

**SAF Tehnika A/S**  
**Consolidated Interim Report**  
**for Q3 and 9 month of financial year 2021/2022**  
**(July 1, 2021 – March 31, 2022)**

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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 238 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.

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<b>Commercial Registry Nr.:</b>	40003474109
<b>VAT Registry Nr.:</b>	LV40003474109
<b>Beginning of financial year:</b>	01.07.2021
<b>End of financial year:</b>	30.06.2022
<b>Phone:</b>	+371 67046840
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## Share and Shareholdings

SAF Tehnika shareholders (over 5%) as of 30.06.2021.

Shareholder	Ownership interest (%)
Didzis Liepkalns	17.05%
SIA „Koka zirgs”	12.19%
Andrejs Grišāns	10.03%
Normunds Bergs	9.74%
Juris Zieme	8.71%

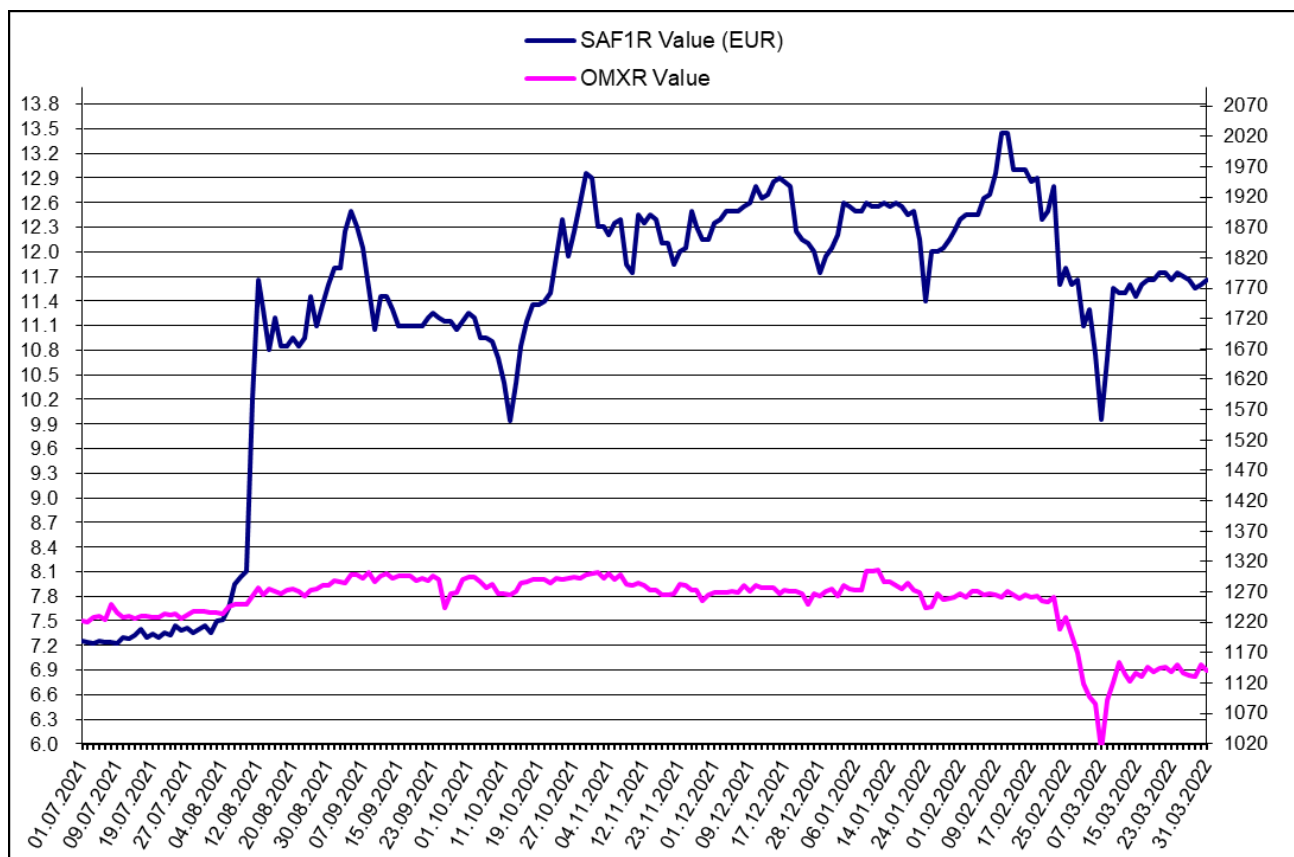
## SAF Tehnika share price and OMX Riga index development for the reporting period

SAF Tehnika (SAF1R)

Period: July 1, 2021 – March 31, 2022

Currency: EUR

Marketplace: Nasdaq Riga



## Information on Management and Supervisory Board members

### SAF Tehnika Management Board:

<b>Name</b>	<b>Position</b>	<b>Ownership interest (%)</b>
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:

<b>Name</b>	<b>Position</b>	<b>Ownership interest (%)</b>
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, has resumed working in SAF Tehnika in a position of a Director of Digital Transformation in September 2021. She has extensive experience in management, finance, administration and IT, gained in companies operating in local and international markets. She worked as an Administrative Director (2019-2020) in a food production company “Forevers” Ltd.), metal processing company group “Torgy Mek” as Finance Director (2016-2019) and as a Director of Torgy Baltic SIA (2018-2019). Aira Loite has been a member of the Board of SAF Tehnika, Finance and Administrative Director (2007-2011), Managing Director (2011-2015). From 2006 to 2007, she worked as the director of the Business Information and Control Department of SIA Lattelecom. From 2000 to 2006, she was a member of the Board and Chief Financial Officer of SIA Microlink Latvia. A. Loite has graduated the University of Latvia in



1988 and holds Masters degree in Mathematics and MBA from Salford University, GB, obtained in 2009.

**Sanda Šalma**, Member of the Supervisory Council, currently leading Microsoft Azure business in Small and Medium segment in CEE (Central and Eastern Europe) 30+ countries. Almost 15 years spent in the information technology industry in various business development and sales leader roles in the Baltic and European markets. Previous experience in banking (Parex Bank, 2006-2008) and sales account management in a Danish and Swedish owned logistics company Baltic Transshipment Center (2000-2006). She graduated from Salford University in 2009 with MBA, as well as Riga Stradins University in 2021, and holds a Master degree in Clinical Psychology.

## 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 March, 2022 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, 2021.

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.



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Zane Jozepa  
CFO, Member of the Management Board

## Management Report

The Group's unaudited consolidated net turnover in the third quarter (Q3) of the financial year 2021/2022 was EUR 8.6 million, which is an increase of 46% compared to the third quarter of the financial year 2020/2021.

The turnover in North and Latin Americas was 49% or EUR 4.2 million. Compared to the turnover in the same quarter of the previous financial year, the turnover increased by 9%.

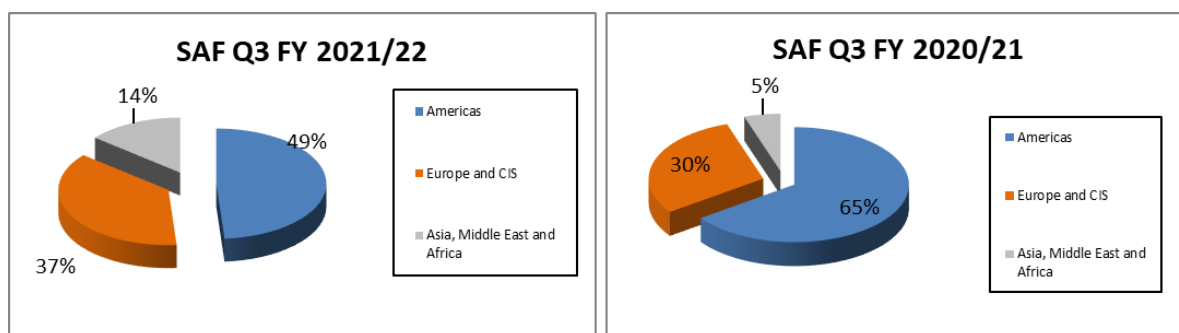
The turnover in Europe and CIS countries amounts to 37% or EUR 3.2 million, which is 82% more than in the 3rd quarter of the previous financial year. The turnover of the AMEA (Asia, Middle East, Africa) region grew 4 times compared to the corresponding quarter of the previous financial year and accounts for 14% or EUR 1.2 million.

In the third quarter of this financial year, SAF Tehnika took part in trade shows and continued its marketing activities on digital platforms. In total, the company participated in 6 exhibitions and conferences of various scale, the largest of which were held in the USA, including *WISPAmerica* (telecommunications), *IWCE 2022* (critical communications) and *Midwest Poultry Federation Convention* (chicken farming).

In the third quarter, special emphasis was placed on raising awareness and competitiveness of the Aranet brand in global markets. A brand strategy and a new visual identity have been developed, along with a brand story in a video format and a new Aranet.com website that provides a much more transparent and clear view of Aranet products and solutions offered. The indoor air quality sensor of the Aranet product line, Aranet4, is still showing growth, and demand exceeds earlier forecasts.

In turn, successful cooperation with several partners was established in the verticals of microwave radio communication and measuring devices. A trilateral cooperation agreement was concluded with *GeoLinks*, the largest holder of the licensed spectrum of 29-31 GHz in the USA, and *Double Radius* for the production and supply of microwave radios in the corresponding range, which will provide additional opportunities for their implementation in the USA. In the measuring product line, the European-funded Spectrum Compact drone project was completed, helping to build SAF Tehnika's image as a technological innovator. Product development will continue in the fourth quarter to improve the drone project both technically and commercially.

### Comparative charts of Q3 sales volumes by regions:

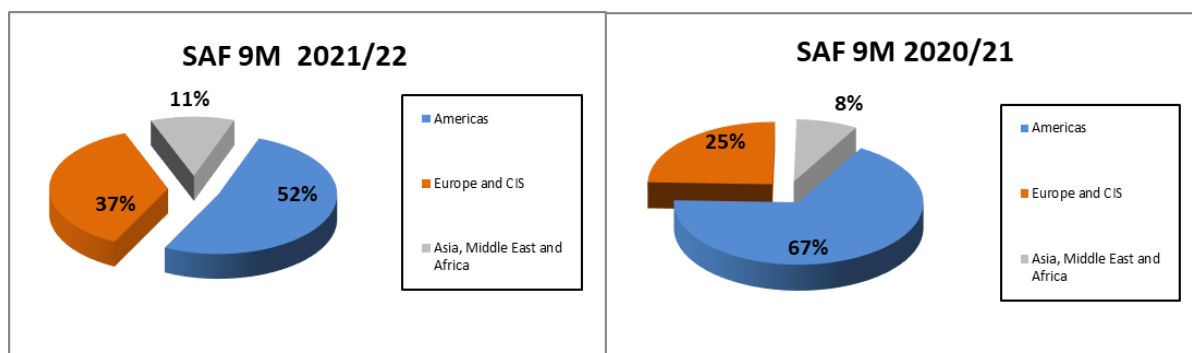


In the reporting quarter, the Group's products were sold in 62 countries.

The Group's unaudited consolidated turnover for the 9-month period of the financial year 2021/2022 was EUR 25.57 million, which is 48% more than the amount of revenue in the previous financial year.

During the 9-month period, revenues in North and Latin Americas represented 52% of the total Group's turnover and amounted to EUR 13.27 million, thus showing an increase of 14% compared to 9 months of the previous financial year. Revenue from the European and CIS countries represented 37% of the total turnover, having increased 2.1 times against 9 months of the previous year and amounted to EUR 9.38 million. Revenue from the AMEA (Asia, Middle East, Africa) region increased 2 times or EUR 1.5 million, thus making 11% of the Group's total turnover.

### Comparative charts of 9-month sales volumes by regions:



The Group's expenditures did not exceed the planned volumes and 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 completed the third quarter of the financial year 2021/2022 with a profit of EUR 1.65 million (unaudited). The result of the 3rd quarter of the previous year was a profit of EUR 967 thousand.

The unaudited consolidated result for the 9-month period of the financial year 2021/2022 is profit of EUR 5.14 million. The Group's profit for 9 months of the previous financial year 2020/2021 was EUR 2.11 million.

The Group's net cash flow for the 9-month period of the financial year is negative – EUR 3 million. In December 2021, dividends were paid in the amount of EUR 0.67 (sixty-seven cents) per share, or total EUR 1.99 million. The Group's net cash balance was EUR 4.6 million. In the third quarter of the financial year 2021/2022, EUR 201 thousand were invested in acquisition of fixed assets.

## **Market Overview**

There has been no rapid change in the microwave radio market over the last quarter. 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. Some national telecommunications infrastructure development projects in Europe have been postponed in the context of an increase in energy costs. 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 continue the development and diversify SAF Tehnika's product offering. The Group does not have significant customers and suppliers in the region involved in military operations (Russia, Ukraine or Belarus), so there is no direct impact on the volume of orders.

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. After the pandemic, the group continues to follow the epidemiological rules in the home country, ensuring compliance with the relevant norms. During the third quarter, the manufacturing facility of SAF Tehnika operated in its normal mode, the company manufactured and shipped its products worldwide. At the manufacturing facility, the work is organized in such a way as to reduce physical proximity (by working remotely or rearranging workplaces), paying special attention to ventilation and air quality.

Since the outbreak of hostilities in Ukraine by Russia, the direct impact on the Group's activities is relatively limited, but the uncertainty of the business environment has increased. The

Group carefully assesses possible cost growth forecasts and potential risks. The Group's operations are affected by the global shortage of various electronic components. Supply chains could be expected to experience more and more difficulties - alternative transport options could increase the time and cost of delivery. As in times of global pandemic, the company regularly reviews procurement volumes and deadlines, and continues to accumulate inventory in order to be 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 goal of the company is to stabilize the turnover level, which ensures a positive net result in the long run. The Board of SAF Tehnika remains cautious and refrains from providing specific sales and performance forecasts.

As of March 31, 2022, the Group had 238 employees (222 employees as of March 31, 2021).

## KEY indicators

	Q3 2021/22	Q3 2020/21	Q3 2019/20
	EUR	EUR	EUR
Net Sales	8,606,684	5,890,611	4,517,091
Earnings before interest, taxes and depreciation (EBITDA)	1,819,693	1,127,709	267,518
<i>share of the turnover %</i>	21%	19%	5.9%
Profit/loss before interest and taxes (EBIT)	1,611,490	929,439	80,004
<i>share of the turnover %</i>	19%	16%	2%
Net Profit	1,648,673	967,059	158,995
<i>share of the turnover %</i>	19%	16%	4%
Total assets	24,227,360	19,189,675	13,943,425
Total Owners equity	16,374,680	11,401,824	10,079,091
Return on equity (ROE) %	7.15%	5.39%	1.13%
Return on assets (ROA) %	10.61%	8.86%	1.59%
Liquidity ratio			
<i>Quick ratio %</i>	71%	104%	142%
<i>Current ratio %</i>	103%	140%	218%
Earnings per share	0.56	0.33	0.05
Last share price at the end of period	11.65	6.15	2.76
P/E	4.81	9.18	11.50
Number of employees at the end of reporting period	238	222	206

## Consolidated Statement of Financial Position

	Note	31.03.2022	31.03.2021
<b>CURRENT ASSETS</b>		<b>EUR</b>	<b>EUR</b>
<b>Cash and bank</b>		<b>4 593 245</b>	<b>6 475 938</b>
<b>Customer receivables</b>	<b>1</b>		
Accounts receivable		2 102 738	2 608 033
Allowance for uncollectible receivables		-23 689	-383 927
<b>Total</b>		<b>2 079 049</b>	<b>2 224 106</b>
<b>Other receivables</b>			
Other current receivables	<b>2</b>	35 467	35 153
<b>Total</b>		<b>35 467</b>	<b>35 153</b>
<b>Prepaid expenses</b>			
Prepaid taxes		273 242	23 315
Other prepaid expenses		262 231	139 160
<b>Total</b>		<b>535 473</b>	<b>162 475</b>
<b>Inventories</b>	<b>3</b>		
Raw materials		5 346 389	2 026 322
Work-in-progress		3 453 510	2 507 920
Finished goods		4 845 463	3 095 983
Prepayments to suppliers		178 028	226 043
<b>Total</b>		<b>13 823 390</b>	<b>7 856 268</b>
<b>TOTAL CURRENT ASSETS</b>		<b>21 066 624</b>	<b>16 753 940</b>
<b>NON-CURRENT ASSETS</b>			
<b>Long-term financial assets</b>			
Investments in other companies		7 146	7 146
Long-term receivables	<b>1</b>	0	1 400
<b>Total</b>		<b>7 146</b>	<b>8 546</b>
<b>NON-CURRENT physical assets</b>	<b>4</b>		
Plant and equipment		4 858 276	4 478 911
Other equipment and fixtures		2 129 870	2 072 800
Accumulated depreciation		-5 928 697	-5 873 209
Prepayments for noncurrent physical assets		327 656	24 118
Unfinished renovation works		202 637	15 740
Long-term investment - lease		1 101 255	1 394 300
<b>Total</b>		<b>2 690 997</b>	<b>2 112 660</b>
<b>Intangible assets</b>	<b>4</b>		
Purchased licenses, trademarks etc.		422 404	272 781
Other long-term intangible assets		40 189	41 748
<b>Total</b>		<b>462 593</b>	<b>314 529</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3 160 736</b>	<b>2 435 735</b>
<b>TOTAL ASSETS</b>		<b>24 227 360</b>	<b>19 189 675</b>



<b>LIABILITIES AND OWNERS' EQUITY</b>	<b>Note</b>	<b>31.03.2022</b>	<b>31.03.2021</b>
<b>CURRENT LIABILITIES</b>		<b>EUR</b>	<b>EUR</b>
<b>Debt obligations</b>			
Customer prepayments for goods and services		1 509 388	1 970 669
Accounts payable		2 000 665	1 488 901
Accrued short-term operating lease liabilities	<b>5</b>	318 592	316 015
Tax liabilities		320 428	298 768
Salary-related accrued expenses	<b>6</b>	1 965 514	1 952 552
Provisions for guarantees		45 636	17 423
Deffered income		336 801	210 125
<b>TOTAL CURRENT LIABILITIES</b>		<b>6 497 023</b>	<b>6 254 454</b>
<b>NON-CURRENT LIABILITIES</b>			
<b>Long-term liabilities</b>			
Long-term deffered income		616 461	452 309
Accrued long-term operating lease liabilities	<b>5</b>	739 196	1 081 088
<b>TOTAL LONG-TERM LIABILITIES</b>		<b>1 355 657</b>	<b>1 533 397</b>
<b>TOTAL LIABILITIES</b>		<b>7 852 680</b>	<b>7 787 851</b>
<b>OWNERS' EQUITY</b>			
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		4 143 257	2 257 102
Net profit for the financial year		5 139 673	2 111 315
Currency translation reserve		73 242	14 899
<b>TOTAL OWNERS' EQUITY</b>		<b>16 374 680</b>	<b>11 401 824</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>24 227 360</b>	<b>19 189 675</b>

## Consolidated Statement of Profit or Loss for 9 month of the financial year 2021/2022

	Note	31.03.2022	31.03.2021
		EUR	EUR
Net sales	7	25 573 893	17 305 485
Other operating income		128 618	405 315
<b>Total income</b>		<b>25 702 511</b>	<b>17 710 800</b>
Direct cost of goods sold or services rendered		-9 723 088	-7 409 479
Marketing, advertising and public relations expenses		-941 554	-309 754
Bad receivables	8	202 076	198 661
Operating expenses		-1 116 607	-671 810
Salaries and social expenses	9	-5 754 632	-4 806 908
Bonuses and social expenses	9	-2 576 992	-1 695 738
Depreciation expense		-346 168	-354 527
Amortization of operating lease		-226 309	-224 366
Other expenses		-37 156	-29 022
<b>Operating expenses</b>		<b>-20 520 430</b>	<b>-15 302 943</b>
<b>EBIT</b>		<b>5 182 081</b>	<b>2 407 857</b>
Financial income (except ForEx rate difference)		513	428
Financial costs (except ForEx rate difference)		-20 796	-20 836
Foreign exchange +gain/(loss)		140 479	-125 552
<b>Financial items</b>		<b>120 196</b>	<b>-145 960</b>
<b>EBT</b>		<b>5 302 277</b>	<b>2 261 897</b>
Corporate income tax		-162 604	-150 582
<b>Profit after taxes</b>		<b>5 139 673</b>	<b>2 111 315</b>
<b>Net profit/(loss)</b>		<b>5 139 673</b>	<b>2 111 315</b>

\*Earnings per share

EPS 31.03.2022. = 1.73 EUR

EPS 31.03.2021. = 0.71 EUR

## Consolidated Statement of Profit or Loss for Q3 of the financial year 2021/2022

	31.03.2022	31.03.2021
	EUR	EUR
Net sales	8 606 684	5 890 611
Other operating income	69 029	323 417
<b>Total income</b>	<b>8 675 713</b>	<b>6 214 028</b>
Direct cost of goods sold or services rendered	-3 364 226	-2 260 044
Marketing, advertising and public relations expenses	-414 057	-85 227
Bad receivables	196 406	-15 938
Operating expenses	-427 815	-220 168
Salaries and social expenses	-2 053 072	-1 688 601
Bonuses and social expenses	-771 704	-805 267
Depreciation expense	-132 506	-120 152
Amortization of operating lease	-75 697	-78 118
Other expenses	-21 552	-11 074
<b>Operating expenses</b>	<b>-7 064 223</b>	<b>-5 284 589</b>
<b>EBIT</b>	<b>1 611 490</b>	<b>929 439</b>
Financial income (except ForEx rate difference)	216	6
Financial costs (except ForEx rate difference)	-6 952	-7 785
Foreign exchange +gain/(loss)	22 191	114 630
<b>Financial items</b>	<b>15 455</b>	<b>106 851</b>
<b>EBT</b>	<b>1 626 945</b>	<b>1 036 290</b>
<b>Corporate income tax</b>	<b>21 728</b>	<b>-69 231</b>
<b>Net profit/(loss)</b>	<b>1 648 673</b>	<b>967 059</b>

\*Earnings per share

EPS 31.03.2022. = 0.56 EUR

EPS 31.03.2021. = 0.33 EUR

## Consolidated cash flow statement for 9 months of the financial year 2021/2022

	31.03.2022	31.03.2021
	EUR	EUR
<b>CASH GENERATED FROM OPERATIONS (of which)</b>	<b>215 606</b>	<b>1 988 048</b>
Cash received from customers	26 314 254	17 558 434
Cash paid to suppliers and employees	-26 477 445	-15 750 367
Paid/Received VAT	378 797	179 981
<b>NET CASH USED IN INVESTING ACTIVITIES (of which)</b>	<b>-1 367 988</b>	<b>-514 600</b>
Cash paid for purchasing shares in subsidiary	0	960
Cash paid for purchasing non-current physical assets	-1 367 988	-515 560
<b>NET CASH USED IN FINANCING ACTIVITIES (of which)</b>	<b>-1 798 662</b>	<b>42 905</b>
Short-term loans	0	61 407
Cash received from EU funds	191 359	605 236
Dividends paid	-1 990 021	-623 738
<b>Effects of exchange rate changes</b>	<b>-145 459</b>	<b>-35 477</b>
<b>TOTAL CASH FLOW:</b>	<b>-3 096 503</b>	<b>1 480 876</b>
Cash and cash equivalents as at the beginning of period	7 689 748	4 995 062
Cash and cash equivalents as at the end of period	4 593 245	6 475 938
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-3 096 503</b>	<b>1 480 876</b>

## Statement of changes in consolidated equity for the 9 month period ended March 31, 2022

	Share capital	Share premium	Other reserves	Currency translation reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR
<b>As at 30 June 2020</b>	<b>4 158 252</b>	<b>2 851 726</b>	<b>8 530</b>	<b>8 703</b>	<b>2 880 840</b>	<b>9 908 051</b>
Dividend relating to 2014/2016	-	-	-	-	-623 738	-623 738
Currency translation difference	-	-	-	1 621	-	1 621
Profit for the year	-	-	-	-	3 876 176	3 876 176
<b>As at 30 June 2021</b>	<b>4 158 252</b>	<b>2 851 726</b>	<b>8 530</b>	<b>10 324</b>	<b>6 133 278</b>	<b>13 162 110</b>
Dividend relating to 2016/2020	-	-	-	-	-1 990 021	-1 990 021
Currency translation difference	-	-	-	62 918	-	62 918
Profit for the year	-	-	-	-	5 139 673	5 139 673
<b>As at 31 March 2021</b>	<b>4 158 252</b>	<b>2 851 726</b>	<b>8 530</b>	<b>73 242</b>	<b>9 282 930</b>	<b>16 374 680</b>

## Notes for interim report

### Note 1 Customer receivables

	<b>31.03.2022</b>	<b>31.03.2021</b>
	<b>EUR</b>	<b>EUR</b>
Long-term receivables	-	1 400
Accounts receivable	2 102 738	2 608 033
Provisions for bad and doubtful accounts receivable	(23 689)	(383 927)
<b>Total short-term accounts receivable</b>	<b>2 079 049</b>	<b>2 224 106</b>
<b>Total receivables</b>	<b>2 079 049</b>	<b>2 225 506</b>

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

### Note 2 Other current receivables

	<b>31.03.2022</b>	<b>31.03.2021</b>
	<b>EUR</b>	<b>EUR</b>
<b>Other current receivables</b>	<b>35 467</b>	<b>35 153</b>

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

	<b>31.03.2022</b>	<b>31.03.2021</b>
	<b>EUR</b>	<b>EUR</b>
Raw materials	6 297 419	2 908 003
Allowance for slow-moving items	(951 030)	(881 681)
Work-in-progress	3 453 510	2 507 920
Finished goods	4 845 463	3 095 983
Prepayments to suppliers	178 028	226 043
	<b>13 823 390</b>	<b>7 856 268</b>

As compared to 31 March 2021, total inventories increased by 75%.

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.

**Note 4 Non-current, intangible assets**

	<b>31.03.2022</b>	<b>31.03.2021</b>
	<b>EUR</b>	<b>EUR</b>
Plant and equipment	4 858 276	4 478 911
Other equipment and fixtures	2 129 870	2 072 800
Accumulated depreciation	(5 928 697)	(5 873 209)
Prepayments for noncurrent physical assets	327 656	24 118
Unfinished renovation works	202 637	15 740
Long-term investment lease*	1 101 255	1 394 300
	<b>2 690 997</b>	<b>2 112 660</b>
Purchased licenses, trademarks etc.	422 404	272 781
Other long-term intangible assets	40 189	41 748
	<b>462 593</b>	<b>314 529</b>
<b>Total non-current, intangible assets</b>	<b>3 153 590</b>	<b>2 427 189</b>

\*See Note 5 Operating lease liabilities

During Q3, the Group acquired fixed assets and intangible assets in the amount of 201 thousand euros – mainly, in order to ensure production and testing processes, as well as to acquire office equipment.

**Note 5 Operating lease liabilities**

	<b>31.03.2022</b>	<b>31.03.2021</b>
	<b>EUR</b>	<b>EUR</b>
Accrued short-term operating lease liabilities	318 592	316 015
Accrued long-term operating lease liabilities	739 196	1 081 088
	<b>1 057 789</b>	<b>1 397 102</b>

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**

	<b>31.03.2022</b>	<b>31.03.2021</b>
	<b>EUR</b>	<b>EUR</b>
<b>Salary-related accrued expenses</b>	<b>1 965 514</b>	<b>1 952 552</b>

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 9 month of the financial year 2021/22 and financial year 2020/21.

	CFIP, Integra, Spectrum		Other		Total	
	Compact, Aranet		2021/22	2020/21	2021/22	2020/21
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
	EUR	EUR	EUR	EUR	EUR	EUR
<b>Segment assets</b>	<b>16 585 636</b>	<b>10 177 783</b>	<b>1 275 121</b>	<b>1 360 248</b>	<b>17 860 757</b>	<b>11 538 031</b>
Undivided assets					6 366 603	7 651 644
<b>Total assets</b>					<b>24 227 360</b>	<b>19 189 675</b>
<b>Segment liabilities</b>	<b>3 842 916</b>	<b>3 752 929</b>	<b>78 271</b>	<b>170 781</b>	<b>3 921 187</b>	<b>3 923 710</b>
Undivided liabilities					3 931 493	3 864 141
<b>Total liabilities</b>					<b>7 852 680</b>	<b>7 787 851</b>
<b>Net sales</b>	<b>23 357 461</b>	<b>16 637 354</b>	<b>216 432</b>	<b>668 131</b>	<b>23 573 893</b>	<b>17 305 485</b>
<b>Segment results</b>	<b>11 835 207</b>	<b>6 860 026</b>	<b>656 671</b>	<b>593 408</b>	<b>12 491 878</b>	<b>7 453 434</b>
Undivided expenses					-7 438 415	-5 450 892
<b>Profit from operations</b>					<b>5 053 463</b>	<b>2 002 542</b>
Other income					128 618	405 315
Financial income (except ForEx rate difference)					513	428
Financial costs (except ForEx rate difference)					-20 796	-20 836
Foreign exchange +gain/(loss)					140 479	-125 552
<b>Profit before taxes</b>					<b>5 302 277</b>	<b>2 261 897</b>
Corporate income tax					-162 604	-150 582
<b>Profit after taxes</b>					<b>5 139 673</b>	<b>2 111 315</b>
<b>Net profit</b>					<b>5 139 673</b>	<b>2 111 315</b>
<b>Other information</b>						
Additions of property plant and equipment and intangible assets	173 172	162 932	0	0	173 172	162 932
Undivided additions					647 660	280 282
<b>Total additions of property plant and equipment and intangible assets</b>					<b>820 832</b>	<b>443 214</b>
Depreciation and amortization	330 958	311 154	0	0	330 958	311 154
Undivided depreciation					241 519	267 739
<b>Total depreciation and amortization</b>					<b>572 477</b>	<b>578 893</b>

b) This note provides information about division of the Group's turnover and assets by geographical regions (customer location) for 9 month of the financial year 2021/22 compared to the same period of financial year 2020/21.



	<b>Net sales</b>		<b>Assets</b>	
	<b>2021/22</b>	<b>2020/21</b>	<b>30.06.2021</b>	<b>30.06.2020</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Americas	13 265 178	11 625 983	1 202 196	1 522 061
Europe, CIS	9 377 687	4 299 791	662 542	484 390
Asia, Africa, Middle East	2 931 028	1 379 711	214 311	219 055
	<b>25 573 893</b>	<b>17 305 485</b>	<b>2 079 049</b>	<b>2 225 506</b>
Unallocated assets	-	-	22 148 311	16 964 169
	<b>25 573 893</b>	<b>17 305 485</b>	<b>24 227 360</b>	<b>19 189 675</b>

### Note 8 Bad receivables

	<b>31.03.2022</b>	<b>31.03.2021</b>
	<b>EUR</b>	<b>EUR</b>
<b>Bad receivables</b>	<b>202 076</b>	<b>198 661</b>

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

	<b>31.03.2022</b>	<b>31.03.2021</b>
	<b>EUR</b>	<b>EUR</b>
Salaries and social expenses	5 754 632	4 806 908
Bonuses and social expenses	2 576 992	1 695 738
	<b>8 331 624</b>	<b>6 502 646</b>

Compared to the third quarter of the previous financial year 2020/2021, the amount of salary costs and related social costs increased by 37%. This reflects changes in the number and composition of the staff (employees with critical competencies), as well as provisions for performance bonuses.