



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

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE 9 MONTH PERIOD ENDED 30 SEPTEMBER 2017**

Prepared in accordance with International Financial Reporting
Standards, as adopted by the European Union

Riga, 2017

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General information

Name of the Parent Company	„HansaMatrix”
Legal status of the Parent Company	Joint stock company
Parent Company unified registration number	40003454390
Place and date of registration	Riga, 30 July 1999
Registration with the Commercial Register	Riga, 27 December 2002
Registered office	Akmeņu iela 72, Ogre, Latvia, LV-5001
Shareholders (over 5%) as of October 31, 2017	SIA „Macro Rīga” (60.39%) Limited partnership „FlyCap Investment F und I AIF” (22.08%) Swedbank AS clients account (10.38%)
Subsidiaries	SIA „HansaMatrix Ventspils” (equity interest: 100%) SIA „HansaMatrix Innovation” (equity interest: 100%) SIA „Campus Pārogre” (equity interest: 100%)
Auditors	SIA „Ernst & Young Baltic” Licence No. 17 Dīana Krišjāne Latvian Certified Auditor Certificate No. 124
Financial year	1st January – 31st December 2017
Interim reporting period	1st January – 30th September 2017

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 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:

- Campus Pārogre, SIA – Chairman of the Board
- HansaMatrix Ventspils, SIA – Member of the Board
- HansaMatrix Innovation, SIA – Chairman of the Board
- Zinātnes parks, SIA – Chairman of the Board
- Macro Rīga, SIA – Member of the Board
- Lightspace Technologies, SIA – Chairman of the Board
- LEO Pētījumu centrs, SIA – Member of council
- LEITC, SIA – Member of council
- Latvijas Elektrotehnikas un elektronikas rūpniecības asociācija – Member of the Board

Owned shares:

- directly: 0
- indirectly (through SIA, Macro Rīga): 1 104 867 shares

Participation in other companies:

- SIA Macro Rīga (100%)

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.

**Alvis Vagulis**

Alvis Vagulis is a member of the Management Board of the Company, the Vice President of Operations and the Head of Ogre Plant.

Date appointed: 30 December 2015

Positions held in other companies:

- Campus Pārogre SIA – Member of the Board
- AMATEKS, SIA – Deputy Chairman of the Supervisory Board
- EUROLDCS, SIA – Member of Supervisory Board

Owned shares: 0

Alvis Vagulis holds Mechanical Engineering degree from Riga Technical University and an MBA from Brussels Business School (Master of Business Administration). His previous experience includes the position of a plant manager at Schneider Electric. Mr. Vagulis has been with the Company since 2008. He also serves as Council member at EUROLDCS, SIA and Deputy of Council Chairman at AMATEKS, SIA.

**Aldis Cimoška**

Aldis Cimoška is a member of the Management Board of the Company and the Head of Ventspils Plant.

Date appointed: 30 December 2015

Positions held in other companies:

- HansaMatrix Ventspils SIA – Member of the Board

Owned shares: 0

Aldis Cimoška holds Engineering degree in wood processing from Latvian University of Agriculture. He possesses extensive experience in managing a wooden house fabrication company. Mr. Cimoška has been with the Company since 2013.

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.

Jānis Skutelis

Jānis Skutelis is the Chairman of the Supervisory Board of the Company.

Date appointed: 13 June 2016

Term of office: 13 June 2021

Positions held in other companies:

- PURIFIED, SIA – Deputy Chairman of the Council
- LOR Klīnika, Sabiedrība ar ierobežotu atbildību – Member of Council
- Cannelle Bakery, SIA – Member of Council
- MolPort, SIA – Member of Council
- Mailigen, SIA - Chairman of Council
- FlyCap AIFP, SIA – Chairman of the Board
- Providencia, Sabiedrība ar ierobežotu atbildību – Member of the Board
- Latvijas Privātā un Riska kapitāla asociācija – Member of the Board

Owned shares: 0

As FlyCap representative controls FlyCap 403 933 shares

Participation in other companies:

- Providencia, Sabiedrība ar ierobežotu atbildību (100%)
- eegloo, SIA (5%)
- FlyCap AIFP, SIA (33.33333%)
- BranchTrack, SIA (1.8%)

Jānis Skutelis is the Chairman of the Management Board at FlyCap Investment Fund. Having been involved in business transactions and supervision of more than 25 companies, Jānis Skutelis possesses 8 years of venture capital and private equity industry experience. Jānis Skutelis holds a MSc. degree from Stockholm School of Economics (Sweden). His previous experience includes entrepreneurship, managing own business, management and finance advisory functions, corporate finance and CFO roles.

Krišs Osmanis

Krišs Osmanis is the Deputy Chairman of the Supervisory Board of the Company.

Date appointed: 13 June 2016

Term of office: 13 June 2021

Owned shares: 0

Represents Macro Riga shareholding of 1 104 867 shares.

Positions held in other companies:

- LightSpace Technologies, SIA – Chairman of the Council

Krišs Osmanis is the leading Electronics Design Engineer with the Company's R&D department since 2012. He holds a Dr.Sci.Ing degree in Electronics from Riga Technical University. The professional experience of Krišs Osmanis includes high speed FPGA architecture and design, high speed driving of DLP based optical projection systems. He is the author of several scientific publications and patents.

Andris Bērziņš

Andris Bērziņš is a member of the Supervisory Board of the Company.

Date appointed: 13 June 2016

Term of office: 13 June 2021

Owned shares: 0

Andris Bērziņš will be regarded as independent board member.

Positions held in other companies:

- RĪGAS EVANĢĒLISKĀ DRAUDZE – Chairman of the Board
- Cits medijs, AS – Member of Council
- BuzzTale, SIA – Member of the Board
- TechHub Riga, Nodibinājums – Member of the Board
- KBZ, Sabiedrība ar ierobežotu atbildību – Chairman of the Board
- TechChill, Nodibinājums – Member of the Board
- Latvijas Start-up uzņēmumu asociācija – Member of the Board
- Sonarworks, SIA – Member of Council

Participation in other companies:

- KBZ, Sabiedrība ar ierobežotu atbildību (100%)

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.

Ingrīda Blūma

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

Date appointed: 13 June 2016

Term of office: 13 June 2021

Positions held in other companies:

- Iespējamā misija, Nodibinājums – Chairman of the Board
- RĪGAS PIENA KOMBINĀTS, Akciju sabiedrība – Council Member
- i-bloom, SIA – Member of the Board

Owned shares: 0

Ingrīda Blūma will be regarded as independent board member.

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 Piens 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.

Gundars Strautmanis

Gundars Strautmanis is a member of the Supervisory Board of the Company.

Date appointed: 27 April 2017

Term of office: 27 April 2022

Positions held in other companies:

- Latvijas Elektrotehnikas un elektronikas rūpniecības asociācija, biedrība – Member of the Board
- Inženiera Jāņa Lintera fonds – Member of the Board

Owned shares: 0

Gundars Strautmanis will be regarded as independent board member.

Dr.habil.sc.ing., Prof. Gundars Strautmanis adds highly valuable executive and professional experience to company Council. Gundars Strautmanis has graduated Riga Polytechnical Institute with engineering degree and Moscow Institute of Electronic

Technologies with post graduate degree and additional business education at York University (Canada), Mastery University and Columbia University Business School (USA).

Dr. Gundars Strautmanis currently serves as a First Vice-president of Latvian Chamber of Commerce and Industry, also He is a member of the European Economic and Social committee (EESC), member of the Bureau of two internal structures of EESC- Employers group and Industrial development section (CCMI), non-executive adviser to CEO of Lattelecom Ltd.

His previous positions - President-Chairman of the Board of Directors at Lattelecom Ltd.; deputy Chairman of Supervisory Council at Latvian Mobile Telephone (LMT) Ltd.; a Supervisory Board member in European Intergovernmental satellite telecommunications organization EUTELSAT, and others.

Gundars Strautmanis has received several state awards.

Major shareholders

AS “HansaMatrix” major shareholders as of 19 April 2017 (end of the day):

Major shareholders (over 5%) Shareholder	Owned shares	Ownership interest
SIA “MACRO RĪGA”	1 104 867	60.40 %
Limited partnership “FlyCap Investment Fund I AIF”	403 933	22.08 %
Swedbank AS clients account	189 890	10.38 %
Other shareholders (under 5%)	130 691	7.14 %
TOTAL:	1 829 381	100.00 %



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 segments. HansaMatrix is actively growing its knowledge business, product development engineering teams and building knowledge platform for future business development. Building on its 17-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 on global markets.

Business environment

Current trends in global markets have been strongly influenced by recent political agenda, Brexit vote in UK, President Elections in USA and France. UK Brexit vote and USA election results have stressed existing problems with employment for low skilled labor in both countries.

Events have given new positive impact to global technology and capital markets. There are clearly observable continuous development of global telecommunication data networks and internet infrastructure. The global trend in new product development continues to happen at start-up company labs, which frequently require professional support from product development and manufacturing companies.

July 28, 2017 Latvian Saeima endorsed a new Corporate Tax Law that introduces a new CIT (corporate income tax) regime which provides that CIT is payable at a moment of profit distribution – dividend payments. There are changes also in number of tax relieves and exemptions. Changes taking place from January 1st, 2018.

Finance results brief summary

During the third quarter (“Q3” further in document) of 2017 the Company reported record high turnover of 5.222 million EUR - increase by 15% in comparison to the same period of 2016. It is well in line with expectations. The 2017 Q3 sales results showed 8% sales volume increase in comparison with previous quarter – 2017 Q2 what reflects usual seasonality pattern.

During 9 months (“9m” or “M9” further in the document) of 2017 the Company reported sales volume increase by 22% compared to the same period of 2016 and reached 14.557 million EUR.

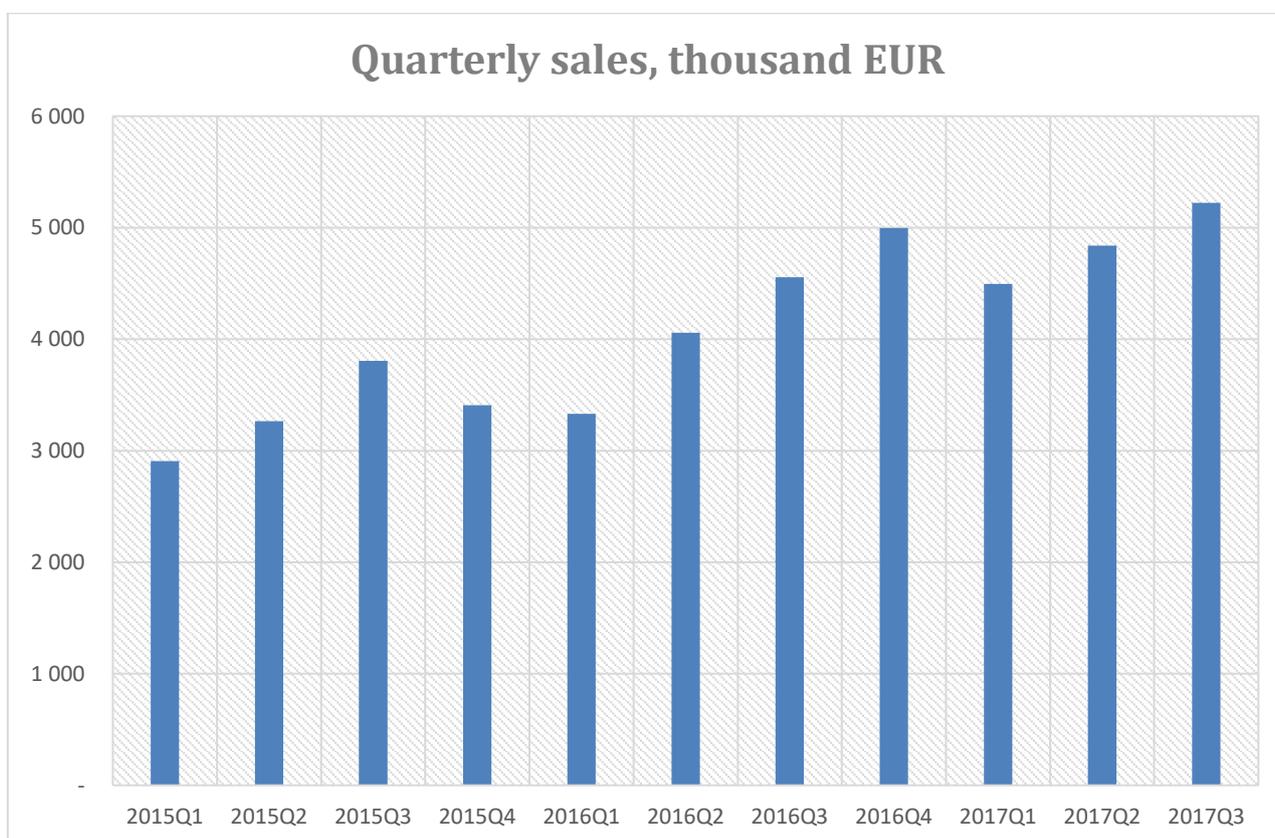
During 2017 Q3 the Company reported record high quarterly EBITDA result of 1.123 million EUR and quarterly net profit result of 0.533 million EUR. The reported EBITDA result shows 54% increase in comparison with Q3 2016 and 44% increase from previous quarter of 2017 Q2. The quarterly net profit results for 2017 Q3 demonstrate 73% increase in comparison with Q3 2016 and 114% increase from previous – Q2 2017. Results represent quarterly EBITDA margin of 21.5% and net profit margin of 10.2%.

During 9 months of 2017 the Company reported record high 9 month EBITDA result of 2.870 million EUR and 9 month net profit result of 1.194 million EUR. The reported EBITDA result shows 74% increase in comparison with 2016 9m period. The net profit results for 2017 9m demonstrate 167% increase in comparison with 2016 9m period. Results represent 9 month EBITDA margin of 19.7% and net profit margin of 8.2%.

Increasing levels of 2017 Q3 and 9 month result margins to large extent can be explained of increased market demand for higher margin products that have been manufactured and sold during Q3 and 9 months of 2017 as well as increased utilization of recently invested new production capacities in production fulfilment.

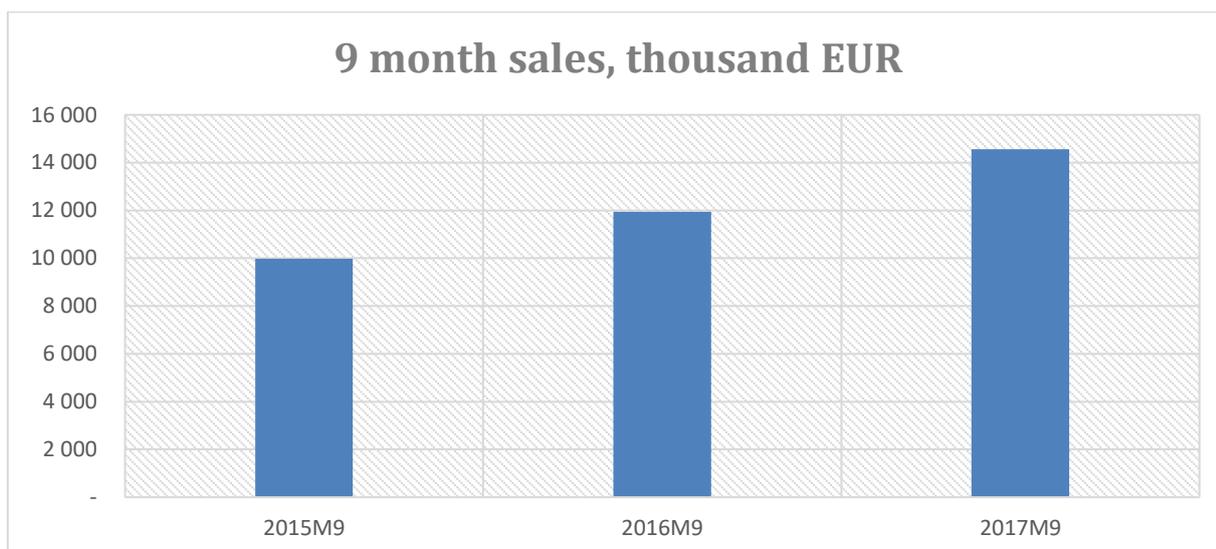
Quarterly sales results for 2017 Q3

During the third quarter (“Q3” further in document) of 2017 the Company reported record high turnover of 5.222 million EUR - increase by 15% in comparison to the same period of 2016. It is well in line with expectations. The 2017 Q3 sales results showed 8% sales volume increase in comparison with previous quarter – 2017 Q2 what reflects usual seasonality pattern.



9 month sales results

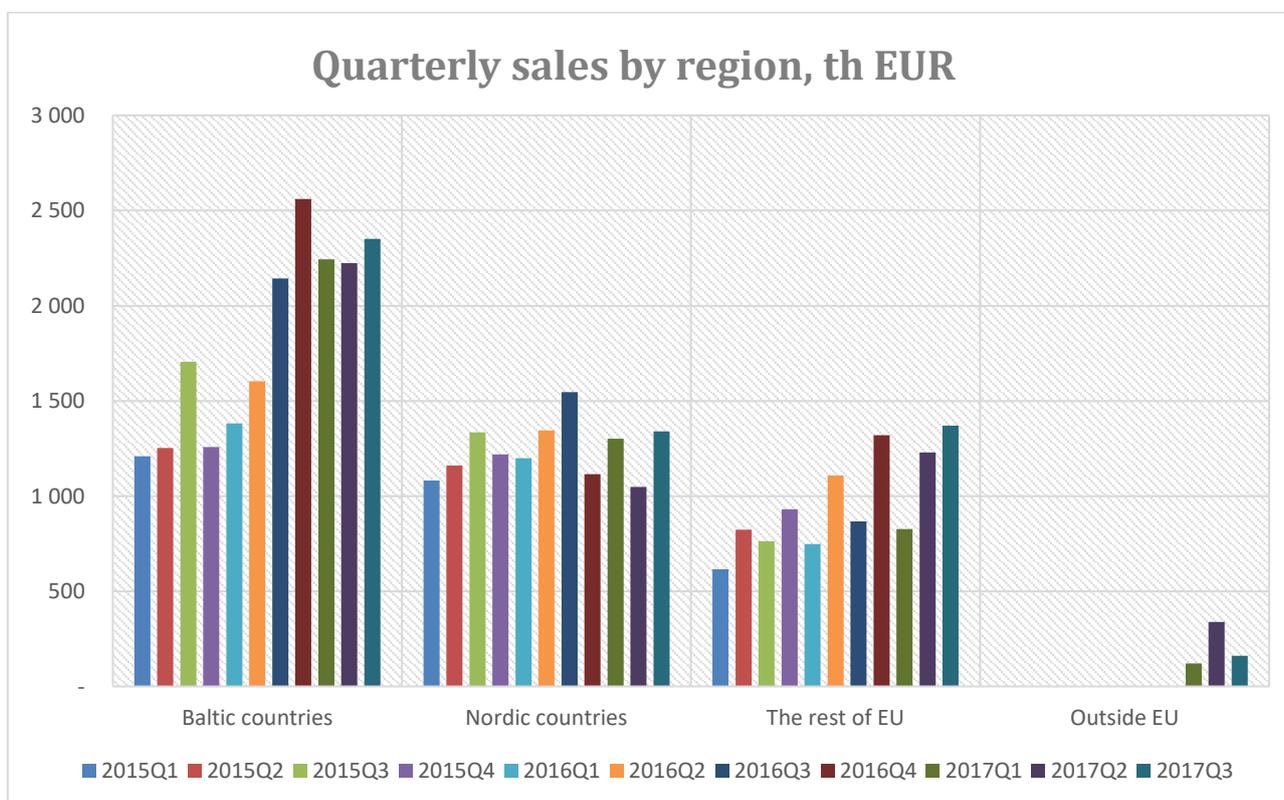
During 9 months (“9m” or “M9” further in the document) of 2017 the Company reported sales volume increase by 22% compared to the same period of 2016 and reached 14.557 million EUR.



Quarterly sales by market region results for Q3

During 2017 Q3 main sales drivers continue to be Baltic customers with 45% market share of turnover. Nordic and other EU sales reported as 26% and 26% of total sales. HansaMatrix during Q3 continued to deliver to customer locations outside EU. This market share has slightly decreased to 3%.

Sales dynamics of regions – Baltic sales was 10% up from 2016 Q3 and 6% up from 2017 Q2; Nordic sales was 13% down from 2016 Q3 and 28% up in comparison with 2017 Q2. Other EU region sales was reported with 58% growth from 2016 Q3 and 11% growth from 2017 Q2. Outside EU deliveries decreased by 53% from 2017Q2.



Data table - Quarterly sales by region, thEUR

Sales, thEUR	2015Q1	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2
Baltic countries	1 210	1 252	1 705	1 258	1 382	1 603
Nordic countries	1 081	1 161	1 335	1 219	1 200	1 345
The rest of EU	615	824	763	931	748	1 109
Outside EU	-	-	-	-	-	-
Total	2 906	3 237	3 804	3 408	3 330	4 057

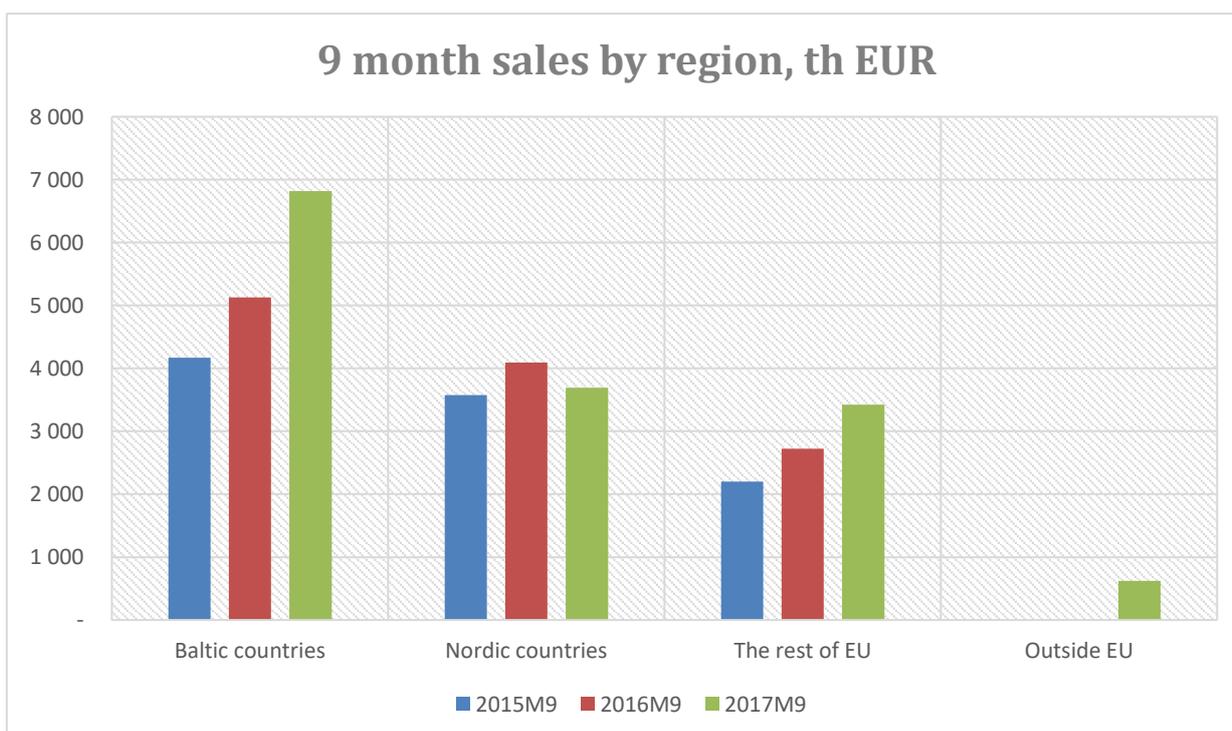
2016Q3	2016Q4	2017Q1	2017Q2	2017Q3
2 143	2 562	2 244	2 224	2 351
1 546	1 115	1 302	1 048	1 341
867	1 319	827	1 229	1 370
-	-	121	339	161
4 557	4 996	4 494	4 839	5 222

9 month sales by region results

During 2017 9 months main sales drivers continue to be Baltic customers with 47% market share of turnover. Nordic and other EU sales reported as 25% and 24% of total sales. HansaMatrix during 2017 9m started to ship product deliveries to customer locations outside EU. This market share has amounted to 4%.

Sales dynamics of regions – Baltic sales was 33% up from 2016 9m; Nordic sales was 10% down from 2016 9m. Other EU sales was reported with 26% growth from 2016 9m.

Results represent Company’s effort to support primarily fast growing Baltic businesses.

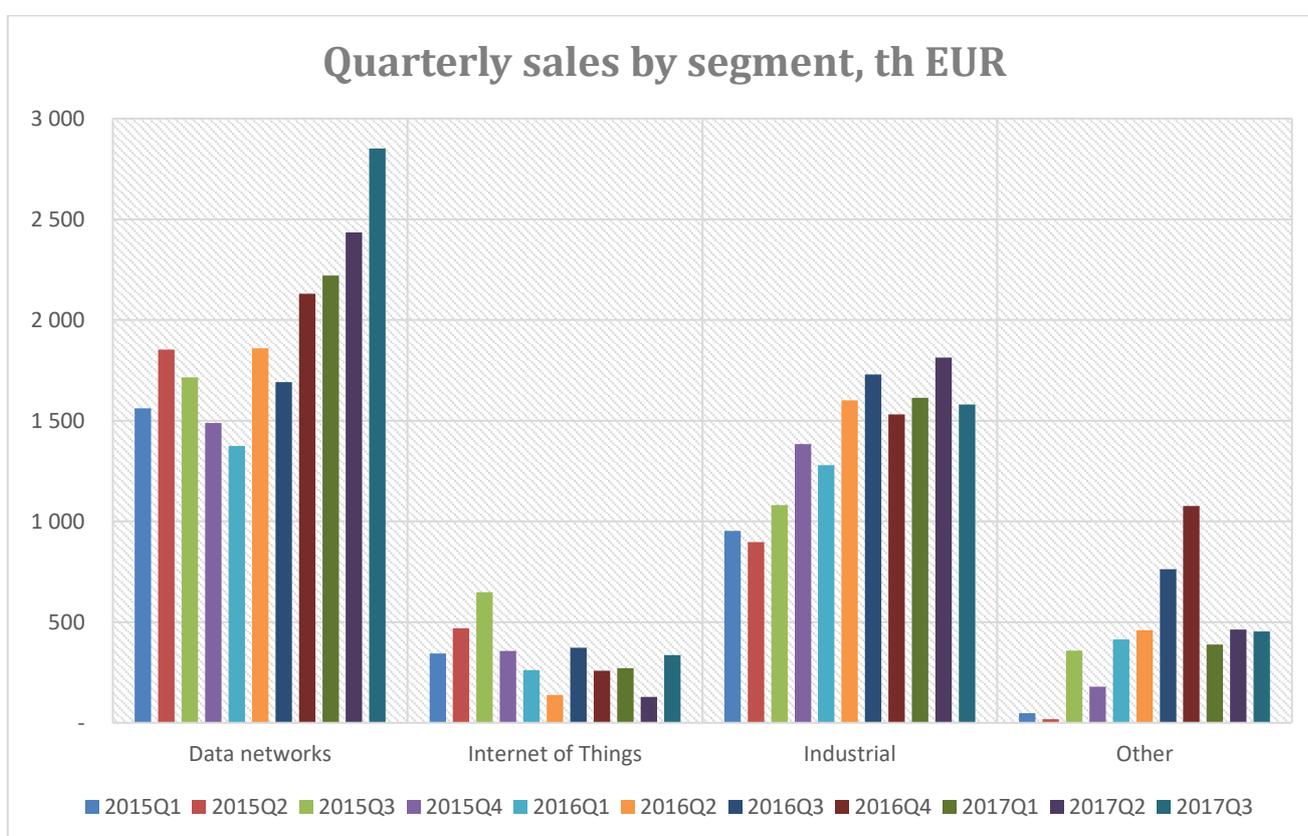


Quarterly sales by market segment results for 2017 Q3

During 2017 Q3 data network product sales remained dominating sales driver with 55% and industrial products followed with 30% sales market share. Internet-of-things sales has slightly grown to 6% and other products reported with 9% share.

Data network product sales show substantial increase by 69%; industrial segment product sales – decrease by 9%; internet-of-things – decrease by 10% and other product segment – decrease by 40% in comparison with 2016 Q3. Comparison with sales results with previous - 2017 Q2 demonstrate 17% growth in data networks; 13% decrease in industrial segment; substantial increase of 160% in Internet of things products and slight 2% decrease in other product segment.

Data network segment substantial growth is mostly caused by existing customer strong business increase. Internet of things product segment has large future potential, however currently number of projects are still in start-up phase.



Data table - quarterly sales by market segment results for 2017 Q3

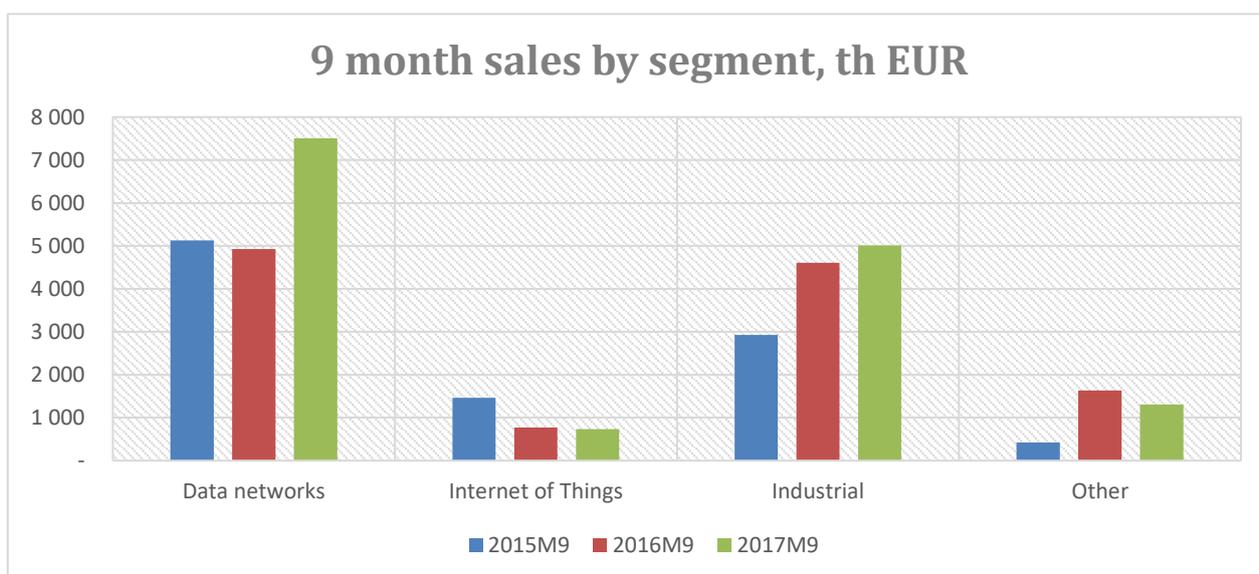
Sales, thEUR	2015Q1	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2
Data networks	1 561	1 852	1 715	1 489	1 375	1 859
Internet of Things	345	469	649	357	261	138
Industrial	953	897	1 081	1 383	1 280	1 600
Other	48	18	358	179	414	460
Total	2 906	3 237	3 804	3 408	3 330	4 057

2016Q3	2016Q4	2017Q1	2017Q2	2017Q3
1 691	2 130	2 220	2 434	2 852
374	258	272	129	336
1 730	1 531	1 614	1 813	1 581
762	1 077	388	464	454
4 557	4 996	4 494	4 839	5 222

9 month turnover by market segment results

During 2017 9m main sales contributors continue to be data network products with 52% turnover share, followed by industrial product sales with 34% market share. Internet of things product share was 5% and other product share – 9%.

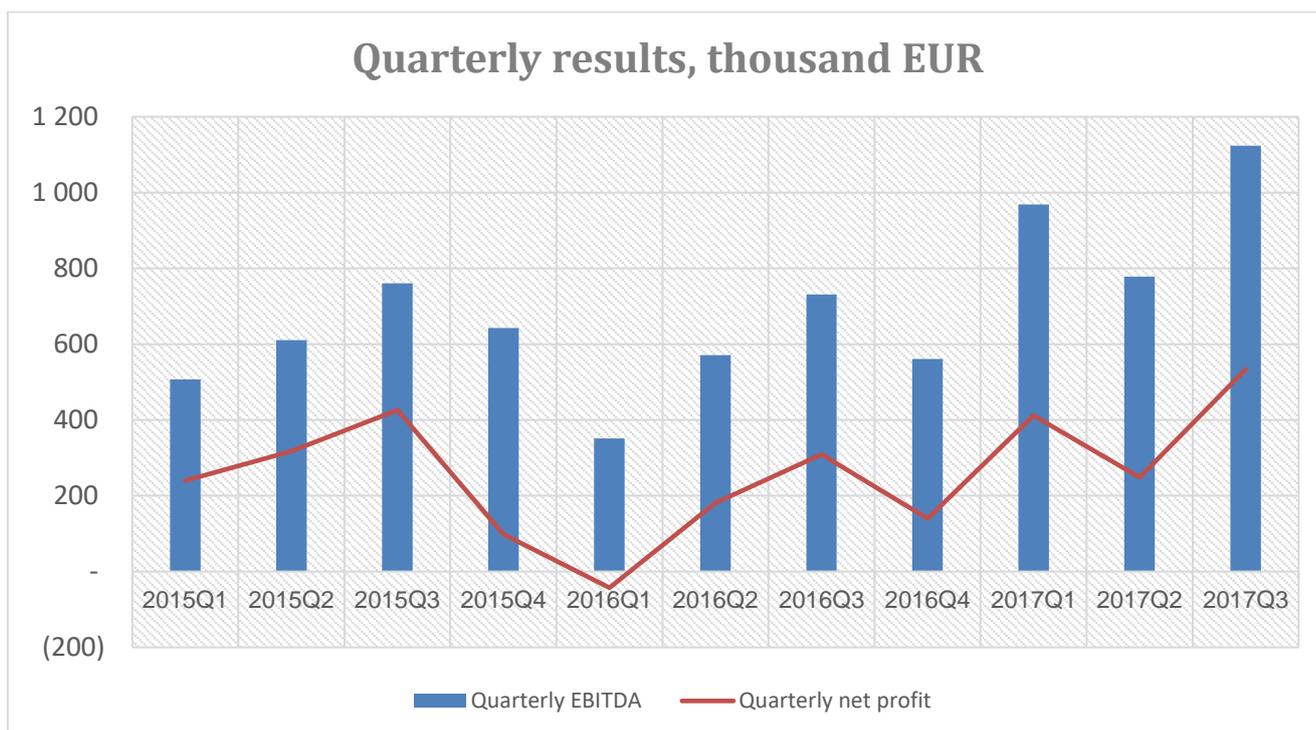
Turnover dynamics of market segments – data network sale was 52% up from 2016 9m; industrial product sale was 9% up from 2016 9m. Internet of things product sale slightly decreased by 5% and other product sale 20% decrease from 2016 9m.



Quarterly EBITDA and net profit results in 2017 Q3

During 2017 Q3 the Company reported record high quarterly EBITDA result of 1.123 million EUR and quarterly net profit result of 0.533 million EUR. The reported EBITDA result show 54% increase in comparison with Q3 2016 and 44% increase from previous quarter of 2017 Q2. The quarterly net profit results for 2017 Q3 demonstrate 73% increase in comparison with Q3 2016 and 114% increase from previous – Q2 2017. Results represent quarterly EBITDA margin of 22% and net profit margin of 10%.

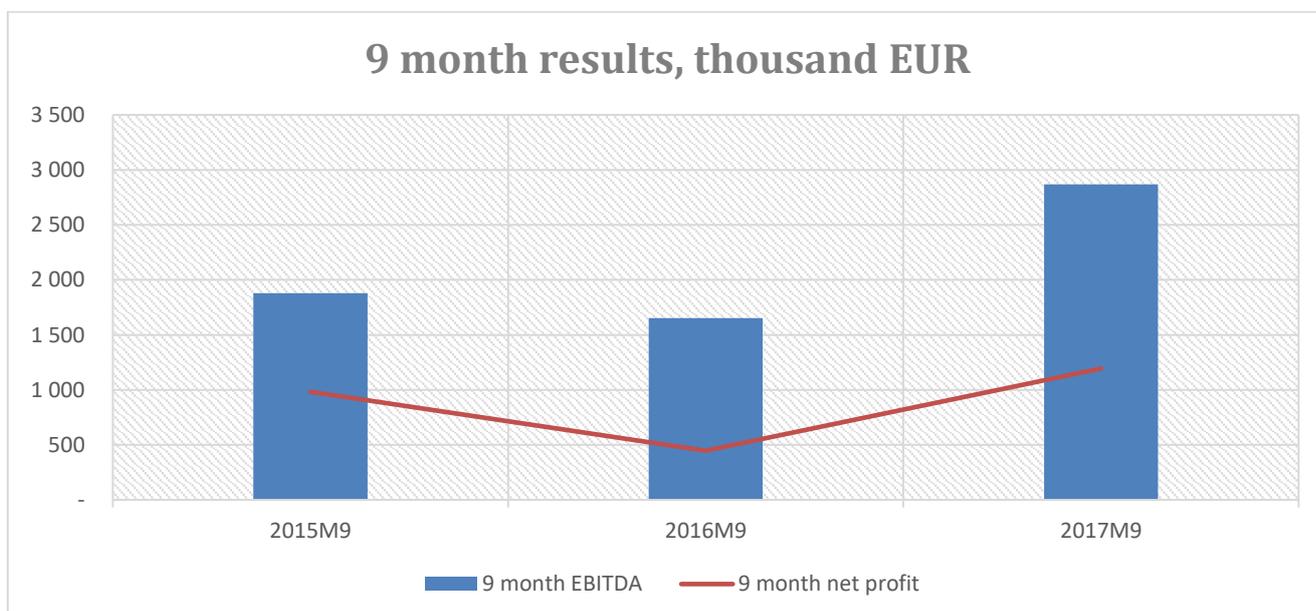
Substantially increased levels of quarterly result margins to large extent can be explained of increased market demand for higher margin products that have been manufactured and sold during 2017 Q3 as well as increased utilization of recently invested new production capacities in production fulfilment.



2017 9 month EBITDA and net profit results

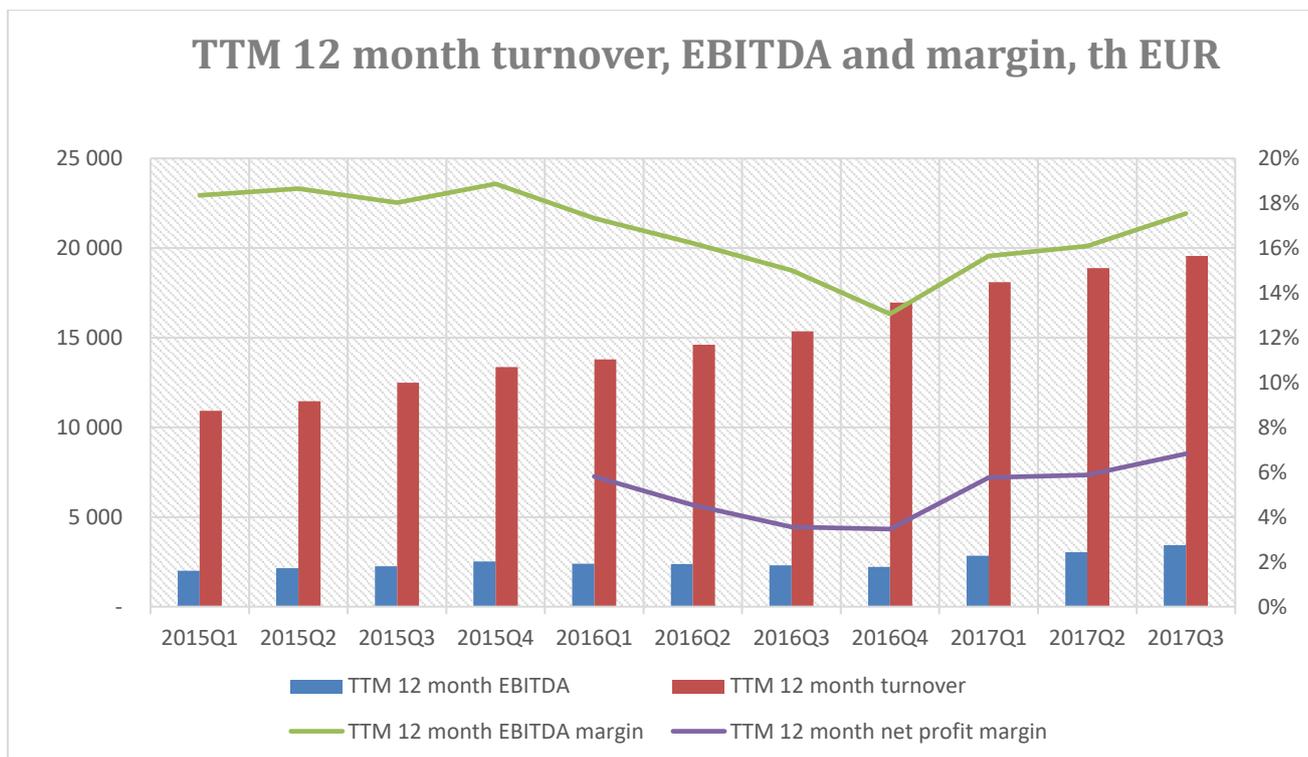
During 9 months of 2017 the Company reported record high 9 month EBITDA result of 2.870 million EUR and 9 month net profit result of 1.194 million EUR. The reported EBITDA result shows 74% increase in comparison with 2016 9m period. The net profit results for 2017 9m demonstrate 167% increase in comparison with 2016 9m period. Results represent 9 month EBITDA margin of 19.7% and net profit margin of 8.2%.

Increasing levels of 9 month result margins to large extent can be explained by increased market demand for higher margin products that have been manufactured and sold during 9 months of 2017 as well as increased utilization of recently invested new production capacities in production fulfilment.



TTM (trailing twelve months) 12 months turnover, EBITDA and margin results in 2017 Q3

TTM - 12 month period (period starting at October 1, 2016 and ending with September 30, 2017) at 2017 Q3 reported to be 19.553 million EUR, increase of 4% in comparison with TTM period ended at 2017 Q2. EBITDA result for the TTM 12 month period reported to be 3.431 million EUR, increase by 13% in comparison with 12 month period ended at 2017 Q2. Net profit for TTM period reported 1.334 million EUR, what is 20% up if compared with 12 month period ended at 2017 Q2. Averaged EBITDA margin for TTM period is reported to be 17.5% and net profit margin for the same period is reported to be 6.8%.

**Summary of financial indicators for Q3 and 9 months 2017**

The comparison of financial indicators for the period of 2017 Q3 and 2017 9 months has been summarized below:

Financial indicators for period	2017 Q3	2016 Q3	% to previous period
Turnover, thousand EUR	5 222	4 557	15%
EBITDA, thousand EUR	1 123	731	54%
Net profit, thousand EUR	533	309	73%
EBITDA margin	21.5%	16.0%	
Net profit margin	10.2%	6.8%	
EPS, EUR	0.29	0.17	

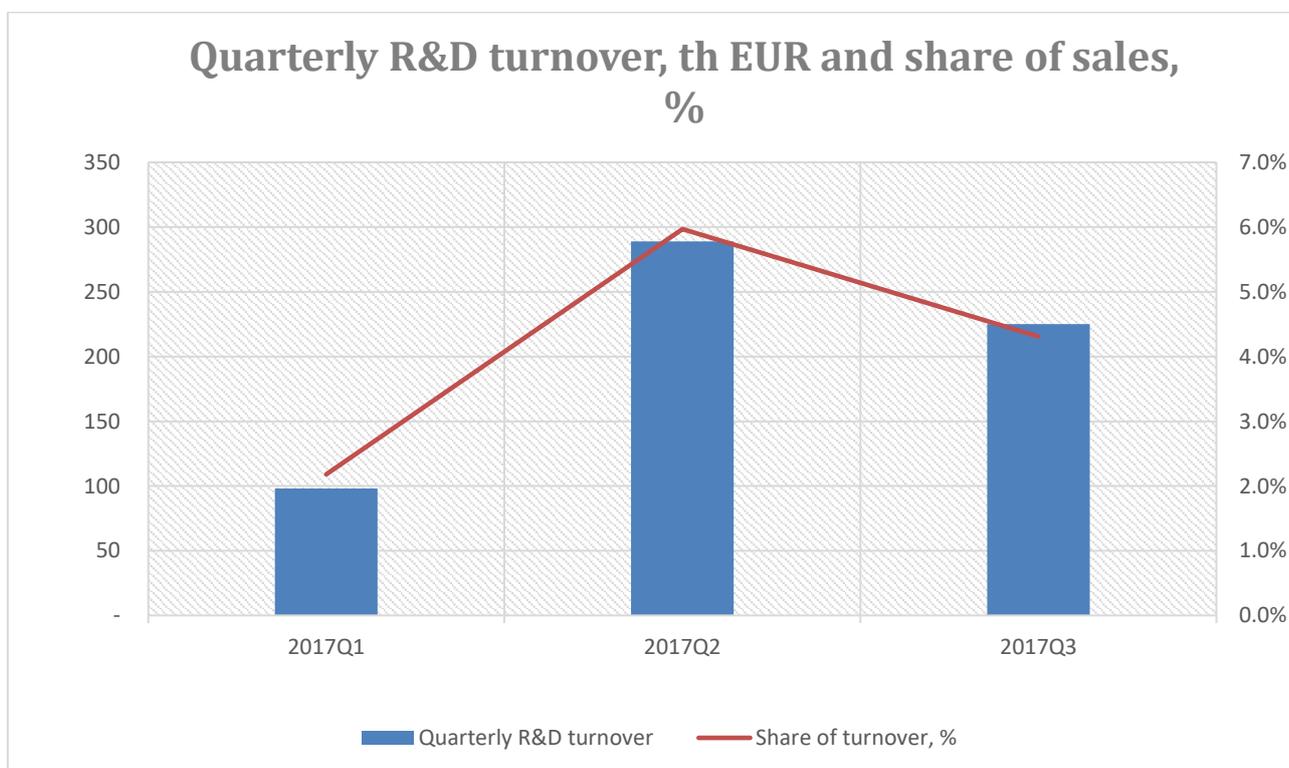
Financial indicators for period	2017 9m	2016 9m	% to previous period
Turnover, thousand EUR	14 557	11 943	22%
EBITDA, thousand EUR	2 870	1 654	74%
Net profit, thousand EUR	1 194	448	167%
EBITDA margin	19.7%	13.8%	
Net profit margin	8.2%	3.7%	
EPS, EUR	0.65	0.24	

Research and development

Starting with 2017 Q1 HansaMatrix concentrated all new product and technology development activity and assets in HansaMatrix Innovation, SIA – 100% owned subsidiary.

During last two years HansaMatrix R&D engineering teams have developed world class competence in some electro optics areas, such as AR/VR hardware, heads up display optical systems, fast structured light projection systems or 3D robotic vision systems. R&D team currently includes 22 engineers and researchers out of whom 6 hold Dr.Sci.Eng. Degrees in optics, physics and electronics.

During 2017 Q3 quarterly R&D sales has shown decrease of 22% in comparison with Q2 and accounts for 4.3% share of Company’s consolidated sales in Q2. Previous year R&D sales results has not been accounted as separate activity and are not available for comparison. R&D grant income has not been included in reported R&D sales figures.



Data table - quarterly R&D turnover for 2017 Q3

Quarterly R&D turnover, thEUR	2017Q1	2017Q2	2017Q3
Quarterly R&D turnover	98	289	225

During 9 months of 2017 R&D sales has reached 0.612 million EUR what represents 4.2% share of Company’s consolidated turnover. Previous period R&D sales results has not been accounted as separate activity and are not available for comparison. R&D grant income has not been included in reported R&D sales figures.

During Q3 2017 the consortium of AS “HansaMatrix”, SIA “HansaMatrix Innovation”, SIA “LightSpace Technologies” and SIA “EUROLCDs” continued realization of a research and development project supervised by “Centrālā Finanšu un līgumu aģentūra” with project title “Real time 3D volumetric imaging technology development” in cooperation with SIA “LEO Pētījumu centrs”, financed by European Regional Development Funds (ERDF). Overall budget of the project - 665 046 EUR.

During 9 months of 2017 the Company received project funding amount of 266 thousand EUR.

On September 1, 2017, the group’s R&D subsidiary SIA “HansaMatrix Innovation” entered into a new real estate lease contract for the lease of larger premises to host growing R&D engineering and business development teams at Ziedleju iela 1, Marupe, LV2167, Latvia. New premises will allow to increase new R&D product and business development activities.

**Investment activities**

The most significant investments in 2017 Q3 were made in extending capacity of the SMT (surface mount technology) production assembly lines at the HansaMatrix Ventspils manufacturing plant. Additional two high productivity NXT robotic assembly modules were added to one of existing assembly lines. In addition to small existing capacity a new wave soldering line were installed. The total investment cost was approximately 550 thousand EUR. Important investments were made also in Pārogre plant – installed a new conveyor systems to automate some of the process around AOI systems. The project costs were around 150 thousand EUR. The investments were financed from own investment and by borrowing of funds in a leaseback arrangement from credit institution.

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

On April 18, 2017 the Company has signed an agreement with Central Finance and Contracting Agency regarding Europe Union funded project No 1.2.1.4./16/A/021 “Experimental production set up for fabrication of volumetric three dimensional

image display hardware and components to them” implementation. Project total investment amount is 2.899 million EUR. EU and Latvian government grant amount is 1.015 million EUR. The rest of the project will be financed from company own and bank loan resources. Implementation of the project is planned for a three year period - 2017 - 2019.

On April, 2017 Shareholder SIA “Macro Riga”, has started repayment of shareholder loan, by making a first repayment of 100 thousand EUR.

On August 31, 2017 HansaMatrix group has signed a leasing financing agreement with AS Swedbank for the additional financing of 703 thousand euro. ALTUM has provided credit guarantee for the leasing financing at the amount of 562 thousand EUR.

Investment activities in associated companies

On January 10, 2017 The 200 thousand EUR investment loan to SIA “LightSpace Technologies” (“LightSpace” further in the document) was converted to shares. After the conversion the Company held 17.21% shares.

On April 21, 2017 HansaMatrix signed a joint investment agreement with KS “AIF Imprimatur Capital Technology Venture Fund” to provide next round investment of 799 365 EUR to LightSpace and with it increased participation to 33.07%. The planned investments of HansaMatrix were 649 635 EUR over 6 months period.

During 2017 Q3 HansaMatrix made investment payment tranche of 189 336 EUR in accordance with the investment agreement. During 9 months of 2017 HansaMatrix made total investments of 359 352 EUR in LightSpace Technologies, SIA.

On May 23, 2017 AS “HansaMatrix” has signed the additional share purchase agreement with “Hornell Teknikinvest” AB regarding purchase of its owned 14.21% LightSpace shares. After closing of the agreement AS “HansaMatrix” owns 47.28% of SIA “LightSpace Technologies” share capital.

According to IFRS and HansaMatrix finance accounting policies “LightSpace Technologies” after increase of shareholding share to 47.28% has reached associated company status. Its assets and revenues will not be consolidated, but net profit results will be reflected in consolidated financial report proportionally to shareholding.

Additionally there has been an ongoing product development and engineering services agreement between LightSpace Technologies and HansaMatrix Innovation which is 100% R&D subsidiary of AS HansaMatrix.

LightSpace is a “Deep Tech” product development start-up, the world leader in developing optically deep volumetric 3D image display technology with main uses in medicine, scientific visualization and AR/MR applications.

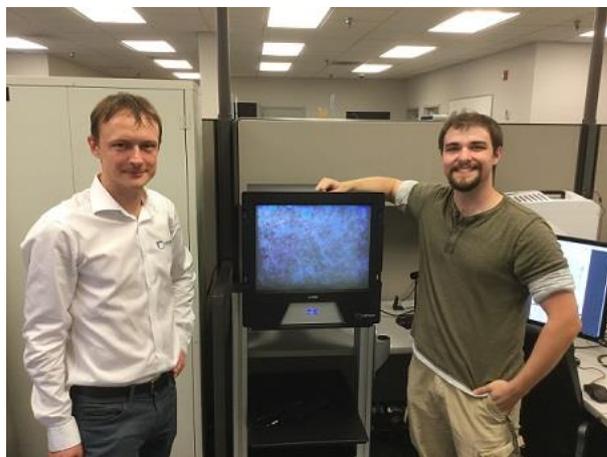
SIA “LightSpace Technologies” fully (100%) owns “LightSpace Technologies” Inc., Delaware, USA incorporated corporation, which owns IP in form of worldwide patents protecting volumetric 3D imaging technology.

During Q3 2017 HansaMatrix has provided additional 72 thousand EUR funds in form of convertible loan to associated company – “Zinātnes parks, SIA” for land plot rental payments and construction technical project development for new industrial site at Riga airport area. Due to the fact that some of previously issued convertible loans to “Zinātnes Parks” were partially repaid in Q2, 2017 9m total investments amount to 49 thousand EUR in total.

Business development overview of associated company - LightSpace Technologies

Last 4 years LightSpace Technologies (“LightSpace” further in the text) have been working on developing world leading multilayer (volumetric) 3D image display technology with main uses in medicine, scientific visualization and AR/MR applications. It holds patents for worlds all major markets.

During 9 months of 2017 LightSpace has made considerable progress in marketing of its multi plane volumetric 3D image display technology. It participated in several world leading forums - SPIE Photonics West 2017, San Francisco, CA, USA; AWE USA 2017, Santa Clara, CA, USA; SPIE Conference 2017 in Munich, Germany; Display Summit 2017 in Sterling, Virginia, USA showing its concept display device x1405, x1406 and visualization software View4X.



Based on feedback from number of demonstration and display on various shows of its concept display device X1405 the development of the new commercial product - X1406 were accomplished and the first preproduction unit shown to public during world's largest computer graphics show – SIGGRAPH 2017, August 1-3, 2017 in Los Angeles, USA.

Additionally to existing software package the new LightSpace 3D toolbox for Mathworks MATLAB was developed and demonstrated during SIGGRAPH, creating easy entry to scientific visualization market.

Several business enquiries were received during the show and after it. Positive feedback were received from several experts.

Historically most of world's leading display companies are developing and starting to commercialize their products in Silicon Valley in California. In order to join the community in April 2017 LightSpace has opened technology demo office in San Jose and started to run demo sessions for interested parties.

During September 2017 LightSpace has started commercial sales with its new x1406 display as well as R&D services. Company signed R&D contract worth more then 0.2 million EUR for new custom 3D display development with one of leading gaming and entertainment companies. LightSpace has made its first customer delivery in USA with its new x1406-A1 display.

LightSpace Technologies SIA profit loss statement, EUR

	9m 2017 EUR	9m 2016 EUR
Net turnover	131 748	1 375
Cost of sales	(150 766)	(6 227)
Gross profit / (loss)	(19 018)	(4 852)
Distribution costs	(96 966)	(74 735)
Administrative expense	(33 333)	(22 788)
Other operating income	19 880	3 478
Other operating expense	(158)	(545)
Operating profit	(129 595)	(99 442)
Loss from investments in related company	(12 634)	-
Profit / (loss) before tax	(142 229)	(99 442)
Corporate income tax	-	-
Net profit / (loss) for the period	(142 229)	(99 442)

LightSpace Technologies SIA balance sheet, EUR

ASSETS	30.09.2017. EUR	31.12.2016. EUR
NON-CURRENT ASSETS		
Property, plant, equipment and product development investments	1 412 998	976 832
Non-current financial assets	23 225	9 422
TOTAL NON-CURRENT ASSETS	1 436 223	986 254
CURRENT ASSETS		
Receivables	77 761	59 831
Cash and cash equivalents	12 836	93
TOTAL CURRENT ASSETS	90 597	59 924
TOTAL ASSETS	1 526 820	1 046 178
EQUITY AND LIABILITIES		
EQUITY		
Share capital	6 685	2 800
Share premium	1 580 197	-
Other reserves	-	1 075 000
Retained earnings/ (accumulated deficit)	(478 516)	(336 287)
TOTAL EQUITY	1 108 366	741 513
LIABILITIES		
Current liabilities	418 454	304 665
TOTAL LIABILITIES	418 454	304 665
TOTAL EQUITY AND LIABILITIES	1 526 820	1 046 178

Business development overview of associated company – Zinātnes Parks SIA

During Q3 2017 Zinatnes Parks has invested 25 thousand EUR in construction technical project development. During 9 months of 2017 total investment in technical project amounts to 139 thousand EUR.

It has been planned to complete construction project development work by February 2018.

Shares and stock market

On 4 January 2017 shareholder SIA “MACRO RĪGA” sold 56 100 shares of AS “HansaMatrix” (HMX1R) at a price of EUR 6.85 per share. As a result of the transaction the free float of AS “HansaMatrix” increased by 3.07%.

On 29 March 2017 SIA MACRO RĪGA sold in a public offering 24 971 shares of AS “HansaMatrix” (HMX1R) at a price of EUR 6.90 per share. As a result of the transaction the free float of AS “HansaMatrix” increased by further 1.36%. Following this transaction, SIA MACRO RĪGA owns 60.40% of AS “HansaMatrix” shares.

Starting from July 2017 the share price has steeply increased reaching the level of EUR 8.83 EUR for a share. See attached trading graph for last 12 month trading:



Security trading history

Price	2016	2017
Open	6.950	7.950
High	8.150	8.830
Low	6.950	6.900
Last	7.950	8.020
Traded volume	19,574	70,340
Turnover, million	0.15 EUR	0.49 EUR
Capitalisation, million	14.54 EUR	14.67 EUR

Significant events after end of reporting period

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

Total provisions at end of financial year 2017 expected to be around 548 thousand EUR, out of which

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

End of year CIT change correction will be added to 2017 Q4 and 12 month non-audited and Year 2017 IFRS audited results.

November 28, 2017



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 September 30, 2017 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 International Financial Reporting Standards as adopted by the European Union, 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, 2016. 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 International Financial Reporting Standards as adopted by the EU.

November 28, 2017



Ilmārs Osmanis
Chairman of the Board



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim consolidated statement of comprehensive income

	2017 Q3 EUR	2016 Q3 EUR	2017 9m EUR	2016 9m EUR
Net turnover	5 222 296	4 556 609	14 556 858	11 943 259
Cost of sales	(4 183 189)	(3 892 959)	(11 832 624)	(10 432 446)
Gross profit	1 039 107	663 650	2 724 234	1 510 813
Distribution costs	(128 605)	(112 364)	(404 046)	(339 422)
Administrative expense	(338 990)	(318 200)	(1 082 077)	(961 281)
Other operating income	75 452	138 985	405 024	423 987
Other operating expense	(12 404)	(11 867)	(38 150)	(39 653)
Operating profit	634 560	360 204	1 604 985	594 444
Loss from investments in associates	(23 838)	-	(74 728)	-
Financial income	23 590	23 036	69 751	72 259
Financial expense	(69 029)	(74 209)	(205 669)	(219 196)
Profit before tax	565 283	309 031	1 394 339	447 507
Corporate income tax	(103 470)	-	(200 160)	-
Deferred corporate income tax	71 644	-	-	-
Net profit for the reporting period	533 457	309 031	1 194 179	447 507
Other comprehensive income for the reporting period after tax	-	-	-	-
Total comprehensive income for the reporting period after tax	533 457	309 031	1 194 179	447 507

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

November 28, 2017


 Ilmārs Osmanis
 Chairman of the Board

Interim consolidated statement of financial position

ASSETS	30.09.2017	31.12.2016
NON-CURRENT ASSETS	EUR	EUR
Intangible assets		
ODM assets	41 062	29 696
Other intangible assets	215 296	225 674
Total intangible assets	256 358	255 370
Property, plant and equipment		
Land and buildings	2 996 036	3 106 074
Equipment and machinery	4 625 673	3 908 704
Other fixtures and fittings, tools and equipment	552 029	506 238
Leasehold improvements	20 981	29 760
Construction in progress	481 633	549 453
Total property, plant and equipment	8 676 352	8 100 229
Non-current financial assets		
Investments in associates	699 302	-
Investments in other companies	631 328	661 779
Other investment loans	735 700	871 023
Loans to shareholders	1 234 318	1 234 318
Other non-current receivables	-	15 800
Total non-current financial assets	3 300 648	2 782 920
TOTAL NON-CURRENT ASSETS	12 233 358	11 138 519
CURRENT ASSETS		
Inventories		
Raw materials and consumables	1 707 272	1 101 060
Work in progress	889 597	494 841
Total inventories	2 596 869	1 595 901
Receivables and prepayments		
Trade receivables and receivables from related companies	1 245 331	932 042
Prepayments for goods	75 251	120 071
Loans to shareholders	1 204 069	1 234 318
Prepaid expense	111 743	34 036
Corporate income tax	42 460	126 951
Other receivables	114 727	216 293
Total receivables and prepayments	2 793 581	2 663 711
Cash and cash equivalents	81 522	381 891
TOTAL CURRENT ASSETS	5 471 972	4 641 503
TOTAL ASSETS	17 705 330	15 780 022
*Available unused credit line	209 369	EUR
*Available unused factoring limit	873 244	EUR

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

November 28, 2017

Ilmārs Osmanis
Chairman of the Board

Interim consolidated statement of financial position

LIABILITIES & EQUITY	30.09.2017	31.12.2016
EQUITY	EUR	EUR
Share capital	1 829 381	1 829 381
Share premium	2 435 579	2 435 579
Reserves	313	313
Non-current asset revaluation reserve	1 276 358	1 335 097
Retained earnings/ (accumulated loss):		
a) brought forward	(115 056)	(670 111)
b) for the period	1 194 179	551 197
TOTAL EQUITY	6 620 754	5 481 456
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	3 128 395	3 624 391
Finance lease liabilities	808 338	142 299
Deferred income	615 101	742 282
Deferred income tax liabilities	686 656	686 656
Total non-current liabilities	5 238 490	5 195 628
Current liabilities		
Loans from credit institutions	1 243 545	1 636 007
Finance lease liabilities	309 123	56 915
Prepayments received from customers	436 113	440 531
Trade payables	2 719 476	2 035 078
Taxes payable	560 834	338 941
Corporate income tax	-	532
Other liabilities	206 360	226 829
Deferred income	169 577	169 578
Accrued liabilities	201 058	198 527
Total current liabilities	5 846 086	5 102 938
TOTAL LIABILITIES	11 084 576	10 298 566
TOTAL EQUITY AND LIABILITIES	17 705 330	15 780 022

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

November 28, 2017

Ilmārs Osmanis
Chairman of the Board

Interim consolidated statement of cash flow

	2017	2016	2017	2016
	Q3	Q3	9m	9m
	EUR	EUR	EUR	EUR
CASH FLOWS TO/ FROM OPERATING ACTIVITIES				
Profit before tax	565 283	309 031	1 394 339	447 507
Adjustments for:				
Depreciation and amortization	488 709	361 679	1 265 917	1 059 280
Depreciation included in the cost of work in progress	-	-	-	-
Interest expense	60 748	74 209	181 832	219 196
Interest income	(23 590)	(23 036)	(69 751)	(72 259)
Increase/ (decrease) in allowances for slow-moving items and receivables	(15 768)	-	(12 342)	-
Income from grant recognition	(43 728)	(56 473)	(128 516)	(141 261)
Group's share of loss of an associate recognized in the statement of comprehensive income	23 838	-	74 728	-
Adjustments for:				
Decrease/ (increase) in inventories	305 736	160 257	(1 013 310)	(35 021)
Decrease/ (increase) in receivables	(208 680)	(153 504)	(387 963)	(390 963)
Increase in payables	(65 875)	(31 386)	623 593	109 537
Cash generated from operations, gross	1 086 673	640 777	1 928 527	1 196 016
Interest paid	(60 748)	(74 209)	(181 832)	(219 196)
Corporate income tax paid	-	-	-	-
Net cash flows to/ from operating activities	1 025 925	566 568	1 746 695	976 820
Cash flows to/ from Investing activities				
Purchase of intangible assets and property, plant and equipment	(1 033 116)	(222 304)	(1 843 027)	(1 003 081)
Proceeds from sale of property, plant and equipment	2 811	14 000	2 811	14 000
Return loans from other companies	23 000	-	210 000	-
Investments in and loans to other companies	(261 336)	(745 100)	(618 352)	(745 100)
Net cash flows to/ from investing activities	(1 268 641)	(953 404)	(2 248 568)	(1 734 181)
Cash flows to/ from Financing activities				
Dividends paid	-	-	(54 881)	(29 721)
Increase in share capital	-	-	-	1 623 593
Grants received	11 573	-	273 893	-
Loans received from credit institutions	-	-	-	154 000
Loans repaid to credit institutions	(314 656)	(315 564)	(935 755)	(835 842)
Loans from lease companies	570 630	-	1 002 443	251 803
Loans repaid to lease companies	(44 517)	(11 988)	(84 196)	(154 112)
Net cash flows to/ from financing activities	223 030	(327 552)	201 504	1 009 721
Change in cash and cash equivalents for the period	(19 686)	(714 388)	(300 369)	252 360
Cash and cash equivalents at the beginning of the period	101 208	1 222 150	381 891	255 402
Cash and cash equivalents at the end of the period	81 522	507 762	81 522	507 762

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

Interim consolidated statement of changes in equity

	Share capital	Share premium	Other reserves	Non- current asset revaluation reserve	Retained earnings/ (accumulated loss)	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 31 December 2015	1 546 380	1 094 987	313	1 401 665	(706 959)	3 336 386
Profit for the reporting year	-	-	-	-	551 197	551 197
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	551 197	551 197
Share capital increase	283 001	1 564 996	-	-	-	1 847 997
Share issue costs	-	(224 404)	-	-	-	(224 404)
Depreciation of revalued items of property, plant and equipment	-	-	-	(78 315)	78 315	-
Deferred corporate income tax related to revalued items of property, plant and equipment	-	-	-	11 747	(11 747)	-
Dividends paid	-	-	-	-	(29 720)	(29 720)
Balance as at 31 December 2016	1 829 381	2 435 579	313	1 335 097	(118 914)	5 481 456
Profit for the reporting year	-	-	-	-	1 194 179	1 194 179
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	1 194 179	1 194 179
Share capital increase	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-
Depreciation of revalued items of property, plant and equipment	-	-	-	(58 739)	58 739	-
Deferred corporate income tax related to revalued items of property, plant and equipment	-	-	-	-	-	-
Dividends paid	-	-	-	-	(54 881)	(54 881)
Balance as at 30 September 2017	1 829 381	2 435 579	313	1 276 358	1 079 123	6 620 754

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 registered office of the Parent Company is at Akmeņu iela 72, Ogre. The shares of the Parent Company are listed on Riga Stock Exchange, Latvia.

2. Basis of preparation and changes to the Group’s accounting policies**Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Consolidated financial statements are prepared using the historical cost basis, except when described otherwise in the accounting policies below. The financial statements of the Parent Company and its subsidiaries are prepared separately according to the relevant national legislation applicable in the reporting year.

The monetary unit used in the consolidated financial statements is the euro (EUR). The consolidated financial statements cover the period 1 January 2017 through 30 September 2017.

Amounts disclosed in the consolidated financial statements are based on the accounting records of the Group companies kept in accordance with IFRS as adopted by the EU.

3. Changes in accounting policy and disclosures

The accounting policies are consistent with those followed in the preparation of the Group’s annual financial statement for the previous period 2016. The Group has evaluated new and amended IFRSs and IFRICs effective for annual periods beginning on or after 1 January 2017. No impact on the interim financial statements of the Group was identified.

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.

4. Related party disclosures

Related party	Type of services		Goods and	Goods and	Amounts	Amounts
			services delivered to/loans issued to related parties	services received from / loans received from related parties	owed by related parties (gross)	owed to related parties (gross)
			EUR	EUR	EUR	EUR
1. Associates						
SIA Zinātnes parks (AS HansaMatrix share 24%)	Loan, contribution in share capital	31.12.2016	681 600	-	686 700	-
		30.09.2017	149 000	-	735 700	-
SIA Lightspace Technologies (AS HansaMatrix share 47%)	Loan, contribution in share capital	31.12.2016	-	-	-	-
		30.09.2017	110 000	-	-	-
	Services, material supplies, sale of materials	31.12.2016	351 212	-	265 777	-
		30.09.2017	14 841	1 352	163 411	-
	TOTAL	31.12.2016	1 032 812	-	952 477	-
	TOTAL	30.09.2017	273 841	1 352	899 111	-
2. Entities with significant influence						
SIA MACRO RĪGA (shareholder)	Loan	31.12.2016	92 892	-	2 468 636	-
		30.09.2017	69 751	-	2 438 387	-
	Purchase of services, spare parts; sale of materials	31.12.2016	-	-	-	-
		30.09.2017	8 044	-	-	-
	TOTAL	31.12.2016	92 892	-	2 468 636	-
	TOTAL	30.09.2017	77 795	-	2 438 387	-
3. Other related companies						
	Loans issued	31.12.2016	188 500	-	-	-
		30.09.2017	-	-	-	-
	Services, material supplies, sale of materials	31.12.2016	28 184	82 790	-	605
		30.09.2017	50 146	8 868	11 560	1 325
	TOTAL	31.12.2016	216 684	82 790	-	605
	TOTAL	30.09.2017	50 146	8 868	11 560	1 325

5. Dividends paid and proposed

During the reporting 9m period, calculated and paid dividends for the year 2016 – EUR 0.03 per 1 share, the total amount of paid dividends EUR 54 881.43. The dividend payment was made on May 25, 2017.

6. Events after the reporting period

Details of events after the reporting period end are described in Management Report accompanying these interim financial statements.