MANUFACTURING MADE EASY

HANZA

Annual and Sustainability Report 2024

Contents

Financial calendar

- Interim report quarter 1, 2025: Tuesday May 6, 2025
- Interim report quarter 2, 2025: Tuesday, July 22, 2025
- Interim report quarter 3, 2025: Tuesday, October 28, 2025

Annual General Meeting

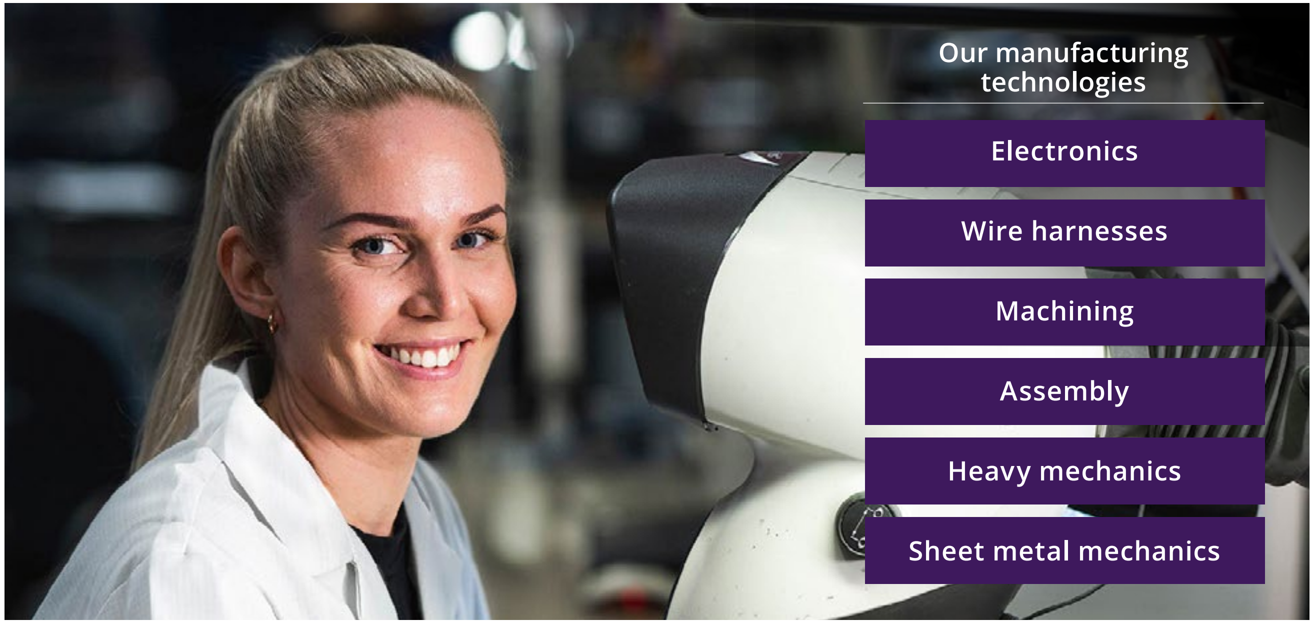
HANZA AB's AGM 2025 will be held on **May 13, 2025**.

The statutory annual report comprises pages 58–109. The sustainability report reviewed by the auditors comprises pages 12–53 and 115–124. The official annual report is prepared in Swedish in ESEF format and is available on the company's website. This PDF version is available in Swedish and English. The Swedish version is the official version.

HANZA IN BRIEF

Sustainable and simple manufacturing

HANZA is not a traditional contract manufacturer. We are a global industrial group that has been revolutionizing the manufacturing industry since 2008 by making it simpler, smarter and more sustainable.



Winning business model
We combine manufacturing technologies such as sheet metal mechanics, electronics manufacturing, welding, wire harnesses, machining and assembly in factory parks referred to as Manufacturing Clusters. Our manufacturing solution lowers production costs, improves delivery reliability and reduces environmental impact for product owners with outsourced manufacturing. We also offer a proprietary process, MIG™, to optimize customers' manufacturing chains.

Steady financial growth
We have a stable business with strong cash flow and steady growth in net sales and profitability. Our business model makes us flexible and competitive in both favorable and challenging market conditions.

Value-creating strategy
Our strategy is to offer complete, sustainable manufacturing solutions through organic growth and acquisitions. By strengthening our offering in product development and consulting, and expanding our presence in strategically important regions, we create long-term customer value and continue to grow profitably.

Sustainable manufacturing
Sustainability is a central part of our strategy and long-term business plan. We actively work to optimize customers' production flows and create a more sustainable manufacturing process. By locating factories close to customers and suppliers, we reduce transport needs and environmental impact. Deliveries also become more stable.

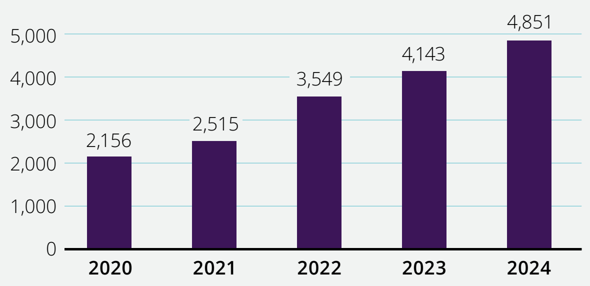
A complete business partner to a broad customer base
Our offering is complete manufacturing. Our customer base is broad and diversified across industries such as energy, medical technology, defense, agricultural machinery, reverse vending machines and mining. Our MIG™ concept (manufacturing solutions for increased growth and earnings) helps customers restructure production and streamline supply chains.

Innovation and technical expertise
Innovation and a focus on delivering greater customer value are central to our culture. The research and development unit, Tech Solutions, is home to a dedicated team of engineers and experts who specialize in driving customer innovations from concept to finished product with competitive solutions.

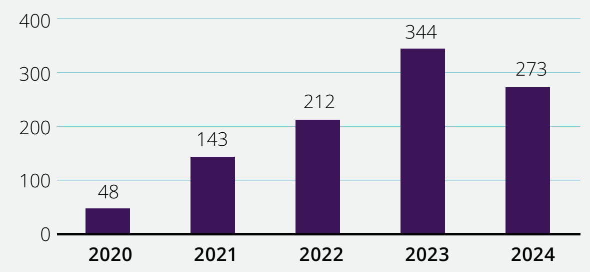
Future potential
We are built on a strong platform and are well positioned to continue global expansion, drive progress in sustainable, efficient manufacturing, and deliver increased growth and profitability for our customers.

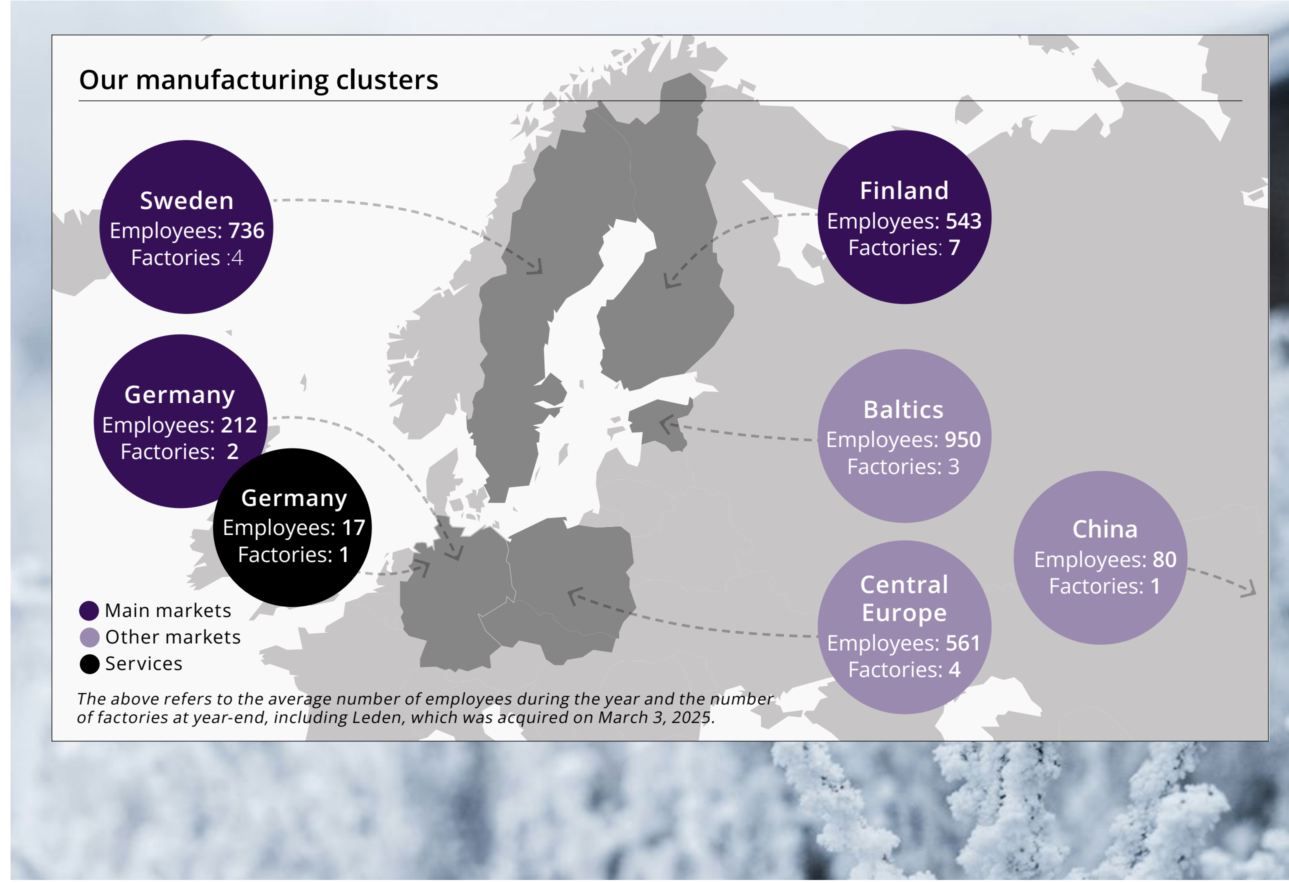
HANZA IN BRIEF

Sales SEKm



Operating profit, EBITA SEKm





History

2008 HANZA is founded

2009 First acquisitions

2014 1 billion in sales, listing on Nasdaq First North

2018 Acquisition of Töcksfors, Sweden

2019 2 billion in sales, listing on Nasdaq Small Cap

2020 Pandemic disrupts the growth curve

2021 Acquisitions in Joensuu, Finland, and Mönchengladbach, Germany

2023 15th anniversary, 4 billion in sales, acquisition of Orbit One in Sweden

2024 Listing Nasdaq Mid Cap, expansion in Tartu, acquisition of Leden Group Oy, Finland

THE YEAR IN BRIEF

Acquisitions, expansion and new strategic partnerships

Acquisition of Orbit One

At the beginning of the year, the acquisition of Orbit One AB – one of the Nordic region's leading electronics manufacturers with operations in Sweden and Poland – was finalized. The acquisition expands HANZA's capacity and expertise in electronics manufacturing.

Capital Markets Day

HANZA's Capital Markets Day was held on February 13. The day was combined with the presentation of the 2023 year-end report and the new financial targets, along with presentations about the operations.

New factory under construction in Sweden

Construction of a brand-new production facility began in Töcksfors and was inaugurated in February 2025. The new facility provides increased capacity for complex assembly and enhances the company's operational efficiency.

THE YEAR IN BRIEF

Earnings per share SEK	Proposed dividend per share SEK	Average number of employees	Equity ratio %	Sales SEKm
2.55	0.80	2,578	41	4,851

Official opening in Estonia

The expansion of the sheet metal plant in Tartu was completed by summer, and the new facility – now connected to the assembly hall via an automated transport system – was officially opened.

Ribbon cutting by Harri Värv, CFO of HANZA Cluster Baltics; Jarno Laur, Mayor of Tartu; Erik Stenfors, CEO of HANZA; Liivar Kongi, Cluster President HANZA Baltics; and Tiit Riisalo, Minister of Economic Affairs and Information Technology.

Acquisition of Leden Group

The year ended with the acquisition of Leden Group Oy, a Finnish billion-krona company specializing in advanced mechanical manufacturing. Leden has four production facilities in Finland and one in Estonia, and 600 employees. The acquisition reinforces HANZA's position in Finland and expands its capacity, expertise and offering in advanced mechanical manufacturing, while also broadening the customer base.

Jukka Haapalainen, CEO of Leden, and Erik Stenfors, CEO of HANZA.

New MIG™ agreements

HANZA signs new MIG™ agreements*. For Germany's WISI Group, a global market leader in telecommunications technology, we are becoming a strategic partner by managing and consolidating their production at HANZA's facilities in Central Europe. For Canada's Mitel Networks Corp, manufacturing of complete business communication products is being relocated from China to Europe.

Under the agreement, HANZA will consolidate Mitel's production to the group's facilities in Sweden. Production will move closer to end markets, which reduces transport emissions and makes the supply chain more sustainable and resilient.

*MIG™ (Manufacturing solutions for Increased Growth and earnings) is the brand name for HANZA's consulting service for customers seeking to optimize their supply chain.

INVESTMENT CASE

The strong financial position provides a stable foundation for the acquisition of Leden

In 2024, demand declined in several industries, including forestry and agricultural equipment, textiles, and mining. At the same time, demand increased in defense, security and energy, though not enough to offset the decline in other sectors. That net sales still approached prerecession levels is due to strong new business. Our growth journey continued, with growth of 17 percent. At the beginning of 2024, we completed our largest acquisition to date – Orbit One, with net sales of SEK 1.1 billion – and at the end of the year HANZA signed an agreement to acquire Leden Group, a leading Finnish company in advanced mechanical manufacturing with net sales of approximately SEK 1.1 billion. We are thus well positioned for continued expansion and to achieve the new, higher financial targets under "HANZA 2025."

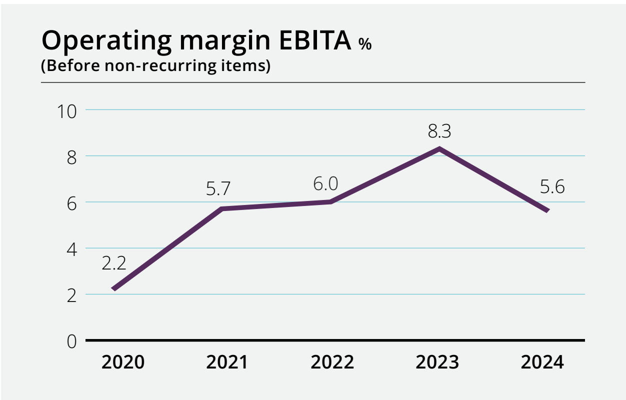
Financial position – focus on cash flow
Net sales in 2024 amounted to SEK 4.9 billion, an increase of SEK 0.7 billion from 2023. With the acquisition of Leden, we enter 2025 with annual net sales of approximately SEK 6 billion. The operating margin declined at the beginning of 2024 due to the economic downturn. In March, we launched a comprehensive integration and action program, which subsequently contributed to improved profitability, and in Q4 we reached an adjusted operating margin of 5.8 percent. For the full year, the margin was 5.6 percent.

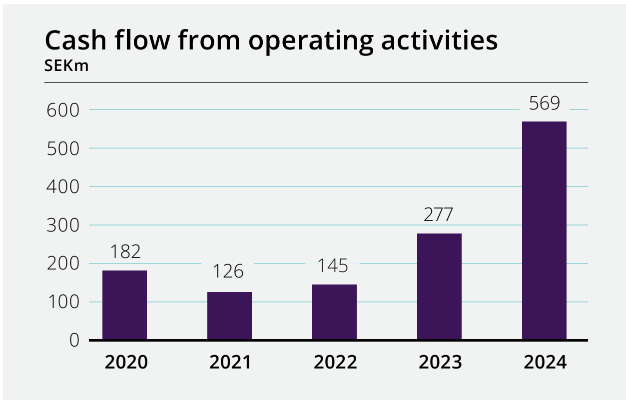
Profit after tax totaled SEK 111 million, corresponding to earnings per share of SEK 2.55.

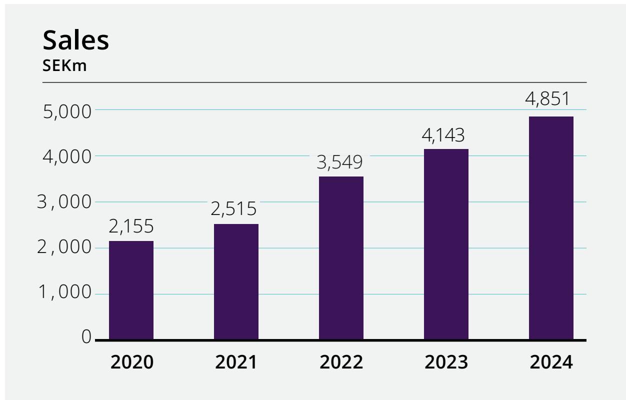
Strong cash flow is essential to support our expected future growth and acquisitions. Cash flow from operating activities in 2024 reached SEK 569 million, more than twice the SEK 277 million posted in 2023.

In 2024, two major factories were constructed to significantly expand our capacity: a 3,700 sqm sheet metal plant in Tartu, Estonia, commissioned in June, and an 8,800 sqm production expansion at the group's manufacturing cluster in Töcksfors, Sweden, commissioned in February 2025.

Thanks to the share issue completed at the end of 2023 and early 2024, along with strong cash flow during 2024, we have a solid balance sheet with a net interest-bearing debt to EBITDA ratio of 1.6 and an equity ratio of 41 percent. The balance sheet will of course change following the acquisition of Leden, but it will continue to serve as a stable platform for our ongoing development.







CEO'S STATEMENT

Stable progress in an unstable market

HANZA is a Group in constant development, driven by a clear strategy and a strong corporate culture. Despite the economic downturn, we maintained a high rate of development in 2024 – something that is appreciated by customers, employees and business partners alike. As we reflect on the year, we can see how our business model has created new opportunities, even in a challenging market environment. This has resulted in several strategically important deals and further strengthened our market position going forward.

At the beginning of 2024, we completed the acquisition of Orbit One, one of the Nordic region's leading contract manufacturers of electronics. Integrating acquisitions is one of our core competencies, and during the year we successfully aligned Orbit One's operations with our manufacturing clusters in Sweden and Central Europe. At the same time, we have continued to invest in our production capacity, including new factories in Estonia and Sweden.

The operating margin was initially negatively affected by both the economic downturn and the acquisition of Orbit One, which had significantly lower profitability. Through an action plan, we gradually strengthened profitability during the year, and in the fourth quarter the adjusted operating margin reached 7.1 percent. Meanwhile, cash flow from operating activities reached a record level of SEK 289 million, allowing for a significant reduction in debt.

Our business model is based on providing a more efficient and sustainable manufacturing chain, which continues to attract customers even during weaker market conditions. During the year, we secured both traditional cluster-based business and MIG™ agreements where we support customers in relocating their production.

An eventful year concluded with another strategic initiative – we acquired Leden Group, a Finnish company generating about SEK 1 billion in sales from advanced mechanical manufacturing. The acquisition strengthens our capabilities, broadens our customer base and expands our presence in Finland and the Baltics.

> **In 2025, we anticipate several key trends that will impact our industry. However, we do not aim to follow the developments – we want to lead them.**

The path to the future

In 2025, we anticipate several key trends that will impact our industry. However, we do not aim to follow the developments – we want to lead them. Therefore, we are working intensively in several key areas:

Digitalization and Industry 4.0 We continuously invest in automation, IoT and AI to create more efficient production processes and optimize supply chains.

Sustainability and ESG. Few contract manufacturers report sustainability efforts in their interim reports, but HANZA is one of them. We actively work to reduce our climate impact and ensure that our supply chains are both sustainable and ethically responsible.

Geopolitical transition. With increased global uncertainty, regional manufacturing is becoming increasingly important. HANZA's model creates flexibility for our customers by enabling rapid adjustments to production chains.

Cybersecurity. The risk of cyberattacks is increasing, and we are proactively working to protect both ourselves and our customers through enhanced data security and robust IT systems.

Keeping our promises – one step at a time

Our growth is based on a structured strategy where each expansion step is clearly defined. During our 16 years, we have passed three such milestones and are now on our way to the fourth: HANZA 2025. Therefore, the focus for 2025 is to complete this phase of our development and meet our financial targets, while also preparing for the next steps.

In conclusion, I would like to extend a warm thank you to our customers, employees, suppliers and shareholders. Your commitment and trust enable HANZA to continue growing and evolving!

Kista, March 25, 2025
Erik Stenfors
CEO and president

STRATEGIES AND OBJECTIVES

HANZA strategy and targets

The "HANZA 2025" strategy was launched in 2022 to strengthen capacity and expertise in our manufacturing clusters and services, alongside a sustainability strategy for long-term profitable and sustainable growth. We launch a new plan only when the previous one has been fulfilled, ensuring that every step is aligned with our business model and market conditions.

Vision

Manufacturing made easy

Business concept

Creating value for product-owning companies by transforming supply chain challenges into smart, sustainable manufacturing solutions

Strategy

HANZA achieves its targets through:

Customer value

- Focus on creating growth and profit for our customers

Expansion model

- Organic Group development supported by acquisitions

Long-term perspective

- Investments and expansion with a multi-year perspective

Sustainability

- Focus on climate, health, safety and ethics

Financial targets

- Sales for full year 2025 shall amount to at least SEK 6,5 bn
- Operating margin for full year 2025 shall be at least 8 %
- Equity ratio for 2025 shall be at least 30 %
- Net interest-bearing debt to adjusted EBITDA shall not exceed 2.5
- Annual dividend of profit after tax shall amount to approximately 30 %

Responsible business conduct

Sustainability efforts are structured around three focus areas with clear targets, performance indicators and activities that contribute to both our business and broader societal development.

Focus areas and targets:

Environment and climate

- Significantly reduced carbon dioxide emissions
- Reduce the use of natural resources and energy
- Reduce other emissions

Security and ethics

- Provide data security of a high international standard
- Maintain high standards of business conduct among employees
- Maintain high standards of business conduct among suppliers

Employees

- Provide a safe and secure workplace, free from injuries, harassment and discrimination

What is MIG™?

MIG™ is HANZA's comprehensive consulting service designed to help companies improve their manufacturing processes and supply chains. By analyzing the entire manufacturing chain, we identify weaknesses where we can develop and offer tailored solutions that focus on improving profitability, reducing costs, and enhancing climate performance. The MIG™ concept often simplifies production by reducing the number of suppliers and coordinating various manufacturing steps at a single site. Production can also be moved closer to end markets to lower transport emissions and make the supply chain more flexible and resilient.

Climate-smart production chain

Examples include production coordination within HANZA's manufacturing clusters, where companies can reduce production costs and improve adaptability to shifts in demand. By combining production and assembly within the same geographic area, unnecessary transport is eliminated, which is beneficial both economically and environmentally. This approach has already proven successful for several customers who have back-sourced and relocated production closer to the end consumer, resulting in a more climate-smart and efficient production chain.

With MIG™, HANZA provides a powerful tool for companies looking to optimize their manufacturing while also contributing to a more climate-smart future.

Customer case

Mitsubishi Logisnext Europe OY

Mitsubishi Logisnext Europe (MLE), headquartered in Järvenpää, Finland, is a major supplier of logistics solutions and specializes in purpose-built forklift trucks. HANZA has a long-standing partnership with MLE for the manufacturing of various welded structures and electrical panels at the group's production facilities within the Baltic manufacturing cluster.

A recent MIG™ project, launched in summer 2023 with series production beginning in 2024, has further strengthened this partnership. It now includes final assembly of electric stackers and low-lifters. As part of the project, over 40 suppliers from across Europe, along with MLE's final assembly operations, have successfully been transferred from Mitsubishi to HANZA Baltics.

"We truly value our strong and reliable partnership with MLE. The successful transfer of the supply chain and integration of high-level assembly are key milestones in our collaboration. We look forward to building on this foundation and reaching new milestones together," says Erik Stenfors, CEO, HANZA.

"Our collaboration with HANZA has been efficient, productive and forward-looking. I'm pleased to see how it has evolved to now include the full production of our forklift trucks. I look forward to further strengthening this successful partnership," says Simo Kangastupa, Sourcing Director, MLE Oy.

The PREMiA ES pedestrian-operated low-lift truck is one of several models manufactured at HANZA's heavy mechanics facility in Narva, Estonia.

FACTS: MLE

Mitsubishi Logisnext Europe Oy (MLE Oy) is based in Finland and is part of the Mitsubishi Logisnext Europe (MLE) Group, which belongs to the global Mitsubishi Logisnext (ML) Group – one of the world's leading providers of logistics solutions. ML is also one of the Group companies within Mitsubishi Heavy Industries (MHI).

As the European design center for the Mitsubishi Logisnext Group, MLE Oy is responsible for the independent development of a wide range of product and solution concepts used globally. MLE Oy's activities take place in its own development and manufacturing facilities, as well as in collaboration with a global network of companies within the Mitsubishi Logisnext Group and external partners.

- Employees: 550

Customer case: WISI

Strategic manufacturing agreement signed with WISI Group – a leader in telecommunications technology

The partnership with Germany's WISI Group marks an important step in HANZA's expansion in Europe.

In 2024, HANZA signed a strategic manufacturing agreement with Germany's WISI Group, a global leader in telecommunications technology. As part of the agreement, WISI Group is transferring production to HANZA's Central European manufacturing cluster. The collaboration aims to streamline WISI's supply chain and the production process for the full production line using HANZA's unique MIG™ concept.

For WISI, the project consolidates the entire production flow – reducing costs while increasing flexibility. The partnership allows WISI to focus on its core business in telecommunications, while HANZA takes over and optimizes the manufacturing.

Initial deliveries began in August 2024, and once running at full volume, the production is expected to generate annual sales of over EUR 10 million. The partnership marks another important step in HANZA's European expansion and reflects the growing interest in the company's full-service solutions.

Mattias Lindhe, SVP and Head of Strategic Projects at HANZA, comments on the collaboration:

"We're seeing growing interest in our MIG™ concept, and the partnership with WISI confirms that our strategy of delivering value through full-service solutions continues to attract global companies looking for more integrated and flexible manufacturing solutions."

"The collaboration with WISI means that HANZA is taking over the entire production line, which not only improves cost efficiency but also enables a more dynamic and scalable manufacturing solution."

FACTS: WISI

- Comprehensive solutions in telecommunications technology.
- Founded in 1926
- Operations in Germany, France, Austria, Switzerland, Sweden, Spain, the United Arab Emirates, Canada and China.
- Employees: 350

We aim to contribute to global sustainable development

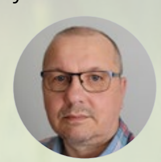
Contents

As Head of Sustainability, I am proud of our 2024 sustainability report. At HANZA, we believe that sustainable business decisions contribute to both a better society and greater competitiveness.

This year, we have made a concerted effort to prepare our reporting as closely as possible in line with the European Sustainability Reporting Standards (ESRS). We welcome the Corporate Sustainability Reporting Directive (CSRD), as it represents a significant step forward in sustainability reporting by reducing greenwashing and increasing transparency across industries. The directive ensures that all companies are held accountable for sustainable development. It also highlights those who do not contribute, thereby promoting a more honest and sustainable business environment.

Our 2024 sustainability report still lacks certain information, and there are areas for improvement that we will work on in 2025 before achieving full compliance. This year, we conducted our first double materiality assessment, which provided us with a thorough review of all the impacts we have on the environment and people, as well as the potential impact on our own economic value. The assessment produced several insights and areas that we will continue to work on. As this work progresses, we aim to improve and refine our sustainability performance and ensure that our reporting is both accurate and transparent.

We look forward to continuing this important work and sharing our progress with you in the years ahead.



Pasi Pöyry, Head of Sustainability, HANZA

ESRS 2 General information

BP-1, BP-2

About the report

HANZA's sustainability report has largely been prepared in accordance with the CSRD (Corporate Sustainability Reporting Directive) and the ESRS (European Sustainability Reporting Standards). The report meets current requirements under the Swedish Annual Accounts Act. Starting from HANZA's financial year 2025, CSRD becomes mandatory. The structure and several disclosures – such as the implementation of the double materiality assessment – differ from previous reports. The sustainability report covers HANZA's operations at the consolidated level in accordance with the financial annual reporting. HANZA's entire value chain has been taken into account in the materiality assessment process and, where relevant, in the definition of policies, actions, targets and metrics. In year-on-year comparisons of key performance indicators, no adjustments have been made for HANZA's acquisitions. The 2024 reporting is affected by the acquisition of Orbit One. The report addresses all material topics, but some required disclosures may lack certain information. No exemptions have been applied regarding information related to intellectual property rights, know-how or innovations (ESRS 1, section 7.7), or disclosure requirements 19a.3 and 29a.3 in Directive 2013/34/EU. Forward-looking statements are preliminary. Reported climate emissions are based on estimates and represent an approximation of actual emissions.

GOV-1, GOV-2

Sustainability expertise and material topics in 2024

Some of the sustainability matters specifically addressed by HANZA's executive management and Board of Directors in 2024 included occupational health and safety risks, business conduct, HANZA's ability to operate climate-neutrally, the adaptation to CSRD sustainability reporting requirements and the execution and outcome of a new materiality assessment. Internal work and training contribute to competence development across all of these areas. For the 2025 financial year, sustainability will be a particular area of focus in the Board's work.

Within the company, the Global Head of Quality was assigned additional responsibility as Group Head of Sustainability and was provided with increased resources. Sustainability specialists were recruited to a newly established centralized sustainability function. The use of external expertise increased, particularly in areas such as reporting and environmental and climate impact calculations. In 2025, HANZA will further develop the sustainability function and make use of external expertise regarding climate-related targets and necessary adjustments.

Governance of sustainability efforts

Board of Directors and Group management	Number of members	Percentage women, %	Percentage men, %	Percentage of women in relation to men, %
Board of Directors[1]	4	50	50	100
Management	3	0	100	0

1) Since the 2024 Annual General Meeting.

Disclosures in accordance with ESRS in other parts of the Annual Report	Page, section of the Annual Report
GOV-1	
§21b Information about employee representatives **§21c** Experience and expertise of the Board **§21e** Percentage of independent Board members **§22a** Members of the Board and executive management **§22b** Nomination committee selection criteria, Board procedures and CEO instructions	65, 68-69 corporate governance report
GOV-3	
§29a Incentive schemes	62, 105 management report
SBM-1	
§40aiii Employees by geographical area **§40b** Total revenue	87, management report 70, management report

Allocation of responsibility for sustainability-related matters

Board of Directors

Audit Committee (preparatory)

- Annually decides on HANZA's impacts, risks and opportunities based on the materiality assessment. In the event of changes, such as sudden risks, the Board is informed immediately.
- Monitors due diligence and other processes aimed at managing sustainability impacts.
- Annually approves sustainability policies and targets related to the company's overall strategy.
- Annually monitors the results of sustainability targets, as well as customer and employee surveys.
- Issues the annual sustainability report.

The Audit Committee prepares Board decisions related to sustainability, monitors developments in reporting requirements and annually reviews internal control and risk management concerning material KPIs.

CEO

- Ensures that sustainability is part of HANZA's strategy and that significant sustainability issues are integrated into the strategy, risk management, and acquisitions.
- Decides annually on action plans, risk management, resources, detailed policies, and goals related to sustainability in business operations.
- Regularly informed about the monitoring of policies and goals with key performance indicators from various clusters: monthly for occupational health and safety, annually for environmental matters, and annual development within certified management systems.
- Presents and is accountable to the Board of Directors for outcomes in internal sustainability processes: risk management, personnel management, supplier management, environmental processes and compliance.

Materiality assessment, monitoring, and sustainability reporting.

CFO

Reports and follows up in the annual sustainability report, including the taxonomy.

Ensures compliance with reporting requirements and coordination with auditors.

Sustainability team, external expertise

Head of Sustainability

Conducts materiality assessment.

Compiles sustainability report.

Stakeholder dialogue – compilation.

Prepares sustainability policies.

Monitors sustainability key performance indicators.

Follows trends and legislation.

Proposes sustainability goals.

Implementation of sustainability.

COO

Sustainability monitoring across all of HANZA's operations, including suppliers and customers.

Head of Sourcing

Evaluates the sustainability of electronics suppliers as well as certain mechanical materials.

Responsible for the Kodiak system for supplier relationships.

Head of Information Security

Data security within HANZA.

Certifications in information security.

CHRO

Leadership development for improved employee outcomes.

Employee survey (engagement survey)

Cluster Presidents

Conducts risk analyses for each cluster.

Pilot projects with customers for sustainable design of instruments and mechanical components.

Performs sustainability assessments of mechanical suppliers for specific materials.

Responsible for employee health and safety, development and motivation.

Head of Quality

Certifications of management systems for environment, occupational health and safety, and quality.

Assesses legal requirements.

Assesses environmental aspects such as permit-requiring activities, as well as occupational health and safety risks.

Internal audits of management systems.

Management reviews.

Head of Sales

Customer dialogue.

Customer satisfaction survey.

Sustainability business plan.

Head of IT

Maintains and is responsible for system support for sustainability data.

Policies and third-party commitments
Policies are available to relevant stakeholders upon request and in this sustainability report. The Code of Conduct is summarized in HANZA's employee handbook. The Supplier Code of Conduct is included in supplier agreements.

Group-wide policies related to sustainability	Purpose and content	Link to standards and declarations	Responsibility for implementation
HANZA Code of Conduct	Outlines the group's core principles concerning the company's impact on people, the environment and business conduct. Applies to HANZA as well as consultants and subcontractors contracted by the Group. Describes reporting channels for irregularities available to employees and external stakeholders, as well as HANZA's stakeholder dialogue. HANZA adheres to national and international legislation, industry standards, the ten principles of the UN Global Compact (including the application of the precautionary principle to environmental challenges in accordance with the Rio Declaration), the OECD Guidelines for Multinational Enterprises, the UN Convention against Corruption, and the UN Guiding Principles on Business and Human Rights, which incorporate international conventions such as the ILO Convention on Freedom of Association and the UN Conventions on the Rights of the Child and on non-discrimination.		CEO
HANZA Supplier Code of Conduct	Outlines HANZA's expectations of suppliers and their supply chains regarding their impacts on the environment and people, as well as expectations related to business conduct and anti-corruption. Refers to the HANZA Code of Conduct, international standards, the principles of the UN Global Compact, etc.	Declaration Conflict Minerals, Environmental declarations (RoHS, REACH)	COO
Quality Policy	In addition to quality requirements, outlines HANZA's ambitions for workplace conditions (high motivation, free from accidents, harassment and corruption) and for environmental efforts (minimized freight, consumption and emissions).	ISO 9001 quality management system	Head of Quality
Environmental Policy	Outlines expectations for environmental efforts at HANZA as well as for consultants and subcontractors contracted by the Group.	ISO 14001 environmental management system	Head of Quality
Information Security Policy	Aims to protect HANZA and its customers, and refers to several internal guidelines on data security.	ISO 27001 information security management system	CEO
HR Policy	Describes key employee routines, approaches and tools related to leadership, health and safety, competence development, intra-group collaboration, business conduct, employee dialogue and employee surveys. Refers to several internal guidelines for employees and sustainability.		CHRO

Group-wide policies related to sustainability	Purpose and content	Link to standards and declarations	Responsibility for implementation
Health and Safety Policy	Outlines how the goal of providing all employees with physically, socially, and mentally safe workplaces, with a zero-accident vision, is to be achieved. Also addresses a healthy and stimulating work environment, as well as employee dialogue on health and safety efforts.	ISO 45001 occupational health and safety management system	CHRO
Diversity policy	Aims to foster an internal culture of diversity and inclusion across HANZA.		CHRO
Policy for sponsorship and donations	Clarifies how HANZA's sponsorships and donations are used to support the broader community.		CEO, Cluster Presidents (locally)
Whistleblowing policy	Clarifies the whistleblower's anonymity and protection from retaliation, and outlines procedures for HANZA's external whistleblower function.		CHRO

GOV-3
Incentive scheme

HANZA's variable remuneration system for senior executives and Cluster Presidents in 2024 was linked to performance development and working capital commitment.
(GOV-3 §29a, see Management Report p. 62).

GOV-5
Risk management and internal control over sustainability reporting

HANZA has established a number of processes for risk management and internal control of reporting.

At the cluster level, results related to occupational health and safety, corruption, whistleblowing and data security are monitored monthly, while environmental performance is followed up annually. Results are compiled by the Head of Quality and reported to Group management. Deviations from targets and previous years are considered and reconciled.

Prior to adoption of the sustainability report, an overall review is conducted with the auditors.

Governance of the sustainability report corresponds to that of financial reporting. The Audit Committee prepares the sustainability report before it is submitted for approval by the Board of Directors. The Audit Committee's work includes a focus on the quality and accuracy of the group's reporting. In their annual audit report, which is also presented orally to the Board, the auditors present their observations from the audit along with their analysis of the company's internal control processes.

UN Global Compact

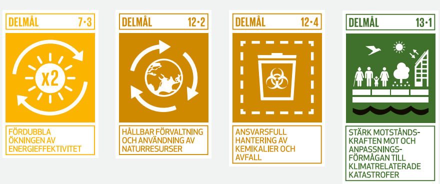
HANZA has been a signatory to the UN Global Compact's ten principles since 2023. This includes reporting our progress in accordance with Global Compact requirements, applying the precautionary principle regarding environmental challenges and not engaging suppliers where there is a risk of violating or infringing any of the Global Compact's ten principles.

WE SUPPORT UN GLOBAL COMPACT

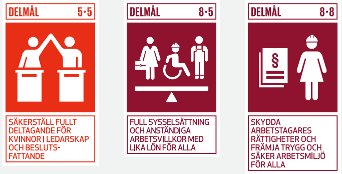
The Sustainable Development Goals

HANZA has identified six of the 17 Sustainable Development Goals that together aim to eradicate extreme poverty, reduce inequality and injustice in the world, promote peace and justice, and address the climate crisis.

Environment and climate



People



Business conduct

HANZA's strategy, business model and value chain

SBM-1

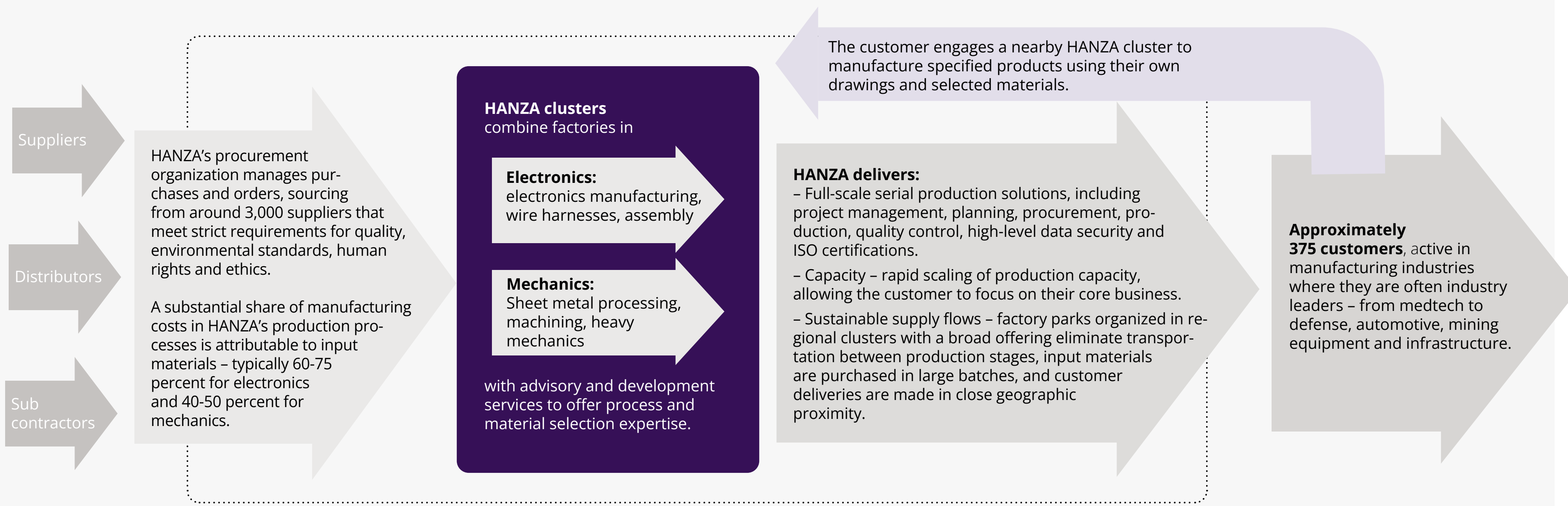
As a contract manufacturer, HANZA operates as a production unit for the manufacturing of its customers' precisely specified products. Based on customer drawings and material selections adapted for use and life cycle, production takes place in HANZA's sixteen production units and one business development unit, organized into geographically based clusters near the customer. In addition to manufacturing, HANZA offers expertise in processes that can enhance product sustainability features, such as material choices that reduce the use of chemicals.

Revenue distribution by manufacturing area	Total revenue[1]	
	2024	2023
Electronics	2,616	1,779
Mechanics	2,221	2,347
Total revenue, SEKm	**4,837**	**4,126**

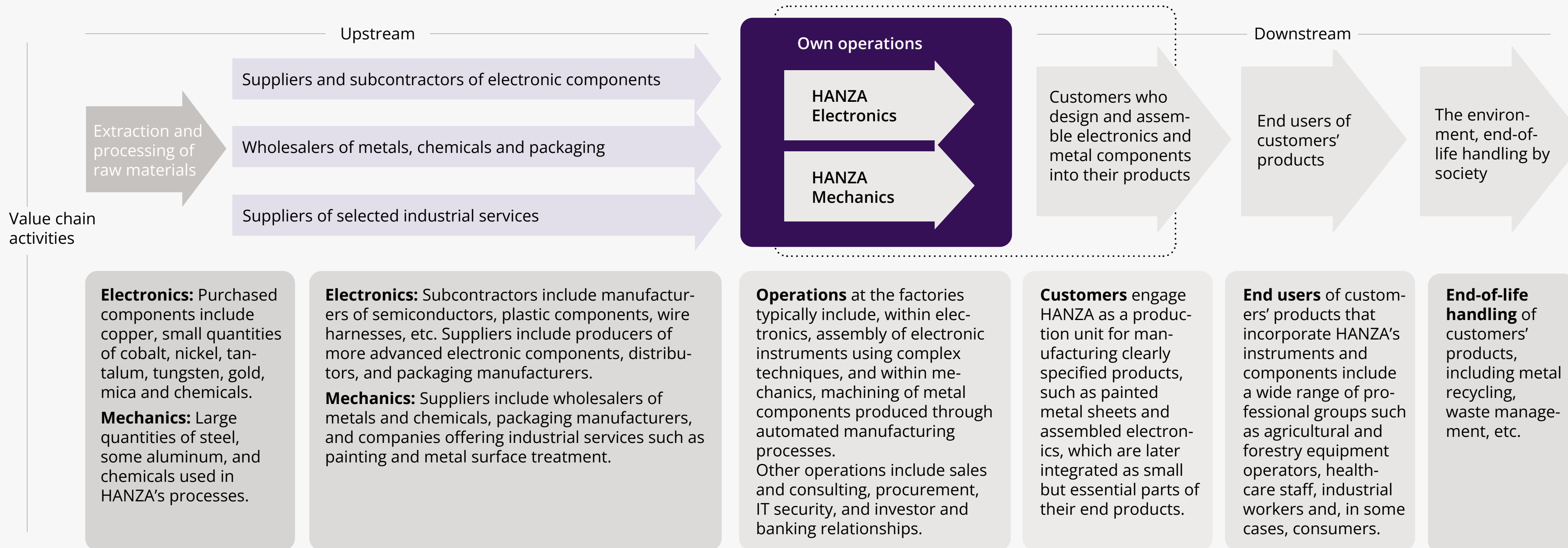
1) The increase in revenue in 2024 is due in part to the acquisition of Orbit One.

Revenue distribution by manufacturing area	Number of units delivered (millions)	
	2024	2023
Electronics	36.6	22.6
Mechanics	14.4	14.6
Total revenue, SEKm	**51.0**	**37.2**

HANZA's business model



HANZA's value chain – key elements



Employees

HANZA employs approximately 2,600 people, the majority of whom work in factory environments across the group's six clusters. In addition to permanent employees, temporary staff are engaged to enable scaling of production in line with customer orders. Other employees work in management and support functions. (SBM-1 §40 aiii, b, see Board of Directors' Report p. 87).

Customers

HANZA has a highly diversified customer base, with the ten largest customers accounting for less than half of total revenue. Customers include industry leaders across a broad range of manufacturing sectors, such as 3M, ABB, Epiroc, GE, Getinge, John Deere, Mitsubishi, SAAB, Sandvik, Siemens and Tomra. None of the company's revenue is derived from customers in fossil fuels, chemical production, controversial weapons, or tobacco. Products leaving HANZA's manufacturing processes are incorporated into end products used in the defense industry, medical technology, recycling machines for consumer goods, and forestry and agricultural machinery. End users include numerous professional categories, and in some cases consumers.

Revenue by geographic market	Net sales. SEKm	Share of revenue, %
Nordics + Germany	3,806	78
Rest of Europe	803	17
North America	126	3
Rest of the world	116	2

HANZA's stakeholders

SBM-2

Stakeholders provide essential insights for our sustainability and strategic work. Their perspectives help us assess the severity or benefits of HANZA's impact on people and the environment and evaluate our sustainability-related risks and opportunities.

Stakeholders fall into two main groups. The first group includes those directly or indirectly affected by our operations in the value chain, or those who can influence HANZA's ability to meet its objectives, such as employees, customers and the environment. The second group includes stakeholders who rely on our sustainability disclosures, such as customers and investors.

Stakeholders share their insights either in direct dialogue or indirectly via representatives. We provide feedback on our sustainability priorities and actions during these dialogues and through other communication channels, such as quarterly and annual reporting. In 2024, HANZA conducted in-depth interviews with customers regarding their sustainability priorities. Customers emphasized that environmental issues are a high priority, particularly suppliers' ability to operate with a low carbon footprint. Under regulations such as CSRD and the Ecodesign Directive, customers are obliged to hold HANZA to the same standards as their own production. As part of regulatory compliance, customers are requesting support for eco-friendly design, increased use of recycled materials and improved supply chain transparency. Key social aspects include supplier diversity and gender equality.

Employee feedback is gathered through annual employee surveys, performance appraisals and dialogue with local managers, as well as through union representatives. Our feedback to employees is communicated by managers who share outcomes and develop action plans for their teams. (See ERSR S1 "Employee Dialogue" p. 44).

Investors often raise questions regarding carbon footprint and procurement processes that ensure respect for human rights. Through ongoing supplier dialogues, HANZA reviews suppliers' procurement practices to confirm a shared understanding of the company's environmental and social commitments. Feedback and insights from the environment, as well as from employees and communities in the supply chain, are typically considered through reports from organizations such as Human Rights Watch, scientific studies, etc.

A resilient business model

Stakeholder dialogue insights are regularly communicated to HANZA's management and Board of Directors. They lead to strategic adjustments and new processes in the business model aimed at minimizing our negative impact, maximizing positive outcomes, and managing sustainability-related risks and opportunities. Some examples include:

- HANZA's cluster strategy, built around broad regional offerings, helps reduce transport needs and lower the carbon footprint.
- Occupational health and safety management systems provide employees with safe working environments.
- Environmental management systems minimize the environmental impact of production.
- Guidance on supply chains and material inputs supports the development of sustainable production and logistics.
- Robust supplier evaluations help ensure that purchased products and services comply with requirements regarding human rights and working conditions.

As part of our 2024 double materiality assessment, stakeholder insights played a key role in identifying numerous impact topics, risks and opportunities across the entire value chain. Inspired by the stakeholder dialogues, in 2025 HANZA plans to explore the feasibility of joining the Science Based Targets initiative (SBTi) and transitioning to climate-neutral operations in accordance with the Paris Agreement. HANZA has already been evaluating several joint pilot projects with customers focused on eco-friendly design, along with efforts to strengthen the sustainability focus in procurement processes.

Primary stake-holder groups	Expectations, feedback	Trend	Key dialogue opportunities
Customers	Reduced carbon footprint, increased traceability in the supply chain. Growing demand for more eco-friendly input materials (low carbon footprint, recycled, lighter weight, etc.) but recognizing that availability is a challenge. Social responsibility, ensured business conduct and data security at the supplier level.	Alignment with all EU environmental objectives. Encourage suppliers to commit to climate-neutral operations and SBTi. Request supplier participation in the design phase to reduce resource use and/or pollution. Improved procurement processes including audits, evaluations and transparency. Increased diversity and gender equality among suppliers.	Customer survey, annual. Customer meetings, regular. Customer interviews, dialogue 2024. Customer audits of HANZA, as needed.
Employees	Safe and healthy work environment, development opportunities, social engagement (inclusion, wages and benefits, equal opportunities).	Support regarding stress, development opportunities, communication.	Employee survey, annual. Trade union negotiations, annual. Career development meetings, annual. Employee dialogue, annual.
Investors and owners, banks	Customer satisfaction and competitiveness, ensured environmental, social and business-ethical operations throughout the value chain, transparent communication, regulatory compliance.	Climate issue. Uphold human rights in both input materials and the customer chain, ensuring that no violations occur such as child labor, the use of conflict minerals, or involvement in the production of war materials such as cluster bombs and landmines.	Investor meetings, ongoing, often in connection with reporting. Annual general meeting, annual.
The environment	Minimal environmental impact through emissions and consumption of natural resources, as well as waste.	Protection of the environment.	Evaluation and auditing of suppliers, conducted regularly (typically annually).
People and communities in the supply chain	Minimal environmental impact affecting people's health and livelihood.	Protecting people through environmental safeguards, safe working conditions, and respect for human rights and labor rights.	Evaluation and auditing of suppliers, conducted regularly (typically annually). Insights from Human Rights Watch, Responsible Minerals, etc.

HANZA's significant impact, risks and opportunities

SBM-3

The environment

Up-stream	HANZA	Down-stream		Material sustainability matters
E1 Climate change				
Climate change adaptation				
X	X	X	Risk	Climate-related events such as storms may disrupt logistics, especially in areas where HANZA relies on a single or limited number of suppliers, leading to potential revenue loss. Severe weather events can also cause production stoppages in HANZA's own operations and lead to reduced order intake from customers.
Climate change mitigation				
X	X	X	Actual negative impact	Climate emissions that burden the environment are primarily generated during the production of input materials, but also in HANZA's manufacturing processes.
	X		Risk Opportunity	Potential new climate taxes. - May lead to short-term increases in HANZA's transportation costs. + May enhance market advantages with HANZA's regional cluster model.
X	X		Risk Opportunity	Net-zero emissions requirements and expanded climate reporting to meet future customer expectations. - May require increased investment in fossil-free energy sources and greater transparency regarding input materials. + May strengthen HANZA's market position compared to smaller competitors due to better conditions for meeting these requirements.
Energy				
	X		Actual negative impact	Purchased energy for production processes contributes to CO_2 emissions.
E2 Pollution				
Pollution of water				
	X		Potential negative impact	Potential water pollution is a consequence of surface treatments within mechanics. The water is treated after use, and hazardous metals such as iron oxide are handled as hazardous waste. Some hazardous substances may remain in the subsequent rinsing processes if not handled properly.
X			Potential negative impact	In some input materials in purchased electronic components, such as cobalt, copper, aluminum, zinc and nickel, water pollution may occur during extraction.
Pollution of soil				
X			Potential negative impact	In some input materials in purchased electronic components, such as cobalt, copper, aluminum, zinc, and nickel, soil pollution may occur during extraction.

The environment

Up-stream	HANZA	Down-stream		Material sustainability matters
E2 Pollution, cont'd				
Substances of very high concern				
X		X	Potential negative impact	In some purchased electronic components, substances of concern may be present in small quantities that pose a risk to the environment and human health during end-of-life disposal.
E4 Biodiversity				
Direct impact drivers of biodiversity loss				
X	X	X	Potential negative impact	Climate change throughout the value chain contributes to direct losses of biodiversity and degradation of ecosystems.
E5 Resource use and circular economy				
Resource inflows including resource use				
X			Actual negative impact	HANZA's production processes have a high share of input materials, typically 60-70 percent of manufacturing cost for electronics and 40-50 percent for mechanics, which entails resource extraction.
	X	X	Opportunity	Green customer projects and a focus on customers with sustainable business models can enhance customer relationships and create opportunities for strengthened long-term revenue streams.
Resource outflows including waste				
	X		Actual negative impact	HANZA's production processes generate waste, both hazardous and non-hazardous, leading to resource loss and added environmental impact from handling, such as pollution and transport.
	X		Risk	Tighter regulations on hazardous waste management may lead to higher costs for HANZA.

Social issues

Up-stream	HANZA	Down-stream		Significant impact, risks and opportunities
S1 Own workforce				
Working conditions				
	X		Actual negative impact	Temporary spikes in factory production may lead to increased health and safety risks for the workforce, along with a negative perception of the work environment due to stress and overtime.
	X		Risk	Serious health and safety incidents can damage HANZA's reputation, reduce business opportunities, and result in additional costs for implementing new procedures.
Equal treatment and opportunities for all				
	X		Actual positive impact	Employees benefit from training and development opportunities.
	X		Opportunity	Skill development can improve efficiency and make HANZA more attractive to customers, leading to higher margins and new business opportunities.
	X		Actual positive impact	Employees benefit from equal opportunities and equal pay for equivalent work.
	X		Risk	Difficulties attracting the right people and competencies can lead to capacity constraints and lost business opportunities.
	X		Actual positive impact	Zero tolerance for workplace discrimination supports a healthy work environment for employees.
	X		Actual positive impact	Employees benefit from a work environment marked by diversity.
	X		Opportunity	Inclusion and diverse experiences and backgrounds offer new perspectives and recruitment opportunities, fostering innovation and opening up new business opportunities.

Social issues

Up-stream	HANZA	Down-stream		Significant impact, risks and opportunities
S2 Value chain workers				
Working conditions				
X			Potential negative impact	Extraction of input materials and component manufacturing early in the value chain in countries with limited respect for human rights may involve poor working conditions for workers.
Other work-related rights				
X			Potential negative impact	Extraction of input materials and component manufacturing early in the value chain in countries with limited respect for human rights may involve risks of child and forced labor and violations of workers' rights.
X			Risk	Human rights violations linked to certain key input materials, individual suppliers, or their subcontractors may result in costs or lost business opportunities, as corrective action is required to address concerns about inadequate procurement practices.
S3 Affected communities				
Communities' economic, social and cultural rights				
X			Potential negative impact	Input materials extracted using methods that pollute groundwater and limit local communities' access to clean water may be present in the electronic components used in HANZA's production.
X			Potential negative impact	Input materials extracted using methods that affect local communities' access to land – either through land appropriation or acquisition processes that displace communities without compensation – may potentially be included in the electronic components used in HANZA's production.
X			Potential negative impact	Input materials extracted using methods that affect local communities' access to land – either through land appropriation or acquisition processes that displace communities without compensation – may potentially be included in the electronic components used in HANZA's production.

Responsible business practices

Up-stream	HANZA	Down-stream		Significant impact, risks and opportunities
G1 Business conduct				
Corporate culture				
X	X	X	Actual negative impact	High standard of business conduct contributes to strong relationships with employees, customers, and the broader community.
	X		Risk	Damage to trust from potential violations of internal business conduct policies can harm HANZA's relationships with customers, employees, the capital markets and the broader community, resulting in significant revenue loss and increased financing costs.
Protection of whistleblowers				
X	X	X	Actual positive impact	Protection of whistleblowers enhances the ability of the company and employees to address violations of regulations.
Corruption and bribery				
X	X	X	Actual positive impact	Preventive measures against corruption increase the trust of the external environment in the company.
Relationships with suppliers, payment procedures				
X	X		Actual positive impact	Reasonable payment terms benefit smaller local suppliers where HANZA is a major purchaser and customer.
X	X		Risk	Procurement practices related to sustainability that do not meet customer requirements may jeopardize business opportunities.
Company specific: Information security				
Information security				
	X	X	Potential negative impact	Potential data leaks of sensitive customer information pose financial risks for both HANZA and its customers, and consequently for their employees and owners.
X			Risk	Data breaches resulting in lost data or ransomware can damage customers' trust in HANZA, leading to revenue losses as a consequence. Breaches also contribute to internal costs from production downtime.

A more detailed description of the connection between material sustainability matters and HANZA's strategy, business model, and sustainability targets is presented under each sustainability standard: ESRS E1, E2, E4, E5, S1, S2, S3, G1 and Information Security.

Materiality assessment

IRO-1

A central part of HANZA's alignment with the CSRD was the implementation of a double materiality assessment in accordance with the ESRS and EFRAG's Implementation Guidance Materiality Assessment (December 2023) during 2024. An internal sustainability team, led by the Head of Sustainability, was responsible for the process, execution and documentation. The outcome and process were reviewed with the auditors and then presented internally within the company. Following adjustments, the outcome was approved by HANZA's Board of Directors.

Process

STEP 1 - We started from the stakeholders' perspective. Business relationships and key stakeholder groups in the value chain were mapped using existing sustainability and business processes, the previous materiality assessment, and our industry knowledge. HANZA's due diligence processes, which identify, prevent, mitigate, and report negative impacts on the environment and people, provided significant information.

STEP 2 - We identified significant market trends, upcoming legislative changes, and other external factors. Stakeholder insights, such as customer and investor demands, reports, and employee survey results, were analyzed. Certain stakeholders, such as affected communities, were not consulted; instead, we relied on external reports. Areas and activities in the value chain that affect the environment, people and business conduct and that are either caused or supported by HANZA's operations or can be linked to them over the short, medium or long term were identified. One key theme was purchased input materials, focusing both on their impact on people and the environment across the value chain and on how purchasing decisions are made. Another key theme was HANZA's production processes, including their impact on people and the environment, the location of facilities (none near [1] biodiversity-sensitive areas), and how business transactions are conducted. A third theme was potential interdependencies between various environmental and social areas.

1) Protected areas listed in the World Database on Protected Areas (WDPA), Natura 2000 sites, UNESCO World Heritage sites, areas scientifically recognized as important for biodiversity under the Key Biodiversity Areas framework and other designated protected areas.

STEP 3 - All relevant actual and potential impacts were identified and mapped across the value chain. Impacts were assessed across different time horizons. Guidance for the compilation was drawn in part from the ten ESRS sustainability matters and their subtopics. Other company-specific sustainability effects were also identified.

STEP 4 - We analyzed how our sustainability impact results in risks and opportunities for HANZA, and how it may affect our financial position over different timeframes.

Materiality assessment

STEP 5 - Each impact topic was assessed and given a score. Negative impact was assessed based on the scale, scope, and remediability of the effect, each scored from 1 to 5 and weighted equally. A score of 1 corresponds to barely noticeable, limited in scope and easily remediable, while 5 corresponds to very significant, widespread and irreparable harm. Positive impact was assessed based on the scale and scope of the effect, each scored from 1 to 5 and weighted equally. Potential impact also considered the likelihood of the effect occurring, expressed as a percentage. Two exceptions were applied for negative potential impacts, where severity (i.e., scale, scope and remediability) was prioritized over likelihood: first, in cases of potential human rights violations; second, where the negative impact was assessed to be of very high severity. The scoring was grounded in objective criteria wherever possible, drawing on statistics, additional data sources, scientific consensus and stakeholder feedback. Where relevant data was lacking, internal estimates were used. A quantitative threshold was then established to define the topics with the greatest impact on people and the environment. Significant impact issues have been broadly validated by stakeholder feedback and the previous materiality assessment.

STEP 6 - Risks and opportunities were assessed based on estimated annual financial impact in SEK (with HANZA's 2023 EBITDA as a reference point) and the likelihood of occurrence, expressed as a percentage. A threshold amount in SEK was set to determine which risks and opportunities are financially material. Risks whose estimated value exceeds the financial threshold are followed up through HANZA's broader risk management process. Identified material opportunities are integrated into relevant internal processes, business planning, and strategy.

Sustainability matter with material topics	Significant impact				Financial materiality	
	Actual positive impact	Potential positive impact	Actual negative impact	Potential negative impact	Opportunity	Risk
E1 Climate change						
E2 Pollution						
E4 Biodiversity*						
E5 Resource use and circular economy						
S1 Own workforce						
S2 Value chain workers						
S3 Affected communities*						
G1 Business conduct						
Company specific: Information security						
Non-material sustainability matters:						
E3 Water and marine resources**						
S4 Consumers and end users						

*) Sustainability matters that have been fully or partially added as material sustainability matters compared to the previous materiality assessment.
**) Sustainability matter that is no longer considered material compared to the previous materiality assessment.

Results

HANZA has identified material sustainability matters across nine ESRS sustainability areas. The four environmental areas are primarily related to input materials and our production processes. Input materials also contribute to our social impact at the supplier level. Information security is a company-specific sustainability matter that is growing in importance for us and our customers.

HANZA already has well-developed strategies in place for most of the identified sustainability matters. However, the assessment identified areas where we need to deepen stakeholder dialogue and refine our strategies. The materiality assessment will be reviewed annually.

Two ESRS topics for which HANZA applied all steps in the materiality assessment were deemed not material: E3 Water and marine resources and S4 End users and consumers. The assessment of HANZA's impact on Water and marine resources considered HANZA's water consumption in and outside water-scarce areas, reports on water consumption in the production of key components, and the connection between water consumption and human rights in mineral extraction.

Environmental information

Contents	Page

ESRS E1 Climate change

Production and transportation of input materials are responsible for almost 90 percent of HANZA's carbon footprint. HANZA's own production accounts for less than 5 percent of carbon emissions.

Strategy: Climate neutrality and alignment with SBTi

HANZA prioritizes significantly reducing carbon emissions. In 2024, HANZA decided to assess the feasibility of aligning with the SBTi and achieving climate-neutral operations in line with the Paris Agreement. A decision on the matter is expected in 2025. The Board also intends to adopt new sustainability targets in 2025, once data from Leden Group has been consolidated with HANZA's data.

Climate analysis and risks

As part of the 2024 materiality assessment, HANZA identified climate-related risks and opportunities affecting its operations and strategy. The assessment was high-level and covered the full value chain, based on a scenario of relatively rapid transition in which the Paris Agreement is achieved, reflecting our customers' collective climate ambition. Internal experts and customers were consulted. The analysis covers the short-, medium- and long-term time horizons. When evaluating climate-related risks and opportunities, HANZA took into account the geographic distribution of its factories and the business flows throughout the value chain. Risks and opportunities were evaluated in terms of potential financial impact (see ESRS2, IRO-1 p. 28). HANZA aims to expand its climate analysis in 2025, including the development of a scenario reflecting a slower climate transition.

One significant physical climate-related risk was identified. Storms and extreme weather events pose a risk of logistics disruptions across the value chain, particularly in areas where HANZA relies on single-source suppliers.

Regulations are a key driver, creating a need among our customers to reduce their carbon footprints. For HANZA, this primarily means a number of market-related risks and opportunities tied to the transition. Our customers demand industrial processes that align with their climate targets, which places requirements on us to adapt, since the largest share of their environmental impact typically occurs in the supply chain. Among contract manufacturers, size and ability to meet customer demand for reduced carbon footprints are expected to become key competitive advantages – or conversely, transition risks. Contract manufacturers that can offer a shift to renewable energy sources, energy efficiency, reduced transport and the ability to move toward climate-neutral operations will benefit.

A clear conclusion is that HANZA's overall transition largely depends on the transition capacity of its customers. Customers control our largest source of emissions – input materials, which account for 83 percent of climate emissions in the value chain. HANZA's collaborations with customers who take a long-term, ambitious approach to sustainability are a key part of the group's long-term strategy. Considering both physical and transition-related climate risks is therefore an integral part of operations, as they represent business risks.

Magnitude of climate-related risks and opportunities

2024 marked the first time HANZA evaluated its climate risks. The risks and opportunities with the highest magnitude include the risk of lost business opportunities linked to customer demands for climate neutrality, and the opportunity to generate new business through our cluster model should new fuel and carbon taxes be introduced.

How reduced climate emissions are ensured

Policies

- HANZA Code of Conduct
- HANZA Supplier Code of Conduct
- Environmental Policy

(see ESRS 2, "Policies and third-party commitments" pp. 15-16).

The overall environmental efforts aim to reduce the environmental footprint and apply the precautionary principle by developing and using eco-friendly technologies, products and services across the value chain. HANZA applies a structured environmental management approach with continuous improvements to reduce resource use and prevent emissions. Suppliers must ensure that they and their supply chains hold the necessary environmental permits, comply with legal requirements, have systems in place that at a minimum prevent, reduce and control their environmental impact, and seek to implement certified environmental management processes. Key climate considerations include energy use, renewable sources and transportation. HANZA's current policies do not explicitly address mitigation or adaptation to climate change, energy efficiency, or the use of renewable energy. The policies will be updated in 2025 to align with HANZA's climate neutrality plan.

Actions and resources

Strategic adjustments to HANZA's business model:

Transport – In HANZA's cluster strategy, complete products are manufactured in factories that are based in clusters geographically close to its customers, which reduces emissions from shipping. Total transports to the cluster are minimized by our frequent large purchases from a limited number of suppliers.

Input materials – We support customers with advice and collaboration on supply chains, low-carbon materials, and resource efficiency to reduce emissions from input material manufacturing.

Position in the value chain					Time horizon			
Up-stream	HANZA	Down-stream		Significant impact, risks and opportunities	Short term	Medium term	Long term	Adjustments to the business model to manage impact
Climate change adaptation								
X	X	X	Risk (climate-related acute physical risk)	Climate-related events such as storms may disrupt logistics, especially in areas where HANZA relies on a single or limited number of suppliers, leading to potential revenue loss. Severe weather events can also cause production stoppages and revenue delays in HANZA's own operations and lead to reduced order intake from customers.	X			
Climate change mitigation								
X	X	X	Actual negative impact	Climate emissions that burden the environment are primarily generated during the production of input materials, but also in HANZA's manufacturing processes.	X			HANZA's regional cluster model that minimizes transportation. Environmental management system. Advice to customers regarding material choices. Collaborations with customers who have high climate ambitions. Expanded use of renewable energy. Systematic energy efficiency improvements and savings.
	X		Risk (transition) Opportunity (market)	Potential new climate taxes. May lead to short-term increases in HANZA's transportation costs. May enhance market advantages with HANZA's regional cluster model.		X		
X	X		Risk (transition) Opportunity (market)	Net-zero emissions requirements and expanded climate reporting to meet future customer expectations. May require increased investment in fossil-free energy sources and greater transparency regarding input materials. May strengthen HANZA's market position compared to smaller competitors due to better conditions for meeting these requirements.		X		Analysis of the conditions for alignment with SBTi and climate neutrality. Collaborations with customers who have high climate ambitions.
Energy								
	X		Actual negative impact	Purchased energy for production processes contributes to CO_2 emissions.	X			Investments in self-produced solar energy as well as systematic energy efficiency improvements and savings, which reduce consumption.

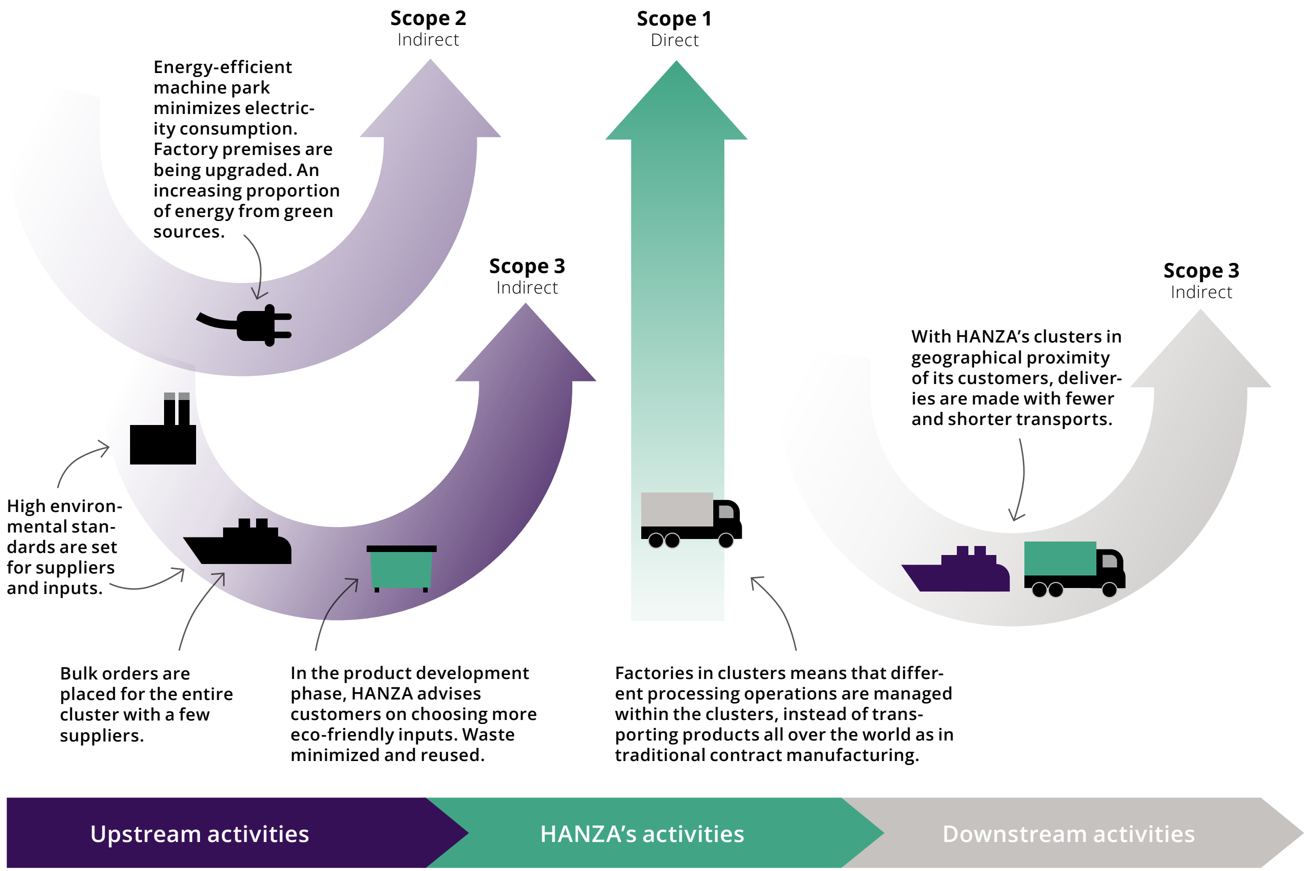
Energy consumption – Under HANZA's environmental management system, energy use in each cluster is monitored, with heating of factories and offices and power supply to machinery as the main contributors. Production lines are gradually being replaced with more energy-efficient alternatives. Energy leakage is regularly checked and minimized. Employee involvement and awareness campaigns on energy losses and savings help raise overall awareness across the group.

In 2024, HANZA invested approximately SEK 70 million in new energy-efficient machinery, including in the Mechanics factory in Kunovice, Czech Republic, where three older metal bending machines were replaced with modern ones. The energy savings are estimated at 165 MWh per year, or 96 percent of the old machines' consumption – equivalent to 142.4 tons of carbon emissions.

Energy sources – The gradual shift to renewable energy sources across our clusters has reduced emissions from our own operations (scope 1 and 2) in recent years. With continued investment in green energy, the internal transition can progress relatively smoothly. In 2024, the expansion of the Mechanics factory in Tartu, Estonia also included an expansion of its solar power system, adding 887.2 MWh of annual capacity. In total, HANZA's factories have solar panels with a capacity of 1,237.2 MWh, of which the solar installation at the Mechanics factories in Tartu accounts for 71.7 percent.

Our ISO 14001:2015 certified environmental management system constitutes the group-wide environmental management system that has been implemented in most of HANZA's factories. Thirteen out of a total of sixteen factory parks are currently certified under the system, which includes measurements and targets for energy consumption and waste management. At each individual factory, specific environmental issues are identified, such as activities requiring permits, toxic emissions and environmental risks. The possibility of reducing or recycling materials and replacing hazardous materials with more eco-friendly alternatives is being considered.

Measures to reduce HANZA's CO_2 footprint



Targets

HANZA's 2023 climate targets aim to deliver year-on-year improvements in energy efficiency, a shift to fossil-free energy sources, and reductions in emissions from manufacturing. New targets will be set in 2025 for the company's own operations (scope 1 and 2) pending a transition plan for the entire value chain.

	Target achievement	
HANZA's climate and energy targets	**2024**	**2023**
Annually increase the share of energy use from fossil-free energy sources in own operations.	ok	ok
Annually reduce CO_2 emissions from energy use in own operations relative to sales.	ok	ok
Annually reduce energy use in own operations relative to sales (MWh/SEKm).	ok	ok

Climate emissions 2024

Emissions from the company's own operations consist primarily of fuel and company vehicles within Scope 1, and within Scope 2, 60 percent from energy consumption in two mechanics factories.

The positive effect of HANZA's increased purchases of fossil-free energy during the year was offset by the energy consumption of three newly acquired factories and elevated emission factors.

Scope 3 indirect emissions are largely driven by input materials and have increased as a result of higher production across more sites. The mix has shifted toward lower-carbon materials. Higher emissions from logistics are due to improved reporting within HANZA.

Climate performance indicators

Group climate emissions (tCO_2e)[2]	**2024**	**2023**	**%**
Scope 1 GHG emissions			
Gross Scope 1 GHG emissions (tCO_2e)	1,616	1,893	-15
Percentage of Scope 1 GHG emissions from regulated emission trading schemes, %	0	0	0
Scope 2 GHG emissions			
Location-based gross Scope 2 GHG emissions (tCO_2e)	8,030	9,372	-14
Gross market-based Scope 2 GHG emissions (tCO_2e)	8,067	8,261	-2
Significant Scope 3 GHG emissions			
Total indirect gross Scope 3 emissions (tCO_2e)	**180,021**	**169,708**	**6**
1 Purchased goods and services	157,336	154,466	2
2 Capital goods	5,368	6,992	-23
3 Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	4,115	4,019	2
4 Upstream transportation and distribution	9,874	1,398	606
5 Waste generated in operations	749	876	-14
6 Business travel	319	303	5
7 Employee commuting	2,091	1,609	30
8 Upstream leased assets	48	45	7
9 Downstream transportation	121	N/A	N/A
Total GHG emissions			
Total GHG emissions (location-based) (tCO_2e)	**186,667**	**180,973**	**5**
Total GHG emissions (market-based) (tCO_2e)	**189,704**	**179,862**	**5**

GHG intensity in HANZA, total emissions relative to revenue[1]	**2024**	**2023**
Location-based GHG emissions (tCO_2eq)/ revenue SEKm	73	64
Market-based GHG emissions (tCO_2eq)/ revenue SEKm	75	64

1) Revenue in SEK for 2024, refers to 100% of operations, see p. 70 in the income statement.

2) Calculations based on GHG Protocol standard and richlines.
Scope 1: includes owned and leased vehicles in HANZA, with emissions based on kilometers driven and fuel consumption. Fuel is based on a combination of cost-based and actual data.
Scope 2: for purchased electricity and district heating/cooling, primary data and actual emission factors from suppliers are used primarily, followed by estimates based on area and the Finnish residual mix.
Scope 3: Categories 1, 4, 6, 7, 8, 9 - based on a combination of actual and cost-based data; Category 2 - based on cost-based data for the year: Category 3 - based on data from Scope 1 and Scope 2; Category 5 - based on actual data.
The majority of the emission factors used are sourced from Defra

Revisions of previously reported data for 2023:
Scope 1: +5% due to corrected consumption information and a new method for calculating hybrid vehicles.
Scope 2: -15% due to corrected consumption information and a new method for calculating hybrid vehicles.
Scope 3: Category 1 +15% due to adjusted emission factors, other categories due to adjusted emission factors as well as new and improved calculation methods.

Energy performance indicators

Energy consumption in HANZA, total broken down by energy source[1]	2024	2023	2022	2021
Energy consumption from coal and coal products, MWh	0	0	N/A	N/A
Energy consumption from oil and petroleum products MWh	1,369	1,077	N/A	N/A
Energy consumption from natural gas, MWh	4,451	6,142	N/A	N/A
Fuel consumption from other fossil fuel sources, MWh	0	0	N/A	N/A
Purchased electricity, heating, cooling from fossil sources, MWh	19,141	17,652	N/A	N/A
Total fossil energy, MWh	**24,961**	**24,871**	N/A	N/A
Total fossil energy, % share of total consumption	**54**	**59**	N/A	N/A
Nuclear power, MWh	**7,543**	N/A	N/A	N/A
Nuclear power, % share of total consumption	**16**	N/A	N/A	N/A
Fuel/energy/fuels from renewable sources (biofuels, biomass, biogas, hydrogen), MWh	0	0	N/A	N/A
Purchased electricity, heating, cooling from renewable sources, MWh	12,682	17,044	N/A	N/A
Self-generated fuel from renewable sources, MWh	841	N/A	N/A	N/A
Total renewable energy, MWh	**13,523**	**17,044**	N/A	N/A
Total renewable energy, % share of total consumption	**30**	**41**	N/A	N/A
Total energy consumption, MWh	**46,027**	**41,916**	**44,002**	**38,451**
Mechanics - share of energy consumption %	75	80	81	84
Electronics - share of energy consumption %	25	20	19	16

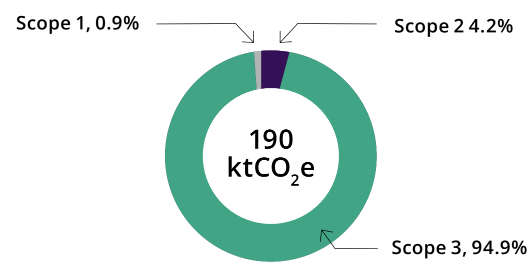
1) A portion of fossil-free energy was misclassified as renewable energy in the 2023 reporting and has not been corrected in the table.

Total energy production, HANZA	2024	2023
From non-renewable sources, MWh	0	N/A
From non-renewable sources, % share of total production	0	N/A
From renewable sources, MWh	841	281
From renewable sources, % share of total production	100	100
Total self-produced energy	**841**	**281**

Energy intensity in HANZA	2024	2023	2022	2021
Total energy consumption MWh/revenue[2] SEKm	8.3	10.1	12.4	15.3

2) Revenue in SEK for 2024, refers to 100% of operations, see p. 70 in the income statement.

Breakdown between Scope 1, 2 and 3 emissions



Purchased materials account for 83% of HANZA's total emissions.

ESRS E2 Pollution

Controls are in place to minimize pollution in both HANZA's and its suppliers' processes. Pollution may arise from handling errors within HANZA's operations or from the extraction of certain low-volume materials.

HANZA is committed to minimizing pollution in its operations and promoting robust environmental standards among its suppliers. In our own operations, potential pollution is primarily linked to chemical use in surface treatment within Mechanics, where residual products in the form of heavy metals are handled as hazardous waste. Pollution may occur if mistakes are made in these processes, such as water not being purified before discharge.

In the supply chain, small quantities of minerals in purchased electronic components may have been extracted using methods that polluted both soil and water, such as cobalt, copper, aluminum, zinc and nickel. Since electronic components are manufactured in multiple stages and transported globally, the traceability of these minerals is limited. Additionally, some purchased components contain small quantities of harmful substances[1] that are difficult to substitute.

How limited pollution is ensured

Policy

- HANZA Code of Conduct
- HANZA Supplier Code of Conduct
- Environmental Policy

(see ESRS 2 "Policies and third-party commitments" pp. 15-16).

HANZA shall operate with controlled environmental management systems at all factory units and generally promote the use of environmentally friendly methods and products. To limit the use of hazardous substances, regulations such as REACH and

1) Substances of very high concern.

Position in the value chain			Significant impact, risks and opportunities		Time horizon			
Up-stream	HANZA	Down-stream			Short term	Medium term	Long term	Adjustments to the business model to manage impact
Pollution of water								
	X		Potential negative impact	Potential water pollution is a consequence of surface treatments within Mechanics. The water is treated after use, and hazardous metals such as iron oxide are handled as hazardous waste. Some hazardous substances may remain in the subsequent rinsing processes if not handled properly.	X			Environmental management system. BAT – Best Available Techniques for pollution abatement. Advisory services to customers on climate-smart alternatives.
X			Potential negative impact	In some input materials in purchased electronic components, such as cobalt, copper, aluminum, zinc and nickel, water pollution may occur during extraction.		X		Structured purchasing process with supplier evaluation. Sustainability audits of key suppliers.
Pollution of soil								
X			Potential negative impact	In some input materials in purchased electronic components, such as cobalt, copper, aluminum, zinc and nickel, soil pollution may occur during extraction.		X		
Substances of very high concern								
X		X	Potential negative impact	In certain purchased electronic components, substances of very high concern may be present in small quantities which pose a risk to the environment and human health during end-of-life disposal.		X		

RoHS must be followed within HANZA and by suppliers. Suppliers must maintain records and prepare raw material declarations such as MDS or similar, and ensure that they and their supply chain hold necessary environmental permits, comply with legal requirements concerning, for example, banned substances and raw material declarations, aim for certified environmental management processes, and have systems in place at a minimum to prevent, reduce and control their environmental impact. Priority aspects include emissions to air, water and soil, as well as waste management. Substances of very high concern or potential environmental impacts are not explicitly addressed by policies.

Actions and resources

HANZA's structured procurement process (see ESRS G1-2), controlled environmental management systems, and advisory services to customers – sharing past experiences with environmentally friendly production alternatives – aim to reduce the occurrence of pollution. For customer-specific purchases, customer lists of banned materials are often attached, with HANZA responsible for the procurement process.

The mapping of harmful substances in purchased components shows that no purchases were made in 2024 where the content of substances of very high concern in components exceeded reporting thresholds. HANZA has urged relevant suppliers to submit material declarations.

Targets

HANZA does not have specific targets for pollution; however, it has established targets for hazardous waste to mitigate environmentally harmful processes (see ESRS E5). HANZA's environmental management system monitors any incidents within its own operations. Structured procurement processes impose requirements on suppliers.

ESRS E4 Biodiversity

HANZA's direct and indirect contributions to climate change adversely affect biodiversity.

Efforts to support biodiversity
The disruptions caused by climate emissions and related climate effects on ecosystems, as well as on species and biodiversity, are among today's major environmental challenges and pose a systemic risk to the stability of ecosystems. Some examples include climate-related extreme weather events that lead to the loss of critical mangrove areas and the impact on essential ecosystem services such as water availability. Our work on biodiversity – i.e. policies and actions – takes place within the framework of our climate efforts.

Position in the value chain					Time horizon			
Up-stream	HANZA	Down-stream	Significant impact, risks and opportunities		Short term	Medium term	Long term	Adjustments to the business model to manage impact
Direct impact drivers of biodiversity loss								
X	X	X	Actual negative impact	Climate change throughout the value chain contributes to direct losses of biodiversity and degradation of ecosystems.	X			See ESRS E1 Climate change p. 29

ESRS E5 Resource use and circular economy

Our production is based on large volumes of raw materials and other inputs, many of which are determined by our customers. HANZA's environmental processes and follow-up focus on minimizing material use and waste.

How efficient resource use is ensured
Policy
- HANZA Code of Conduct
- Environmental Policy
- HANZA Supplier Code of Conduct
- Quality Policy

(see ESRS 2 "Policies and third-party commitments" pp. 15-16). An environmentally responsible approach is pursued in all processes, including the development and use of environmentally friendly technologies and products. Through quality and environmental management systems, continuous quality controls and recycling practices are implemented at all factories, thereby reducing product defects, minimizing material waste and decreasing overall waste generation. All hazardous waste must be disposed of in compliance with laws and environmen-

Position in the value chain					Time horizon			
Up-stream	HANZA	Down-stream	Significant impact, risks and opportunities		Short term	Medium term	Long term	Adjustments to the business model to manage impact
Resource inflows including resource use								
X	X		Actual negative impact	HANZA's production processes have a high share of input materials, typically 60-70 percent of manufacturing cost for electronics and 40-50 percent for mechanics, which entails resource extraction.		X		Systematic quality management (ISO 9000) in production saves resources. Systematic environmental management (ISO 14001:2015) supports recycling, increased use of secondary materials and monitoring. Pilot projects with customers focused on greener design.
	X	X	Opportunity (market)	Green customer projects and a focus on customers with sustainable business models can enhance customer relationships and create opportunities for strengthened long-term revenue streams.		X		
Resource outflows including waste								
	X		Actual negative impact	HANZA's production processes generate waste, both hazardous and non-hazardous, leading to resource loss and added environmental impact from handling, such as pollution and transport.		X		Systematic high-quality management (ISO 9000) in production helps conserve resources and prevent waste. Systematic environmental management (ISO 14001:2015) ensures control and monitoring of waste management. Advisory and pilot projects with customers on eco-friendly technologies that reduce hazardous waste.
	X		Risk (policy)	Tighter regulations on hazardous waste management may lead to higher costs for HANZA.		X		

tal permits. Environmental management systems or similar practices at suppliers should also contribute to reducing and controlling environmental impact through minimized material consumption, increased recycling and reduced waste. When selecting suppliers, the effective use of natural resources and proper waste management practices are given high priority. The policies do not specifically describe transitioning from primary materials to recycled ones or increasing renewable material usage.

Actions

With the support of our quality and environmental management systems, resource efficiency is improved through recycling and the reduction of waste, including both non-hazardous and hazardous materials. Ensuring the correct production and use of input materials from the outset while minimizing disposal is a key strategy for conserving resources and reducing waste. Hazardous waste in operations primarily arises from the use of chemicals in painting or surface treatment within Mechanics (see ESRS E2 Pollution p. 34) and consists of heavy metals. The operation is subject to permitting requirements. After separation, hazardous waste is managed by an authorized waste handler. Waste consists of metal scraps, plastics and packaging materials, which are sorted and sent for disposal.

Customer drawings and material choices largely dictate resource consumption, and the transition to reused and renewable materials must therefore primarily occur at the initiative of customers. A clear customer trend is the increased demand for consulting and pilot projects related to product design with a greater circular focus. HANZA provides ongoing support to customers focused on recyclable and recycled metals, as well as resource minimization, such as design projects that result in products with reduced steel content while maintaining strength. Material substitutes can sometimes be a challenge, especially when they need to meet customer quality requirements.

Targets

In 2023, voluntary waste reduction targets were established. An annual reduction of generated non-hazardous and hazardous waste aims to increase resource utilization and recycling while decreasing the proportion of waste from polluting processes. Targets for the Mechanics and Electronics operations were developed in relation to their sales, taking the group's business model as a starting point.

HANZA's targets for waste and resource consumption	Target achievement	
	2024	2023
Annual reduction of waste relative to sales for electronics (tons of waste/SEKm)	Achieved	Achieved
Annual reduction of waste relative to sales for mechanics (tons of waste/SEKm)	Achieved	Achieved
Annual reduction of hazardous waste relative to sales for electronics (tons of waste/SEKm)	Not achieved	Partially achieved
Annual reduction of hazardous waste relative to sales of mechanics (tons of hazardous waste/SEKm)	Not achieved	Achieved

Resource use and resource flows performance indicators

Resource use

HANZA's sixteen factory parks are equipped primarily with light machinery, and in some cases medium-weight machinery. Transport within the factory parks is carried out primarily using forklifts. The input materials in Electronics consist of electronic components, which in turn contain plastics, metals, chemicals and minerals. In Mechanics, large volumes of metals are used, primarily steel by weight, along with various chemicals. Packaging materials are also used.

Data are drawn from actual consumption and delivery volumes, based on supplier specifications and information from HANZA's ERP system.

Resource use	2024	2023
Steel, tons	19,918	N/A
Iron, tons	141	N/A
Aluminum, tons	411	N/A
Brass, tons	112	N/A
Copper, tons	28	N/A
Bronze, tons	4	N/A
Total material, tons	**20,614**	**22,740**
Water m^3	48,646	46,849
relative to revenue	0.010	0.010

Finished products

Products leaving HANZA are either produced or refined in HANZA's manufacturing processes on behalf of customers. In 2024, 51 million units were delivered according to customer specifications.

Manufactured products by production area, units	Number (millions)	
	2024	2023
Electronics	36.6	22.6
Mechanics	14.4	14.6
Total	**51**	**37.2**

Waste performance indicators

Waste management, tons	2024	2023	2022	2021
Total waste managed	1421	1334	1,333	2,888
Relative to revenue[1]	0.29	0.32	0.38	1.15
Hazardous waste	535	516	583	449
Non-hazardous waste	886	819	750	2,439

Waste managed by business area, tons	2024	2023	2022	2021
Hazardous waste	535	516	583	449
– Electronics	31	12	9	7
– Hazardous waste tons/ revenue[1] SEKm	0.012	0.007	0.007	0.008
– Mechanics	504	504	574	442
– Hazardous waste tons/ revenue[1] SEKm	0.23	0.21	0.26	0.28
Non-hazardous waste, tons	886	818	750	2,439
– Electronics	398	196	234	69
– Non-hazardous waste tons/revenue[1] SEKm	0.152	0.116	0.163	0.075
– Mechanics	488	622	516	2,369
– Non-hazardous waste tons/revenue[1] SEKm	0.22	0.26	0.24	1.49

1) Revenue in SEK for 2024, refers to 100% of operations, see p. 70 in the income statement.

100 percent of hazardous waste is deposited with certified recycling companies that separate, recycle and manage the waste.

Total non-hazardous waste generated excludes the waste recycled within HANZA's manufacturing operations. 100 percent of non-hazardous waste – paper, cardboard, metal, glass, plastic and other waste – is delivered to local recycling companies whose handling depends on local legislation.

Social issues

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ESRS S1 Own workforce

Our point of departure is that HANZA's innovation and profitability rest entirely on the contributions of our 2,600 employees. Ensuring good working conditions and an environment characterized by sound values is essential to boost motivation, facilitate skills development and maintain the trust of society and customers.

Safe and secure working environments

HANZA aims to provide all employees with a safe work environment – free from physical injury, stress, negative workplace conditions and discrimination (see also ESRS S2 "Human Rights," pp. 47-48). As most employees work in factory environments where health, safety and working conditions pose risks, the work environment must meet high standards.

Policy[1]

- Health and Safety Policy
- HANZA Code of Conduct

(see ESRS 2 "Policies and third-party commitments" pp. 15-16).

Our goal is zero workplace accidents involving employees and contracted personnel at our facilities. In addition to complying with local laws and regulations, our sites operate under occupational health and safety management systems or other structured processes. These systems set out procedures to prevent, investigate and respond to workplace accidents affecting factory personnel. Managers are to encourage the reporting of misconduct, workplace risks and other irregularities. They must ensure awareness of HANZA's internal whistleblower function, HANZA Hotline (see ESRS G1 "Whistleblower Function" p. 50). Employees are responsible for maintaining a good working environment, including following rules and instructions.

Actions and follow-up

HANZA is gradually rolling out its work environment management system across newly acquired factories. The aim is to certify health and safety processes at all factory parks. Potential conflicts between production targets and healthy work environments are managed through systematic and transparent incident tracking. Accident risks are minimized with local initiatives such as fire safety, clearly marked evacuation routes, safety protocols, instructions in local languages, safety videos, as well as training for supervisors and safety representatives at every workplace. Ongoing training is provided for managers and safety representatives to ensure they have the necessary skills, resources and authority, while employees receive orientations from a health and safety perspective.

29 workplace accidents occurred in 2024, compared to 40 in 2023. The reduced number of accidents is attributed to improved health and safety procedures in the workplace, such as hazard identification and risk assessments. Occupational injuries relative to hours worked (LTIFR) decreased for the same

1) Unless otherwise stated, "employees" refers to both directly employed and contracted personnel.

Position in the value chain					Time horizon			
Up-stream	HANZA	Down-stream	Significant impact, risks and opportunities		Short term	Medium term	Long term	Adjustments to the business model to manage impact
Working conditions								
	X		Actual negative impact	Temporary spikes in factory production may lead to increased health and safety risks for the workforce, along with a negative perception of the work environment due to stress and overtime.	X			Systematic work environment management (ISO 45001) including safety procedures, training and incident fol-low-up. Any incidents that occur result in improvement programs.
	X		Risk (reputation)	Serious health and safety incidents can damage HANZA's reputation, reduce business opportunities, and result in additional costs for implementing new procedures.		X		
Equal treatment and opportunities for all								
	X		Actual positive impact	Employees benefit from training and development opportunities.	X			Skills transfer between factories. Action plan based on annual employee surveys.
	X		Opportunity (market)	Skill development can improve efficiency and make HANZA more attractive to customers, leading to higher margins and new business opportunities.	X			
	X		Actual positive impact	Employees benefit from equal opportunities and equal pay for equivalent work.	X			Equal employment terms and conditions for equivalent assignments.
	X		Risk (market)	Difficulties attracting the right people and competen-cies can lead to capacity constraints and lost business opportunities.		X		
	X		Actual positive impact	Zero tolerance for workplace discrimination supports a healthy work environment for employees.		X		Employee surveys monitor perceived victimization. Active measures are taken against all forms of harassment. Internal whistleblower function. Healthy corporate culture.
	X		Actual positive impact	Employees benefit from a work environment marked by diversity.	X			
	X		Opportunity (market)	Inclusion and diverse experiences and backgrounds offer new perspectives and recruitment opportunities, fostering innovation and opening up new business opportunities.		X		

reason. Most workplace accidents involve mechanical processes with cuts on fingers and hands or minor burns and crush injuries, often caused by improper handling. HANZA also follows up incidents in the work environment where a situation could have resulted in a workplace accident, so-called near-miss cases. In 2024, 499 incidents were reported, compared to 433 the year before. Occupational injuries and incidents are reported through HANZA's internal quarterly follow-up as well as in compliance with local legislation. Shifts in incident numbers over time are attributable in part to the group's acquisitions. As health and safety efforts are to include employee dialogue, annual action plans are developed based on employee surveys and regular discussions with union representatives. A key initiative in 2024 was the introduction of the Operational Excellence role, which will work with the factories to enhance internal workflows. For employees, this may mean that repetitive tasks linked to strain injuries are replaced by automation. Over time, the new workflows may enable more flexible jobs. HANZA does not anticipate that climate-related changes to its operations will affect employees.

Additional health-focused measures include investments in fit-for-purpose facilities. In 2024, HANZA inaugurated an expansion of the assembly plant in HANZA Mechanics Tartu and completed a brand-new 8,800 square meter factory in Töcksfors. Free menstrual products are available in factories and offices. Other benefits vary by location: in Poland, hybrid work is offered to parents; some factories offer schedules adapted to childcare needs; daytime shifts are available in the Czech Republic and Poland; Sweden and Finland provide wellness allowances; Sweden and China offer health checks; and in Estonia, employees benefit from an annual health week and daily free soup lunches.

Targets

The targets aim to gradually reduce incidents that pose serious risks to employees, including by encouraging them to report rule violations and other irregularities. HANZA's Board of Directors set the targets in 2023 without engaging in dialogue with employee representatives.

HANZA's targets for a safe and secure work environment	Target achievement	
	2024	2023
Zero work-related injuries in the long term. Annually reduce the number of incidents resulting in absence from work (LTIFR).	Achieved	Not achieved
All employees shall be informed about HANZA's anonymous whistleblower function.	Achieved	Not achieved

Diversity and non-discrimination

Policy

- Diversity policy
- HANZA Code of Conduct

(see ESRS 2 "Policies and third-party commitments" pp. 15-16).

Diversity among employees and an inclusive corporate culture strengthen our ability to grow and deliver strong results. Diversity of experience and background creates innovation, improves recruitment opportunities and gives us new perspectives to better understand our customers. All forms of workplace discrimination based on various grounds (see ESRS S2 "Human rights" pp. 47-48) must be actively opposed. At HANZA, diversity and inclusion are ensured by basing recruitment, promotion and compensation on individual qualifications and roles, while safeguarding a workplace free from discrimination and harassment – where everyone is treated with respect and every contribution is valued. Employees and managers share responsibility for maintaining an inclusive work environment. Reasonable and feasible accommodations are made to support employees with disabilities.

Actions and follow-up

Perceptions of the internal collaboration climate and respect from colleagues and managers have shown a positive trend in employee surveys over recent years. Perceived victimization is closely monitored and has demonstrated clear annual improvements since 2018. Suspected cases of harassment or discrimination are investigated in collaboration with local management, HR, safety representatives, union representatives and occupational health services. No cases of harassment were investigated in 2024. Leadership training on organizational and psychosocial work environments, focusing on victimization and harassment, along with occupational health support for those involved, are among the actions taken in confirmed cases.

Gender balance in the Group is relatively strong, with 42 percent women and 58 percent men. Certain job categories and

Work environment management system certified according to ISO 45001

HANZA has implemented its system in ten of its sixteen factory parks, while the others have their own management systems. Within the framework of the system, internal key performance indicators are followed up on a monthly basis. Any local deviations of key performance indicators result in mandatory measures at the local factory. Each factory therefore measures the number of workplace accidents, incidents, absences due to occupational injuries and sick leave. In addition to this, health and safety risks are evaluated on an ongoing basis, as well as any deviations from local laws and regulations. The factory then prepares customized action programs such as compulsory safety training initiatives, and directives linked to safety procedures and evacuation. In the case of company acquisitions, HANZA conducts a separate due diligence regarding the organization and employees when, among other things, existing leadership and recruitment needs are evaluated. After the acquisition, HANZA's values, policies and processes are gradually implemented, such as the work environment management system, so that all factories in the group follow the same work environment evaluation and action system. All factories will have certification by 2025.

clusters show a poorer balance, reflecting a broader challenge shared across the global engineering industry, where lighter mechanical tasks are dominated by women and heavier duties by men. An interim target is to increase the share of women in supervisory roles within the Group to improve gender balance and enhance understanding of diversity. When recruiting candidates with equal qualifications, preference is given to the underrepresented gender. Targeted recruitment efforts are also made to improve local gender balance.

Targets

The targets, which aim to promote diversity and gender equality, were set by HANZA's Board of Directors in 2023 without engaging in dialogue with employee representatives.

HANZA's diversity and non-discrimination targets	Target achievement	
	2024	2023
Zero cases of confirmed discrimination.	Achieved	Achieved
Annually increase the proportion of women in leadership roles.	Achieved	Partially achieved
All employees with a managerial role must complete HANZA's diversity policy training course.	Not achieved	Not achieved

Development and equal treatment

Policy

- HR Policy

(see ESRS 2 "Policies and third-party commitments" pp. 15-16).

Through our leadership, opportunities are created for employees to develop and fully leverage their skills, diversity and ideas. The immediate supervisor is responsible for the employee's development, ensuring they have a relevant job description and the appropriate competencies. At least once a year, career development meetings should be conducted to evaluate results and development with the immediate supervisor. HANZA strives to provide equal employment terms and conditions for equivalent assignments. Employment contracts and company communications are in local languages. Newly hired employees and managers have an individual induction plan.

Actions and follow-up

Leadership training, annual leadership conferences, and employer branding activities are organized to strengthen leadership and establish a global HANZA culture. In the fall of 2024, a leadership program was initiated for managers at the executive and cluster levels, focusing on communicative leadership. In 2025, a digital leadership program is planned for implementation starting in 2026.

The "Competence Exchange" program, involving skill exchanges between factories, helps develop internal career opportunities and enhances the sharing of production methods across clusters. Four major skill shifts were implemented in 2024 as part of this program. Newly hired key functions are given a global introduction to HANZA by the CEO, CFO and COO.

Approximately two-thirds of employees felt in 2024 that they have clear development opportunities within the group, consistent with results from previous years' surveys. All factories annually create plans for recruitment, employee development and training, as well as for reorganization of operations if indicated. Internal talents are leveraged, and employee development needs are identified, followed by a matching process with competency needs in other parts of the company. Employee turnover is carefully analyzed to address recruitment challenges and ensure that appropriate actions are taken. Local HR managers support this effort, coordinated by the CHRO.

Employee dialogue

HANZA's dialogue with employees serves two primary purposes: capturing their input and providing them with essential information. Annual career development meetings assess perceived work environment, employee goals in relation to development, potential improvement measures, and updates to operational guidelines.

In annual employee surveys, employees have the opportunity to evaluate how well HANZA addresses key issues, such as safe working conditions, development opportunities and perceived corporate culture. The surveys indicate annual improvements despite the uncertainty that can arise from expansion and acquisitions. The company's corporate culture, stability, reliability, and work environment all garner high ratings. Action plans are developed at both the group and central levels based on the feedback received, and the outcomes are communicated back to employees. Trade union representatives are engaged in ongoing dialogues. Employee turnover is analyzed by identifying which employees leave, from which departments, their duration of employment and their reasons for leaving.

The employee survey identifies communication and feedback as areas for improvement. HANZA Hub, a new mobile-friendly intranet, was launched in 2024 to serve as the central internal communication channel. To date, over 950 employees have joined the intranet, which aims to provide relevant information faster and more frequently. The intranet also provides access to HANZA's whistleblower service (see ESRS G1 "Whistleblower Service" p. 50). The annual cost for the intranet and leadership training are less than SEK 2 million.

In certain locations where HANZA is a significant employer, ongoing dialogue and engagement occur with municipal leadership and other community functions. Sponsorships and donations to local initiatives as well as collaborations with schools aim to support employee development and the growth potential of the communities of which HANZA is a part.

Terms and conditions, contracted personnel

Remuneration and other terns of employment, such as for illness, parental leave and pensions, are based on collective agreements, legislation and industry standards. Most of HANZA's employees are employed within the EU, where there is a high level of worker protection. GDPR is adhered to. In accordance with, among other things, HANZA's Code of Conduct, the right to freely associate with trade unions is self-evident, and all types of child labor are of course prohibited.(See ESRS S2 "Human Rights" pp. 47-48.)

During production peaks, personnel are hired from agencies on short-term contracts, enabling scalable production and reasonable working conditions for employees. The agencies are engaged under responsible sourcing practices, with additional requirements including minimum wages and working conditions. While working at HANZA, they are covered by our work environment systems and certain other employee-related processes.

Average number of employees by country, 2024	Total	Women	Men
Sweden	736	316	418
Estonia	762	280	482
Finland	210	27	183
China	80	46	34
Poland	376	260	116
Czech Republic	185	78	107
Germany	229	85	144
Total	**2,578**	**1,092**	**1,486**

Key performance indicators (KPIs)

Gender balance at HANZA	2024	2023	2022	2021	2020
Entire organization	**2,578**	**1,999**	**1,936**	**1,741**	**1,543**
– men, number	1,486	1,195	1,174	1,067	950
– women, number	1092	804	762	674	593
Total					
– men, %	58	60	61	61	62
– women, %	42	40	39	39	38
Supervisory role/ Managerial positions					
– men, number	136	78	78	N/A	N/A
– women, number	52	22	22	N/A	N/A
Total					
– men, %	72	78	78	N/A	N/A
– women, %	28	22	22	N/A	N/A
Management team					
– men, number	3	3	3	3	3
– women, number	0	0	0	0	0
Total	**3**	**3**	**3**	**3**	**3**
– men, %	100	100	100	100	100
– women, %	0	0	0	0	0

Employee data	2024	2023	2022	2021	2020
Total employee turnover, %	16	15	18	N/A	N/A
Voluntary employee turnover, %	7	10	13	N/A	N/A
Average short-term sick leave, % of worked hours	5	7	7	5	5
Health and safety					
Employees covered by ISO 45001 Occupational Health and Safety Management System, % of total employees.[1]	63	73	N/A	N/A	N/A
Occupational accidents resulting in absence, number	29	40	31	26	32
Occupational safety observations, number	499	433	503	261	149
Lost Time Injury Frequency Rate (LTIFR)	7	11	9	11	13

1) The decrease is due to the acquisition of Orbit One, where the factories have their own health and safety management system

Employee data	2024	2023	2022	2021	2020
Non-discrimination					
Total number of reported and identified cases of discrimination, harassment.	0	0	0	0	2
Number of other reports on employee issues via the whistleblowing function	1	1	0	0	0
Fines imposed and other compensation due to discrimination incidents or similar matters, SEK	0	0	0	0	0

1) Number of employees refers to average/permanent employees/temporary employees/non-employees/full time/part time = full time equivalent during the year including the CEO;
Employee turnover = Number of FTEs who left HANZA during the year/Number of FTEs at year-end, including the CEO;
Sick leave % of working hours (based on 2,000 hours worked per year);
LTIFR is calculated as number of accidents / total number of hours worked in the organization *1,000,000;
Occupational safety observations refer to the number of occasions where a risk was identified and a potential accident was prevented;
Reported harassment refers to reports via the HANZA Hotline.

ESRS S2 Value chain workers

Respect for human rights is required throughout the supply chain. The risk of abuse is greatest early in the supply chain, where transparency relating to social conditions can be weak.

Position in the value chain					Time horizon			
Up-stream	HANZA	Down-stream	Significant impact, risks and opportunities		Short term	Medium term	Long term	Adjustments to the business model to manage impact
Working conditions								
X			Potential negative impact	Extraction of input materials and component manufacturing early in the value chain in countries with limited respect for human rights may involve poor working conditions for workers.		X		Controlled purchasing processes that set requirements for suppliers and their subcontractors. Audit of major suppliers. Analysis of risk areas.
Other work-related rights								
X			Potential negative impact	Extraction of input materials and component manufacturing early in the value chain in countries with limited respect for human rights may involve risks of child and forced labor and violations of workers' rights.		X		Controlled purchasing processes that set requirements for suppliers and their subcontractors. Audit of major suppliers. Analysis of risk areas.
X			Risk (market)	Human rights violations linked to certain key input materials, individual suppliers, or their subcontractors may result in costs or lost business opportunities, as corrective action is required to address concerns about inadequate procurement practices.		X		

Minerals and components primarily used in electronic parts are handled through multiple tiers of suppliers, countries and continents before the final input material reaches HANZA's production sites. When actors in the supply chain fail to comply with codes of conduct, there is a risk of human rights violations, such as people working under poor conditions, in unsafe environments, or under coercion or child labor. Such shortcomings may also result in local communities near certain mineral extraction sites facing freshwater scarcity due to pollutants from extraction methods, or land previously used by communities or Indigenous peoples being claimed, with or without compensation. We find that these risks primarily arise in manufacturing and extraction activities in high-risk countries where human rights protections are weak.

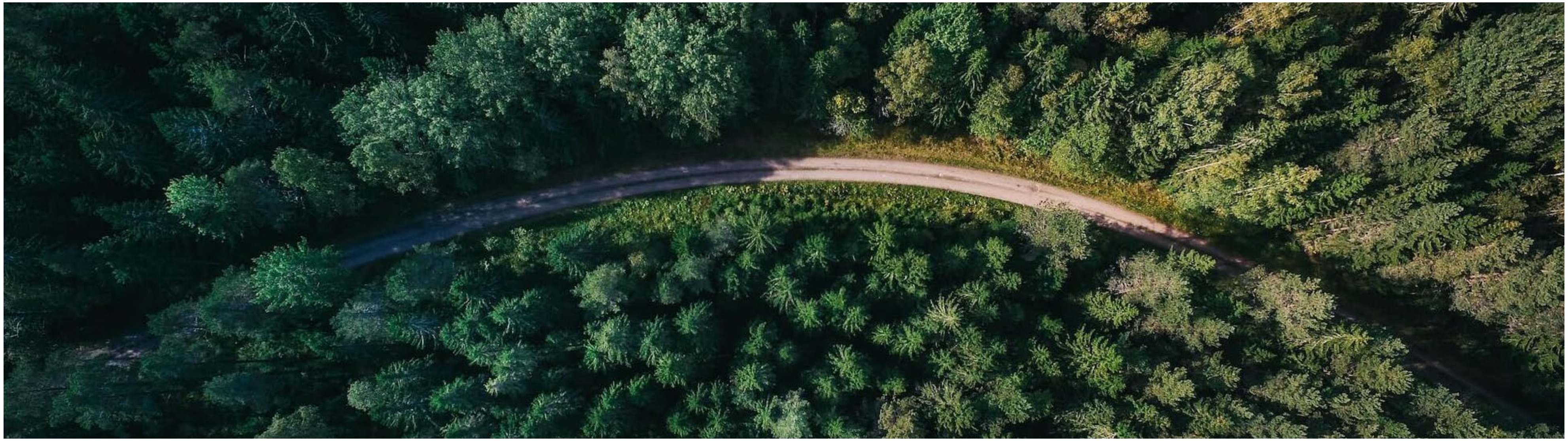
Respect for human rights

Policy

- HANZA Code of Conduct
- HANZA Supplier Code of Conduct

(See ESRS 2 "Policies and third-party commitments" pp. 15-16)

For HANZA, respect for human rights and fair working conditions is fundamental. We are firmly committed to ensuring that we do not contribute to violations in our own operations (see ESRS S1 "Safe and secure working environments" and "Diversity and non-discrimination" p. 40, 42-43), or when purchasing goods and services, and to acting decisively if we become aware of such cases. Within our operations, we oppose all forms of workplace violations, such as forced labor, unpaid overtime, human trafficking, child labor, bans on trade unions, and discrimination based on race, national or social origin, religion,



disability, gender or gender identity, ethnicity, sexual orientation, age, family structure or marital status, union membership, or political opinion. We shall promote and respect internationally recognized human rights, including the rights of people and communities to adequate living standards and land rights. We shall also work to prevent violations related to specific minerals, known as conflict minerals[1].

In accordance with the UN Guiding Principles on Business and Human Rights, we prioritize our actions based on the severity of the violation, the possibility of prevention, the likelihood of occurrence, and whether we contribute to it directly or indirectly through business relationships.

In our evaluations, dialogues and audits, we require all of the hundreds of direct suppliers and the products and services they provide to meet, at a minimum, the same social requirements as HANZA (see ESRS G1 "Suppliers" p. 51). In addition to complying with laws, collective agreements and industry standards on working hours, pay, and leave, they must uphold human rights for employees, ensure dignified and respectful treatment without discrimination, offer a healthy and safe work environment, never engage in forced or child labor, and act responsibly toward nearby communities, Indigenous peoples, and landowners. We also require that suppliers have processes in place to follow up on these matters within their own operations and supply chains. The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas must be followed, and a specific due diligence process must be implemented to ensure traceability of minerals.

Any suspected violations must always be investigated without delay. If they arise in the supply chain, necessary measures must be taken, such as inquiries, investigations, and feedback – and, if no correction occurs, termination of the cooperation. Our actions are necessary to maintain the trust of our stakeholders. HANZA's new whistleblower channel enables fully anonymous reporting of misconduct (see ESRS G1 "Whistleblowing" p. 50). No reported or investigated human rights incidents have occurred during the year such as lawsuits, allegations or compensation paid.

Actions and targets

The Head of Sustainability compiles insights from supplier contacts and reports from organizations such as Human Rights Watch and Responsible Minerals (see ESRS 2, SBM-2 pp. 20-21). These compilations support us and our customers in regularly identifying risk areas where human rights violations may occur. The insights are used in customer dialogues and supplier assessments, and to initiate special investigations where needed. In 2025, HANZA will conduct a dedicated analysis of its due diligence processes. Our purchasing framework (see ESRS G1 "Suppliers" p. 51) includes processes, resources, and follow-up, where responsibility for electronic components lies with the Head of Global Strategic Sourcing. No specific targets have been set to measure the effectiveness of the actions.

1) Gold, tantalum, tin and tungsten must be guaranteed to originate outside conflict areas.

ESRS S3 Affected communities

Position in the value chain					Time horizon			
Up-stream	HANZA	Down-stream	Significant impact, risks and opportunities		Short term	Medium term	Long term	Adjustments to the business model to manage impact
Communities' economic, social and cultural rights								
X			Potential negative impact	Input materials extracted using methods that affect local communities' access to clean water – due to groundwater pollution – may potentially be included in the electronic components used in HANZA's production.		X		Controlled purchasing processes that set requirements for suppliers and their subcontractors. Audit of major suppliers. Analysis of risk areas.
X			Potential negative impact	Input materials extracted using methods that reduce local communities' access to land – either by appropriating land or through displacement without compensation – may potentially be included in the electronic components used in HANZA's production.		X		

Responsible business practices

Contents

ESRS G1 Business conduct

Our relationships with customers, employees and the broader community are built on how HANZA conducts itself internally and in business transactions. Strong business conduct is a prerequisite for sound business practices.

How business conduct and anti-corruption are ensured

Policies

- HANZA Code of Conduct
- HR Policy
- Whistleblowing policy

(see ESRS 2 "Policies and third-party commitments" pp. 15-16).

In order to maintain confidence in HANZA, it is essential that our business is characterized by an unwavering commitment to maintaining the highest ethical standards. All employees and representatives are expected to maintain relationships with customers, colleagues, suppliers and other business partners based on honesty, integrity and our corporate values. Our annual employee surveys measure perceptions of the corporate culture. Insights from the corporate culture are discussed at quarterly internal conferences (see S1 "Employee dialogue" p. 44).

HANZA has zero tolerance for bribery and corruption. To avoid raising suspicions of impropriety or corruption, no employee may give or receive gifts intended to influence decision-making. We continuously assess risks of misconduct and conflicts of interest as part of our preventive anti-bribery work. The greatest risk is considered to lie with employees in supplier and customer-facing roles, representing fewer than 100 individuals across the group. Potential corruption incidents are investigated through the external whistleblower function. Everyone has access to the HANZA Code of Conduct on the intranet, which is mobile-adapted for easier access in factory settings; all employees are informed of the policy annually.

Whistleblower function

HANZA will promptly and objectively investigate all reports of corruption or ethical misconduct.

The HANZA Hotline has been available to employees for several years to systematically manage reports of suspected guideline breaches, misconduct, or abuse of trust. Reports are typically submitted to the immediate manager, their superior or the local HR function. As of March 2025, reports can also be made through HANZA's external whistleblower service. The service is available via HANZA's external website and allows employees and third parties to anonymously report violations of laws, regulations, or other irregularities. Through this channel, for example, employees or communities in HANZA's supply chain can report suspected misconduct. Reports are handled by an external, independent party and may be submitted digitally, via voicemail, or through a personal meeting. Once complaints are investigated they are submitted to the CHRO and CEO. Feedback to the whistleblower and protection against retaliation in accordance with the law are included in the procedures.

One whistleblower report was investigated in 2024, with no wrongdoing found. No reports of corruption or other violations have been identified. The group has no ongoing legal processes

Position in the value chain					Time horizon			
Up-stream	HANZA	Down-stream	Significant impact, risks and opportunities		Short term	Medium term	Long term	Adjustments to the business model to manage impact
Corporate culture								
X	X	X	Actual positive impact	High standard of business conduct contributes to strong relationships with employees, customers, and the broader community.	X			Proactive efforts are made to promote ethical conduct internally and in business dealings, including through leadership and the clearly communicated HANZA Code of Conduct.
	X		Risk (reputation)	Damage to trust from potential violations of internal business conduct policies can harm HANZA's relationships with customers, employees, the capital markets and the broader community, resulting in significant revenue loss and increased financing costs.		X		
Protection of whistleblowers								
X	X	X	Actual positive impact	Protection of whistleblowers enhances the ability of the company and employees to address violations of regula-tions.	X			A whistleblower function allowing anonymous reporting of violations without retaliation is clearly communicated to all employees and made available on the external website.
Corruption and bribery								
X	X	X	Actual positive impact	Preventive anti-corruption measures reduce the likelihood of legal and financial consequences for the company, its employees and its owners.	X			Zero tolerance for bribery, maintenance of a gift regis-ter, a whistleblower function, and ongoing risk assess-ments related to violations and conflicts of interest.
Relationships with suppliers, payment procedures								
	X	X	Actual positive impact	Reasonable payment terms benefit smaller local suppliers where HANZA is a major purchaser and customer.	X			Applies payment terms in accordance with industry standards to all suppliers.
	X		Risk (market)	Procurement practices related to sustainability that do not meet customer requirements may jeopardize business opportunities.		X		Expanded efforts in supplier evaluations and audits.

related to corruption, and no judgments or fines have been imposed.

Suppliers

Policies

- HANZA Code of Conduct
- HANZA Supplier Code of Conduct
- Environmental Policy

(see ESRS 2 "Policies and third-party commitments" pp. 15-16). Our ability to meet customer demands for product traceability and ensure sustainable business practices requires robust evaluation processes for the procurement of products and services. The majority of our suppliers provide raw materials and components. They are expected to share HANZA's view on sustainability regarding the environment, fair working condi-tions, human rights, business conduct and corruption, and must have compliance processes in place and be available for audits. Manufacturing suppliers are encouraged to have certified

HANZA's values

Our values summarize the expectations employees have of one another in order for HANZA to achieve its vision of becoming a unique and value-creating manufacturing partner. The current employee policies reflect these values. The annual career development meetings are based on the values. These values are an essential starting point in the analysis of factory acquisitions.

WE ARE FOCUSED
– on ensuring that we can deliver what we have promised, and finish what we have started.

WE COMMUNICATE
– which provides the basis for the implementation of our strategies and achievement of our goals.

WE ARE TEAM PLAYERS
– we all work toward the same goal.

WE MAKE THINGS EASIER
– we are always searching for new ways to improve and simplify what we do.

WE TAKE OWNERSHIP
– by assuming responsibility, we can grow and develop.

HANZA's responsible business practices targets	Target achievement	
	2024	2023
Business conduct		
All employees must be informed annually about HANZA's Employee Code of Conduct.	Not achieved	Not achieved
Zero corruption incidents.	Achieved	Achieved
Suppliers		
All of HANZA's key suppliers must confirm the HANZA Supplier Code of Conduct.	Partially achieved	Not achieved
Annual audits of significant suppliers to ensure compliance with HANZA's Supplier Code of Conduct.	Achieved	Not achieved

environmental and occupational health and safety management processes in place.

The HANZA Supplier Code of Conduct, based on the sustainability principles of the HANZA Code of Conduct, applies to all suppliers and defines the minimum performance level. A number of system tools have been implemented to strengthen the quality of supplier evaluations. The largest suppliers, accounting for half of our purchases, undergo more extensive evaluations where their structures for managing and monitoring sustainability work are reviewed. Policies, required environmental permits, environmental and health and safety processes, environmental emissions and supplier compliance processes are regularly monitored. In cases of shortcomings such as weak processes or poor results, corrective action is required and if issues persist, the partnership is terminated. In addition to signing the Code of Conduct, smaller suppliers must complete a self-assessment of their sustainability work. In 2024, HANZA conducted around 15 supplier audits to verify compliance with the code. By the end of 2024, approximately 10 percent of suppliers were included in the evaluation systems. The target for 2025 is to evaluate suppliers representing a total of 50 percent of HANZA's purchases, using EcoVadis.

The responsible procurement organization handles supplier monitoring, which for certain materials is carried out by individual clusters, and for electronics and other materials by the Head of Global Strategic Sourcing. No supplier contracts were terminated in 2024 as a result of non-compliance.

Enhanced monitoring efforts are conducted in certain identified high-risk areas. For purchases of electronic components containing conflict metals, responsible sourcing from approved metal suppliers and relevant certifications are required. In cases of suspected hazardous substances, material declarations are requested.

Payment procedures

HANZA also aims to ensure sound supplier management, including payments in line with industry standards. Payment practices in line with industry standards, which vary between sectors and countries, are applied across HANZA. There are no ongoing legal proceedings related to late payments.

Targets

Targets set in 2023 for supplier evaluations aim to ensure compliance with the HANZA Supplier Code of Conduct. Progress toward targets is monitored annually.

Company specific: Information security

Increased digitalization raises the risk of harmful cyber intrusions affecting both us and our customers.

Position in the value chain					Time horizon			
Up-stream	HANZA	Down-stream	Significant impact, risks and opportunities		Short term	Medium term	Long term	Adjustments to the business model to manage impact
	X	X	Potential negative impact	Potential data leaks involving sensitive customer information may pose financial risks for both HANZA and its customers, including their employees and owners.	X			Systematic data security efforts (ISO 27001) ensure internal procedures and assess risks including data breaches.
	X		Risk (market)	Data breaches resulting in lost data or ransomware can damage customers' trust in HANZA, leading to revenue losses as a consequence. Breaches also contribute to internal costs from production downtime.		X		

Preventing data breaches

A sharp rise in attempted cyber intrusions targeting public authorities and large corporations has increased the importance of secure data handling. HANZA handles information about both customers and the components in their products, including drawings and other documentation shared with us. Customers may be harmed if this information is disclosed. As a supplier and contract manufacturer, our ability to protect customer data and ensure information security is critical to trust and competitiveness. Even cyber intrusions that do not involve customer data can harm HANZA through revenue loss if they result in production downtime.

How information security is ensured

Policy

- Information Security Policy

(see ESRS 2 "Policies and third-party commitments" pp. 15-16).

It is fundamental that confidentiality and privacy are always maintained when handling customer and personal data. The goal is to offer data privacy that meets high international standards and to comply with the most stringent international requirements for information security and customer data protection by following clearly defined responsibilities and roles across all HANZA sites, suppliers, and others with access to HANZA's systems. The certified enhanced information security system in accordance with ISO 27001, which was implemented in the group in 2021, ensures that procedures and policies are followed, and that employees are regularly updated on new risks. Monthly interactive training is provided to employees, and ongoing internal phishing tests are conducted using fake emails.

At year-end 2024, three factories in Sweden and the Baltics, HANZA's headquarters and administration in Sweden and Estonia were all certified.

Targets and key performance indicators

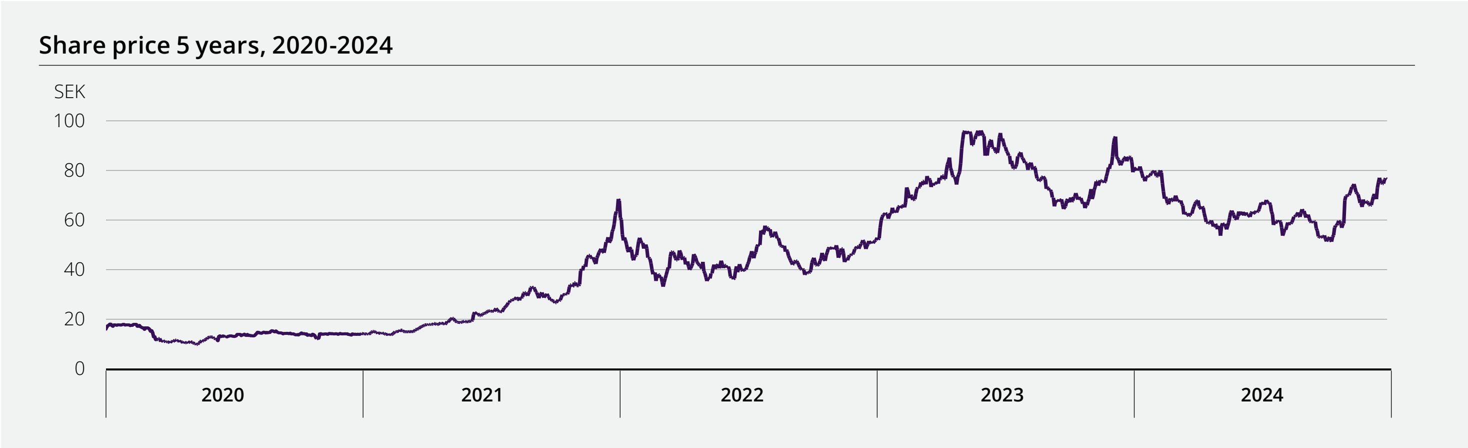
Targets set in 2023 aim to measure the effectiveness of the actions.

HANZA's targets for information security	Target achievement	
	2024	2023
Zero harm from serious cyber intrusions.[1]	Achieved	Achieved

1) Intrusions resulting in loss or leakage of material or sensitive data, production downtime, or other identified costs or threats.

CFO's statement and the share

The year's development demonstrates that the cluster manufacturing business model is effective, with HANZA achieving growth that enhances profitability and generates strong cash flows. The ownership base has been broadened, with the addition of several institutional investors during the year, while management also increased its ownership stake. The Leden acquisition, along with customer successes, will significantly strengthen HANZA in 2025.



The HANZA share as an investment

The share

Over the past five years, the share price has increased in value from SEK 15.90 at the end of 2019 to SEK 76.70 at the end of 2024. Since 2018, we have paid dividends every year (with the exception of 2020 due to the pandemic). The share price performance, along with the dividends paid, has resulted in a five-fold increase in value.

Ownership

The main owner is Färna Invest (Gerald Engström) with just over 22 percent of the shares. Färna has demonstrated considerable confidence in HANZA, including by participating in the issuances carried out in 2022 and 2023. The issuances have contributed to a broadened ownership base, with several institutional investors joining, including the First and Third Swedish National Pension Funds and Odin Funds. Management has increased its ownership over the years and currently holds 921,750 shares, representing 2.0 percent.

Growth and improved profitability

Over the past five years, HANZA has doubled its sales from SEK 2.1 billion in 2019 to SEK 4.9 billion in 2024, a compound annual growth rate (CAGR) of 18 percent. At the same time, the EBITA margin rose from 3.3 percent to 5.6 percent, while earnings per share surged from SEK 0.73 to SEK 2.55.

Strong and proven business model

HANZA's progress has demonstrated that the cluster manufacturing approach works, leading to growth alongside enhanced profitability and robust cash flows. The scalable organization and business model are adapted for profitable growth – both organically and through carefully selected acquisitions. High ambition for continued growth and profitability. The new financial targets for 2025 set at the beginning of 2024 reflect a continued high ambition for profitable growth. The targets are to achieve sales exceeding SEK 6.5 billion, with an operating margin of at least 8 percent for the 2025 financial year.

The extensive integration and action program we implemented in 2024 will take full effect in 2025. The Leden acquisition enhances our expertise and capacity in mechanical manufacturing, broadens our customer base effectively and increases our presence in Finland and the Baltics. This, along with continued successes on the customer side, positions us to enter 2025 as a significantly stronger company.

Lars Åkerblom, Vice President and CFO

The share and ownership structure

HANZA's share has been listed on Nasdaq Stockholm since March 25, 2019. As of January 2, 2024, the share is traded on Mid Cap. Before the listing on Nasdaq Mid Cap, the share was listed on Nasdaq First North Premier since 2014. The share price at year-end was SEK 76.70.

At the beginning of the year, the number of shares was 43,188,840 and share capital was SEK 4,318,884. In January 2024, the number of shares increased by 470,500 when an extraordinary general meeting approved the Board's proposal for a directed share issue to Färna Invest AB (owned by Gerald Engström), which raises SEK 40 million for HANZA. The issue was part of a capital raising of SEK 300 million from December 2023, intended to prepare for upcoming activities within the "HANZA 2025" strategy, such as acquisitions. As a result of this issue the number of shares at year-end was 43,659,340.

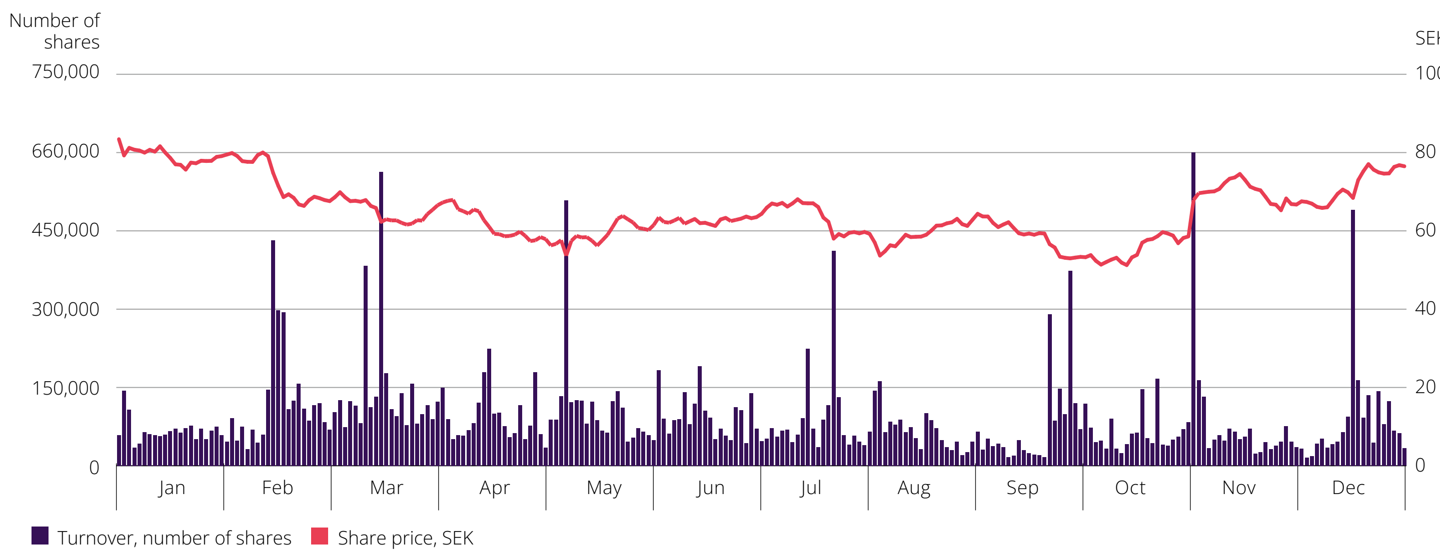
Authorizations

At the Annual General Meeting on May 14, 2024, it was decided, in accordance with the Board's proposal, to authorize the Board to, at one or more occasions, during the period up to the 2025 Annual General Meeting, decide to increase the company's share capital by SEK 435,000 (corresponding to 4,350,000 shares) through the issue of shares, warrants and/or convertibles. The Board may, with the authorization, decide on the issue of shares, warrants and/or convertibles. This takes place with deviation from shareholders' preferential rights and/or with provisions for non-cash, set-off or other conditions in accordance with the Swedish Companies Act. The authorization corresponded to approximately 10.0 percent of the share capital at the time of issuance. In connection with the acquisition of Leden Group Oy, the Board exercised the authorization by issuing 2,300,000 shares and options that could provide an additional 300,000 shares. The remaining authorization amounts to 1,750,000 shares following the acquisition of Leden.

Lock-up agreement

At the time of the publication of this annual report, there are no lock-up agreements regarding the Board of Directors, principal owners or senior executives in HANZA. The sellers of Leden are subject to customary lock-up agreements.

Share price and sales 2024



Share capital development

Year	Event	Quota per share SEK	Increase in share capital SEK	Number of shares	Total number of shares
2023	Exercise of warrant program	0.1	85,000	850,000	40,129,928
2023	New share issue	0.1	305,891	3,058,912	43,188,840
2024	New share issue	0.1	47,050	470,500	43,659,340
2025	New share issue	0.1	230,000	2,300,000	45,959,340

Dividend policy

The 2024 Annual General Meeting resolved to implement a long-term share-savings scheme, LTIP 2023. The program was aimed at 13 senior executives and key individuals within the company, who were offered performance share rights entitling them to receive a number of HANZA shares, contingent upon the participant's personal investment in HANZA shares and/or the fulfillment of specific performance criteria. Should LTIP 2023 achieve its maximum potential, up to 163,000 performance shares could be allocated. Participation in the share-savings scheme was high, with the 13 people offered the scheme investing in 32,600 of a maximum of 33,450 shares. As of the time this annual report was submitted, 12 individuals remain in the program.

Earnings are primarily to be reinvested in the business in order to enable continued development of the group's business and thereby create sales and profit growth. Therefore, when assessing the size of the dividend, the primary consideration is that the group's development must allow for financial strength and maneuverability. Business development permitting, the dividend must correspond to approximately 30 percent of profit after tax.

Dividend

The Board has proposed to the AGM 2025 a dividend of SEK 0.80 (1.20) per share. The Board's proposal is based on the company's dividend policy, financial management and liquidity.

Ownership

The number of shareholders at December 31, 2024 was 8,298. The largest shareholders are shown below.

Ownership structure Dec 31, 2024	Number of shares[1]	Capital, %	Votes, %
Färna Invest AB [2, 3]	9,980,000	22.86	22.86
Clearstream Bankings S.A [4]	3,966,997	9.09	9.09
Francesco Franzé [2, 5]	3,625,000	8.30	8.30
Håkan Halén	2,357,470	5.40	5.40
First Swedish National Pension Fund	2,039,373	4.67	4.67
Odin Fonder	1,845,849	4.23	4.23
Nordnet Pensionsförsäkring AB	1,599,781	3.66	3.66
Third Swedish National Pension Fund	1,205,447	2.76	2.76
Inbox Capital	1,087,226	2.49	2.49
BNP Parisbas SA Luxembourg, W8IMY	920,992	2.11	2.11
10 largest shareholders	**28,628,135**	**65.57**	**65.57**
Other members of the Board	319,797	0.73	0.73
Group management	921,750	2.11	2.11
Other shareholders	13,789,658	31.58	31.58
Total number of shares	**43,659,340**	**100.00**	**100.00**

1) Refers to own holdings and those of related natural and legal persons.
2) Board members in HANZA AB
3) Färna Invest AB is a company wholly owned by Board member Gerald Engström.
4) The item includes Ritter Beteligung's ownership of 3,000,000 shares.
5) Francesco Franzé's controlled holding of shares in the company amounts to 2,266,000. In addition, Francesco Franzé owns 1,359,000 shares via endowment insurance and companies. The total holding amounts to 3,625,000 shares.

Source: Euroclear

Financial reports

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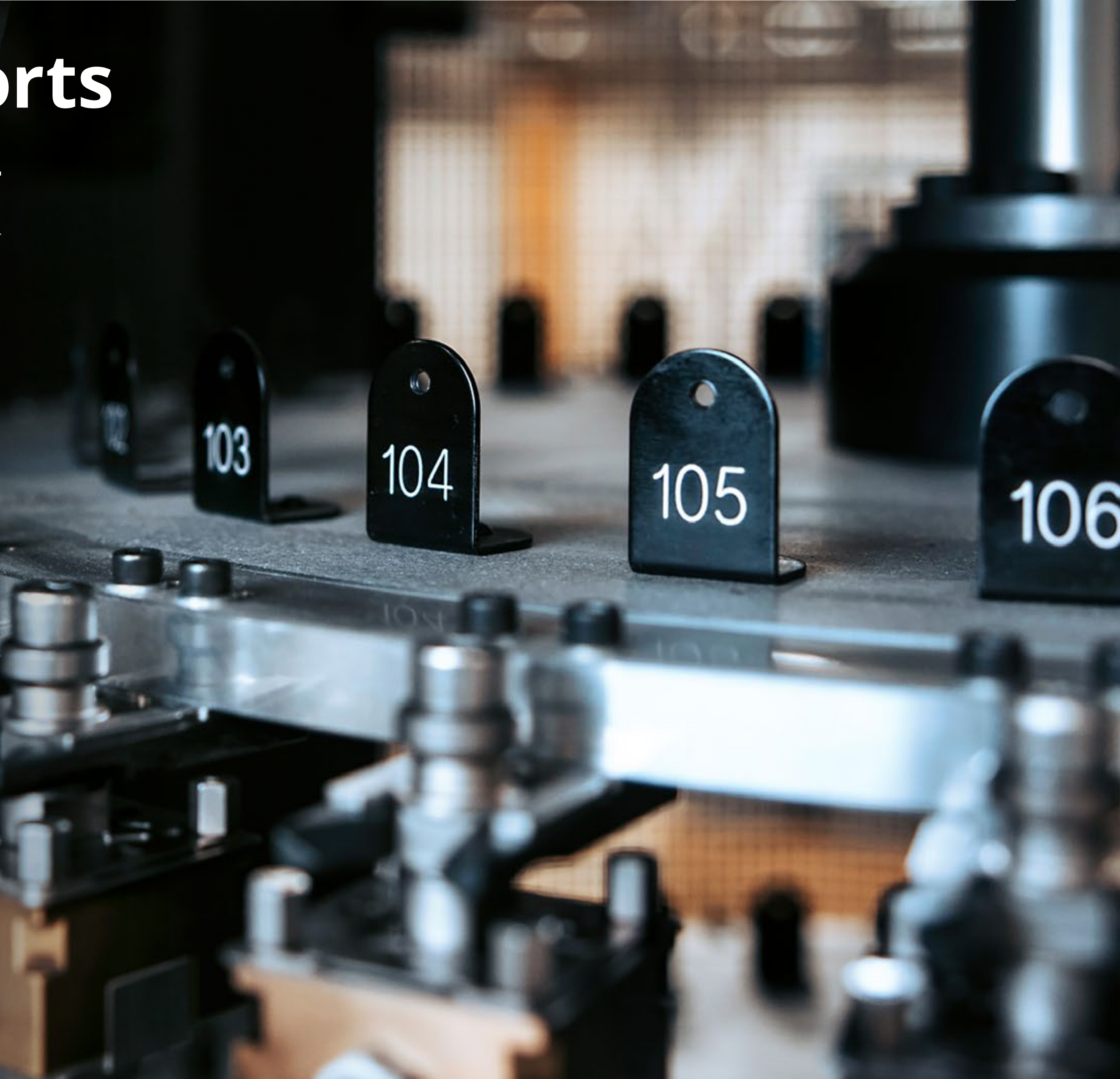

Management Report

The Board of Directors and the CEO of HANZA Holding AB, Corporate Identity no. 556748-8399, hereby submit the annual report and consolidated accounts for the 2024 financial year.

About the Business

HANZA was founded in 2008 and has grown into a group with a turnover exceeding SEK 4.8 billion in 2024. In 2024, HANZA Group had operations in Sweden, Finland, Estonia, Poland, the Czech Republic, Germany and China. There are also wholly owned subsidiaries established, which together with the parent company HANZA AB form the HANZA Group. For more information, see Note 33. Among HANZA's customers are leading industrials such as 3M, ABB, Epiroc, GE, Getinge, John Deere, Mitsubishi Logisnext, Oerlikon, Perkin Elmer, SAAB, Sandvik, Siemens and Tomra. HANZA divides its manufacturing operations into "manufacturing clusters" and applies a financial segmentation model based on primary customer markets. Operations are also conducted in a third segment, Business Development and Services. Operational reporting is broken down into the following segments:

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

- Other markets – Other manufacturing clusters outside HANZA's primary geographic customer markets. Today, the Other Markets segment includes HANZA's manufacturing clusters in the Baltics, Central Europe and China. The operations are characterized by a high work content, extensive complex assembly and proximity to important end-customer areas.

- Business development and services – Revenue and expenses from services offered by HANZA in consulting and development services and costs not allocated to the manufacturing clusters, which are mainly group-wide functions within the parent company, and group-wide adjustments not allocated to the other two segments. For more information, see note 6 Segment reporting.

Vision and business model

HANZA's vision is to be a unique, value-creating business partner in manufacturing. This means that the company strives to create greater customer value than what traditional contract manufacturers can offer.

HANZA's business model is to develop and offer manufacturing solutions and advisory services to increase growth and profit on behalf of the company's customers. In concrete terms, HANZA is developing factory parks and manufacturing clusters, where products can be manufactured more efficiently, at lower cost and with less environmental impact, compared with traditional contract manufacturers. This also happens when HANZA develops value-creating advisory services linked to product manufacturing.

Significant events in 2024

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

- In January, HANZA decided to invest approximately SEK 75 million in an 8,800 square meter production space expansion at the group's manufacturing cluster in Sweden. The new facility was commissioned on February 11, 2025 and increases capacity and operational efficiency.

- In February 2024, HANZA revised its financial targets for 2025, which are based on the group's "HANZA 2025" strategy. The sales target was raised to SEK 6.5 billion and the operating margin target of eight percent was extended to cover full-year 2025.

- In March, an action program was launched to integrate Orbit One, address the economic downturn and meet the company's new operating margin target. It began with an efficiency and integration program in Q1, continued in Q2 with customer volume and plant consolidations and concluded in Q3 with a broader program for the remaining parts of the group.

- At the Annual General Meeting in May, the following Board members were elected: Francesco Franzé, Chair (re-elected), and Helene Richmond (re-elected), Per Holmberg (re-elected) and Taina Horgan (newly elected).

- In June, HANZA commissioned a 3,700 square meter expansion of its sheet metal factory in Tartu, Estonia. The new space is connected to HANZA's assembly hall via an automated transport system, boosting both operational efficiency and capacity.

- In August, HANZA signed a "MIG™" agreement with a new German customer, WISI Communications GmbH, to develop a new supply chain for a product line, including the consolidation of component production into the HANZA group and the transfer of existing manufacturing from Germany to HANZA's Central European manufacturing cluster. The first deliveries took place in autumn 2024, and at full volume, production is expected to reach annual sales of more than EUR 10 million.

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

- In November, HANZA announced that group management was strengthened with Mattias Lindhe as Chief Strategy Officer (CSO) and Diana Thorin as Chief Human Resources Officer (CHRO), both of whom previously held senior positions in the group. The aim is to reinforce resources for both the final phase of the HANZA 2025 strategy and the group's long-term geographic 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 strengthens its offering primarily in Finland, but also in the Baltics. This includes expanded expertise and capacity in advanced mechanical manufacturing.

Significant events after the end of the year

- HANZA completed the acquisition of the Finnish billion-euro company Leden Group Oy, a leading player in advanced mechanics manufacturing, on March 3, 2025. At closing, a purchase price of EUR 20.6 million was paid in cash, financed through credit facilities and existing cash reserves, along with 2.3 million newly issued shares in HANZA. The shares also include options to acquire an additional 0.3 million shares, contingent on HANZA's stock performance in 2025. The newly issued shares are subject to customary lock-up clauses.

Five-year overview

SEK million	2024	2023	2022	2021	2020
Net sales	4,851	4,143	3,549	2,515	2,155
Operating profit (EBITA)	273	344	212	143	48
Profit/loss after tax	111	214	121	80	-1
Balance sheet total	3,637	2,929	2,541	1,951	1,414
Equity	1,480	1,345	898	586	475
Equity ratio, %	40.7	45.9	35.3	30.0	33.6

Market performance

Although HANZA's customer markets are mainly in the Nordic region and Germany, customers are also located in the rest of Europe, Asia and North America. Economic cycles are usually reflected in HANZA's sales, due to its customers operating within a wide range of industries. However, HANZA has a special opportunity to seize new market share during recessions – at a time when product companies take on new challenges to optimize efficiency and regionalize their supply chains. Customers operate in various industries such as logistics companies, mining industry, defense industry, energy companies, agricultural and forest products and recycling companies. Geographically, customers are mainly located in the Nordic region and Germany, but there are also customers in the rest of Europe, Asia and America. HANZA noted a slowdown in incoming orders from some customers in early 2024, though part of the customer base remains on an upward trajectory. Even after the acquisition of Orbit One, HANZA has an evenly distributed customer base where no customer reaches 10 percent of HANZA's sales and where the ten largest customers together account for less than 50 percent of annual sales.

HANZA offers a competitive alternative to traditional contract manufacturers, which is especially in demand during economic downturns. A decrease in order intake can therefore be expected to be offset by new market share during the year. Furthermore, HANZA's business model is supported by the trend toward complete and regional manufacturing. This trend has so far been driven by factors such as trade barriers, transport costs, delivery times, environmental aspects and the pandemic. The invasion of Ukraine has now also created a political dimension where product companies that have manufacturing in countries with political risks are reviewing their supply chain, and for this reason are planning to relocate their production. A further geopolitical risk has recently been added by the escalating unrest around the Red Sea.

Sales and profit

Net sales amounted to SEK 4,851 million (4,143), an increase of 17 percent. Growth excluding acquisitions and currency effects was minus 5 percent. EBITDA totaled SEK 442 million (464), corresponding to an EBITDA margin of 9 percent (11). The group's operating profit before amortization of intangible assets (EBITA) was SEK 273 million (344), corresponding to an operating margin of 5.6 percent (8.3). Non-recurring items (mainly revaluations of earn-outs, integration costs and acquisition-related expenses) had a negative impact on earnings of SEK 28 million net (6).

Excluding these items, operating profit amounted to SEK 301 million (350), corresponding to an operating margin of 6.2 percent (8.4). The margin is negatively affected by the negative organic growth and the fact that the acquired company Orbit One had a lower margin in 2024. For comparable units, the margin was 7.0 percent.

Currency effects had a positive impact on net financial items of SEK 2 million (3), while the increased net debt following the acquisition of Orbit One led to higher interest and other financial expenses by SEK 33 million, from -83 million in 2023 to -116 million in 2024. Profit before tax totaled SEK 125 million (247). Profit after tax was SEK 111 million (214). Income tax corresponded to a tax rate of 11 percent (13). The lower tax rate is mainly due to a higher share of earnings coming from entities in countries with lower tax rates. Basic earnings per share amounted to SEK 2.55 (5.36) and diluted earnings per share to SEK 2.54 (5.31). For more information, see Note 6 Segment reporting.

Cash flow and investments

Cash flow from operating activities amounted to SEK 569 million (277). Change in working capital amounted to SEK 326 million (-102). Total investments in property, plant and equipment amounted to SEK 264 million (306), of which buildings accounted for SEK 82 million (107). The remaining SEK 182 million (199) consisted mainly of other non-current assets, mainly machinery.

Cash flow from investing activities amounted to SEK -632 million (-295), of which business combinations have affected cash flow by SEK -367 million (-2). See note 30 for further information.

Financial position

The acquisition of Orbit One led to an increase in net debt at closing of SEK 575 million and an increase in total assets. The positive result and reduced working capital lowered the net debt during the year to SEK 700 million. Total assets at year-end amounted to SEK 3,637 million (2,929) and equity to SEK 1,480 million (1,345), resulting in an equity ratio of 40.7 percent (45.9). Net interest-bearing debt at year-end amounted to SEK 700 million (363). Net debt in relation to adjusted EBITDA amounted to 1.7 times (0.8).

In connection with the acquisition of Orbit One in December 2023, the group renegotiated and refinanced the majority of its loans with a smaller number of larger loans in the parent company from a consortium of three banks, a "club deal." These loans have a remaining maturity of four years and carry a variable interest rate.

Personnel

During the year, the average number of employees in the group was 2,578 (2,001). At the end of the year, the number of employees was 2,587 (2,178).

Group-specific risks

- Cyclical developments – Contract manufacturing is a relatively cyclical business, one in which HANZA is dependent on how and to what extent the company's customers choose to run their production operations. A weakening business cycle in Sweden or internationally could lead to a lower level of market growth for the company. If a deterioration in the general economy should occur, there is a risk that HANZA's sales and earnings could be adversely affected.

- Competition – HANZA is exposed to heavy competition in contract manufacturing markets, which places demands regarding time-effective and cost-effective production and logistics. There is a risk that in the future the company will not be able to offer services and products that are sufficiently competitive from a technical point of view and in terms of pricing. Such a development could risk adversely affecting the company's operations, financial position and earnings.

- Customer dependence – HANZA has been commissioned to perform assignments by a number of customers within a variety of applications. In 2024, the ten largest customers accounted for 36 percent (44) of total sales. Individual subsidiaries within the group may be characterized by significant customer dependence, which may put pressure on earnings and the viability of individual subsidiaries. There is a risk that one of these large customers will reduce its purchases, which would adversely affect the company's operations, financial position, and earnings.

- Production, logistics and interruptions – HANZA conducts advanced manufacturing in several different fields at several different production facilities. The company is dependent on being able to shift manufacturing between different plants in the event of production stoppages, but also in order to be able to deliver the total solution to the customer that forms the core of HANZA's business model. In the event that the company's processes and logistics should not work according to plan, this could entail production disruptions and increased costs for the company, which could adversely affect the company's financial position and earnings.

- Risk of disruptions in production – HANZA's production operations consist of a chain of processes in which interruptions or disruptions, for example as a result of fire, sabotage, mechanical breakdown or IT failure in any stage of the operations, could have consequences in terms of HANZA's ability to manufacture the company's products in the scope and at the rate demanded. Such interruptions could adversely affect the company's operations, financial position and earnings.

- Price variations in inputs – HANZA's customer assignments often extend over long periods of time, over the course of which material prices naturally may vary. Large price increases in inputs and manufacturing materials could adversely affect the company's operations, financial position and earnings.

- Supplier risk – HANZA is dependent on material deliveries by the company's suppliers in order to fulfill the company's customer orders. Significant or long-term disruptions in the delivery of critical inputs and manufacturing materials could adversely affect HANZA's financial position and earnings. Some of HANZA's suppliers are what are referred to as single-source suppliers, meaning that HANZA is dependent on one supplier for all deliveries of the given raw material or component. There is a risk that the supplier will not be able to supply raw materials and components in accordance with HANZA's needs. If HANZA does not have enough of the given raw materials or components in stock or is not able to secure deliveries from an alternate supplier, this may in turn impact HANZA's customer deliveries, which may affect HANZA's financial position and earnings.

- Inventory obsolescence – In order to be able to meet the company's commitments to various customers, HANZA needs to maintain a certain inventory of components and production materials. There is a risk of obsolescence in this respect: any inventory that is not used for customers could adversely affect HANZA's financial position and earnings.

- Complaint risk – In the event of defects in the manufacturing process, complaint claims may arise as part of various warranty obligations. Causes can be, for example, machine faults, operator errors or component faults. Claims for financial compensation normally follow established industry standards. In addition, the customer may be entitled to damages. This may entail significant additional costs for HANZA, which could adversely affect the company's financial position and earnings.

- Key personnel – Under HANZA's business model, the company takes a holistic approach to customer manufacturing, which places high demands on expertise in the field of Supply Chain Management and a number of other areas. Any loss of one or more key personnel could give rise to negative effects for HANZA. The company's ability to recruit and retain qualified employees is crucial in ensuring the level of competence within HANZA. In the event that key personnel should leave HANZA, this could adversely affect the company's operations, financial position and earnings.

- IT systems – HANZA's operations require functioning IT systems. IT-related disruptions could lead to disruptions in production, forgone revenue or compensation claims from customers and/or reduced efficiency of administration and sales. In addition, the implementation of HANZA's IT system in new production facilities could lead to disruptions in the integration process and carries the risk of other IT-related disruptions, which could adversely affect the company's operations, financial position and earnings.

- Liability and insurance – Under HANZA's business model, the company takes a holistic approach to the customer's production, albeit without being a product owner with end-to-end production responsibility. As a rule, HANZA is liable for manufacturing in accordance with customer specifications. In the event of a customer claim, HANZA's liability could exceed the risk against which HANZA protects itself through insurance policies, which could adversely affect the company's operations, financial position and earnings.

- Sustainability risks – Sustainability risks, primarily risks pertaining to the environment, social aspects, ethics and privacy, are addressed in the sustainability section on pages 12-53. There is a risk that the company may not succeed in some aspect of its future sustainability efforts, which could result in substantial direct mitigation costs and indirectly impact the company's sales and earnings for the year, since the company's reputation with respect to sustainability has repercussions on its capacity to attract customers and employees.

- Financing risk – HANZA may need to raise new financing or refinance certain, or all, of its outstanding liabilities in the future. The Company's ability to successfully raise new financing or to refinance the Company's current liabilities is dependent on several factors, including conditions in the financial markets in general, the Company's creditworthiness, as well as the ability to take on more debt at such a time. HANZA's access to sources of funding at a given time could thus have to occur on less favorable terms. There is also a risk that HANZA could breach the terms of existing loan agreements, which could be due to a number of different factors both within and beyond the company's control. The company's potential inability to comply with the terms of existing loan agreements could require repayment of all or part of the company's outstanding loans, which could have a material adverse effect on the company's operations and financial position.

- Currency and interest rate risks – HANZA's extensive international operations include significant sales in various currencies and thus carry exposure to currency risk, particularly in the Euro (EUR) and US dollar (USD). Currency risk arises from future business transactions, translation of recognized assets and liabilities as well as net investments in foreign operations. The group has exposure in its external borrowing, as the borrowing partly occurs in a currency other than the functional currency. The majority of external borrowing in the group is in SEK or EUR. In the event of exchange rate fluctuations, this could have an adverse effect on HANZA's sales and operating profit. Since HANZA's financing consists to some extent of interest-bearing liabilities, the group's net income is also affected by changes in the general interest rate landscape. How quickly a change in interest rates will have an impact on net income depends on the fixed interest rate period of various loans. Changes in interest rates could adversely affect the company's operations, financial position and earnings.

- Credit risk – HANZA makes extensive use of customer invoice factoring, which means that at least 90 percent of the credit risk is transferred to the factoring company. For some customers, HANZA provides 30–90 days of credit, which entails credit risk in the event that a customer should be unable to meet its payment obligation. HANZA is guided by an established credit policy, and uses credit insurance policies. However, there are credit risks in HANZA's cash and cash equivalents, derivative instruments and balances on deposit with banks and financial institutions, as well as in respect of customers, including outstanding receivables and agreed transactions. Future credit losses could adversely affect the company's operations, financial position and earnings. Historically speaking, HANZA has had extremely low credit losses.

- Tax – HANZA mainly has tax losses in Finland, Germany, Czech Republic and China. Changes of ownership that entail a change in controlling influence over the company could in turn entail restrictions, in whole or in part, on the ability to utilize such losses in the future. The ability to utilize tax losses in the future may also be affected by changed legislation. The company's operations are conducted in accordance with the company's interpretation of existing tax regulations and the requirements of various tax authorities. There may be a risk that the company's interpretation of applicable laws, provisions and practices is incorrect or that such regulations are changed, possibly with retroactive effect. For this reason, a decision by a tax authority could alter HANZA's past or current tax situation, which could have an adverse effect on HANZA's operations, earnings and financial position.

Sustainability and environmental impact

Sustainability report

The sustainability report has been prepared in accordance with Chapter 6, Sections 10-14 of the Annual Accounts Act and covers the 2024 financial year. The sustainability report contains the sustainability information needed to understand the company's development, position and performance and the impact of its activities, including information relating to the environment, social conditions, employees, respect for human rights and anti-corruption. The report was submitted to the company's auditors at the same time as the annual report. The sustainability report is integrated into the management report with reference to other parts of the annual report where statutory information is available. A substantial sustainability section describes our sustainability efforts and provides analyses of the risks and their management, as well as the reporting of specific key performance indicators. In particular, our business model forms an essential subsection of the sustainability report. The corporate governance report describes the Group's efforts with policies and other governance instruments. It also describes the overall approach to risk assessment by the Board and management.

The following table provides a reference to the different elements to be considered part of the sustainability report.

Contents	Page
Business model	11
Governance, policies and monitoring	14-18
Overall risk assessment	37-38, 44
Sustainability risks	14
Environment	20-22
Social relations	19, 24-27
Employees	19, 26-29
Human rights	19, 24-27
Business conduct and anticorruption	24-25

Operations with permitting requirements

The group conducts operations that are subject to authorization (permitting) pursuant to Chapter 9 of the Swedish Environmental Code.

The share

HANZA's share has been listed on Nasdaq Stockholm's main list since March 25, 2019. For more information about the shares, please refer to the separate section on HANZA's shares and ownership structure.

Ownership

The number of registered shareholders on December 31, 2024 was 8,298. The largest shareholders were Färna Invest AB (owned by Gerald Engström) with 22.86 percent, Clearstream Bankings S.A. owns 9.09 percent and Francesco Franzé owns 8.30 percent. For more information about ownership, please refer to the separate section on HANZA's shares and ownership structure.

Corporate governance

A corporate governance report follows immediately after the management report.

Guidelines for remuneration to senior executives

The following guidelines for remuneration to senior executives were adopted by the Annual General Meeting on May 14, 2024. No changes to these principles will be proposed to the 2025 AGM. The remuneration is considered necessary for the company to be able to recruit and retain a management team with the right skills and capacity to achieve set targets. These guidelines contribute to the company's business strategy, long-term interests and sustainability by enabling the company to offer senior executives competitive remuneration.

Forms of remuneration

The company's remuneration system must be market-based and competitive. Remuneration may be paid in the form of fixed cash salary, variable remuneration, pension and other customary benefits. Fixed salary must be fixed individually for each executive and based on the executive's position, responsibilities, skills, experience and performance.

- Variable remuneration must be related to the outcome of the company's targets and strategies, and must be based on predetermined, measurable criteria that are designed to promote long-term value creation. The proportion of total remuneration that consists of variable remuneration must be able to vary depending on the position and must be proportionate to the responsibilities and powers of the given senior executive. However, the variable remuneration may correspond to a maximum of 45 percent of annual fixed salary for the CEO and 30 percent of annual fixed salary for other senior executives. The variable remuneration must not be pensionable insofar as not otherwise governed by the provisions of mandatory collective agreements. The Board of Directors must have the opportunity, as governed by law or agreement and with the limitations that follow therefrom, to claw back in whole or in part any variable remuneration paid on erroneous grounds.
- Pension benefits must be granted on market terms in line with the benefits accorded to equivalent executives in the market and must be defined-contribution unless the executive is covered by a defined-benefit pension in accordance with the provisions of mandatory collective agreements. The pension premiums for defined-contribution pensions may amount to a maximum of 30 percent of the executive's annual fixed salary. Other benefits may include company car benefits, occupational health care, life and health insurance and other similar benefits. Other benefits must constitute a minor proportion of total remuneration and may amount to a maximum of 8 percent of the executive's annual fixed salary. For employment relationships governed by laws and regulations in a country other than Sweden, reasonable adjustments may be made regarding pension benefits and other benefits to comply with mandatory regulations or established local practices, while ensuring that the overall purpose of these guidelines is met as much as possible.

Criteria for payment of variable remuneration

The criteria that form the basis for the payment of variable remuneration must be established annually by the Board of Directors in order to ensure that the criteria are in line with the company's current business strategy and performance targets. The criteria can be individual or collective, financial or non-financial in nature, and must be designed in such a way that they promote the company's business strategy, sustainability strategy and long-term interests, which means that the criteria must have a clear link to the company's business strategy and objectives. The financial criteria that form the basis of any variable remuneration must be based on relevant key figures such as earnings (EBIT), sales performance, cash flow, tied-up capital, etc., and their composition may vary depending on the phase that the Board of Directors considers the company to be in. The non-financial criteria that form the basis for any variable remuneration must be linked to clear and measurable business-related targets, such as the conclusion of agreements that are material to the company, activities carried out in accordance with the company's business plan, expansions/establishments, and achieved objectives within the framework of the company's sustainability management. The period that forms the basis for the assessment of whether or not the criteria have been met (the measurement period) must comprise at least one year. The assessment of the extent to which the criteria have been met must be performed by the Remuneration Committee when the measurement period has ended. The assessment of whether financial criteria have been met must be based on the latest financial information published by the company. The decision regarding payment of variable remuneration is made by the Board of Directors after deliberation in the Remuneration Committee.

Notice period and severance pay

A mutual notice period of six months shall apply with respect to the CEO. In the event of termination by the Company, a severance sum shall be payable in an amount not exceeding the fixed cash salary for one year.

For senior executives other than the CEO, the mutual notice period shall be six months. Any severance pay may not exceed an amount corresponding to the senior executive's fixed salary for six months.

Deviation from the guidelines

The Board of Directors may resolve to temporarily deviate from the guidelines if there are special reasons for so doing in an individual case and where a departure is necessary in order to cater to the company's long-term interests and sustainability, or in order to ensure the company's financial viability. Such special reasons include, for example, where a deviation is deemed necessary in order to recruit or retain key personnel, or in exceptional circumstances, such as when the company achieves a certain desired result in a shorter time than planned, when the company succeeds in concluding a certain agreement in a shorter time and on better terms than foreseen, or when the company increases in value or grows its sales or profits to a greater extent than expected.

Parent Company

HANZA AB is the parent company of the group and is responsible for group-wide services in primarily management, coordination and development. The parent company's net sales consist exclusively of revenue from group companies amounting to SEK 37 million (32). Profit before tax totaled SEK 35 million (6).

Dividend

The Board has proposed to the Annual General Meeting on May 13, 2025 that a dividend of SEK 0.80 per share be paid. The Board's proposal is based on the fact that the company and the group are financially strong and that liquidity allows a dividend. The basis for the proposed dividend includes both the parent company's and the group's consolidated needs, liquidity, financial position and ability to fulfill its obligations and commitments, both in the short and long term.

Proposed appropriation of profit

The Board of Directors proposes a dividend for 2024 of SEK 0.80 per share (1.20), which corresponds to a total dividend of SEK 37 million (52) based on the number of outstanding shares as of March 20, 2025, including the 2.3 million shares issued to the sellers of Leden. The proposed record date is expected to be May 5, 2025.

The following profit (SEK) in the parent company is at the disposal of the AGM

Share premium reserve	666,111,267
Profit for the year	28,456,863
Total	**694,568,130**

The Board of Directors proposes that retained funds be

paid as dividend to the shareholders, SEK 0.80 per share, in total	36,767,472
Carried forward	657,800,658
Total	**694,568,130**

The Board's opinion on the proposed dividend

In accordance with Chapter 18, Section 4 of the Swedish Companies Act, the Board of Directors has assessed the parent company's and the group's consolidation needs, liquidity, financial position in general and ability to meet its obligations in the long term.

The proposed dividend represents 5 percent of the company's profits on the balance sheet date. The Board has also taken into account the results and financial position of the parent company and the position of the group in general.

The proposed dividend does not limit the company's investment capacity or liquidity needs, and it is our assessment that the proposed dividend is well balanced with regard to the nature, scope and risks of the business.

Corporate Governance Report

Corporate Governance principles

Corporate governance within the HANZA Group is based on the Swedish Companies Act, Nasdaq Stockholm's regulations for issuers, the Swedish Corporate Governance Code (the "Code"), guidelines for good stock market practice, other applicable regulations and recommendations for companies whose shares are admitted to trading on a regulated market, the Articles of Association as well as internal governance documents. The internal governance documents mainly comprise the Board of Directors' rules of procedure, instructions for the CEO and instructions for financial reporting. In addition, HANZA has adopted a number of policy documents and manuals that set out rules and recommendations, which in turn contain principles and provide guidance with regard to the company's operations and for its employees. Companies that are listed on a regulated market are required to apply the Swedish Corporate Governance Code (the "Code") developed by the Swedish Corporate Governance Board. More information about the Code can be found on the website bolagsstyrning.se. There were no deviations from the Code in 2024.

Compliance with stock market regulations and guidelines for good stock market practice

HANZA has not been the subject of a decision by the Nasdaq Stockholm Disciplinary Committee or a statement by the Swedish Securities Council.

AGM

The shareholders' influence within the company is exercised at the AGM, which is the company's highest decision-making body. According to HANZA's Articles of Association, shareholders who wish to attend the AGM must in addition to the conditions stated in the Swedish Companies Act, notify the company no later than the date stated in the meeting notice. The latter date must not be a Sunday, other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve, nor must it fall earlier than on the fifth working day prior to the meeting. There are no restrictions with regard to how many votes each shareholder may cast at the meeting.

The AGM is held annually within six months of the end of the financial year. According to the Code, the Chairman of the Board of Directors is required to attend the AGM, as are the Board of Directors and the CEO. The Meeting Chair shall be nominated by the Nomination Committee and be elected by the meeting. The tasks of the AGM include electing the company's Board of Directors and auditors, establishing the parent company's and the group's balance sheets and income statements, resolving on appropriations of the company's profit or loss in accordance with the established balance sheet, and making resolutions regarding the discharge from liability of Board members and the CEO. The AGM also determines the fees to be paid to the members of the Board of Directors and the company's auditors.

Extraordinary General Meetings may be convened by the Board of Directors when the Board of Directors deems that there is reason to hold a meeting prior to the next AGM. The Board of Directors is also required to convene an Extraordinary General Meeting when an auditor or shareholder holding more than 9 percent of the shares in the company submits a written request that a Meeting be held to deal with a specific matter. Notice of the AGM shall be issued by taking out an advertisement in Post- och Inrikes Tidningar and by posting a notice on the company's website. At the time of notice, information to the effect that notice has been given shall be posted in Svenska Dagbladet. The notice shall also be published in the form of a press release in accordance with Nasdaq's regulations. Notice of an AGM or Extraordinary General Meeting in which an amendment to the Articles of Association is to be deliberated shall be issued no earlier than six and no later than four weeks in advance of the AGM.

Notice of any other Extraordinary General Meeting shall be issued no earlier than six weeks before and no later than three weeks before the General Meeting.

The Articles of Association do not contain provisions on special prerequisites for amending the Articles of Association. The company will publish resolutions made at the AGM in accordance with Nasdaq's regulations. The meeting minutes shall be available on the company's website no later than two weeks after the meeting.

2025 Annual General Meeting

The AGM will be held on Tuesday, May 13, 2025.

Authorizations

At the Annual General Meeting on May 14, 2024, it was resolved, in accordance with the Board's proposal, to authorize the Board to, at one or more occasions, during the period up to the 2025 Annual General Meeting, decide to increase the company's share capital by SEK 435,000 (corresponding to 4,350,000 shares) through the issue of shares, warrants and/or convertibles. The authorization allows the Board of Directors to resolve to issue shares, warrants and/or convertible bonds derogating from the shareholders' preferential rights and/or with a provision regarding vesting, set-off or other terms in accordance with the Swedish Companies Act. The authorization represented approximately 9.96 percent of the share capital at the time of the authorization decision. At the time of this annual report, the Board of Directors has used the authorization to increase share capital by 260,000 shares (2,300,000) and options corresponding to 300,000 shares. This leaves 1,750,000 shares in the authorization in connection with the acquisition of Leden.

In order to ensure the company's commitments to deliver shares to participants in the share-savings scheme approved by the 2023 Annual General Meeting (LTIP 2023), the 2024 Annual General Meeting resolved, in accordance with the Board's proposal, to a) authorize the Board to decide on the acquisition of treasury shares to ensure delivery under previously approved incentive programs, and b) authorize the Board to decide on the transfer of treasury shares.

Nomination Committee

According to the Code, listed companies must have a Nomination Committee whose mandate shall include preparing and establishing proposals for the election of Board members, the Chairman of the Board, the meeting chair and auditors. The Nomination Committee is also required to propose fees to Board members and auditors. The Nomination Committee shall consist of at least four members. The Nomination Committee is appointed by the Chairman of the Board of Directors at the behest of the meeting; it contacts the three largest shareholders by voting rights according to Euroclear's printout of the shareholder register as of the last banking day of August, and invites them to appoint one representative each, who, together with the Chairman of the Board of Directors, constitute the Nomination Committee until a new Nomination Committee has been appointed in accordance with the mandate from the next AGM.

In the event that any of the three largest shareholders do not wish to appoint a member of the Nomination Committee, the fourth largest shareholder shall be asked, and so on, until the Nomination Committee comprises four members (including the Chairman of the Board). The term of office of the appointed Nomination Committee shall run until a new Nomination Committee is appointed. If a member should leave the Nomination Committee before its work is complete and if the Nomination Committee considers that there is a need to replace this member, the Nomination Committee shall appoint a new member according to the principles set out above, yet based on Euroclear's printout of the shareholder register, as soon as possible after the member has left the Nomination Committee. No fees shall be paid to the members for their work on the Nomination Committee.

The Nomination Committee shall submit proposals for resolutions on the following issues for the 2025 AGM:

- Election of the meeting chair
- Determination of the number of Board members
- Determination of fees and other remuneration paid to the Board of Directors and its committees, with a breakdown as between the Chairman and other members
- Determination of fees to auditors
- Election of Board members and Chairman and Vice-Chairman of the Board of Directors
- Election of auditors, and
- Proposal for principles for the composition and work of the Nomination Committee for the AGM 2025.

HANZA's Nomination Committee for the AGM 2025 has consisted of the following individuals:

	Appointed by	Independent of the company and its management	Independent of the company's largest shareholder in terms of votes
Gerald Engström	Own holding	Yes	No
Håkan Halén	Own holding	Yes	Yes
Massimo Franzé	Appointed by Ritter Beteiligungs GmbH	Yes	Yes
Francesco Franzé, Chairman of the Board of Directors	–	Yes	Yes

Board of Directors

The Board of Directors bears ultimate responsibility for HANZA's organization and for managing the company's operations. The CEO manages the day-to-day operations based on guidelines and instructions issued by the Board of Directors. The CEO regularly informs the Board of Directors of events that are of importance to the group. These include, among other things, the performance of the business as well as the group's earnings, financial position and liquidity. The Board of Directors has decided to establish an Audit Committee and a Remuneration Committee. See below for a more detailed description.

According to HANZA's Articles of Association, the Board of Directors is required to consist of a minimum of four and a maximum of ten members without deputies. Members are normally elected annually at the AGM to serve for the period until the end of the next AGM, but additional Board members can be elected during the year by convening an Extraordinary General Meeting. The Articles of Association do not contain any provisions relating to the appointment and dismissal of Board members.

At the 2024 AGM, Francesco Franzé, Per Holmberg, Helene Richmond and Taina Horgan were elected to serve as ordinary Board members of the company. Francesco Franzé was elected to serve as Chairman of the Board.

For a more detailed presentation of the Board of Directors and CEO, including information about holding of shares and other securities in the company and significant positions outside the company, see pages 68-69.

According to the Code, the Board of Directors' size and composition must be such that the Board of Directors' ability to manage the company's affairs with integrity and efficiency is assured. A majority of the members of the Board of Directors must be independent in relation to the company and its management team. At least two of the members who are independent in relation to the company and its management team must also be independent in relation to the company's major shareholders. In addition, at most one Board member may serve on the company's management or in the management of the company's subsidiaries. The company assesses that the composition of the Board of Directors meets the requirements of the Code. Below is an account of the company's assessment of the independence of the Board members in relation to the company and its management as well as major shareholders.

Member	Independent of the company and its management	Independent of the company's largest shareholder in terms of votes
Francesco Franzé	Yes	Yes
Taina Horgan	Yes	No
Per Holmberg	Yes	Yes
Helene Richmond	Yes	Yes

Diversity policy

The Nomination Committee applies rule 4.1 of the Code as a diversity policy in its preparation of proposals for the Board of Directors. The Nomination Committee has taken into account the need for a well-functioning Board composition with regard to diversity and breadth, for instance in terms of gender, nationality, age and industry experience. The Board of Directors currently consists of two men and two women.

The Board of Directors' working methods

The Board of Directors adheres to written rules of procedure that are reviewed annually and established at the inaugural Board of Directors meeting held in conjunction with the AGM. In accordance with the Board of Directors' rules of procedure, the Board of Directors is responsible for the Company's organization and the management of its affairs, and is required to continuously assess the company's and the group's financial situation, and to continuously keep abreast of earnings performance, larger account holdings, financing conditions, liquidity and specific risks in the company. According to the rules of procedure, the Board of Directors is also responsible for establishing and following up on the company's strategy as well as its short-term and long-term business objectives.

The Board of Directors is also responsible for ensuring that the company's financial reporting and other disclosures to the stock market are characterized by openness and that they are accurate, relevant and reliable. The Board of Directors is also responsible for ensuring that the company has formalized procedures and processes in place to ensure good internal control and compliance. The Board of Directors is required to perform its duties in accordance with applicable legislation and other regulations applicable to the company.

The Board of Directors is responsible for appointing and, if necessary, dismissing the CEO. The Board of Directors is required to ensure that the CEO fulfills his or her duties in accordance with the Board of Directors' instructions, and to annually assess the CEO's work performance based on the short-term and long-term goals set by the Board of Directors.

In addition to the inaugural meeting, the Board of Directors is normally required to meet four to eight times a year; the meetings are scheduled based on the annual planning of the work to be done by the Board of Directors. In addition to these meetings, meetings were held in 2024 in connection with quarterly accounts, investment decisions and decisions on new issues. In accordance with the rules of procedure of the Board, the Board continuously evaluates its work through open discussions in the Board and through an annual Board evaluation. The outcome of the annual evaluation is submitted to the Audit Committee, whose task is to prepare and consider matters related to financial reporting,

Audit Committee

The Board of Directors has set up an Audit Committee whose task is to prepare and consider matters relating to financial reporting, internal control and risk management and, if necessary, to participate in the contacts with the company's auditor in connection with the audit of the annual report and the auditors' ongoing review of the company during the financial year. The Audit Committee is also required to assist the Nomination Committee in connection with the auditor's election. The Audit Committee is a preparatory body and has no independent decision-making power, unless the Board has explicitly authorized the Audit Committee to take decisions on a specific issue. The Audit Committee consists of Per Holmberg (chair), Francesco Franzé and Helene Richmond (members). The main tasks of the Audit Committee are:

- monitoring and quality assurance of the company's financial reporting;
- meeting the company's auditor on an ongoing basis for information and considerations regarding the focus, scope and content of the audit services and of the annual report and consolidated financial statements, and discussing coordination between external and internal auditing and the view of the company's risks;
- reviewing and monitoring the auditor's impartiality and independence and establishing guidelines for the permissible procurement of other services by the company's auditor;
- evaluating the audit effort and informing the Nomination Committee of the results;
- assisting the Nomination Committee in the procurement of the audit, preparing the election and remuneration of the auditor and making recommendations to the Nomination Committee on these matters;
- with regard to financial reporting, monitoring the effectiveness of the company's internal control, internal audit and risk management;
- dealing with any disagreements between management and the auditor;
- addressing considerations regarding the application of current accounting policies and the adoption of future accounting policies and other accounting requirements imposed by law, generally accepted accounting principles, listing agreements or other applicable regulations.

Remuneration Committee

The Board of Directors has established a Remuneration Committee whose task is to prepare and consider issues relating to remuneration and other terms of employment for the company management, evaluation of programs for variable remuneration to the company management and follow-up and evaluation of the application of the guidelines for remuneration to senior executives decided by the Annual General Meeting. The Remuneration Committee is a preparatory body and has no independent decision-making power, unless the Board of Directors has explicitly authorized the Remuneration Committee to decide on a specific issue. The Remuneration Committee consists of Francesco Franzé (Chair), Gerald Engström (member) and Taina Horgan (member). The main tasks of the Remuneration Committee will be to prepare and monitor issues related to:

- decisions on remuneration principles, remuneration and other terms of employment for senior management;
- monitoring and evaluating ongoing and completed variable remuneration programs for company management;
- monitoring and evaluating the application of the guidelines for remuneration to senior executives adopted by the Annual General Meeting and preparing proposals for guidelines for remuneration to senior executives for the Annual General Meeting; and
- current remuneration structures and levels in the company.

Attendance at Board and Committee meetings

Board member	Board of Directors	Audit Committee	Remuneration Committee
Francesco Franzé	13/13	8/9	3/3
Taina Horgan	6/6	–	2/2
Gerald Engström	7/7	–	1/1
Per Holmberg	13/13	9/9	–
Helene Richmond	13/13	5/5	–
Sofia Axelsson	7/7	4/4	–

Major shareholders

As of December 31, 2024, and with changes known up to the submission of this annual report, the following shareholders had, directly or indirectly, a shareholding in HANZA representing at least one tenth of the votes for all shares in the company:

Shareholder	Percentage of votes in HANZA, %
Färna Invest AB	22.86

For further information on HANZA's share and ownership structure, see the section The share and ownership structure on pages 55-56 of the annual report.

Auditors

The auditors are appointed by the AGM. The auditors review the company's annual report, consolidated accounts and accounts, as well as the administration of the Board of Directors and the CEO. The results of the review are reported to the shareholders in the form of the audit report, which is presented at the AGM. The 2024 AGM elected Ernst & Young AB (EY) as the company's auditor for the period until the end of the AGM to be held in 2025. EY has appointed authorized public accountant Linn Haslum Lindgren as auditor in charge. The external audit is conducted in accordance with ISA (International Standards on Auditing).

Internal control

The overall purpose of internal control is to ensure, with reasonable assurance, that the company's operational strategies and targets are followed up on, and that the owners' investment is protected. In addition, internal control is meant to ensure, with reasonable assurance, that external reporting is reliable and that it is prepared in accordance with generally accepted accounting principles, that applicable laws and regulations are being complied with, and that the specific requirements applicable to listed companies are being complied with. The Board of Directors is the body that bears overall responsibility for internal control. The Swedish Companies Act and the Swedish Annual Accounts Act contain provisions according to which information on the most important elements of HANZA's system for internal control and risk management must be disclosed in HANZA's corporate governance report. The Board of Directors' responsibility for internal control is also governed by the Code.

Among other things, the Board shall ensure that HANZA has good internal control and formalized procedures that ensure compliance with established principles for financial reporting and internal control and that there are appropriate systems for monitoring and controlling the company's operations and the risks to which the company and its operations are associated. In order to maintain good internal control, the Board has prepared a number of policy documents, such as rules of procedure for the Board, instructions for the CEO, instructions for financial reporting, financial policy and information policy.

In addition, the Board of Directors has established an Audit Committee whose main tasks include the monitoring and quality assurance of the company's financial reporting, continuously meeting with the company's external auditor, monitoring the effectiveness of the company's internal control as regards financial reporting, and reviewing and monitoring the auditor's impartiality and independence. Within the Board of Directors, the Audit Committee also bears primary responsibility for monitoring and managing risks that may adversely affect the company's operations.

Internal control and risk management are monitored and evaluated on an ongoing basis by means of internal and external checks as well as evaluations of the company's governance documents. The task of the Audit Committee is to monitor the effectiveness of the company's internal control and risk management. Risk assessment is performed, for example, in the form of self-evaluations by key finance personnel. Identified risks and key processes are followed up on through measures and check-up activities conducted with designated managers as well as testing to determine if checks work. In its internal control efforts, the company uses well-established control processes including assessments of the company's overall control environment, self-evaluations, establishing control activities, training in and information on internal control, as well as evaluations of the control measures' effectiveness. Feedback is provided continuously to group management, the Audit Committee and the Board of Directors.

The company has not set up a separate internal audit function. The Board of Directors conducts an annual assessment of the need for such a function and has determined that the efforts related to internal control that are ongoing internally, as undertaken particularly by the management team under the supervision of the Audit Committee, constitute an adequate review function, having regard to the company's operations and size.

Risk assessments

HANZA engages in continuous, active risk analysis, risk assessment and risk management in order to ensure that the risks to which the company is exposed are managed appropriately within the established frameworks. Its risk assessment takes into account, for instance, customer dependence, production, interruptions and logistics, key personnel, the business cycle, materials, complaint risk, inventory obsolescence, competition, IT, liability, suppliers, credit exposure, financial risk factors and tax risks. Identified risks are followed up on by means of established check-up activities with designated managers.

Board of Directors

From the left

Per Holmberg
Member of the Board since 2023.
Chairman of the Audit Committee.
CEO of Adrian Michael Group (Switzerland). Previously worked in operational, management and executive roles within the Electrolux Group and Hexagon.
Born: 1959
Education: MSc in Business Administration from the Stockholm School of Economics.
Other assignments: None
Shareholding: 269,367 shares.
Independent of the company, its management and the significant shareholders.

Taina Horgan
Member of the Board since 2024.
Member of the Remuneration Committee.
Director of Business Development at Systemair AB. Previously Chief Sales Officer at FläktGroup. Held several senior positions within Systemair both locally and internationally within the Group.
Born: 1965
Education: DIHM Business Bachelor.
Other assignments: Member of the Board of Brukshotellet Skinnskatteberg.
Shareholding: 430 shares.
Independent of the company and its management, but not of the company's significant shareholders.

Helene Richmond
Member of the Board since 2017.
Member of the Audit Committee.
Previously CEO of the CTC Group within the NIBE Group and before that head of various international operations in the SKF Group within sales, marketing and strategy.
Born: 1960
Education: Master of Science in Mechanical Engineering at Lund University of Technology.
Other assignments: None
Shareholding: 50,000 shares.
Independent of the company, its management and the significant shareholders.

Francesco Franzé
Chairman of the Board since 2019, elected in 2015.
Chairman of the Remuneration Committee and member of the Audit Committee. Previous positions include Group Management of Husqvarna Group, Senior VP Industrial Operations of Electrolux Group as well as site manager at several manufacturing units abroad.
Born: 1964
Education: Master of Science in Mechanical Engineering at the Royal Institute of Technology (KTH) in Stockholm.
Other assignments: Chairman of the Board of Adrian Michel Group AG, Panarea AB.
Shareholding: 3,625,000 shares.
Independent of the company, its management and the significant shareholders.

Information on shareholdings as of December 31, 2024 with subsequent known transactions.

AUDITORS

Registered audit firm
Ernst & Young AB

Auditor in charge
Linn Haslum Lindgren
Authorized Public Accountant, Ernst & Young AB
Born: 1977
Auditor for HANZA since 2023
Shareholding: No shares.

Group management

Erik Stenfors
CEO and president
Employed: 2008
Born: 1966
Education: Master of Science in engineering physics at the Royal Institute of Technology (KTH) in Stockholm.
Background: R&D Manager, Minec Systems AB, founder/CEO NOTE AB, founder Wonderful Times Group AB, founder and CEO HANZA AB.
Shareholding: A total of 633,000 shares, privately and through wholly owned companies, of which 6,650 shares are invested in connection with HANZA's share-savings scheme 2023.

Lars Åkerblom
Chief Financial Officer (CFO)
Executive Vice President
Employed: 2010
Born: 1965
Education: Master of Science (economy), Uppsala University and Auditor's Exam from the Association of Authorized Public Accountants (FAR).
Background: Authorized Public Accountant and Market Area Manager KPMG, CFO at listed Pricer and Nocom (now IAR), CFO Scandinavian Biogas, CFO Sweco AB, CFO and CEO at Wonderful Times Group AB.
Shareholding: 200,000 shares. Of these, 6,650 refer to shares invested in HANZA's long-term share-savings scheme 2023.

Andreas Nordin
Chief Operating Officer (COO)
Employed: 2017
Born: 1970
Education: Master of Science in Mechanical Engineering at the Royal Institute of Technology (KTH) in Stockholm.
Background: CEO of Ericsson AB's factories in Estonia, Brazil and Mexico.
Shareholding: 45,000 shares. Of these, 6,650 refer to shares invested in HANZA's long-term share-savings scheme 2023.

Diana Thorin
Chief Human Resources Officer (CHRO)
Employed: 2018
Born: 1985
Education: Human Resources and Working Life Program at Karlstad University.
Background: Various roles in municipal operations, including area manager for municipal health and social care and HR consultant. Various HR management positions within the HANZA Group.
Shareholding: 750 shares. The shares are invested in HANZA's long-term share-savings scheme 2023.

Joined the management team effective 2025

Mattias Lindhe
Chief Strategy Officer (CSO)
Employed: 2023
Born: 1966
Education: Degree from the Swedish Defense University and MBA from Henley Business School (University of Reading) UK.
Background: Global Business Area Manager at Flex (Flextronics), Commercial Director at Luvata and President and CEO at Orbit One.
Shareholding: 46,000 shares.

Joined the management team effective 2025

Information on shareholdings as of December 31, 2024 with subsequent known transactions.

Consolidated income statement

Amounts in SEK million	Note	Jan-Dec 2024	Jan-Dec 2023
Net sales	5, 6	**4,851**	**4,143**
Raw material and supplies		-2,722	-2,334
Change in inventories in production, finished goods and work in progress on behalf of others		-80	33
Other external costs	7	-522	-484
Personnel costs	8, 29	-1,142	-904
Depreciation, amortization and impairment	15, 28	-169	-120
Other operating income and expenses	9	57	10
Operating profit (EBITA)	6, 10	**273**	**344**
Amortization and impairment of intangible assets	14	-34	-17
Operating profit (EBIT)		**239**	**327**
Profit/loss from financial items			
Financial income and expenses		-114	-80
Financial items – net	10, 11	**-114**	**-80**
Profit/loss before tax		**125**	**247**
Income tax	12	-14	-33
Profit for the year		**111**	**214**

Profit for the year is attributable in its entirety to the shareholders of the parent company

Earnings per share, calculated on profit or loss attributable to the shareholders of the parent company			
Earnings per share before dilution, SEK	13	2.55	5.36
Earnings per share after dilution, SEK	13	2.54	5.31

Consolidated statement of comprehensive income

Amounts in SEK million	Note	Jan-Dec 2024	Jan-Dec 2023
Profit for the year		**111**	**214**
Other comprehensive income			
Items that will not to be reversed in profit or loss			
Remeasurement of post-employment benefits	29	-	-7
Tax on items not to be reversed in profit or loss		-	2
Total items not to be reversed in profit or loss, net of tax		**-**	**-5**
Items that can subsequently be reversed in profit or loss			
Exchange rate differences on translation of foreign subsidiaries		33	-4
Total items that can subsequently be reversed in profit or loss, net of tax		**33**	**-4**
Other comprehensive income for the year		**33**	**-9**
COMPREHENSIVE INCOME FOR THE YEAR		**144**	**205**

Comprehensive income is attributable in its entirety to the shareholders of the parent company

Consolidated balance sheet

Amounts in SEK million	Note	Dec 31, 2024	Dec 31, 2023
ASSETS			
Non-current assets			
Goodwill	14	529	387
Other intangible assets	14	135	77
Buildings and land	15	418	345
Machinery and equipment	15	484	369
Right-of-use assets	28	282	186
Other non-current assets	33	2	-
Deferred tax assets	16	37	23
Total non-current assets		**1,887**	**1,387**
Current assets			
Inventory	18	1,137	936
Accounts receivable	19	213	175
Current tax assets		25	5
Other receivables	20	63	56
Prepaid expenses and accrued income	21	36	30
Cash and cash equivalents		276	340
Total current assets		**1,750**	**1,542**
TOTAL ASSETS		**3,637**	**2,929**

Amounts in SEK million	Note	Dec 31, 2024	Dec 31, 2023
EQUITY	22		
Equity attributable to parent company shareholders			
Share capital		4	4
Other paid-in capital		924	881
Reserves		109	76
Retained earnings including profit for the year		443	384
Total equity		**1,480**	**1,345**
LIABILITIES			
Non-current liabilities			
Post-employment benefits	29	102	102
Deferred tax liabilities	16	79	57
Liabilities to credit institutions	23	601	326
Lease liabilities	23, 28	166	114
Total non-current liabilities		**948**	**599**
Current liabilities			
Overdraft facility	23	-	99
Liabilities to credit institutions	23	161	86
Lease liabilities	23, 28	73	53
Other interest-bearing liabilities	23	6	11
Accounts payable		590	450
Tax liabilities		32	21
Other liabilities	24	158	120
Accrued expenses and deferred income	25	189	145
Total current liabilities		**1,209**	**985**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,637**	**2,929**

Consolidated statement of changes in equity

Amounts in SEK million	Note	Share capital	Other paid-in capital	Reserves	Retained earnings including profit for the year	Total equity
Opening balance as of January 1, 2023		**4**	**610**	**80**	**204**	**898**
Profit for the year		–	–	–	214	214
Other comprehensive income						
Other comprehensive income before tax		–	–	-4	-7	-11
Tax on items in other comprehensive income		–	–	–	2	2
Total comprehensive income		**0**	**0**	**-4**	**209**	**205**
Transactions with shareholders						
New share issue		–	277	–	–	277
Share-savings scheme 2025		–	1	–	–	1
Issue costs		–	-7	–	–	-7
Dividend		–	–	–	-29	-29
Total contributions from and distributions to shareholders, recognized directly in equity		**–**	**271**	**–**	**-29**	**242**
Closing balance as of December 31, 2023		**4**	**881**	**76**	**384**	**1,345**
Opening balance as of January 1, 2024		**4**	**881**	**76**	**384**	**1,345**
Profit for the year		–	–	–	111	111
Other comprehensive income						
Other comprehensive income before tax		–	–	33	–	33
Tax on items in other comprehensive income		–	–	–	–	-
Total comprehensive income		**0**	**0**	**33**	**111**	**144**
Transactions with shareholders						
New share issue		–	40	–	–	40
Share-savings scheme 2025		–	4	–	–	4
Issue costs		–	-1	–	–	-1
Dividend		–	-	–	-52	-52
Total contributions from and distributions to shareholders, recognized directly in equity		**–**	**43**	**–**	**-52**	**-9**
Closing balance as of December 31, 2024		**4**	**924**	**109**	**443**	**1,480**

Share capital development and dividends paid are shown in Note 22.

Consolidated statement of cash flows

Amounts in SEK million	Note	2024	2023
Cash flow from operating activities			
Profit/loss after financial items	30	125	247
Depreciation, amortization and impairment	6	203	137
Other non-cash items	30	-35	12
Income tax paid		-50	-17
Cash flow from operating activities before changes in working capital		**243**	**379**
Cash flow from change in working capital			
Change in inventories		227	4
Change in accounts receivable		140	-23
Change in current receivables		-	-15
Change in accounts payable		-6	-39
Change in current liabilities		-35	-29
Total change in working capital		**326**	**-102**
Cash flow from operating activities		**569**	**277**
Cash flows from investing activities			
Business combinations	31	-367	-2
Acquisition of assets	31	-	-49
Investments in intangible assets	14	-3	-3
Investments in property, plant and equipment	15, 30	-264	-246
Disposals of property, plant and equipment		2	5
Cash flows from investing activities		**-632**	**-295**
Cash flow from financing activities			
New share issue	22	39	270
New loans	23, 30	563	517
Repayment of loans	23, 30	-562	-541
Dividend		-52	-29
Cash flow from financing activities		**-12**	**217**

Amounts in SEK million	Note	2024	2023
Cash flow for the year		**-75**	**199**
Cash and cash equivalents at beginning of year		340	137
Exchange differences in cash and cash equivalents		11	4
Cash and cash equivalents at end of year		**276**	**340**

Parent Company income statement

Amounts in SEK million	Note	2024	2023
Operating income	32	**37**	**32**
Other external costs	7, 32	-22	-17
Personnel costs	8	-15	-13
Total operating expenses		**-37**	**-30**
Operating profit		**-**	**2**
Profit/loss from financial items			
Profit/loss from shares in group companies	11, 33	-	-1
Other interest income and similar income items	11, 32	46	6
Interest expense and similar items	11, 32	-56	-9
Total profit/loss from financial items		**-10**	**-4**
Profit/loss after financial items		**-10**	**-2**
Appropriations	34	45	8
Profit/loss before tax		**35**	**6**
Tax on profit for the year	12	-7	-
Profit for the year		**28**	**6**

Parent Company statement of comprehensive income

Amounts in SEK million	Note	2024	2023
Profit for the year		**28**	**6**
Other comprehensive income, net of tax, for the year		**-**	**-**
Total comprehensive income for the year		**28**	**6**

Parent Company balance sheet

Amounts in SEK million	Note	Dec 31, 2024	Dec 31, 2023
ASSETS			
Non-current assets			
Financial assets			
Shares in group companies	33	759	377
Non-current receivables from group companies	32	428	509
Total financial assets		**1,187**	**886**
Total non-current assets		**1,187**	**886**
Current assets			
Current receivables			
Receivables on group companies		251	9
Current tax assets		2	-
Prepaid expenses and accrued income	21	24	20
Total current receivables		**277**	**29**
Cash and cash equivalents			
Cash and bank balances		154	164
Total cash and cash equivalents		**154**	**164**
Total current assets		**431**	**193**
TOTAL ASSETS		**1,618**	**1,079**

Amounts in SEK million	Note	Dec 31, 2024	Dec 31, 2023
EQUITY AND LIABILITIES			
Equity	22		
Restricted equity			
Share capital		4	4
Total restricted equity		**4**	**4**
Unrestricted equity			
Share premium reserve		667	674
Profit for the year		28	6
Total unrestricted equity		**695**	**680**
Total equity		**699**	**684**
Untaxed reserves			
Tax allocation reserves	34	2	2
Total untaxed reserves		**2**	**2**
Non-current liabilities			
Liabilities to credit institutions	23	504	216
Total non-current liabilities		**504**	**216**
Current liabilities			
Liabilities to credit institutions	23	135	54
Overdraft facility	23	-	99
Accounts payable		7	3
Tax liabilities		7	1
Liabilities to group companies		235	-
Other liabilities	24	3	3
Accrued expenses and deferred income	25	26	17
Total current liabilities		**413**	**177**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,618**	**1,079**

Parent Company changes in shareholders' equity

	Restricted equity		Unrestricted equity	Total equity
Amounts in SEK million	**Share capital**	**Share premium reserve**	**Retained earnings including profit for the year**	
Opening balance as of January 1, 2023	**4**	**387**	**46**	**437**
Comprehensive income				
Profit for the year	-	-	6	6
Other comprehensive income	-	-	-	-
Total comprehensive income	**-**	**-**	**6**	**6**
Transactions with shareholders				
New share issue	-	277	-	277
Issue costs	-	-7		-7
Allocation of profits	-	17	-17	-
Dividend	-	-	-29	-29
Closing balance as of December 31, 2023	**4**	**674**	**6**	**684**
Opening balance as of January 1, 2024	**4**	**674**	**6**	**684**
Comprehensive income				
Profit for the year	-	-	28	28
Other comprehensive income	-	-	-	-
Total comprehensive income	**-**	**-**	**28**	**28**
Transactions with shareholders				
New share issue	-	40	-	40
Issue costs	-	-1	-	-1
Allocation of profits	-	-46	46	-
Dividend	-	-	-52	-52
Closing balance as of December 31, 2024	**4**	**667**	**28**	**699**

Share capital development is shown in Note 22.

Parent Company statement of cash flows

Amounts in SEK million	Note	2024	2023
Cash flow from operating activities			
Profit/loss after financial items		-10	-2
Other non-cash items	30	-	1
Group contributions received		8	-
Tax paid		-3	-1
Cash flow from operating activities before changes in working capital		**-5**	**-2**
Cash flow from change in working capital			
Change in current receivables		-1	-27
Change in current liabilities		11	16
Total change in working capital		**10**	**-11**
Cash flow from operating activities		**5**	**-13**
Cash flows from investing activities			
Acquisition of subsidiaries		-382	-
Shareholder contributions to subsidiaries	33	-	-11
Cash flows from investing activities		**-382**	**-11**
Cash flow from financing activities			
New share issue	22	39	270
New loans	23	500	399
Repayment of borrowings	23	-234	-83
Dividend		-52	-29
Change in non-current receivables from group companies		114	-364
Change in non-current group liabilities		-	-35
Cash flow from financing activities		**367**	**158**
Cash flow for the year		**-10**	**134**
Cash and cash equivalents at beginning of year		164	30
Cash and cash equivalents at end of year		**154**	**164**

Notes

Amounts in SEK million, unless otherwise specified.

NOTE 1 General information

HANZA AB (the parent company), corporate identity number 556748-8399, is a public limited company with its registered office in Stockholm, Sweden. The group is an industrial player and business partner in the contract manufacturing sector that offers its customers a combination of consultancy and customized manufacturing solutions within mechanics and electronics.

These consolidated accounts and annual accounts were approved for publication by the Board of Directors on March 25, 2025. The consolidated income statement and balance sheet and the parent company's income statement and balance sheet will be submitted for approval at the Annual General Meeting on May 13, 2025.

All amounts are presented in millions of SEK (SEKm) unless otherwise stated. Figures in parentheses refer to the previous year.

NOTE 2 Summary of important accounting policies

The most important accounting policies applied in the preparation of these consolidated accounts are set out below. Unless otherwise specified, these principles have been applied consistently for all years presented.

2.1 Basis for the preparation of the reports

The consolidated financial statements of the HANZA AB Group have been prepared in accordance with IFRS Accounting Standards (International Financial Reporting Standards issued by the International Accounting Standards Board IASB) and interpretations from the IFRS Interpretations Committee (IFRS IC) as adopted by the EU, the Swedish Sustainability and Financial Reporting Board, RFR 1 Supplementary Accounting Rules for Groups and the Swedish Annual Accounts Act. The going concern assumption has been applied.

The consolidated financial statements have been prepared under the historical cost convention except for financial assets and liabilities at fair value through profit or loss, see note 17.

The preparation of financial statements in accordance with IFRS requires the use of some important estimates for accounting purposes. Furthermore, management must make certain judgments in the application of the group's accounting policies; see Note 4.

2.2 Changes in accounting policies

IFRS 18 was adopted on April 9, 2024 and will be effective from January 1, 2027. IFRS 18 contains new requirements for the presentation of the income statement and general requirements for the presentation of financial statements and notes, as well as new requirements for the disclosure of operating expenses and newly selected key performance indicators. HANZA has not yet begun to apply this standard, nor has it analyzed the impact this standard will have. No other IFRS or IFRIC interpretations effective on or after January 1, 2025 are expected to have a material impact on the group or the parent company.

2.3 Parent company accounting policies

The parent company applies the Swedish Annual Accounts Act (ÅRL) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The most important differences between the accounting policies for the group and the parent company are set out below.

The income statement and balance sheet follow the presentation format of the Swedish Annual Accounts Act. The statement of changes in equity also follows the group's format but contains the columns specified in the Swedish Annual Accounts Act. Furthermore, there are differences in terms in the annual accounts, compared to the consolidated accounts, mainly regarding financial revenue and expenses and equity.

Shares in subsidiaries are recognized at cost less any impairment losses. The cost basis includes acquisition-related costs and any earn-outs. When there is an indication that shares in subsidiaries have decreased in value, the recoverable amount is calculated. If this is lower than the carrying amount, an impairment loss is recognized in the item "Profit from shares in group companies".

The parent company has signed guarantees in favor of subsidiaries. For these contracts, the parent company applies the relief rule set out in RFR 2 p2, and thus recognizes the guarantee as a contingent liability. A provision is made when the company assesses that it is likely that a payment will be required in order to settle a commitment.

During the year, a cash pool was implemented that several of the group's companies have joined. The cash pool is recognized as the parent company having current receivables or liabilities with participating subsidiaries.

The parent company reports group contributions, both those that have been received and those that have been made, as appropriations.

2.4 Consolidated accounts and business combinations

Subsidiaries are all companies over which the group has controlling influence. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date control ceases.

The acquisition method is used for recognition of the group's business combinations. The purchase price for the acquisition of a subsidiary consists of cash transferred, the fair value of other transferred assets, liabilities that the group incurs in respect of the former owners of the acquired company, and the shares issued by the group. The purchase price also includes the fair value of all assets or liabilities that result from an agreement regarding contingent consideration. Any contingent consideration to be transferred by the group is recognized at fair value at the time of acquisition. Subsequent changes in the fair value of a contingent consideration are recognized as other operating income or other operating expenses.

Acquisition-related expenses are recognized as expenses as incurred.

Identifiable acquired assets and assumed liabilities in a business combination are initially measured at fair value as of the acquisition date. Goodwill is initially valued as the amount by which the total purchase price exceeds the fair value of identifiable acquired assets and assumed liabilities. If the purchase price is lower than the fair value of the acquired company's net assets, the difference is recognized directly in the income statement.

Intra-group transactions, balance sheet items, revenue and expenses on intra-group transactions are eliminated. Gains and losses resulting from intra-group transactions and which are recognized in assets are also eliminated. All subsidiaries consistently apply the group's policies.

2.5 Foreign currency translation

Functional currency and reporting currency

Items included in the financial statements of the group's various subsidiaries are measured in the functional currency of each entity, which in all cases is the local currency of the subsidiary. Swedish kronor (SEK) are used in the consolidated accounts. SEK is the group's reporting currency and the parent company's functional currency.

The income statements and balance sheets of all group entities that have a functional currency other than the reporting currency are translated into the group's reporting currency. Balance sheets are translated at the closing rate. The income statements are translated at the average exchange rate (provided that this average rate represents a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date, failing which revenue and expenses are translated at the transaction date rate). Goodwill and fair value adjustments that arise upon the acquisition of a foreign operation are treated as assets and liabilities of this business and are translated at the closing day rate. Translation differences arising from currency translation are recognized in other comprehensive income.

Exchange rate gains and losses attributable to loans and cash and cash equivalents are recognized in the income statement as financial revenue or expenses. All other exchange rate gains and losses are recognized in operating profit.

Note 2 cont'd

26. Interests in associates
In accounting for interests in associates, IAS 28 Investments in Associates and Joint Ventures is applied. Companies in which the group has significant influence, specifically those where the group owns between 20 percent and 50 percent of the voting rights, are considered associates. Interests in associates are accounted for using the equity method, which means that HANZA's share of the companies' profit or loss is recognized as Profit from investments in associates in the consolidated income statement.

2.7 Segment reporting
HANZA practices a form of cluster-based segmentation that is considered to best reflect its business model, organization and the manner in which the Board of Directors and management team follow up on and assess the business. See also note 6.

2.8 Revenue
When HANZA has a binding agreement with a customer, the performance commitments and transaction price are identified in accordance with this agreement. The transaction price is measured at the fair value of what will be received, and corresponds to the amounts received for goods sold less any discounts, returns and VAT. The group recognizes revenue when the performance commitment has been fulfilled.

Upon the sale of goods, which consist of components, subsystems and finished products, the performance commitment is considered to have been fulfilled upon delivery of goods to the customer, in accordance with the delivery terms. Cases where there is an agreement with the customer regarding buffer stock of finished components or products represent an exception to the foregoing. In these cases, the performance commitment is considered to have been fulfilled already when the component or product is placed into buffer stock and is thus available to the customer. For more in-depth information on assessments that affect the size and timing of the revenue, see Note 5 Revenue.

For the sale of consulting services, revenue is recognized over time, provided that HANZA is entitled to compensation for work performed even if a project should be cancelled ahead of time. If there is no such right, revenue is recognized when the project is completed and the right to compensation has been established.

2.9 Current and deferred tax
The tax expense for the period includes current and deferred tax. The current tax expense is calculated on the basis of the tax rules that have been enacted as of the balance sheet date in the countries where each company operates. Deferred tax is recognized, according to the balance sheet method, for temporary differences that arise between the tax value of assets and liabilities and their carrying amounts in the consolidated accounts. No deferred tax is recognized in cases where the company is able to control the timing of the realization of the temporary differences and it is not considered probable that this will happen in the foreseeable future. Deferred tax assets on tax loss carryforwards are recognized to the extent that it is probable that future taxable profits will be available and are offset when there is a legal right to offset.

2.10 Government grants
Government grants are recognized at fair value when there is reasonable assurance that the grant will be received, and the company will fulfill the conditions associated with the grant. Grants intended to cover investments in property, plant and equipment or intangible assets reduce the asset's cost basis and thus the depreciable amount.

2.11 Financial items
Financial income and expenses consist of interest income on bank balances and receivables, interest expense on loans and lease liabilities and exchange rate differences. Interest income and expenses are recognized using the effective interest method.

2.12 Intangible assets
Goodwill arises from business combinations and is tested for impairment annually or more frequently if there are indications of impairment. See also 2.19 below.

Customer relationships have been identified upon acquisition and constitute an intangible asset. Amortization is carried out on a straight-line basis over the expected useful life, which has been assessed at 10 years. The residual values and useful lives of customer relationships are tested at the end of each reporting period and adjusted if necessary.

Other intangible assets consist of software licenses and capitalized costs for software implementation. Amortization is carried out on a straight-line basis over the expected useful life, having regard to material residual values. The amortization period for other intangible assets is 3 years.

2.13 Property, plant and equipment
Property, plant and equipment are recognized at cost less depreciation and any impairment losses. The cost basis includes expenses that can be directly attributed to the acquisition of the asset. Incremental expenditure is added to the carrying amount of the asset or recognized as a separate asset, as appropriate. All forms of repairs and maintenance are recognized as expenses in the income statement during the period in which they arise. Construction in progress refers to ongoing investments in non-current assets under construction. The costs accumulate throughout the construction period and are not amortized until the project is completed and reclassified to the relevant category. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset is depreciated separately. No depreciation is applied to land. Depreciation on other assets, to allocate their cost down to their estimated residual value over their estimated useful lives, is calculated on a straight-line basis as follows:

Buildings	See below
Leasehold improvements	Contract period, but not more than 20 years
Machinery and other technical facilities	5–10 years
Equipment, tools and installations	5–10 years

Component depreciation is applied to buildings where the estimated useful life of the components is the basis for depreciation. The following main groups of components have been identified and form the basis for depreciation of buildings:

Buildings	10-50 years
Frame:	50 years
Additions to framework, interior walls, etc.:	20-40 years
Fixtures, fittings, heating, electricity, plumbing, ventilation etc.:	20-40 years
Exterior finishes; facades, roofs, etc.:	20-30 years
Interior finishes; mechanical equipment etc.:	10-15 years

The residual values and useful lives of assets are tested at the end of each reporting period and adjusted if necessary.

2.14 Leases
Leased assets are recognized as right-of-use assets and the liabilities under these agreements as lease liabilities in the balance sheet unless the asset is of low value or the lease term is less than 1 year. At the beginning of the lease period, the right-of-use asset and the lease liability are valued at the discounted present value of future lease payments. Right-of-use assets where the ownership of the leased item is expected to pass to the lessee at the end of the lease period are amortized according to the same principles as those for other items of property, plant and equipment, see 2.12. Right-of-use assets where the ownership of the leased item is not expected to pass to the lessee are amortized over the contract period.

2.15 Inventory
Inventories have been valued at the lower of either their cost basis or net

Note 2 cont'd

realizable value as of the balance sheet date. Manufactured goods and work in progress include direct manufacturing costs as well as a fair share of indirect costs in the acquisition value. The first-in, first-out (FIFO) valuation method is applied. Inventories are reported net of estimated obsolescence risk.

2.16 Financial instruments
Financial instruments are included in most balance sheet items and are described in paragraphs 2.16 to 2.18.

2.17 Classification
Financial assets and liabilities are classified either as financial assets and liabilities at fair value through profit or loss or as assets and liabilities measured at amortized cost. The classification depends on the purpose for which the financial asset or liability was acquired. In the 2024 annual report, all financial assets have been recognized in the balance sheet at amortized cost. All financial liabilities are recognized in the balance sheet at amortized cost except for certain other interest-bearing liabilities on the balance sheet date, which in 2024 consisted of reserves for the earn-outs for the acquisition of HANZA Electronics Mönchengladbach GmbH and HANZA Tech Solutions GmbH. The revaluation of this liability is recorded under other operating income and expenses.

2.18 Accounts receivable
Accounts receivable are financial instruments that consist of amounts to be paid by customers for goods and services where payment is expected within one year. Accounts receivable are initially recognized at fair value, which means that expected credit losses must be taken into account based on historical experience. Since HANZA's credit losses have historically been very low, the nominal value is thought to reflect the fair value. Accounts receivable are then valued at the amounts that are expected to be received, i.e. less any provision for impairment. For assessment of future credit losses, forward-looking parameters regarding the industry and the customer's stability are used. See also Note 19.

The group's companies have entered into agreements regarding the divestment and mortgaging of customer invoices (factoring). In the majority of contracts, accounts receivable are sold and derecognized from the balance sheet as control is transferred to the buyer at the time of sale. For these, the guarantees provided are recognized as a contingent liability. Accounts receivable that have been sold but where, due to timing, payment has not yet been received are recognized as a receivable under other receivables. In a few contracts, control remains with the group. Accounts receivable are recognized as assets and the loans raised are recognized as current liabilities to credit institutions. The mortgaged accounts receivable are then also recognized under pledged collateral. Mortgaged accounts receivable are eliminated from the balance sheet when the right to receive cash flows from the account receivable has expired or been transferred and the group has transferred control to the buyer. Costs for factoring are recognized as a financial expense. See also notes 19 and 23.

2.19 Borrowings
Borrowing is classified under current liabilities unless the group has an unconditional right to defer payment of the liability for at least 12 months after the end of the reporting period.

2.20 Impairment
For HANZA, intangible assets with an indefinite useful life consist solely of goodwill items. These are not amortized but are tested annually for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount and is recognized whenever there is an indication that the carrying amount may not be recoverable. When assessing the need for impairment, assets are grouped at the lowest levels having essentially independent cash flows (cash-generating units). See also note 14. Impairment losses on goodwill are not reversed.

For non-financial assets other than goodwill, an assessment of impairment is made when there are indications that this may be the case. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use. For assets (other than goodwill) that have previously been written down, a review is performed on each balance sheet date to determine whether a reversal is appropriate.

For financial assets accounted for at amortized cost (loans and accounts receivable), the group applies the simplified approach to credit provisioning, i.e. the provision represents the expected loss over the entire life of the receivable. Since HANZA's credit losses have historically been very low, the nominal value is thought to reflect the fair value.

2.21 Equity
Common shares are classified as equity. Transaction costs that can be directly attributed to the issue of new common shares or options are recognized in equity as a deduction from the issue proceeds.

During the previous year, a share-savings scheme was introduced whereby senior executives can be allocated shares in 2026. This is accounted for as a share-based payment under IFRS 2, whereby an estimated cost is recognized in the income statement directly against equity.

2.22 Provisions
A provision is recognized on the balance sheet when there is an existing legal or constructive obligation as a result of an event that has occurred, and it is probable that an outflow of resources will be required in order to settle the obligation, and a reliable estimate can be made of the amount. Provisions are made in the amount that represents the best estimate of what will be required in order to settle the existing obligation. When settlement is expected to take place more than 12 months into the future, the provision is calculated by discounting the expected future cash flow.

2.23 Employee benefits
Short-term employee benefits are calculated without discounting and are recognized as an expense at the time the related services are received.

Group companies have various plans for post-employment benefits, including defined-benefit and defined-contribution pension plans. A characteristic of defined-benefit plans is that they specify a lump sum for the pension benefit that an employee is to receive after retirement, usually based on one or more factors such as age, seniority and salary. HANZA has defined benefit pension plans at HANZA Assembly Remscheid GmbH in Germany and at HANZA Mechanichs Årjäng AB through insurance with PRI. The pension plans are further described in note 29.

For defined-contribution pension plans, the group makes contributions to public or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been made. The contributions are recognized under costs of personnel when they fall due for payment. Prepaid contributions are recognized as an asset to the extent that cash repayment or reduction of future payments may accrue to the benefit of the group.

Termination benefits are payable when an employee's employment is terminated by the group before the normal retirement date or when an employee accepts voluntary retirement in exchange for such benefits. The group recognizes termination benefits at the earliest of the following times: (a) when the group is no longer able to withdraw the offer of such benefits; and (b) when the company recognizes expenses for a restructuring that falls within the scope of IAS 37 and which involves the payment of severance pay. Benefits that fall due more than 12 months after the end of the reporting period are discounted to present value.

2.24 Statement of cash flows
The statement of cash flows is prepared according to the indirect method. This means that operating profit is adjusted for material transactions that have not resulted in incoming or outgoing payments during the period and for any revenue and expenses that are attributed to the cash flows of investment or financing activities.

NOTE 3 Financial risk management

3.1 Financial risk factors

Through its operations, the group is exposed to a variety of financial risks: market risk (currency risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management policy focuses on the unpredictability of the financial markets and strives to minimize potential adverse effects on the group's financial performance. The group uses derivative instruments to hedge certain risk exposures.

Risk management is handled by group management in accordance with policies established by the Board of Directors. Group Finance identifies, evaluates and hedges financial risks in close cooperation with the group's operating units. The Board of Directors draws up written policies for both overall risk management and for specific areas, such as currency risk, interest rate risk, credit risk, the use of derivative instruments and non-derivative financial instruments, as well as the investment of excess liquidity.

The group does not apply hedge accounting in cases where hedges are used to mitigate financial risks.

The following is a description of the group's estimated risk exposure and the accompanying risk management measures.

(a) Market risk

(i) Currency risk

The group operates internationally and is exposed to currency risks arising from various currency exposures, especially regarding the euro (EUR), Czech koruna (CZK), Polish zloty (PLN), US dollar (USD) and Chinese yuan (CNY). Currency risk arises through future business transactions, recognized assets and liabilities, as well as net investments in foreign operations. The group has exposure in its external borrowing, as the borrowing partly occurs in a currency other than the functional currency. Translation exposure in other financial receivables and liabilities is considered minor, as these items are essentially denominated in the individual group companies' functional currencies. The Board of Directors has introduced a policy requiring group companies to manage their currency risk vis-à-vis their functional currency. Currency risks arise when future business transactions or recognized assets or liabilities are expressed in a currency other than the unit's functional currency. These currency risks are primarily managed by using the same currency for material purchasing as for invoicing or by incorporating currency clauses in contracts with customers or material suppliers. In cases where there is a remaining currency risk that cannot be managed as outlined above, the group companies use futures if the exposure is material. The group's risk management policy is to hedge 60 to 70 percent of expected cash flows in each major currency for the following 12 months. There were only immaterial currency hedging measures in place as of December 31, 2024 and 2023.

The group has a number of holdings in foreign operations (EUR, CZK, PLN and CNY) whose net assets are exposed to currency risks. Currency exposure arising from the net assets in the group's foreign operations is managed in part through borrowing in EUR where the greatest exposure is found. There is no hedging of net assets of subsidiaries other than borrowings in EUR.

If the Swedish krona had weakened by 5 percent in relation to EUR with all other variables constant, the result for the year as of December 31, 2024 would have been affected by SEK 1 million (4), while an equal weakening in relation to PLN would have affected the result marginally this year (SEK 1 million). A strengthening or weakening of the Swedish krona relative to CNY or CZK would have had only a marginal effect on profit for the year as of December 31, 2024, as in previous years.

(ii) Interest rate risk with respect to cash flows and fair values

Because the group does not hold any material interest-bearing assets, the group's revenue and cash flow from operating activities are essentially independent of changes in market interest rates. The group's interest rate risk arises from long-term borrowing. Borrowing at variable interest rates exposes the group to interest rate risk with regard to cash flow, which is partially neutralized by cash balances that earn variable interest rates. Borrowing at fixed interest rates exposes the group to interest rate risk with regard to fair value. The group analyzes its exposure to interest rate risk dynamically. Different scenarios are simulated, taking into account refinancing, sales from existing positions, alternative financing and hedging. On the basis of these scenarios, the group calculates the impact on profit/loss that a specified interest rate change would have. The same interest rate change is used for all currencies for each simulation. The scenarios are only simulated for those liabilities that constitute the largest interest-bearing positions. Simulations show that the effect on the result of a change in the interest rate level by 1 percentage point would be a maximum increase of SEK 8 million (4) and a decrease of SEK 8 million (4).

(b) Credit risk

Credit risk is managed at group level, with the exception of credit risk related to outstanding accounts receivable. Each group company is responsible, with the support of the group's central financial function, for following up on and analyzing the credit risk of each new customer before offering standard payment and delivery terms. Credit risk arises from cash and cash equivalents, derivative instruments and balances on deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and agreed transactions. Only banks and financial institutions that have received a least credit rating of "A" by independent evaluators are accepted. If customers' creditworthiness is assessed by independent evaluators, these assessments are used. In cases where there is no independent credit assessment, a risk assessment of the customer's creditworthiness that takes into account its financial position, as well as past experience and other factors, is performed. Individual risk limits are determined on the basis of internal or external credit assessments in accordance with the limits set by the Board of Directors. The utilization of credit limits is monitored regularly. In case of low creditworthiness, advance payments may be demanded from the customer. See Note 19 for further disclosures regarding accounts receivable.

(c) Liquidity risk

Cash flow forecasts are prepared by the group's operating companies and are aggregated by Group Finance. Group Finance closely monitors rolling forecasts of group liquidity reserves to ensure that the group has sufficient cash balances to meet the needs of its operating activities while retaining sufficient scope in agreed credit facilities that have not been drawn on (see Note 23) so that the group does not exceed loan limits or loan terms (where applicable) for any of the group's loan facilities. Such forecasts take into account the group's debt restructuring plans, compliance with loan terms, fulfillment of internal balance sheet-based earnings measures and, where applicable, external supervisory or legal requirements – for example, currency restrictions.

The business has positive cash flow. During the year, cash flow generated was mainly used for investments in machinery, buildings and acquisitions of companies, dividends and amortization of loans.

Surplus liquidity in the group's operating companies in excess of the portion required to manage working capital needs is transferred to Group Finance. Surplus liquidity is used primarily to reduce the balance of overdraft credits. In the alternative, Group Finance invests surplus liquidity in interest-bearing current accounts, fixed-term deposits, money market instruments and marketable securities, depending on which instrument has the appropriate maturity or sufficient liquidity to meet the scope requirement as determined by the aforementioned forecasts. On the balance sheet date, the group had liquid funds in an amount of SEK 276 million (340) and unutilized overdraft facilities in the amount of SEK 160 million (12) for managing the liquidity risk.

Note 3 cont'd

The following tables analyze the group and the parent company's non-derivative financial liabilities, broken down by the time remaining, as of the balance sheet date, until contractual maturity. The amounts stated in the table are the contractual, non-discounted cash flows.

Group December 31, 2024	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Liabilities to credit institutions	79	159	251	364	5
Lease liabilities	37	37	68	99	19
Other interest-bearing liabilities	6	-	-	-	-
Accounts payable	675	-	-	-	-
Other short-term liabilities	8	-	-	-	-
Total	**805**	**196**	**319**	**462**	**24**

Group December 31, 2023	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Liabilities to credit institutions	34	55	73	303	8
Lease liabilities	28	25	41	59	23
Overdraft facility	-	99	-	-	-
Other interest-bearing liabilities	11	-	-	-	-
Accounts payable	450	-	-	-	-
Other current liabilities	102	-	-	-	-
Total	**625**	**179**	**114**	**362**	**31**

Parent Company December 31, 2024	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Liabilities to credit institutions	68	141	221	287	-
Other interest-bearing liabilities	7	-	-	-	-
Accounts payable	7	-	-	-	-
Liabilities group companies	235	-	-	-	-
Other current liabilities	3	-	-	-	-
Total	**320**	**141**	**221**	**287**	**-**

Parent Company December 31, 2023	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Liabilities to credit institutions	27	28	59	195	-
Accounts payable	3	-	-	-	-
Total	**30**	**28**	**59**	**195**	**-**

3.2 Management of capital

The group's goal with respect to the capital structure is to safeguard the group's ability to continue its operations, so that it can continue to generate a return to shareholders and to benefit other stakeholders, and to maintain an optimal capital structure in order to keep costs down.

In order to maintain or adjust the capital structure, the group may modify the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets in order to reduce liabilities.

Like other companies in the industry, the group assesses its capital based on its net leverage ratio. This key ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowing, lease liabilities and provisions for pension liabilities, less cash and cash equivalents.

The net leverage ratio as of December 31 was as follows:

	2024	2023
Borrowings (Note 23)	768	522
Lease liability (Note 23)	239	167
Provisions for pensions (Note 29)	102	102
Less: cash and cash equivalents	-276	-340
Excludes: lease liabilities for leased properties and premises (Note 23)	-133	-88
Net debt	**700**	**363**
Total equity	1480	1345
Net debt/equity ratio, %	**47**	**27**

The comparative figures have been amended as the definition has been changed to exclude lease liabilities for rented properties and premises from net debt.Net interest-bearing debt has decreased during the year. The change during the year is mainly attributable to a new share issue and a strong cash flow.

3.3 Fair value measurement

All financial assets have been recognized in the balance sheet at amortized cost.

All financial liabilities are recognized in the balance sheet at amortized cost except for certain other interest-bearing liabilities on the balance sheet date, which in 2024 consisted of reserves for the earn-outs for the acquisitions of HANZA Electronics Mönchengladbach GmbH and HANZA Tech Solutions GmbH. This should be recognized at fair value in Level 3. The earn-out was based on HANZA Electronics Mönchengladbach GmbH's sales in 2022 and 2023, where an estimate and calculation based on future sales development was made in 2021 and a reserve was set aside of SEK 21 million, which was recognized in the consolidated income statement. During 2022 the reserve was dissolved by SEK 10 million, which was recognized as other operating income. The change in debt is shown in note 24. In 2023, a payment of SEK 2 million was made; the remaining debt was increased by SEK 1 million, which was recognized as other operating expenses. The outstanding debt, SEK 10 million, is expected to be paid in the first half of 2024. The earn-out for HANZA Tech Solutions is based on the company's sales in 2022 and 2023, where an estimate and calculation were made in 2022 and a reserve of SEK 2 million was set aside and recognized in the con-

Note 3 cont'd

solidated income statement. In 2023, a payment of SEK 1 million was made. The remaining SEK 1 million was paid in the first quarter of 2024.

The majority of the Group's borrowing at the balance sheet date consists of a small number of loans in the parent company. These carry a variable interest rate. The group's other borrowing consists of a small number of contracts entered into at different times and having different maturities. Essentially, these loans have variable interest rates. Against the background of the foregoing, carrying amounts can be considered to give a good approximation of fair values. The fair value of short-term borrowing corresponds to its carrying amount, as the effect of discounting is immaterial. Accounts receivable, accounts payable and other current receivables and liabilities have a residual useful life of less than one year. The carrying amount is considered to reflect fair value.

NOTE 4 Critical estimates and judgments

Estimates and assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under prevailing circumstances.

Critical accounting estimates and judgements

The group makes estimates and assumptions about the future. The accounting estimates that result from these will rarely correspond to the actual result, by definition. The estimates and assumptions that entail a significant risk of material adjustments in the carrying amounts of assets and liabilities during the next financial year are outlined in general terms below.

(a) Testing for impairment of goodwill

Each year, the group examines whether there is any need for impairment of goodwill in accordance with the accounting principle described in Note 2.20. Recoverable amounts for cash-generating units have been determined through a calculation of value in use. For these calculations, certain estimates must be made about future cash flows, among other things. Further information about the estimates is presented in Note 14. The group's goodwill at year-end amounted to SEK 529 million (387).

(b) Valuation of Customer Relationships

In the acquisitions completed in recent years, intangible assets in the form of customer relationships were identified. The planned depreciation period of the customer relationships is 10 years. The initial valuation of the customer relationships is based on a present value calculation of future profit contributions by the acquired company's customers. In order to perform the present value calculation and to determine the depreciation period, certain estimates about, among other things, the customers' long-term purchasing levels from HANZA are required. On the balance sheet date, the book value of customer relationships amounted to SEK 126 million (71).

(c) Valuation of loss carryforwards

Each year, the group assesses whether there is any need for impairment of deferred tax assets relating to tax loss carryforwards. In addition, the group investigates whether it is appropriate to capitalize new deferred tax assets relating to this year's tax loss carryforwards, or previous loss carryforwards for which the probability that they can be utilized has increased. Deferred tax assets are only recognized for loss carryforwards for which it is likely that they can be utilized against future taxable profits and against taxable temporary differences. HANZA has recognized deferred tax assets for parts of the loss carryforwards in Finland, Germany, the Czech Republic and China, as it is considered likely that these loss carryforwards can be used against future profits. See also Note 16.

(d) Valuation of deferred tax liability

No income tax is payable on reported earnings in Estonia. Instead, tax (currently 20 percent) is levied on gross dividends when retained earnings are distributed. HANZA is able to control the timing of the distribution and assesses that it is unlikely that reversal will occur in the foreseeable future, for which reason no deferred tax liability is recognized. This assessment is reviewed on an annual basis. On the balance sheet date, distributable funds in the Estonian companies amounted to SEK 362 million (236).

(e) Valuation of post-employment benefits

Recognition of debt and costs for defined-benefit pensions is based on actuarial calculations that are in turn based on significant assumptions regarding, among other things, the discount rate, future salary increases, staff turnover and remaining life expectancy. Changes in these assumptions may primarily affect the recognized liability, which at year-end amounted to SEK 102 million (102). Operating profit and profit for the year are less affected by changes in the assumptions, as changes due to changed actuarial assumptions are recognized in other comprehensive income. See Note 29 for a sensitivity analysis regarding the actuarial assumptions.

(f) Recognition of divested accounts receivable

Part of HANZA's financing operations involves selling accounts receivable to an external party. Because control in these cases has been transferred to the external party, these accounts receivable have been removed from the balance sheet. See note 19 Accounts receivable for more information.

(g) Asset acquisition Two properties in Töcksfors were acquired through the acquisition of a company. This was classified as an asset acquisition as the purpose was to acquire the properties and the company has no management organization or other administration. When acquiring assets, no deferred tax attributable to the property acquisition is recognized. Had the acquisition been classified as a business combination, the value of the properties in the balance sheet would have been higher, as would the deferred tax liability.

NOTE 5 Revenue

Description of revenue from contracts with customers

Revenue from the sale of goods

An agreement that is binding on both HANZA and the customer in terms of quantity and price is normally concluded when the customer has placed an order confirmed by HANZA. Such an order is in turn based on some type of framework agreement, yet these are not binding in terms of quantities. HANZA's revenue comes primarily from the production of products that can be components, subsystems or finished products. The products are manufactured to customer specifications, but HANZA is involved in tailoring the manufacturing process. HANZA's performance commitment is to produce and deliver a specified quantity of a product, and is considered to have been fulfilled when control of the product has passed to the customer, which is usually upon delivery. An order may include one or more products, and may thus contain one or more performance commitments. A performance commitment is almost always fulfilled at a single point in time.

Certain contracts where there is an agreement with the customer regarding buffer stock of a product represent an exception to the

Note 5 cont'd.

principle that the performance commitment is fulfilled upon delivery. In these cases, the performance commitment is considered to have been fulfilled already when the component or product is placed into buffer stock and is thus available to the customer. On the balance sheet date, the sales value of buffer stock where the performance commitment was already considered to have been fulfilled was SEK 34 million (47).

The transaction price is measured at the fair value of what will be received, and corresponds to the amounts received for goods sold less any discounts, returns and VAT. On each order the prices are specified per product, which forms the basis for allocating the transaction price to performance commitments. The group bases its assessments of returns on historical outcomes and in so doing takes into account the type of customer, the type of transaction and special circumstances in each individual case. Customers are only entitled to return products that do not meet requirements specified in advance. There is no right of return due to the customer no longer having a use for the product. Assessments of future discounts are made individually based on agreements with each customer. HANZA incurs no warranty obligations for its products, as these are manufactured according to the customer's detailed specifications. Complaints may, however, arise in the event of deficiencies in the manufacturing process as part of various warranty commitments. Causes can be, for example, machine faults, operator errors or component faults. Claims for financial compensation normally follow established industry standards. In addition, the customer may be entitled to damages. This may entail significant additional costs for HANZA, which may adversely affect the company's financial position and earnings.

As of the balance sheet date, there were no performance commitments that extend more than one year into the future.

Revenue from services

A consultancy agreement usually comprises a single performance commitment and the transaction price can be identified based on the agreement. Usually, HANZA is entitled to compensation for work performed even if a project should be cancelled prematurely. In these cases the revenue is recognized over time. In other cases, revenue is recognized when the services are delivered according to the contract and the performance commitment is thus fulfilled. HANZA's range of services is an important part of HANZA's total offering, but revenues from these services have only represented a small part of the group's sales. HANZA has therefore chosen not to recognize these separately in the income statement. Note 6 Segment information shows net sales for the Business Development and Services segment, which includes both internal and external sales of services.

Contractual assets and contractual liabilities on the balance sheet date

The contractual assets as of the balance sheet date amounted to SEK 34 million (47).

Group-wide disclosures

The group's revenue essentially relates to the sale of goods. No individual customer accounts for 10 percent or more of the group's revenue. The payment terms in HANZA's agreements with customers vary from 30 to 120 days. However, accounts receivable are largely sold to external parties, which means that the credit terms according to the contracts have little impact on the group's balance sheet. There are no financing agreements where the customer is entitled to postpone payment by paying interest. The group has no binding production agreements that extend more than one year into the future.

Allocation of revenue

Revenue broken down by segment, geographic market and manufacturing technology is shown in Note 6 Segment disclosures.

NOTE 6 Segment reporting

The CEO is the group's highest executive decision maker. Company management has defined the operating segments based on the information that is processed by the CEO and used as a basis for allocating resources and evaluating performance.

HANZA practices a form of cluster-based segmentation that is considered to best reflect its business model, organization and the manner in which the Board of Directors and management team follow up on and assess the business. The Chief Executive Officer assesses operations based on a cluster-based organization primarily at the EBITA level.

HANZA divides the operations into so called manufacturing clusters and applies a financial segment classification based on primary customer markets. Operations are conducted in six clusters that are reported in the following reportable segments:

- **Main markets –** Manufacturing clusters located in or near HANZA's primary geographical customer markets, which currently consist of Sweden, Finland, Norway and Germany. Therefore, the Main Markets segment today includes HANZA's manufacturing clusters in Sweden, Finland and Germany. The operations in these areas are characterized by closeness to the customers' factories and close collaboration with customer development departments.
- **Other markets** – 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 operations are characterized by a high work content, extensive complex assembly and proximity to important end-customer areas.
- **Business development and services** – 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.

Revenue

Sales between segments take place on market terms. Revenue from external parties that is reported to group management is valued in the same way as in the income statement.

Note 6 cont'd

Performance information by segment	2024 Main markets	2024 Other markets	2024 Business develop-ment	2024 Total	2023 Main markets	2023 Other markets	2023 Business develop-ment	2023 Total
Revenue								
Segment revenue	2,903	2,000	31	4,934	2,404	1,785	20	4,209
Less sales between segments	-39	-27	-17	-83	-55	-8	-3	-66
Revenue from external customers	**2,864**	**1,973**	**14**	**4,851**	**2,349**	**1,777**	**17**	**4,143**
Results								
EBITA	176	75	22	273	255	110	-21	344
Amortization of intangible assets	-25	-9	-	-34	-16	-1	-	-17
Financial items	-52	-42	-20	-114	-45	-26	-9	-80
Profit/loss before tax	**99**	**24**	**2**	**125**	**194**	**83**	**-30**	**247**
Income tax	-1	-1	-12	-14	-33	-5	5	-33
Profit for the year	**98**	**23**	**-10**	**111**	**161**	**78**	**-25**	**214**
EBITA excluding items affecting comparability								
EBITA	176	75	22	273	255	110	-21	344
Adjustment for items affecting comparability, see below	46	15	-33	28	1	-	12	13
EBITA excluding items affecting compa-rability	**222**	**90**	**-11**	**301**	**256**	**110**	**-9**	**357**
Items affecting comparability in operating result								
Revaluation of acquisition purchase price	-	-	53	53	-1	-	-	-1
Transaction costs	-	-	-16	-16	-	-	-10	-10
Integration costs	-46	-15	-4	-65	-	-	-2	-2
Total items affecting comparability	**-46**	**-15**	**33**	**-28**	**-1**	**-**	**-12**	**-13**
Cash flow information – Non-cash items								
Depreciation/amortization	-134	-58	-3	-195	-95	-40	-2	-137
Impairment non-current assets	-	-8	-	-8	-	-	-	-
Other non-cash items	-2	-	-33	-35	11	-1	2	12

Net sales and non-current assets by geographic market

	Net sales by customer location		Non-current assets[2)]	
	2024	2023	2024	2023
Sweden	2,173	1,572	794	459
Finland	721	737	205	208
Estonia	82	123	456	408
Germany	599	700	140	141
Poland	196	137	153	45
Czech Republic	79	85	78	74
Other EU	367	265	-	-
Norway	313	283	-	-
Other Europe	79	66	-	-
North America	126	65	-	-
Rest of the world	116	110	24	29
Total	**4,851**	**4,143**	**1,850**	**1,364**

2) Excluding deferred tax assets

Note 6 cont'd

Balance information and investments by segment	Assets		Investments[1]		Liabilities	
	2024	2023	2024	2023	2024	2023
Main markets	2,245	1,723	191	141	1,296	1,002
Other markets	1,502	1,133	75	155	787	628
Business development and services	773	597	1	3	957	478
Eliminations	-883	-524	-	-	-883	-524
Total group	**3,637**	**2,929**	**267**	**299**	**2,157**	**1,584**

1) Investments refers to investments in property, plant and equipment and intangible assets

Revenue from external customers by manufacturing technology and segment

	2024				2023			
	Main markets	Other markets	Business develop-ment	Total	Main markets	Other mar-kets	Business develop-ment	Total
Mechanics	1,081	1,140	-	2,221	1,166	1,181	-	2,347
Electronics	1,783	833	-	2,616	1,183	596	-	1,779
Business development and services	-	-	14	14	-	-	17	17
Total group	**2,864**	**1,973**	**14**	**4,851**	**2,349**	**1,777**	**17**	**4,143**

NOTE 7 Remuneration of auditors

Audit services refer to the audit of the consolidated financial statements, the accounts and the administration of the Board of Directors and the President & CEO of the company; other tasks incumbent on the company's auditor; and advice or other assistance prompted by observations from such audits or the performance of other such tasks. Everything else is referred to as other services.

	Group		Parent Company	
	2024	2023	2024	2023
EY				
Audit services	5	6	2	3
Non-audit activities	1	-	1	-
Total	**6**	**6**	**3**	**3**
Other audit firms				
Audit services	2	2	-	-
Other consultancy services	1	1	-	-
Total	**3**	**3**	**-**	**-**
Total	**9**	**9**	**3**	**3**

Other audit firms refers to local auditors in Poland, Czech Republic, Germany and China.

NOTE 8 Employee benefits, etc.

Salaries, other remuneration and social security costs

Group 2024	Salaries and remuneration	(of which bonuses)	Social security contributions	(of which pension costs)	Total salaries and social security costs
Board of Directors, CEO and other senior executives	29	3	10	3	39
Other employees	836	3	267	52	1,103
Group total	**865**	**6**	**277**	**55**	**1,142**

Group 2023	Salaries and remuneration	(of which bonuses)	Social security contributions	(of which pension costs)	Total salaries and social security costs
Board of Directors, CEO and other senior executives	28	4	10	3	38
Other employees	660	9	206	38	866
Group total	**688**	**13**	**216**	**41**	**904**

For further information on remuneration of senior executives, see note 29 Post-employment benefits and note 32 Related party transactions.

Gender distribution in the group (incl. subsidiaries) for board members and other senior executives

	2024		2023	
Group	**Number on balance sheet date**	**Of which women**	**Number on balance sheet date**	**Of which women**
Board members of the parent company	4	2	5	2
Chief Executive Officer and other senior executives	16	2	15	2
Group total	**20**	**4**	**20**	**4**

Board of Directors in subsidiaries consists almost exclusively of employees in the group which also are included in top management at different levels. These are therefore reported together, with each person being counted only once.

Average number of employees with geographical distribution by country

	2024		2023	
Parent Company	**Average number of employees**	**Of which women**	**Average number of employees**	**Of which women**
Sweden	2	-	2	-
Subsidiaries				
Sweden	734	316	436	166
Estonia	762	280	739	284
Finland	210	27	197	25
China	80	46	70	39
Poland	376	260	120	101
Czech Republic	185	78	160	67
Germany	229	85	277	122
Total subsidiaries	**2,576**	**1,092**	**1,999**	**804**
Group total	**2,578**	**1,092**	**2,001**	**804**

During the year, the parent company had 2 male employees (2) who are both included in the category senior executives. Salaries and remuneration paid to the Board, CEO and other senior executives during the year amounted to SEK 10 million (8), of which bonuses amounted to SEK 2 million (1). Pension costs for the Board of Directors, the CEO and other senior executives amounted to SEK 2 million (1) and other contractual social security contributions amounted to SEK 3 million (3).

No salaries or benefits were paid in the parent company to the category of other employees.

NOTE 9 Other operating income and operating expenses

Other operating income	2024	2023
Profit on disposal of non-current assets	3	2
Revaluation of acquisition proceeds	53	-
Government grants	5	7
Exchange gains	14	15
Other items	14	3
Total other operating income	**89**	**27**

Other operating expenses	2024	2023
Revaluation of acquisition proceeds	-	-1
Exchange losses	-19	-15
Other items	-13	-1
Total other operating expenses	**-32**	**-17**
Total other operating income and expenses	**57**	**10**

NOTE 10 Exchange gains and losses

Exchange rate differences in income statement	Group		Parent Company	
	2024	2023	2024	2023
In operating profit	-5	-	1	1
In net financial items	2	3	2	-4
Total exchange rate differences	**-3**	**3**	**3**	**-3**

NOTE 11 Profit/loss from financial items

	Group	
Financial income	**2024**	**2023**
Interest income	4	1
Exchange gains and losses – net	2	3
Total financial income	**6**	**4**
Financial expenses		
Interest expense	-95	-66
Cost of divested accounts receivable	-25	-18
Total financial expenses	**-120**	**-84**
Total financial items – net group	**-114**	**-80**

	Parent Company	
Profit/loss from shares in group companies	**2024**	**2023**
Impairment of shares in subsidiaries, see Note 33	0	-1
Total profit/loss from shares in group companies	**0**	**-1**
Other interest income and similar income items		
Interest income	3	-
Interest income from group companies	41	6
Exchange gains and losses – net	2	-
Other interest income and similar income items	**46**	**6**
Interest expense and similar items		
Interest expense, external	-52	-5
Interest expense to group companies	-4	-
Exchange gains and losses – net	-	-4
Interest expense and similar items	**-56**	**-9**
Total financial items – net parent company	**-10**	**-4**

NOTE 12 Income tax/tax on profit for the year

Tax expense in the income statement

	Group		Parent Company	
Current tax:	**2024**	**2023**	**2024**	**2023**
Current tax on profit for the year	-29	-30	-7	-
Adjustments for prior years	-1	-	-	-
Total current tax	**-30**	**-30**	**-7**	**-**
Deferred tax (see Note 16)				
Origination and reversal of temporary differences	16	-3	-	-
Total deferred tax	**16**	**-3**	**0**	**-**
Total income tax	**-14**	**-33**	**-7**	**-**

Reconciliation of tax expense to profit before tax

The income tax on profit differs from the theoretical amount that would have arisen using the Swedish tax rate, 20.6 percent for the consolidated profit before tax as follows:

	Group		Parent Company	
	2024	**2023**	**2024**	**2023**
Profit/loss before tax	**125**	**247**	**35**	**6**
Tax according to Swedish tax rate	-26	-51	-7	-1
Tax effects from:				
Diverging tax rates abroad	15	14	-	-
Non taxable income	13	3	-	1
Non deductible expenses	-9	-4	-	-
Tax losses carried forward for which no deferred tax has been recognized	-6	7	-	-
Adjustment for prior years	-1	-2	-	-
Tax cost	**-14**	**-33**	**-7**	**-**

The effective tax rate for the Group is 11 percent (13). Part of the group's operations are conducted in Estonia where profits are taxed only upon distribution. The tax rate for the Estonian operations has therefore been set at 0 percent for calculation purposes. Therefore, the effective tax rate and the tax effect of different tax rates in foreign countries vary depending on the proportion of profit before tax originating from Estonia and from entities where the company has determined that additional deferred tax assets cannot be recognized due to uncertainty about the ability to utilize the losses in the future (see also Note 16).

The effective tax rate for the parent company is 21 percent (1). The low tax rate in the previous year was due to significant deductible issuance costs that were not included in profit before tax.

NOTE 13 Earnings per share

Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the parent company by the weighted average number of common shares outstanding during the period.

Diluted

To calculate diluted earnings per share, the weighted average number of common shares outstanding is adjusted for the dilutive effect of all potential common shares. A warrant program issued in May 2020 had a dilutive effect in 2023. The long-term share-savings scheme introduced in 2023 has had a dilutive effect as of the third quarter of 2023. For further information on warrants and the share-savings scheme see note 22.

Values used in calculation	**2024**	**2023**
Profit attributable to parent company shareholders, SEKm	111	214
Weighted average number of outstanding common shares	43,640,057	39,987,799
Earnings per share before dilution, SEK	**2.55**	**5.36**

Values used in calculation	**2024**	**2023**
Profit attributable to parent company shareholders, SEKm	111	214
Weighted average number of outstanding common shares	43,640,057	39,987,799
Adjustment for estimated dilution from warrants	156,250	347,689
Weighted average number of shares after dilution	**43,796,307**	**40,335,488**
Calculated earnings per share after dilution, SEK	**2.54**	**5.31**

NOTE 14 Intangible assets

Group 2024	Goodwill	Customer relation-ships	Other intangible assets	Total
Accumulated cost				
Opening balance	387	140	20	547
Purchases	-	-	3	3
Reclassification	-	-	3	3
Business combinations	142	76	-	218
Translation difference	8	2	1	11
Closing balance	**537**	**218**	**27**	**782**
Accumulated depre-ciation/amortization				
Opening balance	-	-69	-12	-81
Depreciation/amorti-zation for the year	-	-22	-4	-26
Translation difference		-1	-	-1
Closing balance	**-**	**-92**	**-16**	**-108**
Accumulated impairment				
Opening balance	-	-	-2	-2
Impairment for the year	-8	-	-	-8
Closing balance	**-8**	**-**	**-2**	**-10**
Closing carrying amount	**529**	**126**	**9**	**664**

Group 2023	Goodwill	Customer relation-ships	Other intangible assets	Total
Accumulated cost				
Opening balance	388	140	17	545
Purchases	-	-	3	3
Translation difference	-1	-	-	-1
Closing balance	**387**	**140**	**20**	**547**
Accumulated depre-ciation/amortization				
Opening balance	-	-55	-10	-65
Depreciation/amorti-zation for the year	-	-14	-3	-17
Translation difference	-	-	1	1
Closing balance	**-**	**-69**	**-12**	**-81**
Accumulated impairment				
Opening balance	-	-	-2	-2
Closing balance	**-**	**-**	**-2**	**-2**
Closing carrying amount	**387**	**71**	**6**	**464**

Other intangible assets consist mainly of capitalized software license costs, such as training costs and capitalized software implementation costs.

Impairment testing of goodwill
As shown in Note 6, Segment Information, the CEO assesses the perfor-mance of the business on the basis of an organization divided into clus-ters, where reported segments comprise Main markets, Other markets and Business development and services. Goodwill is monitored by the company at the operating segment level. The German subsidiary Tech Solutions GmbH is not included in the Germany cluster and is reported under Business Development and Services. The following table presents a summary of goodwill by operating segment, along with the assump-tions used in the impairment test. In September, an impairment of goodwill was recognized in China.

Note 14 cont’d

Cluster 2024	Goodwill Dec 31, 2024	EBITA margin, %	Annual volume growth, %	Long-term growth rate (after 5 years), %	Discount rate, %
Sweden	278	11	5	2	11
Finland	51	3	6	2	11
Germany	60	8	0	2	12
Baltics	61	6	4	2	11
Central Europe	62	2	6	2	11
China	8	2	3	2	14
Business development and services	9	9	2	2	12
Total	**529**				

Cluster 2023	Goodwill Dec 31, 2023	EBITA margin, %	Annual volume growth, %	Long-term growth rate (after 5 years), %	Discount rate, %
Sweden	183	12	5	2	12
Finland	49	5	5	2	12
Germany	58	7	2	2	11
Baltics	57	6	5	2	12
Central Europe	17	4	1	2	13
China	14	3	18	2	14
Business development and services	9	5	12	2	12
Total	**387**				

The recoverable amount of a cash-generating unit has been determined based on value-in-use calculations. These calculations use estimated future pre-tax cash flows based on financial budgets approved by management covering a five-year period. The company has determined that
the annual volume growth for each cash-generating unit over the five-year forecast period represents an important assumption. The EBITA margin and the sales volume in each period are the main reason for the development of results and thus cash flows. Annual volume growth is based on past performance and the company’s expectations regarding market trends. The average growth rate according to these budgets is shown in the column headed Annual volume growth above.

Cash flows beyond the five-year period are extrapolated using the estimated growth rate shown in the Long-term growth rate column. The long-term growth rate used is in line with the forecasts found in industry reports, and does not exceed the long-term growth rate for the manufacturing industry where the CGU in question operates.

Future cash flows are discounted using interest rates developed specifically for each cash-generating unit. The discount rate used is set out above. The discount rate is pre-tax and reflects specific risks that apply to the different operating segments.

The impairment test has not identified any need for impairment.

Sensitivity analysis

The table below shows the impairment needs that would have arisen in 2024 if the budgeted EBITA margin used in the calculation had been reduced by 25 percent and if the cost of capital used in the preparation of the discount rate had been 3 percentage points higher. The analyses were performed separately with the other assumptions intact.

	2024		**2023**	
Cluster	**25% lower EBITA margin**	**3 percentage points higher cost of capital**	**25% lower EBITA margin**	**3 percentage points higher cost of capital**
Sweden	-	-	-	-
Finland	-	-	-3	-7
Germany	-	-	-5	-
Baltics	-	-	-	-
Central Europe	-	-	-36	-40
China	-8	-8	-	-
Business development and services	-	-	-	-1
Total	**-8**	**-8**	**-44**	**-47**

In all clusters except China, a reasonable change in any of the assumptions would not result in an impairment.

In the China cluster, goodwill was impaired by SEK 8 million in the third quarter. After this, the recoverable amount is equal to the value of the goodwill allocated to the cluster. An assumption of a 25 percent lower EBITA margin would lead to an impairment requirement of SEK -8 million (0). An assumption of 3 percentage points higher cost of capital would lead to an impairment requirement of SEK -8 million (0). Impairment arises when the EBITA margin assumption is set 1 (-) percent lower than in the impairment test performed or if the cost of capital assumption is set 0.1 percentage points higher.

NOTE 15 Property, plant and equipment

Group Dec 31, 2024	Buildings and land	Leasehold improvements	Machinery and technical installations	Equipment, tools and installations	Construction in progress	Total
Accumulated cost						
Opening balance	332	14	746	65	89	1,246
Purchases	7	-	52	3	212	274
Business combinations	1	-	19	3	2	25
Sales and disposals	-	-	-17	-1	-	-18
Reclassifications	46	-	117	6	-195	-26
Translation difference	10	-	15	1	3	29
Closing balance	**396**	**14**	**932**	**77**	**111**	**1,530**
Accumulated depreciation/ amortization						
Opening balance	-45	-5	-439	-40	-	-529
Sales and disposals	-	-	15	1	-	16
Depreciation/amortization for the year	-12	-2	-74	-8	-	-96
Reclassifications	-	-	-1	0	-	-1
Translation difference	-2	-	-10	0	-	-12
Closing balance	**-59**	**-7**	**-509**	**-47**	**-**	**-622**
Accumulated impairment						
Opening balance	-	-	-3	-	-	-3
Impairment for the year	-4	-	-	-	-	-4
Reversal of impairment losses	-	-	1	-	-	1
Closing balance	**-4**	**-**	**-2**	**-**	**-**	**-6**
Closing carrying amount	**333**	**7**	**421**	**30**	**111**	**902**

Note 15 cont'd

Group Dec 31, 2023	Buildings and land	Leasehold improvements	Machinery and technical installations	Equipment, tools and installations	Construction in progress	Total
Accumulated cost						
Opening balance	254	13	643	54	37	1,001
Purchases	8	1	44	4	189	246
Acquisition of assets	50	-	-	-	-	50
Sales and disposals	-	-	-2	-2	-	-4
Reclassifications	22	-	64	9	-135	-40
Translation difference	-2	-	-3	-	-2	-7
Closing balance	**332**	**14**	**746**	**65**	**89**	**1,246**
Accumulated depreciation/ amortization						
Opening balance	-35	-2	-375	-35	-	-447
Sales and disposals	-	-	-	1	-	1
Depreciation/amortization for the year	-10	-3	-58	-6	-	-77
Reclassifications	-	-	-8	-	-	-8
Translation difference	-	-	2	-	-	2
Closing balance	**-45**	**-5**	**-439**	**-40**	**-**	**-529**
Accumulated impairment						
Opening balance	-	-	-3	-	-	-3
Reversal of impairment losses	-	-	-	-	-	-
Closing balance	-	-	-3	-	-	-3
Closing carrying amount	**287**	**9**	**304**	**25**	**89**	**714**

The item 'construction in progress' includes construction in progress on both buildings and machinery and equipment. Construction in progress for buildings amounted to SEK 78 million (49) and machinery and technical facilities to 33 (40) on the balance sheet date. The transfer of property, plant and equipment to leases has taken place, which is accounted for as a reclassification to right-of-use assets (see note 28). Consequently, the total reclassifications in this note are not zero.

NOTE 16 Deferred tax

2024	Deferred tax assets: Loss carryforwards	Deferred tax assets: Other temporary differences	Deferred tax assets: Total	Deferred tax liabilities: Non-current assets	Deferred tax liabilities: Other temporary differences	Deferred tax liabilities: Total	Deferred taxes net
Opening balance	18	5	23	-33	-24	-57	-34
Business combinations	-	4	4	-16	-12	-28	-24
Recognized in the income statement	7	2	9	2	5	7	16
Recognized in other comprehensive income	-	-	-	-	-	-	-
Exchange rate differences	1	-	1	-1	-	-1	-
Closing balance	**26**	**11**	**37**	**-48**	**-31**	**-79**	**-42**
Of which expected to be used/expired							
– after more than 12 months	15	8	23	-33	-25	-58	-35
– within 12 months	11	3	14	-15	-6	-21	-7

2023	Deferred tax assets: Loss carryforwards	Deferred tax assets: Other temporary differences	Deferred tax assets: Total	Deferred tax liabilities: Non-current assets	Deferred tax liabilities: Other temporary differences	Deferred tax liabilities: Total	Deferred taxes net
Opening balance	14	3	17	-35	-14	-49	-32
Recognized in the income statement	4	2	6	2	-11	-9	-3
Recognized in other comprehensive income	-	-	0	-	1	1	1
Closing balance	**18**	**5**	**23**	**-33**	**-24**	**-57**	**-34**
Of which expected to be used/expired							
– after more than 12 months	12	1	13	-22	-19	-41	-28
– within 12 months	6	4	10	-11	-5	-16	-6

There were no offsets between deferred tax assets and liabilities in the years under review.

Deferred tax assets

Deferred tax assets are recognized for tax loss carryforwards to the extent that it is probable that they can be utilized through future taxable profits. The Group has total loss carryforwards amounting to SEK 188 million (146). Of these, deferred tax assets have been recognized for losses amounting to SEK 104 million (76) while deferred tax assets have not been recognized for losses amounting to SEK 84 million (70) as it is not considered likely that they can be utilized before they expire. The tax value of the unrecognized losses amounts to SEK 18 million (14). The losses for which deferred tax assets are not recognized are predominantly in Finland but also in the Czech Republic and China. The Finnish deficits expire after 10 years from the date they were incurred, while the Czech and Chinese deficits expire after 5 years.

Group loss carryforwards by expiration date	Dec 31, 2024	Dec 31, 2023
Within 1 year	28	7
Between 1 and 5 years	64	64
After more than 5 years	42	51
No expiration date	54	24
Total tax loss carryforwards	**188**	**146**

Other deferred tax assets relate mainly to temporary differences in provisions for post-employment employee benefits in Germany.

Deferred tax liabilities

Other temporary differences relate primarily to tax allocation reserves in Sweden.

Deferred tax relating to untaxed earnings in Estonia

No income tax is payable on reported earnings in Estonia. Instead, tax – currently 20 percent – is levied on gross dividends when retained earnings are distributed. HANZA is able to control the timing of the distribution and assesses that it is unlikely that distribution will occur in the foreseeable future. No deferred tax liability has therefore been recognized for undistributed profits. On the balance sheet date, distributable profits in the Estonian companies amounted to SEK 362 million (236), corresponding to a tax liability of SEK 72 million (47).

NOTE 17 Financial instruments by category

Carrying amounts of the Group's financial instruments by category are presented below. No significant differences between carrying amounts and fair values have been identified. See also note 3.3 Fair value measurement.

Group Dec 31, 2024	Assets measured at amortized cost	Assets at fair value through profit or loss	Total
Accounts receivable	213	-	213
Other receivables	53	-	53
Cash and cash equivalents	276	-	276
Total	**542**	**-**	**542**

	Liabilities measured at amortized cost	Liabilities at fair value through profit or loss	Total
Liabilities to credit institutions	763	-	763
Lease liabilities	239	-	239
Other interest-bearing liabilities	-	6*	6
Accounts payable	675	-	675
Other liabilities	55	-	55
Total	**1,732**	**6**	**1,738**

Group Dec 31, 2023	Assets measured at amortized cost	Assets at fair value through profit or loss	Total
Accounts receivable	175	-	175
Other receivables	43	-	43
Cash and cash equivalents	340	-	340
Total	**558**	**-**	**558**

	Liabilities measured at amortized cost	Liabilities at fair value through profit or loss	Total
Liabilities to credit institutions	412	-	412
Lease liabilities	167	-	167
Overdraft facility	99	-	99
Other interest-bearing liabilities	2	9*	11
Accounts payable	450	-	450
Other liabilities	102	-	102
Total	**1,232**	**9**	**1,241**

* Refers to the earn-out for the acquisition of HANZA Electronics Mönchengladbach GmbH and HANZA Tech Solutions GmbH which were measured at fair value through profit or loss in level 3. See Note 23 and Note 33 for further information.

NOTE 18 Inventory

Group	Dec 31, 2024	Dec 31, 2023
Raw material and supplies	840	692
Work in progress	181	170
Finished goods and goods for resale	100	69
Goods in transit	16	5
Total	**1,137**	**936**

Group	Dec 31, 2024	Dec 31, 2023
Inventory value before reserve for obsolescence write-down	1,186	963
Obsolescence write-down	-49	-27
Net inventories	**1,137**	**936**

Changes in obsolescence on the balance sheet amounted to SEK 33 million (-9) in 2024.

The value of inventory measured at net realizable value on the balance sheet date was SEK 147 million (98).

NOTE 19 Accounts receivable

Group	Dec 31, 2024	Dec 31, 2023
Accounts receivable	180	129
Reserves for doubtful accounts	-1	-1
Accounts receivables – net	**179**	**128**
Contract receivables	34	47
Total receivables from contracts with customers	**213**	**175**

Age analysis	Dec 31, 2024	Dec 31, 2023
Not due	135	91
Due 1-30 days	35	24
Due 31-60 days	2	3
Due > 60 days	7	10
Total	**179**	**128**

A significant portion of the group's accounts receivable are sold to an external party.

Because control in these cases has been transferred to the external party, these accounts receivable have been removed from the balance sheet. On the balance sheet date, the value of sold accounts receivable not yet settled by customers amounted to SEK 583 million (487).

NOTE 20 Other receivables

Group	Dec 31, 2024	Dec 31, 2023
VAT receivables	14	13
Receivables from suppliers	6	5
Accounts receivable sold	33	37
Other receivables	10	1
Group total	**63**	**56**

NOTE 21 Prepaid expenses and accrued income

Group	Dec 31, 2024	Dec 31, 2023
Prepaid rents	3	2
Prepaid lease payments	5	1
Prepaid material costs	14	2
Prepaid borrowing costs	3	9
Other prepaid costs	9	9
Prepaid non-current assets	-	4
Other accrued income	2	3
Group total	**36**	**30**

For the parent company, prepaid expenses and accrued income amounted to SEK 24 million (20) and related mainly to prepaid acquisition costs for Leden.

NOTE 22 Paid-in capital

Outstanding shares, share capital and other paid-in capital	Number of outstanding shares	Share capital	Other paid-in capital	Total
As of December 31, 2022	**39,279,928**	**4**	**610**	**614**
New share issue	3,908,912	-	270	270
Share-savings scheme	-	-	1	1
As of December 31, 2023	**43,188,840**	**4**	**881**	**885**
New share issue	470,500	-	39	39
Share-savings scheme	-	-	4	4
As of December 31, 2024	**43,659,340**	**4**	**924**	**928**

On the balance sheet date, the share capital consisted of 43,659,340 shares with a quota value of SEK 0.10. Each share carries the right to one vote. All shares issued by the parent company are fully paid. During the year, a dividend of SEK 1.20 (0.75) per share was paid.

New share issue
In January, a directed share issue was carried out whereby 470,500 shares were issued.

Share-savings scheme
According to a decision by the AGM in 2023, a share-savings scheme aimed at 13 senior executives was introduced during the year, through which participants can be allocated shares in 2026, provided that the participant invested in shares in HANZA during the second quarter of 2023 and that the financial targets for 2025 are met. Participation in the share-savings scheme was high, with participants investing in 32,600 out of a maximum of 33,450 shares. A maximum of 163,000 shares can be allocated to participants.

Other paid-in capital
Other contributed capital consists entirely of contributions from share-holders and premiums paid in connection with new issues.

Retained earnings and reserves
Reserves
Reserves in equity consist entirely of foreign currency translation reserves.

Retained earnings including profit for the year
Retained earnings including profit for the year consist of profits earned in the parent company and its subsidiaries from previous years and during the year.

NOTE 23 Borrowings

Group

In connection with the acquisition of Orbit One, the group renegotiated most of its contracts by refinancing with a smaller number of larger loans in the parent company from a consortium of three banks, a "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 entered into at different times and with different maturities that are essentially variable rate. Changes in borrowings during the year are shown in the tables below.

2024	Liabilities to credit institutions	Overdraft facility	Lease liabilities	Other interest-bearing liabilities	Total borrowings
Opening balance	412	99	167	11	689
Repayment of borrowings	-353	-110	-100	-6	-569
New loans	530	-	125	-	655
Acquisition of companies	163	11	38	53	265
Capitalized interest	-	-	3	1	4
Revaluation through profit or loss	-	-	-	-53	-53
Changes in existing leases	-	-	-1	-	-1
Translation difference	10	-	6	-	16
Closing balance	**762**	**0**	**238**	**6**	**1,006**
Of which – non-current	601	-	166	-	767
– current	161	-	73	6	240

2023	Liabilities to credit institutions	Overdraft facility	Lease liabilities	Other interest-bearing liabilities	Total borrowings
Opening balance	400	55	166	75	696
Repayment of borrowings	-357	-58	-64	-66	-545
New loans	366	100	74	1	541
Capitalized interest	-	-	2	-	2
Revaluation through profit or loss	-	-	-	1	1
Changes in existing leases	-	-	-10	-	-10
Translation difference	3	2	-1	-	4
Closing balance	**412**	**99**	**167**	**11**	**689**
Of which – non-current	326	-	114	-	440
– current	86	99	53	11	249

Interest expense, including financial expenses for interest-bearing liabilities, has an average interest rate of 7 percent (8) per year.

Liabilities to credit institutions

After refinancing, the group's borrowing from credit institutions is mainly raised in the parent company and is divided between loans in SEK and EUR. Other borrowings consist mainly of real estate loans denominated in EUR, CZK and PLN. The table below shows a summary of the breakdown of loans by currency, type and maturity.

			Maturity date			
Dec 31, 2024Type of borrowing	Currency	Carrying amount	Less than 6 months	Between 6 months and 1 year	Between 1 and 5 years	Later than 5 years
Bank loans	SEK, EUR, CNY, CZK, PLN	763	78	152	529	4
Total		**763**	**78**	**152**	**529**	**4**

Note 23 cont'd

Dec 31, 2023 Type of borrowing	Currency	Carrying amount	Maturity date: Less than 6 months	Between 6 months and 1 year	Between 1 and 5 years	Later than 5 years
Bank loans	SEK, EUR, CNY, CZK, PLN	411	33	52	319	7
Installment contract	SEK, EUR	1	1	-	-	-
Total		**412**	**34**	**52**	**319**	**7**

Liabilities related to leases
Information on the maturity dates and other details of lease liabilities can be found in note 28.

Overdraft facility
After refinancing in connection with the acquisition of Orbit One, the group's entire overdraft facility is held in a group-wide cash pool in the parent company. Utilized overdraft facilities amounted to SEK 0 million (99) on the balance sheet date. Credit granted amounts to SEK 160 million (111).

Other interest-bearing liabilities
Other interest-bearing liabilities include expected earn-out for acquisitions as described in the next paragraph. These are financial liabilities measured at fair value through profit or loss in Level 3. The change in these liabilities is shown in the table below. After an updated assessment in 2022 of the earn-out for the acquisition of Beyers, the liability at the beginning of the year was SEK 11 million. The liability for the earn-out related to Budelmann amounted to SEK 2 million at the beginning of the year and has been paid during the year. During the year, the liability for Beyers was increased by SEK 1 million through profit or loss. Payments relating to both acquisitions were made in 2023 totaling SEK 3 million. In 2024, a payment of SEK 5 million was made, and the remaining liability of SEK 6 million is expected to be settled in Q4 2025 and Q4 2026 without further impact on profit or loss.

Change in financial liabilities at fair value through profit or loss in Level 3	2024	2023
Opening balance	11	13
Repayment of borrowings	-5	-3
Revaluation through profit and loss	-	1
Closing debt	**6**	**11**

Parent company 2024	Liabilities to credit institutions	Overdraft facility	Liabilities to group companies	Other interest-bearing liabilities	Total borrowings
Opening balance	270	99	-	-	369
Repayment of borrowings	-135	-99	-	-	-234
New loans	500	-	-	-	500
Other changes	3	-	-	-	3
Closing balance	**639**	**-**	**-**	**-**	**639**
Of which – non-current	504	-	-	-	504
– current	135	-	-	-	135

Parent Company 2023	Liabilities to credit institutions	Overdraft facility	Liabilities to group companies	Other interest-bearing liabilities	Total borrowings
Opening balance	52	-	34	1	87
Repayment of borrowings	-81	-1	-	-1	-83
New loans	299	100	-	-	399
Other changes	-	-	-34	-	-34
Closing balance	**270**	**99**	**0**	**0**	**369**
Of which – non-current	216	-	-	-	216
– current	54	99	-	-	153

NOTE 24 Other liabilities

Group	Dec 31, 2024	Dec 31, 2023
VAT liabilities	19	18
Employee taxes withheld	47	40
Prepayments from customers	76	57
Other short-term liabilities	16	5
Group total	**158**	**120**

Other current liabilities consist largely of staff-related liabilities such as salaries and fixed social security contributions due the following month.

For the parent company, other liabilities amounted to SEK 3 million (3) and mainly relate to liabilities concerning VAT.

NOTE 25 Accrued expenses and deferred income

Group	Dec 31, 2024	Dec 31, 2023
Accrued wages	32	28
Accrued vacation costs	64	49
Accrued social security contributions	22	17
Accrued material costs	27	21
Accrued consultancy and audit costs	18	14
Other accrued expenses and prepaid income	26	16
Group total	**189**	**145**

The parent company's accrued expenses and prepaid income amounted to SEK 26 million (17) and mainly relate to accrued consulting and auditing costs.

NOTE 26 Pledged assets

Group	Dec 31, 2024	Dec 31, 2023
For liabilities to credit institutions and bank overdraft:		
Real estate mortgages	226	219
Business mortgages	124	120
Machines with retention of title	46	30
Shares in subsidiaries	1,462	786
Total	**1,858**	**1,155**

Parent Company	Dec 31, 2024	Dec 31, 2023
For liabilities to credit institutions:		
Shares in subsidiaries	652	139
Total	**652**	**139**

NOTE 27 Contingent liabilities

Group	Dec 31, 2024	Dec 31, 2023
Guarantees issued	41	30
Total	**41**	**30**

Parent Company	Dec 31, 2024	Dec 31, 2023
Guarantee commitments of subsidiaries	29	38
Total	**29**	**38**

Guarantees issued by the group and guarantees given by the parent company are not expected to result in an outflow of resources.

NOTE 28 Leases

Group

The group rents most of its production premises, warehouses and the offices used in its operations, as well as some production machinery, forklift trucks, certain IT equipment and a number of cars.

Subletting only occurs in exceptional cases and at marginal amounts.

Right-of-use assets 2024	Buildings and premises	Machinery and technical installa-tions	Equip-ment, tools and vehicles	Total
Opening balance	85	91	10	186
Extension and re-valuation of existing contract	48	5	-	53
Purchases	1	23	10	34
Business combinations	33	13	5	51
Sales and disposals	-	-3	-1	-4
Depreciation/amortiza-tion for the year	-41	-23	-5	-69
Reclassifications	-	24	-	24
Translation difference	3	4	-	7
Closing carrying amount	**129**	**134**	**19**	**282**

Note 28 cont'd

Right-of-use assets 2023	Buildings and premises	Machinery and technical installa-tions	Equip-ment, tools and vehicles	Total
Opening balance	113	61	6	180
Extension and revaluation of existing contract	4	-	-	4
Purchases	6	-	4	10
Sales and disposals	-11	-	-	-11
Depreciation/amortiza-tion for the year	-27	-12	-4	-43
Reclassifications	-	44	4	48
Translation difference	-	-2	-	-2
Closing carrying amount	**85**	**91**	**10**	**186**

Lease liabilities, change during the year	2024	2023
Opening balance	167	166
Extension and revaluation of existing contract	-1	-10
Repayment of borrowings	-100	-64
New contracts	125	74
Acquisition of companies	38	-
Capitalized interest	3	2
Translation difference	6	-1
Closing balance	**238**	**167**

	2024		2023	
Lease liabilities, maturity dates	**Nominal amounts**	**Discounted amounts**	**Nominal amounts**	**Discounted amounts**
Short-term within 1 year	74	73	53	53
Long-term 1-2 years	68	64	41	40
Long-term 2-5 years	99	87	59	54
Long-term later than 5 years	19	15	23	20
Total future lease payments	**260**	**239**	**176**	**167**

Lease liabilities are, in the balance sheet, reported at discounted present values. The table above also shows the nominal values, which are the undis-counted future cashflows.

Total lease costs in the consolidated income statement	2024	2023
Lease payments referring to contracts shorter than 1 year (included in Other external costs)	-11	-3
Lease payments referring to low value assets (included in Other external costs)	-4	-3
Depreciation of right-of-use assets for the year	-69	-43
Interest expense on lease liabilities for the year	-10	-5
Total lease costs in the income statement	**-94**	**-54**

The Group has no leases with variable lease payments.

NOTE 29 Post-employment benefits

Group

Sweden

In Sweden there are individual defined-contribution pension agreements, agreements under the defined-contribution ITP 1 plan, and agreements under the ITP 2 plan. The ITP 2 plan's defined-benefit pension commitments for retirement and family pension are assured through a policy with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Accounting for the ITP 2 pension plan financed by insurance in Alecta, this is a multi-employer defined benefit plan. For the 2024 financial year, the company did not have access to the information needed to be able to report its proportional share of plan obligations, plan assets and costs, as a result of which it was not possible to recognize the plan as a defined-benefit plan. The ITP 2 pension plan, which is assured through a policy with Alecta, is therefore recognized as a defined-contribution plan. The premium for the defined-benefit retirement and family pension is calculated individually and depends, among other things, on salary, previously vested pension and the expected remaining period of service. Expected contributions for the next reporting period for ITP 2 insurance policies taken out with Alecta run to SEK 2 million (SEK 2 million paid in 2024). The group's share of total contributions to the plan is negligible. The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance obligations, calculated in accordance with Alecta's actuarial methods and assumptions, which are not in line with IAS 19. The collective consolidation level should normally be allowed to vary between 125 and 175 percent. If Alecta's collective consolidation level falls below 125 percent or exceeds 175 percent, measures must be taken to create the conditions needed for the consolidation level to revert to the normal range. In the event of low consolidation, one measure could be to increase the agreed contractual price for taking out a new policy and increasing existing benefits. In the event of high consolidation, one measure could be to introduce premium reductions. At the end of 2024, Alecta's surplus, in the form of the collective consolidation level, ran to 162 percent (158).

A Swedish subsidiary has a PRI plan covering 30 people (30) of which 4 (5) are active in the company. This is accounted for as a defined benefit plan. At year-end, the defined-benefit pension plan in Sweden amounted to SEK 12 million (11).

Germany

In the German subsidiary HANZA Assembly Remscheid GmbH, there is a defined benefit pension plan covering 276 people (287), of which 114 (125) are active in the company and the rest are paid-up policy-holders and retirees. The plan, which is administered by an external trustee, covers the majority of employees, but not those hired in 2018 or later. At year-end, the funding ratio for the plan amounted to 33 percent (29).

Other countries

In other countries where HANZA operates, there are defined-contribution pension plans that in some cases cover all employees and in other cases only certain groups of employees.

	2024			2023		
Total pension costs in the income statement	**Germany**	**Other**	**Total**	**Germany**	**Other**	**Total**
Pension costs for defined contribution plans	-	53	53	1	37	38
Pension costs for defined benefit plans	2	-	2	2	1	3
Total pension costs	**2**	**53**	**55**	**3**	**38**	**41**

DEFINED BENEFIT PENSIONS

	2024			2023		
Recognition in the balance sheet	**Germany**	**Sweden**	**Total**	**Germany**	**Sweden**	**Total**
Defined benefit obligations, funded plans	135	-	135	131	-	131
Defined benefit obligations, unfunded plans	-	12	12	-	11	11
Plan assets, fair value	-45	-	-45	-40	-	-40
Provisions for pensions	**90**	**12**	**102**	**91**	**11**	**102**

Note 29 cont'd

	2024			2023		
Change in defined benefit pension obligations	**Present value of defined benefit pension plans**	**Plan assets, fair value**	**Net**	**Present value of defined benefit pension plans**	**Plan assets, fair value**	**Net**
Opening balance	**142**	**-40**	**102**	**139**	**-37**	**102**
Items in income statement:						
Cost of service in the current period	2	-	**2**	3	-	**3**
Interest expense	4	-1	**3**	5	-1	**4**
	6	-1	**5**	8	-1	**7**
Revaluation in other comprehensive income:						
Actuarial gains/losses (-/+) from changes in demographic assumptions	3	-	**3**	2	-	**2**
Actuarial gains/losses (-/+) from changes in financial assumptions	-1	-	**-1**	5	-	**5**
Actual return on plan assets		**-1**	**-1**	**-**		**0**
	2	-1	**1**	7	0	**7**
Other changes:						
Employer contributions	-9	-1	**-10**	-12	-2	**-14**
Translation differences	6	-2	**4**	-		**0**
Closing balance	**147**	**-45**	**102**	**142**	**-40**	**102**

Plan assets
The plan assets are fully invested in a German pension fund with assets at market value.

Actuarial assumptions and sensitivity analysis
A number of actuarial assumptions are used in valuing the defined-benefit pension plans. The most important of these assumptions are set out below. In cases where a sensitivity analysis is presented, other assumptions are assumed to be unchanged.

Discount rate
A discount rate of 3.6 percent (3.5) was used in calculating the German pension liability. This is based on AA-rated corporate bonds with maturities corresponding to the pension obligations. If the discount rate used had been 0.5 percentage points higher, the liability would have been SEK 3 million (3) lower and if it had been 0.5 percentage points lower, the liability would have been SEK 4 million (4) higher. In Sweden, a discount rate of 3.6 percent (3.3) has been used. If the discount rate used had been 0.5 percentage points higher, the liability would have been SEK 1 million lower and if it had been 0.5 percentage points lower, the liability would have been SEK 1 million higher.

Demographic assumptions
The Heubeck 2018 G table was used in the calculation of the German pension plan. An increase in life expectancy of one year could increase the liability by SEK 1 million (1).

Parent Company
The parent company has 2 employees (2) who are covered by individual defined-contribution pension agreements.

NOTE 30 Statement of cash flows

Group

Other non-cash items	**2024**	**2023**
Profit/loss on disposal of non-current assets	-3	-2
Revaluation of acquisition purchase price	-53	1
Cost of share-savings scheme	4	2
Unrealized exchange rate differences	-5	1
Unallocated acquisition costs	16	10
Other	6	-
Total	**-35**	**12**

Interest paid during the year amounted to SEK 95 million (64).

Cash flow from investments in property, plant and equipment	**2024**	**2023**
Investments in property, plant and equipment	-274	-246
Accounts payable related to ongoing construction projects	10	-
Cash flow	**-264**	**-246**

Cash flow from borrowings	**2024**	**2023**
Borrowings according to Note 23	655	541
New leases with no cash flow	-125	-74
Investment transferred to lease	33	50
Cash flow	**563**	**517**

Cash flow from amortization	**2024**	**2023**
Amortization according to Note 23	-569	-545
Other	7	4
Cash flow	**-562**	**-541**

Parent company

Interest paid during the year amounted to SEK 46 million (6). Interest paid during the year amounted to SEK -56 million (-9).

NOTE 31 Asset acquisitions 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 employed around 620 people at the time of acquisition. Transaction costs amounted to approximately SEK 10 million and were recognized in other external costs in Q4 2023. The purchase consideration was estimated at SEK 425 million based on the company's balance sheet as of November 30, 2023 and the initially assessed earn-out. SEK 367 million was paid at the time of possession and SEK 5 million during the second quarter of 2024. In addition, an earn-out was linked to an improvement in earnings in 2024 compared to 2023, as assessed at the time of acquisition, with a maximum amount of SEK 116 million. The earn-out was valued at SEK 61 million in the acquisition analysis, discounted to SEK 58 million. During 2024, the estimated remaining consideration was gradually reduced and in Q3 it was assessed as zero. The reversal, recognized as other operating income and adjusted for discounting, amounts to SEK 53 million.

During the year, earn-outs totaling SEK 5 million were paid related to the acquisition of Beyers (now HANZA Electronics Mönchengladbach GmbH).

Other acquisitions

In December, HANZA signed an agreement to acquire Leden Group, a leading Finnish company in advanced mechanics manufacturing. HANZA took possession of the company on March 3, 2025. The purchase price at possession amounted to SEK 426 million and consisted of SEK 230 million in cash, 2,300,000 shares valued at SEK 186 million and options valued at SEK 10 million. The agreement includes an additional earn-out of up to EUR 15 million. The acquisition analysis is underway but, given that the transaction occurred in March 2025, the initial reporting of the business combination is incomplete as of the date the financial statements are authorized for issue. This is because no complete interim closing has yet been prepared in the Leden group, making it impossible to determine the total net assets or any group-level goodwill. In 2024, the Leden group had net sales of approximately SEK 1.1 billion and an adjusted EBITA margin of approximately 7 percent.

Purchase price, SEK million	
Cash paid on possession	372
Initial estimated earn-out	53
Total estimated purchase price	**425**
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	10
Intangible assets	76
Property, plant and equipment	25
Right-of-use assets	51
Other non-current assets	5
Inventory	403
Accounts receivable and other receivables	185
Deferred tax asset	-28
Liabilities to credit institutions	-180
Lease liabilities	-38
Accounts payable and other liabilities	-219
Total identified net assets	**290**
Goodwill	135
Total net assets transferred	**425**

Cash flow effect of the acquisition	
Cash paid on possession	-367
Purchase price paid in Q2 2024	-5
Cash and cash equivalents in the company	10
Cash flow effect of the acquisitions	**-362**

NOTE 32 Related party transactions

The group's related parties include the largest shareholders, the board of directors, the CEO and other senior executives, as well as their family members. For the parent company, all subsidiaries in the group are also included in the group of related parties. The parent company's transactions with them are disclosed separately at the end of this note.

The largest shareholder is Gerald Engström who owned, as of the balance sheet date, just under 23 percent of the shares and votes in HANZA Holding AB through his wholly owned company Färna Invest. RVM Systems AS is a wholly owned subsidiary of Färna Invest AB. HANZA has sold manufacturing services for SEK 234 million (258) to the RVM Group. The sale was made on market terms.

HANZA owns 40 percent of Spectrum Technology AB since the acquisition of Orbit One. The company has sold to HANZA for SEK 1 million. The sale was made on market terms. Otherwise, no transactions between the HANZA Group and related parties that significantly affected the Group's financial position and results occurred during the year.

Otherwise, there have been no transactions between the HANZA Group and related parties, other than the above-mentioned subscription of options, that have significantly affected the group's position and results, other than the share dividend and customary payments of fees to the Board of Directors and salaries to the company's management.

Remuneration to senior executives

Complete guidelines for remuneration to senior executives appear in the management report, page 62. Fees are paid to the Chairman and members of the Board of Directors as decided by the Annual General Meeting. Remuneration is also paid for work on the Audit Committee and the Remuneration Committee.

Remuneration to the CEO and other senior executives consists of basic salary, variable remuneration, pension and a benefit in the form of a company car. Other senior executives are considered those persons who, together with the CEO, constitute the group management team. Senior executives in the parent company amounted to 2 persons (2) in 2024.

The group's senior executives only have defined-contribution pension plans. Pension cost refers to the cost that affected the profit for the year. For further pension disclosures, see below. The Chairman of the Board has not received any remuneration in addition to director's fees.

Share-based payment and warrants

During the second quarter of 2023, the number of shares was increased by 850,000 by exercising all of the warrants that were subscribed for during the second quarter by the company's management team at market price. Each warrant entitled the holder to subscribe for one share in the company at a subscription price of SEK 20.

The Annual General Meeting on May 8, 2023 decided to introduce a long-term share-savings scheme, LTIP 2023. The program was aimed at 13 senior executives and key individuals within the company, who were offered performance share rights entitling them to receive a number of HANZA shares, contingent upon the participant's personal investment in HANZA shares and/or the fulfillment of specific performance criteria. Should LTIP 2023 achieve its maximum potential, up to 175,000 performance shares could be allocated.

2024 Amounts in SEK thousand	Basic salary/ Board fee	Variable re-muneration	Pension cost	Other benefits	Total
Chairman Francesco Franzé	564	-	-	-	564
Vice-Chairman Gerald Engström (resigned)	125	-	-	-	125
Board member Sofia Axelsson (resigned)	136	-	-	-	136
Board member Taina Horgan	135	-	-	-	135
Board member Per Holmberg	325	-	-	-	325
Board member Helene Richmond	262	-	-	-	262
CEO Erik Stenfors	3,340	437	866	123	4,766
Other senior executives (2 people)	4,590	400	1,604	265	6,859
Total	**9,477**	**837**	**2,470**	**388**	**13,172**

2023 Amounts in SEK thousand	Basic salary/ Board fee	Variable re-muneration	Pension cost	Other benefits	Total
Chairman Francesco Franzé	510	-	-	-	510
Vice Chairman Gerald Engström	233	-	-	-	233
Former board member Håkan Halén	135	-	-	-	135
Board member Sofia Axelsson	250	-	-	-	250
Board member Per Holmberg	155	-	-	-	155
Board member Helene Richmond	215	-	-	-	215
CEO Erik Stenfors	2,953	907	770	95	4,725
Other senior executives (2 people)	4,035	832	1,223	231	6,321
Total	**8,486**	**1,739**	**1,993**	**326**	**12,544**

Note 32 cont'd

Pensions
The retirement age for the CEO is 65. The pension premium shall amount to 25 percent of pensionable salary which is the basic salary.

For other senior executives the retirement age is 65. The pension agreements stipulate that pension payments must adhere to a premium scale established by the company.

Severance pay
A mutual notice period of six months applies between the company and the CEO. In the event of dismissal by the company, a severance payment of six months' salary is paid. The severance pay is not offset against other income. No severance pay is payable in the event of resignation by the CEO.

A mutual notice period of six months applies between the company and other senior executives. For the company's CFO and COO, there is a severance pay agreement amounting to six months.

Parent company's balances and transactions with group subsidiaries
Receivables from and liabilities to group companies
On the balance sheet date, the parent company had non-current receivables to group companies amounting to SEK 428 million (509). These receivables consist of intra-group loans that bear market interest rates. During the year, the parent company implemented a cash pool that includes several of its subsidiaries and this has resulted in current receivables and liabilities depending on the subsidiaries' account balances. The parent company had current receivables from group companies amounting to SEK 251 million (9) and current liabilities of SEK 235 million (0) as of the balance sheet date.

The parent company's sales to and purchases from group companies
Services to group companies are bought and sold on normal commercial terms, the amounts shown below.

SEK million	2024	2023
Sales of services to subsidiaries	37	32
Interest income from subsidiaries	41	6
Purchase of services from group companies	9	7
Interest expense from subsidiaries	4	-

NOTE 33 Shares in group companies

Parent Company	2024	2023
Opening cost	377	367
Acquisition of shares in Orbit One AB *	382	-
Shareholder contribution to HANZA Mechanics Heinävesi Oy	-	11
Impairment of shares in HANZA KA Åtvidaberg AB	-	-1
Closing carrying amount	**759**	**377**

Name	Corporate ID no.	Domicile	Capital share, %	Number of shares	Carrying amount Dec 31, 2024	Carrying amount Dec 31, 2023
Directly owned subsidiaries						
Holding companies						
HANZA Operations AB	556746-2436	Årjäng, Sweden	100%	128,205	139	139
HANZA Germany GmbH	HRB31879	Remscheid, Germany	100%	1	130	130
Manufacturing subsidiaries						
HANZA Mechanics Heinävesi Oy	0735704-5	Heinävesi, Finland	100%	1,626	108	108
HANZA Electronics Ronneby AB *	556459-1906	Ronneby, Sweden	100%	81,640	382	-
Dormant subsidiaries						
HANZA KA Åtvidaberg AB	556404-2371	Åtvidaberg, Sweden	100%	227,292	-	-
					759	**377**

* Its name was Orbit One AB at the time of acquisition, but has since been renamed HANZA Electronics Ronneby AB.

Note 33 cont'd

Name	Corporate ID no.	Domicile	Capital share, %	Number of shares
Indirectly owned subsidiaries				
Manufacturing subsidiaries				
HANZA Electric (Suzhou) Co. Ltd.	9132059472801435XQ	Suzhou, China	100%	1
HANZA Electronics Årjäng AB	556253-8289	Årjäng, Sweden	100%	20,000
HANZA Mechanics Årjäng AB	556497-3237	Årjäng, Sweden	100%	2,210
HANZA Mechanics Tartu AS	10019012	Tartu, Estonia	100%	75,000
HANZA Electronics Brzeg Dolny Sp. Z.o.o	0000302360	Brzeg Dolny, Poland	100%	175
HANZA Mechanics Narva AS	11011627	Narva, Estonia	100%	1,000
HANZA Mechanics Kunovice s.r.o	26217465	Kunovice, Czech Republic	100%	1
HANZA Mechanics Iisalmi Oy	1895668-4	Iisalmi, Finland	100%	199
HANZA Mechanics Töcksfors AB	556560-4187	Årjäng, Sweden	100%	1,000
HANZA Assembly Zabreh s.r.o	25862839	Ostrava, Czech Republic	100%	1
HANZA Mechanics Joensuu Oy	2424893-2	Joensuu, Finland	100%	750,000
HANZA Electronics Mönchen-gladbach GmbH	HRB2861	Mönchengladbach, Germany	100%	10
HANZA Assembly Remscheid GmbH	HRB17168	Remscheid, Germany	100%	1
HANZA Electronics Prabuty Sp. Z.o.o **	524746906	Prabuty, Poland	100%	1,165

** Name at the time of the acquisition Orbit One Sp. Z.o.o

Name	Corporate ID no.	Domicile	Capital share, %	Number of shares
Research and development subsidiaries				
HANZA Tech Solutions GmbH	HRB12729	Münster, Germany	100%	1
Subsidiaries for intra-group services				
HANZA Shared Service Center AB	556893-0449	Årjäng, Sweden	100%	500
HANZA Shared Service Tartu OÜ	12775321	Tartu, Estonia	100%	1
HANZA Fastigheter AB	559368-5083	Årjäng, Sweden	100%	250
Dormant subsidiaries				
HANZA Alfaram Finland Oy	1065763-9	Kaarina, Finland	100%	55
HANZA Tarkon Sweden AB	556833-2257	Stockholm, Sweden	100%	100,000
Associates				
Spectrum Technology AB	559048-4761	Karlshamn, Sweden	42.30%	275

Following the acquisition of Orbit One, the group owns 42.3 percent of the shares in Spectrum Technology AB. The shares are valued using the equity method. The value amounted to SEK 2 million both at the time of acquisition and as of the balance sheet date. Profit for the year from the holding amounts to SEK 0 million.

NOTE 34 Appropriations and untaxed reserves

Parent company appropriations consist of the following items:

Appropriations	2024	2023
Group contributions received from Swedish group companies	45	8
Total appropriations	**45**	**8**

Untaxed reserves	2024	2023
Tax allocation reserve 2020	1	1
Tax allocation reserve 2021	1	1
Total untaxed reserves	**2**	**2**

NOTE 35 Events after the balance sheet date

HANZA completed the acquisition of the Finnish billion-euro company Leden Group Oy, a leading player in advanced mechanics manufacturing, on March 3, 2025. Upon acquisition, a purchase price of EUR 21 million was paid in cash, financed through credit facilities and existing cash, along with 2.3 million newly issued shares in HANZA.

The shares also include options to acquire an additional 0.3 million shares, contingent on HANZA's stock performance in 2025. The newly issued shares are subject to customary lock-up clauses.

NOTE 36 Proposed appropriation of profit

The Board of Directors proposes a dividend for 2024 of SEK 0.80 per share (1.20), which corresponds to a total dividend of SEK 37 million (52) based on the number of outstanding shares as of March 20, 2025, including the 2.3 million shares issued to the sellers in Leden. The proposed record date is expected to be May 5, 2025.

The following profit (SEK) in the parent company is at the disposal of the AGM	
Share premium reserve	666,111,267
Profit for the year	28,456,863
Total	**694,568,130**

The Board proposes that these retained funds be	
Paid as dividend to the shareholders, SEK 0.80 per share, in total	36,767,472
Carried forward	657,800,658
Total	**694,568,130**

The Board of Directors proposes a dividend to the shareholders of SEK 0.80 per share (1.20) corresponding to SEK 37 million (52). The proposed dividend represents 5 percent of the company's profits on the balance sheet date. The Board is of the opinion that the proposed dividend is consistent with the prudence principle of the Swedish Companies Act with regard to the requirements on the company's equity, investment needs, liquidity and financial position and the risks associated with the type and size of the business.

Declaration

The annual report and the consolidated financial statements have been approved for publication by the Board of Directors on March 25, 2025. The consolidated income statement and balance sheet will be submitted for approval at the AGM on May 13, 2025.

The Board of Directors and the President and CEO declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the group's financial position, results of operations and cash flows.

The annual report has been prepared in accordance with generally accepted accounting principles in Sweden and gives a true and fair view of the parent company's financial position and results of operations.

The statutory administration report of the group and the parent company provides a fair review of the development of the group's and the parent company's operations, financial position and results of operations and describes material risks and uncertainties facing the parent company and the companies included in the group.

The annual report and the consolidated financial statements also contain the group's and the parent company's sustainability report according to the Annual Accounts Act, Chapter 6, Section 11, see pages 12-53 and 115-124.

Stockholm on the date stated in our digital signature

Francesco Franzé
Chairman of the board

Per Holmberg
Board member

Helene Richmond
Board member

Taina Horgan
Board member

Erik Stenfors
President and CEO

Our audit report was issued on the day stated in our electronic signature

Ernst & Young AB

Linn Haslum Lindgren
Authorized public accountant
Auditor in charge

Auditor's Report

To the annual general meeting of the shareholders of HANZA AB, corporate identity number 556748-8399

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and the consolidated accounts of HANZA AB for the year 2024, with the exception of the corporate governance report and the sustainability report on pages 64-69 and pages 12-53 and 115-124 respectively. The company's annual accounts and consolidated accounts are included on pages 58-63 and 70-114 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31, 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2024 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance report and sustainability report on pages 64-67, 12-53 and 115-124 respectively. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, however we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements

Revenue recognition

Description of key audit matter

Net sales for 2024 amount to SEK 4,851 million in the group. The revenues of the group primarily consist of revenues from sales of goods such as components, underlying systems and finished composited products to customers in many different countries. The products are manufactured to the customers' specification, but with the company's involvement in customizing the manufacturing process. This means that the price model, manufacturing process and delivery terms are individual for each single customer agreement. Revenue recognition requires a well-functioning process, including orders, invoicing, deliveries and terms of delivery.

These conditions apply to most subsidiaries and require policies and procedures as well as management judgment to determine the appropriate method and period for proper revenue recognition.

We have identified revenue recognition as a key audit matter based on the size of revenue in relation to other income items and the volume of transactions.

For information on revenue, see Accounting policies and note 5 Revenue and note 6 Segment information.

How our audit addressed this key audit matter

We have reviewed the group's revenue recognition policies to verify compliance with IFRS.

Review and evaluation of internal controls to ensure that revenue is recognized at the right time and in the right amount.

We have conducted analytical reviews of revenues by customer contracts and geographical markets.

Detailed testing of delivery documents to ensure that revenue has been recorded in the correct period. Furthermore, we examined significant contracts and checked credit notes after the balance sheet date.

In addition, we have also performed data analytics on revenue recognition. We have also assessed the disclosures made in the annual report.

Valuation of goodwill and shares in group companies

Description of key audit matter

Goodwill is reported at SEK 529 million as of December 31, 2024. Overall, goodwill represents 14.5% of the group's total assets. See also Note 14. Shares in group companies amount to SEK 759 million in the parent company as of December 31, 2024. See also note 33.

Goodwill with an indefinite life shall be tested for impairment annually. HANZA tests at least annually, and when there is an indication of impairment, that the carrying amounts do not exceed the recoverable amount of the assets. Shares in group companies are assessed throughout the year for indications of impairment and if so, the recoverable amount of the asset is calculated.

The recoverable amounts of goodwill and shares in group companies are determined by calculating the present value of future cash flows per cash flow generating unit and are based on the expected outcome of a number of factors based on management's business plans and forecasts. A description of the impairment test is provided in note 2 and in the section "intangible assets" on page 79 and the section "impairment" on page 80. Further information is provided in note 14 on page 90 for goodwill and note 33 on page 106 for shares in group companies. Changes in management's assumptions underlying the assessment of recoverable amounts such as future cash flows, growth, discount rate and investment needs could lead to an impairment requirement with a significant financial impact on the group and the parent company. We therefore considered the valuation of goodwill and shares in group companies to be a key audit matter.

How our audit addressed this key audit matter

We evaluated and tested management's process for preparing impairment tests for goodwill and shares in group companies, evaluated future projections and performed sensitivity analyses on key assumptions. With the support of our valuation specialists, we reviewed management's model and methodology for performing impairment tests for goodwill and shares in group companies and evaluated the reasonableness of the discount rate assumptions, using peer group data and applied long-term growth rates. We have also assessed the disclosures made in the annual report.

Valuation of inventories

Description of key audit matter

As of December 31, 2024, the group's inventory amounts to SEK 1,137 million. The group's production units hold stocks of raw materials and supplies, work in progress, finished goods and goods for resale, and goods in transit. In order to offer short and reliable delivery times and provide customized solutions, most customers have a certain amount of stock that can be used for call-offs.

Accurately accounting for the acquisition cost is challenging when purchasing, manufacturing and logistics processes are complex. In product costing, there are a number of trade-offs that need to be made by management that have an impact on the reported values. Important areas are the determination of methodology, establishing normal production and allocation keys for direct and indirect costs. The valuation also includes assessments such as estimating the net realizable value by applying the lowest value principle and assessing the obsolescence of inventories. We have therefore considered the valuation of inventories to be a key audit matter.

How our audit addressed this key audit matter

In our audit, we have gained an understanding and evaluated the group's processes for product costing, raw material purchasing, manufacturing, inventory and obsolescence assessment.

We have carried out price tests on raw materials, checks on calculations and tests on the accrual of incoming and outgoing deliveries.

We have taken note of management's considerations regarding inventory obsolescence and their assessment of slow moving products.

We have also participated in inventories and carried out our own control calculations at the most important storage sites in order to confirm numbers. We have also assessed the disclosures made in the annual report.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-57, 64-69 and 115-127. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also consider our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS accounting standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- we conclude on the appropriateness of the Board of Directors and the Managing Director using the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may render a company unable to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of HANZA AB for the year 2024 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities are further described in the Auditor's responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibilities

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we have examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Swedish Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for HANZA AB for the financial year 2024.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditor's responsibilities section. We are independent of HANZA AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities

Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to obtain reasonable assurance about whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable legal and regulatory requirements. The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for the corporate governance statement on pages 64-69 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

Our review has been conducted in accordance with FAR's recommendation

RevR 16 The auditor's review of the corporate governance report. This means that our review of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the review has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with Chapter 6 Section 6, second paragraph, points 2-6 of the Annual Accounts Act and Chapter 7 Section 31, second paragraph of the same Act are consistent with the other parts of the annual accounts and consolidated accounts and in accordance with the Annual Accounts Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 12-53 and 115-124 and for ensuring that it has been prepared in accordance with the Swedish Annual Accounts Act as worded prior to July 1, 2024.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Ernst & Young AB was appointed auditor of HANZA AB by the general meeting on May 14, 2024 and has been the company's auditor since June 3, 2016.

Stockholm, March 25, 2025
Ernst & Young AB

Linn Haslum Lindgren
Authorized public accountant

EU Taxonomy tables

Turnover

Financial year 2024	Year			Substantial contribution criteria						Criteria for Do No Significant Harm (h) (DNSH)									
Economic activities	Code	Turnover	Proportion of turnover 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity or biological diversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity or biological diversity	Minimum safeguards	Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) turnover, 2023	Category enabling activity	Category transitional activity
		SEKm	%	Y; N; N/EL (b) (c	Y; N; N/EL (b) (c	Y; N; N/EL (b) (c	Y; N; N/EL (b) (c	Y; N; N/EL (b) (c	Y; N; N/EL (b) (c	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	M	O
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of electrical and electronic equipment for circular economy	CE1.2	7	0	N	N	N	N	Y/EL	N	N	N	N	N	Y/EL	N	N	0		
Turnover of environmentally sustainable (taxonomy-aligned) activities (A.1)			0														0		
Of which enabling activities			0														0		
Of which transitional activities			0														0		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Manufacture of electrical and electronic equipment	CE1.2	2,609	54	N	N	N	N	EL	N								43		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0														0		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		2,616	54														43		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy-non-eligible activities		2,235	46														57		
TOTAL		**4,851**	**100**														**100**		

HANZA produces electronic equipment on behalf of product-owning customers. The produced equipment usually constitutes components in larger products, but in some cases HANZA assembles a finished product ready for delivery to the end customer. However, the products are manufactured according to the specification of the brand owner who is the one who can mainly influence the environmental impact of the product over its life cycle through the choice of input materials, through its design in terms of how it will affect the environment and climate during its lifetime and the extent to which it will be recyclable. Nevertheless, HANZA can reduce the environmental impact of the product by engaging in energy-efficient manufacturing, minimizing waste and influencing the choice of input materials in some cases.

The reported total turnover includes revenue as presented in Notes 5 and 6, and includes income from HANZA's sale of goods and services. In its 2024 taxonomy reporting, HANZA has classified turnover from the manufacture of electronics as a taxonomy-eligible activity. The turnover from HANZA's manufacture of electronic equipment used in reverse vending machines is considered taxonomy-eligible under the circular economy objective. Turnover from other production has been classified as taxonomy-non-eligible.

The increase in taxonomy-eligible activity compared with the previous year is due to the acquisition of Orbit One.

EL: Eligible
N/EL: Non-eligible

Investments (CapEx)

Financial year 2024	Year			Substantial contribution criteria						Criteria for Do No Significant Harm (h) (DNSH)									
Economic activities	Code	CapEx	Proportion of CapEx 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity or biological diversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity or biological diversity	Minimum safeguards	Proportion of taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, 2023	Category enabling activity	Category transitional activity
		SEKm	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c	Y; N; N/EL (b) (c	Y; N; N/EL (b) (c	Y; N; N/EL (b) (c	Y; N; N/EL (b) (c	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	M	O
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of electrical and electronic equipment			0	N	N	N	N	Y/EL	N	N	N	N	N	Y/EL	N	N	0		
CapEx for environmentally sustainable (taxonomy-aligned) activities (A.1)			0														0		
Of which enabling activities			0														0		
Of which transitional activities			0														0		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Manufacture of electrical and electronic equipment			0														0		
CapEx for manufacture of electronic equipment that is taxonomy-eligible but not environmentally sustainable (non-aligned) (A.2)	CE1.2	47	16	N	N	N	N	EL	N								9		
CapEx for acquisition of properties that is taxonomy-eligible but not environmentally sustainable (non-aligned) (A.2)	CE7.1	86	29	N	N	N	N	EL	N								36		
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)		133	45														45		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		166	55														55		
TOTAL		299	100														100		

The taxonomy-eligible activities accounted for investments of SEK 133 million in 2024, representing 45 percent of the group's total investments.

Disclosures on CapEx that is taxonomy-eligible include investments in non-current assets as well as assets under operating leases.

Operating expenses (OpEx)

Financial year 2024	Year			Substantial contribution criteria						Criteria for Do No Significant Harm (h) (DNSH)									
Economic activities	Code	OpEx	Proportion of OpEx 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity or biological diversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity or biological diversity	Minimum safeguards	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) OpEx, 2023	Category enabling activity	Category transitional activity
		SEKm	%	Y; N; N/EL (b) (c	Y; N; N/EL (b) (c	Y; N; N/EL (b) (c	Y; N; N/EL (b) (c	Y; N; N/EL (b) (c	Y; N; N/EL (b) (c	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	M	O
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of electrical and electronic equipment	CE1.2		0	N	N	N	N	Y/EL	N	N	N	N	N	Y/EL	N	N	0		
OpEx for environmentally sustainable (taxonomy-aligned) activities (A.1)			0														0		
Of which enabling activities			0														0		
Of which transitional activities			0														0		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
OpEx for manufacture of electronic equipment that is taxonomy-eligible but not environmentally sustainable (non-aligned) (A.2)	CE1.2	5	8	N	N	N	N	EL	N								11		
OpEx for property-related costs that are taxonomy-eligible but not environmentally sustainable (non-aligned) (A.2)	CE7.3	4	7	N	N	N	N	EL	N								4		
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)		9	15														15		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
OpEx of non-eligible activities		56	85														85		
TOTAL		65	100														100		

Nuclear and fossil gas-related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, finances or is exposed to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal fuel cycle waste.	NO (NO)
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO (NO)
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO (NO)
	Fossil gas-related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO (NO)
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO (NO) 0
6.	The undertaking carries out, finances or is exposed to construction, renovation and operation of heat generation facilities that produce heating and cooling using fossil gaseous fuels.	NO (NO)

Disclosures on taxonomy-eligible CapEx include investments in property, plant and equipment as well as assets under operating leases.

Other sustainability data

ESRS 2 GOV-4

Due diligence
– statement on due diligence.
HANZA's system for sustainabil-ityrelated risk management and internal control.

Key components of due diligence	Page reference in the sustainability report	Relates to people and/or the environment
a) Due diligence in governance, strategy and business model	Governance of sustainability work ESRS 2 GOV-2, page 14 (organizational responsibility)	People and the environment
	Identify and assess material impacts ESRS 2 SBM-3 pages 22-26, E1) pages 29-31, E2) pages 34-35, E4) page 36, E5) page 37 S1) pages 40, 42, 44, S2) pages 47-48, S3) pages 47-48	People and the environment
b) Dialogue with affected stake-holders at all main steps of due diligence	Governance of sustainability work ESRS 2 GOV-2 (disclosure of sustainability impacts), p. 14	People and the environment
	Stakeholder dialogue ESRS 2 SBM-2 (stakeholders), pages 20-21, 48	People and the environment
	Materiality assessment ESRS 2 IRO-1, pages 27-28	People and the environment
	Policies for each IRO, pages 15-16	People and the environment
	S1 (employee dialogue) page 44, S2 and S3 page 47	People
c) Identify and assess negative impacts	ESRS 2 SBM-3:	
	E1) pages 29-30, E2) pages 34-35, E4) page 36, E5) page 37	Environment
	S1) pages 40-41, S2) pages 47-48, S3) pages 47-49	People
a) Take measures to address negative impacts	E1) pages 29-31, E2) pages 34-35, E4) pages 29-31, E5) page 38	Environment
	S1) pages 40-44, S2) pages 47-48, S3) pages 47-48	People
	G1) pages 50-51	People and the environment
b) Measure the effectiveness of actions and communicate results	E1) page 32-33, E2) page 35, E4) page 32-33, E5) pages 38-39	Environment
	S1) pages 40, 42-43, 45, S2) page 48, S3) page 48	People
	G1) pages 50-51	People and the environment

ESRS2 IRO-2

Page references refer to the Sustainability Report section, pages 12-54 unless otherwise stated.

Disclosure requirements index		Page and section
ESRS E4 Biodiversity. continued		
E4.IRO-1	Materiality assessment	27-28
E4-2	Policies for biodiversity and ecosystems	See ESRS E1
E4-3	Actions for biodiversity and ecosystems	See ESRS E1
E4-4	Targets for biodiversity and ecosystems	See ESRS E1
E4-5	Metrics on impacts on biodiversity and ecosystems	See ESRS E1
ESRS E5 Circular flows and resource use		
E5.IRO-1	Materiality assessment	27-28
E5-1	Policies on resource use and circular economy	15-16, 37
E5-2	Actions on resource use and circular economy	38
E5-3	Targets for resource use and circular economy	38
E5-4	Resource inflows	38
E5-5	Resource outflows	38-39
E5-6	Anticipated financial effects from impacts, risks, and opportunities related to resource use and circular economy	Not specified
ESRS S1 Own workforce		
S1.SBM-2	Stakeholder insights and views	20-21, 44
S1.SBM-3	Material sustainability matters and their link to strategy and business model	40-42, 44
S1-1	Policies for own workforce	15-16, 40, 42, 44, 47-48, 50
S1-2	Processes for dialogue with own workforce and their representatives regarding HANZA's impacts	14, 20-21, 44
S1-3	Processes for remediation of negative impacts and channels for workers to submit complaints	40, 44-45, 50

Disclosure requirements index		Page and section
ESRS S1 Own workforce. continued		
S1-4	Actions taken regarding material impacts on own workforce, strategies to mitigate material risks and leverage material opportunities, and the effectiveness of those actions	40-45
S1-5	Targets to address material negative impacts, strengthen positive effects, and manage material risks and material opportunities related to own workforce	42-44
S1-6	Information on own workforce	44-45 Management report 70
S1-7	Information on own workforce not employed	44
S1-8	Collective bargaining and social dialogue	44
S1-9	Diversity	45
S1-10	Adequate wages	44
S1-11	Social protection	44
S1-12	Workers with disabilities	Not applicable
S1-13	Training and skills development – KPIs	Not specified
S1-14	Occupational health and safety – KPIs	40-41, 45
S1-15	Work-life balance – KPIs	Not specified
S1-16	Remuneration – pay gaps and total compensation – KPIs	Not specified
S1-17	Incidents, complaints and violations of human rights	45-48
ESRS S2 Value chain workers		
S2.SBM-2	Stakeholder insights and views	20-21
S2.SBM-3	Material sustainability matters and their link to strategy and business model	20, 47-48
S2-1	Policies for workers in the value chain	15-16, 47-48
S2-2	Processes for dialogue with workers in the value chain regarding HANZA's impacts	14, 20-21, 48

Disclosure requirements index		Page and section
ESRS S2 Value chain workers. continued		
S2-3	Processes for remediation of negative impacts and channels for workers in the value chain to submit complaints	47-48, 50
S2-4	Actions taken regarding impacts on workers in the value chain, strategies to manage material risks and the effectiveness of those actions	47-48, 51-52
S2-5	Targets to address negative impacts and risks related to workers in the value chain	48
ESRS S3 Affected communities		
S2.SBM-2	Stakeholder insights and views	20-21
S3.SBM-3	Material sustainability matters and their link to strategy and business model	20, 47-49
S3-1	Policies for affected communities	15-16, 47-48
S3-2	Processes for dialogue with affected communities regarding HANZA's impacts	14, 20-21, 47-48
S3-3	Processes for remediation of negative impacts and channels for affected communities to submit complaints	47-48, 50
S3-4	Actions taken regarding negative impacts on affected communities and the effectiveness of those actions	47-48, 51-52
S3-5	Targets to address negative impacts related to affected communities	48

Disclosure requirements index		Page and section
ESRS G1 Business conduct		
G1.IRO-1	Material sustainability matters and their link to strategy and business model	27-28
G1.GOV-1	Roles within the company, executive management and the Board of Directors	13-14
G1-1	Policies for business conduct and corporate culture	15-16, 50-52
G1-2	Management of supplier relationships	51-52
G1-3	Prevention and detection of corruption and bribery	50-52
G1-4	Incidents of corruption	52
G1-5	Political influence and lobbying activities	Not applicable
G1-6	Payment procedures	52
Company specific: Information security		
	Information security policies	15-16, 53
	Actions for information security	53
	Targets for information security	53
	Key performance indicators (KPIs)	53

ESRS2 IRO 2

List of data points in ESRS standards for general disclosures and sustainability matters derived from other EU legislation. The table below shows all data points derived from other EU legislation according to ESRS 2 Appendix B, with references to where they can be found in our report and which ones were assessed as non-material.

Disclosure requirement	Data point		SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Section	Page
ESRS 2 GOV-1	21 (d)	Board's gender diversity	x		x		Sustainability report	13
ESRS 2 GOV-1	21 (e)	Percentage of board members who are independent			x		Corporate Governance Report	65
ESRS 2 GOV-4	30	Statement on due diligence	x				Other sustainability data	118
ESRS 2 SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities	x	x	x		Not applicable	
ESRS 2 SBM-1	40 (d) ii	Involvement in activities related to chemical production	x		x		Not applicable	
ESRS 2 SBM-1	40 (d) iii	Involvement in activities related to controversial weapons	x		x		Not applicable	
ESRS 2 SBM-1	40 (d) iv	Involvement in activities related to cultivation and production of tobacco			x		Not applicable	
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				x	Sustainability report	29
ESRS E1-1	16 (g)	Undertakings excluded from Paris-aligned Benchmarks		x	x		Not applicable	
ESRS E1-4	34	GHG emission reduction targets	x	x	x		Sustainability report	32
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	x				Sustainability report	33
ESRS E1-5	37	Energy consumption and energy mix	x				Sustainability report	33
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	x				Sustainability report	33
ESRS E1-6	44	Gross Scope 1, 2, 3 and Total GHG emissions	x	x	x		Sustainability report	32
ESRS E1-6	53-55	Gross GHG emissions intensity	x	x	x		Sustainability report	32
ESRS E1-7	56	GHG removals and carbon credits				x	Not applicable	
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			x		Sustainability report	29
ESRS E1-9	66 (a); 66 (c)	Breakdown of monetary amounts by acute and chronic physical risk; Location of significant assets exposed to material physical risk		x			Sustainability report	29
ESRS E1-9	67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		x			Sustainability report	28
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			x		Sustainability report	29

Disclosure requirement	Data point		SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Section	Page
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	x				Not specified	
ESRS E3-1	9	Water and marine resources	x				Non-material	
ESRS E3-1	13	Dedicated policy	x				Non-material	
ESRS E3-1	14	Sustainable oceans and seas	x				Non-material	
ESRS E3-4	28 (c)	Total water recycled and reused	x				Non-material	
ESRS E3-4	29	Total water consumption in m 3 per net revenue on own operations	x				Non-material	
ESRS 2- SBM 3 - E4	16 (a) i		x				Sustainability report	27-28
ESRS 2- SBM 3 - E4	16 (b)		x				Sustainability report	27-28
ESRS 2- SBM 3 - E4	16 (c)		x				Sustainability report	27-28
ESRS E4-2	24 (b)	sustainable land / agriculture practices or policies	x				Non-material	
ESRS E4-2	24 (c)	sustainable oceans / seas practices or policies	x				Non-material	
ESRS E4-2	24 (d)	Policies to address deforestation	x				Non-material	
ESRS E5-5	37 (d)	Non-recycled waste	x				Sustainability report	38-39
ESRS E5-5	39	Hazardous waste and radioactive waste	x				Sustainability report	38-39
ESRS 2- SBM3 - S1	14 (f)	Risk of incidents of forced labor	x				Sustainability report	44
ESRS 2- SBM3 - S1	14 (g)	Risk of incidents of child labor	x				Sustainability report	44
ESRS S1-1	20	Human rights policy commitments	x				Sustainability report	15-16, 47-48
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions			x		Sustainability report	15-16, 44, 47-48
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	x				Sustainability report	15-16, 47-48
ESRS S1-1	23	Workplace accident prevention policy or management system	x				Sustainability report	40-42
ESRS S1-3	32 (c)	Grievance/complaints handling mechanisms	x				Sustainability report	50
ESRS S1-14	88 (b) and (c)	Number of fatalities and number and rate of work-related accidents	x		x		Sustainability report	40-41, 45
ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	x				Sustainability report	45

Disclosure requirement	Data point		SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Section	Page
ESRS S1-16	97 (a)	Unadjusted gender pay gap	x		x		Not specified	
ESRS S1-16	97 (b)	Excessive CEO pay ratio	x				Not specified	
ESRS S1-17	103 (a)	Incidents of discrimination,	x				Sustainability report	45, 48
ESRS S1-17	104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	x		x		Sustainability report	15-16, 45, 48
ESRS 2- SBM3 – S2	11 (b)	Significant risk of child labor or forced labor in the value chain	x				Sustainability report	47-48
ESRS S2-1	17	Human rights policy commitments	x				Sustainability report	47-48
ESRS S2-1	18	Policies for workers in the value chain	x				Sustainability report	15-16, 47-48
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	x		x		Sustainability report	15-16, 47-48
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions			x		Sustainability report	15-16, 47-48
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	x				Sustainability report	15-16, 47-48, 51-52
ESRS S3-1	16	Human rights commitments	x				Sustainability report	15-16, 47-48
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines	x		x		Sustainability report	15-16, 47-48
ESRS S3-4	36	Human rights issues and incidents	x				Not specified	
ESRS S4-1	16	Policies related to consumers and end-users	x				Non-material	
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	x		x		Non-material	
ESRS S4-4	35	Human rights issues and incidents	x				Non-material	
ESRS G1-1	§10 (b)	United Nations Convention against Corruption	x				Sustainability report	15-16, 50-52
ESRS G1-1	§10 (d)	Protection of whistleblowers	x				Sustainability report	15-16, 50
ESRS G1-4	§24 (a)	Fines for violation of anti-corruption and anti-bribery laws	x		x		Sustainability report	50
ESRS G1-4	§24 (b)	Standards of anti-corruption and anti-bribery	x				Sustainability report	50

Five-year overview

	2024	2023	2022	2021	2020
Key performance indicators according to IFRS					
Net sales, SEK million	4,851	4,143	3,549	2,515	2,155
Operating profit (EBIT), SEK million	239	327	193	127	31
Profit/loss for the year, SEK million	111	214	121	80	-1
Earnings per share before dilution, SEK	2.55	5.36	3.35	2.26	-0.04
Earnings per share after dilution	2.54	5.31	3.30	2.25	-0.04
Dividend per share, SEK[1]	0.80	1.20	0.75	0.50	0.25
Cash flow from operating activities, SEK million	569	277	145	126	182
Average number of employees	2,578	2,001	1,936	1,741	1,543
Alternative performance measurements					
EBITDA, SEK million	442	464	315	232	139
EBITDA margin, %	9.1	11.2	8.9	9.2	6.4
Operational segments EBITA, SEK million	251	365	219	155	51
Operational EBITA margin	5.2	8.8	6.2	6.2	2.4
EBITA Business development and services, SEK million	22	-21	-6.7	-11.7	-3.4
EBITA, SEK million	273	344	212	143	48
EBITA margin, %	5.6	8.3	6.0	5.7	2.2
Operating margin EBIT, %	4.9	7.9	5.4	5.1	1.5
Operating capital, SEK million	2,313	1,796	1,559	1,298	925
Return on operating capital, %	13.3	20.5	14.8	12.9	4.9
Capital turnover on operating capital, times	4.7	4.9	2.5	2.3	2.2
Return on capital employed, %	10.1	17.1	12.7	10.7	2.9
Net interest-bearing debt, SEK million	700	363	556	583	381
Net debt/equity ratio, times	0.5	0.3	0.7	1.0	0.7
Net debt in relation to adjusted EBITDA, times	1.7	0.8	1.9	2.9	3.4
Equity ratio, %	40.7	45.9	35.3	30.0	33.6
Equity per share at end of period, SEK[1]	33.89	31.14	22.85	16.36	13.97

1) proposed dividend 2024

The alternative performance measurements above are considered relevant to give a picture of HANZA's operational profitability, the distribution between internal and external financing, return on capital provided and the company's financial risk. Reconciliation tables for alternative performance measurements and motives for using each measurement are published on the company's web page (hanza.com/investor/reports-and-presentations).

Definitions, alternative performance measurements and terms

KEY PERFORMANCE INDICATORS ACCORDING TO IFRS – Definitions
EBIT refers to earnings before interest and taxes and is the same as operating profit.

ALTERNATIVE PERFORMANCE MEASUREMENTS – Definitions, reconciliation and motives
The alternative performance measurements below are used in this annual report. Reconciliation tables for alternative performance measurements and motives for using each measurement are published on the company's web page (hanza.com/investor/reports-and-presentations).

Return on capital employed is the operating profit with reversal of financial items divided by the average capital employed.

Gross margin refers to 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.

EBITA Business development and services includes business development costs.

EBITDA (Earnings before interest, taxes, depreciation and amortization) refers to earnings before interest, taxes, depreciation and amortization and impairment of tangible and intangible assets.

EBITDA margin is EBITDA divided by net sales.

EBITA (Earnings before interest, taxes and amortization) refers to earnings before depreciation and amortization of intangible assets, net financial items, appropriations and taxes.

Equity per share is 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 is EBITDA adjusted for depreciation on additional right-of-use assets for leased properties under IFRS 16.

Items affecting comparability are revenue and expense items in the operating profit which only by way of exception occurs in the operations. Items affecting comparability refers to revenues and expenses such as acquisition costs, revaluation of earn-outs, 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 refers to net sales divided by average operating capital.

Operational segment EBITA (operational EBITA) is the EBITA for segments Main Markets and Other markets.

Operating segments' operating profit (operating EBIT) is the operating profit of the Main Markets and Other Markets segments.

Operating EBITA margin is operating segment EBITA divided by net sales.

Operating capital is the balance sheet total less cash and cash equivalents, financial assets and non-interest-bearing liabilities.

Net debt in relation to adjusted EBITDA is net interest-bearing debt at year end divided by adjusted EBITDA on a rolling 12-months basis.

Net debt/equity ratio is net interest-bearing debt divided by shareholders' equity.

Return on operating capital is EBITA divided by average operating capital.

Net interest-bearing debt refers to interest-bearing liabilities including provisions for post-employment benefits excluding estimated financial liabilities for right-of-use assets for leased properties and premises under IFRS 16 minus cash and similar assets and short-term investments.

Operating margin (EBIT margin) is EBIT divided by net sales.

Equity ratio is shareholders' equity divided by the balance sheet total.

Capital employed is the balance sheet total minus non-interest bearing provisions and liabilities.

CONCEPTS – Definitions established by HANZA CORE
(Cluster Operational Excellence) is a method used by HANZA to develop factories operationally and is conducted in project form over a period of time.

MIG (Manufacturing Solutions for Increased Growth & Earnings) is a service developed by HANZA that analyzes and proposes improvements to the customer's total manufacturing and logistics chain.

MCS (Material Compliance Services) is a service developed by HANZA that helps the customer ensure that a product meets regulatory requirements for constituent components.

Manufacturing clusters HANZA gathers a number of contract manufacturing technologies within certain geographical areas called manufacturing clusters.

Calculations of alternative performance measures can be found on HANZA's website: hanza.com/investor/reports-and-presentations

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