

HANSAMATRIX



Innovator and Manufacturing Solution High-Tech Group

Q4 and 12m results of 2020 – Nasdaq webinar

Presenters: Ilmars Osmanis, CEO and Maris Macijevskis, CFO

February 23, 2021



Executive summary



Business trends

- Continuation of global COVID-19 pandemic crisis. Emergency situation declared in Latvia and currently extended up to April 6, 2021.
- COVID-19 Personell safety issues – continue to be critical for current and next period. Overall 16 HansaMatrix employees have been tested covid positive and had to stay isolated for illness and recovery period.
- Started global component shortage.
- Continuing transportation disruption due to global disbalance of sea transportation flows.
- Due to increased growth in remote data connectivity for business, work studies, etc., the demand in data networks products is strong.



2020 Q4 summary

- Net profit influenced by EIB loan provisions, losses from associates and by the increased fixed cost proportion due to the decreased revenue influenced by COVID-19 disruption.

Results summary, MEUR	2019 Q4	2020 Q4	y-o-y	TTM 2020 Q4
Revenue	6.611	5.632	-15%	22.661
EBITDA	0.701	0.783	+12%	2.997
EBITDA margin	10.60%	13.90%		13.22%
Net profit	0.092	0.019		-0.468
Net profit margin	1.36%	0.35%		-2.07%
P/E				-35.37



Comparison with peers

- HansaMatrix EBITDA margin – the second highest compared to industry peers
- Peer EV (Enterprise value) range 6.3x up to 12.2x EBITDA (HansaMatrix 9.9x)

TTM figures - Million EUR	(EV) Enterprise value	TTM Revenue	TTM EBITDA	TTM Net Profit	EBITDA margin	Net profit margin
Incap Oyj	132	81	11	4.66	13.47%	5.78%
HansaMatrix	29	23	3	-0.47	13.22%	-2.07%
Note AB	225	179	19	11.07	10.57%	6.19%
Kitron ASA	376	370	39	19.89	10.45%	5.37%
Inission AB	76	97	6	2.56	6.48%	2.65%
HANZA Holding	84	206	13	-0.13	6.48%	-0.06%

Source: Bloomberg, February 22, 2021, Q4 2020
TTM data

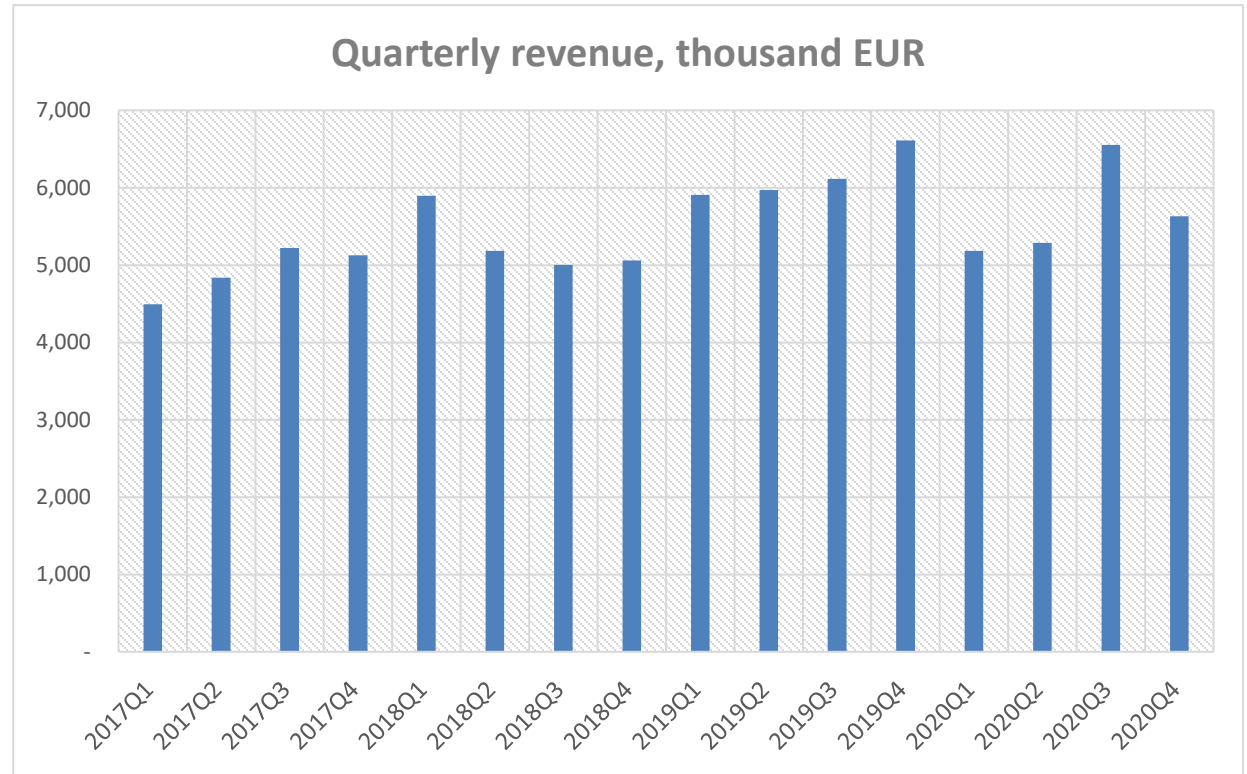


Q4 results of 2020 in detail



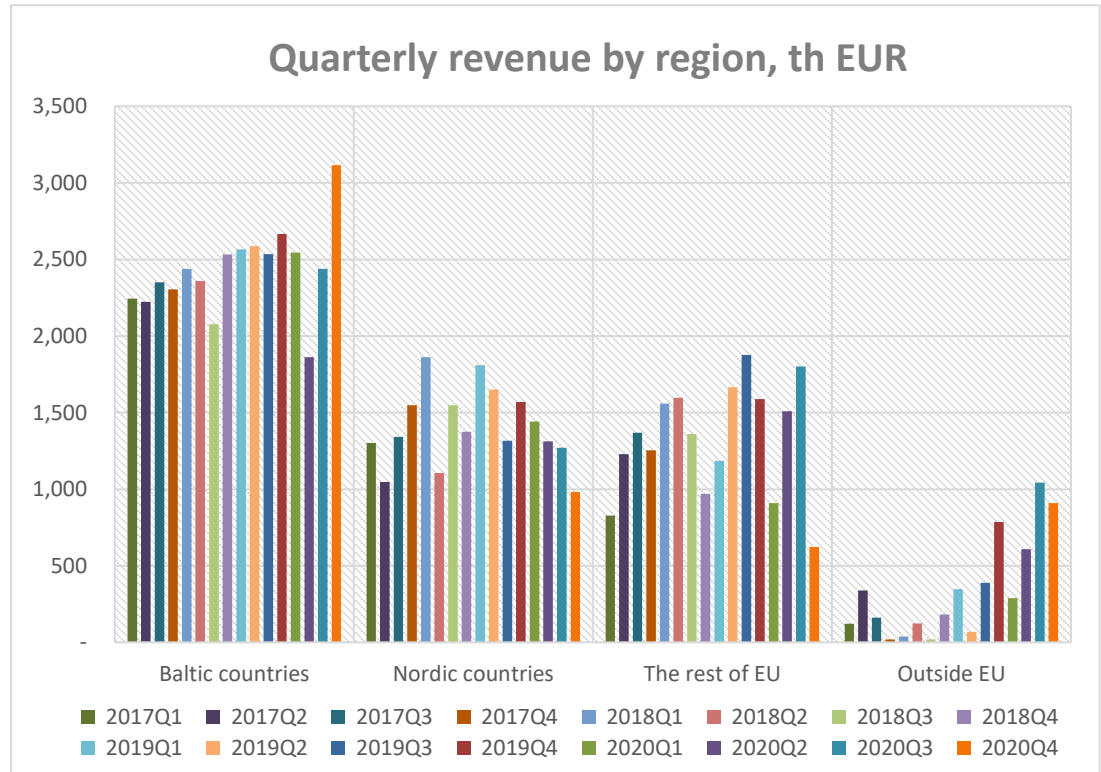
2020 Q4 revenue

- Quarterly revenue reached 5.63 MEUR
- Decrease by 15% in comparison to 2019 Q4
- Decrease by 14% in comparison to 2020 Q3



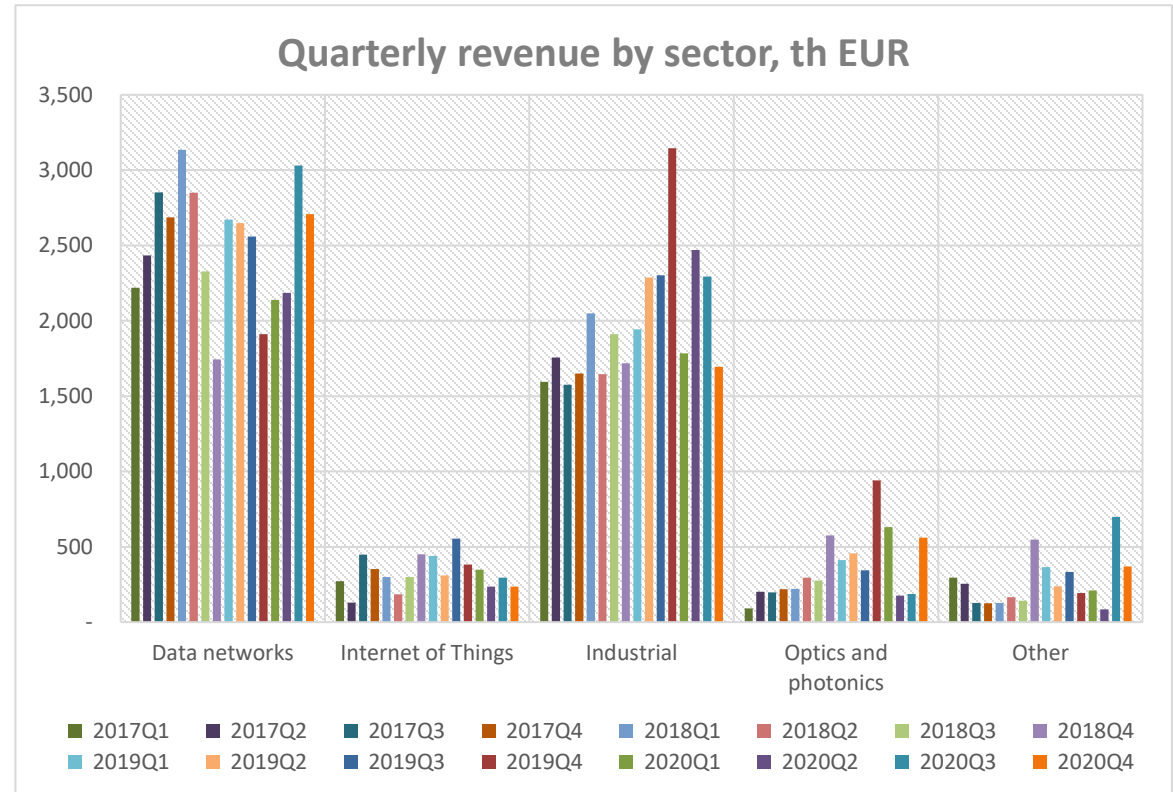
2020 Q4 revenue by region

- Baltic sales – 55%
✓ 17% up from 2019Q4
- Nordic sales – 17%
✓ 23% down from 2019Q4
- The rest of EU sales – 11%
✓ 61% down from 2019Q4
- Outside EU – 16%
✓ 16% up from 2019Q4



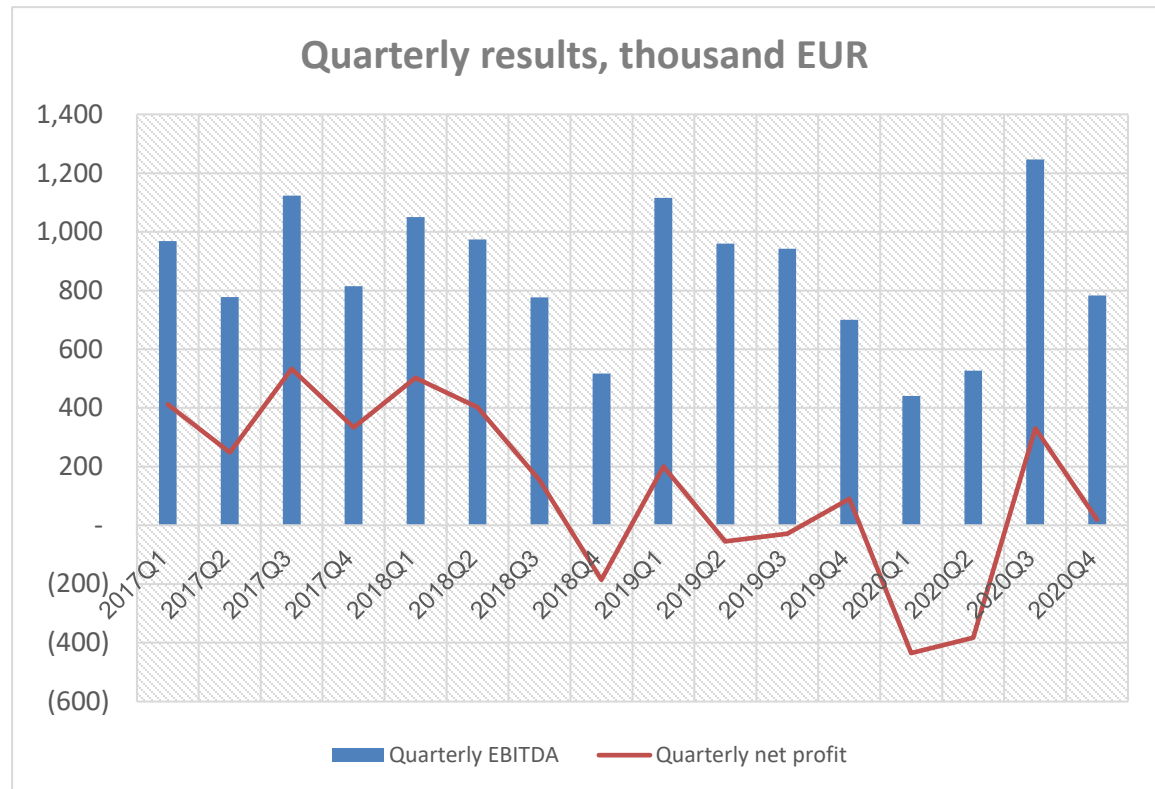
2020 Q4 revenue by market sector

- Data network products - 48%
✓ 42% up from 2019Q4
- Industrial segment – 31%
✓ 45% down from 2019Q4
- Internet-of-things - 4%
✓ 39% down from 2019Q4
- Optics and photonics - 10%
✓ 40% down from 2019Q4
- Other – 7%
✓ 92% up from 2019Q4



2020 Q4 profitability results

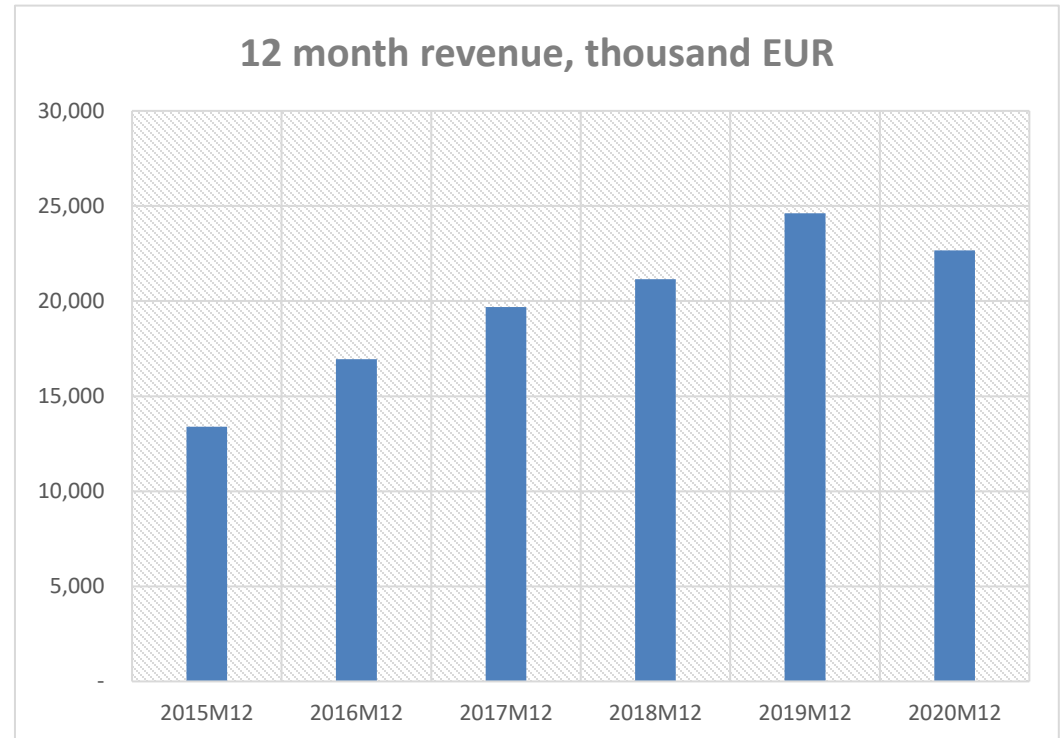
- 2020 Q4 EBITDA – 0.783 MEUR
 - ✓ 12% up from 2019 Q4
- Net profit – 0.020 MEUR
 - ✓ 78% down from 2019 Q4
- Q4 EBITDA margin – 13.90%, net profit margin – 0.35%



12m results of 2020 in detail

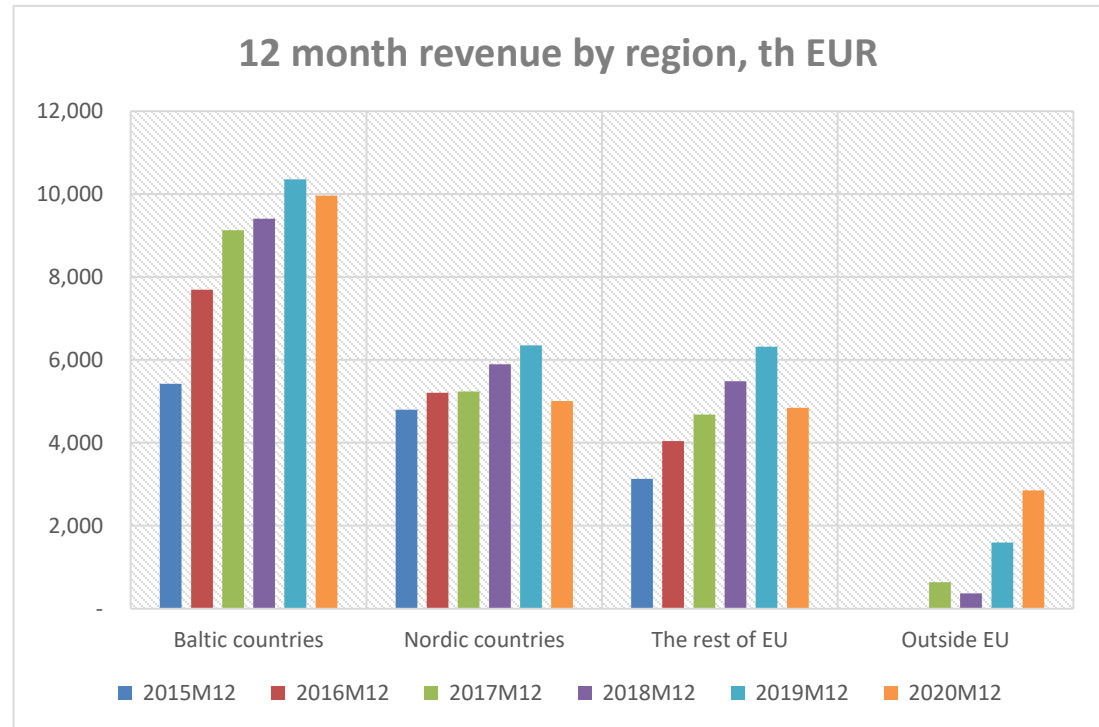
2020 12m revenue

- 2020 12m revenue of 22.66 MEUR
- A decrease by 8% in comparison to 2019 12m



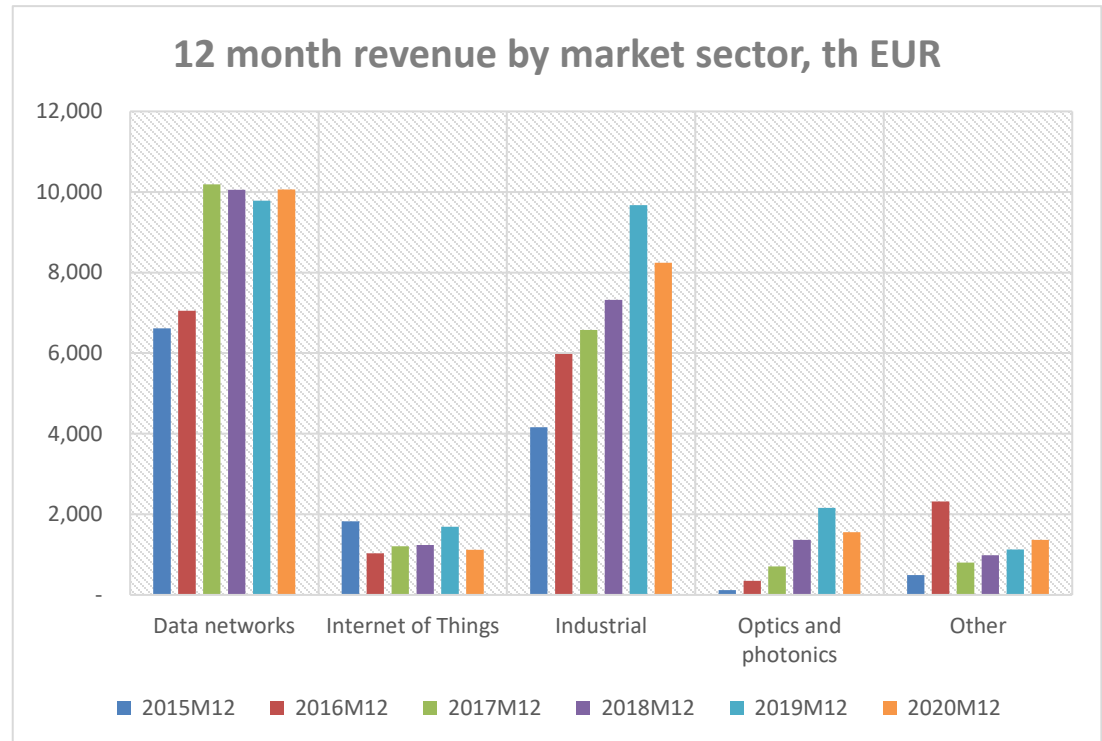
2020 12m revenue by region

- Baltic sales – 44%
 - ✓ 4% down from 2019 12m
- Nordic sales – 22%
 - ✓ 21% down from 2019 12m
- The rest of EU sales – 21%
 - ✓ 23% down from 2019 12m
- Outside EU – 13%
 - ✓ 79% up from 2019 12m



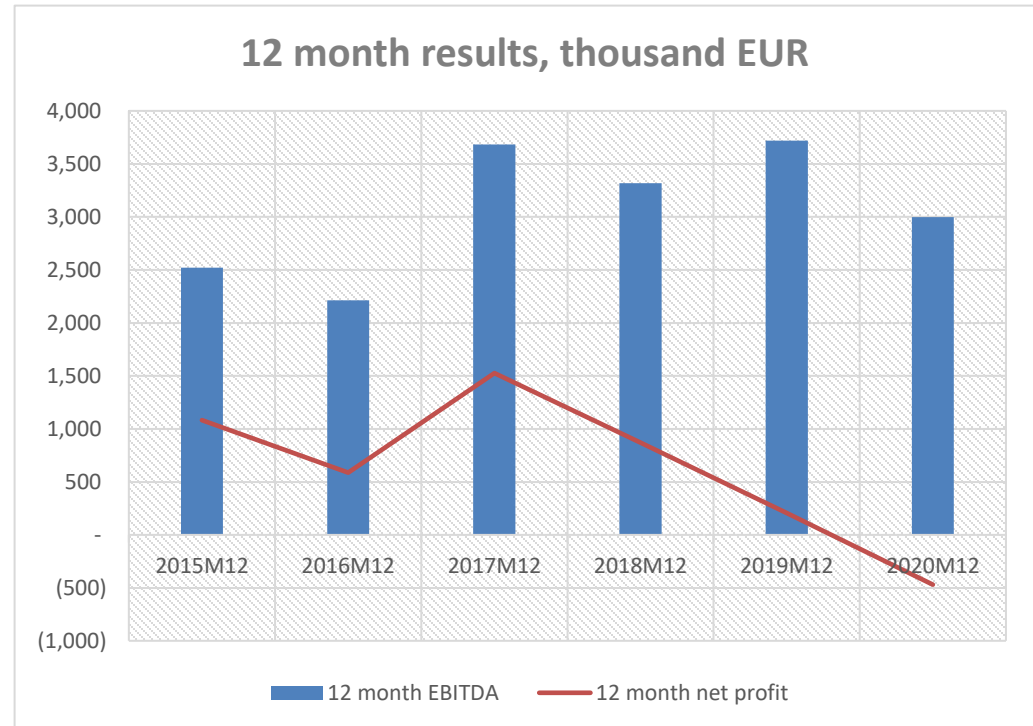
2020 12m revenue by market sector

- Data network products - 44%
✓ 3% up from 2019 12m
- Industrial segment – 38%
✓ 34% down from 2019 12m
- Internet-of-things - 5%
✓ 34% down from 2019 12m
- Optics and photonics - 7%
✓ 28% down from 2019 12m
- Other – 6%
✓ 21% up from 2019 12m



2020 12m profitability results

- 2020 12m EBITDA result – 2.997 million EUR
 - ✓ 19% down from 2019 12m
- Net loss – 0.468 MEUR
- 12m EBITDA margin – 13.22%
- Performance in 2020 influenced by:
 - ✓ Personell safety costs
 - ✓ Supply chain disruptions
 - ✓ Demand decrease for products in some market sectors

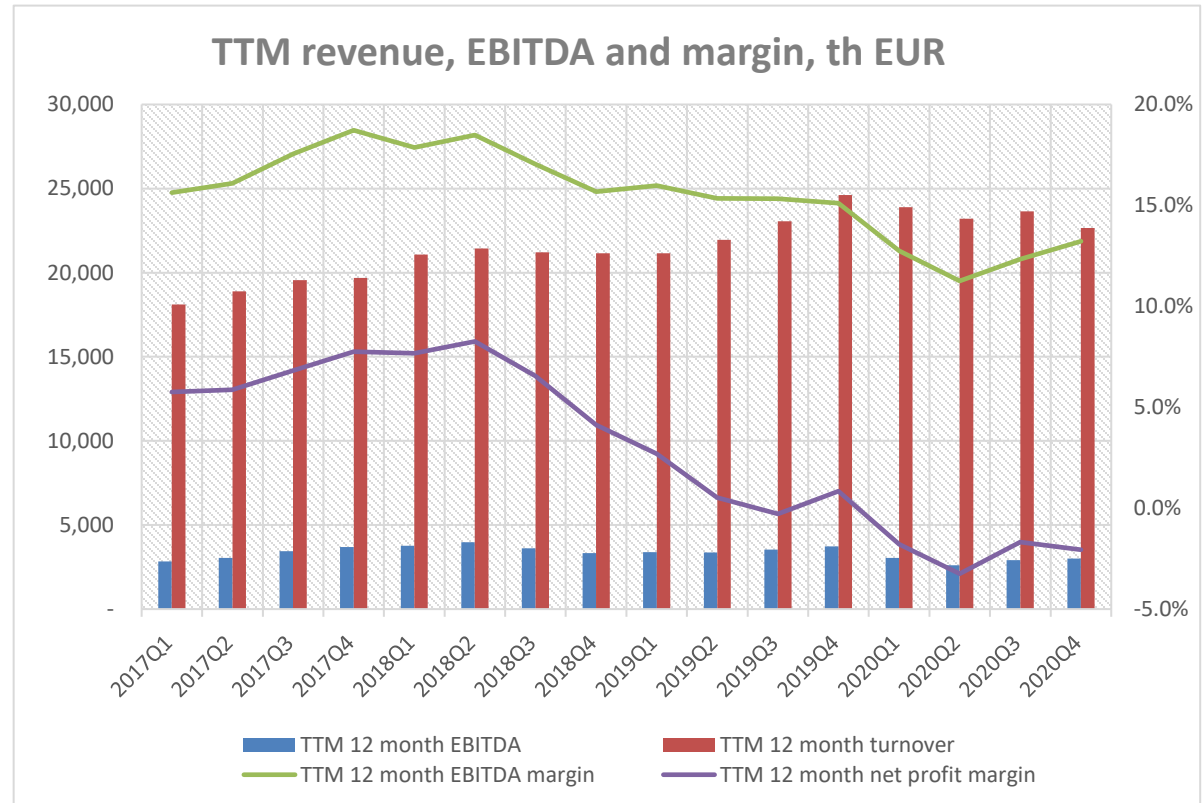


Trailing 12 months (TTM) results in detail



TTM sales and results

- TTM (trailing twelve months) period ending 2020 Q4 indicator dynamics compared to TTM period ending 2019Q4:
- TTM revenue 22.66 M EUR – 8% down
- TTM EBITDA 2.99 M EUR – 19% down
- TTM net loss 0.47 M EUR
- TTM EBITDA margin reported as 13.2%

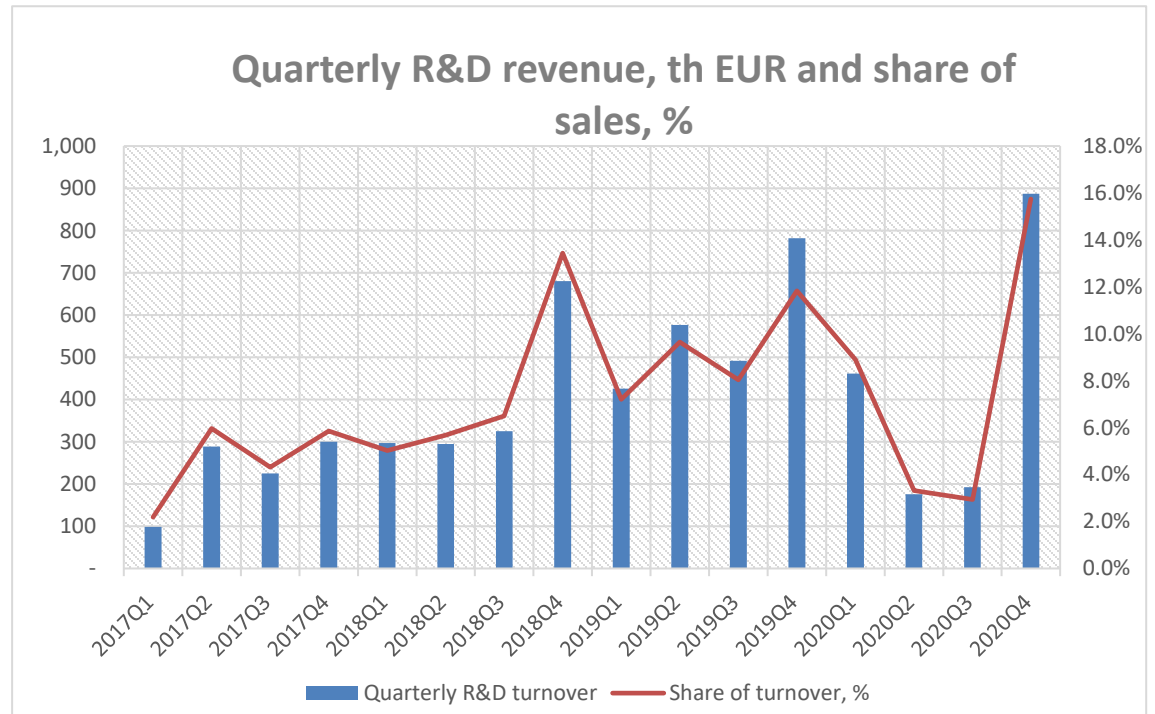


Update on other activities



Q4 2020 R&D revenue

- 2020 Q4 R&D revenue reported 0.887 MEUR, 13% increase y-o-y
- 15.8% share of quarterly consolidated sales
- 7.6% share of 12m consolidated revenue



Investments during 2020 Q4 and 12m

- The Company reporting 0.25 MEUR investments in 2020 Q4 and 0.97 MEUR in 2020 12m
- 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 Q4 and 12m 2020

LightSpace Technologies:

- There were made no investments in Q4 and only 0.5 MEUR in 12m 2020 into LightSpace Technologies to finance technology R&D and commercialization of 3D display technologies.
- As of end of year 2020 investment in LightSpace Technologies amounted to 8.67 MEUR (4.96 MEUR convertible loan and 3.71 MEUR equity).

Zinātnes parks:

- 0.07 MEUR investments in Q4 and 0.24 MEUR in 12m 2020 in form of convertible loan in Zinātnes parks for industrial real estate project maintenance at Riga airport.
- As of end of 2020 investment in Zinātnes parks in total amounted to 1.87 MEUR (1.07 MEUR convertible loan and 0.80 MEUR equity).



Business development of LightSpace Technologies

- On July 28, 2020 HansaMatrix associated company LightSpace Technologies has signed Grant Agreement with European Commission to receive grant funding of 2.25 Million EUR from European Union's Horizon 2020 research and innovation programme.
- Further up to 1.7 Million EUR equity investment by EIC Fund is expected to be signed and received by LightSpace Technologies as blended financing contribution.



Significant events in 2020 Q4

- Appointed the new HansaMatrix management board member, Mr. Jānis Sams, serving as Chief Operation Officer.
- First investment report by Wood&Company published on HansaMatrix in the research programme supported by EBRD, available to public:
<https://bit.ly/3oWow54>.
- Renewal agreements signed with SEB to extend the maturity of working capital financing facilities for the next annual period of one year for aggregate amount of EUR 4.56M EUR.



Significant events after the reporting period

- Opening of a new manufacturing plant in Ventspils campus:
 - 10 year lease agreement with Freeport of Ventspils authority
 - total area of 4600 square meters.
 - doubles existing Ventspils manufacturing campus box build capacity

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) What is the status for HansaMatrix subsidiary Zinatnes parks project? When it is planned to be built and put into operation?

The construction project has received final approval in the construction authority in February, 2021. HansaMatrix investment priorities are related to technology development, therefore for Zinatnes parks project the next step is to attract real estate investor and/or anchor tenant and then to co-develop or divest the project in next 3 years.

2) How do you assess the development of Lightspace Technologies? When will it be able to generate the first revenue (sell the products)?

2022 Q1 according to business plan.



Q and A submitted before webinar (2)

3) What have been the main and most significant recent developments related to Lightspace Technologies?

New product development and launch of several prototype revisions.

4) What are the main issues that bring down profitability – is it related to lower sales and increasing weight of fixed costs?

Profitability in 2020 Q4 is influenced by the global component shortage issue and the respective supply lag, as well as by the increased fixed cost proportion due to the decreased revenue influenced by COVID-19 situation, EIB loan provisions, and losses from associates.



Q and A submitted before webinar (3)

5) What are the main reasons behind logistics problems? Is supply beginning to grow (regarding transport)?

Capacity is still issue, e.g. air freight transport capacity still decreased due to decreased passenger travel (significant part of air cargo usually flies in the bellies of passenger flights). Capacity decrease in air freight most likely has increased demand for sea freight influencing capacity due to availability of containers.

6) Please elaborate more what kind of problems face clients with decreasing orders? Which sectors?

Mostly industrial sector, IoT and also other product sector. Examples: a) Industrial sector customer with global sales in energy sector facing significant temporary demand decrease for the product that needs on field installation and training b) Industrial sector customer facing decreasing demand in typography equipment due to sharp decrease in printed material circulation c) IoT sector client facing decrease in coffee vending machine demand for installation in public places



Q and A submitted before webinar (4)

7) How big were extra costs related to covid-19?

The key component of these costs is estimated 20% top and middle management time spent on COVID-19 related issues – impact reporting, personell safety organizational issues, supply chain issue management, etc.

8) When do you expect electronic component supply to improve?

Expected to improve in 2021 Q3-4 as supply matches the increased demand in some sectors (data networks and medicine).

Alternative performance measures

The definitions of alternative performance indicators (APIs) used in the webinar presentation can be found on page 35 of the HansaMatrix Unaudited Interim Condensed Consolidated Financial Statements for the 12 month period ended December 31, 2020:

https://nasdaqbaltic.com/market/upload/reports/hmx/2020_q4_lv_eur_con_ias.pdf





Thank you!

