



**HANSAMATRIX**

Inspired by your trust

**JOINT STOCK COMPANY**

**“HANSAMATRIX”**

UNIFIED REGISTRATION

NUMBER 40003454390

# **UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 3 MONTH PERIOD ENDED MARCH 31, 2022**

Prepared in accordance with IAS 34  
Interim Financial Reporting

Riga, 2022



## Content

|  |    |
|--|----|
| General information                                    | 3  |
| Management report                                      | 10 |
| Interim consolidated financial statements              | 31 |
| Interim consolidated statement of comprehensive income | 32 |
| Interim consolidated statement of financial position   | 33 |
| Interim consolidated statement of cash flow            | 35 |
| Interim consolidated statement of changes in equity    | 36 |
| Notes to the consolidated financial statements         | 37 |



## 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 date with the Commercial Register | Riga, 27 December 2022   |
| Registered office                              | Akmeņu street 72, Ogre, Latvia, LV-5001  |
| Shareholders (over 5%)<br>as of March 31, 2022 | <ul style="list-style-type: none"><li>• SIA „MACRO RIGA” (27,62%)</li><li>• „ZGI-4” AIF, KS (15,02%)</li><li>• KS „BaltCap Latvia Venture Capital Fund” (9,92%)</li><li>• KS „FlyCap Investment Fund I AIF” (8,86%)</li><li>• Funds managed by IPAS „CBL Asset Management” (6,54%)</li><li>• Funds managed by Swedbank Investeerimisfondid AS (5,40%)</li><li>• Funds managed by Swedbank Investment Management Company AS (5,09%)</li></ul> |
| Subsidiaries                                   | <ul style="list-style-type: none"><li>• SIA „HansaMatrix Ventspils” (100%)</li><li>• SIA „HansaMatrix Innovation” (100%)</li><li>• SIA „HansaMatrix Pārogre” (100%)</li><li>• SIA „Zinātnes Parks” (100%)</li><li>• Lightspace Holding AS (participation 100% of voting shares)</li></ul>  |
| Auditors                                       | SIA „Deloitte Audits Latvia”<br>License No 43<br>Inguna Staša<br>Latvian Certified Auditor<br>Certificate No 145   |
| Financial year                                 | 1 January – 31 December 2022   |
| Interim reporting period                       | 1 January – 31 March 2022  |

## Management Board

The Management Board is a collegial executive body entrusted with the management of the Parent Company's business. Its members are elected by the Supervisory Board, which also elects one member of the Management Board to act as its 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.

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

As of the date of the preparation of these financial statements Parent Company's Management Board is composed of four persons consisting of Chairman of the Management Board and three Management Board Members.



**Jānis Sams**

CHAIRMAN OF THE BOARD  
OF THE PARENT COMPANY

Date of appointment:  
17 May 2021

Positions held in other companies:

- HansaMatrix Parogre, SIA. – Member of the Board
- HansaMatrix Ventspils, SIA – Member of the Board
- Latvian Electrical Engineering and Electronics Industry Association – Member of the Board
- LightSpace Technologies, SIA – Member of the Supervisory Board

Number of shares owned: 0

Number of share options held: 2400 (as of 31.03.2022.)

Participation in other companies: no participation

Prior to joining HansaMatrix, Jānis Sams' professional activity for 12 years has been related to the production of electronics, holding the position of head of functions in international companies. In addition, Jānis currently serves on the Board of the Latvian Electrical Engineering and Electronics Industry Association. He holds a Master's Degree in Comprehensive Quality Management from the Riga Technical University, as well as an engineering degree in production automation.



**Vitauts Galvanausks**

MEMBER OF THE  
MANAGEMENT BOARD AND  
OGRE PLANT MANAGER

Date of appointment:  
17 May 2021

Positions held in other companies:

- HansaMatrix Parogre, SIA - Member of the Board

Number of shares owned: 0

Number of share options held: 1200 (as of 31.03.2022)

Member of the Board Vitauts Galvanausks joined HansaMatrix in January 2021 and holds the position of manager of Parogre factory. He has more than 10 years of previous experience in various production management positions, responsible for improvements in quality, processes and efficiency, operational performance of companies. Vitauts Galvanausks was responsible for the implementation of operational excellence processes in the Consolis group of companies, as well as acting as the manager of the Consolis factory in Latvia. Vitauts Galvanausks holds a Bachelor's Degree in Communication Science from the University of Latvia.



## Valde



### Gatis Grava

MEMBER OF THE  
MANAGEMENT BOARD AND  
VENTSPILS PLANT  
MANAGER

Date of appointment:  
17 May 2021

Positions held in other companies:

- HansaMatrix Ventspils, SIA - valdes loceklis

Number of shares owned: 0

Number of share options held: 1200 (as of 31.03.2022)

Member of the Board Gatis Grava has been working with HansaMatrix since March 2020 and holds the position of Ventspils factory manager. Gatis Grava has more than 14 years of professional work experience in Schneider Electric group companies in Europe, various management positions, procurement, supplier strategic development management, as well as developing supply chains in Scandinavia and Eastern Europe. Gatis Grava holds an engineering degree from Riga Technical University.



### Māris Macijevskis

MEMBER OF THE  
MANAGEMENT BOARD AND  
FINANCE DIRECTOR OF THE  
GROUP

Date of appointment:  
16 February 2018

Positions held in other companies:

- Zinātnes parks, SIA – Member of the Board
- HansaMatrix Innovation, SIA – Member of the Board
- IQ Capital, SIA – Member of the Board
- Latvian Squash Federation, Society – Chairman of the Board
- FTG, SIA – Member of the Board
- Road Traffic Safety Directorate, VAS – Member of the Council

Number of shares owned: 300

Number of Share options owned: 3500 (as of 31.03.2022 )

Participation in other companies:

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

Māris Macijevskis has been working for the Group since 2017. Māris' previous experience has been related to the banking sector for 15 years, and he has been the head of the Large Business Service Division/Directorate at AS Citadele banka. Māris Macijevskis holds a Bachelor's Degree in Economics and Business Administration from the Stockholm School of Economics in Riga, a Master's Degree in International Economics from the University of Latvia and a CFA (Certified Financial Analyst) certificate.

## Changes to the Parent Company's Management Board

There were no changes in the Parent Company's Management Board during the reporting period.

## Supervisory Board

The Supervisory Board of the Company is a collegial body exercising supervision over the key activities of the Company and, where appropriate, decision making by the Management Board. At the reporting date, the Supervisory Board consisted of five members, elected at the shareholders' meeting for the maximum term of office of five years. The members of the Supervisory Board elect from amongst themselves the Chairperson and one Deputy Chairperson of the Supervisory Board.

At the reporting date, the Company's Supervisory Board was composed of five members: Chairperson, Deputy Chairperson and three members of the Supervisory Board.



**Baiba Anda Rubesa**

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CHAIRWOMAN OF THE COUNCIL OF THE PARENT COMPANY

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Appointment date: 26 May 2021

Term of office: 25 May 2026

Number of shares owned: 0

Baiba Rubesa is an independent member of the Council.

Positions held in other companies:

- Lightspace Holding AS – Chairwoman of the Supervisory Board
- Stockholm School of Economics in Riga, Foundation – Member of the Board
- Novatore, SIA – Member of the Board
- RFactor, SIA - Member of the Board
- Coffee Address Holding, SIA - Member of the Council
- Gren Holding Company – Member of the Council

Participation in other companies:

- RFactor, SIA (100%)

Baiba Anda Rubesa is an experienced international company manager with extensive experience in corporate governance, leadership skills and sustainability requirements and a significant addition to the Company's Management Board in the areas of management, leadership and public relations, acting as an independent member of the Supervisory Board.

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

## Supervisory Council



**Ingrida Bluma**

DEPUTY CHAIRWOMAN OF  
SUPERVISORY BOARD OF  
THE COMPANY

Appointment date: 26 May 2021  
Term of office: 25 May 2026

Number of shares owned: 0

Ingrida Bluma is an independent member of the Supervisory Board.

Positions held in other companies:

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

Participation in other companies:

- i-bloom, SIA (100%)

Ingrida Bluma holds a Master's Degree in Social Sciences from Stockholm University in Sweden. She has additionally studied in the INSEAD program "Advanced Management", as well as in strategic management and leadership training courses at the European Bank for Reconstruction and Development (EBRD).

Ingrida's previous work experience is related to the banking sector, where she has worked for more than 20 years. Working for Swedbank AS (formerly AS Hansabanka) as Chairwoman of the Board, Ingrida Bluma has gained unique business experience in the banking industry and corporate business environment. Under her leadership, AS "Hansabanka" became the largest bank in Latvia. Ingrida Bluma has also been a member of the supervisory board of SIA Primekss, Pure Food SIA. and URSA Bank AS.



**Anders Lennart Borg**

MEMBER OF SUPERVISORY  
BOARD OF THE COMPANY

Appointment date: 26 May 2021  
Term of office: 25 May 2026

Number of shares owned: 0

Anders Lennart Borg is an independent member of the Supervisory Board.

Anders Lennart Borg is an experienced professional in the electronics industry. Graduated from Linköping University in Sweden and is endowed with extensive knowledge in engineering. His long work experience has allowed him to develop strong leadership skills. For 11 years he worked at the electronics manufacturing plant Eljo AB in Sweden, of which he was its director for almost five years. Later, for 5 years he managed Schneider Electric electronics factory in Latvia and for another 5 years the same company's factory in Sweden.

## Supervisory Council



**Dagnis Dreimanis**

MEMBER OF SUPERVISORY  
BOARD OF THE COMPANY

Appointment date: 26 May 2021  
Term of office: 25 May 2026

Number of shares owned: 0

Dagnis Dreimanis represents the interests of minority institutional shareholders and the interests of BaltCap investment fund in SIA Lightspace Technologies.

Positions held in other companies:

- DD Ventures SIA, Member of the Board
- UPRENT group, SIA - Member of the Council
- Vika Wood, Ltd, Member of the Council
- BaltCap AIFM SIA, Chairman of the Board
- SOLVINA AS, Member of the Board
- Latvian Capital Ventures SIA, Member of the Board
- Coffee Address Holding, LTD, Member of the Council

Participation in other companies:

- DD Ventures SIA (100%)
- Latvian Capital Ventures SIA (57.5%)

Dagnis Dreimanis is an investment professional with 18 years of experience. He has managed investments in more than 20 companies in a broad range of industries. Dagnis holds a bachelor's degree in business administration from Slippery Rock University in Pennsylvania and is a CFA charter holder. He holds a dual EMBA degree from the University of California Los Angeles / National University of Singapore (2016) and has completed the Professional Board Member Education program at the Baltic Institute of Corporate Governance.



**Normunds Igoļnieks**

MEMBER OF SUPERVISORY  
BOARD OF THE COMPANY

Appointment date: 26 May 2021  
Term of office: 25 May 2026

Represents 275 562 shares owned by ZGI-4, venture growth capital fund managed by ZGI Capital-4.

Number of shares owned: 0

Positions held in other companies:

- Marupes Metālmeistars, SIA – Chairman of the Council
- ZGI Capital, SIA alternative fund manager – Chairman of the Board
- I factor, SIA - Member of the Board
- eAgronom – Member of the Council

Participation in other companies:

- ZGI Capital, SIA alternative fund manager (26%)
- I factor, SIA (100%)

Normunds Igoļnieks has been Chairman of the board and partner of ZGI Capital since 2011, which is one of the most experienced venture capital fund managers in the Baltics. From 2001 to 2011, Normunds Igoļnieks was Chairman of the Board of the asset management company SEB Investment Management, as well as held several other positions related to the financial sector.

## Changes to the Parent Company's Supervisory Board

There were no changes in the Parent Company's Supervisory Board during the reporting period.





## Major shareholders

As at March 31, 2022 (end of the day), the following were the major shareholders of the Parent Company:

| Major shareholders<br>(above 5%)                                | Owned shares     | Ownership interest |
|---|------------------|--------------------|
| SIA "Macro Riga"  | 506 836          | 27.62%             |
| "ZGI-4" AIF KS  | 275 562          | 15.02%             |
| KS "BaltCap Latvia Venture Capital Fund"                        | 182 000          | 9.92%              |
| KS "FlyCap Investment Fund I AIF"                               | 162 632          | 8.86%              |
| Funds managed by IPAS "CBL Asset Management"                    | 120 000          | 6.54%              |
| Funds managed by AS "Swedbank Investeerimisfondid"              | 99 038           | 5.40%              |
| Funds managed by AS "Swedbank Ieguldījumu Pārvaldes Sabiedrība" | 93 369           | 5.09%              |
| Other (below 5%)  | 395 444          | 21.55%             |
| <b>TOTAL:</b>   | <b>1 834 881</b> | <b>100.00%</b>     |



# Management report

## General information

Joint Stock Company "HansaMatrix" (hereinafter – the Parent Company) is a leading Baltic electronic system products developer and manufacturer, listed on the Nasdaq Baltic's main list, together with its following 100% subsidiaries:

SIA  
Hansamatrix  
Pārņore

SIA  
Hansamatrix  
Ventpils

SIA  
Hansamatrix  
Innovation

SIA  
Zinātnes  
parks

AS  
Lightspace  
Holding

(hereinafter – HansaMatrix or the Group), actively operate in industrial systems, data network infrastructure, the Internet of Things, medical and several other high added value B2B (business-to-business) market sectors. HansaMatrix advances knowledge-based business, product development competencies, engineering teams and an innovation platform for future business development. The Group has 22-years of experience in electronics manufacturing and its business mission is to develop global technology products and to assist its customers be competitive on global markets.

## Business environment

The demand for data transmission network products and industrial products is stable and growing, which ensures high availability of production orders for these products.

The shortage of semiconductor production capacity continues to play a key role in hampering business development, which still determines extended delivery times for most semiconductor components used in the production of electronic systems. According to Deloitte's 2022 semiconductor industry research, the global semiconductor shortage is expected to continue until the first half of 2022, anticipating an improvement in the situation in the second half of 2022, but some components will have long delivery deadlines, with this situation prolonged and continuing into 2023 (<https://bit.ly/3HSlbxJ>).

The recent and current Russian-Ukrainian conflict (the Conflict) might worsen the semiconductor deficit as well as contribute to supply chain challenges by longer delivery terms and increase in component prices, prolonging and/or making the supply of electronic components from Asia to Europe more expensive, with transport companies using alternative means of delivery of components, ship or aircraft transport, instead of rail transport through the territory of Russia. In addition, there are two neon gas plants on the territory of Ukraine, which produce about 50% of the neon gas used in the production of certain semiconductors. Long-term disruptions in the operation of these plants may exacerbate the global component deficit, in the event that Ukrainian neon production capacities are not restarted or compensated by producers from other countries.

In order to reduce the shortage of components, HansaMatrix diversifies its supplier base, applies an alternative component management approach, cooperates with component brokers and more timely purchases of production components for binding customer orders.

In Q1 2022 an upward trend in inflation continued, which is facilitated, among other things, by the significant rise in the prices of energy resources (electricity and gas) in Europe, as well as by the increasing trend of the average wage in Latvia. Considering that Russia and Ukraine and Belarus are countries rich in both energy resources, raw materials and also food resources, under the influence of the Conflict and under the influence of Western sanctions against Russia and Belarus, a trend in resource price could be expected to continue further in 2022. The combination of these factors with the shortage of electronic components and price increases could necessitate adjustments to the prices of manufacturing services in order to maintain the level of profitability.

EU is entering a post-emergency COVID-19 pandemic phase, nevertheless fresh COVID-19 surges could be likely as the virus is expected to continue mutating, thus having a potential to still remain a significant public health burden worldwide. Although milder forms of viruses are now common, they still can have an impact on the business environment with employee availability and supply chain problems. The situation can change rapidly, so an active monitoring and rapid response approach is crucial for the successful management of the business environment and supply chain disruptions.

Looking ahead, the Group's management expects a new business trend in economic processes as technologies increasingly enter the economic processes (more data bandwidth, more robotics and automation, more remote work, greater EU independence in manufacturing), recovering from the COVID-19 pandemic and global semiconductor deficit, and preparing for higher market demand and faster business growth thereafter.

## Finance results brief summary

During the first quarter (Q1 further in document) of 2022 the Group reported revenue from contracts with customers (hereinafter – revenue, turnover or sales) of 6.030 million EUR, representing increase by 3% in comparison to the same period of 2021. The 2022 Q1 sales results showed 25% sales volume increase in comparison with previous quarter – 2021 Q4.

During 2022 Q1 the Group reported quarterly EBITDA result of 0.809 million EUR and operated with net loss result of 0.046 million EUR. The reported EBITDA result shows 35% decrease in comparison with Q1 2021 but 98% growth compared to previous quarter of 2021 Q4. In Q1 2022 the Group reported net loss 0.046 million EUR as compared to the net profit of 0.045 million EUR in Q1 2021 and net loss of 1.966 million in Q4 2021. Quarterly results represent EBITDA margin of 13.42% and net profit margin of -0.76%.

Q1 2022 EBITDA profitability increase compared to Q4 2021 is explained by better semiconductor availability at the Group level for manufacturing in Q1 2022, but decrease compared to Q1 2021 is explained by the product mix of manufactured products changes, where higher-added value products proportion decreased, which is till influenced by the global component deficit.

Net profit of the Group in Q1 2022 is negatively influenced by several non-cash related items, including loss from investments in associates in amount of 0.220 million EUR, EIB loan fair value change provisions in amount of 0.085 million EUR and interest expense related to leases in amount of 0.037 million EUR. For better inter-period profitability comparisons, the Group calculates normalized net profit which in Q1 2022 amounted to 0.129 million EUR, decreasing by 77% on year over year basis.

In Q1 2022 the Group carried out revaluation of fair value of warrants issued in relation to European Investment Bank (EIB) financing contract, decreasing warrant balance sheet value by 0.167 million EUR, due to decreasing average weighted price of HansaMatrix stock in Q1 2022, which by the same amount improved net profit in Q1 2021.

TTM – trailing twelve-month period sales (period starting in April 1, 2021 and ending with March 31, 2022) at 2022 Q1 reached 22.164 million EUR, showing 5% decrease compared to TTM sales for the period ended at 2021 Q1 but 1% increase compared to TTM sales for the period ended at 2021 Q4. EBITDA result for the TTM 12-month period reported to be 3.300 million EUR, a decrease of 14% in comparison with 12-month period ended at 2021 Q1 and 12% decrease compared to TTM sales for the period ended at 2021 Q4. The TTM period resulted in a net loss of -2.043 million EUR. Averaged EBITDA margin for TTM period of 14.89% was reported.



## Key Growth and Financial Ratios

In Q1 2022 revenue of the Group increased by 3% but EBITDA decreased by 35%, compared to Q1 2021. Q1 2022 EBITDA profitability increase compared to Q4 2021 is explained by better semiconductor availability at the Group level for manufacturing in Q1 2022, but decrease compared to Q1 2021 is explained by the product mix of manufactured products changes, where higher-added value products proportion decreased, which is still influenced by the global component deficit.

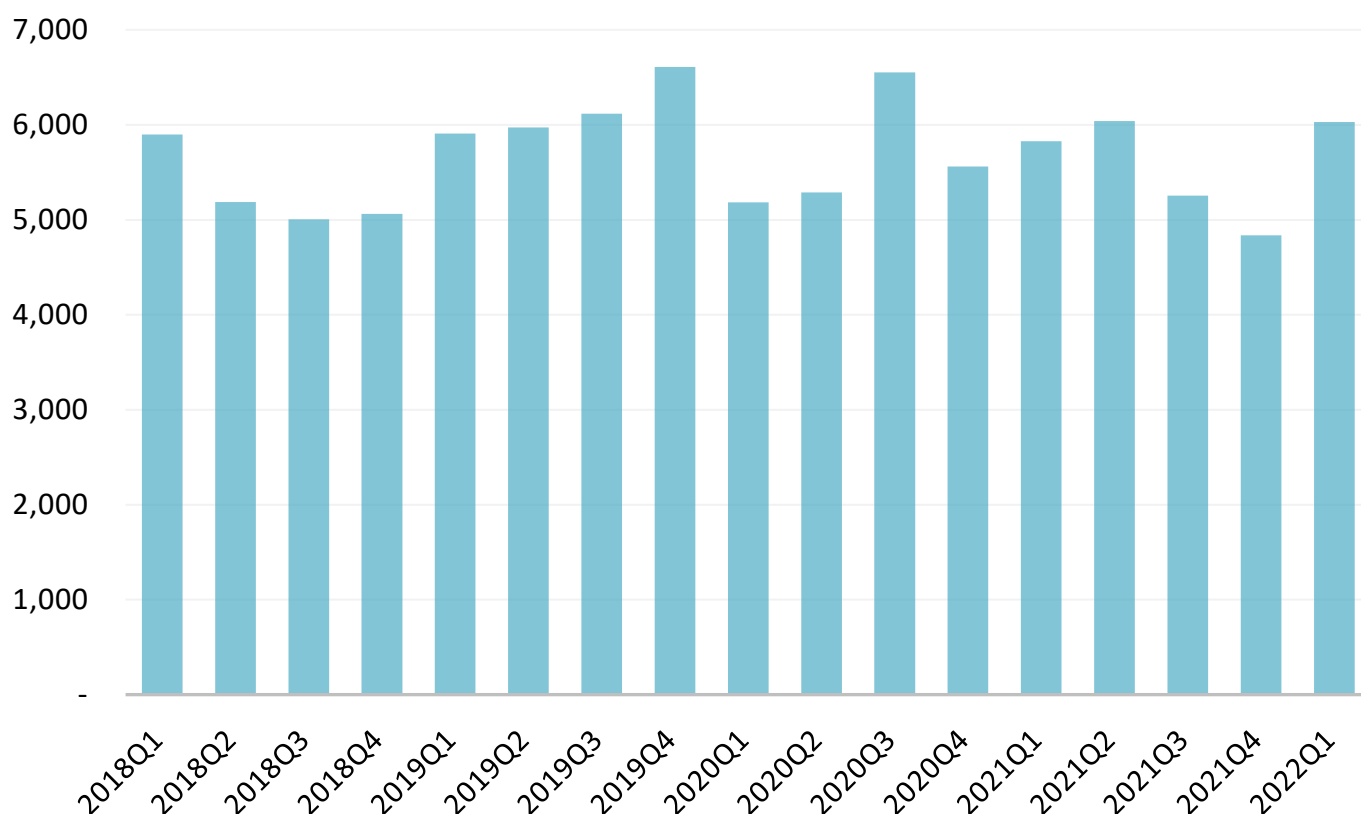
| Ratio/EUR'000                                | 2020Q4 | 2021Q4 | 2021Q1 | 2022Q1 | Q4 YoY | Q1 YoY |
|--|--------|--------|--------|--------|--------|--------|
| Revenue                                      | 5 560  | 4 838  | 5 828  | 6 030  | -13%   | +3%    |
| EBIT (operating profit)                      | 262    | -282   | 591    | 150    |        |        |
| EBIT (operating profit) margin               | 4.71%  | -5.82% | 10.15% | -2.66% |        |        |
| EBITDA                                       | 820    | 410    | 1 241  | 809    | -50%   | -35%   |
| EBITDA margin                                | 14.74% | 8.47%  | 21.29% | 13.42% |        |        |
| Net profit                                   | -359   | -1 966 | 45     | -46    |        |        |
| Normalized net profit                        | 183    | -398   | 556    | 129    |        |        |
| Normalized net profit margin                 | 3.28%  | -8.22% | 9.53%  | 2.15%  |        |        |
| Normalized ROA                               | 0.65%  | -1.35% | 1.89%  | 0.44%  |        |        |
| Normalized ROE                               | 2.16%  | -5.05% | 6.52%  | 2.02%  |        |        |
| Liquidity ratio                              | 0.78   | 0.86   | 0.81   | 0.77   |        |        |
| Normalized Return on Capital Employed (ROCE) | 0.92%  | -1.99% | 2.63%  | 0.79%  |        |        |
| Earnings per share (EPS)                     | -0.20  | -1.07  | 0.02   | -0.03  |        |        |
| Diluted EPS                                  | -0.18  | -0.96  | 0.02   | -0.02  |        |        |

Alternative performance measures depicted in the tables above are explained in the Note "Definitions of alternative performance measures" under the section "Other notes to the financial statements". Normalized net profit, depicted in the tables above, have been calculated for historical periods with objective to obtain Normalized net profit that is more comparable between different periods. Please see Note 7 for Net profit to Normalized net profit reconciliation.

## Quarterly revenue results for 2022 Q1

During the first quarter of 2022 the Group reported turnover of 6.030 million EUR, representing increase by 3% in comparison to the same period of 2021. The 2022 Q1 sales results showed 25% sales volume increase in comparison with previous quarter – 2021 Q4.

### Quarterly revenue, thousand EUR



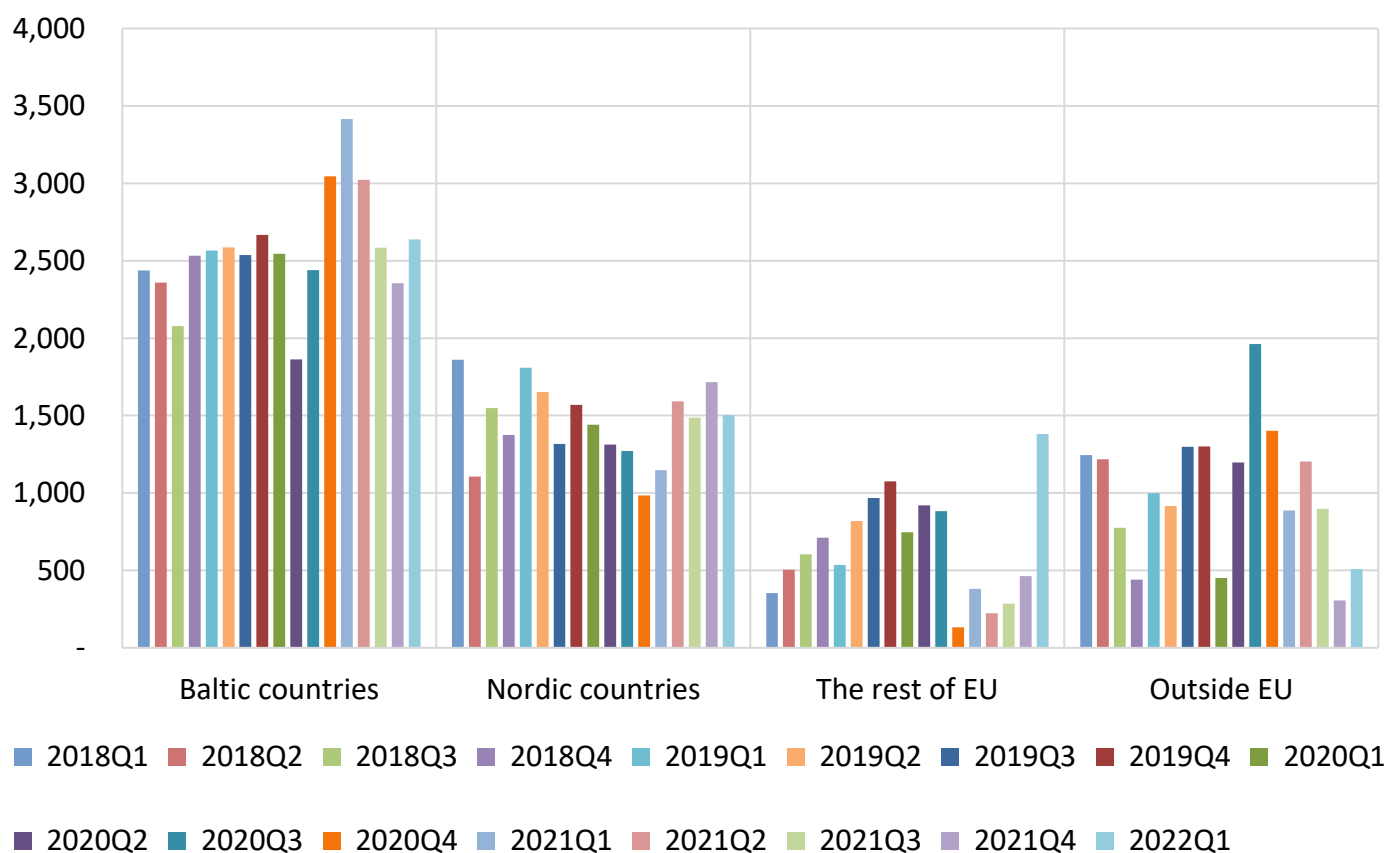
## Quarterly revenue by market region results for 2022 Q1

During 2022 Q1 Baltic states continue to be the largest market region with 44% share of turnover. Nordic and other EU sales respectively reported 25% and 23% of total sales. HansaMatrix during 2022 Q1 continued to deliver also to customer locations outside EU. This market share in 2022 Q1 amounts to 8% of the total sales volume.

Sales dynamics of regions – Baltic sales were 23% down compared to 2021 Q1 but 12% up compared to 2021 Q4; Nordic sales were 34% up from 2021 Q1 but 12% down in comparison with 2021 Q4. Other EU region sales reported 264% increase from 2021 Q1 and 198% increase from 2021 Q4. Outside EU deliveries decreased by 43% from 2021 Q1 but increased by 66% compared to 2021 Q4.

The significant revenue volume increase in other EU is mostly related to starting of the execution of August 06, 2021 publicly announced new 3.3 MEUR manufacturing contract to supply human machine interface electronic devices to industrial sector customer in Germany.

### Quarterly revenue by region, th EUR



## Quarterly revenue by market region results for 2022 Q1

### Data table

#### Quarterly revenue by region, th EUR

| Revenue, th EUR  | 2018Q1       | 2018Q2       | 2018Q3       | 2018Q4       | 2019Q1       | 2019Q2       | 2019Q3       | 2019Q4        |
|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Baltic countries | 2 438        | 2 359        | 2 078        | 2 533        | 2 566        | 2 586        | 2 536        | 2 667         |
| Nordic countries | 1 861        | 1 106        | 1 549        | 1 375        | 1 809        | 1 652        | 1 317        | 1 570         |
| The rest of EU** | 354          | 505          | 604          | 712          | 534          | 819          | 967          | 1 075         |
| Outside EU**     | 1 245        | 1 217        | 775          | 441          | 998          | 916          | 1 299        | 1 300         |
| <b>Total</b>     | <b>5 898</b> | <b>5 188</b> | <b>5 005</b> | <b>5 061</b> | <b>5 908</b> | <b>5 973</b> | <b>6 118</b> | <b>6 612*</b> |

| 2020Q1       | 2020Q2       | 2020Q3       | 2020Q4        | 2021Q1       | 2021Q2       | 2021Q3       | 2021Q4        | 2022Q1       |
|--------------|--------------|--------------|---------------|--------------|--------------|--------------|---------------|--------------|
| 2 545        | 1 862        | 2 439        | 3 044         | 3 415        | 3 022        | 2 584        | 2 354         | 2 637        |
| 1 441        | 1 312        | 1 271        | 983           | 1 147        | 1 592        | 1 487        | 1 715         | 1 502        |
| 747          | 920          | 882          | 132           | 380          | 224          | 286          | 463           | 1 382        |
| 452          | 1 197        | 1 962        | 1 401         | 886          | 1 203        | 897          | 306           | 509          |
| <b>5 184</b> | <b>5 290</b> | <b>6 554</b> | <b>5 560*</b> | <b>5 828</b> | <b>6 042</b> | <b>5 254</b> | <b>4 838*</b> | <b>6 030</b> |

\* - corrected (increased) by the sales amount to the extent of the costs incurred related to the work in progress respectively as at the end of 2019, 2020 and 2021 according to the Group accounting principles and policy.

\*\* - in accordance with the UK withdrawal from the EU three clients has been reclassified by regions from "The rest of EU" to "Outside EU", adjusting historical data accordingly.

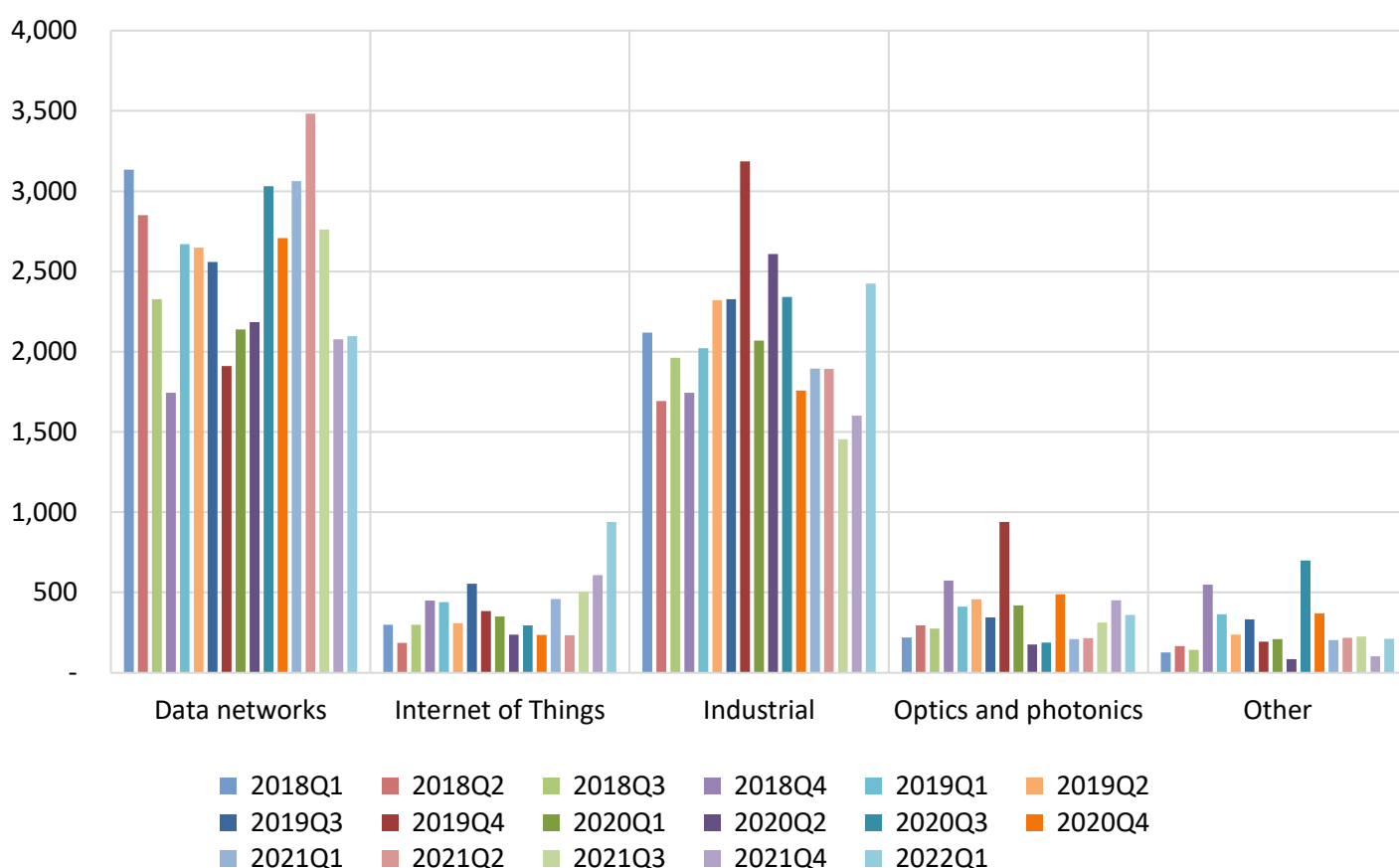


## Quarterly revenue by market region results for 2022 Q1

During 2022 Q1 data network product sales and industrial product sales were dominating sales drivers respectively with 35% and 40% sales market share. Optics and photonics sales amounted to 6%, Internet-of-things sales amounted to 16% and other products were also reported with 3% share.

2022 Q1 data network product sales show decrease by 32%; industrial sector product sales – increase by 28%; internet-of-things – increase by 104%, optics and photonics products sales – increase by 73% and other product sector – increase by 3% in comparison with 2021 Q1. Comparison with sales results with previous - 2021 Q4 demonstrates 1% increase in data networks; 51% increase in industrial sector; increase of 54% in internet of things products; 20% decrease in optics and photonics products and 105% increase in other product sector.

## Quarterly revenue by sector, th EUR



## Quarterly revenue by market region results for 2022 Q1

### Data table quarterly revenue by market sector results for 2021 Q4

| Revenue, th EUR      | 2018Q1       | 2018Q2       | 2018Q3       | 2018Q4       | 2019Q1       | 2019Q2       | 2019Q3       | 2019Q4        |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Data networks        | 3 134        | 2 851        | 2 327        | 1 737        | 2 670        | 2 646        | 2 559        | 1 911         |
| Internet of Things   | 299          | 185          | 298          | 450          | 439          | 309          | 555          | 383           |
| Industrial           | 2 118        | 1 693        | 1 962        | 1 744        | 2 022        | 2 321        | 2 327        | 3 186         |
| Optics and photonics | 220          | 294          | 276          | 575          | 412          | 457          | 344          | 940           |
| Other                | 127          | 165          | 142          | 556          | 364          | 240          | 333          | 192           |
| <b>Total</b>         | <b>5 898</b> | <b>5 188</b> | <b>5 005</b> | <b>5 061</b> | <b>5 908</b> | <b>5 973</b> | <b>6 118</b> | <b>6 612*</b> |

| 2020Q1       | 2020Q2       | 2020Q3       | 2020Q4        | 2021Q1       | 2021 Q2      | 2021Q3       | 2021Q4        | 2022Q1       |
|--------------|--------------|--------------|---------------|--------------|--------------|--------------|---------------|--------------|
| 2 138        | 2 184        | 3 030        | 2 707         | 3 063        | 3 484        | 2 760        | 2 076         | 2 098        |
| 348          | 237          | 295          | 235           | 460          | 233          | 502          | 608           | 939          |
| 1 857        | 2 609        | 2 342        | 1 758         | 1 894        | 1 893        | 1 454        | 1 600         | 2 423        |
| 630          | 176          | 188          | 490           | 208          | 215          | 313          | 451           | 360          |
| 209          | 85           | 699          | 370           | 203          | 217          | 225          | 103           | 210          |
| <b>5 184</b> | <b>5 290</b> | <b>6 554</b> | <b>5 560*</b> | <b>5 828</b> | <b>6 042</b> | <b>5 254</b> | <b>4 838*</b> | <b>6 030</b> |

\* - corrected (increased) by the sales amount to the extent of the costs incurred related to the work in progress respectively as at the end of 2019, 2020 and 2021 according to the Group accounting principles and policy.

## Quarterly EBITDA and net profit results in 2022 Q1

In 2022 Q1 the Group reported quarterly EBITDA result of 0.809 million EUR and operated with net loss result of 0.046 million EUR. The reported EBITDA result shows 35% decrease in comparison with Q1 2021 and 98% increase compared to previous quarter of 2021 Q4. In Q1 2022 the Group reported net loss 0.046 million EUR as compared to net profit of 0.045 million in 2021 Q1. Quarterly results represent EBITDA margin of 13.42% and net profit margin -0.76%.

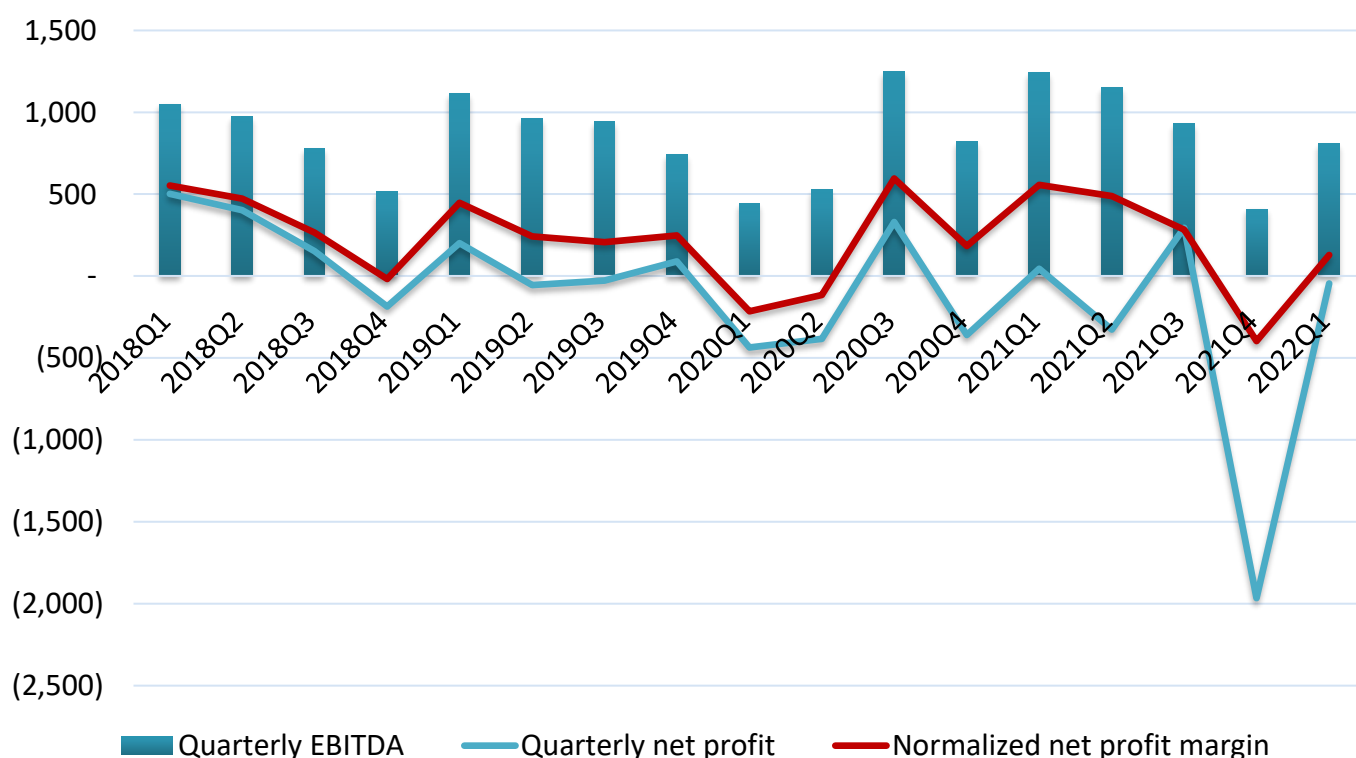
Q1 2022 EBITDA profitability increase compared to Q4 2021 is explained by better semiconductor availability at the Group level for manufacturing in Q1 2022, but decrease compared to Q1 2021 is explained by the product mix of manufactured products changes, where higher-added value products proportion decreased, which is till influenced by the global component deficit.

Net profit of the Group in Q1 2022 is negatively influenced by several non-cash related items, including loss from investments in associates in amount of 0.220 million EUR, EIB loan fair value change provisions in amount of 0.085 million EUR and interest expense related to leases in amount of 0.037 million EUR.

For better inter-period profitability comparisons, the Group calculates normalized net profit which in Q1 2022 amounted to 0.129 million EUR, decreasing by 77% on year over year basis.

In Q1 2022 the Group carried out revaluation of fair value of warrants issued in relation to European Investment Bank (EIB) financing contract, decreasing warrant balance sheet value by 0.167 million EUR, due to decreasing average weighted price of HansaMatrix stock in Q1 2022, which by the same amount improved net profit in Q1 2022.

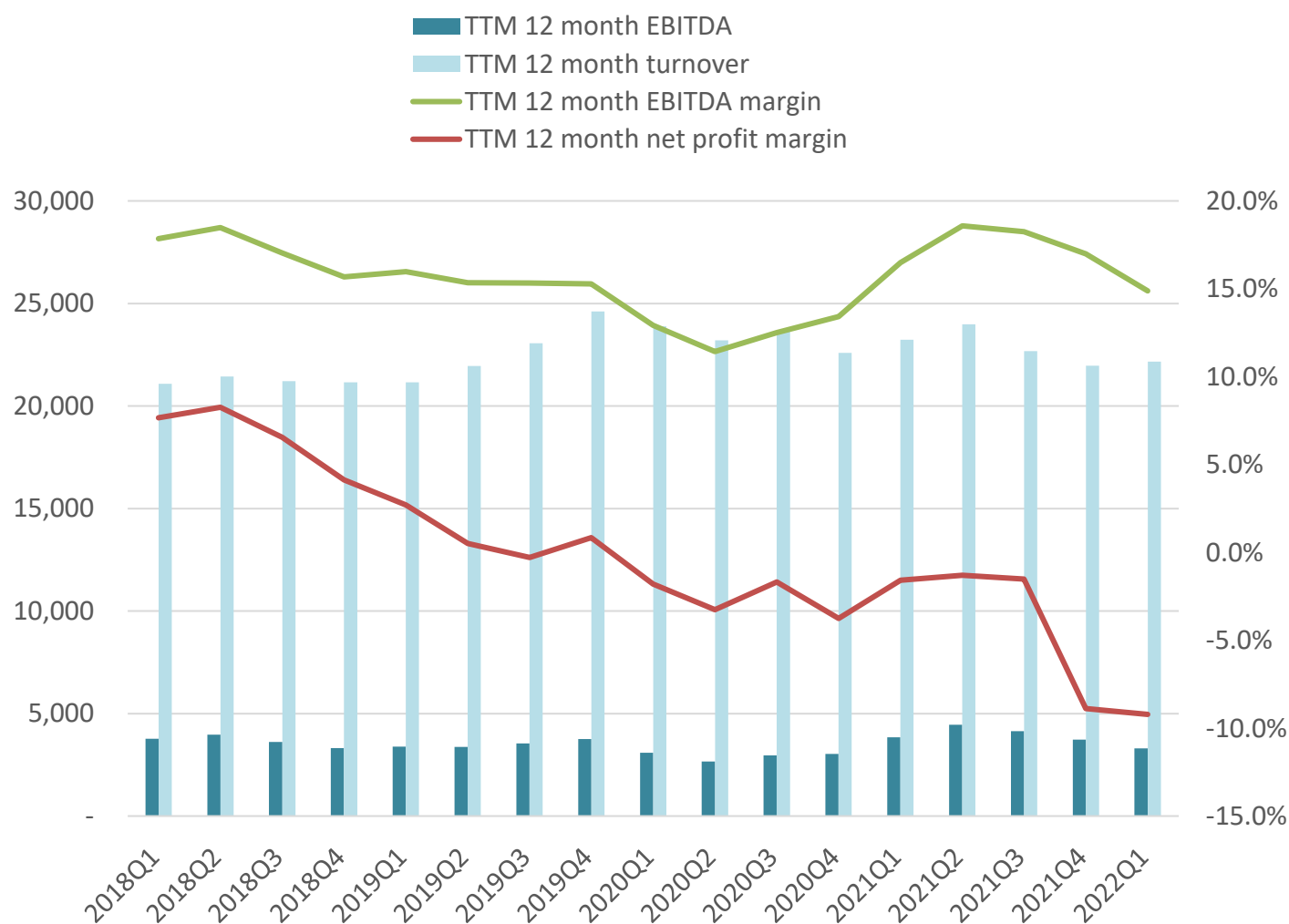
## Quarterly results, thousand EUR



## TTM (trailing twelve months) turnover, EBITDA and margin results in 2022 Q1

TTM – trailing twelve-month period sales (period starting in April 1, 2021 and ending with March 31, 2022) at 2022 Q1 reached 22.164 million EUR, showing 5% decrease compared to TTM sales for the period ended at 2021 Q1 but 1% increase compared to TTM sales for the period ended at 2021 Q4. EBITDA result for the TTM 12-month period reported to be 3.300 million EUR, a decrease of 14% in comparison with 12-month period ended at 2021 Q1 and 12% decrease compared to TTM sales for the period ended at 2021 Q4. The TTM period resulted in a net loss of -2.043 million EUR. Averaged EBITDA margin for TTM period of 14.9% was reported.

### TTM revenue, EBITDA and margin, th EUR





## Research and development

HansaMatrix R&D business activities have been mostly concentrated on providing R&D services and manufacturing services to the associated company Lightspace Technologies and also include manufacturing services provided to third parties related to high-tech optical devices in optics and photonics sector. Starting with Q1 2021 the Group has stopped separately reporting the R&D revenue as R&D services will be provided complimentary to the core business of Electronic Manufacturing Services and are not expected to constitute substantial part of the total Group revenue.

In Q1 2022 HansaMatrix Innovation continued participation as the linked third party in the Horizon-2020 project "Next Generation Enhanced Augmented Reality 3D Glasses for medical education, pre-procedural planning, intra-procedural visualization, and patient rehabilitation – NGEAR 3D" (hereinafter- NGEAR)." The foreseen duration of the project is 24 months, starting on July 1st, 2020. The total planned cost of the project is 146 thousand EUR, including the European Commission support funding 102 thousand EUR.

## Investment activities

During Q1 2022 HansaMatrix made 0.099 million EUR investments in production capacity maintenance and increase, research instruments, test systems and development of IT system.

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

## Investments in subsidiaries

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

During Q1 2022 the Parent Company has provided additional 73.5 thousand EUR in form of convertible loan to its subsidiary – SIA Zinātnes parks, mostly used for land plot rental payments to VAS Starptautiskā lidosta Rīga and for loan repayments to AS SEB banka.

At the end of the reporting period, the total Parent company investment in SIA Zinatnes parks amounted to 839 thousand EUR convertible loan.

At the end of the reporting period, the total Group consolidated assets in relation to SIA Zinatnes parks amounted to 1 056 thousand EUR construction in progress (capitalized fixed asset creation costs).

AS Lightspace holding is a holding company, holding assets related to HansaMatrix associated company SIA Lightspace technologies.

HansaMatrix established AS Lightspace holding on December 27, 2021, by investing in its equity 35 thousand EUR and by investing as material contribution 17 445 or 67.7% shares in Lightspace Technologies owned by the Parent company in the amount of EUR 8 672 thousand EUR and Lightspace technologies trade receivables owed to HansaMatrix in the amount of EUR 690 thousand EUR.

## Investment activities in associated companies

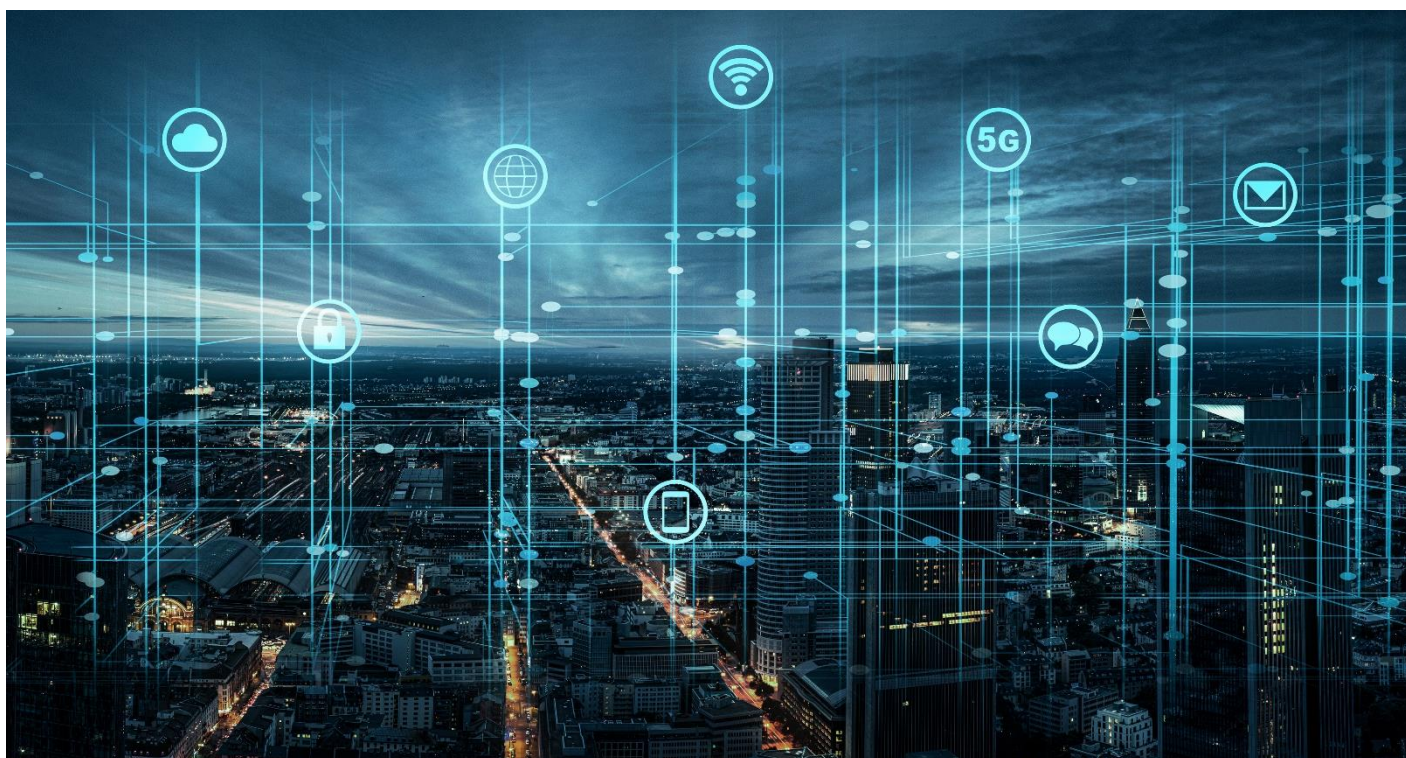
SIA Lightspace Technologies is 3D photonics and optical solutions company, the global technological leader in multi focal AR VR near eye displays and future glasses free 3D image display technologies with main uses in medicine, defense, scientific visualization, entertainment, media and gaming.

In Q1 HansaMatrix did not carry out additional investments into SIA Lightspace Technologies.

The distribution of the share capital of Lightspace Technologies for the shareholders of the Company is the following: 67,70 % AS Lightspace Holding; 17,44 % KS BaltCap Latvia Venture Capital Fund AIF KOM; 8,23 % Ilmars Osmanis; 5,03 % KS AIF Imprimatur Capital Technology Venture Fund KOM; 1,61 % KS AIF Imprimatur Capital Seed Fund KOM.

At the end of the reporting period, the total Parent company investment in SIA Lightspace Technologies amounted to 8 672 thousand EUR, consisting of paid-up capital.

At the end of the reporting period, the total Group assets in relation to SIA Lightspace Technologies amounted to 5 887 thousand EUR, consisting of paid-up capital. (at consolidated level accounted for using equity method).



## Business development overview of the associated company SIA Lightspace Technologies

In the first quarter of 2022, Lightspace Technologies (hereinafter - Lightspace) started the year by actively attending international exhibitions. The company won the European Investment Council's paid participation in CES 2022, the world's largest consumer electronics exhibition in Las Vegas, USA. The exhibition featured a multi-focal augmented reality glasses with both a medical positioning system and a standard solution. The technology demonstration received great feedback and attracted a lot of new potential partners. A few months later, the company was re-acquired by the European Investment Council in Arab Health, Dubai, UAE. Arab Health International Exhibition brings together major medical device manufacturers and suppliers. The quality of the image displayed by Lightspace attracted the attention of companies such as Canon Medical, Siemens Healthineers, GE Healthcare, United Imaging, Barco, etc. Currently, the development of cooperation with the newly acquired contacts in international exhibitions is underway.



**iG1050 design visualization**

GE Healthcare invited Lightspace to work together on the NEOM project. NEOM is the city of the future in Saudi Arabia, focusing on modern medical care using the latest technology and scientific advances. GE Healthcare has chosen Lightspace as a key partner in augmented reality in remote scenarios such as remote surgery or remote diagnostics and surgery planning.

In March, the company was invited to the World Mobile Congress 2022, which took place in Barcelona this year, to meet with representatives of Qualcomm XR to demonstrate the benefits of the Lightspace multi-focus display technology. After the meeting, the company was invited to a meeting with the Qualcomm branch in San Diego, USA.

The company continues to work with Planmed, a manufacturer of dental equipment. The company plans to release a new CT device with Lightspace's augmented reality glasses for diagnostic use by the end of the year.

In the fourth quarter of 2021, Lightspace demonstrated its Demo devices for the cardiovascular department of Siemens Healthineers in Slovakia. Following excellent feedback, the demo equipment was forwarded to the German division of Siemens Healthineers, where testing and analysis of key applications is ongoing.

Lightspace is currently actively working on the launch of the iG1050 production line and the purchase of materials. The first devices have already been assembled and are currently being tested. Most of the equipment planned for this year is already reserved. In order to fully perform the production process and expand, the company has signed a contract for new spacious 2000m<sup>2</sup> premises, which will combine product production and new design development.

In order to successfully produce the new product and monitor the production processes, Lightspace has attracted a new production manager to his team with considerable experience in the industry, who will take care of the production line planning and product production in the future.

In the 4th quarter of 2021, the EIC ScalingUp project selected Lightspace as one of the top 50 DeepTech companies in Europe with the highest growth and financial potential. We are currently working actively with Europe's leading investment experts and advisors.

The unique multifocal technology invented by Lightspace is considered to be the core technology that provides the close-range 3D visualizations required in digital and image-driven medicine. The ability of the Lightspace AR head display to display an object in real 3D coordinates makes it possible to use it as a tool for CR, MRI, PET scanning and 3D ultrasound data visualization. There is currently no device on the market that can display medically obtained data in real 3D coordinates. Lightspace enters the medical market as a pioneer.

Lightspace is a photonics and optical solutions company that has become a global technology leader in multifocal augmented reality displays. The product is used in healthcare, industry, science, defense, gaming, entertainment and multimedia. The company has invented a number of key technologies, including fast-switching liquid optical diffuser technology.

As of February 9, 2022, Lightspace has filed 48 international patent applications. Of these, 3 patent applications were filed in the 4th quarter of 2021 and 3 patent applications were filed in January 2022.

SIA Lightspace Technologies is wholly (100%) owned by Lightspace Labs Inc., a Delaware (USA) company, as well as majority (83.81%) and control over EUROLCDs, Ltd.

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

|   | 1Q 2022<br>EUR   | 1Q 2021<br>EUR   |
|---|------------------|------------------|
| Net turnover                              | 285 106          | 194 845          |
| Cost of sales                             | (951 071)        | (828 165)        |
| <b>Gross profit / (loss)</b>              | <b>(665 965)</b> | <b>(633 320)</b> |
| Distribution costs                        | (104 613)        | (33 743)         |
| Administrative expense                    | (130 280)        | (91 653)         |
| Other operating income                    | 572 009          | 391 635          |
| Other operating expense                   | (4 231)          | (21 858)         |
| <b>Operating profit</b>                   | <b>(333 080)</b> | <b>(388 939)</b> |
| Interest expenses                         | (6 130)          | (4 928)          |
| <b>Profit / (loss) before tax</b>         | <b>(339 210)</b> | <b>(393 867)</b> |
| Corporate income tax                      | -                | -                |
| <b>Net profit / (loss) for the period</b> | <b>(339 210)</b> | <b>(393 867)</b> |
| Profit attributable to:                   |                  |                  |
| Equity holders of the Parent Company      | (324 562)        | (367 490)        |
| Non-controlling interest                  | (14 647)         | (26 377)         |
|   | (339 210)        | (393 867)        |

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

| ASSETS   | 31.03.2022<br>EUR | 31.12.2021.<br>EUR |
|--|-------------------|--------------------|
| NON-CURRENT ASSETS                               |                   |                    |
| Property, plant, equipment and intangible assets | 11 601 946        | 10 624 606         |
| <b>TOTAL NON-CURRENT ASSETS</b>                  | <b>11 601 946</b> | <b>10 624 606</b>  |
| CURRENT ASSETS                                   |                   |                    |
| Inventory  | 951 419           | 406 119            |
| Receivables                                      | 895 825           | 590 174            |
| Cash and cash equivalents                        | 38 296            | 13 011             |
| <b>TOTAL CURRENT ASSETS</b>                      | <b>1 885 540</b>  | <b>1 009 304</b>   |
| <b>TOTAL ASSETS</b>                              | <b>13 487 486</b> | <b>11 633 911</b>  |
| EQUITY AND LIABILITIES                           | 31.03.2022<br>EUR | 31.12.2021.<br>EUR |
| EQUITY   |                   |                    |
| Share capital                                    | 25 769            | 25 769             |
| Share premium                                    | 9 978 277         | 9 978 277          |
| Other reserves                                   | 2 966 752         | 1 566 294          |
| Retained earnings/ (accumulated deficit)         | (5 645 798)       | (5 522 993)        |
| Non-controlling interest                         | 375 595           | 391 463            |
| <b>TOTAL EQUITY</b>                              | <b>7 700 595</b>  | <b>6 438 809</b>   |
| LIABILITIES                                      |                   |                    |
| Non-current and current liabilities              | 5 786 891         | 5 195 102          |
| <b>TOTAL LIABILITIES</b>                         | <b>5 786 891</b>  | <b>5 195 102</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>              | <b>13 487 486</b> | <b>11 633 911</b>  |

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



## Shares and stock market

During 2022 Q1 HansaMatrix (HMX1R) share price decreased by 18.86% - see the stock price movement chart for the period from January 1, 2022 to March 31, 2022.



## Security trading history

| Price                   | 2017      | 2018      | 2019      | 2020      | 2021      | 2022 3m   |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Open                    | 7.95      | 8.14      | 6.5       | 6.25      | 9.10      | 8.80      |
| High                    | 8.83      | 8.5       | 6.65      | 9.05      | 16.80     | 8.80      |
| Low                     | 6.9       | 6.05      | 5.93      | 5.00      | 8.50      | 6.80      |
| Last                    | 8.14      | 6.5       | 6.25      | 9.05      | 8.90      | 7.10      |
| Traded volume           | 72 941    | 137 505   | 32 591    | 38 141    | 175 092   | 106 777   |
| Turnover, million       | 0.51 EUR  | 0.94 EUR  | 0.20 EUR  | 0.26 EUR  | 1.78 EUR  | 0.88 EUR  |
| Capitalization, million | 14.89 EUR | 11.89 EUR | 11.43 EUR | 16.56 EUR | 16.28 EUR | 13.03 EUR |

In 3m 2022 the highest HansaMatrix (HMX1R) share price observed reached 8.80 EUR per share, lowest 6.80 EUR per share and the total traded share turnover in this period amounted to 0.88 million EUR.

## Exposure to risks and uncertainties

### Impact of COVID-19

Despite recent year COVID – 19 developments, most of European leading Electronic Manufacturing Services (EMS) companies experience growth. Nevertheless, the electronics industry is facing significant component deficit explained by the growth in upstream demand in data networks, automotive, medicine and IoT business sectors. The existing global component manufacturing capacity was not sufficient for development of new technologies and the demand driven by COVID-19 pandemic global outbreak.

EU is entering a post-emergency COVID-19 pandemic phase, nevertheless fresh COVID-19 surges could be likely as the virus is expected to continue mutating, thus having a potential to still remain a significant public health burden worldwide. COVID-19 pandemic may still have a negative impact on the Group performance in the short term in the following areas: customer demand weakening, personnel safety issues and supply chain disruptions.

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

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

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

**Market risk.** The Group manages market risk according to its business development strategy, which foresees the development of a highly automated and technologically developed manufacturing process, operating in diversified market sectors with a growth tendency. Continued efforts are made for attracting new clients. In Q1 2022, the top 5 clients on the Parent Company accounted for 68% of the total revenue, the remaining 32% were generated by 32 clients. Most of the top clients of the Company have been working with AS HansaMatrix as their manufacturer for at least 10 years.

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

**Credit risk.** The Group and the Parent Company are exposed to credit risk through its trade receivables. The Parent Company has introduced various procedures to mitigate the risk of unrecoverable debts. Most trade credits are insured using non-recourse factoring. As at 31 March 2022, 49% of all trade receivables outstanding were insured. Clients, whose trade credits for any reason are not or cannot be insured, are subject to shortened payment schedules, advance payments, credit limits and other risk hedging conditions. The credit history of customers is also assessed on an ongoing basis and credit limits and terms are changed on an individual basis as applicable.

HansaMatrix continues to work closely with customers to better identify and understand the potential impact the COVID-19 situation may have on the manufacturing order book. Customers, located in the affected countries, are continuing the operations and are taking the virus spread and contraction precautionary measures.

The manufacturing order volume can be influenced by potential decisions by businesses to postpone investments and by consumers to decrease expenditures and also by international travel restrictions preventing customers from promptly accepting the executed orders, which potentially can be mitigated by online solutions.

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

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

To mitigate COVID-19 impact on liquidity, in addition to the regular procedures, the Group on ongoing basis closely monitors and utilizes the available government support for liquidity. Nevertheless, at the end of 2021 the Group successfully extended for 1 year the necessary working capital financing agreements with SEB banka in amount of EUR 4.56 million.

## Impact of the Russia-Ukraine Conflict

Taking into account the recent Russia-Ukraine conflict (Conflict) and its impact on the economic and business environment situation in the Baltics and the world, HansaMatrix has assessed the Group's current business situation, the risks caused by the Conflict and its possible impact on HansaMatrix's business.

As of today, all HansaMatrix business units are operating at the available capacity. HansaMatrix has worked closely with customers to better identify and understand the potential impact of Conflict on production order volumes. The Company has no customers in Russia, Ukraine or Belarus, and HansaMatrix customers also do not have significant revenue exposure to the markets directly involved in the Conflict. HansaMatrix has a diversified supplier base and the Company has no suppliers in Russia, Ukraine or Belarus. The Company has contacted and discussed the Conflict and related risks with key suppliers and logistics partners.

### Main risks

#### Risk of rising energy prices and inflation

Russia, Ukraine and Belarus are countries rich in raw materials, including oil, natural gas, metals and cereals, whose supply disruptions as a result of international sanctions and the Conflict are likely to lead to an increase in energy, raw materials and food prices, contributing to inflation in Europe in 2022 and 2023. The Company's expenses related to energy and utilities are relatively small in the total cost structure, accounting for about 2.5% of revenue in 2021. However, the Company particularly monitors the trends of energy prices and general inflation, evaluating financial results and budget fulfillment every month, if necessary, adjustments of production service prices to maintain the profitability level are coordinated with customers and made in a timely manner.

#### Supply chain and liquidity risks

Neon gas, which is needed to power lasers in semiconductor manufacturing and palladium metal used in later stages of chip production, are the two main raw materials whose supply volumes on the global market may be limited as a result of the Conflict. Industry analysts estimate that about 25-50% of the world's semiconductor quality level neon gas comes from Russia and Ukraine, while about 30% of the world's palladium metal comes from Russia.

The growing demand and supply chain disruptions following the COVID-19 pandemic have led to a global semiconductor shortage that has been going on for 1.5 years, which has initially helped to overcome the additional supply chain problems caused by the Russian invasion of Ukraine, as many chip manufacturers have significantly improved supply chain risk management and accumulated the materials needed for production for 3-12 months ahead (<https://cnb.cx/3K1lqGV>).

In the longer term, and assuming that the Conflict between Russia and Ukraine will not be resolved and minimized in the coming months, the above mentioned shortage of raw materials may lead to a rise in semiconductor prices and further increase the chip deficit.

In addition, supply chains could be expected to be further hampered, as transport companies are unlikely to be able to continue using rail in Russia, supplying semiconductors from Asia to Europe via Russia. Alternative transport options include ships and aircraft, which could increase delivery time (ships) and transport costs (aircraft).

It would be expected that the disruption of the supply chain of electronic components caused by the Conflict between Russia and Ukraine will affect the fulfillment of HansaMatrix production orders, possibly change execution times and increase the cost of purchasing components, as well as may increase inventory balances.

In order to mitigate the impact of the shortage of components, HansaMatrix diversifies the supplier base, applies the alternative component application approach, cooperates with brokers and makes timely purchases of components for the execution of customers orders. Liquidity risk mitigation measures include weekly cash flow management and liquidity planning on a monthly basis for the next 12 months, which allows for timely decisions to improve liquidity.

#### Risk of wage inflation

Increasing inflation is expected to contribute to higher wage inflation in 2022 and 2023. The Company's expenses related to employee remuneration are significant in the overall cost structure, accounting for approximately 39.1% of revenue in 2021. The Company carefully monitors the trends of wage inflation, evaluates financial results and budget implementation on a monthly basis, so that, if necessary, adjustments to the prices of production services are coordinated with customers and made in a timely manner to maintain the level of profitability.

## Impact of the Russia-Ukraine Conflict

### **Risk of declining purchasing ability**

Higher inflation, which limits economic growth, can lead to a long-term decline in demand and investments. The volume of production orders may be influenced by potential decisions by companies to defer investments and consumer decisions to reduce spending. Since the beginning of the Conflict, the Company has not received any negative indications of a decrease in customer orders in the near future. To mitigate this risk, HansaMatrix's sales team is constantly and actively looking for new customers, with a strategic focus on the Nordic countries.

### **Risk of attracting new investments**

Increased uncertainty in the business environment can potentially affect investor sentiment in Europe and lead to the postponement of investment decisions. HansaMatrix associate Lightspace Technologies is currently focusing on attracting investments in North America.

## Impact on the Company's business activities

HansaMatrix remains confident in the Company's long-term prospects and growth strategy. The Company believes that the direct impact of the Russia-Ukraine conflict on the Company is relatively limited in the short term, however, the uncertainty of the business environment has increased significantly and the scale of the Conflict's impact on the Company could change, especially in relation to future challenges related to supply chain risks and costs increase, that could potentially negatively affect business volume in the coming quarters of 2022.

HansaMatrix has assessed the key assumptions for the determination of fair value made for the Consolidated and Parent Company's financial statements and has concluded that at the date of this report the fair values of the Group's assets and liabilities have not been materially affected by the circumstances surrounding the Conflict. Nevertheless, the value of the liability of the European Investment Bank (EIB) convertible guarantee securities could change in future as the Company uses the weighted average share price of HansaMatrix for the last relevant quarter as one of the exit variables to determine the fair value of these liabilities.

In an adverse scenario, if the Conflict continues for a long time and on a substantially large scale, the impact on the Company could be more significant as a result of the risks described above.

## Other significant events in Q1 2022

On January 11, 2022 HansaMatrix notified on the increase of share capital. In accordance with the decisions adopted by the extraordinary shareholders meeting on 16 February 2018 the issuance of the Company's employee share options and the related conditional increase of the Company's share capital was approved. With the execution of conversion of employee share options, the Management Board of the Company decided on 26 November 2021 to increase the share capital of the Company by EUR 5500 (five thousand five hundred euros), by issuing new 5500 (five thousand five hundred) bearer shares with a nominal value of EUR 1 (one euro) per share, which has been registered in the Commercial Register as of 10 January 2022. After the increase of the share capital, the total share capital of the Company comprises EUR 1 834 881 (one million eight hundred thirty-four thousand eight hundred eighty-one euros).

On February 24, 2022 HansaMatrix has received first manufacturing order to supply aquaculture systems starting with Q2 2022. The planned revenue amount from cooperation with this customer is expected to reach up to 5 million EUR in the following 3 years. The new customer is located in Nordic countries and operates in industrial sector, related to aquaculture industry. Customer name according to the concluded non-disclosure agreement remains confidential.

On March 15, 2022 HansaMatrix announced that to achieve strategic business development goals, following an evaluation of strategic development options, and taking the current challenging investment climate in the region into account, SIA Lightspace Technologies on March 14, 2022 has started a listing process to become a listed entity in North America on the Toronto TSX Venture Exchange. In this process, it is planned to attract investments of at least 10 million USD from private investors, taking 7-8 months for the full listing process.

## Significant events after the reporting period

On April 6, 2022, as previously announced, following an evaluation of strategic development options, HansaMatrix has started a reorganization process to capture shareholder value and achieve strategic business development goals, whereby Lightspace holding shares owned by the Company were planned to be separated from HansaMatrix, establishing a new acquiring company. Based on strategic considerations, the reorganization process of HansaMatrix has been put on hold for unspecified period of time. In case the reorganization process will be restarted, the Company will disclose further information about it in accordance with the requirements of applicable law.

Also, on April 6, 2022, HansaMatrix's associated company Lightspace Technologies has currently attracted an aggregate investment in form of convertible loan of 1250 thousand EUR (previously reported 800 thousand EUR) from Estonian and Danish business angels and existing shareholders. These investments will help Lightspace Technologies to further develop existing and new products. The names of investors, in accordance with the terms of the agreement, are not disclosed.

On May 5, 2022 HansaMatrix reported on receiving 5.3 million EUR manufacturing order from existing customer to supply electricity overhead distribution line fault indication systems in 2022 and 2023, starting with Q4 2022. The customer is located in Nordic countries and operates in industrial sector.

May 12, 2022

JĀNIS SAMS

Chairman of the Management Board



## Statement of responsibility of the management

The Management Board of HansaMatrix is responsible for preparing the consolidated financial statements of the Parent and its subsidiaries (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 March 31, 2022 and the consolidated results of its financial performance and cash flows for the reporting period.

The interim condensed consolidated financial statements are prepared in accordance with IAS 34 Interim Financial Reporting and are prepared on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. The consolidated interim financial statements have been prepared based on the same accounting principles applied in the Consolidated Financial Statements for the year ended on December 31, 2021. Prudent and reasonable judgments and estimates have been made by the management in the preparation of the financial statements.

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

May 12, 2022

JĀNIS SAMS

Chairman of the Management Board

THIS DOCUMENT IS SIGNED ELECTRONICALLY WITH A SAFE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP





# Interim consolidated financial statements

## Interim consolidated statement of comprehensive income

|   | 01.01.2022-<br>31.03.2022<br>EUR | 01.01.2021-<br>31.03.2021<br>EUR |
|---|----------------------------------|----------------------------------|
| Revenue from contracts with customers   | 6 030 218                        | 5 828 376                        |
| Cost of sales   | (5 212 630)                      | (4 860 398)                      |
| <b>Gross profit</b>   | <b>817 588</b>                   | <b>967 978</b>                   |
| Distribution costs  | (122 112)                        | (144 752)                        |
| Administrative expense  | (557 638)                        | (466 391)                        |
| Other operating income  | 78 043                           | 284 859                          |
| Other operating expense   | (55 445)                         | (50 242)                         |
| <b>Operating profit or (loss)</b>   | <b>160 436</b>                   | <b>591 452</b>                   |
| Loss from investments in associates   | (219 728)                        | (185 197)                        |
| Finance income  | 169 823                          | 2 643                            |
| Finance costs   | (156 500)                        | (363 756)                        |
| <b>Profit or loss before tax</b>  | <b>(45 969)</b>                  | <b>45 142</b>                    |
| Corporate income tax  | -                                | -                                |
| <b>Net profit or loss for the reporting period</b>  | <b>(45 969)</b>                  | <b>45 142</b>                    |
| <b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax</b> |                                  |                                  |
| Other comprehensive income:   | -                                | -                                |
| <b>Total comprehensive income or (loss) for the year, net of tax</b>  | <b>(45 969)</b>                  | <b>45 142</b>                    |
| Comprehensive income or (loss) attributable to:   |                                  |                                  |
| Equity holders of the Parent Company  | (45 969)                         | 45 142                           |
| Non-controlling interests   | -                                | -                                |
| Earnings Per Share  | (0.025)                          | 0.025                            |
| Diluted Earnings Per Share  | (0.022)                          | 0.022                            |

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

May 12, 2022

JĀNIS SAMS

Chairman of the Management Board

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## Interim consolidated statement of financial position

### Assets

|  | 31.03.2021        | 31.12.2021        |
|--|-------------------|-------------------|
|  | EUR               | EUR               |
| <b>NON-CURRENT ASSETS</b>                        |                   |                   |
| Intangible assets                                |                   |                   |
| ODM assets                                       | 383 975           | 394 813           |
| Other intangible assets                          | 538 166           | 562 911           |
| <b>Total intangible assets</b>                   | <b>922 141</b>    | <b>957 724</b>    |
| Property, plant and equipment                    |                   |                   |
| Land and buildings                               | 3 743 887         | 3 789 000         |
| Equipment and machinery                          | 3 513 116         | 3 716 385         |
| Other fixtures and fittings, tools and equipment | 480 170           | 480 117           |
| Right of use asset                               | 3 573 538         | 3 659 998         |
| Leasehold improvements                           | 102 952           | 120 659           |
| Construction in progress                         | 1 061 000         | 1 070 305         |
| <b>Total property, plant and equipment</b>       | <b>12 474 663</b> | <b>12 836 464</b> |
| Non-current financial assets                     |                   |                   |
| Investments in associates                        | 5 887 071         | 6 106 799         |
| Investments in other companies                   | 89 257            | 61 582            |
| Other non-current receivables                    | 6 690             | 42 333            |
| <b>Total non-current financial assets</b>        | <b>5 983 018</b>  | <b>6 210 714</b>  |
| <b>TOTAL NON-CURRENT ASSETS</b>                  | <b>19 379 822</b> | <b>20 004 902</b> |
| <b>CURRENT ASSETS</b>                            |                   |                   |
| Inventories                                      |                   |                   |
| Raw materials and consumables                    | 5 212 558         | 3 955 773         |
| Trade receivables from contracts with customers  | 1 246 630         | 1 653 701         |
| Prepayments for goods                            | 165 131           | 82 935            |
| Loan to shareholder                              | 566 117           | 563 201           |
| Prepaid expense                                  | 125 461           | 55 909            |
| Contract assets                                  | 2 001 787         | 1 487 173         |
| Other receivables                                | 274 699           | 282 324           |
| Cash and cash equivalents                        | 207 059           | 451 210           |
| <b>TOTAL CURRENT ASSETS</b>                      | <b>9 799 442</b>  | <b>8 532 226</b>  |
| <b>TOTAL ASSETS</b>                              | <b>29 179 264</b> | <b>28 537 128</b> |

|                                   |           |           |
|-----------------------------------|-----------|-----------|
| *Available unused credit line     | 700 000   | 700 000   |
| *Available unused factoring limit | 1 210 172 | 1 446 601 |

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

May 12, 2022

JĀNIS SAMS

Chairman of the Management Board



## Interim consolidated statement of financial position

### Equity and liabilities

|                         |   | 31.03.2022        | 31.12.2021        |
|-------------------------|---|-------------------|-------------------|
|                         |   | EUR               | EUR               |
| <b>EQUITY</b>           |   |                   |                   |
|                         | Share capital                                       | 1 834 881         | 1 829 381         |
|                         | Share premium                                       | 2 465 994         | 2 435 579         |
|                         | Reserves  | 55 483            | 50 659            |
|                         | Non-current asset revaluation reserve               | 1 970 348         | 2 006 222         |
|                         | Retained earnings/ (accumulated loss):              |                   |                   |
|                         | a) brought forward                                  | 115 074           | 2 064 847         |
|                         | b) for the period                                   | (45 969)          | (1 952 310)       |
|                         | Minority share                                      | -                 | -                 |
|                         | <b>TOTAL EQUITY</b>                                 | <b>6 395 811</b>  | <b>6 434 378</b>  |
| <b>LIABILITIES</b>      |   |                   |                   |
| Non-current liabilities |   |                   |                   |
|                         | Loans from credit institutions                      | 5 364 694         | 5 370 208         |
|                         | Lease liabilities                                   | 2 321 385         | 2 455 353         |
|                         | Other financial liabilities                         | 1 713 096         | 1 880 003         |
|                         | Government grants                                   | 575 776           | 603 004           |
|                         | Taxes payables – non-current                        | 79 765            | 141 078           |
|                         | <b>Total non-current liabilities</b>                | <b>10 054 716</b> | <b>10 449 646</b> |
| Current liabilities     |   |                   |                   |
|                         | Loans from credit institutions                      | 2 281 827         | 2 433 034         |
|                         | Lease liabilities                                   | 1 062 772         | 1 042 451         |
|                         | Prepayments received under contracts with customers | 1 994 638         | 1 185 335         |
|                         | Trade payables                                      | 6 011 372         | 5 717 775         |
|                         | Taxes payable                                       | 670 359           | 534 893           |
|                         | Corporate income tax                                | -                 | 799               |
|                         | Other liabilities                                   | 85 326            | 177 282           |
|                         | Government grants                                   | 177 101           | 192 666           |
|                         | Accrued liabilities                                 | 445 342           | 368 869           |
|                         | <b>Total current liabilities</b>                    | <b>12 728 737</b> | <b>11 653 104</b> |
|                         | <b>TOTAL LIABILITIES</b>                            | <b>22 783 453</b> | <b>22 102 750</b> |
|                         | <b>TOTAL EQUITY AND LIABILITIES</b>                 | <b>29 179 264</b> | <b>28 537 128</b> |

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

May 12, 2022

JĀNIS SAMS

Chairman of the Management Board

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## Interim consolidated statement of cash flow

|   | 01.01.2022-<br>31.03.2022<br>EUR | 01.01.2021-<br>31.03.2021<br>EUR |
|---|----------------------------------|----------------------------------|
| <b>CASH FLOWS TO/ FROM OPERATING ACTIVITIES</b>                 |                                  |                                  |
| Profit (loss) before tax  | (45 969)                         | 45 142                           |
| Adjustments for:  |                                  |                                  |
| Depreciation and amortization                                   | 648 638                          | 649 688                          |
| Interest expense  | 141 041                          | 35 834                           |
| Interest income   | (2 916)                          | (2 643)                          |
| Decrease in allowances for slow-moving items and receivables    | (13 292)                         | (59 878)                         |
| Income from grant recognition                                   | (46 273)                         | (42 548)                         |
| Gain on disposal of property, plant and equipment               | (8 223)                          | 28                               |
| Fair value adjustment for warrants                              | (166 907)                        | 209 009                          |
| Share of loss of an associates                                  | 219 728                          | 185 197                          |
| Adjustments for:  |                                  |                                  |
| (Increase)/ decrease in inventories                             | (1 771 400)                      | 70 769                           |
| (Increase)/ decrease in receivables                             | 273 324                          | 292 155                          |
| Increase/ (decrease) in payables                                | 1 234 441                        | (315 231)                        |
| <b>Cash generated from operations, gross</b>                    | <b>462 192</b>                   | <b>1 067 522</b>                 |
| Interest paid   | (28 862)                         | (35 834)                         |
| Corporate income tax paid                                       | -                                | -                                |
| <b>Net cash flows to/ from operating activities</b>             | <b>433 330</b>                   | <b>1 031 688</b>                 |
| <b>CASH FLOWS TO/ FROM INVESTING ACTIVITIES</b>                 |                                  |                                  |
| Purchase of intangible assets and property, plant and equipment | (99 665)                         | (137 823)                        |
| Proceeds from sale of property, plant and equipment             | 8 223                            | -                                |
| Investments in other companies                                  | (27 675)                         | (3 348)                          |
| <b>Net cash flows to/ from investing activities</b>             | <b>(119 117)</b>                 | <b>(141 171)</b>                 |
| <b>CASH FLOWS TO/ FROM FINANCING ACTIVITIES</b>                 |                                  |                                  |
| Grants received   | 4 374                            | 172 201                          |
| Loans repaid to credit institutions                             | (257 967)                        | (667 719)                        |
| Loans repaid to lease companies                                 | (74 328)                         | (34 001)                         |
| Payment of principal portion of lease liabilities               | (230 443)                        | (204 801)                        |
| <b>Net cash flows to/ from financing activities</b>             | <b>(558 364)</b>                 | <b>(734 320)</b>                 |
| <b>Change in cash and cash equivalents for the year</b>         | <b>(244 151)</b>                 | <b>156 197</b>                   |
| <b>Cash and cash equivalents at the beginning of the year</b>   | <b>451 210</b>                   | <b>830 243</b>                   |
| <b>Cash and cash equivalents at the end of the year</b>         | <b>207 059</b>                   | <b>986 440</b>                   |

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

## Interim consolidated statement of changes in equity

|   | Share<br>capital | Share<br>premium | Reserves      | Non-current<br>asset<br>revaluation<br>reserve | Retained<br>earnings/<br>(accumu-<br>lated loss) | Non-<br>controlling<br>interest | Total            |
|---|------------------|------------------|---------------|--|--|---------------------------------|------------------|
|   | EUR              | EUR              | EUR           | EUR  | EUR  | EUR                             | EUR              |
| <b>Balance as at 31 December 2020</b>                   | <b>1 829 381</b> | <b>2 435 579</b> | <b>1 973</b>  | <b>1 914 956</b>                               | <b>2 291 009</b>                                 | <b>-</b>                        | <b>8 472 898</b> |
| Profit for the reporting year                           | -                | -                | -             | -  | 45 142   | -                               | 45 142           |
| Other comprehensive income                              | -                | -                | -             | -  | -  | -                               | -                |
| Total comprehensive income                              | -                | -                | -             | -  | 45 142   | -                               | 45 142           |
| Depreciation of revalued items of<br>property and plant | -                | -                | -             | (30 924)                                       | 30 924   | -                               | -                |
| <b>Balance as at 31 March 2021</b>                      | <b>1 829 381</b> | <b>2 435 579</b> | <b>1 973</b>  | <b>1 884 032</b>                               | <b>2 367 075</b>                                 | <b>-</b>                        | <b>8 518 040</b> |
| <b>Balance as at 31 December 2021</b>                   | <b>1 829 381</b> | <b>2 435 579</b> | <b>50 659</b> | <b>2 006 222</b>                               | <b>112 537</b>                                   | <b>-</b>                        | <b>6 434 378</b> |
| Profit for the reporting year                           | -                | -                | -             | -  | (45 969)   | -                               | (45 969)         |
| Other comprehensive income                              | -                | -                | -             | -  | -  | -                               | -                |
| Total comprehensive income                              | -                | -                | -             | -  | (45 969)   | -                               | (45 969)         |
| Increase of capital                                     | 5 500            | 30 415           | -             | -  | (35 915)   | -                               | -                |
| Depreciation of revalued items of<br>property and plant | -                | -                | -             | (35 874)                                       | 35 874   | -                               | -                |
| Share option reserves                                   | -                | -                | 4 824         | -  | 2 578  | -                               | 7 402            |
| <b>Balance as at 31 March 2022</b>                      | <b>1 834 881</b> | <b>2 465 994</b> | <b>55 483</b> | <b>1 970 348</b>                               | <b>69 105</b>                                    | <b>-</b>                        | <b>6 395 811</b> |

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



# Notes to the consolidated financial statements

## 1. Corporate information

The interim condensed consolidated financial statements of HansaMatrix and its subsidiaries (collectively, the Group) for the three months ended March 31, 2022 were authorized for issue in accordance with a resolution of the Management Board of the Parent Company on May 12, 2022.

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

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

### 2.1. Basis of preparation

The interim condensed consolidated financial statements for the three months ended March 31, 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021.

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

## 3. Related party disclosures

|   |  |                   |  | Amounts owed<br>by related<br>parties (gross) | Amounts owed<br>to related<br>parties (gross) |
|---|--|-------------------|--|---|---|
| Related party   | Type of services                           |                   |  | EUR   | EUR   |
| <b>1. Associates</b>  |  |                   |  |   |   |
| SIA Lightspace Technologies (AS<br>HansaMatrix share: 67,7%)          | Services, purchase of<br>materials, sales  | 31.12.2021        |  | 843 381                                       | 37 379  |
|   |  | 31.03.2022        |  | 875 945                                       | 59 400  |
|   | <b>TOTAL</b>                               | <b>31.12.2021</b> |  | <b>843 381</b>                                | <b>37 379</b>                                 |
|   | <b>TOTAL</b>                               | <b>31.03.2022</b> |  | <b>875 945</b>                                | <b>59 400</b>                                 |
| <b>2. Entities with significant influence over the Parent Company</b> |  |                   |  |   |   |
| SIA MACRO RĪGA (shareholder)  | Loans                                      | 31.12.2021        |  | 563 201                                       | -   |
|   |  | 31.03.2022        |  | 566 117                                       | -   |
|   | Purchase of services; sale<br>of materials | 31.12.2021        |  | 829   | -   |
|   |  | 31.03.2022        |  | 6   | -   |
|   | <b>TOTAL</b>                               | <b>31.12.2021</b> |  | <b>564 030</b>                                | -   |
|   | <b>TOTAL</b>                               | <b>31.03.2022</b> |  | <b>566 123</b>                                | -   |

## Notes to the consolidated financial statements

### 4. EBITDA calculation

|                               | 01.01.2022-<br>31.03.2022<br>EUR | 01.01.2021-<br>31.03.2021<br>EUR |
|-------------------------------|----------------------------------|----------------------------------|
| NET sales                     | 6 030 218                        | 5 828 376                        |
| <b>Operating profit</b>       | <b>160 436</b>                   | <b>591 452</b>                   |
| Depreciation and amortization | 648 638                          | 649 688                          |
| <b>EBITDA, EUR</b>            | <b>809 074</b>                   | <b>1 241 140</b>                 |
| <b>EBITDA, %</b>              | <b>13%</b>                       | <b>21%</b>                       |

### 5. The fair value measurement hierarchy of the Group's assets and liabilities at March 31, 2022

| Fair value measurement using                                    |                                |                        |   |   |   |
|---|--------------------------------|------------------------|---|---|---|
|   | Total at<br>carrying<br>amount | Total at<br>fair value | quoted prices in<br>active markets<br>(level 1) | significant<br>observable<br>inputs (level 2) | significant<br>unobservable<br>inputs (level 3) |
|   | EUR                            | EUR                    | EUR   | EUR   | EUR   |
| <b>Assets and liabilities measured at fair value</b>            |                                |                        |   |   |   |
| Warrants  | 1 713 096                      | 1 713 096              | -   | 1 713 096                                     | -   |
| Investments in other companies                                  | 89 257                         | 89 257                 | -   | -   | 89 257  |
| <b>Assets and liabilities for which fair value is indicated</b> |                                |                        |   |   |   |
| Loan to shareholder   | 566 117                        | 566 117                | -   | -   | 566 117   |
| Loans from credit institutions                                  | 7 646 521                      | 7 646 521              | -   | 7 646 521                                     | -   |

As at the end of Q1 2022 the Group has reviewed the key assumptions of the fair value measurement, carried out for the Group's annual consolidated financial statements as at December 31, 2021, of the depicted above assets and liabilities and concluded that the carrying amounts of these assets and liabilities as of March 31, 2022 are reasonable approximations of the fair values, except that in Q1 2022 the Group carried out revaluation of fair value of warrants issued in relation to European Investment Bank (EIB) financing contract, decreasing warrant balance sheet value by 0.167 million EUR, due to decreasing average weighted price of HansaMatrix stock in Q1 2022, which by the same amount improved net profit in Q1 2021.

Nevertheless, the key assumptions of the fair value measurement could change going forward and as of the date of preparing the Group's annual audited consolidated financial statements for the year ended December 31, 2022.

## Notes to the consolidated financial statements

### 6. Earnings per share

|  | 01.01.2022-<br>31.03.2022<br>EUR | 01.01.2021-<br>31.03.2021<br>EUR |
|--|----------------------------------|----------------------------------|
| <b>Net profit or loss for the reporting period</b>                   | (45 969)                         | 45 142                           |
| Other comprehensive income:  | -                                | -                                |
| <b>Total comprehensive income or (loss) for the year, net of tax</b> | (45 969)                         | 45 142                           |
| Comprehensive income or (loss) attributable to:                      |                                  |                                  |
| Equity holders of the Parent Company                                 | (45 969)                         | 45 142                           |
| Non-controlling interests  | -                                | -                                |
| HansaMatrix AS number of shares                                      | 1 834 881                        | 1 829 381                        |
| Earnings per share   | -0.025                           | 0.025                            |
| HansaMatrix AS employees share options                               | 10 150                           | 9 600                            |
| EIB warrants   | 205 298                          | 205 298                          |
| Diluted Earnings Per Share   | -0.022                           | 0.022                            |



## Notes to the consolidated financial statements

### 7. Normalized net profit

Normalized net profit calculation for Q1-Q4, 2021 and Q1, 2022:

|   | 1.01.2022-<br>31.03.2022 | 1.10.2021<br>31.12.2021 | 1.07.2021-<br>30.09.2021 | 1.04.2021-<br>30.06.2021 | 1.01.2021-<br>31.03.2021 |
|---|--------------------------|-------------------------|--------------------------|--------------------------|--------------------------|
|   | EUR                      | EUR                     | EUR                      | EUR                      | EUR                      |
| <b>Net profit</b>   | <b>(45 969)</b>          | <b>(1 965 892)</b>      | <b>295 065</b>           | <b>(326 625)</b>         | <b>45142</b>             |
| Loss/Profit from investments in associates                      | 219 728                  | 402 158                 | 53 856                   | 196 110                  | 185 197                  |
| Impairment loss on assets (goodwill and PPE under construction) |                          | 1 357 586               |                          |                          |                          |
| EIB warrant fair value change provisions                        | (166 907)                | (308 845)               | (177 048)                | 504 402                  | 209 009                  |
| EIB loan fair value change provisions                           | 85 813                   | 80 403                  | 79 419                   | 82 459                   | 83 446                   |
| Interest expense related to operating leases                    | 36 793                   | 57 659                  | 30 813                   | 32 110                   | 32 914                   |
| Deferred tax liabilities  | -                        | -                       | -                        | -                        | -                        |
| <b>Normalized earnings</b>                                      | <b>129 458</b>           | <b>(397 845)</b>        | <b>282 105</b>           | <b>488 456</b>           | <b>555 708</b>           |

Normalized net profit calculation for 2018-2022 3m:

|   | 1.01.2022-<br>31.03.2022 | 1.01.2021-<br>31.03.2021 | 1.01.2021-<br>31.12.2021 | 1.01.2020-<br>31.12.2020 | 1.01.2019-<br>31.12.2019 | 1.01.2018-<br>31.12.2018 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|   | EUR                      | EUR                      | EUR                      | Restated<br>EUR          | EUR                      | EUR                      |
| <b>Net profit</b>   | <b>(45 969)</b>          | <b>45 142</b>            | <b>(1 952 310)</b>       | <b>(846 586)</b>         | <b>207 888</b>           | <b>781 018</b>           |
| Loss/Profit from investments in associates                      | 219 728                  | 185 197                  | 837 321                  | 572 611                  | 623 202                  | 483 143                  |
| Impairment loss on assets (goodwill and PPE under construction) |                          |                          | 1 357 586                |                          |                          |                          |
| EIB warrant fair value change provisions                        | (166 907)                | 209 009                  | 227 518                  | 306 555                  | -                        | -                        |
| EIB loan fair value change provisions                           | 85 813                   | 83 446                   | 325 727                  | 293 738                  | 246 346                  | 8 117                    |
| Interest expense related to operating leases                    | 36 793                   | 32 914                   | 153 496                  | 123 053                  | 66 088                   | -                        |
| Deferred tax liabilities  | -                        | -                        | -                        | -                        | -                        | -                        |
| <b>Normalized earnings</b>                                      | <b>129 458</b>           | <b>555 708</b>           | <b>928 424</b>           | <b>449 371</b>           | <b>1 143 524</b>         | <b>1 272 278</b>         |

### 8. Dividends paid and proposed

At the moment of preparation of this report no dividends have been proposed to be paid out in 2022.

## 9. Definitions of alternative performance measures (APM)

| No | ASR, definition, components   | Relates to past or future reporting periods | ASR usefulness   | The Group uses APM for   |
|----|---|---|--|--|
| 1  | 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 |
| 2  | EBIT margin: EBIT/ Revenue  | Past  | Shows the proportion of revenues that are available to cover non-operating costs.  | Profitability assessment   |
| 3  | 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 |
| 4  | EBITDA margin: EBITA/ Revenue   | Past  | Shows the entity's ability to generate operating cash flows  | Profitability assessment   |
| 5  | Normalized net profit: Net profit adjusted by the most significant expense or income that are not associated with actual cash expenditures (except depreciation).   | Past  | Shows the entity's earning capacity by enhancing comparability between the periods, when applicable and necessary.   | Liquidity management and assessment of earning capacity and cash flows |
| 6  | P/E ratio: Share price / Net profit per share   | Past  | Can be used in making conclusions as to whether the Nasdaq Riga market price of the Group's shares is overstated or understated in comparison to other similar companies or the average market price | Determining the relative value per share                               |
| 7  | Normalized P/E ratio: Share price / Normalized net profit per share   | Past  | Can be used in making conclusions as to whether the Nasdaq Riga market price of the Group's shares is overstated or understated in comparison to other similar companies or the average market price | Determining the relative value per share                               |
| 8  | Net profit margin: Net profit / Revenue   | Past  | Shows the entity's earning capacity  | Profitability assessment   |
| 9  | Normalized net profit margin: Normalized net profit / Revenue   | Past  | Shows the entity's earning capacity  | Profitability assessment   |
| 10 | Normalized ROA: Normalized net profit / Total assets  | Past  | Shows how efficiently the assets are used to generate earnings.  | Assessment of return on assets   |
| 11 | Normalized ROE: Normalized net profit / Equity  | Past  | Shows how efficiently the equity is used to generate earnings  | Determining return on equity   |
| 12 | Current ratio: Current assets/ Current liabilities  | Past  | Shows the extent to which an entity has sufficient current assets to cover its current liabilities   | Liquidity assessment   |
| 13 | Normalized Return on Capital Employed (ROCE): Normalized net profit / (Total assets – Current liabilities)  | Past  | Shows how efficiently the capital employed is used to generate earnings  | Assessment of return on capital employed                               |
| 14 | Compound annual growth rate (CAGR): (Investment's ending value/ Investment's beginning value) <sup>1/(Number of periods)-1</sup> . CAGR is the rate of return that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each year of the investment's lifespan. | Past  | Shows a growth rate of a financial measure over a certain period of time assuming that the growth rate is the same over the equal span of time of the said period.                                   | Assessment of the dynamics of financial indicators                     |

Two APR's added – No.6 and No.8 to reflect both profitability margins for net profit and for normalized net profit as well as if necessary to calculate P/E using both net profit and also normalized net profit. Names have been changed for APR's No.5, 7, 9, 10, 11 and 13 to better reflect the substance of these ratios.