

HANSAMATRIX



Innovator and Manufacturing Solution High-Tech Group

Company presentation – Capital Markets Day

March 1st, 2017



DISCLAIMER

This document has been prepared by AS HansaMatrix (“Company”) for informational purposes only. This document does not by any means constitute an offer or a solicitation, nor a recommendation to purchase or sell securities, commodities, currencies or other investments referred to herein. This document does not constitute independent investment advice. No investment decision shall be based on this material. The document belongs to the Company. The information contained in this document has been compiled from published sources which the Company believes to be reliable and accurate and in good faith.

Although carefully verified, the Company makes no representations or warranties of any kind, expressed or implied, about the completeness, accuracy, reliability or suitability with respect to the information contained herein. Any reliance placed on such information is therefore strictly at the risk of the reader. In no event shall the Company be liable for any loss or damage including direct, indirect, consequential loss or damage arising in connection with the use of the information contained herein. The Company shall also assume no other obligations or liability of whatever nature in connection with this preliminary material, such as for example an obligation to ensure the offering and issue of any securities or an obligation to update this information should the underlying circumstances change, etc. No respective claims can be brought against the Company in connection with the information contained herein.

This document contains forward-looking statements that are based on the Company’s expectations, estimates, projections and assumptions. Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those contemplated by such statements. Forward-looking statements are made and based on information available to the Company on the date of this document. The Company does not assume, and expressly disclaim, any obligation to update this information, nor does the Company take any responsibility to guarantee any result predicted in this document to become actual.



Introduction

- AS HansaMatrix is a Baltic high technology company offering complete solutions electronics manufacturing company, core operations have stable growth results and margins
- Diversified base of customers and products ranging from high-end internet routers for data centres through to the tiny internet-of-things modules
- Five year CAGR top line growth has been ca.24%
- Margins consistently above sector average due to factors such as:
 - more sophisticated products;
 - higher levels of automation
 - while also developing proprietary solutions through in-house know-how
- Has been listed on Nasdaq Baltic Main List since 12 July 2016 following private placement to existing and new shareholders (including several Baltic pension funds)
- Present investment focus:
 - Expand existing capacity and eliminate production bottlenecks
 - Develop a high tech product development site next to Riga International Airport



Investment case

Overview

- Complete solutions to other companies and full range of design, industrialisation and manufacture of high tech products
- One of the leading Nordic and Baltic electronic system development and manufacturing companies

Key strengths

- Full utilisation of their intellectual and technical capacities
- Knowledge intensive technologies and lean, efficient and cost-effective volume manufacturing operation
- Operates 2 modern and high capacity plants
- In business since 1999 and established BRAND

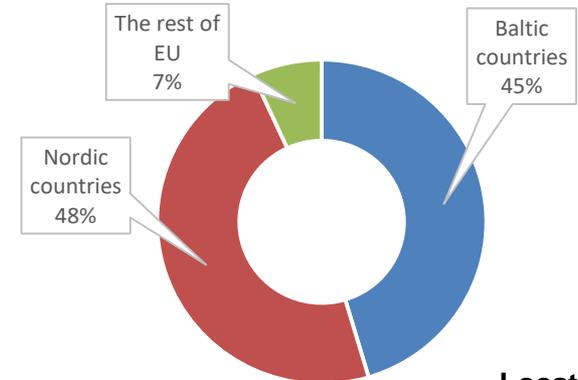
Strategy

- Clear focus on proceeds: expand capacity by investing in high tech product development site and new plant in Ogre
- Focused on future tech needs rather than current

Investment opportunity

- Company has platform and knowledge for growth
- Experienced and technically skilled management
- Direct exposure to strong Baltic macro story

Sales, % Year 2016, Total 16.94 M EUR



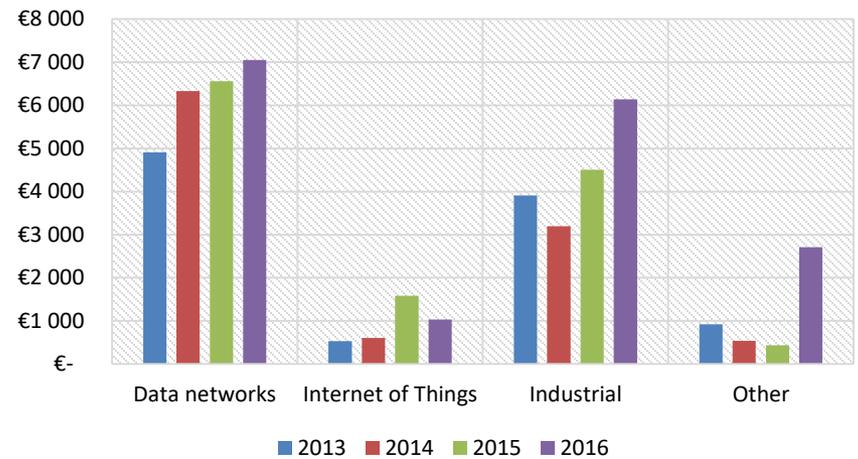
Locations of plants



Company in focus

- Complete solutions in electronics product development and manufacturing
- Core operations have stable growth results and margins
- From 2011 to 2015 the annual sales growth on average 24.1%
- A leading manufacturing facility of its kind in the Nordic/Baltic region with a focus on automation

Sales by market segment, th EUR



Internet of Things: is the network of physical objects or "things" embedded with electronics, software, sensors, and network connectivity, which enables these objects to collect and exchange data

EURm	2010	2011	2012	2013	2014	2015
Net turnover	5.3	5.6	7.4	10.3	10.7	13.4
Cost of sales	-3.8	-3.9	-5.4	-8.1	-8.6	-10.7
Gross profit	1.5	1.7	2.0	2.2	2.1	2.7
Operating profit	0.6	0.8	0.9	0.9	0.9	1.5
Net profit	0.4	0.6	0.8	0.8	-2.0	1.1
EBITDA	1.9	1.9	1.8	1.8	1.8	2.5
Net Debt	6.9	6.3	6.2	5.3	6.0	5.7

2014 one off loss due to Hanza Holding AB shares sold and related impairment totaling EUR 2.6m

Source: HansaMatrix annual consolidated reports, LHV calculations



History: over 15 years of experience

1999 – company was established

2001 – production launched in Ogre with a small series SMT* assembling line

2005 – completion of factory in Ogre - installation of 2 additional SMT volume assembling lines (VAL) and VALOR product traceability management system

2007 – launch of manufacturing site in Ventspils, 1 SMT VAL; acquiring “Elektromekan i Arjang” AB

2009 – sale of “Elektromekan i Arjang” AB in share swap deal.

2011 – launched R&D laboratory in Riga

2012 – major upgrade of SMT lines in Ogre plant

2014 – building large extension to Ventspils plant and opening engineering services unit in Marupe (Riga)

2015 – acquired 1.5ha land for Campus Pārogre for future expansion (next to existing HQ and Ogre Plant)

2016 – becoming Nasdaq Baltic listed company



**Surface mount technology – a method for producing electronic circuits in which the components are mounted or placed directly onto the surface of printed circuit boards*

Innovation and ODM

- HM is a great manufacturing partner with high standards and execution facilities:
 - manufactured first of its kind auto-follow drone, which received the award for the Best Drone or Robot at the CES 2015
- HM offers original design manufacturing (ODM) business model, and this is where the future jump in growth and profitability is expected to be found
- HM is pioneering several future technologies, at its Optical and Liquid Crystal Display system manufacturing facility:
 1. Precise optical systems for high resolution image projection engines.
 2. Unique real time 3D volumetric demonstrator prototype (some call it 4D) and already received good feedback from the medical industry in the USA.
 - Benefit: delivers physically deep images that leverage the whole human visual perception bandwidth and can be used without glasses, or helmets, and with no visual fatigue.
 - Use in: medical data imaging (X-ray / MRI CT et al), underwater 3D sonar, radar, command and control systems 3D displays, luggage and parcel 3D scanning, CAD, computational graphics, heads up display (HUD), gaming etc.



Integrated manufacturing

- **Industrial & commercial**
 - Robotic & automated systems, smart and remote metering
- **Data network products**
 - Internet routers, RF products for basestations
- **Medical**
 - PCBA* for diagnostic medical devices, real time volumetric 3D imaging systems
- **Defence and security**
 - Communication headsets
- **Traffic management information systems**
 - LCD & LED display elements and full custom systems

Global safety company, hearing protection product group

Product – electronic kits for hearing protectors and communication headsets.

Supply of prebuilt electronic kit, fully tested with conformal coating and cables



*Printed Circuit Board Assembly

Latvian leading IT firm

Product – Internet router

Supply of PCBA's & full box build products

All products sold globally



Finnish engineering firm

Product – Remote controller for industrial installations. Include GSM/GPRS modem.

Supply of full box build product, including sensor cables

Approved for global use



Fast growing EU firm

Product – Filter units that combine multiple GSM operators one mast and one antenna.

Supply of complex PCBs

Final products sold to major mobile operators worldwide



Key people and corporate governance

Ilmars Osmanis – Founder & CEO



- Holds a degree in Electronic Engineering from Riga Technical University
- Has been extensively involved in scientific research in field of electromagnetic analysis
- Board member of Latvian Electrotechnics and Electronics Industry Association

Alvis Vagulis – Head of Ogre Plant

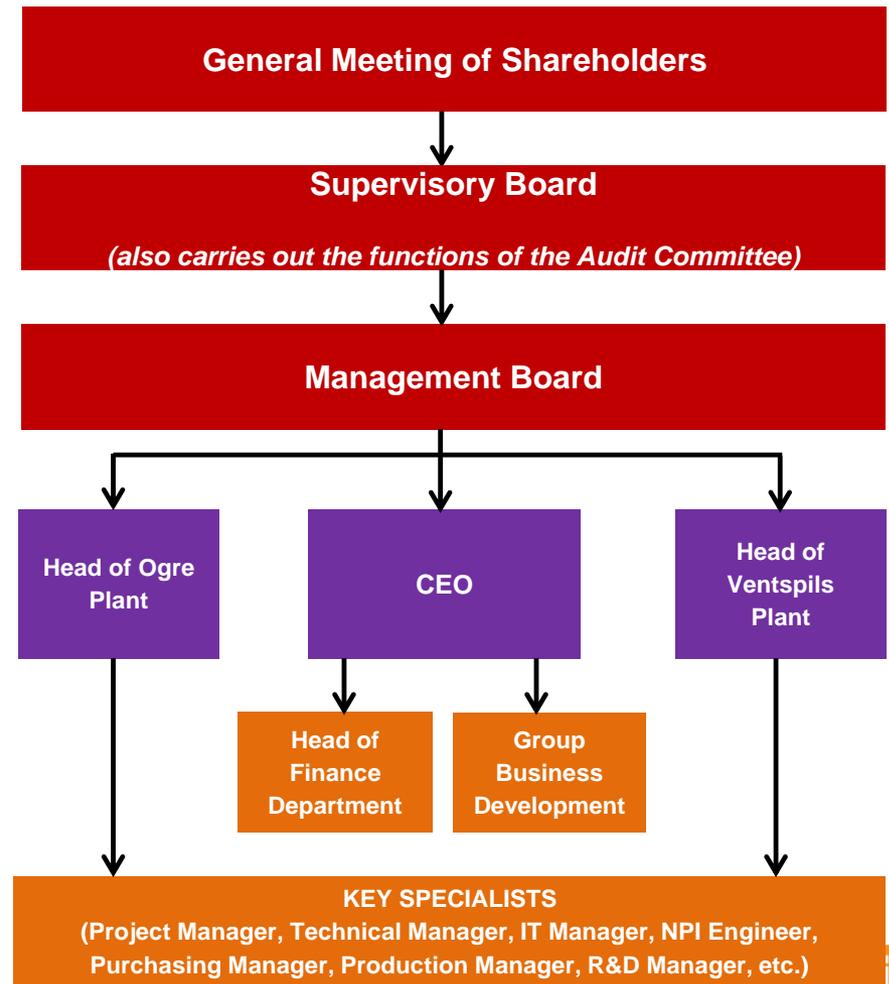


- With the company since 2008
- Mechanical Engineering degree from Riga Technical University and an MBA from Brussels Business School
- Previous experience includes the position of a plant manager at Schneider Electric

Aldis Cimoška – Head of Ventspils Plant



- With the company since 2013
- Holds a degree in Wood Processing Engineering from Latvian University of Agriculture
- Previous experience with managing wooden house fabrication company



HM has a transparent decision making process, relying on clear rules which are intended to enhance the shareholders' confidence



Investments

- Focus is on growth - expanding existing capacity and eliminate bottlenecks
- Expansion of production capacity, including additional manufacturing building at Parogre location and Ventspils factory
- In parallel, gradually develop a high-tech science park infrastructure next to Riga International Airport (R&D and accelerator factory)
- Overall investments during the coming few years may total up to around EUR 10m and funding sourced from a variety of capital resources including external debt financing and state grants.



Dividend policy

- The Company intends to pay dividends each year. However the exact payout ratio will be dependent on several factors including (but not limited to):
 - Absolute profitability levels in a particular year
 - Investment opportunities



Guidance

- Consolidated revenue target for 2018: reach and exceed EUR 20m
- Subject to ongoing revenue growth, absolute EBITDA levels are expected to increase over time
- EBITDA margins may gradually decrease over time due to the incorporation of a greater percentage of high value components (which typically carry lower margins). Nevertheless, the Company expects this to be higher than basic EMS peers due to the incorporation of its 'knowledge business' (proprietary technology) and selection of customers/products.

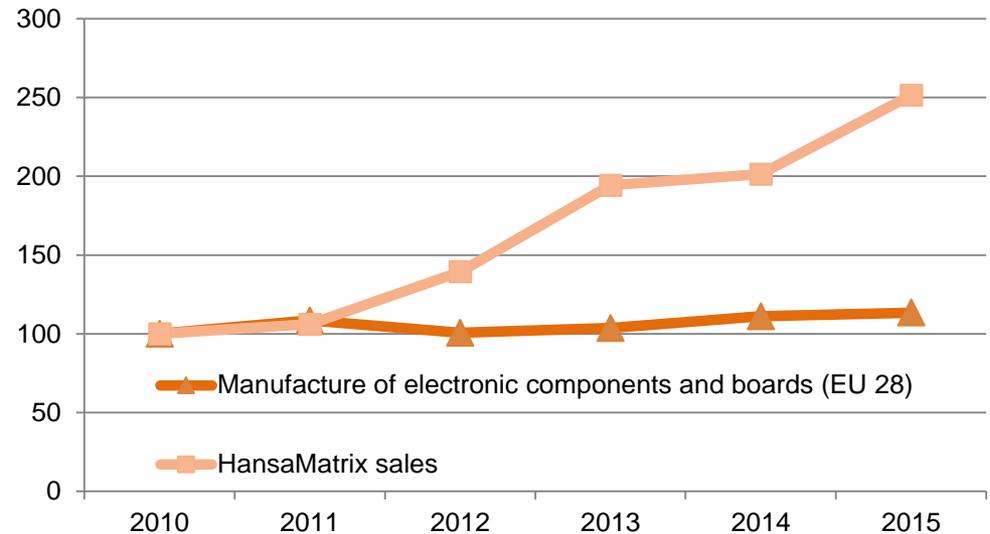
Source: Bloomberg, 16.05.2016



Market conditions

- Small: <1% of EU market
- Increasing depth of electronic system penetration & changes in end user needs are driving growth
- HansaMatrix sales have outpaced European production
- Relatively low levels of investment throughout the region in recent years reflected a pause in EU spending as one cycle of spending replaced the other. The new focus is on a shift away from spending on basic infrastructure to more sophisticated forms of business investment. This kind of shift can only help companies, like HansaMatrix, that seek to generate revenues through more knowledge intensive forms of economic activity

Market and Company performance dynamics
re-based to 2010



Source: Eurostat, HansaMatrix



Closest Listed Peers

Kitron (Norway): Specializes in contract design and manufacturing of industrial electronics. The Company designs, produces, tests, and installs printed circuit boards and thick-film multi-chip modules, as well as complete products to the end-users. Kitron has operations in Norway, Sweden and Lithuania, and sells to corporations in Scandinavia, and to the Norwegian government.

Data Respons (Norway): Designs, develops, and integrates computer systems and applications. Focus is on embedded solutions, wireless applications, real time, and machine-to-machine communications. Data Respons is primarily an outsourcing partner to technology based companies, OEMs, and System Integrators. The Company is active in Sweden, Norway, Denmark, and Finland.

Note (Sweden): Electronics manufacturing services (EMS) provider. The Company offers its clients design assistance, distribution, and after-market services. Note operates production facilities in Sweden and in other countries in Europe, as well as offers close-to-market production via a global network of contract manufacturers. The Company's clients include industrial and telecoms companies.

TT Electronics (UK): Manufacturer of electronic and electrical components for the automotive, telecommunication and industrial engineering sectors. The Group's products include electronic components and systems, electrical cables, uninterruptible power supplies and generators. TT has manufacturing facilities in the UK, Continental Europe, USA and low labor cost countries.

Source: Bloomberg





Thank you!

