



HANZA

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IS ONE™**

Interim report
HANZA AB
January 1 – June 30 2023



INTERIM REPORT JANUARY-JUNE 2023

HANZA's strongest quarter yet

Second quarter 2023

- Net sales increased by 21% to SEK 1,068 million (886).
Adjusted for acquisitions and currency, organic growth amounted to 13%.
- Operating profit (EBITA) increased to SEK 92 million (57), corresponding to an operating margin of 8.6% (6.4).
- Profit after tax amounted to SEK 60 million (36), corresponding to SEK 1.51 (1.01) per share before dilution and SEK 1.49 (1.00) after dilution.
- Cash flow from operating activities amounted to SEK 86 million (29).

First half year 2023

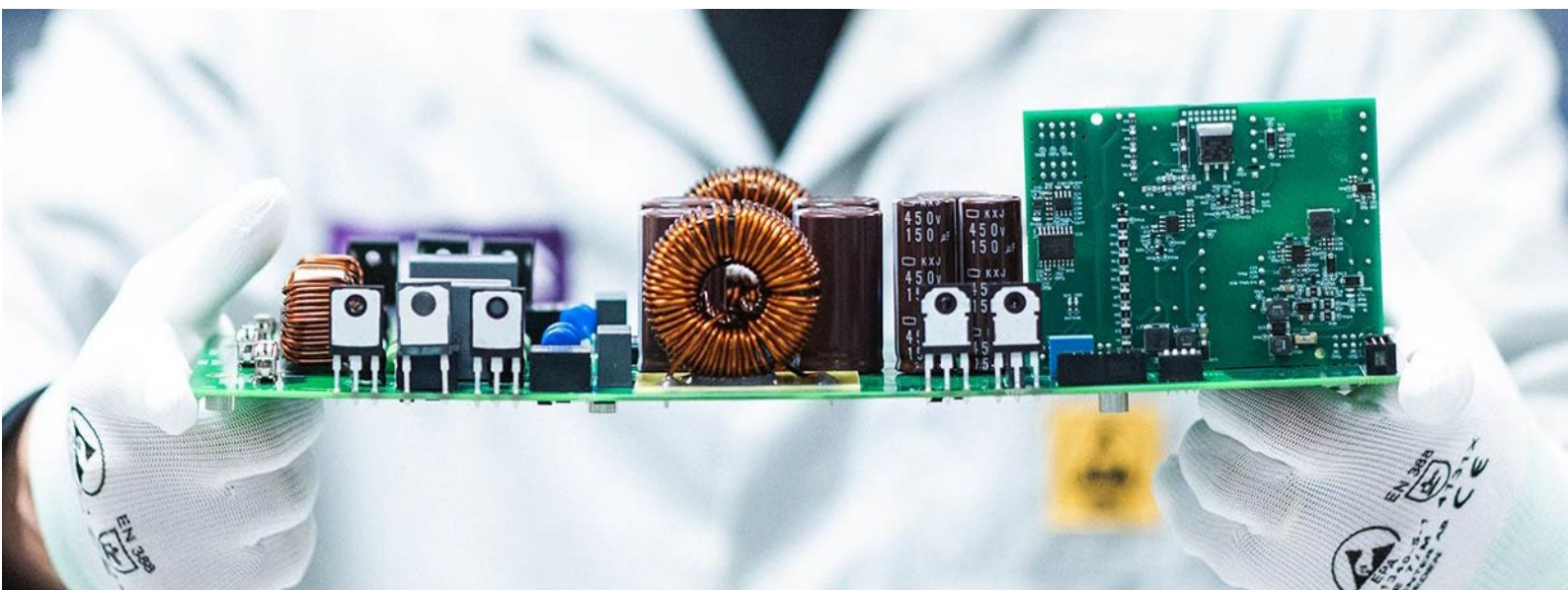
- Net sales increased by 25% to SEK 2,132 million (1,710).
Adjusted for acquisitions and currency, growth amounted to 18%.
- Operating profit (EBITA) increased to SEK 179 million (99), corresponding to an operating margin of 8.4% (5.8). The margin was positively affected by received energy subsidy of SEK 7 million. Excluding this item, the operating profit amounted to SEK 172 million, corresponding to an operating margin of 8.1%.
- Profit after tax amounted to SEK 118 million (55), corresponding to SEK 3.00 (1.55) per share before dilution and SEK 2.96 (1.53) after dilution.
- Cash flow from operating activities amounted to SEK 175 million (43).

Significant events during and after the period

- HANZA's Annual General Meeting on 8 May 2023 resolved to elect Per Holmberg and re-elect Gerald Engström, Francesco Franzé, Helene Richmond and Sofia Axelsson. Francesco Franzé was re-elected as Chairman of the Board and Gerald Engström was re-elected as vice Chairman.

Furthermore, the AGM resolved to introduce a long-term share savings program for 13 key employees in the group, where the participant can be allocated a number of shares in 2026 provided that the participant invests in shares in HANZA during the second quarter of 2023 and that the financial targets for 2025 are met. Participation in the share savings program has been high, the 13 people offered the program have invested in 32,600 of a maximum of 33,450 shares.

- A strong order intake increased the order backlog from a customer in the defense industry to approx. SEK 150 million per year, which is more than doubling compared to 2022. The increased orders relate to both production and product development and entail a deeper collaboration with HANZA.
- HANZA's management exercised the warrants they had previously purchased under the company's warrant program 2020/2023, which increased the total number of shares in HANZA AB by 850,000. As of 30 June 2023, the number of shares in HANZA thus amounts to 40,129,928.
- In June, HANZA acquired a previously rented property in Töcksfors of 11,000 sqm and approximately 28,000 sqm of adjacent land. The acquisition was financed with bank loans and own funds. The purpose is to prepare for continued expansion in Sweden and to reduce premises costs.
- In July, HANZA signed a manufacturing agreement with Mitsubishi Logisnext Europe ("MLE"), a leading supplier of logistics solutions with self-designed forklifts. The agreement relates to new products and is expected to expand the existing cooperation with an order value exceeding SEK 100 million per year. The new volume is expected to be fully implemented within one year.



CEO'S COMMENT | Q2

During the quarter, we saw continued good demand from HANZA's broad customer base. To meet the growth, we work according to the "HANZA 2025" strategy, which aims to expand our manufacturing clusters as well as our development and advisory services, in a cost-effective manner. In line with this strategy, in June we acquired our production facility in Töcksfors, together with an adjacent plot of land.

HANZA also continues to win new business, and one good example is the agreement we signed with Mitsubishi Logisnext Europe at the beginning of July. It is a substantial deal - the order value is expected to well exceed SEK 100 million per year - but above all, it is a good example of our unique offer to simplify supply chains. We can see that the need is increasing, not least because of a changing world.

For this offering, we have developed a special process, MIG™ (Manufacturing Solutions for Increased Growth & Earnings), where we analyze our customer's current supply chain and propose a new, optimized solution. The result is fewer suppliers, lower cost, increased flexibility and a more robust manufacturing solution. In the deal with Mitsubishi, we will gather production, final assembly, testing, logistics and more in our manufacturing cluster in Estonia.

MIG™ creates high customer value, which allows us to maintain a commercial margin. But there is another important winner - the climate. A complete and regional manufacturing solution also means fewer and shorter transports, which reduces carbon dioxide emissions.



Erik Stenfors, CEO HANZA

Financial development

Due to holiday weekends, Q2 was just over one working week shorter than Q1 in several of our factories. The reason that we still increased sales from Q1, is a successful capacity increase. Furthermore, we continued to be constrained by the component situation, although this situation is improving.

The capacity increase has taken place through efficiency improvements, which is why Q2 was our strongest quarter to date in terms of earnings, with an operating margin of 8.6% (6.4). However, the margin increase compared with the corresponding quarter in 2022 should be seen in the light of the fact that we had certain direct invoicing of material and energy costs without mark-up in the previous year. As we have described in previous reports, this means that the underlying operating margin was slightly higher in 2022. At the same time, it means that our underlying organic growth in 2023 has been slightly higher.

Our efficiency programs can temporarily dampen the earnings trend somewhat, for instance in the case of new machine installations and expansion into new factory space. We see this in segment Other markets during the quarter, though the segment still achieves a stable margin above 6%. In segment Main markets, the result of previous programs is visible, and the margin now reaches 11.1%, which is industry leading.

Cashflow continues to be strong despite the working capital required for expansion. For Q2 it amounted to 86 MSEK from operating activities, giving a total of 175 MSEK for the first half of 2023.

The future

We can understand the future by looking at the past. On August 6, HANZA turns 15, and it is with pride that we look back on our successful journey. Our compound annual growth rate (CAGR) from 2009 to 2022 has been an astounding 19%, an unprecedented growth in our industry over such a long period of time.

This development is driven by a high and stable demand for the business model with which we started HANZA. A concept consisting of complete and regional manufacturing, combined with related services such as product development and MIG™. Customer value has always been a cornerstone and by creating advantages for our customers, we also create advantages for HANZA.

One of the things we see in our history is that there is a clear scale advantage for our customers, and thus for our margin, when the size of our manufacturing clusters reaches a turnover of around SEK 1 billion. Then the benefits of our cluster model increase rapidly, for example through operational coordination and our Shared Service Centers. Today, two of our first clusters, Sweden and the Baltics, have reached this size, and our work according to the HANZA 2025 strategy aims for all clusters to reach a favorable size within a couple of years.

What we also learn from history is the strength of a scalable, decentralized organization. Once we meet our current financial targets, we will use this model to efficiently and smoothly take the next step with a geographical expansion and a new manufacturing cluster.

Another cornerstone for HANZA is a long-term approach. We look forward to continuing to be a fast-growing company for a long time and thus also during different economic phases, with profitability that increases for simple and clear reasons. Our journey has really only just begun.

Kista July 25, 2023

Erik Stenfors
CEO



The share

At the beginning of the quarter, the number of shares amounted to 39,279,928. The number of shares has increased by a total of 850,000 shares to 40,129,928 during the second quarter through the utilization of warrants.



Colleagues

The average number of employees amounted to 2,126 (1,981) in the second quarter. At the end of the period the number of employees amounted to 2,181, and at the beginning of the year to 2,107.

BUSINESS DEVELOPMENT

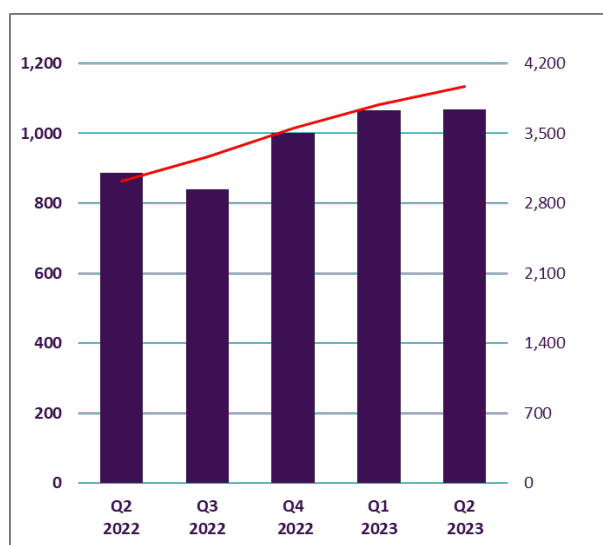
Market

HANZA has an evenly distributed customer base where no customer accounts for more than 10% of the annual sales, and the 10 largest customers combined, account for less than 50%. Our customers operate in various industries such as the mining industry, the defense industry, energy sector, agricultural and forestry products and recycling companies. HANZA's markets are mainly the Nordic countries and Germany, but customers are also located in the rest of Europe, Asia and the USA. The order intake remains very good in more or less all industries and geographies.

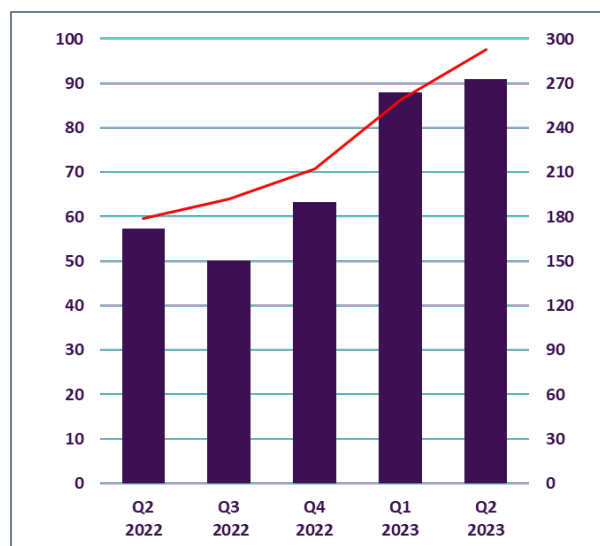
HANZA sees structural opportunities to gain further market shares as the trend towards complete manufacturing close to the end market strengthens. This is a trend that has so far been driven by trade barriers, transport costs, delivery times, environmental aspects and the pandemic, among other factors. The invasion of Ukraine has now also created a political dimension, where companies with production in countries with political risks are reviewing their supply chain and planning to relocate their production for that reason.

HANZA's sales and profit development has been limited by the availability of raw materials and components, a situation that has improved during the start of 2023 and is expected to keep improving going forward.

Sales (SEK million)



Operating profit (SEK million)



The graphs show sales and operating profit, EBITA, per quarter (bars, scale on the left) and rolling 12 months (line, scale on the right) for the last five quarters.

SUSTAINABILITY

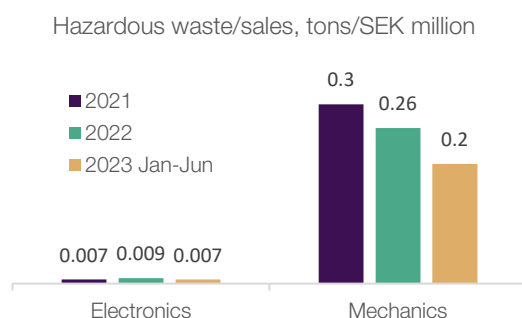
To comply with the EU's Corporate Sustainable Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS), and to show greater transparency in our sustainability work, HANZA has decided to report selected key figures per quarter.

HANZA's sustainability work is focused on three areas: Environment & Climate, Security & Ethics and Employees. The sustainability goals, together with the financial goals in the company's overall strategy "HANZA 2025", will ensure that HANZA achieves long-term profitable and sustainable growth.

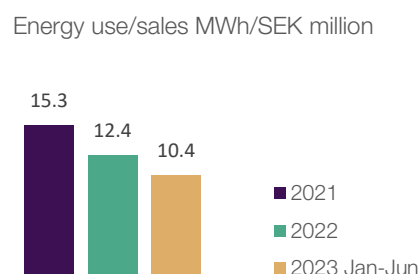
Activities during the period:

- HANZA joined the UN Global Compact, committing to the ten principles on human rights, labor, environment and anti-corruption.
- The implementation of a supplier relationship management (SRM) software was initiated. The system supports the communication of, among other things, our sustainability standards to suppliers.
- Prioritized and ongoing work on employer branding, including new career sites, recruitment systems and competence exchange, with the purpose of attracting, motivating and retaining talent.

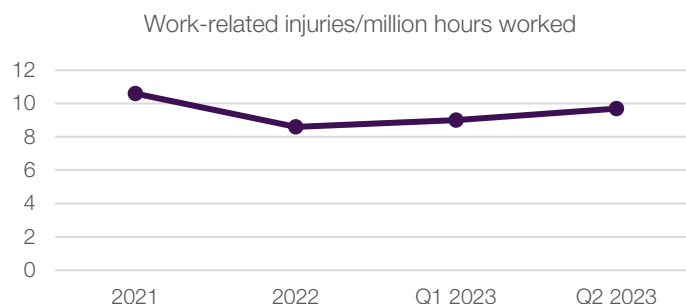
Hazardous waste



Energy use



LTFIR



FINANCIAL DEVELOPMENT

Second quarter

Net sales amounted to SEK 1,068 million (886), an increase of 21%. Sales have increased through new sales, increased volumes to existing customers. Changes in currency exchange rates affected the Group's sales positively by SEK 62 million and acquisitions have had a positive effect on sales of SEK 4 million. Excluding currency and acquisitions, the organic growth amounted to 13%. Sales rolling 12-months amounts to SEK 3,972 million (3,024).

Gross margin for the quarter amounted to 45% (44). EBITDA for the quarter amounted to SEK 121 million (82), which corresponds to an EBITDA margin of 11.3% (9.3). The Group's operating profit before amortizations of intangible fixed assets (EBITA) amounted to SEK 92 million (57), which corresponds to an operating margin of 8.6% (6.5).

Profit before tax amounted to SEK 72 million (40) and profit after tax amounted to SEK 60 million (36). Income tax corresponded to a tax rate of 16.7% (10.0). The higher tax rate is because a smaller proportion of the profit comes from entities with a lower tax rate. Profit per share for the quarter amounted to SEK 1.51 (1.01) before dilution and to SEK 1.49 (1.00) after dilution.

First half-year

Net sales amounted to SEK 2,132 million (1,710), an increase of 25%. Changes in currency exchange rates affected the Group's sales positively by SEK 106 million and acquisitions have had a positive effect on sales of SEK 7 million. Excluding currency and acquisitions, the organic growth amounted to 18%.

The gross margin for the first half-year amounted to 44% (44). EBITDA for the first half-year amounted to SEK 237 million (149), which corresponds to an EBITDA margin of 11.1% (8.7). The Group's operating profit before amortizations of intangible fixed assets (EBITA) amounted to SEK 179 million (99), which corresponds to an operating margin of 8.4% (5.8). Excluding the allocated energy subsidy of SEK 7 million, the operating margin amounted to 8.1%.

Profit before tax amounted to SEK 141 million (65) and profit after tax amounted to SEK 118 million (55). Income tax corresponded to a tax rate of 16.3% (15.4). Profit per share for the first half-year amounted to SEK 3.00 (1.55) before dilution and to SEK 2.96 (1.53) after dilution.

Cash flow and investments

Cash flow from operating activities for the second quarter amounted to SEK 86 million (29) and for the first half-year to 175 (43). The increase is mainly caused by the group's improved profits and improved working capital. The change in working capital amounted to SEK -14 million (-29) during the quarter and to SEK -10 million (-66) for the first half year.

Total investments in tangible fixed assets amounted to SEK 92 million (37) in the second quarter, of which investments in buildings in Sweden amounted to SEK 49 million. Remaining SEK 43 million mainly consisted of investments in machinery and other fixed assets. Total investments in tangible fixed assets amounts to SEK 161 million (76) in the first half-year. Cash flow from investment activities during the second quarter amounted to SEK -91 million (-32) and for the first half-year to SEK -159 million (-65). The difference against cash flow from investments is because certain investments do not affect the cash flow as they are made through leasing or are an accounts-payable at the end of the period.

Financial position

Net interest-bearing debt amounted to SEK 584 million (645) at the end of the period. This is a minor increase from the first quarter of the year (539), mainly due to the acquisition of the property in Töcksfors. The net debt in relation to adjusted EBITDA corresponds to 1.5 (2.6) times. The balance sheet total amounted to 2,795 (2,218) at the end of the period. The increase is mainly due to the growth and to exchange rate differences. Shareholders' equity at the end of the period amounted to SEK 1,048 million (665), which corresponds to an equity/assets ratio of 38% (30). During the quarter, a dividend of SEK 29 million was paid to the shareholders, and a new share issue connected to an option program added SEK 17 million.

Annual General Meeting

On 8 May, the Annual General Meeting resolved, among other things, on the following:

- Re-election of Gerald Engström, Francesco Franzé, Helene Richmond and Sofia Axelsson and new election of Per Holmberg. Francesco Franzé was re-elected as the Chairman of the Board. Gerald Engström was re-elected as vice Chairman.
- To authorize the Board, on one of more occasions during the period until the next Annual General Meeting, to decide to increase the company's share capital by issuing shares, warrants and/or convertibles up to approximately 9.8% of the current share capital.
- To decide on a dividend to the shareholders of SEK 0.75 per share (0.50).
- To introduce a long-term share savings program for 13 key persons in the company where the participant is allocated a number of shares in HANZA, provided that the participant invests in shares in HANZA and that certain specified performance conditions have been met. Any allocation of shares will take place after the interim report for the period January-March 2026 is published.

The participation in the long-term share savings program has been high. The 13 persons who were offered participation in the program have invested in 32,600 of a maximum of 33,450 shares.

The parent company

The parent company's net sales consist exclusively of income from Group companies. There have been no investments in the parent company during the first half-year.

Material risks and uncertainties

The risk factors that generally carry the greatest significance for HANZA are unpredicted global incidents, financial risks, and changes in demand. For more information on risks and uncertainties, see Note 3 in the company's annual report for 2022. No significant changes in the risks have occurred since the annual report for 2022 was submitted.

Related party transactions

During the quarter, there have been no related party transactions other than the above-mentioned subscription of shares via options and those described in Note 34 in the company's annual report for 2022.

Audit review

As in previous years, this report has not been subject to review by the company's auditor.

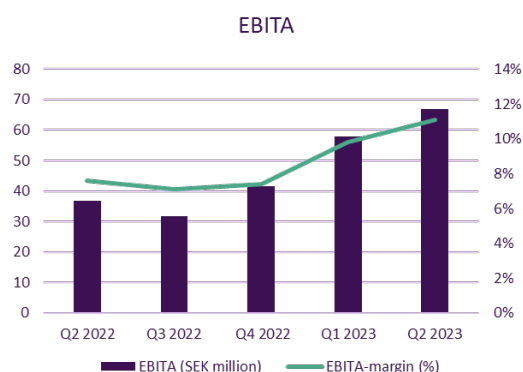
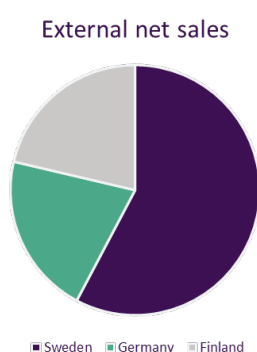
SEGMENT OVERVIEW

Description of segment reporting

HANZA divides its operations into so called manufacturing clusters and applies a financial segmentation based on primary customer markets. There are also operations within business development and service. This is reported in a separate segment.

Main markets segment

SEK million	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
External net sales	605	485	1,198	966	1,976
Operating profit (EBITA)	67	37	124	74	148
EBITA-margin (%)	11.1	7.6	10.4	7.7	7.5



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

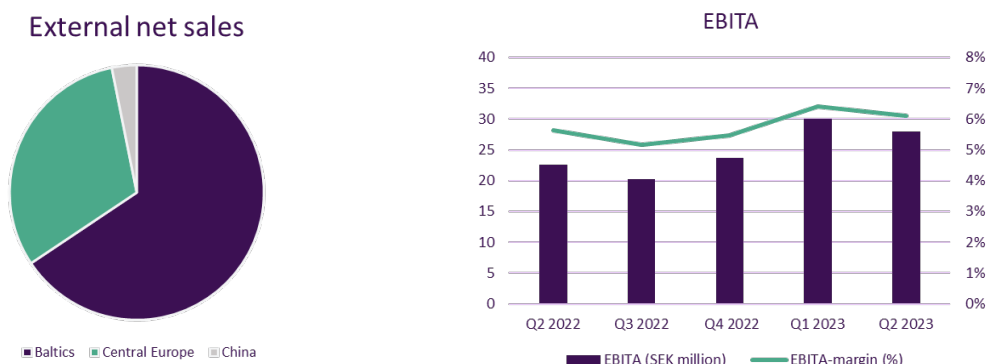
External net sales increased by 25% in the second quarter compared to the same period last year. Organic growth in the quarter amounted to 19%. EBITA has increased significantly, and the segment reached a margin of 11.1 % (7.6) during the second quarter.

In the first half-year, external net sales amounted to 1,198 (966), a growth of 24% of which 19% is organic. Operating margin, excluding energy subsidy of SEK 7 million, amounts to 9.9%.

The improvement is due to continued efficiency improvements and the fact that the manufacturing cluster in Germany has increased its margin after a coordination project implemented in 2022 following the acquisition of electronics manufacturer Helmut Beyers GmbH at the end of 2021.

Other markets segment

SEK million	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
External net sales	458	401	926	744	1,568
Operating profit (EBITA)	28	22	58	27	71
EBITA-margin (%)	6.1	5.5	6.3	3.6	4.5



Other markets segments are manufacturing clusters outside of HANZA's primary geographical customer areas. These clusters currently consist of 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.

External net sales increased by 14% during the second quarter, compared to the same period last year. Organic growth in the quarter amounted to 5%. EBITA and operating margin have increased, and the segment reached a margin of 6.1% (5.5) during the second quarter.

In the first half-year, external net sales amounted to 926 (744), a growth of 24% of which 16% is organic. Operating margin have increased significantly and amounts to 6.3% (3.6).

The improvement in the margin is mainly an effect of investments in capacity together with efficiency improvements, for instance the newly built assembly hall in Tartu that was completed at the end of Q1 2022, and the expansion of projects that have been completed in Poland, the Czech Republic and China. In 2023, further expansion of factory space in Estonia, Poland and the Czech Republic will be carried out, which together with shortages of components, continues to have a negative impact on both sales and margins.

Business development and services segment

Revenues and costs from services provided by HANZA in advisory and development services and costs not allocated to the Manufacturing Clusters, which primarily consist of Group-wide functions within the parent company, as well as Group-wide adjustments not allocated to the other two segments.

External net sales amounted to SEK 4 million (-) and EBITA to SEK -3 million (-2) in the quarter. In the first half-year, external net sales amounted to SEK 7 million (-) and EBITA to SEK -3 million (-2). Internal Group sales amounted to SEK 0 million (-) in both the quarter and the first half-year. During the first half-year, costs for integration and coordination have affected sales and profit negatively.

FINANCIAL DEVELOPMENT

Consolidated income statement

SEK million	Not	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Net sales	4	1,068	886	2,132	1,710	3,549
Change of inventories in production, finished goods and work in progress on behalf of others		47	53	65	95	152
Raw materials and consumables		-639	-554	-1,266	-1,059	-2,170
Other external costs		-118	-106	-243	-207	-453
Costs of personnel		-240	-197	-463	-393	-781
Depreciations, amortizations and write-downs of tangible fixed assets		-29	-25	-58	-50	-103
Other operating income and expenses		3	0	12	3	18
Operating profit (EBITA)	4	92	57	179	99	212
Depreciations, amortizations and write-downs of intangible fixed assets		-4	-4	-8	-9	-19
Operating profit (EBIT)	4	88	53	171	90	193
Financial items - net	5	-16	-13	-30	-25	-50
Profit/loss before tax	4	72	40	141	65	143
Income tax		-12	-4	-23	-10	-22
Profit/loss for the period		60	36	118	55	121
Earnings per share						
Earnings per share before dilution, SEK		1.51	1.01	3.00	1.55	3.35
Earnings per share after dilution, SEK		1.49	1.00	2.96	1.53	3.30

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

Consolidated comprehensive income statement

SEK million	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Profit/loss for the period	60	36	118	55	121
Items that will not be reclassified to the income statement					
Remeasurement of post-employment benefits	0	14	0	23	20
Tax on items that will not be reclassified to the income statement	0	-4	0	-7	-6
Total items that will not be reclassified to the income statement	0	10	0	16	14
Items that can subsequently be reversed in profit or loss					
Exchange rate differences	33	19	41	26	50
Exchange rate difference on acquisition loan	-1	-1	-1	0	-1
Tax on items that can subsequently be reversed in profit or loss	3	1	3	0	3
Total items that may be reclassified to the income statement	35	19	44	26	52
Other comprehensive income for the period	35	29	44	42	66
Total comprehensive income for the period	95	65	162	97	187

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

Condensed consolidated balance sheet

SEK million	Not	30.06.2023	30.06.2022	31.12.2022
ASSETS				
Fixed assets				
Goodwill		400	370	388
Other intangible assets		86	97	90
Tangible fixed assets		693	460	551
Right-of-use assets		170	190	180
Deferred tax assets		6	6	17
Total fixed assets		1,355	1,123	1,226
Current assets				
Inventories		1,024	801	937
Accounts receivable		160	159	151
Other receivables		125	89	90
Cash and cash equivalents		131	46	137
Total current assets		1,440	1,095	1,315
TOTAL ASSETS		2,795	2,218	2,541
SHAREHOLDERS' EQUITY				
Shareholders' equity attributable to the parent company's shareholders		1,048	665	898
LIABILITIES				
Long-term liabilities				
Post-employment benefits		113	92	102
Deferred tax liabilities		58	44	49
Liabilities to credit institutions	3	221	206	223
Lease liabilities		114	137	125
Total long-term liabilities		506	479	499
Current liabilities				
Overdraft facility	3	47	67	55
Liabilities to credit institutions	3	204	187	177
Lease liabilities		45	41	41
Other interest-bearing liabilities	3	67	87	75
Accounts payable		530	456	487
Other liabilities		348	236	309
Total current liabilities		1,241	1,074	1,144
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,795	2,218	2,541

Condensed consolidated report of changes in shareholders' equity

SEK million	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Opening balance	966	618	898	586	586
Profit/loss for the period	60	36	118	55	121
Other comprehensive income	35	29	44	42	66
Total comprehensive income	95	65	162	97	187
Transactions with shareholders					
New share issue	17	-	17	-	147
Issue costs	0	-	-	-	-4
Dividend	-29	-18	-29	-18	-18
Total contributions from and distributions to shareholders, recognized directly in equity	-12	-18	-12	-18	125
Closing balance	1,048	665	1,048	665	898

Condensed consolidated statement of cash flows

SEK million	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Cash flows from operating activities					
Profit/loss after financial items	72	40	141	65	143
Depreciations, amortizations and write-downs	33	29	66	59	122
Other non-cash items	-	-1	-	2	-9
Paid income tax	-5	-10	-22	-17	-22
Cash flows from operating activities prior to the change in working capital	100	58	185	109	234
Total change in working capital	-14	-29	-10	-66	-89
Cash flows from operating activities	86	29	175	43	145
Cash flows from investing activities					
Acquisition in subsidiaries	-	-	-	-	-8
Investments in fixed assets	-92	-33	-160	-67	-180
Disposals of tangible fixed assets	1	1	1	2	4
Cash flows from investing activities	-91	-32	-159	-65	-184
Cash flows from financing activities					
New share issue	17	-	17	-	143
New loans	51	132	119	186	263
Repayment of borrowings	-41	-87	-133	-151	-268
Dividends paid	-30	-18	-30	-18	-18
Cash flows from financing activities	-3	27	-27	17	120
Increase/reduction in cash and cash equivalents	-8	24	-11	-5	81
Cash and cash equivalents at the beginning of the period	135	17	137	46	46
Exchange rate differences in cash and cash equivalents	4	5	5	5	10
Cash and cash equivalents at the end of the period	131	46	131	46	137

Condensed parent company income statement

SEK million	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Operating income	6	5	12	10	24
Operating expenses	-6	-6	-12	-12	-24
Operating profit	0	-1	0	-2	0
Financial items - net	-2	7	-3	5	16
Profit/loss after net financial items	-2	6	-3	3	16
Appropriations	-	-	-	-	34
Profit/loss before tax	-2	6	-3	3	50
Tax on profit for the period	0	-1	0	-1	-4
Profit/loss for the period	-2	5	-3	2	46

There are no parent company items that are recognized in comprehensive income, for which reason total comprehensive income is consistent with the profit/loss for the period.

Condensed parent company balance sheet

SEK million	30.06.2023	30.06.2022	31.12.2022
ASSETS			
Financial fixed assets	496	369	504
Current receivables	2	3	2
Cash and cash equivalents	1	0	30
TOTAL ASSETS	499	372	536
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	418	250	437
Untaxed reserves	2	2	2
Long-term liabilities	12	88	58
Current liabilities	67	32	39
Total liabilities	81	121	99
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	499	372	536

NOTES

Note 1 General information

All amounts are reported in millions of SEK (SEK million) and refers to The Group unless otherwise stated. Information in brackets refers to the corresponding period of the preceding year. The interim information on pages 8 to 11 forms an integral part of this financial report.

Note 2 Basis for the preparation of reports and accounting principles

HANZA AB applies IFRS (International Financial Reporting Standards), as adopted by the European Union. This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The interim report for the parent company has been prepared in accordance with chapter 9 of the Swedish Annual Reports Act, and with RFR 2, Accounting for legal entities.

The accounting principles are in accordance with the principles that were applied in the previous fiscal year. For more information on these, please refer to Note 2 of HANZA AB's 2022 annual report.

Note 3 Financial instruments – Fair value of financial liabilities valued at amortized cost.

The Group's borrowing consists of a large number of notes taken out at separate times and with different maturities. Substantially all the loans carry a floating rate of interest. Against this background, the reported values can be deemed to provide a good approximation of fair values as the discount effect is not material.

Note 4 Revenue and segment information

Description of revenue from contracts with customers

HANZA's revenue is attributable primarily to the production of components, subsystems and assembled products according to the customer specifications, but where HANZA has been involved in customizing the manufacturing process. HANZA's performance obligations are deemed to have been met when the component or assembled product is delivered to the customer. Exceptions are cases where there is an agreement with the customer regarding a buffer stock of finished components or products. In these cases, the performance obligation is deemed to have been met at the time the component or product is placed in buffer stock, meaning that it is available to the customer.

The breakdown of external revenue by segment, which is in line with the Group's cluster-based organization, is set out in the segment information section below. In addition, the recognition of external revenue is divided into the manufacturing technologies 'Mechanics' and 'Electronics' in the end of this note.

Profit by segment

Segment results are reconciled to profit/loss before tax as follows:

SEK million	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Operating profit (EBITA)					
Main markets	67	37	124	74	148
Other markets	28	22	58	2	71
Business development and services	-3	-2	-3	-2	-7
Total EBITA	92	57	179	99	212
Amortization of intangible assets	-4	-4	-8	-9	-19
Operating profit (EBIT)	88	53	171	90	193
Financial items – net	-16	-13	-30	-25	-50
Profit/loss before tax	72	40	141	65	143
Items affecting comparability					
Revaluation of acquisition purchase price	-	-	-	-	10
Transaction costs	-	-	-	-	-1
Integration costs	-	-	-	-	-11
Total	-	-	-	-	-2
EBITA per segment excluding items affecting comparability					
Main markets	67	37	124	74	149
Other markets	28	22	58	27	71
Total	95	59	182	101	220
Business development and services	-3	-2	-3	-2	-6
Total	92	57	179	99	214
Items affecting comparability	-	-	-	-	-2
EBITA	92	57	179	99	212
Revenue from external customers by manufacturing technology					
Mechanics	609	551	1,220	1,044	2,111
Electronics	455	335	905	666	1,433
Business development and services	4	-	7	-	5
Total	1,068	886	2,132	1,710	3,549

Note 5**Financial items - net**

SEK million	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Financial expenses					
Interest expenses	-16	-7	-28	-14	-32
Other financial expenses	-4	-2	-9	-7	-9
Total financial expenses	-20	-9	-37	-21	-41
Net exchange gains and losses	4	-4	6	-4	-9
Total financial items - net	-16	-13	-30	-25	-50

Note 6 Acquisition of subsidiaries

On June 29, HANZA acquired two properties in Töcksfors, Sweden and amounts just over 11,000 square meters, with additional approximately 28,000 square meters of land. The properties was previously rented by HANZA's manufacturing cluster in Sweden. The properties were acquired through the acquisition of a limited company. As the acquisition in its entirety concerned real estate, it is recognized as an investment in fixed assets in the statement of cash flows. The identified net assets amounts to a total of SEK 49 million, and consists of buildings and land valued at SEK 50 million, a short-term liability of SEK 1 million related to title deed costs. The acquired company has not had any income of expenses during the year to date. The purchase price amounted to a total of SEK 49 million and was financed through bank loans and own funds. The acquisition analysis is till preliminary.

KEY RATIOS, DEFINITIONS AND FINANCIAL CALENDER

	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Key ratios according to IFRS					
Net sales, SEK million	1,068	886	2,132	1,710	3,549
Operating profit (EBIT), SEK million	88	53	171	90	193
Amortization of intangible assets, SEK million	-4	-4	-9	-9	-19
Earnings per share before dilution, SEK	1.51	1.01	3.00	1.55	3.35
Earnings per share after dilution, SEK	1.49	1.00	2.96	1.53	3.30
Cash flow from operating activities, MSEK	86	29	175	43	145
Average number of employees	2,126	1,981	2,075	1,971	1,936
Alternative performance measurements					
EBITDA, SEK million	121	82	237	149	315
EBITDA margin, %	11.3	9.3	11.1	8.7	8.9
Operational segments EBITA, SEK million	95	59	182	101	219
EBITA Business development and services, SEK million	-3	-2	-3	-2	-7
Operational EBITA margin, %	8.9	6.7	8.5	5.9	6.2
Operating profit (EBITA), SEK million	92	57	179	99	212
EBITA margin, %	8.6	6.5	8.4	5.8	6.0
Operating capital, SEK million	1,728	1,436	1,728	1,436	1,559
Return on operating capital, %	5.5	4.1	10.9	7.2	14.8
Capital turnover on operating capital, times	0.6	0.6	2.6	2.5	2.5
Return on capital employed, %	4.9	3.7	9.6	6.4	12.7
Net interest-bearing debt, SEK million	584	645	584	645	556
Net debt/equity ratio, times	0.6	1.0	0.6	1.0	0.7
Net debt in relation to adjusted EBITDA, times	1.5	2.6	1.5	2.6	1.9
Equity ratio, %	37.5	30.0	37.5	30.0	35.3
Equity per share at end of period, SEK	26.12	18.60	26.12	18.60	22.85
Weighted average number of shares before dilution	39,560,148	35,779,928	39,420,812	35,779,928	36,258,695
Adjustment upon calculation of earnings per share after dilution: Warrants	440,200	432,044	526,435	457,733	475,009
Weighted average number of shares after dilution	40,000,348	36,211,972	39,947,247	36,237,661	36,733,704
Number of shares at the end of the period	40,129,928	35,779,928	40,129,928	35,779,928	39,279,928



Financial Calendar

→ Interim report, Q3 2023: Tuesday November 7, 2023

Key ratios

The alternative performance measurements above are considered relevant to give a picture of HANZA's operational profitability, the extent of external financing and the company's financial risk. Reconciliation tables for alternative performance measurements are published on the company's website.

Key ratios	Definitions
Key ratios according to IFRS	
EBIT	Earnings before interest and taxes is operating profit, i.e., profit before net financial items, provisions, and taxes.
Alternative performance measurements	
<i>The alternative performance measurements below are used in this report. Reconciliation tables for alternative performance measurements and motives for using each measurement are published on the company's web page.</i>	
Return on capital employed	EBIT before financial items divided by average capital employed.
Gross margin	Net sales less cost of raw materials and consumables and change in inventories in production, finished goods and work in progress on behalf of others, divided by net sales.
EBITDA	Earnings before interest, taxes, depreciation, and amortization of tangible and intangible items.
EBITDA-margin	EBITDA divided by net sales.
EBITA	Earnings before interest, taxes, and amortization of intangible items.
EBITA-marginal	EBITA divided by net sales.
Equity per share	Equity on the balance sheet date, adjusted for not registered equity, divided by the registered number of shares on the balance sheet date.
Adjusted EBITDA	EBITDA excluding amortization of lease liabilities related to buildings and premises in accordance with IFRS 16.
Items affecting comparability	Revenue and expense items in the operating profit which only by way of exception occurs in the operations. To items affecting comparability are referred revenues and expenses such as acquisition costs, revaluation of additional purchase prices, profit, or loss on disposal of buildings and land, debt concession. costs of larger restructurings such as moving of whole factories and larger write-downs.
Capital turnover on average operating capital	Net sales divided by average operating capital.
Operational segments EBITA	(Operativt EBITA). EBITA för segmenten Huvudmarknader och Övriga marknader.
Operational EBITA margin	Operational segments EBITA divided by operational segments net sales.
Operating capital	The balance sheet total less cash and cash equivalents, financial assets, and non-interest-bearing liabilities.
Net debt/equity ratio	Net interest-bearing debt divided by shareholders' equity.
Net debt in relation to adjusted EBITDA	Net interest-bearing debt at year end divided by adjusted EBITDA on a rolling 12-months basis.
Return on operating capital	Operating EBITA divided by average operating capital.
Net interest-bearing debt	Interest-bearing liabilities, including provisions for post-employment benefits, excluding lease liabilities related to the right-of-use assets for buildings and premises in accordance with IFRS 16 less cash in hand, cash equivalents and short-term investments.
Equity ratio	Shareholders' equity divided by the balance sheet total.
Capital employed	Balance sheet total minus non-interest-bearing provisions and liabilities.
<i>When earning measures are presented on a rolling 12-months basis they refer to the total for the last 12 months up to the presented period.</i>	

ABOUT HANZA

HANZA is a global knowledge-based manufacturing company that modernizes and streamlines the manufacturing industry. Through supply chain advisory services and with production facilities grouped in local manufacturing clusters we create stable deliveries, increased profitability and an environmentally friendly manufacturing process for our customers.

HANZA was founded in 2008 and has today a rolling annual turnover of approximately SEK 4 billion. The company has six manufacturing clusters: Sweden, Finland, Germany, Baltics, Central Europe, and China.

Among HANZA's clients are leading companies such as 3M, ABB, Epiroc, GE, Getinge, John Deere, SAAB, Sandvik, Siemens and Tomra.

More information

At www.hanza.com you find more information about HANZA Group, as well as financial reports, presentations, and press releases.

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