



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

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED JUNE 30, 2021**

Prepared in accordance with
IAS 34 Interim Financial Reporting

Riga, 2021

CONTENTS

General information	3
Management report	11
Interim consolidated financial statements	30
Interim consolidated statement of comprehensive income	30
Interim consolidated statement of financial position	30
Interim consolidated statement of cash flow	33
Interim consolidated statement of changes in equity	34
Notes to the consolidated financial statements	35

General information

Name of the Parent Company	HansaMatrix
Legal status of the Parent Company	Joint stock company
Parent Company unified registration number	40003454390
Place and date of registration	Riga, July 30, 1999
Registration date with the Commercial Register	December 27, 2002
Registered office	Akmeņu iela 72, Ogre, Latvia, LV-5001
Shareholders (over 5%) as of June 30, 2021	SIA Macro Rīga (33.87%) ZGI-4 AIF KS (15.06%) SWEDBANK AS CLIENTS ACCOUNT (14.50%) KS BaltCap Latvia Venture Capital Fund (9.95%) KS FlyCap Investment Fund I AIF (9.04%) IPAS CBL Asset Management managed funds (6.56%) Swedbank Ieguldījumu Pārvaldes Sabiedrība AS managed funds (5.10%)
Subsidiaries	SIA HansaMatrix Ventspils (equity interest: 100%) SIA HansaMatrix Innovation (equity interest: 100%) SIA HansaMatrix Pārogre (equity interest: 100%) SIA Zinātnes Parks (equity interest: 100%)
Auditors	SIA Ernst & Young Baltic Licence No. 17 Diāna Krišjāne Latvian Certified Auditor Certificate No. 124
Financial year	1st January – 31st December 2021
Interim reporting period	1st January – 30st June 2021

Management Board

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

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

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



Jānis Sams

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

Positions held in other companies:

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

Owned shares: 0

Owned employee share options: 2400 (as of June 30, 2021)

Participation in other companies: no participations

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

**Vitauts Galvanausks**

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

Date appointed: 17 May 2021

Positions held in other companies:

- HansaMatrix Parogre, SIA- Management Board Member

Owned shares: 0

Owned employee share options: 0

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

**Gatis Grava**

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

Date appointed: 17 May 2021

Positions held in other companies:

- HansaMatrix Ventspils, SIA- Management Board Member

Owned shares: 0

Owned employee share options: 0

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

**Māris Macijevskis**

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

Date appointed: 16 February 2018

Positions held in other companies:

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

Owned shares: 300

Owned employee share options: 3500 (as of June 30, 2021)

Participation in other companies:

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

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

Changes to the Parent Company's Management Board:

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

Supervisory Board

The Supervisory Board of the Parent Company is a collegial body exercising supervision over key activities of the Group and, where appropriate, decision making by the Management Board. As of the date of this statement, the Supervisory Board of the Parent Company consists of 6 members, selected by the General Meeting of Shareholders for the maximum term of office of 5 years. The members of the Supervisory Board shall elect from among themselves the Chairman of the Supervisory Board and one Deputy Chairman of the Supervisory Board.

As of the date of these financial statements the Parent Company's Supervisory Board is composed of the following members: Chairwoman of Supervisory Board, Deputy Chairwoman of Supervisory Board and four Members of Supervisory Board.

Baiba Anda Rubesa

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

Date appointed: 26 May 2021

Term of office: 25 May 2026

Owned shares:0

Baiba Anda Rubesa will be regarded as independent board member.

Positions held in other companies:

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

Participation in other companies:

- RFactor, SIA (100%)

Baiba Anda Rubesa is an experienced international company manager with extensive experience in corporate governance, leadership skills, and sustainability requirements, bringing highly valuable experience to the Parent Company's Council in the areas of management, leadership and public relations and serving as an independent HansaMatrix Council member. Baiba Rubesa does not own HansaMatrix shares.

Rubesa works as a consultant and since 2019 has been appointed to the Management Board of the Stockholm School of Economics in Riga. From 2016 to 2019, Baiba Rubesa was member of the Supervisory Council and member of the Human Resources Committee of the Latvian energy company Latvenergo. From 2015 to 2018, B. Rubesa was the Chairman of the Management Board and the Executive Director of the joint venture RB Rail, which implements the largest railway infrastructure project of the European Union in the Baltics, Rail Baltica. Since 2014, she has been the owner of the consulting company RFactor. Prior to her position as Vice President of Corporate Social Responsibility at Statoil ASA from 2010-2013, from 2008 to 2010 Rubesa was Statoil Azerbaijan's Director of Public Relations with government institutions. From 2011 - 2013, B. Rubesa was a member of the Council of EITI (Extractive Industries Transparency Initiative) and from 2012 to 2015 - a member of the Council of Citadele banka. From 2004 to 2007, B. Rubesa chaired the Foreign Investors' Council in Latvia, as well as was the Vice President of the Latvian Chamber of Commerce and Industry in Latvia, from 2002 to 2009, she was a member of the Council of DnB Nord banka. Prior to that, from 2001 to 2008, B. Rubesa was the Executive Director of Statoil Latvia and from 1996 to 2000 the Marketing and Public Relations Director of Statoil Baltic States.

Ingrīda Blūma

Ingrīda Blūma is a Deputy Chairwoman of the Supervisory Council.

Date appointed: 26 May 2021

Term of office: 25 May 2026

Owned shares: 0

Ingrīda Blūma will be regarded as independent board member.

Positions held in other companies:

- RĪGAS PIENA KOMBINĀTS, AS – Council Member
- i-bloom, SIA – Management Board Member
- PN Project, AS – Council Member

Participation in other companies:

- i-bloom, SIA (100%)

Ingrīda Blūma holds a MSc. degree from Stockholm University. Her additional training includes INSEAD Advanced Management Program and Strategic management and leadership training course at EBRD. Ingrīda Blūma's work experience is mainly related to the banking sector, where she has worked for almost 20 years. Her work as CEO of AS Swedbank (former AS Hansabanka), has equipped her with a unique blend of business experience in the banking industry and corporate business environment. Under her leadership, AS Hansabanka grew to become the largest bank of Latvia. Ingrīda Blūma has also served in the capacity of a member of the Supervisory Board of SIA Primekss, SIA Pure Food and JSC URSA Bank. Currently, Ingrīda Blūma serves as a member of the Supervisory Board of AS Expobank and AS Rīgas Piena Kombināts. In addition, she chairs the Management Board of the foundation Iespējamā Misija (in English "Mission Possible") forming part of Teach for All global network.

Anders Lennart Borg

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

Date appointed: 26 May 2021

Term of office: 25 May 2026

Owned shares: 0

Anders Lennart Borg will be regarded as independent board member.

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

Dagnis Dreimanis

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

Date appointed: 26 May 2021

Term of office: 25 May 2026

Owned shares: 0

Dagnis Dreimanis is representing interests of minority institutional investors and BaltCap joint investment in LightSpace Technologies SIA.

Positions held in other companies:

- DD Ventures SIA – Management Board Member
- UPRENT group. SIA – Council Member
- Vika Wood, SIA – Council Member
- BaltCap AIFP SIA – Chairman of the Board
- SOLVINA SIA – Management Board Member
- Latvian Capital Ventures SIA – Management Board Member
- Coffee Address Holding, SIA – Council Member

Participation in other companies:

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

Investment professional with 18 years of experience in private equity. Have invested in over 20 companies in broad range of industries. Executive MBA from NUS / UCLA, CFA and board education from BICG.

Normunds Igoļnieks

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

Date appointed: 26 May 2021

Term of office: 25 May 2026

Owned shares: 0

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

Positions held in other companies:

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

Participation in companies:

- ZGI Capital, SIA (26%)
- I factor, SIA (100%)
- KOOL CONSTRUCTION, SIA (beneficial owner)

Since 2011 Normunds Igolnieks has been partner and Chairman of the Management Board of ZGI Capital, one of the most experienced venture capital fund managers in the Baltics. From 2001 to 2011, N. Igolnieks was the Chairman of the Board of the asset management company SEB Investment Management and before that held several other positions related to the financial sector.

Ilmārs Osmanis

Ilmārs Osmanis is a member of the Supervisory Board of the Parent Company.

Date appointed: 26 May 2021

Term of office: 25 May 2026

Owned shares:

- directly: 0
- indirectly (through SIA, Macro Rīga): 619 590 shares (33.87%)

Represents SIA Macro Rīga shareholding of 619 590 shares.

Positions held in other companies:

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

Participation in other companies:

- Macro Rīga, SIA (100%)
- Lightspace Technologies, SIA (12.77%)

Ilmārs Osmanis educational background is electronic engineering later complemented by additional executive MBA studies which were not completed due to business start-up. His entrepreneurial experience includes successful development of an electronic component's distribution business in the Baltic countries, a business that was subsequently successfully sold. During the last fifteen years, Ilmārs Osmanis, who created the Group, served as its CEO. The Group has subsequently evolved into one of the most modern high-tech manufacturing groups in the Nordic and Baltic countries comprising 2 manufacturing plants currently employing around 240 employees. He has accomplished managerial buyout of the Group in 2014 and listed HansaMatrix on Nasdaq Baltic main list at 2016.

Changes to the Parent Company's Supervisory Board:

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

Major shareholders

As at June 30, 2021 (end of the day), the following were the major shareholders of the Parent Company:

Major shareholders (over 5%)	Owned shares	Ownership interest
SIA Macro Rīga	619 590	33.87%
ZGI-4 AIF KS	275 562	15.06%
SWEDBANK AS CLIENTS ACCOUNT	265 245	14.50%
KS BaltCap Latvia Venture Capital Fund	182 000	9.95%
KS FlyCap Investment Fund I AIF	165 358	9.04%
IPAS CBL Asset Management managed funds	120 000	6.56%
Swedbank Ieguldījumu pārvaldes sabiedrība AS managed funds	93 369	5.10%
Other shareholders (under 5%)	108 257	5.92%
TOTAL:	1 829 381	100,00%



MANAGEMENT REPORT

General information

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

Business environment

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

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

In Q2 2021 the Group has experienced one case of component deficit that required to partially stop manufacturing process for short, partial, 1 week standby and also has experienced the order backlog for some customers due to material availability issues. To mitigate the component shortage HansaMatrix diversifies the supplier base, applies the alternative component management approach, works with component brokers and carries out in advance component sourcing for binding customer orders.

The situation with global COVID-19 pandemic has worsened in Asia, but has improved in Latvia and EU, allowing for HansaMatrix to reduce the preventive actions in its manufacturing facilities. Nevertheless, until the pandemic has been fully taken under control, the situation could rapidly change, therefore active situation monitoring and rapid response approach are critical to successfully manage the potential business environment and supply chain disruptions from the pandemic.

Forward looking management expects new business trend towards more technology penetrated economy (more data bandwidths, more robotics and automation, more remote work, increased EU independence in manufacturing through near-shoring) when recovering from COVID-19 pandemic and preparing to be ready for higher market demand and faster business growth afterwards.

Finance results brief summary

During the second quarter (Q2 further in document) of 2021 the Group reported revenue from contracts with customers (hereinafter – revenue, turnover or sales) of 6.042 million EUR, representing increase by 14% in comparison to the same period of 2020. The 2021 Q2 sales results showed 4% sales volume increase in comparison with previous quarter – 2021 Q1.

During first 6 months (“6m” or “H1” further in the document) of 2021 the Company reported sales volume increase by 13% compared to the same period of 2020 and reached 11.870 million EUR. However, 2021 H1 turnover decreased by 2% compared with 2020 second half of year (“H2”).

During 2021 Q2 the Group reported quarterly EBITDA result of 1.151 million EUR and operated with net loss result of 0.327 million EUR. The reported EBITDA result shows 118% increase in comparison with Q2 2020 but 7% decrease compared to previous quarter of 2021 Q1. In Q2 2021 the Group reported net loss 0.327 million EUR as compared to net loss of 0.383 million in 2020 Q2. Quarterly results represent EBITDA margin of 19.04%.

During first 6 months of 2021 the Company reported half year EBITDA result of 2.392 million EUR and half year net loss result of 0.281 million EUR. The reported EBITDA result shows 147% increase in comparison with 2020 H1 and 13% increase compared to previous 6-month period of 2020 H2. In 6 months of 2021, the Company operated with a net loss of 0.281 million EUR as compared to the net loss of 0.818 million EUR in H1 2020 and net profit of 0.266 million EUR in H2 2020. In 6 months of 2021, the Company operated with 20.1% EBITDA margin.

EBITDA result and comparably high level of EBITDA margin in second quarter and 6 months of 2021 is explained by the increased proportion of higher value-added products in the manufactured product mix in the reporting period. In Q1 and Q2 2021 the Group carried out revaluation of fair value of warrants issued in relation to European Investment Bank (EIB) financing contract in amount of 0.504 million EUR in Q2 2021 and in amount of 0.713 million EUR in 6m 2021 due to increasing average weighted HansaMatrix stock market price, which explains reported net loss in Q2 2021 and 6m 2021.

In addition, net profit of the Group in Q2 and 6m 2021 is negatively influenced by several non-cash related items, including loss from investments in associates, EIB warrant fair value change provisions, EIB loan fair value change provisions and interest expense related to leases. For better inter-period profitability comparisons, the Group calculates normalized net profit which in Q2 2021 amounted to 0.488 million EUR and in 6m 2021 amounted to 1.044 million EUR, respectively generating 8.08% and 8.80% Normalized net profit margin.

TTM – trailing twelve-month period sales (period starting in July 1, 2020 and ending with June 30, 2021) at 2021 Q2 reached 23.985 million EUR, showing 3% increase compared to TTM sales for the period ended at 2020 Q2 and also 3% increase compared to TTM sales for the period ended at 2021 Q1. EBITDA result for the TTM 12-month period reported to be 4.505 million EUR, an increase of 70% in comparison with 12-month period ended at 2020 Q2 and also 16% increase compared to TTM sales for the period ended at 2021 Q1. The TTM period resulted in a net loss of -0.015 million EUR. Averaged EBITDA margin for TTM period of 18.8% was reported.

Key Growth and Financial Ratios

In Q1 and Q2 2021 the significant and proportionally faster, as compared to revenue, growth in EBITDA on year-on-year basis, compared to Q1 and Q2 2020 is explained by the by the increased proportion of higher value-added products in the manufactured product mix in the reporting period.

In Q1 2021 revenue of the Group increased 12% and EBITDA increased by 181%, compared to Q1 2020, whereas in Q2 2021 revenue of the Group increased 14% and EBITDA increased by 118% on year-on-year basis. Liquidity of the Company, negatively impacted by COVID-19 extraordinary situation in 2020, is gradually improving in the period from Q1 2020 to Q2 2021.

Ratio/EUR'000	2020Q1	2020Q2	2021Q1	2021Q2	Q1 YoY	Q2 YoY
Revenue	5 184	5 290	5 828	6 042	+12%	+14%
EBIT (operating profit)	-173	-74	591	520		
EBIT (operating profit) margin	-3.34%	-2.36%	10.15%	8.61%		
EBITDA	441	527	1.241	1.151	+181%	+118%
EBITDA margin	8.51%	9.96%	21.29%	19.04%		
Net profit	-435	-383	45	-327		
Normalized net profit	-214	-115	497	488		
Normalized net profit margin	-4.13%	-2.18%	9.53%	8.08%		
Normalized ROA	-0.73%	-0.39%	1.89%	1.70%		
Normalized ROE	-2.49%	-1.40%	6.52%	6.00%		
Liquidity ratio	0.77	0.78	0.81	0.83		
Normalized Return on Capital Employed (ROCE)	1.06%	0.57%	2.63%	2.36%		
Earnings per share (EPS)	-0.24	-0.21	0.02	-0.18		
Diluted EPS	-0.21	-0.19	0.02	-0.16		

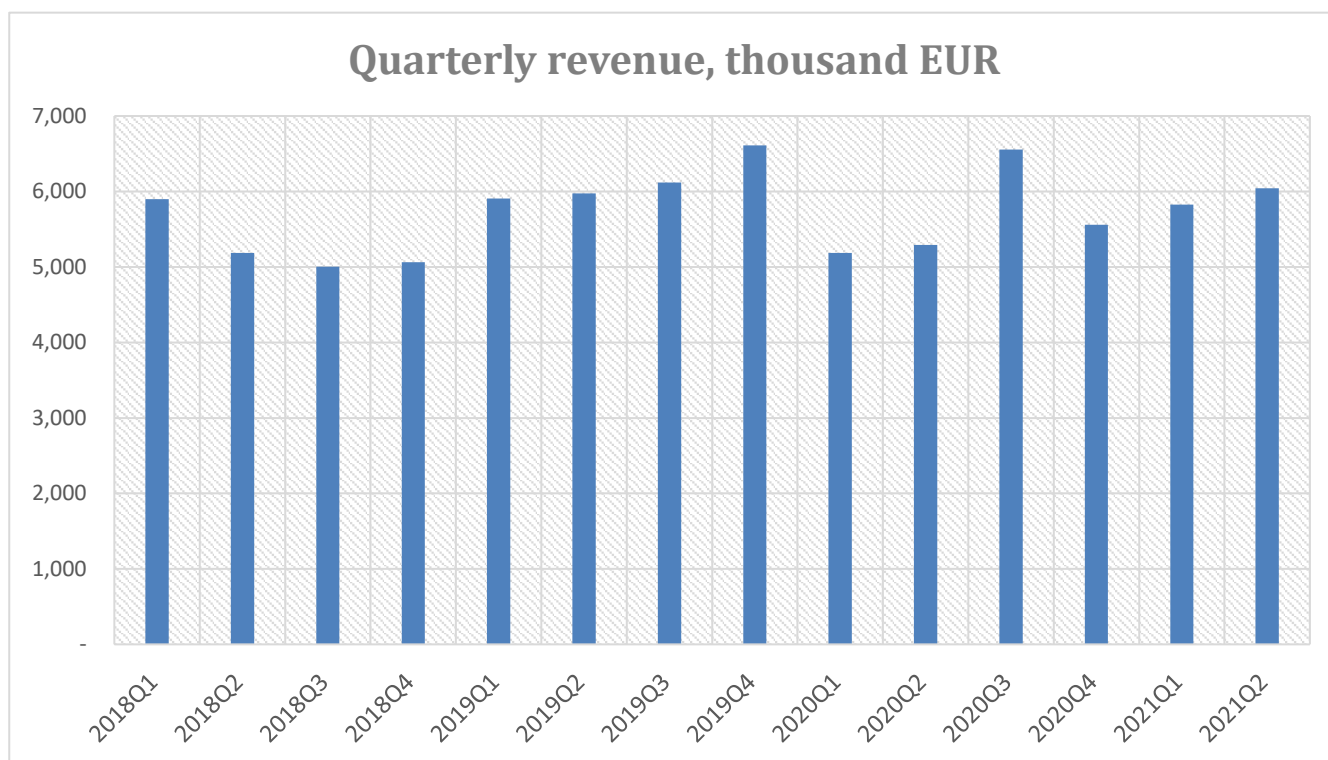
In 6m 2021 revenue increased by 13% and EBITDA increased by 147% on year-on-year basis. As at the end of 6m 2021 the liquidity of the Company has slightly improved, compared to liquidity as at the end of 6m 2020.

Ratio/EUR'000	2016	2017	2018	2019	6m2020	2020	6m2021	6mYoY
Revenue	19 961	19 649	21 587	24 611	10 474	22 589	11 780	+13%
EBIT (operating profit)	783	1 877	1 395	1 316	-247	703	1 112	
EBIT (operating profit) margin	4.62%	9.55%	6.46%	5.35%	-2.36%	3.11%	9.37%	
EBITDA	2 209	3 685	3 297	3 761	968	3 081	2 392	+147%
EBITDA margin	13.02%	18.75%	15.27%	15.28%	9.24%	13.64%	20.15%	
Net profit	551	1 679	781	208	-818	-552	-281	
Normalized net profit	589	1 336	1 272	1 144	-329	497	1 044	
Normalized net profit margin	3.47%	6.80%	5.89%	4.65%	-3.15%	2.20%	8.80%	
Normalized ROA	3.73%	7.16%	5.02%	3.84%	-1.12%	1.72%	3.63%	
Normalized ROE	10.75%	16.42%	14.51%	12.67%	-4.01%	5.86%	12.83%	
Liquidity ratio	0.91	0.69	1.02	0.85	0.78	0.79	0.83	
Normalized Return on Capital Employed (ROCE)	5.52%	11.09%	7.01%	5.39%	-1.64%	2.46%	5.05%	
Earnings per share (EPS)	0.30	0.92	0.43	0.11	-0.45	-0.30	-0.15	
Diluted EPS	0.30	0.92	0.38	0.10	-0.40	-0.27	-0.14	

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

Quarterly revenue results for 2021 Q2

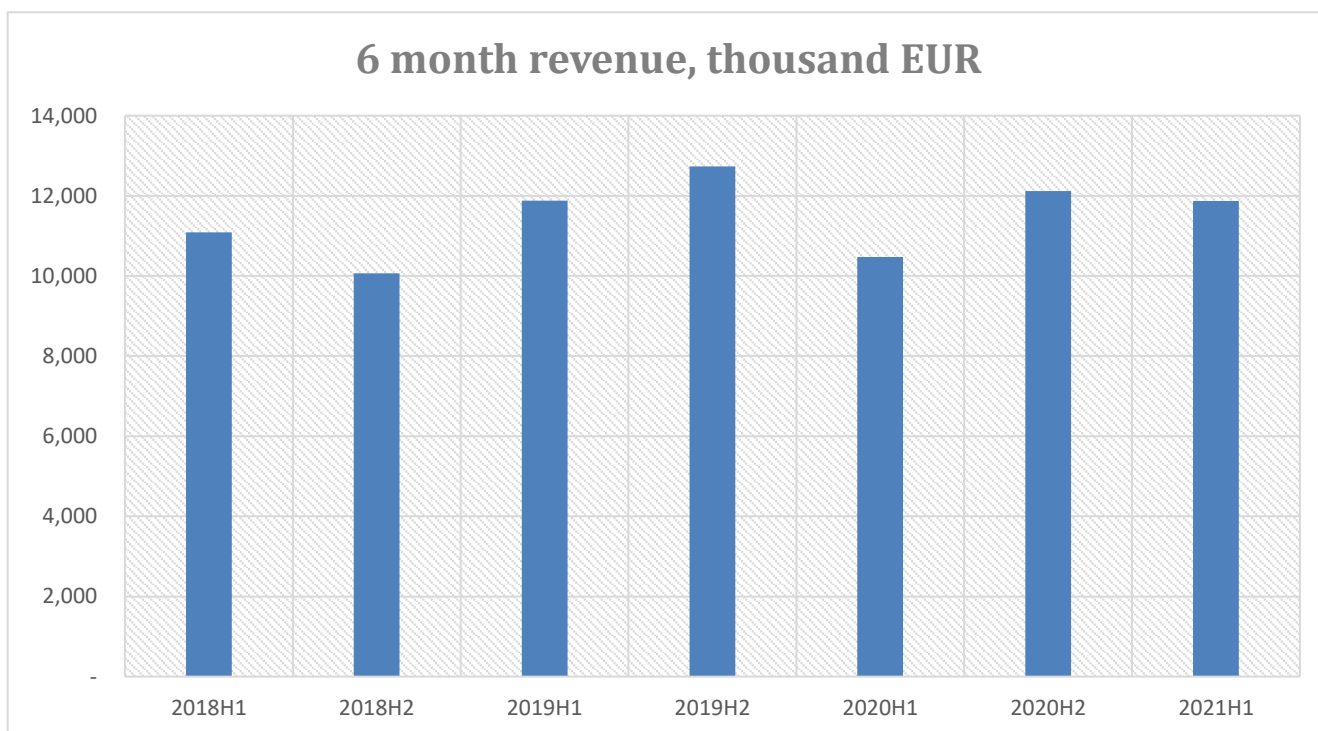
During the second quarter of 2021 the Group reported turnover of 6.042 million EUR, representing increase by 14% in comparison to the same period of 2020. The 2021 Q2 sales results showed 4% sales volume increase in comparison with previous quarter – 2021 Q1.



In 2021 Q2 the Group revenue growth is explained by the positive market trend - increasing demand in data networks sector as a result of growing necessity for remote connectivity.

2021 6 month revenue results

During first 6 months of 2021 the Company reported sales volume increase by 13% compared to the same period of 2020 and reached 11.870 million EUR. 2021 H1 turnover decreased by 2% compared with 2020 H2.

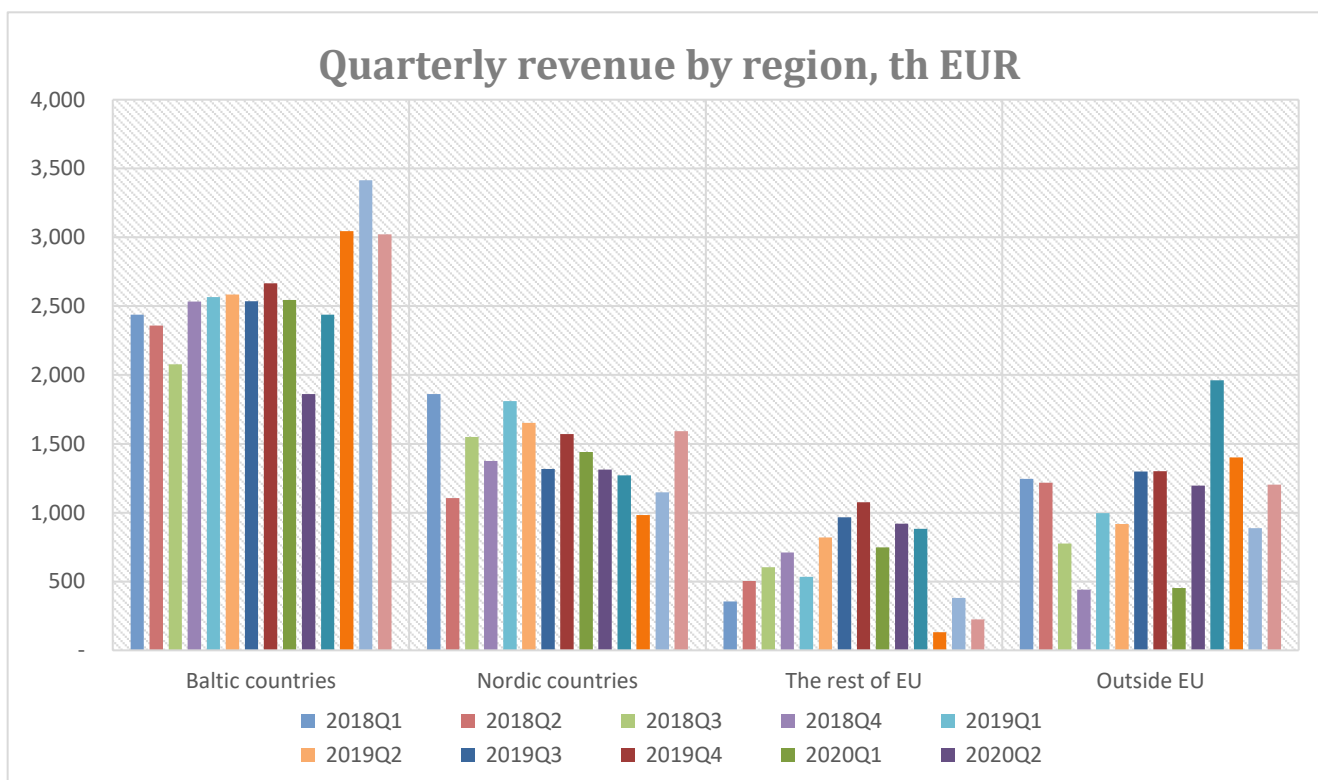


Quarterly revenue by market region results for 2021 Q2

During 2021 Q2 Baltic states continue to be the largest market region with 50% share of turnover. Nordic and other EU sales respectively reported 26% and 4% of total sales. HansaMatrix during 2021 Q2 continued to deliver also to customer locations outside EU. This market share in 2021 Q2 amounts to 20% of the total sales volume.

Sales dynamics of regions – Baltic sales were 62% up compared to 2020 Q2 but 12% down compared to 2021 Q1; Nordic sales were 21% up from 2020 Q2 and 39% up in comparison with 2021 Q1. Other EU region sales reported 76% decrease from 2020 Q2 and 41% decrease from 2021 Q1. Outside EU deliveries increased by 1% from 2020 Q2 and increased by 36% compared to 2021 Q1.

Sales performance this quarter on year-on-year basis was growing in Baltic and Nordic countries due to good client performance in data networks and industrial sectors.

**Data table - Quarterly revenue by region, th EUR**

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

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

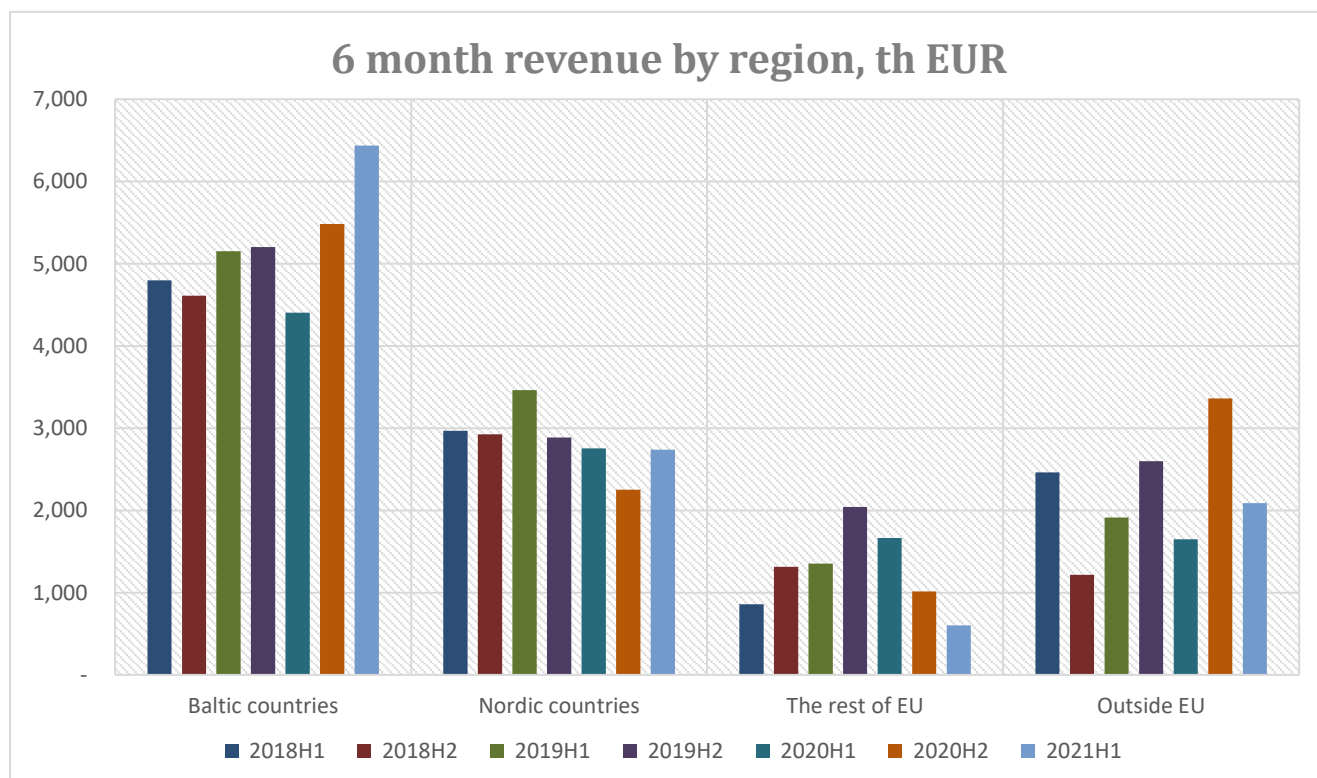
* - corrected (increased) by the sales amount to the extent of the costs incurred related to the work in progress respectively as at the end of 2019 and 2020, according to the Group accounting principles and policy.

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

2021 6 month revenue by region results

During 2021 H1 main sales drivers continue to be Baltic customers with 54% market share of sales. Nordic and other EU sales reported as 23% and 5% of total sales. Product deliveries to customer locations outside EU amounted to 18% of total sales in 2021 H1.

Sales dynamics of regions – Baltic sales were 46% up from 2020 H1 and 17% up from 2020 H2; Nordic sales were flat compared to 2020 H1 but 22% up in comparison with 2020 H2. Other EU** sales were reported with 64% volume decrease from 2020 H1 and also 41% decrease from 2020 H2. Outside EU** sales demonstrated 27% year on year growth but decreased 38% from 2020 H2.

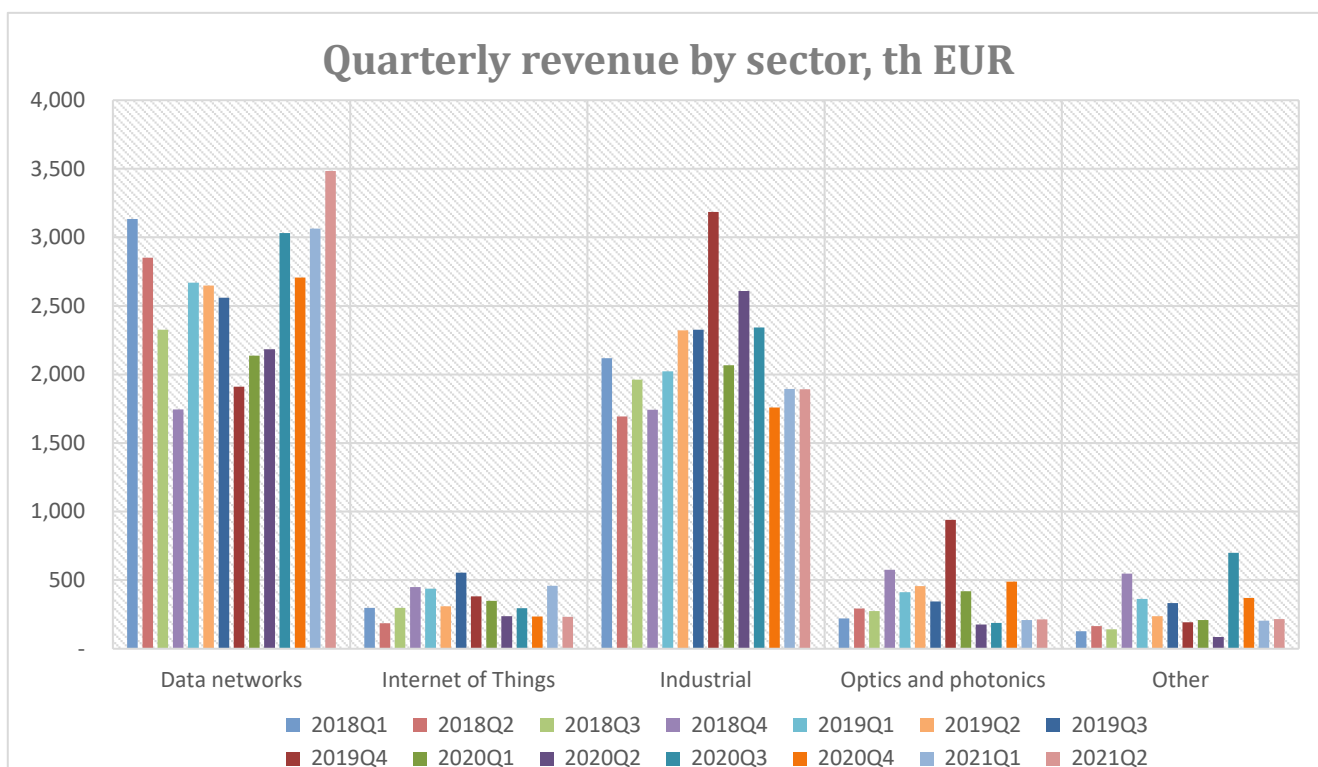


** - in accordance with the UK withdrawal from the EU three clients has been reclassified by regions from “The rest of EU” to “Outside EU”, adjusting historical data accordingly.

Quarterly revenue by market sector results for 2021 Q2

During 2021 Q2 data network product sales and industrial product sales were dominating sales drivers respectively with 58% and 31% sales market share. Optics and photonics sales amounted to 4%, Internet-of-things sales amounted to 4% and other products were also reported with 4% share.

2021 Q2 data network product sales show an increase by 59%; industrial sector product sales – decrease by 27%; internet-of-things – decrease by 1%, optics and photonics products sales – increase by 22% and other product sector – increase by 155% in comparison with 2020 Q2. Comparison with sales results with previous - 2021 Q1 demonstrates 14% increase in data networks; 0% increase in industrial sector; decrease of 49% in internet of things products; 3% increase in optics and photonics products and 7% increase in other product sector.



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

Data table - quarterly revenue by market sector results for 2021 Q2

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

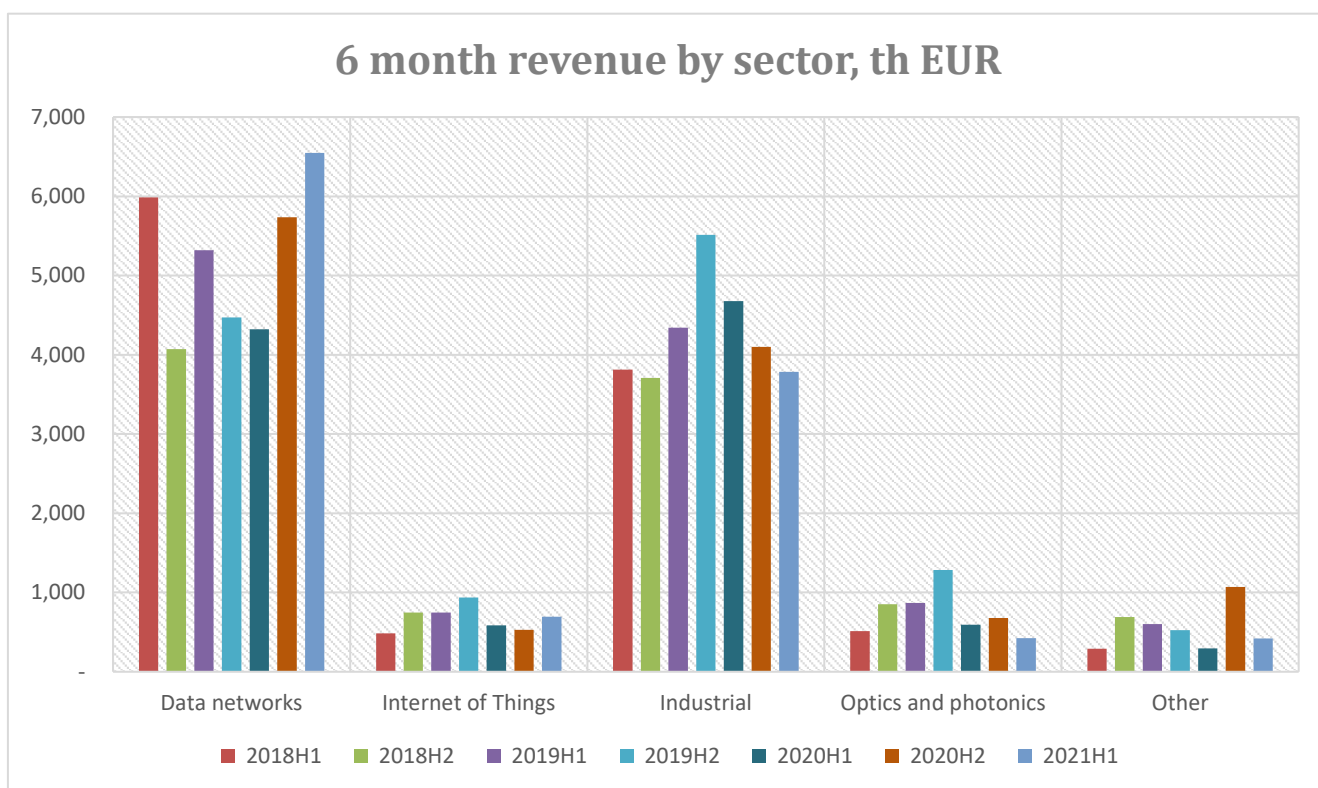
2019Q4	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021 Q2
1 911	2 138	2 184	3 030	2 707	3 063	3 484
383	348	237	295	235	460	233
3 186	1 857	2 609	2 342	1 758	1 894	1 893
940	630	176	188	490	208	215
192	209	85	699	370	203	217
6 612*	5 184	5 290	6 554	5 560*	5 828	6 042

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

2021 6 month revenue by market sector results

During 2021 H1 main sales contributors continue to be data network products with 55% sales share and industrial product sales with 32% share in turnover. Internet of things product share in sales was 6%, optics and photonics products – 4% and other product share – 4%.

Sales dynamics of market segments – data network sales were 51% up from 2020 H1 and 14% up from 2020 H2; industrial product sales were 19% down from 2020 H1 and 8% down in comparison with 2020 H2; optics and photonics product sales were 29% down from 2020 H1 and 38% down from 2020 H2. Internet of things product sales were 18% up from 2020 H1 and 31% up from 2020 H2, other product sales reported 43% increase from 2020 H1 but 61% decrease from 2020 H2.

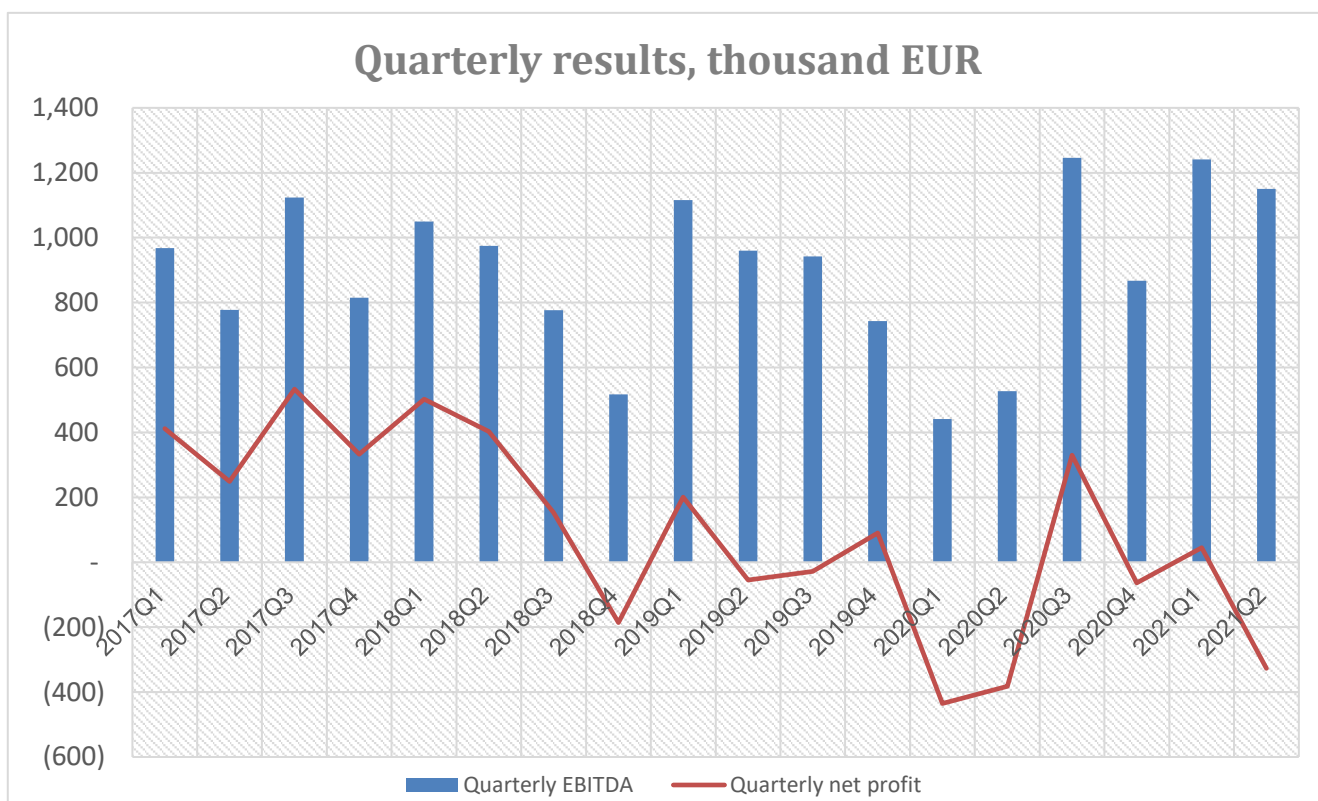


Quarterly EBITDA and net profit results in 2021 Q2

In 2021 Q2 the Group reported quarterly EBITDA result of 1.151 million EUR and operated with net loss result of 0.327 million EUR. The reported EBITDA result shows 118% increase in comparison with Q2 2020 but 7% decrease compared to previous quarter of 2021 Q1. In Q2 2021 the Group reported net loss 0.327 million EUR as compared to net profit of 0.045 million in 2021 Q1. Quarterly results represent EBITDA margin of 19.04%.

In Q2 2021 achieved EBITDA result and comparably high level of EBITDA margin is explained by the increased proportion of higher value-added products in the manufactured product mix in the reporting period.

Net profit of the company in Q2 2021 is negatively influenced by several non-cash related items, including loss from investments in associates, EIB warrant fair value change provisions, EIB loan fair value change provisions and interest expense related to leases. For better inter-period profitability comparisons, the Company calculates normalized net profit which in Q2 2021 amounted to 0.488 million EUR, generating 8.08% Normalized net profitability in the respective period.

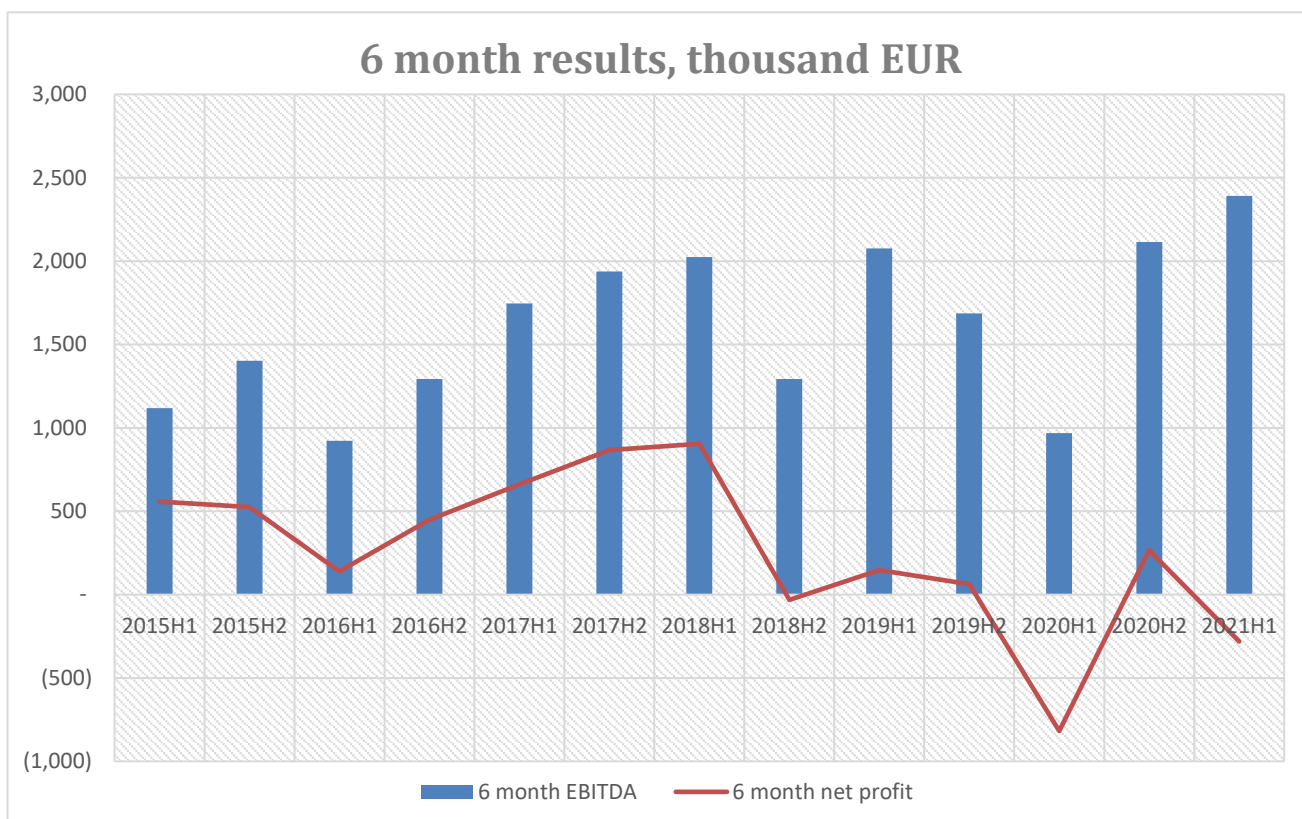


In Q2 2021 the Group carried out revaluation of fair value of warrants issued in relation to European Investment Bank (EIB) Financing contract in amount of 0.504 million EUR due to increasing weighted average HansaMatrix stock market price in Q2 2021, which significantly decreased net profit in the reporting period.

2021 6 month EBITDA and net profit results

During first 6 months of 2021 the Company reported half year EBITDA result of 2.392 million EUR and half year net loss result of 0.281 million EUR. The reported EBITDA result shows 147% increase in comparison with 2020 H1 and 13% increase from previous 6-month period of 2020 H2. In 6 months of 2021, the Company operated with a net loss, as compared to the net loss of 0.818 million EUR in H1 2020 and net profit of 0.266 million EUR in H2 2020. Results represent 6-month EBITDA margin of 20.1%.

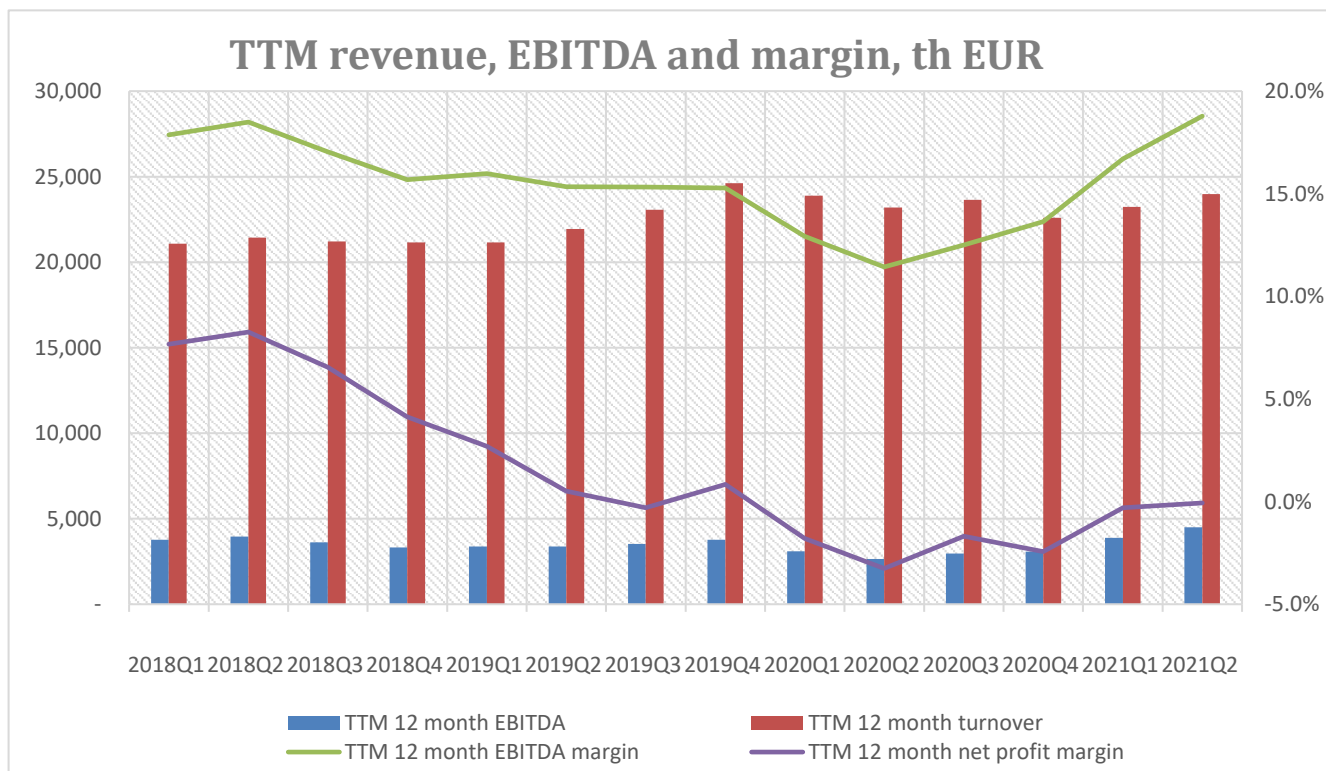
Net profit of the company in 6m 2021 is negatively influenced by several non-cash related items, including loss from investments in associates, EIB warrant fair value change provisions, EIB loan fair value change provisions and interest expense related to leases. For better inter-period profitability comparisons, the Company calculates normalized net profit which in 6m 2021 amounted to 1.044 million EUR, generating 8.80% normalized net profitability in the respective period.



In 6m 2021 the Group carried out revaluation of fair value of warrants issued in relation to European Investment Bank (EIB) Financing contract in amount of 0.713 million EUR due to increasing weighted average HansaMatrix stock market price in Q2 2021, which significantly decreased net profit in the reporting period.

TTM (trailing twelve months) turnover, EBITDA and margin results in 2021 Q2

TTM – trailing twelve-month period sales (period starting in July 1, 2020 and ending with June 30, 2021) at 2021 Q2 reached 23.985 million EUR, showing 3% increase compared to TTM sales for the period ended at 2020 Q1 and also 3% increase



compared to TTM sales for the period ended at 2021 Q1. EBITDA result for the TTM 12-month period reported to be 4.505 million EUR, an increase of 70% in comparison with 12-month period ended at 2020 Q2 and also 16% increase compared to TTM sales for the period ended at 2021 Q1. The TTM period resulted in a net loss of -0.015 million EUR. Averaged EBITDA margin for TTM period of 18.8% was reported.

Research and development

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

In the reporting period HansaMatrix Innovation continued and in Q1 2021 finished realization of Ministry of Education and Science managed applied research project: Project 1.1.1.1/18/A/179 “Development of a compact, high-brightness laser image projection system for application in volumetric 3D displays”. The project was carried out in cooperation with 2 partners, SIA Lightspace Technologies and University of Latvia. The duration of the project was 24 months, starting on April 1st, 2019. The total cost of the project amounted to 817 thousand EUR, consisting of 553 thousand EUR (67.7%) public ERDF funding and 237 thousand EUR (29%) private funding.

In the reporting period HansaMatrix Innovation continued realization of SIA LEO petijumu centrs and Ministry of Economics managed applied research project: Project 1.2.1.1/18/A/006 research No.1.2. “Development of electronics for multifocal augmented and virtual reality displays”. The project is carried out in cooperation with one partner, SIA HansaMatrix Ventspils. The duration of the project is 19 months, starting on May 1st, 2020. The total planned costs of the project is 407 thousand EUR, consisting of 280 thousand EUR (68,75%) public ERDF funding and 127 thousand EUR (31,25%) private funding.

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

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

Investment activities

During Q2 2021 HansaMatrix made 0.196 million EUR and during 6m 2021 0.334 million EUR investments in production capacity maintenance and increase, research instruments, test systems and development of IT system.

In the reporting period HansaMatrix continued the realization of European Regional Development Fund (ERDF) funding project “Development of experimental production of 3D volumetric imaging equipment and its components” under ERDF “Operational Program “Growth and Jobs” 1.2.1 Specific Support Objective “Increase Private Investment in R&D” measure 1.2.1.4. “Support for Introduction of New Products in Production””. Total and ERDF funding eligible costs of the aforementioned project amount to 2.9 million EUR, with the planned ERDF funding 1 million EUR, or 35% of the eligible project costs.

Investments in subsidiaries

SIA Zinātnes parks develops industrial real estate project, located at Riga airport area.

During Q2 2021 the Parent Company has provided additional 86 thousand EUR and during 6m 2021 in aggregate additional 177 thousand EUR funds in form of convertible loan to its subsidiary – SIA Zinātnes parks, mostly used for land plot rental payments to VAS Starptautiskā lidosta Rīga and for loan repayments to AS SEB banka.

At the end of the reporting period, the total Parent company investment in SIA Zinatnes parks amounted to 2 049 thousand EUR, consisting of convertible loan in amount of 1 243 thousand EUR, paid up capital 370 thousand EUR and goodwill 436 thousand EUR.

At the end of the reporting period, the total Group consolidated assets in relation to SIA Zinatnes parks amounted to 2 414 thousand EUR, consisting of construction in progress (capitalized fixed asset creation costs) 2 053 thousand EUR and goodwill 361 thousand EUR.

Investment activities in associated companies

SIA Lightspace Technologies is 3D photonics and optical solutions company, the global technological leader in multi focal AR VR near eye displays and future glasses free 3D image display technologies with main uses in medicine, defense, scientific visualization, entertainment, media and gaming.

In Q2 and 6m2021 of 2021 HansaMatrix did not carry out investments into SIA Lightspace Technologies.

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

At the end of the reporting period, the total Group assets in relation to SIA Lightspace Technologies amounted to 6 810 thousand EUR, consisting of convertible loan in amount of 4 961 thousand EUR and paid-up capital in amount of 1 849 thousand EUR. (at consolidated level accounted for using equity method).

Business development overview of associated company - LightSpace Technologies

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

During Q2 2021 LightSpace accomplished three product validation projects with 3 globally leading MedTech corporations with applications in surgical navigation and robotic surgeries. Company participated in two accelerators one in healthcare – Health Venture Lab, sponsored by GE Healthcare and Bright Sparks in consumer and enterprise AR applications hosted by EU largest mobile operator Vodafone.

In June, July 2021, the company restarted work with Europe leading car brands Audi, BMW, Volkswagen group to identify business opportunities. As a result, LightSpace has been invited to organize demo roadshows for mentioned and few other car makers, likely followed by validation projects.

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

Earlier concept model iG1000 through validation projects has been highly valued for image quality and accepted by MedTech partners for use in surgical navigation and similar applications that require precise image overlays. As a result Company decided to proceed with upgraded model iG1050 into pilot manufacturing and supply them as application development kits for our MedTech partners in Q1 year 2022.

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

As a continuation of funding of a company has received 650 thousand EUR short term loan in January 2021 issued by Development Finance Institution Altum. Further 1.7 million EUR equity investment has been approved by EIC Fund Board in June 2021 as blended financing contribution to be used until Dec 2022. In June 2021 Macro Riga has provided 63 thousand EUR cash contribution to Lightspace as convertible loan to be converted to shares at next investment round.

LightSpace is a 3D photonics and optical solutions company, the global technological leader in multi focal AR VR near eye displays and future glasses free 3D image display technologies with main uses in healthcare, industry, defense, scientific visualization, entertainment, media and gaming. Several key enabling technologies, including liquid crystal materials that create switching diffuser photonics devices, have been invented by the company.

LightSpace at end of Q2 2021 holds 29 global patents and has during Q1 and Q2 2021 submitted 4 new patent applications.

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

Visualization of iG1050



SIA Lightspace Technologies consolidated* profit loss statement, EUR

	6m 2021	6m 2020
	EUR	EUR
Net turnover	256 718	125 311
Cost of sales	(1 512 124)	(1 099 494)
Gross profit / (loss)	(1 255 406)	(974 183)
Distribution costs	(72 518)	(136 840)
Administrative expense	(201 389)	(147 974)
Other operating income	768 733	370 141
Other operating expense	(47 276)	(13 156)
Operating profit	(807 856)	(902 012)
Interest expenses	(12 834)	-
Profit / (loss) before tax	(820 690)	(902 012)
Corporate income tax	(61)	(608)
Net profit / (loss) for the period	(820 751)	(902 620)
Profit attributable to:		
Equity holders of the Parent Company	(764 756)	(830 681)
Non-controlling interest	(55 995)	(71 939)
	(820 751)	(902 620)

SIA Lightspace Technologies consolidated *) balance sheet, EUR

ASSETS	30.06.2021.	31.12.2020.
	EUR	EUR
NON-CURRENT ASSETS		
Property, plant, equipment and other intangible assets	9 973 011	9 410 754
TOTAL NON-CURRENT ASSETS	9 973 011	9 410 754
CURRENT ASSETS		
Inventory	818 827	383 621
Receivables	778 660	954 779
Cash and cash equivalents	11 841	67 429
TOTAL CURRENT ASSETS	1 609 328	1 405 829
TOTAL ASSETS	11 582 339	10 816 583
EQUITY AND LIABILITIES	30.06.2021.	31.12.2020.
	EUR	EUR
EQUITY		
Share capital	16 601	16 601
Share premium	5 025 712	5 025 712
Other reserves	1 568 554	1 570 034
Retained earnings/ (accumulated deficit)	(4 714 685)	(3 949 926)
Non-controlling interest	405 734	461 729
TOTAL EQUITY	2 301 916	3 124 150
LIABILITIES		
Non-current and current liabilities	9 280 423	7 692 433
TOTAL LIABILITIES	9 280 423	7 692 433
TOTAL EQUITY AND LIABILITIES	11 582 339	10 816 583

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

Shares and stock market

During 2021 Q2 HansaMatrix (HMX1R) share price decreased by 30.81% - see the stock price movement chart for the period from April 1, 2021 to June 30, 2021.



During 2021 1H HansaMatrix (HMX1R) share price increased by 32.24% - see the stock price movement chart for the period from January 1, 2021 to June 30, 2021.



Security trading history

Price	2017	2018	2019	2020	6m 2021
Open	7.95	8.14	6.5	6.25	9,10
High	8.83	8.5	6.65	9.05	16,80
Low	6.9	6.05	5.93	5.00	8,80
Last	8.14	6.5	6.25	9.05	12,10
Traded volume	72 941	137 505	32 591	38 141	42 062
Turnover, million	0.51 EUR	0.94 EUR	0.20 EUR	0.26 EUR	0,48 EUR
Capitalisation, million	14.89 EUR	11.89 EUR	11.43 EUR	16.56 EUR	22.14 EUR

In 6m 2021 the highest HansaMatrix (HMX1R) share price observed reached 16.80 EUR per share, lowest 8.80 EUR per share and the total traded share turnover in this period amounted to 0.48 million EUR.

Exposure to risks and uncertainties

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

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

All business units of the Group, including Pārogre and Ventspils manufacturing plants, metal parts and optics product unit in Mārupe and head office in Mārupe are fully operational. HansaMatrix ensures safe working condition to workers present at all plants and offices of the Group and ensures remote work from home for employees where it is possible, effective and necessary. All requirements of self-isolation and quarantine stipulated by law are supported and enforced when necessary.

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

COVID-19 situation is impacting and going further might increase some of the risks to which the Group is exposed.

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

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

Credit risk. The Group and the Parent Company are exposed to *credit risk* through its trade receivables. The Parent Company has introduced various procedures to mitigate the risk of unrecoverable debts. Most trade credits are insured using non-recourse factoring. As at June 30, 2021, 48% of all trade receivables outstanding were insured. Clients, whose trade credits for any reason are not or cannot be insured, are subject to shortened payment schedules, advance payments, credit limits and other risk hedging conditions. The credit history of customers is also assessed on an ongoing basis and credit limits and terms are changed on an individual basis as applicable.

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

Liquidity and cash flow risk. Liquidity is affected by inventories and the volume of work in progress, the amount of trade credits granted to clients, balance of prepayments received, suppliers' terms of payment and the working capital available to the Group and the Parent Company. Liquidity strains can also influence the ability to carry out loan and lease payments. To mitigate liquidity risk, the Parent Company employs financial and operational management procedures. The balance of

inventories is monitored on a regular basis, orders and deliveries from suppliers are rescheduled, as are the sequence and volume of planned manufacturing in order to speed up the inventory turnover. Working capital is also monitored regularly which leads to planning of the availability of credit resources and financing instruments and the amount and repayment schedules thereof.

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

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

In 6m 2021 the Group carried out revaluation of fair value of warrants issued in relation to European Investment Bank (EIB) Financing contract in amount of 0.713 million EUR due to increasing average weighted HansaMatrix stock market price, which decreased net profit in the reporting period. As at the end of Q2 2021 the Group has reviewed all the other values of the Group assets, inventory, goodwill and other intangible assets, property, plant, and equipment, determined according to the Group accounting policy, and has concluded that as at the end of Q2 2021 the other asset values of the Group have not been impacted by COVID-19 pandemic situation or other circumstances.

Other significant events in the reporting period

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

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

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

On June 16, 2021 it was announced that Macro Riga, the largest HansaMatrix shareholder, as of June 16, 2021 owning 33.94% or 620 950 of the Company shares, has informed HansaMatrix about its intention to sell up to 2% of the Company's shares during upcoming months. The sales proceeds are planned be mainly used to support LightSpace Technologies' further development needs.

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

Significant events after the reporting period

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

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

On August 12, 2021 the contract was signed in amount of 1.4 million USD to supply high complexity electronic assemblies to industrial segment customer with location outside European Union, in the period of 9 months from Q2 to Q4 2022. The

conclusion of this agreement is significant achievement, recognizing high quality level of HansaMatrix manufacturing services and requiring Company's existing aerospace quality management system certification, AS9100.

August 13, 2021

Jānis Sams
Chairman of the Management Board

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A TIME STAMP

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, 2021 and the consolidated results of its financial performance and cash flows for the reporting period.

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

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

August 13, 2021

Jānis Sams
Chairman of the Management Board

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INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim consolidated statement of comprehensive income

	01.04.2021- 30.06.2021 EUR	01.04.2020- 30.06.2020 EUR	01.01.2021- 30.06.2021 EUR	01.01.2020- 30.06.2020 EUR
Revenue from contracts with customers	6 041 607	5 290 316	11 869 983	10 474 453
Cost of sales	(5 187 145)	(4 906 471)	(10 047 543)	(9 757 529)
Gross profit	854 462	383 845	1 822 440	716 924
Distribution costs	(124 745)	(117 960)	(269 497)	(232 776)
Administrative expense	(492 965)	(484 941)	(959 355)	(927 010)
Other operating income	334 811	163 565	619 670	259 146
Other operating expense	(51 107)	(18 587)	(101 350)	(63 258)
Operating profit or (loss)	520 456	(74 078)	1 111 908	(246 974)
Loss from investments in associates	(196 110)	(188 924)	(381 307)	(329 702)
Finance income	2 917	2 559	5 560	5 117
Finance costs	(653 888)	(122 138)	(1 017 644)	(246 167)
Profit or loss before tax	(326 625)	(382 581)	(281 483)	(817 726)
Corporate income tax	-	-	-	-
Net profit or loss for the reporting period	(326 625)	(382 581)	(281 483)	(817 726)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax				
Other comprehensive income:	-	-	-	-
Total comprehensive income or (loss) for the year, net of tax	(326 625)	(382 581)	(281 483)	(817 726)
Comprehensive income or (loss) attributable to:				
Equity holders of the Parent Company	(326 625)	(382 161)	(281 483)	(816 770)
Non-controlling interests	-	(420)	-	(956)
	(326 625)	(382 581)	(281 483)	(817 726)
Earnings Per Share	(0.179)	(0.209)	(0.154)	(0.446)
Diluted Earnings Per Share	(0.160)	(0.188)	(0.138)	(0.401)

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

August 13, 2021

Jānis Sams
Chairman of the Management Board

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Interim consolidated statement of financial position

	30.06.2021	31.12.2020
	EUR	EUR
NON-CURRENT ASSETS		
Intangible assets		
ODM assets	360 454	310 475
Other intangible assets	596 560	575 706
Goodwill	360 653	360 653
Total intangible assets	1 317 667	1 246 834
Property, plant and equipment		
Land and buildings	3 328 444	3 428 169
Equipment and machinery	3 790 416	4 201 035
Other fixtures and fittings, tools and equipment	580 254	558 352
Right of use asset	3 589 277	2 792 929
Leasehold improvements	77 257	90 110
Construction in progress	2 440 423	2 369 063
Total property, plant and equipment	13 806 071	13 439 658
Non-current financial assets		
Investments in associates	1 848 545	2 229 852
Investments in other companies	53 046	42 086
Other investment loans	4 961 573	4 961 573
Other financial assets	23 345	38 564
Other non-current receivables	43 150	61 048
Total non-current financial assets	6 929 659	7 333 123
TOTAL NON-CURRENT ASSETS	22 053 397	22 019 615
CURRENT ASSETS		
Inventories		
Raw materials and consumables	2 438 062	1 972 306
Work in progress	1 358 493	-
Finished goods	66 124	-
Total inventories	3 862 679	1 972 306
Receivables, contract assets and prepayments		
Trade receivables from contracts with customers	1 081 524	755 890
Prepayments for goods	79 481	94 152
Loan to shareholder	557 358	551 883
Prepaid expense	78 664	30 632
Contract assets	-	2 225 865
Other receivables	477 839	351 957
Total receivables, contract assets and prepayments	2 274 866	4 010 379
Cash and cash equivalents	557 834	830 243
TOTAL CURRENT ASSETS	6 695 379	6 812 928
TOTAL ASSETS	28 748 776	28 832 543
*Available unused credit line	700 000	270 554
*Available unused factoring limit	1 137 100	1 537 540

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

August 13, 2021

Jānis Sams

Chairman of the Management Board

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

	30.06.2021	31.12.2020
EQUITY	EUR	EUR
Share capital	1 829 381	1 829 381
Share premium	2 435 579	2 435 579
Reserves	1 973	1 973
Non-current asset revaluation reserve	1 853 109	1 914 956
Retained earnings/ (accumulated loss):		
a) brought forward	2 297 975	2 842 621
b) for the period	(281 483)	(551 612)
Minority share	-	-
TOTAL EQUITY	8 136 534	8 472 898
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	6 720 484	7 390 029
Lease liabilities	2 465 541	1 686 167
Other financial liabilities	2 365 896	1 652 485
Prepayments received from customers (Contract liabilities)	-	-
Government grants	710 787	724 075
Taxes payables – non-current	293 007	273 417
Total non-current liabilities	12 555 715	11 726 173
Current liabilities		
Loans from credit institutions	1 639 322	1 829 071
Lease liabilities	979 766	960 475
Prepayments received under contracts with customers	720 900	788 670
Trade payables	2 428 120	3 496 960
Taxes payable	551 695	811 374
Corporate income tax	-	2 516
Other liabilities	207 844	251 387
Government grants	177 262	185 758
Accrued liabilities	1 351 618	307 261
Total current liabilities	8 056 527	8 633 472
TOTAL LIABILITIES	20 612 242	20 359 645
TOTAL EQUITY AND LIABILITIES	28 748 776	28 832 543

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

August 13, 2021

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Chairman of the Management Board

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Interim consolidated statement of cash flow

	01.04.2021- 30.06.2021 EUR	01.04.2020- 30.06.2020 EUR	01.01.2021- 30.06.2021 EUR	01.01.2020- 30.06.2020 EUR
CASH FLOWS TO/ FROM OPERATING ACTIVITIES				
Profit (loss) before tax	(326 625)	(382 581)	(281 483)	(817 726)
Adjustments for:				
Depreciation and amortization	630 090	600 745	1 279 778	1 214 717
Depreciation included in the cost of work in progress and in the cost of fixed assets				
Interest expense	31 832	53 955	67 666	108 050
Interest income	(2 917)	(2 559)	(5 560)	(5 117)
Decrease in allowances for slow-moving items and receivables	(62 839)	14 217	(122 717)	(1 695)
Income from grant recognition	(57 932)	(25 461)	(100 480)	(50 923)
Gain on disposal of property, plant and equipment	(100)	-	(72)	20
Fair value adjustment for warrants	504 402	-	713 411	-
Share of loss of an associates	196 110	188 924	381 307	329 702
Adjustments for:				
(Increase)/ decrease in inventories	264 723	(156 599)	335 492	(358 866)
(Increase)/ decrease in receivables	(642 206)	81 675	(367 635)	579 655
Increase/ (decrease) in payables	(135 562)	603 644	(433 213)	1 069 046
Cash generated from operations, gross	398 976	975 960	1 466 494	2 066 863
Interest paid	(31 832)	(53 955)	(67 666)	(108 050)
Corporate income tax paid	-	-	-	-
Net cash flows to/ from operating activities	367 144	922 005	1 398 828	1 958 813
CASH FLOWS TO/ FROM INVESTING ACTIVITIES				
Purchase of intangible assets and property, plant and equipment	(195 790)	(274 167)	(333 613)	(430 206)
Investments in other companies	(7 612)	(107 500)	(10 959)	(472 500)
Net cash flows to/ from investing activities	(203 402)	(381 667)	(344 572)	(902 706)
CASH FLOWS TO/ FROM FINANCING ACTIVITIES				
Grants received	146 983	70 612	319 185	99 274
Dividends paid	(54 881)	-	(54 881)	-
Loans repaid to credit institutions	(348 014)	(429 446)	(1 015 732)	(635 446)
Loans repaid to lease companies	(107 047)	(65 930)	(141 048)	(133 405)
Payment of principal portion of lease liabilities	(229 388)	(174 647)	(434 189)	(349 349)
Net cash flows to/ from financing activities	(592 347)	(599 411)	(1 326 665)	(1 018 926)
Change in cash and cash equivalents for the year	(428 605)	(59 073)	(272 409)	37 181
Cash and cash equivalents at the beginning of the year	986 439	291 661	830 243	254 480
Cash and cash equivalents at the end of the year	557 834	232 588	557 834	291 661

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

Interim consolidated statement of changes in equity

	Share capital	Share premium	Reserves	Non-current asset revaluation reserve	Retained earnings/ (accumulated loss)	Non- controlling interest	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 31 December 2019	1 829 381	2 435 579	688	2 038 647	2 606 875	117 047	9 028 217
Profit for the reporting year	-	-	-	-	(816 770)	(956)	(817 726)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(816 770)	(956)	(817 726)
Depreciation of revalued items of property, plant and equipment	-	-	-	(61 847)	61 847	-	-
Share option reserves	-	-	159	-	-	-	159
Balance as at 30 June 2020	1 829 381	2 435 579	847	1 976 800	1 851 952	116 091	8 210 650
Balance as at 31 December 2020	1 829 381	2 435 579	1 973	1 914 956	2 291 009	-	8 472 898
Profit for the reporting year	-	-	-	-	(281 483)	-	(281 483)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(281 483)	-	(281 483)
Depreciation of revalued items of property, plant and equipment	-	-	-	(61 847)	61 847	-	-
Share option reserves	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	(54 881)	-	(54 881)
Balance as at 30 June 2021	1 829 381	2 435 579	1 973	1 853 109	2 016 492	-	8 136 534

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 six months ended June 30, 2021 were authorized for issue in accordance with a resolution of the Management Board of the Parent Company on August 13, 2021.

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

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

2.1. Basis of preparation

The interim condensed consolidated financial statements for the six months ended June 30, 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting.

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

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

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

3. Related party disclosures

			Amounts owed by related parties (gross)	Amounts owed to related parties (gross)
Related party	Type of services		EUR	EUR
1. Associates				
SIA Lightspace Technologies (AS HansaMatrix share: 49%)	Loan	31.12.2020	4 961 573	-
		30.06.2021	4 961 573	-
	Services, purchase of materials, sales	31.12.2020	447 252	338 853
		30.06.2021	724 026	-
	TOTAL	31.12.2020	5 408 825	338 853
	TOTAL	30.06.2021	5 685 599	-
2. Entities with significant influence over the Parent Company				
SIA MACRO RĪGA (shareholder)	Loans	31.12.2020	551 883	-
		30.06.2021	557 358	-
	Purchase of services; sale of materials	31.12.2020	2 067	-
		30.06.2021	-	-
	TOTAL	31.12.2020	553 950	-
	TOTAL	30.06.2021	557 358	-

4. EBITDA calculation

	01.04.2021- 30.06.2021 EUR	01.04.2020- 30.06.2020 EUR	01.01.2021- 30.06.2021 EUR	01.01.2020- 30.06.2020 EUR
NET sales	6 041 607	5 290 316	11 869 983	10 474 453
Operating profit	520 456	(74 078)	1 111 908	(246 974)
Depreciation and amortization	630 090	600 745	1 279 778	1 214 717
EBITDA, EUR	1 150 546	526 667	2 391 686	967 743
EBITDA, %	19%	10%	20%	9%

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

	Total at carrying amount	Total at fair value	Fair value measurement using		
			quoted prices in active markets (level 1)	significant observable inputs (level 2)	significant unobservable inputs (level 3)
	EUR	EUR	EUR	EUR	EUR
<i>Assets and liabilities measured at fair value</i>					
Convertible loan SIA Lightspace Technologies	4 961 573	4 961 573	-	4 961 573	-
Warrants	2 365 896	2 365 896	-	2 365 896	-
Investments in other companies	53 046	53 046	-	-	53 046
Other financial assets	23 345	23 345	-	-	23 345
<i>Assets and liabilities for which fair value is disclosed</i>					
Loan to shareholder	557 358	557 358	-	-	557 358
Loans from credit institutions	8 359 806	8 359 806	-	8 359 806	-

As at the end of Q2 2021 the Group has reviewed the key assumptions of the fair value measurement, carried out for the Group's annual consolidated financial statements as at December 31, 2021, of the depicted above assets and liabilities and concluded that the carrying amounts of these assets and liabilities as of June 30, 2021 are reasonable approximations of the fair values, except that in Q2 2021 the Group carried out revaluation of fair value of warrants issued in relation to European Investment Bank (EIB) Financing contract in amount of 0.504 million EUR and in 6m 2021 in amount of 0.713 million EUR due to increasing HansaMatrix stock market price, which decreased net profit in the reporting period.

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

6. Earnings per share

	01.04.2021- 30.06.2021 EUR	01.04.2020- 30.06.2020 EUR	01.01.2021- 30.06.2021 EUR	01.01.2020- 30.06.2020 EUR
Net profit or loss for the reporting period	(326 625)	(382 581)	(296 871)	(817 726)
Other comprehensive income:	-	-	-	-
Total comprehensive income or (loss) for the year, net of tax	(326 625)	(382 581)	(281 483)	(817 726)
Comprehensive income or (loss) attributable to:	-	-	-	-
Equity holders of the Parent Company	(326 625)	(382 161)	281 483	(816 770)
Non-controlling interests	-	(420)	-	(956)
	(326 625)	(382 581)	281 483	(817 726)
HansaMatrix AS number of shares	1 829 381	1 829 381	1 829 381	1 829 381
Earnings per share	-0.179	(0.209)	0.154	(0.446)
HansaMatrix AS employees share options	9 050	3 000	9 050	3 000
EIB warrants	205 298	205 298	205 298	205 298
Diluted Earnings Per Share	-0.160	(0.188)	0.138	(0.401)

7. Normalized net profit

Normalized net profit calculation for Q1-Q2, 2020 and Q1-Q2, 2021:

	01.04.2021- 30.06.2021 EUR	01.01.2021- 31.03.2021 EUR	01.04.2020- 30.06.2020 EUR	01.01.2020- 31.03.2020 EUR
Net profit	(326,625)	45142	(382,581)	(435,145)
Loss/Profit from investments in associates	196 110	185 197	188 924	140 778
EIB warrant fair value change provisions	504 402	209 009	-	-
EIB loan fair value change provisions	82 459	83 446	65 979	65 980
Interest expense related to operating leases	32 110	32 914	12 554	14 084
Deferred tax liabilities	-	-	-	-
Normalized net profit	488 456	555 708	(115 124)	(214 303)

Normalized net profit calculation for 2016-2020, 6m2020 and 6m 2021:

	01.01.2021- 30.06.2021 EUR	01.01.2020- 31.12.2020 EUR	01.01.2020- 30.06.2020 EUR	01.01.2019- 31.12.2019 EUR	01.01.2018- 31.12.2018 EUR	01.01.2017- 31.12.2017 EUR	01.01.2016- 31.12.2016 EUR
Net profit	(281,483)	(817,726)	(551,612)	207,888	781,018	1678990	551,197
Loss/Profit from investments in associates	381 307	329 702	325 146	623 202	483 143	107 712	16 637
EIB warrant fair value change provisions	713 411	-	306 555	-	-	-	-
EIB loan fair value change provisions	165 905	131 959	293 738	246 346	8 117	-	-
Interest expense related to operating leases	65 024	26 638	123 053	66 088	-	-	-
Deferred tax liabilities	-	-	-	-	-	(451 051)	21 251
Normalized net profit	1 044 164	(329 427)	496 880	1 143 524	1 272 278	1 335 651	589 085

8. Dividends paid and proposed

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

9. Definitions of Alternative Performance Measures

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

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

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