

HANSAMATRIX

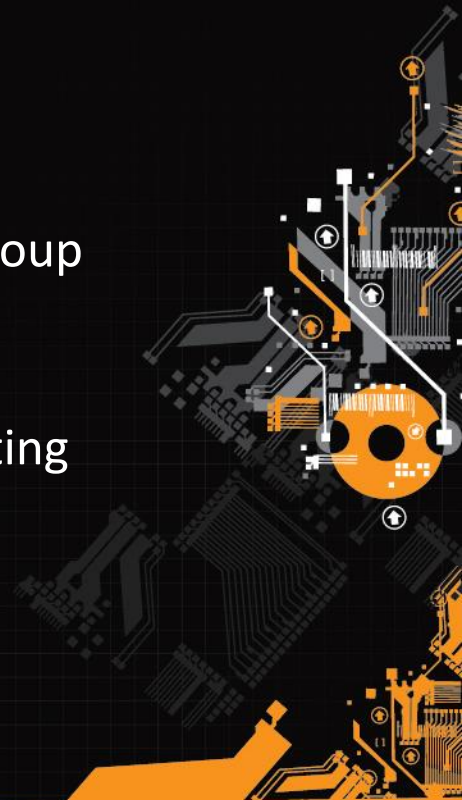


Innovator and Manufacturing Solution High-Tech Group

2019 audited financial results

Management Board report to Annual General Meeting

May 22, 2020



Executive summary

2019/2020 Business trends

- Personell safety issues, supply chain disruptions, and transportation network disruptions due to COVID-19 global spread are negatively influencing revenues and profitability in 2020.
- Industrial sectors related to oil, travel and airline industries demonstrate demand decrease. Decrease is also observed in “nice to have” type of product OEM’s.
- Data router, base station product markets influenced by supply chain and transportation logistic disruptions, but will experience demand growth after crisis when remote connectivity bandwidths will be increased.
- 2019 year y-o-y salary inflation reached 7...8%.



2019 summary

- 14% y-o-y growth of revenue
- EBITDA y-o-y increased by 14%
- 2019 net profit 208th EUR (influenced by wage inflation, EIB loan remuneration provisions, losses from investments in associates due to increasing ownership)

Results summary, MEUR	2018	2019	y-o-y
Revenue	21.587	24.611	+14%
EBITDA	3.259	3.719	+14%
EBITDA margin	15.1%	15.11%	
Net profit	0.781	0.208	-73%
Net profit margin		0,84%	
P/E			



Peer comparison

- HansaMatrix EBITDA margin – the second highest compared to industry peers
- Peer market value range 2.3x up to 14.3x EBITDA (HansaMatrix 2.9x)

TTM figures - Million EUR	Market Cap	TTM Revenue	TTM EBITDA	TTM Net Profit	EBITDA margin	Net profit margin
Incap Oyj	50	71	11	6	16.1%	8.8%
HansaMatrix	11	24	3.7	-0.2	15.1%	n/a
Data Response ASA	332	190	23	14	12.2%	7.3%
Note AB	122	171	16	9	9.6%	5.1%
Kitron ASA	185	336	30	14	8.9%	4.0%
Inission AB	29	92	7	3	7.2%	2.9%
HANZA Holding	36	204	14	2	6.9%	0.9%

Source: Bloomberg, May 21, 2020



Share performance in 2019

- The highest share price observed during the year was 7.2 EUR, the lowest 5.0 EUR.
- The number of retail investors since AGM in 2018 has increased by 60%



HansaMatrix shareholder dynamics

21.05.2020

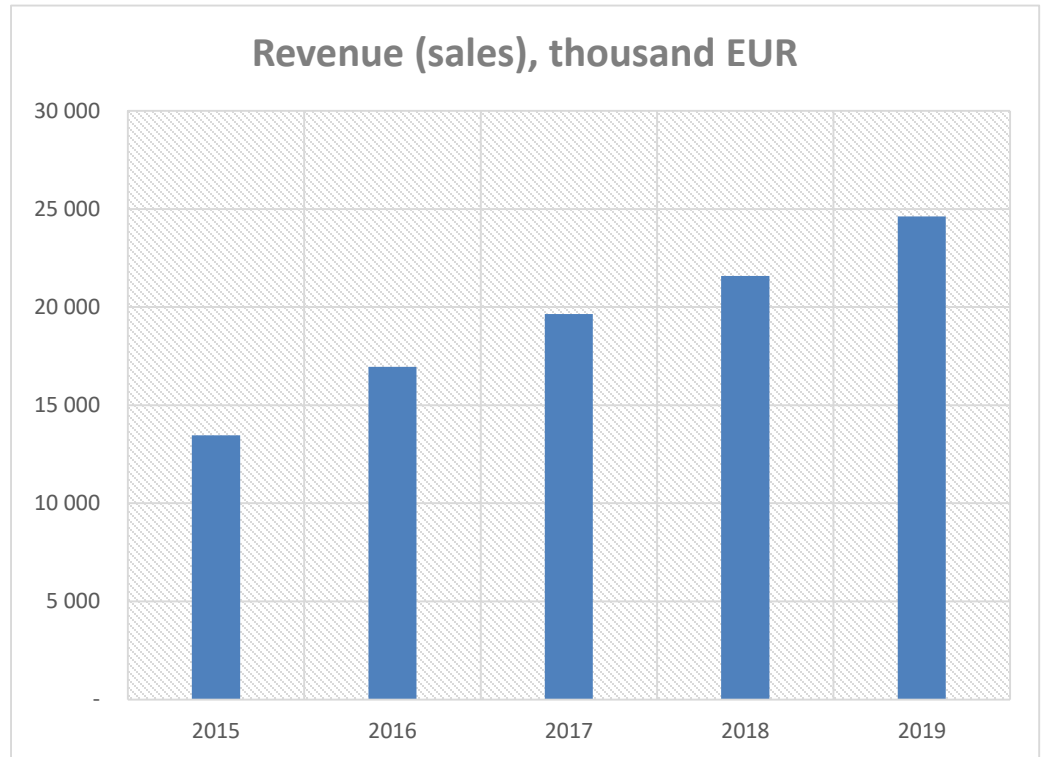
Investor category	14.05.2020			02.05.2019			19.04.2018		
	shares	number	%	shares	number	%	shares	number	%
Retail	44817	168	2,45%	43 459	124	2,38%	27 904	66	1,53%
Institutional	1162061	40	63,52%	887 857	37	48,53%	721 412	31	39,43%
Founder	622503	1	34,03%	898 065	1	49,09%	1 080 065	1	59,04%
Total	1 829 381	209	100,00%	1 829 381	162	100,00%	1 829 381	98	100,00%

2019 financial results in detail



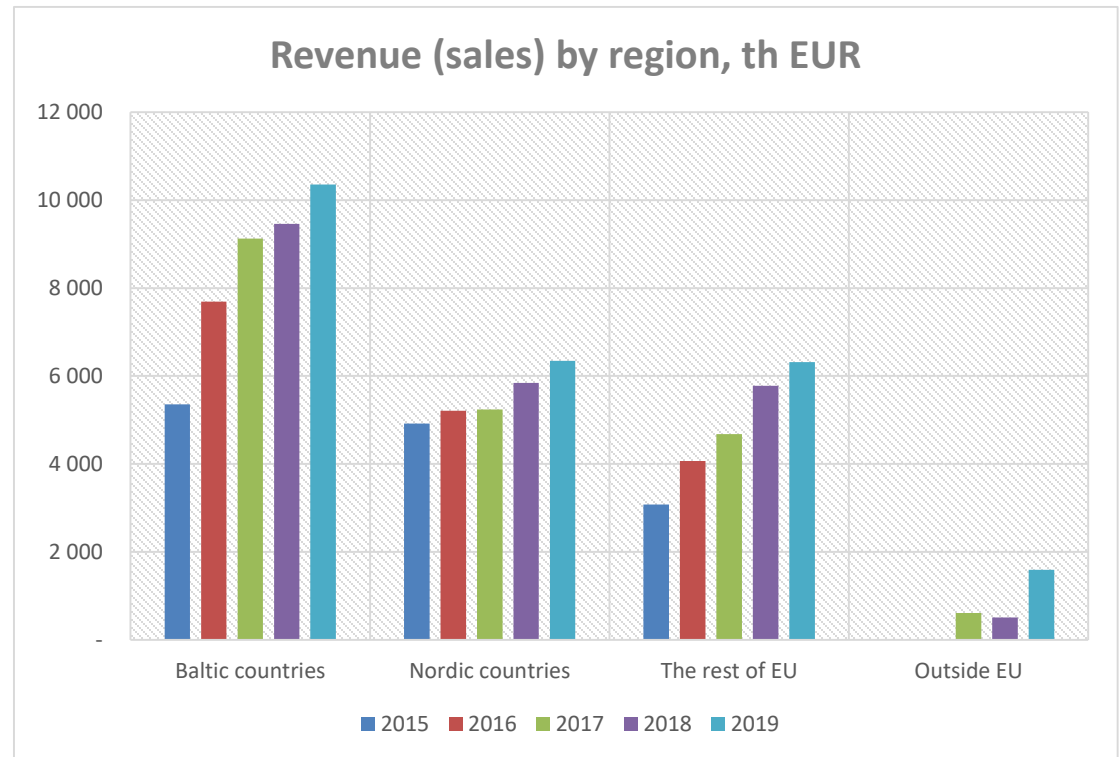
2019 revenue

- Record high 2019 sales of 24.611 million EUR
- An increase by 14% in comparison to 2018



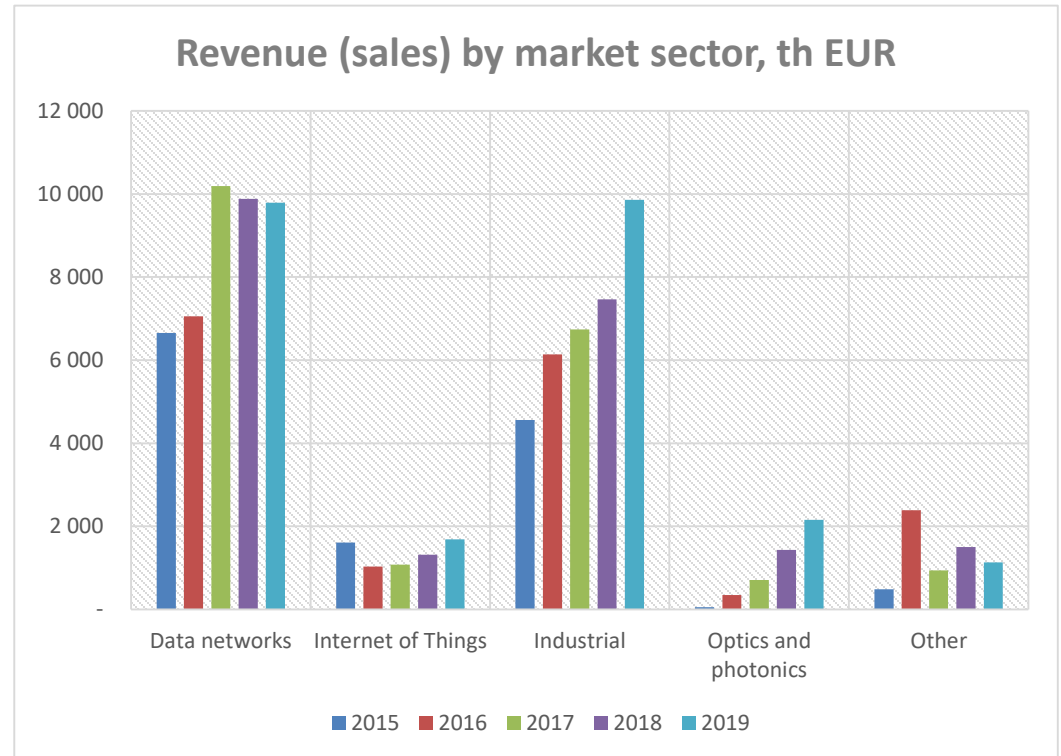
2019 revenue by region

- Baltic sales – 42%
 - ✓ 9% up y-o-y
- Nordic sales – 26%
 - ✓ 9% up y-o-y
- The rest of EU sales – 26%
 - ✓ 9% up y-o-y
- Outside EU – 6%
 - ✓ 214% up y-o-y



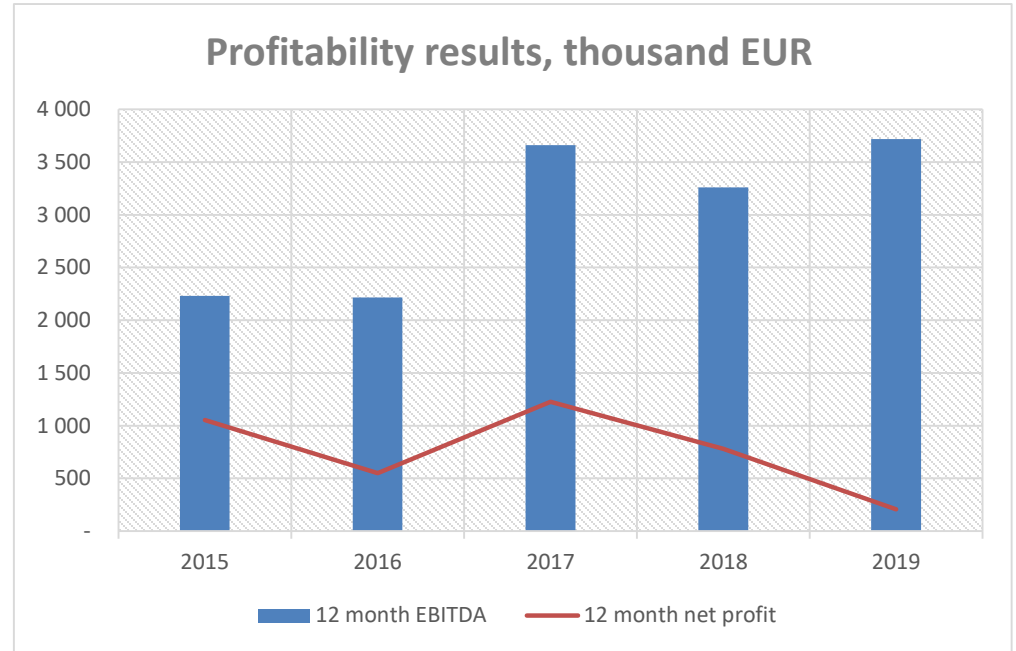
2019 12m sales by market sector

- Data network products - 40%
 - ✓ 1% down y-o-y
- Industrial segment – 40%
 - ✓ 32% up y-o-y
- Internet-of-things - 7%
 - ✓ 28% up y-o-y
- Optics and photonics - 9%
 - ✓ 51% up y-o-y
- Other – 5%
 - ✓ 25% down y-o-y



2019 profitability results

- 2019 12m EBITDA result – 3.719 million EUR
 - ✓ 14% up y-o-y
- Net profit result – 0.208 million euros
 - ✓ 73% down y-o-y
- 12m EBITDA margin – 15.1%
- 12m net profit margin – 0.8%
- 2019 EBITDA result adjusted for IFRS 16 effects – 3.078 million EUR

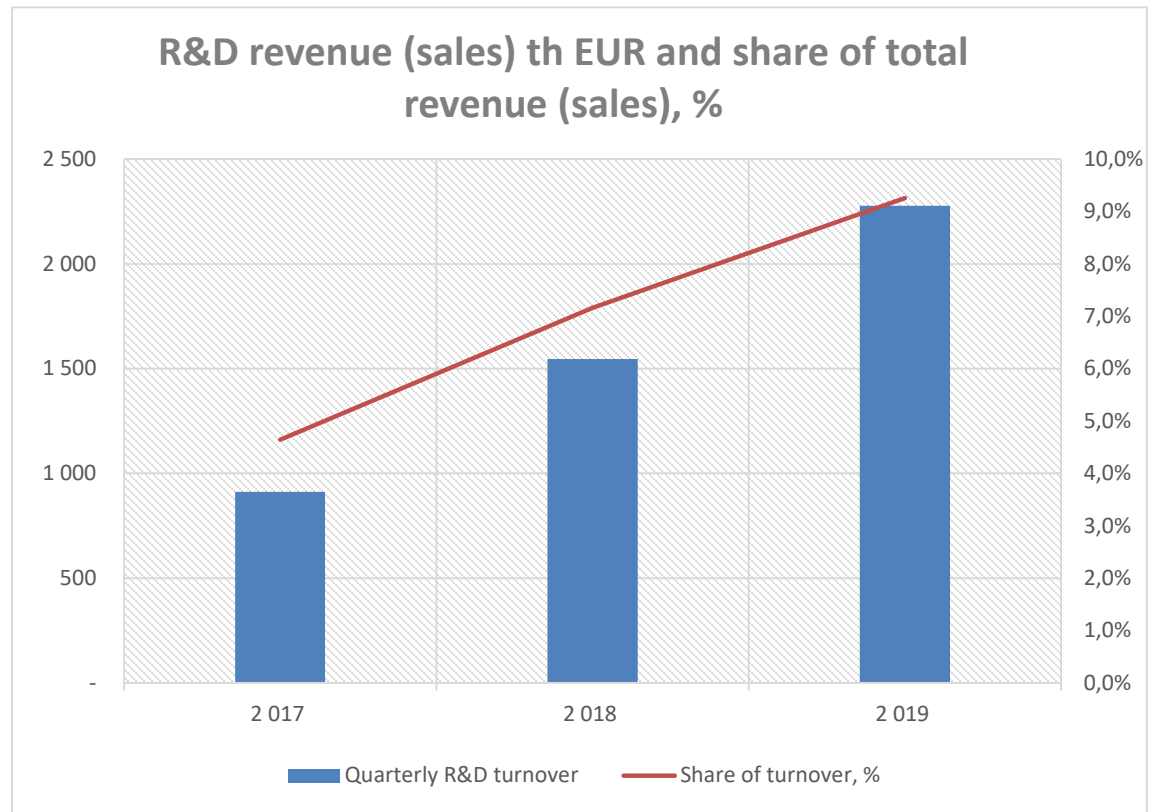


Update on other activities



2019 R&D revenue

- 2019 R&D B2B sales reported 2.278 M EUR
- y-o-y 47% growth
- 9.3% share of 2019 sales



Investments during 2019

- During 2019 HansaMatrix made 3.3 MEUR investments in production capacity increase, effectiveness improvements and introduction of a new production technologies.
- Most significant investments in 2019:
 - Plastic parts production equipment to start injection molding production to increase added value and to reduce outsourcing quality and logistic costs
 - Additional four high productivity NXT III assembly modules and additional equipment for assembling line in Ventspils plant
 - Warehouse premise purchase 880 m2 located next to Pārogre plant



Investments in associates and subsidiaries during 2019

- 3.5 MEUR invested into Lightspace Technologies to finance the development and commercialization of 3D display technologies.
- HansaMatrix balance sheet value of investments in Lightspace Technologies as at the end of 2019 amount to 8.1 MEUR.
- 0.4 MEUR invested into Zinatnes parks to finance the development of industrial real estate project at Riga airport territory.
- HansaMatrix balance sheet value of investments in Zinatnes parks as at the end of 2019 amount to 1.6 MEUR.



Business development of LightSpace Technologies

- During Q3-4 Three global Tier1 OEMs (biggest names) in AR and VR has chosen to start testing of LightSpace multi focal VR/AR headset optical technology.
- In August 2019 received and installed vacuum coating line to enable larger size multi plane screen manufacturing.
- Global Tier1 display manufacturer has chosen LightSpace technology to develop new generation 3D displays.
- New multi focal AR headset prototype IG1000 at SPIE AR MR VR 2020 expo demonstrated the best image quality among ALL commercially available AR headsets.



Other events during reporting period

- On August 12 HansaMatrix has attracted EUR 2 million investment from venture capital fund ZGI-4 in amount of 2 MEUR (15.06%).
- On October 29, 2019 extraordinary shareholder meeting approved remuneration policy of the Board of Directors and the Supervisory Council.
- Starting with January 1, 2019, HansaMatrix revised the useful lives of the items of property, plant and equipment with a view to align them to the real ones. The total depreciation charge reduction effect in 2019 was 0.26 MEUR (14%) comparing to the year 2018.



Events after reporting period

- Personnel safety issues, supply chain disruptions, and transportation network disruptions due to COVID-19 global spread are negatively influencing revenues and profitability in 2020.
- New internal regulations and business practices that are aimed to ensure safeguarding and maintaining good health of the employees have been introduced.
- HansaMatrix remains confident in the Company medium and long-term prospects and growth strategy.
- LightSpace Technologies started negotiations for further company funding with 3 leading European Corporate VC Funds, however process has been put on hold from March to June due to COVID-19 travel lockdown.



Q&A submitted before AGM

- What is your relationship with banks?

Financing banks are very supportive during this crisis. They have supported management request to reschedule principal payments to bank.

- I also expect that during the AGM it would be explained in more details why the profit distribution proposal was changed. What has changed during the last month when initial proposal was made? Just the answer „Covid-19 „won't be enough as it was present 1 month ago as well.

Initial indications from financing bank were positive for approval for paying out small dividend. However the final decision that came from the bank was negative due to banks policy not to support dividend payments during stressed financial situations and business situation uncertainty.

More questions and answers regarding current business situation, management actions and plans will be commented and answered during Q1 2020 results webinar scheduled for Tuesday May 26th 10:00. Your questions are welcome !





Thank you!

