



**JOINT STOCK COMPANY  
HANSAMATRIX  
UNIFIED REGISTRATION NUMBER 40003454390**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE 12 MONTH PERIOD ENDED DECEMBER 31, 2020**

Prepared in accordance with  
IAS 34 Interim Financial Reporting

**Riga, 2021**

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**General information**

Name of the Parent Company	<b>HansaMatrix</b>
Legal status of the Parent Company	<b>Joint stock company</b>
Parent Company unified registration number	<b>40003454390</b>
Place and date of registration	<b>Riga, 30 July 1999</b>
Registration with the Commercial Register	<b>Riga, 27 December 2002</b>
Registered office	<b>Akmeņu iela 72, Ogre, Latvia, LV-5001</b>
Shareholders (over 5%) as of December 31, 2020	<b>SIA Macro Rīga (34.07%)</b> <b>ZGI-4 AIF KS (15.06%)</b> <b>SWEDBANK AS CLIENTS ACCOUNT (14.30%)</b> <b>KS BaltCap Latvia Venture Capital Fund (9.95%)</b> <b>KS FlyCap Investment Fund I AIF (9.61%)</b> <b>IPAS CBL Asset Management managed funds (6.56%)</b> <b>Swedbank Ieguldījumu Pārvaldes Sabiedrība AS managed funds (5.10%)</b>
Subsidiaries	<b>SIA HansaMatrix Ventspils (equity interest: 100%)</b> <b>SIA HansaMatrix Innovation (equity interest: 100%)</b> <b>SIA HansaMatrix Pārogre (equity interest: 100%)</b> <b>SIA Zinātnes Parks (equity interest: 100%)</b>
Auditors	<b>SIA Ernst &amp; Young Baltic</b> <b>Licence No. 17</b> <b>Diāna Krišjāne</b> <b>Latvian Certified Auditor</b> <b>Certificate No. 124</b>
Financial year	<b>1<sup>st</sup> January – 31<sup>st</sup> December 2020</b>
Interim reporting period	<b>1<sup>st</sup> January – 31<sup>st</sup> December 2020</b>

## Management Board

The Management Board is a collegial executive body entrusted with management of the Company's business. Its members are elected by the Supervisory Board, which also elects one member of the Management Board to act as Chairman of the Management Board. In accordance with the Articles of Association of the Company, members of the Management Board are elected for an indefinite period of time.

In accordance with the Articles of Association of the Company, the Chairman of the Board has a right to represent the Company as the sole representative when entering into relationships with third parties. Alternatively, the Company can be represented by two members of the Board acting jointly.

As of the date of the statement Company's Management Board is composed of three persons consisting of Chairman of the Board and two Management Board Members.



### **Ilmārs Osmanis**

Ilmārs Osmanis is the Chairman of the Management Board and the CEO of the Company  
Date appointed: 30 December 2015

#### Positions held in other companies:

- HansaMatrix Pārōgre, SIA – Chairman of the Management Board
- HansaMatrix Innovation, SIA – Chairman of the Management Board
- Zinātnes parks, SIA – Chairman of the Management Board
- Macro Rīga, SIA – Member of the Management Board
- Lightspace Technologies, SIA – Chairman of the Management Board
- LEO Pētījumu centrs, SIA – Member of Council
- LEITC, SIA – Member of Council
- Latvijas Elektrotehnikas un elektronikas rūpniecības asociācija – Member of the Management Board
- Eurolcds, SIA - Member of the Management Board
- 

#### Owned shares:

- directly: 0
- indirectly (through SIA, Macro Rīga): 623 198 shares (34.07%)

Owned employee share options: 2400 (as of February 19, 2021)

#### Participation in other companies:

- Macro Rīga, SIA (100%)
- Lightspace Technologies, SIA (12.77%)

Ilmārs Osmanis educational background is electronic engineering later complemented by additional executive MBA studies which were not completed due to business start-up. His entrepreneurial experience includes successful development of an electronic components distribution business in the Baltic countries, a business that was subsequently successfully sold. During the last fifteen years, Ilmārs Osmanis, who created the Company, served as its CEO. The Company has subsequently evolved into one of the most modern high-tech manufacturing groups in the Nordic and Baltic countries comprising 2 manufacturing plants currently employing around 240 employees. He has accomplished managerial buyout of the Company in 2014 and listed HansaMatrix on Nasdaq Baltic main list at 2016.

**Jānis Sams**

Jānis Sams is a Member of the the Management Board and the Chief Operational Officer of the Company

Date appointed: 08 December 2020

**Positions held in other companies:**

- HansaMatrix Pārogre, SIA – Member the Management Board
- HansaMatrix Ventspils, SIA – Member of the Management Board
- Latvijas Elektrotehnikas un elektronikas rūpniecības asociācija – Member of the Management Board

Owned shares: 0

Owned employee share options: 0

Participation in other companies: no participations

Prior to joining HansaMatrix, Jānis Sams professional experience for 12 years has been related to electronics manufacturing, holding the position of function manager in international companies. In addition, Janis currently serves on the Management Board of Latvian Electrical Engineering and Electronics Industry Association. He holds a Master's degree in comprehensive quality management and engineering degree in production automation from Riga Technical University.

**Māris Macijevskis**

Māris Macijevskis is a member of the Management Board of the Company and the Finance Director of the Company.

Date appointed: 16 February 2018

**Positions held in other companies:**

- Zinātnes parks, SIA – Member of the Management Board
- IQ Capital, SIA – Member of the Management Board
- Latvijas Skvoša federācija, Biedrība – Chairman of the Management Board
- FTG SIA – Member of the Management Board

Owned shares: 300

Owned employee share options: 3500 (as of February 19, 2021)

**Participation in other companies:**

- IQ Capital SIA (100%)
- FTG SIA (33.33%)

Māris Macijevskis has been with the Company since 2017. His previous experience for 15 years has been related to banking sector and includes the position of a Head of Corporate Client Service Department at Citadele banka AS. Māris Macijevskis holds Bachelor of Science degree in Economics and Business Administration from Stockholm School of Economics in Riga,

Master of Science degree in International Economics from University of Latvia and is Chartered Financial Analyst (CFA) charterholder.

**Changes to the Company's Management Board:**

On November 24, 2020 HansaMatrix Supervisory Board approved changes in the Company Management Board. In addition to the Chairman of the Management Board, CEO Ilmars Osmanis and the Member of the Management Board, CFO – Māris Macijevskis the new Member - COO of the Company, Janis Sams, was appointed to the Management Board.

**Supervisory Board**

The Supervisory Board of the Company is a collegial body exercising supervision over key activities of the Company and, where appropriate, decision making by the Management Board. As of the date of this statement, the Supervisory Board of the Company consists of 5 members, selected by the General Meeting of Shareholders for the maximum term of office of 5 years. The members of the Supervisory Board shall elect from among themselves the Chairman of the Supervisory Board and one Deputy Chairman of the Supervisory Board.

As of the date of the statement the Company's Supervisory Board is composed of the following members: Chairman of Supervisory Board, Deputy Chairman of Supervisory Board and three Members of Supervisory Board.

**Andris Bērziņš**

Andris Bērziņš is the Chairman of the Supervisory Board of the Company.

Date appointed: May 22, 2020

Term of office: May 21, 2025

Owned shares: 0

Andris Bērziņš will be regarded as independent board member.

Positions held in other companies:

- RĪGAS EVANĢĒLISKĀ DRAUDZE – Chairman of the Management Board
- TechHub Riga, Nodibinājums – Member of the Management Board
- KBZ, SIA – Chairman of the Management Board
- TechChill, Nodibinājums – Member of the Management Board
- Sonarworks, SIA – Member of Council
- Nordigen Solutions, SIA – Chairman of the Management Board

Participation in other companies:

- KBZ, SIA (100%)
- TechHub Riga, Nodibinājums (true beneficiary)
- TechChill, Nodibinājums (true beneficiary)

Andris Bērziņš is an entrepreneur and executive with extensive experience in C-level roles at high-growth, global venture-backed startups. He holds a Stanford MBA with a broad experience in investing, strategy, business development, sales, marketing and product management across Europe and the USA. He has a proven track record of having led global technology startups from pre-seed stage to rapid growth.

**Normunds Igolnieks**

Normunds Igolnieks is a member of the Supervisory Board of the Company.

Date appointed: May 22, 2020

Term of office: May 21, 2025

Owned shares: 0

Represents ZGI Capital managed venture capital fund ZGI-4 shareholding of 275 562 shares.

Positions held in other companies:

- ZGI Capital, SIA alternatīvo fondu pārvaldnieks – Chairman of the Management Board
- I factor, SIA – Member of the Management Board

Participation in companies:

- ZGI Capital, SIA alternatīvo fondu pārvaldnieks (26%)
- I factor, SIA (100%)
- ZGI Real Estate, SIA (19.5% through I factor, SIA)

Since 2011 Normunds Igolnieks has been partner and Chairman of the Management Board of ZGI Capital, one of the most experienced venture capital fund managers in the Baltics. From 2001 to 2011, N. Igolnieks was the Chairman of the Board of the asset management company SEB Investment Management and before that held several other positions related to the financial sector.

### **Ingrīda Blūma**

Ingrīda Blūma is a member of the Supervisory Board of the Company.

Date appointed: May 22, 2020

Term of office: May 21, 2025

Owned shares: 0

Ingrīda Blūma will be regarded as independent board member.

Positions held in other companies:

- RĪGAS PIENA KOMBINĀTS, AS – Member of Council
- i-bloom, SIA – Member of the Management Board
- PN Project, AS - Member of Council

Participation in other companies:

- i-bloom, SIA (100%)

Ingrīda Blūma holds a MSc. degree from Stockholm University. Her additional training includes INSEAD Advanced Management Program and Strategic management and leadership training course at EBRD. Ingrīda Blūma's work experience is mainly related to the banking sector, where she has worked for almost 20 years. Her work as CEO of AS Swedbank (former AS Hansabanka), has equipped her with a unique blend of business experience in the banking industry and corporate business environment. Under her leadership, AS Hansabanka grew to become the largest bank of Latvia. Ingrīda Blūma has also served in the capacity of a member of the Supervisory Board of SIA Primekss, SIA Pure Food and JSC URSA Bank. Currently, Ingrīda Blūma serves as a member of the Supervisory Board of AS Expobank and AS Rīgas Piena Kombināts. In addition, she chairs the Management Board of the foundation Iespējamā Misija (in English "Mission Possible") forming part of Teach for All global network.

### **Dagnis Dreimanis**

Dagnis Dreimanis is a member of the Supervisory Board of the Company.

Date appointed: May 22, 2020

Term of office: May 21, 2025

Owned shares: 0

Dagnis Dreimanis is representing interests of minority institutional investors and BaltCap joint investment in LightSpace Technologies SIA.

Positions held in other companies:

- DD Ventures, SIA - Member of the Management Board
- EVO grupa, SIA - Member of the Council
- Vika Wood, SIA - Member of the Council
- BaltCap AIFP, SIA - Chairman of the Management Board
- SOLVINA, AS - Member of the Management Board
- Latvian Capital Ventures, SIA - Member of the Management Board
- Coffee Address Holding, SIA - Member of the Council

Participation in other companies:

- DD Ventures, SIA (100%)
- Latvian Capital Ventures, SIA (57.5%)
- KOOL LATVIJA, SIA (true beneficiary)

Investment professional with 18 years of experience in private equity. Have invested in over 20 companies in broad range of industries. Executive MBA from NUS / UCLA, CFA and board education from BICG.

**Baiba Anda Rubesa**

Baiba Anda Rubesa is a member of the Supervisory Board of the Company.

Date appointed: 22 May 2020

Term of office: 21 May 2025

Owned shares:0

Baiba Anda Rubesa will be regarded as independent board member.

Positions held in other companies:

- Rīgas Ekonomikas augstskolas-Stockholm School of Economics in Riga, Nodibinājums - Member of the Management Board
- RFactor, SIA – Member of the Management Board
- Coffee Address Holding, SIA – Member of the Supervisory Board

Participation in other companies:

- RFactor, SIA (100%)

Baiba Anda Rubesa is an experienced international company manager with extensive experience in corporate governance, leadership skills, and sustainability requirements, bringing highly valuable experience to the Company's Council in the areas of management, leadership and public relations and serving as an independent HansaMatrix Council member. Baiba Rubesa does not own HansaMatrix shares.

Rubesa works as a consultant and since 2019 has been appointed to the Management Board of the Stockholm School of Economics in Riga. From 2016 to 2019, Baiba Rubesa was member of the Supervisory Council and member of the Human Resources Committee of the Latvian energy company Latvenergo. From 2015 to 2018, B. Rubesa was the Chairman of the Management Board and the Executive Director of the joint venture RB Rail, which implements the largest railway infrastructure project of the European Union in the Baltics, Rail Baltica. Since 2014, she has been the owner of the consulting company RFactor. Prior to her position as Vice President of Corporate Social Responsibility at Statoil ASA from 2010-2013, from 2008 to 2010 Rubesa was Statoil Azerbaijan's Director of Public Relations with government institutions. From 2011-2013, B. Rubesa was a member of the Council of EITI (Extractive Industries Transparency Initiative) and from 2012 to 2015 - a member of the Council of Citadele banka. From 2004 to 2007, B. Rubesa chaired the Foreign Investors' Council in Latvia, as well as was the Vice President of the Latvian Chamber of Commerce and Industry in Latvia, from 2002 to 2009, she was a member of the Council of DnB Nord banka. Prior to that, from 2001 to 2008, B. Rubesa was the Executive Director of Statoil Latvia and from 1996 to 2000 the Marketing and Public Relations Director of Statoil Baltic States.

**Changes to the Company's Supervisory Board:**

On May 22, 2020 annual general meeting of HansaMatrix shareholders, in addition to the existing Supervisory Council members Andris Bērziņš, Ingrida Blūma and Dagnis Dreimanis, elected new Supervisory Council members Normunds Igoļnieks and Baiba Anda Rubesa. The decision took effect as of the date of its adoption.

On May 22, 2020 Ivars Ķirsons left the Supervisory Council of HansaMatrix. I.Ķirsons represented the interests of the growth venture capital fund ZGI-4 managed by ZGI Capital. Ivars Ķirsons has been member of Council of HansaMatrix since October 29, 2019.

**Major shareholders**

AS HansaMatrix major shareholders as of December 31, 2020 (end of the day):

Major shareholders (over 5%)	Owned shares	Ownership interest
SIA Macro Rīga	623198	34.07%
ZGI-4 AIF KS	275562	15.06%
SWEDBANK AS CLIENTS ACCOUNT	259943	14.30%
KS BaltCap Latvia Venture Capital Fund	182000	9.95%
KS FlyCap Investment Fund I AIF	175738	9.61%
IPAS CBL Asset Management managed funds	120000	6.56%
Swedbank Ieguldījumu pārvaldes sabiedrība AS managed funds	93369	5.10%
Other shareholders (under 5%)	99571	5.35%
<b>TOTAL:</b>	<b>1 829 381</b>	<b>100.00%</b>



## MANAGEMENT REPORT

### General information

The joint stock company HansaMatrix (hereinafter – HansaMatrix or the Company) is a leading Baltic electronic system product developer and manufacturer. The Company is actively operating integrated product manufacturing services in industrial systems, data network infrastructure, Internet of Things, medical and several other B2B (business-to-business) market sectors. HansaMatrix is actively growing its knowledge business, product development engineering teams and building knowledge platform for future innovation and business development. Building on its 19-year experience and its business mission, which is to develop global technology products, the Company makes itself a valuable asset assisting customers in the achievement of success in global markets.

### Business environment

Year 2020 started with Chinese year holiday extended by 2 weeks and full lockdown in some China provinces due to COVID-19 crisis. From February, 2020 it started to affect supply chains and some of customers. Several customers put on hold their orders. On supply chain side our Asian suppliers started to operate with several weeks delay and not fully staffed. Transportation networks started to limit weight per day to be shipped for one address.

Latvian Government on March 11, declared emergency situation and introduced number of restrictions to contain the spread of corona virus infection. HansaMatrix at its manufacturing sites introduced recommended health and safety measures and continued to operate the facilities. Track record for the period from Q1 has been good with no any infected workers.

Factors influencing the year on year decrease in revenue in the first half of year are related to COVID-19 global spread and were the following: personnel safety issues, supply chain disruptions, and customer demand weakening.

After initial decrease over all business situation changed in a middle of year 2020. Demand from data transmission network market sector along with telecom network products experienced strong growth which resulted in increase in order book of data network products market sector. Observed sales growth in Q3 is coming from mentioned trend.

At Q4 2020 there is ongoing worsening of COVID-19 epidemiologic situation in EU and particularly in Latvia. Despite being one of lowest infection rates in EU Latvia has reached infection rates that require more measures to reduce infection speed. Latvian Government declared emergency situation from November 9, till December 6. That was afterwards extended into Year 2021.

HansaMatrix has adopted employee isolation, distancing protocols and measures, and continuing manufacturing operation without serious interruption. At Q4 of 2020 new negative trends started in global transportation networks – deficit of transportation capacity as well as newly started deficit of semiconductor manufacturing capacity which is resulting in increased lead time to majority of semiconductor components used in manufacturing of electronic systems. Company has experienced few cases of deficit that required to stop manufacturing process for short – 1...2 week standby.

Forward looking management expects new business trend towards more technology penetrated economy (more data bandwidths, more robotics and automation, more remote work, increased EU independence in manufacturing) when recovering from COVID-19 pandemic and preparing to be ready for higher market demand and faster business growth afterwards. It needs to be expected that during next 6 months infection situation still can interfere normal business operation

and disrupt business operation. Such risk needs to be taken in account until COVID-19 pandemic has been taken under control.

### Finance results brief summary

During the fourth quarter (Q4 further in document) of 2020 the Company reported revenue from contracts with customers (hereinafter – revenue, turnover or sales) of 5.632 million EUR, representing decrease by 15% in comparison to the same period of 2019. The 2020 Q4 sales results showed 14% sales volume decrease in comparison with previous quarter – 2020 Q3.

During 12 months (“12m” further in the document) of 2020 the Company reported sales volume decrease by 8% compared to the same period of 2019 and reached 22.661 million EUR.

During 2020 Q4 the Company reported quarterly EBITDA result of 0.783 million EUR and operated with net profit result of 0.020 million EUR. The reported EBITDA result shows 12% increase in comparison with Q4 2019 but 37% decrease compared to previous quarter of 2020 Q3. In Q4 2020 the Company reported net profit 0.020 million EUR, which is 78% decrease on year-on-year basis and 94% decrease compared to 2020 Q3. Quarterly results represent EBITDA margin of 13.90% and net profit margin of 0.35%.

During 12 months of 2020 the Company reported EBITDA result of 2.997 million EUR and 12m net loss result of 0.468 million EUR. The reported EBITDA result shows 19% decrease in comparison with 2019 12m. In 12 months of 2020, the Company operated with a net loss of 0.468 million EUR, while in 12m 2019 the Company operated with net profit in amount of 0.208 million EUR. Results represent 12-month EBITDA margin of 13.2%.

At the turn of the year, the COVID-19 situation deterioration was observed and the negative impact on the business of some of the Company's customers increased, but at the same time the positive market trend continues - increased demand in the data network and medical device sectors. At the beginning of 2021, there is also a deterioration of the situation in terms of transportation of components, which may have an impact on the execution times of production orders.

2020 Q4 R&D turnover increased by 13% compared with 2019 Q4 R&D turnover and increased by 361% compared to the previous quarter Q3 2020 turnover, and is accounting for 15.8% share of Company's consolidated sales in 2020 Q4. R&D grant income has not been included in reported R&D sales figures. In Q4 2020 the Company continued to manufacture the high-tech optical devices and to work on R&D projects.

TTM – trailing twelve-month period sales (period starting in January 1, 2020 and ending with December 31, 2020) at 2020 Q4 reached 22.661 million EUR, showing 8% decrease compared to TTM sales for the period ended at 2019 Q4 and 4% decrease compared to TTM sales for the period ended at 2020 Q3. EBITDA result for the TTM 12 month period reported to be 2.997 million EUR, a decrease of 19% in comparison with 12 month period ended at 2019 Q4 but 3% increase compared to TTM sales for the period ended at 2020 Q3. The TTM period resulted in a net loss of 0.468 million EUR. Averaged EBITDA margin for TTM period of 13.2% is reported.

### Key Growth and Financial Ratios

As at 31 December 2020, the Group's compound annual growth rate (CAGR) for the last five years was 6%, with EBITDA over the same period also demonstrating the compound annual growth of 6%.

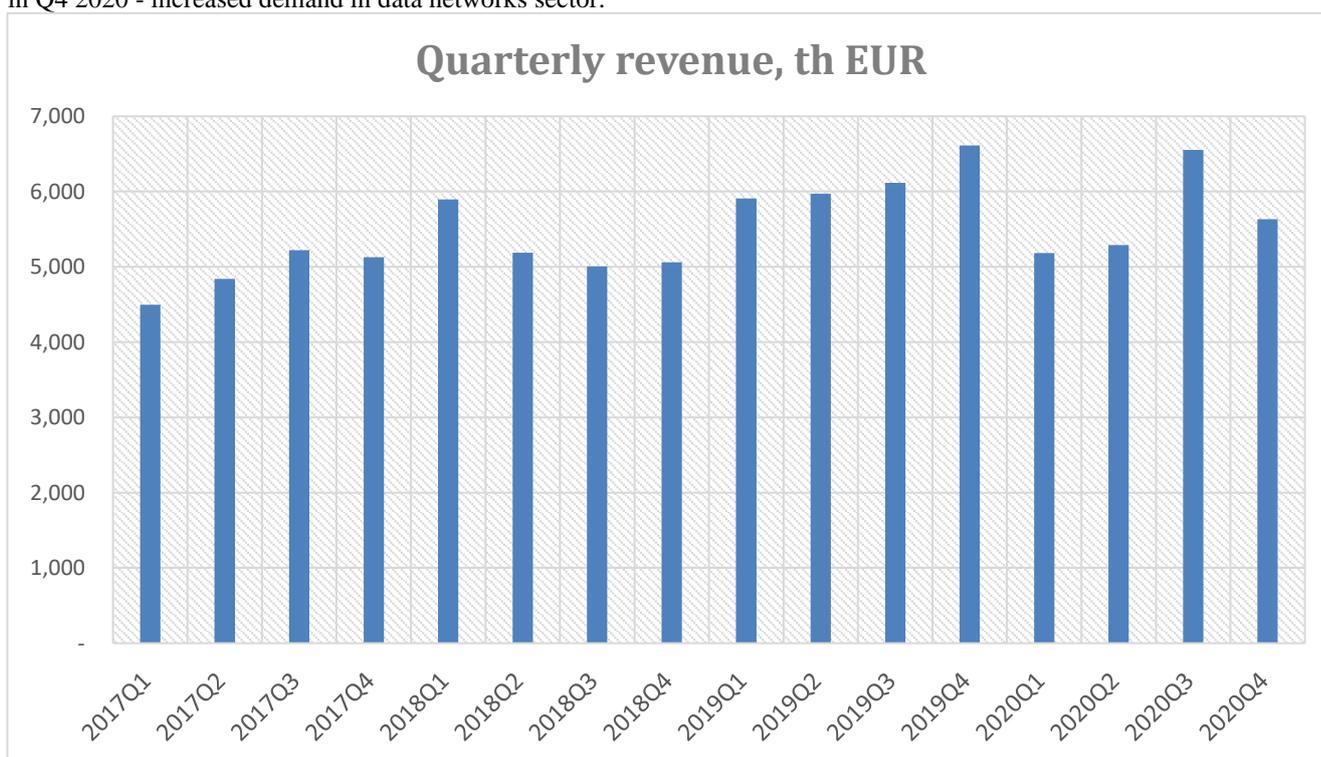
<b>Ratio, EUR'000</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019Q4</b>	<b>2019</b>	<b>2020Q4</b>	<b>2020</b>	<b>CAGR</b>
Revenue	16 961	19 649	21 587	5 928	24 611	5 632	22 661	6%
EBIT (operating profit)	783	1 877	1 395	225	1 316	179	574	-6%
EBIT (operating profit) margin	4.62%	9.55%	6.46%	3.79%	5.35%	3.19%	2.53%	
EBITDA	2 215	3 660	3 259	571	3 719	783	2 998	6%
EBITDA margin	13.06%	18.63%	15.10%	9.63%	15.11%	13.90%	13.23%	
Normalized earnings	551	1 228	781	60	208	20	-467	
Net profit margin	3.25%	6.25%	3.62%	1.02%	0.84%	0.35%	-2.06%	
ROA	3.49%	6.58%	3.08%		0.70%		-1.67%	
ROE	10.06%	15.09%	8.91%		2.30%		-5.52%	
Liquidity ratio	0.91	0.69	1.02		0.85		0.78	
Return on Capital Employed (ROCE)	5.16%	10.20%	4.3%		0.98%		-2.34%	

Last five year CAGR rate has slowed in 2020 due to COVID-19 pandemics impact on business operations in 2020. Ratios are explained in the Note “Definitions of alternative performance measures” under the section “Other notes to the financial statements”.

### Quarterly revenue results for 2020 Q4

During the fourth quarter of 2020 the Company reported turnover of 5.632 million EUR, representing decrease by 15% in comparison to the same period of 2019. The 2020 Q4 sales results showed 14% sales volume decrease in comparison with previous quarter – 2020 Q3.

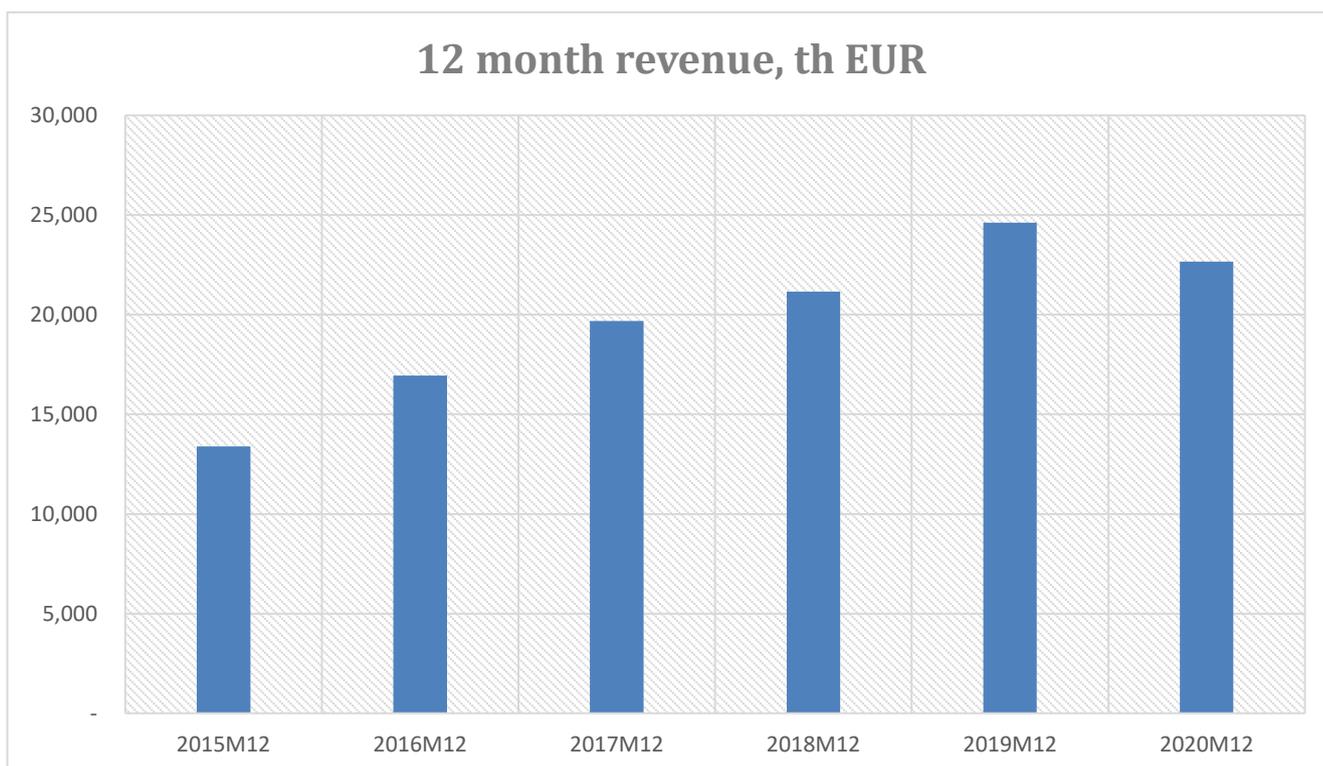
In 2020 Q4 the business situation and the Company revenue continued to recover comparing to the quarterly revenue results of the Company in Q1 and Q2 of 2020, however COVID-19 situation impact is still present in some of the clients’ business performance explaining weaker Q4 2020 result compared to Q3 2020, but at the same time positive market trend continued in Q4 2020 - increased demand in data networks sector.



### 2020 12 month revenue results

During 12 months of 2020 the Company reported sales volume decreased by 8% compared to the same period of 2019 and reached 22.661 million EUR.

Sales result in 2020 12m was influenced by COVID-19 global spread impacting and creating challenges in such business environment factors as personnel safety issues, supply chain disruptions, and transportation network disruptions. COVID-19 has influenced the Company performance already starting with the second half of January, 2020 when the virus gained momentum in China and Asia creating significant disruptions in the Company supply chain from this region.

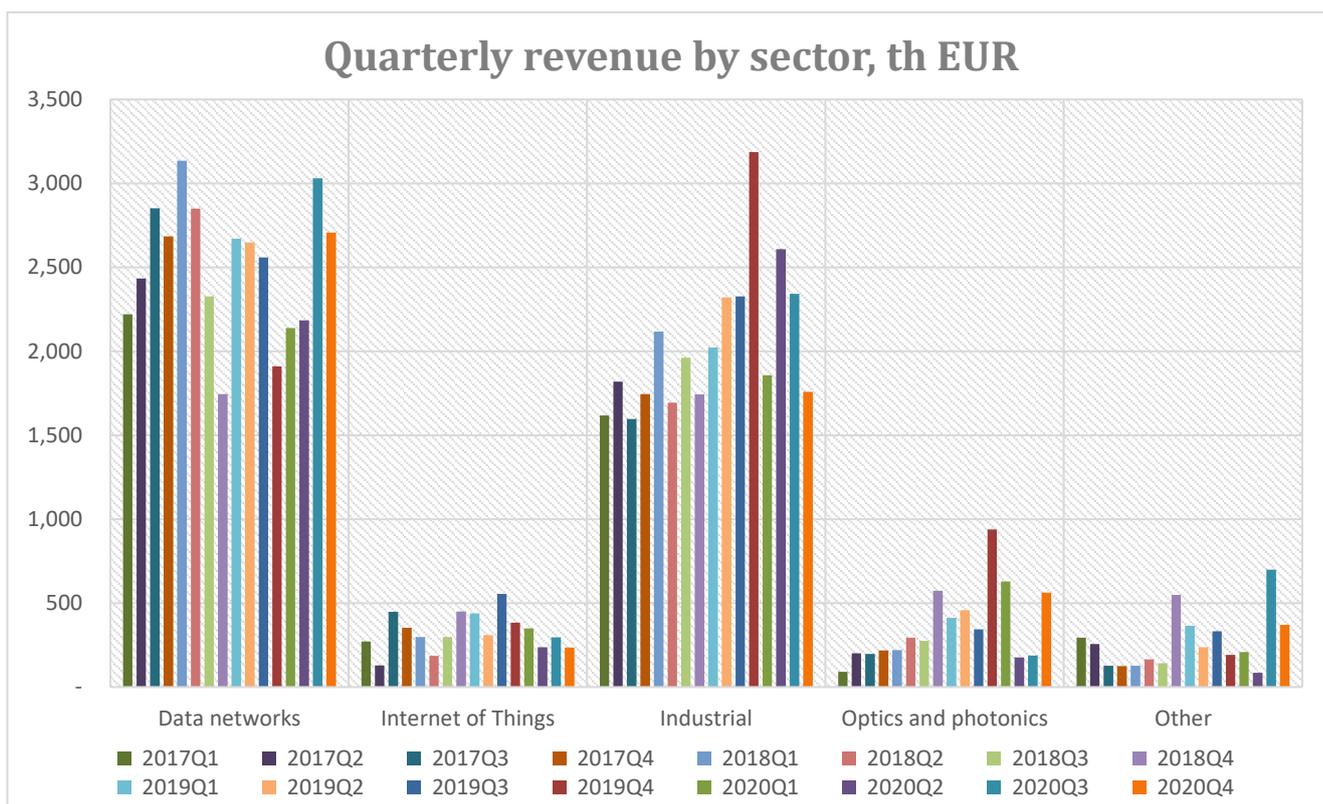


### Quarterly revenue by market region results for 2020 Q4

During 2020 Q4 Baltic states continue to be the largest market region with 55% share of turnover. Nordic and other EU sales respectively reported 17% and 11% of total sales. HansaMatrix during 2020 Q4 continued to deliver also to customer locations outside EU. This market share in 2020 Q4 amounts to 16% of the total sales volume.

Sales dynamics of regions – Baltic sales were 17% up compared to 2019 Q4 and 28% up compared to 2020 Q3; Nordic sales were 37% down from 2019 Q4 and 23% down in comparison with 2020 Q3. Other EU region sales reported 61% decrease from 2019 Q4 and 65% decrease from 2020 Q3. Outside EU deliveries increased by 16% from 2019 Q4 but decreased by 13% compared to 2020 Q3.

Sales performance was growing in Baltic states and Outside EU this quarter on year-on-year basis due to good client performance in data networks, industrial, optics and photonics sectors. However, revenue in Nordic countries and other EU countries in Q4 2020 on year-on-year basis has decreased influenced by Covid-19 situation impacting demand for some customers.

**Data table - Quarterly revenue by region, th EUR**

Revenue, thEUR	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
Baltic countries	2 224	2 351	2 305	2 438	2 359	2 078	2 533
Nordic countries	1 048	1 341	1 548	1 861	1 106	1 549	1 375
The rest of EU	1 229	1 370	1 253	1 560	1 597	1 360	971
Outside EU	339	161	20	39	124	19	182
Total	4 839	5 222	5 126	5 898	5 188	5 005	5 061

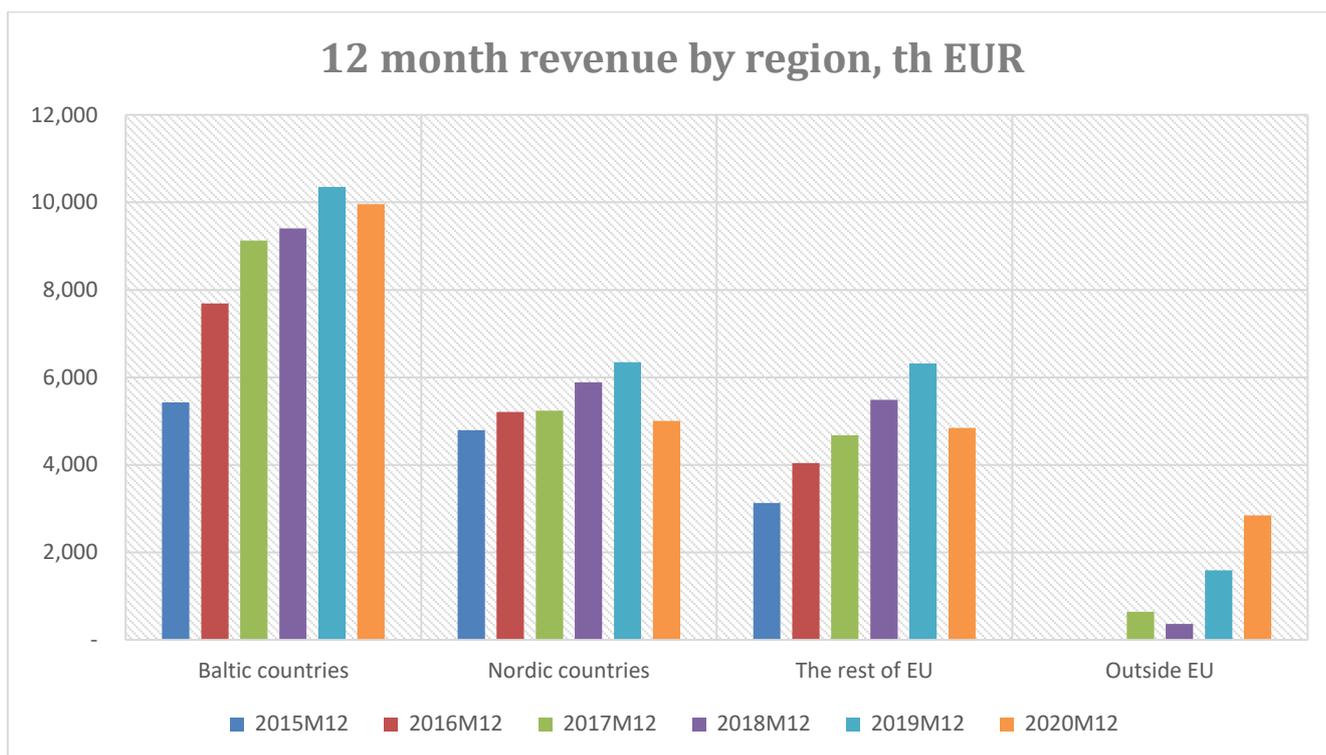
2019Q1	2019Q2	2019Q3	2019Q4	2020Q1	2020Q2	2020Q3	2020Q4
2 566	2 586	2 536	2 667	2 545	1 862	2 439	3 116
1 809	1 652	1 317	1 570	1 441	1 312	1 271	983
1 184	1 665	1 877	1 589	910	1 508	1 802	623
348	71	389	786	288	608	1 043	910
5 908	5 973	6 118	6 612*	5 184	5 290	6 554	5 632*

\* - corrected (increased) by the sales amount to the extent of the costs incurred related to the work in progress respectively as at the end of 2019 and 2020, according to the Company accounting principles and policy.

### 2020 12 month revenue by region results

During 2020 12m main sales drivers continue to be Baltic customers with 44% market share of sales. Nordic and other EU sales reported as 22% and 21% of total sales. Product deliveries to customer locations outside EU amounted to 13% of total sales in 2020 12m.

Sales dynamics of regions – Baltic sales were 4% down from 2019 12m. Nordic sales were 21% down from 2019 12m. Other EU sales were reported with 23% volume decrease from 2019 12m. Outside EU sales exhibited substantial 79% year on year growth.

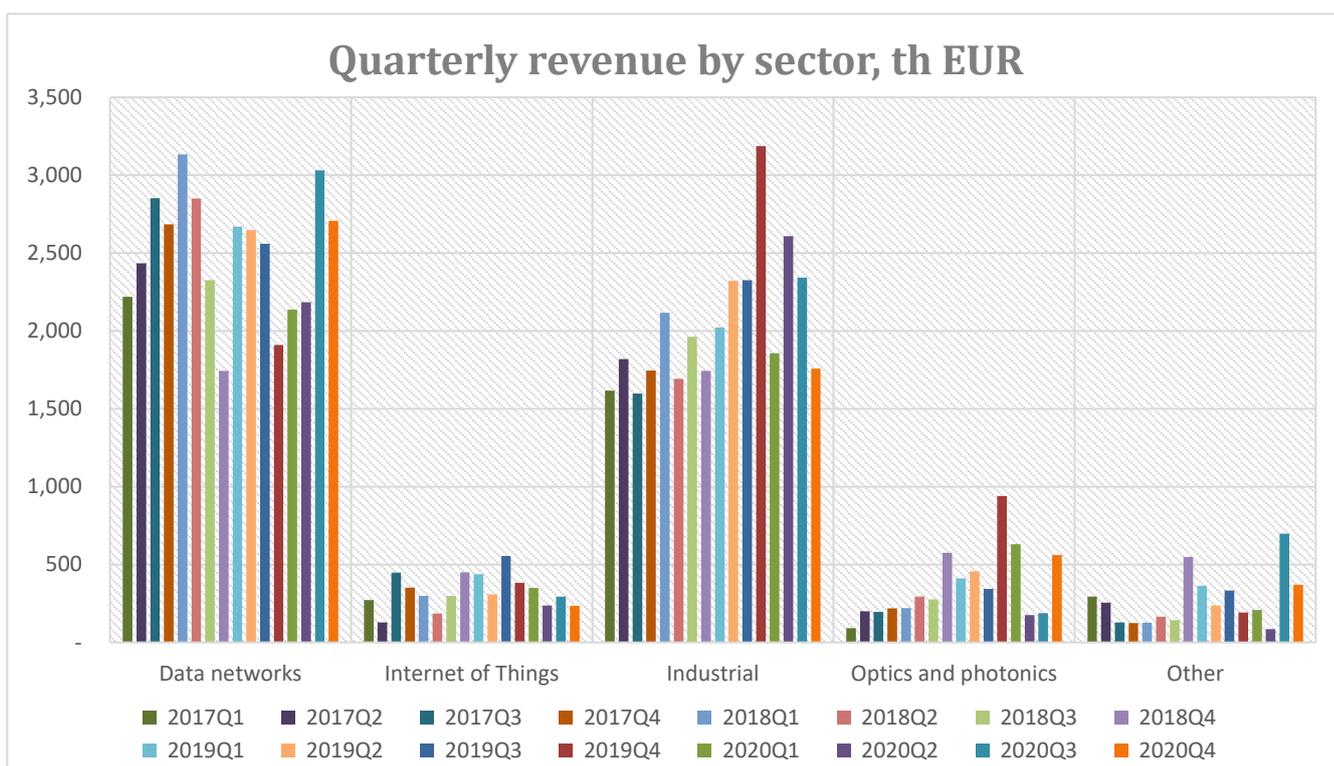


### Quarterly revenue by market sector results for 2020 Q4

During 2020 Q4 data network product sales and industrial product sales were dominating sales drivers respectively with 48% and 31% sales market share. Optics and photonics sales amounted to 10%, Internet-of-things sales amounted to 4% and other products reported with 7% share.

2020 Q4 data network product sales show an increase by 42%; industrial sector product sales – decrease by 45%; internet-of-things – decrease by 39%, optics and photonics products sales – decrease by 40% and other product sector – increase by 92% in comparison with 2019 Q4. Comparison with sales results with previous - 2020 Q3 demonstrates 11% decrease in data networks; 25% decrease in industrial sector; decrease of 20% in internet of things products; 199% increase in optics and photonics products and 47% decrease in other product sector.

Quarterly sales on year on year basis increased in data networks and other product sectors, explained by growing demand in data networks sector due to the increased remote work and other remote connection necessities, related to COVID-19 situation and the long-term manufacturing contract, concluded in 2018, execution in Q4 2020.



### Data table - quarterly revenue by market sector results for 2020 Q4

Revenue, thEUR	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
Data networks	2 434	2 852	2 685	3 134	2 851	2 327	1 737
Internet of Things	129	449	353	299	185	298	450
Industrial	1 820	1 597	1 746	2 118	1 693	1 962	1 744
Optics and photonics	201	197	218	220	294	276	575
Other	256	128	124	127	165	142	556
Total	4 839	5 222	5 126	5 898	5 188	5 005	5 061

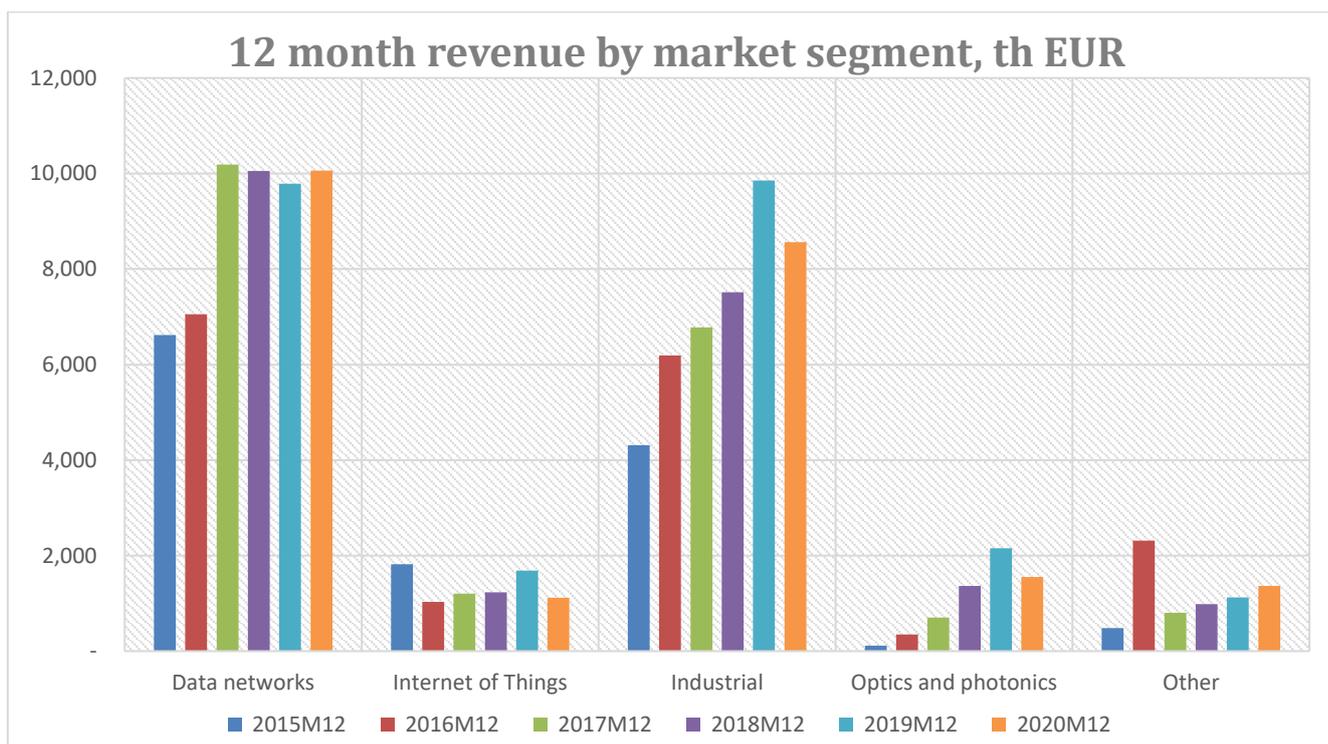
2019Q1	2019Q2	2019Q3	2019Q4	2020Q1	2020Q2	2020Q3	2020Q4
2 670	2 646	2 559	1 911	2 138	2 184	3 030	2 707
439	309	555	383	348	237	295	235
2 022	2 321	2 327	3 186	1 857	2 609	2 342	1 758
412	457	344	940	630	176	188	561
364	240	333	192	209	85	699	370
5 908	5 973	6 118	6 612*	5 184	5 290	6 554	5 632*

\* - corrected (increased) by the sales amount to the extent of the costs incurred related to the work in progress respectively as at the end of 2019 and 2020, according to the Company accounting principles and policy.

### 2020 12 month revenue by market sector results

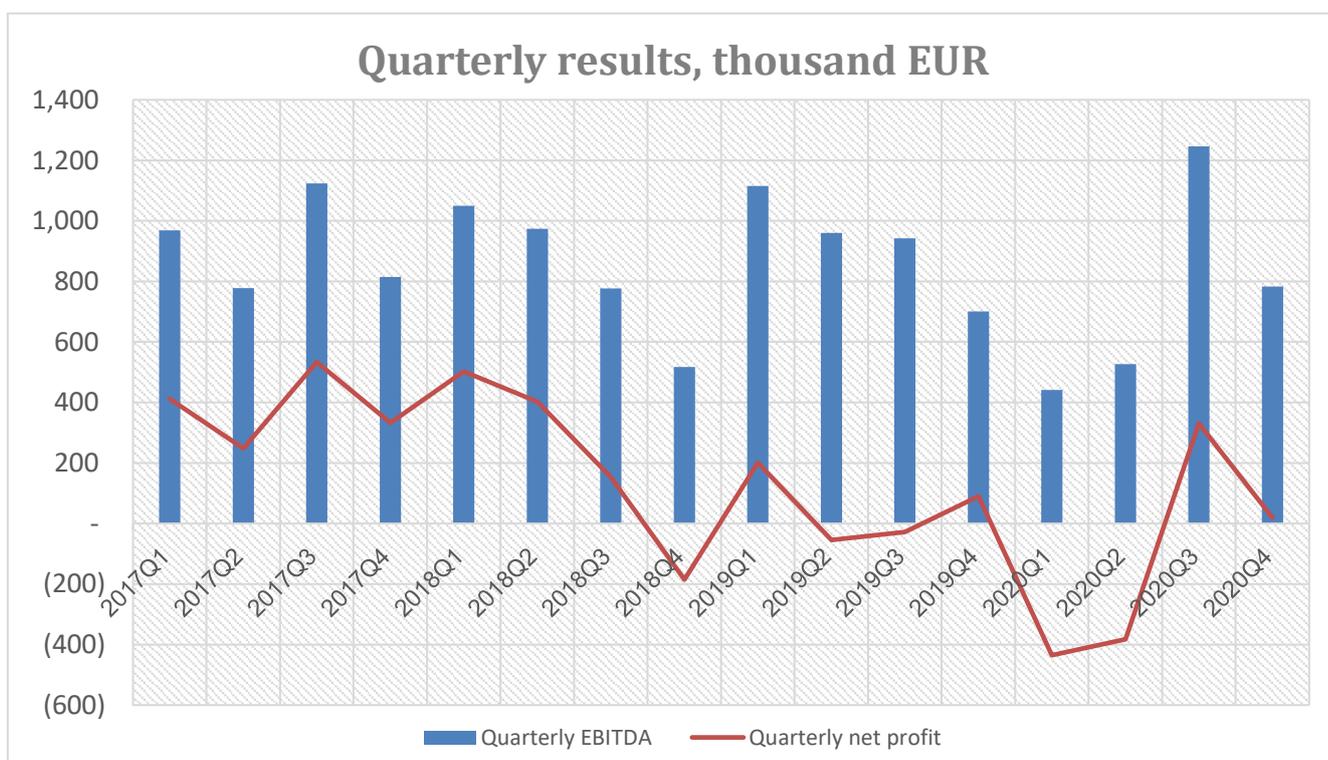
During 2020 12m main sales contributors continue to be data network products with 44% sales share and industrial product sales with 38% share in turnover. Internet of things product share in sales was 5%, optics and photonics products – 7% and other product share – 6%.

Sales dynamics of market segments – data network sales were 3% up from 2019 12m; industrial product sales were 13% down from 2019 12m; optics and photonics product sales were 28% down from 2019 12m. Internet of things product sales were 34% down from 2019 12m, but other product sales reported 21% increase from 2019 12m.



### Quarterly EBITDA and net profit results in 2020 Q4

In 2020 Q4 the Company reported quarterly EBITDA result of 0.783 million EUR and operated with net profit result of 0.020 million EUR. The reported EBITDA result shows 12% increase in comparison with Q4 2019 but 37% decrease compared to previous quarter of 2020 Q3. In Q4 2020 the Company reported net profit 0.020 million EUR, which is 78% decrease on year-on-year basis and 94% decrease compared to 2020 Q3. Quarterly results represent EBITDA margin of 13.90% and net profit margin of 0.35%.

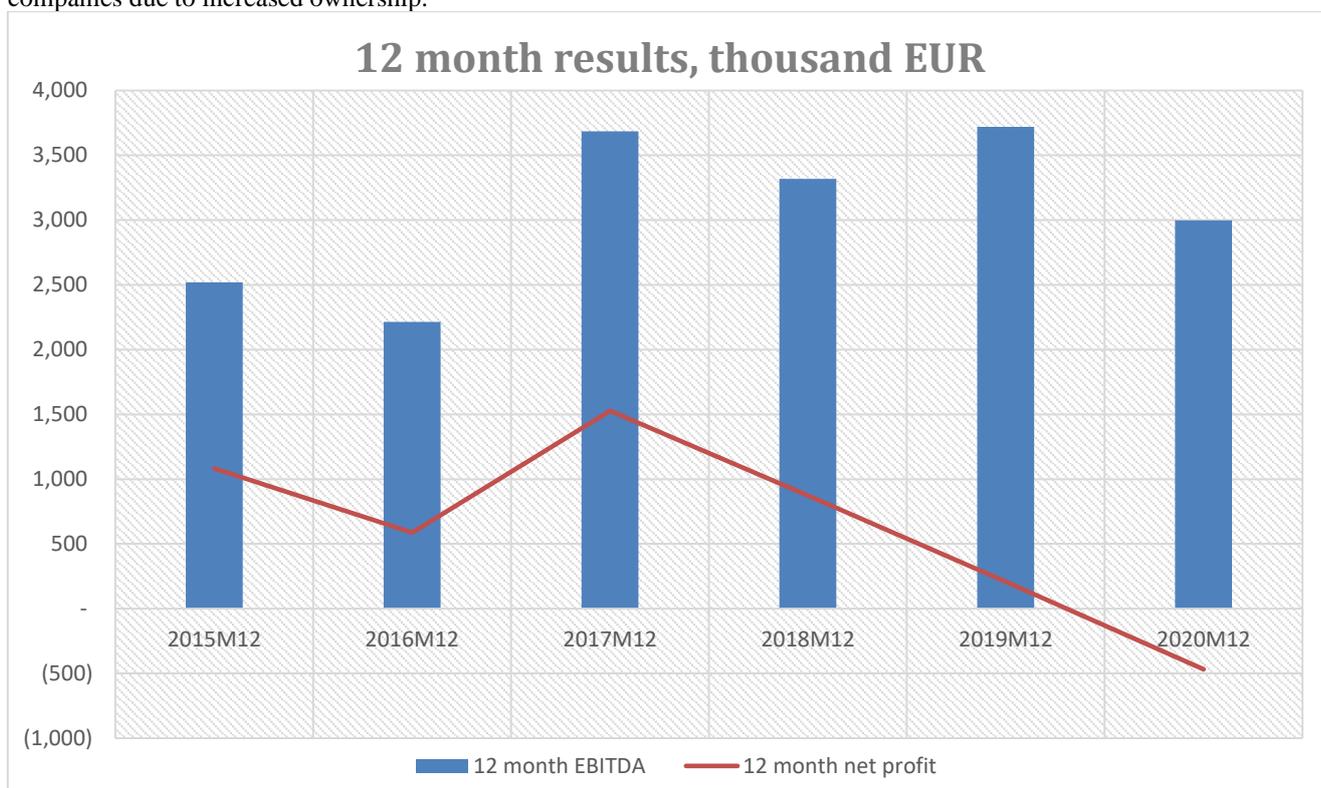


## 2020 12 month EBITDA and net profit results

During 12 months of 2020 the Company reported EBITDA result of 2.997 million EUR and 12 month net loss result of 0.468 million EUR. The reported EBITDA result shows 19% decrease in comparison with 2019. In 12 months of 2020 the Company operated with a net loss of 0.468 million EUR, while in 12m 2019 the Company operated with net profit in amount of 0.208 million EUR respectively. Results represent 12 month EBITDA margin of 13.2%.

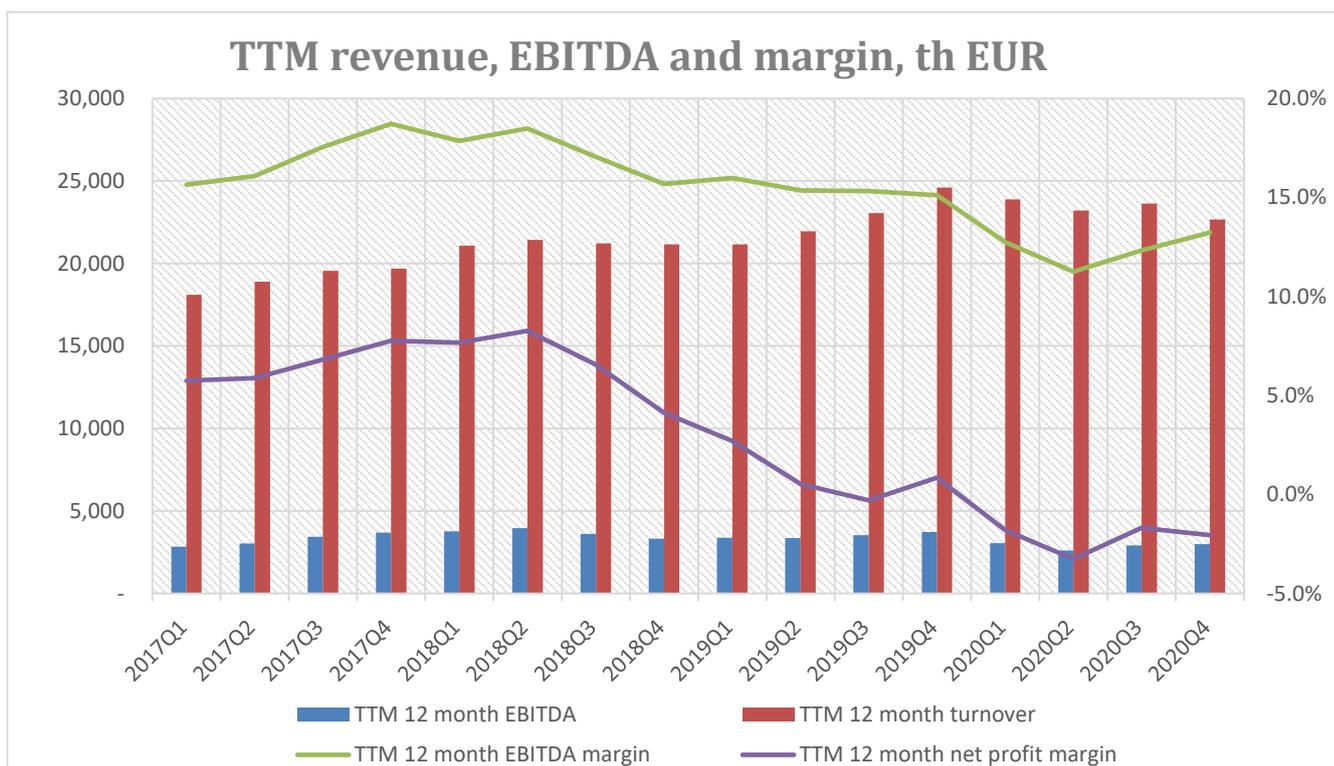
EBITDA and net profit in 2020 12m were influenced by COVID-19 global spread impacting and creating challenges in such business environment factors as personnel safety issues, supply chain disruptions, and transportation network disruptions. COVID-19 has influenced the Company performance already starting with the second half of January, 2020 when the virus gained momentum in China and Asia creating significant disruptions in the Company supply chain from this region.

In addition, in 2020 12m net profit margin is unfavorably influenced by the increased capital equipment depreciation due to recent sizeable investments, interest payments, where payment provisions for European Investment Bank financing is included and explained by the increased share of losses included in the consolidated financial statements from the associate companies due to increased ownership.



## TTM (trailing twelve months) turnover, EBITDA and margin results in 2020 Q4

TTM – trailing 12 month period sales (period starting in January 1, 2020 and ending with December 31, 2020) at 2020 Q4 reached 22.661 million EUR, showing 8% decrease compared to TTM sales for the period ended at 2019 Q4 and 4% decrease compared to TTM sales for the period ended at 2020 Q3. EBITDA result for the TTM 12 month period reported to be 2.997 million EUR, a decrease of 19% in comparison with 12 month period ended at 2019 Q4 but 3% increase compared to TTM sales for the period ended at 2020 Q3. The TTM period resulted in a net loss of 0.468 million EUR. Averaged EBITDA margin for TTM period of 13.2% is reported.



### Summary of financial indicators for 2020 Q4

The comparison of financial indicators for the periods of 2020 Q4 and 2020 12-months with the respective periods of 2019 are reported in the following exhibits:

Financial indicators for period	2020Q4	2019Q4	% to previous period
Sales, thousand EUR	5,632	6,611	-15%
EBITDA, thousand EUR	783	701	12%
Net profit, thousand EUR	20	90	-78%
EBITDA margin	13.9%	10.6%	
Net profit margin	0.3%	1.4%	
EPS, EUR	0.01	0.05	-78%
Diluted EPS, EUR	0.01	0.04	-78%

Financial indicators for period	2020 12m	2019 12m	% to previous period
Sales, thousand EUR	22,661	24,611	-8%
EBITDA, thousand EUR	2,997	3,719	-19%
Net profit, thousand EUR	-468	208	
EBITDA margin	13.2%	15.1%	
Net profit margin	-2.1%	0.8%	
EPS, EUR	-0.26	0.11	
Diluted EPS, EUR	-0.23	0.10	

### Research and development

2020 Q4 R&D revenues increased by 13% compared with 2019 Q4 R&D turnover and increased by 361% compared to the previous quarter Q3 2020 revenues, and are accounting for 15.8% share of Company's consolidated sales in 2020 Q4. R&D

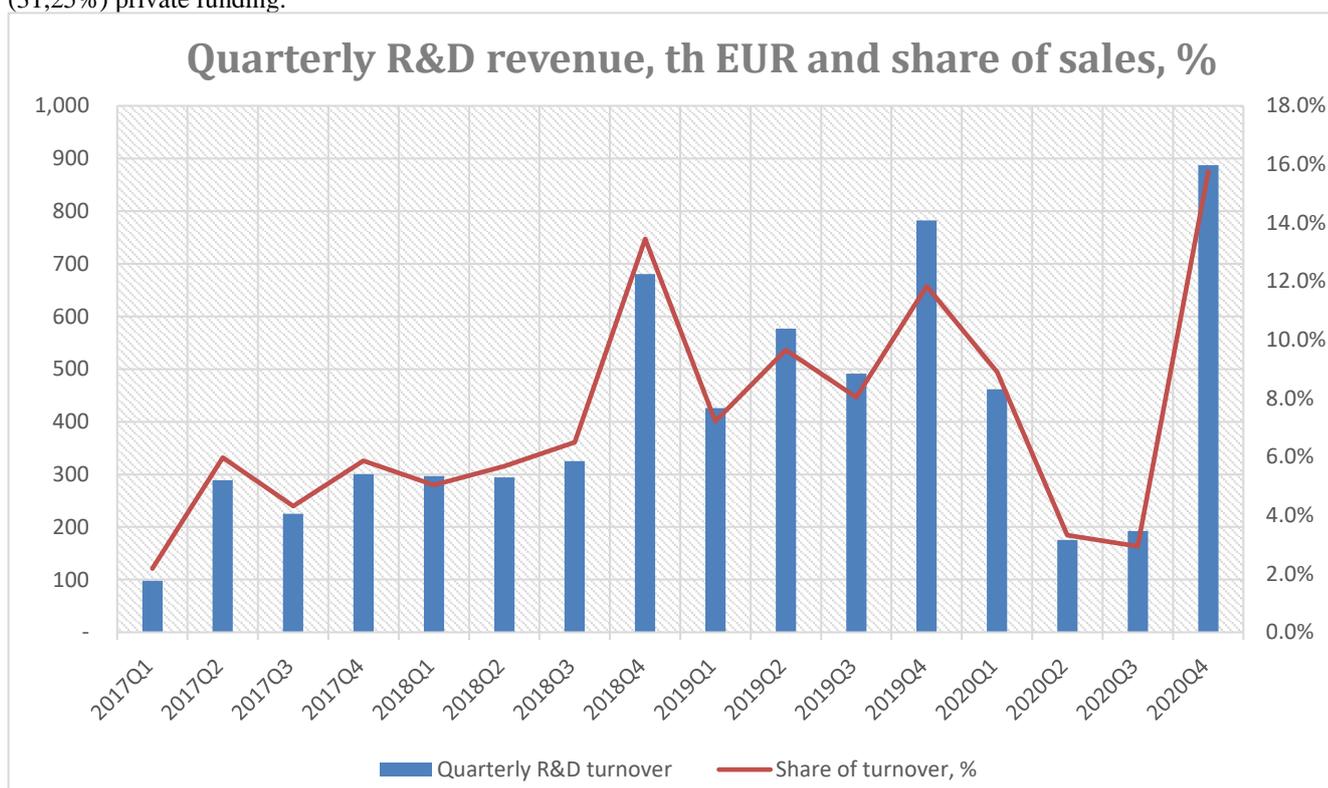
grant income has not been included in reported R&D sales figures. In Q4 2020 the Company continued to manufacture the high-tech optical devices and to work on R&D projects.

TTM – trailing twelve month period R&D turnover (period starting in January 1, 2020 and ending with December 31, 2020) at 2020 Q4 reported to be 1.717 million EUR, showing 25% decrease compared to TTM R&D turnover for the period ended at 2019 Q4 but 7% increase compared to TTM sales for the period ended at 2020 Q3.

In 12m 2020 the Company accrued 270 thousand EUR (108 thousand in Q4 2020) income from EU funds related to R&D expenses of the Company and accrued 417 thousand EUR (reversed 6 thousand in Q4 2020) expenses in inventory (work in progress) for R&D revenue in the future periods that influence EBITDA and net profit in the reporting period.

In the reporting period HansaMatrix Innovation continued realization of Ministry of Education and Science managed applied research project: Project 1.1.1.1/18/A/179 “Development of a compact, high-brightness laser image projection system for application in volumetric 3D displays”. The project is carried out in cooperation with 2 partners, SIA Lightspace Technologies and University of Latvia. The duration of the project is 24 months, starting on April 1st, 2019. The total planned cost of the project is 817 thousand EUR, consisting of 553 thousand EUR (67.7%) public ERDF funding and 237 thousand EUR (29%) private funding.

In the reporting period HansaMatrix Innovation on May 1, 2020 started realization of SIA LEO petijumu centrs and Ministry of Economics managed applied research project: Project 1.2.1.1/18/A/006 research No.1.2. “Development of electronics for multifocal augmented and virtual reality displays”. The project is carried out in cooperation with one partner, SIA HansaMatrix Ventspils. The duration of the project is 19 months, starting on May 1st, 2020 The total planned costs of the project is 407 thousand EUR, consisting of 280 thousand EUR (68,75%) public ERDF funding and 127 thousand EUR (31,25%) private funding.



#### Data table - quarterly R&D revenue for 2020 Q4

Quarterly R&D revenue, thEUR	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3
Quarterly R&D turnover	289	225	300	297	294	325

2018Q4	2019Q1	2019Q2	2019Q3	2019Q4	2020Q1	2020Q2	2020Q3	2020Q3
680	426	577	492	782	461	176	193	887*

\* - corrected (increased) by the sales amount to the extent of the costs incurred related to the work in progress respectively as at the end of 2020, according to the Company accounting principles and policy.

### Investment activities

During 2020 Q4 HansaMatrix made 247 thousand EUR investments and during 2020 12M 973 thousand EUR investments in production capacity increase, research instruments, test systems and development of new products.

In the reporting period HansaMatrix continued the realization of European Regional Development Fund (ERDF) funding project “Development of experimental production of 3D volumetric imaging equipment and its components” under ERDF “Operational Program “Growth and Jobs” 1.2.1 Specific Support Objective “Increase Private Investment in R&D” measure 1.2.1.4. “Support for Introduction of New Products in Production””. Total and ERDF funding eligible costs of the aforementioned project amount to 2.9 million EUR, with the planned ERDF funding 1 million EUR, or 35% of the eligible project costs.

### Investments in subsidiaries

SIA Zinātnes parks develops industrial real estate project, located at Riga airport area.

On September 25, 2020 HansaMatrix acquired 25.33% of SIA Zinātnes parks shares for 5 thousand EUR and SIA Zinātnes parks has become 100% HansaMatrix subsidiary.

During Q4 2020 HansaMatrix has provided additional 76 thousand EUR funds and during 12m 2020 in total 243 thousand EUR in form of convertible loan to its subsidiary – SIA Zinātnes parks, for land plot rental payments to VAS Starptautiskā lidosta Rīga, construction technical project development for industrial premises at Riga airport area and for loan repayments to AS SEB banka.

At the end of the reporting period, the total HansaMatrix (standalone) investment in SIA Zinatnes parks amounted to 1 870 200 EUR, consisting of convertible loan in amount of 1 066 200 EUR and paid up capital 804 000 EUR.

### Investment activities in associated companies

SIA Lightspace Technologies is 3D photonics and optical solutions company, the global technological leader in multi focal AR VR near eye displays and future glasses free3D image display technologies with main uses in medicine, defense, scientific visualization, entertainment, media and gaming.

In Q4 of 2020, HansaMatrix made investments in a form of convertible loan into SIA Lightspace Technologies in the amount of 7 thousand EUR. In 12m of 2020 the aggregate HansaMatrix investments into SIA Lightspace Technologies amounted to 500 thousand EUR in a form of convertible loan. At the end of the reporting period, the total HansaMatrix investment in SIA Lightspace Technologies amounted to 8 671 thousand EUR, consisting of convertible loan in amount of 4 961 thousand EUR and paid up capital in amount of 3 710 thousand EUR (paid up capital with accrued losses amounts to 2 029 thousand EUR).

### Business development overview of associated company - LightSpace Technologies

LightSpace Technologies cross functional team at beginning of a year has accomplished AR headset project IG1000. First time to public it was shown at SPIE AR MR VR 2020 conference in San Francisco, February 3-4. In one hall with Microsoft Hololens 2, Magic Leap ML1 and several other leaders it demonstrated superior image quality.

What’s different - IG1000 is first multi focal image headset been built with matched accommodation. So use of it does not create eye strain, brain stress and other symptoms associated with vergence accommodation conflict. Also it appears that quality of 3D visual objects seen by eyes are perfect to the smallest detail.

LightSpace has started several partnerships with 2 market leaders in Medicine and 2 Automotive companies and expects to launch market ready products for those sectors already in Year 2021.

LightSpace has set iG2000 on the commercialization path and planning to complete product design by end of 2020 and start industrialization and manufacturing later in the year 2021.



Multifocal image AR VR headsets has been considered as enabling requirement for near range 3D visualization in high performance 3D graphics, Digital and Smart manufacturing, Digital and Image guided medicine, training and simulations in realistic 3D environments.

LightSpace Technologies has won strong 4000 project competition in Horizon 2020 EIC accelerator program call focused on COVID-19 treatment initiatives with action "Next Generation Enhanced Augmented Reality 3D Glasses for medical education, pre-procedural planning, intra-procedural visualization, and patient rehabilitation — NGEAR 3D".

On July 28, 2020 HansaMatrix associated company LightSpace Technologies has signed Grant Agreement No 960828 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.

Company has announced also invention of a technology suitable for development of multi focal consumer AR glasses.

LightSpace is a 3D photonics and optical solutions company, the global technological leader in multi focal AR VR near eye displays and future glasses free 3D image display technologies with main uses in medicine, defense, scientific visualization, entertainment, media and gaming. Several key enabling technologies including liquid crystal materials that creates switching diffuser photonics devices invented by the company.

LightSpace Technology holds 15 global patent families and has during last 12 months submitted 4 new patent applications.

SIA LightSpace Technologies fully (100%) owns LightSpace Technologies Inc., Delaware (USA) Company and controlling majority of EUROLCDs, SIA shares (83.81%).



**SIA Lightspace Technologies consolidated \*) profit loss statement, EUR**

	<b>2020</b>	<b>2019</b>
	<b>EUR</b>	<b>EUR</b>
Net turnover	492 569	688 755
Cost of sales	(2 263 357)	(1 830 543)
<b>Gross profit / (loss)</b>	<b>(1 770 788)</b>	<b>(1 141 788)</b>
Distribution costs	(230 856)	(566 239)
Administrative expense	(346 699)	(227 486)
Other operating income	995 173	284 996
Other operating expense	(87 768)	(20 312)
<b>Operating profit</b>	<b>(1 440 938)</b>	<b>(1 670 829)</b>
Interest expenses	(3 250)	(188)
<b>Profit / (loss) before tax</b>	<b>(1 444 188)</b>	<b>(1 671 017)</b>
Corporate income tax	(913)	(917)
<b>Net profit / (loss) for the period</b>	<b>(1 445 101)</b>	<b>(1 671 934)</b>
Profit attributable to:		
Equity holders of the Parent Company	(1 315 424)	(1 560 567)
Non-controlling interest	(129 677)	(111 367)
	<b>(1 445 101)</b>	<b>(1 671 934)</b>

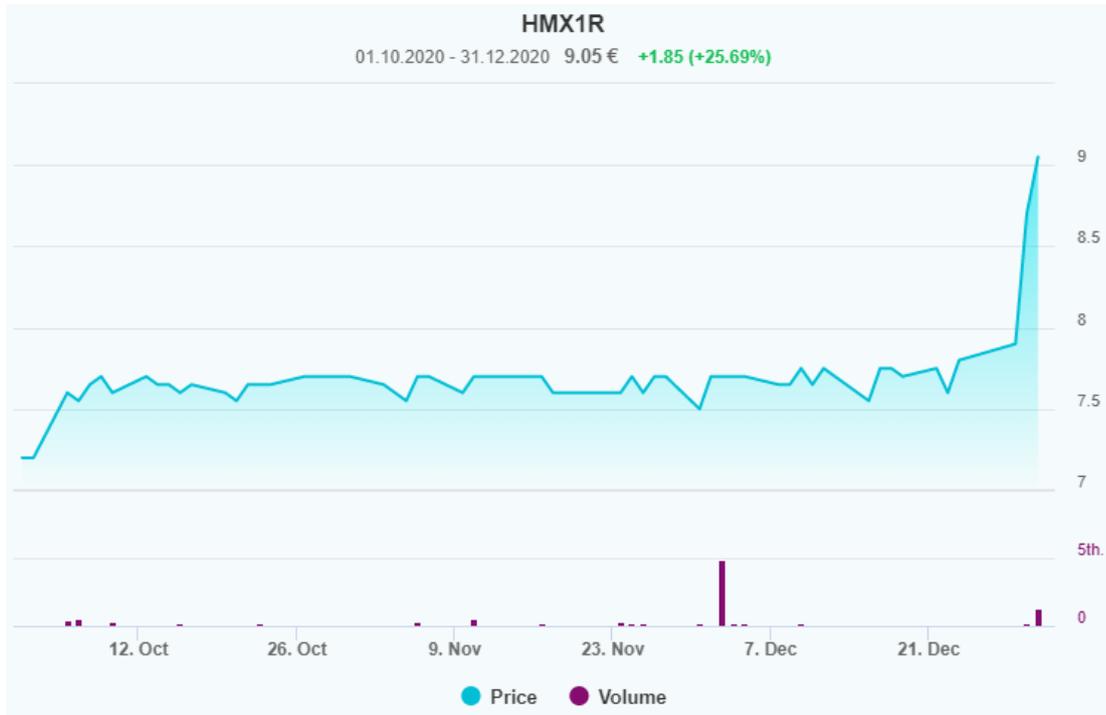
**SIA Lightspace Technologies consolidated \*) balance sheet, EUR**

<b>ASSETS</b>	<b>31.12.2020.</b>	<b>31.12.2019.</b>
	<b>EUR</b>	<b>EUR</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant, equipment and other intangible assets	9 318 733	9 296 825
<b>TOTAL NON-CURRENT ASSETS</b>	<b>9 318 733</b>	<b>9 296 825</b>
<b>CURRENT ASSETS</b>		
Inventory	286 052	395 101
Receivables	961 551	442 415
Cash and cash equivalents	84 085	53 006
<b>TOTAL CURRENT ASSETS</b>	<b>1 331 688</b>	<b>890 522</b>
<b>TOTAL ASSETS</b>	<b>10 650 421</b>	<b>10 187 347</b>
<b>EQUITY AND LIABILITIES</b>		
	<b>31.12.2020.</b>	<b>31.12.2019.</b>
	<b>EUR</b>	<b>EUR</b>
<b>EQUITY</b>		
Share capital	16 601	16 601
Share premium	5 025 712	5 025 712
Other reserves	1 569 118	1 568 748
Retained earnings/ (accumulated deficit)	(4 138 139)	(2 825 513)
Non-controlling interest	450 437	580 114
<b>TOTAL EQUITY</b>	<b>2 923 729</b>	<b>4 365 662</b>
<b>LIABILITIES</b>		
Non-current and current liabilities	7 726 692	5 821 685
<b>TOTAL LIABILITIES</b>	<b>7 726 692</b>	<b>5 821 685</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10 650 421</b>	<b>10 187 347</b>

\*) Consolidated 100% SIA LightSpace Technologies, 100% LightSpace Technologies Inc. and 83.81% SIA Eurolcds.

**Shares and stock market**

During 2020 Q4 HansaMatrix (HMX1R) share price increased by 25.69% - see the stock price movement chart for the period from October 1, 2020 to December 31, 2020.



During 2020 12m HansaMatrix (HMX1R) share price increased by 39.23% - see the stock price movement chart for the period from January 1, 2020 to December 31, 2020.



**Security trading history**

Price	2017	2018	2019	2020
Open	7.95	8.14	6.5	6.25
High	8.83	8.5	6.65	9.05
Low	6.9	6.05	5.93	5.00
Last	8.14	6.5	6.25	9.05
Traded volume	72 941	137 505	32 591	38 141
Turnover, million	0.51 EUR	0.94 EUR	0.20 EUR	0.26 EUR
Capitalisation, million	14.89 EUR	11.89 EUR	11.43 EUR	16.56 EUR

In 12m 2020 the highest HansaMatrix (HMX1R) share price observed reached 9.05 EUR per share, lowest 5.00 EUR per share and the total traded share turnover in this period amounted to 0.26 million EUR.

**Exposure to risks and uncertainties**

The Group business operations are exposed to a variety of risks: market risk, credit risk, liquidity risk and cash flow risk, geopolitical risk, foreign currency risk as well as interest rate risk.

The ongoing COVID-19 pandemic may have a negative impact on the Group performance in the short term in the following areas: customer demand weakening, personnel safety issues and supply chain disruptions.

All business units of the Group, including Pārogre and Ventspils manufacturing plants, metal parts and optics product unit in Mārupe and head office in Mārupe are fully operational. HansaMatrix ensures safe working condition to workers present at all plants and offices of the Company and ensures remote work from home for employees where it is possible, effective and necessary. All requirements of self-isolation and quarantine stipulated by law are supported and enforced when necessary.

In response to the emergency situation HansaMatrix has introduced internal code of emergency aimed to ensure safeguarding and maintaining good health of the employees in the Group. New internal regulations and business practices have been introduced and are being regularly followed up and improved.

COVID-19 situation is impacting some of the risks to which the Group is exposed.

**Market risk.** The Group manages market risk according to its business development strategy, which foresees the development of a highly automated and technologically developed manufacturing process, operating in diversified market sectors with a growth tendency. Continued efforts are made for attracting new clients. As at 31 December 2020, the Parent Company had 34 regular clients, of which 6 account for at least 5% of the total turnover, and many have been working with AS HansaMatrix as their manufacturer for at least over 10 years.

COVID-19 impact on the sectors where the Group operates is different and balances out – in data networks and medical sectors the demand is increasing, however the demand is decreasing or stagnating for products in other sectors, e.g. not first necessity electronic products, products related to aviation and tourism industries the demand is decreasing.

**Credit risk.** The Group and the Parent Company are exposed to *credit risk* through its trade receivables. The Parent Company has introduced various procedures to mitigate the risk of unrecoverable debts. Most trade credits are insured using non-recourse factoring. As at 31 December 2020, 81% of all trade receivables outstanding were insured. Clients, whose trade credits for any reason are not or cannot be insured, are subject to shortened payment schedules, advance payments, credit limits and other risk hedging conditions. The credit history of customers is also assessed on an ongoing basis and credit limits and terms are changed on an individual basis as applicable.

COVID-19 situation due to delays in investment attraction has influenced the payment schedule execution of the Group 2019 restructured client, operating in IoT sector, debt in amount of 90 thousand EUR towards HansaMatrix. The Group has booked provisions for this outstanding debt according to accounting policy and is actively seeking solutions for the debt repayment.

HansaMatrix continues to work closely with customers to better identify and understand the potential impact the COVID-19 situation may have on the manufacturing order book. Customers, located in the affected countries, are continuing the operations and are taking the virus spread and contraction precautionary measures. The manufacturing order volume can be influenced by potential decisions by businesses to postpone investments and by consumers to decrease expenditures and also

by international travel restrictions preventing customers from promptly accepting the executed orders, which potentially can be mitigated by online solutions.

**Liquidity and cash flow risk.** Liquidity is affected by inventories and the volume of work in progress, the amount of trade credits granted to clients, amount of prepayments received, suppliers' terms of payment and the working capital available to the Group and the Parent Company. Liquidity strains can also influence the ability to carry out loan and lease payments. To mitigate liquidity risk, the Parent Company employs financial and operational management procedures. The amount of inventories is monitored on a regular basis, orders and deliveries from suppliers are rescheduled, as are the sequence and volume of planned manufacturing in order to speed up the inventory turnover. Working capital is also monitored regularly which leads to planning of the availability of credit resources and financing instruments and the amount and repayment schedules thereof.

COVID-19 situation has slowed inventory turnover for some of the Group Clients due to demand decrease and also in some cases due to supply chain disruptions. The electronic component supply chain disruptions due to coronavirus are expected to impact HansaMatrix manufacturing order execution, potentially shifting fulfillment times, and could increase component sourcing costs.

To mitigate COVID-19 impact on liquidity, in addition to the regular procedures, the Group on ongoing basis closely monitors and utilizes the available government support for liquidity. Nevertheless, at the end of 2020 the Group successfully extended for 1 year the necessary working capital financing agreements with SEB banka in amount of EUR 4.56 million.

As at the end of Q4 2020 the Group has reviewed the values of the Group assets, inventory, goodwill and other intangible assets, property, plant, and equipment, determined according to the Group accounting policy, and has concluded that as at the end of Q4 2020 the asset values of the Group have not been impacted by COVID-19 pandemic situation.

### **Other significant events in the reporting period**

On November 24, 2020 HansaMatrix Supervisory Board approved changes in the Company Management Board. In addition to the Chairman of the Management Board, CEO Ilmars Osmanis and the Member of the Management Board, CFO – Māris Macijevskis the new Member - COO of the Company, Janis Sams, was appointed to the Management Board.

On December 18, 2020 first report on HansaMatrix was published in the Research programme supported by the European Bank for Reconstruction and Development (EBRD) to cover companies listed on Nasdaq Baltic and available publicly free of charge to every interested investor on the programme's website: <https://bit.ly/3oWow54>. Based on HansaMatrix memorandum of understanding with Nasdaq Riga, the Research programme supported by EBRD to cover companies listed on Nasdaq Baltic now also include HansaMatrix research coverage for two years.

In December 2020 HansaMatrix signed agreements with SEB banka and SEB lizings to extend the maturity of factoring, overdraft, guarantee and reverse factoring facilities for the next annual period of one year for aggregate amount of EUR 4.56 million for working capital financing that also include export financing transactions.

### **Significant events after the reporting period**

On January 05, HansaMatrix announced beginning of operations in its second plant in Ventspils, according to the manufacturing campus development plan. The Company has signed 10 year lease agreement with Freeport of Ventspils authority to lease the newly constructed manufacturing building with total area of 4600 square meters, located at Ventspils Augsto tehnoloģiju parks No.7, Ventspils. The new plant will complement existing manufacturing capacity with new integrated manufacturing process in plastic parts production and final product assembly, containing optical elements and systems. It will double the box build assembly capacity available in Ventspils manufacturing site.

February 19, 2021



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Ilmārs Osmanis  
Chairman of the Board

## Statement of responsibility of the management

The Board of AS HansaMatrix is responsible for preparing the consolidated financial statements of the Parent and its subsidiaries (hereinafter - the Group).

The consolidated financial statements are prepared in accordance with the source documents and present fairly the consolidated financial position of the Group as of December 31, 2020 and the consolidated results of its financial performance and cash flows for the reporting period.

The interim condensed consolidated financial statements are prepared in accordance with IAS 34 Interim Financial Reporting and are prepared on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. The consolidated interim financial statements have been prepared based on the same accounting principles applied in the Consolidated Financial Statements for the year ended on December 31, 2019. Prudent and reasonable judgments and estimates have been made by the management in the preparation of the financial statements.

The Management Board of AS HansaMatrix is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position, financial performance and cash flows of the Parent Company and the Group and enable them to ensure that financial statements drawn up from them comply with IAS 34 Interim Financial Reporting.

February 19, 2021



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Ilmārs Osmanis  
Chairman of the Board



## INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### Interim consolidated statement of comprehensive income

	2020 Q4 EUR	2019 Q4 EUR	2020 12m EUR	2019 12m EUR
Revenue from contracts with customers	5 632 089	5 928 073	22 660 681	24 610 615
Cost of sales	(5 113 101)	(5 067 151)	(20 436 454)	(20 972 071)
<b>Gross profit</b>	<b>518 988</b>	<b>860 922</b>	<b>2 224 227</b>	<b>3 638 544</b>
Distribution costs	(150 861)	(148 845)	(503 939)	(824 722)
Administrative expense	(468 176)	(569 539)	(1 854 985)	(1 805 635)
Other operating income	281 554	136 609	780 676	420 346
Other operating expense	(2 062)	(54 451)	(73 107)	(112 816)
<b>Operating profit</b>	<b>179 443</b>	<b>224 696</b>	<b>572 872</b>	<b>1 315 717</b>
Loss from investments in associates	(32 171)	(32 667)	(526 039)	(623 202)
Finance income	2 587	2 574	10 290	32 585
Finance costs	(130 309)	(134 323)	(525 160)	(498 918)
<b>Profit before tax</b>	<b>19 550</b>	<b>60 280</b>	<b>(468 037)</b>	<b>226 182</b>
Corporate income tax	-	-	-	(18 294)
<b>Net profit for the reporting period</b>	<b>19 550</b>	<b>60 280</b>	<b>(468 037)</b>	<b>207 888</b>
Other comprehensive income:	-	-	-	-
<b>Total comprehensive income for the year, net of tax</b>	<b>19 550</b>	<b>60 280</b>	<b>(468 037)</b>	<b>207 888</b>
Comprehensive income attributable to:				
Equity holders of the Parent Company	19 550	81 145	(468 037)	214 490
Non-controlling interests	-	(20 865)	-	(6 602)
	<b>19 550</b>	<b>60 280</b>	<b>(468 037)</b>	<b>207 888</b>
Earnings Per Share	0.011	0.044	(0.26)	0.12
Diluted Earnings Per Share	0.010	0.040	(0.23)	0.11

The accompanying notes form an integral part of these financial statements.

February 19, 2021

Ilmārs Osmanis  
Chairman of the Board

**Interim consolidated statement of financial position****ASSETS**

	31.12.2020	31.12.2019
	EUR	EUR
<b>NON-CURRENT ASSETS</b>		
<b>Intangible assets</b>		
ODM assets	310 475	309 998
Other intangible assets	575 706	489 647
Goodwill	246 246	360 653
<b>Total intangible assets</b>	<b>1 132 427</b>	<b>1 160 298</b>
<b>Property, plant and equipment</b>		
Land and building	3 428 169	3 595 233
Equipment and machinery	4 213 755	4 826 532
Other fixtures and fittings, tools and equipment	604 447	702 687
Right of use asset	2 778 503	2 656 938
Leasehold improvements	74 462	65 660
Construction in progress	2 368 867	2 295 463
<b>Total property, plant and equipment</b>	<b>13 468 203</b>	<b>14 142 513</b>
<b>Non-current financial assets</b>		
Investments in associates	2 028 960	2 554 998
Investments in other companies	42 086	37 754
Other investment loans	4 961 573	4 461 446
Other financial assets	38 564	84 078
Other non-current receivables	44 762	63 709
<b>Total non-current financial assets</b>	<b>7 115 945</b>	<b>7 201 985</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>21 716 575</b>	<b>22 504 796</b>
<b>CURRENT ASSETS</b>		
<b>Inventories</b>		
Raw materials and consumables	1 972 204	3 051 606
Work in progress	-	-
Finished goods	-	-
<b>Total inventories</b>	<b>1 972 204</b>	<b>3 051 606</b>
<b>Receivables, contract assets and prepayments</b>		
Trade receivables from contracts with customers	380 965	957 492
Prepayments for goods	45 786	50 117
Loan to shareholder	551 883	540 133
Prepaid expense	48 796	50 736
Corporate income tax	325	685
Contract assets	2 185 342	2 022 550
Other receivables	318 687	379 047
<b>Total receivables, contract assets and prepayments</b>	<b>3 531 784</b>	<b>4 000 760</b>
<b>Cash and cash equivalents</b>	<b>829 721</b>	<b>254 480</b>
<b>TOTAL CURRENT ASSETS</b>	<b>6 333 709</b>	<b>7 306 846</b>
<b>TOTAL ASSETS</b>	<b>28 050 284</b>	<b>29 811 642</b>
*Available unused credit line	235 125	EUR
*Available unused factoring limit	1 630 319	EUR

The accompanying notes form an integral part of these financial statements.

February 19, 2021

  
 Ilmārs Osmanis  
 Chairman of the Board

**Interim consolidated statement of financial position****EQUITY AND LIABILITIES**

<b>EQUITY</b>	<b>31.12.2020</b>	<b>31.12.2019.</b>
	<b>EUR</b>	<b>EUR</b>
Share capital	1 829 381	1 829 381
Share premium	2 435 579	2 435 579
Reserves	1 077	688
Non-current asset revaluation reserve	1 914 955	2 038 647
Retained earnings/ (accumulated loss):		
a) brought forward	2 755 125	2 392 385
b) for the period	(468 037)	214 490
Minority share	-	117 047
<b>TOTAL EQUITY</b>	<b>8 468 080</b>	<b>9 028 217</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans from credit institutions	7 590 164	7 930 600
Lease liabilities	1 787 255	1 729 235
Other financial liabilities	1 345 930	1 345 930
Prepayments received from customers (Contract liabilities)	-	149 845
Deferred income	739 640	1 022 466
<b>Total non-current liabilities</b>	<b>11 462 989</b>	<b>12 178 076</b>
<b>Current liabilities</b>		
Loans from credit institutions	1 639 322	1 874 479
Lease liabilities	822 564	826 058
Prepayments received under contracts with customers	788 670	1 042 633
Trade payables	3 073 048	3 724 298
Taxes payable	1 081 688	558 704
Corporate income tax	1 653	809
Other liabilities	293 349	239 734
Deferred income	170 194	101 845
Accrued liabilities	248 727	236 789
<b>Total current liabilities</b>	<b>8 119 215</b>	<b>8 605 349</b>
<b>TOTAL LIABILITIES</b>	<b>19 582 204</b>	<b>20 783 425</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>28 050 284</b>	<b>29 811 642</b>

The accompanying notes form an integral part of these financial statements.

February 19, 2021



Ilmārs Osmanis  
Chairman of the Board

**Interim consolidated statement of cash flow**

	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>Q4</b>	<b>Q4</b>	<b>12m</b>	<b>12m</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Cash flows to/ from operating activities</b>				
Profit before tax	19 550	60 280	(468 037)	226 182
Adjustments for:				
Depreciation and amortization	603 384	345 939	2 423 969	2 445 512
Interest expense	50 798	131 756	248 002	410 187
Interest income	(2 587)	(2 574)	(10 290)	(32 585)
Decrease in allowances for slow-moving items and receivables	(76 622)	50 388	(94 210)	121 868
Income from grant recognition	(150 694)	25 337	(227 078)	(101 846)
Gain on disposal of property, plant and equipment	-	(1 115)	20	(56 124)
Group's share of loss of an associate recognized in the statement of comprehensive income	32 171	32 667	526 039	623 202
Adjustments for:				
(Increase)/ decrease in inventories	454 391	872 116	916 610	601 344
(Increase)/ decrease in receivables	732 641	(249 584)	1 277 861	(3 106 894)
Increase/ (decrease) in payables	(356 493)	(435 611)	(1 258 381)	1 439 844
<b>Cash generated from operations, gross</b>	<b>1 306 539</b>	<b>829 599</b>	<b>3 334 505</b>	<b>2 570 690</b>
Interest paid	(50 798)	(131 756)	(248 002)	(408 986)
Corporate income tax paid	-	-	-	(18 294)
<b>Net cash flows to/ from operating activities</b>	<b>1 255 741</b>	<b>697 843</b>	<b>3 086 053</b>	<b>2 143 410</b>
<b>Cash flows to/ from investing activities</b>				
Purchase of intangible assets and property, plant and equipment	(243 636)	(986 452)	(969 241)	(3 502 064)
Proceeds from sale of property, plant and equipment	20 857	-	27 707	62 847
Changes in IFRS 16 values	16 042	-	18 472	-
Investments in and loans to other companies	(10 594)	(466 871)	(504 459)	(3 526 244)
<b>Net cash flows to/ from investing activities</b>	<b>(217 331)</b>	<b>(1 453 323)</b>	<b>(1 427 521)</b>	<b>(6 965 461)</b>
<b>Cash flows to/ from financing activities</b>				
Dividends paid	-	-	-	(73 175)
Funding received from European Union funds	-	-	-	721 558
Loans received from credit institutions	534 499	347 849	1 918 702	2 770 473
Loans repaid to credit institutions	(806 815)	(70 741)	(2 767 907)	(2 243 364)
Loans from lease companies	-	225 080	33 586	398 014
Payment of principal portion of lease liabilities	-	-	-	(642 178)
Loans repaid to lease companies	(67 948)	(64 567)	(268 122)	(231 579)
Loans repaid from related companies	-	-	-	2 000 001
<b>Net cash flows to/ from financing activities</b>	<b>(340 264)</b>	<b>437 621</b>	<b>(1 083 741)</b>	<b>2 699 750</b>
<b>Change in cash and cash equivalents for the year</b>	<b>698 146</b>	<b>(317 859)</b>	<b>575 241</b>	<b>(2 122 301)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>131 575</b>	<b>570 688</b>	<b>254 480</b>	<b>2 376 781</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>829 721</b>	<b>252 829</b>	<b>829 721</b>	<b>254 480</b>

The accompanying notes form an integral part of these financial statements.

**Interim consolidated statement of changes in equity**

	Share capital	Share premium	Reserves	Non- current asset revaluation reserve	Retained earnings/ (accumulated loss)	Non- controlling interest	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>Balance as at 31 December 2018</b>	<b>1 829 381</b>	<b>2 435 579</b>	<b>1 324</b>	<b>2 162 339</b>	<b>2 341 868</b>	<b>-</b>	<b>8 770 491</b>
Profit for the reporting year	-	-	-	-	214 490	(6 602)	207 888
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	214 490	(6 602)	207 888
Depreciation of revalued items of property, plant and equipment	-	-	-	(123 692)	123 692	-	-
Share option reserves	-	-	(636)	-	-	-	(636)
Dividends paid	-	-	-	-	(73 175)	-	(73 175)
Acquisition of subsidiary	-	-	-	-	-	123 649	123 649
<b>Balance as at 31 December 2019</b>	<b>1 829 381</b>	<b>2 435 579</b>	<b>688</b>	<b>2 038 647</b>	<b>2 606 875</b>	<b>117 047</b>	<b>9 028 217</b>
Profit for the reporting year	-	-	-	-	(468 037)	-	(468 037)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(468 037)	-	(468 037)
Depreciation of revalued items of property, plant and equipment	-	-	-	(123 692)	123 692	-	-
Share option reserves	-	-	389	-	-	-	389
Minority share	-	-	-	-	24 558	(117 047)	(92 489)
Dividends paid	-	-	-	-	-	-	-
<b>Balance as at 31 December 2020</b>	<b>1 829 381</b>	<b>2 435 579</b>	<b>1 077</b>	<b>1 914 955</b>	<b>2 287 088</b>	<b>-</b>	<b>8 468 080</b>

The accompanying notes form an integral part of these financial statements.

## Notes to the consolidated financial statements

### 1. Corporate information

AS HansaMatrix (hereinafter – the Parent Company) was registered with the Republic of Latvia Enterprise Register on 30 July 1999 and re-registered with the Republic of Latvia Commercial Register on 27 December 2002 under unified registration number 40003454390. The shares of the Parent Company are listed on Riga Stock Exchange, Latvia. The registered office of the Parent Company is at Akmeņu iela 72, Ogre. The Group is principally engaged in product design, industrialization and complete manufacturing services in data networking, Internet of Things, industrial segments and other high added value business sectors.

### 2. Basis of preparation and changes to the Group's accounting policies

#### 2.1. Basis of preparation

The interim condensed consolidated financial statements for the twelve months ended 31 December 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2019.

#### 2.2. New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Group has not applied and has not evaluated the impact of the application of the IFRS and IFRIC interpretations that have been issued as of the date of authorization of these financial statements for issue, but which are not yet effective. The Group plans to adopt these standards and interpretations on their effectiveness dates provided they are endorsed by the EU.

**3. Related party disclosures**

Related party	Type of services		Goods and services delivered to/ loans issued to related parties	Goods and services received from/ loans received from related parties	Amounts owed by related parties (gross)	Amounts owed to related parties (gross)
			EUR	EUR	EUR	EUR
<b>1. Associates</b>						
SIA Lightspace Technologies (AS HansaMatrix share: 49%)	Loan	31.12.2019	2 007 323	-	4 461 446	-
		31.12.2020	492 500	-	4 961 573	-
	Services, purchase of materials, sales	31.12.2019	4 378	690	1 020	690
		31.12.2020	3 975	237	-	-
	<b>TOTAL</b>	<b>31.12.2019</b>	<b>2 011 701</b>	<b>690</b>	<b>4 462 466</b>	<b>690</b>
	<b>TOTAL</b>	<b>31.12.2020</b>	<b>496 475</b>	<b>237</b>	<b>4 961 573</b>	<b>-</b>
<b>2. Entities with significant influence over the Parent Company</b>						
SIA MACRO RĪGA (shareholder)	Loans	31.12.2019	32 585	-	540 133	-
		31.12.2020	10 290	-	551 883	-
	Purchase of services; sale of materials	31.12.2019	-	-	-	-
		31.12.2020	3 429	-	1 808	-
	<b>TOTAL</b>	<b>31.12.2019</b>	<b>32 585</b>	<b>-</b>	<b>540 133</b>	<b>-</b>
	<b>TOTAL</b>	<b>31.12.2020</b>	<b>13 719</b>	<b>-</b>	<b>553 691</b>	<b>-</b>
<b>3. Other related companies</b>						
	Services, purchase of materials, sales	31.12.2019	9 257	10 089	-	720
		31.12.2020	-	2 923	-	720
	<b>TOTAL</b>	<b>31.12.2019</b>	<b>9 257</b>	<b>10 089</b>	<b>-</b>	<b>720</b>
	<b>TOTAL</b>	<b>31.12.2020</b>	<b>-</b>	<b>2 923</b>	<b>-</b>	<b>720</b>

**4. EBITDA calculation**

	2020 Q4 EUR	2019 Q4 EUR	2020 12m EUR	2019 12m EUR
NET sales	5 632 089	5 928 073	22 660 681	24 610 615
<b>Operating profit</b>	<b>179 443</b>	<b>224 696</b>	<b>572 872</b>	<b>1 315 717</b>
Depreciation and amortization	603 384	345 939	2 423 969	2 403 390
<b>EBITDA, EUR</b>	<b>782 827</b>	<b>570 635</b>	<b>2 996 841</b>	<b>3 719 107</b>
<b>EBITDA, %</b>	<b>14%</b>	<b>10%</b>	<b>13%</b>	<b>15%</b>

**5. The fair value measurement hierarchy of the Group's assets and liabilities at 31st December, 2020**

Group	Total at carrying amount	Total at fair value	Fair value measurement using		
			quoted prices in active markets (level 1)	significant observable inputs (level 2)	significant unobservable inputs (level 3)
	EUR	EUR	EUR	EUR	EUR
<i>Assets and liabilities valued at fair value</i>					
Convertible loan SIA Lightspace Technologies	4 961 573	4 961 573	-	4 961 573	-
Investments in SIA Lightspace Technologies	2 028 960	2 028 960	-	-	2 028 960
Warrants	1 345 930	1 345 930	-	1 345 930	-
Investments in other companies	42 086	42 086	-	-	42 086
Other financial assets	38 564	38 564	-	-	38 564
<i>Assets and liabilities valued at fair value</i>					
Loan to shareholder	551 883	551 883	-	-	551 883
Loans from credit institutions	9 229 486	9 229 486	-	9 229 486	-
Lease liabilities	791 427	791 427	-	791 427	-

As at the end of Q4 2020 the Group has reviewed the key assumptions of the fair value measurement, carried out for the Group's annual consolidated financial statements as at 31 December 2019, of the depicted above assets and liabilities and concluded that the carrying amounts of these assets and liabilities as of December 31, 2020 are reasonable approximations of the fair values. Nevertheless, the key assumptions of the fair value measurement could change going forward and as of the date of preparing the Group's annual audited consolidated financial statements for the year ended 31 December 2019.

**6. Earnings per share**

	2020 Q4 EUR	2019 Q4 EUR	2020 12m EUR	2019 12m EUR
<b>Net profit for the reporting period</b>	<b>19 550</b>	<b>60 280</b>	<b>(468 037)</b>	<b>207 888</b>
Other comprehensive income:	-	-	-	-
<b>Total comprehensive income for the year, net of tax</b>	<b>19 550</b>	<b>60 280</b>	<b>(468 037)</b>	<b>207 888</b>
Comprehensive income attributable to:				
Equity holders of the Parent Company	19 550	81 145	(468 037)	214 490
Non-controlling interests	-	(20 865)	-	(6 602)
	<b>19 550</b>	<b>60 280</b>	<b>(468 037)</b>	<b>207 888</b>
HansaMatrix AS number of shares	1 829 381	1 829 381	1 829 381	1 829 381
Earnings per share	0.011	0.044	-0.256	0.117
HansaMatrix AS employees share options	4 750	2 400	4 750	2 400
EIB warrants	205 298	205 298	205 298	205 298
Diluted Earnings Per Share	0.010	0.040	-0.229	0.105

**7. Dividends paid and proposed**

The planned Annual General Meeting of HansaMatrix shareholders on May 22, 2020 proposed agenda included year 2019 profit distribution item. Taking into account COVID-19 situation global developments and high uncertainty of the economic environment, it was proposed and approved by the shareholders not to distribute dividends and leave all net profit of financial year 2019 undistributed to increase the retained earnings.

## 8. Definitions of Alternative Performance Measures

APR, definition, components	Relates to past or future reporting periods	ASR usefulness	The Group uses APM for
EBIT: Operating profit	past	Shows the entity's ability to generate enough earnings to be profitable, pay down debt and taxes and fund ongoing operations.	Liquidity management and assessment of earning capacity and cash flows
EBIT margin: EBIT/ Revenue	Past	<i>Shows</i> the proportion of revenues that are <i>available</i> to <i>cover non-operating costs</i> .	Profitability assessment
EBITDA: Operating profit + Depreciation and amortization	Past	Shows an indicative amount of operating cash flows before changes in current assets	Liquidity management and assessment of earning capacity and cash flows
EBITDA margin: EBITA/ Revenue	Past	Shows the entity's ability to generate operating cash flows	Profitability assessment
Normalized earnings: Profit adjusted by the most significant expense or income that are not associated with actual cash expenditures (except depreciation).*	Past	Shows the entity's earning capacity by enhancing comparability between the periods	Liquidity management and assessment of earning capacity and cash flows
P/E ratio: Share price / Normalized earnings per share	Past	Can be used in making conclusions as to whether the Nasdaq Riga market price of the Group's shares is overstated or understated in comparison to other similar companies or the average market price	Determining the relative value per share
Net profit margin: Normalized earnings / Revenue	Past	Shows the entity's earning capacity	Profitability assessment
ROA: Normalized earnings / Total assets	Past	Shows how efficiently the assets are used to generate earnings.	Assessment of return on assets
ROE: Normalized earnings / Equity	Past	Shows how efficiently the equity is used to generate earnings	Determining return on equity
Current ratio: Current assets/ Current liabilities	Past	<i>Shows</i> the <i>extent</i> to which an entity has sufficient <i>current assets</i> to <i>cover</i> its <i>current liabilities</i>	Liquidity assessment

Return on Capital Employed (ROCE): Normalized earnings / (Total assets – Current liabilities)	Past	Shows how efficiently the capital employed is used to generate earnings	Assessment of return on capital employed
Compound annual growth rate (CAGR): $(\text{Investment's ending value} / \text{Investment's beginning value})^{(1/\text{Number of periods})} - 1$ . CAGR is the rate of return that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each year of the investment's lifespan.	Past	Shows a growth rate of a financial measure over a certain period of time assuming that the growth rate is the same over the equal span of time of the said period.	Assessment of the dynamics of financial indicators

\*In these financial statements, the net profit has been adjusted to the normalized earnings only for the year 2017 and the normalized earnings are disclosed only in the management report.

Normalized earnings in 2017: Net profit for 2017 – Deferred CIT liabilities reversed in 2017.

In 2017, deferred tax liabilities of EUR 0.451 million, calculated and recognized in the previous reporting periods, were reversed in the statement of profit or loss, pursuant to amendments made to the tax legislation of the Republic of Latvia, which entered into force on 1 January 2018; accordingly, the normalized earnings for the year 2017 was EUR 1.227 million.