



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

**UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE 12 MONTH PERIOD ENDED DECEMBER 31, 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	<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 February 16, 2018	<b>SIA „Macro Rīga” (59.04%)</b>  <b>Swedbank AS clients account (13.34%)</b>  <b>Limited partnership „FlyCap Investment F und I AIF” (11.62%)</b>  <b>IPAS "CBL Asset Management" (6.56%)</b>
Subsidiaries	<b>SIA „HansaMatrix Ventpils” (equity interest: 100%)</b>  <b>SIA „HansaMatrix Innovation” (equity interest: 100%)</b>  <b>SIA „Campus Pārogre” (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 2017</b>
Interim reporting period	<b>1<sup>st</sup> January – 31<sup>st</sup> December 2017</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 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 Ventpils, 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
- Eurolcds, SIA - Member of the Board

#### Owned shares:

- directly: 0
- indirectly (through SIA, Macro Rīga): 1 080 065 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.

**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:

- IQ Capital SIA – Member of the Board

Owned shares: 300

Participation in other companies:

- IQ Capital SIA (100%)

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. His previous experience includes the position of a Head of Corporate Client Service Department at Citadele banka AS. Mr. Macijevskis has been with the Company since 2017.

**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.

### Andris Bērziņš

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

Date appointed: 16 February 2018

Term of office: 16 February 2023

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
- 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.

### Krišs Osmanis

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

Date appointed: 16 February 2018

Term of office: 16 February 2023

Owned shares: 0

Represents Macro Riga shareholding of 1 104 867 shares.

Positions held in other companies:

- LightSpace Technologies, SIA – Chairman of the Council
- EUROLCDs, SIA – Member of a 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.

### Dagnis Dreimanis

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

Date appointed: 16 February 2018

Term of office: 16 February 2023

Owned shares: 0

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

Positions held in other companies:

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

Participation in other companies:

- Latvian Capital Ventures SIA (57.5%)

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.

### **Ingrīda Blūma**

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

Date appointed: 16 February 2018

Term of office: 16 February 2023

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
- Expobank, AS - Council Member

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 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.

### **Gundars Strautmanis**

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

Date appointed: 16 February 2018

Term of office: 16 February 2023

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 February 8, 2018 (end of the day):

<b>Major shareholders (over 5%) Shareholder</b>	<b>Owned shares</b>	<b>Ownership interest</b>
SIA “MACRO RĪGA”	1 080 065	59.04 %
Swedbank AS clients account	244 116	13.34 %
Limited partnership “FlyCap Investment Fund I AIF”	212 516	11.62 %
IPAS "CBL Asset Management"	120 000	6.56 %
Other shareholders (under 5%)	172 684	9.44 %
<b>TOTAL:</b>	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 in 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 1<sup>st</sup>, 2018.

According to new Corporate Income Tax (CIT) law HansaMatrix has reversed future CIT provisions. Total provisions at end of financial year 2017 were around 549 thousand EUR, out of which 313 thousand EUR increased net profit and 236 thousand EUR increased equity reserve. End of year CIT change correction has been added to 2017 Q4 and 12 month non-audited and shall be added to Year 2017 IFRS audited results.

### Finance results brief summary

During the fourth quarter (“Q4” further in document) of 2017 the Company reported turnover of **5.126 million EUR** - increase by 3% in comparison to the same period of 2016. It is well in line with expectations. The 2017 Q4 sales results showed 2% sales volume decrease in comparison with previous quarter – 2017 Q3 what reflects usual seasonality pattern.

During **12 months** (“12m” or “M12” further in the document) of 2017 the Company reported sales volume increase by 16% compared to the same period of 2016 and reached record high **19.683 million EUR** turnover.

During 2017 Q4 the Company reported quarterly EBITDA result of **0.815 million EUR** and quarterly net profit result of **0.333 million EUR**. The reported EBITDA result show 45% increase in comparison with Q4 2016. The quarterly net profit

results for 2017 Q4 demonstrate 139% increase in comparison with Q4. Results represent quarterly EBITDA margin of 15.9% and net profit margin of 6.5%.

2017 Q4 results are in line with expectations and represent usual seasonality pattern and slight decrease of results by traditional holiday season at the end of year. 2017 Q4 net profit results also include positive one off 0.33 million EUR profit correction caused by taxation law change and one off 0.13 million EUR financial cost caused by refinancing of interest bearing debts from Citadele bank to SEB bank.

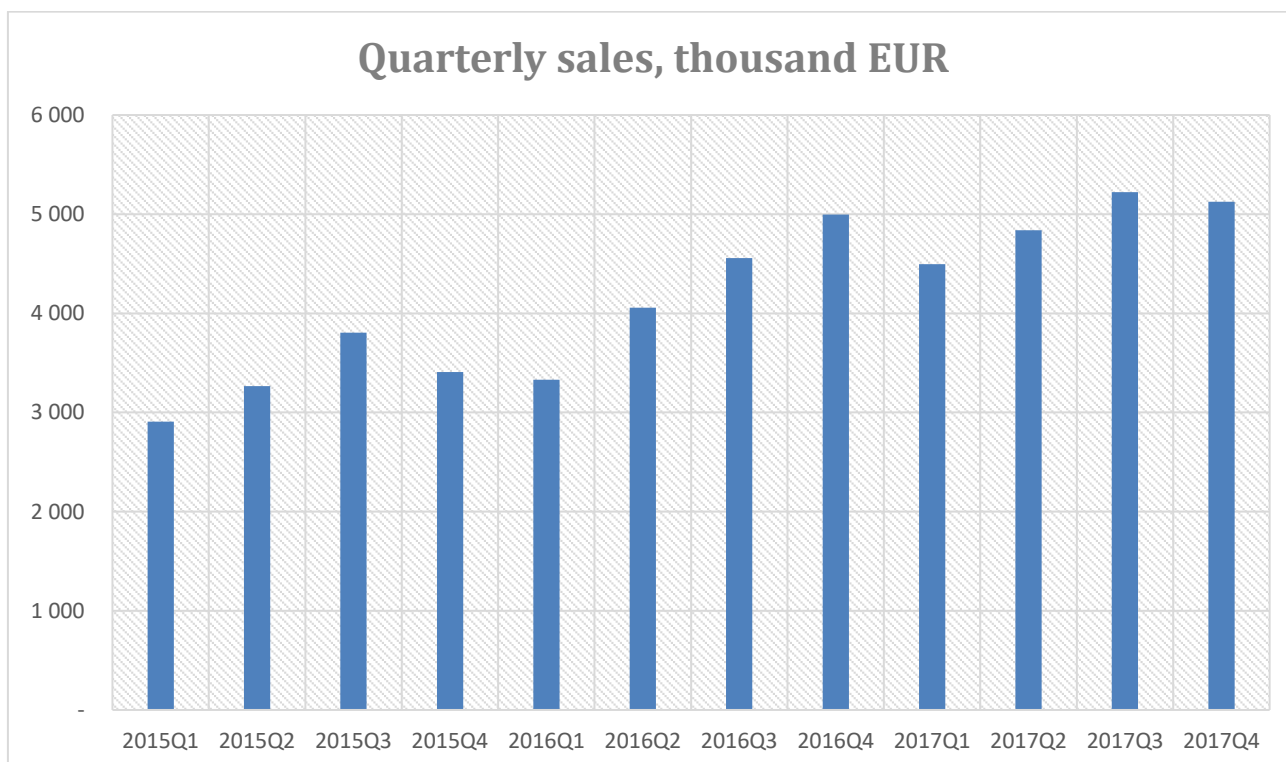
During 12 months of 2017 the Company reported record high 12 month EBITDA result of **3.685 million EUR** and 12 month net profit result of **1.527 million EUR**. The reported EBITDA result shows 66% increase in comparison with 2016 12m period. The net profit results for 2017 12m demonstrate 160% increase in comparison with 2016 12m period. Results represent 12 month **EBITDA margin of 18.7%** and **net profit margin of 7.8%**.

Growing levels of 12 month result margins to large extent shall be attributed to increased market demand and ordered volumes of higher margin products that have been manufactured and sold during 12 months of 2017 as well as increased utilization of recently invested new production capacities in production fulfilment.

2017 12m net profit results also include positive one off **0.33 million EUR profit correction** caused by taxation law change and **one off 0.13 million EUR financial cost** caused by refinancing of interest bearing debts to SEB bank.

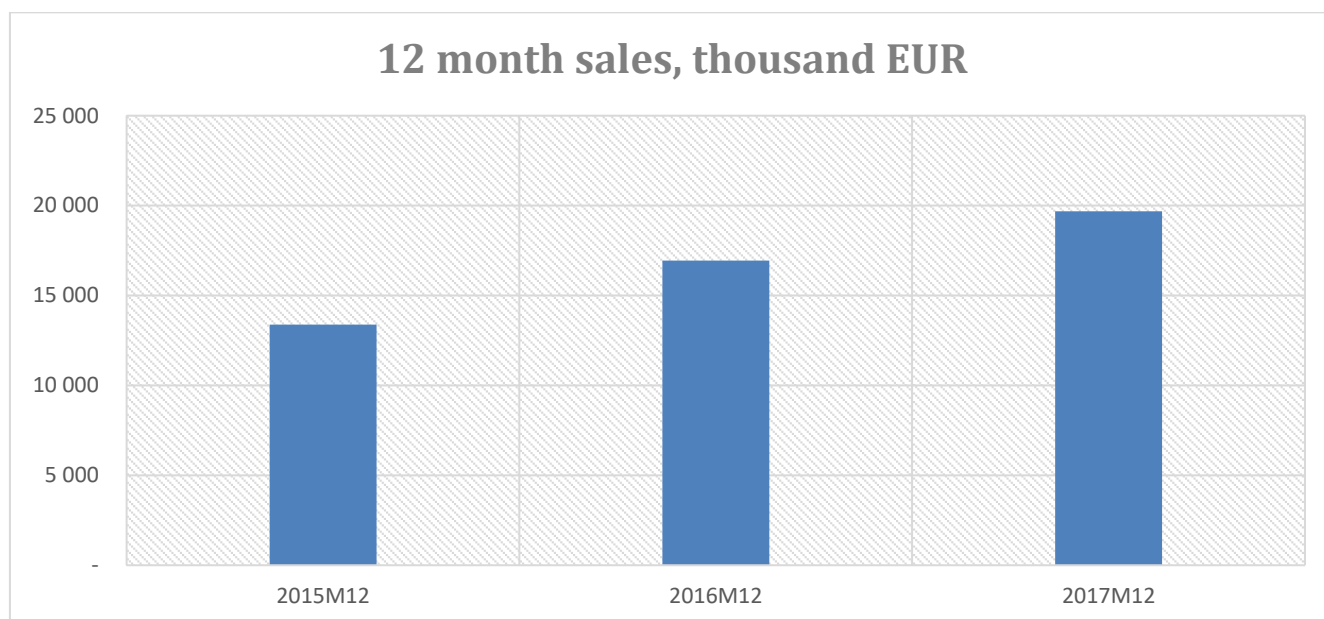
### Quarterly sales results for 2017 Q4

During the fourth quarter (“Q4” further in document) of 2017 the Company reported turnover of 5.126 million EUR - increase by 3% in comparison to the same period of 2016. It is well in line with expectations. The 2017 Q4 sales results showed 2% sales volume decrease in comparison with previous quarter – 2017 Q3 what reflects usual seasonality pattern.



### 12 month sales results

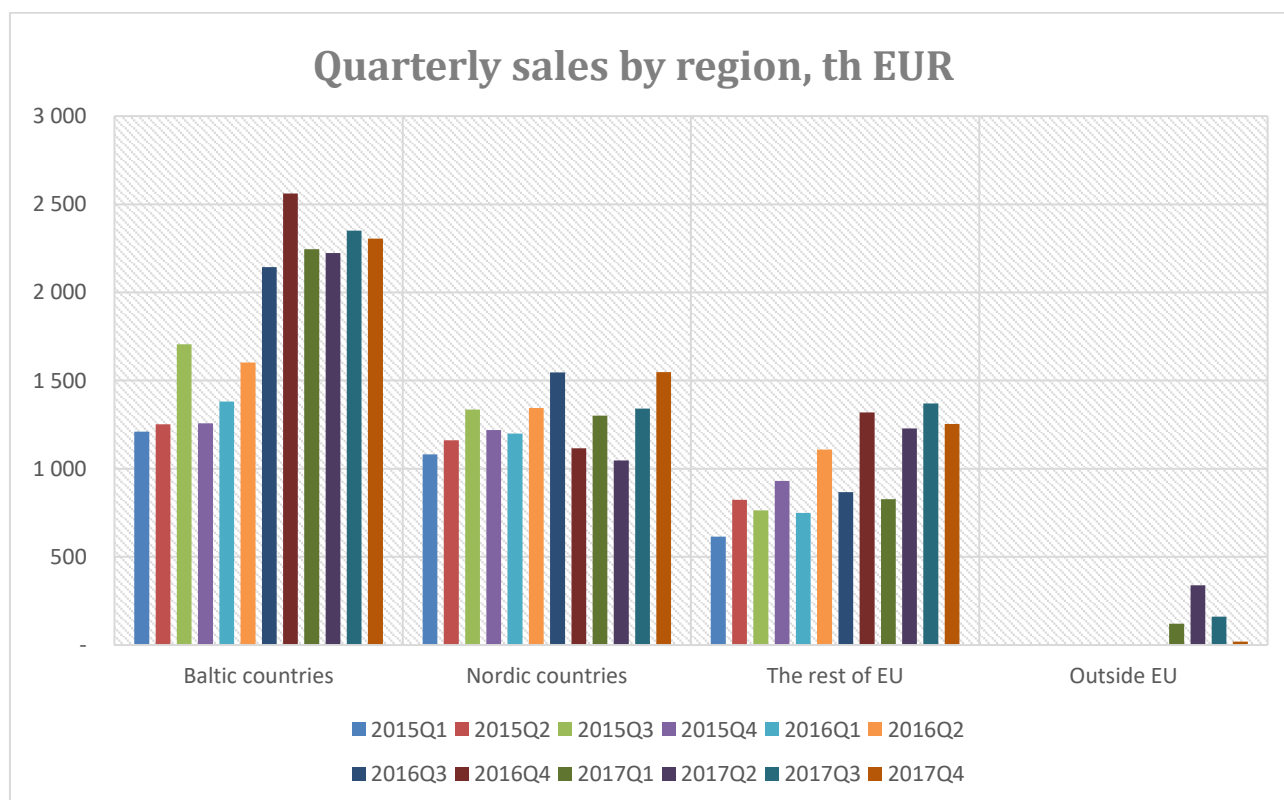
During 12 months (“12m” or “M12” further in the document) of 2017 the Company reported sales volume increase by 16% compared to the same period of 2016 and reached record high 19.683 million EUR turnover.



### Quarterly sales by market region results for Q4

During 2017 Q4 main sales drivers continue to be Baltic customers with 45% market share of turnover. Nordic and other EU sales reported as 30% and 24% of total sales. HansaMatrix during Q4 continued to deliver to customer locations outside EU. This market share has slightly decreased to 0.4%.

Sales dynamics of regions – Baltic sales was 10% down from 2016 Q4 and 2% down from 2017 Q3; Nordic sales was 39% up from 2016 Q4 and 15% up in comparison with 2017 Q3. Other EU region sales was reported with 5% decline from 2016 Q4 and 9% decline from 2017 Q3. Outside EU deliveries decreased by 88% from 2017Q3.



**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	-	-	-	-	-	-
<b>Total</b>	<b>2 906</b>	<b>3 237</b>	<b>3 804</b>	<b>3 408</b>	<b>3 330</b>	<b>4 057</b>

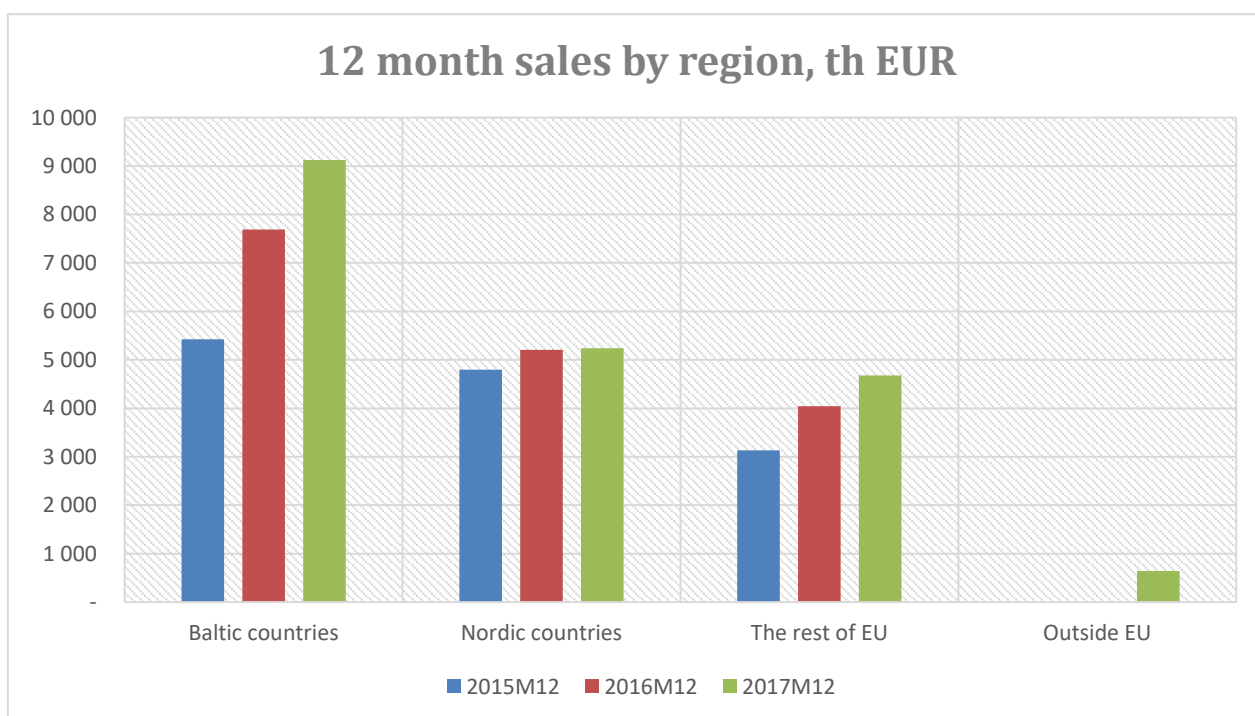
2016Q3	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4
2 143	2 562	2 244	2 224	2 351	2 305
1 546	1 115	1 302	1 048	1 341	1 548
867	1 319	827	1 229	1 370	1 253
-	-	121	339	161	20
<b>4 557</b>	<b>4 996</b>	<b>4 494</b>	<b>4 839</b>	<b>5 222</b>	<b>5 126</b>

**12 month sales by region results**

During 2017 12 months main sales drivers continue to be Baltic customers with 48% market share of turnover. Nordic and other EU sales reported as 28% and 25% of total sales. HansaMatrix during 2017 12m started to ship product deliveries to customer locations outside EU. This market share has amounted to 3%.

Sales dynamics of regions – Baltic sales was 19% up from 2016 12m; Nordic sales was 1% up from 2016 12m. Other EU sales was reported with 16% growth from 2016 12m.

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

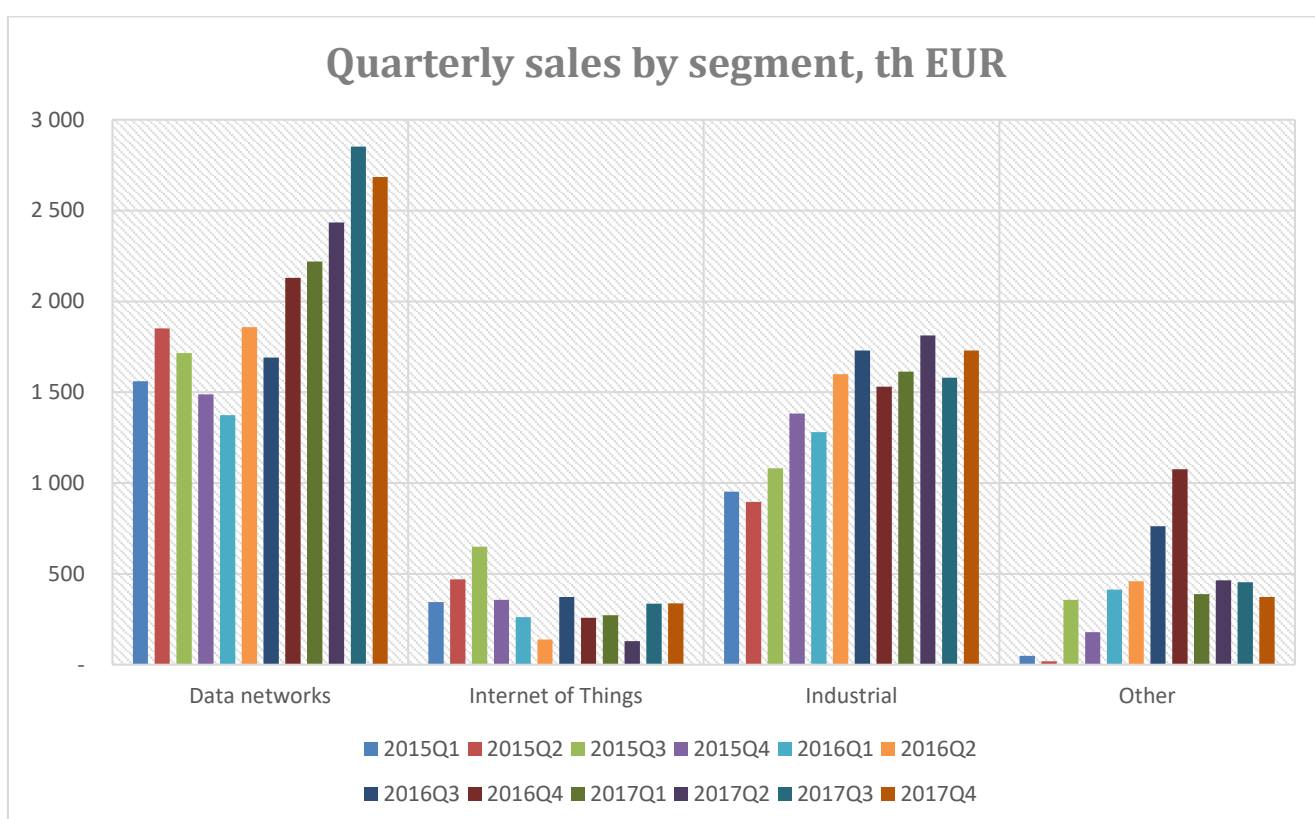


## Quarterly sales by market segment results for 2017 Q4

During 2017 Q4 data network product sales remained dominating sales driver with 52% and industrial products followed with 34% sales market share. Internet-of-things sales has slightly grown to 7% and other products reported with 7% share.

Data network product sales show substantial increase by 26%; industrial segment product sales – increase by 13%; internet-of-things – increase by 31% and other product segment – decrease by 65% in comparison with 2016 Q4. Comparison with sales results with previous - 2017 Q3 demonstrate 6% decrease in data networks; 9% growth in industrial segment; small increase of 1% in Internet of things products and 18% 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 Q4

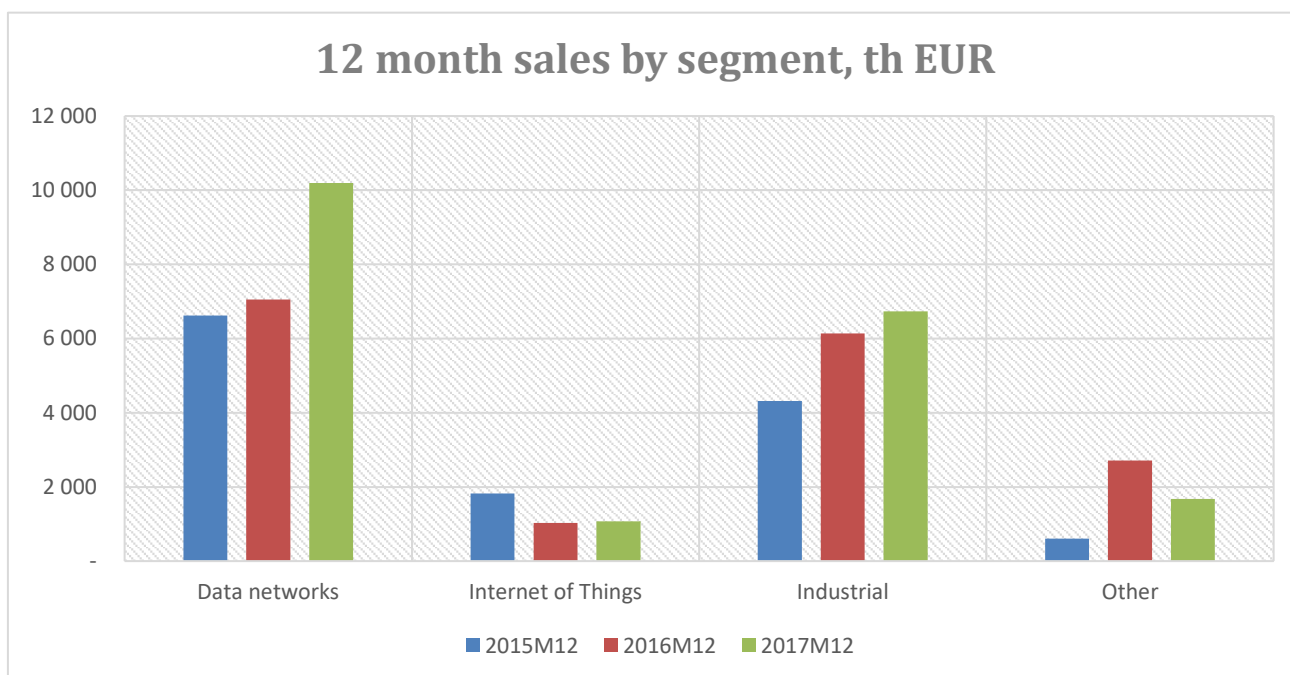
Sales, thEUR	2015Q1	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2
Data networks	1 561	1 852	1 715	1 489	1 375	1 859
Internet of Things	345	469	649	357	261	138
Industrial	953	897	1 081	1 383	1 280	1 600
Other	48	18	358	179	414	460
Total	2 906	3 237	3 804	3 408	3 330	4 057

2016Q3	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4
1 691	2 130	2 220	2 434	2 852	2 685
374	258	272	129	336	338
1 730	1 531	1 614	1 813	1 581	1 730
762	1 077	388	464	454	373
4 557	4 996	4 494	4 839	5 222	5 126

## 12 month turnover by market segment results

During 2017 12m main sales contributors continue to be data network products with 52% turnover share, followed by industrial product sales with 36% market share. Internet of things product share was 6% and other product share – 16%.

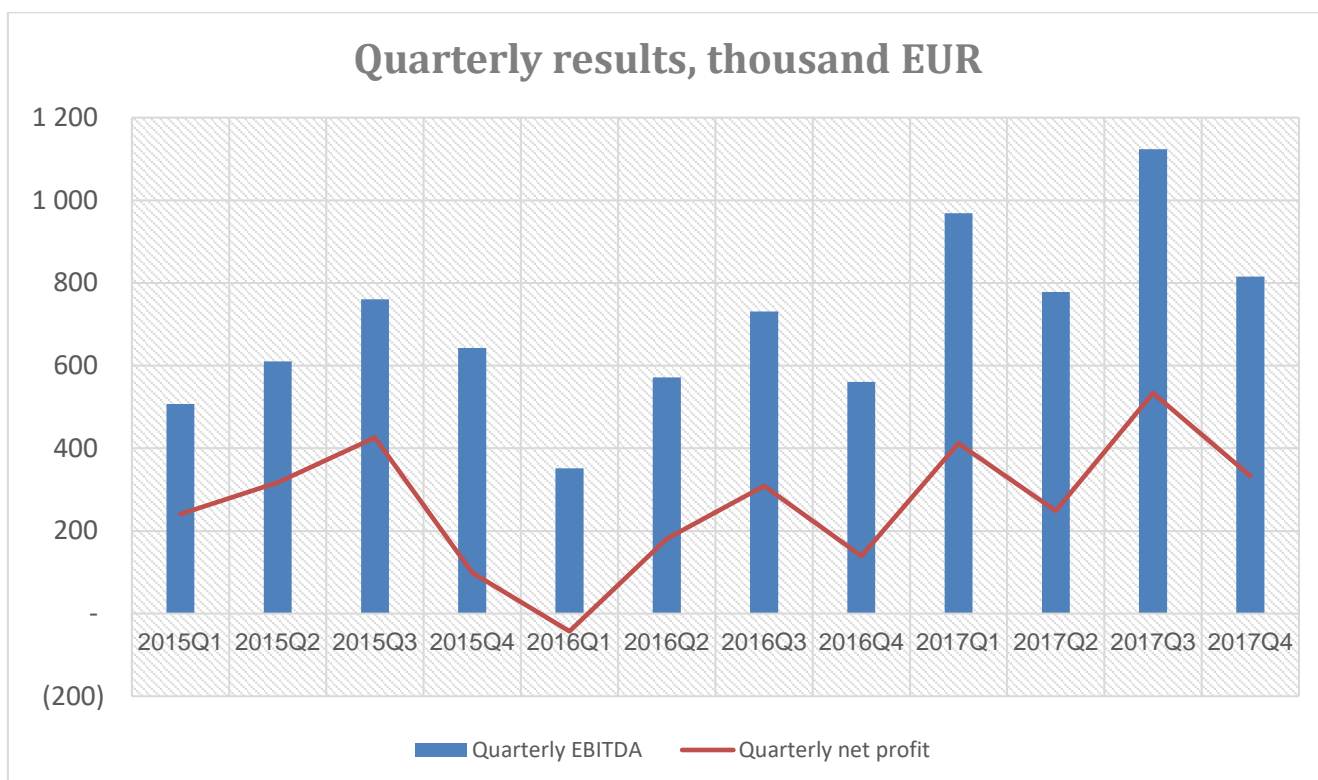
Turnover dynamics of market segments – data network sale was 44% up from 2016 12m; industrial product sale was 10% up from 2016 12m. Internet of things product sale slightly increased by 4% and other product sale 38% decrease from 2016 12m.



## Quarterly EBITDA and net profit results in 2017 Q4

During 2017 Q4 the Company reported quarterly EBITDA result of 0.815 million EUR and quarterly net profit result of 0.333 million EUR. The reported EBITDA result show 45% increase in comparison with Q4 2016 and 27% decrease from previous quarter of 2017 Q3. The quarterly net profit results for 2017 Q4 demonstrate 139% increase in comparison with Q4 2016 and 38% decrease from previous – Q3 2017. Results represent quarterly EBITDA margin of 15.9% and net profit margin of 6.5%.

2017 Q4 results are in line with expectations and represent usual seasonality pattern and slight decrease of results by traditional holiday season at the end of year. 2017 Q4 net profit results also include positive one off 0.33 million EUR profit correction caused by taxation law change and one off 0.13 million EUR financial cost caused by refinancing of interest bearing debts from Citadele to SEB bank.

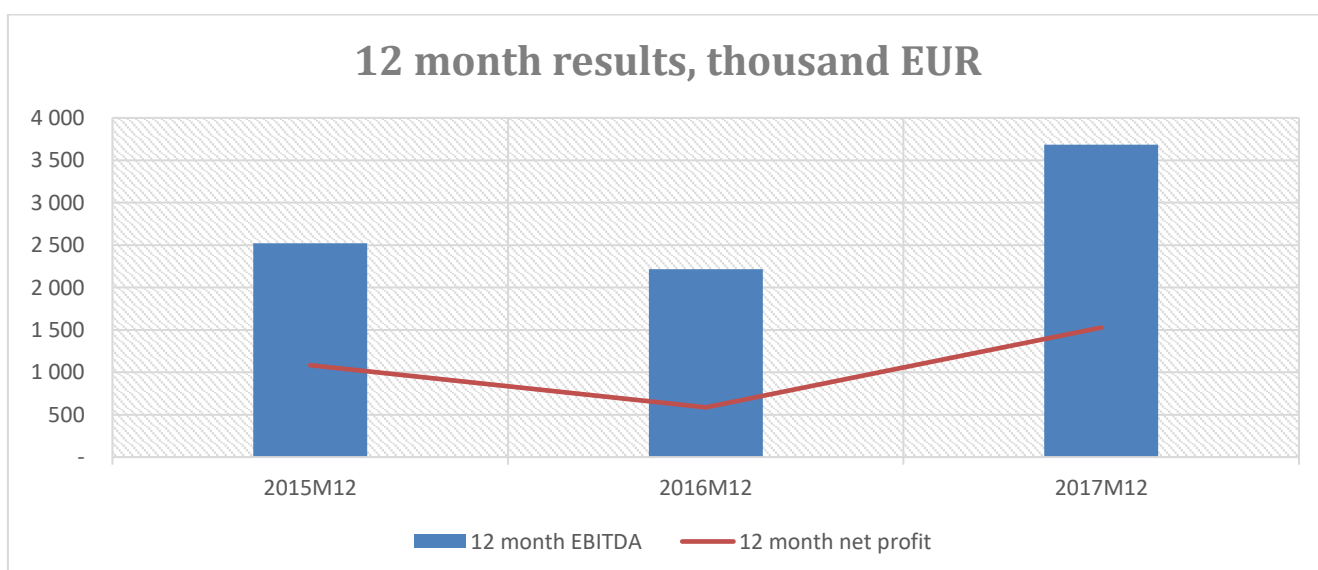


## 2017 12 month EBITDA and net profit results

During 12 months of 2017 the Company reported record high 12 month EBITDA result of 3.685 million EUR and 12 month net profit result of 1.527 million EUR. The reported EBITDA result shows 66% increase in comparison with 2016 12m period. The net profit results for 2017 12m demonstrate 160% increase in comparison with 2016 12m period. Results represent 12 month EBITDA margin of 18.7% and net profit margin of 7.8%.

Growing levels of 12 month result margins to large extent shall be attributed to increased market demand and ordered volumes of higher margin products that have been manufactured and sold during 12 months of 2017 as well as increased utilization of recently invested new production capacities in production fulfilment.

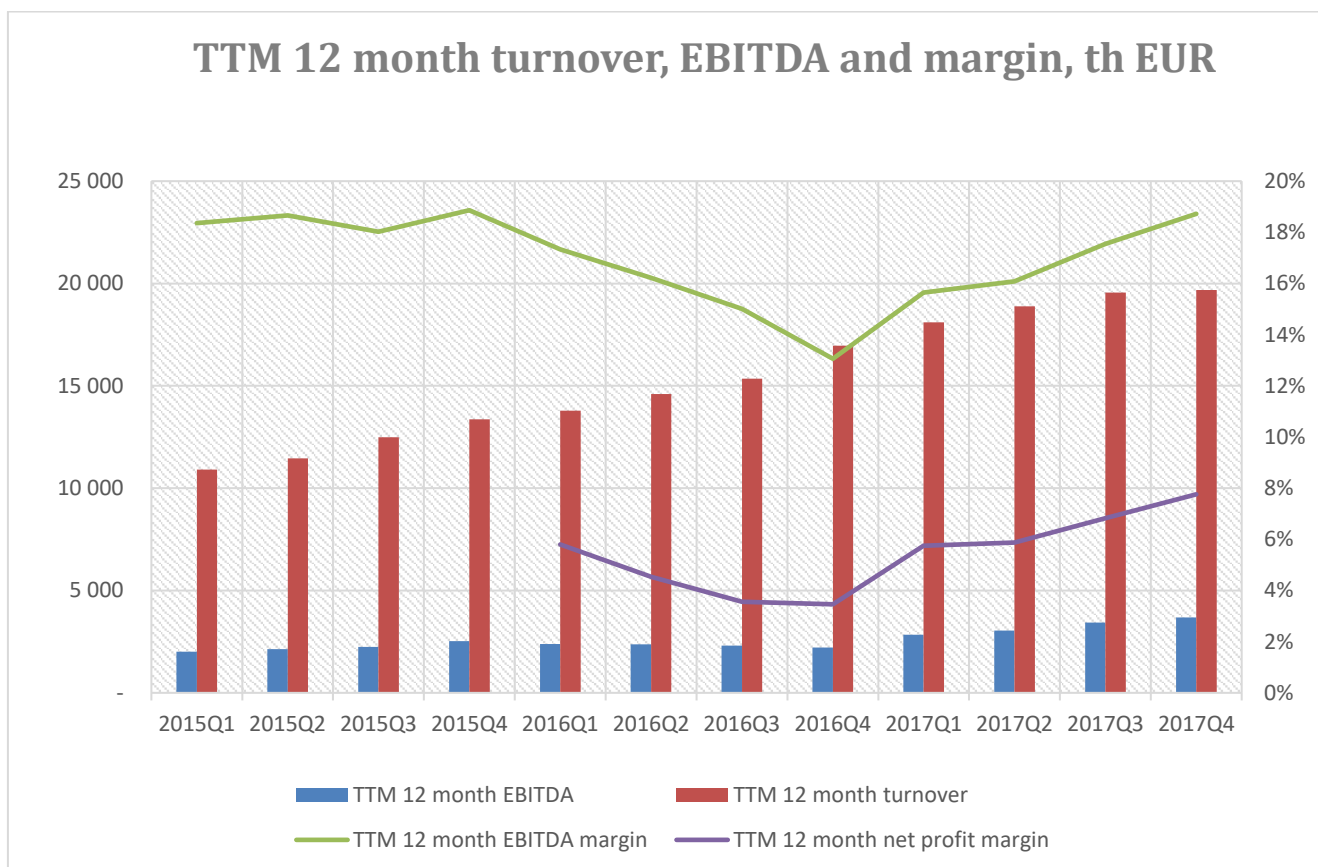
2017 12m net profit results also include positive one off 0.33 million EUR profit correction caused by taxation law change and one off 0.13 million EUR financial cost caused by refinancing of interest bearing debts to SEB bank.





**TTM (trailing twelve months) 12 months turnover, EBITDA and margin results in 2017 Q4**

TTM - 12 month period (period starting at January 1, 2017 and ending with December 31, 2017) at 2017 Q4 reported to be 19.683 million EUR, increase of 1% in comparison with TTM period ended at 2017 Q3. EBITDA result for the TTM 12 month period reported to be 3.683 million EUR, increase by 7% in comparison with 12 month period ended at 2017 Q3. Net profit for TTM period reported 1.527 million EUR, what is 15% up if compared with 12 month period ended at 2017 Q3. Averaged EBITDA margin for TTM period is reported to be 18.7% and net profit margin for the same period is reported to be 7.8%.

**Summary of financial indicators for Q4 and 12 months 2017**

The comparison of financial indicators for the period of 2017 Q4 and 2017 12 months has been summarized below:

Financial indicators for period	2017 Q4	2016 Q4	% to previous period
Turnover, thousand EUR	5 126	4 996	3%
EBITDA, thousand EUR	815	561	45%
Net profit, thousand EUR	333	139	139%
EBITDA margin	15.9%	11.2%	
Net profit margin	6.5%	2.8%	
EPS, EUR	0.18	0.08	



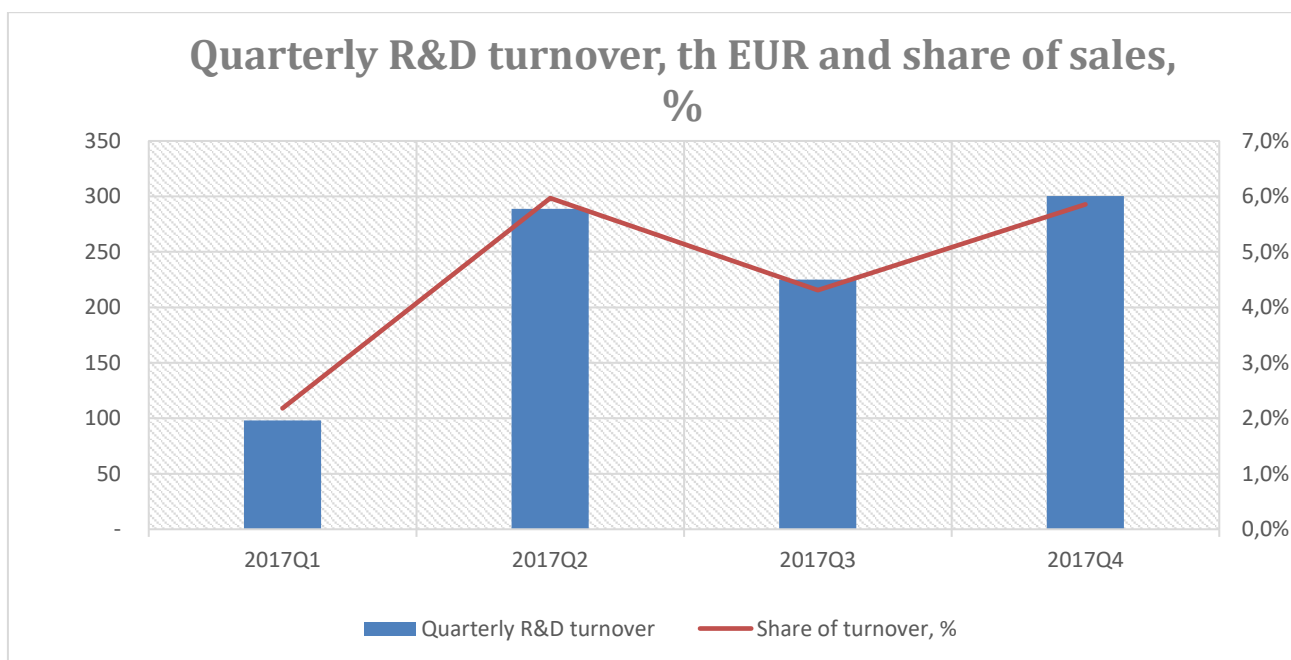
Financial indicators for period	2017 12m	2016 12m	% to previous period
Turnover, thousand EUR	19 683	16 939	16%
EBITDA, thousand EUR	3 685	2 215	66%
Net profit, thousand EUR	1 527	587	160%
EBITDA margin	18.7%	13.1%	
Net profit margin	7.8%	3.5%	
EPS, EUR	0.83	0.32	

## 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 Q4 quarterly R&D turnover has shown increase of 33% in comparison with Q3 and accounts for 5.9% share of Company's consolidated sales in Q4. 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	2017Q4
Quarterly R&D turnover	98	289	225	300

During 12 months of 2017 R&D sales has reached 0.912 million EUR what represents 4.6% 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.

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 as well as company HQ at Ziedleju iela 1, Marupe, LV2167, Latvia. New premises will allow to increase new R&D product and business development activities.



## Investment activities

There were no large investments made during Q4 2017. Gradual improvements were made in equipping R&D laboratories in Hansamatrix Innovation. The investments were financed from own investment.

During 12 month period of 2017 HansaMatrix made approximately 2 million EUR investments in production capacity increase, research instruments, test systems and development of new products. 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.

On December 22, 2017 HansaMatrix has signed financing agreements with SEB bank to refinance all existing medium and long term financing and leasing agreements in the amount of 4.9 million EUR and 0.6 million EUR credit line to refinance existing company loans and leasings. Additionally to that AS SEB has approved 1.5 million EUR new funding for industrial leasing and 1.0 million EUR new funding for construction works to expand Parogre manufacturing facility. Funds to be issued during year 2018.

## 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 Q4 HansaMatrix made investment payment tranche of 290 283 EUR in accordance with the investment agreement. During 12 months of 2017 HansaMatrix made total investments of 649 635 EUR in LightSpace Technologies, SIA. During 2017 Q4 Company provided further convertible loan to LightSpace Technologies at amount of 222 207 EUR.

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.

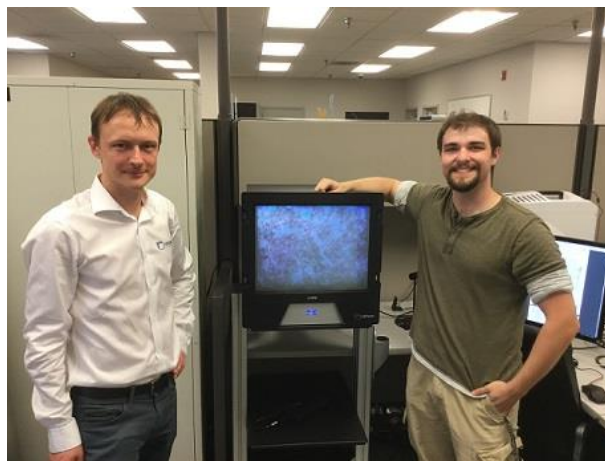
SIA “LightSpace Technologies” fully (100%) owns “LightSpace Technologies” Inc., Delaware, USA incorporated corporation, which owns IP in form of worldwide patents protecting volumetric 3D imaging technology.

During Q4 2017 HansaMatrix has provided additional 110 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. The total investment loans to Zinatnes Parks amount to 159 thousand EUR in total during 2017 12 months period.

## 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 multi-plane (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 12 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 was 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**

	<b>12m 2017</b>	<b>12m 2016</b>
	<b>EUR</b>	<b>EUR</b>
Net turnover	130 424	8 199
Cost of sales	( 174 177)	( 15 224)
<b>Gross profit / (loss)</b>	<b>( 43 753)</b>	<b>( 7 025)</b>
Distribution costs	( 146 978)	( 105 194)
Administrative expense	( 48 097)	( 41 405)
Other operating income	19 876	8 901
Other operating expense	( 1 819)	( 113)
<b>Operating profit</b>	<b>( 220 771)</b>	<b>( 144 836)</b>
<b>Profit / (loss) before tax</b>	<b>( 220 771)</b>	<b>( 144 836)</b>
Corporate income tax	-	( 264)
<b>Net profit / (loss) for the period</b>	<b>( 220 771)</b>	<b>( 145 100)</b>

**LightSpace Technologies SIA balance sheet, EUR**

<b>ASSETS</b>	<b>31.12.2017.</b>	<b>31.12.2016.</b>
	<b>EUR</b>	<b>EUR</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant, equipment and product development investments	1 763 777	1 021 068
Non-current financial assets	85 000	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1 848 777</b>	<b>1 021 068</b>
<b>CURRENT ASSETS</b>		
Receivables	46 644	59 831
Cash and cash equivalents	1 861	3 940
<b>TOTAL CURRENT ASSETS</b>	<b>48 505</b>	<b>63 771</b>
<b>TOTAL ASSETS</b>	<b>1 897 282</b>	<b>1 084 839</b>
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2017.</b>	<b>31.12.2016.</b>
	<b>EUR</b>	<b>EUR</b>
<b>EQUITY</b>		
Share capital	6 685	2 800
Share premium	1 870 480	-
Other reserves	222 207	1 075 000
Retained earnings/ (accumulated deficit)	(530 779)	(310 008)
<b>TOTAL EQUITY</b>	<b>1 568 593</b>	<b>767 792</b>
<b>LIABILITIES</b>		
Current liabilities	328 689	317 047
<b>TOTAL LIABILITIES</b>	<b>328 689</b>	<b>317 047</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 897 282</b>	<b>1 084 839</b>



**Business development overview of associated company – Zinātnes Parks SIA**

During Q4 2017 Zinatnes Parks has invested 63 thousand EUR in construction technical project development. During 12 months of 2017 total investment in technical project amounts to 202 thousand EUR.

It has been planned to complete construction project development work by Q2 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%.

Starting from July 2017 the share price has steeply increased reaching the level of EUR 8.83 EUR for a share. At the end of year falling back to the level around 8.00 EUR. See attached trading graph for last 12 month trading:



Security trading history

Price	2016	2017
Open	6.95	7.95
High	8.15	8.83
Low	6.95	6.9
Last	7.95	8.14
Traded volume	19,574	72,941
Turnover, million	0.15 EUR	0.51 EUR
Capitalisation, million	14.54 EUR	14.89 EUR

**Significant events after end of reporting period**

On 4 January 2017 shareholder “Komandītsabiedrība "FLYCAP INVESTMENT FUND I AIF”” sold 120 000 (6.56%) shares of AS “HansaMatrix” (HMX1R) at a price of EUR 6.55 per share. As a result of the transaction the free float of AS “HansaMatrix” increased by 6.56%. Related news release was issued by the Company.

On January 19, 2018 shareholder “Komandītsabiedrība "FLYCAP INVESTMENT FUND I AIF”” sold 71 417 (3.90%) shares of AS “HansaMatrix” (HMX1R) at a price of EUR 6.75 per share. As a result of the transaction the free float of AS “HansaMatrix” increased by further 3.90%. Related news release was issued by the Company.

On January 26, 2018 shareholder SIA “Macro Rīga” sold 24 664 (1.35%) shares of AS “HansaMatrix” (HMX1R) at a price of EUR 7.50 per share. Related news release was issued by the Company.

As a result of the listed transactions **the free float** of AS HansaMatrix increased and according to available to company information it **has reached 29.34%**.

On January 19, 2018, company’s Council has made decision to make changes to the HansaMatrix Management Board: Member of a Management board Alvis Vagulis was released from the duties and a new member – Maris Macijevskis – appointed to the Board. Since 2017 Māris Macijevskis serves as HansaMatrix CFO.

In response to the resignation of the Chairman of Supervisory Board – Janis Skutelis, HansaMatrix Management Board has convened an extraordinary shareholder’s meeting on February 16, 2018. During which following decisions had been adopted:

- Elected a new Supervisory Council: Andris Bērziņš, Krišs Osmanis, Dagnis Dreimanis, Ingrīda Blūma and Gundars Strautmanis.
- Approved the Employee stock option plan and authorized the related conditional increase of the Company’s share capital for the total amount of 18 294 new shares (1% of existing shares) with bearer share price of 6.53 EUR.

February 27, 2018



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, 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.

February 27, 2018



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Ilmārs Osmanis  
Chairman of the Board





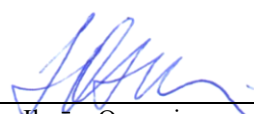
## INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### Interim consolidated statement of comprehensive income

	2017 Q4 EUR	2016 Q4 EUR	2017 12m EUR	2016 12m EUR
Net turnover	5 126 192	5 017 818	19 683 050	16 961 077
Cost of sales	(4 327 287)	(4 257 905)	(16 159 911)	(14 690 351)
<b>Gross profit</b>	<b>798 905</b>	<b>759 913</b>	<b>3 523 139</b>	<b>2 270 726</b>
Distribution costs	(131 974)	(292 327)	(536 020)	(631 749)
Administrative expense	(422 149)	(356 951)	(1 504 223)	(1 318 232)
Other operating income	60 702	124 209	465 725	548 196
Other operating expense	(33 469)	(46 533)	(71 620)	(86 186)
<b>Operating profit</b>	<b>272 015</b>	<b>188 311</b>	<b>1 877 001</b>	<b>782 755</b>
Loss from investments in associates	(49 894)	(16 637)	(124 622)	(16 637)
Financial income	23 840	20 660	93 591	92 919
Financial expense	(201 516)	(66 861)	(407 185)	(286 057)
<b>Profit before tax</b>	<b>44 445</b>	<b>125 473</b>	<b>1 438 785</b>	<b>572 980</b>
Corporate income tax	(24 033)	(532)	(224 193)	(532)
Deferred corporate income tax	312 709	(21 251)	312 709	(21 251)
<b>Net profit for the reporting period</b>	<b>333 121</b>	<b>103 690</b>	<b>1 527 301</b>	<b>551 197</b>
<b>Other comprehensive income for the reporting period after tax</b>	-	-	-	-
<b>Total comprehensive income for the reporting period after tax</b>	<b>333 121</b>	<b>103 690</b>	<b>1 527 301</b>	<b>551 197</b>
Profit and comprehensive income attributable to:				
Equity holders of the Parent Company	333 121	103 690	1 527 301	551 197
Non-controlling interests	-	-	-	-
	<b>333 121</b>	<b>103 690</b>	<b>1 527 301</b>	<b>551 197</b>

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

February 27, 2018

  
Ilmars Osmanis  
Chairman of the Board

**Interim consolidated statement of financial position**

<b>ASSETS</b>			
		<b>31.12.2017</b>	<b>31.12.2016</b>
		<b>EUR</b>	<b>EUR</b>
<b>NON-CURRENT ASSETS</b>			
<b>Intangible assets</b>			
ODM assets		21 002	29 696
Other intangible assets		190 834	225 674
<b>Total intangible assets</b>		<b>211 836</b>	<b>255 370</b>
<b>Property, plant and equipment</b>			
Land and buildings		3 753 000	3 106 074
Equipment and machinery		4 603 940	3 908 704
Other fixtures and fittings, tools and equipment		619 374	506 238
Leasehold improvements		20 320	29 760
Construction in progress		214 460	549 453
<b>Total property, plant and equipment</b>		<b>9 211 094</b>	<b>8 100 229</b>
<b>Non-current financial assets</b>			
Investments in associates		1 271 894	-
Investments in other companies		662 817	661 779
Other investment loans		735 700	871 023
Loans to shareholders		1 231 114	1 234 318
Other non-current receivables		-	15 800
<b>Total non-current financial assets</b>		<b>3 901 525</b>	<b>2 782 920</b>
	<b>TOTAL NON-CURRENT ASSETS</b>	<b>13 324 455</b>	<b>11 138 519</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
Raw materials and consumables		1 847 967	1 101 060
Work in progress		834 430	494 841
<b>Total inventories</b>		<b>2 682 397</b>	<b>1 595 901</b>
<b>Receivables and prepayments</b>			
Trade receivables and receivables from related companies		911 892	932 042
Prepayments for goods		39 835	120 071
Loans to shareholders		1 231 113	1 234 318
Prepaid expense		63 669	34 036
Corporate income tax		348	126 951
Other receivables		89 766	216 293
<b>Total receivables and prepayments</b>		<b>2 336 623</b>	<b>2 663 711</b>
<b>Cash and cash equivalents</b>		<b>259 185</b>	<b>381 891</b>
	<b>TOTAL CURRENT ASSETS</b>	<b>5 278 205</b>	<b>4 641 503</b>
<b>TOTAL ASSETS</b>		<b>18 602 660</b>	<b>15 780 022</b>
*Available unused credit line		26 064	EUR
*Available unused factoring limit		1 038 220	EUR

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

February 27, 2018

Ilmārs Osmanijs  
Chairman of the Board

**Interim consolidated statement of financial position**

<b>LIABILITIES &amp; EQUITY</b>		
<b>EQUITY</b>	<b>31.12.2017 EUR</b>	<b>31.12.2016 EUR</b>
Share capital	1 829 381	1 829 381
Share premium	2 435 579	2 435 579
Reserves	313	313
Non-current asset revaluation reserve	2 286 027	1 335 097
Retained earnings/ (accumulated loss):		
a) brought forward	42 862	(670 111)
b) for the period	1 527 301	551 197
<b>TOTAL EQUITY</b>	<b>8 121 463</b>	<b>5 481 456</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans from credit institutions	2 993 531	3 624 391
Finance lease liabilities	767 893	142 299
Deferred income	572 705	742 282
Deferred income tax liabilities	-	686 656
<b>Total non-current liabilities</b>	<b>4 334 129</b>	<b>5 195 628</b>
<b>Current liabilities</b>		
Loans from credit institutions	1 243 545	1 636 007
Finance lease liabilities	309 123	56 915
Prepayments received from customers	545 186	440 531
Trade payables	2 772 315	2 035 078
Taxes payable	583 433	338 941
Corporate income tax	-	532
Other liabilities	322 826	226 829
Deferred income	169 582	169 578
Accrued liabilities	201 058	198 527
<b>Total current liabilities</b>	<b>6 147 068</b>	<b>5 102 938</b>
<b>TOTAL LIABILITIES</b>	<b>10 481 197</b>	<b>10 298 566</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>18 602 660</b>	<b>15 780 022</b>

The accompanying notes form an integral part of these financial statements.  
February 27, 2018

Ilmārs Osmanis  
Chairman of the Board

**Interim consolidated statement of cash flow**

	<b>2017 Q4 EUR</b>	<b>2016 Q4 EUR</b>	<b>2017 12m EUR</b>	<b>2016 12m EUR</b>
<b>CASH FLOWS TO/ FROM OPERATING ACTIVITIES</b>				
Profit before tax	44 445	125 473	1 438 785	572 980
Adjustments for:				
Depreciation and amortization	543 020	372 645	1 808 937	1 431 925
Depreciation included in the cost of work in progress	-	( 5 594)	-	( 5 594)
Interest expense	65 356	38 499	247 188	257 695
Interest income	( 23 840)	( 20 660)	( 93 591)	( 92 919)
Increase/ (decrease) in allowances for slow-moving items and receivables	( 30 289)	( 189 376)	( 42 631)	( 189 376)
Income from grant recognition	( 42 394)	( 28 317)	( 170 911)	( 169 578)
(Gain)/ loss on disposal of property, plant and equipment	-	( 13 911)	-	( 13 911)
Group's share of loss of an associate recognized in the statement of comprehensive income	49 894	16 637	124 622	16 637
Adjustments for:				
Decrease/ (increase) in inventories	( 115 816)	757 863	( 1 129 126)	722 842
Decrease/ (increase) in receivables	439 737	97 975	51 774	( 287 007)
Increase in payables	212 443	( 266 726)	836 036	( 157 190)
<b>Cash generated from operations, gross</b>	<b>1 142 556</b>	<b>884 508</b>	<b>3 071 083</b>	<b>2 086 504</b>
Interest paid	( 65 356)	( 38 472)	( 247 188)	( 257 668)
Corporate income tax paid	-	( 170 787)	-	( 170 787)
<b>Net cash flows to/ from operating activities</b>	<b>1 077 200</b>	<b>675 249</b>	<b>2 823 895</b>	<b>1 658 049</b>
<b>Cash flows to/ from Investing activities</b>				
Purchase of intangible assets and property, plant and equipment	( 204 572)	( 614 234)	( 2 047 599)	( 1 606 196)
Proceeds from sale of property, plant and equipment	-	2 153	2 811	16 153
Return loans from other companies	-	-	210 000	-
Investments in and loans to other companies	( 332 207)	( 262 000)	( 950 559)	( 1 024 200)
<b>Net cash flows to/ from investing activities</b>	<b>( 536 779)</b>	<b>( 874 081)</b>	<b>( 2 785 347)</b>	<b>( 2 614 243)</b>
<b>Cash flows to/ from Financing activities</b>				
Dividends paid	-	-	( 54 881)	( 29 720)
Increase in share capital	-	-	-	1 623 593
Grants received	20 425	-	294 318	-
Loans received from credit institutions	-	392 462	-	546 462
Loans repaid to credit institutions	-	( 355 201)	( 1 253 924)	( 1 191 043)
Loans from lease companies	( 318 169)	83 914	1 002 443	335 717
Loans repaid to lease companies	( 65 014)	( 48 214)	( 149 210)	( 202 326)
<b>Net cash flows to/ from financing activities</b>	<b>( 362 758)</b>	<b>72 961</b>	<b>( 161 254)</b>	<b>1 082 683</b>
<b>Change in cash and cash equivalents for the period</b>	<b>177 663</b>	<b>( 125 871)</b>	<b>( 122 706)</b>	<b>126 489</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>81 522</b>	<b>507 762</b>	<b>381 891</b>	<b>255 402</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>259 185</b>	<b>381 891</b>	<b>259 185</b>	<b>381 891</b>

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
<b>Balance as at 31 December 2015</b>	<b>1 546 380</b>	<b>1 094 987</b>	<b>313</b>	<b>1 401 665</b>	<b>(706 959)</b>	<b>3 336 386</b>
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)
<b>Balance as at 31 December 2016</b>	<b>1 829 381</b>	<b>2 435 579</b>	<b>313</b>	<b>1 335 097</b>	<b>(118 914)</b>	<b>5 481 456</b>
Profit for the reporting year	-	-	-	-	1 527 301	1 527 301
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	1 527 301	1 527 301
Share capital increase	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-
Revalued items of property, plant and equipment	-	-	-	793 644	-	793 644
Depreciation of revalued items of property, plant and equipment	-	-	-	(78 318)	78 318	-
Deferred corporate income tax related to revalued items of property, plant and equipment	-	-	-	235 605	-	235 605
Deferred corporate income tax correction	-	-	-	-	138 338	138 338
Dividends paid	-	-	-	-	(54 881)	(54 881)
<b>Balance as at 30 September 2017</b>	<b>1 829 381</b>	<b>2 435 579</b>	<b>313</b>	<b>2 286 028</b>	<b>1 570 162</b>	<b>8 121 463</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 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 31 December 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**

			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)
Related party	Type of services		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	-
		31.12.2017	259 000	-	845 700	-
SIA Lightspace Technologies (AS HansaMatrix share 47%)	Loan, contribution in share capital	31.12.2016	-	-	-	-
		31.12.2017	332 207	-	222 207	-
	Services, material supplies, sale of materials	31.12.2016	351 212	-	265 777	-
		31.12.2017	17 324	2 183	-	271
	TOTAL	31.12.2016	1 032 812	-	952 477	-
	TOTAL	31.12.2017	608 531	2 183	1 067 907	271
2. Entities with significant influence						
SIA MACRO RĪGA (shareholder)	Loan	31.12.2016	92 892	-	2 468 636	-
		31.12.2017	93 591	-	2 462 227	-
	Purchase of services, spare parts; sale of materials	31.12.2016	-	-	-	-
		31.12.2017	8 044	-	-	-
	TOTAL	31.12.2016	92 892	-	2 468 636	-
	TOTAL	31.12.2017	101 635	-	2 462 227	-
3. Other related companies						
	Loans issued	31.12.2016	188 500	-	-	-
		31.12.2017	-	-	-	-
	Services, material supplies, sale of materials	31.12.2016	28 184	82 790	-	605
		31.12.2017	8 185	51 780	7 698	4 055
	TOTAL	31.12.2016	216 684	82 790	-	605
	TOTAL	31.12.2017	8 185	51 780	7 698	4 055

**5. Dividends paid and proposed**

During the reporting 12m 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.

**7. Definitions of Alternative Performance Measures**

EBITDA: Operating profit + Depreciation and Amortization

EBITDA margin: EBITDA/ Net turnover