

HANSAMATRIX

Inspired by your trust

JOINT STOCK COMPANY

"HANSAMATRIX"

UNIFIED REGISTRATION

NUMBER 40003454390

**UNAUDITED INTERIM
CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE 3 MONTH PERIOD
ENDED MARCH 31, 2023**

Prepared in accordance with IAS 34
Interim Financial Reporting

Ogre, 2023



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General information

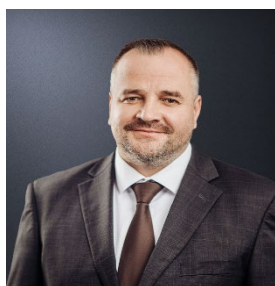
Name of the Parent Company	HansaMatrix
Legal status of the Parent Company	Joint Stock Company
Parent Company unified registration number	40003454390
Place and date of registration	Riga, 30 July 1999
Registration date with the Commercial Register	Riga, 27 December 2002
Registered office	Akmeņu street 72, Ogre, Latvia, LV-5001
Shareholders (over 5%) as of April 11, 2023	SIA Emsco (93.19%)
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 2023
Interim reporting period	1st January – 31st March 2023

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:

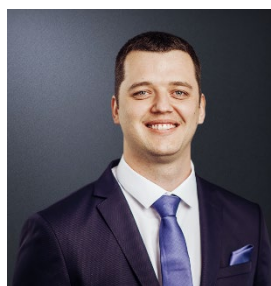
- HansaMatrix Parogre, SIA – Member of the Board
- HansaMatrix Ventspils, SIA – Member of the Board
- Latvian Electrical Engineering and Electronics Industry Association – Member of the Board

Number of shares owned: 0

Number of share options held: 2400 (as of May 05, 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 May 05, 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 May 05, 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 – 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: 0

Number of Share options owned: 2400 (as of May 05, 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 leading positions in corporate banking in several leading banks in Latvia. Māris Macijevskis holds Bachelor of Science degree in Economics and Business Administration from Stockholm School of Economics in Riga, Master of Science degree in International Economics from University of Latvia and is Chartered Financial Analyst (CFA) charterholder.

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

Number of shares owned: 0

Baiba Rubesa is an independent member of the Council.

Positions held in other companies:

- Lightspace Holding AS – Chairwoman of the Supervisory Board
- Novatore, SIA – Member of the Board
- RFactor, SIA - Member of the Board
- Coffee Address Holding, SIA - Member of the Supervisory Board
- Gren Holding Company B.V. – Member of the Supervisory Board

Participation in other companies:

- RFactor, SIA (100%)

Baiba Anda Rubesa is a true global citizen. She is an accomplished, results oriented and inspiring senior executive with a range of business experience from oil and gas, retail, automotive, telecommunications and infrastructure. Governance, transparency, human rights, sustainability, and stakeholder engagement are key focus areas. Co-founder of Novatore, she currently serves as Chair of the Supervisory Board for Hansamatrix AS and Coffee Address SIA, and Supervisory Board member of GREN, chairing its ESG committee. She has served as CEO of Rail Baltica (RB Rail) and in different senior positions in Statoil ASA in the Baltic, Azerbaijan and Norway. She has also served on the Supervisory Boards of Latvenergo AS (largest electricity trader in the Baltics), Citadele Banka, DNB Nord Banka and the Extractive Industry Transparency Initiative (EITI); has been Chair, Foreign Investors Council in Latvia and VP, Latvian Chamber of Commerce.

Supervisory Board



Anders Lennart Borg

DEPUTY CHAIRMAN OF
SUPERVISORY BOARD OF
THE PARENT COMPANY

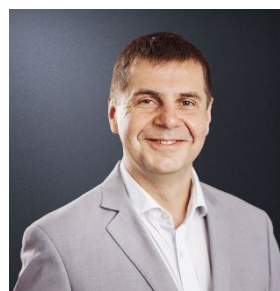
Appointment date: 31 May 2022

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 manufacturing industry. He graduated as a Master of Science from Linköping Institute of Technology in Sweden and is endowed with extensive knowledge in engineering, manufacturing organisation and supply chain. The years of experience has developed his strong leadership skills. He worked as a director of electromechanical/electronics company Eljo AB in Sweden for 11 years. Later he was the head of the Schneider Electric electronics factory in Latvia for 5 years and a factory of the same company in Sweden for another 5 years.



Aleksis Orlovs

MEMBER OF SUPERVISORY
BOARD OF THE COMPANY

Appointment date: 31 May 2022

Term of office: 30 May 2027

Number of shares owned: 0

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 22 years of experience and currently serves as a partner at BaltCap, the leading Baltic venture capital investor. He has managed investments in more than 20 companies in a broad range of industries. Dagnis Dreimanis holds a BSBA degree in Finance and Economics from Slippery Rock University of 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.

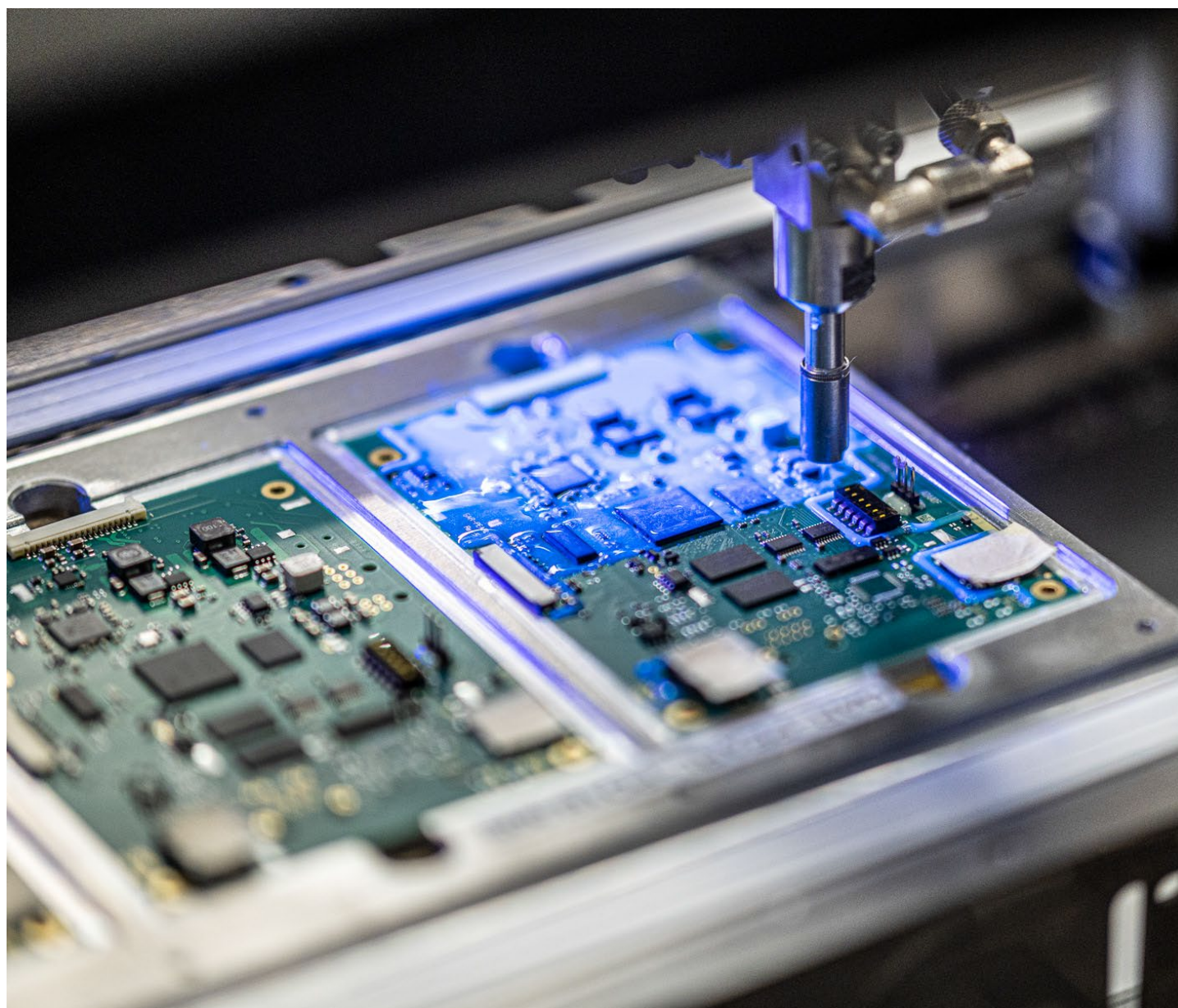
Changes to the Parent Company's Supervisory Board

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

Major shareholders

As at April 11, 2023 (end of the day), the following were the major shareholders of the Parent Company:

Major shareholders (over 5%)	Owned shares	Ownership interest
SIA Emsco	1 709 953	93.12%
Other shareholders (under 5%)	126 428	6.88%
TOTAL:	1 836 381	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
Pārogre

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 24-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.

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 Q1 2023 to Q4 2022 the Group has experienced improvements of semiconductor availability positively influencing revenue and profitability of the Company in Q1 2023. Nevertheless, lead times for some 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.

Rising interest rates, high inflation, lower consumer confidence are business environment risks starting 2023 and could have some influence on the Group, 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.

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 first quarter (Q1 further in document) of 2023 the Group reported historically highest revenue from contracts with customers (hereinafter – revenue, turnover or sales) in amount of 9,635 million EUR, representing increase by 60% in comparison to the same period of 2022. The 2023 Q1 sales results showed 11% sales volume increase in comparison with previous quarter – 2022 Q4.

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 Q1 2023, amounting to 26.6 million EUR, increasing by 10% compared to the respective figure as at the end of Q4 2022.

During 2023 Q1 the Group reported quarterly EBITDA result of 1.708 million EUR and operated with net loss result of 0.975 million EUR. The reported EBITDA result shows 111% increase in comparison with Q1 2022 and 37% increase compared to previous quarter of 2022 Q4. In Q1 2023 the Group reported net loss 0.975 million EUR as compared to the net loss of 0.046 million EUR in Q1 2022 and net loss of 0.853 million EUR in Q4 2022. Quarterly results represent EBITDA margin of 17,7%.

Significant Q1 2023 EBITDA profitability improvement compared to Q1 2022 is explained by the improvements in semiconductor availability, allowing the Company to execute manufacturing orders and to significantly improve quarterly revenue volume and also by changes in the product mix of manufactured products, where higher-added value products proportion increased compared to situation year ago.

Net profit of the Group in Q1 2023 is negatively influenced by several non-cash related items, the most significant include loss from investments in associates 1.574 million EUR and EIB warrant fair value change provisions – 0.317 million EUR due to increasing average weighted HansaMatrix share price in Q1 2023.

In Q1 2023 the Group carried out additional loss recognition in amount of 1.220 million EUR to reflect expected loss share of the Group investment in SIA Lightspace Technologies (via Lightspace Group Inc and AS Lightspace holding) due to SIA EUROLCDs ongoing legal protection process.

For better inter-period profitability comparisons, the Company calculates normalized net profit, which in Q1 2023 amounted to 1.083 million EUR, increasing 498% compared to Q1 2022 0.181 million EUR.

TTM – trailing twelve-month period sales (period starting in April 1, 2022 and ending with March 31, 2023) at 2023 Q1 reached historically highest level of 32.490 million EUR, increasing by 47% compared to TTM sales for the period ended at 2022 Q1 and increasing by 12% compared to TTM sales for the period ended at 2022 Q4. EBITDA result for the TTM 12-month period reported to be 3.811 million EUR, an increase of 15% in comparison with 12-month period ended at 2022 Q1 and 31% increase compared to TTM sales for the period ended at 2022 Q4. The TTM period resulted in a net loss of -3.075 million EUR, whereas normalized net profit in this period amounted to 1.306 million EUR. In the end of Q1 2023 averaged EBITDA margin for TTM period of 11.7% was reported.

The significant losses of the Group in the last 12 months are mostly explained by non-cash items - losses from investments in associated companies in the amount of EUR 2.776 million, losses in the amount of EUR 0.806 million related to provisions for the changes in the fair value of SIA Zinātnes parks investment (unfinished construction), as well as losses related provisions for changes in the fair value of the EIB loan in amount of 0.332 million EUR.

Key Growth and Financial Ratios

In Q1 2023 revenue of the Group increased by 60% but EBITDA increased by 111%, compared to Q1 2022. Q1 2023 EBITDA profitability improvement compared to Q1 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	2021Q4	2022Q4	2022Q1	2023Q1	Q4 YoY	Q1 YoY
Revenue	4 838	8 714	6 030	9 635	80%	60%
EBIT (operating profit)	-282	595	160	1 094		
EBIT (operating profit) margin	-5.82%	6.83%	2.66%	11.36%		
EBITDA	410	1 244	809	1 708	204%	111%
EBITDA margin	8.47%	14.28%	13.42%	18%		
Net profit	-1 834	-853	-46	-975		
Normalized net profit	-310	402	181	1 083		
Normalized net profit margin	-6.41%	4.61%	3.00%	11.24%		
Inventory	3 956	7 483	5 213	7 083	89%	36%
Normalized ROA	-1.05%	1.33%	0.62%	3.91%		
Normalized ROE	-3.93%	9.42%	2.83%	31.20%		
Liquidity ratio	0.86	0.59	0.77	0.59		
Normalized Return on Capital Employed (ROCE)	-1.55%	4.76%	1.10%	15.35%		
Earnings per share (EPS)	-1.07	-0.46	-0.03	-0.53		
Diluted EPS	-0.90	-0.42	-0.02	-0.48		

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.

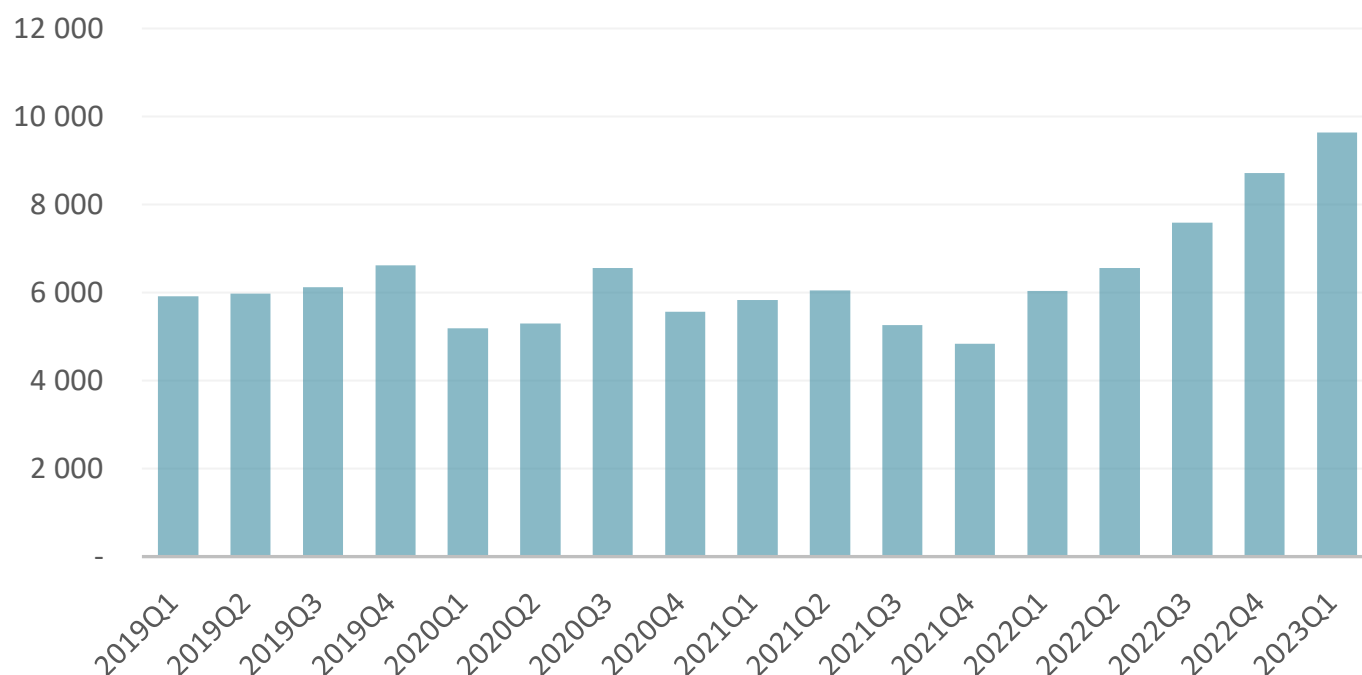
Liquidity has deteriorated in Q1 2023 and Q4 2023, explained by reclassifying EIB loan and warrant from long term liabilities to short term liabilities. EIB loan maturity is expected to be prolonged in 2023, allowing reclassification to long term liabilities, thus significantly improving the Group liquidity ratio later in 2023.

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 2023 Q1

During the first quarter of 2022 the Group reported historically highest turnover of 9.635 million EUR, representing increase by 60% in comparison to the same period of 2021. The 2023 Q1 sales results showed 11% sales volume increase in comparison with previous quarter – 2022 Q4. 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



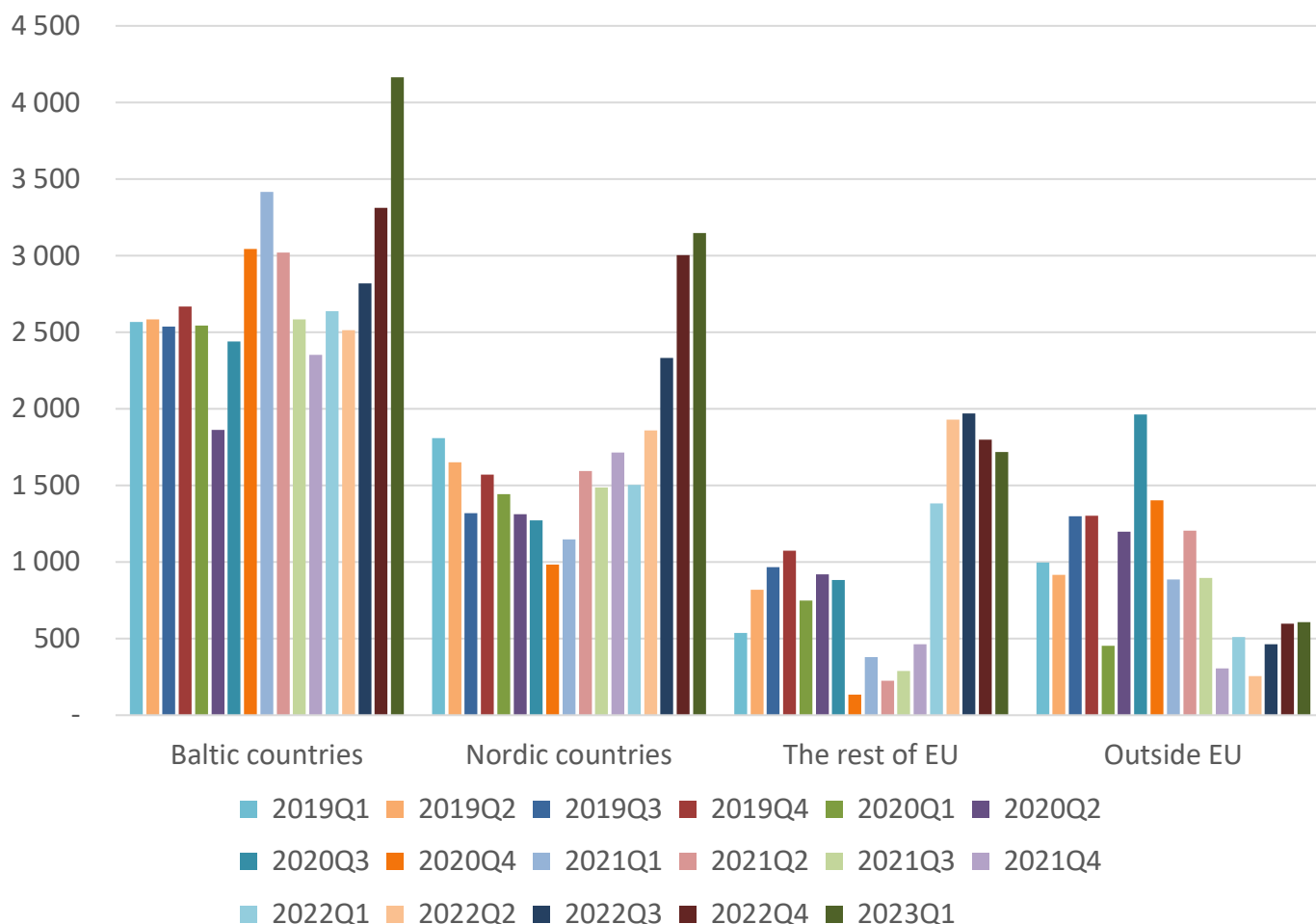
Quarterly revenue by market region results for 2023 Q1

During 2023 Q1 Baltic countries were the largest market region with 43% share of revenue. Nordic countries and other EU sales respectively reported 33% and 18% of total sales. HansaMatrix during 2023 Q1 continued to deliver also to customer locations outside EU. This market share in 2023 Q1 amounts to 6% of the total sales volume.

Sales dynamics of regions – Baltic sales were 58% up compared to 2022 Q1 and 26% up compared to 2022 Q4; Nordic sales were 110% up from 2022 Q1 and 5% up in comparison with 2022 Q4. Other EU region sales reported 24% increase from 2022 Q1 but 5% decrease from 2022 Q4. Outside EU deliveries increased by 19% from 2022 Q1 and increased by 2% compared to 2022 Q4.

The significant revenue volume increase in Baltic countries is explained by strong demand in data network sector products manufactured by the Company for customers.

Quarterly revenue by region, thousand EUR



Quarterly revenue by market region results for 2023 Q1

Data table

Quarterly revenue by region, thousand EUR

Revenue, thEUR	2018Q1	2018Q2	2018Q3	2018Q4	2019Q1	2019Q2	2019Q3	2019Q4	2020Q1	2020Q2
Baltic countries	2 438	2 359	2 078	2 533	2 566	2 586	2 536	2 667	2 545	1 862
Nordic countries	1 861	1 106	1 549	1 375	1 809	1 652	1 317	1 570	1 441	1 312
The rest of EU	354	505	604	712	534	819	967	1 075	747	920
Outside EU	1 245	1 217	775	441	998	916	1 299	1 300	452	1 197
Total	5 898	5 188	5 005	5 061	5 908	5 973	6 118	6 612	5 184	5 290

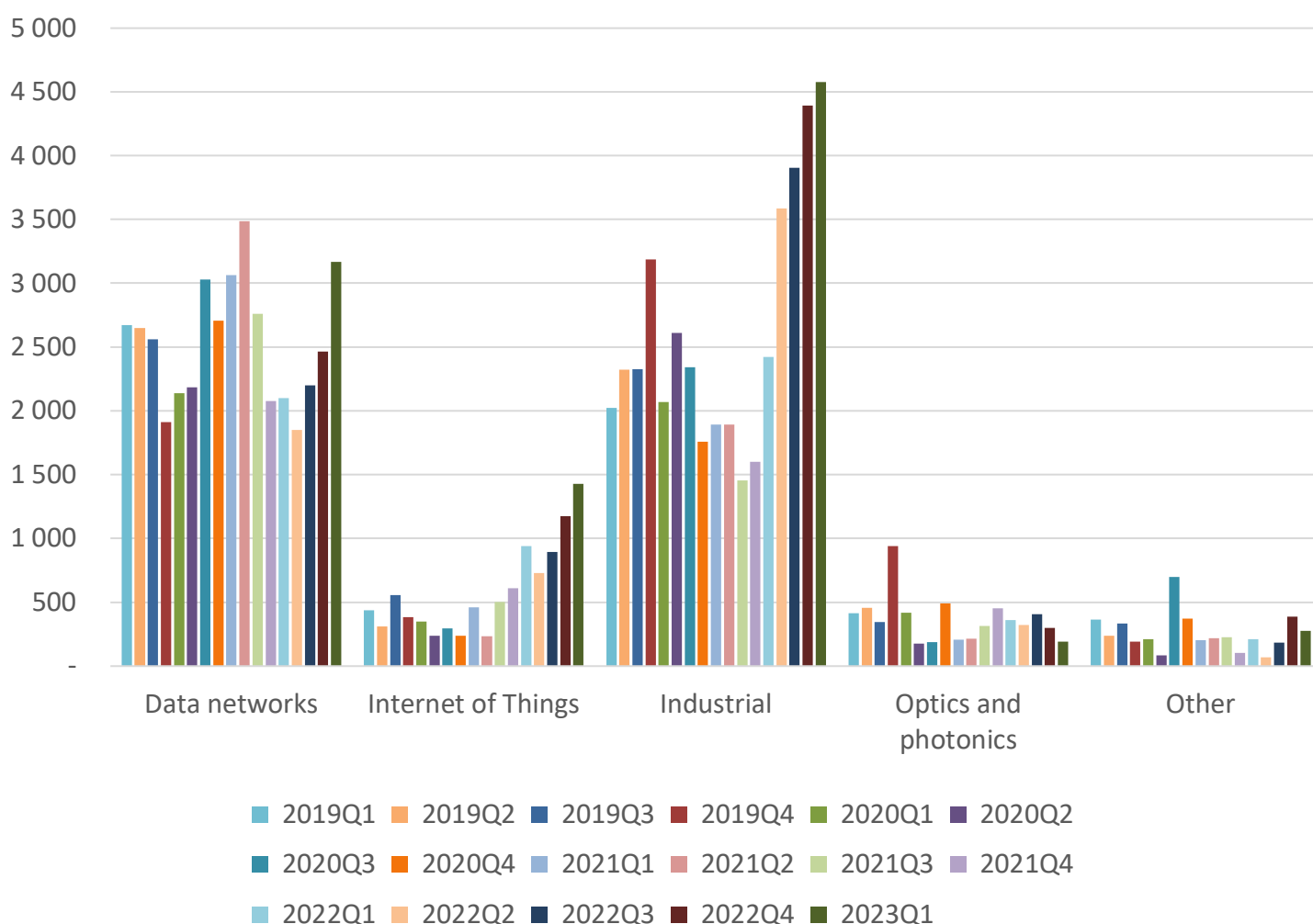
2020Q3	2020Q4	2021Q1	2021Q2	2021Q3	2021Q4	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1
2 439	3 044	3 415	3 022	2 584	2 354	2 637	2 514	2 820	3 314	4 164
1 271	983	1 147	1 592	1 487	1 715	1 502	1 859	2 333	3 005	3 149
882	132	380	224	286	463	1 382	1 928	1 971	1 800	1 717
1 962	1 401	886	1 203	897	306	509	253	462	596	605
6 554	5 560	5 828	6 042	5 254	4 838	6 030	6 555	7 586	8 714	9 635

Quarterly revenue by market sector results for 2023 Q1

During 2023 Q1 industrial product sales and data network product sales were dominating sales drivers respectively with 47% and 33% sales market share. Optics and photonics sales amounted to 2%, Internet-of-things sales amounted to 15% and other products were also reported with 3% share.

2023 Q1 data network product sales increased by 51%; industrial sector product sales – increased by 89%; internet-of-things – increased by 52%, optics and photonics products sales – decreased by 47% while other product sector – increased by 32% in comparison with 2022 Q1. Comparison with sales results with previous - 2022 Q4 demonstrates 29% increase in data networks; 4% increase in industrial sector; increase of 21% in internet of things products; 37% decrease in optics and photonics products and 28% decrease in other product sector.

Quarterly revenue by sector, thousand EUR



Quarterly revenue by market sector results for 2023 Q1

Data table quarterly revenue by market sector results for 2023 Q1

Revenue, thEUR	2018Q1	2018Q2	2018Q3	2018Q4	2019Q1	2019Q2	2019Q3	2019Q4	2020Q1	2020Q2
Data networks	3 134	2 851	2 327	1 737	2 670	2 646	2 559	1 911	2 138	2 184
Internet of Things	299	185	298	450	439	309	555	383	348	237
Industrial	2 118	1 693	1 962	1 744	2 022	2 321	2 327	3 186	1 857	2 609
Optics and photonics	220	294	276	575	412	457	344	940	630	176
Other	127	165	142	556	364	240	333	192	209	85
Total	5 898	5 188	5 005	5 061	5 908	5 973	6 118	6 612*	5 184	5 290

2020Q3	2020Q4	2021Q1	2021Q2	2021Q3	2021Q4	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1
3 030	2 707	3 063	3 484	2 760	2 076	2 098	1 849	2 200	2 465	3 168
295	235	460	233	502	608	939	727	892	1 173	1 426
2 342	1 758	1 894	1 893	1 454	1 600	2 423	3 586	3 904	4 390	4 574
188	490	208	215	313	451	360	323	408	300	190
699	370	203	217	225	103	210	69	183	386	277
6 554	5 560*	5 828	6 042	5 254	4 838	6 030	6 555	7 586	8 714	9 635

Quarterly EBITDA and net profit results in 2023 Q1

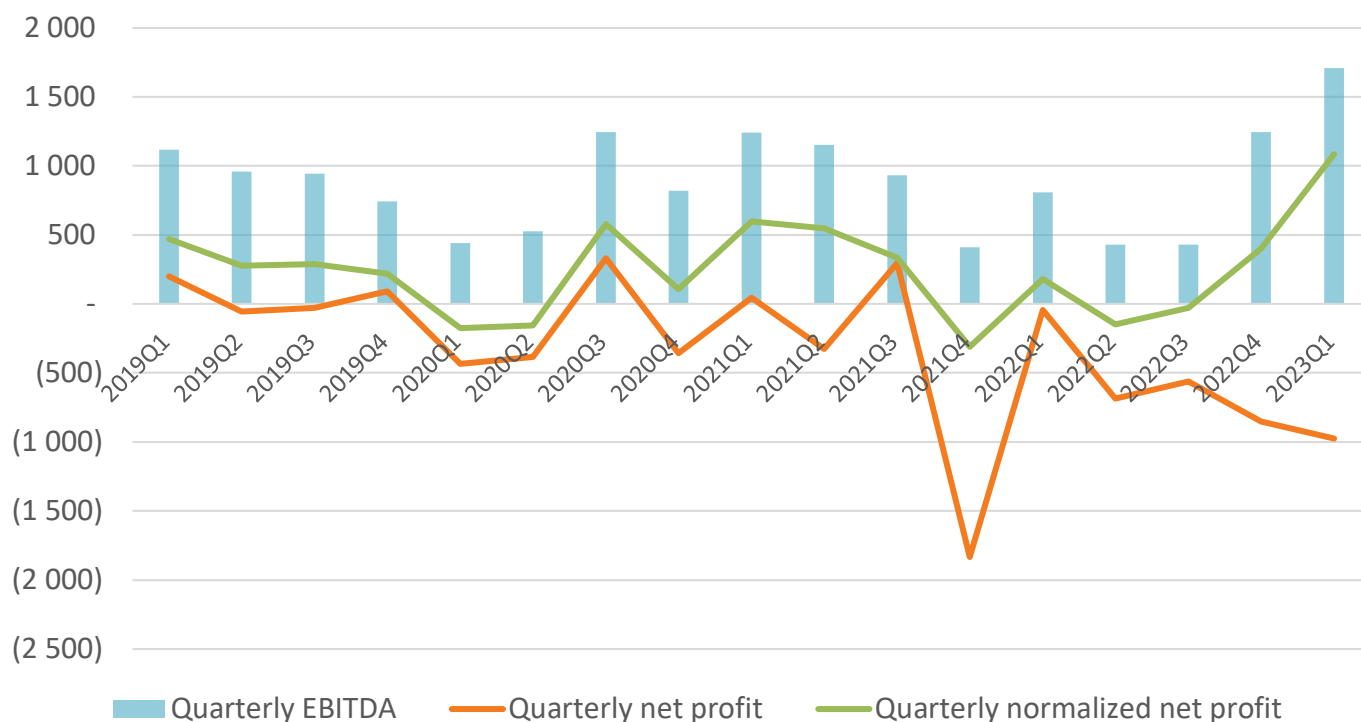
During 2023 Q1 the Group reported quarterly EBITDA result of 1.708 million EUR and operated with net loss result of 0.975 million EUR. The reported EBITDA result shows 111% increase in comparison with Q1 2022 and 37% increase compared to previous quarter of 2022 Q4. In Q1 2023 the Group reported net loss 0.975 million EUR as compared to the net loss of 0,046 million EUR in Q1 2022 and net loss of 0.853 million EUR in Q4 2022. Quarterly results represent EBITDA margin of 17,7%.

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 as well as by improved share of higher value added products in the manufactured product mix. In the reporting period.

Net profit of the Group in Q1 2023 is negatively influenced by several non-cash related items, the most significant include loss from investments in associates 1.574 million EUR and EIB warrant fair value change provisions – 0.317 million EUR due to increasing average weighted HansaMatrix share price in Q1 2023.

For better inter-period profitability comparisons, the Company calculates normalized net profit, which in Q1 2023 amounted to 1.083 million EUR, increasing 498% compared to Q1 2022 0.181 million EUR.

Quarterly results, thousand EUR

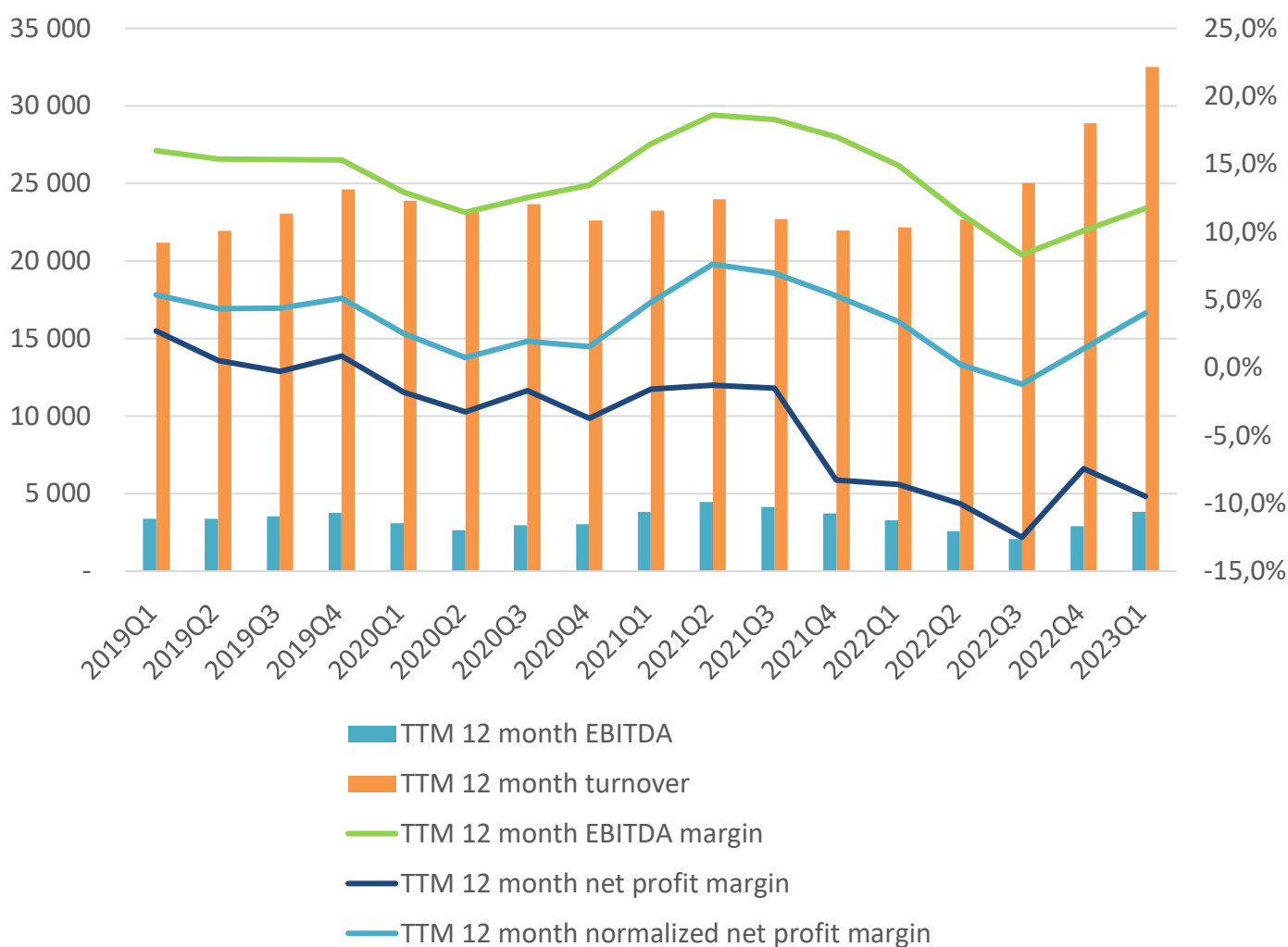


TTM (trailing twelve months) turnover, EBITDA and margin results in 2023 Q1

TTM – trailing twelve-month period sales (period starting in April 1, 2022 and ending with March 31, 2023) at 2023 Q1 reached historically highest level of 32.490 million EUR, increasing by 47% compared to TTM sales for the period ended at 2022 Q1 and increasing by 12% compared to TTM sales for the period ended at 2022 Q4. EBITDA result for the TTM 12-month period reported to be 3.811 million EUR, an increase of 15% in comparison with 12-month period ended at 2022 Q1 and 31% increase compared to TTM sales for the period ended at 2022 Q4. The TTM period resulted in a net loss of -3.075 million EUR, whereas normalized net profit in this period amounted to 1.306 million EUR. In the end of Q1 2023 averaged EBITDA margin for TTM period of 11.7% was reported.

The significant losses of the Group in the last 12 months are mostly explained by non-cash items - losses from investments in associated companies in the amount of EUR 2.776 million, losses in the amount of EUR 0.806 million related to provisions for the changes in the fair value of SIA Zinātnes parks investment (unfinished construction), as well as losses related provisions for changes in the fair value of the EIB loan in amount of 0.332 million EUR.

TTM revenue, EBITDA and margin, th EUR



Research and development

R&D services are only provided complimentary to the core business of Electronic Manufacturing Services and do not constitute substantial part of the total Group revenue.

Investment activities

During Q1 2023 HansaMatrix made 0.153 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.

Investments in subsidiaries

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

During Q1 2023 the Parent company has provided additional 68 thousand EUR in form of convertible loan to its subsidiary – SIA Zinātnes parks, mostly used for land plot rental payments to VAS Starptautiskā lidosta Rīga and for loan repayments to AS SEB banka.

At the end of the reporting period, the total Parent company investment in SIA Zinatnes parks amounted to fair value of 218 thousand EUR in a form of 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).

AS Lightspace Holding is a holding company, holding assets related to HansaMatrix associated company SIA Lightspace Technologies. In Q1 of 2023 no additional investments have been carried out in AS Lightspace Technologies.

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.

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.

In Q4 and 12m 2022 the Group did not carry out additional investments into SIA Lightspace Technologies (via AS Lightspace Holding and via Lightspace Group Inc).

At the end of the reporting period, the investments of the 100% owned subsidiary of the Parent company AS Lightspace holding in SIA Lightspace Technologies (through Lightspace Group Inc) amounted to 5 457 thousand EUR, which consisted of paid-up capital. In Q1 2023 the Parent company carried out additional provisions in amount of 1.220 million EUR to reflect expected changes in fair value of the Parent company investment in SIA Lightspace Technologies (via Lightspace Group Inc and AS Lightspace holding) due to SIA EUROLCDs ongoing legal protection process.

At the end of the reporting period, the total Group assets in relation to SIA Lightspace Technologies amounted to 3 243 thousand EUR, consisting of paid-up capital (at consolidated level accounted for using equity method). In Q1 2023 the Group carried out additional loss recognition in amount of 1.220 million EUR to reflect expected loss share of the Group investment in SIA Lightspace Technologies (via Lightspace Group Inc and AS Lightspace holding) due to SIA EUROLCDs ongoing legal protection process.

Business development report of the associated company SIA Lightspace Technologies

Business development activities

In the 1st quarter of 2023, the Lightspace Technologies (hereafter referred to as Lightspace) team participated in several business events, among the most important ones being the SPIE AR|MR|VR 2023 Conference held in San Francisco, CA, USA,

Due to the slowing down of the Healthcare market, in the 1st quarter of 2023, Lightspace was forced to change its development strategy, focusing on the Defense market.

Lightspace participated in IDEX2023 Abu Dhabi.

Sales activities

Work has started on Defense 3D application development projects.

Fundraising activities

In the 1st quarter of 2023, Lightspace attracted additional investments of EUR 250 000 for its Bridge financing stage. As previously reported, the investment attraction process for the next cycle of development and growth has been started.

To attract investments, Lightspace participated in several investor events, including Hello Tomorrow 2023, as well as several investment conferences in the field of Deeptech and also Electronics in Paris organized by TechTour. Negotiations on an investment opportunity with several Deeptech funds have started.

Research and development

During the period, four Horizon 2020 applications were prepared in various consortia in which Lightspace is one of the project partners. The consideration of the projects will take place until August, 2023.

Product development activities

In the 1st quarter of 2023 Lightspace team completed work on an improved reference model, the iG1055, which incorporates several technical improvements, reduced power consumption, reduced weight, and reduced device heating. The start of production is planned at June, 2023.

Product development continues with long-term goals. The short-term goals are to address the usability challenges, while the more far-reaching goal is to develop a head-up display device with an improved and more compact optical solution, wireless streaming functionality, which could reach the first customers as early as the end of year 2023.

Events after the end of the period

In April 2023, the first contract was signed with a major European manufacturer of armored fighting vehicles for the development of an AR solution and a head-up display.



SIA Lightspace Technologies consolidated* profit loss statement, EUR

	Q1 2023 EUR	1Q 2022 EUR
Net turnover	106 636	285 106
Cost of sales	(814 548)	(951 071)
Gross profit / (loss)	(707 912)	(665 965)
Distribution costs	(64 612)	(104 613)
Administrative expense	(98 469)	(130 280)
Other operating income	194 263	572 009
Other operating expense	-	(4 231)
Operating profit	(676 730)	(333 080)
Interest expenses	(14 242)	(6 130)
Profit / (loss) before tax	(690 972)	(339 210)
Corporate income tax	(283)	-
Net profit / (loss) for the period	(691 255)	(339 210)
Profit attributable to:		
Equity holders of the Parent Company	(664 417)	(324 562)
Non-controlling interest	(26 838)	(14 647)
	(691 255)	(339 210)

SIA Lightspace Technologies consolidated * balance sheet, EUR

ASSETS	31.03.2023. EUR	31.12.2022. EUR
NON-CURRENT ASSETS		
Property, plant, equipment and intangible assets	10 012 672	10 872 091
TOTAL NON-CURRENT ASSETS	10 012 672	10 872 091
CURRENT ASSETS		
Inventory	1 013 958	371 349
Receivables	482 739	500 170
Cash and cash equivalents	35 137	20 897
TOTAL CURRENT ASSETS	1 531 834	892 416
TOTAL ASSETS	11 544 506	11 764 507
EQUITY AND LIABILITIES	31.03.2023. EUR	31.12.2022. EUR
EQUITY		
Share capital	32 672	32 672
Share premium	12 650 032	12 650 032
Other reserves	1 546 059	1 531 425
Retained earnings/ (accumulated deficit)	(8 596 236)	(7 746 149)
Non-controlling interest	269 485	327 825
TOTAL EQUITY	5 902 012	6 795 805
LIABILITIES		
Non-current and current liabilities	5 642 494	4 968 702
TOTAL LIABILITIES	5 642 494	4 968 702
TOTAL EQUITY AND LIABILITIES	11 544 506	11 764 507

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

Shares and stock market

During 2023 Q1 HansaMatrix (HMX1R) share price increased by 18,55% - see the stock price movement chart for the period from January 1, 2023 to March 31, 2023.



Security trading history

Price	2017	2018	2019	2020	2021	2022	2023Q1
Open	7.95	8.14	6.5	6.25	9.10	8.80	8.26
High	8.83	8.5	6.65	9.05	16.80	8.80	8.48
Low	6.9	6.05	5.93	5.00	8.50	5.96	6.80
Last	8.14	6.5	6.25	9.05	8.90	6.98	8.18
Traded volume	72 941	137 505	32 591	38 141	175 092	218 704	252 027
Turnover, million	0.51 EUR	0.94 EUR	0.20 EUR	0.26 EUR	1.78 EUR	1.64 EUR	2.01 EUR
Capitalization, million	14.89 EUR	11.89 EUR	11.43 EUR	16.56 EUR	16.28 EUR	12.81 EUR	15.02 EUR

In 3m 2023 the highest HansaMatrix (HMX1R) share price observed reached 8.48 EUR per share, lowest 6.80 EUR per share and the total traded share turnover in this period amounted to 2.01 million EUR.

Exposure to risks and uncertainties

Impact of COVID-19

The possible further development of the COVID-19 pandemic and its possible containment measures may negatively affect the Group's operations in the short term. In the countries where the Group operates, restrictions have been lifted and HansaMatrix factories operate without restrictions and strict safety measures are followed to protect the safety and health of personnel. However, since pandemic conditions can change rapidly, it may still pose a short-term risk to the Group's business, affecting the development of various industries in which the Group's customers operate, affecting staff health and availability, as well as supply chains and logistics.

The impact of the Russian – Ukrainian conflict

The Russian-Ukrainian military conflict (hereinafter – Conflict), launched in 2022, has changed the environment of macroeconomic activity and may affect the availability of components and other materials and global logistics. The Group has worked closely with customers to better identify and understand the potential impact of the Conflict on production order volumes. The Group 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 Group has no suppliers in Russia, Ukraine or Belarus. The Group has contacted and discussed the Conflict and related risks with key suppliers and logistics partners.

Other significant events in Q1 2023

On January 4, 2023, the Company informs that HansaMatrix has signed agreements with SEB bank and SEB leasing on the extension of factoring, overdraft, guarantee line, reverse factoring and loan terms until November 30, 2023 for the total amount of EUR 5.92 million, which are used for investments, working capital financing and business needs, including export transactions.

Upon realization of the conversion of employee stock options, on January 20, 2023, the Board of the Company adopted a decision on increasing the share capital of the Company by EUR 1500 (one thousand five hundred euros) by issuing new 1500 (one thousand five hundred) bearer shares with a nominal value of one share of EUR 1 (one euro), registered in the Commercial Register of the Republic of Latvia on February 7, 2023. After the increase of the share capital, the total share capital of the Company is EUR 1 836 381 (one million eight hundred thirty six thousand three hundred eighty one euros).

HansaMatrix reported that on February 17, 2023, Latvijas Banka has received an application from SIA Emsco for permission to make a voluntary share buy-back offer of joint stock company "HansaMatrix" in accordance with Section 15, Paragraph one of the Share Buyback Law of the Republic of Latvia. HansaMatrix informed that SIA Emsco intends to acquire at least 75% of HansaMatrix's voting shares and, in the event that the voluntary share buy-back offer is successful, SIA Emsco intends to propose the exclusion of HansaMatrix from the regulated market. Please see the full notice in English: <http://bit.ly/3ScPMMs>.

On March 2, 2023, HansaMatrix reported that on March 1 of this year, the Supervisory Committee of the Bank of Latvia had decided to allow SIA Emsco (registration No. 40203437904; legal address – Jaunmoku street 34, Riga, LV-1046) to make a voluntary share buy-back offer of joint stock company "HansaMatrix". The repurchase price of one share according to the information provided in the prospectus is 8.50 EUR. The offer is valid for 30 days, that is, from March 2 to March 31 at 4pm.

On March 28, 2023, HansaMatrix reported that taking into account the additional challenges caused by the overall macroeconomic situation, the Board of SIA EUROLCDs, a subsidiary of SIA Lightspace Technologies, which has been manufacturing liquid crystal display products in Ventspils since 2013, has submitted a request to the court to initiate legal protection proceedings (hereinafter – LPP). SIA EUROLCDs LLP was initiated at the Kurzeme District Court on March 16 this year and its main goal is to restructure the activities of EUROLCDs with the attraction of additional funding in order to stabilize the company's activities. SIA Lightspace Technologies owns 83.81% of the shares of EUROLCDs. In turn, AS HansaMatrix owns 100% of AS Lightspace Holding, which owns 53.39% of Lightspace Group Inc., which is the 100% shareholder of SIA Lightspace Technologies.



Significant events after the reporting period

On April 11, 2023, the Baltic private equity fund manager "BaltCap" with its 100% subsidiary SIA "Emsco" has become 93,1% shareholder of HansaMatrix. Emsco Ltd. has entered into a voluntary share buyback offer and will purchase 93.1% of HansaMatrix shares. The new ownership structure will allow the Company and HansaMatrix to better raise additional capital in order to effectively exploit future growth potential.

May 10, 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 March 31, 2023 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, 2022. Prudent and reasonable judgments and estimates have been made by the management in the preparation of the financial statements.

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

May 10, 2023

JĀNIS SAMS

Chairman of the Management Board

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AS "HansaMatrix"
Unified registration
number: 40003454390

Unaudited interim condensed
consolidated financial statements
for Q1 2023



Interim consolidated financial statements

Interim consolidated statement of comprehensive income

	01.01.2023- 31.03.2023 EUR	01.01.2022- 31.03.2022 EUR
Revenue from contracts with customers	9 635 405	6 030 218
Cost of sales	(7 743 016)	(5 212 630)
Gross profit	1 892 389	817 588
Distribution costs	(183 204)	(122 112)
Administrative expense	(669 360)	(557 638)
Other operating income	82 907	78 043
Other operating expense	(28 278)	(55 445)
Operating profit or (loss)	1 094 454	160 436
Loss from investments in associates	(1 574 772)	(219 728)
Finance income	9 418	169 823
Finance costs	(504 125)	(156 500)
Profit or loss before tax	(975 025)	(45 969)
Corporate income tax	-	-
Net profit or loss for the reporting period	(975 025)	(45 969)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax		
Other comprehensive income:	-	-
Total comprehensive income or (loss) for the year, net of tax	(975 025)	(45 969)
Comprehensive income or (loss) attributable to:		
Equity holders of the Parent Company	(975 025)	(45 969)
Non-controlling interests	-	-
Earnings Per Share	(0.531)	(0.025)
Diluted Earnings Per Share	(0.475)	(0.022)

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

May 10, 2023
JĀNIS SAMS
Chairman of the Management Board



Interim consolidated statement of financial position

ASSETS

	31.03.2023	31.03.2022
	EUR	EUR
NON-CURRENT ASSETS		
Intangible assets		
ODM assets	1 158 138	383 975
Other intangible assets	413 041	538 166
Total intangible assets	1 571 179	922 141
Property, plant and equipment		
Land and buildings	3 511 770	3 743 887
Equipment and machinery	2 478 811	3 513 116
Other fixtures and fittings, tools and equipment	456 611	480 170
Right of use asset	3 731 912	3 573 538
Leasehold improvements	94 388	102 952
Construction in progress	256 030	1 061 000
Total property, plant and equipment	10 529 522	12 474 663
Non-current financial assets		
Investments in associates	3 242 754	5 887 071
Investments in other companies	95 090	89 257
Other non-current receivables	-	6 690
Total non-current financial assets	3 337 844	5 983 018
TOTAL NON-CURRENT ASSETS	15 438 545	19 379 822
CURRENT ASSETS		
Inventories		
Raw materials and consumables	7 083 125	5 212 558
Trade receivables from contracts with customers	1 777 948	1 246 630
Prepayments for goods	93 251	165 131
Loan to shareholder	582 698	566 117
Prepaid expense	119 303	125 461
Contract assets	2 271 263	2 001 787
Other receivables	89 535	274 699
Cash and cash equivalents	259 577	207 059
TOTAL CURRENT ASSETS	12 276 700	9 799 442
TOTAL ASSETS	27 715 245	29 179 264
*Available unused credit line	620 145	700 000
*Available unused factoring limit	166 809	1 210 172

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

May 10, 2023

JĀNIS SAMS

Chairman of the Management Board

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Interim consolidated statement of financial position

EQUITY AND LIABILITIES

	31.03.2023	31.03.2022
	EUR	EUR
EQUITY		
Share capital	1 836 381	1 834 881
Share premium	2 474 289	2 465 994
Reserves	28 801	55 483
Non-current asset revaluation reserve	1 826 853	1 970 348
Retained earnings/ (accumulated loss):		
a) brought forward	(1 719 661)	115 074
b) for the period	(975 025)	(45 969)
Minority share	-	-
TOTAL EQUITY	3 471 638	6 395 811
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	1 000 000	5 364 694
Lease liabilities	2 237 151	2 321 385
Other financial liabilities	-	1 713 096
Government grants	85 969	575 776
Taxes payables – non-current	263 323	79 765
Total non-current liabilities	3 586 443	10 054 716
Current liabilities		
Loans from credit institutions	7 000 605	2 281 827
Lease liabilities	824 583	1 062 772
Prepayments received under contracts with customers	1 652 656	-
Trade payables	2 712 328	1 994 638
Taxes payable	6 302 465	6 011 372
Corporate income tax	640 468	670 359
Other liabilities	1 047 238	85 326
Government grants	69 879	177 101
Accrued liabilities	406 942	445 342
Total current liabilities	20 657 164	12 728 737
TOTAL LIABILITIES	24 243 607	22 783 453
TOTAL EQUITY AND LIABILITIES	27 715 245	29 179 264

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

May 10, 2023

JĀNIS SAMS

Chairman of the Management Board

Interim consolidated statement of cash flow

	01.01.2023- 31.03.2023 EUR	01.01.2022- 31.03.2022 EUR
CASH FLOWS TO/ FROM OPERATING ACTIVITIES		
Profit (loss) before tax	(975 025)	(45 969)
Adjustments for:		
Depreciation and amortization	613 551	648 638
Interest expense	187 367	141 041
Interest income	(7 670)	(2 916)
Decrease in allowances for slow-moving items and receivables	(2 832)	(13 292)
Income from grant recognition	(17 470)	(46 273)
Gain on disposal of property, plant and equipment	-	(8 223)
Fair value adjustment for warrants	316 758	(166 907)
Share of loss of an associates	1 574 772	219 728
Adjustments for:		
(Increase)/ decrease in inventories	(64 914)	(1 771 400)
(Increase)/ decrease in receivables	(99 331)	273 324
Increase/ (decrease) in payables	(1 218 223)	1 234 441
Cash generated from operations, gross	306 983	462 192
Interest paid	(82 148)	(28 862)
Corporate income tax paid	-	-
Net cash flows to/ from operating activities	224 835	433 330
CASH FLOWS TO/ FROM INVESTING ACTIVITIES		
Purchase of intangible assets and property, plant and equipment	(152 986)	(99 665)
Proceeds from sale of property, plant and equipment	-	8 223
Investments in other companies	-	(27 675)
Net cash flows to/ from investing activities	(152 986)	(119 117)
CASH FLOWS TO/ FROM FINANCING ACTIVITIES		
Grants received	6 600	4 374
Loans repaid to credit institutions	(300 679)	(257 967)
Loans repaid to lease companies	(66 298)	(74 328)
Payment of principal portion of lease liabilities	(191 636)	(230 443)
Net cash flows to/ from financing activities	(552 013)	(558 364)
Change in cash and cash equivalents for the year	(480 164)	(244 151)
Cash and cash equivalents at the beginning of the year	739 741	451 210
Cash and cash equivalents at the end of the year	259 577	207 059

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

Interim consolidated statement of changes in equity

	Share capital	Share premium	Reserves	Non-current asset revaluation reserve	Retained earnings/ (accumulated loss)	Total
	EUR	EUR	EUR	EUR	EUR	EUR
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	-	-	-	-	(45 969)	(45 969)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(45 969)	(45 969)
Increase of capital	5 500	30 415	-	-	(35 915)	-
Depreciation of revalued items of property and plant	-	-	-	(35 874)	35 874	-
Share option reserves	-	-	4 824	-	2 578	7 402
Balance as at 31 March 2022	1 834 881	2 465 994	55 483	1 970 348	69 105	6 395 811
Balance as at 31 December 2022	1 834 881	2 465 994	32 393	1 862 727	(1 758 112)	4 437 883
Profit for the reporting year	-	-	-	-	(975 025)	(975 025)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(975 025)	(975 025)
Increase of capital	1 500	8 295	(9 795)	-	-	-
Depreciation of revalued items of property and plant	-	-	-	(35 874)	35 874	-
Share option reserves	-	-	6 203	-	2 577	8 780
Balance as at 31 March 2023	1 836 381	2 474 289	28 801	1 826 853	(2 694 686)	3 471 638

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

Notes to the consolidated financial statements

1. Corporate information

The interim condensed consolidated financial statements of HansaMatrix and its subsidiaries (collectively, the Group) for the three months ended March 31, 2023 were authorized for issue in accordance with a resolution of the Management Board of the Parent Company on May 10, 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 the three months ended March 31, 2023 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 2022.

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, 2022, except for the adoption of new standards effective as of 1 January 2023. 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: 53.39%)	Services, purchase of materials, sales	31.12.2022	1 140 091	73 591	
		31.03.2023	1 102 832	35 093	
	TOTAL	31.12.2022	1 140 091	73 591	
	TOTAL	31.03.2023	1 102 832	35 093	
2. Entities with significant influence over the Parent Company					
SIA MACRO RĪGA (shareholder)	Loans	31.12.2022	575 028	-	
		31.03.2023	582 698	-	
	Purchase of services; sale of materials	31.12.2022	126	-	
		31.03.2023	126	-	
		TOTAL	31.12.2022	575 154	-
		TOTAL	31.03.2023	582 824	-

Notes to the consolidated financial statements

4. EBITDA calculation

	01.01.2023- 31.03.2023	01.01.2022- 31.03.2022
	EUR	EUR
NET sales	9 635 405	6 030 218
Operating profit	1 094 454	160 436
Depreciation and amortization	613 551	648 638
EBITDA, EUR	1 708 005	809 074
EBITDA, %	18%	13%

5. The fair value measurement hierarchy of the Group's assets and liabilities at March 31, 2023

	Fair value measurement using				
	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
Assets and liabilities measured at fair value					
Warrants	1 652 656	1 652 656	-	1 652 656	-
Investments in other companies	95 090	95 090	-	-	95 090
Assets and liabilities for which fair value is indicated					
Loan to shareholder	582 698	582 698	-	-	582 698
Loans from credit institutions	8 000 605	8 000 605	-	8 000 605	-

As at the end of Q1 2023 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, 2022, of the depicted above assets and liabilities and concluded that the carrying amounts of these assets and liabilities as of March 31, 2023 are reasonable approximations of the fair values, except that in 2023 the Group at consolidated level carried out revaluation of fair value of warrants issued in relation to European Investment Bank (EIB) financing contract, increasing warrant balance sheet value by 0.317 million EUR, due to increasing average weighted price of HansaMatrix stock in Q1 2023, which by the same amount decreased net profit in Q1 2023.

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, 2023.

Notes to the consolidated financial statements

6. Earnings per share

	01.01.2023- 31.03.2023 EUR	01.01.2022- 31.03.2022 EUR
Net profit or loss for the reporting period	(975 025)	(45 969)
Other comprehensive income:		
Total comprehensive income or (loss) for the year, net of tax	(975 025)	(45 969)
Comprehensive income or (loss) attributable to:		
Equity holders of the Parent Company	(975 025)	(45 969)
Non-controlling interests	-	-
HansaMatrix AS number of shares	1 836 381	1 834 881
Earnings per share	(0.531)	(0.025)
HansaMatrix AS employees share options	8 900	10 150
EIB warrants	205 298	205 298
Diluted Earnings Per Share	(0.475)	(0.022)





Notes to the consolidated financial statements

7. Normalized net profit

	01.01.2023- 31.03.2023	01.10.2022- 31.12.2022	01.07.2022- 30.09.2022	01.04.2022- 30.06.2022	01.01.2022- 31.03.2022
	EUR	EUR	EUR	EUR	EUR
Net profit	(975 025)	(852 688)	(561 538)	(685 583)	(45 969)
Loss/Profit from investments in associates	1 574 772	340 038	296 166	564 975	219 728
Impairment loss on assets (goodwill and PPE under construction)	-	806 000	-	-	-
Provisions for inventory (older than 2 years)	7 434	(45 630)	1 614	812	13 292
Employee option plan expense	6 203	10 972	3 311	4 824	27 332
Foreign exchange expense	45 128	(94 685)	187 484	77 139	10 991
Repayment of ERAF revenue	-	216 246	-	-	-
EIB warrant fair value change provisions	316 758	(45 959)	(82 826)	(248 413)	(166 907)
EIB loan fair value change provisions	82 635	78 908	83 273	88 049	85 813
Interest expense related to operating leases	25 278	(11 262)	43 549	47 756	36 793
Deferred tax liabilities	-	-	-	-	-
Normalized earnings*	1 083 183	401 940	(28 967)	(150 441)	181 073

*- 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

	01.01.2023- 31.03.2023	01.01.2022- 31.03.2022	01.01.2022- 31.12.2022	01.01.2021- 31.12.2021 Koriģēts	01.01.2020- 31.12.2020 Koriģēts	01.01.2019- 31.12.2019
	EUR	EUR	EUR	EUR	EUR	EUR
Net profit	(975 025)	(45 969)	(2 145 778)	(1 820 676)	(846 586)	207 888
Loss/Profit from investments in associates	1 574 772	219 728	1 420 907	705 687	572 611	623 202
Impairment loss on assets (goodwill and PPE under construction)	-	-	806 000	1 357 586	-	-
Provisions for inventory (older than 2 years)	7 434	13 292	(29 912)	100 059	(66 785)	112 259
Employee option plan expense	6 203	27 332	46 439	48 685	1 286	637
Foreign exchange expense	45 128	10 991	180 929	66 421	(32 074)	(3 644)
Repayment of ERAF revenue	-	-	216 246	-	-	-
EIB warrant fair value change provisions	316 758	(166 907)	(544 105)	227 518	306 555	-
EIB loan fair value change provisions	82 635	85 813	336 043	325 727	293 738	246 346
Interest expense related to operating leases	25 278	36 793	116 836	153 496	123 053	66 088
Deferred tax liabilities	-	-	-	-	-	-
Normalized earnings*	1 083 183	181 073	403 605	1 164 503	351 798	1 252 776

*- 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 2023.

9. Definitions of alternative performance measures (APM)

No	ASR, definition, components	Relates to past or future reporting periods	ASR usefulness	The Group uses APM for
1	EBIT: Operating profit	Past	Shows the entity's ability to generate enough earnings to be profitable, pay down debt and taxes and fund ongoing operations.	Liquidity management and assessment of earning capacity and cash flows
2	EBIT margin: EBIT/ Revenue	Past	Shows the proportion of revenues that are available to cover non-operating costs.	Profitability assessment
3	EBITDA: Operating profit + Depreciation and amortization	Past	Shows an indicative amount of operating cash flows before changes in current assets	Liquidity management and assessment of earning capacity and cash flows
4	EBITDA margin: EBITA/ Revenue	Past	Shows the entity's ability to generate operating cash flows	Profitability assessment
5	Normalized net profit: Net profit adjusted by the most significant expense or income that are not associated with actual cash expenditures (except depreciation).	Past	Shows the entity's earning capacity by enhancing comparability between the periods, when applicable and necessary.	Liquidity management and assessment of earning capacity and cash flows
6	P/E ratio: Share price / Net profit per share	Past	Can be used in making conclusions as to whether the Nasdaq Riga market price of the Group's shares is overstated or understated in comparison to other similar companies or the average market price	Determining the relative value per share
7	Normalized P/E ratio: Share price / Normalized net profit per share	Past	Can be used in making conclusions as to whether the Nasdaq Riga market price of the Group's shares is overstated or understated in comparison to other similar companies or the average market price	Determining the relative value per share
8	Net profit margin: Net profit / Revenue	Past	Shows the entity's earning capacity	Profitability assessment
9	Normalized net profit margin: Normalized net profit / Revenue	Past	Shows the entity's earning capacity	Profitability assessment
10	Normalized ROA: Normalized net profit / Total assets	Past	Shows how efficiently the assets are used to generate earnings.	Assessment of return on assets
11	Normalized ROE: Normalized net profit / Equity	Past	Shows how efficiently the equity is used to generate earnings	Determining return on equity
12	Current ratio: Current assets/ Current liabilities	Past	Shows the extent to which an entity has sufficient current assets to cover its current liabilities	Liquidity assessment
13	Normalized Return on Capital Employed (ROCE): Normalized net profit / (Total assets – Current liabilities)	Past	Shows how efficiently the capital employed is used to generate earnings	Assessment of return on capital employed
14	Compound annual growth rate (CAGR): $(\text{Investment's ending value} / \text{Investment's beginning value})^{(1/\text{Number of periods})} - 1$. 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.