

HANSAMATRIX



Innovator and Manufacturing Solution High-Tech Group

Q1 results of 2020 – Nasdaq webinar

Presenters: Ilmars Osmanis, CEO and Maris Macijevskis, CFO

May 26, 2020



Executive summary

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.



2020 Q1 summary

- Quarterly revenue 12%, EBITDA 60% y-o-y decrease impacted by COVID-19 extraordinary situation
- 2020 Q1 net loss of 0.435 MEUR (influenced by EIB loan provisions, losses from associates due to increasing ownership)

Results summary, MEUR	2019 Q1	2020 Q1	y-o-y	TTM 2020 1Q
Revenue	5.908	5.184	-12%	23.125
EBITDA	1.116	0.441	-60%	2.899
EBITDA margin	18.9%	8.51%		12.5%
Net profit	0.201	-0.435		-0.437
Net profit margin	3.4%	n/a		n/a
P/E				n/a



2020 comparison with peers

- 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	23.1	2.9	-0.4	12.5%	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

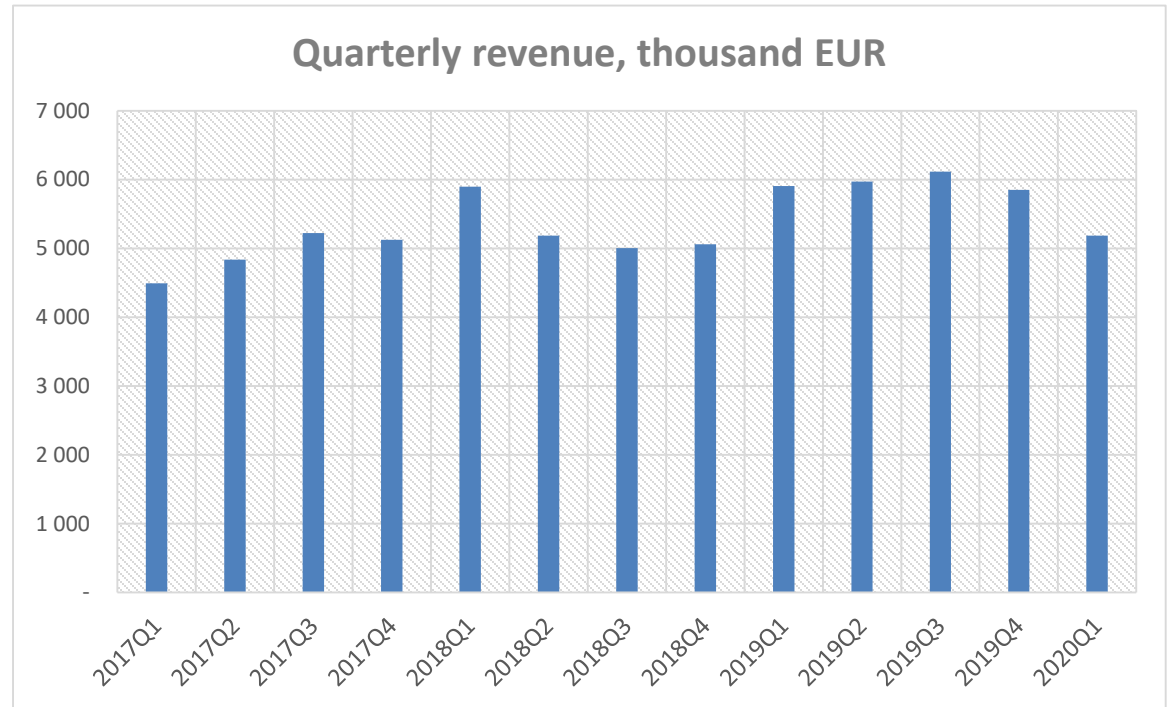


Q1 results of 2020 in detail



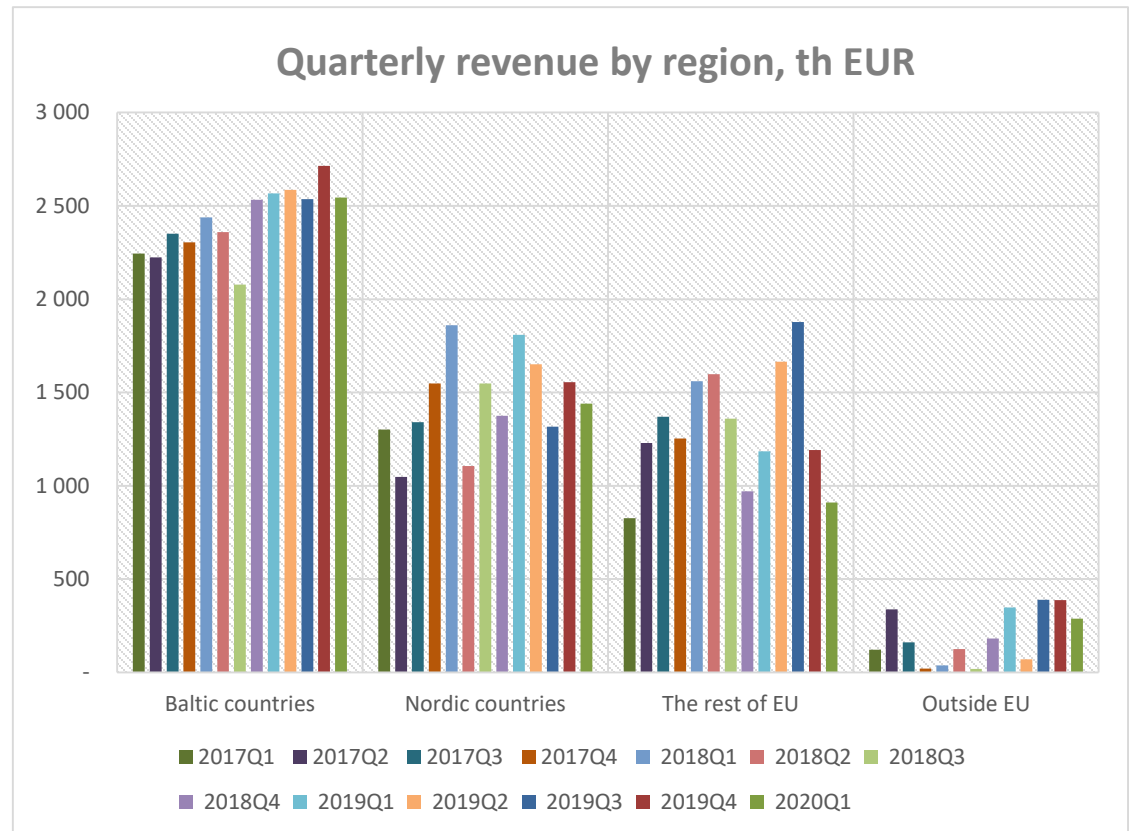
2020 Q1 revenue

- Quarterly sales reached 5.184 MEUR
- A decrease by 12% in comparison to 2019Q1
- A decrease by 11% in comparison to 2019Q4



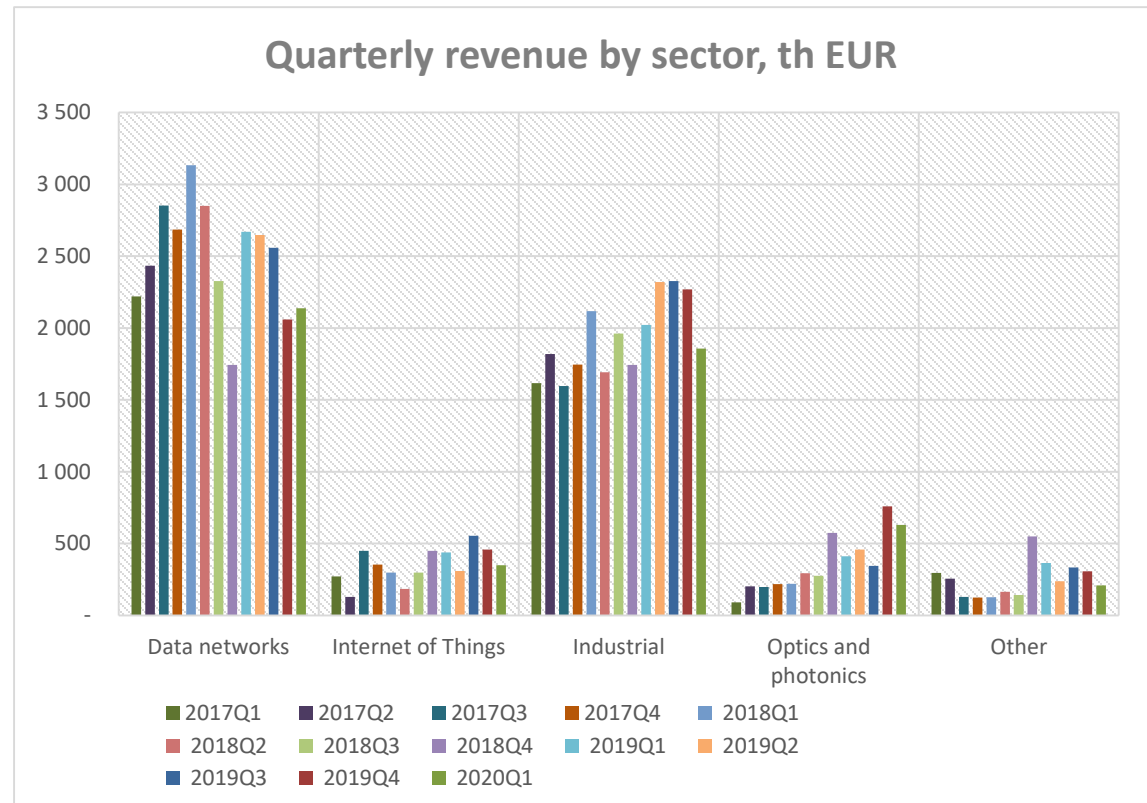
2020 Q1 revenue by region

- Baltic sales – 49%
 - ✓ 1% down from 2019Q1
- Nordic sales – 28%
 - ✓ 20% down from 2019Q1
- The rest of EU sales – 18%
 - ✓ 23% down from 2019Q1
- Outside EU – 6%
 - ✓ 17% down from 2019Q1



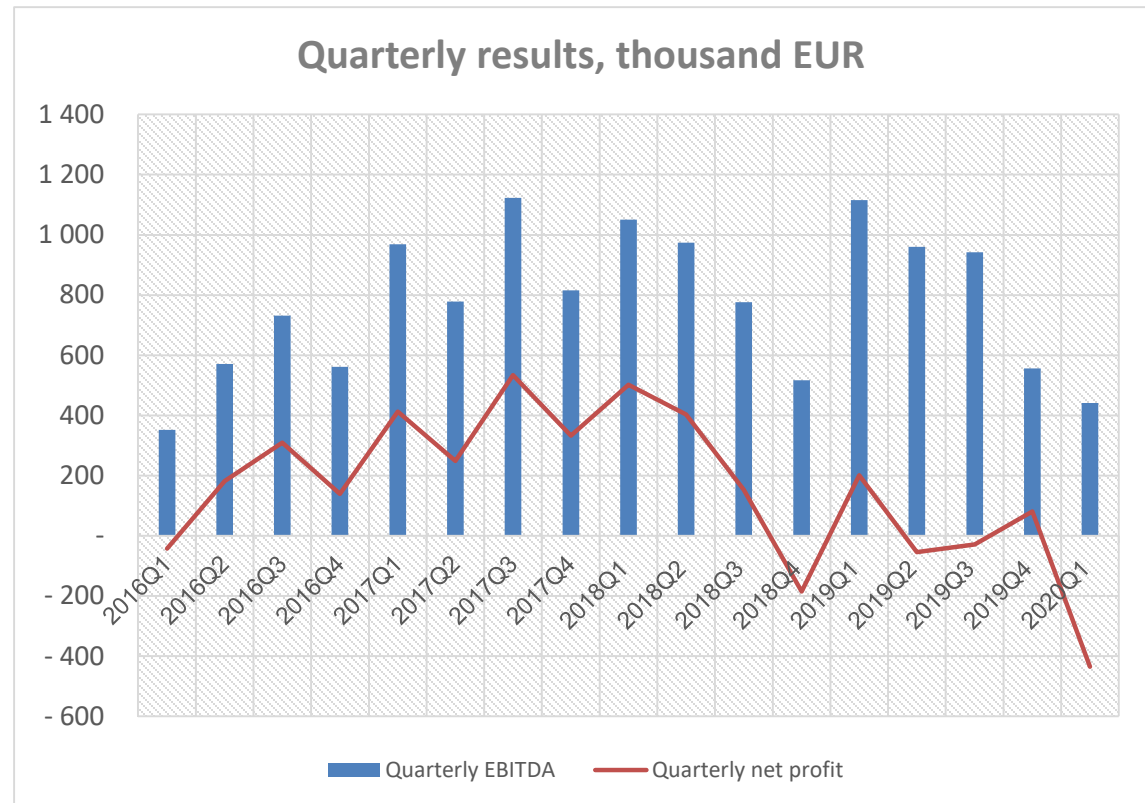
2020 Q1 revenue by market sector

- Data network products - 41%
✓ 20% down from 2019Q1
- Industrial segment – 36%
✓ 8% down from 2019Q1
- Internet-of-things - 7%
✓ 20% down from 2019Q1
- Optics and photonics - 12%
✓ 53% up from 2019Q1
- Other – 4%
✓ 43% down from 2019Q1



2020 Q1 profitability results

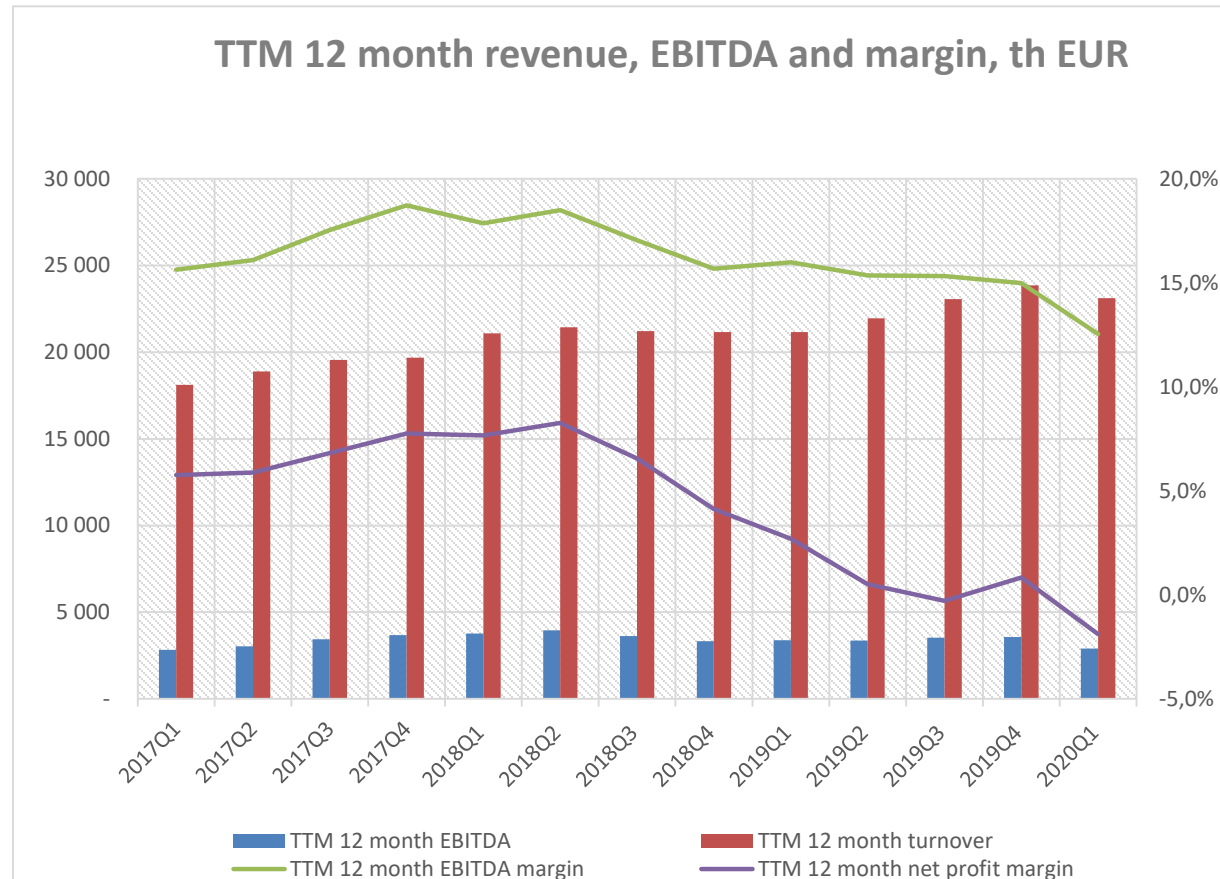
- 2020 Q1 EBITDA result – 0.441 MEUR
 - ✓ 60% down from 2019Q1
 - ✓ 21% down from 2019Q4
- Net loss – 0.435 MEUR
- Q1 EBITDA margin – 8.51%
- Q1 revenue volume and EBITDA profitability influenced by:
 - ✓ Supply chain disruptions
 - ✓ Postponement of orders in some sectors



TTM 12 month results in detail

TTM 12 month sales and results

- TTM (trailing twelve months) period ending March 31, 2020 indicator dynamics compared to TTM period ending Q1 2019:
- TTM revenue 23.809 M EUR – 12.5% up
- TTM EBITDA 3.044 M EUR – 10% down
- TTM net loss 0.437 M EUR
- TTM EBITDA margin reported as 12.8%
- TTM net profit margin n/a as negative

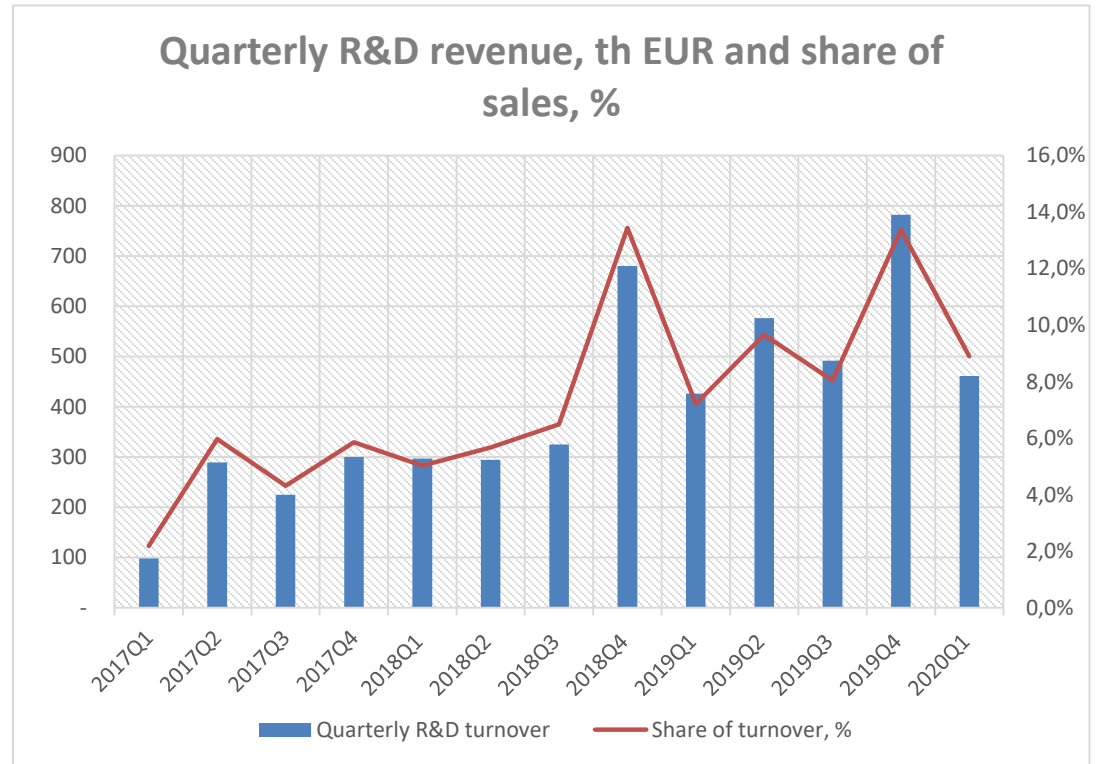


Q42019 result adjusted by the positive audit adjustments in revenue and EBITDA recognizing revenue from WIP and ready products.

Update on other activities

Q1 2020 R&D revenue

- 2020 Q1 R&D revenue reported 0.461 MEUR, 8% increase y-o-y
- 9% share of quarterly consolidated sales
- 2020 Q1 12 TTM R&D revenue reported 2.312 MEUR, 34% increase y-o-y
- 10% share of 2020 Q1 TTM consolidated revenue



Investments during 2020 1Q

- 0.156 MEUR investments in 2020 1Q
- 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 Q1 2020

LightSpace Technologies:

- 0.365 MEUR investments into LightSpace Technologies to finance technology R&D and commercialization of 3D display technologies.
- As of end of 2020 1Q investment in LightSpace Technologies amounted to 8.536 MEUR (4.826 MEUR convertible loan and 3.710 MEUR equity).

Zinatnes parks:

- 0.076 MEUR investments in form of convertible loan to associated company – Zinātnes parks for industrial real estate project development at Riga airport.
- As of end of 2020 1Q investment in Zinātnes parks in total amounted to 1.703 MEUR (0.902 MEUR convertible loan and 0.801 MEUR equity).



Business development of LightSpace Technologies

- New multi focal AR headset prototype IG1000 at SPIE AR MR VR 2020 expo February 3-4 2020 demonstrated the best image quality among ALL commercially available AR headsets.
- After demonstration of IG1000 experts from Apple, Amazon, Philips Healthcare, Volkswagen, Airbus, Intel, Microsoft admitted surprisingly good image quality created by LightSPace IG1000
- 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.



Events after reporting period

- On May 22, 2020 by shareholder decision in AGM HansaMatrix supervisory board was reelected and new members joined it:
 - Normunds Igoļnieks, representative of ZGI capital
 - Baiba Rubesa, experienced international business executive



Q&A Session

We welcome your questions during webinar !

Please use investor contact for any other enquiries:

Māris Macijevskis, CFO

Phone: (+371) 6780 0002

e-mail: invest@hansamatrix.com



Q and A submitted before webinar (1)

1. Please describe current situation for the company, what has returned to normal, what has not yet?

Situation is stabilizing however it is not yet normal. There are continuing problems with supply chain and some of customers business.

2. Does company face still supply issues? Have supply chains restored or not?

Transportation of goods from Asia remains complicated. Company starts to test railway route.

3. Does COVID-19 environment affect prices on components bought from Asia?

Affected mostly transportation cost.



Q and A submitted before webinar (2)

4. Have any clients cancelled agreements, orders?

3 medium sized customers have put orders on hold (about 12% of revenue)

5. Do you see any new opportunities in current environment?

Coming out of crisis we are expecting more activity in new customer sales. We have already received the first request for increase of supply capacity.

6. How to you see operations going on?

We would not speculate this moment about forecasting anything - there are still uncertainty, especially taking in mind high infection rate in North and South America. Pandemic is not over.



Alternative performance measures

The definitions of alternative performance indicators (APIs) used in the webinar presentation can be found on page 29 of the HansaMatrix Unaudited Interim Condensed Consolidated Financial Statements for the 3 month period ended March 31, 2020:

https://nasdaqbaltic.com/market/upload/reports/hmx/2020_q1_en_eur_Con_ias.pdf





Thank you!

