



**HANSAMATRIX**

*Inspired by your trust*

STOCK COMPANY  
**“HANSAMATRIX”**  
UNIFIED REGISTRATION NUMBER 40003454390

**YEAR 2021 MANAGEMENT BOARD AND SUPERVISORY COUNCIL DIRECTORS  
REMUNERATION REPORT**

Prepared according to the requirements  
of Financial Instrument Market Law  
of the Republic of Latvia

Riga, 2022

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## 1. INTRODUCTION

Remuneration report (hereinafter – the “Report”) of the members of the Management Board of Directors (hereinafter – the “Management Board” or “Board”) and the Supervisory Council (hereinafter – the “Council”) of the Stock Company HansaMatrix (hereinafter “HansaMatrix” or the “Company” or “the Group”) for 2021 has been prepared in accordance with the Financial Instruments Market Law of the Republic of Latvia and HansaMatrix remuneration policy (hereinafter - the “Policy”) for board and council members (hereinafter – “Directors”), approved by the decision of the shareholders' meeting of the Company of 22 May 2020 (Minutes No. 2020-SHM1).

HansaMatrix Group closed the year 2021 with a revenue from contracts with customers (hereinafter – revenue, sales or turnover) of EUR 21.96 million, decreasing by 2.77% compared to the EUR 22.59 million turnover reported in 2020.

In the reporting period, the Group EBITDA was EUR 3.732 million, showing a 23% increase in comparison with EUR 3.034 million in 2020; the net profit was negative EUR 1.952 million in comparison with the net loss of EUR 0.847 million in 2020.

For a better comparison of interim profitability, the Group calculates normalized profit, which in 2021 amounted to 0.928 million EUR and was 107% higher in comparison with the normalized profit of 0.449 million EUR in 2020.

Revenue decrease is explained by the ongoing global electronic component deficit. In the first 6 months of 2021, the Group successfully managed the risks of global component deficit and supply chains and achieved very good results, while in the second half of 2021 the availability of semiconductors significantly affected the Group's financial results. However, 2021 EBITDA growth is explained by comparably larger proportion of high added value products in manufactured product mix and growing demand in data networks and industrial sectors.

The Group's net profit in 2021 was negatively affected by a number of non-cash items, including changes in the fair value of investments in SIA Zinātnes parks, losses on investments in associates, changes in the fair value of EIB guarantees and EIB loans, and interest expenses related to leases.

The significant loss in 2021 is mainly explained by Groups assessment of the recoverable amount of investments in Zinātnes Parks SIA in the amount of 1.358 million EUR due to significantly increased construction costs of new industrial facilities, with losses from the associated company SIA Lightspace technologies, recognized in the Group's statement of comprehensive income for 2021 in the amount of 0.837 million EUR and also with the Group's fair value revaluation of convertible guarantee securities issued in relation to European Investment Bank (EIB) financing agreement due to the decrease in the weighted average market price of HansaMatrix, reducing the carrying amount

of convertible guarantee securities. In total, in 2021, the fair value of the above security increased by 0.228 million. EUR, reducing the Group's net profit accordingly.

The fixed and variable remuneration paid to the Directors the Company in 2021 complies with the provisions of the Policy.

The remuneration report has been prepared by the Board of the Company and reviewed by the Council of the Company. The Report is examined by a sworn auditor and it is reviewed and is planned to be approved at the shareholders' meeting together with other components of the annual report.

Riga,  
April 28, 2022

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Jānis Sams  
Chairman of the Management Board

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## **2. BOARD AND COUNCIL REMUNERATION**

On May 17, 2021 Jānis Sams, the current Chief Operating Officer and Member of the Management Board, was appointed as the Chief Executive Officer of the high-tech company HansaMatrix. With the change of the CEO, two new members have been appointed to the Management Board of HansaMatrix - Gatis Grava, HansaMatrix Ventspils manufacturing plant manager and Vitauts Galvanusks, Ogre manufacturing plant manager. Māris Macijevskis continues to serve as HansaMatrix Management Board Member and Chief Financial Officer.

On May 26, 2021 annual general meeting of HansaMatrix shareholders the new Supervisory Council was elected, in addition to the previous Supervisory Council members Ingrīda Blūma, Dagnis Dreimanis, Normunds Igolnieks and Baiba Anda Rubesa, HansaMatrix founder, Ilmārs Osmanis and the Supervisory Council member Anders Lennart Borg were appointed. Baiba Rubesa has been approved as the Chairperson of the Supervisory Council of HansaMatrix, while Ingrīda Blūma will continue to perform the duties of the Deputy Chairperson of the Supervisory Council. Andris Bērziņš has left the composition of the HansaMatrix Council. A. Bērziņš was an independent member of the Council and has been a member of the HansaMatrix Council since October 7, 2015, serving as the Chairman of the Council since April 4, 2018.

HansaMatrix founder Ilmārs Osmanis resigned as HansaMatrix Supervisory Board Member on September 13, 2021.

The dates of service of Directors in the figure below are the dates when the respective Director appointment or leaving decisions are registered in The Register of Enterprises of the Republic of Latvia.

### **2.1. Total Board and Council remuneration**

On October 29, 2019 the Company extraordinary shareholder meeting approved the remuneration policy of the Board of Directors and Supervisory Council (hereinafter "the Remuneration policy") that was subsequently amended by May 22, 2020 the Company's shareholders' meeting.

Figure 1. Total Board and Council remuneration, EUR

Name of Director, Position (start/end)	1 Fixed remuneration			2 Variable remuneration		3 Extraordinary items	4 Pension expense	5 Total Remuneration	6 Proportion of fixed and variable remuneration
	Base salary	Fees	Other benefits	One-year variable	Multi-year variable				
Jānis Sams, Management Board Member, Chief Operating Officer, 08.12.2020-31.05.2021, Chairman of Management Board 01.06.2021-Present	92,480		8,962	51,811				153,253	66% / 34%
Ilmārs Osmaniš, Chairman of Management Board, Chief Executive Officer, 27.12.2000-31.05.2021	57,683		6,082				4,000	67,765	100% / 0%
Māris Macijevskis, Management Board Member, Chief Financial Officer, 16.02.2018-Present	65,115		9,301	20,114				94,530	79% / 21%
Vitauts Galvanausks, Management Board Member, Ogre manufacturing plant manager, 17.05.2021-Present	48,804		4,284	4,095				57,183	93% / 7%
Gatis Grava, Management Board Member, Ventspils manufacturing plant manager, 17.05.2021-Present	50,607		4,290	2,250				57,147	96% / 4%
Baiba Anda Rubesa, Council member, non-executive director 09.06.2020-25.05.2021, Chairman of the Council 26.05.2021-Present	20,640							20,640	100% / 0%
Andris Bērziņš, Chairman of the Council, non-executive director, 07.10.2015-26.05.2021	11,000							11,000	100% / 0%
Ingrīda Blūma, Deputy Chair of the Council, non-executive director, 16.06.2016-Present	12,000							12,000	100% / 0%
Anders Lennert Borg, Council member, 26.05.2021-present (payment made to company)	12,956							12,956	100% / 0%
Dagnis Dreimanis, Council member, non-executive director, 04.04.2018-Present	0							0	
Normunds Igoļnieks, Council member, non-executive director, 09.06.2020-Present	0							0	
Ivars Kirsons, Deputy Chair of the Council, non-executive director, 26.11.2019 - 09.06.2020	0							0	

The Remuneration policy describes key Remuneration principles for the Company’s Board and Council members considering, inter alia, remuneration and employment conditions of the Company’s staff, thereby facilitating the Company’s business strategy, long-term interests and sustainability.

Base Salary in Figure 1 includes the fixed base salary of the director, in exchange for professional services to serve its mandate or for any other executive or non-executive services or functions provided during the reported financial year under a specific contract. It also includes the salary of the director related to his work as an employee of the company, e.g., CFO or COO.

Fees include all fees of the director for the participation in the administrative, management or supervisory bodies of the company meetings during the reported financial year.

Other benefits include the value of the following perquisites: medical insurance, company car, mobile telephone communication services, and mobile phone device.

Variable remuneration includes bonuses consisting of cash and share options which was paid for, or which as a result of the fulfilment of the predetermined performance criteria vested during the reported financial year, where the time span does not exceed that financial year.

In 2021 Jānis Sams received 2 400 Company stock options for the fulfillment of pre-determined performance criteria and also received cash bonuses. Figure 3 depicts the variable remuneration split paid out in cash and awarded as Employee share options.

**Figure 2. Variable remuneration, EUR**

Director	Cash	Employee share options	Total
Jānis Sams	36 139	15 672	51 811
Ilmārs Osmanis	0	0	0
Māris Macijevskis	20 114	0	20 114
Vitauts Galvanauks	4 095	0	4 095
Gatis Grava	2 250	0	2 250
Total	62 598	15 672	78 270

Pension expense includes the contributions that effectively took place during the reported financial year to finance a fund or other pension scheme for future pension pay-out for the director (or the director’s heirs).

In 2021, all members of the Management Board and Council received remuneration from the Company and did not receive any remuneration from other Group companies within the meaning of the Law of Republic of Latvia on Annual Accounts and Consolidated Annual Accounts of the Group.

## 2.2. Share-based remuneration

On February 16, 2018 the Company extraordinary shareholder meeting approved the Regulation of Employee stock option issuance (hereinafter “the Employee option plan”) and approved issuing 18 294 employee stock options (hereinafter – “the Options”) for the total monetary amount of 18 294 EUR (eighteen thousand two hundred ninety-four euro).

The purpose of issuing employee stock options is to reward the employees for successful performance and loyalty to the Company and to motivate the Company’s employees to take care of the Company’s long-term success, as well as increase their interest in effective management of the Company.

The Employee option plan (hereinafter - “the Option plan” or “the Options”) includes the following key conditions:

- a) Employee eligibility to receive stock options as compensation: current group employee, works in the group longer than 12 months and has achieved individual or HansaMatrix AS group KPI’s.
- b) Board member eligibility to receive stock options as compensation: serves as a board member more than 12 months and has achieved individual or HansaMatrix AS group KPI’s.
- c) HansaMatrix Management Board Members can receive up to 2400 Options per year, HansaMatrix 100% subsidiary Management Board Member can receive up to 1200 Options per year and HansaMatrix group key employees can receive up to 600 Options per year for fulfilling HansaMatrix business or individual targets.
- d) Options are cancelled in case the employee work agreement is terminated.
- e) One option entitles to receive one dematerialized bearer share of the Company.
- f) Management Board approves options for employees.
- g) Council approves options for Management board members.
- h) The Board of the Company has the right to determine the recipients of the Options, the employees of the Company and 100% of the subsidiary, non-board members, a conversion period of individual options not exceeding 3 years.
- i) The Supervisory Board of the Company has the right to determine the recipients of the Options, members of the Management Board of the Company and 100% of the subsidiary, a conversion period of individual options not exceeding 3 years.
- j) Management Board is responsible for keeping the employee option register.

- k) Options can be exercised once per year within 1 month after calendar year end. Employee has to have 4-year work experience in the group to exercise the options.
- l) Holders of Options acquire options and convert them into the Company's newly issued shares free of charge.
- m) After the employee decides to exercise the options, Council decides to accordingly change articles of association, the Management Board decides to increase the Company capital.

Figure 3. Share-based remuneration.

Name of Director, Position	The main conditions of share option plans						Information regarding the reported financial year				
							Opening balance		During the year		Closing balance
	Specification of plan	Performance period	Award date	Vesting date	Exercise period	Exercise price of the share	Share options held at the beginning of the year	Share options awarded	Share options vested	Share options subject to a performance condition	Share options awarded and unvested
Ilmārs Osmanis, Chairman of Management	the Employee option plan	01.01.2020-31.12.2020	16/02/2021	17.05.2021	01.01.2022-31.01.2022	0	2400	0	0	0	2400
Māris Macijevskis, Management Board Member, Chief Financial Officer	the Employee option plan	01.01.2019-31.12.2019	17.02.2019-01.12.2019	17.02.2022-01.12.2022	01.01.2023-31.01.2023	0	1100	0	0	0	1100
Māris Macijevskis, Management Board Member, Chief Financial Officer	the Employee option plan	01.01.2020-31.12.2020	16/02/2021	16.02.2024	01.01.2025-31.01.2025	0	2400	0	0	0	2400
Jānis Sams, Chairman of Management Board	the Employee option plan	01.01.2020-31.12.2020	01/06/2021	31.05.2024	01/01/2025	0	0	2400	0	0	2400

In 2021 Jānis Sams with Council decision was awarded with 2400 Employee stock options according to the Employee option plan and according to the Remuneration policy for fulfilling the KPI related to HansaMatrix business performance indicator set for year 2020.

The options granted to Ilmārs Osmanis and Māris Macijevskis in 2021 were included in the 2020 remuneration report and in the total remuneration amounts.

### 2.3. Use of the right to reclaim

In 2021, the Company did not exercise its right to reclaim the variable remuneration previously paid to the members of the Management Board.

### 3. ACTUAL REMUNERATION COMPLIANCE WITH REMUNERATION POLICY

Key provisions of the Remuneration policy of the Company, which the director remuneration paid out in 2021 complies, are the following:

- a) Remuneration consists of fixed and variable remuneration, stock related compensation and other fringe benefits.
- b) Fixed remuneration is defined on the basis of position, professional skills and education, official duties and the level of the responsibility.
- c) Fixed Remuneration is paid only to independent members of the Council, i.e., those members of the Council, including the Chairman of the Council, whose shareholding in the Company does not exceed 3% of the total share capital of the Company.
- d) Fixed Remuneration of the Chairman of the Council may not exceed 1/3 of the Fixed Remuneration of the Chairman of the Board.
- e) Variable remuneration may be awarded only to Board members. Council members do not receive any variable remuneration.
- f) Variable remuneration is linked to the attainment of certain targets the annual maximum threshold of it may not exceed 50 % of annual fixed remuneration.
- g) Other fringe benefits include the Company provided mobile devices, paid communication expenses, health and accident insurance, contributions to pension funds, provided Company cars, additional paid leaves (marriage, child birth, etc.). The maximum amount of other fringe



benefits that Director may be granted yearly in monetary terms shall not exceed 30 % of that person's fixed annual remuneration.

- h) The Company may defer the payment of the variable remuneration, but not more than 50 % of the total variable remuneration. The maximum deferral period for variable remuneration is one year. Deferment of variable remuneration shall be decided by the Council.
- i) Employee stock options are awarded and issued according to the Employee option plan.

The fixed and variable remuneration paid to the Board and the Council Members of the Company in 2021 complies with the provisions of the Remuneration policy described above and all the other conditions of the Remuneration policy. There were no exception cases of temporary derogations from the Remuneration policy.

The variable part of the remuneration for the Management Board Members in 2021 was based on the fulfillment of the Company financial performance indicators such as net profit and EBITDA, as well as individual Director performance targets set by the Council of the Company for 2021. The Employee option share of the total remuneration of the Management Board members ensures and supports long-term performance results of the Company, since the Options granted vest in 3 years after awarding.

#### 4. THE CHANGE OF REMUNERATION AND COMPANY PERFORMANCE

In accordance with Article 66 of the Transitional Provisions of the Financial Instruments Market Law of the Republic of Latvia, the Company discloses a comparison of changes in the remuneration of the Management Board and the Council starting from the financial year 2020 and providing at least for the the last five financial year period, which starts no later than in January, 2020.

Figure 4. Comparative table on remuneration for the reported financial year (RFY), EUR

Annual change	RFY vs RFY-1	(Information regarding the RFY-1)	(Information regarding the RFY)
<b>Director's remuneration</b>			
Jānis Sams, Management Board Member, Chief Operating Officer	N/A	6002*	153,253
Ilmārs Osmanis, Chairman of Management Board, Chief Executive Officer	N/A	157,035	67765*
Māris Macijevskis, Management Board Member, Chief Financial Officer	3%	91,518	94,530
Vitauts Galvanausks, Management Board Member, Ogre manufacturing plant manager	N/A	N/A	57183*
Gatis Grava, Management Board Member, Ventspils manufacturing plant manager	N/A	N/A	57147*
Baiba Anda Rubesa, Council member, non-executive director	N/A	7,316*	20,640
Andris Bērziņš, Chairman of the Council, non-executive director	N/A	26,400	11000*
Ingrīda Blūma, Deputy Chair of the Council, non-executive director	0%	12,000	12,000
Anders Lennert Borg, Council member	N/A	N/A	12956*
<b>Company's performance</b>			
Net profit		-846,586	-1,952,310
Normalized net profit	107%	449,371	928,425
EBITDA	23%	3,033,726	3,732,029
<b>Average remuneration on a Full-time equivalent basis of employees</b>			
Reference group: Heads of departments	1%	28,020	28,328

\* - not full year

Figure 4 compares the Director remuneration with the chosen reference group of manufacturing plant managers of the Company.

#### 5. ALTERNATIVE PERFORMANCE INDICATORS

The definitions of alternative performance indicators (APIs) used in this remuneration report can be found on page 127 of the HansaMatrix consolidated and Parent Company’s annual report for the year ended December 31, 2021.

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