

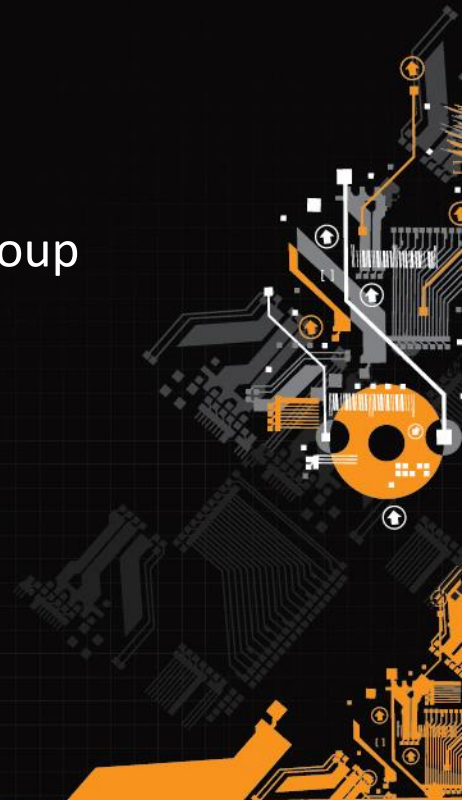
HANSAMATRIX



Innovator and Manufacturing Solution High-Tech Group

Q1 results of 2017 – Nasdaq webinar

May 26, 2017

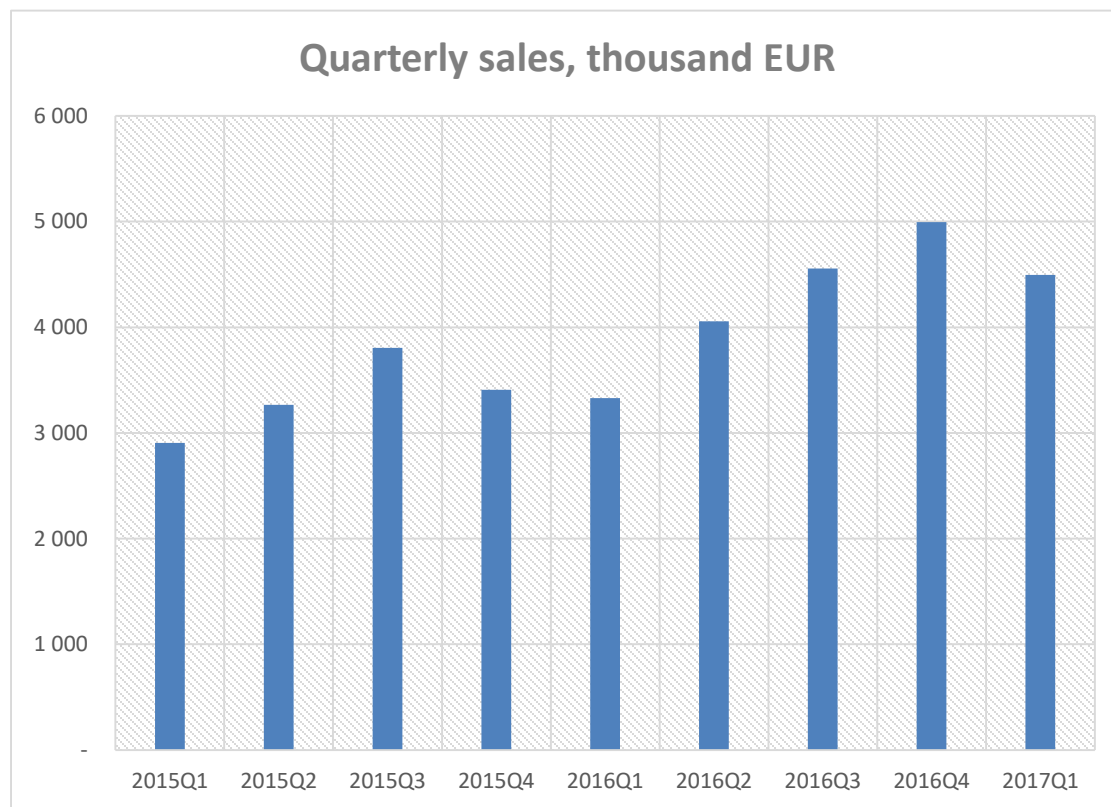


Q1 results of 2017



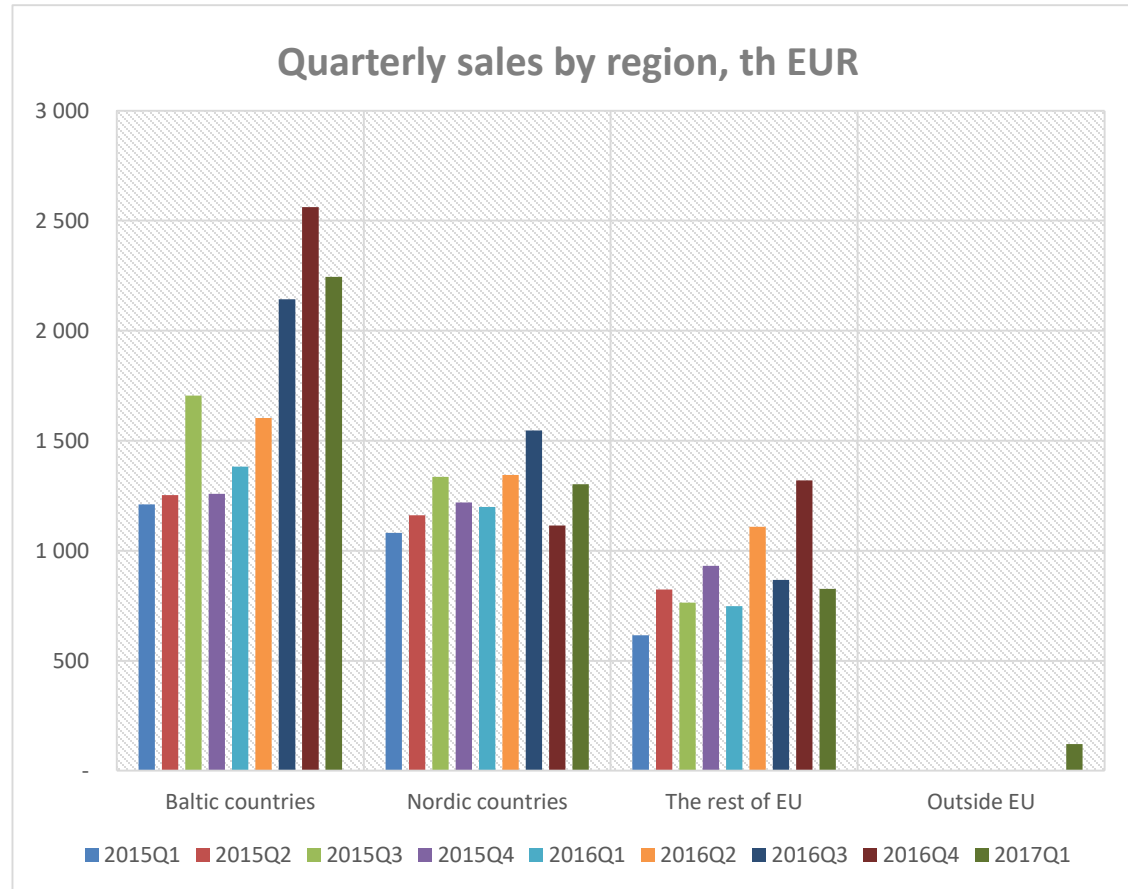
2017 Q1 sales

- Quarterly sales of 4.495 million euro
- Very strong first quarter
- An increase by 35% in comparison to 2016Q1
- A decrease by 10% in comparison to 2016Q4



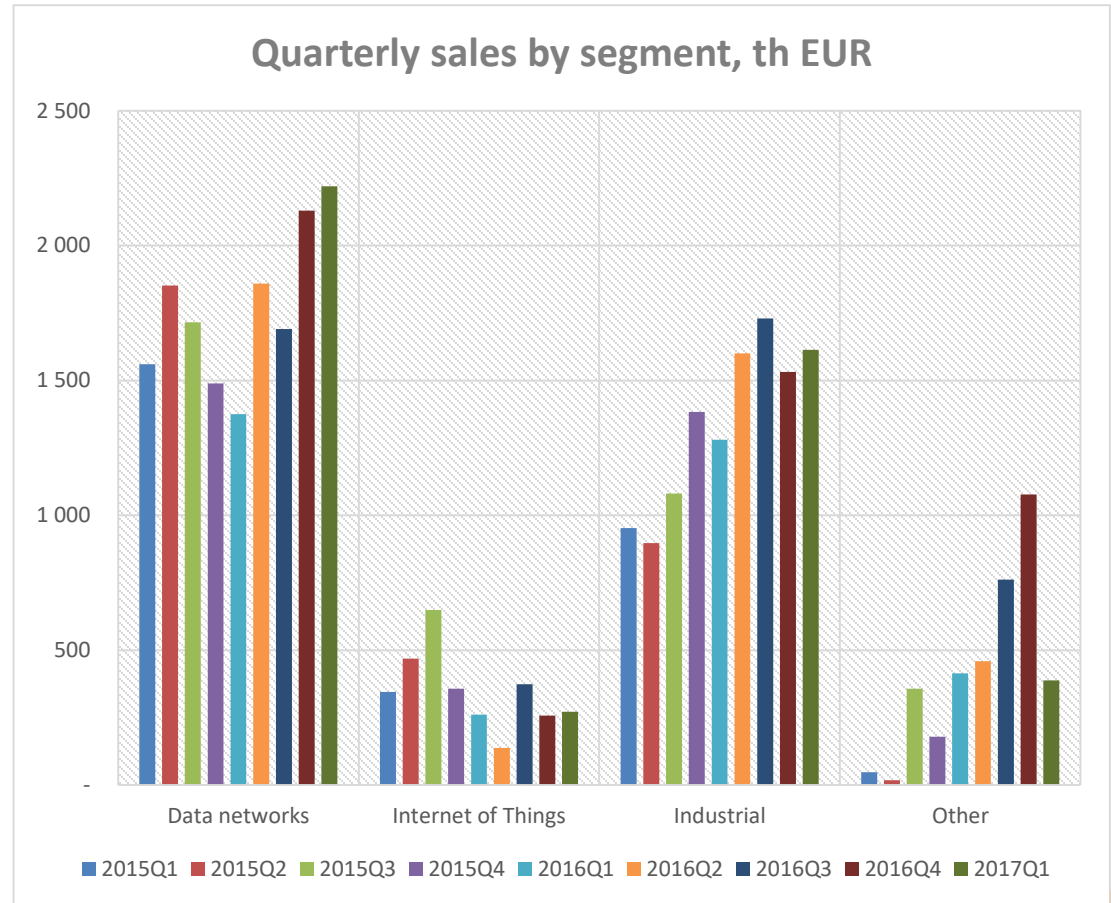
Q1 sales by region

- One of Nordic customers changed address to the rest of EU. Historic data are changed too.
- Baltic sales – 50%
 - ✓ 62% up from 2016Q1
 - ✓ 12% down from 2016Q4
- Nordic sales – 29%
 - ✓ 9% up from 2016Q1
 - ✓ 17% up from 2016Q4
- The rest of EU sales – 18%
 - ✓ 11% up from 2016Q1
 - ✓ 37% down from 2016Q4
- Outside EU – 3%



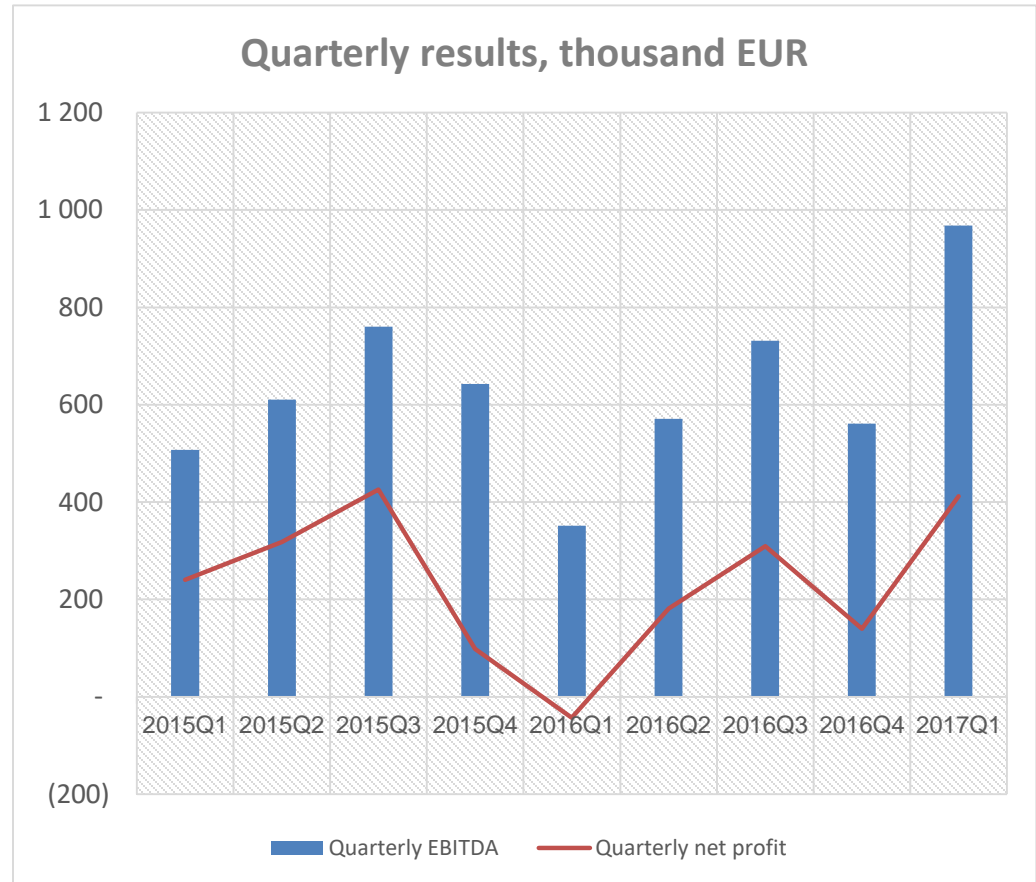
Q1 sales by market segment

- No surprises
- Data network products - 49%
 - ✓ 61% up from 2016Q1
 - ✓ 4% up from 2016Q4
- Industrial segment – 36%
 - ✓ 26% up from 2016Q1
 - ✓ 5% up from 2016Q4
- Internet-of-things - 6%
 - ✓ 4% up from 2016Q1
 - ✓ 5% up from 2016Q4
- Other – 9%
 - ✓ 6% down from 2016Q1
 - ✓ 64% down from 2016Q4



2017 Q1 profitability results

- Highest EBITDA quarter so far
- 2017 Q1 EBITDA result - 0.968 million euros
 - ✓ 176% up from 2016Q1
 - ✓ 73% up from 2016Q4
- Net profit results – 0.412 million euros
 - ✓ up from 0.04 million loss in 2016Q1
 - ✓ 195% up from 2016Q4
- Q1 EBITDA margin - 22%
- Q1 net profit margin – 9%

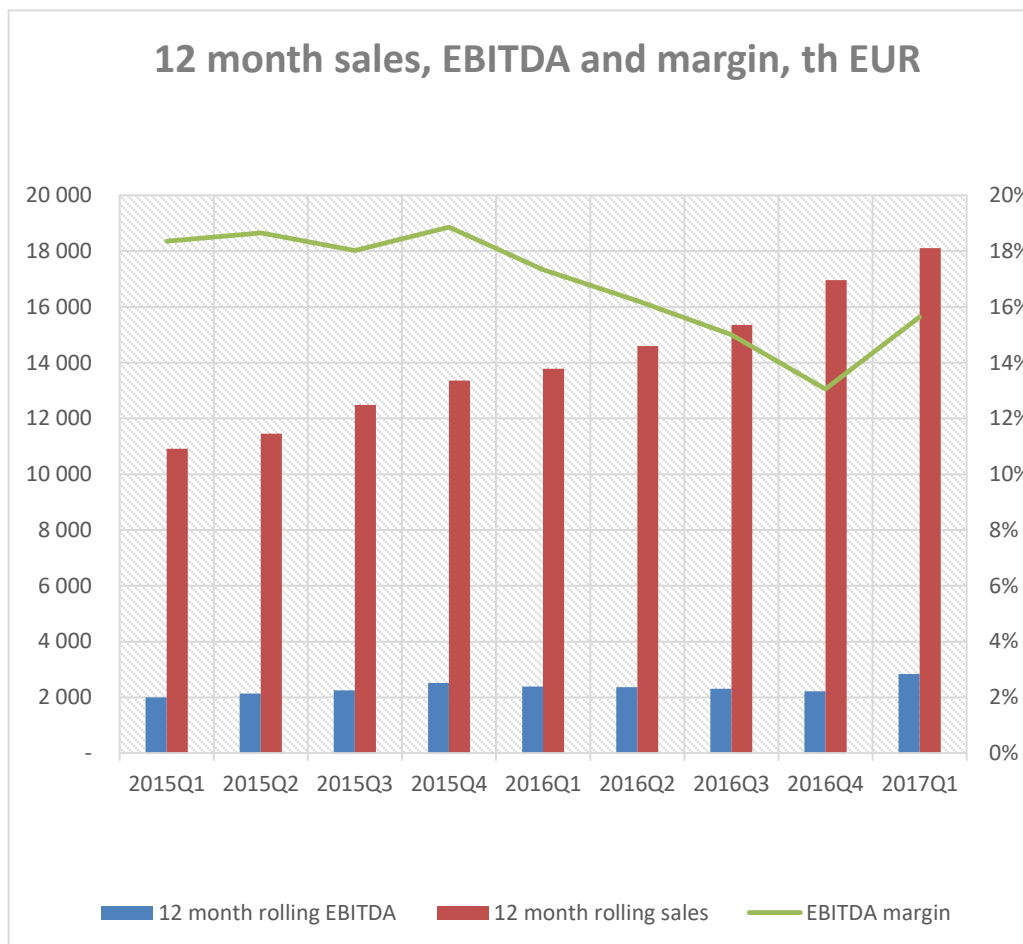


rolling 12 month results



Rolling 12 month sales and results

- rolling 12 months represents period:
 - ✓ starting April 1, 2016
 - ✓ ending March 31, 2017
- rolling 12 month sales grown to 18.11 million euros what is increase by 7% from period ending at end of Q4 2016
- rolling 12 month EBITDA result is 2.83 million euros what is 28% increase from period ending at Q4 2016
- Rolling 12 month EBITDA margin reported as 16%



Update on other activities

Investments during 2017 Q1

- During quarter the Company has invested approximately 500 thousand EUR in production capacity increase, research instruments, test systems and development of new products.
- Most significant investment was opening of a new production line in Ventspils manufacturing plant with total cost of approximately 1 million EUR, of which 380 thousand EUR is investment in new equipment. Investment was partially (194 thousand EUR) financed by a leaseback arrangement with a credit institution.
- On January 10, 2017 The 200 thousand EUR investment loan to the SIA LightSpace Technologies was converted to shares. After the conversion the Company holds 17.21% shares. LightSpace Technologies SIA is an product development start-up with core activity in development and commercialization of ultimate world leading volumetric 3D image display systems with main applications in medicine, scientific visualisation and real-time robot controls.



Research and development activities

- During Q1 2017 the consortium of HansaMatrix, HansaMatrix Innovation, LightSpace Technologies and EUROLCDs continued realization of a research and development project supervised by “Centrālā Finanšu un līgumu aģentūra” with project title “Real time 3D volumetric imaging technology development” in cooperation with SIA “LEO Pētījumu centrs”, financed by European Regional Development Funds (ERDF). Overall budget of the project - 665 thousand EUR. During Q1 2017 the Company received project funding amount of 237 thousand EUR.
- During January 2017 the subsidiary SIA HansaMatrix Innovation created a new manufacturing division, and started production of a new products in optics, including development and limited series production of lenses.



Shares and stock market

- On 4 January 2017 shareholder SIA “MACRO RĪGA” sold 56 100 shares of AS “HansaMatrix” (HMX1R) at a price of EUR 6.85 per share. As a result of the transaction the free float of AS HansaMatrix will increase by 3.07%.
- On 29 March 2017 SIA MACRO RĪGA sold in a public offering 24 971 shares of AS HansaMatrix (HMX1R) at a price of EUR 6.90 per share. As a result of the transaction the free float of AS HansaMatrix will increase by further 1.36%. Following this transaction, SIA MACRO RĪGA owns 60.40% of AS HansaMatrix shares.



Events after reporting period

- Shareholder “Macro Riga”, has started repayment of shareholder loan. First repayment of 100 thousand EUR was made on April 3, 2017.
- On the April 18, 2017 the Company has signed a contract with “Centrālā finanšu un līgumu aģentūra” (CFLA) on the funding for the project “Real time 3D volumetric imaging technology experimental production establishment”, the project total funding approx. 1 million EUR.
- On the April 21, 2017 HansaMatrix signed a joint investment agreement with KS AIF Imprimatur Capital Technology Venture Fund to provide next round investment of 799 365 euro in LightSpace Technologies, SIA. JSC HansaMatrix share in this investment round is 649 635 EUR and after this round participation increases to 33.07%
- On the April 27, 2017 HansaMatrix shareholders decided to pay the dividend of EUR 0.03 per 1 share, the total amount of the dividends calculated for the year 2016 shall be 54 881.43 eur. Payment of dividends will be made on 25 May 2017.



Existing guidance

- Consolidated revenue target for 2018: reach EUR 20m
(will be revised during second half of 2017)
- Mid term (3 to 5 years) EBITDA margin of 12...15% (for rolling 12 month period) - 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.



Q&A Session

We welcome your questions during webinar !

Please use investor contact for any other enquiries:

Zanda Lapane, Assistant to CEO

Phone: (+371) 6780 0002

e-mail: invest@hansamatrix.com



Q & A submitted before webinar

1. This was the first time HansaMatrix reported sales to other markets than your previous markets of Baltics, Nordics and other EU markets. Can you comment which country or countries was it?

in Q1 countries that were reported as outside EU, included India, Taiwan and Russia.

non EU country - Norway has been reported as part of Nordic region

2. It appears that the sales to the non-EU markets was less than 5% of your total sales which is typically the threshold the company's use for determining their segmentation. Does that hint that higher volume of sales to these markets should be expected in the coming periods or was it simply the fact that this market did not simply fit into any of the other geographical segments you have?

we expect business volumes in longer term outside EU will be growing.

3. You have continuously exhibited very good sales growth and the last twelve months' sales have now reached more than 18 million euros. When would you consider revisiting your financial guidance, which currently stands at c.a. EUR 20m sales in 2018?

we are planning to revisit financial guidance during second half of this year (2017).



Q & A submitted before webinar

4. Would you consider disclosing segment data in numerical values in a table format complementary to the graphics and commentary about percentage changes?

Here they come:

Sales, thEUR	2015Q1	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1
Data networks	1 561	1 852	1 715	1 489	1 375	1 859	1 691	2 130	2 220
Internet of Things	345	469	649	357	261	138	374	258	272
Industrial	953	897	1 081	1 383	1 280	1 600	1 730	1 531	1 614
Other	48	18	358	179	414	460	762	1 077	388
Total	2 906	3 237	3 804	3 408	3 330	4 057	4 557	4 996	4 494



Q & A submitted before webinar

5. Is it typical for the industry that the profitability swings so heavily from quarter to quarter?
11.4% EBITDA margin in Q4 2016 and 21.5% in the following quarter.

Generally it is not. In our case profitability very much depends on actual product and project mix that we manufacture during any given quarter. Additionally some of our largest customers are having project based business, when every month can be very much different from any other month. Statistics are more consistent on longer periods, like rolling 12 month period.

6. Что HMX планирует с Free Float? Будет ли он увеличен и когда? – ENG: What are HMX plans regarding free-float ? Will it be increased and when ?

During 2017 Q1 free float has been increased by 4.43% and now has reached 17.5%. Largest shareholder Macro Riga will be offering some more share lots to institutional investors to increase free float and also continue to repay shareholder loan.



Q & A submitted before webinar

7. In the report its mentioned that the largest shareholder, Macro Riga, has started repayments of the outstanding shareholder loan with the first 100 thousand euro payment done in April. Can you comment on the expected schedule and amount of the planned repayments and what is the focus area for these incoming proceeds for HansaMatrix?

During listing process Macro Riga was planning to reduce shareholding to 40% by divesting part of owned shares and forwarding received cash to repay shareholder loan. It was not realized in anticipated amount.

However Macro Riga did sell around 4% of shares during Q1 and used proceeds to start to repay shareholder loan.

Further repayments schedule are connected to potential divestiture of more Company shares to institutional investors. For them then payments for existing Macro Riga shares would mean – cash to the Company.

HansaMatrix will be using repayment proceeds for investments in ongoing projects in associated companies (Zinatnes Parks and LightSpace Technologies).



Q & A submitted before webinar

8. Can you confirm the notion that this quarter's profitability was rather extraordinarily strong and expecting a similar level of performance in the future quarters would be too optimistic, particularly given the official guidance of expectations of decreasing EBITDA margins over the years?

Yes – this result is connected to increased volume high margin product supply during Q1. We are seeing increased high margin product demand. At this point we can not forecast length of this period. It very much depends of market situation and our customer product success on the market as well as our abilities to manage fast ramp-up of production. We would still indicate medium term (3 to 5 years) EBITDA margins to be at 12...15% level for 12 month intervals with consistently growing turnover.





Thank you!

