

HANSAMATRIX



Innovator and Manufacturing Solution High-Tech Group

Q2 results of 2020 – Nasdaq webinar

Presenters: Ilmars Osmanis, CEO and Maris Macijevskis, CFO

August 25, 2020



Executive summary



2020 6M Business trends - changes

- COVID-19 Personell safety issues – stay for next periods
- COVID-19 Supply chain disruptions, transportation network disruptions impact is reducing.
- COVID-19 «New telecom» - Data router, base station product production influenced by supply chain and transportation logistic disruptions, starting to experience demand growth.
- COVID-19 starts new mega trend – near shoring – moving production from Asia to East Europe.



2020 Q2 summary

- Quarterly revenue 11%, EBITDA 45% y-o-y decrease impacted by COVID-19 extraordinary situation
- 2020 Q2 net loss of 0.383 MEUR (influenced by EIB loan provisions, losses from associates due to increasing ownership)

Results summary, MEUR	2019 Q2	2020 Q2	y-o-y	TTM 2020 2Q
Revenue	5.973	5.290	-11%	23.204
EBITDA	0.960	0.527	-45%	2.611
EBITDA margin	16.1%	9.96%		11.3%
Net profit	-0.054	-0.383		-0.756
Net profit margin	n/a	n/a		n/a
P/E				n/a



2020 comparison with peers

- HansaMatrix EBITDA margin – the second highest compared to industry peers
- Peer market capitalization range 3.9x up to 11x EBITDA (HansaMatrix 3.9x)

TTM figures - Million EUR	Market Cap	TTM Revenue	TTM EBITDA	TTM Net Profit	EBITDA margin	Net profit margin
Incap Oyj	74	71	11	6	16.1%	8.8%
HansaMatrix	12	23	2.6	-0.4	9.9%	n/a
Note AB	194	178	18	10	9.9%	5.5%
Kitron ASA	262	343	33	16	9.5%	4.6%
Inission AB	46	92	6	3	6.2%	2.9%
HANZA Holding	48	209	12	-1	5.9%	-0.3%

Source: Bloomberg, August 24, 2020

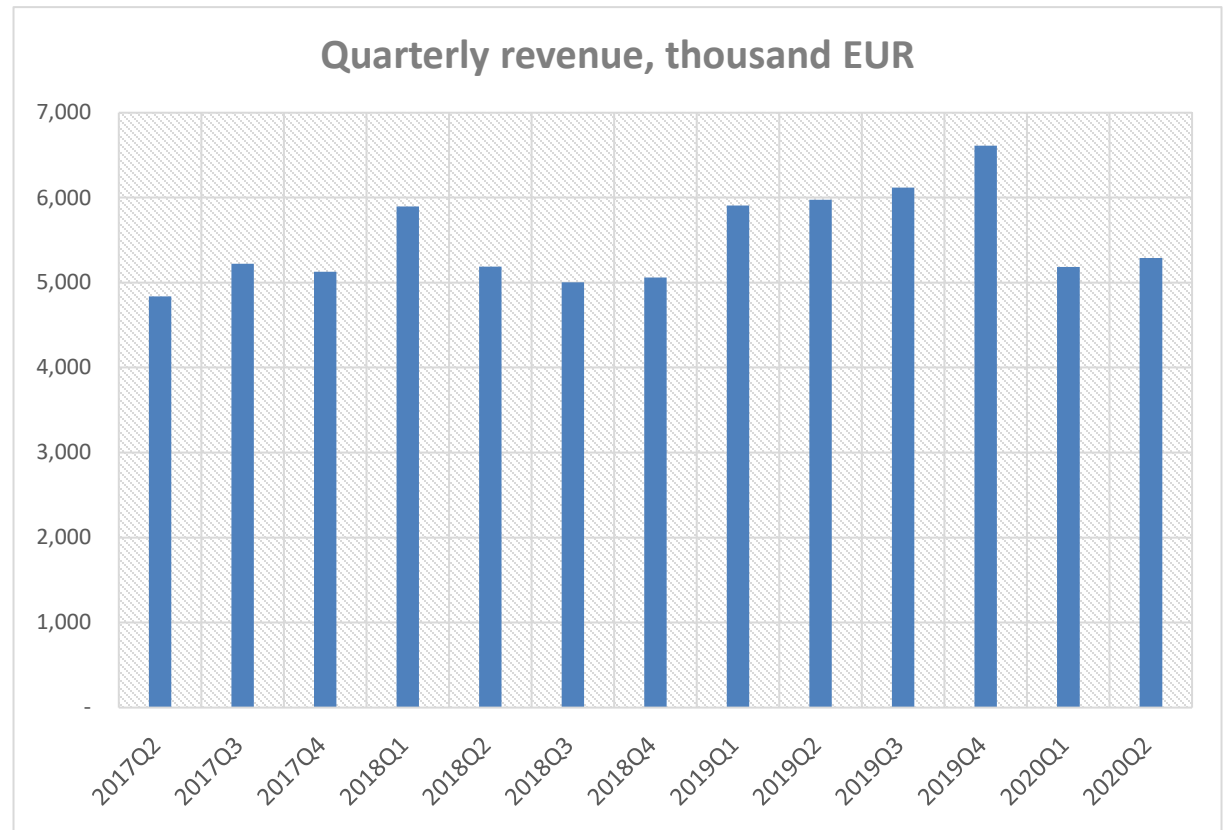


Q2 results of 2020 in detail



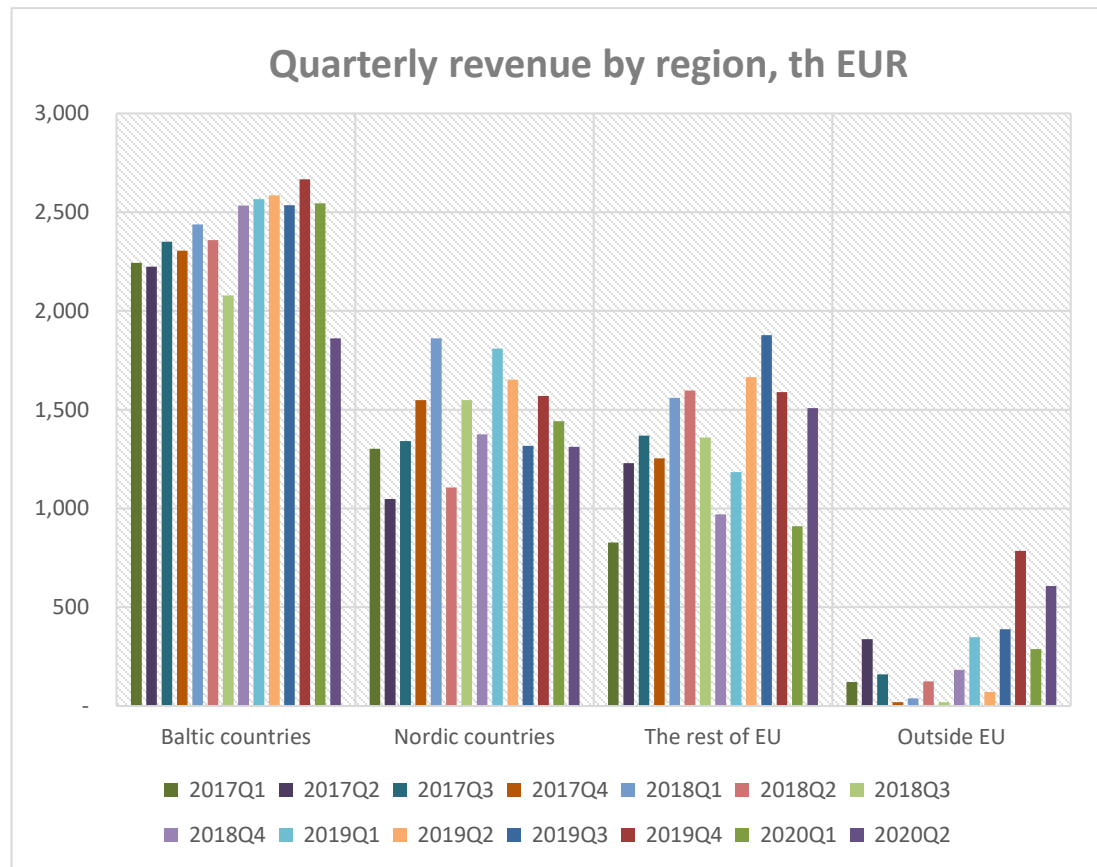
2020 Q2 revenue

- Quarterly sales reached 5.290 MEUR
- A decrease by 11% in comparison to 2019Q2
- An increase by 2% in comparison to 2020Q1



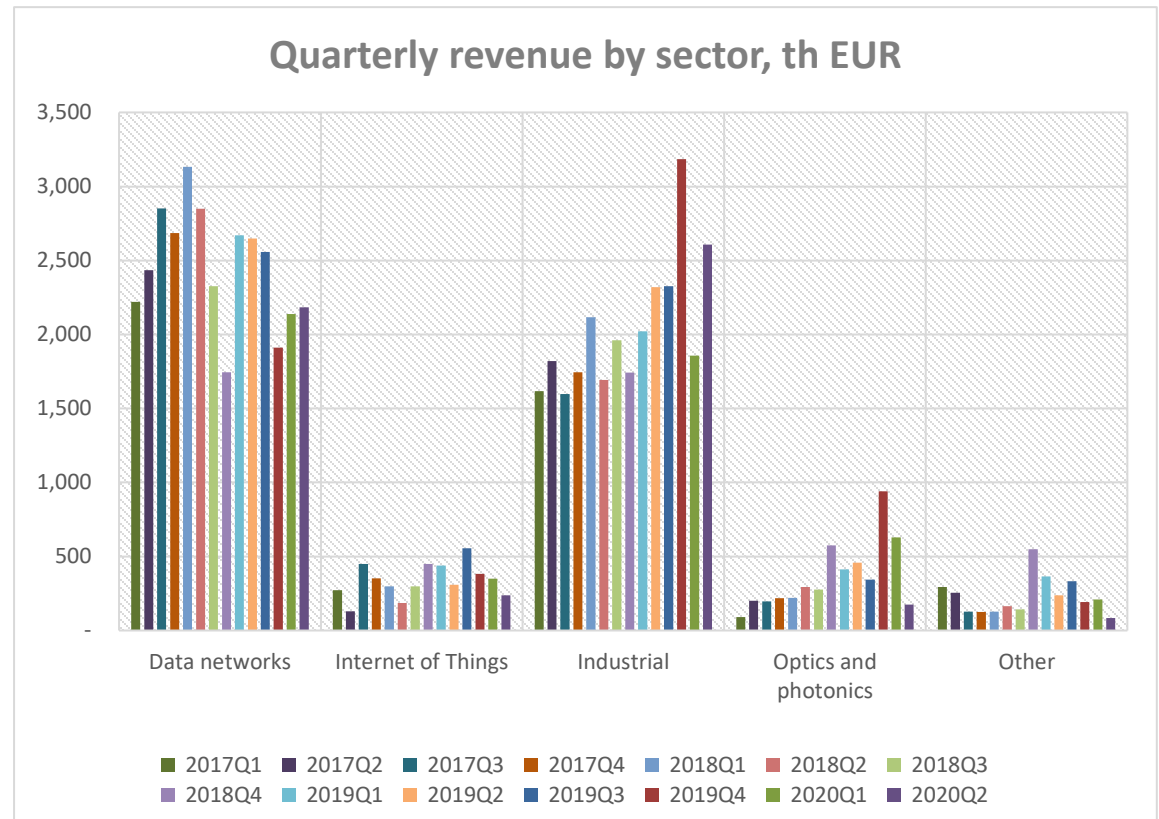
2020 Q2 revenue by region

- Baltic sales – 35%
✓ 28% down from 2019Q2
- Nordic sales – 25%
✓ 21% down from 2019Q2
- The rest of EU sales – 29%
✓ 9% down from 2019Q2
- Outside EU – 11%
✓ 761% up from 2019Q2



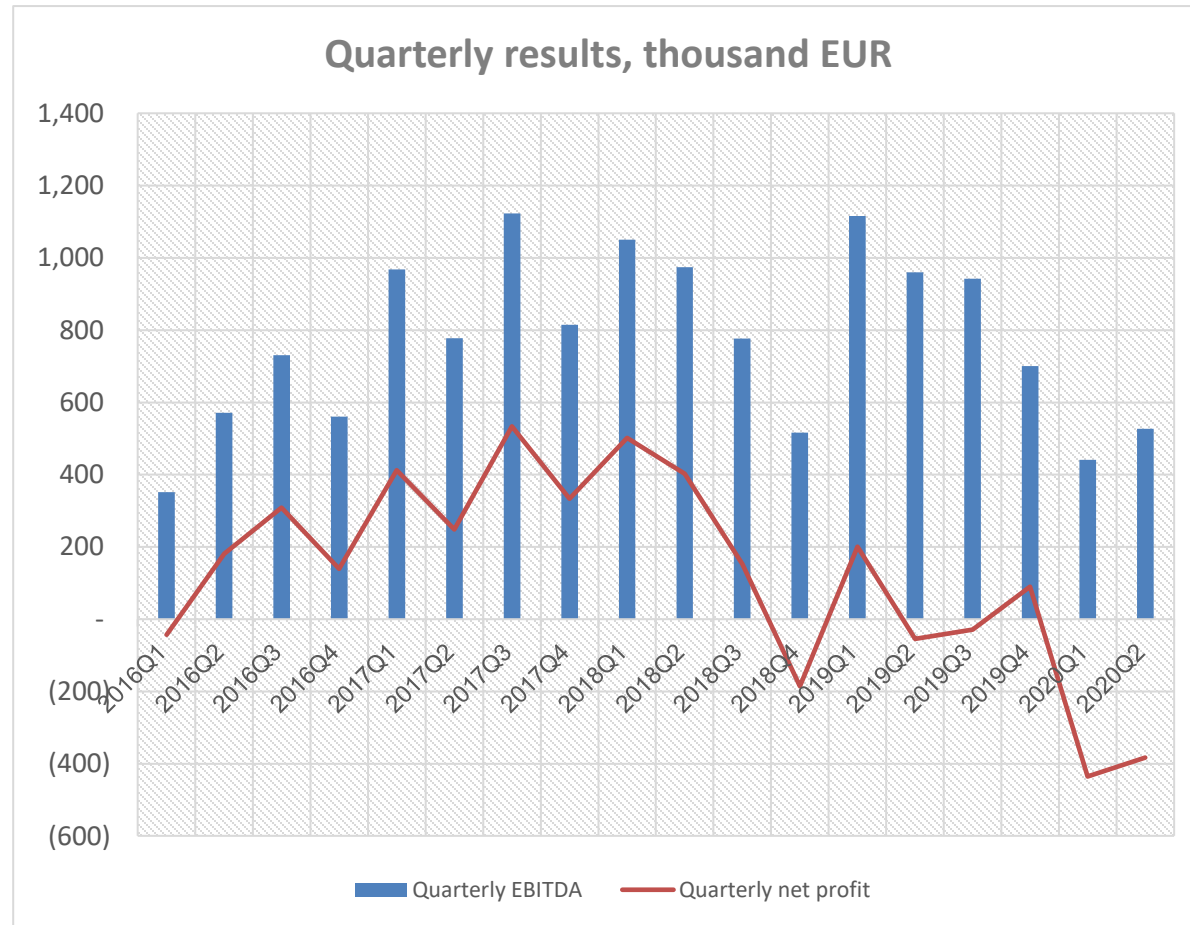
2020 Q2 revenue by market sector

- Data network products - 41%
✓ 18% down from 2019Q2
- Industrial segment – 49%
✓ 12% up from 2019Q2
- Internet-of-things - 4%
✓ 24% down from 2019Q2
- Optics and photonics - 3%
✓ 62% down from 2019Q2
- Other – 2%
✓ 64% down from 2019Q2



2020 Q2 profitability results

- 2020 Q2 EBITDA result – 0.527 MEUR
 - ✓ 45% down from 2019Q2
 - ✓ 19% up from 2020Q1
- Net loss – 0.383 MEUR
- Q1 EBITDA margin – 9.96%
- Q2 revenue volume and EBITDA profitability influenced by:
 - ✓ Supply chain disruptions
 - ✓ Postponement of orders in some sectors

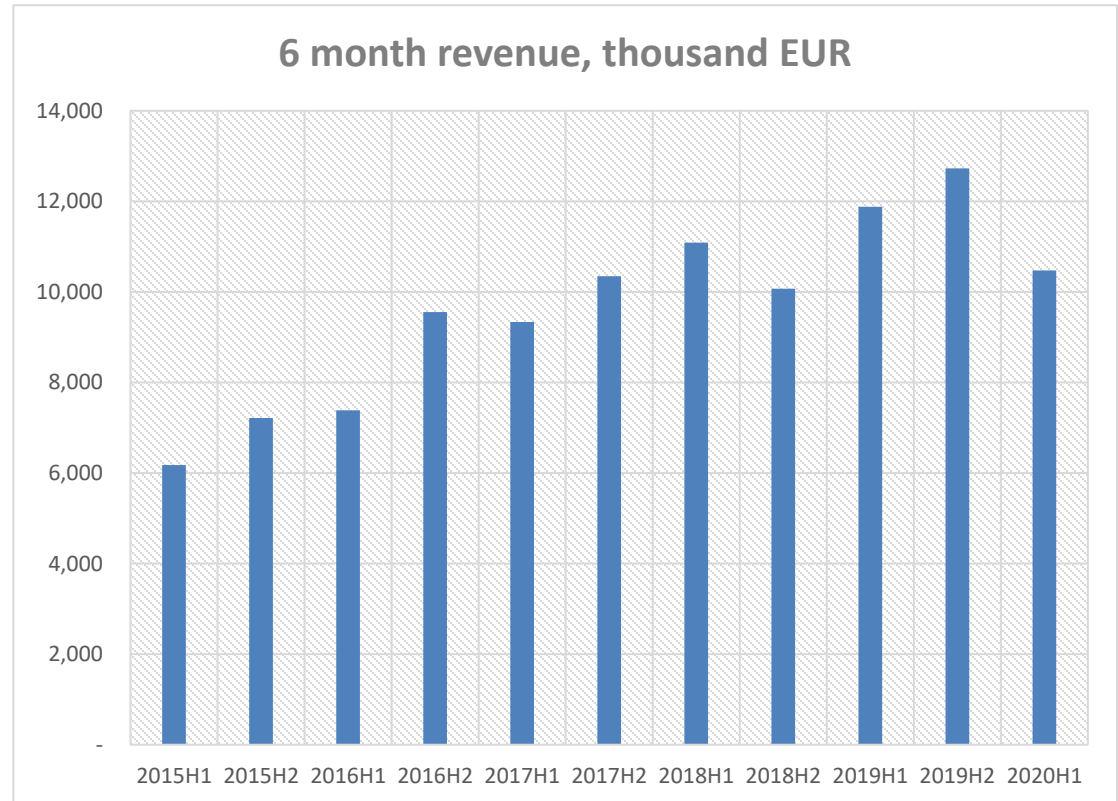


6m results of 2020 in detail



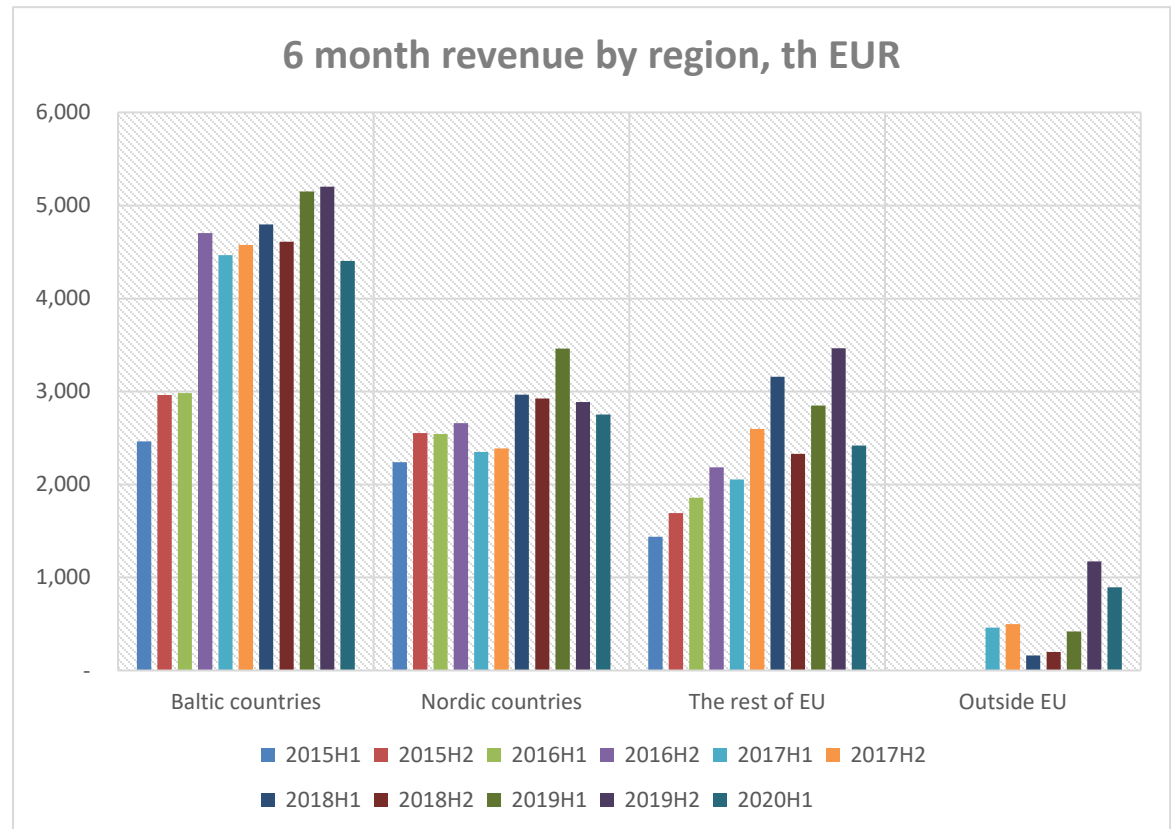
2020 6m revenue

- 2020 H1 revenue of 10.474 million EUR
- A decrease by 12% in comparison to 2019 H1



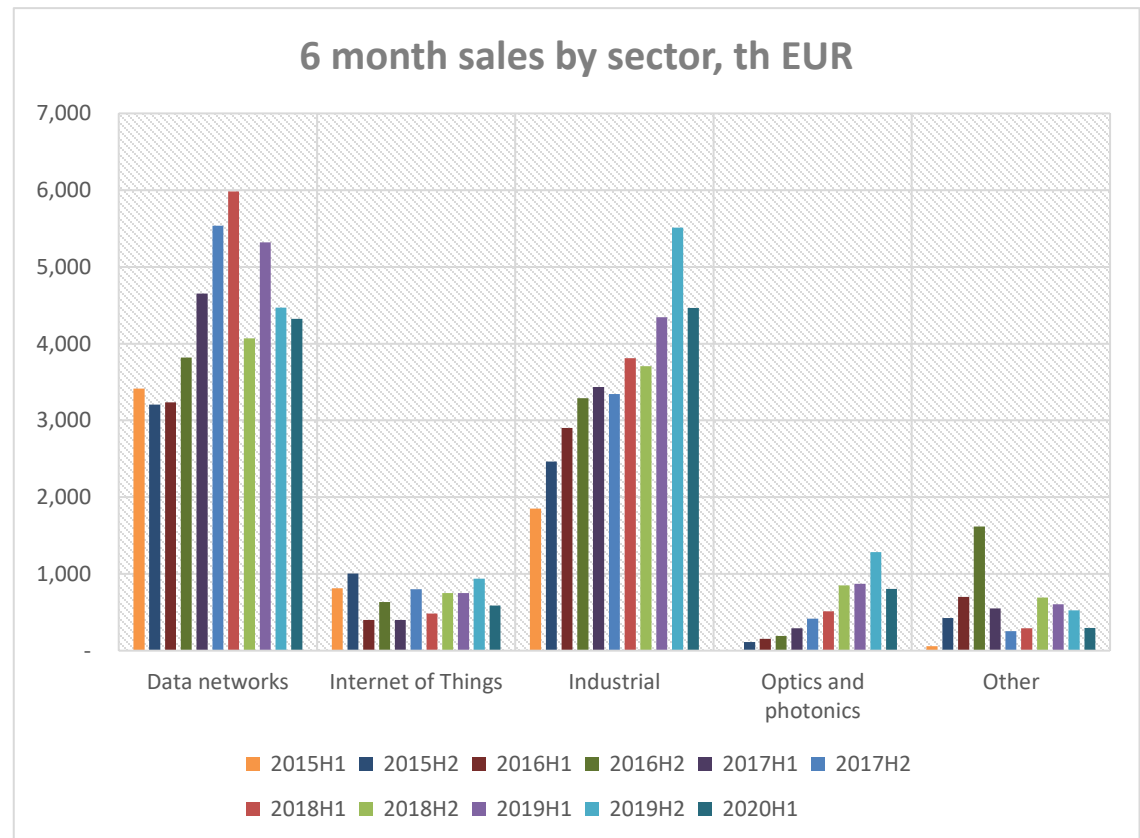
2020 6m revenue by region

- Baltic sales – 42%
 - ✓ 14% down from 2019 6m
- Nordic sales – 26%
 - ✓ 20% down from 2019 6m
- The rest of EU sales – 23%
 - ✓ 15% down from 2019 6m
- Outside EU – 9%
 - ✓ 114% up from 2019 6m



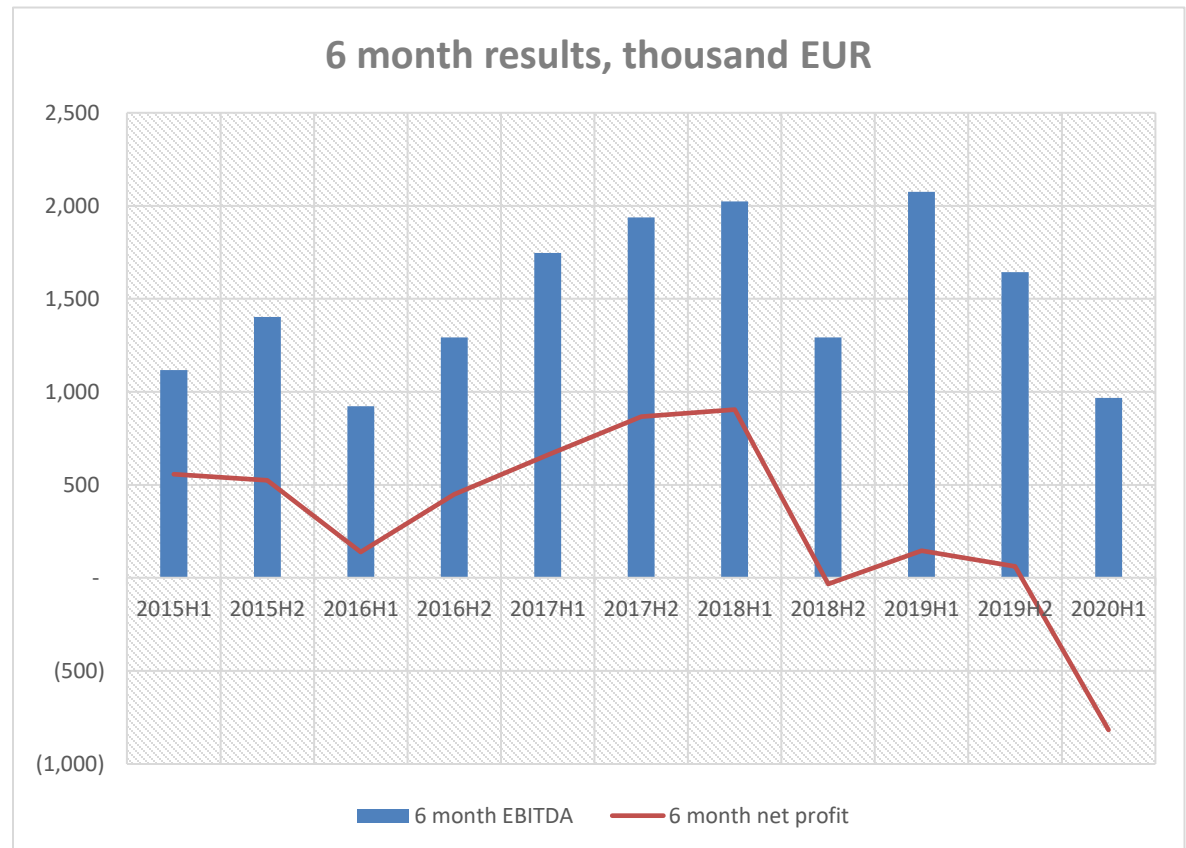
2020 6m revenue by market sector

- Data network products - 41%
 - ✓ 19% down from 2019 6m
- Industrial segment – 43%
 - ✓ 3% up from 2019 6m
- Internet-of-things - 6%
 - ✓ 22% down from 2019 6m
- Optics and photonics - 8%
 - ✓ 7% down from 2019 6m
- Other – 3%
 - ✓ 51% down from 2019 6m



2020 6m profitability results

- 2020 6m EBITDA result – 0.968 million EUR
 - ✓ 53% down from 2019 6m
- Net loss result – 0.818 million EUR
- 6m EBITDA margin – 9.2%
- 6m revenue volume and EBITDA profitability influenced by:
 - ✓ Supply chain disruptions
 - ✓ Postponement of orders in some sectors

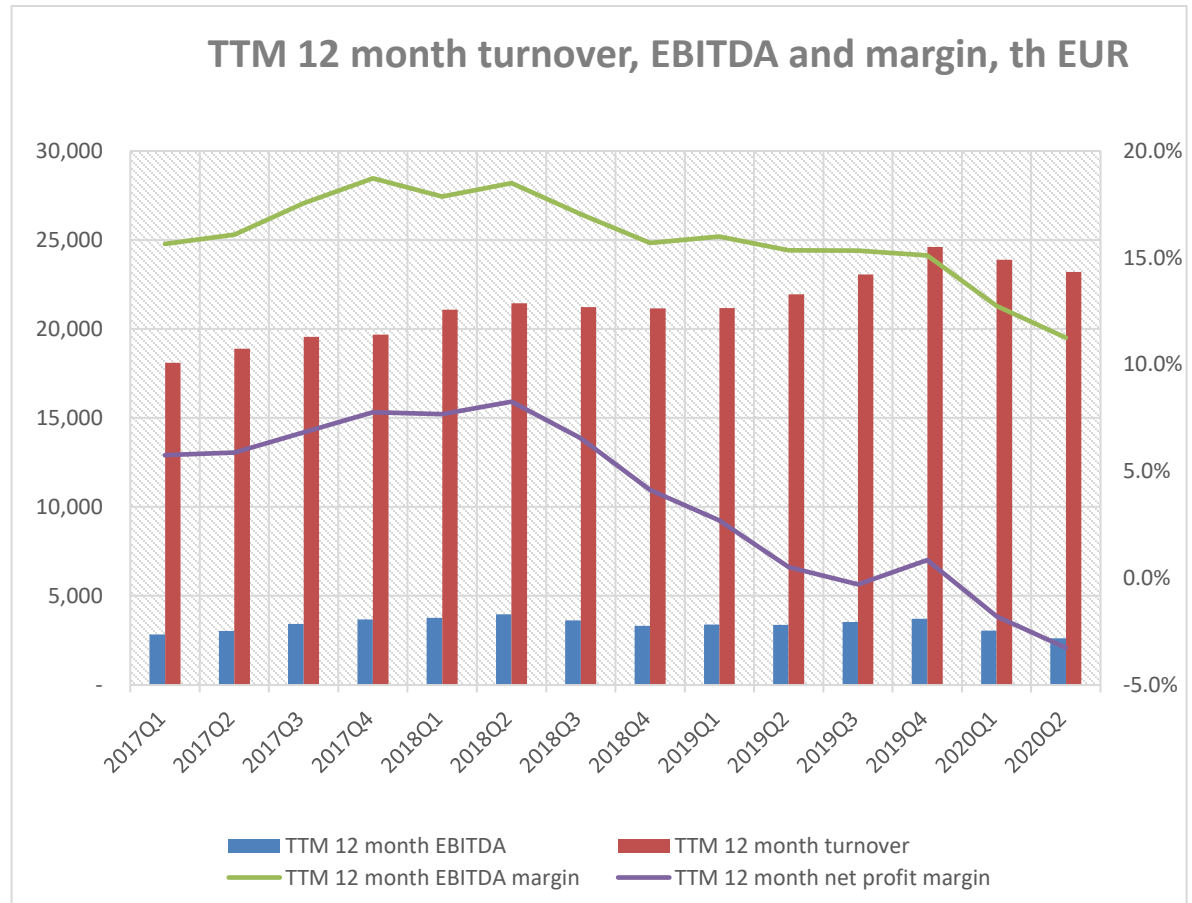


TTM 12 month results in detail



TTM 12 month sales and results

- TTM (trailing twelve months) period ending June 30, 2020 indicator dynamics compared to TTM period ending Q2 2019:
- TTM revenue 23.204 M EUR – 6% up
- TTM EBITDA 2.611 M EUR – 23% down
- TTM net loss 0.756 M EUR
- TTM EBITDA margin reported as 11.3%
- TTM net profit margin n/a as negative



Q42019 result adjusted by the positive audit adjustments in revenue and EBITDA recognizing revenue from WIP and ready products.

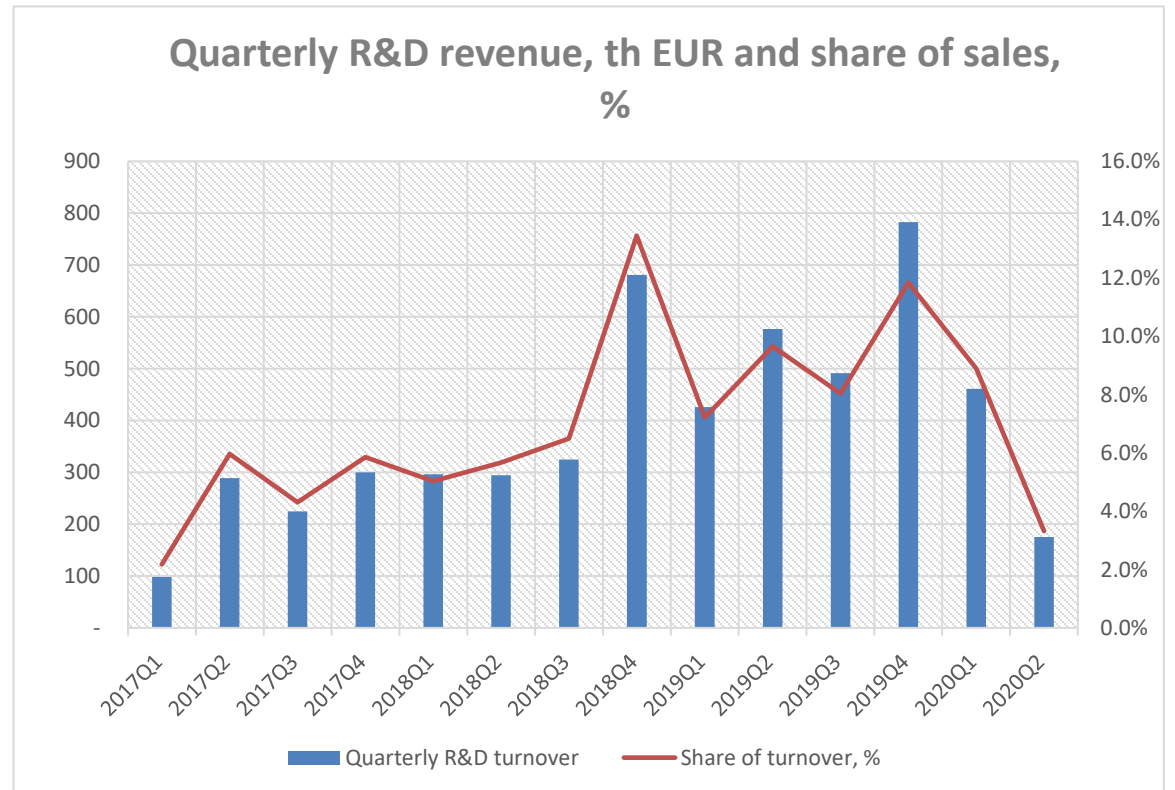


Update on other activities



Q2 2020 R&D revenue

- 2020 Q2 R&D revenue reported 0.176 MEUR, 70% decrease y-o-y
- 3.3% share of quarterly consolidated sales
- 2020 Q2 12 TTM R&D revenue reported 1.911 MEUR, 5% decrease y-o-y
- 8.2% share of 2020 Q2 TTM consolidated revenue
- R&D revenue volume influenced by:
 - ✓ Supply chain disruptions
 - ✓ Postponement of orders in some sectors



Investments during 2020 Q2 and 6m

- 0.274 MEUR investments in 2020 2Q and 0.430 MEUR in 2020 H1
- Due to COVID-19 situation the investments are mostly carried out to maintain the manufacturing equipment and other assets



Investments in associated companies and subsidiaries in Q2 and 6m 2020

LightSpace Technologies:

- 0.108 MEUR investments in Q2 and 0.473 MEUR in 6m 2020 into LightSpace Technologies to finance technology R&D and commercialization of 3D display technologies.
- As of end of 2020 Q2 investment in LightSpace Technologies amounted to 8.643 MEUR (4.933 MEUR convertible loan and 3.710 MEUR equity).

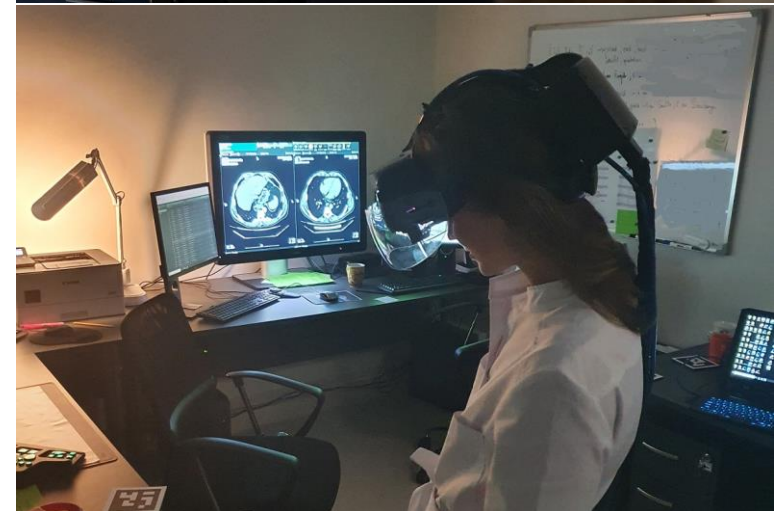
Zinatnes parks:

- 0.040 MEUR investments in Q2 and 0.133 M EUR in 6m 2020 in form of convertible loan to associated company – Zinātnes parks for industrial real estate project development at Riga airport.
- As of end of 2020 Q2 investment in Zinātnes parks in total amounted to 1.758 MEUR (0.957 MEUR convertible loan and 0.801 MEUR equity).



Business development of LightSpace Technologies

- On July 28, 2020 HansaMatrix associated company LightSpace Technologies has signed Grant Agreement with European Commission to receive grant funding of 2.25 Million EUR from European Union's Horizon 2020 research and innovation programme.



Forecast for Year 2020

- COVID-19 update - new normal:
 - supply chain disruptions continue, company has adapted to new normal;
 - experienced changes in demand accross product portfolio;
 - increase of demand for «new telecom» segment – base stations and data networks – company restarts to invest in capacity increase;
- Current management guidance for whole year 2020 revenue – to be at 23...24 million EUR level. Expected improvements in Q3-Q4.



Q&A Session

We welcome your questions during webinar !

Please use investor contact for any other enquiries:

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Q and A submitted before webinar (1)

- Why Baltic sales were especially hit in Q2? Can you elaborate more on that?

Company has concentration on start-up customers in Baltics that were deeper hit by COVID-19.

- Could you describe what is the current situation regarding demand, logistics, supply chain?

Already addressed in Forecast 2020 slide.



Alternative performance measures

The definitions of alternative performance indicators (APIs) used in the webinar presentation can be found on page 34 of the HansaMatrix Unaudited Interim Condensed Consolidated Financial Statements for the 6 month period ended June 30, 2020:

https://nasdaqbaltic.com/market/upload/reports/hmx/2020_q2_en_eur_con_ias.pdf





Thank you!

