

**SAF Tehnika A/S**  
**Consolidated Interim Report**  
**for Q4 and 12 month of financial year 2021/2022**  
**(July 1, 2021 – June 30, 2022)**

## TABLE OF CONTENTS

KEY DATA .....	3
Share and Shareholdings.....	4
Information on Management and Supervisory Board members .....	5
Information on professional and educational background of the management board members .....	6
Information on professional and educational background of the supervisory council members .....	8
Statement of Board's Responsibilities.....	10
Management Report.....	11
Consolidated Statement of Financial Position .....	16
Consolidated Statement of Profit or Loss for 12 month of the financial year 2021/2022 .....	18
Consolidated Statement of Profit or Loss for Q4 of the financial year 2021/2022 .....	19
Consolidated cash flow statement for 12 months of the financial year 2021/2022 .....	20
Statement of changes in consolidated equity for the 12 month period ended June 30, 2022 .....	20
Notes for interim report .....	21
Note 1 Customer receivables .....	21
Note 2 Other current receivables .....	21
Note 3 Inventories.....	21
Note 4 Non-current, intangible assets .....	22
Note 5 Operating lease liabilities.....	22
Note 6 Salary-related accrued expenses .....	22
Note 7 Segment information.....	22
Note 8 Bad receivables .....	25
Note 9 Salaries, bonuses and social expenses.....	25

## 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 247 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.

<b>Legal address:</b>	Ganību dambis 24a Rīga, LV-1005 Latvija
<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
<b>E-mail:</b>	<a href="mailto:info@saftehnika.com">info@saftehnika.com</a>

## Share and Shareholdings

SAF Tehnika shareholders (over 5%) as of 30.06.2022.

Shareholder	Ownership interest (%)
Didzis Liepkalns	17.05%
SIA „Koka zirgs”	11.59%
Andrejs Grišāns	10.03%
Normunds Bergs	9.74%
Juris Ziema	8.71%

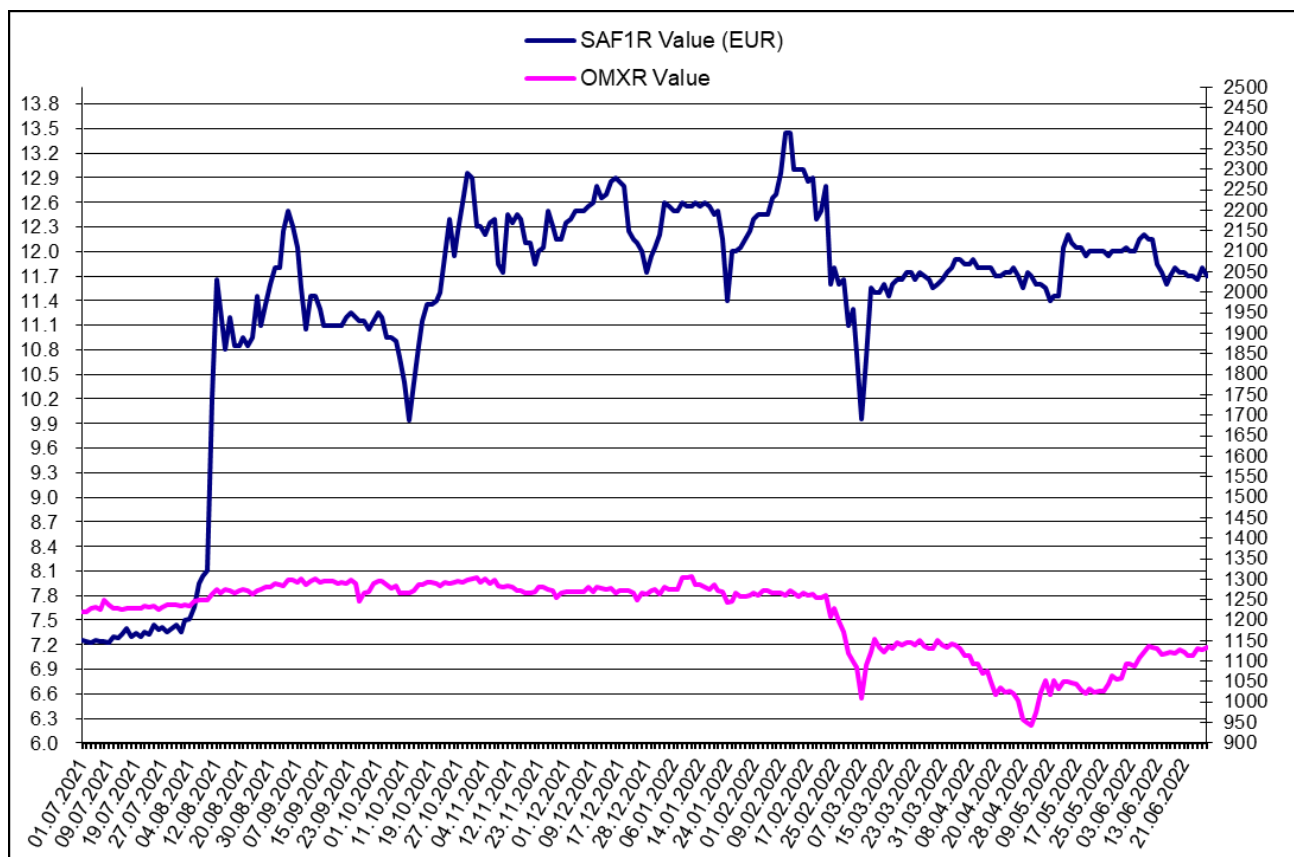
## SAF Tehnika share price and OMX Riga index development for the reporting period

SAF Tehnika (SAF1R)

Period: July 1, 2021 – June 30, 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 Ziema	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 Ziema**, 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. Ziema worked as an engineer at the Institute of Electronic Engineering and Computer Sciences. Mr. Ziema 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 30 June, 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.



---

Zane Jozepa  
CFO, Member of the Management Board

## Management Report

The Group's unaudited consolidated net turnover for the fourth quarter (Q4) of the financial year 2021/2022 was EUR 8.4 million, which is an increase of 2% compared to the fourth quarter of the financial year 2020/2021.

The turnover of the region of the countries of North and Latin America amounted to 64%, or EUR 5.4 million. Compared to the same quarter turnover last financial year, the turnover increased by 7%.

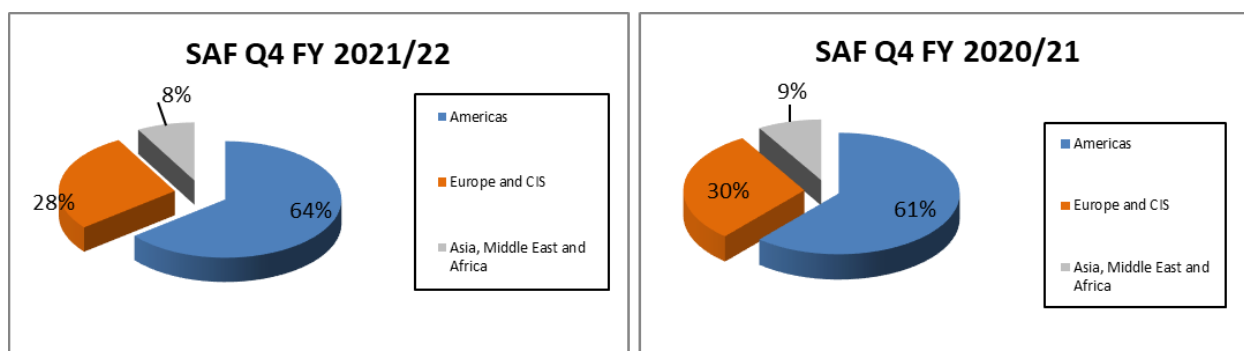
The turnover of the region of Europe and the CIS countries is 28%, or EUR 2.3 million, which is 6% less than in the 4<sup>th</sup> quarter of the previous financial year. Compared to the corresponding quarter of the last financial year, the turnover of Asia, Africa and the Middle East region decreased by 4% and accounts for 8% of total quarterly turnover (or EUR 675 thousand).

In the final quarter of the financial year, in order to strengthen its position in the international market and promote brand and product recognition, SAF Tehnika participated in 16 international exhibitions, covering industries of different scale in the USA, Europe and Asia. *IOT SWC* (Spain), *NAB Show* (USA) and *IMS* (USA) are considered as the most important exhibitions for business development. At the same time, great emphasis was placed on digital marketing activities and e-commerce, promoting both brand awareness and increasing sales figures.

The company's brand and product line *Aranet* continues to play a priority role in business development, increasing the volume of digital marketing activities and e-commerce on an international scale. Demand for selected *Aranet* products, including the *Aranet4* Indoor Air Quality Monitor, also increased this quarter, and product awareness continues to grow. Work is underway to strengthen the new brand identity in communication and to promote the overall image, gradually increasing both the number of digital marketing activities and attracting more and more leaders of public opinion.

At the same time, the advance in the vertical of microwave radios and measuring devices has been very successful, with the advent of 2 new radio products: *Phoenix G2+* and *Integra-E2*. Both of these products have already been presented at both *NAB Show* (USA) and *Asia Tech x Singapore*, and are already successfully delivered to customers worldwide. Along with participation in major industry fairs and digital marketing events, work continued on the *Spectrum Compact* drone project funded by the European Union, which is already at the final stage, and its results will be at the beginning of the financial year 2022/2023.

**Comparative charts of Q4 sales volumes by regions:**

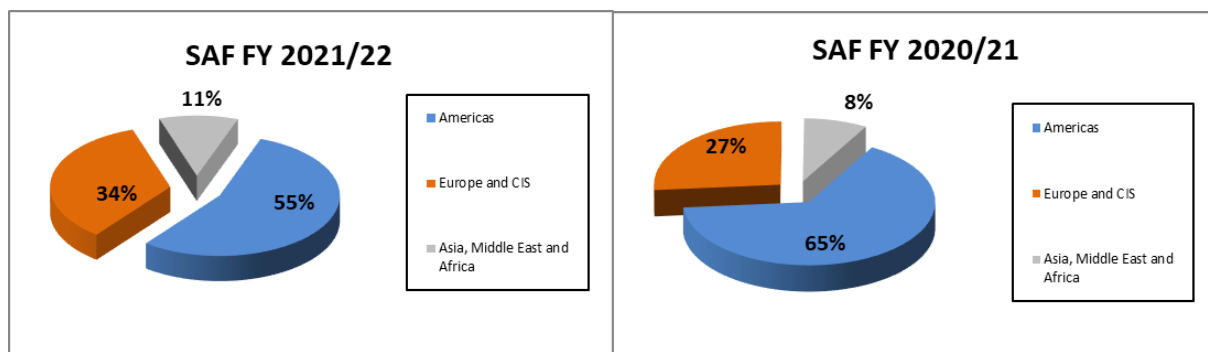


In the reporting quarter, the Group’s products were sold in 66 countries.

The Group’s unaudited consolidated turnover for the financial year 2021/2022 was EUR 33.97 million, which is 35% more than the amount of revenue in the previous financial year.

During the 12-month period, revenues in North and Latin Americas represented 55% of the total Group’s turnover and amounted to EUR 18.66 million, thus showing a 12% increase against the result of the previous financial year. Revenue from the European and CIS countries represented 34% of the total turnover, which grew by 73% over the 12 months of the previous year and amounts to EUR 11.7 million. Revenue from Asia, Africa and the Middle East increased by 73%, or EUR 1.5 million, thus making 11% of the Group’s total turnover.

**Comparative charts of 12-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 4th quarter of the financial year 2021/2022 with a profit of EUR 824 thousand (unaudited). The result of the 4th quarter of the previous year was profit of EUR 1.77 million.

The consolidated unaudited result of the financial year 2021/2022 is profit of EUR 5.96 million. The Group’s profit for the previous financial year 2020/2021 was EUR 3.88 million.

The Group's net cash flow for the 12-month period of the financial year is negative - 4.9 million EUR. 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 at the end of the period was EUR 2.8 million. In the 4th quarter of the financial year 2021/2022, EUR 856 thousand were invested in the acquisition of fixed assets (total EUR 1.68 million in the financial year).

## **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. 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 fourth 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 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 are becoming increasingly difficult – alternative transportation options increase delivery times and costs. 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 June 30, 2022, the Group had 247 employees (232 employees as of June 30, 2021).

## KEY indicators

	Q4 2021/22	Q4 2020/21	Q4 2019/20
	EUR	EUR	EUR
Net Sales	8,394,278	8,249,877	3,531,204
Earnings before interest, taxes and depreciation (EBITDA)	1,280,896	2,286,031	113,418
<i>share of the turnover %</i>	15%	28%	3.2%
Profit/loss before interest and taxes (EBIT)	840,918	2,102,596	-68,612
<i>share of the turnover %</i>	10%	25%	-2%
Net Profit	824,303	2,035,741	-134,794
<i>share of the turnover %</i>	10%	25%	-4%
Total assets	27,286,045	20,481,980	15,564,192
Total Owners equity	17,273,198	13,434,062	9,944,815
Return on equity (ROE) %	3.20%	10.26%	-0.91%
Return on assets (ROA) %	4.90%	16.39%	-1.35%
Liquidity ratio			
<i>Quick ratio %</i>	37%	138%	119%
<i>Current ratio %</i>	75%	169%	149%
Earnings per share	0.28	0.69	-0.05
Last share price at the end of period	11.70	7.28	3.60
P/E	5.82	5.20	22.50
Number of employees at the end of reporting period	247	232	212

## Consolidated Statement of Financial Position

	Note	30.06.2022	30.06.2021
<b>CURRENT ASSETS</b>		<b>EUR</b>	<b>EUR</b>
<b>Cash and bank</b>		<b>2 781 167</b>	<b>7 694 955</b>
<b>Customer receivables</b>	<b>1</b>		
Accounts receivable		2 764 344	1 881 102
Allowance for uncollectible receivables		-21 451	-224 044
<b>Total</b>		<b>2 742 893</b>	<b>1 657 058</b>
<b>Other receivables</b>			
Other current receivables	<b>2</b>	151 600	118 919
<b>Total</b>		<b>151 600</b>	<b>118 919</b>
<b>Prepaid expenses</b>			
Prepaid taxes		311 747	34 586
Other prepaid expenses		180 210	167 604
<b>Total</b>		<b>491 957</b>	<b>202 190</b>
<b>Inventories</b>	<b>3</b>		
Raw materials		6 500 299	2 905 703
Work-in-progress		3 554 140	2 705 937
Finished goods		6 280 155	2 944 649
Prepayments to suppliers		162 192	157 358
<b>Total</b>		<b>16 496 786</b>	<b>8 713 647</b>
<b>TOTAL CURRENT ASSETS</b>		<b>22 664 403</b>	<b>18 386 769</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	1 050
<b>Total</b>		<b>7 146</b>	<b>8 196</b>
<b>NON-CURRENT physical assets</b>	<b>4</b>		
Plant and equipment		4 946 475	4 547 818
Other equipment and fixtures		2 355 490	1 989 641
Accumulated depreciation		-5 525 674	-5 845 916
Prepayments for noncurrent physical assets		144 510	33 807
Unfinished renovation works		230 647	26 318
Long-term investment - lease		2 017 674	1 316 805
<b>Total</b>		<b>4 169 123</b>	<b>2 068 472</b>
<b>Intangible assets</b>	<b>4</b>		
Purchased licenses, trademarks etc.		411 678	316 640
Other long-term intangible assets		33 696	19 517
<b>Total</b>		<b>445 374</b>	<b>336 157</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4 621 643</b>	<b>2 412 825</b>
<b>TOTAL ASSETS</b>		<b>27 286 045</b>	<b>20 799 594</b>



<b>LIABILITIES AND OWNERS' EQUITY</b>	<b>Note</b>	<b>30.06.2022</b>	<b>30.06.2021</b>
<b>CURRENT LIABILITIES</b>		<b>EUR</b>	<b>EUR</b>
<b>Debt obligations</b>			
Customer prepayments for goods and services		1 677 391	1 535 832
Accounts payable		2 008 545	1 151 634
Accrued short-term operating lease liabilities	<b>5</b>	386 765	315 401
Tax liabilities		533 907	477 124
Salary-related accrued expenses	<b>6</b>	2 570 635	2 388 614
Provisions for guarantees		45 636	45 636
Deffered income		351 587	264 656
<b>TOTAL CURRENT LIABILITIES</b>		<b>7 574 465</b>	<b>6 178 897</b>
<b>NON-CURRENT LIABILITIES</b>			
<b>Long-term liabilities</b>			
Long-term deffered income		638 925	451 355
Accrues long-term operating lease liabilities	<b>5</b>	1 799 456	1 004 539
<b>TOTAL LONG-TERM LIABILITIES</b>		<b>2 438 381</b>	<b>1 455 894</b>
<b>TOTAL LIABILITIES</b>		<b>10 012 847</b>	<b>7 634 791</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		5 963 976	3 877 797
Currency translation reserve		147 458	11 397
<b>TOTAL OWNERS' EQUITY</b>		<b>17 273 198</b>	<b>13 164 803</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>27 286 045</b>	<b>20 799 594</b>

## Consolidated Statement of Profit or Loss for 12 month of the financial year 2021/2022

	Note	30.06.2022	30.06.2021
		EUR	EUR
Net sales	7	33 968 171	25 021 663
Other operating income		390 566	728 374
<b>Total income</b>		<b>34 358 737</b>	<b>25 750 037</b>
Direct cost of goods sold or services rendered		-13 080 591	-10 278 345
Marketing, advertising and public relations expenses		-1 465 318	-485 064
Bad receivables	8	205 883	358 357
Operating expenses		-1 686 029	-963 651
Salaries and social expenses	9	-7 910 363	-6 589 448
Bonuses and social expenses	9	-3 330 151	-2 681 068
Depreciation expense		-497 204	-463 089
Amortization of operating lease		-515 251	-299 240
Other expenses		-56 713	-55 686
<b>Operating expenses</b>		<b>-28 335 738</b>	<b>-21 457 234</b>
<b>EBIT</b>		<b>6 022 999</b>	<b>4 292 803</b>
Financial income (except ForEx rate difference)		763	554
Financial costs (except ForEx rate difference)		-53 760	-27 707
Foreign exchange +gain/(loss)		213 372	-100 608
<b>Financial items</b>		<b>160 376</b>	<b>-127 761</b>
<b>EBT</b>		<b>6 183 375</b>	<b>4 165 042</b>
Corporate income tax		-219 399	-287 245
<b>Profit after taxes</b>		<b>5 963 976</b>	<b>3 877 797</b>
<b>Net profit/(loss)</b>		<b>5 963 976</b>	<b>3 877 797</b>

\*Earnings per share

EPS 30.06.2022. = 2.01 EUR

EPS 30.06.2021. = 1.31 EUR

## Consolidated Statement of Profit or Loss for Q4 of the financial year 2021/2022

	30.06.2022	30.06.2021
	EUR	EUR
Net sales	8 394 278	7 716 177
Other operating income	261 948	323 059
<b>Total income</b>	<b>8 656 226</b>	<b>8 039 236</b>
Direct cost of goods sold or services rendered	-3 357 504	-2 868 867
Marketing, advertising and public relations expenses	-523 764	-175 310
Bad receivables	3 807	159 696
Operating expenses	-569 422	-291 841
Salaries and social expenses	-2 155 731	-1 782 540
Bonuses and social expenses	-753 159	-985 330
Depreciation expense	-151 036	-108 561
Amortization of operating lease	-288 942	-74 874
Other expenses	-19 557	-26 665
<b>Operating expenses</b>	<b>-7 815 308</b>	<b>-6 154 292</b>
<b>EBIT</b>	<b>840 918</b>	<b>1 884 944</b>
Financial income (except ForEx rate difference)	250	126
Financial costs (except ForEx rate difference)	-32 964	-6 871
Foreign exchange +gain/(loss)	72 894	24 945
<b>Financial items</b>	<b>40 180</b>	<b>18 200</b>
<b>EBT</b>	<b>881 098</b>	<b>1 903 144</b>
<b>Corporate income tax</b>	<b>-56 795</b>	<b>-136 663</b>
<b>Net profit/(loss)</b>	<b>824 303</b>	<b>1 766 481</b>

\*Earnings per share

EPS 30.06.2022. = 0.28 EUR

EPS 30.06.2021. = 0.59 EUR

## Consolidated cash flow statement for 12 months of the financial year 2021/2022

	30.06.2022	30.06.2021
	EUR	EUR
<b>CASH GENERATED FROM OPERATIONS (of which)</b>	<b>-436 008</b>	<b>3 177 144</b>
Cash received from customers	35 320 782	25 767 660
Cash paid to suppliers and employees	-36 362 244	-22 833 814
Paid/Received VAT	605 453	243 298
<b>NET CASH USED IN INVESTING ACTIVITIES (of which)</b>	<b>-2 048 920</b>	<b>-650 113</b>
Cash paid for purchasing shares in subsidiary	0	960
Cash paid for purchasing non-current physical assets	-2 048 920	-651 073
<b>NET CASH USED IN FINANCING ACTIVITIES (of which)</b>	<b>-1 786 285</b>	<b>260 747</b>
Short-term loans	0	60 586
Cash received from EU funds	203 736	823 899
Dividends paid	-1 990 021	-623 738
<b>Effects of exchange rate changes</b>	<b>-637 369</b>	<b>-87 884</b>
<b>TOTAL CASH FLOW:</b>	<b>-4 908 582</b>	<b>2 699 893</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	2 781 167	7 694 955
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-4 908 581</b>	<b>2 699 893</b>

## Statement of changes in consolidated equity for the 12 month period ended June 30, 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	-	-	-	137 134	-	137 134
Profit for the year	-	-	-	-	5 963 976	5 963 976
<b>As at 30 June 2022</b>	<b>4 158 252</b>	<b>2 851 726</b>	<b>8 530</b>	<b>147 458</b>	<b>10 107 233</b>	<b>17 273 199</b>

## Notes for interim report

### Note 1 Customer receivables

	<b>30.06.2022</b>	<b>30.06.2021</b>
	<b>EUR</b>	<b>EUR</b>
Long-term receivables	-	1 050
Accounts receivable	2 764 344	1 881 102
Provisions for bad and doubtful accounts receivable	(21 451)	(224 044)
<b>Total short-term accounts receivable</b>	<b>2 742 893</b>	<b>1 657 058</b>
<b>Total receivables</b>	<b>2 742 893</b>	<b>1 658 108</b>

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

### Note 2 Other current receivables

	<b>30.06.2022</b>	<b>30.06.2021</b>
	<b>EUR</b>	<b>EUR</b>
<b>Other current receivables</b>	<b>151 600</b>	<b>118 919</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>30.06.2022</b>	<b>30.06.2021</b>
	<b>EUR</b>	<b>EUR</b>
Raw materials	7 560 814	3 922 883
Allowance for slow-moving items	(1 060 515)	(1 017 180)
Work-in-progress	3 554 140	2 705 937
Finished goods	6 280 155	2 944 649
Prepayments to suppliers	162 192	157 358
	<b>16 496 786</b>	<b>8 713 647</b>

As compared to 30 June 2021, total inventories increased by 89%.

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>30.06.2022</b>	<b>30.06.2021</b>
	<b>EUR</b>	<b>EUR</b>
Plant and equipment	4 946 475	4 547 818
Other equipment and fixtures	2 355 490	1 989 641
Accumulated depreciation	(5 525 674)	(5 845 916)
Prepayments for noncurrent physical assets	144 510	33 807
Unfinished renovation works	230 647	26 318
Long-term investment lease*	2 017 674	1 316 805
	<b>4 169 123</b>	<b>2 068 472</b>
Purchased licenses, trademarks etc.	411 67840	316 640
Other long-term intangible assets	33 696	19 517
	<b>445 374</b>	<b>336 157</b>
<b>Total non-current, intangible assets</b>	<b>6 614 497</b>	<b>2 404 629</b>

\*See Note 5 Operating lease liabilities

During Q4, the Group acquired fixed assets and intangible assets in the amount of 856 thousand euros – mainly, in order to ensure production and testing processes, as well as to acquire office equipment.

**Note 5 Operating lease liabilities**

	<b>30.06.2022</b>	<b>30.06.2021</b>
	<b>EUR</b>	<b>EUR</b>
Accrued short-term operating lease liabilities	386 765	315 401
Accrued long-term operating lease liabilities	1 799 456	1 004 539
	<b>2 186 221</b>	<b>1 319 940</b>

As a result of the introduction of IFRS 16 “Leases”, the Group has made estimates in respect of concluded operating leases, assuming that over the next 5 (five) years, it will continue to lease premises in accordance with the concluded lease agreements. In addition, the volume of leased premises has also increased.

**Note 6 Salary-related accrued expenses**

	<b>30.06.2022</b>	<b>30.06.2021</b>
	<b>EUR</b>	<b>EUR</b>
<b>Salary-related accrued expenses</b>	<b>2 570 635</b>	<b>2 388 614</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 12 month of the financial year 2021/22 and financial year 2020/21.

	CFIP, Integra, Spectrum Compact, Aranet		Other		Total	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
	EUR	EUR	EUR	EUR	EUR	EUR
<b>Segment assets</b>	<b>20 147 123</b>	<b>10 662 999</b>	<b>1 154 279</b>	<b>1 361 272</b>	<b>21 301 402</b>	<b>12 024 271</b>
Undivided assets					5 984 643	8 775 323
<b>Total assets</b>					<b>27 286 045</b>	<b>20 799 594</b>
<b>Segment liabilities</b>	<b>4 455 611</b>	<b>2 835 946</b>	<b>70 957</b>	<b>278 436</b>	<b>4 526 568</b>	<b>3 114 382</b>
Undivided liabilities					5 486 279	4 520 409
<b>Total liabilities</b>					<b>10 012 847</b>	<b>7 634 791</b>
<b>Net sales</b>	<b>33 617 433</b>	<b>24 214 355</b>	<b>350 738</b>	<b>807 308</b>	<b>33 968 171</b>	<b>25 021 663</b>
<b>Segment results</b>	<b>15 286 146</b>	<b>10 503 858</b>	<b>886 225</b>	<b>1 024 765</b>	<b>16 172 371</b>	<b>11 528 623</b>
Undivided expenses					-10 539 937	-7 964 236
<b>Profit from operations</b>					<b>5 632 434</b>	<b>3 564 387</b>
Other income					390 566	728 416
Financial income (except ForEx rate difference)					763	554
Financial costs (except ForEx rate difference)					-53 760	-27 707
Foreign exchange +gain/(loss)					213 372	-100 608
<b>Profit before taxes</b>					<b>6 183 375</b>	<b>4 165 042</b>
Corporate income tax					-219 399	-287 245
<b>Profit after taxes</b>					<b>5 963 976</b>	<b>3 877 797</b>
<b>Net profit</b>					<b>5 963 976</b>	<b>3 877 797</b>
<b>Other information</b>						
Additions of property plant and equipment and intangible assets	577 423	241 440	0	0	577 423	241 440
Undivided additions					1 100 751	674 425
<b>Total additions of property plant and equipment and intangible assets</b>					<b>1 678 174</b>	<b>915 865</b>
Depreciation and amortization	625 945	413 401	0	0	625 945	413 401
Undivided depreciation					386 510	348 925
<b>Total depreciation and amortization</b>					<b>1 012 455</b>	<b>762 326</b>

b) This note provides information about division of the Group's turnover and assets by geographical regions (customer location) for 12 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>30.06.2022</b>	<b>30.06.2021</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Americas	18 659 097	16 687 843	2 138 823	1 194 711
Europe, CIS	11 702 598	6 782 285	399 058	422 965
Asia, Africa, Middle East	3 606 476	1 551 535	205 012	40 433
	<b>33 968 171</b>	<b>25 021 663</b>	<b>2 742 893</b>	<b>1 658 108</b>
Unallocated assets	-	-	24 543 152	19 141 486
	<b>33 968 171</b>	<b>25 021 663</b>	<b>27 286 045</b>	<b>20 799 594</b>

#### Note 8 Bad receivables

	<b>30.06.2022</b>	<b>30.06.2021</b>
	<b>EUR</b>	<b>EUR</b>
<b>Bad receivables</b>	<b>205 883</b>	<b>358 357</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>30.06.2022</b>	<b>30.06.2021</b>
	<b>EUR</b>	<b>EUR</b>
Salaries and social expenses	7 910 363	6 589 448
Bonuses and social expenses	3 330 151	2 681 068
	<b>11 240 514</b>	<b>9 270 516</b>

Compared to the fourth quarter of the previous financial year 2020/2021, the amount of salary costs and related social costs increased by 21%. This reflects changes in the number and composition of the staff (employees with critical competencies), as well as provisions for performance bonuses.