



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

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED JUNE 30, 2019**

Prepared in accordance with International Financial Reporting
Standards, as adopted by the European Union

Riga, 2019

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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 with the Commercial Register	Riga, 27 December 2002
Registered office	Akmeņu iela 72, Ogre, Latvia, LV-5001
Shareholders (over 5%) as of August 14, 2019	SIA Macro Rīga (34.03%) ZGI-4 AIF KS (15.06%) KS BaltCap Latvia Venture Capital Fund (9.95%) KS FlyCap Investment Fund I AIF (9.61%) 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 Campus Pārogre (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 2019
Interim reporting period	1st January – 30th June 2019

Management Board

The Management Board is a collegial executive body entrusted with management of the 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 Company, members of the Management Board are elected for an indefinite period of time.

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

As of the date of the statement Company's Management Board is composed of three persons consisting of Chairman of the Board and two Board Members.



Ilmārs Osmanis

Ilmārs Osmanis is the Chairman of the Management Board and the CEO of the Company
Date appointed: 30 December 2015

Positions held in other companies:

- Campus Pārogre, SIA – Chairman of the Board
- HansaMatrix Ventspils, SIA – Member of the Board
- HansaMatrix Innovation, SIA – Chairman of the Board
- Zinātnes parks, SIA – Chairman of the Board
- Macro Rīga, SIA – Member of the Board
- Lightspace Technologies, SIA – Chairman of the Board
- LEO Pētījumu centrs, SIA – Member of council
- LEITC, SIA – Member of council
- Latvijas Elektrotehnikas un elektronikas rūpniecības asociācija – Member of the Board
- Eurolcids, SIA - Member of the Board

Owned shares:

- directly: 0
- indirectly (through SIA, Macro Rīga): 622 503 shares

Participation in other companies:

- Macro Rīga, SIA (100%)
- Lightspace Technologies, SIA (15.28%)

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 components distribution business in the Baltic countries, a business that was subsequently successfully sold. During the last fifteen years, Ilmārs Osmanis, who created the Company, served as its CEO. The Company 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 Company in 2014 and listed HansaMatrix on Nasdaq Baltic main list at 2016.

**Māris Macijevskis**

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

Date appointed: 16 February 2018

Positions held in other companies:

- IQ Capital SIA – Member of the Board
- Latvijas Skvoša federācija, Biedrība – Chairman of the Management Board

Owned shares: 300

Owned employee share options: 700 (as of August 15, 2019)

Participation in other companies:

- IQ Capital SIA (100%)

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. His previous experience includes the position of a Head of Corporate Client Service Department at Citadele banka AS. Mr. Macijevskis has been with the Company since 2017.

**Aldis Cimoška**

Aldis Cimoška is a member of the Management Board of the Company and the Head of Ventspils Plant.

Date appointed: 30 December 2015

Positions held in other companies:

- HansaMatrix Ventspils SIA – Member of the Board

Owned employee share options: 1800 (as of August 15, 2019)

Aldis Cimoška holds Engineering degree in wood processing from Latvian University of Agriculture. He possesses extensive experience in managing a wooden house fabrication company. Aldis is also business coach at Commercial education centre in relation to production efficiency, LEAN processes, business strategy, and adjustment of production processes, establishment and development of production enterprises. Mr. Cimoška has been with the Company since 2013.

Changes to the Company's Management Board:

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

Supervisory Board

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

As of the date of the statement the Company's Supervisory Board is composed of the following members: Chairman of Supervisory Board, Deputy Chairman of Supervisory Board and three Members of Supervisory Board.

Andris Bērziņš

Andris Bērziņš is the Chairman of the Supervisory Board of the Company.

Date appointed: 16 February 2018

Term of office: 16 February 2023

Owned shares: 0

Andris Bērziņš will be regarded as independent board member.

Positions held in other companies:

- RĪGAS EVANĢĒLISKĀ DRAUDZE – Chairman of the Board
- TechHub Riga, Nodibinājums – Member of the Board
- KBZ, Sabiedrība ar ierobežotu atbildību – Chairman of the Board
- TechChill, Nodibinājums – Member of the Board
- Sonarworks, SIA – Member of Council
- Nordigen Solutions, SIA – Member of the Board

Participation in other companies:

- KBZ, Sabiedrība ar ierobežotu atbildību (100%)

Andris Bērziņš is an entrepreneur and executive with extensive experience in C-level roles at high-growth, global venture-backed startups. He holds a Stanford MBA with a broad experience in investing, strategy, business development, sales, marketing and product management across Europe and the USA. He has a proven track record of having led global technology startups from pre-seed stage to rapid growth.

Krišs Osmanis

Krišs Osmanis is the Deputy Chairman of the Supervisory Board of the Company.

Date appointed: 16 February 2018

Term of office: 16 February 2023

Owned shares: 0

Owned employee share options: 300 (as of August 15, 2019)

Represents Macro Riga shareholding of 622 503 shares.

Positions held in other companies:

- LightSpace Technologies, SIA – Chairman of the Council
- EUROLCDs, SIA – Member of a Council
- HansaMatrix Innovation, SIA – Member of the Board

Krišs Osmanis is the leading Electronics Design Engineer with the Company's R&D department since 2012. He holds a Dr.Sci.Ing degree in Electronics from Riga Technical University. The professional experience of Krišs Osmanis includes high speed FPGA architecture and design, high speed driving of DLP based optical projection systems. He is the author of several scientific publications and patents.

Dagnis Dreimanis

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

Date appointed: 16 February 2018

Term of office: 16 February 2023

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, Member of the Board
- Baltic Coffee Holding SIA, Member of the Council
- EVO grupa SIA, Member of the Council
- Vika Wood, SIA, Member of the Council
- BaltCap AIFP SIA, Chairman of the Board
- SOLVINA SIA, Member of the Board
- Latvian Capital Ventures SIA, Member of the Board

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.

Ingrīda Blūma

Ingrīda Blūma is a member of the Supervisory Board of the Company.

Date appointed: 16 February 2018

Term of office: 16 February 2023

Positions held in other companies:

- RĪGAS PIENA KOMBINĀTS, Akciju sabiedrība – Council Member
- i-bloom, SIA – Member of the Board
- Expobank, AS - Council Member
- PN Project, AS - Council Member

Owned shares: 0

Ingrīda Blūma will be regarded as independent board 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.

Gundars Strautmanis

Gundars Strautmanis is a member of the Supervisory Board of the Company.

Date appointed: 16 February 2018

Term of office: 16 February 2023

Positions held in other companies:

- Latvijas Elektrotehnikas un elektronikas rūpniecības asociācija, biedrība – Member of the Board
- Inženiera Jāņa Lintera fonds – Member of the Board

Owned shares: 0

Gundars Strautmanis will be regarded as independent board member.

Dr.habil.sc.ing., Prof. Gundars Strautmanis adds highly valuable executive and professional experience to company Council. Gundars Strautmanis has graduated Riga Polytechnical Institute with engineering degree and Moscow Institute of Electronic Technologies with post graduate degree and additional business education at York University (Canada), Mastery University and Columbia University Business School (USA).

Dr. Gundars Strautmanis currently serves as a First Vice-president of Latvian Chamber of Commerce and Industry, also He is a member of the European Economic and Social committee (EESC), member of the Bureau of two internal structures of EESC- Employers group and Industrial development section (CCMI), non-executive adviser to CEO of Lattelecom Ltd. His previous positions - President-Chairman of the Board of Directors at Lattelecom Ltd.; deputy Chairman of Supervisory Council at Latvian Mobile Telephone (LMT) Ltd.; a Supervisory Board member in European Intergovernmental satellite telecommunications organization EUTELSAT, and others.
Gundars Strautmanis has received several state awards.

Changes to the Company's Supervisory Board:

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

Major shareholders

AS HansaMatrix major shareholders as of August 14, 2019 (end of the day):

Major shareholders (over 5%)	Owned shares	Ownership interest
SIA Macro Rīga	622 503	34.03%
ZGI-4 AIF KS	275 562	15.06%
KS BaltCap Latvia Venture Capital Fund	182 000	9.95%
KS FlyCap Investment Fund I AIF	175 738	9.61%
IPAS CBL Asset Management managed funds	120 000	6.56%
Swedbank Ieguldījumu pārvaldes sabiedrība AS managed funds	93 369	5.1%
Other shareholders (under 5%)	360 209	19.69%
TOTAL:	1 829 381	100.00%



MANAGEMENT REPORT

General information

The joint stock company HansaMatrix (hereinafter – HansaMatrix or the Company) is a leading Baltic electronic system product developer and manufacturer. The Company is actively operating integrated product manufacturing services in industrial systems, data network infrastructure, Internet of Things, medical and several other B2B (business-to-business) market sectors. HansaMatrix is actively growing its knowledge business, product development engineering teams and building knowledge platform for future innovation and business development. Building on its 19-year experience and its business mission, which is to develop global technology products, the Company makes itself a valuable asset assisting customers in the achievement of success in global markets.

Business environment

Globaly electronics manufacturing services markets currently been effected by ongoing USA and China “trade war”. Situation with increased tarrifs on China manufactured electronic circuits improve market position in US to East Europe suppliers. From other side “trade war” slows down economy and holds back some investments in infrastructure. Situation is not stable and can change any time.

Positive development of 5G networks is beneficial factor to business environment. In 2019 Q2 HansaMatrix started to supply electronic circuits for 5G network base stations and increasing investments in EU 5G networks will positively effect future HansaMatrix sales development.

The second quarter of 2019 shown further decrease of negitve impact of deficit of some electronic components. The slow down of sales of smart phones in global markets have caused the reduction of demand for multi layer ceramic capacitors – from MURATA, AVX and other suppliers.

Local labor market development in Latvia show faster then expected salary inflation. 2018 year y-o-y salary inflation reached 8.4% and consensus forecast for 2019 among bank analysts stand at 7...8% level. This remains a significant cost increase driver.

Finance results brief summary

During the second quarter (Q2 further in document) of 2019 the Company reported turnover of 5.973 million EUR, which is historically highest quarterly turnover, representing increase by 15% in comparison to the same period of 2018. The 2019 Q2 sales results showed slight 1% sales volume increase in comparison with previous quarter – 2019 Q1.

During first 6 months (“6m” or “H1” further in the document) of 2019 the Company reported sales volume increase by 7% compared to the same period of 2018 and reached 11.881 million EUR. 2019 H1 turnover was 18% larger compared with 2018 second half of year (“H2”).

During 2019 Q2 the Company reported quarterly EBITDA result of 0.960 million EUR and quarterly net loss of 0.054 million EUR. The reported EBITDA result shows slight 1% decrease in comparison with Q2 2018 and 14% decrease compared to

previous quarter of 2019 Q1. The company operated with small net loss in 2019 Q2, resulting in negative net profit margin. Results represent quarterly EBITDA margin of 16.07%.

During first 6 months of 2019 (“H1”) the Company reported historically highest half year EBITDA result of 2.076 million EUR and half year net profit result of 0.146 million EUR. The reported EBITDA result shows 3% increase in comparison with 2018 H1 and 60% increase from previous 6 month period of 2018 H2. The 6 month net profit results for 2019 H1 demonstrate 84% decrease in comparison with 2018 H1 but increase compared to 2018 H2, when the Company operated with net loss. Results represent 6 month EBITDA margin of 17.5% and 6 month net profit margin of 1.2%.

EBITDA margin in 2019 1H remains at comparably high level, determined by product with higher added value proportion in the total sales volume. Net profit margin exhibits decreasing trend, explained by the increased interest payments, where interest payment provisions for European Investment Bank financing is included and explained by the increased proportional losses included in the consolidated financial statements from the associate companies. Both EBITDA and net profit margins in 2019 were also influenced by significant direct manufacturing labor wage increases.

2019 Q2 R&D turnover increased by 96% compared with 2018 Q2 R&D turnover and increased by 35% compared to the previous quarter Q1 2019 turnover, and is accounting for 9.7% share of Company’s consolidated sales in 2019 Q2. R&D grant income has not been included in reported R&D sales figures. Substantial increase in R&D sales volumes in 2019 Q2 is explained by R&D manufacturing department substantially increasing production of high-tech optical devices and by working on several other R&D projects.

TTM - 12 month period sales (period starting in July 1, 2018 and ending with June 30, 2019) at 2019 Q2 reported to be at historically highest level of 21.948 million EUR, showing 3.71% increase compared to TTM sales for the period ended at 2019 Q1. EBITDA result for the TTM 12 month period reported to be 3.369 million EUR, a slight decrease of 0.43% in comparison with 12 month period ended at 2019 Q1. Net profit for TTM period reported 0.114 million EUR, 80% down if compared with 12 month period ended at 2019 Q1. Averaged EBITDA margin for TTM period is reported to be 15.4% and net profit margin for the same period is reported to be 0.5%.

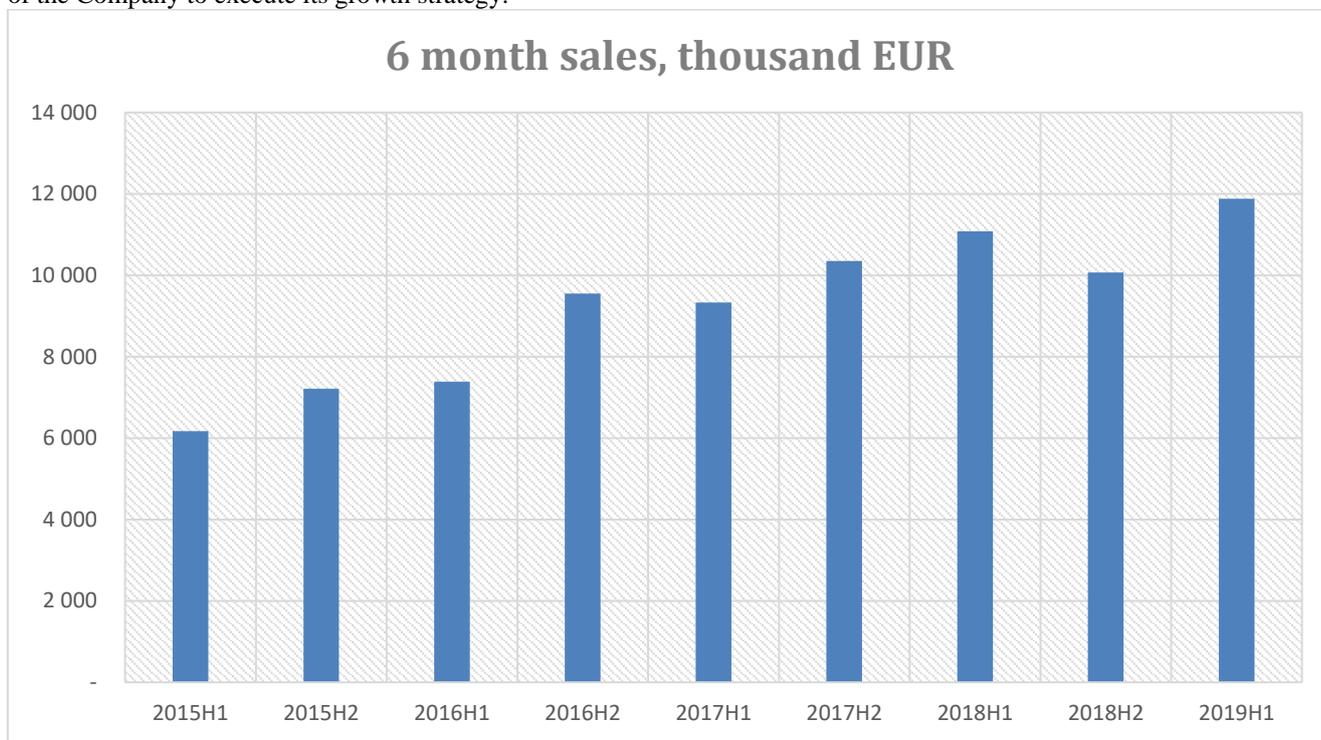
Quarterly sales results for 2019 Q2

During Q2 of 2019 the Company reported turnover of 5.973 million EUR, which is historically highest quarterly turnover, representing increase by 15% in comparison to the same period of 2018. The 2019 Q2 sales results showed slight 1% sales volume increase in comparison with previous quarter – 2019 Q1. 2019 second quarter sales demonstrate substantial increased on year on year basis and is a result of the Company growth strategy execution.



2019 6 month sales results

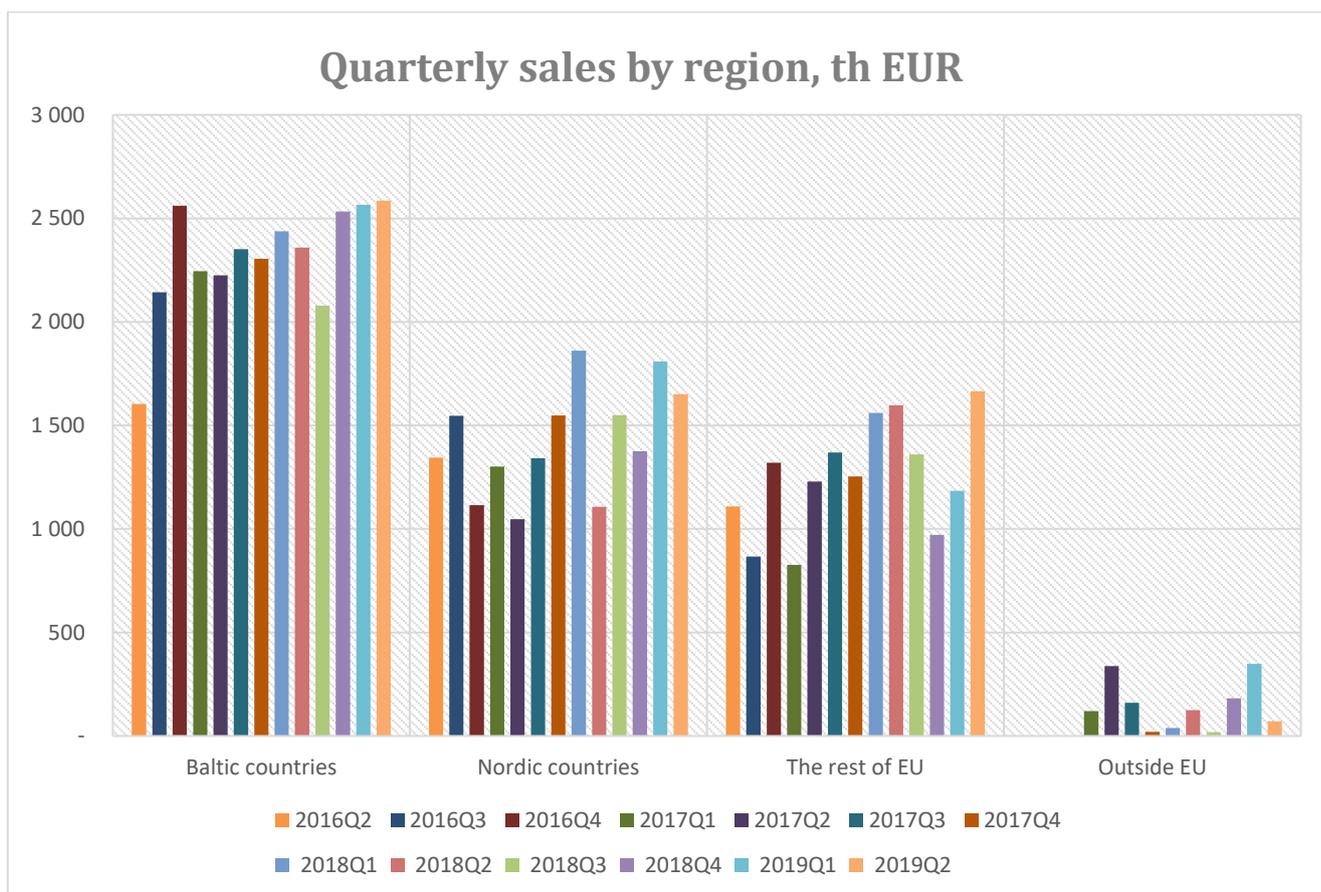
During first 6 months (“6m” or “H1” further in the document) of 2019 the Company reported sales volume increased by 7% compared to the same period of 2018 and reached 11.881 million EUR. 2019 H1 turnover was 18% larger compared with 2018 second half of year (“H2”). 2019 1H results and the achieved y-o-y and q-o-q growth level reflect the firm commitment of the Company to execute its growth strategy.



Quarterly sales by market region results for 2019 Q2

During 2019 Q2 Baltic states continue to be the largest market region with 43% share of turnover. Nordic and other EU sales both reported as 28% of total sales. HansaMatrix during 2019 Q2 continued to deliver small amounts to customer locations outside EU. This market share in 2019 Q1 amounts to 1% of the total sales volume.

Sales dynamics of regions – Baltic sales were 10% up compared to 2018 Q2 and also 1% up compared to 2019 Q1; Nordic sales were 49% up from 2018 Q2, but 9% down in comparison with 2019 Q1. Other EU region sales reported 4% increase from 2018 Q2 and 41% increase from 2019 Q1. Outside EU deliveries decreased by 43% from 2018 Q2 and decreased by 80% from 2019 Q1. Significant quarterly sales fluctuations in different regions are explained by the customer order flow that can exhibit quarterly fluctuations, smoothing out in medium and long term.



Data table - Quarterly sales by region, thEUR

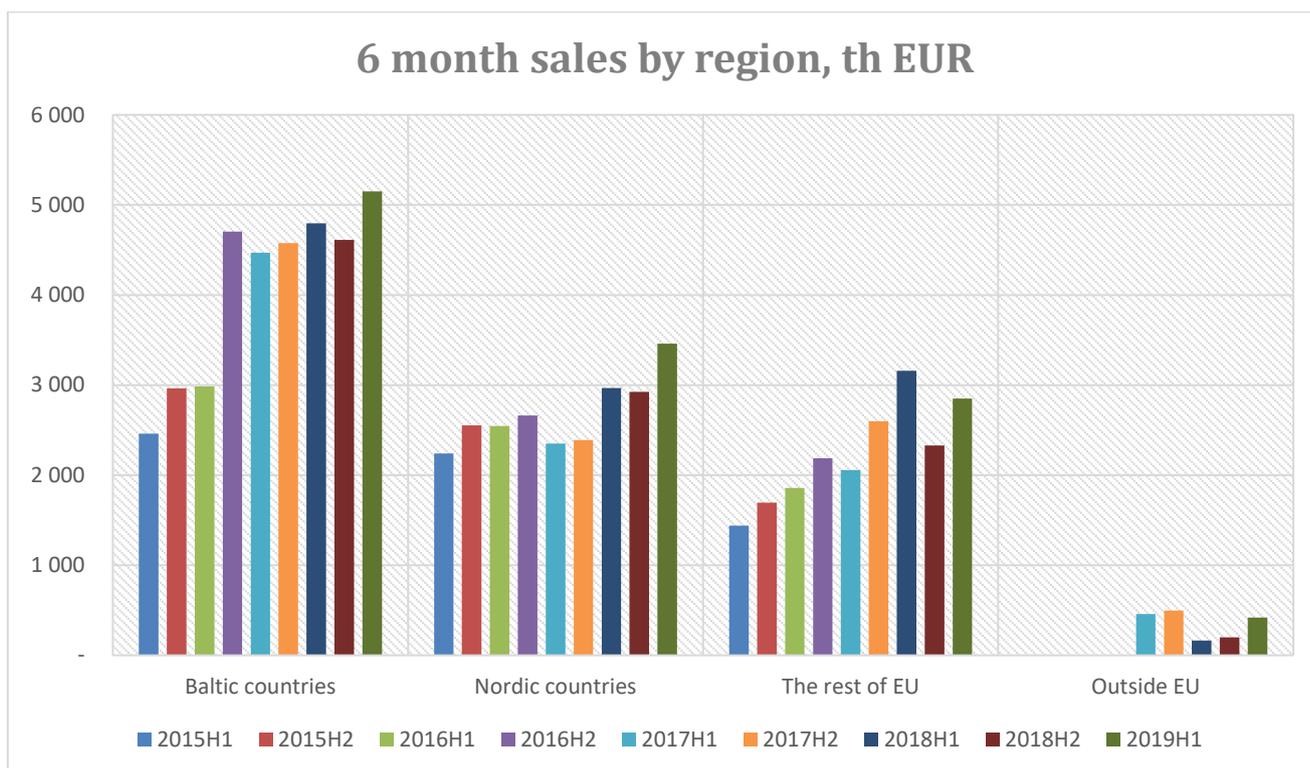
Sales, thEUR	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2
Baltic countries	1 382	1 603	2 143	2 562	2 244	2 224
Nordic countries	1 200	1 345	1 546	1 115	1 302	1 048
The rest of EU	748	1 109	867	1 319	827	1 229
Outside EU	-	-	-	-	121	339
Total	3 330	4 057	4 557	4 996	4 494	4 839

2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4	2019Q1	2019Q2
2 351	2 305	2 438	2 359	2 078	2 533	2 566	2 586
1 341	1 548	1 861	1 106	1 549	1 375	1 809	1 652
1 370	1 253	1 560	1 597	1 360	971	1 184	1 665
161	20	39	124	19	182	348	71
5 222	5 126	5 898	5 188	5 005	5 061	5 908	5 973

2019 6 month sales by region results

During 2019 H1 main sales drivers continue to be Baltic customers with 43% market share of sales. Nordic and other EU sales reported as 29% and 24% of total sales. Product deliveries to customer locations outside EU amounted to 4% of total sales in 2019 H1.

Sales dynamics of regions – Baltic sales were 7% up from 2018 H1 and 12% up from 2018 H2; Nordic sales were 17% up from 2018 H1 and 18% up in comparison with 2018 H2. Other EU sales were reported with 10% volume decrease from 2018 H1 and 22% increase from 2018 H2. Outside EU sales exhibited substantial 157% year on year growth and 108% increase from 2018 H2.

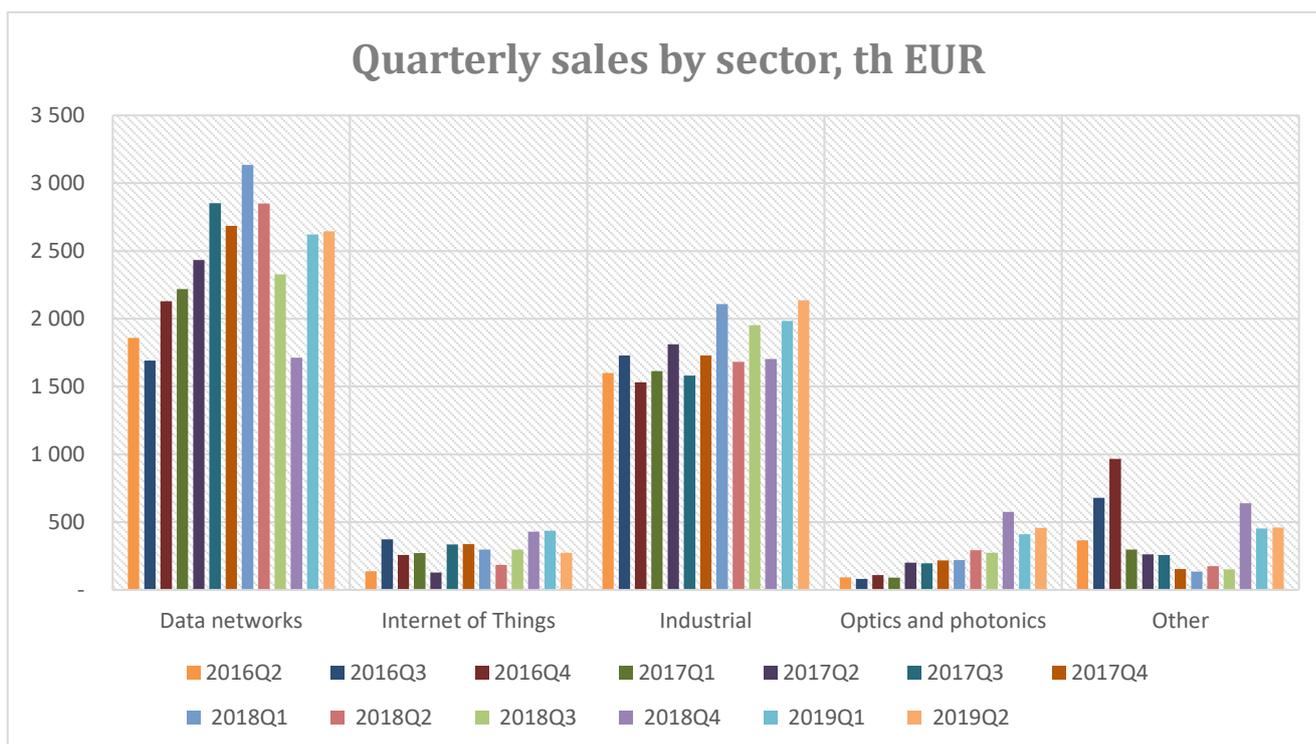


Quarterly sales by market sector results for 2019 Q2

During 2019 Q2 data network product sales and industrial product sales were dominating sales drivers respectively with 44% and 36% sales market share. Internet-of-things sales amounted to 5%, other products and optics and photonics products reported each with 8% share.

2019 Q2 data network product sales show decrease by 7%; industrial sector product sales – significant increase by 27%; internet-of-things – increase by 48%, optics and photonics products sales – increase by 55% and other product sector – increase by 162% in comparison with 2018 Q2. Comparison with sales results with previous - 2019 Q1 demonstrates 1% increase in data networks; 8% increase in industrial sector; decrease of 37% in Internet of things products; 11% increase in optics and photonics products and 2% increase in other product sector.

Sector sales quarterly fluctuations are explained by the customer order flow that can exhibit significant quarterly fluctuations, sectors sales trends are to be observed in the longer term periods. Optics and photonics product sales have increased related to focused R&D and manufacturing activities in this market sector. Internet of things product sector has large future potential, however currently a significant number of projects in this sector globally are still in start-up phase.



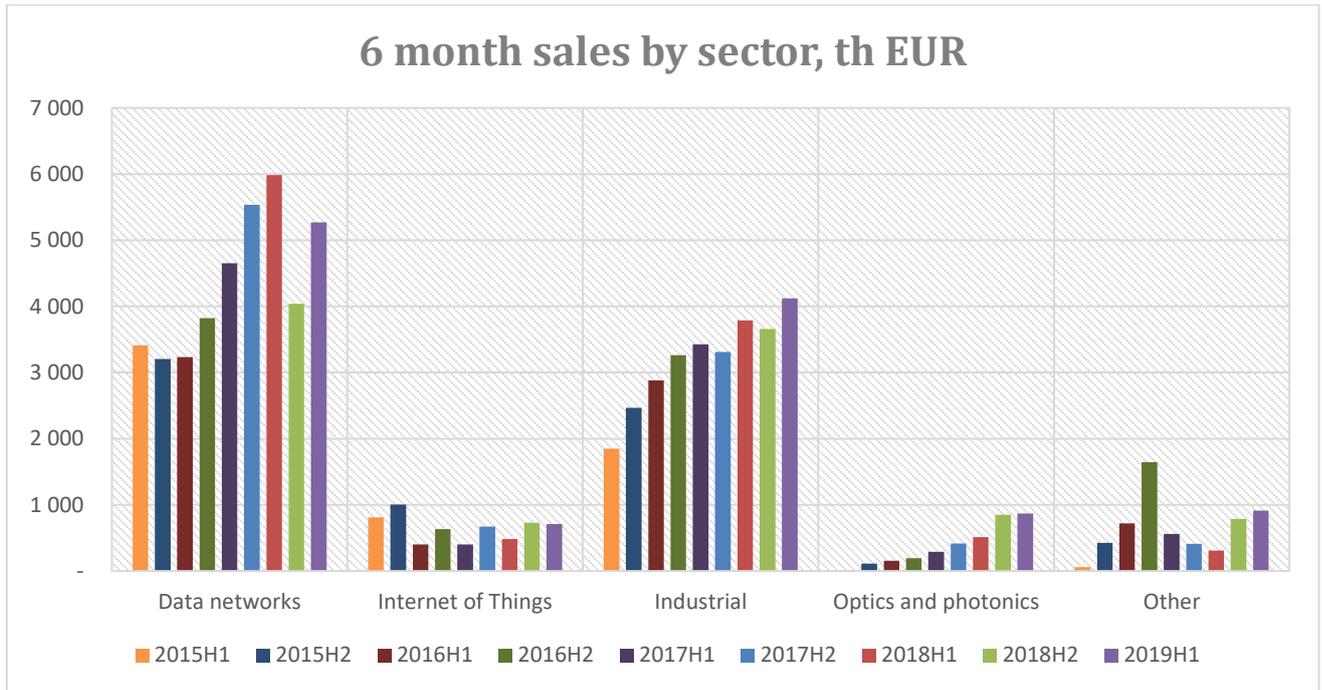
Data table - quarterly sales by market sector results for 2019 Q2

Sales, thEUR	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4
Data networks	1 375	1 859	1 691	2 130	2 220	2 434	2 852	2 685
Internet of Things	261	138	374	258	272	129	336	338
Industrial	1 280	1 600	1 730	1 531	1 614	1 813	1 581	1 730
Optics and photonics	60	94	82	110	91	201	197	218
Other	354	366	680	967	298	263	257	155
Total	3 330	4 057	4 557	4 996	4 494	4 839	5 222	5 126

2018Q1	2018Q2	2018Q3	2018Q4	2019Q1	2019Q2
3 134	2 851	2 327	1 714	2 621	2 646
299	185	298	430	438	275
2 108	1 683	1 953	1 705	1 984	2 136
220	294	276	575	412	457
137	175	151	638	452	459
5 898	5 188	5 005	5 061	5 908	5 973

2019 6 month sales by market sector results

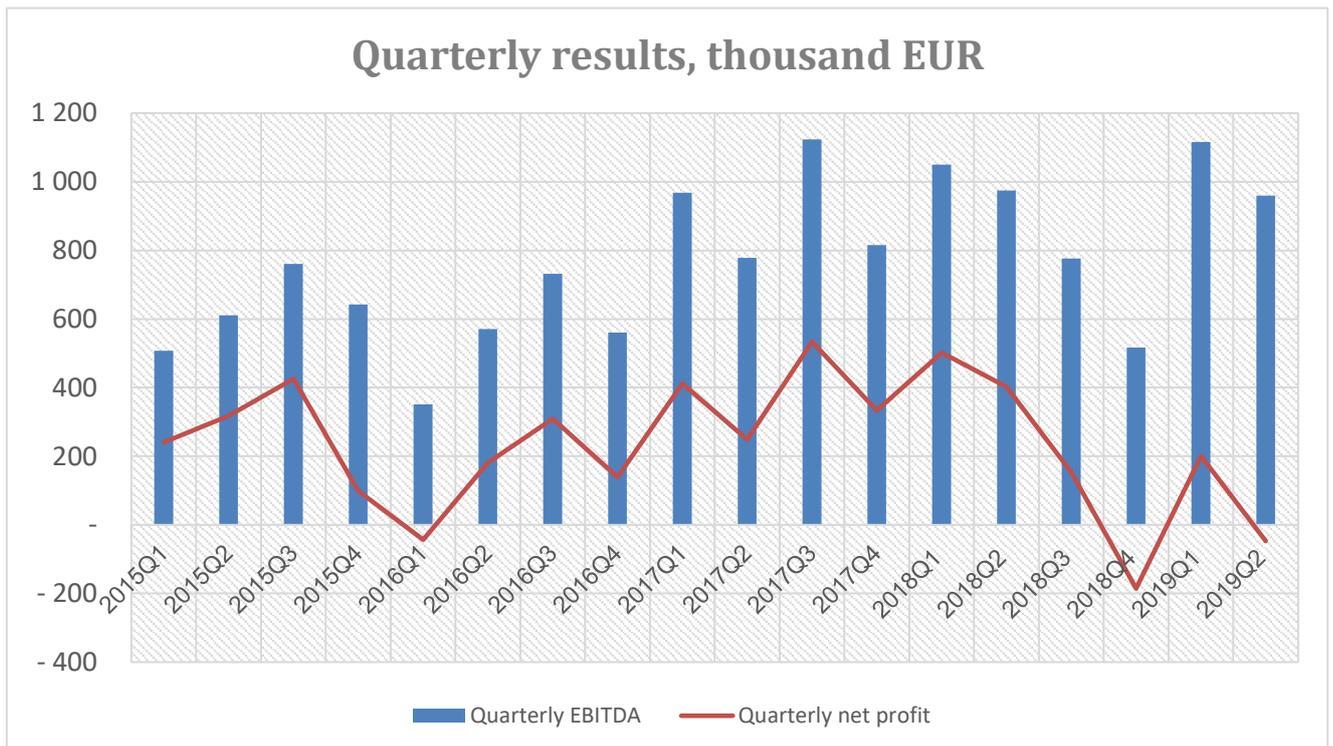
During 2019 H1 main sales contributors continue to be data network products with 44% sales share, followed by industrial product sales with 35% share in turnover. Internet of things product share in sales was 6%, optics and photonics products – 7% and other product share – 8%. Sales dynamics of market segments – data network sales were 12% down from 2018 H1 and 30% up from 2018 H2; industrial product sales were 9% up from 2018 H1 and 13% up in comparison with 2018 H2; optics and photonics product sales were 69% up from 2018 H1 and 2% up from 2018 H2. Internet of things product sales were 47% up from 2018 H1 and 2% down from 2018 H2, other product sales reported 192% increase from 2018 H1 and 15% increase from 2018 H2.



Quarterly EBITDA and net profit results in 2019 Q2

During 2019 Q2 the Company reported quarterly EBITDA result of 0.960 million EUR and quarterly net loss of 0.054 million EUR. The reported EBITDA result shows 1% decrease in comparison with Q2 2018 and 14% decrease compared to previous quarter of 2019 Q1. The company operated with small net loss in 2019 Q2. Results represent quarterly EBITDA margin of 16.07%.

EBITDA margin in 2019 Q2 remains at comparably high level, determined by product with higher added value proportion in the total sales volume. Net profit margin exhibited decreasing trend, explained by the increased interest payments, where interest payment provisions for European Investment Bank financing is included and explained by the increased proportional losses included in the consolidated financial statements from the associate companies. Both EBITDA and net profit margins in 2019 Q2 were also influenced by significant direct manufacturing labor wage increases.

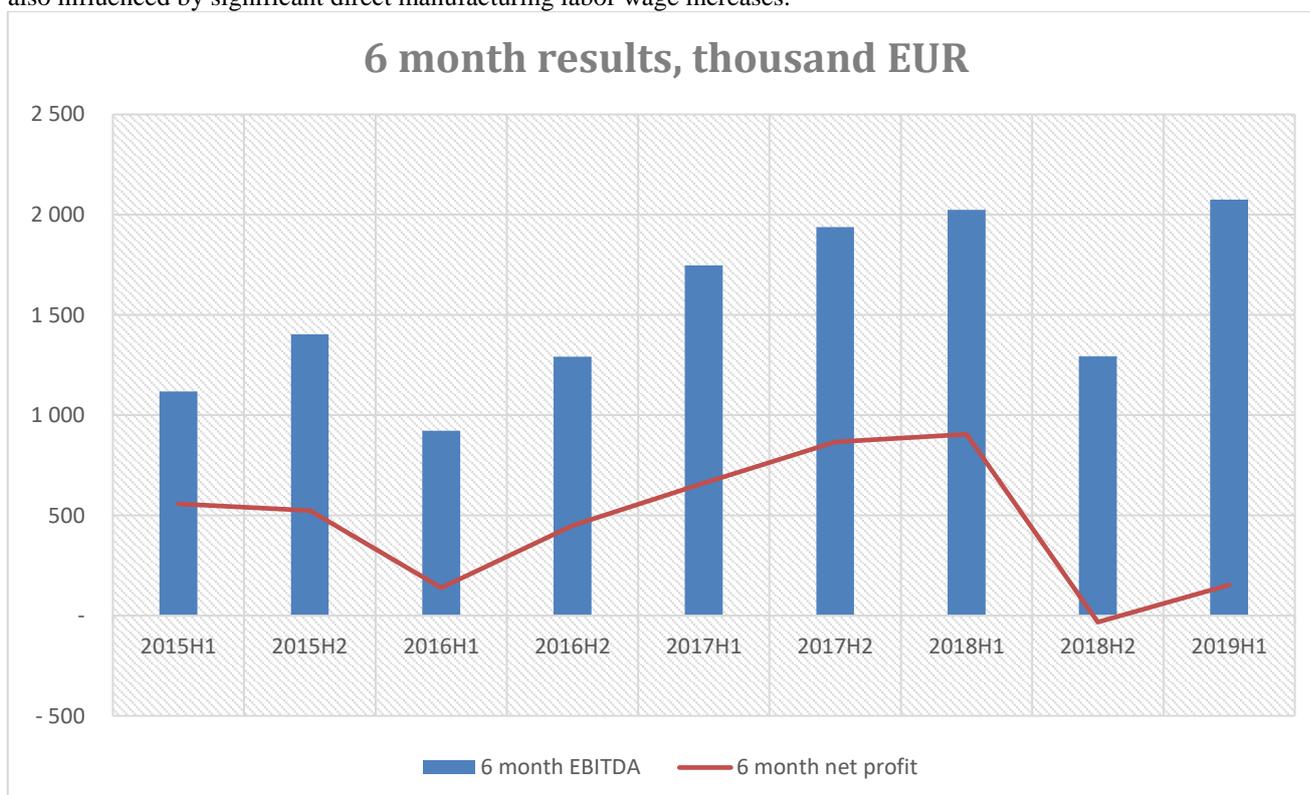


2019 6 month EBITDA and net profit results

During first 6 months of 2019 (“H1”) the Company reported historically highest half year EBITDA result of 2.076 million EUR and half year net profit result of 0.146 million EUR. The reported EBITDA result shows 3% increase in comparison with 2018 H1 and 60% increase from previous 6 month period of 2018 H2. The 6 month net profit results for 2019 H1 demonstrate 84% decrease in comparison with 2018 H1 but increase compared to 2018 H2, when the Company operated with net loss. Results represent 6 month EBITDA margin of 17.5% and 6 month net profit margin of 1.2%.

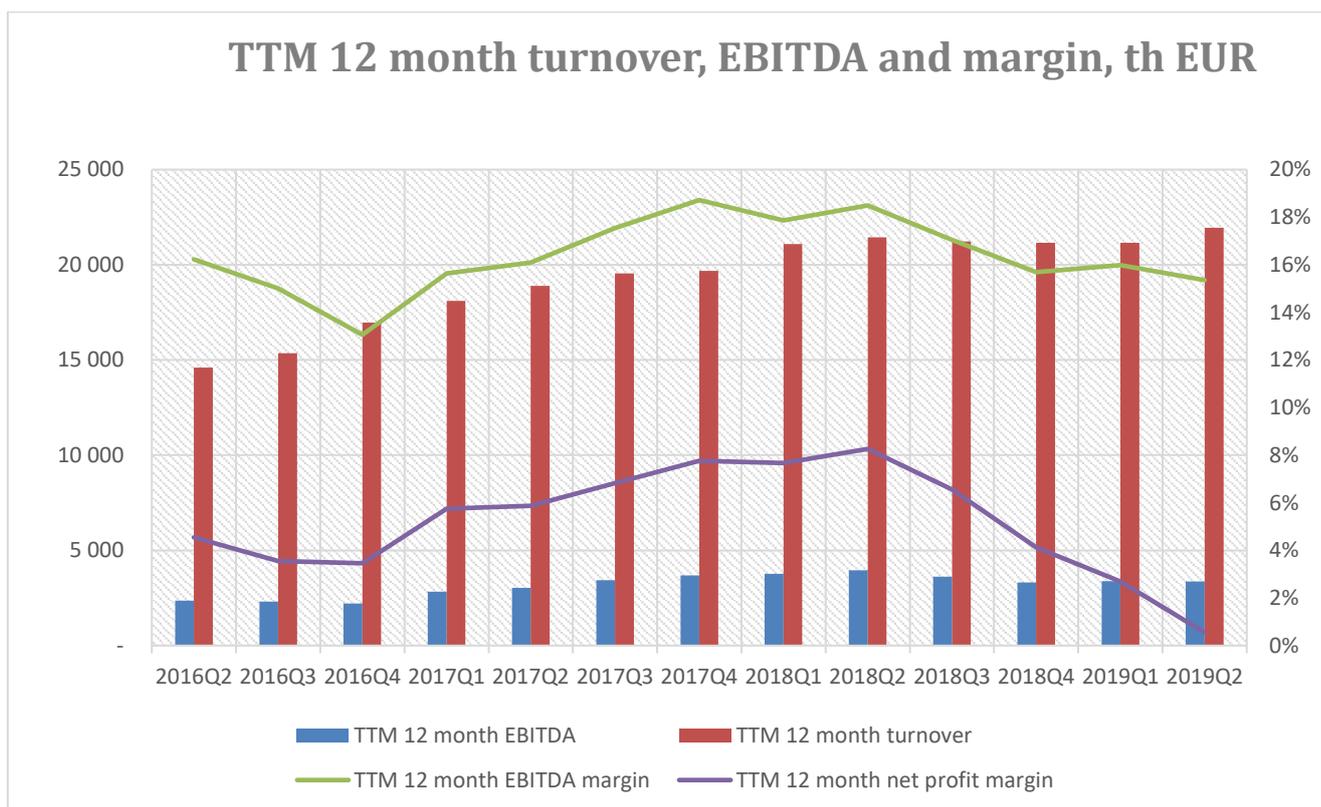
Comparably high level of 6 month result EBITDA margin to large extent can be explained by the increased market demand for higher margin products that have been manufactured and sold during 2019 Q1 and Q2 as well as increasing utilization of recently invested new production capacities in production fulfilment.

Net profit margin exhibited decreasing trend, explained by the increased interest payments, where interest payment provisions for European Investment Bank financing is included and explained by the increased proportional losses included in the consolidated financial statements from the associate companies. Both EBITDA and net profit margins in 2019 Q2 were also influenced by significant direct manufacturing labor wage increases.



TTM (trailing twelve months) turnover, EBITDA and margin results in 2019 Q2

TTM - 12 month period sales (period starting in July 1, 2018 and ending with June 30, 2019) at 2019 Q2 reported to be at historically highest level of 21.948 million EUR, showing 3.71% increase compared to TTM sales for the period ended at 2019 Q1. EBITDA result for the TTM 12 month period reported to be 3.369 million EUR, a slight decrease of 0.43% in comparison with 12 month period ended at 2019 Q1. Net profit for TTM period reported 0.114 million EUR, 80% down if compared with 12 month period ended at 2019 Q1. Averaged EBITDA margin for TTM period is reported to be 15.4% and net profit margin for the same period is reported to be 0.5%.



Summary of financial indicators for Q2 and 6 months of 2019

The comparison of financial indicators for the periods of 2019 Q2 and 2018 6 months with the respective periods of 2018 are reported in the following exhibits:

Financial indicators for period	2019Q2	2018Q2	% to previous period
Sales, thousand EUR	5 973	5 188	15%
EBITDA, thousand EUR	960	974	-1%
Net profit, thousand EUR	-54	402	-114%
EBITDA margin	16,1%	18,8%	
Net profit margin	-0,9%	7,8%	
EPS, EUR	-0,03	0,22	

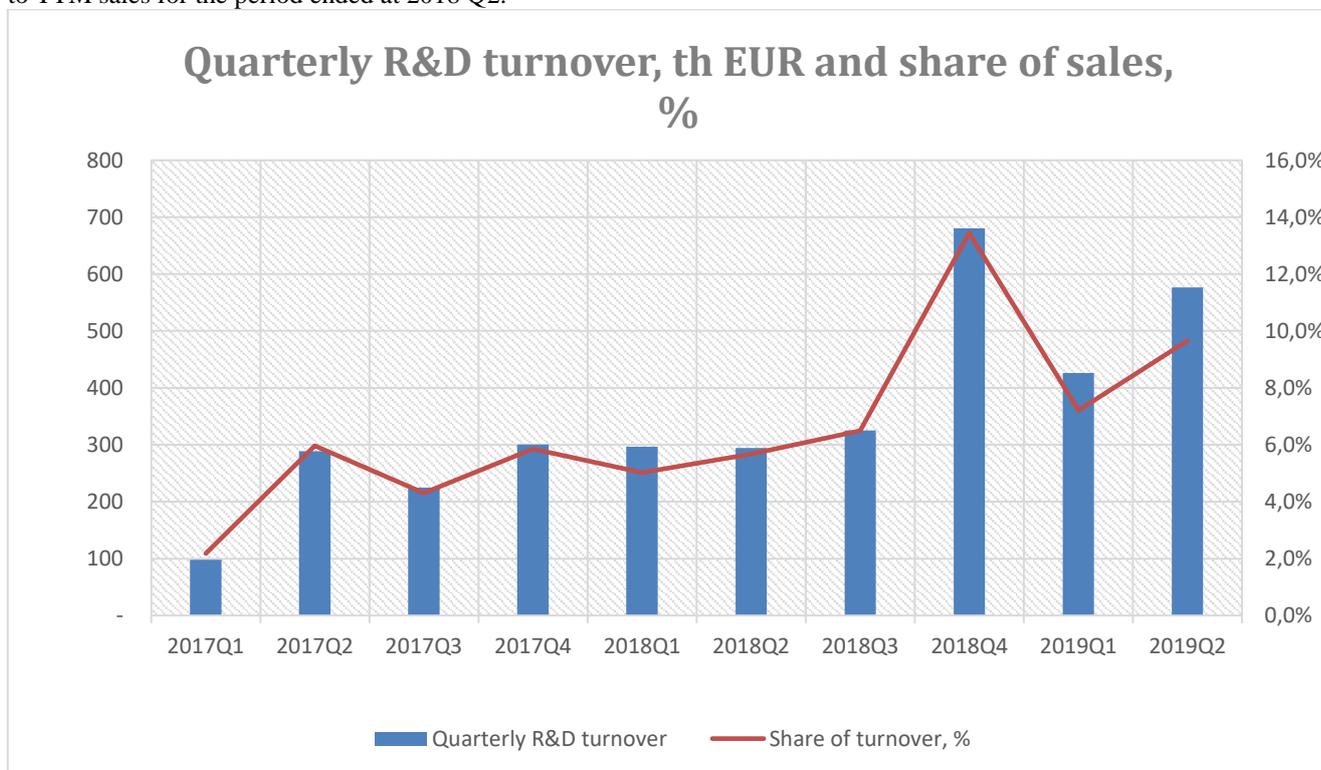
Financial indicators for period	2019 6m	2018 6m	% to previous period
Sales, thousand EUR	11 881	11 085	7%
EBITDA, thousand EUR	2 076	2 025	3%
Net profit, thousand EUR	146	905	-84%
EBITDA margin	17,5%	18,3%	
Net profit margin	1,2%	8,2%	
EPS, EUR	0,08	0,49	

Research and development

2019 Q2 R&D turnover increased by 96% compared with 2018 Q2 R&D turnover and increased by 35% compared to the previous quarter Q1 2019 turnover, and is accounting for 9.7% share of Company's consolidated sales in 2019 Q2. R&D grant income has not been included in reported R&D sales figures.

Substantial increase in R&D sales volumes in 2019 Q2 is explained by R&D manufacturing department substantially increasing production of high-tech optical devices and by working on several other R&D projects.

TTM - 12 month period sales (period starting in July 1, 2018 and ending with June 30, 2019) at 2019 Q2 reported to be 2.008 million EUR, showing 16% increase compared to TTM sales for the period ended at 2019 Q1 and 80% increase compared to TTM sales for the period ended at 2018 Q2.



Data table - quarterly R&D turnover for 2019 Q2

Quarterly R&D turnover, thEUR	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2
Quarterly R&D turnover	98	289	225	300	297	294

2018Q3	2018Q4	2019Q1	2019Q2
325	680	426	577

Investment activities

During 2019 Q2 HansaMatrix made 1 181 766 EUR investments and during 2019 1H 2 050 517 EUR investments in production capacity increase, research instruments, test systems and development of new products.

In the reporting period HansaMatrix continued to carry out investments in the technological equipment and 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 2 899 000 EUR, with the planned ERDF funding 1 014 650 EUR, or 35% of the eligible project costs.

Investment activities in associated companies

In Q2 of 2019, HansaMatrix made investments in a form of convertible loan into SIA Lightspace Technologies in the amount of 879 550 EUR. In 1H of 2019 the aggregate HansaMatrix investments into SIA Lightspace Technologies amounted to 2 327 602 EUR in a form of convertible loan. At the end of the reporting period, the total HansaMatrix investment in SIA Lightspace Technologies amounted to 6 990 114 EUR, consisting of convertible loan in amount of 4 781 725 EUR and paid up capital in amount of 2 208 389 EUR.

In order to strengthen the paid-up capital of SIA Zinatnes parks, on April 29, 2019 HansaMatrix has increased its capital participation in the SIA Zinatnes parks to 74.67% by paying up according to April, 2019 decision of SIA Zinatnes parks shareholders newly issued 200 (two hundred) capital shares of the Company in amount of 800 thousand EUR, including 8 thousand EUR value of share capital and 792 thousand EUR share premium.

Following the transaction, SIA Zinatnes parks shareholder structure is the following: 74.67% HansaMatrix, 9.33% Latvijas Elektrotehnikas un elektronikas rūpniecības asociācija, 8% SAF Tehnika and 8% LEO Pētījumu centrs.

During Q2 2019 HansaMatrix has provided additional 169 000 EUR funds in form of convertible loan to associated company – SIA Zinatnes parks, for land plot rental payments to VAS Starptautiskā lidosta Rīga, construction technical project development for new high-tech industrial site RIX Hi Tech City at Riga airport area and for loan repayments to AS SEB banka. In 1H of 2019 the aggregate HansaMatrix investments into SIA Zinatnes parks amounted to 245 000 EUR in a form of convertible loan. At the end of the reporting period, the total HansaMatrix investment amounted to 1 454 660 EUR, consisting of convertible loan in amount of 653 700 EUR and paid up capital 800 960 EUR.

Business development overview of associated company - LightSpace Technologies

LightSpace is a Deep Tech product development company, the global technological leader in developing volumetric 3D image display technology with main uses in medicine, scientific visualization, defense and multi focal 3D AR/MR optical technology. Technological advances are based on key enabling liquid crystal switching diffuser photonics technology invented by the company.

LightSpace Technology holds 3 global patents and has during last 24 months submitted 11 new patent applications.

SIA LightSpace Technologies fully (100%) owns LightSpace Technologies Inc., Delaware (USA) Company and controlling majority of EUROLCDs, SIA shares (76%).

During Q1 of 2019 LightSpace announced and showed on various events its new multi focal VR/AR headset display concept. It participated in world's leading forum on AR VR MR Photonics West 2019 conference and show, San Francisco, CA, US; where Ilmars Osmanis presented new concept to worlds top head mount display architects and leading companies Microsoft, Facebook, Apple and others.

New multifocal near eye display technology has been supplied and testing started by Tier1 head mount AR VR display companies such as Microsoft, Intel, Facebook, Adobe and others.

Besides that in Q2 LightSpace has participated in several major events: Airborn ISR & C2 in London, VRX Europe 2019 in Amsterdam, ITEC 2019 in Stockholm. Positive feedback was received from many experts. LightSpace has shipped design kits to several Tier1 headset manufacturers and started to develop enterprise use multi focal smart glasses design.

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



SIA Lightspace Technologies consolidated *) profit loss statement, EUR

	6m 2019	2018
	EUR	EUR
Net turnover	60 858	392 480
Cost of sales	(758 619)	(1 125 308)
Gross profit / (loss)	(697 761)	(732 828)
Distribution costs	(248 488)	(205 846)
Administrative expense	(172 798)	(148 691)
Other operating income	62 432	9 405
Other operating expense	(581)	(46 536)
Operating profit	(1 057 196)	(1 124 496)
Loss from investments in related company	-	-
Profit / (loss) before tax	(1 057 196)	(1 124 496)
Corporate income tax	-	(422)
Net profit / (loss) for the period	(1 057 196)	(1 124 918)
Profit attributable to:		
Equity holders of the Parent Company	(941 155)	(967 462)
Non-controlling interest	(116 041)	(157 456)
	(1 057 196)	(1 124 918)

SIA Lightspace Technologies consolidated *) balance sheet, EUR

ASSETS	30.06.2019.	31.12.2018.
	EUR	EUR
NON-CURRENT ASSETS		
Property, plant, equipment and other intangible asstes	5 797 495	5 551 825
TOTAL NON-CURRENT ASSETS	5 797 495	5 551 825
CURRENT ASSETS		
Inventory	339 862	179 585
Receivables	969 690	797 066
Cash and cash equivalents	43 153	85 654
TOTAL CURRENT ASSETS	1 352 705	1 062 305
TOTAL ASSETS	7 150 200	6 614 130
EQUITY AND LIABILITIES	30.06.2019.	31.12.2018.
	EUR	EUR
EQUITY		
Share capital	13 871	13 871
Share premium	3 526 942	3 526 942
Other reserves	2 473	2 776
Retained earnings/ (accumulated deficit)	(2 037 230)	(1 162 729)
Non-controlling interest	305 917	413 612
TOTAL EQUITY	1 811 973	2 794 472
LIABILITIES		
Non-current and current liabilities	5 338 227	3 819 658
TOTAL LIABILITIES	5 338 227	3 819 658
TOTAL EQUITY AND LIABILITIES	7 150 200	6 614 130

*) Consolidated 100% SIA LightSpace Technologies, 100% LightSpace Technologies Inc. and 76.12% SIA Eurolcds.

Business development overview of associated company – SIA Zinātnes Parks

In the reporting period SIA Zinātnes Parks has invested 80.74 thousand EUR in construction technical project development. As at the end of the reporting period, the total investment in development of the hi-tech industrial park RIX Hi Tech City amounts to 1.774 million EUR.

It is planned to complete construction project development work in Q3 2019.

SIA Zinātnes Parks profit loss statement, EUR

	6m 2019 EUR	2018 EUR
Net turnover	-	-
Cost of sales	(43 716)	(85 717)
Gross profit / (loss)	(43 716)	(85 717)
Administrative expense	(1 478)	(7 437)
Other operating expense	(157)	(691)
Operating profit	(45 351)	(93 845)
Interest and similar expense	(700)	(5 305)
Profit / (loss) before tax	(46 051)	(99 150)
Corporate income tax	-	-
Net profit / (loss) for the period	(46 051)	(99 150)

SIA Zinātnes Parks balance sheet, EUR

ASSETS	30.06.2019. EUR	31.12.2018. EUR
NON-CURRENT ASSETS		
Construction in progress	1 773 691	1 692 949
Non-current financial assets	6 690	6 690
TOTAL NON-CURRENT ASSETS	1 780 381	1 699 639
CURRENT ASSETS		
Receivables	11 575	6 915
Cash and cash equivalents	8 159	3 099
TOTAL CURRENT ASSETS	19 734	10 014
TOTAL ASSETS	1 800 115	1 709 653
EQUITY AND LIABILITIES		
EQUITY		
Share capital	12 000	4 000
Share premium	792 000	-
Retained earnings/ (accumulated deficit)	(358 897)	(312 845)
TOTAL EQUITY	445 103	(308 845)
LIABILITIES		
Non-current and current liabilities	1 355 012	2 018 498
TOTAL LIABILITIES	1 355 012	2 018 498
TOTAL EQUITY AND LIABILITIES	1 800 115	1 709 653

Shares and stock market

On August 08 the shareholding of Macro Riga in HansaMatrix has decreased by 275 562 shares or 15.06% to 34.03% in a transaction where Macro Riga repaid shareholder loan to HansaMatrix with HansaMatrix shares owned by Macro Riga. The applied value of one share in the transaction amounted to 7.2579 EUR per share.

On August 12 ZGI Capital managed fund ZGI-4 has become a 15.06% shareholder of HansaMatrix by purchasing 275 562 HansaMatrix shares from HansaMatrix at price 7.2579 EUR per one share.

During 2019 Q2 HansaMatrix (HMX1R) share price increased by 4.03% - see the the stock price movement chart for the period from April 1, 2019 to June 30, 2019.



During 2019 6m HansaMatrix (HMX1R) share price slightly decreased by 0.77% - see the the stock price movement chart for the period from January 1, 2019 to June 30, 2019.



Security trading history

Price	2016	2017	2018	2019 6m
Open	6.95	7.95	8.14	6.5
High	8.15	8.83	8.5	6.65
Low	6.95	6.9	6.05	6.05
Last	7.95	8.14	6.5	6.45
Traded volume	19 574	72 941	137 505	15 981
Turnover, million	0.15 EUR	0.51 EUR	0.94 EUR	0.10 EUR
Capitalisation, million	14.54 EUR	14.89 EUR	11.89 EUR	11.79 EUR

In 6m 2019 the highest HansaMatrix (HMX1R) share price observed reached 6.65 EUR per share, lowest 6.05 EUR per share and the total traded share turnover in this period amounted to 0.10 million EUR.

Other significant events in the reporting period

On May 13 the Company annual general shareholder meeting approved to distribute dividends from year 2018 profit to shareholders in amount of 0.04 EUR (four cents) per share or in the total amount of 73175.24 EUR (seventy three thousand one hundred seventy five and 24/100 euro) and decided to set and announce May 29, 2019 as Ex-date, to set May 30, 2019, as a record date for dividends and May 31, 2019, as a date of payment of dividends.

Significant events after end of reporting period

On August 8, pursuant to Article 240, paragraph one, clause 8 of the Commercial Law of the Republic of Latvia, Macro Riga has entered into an agreement with HansaMatrix, partially reducing the outstanding balance of HansaMatrix loan to Macro Riga in amount of 2 million EUR, carrying out the outstanding loan repayment by 275 562 HansaMatrix shares, owned by Macro Riga. As a result of the transaction, the shareholding of Macro Riga in HansaMatrix has decreased by 15.06% to 34.03%.

On August 12 Hansamatrix has attracted EUR 2 million investment from venture capital fund ZGI-4. ZGI Capital, alternative investment fund manager, with venture capital fund ZGI-4 has invested EUR 2 million in HansaMatrix to enhance the company's growth and competitiveness. As a result of the transaction, ZGI-4 Fund has become a 15.06% shareholder of HansaMatrix. The financing will support HansaMatrix' ongoing growth strategy and the ongoing shift from manufacturing towards offering a full range of services, including value added design, engineering and aftermarket services. The investment of the ZGI-4 venture capital fund will be used to replenish working capital and purchase technological equipment.

August 22, 2019

Ilmārs Osmanis
Chairman of the Board

Statement of responsibility of the management

The Board of AS HansaMatrix is responsible for preparing the consolidated financial statements of the Parent and its subsidiaries (hereinafter - 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, 2019 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 International Financial Reporting Standards as adopted by the European Union, 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, 2018. Prudent and reasonable judgments and estimates have been made by the management in the preparation of the financial statements.

The Management Board of AS 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 International Financial Reporting Standards as adopted by the EU.

August 22, 2019



Ilmārs Osmanis
Chairman of the Board



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim consolidated statement of comprehensive income

	2019 Q2 EUR	2018 Q2 EUR	2019 6m EUR	2018 6m EUR
Revenue from contracts with customers	5 973 344	5 187 550	11 881 228	11 085 055
Cost of sales	(5 258 928)	(4 256 451)	(10 154 136)	(9 004 176)
Gross profit	714 416	931 099	1 727 092	2 080 879
Distribution costs	(123 654)	(160 057)	(255 295)	(353 197)
Administrative expense	(443 643)	(488 248)	(878 459)	(936 118)
Other operating income	178 158	279 372	245 208	362 251
Other operating expense	(35 618)	(52 572)	(79 514)	(52 473)
Operating profit	289 659	509 594	759 032	1 101 342
Loss from investments in associates	(228 877)	(70 452)	(397 723)	(120 611)
Finance income	11 886	11 664	23 640	23 199
Finance costs	(127 144)	(46 844)	(238 830)	(97 790)
Profit before tax	(54 476)	403 962	146 119	906 140
Corporate income tax	-	(1 578)	-	(1 578)
Net profit for the reporting period	(54 476)	402 384	146 119	904 562
Other comprehensive income for the reporting period after tax	-	-	-	-
Total comprehensive income for the period, net of tax	(54 476)	402 384	146 119	904 562
Comprehensive income attributable to:				
Equity holders of the Parent Company	(54 476)	402 384	146 119	904 562
Non-controlling interests	-	-	-	-
	(54 476)	402 384	146 119	904 562

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

August 22, 2019

Ilmārs Osmanijs
Chairman of the Board

Interim consolidated statement of financial position**ASSETS**

	30.06.2019	31.12.2018
	EUR	EUR
NON-CURRENT ASSETS		
Intangible assets		
ODM assets	68 054	16 113
Other intangible assets	210 003	179 814
Total intangible assets	278 057	195 927
Property, plant and equipment		
Land and buildings	3 464 858	3 560 905
Equipment and machinery	5 958 424	5 310 730
Other fixtures and fittings, tools and equipment	705 730	649 194
Leasehold improvements	44 580	44 539
Construction in progress	561 490	284 160
Rights to use assets	1 425 315	
Total property, plant and equipment	12 160 397	9 849 528
Non-current financial assets		
Investments in subsidiaries	2 004 133	1 675 977
Investments in associates	28 879	20 333
Investments in other companies	5 435 426	3 588 703
Other investment loans	2 525 879	2 502 240
Loan to shareholder	124 750	123 987
Other financial assets	53 478	52 566
Other non-current receivables	10 172 545	7 963 806
Total non-current financial assets	10 172 545	7 963 806
TOTAL NON-CURRENT ASSETS	22 610 999	18 009 261
CURRENT ASSETS		
Inventories		
Raw materials and consumables	3 410 205	2 496 197
Work in progress	1 642 393	1 083 825
Finished goods	61 276	185 187
Total inventories	5 113 874	3 765 209
Receivables and prepayments		
Trade receivables from contracts with customers	832 897	857 198
Prepayments for goods	76 951	33 676
Prepaid expense	103 956	50 848
Corporate income tax	3 017	-
Other receivables	293 257	257 008
Total receivables and prepayments	1 310 078	1 198 730
Cash and cash equivalents	63 751	2 376 781
TOTAL CURRENT ASSETS	6 487 703	7 340 720
TOTAL ASSETS	29 098 702	25 349 981
*Available unused credit line	119 926	EUR
*Available unused factoring limit	1 010 912	EUR

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

August 22, 2019


Ilmārs Osmanis
Chairman of the Board

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

EQUITY	30.06.2019	31.12.2018
	EUR	EUR
Share capital	1 829 381	1 829 381
Share premium	2 435 579	2 435 579
Reserves	2 953	1 324
Non-current asset revaluation reserve	2 100 492	2 162 339
Retained earnings/ (accumulated loss):		
a) brought forward	2 330 540	1 560 850
b) for the period	146 119	781 018
TOTAL EQUITY	8 845 064	8 770 491
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	7 882 755	6 503 051
Finance lease liabilities	680 683	662 796
Finance lease liabilities under IFRS 16	958 417	-
Other financial liabilities	1 345 930	1 345 930
Prepayments received from customers	334 406	463 638
Deferred income	581 938	403 130
Total non-current liabilities	11 784 129	9 378 545
Current liabilities		
Loans from credit institutions	1 670 374	2 037 520
Finance lease liabilities	242 012	193 046
Finance lease liabilities under IFRS 16	474 438	-
Prepayments received under contracts with customers	888 797	689 486
Trade payables	3 954 064	3 090 852
Taxes payable	241 569	564 012
Other liabilities	542 132	206 362
Deferred income	169 577	169 577
Accrued liabilities	286 546	250 090
Total current liabilities	8 469 509	7 200 945
TOTAL LIABILITIES	20 253 638	16 579 490
TOTAL EQUITY AND LIABILITIES	29 098 702	25 349 981

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

August 22, 2019


 Ilmārs Osmanis
 Chairman of the Board

Interim consolidated statement of cash flow

	2019	2018	2019	2018
	Q2	Q2	6m	6m
	EUR	EUR	EUR	EUR
CASH FLOWS TO/ FROM OPERATING ACTIVITIES				
Profit before tax	(54 476)	403 962	146 119	906 140
Adjustments for:				
Depreciation and amortization	693 240	464 814	1 338 307	923 217
Interest expense	122 227	37 707	227 952	79 141
Interest income	(11 886)	(11 664)	(23 640)	(23 199)
Decrease in allowances for slow-moving items and receivables	60 841	(39 642)	74 202	(39 813)
Income from grant recognition	(42 394)	(58 532)	(84 788)	(100 926)
Gain on disposal of property, plant and equipment	(69)	-	(1 034)	-
Group's share of loss of an associate recognized in the statement of comprehensive income	228 877	70 452	397 723	120 611
Adjustments for:				
(Increase)/ decrease in inventories	(427 214)	(482 558)	(1 348 665)	(734 456)
(Increase)/ decrease in receivables	115 675	(497 833)	(187 224)	(677 212)
Increase/ (decrease) in payables	(324 621)	993 882	982 385	816 361
Cash generated from operations, gross	360 200	880 588	1 521 337	1 269 864
Interest paid	(122 227)	(37 707)	(227 952)	(79 141)
Corporate income tax paid	-	-	-	-
Net cash flows to/ from operating activities	237 973	842 881	1 293 385	1 190 723
Cash flows to/ from Investing activities				
Purchase of intangible assets and property, plant and equipment	(1 181 766)	(607 919)	(2 050 517)	(791 148)
Proceeds from sale of property, plant and equipment	50 179	-	50 179	-
Investments in and loans to other companies	(1 048 550)	(307 044)	(2 572 602)	(684 259)
Net cash flows to/ from investing activities	(2 180 137)	(914 963)	(4 572 940)	(1 475 407)
Cash flows to/ from Financing activities				
Dividends paid	(73 175)	(73 175)	(73 175)	(73 175)
Loans received from credit institutions	1 629 810	35 482	1 939 436	5 593 611
Loans repaid to credit institutions	(383 124)	(249 153)	(962 787)	(4 751 331)
Loans from lease companies	-	337 516	172 934	337 516
Loans repaid to lease companies	(57 076)	(12 021)	(109 883)	(1 037 905)
Net cash flows to/ from financing activities	1 116 435	38 649	966 525	68 716
Change in cash and cash equivalents for the period	(825 729)	(33 433)	(2 313 030)	(215 968)
Cash and cash equivalents at the beginning of the period	889 480	76 650	2 376 781	259 185
Cash and cash equivalents at the end of the period	63 751	43 217	63 751	43 217

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)	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 31 December 2017	1 829 381	2 435 579	313	2 286 031	1 583 508	8 134 812
Profit for the reporting year	-	-	-	-	781 018	781 018
Total comprehensive income	-	-	-	-	781 018	781 018
Depreciation of revalued items of property, plant and equipment	-	-	-	(123 692)	123 692	-
Share option reserves	-	-	1 011	-	-	1 011
Dividends paid	-	-	-	-	(146 350)	(146 350)
Balance as at 31 December 2018	1 829 381	2 435 579	1 324	2 162 339	2 341 868	8 770 491
Profit for the reporting year	-	-	-	-	146 119	146 119
Total comprehensive income	-	-	-	-	146 119	146 119
Depreciation of revalued items of property, plant and equipment	-	-	-	(61 847)	61 847	-
Share option reserves	-	-	1 629	-	-	1 629
Dividends paid	-	-	-	-	(73 175)	(73 175)
Balance as at 30 June 2019	1 829 381	2 435 579	2 953	2 100 492	2 476 659	8 845 064

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

Notes to the consolidated financial statements

1. Corporate information

AS HansaMatrix (hereinafter – 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 registered office of the Parent Company is at Akmeņu iela 72, Ogre. The shares of the Parent Company are listed on Riga Stock Exchange, Latvia.

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

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Consolidated financial statements are prepared using the historical cost basis, except when described otherwise in the accounting policies below. The financial statements of the Parent Company and its subsidiaries are prepared separately according to the relevant national legislation applicable in the reporting year.

The monetary unit used in the consolidated financial statements is the euro (EUR). The consolidated financial statements cover the period 1 January 2019 through 30 June 2019.

Amounts disclosed in the consolidated financial statements are based on the accounting records of the Group companies kept in accordance with IFRS as adopted by the EU.

3. Changes in accounting policy and disclosures

The accounting policies are consistent with those followed in the preparation of the Group's annual financial statement for the previous period 2018. The Group has evaluated new and amended IFRSs and IFRICs effective for annual periods beginning on or after 1 January 2019 and has applied IFRS 16 standard Leases in relation to the annual period, starting with January 1, 2019.

AS HansaMatrix adopted IFRS 16 retrospectively, using simplified approach. The standard requires to revise the leases signed before 1 January 2019, only allowing for not reassessing the compliance of the contract with the lease definition and not applying the standard to the leases expiring in 2019.

The lessee recognizes in its accounting: (a) assets and liabilities from all lease agreements with a lease term of more than 12 months, except for low value asset leases; and (b) the cost of depreciation of leased assets separately from the cost of the lease liability.

Within the meaning of IFRS 16, a lease can be recognized if there is an identified asset and if the customer has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use. First, a lease liability is measured at the present value of all contractual future lease payments discounted using the interest rate implicit in the lease (or similar borrowing rate). Lease liabilities are recognized as any other liabilities. A right to use asset is recognized under property, plant and equipment or as a separate item under non-current assets. When discounting is used, interest expense on the lease liability is recognized.

As a result of the adoption of IFRS 16 as of 1 January 2019, the asset amount has increased by EUR 1 674 287, current liabilities – by 474 437 EUR and non-current liabilities – by 1 199 850 EUR. In addition in the consolidated statement of comprehensive income in 2019 1H fixed asset depreciation increased by 265 865 EUR leased assets depreciation and interest expense increased by 30 528 EUR discounting interest expense. Lease payments in amount of 288 853 EUR are reflected in the consolidated cash flow statement of 2019 1H.

The Group has not applied and has not evaluated the impact of the application of the IFRS and IFRIC interpretations that have been issued as of the date of authorization of these financial statements for issue, but which are not yet effective. The Group plans to adopt these standards and interpretations on their effectiveness dates provided they are endorsed by the EU.

4. Related party disclosures

Related party	Type of services		Goods and services delivered to/ loans issued to related parties	Goods and services received from / loans received from related parties	Amounts owed by related parties (gross)	Amounts owed to related parties (gross)
			EUR	EUR	EUR	EUR
1. Associates						
SIA Zinātnes parks (AS HansaMatrix share: 24% / 74.67%)	Loan, contribution in share capital	31.12.2018	363 000	-	1 208 700	-
		30.06.2019	245 000	-	653 700	-
SIA Lightspace Technologies (AS HansaMatrix share: 39.99%)	Loan	31.12.2018	2 231 916	-	2 454 123	-
		30.06.2019	2 327 602	-	4 781 725	-
	Services, purchase of materials, sales	31.12.2018	1 362 034	717	499 299	-
		30.06.2019	836	-	836	-
TOTAL	31.12.2018	3 956 950	717	4 162 122	-	
	30.06.2019	2 573 438	-	5 436 261	-	
2. Entities with significant influence over the Parent Company						
SIA MACRO RĪGA (shareholder)	Loans	31.12.2018	46 783	-	2 502 240	-
		30.06.2019	23 639	-	2 525 879	-
	Purchase of services; sale of materials	31.12.2018	1 422	-	-	-
		30.06.2019	-	-	-	-
TOTAL	31.12.2018	48 205	-	2 502 240	-	
	30.06.2019	23 639	-	2 525 879	-	
3. Other related companies						
	Services, purchase of materials, sales	31.12.2018	54 607	6 805	-	1 325
		30.06.2019	9 257	3 047	-	720
TOTAL	31.12.2018	54 607	6 805	-	1 325	
	30.06.2019	9 257	3 047	-	720	

As described in Investment activities in associated companies section, starting April 29, 2019 HansaMatrix has increased shareholding in SIA Zinātnes parks 74.67%. HansaMatrix has evaluated SIA Zinātnes parks consolidation potential influence on HansaMatrix consolidated balance sheet as of June 30, 2019. HansaMatrix consolidate assets would increase by 905 thousand EUR (immaterial: less than 5% from HansaMatrix consolidated assets), net profit and EBITDA would decrease by 1.7 thousand EUR (immaterial as compared to HansaMatrix 6m EBITDA).

Considering that a) SIA Zinātnes parks consolidation effect is immaterial to HansaMatrix consolidated financials as of June 30, 2019 and that b) SIA Zinātnes parks is a non-core asset for HansaMatrix and that it is intended to attract real estate investor for the hi-tech industrial park RIX Hi Tech City further development, SIA Zinātnes parks will not be consolidated in HansaMatrix unaudited quarterly condensed consolidated financial statements of 2019. SIA Zinātnes parks consolidation with HansaMatrix decision planned to be taken preparing HansaMatrix audited consolidated financial statements for year 2019.

5. Dividends paid and proposed

On May 13, 2019, HansaMatrix meeting of the shareholders approved year 2018 profit distribution and the payment of dividends in the amount of 0.04 EUR per share, totaling 73 175,24 EUR.

Dividend payments was made on 31 May 2019.

6. Events after the reporting period

Details of events after the reporting period end are described in Management Report accompanying these interim financial statements.

7. Definitions of Alternative Performance Measures

APR, definition, components	Relates to past or future reporting periods	ASR usefulness	The Group uses APM for
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
EBIT margin: EBIT/ Net turnover	Past	Shows the proportion of revenues that are available to cover non-operating costs.	Profitability assessment
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
EBITDA margin: EBITA/ Net turnover	Past	Shows the entity's ability to generate operating cash flows	Profitability assessment
Net profit margin: Normalized earnings / Net turnover	Past	Shows the entity's earning capacity	Profitability assessment