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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 June 30, 2021	SIA Macro Rīga (32.49%) ZGI-4 AIF KS (15.06%) SWEDBANK AS CLIENTS ACCOUNT (14.64%) KS BaltCap Latvia Venture Capital Fund (9.95%) KS FlyCap Investment Fund I AIF (8.89%) 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 “Deloitte Audits Latvia” Licence No. 43 Inguna Staša Latvian Certified Auditor Certificate No. 145
Financial year	1st January – 31st December 2021
Interim reporting period	1st January – 30st September 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 Management Board has a right to represent the Parent Company as the sole representative when entering into relationships with third parties. Alternatively, the Parent Company can be represented by two members of the Management Board acting jointly.

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



Jānis Sams

Jānis Sams is the Chairman of the Management Board of the Parent Company
Date appointed: 17 May 2021

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: 2400 (as of September 30, 2021)

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.

**Vitauts Galvanausks**

Vitauts Galvanausks is a member of the Management Board of the Parent Company and Ogre manufacturing plant manager.

Date appointed: 17 May 2021

Positions held in other companies:

- HansaMatrix Parogre, SIA- Management Board Member

Owned shares: 0

Owned employee share options: 0

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

**Gatis Grava**

Gatis Grava is a member of the Management Board of the Parent Company and Ventspils manufacturing plant manager.

Date appointed: 17 May 2021

Positions held in other companies:

- HansaMatrix Ventspils, SIA- Management Board Member

Owned shares: 0

Owned employee share options: 0

Management Board member Gatis Grava has been working for the Company since March 2020 and holds the position of Ventspils manufacturing plant manager. Gatis Grava has more than 14 years of professional experience in Schneider Electric Group companies in Europe in various management positions, procurement, strategic supplier development as well as developing supply chains in Scandinavia and Eastern Europe. Gatis Grava has a degree in engineering from Riga Technical University.

**Māris Macijevskis**

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 September 30, 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:

Jānis Sams, the previous Chief Operating Officer and Member of the Management Board, was appointed as the Chief Executive Officer of HansaMatrix on May 17, 2021. Ilmārs Osmanis, previous CEO and founder of HansaMatrix left the Management Board to join the Council of the Company. With the change of the CEO, two new members have been appointed to the Management Board of HansaMatrix - Gatis Grava, HansaMatrix Ventspils manufacturing plant manager and Vitauts Galvanausks, Ogre manufacturing plant manager. Māris Macijevskis continues to serve as HansaMatrix Management Board Member and Chief Financial Officer.

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: Chairwoman of Supervisory Board, Deputy Chairwoman of Supervisory Board and three Members of Supervisory Board.

Baiba Anda Rubesa

Baiba Anda Rubesa is the Chairwoman of the Supervisory Board of the Parent Company.

Date appointed: 26 May 2021

Term of office: 25 May 2026

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.

Ingrīda Blūma

Ingrīda Blūma is a Deputy Chairwoman of the Supervisory Council.

Date appointed: 26 May 2021

Term of office: 25 May 2026

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 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.

Anders Lennart Borg

Anders Lennart Borg is a member of the Supervisory Board of the Parent Company.

Date appointed: 26 May 2021

Term of office: 25 May 2026

Owned shares: 0

Anders Lennart Borg will be regarded as independent board member.

Anders Lennart Borg is an experienced professional in the electronics manufacturing industry. He graduated from Linköping University in Sweden and is endowed with extensive knowledge in engineering. The years of experience has developed his strong leadership skills. He worked as a director of electronics company Eljo AB in Sweden for 11 years. Later he was a head of the Schneider Electric electronics factory in Latvia for 5 years and the factory of the same company in Sweden for another 5 years.

Dagnis Dreimanis

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

Date appointed: 26 May 2021

Term of office: 25 May 2026

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.

Normunds Igoļnieks

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

Date appointed: 26 May 2021

Term of office: 25 May 2026

Owned shares: 0

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

Positions held in other companies:

- 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.

Changes to the Parent Company's Supervisory Board:

On May 26, 2021 annual general meeting of HansaMatrix shareholders the new Supervisory Council was elected, in addition to the previous Supervisory Council members Ingrīda Blūma, Dagnis Dreimanis, Normunds Igolnieks un Baiba Anda Rubesa, HansaMatrix founder, Ilmārs Osmanis and the Supervisory Council member Anders Lennart Borg were appointed. Andris Bērziņš has left the composition of the HansaMatrix Council. A.Bērziņš was an independent member of the Council and has been a member of the HansaMatrix Council since October 7, 2015, serving as the Chairman of the Council since April 4, 2018.

On September 13, 2021 HansaMatrix founder Ilmārs Osmanis resigned as HansaMatrix Supervisory Board Member. I.Osmanis served on the Supervisory Board of HansaMatrix since May 26, 2021, previously serving for many years he had been the Chairman of the Management Board. He continues to be a significant shareholder and will advise Company management as needed. Baiba Anda Rubesa, the Chairwoman of the Supervisory Board, Ingrīda Blūma, Deputy Chairwoman of the Supervisory Board, Anders Lennart Borg, Dagnis Dreimanis and Normunds Igolnieks, members of the Supervisory Board, continue to serve on the Board of HansaMatrix.

Major shareholders

As at September 30, 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	594 361	32.49%
ZGI-4 AIF KS	275 562	15.06%
SWEDBANK AS CLIENTS ACCOUNT	267 908	14.64%
KS BaltCap Latvia Venture Capital Fund	182 000	9.95%
KS FlyCap Investment Fund I AIF	162 632	8.89%
IPAS CBL Asset Management managed funds	120 000	6.56%
Swedbank Ieguldījumu pārvaldes sabiedrība AS managed funds	93 369	5.10%
Other shareholders (under 5%)	133 549	7.30%
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 Ventpils, 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

The demand from data transmission network market sector along with industrial products continues to experience strong growth, resulting in strong production order book of these products.

The deficit of semiconductor manufacturing capacity is continuing to play major role in holding back business development still resulting in increased lead time or potentially increased sourcing price to majority of semiconductor components used in manufacturing of electronic systems. The worldwide semiconductor shortage will persist through 2021, and is expected to recover to normal levels by the second quarter of 2022, while substrate capacity constraints could potentially extend to fourth quarter of 2022, according to the global research and advisory company, Gartner, Inc. (<https://gtmr.it/2VDxOt6>).

To mitigate the component shortage HansaMatrix diversifies the supplier base, applies the alternative component management approach, works with component brokers and carries out in advance component sourcing for binding customer orders.

Inflation increase trend in 2021, among other things, supported by Q3 2021 significant spike in energy prices (electricity and gas) in Europe and growing average salaries in Latvia, coupled with the component deficit and increasing prices, might require manufacturing services pricing adjustments to maintain the profitability levels.

Global COVID-19 pandemic is still the most significant public health burden globally, except for countries with high levels of population vaccination, still impacting business environment with lockdowns, employee availability and supply chain issues. Until the pandemic has been fully taken under control, the business situation could rapidly change, therefore active situation monitoring and rapid response approach are critical to successfully manage the potential business environment and supply chain disruptions from the pandemic.

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 through near-shoring) 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 second quarter (Q3 further in document) of 2021 the Group reported revenue from contracts with customers (hereinafter – revenue, turnover or sales) of 5.254 million EUR, representing decrease by 20% in comparison to the same period of 2020. The 2021 Q3 sales results showed 13% sales volume decrease in comparison with previous quarter – 2021 Q2.

During 9 months period ("9m" further in the document) of 2021 the Group reported sales volume increase by 1% compared to the same period of 2020 and revenue reached 17.124 million EUR.

During 2021 Q3 the Group reported quarterly EBITDA result of 0.931 million EUR and operated with net profit result of 0.295 million EUR. The reported EBITDA result shows 25% decrease in comparison with Q3 2020 and 19% decrease compared to previous quarter of 2021 Q2. In Q3 2021 the Group reported net profit 0.295 million EUR, decreasing by 11% compared to 2020 Q3, but improving significantly compared to Q2 2021 when the Group operated with 0.327 million EUR net loss. Quarterly results represent EBITDA margin of 17.71% and net profit margin of 5.62%.

During 9 months of 2021 the Group reported historically highest EBITDA result of 3.322 million EUR and 9m net profit result of 0.014 million EUR. The reported EBITDA result shows 50% increase in comparison with 2020 9m. In 9 months of 2021, the Company operated with a net profit of 0.014 million EUR, a significant improvement as compared to the net loss of 0.488 million EUR in 9m 2020. In 9m of 2021, the Company operated with 19.4% EBITDA margin and 0.1% net profit margin.

Q3 2021 revenue, EBITDA and EBITDA margin decrease compared to Q2 2021 is explained by the global component deficit impeding manufacturing order execution volumes. 9m 2021 EBITDA result achieved is historically highest and is explained by the increased proportion of high-value added products in manufactured product mix. 9m 2021 EBITDA and net profitability results are significantly better on year-on-year basis, explained by growing demand in 2021 in sectors like data networks and industrial as well as by COVID-19 pandemic impact on the Group financial results in 9m 2020.

In Q3 2021 the Group carried out revaluation of fair value of warrants issued in relation to European Investment Bank (EIB) financing contract, decreasing warrant balance sheet value by 0.177 million EUR, due to decreasing average weighted price of HansaMatrix stock in Q3 2021, which by the same amount improved net profit in Q3 2021. In 9m 2021 in aggregate the aforementioned warrant fair value has increased by 0.536 million EUR, decreasing the Company net profit in 9m 2021 accordingly and explaining low net profitability in this period.

Net profit of the Group in Q3 and 9m 2021 is negatively influenced by several non-cash related items, including loss from investments in associates, EIB warrant fair value change provisions, EIB loan fair value change provisions and interest expense related to leases. For better inter-period profitability comparisons, the Group calculates normalized net profit which in Q3 2021 amounted to 0.282 million EUR and in 9m 2021 amounted to 1.326 million EUR, respectively generating 5.37% and 7.74% Normalized net profit margin.

TTM – trailing twelve-month period sales (period starting in October 1, 2020 and ending with September 30, 2021) at 2021 Q3 reached 22.685 million EUR, showing 4% decrease compared to TTM sales for the period ended at 2020 Q3 and also 5% decrease compared to TTM sales for the period ended at 2021 Q2. EBITDA result for the TTM 12-month period reported to be 4.190 million EUR, an increase of 42% in comparison with 12-month period ended at 2020 Q3 but 7% decrease compared to TTM sales for the period ended at 2021 Q2. The TTM period resulted in a net loss of -0.05 million EUR. Averaged EBITDA margin for TTM period of 18.5% was reported.

Key Growth and Financial Ratios

In Q3 2021 revenue of the Group decreased 20% and EBITDA decreased by 25%, compared to Q3 2020. Q3 2021 revenue, EBITDA and EBITDA margin decrease compared to Q2 2021 is explained by the global component deficit impeding manufacturing order execution volumes. As at the end of Q3 2021 the liquidity of the Company has remained the same, compared to liquidity as at the end of Q3 2020.

Ratio/EUR'000	2020Q2	2020Q3	2021Q2	2021Q3	Q2 YoY	Q3 YoY
Revenue	5 290	6 554	6 042	5 254	+14%	-20%
EBIT (operating profit)	-74	640	520	314		
EBIT (operating profit) margin	-2.36%	9.77%	8.61%	5.98%		
EBITDA	527	1 246	1.151	931	+118%	-25%
EBITDA margin	9.96%	19.02%	19.04%	17.71%		
Net profit	-383	330	-327	295		
Normalized net profit	-115	596	488	282		

Normalized net profit margin	-2.18%	9.10%	8.08%	5.37%
Normalized ROA	-0.39%	2.14%	1.70%	1.29%
Normalized ROE	-1.40%	6.98%	6.00%	3.35%
Liquidity ratio	0.78	0.81	0.83	0.81
Normalized Return on Capital Employed (ROCE)	0.57%	3.95%	2.36%	2.15%
Earnings per share (EPS)	-0.21	0.18	-0.18	0.16
Diluted EPS	-0.19	0.16	-0.16	0.14

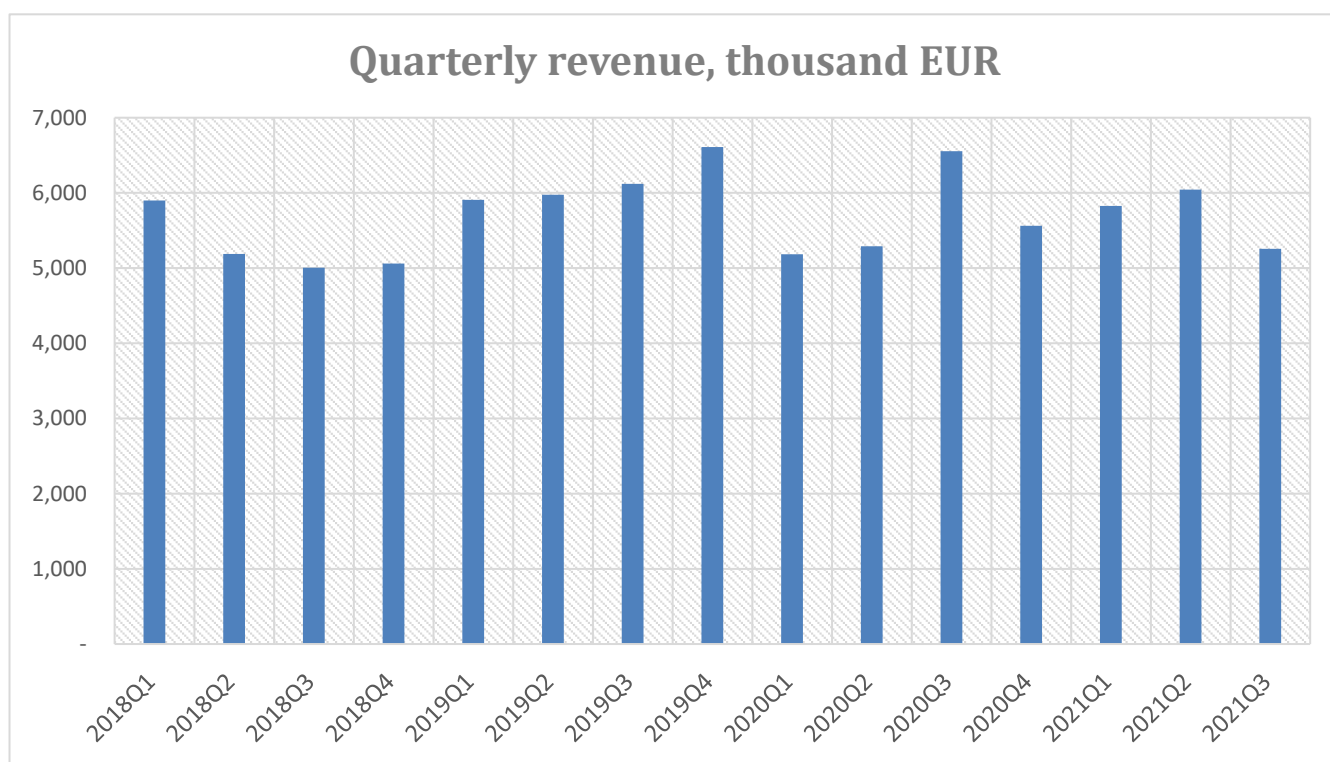
In 9m 2021 revenue increased by 1% and EBITDA increased by 50% on year-on-year basis, explained by comparably larger proportion of high-added value products in manufactured product mix and growing demand in data networks and industrial sectors in 9m 2021 as compared to 9m 2020. As at the end of 9m 2021 the liquidity of the Company has remained the same, compared to liquidity as at the end of 9m 2020.

Ratio/EUR'000	2016	2017	2018	2019	9m2020	2020	9m2021	9mYoY
Revenue	19 961	19 649	21 587	24 611	17 029	22 589	17 124	+1%
EBIT (operating profit)	783	1 877	1 395	1 316	293	703	1 426	
EBIT (operating profit) margin	4.62%	9.55%	6.46%	5.35%	2.31%	3.11%	8.33%	
EBITDA	2 209	3 685	3 297	3 761	2 214	3 081	3 322	+50%
EBITDA margin	13.02%	18.75%	15.27%	15.28%	13.00%	13.64%	19.40%	
Net profit	551	1 679	781	208	-488	-552	14	
Normalized net profit	589	1 336	1 272	1 144	267	497	1 326	
Normalized net profit margin	3.47%	6.80%	5.89%	4.65%	1.57%	2.20%	7.74%	
Normalized ROA	3.73%	7.16%	5.02%	3.84%	0.96%	1.72%	6.08%	
Normalized ROE	10.75%	16.42%	14.51%	12.67%	3.12%	5.86%	15.73%	
Liquidity ratio	0.91	0.69	1.02	0.85	0.81	0.79	0.81	
Normalized Return on Capital Employed (ROCE)	5.52%	11.09%	7.01%	5.39%	1.32%	2.46%	10.13%	
Earnings per share (EPS)	0.30	0.92	0.43	0.11	-0.27	-0.30	0.01	
Diluted EPS	0.30	0.92	0.38	0.10	-0.24	-0.27	0.01	

Alternative performance measures depicted in the tables above are explained in the Note “Definitions of alternative performance measures” under the section “Other notes to the financial statements”. Normalized net earnings, depicted in the tables above, have been recalculated and restated for historical periods with objective to obtain Normalized net profit that are more comparable between different periods. Please see Note 7 for Net profit to Normalized net profit reconciliation.

Quarterly revenue results for 2021 Q3

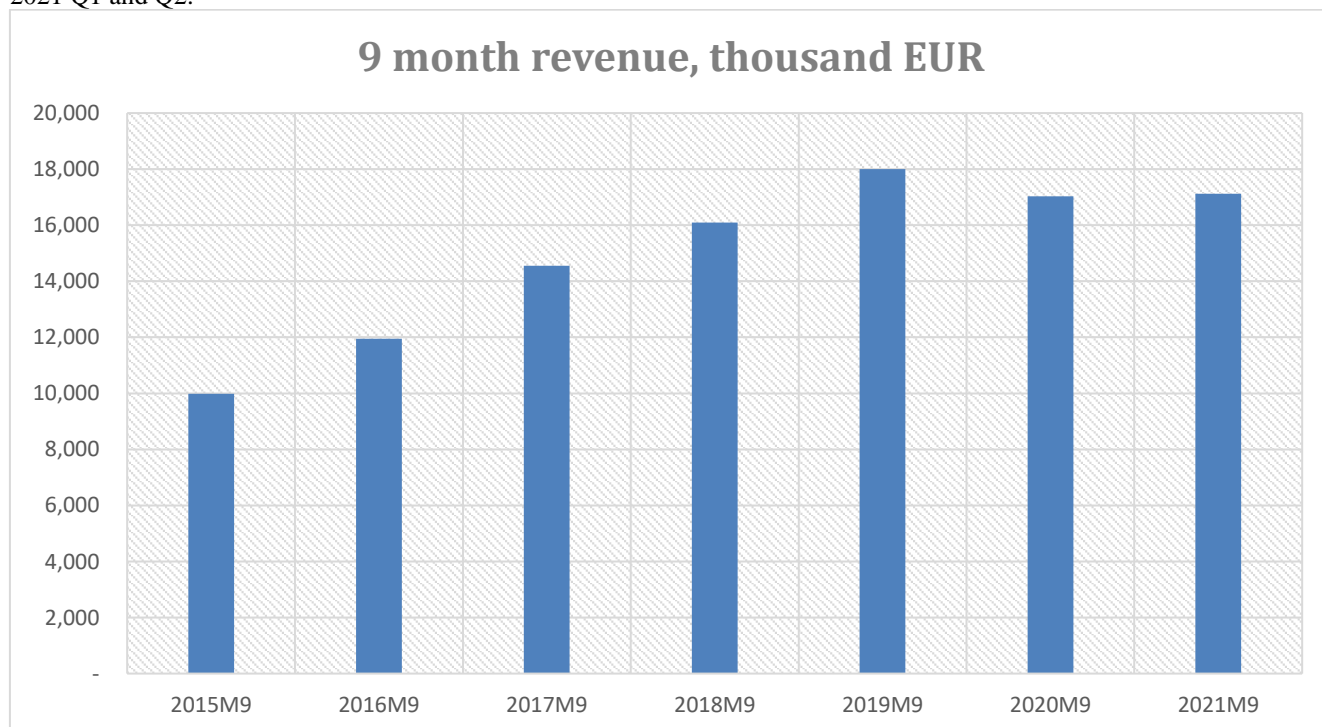
During the third quarter of 2021 the Group reported turnover of 5.254 million EUR, representing decrease by 20% in comparison to the same period of 2020. The 2021 Q3 sales results showed 13% sales volume decrease in comparison with previous quarter – 2021 Q2.



In 2021 Q3 the Group revenue decrease is explained by global challenges in supply chain in relation to component availability to ensure manufacturing order execution.

2021 9 month revenue results

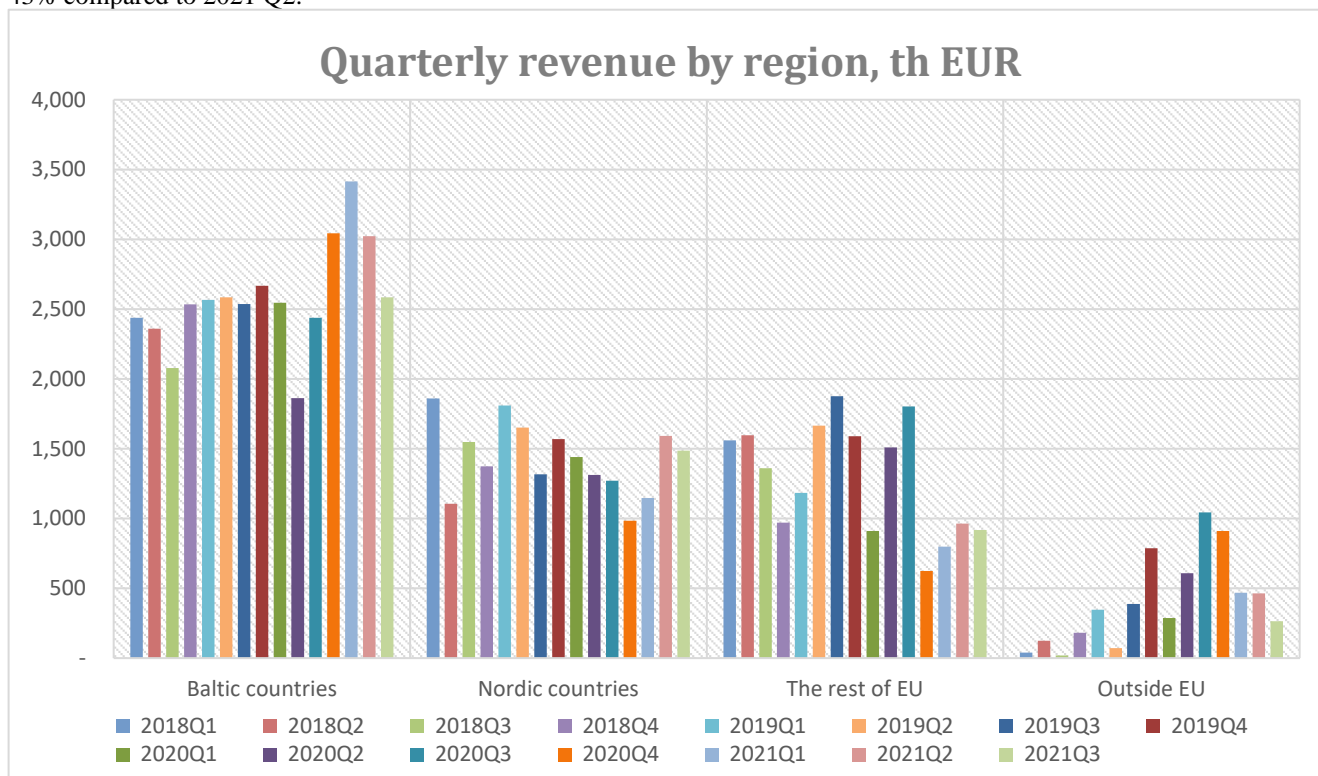
During 9 months of 2021 the Company reported sales volume increase by 1% compared to the same period of 2020 and reached 17.124 million EUR. The increase in revenue is explained by strong customer demand in data networks sector in 2021 Q1 and Q2.



Quarterly revenue by market region results for 2021 Q3

During 2021 Q3 Baltic states continue to be the largest market region with 49% share of turnover. Nordic and other EU sales respectively reported 28% and 17% of total sales. HansaMatrix during 2021 Q3 continued to deliver also to customer locations outside EU. This market share in 2021 Q3 amounts to 5% of the total sales volume.

Sales dynamics of regions – Baltic sales were 6% up compared to 2020 Q3 but 14% down compared to 2021 Q2; Nordic sales were 17% up from 2020 Q3 but 7% down in comparison with 2021 Q2. Other EU region sales reported 49% decrease from 2020 Q3 and 5% decrease from 2021 Q2. Outside EU deliveries decreased by 75% from 2020 Q3 and decreased by 43% compared to 2021 Q2.



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**	354	505	604	712	534	819	967
Outside EU**	1 245	1 217	775	441	998	916	1 299
Total	5 898	5 188	5 005	5 061	5 908	5 973	6 118

2019Q4	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021 Q2	2021Q3
2 667	2 545	1 862	2 439	3 044	3 415	3 022	2 584
1 570	1 441	1 312	1 271	983	1 147	1 592	1 487
1 075	747	920	882	132	380	224	918
1 300	452	1 197	1 962	1 401	886	1 203	265
6 612*	5 184	5 290	6 554	5 560*	5 828	6 042	5 254

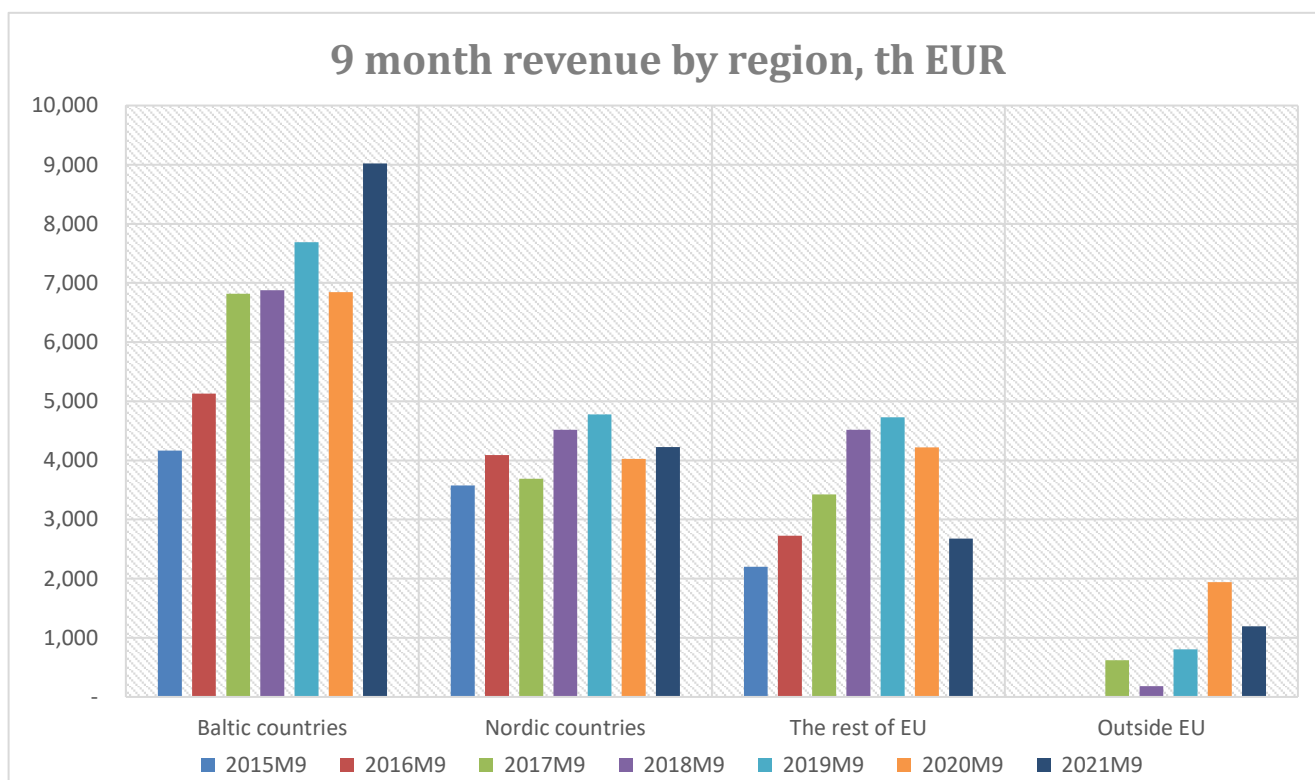
* - corrected (increased) by the sales amount to the extent of the costs incurred related to the work in progress respectively as at the end of 2019 and 2020, according to the Group accounting principles and policy.

** - in accordance with the UK withdrawal from the EU three clients has been reclassified by regions from “The rest of EU” to “Outside EU”, adjusting historical data accordingly.

2021 9 month revenue by region results

During 2021 9m main sales drivers continue to be Baltic customers with 53% market share of sales. Nordic and other EU sales reported as 25% and 16% of total sales. Product deliveries to customer locations outside EU amounted to 7% of total sales in 2021 H1.

Sales dynamics of regions compared to 2020 9m – Baltic sales were 32% up; Nordic sales were 5% up, other EU** sales were reported with 37% volume decrease; outside EU** sales demonstrated 38% year on year decrease.



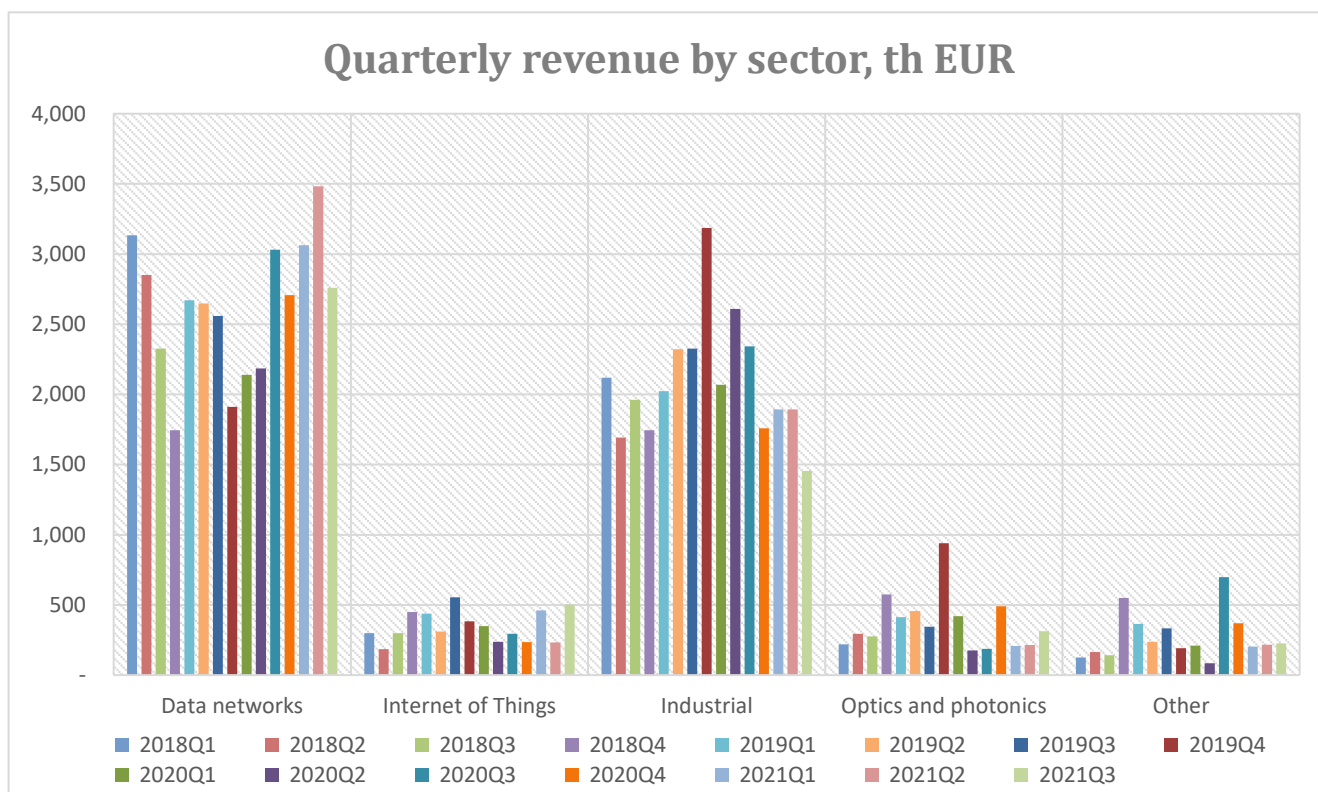
Sales performance in 9m2021 on year-on-year basis was growing in Baltic and Nordic countries due to good client performance in data networks and Internet-of things sectors.

** - in accordance with the UK withdrawal from the EU three clients has been reclassified by regions from “The rest of EU” to “Outside EU”, adjusting historical data accordingly.

Quarterly revenue by market sector results for 2021 Q3

During 2021 Q3 data network product sales and industrial product sales were dominating sales drivers respectively with 53% and 28% sales market share. Optics and photonics sales amounted to 6%, Internet-of-things sales amounted to 10% and other products were also reported with 4% share.

2021 Q3 data network product sales show decrease by 9%; industrial sector product sales – decrease by 38%; internet-of-things – increase by 70%, optics and photonics products sales – increase by 67% and other product sector – decrease by 68% in comparison with 2020 Q3. Comparison with sales results with previous - 2021 Q2 demonstrates 21% decrease in data networks; 23% decrease in industrial sector; increase of 115% in internet of things products; 45% increase in optics and photonics products and 4% increase in other product sector.

**Data table - quarterly revenue by market sector results for 2021 Q3**

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

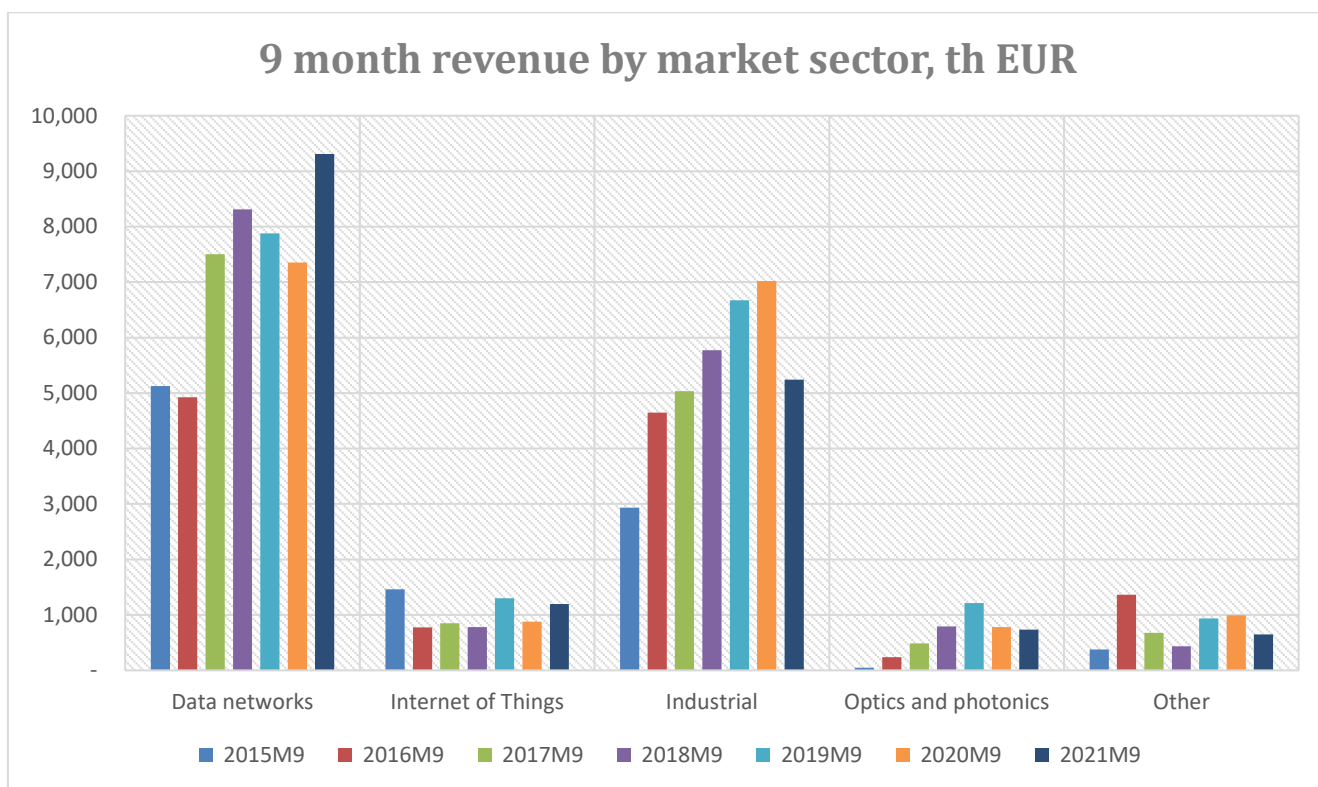
2019Q4	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021 Q2	2021Q3
1 911	2 138	2 184	3 030	2 707	3 063	3 484	2 760
383	348	237	295	235	460	233	502
3 186	1 857	2 609	2 342	1 758	1 894	1 893	1 454
940	630	176	188	490	208	215	313
192	209	85	699	370	203	217	225
6 612*	5 184	5 290	6 554	5 560*	5 828	6 042	5 254

* - 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.

2021 9 month revenue by market sector results

During 2021 9m main sales contributors continue to be data network products with 54% sales share and industrial product sales with 41% share in turnover. Internet of things product share in sales was 5%, optics and photonics products – 5% and other product share – 6%.

Sales dynamics of market segments compared to 2020 9m – data network sales were 27% up; industrial product sales were 25% down; optics and photonics product sales were 6% down, internet of things product sales increased 36%, other product sales reported 35% decrease.



Growth in data networks explained by expanding demand for remote connectivity solutions, whereas growth in IoT sector also explained by increased demand from current and new customers.

Quarterly EBITDA and net profit results in 2021 Q3

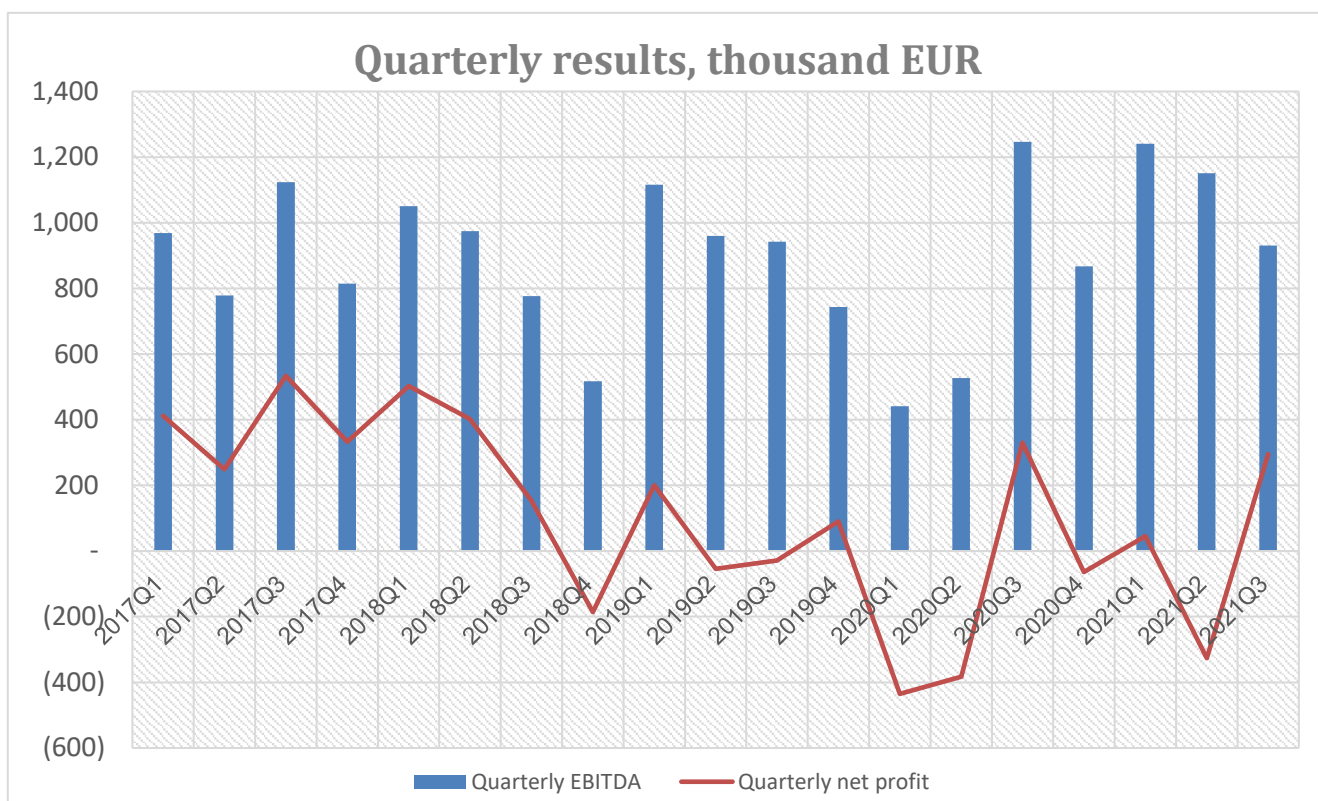
In 2021 Q3 the Group reported quarterly EBITDA result of 0.931 million EUR and operated with net profit result of 0.295 million EUR. The reported EBITDA result shows 25% decrease in comparison with Q3 2020 and 19% decrease compared to previous quarter of 2021 Q2. In Q3 2021 the Group reported net profit 0.295 million EUR as compared to net loss of 0.327 million in 2021 Q2. Quarterly results represent EBITDA margin of 17.71% and net profit margin 5.62%.

Taking into account the global component deficit challenges, in Q3 2021 achieved EBITDA result and EBITDA margin level could be considered as good performance, ensured by balancing the available and necessary manufacturing capacity and actively managing the supply chain challenges.

Net profit of the company in Q3 2021 is negatively influenced by loss from investments in associates, EIB loan fair value change provisions and interest expense related to leases, but positively influenced by change in EIB warrant fair value.

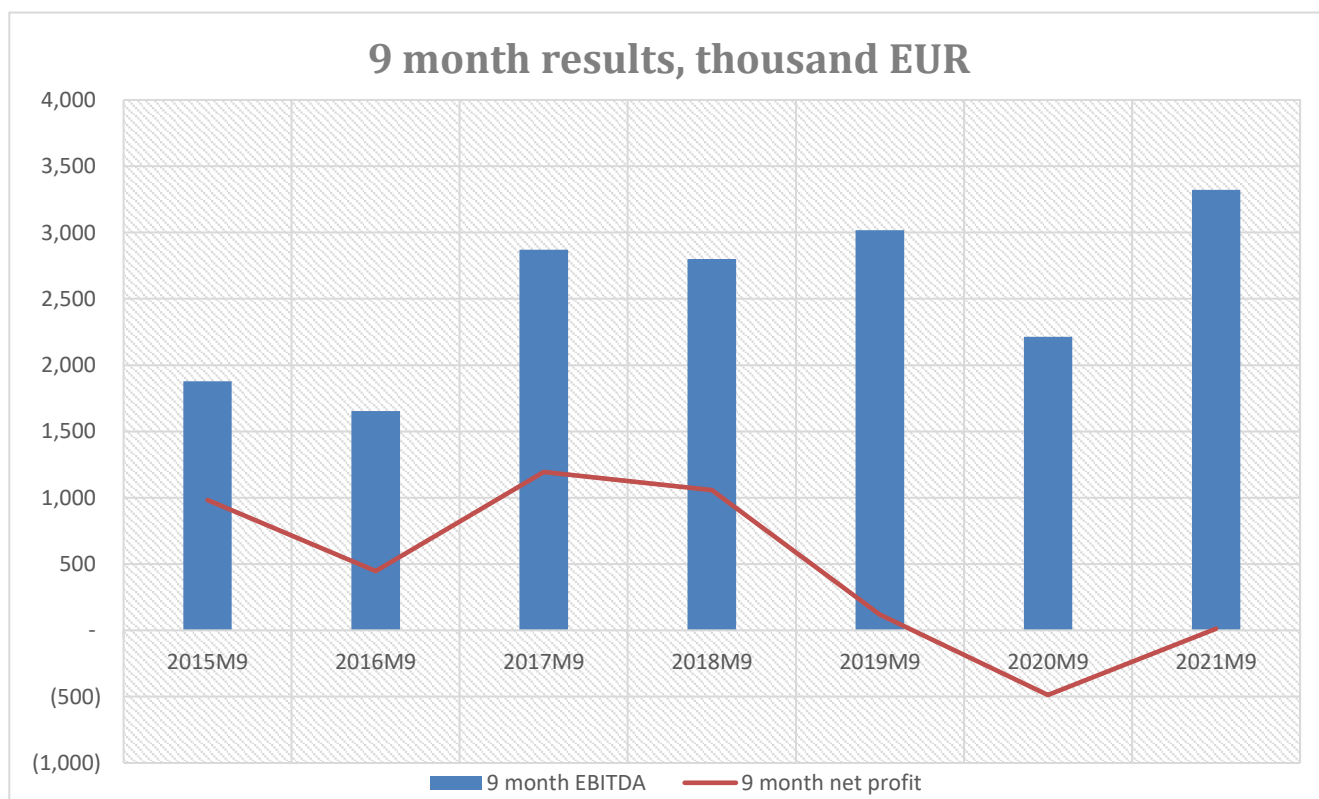
In Q3 2021 the Group carried out revaluation of fair value of warrants issued in relation to European Investment Bank (EIB) financing contract, decreasing warrant balance sheet value by 0.177 million EUR, due to decreasing average weighted price of HansaMatrix stock in Q3 2021, which improved net profit in Q3 2021.

For better inter-period profitability comparisons, the Group calculates normalized net profit which in Q3 2021 amounted to 0.282 million EUR generating 5.37% Normalized net profit margin.



2021 9 month EBITDA and net profit results

During 9 months of 2021 the Company reported EBITDA result of 3.322 million EUR and 9m net profit result of 0.014 million EUR. The reported EBITDA result is historically highest and shows 50% increase in comparison with 2020 9m. In 9 months of 2021, the Company operated with a net profit, as compared to the net loss of 0.488 million EUR in 2020 9m. Results represent 9-month EBITDA margin of 19.4% and 0.1% net profit margin.



9m 2021 EBITDA result achieved is historically highest and is explained by the increased proportion of high-value added products in manufactured product mix.

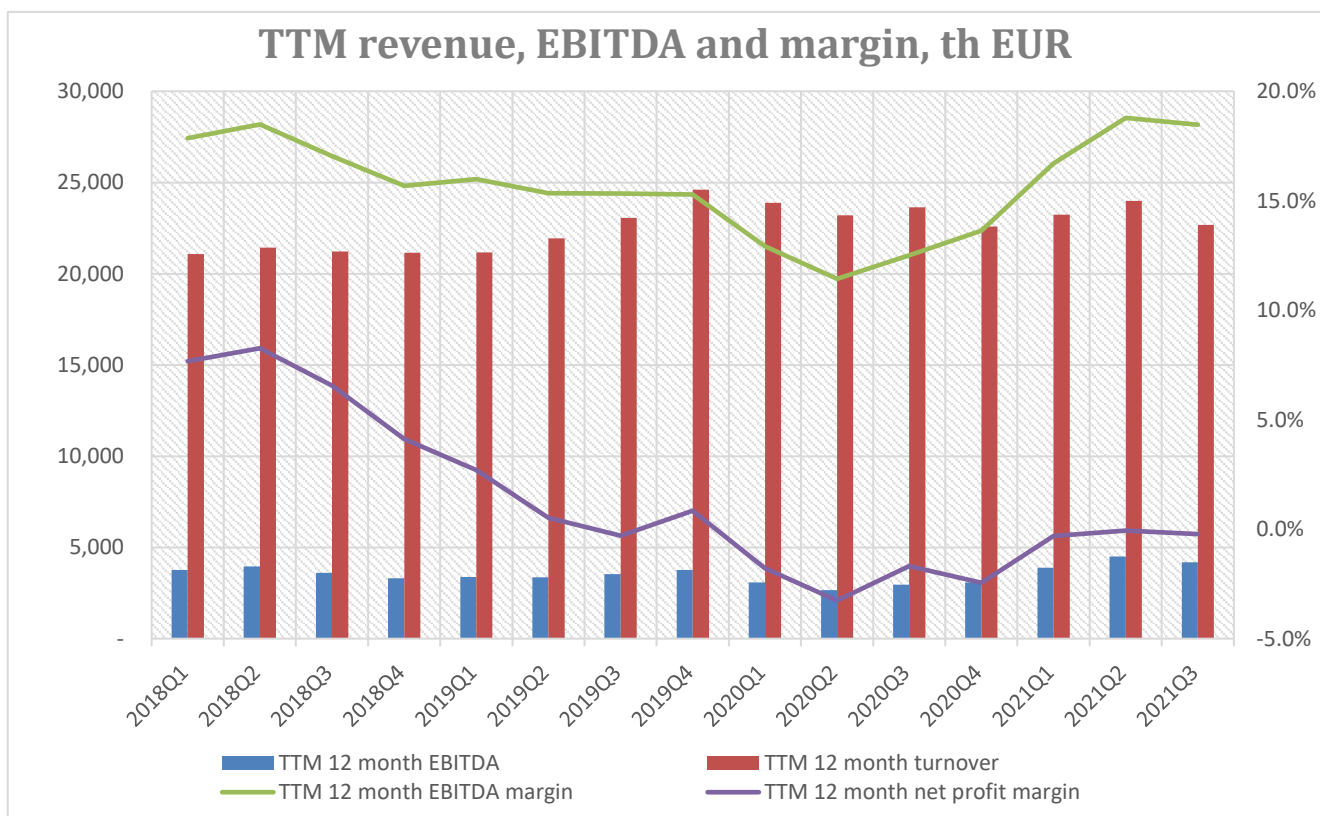
Net profit of the company in 9m 2021 is negatively influenced by several non-cash related items, including loss from investments in associates, EIB warrant fair value change provisions, EIB loan fair value change provisions and interest expense related to leases.

In 9m 2021 the Group carried out revaluation of fair value of warrants issued in relation to European Investment Bank (EIB) financing contract, increasing warrant balance sheet value by 0.536 million EUR, due to increasing average weighted price of HansaMatrix stock, which by the same amount decreased net profit in 9m 2021.

For better inter-period profitability comparisons, the Company calculates normalized net profit which in 9m 2021 amounted to 1.326 million EUR, generating 7.74% normalized net profitability in the respective period.

TTM (trailing twelve months) turnover, EBITDA and margin results in 2021 Q3

TTM – trailing twelve-month period sales (period starting in October 1, 2020 and ending with September 30, 2021) at 2021 Q3 reached 22.685 million EUR, showing 4% decrease compared to TTM sales for the period ended at 2020 Q2 and also 5% decrease compared to TTM sales for the period ended at 2021 Q2. EBITDA result for the TTM 12-month period reported to be 4.190 million EUR, an increase of 42% in comparison with 12-month period ended at 2020 Q3 and 7% decrease compared to TTM sales for the period ended at 2021 Q2. The TTM period resulted in a net loss of -0.050 million EUR. Averaged EBITDA margin for TTM period of 18.5% was reported.



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 has stopped 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 Q3 2021 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 total planned costs of the project were 407 thousand EUR, consisting of 280 thousand EUR (68,75%) public ERDF funding and 127 thousand EUR (31,25%) private funding. This project was completed on July 31, 2021.

In Q3 2021 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 14 months, starting on November 1st, 2020. The total planned cost of the project amount to 318 thousand EUR, consisting of 218,6 thousand EUR (68,74%) public ERDF funding and 99,4 thousand EUR (31,26%) private funding.

In Q3 2021 HansaMatrix Innovation continued participation as the linked 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 Q3 2021 HansaMatrix made 0.480 million EUR and during 9m 2021 0.921 million 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 Q3 2021 the Parent Company has provided additional 73 thousand EUR and during 9m 2021 in aggregate additional 250 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 2 122 thousand EUR, consisting of convertible loan in amount of 1 316 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 2 414 thousand EUR, consisting of construction in progress (capitalized fixed asset creation costs) 2 053 thousand EUR, goodwill 436 thousand EUR and accrued losses -75 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 Q3 and 9m2021 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 6 756 thousand EUR, consisting of convertible loan in amount of 4 961 thousand EUR and paid-up capital in amount of 1 795 thousand EUR. (at consolidated level accounted for using equity method).

Business development overview of the associated company – SIA Lightspace Technologies

During Q3 2021, when most of the COVID restrictions were lifted, LightSpace Technologies (hereinafter – LightSpace) restarted its business and sales activities. As it becomes possible to travel again, Company resumed face-to-face meetings and showcases of demo devices to strategic partners and customers. The company also resumed its active conversations with VC and CVC investors.

During Q3 2021, LightSpace carried out European roadshow to three largest automotive companies - Audi, BMW, Volkswagen group - to engage their interest in multi-focal Augmented Reality visualizations. They have shown an interest in implementing multi-focal architecture into Head-up displays of the car's interior.

The demo devices were also showcased to Siemens industrial group and received outstanding feedback with certain steps to take further.

The main focus of the company remains on healthcare applications. The demo devices have been showcased at number of institutions including the Children's neurosurgery department of Charité University hospital, Berlin, Germany. In addition, LightSpace has launched a consortium and joint project with Karolinska University hospital and KTH Royal Institute of Technology to develop extended reality method and technology on pedicle screw placement application development.

LightSpace has put on hold and postponed the commercialization path of iG2000 and focused on launching iG1050. The decision was caused by very positive feedback from validation projects of earlier concept model iG1000. It was highly evaluated for its image quality and accepted by MedTech partners for use in surgical navigation and similar applications that require precise image overlays. As a result, Company decided to upgrade iG1000 to iG1050, thus starting a pilot manufacturing. The upgraded models will be supplied to Company's MedTech partners as application development kits in Q1 2022.

In order to strengthen management and ensure long-term strategy execution LightSpace has made few changes to company governance - appointed a new CEO – Madara Kalnina-Kalnmale. The founder & previous CEO – Ilmars Osmanis – who has led LightSpace for several years from now on will focus on technology development to evolve the world-leading technology further. Osmanis will continue as integral part of the business in the position of CTO and will provide support to new CEO as needed. Moreover, the team has been strengthened by the new CFO – Girts Zile.

During Q3 LightSpace has attracted bridge investment of 800 thousand EUR from several Estonian and Danish business angels and existing shareholders. The investment is in a form of a convertible loan, and it is expected to be converted to shares at the next investment round. The investment will be used for the funding of Company needs including development of existing and new products.

The unique multi-focal technology, invented by LightSpace, is considered to be the key enabling technology required for near-distance 3D visualizations in high-performance 3D graphics, required in Digital and Smart manufacturing, Digital and Image-guided medicine, training and simulations in realistic 3D environments.

LightSpace is a photonics and optical solutions company, the global technological leader in multi-focal near-eye AR displays. The main uses of the product are in healthcare, manufacturing, defence, science, entertainment, media and gaming. Several key enabling technologies, including liquid crystal materials that create switching diffuser photonics devices, have been invented by the company.

LightSpace currently holds 29 global patents and has submitted 6 new patent applications during 9 months of 2021.

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

Visualization of iG1050



SIA Lightspace Technologies consolidated* profit loss statement, EUR

	9m 2021 EUR	9m 2020 EUR
Net turnover	448 804	172 719
Cost of sales	(2 169 553)	(1 687 503)
Gross profit / (loss)	(1 720 749)	(1 514 784)
Distribution costs	(132 978)	(179 946)
Administrative expense	(337 184)	(228 741)
Other operating income	1261 698	625 255
Other operating expense	(56 130)	(49 342)
Operating profit	(985 343)	(1 347 558)
Interest expenses	(20 837)	(967)
Profit / (loss) before tax	(1 006 180)	(1 348 525)
Corporate income tax	(72)	(608)
Net profit / (loss) for the period	(1 006 252)	(1 349 133)
Profit attributable to:		
Equity holders of the Parent Company	(943 129)	(1 243 631)
Non-controlling interest	(63 123)	(105 502)
	(1 006 252)	(1 349 133)

SIA Lightspace Technologies consolidated *) balance sheet, EUR

ASSETS	30.09.2021. EUR	31.12.2020. EUR
NON-CURRENT ASSETS		
Property, plant, equipment and intangible assets	9 728 579	9 410 754
TOTAL NON-CURRENT ASSETS	9 728 579	9 410 754
CURRENT ASSETS		
Inventory	1 204 144	383 621
Receivables	899 766	954 779
Cash and cash equivalents	244 205	67 429
TOTAL CURRENT ASSETS	2 348 115	1 405 829
TOTAL ASSETS	12 076 694	10 816 583
EQUITY AND LIABILITIES	30.09.2021. EUR	31.12.2020. EUR
EQUITY		
Share capital	16 601	16 601
Share premium	5 025 712	5 025 712
Other reserves	1 567 988	1 570 034
Retained earnings/ (accumulated deficit)	(4 893 058)	(3 949 926)
Non-controlling interest	398 606	461 729
TOTAL EQUITY	2 115 849	3 124 150
LIABILITIES		
Non-current and current liabilities	9 960 845	7 692 433
TOTAL LIABILITIES	9 960 845	7 692 433
TOTAL EQUITY AND LIABILITIES	12 076 694	10 816 583

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

Shares and stock market

During 2021 Q3 HansaMatrix (HMX1R) share price decreased by 21.07% - see the stock price movement chart for the period from July 1, 2021 to September 30, 2021.



During 2021 9m HansaMatrix (HMX1R) share price increased by 4.37% - see the stock price movement chart for the period from January 1, 2021 to September 30, 2021.



Security trading history

Price	2017	2018	2019	2020	9m 2021
Open	7.95	8.14	6.5	6.25	9.10
High	8.83	8.5	6.65	9.05	16.80
Low	6.9	6.05	5.93	5.00	8.80
Last	8.14	6.5	6.25	9.05	9.55
Traded volume	72 941	137 505	32 591	38 141	97 257
Turnover, million	0.51 EUR	0.94 EUR	0.20 EUR	0.26 EUR	1.07 EUR
Capitalisation, million	14.89 EUR	11.89 EUR	11.43 EUR	16.56 EUR	17.47 EUR

In 9m 2021 the highest HansaMatrix (HMX1R) share price observed reached 16.80 EUR per share, lowest 8.80 EUR per share and the total traded share turnover in this period amounted to 1.07 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 and going further might increase 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 might decrease or stagnate 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 September 30, 2021, 43% 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 9m 2021 the Group carried out revaluation of fair value of warrants issued in relation to European Investment Bank (EIB) Financing contract in amount of 0.536 million EUR due to increasing average weighted HansaMatrix stock market price, which by same amount decreased net profit in the reporting period. As at the end of Q3 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 Q3 2021 the other asset values of the Group have not been significantly impacted by COVID-19 pandemic situation or other circumstances.

Other significant events in Q3 2021

On July 20, 2021 the President of Latvia Egils Levits met with representatives of companies “HansaMatrix” and “LightSpace Technologies” to discuss the latest smart technology developments around the world and Latvia’s contribution to the global innovation of these technologies. The President of Latvia visited the research and production facilities at the companies, where augmented reality goggles are produced which are used by major car manufacturers and others to optimise manufacturing processes.

On August 06, 2021 HansaMatrix announced signing of new manufacturing contract to supply human machine interface electronic devices to industrial sector customer in Germany. Company total revenue from the new contract in the period of 9 months from Q4 2021 until the end of Q2 2022 is expected to reach 3.3 million EUR.

On August 12, 2021 the contract was signed in amount of 1.4 million USD to supply high complexity electronic assemblies to industrial segment customer with location outside European Union, in the period of 9 months from Q2 to Q4 2022. The conclusion of this agreement is significant achievement, recognizing high quality level of HansaMatrix manufacturing services and requiring Company’s existing aerospace quality management system certification, AS9100.

HansaMatrix founder Ilmārs Osmanis resigned as HansaMatrix Supervisory Board Member on September 13, 2021. I.Osmanis served on the Supervisory Board of HansaMatrix since May 26, 2021, previously serving for many years he had been the Chairman of the Management Board. He continues to be a significant shareholder and will advise Company management as needed. I.Osmanis will devote his knowledge and energy to the development of 3D photonics and optical solutions company LightSpace Technologies as its founder and current CEO.

Significant events after the reporting period

On October 15, 2021 HansaMatrix announced decision to conduct a review of strategic alternatives in support of further growth of the business of the Group and to enhance shareholder value. The Parent company has appointed Superia as financial advisor to assist in the review. The review of strategic alternatives may allow the Group to identify an additional strategic direction of the business of the Group that enhances value for the shareholders, and may result in a transaction or a series of transactions, such as sale transaction of the Parent company to a strategic or financial investor, sale of parts of the Group, reorganisation of entities within the Group, including a spin-off of the Parent Company shareholding in Lightspace Technologies.

On October 18, 2021 HansaMatrix has signed a contract to supply electronic assemblies starting with Q1 2022, with yearly amount of up to 2 million EUR. The new customer is located in Nordic countries and operates in industrial sector, related to health and wellness industry.

On October 19, 2021 HansaMatrix's associated company Lightspace Technologies has attracted an investment in form of convertible loan of 800 thousand EUR from Estonian and Danish business angels and existing shareholders. These investments will help Lightspace Technologies to further develop existing and new products.

November 15, 2021

Jānis Sams
Chairman of the Management Board

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Statement of responsibility of the management

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

The consolidated financial statements are prepared in accordance with the source documents and present fairly the consolidated financial position of the Group as of September 30, 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.

November 15, 2021

Jānis Sams
Chairman of the Management Board

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INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim consolidated statement of comprehensive income

	01.07.2021- 30.09.2021 EUR	01.07.2020- 30.09.2020 EUR	01.01.2021- 30.09.2021 EUR	01.01.2020- 30.09.2020 EUR
Revenue from contracts with customers	5 254 428	6 554 139	17 124 411	17 028 592
Cost of sales	(4 532 750)	(5 565 824)	(14 580 293)	(15 323 353)
Gross profit	721 678	988 315	2 544 118	1 705 239
Distribution costs	(92 937)	(120 302)	(362 434)	(353 078)
Administrative expense	(469 892)	(459 801)	(1 429 247)	(1 386 811)
Other operating income	177 776	245 340	797 446	504 486
Other operating expense	(22 164)	(13 150)	(123 514)	(76 408)
Operating profit or (loss)	314 461	640 402	1 426 369	393 428
Loss from investments in associates	(53 856)	(164 166)	(435 163)	(493 868)
Finance income	179 979	2 587	185 539	7 704
Finance costs	(145 519)	(148 684)	(1 163 163)	(394 851)
Profit or loss before tax	295 065	330 139	13 582	(487 587)
Corporate income tax	-	-	-	-
Net profit or loss for the reporting period	295 065	330 139	13 582	(487 587)
<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	295 065	330 139	13 582	(487 587)
Comprehensive income or (loss) attributable to:				
Equity holders of the Parent Company	295 065	330 473	13 582	(486 297)
Non-controlling interests	-	(334)	-	(1 290)
	295 065	330 139	13 582	(487 587)
Earnings Per Share	0.161	0.181	0.007	(0.266)
Diluted Earnings Per Share	0.144	0.162	0.007	(0.239)

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

November 15, 2021

Jānis Sams
Chairman of the Management Board

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Interim consolidated statement of financial position

ASSETS	30.09.2021	31.12.2020
	EUR	EUR
NON-CURRENT ASSETS		
Intangible assets		
ODM assets	405 651	310 475
Other intangible assets	591 642	575 706
Goodwill	360 653	360 653
Total intangible assets	1 357 946	1 246 834
Property, plant and equipment		
Land and buildings	3 278 581	3 428 169
Equipment and machinery	3 873 178	4 201 035
Other fixtures and fittings, tools and equipment	551 811	558 352
Right of use asset	3 362 649	2 792 929
Leasehold improvements	113 159	90 110
Construction in progress	2 440 423	2 369 063
Total property, plant and equipment	13 619 801	13 439 658
Non-current financial assets		
Investments in associates	1 794 689	2 229 852
Investments in other companies	53 046	42 086
Other investment loans	4 961 573	4 961 573
Other financial assets	-	38 564
Other non-current receivables	43 150	61 048
Total non-current financial assets	6 852 458	7 333 123
TOTAL NON-CURRENT ASSETS	21 830 205	22 019 615
CURRENT ASSETS		
Inventories		
Raw materials and consumables	2 828 293	1 972 306
Work in progress	1 549 558	-
Finished goods	100 509	-
Total inventories	4 478 360	1 972 306
Receivables, contract assets and prepayments		
Trade receivables from contracts with customers	1 098 758	755 890
Prepayments for goods	155 195	94 152
Loan to shareholder	560 279	551 883
Prepaid expense	92 319	30 632
Contract assets	-	2 225 865
Other receivables	405 599	351 957
Total receivables, contract assets and prepayments	2 312 150	4 010 379
Cash and cash equivalents	277 075	830 243
TOTAL CURRENT ASSETS	7 067 585	6 812 928
TOTAL ASSETS	28 897 790	28 832 543

*Available unused credit line	700 000	270 554
*Available unused factoring limit	1 686 321	1 537 540

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

November 15, 2021

Jānis Sams

Chairman of the Management Board

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Interim consolidated statement of financial position

EQUITY AND LIABILITIES		
	30.09.2021	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	1 822 186	1 914 956
Retained earnings/ (accumulated loss):		
a) brought forward	2 328 898	2 842 621
b) for the period	13 582	(551 612)
Minority share	-	-
TOTAL EQUITY	8 431 599	8 472 898
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	6 381 180	7 390 029
Lease liabilities	2 224 477	1 686 167
Other financial liabilities	2 188 848	1 652 485
Prepayments received from customers (Contract liabilities)	-	-
Government grants	664 473	724 075
Taxes payables – non-current	274 835	273 417
Total non-current liabilities	11 733 813	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	611 240	788 670
Trade payables	3 974 031	3 496 960
Taxes payable	458 065	811 374
Corporate income tax	-	2 516
Other liabilities	190 695	251 387
Government grants	177 262	185 758
Accrued liabilities	701 997	307 261
Total current liabilities	8 732 378	8 633 472
TOTAL LIABILITIES	20 466 191	20 359 645
TOTAL EQUITY AND LIABILITIES	28 897 790	28 832 543

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

November 15, 2021

Jānis Sams

Chairman of the Management Board

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Interim consolidated statement of cash flow

	01.07.2021- 30.09.2021 EUR	01.07.2020- 30.09.2020 EUR	01.01.2021- 30.09.2021 EUR	01.01.2020- 30.09.2020 EUR
CASH FLOWS TO/ FROM OPERATING ACTIVITIES				
Profit (loss) before tax	295 065	330 139	13 582	(487 586)
Adjustments for:				
Depreciation and amortization	616 278	605 869	1 896 056	1 820 585
Interest expense	32 531	91 585	100 197	199 635
Interest income	(2 931)	(2 587)	(8 491)	(7 704)
Decrease in allowances for slow-moving items and receivables	(30 661)	(15 893)	(153 378)	(17 588)
Income from grant recognition	(46 314)	(25 461)	(146 794)	(76 384)
Gain on disposal of property, plant and equipment	(163)	-	(235)	20
Fair value adjustment for warrants	(177 048)	-	536 363	-
Share of loss of an associates	53 856	164 166	435 163	493 868
Adjustments for:				
(Increase)/ decrease in inventories	(615 681)	821 085	(280 189)	462 219
(Increase)/ decrease in receivables	(6 624)	65 566	(374 259)	545 221
Increase/ (decrease) in payables	906 828	(1 640 101)	473 615	(523 706)
Cash generated from operations, gross	1 025 132	394 368	2 491 630	2 408 580
Interest paid	(32 531)	(89 154)	(100 197)	(197 204)
Corporate income tax paid	-	-	-	-
Net cash flows to/ from operating activities	992 605	305 214	2 391 433	2 211 376
CASH FLOWS TO/ FROM INVESTING ACTIVITIES				
Purchase of intangible assets and property, plant and equipment	(587 876)	(295 399)	(921 489)	(725 605)
Proceeds from sale of property, plant and equipment	-	6 850	-	6 850
Investments in other companies	23 344	(21 365)	12 385	(493 865)
Net cash flows to/ from investing activities	(564 532)	(309 914)	(909 104)	(1 212 620)
CASH FLOWS TO/ FROM FINANCING ACTIVITIES				
Grants received	-	25 978	319 185	125 252
Dividends paid	-	-	(54 881)	-
Loans repaid to credit institutions	(409 831)	58 556	(1 425 563)	(576 889)
Loans repaid to lease companies	(70 377)	(93 931)	(211 425)	(233 759)
Payment of principal portion of lease liabilities	(228 624)	(86 916)	(662 813)	(436 265)
Net cash flows to/ from financing activities	(708 832)	(96 313)	(2 035 497)	(1 121 661)
Change in cash and cash equivalents for the year	(280 759)	(101 013)	(553 168)	(122 905)
Cash and cash equivalents at the beginning of the year	557 834	232 588	830 243	254 480
Cash and cash equivalents at the end of the year	277 075	131 575	277 075	131 575

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	-	-	-	-	(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)	-
Balance as at 30 September 2020	1 829 381	2 435 579	926	1 945 878	2 329 105	-	8 540 869
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	-	-	-	-	13 582	-	13 582
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	13 582	-	13 582
Depreciation of revalued items of property, plant and equipment	-	-	-	(92 770)	92 770	-	-
Share option reserves	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	(54 881)	-	(54 881)
Balance as at 30 September 2021	1 829 381	2 435 579	1 973	1 822 186	2 342 480	-	8 431 599

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 nine months ended September 30, 2021 were authorized for issue in accordance with a resolution of the Management Board of the Parent Company on November 15, 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 nine months ended September 30, 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

			Amounts owed by related parties (gross)	Amounts owed to related parties (gross)
Related party	Type of services		EUR	EUR
1. Associates				
SIA Lightspace Technologies (AS HansaMatrix share: 49%)	Loan	31.12.2020	4 961 573	-
		30.09.2021	4 961 573	-
	Services, purchase of materials, sales	31.12.2020	447 252	338 853
		30.09.2021	974 661	-
	TOTAL	31.12.2020	5 408 825	338 853
	TOTAL	30.09.2021	5 936 234	-
2. Entities with significant influence over the Parent Company				
SIA MACRO RĪGA (shareholder)	Loans	31.12.2020	551 883	-
		30.09.2021	560 279	-
	Purchase of services; sale of materials	31.12.2020	2 067	-
		30.09.2021	-	-
	TOTAL	31.12.2020	553 950	-
	TOTAL	30.09.2021	560 279	-

4. EBITDA calculation

	01.07.2021- 30.09.2021 EUR	01.07.2020- 30.09.2020 EUR	01.01.2021- 30.09.2021 EUR	01.01.2020- 30.09.2020 EUR
NET sales	5 254 428	6 554 139	17 124 411	17 028 592
Operating profit	314 461	640 402	1 426 369	393 428
Depreciation and amortization	616 278	605 869	1 896 056	1 820 585
EBITDA, EUR	930 739	1 246 271	3 322 425	2 214 013
EBITDA, %	18%	19%	19%	13%

5. The fair value measurement hierarchy of the Group's assets and liabilities at September 30, 2021

	Fair value measurement using				
	Total at carrying amount	Total at fair value	quoted prices in active markets (level 1)	significant observable inputs (level 2)	significant unobservable inputs (level 3)
	EUR	EUR	EUR	EUR	EUR
Assets and liabilities measured at fair value					
Convertible loan SIA Lightspace Technologies	4 961 573	4 961 573	-	4 961 573	-
Warrants	2 188 848	2 188 848	-	2 188 848	-
Investments in other companies	53 046	53 046	-	-	53 046
Assets and liabilities for which fair value is disclosed					
Loan to shareholder	560 279	560 279	-	-	560 279
Loans from credit institutions	8 020 502	8 020 502	-	8 020 502	-

As at the end of Q3 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 September 30, 2021 are reasonable approximations of the fair values, except that in Q3 2021 the Group carried out revaluation of fair value of warrants issued in relation to

European Investment Bank (EIB) Financing contract in amount of 0.177 million EUR by decreasing the value of the warrants due to decreasing HansaMatrix stock market price, which increased net profit in Q3 2021 and in 9m 2021 in amount of 0.536 million EUR by increasing the value of the warrants due to increasing HansaMatrix stock market price, which decreased net profit in 9m 2021.

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

	01.07.2021- 30.09.2021 EUR	01.07.2020- 30.09.2020 EUR	01.01.2021- 30.09.2021 EUR	01.01.2020- 30.09.2020 EUR
Net profit or loss for the reporting period	295 065	330 139	13 582	(487 587)
Other comprehensive income:		-		-
Total comprehensive income or (loss) for the year, net of tax	295 065	330 139	13 582	(487 587)
Comprehensive income or (loss) attributable to:				
Equity holders of the Parent Company	295 065	330 473	13 582	(486 297)
Non-controlling interests	-	(334)	-	(1 290)
	295 065	330 139	13 582	(487 587)
HansaMatrix AS number of shares	1 829 381	1 829 381	1 829 381	1 829 381
Earnings per share	0.161	0.181	0.007	(0.266)
HansaMatrix AS employees share options	9 050	3 000	9 050	3 000
EIB warrants	205 298	205 298	205 298	205 298
Diluted Earnings Per Share	0.144	0.162	0.007	(0.239)

7. Normalized net profit

Normalized net profit calculation for Q2-Q3, 2020 and Q2-Q3, 2021:

	01.07.2021	01.04.2021	01.07.2020	01.04.2020
	-	-	-	-
	30.09.2021	30.06.2021	30.09.2020	30.06.2020
	EUR	EUR	EUR	EUR
Net profit	295 065	(326 625)	330 139	(382 581)
Loss/Profit from investments in associates	53 856	196 110	164 166	188 924
EIB warrant fair value change provisions	(177 048)	504 402	-	-
EIB loan fair value change provisions	79 419	82 459	87 646	65 979
Interest expense related to operating leases	30 813	32 110	14 313	12 554
Deferred tax liabilities	-	-	-	-
Normalized earnings	282 105	488 456	596 264	(115 124)

Normalized net profit calculation for 2016-2020, 9m2020 and 9m 2021:

	01.01.2021	01.01.2020	01.01.2020	01.01.2019	01.01.2018	01.01.2017	01.01.2016
	-	-	-	-	-	-	-
	30.09.2021	30.09.2020	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Net profit	13 582	(487 587)	(551 612)	207 888	781 018	1 678 990	551 197
Loss/Profit from investments in associates	435 163	493 868	325 146	623 202	483 143	107 712	16 637
EIB warrant fair value change provisions	536 363	-	306 555	-	-	-	-
EIB loan fair value change provisions	245 324	219 605	293 738	246 346	8 117	-	-
Interest expense related to operating leases	95 837	40 951	123 053	66 088	-	-	-
Deferred tax liabilities	-	-	-	-	-	(451 051)	21 251
Normalized earnings	1 326 269	266 837	496 880	1 143 524	1 272 278	1 335 651	589 085

8. Dividends paid and proposed

On June 11, 2021 HansaMatrix paid out dividends in amount of 54 881.43 EUR (fifty-four thousand eight hundred eighty-one and 43/100 euro) or in amount of 0.03 EUR (three cents) per share.

9. Definitions of Alternative Performance Measures

No.	APR, definition, components	Relates to past or future reporting periods	ASR usefulness	The Group uses APM for
1	EBIT: Operating profit	Past	Shows the entity's ability to generate enough earnings to be profitable, pay down debt and taxes and fund ongoing operations.	Liquidity management and assessment of earning capacity and cash flows
2	EBIT margin: EBIT/ Revenue	Past	<i>Shows the proportion of revenues that are available to cover non-operating costs.</i>	Profitability assessment
3	EBITDA: Operating profit + Depreciation and amortization	Past	Shows an indicative amount of operating cash flows before changes in current assets	Liquidity management and assessment of earning capacity and cash flows
4	EBITDA margin: EBITA/ Revenue	Past	Shows the entity's ability to generate operating cash flows	Profitability assessment
5	Normalized net profit: Net profit adjusted by the most significant expense or income that are not associated with actual cash expenditures (except depreciation).	Past	Shows the entity's earning capacity by enhancing comparability between the periods, when applicable and necessary.	Liquidity management and assessment of earning capacity and cash flows
6	P/E ratio: Share price / Net profit per share	Past	Can be used in making conclusions as to whether the Nasdaq Riga market price of the Group's shares is overstated or understated in comparison to other similar companies or the average market price	Determining the relative value per share
7	Normalized P/E ratio: Share price / Normalized net profit per share	Past	Can be used in making conclusions as to whether the Nasdaq Riga market price of the Group's shares is overstated or understated in comparison to other similar companies or the average market price	Determining the relative value per share
8	Net profit margin: Net profit / Revenue	Past	Shows the entity's earning capacity	Profitability assessment
9	Normalized net profit margin: Normalized net profit / Revenue	Past	Shows the entity's earning capacity	Profitability assessment
10	Normalized ROA: Normalized net profit / Total assets	Past	Shows how efficiently the assets are used to generate earnings.	Assessment of return on assets

11	Normalized ROE: Normalized net profit / Equity	Past	Shows how efficiently the equity is used to generate earnings	Determining return on equity
12	Current ratio: Current assets/ Current liabilities	Past	<i>Shows the extent to which an entity has sufficient current assets to cover its current liabilities</i>	Liquidity assessment
13	Normalized Return on Capital Employed (ROCE): Normalized net profit / (Total assets – Current liabilities)	Past	Shows how efficiently the capital employed is used to generate earnings	Assessment of return on capital employed
14	Compound annual growth rate (CAGR): (Investment's ending value/ Investment's beginning value)^(1/Number of periods)-1. CAGR is the rate of return that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each year of the investment's lifespan.	Past	Shows a growth rate of a financial measure over a certain period of time assuming that the growth rate is the same over the equal span of time of the said period.	Assessment of the dynamics of financial indicators

Two APR's added – No.6 and No.8 to reflect both profitability margins for net profit and for normalized net profit as well as if necessary to calculate P/E using both net profit and also normalized net profit. Names have been changed for APR's No.5, 7, 9, 10, 11 and 13 to better reflect the substance of these ratios.