HansaMatrix

Innovator and Manufacturing Solution High-Tech Group

Q4 and 12 month results of 2017 – Nasdaq webinar

Presenters: Ilmars Osmanis, CEO and Maris Macijevskis, CFO

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Executive summary

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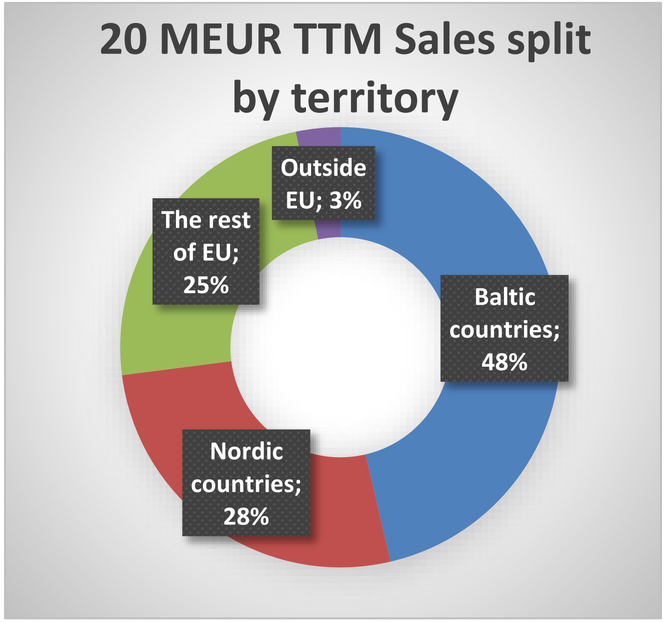


Overview

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

Key strengths

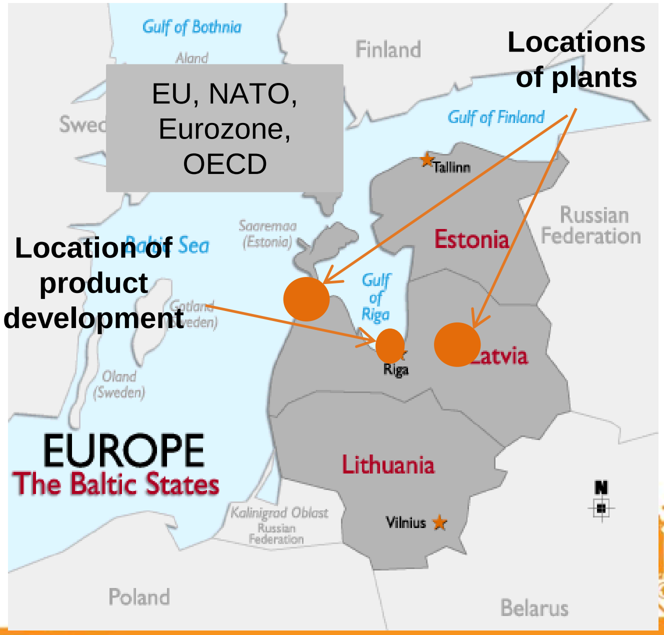
- Knowledge intensive technologies and lean, efficient and cost-effective volume manufacturing operation
- Operates 2 modern and high capacity plants

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

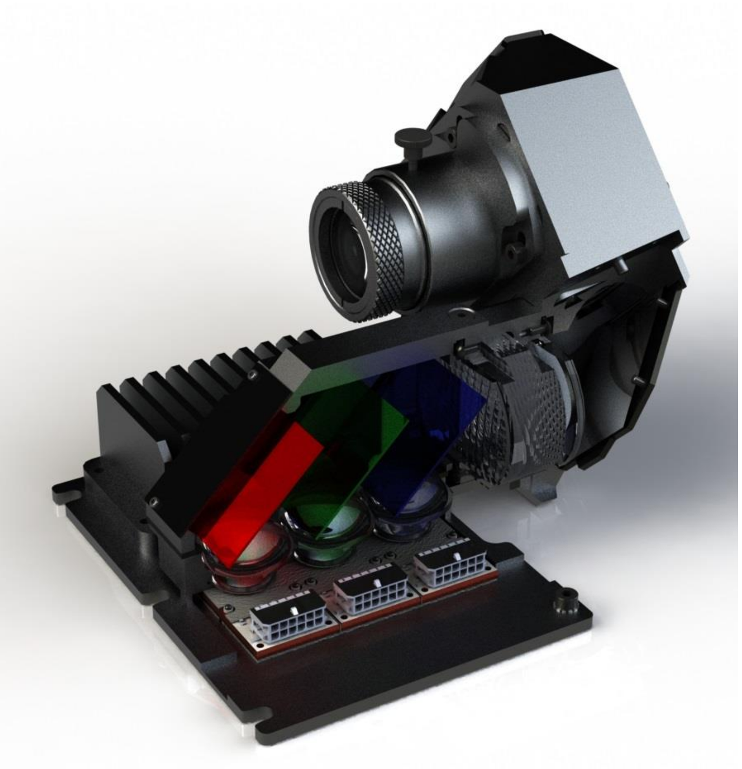
Investment opportunity

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



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 0.91 Million EUR revenues in 12 months period, representing 4.6% share of turnover
- During 12m of 2017 HansaMatrix started manufacture of advanced professional optical products



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

2017 Q4 and 12m results summary

- Q4 Quarterly turnover slightly over 5 million euro
- 12 month turnover closing in 20 million EUR turnover mark
- Y-o-y growth for the same 12 month period turnover 16%, EBITDA 66%

Results summary, MEUR	2017Q4	2017M12
Turnover	5.126	19.683
EBITDA	0.815	3.685
EBITDA, %	15.9%	18.7%
net profit	0.333	1.527
net profit, %	6.5%	7.8%
P/E		9.7

2017 comparison with peers

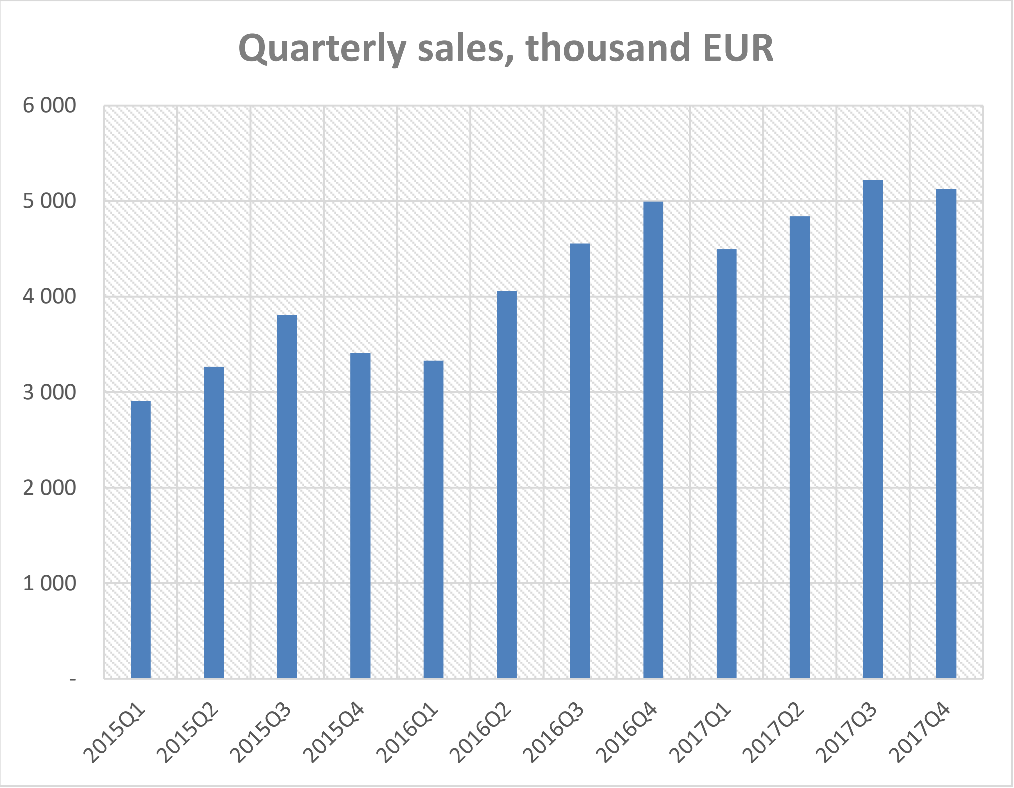
- HansaMatrix EBITDA and net profit margins – highest among industry peers
- Results reflect highly competent company management with good strategic sense for business development

TTM figures - Million EUR	Market Cap	Net Revenue	EBITDA	Net Profit	EBITDA margin	Net profit margin
HansaMatrix	14.5	19.6	3.7	1.5	18.7%	7.8%
Incap Oyj	26.5	48.5	4.9	3.1	10.0%	6.4%
Note AB	78.3	122.0	11.4	7.5	9.3%	6.1%
Kitron ASA	157.6	261.2	21.6	10.6	8.3%	4.1%
Data Response ASA	132.3	133.1	11.0	4.3	8.3%	3.3%
HANZA Holding	30.0	145.3	9.3	1.7	6.4%	1.2%
Inission AB	21.3	74.0	2.2	2.1	2.9%	2.8%

Q4 results of 2017 in detail

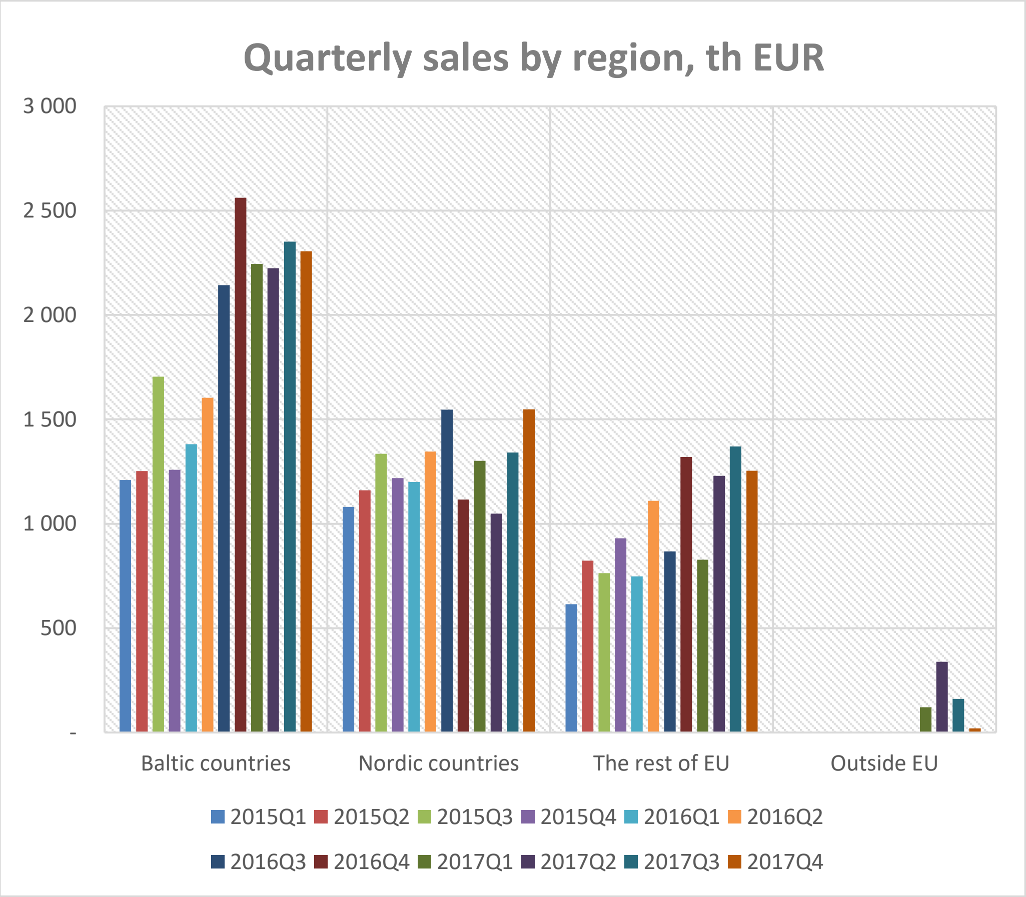
2017 Q4 sales

- Quarterly sales reached 5.126 million euro
- An increase by 3% in comparison to 2016Q4
- An decrease by 2% in comparison to 2017Q3



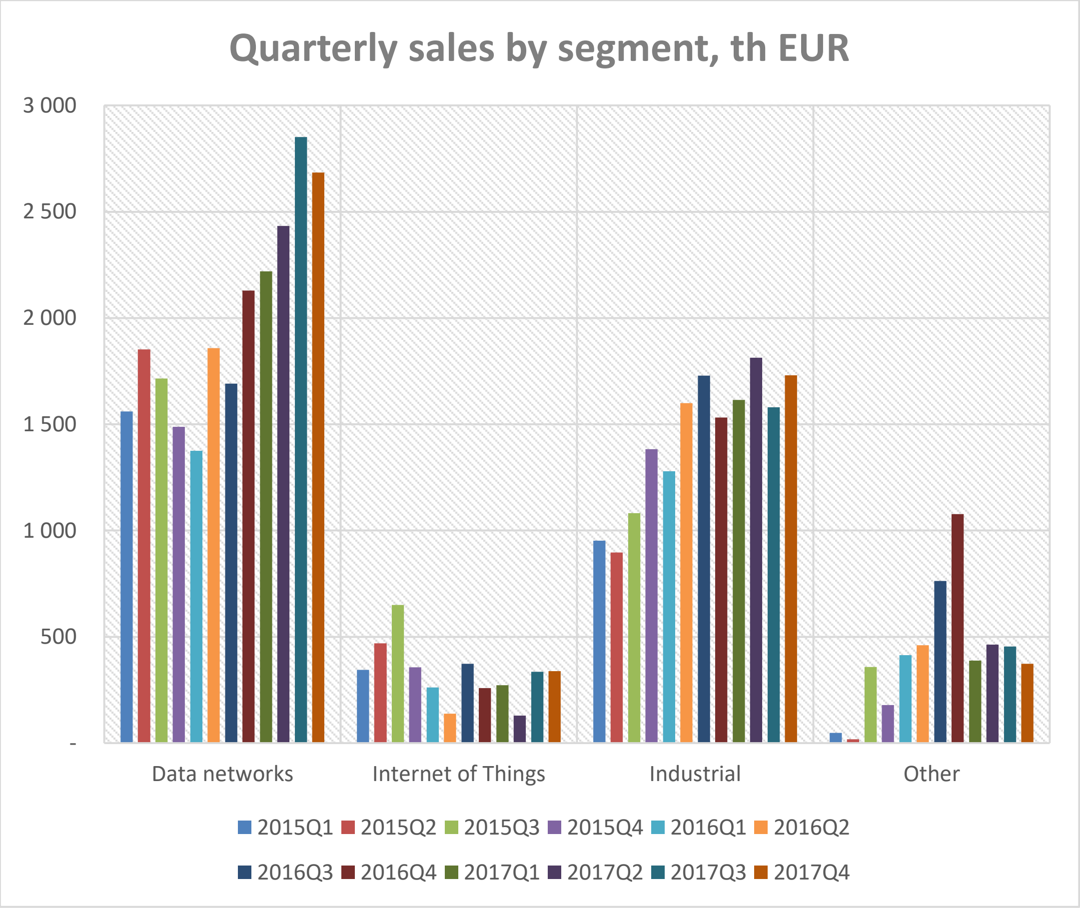
2017 Q4 sales by region

- Baltic sales – 45%
  - ✓ 10% down from 2016Q4
  - ✓ 2% down from 2017Q3
- Nordic sales – 30%
  - ✓ 39% up from 2016Q4
  - ✓ 15% up from 2017Q3
- The rest of EU sales – 24%
  - ✓ 5% down from 2016Q4
  - ✓ 9% down from 2017Q3
- Outside EU – 0.4%
  - ✓ 88% down from 2017Q3



2017 Q4 sales by market segment

- Data network products - 52%
  - ✓ 26% up from 2016Q4
  - ✓ 6% down from 2017Q3
- Industrial segment – 34%
  - ✓ 13% up from 2016Q4
  - ✓ 9% up from 2017Q3
- Internet-of-things - 7%
  - ✓ 31% up from 2016Q4
  - ✓ 1% up from 2017Q3
- Other – 7%
  - ✓ 65% down from 2016Q4
  - ✓ 18% down from 2017Q3



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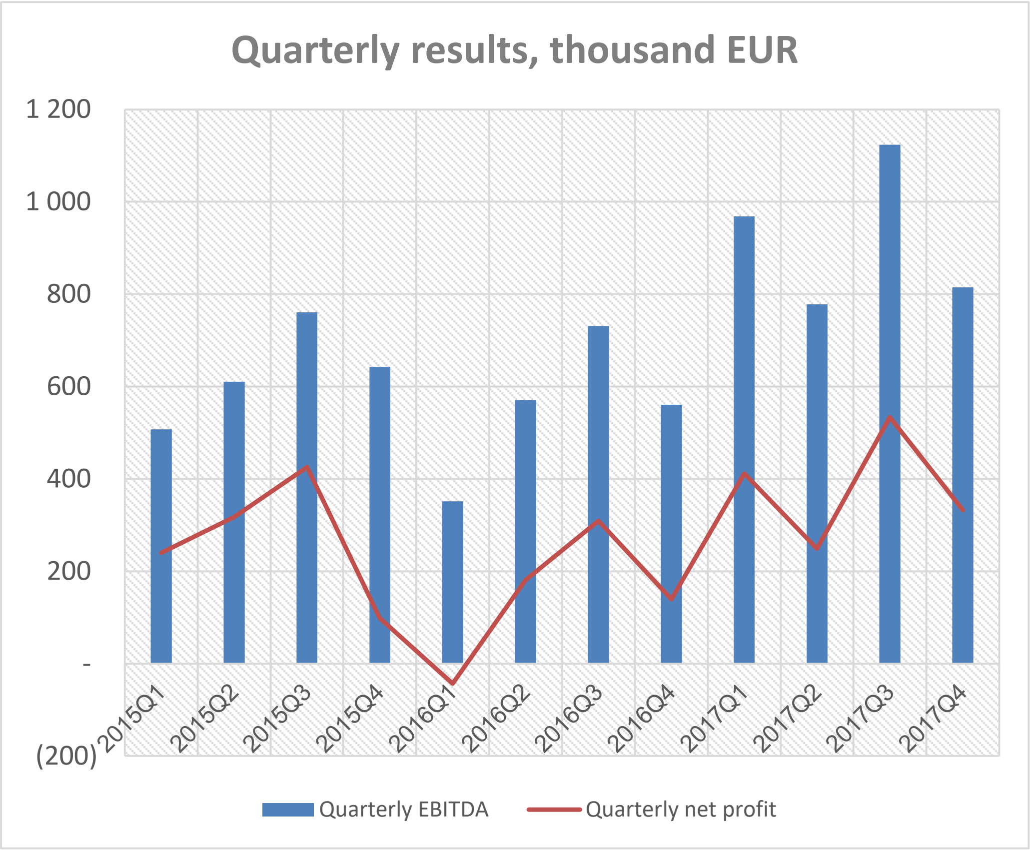
2017 Q4 profitability results

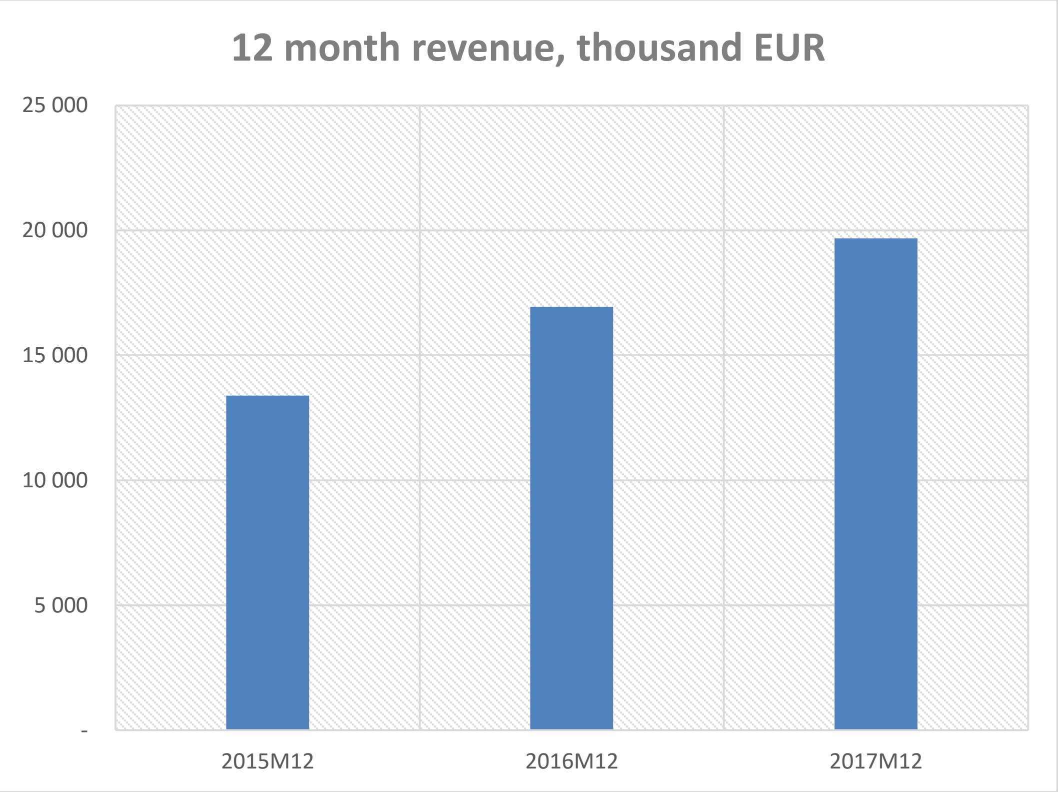
- 2017 Q4 EBITDA result - 0.815 million EUR
  - ✓ 45% up from 2016Q4
  - ✓ 27% down from 2017Q3
- Net profit results – 0.333 million euros
  - ✓ 139% up from 2016Q4
  - ✓ 38% down from 2017Q3
- Q4 EBITDA margin – 15.9%
- Q4 net profit margin – 6.5%



12m results of 2017 in detail

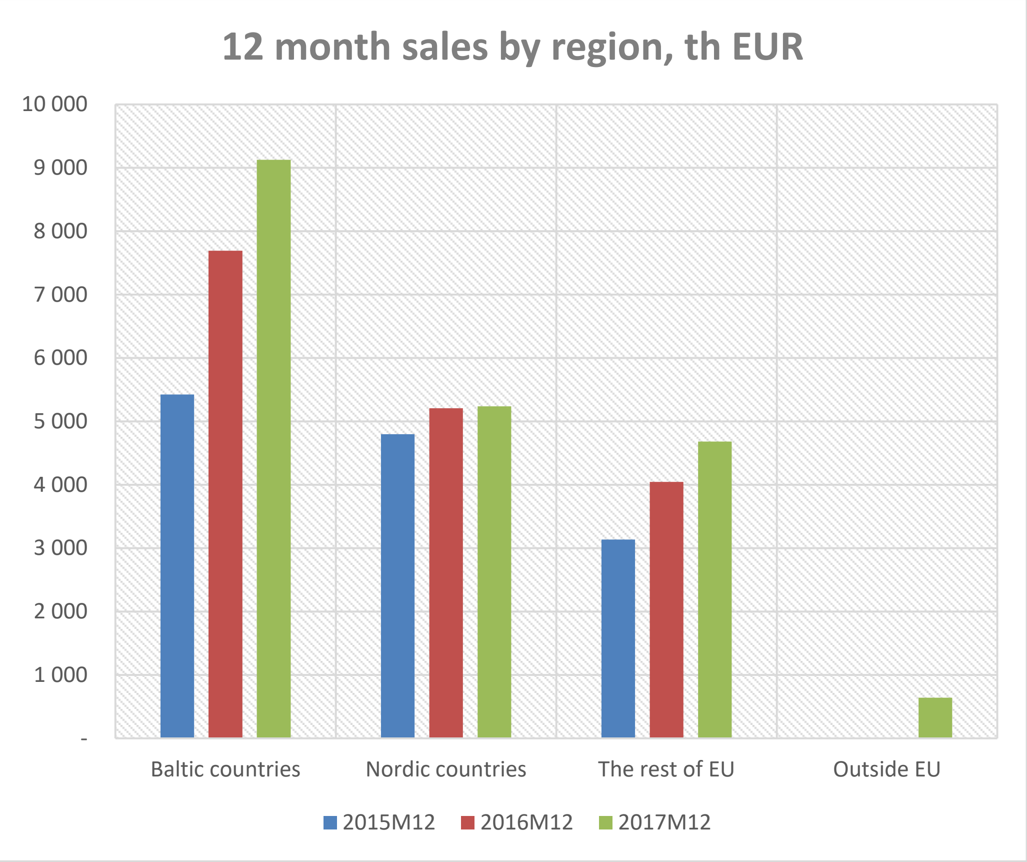
2017 12m revenue

- Record high 2017 12m revenue of 19.68 million euro
- An increase by 16% in comparison to 2016 12 months (2016M12)



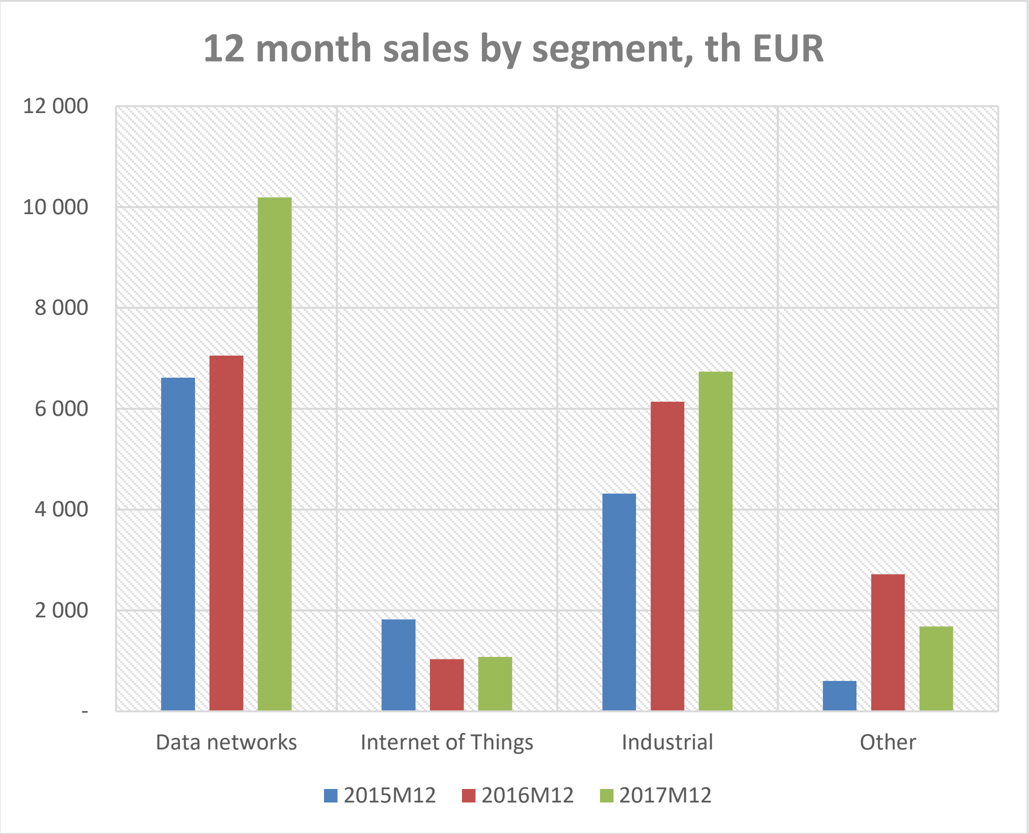
2017 12m sales by region

- Baltic sales – 48%
  - ✓ 19% up from 2016M12
- Nordic sales – 28%
  - ✓ 1% up from 2016M12
- The rest of EU sales – 25%
  - ✓ 16% up from 2016M12
- Outside EU – 3%



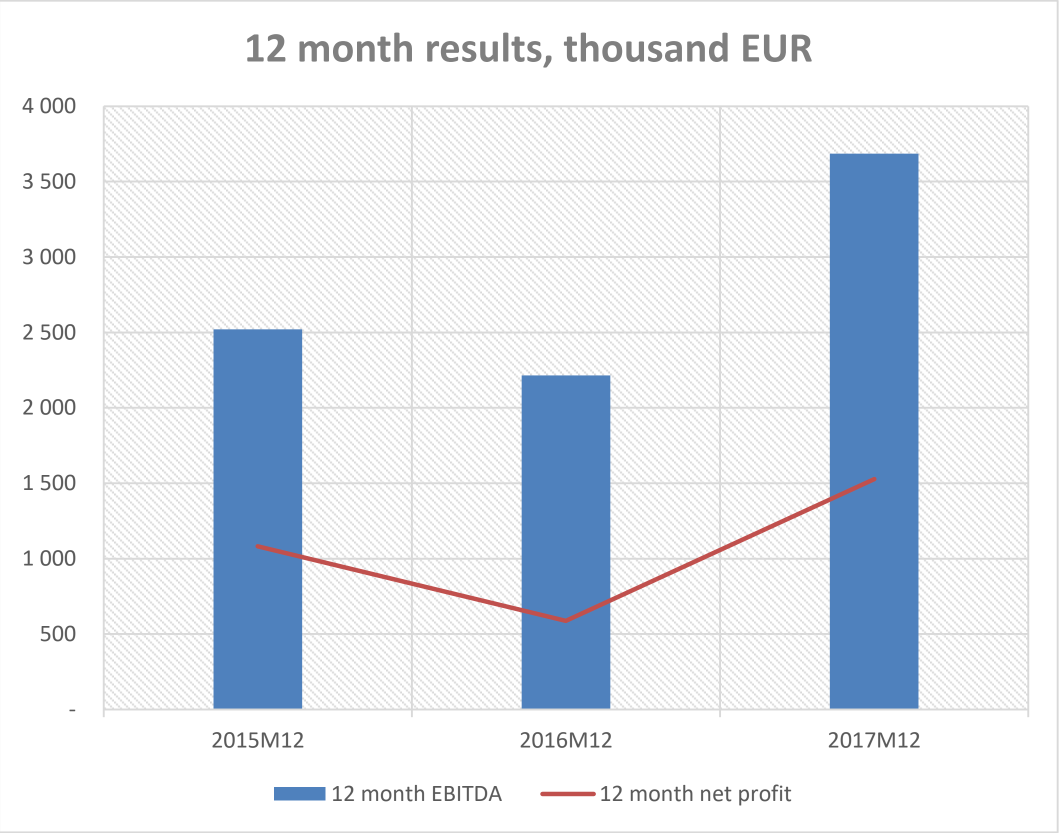
2017 12m sales by market segment

- Data network products - 52%
  - ✓ 44% up from 2016M12
- Industrial segment – 36%
  - ✓ 10% up from 2016M12
- Internet-of-things - 6%
  - ✓ 4% down from 2016M12
- Other – 16%
  - ✓ 38% down from 2016M12



2017 12m profitability results

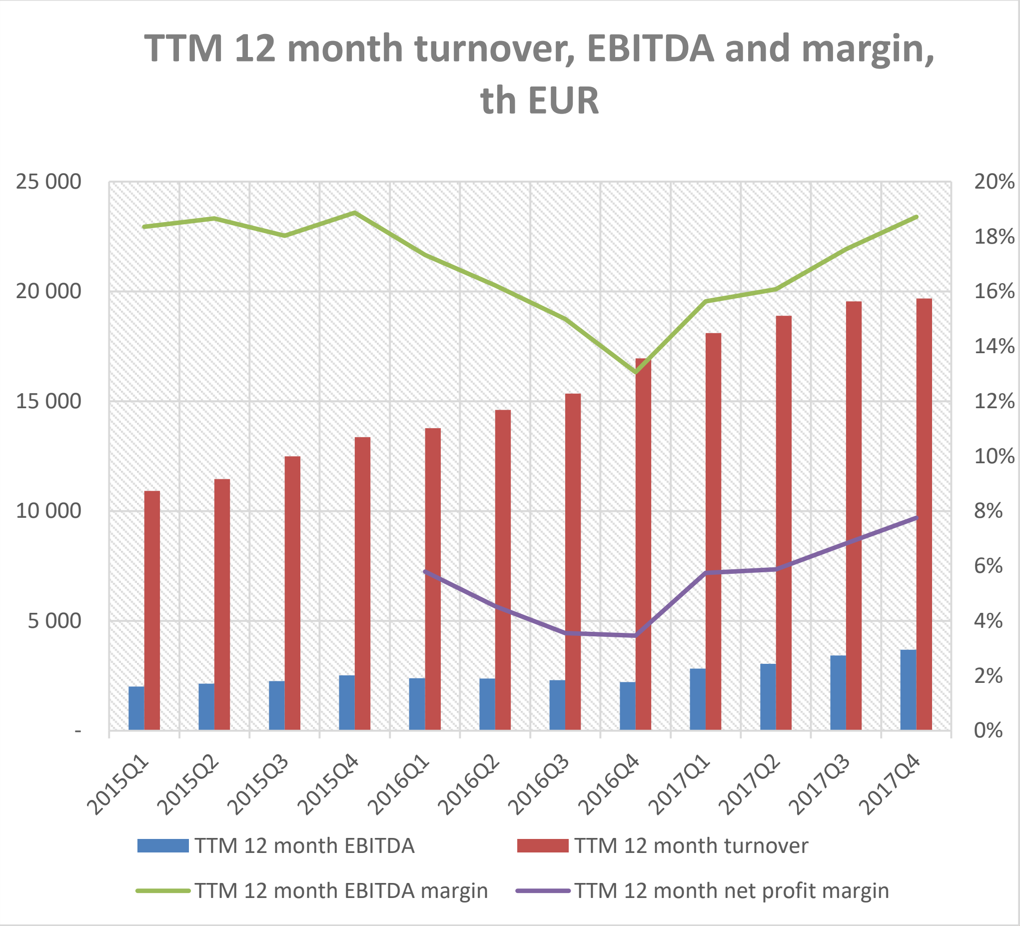
- 2017 12m (2017M12) EBITDA result – 3.685 million EUR
  - ✓ 66% up from 2016M12
- Net profit results – 1.527 million euros
  - ✓ 160% up from 2016M12
- Record high 12 month EBITDA and net profit result – exceeding 12 months of 2016 or 2015
- 12m EBITDA margin – 18.7%
- 12m net profit margin – 7.8%



TTM 12 month results in detail

TTM 12 month sales and results

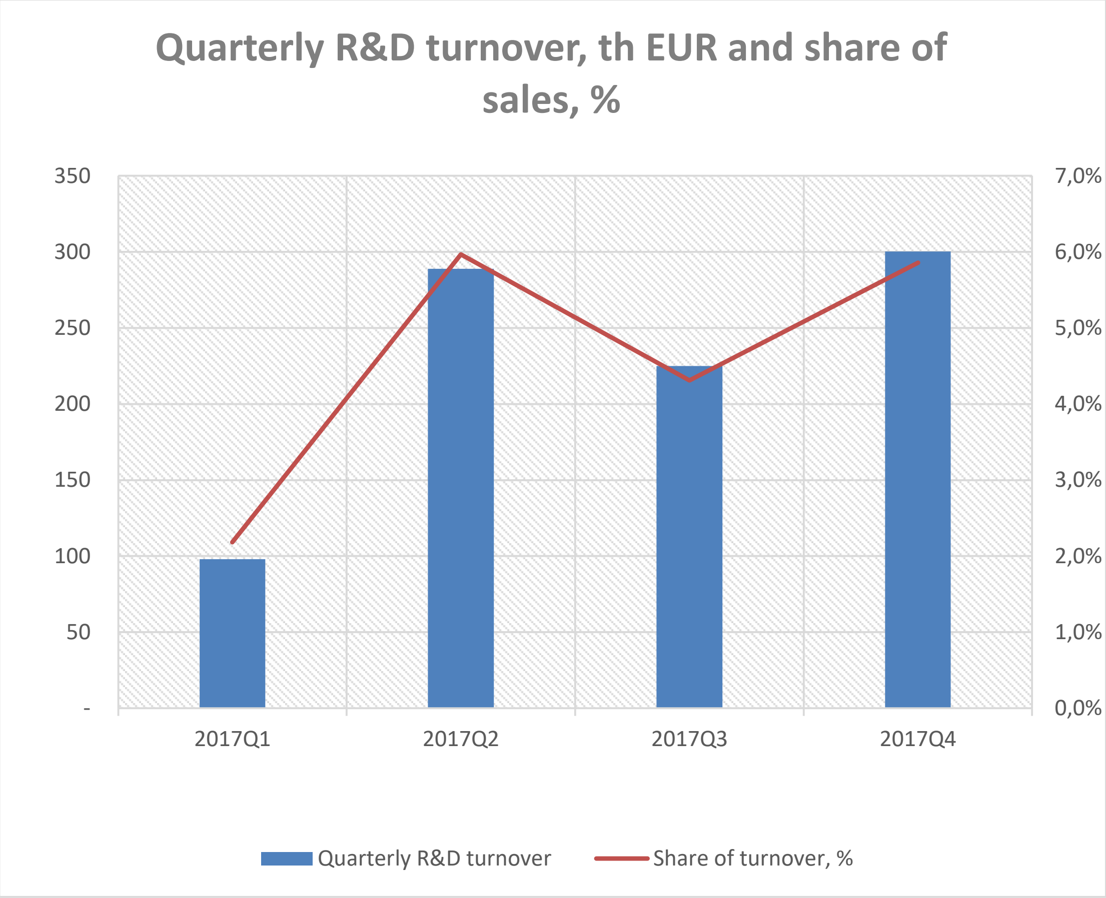
- TTM (trailing twelve months) 12 months represent period:
  - ✓ starting January 1, 2017
  - ✓ ending December 31, 2017
- TTM turnover grown to 19.68 million EUR - 1% up from period ending at Q3 2017
- TTM EBITDA result is 3.685 million EUR - 7% up from period ending at Q3 2017
- TTM net profit is 1.53 million EUR - 15% up from period ending at Q3 2017
- TTM EBITDA margin reported as 18.7%
- TTM net profit margin reported as 7.8%
- Margins are highest among industry peers.



Update on other activities

Quarterly and 12m R&D turnover

- 2017 Q4 R&D B2B sales reported 0.30 M EUR
- 5.9% share of quarterly consolidated sales
- 33% up from 2017 Q3
- 2017 12 month R&D sales reported 0.91 M EUR
- 4.6% share of 12 months consolidated sales
- grant financing not included in reported results



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Investments during 2017 Q4 and 12 months

- During 12 month period of 2017 HansaMatrix made approximately 2.0 million EUR investments in production capacity increase, research instruments, test systems and development of new products.
- During 2017 Q4 approximatelly only small investments were made:
  - To equip HansaMatrix Innovation labs – 0.05 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.

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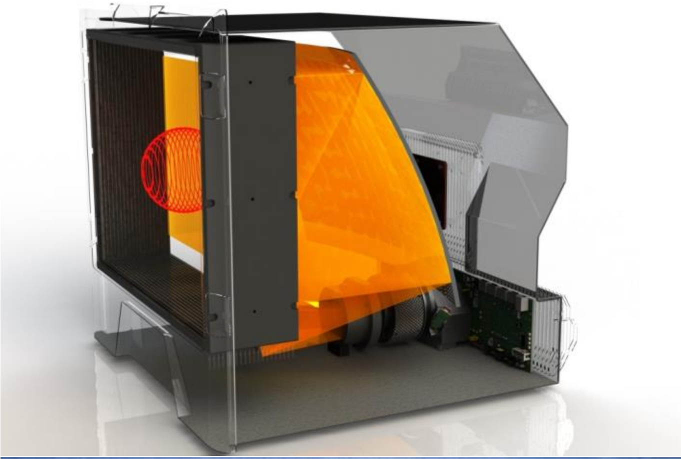
Investments in associated companies

- During 2017 Q4 HansaMatrix made investment of 290 thousand in LightSpace and completed 649 thousand EUR investment round
- During 12 months – 649 thousand EUR total investments in LightSpace.
- In Q4 Company made additional convertible loan to Lightspace technologies in amount of 222 th EUR
- AS “HansaMatrix” currently owns 47.28% of SIA “Lightspace Technologies” share capital.
- During Q4 2017 HansaMatrix has provided additional 110 thousand EUR funds in form of convertible loan to associated company – “Zinātnes parks” SIA
- During 12 month period Company issued 159 thousand EUR convertible loans to “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
- One rental contract of display signed and another one is in preparation



Investment in RIX high tech city

- During Q4 2017 Zinātnes Parks, SIA has invested 63 thousand EUR in construction technical project development.
- During 12 months of 2017 total investment in technical project amounts to 202 thousand EUR.
- Currently searching for real estate investors to support a realization of the project - *RIX high tech city*
- planned to complete construction project development work by Q2 2018.

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 paid 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.

- At the end of a year – December 22, 2017 Hansamatrix has signed new financing agreements with SEB bank.

Significant events after end of reporting period

- Company shareholder FlyCap Investment Fund has sold 191 417 shares (10.46%) to new institutional and retail shareholder
- Company shareholder Macro Riga sold 24 664 shares (1.35%) to retail shareholders
- As a result of both transactions company free-float has reached 29.34%
- Changes on Management board – Maris Macijevskis has been appointed to the company Board.
- Resignation of Janis Skutelis, Chairman of Supervisory Council.
- Extraordinary shareholder meeting on February 16, 2018
  - Election of a new council member - Dagnis Dreimanis
  - Approval of personal option plan authorizing of conditional increase of equity by 1%

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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 we see 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. Q4 gross margin of 15.6% was lowest in a year. Apart from seasonal aspects, what other developments dragged margins lower?

   We would still qualify 15.6% as margin being on high side of guidance. Seasonal aspects already has been mentioned. Impact of December holidays is noticeable. At end of year customers do not accept deliveries and invoices, which means that finished products are accounted in work-in-progress only at direct costs. It is not only the particular days been a holiday, it also has consequences of shift work distractions, some materials needed for production not been delivered in time and other distractions that reduce productivity and margins.

2. Assuming the latest convertible loan provided to LightSpace Technologies in Q4 (EUR 0.22m) would be converted, what is the effective ownership of HMX in LightSpace?

   We would not speculate about exact ownership share at this point. It will be announced once actual conversion will take place.

3. Please describe main factors behind a 24% q-o-q rise in administrative expenses?

   If we are analysing administrative expense, it has been changing both ways over a year. Q1 – 0.339; Q2 – 0.404; Q3 – 0.339; Q4 – 0.422. Q4 administrative cost is only ~5% higher than Q2. And Q3 has been summer holiday period with reduced salary costs. In this particular Q4 we can see increased software deprecation costs, also variable (bonus) part of salaries for finance department at Q4 played some role in increase.

Q & A submitted before webinar

4. How much the refinancing of debt enabled to reduce the weighted average interest rate? Can you disclose the new rate level?

   Long term interest expense expected to go down by approx 45% for the existing level of loans.

Q&A Session

We welcome your questions during webinar !

Please use investor contact for any other enquiries:

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Thank you!