



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

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE 3 MONTH PERIOD ENDED MARCH 31, 2021**

Prepared in accordance with
IAS 34 Interim Financial Reporting

Riga, 2021

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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, July 30, 1999
Registration date with the Commercial Register	December 27, 2002
Registered office	Akmeņu iela 72, Ogre, Latvia, LV-5001
Shareholders (over 5%) as of March 31, 2021	SIA Macro Rīga (34.08%) ZGI-4 AIF KS (15.06%) SWEDBANK AS CLIENTS ACCOUNT (14.23%) 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 Ventspils (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 2021
Interim reporting period	1st January – 31st March 2021

Management Board

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

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

As of the date of the preparation of these financial statements Parent Company's Management Board is composed of three persons consisting of Chairman of the Management Board and two Management Board Members.

On March 22, 2021 the Parent Company has announced CEO change process in the course of the second quarter 2021 by appointing Jānis Sams, Chief Operating Officer and Management Board member to the position of Chief Executive Officer, pending all regulatory requirements.



Ilmārs Osmanis

Ilmārs Osmanis is the Chairman of the Management Board and the CEO of the Parent Company

Date appointed: 30 December 2015

During Q2 2021 Ilmars Osmanis will step down from CEO position.

Positions held in other companies:

- Zinātnes parks, SIA – Chairman of the Management Board
- Macro Rīga, SIA – Management Board Member
- Lightspace Technologies, SIA – Chairman of the Management Board
- LEO Pētījumu centrs, SIA – Council Member
- LEITC, SIA – Council Member
- Latvian Electrical Engineering and Electronics Industry Association – Management Board Member
- Eurolcds, SIA – Management Board Member

Owned shares:

- directly: 0
- indirectly (through SIA, Macro Rīga): 623 521 shares (34.08%)

Owned employee share options: 2400 (as of May 14, 2021)

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 component's distribution business in the Baltic countries, a business that was subsequently successfully sold. During the last fifteen years, Ilmārs Osmanis, who created the Group, served as its CEO. The Group 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 Group in 2014 and listed HansaMatrix on Nasdaq Baltic main list at 2016.

**Jānis Sams**

Jānis Sams is a Member of the Management Board of the Parent Company and the Chief Operational Officer of the Group

Date appointed: 08 December 2020

Positions held in other companies:

- HansaMatrix Pārogre, SIA – Management Board Member
- HansaMatrix Ventspils, SIA – Management Board Member
- Latvian Electrical Engineering and Electronics Industry Association – Management Board Member
- Lightspace technologies, SIA – Council member

Owned shares: 0

Owned employee share options: 0

Participation in other companies: no participations

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

**Māris Macijevskis**

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

Date appointed: 16 February 2018

Positions held in other companies:

- Zinātnes parks, SIA – Management Board Member
- HansaMatrix Innovation, SIA – Management Board Member
- IQ Capital, SIA – Management Board Member
- Latvian Squash Federation – Chairman of the Management Board
- FTG, SIA – Management Board Member

Owned shares: 300

Owned employee share options: 3500 (as of May 14, 2021)

Participation in other companies:

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

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

Changes to the Parent Company's Management Board:

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

Supervisory Board

The Supervisory Board of the Parent Company is a collegial body exercising supervision over key activities of the Group and, where appropriate, decision making by the Management Board. As of the date of this statement, the Supervisory Board of the Parent 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 these financial statements the Parent 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 Parent 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:

- RIGA EVANGELICAL PARISH – Chairman of the Management Board;
- TechHub Riga, foundation – Management Board Member
- KBZ, SIA – Chairman of the Management Board
- TechChill, foundation – Management Board Member
- Sonarworks, SIA – Council Member
- Nordigen Solutions, SIA – Chairman of the Management Board

Participation in other companies:

- KBZ, SIA (100%)
- 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 Igolnieks

Normunds Igolnieks is a member of the Supervisory Board of the Parent 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:

- KOOL LATVIJA, SIA - Council Member
- Mārupes Metālserviss, AS – Chairman of Council
- ZGI Capital, SIA – Chairman of the Management Board
- I factor, SIA – Management Board Member

Participation in companies:

- ZGI Capital, SIA (26%)
- I factor, SIA (100%)

- KOOL CONSTRUCTION, SIA (beneficial owner)

Since 2011 Normunds Igolnieks 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. Igolnieks 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 Parent 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 – Council Member
- i-bloom, SIA – Management Board Member
- PN Project, AS – Council 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 Piens 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 Parent 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 – Management Board Member
- UPRENT group. SIA – Council Member
- Vika Wood, SIA – Council Member
- BaltCap AIFP SIA – Chairman of the Board
- SOLVINA SIA – Management Board Member
- Latvian Capital Ventures SIA – Management Board Member
- Coffee Address Holding, SIA – Council Member

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.

Baiba Anda Rubesa

Baiba Anda Rubesa is a member of the Supervisory Board of the Parent 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:

- Stockholm School of Economics, Riga, foundation – Management Board Member
- Novatore, SIA – Management Board Member
- RF Factor, – Management Board Member
- Coffee Address Holding, SIA – Council Member

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 Parent 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 Parent Company's Supervisory Board:

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

Major shareholders

As at March 31, 2021 (end of the day), the following were the major shareholders of the Parent Company:

Major shareholders (over 5%)	Owned shares	Ownership interest
SIA Macro Rīga	623521	34.08%
ZGI-4 AIF KS	275562	15.06%
SWEDBANK AS CLIENTS ACCOUNT	260261	14.23%
KS BaltCap Latvia Venture Capital Fund	182000	9.95%
KS FlyCap Investment Fund I AIF	175738	9.61%
IPAS CBL Asset Management managed funds	120000	6.56%
Swedbank Ieguldījumu pārvaldes sabiedrība AS managed funds	93369	5.10%
Other shareholders (under 5%)	98930	5.41%
TOTAL:	1 829 381	100.00%



MANAGEMENT REPORT

General information

The joint stock company HansaMatrix (hereinafter – the Parent company) is a leading Baltic electronic system product developer and manufacturer, listed on the Nasdaq Baltic Main List, together with its following 100% subsidiaries: SIA HansaMatrix Pārogre, SIA HansaMatrix Ventspils, SIA HansaMatrix Innovation and SIA Zinātnes parks (hereinafter – HansaMatrix or the Group) actively operate in industrial systems, data network infrastructure, the Internet of Things, medical and several other high added value B2B (business-to-business) market sectors. HansaMatrix advances knowledge-based business, product development competencies, engineering teams and an innovation platform for future business development. The Group has 21-years of experience in electronics manufacturing and its business mission is to develop global technology products and to assist its customers be competitive on global markets.

Business environment

During Q1 2021 the COVID-19 situation has been worsening in Latvia and EU – according to European Centre for Disease Prevention and Control the total weekly number of new confirmed cases of COVID-19 in EU/EEA has grown, however as vaccination programs are being rolled out in EU in the weeks following Q1 2021 up to the week 17 of 2021 this indicator has exhibited a positive decreasing trend.

At end of Q1 2021 vaccination level of population in Latvia was still very low and COVID-19 situation remained challenging and personnel safety issues, supply chain disruptions, and customer demand weakening are still the factors that influenced the business performance of the Group in Q1 2021.

The demand from data transmission network market sector along with telecom network products continues to experience strong growth, resulting in strong production order book of data network products. The deficit of semiconductor manufacturing capacity is continuing to play major role in holding back business development still resulting in increased lead time to majority of semiconductor components used in manufacturing of electronic systems. In Q1 2021 the Group has experienced few cases of deficit that required to partially stop manufacturing process for short, partial, 1...2 week standby.

Forward looking 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. It needs to be expected that during next 6-9 months infection situation still 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.

Finance results brief summary

During the first quarter (Q1 further in document) of 2021 the Group reported revenue from contracts with customers (hereinafter – revenue, turnover or sales) of 5.828 million EUR, representing increase by 12% in comparison to the same period of 2020. The 2021 Q1 sales results showed 5% sales volume increase in comparison with previous quarter – 2020 Q4.

During 2021 Q1 the Group reported quarterly EBITDA result of 1.241 million EUR and operated with net profit result of 0.045 million EUR. The reported EBITDA result shows 181% increase in comparison with Q1 2020 and 43% increase compared to previous quarter of 2020 Q4. In Q1 2021 the Group reported net profit 0.045 million EUR as compared to net loss of 0.435 million in 2020 Q1. Quarterly results represent EBITDA margin of 21.29% and net profit margin of 0.77%.

Q1 2021 achieved EBITDA result and high level of EBITDA margin in Q1 2021 is explained by the increased proportion of higher value-added products in the manufactured product mix in the reporting period. In Q1 2021 the Group carried out revaluation of fair value of warrants issued in relation to European Investment Bank (EIB) Financing contract in amount of 0.209 million EUR due to increasing average weighted HansaMatrix stock market price in Q1 2021, which decreased net profit in the reporting period.

At the beginning of 2021 COVID-19 situation deterioration was observed, however at the same time the positive market trend continued - increased demand in the data network and medical device sectors. In Q1 2021 the semiconductor component deficit situation in the market continued, which to a certain, comparably limited extent impeded the business development in Q1 2021 and may have an impact on the execution times of production orders in the coming quarters of 2021.

HansaMatrix R&D business activities have been mostly concentrated on providing R&D services and manufacturing services to the associated company LightSpace technologies and also include manufacturing services provided to third parties related to high-tech optical devices in optics and photonics sector. Starting with Q1 2021 the Group stops separately reporting the R&D revenue as R&D services will be provided complimentary to the core business of Electronic Manufacturing Services and are not expected to constitute substantial part of the total Group revenue.

TTM – trailing twelve-month period sales (period starting in April 1, 2020 and ending with March 31, 2021) at 2021 Q1 reached 23.233 million EUR, showing 3% decrease compared to TTM sales for the period ended at 2020 Q1 but 3% increase compared to TTM sales for the period ended at 2020 Q4. EBITDA result for the TTM 12-month period reported to be 3.881 million EUR, an increase of 26% in comparison with 12-month period ended at 2020 Q1 and also 26% increase compared to TTM sales for the period ended at 2020 Q4. The TTM period resulted in a net loss of 0.071 million EUR. Averaged EBITDA margin for TTM period of 16.71% is reported.

Key Growth and Financial Ratios

As at 31 December 2020, the Group's compound annual growth rate (CAGR) for the last five years was 6%, while EBITDA over the same period has demonstrated the compound annual growth of 7%. Year 2020 financial results were significantly influenced by COVID-19 global pandemic situation as described in more detail in the exposure to risks and uncertainties section of this report.

In Q1 2021 revenue of the Group increased 12% and EBITDA increased by 181%, compared to Q1 2020.

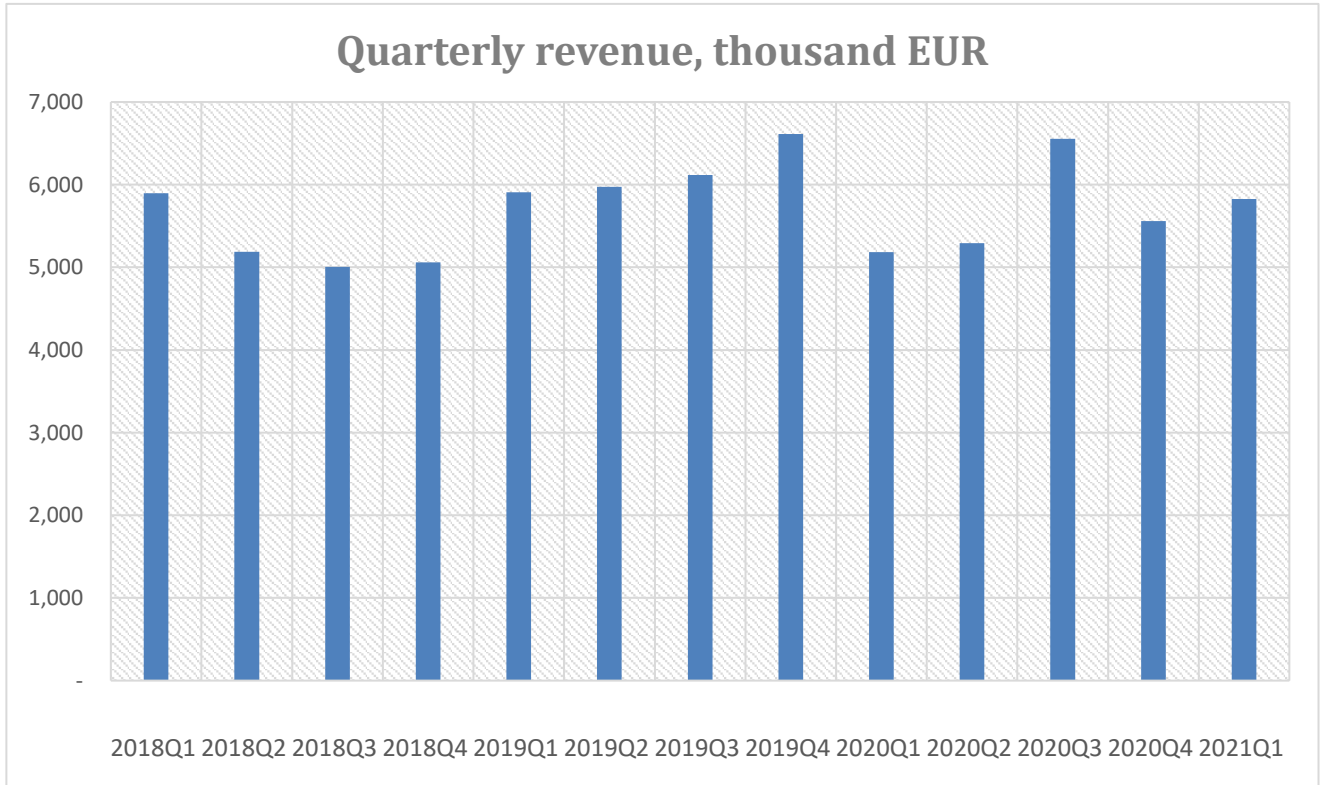
Ratios are explained in the Note "Definitions of alternative performance measures" under the section "Other notes to the financial statements".

Ratio, EUR'000	2016	2017	2018	2019	2020Q1	2020	2021Q1	CAGR
Revenue	16 961	19 649	21 587	24 611	5 184	22 589	5 828	6%
EBIT (operating profit)	783	1 877	1 395	1 316	-173	703	591	-2%
EBIT (operating profit) margin	4.62%	9.55%	6.46%	5.35%	-3.34%	3.11%	10.15%	
EBITDA	2 215	3 660	3 259	3 719	441	3 081	1 241	7%
EBITDA margin	13.06%	18.63%	15.10%	15.11%	8.51%	13.64%	21.29%	
Normalized earnings	551	1 228	781	208	-435	-552	45	
Net profit margin	3.25%	6.25%	3.62%	0.84%	-8.39%	-2.44%	0.77%	
ROA	3.49%	6.58%	3.08%	0.70%		-1.91%		
ROE	10.06%	15.09%	8.91%	2.30%		-6.51%		
Liquidity ratio	0.91	0.69	1.02	0.85		0.79		
Return on Capital Employed (ROCE)	5.16%	10.20%	4.3%	0.98%		-2.73%		

Quarterly revenue results for 2021 Q1

During the first quarter of 2021 the Group reported turnover of 5.828 million EUR, representing increase by 12% in comparison to the same period of 2020. The 2021 Q1 sales results showed 5% sales volume increase in comparison with previous quarter – 2020 Q4.

In 2021 Q1 the Group revenue growth is explained by the positive market trend - increasing demand in data networks sector as a result of growing necessity for remote connectivity influenced by COVID-19 situation.

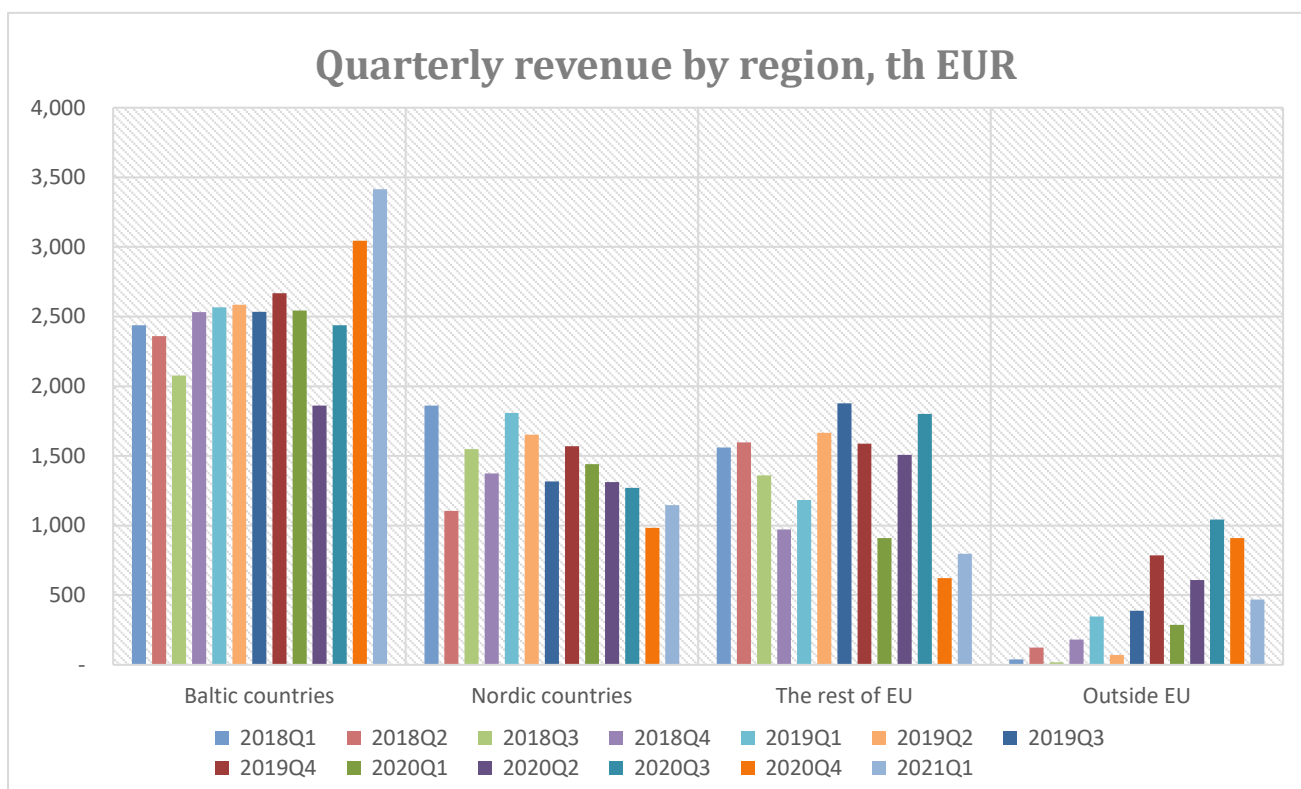


Quarterly revenue by market region results for 2021 Q1

During 2021 Q1 Baltic states continue to be the largest market region with 59% share of turnover. Nordic and other EU sales respectively reported 20% and 14% of total sales. HansaMatrix during 2021 Q1 continued to deliver also to customer locations outside EU. This market share in 2021 Q1 amounts to 8% of the total sales volume.

Sales dynamics of regions – Baltic sales were 34% up compared to 2020 Q1 and 12% up compared to 2020 Q4; Nordic sales were 20% down from 2020 Q1 and 17% up in comparison with 2020 Q4. Other EU region sales reported 12% decrease from 2020 Q1 but 28% increase from 2020 Q4. Outside EU deliveries increased by 62% from 2020 Q1 but decreased by 49% compared to 2020 Q4.

Sales performance was growing in Baltic states and Outside EU this quarter on year-on-year basis due to good client performance in data networks and IoT sectors.



Data table - Quarterly revenue by region, th EUR

Revenue, thEUR	2018Q1	2018Q2	2018Q3	2018Q4	2019Q1	2019Q2	2019Q3
Baltic countries	2 438	2 359	2 078	2 533	2 566	2 586	2 536
Nordic countries	1 861	1 106	1 549	1 375	1 809	1 652	1 317
The rest of EU	1 560	1 597	1 360	971	1 184	1 665	1 877
Outside EU	39	124	19	182	348	71	389
Total	5 898	5 188	5 005	5 061	5 908	5 973	6 118

2019Q4	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1
2 667	2 545	1 862	2 439	3 044	3 415
1 570	1 441	1 312	1 271	983	1 147
1 589	910	1508	1 802	623	798
786	288	608	1 043	910	468
6 612*	5 184	5 290	6 554	5 560*	5 828

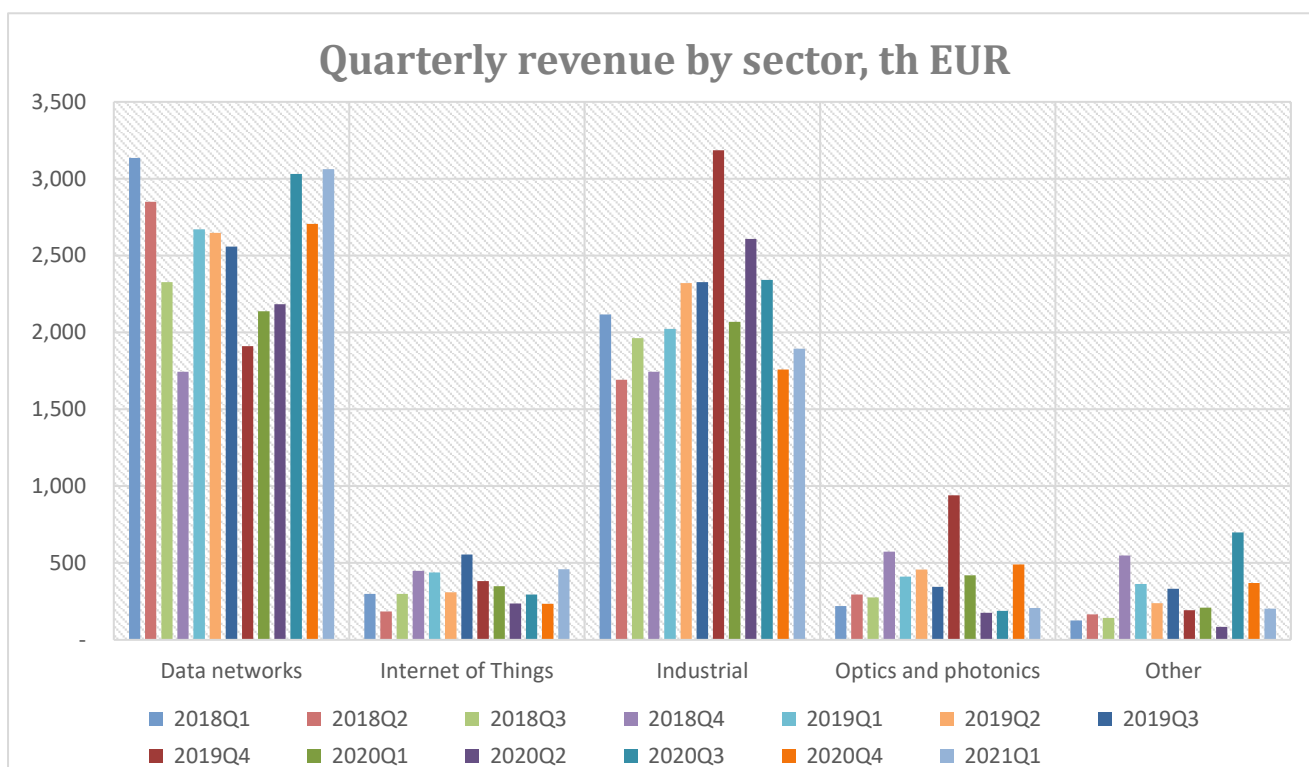
* - corrected (increased) by the sales amount to the extent of the costs incurred related to the work in progress respectively as at the end of 2019 and 2020, according to the Group accounting principles and policy.

Quarterly revenue by market sector results for 2021 Q1

During 2021 Q1 data network product sales and industrial product sales were dominating sales drivers respectively with 53% and 32% sales market share. Optics and photonics sales amounted to 4%, Internet-of-things sales amounted to 8% and other products were reported with 3% share.

2021 Q1 data network product sales show an increase by 43%; industrial sector product sales – decrease by 8%; internet-of-things – increase by 32%, optics and photonics products sales – decrease by 50% and other product sector – decrease by 3% in comparison with 2020 Q1. Comparison with sales results with previous - 2020 Q4 demonstrates 13% increase in data networks; 8% increase in industrial sector; increase of 95% in internet of things products; 57% decrease in optics and photonics products and 45% decrease in other product sector.

Quarterly sales on year-on-year basis increase in data networks is explained by growing demand in data networks sector due to the increased remote work and other remote connection necessities, related to COVID-19 situation.



Data table - quarterly revenue by market sector results for 2020 Q4

Revenue, thEUR	2018Q1	2018Q2	2018Q3	2018Q4	2019Q1	2019Q2	2019Q3
Data networks	3 134	2 851	2 327	1 737	2 670	2 646	2 559
Internet of Things	299	185	298	450	439	309	555
Industrial	2 118	1 693	1 962	1 744	2 022	2 321	2 327
Optics and photonics	220	294	276	575	412	457	344
Other	127	165	142	556	364	240	333
Total	5 898	5 188	5 005	5 061	5 908	5 973	6 118

2019Q4	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1
1 911	2 138	2 184	3 030	2 707	3 063
383	348	237	295	235	460
3 186	1 857	2 609	2 342	1 758	1 894
940	630	176	188	490	208
192	209	85	699	370	203
6 612*	5 184	5 290	6 554	5 560*	5 828

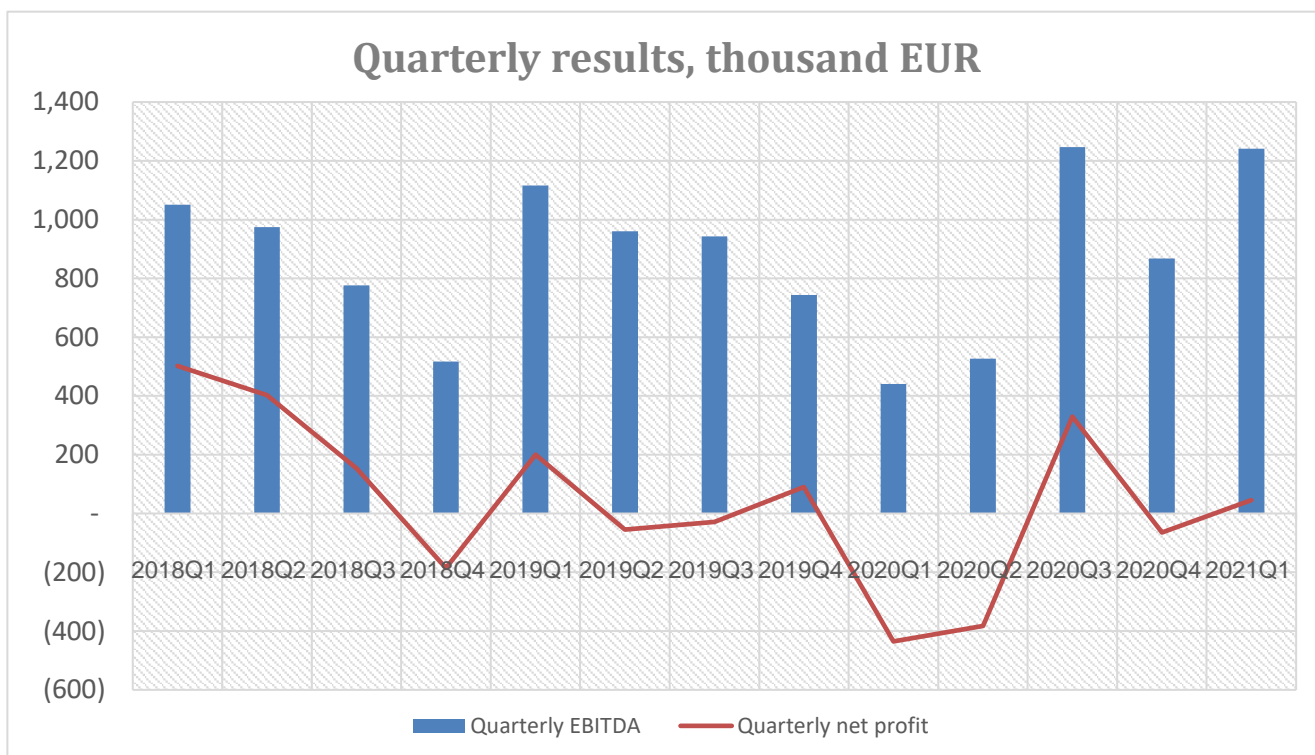
* - corrected (increased) by the sales amount to the extent of the costs incurred related to the work in progress respectively as at the end of 2019 and 2020, according to the Group accounting principles and policy.

Quarterly EBITDA and net profit results in 2021 Q1

In 2021 Q1 the Group reported quarterly EBITDA result of 1.241 million EUR and operated with net profit result of 0.045 million EUR. The reported EBITDA result shows 181% increase in comparison with Q1 2020 and 43% increase compared to previous quarter of 2020 Q4. In Q1 2021 the Group reported net profit 0.045 million EUR as compared to net loss of 0.435 million in 2020 Q1. Quarterly results represent EBITDA margin of 21.29% and net profit margin of 0.77%.

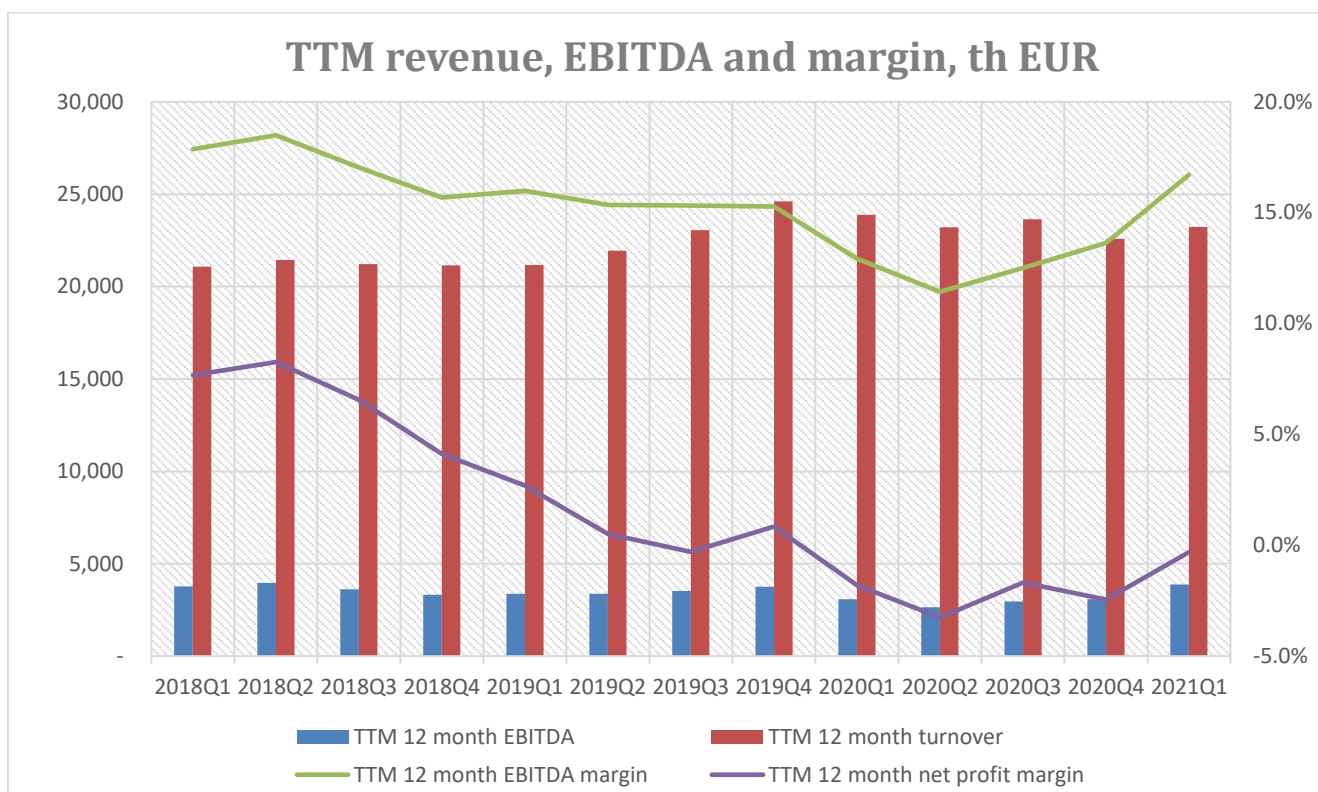
Q1 2021 achieved EBITDA result and high level of EBITDA margin in Q1 2021 is explained by the increased proportion of higher value-added products in the manufactured product mix in the reporting period.

In Q1 2021 the Group carried out revaluation of fair value of warrants issued in relation to European Investment Bank (EIB) Financing contract in amount of 0.209 million EUR due to increasing weighted average HansaMatrix stock market price in Q1 2021, which decreased net profit in the reporting period.



TTM (trailing twelve months) turnover, EBITDA and margin results in 2021 Q1

TTM – trailing twelve-month period sales (period starting in April 1, 2020 and ending with March 31, 2021) at 2021 Q1 reached 23.233 million EUR, showing 3% decrease compared to TTM sales for the period ended at 2020 Q1 but 3% increase compared to TTM sales for the period ended at 2020 Q4. EBITDA result for the TTM 12-month period reported to be 3.881 million EUR, an increase of 26% in comparison with 12-month period ended at 2020 Q1 and also 26% increase compared to TTM sales for the period ended at 2020 Q4. The TTM period resulted in a net loss of 0.071 million EUR. Averaged EBITDA margin for TTM period of 16.71% is reported.



Summary of financial indicators for 2021 Q1

The comparison of financial indicators for the period of 2021 Q1:

Financial indicators for period	2021Q1	2020Q1	% to previous period
Sales, thousand EUR	5,828	5,184	12%
EBITDA, thousand EUR	1,241	441	181%
Net profit, thousand EUR	45	-435	
EBITDA margin	21.3%	8.5%	
Net profit margin	0.8%	-8.4%	
EPS, EUR	0.025	-0.24	
Diluted EPS, EUR	0.022	-0.21	

Research and development

HansaMatrix R&D business activities have been mostly concentrated on providing R&D services and manufacturing services to the associated company LightSpace technologies and also include manufacturing services provided to third parties related to high-tech optical devices in optics and photonics sector. Starting with Q1 2021 the Group stops separately reporting the R&D revenue as R&D services will be provided complimentary to the core business of Electronic Manufacturing Services and are not expected to constitute substantial part of the total Group revenue.

In the reporting period HansaMatrix Innovation continued and finished 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 was carried out in cooperation with 2 partners, SIA Lightspace Technologies and University of Latvia. The duration of the project was 24 months, starting on April 1st, 2019. The total cost of the project amounted to 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 continued 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.

In the reporting period HansaMatrix Innovation in cooperation with SIA "Lightspace technologies" continued realization of SIA "LEO petijumu centrs" and Ministry of Economics managed applied research project No. 1.2.1.1/18/A/006 research No.1.16. "Development of integrated electronics for head position tracking and remote assistance functionality". The expected duration of the project is 20 months, starting on November 1st, 2020. The total planned cost of the project is 318 thousand EUR.

In the reporting period HansaMatrix Innovation continued participated as the third party in the Horizon-2020 project "Next Generation Enhanced Augmented Reality 3D Glasses for medical education, pre-procedural planning, intra-procedural visualization, and patient rehabilitation — NGEAR 3D" (hereinafter- NGEAR)." The foreseen duration of the project is 24 months, starting on July 1st, 2020. The total planned cost of the project is 146 thousand EUR, including the European Commission support funding 102 thousand EUR.

Investment activities

During 2021 Q1 HansaMatrix made 138 thousand EUR investments in production capacity maintenance and increase, research instruments, test systems and development of IT system.

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.

During Q1 2021 the Parent Company has provided additional 68 thousand EUR funds in form of convertible loan to its subsidiary – SIA Zinātnes parks, mostly used for land plot rental payments to VAS Starptautiskā lidosta Rīga and for loan repayments to AS SEB banka.

At the end of the reporting period, the total Parent company investment in SIA Zinatnes parks amounted to 1 963 thousand EUR, consisting of convertible loan in amount of 1 157 thousand EUR, paid up capital 370 thousand EUR and goodwill 436 thousand EUR.

At the end of the reporting period, the total Group consolidated assets in relation to SIA Zinatnes parks amounted to 2 397 thousand EUR, consisting of construction in progress (capitalized fixed asset creation costs) 2 037 thousand EUR and goodwill 361 thousand 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 free 3D image display technologies with main uses in medicine, defense, scientific visualization, entertainment, media and gaming.

In Q1 of 2021 HansaMatrix did not carry out investments into SIA Lightspace Technologies.

At the end of the reporting period, the total Parent company investment in SIA Lightspace Technologies amounted to 8 671 thousand EUR, consisting of convertible loan in amount of 4 961 thousand EUR and paid-up capital in amount of 3 710 thousand EUR.

At the end of the reporting period, the total Group assets in relation to SIA Lightspace Technologies amounted to 7 006 thousand EUR, consisting of convertible loan in amount of 4 961 thousand EUR and paid-up capital in amount of 2 045 thousand EUR. (at consolidated level accounted for using equity method).

Business development overview of associated company - LightSpace Technologies

Most of LightSpace Technologies (hereinafter – LightSpace) business activities due to the global COVID lockdown has been on hold during second half of 2020 and first quarter of 2021. Product marketing and sales work was practically on stop. Equally company promotion to VC and CVC investors also was hurt at large extent.

LightSpace continued product development work in order to design new concept platform iG2000 product with the aim of high-end enterprise use.

During year 2020 LightSpace has started partnerships with 2 market leaders in Medicine and 2 Automotive companies, in Q1 2021 continued market communication and added two more partnerships in medical surgery and robotics sector.

LightSpace has set iG2000 on the commercialization path and planning to complete the product design by end of 2021 and start industrialization and manufacturing later in the year 2022.

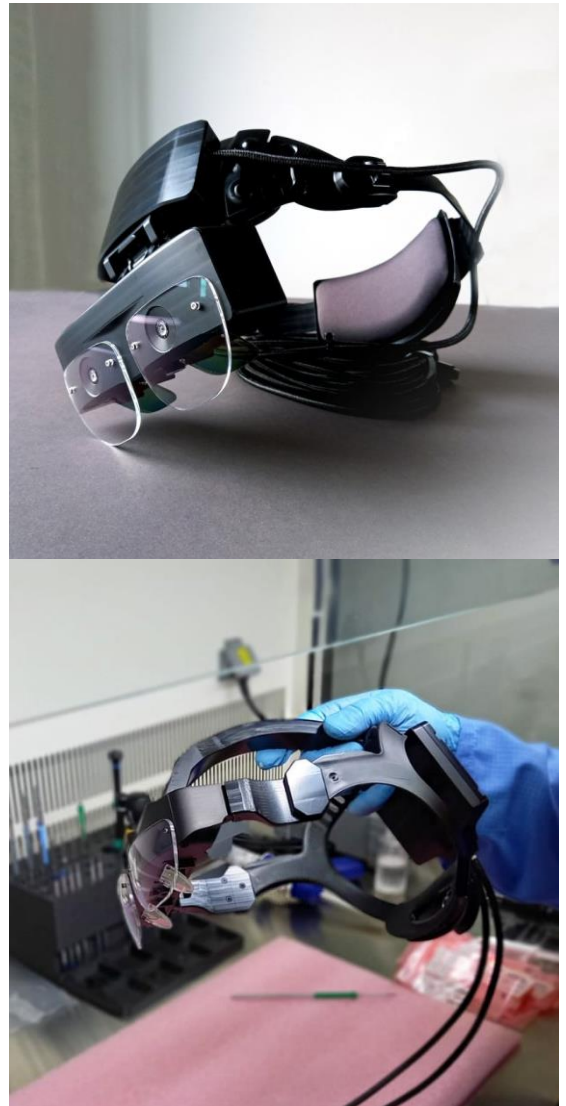
Multifocal image AR/VR headsets has been considered as enabling requirement for near range 3D visualization in high performance 3D graphics, Digital and Smart manufacturing, Digital and Image guided medicine, training and simulations in realistic 3D environments.

In January 2021, as a continuation of funding LightSpace has received 650 thousand EUR short term loan issued by VAS Latvijas Attīstības finanšu institūcija Altum. Further up to 1.7 Million EUR equity investment by EIC Fund is expected to be approved and received by LightSpace Technologies as blended financing contribution during Q2...Q3 2021.

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 at end of Q1 2021 holds 28 global patents and during Q1 2021 has submitted 3 new patent applications.

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

	01.01.2021- 31.03.2021	01.01.2020- 31.03.2020
Net turnover	194 845	40 175
Cost of sales	(828 165)	(554 464)
Gross profit / (loss)	(633 320)	(514 289)
Distribution costs	(33 743)	(71 773)
Administrative expense	(91 653)	(81 611)
Other operating income	391 635	221 864
Other operating expense	(21 858)	(3 141)
Operating profit	(388 939)	(448 950)
Interest expenses	(4 928)	-
Profit / (loss) before tax	(393 867)	(448 950)
Corporate income tax	-	-
Net profit / (loss) for the period	(393 867)	(448 950)
Profit attributable to:		
Equity holders of the Parent Company	(367 490)	(413 763)
Non-controlling interest	(26 377)	(35 187)

SIA Lightspace Technologies consolidated *) balance sheet, EUR

ASSETS	31.03.2021. EUR	31.12.2020. EUR
NON-CURRENT ASSETS		
Property, plant, equipment and other intangible assets	10 631 984	9 907 074
TOTAL NON-CURRENT ASSETS	10 631 984	9 907 074
CURRENT ASSETS		
Inventory	464 741	282 103
Receivables	678 903	998 844
Cash and cash equivalents	214 279	67 429
TOTAL CURRENT ASSETS	1 357 923	1 348 376
TOTAL ASSETS	11 989 907	11 255 450
EQUITY AND LIABILITIES		
EUR	31.03.2021. EUR	31.12.2020. EUR
EQUITY		
Share capital	16 601	16 601
Share premium	5 025 712	5 025 712
Other reserves	1 568 309	1 570 070
Retained earnings/ (accumulated deficit)	(3 878 584)	(3 511 095)
Non-controlling interest	435 352	461 729
TOTAL EQUITY	3 167 390	3 563 017
LIABILITIES		
Non-current and current liabilities	8 822 517	7 692 433
TOTAL LIABILITIES	8 822 517	7 692 433
TOTAL EQUITY AND LIABILITIES	11 989 907	11 255 450

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

Shares and stock market

During 2021 Q1 HansaMatrix (HMX1R) share price decreased by 0.55% - see the stock price movement chart for the period from January 1, 2021 to March 31, 2021.



Security trading history

Price	2017	2018	2019	2020	2021Q1
Open	7.95	8.14	6.5	6.25	9.15
High	8.83	8.5	6.65	9.05	9.35
Low	6.9	6.05	5.93	5.00	8.8
Last	8.14	6.5	6.25	9.05	9.1
Traded volume	72 941	137 505	32 591	38 141	8 015
Turnover, million	0.51 EUR	0.94 EUR	0.20 EUR	0.26 EUR	0.07 EUR
Capitalisation, million	14.89 EUR	11.89 EUR	11.43 EUR	16.56 EUR	16.65 EUR

In Q1 2021 the highest HansaMatrix (HMX1R) share price observed reached 9.35 EUR per share, lowest 8.80 EUR per share and the total traded share turnover in this period amounted to 0.07 million EUR.

Exposure to risks and uncertainties

The Group business operations are exposed to a variety of risks: market risk, credit risk, liquidity risk and cash flow risk, geopolitical risk, foreign currency risk as well as interest rate risk.

The ongoing COVID-19 pandemic may have a negative impact on the Group performance in the short term in the following areas: customer demand weakening, personnel safety issues and supply chain disruptions.

All business units of the Group, including Pārogre and Ventspils manufacturing plants, metal parts and optics product unit in Mārupe and head office in Mārupe are fully operational. HansaMatrix ensures safe working condition to workers present at all plants and offices of the Group 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.

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

COVID-19 situation is impacting some of the risks to which the Group is exposed.

Market risk. The Group manages market risk according to its business development strategy, which foresees the development of a highly automated and technologically developed manufacturing process, operating in diversified market sectors with a growth tendency. Continued efforts are made for attracting new clients.

COVID-19 impact on the sectors where the Group operates is different and balances out – in data networks and medical sectors the demand is increasing, however the demand is decreasing or stagnating for products in some other sectors, e.g. not first necessity electronic products, in addition for products related to aviation and tourism industries the demand has significantly decreased.

Credit risk. The Group and the Parent Company are exposed to *credit risk* through its trade receivables. The Parent Company has introduced various procedures to mitigate the risk of unrecoverable debts. Most trade credits are insured using non-recourse factoring. As at March 31, 2021, 52% of all trade receivables outstanding were insured. Clients, whose trade credits for any reason are not or cannot be insured, are subject to shortened payment schedules, advance payments, credit limits and other risk hedging conditions. The credit history of customers is also assessed on an ongoing basis and credit limits and terms are changed on an individual basis as applicable.

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

Liquidity and cash flow risk. Liquidity is affected by inventories and the volume of work in progress, the amount of trade credits granted to clients, balance of prepayments received, suppliers' terms of payment and the working capital available to the Group and the Parent Company. Liquidity strains can also influence the ability to carry out loan and lease payments. To mitigate liquidity risk, the Parent Company employs financial and operational management procedures. The balance of inventories is monitored on a regular basis, orders and deliveries from suppliers are rescheduled, as are the sequence and volume of planned manufacturing in order to speed up the inventory turnover. Working capital is also monitored regularly which leads to planning of the availability of credit resources and financing instruments and the amount and repayment schedules thereof.

COVID-19 situation has slowed inventory turnover for some of the Group Clients due to demand decrease and also in some cases due to supply chain disruptions. The electronic component supply chain disruptions due to coronavirus could be expected to impact HansaMatrix manufacturing order execution, potentially shifting fulfilment times, and could increase component sourcing costs.

To mitigate COVID-19 impact on liquidity, in addition to the regular procedures, the Group on ongoing basis closely monitors and utilizes the available government support for liquidity. At the end of 2020 the Group successfully extended for 1 year the necessary working capital financing agreements with SEB banka in amount of EUR 4.56 million.

In Q1 2021 the Group carried out revaluation of fair value of warrants issued in relation to European Investment Bank (EIB) Financing contract in amount of 0.209 million EUR due to increasing average weighted HansaMatrix stock market price, which decreased net profit in the reporting period. As at the end of Q1 2021 the Group has reviewed all the other values of the Group assets, inventory, goodwill and other intangible assets, property, plant, and equipment, determined according to the Group accounting policy, and has concluded that as at the end of Q1 2021 the other asset values of the Group have not been impacted by COVID-19 pandemic situation or other circumstances.

Other significant events in the reporting period

On January 5, 2021 HansaMatrix announced beginning of operations in its second plant in Ventspils, according to the manufacturing campus development plan. The Group has signed 10-year lease agreement with Freeport of Ventspils authority to lease the newly constructed manufacturing building with total area of 4600 square meters, located at Ventspils Augsto tehnoloģiju parks No.7, Ventspils. The new plant will complement existing manufacturing capacity with new integrated

manufacturing process in plastic parts production and final product assembly, containing optical elements and systems. It will double the box build assembly capacity available in Ventspils manufacturing site.

On 22 March 2021, HansaMatrix announced changes to its management in the course of the second quarter 2021 by appointing Jānis Sams, Chief Operating Officer and Management Board member to the position of Chief Executive Officer, pending all regulatory requirements. HansaMatrix founder Ilmars Osmanis will continue to rapidly develop LightSpace Technologies as its founder and current CEO and will remain a significant shareholder in HansaMatrix. A new Supervisory Board is expected to be elected at the company's annual Shareholders' meeting on May 26, 2021.

Significant events after the reporting period

On May 7, 2021 HansaMatrix reported signing of the manufacturing contract and receiving first orders to supply high complexity electronic device to customer in transportation industrial sector in Nordic countries. Forecasted HansaMatrix total revenue from the new contract in the period until the end of 2022 is expected to reach 1.5 million EUR.

May 14, 2021



Ilmārs Osmanis
Chairman of the Board

Statement of responsibility of the management

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

The consolidated financial statements are prepared in accordance with the source documents and present fairly the consolidated financial position of the Group as of March 31, 2021 and the consolidated results of its financial performance and cash flows for the reporting period.

The interim condensed consolidated financial statements are prepared in accordance with IAS 34 Interim Financial Reporting and are prepared on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. The consolidated interim financial statements have been prepared based on the same accounting principles applied in the Consolidated Financial Statements for the year ended on December 31, 2020. Prudent and reasonable judgments and estimates have been made by the management in the preparation of the financial statements.

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

May 14, 2021



Ilmārs Osmanis
Chairman of the Board



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim consolidated statement of comprehensive income

	01.01.2021- 31.03.2021 EUR	01.01.2020- 31.03.2020 EUR
Revenue from contracts with customers	5 828 376	5 184 137
Cost of sales	(4 860 398)	(4 851 058)
Gross profit	967 978	333 079
Distribution costs	(144 752)	(114 816)
Administrative expense	(466 391)	(442 069)
Other operating income	284 859	95 581
Other operating expense	(50 242)	(44 671)
Operating profit or (loss)	591 452	(172 896)
Loss from investments in associates	(185 197)	(140 778)
Finance income	2 643	2 558
Finance costs	(363 756)	(124 029)
Profit or loss before tax	45 142	(435 145)
Corporate income tax	-	-
Net profit or loss for the reporting period	45 142	(435 145)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax</i>		
Other comprehensive income:	-	-
Total comprehensive income or (loss) for the year, net of tax	45 142	(435 145)
Comprehensive income or (loss) attributable to:		
Equity holders of the Parent Company	45 142	(434 609)
Non-controlling interests	-	(536)
	45 142	(435 145)
Earnings Per Share	0.025	(0.238)
Diluted Earnings Per Share	0.022	(0.213)

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

May 14, 2021


Ilmārs Osmanis
Chairman of the Board

Interim consolidated statement of financial position

ASSETS	31.03.2021	31.12.2020
NON-CURRENT ASSETS	EUR	EUR
Intangible assets		
ODM assets	369 914	310 475
Other intangible assets	589 686	575 706
Goodwill	360 653	360 653
Total intangible assets	1 320 253	1 246 834
Property, plant and equipment		
Land and buildings	3 378 306	3 428 169
Equipment and machinery	3 987 146	4 201 035
Other fixtures and fittings, tools and equipment	586 519	558 352
Right of use asset	3 819 216	2 792 929
Leasehold improvements	70 525	90 110
Construction in progress	2 396 018	2 369 063
Total property, plant and equipment	14 237 730	13 439 658
Non-current financial assets		
Investments in associates	2 044 654	2 229 852
Investments in other companies	45 434	42 086
Other investment loans	4 961 573	4 961 573
Other financial assets	40 360	38 564
Other non-current receivables	43 150	61 048
Total non-current financial assets	7 135 171	7 333 123
TOTAL NON-CURRENT ASSETS	22 693 154	22 019 615
CURRENT ASSETS		
Inventories		
Raw materials and consumables	2 242 359	1 972 306
Work in progress	1 709 554	-
Finished goods	175 489	-
Total inventories	4 127 402	1 972 306
Receivables, contract assets and prepayments		
Trade receivables from contracts with customers	569 009	755 890
Prepayments for goods	64 508	94 152
Loan to shareholder	554 469	551 883
Prepaid expense	69 126	30 632
Corporate income tax	-	-
Contract assets	-	2 225 865
Other receivables	295 126	351 957
Total receivables, contract assets and prepayments	1 552 238	4 010 379
Cash and cash equivalents	986 440	830 243
TOTAL CURRENT ASSETS	6 666 080	6 812 928
TOTAL ASSETS	29 359 234	28 832 543
*Available unused credit line	700 000	270 554
*Available unused factoring limit	1 301 001	1 537 540

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

May 14, 2021


 Ilmārs Osmanis
 Chairman of the Board

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

	31.03.2021	31.12.2020
EQUITY	EUR	EUR
Share capital	1 829 381	1 829 381
Share premium	2 435 579	2 435 579
Reserves	1 973	1 973
Non-current asset revaluation reserve	1 884 032	1 914 956
Retained earnings/ (accumulated loss):		
a) brought forward	2 321 933	2 842 621
b) for the period	45 142	(551 612)
Minority share	-	-
TOTAL EQUITY	8 518 040	8 472 898
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	7 059 789	7 390 029
Lease liabilities	2 707 250	1 686 167
Other financial liabilities	1 861 494	1 652 485
Prepayments received from customers (Contract liabilities)	-	-
Government grants	697 093	724 075
Taxes payables – non-current	274 835	273 417
Total non-current liabilities	12 600 461	11 726 173
Current liabilities		
Loans from credit institutions	1 639 322	1 829 071
Lease liabilities	979 766	960 475
Prepayments received under contracts with customers	645 548	788 670
Trade payables	2 984 571	3 496 960
Taxes payable	699 944	811 374
Corporate income tax	-	2 516
Other liabilities	287 305	251 387
Government grants	170 193	185 758
Accrued liabilities	834 084	307 261
Total current liabilities	8 240 733	8 633 472
TOTAL LIABILITIES	20 841 194	20 359 645
TOTAL EQUITY AND LIABILITIES	29 359 234	28 832 543

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

May 14, 2021



Ilmārs Osmanis
Chairman of the Board

Interim consolidated statement of cash flow

	01.01.2021- 31.03.2021 EUR	01.01.2020- 31.03.2020 EUR
CASH FLOWS TO/ FROM OPERATING ACTIVITIES		
Profit (loss) before tax	45 142	(435 145)
Adjustments for:		
Depreciation and amortization	649 688	613 972
Depreciation included in the cost of work in progress and in the cost of fixed assets		
Interest expense	35 834	54 094
Interest income	(2 643)	(2 558)
Decrease in allowances for slow-moving items and receivables	(59 878)	(15 912)
Income from grant recognition	(42 548)	(25 461)
Gain on disposal of property, plant and equipment	28	20
Fair value adjustment for warrants	209 009	-
Share of loss of an associates	185 197	140 778
Adjustments for:		
(Increase)/ decrease in inventories	70 769	(202 267)
(Increase)/ decrease in receivables	292 155	397 980
Increase/ (decrease) in payables	(315 231)	506 327
Cash generated from operations, gross	1 067 522	1 031 828
Interest paid	(35 834)	(54 094)
Corporate income tax paid	-	-
Net cash flows to/ from operating activities	1 031 688	977 734
CASH FLOWS TO/ FROM INVESTING ACTIVITIES		
Purchase of intangible assets and property, plant and equipment	(137 823)	(156 039)
Investments in other companies	(3 348)	(365 000)
Net cash flows to/ from investing activities	(141 171)	(521 039)
CASH FLOWS TO/ FROM FINANCING ACTIVITIES		
Grants received	172 201	28 662
Loans received from credit institutions	-	473 184
Loans repaid to credit institutions	(667 719)	(679 184)
Loans repaid to lease companies	(34 001)	(67 474)
Payment of principal portion of lease liabilities	(204 801)	(174 702)
Net cash flows to/ from financing activities	(734 320)	(419 514)
Change in cash and cash equivalents for the year	156 197	37 181
Cash and cash equivalents at the beginning of the year	830 243	254 480
Cash and cash equivalents at the end of the year	986 440	291 661

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 2019	1 829 381	2 435 579	688	2 038 647	2 606 875	117 047	9 028 217
Profit for the reporting year	-	-	-	-	(434 609)	(536)	(435 145)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(434 609)	(536)	(435 145)
Depreciation of revalued items of property, plant and equipment	-	-	-	(30 924)	30 924	-	-
Share option reserves	-	-	74	-	-	-	74
Balance as at 31 March 2020	1 829 381	2 435 579	762	2 007 723	2 203 190	116 511	8 593 146
Balance as at 31 December 2020	1 829 381	2 435 579	1 973	1 914 956	2 291 009	-	8 472 898
Profit for the reporting year	-	-	-	-	45 142	-	45 142
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	45 142	-	45 142
Depreciation of revalued items of property, plant and equipment	-	-	-	(30 924)	30 924	-	-
Share option reserves	-	-	-	-	-	-	-
Balance as at 31 March 2021	1 829 381	2 435 579	1 973	1 884 032	2 367 075	-	8 518 040

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

Notes to the consolidated financial statements

1. Corporate information

The interim condensed consolidated financial statements of HansaMatrix and its subsidiaries (collectively, the Group) for the three months ended March 31, 2021 were authorized for issue in accordance with a resolution of the Management Board of the Parent Company on May 13, 2021.

The Parent Company was registered with the Republic of Latvia Enterprise Register on 30 July 1999 and re-registered with the Republic of Latvia Commercial Register on 27 December 2002 under unified registration number 40003454390. The shares of the Parent Company are listed on Riga Stock Exchange, Latvia. The registered office of the Parent Company is at Akmeņu iela 72, Ogre. The Group is principally engaged in product design, industrialization and complete manufacturing services in data networking, Internet of Things, industrial segments and other high added value business sectors.

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

2.1. Basis of preparation

The interim condensed consolidated financial statements for the three months ended March 31 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

2.2. New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. Related party disclosures

Related party	Type of services		Goods and	Goods and	Amounts	Amounts
			services delivered to/ loans issued to related parties	services received from / loans received from related parties	owed by related parties (gross)	owed to related parties (gross)
			EUR	EUR	EUR	EUR
1. Associates						
SIA Lightspace Technologies (AS HansaMatrix share: 49%)	Loan	31.12.2020	500 127	-	4 961 573	-
		31.03.2021	-	-	4 961 573	-
	Services, purchase of materials, sales	31.12.2020	576 785	344 268	447 252	338 853
		31.03.2021	152 621	90 750	561 953	90 803
	TOTAL	31.12.2020	1 076 912	344 268	5 408 825	338 853
	TOTAL	31.03.2021	152 621	90 750	5 523 526	90 803
2. Entities with significant influence over the Parent Company						
SIA MACRO RĪGA (shareholder)	Loans	31.12.2020	10 290	-	551 883	-
		31.03.2021	2 586	-	554 469	-
	Purchase of services; sale of materials	31.12.2020	3 687	-	2 067	-
		31.03.2021	-	-	259	-
	TOTAL	31.12.2020	13 977	-	553 950	-
	TOTAL	31.03.2021	2 586	-	554 728	-

4. EBITDA calculation

	01.01.2021- 31.03.2021 EUR	01.01.2020- 31.03.2020 EUR
NET sales	5 828 376	5 184 137
Operating profit	591 452	(172 896)
Depreciation and amortization	649 688	613 972
EBITDA, EUR	1 241 140	441 076
EBITDA, %	21%	9%

5. The fair value measurement hierarchy of the Group's assets and liabilities at March 31, 2021

	Total at carrying amount	Total at fair value	Fair value measurement using		
			quoted prices in active markets (level 1)	significant observable inputs (level 2)	significant unobservable inputs (level 3)
	EUR	EUR	EUR	EUR	EUR
Assets and liabilities measured at fair value					
Convertible loan					
SIA Lightspace Technologies	4 961 573	4 961 573	-	4 961 573	-
Warrants	1 861 494	1 861 494	-	1 861 494	-
Investments in other companies	45 434	45 434	-	-	45 434
Other financial assets	23 662	23 662	-	-	23 662
Assets and liabilities for which fair value is disclosed					
Loan to shareholder	554 469	554 469	-	-	554 469
Loans from credit institutions	8 699 110	8 699 110	-	8 699 110	-

As at the end of Q1 2021 the Group has reviewed the key assumptions of the fair value measurement, carried out for the Group's annual consolidated financial statements as at December 31, 2021, of the depicted above assets and liabilities and concluded that the carrying amounts of these assets and liabilities as of March 31, 2021 are reasonable approximations of the fair values, except that in Q1 2021 the Group carried out revaluation of fair value of warrants issued in relation to European Investment Bank (EIB) Financing contract in amount of 0.209 million EUR due to increasing HansaMatrix stock market price, which decreased net profit in the reporting period.

Nevertheless, the key assumptions of the fair value measurement could change going forward and as of the date of preparing the Group's annual audited consolidated financial statements for the year ended December 31, 2021.

6. Earnings per share

	01.01.2021- 31.03.2021	01.01.2020- 31.03.2020
	EUR	EUR
Net profit or loss for the reporting period	45 142	(435 145)
Other comprehensive income:		-
Total comprehensive income or (loss) for the year, net of tax	45 142	(435 145)
Comprehensive income or (loss) attributable to:		
Equity holders of the Parent Company	45 142	(434 609)
Non-controlling interests	-	(536)
	45 142	(435 145)
HansaMatrix AS number of shares	1 829 381	1 829 381
Earnings per share	0.025	(0.238)
HansaMatrix AS employees share options	9 050	3 000
EIB warrants	205 298	205 298
Diluted Earnings Per Share	0.022	(0.213)

7. Dividends paid and proposed

The planned Annual General Meeting of HansaMatrix shareholders on May 26, 2021 agenda includes proposal to distribute dividends to shareholders from undistributed profits of previous years in the total amount of 54 881.43 or in amount of 0.03 EUR per share. It is proposed to set and announce June 9, 2021 as Ex-date, to set June 10, 2021, as a record date for dividends and June 11, 2021, as a date of payment of the dividends.

8. Definitions of Alternative Performance Measures

APR, definition, components	Relates to past or future reporting periods	ASR 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	<i>Shows</i> the proportion of revenues that are <i>available</i> to <i>cover non-operating costs</i> .	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
Normalized earnings: Profit adjusted by the most significant expense or income that are not associated with actual cash expenditures (except depreciation).	Past	Shows the entity's earning capacity by enhancing comparability between the periods, when applicable and necessary.	Liquidity management and assessment of earning capacity and cash flows
P/E ratio: Share price / Normalized earnings per share	Past	Can be used in making conclusions as to whether the Nasdaq Riga market price of the Group's shares is overstated or understated in comparison to other similar companies or the average market price	Determining the relative value per share
Net profit margin: Normalized earnings / Revenue	Past	Shows the entity's earning capacity	Profitability assessment
ROA: Normalized earnings / Total assets	Past	Shows how efficiently the assets are used to generate earnings.	Assessment of return on assets
ROE: Normalized earnings / Equity	Past	Shows how efficiently the equity is used to generate earnings	Determining return on equity
Current ratio: Current assets/ Current liabilities	Past	<i>Shows</i> the <i>extent</i> to which an entity has sufficient	Liquidity assessment

		<i>current assets to cover its current liabilities</i>	
Return on Capital Employed (ROCE): Normalized earnings / (Total assets – Current liabilities)	Past	Shows how efficiently the capital employed is used to generate earnings	Assessment of return on capital employed
Compound annual growth rate (CAGR): $(\text{Investment's ending value} / \text{Investment's beginning value})^{(1/\text{Number of periods})} - 1$. CAGR is the rate of return that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each year of the investment's lifespan.	Past	Shows a growth rate of a financial measure over a certain period of time assuming that the growth rate is the same over the equal span of time of the said period.	Assessment of the dynamics of financial indicators