

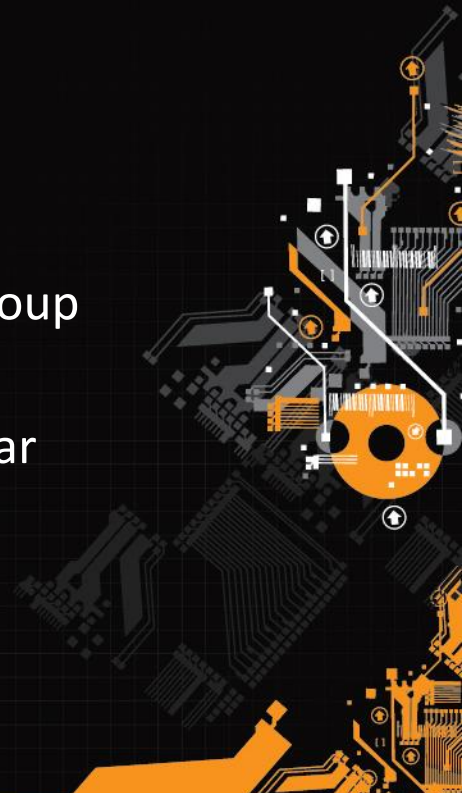
HANSAMATRIX



Innovator and Manufacturing Solution High-Tech Group

Q4 and 12 month results of 2016 – Nasdaq webinar

1 March, 2017

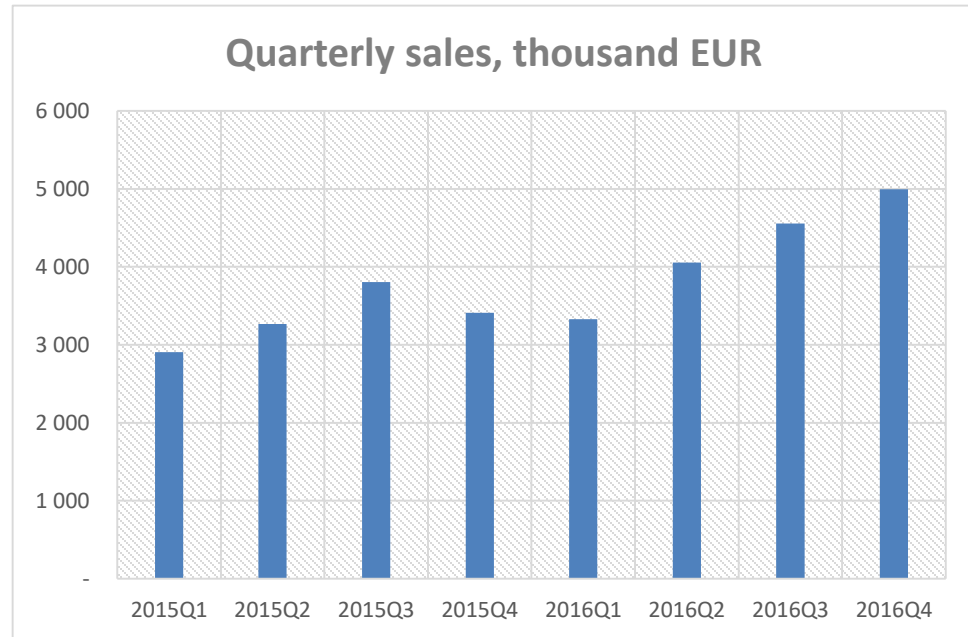


Q4 results of 2016



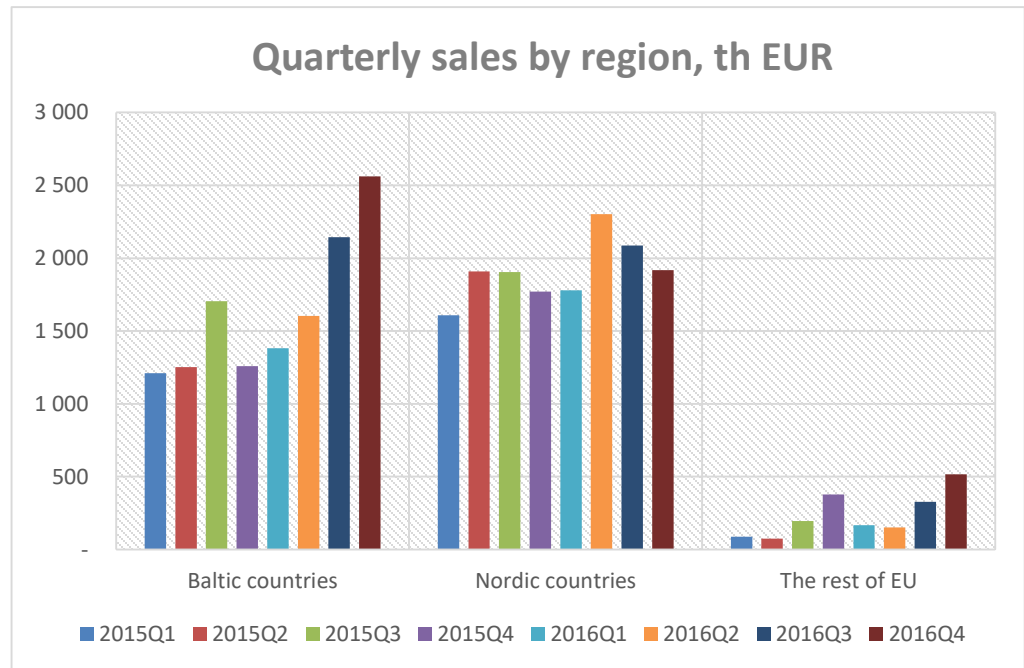
Q4 sales

- Sales reached 4.99 million euros;
- The third quarter in the row with largest sales in company history so far
- An increase by 47% in comparison to 2015Q4
- An increase by 10% in comparison to 2016Q3



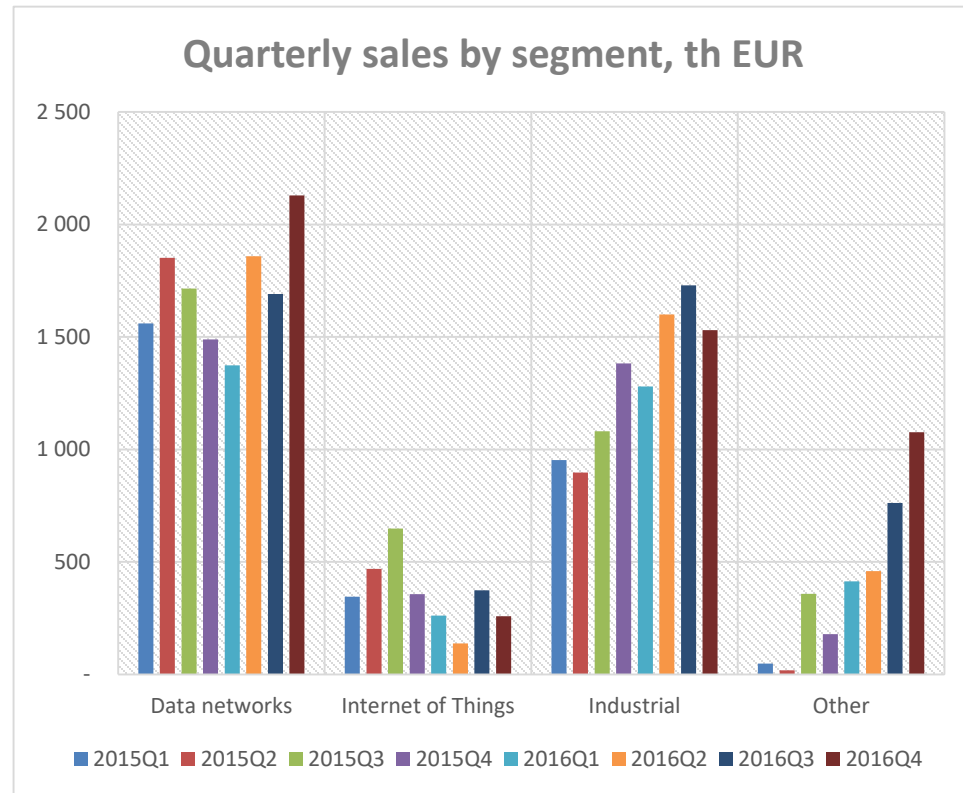
Q4 sales by region

- Baltic sales lead the sales with 51%, followed by Nordic with 38% market shares; 10% - the rest of EU
- Baltic sales
 - ✓ 104% up from 2015Q4
 - ✓ 20% up from 2016Q3
- Nordic sales
 - ✓ 8% up from 2015Q4
 - ✓ 8% down from 2016Q3
- The rest of EU sales
 - ✓ 37% up from 2015Q4
 - ✓ 58% up from 2016Q3



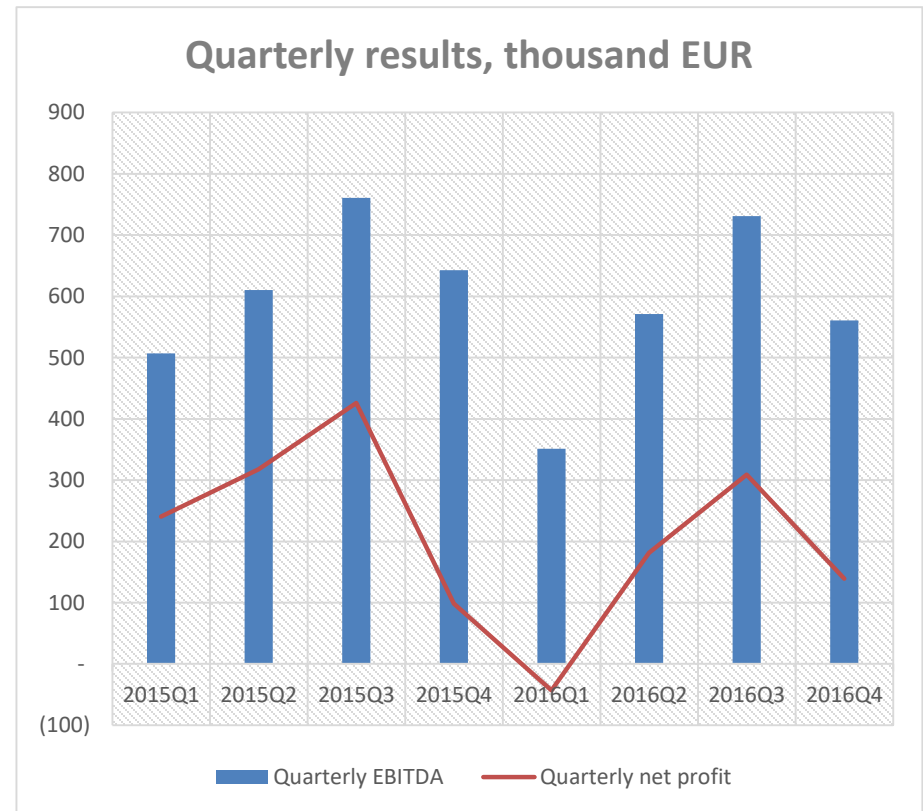
Q4 sales by market segment

- Data network sales dominate with 43% market share; followed by industrial products with 31%; leaving other products and internet of things with 22% and 5%;
- data network 43% up from 2015Q4
- other products market share increased 6 times from 2015Q4
- industrial segment 11% up from 2015Q4
- Internet-of-things sales has decreased 28% from 2015Q4 due to large one off project realized during Q3 2015



Q4 profitability results

- 2016 Q4 EBITDA result - 0.561 million euros
 - ✓ 13% down from 2015Q4
 - ✓ 23% down from 2016Q3
- Net profit results – 0.139 million euros
 - ✓ 41% up from 2015Q4
 - ✓ 55% down from 2016Q3
- Q4 EBITDA margin - 11% and net profit margin – 3%
- Increased net profit in Q4 caused by two factors:
 - ✓ R&D cost tax credit
 - ✓ new assets accelerated depreciation used for taxes

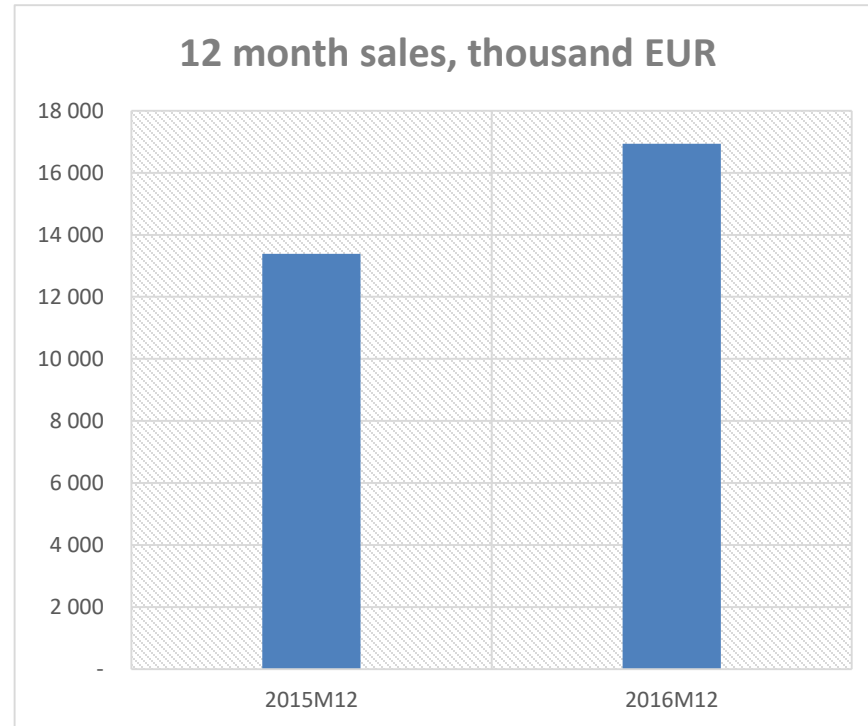


12 month results of 2016



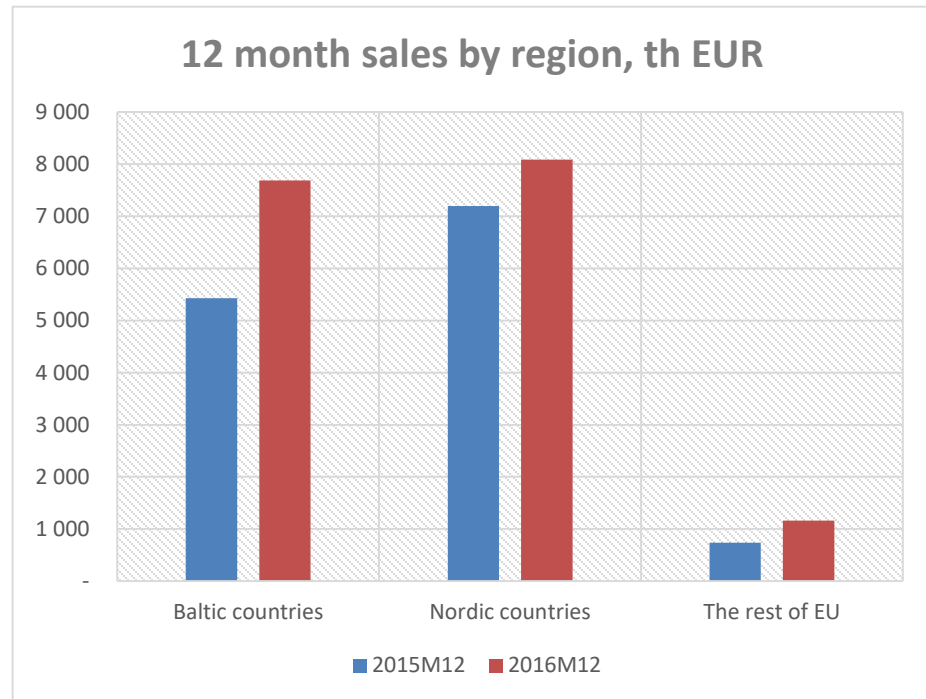
12 month sales results

- 2016 12 month sales reached 16.94 million euros
- the largest 12 month sales result in company history
- An increase by 27% in comparison to 2015 12 months



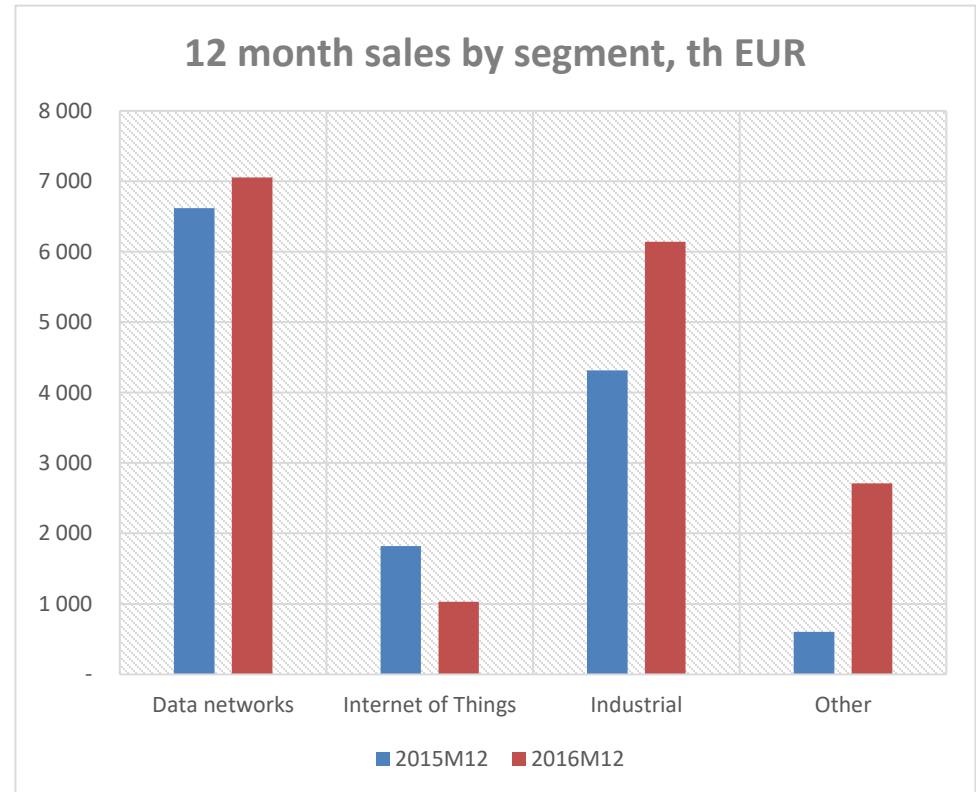
12 month sales by region results

- Strong sales in Nordic and Baltic regions with 48% and 43% market shares. The rest of EU – 7%
- Increase in Baltic sales by 42% in comparison to 2015 12 months
- Increase in Nordic sales by 12% in comparison to 2015 12 months
- Increase in rest of EU sales by 58% in comparison to 2015 12 months period



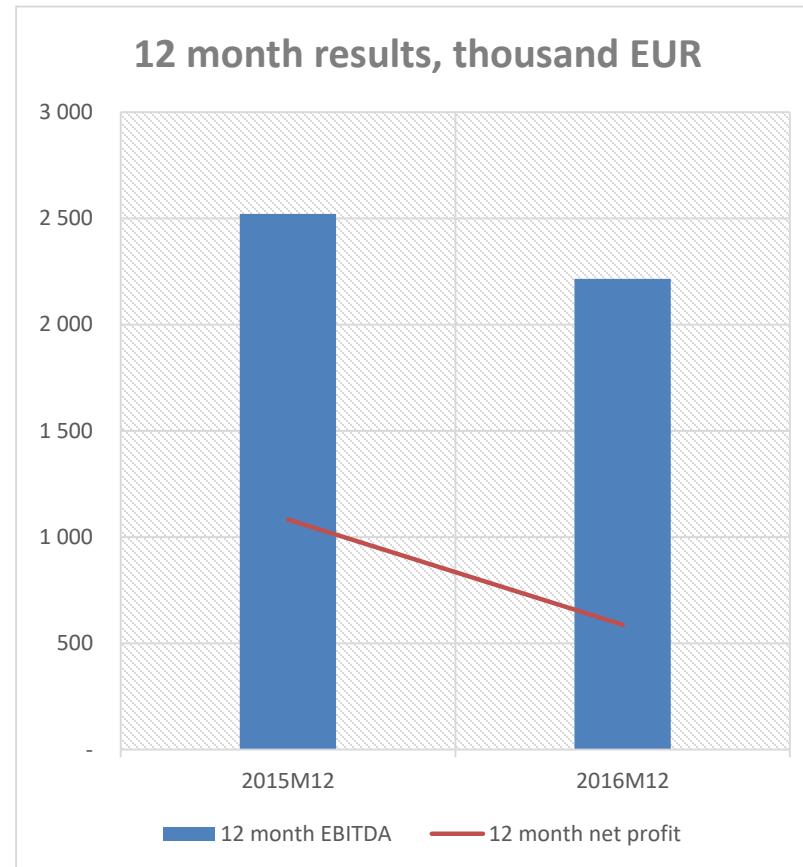
12 months sales by segment

- 2016 12 months sales by market segment demonstrates improved diversification of data network and industrial segments with 42% and 36% market shares
- Internet of things products were at 6% and others at 16% sales share
- Largest growth in a period showed other and industrial product sales with 350% and 42% on y-to-y base
- Decrease of Internet of Things products sales by 43% on y-to-y basis due to large one off projects in 2015
- Increase of other product sales were caused by large one off project extending during 2016 Q3 and Q4



12 month profitability results

- 2016 12 month EBITDA result was 2.215 million euros
 - ✓ 12% down from 2015 12 months
- Net profit result – 0.587 million euros
 - ✓ 55% down from 2015 12 months
- 2016 12 months EBITDA margin - 13% and net profit margin – 3%



Comments on 12 month one-offs and profitability margins

- In 2016 the Company has started to bear several business development cost items (can be regarded as one off start-up costs) that are required to achieve desired mid term business growth
 - ✓ Group business development office first year operation with costs ~130 thousand EUR having
 - ✓ Sales director
 - ✓ Group new technology and product manager
 - ✓ (both positions started from 1st January 2016)
 - ✓ Start-up costs ~90 thousand EUR of Mārupe precision metal parts production unit
 - ✓ building rental costs
 - ✓ personnel costs
 - ✓ process development costs
 - ✓ quality system qualification costs
 - ✓ Ventspils plant new extension start-up costs for the part of building not yet been utilised ~90 thousand EUR

For the purpose of margin analysis listed above costs ~310 thousand EUR in total can be regarded as one-off start-up cost items.



Update on other activities



Investments during 2016 Q4

- HansaMatrix has invested 74.5 thousand EUR in SIA «Zinatnes Parks». Over period of 12 months investment in form of convertible loan totaled to 681.6 thousand EUR. HansaMatrix owns 24% shares into Zinatnes Parks. Investment has been used to accomplish purchase and lease agreement with Riga Airport, develop commercial project, apply for state support and develop facility construction technical project.
- During Q4 the Company has made 50 thousand euros additional investment in LightSpace Technologies, SIA. Total investments over 12 month period amounts to 188 thousand EUR. Investment has been used for development and commercialization of ultimate world leading volumetric 3D image display systems with main applications in medicine, scientific visualization and real-time robot controls. After investments HansMatrix owns 17.21% shares in LightSpace Technologies.
- During Q4 the Company for 137.5 thousand EUR has purchased additional 55 shares in EUROLCDs, SIA. HansaMatrix has made initial payment of 97 thousand Eur. EUROLCDs is an LCD technology development start-up with core activity in development and commercialization of ultimate world leading fast shutter and smart glass applications. Total investments over 12 month period amounts to 137.5 thousand EUR. After share purchase Hansamatrix owns 16.11% shares in EUROLCDs, SIA.



Research and development activities

- During Q4 2016 the Company in cooperation with LightSpace Technologies continued realization of a research and development project supervised by “Centrālās Finanšu un līgumu aģentūra” with project title “Real time 3D volumetric imaging technology development”, part financed by European Regional Development Funds (ERDF). Overall budget of the project - 665 046 EUR.
- During Q4 2016 the Company started fulfillment of two more new product development contracts with existing and new customers.
- HansaMatrix has set up opto-mechanic products small scale production workshop and has accomplished its first optic product production project – Design and Make of highly complex optical lens for use with high resolution DLP (digital light modulator) image projection engines.



Events after end of 2016 Q4

- 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. The seller was deemed an insider under EU legal acts and local securities law and was granted a consent under the Lock-up Agreement (dated 16 May 2016) it had entered into. As a result of the transaction the free float of AS HansaMatrix will increase by 3.07%.
- On 23rd February 2107 Latvian President Raimods Vējonis officially opened new surface mount assembling line in HansaMatrix Ventspils plant. This is already fifth assembly line which will add additional assembling power. Project overall cost was around 1 million EUR, out of which 380 thousand EUR is an investment in new equipment.



Existing guidance

- Consolidated revenue target for 2018: to reach and exceed EUR 20m
- Subject to ongoing revenue growth, absolute EBITDA levels are expected to increase over time; during growth period some of business development costs occur before business growth can be observed; start-up time for industrial type of production can be as long as 12 ... 18 months.
- 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), increased automation levels and selection of customers/products.



Shareholder's notification of upcoming share auction!



Upcoming existing share auction

- Shareholder «Macro Riga» is offering shares for auction and looking to reduce shareholder loan amount outstanding to the Company. Cash received from sales will primarily be used to repay shareholder loan.
- Received funds by the Company will be used for investment projects.
- Another objective of the auction is to increase the free-float of the Company shares.
- Shareholder «Macro Riga» has indicated share price of EUR 6.90 per share. Since the admission to trading, shares of the Company have traded in a EUR 6.95 – 8.15 range during auto-match continuous trading. This is also slightly above the EUR 6.85 price during the block (negotiated) transaction of 56,100 shares on January 4, 2017.
- Prior to the announcement of the dates of the auction, this proposal is first subject to regulatory permissioning as it will be deemed to be a public offering of shares, available to any investor. More details will be published when additional information is available.



Q&A Session

We welcome your questions during webinar !

Please use investor contact for any other enquiries:

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Thank you!

