



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

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE 9 MONTH PERIOD ENDED SEPTEMBER 30, 2020**

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

Riga, 2020

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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 with the Commercial Register	Riga, 27 December 2002
Registered office	Akmeņu iela 72, Ogre, Latvia, LV-5001
Shareholders (over 5%) as of September 30, 2020	SIA Macro Rīga (34.05%) ZGI-4 AIF KS (15.06%) SWEDBANK AS CLIENTS ACCOUNT (14.31%) KS BaltCap Latvia Venture Capital Fund (9.95%) KS FlyCap Investment Fund I AIF (9.61%) IPAS CBL Asset Management managed funds (6.56%) Swedbank Ieguldījumu Pārvaldes Sabiedrība AS managed funds (5.10%)
Subsidiaries	SIA HansaMatrix Ventpils (equity interest: 100%) SIA HansaMatrix Innovation (equity interest: 100%) SIA HansaMatrix Pārogre (equity interest: 100%) SIA Zinātnes Parks (equity interest: 100%)
Auditors	SIA Ernst & Young Baltic Licence No. 17 Diāna Krišjāne Latvian Certified Auditor Certificate No. 124
Financial year	1st January – 31st December 2020
Interim reporting period	1st January – 30th September 2020

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 two persons consisting of Chairman of the Board and one Board Member.



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:

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

Owned shares:

- directly: 0
- indirectly (through SIA, Macro Rīga): 622 993 shares (34.05%)

Participation in other companies:

- Macro Rīga, SIA (100%)
- Lightspace Technologies, SIA (12.77%)

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:

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

Owned shares: 300

Owned employee share options: 1100 (as of November 13, 2020)

Participation in other companies:

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

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.

Changes to the Company's Management Board:

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

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: May 22, 2020

Term of office: May 21, 2025

Owned shares: 0

Andris Bērziņš will be regarded as independent board member.

Positions held in other companies:

- RĪGAS EVANĢĒLISKĀ DRAUDZE – Chairman of the Management Board
- TechHub Riga, Nodibinājums – Member of the Management Board
- KBZ, SIA – Chairman of the Management Board
- TechChill, Nodibinājums – Member of the Management Board
- Sonarworks, SIA – Member of Council
- Nordigen Solutions, SIA – Chairman of the Management Board

Participation in other companies:

- KBZ, SIA (100%)
- TechHub Riga, Nodibinājums (true beneficiary)
- TechChill, Nodibinājums (true beneficiary)

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.

Normunds Igoļnieks

Normunds Igoļnieks is a member of the Supervisory Board of the Company.

Date appointed: May 22, 2020

Term of office: May 21, 2025

Owned shares: 0

Represents ZGI Capital managed venture capital fund ZGI-4 shareholding of 275 562 shares.

Positions held in other companies:

- ZGI Capital, SIA alternatīvo fondu pārvaldnieks – Chairman of the Management Board
- I factor, SIA – Member of the Management Board

Participation in companies:

- ZGI Capital, SIA alternatīvo fondu pārvaldnieks (26%)
- I factor, SIA (100%)
- ZGI Real Estate, SIA (19.5% through I factor, SIA)

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

Ingrīda Blūma

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

Date appointed: May 22, 2020

Term of office: May 21, 2025

Owned shares: 0

Ingrīda Blūma will be regarded as independent board member.

Positions held in other companies:

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

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.

Dagnis Dreimanis

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

Date appointed: May 22, 2020

Term of office: May 21, 2025

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

Participation in other companies:

- DD Ventures, SIA (100%)
- Latvian Capital Ventures, SIA (57.5%)
- KOOL LATVIJA, SIA (true beneficiary)

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.

Baiba Anda Rubesa

Baiba Anda Rubesa is a member of the Supervisory Board of the Company.

Date appointed: 22 May 2020

Term of office: 21 May 2025

Owned shares:0

Baiba Anda Rubesa will be regarded as independent board member.

Positions held in other companies:

- Rīgas Ekonomikas augstskolas-Stockholm School of Economics in Riga, Nodibinājums - Member of the Management Board
- RFactor, SIA – Member of the Management Board
- Coffee Address Holding, SIA – Member of the Supervisory Board

Participation in other companies:

- RFactor, SIA (100%)

Baiba Anda Rubesa is an experienced international company manager with extensive experience in corporate governance, leadership skills, and sustainability requirements, bringing highly valuable experience to the Company's Council in the areas of management, leadership and public relations and serving as an independent HansaMatrix Council member. Baiba Rubesa does not own HansaMatrix shares.

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

Changes to the Company's Supervisory Board:

On May 22, 2020 annual general meeting of HansaMatrix shareholders, in addition to the existing Supervisory Council members Andris Bērziņš, Ingrida Blūma and Dagnis Dreimanis, elected new Supervisory Council members Normunds Igoļnieks and Baiba Anda Rubesa. The decision took effect as of the date of its adoption.

On May 22, 2020 Ivars Ķirsons left the Supervisory Council of HansaMatrix. I.Ķirsons represented the interests of the growth venture capital fund ZGI-4 managed by ZGI Capital. Ivars Ķirsons has been member of Council of HansaMatrix since October 29, 2019.

Major shareholders

AS HansaMatrix major shareholders as of September 30, 2020 (end of the day):

Major shareholders (over 5%)	Owned shares	Ownership interest
SIA Macro Rīga	622 993	34.05%
ZGI-4 AIF KS	275 562	15.06%
SWEDBANK AS CLIENTS ACCOUNT	261 765	14.31%
KS BaltCap Latvia Venture Capital Fund	182 000	9.95%
KS FlyCap Investment Fund I AIF	175 738	9.61%
IPAS CBL Asset Management managed funds	120 000	6.56%
Swedbank Ieguldījumu pārvaldes sabiedrība AS managed funds	93 369	5.1%
Other shareholders (under 5%)	97 954	5.35%
TOTAL:	1 829 381	100.00%



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 sectors. HansaMatrix is actively growing its knowledge business, product development engineering teams and building knowledge platform for future innovation and business development. Building on its 19-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

Year 2020 started with Chinese year holiday extended by 2 weeks and full lockdown in some China provinces due to COVID-19 crisis. From February, 2020 it started to affect supply chains and some of customers. Several customers put on hold their orders. On supply chain side our Asian suppliers started to operate with several weeks delay and not fully staffed. Transportation networks started to limit weight per day to be shipped for one address.

Latvian Government on March 11, declared emergency situation and introduced number of restrictions to contain the spread of corona virus infection. HansaMatrix at its manufacturing sites introduced recommended health and safety measures and continued to operate the facilities. Track record for the period from Q1 has been good with no any infected workers.

Factors influencing the year on year decrease in revenue in the first half of year are related to COVID-19 global spread and were the following: personnel safety issues, supply chain disruptions, and customer demand weakening.

After initial decrease over all business situation changed in a middle of year 2020. Demand from data transmission network market sector along with telecom network products experienced strong demand growth which resulted in increase in order book of data network products market sector. Observed sales growth in Q3 is coming from mentioned trend.

There is ongoing worsening of COVID-19 epidemiologic situation in EU and particularly in Latvia. Despite being one of lowest infection rates in EU Latvia has reached infection rates that require more measures to reduce infection speed. Latvian Government declared emergency situation from November 9, till December 6.

HansaMatrix has adopted employee isolation, distancing protocols and measures, and continuing manufacturing operation without interruption. It needs to be expected that during this period infection situation can interfere normal business operation and disrupt business operation. Such risk needs to be taken in account until COVID-19 pandemic has been taken under control.

Management expects new business trend towards more technology penetrated economy (more data bandwidths, more robotics and automation, more remote work, increased EU independence in manufacturing) when recovering from COVID-19 pandemic and preparing to be ready for higher market demand and faster business growth afterwards.

Finance results brief summary

During the third quarter (Q3 further in document) of 2020 the Company reported revenue from contracts with customers (hereinafter – revenue, turnover or sales) of 6.554 million EUR, representing increase by 7% in comparison to the same period of 2019. The 2020 Q3 sales results showed 24% sales volume increase in comparison with previous quarter – 2020 Q2.

During first 9 months (“9m” further in the document) of 2020 the Company reported sales volume decrease by 5% compared to the same period of 2019 and reached 17.029 million EUR.

During 2020 Q3 the Company reported historically highest quarterly EBITDA result of 1.246 million EUR and operated with net profit result of 0.330 million EUR. The reported EBITDA result shows 32% increase in comparison with Q3 2019 and 137% increase compared to previous quarter of 2020 Q2. In Q3 2020 the Company reported net profit 0.330 million EUR as compared to 2019 Q3 net loss of 0.028 million EUR and 2020 Q2 net loss of 0.383 million EUR. Quarterly results represent EBITDA margin of 19.02% and net profit margin of 5.04%.

During first 9 months of 2020 the Company reported EBITDA result of 2.214 million EUR and 9m net loss result of 0.488 million EUR. The reported EBITDA result shows 27% decrease in comparison with 2019 9m. In 9 months of 2020, the Company operated with a net loss, while in 9m 2019 the Company operated with net profit in amount of 0.118 million EUR. Results represent 9 month EBITDA margin of 13%.

The business situation, the Company revenue, EBITDA and net profit in Q3 2020 have recovered and improved. The long-term negative COVID-19 situation impact is still present in some of the clients’ business performance, however at the same time positive market trend has emerged - increased demand in data networks sector.

Sales result, EBITDA and net profit in 2020 9m were influenced by COVID-19 global spread impacting and creating challenges in such business environment factors as personnel safety issues, supply chain disruptions, and transportation network disruptions. COVID-19 has influenced the Company performance already starting with the second half of January, 2020 when the virus gained momentum in China and Asia creating significant disruptions in the Company supply chain from this region.

HansaMatrix management believes that COVID-19 situation greatest impact on the Company business volumes concentrated in the period from February, 2020 until May, 2020. Revenue forecasts for the future business volumes indicate certain improvements, nevertheless due to still quite unpredictable development of overall COVID-19 situation in the Baltics and globally HansaMatrix revenue going further could still be negatively influenced.

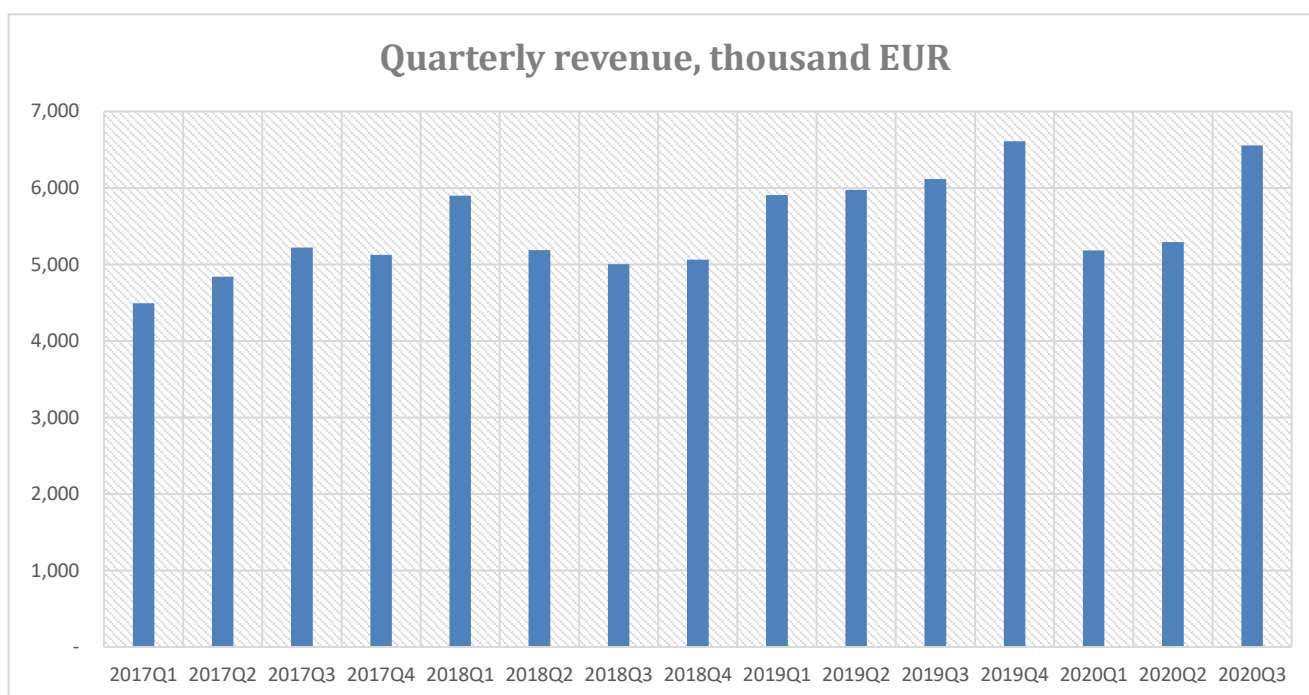
2020 Q3 R&D turnover decreased by 61% compared with 2019 Q3 R&D turnover but increased by 10% compared to the previous quarter Q2 2020 turnover, and is accounting for 2.9% share of Company’s consolidated sales in 2020 Q3. R&D grant income has not been included in reported R&D sales figures. In Q3 2020 the Company continued to manufacture the high-tech optical devices and to work on R&D projects, however the volumes have been influenced by COVID-19 situation, creating challenges in such business environment factors as personnel safety issues, supply chain disruptions, transportation network disruptions.

TTM – trailing twelve month period sales (period starting in October 1, 2019 and ending with September 30, 2020) at 2020 Q3 reached 23.640 million EUR, showing 3% increase compared to TTM sales for the period ended at 2019 Q3 and 2% increase compared to TTM sales for the period ended at 2020 Q2. EBITDA result for the TTM 12 month period reported to be 2.915 million EUR, a decrease of 18% in comparison with 12 month period ended at 2019 Q3 but 12% increase compared to TTM sales for the period ended at 2020 Q2. The TTM period resulted in a net loss of 0.397 million EUR. Averaged EBITDA margin for TTM period of 12.3% is reported.

Quarterly revenue results for 2020 Q3

During the third quarter of 2020 the Company reported turnover of 6.554 million EUR, representing increase by 7% in comparison to the same period of 2019. The 2020 Q3 sales results showed 24% sales volume increase in comparison with previous quarter – 2020 Q2.

In 2020 Q3 the business situation and the Company revenue have recovered and improved. The long-term negative COVID-19 situation impact is still present in some of the clients’ business performance, however at the same time positive market trend has emerged - increased demand in data networks sector.



2020 9 month revenue results

During first 9 months of 2020 the Company reported sales volume decrease by 5% compared to the same period of 2019 and reached 17.029 million EUR.

Sales result in 2020 9m was influenced by COVID-19 global spread impacting and creating challenges in such business environment factors as personnel safety issues, supply chain disruptions, and transportation network disruptions. COVID-19 has influenced the Company performance already starting with the second half of January, 2020 when the virus gained momentum in China and Asia creating significant disruptions in the Company supply chain from this region.



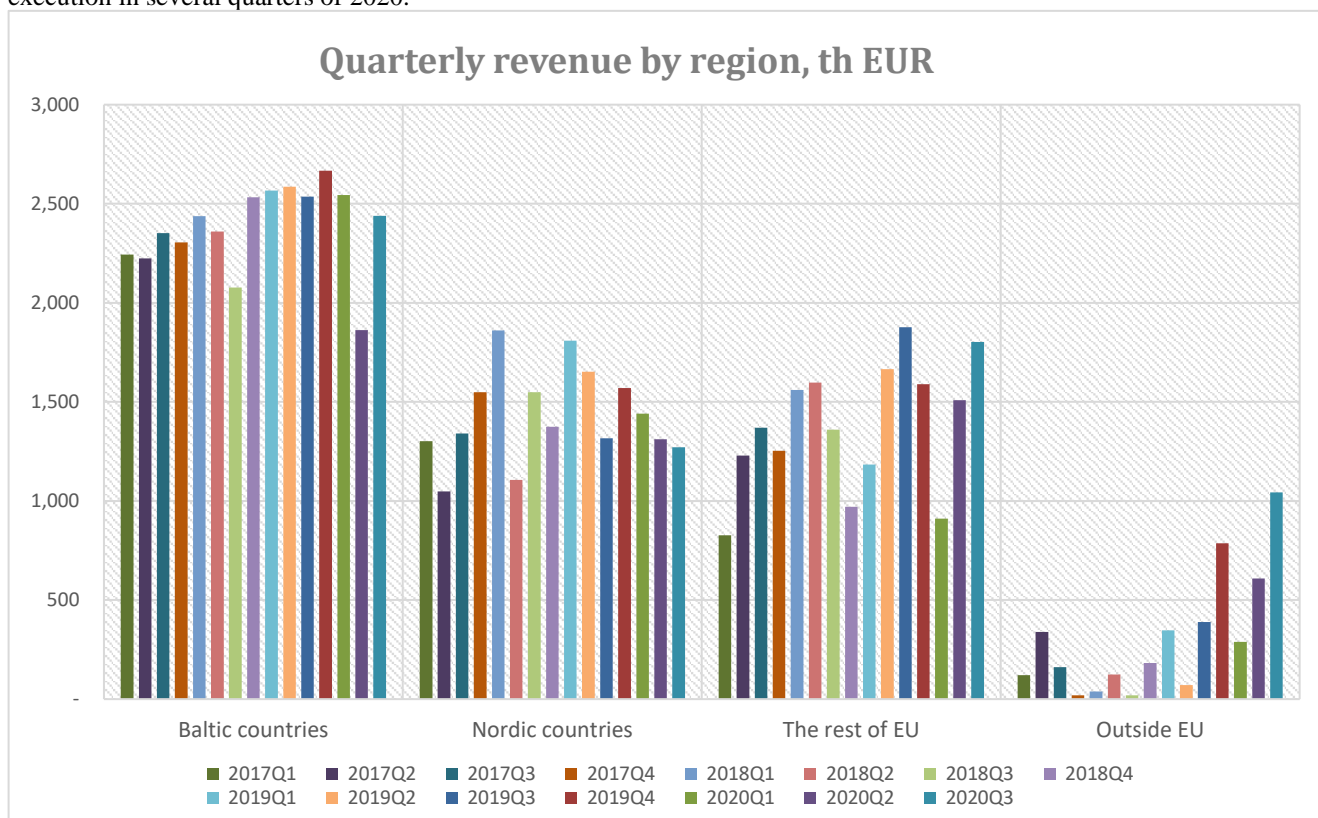
HansaMatrix management believes that COVID-19 situation greatest impact on the Company business volumes concentrated in the period from February, 2020 until May, 2020. Revenue forecasts for the future business volumes indicate certain improvements, nevertheless due to still quite unpredictable development of overall COVID-19 situation in the Baltics and globally HansaMatrix revenue going further could still be negatively influenced.

Quarterly revenue by market region results for 2020 Q3

During 2020 Q3 Baltic states continue to be the largest market region with 37% share of turnover. Nordic and other EU sales respectively reported 19% and 28% of total sales. HansaMatrix during 2020 Q3 continued to deliver also to customer locations outside EU. This market share in 2020 Q3 amounts to 16% of the total sales volume.

Sales dynamics of regions – Baltic sales were 4% down compared to 2019 Q3 but 31% up compared to 2020 Q2; Nordic sales were 4% down from 2019 Q3 and 3% down in comparison with 2020 Q2. Other EU region sales reported 4% decrease from 2019 Q3 but 19% increase from 2020 Q2. Outside EU deliveries increased significantly by 168% from 2019 Q3 and by 71% compared to 2020 Q2.

Quarterly sales on year on year basis have slightly contracted in the Baltic states, Nordic countries and other EU countries, however sales to other countries have increased significantly, mostly explained by the long-term manufacturing contract execution in several quarters of 2020.



Data table - Quarterly revenue by region, th EUR

Revenue, thEUR	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
Baltic countries	2 224	2 351	2 305	2 438	2 359	2 078	2 533
Nordic countries	1 048	1 341	1 548	1 861	1 106	1 549	1 375
The rest of EU	1 229	1 370	1 253	1 560	1 597	1 360	971
Outside EU	339	161	20	39	124	19	182
Total	4 839	5 222	5 126	5 898	5 188	5 005	5 061

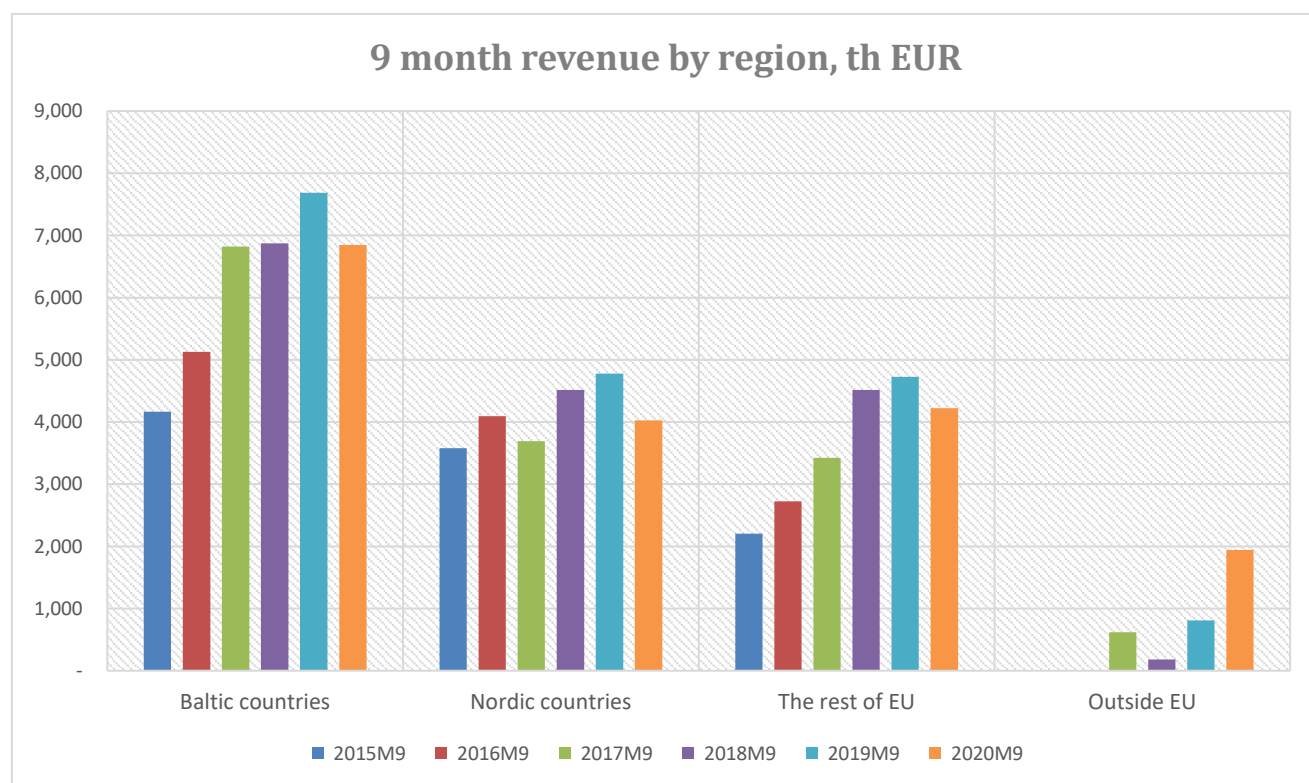
2019Q1	2019Q2	2019Q3	2019Q4	2020Q1	2020Q2	2020Q3
2 566	2 586	2 536	2 667	2 545	1 862	2 439
1 809	1 652	1 317	1 570	1 441	1 312	1 271
1 184	1 665	1 877	1 589	910	1508	1 802
348	71	389	786	288	608	1 043
5 908	5 973	6 118	6 612*	5 184	5 290	6 554

* - corrected (increased) by the sales amount to the extent of the costs incurred related to the work in progress as at the end of 2019, according to the Company accounting principles.

2020 9 month revenue by region results

During 2020 9m main sales drivers continue to be Baltic customers with 40% market share of sales. Nordic and other EU sales reported as 24% and 25% of total sales. Product deliveries to customer locations outside EU amounted to 11% of total sales in 2020 9m.

Sales dynamics of regions – Baltic sales were 11% down from 2019 9m. Nordic sales were 16% down from 2019 9m. Other EU sales were reported with 11% volume decrease from 2019 9m. Outside EU sales exhibited substantial 140% year on year growth.

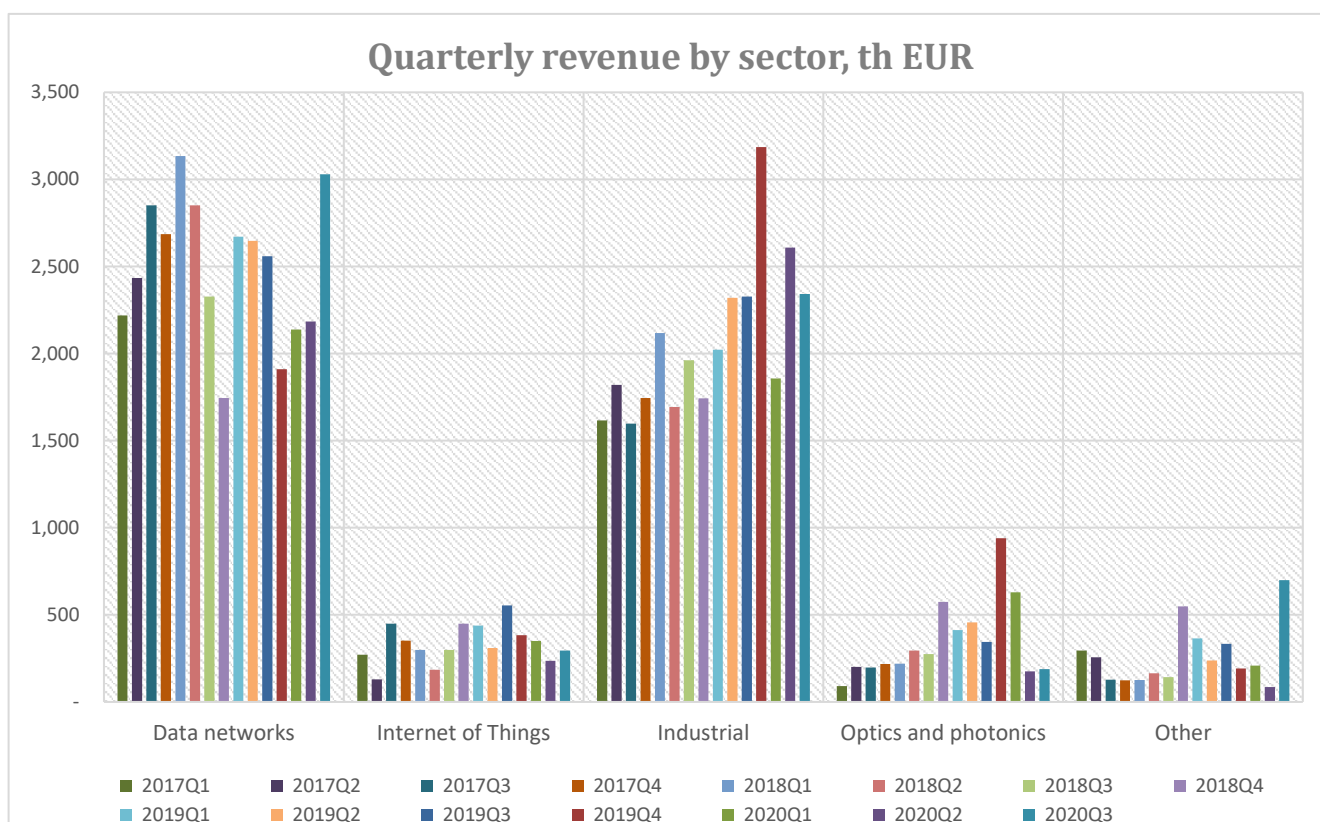


Quarterly revenue by market sector results for 2020 Q3

During 2020 9m data network product sales and industrial product sales were dominating sales drivers respectively with 46% and 36% sales market share. Optics and photonics sales amounted to 3%, Internet-of-things sales amounted to 5% and other products reported with 11% share.

2020 9m data network product sales show an increase by 18%; industrial sector product sales – increase by 1%; internet-of-things – decrease by 47%, optics and photonics products sales – decrease by 46% and other product sector – increase by 110% in comparison with 2019 Q3. Comparison with sales results with previous - 2020 Q2 demonstrates 39% increase in data networks; 10% decrease in industrial sector; increase of 25% in internet of things products; 7% increase in optics and photonics products and 722% increase in other product sector.

Quarterly sales on year on year basis increased in data networks and other product sectors, explained by growing demand in data networks sector due to the increased remote work and other remote connection necessities, related to COVID-19 situation and the long-term manufacturing contract, concluded in 2018, execution in Q3 2020.



Data table - quarterly revenue by market sector results for 2020 Q3

Revenue, thEUR	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
Data networks	2 434	2 852	2 685	3 134	2 851	2 327	1 737
Internet of Things	129	449	353	299	185	298	450
Industrial	1 820	1 597	1 746	2 118	1 693	1 962	1 744
Optics and photonics	201	197	218	220	294	276	575
Other	256	128	124	127	165	142	556
Total	4 839	5 222	5 126	5 898	5 188	5 005	5 061

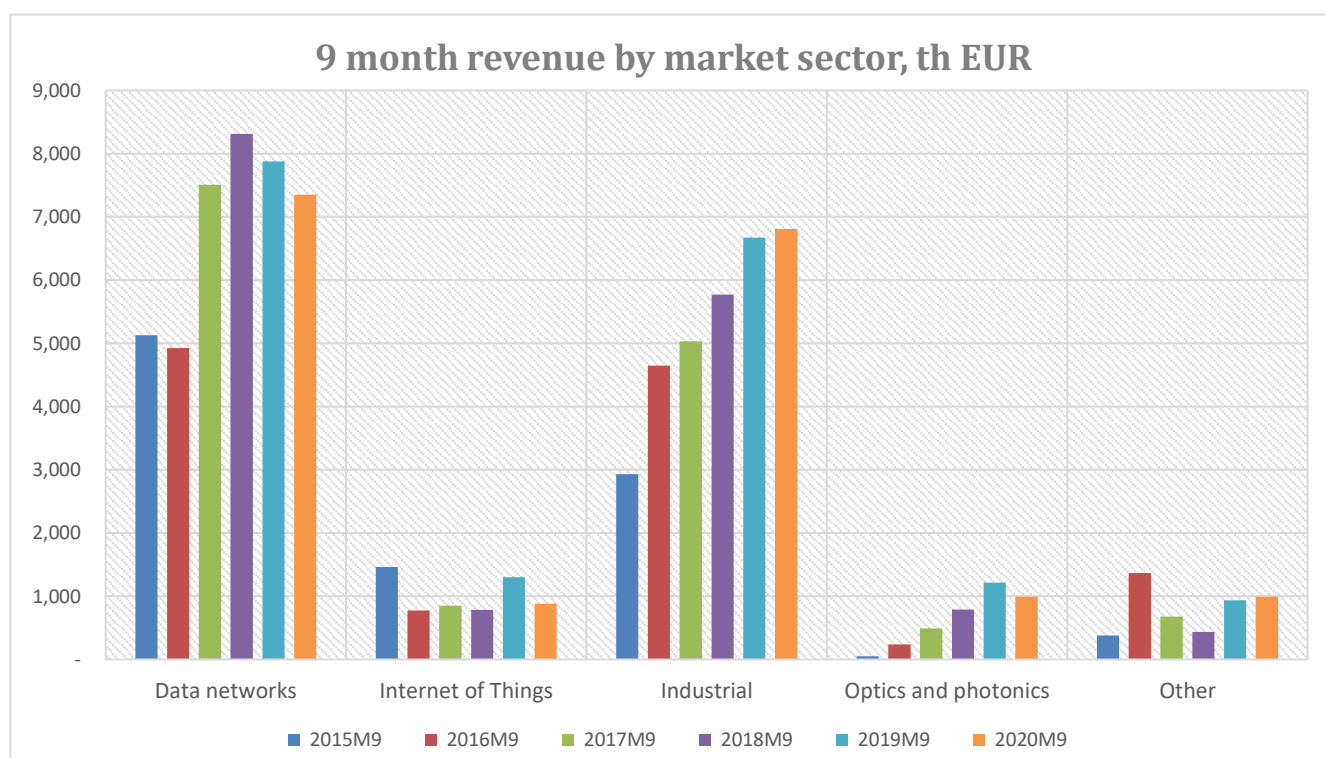
2019Q1	2019Q2	2019Q3	2019Q4	2020Q1	2020Q2	2020Q3
2 670	2 646	2 559	1 911	2 138	2 184	3 030
439	309	555	383	348	237	295
2 022	2 321	2 327	3 186	1 857	2 609	2 342
412	457	344	940	630	176	188
364	240	333	192	209	85	699
5 908	5 973	6 118	6 612*	5 184	5 290	6 554

* - corrected (increased) by the sales amount to the extent of the costs incurred related to the work in progress as at the end of 2019, according to the Company accounting principles.

2020 9 month revenue by market sector results

During 2020 9m main sales contributors continue to be data network products with 43% sales share and industrial product sales with 40% share in turnover. Internet of things product share in sales was 5%, optics and photonics products – 6% and other product share – 6%.

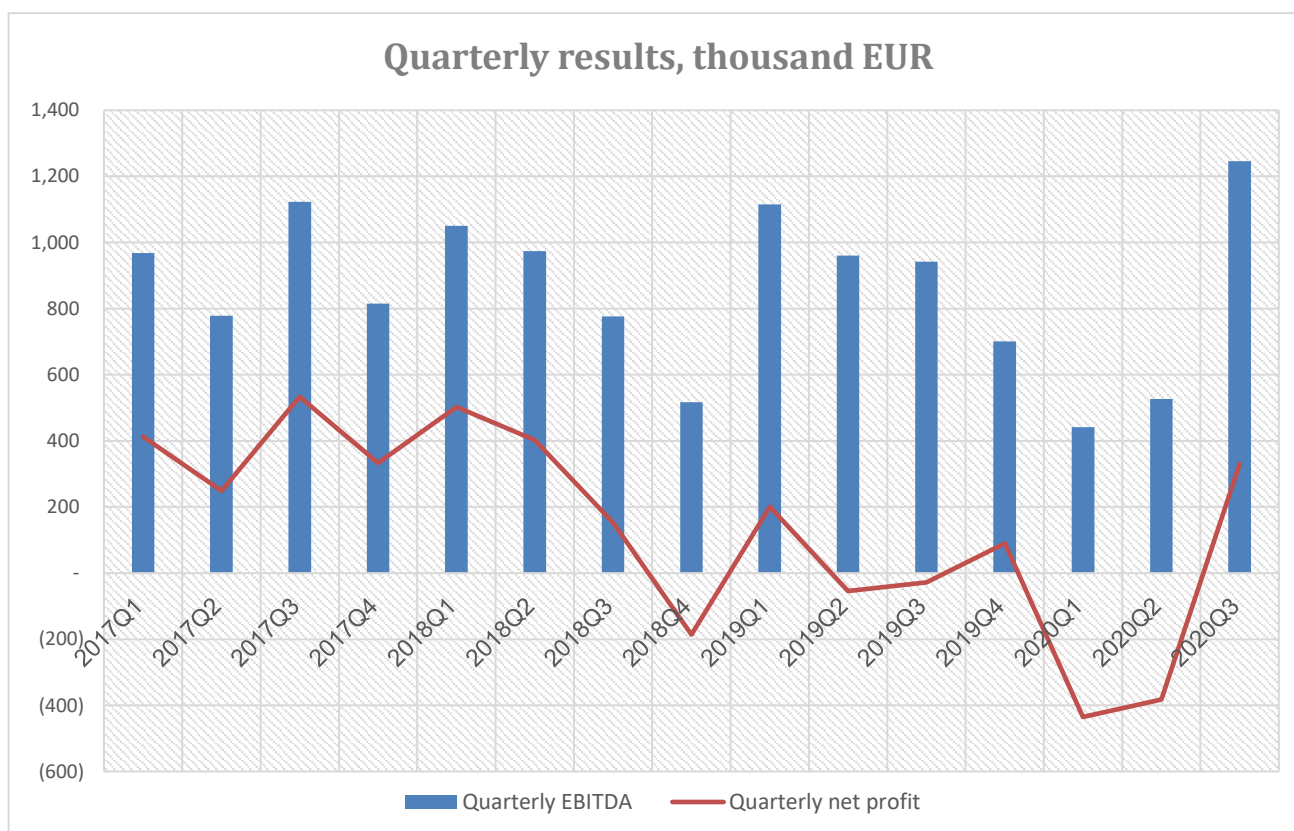
Sales dynamics of market segments – data network sales were 7% down from 2019 9m; industrial product sales were 2% up from 2019 9m; optics and photonics product sales were 18% down from 2019 9m. Internet of things product sales were 32% down from 2019 9m, other product sales reported 6% increase from 2019 9m.



Quarterly EBITDA and net profit results in 2020 Q3

In 2020 Q3 the Company reported the historically highest quarterly EBITDA result of 1.246 million EUR and operated with net profit result of 0.330 million EUR. The reported EBITDA result shows 32% increase in comparison with Q3 2019 and 137% increase compared to previous quarter of 2020 Q2. In Q3 2020 the Company reported net profit of 0.330 million EUR as compared to 2020 Q2 net loss of 0.383 million EUR. Quarterly results represent EBITDA margin of 19.02%.

High level of EBITDA margin and decent level of net profit margin in 2020 Q3 is explained by the growing demand in data networks sector due to the growth in remote connectivity necessity due to COVID-19 situation, by the increased proportion of the higher added value products manufactured in 2020 Q3 and also to some extent by the backlog order execution from Q2 2020 due to COVID-19 situation influencing the supply chain and component timely deliveries in 2020 Q2.



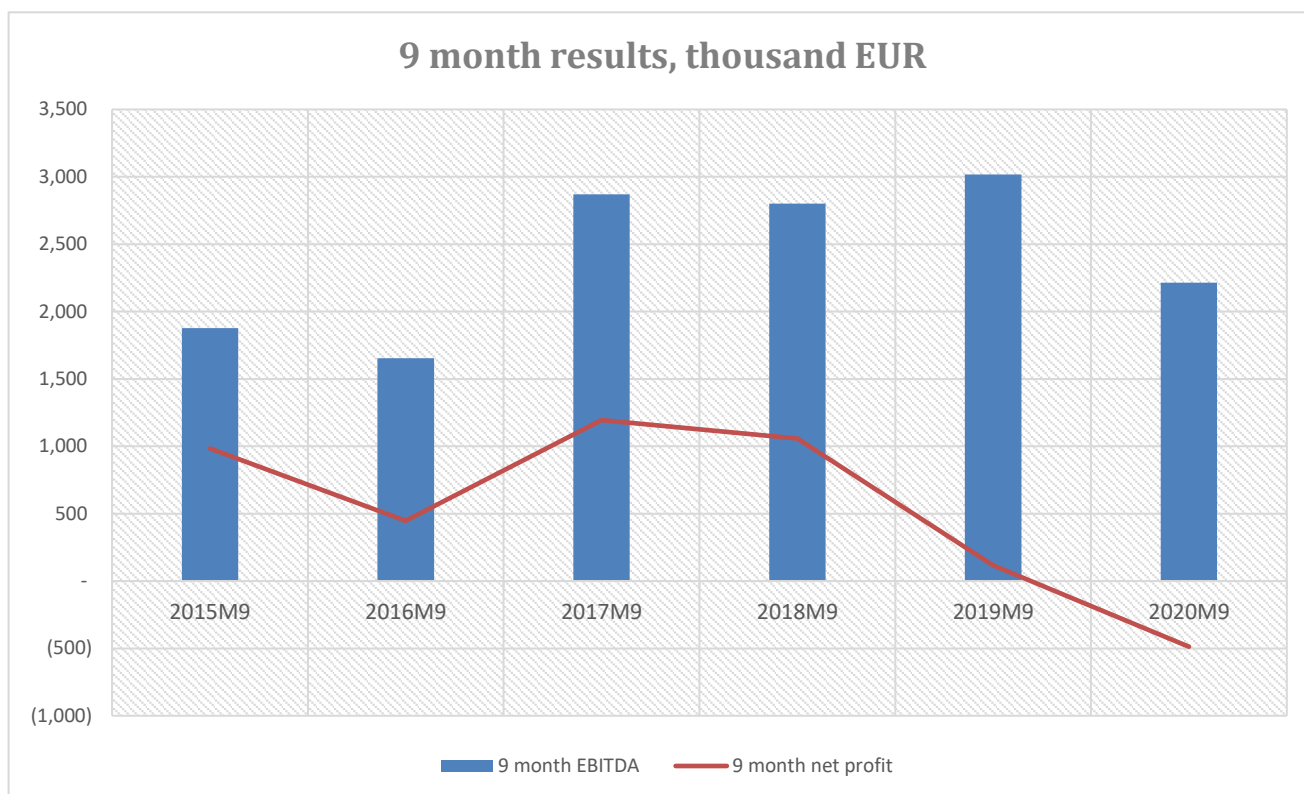
2020 9 month EBITDA and net profit results

During first 9 months of 2020 the Company reported EBITDA result of 2.214 million EUR and 9 month net loss result of 0.488 million EUR. The reported EBITDA result shows 27% decrease in comparison with 2019. In 9 months of 2020 the Company operated with a net loss, while in 9m 2019 the Company operated with net profit in amount of 0.118 million EUR respectively. Results represent 9 month EBITDA margin of 13%.

EBITDA and net profit in 2020 9m were influenced by COVID-19 global spread impacting and creating challenges in such business environment factors as personnel safety issues, supply chain disruptions, and transportation network disruptions. COVID-19 has influenced the Company performance already starting with the second half of January, 2020 when the virus gained momentum in China and Asia creating significant disruptions in the Company supply chain from this region.

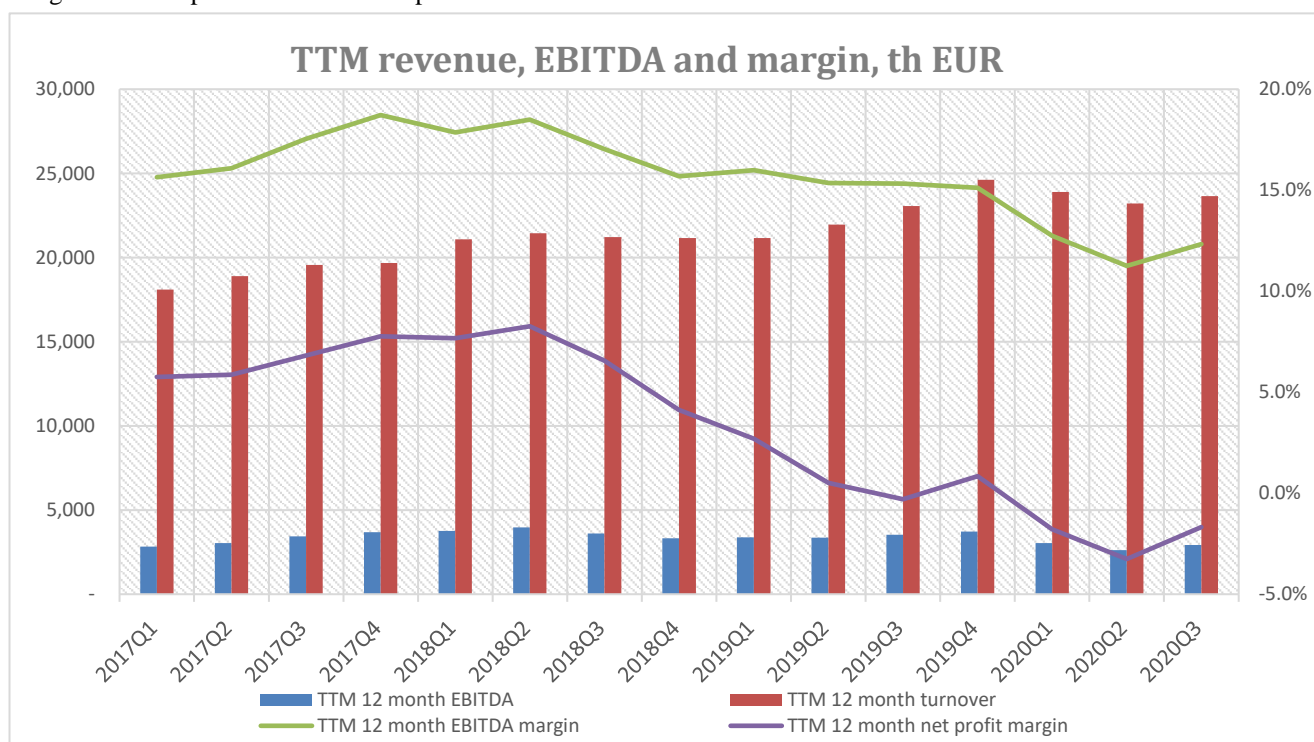
HansaMatrix management believes that COVID-19 situation greatest impact on the Company business volumes concentrated in the period from February, 2020 until May, 2020. The Company performed well in 2020 Q3 and revenue forecasts for the future business volumes indicate certain improvements, nevertheless due to still quite unpredictable development of overall COVID-19 situation in the Baltics and globally HansaMatrix revenue going further could still be negatively influenced.

In addition, in 2020 9m net profit margin is unfavorably influenced by the increased capital equipment depreciation due to recent sizeable investments, interest payments, where payment provisions for European Investment Bank financing is included and explained by the increased share of losses included in the consolidated financial statements from the associate companies due to increased ownership.



TTM (trailing twelve months) turnover, EBITDA and margin results in 2020 Q3

TTM – trailing 12 month period sales (period starting in October 1, 2019 and ending with September 30, 2020) at 2020 Q3 reached 23.640 million EUR, showing 3% increase compared to TTM sales for the period ended at 2019 Q3 and 2% increase compared to TTM sales for the period ended at 2020 Q2. EBITDA result for the TTM 12 month period reported to be 2.915 million EUR, a decrease of 18% in comparison with 12 month period ended at 2019 Q3 but 12% increase compared to TTM sales for the period ended at 2020 Q2. The TTM period resulted in a net loss of 0.397 million EUR. Averaged EBITDA margin for TTM period of 12.3% is reported.



Summary of financial indicators for 2020 Q3

The comparison of financial indicators for the periods of 2020 Q3 and 2020 9 months with the respective periods of 2019 are reported in the following exhibits:

Financial indicators for period	2020Q3	2019Q3	% to previous period
Sales, thousand EUR	6 554	6 118	7%
EBITDA, thousand EUR	1 246	942	32%
Net profit, thousand EUR	330	-28	
EBITDA margin	19%	15.4%	
Net profit margin	5%	-0.5%	
EPS, EUR	0.18	-0.02	

Financial indicators for period	2020 9m	2019 9m	% to previous period
Sales, thousand EUR	17 029	17 999	-5%
EBITDA, thousand EUR	2 214	3 018	-27%
Net profit, thousand EUR	-488	118	
EBITDA margin	13%	16.8%	
Net profit margin	-2.9%	0.7%	
EPS, EUR	-0.27	0.06	

Research and development

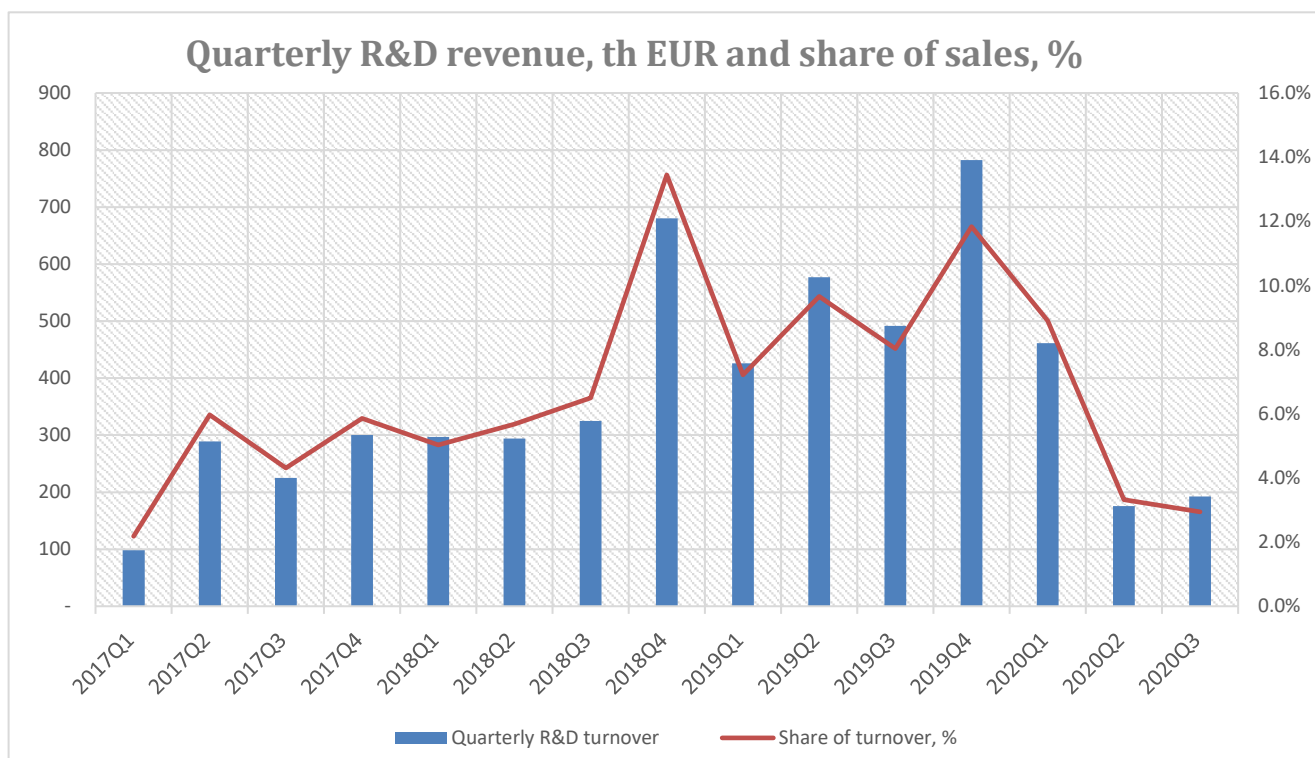
2020 Q3 R&D revenues decreased by 61% compared with 2019 Q3 R&D turnover but increased by 10% compared to the previous quarter Q2 2020 revenues, and are accounting for 2.9% share of Company's consolidated sales in 2020 Q3. R&D grant income has not been included in reported R&D sales figures. In Q3 2020 the Company continued to manufacture the high-tech optical devices and to work on R&D projects, however the volumes have been influenced by COVID-19 situation.

TTM – trailing twelve month period R&D turnover (period starting in October 1, 2019 and ending with September 30, 2020) at 2020 Q3 reported to be 1.612 million EUR, showing 26% decrease compared to TTM R&D turnover for the period ended at 2019 Q3 and 16% decrease compared to TTM sales for the period ended at 2020 Q2.

In 9m 2020 the Company accrued 162 thousand EUR (75 thousand in Q3 2020) income from EU funds related to R&D expenses of the Company and accrued 423 thousand EUR (25 thousand in Q3 2020) expenses in inventory (work in progress) for R&D revenue in the future periods that influence EBITDA and net profit in the reporting period.

In the reporting period HansaMatrix Innovation continued realization of Ministry of Education and Science managed applied research project: Project 1.1.1.1/18/A/179 "Development of a compact, high-brightness laser image projection system for application in volumetric 3D displays". The project is carried out in cooperation with 2 partners, SIA Lightspace Technologies and University of Latvia. The duration of the project is 24 months, starting on April 1st, 2019. The total planned cost of the project is 817 thousand EUR, consisting of 553 thousand EUR (67.7%) public ERDF funding and 237 thousand EUR (29%) private funding.

In the reporting period HansaMatrix Innovation on May 1, 2020 started realization of SIA LEO petijumu centrs and Ministry of Economics managed applied research project: Project 1.2.1.1/18/A/006 research No.1.2. "Development of electronics for multifocal augmented and virtual reality displays". The project is carried out in cooperation with one partner, SIA HansaMatrix Ventspils. The duration of the project is 19 months, starting on May 1st, 2020. The total planned costs of the project is 407 thousand EUR, consisting of 280 thousand EUR (68,75%) public ERDF funding and 127 thousand EUR (31,25%) private funding.



Data table - quarterly R&D revenue for 2020 Q3

Quarterly R&D revenue, thEUR	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3
Quarterly R&D turnover	289	225	300	297	294	325

2018Q4	2019Q1	2019Q2	2019Q3	2019Q4	2020Q1	2020Q2	2020Q3
680	426	577	492	782	461	176	193

Investment activities

During 2020 Q3 HansaMatrix made 295 thousand EUR investments and during 2020 9M 696 thousand EUR investments in production capacity increase, research instruments, test systems and development of new products.

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

Investments in subsidiaries

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

On September 25, 2020 HansaMatrix acquired 25.33% of SIA Zinātnes parks shares for 5 thousand EUR and SIA Zinātnes parks has become 100% HansaMatrix subsidiary.

During Q3 2020 HansaMatrix has provided additional 49 thousand EUR funds and during 9m 2020 in total 184 thousand EUR in form of convertible loan to its subsidiary – SIA Zinātnes parks, for land plot rental payments to VAS Starptautiskā lidosta Rīga, construction technical project development for industrial premises at Riga airport area and for loan repayments to AS SEB banka.

At the end of the reporting period, the total HansaMatrix investment amounted to 1 796 653 EUR, consisting of convertible loan in amount of 990 700 EUR and paid up capital 805 953 EUR.

Investment activities in associated companies

SIA Lightspace Technologies is 3D photonics and optical solutions company, the global technological leader in multi focal AR VR near eye displays and future glasses free3D image display technologies with main uses in medicine, defense, scientific visualization, entertainment, media and gaming.

In Q3 of 2020, HansaMatrix made investments in a form of convertible loan into SIA Lightspace Technologies in the amount of 20 thousand EUR. In 9m of 2020 the aggregate HansaMatrix investments into SIA Lightspace Technologies amounted to 493 thousand EUR in a form of convertible loan. At the end of the reporting period, the total HansaMatrix investment in SIA Lightspace Technologies amounted to 8 664 thousand EUR, consisting of convertible loan in amount of 4 954 thousand EUR and paid up capital in amount of 3 710 thousand EUR (paid up capital with accrued losses amounts to 2 061 thousand EUR).

Business development overview of associated company - LightSpace Technologies

LightSpace Technologies cross functional team at beginning of a year has accomplished AR headset project IG1000. First time to public it was shown at SPIE AR MR VR 2020 conference in San Francisco, February 3-4. In one hall with Microsoft Hololens 2, Magic Leap ML1 and several other leaders it demonstrated superior image quality.

What's different - IG1000 is first multi focal image headset been built with matched accommodation. So use of it does not create eye strain, brain stress and other symptoms associated with vergence accommodation conflict. Also it appears that quality of 3D visual objects seen by eyes are perfect to the smallest detail.

LightSpace has started several partnerships with 2 market leaders in Medicine and 2 Automotive companies and expects to launch market ready products for those sectors already in Year 2021.

LightSpace has set iG2000 on the commercialization path and planning to complete product design by end of 2020 and start industrialization and manufacturing later in the year 2021.

Multifocal image AR VR headsets has been considered as enabling requirement for near range 3D visualization in high performance 3D graphics, Digital and Smart manufacturing, Digital and Image guided medicine, training and simulations in realistic 3D environments.

LightSpace Technologies has won strong 4000 project competition in Horizon 2020 EIC accelerator program call focused on COVID-19 treatment initiatives with action "Next Generation Enhanced Augmented Reality 3D Glasses for medical education, pre-procedural planning, intra-procedural visualization, and patient rehabilitation — NGEAR 3D".

On July 28, 2020 HansaMatrix associated company LightSpace Technologies has signed Grant Agreement No 960828 with European

Commission to receive grant funding of 2.25 Million EUR from European Union's Horizon 2020 research and innovation programme.

Further up to 1.7 Million EUR equity investment by EIC Fund is expected to be signed and received by LightSpace Technologies as blended financing contribution.



Company has announced also invention of a technology suitable for development of multi focal consumer AR glasses.

LightSpace is a 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. Several key enabling technologies including liquid crystal materials that creates switching diffuser photonics devices invented by the company.



LightSpace Technology holds 5 global patents and has during last 24 months submitted 10 new patent applications (3 at this moment has been confirmed).

SIA LightSpace Technologies fully (100%) owns LightSpace Technologies Inc., Delaware (USA) Company and controlling majority of EUROLCDs, SIA shares (83.81%).

SIA Lightspace Technologies consolidated *) profit loss statement, EUR

	9m 2020 EUR	9m 2019 EUR
Net turnover	172 719	286 872
Cost of sales	(1 677 644)	(1 410 793)
Gross profit / (loss)	(1 504 925)	(1 123 921)
Distribution costs	(157 528)	(409 751)
Administrative expense	(245 444)	(154 146)
Other operating income	619 755	133 815
Other operating expense	(51 868)	(7 523)
Operating profit	(1 340 010)	(1 561 526)
Interest expenses	-	-
Profit / (loss) before tax	(1 340 823)	(1 561 526)
Corporate income tax	-	(765)
Net profit / (loss) for the period	(1 340 823)	(1 562 291)
Profit attributable to:		
Equity holders of the Parent Company	(1 234 978)	(1 455 317)
Non-controlling interest	(105 845)	(106 974)
	(1 340 823)	(1 562 291)

SIA Lightspace Technologies consolidated *) balance sheet, EUR

ASSETS	30.09.2020. EUR	31.12.2019. EUR
NON-CURRENT ASSETS		
Property, plant, equipment and other intangible assets	8 848 937	9 269 325
TOTAL NON-CURRENT ASSETS	8 848 937	9 269 325
CURRENT ASSETS		
Inventory	570 554	395 101
Receivables	547 316	469 913
Cash and cash equivalents	594 760	53 006
TOTAL CURRENT ASSETS	1 712 630	918 020
TOTAL ASSETS	10 561 567	10 187 345
EQUITY AND LIABILITIES	30.09.2020. EUR	31.12.2019. EUR
EQUITY		
Share capital	16 601	16 601
Share premium	5 025 712	5 025 712
Other reserves	1 568 972	1 568 748
Retained earnings/ (accumulated deficit)	(4 057 692)	(2,825,514)
Non-controlling interest	474 269	580 114
TOTAL EQUITY	3 027 862	4 365 661
LIABILITIES		
Non-current and current liabilities	7 533 705	5 821 684
TOTAL LIABILITIES	7 533 705	5 821 684
TOTAL EQUITY AND LIABILITIES	10 561 567	10 187 345

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

Shares and stock market

During 2020 Q3 HansaMatrix (HMX1R) share price increased by 2.17% - see the stock price movement chart for the period from July 1, 2020 to September 30, 2020.



During 2020 9m HansaMatrix (HMX1R) share price increased by 8.46% - see the stock price movement chart for the period from January 1, 2020 to September 30, 2020.



Security trading history

Price	2017	2018	2019	2020 9m
Open	7.95	8.14	6.5	6.5
High	8.83	8.5	6.65	7.2
Low	6.9	6.05	5.93	5.0
Last	8.14	6.5	6.25	7.05
Traded volume	72 941	137 505	32 591	24 781
Turnover, million	0.51 EUR	0.94 EUR	0.20 EUR	0.16 EUR
Capitalisation, million	14.89 EUR	11.89 EUR	11.43 EUR	12.90 EUR

In 9m 2020 the highest HansaMatrix (HMX1R) share price observed reached 7.2 EUR per share, lowest 5.00 EUR per share and the total traded share turnover in this period amounted to 0.16 million EUR.

Other significant events in the reporting period

The current developments regarding COVID-19 globally and in the Baltic states have influenced and could potentially further influence HansaMatrix business operations.

HansaMatrix management believes that COVID-19 situation greatest impact on the Company business volumes concentrated in the period from February, 2020 until May, 2020. The Company performed well in 2020 Q3 and revenue forecasts for the future business volumes indicate certain improvements, nevertheless due to still quite unpredictable development of overall COVID-19 situation in the Baltics and globally HansaMatrix revenue going further could still be negatively influenced.

HansaMatrix top priority is safety and security of its employees and continuation of the operations during COVID19 emergency situation period. As per report preparation date among the Group employees there are no infection cases. All business units operate at the available capacity.

HansaMatrix has a diversified supplier base. The Company has been in contact and discussed the developing COVID-19 situation with the key suppliers and logistics partners, all of which, located in the affected countries, are continuing the operations and are taking the virus spread and contraction precautionary measures. The electronic component supply chain disruptions due to coronavirus are expected to impact HansaMatrix manufacturing order execution, potentially shifting fulfillment times, and could increase component sourcing costs.

HansaMatrix continues to work closely with customers to better identify and understand the potential impact the COVID-19 situation may have on the manufacturing order book. Customers, located in the affected countries, are continuing the operations and are taking the virus spread and contraction precautionary measures. The manufacturing order volume can be influenced by potential decisions by businesses to postpone investments and by consumers to decrease expenditures and also by international travel restrictions preventing customers from promptly accepting the executed orders, which potentially can be mitigated by online solutions.

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

HansaMatrix on ongoing basis evaluates the necessity and suitability to utilize the available Latvian Republic government support mechanisms and programs for enterprises to minimize and overcome COVID-19 negative business impact.

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

HansaMatrix remains confident in the Group long-term prospects and growth strategy. However current COVID-19 “second wave” international travel restrictions, large-scale quarantines and social-distancing measures, implemented by many countries in Europe and worldwide could negatively influence business volumes and consumer spending going forward.

On July 28, 2020 HansaMatrix associated company LightSpace Technologies has signed Grant Agreement No 960828 with European Commission to receive grant funding of 2.25 Million EUR from European Union's Horizon 2020 research and innovation programme.

Further up to 1.7 Million EUR equity investment by EIC Fund is expected to be signed and received by LightSpace Technologies as blended financing contribution.

LightSpace Technologies has won strong 4000 project competition in Horizon 2020 EIC accelerator program call focused on COVID-19 treatment initiatives with action "Next Generation Enhanced Augmented Reality 3D Glasses for medical education, pre-procedural planning, intra-procedural visualization, and patient rehabilitation — NGEAR 3D".

On August 25, 2020 HansaMatrix changed and announced the new forecasted amount of consolidated revenue for 2020 to reach a range from 23 to 24 million EUR. Taking into account the increased business environment uncertainty due to COVID-19 situation, the Company provided only short-term revenue guidance.

November 20, 2020



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 June 30, 2020 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, 2019. 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.

November 20, 2020



Ilmārs Osmanis
Chairman of the Board



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim consolidated statement of comprehensive income

	2020 Q3 EUR	2019 Q3 EUR	2020 9m EUR	2019 9m EUR
Revenue from contracts with customers	6 554 139	6 118 110	17 028 592	17 999 337
Cost of sales	(5 565 824)	(5 304 918)	(15 323 353)	(15 459 056)
Gross profit	988 315	813 192	1 705 239	2 540 281
Distribution costs	(120 302)	(127 096)	(353 078)	(382 392)
Administrative expense	(459 801)	(439 532)	(1 386 810)	(1 317 990)
Other operating income	245 340	122 630	499 123	367 838
Other operating expense	(13 150)	(93 031)	(71 045)	(172 543)
Operating profit	640 402	276 163	393 429	1 035 194
Loss from investments in associates	(164 166)	(177 804)	(493 868)	(575 526)
Finance income	2 587	6 371	7 704	30 010
Finance costs	(148 684)	(133 152)	(394 851)	(371 981)
Profit before tax	330 139	(28 422)	(487 586)	117 697
Corporate income tax	-	-	-	-
Net profit for the reporting period	330 139	(28 422)	(487 586)	117 697
Other comprehensive income:	-	-	-	-
Total comprehensive income for the year, net of tax	330 139	(28 422)	(487 586)	117 697
Comprehensive income attributable to:				
Equity holders of the Parent Company	329 184	(28 422)	(487 586)	117 697
Non-controlling interests	955	-	-	-
	330 139	(28 422)	(487 586)	117 697

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

November 20, 2020

Ilmārs Osmanis
Chairman of the Board

Interim consolidated statement of financial position

ASSETS	30.09.2020.	31.12.2019
NON-CURRENT ASSETS	EUR	EUR
Intangible assets		
ODM assets	310 475	309 998
Other intangible assets	568 097	489 647
Goodwill	347 460	360 653
Total intangible assets	1 226 032	1 160 298
Property, plant and equipment		
Land and building	3 463 188	3 595 233
Equipment and machinery	4 362 558	4 826 532
Other fixtures and fittings, tools and equipment	641 795	702 687
Right of use asset	2 384 890	2 656 938
Leasehold improvements	18 585	65 660
Construction in progress	2 400 161	2 295 463
Total property, plant and equipment	13 271 177	14 142 513
Non-current financial assets		
Investments in associates	2 061 130	2 554 998
Investments in other companies	42 086	37 754
Other investment loans	4 953 946	4 461 446
Other financial assets	80 837	84 078
Other non-current receivables	44 941	63 709
Total non-current financial assets	7 182 940	7 201 985
TOTAL NON-CURRENT ASSETS	21 680 149	22 504 796
CURRENT ASSETS		
Inventories		
Raw materials and consumables	2 375 863	3 051 606
Work in progress	2 024 778	-
Finished goods	211 296	-
Total inventories	4 611 937	3 051 606
Receivables, contract assets and prepayments		
Trade receivables from contracts with customers	525 684	957 492
Prepayments for goods	64 000	50 117
Loan to shareholder	549 297	540 133
Prepaid expense	26 508	50 736
Corporate income tax	344	685
Contract assets	-	2 022 550
Other receivables	284 745	379 047
Total receivables, contract assets and prepayments	1 450 578	4 000 760
Cash and cash equivalents	131 575	254 480
TOTAL CURRENT ASSETS	6 194 090	7 306 846
TOTAL ASSETS	27 874 239	29 811 642

*Available unused credit line


641 444 EUR

*Available unused factoring limit

1 143 694 EUR

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


November 20, 2020


 Ilmārs Osmanis
 Chairman of the Board

Interim consolidated statement of financial position**EQUITY AND LIABILITIES**

	30.09.2020.	31.12.2019.
EQUITY	EUR	EUR
Share capital	1 829 381	1 829 381
Share premium	2 435 579	2 435 579
Reserves	926	688
Non-current asset revaluation reserve	1 945 878	2 038 647
Retained earnings/ (accumulated loss):		
a) brought forward	2 816 691	2 392 385
b) for the period	(487 586)	214 490
Minority share	-	117 047
TOTAL EQUITY	8 540 869	9 028 217
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	7 921 500	7 930 600
Lease liabilities	1 475 418	1 729 235
Other financial liabilities	1 345 930	1 345 930
Prepayments received from customers (Contract liabilities)	-	149 845
Deferred income	946 083	1 022 466
Total non-current liabilities	11 688 931	12 178 076
Current liabilities		
Loans from credit institutions	1 519 322	1 874 479
Lease liabilities	791 291	826 058
Prepayments received under contracts with customers	1 004 650	1 042 633
Trade payables	2 655 201	3 724 298
Taxes payable	900 822	558 704
Corporate income tax	40	809
Other liabilities	264 655	239 734
Deferred income	101 845	101 845
Accrued liabilities	406 613	236 789
Total current liabilities	7 644 439	8 605 349
TOTAL LIABILITIES	19 333 370	20 783 425
TOTAL EQUITY AND LIABILITIES	27 874 239	29 811 642

The accompanying notes form an integral part of these financial statements.
November 20, 2020


 Ilmars Osmanis
 Chairman of the Board

Interim consolidated statement of cash flow

	2020 Q3 EUR	2019 Q3 EUR	2020 9m EUR	2019 9m EUR
Cash flows to/ from operating activities				
Profit before tax	330 139	(28 422)	(487 586)	117 697
Adjustments for:				
Depreciation and amortization	605 869	707 812	1 820 585	2 046 119
Interest expense	89 154	116 846	197 204	344 798
Interest income	(2 587)	(6 371)	(7 704)	(30 011)
Decrease in allowances for slow-moving items and receivables	(15 893)	(48 075)	(17 588)	26 127
Income from grant recognition	(25 461)	(42 394)	(76 384)	(127 183)
Gain on disposal of property, plant and equipment	-	-	20	(1 034)
Group's share of loss of an associate recognized in the statement of comprehensive income	164 166	177 804	493 868	575 526
Adjustments for:				
(Increase)/ decrease in inventories	821 085	(714 659)	462 219	(2 063 323)
(Increase)/ decrease in receivables	65 566	(103 934)	545 221	(291 158)
Increase/ (decrease) in payables	(1 755 363)	414 890	(901 891)	1 397 277
Cash generated from operations, gross	276 675	473 497	2 027 964	1 994 835
Interest paid	(89 154)	(116 846)	(197 204)	(344 798)
Corporate income tax paid	-	-	-	-
Net cash flows to/ from operating activities	187 521	356 651	1 830 760	1 650 037
Cash flows to/ from investing activities				
Purchase of intangible assets and property, plant and equipment	(295 399)	(264 638)	(725 605)	(2 315 155)
Proceeds from sale of property, plant and equipment	6 850	-	6 850	50 179
Changes in IFRS 16 values	2 431	-	2 431	-
Investments in and loans to other companies	(21 365)	1 115 651	(493 865)	(1 456 951)
Net cash flows to/ from investing activities	(307 483)	(851 013)	(1 210 189)	(3 721 927)
Cash flows to/ from financing activities				
Dividends paid	-	-	-	(73 175)
Loans received from credit institutions	642 064	-	1 384 203	1 939 436
Loans repaid to credit institutions	(583 508)	(643 598)	(1 961 092)	(1 606 385)
Loans from lease companies	27 162	-	33 586	172 934
Loans repaid to lease companies	(66 769)	(57 129)	(200 173)	(167 013)
Net cash flows to/ from financing activities	18 949	(700 727)	(743 476)	265 797
Change in cash and cash equivalents for the year	(101 013)	506 937	(122 905)	(1 806 093)
Cash and cash equivalents at the beginning of the year	232 588	63 751	254 480	2 376 781
Cash and cash equivalents at the end of the year	131 575	570 688	131 575	570 688

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

Interim consolidated statement of changes in equity

	Share capital	Share premium	Reserves	Non-current asset revaluation reserve	Retained earnings/ (accumulated loss)	Non- controlling interest	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 31 December 2018	1 829 381	2 435 579	1 324	2 162 339	2 341 868	-	8 770 491
Profit for the reporting year	-	-	-	-	214 490	(6 602)	207 888
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	214 490	(6 602)	207 888
Depreciation of revalued items of property, plant and equipment	-	-	-	(123 692)	123 692	-	-
Share option reserves	-	-	(636)	-	-	-	(636)
Dividends paid	-	-	-	-	(73 175)	-	(73 175)
Aquisition of subsidiary	-	-	-	-	-	123 649	123 649
Balance as at 31 December 2019	1 829 381	2 435 579	688	2 038 647	2 606 875	117 047	9 028 217
Profit for the reporting year	-	-	-	-	(487 586)	-	(487 586)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(487 586)	-	(487 586)
Depreciation of revalued items of property, plant and equipment	-	-	-	(92 769)	92 769	-	-
Share option reserves	-	-	238	-	-	-	238
Minority share	-	-	-	-	117 047	(117 047)	-
Dividends paid	-	-	-	-	-	-	-
Balance as at 30 September 2020	1 829 381	2 435 579	926	1 945 878	2 329 105	-	8 540 869

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 2020 through 30 September 2020.

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 2019. The Group has evaluated new and amended IFRSs and IFRICs effective for annual periods beginning on or after 1 January 2019 and has applied IFRS 16 standard Leases in relation to the annual period, starting with January 1, 2019.

IFRS 16 standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged.

HansaMatrix applies IFRS 16 Leases for annual periods beginning on or after 1 January 2019. IFRS 16 was adopted applying the modified retrospective approach. Under this approach, the cumulative effect of initially applying IFRS 16 is recognized as an adjustment to equity at the date of initial application. (The standard also requires revising the leases signed before 1 January 2019, only allowing for not reassessing the compliance of the contract with the lease definition and not applying the standard to the leases expiring in 2019.) The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Group applied the available practical expedients wherein it:

1. Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
2. Relied on its assessment of whether leases are onerous immediately before the date of initial application;
3. Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
4. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;
5. Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Within the meaning of IFRS 16, a lease can be recognized if there is an identified asset and if the customer has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use.

First, a lease liability is measured at the present value of all contractual future lease payments discounted using the interest rate implicit in the lease (or similar borrowing rate). Lease liabilities are recognized as any other liabilities. The right-of-use assets for all leases were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. A right-of-use asset is recognized under property, plant and equipment.

A right-of-use asset is depreciated and tested for impairment as any other long-term asset owned by the entity. When discounting is used, interest expense on the lease liability is recognized.

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		Amount of transactions		Balance	
			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
1. Associates						
SIA Lightspace Technologies (AS HansaMatrix share: 49%)	Loan	31.12.2019	2 007 323	-	4 461 446	-
		30.09.2020	492 500	-	4 953 946	-
	Services, purchase of materials, sales	31.12.2019	4 378	690	1 020	690
		30.09.2020	3 962	172	-	142
	TOTAL	31.12.2019	2 011 701	690	4 462 466	690
	TOTAL	30.09.2020	496 462	172	4 953 946	142
2. Entities with significant influence over the Parent Company						
SIA MACRO RĪGA (shareholder)	Loans	31.12.2019	32 585	-	540 133	-
		30.09.2020	7 704	-	549 297	-
	Purchase of services; sale of materials	31.12.2019	-	-	-	-
		30.09.2020	-	-	-	-
	TOTAL	31.12.2019	32 585	-	540 133	-
	TOTAL	30.09.2020	7 704	-	549 297	-
3. Other related companies						
	Services, purchase of materials, sales	31.12.2019	9 257	10 089	-	720
		30.09.2020	-	2 203	-	-
	TOTAL	31.12.2019	9 257	10 089	-	720
	TOTAL	30.09.2020	-	2 203	-	-

5. EBITDA calculation

Item:	2020	2019	2020	2019
	Q3	Q3	9m	9m
	EUR	EUR	EUR	EUR
NET sales	6 554 139	6 118 110	17 028 592	17 999 337
Operating profit	640 402	276 163	393 429	1 035 194
Depreciation and amortization	605 869	707 812	1 820 585	2 046 119
EBITDA, EUR	1 246 271	983 975	2 214 014	3 081 313
EBITDA, %	19%	16%	13%	17%

6. Dividends paid and proposed

The planned Annual General Meeting of HansaMatrix shareholders on May 22, 2020 proposed agenda included year 2019 profit distribution item. Taking into account COVID-19 situation global developments and high uncertainty of the economic environment, it was proposed and approved by the shareholders not to distribute dividends and leave all net profit of financial year 2019 undistributed to increase the retained earnings.

7. Definitions of Alternative Performance Measures

APM, definition, components	Relates to past or future reporting periods	APM usefulness	The Group uses APM for
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
EBIT margin: EBIT/ Revenue	Past	Shows the proportion of revenues that are available to cover non-operating costs.	Profitability assessment
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
EBITDA margin: EBITA/ Revenue	Past	Shows the entity's ability to generate operating cash flows	Profitability assessment
Net profit margin: Normalized earnings / Revenue	Past	Shows the entity's earning capacity	Profitability assessment