

SAF Tehnika A/S
Consolidated Interim Report
for Q2 and 6 month of financial year 2020/2021
(July 1, 2020 – December 31, 2020)

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KEY DATA

SAF Tehnika (hereinafter – the Group) is a manufacturer of wireless data transmission equipment. The company’s activities can be divided into three categories:

- Digital microwave radio equipment for voice and data transmission;
- Microwave spectrum analyzers and signal generators;
- Wireless sensor network solutions for environmental monitoring.

The company’s 20 years of experience and knowledge have enabled it to develop a number of innovations, including the launch of the world’s smallest microwave spectrum analyzers to the market – the Spectrum Compact series, as well as the introduction of wireless sensor network solutions – the Aranet brand.

SAF Tehnika products are found in more than 130 countries worldwide. The company has a total of 220 employees, most of them are considered to be leading experts in their field not only locally, but also globally.

The company’s products are used by both the public and private sectors in areas such as mobile communications, internet service providing, industrial production, finance, horticulture, media and many others.

The company’s activities are based on the concern for the highest quality, customer-focused business philosophy and openness.

Currently, the Group consists of the joint stock company registered in Latvia – AS SAF Tehnika (hereinafter – the Parent company), and subsidiaries “SAF North America” LLC and “SAF Services” LLC wholly owned by the Parent company. Both subsidiaries are established in the US and operate in Denver, Colorado. AS SAF Tehnika is a public joint stock company established under applicable law of the Republic of Latvia. Shares of AS SAF Tehnika are listed on Nasdaq Riga Stock Exchange.

Legal address:	Ganību dambis 24a Rīga, LV-1005 Latvija
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Beginning of financial year:	01.07.2020
End of financial year:	30.06.2021
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Share and Shareholdings

SAF Tehnika shareholders (over 5%) as of 30.06.2020.

Shareholder	Ownership interest (%)
Didzis Liepkalns	17.05%
SIA „Koka zirgs”	12.06%
Andrejs Grišāns	10.03%
Normunds Bergs	9.74%
Juris Zieme	8.71%

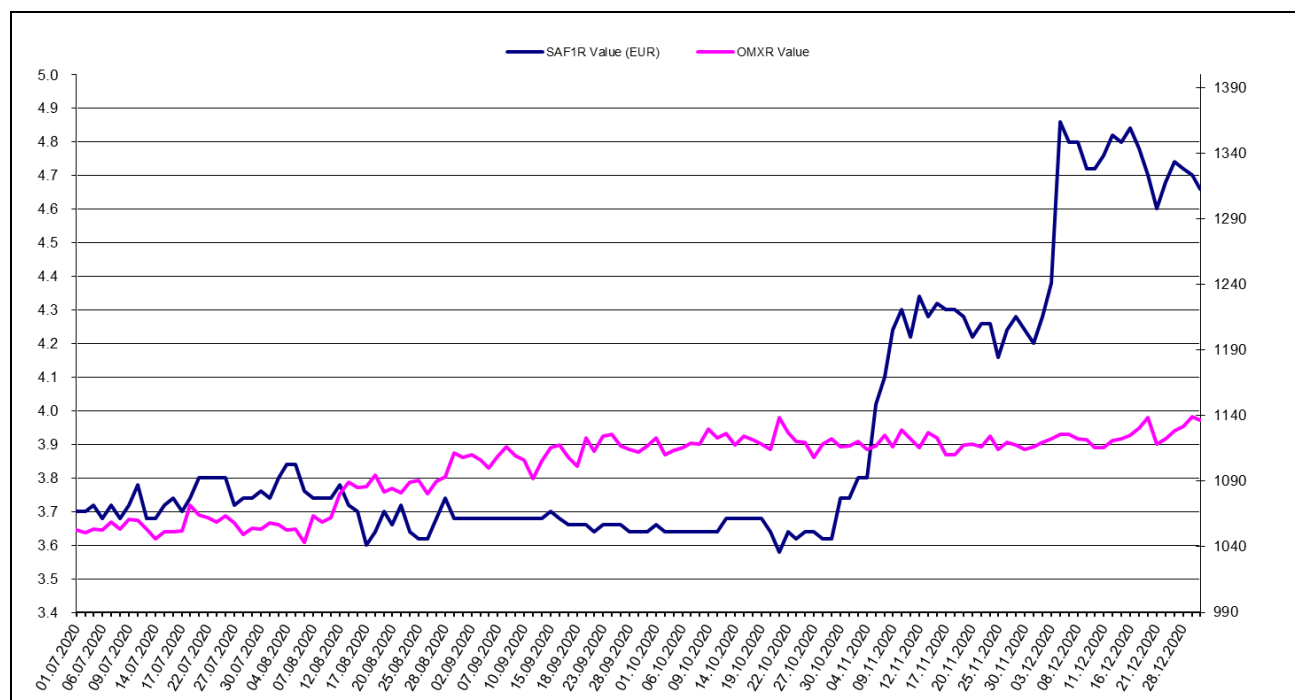
SAF Tehnika share price and OMX Riga index development for the reporting period

SAF Tehnika (SAF1R)

Period: July 1, 2020 – December 31, 2020

Currency: EUR

Marketplace: Nasdaq Riga



Information on Management and Supervisory Board members

SAF Tehnika Management Board:

Name	Position	Ownership interest (%)
Normunds Bergs	Chairman	owns 9.74% of shares
Didzis Liepkalns	Member	owns 17.05% of shares
Zane Jozepa	Member	owns no shares
Janis Bergs	Member	owns no shares

SAF Tehnika Supervisory Board:

Name	Position	Ownership interest (%)
Juris Zieme	Chairman	owns 8.71% of shares
Andrejs Grisans	Vice-Chairman	owns 10.03% of shares
Ivars Senbergs	Member	owns 2 shares
Aira Loite	Member	owns 8000 shares
Sanda Salma	Member	owns no shares

Information on professional and educational background of the management board members

Normunds Bergs, is Chairman of the Board and Chief Executive Officer of SAF Tehnika AS. Mr. Bergs is one of the founders of SIA Fortech (co-founding company of SAF Tehnika AS) where during the periods from 1990 to 1992 and 1999 to 2000 he acted as Managing Director and General Director, respectively. Following SIA Fortech's merger with AS Microlink in 2000, Mr. Bergs became Chief Executive Officer of SAF Tehnika AS and a member of the Management Board of AS Microlink. From 1992 to 1999, Mr. Bergs worked for World Trade Centre Riga, where he held the position of General Director and became a Member of the Board of Directors in 1998. Mr. Bergs graduated from the Riga Technical University with a degree in radio engineering in 1986.

Didzis Liepkalns, is Member of the Board and Technical Director of SAF Tehnika. Mr. Liepkalns founded a private enterprise SAF in 1995 and co-founded the company SAF Tehnika AS in 1999. From 1985 to 1990 he worked as an engineer at the Institute of Electronic Engineering and Computer Sciences. Mr. Liepkalns has graduated Riga Technical University with a degree in radio engineering in 1985.

Zane Jozepa, is Member of the Board and Chief Financial Officer. Prior to her employment with SAF Tehnika, Ms. Jozepa has been working in the leading IT and telecommunication services provider in Latvia – SIA Lattelecom, which is a subsidiary company of SIA Citrus Solutions that provides design, construction and maintenance of the engineering and technical systems and infrastructure. Ms. Jozepa has been working as a Business Controller for the first two years. She became Head of Finance in 2008, and a Board Member in 2012. Ms. Jozepa gained her professional experience in finance while working for SIA Coca Cola HBC Latvia during 2001-2006. She has graduated the BA School of Business and Finance (Banku Augstskola) and has a BA degree in finance management.

Jānis Bergs, is Member of the Board, Vice President of Sales and Marketing, and the President of "SAF North America". From 2000 till 2006 Mr. Bergs was a Member of the Board and later CEO of AS Microlink. When Microlink was sold to the TeliaSonera group in 2006, Jānis became a shareholder and CEO of SIA FMS, where he worked until January 2015. Mr. Bergs was a Member of AS SAF Tehnika Council from November 2006 till August 2010, and for more than 10 years he has been managing the Latvian IT and Telecommunications Association (LIKTA) and the ICT cluster,

as well as giving lectures in business studies in Riga Business School. Mr.Bergs has graduated Riga Technical University as radio engineer and has an MBA degree from Riga Business School.

Information on professional and educational background of the supervisory council members

Juris Zieme, co-founder of the Company, is Chairman of the Supervisory Council and Production Department Director. From 1998 to 1999 he worked as an engineer at Mr. Liepkalns private enterprise SAF. From 1987 to 1999 Mr. Zieme worked as an engineer at the Institute of Electronic Engineering and Computer Sciences. Mr. Zieme has graduated Riga Technical University with a degree in radio engineering in 1987.

Andrejs Grišāns, co-founder of the Company, is Vice-Chairman of the Supervisory Council and Production Department Manager. Prior to joining the Company, he owned and managed a private company specializing in electronic equipment engineering, production and distribution. From 1992 to 1999 Mr. Grisans was involved in entrepreneurial activities in the field of radio engineering. He worked as an engineer-constructor at the Institute of Polymer Mechanics from 1984 to 1992 and in the constructing bureau Orbita from 1980 to 1984. Mr. Grisans has graduated Riga Technical University with a degree in radio engineering in 1980.

Ivars Šenbergs, Member of the Supervisory Council, also Chairman of the Board of SIA Juridiskais Audits, SIA Namipasumu parvalde, SIA Synergy Consulting, SIA IŠMU, SIA Dzirnavu centrs and Member of the Supervisory Council of AS MFS bookkeeping. From 1999 until 2000 he worked as Finance and Administrative Director at SIA Fortech. Mr. Šenbergs has graduated Faculty of Law, University of Latvia in 1986.

Aira Loite, Member of the Supervisory Council, since 2016 is Chief Financial Officer at Torgy Mek Group's and at the same time (since May 2018) also Director of SIA "Torgy Baltic" Ltd. From 2007 to 2015 she has been the Member of the Board of JSC "SAF Tehnika" and Director of Finance and Administration, and Managing Director since the end of 2011. From 2006 to 2007 she was Director of Business Information and Control Division at Lattelecom. From 2000 to 2006 she was a Member of the Board of Microlink Latvia and Head of Finance and Administration. A. Loite has graduated the University of Latvia in 1988 and holds Bachelor degree in Mathematics and MBA from Salford University, UK, obtained in 2009.

Sanda Šalma, Member of the Supervisory Council, employed by Microsoft Latvia, currently Small and Medium Business Lead for Baltic countries. From 2010 to 2012 worked for a developer

company RIX Technologies, participated in the work group of Latvian IT Cluster. From 2008 to 2010 was Citizenship & Education Project Lead at Microsoft Latvia. From 2000 to 2006 she was Sales Account Manager at Baltic Transshipment Center sales in Baltics and St. Petersburg. She has graduated The University of St.Petersburg and holds BSc in Psychology and MBA from RISEBA and Salford University, UK.

Statement of Board's Responsibilities

The Board of SAF Tehnika JSC (hereinafter – the Parent) 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 31 December, 2020 and the consolidated results of its financial performance and cash flows for the quarter then ended.

The above mentioned 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 June 30, 2020.

Prudent and reasonable judgments and estimates have been made by the management in the preparation of the financial statements.

The Board of SAF Tehnika JSC is responsible for the maintenance of proper accounting records, the safeguarding of the Group's assets and the prevention and detection of fraud and other irregularities in the Group. The Board is responsible for compliance with the requirements of normative acts of the countries the Group operates in (Latvia and United States of America).

The interim financial statements have been prepared in Euro.



Zane Jozepa
CFO, Member of the Management Board

Management Report

The Group's unaudited consolidated net turnover in the second quarter (Q2) of the financial year 2020/2021 was EUR 6.7 million, which is an increase of 42% compared to the second quarter of the financial year 2019/2020.

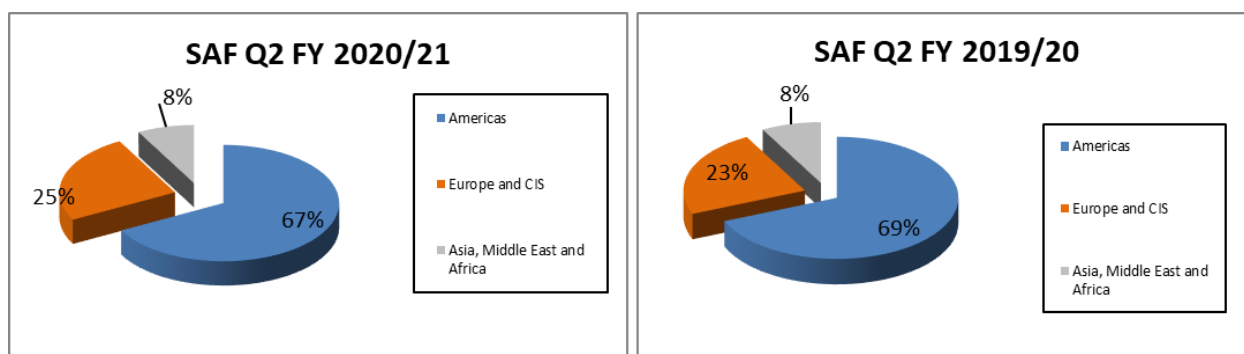
The turnover in North and Latin Americas was 67% or EUR 4.51 million. Compared to the turnover in the same quarter of the previous financial year, the turnover increased by 39%, as a result of successful sales project transactions in the previous quarter and at the end of the last financial year.

The turnover in Europe and CIS countries amounts to 25 % or EUR 1.67 million, which is 52% more than in the second quarter of the previous financial year. The turnover of the AMEA (Asia, Middle East, Africa) region increased by 42% compared to the corresponding quarter of the last financial year, and makes up 8% or EUR 533 thousand.

Also in the second quarter of the financial year, SAF Tehnika did not participate in face-to-face (offline) exhibitions and marketing activities, but took part in several digital exhibitions. SAF Tehnika was a Platinum Sponsor at 5G Techritorry – the largest 5G forum in the Baltic Sea Region; Greentech – the virtual edition of the US horticultural technology show; Smart Building show – the virtual exhibition of the building sector.

Special attention was paid to the creation and expansion of digital content through the creation of webinars and other digital content. The indoor air quality sensor Aranet4 of the Aranet product line is still experiencing growth, and the demand exceeds previous forecasts. Also, new products have been added to the Aranet product line.

Comparative charts of Q2 sales volumes by regions:

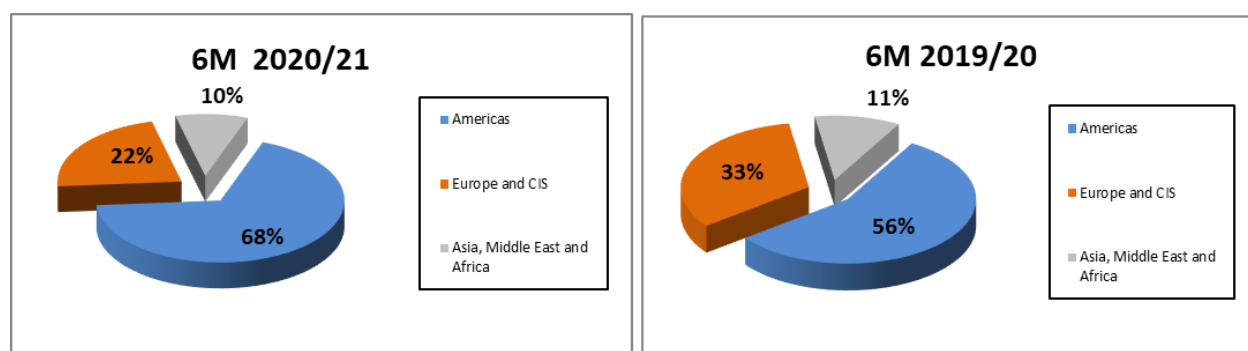


In the reporting quarter, the Group's products were sold in 62 countries.

The Group's unaudited consolidated turnover for the 6-month period of the financial year 2020/2021 was EUR 11.41 million, which is 31% more than the amount of revenue in the previous financial year.

During the 6-month period, revenues in North and Latin Americas represented 68% of the total Group's turnover and amounted to EUR 7.79 million, thus demonstrating a 59% increase against the results of the first half of the previous financial year. Revenue from the European and CIS countries represented 22% of the total turnover, having decreased by 11% against 6 months of the previous year and amounted to EUR 2.55 million. This is due to the high project share in the 1st quarter of the last financial year. Revenue from the AMEA (Asia, Middle East, Africa) region increased by 14% or EUR 133 thousand, thus making 10% of the Group's total turnover.

Comparative charts of 6-month sales volumes by regions:



The Group's expenditures did not exceed the planned volumes, but were generally higher than in the same period a year earlier, which is due to the increase in the number of employees, investment in sales promotion in existing and new market segments. The Group continues to invest in the development of new products and modification of existing products.

The Group ended the second quarter of the financial year 2020/2021 with a profit of EUR 766 thousand (unaudited). The result of the Q2 of the previous year was profit of EUR 193 thousand. The decrease in the volume of uncollectible receivables during the reporting period affected the positive operating result. At the same time, the net result was negatively impacted by the USD/EUR exchange rate.

The unaudited consolidated result for the 6-month period of the financial year 2020/2021 is profit of EUR 1.14 million. The Group's profit for the 6 months of the previous financial year 2019/2020 was EUR 451 thousand.

The Group's net cash flow for the 6-month period of the financial year was positive – EUR 922 thousand. The Group's net cash balance was EUR 5.9 million at the end of the period. In

the second quarter of the financial year 2020/2021, EUR 166 thousand were invested in acquisition of fixed assets. In December 2020, a dividend of EUR 0.21 (twenty-one cents) per share was paid, or a total of EUR 624 thousand.

Market Overview

There has been no rapid change in the microwave radio market over the last quarter. While market players and customers are learning to cope with the global COVID-19 pandemic, there are still project lags caused by various constraints. We believe that significant changes in the microwave radio market are not expected in the near term, but, in the longer term, there may be certain customer segments that could reconsider investment volumes in network construction. At the same time, the global pandemic stimulates the development of new infrastructure projects. SAF regularly works with all clients to identify and minimize risks in a timely manner, as well as works with IoT segment solutions in order to diversify SAF Tehnika product offering.

There is still an increase in demand for radio links that provide increased data transfer rates.

Guidelines

SAF Tehnika is a company with long-accumulated experience and knowledge in the development and production of microwave links.

During the pandemic, the manufacturing facility of SAF Tehnika was operating normally, the company manufactured and shipped its products worldwide. At the manufacturing facility, the work is organized in such a way as to minimize physical proximity (by working remotely or rearranging workplaces), as well as all employees are provided with face masks and shields, disinfectants, frequent cleaning and ventilation of premises. The company accumulates enough materials, has adjusted the supply chain of materials and is able to fulfil most of the orders within normal lead times. This applies to all SAF product families – microwave links, Spectrum Compact and Aranet.

The Group continues to study market demand and problematic issues in order to be able to offer the necessary product modifications both on a daily basis and in the context of changing global circumstances. Investment in product development continues.

The company's goal is to stabilize the turnover level, which provides a positive net result in the long term. The Board of SAF Tehnika remains cautious and refrains from providing specific sales and performance forecasts.

As of December 31, 2020, the Group had 222 employees (201 employees as of December 31, 2019)

KEY indicators

	Q2 2020/21	Q2 2019/20	Q2 2018/19
	EUR	EUR	EUR
Net Sales	6,707,178	4,722,329	3,888,217
Earnings before interest, taxes and depreciation (EBITDA)	1,178,451	458,779	-86,349
<i>share of the turnover %</i>	18%	10%	-2%
Profit/loss before interest and taxes (EBIT)	988,008	272,332	-184,559
<i>share of the turnover %</i>	15%	6%	-5%
Net Profit	766,142	193,080	-148,599
<i>share of the turnover %</i>	11%	4%	-4%
Total assets	16,675,446	14,239,787	12,478,809
Total Owners equity	10,418,745	9,921,659	9,389,604
Return on equity (ROE) %	4.77%	1.35%	-1.26%
Return on assets (ROA) %	7.40%	1.97%	-1.57%
Liquidity ratio			
<i>Quick ratio %</i>	118%	120%	97%
<i>Current ratio %</i>	144%	185%	215%
Earnings per share	0.26	0.07	-0.05
Last share price at the end of period	4.66	3.74	2.32
P/E	11.95	20.78	-8.29
Number of employees at the end of reporting period	222	201	195

Consolidated Statement of Financial Position

	Note	31.12.2020	31.12.2019
CURRENT ASSETS		EUR	EUR
Cash and bank		5 917 504	3 664 434
Customer receivables	1		
Accounts receivable		1 557 488	1 902 081
Allowance for uncollectible receivables		-367 185	-21 757
Total		1 190 303	1 880 324
Other receivables			
Other current receivables	2	98 907	52 918
Short-term loans		0	64 206
Total		98 907	117 124
Prepaid expenses			
Prepaid taxes		23 348	37 500
Other prepaid expenses		139 588	200 945
Total		162 936	238 445
Inventories	3		
Raw materials		1 723 107	1 418 237
Work-in-progress		2 658 707	2 600 563
Finished goods		2 650 533	2 202 461
Prepayments to suppliers		118 003	50 946
Total		7 150 350	6 272 207
TOTAL CURRENT ASSETS		14 519 999	12 172 533
NON-CURRENT ASSETS			
Long-term financial assets			
Investments in other companies		7 146	8 106
Long-term receivables	1	700	1 361
Total		7 846	9 467
NON-CURRENT physical assets	4		
Plant and equipment		4 433 248	4 269 805
Other equipment and fixtures		2 065 596	2 049 853
Accumulated depreciation		-5 795 096	-5 649 662
Prepayments for noncurrent physical assets		31 300	0
Unfinished renovation works		2 599	0
Long-term investment - lease		1 165 875	1 195 286
Total		1 903 522	1 865 281
Intangible assets	4		
Purchased licenses, trademarks etc.		200 031	192 506
Other long-term intangible assets		44 048	0
Total		244 079	192 506
TOTAL NON-CURRENT ASSETS		2 155 446	2 067 254
TOTAL ASSETS		16 675 446	14 239 787

LIABILITIES AND OWNERS' EQUITY	Note	31.12.2020	31.12.2019
CURRENT LIABILITIES		EUR	EUR
Debt obligations			
Short-term loans		54	623
Customer prepayments for goods and services		1 894 551	643 097
Accounts payable		1 239 246	964 076
Accrued short-term operating lease liabilities	5	307 779	313 120
Tax liabilities		67 114	171 215
Salary-related accrued expenses	6	1 327 628	827 267
Provisions for guarantees		17 423	7 932
Deffered income		156 205	127 348
TOTAL CURRENT LIABILITIES		5 010 000	3 054 677
NON-CURRENT LIABILITIES			
Long-term liabilities			
Long-term deffered income		390 504	381 118
Accrues long-term operating lease liabilities	5	856 197	882 332
TOTAL LONG-TERM LIABILITIES		1 246 701	1 263 450
TOTAL LIABILITIES		6 256 701	4 318 128
OWNERS' EQUITY			
Share capital		4 158 252	4 158 252
Paid in capital over par		2 851 726	2 851 726
Other reserves		8 530	8 530
Retained earnings		2 257 102	2 441 356
Net profit for the financial year		1 144 256	451 576
Currency translation reserve		-1 121	10 219
TOTAL OWNERS' EQUITY		10 418 745	9 921 659
TOTAL LIABILITIES AND OWNERS' EQUITY		16 675 446	14 239 787

Consolidated Statement of Profit or Loss for 6 month of the financial year 2020/2021

	Note	31.12.2020	31.12.2019
		EUR	EUR
Net sales	7	11 414 875	8 711 395
Other operating income		81 898	106 578
Total income		11 496 773	8 817 973
Direct cost of goods sold or services rendered		-5 149 435	-3 744 147
Marketing, advertising and public relations expenses		-224 527	-367 227
Bad receivables	8	214 599	-9 197
Operating expenses		-451 642	-576 946
Salaries and social expenses	9	-3 118 307	-2 830 932
Bonuses and social expenses	9	-890 470	-466 925
Depreciation expense		-234 375	-220 914
Amortization of operating lease		-146 248	-149 681
Other expenses		-17 947	-19 854
Operating expenses		-10 018 353	-8 385 821
EBIT		1 478 420	432 148
Financial income (except ForEx rate difference)		422	8 592
Financial costs (except ForEx rate difference)		-13 050	-11 049
Foreign exchange +gain/(loss)		-240 184	23 957
Financial items		-252 813	21 500
EBT		1 225 607	453 647
Corporate income tax		-81 351	-2 071
Profit after taxes		1 144 256	451 576
Net profit/(loss)		1 144 256	451 576

*Earnings per share

EPS 31.12.2020. = 0.39 EUR

EPS 31.12.2019. = 0.15 EUR

Consolidated Statement of Profit or Loss for Q2 of the financial year 2020/2021

	31.12.2020	31.12.2019
	EUR	EUR
Net sales	6 707 178	4 722 329
Other operating income	81 243	68 863
Total income	6 788 421	4 791 192
Direct cost of goods sold or services rendered	-3 232 571	-2 025 574
Marketing, advertising and public relations expenses	-122 820	-200 911
Bad receivables	187 893	-5 527
Operating expenses	-238 981	-304 743
Salaries and social expenses	-1 620 326	-1 496 444
Bonuses and social expenses	-576 510	-288 776
Depreciation expense	-117 424	-111 582
Amortization of operating lease	-73 019	-74 865
Other expenses	-6 655	-10 438
Operating expenses	-5 800 413	-4 518 860
EBIT	988 008	272 332
Financial income (except ForEx rate difference)	25	4 205
Financial costs (except ForEx rate difference)	-6 519	-5 526
Foreign exchange +gain/(loss)	-134 468	-76 538
Financial items	-140 962	-77 859
EBT	847 046	194 473
Corporate income tax	-80 904	-1 393
Net profit/(loss)	766 142	193 080

*Earnings per share

EPS 31.12.2020. = 0.26 EUR

EPS 31.12.2019. = 0.07 EUR

Consolidated cash flow statement for 6 months of the financial year 2020/2021

	31.12.2020	31.12.2019
	EUR	EUR
CASH GENERATED FROM OPERATIONS (of which)	1 469 358	1 041 526
Cash received from customers	12 037 204	9 571 377
Cash paid to suppliers and employees	-10 701 548	-8 652 182
Paid/Received VAT	133 702	122 331
NET CASH USED IN INVESTING ACTIVITIES (of which)	-345 648	-193 375
Cash paid for purchasing shares in subsidiary	960	0
Cash paid for purchasing non-current physical assets	-346 608	-200 349
Interest received	0	6 974
NET CASH USED IN FINANCING ACTIVITIES (of which)	-348 786	155 291
Short-term loans	58 675	38 277
Repayment of short-term loans	0	233
Cash received from EU funds	216 277	116 781
Effects of exchange rate changes	147 518	44 061
TOTAL CASH FLOW:	922 442	1 047 503
Cash and cash equivalents as at the beginning of period	4 995 062	2 616 931
Cash and cash equivalents as at the end of period	5 917 504	3 664 434
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	922 442	1 047 503

Statement of changes in consolidated equity for the 6 month period ended December 31, 2020

	Share capital	Share premium	Other reserves	Currency translation reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR
As at 30 June 2019	4 158 252	2 851 726	8 530	6 345	2 441 356	9 466 209
Currency translation difference	-	-	-	2 358	-	2 358
Loss for the year	-	-	-	-	439 484	439 484
As at 30 June 2020	4 158 252	2 851 726	8 530	8 703	2 880 840	9 908 051
Currency translation difference	-	-	-	-9 824	-	-9 824
Profit for the year	-	-	-	-	1 144 256	1 144 256
As at 31 December 2020	4 158 252	2 851 726	8 530	-1 121	3 401 358	10 418 745

Notes for interim report

Note 1 Customer receivables

	31.12.2020	31.12.2019
	EUR	EUR
Long-term receivables	700	1 361
Accounts receivable	1 557 488	1 902 081
Provisions for bad and doubtful accounts receivable	(367 185)	(21 757)
Total short-term accounts receivable	1 190 303	1 880 324
Total receivables	1 191 003	1 881 685

As compared to the same balance sheet date of the previous financial year the total receivables have decreased

Note 2 Other current receivables

	31.12.2020	31.12.2019
	EUR	EUR
Other current receivables	98 907	52 918

Other current receivables include the amounts of calculated co-financing from EU funds for ongoing product development projects. Co-financing is assigned via competence center “LEO pētījumu centrs” (LEO) and will be received when project documentation and results are reviewed and accepted by project sponsor.

Note 3 Inventories

	31.12.2020	31.12.2019
	EUR	EUR
Raw materials	2 500 844	2 082 837
Allowance for slow-moving items	(777 737)	(664 600)
Work-in-progress	2 658 707	2 600 563
Finished goods	2 650 533	2 202 461
Prepayments to suppliers	118 003	50 946
	7 150 350	6 272 207

As compared to 31 December 2019, total inventories increased by 14%.

The Group maintains the amount of raw materials and auxiliary supplies at the defined level to be able to deliver all products in the Group’s product portfolio within the competitive timeframes.

The Group’s inventories must include previously produced and sold equipment components in order to provide corresponding maintenance service.

The composition of inventories has changed – more materials are sent to production, and the balance of inventories of semi-finished and finished products has grown.

Note 4 Non-current, intangible assets

	31.12.2020	31.12.2019
	EUR	EUR
Plant and equipment	4 433 248	4 269 805
Other equipment and fixtures	2 065 596	2 049 853
Accumulated depreciation	(5 795 096)	(5 649 662)
Prepayments for noncurrent physical assets	31 300	-
Unfinished renovation works	2 599	-
Long-term investment lease*	1 165 875	1 195 286
	1 903 522	1 865 281
Purchased licenses, trademarks etc.	200 031	192 506
Other long-term intangible assets	44 048	-
	244 079	192 506
Total non-current, intangible assets	2 147 600	2 057 787

*See Note 5 Operating lease liabilities

During Q2, the Group acquired fixed assets and intangible assets in the amount of 166 thousand euros – mainly, in order to ensure production and testing processes, as well as to acquire office equipment.

Note 5 Operating lease liabilities

	31.12.2020	31.12.2019
	EUR	EUR
Accrued short-term operating lease liabilities	307 779	313 120
Accrued long-term operating lease liabilities	856 197	882 332
	1 163 976	1 195 452

As a result of implementing IFRS 16 “Leases”, the Group has made estimates in connection with the concluded operating lease contracts, assuming that it will continue to lease the premises the next 5 (five) years in accordance with the concluded contracts on the lease of the premises.

Note 6 Salary-related accrued expenses

	31.12.2020	31.12.2019
	EUR	EUR
Salary-related accrued expenses	1 327 628	827 267

The increase in the balance sheet is due to fluctuations in vacation and bonus savings between periods, and due to the increase in wages.

Note 7 Segment information

a) The Group's (Parent company's) operations are divided into two major structural units:

- SAF branded equipment designed and produced in-house - as one of the structural units containing CFIP, Integra (Integrated carrier-grade Ethernet microwave radio), Spectrum Compact (measurement tools for radio engineers) and Aranet (environmental monitoring solutions).

CFIP – product line is represented by:

- Phoenix, a split mount (IDU+ODU) Phoenix hybrid radio system with Gigabit Ethernet and 20E1 interfaces;
- Lumina high capacity Full Outdoor all-in-one radio with Gigabit Ethernet traffic interface;
- Marathon FIDU low frequency low capacity system for industrial applications, energy companies and rural telecom use.

All CFIP radios are offered in most widely used frequency bands from 1.4GHz to 38 GHz, thus enabling the use of CFIP radios all across the globe.

Integra – is a next generation radio system employing latest modem technology on the market as well as radio technology in an innovative packaging.

Spectrum Compact is the latest product line in SAF's portfolio, it is a measurement tool for field engineers for telecom, broadcasting and other industries using radio technologies. It comprises of a number of units covering several frequency bands and proving various functionality.

Aranet- the latest SAF product line for environmental monitoring, consisting of various wireless sensors, base stations and Aranet cloud solution for data collection, aggregation and analysis.

- operations related to sales of products purchased from other suppliers, like antennas, cables, SAF renamed (OEMed) products and different accessories - as the second unit.

This note provides information about division of the Group's turnover and balance items by structural units by product type for 6 month of the financial year 2020/21 and financial year 2019/20.

	CFM; CFIP; FreeMile		Other		Total	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
	EUR	EUR	EUR	EUR	EUR	EUR
Segment assets	8 357 090	8 264 246	1 407 095	1 237 099	9 764 185	9 501 345
Undivided assets					6 911 261	4 738 442
Total assets					16 675 446	14 239 787
Segment liabilities	3 192 189	1 885 293	161 655	111 078	3 353 844	1 996 371
Undivided liabilities					2 902 857	2 321 757
Total liabilities					6 256 701	4 318 128
Net sales	10 886 678	8 034 028	528 197	677 367	11 414 875	8 711 395
Segment results	4 243 849	3 033 121	458 206	474 584	4 702 055	3 507 705
Undivided expenses					-3 305 533	-3 182 136
Profit from operations					1 396 522	325 569
Other income					81 898	106 578
Financial income (except ForEx rate difference)					422	8 592
Financial costs (except ForEx rate difference)					-13 050	-11 049
Foreign exchange +gain/(loss)					-240 185	23 957
Profit before taxes					1 225 607	453 647
Corporate income tax					-81 351	-2 071
Profit after taxes					1 144 256	451 576
Net profit					1 144 256	451 576
Other information						
Additions of property plant and equipment and intangible assets	147 149	29 863	0	0	147 149	29 863
Undivided additions					128 774	184 880
Total additions of property plant and equipment and intangible assets					275 923	214 743
Depreciation and amortization	208 490	204 007	0	0	208 490	204 007
Undivided depreciation					172 133	166 588
Total depreciation and amortization					380 623	370 595

b) This note provides information about division of the Group's turnover and assets by geographical regions (customer location) for 6 month of the financial year 2020/21 compared to the same period of financial year 2019/20.

	Net sales		Assets	
	2020/21 EUR	2019/20 EUR	31.12.2020 EUR	31.12.2019 EUR
Americas	7 789 024	4 911 853	719 751	1 307 278
Europe, CIS	2 548 180	2 855 332	322 567	343 393
Asia, Africa, Middle East	1 077 671	944 210	148 686	231 014
	11 414 875	8 711 395	1 191 003	1 881 685
Unallocated assets	-	-	15 484 442	12 358 102
	11 414 875	8 711 395	16 675 446	14 239 787

Note 8 Bad receivables

	31.12.2020	31.12.2019
	EUR	EUR
Bad receivables	214 599	(9 197)

Provisions for doubtful and bad accounts receivable were calculated according to Group's provision calculation policy. The Group starts to calculate provisions for customers who delays payment terms more than 3 months. Additional provisions were calculated for debts where probability not to receive payment is high, although agreed payment term has not come yet. Assessing the risks of receivables, additional provision for insecure debts has been made.

Note 9 Salaries, bonuses and social expenses

	31.12.2020	31.12.2019
	EUR	EUR
Salaries and social expenses	3 118 307	2 830 932
Bonuses and social expenses	890 470	466 925
	4 008 777	3 297 857

Compared to the 6-month period of the previous financial year 2019/2020, wages and related social contributions increased by 21%, which reflects changes in the number of staff and structural changes (employees with critical competencies).