



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

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED DECEMBER 31, 2019**

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

Riga, 2020

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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 December 31, 2019	SIA Macro Rīga (34.03%) ZGI-4 AIF KS (15.06%) SWEDBANK AS CLIENTS ACCOUNT (14.17%) KS BaltCap Latvia Venture Capital Fund (9.95%) KS FlyCap Investment Fund I AIF (9.61%) IPAS CBL Asset Management managed funds (6.56%) Swedbank Ieguldījumu Pārvaldes Sabiedrība AS managed funds (5.10%)
Subsidiaries	SIA HansaMatrix Ventspils (equity interest: 100%) SIA HansaMatrix Innovation (equity interest: 100%) SIA HansaMatrix Pārogre (equity interest: 100%) SIA Zinātnes Parks (equity interest: 74.67%)
Auditors	SIA Ernst & Young Baltic Licence No. 17 Dāna Krišjāne Latvian Certified Auditor Certificate No. 124
Financial year	1st January – 31st December 2019
Interim reporting period	1st January – 31st December 2019

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 two persons consisting of Chairman of the Board and one Board Member.



Ilmārs Osmanis

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

Positions held in other companies:

- HansaMatrix 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
- Eurolcds, SIA - Member of the Board

Owned shares:

- directly: 0
- indirectly (through SIA, Macro Rīga): 622 503 shares

Participation in other companies:

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

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

**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
- Latvijas Skvoša federācija, Biedrība – Chairman of the Management Board
- FTG SIA – Member of the Board

Owned shares: 300

Owned employee share options: 1300 (as of February 16, 2020)

Participation in other companies:

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

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.

Changes to the Company's Management Board:

On December 04, 2019 Mr. Aldis Cimoška resigned as HansaMatrix Management Board Member.

October 29, 2019 extraordinary shareholder meeting of HansaMatrix approve the consolidated version of the Articles of Association of the Company that include the amendment that the Board of Directors consists of 5 (five) members – the Chairman of the Board of Directors and four Members of the Board of Directors. The additional Management Board Members have not been appointed yet.

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: 29 October 2019

Term of office: 28 October 2024

Owned shares: 0

Andris Bērziņš will be regarded as independent board member.

Positions held in other companies:

- RĪGAS EVANĢĒLISKĀ DRAUDZE – Chairman 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
- Nordigen Solutions, SIA – Member of the Board

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.

Ivars Ķirsons

Ivars Ķirsons is the Deputy Chairman of the Supervisory Board of the Company.

Date appointed: 29 October 2019

Term of office: 28 October 2024

Owned shares: 0

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

Positions held in other companies:

- Baltic Dairy Board, SIA – Chairman of the Council
- Mobilly, SIA - Member of Council
- ZGI Capital, SIA - Member of the Board

Participation in other companies:

- ZGI Real Estate, SIA (19.50%)
- ZGI Capital, SIA (25.00 %)
- ZGI REAL ESTATE T15, Komandītsabiedrība (investment 44 565.79 EUR)
- KALTIŅI, Namīpašnieku biedrība (6.25%)

Since 2006 Ivars Ķirsons has been founder and partner of ZGI Capital, one of the most experienced venture capital fund managers in the Baltics. Currently he is also a member of the Supervisory Council of fund ZGI-3 Portfolio Company Mobilly. Ivars has been the First Deputy Chairman and Chief Financial Officer of Latvijas Unibanka (now SEB bank), Chairman of the Supervisory Council of the Riga Stock Exchange, member of the Supervisory Board of the Latvian Chamber of Commerce and has and held several other financial sector related positions.

Ingrīda Blūma

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

Date appointed: 29 October 2019

Term of office: 28 October 2024

Positions held in other companies:

- RĪGAS PIENA KOMBINĀTS, Akciju sabiedrība – Council Member
- i-bloom, SIA – Member of the Board
- PN Project, 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.

Dagnis Dreimanis

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

Date appointed: 29 October 2019

Term of office: 28 October 2024

Owned shares: 0

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

Positions held in other companies:

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

Participation in other companies:

- DD Ventures SIA (100%)
- 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.

Gundars Strautmanis

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

Date appointed: 29 October 2019

Term of office: 28 October 2024

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.

Changes to the Company's Supervisory Board:

On October 29, 2019 extraordinary shareholder meeting of HansaMatrix, in addition to the existing Supervisory Council members Andris Bērziņš, Ingrida Blūma, Dagnis Dreimanis and Gundars Strautmanis, elected new Supervisory Council member Ivars Ķirsons, simultaneously Krišs Osmaniis left the Supervisory Board position. This decision shall take effect as of the date of its adoption.

Major shareholders

AS HansaMatrix major shareholders as of December 31, 2019 (end of the day):

Major shareholders (over 5%)	Owned shares	Ownership interest
SIA Macro Rīga	622 503	34.03%
ZGI-4 AIF KS	275 562	15.06%
SWEDBANK AS CLIENTS ACCOUNT	259 142	14.17%
KS BaltCap Latvia Venture Capital Fund	182 000	9.95%
KS FlyCap Investment Fund I AIF	175 738	9.61%
IPAS CBL Asset Management managed funds	120 000	6.56%
Swedbank Ieguldījumu pārvaldes sabiedrība AS managed funds	93 369	5.1%
Other shareholders (under 5%)	101 067	5.52%
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 sectors. HansaMatrix is actively growing its knowledge business, product development engineering teams and building knowledge platform for future innovation and business development. Building on its 19-year experience and its business mission, which is to develop global technology products, the Company makes itself a valuable asset assisting customers in the achievement of success in global markets.

Business environment

Globally electronics manufacturing services markets currently been affected not only by ongoing USA and China “trade war” but even more affected by started in China coronavirus epidemic. COVID-19 outbreak has paralyzed life in one of the largest China provinces and substantially affected restarting of manufacturing operation after Chinese New Year in companies located in other regions. Additionally to extend by 1 week holiday period there are new problem – non sufficient number of workers that came back to work after holiday. Situation is not stable and can change any time.

Positive development of 5G networks generally is beneficial factor to business environment. In 2019 Q4 HansaMatrix continued to supply electronic circuits for 5G network base stations. The same time decreased investment activity and related reduction in equipment orders has been observed in relation to Brexit process in the UK.

Local labor market development in Latvia show faster than expected salary inflation. 2018 year y-o-y salary inflation reached 8.4% and consensus forecast for 2019 among bank analysts was indicated at 7...8% level, what actually was achieved. This remains currently a most significant cost increase driver.

Finance results brief summary

During the fourth quarter (Q4 further in document) of 2019 the Company reported turnover of 5.928 million EUR, representing increase by 17% in comparison to the same period of 2018. The 2019 Q4 sales results showed 3% sales volume decrease in comparison with previous quarter – 2019 Q3.

During 12 months (“12m” further in the document) of 2019 the Company reported sales volume increase by 13% compared to the same period of 2018 and reached 23.927 million EUR.

During 2019 Q4 the Company reported quarterly EBITDA result of 0.556 million EUR and net profit result of 0.081 million EUR. The reported EBITDA result shows 8% increase in comparison with Q4 2018 and 41% decrease compared to previous quarter of 2019 Q3. The reported net profit is improvement compared to Q4 2018 and Q3 2019 which both were finished with small net losses. Results represent quarterly EBITDA margin of 9.38% and quarterly net profit margin of 1.37%.

EBITDA margin in 2019 Q4 was negatively influenced by holiday season in December and also by SIA Zinātnes parks financial result from April 29, 2019 to December 31, 2019 consolidation into HansaMatrix consolidated financial statements, decreasing HansaMatrix EBITDA in 2019 Q4 by 0.08 million EUR.

During 12 months of 2019 the Company reported EBITDA result of 3.574 million EUR and 12m net profit result of 0.199 million EUR. The reported EBITDA result shows 8% increase in comparison with 2018 12m. The 12 month net profit results for 2019 demonstrate 77% decrease in comparison with 2018 12m. Results represent 12 month EBITDA margin of 14.9% and 12 month net profit margin of 0.8%.

EBITDA margin in 2019 12m remains at comparably high level, determined by product with higher added value proportion in the total sales volume.

Net profit margin exhibits decreasing trend, explained by the increased capital equipment depreciation due to recent sizeable investments, interest payments, where interest payment provisions for European Investment Bank financing is included and explained by the increased share of losses included in the consolidated financial statements from the associate companies due to increased ownership.

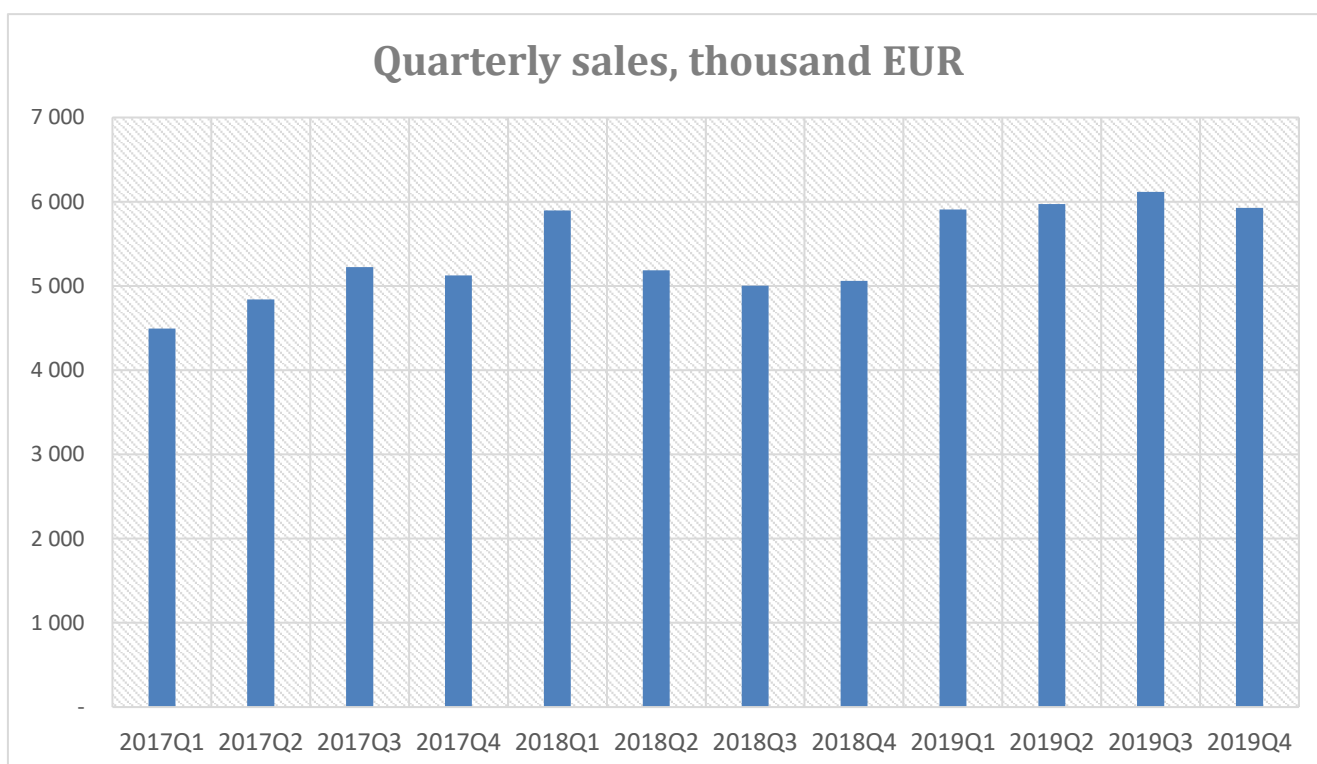
Both EBITDA and net profit margins in 2019 were also influenced by significant direct manufacturing labor wage increases.

2019 Q4 R&D turnover increased by 15% compared with 2018 Q4 R&D turnover and increased by 59% compared to the previous quarter Q3 2019 turnover, and is accounting for 13.2% share of Company's consolidated sales in 2019 Q4. R&D grant income has not been included in reported R&D sales figures. Substantial increase in R&D sales volumes in 2019 Q4 is explained by R&D manufacturing department increasing production of high-tech optical devices and by working on several other R&D projects.

TTM - 12 month period sales (period starting in January 1, 2019 and ending with December 31, 2019) at 2019 Q4 reported to be at historically highest level of 23.927 million EUR, showing 3.76% increase compared to TTM sales for the period ended at 2019 Q3. EBITDA result for the TTM 12 month period reported to be 3.574 million EUR, an increase of 1.10% in comparison with 12 month period ended at 2019 Q3. Net profit for TTM period reported in amount of 0.199 million EUR. Averaged EBITDA margin for TTM period is reported 15.3% and net profit margin 0.8%.

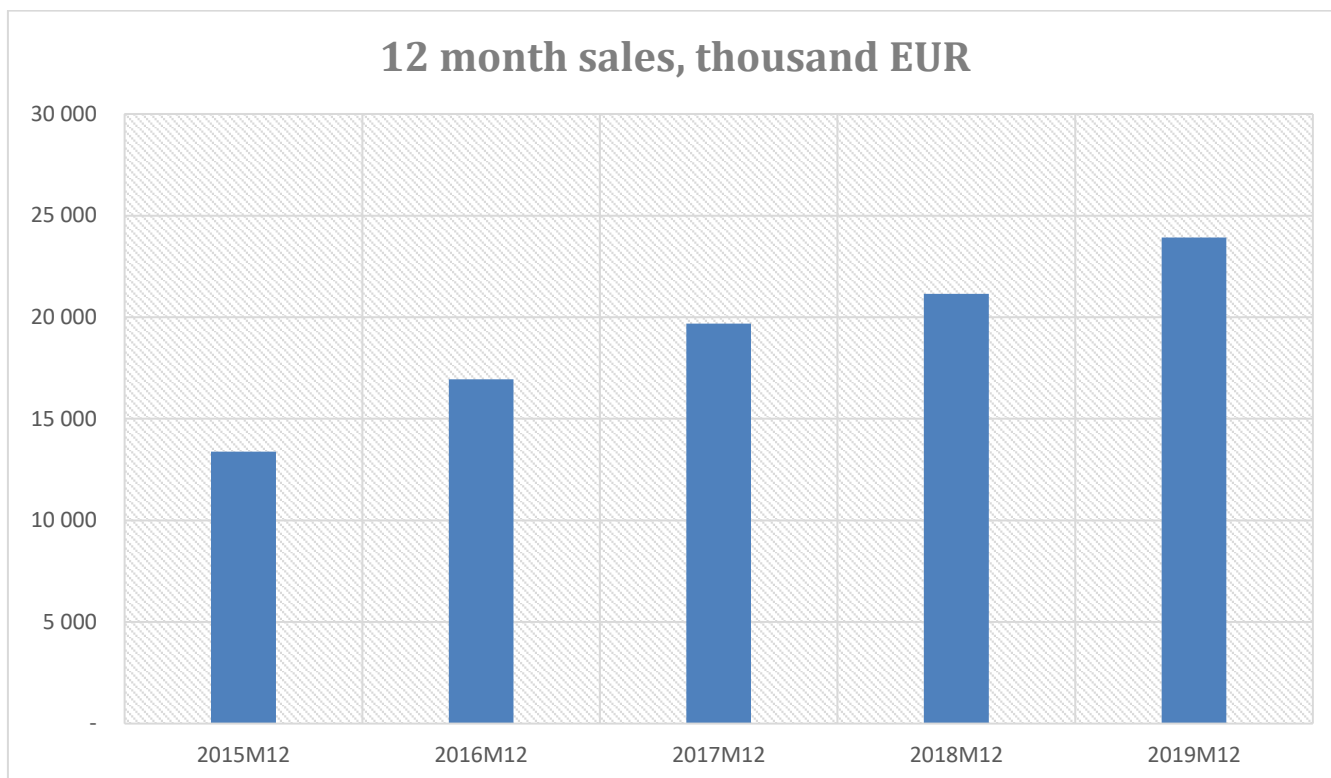
Quarterly sales results for 2019 Q4

During Q4 of 2019 the Company reported turnover of 5.928 million EUR, representing increase by 17% in comparison to the same period of 2018. The 2019 Q4 sales results showed 3% sales volume decrease in comparison with previous quarter – 2019 Q3. 2019 fourth quarter sales increased on year on year basis and is a result of the Company growth strategy execution.



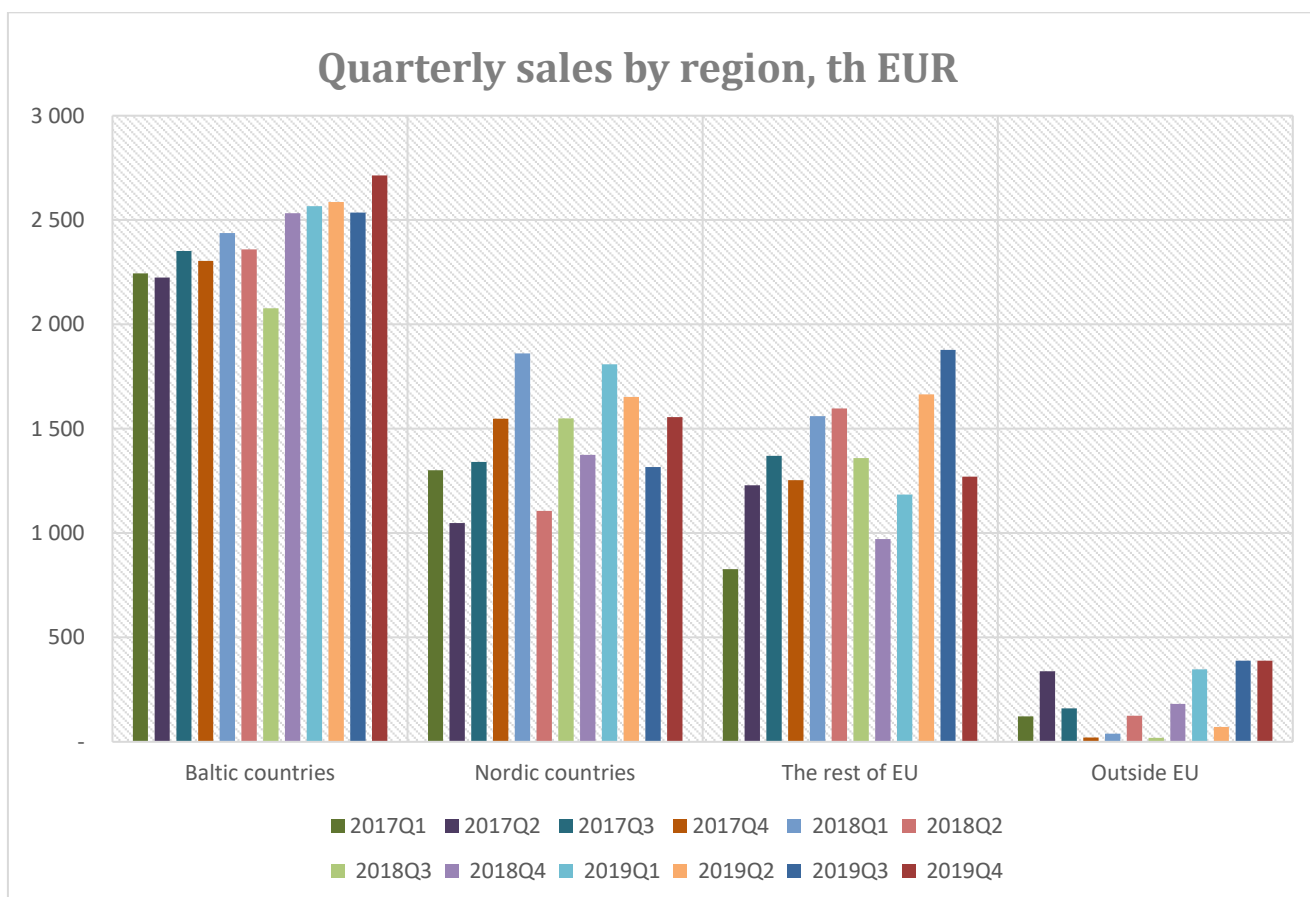
2019 12 month sales results

During 12 months of 2019 the Company reported sales volume increased by 13% compared to the same period of 2018 and reached 23.927 million EUR. 2019 12m results and the achieved y-o-y growth level reflect the firm commitment of the Company to execute its growth strategy.

**Quarterly sales by market region results for 2019 Q4**

During 2019 Q4 Baltic states continue to be the largest market region with 46% share of turnover. Nordic and other EU sales respectively reported 26% and 21% of total sales. HansaMatrix during 2019 Q4 continued to deliver small amounts to customer locations outside EU. This market share in 2019 Q4 amounts to 7% of the total sales volume.

Sales dynamics of regions – Baltic sales were 7% up compared to 2018 Q4 and also 7% up compared to 2019 Q3; Nordic sales were 13% up from 2018 Q4 and 18% up in comparison with 2019 Q3. Other EU region sales reported 31% increase from 2018 Q4 but 32% decrease from 2019 Q3. Outside EU deliveries decreased by 113% from 2018 Q4 and were at the same level as compared to 2019 Q3. Significant quarterly sales fluctuations in different regions are explained by the customer order flow that can exhibit quarterly fluctuations, smoothing out in medium and long term.

**Data table - Quarterly sales by region, thEUR**

Sales, thEUR	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3
Baltic countries	2 244	2 224	2 351	2 305	2 438	2 359	2 078
Nordic countries	1 302	1 048	1 341	1 548	1 861	1 106	1 549
The rest of EU	827	1 229	1 370	1 253	1 560	1 597	1 360
Outside EU	121	339	161	20	39	124	19
Total	4 494	4 839	5 222	5 126	5 898	5 188	5 005

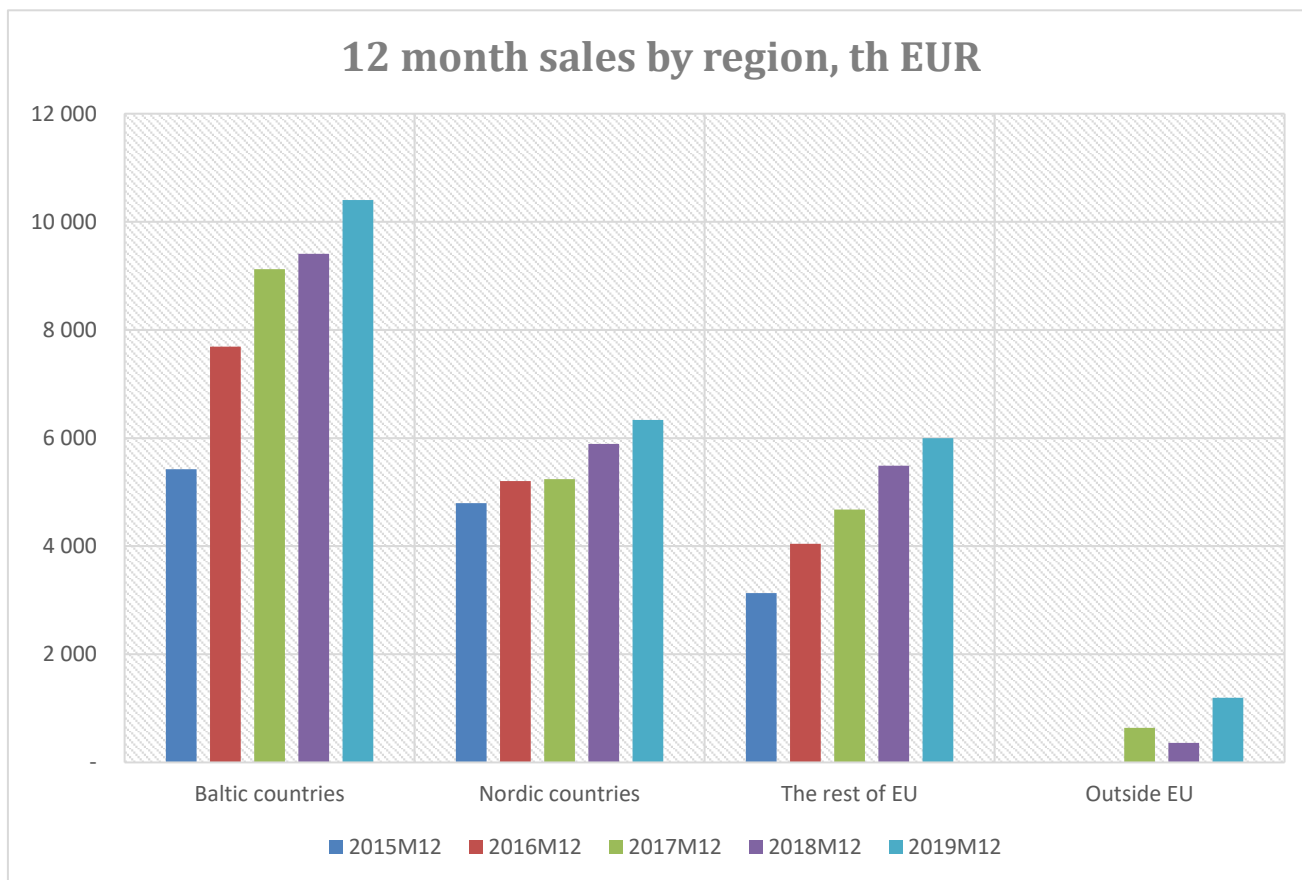
2018Q4	2019Q1	2019Q2	2019Q3	2019Q4
2 533	2 566	2 586	2 536	2 714
1 375	1 809	1 652	1 317	1 556
971	1 184	1 665	1 877	1 270
182	348	71	389	388
5 061	5 908	5 973	6 118	5 928

2019 12 month sales by region results

During 2019 12m main sales drivers continue to be Baltic customers with 43% market share of sales. Nordic and other EU sales reported as 26% and 25% of total sales. Product deliveries to customer locations outside EU amounted to 5% of total sales in 2019 12m.

Sales dynamics of regions – Baltic sales were 11% up from 2018 12m; Nordic sales were 8% up from 2018 12m. Other EU sales were reported with 9% volume increase from 2018 12m. Outside EU sales exhibited substantial 229% year on year growth, explained by sales volume growth with new customers, including commencing of deliveries to the industrial segment corporate customer with location outside EU; the conclusion of contract with this customer in amount of 3 million USD to

supply high complexity electronic assemblies over period of years 2019-2020 was reported publicly by the Company on October 31, 2018.

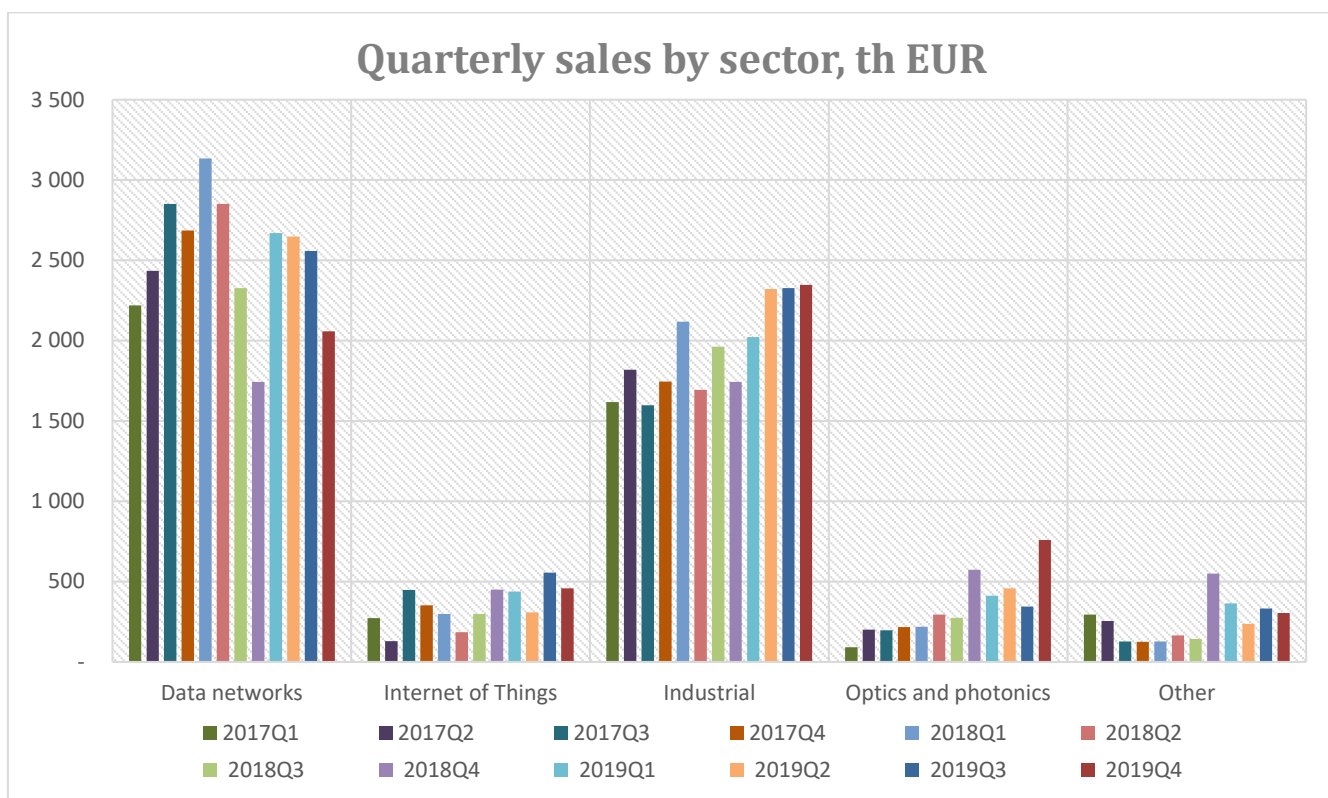


Quarterly sales by market sector results for 2019 Q4

During 2019 Q4 data network product sales and industrial product sales were dominating sales drivers respectively with 35% and 40% sales market share. Internet-of-things sales amounted to 8%, other products 5% and optics and photonics products reported with 13% share.

2019 Q4 data network product sales show increase by 18%; industrial sector product sales – increase by 35%; internet-of-things – increase by 2%, optics and photonics products sales – increase by 32% and other product sector – decrease by 44% in comparison with 2018 Q4. Comparison with sales results with previous - 2019 Q3 demonstrates 20% decrease in data networks; 1% increase in industrial sector; decrease of 17% in internet of things products; 120% increase in optics and photonics products and 8% decrease in other product sector.

Sector sales quarterly fluctuations are explained by the customer order flow that can exhibit significant quarterly fluctuations, sectors sales trends are to be observed in the longer-term periods. Optics and photonics product sales have increased related to focused R&D and manufacturing activities in this market sector. Internet of things product sector has large future potential, however currently a significant number of projects in this sector globally are still in start-up phase.



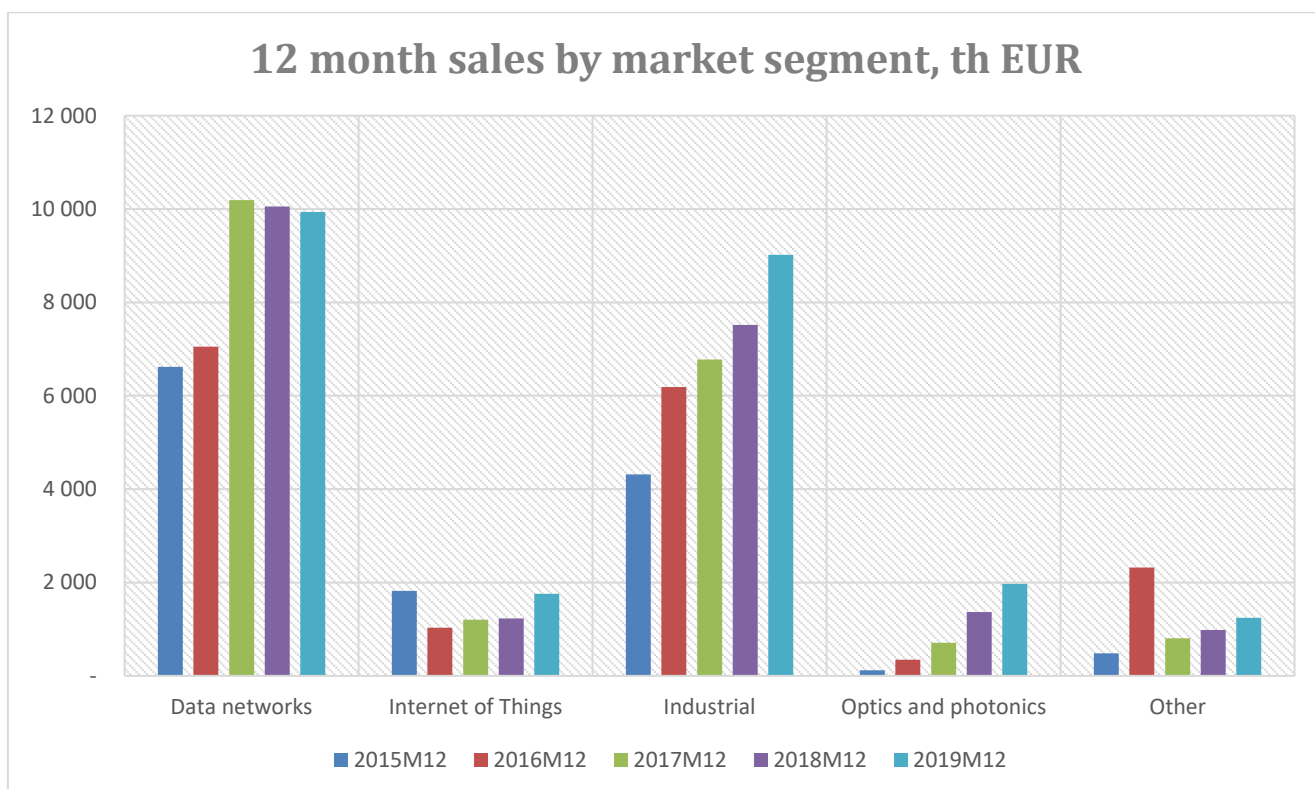
Data table - quarterly sales by market sector results for 2019 Q4

Sales, thEUR	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3
Data networks	2 220	2 434	2 852	2 685	3 134	2 851	2 327
Internet of Things	272	129	449	353	299	185	298
Industrial	1 617	1 820	1 597	1 746	2 118	1 693	1 962
Optics and photonics	91	201	197	218	220	294	276
Other	295	256	128	124	127	165	142
Total	4 494	4 839	5 222	5 126	5 898	5 188	5 005

2018Q4	2019Q1	2019Q2	2019Q3	2019Q4
1 737	2 670	2 646	2 559	2 059
450	439	309	555	458
1 744	2 022	2 321	2 327	2 347
575	412	457	344	759
556	364	240	333	305
5 061	5 908	5 973	6 118	5 928

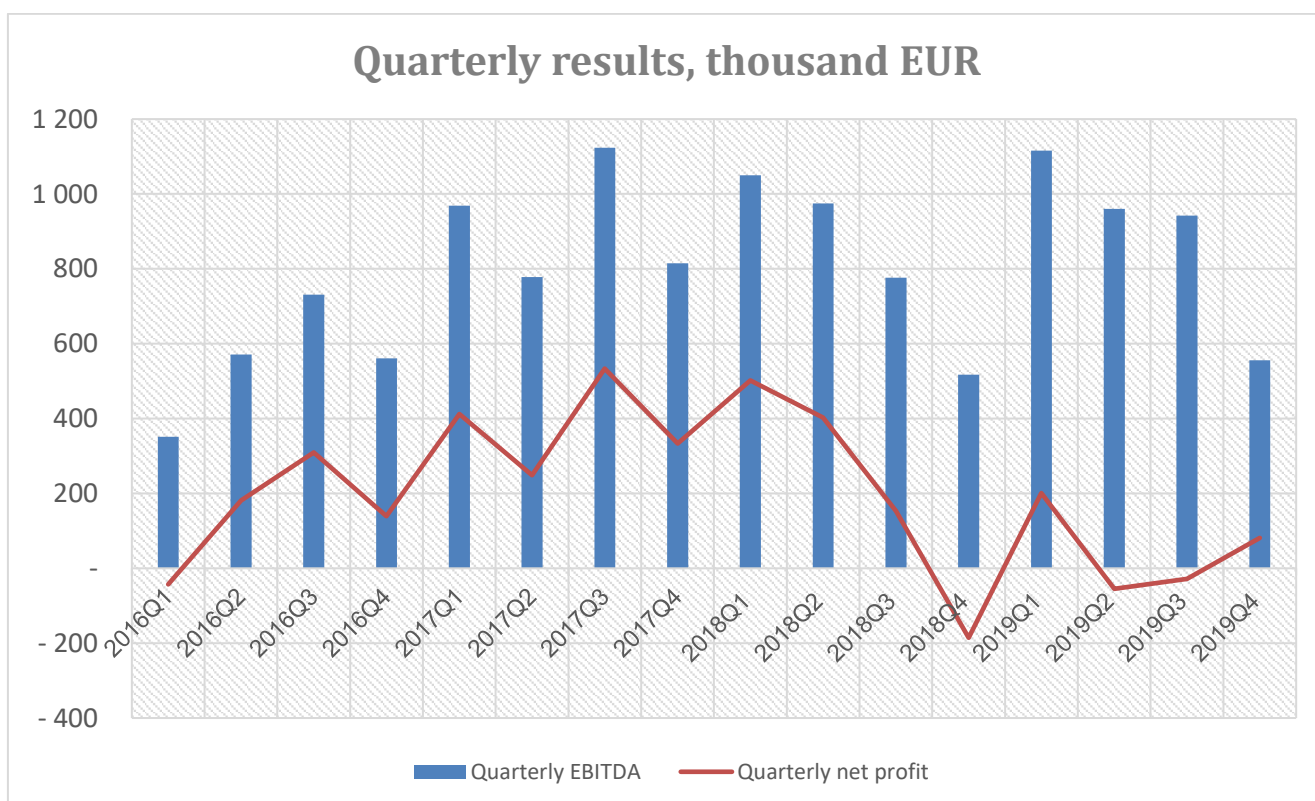
2019 12 month sales by market sector results

During 2019 12m main sales contributors continue to be data network products with 42% sales share, followed by industrial product sales with 38% share in turnover. Internet of things product share in sales was 7%, optics and photonics products – 8% and other product share – 5%. Sales dynamics of market segments – data network sales were 1% down from 2018 12m; industrial product sales were 20% up from 2018 12m; optics and photonics product sales were 45% up from 2018 12m. Internet of things product sales were 43% up from 2018 12m, other product sales reported 26% increase from 2018 12m.



Quarterly EBITDA and net profit results in 2019 Q4

During 2019 Q4 the Company reported quarterly EBITDA result of 0.556 million EUR and quarterly net profit of 0.081 million EUR. The reported EBITDA result shows 8% increase in comparison with Q4 2018 and 41% decrease compared to previous quarter of 2019 Q3. The reported net profit is improvement compared to Q4 2018 and Q3 2019 which both were finished with small net losses. Results represent quarterly EBITDA margin of 9.38% and quarterly net profit margin of 1.37%.



EBITDA margin in 2019 Q4 was negatively influenced by holiday season in December and also by SIA Zinātnes parks financial result from April 29, 2019 to December 31, 2019 consolidation into HansaMatrix consolidated financial statements, decreasing HansaMatrix EBITDA in 2019 Q4 by 0.08 million EUR.

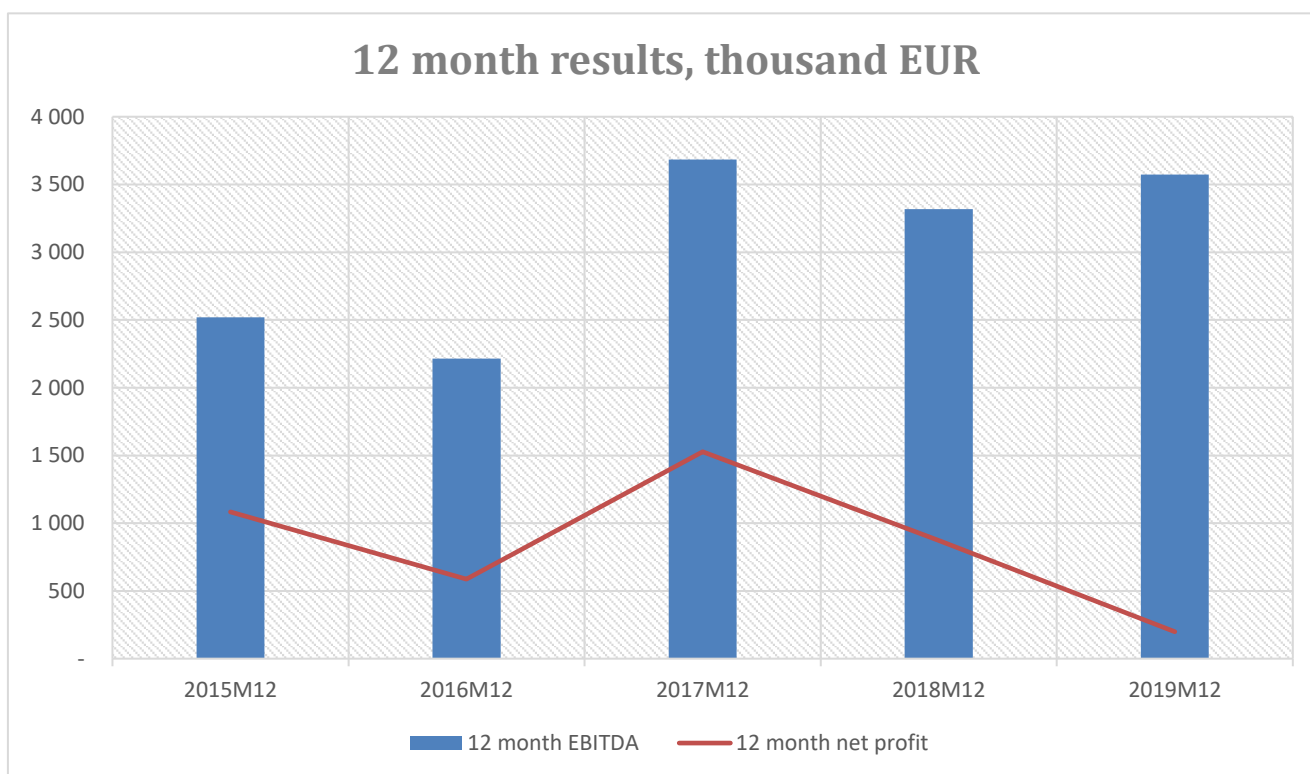
2019 12 month EBITDA and net profit results

During 12 months of 2019 ("12m") the Company reported EBITDA result of 3.574 million EUR and 12m net profit result of 0.199 million EUR. The reported EBITDA result shows 8% increase in comparison with 2018 12m. The 12 month net profit results for 2019 demonstrate 77% decrease in comparison with 2018 12m. Results represent 12 month EBITDA margin of 14.9% and 12 month net profit margin of 0.8%.

Comparably high level of 12 month result EBITDA margin to large extent can be explained by the increased market demand for higher margin products that have been manufactured and sold during 2019 12m as well as increasing utilization of recently invested new production capacities in production fulfilment.

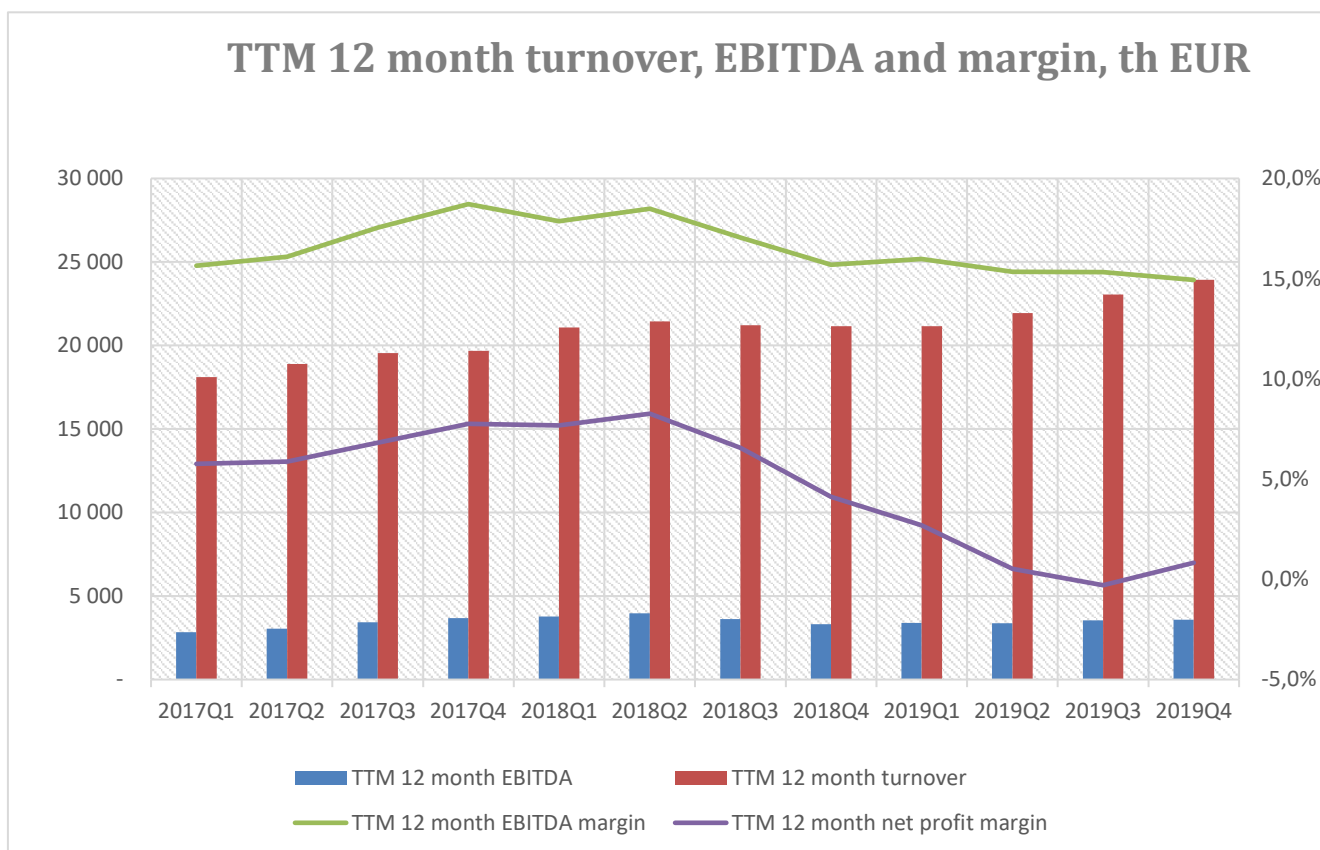
Net profit margin exhibits decreasing trend, explained by the increased capital equipment depreciation, interest payments, where interest payment provisions for European Investment Bank financing is included and explained by the increased share of losses included in the consolidated financial statements from the associate companies due to increased ownership.

Both EBITDA and net profit margins in 2019 were also influenced by significant direct manufacturing labor wage increases.



TTM (trailing twelve months) turnover, EBITDA and margin results in 2019 Q4

TTM - 12 month period sales (period starting in January 1, 2019 and ending with December 31, 2019) at 2019 Q4 reported to be at historically highest level of 23.927 million EUR, showing 3.76% increase compared to TTM sales for the period ended at 2019 Q3. EBITDA result for the TTM 12 month period reported to be 3.574 million EUR, an increase of 1.10% in comparison with 12 month period ended at 2019 Q3. Net profit for TTM period reported in amount of 0.199 million EUR. Averaged EBITDA margin for TTM period is reported 15.3% and net profit margin 0.8%.



Summary of financial indicators for Q4 and 12 months of 2019

The comparison of financial indicators for the periods of 2019 Q4 and 2018 12 months with the respective periods of 2018 are reported in the following exhibits:

Financial indicators for period	2019Q4	2018Q4	% to previous period
Sales, thousand EUR	5 928	5 061	17%
EBITDA, thousand EUR	556	517	8%
Net profit, thousand EUR	81	-185	
EBITDA margin	9.4%	10.2%	
Net profit margin	1.4%	-3.7%	
EPS, EUR	0.04	-0.10	

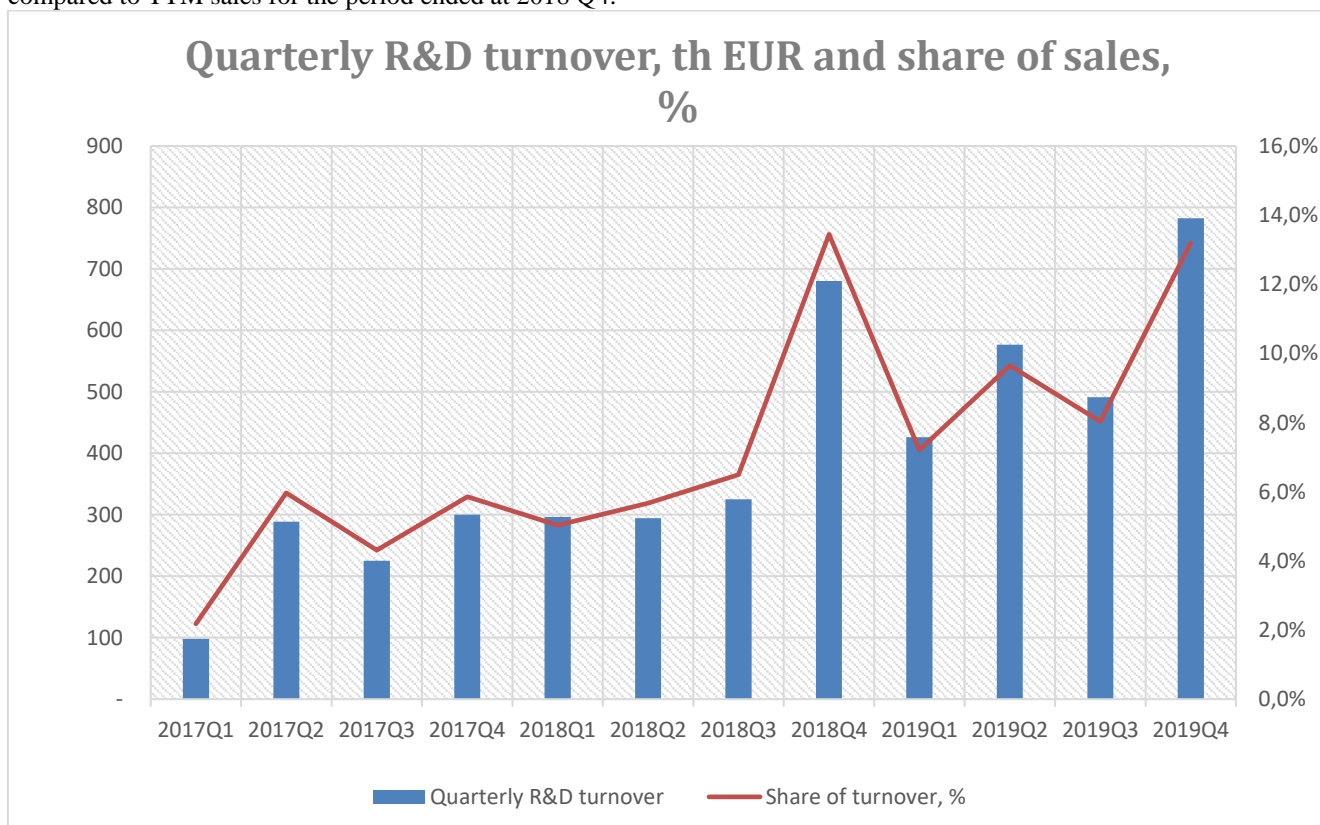
Financial indicators for period	2019 12m	2018 12m	% to previous period
Sales, thousand EUR	23 927	21 152	13%
EBITDA, thousand EUR	3 574	3 318	8%
Net profit, thousand EUR	199	872	-77%
EBITDA margin	14.9%	15.7%	
Net profit margin	0.8%	4.1%	
EPS, EUR	0.11	0.48	

Research and development

2019 Q4 R&D turnover increased by 15% compared with 2018 Q4 R&D turnover and increased by 59% compared to the previous quarter Q3 2019 turnover, and is accounting for 13.2% share of Company's consolidated sales in 2019 Q4. R&D grant income has not been included in reported R&D sales figures.

Increase in R&D sales volumes in 2019 Q4 is explained by R&D manufacturing department increasing production of high-tech optical devices and by working on several other R&D projects.

TTM - 12 month period sales (period starting in January 1, 2019 and ending with December 31, 2019) at 2019 Q4 reported to be 2.277 million EUR, showing 5% increase compared to TTM sales for the period ended at 2019 Q3 and 43% increase compared to TTM sales for the period ended at 2018 Q4.



Data table - quarterly R&D turnover for 2019 Q4

Quarterly R&D turnover, thEUR	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2
Quarterly R&D turnover	98	289	225	300	297	294

2018Q3	2018Q4	2019Q1	2019Q2	2019Q3	2019Q4
325	680	426	577	492	782

HansaMatrix Innovation has started realization of Ministry of Education and Science managed applied research project: Project 1.1.1.18/A/179 "Development of a compact, high-brightness laser image projection system for application in volumetric 3D displays". The project shall be carried out in cooperation with a partner Lightspace Technologies SIA and University of Latvia. The duration of the project is 24 months, starting on April 1st, 2019. The total planned cost of the project is 817 thousand EUR, consisting of 553 thousand EUR (67.7%) public ERDF funding and 237 thousand EUR (29%) private funding.

Investment activities

During 2019 Q4 HansaMatrix made 946 473 EUR investments and during 2019 12m 3 301 607 EUR investments in production capacity increase, research instruments, test systems and development of new products.

In the reporting period HansaMatrix continued to carry out investments in the technological equipment and continued the realization of European Regional Development Fund (ERDF) funding project “Development of experimental production of 3D volumetric imaging equipment and its components” under ERDF “Operational Program “Growth and Jobs” 1.2.1 Specific Support Objective “Increase Private Investment in R&D” measure 1.2.1.4. “Support for Introduction of New Products in Production”. Total and ERDF funding eligible costs of the aforementioned project amount to 2 899 000 EUR, with the planned ERDF funding 1 014 650 EUR, or 35% of the eligible project costs.

Investment activities in associated companies

In Q4 of 2019, HansaMatrix made investments in a form of convertible loan into SIA Lightspace Technologies in the amount of 369 871 EUR. In 12m of 2019 the aggregate HansaMatrix investments into SIA Lightspace Technologies amounted to the aggregate of 3 508 823 EUR, out of which 2 007 323 EUR in a form of convertible loan and 1 501 500 EUR in a form of equity investment (carrying out the convertible loan conversion as of September 30, 2019).

At the end of the reporting period, the total HansaMatrix investment in SIA Lightspace Technologies amounted to 8 171 335 EUR, consisting of convertible loan in amount of 4 461 446 EUR and paid up capital in amount of 3 709 889 EUR.

During Q4 2019 HansaMatrix has provided additional 97 000 EUR funds in form of convertible loan to associated company – SIA Zinātnes parks, for land plot rental payments to VAS Starptautiskā lidosta Rīga, construction technical project development for new high-tech industrial site RIX Hi Tech City at Riga airport area and for loan repayments to AS SEB banka. In 12m of 2019 the aggregate HansaMatrix investments into SIA Zinatnes parks amounted to 415 000 EUR in a form of convertible loan and paid up capital. At the end of the reporting period, the total HansaMatrix investment amounted to 1 624 660 EUR, consisting of convertible loan in amount of 823 700 EUR and paid up capital 800 960 EUR.

Business development overview of associated company - LightSpace Technologies

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

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

During and after show IG1000 was demonstrated to top experts from Amazon, Apple, Lenovo, Microsoft Hololense team, Volkswagen, Philips Healthcare, Carl Zeiss. Team were continuously hearing feedback and benchmarking from all of these top experts that our product provides the best image that they have so far seen in AR. Generally LightSpace team appears are ahead in understanding how to build best near eye displays in comparison to many other AR display and headset teams.

New multifocal near eye display technology has been supplied and testing started by Tier1 head mount AR VR display companies such as Microsoft, Intel, Facebook, Adobe, HTC, Amazon and others. One of Tier1 global display manufacturers has chosen LightSpace technology to develop its new media 3D image displays.

LightSpace has set IG1000 on the commercialization path and planning to complete product design and industrialization by end of 2020 and start manufacturing at the beginning of 2021.

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



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

LightSpace Technology holds 3 global patents and has during last 24 months submitted 15 new patent applications (3 at this moment has been confirmed).

SIA LightSpace Technologies fully (100%) owns LightSpace Technologies Inc., Delaware (USA) Company and controlling majority of EUROLCDs, SIA shares (76%).

SIA Lightspace Technologies consolidated *) profit loss statement, EUR

	2019	2018
	EUR	EUR
Net turnover	658 035	392 480
Cost of sales	(1 641 189)	(1 125 308)
Gross profit / (loss)	(983 154)	(732 828)
Distribution costs	(543 832)	(205 846)
Administrative expense	(365 217)	(148 691)
Other operating income	295 717	9 405
Other operating expense	(10 402)	(44 328)
Operating profit	(1 606 889)	(1 122 288)
Interest expenses	(476)	(2 208)
Profit / (loss) before tax	(1 607 365)	(1 124 496)
Corporate income tax	(806)	(422)
Net profit / (loss) for the period	(1 608 171)	(1 124 918)
Profit attributable to:		
Equity holders of the Parent Company	(1 502 280)	(878 779)
Non-controlling interest	(105 892)	(246 139)
	(1 608 171)	(1 124 918)

SIA Lightspace Technologies consolidated *) balance sheet, EUR

ASSETS	31.12.2019.	31.12.2018.
	EUR	EUR
NON-CURRENT ASSETS		
Property, plant, equipment and other intangible assets	7 223 307	5 551 825
TOTAL NON-CURRENT ASSETS	7 223 307	5 551 825
CURRENT ASSETS		
Inventory	445 328	179 585
Receivables	1 021 936	458 313
Cash and cash equivalents	50 191	85 654
TOTAL CURRENT ASSETS	1 517 455	723 552
TOTAL ASSETS	8 740 762	6 275 377
EQUITY AND LIABILITIES	31.12.2019.	31.12.2018.
	EUR	EUR
EQUITY		
Share capital	16 601	13 871
Share premium	5 025 712	3 526 942
Other reserves	2 585	2 776
Retained earnings/ (accumulated deficit)	(2 934 758)	(1 432 479)
Non-controlling interest	577 970	683 862
TOTAL EQUITY	2 688 110	2 794 972
LIABILITIES		
Non-current and current liabilities	6 052 652	3 480 405
TOTAL LIABILITIES	6 052 652	3 480 405
TOTAL EQUITY AND LIABILITIES	8 740 762	6 275 377

*) Consolidated 100% SIA LightSpace Technologies, 100% LightSpace Technologies Inc. and 76.12% SIA Euroldcs

Business development overview of associated company – SIA Zinātnes Parks

In the reporting period SIA Zinātnes Parks has invested 115.1 thousand EUR in construction technical project development. As at the end of the reporting period, the total investment in development of the hi-tech industrial park RIX Hi Tech City amounts to 1.808 million EUR.

SIA Zinātnes Parks profit loss statement, EUR

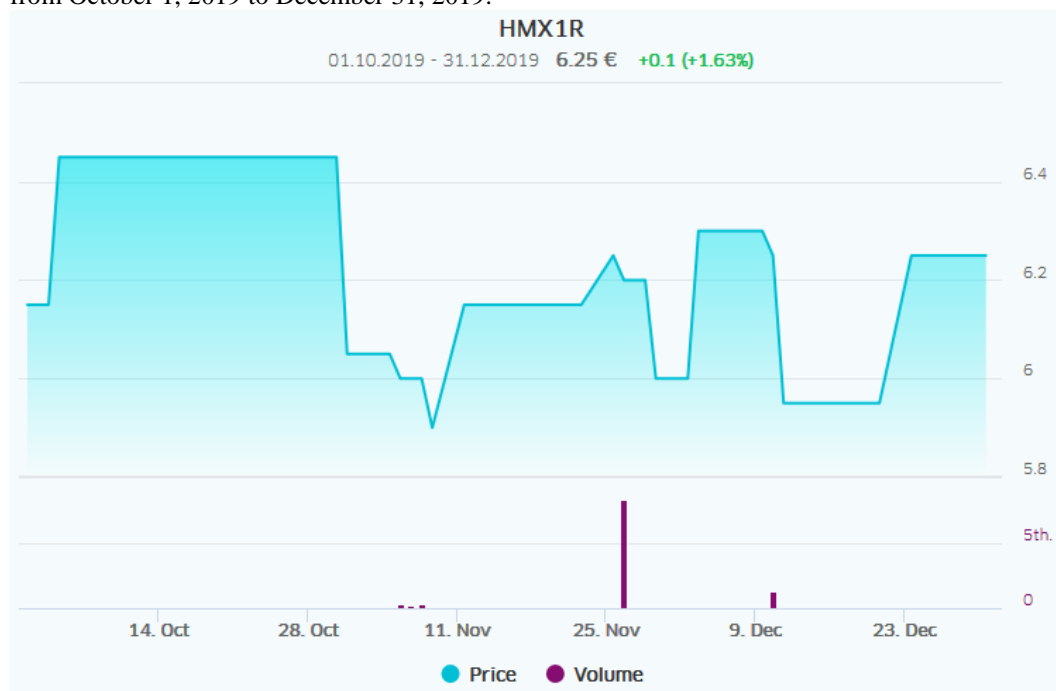
	2019 EUR	2018 EUR
Net turnover	-	-
Cost of sales	(87 924)	(85 717)
Gross profit / (loss)	(87 924)	(85 717)
Administrative expense	(23 012)	(7 437)
Other operating expense	(362)	(691)
Operating profit	(111 298)	(93 845)
Interest and similar expense	(2 040)	(5 305)
Profit / (loss) before tax	(113 338)	(99 150)
Corporate income tax	-	-
Net profit / (loss) for the period	(113 338)	(99 150)

SIA Zinātnes Parks balance sheet, EUR

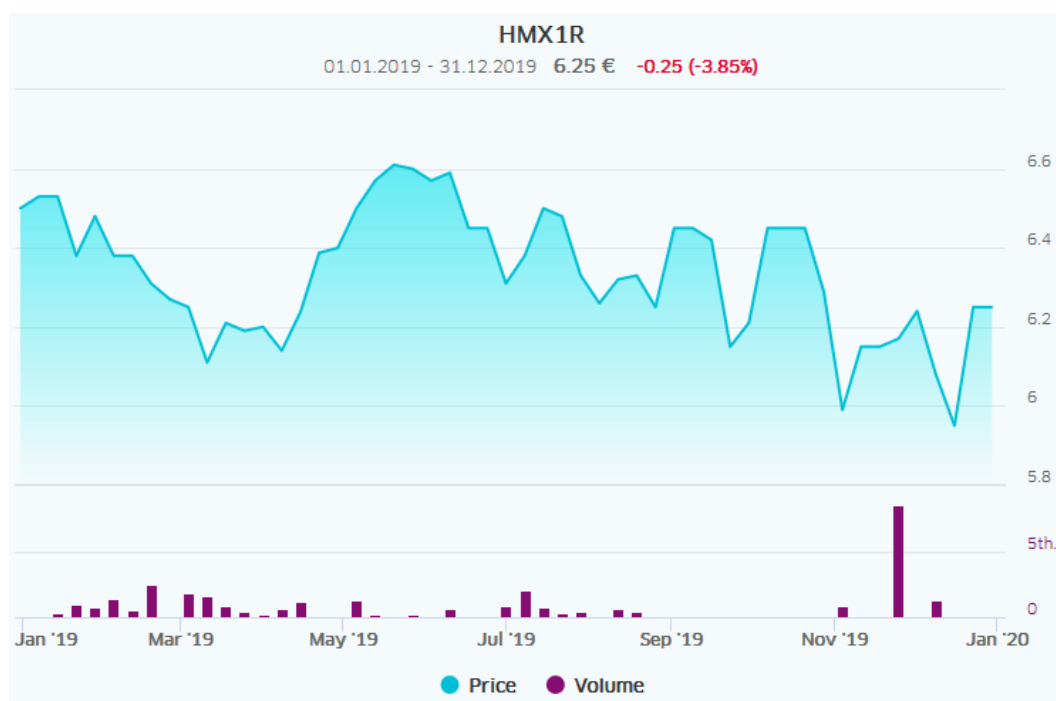
ASSETS	31.12.2019. EUR	31.12.2018. EUR
NON-CURRENT ASSETS		
Construction in progress	1 808 070	1 692 949
Non-current financial assets	6 690	6 690
TOTAL NON-CURRENT ASSETS	1 814 760	1 699 639
CURRENT ASSETS		
Receivables	14 205	6 915
Cash and cash equivalents	2 089	3 099
TOTAL CURRENT ASSETS	16 294	10 014
TOTAL ASSETS	1 831 054	1 709 653
EQUITY AND LIABILITIES	31.12.2019. EUR	31.12.2018. EUR
EQUITY		
Share capital	12 000	4 000
Share premium	792 000	-
Retained earnings/ (accumulated deficit)	(426 184)	(312 845)
TOTAL EQUITY	377 816	(308 845)
LIABILITIES		
Non-current and current liabilities	1 453 238	2 018 498
TOTAL LIABILITIES	1 453 238	2 018 498
TOTAL EQUITY AND LIABILITIES	1 831 054	1 709 653

Shares and stock market

During 2019 Q4 HansaMatrix (HMX1R) share price increased by 1.63% - see the stock price movement chart for the period from October 1, 2019 to December 31, 2019.



During 2019 12m HansaMatrix (HMX1R) share price slightly decreased - by 3.85% - see the stock price movement chart for the period from January 1, 2019 to December 31, 2019.



Security trading history

Price	2016	2017	2018	2019 12m
Open	6.95	7.95	8.14	6.5
High	8.15	8.83	8.5	6.65
Low	6.95	6.9	6.05	5.93
Last	7.95	8.14	6.5	6.25
Traded volume	19 574	72 941	137 505	32 591
Turnover, million	0.15 EUR	0.51 EUR	0.94 EUR	0.20 EUR
Capitalisation, million	14.54 EUR	14.89 EUR	11.89 EUR	11.43 EUR

In 12m 2019 the highest HansaMatrix (HMX1R) share price observed reached 6.65 EUR per share, lowest 5.93 EUR per share and the total traded share turnover in this period amounted to 0.20 million EUR.

Other significant events in the reporting period

To strengthen the Company management to facilitate and efficiently manage the growing business the extraordinary General Meeting of shareholders on October 29, 2019 approved the amendments to the Articles of Association of the Company that the Board of Directors consists of 5 (five) members – the Chairman of the Board of Directors and four Members of the Board of Directors. The additional Management Board Members have not been appointed yet.

On October 29, 2019 extraordinary shareholder meeting of HansaMatrix, in addition to the existing Supervisory Council members Andris Bērziņš, Ingrida Blūma, Dagnis Dreimanis and Gundars Strautmanis, elected new Supervisory Council member Ivars Ķirsons, simultaneously Krišs Osmanis left the Supervisory Board position. This decision shall take effect as of the date of its adoption.

On October 29, 2019 extraordinary shareholder meeting approved remuneration policy of the Board of Directors and the Supervisory Council. The goal of the remuneration policy is to lay down basic remuneration principles for the Company's Board of Directors and Council members considering, inter alia, remuneration and employment conditions of the Company's staff, thereby facilitating the Company's business strategy, long-term interests and sustainability.

The Management Board of the Company has decided to change the Company's fixed assets depreciation policy with regard to manufacturing equipment and machinery in order to ensure that the residual values of the fixed assets are better matched with the actually observed useful lives and fair values of these fixed assets. The aforementioned changes in fixed asset depreciation policy were applied retrospectively in the financial statements for the year 2019 and have a positive impact on the Company's net profit in 2019 in amount of 345 thEUR.

Aldis Cimoška resigned as HansaMatrix Management Board Member on December 04, 2019.

Significant events after end of reporting period

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

February 20, 2020



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, 2019 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, 2018. 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 20, 2020



Ilmārs Osmanis
Chairman of the Board



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim consolidated statement of comprehensive income

	2019 Q4 EUR	2018 Q4 EUR	2019 12m EUR	2018 12m EUR
Revenue from contracts with customers	5 928 073	5 061 264	23 927 410	21 153 730
Cost of sales	(5 067 151)	(4 502 998)	(20 526 206)	(17 552 479)
Gross profit	860 922	558 266	3 401 204	3 601 251
Distribution costs	(148 845)	(175 555)	(531 237)	(918 396)
Administrative expense	(569 539)	(418 065)	(1 873 014)	(1 734 790)
Other operating income	136 609	72 991	428 598	565 246
Other operating expense	(54 451)	(16 074)	(147 368)	(118 673)
Operating profit	224 696	21 563	1 278 183	1 394 638
Loss from investments in associates	(32 667)	(252 620)	(608 193)	(483 143)
Finance income	2 574	103 022	32 585	46 783
Finance costs	(134 323)	(56 772)	(506 304)	(177 260)
Profit before tax	60 280	(184 807)	196 271	781 018
Corporate income tax	-	(692)	(18 294)	-
Deferred corporate income tax	-	-	-	-
Net profit for the reporting period	60 280	(185 499)	177 977	781 018
Other comprehensive income for the reporting period after tax	-	-	-	-
Total comprehensive income for the year, net of tax	60 280	(185 499)	177 977	781 018
Comprehensive income attributable to:				
Equity holders of the Parent Company	81 145	(185 499)	198 842	781 018
Non-controlling interests	(20 865)	-	(20 865)	-
	60 280	(185 499)	177 977	781 018

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

February 20, 2020

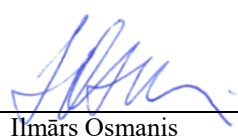
Ilmārs Osmanis
Chairman of the Board

Interim consolidated statement of financial position**ASSETS**

	31.12.2019 EUR	31.12.2018 EUR
NON-CURRENT ASSETS		
Intangible assets		
Goodwill	457 336	-
ODM assets	309 856	16 113
Other intangible assets	501 446	179 814
Total intangible assets	1 268 638	195 927
Property, plant and equipment		
Land and buildings	3 595 233	3 560 905
Equipment and machinery	5 918 502	5 310 730
Other fixtures and fittings, tools and equipment	777 331	649 194
Leasehold improvements	33 546	44 539
Construction in progress	2 193 246	284 160
Rights to use assets	1 514 360	-
Total property, plant and equipment	14 032 218	9 849 528
Non-current financial assets		
Investments in associates	2 494 204	1 675 977
Investments in other companies	37 753	20 333
Other investment loans	4 461 446	3 588 703
Loan to shareholder	540 133	2 502 240
Other financial assets	126 372	123 987
Other non-current receivables	57 574	52 566
Total non-current financial assets	7 717 482	7 963 806
TOTAL NON-CURRENT ASSETS	23 018 338	18 009 261
CURRENT ASSETS		
Inventories		
Raw materials and consumables	3 051 605	2 496 197
Work in progress	1 804 798	1 083 825
Finished goods	100 014	185 187
Total inventories	4 956 417	3 765 209
Receivables and prepayments		
Trade receivables from contracts with customers	1 047 853	857 198
Prepayments for goods	49 815	33 676
Prepaid expense	21 960	50 848
Corporate income tax	690	-
Other receivables	528 631	257 008
Total receivables and prepayments	1 648 949	1 198 730
Cash and cash equivalents	252 829	2 376 781
TOTAL CURRENT ASSETS	6 858 195	7 340 720
TOTAL ASSETS	29 876 533	25 349 981
*Available unused credit line	478 627	EUR
*Available unused factoring limit	1 255 305	EUR

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

February 20, 2020

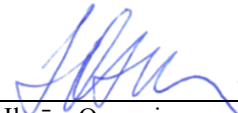

Ilmārs Osmanis
Chairman of the Board

Interim consolidated statement of financial position**PASĪVS**

EQUITY	31.12.2019 EUR	31.12.2018 EUR
Share capital	1 829 381	1 829 381
Share premium	2 435 579	2 435 579
Reserves	688	1 324
Non-current asset revaluation reserve	2 038 647	2 162 339
Retained earnings/ (accumulated loss):		
a) brought forward	2 392 385	1 560 850
b) for the period	198 842	781 018
Equity attributable to equity holders of the parent	8 895 522	8 770 491
Non-controlling interest	95 701	-
TOTAL EQUITY	8 991 223	8 770 491
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	8 163 484	6 503 051
Finance lease liabilities	748 269	662 796
Finance lease liabilities under IFRS 16	967 621	-
Other financial liabilities	1 345 930	1 345 930
Prepayments received from customers	149 845	463 638
Deferred income	1 022 466	403 130
Total non-current liabilities	12 397 615	9 378 545
Current liabilities		
Loans from credit institutions	1 656 288	2 037 520
Finance lease liabilities	277 693	193 046
Finance lease liabilities under IFRS 16	562 171	-
Prepayments received under contracts with customers	1 035 320	689 486
Trade payables	3 721 500	3 090 852
Taxes payable	557 556	564 012
Other liabilities	344 698	206 362
Deferred income	101 846	169 577
Accrued liabilities	230 623	250 090
Total current liabilities	8 487 695	7 200 945
TOTAL LIABILITIES	20 885 310	16 579 490
TOTAL EQUITY AND LIABILITIES	29 876 533	25 349 981

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

February 20, 2020


Ilmārs Osmanis
Chairman of the Board

Interim consolidated statement of cash flow

	2019 Q4 EUR	2018 Q4 EUR	2019 12m EUR	2018 12m EUR
CASH FLOWS TO/ FROM OPERATING ACTIVITIES				
Profit before tax	60 280	(184 807)	196 271	781 018
Adjustments for:				
Depreciation and amortization	345 939	495 287	2 392 058	1 902 560
Interest expense	131 756	-	476 553	158 355
Interest income	(2 574)	48 535	(32 585)	(46 783)
Decrease in allowances for slow-moving items and receivables	50 388	(11 792)	76 515	(55 286)
Income from grant recognition	25 337	(19 081)	(101 845)	(169 577)
Gain on disposal of property, plant and equipment	(1 115)	(42 394)	(2 149)	(6 677)
Group's share of loss of an associate recognized in the statement of comprehensive income	32 667	252 620	608 193	483 143
Adjustments for:				
(Increase)/ decrease in inventories	872 116	(201 191)	(1 191 208)	(1 018 267)
(Increase)/ decrease in receivables	(249 584)	454 796	(534 127)	(231 579)
Increase/ (decrease) in payables	(435 611)	(100 476)	955 050	876 925
Cash generated from operations, gross	829 599	691 497	2 842 726	2 673 832
Interest paid	(131 756)	(48 535)	(476 553)	(151 406)
Corporate income tax paid	-	-	(18 294)	(176 702)
Net cash flows to/ from operating activities	697 843	642 962	2 347 879	2 345 724
Cash flows to/ from Investing activities				
Purchase of intangible assets and property, plant and equipment	(986 452)	(1 063 590)	(3 301 607)	(2 530 042)
Proceeds from sale of property, plant and equipment	-	-	50 179	13 527
Investments in and loans to other companies	(466 871)	(1 960 530)	(1 923 822)	(3 080 834)
Net cash flows to/ from investing activities	(1 453 323)	(3 024 120)	(5 175 250)	(5 597 349)
Cash flows to/ from Financing activities				
Dividends paid	-	(73 174)	(73 175)	(146 350)
Loans received from credit institutions	347 849	5 085 748	2 287 285	10 888 595
Loans repaid to credit institutions	(70 741)	(263 924)	(1 677 126)	(5 155 665)
Loans from lease companies	225 080	-	398 014	939 457
Loans repaid to lease companies	(64 567)	(49 579)	(231 579)	(1 156 816)
Net cash flows to/ from financing activities	437 621	4 699 071	703 419	5 369 221
Change in cash and cash equivalents for the period	(317 859)	2 317 913	(2 123 952)	2 117 596
Cash and cash equivalents at the beginning of the period	570 688	58 868	2 376 781	259 185
Cash and cash equivalents at the end of the period	252 829	2 376 781	252 829	2 376 781

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

Interim consolidated statement of changes in equity

	Share capital	Share premium	Reserves	Non-current asset revaluation reserve	Retained earnings/ (accumulated loss)	Total	Non- controlling interest
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 31 December 2017	1 829 381	2 435 579	313	2 286 031	1 583 508	8 134 812	-
Profit for the reporting year	-	-	-	-	781 018	781 018	-
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	781 018	781 018	-
Depreciation of revalued items of property, plant and equipment	-	-	-	(123 692)	123 692	-	-
Share option reserves	-	-	1 011	-	-	1 011	-
Dividends paid	-	-	-	-	(146 350)	(146 350)	-
Balance as at 31 December 2018	1 829 381	2 435 579	1 324	2 162 339	2 341 868	8 770 491	-
Profit for the reporting year	-	-	-	-	198 842	198 842	-
Zinatnes Parks consolidation	-	-	-	-	-	-	95 701
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	198 842	198 842	95 701
Depreciation of revalued items of property, plant and equipment	-	-	-	(123 692)	123 692	-	-
Share option reserves	-	-	(636)	-	-	(636)	-
Dividends paid	-	-	-	-	(73 175)	(73 175)	-
Balance as at 31 December 2019	1 829 381	2 435 579	688	2 038 647	2 591 227	8 895 522	95 701

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 2019 through 31 December 2019.

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 2018. The Group has evaluated new and amended IFRSs and IFRICs effective for annual periods beginning on or after 1 January 2019 and has applied IFRS 16 standard Leases in relation to the annual period, starting with January 1, 2019.

AS HansaMatrix adopted IFRS 16 retrospectively, using simplified approach. The standard requires to revise the leases signed before 1 January 2019, only allowing for not reassessing the compliance of the contract with the lease definition and not applying the standard to the leases expiring in 2019.

The lessee recognizes in its accounting: (a) assets and liabilities from all lease agreements with a lease term of more than 12 months, except for low value asset leases; and (b) the cost of depreciation of leased assets separately from the cost of the lease liability.

Within the meaning of IFRS 16, a lease can be recognized if there is an identified asset and if the customer has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use. First, a lease liability is measured at the present value of all contractual future lease payments discounted using the interest rate implicit in the lease (or similar borrowing rate). Lease liabilities are recognized as any other liabilities. A right to use asset is recognized under property, plant and equipment or as a separate item under non-current assets. When discounting is used, interest expense on the lease liability is recognized.

As a result of the adoption of IFRS 16 as of 1 January 2019, the asset amount has increased by EUR 1 674 287, current liabilities – by 474 437 EUR and non-current liabilities – by 1 199 850 EUR. In addition in the consolidated statement of comprehensive income in 12m 2019 fixed asset depreciation increased by 591 522 EUR leased assets depreciation and interest expense increased by 66 087 EUR discounting interest expense. Lease payments in amount of 642 178 EUR are not reflected in the consolidated profit loss statement of 12m 2019, which has positively influenced Company EBITDA.

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.

The Management Board of the Company has decided to change the Company's fixed assets depreciation policy with regard to manufacturing equipment and machinery in order to ensure that the residual values of the fixed assets are better matched with the actually observed useful lives and fair values of these fixed assets. The aforementioned changes in fixed asset depreciation policy were applied retrospectively in the financial statements for the year 2019 and have a positive impact on the Company's net profit in 2019 in amount of 345 thEUR.

4. Related party disclosures

Related party	Type of services		Amount of transactions		Balance	
			Goods and services delivered to/ loans issued to related parties	Goods and services received from / loans received from related parties	Amounts owed by related parties (gross)	Amounts owed to related parties (gross)
			EUR	EUR	EUR	EUR
1. Associates						
SIA Zinātnes parks (AS HansaMatrix share: 24% / 74.67%)	Loan, contribution in share capital	31.12.2018	363 000	-	1 208 700	-
		31.12.2019	415 000	-	823 700	-
SIA Lightspace Technologies (AS HansaMatrix share: 40% / 49.86%)	Loan	31.12.2018	2 231 916	-	2 454 123	-
		31.12.2019	2 007 323	-	4 461 446	-
	Services, purchase of materials, sales	31.12.2018	1 362 034	717	499 299	-
		31.12.2019	2 991	-	502	-
	TOTAL	31.12.2018	3 956 950	717	4 162 122	-
	TOTAL	31.12.2019	2 425 314	-	5 285 648	-
2. Entities with significant influence over the Parent Company						
SIA MACRO RĪGA (shareholder)	Loans	31.12.2018	46 783	-	2 502 240	-
		31.12.2019	32 585	-	540 133	-
	Purchase of services; sale of materials	31.12.2018	1 422	-	-	-
		31.12.2019	-	-	-	-
	TOTAL	31.12.2018	48 205	-	2 502 240	-
	TOTAL	31.12.2019	32 585	-	540 133	-
3. Other related companies						
	Services, purchase of materials, sales	31.12.2018	54 607	6 805	-	1 325
		31.12.2019	9 257	10 089	-	720
	TOTAL	31.12.2018	54 607	6 805	-	1 325
	TOTAL	31.12.2019	9 257	10 089	-	720

Starting April 29, 2019 HansaMatrix has increased shareholding in SIA Zinātnes parks to 74.67%. In 2019 Q4 SIA Zinātnes parks financial results from April 29, 2019 to December 31, 2019 are consolidated into HansaMatrix consolidated financial statements, as a result HansaMatrix consolidated EBITDA in 2019 Q4 decreased by 0.08 million EUR and consolidated assets increased by aggregate 1.03 million EUR. SIA Zinātnes parks consolidation with HansaMatrix has no effect on net profit of the Company.

5. Dividends paid and proposed

On May 13, 2019, HansaMatrix meeting of the shareholders approved year 2018 profit distribution and the payment of dividends in the amount of 0.04 EUR per share, totaling 73 175,24 EUR.

Dividend payment was made on 31 May 2019.

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

APR, definition, components	Relates to past or future reporting periods	ASR usefulness	The Group uses APM for
EBIT: Operating profit	Past	Shows the entity's ability to generate enough earnings to be profitable, pay down debt and taxes and fund ongoing operations.	Liquidity management and assessment of earning capacity and cash flows
EBIT margin: EBIT/ Net turnover	Past	Shows the proportion of revenues that are available to cover non-operating costs.	Profitability assessment
EBITDA: Operating profit + Depreciation and amortization	Past	Shows an indicative amount of operating cash flows before changes in current assets	Liquidity management and assessment of earning capacity and cash flows
EBITDA margin: EBITA/ Net turnover	Past	Shows the entity's ability to generate operating cash flows	Profitability assessment
Net profit margin: Normalized earnings / Net turnover	Past	Shows the entity's earning capacity	Profitability assessment