HansaMatrix

Innovator and Manufacturing Solution High-Tech Group

Capital Markets Day - VILNIUS

June 14, 2017

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Introduction

- HansaMatrix is a Baltic high technology company offering complete solutions in electronics product development and manufacturing. The core operations have stable growth 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.25%
- 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)

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

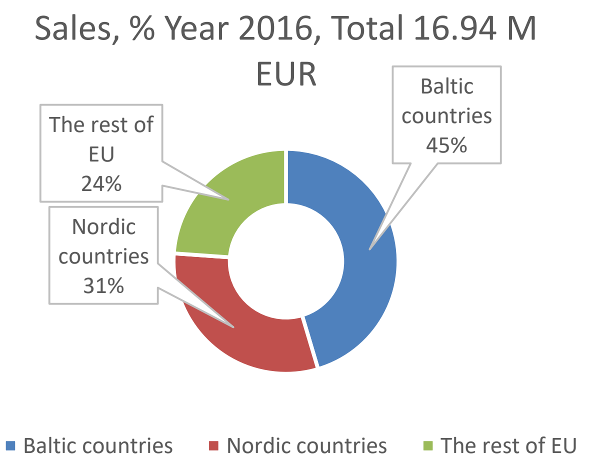
- Knowledge intensive technologies and lean, efficient and cost-effective volume manufacturing operation
- Operates 2 modern and high capacity plants
- In business since 1999 and established BRAND

Strategy

- Clear focus on growth: expand capacity by investing in high tech product development site and extension of both manufacturing locations
- Knowledge platform development for future tech needs

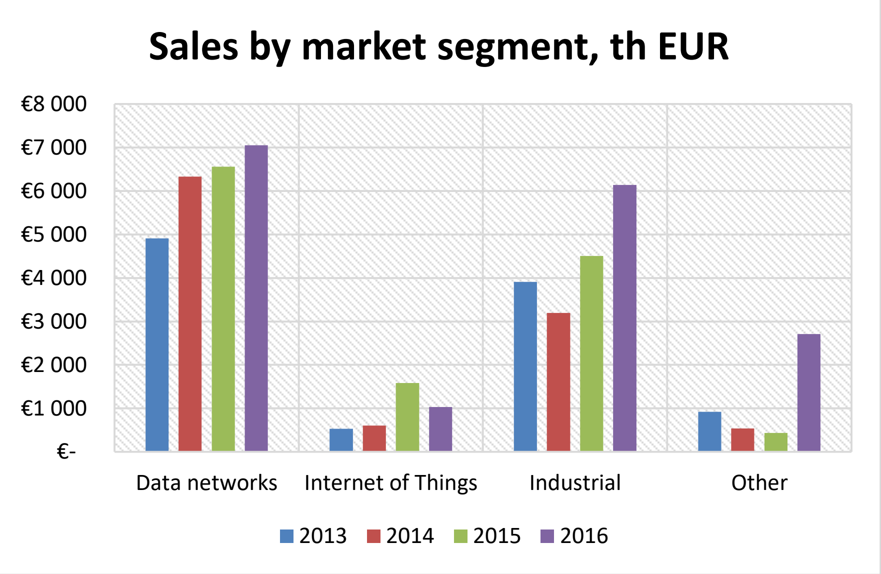
Investment opportunity

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



Company in focus

- Complete solutions in electronics product development and manufacturing
- Core operations have stable growth results and margins
- From 2012 to 2016 the annual sales growth on average 25.3%
- A leading manufacturing facility of its kind in the Nordic/Baltic region with a focus on automation



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	2011	2012	2013	2014	2015	2016
Net turnover	5.6	7.4	10.3	10.7	13.4	16.9
Cost of sales	-3.9	-5.4	-8.1	-8.6	-10.7	-14.7
Gross profit	1.7	2.0	2.2	2.1	2.7	2.3
Operating profit	0.8	0.9	0.9	0.9	1.5	0.8
Net profit	0.6	0.8	0.8	-2.0	1.1	0.6
EBITDA	1.9	1.8	1.8	1.8	2.5	2.2
Net Debt	6.3	6.2	5.3	6.0	5.7	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 establised

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*

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Innovation and ODM

- HM offers the original design manufacturing (ODM) business model, and this is where the future growth in turnover and profitability is expected
- HansaMatrix Innovation – product and technology subsidiary of HansaMatrix.
  - Product development in electronics, optics, mechanics, robotics
  - Growing scientific and engineering team - graduates of Latvian and other European (Cambridge, Southampton, South Denmark, etc. Universities)
  - 5 full time PhD in Electronics and Optics
- HM is pioneering several future technologies:
  1. Precision optical systems for high resolution image projection engines used in machine vision 3D image capture systems
  2. At spin-off – LightSpace Technologies – development of unique real time 3D volumetric image display (some call it 4D) and already received good feedback from the medical industry in the USA.

Integrated manufacturing

- **Industrial & commercial**
  - Robotic & automated systems, smart and remote metering
- **Data network products**
  - Internet routers, RF products for basestations
- **Internet of Things**
  - Hardware of IoT sensors and nodes, RF connectivity modules for use in IoT
- **Medical**
  - PCBA* for diagnostic medical devices, real time volumetric 3D imaging systems
- **Defence and security**
  - Communication headsets

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

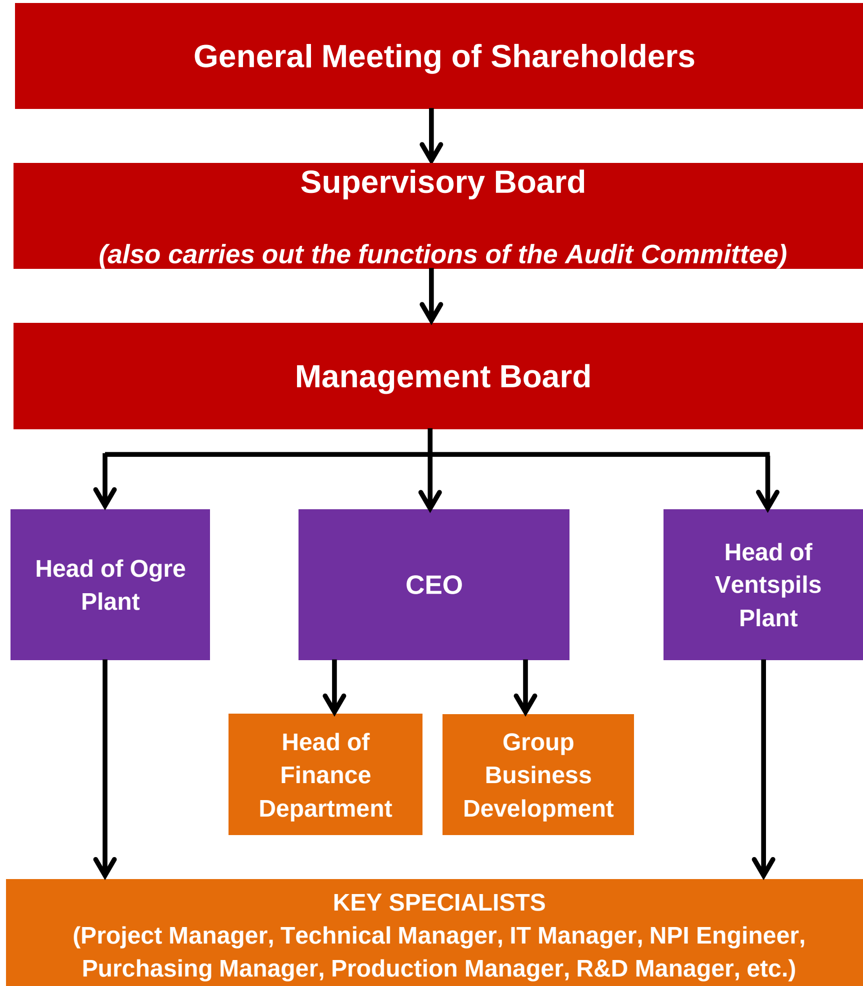
- Holds a degree in Electronic Engineering from Riga Technical University
- Has been extensively involved in scientific research in field of electromagnetic analysis
- Board member of Latvian Electrotechnics and Electronics Industry Association

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

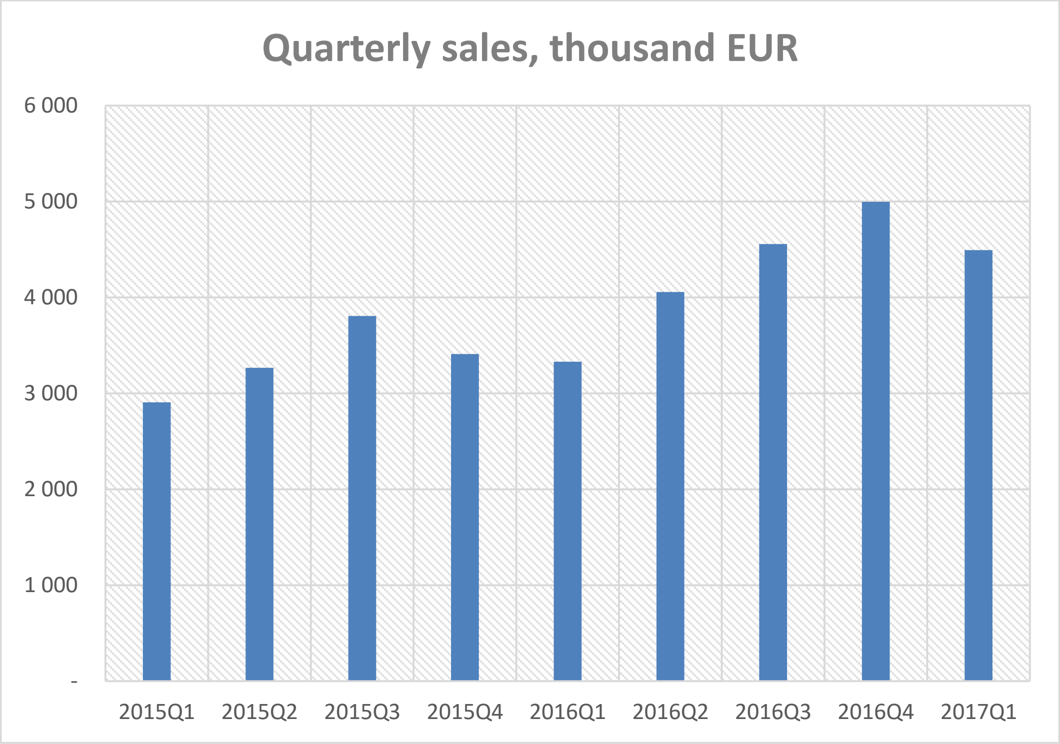


HM has a transparent decision making process, relying on clear rules which are intended to enhance the shareholders' confidence

Financial performance in brief

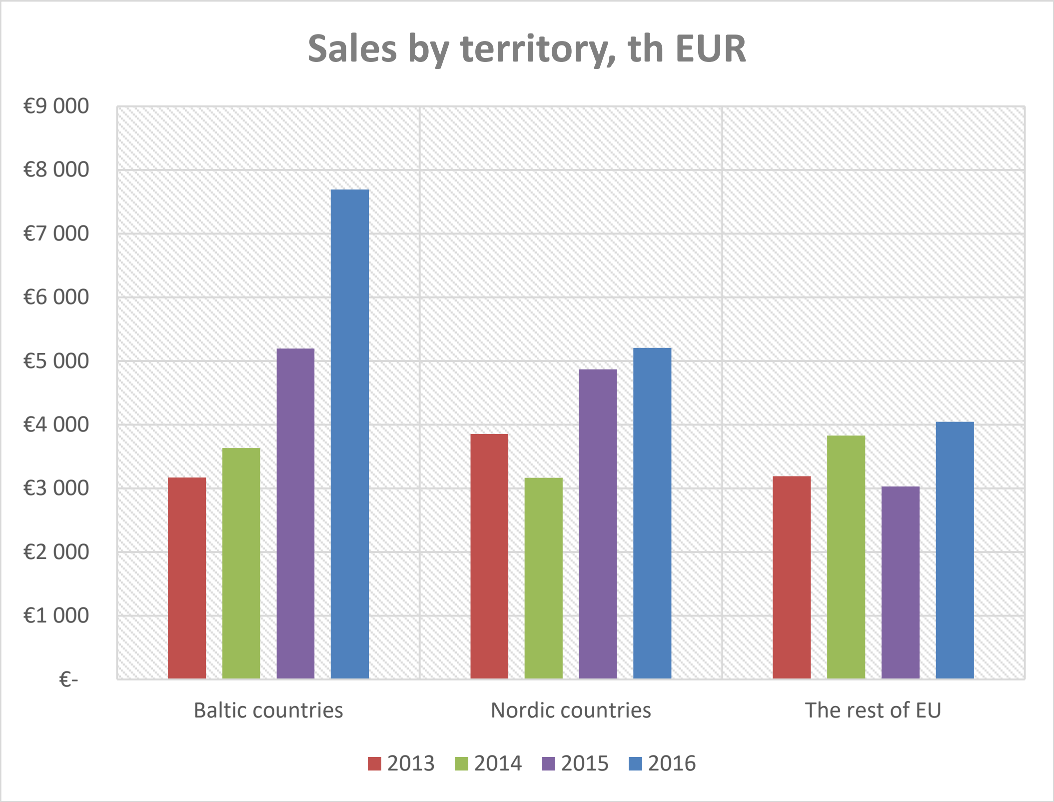
Quarterly sales

- In 2016 sales reached 16.94 million euros – 27% up from 2015
- 2017Q1 sales – 35% increase from 2016Q1



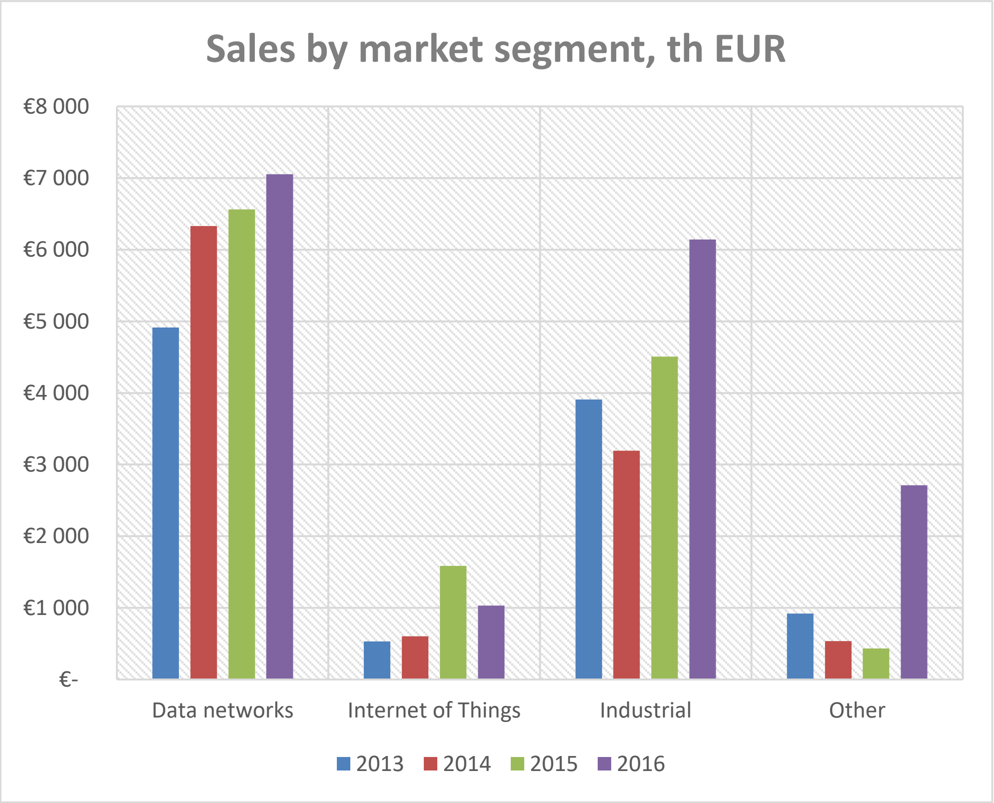
Sales by region

- Baltic and Nordic sales drives the sales with 45% and 31% market shares; 24% - the rest of EU
- Baltic sales 43% up from 2015
- Nordic sales 6% up from 2015
- The rest of EU sales 32% up from 2015



Sales by market segment

- data network and industrial product sales dominated market with 42% and 36% shares, leaving internet of things and others with 6% and 16%;
- industrial segment 35% up from 2015
- data network 6% up from 2015
- Internet-of-things sales has decreased 36% from 2015 due to large one off project realized during 2015
- other product sales has increased more than 4 times from 2015



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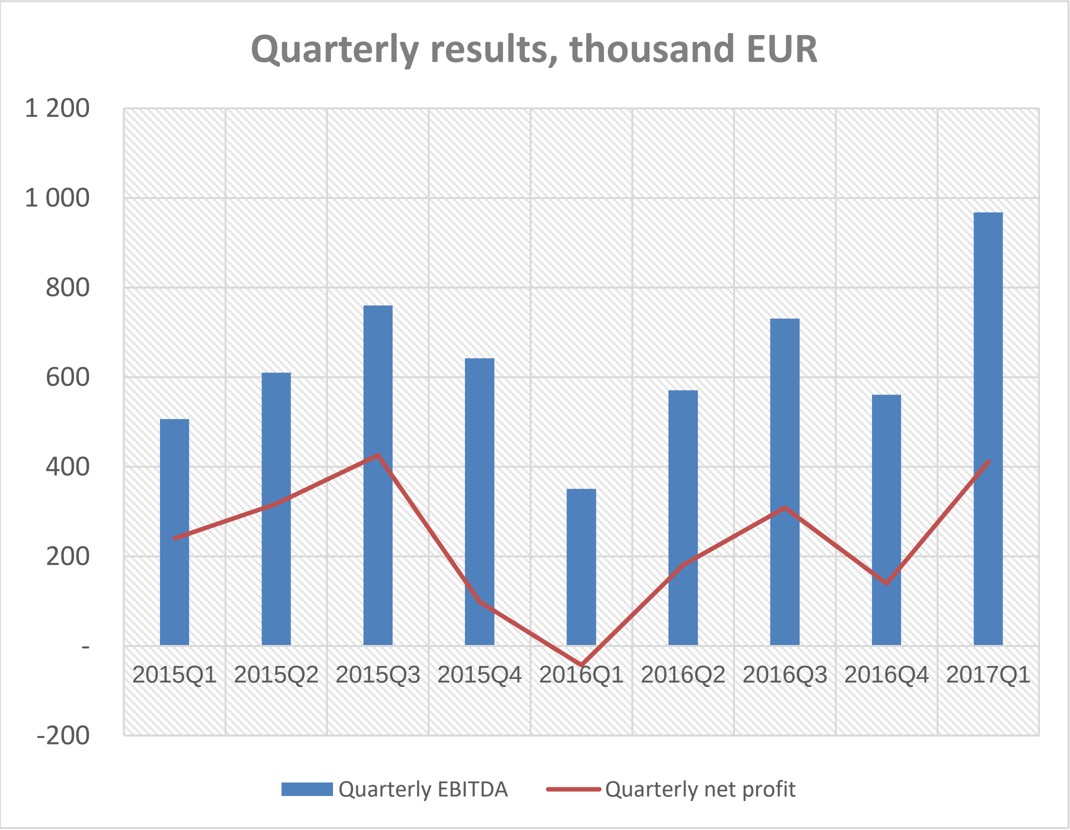
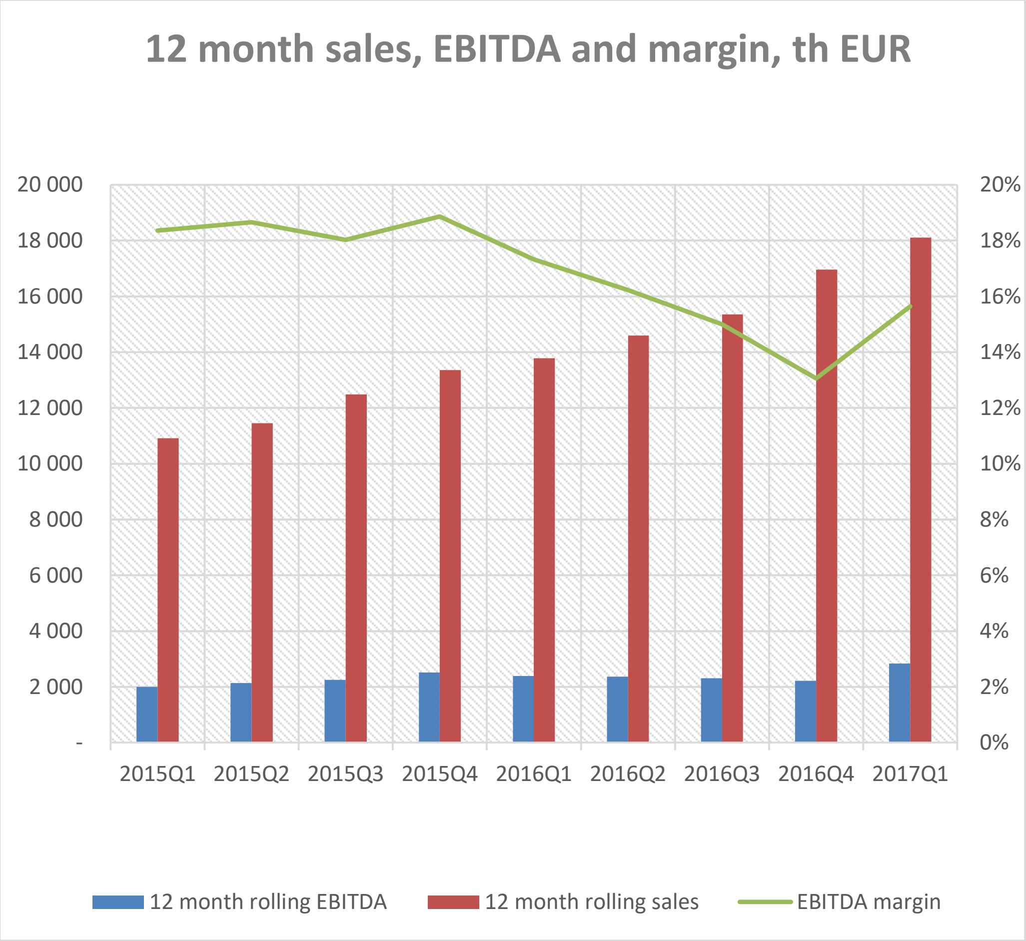
Margins and profitability results

- 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 sales & results

- 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%



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Recent events

Investment in LightSpace Technologies

- 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.
- HansaMatrix signed SPA with Hornell Teknikinvest of 14.21% share purchase
- After both transactions HansaMatrix will own 47.28% shares in the Company

Recent news of LightSpace Technologies

- LightSpace Technologies has opened office in Silicon Valley
- Recent reviews in SPIE Photonics West 2017 San Francisco
- Largest proffesional optics event in the World

Other policies

Investments

- Focus is on:
  - growth - expanding existing capacity and eliminate bottlenecks
  - productivity – transformation of low skilled manual work into more productive operator work
- Expansion of production capacity, including additional manufacturing building at Parogre location and Ventspils factory production equipment
- 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

- Year 2016 dividend in the amount of EUR 0.03 per share (approx 10% of net profit) will be paid on May 25, 2017

Guidance

- Consolidated revenue target for 2018: reach and exceed EUR 20m

- 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.

Source: Bloomberg, 16.05.2016

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!