



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

**UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE 12 MONTH PERIOD ENDED DECEMBER 31, 2018**

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

**Riga, 2019**

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**General information**

Name of the Parent Company	<b>HansaMatrix</b>
Legal status of the Parent Company	<b>Joint stock company</b>
Parent Company unified registration number	<b>40003454390</b>
Place and date of registration	<b>Riga, 30 July 1999</b>
Registration with the Commercial Register	<b>Riga, 27 December 2002</b>
Registered office	<b>Akmeņu iela 72, Ogre, Latvia, LV-5001</b>
Shareholders (over 5%) as of December 31, 2018	<b>SIA Macro Rīga (49.09%)</b> <b>Swedbank AS clients account (14.76%)</b> <b>KS BaltCap Latvia Venture Capital Fund (9.95 %)</b> <b>KS FlyCap Investment Fund I AIF (9.61%)</b> <b>IPAS CBL Asset Management (6.56%)</b>
Subsidiaries	<b>SIA HansaMatrix Ventspils (equity interest: 100%)</b> <b>SIA HansaMatrix Innovation (equity interest: 100%)</b> <b>SIA Campus Pārogre (equity interest: 100%)</b>
Auditors	<b>SIA Ernst &amp; Young Baltic</b> <b>Licence No. 17</b> <b>Dīana Krišjāne</b> <b>Latvian Certified Auditor</b> <b>Certificate No. 124</b>
Financial year	<b>1<sup>st</sup> January – 31<sup>st</sup> December 2018</b>
Interim reporting period	<b>1<sup>st</sup> January – 31<sup>st</sup> December 2018</b>

## Management Board

The Management Board is a collegial executive body entrusted with management of the Company's business. Its members are elected by the Supervisory Board, which also elects one member of the Management Board to act as Chairman of the Management Board. In accordance with the Articles of Association of the Company, members of the Management Board are elected for an indefinite period of time.

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

As of the date of the statement Company's Management Board is composed of three persons consisting of Chairman of the Board and two Board Members.



### **Ilmārs Osmanis**

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

#### Positions held in other companies:

- Campus Pārogre, SIA – Chairman of the Board
- HansaMatrix Ventspils, SIA – Member of the Board
- HansaMatrix Innovation, SIA – Chairman of the Board
- Zinātnes parks, SIA – Chairman of the Board
- Macro Rīga, SIA – Member of the Board
- Lightspace Technologies, SIA – Chairman of the Board
- LEO Pētījumu centrs, SIA – Member of council
- LEITC, SIA – Member of council
- Latvijas Elektrotehnikas un elektronikas rūpniecības asociācija – Member of the Board
- Eurolcds, SIA - Member of the Board

#### Owned shares:

- directly: 0
- indirectly (through SIA, Macro Rīga): 898 065 shares

#### Participation in other companies:

- Macro Rīga, SIA (100%)
- Lightspace Technologies, SIA (3.6%)

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

**Māris Macijevskis**

Māris Macijevskis is a member of the Management Board of the Company and the Finance Director of the Company.

Date appointed: 16 February 2018

Positions held in other companies:

- IQ Capital SIA – Member of the Board
- Latvijas Skvoša federācija, Biedrība – Chairman of the Management Board

Owned shares: 300

Owned employee share options: 100 (as of February 20, 2019)

Participation in other companies:

- IQ Capital SIA (100%)

Māris Macijevskis holds Bachelor of Science degree in Economics and Business Administration from Stockholm School of Economics in Riga, Master of Science degree in International Economics from University of Latvia and is Chartered Financial Analyst (CFA) charterholder. His previous experience includes the position of a Head of Corporate Client Service Department at Citadele banka AS. Mr. Macijevskis has been with the Company since 2017.

**Aldis Cimoška**

Aldis Cimoška is a member of the Management Board of the Company and the Head of Ventspils Plant.

Date appointed: 30 December 2015

Positions held in other companies:

- HansaMatrix Ventspils SIA – Member of the Board

Owned employee share options: 1200 (as of February 20, 2019)

Aldis Cimoška holds Engineering degree in wood processing from Latvian University of Agriculture. He possesses extensive experience in managing a wooden house fabrication company. Aldis is also business coach at Commercial education centre in relation to production efficiency, LEAN processes, business strategy, and adjustment of production processes, establishment and development of production enterprises. Mr. Cimoška has been with the Company since 2013.

**Changes to the Company's Management Board:**

On January 19, 2018, company's Council has made decision to make changes to the HansaMatrix Management Board: Member of a Management board Alvis Vagulis was released from the duties and a new member – Maris Macijevskis – appointed to the Board. Since 2017 Māris Macijevskis serves as HansaMatrix CFO.

## Supervisory Board

The Supervisory Board of the Company is a collegial body exercising supervision over key activities of the Company and, where appropriate, decision making by the Management Board. As of the date of this statement, the Supervisory Board of the Company consists of 5 members, selected by the General Meeting of Shareholders for the maximum term of office of 5 years. The members of the Supervisory Board shall elect from among themselves the Chairman of the Supervisory Board and one Deputy Chairman of the Supervisory Board.

As of the date of the statement the Company's Supervisory Board is composed of the following members: Chairman of Supervisory Board, Deputy Chairman of Supervisory Board and three Members of Supervisory Board.

### Andris Bērziņš

Andris Bērziņš is the Chairman of the Supervisory Board of the Company.

Date appointed: 16 February 2018

Term of office: 16 February 2023

Owned shares: 0

Andris Bērziņš will be regarded as independent board member.

Positions held in other companies:

- RĪGAS EVANĢĒLISKĀ DRAUDZE – Chairman of the Board
- Cits medijs, AS – Member of Council
- BuzzTale, SIA – Member of the Board
- TechHub Riga, Nodibinājums – Member of the Board
- KBZ, Sabiedrība ar ierobežotu atbildību – Chairman of the Board
- TechChill, Nodibinājums – Member of the Board
- Sonarworks, SIA – Member of Council

Participation in other companies:

- KBZ, Sabiedrība ar ierobežotu atbildību (100%)

Andris Bērziņš is an entrepreneur and executive with extensive experience in C-level roles at high-growth, global venture-backed startups. He holds a Stanford MBA with a broad experience in investing, strategy, business development, sales, marketing and product management across Europe and the USA. He has a proven track record of having led global technology startups from pre-seed stage to rapid growth.

### Krišs Osmanis

Krišs Osmanis is the Deputy Chairman of the Supervisory Board of the Company.

Date appointed: 16 February 2018

Term of office: 16 February 2023

Owned shares: 0

Represents Macro Riga shareholding of 898 065 shares.

Positions held in other companies:

- LightSpace Technologies, SIA – Chairman of the Council
- EUROLCDs, SIA – Member of a Council
- HansaMatrix Innovation, SIA – Member of the Board

Krišs Osmanis is the leading Electronics Design Engineer with the Company's R&D department since 2012. He holds a Dr.Sci.Ing degree in Electronics from Riga Technical University. The professional experience of Krišs Osmanis includes high speed FPGA architecture and design, high speed driving of DLP based optical projection systems. He is the author of several scientific publications and patents.

### Dagnis Dreimanis

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

Date appointed: 16 February 2018

Term of office: 16 February 2023

Owned shares: 0

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

Positions held in other companies:

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

Participation in other companies:

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

Investment professional with 18 years of experience in private equity. Have invested in over 20 companies in broad range of industries. Executive MBA from NUS / UCLA, CFA and board education from BICG.

### **Ingrīda Blūma**

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

Date appointed: 16 February 2018

Term of office: 16 February 2023

Positions held in other companies:

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

Owned shares: 0

Ingrīda Blūma will be regarded as independent board member.

Participation in other companies:

- i-bloom, SIA (100%)

Ingrīda Blūma holds a MSc. degree from Stockholm University. Her additional training includes INSEAD Advanced Management Program and Strategic management and leadership training course at EBRD. Ingrīda Blūma's work experience is mainly related to the banking sector, where she has worked for almost 20 years. Her work as CEO of AS Swedbank (former AS Hansabanka), has equipped her with a unique blend of business experience in the banking industry and corporate business environment. Under her leadership, AS Hansabanka grew to become the largest bank of Latvia. Ingrīda Blūma has also served in the capacity of a member of the Supervisory Board of SIA Primekss, SIA Pure Food and JSC URSA Bank.

Currently, Ingrīda Blūma serves as a member of the Supervisory Board of AS Expobank and AS Rīgas Piena Kombināts. In addition, she chairs the Management Board of the foundation Iespējamā Misija (in English "Mission Possible") forming part of Teach for All global network.

### **Gundars Strautmanis**

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

Date appointed: 16 February 2018

Term of office: 16 February 2023

Positions held in other companies:

- Latvijas Elektrotehnikas un elektronikas rūpniecības asociācija, biedrība – Member of the Board
- Inženiera Jāņa Lintera fonds – Member of the Board

Owned shares: 0

Gundars Strautmanis will be regarded as independent board member.

Dr.habil.sc.ing., Prof. Gundars Strautmanis adds highly valuable executive and professional experience to company Council. Gundars Strautmanis has graduated Riga Polytechnical Institute with engineering degree and Moscow Institute of Electronic Technologies with post graduate degree and additional business education at York University (Canada), Mastery University and Columbia University Business School (USA).



Dr. Gundars Strautmanis currently serves as a First Vice-president of Latvian Chamber of Commerce and Industry, also He is a member of the European Economic and Social committee (EESC), member of the Bureau of two internal structures of EESC- Employers group and Industrial development section (CCMI), non-executive adviser to CEO of Lattelecom Ltd. His previous positions - President-Chairman of the Board of Directors at Lattelecom Ltd.; deputy Chairman of Supervisory Council at Latvian Mobile Telephone (LMT) Ltd.; a Supervisory Board member in European Intergovernmental satellite telecommunications organization EUTELSAT, and others.

Gundars Strautmanis has received several state awards.

#### Changes to the Company's Supervisory Board:

In response to the resignation of the Chairman of Supervisory Board – Janis Skutelis, HansaMatrix Management Board has convened an extraordinary shareholder's meeting on February 16, 2018, during which a decision was made to elect a new Supervisory Board: Andris Bērziņš, Krišs Osmanis, Dagnis Dreimanis, Ingrīda Blūma and Gundars Strautmanis.

#### Major shareholders

AS HansaMatrix major shareholders as of December 31, 2018 (end of the day):

Major shareholders (over 5%)	Owned shares	Ownership interest
SIA Macro Rīga	898 065	49.09 %
Swedbank AS clients account	270 107	14.76 %
KS BaltCap Latvia Venture Capital Fund	182 000	9.95 %
KS FlyCap Investment Fund I AIF	175 738	9.61 %
IPAS CBL Asset Management	120 000	6.56 %
Other shareholders (under 5%)	183 471	10.03 %
<b>TOTAL:</b>	<b>1 829 381</b>	<b>100.00 %</b>





## MANAGEMENT REPORT

### General information

The joint stock company HansaMatrix (hereinafter – HansaMatrix or the Company) is a leading Baltic electronic system product developer and manufacturer. The Company is actively operating integrated product manufacturing services in industrial systems, data network infrastructure, Internet of Things, medical and several other B2B (business-to-business) market segments. HansaMatrix is actively growing its knowledge business, product development engineering teams and building knowledge platform for future innovation and business development. Building on its 17-year experience and its business mission, which is to develop global technology products, the Company makes itself a valuable asset assisting customers in the achievement of success in global markets.

### Business environment

According to McKinsey recent report on “Manufacturing the future...” – “Manufacturing’s role is changing... manufacturing promotes innovation, productivity, and trade more than growth and employment.” Manufacturing of electronic, optical and precise systems continue to be global technology innovators and businesses are R&D, capital and trade intensive.

We can clearly observe new innovations in various sectors - “telecoms” with 5G, car industry becoming electrically driven and autonomous, medical systems become more sophisticated, networked systems become more M2M as IoT and Industry 4.0.

All those uses require more sophisticated electronic hardware and manufacturers that can deeper participate in R&D processes.

The fourth quarter of 2018 continued a deficit phase of electronic component supply chain of typical 3..4 year cycle. The leading manufacturers of multi layer ceramic capacitors – MURATA, AVX and others continued allocation period for most of its popular capacitor models. Within allocation period capacitor lead time have extended up to 52...56 weeks. As a secondary effect it has initiated price rise process.

### Finance results brief summary

During the fourth quarter (Q4 further in document) of 2018 the Company reported turnover of 5.061 million EUR – a decrease by 1% in comparison to the same period of 2017. The 2018 Q4 sales results showed 1% sales volume increase in comparison with previous quarter – 2018 Q3.

During first 12 months (“12m” or “M12” further in the document) of 2018 the Company reported sales volume increase by 7% compared to the same period of 2017 and reached 21.152 million EUR sales.

During 2018 Q4 the Company reported quarterly EBITDA result of 0.517 million EUR and quarterly net loss of 0.185 million EUR. The reported EBITDA result shows 37% decrease in comparison with Q4 2017 and 33% decrease compared to previous quarter of 2018 Q3. Results represent quarterly EBITDA margin of 10.2%.

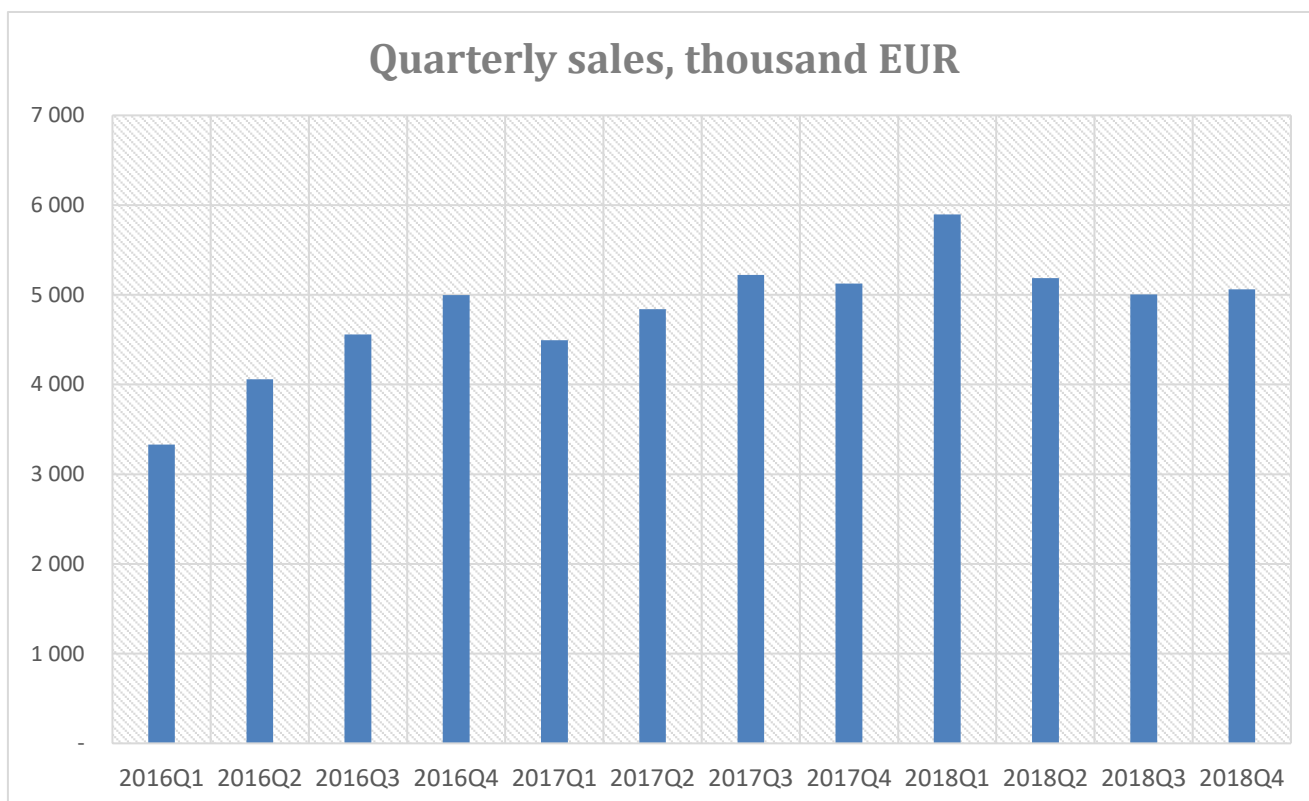
During 12 months of 2018 the Company reported 12m EBITDA result of 3.318 million EUR and 12m net profit result of 0.872 million EUR. The reported EBITDA result shows 10% decrease in comparison with 12m 2017. The 12 month net profit results for 2018 demonstrate 43% decrease in comparison with 12m 2017. Results represent 12 month EBITDA margin of 15.7% and 12 month net profit margin of 4.1%.

2018 12m results and the achieved y-o-y growth level reflect the firm commitment of the Company to execute its growth strategy. Lower 2018 Q4 EBITDA and profit in comparison with 2017 Q4 and 2018 Q3 does not show any trend or market weakness, it can rather be attributed to increased share of lower margin products in 2018 Q4. Profitability was also partially impacted by, previously reported in the Company 2018 Q2 financial report, fire accident that broke out in 2018 Q3 in one of AS HansaMatrix client's warehouses and was expected to have negative impact on HansaMatrix data networks segment sales in 2018 Q3 and Q4 due to supply chain delivery times of additional new components. This fire accident is not expected to impact the segment sales volume in the longer term.

TTM - 12 month period sales (period starting at January 1, 2018 and ending with December 31, 2018) at 2018 Q4 reported to be 21.152 million EUR, showing 0.31% decrease compared to TTM sales for the period ended at 2018 Q3. EBITDA result for the TTM 12 month period reported to be 3.318 million EUR, decrease by 8% in comparison with 12 month period ended at 2018 Q3. Net profit for TTM period reported 0.872 million EUR, 37% down if compared with 12 month period ended at 2018 Q3. Averaged EBITDA margin for TTM period is reported to be 15.7% and net profit margin for the same period is reported to be 4.1%.

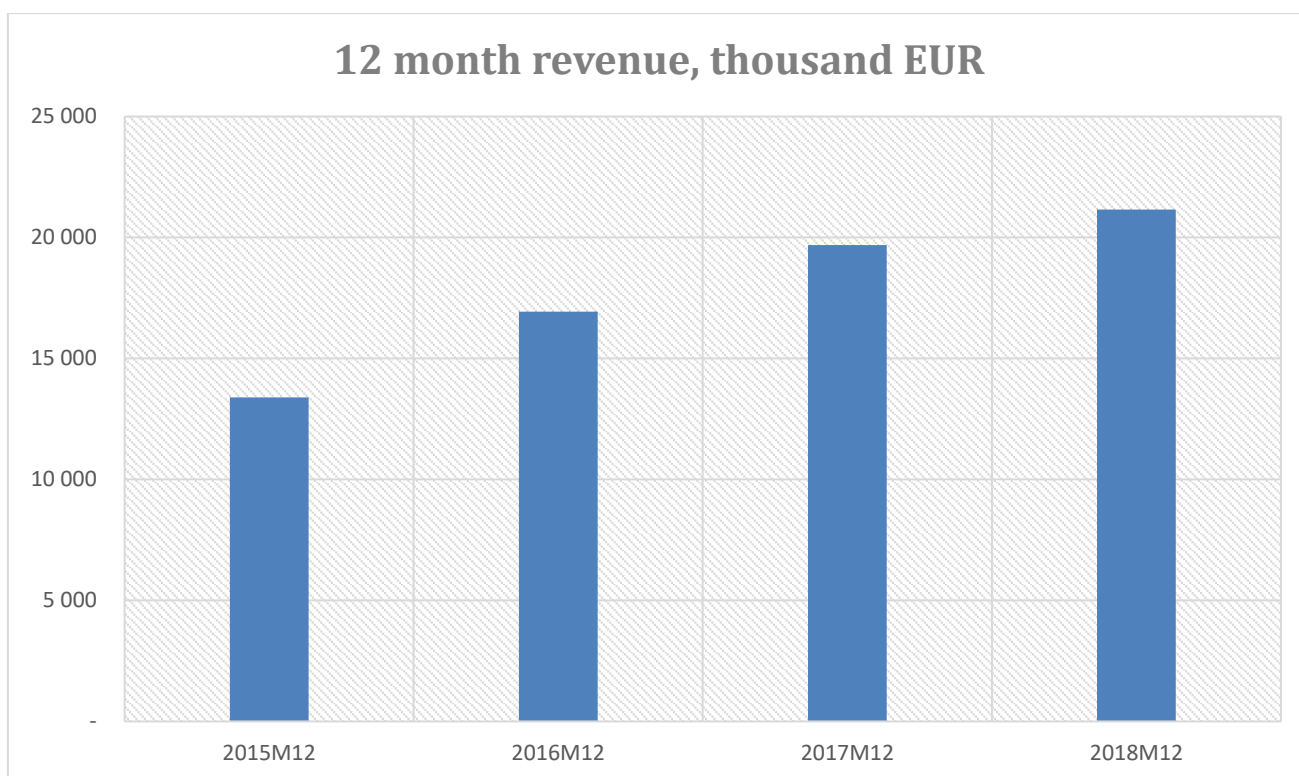
### Quarterly sales results for 2018 Q4

During Q4 of 2018 the Company reported turnover of 5.061 million EUR - decrease by 1% in comparison to the same period of 2017. The 2018 Q4 sales results showed 1% sales volume increase in comparison with previous quarter – 2018 Q3.



### 2018 12 month sales results

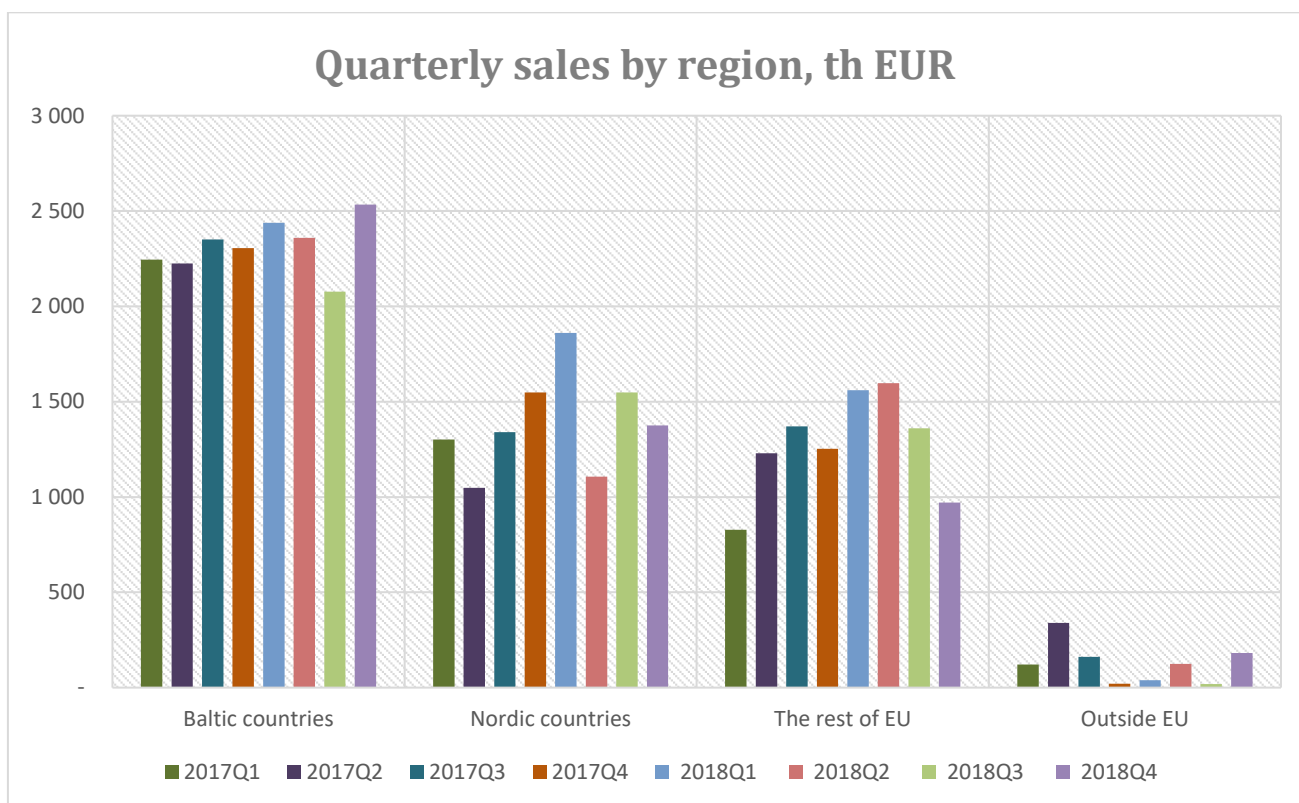
During 12 months ("12m" or "M12" further in the document) of 2018 the Company reported sales volume increase by 7% compared to the same period of 2017 and reached 21.152 million EUR. 2018 12m results and the achieved y-o-y growth level reflect the firm commitment of the Company to execute its growth strategy.



### Quarterly sales by market region results for 2018 Q4

During 2018 Q4 Baltic states continue to be the largest market region with 50% share of turnover. Nordic and other EU sales reported as 27% and 19% of total sales. HansaMatrix during 2018 Q4 continued to deliver small amounts to customer locations outside EU. This market share in 2018 Q4 amounts to 4% of the total sales volume.

Sales dynamics of regions – Baltic sales was 10% up compared to 2017 Q4 and also 22% up compared to 2018 Q3; Nordic sales was 11% down from 2017 Q4, and 11% down in comparison with 2018 Q3. Other EU region sales reported 23% decrease from 2017 Q4 and 29% decrease from 2018 Q3. Outside EU deliveries increased by 811% from 2017 Q4 and increased by 875% from 2018 Q3. Significant quarterly sales fluctuations in different regions are explained by the customer order flow that can exhibit quarterly fluctuations, smoothing out in medium and long term.



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

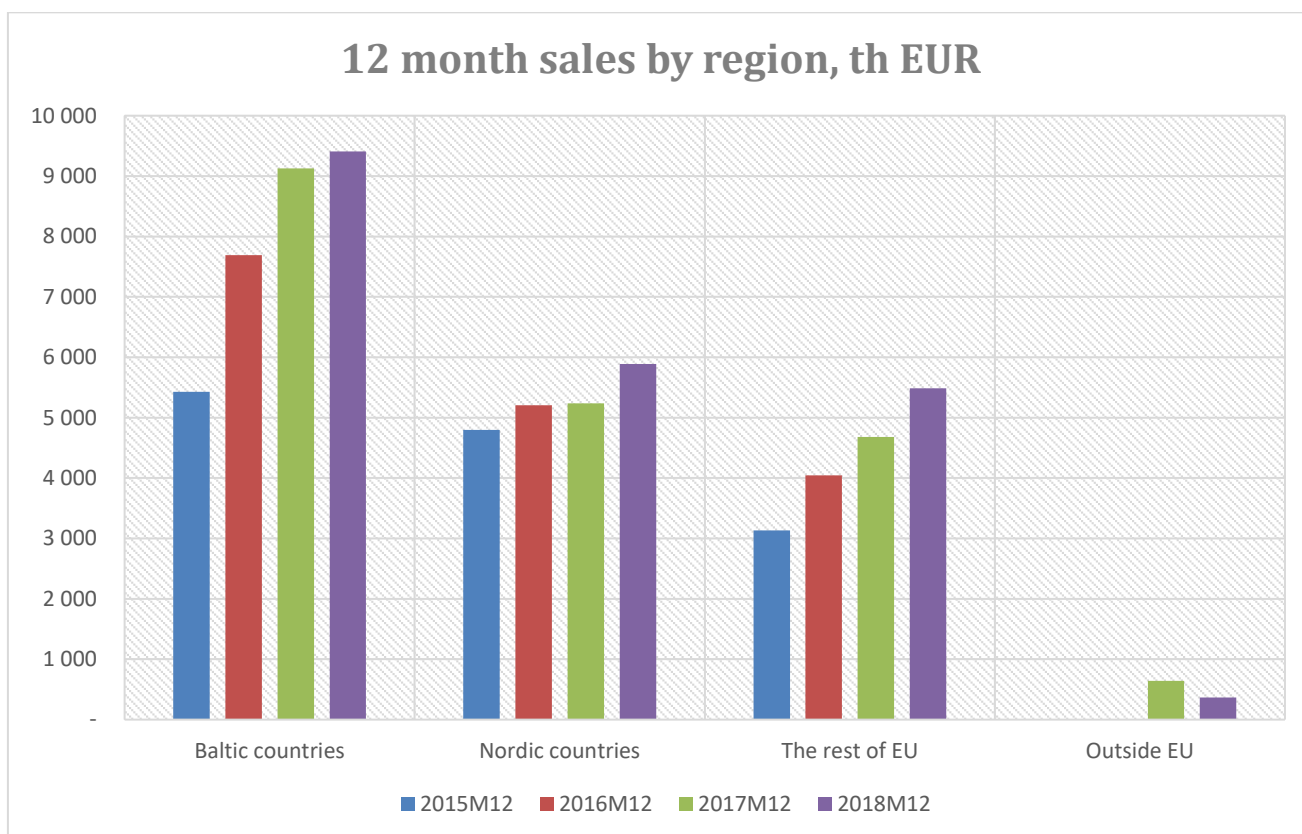
Sales, thEUR	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2
Baltic countries	1 382	1 603	2 143	2 562	2 244	2 224
Nordic countries	1 200	1 345	1 546	1 115	1 302	1 048
The rest of EU	748	1 109	867	1 319	827	1 229
Outside EU	-	-	-	-	121	339
Total	3 330	4 057	4 557	4 996	4 494	4 839

2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
2 351	2 305	2 438	2 359	2 078	2 533
1 341	1 548	1 861	1 106	1 549	1 375
1 370	1 253	1 560	1 597	1 360	971
161	20	39	124	19	182
5 222	5 126	5 898	5 188	5 005	5 061

### 2018 12 month sales by region results

During 2018 12m main sales drivers continue to be Baltic customers with 45% market share of sales. Nordic and other EU sales reported as 28% and 26% of total sales. Product deliveries to customer locations outside EU amounted to 2% of total sales in 2018 12m.

Sales dynamics of regions – Baltic sales was 3% up from 2017 12m; Nordic sales was 12% up from 2017 12m. Other EU sales was reported with 17% increase from 2017 12m, outside EU sales decreased by 43%.

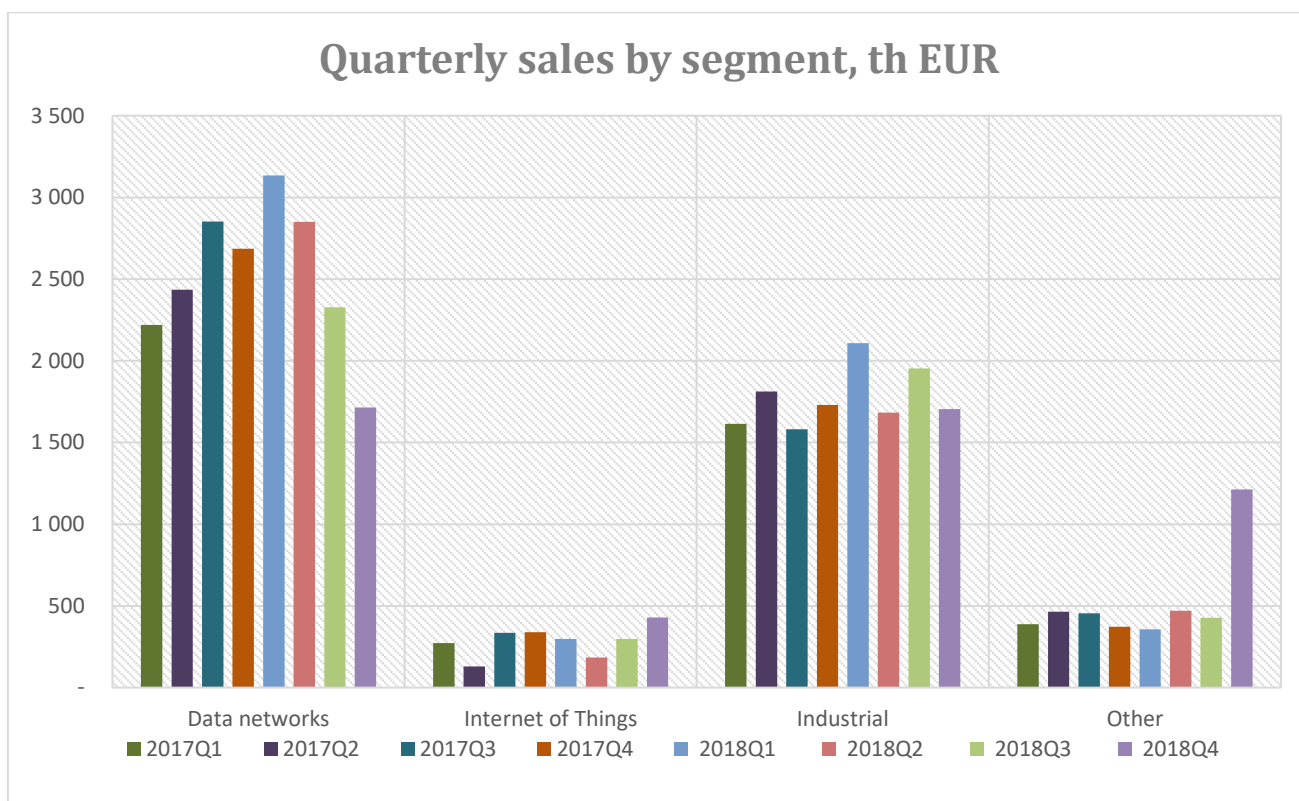


### Quarterly sales by market segment results for 2018 Q4

During 2018 Q4 data network product sales and industrial product sales were dominating sales drivers both with 34% sales market share. Internet-of-things sales amounted to 8% and other products reported with 24% share.

2018 Q4 data network product sales show decrease by 36%; industrial segment product sales – decrease by 1%; internet-of-things – increase by 27% and other product segment – increase by 225% in comparison with 2017 Q4. Comparison with sales results with previous - 2018 Q3 demonstrates 26% decrease in data networks; 13% decrease in industrial segment; increase of 44% in Internet of things products and 184% increase in other product segment.

Data networks segment quarterly fluctuations are explained by the customer order flow that can exhibit quarterly fluctuations, but do not represent a longer period trend. Other product segment performed exceptionally well in 2018 Q4. Internet of things product segment has large future potential, however currently a significant number of projects in this segment globally are still in start-up phase.



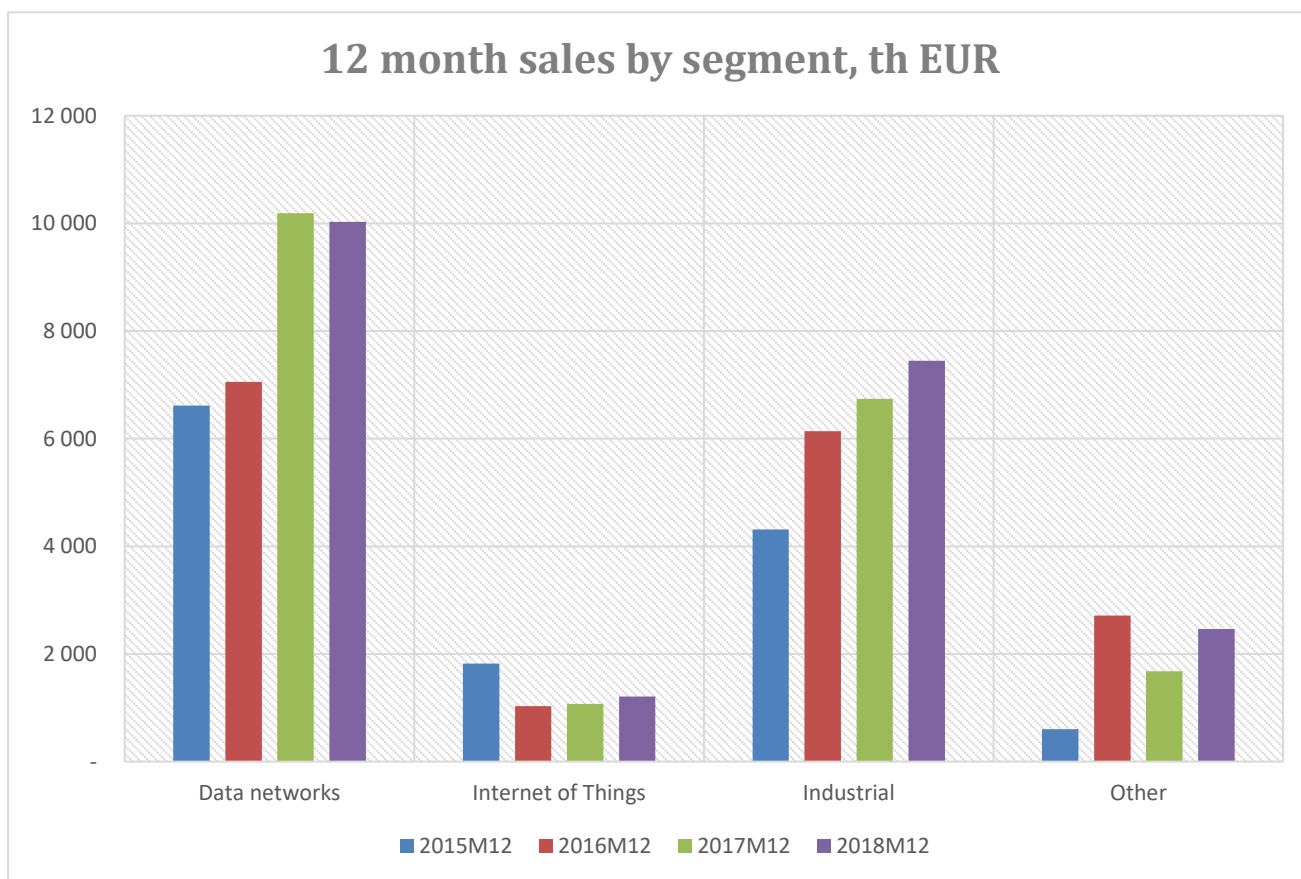
#### Data table - quarterly sales by market segment results for 2018 Q4

Sales, thEUR	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2
Data networks	1 375	1 859	1 691	2 130	2 220	2 434
Internet of Things	261	138	374	258	272	129
Industrial	1 280	1 600	1 730	1 531	1 614	1 813
Other	414	460	762	1 077	388	464
<b>Total</b>	<b>3 330</b>	<b>4 057</b>	<b>4 557</b>	<b>4 996</b>	<b>4 494</b>	<b>4 839</b>

2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
2 852	2 685	3 134	2 851	2 327	1 714
336	338	299	185	298	430
1 581	1 730	2 108	1 683	1 953	1 705
454	373	357	470	427	1 213
<b>5 222</b>	<b>5 126</b>	<b>5 898</b>	<b>5 188</b>	<b>5 005</b>	<b>5 061</b>

#### 2018 12 month sales by market segment results

During 2018 12m main sales contributors continue to be data network products with 47% sales share, followed by industrial product sales with 35% share in turnover. Internet of things product share in sales was 6% and other product share–12%. Sales dynamics of market segments – data network sales were 2% down from 2017 12m; industrial product sales were 11% up from 2017 12m. Internet of things product sales were 13% up from 2017 12m, other product sales reported 47% increase from 2017 12m.

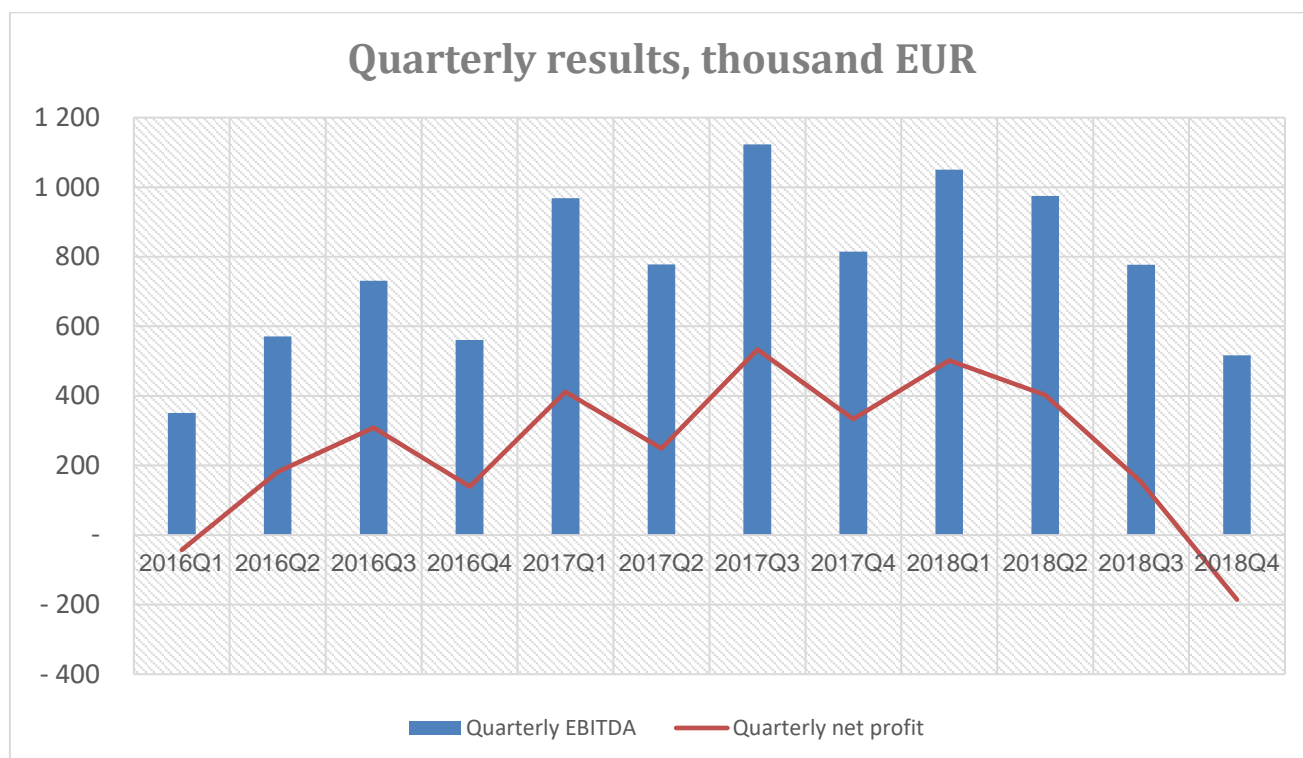


### Quarterly EBITDA and net profit results in 2018 Q4

During 2018 Q4 the Company reported quarterly EBITDA result of 0.517 million EUR and quarterly net loss of 0.185 million EUR. The reported EBITDA result show 37% decrease in comparison with Q4 2017 and 33% decrease compared to the previous quarter - 2018 Q3. Results represent quarterly EBITDA margin of 10.2%.

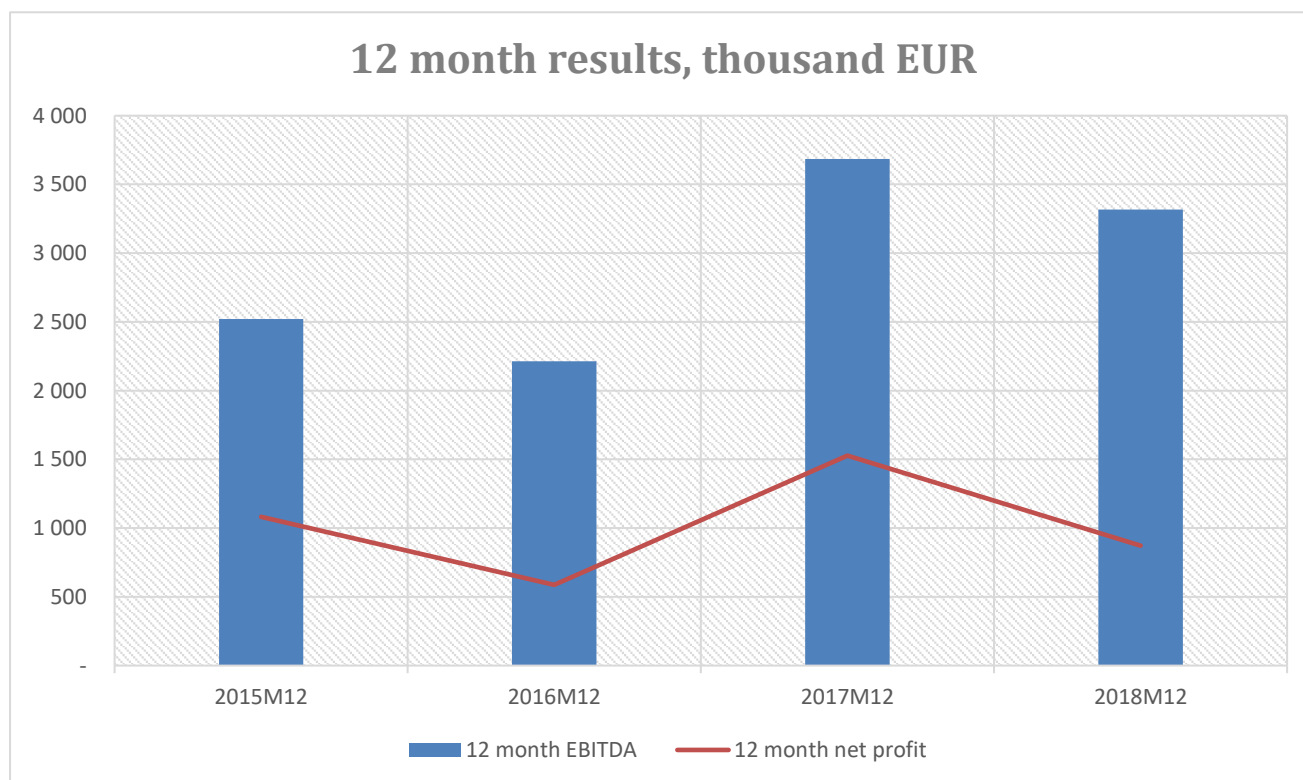
Lower 2018 Q4 EBITDA and profit in comparison with 2017 Q4 and 2018 Q3 does not show any trend or market weakness, it can rather be attributed to increased share of lower margin products in 2018 Q4. Profitability was also partially impacted by, previously reported in the Company 2018 Q2 financial report, fire accident that broke out in 2018 Q3 in one of AS HansaMatrix client's warehouses and was expected to have negative impact on HansaMatrix data networks segment sales in 2018 Q3 and Q4 due to supply chain delivery times of additional new components. This fire accident is not expected to impact the segment sales volume in the longer term.





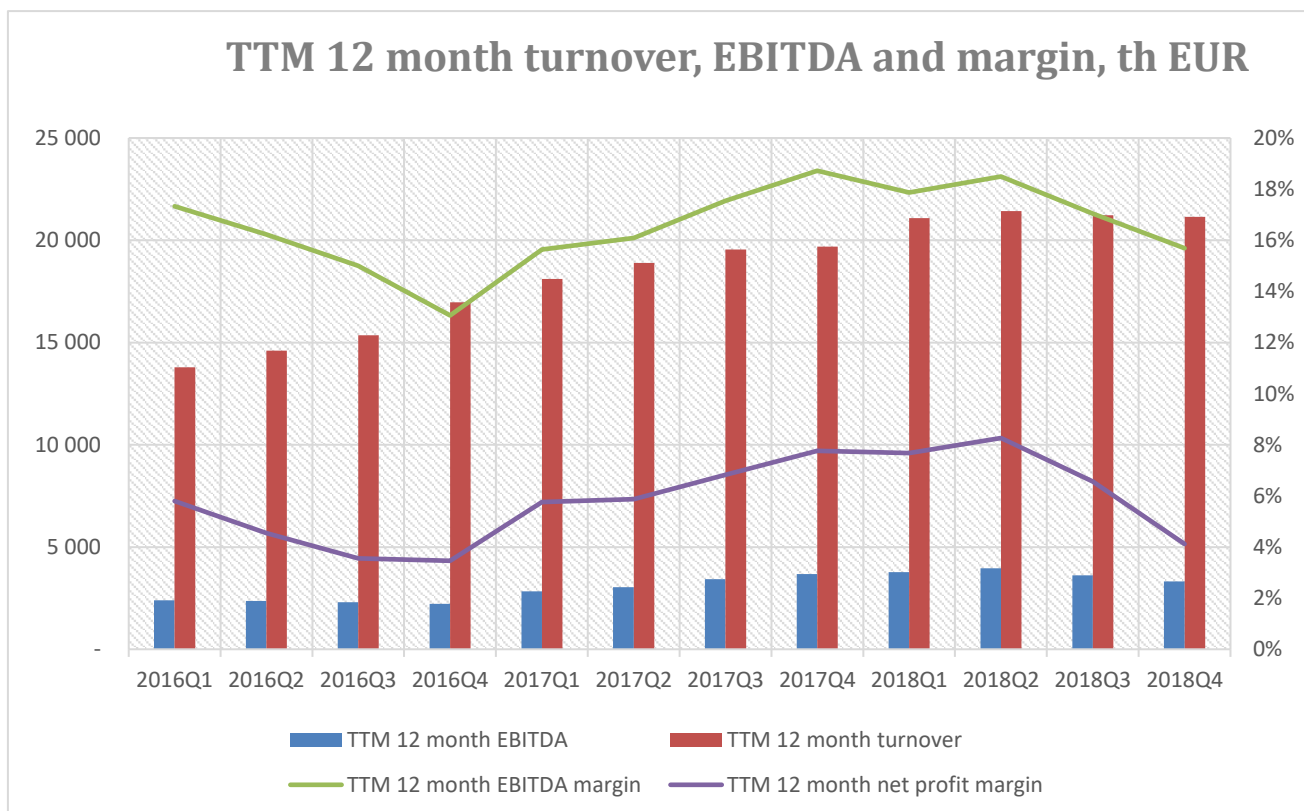
### 2018 12 month EBITDA and net profit results

During first 12 months of 2018 (“12m” or “M12”) the Company reported EBITDA result of 3.318 million EUR net profit result of 0.872 million EUR. The reported EBITDA result shows 10% decrease in comparison with 2017 12m period EBITDA result. The 12 month net profit results demonstrate 43% decrease in comparison with 2017 12m. Results represent 12 month EBITDA margin of 15.7% and 12 month net profit margin of 4.1%.



**TTM (trailing twelve months) turnover, EBITDA and margin results in 2018 Q4**

TTM - 12 month period sales (period starting at January 1, 2017 and ending with December 31, 2018) at 2018 Q4 reported to be 21.152 million EUR, slight decrease of 0.3% in comparison with TTM period ended at 2018 Q3. EBITDA result for the TTM 12 month period reported to be 3.318 million EUR, decrease by 8% in comparison with 12 month period ended at 2018 Q3. Net profit for TTM period reported 0.872 million EUR, 37% down if compared with 12 month period ended at 2018 Q3. Averaged EBITDA margin for TTM period is reported to be 15.7% and net profit margin for the same period is reported to be 4.1%.

**Summary of financial indicators for Q4 and 12 months of 2018**

The comparison of financial indicators for the periods of 2018 Q4 and 2018 12m is summarized below:

Financial indicators for period	2018Q4	2017Q4	% to previous period
Sales, thousand EUR	5 061	5 126	-1%
EBITDA, thousand EUR	517	815	-37%
Net profit, thousand EUR	-185	333	-156%
EBITDA margin	10,2%	15,9%	
Net profit margin	-3,7%	6,5%	
EPS, EUR	-0,10	0,18	

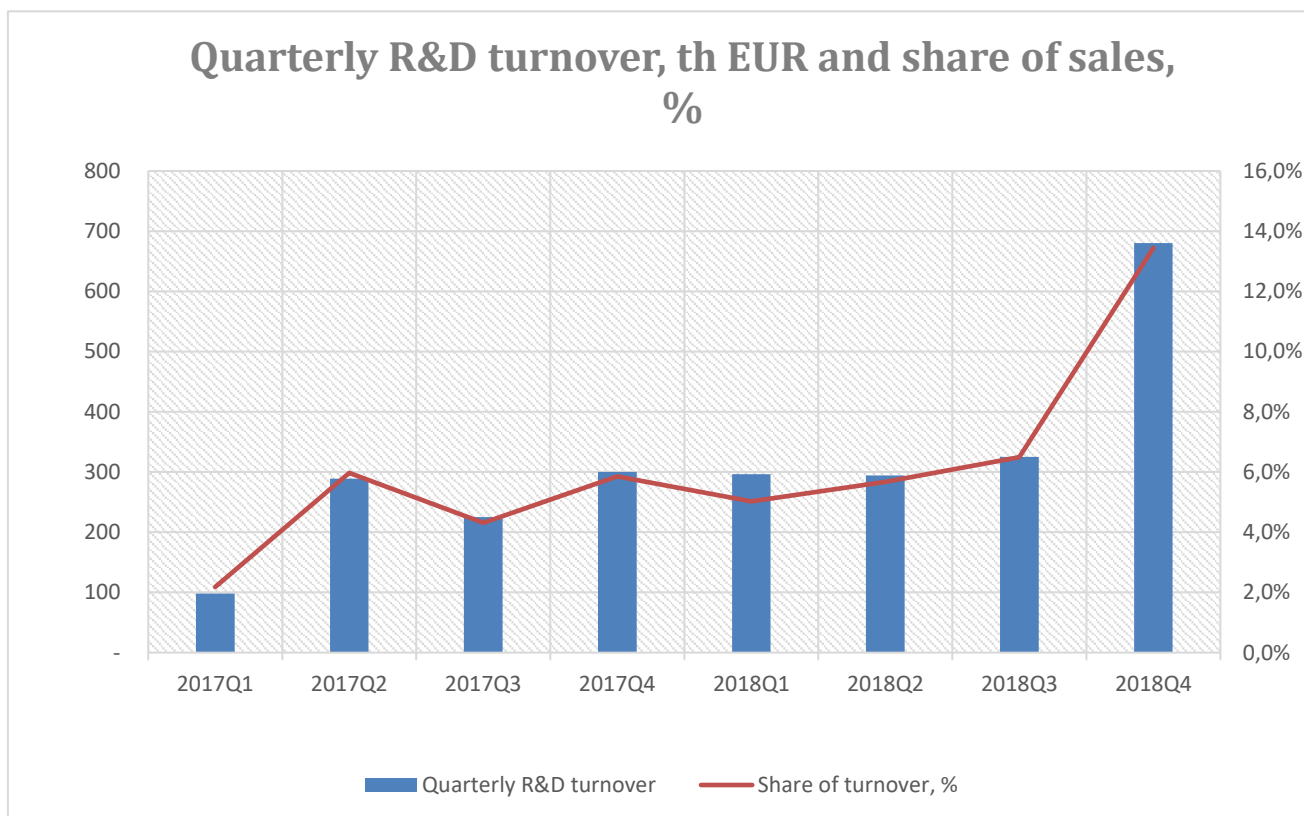
Financial indicators for period	2018 12m	2017 12m	% to previous period
Sales, thousand EUR	21 152	19 683	7%
EBITDA, thousand EUR	3 318	3 685	-10%
Net profit, thousand EUR	872	1 527	-43%
EBITDA margin	15,7%	18,7%	
Net profit margin	4,1%	7,8%	
EPS, EUR	0,48	0,83	

## Research and development

2018 Q4 R&D turnover increased by 127% compared with 2017 Q4 R&D turnover and increased by 109% compared to the previous quarter Q3 2018 turnover, and is accounting for 13.4% share of Company's consolidated sales in 2018 Q4. R&D grant income has not been included in reported R&D sales figures.

Substantial increase in R&D sales volumes in 2018 Q4 is explained by R&D manufacturing department substantially increasing production of high-tech optical devices and by completion in 2018 Q4 of several other R&D projects that have been developed during 2018.

In 2018 12 months R&D turnover amounted to 1.596 million EUR, representing 31% increase compared to 2017 12 months turnover.



### Data table - quarterly R&D turnover for 2018 Q4

Quarterly R&D turnover, th EUR	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
Quarterly R&D turnover	98	289	225	300	297	294	325	680

## Investment activities

During 2018 Q4 HansaMatrix made 1 040 885 EUR investments and during 2018 12 months 2 508 837 EUR investments in production capacity increase, research instruments, test systems and development of new products.

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

## Investment activities in associated companies

In Q4 of 2018, HansaMatrix made investments into SIA LightSpace Technologies in the amount of 1 888 530 EUR (convertible loan). In 12m of 2018 the aggregate HansaMatrix investments into SIA LightSpace Technologies amounted to 2 714 916 EUR (483,000 EUR paying up of earlier subscribed share capital and 2 231 916 EUR convertible loan). At the end of the reporting period, the total HansaMatrix investment in the form of the convertible loan in SIA LightSpace Technologies amounted to 2 454 123 EUR.

In Q4 2018 SIA LightSpace Technologies paid up earlier subscribed share capital of SIA EUROLCDs in amount of 471 800 EUR. In 12m 2018 the aggregate SIA LightSpace Technologies investments into SIA EUROLCDs amounted to 1 153 600 EUR (1 058 400 EUR partial paying up of earlier subscribed share capital and 95 200 EUR convertible loan). At the end of the reporting period, the total SIA LightSpace Technologies investment in the form of the convertible loan in SIA EUROLCDs amounted to 180 200 EUR.

During Q4 2018 HansaMatrix has provided additional 72 000 EUR funds in form of convertible loan to associated company – SIA Zinātnes parks, for land plot rental payments to VAS Starptautiskā lidosta Rīga, construction technical project development for new high-tech industrial site RIX Hi Tech City at Riga airport area and for loan repayments to AS SEB banka. In 12m of 2018 the aggregate convertible loan issued to SIA Zinātnes parks amounted to 363 000 EUR. At the end of the reporting period, the total HansaMatrix investment in the form of the convertible loan in SIA Zinātnes parks amounted to 1 208 700 EUR.

## Business development overview of associated company - LightSpace Technologies

LightSpace is a Deep Tech product development company, the world leader in developing optically deep volumetric 3D image display technology with main uses in medicine, scientific visualization, defense and AR/MR applications.

SIA LightSpace Technologies fully (100%) owns LightSpace Technologies Inc., Delaware, USA incorporated corporation, which owns IP in form of worldwide patents protecting volumetric 3D imaging technology.

LightSpace Technologies controls and owns majority of EUROLCDs, SIA shares (76%).

Last 4 years SIA LightSpace Technologies (LightSpace further in the text) have been working on developing world leading multi-plane (volumetric) 3D image display technology with main uses in medicine, scientific visualization and AR/MR applications. It holds patents for worlds all major markets.

During Q1 and Q2 2018 LightSpace has participated and organized multiple marketing events. It participated in two world's leading forums - SPIE Photonics West 2018, San Francisco, CA, USA; where Dr.Sci.Eng. Kriss Osmanis presented invited speech in advanced liquid crystal display conference session and first time participated in Electronic Imaging 2018 conference and expo showing its concept display device x1406 and visualization software View4X.

During Q3-Q4 LightSpace has participated in several major events in Maritime ISR &C2 in Rome and Alexandria, DC, USA and Display summit 2018 in California, USA. Positive feedback was received from several experts. LightSpace has shipped several design kits to major car manufacturers and Tokyo University and started to develop cars 3D HUD prototype.

In December Company announced new revolutionary multi plane S3D technology for head mount displays – new near eye display and VR AR head mount display development.



**LightSpace Technologies consolidated \*) profit loss statement, EUR**

	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
Net turnover	392 480	130 424
Cost of sales	(1 139 598)	( 172 211)
<b>Gross profit / (loss)</b>	<b>( 747 118)</b>	<b>( 41 787)</b>
Distribution costs	( 201 396)	( 184 453)
Administrative expense	( 133 980)	( 48 097)
Other operating income	9 405	19 876
Other operating expense	( 49 743)	( 1 857)
<b>Operating profit / (loss)</b>	<b>(1 122 832)</b>	<b>( 256 318)</b>
<b>Profit / (loss) before tax</b>	<b>(1 122 832)</b>	<b>( 256 318)</b>
Corporate income tax	( 362)	( 334)
<b>Net profit / (loss) for the period</b>	<b>(1 123 194)</b>	<b>( 256 652)</b>
Profit attributable to:		
Equity holders of the Parent Company	( 965 470)	( 256 652)
Non-controlling interest	( 157 724)	-
	<b>(1 123 194)</b>	<b>( 256 652)</b>

**LightSpace Technologies consolidated \*) balance sheet, EUR**

<b>ASSETS</b>	<b>31.12.2018.</b>	<b>31.12.2017.</b>
	<b>EUR</b>	<b>EUR</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant, equipment and other intangible asstes	5 558 367	1 664 657
Non-current financial assets	2 800	85 000
<b>TOTAL NON-CURRENT ASSETS</b>	<b>5 561 167</b>	<b>1 749 657</b>
<b>CURRENT ASSETS</b>		
Inventory	117 316	64 966
Receivables	450 346	46 656
Cash and cash equivalents	99 312	1 861
<b>TOTAL CURRENT ASSETS</b>	<b>666 974</b>	<b>113 483</b>
<b>TOTAL ASSETS</b>	<b>6 228 141</b>	<b>1 863 140</b>
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2018.</b>	<b>31.12.2017.</b>
	<b>EUR</b>	<b>EUR</b>
<b>EQUITY</b>		
Share capital	13 871	6 685
Share premium	3 526 942	1 870 480
Other reserves	2 456 899	222 207
Retained earnings/ (accumulated deficit)	(1 158 571)	(566 660)
Non-controlling interest	414 025	-
<b>TOTAL EQUITY</b>	<b>5 253 166</b>	<b>1 532 712</b>
<b>LIABILITIES</b>		
Non-current and current liabilities	974 975	330 428
<b>TOTAL LIABILITIES</b>	<b>974 975</b>	<b>330 428</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6 228 141</b>	<b>1 863 140</b>

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



**Business development overview of associated company – SIA Zinātnes Parks**

During 2018 12m SIA Zinātnes Parks has invested 100.14 thousand EUR in construction technical project development. As at the end of the reporting period, the total investment in development of the hi-tech industrial park RIX Hi Tech City amounts to 1.693 million EUR.

It is planned to complete construction project development work in Q1 2019.

**Shares and stock market**

On October 30, 2018 Swedbank Pension Fund K3 and Swedbank Pension Fund K4, managed by Swedbank Investeerimisfondid AS acquired major holding in AS HansaMatrix (HMX1R), reaching 95 799 shares or 5.24%.



During 2018 Q4 HansaMatrix (HMX1R) share price decreased by 5.8 % - see the the included stock price movement chart for the period from January 1, 2018 to December 31, 2018.

**Security trading history**

Price	2016	2017	2018
Open	6.95	7.95	8.14
High	8.15	8.83	8.5
Low	6.95	6.9	6.05
Last	7.95	8.14	6.5
Traded volume	19,574	72,941	137,505
Turnover, million	0.15 EUR	0.51 EUR	0.94 EUR
Capitalisation, million	14.54 EUR	14.89 EUR	11.89 EUR

**Other significant events in the reporting period**

On October 08, 2018 AS HansaMatrix with SIA Airdog and Airdog Inc, a Delaware corporation, has signed warrant agreement, granting AS HansaMatrix the right until October 09, 2028 to acquire 365 235 Airdog Inc Series A Preferred stock for warrant price 0,001 USD per share. Value of the potentially obtainable shares amount to 246,460.84 USD, as a compensation for outstanding debtor and other liabilities of SIA Airdog towards AS HansaMatrix.

On October 29, 2018 AS HansaMatrix has signed contract and received purchase order in amount of 3 million USD to supply high complexity electronic assemblies over period of years 2019-2020 to industrial segment corporate customer with location outside EU. Customer name according to the contract remains confidential.

On November 30, 2018 the following decisions were adopted at AS HansaMatrix Extraordinary General Meeting of shareholders, to ensure signing of 10 million EUR long term financing agreement with European Investment Bank (EIB): To issue 215 563 convertible warrants and to approve the regulations on the issuance of convertible warrants, to increase the share capital of the Company with a condition, providing that the amount of the conditional share capital necessary for the issuance of convertible warrants shall be EUR 215 563, to approve the regulations on the conditional share capital increase of the Company, to cancel the priority rights of shareholders to the newly issued warrants and to approve the amendments to the Articles of Association of the Company that the General Meeting may be convened outside the administrative territory of the Company's registered address, provided that the General Meeting is convened in a place located within the territory of the Republic of Latvia.

On December 03, 2018 AS HansaMatrix and EIB has signed a EUR 10 million financing agreement, to expand AS HansaMatrix manufacturing capacity and build a more all-round business model. The facility is made possible by the European Fund for Strategic Investments (EFSI), the core of the Investment Plan for Europe, and was supported in the initial stages by Latvian investment agency ALTUM.

The financing will support AS HansaMatrix' ongoing growth strategy and the ongoing shift from manufacturing towards offering a full range of services, including value added design, engineering and aftermarket services. The financing will also help the company boost its research and development activities, as well as advance its "LightSpace Technologies" 3D-image display technology. All investments will be located in Latvia, at the company's existing sites in Mārupe, Ogre and Ventspils.

In December, 2018 HansaMatrix has signed new factoring agreements with SEB līzings for one year in the aggregate amount of 2.76 million EUR to be used for working capital financing, including export transactions. In addition, SEB bank has approved additional 2.5 million EUR long-term financing limit for HansaMatrix, planned to be used for investments in 2019. Overdraft, reverse factoring and guarantee line limit agreements were also signed with SEB bank to prolong the maturity of the existing working capital financing limits in amount of 1.9 million EUR for 1 year.

On December 06, 2018, to fulfill the conditions precedent in the concluded 10 million EUR financing agreement with EIB, HansaMatrix issued to EIB 205 298 warrants, which are convertible at the holders discretion into the shares of the Company and registered the conditional increase in share capital of the Company in Enterprise register of Latvia in amount of 215 563 EUR, with a condition that the issuance of new shares of the Company, shall be only carried out to exchange for the warrants, held by EIB.

On December 19, 2018 AS HansaMatrix fulfilled all the necessary conditions precedent of the signed long term financing agreement with EIB and received Tranche A of financing in amount of 5 000 000 EUR.

**Significant events after end of reporting period**

On February 1, 2019 Nasdaq CSD SE recorded 205 298 AS HansaMatrix warrants, owned by European Investment bank (EIB), issued according to EUR 10 million financing agreement, signed by EIB and AS HansaMatrix.

February 20, 2019



Ilmārs Osmanis  
Chairman of the Board



**Statement of responsibility of the management**

The Board of AS HansaMatrix is responsible for preparing the consolidated financial statements of the Parent and its subsidiaries (hereinafter - the Group).

The consolidated financial statements are prepared in accordance with the source documents and present fairly the consolidated financial position of the Group as of December 31, 2018 and the consolidated results of its financial performance and cash flows for the reporting period.

The interim condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and are prepared on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. The consolidated interim financial statements have been prepared based on the same accounting principles applied in the Consolidated Financial Statements for the year ended on December 31, 2017. Prudent and reasonable judgments and estimates have been made by the management in the preparation of the financial statements.

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

February 20, 2019



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Ilmārs Osmanis  
Chairman of the Board



## INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### Interim consolidated statement of comprehensive income

	2018 Q4 EUR	2017 Q4 EUR	2018 12m EUR	2017 12m EUR
Net turnover	5 061 264	5 126 192	21 151 532	19 649 402
Cost of sales	(4 502 998)	(4 327 287)	(17 757 381)	(15 923 235)
<b>Gross profit</b>	<b>558 266</b>	<b>798 905</b>	<b>3 394 151</b>	<b>3 726 167</b>
Distribution costs	(175 555)	(131 974)	(650 297)	(782 658)
Administrative expense	(418 065)	(422 149)	(1 792 848)	(1 473 242)
Other operating income	72 991	60 702	557 007	456 020
Other operating expense	(16 074)	(33 469)	(92 595)	(48 797)
<b>Operating profit</b>	<b>21 563</b>	<b>272 015</b>	<b>1 415 418</b>	<b>1 877 490</b>
Loss from investments in associates	(252 620)	(49 894)	(485 910)	(107 712)
Financial income	103 022	23 840	138 012	93 591
Financial expense	(56 772)	(201 516)	(191 994)	(415 616)
<b>Profit before tax</b>	<b>(184 807)</b>	<b>44 445</b>	<b>875 526</b>	<b>1 447 753</b>
Corporate income tax	(692)	(24 033)	(3 424)	(219 814)
Deferred corporate income tax	-	312 709	-	451 051
<b>Net profit for the reporting period</b>	<b>(185 499)</b>	<b>333 121</b>	<b>872 102</b>	<b>1 678 990</b>
<b>Other comprehensive income for the reporting period after tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the reporting period after tax</b>	<b>(185 499)</b>	<b>333 121</b>	<b>872 102</b>	<b>1 678 990</b>
Profit and comprehensive income attributable to:				
Equity holders of the Parent Company	(185 499)	333 121	872 102	1 678 990
Non-controlling interests	-	-	-	-
	<b>(185 499)</b>	<b>333 121</b>	<b>872 102</b>	<b>1 678 990</b>

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

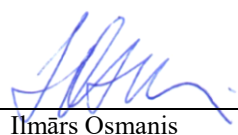
February 20, 2019

Ilmārs Osmanis  
Chairman of the Board

**Interim consolidated statement of financial position**

<b>ASSETS</b>			
		<b>31.12.2018</b>	<b>31.12.2017</b>
		<b>EUR</b>	<b>EUR</b>
<b>NON-CURRENT ASSETS</b>			
<b>Intangible assets</b>			
	ODM assets	16 113	21 002
	Other intangible assets	179 815	190 502
	<b>Total intangible assets</b>	<b>195 928</b>	<b>211 504</b>
<b>Property, plant and equipment</b>			
	Land and buildings	3 560 905	3 753 000
	Equipment and machinery	5 312 286	4 603 940
	Other fixtures and fittings, tools and equipment	647 638	604 064
	Leasehold improvements	44 540	37 856
	Construction in progress	284 160	214 460
	<b>Total property, plant and equipment</b>	<b>9 849 529</b>	<b>9 213 320</b>
<b>Non-current financial assets</b>			
	Investments in associates	1 006 921	1 006 921
	Investments in other companies	235 583	662 818
	Other investment loans	4 254 991	1 017 583
	Loans to shareholders	1 959 010	1 912 227
	Other non-current receivables	-	52 956
	<b>Total non-current financial assets</b>	<b>7 456 505</b>	<b>4 652 505</b>
	<b>TOTAL NON-CURRENT ASSETS</b>	<b>17 501 962</b>	<b>14 077 329</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
	Raw materials and consumables	2 496 195	1 848 213
	Finished products	185 187	-
	Work in progress	1 083 825	835 349
	<b>Total inventories</b>	<b>3 765 207</b>	<b>2 683 562</b>
<b>Receivables and prepayments</b>			
	Trade receivables and receivables from related companies	788 527	911 892
	Prepayments for goods	18 722	41 828
	Loans to shareholders	550 000	550 000
	Prepaid expense	348 486	42 125
	Corporate income tax	1 837	1 000
	Other receivables	310 131	95 216
	<b>Total receivables and prepayments</b>	<b>2 017 703</b>	<b>1 642 061</b>
	<b>Cash and cash equivalents*</b>	<b>2 376 781</b>	<b>259 185</b>
	<b>TOTAL CURRENT ASSETS</b>	<b>8 159 691</b>	<b>4 584 808</b>
	<b>TOTAL ASSETS</b>	<b>25 661 653</b>	<b>18 662 137</b>
	*Available unused credit line	11 405	EUR
	*Available unused factoring limit	1 470 812	EUR

The accompanying notes form an integral part of these financial statements.  
February 20, 2019


  
Ilmārs Osmanis  
Chairman of the Board

**Interim consolidated statement of financial position**

<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>	<b>31.12.2018 EUR</b>	<b>31.12.2017 EUR</b>
Share capital	1 829 381	1 829 381
Share premium	2 435 579	2 435 579
Reserves	206 622	313
Non-current asset revaluation reserve	2 162 339	2 286 031
Retained earnings/ (accumulated loss):		
a) brought forward	1 560 851	(95 482)
b) for the period	872 102	1 678 990
<b>TOTAL EQUITY</b>	<b>9 066 874</b>	<b>8 134 812</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans from credit institutions	8 726 461	2 715 009
Finance lease liabilities	663 335	618 154
Deferred income	403 130	572 707
<b>Total non-current liabilities</b>	<b>9 792 926</b>	<b>3 905 870</b>
<b>Current liabilities</b>		
Loans from credit institutions	1 243 545	1 529 016
Finance lease liabilities	196 319	437 872
Prepayments received from customers	1 153 124	517 148
Trade payables	3 007 358	2 772 580
Taxes payable	561 580	491 521
Corporate income tax	168	177 702
Other liabilities	219 802	207 072
Deferred income	169 577	169 577
Accrued liabilities	250 380	318 967
<b>Total current liabilities</b>	<b>6 801 853</b>	<b>6 621 455</b>
<b>TOTAL LIABILITIES</b>	<b>16 594 779</b>	<b>10 527 325</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>25 661 653</b>	<b>18 662 137</b>

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

February 20, 2019

  
Ilmārs Osmanis  
Chairman of the Board

**Interim consolidated statement of cash flow**

	<b>2018 Q4 EUR</b>	<b>2017 Q4 EUR</b>	<b>2018 12m EUR</b>	<b>2017 12m EUR</b>
<b>CASH FLOWS TO/ FROM OPERATING ACTIVITIES</b>				
Profit before tax	( 184 807)	44 445	875 526	1 447 753
Adjustments for:				
Depreciation and amortization	495 287	543 020	1 902 559	1 782 264
Depreciation included in the cost of work in progress	-	-	-	24 779
Interest expense	48 535	65 356	162 520	247 188
Interest income	( 11 792)	( 23 840)	( 46 782)	( 93 591)
Increase/ (decrease) in allowances for slow-moving items and receivables	( 19 081)	( 30 289)	( 63 380)	( 42 631)
Income from grant recognition	( 42 394)	( 42 394)	( 185 715)	( 169 575)
Group's share of loss of an associate recognized in the statement of comprehensive income	252 620	49 894	485 910	107 712
Adjustments for:				
Decrease/ (increase) in inventories	( 201 191)	( 115 816)	(1 081 645)	(1 045 030)
Decrease/ (increase) in receivables	454 796	439 737	( 259 307)	274 198
Increase in payables	( 100 476)	212 443	722 317	1 123 456
<b>Cash generated from operations, gross</b>	<b>691 497</b>	<b>1 142 556</b>	<b>2 512 003</b>	<b>3 656 523</b>
Interest paid	( 48 535)	( 65 356)	( 162 520)	( 247 161)
Corporate income tax paid	-	-	-	83 307
<b>Net cash flows to/ from operating activities</b>	<b>642 962</b>	<b>1 077 200</b>	<b>2 349 483</b>	<b>3 492 669</b>
<b>Cash flows to/ from Investing activities</b>				
Purchase of intangible assets and property, plant and equipment	(1 063 590)	( 204 572)	(2 523 193)	(2 114 036)
Proceeds from sale of property, plant and equipment	-	-	-	31 412
Investments in and loans to other companies	(1 960 530)	( 332 207)	(3 077 916)	(1 262 232)
<b>Net cash flows to/ from investing activities</b>	<b>(3 024 120)</b>	<b>( 536 779)</b>	<b>(5 601 109)</b>	<b>(3 344 856)</b>
<b>Cash flows to/ from Financing activities</b>				
Dividends paid	( 73 174)	-	( 146 349)	( 54 881)
Grants received	-	20 425	-	-
Loans received from credit institutions	5 085 748	-	10 997 336	181 474
Loans repaid to credit institutions	( 263 924)	( 318 169)	(5 264 406)	(1 253 924)
Loans from lease companies	-	-	939 457	1 002 443
Loans repaid to lease companies	( 49 579)	( 65 014)	(1 156 816)	( 145 631)
<b>Net cash flows to/ from financing activities</b>	<b>4 699 071</b>	<b>( 362 758)</b>	<b>5 369 222</b>	<b>( 270 519)</b>
<b>Change in cash and cash equivalents for the period</b>	<b>2 317 913</b>	<b>177 663</b>	<b>2 117 596</b>	<b>( 122 706)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>58 868</b>	<b>81 522</b>	<b>259 185</b>	<b>381 891</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2 376 781</b>	<b>259 185</b>	<b>2 376 781</b>	<b>259 185</b>

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

**Interim consolidated statement of changes in equity**

	Share capital	Share premium	Other reserves	Non-current asset revaluation reserve	Retained earnings/ (accumulated loss)	Total
	EUR	EUR	EUR	EUR	EUR	EUR
<b>Balance as at 31 December 2016</b>	<b>1 829 381</b>	<b>2 435 579</b>	<b>313</b>	<b>1 335 097</b>	<b>(118 914)</b>	<b>5 481 456</b>
Profit for the reporting year	-	-	-	-	1 678 990	1 678 990
Other comprehensive income	-	-	-	686 344	-	686 344
Total comprehensive income	-	-	-	686 344	1 678 990	2 365 334
Depreciation of revalued items of property, plant and equipment	-	-	-	(78 315)	78 315	-
Deferred corporate income tax correction	-	-	-	342 905	(2)	342 903
Dividends paid	-	-	-	-	(54 881)	(54 881)
<b>Balance as at 31 December 2017</b>	<b>1 829 381</b>	<b>2 435 579</b>	<b>313</b>	<b>2 286 031</b>	<b>1 583 508</b>	<b>8 134 812</b>
Profit for the reporting year	-	-	-	-	872 102	872 102
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	872 102	872 102
Depreciation of revalued items of property, plant and equipment	-	-	-	(123 692)	123 692	-
Other reserves create	-	-	206 309	-	-	206 309
Dividends paid	-	-	-	-	(146 350)	(146 350)
<b>Balance as at 31 December 2018</b>	<b>1 829 381</b>	<b>2 435 579</b>	<b>206 622</b>	<b>2 162 339</b>	<b>2 432 952</b>	<b>9 066 873</b>

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

**Notes to the consolidated financial statements****1. Corporate information**

AS HansaMatrix (hereinafter – the Parent Company) was registered with the Republic of Latvia Enterprise Register on 30 July 1999 and re-registered with the Republic of Latvia Commercial Register on 27 December 2002 under unified registration number 40003454390. The registered office of the Parent Company is at Akmeņu iela 72, Ogre.

The shares of the Parent Company are listed on Riga Stock Exchange, Latvia.

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

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Consolidated financial statements are prepared using the historical cost basis, except when described otherwise in the accounting policies below. The financial statements of the Parent Company and its subsidiaries are prepared separately according to the relevant national legislation applicable in the reporting year.

The monetary unit used in the consolidated financial statements is the euro (EUR). The consolidated financial statements cover the period 1 January 2018 through 31 December 2018.

Amounts disclosed in the consolidated financial statements are based on the accounting records of the Group companies kept in accordance with IFRS as adopted by the EU.

**3. Changes in accounting policy and disclosures**

The accounting policies are consistent with those followed in the preparation of the Group's annual financial statement for the previous period 2017. The Group has evaluated new and amended IFRSs and IFRICs effective for annual periods beginning on or after 1 January 2018. No impact on the interim financial statements of the Group was identified.

The Group has not applied and has not evaluated the impact of the application of the IFRS and IFRIC interpretations that have been issued as of the date of authorization of these financial statements for issue, but which are not yet effective. The Group plans to adopt these standards and interpretations on their effectiveness dates provided they are endorsed by the EU.

**4. Related party disclosures**

Related party	Type of services		Goods and services delivered to/ loans issued to related parties	Goods and services received from / loans received from related parties	Amounts owed by related parties (gross)	Amounts owed to related parties (gross)
			EUR	EUR	EUR	EUR
<b>1. Associates</b>						
SIA Zinātnes parks (AS HansaMatrix share 24%)	Loan, contribution in share capital	31.12.2017	159 000	-	845 700	-
		31.12.2018	363 000	-	1 208 700	-
SIA Lightspace Technologies (AS HansaMatrix share 40%)	Loan, contribution in share capital	31.12.2017	22 207	-	222 207	-
		31.12.2018	2 231 916	-	2 454 123	-
	Services, material supplies, sale of materials	31.12.2017	17 324	2 183	-	271
		31.12.2018	2 659	717	-	-
	<b>TOTAL</b>	<b>31.12.2017</b>	<b>198 531</b>	<b>2 183</b>	<b>1 067 907</b>	<b>271</b>
	<b>TOTAL</b>	<b>31.12.2018</b>	<b>2 597 575</b>	<b>717</b>	<b>3 662 823</b>	<b>-</b>
<b>2. Entities with significant influence</b>						
SIA MACRO RĪGA (shareholder)	Loan	31.12.2017	93 591	-	2 462 227	-
		31.12.2018	46 783	-	2 509 010	-
	Purchase of services, spare parts; sale of materials	31.12.2017	8 044	-	-	-
		31.12.2018	1 422	-	-	-
	<b>TOTAL</b>	<b>31.12.2017</b>	<b>101 635</b>	<b>-</b>	<b>2 462 227</b>	<b>-</b>
	<b>TOTAL</b>	<b>31.12.2018</b>	<b>48 205</b>	<b>-</b>	<b>2 509 010</b>	<b>-</b>
<b>3. Other related companies</b>						
	Services, material supplies, sale of materials	31.12.2017	8 185	51 780	7 698	4 055
		31.12.2018	54 607	6 805	-	1 325
	<b>TOTAL</b>	<b>31.12.2017</b>	<b>8 185</b>	<b>51 780</b>	<b>7 698</b>	<b>4 055</b>
	<b>TOTAL</b>	<b>31.12.2018</b>	<b>54 607</b>	<b>6 805</b>	<b>-</b>	<b>1 325</b>



**5. Dividends paid and proposed**

On April 26, 2018, HansaMatrix meeting of the shareholders approved year 2017 profit distribution and the payment of dividends in the amount of 0.08 EUR per share, totaling 146 350.48 EUR. Dividend payments will be made in two installments: 25 May 2018, the date of payment for the first tranche of dividends in amount of 73 175.24 EUR, and 15 November 2018, the date of payment for the second tranche of dividends in amount of 73 175.24 EUR.

The first installment of the 2017 profit dividend payment was made on May 25, 2018, the total amount of paid dividends amounting to EUR 73 175.24.

On November 15, 2018 HansaMatrix paid out the second installment of the dividend payment in amount of EUR 73 175.24.

**6. Events after the reporting period**

Details of events after the reporting period end are described in Management Report accompanying these interim financial statements.

**7. Definitions of Alternative Performance Measures**

EBITDA: Operating profit + Depreciation and Amortization

EBITDA margin: EBITDA/ Net turnover

In calculating EBITDA, the Group monitors liquidity and assesses the Group's profitability.