



**HANSAMATRIX**

Inspired by your trust

**JOINT STOCK COMPANY  
"HANSAMATRIX"**

UNIFIED REGISTRATION  
NUMBER 40003454390

# **UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR 3RD QUARTER AND 9 MONTH PERIOD ENDED SEPTEMBER 30, 2022**

Prepared in accordance with IAS 34  
Interim Financial Reporting

Ogre, 2022



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## General information

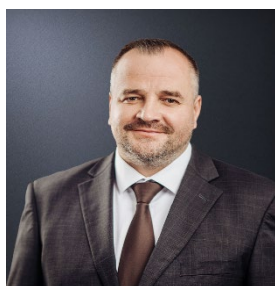
Name of the Parent Company	HansaMatrix
Legal status of the Parent Company	Joint Stock Company
Parent Company unified registration number	40003454390
Place and date of registration	Riga, 30 July 1999
Registration date with the Commercial Register	Riga, 27 December 2022
Registered office	Akmeņu street 72, Ogre, Latvia, LV-5001
Shareholders (over 5%) as of September 30, 2022	<ul style="list-style-type: none"><li>• SIA „MACRO RIGA” (26,78%)</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” (equity interest 100%)</li><li>• SIA „HansaMatrix Innovation” (equity interest 100%)</li><li>• SIA „HansaMatrix Pārogre” (equity interest 100%)</li><li>• SIA „Zinātnes Parks” (equity interest 100%)</li><li>• Lightspace Holding AS (equity interest 100% of voting shares)</li></ul>
Auditors	SIA „Deloitte Audits Latvia” License No 43 Inguna Staša Latvian Certified Auditor Certificate No 145
Financial year	1st January – 31st December 2022
Interim reporting period	1st January – 30st September 2022

## 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**

CHAIRMAN OF THE  
MANAGEMENT BOARD  
OF THE PARENT COMPANY

Date of appointment:  
17 May 2021

Positions held in other companies:

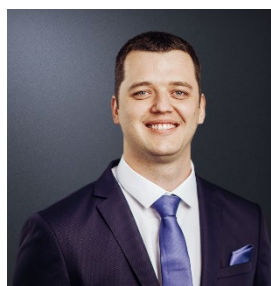
- HansaMatrix Parogre, SIA. – Member of the Board
- HansaMatrix Ventspils, SIA – Member of the Board
- Latvian Electrical Engineering and Electronics Industry Association – Member of the Board

Number of shares owned: 0

Number of share options held: 2400 (as of 30.09.2022.)

Participation in other companies: no participation

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**

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 30.09.2022.)

Management Board member Vitauts Galvanausks 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.



## 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 30.09.2022)

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**

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
- European Lingerie Group, AB – Management Board Deputy
- Corvus Finance, SIA – Chairman of the Management Board

Number of shares owned: 300

Number of Share options owned: 3500 (as of 30.09.2022)

Participation in other companies:

- IQ Capital SIA (100%)
- FTG, SIA (33.33%)
- Corvus Finance, SIA (50%)

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) charter holder.

## 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 SUPERVISORY BOARD OF THE PARENT COMPANY

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Number of shares owned: 0

Baiba Rubesa is an independent member of the Supervisory Board.

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

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**

DEPUTY CHAIRMAN OF  
SUPERVISORY BOARD OF  
THE PARENT COMPANY

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**

MEMBER OF SUPERVISORY  
BOARD OF THE COMPANY

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
- 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

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 September 30, 2022 (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	491 348	26.78%
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%
IPAS CBL Asset Management managed funds	120 000	6.54%
Swedbank Investeerimisfondid AS managed funds	99 038	5.40%
Swedbank ieguldījumu pārvaldes sabiedrība AS managed funds	93 369	5.09%
Other shareholders (under 5%)	410 932	22.40%
<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 or the Company), 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 Q3 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 Q3 2022 an upward trend in inflation continued, which is facilitated, among other things, by the significant rise and volatility 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 increases and volatility could be expected to continue further in 2022.

EU and world 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 third quarter (Q3 further in document) of 2022 the Group reported historically highest revenue from contracts with customers (hereinafter – revenue, turnover or sales) in amount of 7.586 million EUR, representing increase by 44% in comparison to the same period of 2021. The 2022 Q3 sales results showed 16% sales volume increase in comparison with previous quarter – 2022 Q2.

During the 9 months ("9m" further in the document) of 2022 the Group reported sales volume increase by 18% compared to the same period of 2021 and revenue reached historically highest 9 months volume of 20.171 million EUR.

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 Q3 2022, amounting to 19.2 million EUR, as a result of slightly improving component availability decreasing by 12% compared to the respective figure as at the end of Q2 2022.

During 2022 Q3 the Group reported quarterly EBITDA result of 0.430 million EUR and operated with net loss result of 0.562 million EUR. The reported EBITDA result shows 54% decrease in comparison with Q3 2021 and remained unchanged compared to previous quarter of 2022 Q2. In Q3 2022 the Group reported net loss 0.562 million EUR as compared to the net profit of 0.295 million EUR in Q3 2021 and net loss of 0.686 million EUR in Q2 2022. Quarterly results represent EBITDA margin of 5.67%.

During the 9m period of 2022 the Group reported EBITDA result of 1.668 million EUR and net loss result of 1.293 million EUR. The reported EBITDA result shows 50% decrease in comparison with 2021 9m. In 9 months of 2022, the Company operated with a net loss of 1.293 million EUR as compared to the net profit of 0.014 million EUR in 9m 2021. In 9 months of 2022, the Company operated with 8.3% EBITDA margin.

Q3 and 9m 2022 EBITDA profitability decrease compared to Q3 2021 and 9m 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 Q3 2022 is negatively influenced by several non-cash related items, the most significant including loss from investments in associates in amount of 0.296 million EUR, USD/EUR exchange rate fluctuations 0.187 million EUR, EIB loan fair value change provisions in amount of 0.083 million EUR and interest expense related to leases in amount of 0.044 million EUR.

The non-cash items negatively influencing net profit of the Company in 9m 2022 include loss from investments in associates 1.081 million EUR, EIB loan fair value change provisions – 0.257 million EUR, USD/EUR exchange rate fluctuations – 0.276 million EUR and interest expense related to leases – 0.128 million EUR.

For better inter-period profitability comparisons, the Company calculates normalized net profit, which in Q3 2022 amounted to negative 0.029 million EUR compared to Q3 2021 0.332 million EUR 9m 2022 normalized net profit amounted to 0.002 million EUR.

In 9m 2022 (including Q3 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 0.498 million EUR (0.083 million EUR in Q3 2022), due to decreasing average weighted price of HansaMatrix stock in 9m 2022 (in Q3 2022), which by the same amount improved net profit in 9m 2022 (in Q3 2022).

TTM – trailing twelve-month period sales (period starting on October 1, 2021 and ending with September 30, 2022) at 2022 Q3 reached historically highest volume of 25.009 million EUR, increasing by 10% compared to TTM sales for the period ended at 2021 Q3 and increasing by 10% compared to TTM sales for the period ended at 2022 Q2. EBITDA result for the TTM 12-month period reported to be 2.078 million EUR, a decrease of 50% in comparison with 12-month period ended at 2021 Q3 and 19% decrease compared to TTM sales for the period ended at 2022 Q2. The TTM period resulted in a net loss of -3.259 million EUR, whereas normalized net profit in this period amounted to - 0.308 million EUR. In the end of Q3 2022 averaged EBITDA margin for TTM period of 8.31% was reported.



## Key Growth and Financial Ratios

In Q3 2022 revenue of the Group increased by 44% but EBITDA decreased by 53%, compared to Q3 2021. Q3 2022 EBITDA profitability deterioration compared to Q2 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	2021Q2	2022Q2	2021Q3	2022Q3	Q2 YoY	Q3 YoY
Revenue	6 042	6 555	5 254	7 586	+8%	+44%
EBIT (operating profit)	520	-203	314	-189		
EBIT (operating profit) margin	8.61%	-3.10%	5.98%	-2.49%		
EBITDA	1 151	429	931	430	-63%	-53%
EBITDA margin	19.04%	6.55%	17.71%	5.67%		
Net profit	-327	-686	295	-562		
Normalized net profit	547	-150	332	-29		
Normalized net profit margin	9.05%	-2.30%	6.33%	-0.38%		
Inventory	3 863	6 603	4 478	7 737	+70%	+73%
Normalized ROA	1.90%	-0.47%	1.52%	-0.09%		
Normalized ROE	6.72%	-2.63%	3.94%	-0.56%		
Liquidity ratio	0.83	0.80	0.81	0.77		
Normalized Return on Capital Employed (ROCE)	2.64%	-0.87%	2.54%	-0.17%		
Earnings per share (EPS)	-0.18	-0.37	0.16	-0.31		
Diluted EPS	-0.16	-0.33	0.14	-0.27		

## Key Growth and Financial Ratios

In 9m 2022 revenue increased by 18%, but EBITDA decreased by 50% 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 9m 2022 as compared to 9m 2021. As at the end of 9m 2022 the liquidity of the Company has remained practically the same, compared to liquidity as at the end of 9m 2021.

Ratio/EUR'000	2017	2018	2019	2020	9m2021	2021	9m2022	9mYoY
Revenue	19 649	21 587	24 611	22 589	17 124	21 962	20 171	+18%
EBIT (operating profit)	1 877	1 395	1 316	703	1 426	1 145	-232	
EBIT (operating profit) margin	9.55%	6.46%	5.35%	3.11%	8.33%	5.21%	-1.15%	
EBITDA	3 685	3 297	3 761	3 081	3 322	3 732	1 668	-50%
EBITDA margin	18.75%	15.27%	15.28%	13.64%	19.40%	16.99%	8.27%	
Net profit	1 679	781	208	-552	14	-1 952	-1 293	
Normalized net profit	1 268	1 217	1 251	322	1 474	1 165	2	
Normalized net profit margin	6.45%	5.64%	5.09%	1.43%	8.61%	5.30%	0.01%	
Inventory	2 683	3 765	3 051	1 972	4 478	3 956	7 737	+73%
Normalized ROA	6.79%	4.80%	4.20%	1.12%	6.75%	4.08%	0.01%	
Normalized ROE	15.59%	13.88%	13.86%	3.80%	17.49%	18.05%	0.03%	
Liquidity ratio	0.69	1.02	0.85	0.79	0.81	0.73	0.77	
Normalized Return on Capital Employed (ROCE)	10.53%	6.71%	5.90%	1.59%	11.26 %	6.89%	0.01%	
Earnings per share (EPS)	0.92	0.43	0.11	-0.30	0.007	-1.07	-0.70	
Diluted EPS	0.92	0.38	0.10	-0.27	0.006	-0.95	-0.63	

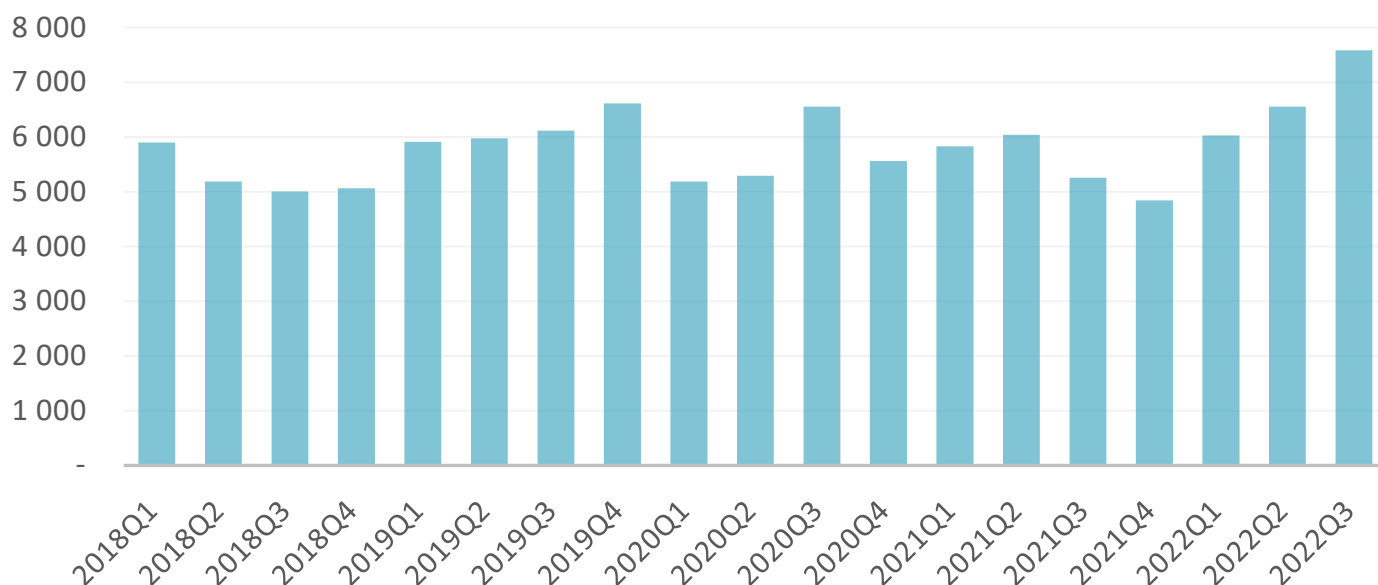
Due to the global semiconductor deficit, at the end of 9m 2022 inventory has increased by 73% on year over year basis, as the Company in cooperation with customers are maximizing the potential manufacturing output in difficult supply chain conditions.

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.

## Quarterly revenue results for 2022 Q3

During the second quarter of 2022 the Group reported historically highest turnover of 7.586 million EUR, representing increase by 44% in comparison to the same period of 2021. The 2022 Q3 sales results showed 16% sales volume increase in comparison with previous quarter – 2022 Q2.

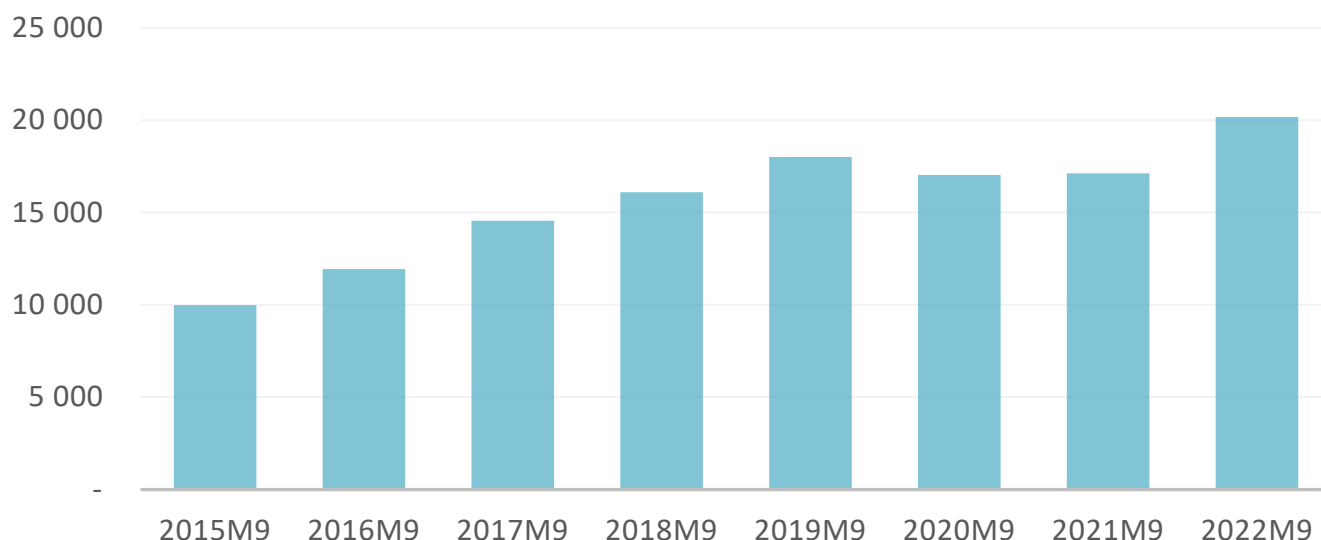
### Quarterly revenue, thousand EUR



## 2022 9 month revenue results

During first 9 months of 2022 the Company reported sales volume increase by 18% compared to the same period of 2021, reaching historically highest 9 month revenue of 20.171 million EUR.

### 9 month revenue, thousand EUR



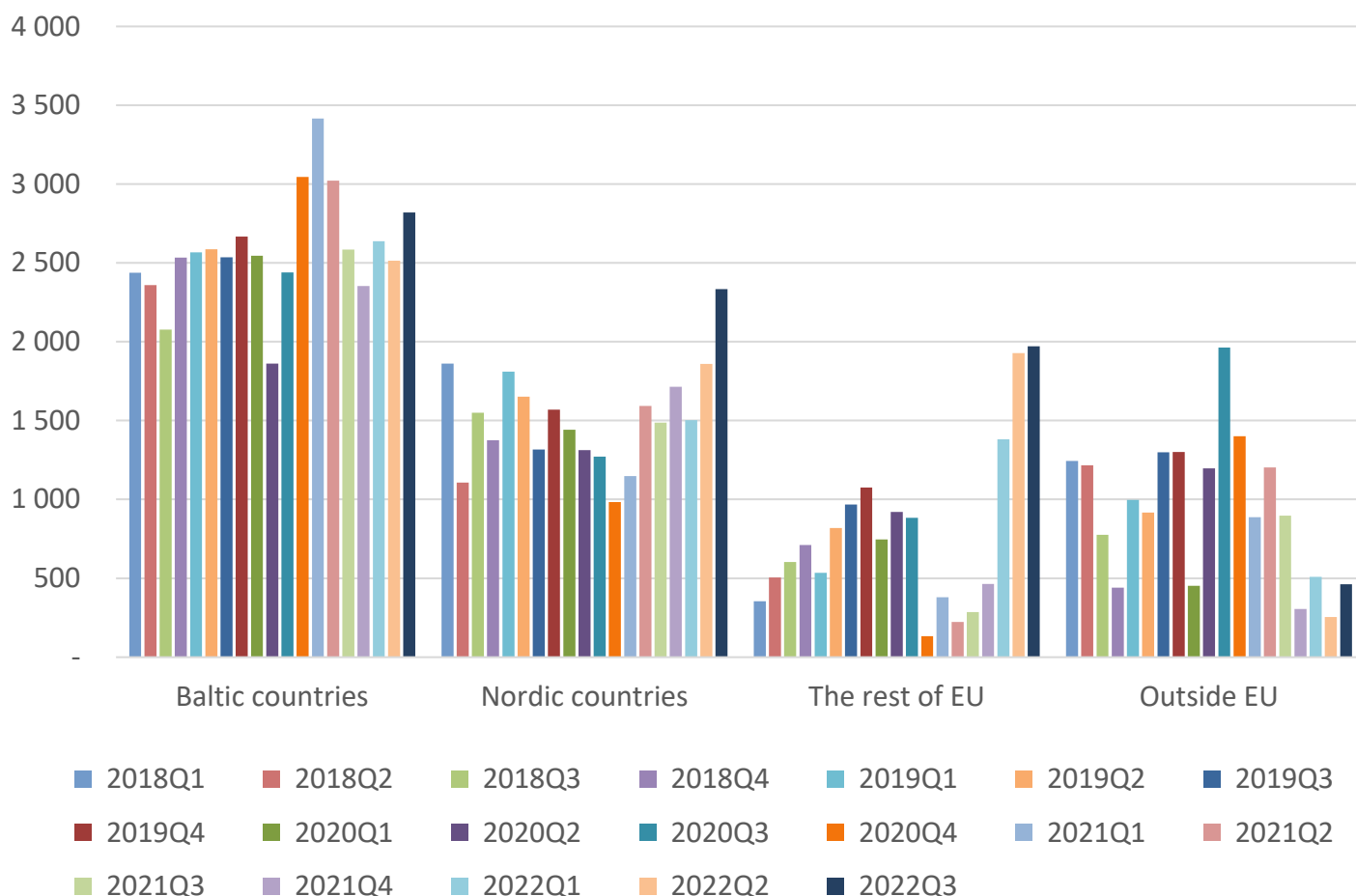
## Quarterly revenue by market region results for 2022 Q3

During 2022 Q3 Baltic states continue to be the largest market region with 37% share of turnover. Nordic and other EU sales respectively reported 31% and 26% of total sales. HansaMatrix during 2022 Q3 continued to deliver also to customer locations outside EU. This market share in 2022 Q3 amounts to 6% of the total sales volume.

Sales dynamics of regions – Baltic sales were 9% up compared to 2021 Q3 and 12% up compared to 2022 Q2; Nordic sales were 57% up from 2021 Q3 and 26% up in comparison with 2022 Q2. Other EU region sales reported 589% increase from 2021 Q3 and 2% increase from 2022 Q2. Outside EU deliveries decreased by 49% from 2021 Q3 and increased by 82% compared to 2022 Q2.

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 Q3

### Data table

#### Quarterly revenue by region, thousand EUR

Revenue, thEUR	2018Q1	2018Q2	2018Q3	2018Q4	2019Q1	2019Q2	2019Q3	2019Q4
Baltic countries	2 438	2 359	2 078	2 533	2 566	2 586	2 536	2 667
Nordic countries	1 861	1 106	1 549	1 375	1 809	1 652	1 317	1 570
The rest of EU	354	505	604	712	534	819	967	1 075
Outside EU**	1 245	1 217	775	441	998	916	1 299	1 300
Total	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	2022Q3
2 545	1 862	2 439	3 044	3 415	3 022	2 584	2 354	2 637	2 514	2 820
1 441	1 312	1 271	983	1 147	1 592	1 487	1 715	1 502	1 859	2 333
747	920	882	132	380	224	286	463	1 382	1 928	1 971
452	1 197	1 962	1 401	886	1 203	897	306	509	253	462
5 184	5 290	6 554	5 560	5 828	6 042	5 254	4 838	6 030	6 555	7 586

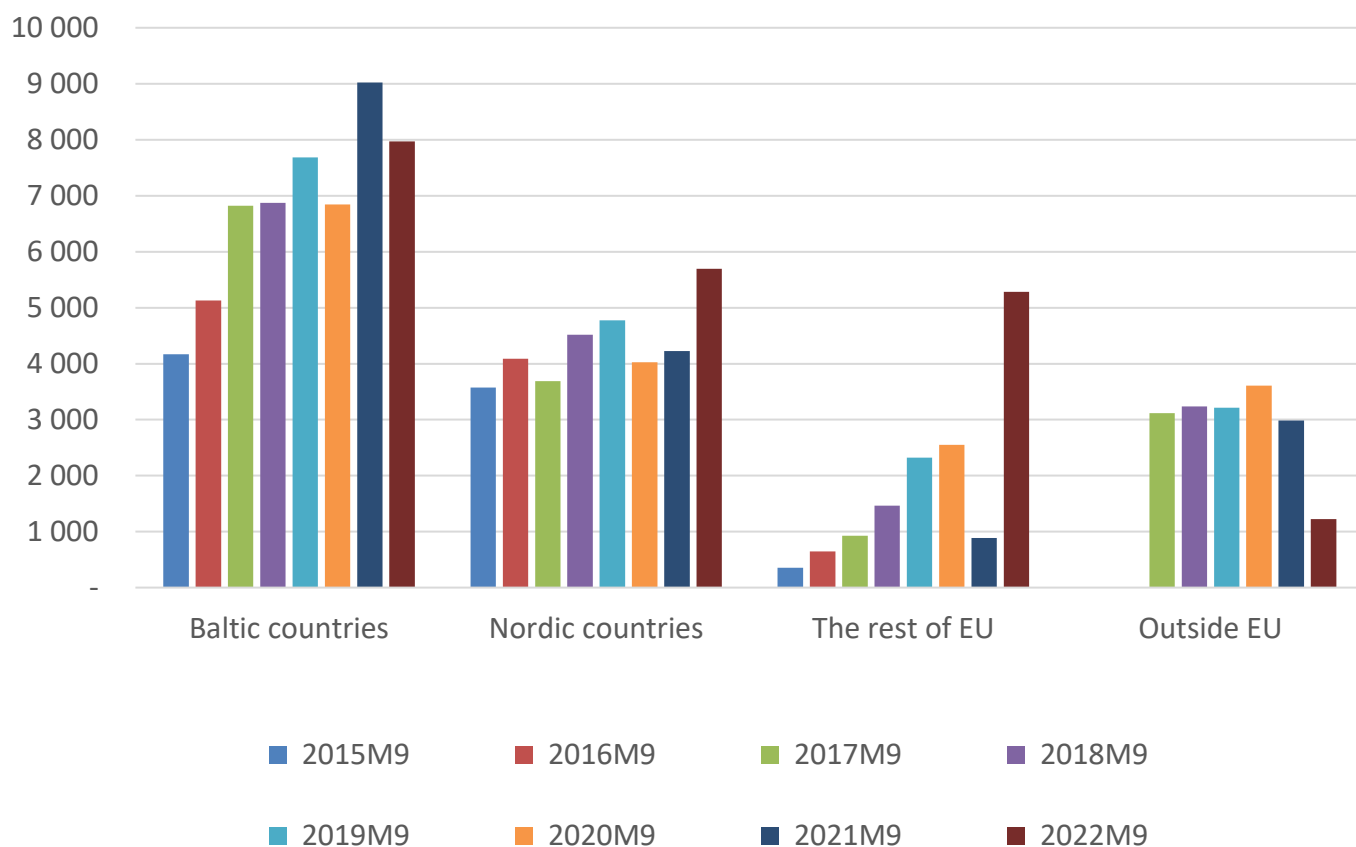
## 2022 9 month revenue by region results

During 2022 9m main sales drivers continue to be Baltic customers with 40% market share of sales. Nordic and other EU sales reported as 28% and 26% of total sales. Product deliveries to customer locations outside EU amounted to 6% of total sales in 2022 9m.

Sales dynamics of regions compared to 2021 9m – Baltic sales were 12% down; Nordic sales were up by 35%, the rest of EU sales were reported with 494% volume increase and outside EU sales demonstrated 59% year over year decrease.

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

### 9 month revenue by region, thousand EUR

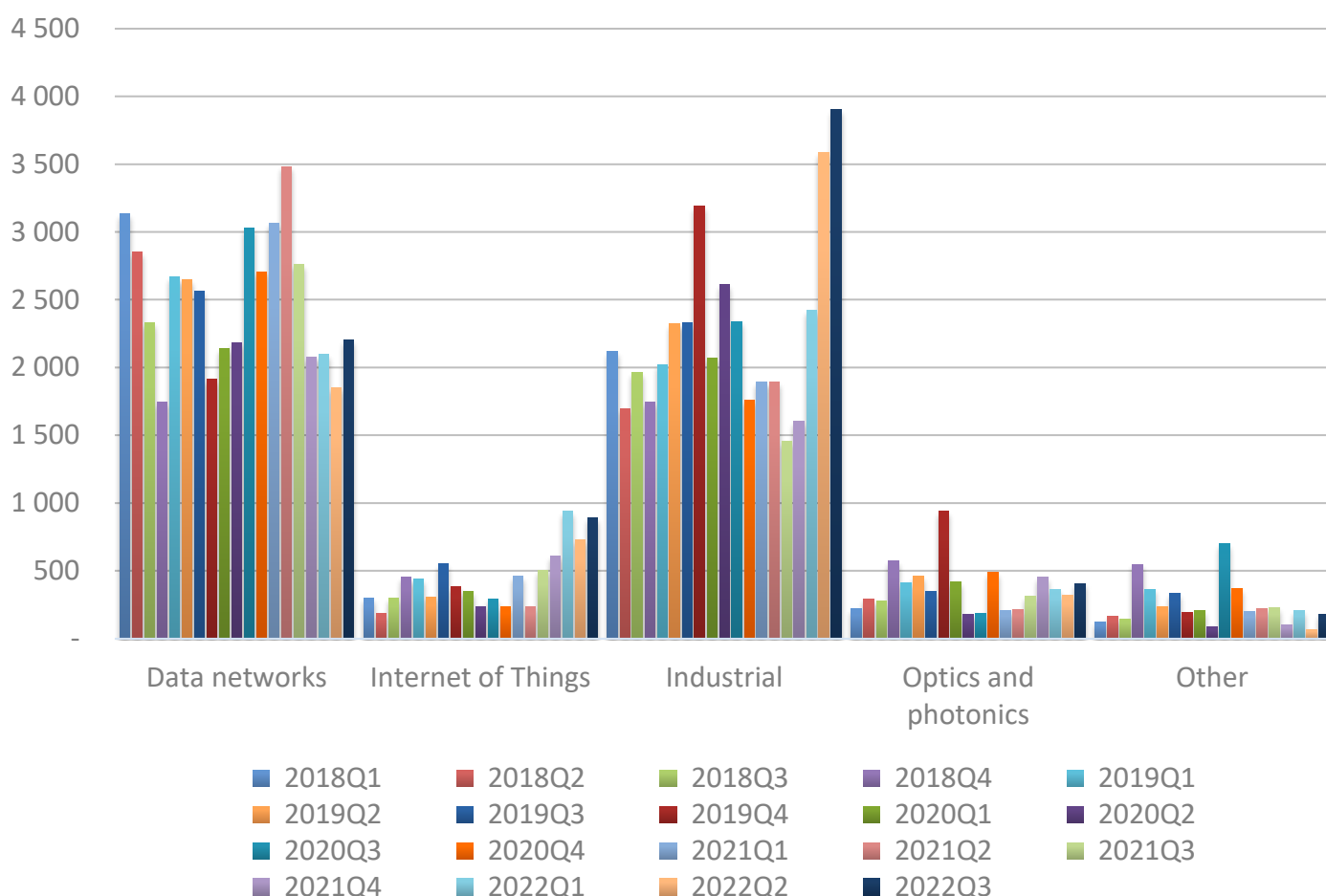


## Quarterly revenue by market sector results for 2022 Q3

During 2022 Q3 data network product sales and industrial product sales were dominating sales drivers respectively with 29% and 51% sales market share. Optics and photonics sales amounted to 5%, Internet-of-things sales amounted to 12% and other products were also reported with 2% share.

2022 Q3 data network product sales decreased by 20%; industrial sector product sales – increased by 168%; internet-of-things – increased by 78%, optics and photonics products sales – increased by 30% while other product sector – decreased by 19% in comparison with 2021 Q3. Comparison with sales results with previous - 2022 Q2 demonstrates 19% increase in data networks; 9% increase in industrial sector; increase of 23% in internet of things products; 26% increase in optics and photonics products and 165% increase in other product sector.

## Quarterly revenue by sector, thousand EUR



## Quarterly revenue by market sector results for 2022 Q3

### Data table quarterly revenue by market sector results for 2022 Q3

Revenue, thEUR	2018Q1	2018Q2	2018Q3	2018Q4	2019Q1	2019Q2	2019Q3	2019Q4
Data networks	3 134	2 851	2 327	1 737	2 670	2 646	2 559	1 911
Internet of Things	299	185	298	450	439	309	555	383
Industrial	2 118	1 693	1 962	1 744	2 022	2 321	2 327	3 186
Optics and photonics	220	294	276	575	412	457	344	940
Other	127	165	142	556	364	240	333	192
Total	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	2022Q3
2 138	2 184	3 030	2 707	3 063	3 484	2 760	2 076	2 098	1 849	2 200
348	237	295	235	460	233	502	608	939	727	892
1 857	2 609	2 342	1 758	1 894	1 893	1 454	1 600	2 423	3 586	3 904
630	176	188	490	208	215	313	451	360	323	408
209	85	699	370	203	217	225	103	210	69	183
5 184	5 290	6 554	5 560*	5 828	6 042	5 254	4 838	6 030	6 555	7 586

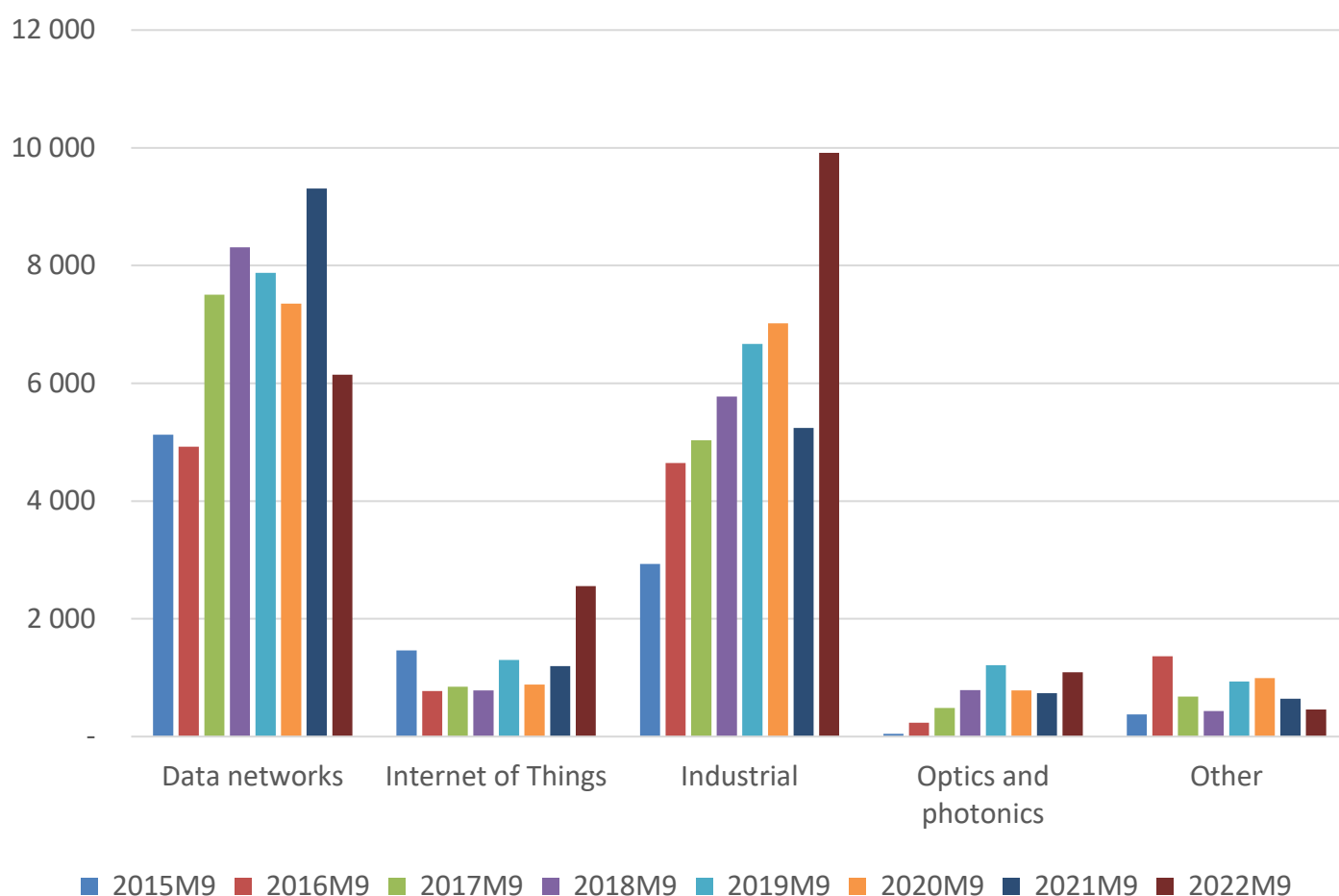


## 2022 9 month revenue by market sector results

During 2022 9m main sales contributors continue to be data network products with 30% sales share and industrial product sales with 49% 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 compared to 2021 9m– data network sales were 34% down; industrial product sales were 89% up; optics and photonics product sales increased by 48%; internet of things product sales were 114% up and other product sales reported 28% decrease.

### 9 month revenue by sector, thousand EUR



## Quarterly EBITDA and net profit results in 2022 Q3

In 2022 Q3 the Group reported quarterly EBITDA result of 0.430 million EUR and operated with net loss result of 0.562 million EUR. The reported EBITDA result shows 54% decrease in comparison with Q3 2021 remained unchanged compared to previous quarter of 2022 Q2. In Q3 2022 the Group reported net loss 0.562 million EUR as compared to the net profit of 0.295 million EUR in Q3 2021 and net loss of 0.686 million EUR in Q2 2022 Quarterly results represent EBITDA margin of 5.67%.

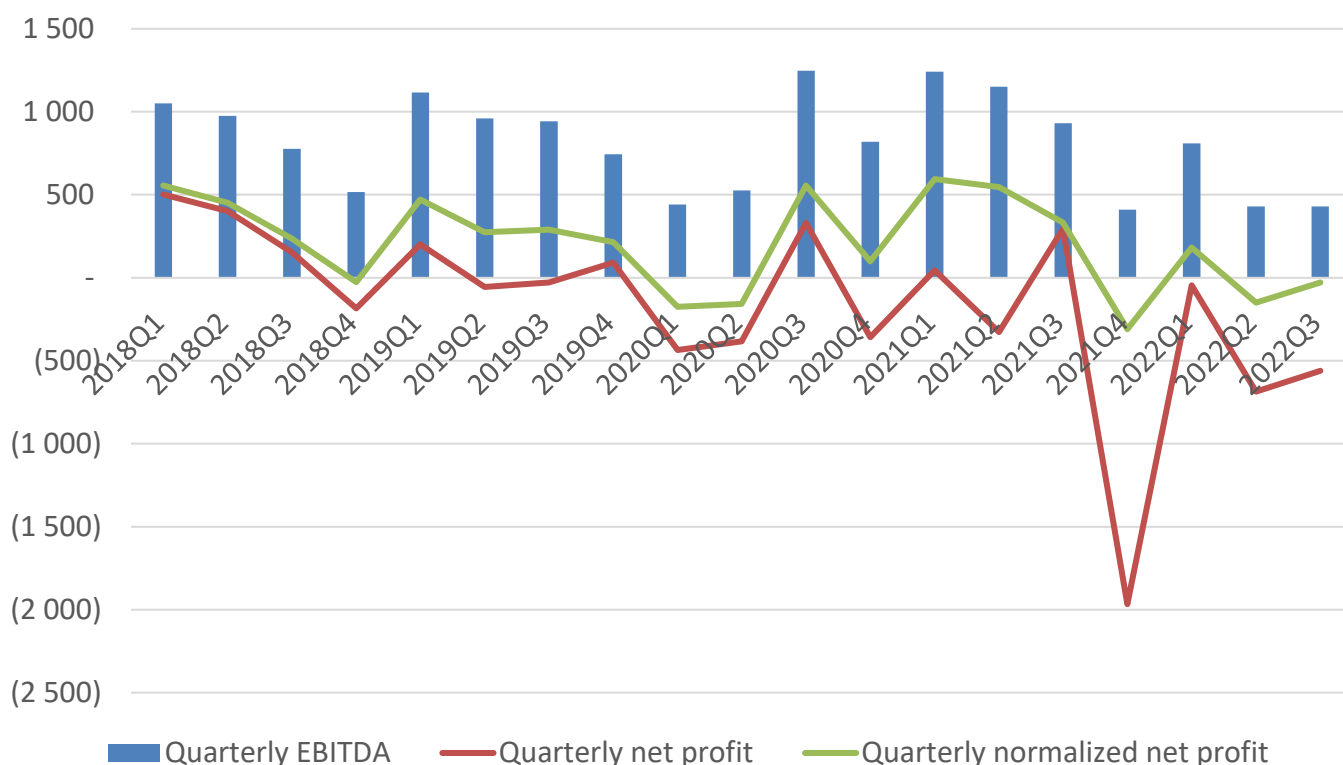
Q3 2022 EBITDA profitability decrease compared to Q2 2021 is explained by changes in the product mix of manufactured products, where higher-added value products proportion decreased, which was influenced by the global semiconductor deficit.

Net profit of the Group in Q3 2022 is negatively influenced by several non-cash related items, the most significant including loss from investments in associates in amount of 0.296 million EUR, USD/EUR exchange rate fluctuations 0.187 million EUR, EIB loan fair value change provisions in amount of 0.083 million EUR and interest expense related to leases in amount of 0.044 million EUR.

For better inter-period profitability comparisons, the Company calculates normalized net profit, which in Q3 2022 amounted to negative 0.029 million EUR compared to Q3 2021 0.332 million EUR.

In Q3 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 0.083 million EUR, due to decreasing average weighted price of HansaMatrix stock in Q3 2022, which by the same amount improved net profit in Q3 2022.

## Quarterly results, thousand EUR



In Q3 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 0.083 million EUR, due to decreasing average weighted price of HansaMatrix stock in Q3 2022, which by the same amount improved net profit in Q3 2022.

## 2022 9 month EBITDA and net profit results

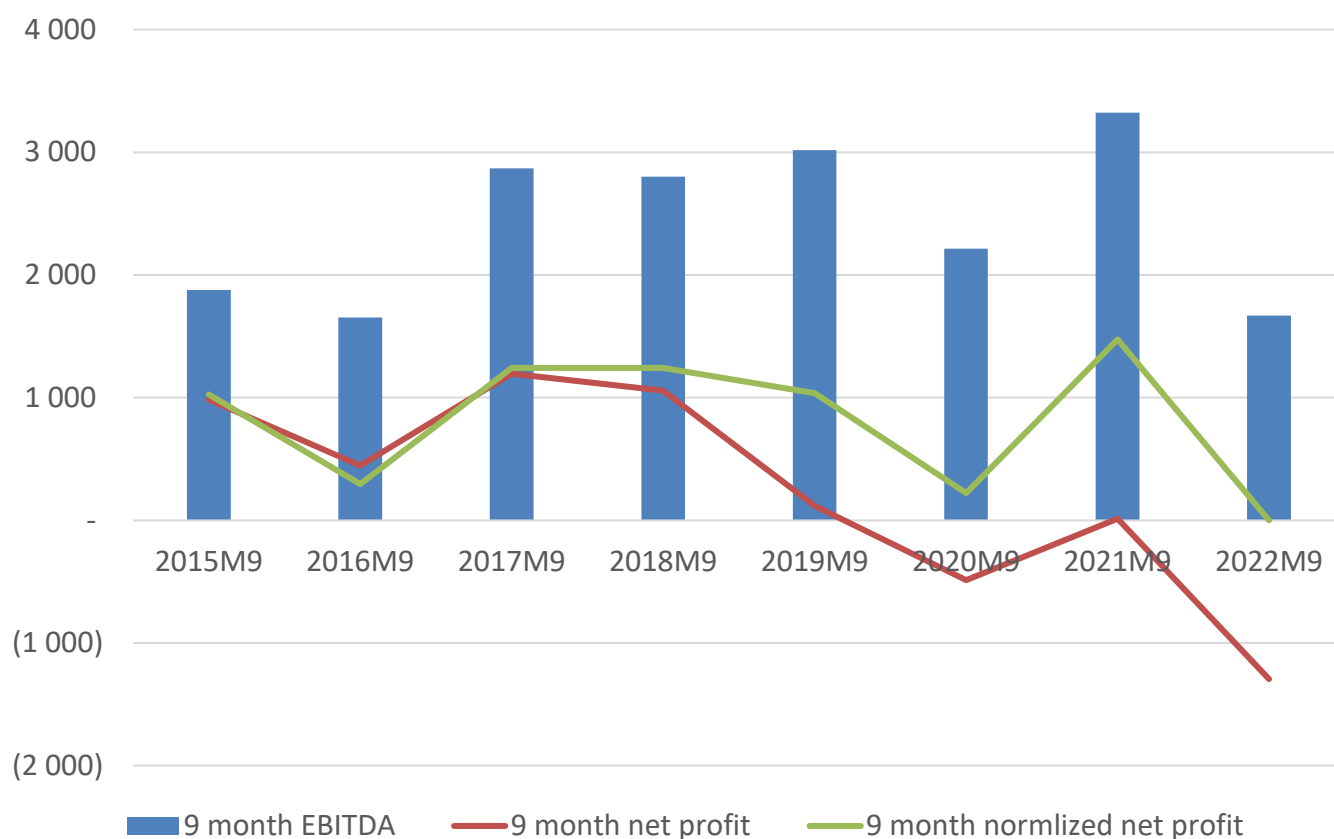
During the 9m period of 2022 the Group reported EBITDA result of 1.668 million EUR and net loss result of 1.293 million EUR. The reported EBITDA result shows 50% decrease in comparison with 2021 9m. In 9 months of 2022, the Company operated with a net loss of 1.293 million EUR as compared to the net profit of 0.014 million EUR in 9m 2021. In 9 months of 2022, the Company operated with 8.3% EBITDA margin.

9m 2022 EBITDA profitability decrease compared to 9m 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.

The non-cash items negatively influencing net profit of the Company in 9m 2022 include loss from investments in associates 1.081 million EUR, EIB loan fair value change provisions – 0.257 million EUR, USD/EUR exchange rate fluctuations – 0.276 million EUR and interest expense related to leases – 0.128 million EUR.

For better inter-period profitability comparisons, the Company calculates normalized net profit, which in 9m 2022 amounted to 0.002 million EUR..

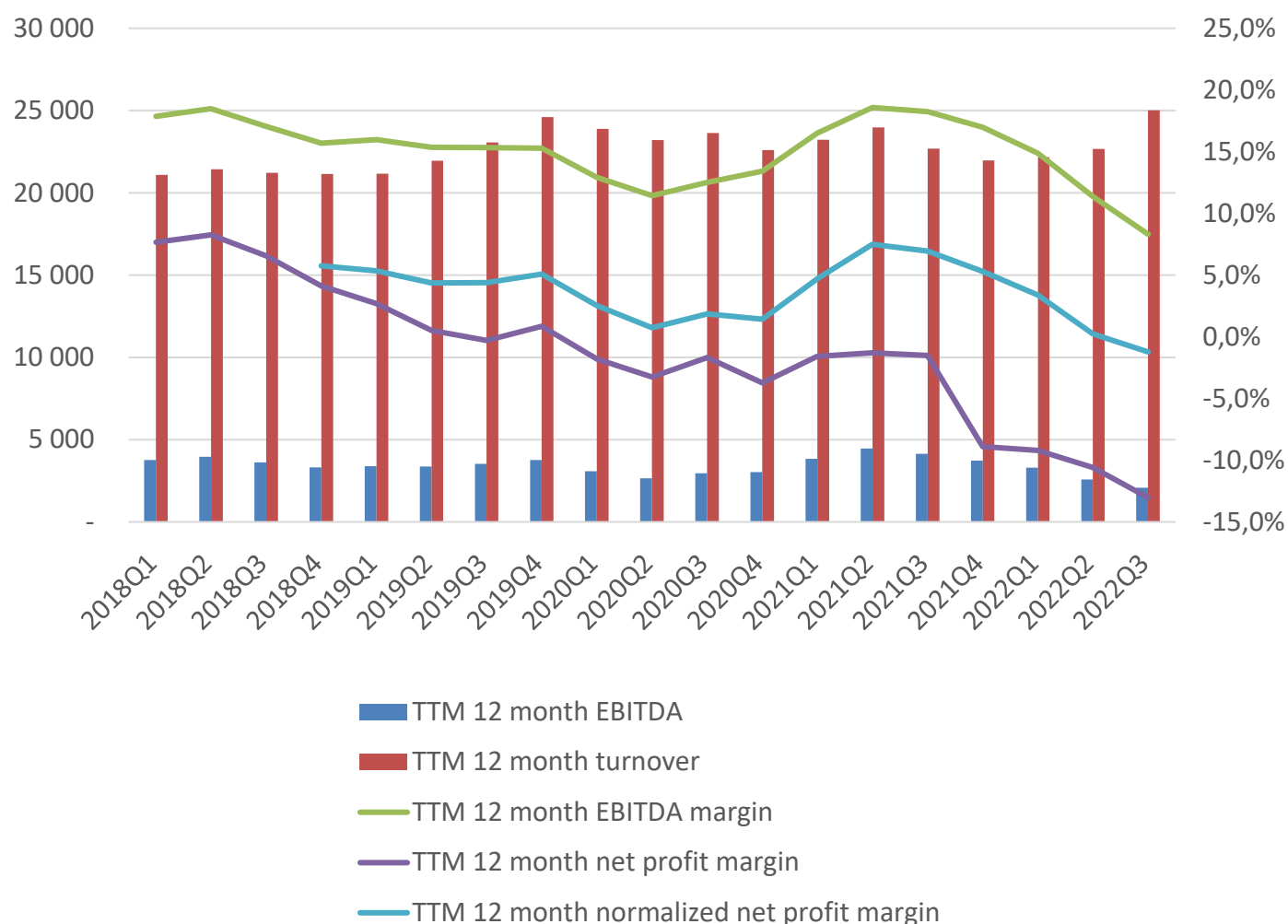
### 9 month results, thousand EUR



## TTM (trailing twelve months) turnover, EBITDA and margin results in 2022 Q3

TTM – trailing twelve-month period sales (period starting in October 1, 2021 and ending with September 30, 2022) at 2022 Q3 reached 25.009 million EUR, increasing by 10% compared to TTM sales for the period ended at 2021 Q3 and increasing by 10% compared to TTM sales for the period ended at 2022 Q2. EBITDA result for the TTM 12-month period reported to be 2.078 million EUR, a decrease of 50% in comparison with 12-month period ended at 2021 Q3 and 19% decrease compared to TTM sales for the period ended at 2022 Q2. The TTM period resulted in a net loss of -3.259 million EUR, whereas normalized net profit in this period amounted to negative 0.308 million EUR. In the end of Q3 2022 averaged EBITDA margin for TTM period of 8.31% 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 Q3 and 9m 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 9m 2022 HansaMatrix made 1.174 million EUR (0.961 million EUR in Q3 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 9m 2022 the Parent company has provided additional 275.5 thousand EUR (104 thousand EUR in Q3 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 Zinatnes parks amounted to 1 032 thousand EUR convertible loan.

At the end of the reporting period, the total Group consolidated assets in relation to SIA Zinatnes 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 Q3 and 9m 2022 HansaMatrix did not carry out additional investments into SIA Lightspace Technologies.

The distribution of the share capital of Lightspace Technologies for the shareholders of the Company holding more than 5% as at the end of Q3 2022 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 % Ilmars 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 5 026 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 Q3 2022, Lightspace Technologies (Lightspace further in the text) team participated in a few activities and conferences to continue its marketing campaign and promotion of multifocal AR headsets. Multifocal headsets were promoted for healthcare use cases as well as helmet-mounted versions for defense use cases. Demonstrations received outstanding feedback and attracted potential users and customers.

Lightspace team represented enabling technologies for medical use cases in Shift Medical, and on October 21 2022 Lightspace received Go Global Award 2022 in the Hi-tech & MedTech categories. We took part in the U.S.-Baltics defense industry day and received very positive feedback on the virtual image's outstanding quality.



*"Go Global Awards 2022". The award ceremony in cooperation with the Estonian Business and Innovation Agency and the International Trade Council.*

### Investment activities

During Q3 2022 Lightspace attracted additional investments to its Bridge funding round, reaching an overall 2.4 M EUR amount. The capital was raised from new business angel type of investors that contributed to the round. In order to cover funding needs for the bridge until the realization of a new venture funding round in Q4 company launched the Bridge Extension facility.

As previously reported, the investment attraction process for the next - larger venture round in North America has been started. It already has announced the process for further listing on the Toronto exchange within the next 9...12 months. The final choice of listing timing will be adjusted according to match the 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.

### Research and development

During Q3 2022 Lightspace together with its subsidiary SIA EUROLCDs and cooperation partner SIA Hansa Matrix Innovation successfully finished project No. 960828, NGEAR3D 'Next generation enhanced augmented reality 3D glasses for medical education, pre-procedure planning, intra-process visualization and patient rehabilitation' approved by the EIC Accelerator Pilot. The project was implemented within the new EIC coronavirus program under the EU research and innovation program Horizon 2020. The total cost of the project was EUR 3.219 million with a total grant financing of EUR 2.253 million.

Moreover, during the period European commission approved Horizon 2020 R&D project SHARPSPACE, where Lightspace's contribution is AR headset technology. Project implementation will start on January 1st, 2023

### Starting of AR headset sales

From the previously initiated negotiations during Q3 2022, Lightspace has received orders for four iG1050 devices, the production and delivery is expected in the Q4 period. Negotiations with other partners and customers continue.

### IG1050 Head mounted displays

The Lightspace team has focused on delivering IG1050 AR headsets to customers. Manufacturing yield and supply chain issues (considering global events and Covid policy in China) still remain a challenge that requires the team's focus not to disrupt the assembly plans. Lightspace has also started utilizing subsidiaries SIA EuroLCDs clean-room facilities for assembling key subassemblies for the AR headsets.

Further product improvements are in progress, for the short term to address the device weight and power consumption, for the long term, moving towards a major new product with wireless streaming capabilities, estimated to be available for first customers in 2023.

### Events after end of period

During October the reorganization of Lightspace was finalized, as a result of which 100% share capital owner of SIA Lightspace Technologies become Delaware, USA registered company Lightspace Group Inc.



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

	9m 2022 EUR	9m 2021 EUR
Net turnover	471 698	448 804
Cost of sales	(2 337 948)	(2 169 553)
<b>Gross profit / (loss)</b>	<b>(1 866 249)</b>	<b>(1 720 749)</b>
Distribution costs	(320 723)	(132 978)
Administrative expense	(396 644)	(337 184)
Other operating income	993 391	1261 698
Other operating expense	(91 779)	(56 130)
<b>Operating profit</b>	<b>(1 682 005)</b>	<b>(985 343)</b>
Interest expenses	(87 204)	(20 837)
<b>Profit / (loss) before tax</b>	<b>(1 769 209)</b>	<b>(1 006 180)</b>
Corporate income tax	(1 427)	(72)
<b>Net profit / (loss) for the period</b>	<b>(1 770 636)</b>	<b>(1 006 252)</b>
Profit attributable to:		
Equity holders of the Parent Company	(1 722 006)	(943 129)
Non-controlling interest	(48 630)	(63 123)
	<b>(1 770 636)</b>	<b>(1 006 252)</b>

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

ASSETS	30.09.2022. EUR	31.12.2021 EUR
<b>NON-CURRENT ASSETS</b>		
Property, plant, equipment and intangible asstes	9 618 153	10 624 610
<b>TOTAL NON-CURRENT ASSETS</b>	<b>9 618 153</b>	<b>10 624 610</b>
<b>CURRENT ASSETS</b>		
Inventory	1 593 867	650 174
Receivables	773 938	436 465
Cash and cash equivalents	69 699	13 443
<b>TOTAL CURRENT ASSETS</b>	<b>2 437 503</b>	<b>1 100 082</b>
<b>TOTAL ASSETS</b>	<b>12 055 657</b>	<b>11 724 692</b>
<b>EQUITY AND LIABILITIES</b>	<b>30.09.2022. EUR</b>	<b>31.12.2021 EUR</b>
<b>EQUITY</b>		
Share capital	32 672	25 769
Share premium	12 650 032	9 978 277
Other reserves	1 526 727	1 566 767
Retained earnings/ (accumulated deficit)	(7 107 180)	(5 385 171)
Non-controlling interest	341 613	390 243
<b>TOTAL EQUITY</b>	<b>7 443 864</b>	<b>6 575 885</b>
<b>LIABILITIES</b>		
Non-current and current liabilities	4 611 793	5 148 807
<b>TOTAL LIABILITIES</b>	<b>4 611 793</b>	<b>5 148 807</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>12 055 657</b>	<b>11 724 692</b>

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

## Shares and stock market

During 2022 Q3 HansaMatrix (HMX1R) share price remained unchanged - see the stock price movement chart for the period from July 1, 2022 to September 30, 2022.



During 2022 9m HansaMatrix (HMX1R) share price decreased by 25.71% - see the stock price movement chart for the period from January 1, 2022 to September 30, 2022.





## Security trading history

Price	2017	2018	2019	2020	2021	2022 9m
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	6.40
Last	8.14	6.5	6.25	9.05	8.90	6.50
Traded volume	72 941	137 505	32 591	38 141	175 092	164 859
Turnover, million	0.51 EUR	0.94 EUR	0.20 EUR	0.26 EUR	1.78 EUR	1.29 EUR
Capitalization, million	14.89 EUR	11.89 EUR	11.43 EUR	16.56 EUR	16.28 EUR	11.93 EUR

In 9m 2022 the highest HansaMatrix (HMX1R) share price observed reached 8.80 EUR per share, lowest 6.40 EUR per share and the total traded share turnover in this period amounted to 1.29 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 in 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 Q3 2022, the top 5 clients on the Parent Company accounted for 65% of the total revenue, the remaining 35% 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 September 30 2022, 47% 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 Q3 2022

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.

On August 15, 2022, HansaMatrix informed, that it has concluded a manufacturing contract and received a frame order in the amount of EUR 3 million for the production and delivery of aquaculture systems to a new customer in the Nordic countries in the industrial market sector. The volume of planned deliveries will reach EUR 5 million in three years, starting from the 3rd quarter of 2022.

## Significant events after the reporting period

On October 17, 2022 HansaMatrix associated company Lightspace Technologies (the Company) informs that it has delivered exceptional results and completed the project NGEAR 3D: "Next Generation Enhanced Augmented Reality 3D Glasses for medical education, pre-procedural planning, intra-procedural visualization, and patient rehabilitation". It is Horizon 2020 (SME Instrument) project during which company have received 2.25 M EUR EU grant funding. It is already been notified that the Company has released and started small series production of its multi focal Augmented Reality headset iG1050 specifically developed for use in Operating Room by operating surgeons. Company has already delivered its products to its partners – healthcare AR application developers. Among its initial customers there are two global Med techs with large market shares. During Q3 the Company managed to attract additional bridge funding of 0.6 M EUR from local business angel's network. Investments will continue to fund Lightspace product manufacturing and deliveries. Investor names, in accordance with the terms of the agreement, will not be disclosed. The Management of Lightspace continues company development towards becoming listed entity. Further information about the listing process will be disclosed in accordance with the requirements of applicable law.

November 14, 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 September 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.

November 14, 2022

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# Interim consolidated financial statements

## Interim consolidated statement of comprehensive income

	01.07.2022- 30.09.2022 EUR	01.07.2021- 30.09.2021 EUR	01.01.2022- 30.09.2022 EUR	01.01.2021- 30.09.2021 EUR
Revenue from contracts with customers	7 586 373	5 254 428	20 171 179	17 124 411
Cost of sales	(6 916 027)	(4 532 750)	(18 081 682)	(14 580 293)
<b>Gross profit</b>	<b>670 346</b>	<b>721 678</b>	<b>2 089 497</b>	<b>2 544 118</b>
Distribution costs	(142 929)	(92 937)	(388 487)	(362 434)
Administrative expense	(556 280)	(469 892)	(1 716 186)	(1 429 247)
Other operating income	59 023	177 776	220 834	797 446
Other operating expense	(218 940)	(22 164)	(437 248)	(123 514)
<b>Operating profit or (loss)</b>	<b>(188 780)</b>	<b>314 461</b>	<b>(231 590)</b>	<b>1 426 369</b>
Loss from investments in associates	(296 166)	(53 856)	(1 080 869)	(435 163)
Finance income	85 807	179 979	506 992	185 539
Finance costs	(162 399)	(145 519)	(487 623)	(1 163 163)
<b>Profit or loss before tax</b>	<b>(561 538)</b>	<b>295 065</b>	<b>(1 293 090)</b>	<b>13 582</b>
Corporate income tax	-	-	-	-
<b>Net profit or loss for the reporting period</b>	<b>(561 538)</b>	<b>295 065</b>	<b>(1 293 090)</b>	<b>13 582</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>(561 538)</b>	<b>295 065</b>	<b>(1 293 090)</b>	<b>13 582</b>
Comprehensive income or (loss) attributable to:				
Equity holders of the Parent Company	(561 538)	295 065	(1 293 090)	13 582
Non-controlling interests	-	-	-	-
Earnings Per Share	(0.306)	0.161	(0.707)	0.007
Diluted Earnings Per Share	(0.274)	0.144	(0.631)	0.007

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

November 14, 2022

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## Interim consolidated statement of financial position

### ASSETS

	30.09.2022	31.12.2021
NON-CURRENT ASSETS	EUR	EUR
<b>Intangible assets</b>		
ODM assets	1 223 725	394 813
Other intangible assets	477 468	562 911
<b>Total intangible assets</b>	<b>1 701 193</b>	<b>957 724</b>
<b>Property, plant and equipment</b>		
Land and buildings	3 630 618	3 789 000
Equipment and machinery	2 898 856	3 716 385
Other fixtures and fittings, tools and equipment	473 023	480 117
Right of use asset	3 157 002	3 659 998
Leasehold improvements	104 542	120 659
Construction in progress	1 061 000	1 070 305
<b>Total property, plant and equipment</b>	<b>11 325 041</b>	<b>12 836 464</b>
<b>Non-current financial assets</b>		
Investments in associates	5 025 930	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>5 132 823</b>	<b>6 210 714</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>18 159 057</b>	<b>20 004 902</b>
<b>CURRENT ASSETS</b>		
<b>Inventories</b>		
Raw materials and consumables	7 736 967	3 955 773
Trade receivables from contracts with customers	1 630 284	1 653 701
Prepayments for goods	144 128	82 935
Loan to shareholder	572 047	563 201
Prepaid expense	199 724	55 909
Contract assets	1 393 539	1 487 173
Other receivables	221 493	282 324
Cash and cash equivalents	92 745	451 210
<b>TOTAL CURRENT ASSETS</b>	<b>11 990 927</b>	<b>8 532 226</b>
<b>TOTAL ASSETS</b>	<b>30 149 984</b>	<b>28 537 128</b>

\*Available unused credit line

522 103

700 000

\*Available unused factoring limit

858 392

1 446 601

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

November 14, 2022

JĀNIS SAMS

Chairman of the Management Board



## Interim consolidated statement of financial position

### EQUITY AND LIABILITIES

	30.09.2022	31.12.2021
EQUITY	EUR	EUR
Share capital	1 834 881	1 829 381
Share premium	2 465 994	2 435 579
Reserves	63 618	50 659
Non-current asset revaluation reserve	1 898 601	2 006 222
Retained earnings/ (accumulated loss):		
a) brought forward	186 821	2 064 847
b) for the period	(1 293 090)	(1 952 310)
Minority share	-	-
<b>TOTAL EQUITY</b>	<b>5 156 825</b>	<b>6 434 378</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans from credit institutions	5 339 218	5 370 208
Lease liabilities	2 001 800	2 455 353
Other financial liabilities	1 381 857	1 880 003
Government grants	483 231	603 004
Taxes payables – non-current	301 858	141 078
<b>Total non-current liabilities</b>	<b>9 507 964</b>	<b>10 449 646</b>
<b>Current liabilities</b>		
Loans from credit institutions	2 120 036	2 433 034
Lease liabilities	867 629	1 042 451
Prepayments received under contracts with customers	3 286 742	1 185 335
Trade payables	7 804 287	5 717 775
Taxes payable	724 763	534 893
Corporate income tax	-	799
Other liabilities	190 968	177 282
Government grants	177 101	192 666
Accrued liabilities	313 669	368 869
<b>Total current liabilities</b>	<b>15 485 195</b>	<b>11 653 104</b>
<b>TOTAL LIABILITIES</b>	<b>24 993 159</b>	<b>22 102 750</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>30 149 984</b>	<b>28 537 128</b>

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

November 14, 2022

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## Interim consolidated statement of cash flow

	01.07.2022- 30.09.2022 EUR	01.08.2021- 30.09.2021 EUR	01.01.2022- 30.09.2022 EUR	01.01.2021- 30.09.2021 EUR
<b>CASH FLOWS TO/ FROM OPERATING ACTIVITIES</b>				
Profit (loss) before tax	(561 538)	295 065	(1 293 090)	13 582
Adjustments for:				
Depreciation and amortization	618 884	616 278	1 899 783	1 896 056
Interest expense	149 902	32 531	443 363	100 197
Interest income	(2 981)	(2 931)	(8 846)	(8 491)
Decrease in allowances for slow-moving items and receivables	(5 507)	(30 661)	(20 648)	(153 378)
Income from grant recognition	(46 273)	(46 314)	(138 819)	(146 794)
Gain on disposal of property, plant and equipment	31 425	(163)	13 941	(235)
Fair value adjustment for warrants	(82 826)	(177 048)	(498 146)	536 363
Share of loss of an associates	296 166	53 856	1 080 869	435 163
Adjustments for:				
(Increase)/ decrease in inventories	(197 031)	(615 681)	(3 687 560)	(280 189)
(Increase)/ decrease in receivables	(46 918)	(6 624)	(108 960)	(374 259)
Increase/ (decrease) in payables	1 310 001	906 828	4 565 353	473 615
<b>Cash generated from operations, gross</b>	<b>1 463 304</b>	<b>1 025 136</b>	<b>2 247 240</b>	<b>2 491 630</b>
Interest paid	(30 968)	(32 531)	(89 108)	(100 197)
Corporate income tax paid	-	-	-	-
<b>Net cash flows to/ from operating activities</b>	<b>1 432 336</b>	<b>992 605</b>	<b>2 158 132</b>	<b>2 391 433</b>
<b>CASH FLOWS TO/ FROM INVESTING ACTIVITIES</b>				
Purchase of intangible assets and property, plant and equipment	(961 008)	(587 876)	(1 174 049)	(921 489)
Proceeds from sale of property, plant and equipment	162 000	-	179 484	-
Investments in other companies	-	23 344	(38 621)	12 385
<b>Net cash flows to/ from investing activities</b>	<b>(799 008)</b>	<b>(564 532)</b>	<b>(1 033 186)</b>	<b>(909 104)</b>
<b>CASH FLOWS TO/ FROM FINANCING ACTIVITIES</b>				
Grants received	8 014	-	24 993	319 185
Dividends paid	-	-	-	(54 881)
Loans received from credit institutions	-	-	293 586	-
Loans repaid to credit institutions	(373 656)	(409 831)	(889 590)	(1 425 563)
Loans repaid to lease companies	(135 021)	(70 377)	(283 116)	(211 425)
Payment of principal portion of lease liabilities	(191 896)	(228 624)	(629 284)	(662 813)
<b>Net cash flows to/ from financing activities</b>	<b>(692 559)</b>	<b>(708 832)</b>	<b>(1 483 411)</b>	<b>(2 035 497)</b>
<b>Change in cash and cash equivalents for the year</b>	<b>(59 231)</b>	<b>(280 759)</b>	<b>(358 465)</b>	<b>(553 168)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>151 976</b>	<b>557 834</b>	<b>451 210</b>	<b>830 243</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>92 745</b>	<b>277 075</b>	<b>92 745</b>	<b>277 075</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/ (accumulated 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>-</b>	<b>8 472 898</b>
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 and plant	-	-	-	(92 770)	92 770	-	-
Dividends paid	-	-	-	-	(54 881)	-	(54 881)
<b>Balance as at 30 September 2021</b>	<b>1 829 381</b>	<b>2 435 579</b>	<b>1 973</b>	<b>1 822 186</b>	<b>2 342 480</b>	<b>-</b>	<b>8 431 599</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>-</b>	<b>6 434 378</b>
Profit for the reporting year	-	-	-	-	(1 293 090)	-	(1 293 090)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(1 293 090)	-	(1 293 090)
Increase of capital	5 500	30 415	-	-	(35 915)	-	-
Depreciation of revalued items of property and plant	-	-	-	(107 621)	107 621	-	-
Share option reserves	-	-	12 959	-	2 578	-	15 537
<b>Balance as at 30 September 2022</b>	<b>1 834 881</b>	<b>2 465 994</b>	<b>63 618</b>	<b>1 898 601</b>	<b>(1 106 269)</b>	<b>-</b>	<b>5 156 825</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 nine months ended September 30, 2022 were authorized for issue in accordance with a resolution of the Management Board of the Parent Company on November 10, 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 nine months ended September 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

			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: 67,7% / 53.85%)	Services, purchase of materials, sales	31.12.2021	843 381	37 379
		30.09.2022	1 085 410	66 381
TOTAL		31.12.2021	843 381	37 379
TOTAL		30.09.2022	1 085 410	66 381
2. Entities with significant influence over the Parent Company				
SIA MACRO RĪGA (shareholder)	Loans	31.12.2021	563 201	-
		30.09.2022	572 047	-
	Purchase of services; sale of materials	31.12.2021	829	-
		30.09.2022	-	-
TOTAL		31.12.2021	564 030	-
TOTAL		30.09.2022	572 047	-

## Notes to the consolidated financial statements

### 4. EBITDA calculation

	01.07.2022- 30.09.2022	01.07.2021- 30.09.2021	01.01.2022- 30.09.2022	01.01.2021- 30.09.2021
	EUR	EUR	EUR	EUR
NET sales	7 586 373	20 171 179	5 254 428	17 124 411
<b>Operating profit</b>	<b>(188 780)</b>	<b>(231 590)</b>	<b>314 461</b>	<b>1 426 369</b>
Depreciation and amortization	618 884	1 899 783	616 278	1 896 056
<b>EBITDA, EUR</b>	<b>430 104</b>	<b>1 668 193</b>	<b>930 739</b>	<b>3 322 425</b>
<b>EBITDA, %</b>	<b>6%</b>	<b>8%</b>	<b>18%</b>	<b>19%</b>

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

	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	1 381 857	1 381 857	-	1 381 857	-
Investments in other companies	100 203	100 203	-	-	100 203
<b>Assets and liabilities for which fair value is indicated</b>					
Loan to shareholder	572 047	572 047	-	-	572 047
Loans from credit institutions	7 459 254	7 459 254	-	7 459 254	-

As at the end of Q3 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 September 30, 2022 are reasonable approximations of the fair values, except that in 9m 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 0.498 million EUR, due to decreasing average weighted price of HansaMatrix stock in 9m 2022, which by the same amount improved net profit in 9m 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

	01.07.2022- 30.09.2022	01.07.2021- 30.09.2021	01.01.2022- 30.09.2022	01.01.2021- 30.09.2021
	EUR	EUR	EUR	EUR
<b>Net profit or loss for the reporting period</b>	<b>(561 538)</b>	<b>295 065</b>	<b>(1 293 090)</b>	<b>13 582</b>
Other comprehensive income:	-	-	-	-
<b>Total comprehensive income or (loss) for the year, net of tax</b>	<b>(561 538)</b>	<b>295 065</b>	<b>(1 293 090)</b>	<b>13 582</b>
Comprehensive income or (loss) attributable to:				
Equity holders of the Parent Company	(561 538)	295 065	(1 293 090)	13 582
Non-controlling interests	-	-	-	-
 HansaMatrix AS number of shares	 1 834 881	 1 829 381	 1 834 881	 1 829 381
Earnings per share	(0.306)	0.161	(0.705)	0.007
 HansaMatrix AS employees share options	 9 350	 9 600	 9 350	 9 600
EIB warrants	205 298	205 298	205 298	205 298
Diluted Earnings Per Share	(0.274)	0.144	(0.631)	0.007



## Notes to the consolidated financial statements

### 7. Normalized net profit

	01.07.2022- 30.09.2022	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	EUR
<b>Net profit</b>	<b>(561 538)</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	296 166	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)	1 614	812	13 292	(4 167)	34 938	47 843	21 445
Employee option plan expense	3 311	4 824	27 332	48 685	-	-	-
Foreign exchange expense	187 484	77 139	10 991	22 425	15 450	10 378	18 168
EIB warrant fair value change provisions	(82 826)	(248 413)	(166 907)	(308 845)	(177 048)	504 402	209 009
EIB loan fair value change provisions	83 273	88 049	85 813	80 403	79 419	82 459	83 446
Interest expense related to operating leases	43 549	47 756	36 793	57 659	30 813	32 110	32 914
Deferred tax liabilities	-	-	-	-	-	-	-
<b>Normalized earnings</b>	<b>(28 967)</b>	<b>(150 441)</b>	<b>181 073</b>	<b>(309 988)</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

## Notes to the consolidated financial statements

### 7. Normalized net profit

	01.01.2022- 30.09.2022	01.01.2021- 30.09.2021	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020 Corrected	01.01.2019- 31.12.2019	01.01.2018- 31.12.2018
	EUR	EUR	EUR	EUR	EUR	EUR
<b>Net profit</b>	<b>(1 293 090)</b>	<b>13 582</b>	<b>(1 952 310)</b>	<b>(846 586)</b>	<b>207 888</b>	<b>781 018</b>
Loss/Profit from investments in associates	1 080 869	435 163	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)	15 718	104 226	100 059	(66 784)	112 259	(63 380)
Employee option plan expense	35 467	-	48 685	1 285	( 636)	1 012
Foreign exchange expense	275 614	43 996	66 421	(32 074)	(3 644)	7 457
EIB warrant fair value change provisions	(498 146)	536 363	227 518	306 555	-	-
EIB loan fair value change provisions	257 135	245 324	325 727	263 919	246 346	8 117
Interest expense related to operating leases	128 098	95 837	153 496	123 053	66 088	-
Deferred tax liabilities	-	-	-	-	-	-
<b>Normalized earnings*</b>	<b>1 665</b>	<b>1 474 491</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

New APM added – No.15 that could be used in and assessing the future revenue potential.