisitions and one-off items, the operating margin amounted to 7.0%.

Profit before tax amounted to SEK 125 million (247), profit after tax amounted to SEK 111 million (214). Income tax corresponds to a tax rate of 11% (13). Earnings per share for the period amounted to SEK 2.55 (5.36) before dilution and to SEK 2.54 (5.31) after dilution.

Cash flow and investments

Cash flow from operating activities amounted to SEK 289 million (97) in the fourth quarter and SEK 569 million (277) for the full year. The higher cash flow is mainly due to the Group's reduced tied-up working capital, the change in which amounted to SEK 238 million (6) in the quarter and to SEK 326 million (-102) for the full year. The activity programs implemented during the year had a negative impact on cash flow of SEK 35 million in the quarter.

Total investments in tangible fixed assets amounted to SEK 54 million (68) in the fourth quarter and SEK 264 million (306) for the full year, of which investments in and acquisitions of buildings accounted for SEK 35 million (33) in the quarter and SEK 82 million (107) for the full year. Other investments relate mainly to machinery and other fixed assets.

Financial position

Interest-bearing net debt amounted to SEK 700 million (363) at the end of the period, which is a decrease of SEK 209 million during the quarter. Net debt corresponds to a net debt/equity ratio in relation to adjusted EBITDA of 1.7 times (0.8). Adjusted for items affecting comparability, this ratio amounts to 1.6 times. Total assets at the end of the period amounted to SEK 3,637 million (2,929), the increase is mainly due to the acquisition of Orbit One. Equity at the end of the period amounted to SEK 1,480 million (1,345), corresponding to an equity ratio of 40.7% (45.9). During the year, HANZA paid a dividend of SEK 52 million to shareholders.

Dividends

The Board of Directors proposes a dividend of SEK 0.80 per share (1.20), corresponding to an amount of SEK 35 million (52). The Board's proposal is based on the company's dividend policy, strategy and financial position.

Parent company

The parent company's net sales consist solely of income from group companies. No investments were made in the parent company during the year.

Significant risks and uncertainties

The risk factors that generally have the greatest significance for HANZA are unexpected external events, 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 risks have occurred since the annual report for 2023 was submitted.

Related party transactions

During the quarter, there were no significant transactions between the HANZA Group and related parties other than those described in Note 32 of the company's annual report for 2023. Through the acquisition of Orbit One in 2024, a partly owned company, Spectrum Technology AB, was added, which specializes in developing customized automation solutions. During the year, HANZA purchased services from Spectrum on market terms.

This report has not been reviewed by the company's auditor.

SEGMENT OVERVIEW

Description of segment reporting

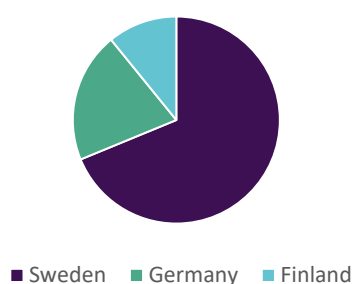
HANZA divides its manufacturing operations into so-called manufacturing clusters and applies a financial segmentation based on primary customer markets. In addition, there are activities in development and consulting as well as business development. These are reported in a separate segment.

Main markets segment

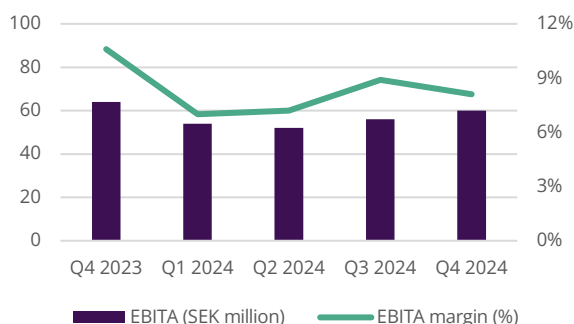
SEK MILLION	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
External net turnover	745	605	2,864	2,349
Operating profit (EBITA)*	60	63	222	255
EBITA margin (%)*	8.1	10.4	7.8	10.9

*Excluding items affecting comparability

Breakdown of net sales by manufacturing cluster



Operating result



Main Markets segment is characterized by manufacturing clusters located within or close to HANZA's primary geographic customer markets, which currently consist of Sweden, Norway, Finland and Germany. Therefore, the Main Markets segment currently includes HANZA's manufacturing clusters in Sweden, Finland and Germany. HANZA's operations in these areas are characterized by proximity to the customers' own factories and close cooperation with the customers' development departments.

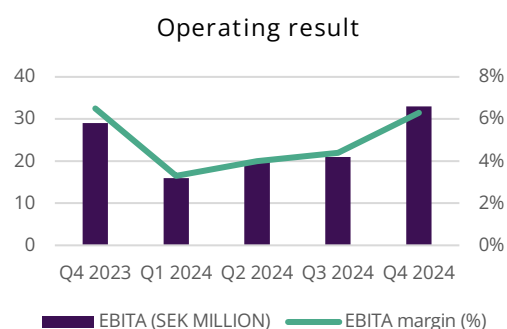
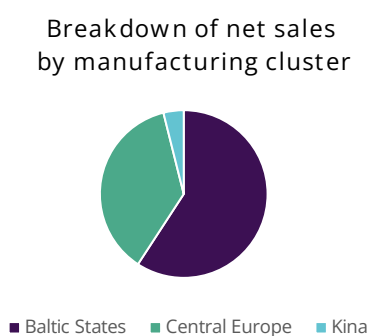
External net sales in the fourth quarter increased by 23% compared with the corresponding period in 2023. Adjusted for acquisitions and currency, net sales decreased by 4%. The operating margin, excluding items affecting comparability, amounted to 8.1% (10.4). For comparable units, excluding acquisitions, the operating margin is 9.0% (10.4). While demand for HANZA's offering has strengthened in Germany, existing volumes have decreased during the quarter, which has had a negative impact on sales and margin.

For the full year, external net sales amounted to 2,864 (2,349), a growth of 22%. Adjusted for acquisitions and currency, net sales decreased by 5%. The operating margin, excluding items affecting comparability, amounted to 7.8% (10.9).

Other markets segment

SEK MILLION	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
External net turnover	520	447	1,973	1,777
Operating profit (EBITA)*	33	29	90	110
EBITA margin (%)*	6.3	6.5	4.6	6.2

*Excluding items affecting comparability



The Other Markets segment refers to manufacturing clusters located outside HANZA's primary geographical customer markets. Today, 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 by in the fourth quarter by 16% compared with the corresponding period last year. Adjusted for acquisitions and currency, sales decreased by 1% in the quarter. The operating margin, excluding items affecting comparability, amounted to 6.3% (6.5). For comparable units, excluding acquisitions and items affecting comparability, the operating margin is 6.8% (6.5).

For the full year, external net sales amounted to SEK 1,973 million (1,777), a growth of 11%. Adjusted for acquisitions and currency, net sales decreased by 5%. The operating margin, excluding items affecting comparability, amounted to 4.6% (6.2).

Business Development and Services segment

Business Development and Services segment refers to revenues and expenses from the services offered by HANZA in consulting and development services, as well as costs not allocated to the manufacturing clusters, mainly related to group-wide functions within the parent company, as well as group-wide adjustments not allocated to the other segments.

Revenue from external customers amounted to SEK 5 million (4) in Q4 and operating profit excluding items affecting comparability amounted to SEK -3 million (-4). For the full year, external net sales amounted to SEK 14 million (17) and operating profit excluding items affecting comparability amounted to SEK -11 million (-9).

FINANCIAL REPORTS

Condensed consolidated income statement

SEK MILLION	Note	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Net turnover	4	1,270	1,056	4,851	4,143
Change in stocks of work in progress, finished goods and work in progress on behalf of others		-52	-26	-80	33
Raw materials and supplies		-675	-561	-2,722	-2,334
Other external costs		-151	-134	-522	-484
Staff costs		-263	-229	-1,142	-904
Depreciation and impairment of tangible fixed assets		-47	-32	-169	-120
Other operating income and expenses		-8	2	57	10
Operating profit (EBITA)	4	74	76	273	344
Depreciation and amortization of intangible assets		-7	-5	-34	-17
Operating profit (EBIT)	4	67	71	239	327
Financial items - net	5	-26	-23	-114	-80
Profit before tax	4	41	48	125	247
Income tax		-10	-1	-14	-33
Profit for the period		31	47	111	214
Earnings per share					
Before dilution, SEK		0.71	1.16	2.55	5.36
After dilution, SEK		0.71	1.15	2.54	5.31

Consolidated statement of comprehensive income

SEK MILLION	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Profit for the period	31	47	111	214
Revaluation of post-employment benefits	-	-11	-	-7
Tax on non-recoverable items	-	3	-	2
Total items not to be reversed in the income statement	-	-8	-	-5
Exchange rate differences	16	-26	33	-4
Exchange rate difference on acquisition loans	-	1	-	-
Tax on items that can later be reversed	-	-	-	-
Total items that may subsequently be reversed in the profit and loss account	16	-25	33	-4
Other comprehensive income for the period	16	-33	33	-9
Total comprehensive income for the period	47	14	144	205

Condensed consolidated balance sheet

SEK MILLION	Note	2024-12-31	2023-12-31
ASSETS			
Fixed assets			
Goodwill		529	387
Other intangible assets		135	77
Tangible fixed assets		902	714
Right-of-use assets		282	186
Other fixed assets		2	-
Deferred tax assets		37	23
Total fixed assets		1,887	1,387
Current assets			
Stocks of goods		1,137	936
Accounts receivable		213	175
Other receivables		124	91
Cash and cash equivalents		276	340
Total current assets		1,750	1,542
TOTAL ASSETS		3,637	2,929
EQUITY			
Equity attributable to equity holders of the parent		1,480	1,345
DEBTS			
Long-term liabilities			
Post-employment benefits		102	102
Deferred tax liabilities		79	57
Liabilities to credit institutions	3	601	326
Leasing liabilities		166	114
Total long-term liabilities		948	599
Current liabilities			
Overdraft facility	3	-	99
Liabilities to credit institutions	3	161	86
Leasing liabilities		73	53
Other interest-bearing liabilities	3	6	11
Trade payables		590	450
Other liabilities		379	286
Total current liabilities		1,209	985
TOTAL EQUITY AND LIABILITIES		3,637	2,929

Consolidated statement of changes in equity in summary

SEK MILLION	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Opening balance	1,432	1,078	1,345	898
Profit for the period	31	47	111	214
Other comprehensive income	16	-33	33	-9
Total comprehensive income	47	14	144	205
Transactions with owners				
New issue	-	260	40	277
Share savings program 2025	1	-	4	1
Issuance costs	-	-7	-1	-7
Dividends	-	-	-52	-29
Total contributions from and value transfers to shareholders, recognized directly in equity	1	253	-9	242
Closing balance	1,480	1,345	1,480	1,345

Consolidated statement of cash flows in summary

SEK MILLION	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Cash flow from operating activities				
Profit after financial items	41	48	125	247
Depreciation and amortization	54	37	203	137
Other non-cash items	-34	6	-35	12
Income tax paid	-10	0	-50	-17
Cash flow from operating activities before changes in working capital	51	91	243	379
Total change in working capital	238	6	326	-102
Cash flow from operating activities	289	97	569	277
Cash flow from investing activities				
Business combinations	-3	-	-367	-2
Asset acquisitions	-	-	-	-49
Investments in fixed assets	-55	-64	-267	-249
Disposal of fixed assets	-2	2	2	5
Cash flow from investing activities	-60	-62	-632	-295
Cash flow from financing activities				
New issue	-	253	39	270
Loans raised	-	326	564	517
Repayment of loans	-168	-374	-563	-541
Dividends	-	-	-52	-29
Cash flow from financing activities	-168	205	-12	217
Increase/decrease in cash and cash equivalents	61	240	-75	199
Cash and cash equivalents at the beginning of the period	206	98	340	137
Exchange rate differences in cash and cash equivalents	9	2	11	4
Cash and cash equivalents at the end of the period	276	340	276	340

Condensed parent company income statement

SEK MILLION	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Operating revenue	13	13	37	32
Operating expenses	-13	-8	-37	-30
Operating result	0	5	20	2
Financial items - net	-1	-1	-10	-4
Profit after financial items				
Appropriations for the financial year	-1	4	-10	-2
Profit before tax	45	8	45	8
Tax on profit for the period	44	12	35	6
Profit for the period	-7	-1	-7	-
Operating revenue	37	11	28	6

Condensed balance sheet of the parent company

SEK MILLION	2024-12-31	2023-12-31
ASSETS		
Financial fixed assets	1,187	886
Short-term receivables	277	29
Cash and cash equivalents	154	164
TOTAL ASSETS	1,618	1,079
EQUITY AND LIABILITIES		
Equity capital	699	684
Untaxed reserves	2	2
Long-term liabilities	504	216
Current liabilities	413	177
Total liabilities	919	395
TOTAL EQUITY AND LIABILITIES	1,618	1,079

NOTES

Note 1 General information

HANZA AB (publ), corporate identity number 556748-8399, has its registered office in Stockholm municipality.

Unless otherwise stated, all amounts are in millions of SEK (MSEK) and refer to the Group. Figures in brackets refer to the corresponding period last year. The interim information on pages 9 to 12 forms an integral part of this financial report.

Note 2 Basis of preparation of the reports and accounting policies

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 ÅRL 9 chapter and RFR 2 Accounting for legal entities.

The accounting principles are in accordance with the principles applied in the previous financial year. For more information on these, please refer to Note 2 in HANZA AB's annual report for 2023.

Note 3 Financial instruments - Fair value of financial liabilities measured at amortized cost

In connection with the acquisition of Orbit One, most of the group's contracts were renegotiated and refinanced with a smaller 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 variable interest rate. The Group's other borrowings consist of a small number of contracts taken out at different times and with different maturities, essentially at floating rates. Against this, the carrying amounts can be considered a good approximation of fair values. The fair value of short-term borrowings approximates their carrying amount, as the effect of discounting is not material.

Note 4 Revenue and segment information

Description of revenue from contracts with customers

HANZA's revenue comes primarily from the production of components, subsystems and finished composite products according to customer specifications, but where HANZA has been involved in tailoring the manufacturing process. HANZA's performance obligation is deemed fulfilled when the component or composite product is delivered to the customer. Exceptions to this are in cases where there is an agreement with the customer on buffer stocks of finished components or products. In these cases, the performance obligation is considered fulfilled already when the component or product is placed in the buffer stock and is thus available to the customer.

The breakdown of external revenues by segment, which follows the Group's clustered organization, is shown in the segment information on pages 11-12. In addition, external revenues are presented by manufacturing technologies, Mechanics and Electronics, at the end of this note.

Results by segment.

Segment results are reconciled to profit before tax as follows

SEK MILLION	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Operating profit (EBITA)				
Main markets	62	63	176	255
Other markets	34	29	75	110
Business development and services	-22	-16	22	-21
Total EBITA	74	76	273	344
Amortization of intangible assets	-7	-5	-34	-17
Operating profit (EBIT)	67	71	239	327
Financial items - net	-26	-23	-114	-80
Profit before tax	41	48	125	247
Items affecting comparability				
Revaluation of acquisition proceeds	-	-1	53	-1
Transaction costs	-16	-10	-16	-10
Integration costs	-	-2	-65	-2
Total	-16	-13	-28	-13
EBITA by segment excluding items affecting comparability				
Main markets	60	64	222	256
Other markets	33	29	90	110
Total	93	93	312	366
Business development and services	-3	-4	-11	-9
Total	90	89	301	357
Items affecting comparability	-16	-13	-28	-13
EBITA	74	76	273	344
Revenue from external customers by manufacturing technology				
Mechanics	571	607	2,221	2,347
Electronics	694	444	2,616	1,779
Business development and services	5	5	14	17
Total	1,270	1,056	4,851	4,143

Note 5**Financial items - net**

SEK MILLION	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Financial income and expenses				
Interest income	1	1	4	1
Interest costs	-18	-20	-95	-66
Other financial charges	-9	-5	-25	-18
Total financial income and expenses	-26	-24	-116	-83
Net exchange rate gains and losses	-	1	2	3
Total financial items				
Financial income and expenses	-26	-23	-114	-80

Note 6**Asset and business combinations****Acquisitions during the year**

On January 4, 2024, all shares in Orbit One AB were acquired. The company offers electronics manufacturing in Sweden and Poland and had approximately 620 employees at the time of acquisition. Transaction costs amounted to approximately SEK 10 million, which was charged to other external costs in Q4 2023.

The purchase price was calculated at SEK 425 million based on the company's balance sheet as of November 30, 2023 and initially estimated additional purchase price. SEK 367 million was paid at the time of closing and SEK 5 million during the second quarter of 2024. In addition, there was an additional purchase price linked to an estimated improvement in earnings in 2024 compared to 2023, which could amount to a maximum of SEK 116 million.

The additional purchase price was estimated in the acquisition analysis at SEK 61 million, which is discounted to SEK 58 million. During 2024, the estimated remaining purchase price has been gradually reduced and in Q3 it was estimated at zero. The reversal, recognized as other operating income, adjusted for discounting amounts to SEK 53 million.

In the acquisition, an intangible asset in the form of customer relationships of SEK 76 million was identified. The amortization period for these customer relationships is estimated at 10 years. Deferred tax liabilities relating to this item amount to SEK 16 million. In addition, goodwill of SEK 135 million is recognized in the acquisition. This goodwill consists mainly of market position and personnel, as well as synergies with HANZA's other operations in Sweden and Poland. It is not tax deductible.

The table below summarizes the purchase price for Orbit One and the fair value of acquired assets and assumed liabilities recognized on the acquisition date and cash flow from the acquisition. Revenue in the acquired companies amounted to SEK 242 million during the quarter and SEK 933 million for the full year. Operating profit EBITA excluding items affecting comparability amounted to SEK 11 million for the quarter and SEK 27 million for the full year. The result is attributable in its entirety to the period after the acquisition.

Purchase price, SEK million

Purchase price paid	372
Initial estimated earn-out	53
Total estimated purchase price	425

Reported amounts of identifiable assets acquired and liabilities assumed

Cash and cash equivalents	10
Intangible fixed assets	76
Tangible fixed assets	25
Right-of-use assets	51
Other fixed assets	5
Stocks of goods	403
Trade and other receivables	185
Deferred tax liability	-28
Liabilities to credit institutions	-180
Leasing liabilities	-38
Trade and other payables	-219
Total net assets identified	290
Goodwill	135
Total net assets contributed	425

Cash flow effect of the acquisition

Cash and cash equivalents paid at closing	-367
Purchase price paid in Q2 2024	-5
Cash and cash equivalents in the company	10
Cash flow from the business combination	-362

Previous acquisitions

During the year, additional purchase prices totaling SEK 5 million were paid for the acquisition of Beyer (now HANZA Electronics Mönchengladbach GmbH).

Other acquisitions

In December, HANZA signed an agreement to acquire Leden Group, a leading Finnish company in advanced mechanical manufacturing with sales of approximately SEK 1.1 billion. The acquisition has not yet been completed and an acquisition analysis has not been prepared.

Financial calendar

- Annual report 2024: Tuesday 25 March 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 FIGURES AND DEFINITIONS

	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Key figures according to IFRS				
Net turnover, SEK million	1,270	1,056	4,851	4,143
Operating profit (EBIT), SEK million	67	71	239	327
Amortization and impairment intangible assets, SEK million	-7	-5	-34	-17
Earnings per share before dilution, SEK	0.71	1.16	2.55	5.36
Earnings per share after dilution, SEK	0.71	1.15	2.54	5.31
Cash flow from operating activities, SEK million	289	97	569	277
Average number of employees	2,587	2,024	2,578	2,001
Alternative performance measures				
EBITDA, SEK MILLION	121	108	442	464
EBITDA margin, %	9.5	10.2	9.1	11.2
Operating segments EBITA, SEK million	96	92	251	365
Business development and services segment EBITA, SEKm	-22	-16	22	-21
Operating EBITA margin, %	7.6	8.7	5.2	8.8
Operating profit (EBITA), SEK million	74	76	273	344
EBITA margin, %	5.8	7.2	5.6	8.3
Operating capital, SEK million	2,313	1,796	2,313	1,796
Return on operating capital, %	3.1	4.2	13.3	20.5
Capital turnover on operating capital, times	0.5	0.6	4.7	4.9
Return on capital employed, %	2.6	3.5	10.1	17.1
Net interest-bearing debt, SEK million	700	363	700	363
Net debt/equity ratio, times	0.5	0.3	0.5	0.3
Net debt / adjusted EBITDA, times	1.7	0.8	1.7	0.8
Equity ratio, %	40.7	45.9	40.7	45.9
Equity per share at the end of the period, SEK	33.89	31.14	33.89	31.14
Weighted average number of shares before dilution	43,659,340	40,961,154	43,640,057	39,987,799
Adjustment for the calculation of diluted earnings per share:	156,250	163,000	156,250	347,689
Weighted average number of shares after dilution	43,815,590	41,124,154	43,796,307	40,335,488
Shares outstanding at the end of the period	43,659,340	43,188,840	43,659,340	43,188,840

Key figures	Description
Key figures according to IFRS	
EBIT	Earnings before interest and taxes. Operating profit before net financial items, appropriations and taxes.
Alternative performance measures	
<i>The following alternative performance measures are used in this report. Reconciliation tables for alternative performance measures and the reasons for using each individual measure are published on the company's website www.hanza.com.</i>	
Return on capital employed	Operating profit after adding back financial items divided by average capital employed.
Gross margin	Net sales less the cost of raw materials and consumables and changes in work in progress, finished goods and work in progress divided by net sales.
EBITDA	Earnings before interest, taxes, depreciation, and amortization. Earnings before interest, taxes, depreciation, amortization and impairment of tangible and intangible assets.
EBITDA margin	EBITDA divided by net sales.
EBITA	Earnings before interest, taxes, and amortization. Earnings before amortization and impairment of intangible assets, net financial items, appropriations and taxes.
EBITA margin	EBITA divided by net sales.
Equity per share	Equity at the balance sheet date adjusted for unregistered share capital divided by the registered number of shares at the balance sheet date.
Adjusted EBITDA	EBITDA adjusted for depreciation of additional right-of-use assets for leased properties according to IFRS 16.
Items affecting comparability	Items of income and expense in operating profit that arise only exceptionally in the course of business. Items affecting comparability include income and expenses such as acquisition costs, the translation of contingent considerations, gains and losses on the sale of land and buildings, debt forgiveness, costs of major restructuring such as the relocation of entire plants and major impairment losses.
Capital turnover on average operating capital	Net sales divided by average operating capital.
Operating segments EBITA	Operational EBITA. EBITA for the segments Main markets and Other markets.
Operational EBITA margin	Operating segments' EBITA divided by operating segments' net sales.
Operational capital	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 equity.
Net debt to adjusted EBITDA ratio	Net debt at the end of the period divided by adjusted EBITDA rolling 12 months.
Return on operating capital	EBITA divided by average operating capital.
Net interest-bearing debt	Interest-bearing liabilities including provisions for post-employment benefits excluding estimated financial liabilities right-of-use assets for leased properties and premises under IFRS 16 less cash and similar assets and short-term investments.
Solidity	Equity divided by total assets.
Capital employed	Balance sheet total minus non-interest-bearing provisions and liabilities.
<i>When performance measures are given for rolling 12 months, this refers to the sum of the last 12 months up to the period indicated</i>	

ABOUT HANZA

HANZA is a global knowledge and manufacturing company that modernizes and streamlines the manufacturing industry. Through product development, supply chain consulting and with our own factories grouped in 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 approximately SEK 4.9 billion. The company has manufacturing clusters in Sweden, Finland, Germany, the Baltics, Central Europe and China with a total of over 2,500 employees.

Among HANZA's clients are leading product 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.

Further information

On www.hanza.com you can find further information about the HANZA Group, as well as financial reports, presentations and press releases.

For more information, please contact:

Erik Stenfors, CEO
Tel: +46 709 50 80 70
E-mail: erik.stenfors@hanza.com

Lars Åkerblom, CFO
Tel: +46 707 94 98 78
E-mail: lars.akerblom@hanza.com

