Q2 - 2025

Fast forward in a slow market

Margin expansion, Leden integration and strategic defense acquisition

Audiocast, July 22, 2025

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AGENDA

→ Progress report

→ Sustainability and Financial development

→ Conclusions and Outlook

→ Q&A

THE LEDEN ACQUISITION

In March, HANZA completed the acquisition of Leden Group Oy

- Contract manufacturer in mechanics, approx. 600 new colleagues, 4 production facilities in Finland and 1 in Estonia.
- Strengthening competence in sheet metal mechanics, machining and complex assembly, as well as broadening the customer base.
- Annual sales ca SEK 1.1 bn, with customers from areas such as energy storage, energy distribution, and industrial automation.

Seamless integration process ongoing

- The Leden Group has been divided between Cluster Finland and Cluster Baltics (picture, right) .
- Similar corporate culture makes the merger smooth and quick.

Customer demand exceeds the nominal capacity of Leden

- Leden needs to allocate extra resources to handle demand, which affects profitability.

Excellent cooperation with new customers

- HANZA has launched support resources in dialogue with the new customers, adding capacity from other production sites in Finland and in other manufacturing clusters.
- Permanent capacity solution in place within 2025.

Jukka Haapalainen,
President Cluster Finland
(former CEO Leden)

Cluster Finland
~ 600 p, 55 000 sqm

Cluster Baltics
~ 1 000 p, 65 000 sqm

Liivar Kongi
President Cluster Baltics

THE LYNX PROGRAM

Started in March 2025...

- A new security situation in Europe is creating significantly increased demand for advanced defense-related products.
- HANZA is perfectly positioned with customized, regional manufacturing solutions, embracing mechanics and electronics. Furthermore, HANZA has extensive experience in manufacturing for the defense industry.
- LYNX aims to support and increase customers in the defense sector, while strengthening capacity for other customer groups.

...and is accelerated through the acquisition of the defense manufacturer Milectria.

- As an important part of LYNX, we signed an agreement to acquire Milectria in July 2025.
- Milectria is a leading manufacturer of electrical equipment and systems for demanding use-cases in defense and industry sectors.
- The acquisition creates a dedicated manufacturing platform for the defense industry, while ensuring capacity for other industries.
- Closing is expected in September 2025, when further details about Milectria and the LYNX program will be provided.

The LYNX program
HANZA's response to a changing security situation in Europe. Focus on the defense industry

Acquisition of Milectria
A manufacturer specializing in systems for the defense industry. Picture right: 3 of 4 owners of Milectria, Tatu Piilola, Mirka Ruoho, and Tomi Kaukonen, together with Erik Stenfors, CEO HANZA.

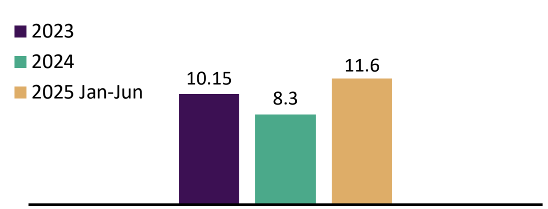
Milectria joins HANZA

- Milectria brings one manufacturing unit in Finland, two in Estonia and one unit in UAE (Abu Dhabi, for offset agreement)
- Total of about 3,500 colleagues
- Annual sales approx. 300 MSEK with double digit operating margin
- The new units will be kept as a special resource team for LYNX for a period of time

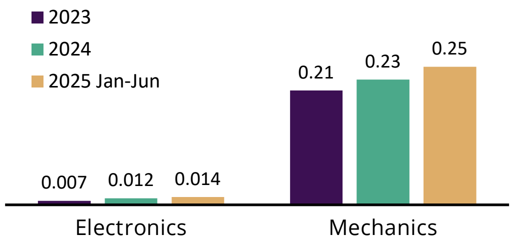
Sustainability, main activities in Q2

- Leden is included in sustainability reporting as of Q2 2025
- We have globally reviewed and updated our double materiality analysis (DMA) following the acquisition of Leden.
- We implemented various local initiatives in Q2 based on the results of our annual employee survey.
- Our workforce has expanded through a socially responsible recruitment initiative involving open prisons. Inmates serving open sentences have been hired at our facilities in Tartu and Narva, and the next step is to also hire inmates in Tallinn.

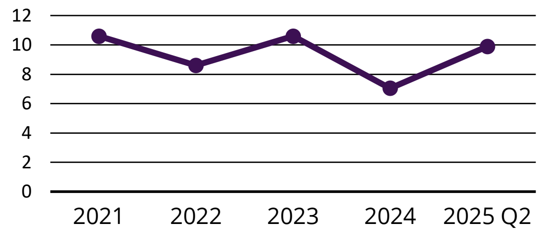
Energy use (MWh/MSEK)



Hazardous waste (ton/MSEK)



LTIFR (Lost Time Injury Frequency Rate)
No. of work-related injuries resulting in lost time/ M hours worked



The graphs also include the factories added through the acquisition of Leden in March 2025. Hazardous waste in mechanics has increased due to the dismantling of the surface treatment and paint line at the factory in Sievi.

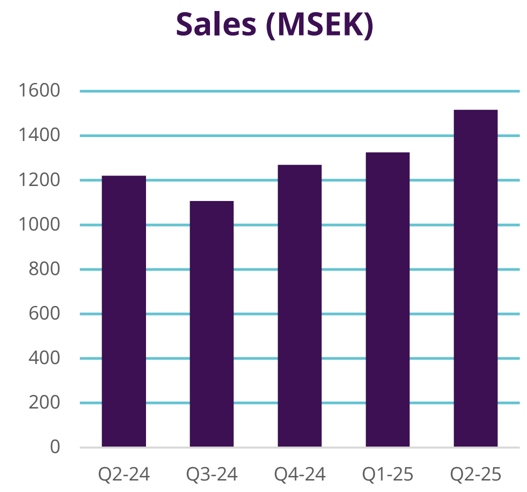
Q2 Financials

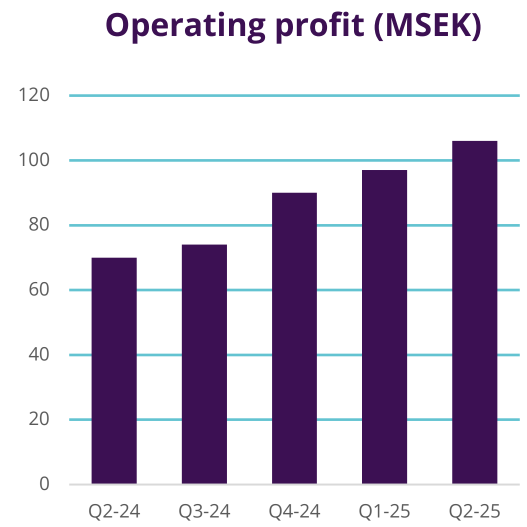
Sales

- Net sales increased 24%, and reached a record of 1,516 MSEK, driven by the acquisition of Leden and organic growth of 3%.
- Pro forma sales HY1, including Leden for the full period, amounts to 3,051 MSEK.
- Several customers indicates increased volumes for HY2.

Earnings

- Adjusted operating profit reached 106 MSEK (70).
- Adjusted operating margin for comparable units, excluding Leden, continued to improve sequentially, to 7,8% in Q2. From 4,1% one year ago and 7.3% in Q1 2025.
- Leden faced delivery challenges due rapid growing volume demands from customers. This led to a need of temporary increased cost and a lower operating margin.
- Orbit One, acquired in Q1 2024, is now on the same margin as the rest of HANZA sites. At acquisition it was on ca 6%.
- Adjusted EPS increased to SEK 1.13 (0.58), driven by improved profitability.





Sales and operating profit per quarter (bars, left scale) and accumulated 12 months (line, right scale).

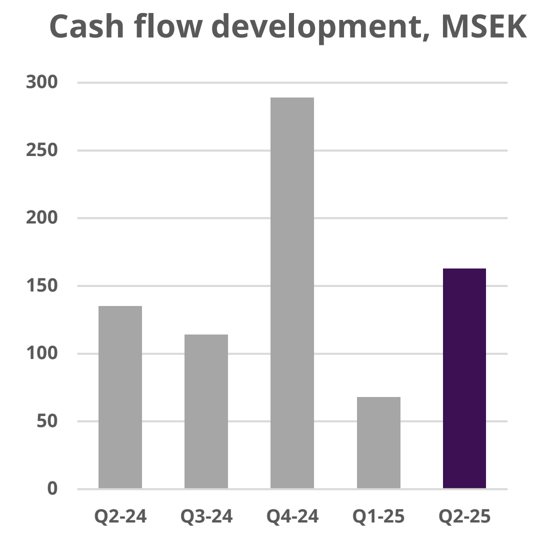
Q2 Financials

Cash flow

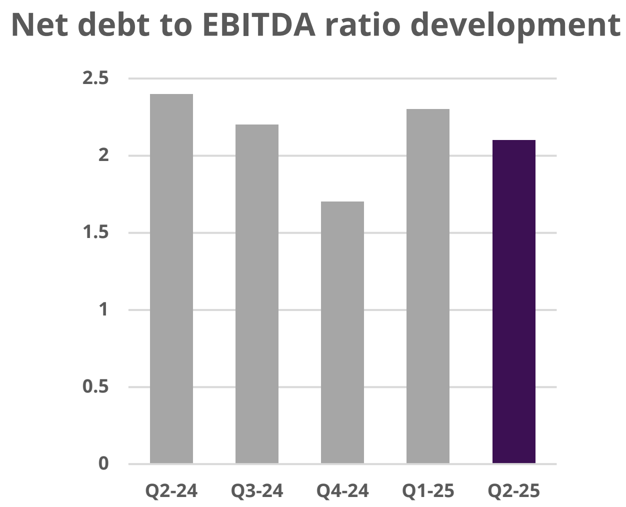
- Strong operating cash flow amounted to 163 MSEK (135), driven by increased profit and reduction of working capital.
- Cash flow peaked in Q4 2024 following the previous acquisition (see graph). Leden is also expected to contribute after our working capital activities.
- The decrease of investments continued. In Q2 the investments in fixed assets excluding acquisitions amounted to 24 MSEK (96) and for HY1 54 MSEK (148).

Financial position

- The balance sheet remains solid post -acquisition of Leden and dividend, equity ratio increased from 34% to 35% during Q2.
- Net debt decreased with 64 MSEK during the quarter and amounts to 1,133 MSEK.
- Net debt/EBITDA decreased to 2.1 (2,3 in Q1/25). The acquisition of Milectria will temporarily increase the ratio. Excluding that, a gradual reduction is expected.



Cash flow from operations per quarter



Net interest-bearing debt divided by adjusted EBITDA, including acquisitions, by quarter

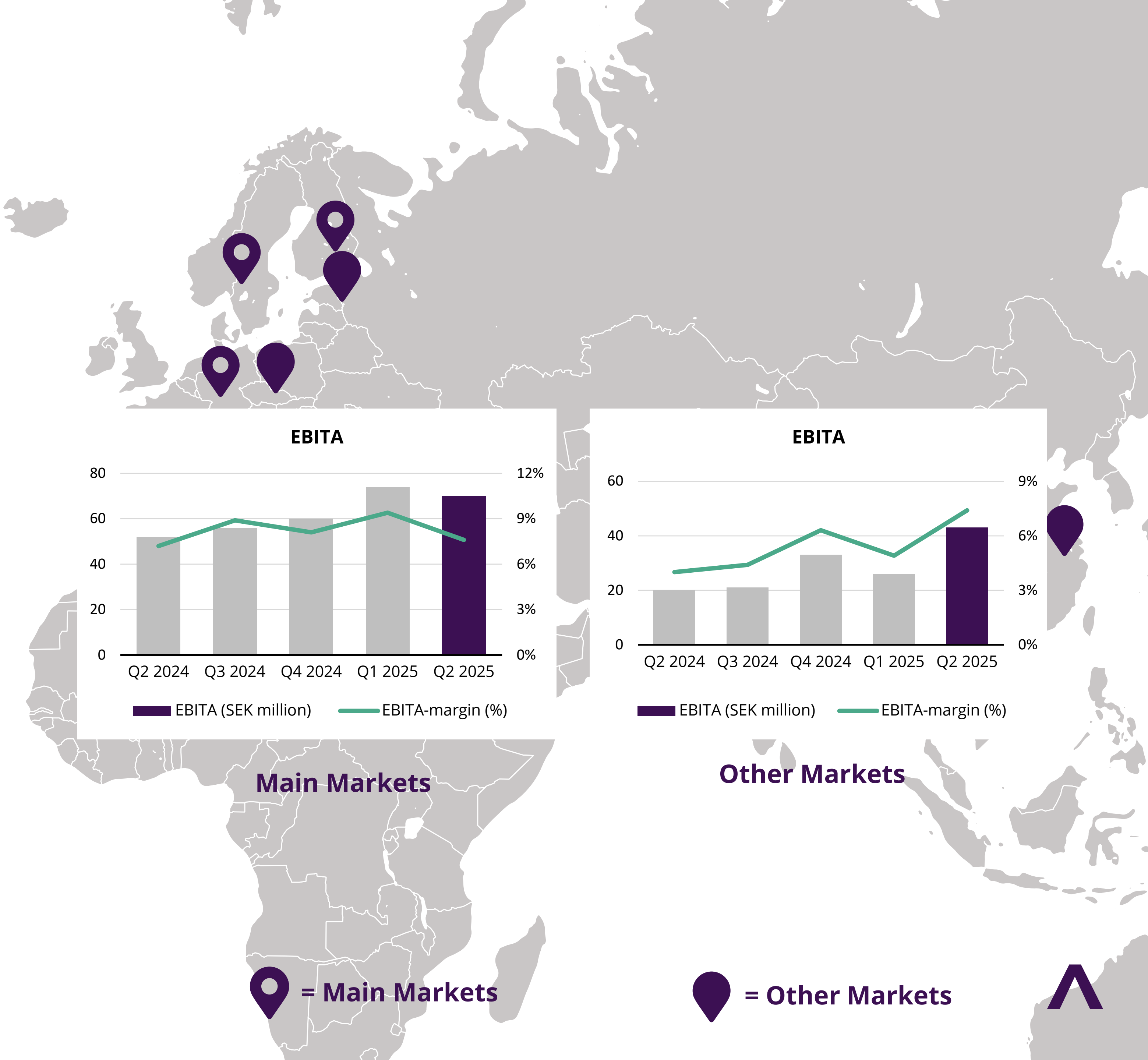
Q2 Financials

Segment Main markets

- Net sales up 27% to 917 MSEK (723)
  Sales up 6% adjusted for acquisitions and currency.
- Adjusted operating profit totaled 70 MSEK (52), corresponding to an operating margin of 7.6% (7.2) and for comparable units were 8,9%.
- Delivery challenges (see prev. slide) in Leden affects both sales and margin negatively.

Segment Other markets

- Net sales up 20% to 596 MSEK (495) and -1% adjusted for acquisitions and currency.
- Adjusted operating profit totaled 43 MSEK (20), corresponding to an operating margin of 7,2% (4,0) and for comparable units were 7,6%.
- The margin in Other markets are on higher level, closer to the level in Main markets.



Ownership & Share

Main owners as of July 21 2025	%
Färna Invest AB	21.75
Francesco Franzé	8.30
Första AP-fonden	4.88
Ritter Beteiligungs Gmbh	4.58
ODIN Fonder	3.96
Nordnet Pensionsförsäkring AB	3.95
Tredje AP-fonden	2.62
Inbox Capital AB	2.09
Indépendance et Expansion AM S.A.	2.07
Alcur Fonder	2.01
10 largest shareholders	56.23

Some shareholding updates

- Number of shares increased in March by 2,3 M to 46.0 M
- Dividend 0.80 SEK (1.20) paid in Q2 corresponding to 37 MSEK
- CEO Erik Stenfors has continued to increase the ownership in Q2 and now holds 640,000 shares, corresponding to 1.4%

The Milectria acquisition

- Acquisition of 100% the shares in the contractual manufacturing part of Milectria, including the real estates.
- The purchase price of 16.4 MEUR is based on a EBITA multiple of 4,9 on a cash and debt free basis.
- The purchase price will be paid in cash upon closing and will be financed through cash and credit facilities.
- The purchase price may increase by a maximum of 18 MEUR, based on revenue growth during the period 2025–2027. The maximum additional purchase price is conditional upon Milectria more than doubling its net sales.
- Closing is expected to take place in September 2025, subject to customary closing conditions, including regulatory approvals.
- The acquisition is expected to have a positive impact on sales, operating margin and earnings per share.

Summary and Outlook

Fast development during a slow economy

In addition to the major projects, many other activities are underway within the group.

- New facilities in Sweden.
- Ongoing development of the cluster in Poland.
- The slow economy in Germany is being handled within operations, at the same time it offers new sales opportunities.

Looking ahead: Demand is picking up

Signs that the economic downturn that began in early 2024 is coming to an end.

Several existing customers are raising their volumes for the end of 2025, which is the first time since the slow economy started.

Work on HANZA 2028 in its final phase

Close dialogue with customers on the optimal development of HANZA.

The next strategic step, HANZA 2028, to be presented at a capital markets day towards the end of the year.

Q & A

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