



HANSAMATRIX

Inspired by your trust

JOINT STOCK COMPANY

“HANSAMATRIX”

UNIFIED REGISTRATION

NUMBER 40003454390

**UNAUDITED INTERIM
CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR 4TH QUARTER AND
12 MONTH PERIOD ENDED
DECEMBER 31, 2022**

Prepared in accordance with IAS 34
Interim Financial Reporting

Ogre, 2023



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General information

Name of the Parent Company	HansaMatrix
Legal status of the Parent Company	Joint Stock Company
Parent Company unified registration number	40003454390
Place and date of registration	Riga, 30 July 1999
Registration date with the Commercial Register	Riga, 27 December 2002
Registered office	Akmeņu street 72, Ogre, Latvia, LV-5001
Shareholders (over 5%) as of December 31, 2022	<ul style="list-style-type: none">• SIA „Macro Rīga” (25,78%)• „ZGI-4” AIF, KS (15,02%)• KS „BaltCap Latvia Venture Capital Fund” (9,92%)• KS „FlyCap Investment Fund I AIF” (8,86%)• Funds managed by IPAS „CBL Asset Management” (6,54%)• Funds managed by Swedbank Investeerimisfondid AS (5,40%)• Funds managed by Swedbank Investment Management Company AS (5,09%)
Subsidiaries	<ul style="list-style-type: none">• SIA „HansaMatrix Ventspils” (equity interest: 100%)• SIA „HansaMatrix Innovation” (equity interest: 100%)• SIA „HansaMatrix Pārogre” (equity interest: 100%)• SIA „Zinātnes Parks” (equity interest: 100%)• Lightspace Holding AS (equity interest: 100% of voting shares)
Auditors	SIA „Deloitte Audits Latvia” License No 43 Inguna Staša Latvian Certified Auditor Certificate No 145
Financial year	1st January – 31st December 2022
Interim reporting period	1st January – 31st December 2022

Management Board

The Management Board is a collegial executive body entrusted with 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 Chairman of the Management Board. In accordance with the Articles of Association of the Parent Company, members of the Management Board are elected for an indefinite period of time.

In accordance with the Articles of Association of the Parent Company, the Chairman of the Management Board has a right to represent the Parent Company as the 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
MANAGEMENT BOARD
OF THE PARENT COMPANY

Date of appointment:
17 May 2021

Positions held in other companies:

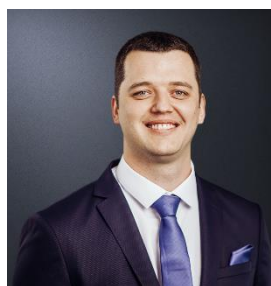
- HansaMatrix Parogre, SIA. – Member of the Board
- HansaMatrix Ventspils, SIA – Member of the Board
- Latvian Electrical Engineering and Electronics Industry Association – Member of the Board

Number of shares owned: 0

Number of share options held: 2400 (as of February 6, 2023)

Participation in other companies: no participation

Prior to joining HansaMatrix, Jānis Sams professional experience for 12 years has been related to electronics manufacturing, holding the position of function manager in international companies. In addition, Janis currently serves on the Management Board of Latvian Electrical Engineering and Electronics Industry Association. He holds a Master's degree in comprehensive quality management and engineering degree in production automation from Riga Technical University.



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 February 6, 2023)

Management Board member Vitauts Galvanausks joined HansaMatrix on January 2021 and holds the position of Ogre manufacturing plant manager. He has more than 10 years of previous experience in various production management positions, responsible for quality, process and efficiency improvements and the operational results. Vitauts Galvanausks was responsible for implementation of operational excellence processes in the Consolis Group of companies and also acted as the manager of the Consolis plant in Latvia. Vitauts Galvanausks has a bachelor's degree in communication science from University of Latvia.

Management Board



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 - Member of the Board

Number of shares owned: 0

Number of share options held: 1200 (as of February 6, 2023)

Management Board member Gatis Grava has been working for the Company since March 2020 and holds the position of Ventspils manufacturing plant manager. Gatis Grava has more than 14 years of professional experience in Schneider Electric Group companies in Europe in various management positions, procurement, strategic supplier development as well as developing supply chains in Scandinavia and Eastern Europe. Gatis Grava has a degree in engineering 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 (CSDD), VAS – Member of the Supervisory Board
- European Lingerie Group, AB – Management Board Deputy
- Corvus Finance, SIA – Chairman of the Management Board

Number of shares owned: 300

Number of Share options owned: 3500 (as of February 6, 2023)

Participation in other companies:

- IQ Capital SIA (100%)
- FTG, SIA (50 %)
- Corvus Finance, SIA (50%)

Māris Macijevskis has been with the Group since 2017. His previous experience for 15 years has been related to banking sector and includes the position of a Head of Corporate Client Service Division at Citadele banka AS. Māris Macijevskis holds Bachelor of Science degree in Economics and Business Administration from Stockholm School of Economics in Riga, Master of Science degree in International Economics from University of Latvia and is Chartered Financial Analyst (CFA) charter holder.

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

CHAIRWOMAN OF SUPERVISORY BOARD OF THE PARENT COMPANY

Number of shares owned: 0

Baiba Rubesa is an independent member of the Supervisory Board.

Appointment date: 31 May 2022

Term of office: 30 May 2027

Positions held in other companies:

- Lightspace Holding AS – Chairwoman of the Supervisory Board
- Novatore, SIA – Member of the Board
- RFactor, SIA - Member of the Board
- Coffee Address Holding, SIA - Member of the Council

Participation in other companies:

- RFactor, SIA (100%)

Baiba Anda Rubesa is co-founder of Novatore, she serves as Supervisory Board Chair of Hansamatrix, Lightspace Holding and Coffee Address Holding, as well as a Supervisory Board member of GREN. Her own company RFactor offers consulting and mentoring services to current and future business leaders. Rubesa has previously served on the supervisory boards of the Stockholm School of Economics in Riga, Latvenergo, Citadele banka, DnB NORD banka (now Luminor) and the Board of the Extractive Industry Transparency Initiative. She has worked with many different NGO's and multi-stakeholder entities, such as chairing the Foreign Investors' Council in Latvia and serving as Vice-President of the Latvian Chamber of Commerce.

Supervisory Board



Anders Lennart Borg

DEPUTY CHAIRMAN OF
SUPERVISORY BOARD OF
THE PARENT COMPANY

Appointment date: 31 May 2022
Term of office: 30 May 2027

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.



Aleksis Orlovs

MEMBER OF SUPERVISORY
BOARD OF THE COMPANY

Appointment date: 31 May 2022
Term of office: 30 May 2027

Number of shares owned: 1000

Aleksis Orlovs is an independent member of the Supervisory Board.

Positions held in other companies:

- AbducO, SIA - Member of the Board
- SIA "Sonarworks" – Chief Financial Officer

Participation in other companies:

- AbducO, SIA (100%)

Aleksis Orlovs obtained an MBA degree from the Riga Business School, as well as higher education at the University of Latvia. He has held senior positions for more than 15 years and is currently the Chief Financial Officer (CFO) of the high-tech company Sonarworks. Prior to that, he worked at Visma Enterprise Latvia, Riga Central Terminal, ITHAL Group, SAF tehnika and Delfi, holding the positions of CEO and CFO. A professional with a focus on high quality results, operating ethics, honesty, integrity.

Supervisory Board



Dagnis Dreimanis

MEMBER OF SUPERVISORY
BOARD OF THE COMPANY

Appointment date:
31 May 2022

Term of office:
30 May 2027

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
- 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:
31 May 2022

Term of office:
30 May 2027

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 Metāļmeistars, AS – Chairman of the Council
- ZGI Capital, SIA alternative fund manager – Chairman of the Board
- I factor, SIA - Member of the Board

Participation in other companies:

- ZGI Capital, SIA alternative fund manager (26%)
- I factor, SIA (95%)

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

On May 31, 2022 annual general meeting of HansaMatrix shareholders, the new Supervisory Board was elected, in addition to the previous Supervisory Board members Anders Lennart Borg, Dagnis Dreimanis, Normunds Igoļnieks and Baiba Anda Rubesa, the Supervisory Board member Aleksis Orlovs was appointed. Ingrīda Blūma, who has been an independent member of the Supervisory Board since 2016, and has served as Deputy Chair of the Supervisory Board for the last two years, has left the composition of the Supervisory Board of HansaMatrix.



Major shareholders

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

Major shareholders (over 5%)	Owned shares	Ownership interest
SIA Macro Rīga	472 953	25.78%
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%
IPAS CBL Asset Management managed funds	120 000	6.54%
Swedbank Investeerimisfondid AS managed funds	99 038	5.40%
Swedbank ieguldījumu pārvaldes sabiedrība AS managed funds	93 369	5.09%
Other shareholders (under 5%)	429 327	23.40%
TOTAL:	1 834 881	100.00%



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
Pārorgre

SIA
Hansamatrix
Ventpils

SIA
Hansamatrix
Innovation

SIA
Zinātnes
parks

AS
Lightspace
Holding

(hereinafter – HansaMatrix or the Group or the Company), 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 23-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 industrial and data transmission network products from HansaMatrix portfolio ensures stable, growing manufacturing order intake.

In the second half of 2022, the pressure of high inflation, rising interest rates, increased energy costs, and ongoing COVID-19 lockdowns in China, which had an impact on many global supply chains, caused the global economy to slow. The demand for PCs and smartphones suffered as consumers started to cut down on their spending, and businesses then started to do the same in preparation for a worldwide recession, all of which had an effect on the growth of the semiconductor industry overall (<http://bit.ly/3l8okTE>).

However, this risk has not yet materialized in relation to the Group, but could be expected to have some effect in 2023, depending on demand elasticity for HansaMatrix manufactured product mix.

For part of the products manufactured by the Company, the demand could be considered as inelastic, e.g., industrial or data networks sector products that are hard to substitute.

According to Gartner, worldwide semiconductor revenue totaled \$602 billion in 2022, increasing only 1.1% from 2021. In 2021 semiconductor industry global revenue amounted to \$595 billion, increasing 26.3% from 2020. The growth in global semiconductor industry revenues has significantly slowed down in 2022, compared to the growth in 2021, signaling better electronic component availability in 2023 (<http://bit.ly/3l8okTE>).

Comparing Q4 2022 to Q3 2022 the Group has experienced some improvements of semiconductor availability positively influencing revenue and profitability of the Company in Q4 2022. Nevertheless, lead times for significant part of semiconductors needed to manufacture customer product portfolio by the Company still remain quite long.

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 Q4 2022 an upward trend in inflation continued, which is facilitated, among other things, by the significant rise and volatility in the prices of energy resources (electricity and natural gas) in Europe, as well as by the increasing trend of the average wage in Latvia. A trend in resource price increases and volatility could be expected to continue further in 2023.

As year 2023 begins, the end of global semiconductor shortage is in sight, which will gradually improve delivery times and potentially also prices for semiconductor components used in the production of electronic systems. Based on 4th quarter of 2022 KPMG LLP and the Global Semiconductor Alliance (GSA) semiconductor industry survey the majority (65%) of executives indicated that semiconductor supply shortage will ease in 2023 and 15% believed that supply and demand is already in balance for most products. Only 20% indicated that the shortage will last into 2024. In addition, surveyed executives also did not see the Russia-Ukraine war materially impacting the semiconductor supply chain in 2023 (<http://bit.ly/3YoPZhA>).

In long-term, 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 fourth quarter (Q4 further in document) of 2022 the Group reported historically highest revenue from contracts with customers (hereinafter – revenue, turnover or sales) in amount of 7.798 million EUR, representing increase by 61% in comparison to the same period of 2021. The 2022 Q4 sales results showed 3% sales volume increase in comparison with previous quarter – 2022 Q3.

During the 12 months ("12m" further in the document) of 2022 the Group reported sales volume increase by 27% compared to the same period of 2021 and revenue reached historically highest 12 months volume of 27.969 million EUR.

The growth of revenue was supported by strong demand in key sectors that coupled with active sales process and the global semiconductor deficit has resulted in significant order book volume as at the end of Q4 2022, amounting to 24.2 million EUR, increasing by 26% compared to the respective figure as at the end of Q3 2022.

During 2022 Q4 the Group reported quarterly EBITDA result of 1.170 million EUR and operated with net loss result of 0.922 million EUR. The reported EBITDA result shows 186% increase in comparison with Q4 2021 and 172% increase compared to previous quarter of 2022 Q3. In Q4 2022 the Group reported net loss 0.922 million EUR as compared to the net loss of 1.966 million EUR in Q4 2021 and net loss of 0.562 million EUR in Q3 2022. Quarterly results represent EBITDA margin of 15%.

During the 12m period of 2022 the Group reported EBITDA result of 2.838 million EUR and net loss result of 2.215 million EUR. The reported EBITDA result shows 24% decrease in comparison with 2021 12m. In 12 months of 2022, the Company operated with a net loss of 2.215 million EUR as compared to the net loss of 1.952 million EUR in 12m 2021. In 12 months of 2022, the Company operated with 10.1% EBITDA margin.

Q4 2022 EBITDA profitability improvement compared to Q4 2021 is explained by the improvements in semiconductor availability, allowing the Company to execute manufacturing orders and to significantly improve quarterly revenue volume. 12m EBITDA profitability decrease compared to 12m 2021 is explained by changes in the product mix of manufactured products, where higher-added value products proportion decreased, which was influenced by the global semiconductor deficit, most significantly impacting the Company in Q2 and Q4 2022.

Net profit of the Group in Q4 2022 is negatively influenced by several non-cash related items, the most significant including provisions in amount of 0.806 million EUR to reflect changes in SIA Zinatnes parks real estate project fair value and loss from investments in associates in amount of 0.340 million EUR.

The most significant non-cash items negatively influencing net profit of the Company in 12m 2022 include loss from investments in associates 1.421 million EUR, provisions in

amount of 0.806 million EUR to reflect changes in SIA Zinatnes parks real estate project fair value, EIB loan fair value change provisions – 0.350 million EUR.

For better inter-period profitability comparisons, the Company calculates normalized net profit, which in Q4 2022 amounted to 0.388 million EUR compared to Q4 2021 negative 0.310 million EUR. In 12m 2022 normalized net profit amounted to 0.390 million EUR, compared to 12m 2021 1.165 million EUR. Year on year decrease in normalized net profit is explained by changes in the product mix of manufactured products, where higher-added value products proportion decreased, which was influenced by the global semiconductor deficit, most significantly impacting the Company in Q2 and Q3 2022.

In 12m 2022 (including Q4 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 0.544 million EUR (0.046 million EUR in Q4 2022), due to decreasing average weighted price of HansaMatrix stock in 12m 2022 (in Q4 2022), which by the same amount improved net profit in 12m 2022 (in Q4 2022).

TTM – trailing twelve-month period sales (period starting in January 1, 2022 and ending with December 31, 2022) at 2022 Q4 reached historically highest level of 27.969 million EUR, increasing by 27% compared to TTM sales for the period ended at 2021 Q4 and increasing by 12% compared to TTM sales for the period ended at 2022 Q3. EBITDA result for the TTM 12-month period reported to be 2.838 million EUR, a decrease of 24% in comparison with 12-month period ended at 2021 Q4 and 37% increase compared to TTM sales for the period ended at 2022 Q3. The TTM period resulted in a net loss of -2.215 million EUR, whereas normalized net profit in this period amounted to 0.390 million EUR. In the end of Q4 2022 averaged EBITDA margin for TTM period of 10.15% was reported.

In the reporting period HansaMatrix, based on strategic considerations, informed Central Finance and Contracting Agency of Republic of Latvia (CFCA) and discontinued the realization of European Regional Development Fund (ERDF) funding project "Development of experimental production of 3D volumetric imaging equipment and its components". As a result CFCA has informed the Company on repayment of received EU funding in relation to this project in amount of 748 thousand EUR with potential repayment deadline December 01, 2024. The investments related to this project have been predominantly carried out in manufacturing equipment, therefore the Company is evaluating options of extending the aforementioned maturity date by agreeing with CFCA or refinancing the liability with credit institutions.

Key Growth and Financial Ratios

In Q4 2022 revenue of the Group increased by 61% but EBITDA increased by 186%, compared to Q4 2021. Q4 2022 EBITDA profitability improvement compared to Q3 2022 is explained by the product mix of manufactured products changes, where higher-added value products proportion increased, which was influenced by better electronic component availability.

Ratio/EUR'000	2021Q3	2022Q3	2021Q4	2022Q4	Q3 YoY	Q4 YoY
Revenue	5 254	7 586	4 838	7 797	44%	61%
EBIT (operating profit)	314	-189	-282	565		
EBIT (operating profit) margin	5.98%	-2.49%	-5.82%	7.25%		
EBITDA	931	430	410	1 170	-54%	186%
EBITDA margin	17.71%	5.67%	8.47%	15.00%		
Net profit	295	-562	-1 966	-922		
Normalized net profit	332	-29	-310	388		
Normalized net profit margin	6.33%	-0.38%	-6.41%	4.98%		
Inventory	4 478	7 737	3 956	7 487	73%	89%
Normalized ROA	1.52%	-0.09%	-1.05%	1.31%		
Normalized ROE	3.94%	-0.56%	-3.93%	9.16%		
Liquidity ratio	0.81	0.77	0.86	0.61		
Normalized Return on Capital Employed (ROCE)	2.54%	-0.17%	-1.55%	4.22%		
Earnings per share (EPS)	0.16	-0.31	-1.07	-0.50		
Diluted EPS	0.14	-0.27	-0.96	-0.45		

Key Growth and Financial Ratios

In 12m 2022 revenue increased by 27%, but EBITDA decreased by 24% on year-over-year basis. Revenue increase is explained by more manufacturing orders from new customers and growing demand for products manufactured by the Company in industrial and data networks sectors, while EBITDA decrease is explained by comparably smaller proportion of high-added value products in manufactured product mix influenced by the component deficit, most significantly impacting the Company in Q2 and Q4 of 2022.

Ratio/EUR'000	2018	2019	2020	2021	2022	12mYoY
Revenue	21 587	24 611	22 589	21 962	27 968	+27%
EBIT (operating profit)	1 395	1 316	703	1 145	334	
EBIT (operating profit) margin	6.46%	5.35%	3.11%	5.21%	1.19%	
EBITDA	3 297	3 761	3 081	3 732	2 838	-24%
EBITDA margin	15.27%	15.28%	13.64%	16.99%	10.15%	
Net profit	781	208	-552	-1 952	-2 215	
Normalized net profit	1 217	1 251	322	1 165	390	
Normalized net profit margin	5.64%	5.09%	1.43%	5.30%	1.39%	
Inventory	3 765	3 051	1 972	3 956	7 486	+89%
Normalized ROA	4.80%	4.20%	1.12%	4.08%	1.31%	
Normalized ROE	13.88%	13.86%	3.80%	18.05%	9.20%	
Liquidity ratio	1.02	0.85	0.79	0.73	0.61	
Normalized Return on Capital Employed (ROCE)	6.71%	5.90%	1.59%	6.89%	4.24%	
Earnings per share (EPS)	0.43	0.11	-0.30	-1.07	-1.21	
Diluted EPS	0.38	0.10	-0.27	-0.95	-1.08	

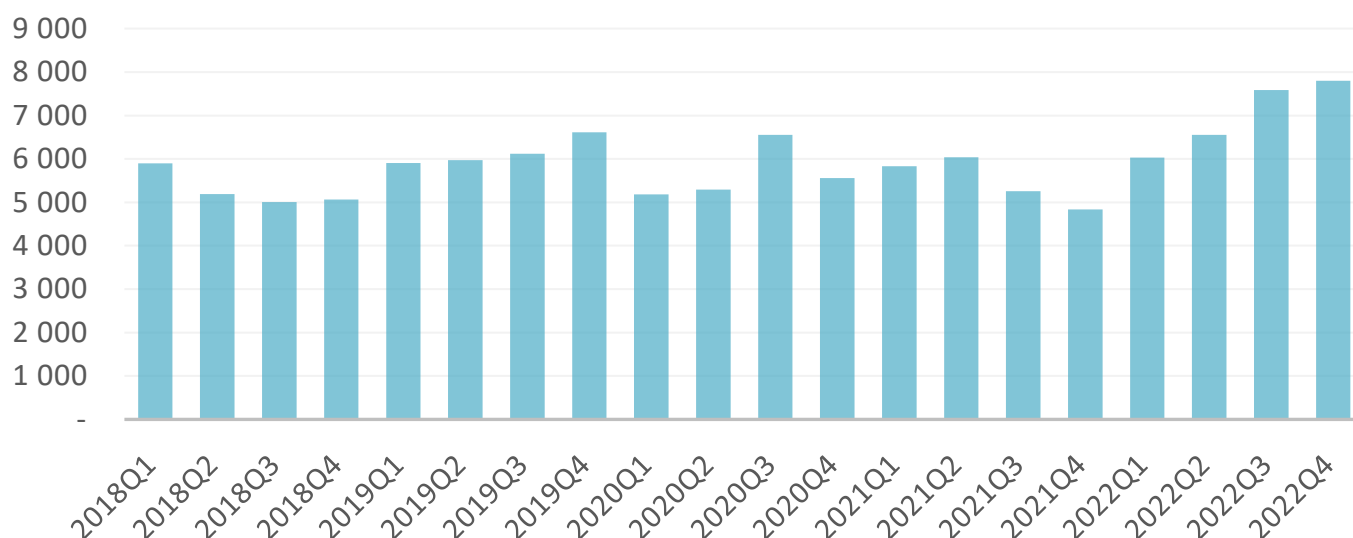
Due to the global semiconductor deficit, at the end of 12m 2022 inventory has increased by 89% on year over year basis, as the Company in cooperation with customers are maximizing the potential manufacturing output in recently difficult supply chain conditions.

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 Q4

During the fourth quarter of 2022 the Group reported historically highest turnover of 7.798 million EUR, representing increase by 61% in comparison to the same period of 2021. The 2022 Q4 sales results showed 3% sales volume increase in comparison with previous quarter – 2022 Q3. The growth of revenue was supported by strong demand in key sectors the Company is operating in, by fulfilling manufacturing orders from new customers and also by improving conditions of semiconductor supply chain.

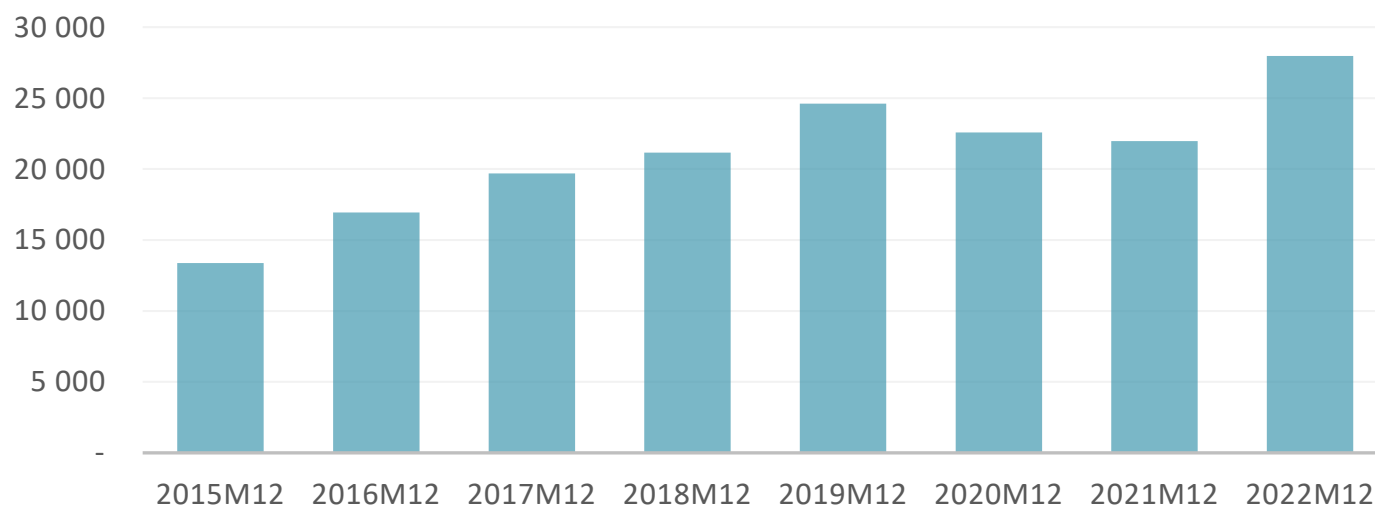
Quarterly revenue, thousand EUR



2022 12-month revenue results

In 2022 compared to 2021, the Company reported sales volume increase by 27%, reaching historically highest 12-month revenue of 27.969 million EUR. Revenue increase is explained by more manufacturing orders from new customers and growing demand for products manufactured by the Company in industrial and data networks sectors.

12 month revenue, thousand EUR



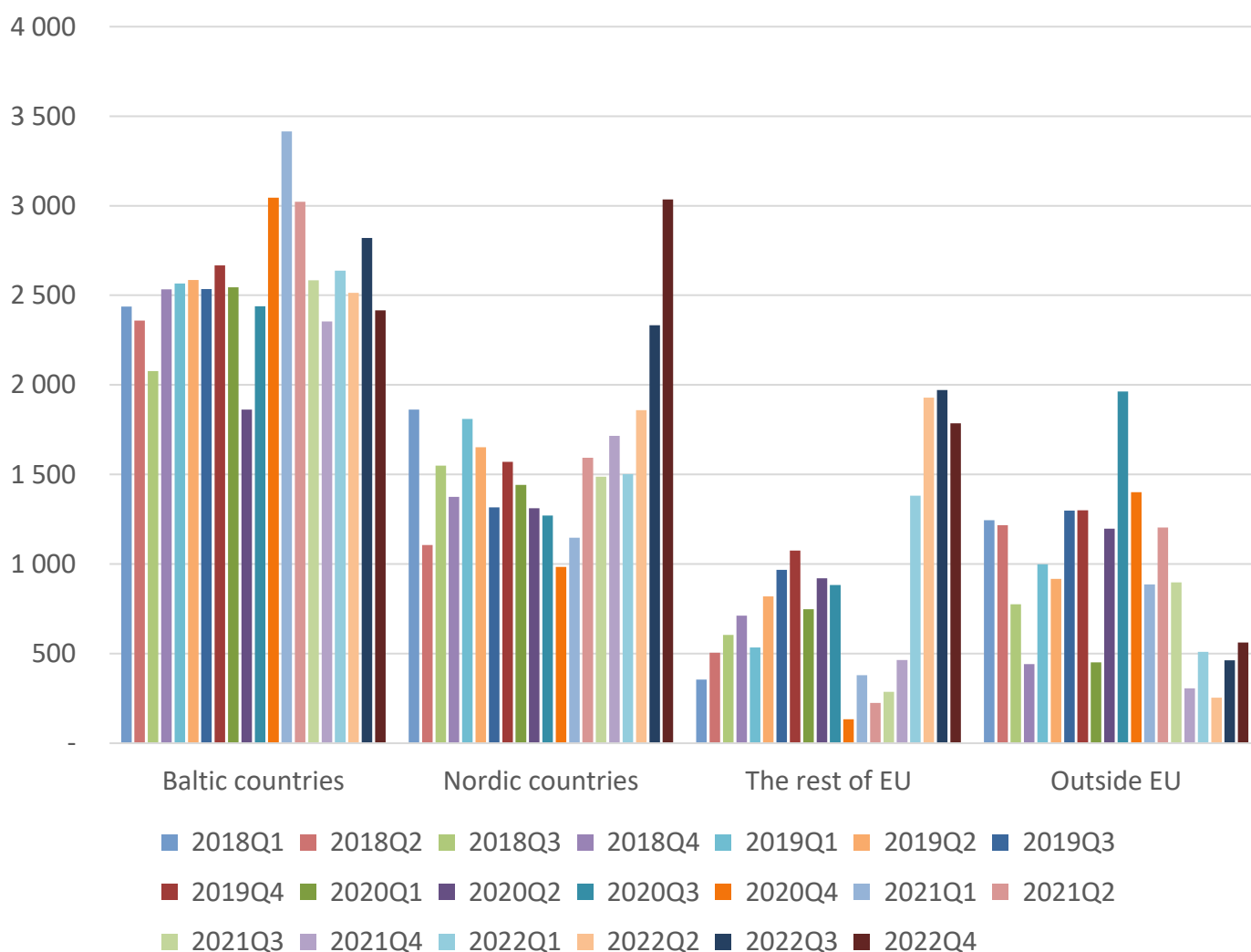
Quarterly revenue by market region results for 2022 Q4

During 2022 Q4 Nordic countries were the largest market region with 39% share of revenue. Baltic states and other EU sales respectively reported 31% and 23% of total sales. HansaMatrix during 2022 Q4 continued to deliver also to customer locations outside EU. This market share in 2022 Q4 amounts to 7% of the total sales volume.

Sales dynamics of regions – Baltic sales were 3% up compared to 2021 Q4 but 14% down compared to 2022 Q3; Nordic sales were 77% up from 2021 Q4 and 30% up in comparison with 2022 Q3. Other EU region sales reported 285% increase from 2021 Q4 but 9% decrease from 2022 Q3. Outside EU deliveries increased by 84% from 2021 Q4 and increased by 22% compared to 2022 Q3.

The significant revenue volume increase in other EU is explained by strong demand in industrial sector products manufactured by the Company for customers in these countries

Quarterly revenue by region, thousand EUR



Quarterly revenue by market region results for 2022 Q4

Data table

Quarterly revenue by region, thousand EUR

Revenue, thEUR	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4
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
Total	5 898	5 188	5 005	5 061	5 908	5 973	6 118	6 612

2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4
2 545	1 862	2 439	3 044	3 415	3 022	2 584	2 354	2 637	2 514	2 820	2 416
1 441	1 312	1 271	983	1 147	1 592	1 487	1 715	1 502	1 859	2 333	3 035
747	920	882	132	380	224	286	463	1 382	1 928	1 971	1 785
452	1 197	1 962	1 401	886	1 203	897	306	509	253	462	562
5 184	5 290	6 554	5 560	5 828	6 042	5 254	4 838	6 030	6 555	7 586	7 798

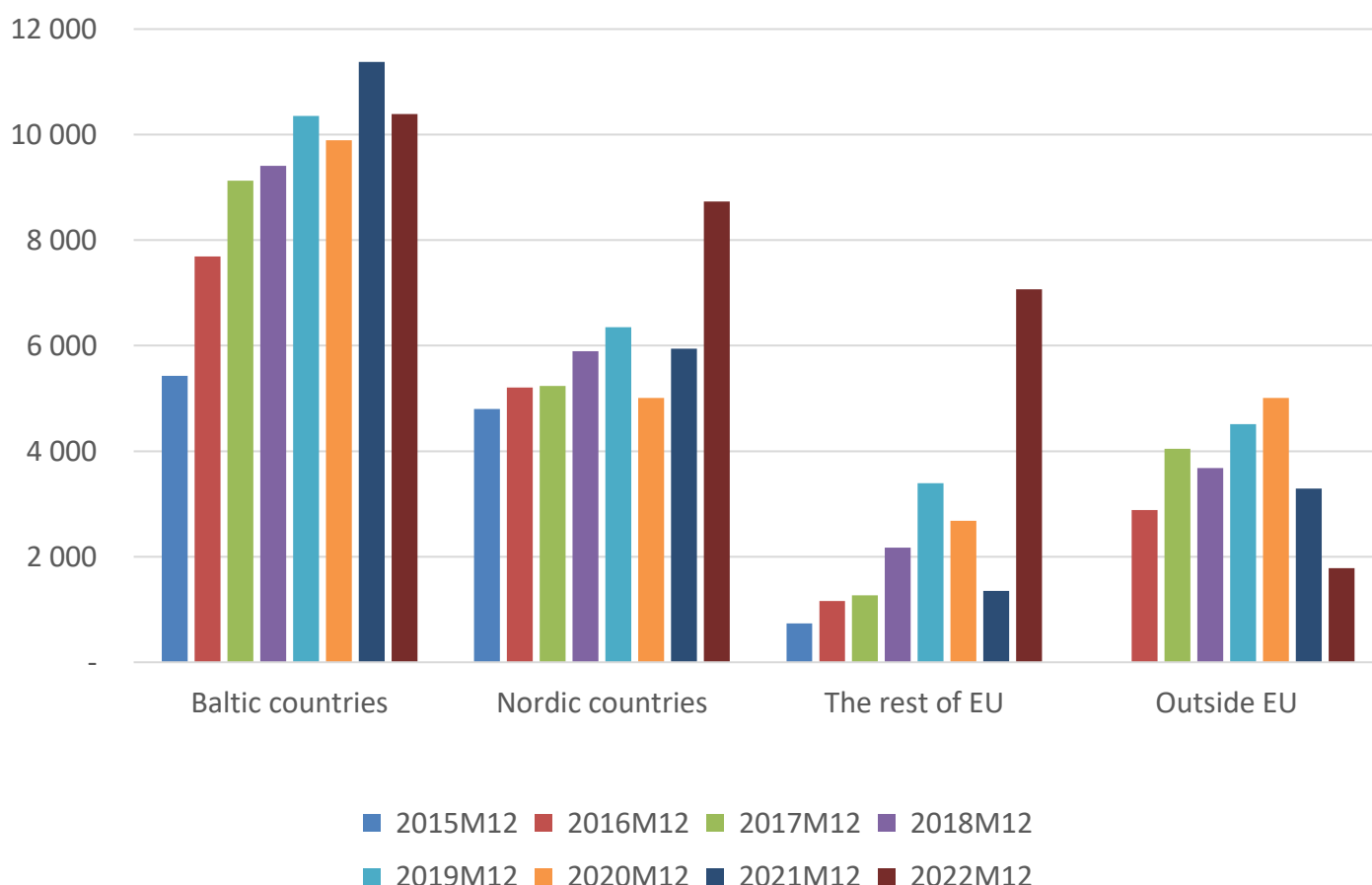
2022 12- month revenue by region results

During 2022 12m main sales drivers were Baltic customers with 37% share of revenue. Nordic and other EU sales reported as 31% and 25% of total sales. Product deliveries to customer locations outside EU amounted to 6% of total sales in 2022 12m.

Sales dynamics of regions compared to 2021 12m – Baltic sales were 9% down; Nordic sales were up by 47%, the rest of EU sales were reported with 422% volume increase and outside EU sales demonstrated 46% year over year decrease.

The significant revenue volume increase in other EU is explained by strong demand in industrial sector products manufactured by the Company for customers in these countries.

12- month revenue by region, thousand EUR

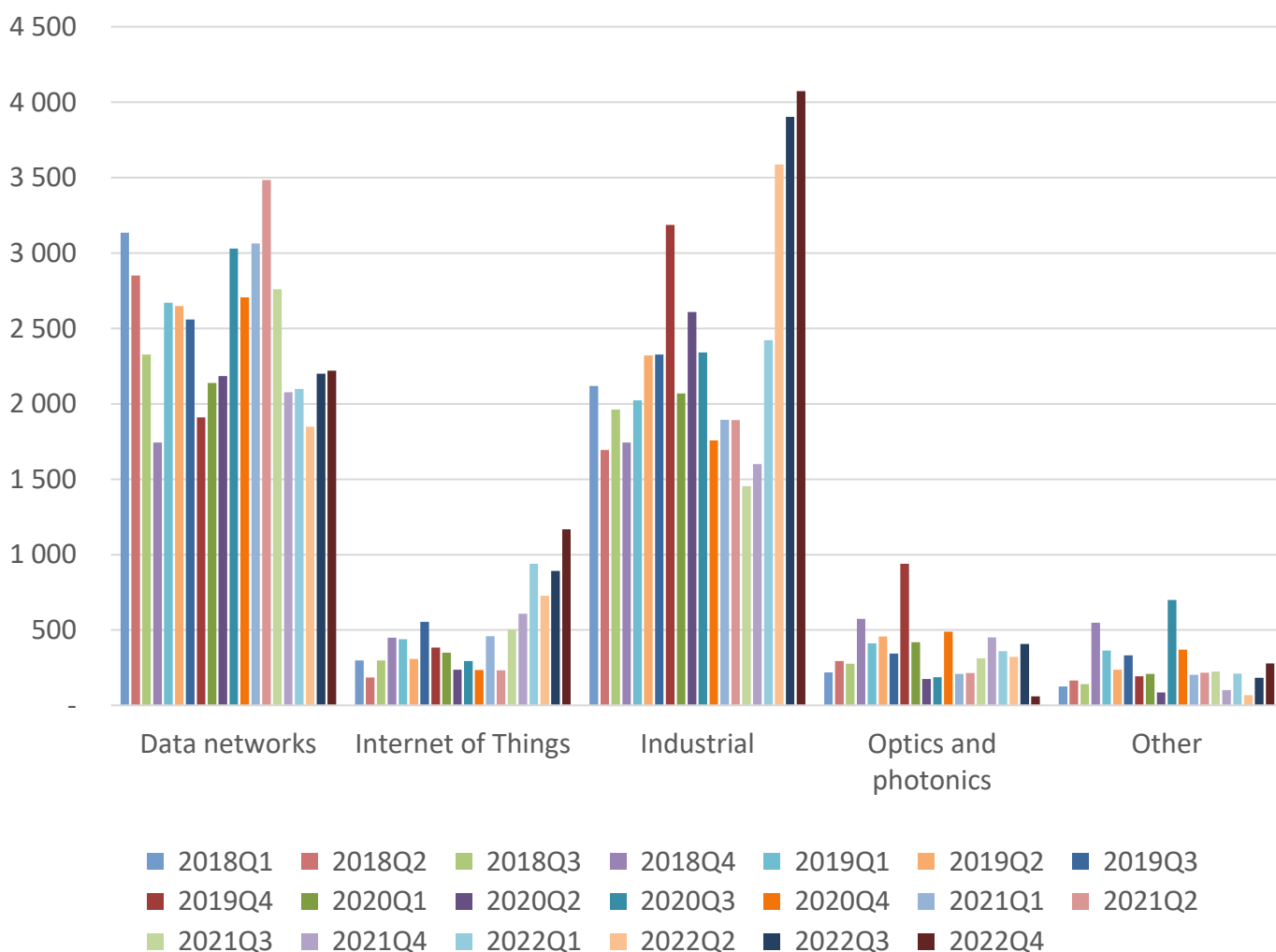


Quarterly revenue by market sector results for 2022 Q4

During 2022 Q4 industrial product sales and data network product sales were dominating sales drivers respectively with 52% and 28% sales market share. Optics and photonics sales amounted to 1%, Internet-of-things sales amounted to 15% and other products were also reported with 4% share.

2022 Q4 data network product sales increased by 7%; industrial sector product sales – increased by 155%; internet-of-things – increased by 92%, optics and photonics products sales – decreased by 87% while other product sector – increased by 171% in comparison with 2021 Q4. Comparison with sales results with previous - 2022 Q3 demonstrates 1% increase in data networks; 4% increase in industrial sector; increase of 31% in internet of things products; 85% decrease in optics and photonics products and 52% increase in other product sector.

Quarterly revenue by sector, thousand EUR



Quarterly revenue by market sector results for 2022 Q4

Data table quarterly revenue by market sector results for 2022 Q4

Revenue, thEUR	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4
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
Total	5 898	5 188	5 005	5 061	5 908	5 973	6 118	6 612

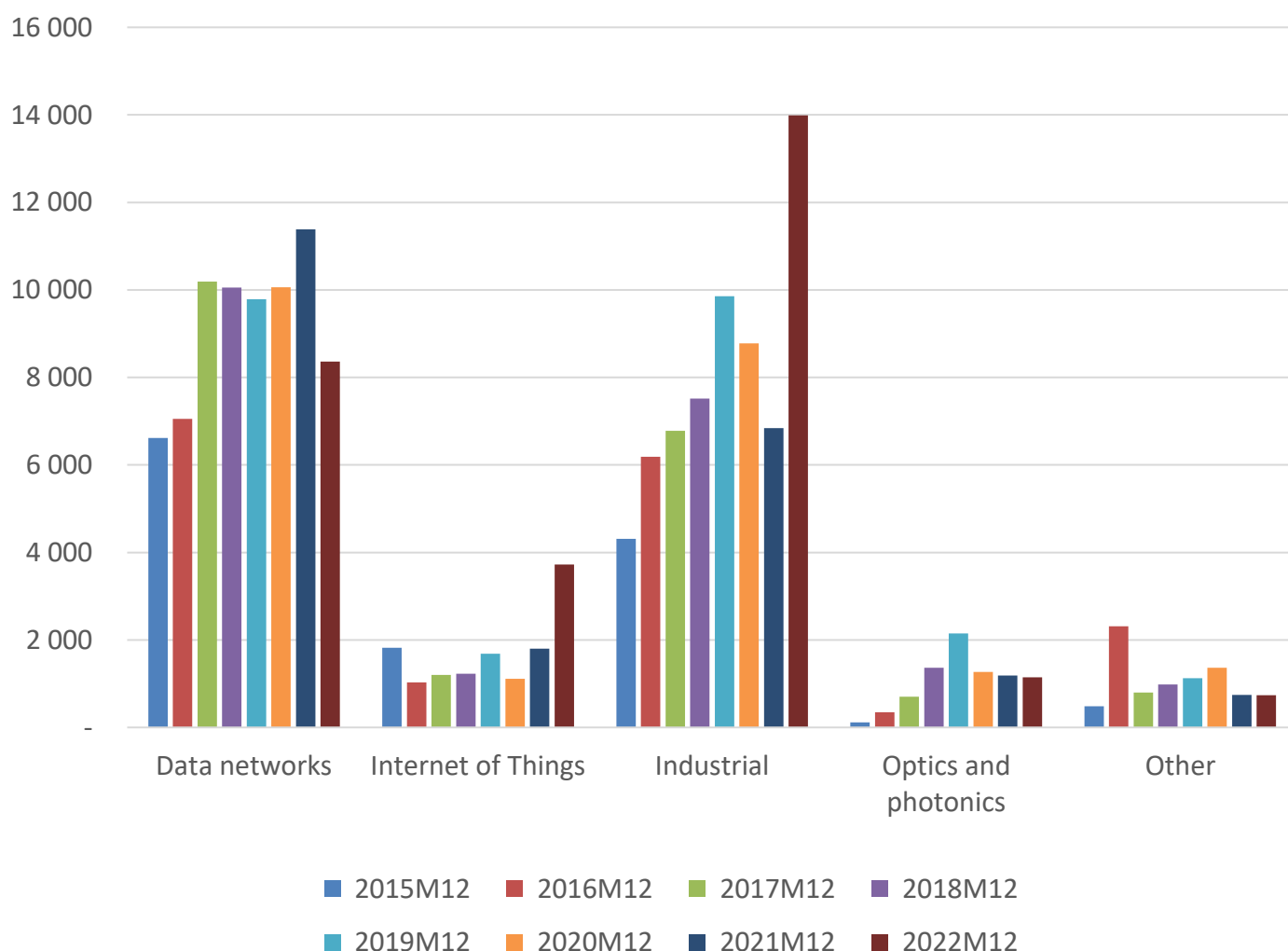
2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4
2 138	2 184	3 030	2 707	3 063	3 484	2 760	2 076	2 098	1 849	2 200	2 219
348	237	295	235	460	233	502	608	939	727	892	1 167
1 857	2 609	2 342	1 758	1 894	1 893	1 454	1 600	2 423	3 586	3 904	4 073
630	176	188	490	208	215	313	451	360	323	408	60
209	85	699	370	203	217	225	103	210	69	183	278
5 184	5 290	6 554	5 560	5 828	6 042	5 254	4 838	6 030	6 555	7 586	7 798

2022 12- month revenue by market sector results

During 2022 12m main sales contributors continue to be industrial products with 50% sales share and data network products with 30% share in turnover. Internet of things product share in sales was 13%, optics and photonics products – 4% and other product share – 3%.

Sales dynamics of market segments compared to 2021 12m– data network sales were 27% down; industrial product sales were 104% up; optics and photonics product sales decreased by 3%; internet of things product sales were 107% up and other product sales reported 1% decrease.

12 month revenue by sector, thousand EUR



Quarterly EBITDA and net profit results in 2022 Q4

In 2022 Q4 the Group reported quarterly EBITDA result of 1.170 million EUR and operated with net loss result of 0.922 million EUR. The reported EBITDA result shows 186% increase in comparison with Q4 2021 and 172% increase compared to previous quarter of 2022 Q3. In Q4 2022 the Group reported net loss 0.922 million EUR as compared to the net loss of 1.966 million EUR in Q4 2021 and net loss of 0.562 million EUR in Q3 2022. Quarterly results represent EBITDA margin of 15.00%.

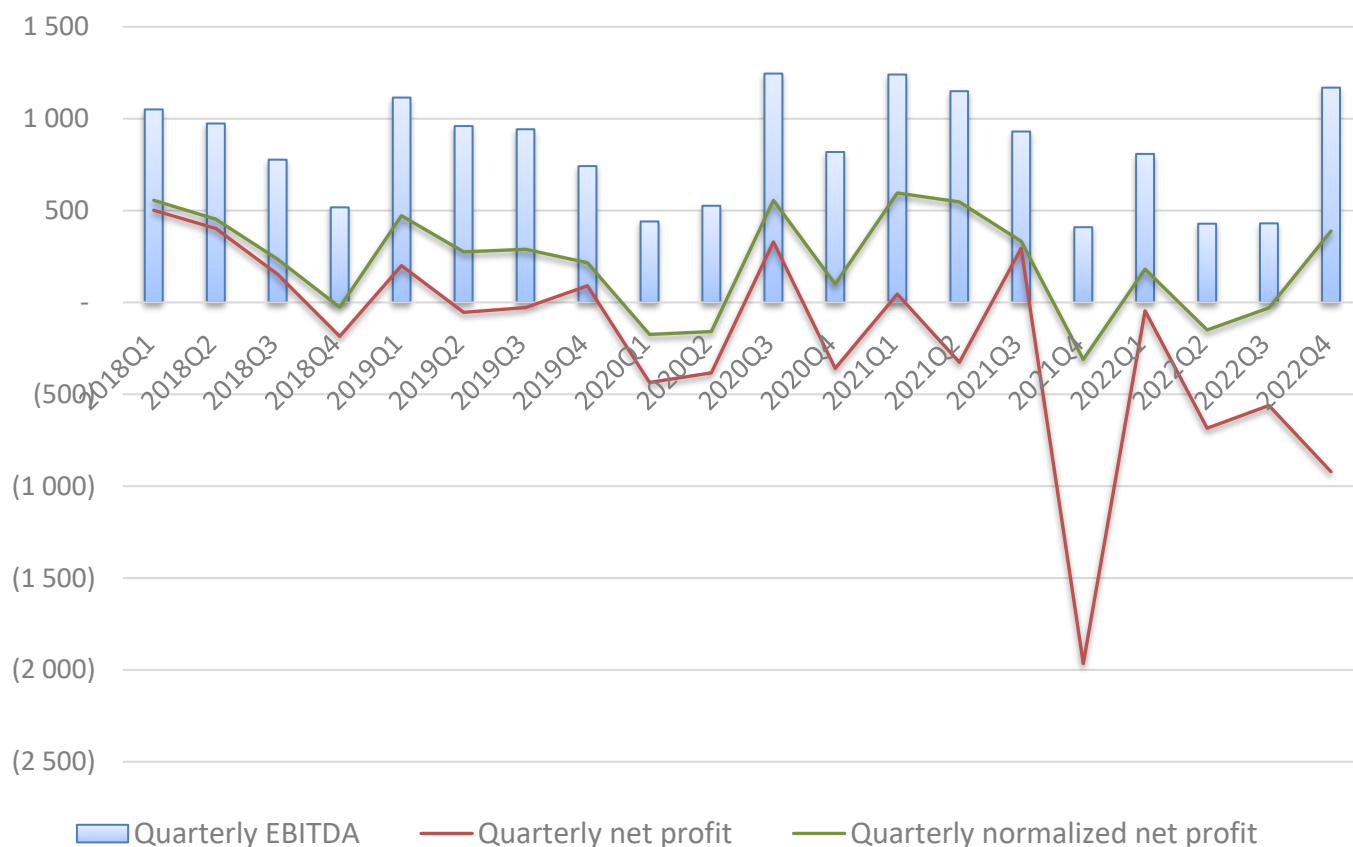
Q4 2022 EBITDA profitability improvement compared to Q4 2021 is explained by the improvements in semiconductor availability, allowing the Company to execute manufacturing orders and to significantly improve quarterly revenue volume.

Net profit of the Group in Q4 2022 is negatively influenced by several non-cash related items, the most significant including provisions in amount of 0.806 million EUR to reflect changes in SIA Zinatnes parks real estate project fair value and loss from investments in associates in amount of 0.340 million EUR.

For better inter-period profitability comparisons, the Company calculates normalized net profit, which in Q4 2022 amounted to 0.388 million EUR compared to Q4 2021 normalized net loss of 0.310 million EUR.

In Q4 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 0.046 million EUR, due to decreasing average weighted price of HansaMatrix stock in Q4 2022, which by the same amount improved net profit in Q4 2022.

Quarterly results, thousand EUR



2022 12-month EBITDA and net profit results

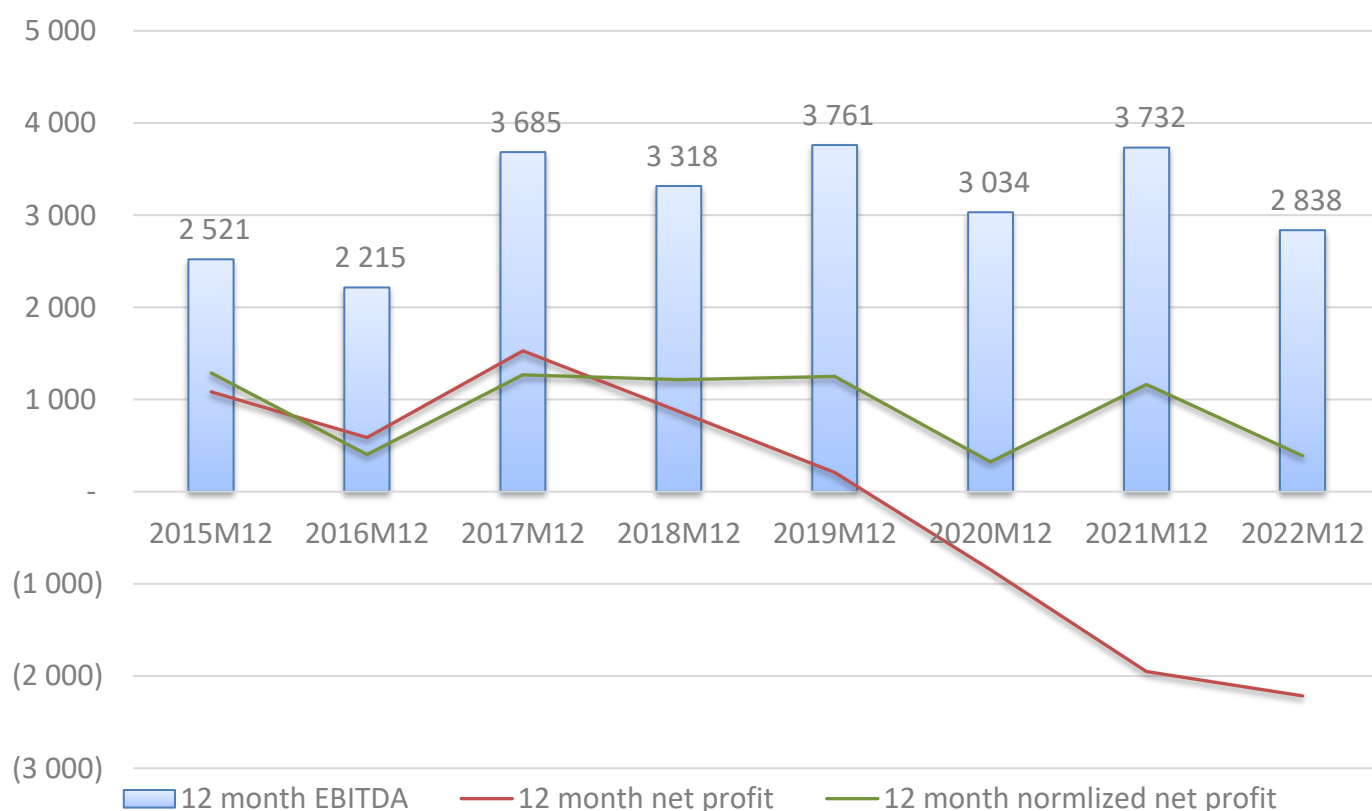
During the 12m period of 2022 the Group reported EBITDA result of 2.838 million EUR and net loss result of 2.215 million EUR. The reported EBITDA result shows 24% decrease in comparison with 2021 12m. In 12 months of 2022, the Company operated with a net loss of 2.215 million EUR as compared to the net loss of 1.952 million EUR in 12m 2021. In 12 months of 2022, the Company operated with 10.1% EBITDA margin.

12m EBITDA profitability decrease compared to 12m 2021 is explained by changes in the product mix of manufactured products, where higher-added value products proportion decreased, which was influenced by the global semiconductor deficit, most significantly impacting the Company in Q2 and Q4 2022. In 12m 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 0.544 million EUR, due to decreasing average weighted price of HansaMatrix stock in 12m 2022, which by the same amount improved net profit in 12m 2022.

The most significant non-cash items negatively influencing net profit of the Company in 12m 2022 include loss from investments in associates 1.421 million EUR, provisions in amount of 0.806 million EUR to reflect changes in SIA Zinatnes parks real estate project fair value, EIB loan fair value change provisions – 0.350 million EUR.

For better inter-period profitability comparisons, the Company calculates normalized net profit, which in 12m 2022 amounted to 0.390 million EUR, compared to 12m 2021 1.165 million EUR. Year on year decrease in normalized net profit is explained by changes in the product mix of manufactured products, where higher-added value products proportion decreased, which was influenced by the global semiconductor deficit, most significantly impacting the Company in Q2 and Q4 2022.

12 month results, thousand EUR



TTM (trailing twelve months) turnover, EBITDA and margin results in 2022 Q4

TTM – trailing twelve-month period sales (period starting in January 1, 2022 and ending with December 31, 2022) at 2022 Q4 reached historically highest level of 27.969 million EUR, increasing by 27% compared to TTM sales for the period ended at 2021 Q4 and increasing by 12% compared to TTM sales for the period ended at 2022 Q3. EBITDA result for the TTM 12-month period reported to be 2.838 million EUR, a decrease of 24% in comparison with 12-month period ended at 2021 Q4 and 37% increase compared to TTM sales for the period ended at 2022 Q3. The TTM period resulted in a net loss of -2.215 million EUR, whereas normalized net profit in this period amounted to 0.390EUR. In the end of Q 2022 averaged EBITDA margin for TTM period of 10.15% 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 SIA 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 are only provided complimentary to the core business of Electronic Manufacturing Services and are not expected to constitute substantial part of the total Group revenue.

Investment activities

During 12m 2022 HansaMatrix made 1.858 million EUR (0.683 million EUR in Q4 2022) investments in production capacity maintenance and increase, research instruments, test systems and development of IT system.

In the reporting period HansaMatrix, based on strategic considerations, informed Central Finance and Contracting Agency of Republic of Latvia (CFCA) and discontinued 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". As a result CFCA has informed the Company on repayment of received EU funding in relation to this project in amount of 748 thousand EUR with potential repayment deadline December 01, 2024. The investments related to this project have been predominantly carried out in manufacturing equipment, therefore the Company is evaluating options of extending the aforementioned maturity date by agreeing with CFCA or refinancing the liability with credit institutions.

Investments in subsidiaries

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

During 12m 2022 the Parent company has provided additional 395.9 thousand EUR (120 thousand EUR in Q4 2022) 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 fair value of 150 thousand EUR convertible loan.

At the end of the reporting period, the fair value of total Group consolidated assets in relation to SIA Zinatnes parks amounted to 250 thousand EUR construction in progress (capitalized fixed asset creation costs).

In Q4 2022 the Company at consolidated level booked additional provisions in amount of 0.806 million EUR to reflect the fair value of Zinātnes parks assets at consolidated level. The Company has carried out several auctions of the property and under current market circumstances there were no interested investors to acquire the property.

AS Lightspace Holding is a holding company, holding assets related to HansaMatrix associated company SIA Lightspace Technologies. In Q4 and 12m of 2022 no additional investments have been carried out in AS Lightspace Holding.

Investment activities in associated companies

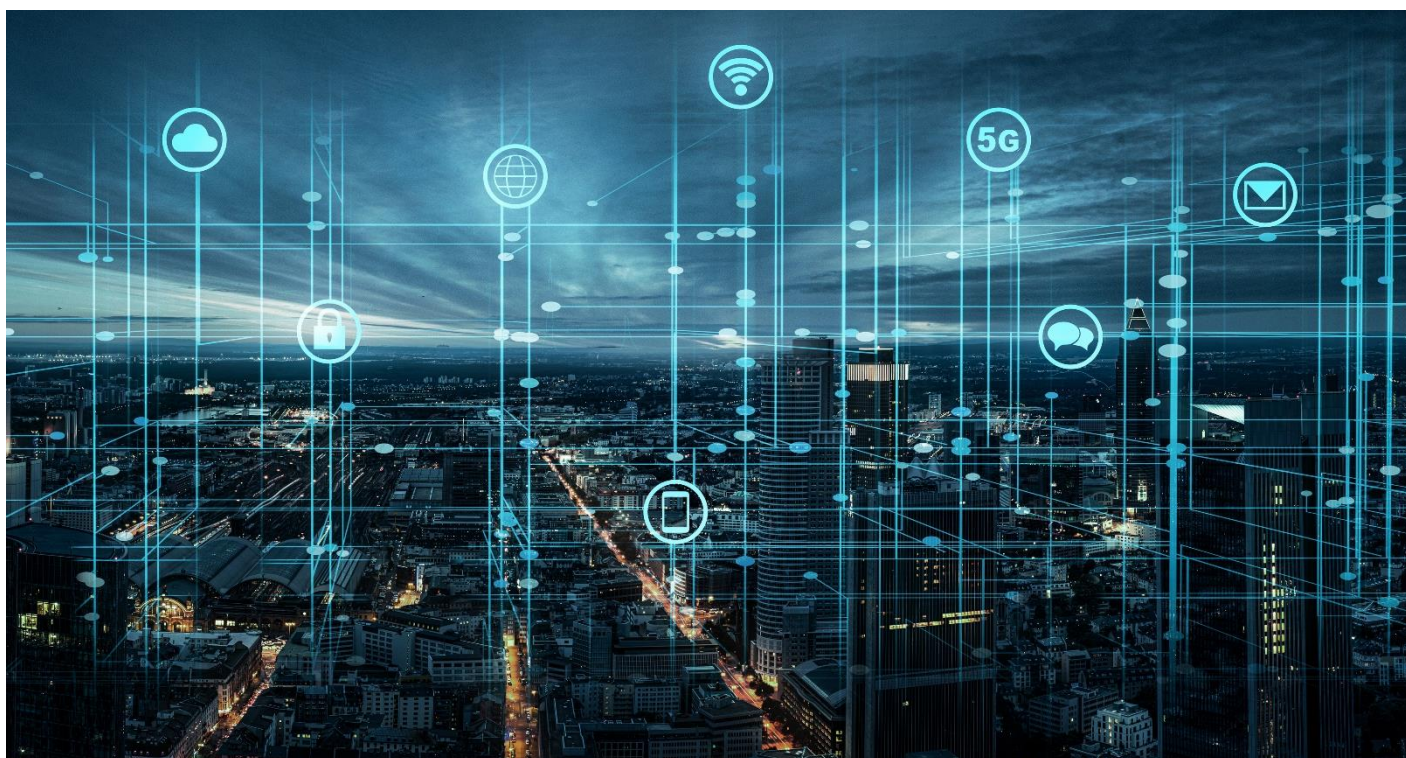
SIA Lightspace Technologies is 3D photonics and optical solutions company, the global technological leader in multi focal AR VR near eye displays and future glasses free 3D image display technologies with main uses in medicine, defense, scientific visualization, entertainment, media and gaming.

In Q4 and 12m 2022 the Group did not carry out additional investments into SIA Lightspace Technologies.

Since October 06, 2022 SIA Lightspace Technologies 100% share capital is owned by holding company, Lightspace group Inc (the United States, Delaware corporation) as a result of share flip transaction. The shareholders of Lightspace group Inc holding more than 5% as at the end of Q4 2022 are the following: 53.39% AS Lightspace Holding; 13.75% KS BaltCap Latvia Venture Capital Fund AIF KOM; 5.82% SIA Macro Riga; 6.49% Ilmars Osmanis.

At the end of the reporting period, the total fair value of AS Lightspace holding investment via Lightspace group Inc. in SIA Lightspace Technologies amounted to 6677 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 4 685 thousand EUR, consisting of paid-up capital (at consolidated level accounted for using equity method).



Business development report of the associated company SIA Lightspace Technologies

Business development activities

During Q4 2022, Lightspace team participated in number of marketing events, as one of most important to name – SHIFT MEDICAL 2022, which took place in Heidelberg, Germany.

On October 21 2022 Lightspace took place in Go Global Award 2022 ceremony and business conference in Tallinn hosted by International Trade Council and Enterprise Estonia, and received prestigious Go Global Award in the Hi-tech & MedTech categories.

During November month Lightspace took part in the NATO and U.S.- Baltics defense industry day and received very positive feedback on the virtual image's outstanding quality for defense related use cases. During event "5G technology military applications event" organized by LMT was held at the Adazi, Latvia, where the interested parties could get acquainted/test Lightspace technologies.



Sales activities

In the 4th quarter of 2022 Company continued offering of iG1050 – its R&D product kit. During 3 month period new 5 R&D kits to 4 new organizations have been delivered. Among new partners there are Global Medtech and Global Robotic surgery companies. Products been shipped to USA, Japan and South Korea.

Fundraising activities

During Q4 2022 Lightspace attracted additional investments to its Bridge funding round amounting to 400 thousand EUR.

As previously reported, Lightspace has begun investment attraction process for the next growth and development phase. In order to facilitate fundraising process Company participated in several investment conferences and days, among others – Nordic Deeptech Summit 2022, in Helsinki; several TechTour events in Electronics and Photonics sectors in Eindhoven, NL; Deeptech – in Leuven, Belgium; as well as EIC Summit 2022, in Brussels. Started negotiations with several Deeptech funds regarding investment opportunities.

Research and development

During the period, the contract was signed on the implementation of the Horizon 2020 R&D project SHARESPACE, in which Lightspace is one of the project partners. Implementation will start from January 1, 2023.

Product development activities

During Q4 2022, technical team continued to develop engineering solutions of initial version of iG1050. Objectives were – improvements of manufacturing process, improvements of user comfort challenges.

As a result of a work Company developed upgraded model – iG1055, which has several improvements – reduction of power consumption and device heating, as well as reduction of a weight.

Further product improvements are in progress, at the long term, moving towards a major new product release with improved optics, further reduction in power consumption, with added wireless streaming capabilities, estimated to be available for first customers at the end of 2023.

Events after the end of the period

In January 2023, 3 more R&D kits been delivered to customers.

In response to the defense industry urgency to integrate AR products, Lightspace lately devotes more attention to mastering the defense industry. Contacts have been established with two global players, with whom negotiations on joint projects are in progress.

SIA Lightspace Technologies consolidated* profit loss statement, EUR

	2022 EUR	2021 EUR
Net turnover	560 518	706 714
Cost of sales	(2 999 882)	(2 871 339)
Gross profit / (loss)	(2 439 364)	(2 164 625)
Distribution costs	(493 228)	(243 572)
Administrative expense	(519 812)	(638 062)
Other operating income	1157 200	1730 406
Other operating expense	(20 242)	(75 263)
Operating profit	(2 315 446)	(1 391 116)
Interest expenses	(106 386)	(26 619)
Profit / (loss) before tax	(2 421 832)	(1 417 735)
Corporate income tax	(1 561)	(646)
Net profit / (loss) for the period	(2 423 393)	(1 418 381)
Profit attributable to:		
Equity holders of the Parent Company	(2 360 975)	(1 346 895)
Non-controlling interest	(62 418)	(71 486)
	(2 423 393)	(1 418 381)

SIA Lightspace Technologies consolidated * balance sheet, EUR

ASSETS	31.12.2022. EUR	31.12.2021 EUR
NON-CURRENT ASSETS		
Property, plant, equipment and intangible assets	10 872 091	10 624 610
TOTAL NON-CURRENT ASSETS	10 872 091	10 624 610
CURRENT ASSETS		
Inventory	371 349	650 174
Receivables	500 170	436 465
Cash and cash equivalents	20 897	13 443
TOTAL CURRENT ASSETS	892 416	1 100 082
TOTAL ASSETS	11 764 507	11 724 692
EQUITY AND LIABILITIES	31.12.2022. EUR	31.12.2021 EUR
EQUITY		
Share capital	32 672	25 769
Share premium	12 650 032	9 978 277
Other reserves	1 531 425	1 566 767
Retained earnings/ (accumulated deficit)	(7 746 149)	(5 385 171)
Non-controlling interest	327 825	390 243
TOTAL EQUITY	6 795 805	6 575 885
LIABILITIES		
Non-current and current liabilities	4 968 702	5 148 807
TOTAL LIABILITIES	4 968 702	5 148 807
TOTAL EQUITY AND LIABILITIES	11 764 507	11 724 692

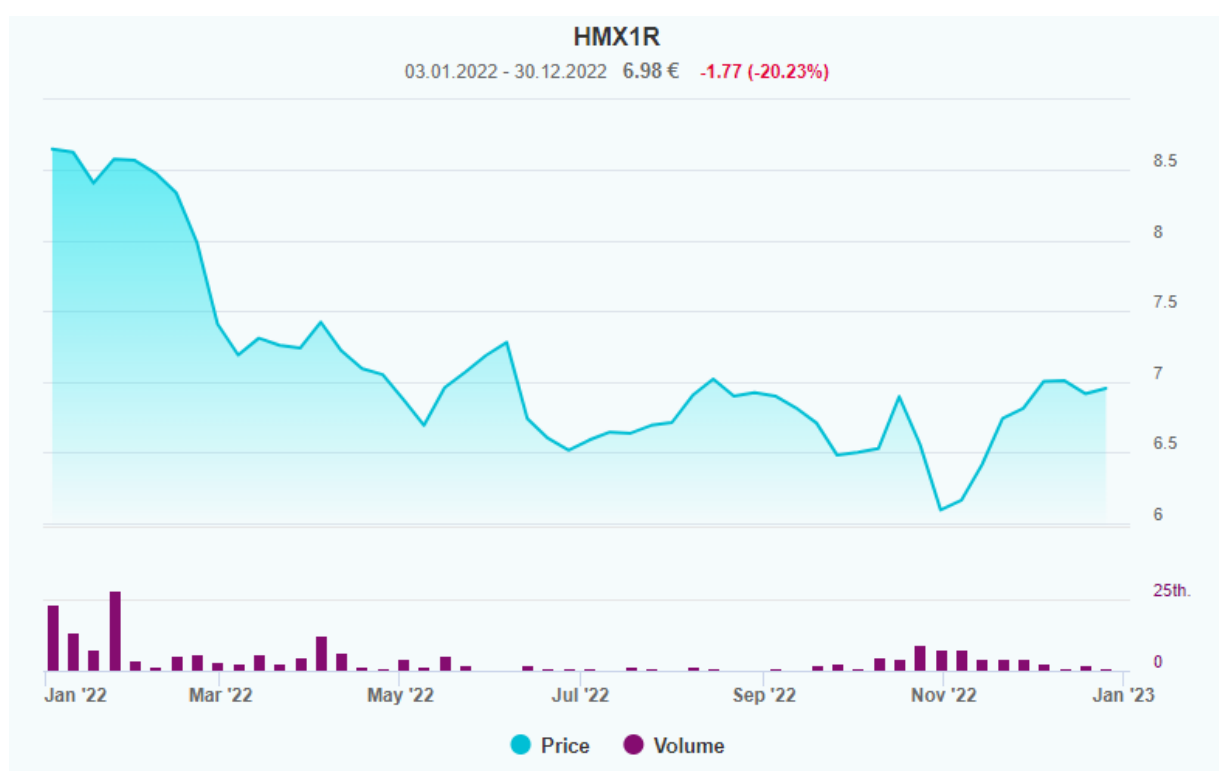
* Consolidated 100% SIA LightSpace Technologies, 100% LightSpace Technologies Inc. and 83.81% SIA Euroldcs.

Shares and stock market

During 2022 Q4 HansaMatrix (HMX1R) share price increased by 7,38% - see the stock price movement chart for the period from October 1, 2022 to December 31, 2022.



During 2022 12m HansaMatrix (HMX1R) share price decreased by 20.23% - see the stock price movement chart for the period from January 1, 2022 to December 31, 2022.





Security trading history

Price	2017	2018	2019	2020	2021	2022
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	5.96
Last	8.14	6.5	6.25	9.05	8.90	6.98
Traded volume	72 941	137 505	32 591	38 141	175 092	218 704
Turnover, million	0.51 EUR	0.94 EUR	0.20 EUR	0.26 EUR	1.78 EUR	1.64 EUR
Capitalization, million	14.89 EUR	11.89 EUR	11.43 EUR	16.56 EUR	16.28 EUR	12.81 EUR

In 12m 2022 the highest HansaMatrix (HMX1R) share price observed reached 8.80 EUR per share, lowest 5.96 EUR per share and the total traded share turnover in this period amounted to 1.64 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 in a post-emergency COVID-19 pandemic phase, fresh COVID-19 surges could be remotely likely as the virus could be expected to continue mutating, thus to some degree having a potential to re-emerge as a 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 Q4 2022, the top 5 clients on the Parent Company accounted for 56% of the total revenue, the remaining 44% were generated by 36 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 was 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 December 31, 2022, 53% 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.

Exposure to risks and uncertainties

Impact of COVID-19

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>).

Exposure to risks and uncertainties

Impact of the Russia-Ukraine Conflict

Supply chain and liquidity risks

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.

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 2023.

HansaMatrix has assessed the key assumptions for the determination of fair value made for the Consolidated financial statements and has concluded that at the date of this report the fair value of SIA Zinatnes parks asset at consolidated level has changed (decreased) due to increased construction costs, coupled with stagnant rent prices for industrial and office premises, and the fair value of EIB warrant liability has changed (decreased) due to decreasing weighted average HansaMatrix share price.

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 Q4 2022

On October 17, 2022 HansaMatrix associated company Lightspace Technologies (the Company) informs that it has delivered exceptional results and completed the project NGEAR 3D: "Next Generation Enhanced Augmented Reality 3D Glasses for medical education, pre-procedural planning, intra-procedural visualization, and patient rehabilitation". It is Horizon 2020 (SME Instrument) project during which company have received 2.25 M EUR EU grant funding. It is already been notified that the Company has released and started small series production of its multi focal Augmented Reality headset iG1050 specifically developed for use in Operating Room by operating surgeons. Company has already delivered its products to its partners – healthcare AR application developers. Among its initial customers there are two global Med techs with large market shares. During Q3 the Company managed to attract additional bridge funding of 0.6 M EUR from local business angel's network. Investments will continue to fund Lightspace product manufacturing and deliveries. Investor names, in accordance with the terms of the agreement, will not be disclosed. The Management of Lightspace continues company development towards becoming listed entity. Further information about the listing process will be disclosed in accordance with the requirements of applicable law.

On November 16, 2022 HansaMatrix informs that SIA "Emsco", registration number: 40203437904, legal address: Jaunmoku iela 34, Rīga, LV-1046, which is a group company of the private equity fund manager BaltCap, plans to issue voluntary share buyback offer to HansaMatrix shareholders in accordance with the procedures specified in the Share Buyback Law of the Republic of Latvia.

SIA "Emsco" has submitted a merger notice to the Competition Council, which has recognized the submitted report as complete (more information in Latvian: <http://bit.ly/3UYvir4>). After receiving a positive decision of the Competition Council, SIA "Emsco" will apply to the Financial and Capital Market Commission to receive permission to make a voluntary share buyback offer. The voluntary share buyback offer will be made to all HansaMatrix shareholders in accordance with the relevant regulations and after receiving all necessary approvals.

On November 29, 2022 HansaMatrix informs that the Competition Council, after evaluating the information provided by SIA "Emsco" and other information at the disposal of the institution, concluded that the merger participants and their related companies do not operate

in one specific market or a vertically related market. As a result, the market structure will not change, competition will not decrease, and a dominant position will not be created or strengthened in the affected markets in Latvia, where the merger participants operate. Accordingly, on November 28, 2022, the Competition Council made a decision to allow SIA "Emsco" to acquire a sole decisive influence over JSC "HansaMatrix". (more information in Latvian: <http://bit.ly/3OImp2U>). In further process, SIA "Emsco" will apply to the Financial and Capital Market Commission to receive permission to make a voluntary share buyback offer. The voluntary share buyback offer is planned to be made to all JSC "HansaMatrix" shareholders in accordance with the relevant regulations and after receiving all necessary approvals.

On December 9, 2022, HansaMatrix informs that it has received new manufacturing order in the amount of USD 4.4 million from existing customer located outside the European Union. The order consists of several products, all of which are high complexity electronic systems. Deliveries are planned from 4th quarter of 2023 until 1st quarter of 2025 and will, among other things, also depend on the availability of components. The execution of order is planned at the Ventspils manufacturing facility. This large order was received from a customer in aerospace industry, which is currently classified as an industrial customer in the Company's reports. Customer's name is not disclosed under the terms of the contract.

Other significant events in Q4 2022

On December 14, 2022, Company informs that following HansaMatrix 9-month 2022 financial result announcement, WOOD & Company has updated analysis and forecasts report, maintaining their 'buy' rating on the stock. The report indicates that the Company's potential is greater than currently reflected in the share price, estimating price target per share in amount of EUR 9.10. The updated report on HansaMatrix has been published under a research program supported by the EBRD to cover companies listed on the Nasdaq Baltic* and available publicly free of charge to every interested investor on the program's website: <https://listed-sme.com/CMS/Documents/171f1d11-e7ff-4a1e-bb8b-3ba366f9df06.pdf>. HansaMatrix announced in Q4 2020 that, based on HansaMatrix's memorandum of understanding with Nasdaq Riga, the research program, supported by the European Bank for Reconstruction and Development (EBRD), to cover companies listed on the Nasdaq Baltic will also include HansaMatrix research coverage for two years. Following the successful launch of its dedicated research program in May 2020, in support of the development of small- and medium-sized enterprises (SMEs), the EBRD was expanding the initiative to the Baltic states.

Funded by the Taiwan Business-EBRD Technical Cooperation Fund, the program provides research coverage for a set of SMEs listed on the stock exchanges in Bulgaria, Croatia, North Macedonia, Romania, Serbia and Slovenia. The reports are publicly available, free of charge, on the program's website, www.listed-sme.com. The aim is to produce free, publicly available, high-quality research reports, in order to overcome the information barriers that depress market liquidity. Making markets more transparent by increasing the amount of reliable information is regarded as key for increasing the availability of financing for SMEs. The two-year research program is being conducted by WOOD & Company, an investment bank specializing in emerging markets. The program is fully aligned with the objectives of the European Commission's Action Plan on Building a Capital Markets Union, which specifically mentions improving access to finance, including risk capital, notably for SMEs, as one of the five priority areas. The full text of a joint announcement from the EBRD and Nasdaq Baltic exchanges: research program to cover companies listed on the Nasdaq Baltic, available here (<https://bit.ly/35xJj82>).

Significant events after the reporting period

On January 4, 2023, Company informs that it has signed agreements with SEB banka and SEB lizings to extend the maturity of factoring, overdraft, guarantee, reverse factoring and loan facilities until November 30, 2023 for aggregate amount of EUR 5.92 million that are used for investments, working capital financing that also include export financing transactions.

February 13, 2023

JĀNIS SAMS

Chairman of the Management Board

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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 December 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.

February 13, 2023

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Interim consolidated financial statements

Interim consolidated statement of comprehensive income

	01.10.2022- 31.12.2022	01.10.2021- 31.12.2021	01.01.2022- 31.12.2022	01.01.2021- 31.12.2021
	EUR	EUR	EUR	EUR
Revenue from contracts with customers	7 797 184	4 837 863	27 968 363	21 962 274
Cost of sales	(6 598 148)	(4 245 718)	(24 679 830)	(18 826 011)
Gross profit	1 199 036	592 145	3 288 533	3 136 263
Distribution costs	(158 110)	(455 424)	(546 597)	(817 858)
Administrative expense	(687 657)	(645 860)	(2 403 843)	(2 075 107)
Other operating income	42 937	207 149	263 771	1 004 595
Other operating expense	169 103	20 249	(268 145)	(103 265)
Operating profit or (loss)	565 309	(281 741)	333 719	1 144 628
Loss from investments in associates	(340 038)	(402 158)	(1 420 907)	(837 321)
Impairment loss on non-financial assets	(806 000)	(1 389 709)	(806 000)	(1 389 709)
Finance income	48 940	(174 118)	555 932	11 421
Finance costs	(389 984)	295 554	(877 607)	(867 609)
Profit or loss before tax	(921 773)	(1 952 172)	(2 214 863)	(1 938 590)
Corporate income tax	-	(13 720)	-	(13 720)
Net profit or loss for the reporting period	(921 773)	(1 965 892)	(2 214 863)	(1 952 310)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax</i>				
Other comprehensive income:	-	-	-	214 959
Total comprehensive income or (loss) for the year, net of tax	(921 773)	(1 965 892)	(2 214 863)	(1 737 351)
Comprehensive income or (loss) attributable to:				
Equity holders of the Parent Company	(921 773)	(1 965 892)	(2 214 863)	(1 737 351)
Non-controlling interests	-	-	-	-
Earnings Per Share	(0.502)	(1.075)	(1.207)	(0.950)
Diluted Earnings Per Share	(0.450)	(0.962)	(1.081)	(0.850)

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

February 13, 2023

JĀNIS SAMS

Chairman of the Management Board



Interim consolidated statement of financial position

ASSETS

	31.12.2022	31.12.2021
	EUR	EUR
NON-CURRENT ASSETS		
Intangible assets		
ODM assets	1 191 171	394 813
Other intangible assets	444 008	562 911
Total intangible assets	1 635 179	957 724
Property, plant and equipment		
Land and buildings	3 571 194	3 789 000
Equipment and machinery	2 800 550	3 716 385
Other fixtures and fittings, tools and equipment	447 311	480 117
Right of use asset	3 521 129	3 659 998
Leasehold improvements	99 465	120 659
Construction in progress	255 000	1 070 305
Total property, plant and equipment	10 694 649	12 836 464
Non-current financial assets		
Investments in associates	4 685 892	6 106 799
Investments in other companies	100 203	61 582
Other non-current receivables	6 690	42 333
Total non-current financial assets	4 792 785	6 210 714
TOTAL NON-CURRENT ASSETS	17 122 613	20 004 902
CURRENT ASSETS		
Inventories		
Raw materials and consumables	7 486 777	3 955 773
Trade receivables from contracts with customers	1 610 001	1 653 701
Prepayments for goods	107 388	82 935
Loan to shareholder	575 028	563 201
Prepaid expense	117 706	55 909
Contract assets	1 783 458	1 487 173
Other receivables	188 473	282 324
Cash and cash equivalents	739 741	451 210
TOTAL CURRENT ASSETS	12 608 572	8 532 226
TOTAL ASSETS	29 731 185	28 537 128

*Available unused credit line	577 433	700 000
*Available unused factoring limit	673 408	1 446 601

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

February 13, 2023

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Chairman of the Management Board

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Interim consolidated statement of financial position

EQUITY AND LIABILITIES

	31.12.2022	31.12.2021
EQUITY	EUR	EUR
Share capital	1 834 881	1 829 381
Share premium	2 465 994	2 435 579
Reserves	32 176	50 659
Non-current asset revaluation reserve	1 862 727	2 006 222
Retained earnings/ (accumulated loss):		
a) brought forward	258 610	2 064 847
b) for the period	(2 214 863)	(1 952 310)
Minority share	-	-
TOTAL EQUITY	4 239 525	6 434 378
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	1 000 000	5 370 208
Lease liabilities	2 235 273	2 455 353
Other financial liabilities	1 335 898	1 880 003
Government grants	103 439	603 004
Taxes payables – non-current	282 591	141 078
Total non-current liabilities	4 957 201	10 449 646
Current liabilities		
Loans from credit institutions	7 221 343	2 433 034
Lease liabilities	915 593	1 042 451
Prepayments received under contracts with customers	3 116 374	1 185 335
Trade payables	6 924 637	5 717 775
Taxes payable	770 474	534 893
Corporate income tax	-	799
Other liabilities	1 031 913	177 282
Government grants	69 879	192 666
Accrued liabilities	484 246	368 869
Total current liabilities	20 534 459	11 653 104
TOTAL LIABILITIES	25 491 660	22 102 750
TOTAL EQUITY AND LIABILITIES	29 731 185	28 537 128

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

February 13, 2023

JĀNIS SAMS

Chairman of the Management Board

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Interim consolidated statement of cash flow

	01.10.2022- 31.12.2022 EUR	01.10.2021- 31.12.2021 EUR	01.01.2022- 31.12.2022 EUR	01.01.2021- 31.12.2021 EUR
CASH FLOWS TO/ FROM OPERATING ACTIVITIES				
Profit (loss) before tax	(921 773)	(1 952 172)	(2 214 863)	(1 938 590)
Adjustments for:				
Depreciation and amortization	604 516	691 345	2 504 299	2 587 401
Interest expense	166 333	465 218	609 696	565 415
Interest income	(2 981)	(2 930)	(11 827)	(11 421)
Decrease in allowances for slow-moving items and receivables	50 581	228 274	29 933	74 896
Income from grant recognition	44 966	(46 065)	(93 853)	(192 859)
Gain on disposal of property, plant and equipment	(18 036)	(2 219)	(4 095)	(2 454)
Loss on impairment, disposal of property, plant and equipment	806 000	1 390 054	806 000	1 390 054
Fair value adjustment for warrants	(45 959)	(308 845)	(544 105)	227 518
Share of loss of an associates	340 038	402 158	1 420 907	837 321
Adjustments for:				
(Increase)/ decrease in inventories	(139 729)	(1 714 159)	(3 827 289)	(1 994 348)
(Increase)/ decrease in receivables	118 499	(20 926)	9 539	(395 185)
Increase/ (decrease) in payables	(446 093)	1 885 131	4 119 260	2 358 746
Cash generated from operations, gross	556 362	1 014 864	2 803 602	3 506 494
Interest paid	(46 399)	(181 643)	(135 507)	(281 840)
Corporate income tax paid	-	(13 720)	-	(13 720)
Net cash flows to/ from operating activities	509 963	819 501	2 668 095	3 210 934
CASH FLOWS TO/ FROM INVESTING ACTIVITIES				
Purchase of intangible assets and property, plant and equipment	(683 631)	(199 102)	(1 857 680)	(1 120 591)
Proceeds from sale of property, plant and equipment	-	5 972	179 484	5 972
Proceeds from the sale of investments	-	(32 041)	-	(19 656)
Investments in other companies	-	21 174	(38 621)	21 174
Net cash flows to/ from investing activities	(683 631)	(203 997)	(1 716 817)	(1 113 101)
CASH FLOWS TO/ FROM FINANCING ACTIVITIES				
Grants received	1 082	113 699	26 075	432 884
Dividends paid	-	-	-	(54 881)
Loans received from credit institutions	1 205 221	-	1 498 807	-
Loans repaid to credit institutions	(142 271)	(261 925)	(1 031 861)	(1 687 488)
Loans repaid to lease companies	(49 570)	(67 751)	(332 686)	(279 176)
Payment of principal portion of lease liabilities	(193 798)	(225 392)	(823 082)	(888 205)
Net cash flows to/ from financing activities	820 664	(441 369)	(662 747)	(2 476 866)
Change in cash and cash equivalents for the year	646 996	174 135	288 531	(379 033)
Cash and cash equivalents at the beginning of the year	92 745	277 075	451 210	830 243
Cash and cash equivalents at the end of the year	739 741	451 210	739 741	451 210

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

Interim consolidated statement of changes in equity

	Share capital	Share premium	Reserves	Non-current asset revaluation reserve	Retained earnings/ (accumulated loss)	Non-controlling interest	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 31 December 2020	1 829 381	2 435 579	1 973	1 914 956	1 996 035	-	8 177 924
Profit for the reporting year	-	-	-	-	(1 952 310)	-	(1 952 310)
Other comprehensive income	-	-	-	214 959	-	-	214 959
Total comprehensive income	-	-	-	214 959	(1 952 310)	-	(1 737 351)
Depreciation of revalued items of property and plant	-	-	-	(123 693)	123 693	-	-
Share option reserves	-	-	48 686	-	-	-	48 686
Dividends paid	-	-	-	-	(54 881)	-	(54 881)
Balance as at 31 December 2021	1 829 381	2 435 579	50 659	2 006 222	112 537	-	6 434 378
Balance as at 31 December 2021	1 829 381	2 435 579	50 659	2 006 222	112 537	-	6 434 378
Profit for the reporting year	-	-	-	-	(2 214 863)	-	(2 214 863)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(2 214 863)	-	(2 214 863)
Increase of capital	5 500	30 415	(35 915)	-	-	-	-
Depreciation of revalued items of property and plant	-	-	-	(143 495)	143 495	-	-
Share option reserves	-	-	17 432	-	2 578	-	20 010
Balance as at 31 December 2022	1 834 881	2 465 994	32 176	1 862 727	(1 956 253)	-	4 239 525

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 twelve months ended December 31, 2022 were authorized for issue in accordance with a resolution of the Management Board of the Parent Company on February 13, 2023.

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 sectors, 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 twelve months ended December 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 by related parties (gross)	Amounts owed to related parties (gross)
Related party	Type of services			
			EUR	EUR
1. Associates				
SIA Lightspace Technologies (AS HansaMatrix share: 67,7% / 53.85%)	Services, purchase of materials, sales	31.12.2021	843 381	37 379
		31.12.2022	1 115 810	73 591
	TOTAL	31.12.2021	843 381	37 379
	TOTAL	31.12.2022	1 115 810	73 591
2. Entities with significant influence over the Parent Company				
SIA MACRO RĪGA (shareholder)	Loans	31.12.2021	563 201	-
		31.12.2022	575 028	-
	Purchase of services; sale of materials	31.12.2021	829	-
		31.12.2022	-	-
	TOTAL	31.12.2021	564 030	-
	TOTAL	31.12.2022	575 028	-

Notes to the consolidated financial statements

4. EBITDA calculation

	01.10.2022- 31.12.2022 EUR	01.10.2021- 31.12.2021 EUR	01.01.2022- 31.12.2022 EUR	01.01.2021- 31.12.2021 EUR
NET sales	7 797 184	4 837 863	27 968 363	21 962 274
Operating profit	565 309	(256 509)	333 719	1 169 860
Depreciation and amortization	604 516	691 345	2 504 299	2 587 401
EBITDA, EUR	1 169 825	434 836	2 838 018	3 757 261
EBITDA, %	15%	9%	10%	17%

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

31.12.2021			31.12.2022					Fair value measurement using
Total at carrying amount	Total at fair value		Total at carrying amount	Total at fair value	quoted prices in active markets (level 1)	significant observable inputs (level 2)	significant unobservable inputs (level 3)	
EUR	EUR		EUR	EUR	EUR	EUR	EUR	EUR
Assets and liabilities measured at fair value								
Construction in progress	1 070 305	1 070 305	255 000	255 000	-	-	255 000	
Warrants	1 880 003	1 880 003	1 335 898	1 335 898	-	1 335 898	-	
Investments in other companies	61 583	61 583	100 203	100 203	-	-	100 203	
Assets and liabilities for which fair value is indicated								
Loan to shareholder	563 201	563 201	575 028	575 028	-	-	575 028	
Loans from credit institutions	7 803 242	7 803 242	8 221 343	8 221 343	-	8 221 343	-	

As at the end of Q4 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 December 31, 2022 are reasonable approximations of the fair values, except that in 2022 (i) the Group at consolidated level carried out revaluation of fair value of warrants issued in relation to European Investment Bank (EIB) financing contract, decreasing warrant balance sheet value by 0.544 million EUR (0.046 million EUR in Q4 2022), due to decreasing average weighted price of HansaMatrix stock in 2022, which by the same amount improved net profit in 2022, (ii) the Group at consolidated level carried out provisions in amount of 0.806 million EUR (all amount in Q4 2022) to reflect the changes in fair value of SIA Zinatnes parks real estate assets due to decrease in investor confidence, increase in construction costs and no positive changes in rent prices of industrial and office premises

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

	01.10.2022- 31.12.2022 EUR	01.10.2021- 31.12.2021 EUR	01.01.2022- 31.12.2022 EUR	01.01.2021- 31.12.2021 EUR
Net profit or loss for the reporting period	(921 773)	(1 965 892)	(2 214 863)	(1 952 310)
Other comprehensive income:	-	-	-	214 959
Total comprehensive income or (loss) for the year, net of tax	(921 773)	(1 965 892)	(2 214 863)	(1 737 351)
Comprehensive income or (loss) attributable to:				
Equity holders of the Parent Company	(921 773)	(1 965 892)	(2 214 863)	(1 737 351)
Non-controlling interests	-	-	-	-
HansaMatrix AS number of shares	1 834 881	1 829 381	1 834 881	1 829 381
Earnings per share	(0.502)	(1.075)	(1.207)	(0.950)
HansaMatrix AS employees share options	9 350	9 600	9 350	9 600
EIB warrants	205 298	205 298	205 298	205 298
Diluted Earnings Per Share	(0.450)	(0.962)	(1.081)	(0.850)



Notes to the consolidated financial statements

7. Normalized net profit

	01.10.2022- 31.12.2022	01.07.2022- 30.09.2022	01.04.2022- 30.06.2022	01.01.2022- 31.03.2022	01.10.2021 31.12.2021	01.07.2021- 30.09.2021	01.04.2021- 30.06.2021	01.01.2021- 31.03.2021
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Net profit	(921 773)	(561 538)	(685 583)	(45 969)	(1 965 892)	295 065	(326 625)	45 142
Loss/Profit from investments in associates	340 038	296 166	564 975	219 728	402 158	53 856	196 110	185 197
Impairment loss on assets (goodwill and PPE under construction)	806 000	-	-	-	1 357 586	-	-	-
Provisions for inventory (older than 2 years)	(45 654)	1 614	812	13 292	(4 167)	34 938	47 843	21 445
Employee option plan expense	10 755	3 311	4 824	27 332	48 685	-	-	-
Foreign exchange expense	(94 685)	187 484	77 139	10 991	22 425	15 450	10 378	18 168
Repayment of ERAF revenue	216 246	-	-	-	-	-	-	-
EIB warrant fair value change provisions	(45 959)	(82 826)	(248 413)	(166 907)	(308 845)	(177 048)	504 402	209 009
EIB loan fair value change provisions	93 108	83 273	88 049	85 813	80 403	79 419	82 459	83 446
Interest expense related to operating leases	30 348	43 549	47 756	36 793	57 659	30 813	32 110	32 914
Deferred tax liabilities	-	-	-	-	-	-	-	-
Normalized net profit*	388 424	(28 967)	(150 441)	181 073	(309 988)	332 493	546 677	595 321

*- restated by adjusting net profit by additional non-cash items - provisions for old inventory (over 2 years), employee option plan expense and foreign exchange expense

Notes to the consolidated financial statements

7. Normalized net profit

	01.01.2022 - 31.12.2022	01.01.2022- 30.09.2022	01.01.2021- 30.09.2021	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020 Corrected	01.01.2019- 31.12.2019	01.01.2018- 31.12.2018
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Net profit	(2 214 863)	(1 293 090)	13 582	(1 952 310)	(846 586)	207 888	781 018
Loss/Profit from investments in associates	1 420 907	1 080 869	435 163	837 321	572 611	623 202	483 143
Impairment loss on assets (goodwill and PPE under construction)	806 000	-	-	1 357 586	-	-	-
Provisions for inventory (older than 2 years)	(29 936)	15 718	104 226	100 059	(66 784)	112 259	(63 380)
Employee option plan expense	46 222	35 467	-	48 685	1 285	(636)	1 012
Foreign exchange expense	180 929	275 614	43 996	66 421	(32 074)	(3 644)	7 457
Repayment of ERAF revenue	216 246	-	-	-	-	-	-
EIB warrant fair value change provisions	(544 105)	(498 146)	536 363	227 518	306 555	-	-
EIB loan fair value change provisions	350 243	257 135	245 324	325 727	263 919	246 346	8 117
Interest expense related to operating leases	158 446	128 098	95 837	153 496	123 053	66 088	-
Deferred tax liabilities	-	-	-	-	-	-	-
Normalized net profit*	390 089	1 665	1 474 491	1 164 503	321 979	1 251 503	1 217 367

*- restated by adjusting net profit by additional non-cash items - provisions for old inventory (over 2 years), employee option plan expense and foreign exchange expense.

8. Dividends paid and proposed

No dividends have been proposed by shareholders of the Company 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	<i>Shows the proportion of revenues that are available to cover non-operating costs.</i>	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	<i>Shows the extent to which an entity has sufficient current assets to cover its current liabilities</i>	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) ^{1/(Number of periods)-1} . 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
15	Order book	Future	Shows the aggregate value of manufacturing orders the Company has received from its customers	Future revenue forecasting

New APM added – No.15 that could be used in and assessing the future revenue potential.