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AS HansaMatrix  
Registration No. 40003454390  
**General Meeting of Shareholders**

### **Council Report**

The year of 2020 was full of challenges for AS HansaMatrix (hereinafter – the Company), and like any other company it struggled with the impact of the Covid-19 pandemic on manufacturing, supply chain and target markets. Given the headwinds of economy, the Council is satisfied with the Company's ability to sustain the largest part of sales under such conditions and to increase the level of EBITDA.

During the first months of the pandemic, there was a turmoil in the markets and several clients wanted to suspend production until the market conditions are more clear. As a result, the turnover of the Company fell by 8% in comparison with 2019. However, during the second half of the year, despite the disruptions in the supply of electronic components, the majority of clients resumed their operation, the volume of non-EU orders rose and the big clients were maintained. Of key importance was the work done by the Company's management on the implementation of additional occupational safety measures to reduce the spread of Covid-19 to the minimum and safeguard the production process from the risks of the pandemic.

In 2020, AS HansaMatrix continued to work on the attraction of new investors for itself as well as its associated company SIA LightSpace Technologies, which develops 3D image display technology, including in the field of VR/AR. LightSpace Technologies managed to get a grant in the amount of 2.25 million euros from the European Union for the development of the technology as well as to qualify for the EIC funding in the amount of 1.7 million euros.

Considering the decrease in sales, the Company deferred investments and reduced expenses to the extent possible in order to maintain its profitability. The Company managed to reduce R&D, distribution and general administration expenses with only a 2% decrease in EBITDA profitability, as it fell from 15% to 13%. Nevertheless, the Company suffered a total net loss of 2% in 2020.

At the end of 2020, the former production manager of Schneider Electric, Jānis Sams, joined the Company as a Board Member and COO. Jānis Sams was very swift in mitigating the effects of Covid-19, improving the manufacturing efficiency and implementing the development plan of the Company, therefore, in May of 2020, the Council decided to appoint him as the new CEO. The Council supported the intention of Ilmārs Osmanis to devote his full attention to the development of LightSpace Technologies leaving the management of Hansamatrix in good hands.

The Council is satisfied with the Annual Report approved by auditors in accordance with International Financial Reporting Standard (IFRS) and agree that no corrections are needed. The Council takes note of the risk factors mentioned by the auditors and will continue to pay attention to the true values of the Company's investments, recoverability of loans, repayment of a shareholder's loan and liquidity indicators.

Sincerely,  
Andris Bērziņš  
Chairman of the Council

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