HansaMatrix

Innovator and Manufacturing Solution High-Tech Group

Q3 and 9 month results of 2017 – Nasdaq webinar

Presenters: Ilmars Osmanis, CEO and Maris Macijevskis, CFO

November 30, 2017

Executive summary

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Overview

- One of the leading Nordic and Baltic electronic system development and manufacturing companies
- In business since 1999 and established BRAND

Key strengths

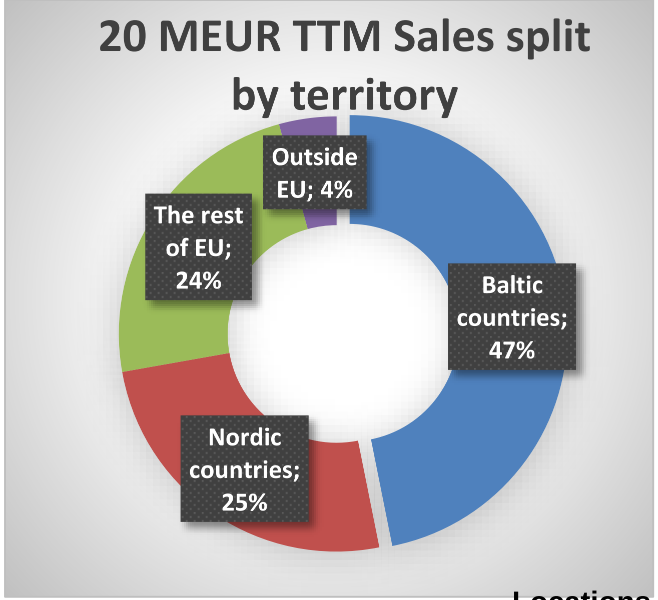
- Knowledge intensive technologies and lean, efficient and cost-effective volume manufacturing operation
- Operates 2 modern and high capacity plants

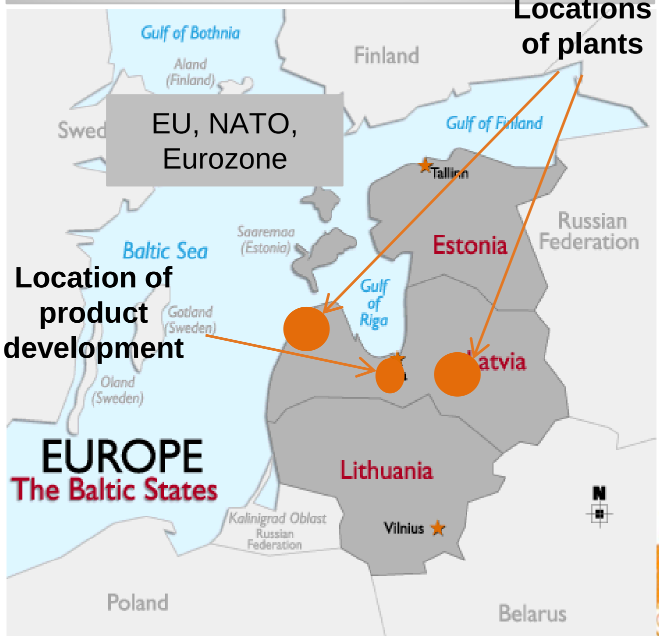
Strategy

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

Investment opportunity

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





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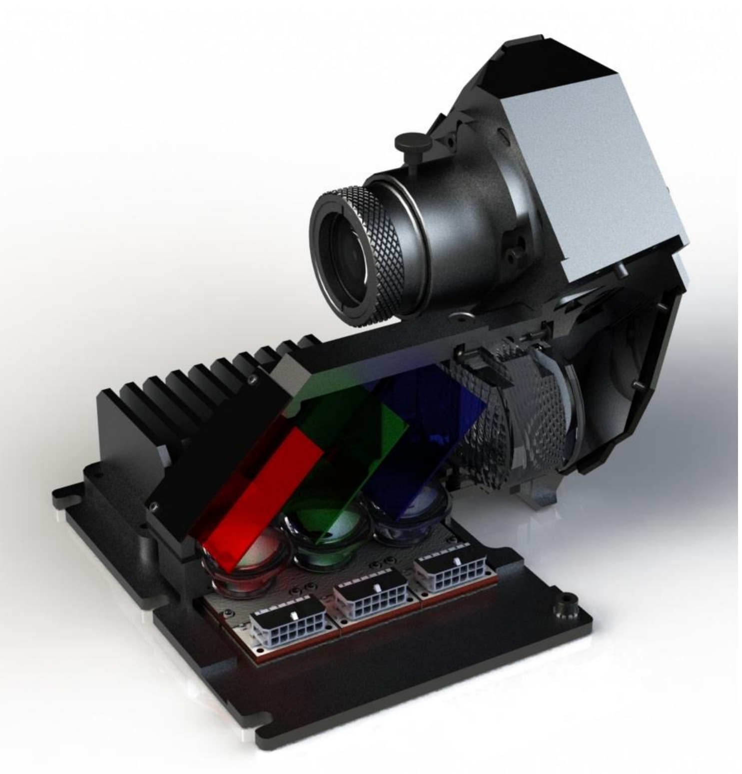
2017 business trends

- Data network system global market (new telecom) sector demonstrates strong growth
- HansaMatrix B2B customers are mid size professional products OEM companies that are in growth phase
- HansaMatrix Innovation in 2017 has succesfully launched knowledge based business (R&D work and New product development) reaching 0.61 Million EUR revenues in 9 months period, representing 4.2% share of turnover
- During 9m of 2017 HansaMatrix started manufacture of advanced professional optical products



Example of high projection frame rate full color image projector manufactured by HMX

2017 Q3 and 9m results summary

- Q3 Quarterly turnover exceeded 5 million euro
- 9 month turnover closing in 15 million EUR and TTM closing in 20 million EUR turnover mark
- Y-o-y growth for the same 12 month period TTM turnover 27%, EBITDA 49%

Results summary, MEUR	2017Q3	2017M9	TTM
Turnover	5.222	14.557	19.553
EBITDA	1.123	2.870	3.431
EBITDA, %	21.5%	19.7%	17.5%
net profit	0.533	1.194	1.334
net profit, %	10.2%	8.2%	6.8%
P/E	7.5	10.1	12.1

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2017 comparison with peers

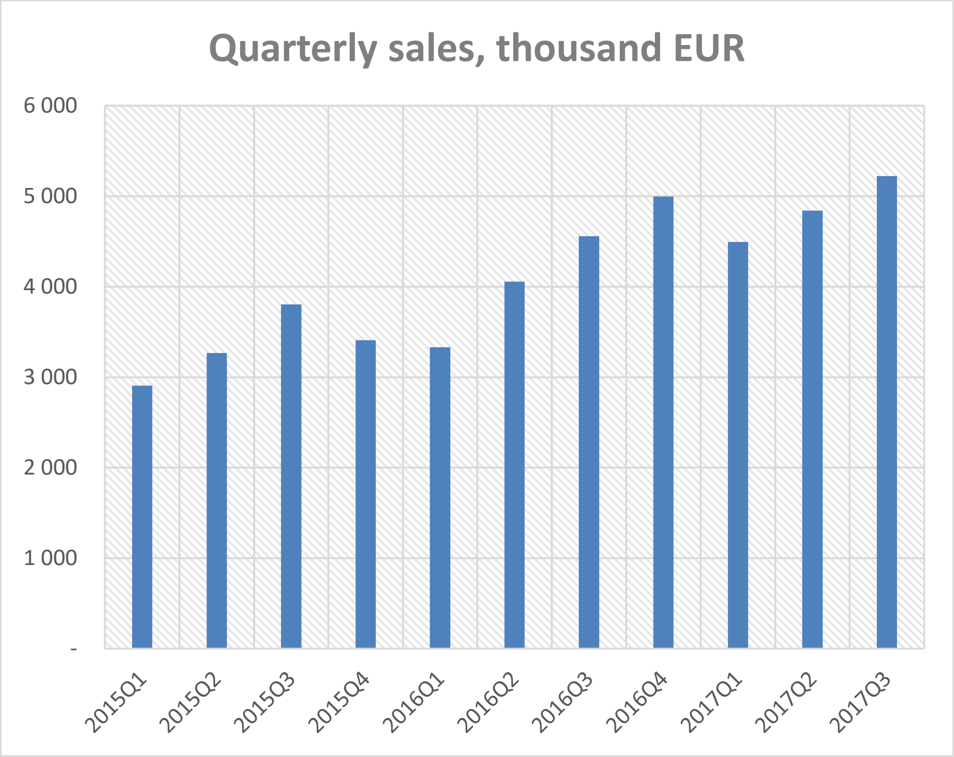
- HansaMatrix EBITDA and net profit margins – highest among industry peers
- Results reflect highly competent company management with good strategic sense for business development
- Five year CAGR top line growth has been ca.25%

TTM figures - Million EUR	Market Cap	Net Revenue	EBITDA	Net Profit	EBITDA margin	Net profit margin
HansaMatrix	14.6	19.6	3.4	1.3	17.5%	6.8%
Incap Oyj	28.8	44.5	4.9	3.0	10.9%	6.8%
Note AB	87.7	118.3	10.7	7.0	9.1%	5.9%
Kitron ASA	125.3	254.7	20.7	10.3	8.1%	4.1%
Data Response ASA	122.0	129.5	10.5	7.2	8.1%	5.5%
HANZA Holding	25.9	142.4	8.9	1.1	6.2%	0.8%
Inission AB	17.9	55.6	3.3	2.0	5.9%	3.5%

Q3 results of 2017 in detail

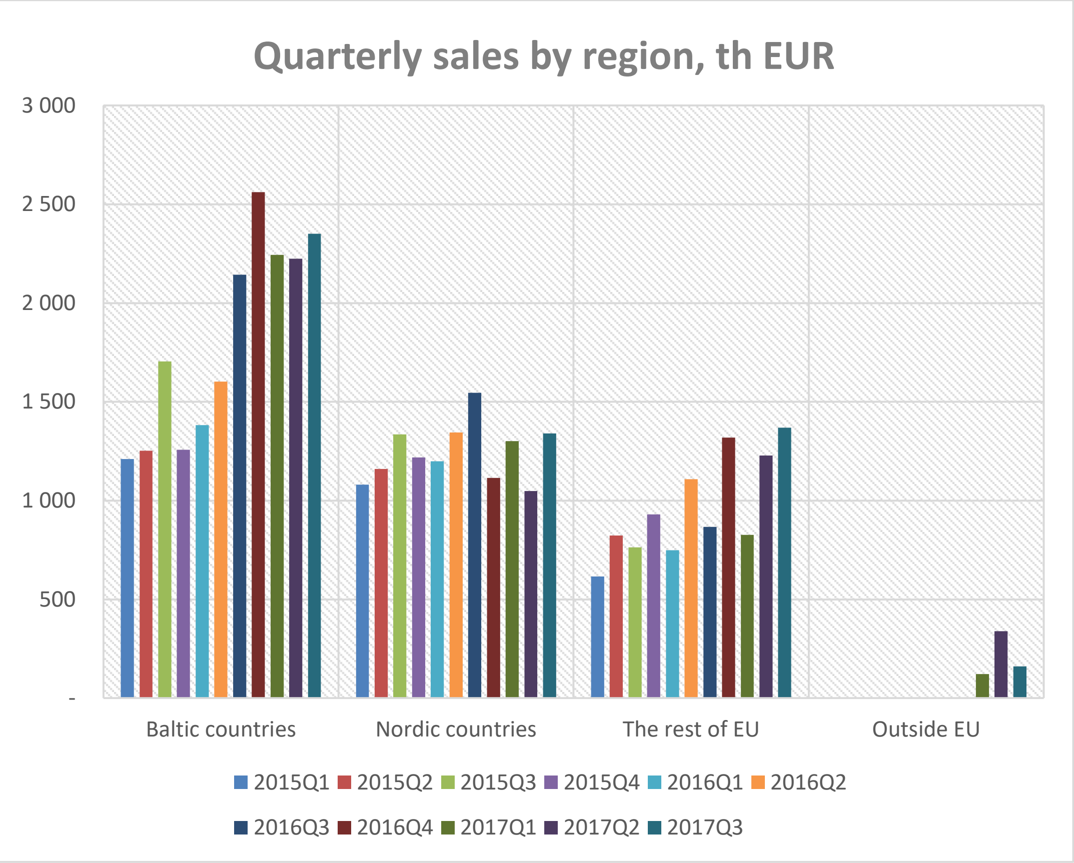
2017 Q3 sales

- Quarterly sales reached 5.222 million euro
- New top line record
- An increase by 15% in comparison to 2016Q3
- An increase by 8% in comparison to 2017Q2



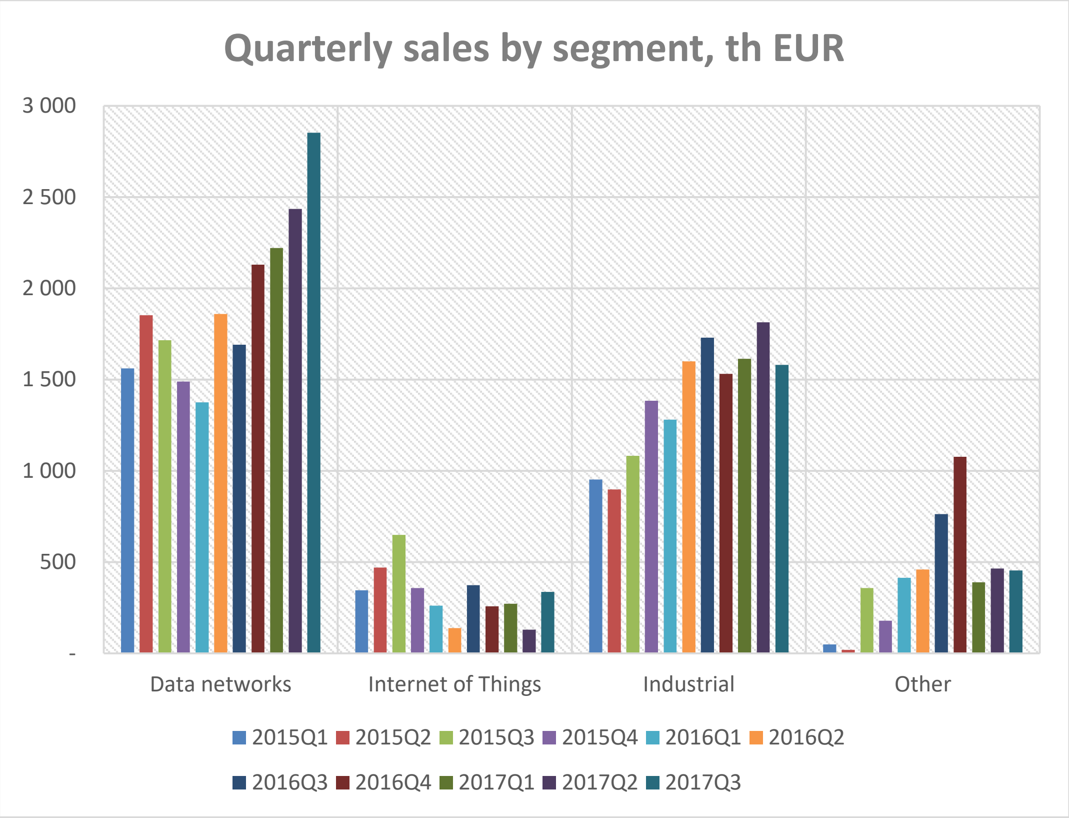
2017 Q3 sales by region

- Baltic sales – 45%
  - ✓ 10% up from 2016Q3
  - ✓ 6% up from 2017Q2
- Nordic sales – 26%
  - ✓ 13% down from 2016Q3
  - ✓ 28% up from 2017Q2
- The rest of EU sales – 26%
  - ✓ 58% up from 2016Q3
  - ✓ 11% up from 2017Q2
- Outside EU – 3%
  - ✓ 53% down from 2017Q2



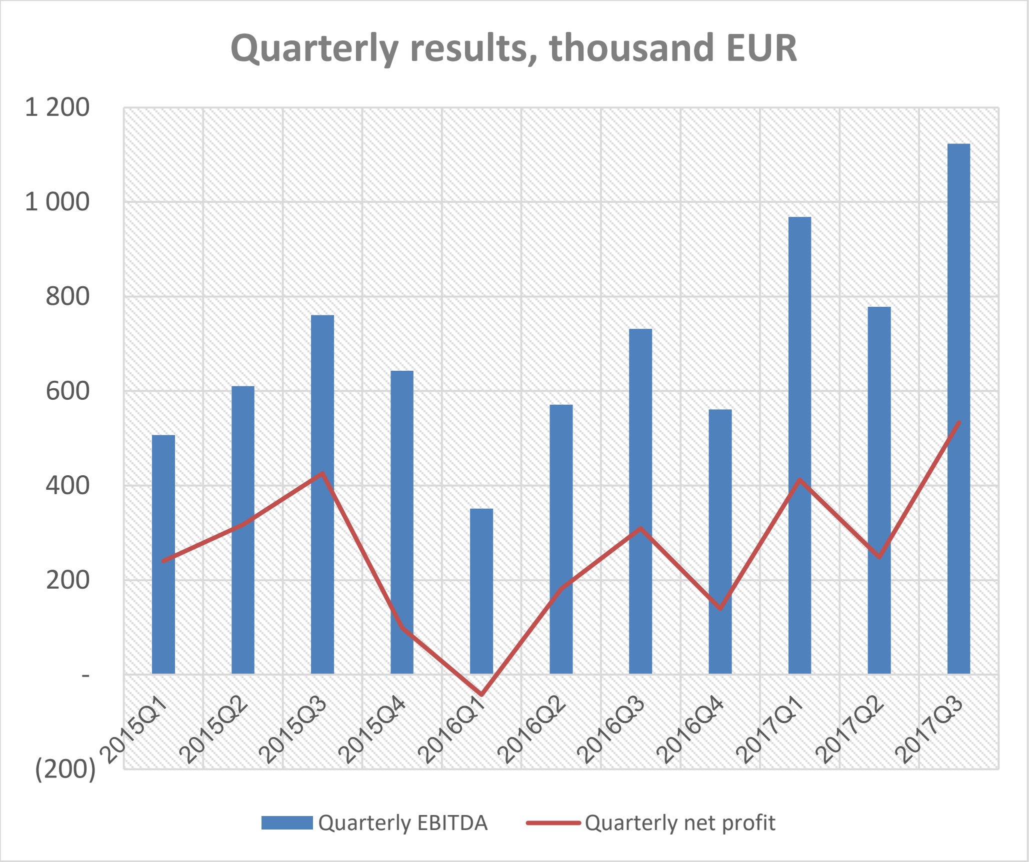
2017 Q3 sales by market segment

- Data network products - 55%
  - ✓ 69% up from 2016Q3
  - ✓ 17% up from 2017Q2
- Industrial segment – 30%
  - ✓ 9% down from 2016Q3
  - ✓ 13% down from 2017Q2
- Internet-of-things - 6%
  - ✓ 10% down from 2016Q3
  - ✓ 160% up from 2017Q2
- Other – 9%
  - ✓ 40% down from 2016Q3
  - ✓ 2% down from 2017Q2



2017 Q3 profitability results

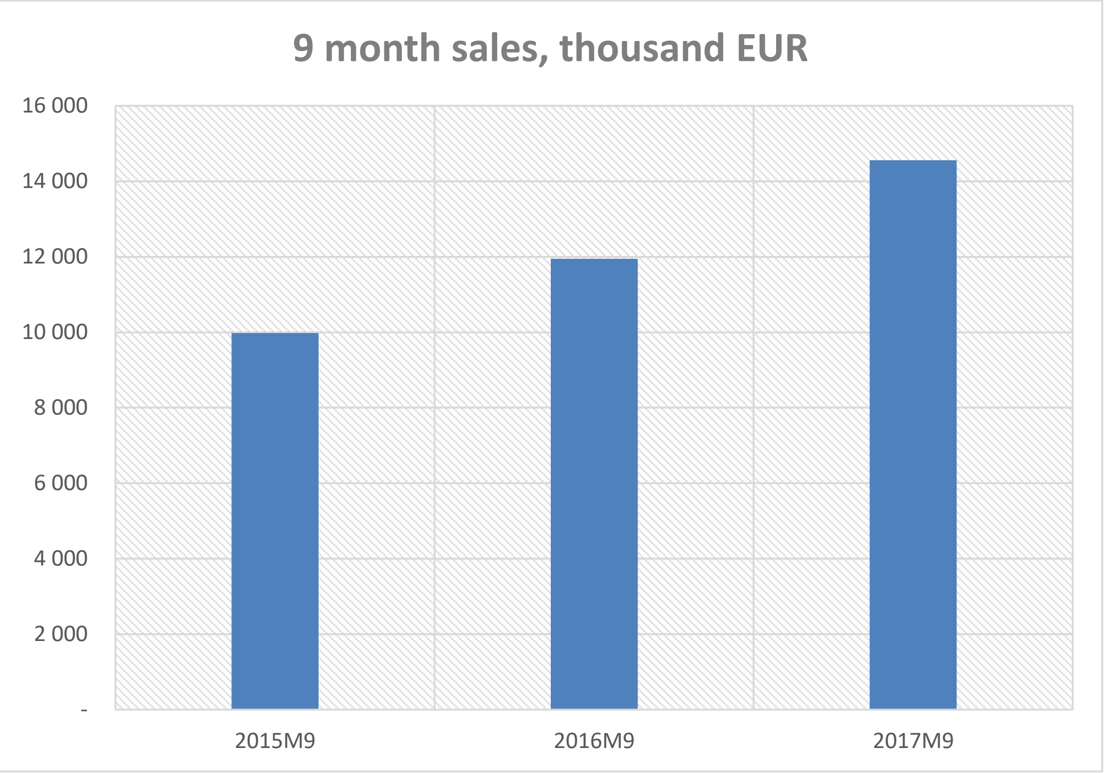
- 2017 Q3 EBITDA result - 1.123 million EUR
  - ✓ 54% up from 2016Q3
  - ✓ 44% up from 2017Q2
- Record high EBITDA quarter – exceeding 1 million EUR
- Net profit results – 0.533 million euros
  - ✓ 73% up from 2016Q3
  - ✓ 114% up from 2017Q2
- Q3 EBITDA margin – 21.5%
- Q3 net profit margin – 10.2%



9m results of 2017 in detail

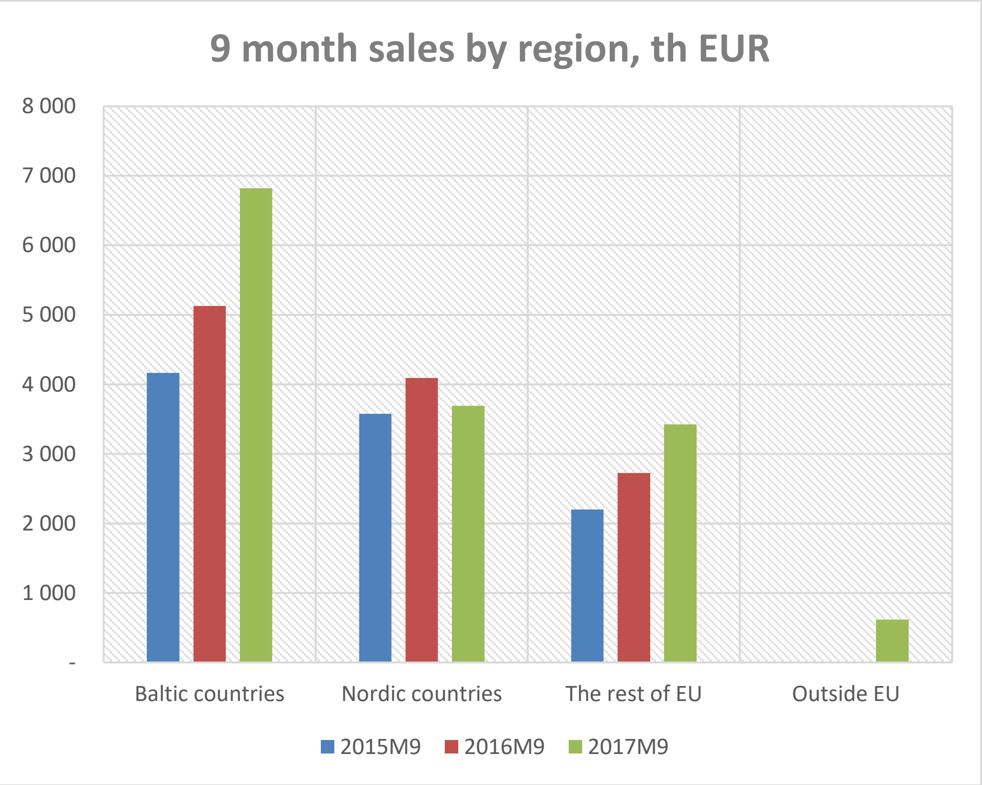
2017 9m sales

- Record high 2017 9m sales of 14.56 million euro
- An increase by 22% in comparison to 2016 9 months (2016M9)



2017 9m sales by region

- Baltic sales – 47%
  - ✓ 33% up from 2016M9
- Nordic sales – 25%
  - ✓ 10% down from 2016M9
- The rest of EU sales – 24%
  - ✓ 26% up from 2016M9
- Outside EU – 4%



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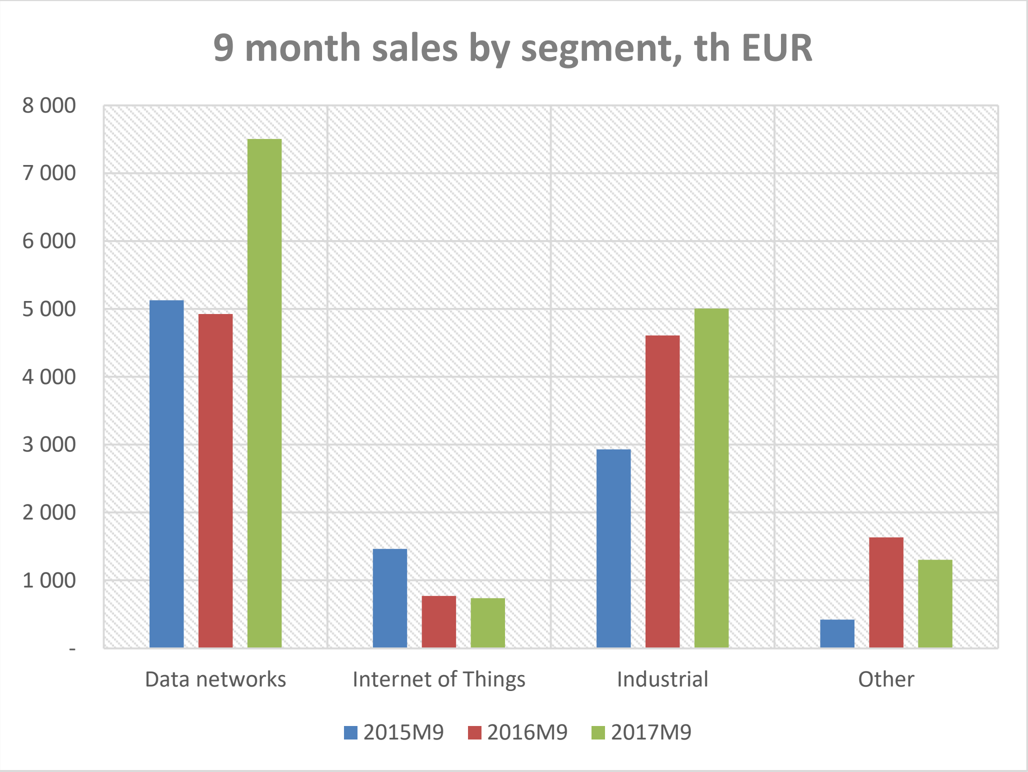
2017 9m sales by market segment

- Data network products - 52%
  - ✓ 52% up from 2016M9
- Industrial segment – 34%
  - ✓ 9% up from 2016M9
- Internet-of-things - 5%
  - ✓ 5% down from 2016M9
- Other – 9%
  - ✓ 20% down from 2016M9



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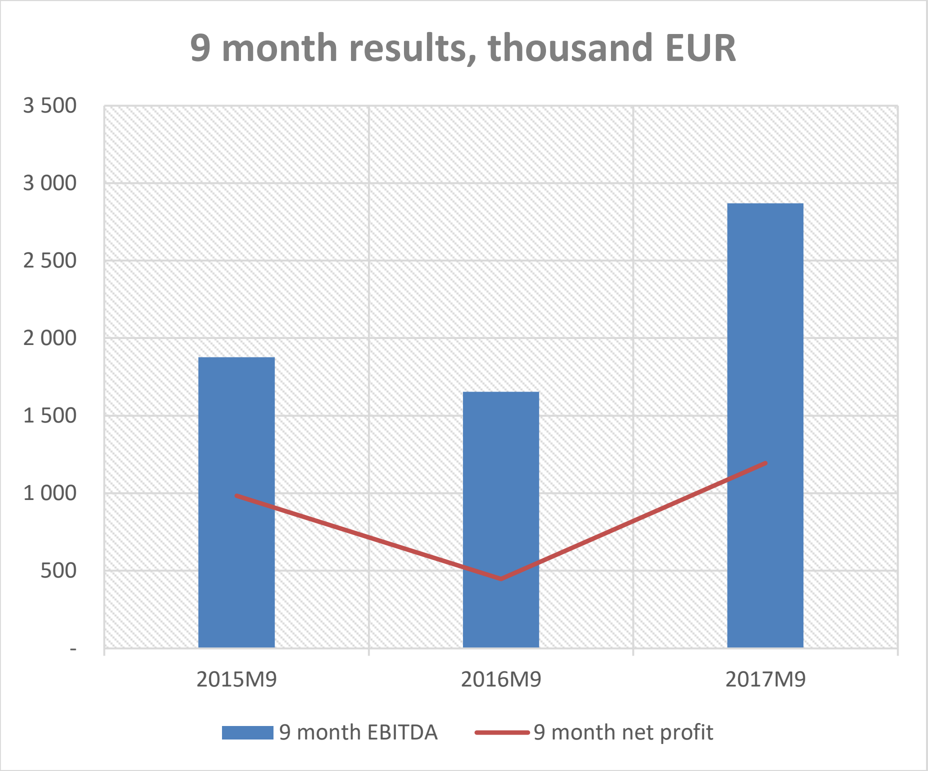
2017 9m profitability results

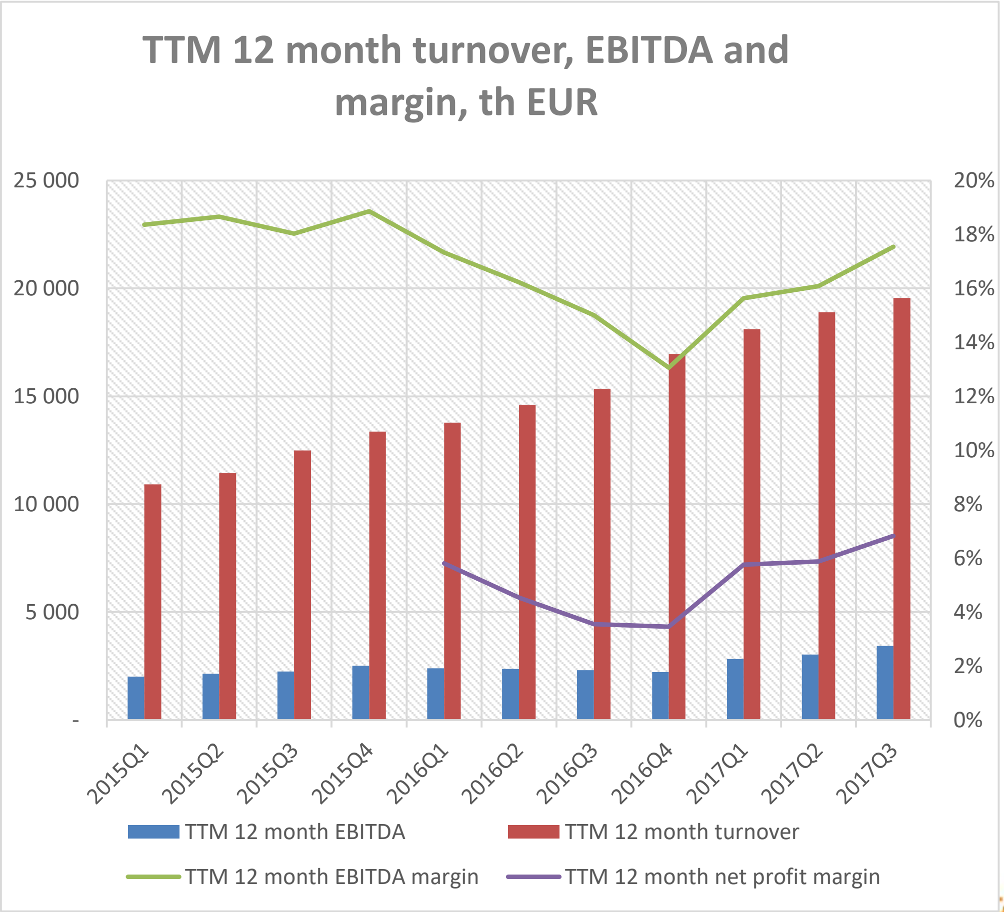
- 2017 9m (2017M9) EBITDA result – 2.87 million EUR
  - ✓ 74% up from 2016M9
- Net profit results – 1.194 million euros
  - ✓ 167% up from 2016M9
- Record high 9 month EBITDA and net profit result – exceeding 12 months of 2016 or 2015
- 9m EBITDA margin – 19.7%
- 9m net profit margin – 8.2%



TTM 12 month results in detail

TTM 12 month sales and results

- TTM (trailing twelve months) 12 months represent period:
  - ✓ starting October 1, 2016
  - ✓ ending September 30, 2017
- TTM turnover grown to 19.55 million EUR - 4% up from period ending at Q2 2017
- TTM EBITDA result is 3.43 million EUR - 13% up from period ending at Q2 2017
- TTM net profit is 1.33 million EUR - 20% up from period ending at Q2 2017
- TTM EBITDA margin reported as 17.5%
- TTM net profit margin reported as 6.8%
- Margins are highest among industry peers.



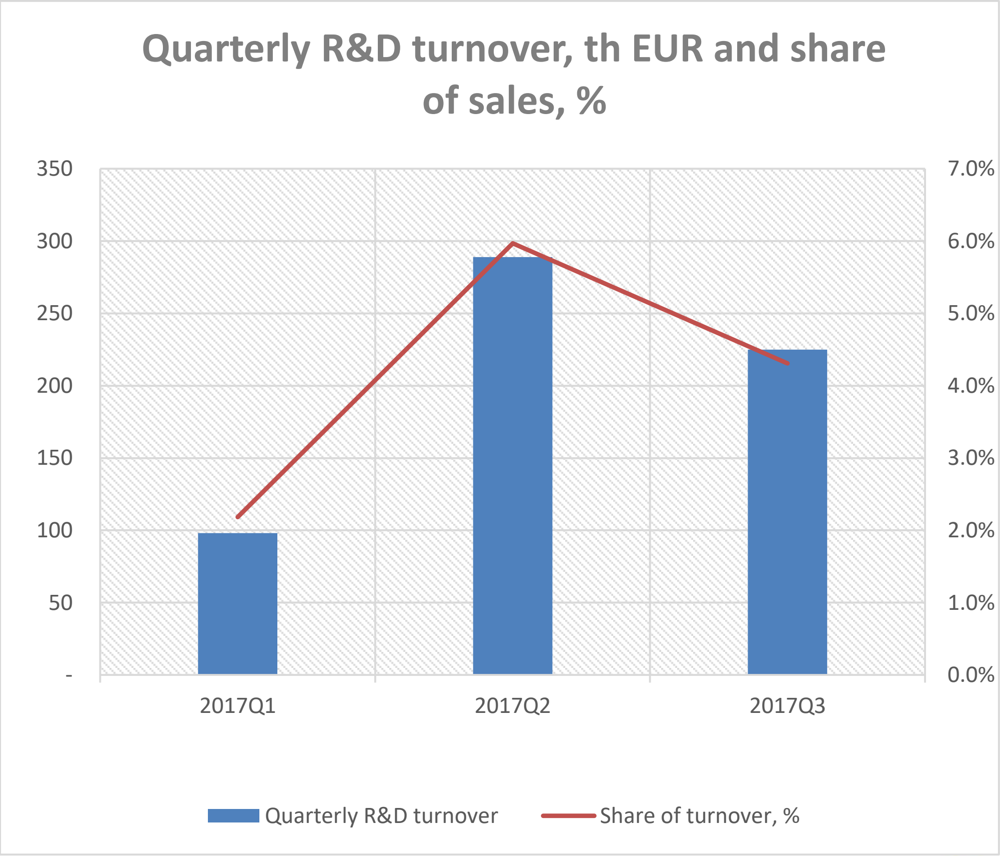
Update on other activities

Quarterly and 9m R&D turnover

- 2017 Q3 R&D B2B sales reported 0.23 M EUR
- 4.3% share of quarterly consolidated sales
- 22% down from 2017 Q2 – represents startup period for several new projects

- 2017 9 month R&D sales reported 0.61 M EUR
- 4.2% share of 9 months consolidates sales

- grant financing not included in reported results



Research and development activities

R&D Teams moved to larger premises at:
Ziedleju iela 1, Marupe, LV2167

- Since January 2017 the subsidiary SIA HansaMatrix Innovation created a new manufacturing division, and started production of a new products in optics, including development and small series production of lenses.
- During 2017 Q1 HansaMatrix concentrated all new product and technology development activity and assets in HansaMatrix Innovation.
- R&D team currently include 22 engineers and researchers out of whom 6 hold Dr.Sci.Eng. degrees in optics and electronics.

Investments during 2017 Q3 and 9 months

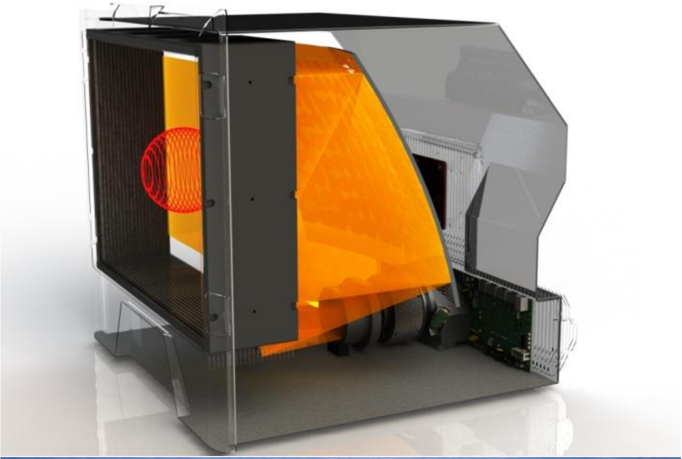
- During 9 month period of 2017 HansaMatrix made approximately 1.70 million EUR investments in production capacity increase, research instruments, test systems and development of new products.
- During 2017 Q3 approximatelly 1 million EUR from the total investment amount were made:
  - New production equipment in Pārogre plant – 0.15 M EUR
  - New production equipment in Ventspils plant – 0.55 M EUR
- In addition to mentioned amount Company has financed development of construction project for new production building extension in amount of 135 thousand EUR.

Investments in associated companies

- During 2017 Q3 HansaMatrix made investment of 189 336 EUR in LightSpace
- During 9 months - 359 352 EUR total investments in LightSpace.
- AS “HansaMatrix” currently owns 47.28% of SIA “Lightspace Technologies” share capital.
- During Q3 2017 HansaMatrix has provided additional 72 thousand EUR funds in form of convertible loan to associated company – “Zinātnes parks, SIA”

Business development of LightSpace Technologies

- LightSpace has launched first commercial model x1406-A into production in August 2017
- LightSpace has signed first R&D contract of 0.23 Million EUR in September 2017
- LightSpace allready has supplied two units for customer evaluation to USA customers in Scientific visualization and aviation
- During 3 months new display has been demonstrated to approx 12 potential customers in our San Jose office



Investment in RIX high tech park

- During Q3 2017 Zinātnes Parks, SIA has invested 25 thousand EUR in construction technical project development.
- During 9 months of 2017 total investment in technical project amounts to 139 thousand EUR.
- Currently searching for real estate investors to support a realization of the project - *RIX high tech park*
- planned to complete construction project development work by February 2018.

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Other Events during 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.

- HansaMatrix payed dividend of EUR 0.03 per 1 share for the year 2016, the total amount was 54 881.43 EUR. Payment of dividends was made on 25 May 2017.

- HansaMatrix has signed industrial leasing agreement with AS Swedbank for the amount of 703 thousand euro. ALTUM provided credit guarantee at the amount of 562 thousand EUR.

Significant events after end of reporting period

According to new Corporate Income Tax (CIT) law endorsed by Latvian Saeima at July 28, 2017 at the end of 2017 financial year HansaMatrix will reverse future CIT provisions.

Total provisions to be around 548 thousand EUR, out of which

- ~313 thousand EUR will increase net profit
- ~236 thousand EUR will increase equity reserve

Correction will be added to 2017 Q4 and 12 month non-audited and Year 2017 IFRS audited results.

Guidance statement

- From the time of listing in 2016 the Company has already provided investors and its shareholders guidance on revenues for the period up to the year 2018, forecasting annual revenues to reach 20 million EUR by year 2018.
- As the time approaches this guidance confidently fullfills.

- It has allready been announced - HansaMatrix estimate of gross revenues for the coming 3 year period:
  - ✓ revenue by year 2020: to reach 30 million EUR
  - ✓ EBITDA margin by year 2020: to be between 12 to 15%

Q & A submitted before webinar

1. Please elaborate which higher margin products enabled to improve margins in Q3 ?

   Due to confidential nature of manufacturing contracts we can not disclose such details and provide useful for analysis answers.

2. Please indicate a breakdown of data network products sales by product types ?

   the same as in (1)

3. Do you expect that the strong margin level reached in Q3 can be sustained in coming quarters or it could come down already in Q4?

   We can not give You reliable answer. Margin levels depends on product mix produced in any given quarter. Currently we are seeing strong bookings in a high margin products. However Q4 includes holiday season which usually reduces business amount and profit level in December month.

4. Could you discuss broadly the company's average EBITDA margins by products segments?

   In general EBITDA margin level is directly connected to the product complexity in manufacturing process. Complex and proffesional products tend to have higher manufacturing margins. Good examples are products used in medicine, avionics products, etc. Due to confidentiality we are not able to provide any margin analysis across our market segments.

Q & A submitted before webinar

5. In which countries are located your main clients counted as “the rest of the EU”? Where the respective growth is mainly coming from?

   Our «the rest of the EU» customers are located over several countries: Czech Republic, Germany, France, UK.

6. Who are the main owners of 52.7% of LightSpace shares?

   BaltCap Latvia Venture Capital Fund – 27.14%

   Imprimatur Capital Seed Fund – 6.21%

   Imprimatur Capital Technology Venture Fund – 19.37%

7. When do you expect the repayments of the shareholder loan to continue and when it should be fully repaid?

   Shareholder loan was created by transaction of separating of bad assets out of Company 2 years before listing. Macro Riga has a plan to repay it over 2 year period. Process is connected to potential divestion of number of shares to new free float shareholders.

Q&A Session

We welcome your questions during webinar !

Please use investor contact for any other enquiries:

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Thank you!