

HANSAMATRIX



Innovator and Manufacturing Solution High-Tech Group

Q3 and 9m results of 2020 – Nasdaq webinar

Presenters: Ilmars Osmanis, CEO and Maris Macijevskis, CFO

November 25, 2020



Executive summary

2020 Q3 Business trends - changes

- COVID-19 Personell safety issues – stay for next periods
- COVID-19 Supply chain disruptions, transportation network disruptions impact is reducing.
- Due to increase growth in remote data connectivity for business, work studies, etc. allready in Q3 demand in data networks products experienced strong growth
- New business trend towards more technology penetrated economy (more data bandwidths, more robotics and automation, more remote work, increased EU independence in manufacturing, near shoring)



2020 Q3 summary

- 7% y-o-y increase of Q3 revenue, historically highest quarterly EBITDA with 32% y-o-y increase, explained by strong and growing demand in data networks sector.
- 2020 Q3 net profit of 0.330 MEUR, improvement as compared to Q3 2019 net loss of 0.028 MEUR (net profit influenced by EIB loan provisions, losses from associates due to increasing ownership)

Results summary, MEUR	2019 Q3	2020 Q3	y-o-y	TTM 2020 Q3
Revenue	6.118	6.554	+7%	23.640
EBITDA	0.942	1.246	+32%	2.915
EBITDA margin	15.40%	19.02%		12.33%
Net profit	-0.028	0.330		-0.397
Net profit margin	n/a	5.04%		n/a
P/E				n/a



2020 comparison with peers

- HansaMatrix EBITDA margin – the second highest compared to industry peers
- Peer market capitalization range 3.7x up to 8.9x EBITDA (HansaMatrix 5.3x)

TTM figures - Million EUR	Market Cap	TTM Revenue	TTM EBITDA	TTM Net Profit	EBITDA margin	Net profit margin
Incap Oyj	78	81	11	5	13.47%	5.78%
HansaMatrix	14	23	3	-0.4	12.33%	n/a
Note AB	163	179	18	10	10.21%	5.82%
Kitron ASA	302	366	37	19	10.22%	5.18%
Inission AB	56	97	6	3	6.48%	2.65%
HANZA Holding	47	209	13	-0.1	6.10%	n/a

Source: Bloomberg, November 19, 2020

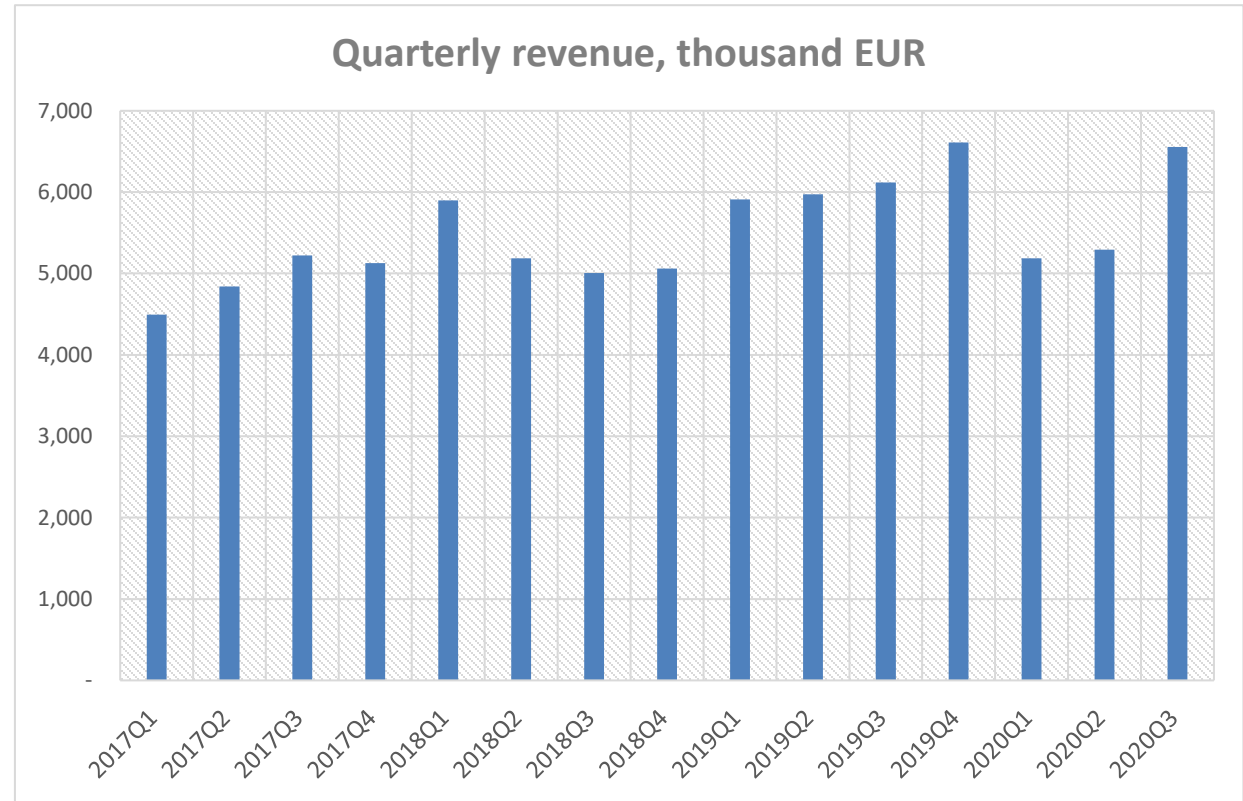


Q3 results of 2020 in detail



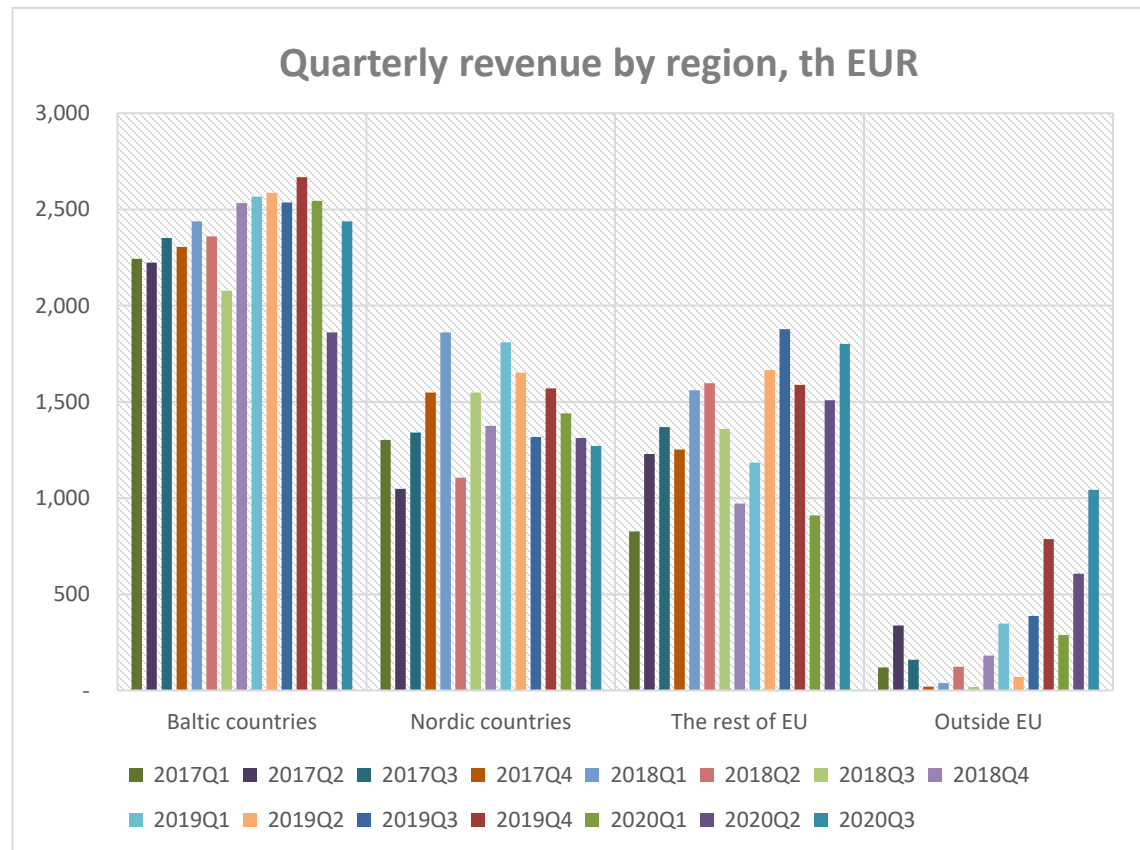
2020 Q3 revenue

- Quarterly revenue reached 6.554 MEUR
- An increase by 7% in comparison to 2019Q3
- An increase by 24% in comparison to 2020Q2



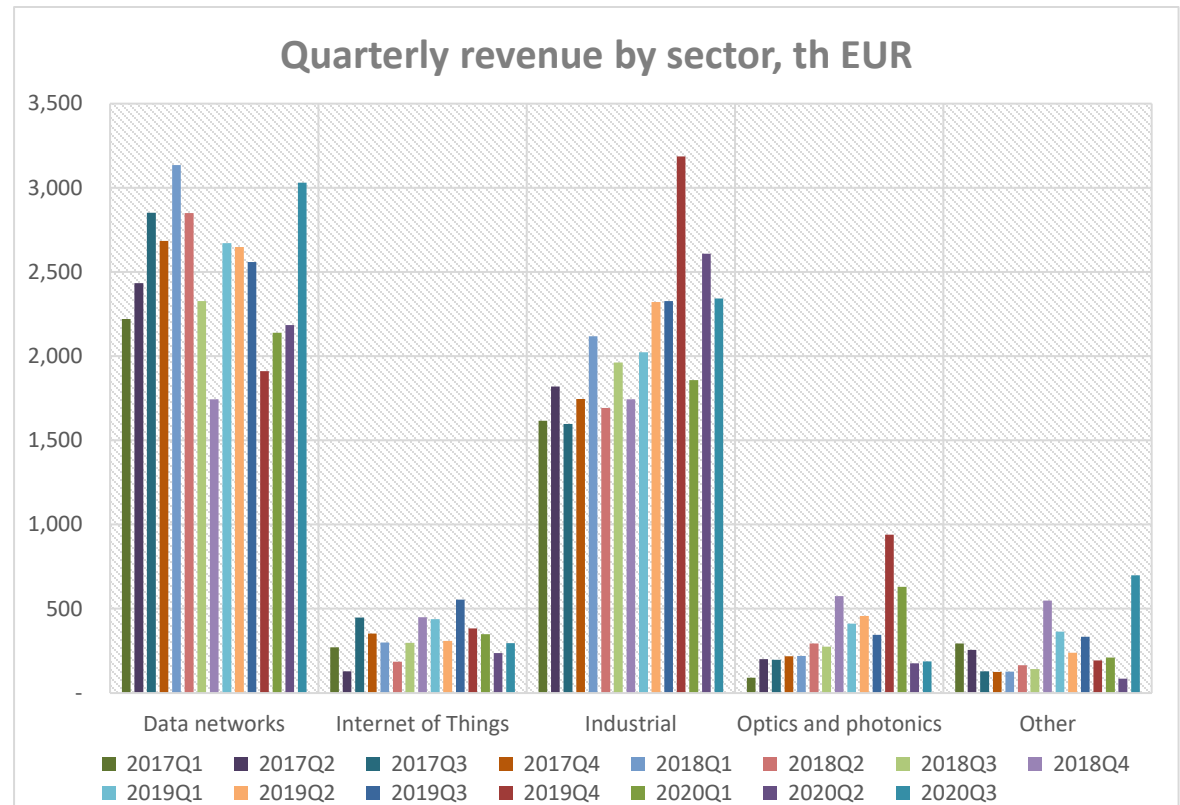
2020 Q3 revenue by region

- Baltic sales – 37%
✓ 4% down from 2019Q3
- Nordic sales – 19%
✓ 4% down from 2019Q3
- The rest of EU sales – 27%
✓ 4% down from 2019Q3
- Outside EU – 16%
✓ 168% up from 2019Q3



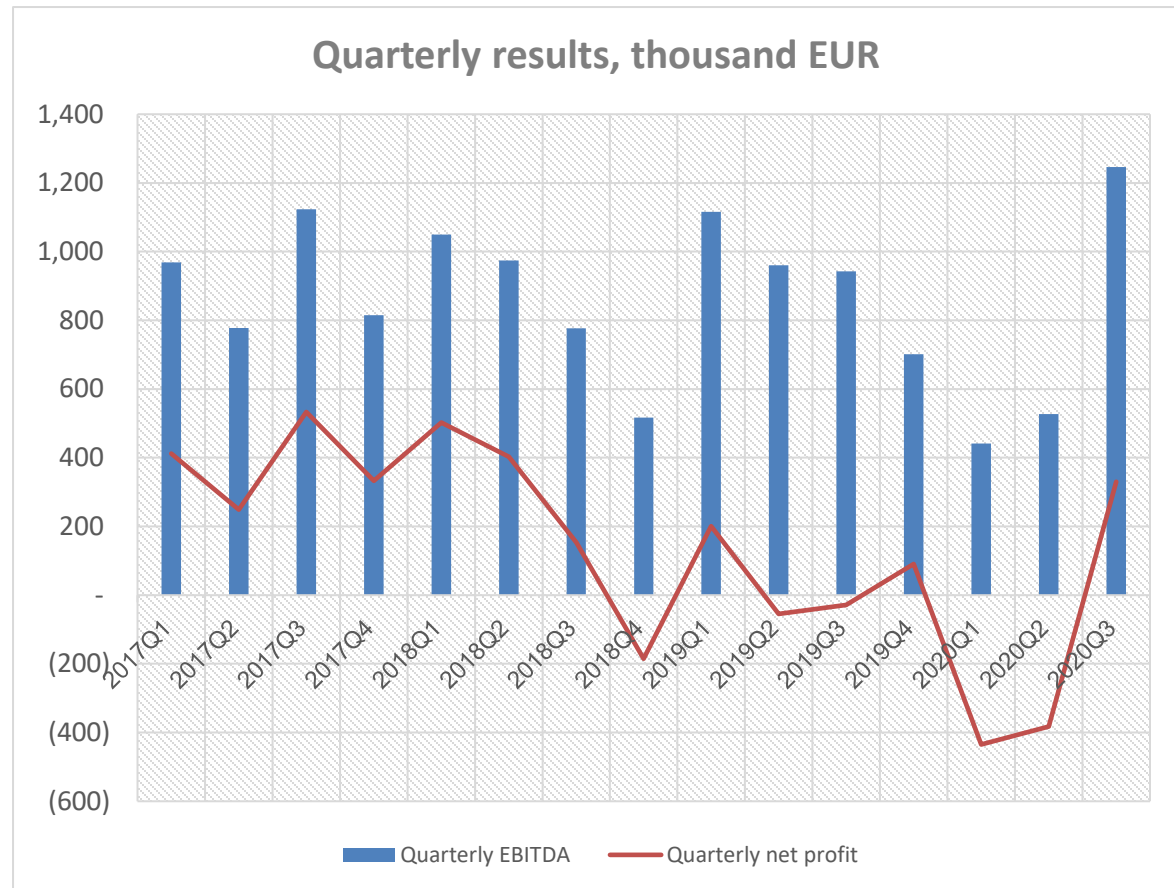
2020 Q3 revenue by market sector

- Data network products - 46%
 - ✓ 18% up from 2019Q3
- Industrial segment – 36%
 - ✓ 1% up from 2019Q3
- Internet-of-things - 5%
 - ✓ 47% down from 2019Q3
- Optics and photonics - 3%
 - ✓ 46% down from 2019Q3
- Other – 11%
 - ✓ 110% up from 2019Q3



2020 Q3 profitability results

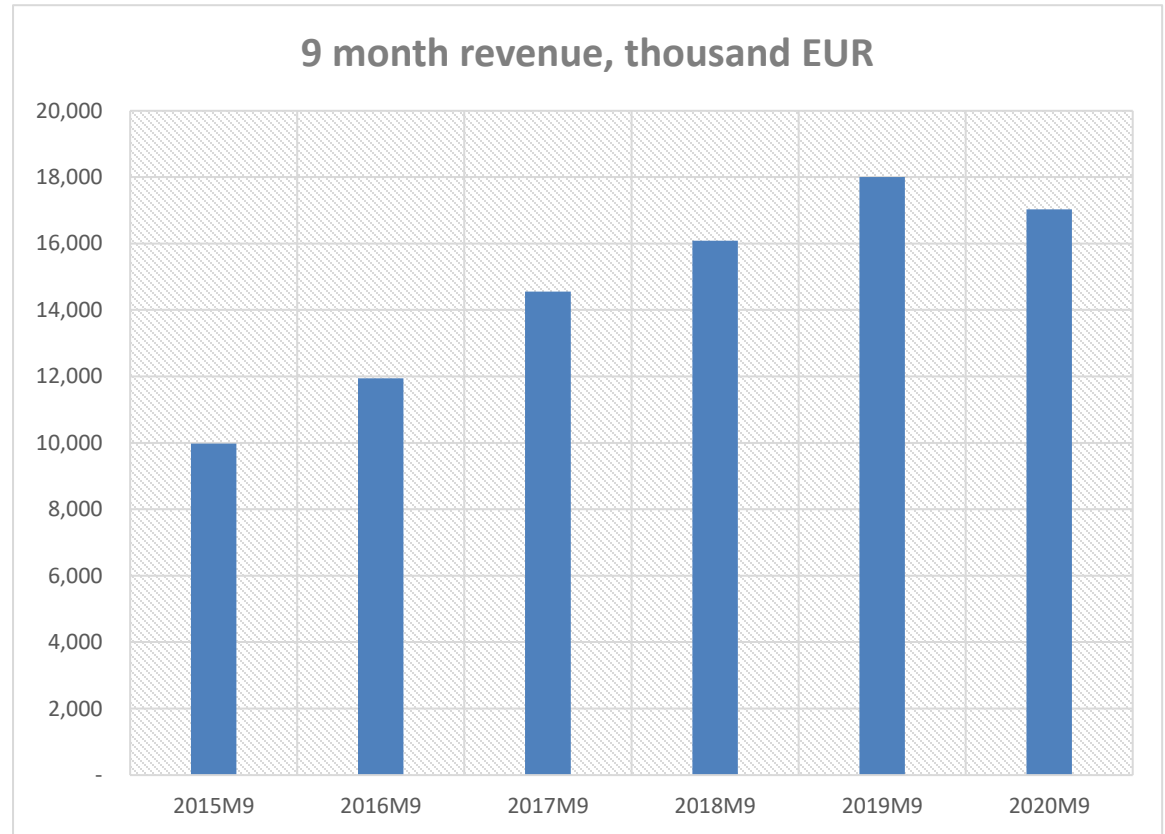
- 2020 Q3 EBITDA historically highest quarterly result – 1.246 MEUR
 - ✓ 32% up from 2019Q3
 - ✓ 137% up from 2020Q2
- Net profit – 0.330 MEUR vs net loss of 0.028 MEUR in 2019Q3
- Q3 EBITDA margin – 19.02%
- Solid Q3 financial performance determined by growth in demand in data networks sector



9m results of 2020 in detail

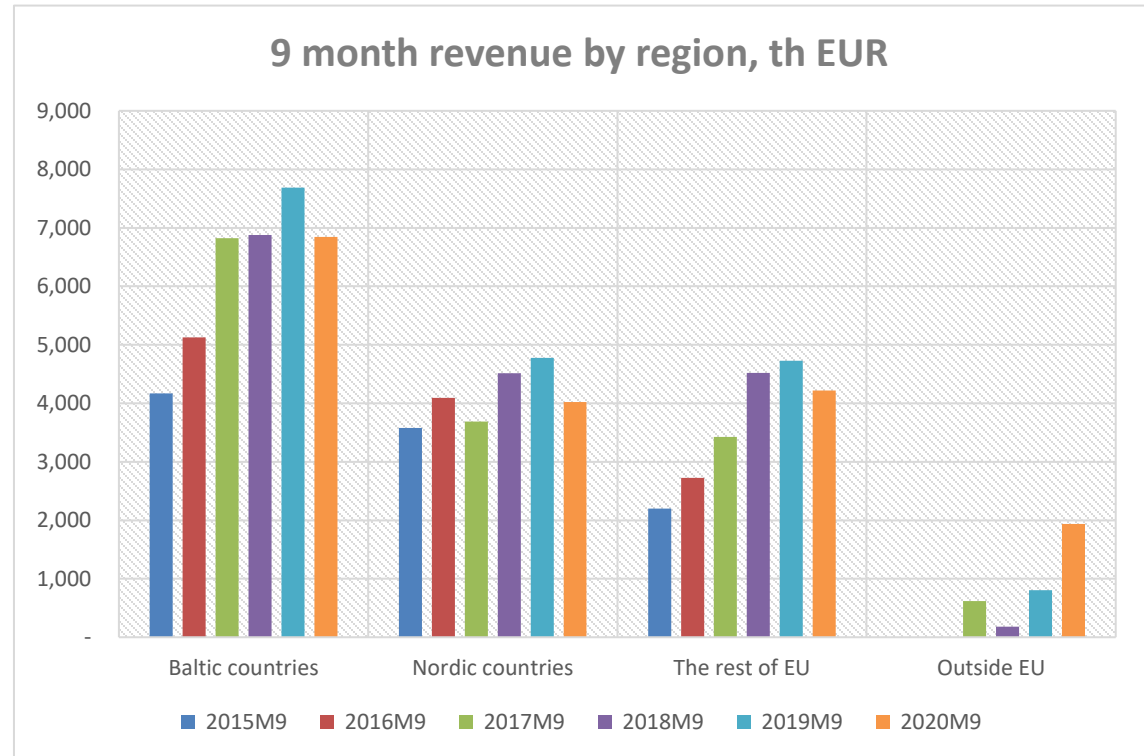
2020 9m revenue

- 2020 9m revenue of 17.029 MEUR
- A decrease by 5% in comparison to 2019 9m
- Revenue in 9m influenced by COVID-19 global spread challenges: personnel safety issues, supply chain and transportation network disruptions



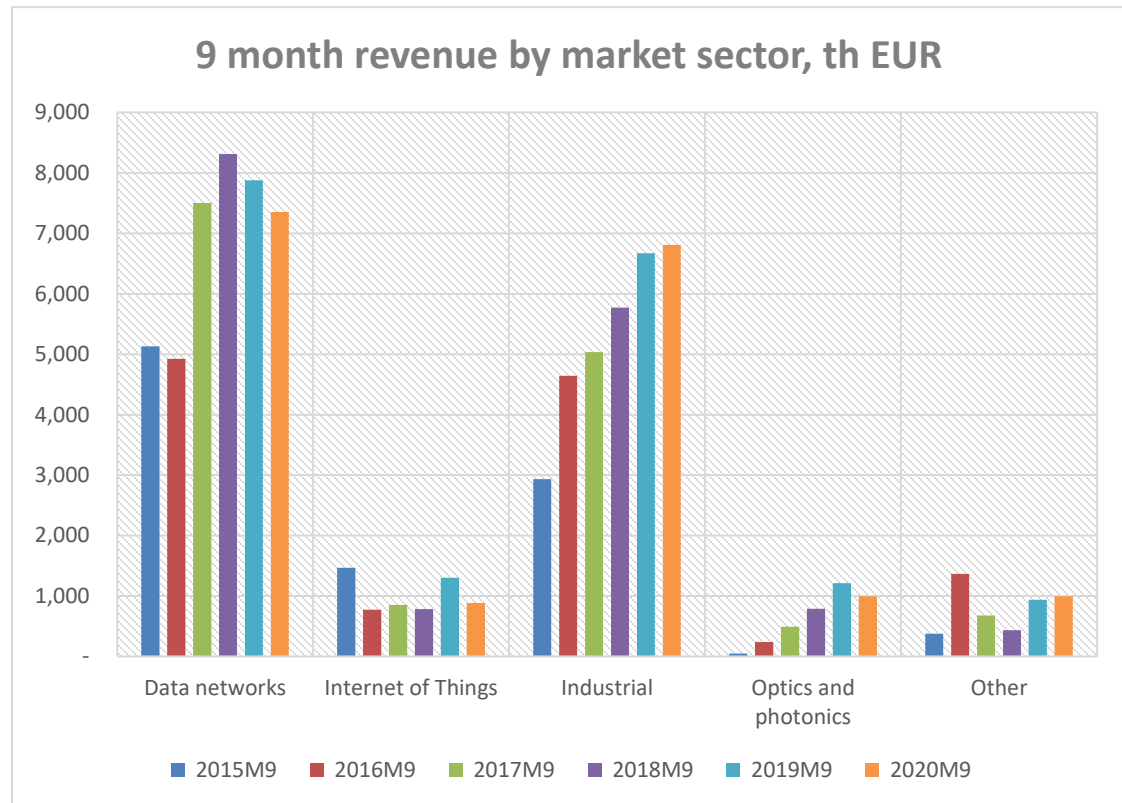
2020 9m revenue by region

- Baltic sales – 40%
 - ✓ 11% down from 2019 9m
- Nordic sales – 24%
 - ✓ 16% down from 2019 9m
- The rest of EU sales – 25%
 - ✓ 11% down from 2019 9m
- Outside EU – 11%
 - ✓ 140% up from 2019 9m



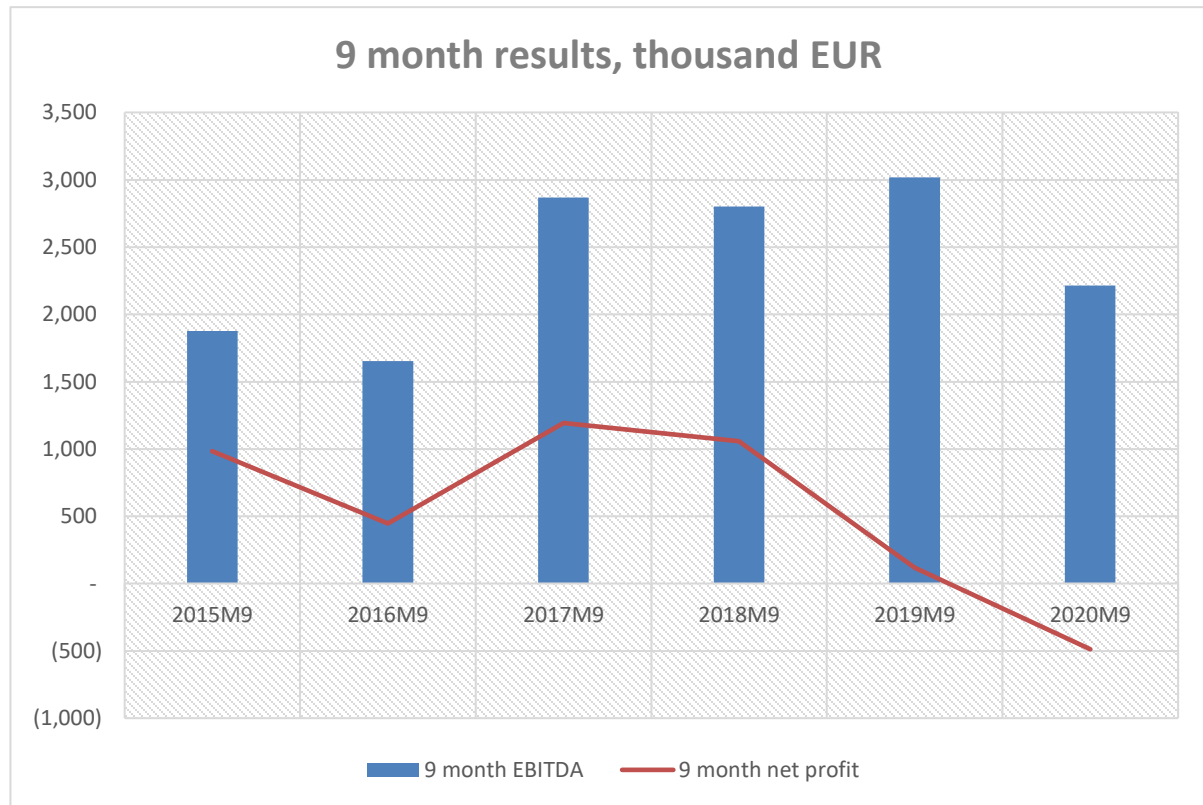
2020 9m revenue by market sector

- Data network products - 43%
✓ 7% down from 2019 9m
- Industrial segment – 40%
✓ 2% up from 2019 9m
- Internet-of-things - 5%
✓ 32% down from 2019 9m
- Optics and photonics - 6%
✓ 18% down from 2019 9m
- Other – 6%
✓ 6% up from 2019 9m



2020 9m profitability results

- 2020 9m EBITDA result – 2.214 million EUR
 - ✓ 27% down from 2019 9m
- Net loss – 0.488 MEUR
- 9m EBITDA margin – 13.00%
- 9m revenue volume and EBITDA profitability, in Q1 and Q2 influenced by:
 - ✓ Personell safety issues
 - ✓ Supply chain disruptions
 - ✓ Demand decrease for products in some market sectors

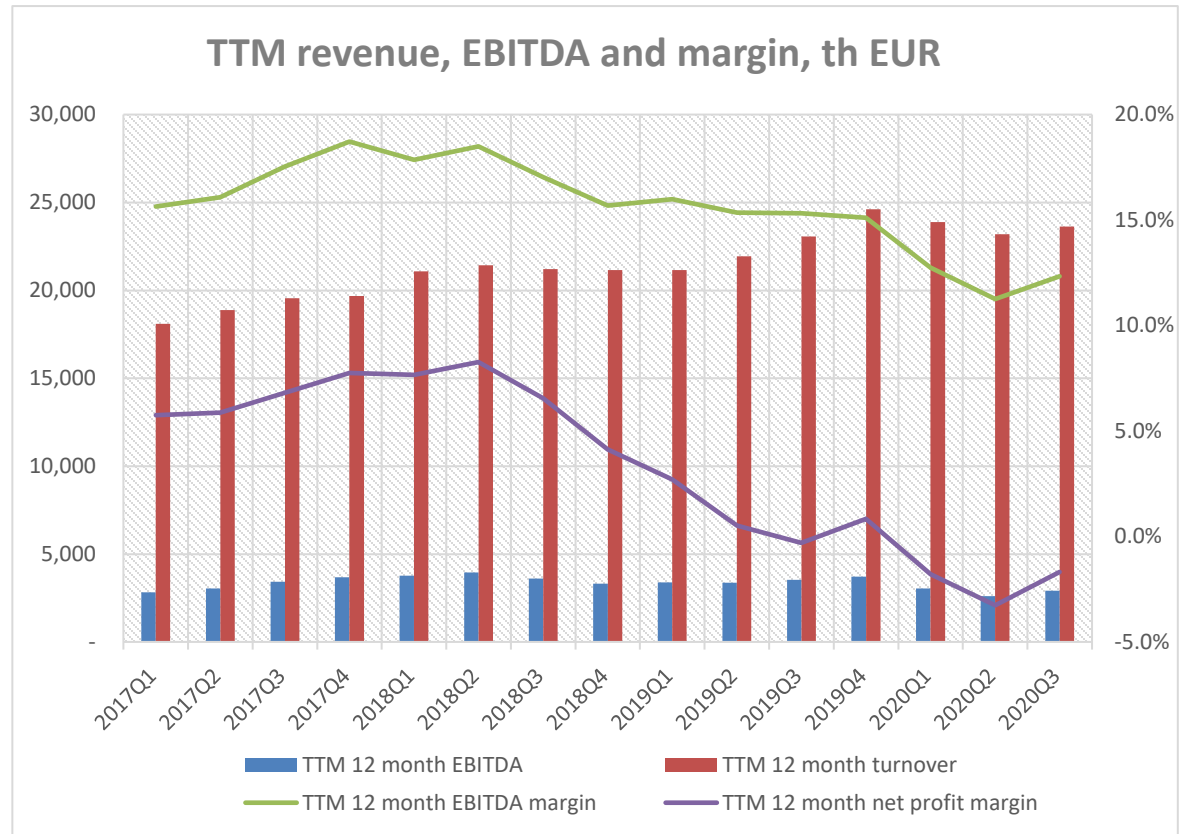


Trailing 12 months (TTM) results in detail



TTM sales and results

- TTM (trailing twelve months) period ending September 30, 2020 indicator dynamics compared to TTM period ending Q3 2019:
- TTM revenue 23.640 M EUR – 3% up
- TTM EBITDA 2.915 M EUR – 18% down
- TTM net loss 0.397 M EUR
- TTM EBITDA margin reported as 12.33%
- TTM net profit margin n/a as negative



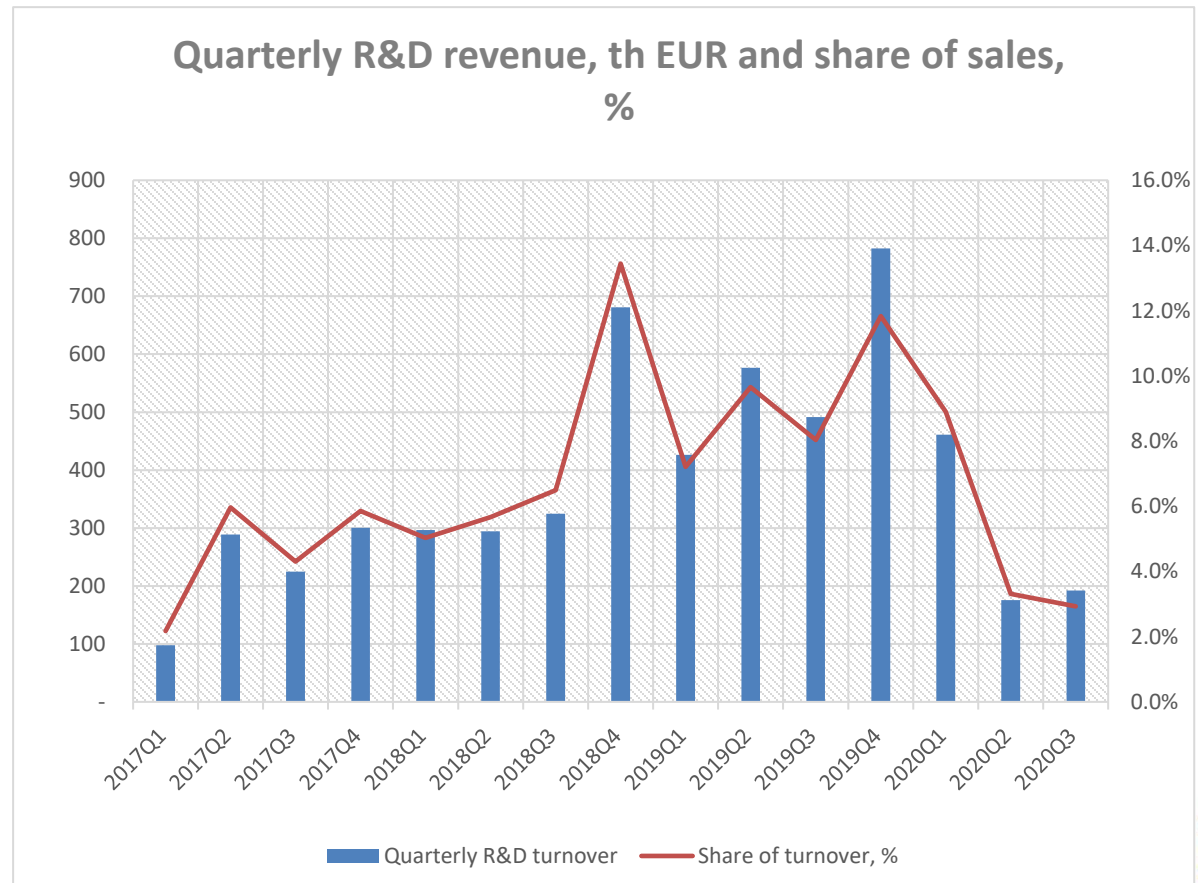
Q42019 result adjusted by the positive audit adjustments in revenue and EBITDA recognizing revenue from WIP and ready products.

Update on other activities



Q3 2020 R&D revenue

- 2020 Q3 R&D revenue reported 0.193 MEUR, 61% decrease y-o-y
- 2.9% share of quarterly consolidated sales
- 2020 Q3 12 TTM R&D revenue reported 1.612 MEUR, 26% decrease y-o-y
- 6.8% share of 2020 Q3 TTM consolidated revenue



Investments during 2020 Q3 and 9m

- 0.295 MEUR investments in 2020 Q3 and 0.696 MEUR in 2020 9m
- 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 Q3 and 9m 2020

LightSpace Technologies:

- 0.02 MEUR investments in Q3 and 0.493 MEUR in 9m 2020 into LightSpace Technologies to finance technology R&D and commercialization of 3D display technologies.
- As of end of 2020 Q3 investment in LightSpace Technologies amounted to 8.663 MEUR (4.954 MEUR convertible loan and 3.710 MEUR equity).

Zinātnes parks:

- In Q3 2020 HansaMatrix acquired 25.33% of Zinātnes parks shares for 5 th EUR and SIA Zinātnes parks has become 100% HansaMatrix subsidiary.
- 0.049 MEUR investments in Q3 and 0.184 M EUR in 9m 2020 in form of convertible loan in Zinātnes parks for industrial real estate project development at Riga airport.
- As of end of 2020 Q3 investment in Zinātnes parks in total amounted to 1.797 MEUR (0.991 MEUR convertible loan and 0.806 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.



Q&A Session

We welcome your questions during webinar !

Please use investor contact for any other enquiries:

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Alternative performance measures

The definitions of alternative performance indicators (APIs) used in the webinar presentation can be found on page 34 of the HansaMatrix Unaudited Interim Condensed Consolidated Financial Statements for the 9 month period ended September 30, 2020:

https://nasdaqbaltic.com/market/upload/reports/hmx/2020_q3_en_eur_con_ias.pdf





Thank you!

