



**HANSAMATRIX**

Inspired by your trust

**JOINT STOCK COMPANY  
"HANSAMATRIX"**

UNIFIED REGISTRATION  
NUMBER 40003454390

# **UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE Q2 AND 6 MONTH PERIOD ENDED JUNE 30, 2022**

Prepared in accordance with IAS 34  
Interim Financial Reporting

Ogre, 2022



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## General information

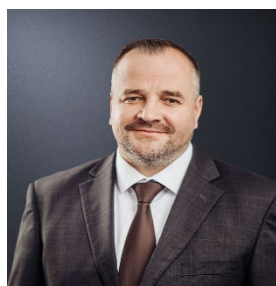
Name of the Parent Company	HansaMatrix
Legal status of the Parent Company	Joint Stock Company
Parent Company unified registration number	40003454390
Place and date of registration	Riga, 30 July 1999
Registration date with the Commercial Register	Riga, 27 December 2022
Registered office	Akmeņu street 72, Ogre, Latvia, LV-5001
Shareholders (over 5%) as of July 29, 2022	<ul style="list-style-type: none"><li>• SIA „MACRO RIGA” (26,90%)</li><li>• „ZGI-4” AIF, KS (15,02%)</li><li>• KS „BaltCap Latvia Venture Capital Fund” (9,92%)</li><li>• KS „FlyCap Investment Fund I AIF” (8,86%)</li><li>• Funds managed by IPAS „CBL Asset Management” (6,54%)</li><li>• Funds managed by Swedbank Investeerimisfondid AS (5,40%)</li><li>• Funds managed by Swedbank Investment Management Company AS (5,09%)</li></ul>
Subsidiaries	<ul style="list-style-type: none"><li>• SIA „HansaMatrix Ventspils” (100%)</li><li>• SIA „HansaMatrix Innovation” (100%)</li><li>• SIA „HansaMatrix Pārogre” (100%)</li><li>• SIA „Zinātnes Parks” (100%)</li><li>• Lightspace Holding AS (participation 100% of voting shares)</li></ul>
Auditors	SIA „Deloitte Audits Latvia” License No 43 Inguna Staša Latvian Certified Auditor Certificate No 145
Financial year	1 January – 31 December 2022
Interim reporting period	1 January – 30 June 2022

## Management Board

The Management Board is a collegial executive body entrusted with the 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 its Chairman of the Management Board. In accordance with the Articles of Association of the Company, members of the Management Board are elected for an indefinite period.

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

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



**Jānis Sams**

CHAIRMAN OF THE BOARD  
OF THE PARENT COMPANY

Date of appointment:  
17 May 2021

Positions held in other companies:

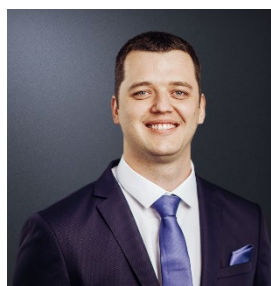
- HansaMatrix Parogre, SIA. – Member of the Board
- HansaMatrix Ventspils, SIA – Member of the Board
- Latvian Electrical Engineering and Electronics Industry Association – Member of the Board

Number of shares owned: 0

Number of share options held: 2400 (as of 05.08.2022.)

Participation in other companies: no participation

Prior to joining HansaMatrix, Jānis Sams' professional activity for 12 years has been related to the production of electronics, holding the position of head of functions in international companies. In addition, Jānis currently serves on the Board of the Latvian Electrical Engineering and Electronics Industry Association. He holds a Master's Degree in Comprehensive Quality Management from the Riga Technical University, as well as an engineering degree in production automation.



**Vitauts Galvanausks**

MEMBER OF THE  
MANAGEMENT BOARD AND  
OGRE PLANT MANAGER

Date of appointment:  
17 May 2021

Positions held in other companies:

- HansaMatrix Parogre, SIA - Member of the Board

Number of shares owned: 0

Number of share options held: 1200 (as of 05.08.2022.)

Member of the Board Vitauts Galvanausks joined HansaMatrix in January 2021 and holds the position of manager of Parogre factory. He has more than 10 years of previous experience in various production management positions, responsible for improvements in quality, processes and efficiency, operational performance of companies. Vitauts Galvanausks was responsible for the implementation of operational excellence processes in the Consolis group of companies, as well as acting as the manager of the Consolis factory in Latvia. Vitauts Galvanausks holds a Bachelor's Degree in Communication Science from the University of Latvia.



## Management Board



**Gatis Grava**

MEMBER OF THE  
MANAGEMENT BOARD AND  
VENTSPILS PLANT  
MANAGER

Date of appointment:  
17 May 2021

Positions held in other companies:

- HansaMatrix Ventspils, SIA - Member of the Board

Number of shares owned: 0

Number of share options held: 1200 (as of 05.08.2022)

Member of the Board Gatis Grava has been working with HansaMatrix since March 2020 and holds the position of Ventspils factory manager. Gatis Grava has more than 14 years of professional work experience in Schneider Electric group companies in Europe, various management positions, procurement, supplier strategic development management, as well as developing supply chains in Scandinavia and Eastern Europe. Gatis Grava holds an engineering degree from Riga Technical University.



**Māris Macijevskis**

MEMBER OF THE  
MANAGEMENT BOARD AND  
FINANCE DIRECTOR OF THE  
GROUP

Date of appointment:  
16 February 2018

Positions held in other companies:

- Zinātnes parks, SIA – Member of the Board
- HansaMatrix Innovation, SIA – Member of the Board
- IQ Capital, SIA – Member of the Board
- Latvian Squash Federation, Society – Chairman of the Board
- FTG, SIA – Member of the Board
- Road Traffic Safety Directorate, VAS – Member of the Council

Number of shares owned: 300

Number of Share options owned: 3500 (as of 05.08.2022 )

Participation in other companies:

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

Māris Macijevskis has been working for the Group since 2017. Māris' previous experience has been related to the banking sector for 15 years, and he has been the head of the Large Business Service Division/Directorate at AS Citadele banka. Māris Macijevskis holds a Bachelor's Degree in Economics and Business Administration from the Stockholm School of Economics in Riga, a Master's Degree in International Economics from the University of Latvia and a CFA (Certified Financial Analyst) certificate.

## Changes to the Parent Company's Management Board

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

## Supervisory Board

The Supervisory Board of the Company is a collegial body exercising supervision over the key activities of the Company and, where appropriate, decision making by the Management Board. At the reporting date, the Supervisory Board consisted of five members, elected at the shareholders' meeting for the maximum term of office of five years. The members of the Supervisory Board elect from amongst themselves the Chairperson and one Deputy Chairperson of the Supervisory Board.

At the reporting date, the Company's Supervisory Board was composed of five members: Chairperson, Deputy Chairperson and three members of the Supervisory Board.



**Baiba Anda Rubesa**

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CHAIRWOMAN OF THE COUNCIL OF THE PARENT COMPANY

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Number of shares owned: 0

Baiba Rubesa is an independent member of the Council.

Appointment date: 31 May 2022

Term of office: 30 May 2027

Positions held in other companies:

- Lightspace Holding AS – Chairwoman of the Supervisory Board
- Stockholm School of Economics in Riga, Foundation – Member of the Board
- Novatore, SIA – Member of the Board
- RFactor, SIA - Member of the Board
- Coffee Address Holding, SIA - Member of the Council
- Gren Holding Company – Member of the Council

Participation in other companies:

- RFactor, SIA (100%)

Baiba Anda Rubesa is co-founder of Novatore, she serves as Supervisory Board Chair of Hansamatrix, Lightspace Holding and Coffee Address Holding, as well as a Supervisory Board member of GREN. Her own company RFactor offers consulting and mentoring services to current and future business leaders. Rubesa has previously served on the supervisory boards of the Stockholm School of Economics in Riga, Latvenergo, Citadele banka, DnB NORD banka (now Luminor) and the Board of the Extractive Industry Transparency Initiative. She has worked with many different NGO's and multi-stakeholder entities, such as chairing the Foreign Investors' Council in Latvia and serving as Vice-President of the Latvian Chamber of Commerce.

## Supervisory Board



**Anders Lennart Borg**

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DEPUTY CHAIRMAN OF  
SUPERVISORY BOARD OF  
THE PARENT COMPANY

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Appointment date: 31 May 2022  
Term of office: 30 May 2027

Number of shares owned: 0

Anders Lennart Borg is an independent member of the Supervisory Board.

Anders Lennart Borg is an experienced professional in the electronics industry. Graduated from Linköping University in Sweden and is endowed with extensive knowledge in engineering. His long work experience has allowed him to develop strong leadership skills. For 11 years he worked at the electronics manufacturing plant Eljo AB in Sweden, of which he was its director for almost five years. Later, for 5 years he managed Schneider Electric electronics factory in Latvia and for another 5 years the same company's factory in Sweden.



**Aleksis Orlovs**

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MEMBER OF SUPERVISORY  
BOARD OF THE COMPANY

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Appointment date: 31 May 2022  
Term of office: 30 May 2027

Number of shares owned: 1000

Aleksis Orlovs is an independent member of the Supervisory Board.

Positions held in other companies:

- AbducO, SIA- Member of the Board

Participation in other companies:

- AbducO, SIA (100%)

Aleksis Orlovs obtained an MBA degree from the Riga Business School, as well as higher education at the University of Latvia. He has held senior positions for more than 15 years and is currently the Chief Financial Officer (CFO) of the high-tech company Sonarworks. Prior to that, he worked at Visma Enterprise Latvia, Riga Central Terminal, ITHAL Group, SAF tehnika and Delfi, holding the positions of CEO and CFO. A professional with a focus on high quality results, operating ethics, honesty, integrity.

## Supervisory Board



### **Dagnis Dreimanis**

MEMBER OF SUPERVISORY  
BOARD OF THE COMPANY

Appointment date:  
31 May 2022

Term of office:  
30 May 2027

Number of shares owned: 0

Dagnis Dreimanis represents the interests of minority institutional shareholders and the interests of BaltCap investment fund in SIA Lightspace Technologies.

Positions held in other companies:

- DD Ventures SIA, Member of the Board
- UPRENT group, SIA - Member of the Council
- Vika Wood, Ltd, Member of the Council
- BaltCap AIFM SIA, Chairman of the Board
- SOLVINA AS, Member of the Board
- Latvian Capital Ventures SIA, Member of the Board
- Coffee Address Holding, LTD, Member of the Council

Participation in other companies:

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

Dagnis Dreimanis is an investment professional with 18 years of experience. He has managed investments in more than 20 companies in a broad range of industries. Dagnis holds a bachelor's degree in business administration from Slippery Rock University in Pennsylvania and is a CFA charter holder. He holds a dual EMBA degree from the University of California Los Angeles / National University of Singapore (2016) and has completed the Professional Board Member Education program at the Baltic Institute of Corporate Governance.



### **Normunds Igoļnieks**

MEMBER OF SUPERVISORY  
BOARD OF THE COMPANY

Appointment date:  
31 May 2022

Term of office:  
30 May 2027

Represents 275 562 shares owned by ZGI-4, venture growth capital fund managed by ZGI Capital-4.

Number of shares owned: 0

Positions held in other companies:

- Marupes Metālmeistars, SIA – Chairman of the Council
- ZGI Capital, SIA alternative fund manager – Chairman of the Board
- I factor, SIA - Member of the Board
- eAgronom – Member of the Council

Participation in other companies:

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

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

## Changes to the Parent Company's Supervisory Board

On May 31, 2022 annual general meeting of HansaMatrix shareholders, the new Supervisory Board was elected, in addition to the previous Supervisory Board members Anders Lennart Borg, Dagnis Dreimanis, Normunds Igoļnieks and Baiba Anda Rubesa, the Supervisory Board member Aleksis Orlovs was appointed. Ingrīda Blūma, who has been an independent member of the Supervisory Board since 2016, and has served as Deputy Chair of the Supervisory Board for the last two years, has left the composition of the Supervisory Board of HansaMatrix.





## Major shareholders

As at July 29, 2022 (end of the day), the following were the major shareholders of the Parent Company:

Major shareholders (above 5%)	Owned shares	Ownership interest
SIA "Macro Riga"	493 579	26.90%
"ZGI-4" AIF KS	275 562	15.02%
KS "BaltCap Latvia Venture Capital Fund"	182 000	9.92%
KS "FlyCap Investment Fund I AIF"	162 632	8.86%
Funds managed by IPAS "CBL Asset Management"	120 000	6.54%
Funds managed by AS "Swedbank Investeerimisfondid"	99 038	5.40%
Funds managed by AS "Swedbank ieguldījumu Pārvaldes Sabiedrība"	93 369	5.09%
Other (below 5%)	408 701	22.27%
<b>TOTAL:</b>	<b>1 834 881</b>	<b>100.00%</b>



# Management report

## General information

Joint Stock Company "HansaMatrix" (hereinafter – the Parent Company) is a leading Baltic electronic system products developer and manufacturer, listed on the Nasdaq Baltic's main list, together with its following 100% subsidiaries:

SIA  
Hansamatrix  
Pārogre

SIA  
Hansamatrix  
Ventpils

SIA  
Hansamatrix  
Innovation

SIA  
Zinātnes  
parks

AS  
Lightspace  
Holding

(hereinafter – HansaMatrix or the Group), 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 23-years of experience in electronics manufacturing and its business mission is to develop global technology products and to assist its customers be competitive on global markets.

## Business environment

The demand for industrial products as well as for data transmission network products and is stable and growing, which ensures high availability of manufacturing orders. In short-term increasing inflation and energy costs, tightening central bank monetary policies of the leading world economies, as well as rising borrowing costs have increased the risk of decreasing demand for consumer and potentially also industrial products, however this risk has not yet materialized in relation to the Group.

The shortage of semiconductor production capacity continues to play a key role in hampering business development, which still determines extended delivery times for most semiconductor components used in the production of electronic systems. According to Deloitte's 2022 semiconductor industry research, the global semiconductor shortage is expected to continue until the first half of 2022, anticipating an improvement in the situation in the second half of 2022, but some components will have long delivery deadlines, with this situation prolonged and continuing into 2023 (<https://bit.ly/3HSlbxJ>).

Russian-Ukrainian conflict (the Conflict) might worsen the semiconductor deficit as well as contribute to supply chain challenges by longer delivery terms and increase in component prices, prolonging and/or making the supply of electronic components from Asia to Europe more expensive, with transport companies using alternative means of delivery of components, ship or aircraft transport, instead of rail transport through the territory of Russia. In addition, neon gas, which is needed to power lasers in semiconductor manufacturing and palladium metal used in later stages of chip production, are the two main raw materials whose supply volumes on the global market may be limited as a result of the Conflict. Industry analysts estimate that about 25-50% of the world's semiconductor quality level neon gas comes from Russia and Ukraine, while about 30% of the world's palladium metal comes from Russia.

Comparing Q1 2022 to Q2 2022 the Group has not experienced worsening of semiconductor deficit and, at the same time, has not seen any significant improvements in electronic component availability.

According to Gartner, worldwide semiconductor revenue totaled \$595 billion in 2021, increasing 26.3% from 2020. As indicated by Semiconductor Industry Association (SIA) worldwide sales of semiconductors totaled \$152.5 billion during the second quarter of 2022, increasing 13.3% over the second quarter of 2021 and 0.5% more than the first quarter of 2022. The growth in semiconductor industry revenues have slowed so far in 2022, compared to the growth in 2021, potentially signaling better electronic component availability in the coming quarters of 2022 and 2023.

In order to reduce the shortage of components, HansaMatrix diversifies its supplier base, applies an alternative component management approach, cooperates with component brokers and more timely purchases of production components for binding customer orders.

In Q2 2022 an upward trend in inflation continued, which is facilitated, among other things, by the significant rise in the prices of energy resources (electricity and natural gas) in Europe, as well as by the increasing trend of the average wage in Latvia. Considering that Russia and Ukraine and Belarus are countries rich in both energy resources, raw materials and also food resources, under the influence of the Conflict and under the influence of Western sanctions against Russia and Belarus, a trend in resource price could be expected to continue further in 2022. The combination of these factors with the shortage of electronic components and price increases could necessitate adjustments to the prices of manufacturing services in order to maintain the level of profitability.

EU is in post-emergency COVID-19 pandemic phase, nevertheless fresh COVID-19 surges could be likely as the virus is expected to continue mutating, thus having a potential to still remain a significant public health burden worldwide. Although milder forms of viruses are now common, they still can have an impact on the business environment with employee availability and supply chain problems. The situation can change rapidly, so an active monitoring and rapid response approach is crucial for the successful management of the business environment and supply chain disruptions.

In long-term, the Group's management expects a new business trend in economic processes as technologies increasingly enter the economic processes (more data bandwidth, more robotics and automation, more remote work, greater EU independence in manufacturing), recovering from the COVID-19 pandemic and global semiconductor deficit, and preparing for higher market demand and faster business growth thereafter.

## Finance results brief summary

During the second quarter (Q2 further in document) of 2022 the Group reported revenue from contracts with customers (hereinafter – revenue, turnover or sales) of 6.555 million EUR, representing increase by 8% in comparison to the same period of 2021. The 2022 Q2 sales results showed 9% sales volume increase in comparison with previous quarter – 2022 Q1.

During first 6 months ("6m" or "H1" further in the document) of 2022 the Group reported sales volume increase by 6% compared to the same period of 2021 and revenue reached 12.585 million EUR. In addition, 2022 6m turnover increased by 25% compared with 2021 second half of year ("H2").

The growth of revenue was supported by strong demand in key sectors that coupled with active sales process and the global semiconductor deficit has resulted in significant order book volume as at the end of Q2 2022, amounting to 21,8 million EUR, growing by 13% compared to the respective figure as at the end of Q1 2022.

During 2022 Q2 the Group reported quarterly EBITDA result of 0.429 million EUR and operated with net loss result of 0.686 million EUR. The reported EBITDA result shows 63% decrease in comparison with Q2 2021 and 47% decrease compared to previous quarter of 2022 Q1. In Q2 2022 the Group reported net loss 0.686 million EUR as compared to the net loss of 0.327 million EUR in Q2 2021 and net loss of 0.046 million EUR in Q1 2022 Quarterly results represent EBITDA margin of 6.55%.

During first 6 months of 2022 the Group reported half year EBITDA result of 1.238 million EUR and half year net loss result of 0.732 million EUR. The reported EBITDA result shows 48% decrease in comparison with 2021 H1 and 8% decrease compared to previous 6-month period of 2021 H2. In 6 months of 2022, the Company operated with a net loss of 0.732 million EUR as compared to the net loss of 0.281 million EUR in H1 2021 and net loss of 1.671 million EUR in H2 2021. In 6 months of 2022, the Company operated with 9.8% EBITDA margin.

Q2 and 6m 2022 EBITDA profitability decrease compared to Q2 2021 and 6m 2021 is explained by changes in the product mix of manufactured products, where higher-added value products proportion decreased, which was influenced by the global semiconductor deficit.

Net profit of the Group in Q2 2022 is negatively influenced by several non-cash related items, the most significant including loss from investments in associates in amount of 0.565 million EUR, EIB loan fair value change provisions in amount of 0.088 million EUR and interest expense related to leases in amount of 0.048 million EUR.

The non-cash items negatively influencing net profit of the Company in 6m 2022 include loss from investments in associates 0.785 million EUR, EIB loan fair value change provisions – 0.174 million EUR, USD/EUR exchange rate fluctuations – 0.088 million EUR and interest expense related to leases – 0.085 million EUR.

For better inter-period profitability comparisons, the Company calculates normalized net profit, which in Q2 2022 amounted to negative 0.150 million EUR compared to Q2 2021 0.547 million EUR and which in 6m 2020 amounted to 0.031 million EUR, decreasing by 97% on year over year basis. 6m 2022 normalized net profit margin amounted to 0.2%.

In 6m 2022 (including Q2 2022) 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 0.415 million EUR (0.248 million EUR in Q2 2022), due to decreasing average weighted price of HansaMatrix stock in 6m 2022 (in Q2 2022), which by the same amount improved net profit in 6m 2022 (in Q2 2022).

TTM – trailing twelve-month period sales (period starting in July 1, 2021 and ending with June 30, 2022) at 2022 Q2 reached 22.677 million EUR, decreasing 5% compared to TTM sales for the period ended at 2021 Q2 but increasing 2% compared to TTM sales for the period ended at 2022 Q1. EBITDA result for the TTM 12-month period reported to be 2.578 million EUR, a decrease of 42% in comparison with 12-month period ended at 2021 Q2 and 22% decrease compared to TTM sales for the period ended at 2022 Q1. The TTM period resulted in a net loss of -2.402 million EUR, whereas normalized net profit in this period amounted to 0.053 million EUR. In the end of Q2 2022 averaged EBITDA margin for TTM period of 11.37% was reported.



## Key Growth and Financial Ratios

In Q2 2022 revenue of the Group increased by 8% but EBITDA decreased by 63%, compared to Q2 2021. Q2 2022 EBITDA profitability deterioration compared to Q1 2022 is explained by the product mix of manufactured products changes, where higher-added value products proportion decreased, which is influenced by the global electronic component deficit.

Ratio/EUR'000	2021Q1	2022Q1	2021Q2	2022Q2	Q1 YoY	Q2 YoY
Revenue	5 828	6 030	6 042	6 555	+3%	+8%
EBIT (operating profit)	591	150	520	-203		
EBIT (operating profit) margin	10.15%	-2.66%	8.61%	-3.10%		
EBITDA	1 241	809	1 151	429	-35%	-63%
EBITDA margin	21.29%	13.42%	19.04%	6.55%		
Net profit	45	-46	-327	-686		
Normalized net profit	595*	181*	547	-150		
Normalized net profit margin**	10.21%	3.00%	9.05%	-2.30%		
Inventory	4 127	5 213	3 863	6 603	+26%	+27%
Normalized ROA**	2.03%	0.62%	1.90%	-0.47%		
Normalized ROE**	6.99%	2.83%	6.72%	-2.63%		
Liquidity ratio	0.81	0.77	0.83	0.80		
Normalized Return on Capital Employed (ROCE)**	2.82%	1.10%	2.64%	-0.87%		
Earnings per share (EPS)	0.02	-0.03	-0.18	-0.37		
Diluted EPS	0.02	-0.02	-0.16	-0.33		

\*- restated by adjusting net profit by additional non-cash items (see detailed calculation in Note 7)

\*\* - recalculated as a result of Normalized net profit restatement.

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

## Key Growth and Financial Ratios

In 6m 2022 revenue increased by 6%, but EBITDA decreased by 48% on year-over-year basis. EBITDA decrease is explained by comparably smaller proportion of high-added value products in manufactured product mix influenced by the component deficit, while the revenue increase is explained by growing demand in industrial and data networks sectors in 6m 2022 as compared to 6m 2021. As at the end of 6m 2022 the liquidity of the Company has remained practically the same, compared to liquidity as at the end of 6m 2021.

Ratio/EUR'000	2017	2018	2019	2020	6m2021	2021	6m2022	6mYoY
Revenue	19 649	21 587	24 611	22 589	11 870	21 962	12 585	+6%
EBIT (operating profit)	1 877	1 395	1 316	703	1 112	1 145	-43	
EBIT (operating profit) margin	9.55%	6.46%	5.35%	3.11%	9.37%	5.21%	-0.34%	
EBITDA	3 685	3 297	3 761	3 081	2 393	3 732	1 238	-48%
EBITDA margin	18.75%	15.27%	15.28%	13.64%	20.15%	16.99%	9.84%	
Net profit	1 679	781	208	-552	-281	-1 952	-732	
Normalized net profit	1 268*	1 217*	1 251*	322*	1 542*	1 165*	31	
Normalized net profit margin	6.45%	5.64%	5.09%	1.43%	12.99%	5.30%	0.24%	
Inventory	2 683	3 765	3 051	1 972	3 863	3 956	6 603	+71%
Normalized ROA**	6.79%	4.80%	4.20%	1.12%	5.36%	4.08%	0.10%	
Normalized ROE**	15.59%	13.88%	13.86%	3.80%	18.95%	18.05%	0.54%	
Liquidity ratio	0.69	1.02	0.85	0.79	0.83	0.73	0.80	
Normalized Return on Capital Employed (ROCE)**	10.53%	6.71%	5.90%	1.59%	7.45%	6.89%	0.18%	
Earnings per share (EPS)	0.92	0.43	0.11	-0.30	-0.15	-1.07	-0.40	
Diluted EPS	0.92	0.38	0.10	-0.27	-0.14	-0.95	-0.36	

Due to the global semiconductor deficit, at the end of 6m 2022 inventory has increased by 71% on year over year basis, as the Company in cooperation with customers are maximizing the potential manufacturing output in difficult supply chain conditions.

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

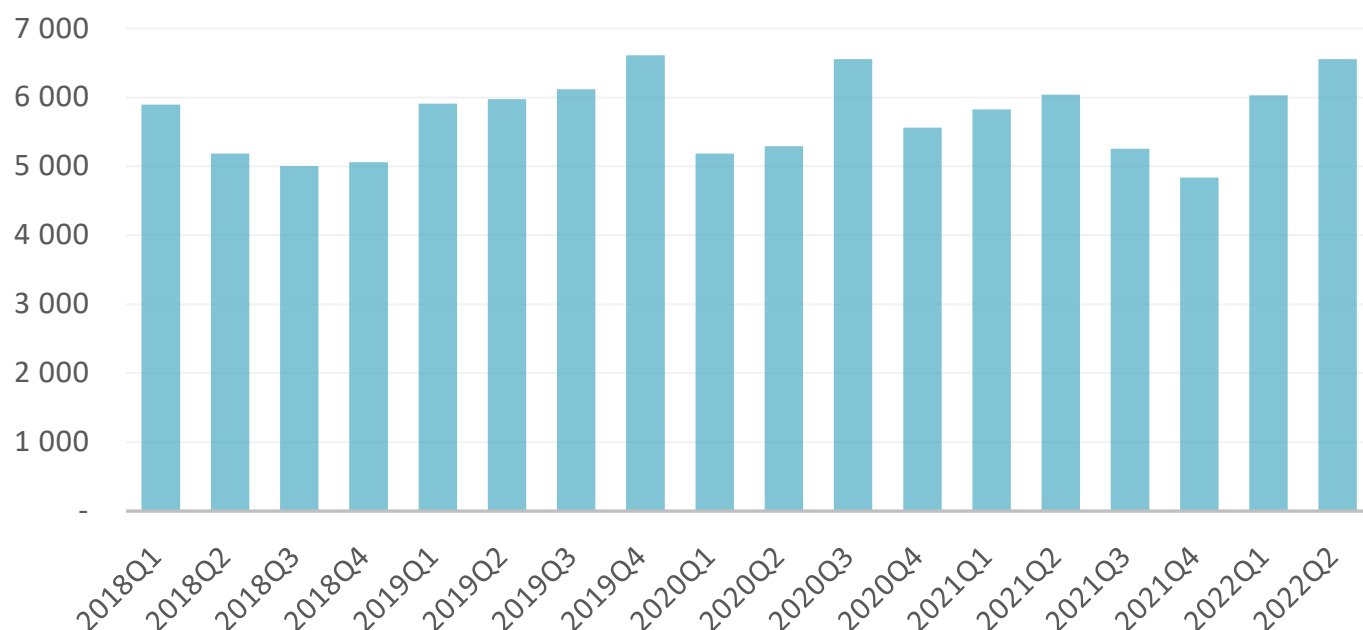
\*- restated by adjusting net profit by additional non-cash items (see detailed calculation in Note 7)

\*\* - recalculated as a result of Normalized net profit restatement.

## Quarterly revenue results for 2022 Q2

During the second quarter of 2022 the Group reported turnover of 6.555 million EUR, representing increase by 8% in comparison to the same period of 2021. The 2022 Q2 sales results showed 9% sales volume increase in comparison with previous quarter – 2022 Q1.

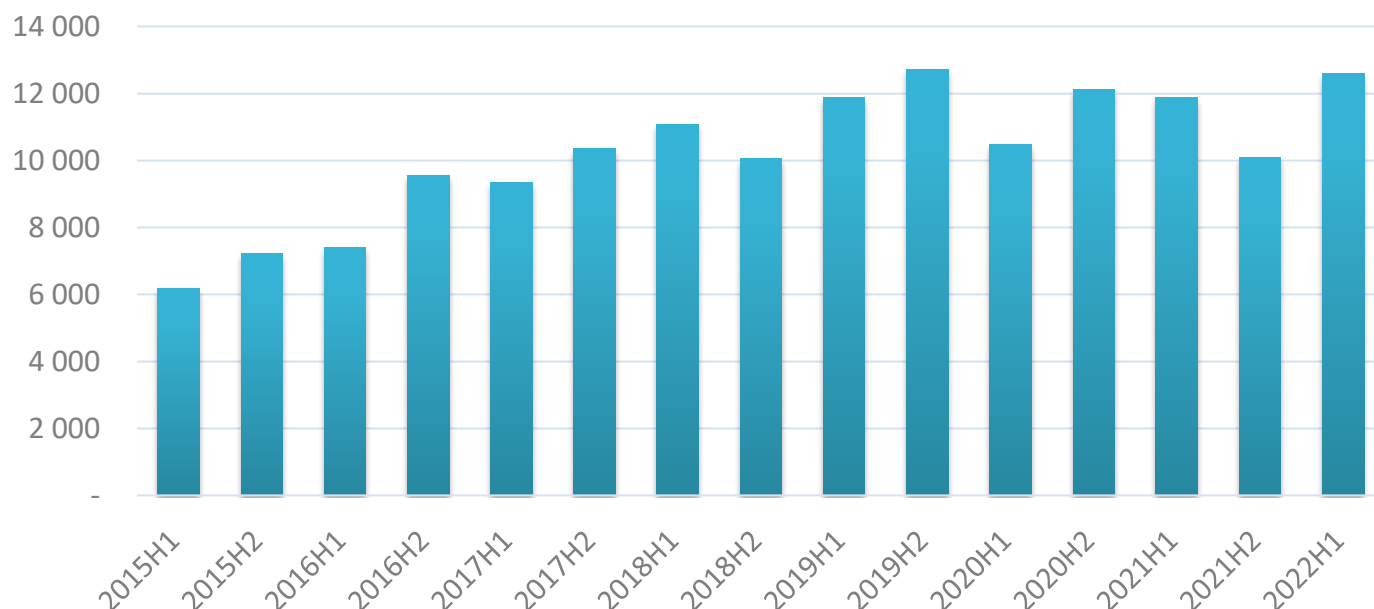
### Quarterly revenue, thousand EUR



## 2022 6 month revenue results

During first 6 months of 2022 the Company reported sales volume increase by 6% compared to the same period of 2021 and reached 12.585 million EUR. 2021 H2 turnover increased by 25% compared with 2021 H2.

### 6 month revenue, thousand EUR



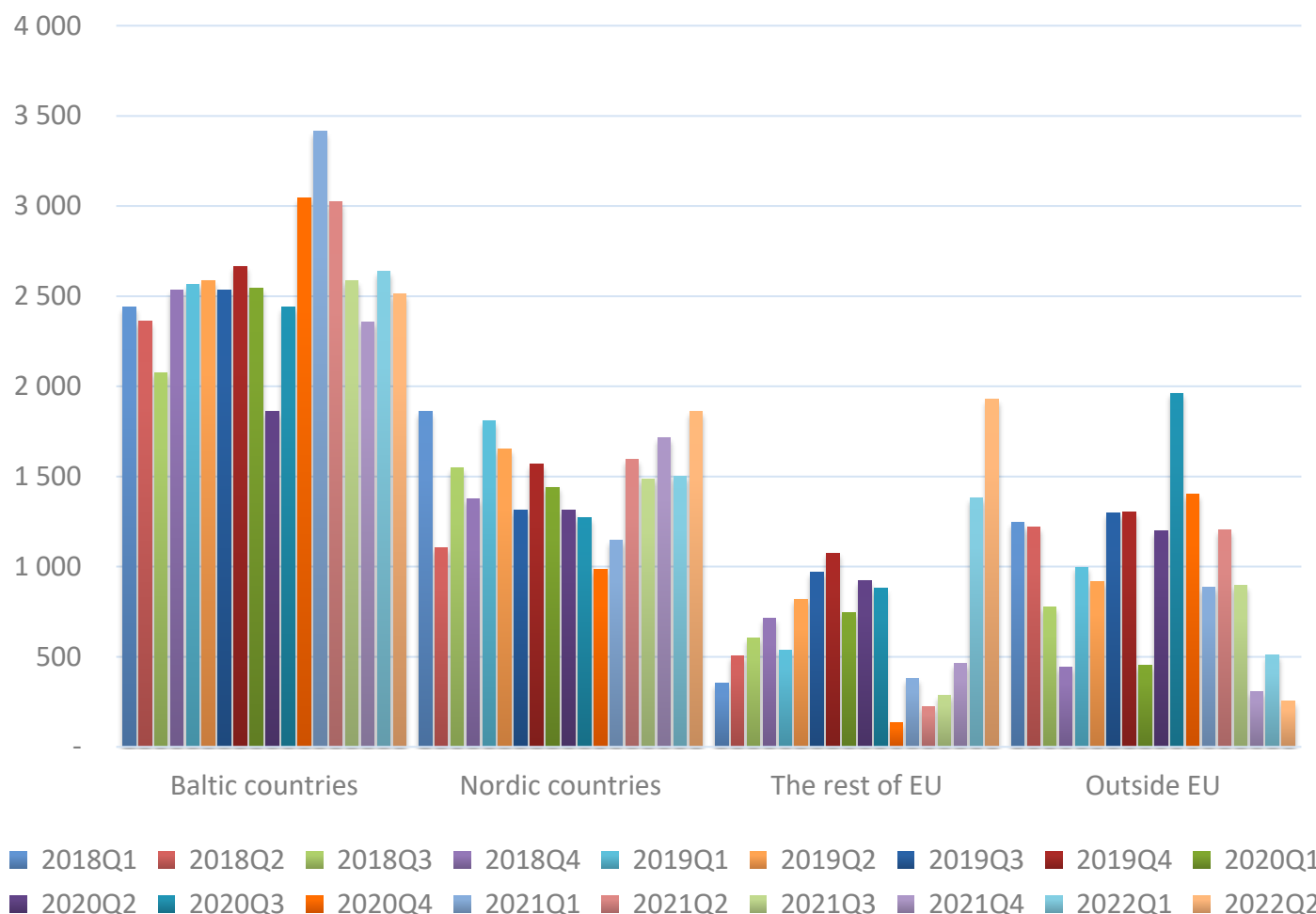
## Quarterly revenue by market region results for 2022 Q2

During 2022 Q2 Baltic states continue to be the largest market region with 38% share of turnover. Nordic and other EU sales respectively reported 28% and 29% of total sales. HansaMatrix during 2022 Q2 continued to deliver also to customer locations outside EU. This market share in 2022 Q2 amounts to 4% of the total sales volume.

Sales dynamics of regions – Baltic sales were 17% down compared to 2021 Q2 and 5% down compared to 2022 Q1; Nordic sales were 17% up from 2021 Q2 and 24% up in comparison with 2022 Q1. Other EU region sales reported 762% increase from 2021 Q2 and 40% increase from 2022 Q1. Outside EU deliveries decreased by 79% from 2021 Q2 and decreased by 55% compared to 2022 Q1.

The significant revenue volume increase in other EU is explained by strong demand in industrial sector products manufacturing.

## Quarterly revenue by region, thousand EUR





## Quarterly revenue by market region results for 2022 Q2

### Data table

### Quarterly revenue by region, thousand EUR

Revenue, th EUR	2018Q1	2018Q2	2018Q3	2018Q4	2019Q1	2019Q2	2019Q3	2019Q4
<b>Baltic countries</b>	2 438	2 359	2 078	2 533	2 566	2 586	2 536	2 667
<b>Nordic countries</b>	1 861	1 106	1 549	1 375	1 809	1 652	1 317	1 570
<b>The rest of EU**</b>	354	505	604	712	534	819	967	1 075
<b>Outside EU**</b>	1 245	1 217	775	441	998	916	1 299	1 300
<b>Total</b>	5 898	5 188	5 005	5 061	5 908	5 973	6 118	6 612*

2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021Q2	2021Q3	2021Q4	2022Q1	2022Q2
2 545	1 862	2 439	3 044	3 415	3 022	2 584	2 354	2 637	2 514
1 441	1 312	1 271	983	1 147	1 592	1 487	1 715	1 502	1 859
747	920	882	132	380	224	286	463	1 382	1 928
452	1 197	1 962	1 401	886	1 203	897	306	509	253
5 184	5 290	6 554	5 560*	5 828	6 042	5 254	4 838*	6 030	6 555

\* - 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, 2020 and 2021 according to the Group accounting principles and policy.

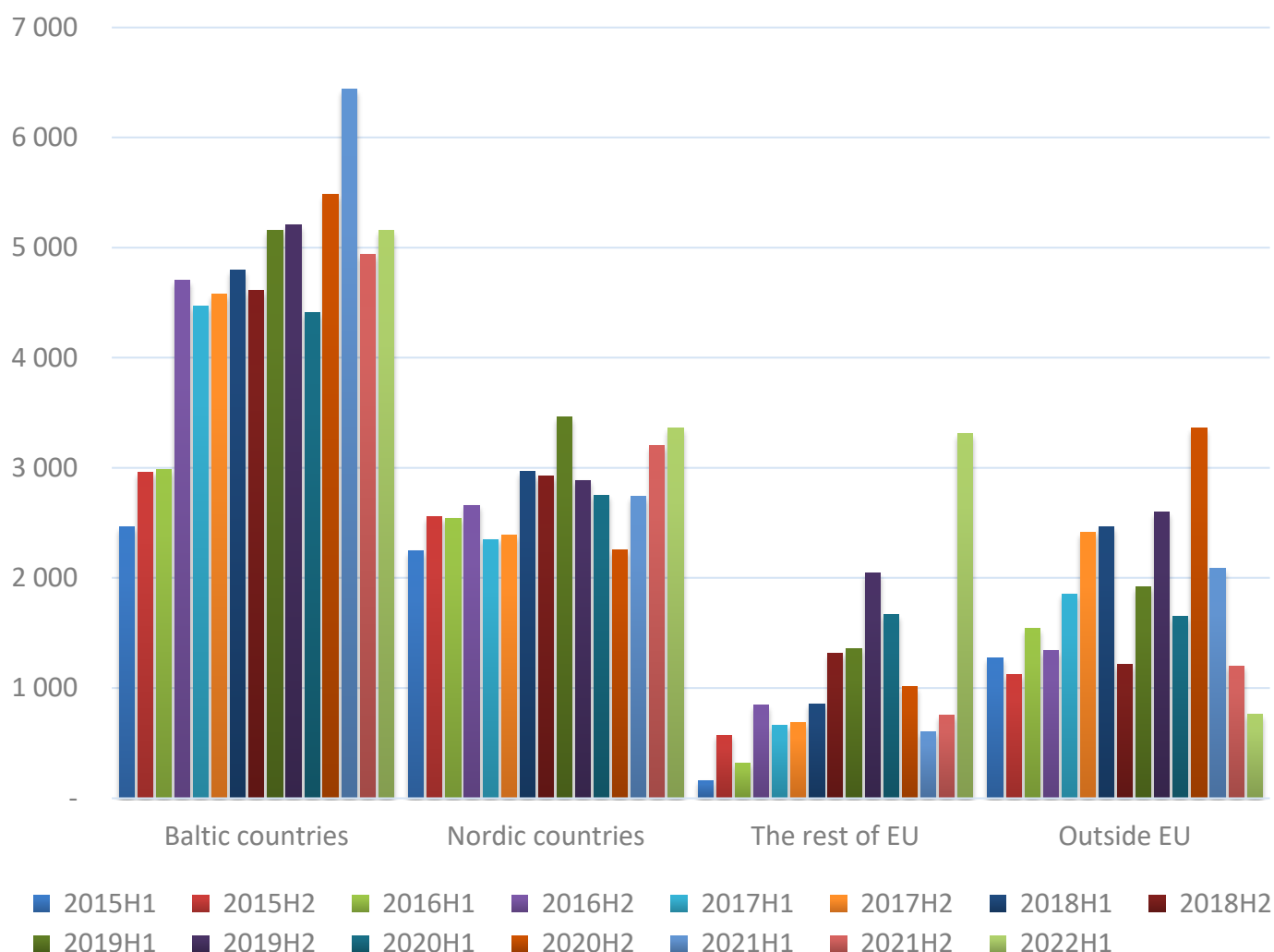
\*\* - in accordance with the UK withdrawal from the EU three clients has been reclassified by regions from "The rest of EU" to "Outside EU" adjusting historical data accordingly.

## 2022 6-month revenue by region results

During 2022 H1 main sales drivers continue to be Baltic customers with 41% market share of sales. Nordic and other EU sales reported as 27% and 26% of total sales. Product deliveries to customer locations outside EU amounted to 6% of total sales in 2022 H1.

Sales dynamics of regions – Baltic sales were 20% down from 2021 H1 but 4% up from 2021 H2; Nordic sales were up by 42% compared to 2021 H1 and 17% up in comparison with 2021 H2. The rest of EU sales were reported with 26% volume decrease from 2021 H1 but 24% increase from 2021 H2. Outside EU sales demonstrated 64% year over year decrease and decrease by 42% from 2021 H2.

### 6 month revenue by region, thousand EUR

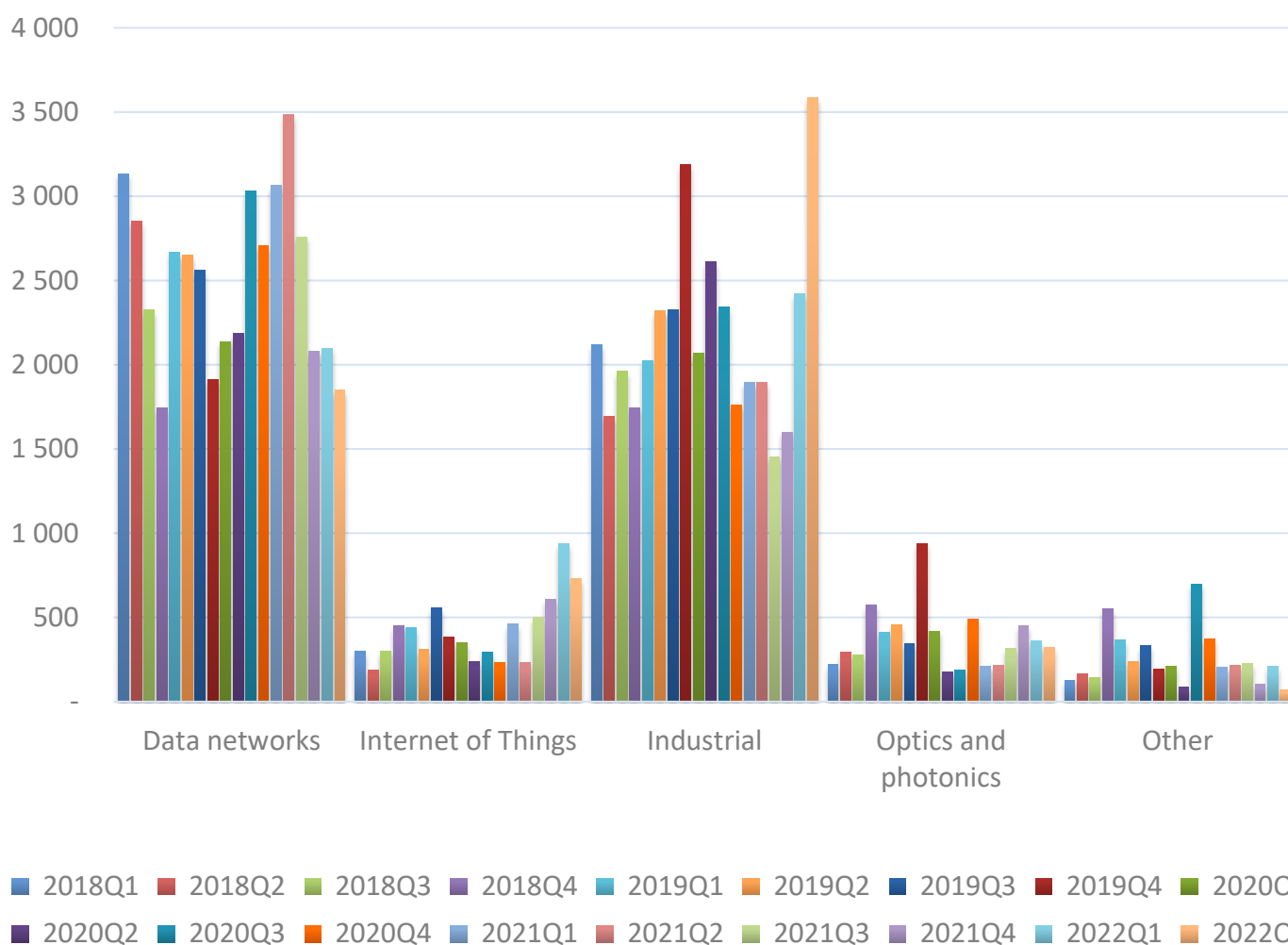


## Quarterly revenue by market sector results for 2022 Q2

During 2022 Q2 data network product sales and industrial product sales were dominating sales drivers respectively with 28% and 55% sales market share. Optics and photonics sales amounted to 5%, Internet-of-things sales amounted to 11% and other products were also reported with 1% share.

2022 Q2 data network product sales show decrease by 47%; industrial sector product sales – increase by 89%; internet-of-things – increase by 212%, optics and photonics products sales – increase by 50% while other product sector – decrease by 68% in comparison with 2021 Q2. Comparison with sales results with previous - 2022 Q1 demonstrates 12% decrease in data networks; 48% increase in industrial sector; decrease of 23% in internet of things products; 10% decrease in optics and photonics products and 67% decrease in other product sector.

## Quarterly revenue by sector, thousand EUR



## Quarterly revenue by market sector results for 2022 Q2

### Data table quarterly revenue by market sector results for 2022 Q2

Revenue, th EUR	2018Q1	2018Q2	2018Q3	2018Q4	2019Q1	2019Q2	2019Q3	2019Q4
<b>Data networks</b>	3 134	2 851	2 327	1 737	2 670	2 646	2 559	1 911
<b>Internet of Things</b>	299	185	298	450	439	309	555	383
<b>Industrial</b>	2 118	1 693	1 962	1 744	2 022	2 321	2 327	3 186
<b>Optics and photonics</b>	220	294	276	575	412	457	344	940
<b>Other</b>	127	165	142	556	364	240	333	192
<b>Total</b>	5 898	5 188	5 005	5 061	5 908	5 973	6 118	6 612*

2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021 Q2	2021Q3	2021Q4	2022Q1	2022Q2
2 138	2 184	3 030	2 707	3 063	3 484	2 760	2 076	2 098	1 849
348	237	295	235	460	233	502	608	939	727
1 857	2 609	2 342	1 758	1 894	1 893	1 454	1 600	2 423	3 586
630	176	188	490	208	215	313	451	360	323
209	85	699	370	203	217	225	103	210	69
5 184	5 290	6 554	5 560*	5 828	6 042	5 254	4 838*	6 030	6 555

\* - 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, 2020 and 2021 according to the Group accounting principles and policy.

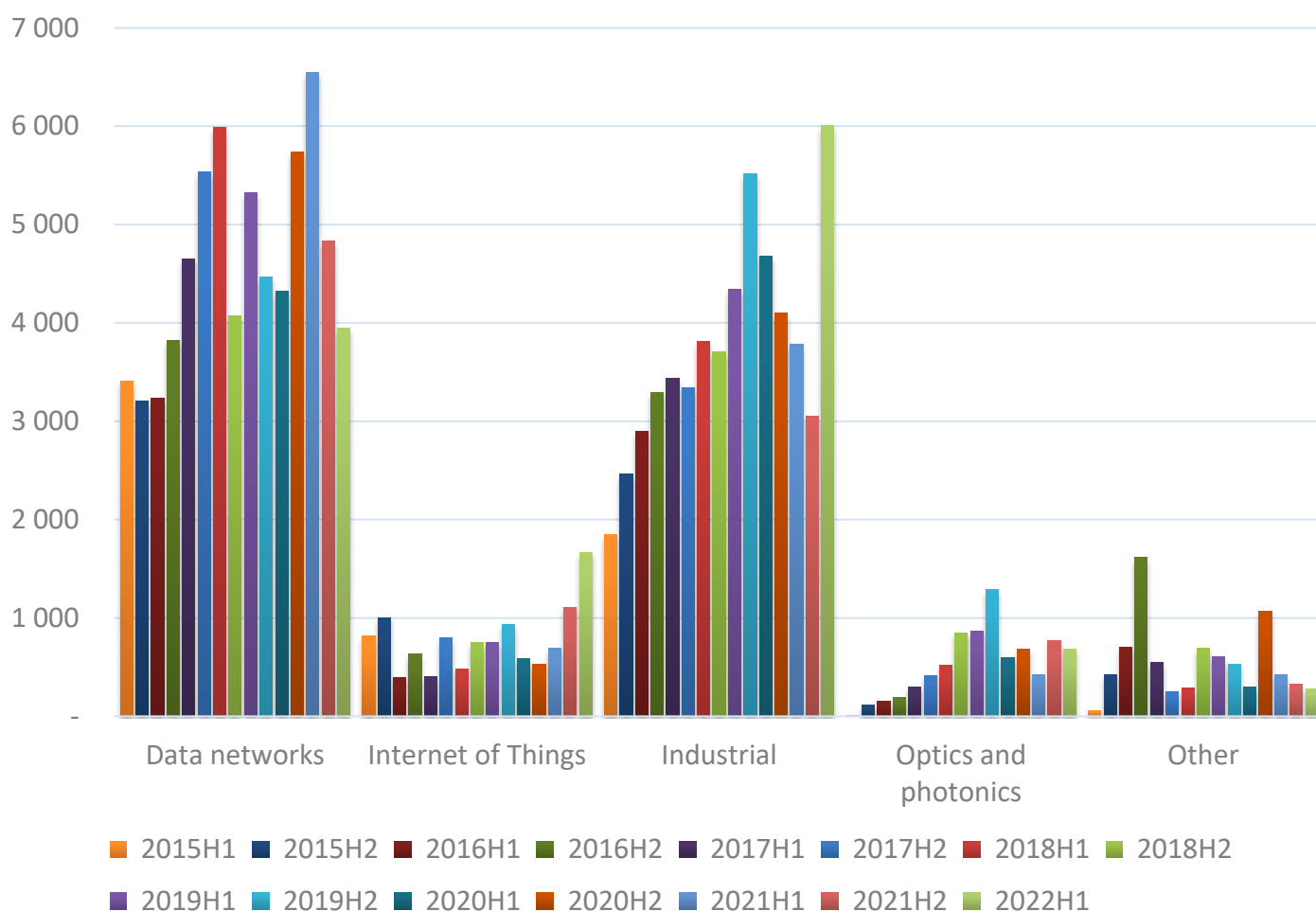


## 2022 6 month revenue by market sector results

During 2022 H1 main sales contributors continue to be data network products with 31% sales share and industrial product sales with 48% share in turnover. Internet of things product share in sales was 13%, optics and photonics products – 5% and other product share – 2%.

Sales dynamics of market segments – data network sales were 40% down from 2021 H1 and 18% down from 2021 H2; industrial product sales were 59% up from 2021 H1 and 97% up in comparison with 2021 H2; optics and photonics product sales were 61% up from 2021 H1 but 11% down from 2021 H2. Internet of things product sales were 140% up from 2021 H1 and 50% up from 2021 H2, other product sales reported 34% decrease from 2021 H1 and 15% decrease from 2021 H2.

### 6 month revenue by sector, thousand EUR



## Quarterly EBITDA and net profit results in 2022 Q2

In 2022 Q2 the Group reported quarterly EBITDA result of 0.429 million EUR and operated with net loss result of 0.686 million EUR. The reported EBITDA result shows 63% decrease in comparison with Q2 2021 and 47% decrease compared to previous quarter of 2022 Q1. In Q2 2022 the Group reported net loss 0.686 million EUR as compared to the net loss of 0.327 million EUR in Q2 2021 and net loss of 0.046 million EUR in Q1 2022. Quarterly results represent EBITDA margin of 6.55%.

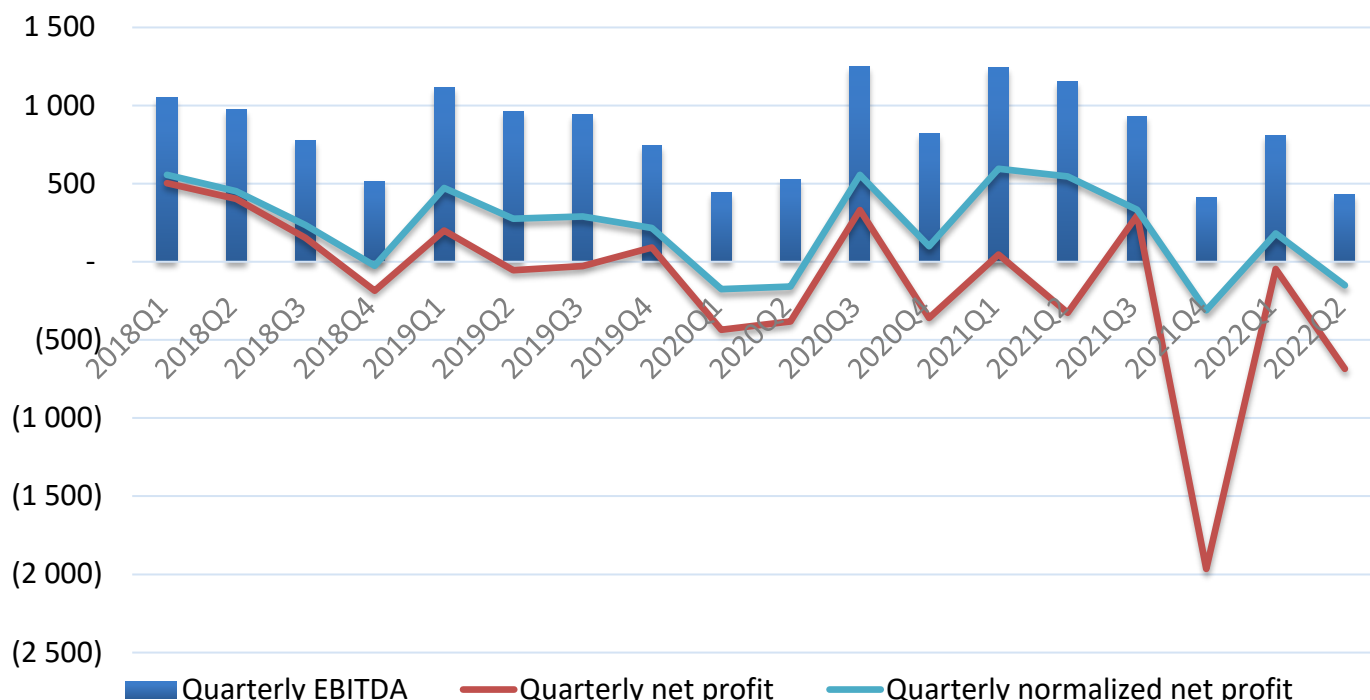
Q2 2022 EBITDA profitability decrease compared to Q1 2021 is explained by changes in the product mix of manufactured products, where higher-added value products proportion decreased, which was influenced by the global semiconductor deficit.

Net profit of the Group in Q2 2022 is negatively influenced by several non-cash related items, the most significant including loss from investments in associates in amount of 0.565 million EUR, EIB loan fair value change provisions in amount of 0.088 million EUR and interest expense related to leases in amount of 0.048 million EUR.

For better inter-period profitability comparisons, the Company calculates normalized net profit, which in Q2 2022 amounted to negative 0.150 million EUR compared to Q2 2022 0.547 million EUR.

In Q2 2022 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 0.248 million EUR, due to decreasing average weighted price of HansaMatrix stock in Q2 2022, which by the same amount improved net profit in Q2 2022.

## Quarterly results, thousand EUR



## 2022 6 month EBITDA and net profit results

During first 6 months of 2022 the Group reported half year EBITDA result of 1.238 million EUR and half year net loss result of 0.732 million EUR. The reported EBITDA result shows 48% decrease in comparison with 2021 H1 and 8% decrease compared to previous 6-month period of 2021 H2. In 6 months of 2022, the Company operated with a net loss of 0.732 million EUR as compared to the net loss of 0.281 million EUR in H1 2021 and net loss of 1.671 million EUR in H2 2021. In 6 months of 2022, the Company operated with 9.8% EBITDA margin.

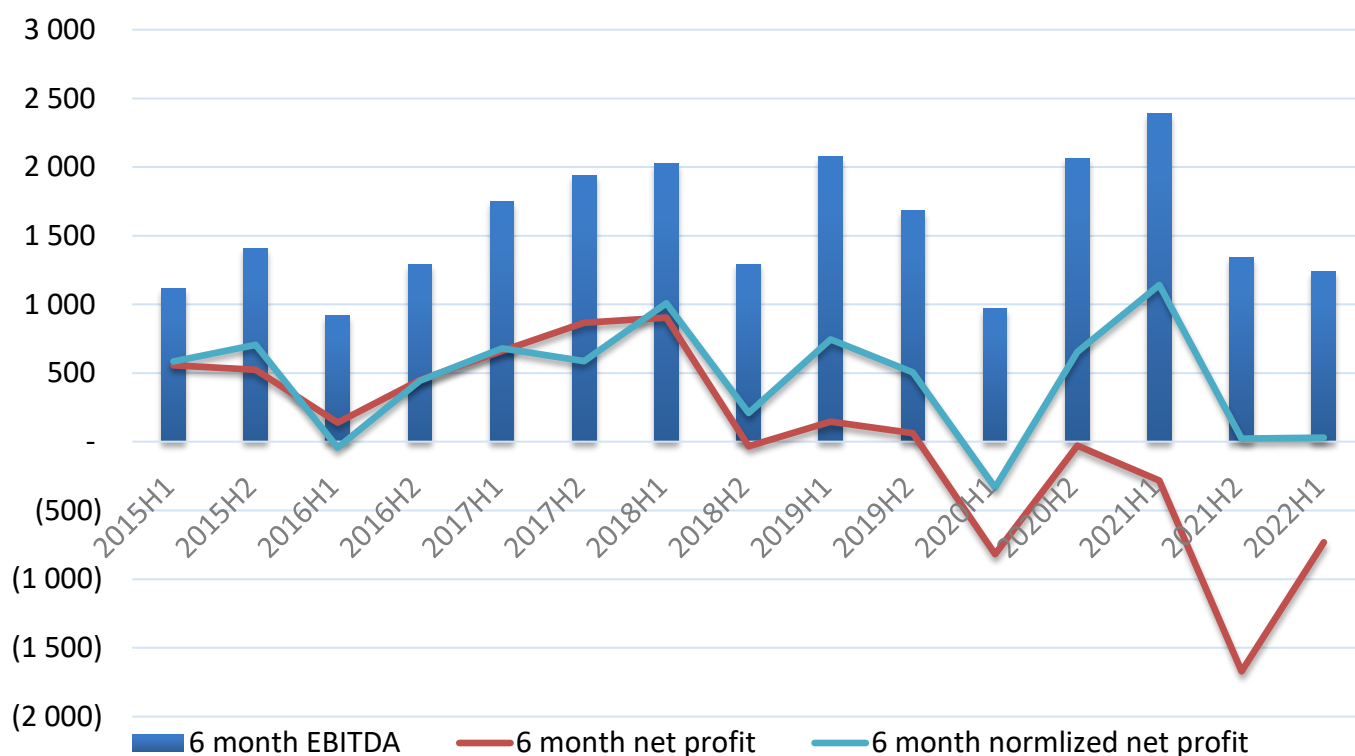
6m 2022 EBITDA profitability decrease compared to 6m 2021 is explained by changes in the product mix of manufactured products, where higher-added value products proportion decreased, which was influenced by the global semiconductor deficit.

Net profit of the Group in 6m 2022 is negatively influenced by several non-cash related items, the most significant including loss from investments in associates 0.785 million EUR, EIB loan fair value change provisions – 0.174 million EUR, USD/EUR exchange rate fluctuations – 0.088 million EUR and interest expense related to leases – 0.085 million EUR.

For better inter-period profitability comparisons, the Company calculates normalized net profit, which in 6m 2020 amounted to 0.031 million EUR, decreasing by 97% on year over year basis. 6m 2022 normalized net profit margin amounted to 0.2%.

In 6m 2022 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 0.425 million EUR, due to decreasing average weighted price of HansaMatrix stock in 6m 2022, which by the same amount improved net profit in 6m 2022.

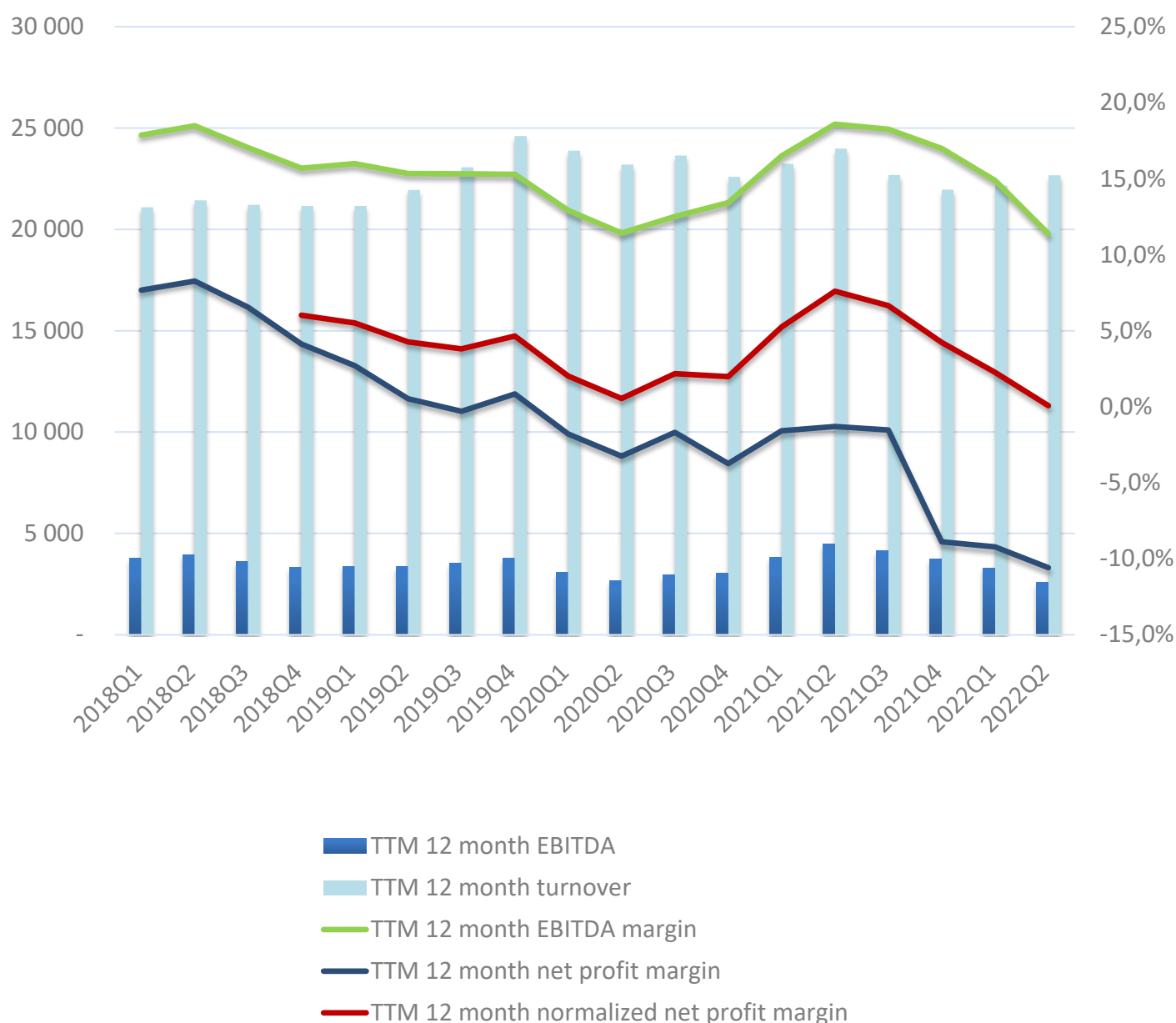
## 6 month results, thousand EUR



## TTM (trailing twelve months) turnover, EBITDA and margin results in 2022 Q2

TTM – trailing twelve-month period sales (period starting in July 1, 2021 and ending with June 30, 2022) at 2022 Q2 reached 22.677 million EUR, decreasing 5% compared to TTM sales for the period ended at 2021 Q2 but increasing 2% compared to TTM sales for the period ended at 2022 Q1. EBITDA result for the TTM 12-month period reported to be 2.578 million EUR, a decrease of 42% in comparison with 12-month period ended at 2021 Q2 and 22% decrease compared to TTM sales for the period ended at 2022 Q1. The TTM period resulted in a net loss of -2.402 million EUR, whereas normalized net profit in this period amounted to 0.053 million EUR. In the end of Q2 2022 averaged EBITDA margin for TTM period of 11.37% was reported.

### TTM revenue, EBITDA and margin, th EUR





## 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 Q2 and 6m 2022 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 6m 2022 HansaMatrix made 0.213 million EUR (0.113 million EUR in Q2 2022) 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 6m 2022 the Parent company has provided additional 172 thousand EUR (89 thousand EUR in Q2 2022) 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 Zinātnes parks amounted to 928 thousand EUR convertible loan.

At the end of the reporting period, the total Group consolidated assets in relation to SIA Zinātnes parks amounted to 1 056 thousand EUR construction in progress (capitalized fixed asset creation costs).

AS Lightspace holding is a holding company, holding assets related to HansaMatrix associated company SIA Lightspace technologies.

HansaMatrix established AS Lightspace holding on December 27, 2021, by investing in its equity 35 thousand EUR and by investing as material contribution 17 445 shares in Lightspace Technologies owned by the Parent company in the amount of EUR 8 672 thousand EUR and Lightspace technologies trade receivables owed to HansaMatrix in the amount of EUR 690 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 Q2 and 6m 2022 HansaMatrix did not carry out additional investments into SIA Lightspace Technologies.

In Q2 2022 SIA Lightspace Technologies carried out conversion of investor loans in amount of 2 million EUR as a result of which AS Lightspace holding percentage ownership of SIA Lightspace Technologies was diluted from 67.7% to 53.85%.

The distribution of the share capital of Lightspace Technologies for the shareholders of the Company holding more than 5% is the following: 53.85 % AS Lightspace holding; 13.87 % KS BaltCap Latvia Venture Capital Fund AIF KOM; 9.84 % SIA Macro Riga; 6.54 % Ilmārs Osmanis.

At the end of the reporting period, the total Parent company investment in SIA Lightspace Technologies amounted to 8 672 thousand EUR, consisting of paid-up capital.

At the end of the reporting period, the total Group assets in relation to SIA Lightspace Technologies amounted to 5 322 thousand EUR, consisting of paid-up capital (at consolidated level accounted for using equity method).



## Business development report of the associated company SIA Lightspace Technologies

### Business development activities

During the period of Q2 2022 Lightspace Technologies (Lightspace further in the text) continued marketing campaign and promotion of multi focal AR headset. Team actively participated in various expos and conferences, Multi focal headset were promoted to healthcare use cases as well as helmet mounted version to defense use cases. Demonstrations received outstanding feedback and attracted potential users and customers.

During June 13-17 2022 Lightspace participated in Europe's largest Defense and security conference and expo – Eurosatory. Multi focal AR headset was demonstrated to number of leading European defense concerns and received very positive feedback on virtual image outstanding quality.



**iG1050 design visualization**

### Investment activities

During Q2 2022 Lightspace attracted additional investments to its Bridge funding round, reaching overall 2M EUR amount. Existing ones and few new business angel type of investors were contributors to a round.

In order to cover funding needs for bridge until realization of a new venture funding round in Q3 company launched Bridge Extension facility.

Investment attraction process for next - larger venture round in North America has been started. It shall finalize during Q3-4. It already has been announced process for further listing on Toronto exchange within next 9...12 months. The final choice of listing timing will be adjusted according to match best market conditions.

SIA Lightspace Technologies (100%) fully owns Lightspace Labs LTD, (UK) company, Lightspace Labs Inc., Delaware (ASV) corporation, and majority (83,81%) with control over EUROLCDs, SIA.

### Start of headset manufacturing

Since May month 2022, Lightspace has released to production and sales pilot R&D AR headset device iG1050 two versions – medical version and helmet mounted version for defense applications. At the start of industrialization process and manufacturing launch number of industrialization tasks have been solved. Currently team works on optimization of manufacturing process to improve yield, reduce assembling time and increase manufacturing capacity.

### Starting of AR headset sales

Starting with June 2022 Lightspace started to sell new headset iG1050. Company received first 2 purchase orders. At this moment first orders already have been fulfilled and products delivered. Currently ongoing negotiations to supply next 20 units to various customers and partners.

### Development of enabling technologies and licensing sales activities

Lightspace has become global leader in multi focal Augmented Reality applications and enabling research and development (deeptech) activities in photonics and optics space. Enabling technology and products are focused in use within enterprise - Healthcare, Industry, Science, Defense, as well as high end consumer – Education, Gaming, Entertainment and Multimedia application areas.

Company has invented several enabling technologies, including world's fastest switching optical diffuser technology, as well as so called "Zebra" prism optical devices that allow to build 3D near eye displays with very high optical efficiency.

Invented technologies have been offered to license to consumer Bigtech's for use in consumer wearables products. Currently 4 Bigtechs express further interest and doing DD of a technologies.

Until Q2 2022 Lightspace has submitted 48 international patent applications and has received 8 confirmations.

### Events after end of period

In July month European commission approved Horizon 2020 R&D project SHARESPACE, where Lightspace contribution is AR headset technology. Project implementation will start at January 1st, 2023.

## SIA Lightspace Technologies consolidated\* profit loss statement, EUR

	6m 2022 EUR	6m 2021 EUR
Net turnover	357 867	256 718
Cost of sales	(1 834 466)	(1 512 124)
<b>Gross profit / (loss)</b>	<b>(1 476 599)</b>	<b>(1 255 406)</b>
Distribution costs	(217 497)	(72 518)
Administrative expense	(254 952)	(201 389)
Other operating income	784 729	768 733
Other operating expense	(20 669)	(47 276)
<b>Operating profit</b>	<b>(1 184 988)</b>	<b>(807 856)</b>
Interest expenses	(81 357)	(12 834)
<b>Profit / (loss) before tax</b>	<b>(1 266 345)</b>	<b>(820 690)</b>
Corporate income tax	(210)	(61)
<b>Net profit / (loss) for the period</b>	<b>(1 266 555)</b>	<b>(820 751)</b>
Profit attributable to:		
Equity holders of the Parent Company	(1 216 296)	(764 756)
Non-controlling interest	(50 259)	(55 995)
	<b>(1 266 555)</b>	<b>(820 751)</b>

## SIA Lightspace Technologies consolidated \* balance sheet, EUR

<b>ASSETS</b>	30.06.2022. EUR	31.12.2021 EUR
NON-CURRENT ASSETS		
Property, plant, equipment and intangible assets	9 779 286	10 624 610
<b>TOTAL NON-CURRENT ASSETS</b>	<b>9 779 286</b>	<b>10 624 610</b>
CURRENT ASSETS		
Inventory	1 362 091	650 174
Receivables	1 450 950	436 465
Cash and cash equivalents	57 043	13 443
<b>TOTAL CURRENT ASSETS</b>	<b>2 870 085</b>	<b>1 100 082</b>
<b>TOTAL ASSETS</b>	<b>12 649 370</b>	<b>11 724 692</b>
<b>EQUITY AND LIABILITIES</b>	30.06.2022. EUR	31.12.2021 EUR
EQUITY		
Share capital	32 398	25 769
Share premium	12 544 097	9 978 277
Other reserves	1 565 778	1 566 767
Retained earnings/ (accumulated deficit)	(6 537 532)	(5 385 171)
Non-controlling interest	339 984	390 243
<b>TOTAL EQUITY</b>	<b>7 944 725</b>	<b>6 575 885</b>
LIABILITIES		
Non-current and current liabilities	4 704 645	5 148 807
<b>TOTAL LIABILITIES</b>	<b>4 704 645</b>	<b>5 148 807</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>12 649 370</b>	<b>11 724 692</b>

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



## Shares and stock market

During 2022 Q2 HansaMatrix (HMX1R) share price decreased by 12.43% - see the stock price movement chart for the period from April 1, 2022 to June 30, 2022.



During 2022 6m HansaMatrix (HMX1R) share price decreased by 25.94% - see the stock price movement chart for the period from January 1, 2022 to June 30, 2022.





## Security trading history

Price	2017	2018	2019	2020	2021	2022 6m
Open	7.95	8.14	6.5	6.25	9.10	8.80
High	8.83	8.5	6.65	9.05	16.80	8.80
Low	6.9	6.05	5.93	5.00	8.50	6.48
Last	8.14	6.5	6.25	9.05	8.90	6.48
Traded volume	72 941	137 505	32 591	38 141	175 092	151 183
Turnover, million	0.51 EUR	0.94 EUR	0.20 EUR	0.26 EUR	1.78 EUR	1.20 EUR
Capitalisation, million	14.89 EUR	11.89 EUR	11.43 EUR	16.56 EUR	16.28 EUR	11.89 EUR

In 6m 2022 the highest HansaMatrix (HMX1R) share price observed reached 8.80 EUR per share, lowest 6.48 EUR per share and the total traded share turnover in this period amounted to 1.20 million EUR.



## Exposure to risks and uncertainties

### Impact of COVID-19

Despite recent year COVID – 19 developments, most of European leading Electronic Manufacturing Services (EMS) companies experience growth. Nevertheless, the electronics industry is facing significant component deficit explained by the growth in upstream demand in data networks, automotive, medicine and IoT business sectors. The existing global component manufacturing capacity was not sufficient for development of new technologies and the demand driven by COVID-19 pandemic global outbreak.

EU is entering a post-emergency COVID-19 pandemic phase, nevertheless fresh COVID-19 surges could be likely as the virus is expected to continue mutating, thus having a potential to still remain a significant public health burden worldwide. COVID-19 pandemic may still 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 conditions to workers present at all plants and offices of the Company and ensures remote work from home for employees where it is possible and effective. 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. In Q2 2022, the top 5 clients on the Parent Company accounted for 70% of the total revenue, the remaining 30% were generated by 34 clients. Most of the top clients of the Company have been working with AS HansaMatrix as their manufacturer for at least 10 years.

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 was decreasing or stagnating for products in other sectors, e.g. not first necessity electronic products, products related to aviation and tourism industries.

**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 June 30 2022, 44% 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.

## Exposure to risks and uncertainties

### Impact of COVID-19

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, number 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 level 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 are expected to impact HansaMatrix manufacturing order execution, potentially shifting fulfillment 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. Nevertheless, at the end of 2021 the Group successfully extended for 1 year the necessary working capital financing agreements with SEB banka in amount of EUR 4.56 million.

### Impact of the Russia-Ukraine Conflict

Taking into account the recent Russia-Ukraine conflict (Conflict) and its impact on the economic and business environment situation in the Baltics and the world, HansaMatrix has assessed the Group's current business situation, the risks caused by the Conflict and its possible impact on HansaMatrix's business.

As of today, all HansaMatrix business units are operating at the available capacity. HansaMatrix has worked closely with customers to better identify and understand the potential impact of Conflict on production order volumes. The Company has no customers in Russia, Ukraine or Belarus, and HansaMatrix customers also do not have significant revenue exposure to the markets directly involved in the Conflict. HansaMatrix has a diversified supplier base and the Company has no suppliers in Russia, Ukraine or Belarus. The Company has contacted and discussed the Conflict and related risks with key suppliers and logistics partners.

#### MAIN RISKS

##### **Risk of rising energy prices and inflation**

Russia, Ukraine and Belarus are countries rich in raw materials, including oil, natural gas, metals and cereals, whose supply disruptions as a result of international sanctions and the Conflict are likely to lead to an increase in energy, raw materials and food prices, contributing to inflation in Europe in 2022 and 2023. The Company's expenses related to energy and utilities are relatively small in the total cost structure, accounting for about 2.5% of revenue in 2021. However, the Company particularly monitors the trends of energy prices and general inflation, evaluating financial results and budget fulfillment every month, if necessary, adjustments of production service prices to maintain the profitability level are coordinated with customers and made in a timely manner.

##### **Supply chain and liquidity risks**

Neon gas, which is needed to power lasers in semiconductor manufacturing and palladium metal used in later stages of chip production, are the two main raw materials whose supply volumes on the global market may be limited as a result of the Conflict. Industry analysts estimate that about 25-50% of the world's semiconductor quality level neon gas comes from Russia and Ukraine, while about 30% of the world's palladium metal comes from Russia.

The growing demand and supply chain disruptions following the COVID-19 pandemic have led to a global semiconductor shortage that has been going on for 1.5 years, which has initially helped to overcome the additional supply chain problems caused by the Russian invasion of Ukraine, as many chip manufacturers have significantly improved supply chain risk management and accumulated the materials needed for production for 3-12 months ahead (<https://cnb.cx/3K1lqGV>).

## Exposure to risks and uncertainties

## Impact of the Russia-Ukraine Conflict

### Supply chain and liquidity risks

In the longer term, and assuming that the Conflict between Russia and Ukraine will not be resolved and minimized in the coming months, the above-mentioned shortage of raw materials may lead to a rise in semiconductor prices and further increase the chip deficit.

In addition, supply chains could be expected to be further hampered, as transport companies are unlikely to be able to continue using rail in Russia, supplying semiconductors from Asia to Europe via Russia. Alternative transport options include ships and aircraft, which could increase delivery time (ships) and transport costs (aircraft).

It would be expected that the disruption of the supply chain of electronic components caused by the Conflict between Russia and Ukraine will affect the fulfillment of HansaMatrix production orders, possibly change execution times and increase the cost of purchasing components, as well as may increase inventory balances.

In order to mitigate the impact of the shortage of components, HansaMatrix diversifies the supplier base, applies the alternative component application approach, cooperates with brokers and makes timely purchases of components for the execution of customers' orders. Liquidity risk mitigation measures include weekly cash flow management and liquidity planning on a monthly basis for the next 12 months, which allows for timely decisions to improve liquidity.

### Risk of wage inflation

Increasing inflation is expected to contribute to higher wage inflation in 2022 and 2023. The Company's expenses related to employee remuneration are significant in the overall cost structure, accounting for approximately 39.1% of revenue in 2021. The Company carefully monitors the trends of wage inflation, evaluates financial results and budget implementation on a monthly basis, so that, if necessary, adjustments to the prices of production services are coordinated with customers and made in a timely manner to maintain the level of profitability.

### Risk of declining purchasing ability

Higher inflation, which limits economic growth, can lead to a long-term decline in demand and investments. The volume of production orders may be influenced by potential decisions by companies to defer investments and consumer decisions to reduce spending. Since the beginning of the Conflict, the Company has not received any negative indications of a decrease in customer orders in the near future. To mitigate this risk, HansaMatrix's sales team is constantly and actively looking for new customers, with a strategic focus on the Nordic countries.

### Risk of attracting new investments

Increased uncertainty in the business environment can potentially affect investor sentiment in Europe and lead to the postponement of investment decisions. HansaMatrix associate Lightspace Technologies is currently focusing on attracting investments in North America.

## Impact on the Company's business activities

HansaMatrix remains confident in the Company's long-term prospects and growth strategy. The Company believes that the direct impact of the Russia-Ukraine conflict on the Company is relatively limited in the short term, however, the uncertainty of the business environment has increased significantly and the scale of the Conflict's impact on the Company could change, especially in relation to future challenges related to supply chain risks and costs increase, that could potentially negatively affect business volume in the coming quarters of 2022.

HansaMatrix has assessed the key assumptions for the determination of fair value made for the Consolidated and Parent Company's financial statements and has concluded that at the date of this report the fair values of the Group's assets and liabilities have not been materially affected by the circumstances surrounding the Conflict. Nevertheless, the value of the liability of the European Investment Bank (EIB) convertible guarantee securities could change in future as the Company uses the weighted average share price of HansaMatrix for the last relevant quarter as one of the exit variables to determine the fair value of these liabilities.

In an adverse scenario, if the Conflict continues for a long time and on a substantially large scale, the impact on the Company could be more significant as a result of the risks described above.



## Other significant events in Q2 2022

On April 6, 2022, as previously announced, following an evaluation of strategic development options, HansaMatrix has started a reorganization process to capture shareholder value and achieve strategic business development goals, whereby Lightspace holding shares owned by the Company were planned to be separated from HansaMatrix, establishing a new acquiring company. Based on strategic considerations, the reorganization process of HansaMatrix has been put on hold for unspecified period. In case the reorganization process will be restarted, the Company will disclose further information about it in accordance with the requirements of applicable law.

On May 5, 2022 HansaMatrix reported on receiving 5.3 million EUR manufacturing order from existing customer to supply electricity overhead distribution line fault indication systems in 2022 and 2023, starting with Q4 2022. The customer is in Nordic countries and operates in industrial sector.

On May 16, 2022 HansaMatrix associated company Lightspace Technologies (the Company) has attracted an aggregate pre listing bridge convertible loan of 2 million EUR (increased from previously reported 1250 thousand EUR) from business angels, existing shareholders and investment fund Ardelta. These investments will fund Lightspace Technologies to further develop products and start deliveries. Investor names, in accordance with the terms of the agreement, will not be disclosed. The Management Board of Lightspace is pleased that the agreements confirm attractiveness of company to investments and the potential of augmented reality products produced in the company. As recently reported, Lightspace Technologies on March 14, 2022 has started a listing process to become a public entity in North America on the Toronto TSX Venture Exchange. In this process, it is planned to attract investments of at least 10 million EUR from private investors, taking 7-8 months for the full listing process.

## Significant events after the reporting period

On July 4, 2022 HansaMatrix announced that Baiba Anda Rubesa has been approved as the Chairwoman of the Supervisory Board of HansaMatrix, while Anders Lennart Borg will perform the duties of the Deputy Chairman of the Supervisory Board.

On August 1, 2022, HansaMatrix published a new website, thus completing the refresh of visual identity.

August 12, 2022

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 June 30, 2022 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, 2021. 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.

August 12, 2022

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Chairman of the Management Board

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# Interim consolidated financial statements





## Interim consolidated statement of comprehensive income

	01.04.2022- 30.06.2022	01.04.2021- 30.06.2021	01.01.2022- 30.06.2022	01.01.2021- 30.06.2021
	EUR	EUR	EUR	EUR
Revenue from contracts with customers	6 554 588	6 041 607	12 584 806	11 869 983
Cost of sales	(5 953 025)	(5 187 145)	(11 165 655)	(10 047 543)
<b>Gross profit</b>	<b>601 563</b>	<b>854 462</b>	<b>1 419 151</b>	<b>1 822 440</b>
Distribution costs	(123 446)	(124 745)	(245 558)	(269 497)
Administrative expense	(602 268)	(492 964)	(1 159 906)	(959 355)
Other operating income	83 768	334 811	161 811	619 670
Other operating expense	(162 863)	(51 108)	(218 308)	(101 350)
<b>Operating profit or (loss)</b>	<b>(203 246)</b>	<b>520 456</b>	<b>(42 810)</b>	<b>1 111 908</b>
Loss from investments in associates	(564 975)	(196 110)	(784 703)	(381 307)
Finance income	251 362	2 917	421 185	5 560
Finance costs	(168 724)	(653 888)	(325 224)	(1 017 644)
<b>Profit or loss before tax</b>	<b>(685 583)</b>	<b>(326 625)</b>	<b>(731 552)</b>	<b>(281 483)</b>
Corporate income tax	-	-	-	-
<b>Net profit or loss for the reporting period</b>	<b>(685 583)</b>	<b>(326 625)</b>	<b>(731 552)</b>	<b>(281 483)</b>
<b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax</b>				
Other comprehensive income:	-	-	-	-
<b>Total comprehensive income or (loss) for the year, net of tax</b>	<b>(685 583)</b>	<b>(326 625)</b>	<b>(731 552)</b>	<b>(281 483)</b>
Comprehensive income or (loss) attributable to:				
Equity holders of the Parent Company	(685 583)	(326 625)	(731 552)	(281 483)
Non-controlling interests	-	-	-	-
Earnings Per Share	(0.374)	(0.179)	(0.399)	(0.154)
Diluted Earnings Per Share	(0.334)	(0.160)	(0.357)	(0.138)

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

August 12, 2022

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## Interim consolidated statement of financial position

### ASSETS

	30.06.2022	31.12.2021
	EUR	EUR
<b>NON-CURRENT ASSETS</b>		
<b>Intangible assets</b>		
ODM assets	373 137	394 813
Other intangible assets	509 061	562 911
<b>Total intangible assets</b>	<b>882 198</b>	<b>957 724</b>
<b>Property, plant and equipment</b>		
Land and buildings	3 688 156	3 789 000
Equipment and machinery	3 293 992	3 716 385
Other fixtures and fittings, tools and equipment	487 031	480 117
Right of use asset	3 360 645	3 659 998
Leasehold improvements	109 721	120 659
Construction in progress	1 061 000	1 070 305
<b>Total property, plant and equipment</b>	<b>12 000 545</b>	<b>12 836 464</b>
<b>Non-current financial assets</b>		
Investments in associates	5 322 096	6 106 799
Investments in other companies	100 203	61 582
Other non-current receivables	6 690	42 333
<b>Total non-current financial assets</b>	<b>5 428 989</b>	<b>6 210 714</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>18 311 732</b>	<b>20 004 902</b>
<b>CURRENT ASSETS</b>		
<b>Inventories</b>		
Raw materials and consumables	6 602 828	3 955 773
Trade receivables from contracts with customers	1 646 670	1 653 701
Prepayments for goods	89 328	82 935
Loan to shareholder	569 066	563 201
Prepaid expense	239 190	55 909
Contract assets	2 330 647	1 487 173
Other receivables	170 998	282 324
Cash and cash equivalents	151 976	451 210
<b>TOTAL CURRENT ASSETS</b>	<b>11 800 703</b>	<b>8 532 226</b>
<b>TOTAL ASSETS</b>	<b>30 112 435</b>	<b>28 537 128</b>
*Available unused credit line	406 414	700 000
*Available unused factoring limit	1 141 176	1 446 601

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

August 12, 2022

JĀNIS SAMS

Chairman of the Management Board



## Interim consolidated statement of financial position

### EQUITY AND LIABILITIES

	30.06.2022	31.12.2021
	EUR	EUR
<b>EQUITY</b>		
Share capital	1 834 881	1 829 381
Share premium	2 465 994	2 435 579
Reserves	60 307	50 659
Non-current asset revaluation reserve	1 934 474	2 006 222
Retained earnings/ (accumulated loss):		
a) brought forward	150 948	2 064 847
b) for the period	(731 552)	(1 952 310)
Minority share	-	-
<b>TOTAL EQUITY</b>	<b>5 715 052</b>	<b>6 434 378</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans from credit institutions	5 351 956	5 370 208
Lease liabilities	2 200 901	2 455 353
Other financial liabilities	1 464 683	1 880 003
Government grants	529 505	603 004
Taxes payables – non-current	28 561	141 078
<b>Total non-current liabilities</b>	<b>9 575 606</b>	<b>10 449 646</b>
<b>Current liabilities</b>		
Loans from credit institutions	2 405 569	2 433 034
Lease liabilities	953 512	1 042 451
Prepayments received under contracts with customers	3 097 054	1 185 335
Trade payables	6 908 518	5 717 775
Taxes payable	750 969	534 893
Corporate income tax	-	799
Other liabilities	188 770	177 282
Government grants	177 099	192 666
Accrued liabilities	340 286	368 869
<b>Total current liabilities</b>	<b>14 821 777</b>	<b>11 653 104</b>
<b>TOTAL LIABILITIES</b>	<b>24 397 383</b>	<b>22 102 750</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>30 112 435</b>	<b>28 537 128</b>

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

August 12, 2022

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## Interim consolidated statement of cash flow

	01.04.2022- 30.06.2022 EUR	01.04.2021- 30.06.2021 EUR	01.01.2022- 30.06.2022 EUR	01.01.2021- 30.06.2021 EUR
<b>CASH FLOWS TO/ FROM OPERATING ACTIVITIES</b>				
Profit (loss) before tax	(685 583)	(326 625)	(731 552)	(281 483)
Adjustments for:				
Depreciation and amortization	632 261	630 090	1 280 899	1 279 778
Interest expense	152 420	31 832	293 461	67 666
Interest income	(2 949)	(2 917)	(5 865)	(5 560)
Decrease in allowances for slow-moving items and receivables	(1 849)	(62 839)	(15 141)	(122 717)
Income from grant recognition	(46 273)	(57 932)	(92 546)	(100 480)
Gain on disposal of property, plant and equipment	(9 261)	(100)	(17 484)	(72)
Fair value adjustment for warrants	(248 413)	504 402	(415 320)	713 411
Share of loss of an associates	564 975	196 110	784 703	381 307
Adjustments for:				
(Increase)/ decrease in inventories	(1 719 129)	264 723	(3 490 529)	335 492
(Increase)/ decrease in receivables	(335 366)	(659 790)	(62 042)	(367 635)
Increase/ (decrease) in payables	2 020 911	(117 981)	3 255 352	(433 213)
<b>Cash generated from operations, gross</b>	<b>321 744</b>	<b>398 973</b>	<b>783 936</b>	<b>1 466 494</b>
Interest paid	(29 278)	(31 832)	(58 140)	(67 666)
Corporate income tax paid	-	-	-	-
<b>Net cash flows to/ from operating activities</b>	<b>292 466</b>	<b>367 141</b>	<b>725 796</b>	<b>1 398 828</b>
<b>CASH FLOWS TO/ FROM INVESTING ACTIVITIES</b>				
Purchase of intangible assets and property, plant and equipment	(113 376)	(195 790)	(213 041)	(333 613)
Proceeds from sale of property, plant and equipment	9 261	-	17 484	-
Investments in other companies	(10 946)	(7 611)	(38 621)	(10 959)
<b>Net cash flows to/ from investing activities</b>	<b>(115 061)</b>	<b>(203 401)</b>	<b>(234 178)</b>	<b>(344 572)</b>
<b>CASH FLOWS TO/ FROM FINANCING ACTIVITIES</b>				
Grants received	12 605	146 984	16 979	319 185
Dividends paid	-	(54 881)	-	(54 881)
Loans received from credit institutions	293 586	-	293 586	-
Loans repaid to credit institutions	(257 967)	(348 013)	(515 934)	(1 015 732)
Loans repaid to lease companies	(73 767)	(107 047)	(148 095)	(141 048)
Payment of principal portion of lease liabilities	(206 945)	(229 388)	(437 388)	(434 189)
<b>Net cash flows to/ from financing activities</b>	<b>(232 488)</b>	<b>(592 345)</b>	<b>(790 852)</b>	<b>(1 326 665)</b>
<b>Change in cash and cash equivalents for the year</b>	<b>(55 083)</b>	<b>(428 605)</b>	<b>(299 234)</b>	<b>(272 409)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>207 059</b>	<b>986 439</b>	<b>451 210</b>	<b>830 243</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>151 976</b>	<b>557 834</b>	<b>151 976</b>	<b>557 834</b>

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/ (accumulat ed loss)	Non- controlling interest	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>Balance as at 31 December 2020</b>	<b>1 829 381</b>	<b>2 435 579</b>	<b>1 973</b>	<b>1 914 956</b>	<b>2 291 009</b>	-	<b>8 472 898</b>
Profit for the reporting year	-	-	-	-	(281 483)	-	(281 483)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(281 483)	-	(281 483)
Depreciation of revalued items of property and plant	-	-	-	(61 847)	61 847	-	-
Dividends paid	-	-	-	-	(54 881)	-	(54 881)
							-
<b>Balance as at 30 June 2021</b>	<b>1 829 381</b>	<b>2 435 579</b>	<b>1 973</b>	<b>1 853 109</b>	<b>2 016 492</b>	-	<b>8 136 534</b>
<b>Balance as at 31 December 2021</b>	<b>1 829 381</b>	<b>2 435 579</b>	<b>50 659</b>	<b>2 006 222</b>	<b>112 537</b>	-	<b>6 434 378</b>
Profit for the reporting year	-	-	-	-	(731 552)	-	(731 552)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(731 552)	-	(731 552)
Increase of capital	5 500	30 415	-	-	(35 915)	-	-
Depreciation of revalued items of property and plant	-	-	-	(71 748)	71 748	-	-
Share option reserves	-	-	9 648	-	2 578	-	12 226
<b>Balance as at 30 June 2022</b>	<b>1 834 881</b>	<b>2 465 994</b>	<b>60 307</b>	<b>1 934 474</b>	<b>(580 604)</b>	-	<b>5 715 052</b>

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 June 30, 2022 were authorized for issue in accordance with a resolution of the Management Board of the Parent Company on August 12, 2022.

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

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

### 2.1. Basis of preparation

The interim condensed consolidated financial statements for the six months ended June 30, 2022 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 2021.

### 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, 2021, except for the adoption of new standards effective as of 1 January 2022. 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		Amounts owed by related parties (gross)	Amounts owed to related parties (gross)
			EUR	EUR
1. Associates				
SIA Lightspace Technologies (AS HansaMatrix share: 53.85%)	Services, purchase of materials, sales	31.12.2021	843 381	37 379
		30.06.2022	964 128	72 831
	TOTAL	31.12.2021	843 381	37 379
	TOTAL	30.06.2022	964 128	72 831
2. Entities with significant influence over the Parent Company				
SIA MACRO RĪGA (shareholder)	Loans	31.12.2021	563 201	-
		30.06.2022	569 066	-
	Purchase of services; sale of materials	31.12.2021	829	-
		30.06.2022	-	-
	TOTAL	31.12.2021	564 030	-
	TOTAL	30.06.2022	569 066	-



## Notes to the consolidated financial statements

### 4. EBITDA calculation

	01.04.2022- 30.06.2022	01.04.2021- 30.06.2021	01.01.2022- 30.06.2022	01.01.2021- 30.06.2021
	EUR	EUR	EUR	EUR
NET sales	6 554 588	6 041 607	12 584 806	11 869 983
<b>Operating profit</b>	<b>(203 246)</b>	<b>520 456</b>	<b>(42 810)</b>	<b>1 111 908</b>
Depreciation and amortization	632 261	630 090	1 280 899	1 279 778
<b>EBITDA, EUR</b>	<b>429 015</b>	<b>1 150 546</b>	<b>1 238 089</b>	<b>2 391 686</b>
<b>EBITDA, %</b>	<b>7%</b>	<b>19%</b>	<b>10%</b>	<b>20%</b>

### 5. The fair value measurement hierarchy of the Group's assets and liabilities at June 30, 2022

	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
<b>Assets and liabilities measured at fair value</b>					
Warrants	1 464 683	1 464 683	-	1 464 683	-
Investments in other companies	100 203	100 203	-	-	100 203
<b>Assets and liabilities for which fair value is indicated</b>					
Loan to shareholder	569 066	569 066	-	-	569 066
Loans from credit institutions	7 757 525	7 757 525	-	7 757 525	-

As at the end of Q2 2022 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 June 30, 2022 are reasonable approximations of the fair values, except that in 6m 2022 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 0.425 million EUR, due to decreasing average weighted price of HansaMatrix stock in 6m 2022, which by the same amount improved net profit in 6m 2022.

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, 2022.

## Notes to the consolidated financial statements

### 6. Earnings per share

	01.04.2022- 30.06.2022 EUR	01.04.2021- 30.06.2021 EUR	01.01.2022- 30.06.2022 EUR	01.01.2021- 30.06.2021 EUR
Net profit or loss for the reporting period	(685 583)	(326 625)	(731 552)	(281 483)
Other comprehensive income:		-		-
Total comprehensive income or (loss) for the year, net of tax	(685 583)	(326 625)	(731 552)	(281 483)
Comprehensive income or (loss) attributable to:				
Equity holders of the Parent Company	(685 583)	(326 625)	(731 552)	(281 483)
Non-controlling interests	-	-	-	-
HansaMatrix AS number of shares	1 834 881	1 829 381	1 834 881	1 829 381
Earnings per share	(0.374)	(0.179)	(0.399)	(0.154)
HansaMatrix AS employees share options	10 150	9 600	10 150	9 600
EIB warrants	205 298	205 298	205 298	205 298
Diluted Earnings Per Share	(0.334)	(0.160)	(0.357)	(0.138)



## Notes to the consolidated financial statements

### 7. Normalized net profit

	01.04.2022- 30.06.2022	01.01.2022- 31.03.2022	01.10.2021 31.12.2021	01.07.2021- 30.09.2021	01.04.2021- 30.06.2021	01.01.2021- 31.03.2021
	EUR	EUR	EUR	EUR	EUR	EUR
<b>Net profit</b>	<b>(685 583)</b>	<b>(45 969)</b>	<b>(1 965 892)</b>	<b>295 065</b>	<b>(326 625)</b>	<b>45 142</b>
Loss/Profit from investments in associates	564 975	219 728	402 158	53 856	196 110	185 197
Impairment loss on assets (goodwill and PPE under construction)	-	-	1 357 586	-	-	-
Provisions for inventory (older than 2 years)	812	13 292	(4 167)	34 938	47 843	21 445
Employee option plan expense	4 824	27 332	48 685	-	-	-
Foreign exchange expense	77 139	10 991	22 425	15 450	10 378	18 168
EIB warrant fair value change provisions	(248 413)	(166 907)	(308 845)	(177 048)	504 402	209 009
EIB loan fair value change provisions	88 049	85 813	80 403	79 419	82 459	83 446
Interest expense related to operating leases	47 756	36 793	57 659	30 813	32 110	32 914
Deferred tax liabilities	-	-	-	-	-	-
<b>Normalized net profit*</b>	<b>(150 441)</b>	<b>181 073</b>	<b>(397 845)</b>	<b>332 493</b>	<b>546 677</b>	<b>595 321</b>

\*- restated by adjusting net profit by additional non-cash items - provisions for old inventory (over 2 years), employee option plan expense and foreign exchange expense

	01.01.2022- 30.06.2022	01.01.2021- 30.06.2021	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020	01.01.2019- 31.12.2019	01.01.2018- 31.12.2018
	EUR	EUR	EUR	EUR	EUR	EUR
<b>Net profit</b>	<b>(731 552)</b>	<b>(281 483)</b>	<b>(1 952 310)</b>	<b>(846 586)</b>	<b>207 888</b>	<b>781 018</b>
Loss/Profit from investments in associates	784 703	381 307	837 321	572 611	623 202	483 143
Impairment loss on assets (goodwill and PPE under construction)	-	-	1 357 586	-	-	-
Provisions for inventory (older than 2 years)	14 104	69 288	100 059	(66 784)	112 259	(63 380)
Employee option plan expense	32 156	-	48 685	1 286	(637)	1 012
Foreign exchange expense	88 130	28 546	66 421	(32 074)	(3 644)	7 457
EIB warrant fair value change provisions	(415 320)	713 411	227 518	306 555	-	-
EIB loan fair value change provisions	173 862	165 905	325 727	263 919	246 346	8 117
Interest expense related to operating leases	84 549	65 024	153 496	123 053	66 088	-
Deferred tax liabilities	-	-	-	-	-	-
<b>Normalized net profit*</b>	<b>30 632</b>	<b>1 141 998</b>	<b>1 164 503</b>	<b>321 979</b>	<b>1 251 503</b>	<b>1 217 367</b>

\*- restated by adjusting net profit by additional non-cash items - provisions for old inventory (over 2 years), employee option plan expense and foreign exchange expense.

### 8. Dividends paid and proposed

No dividends have been proposed by shareholders of the Company to be paid out in 2022.

## 9. Definitions of alternative performance measures (APM)

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

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.