

**SAF Tehnika A/S**  
**Consolidated Interim Report**  
**for Q4 and 12 month of financial year 2022/2023**  
**(July 1, 2022 – June 30, 2023)**

## 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 2022/2023 .....	18
Consolidated Statement of Profit or Loss for Q4 of the financial year 2022/2023 .....	19
Consolidated cash flow statement for 12 months of the financial year 2022/2023 .....	20
Statement of changes in consolidated equity for the 12 month period ended June 30, 2023 .....	20
Notes for interim report .....	21
Note 1 Customer receivables .....	21
Note 2 Other current receivables .....	21
Note 3 Inventories.....	21
Note 5 Short-term loans from financial institutions .....	22
Note 6 Operating lease liabilities.....	22
Note 7 Salary-related accrued expenses .....	23
Note 8 Segment information.....	23
Note 9 Bad receivables .....	26
Note 10 Salaries, bonuses and social expenses.....	26

## 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 270 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 TEHNIKA ASIA PTE.LTD wholly owned by the Parent company. 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>	01.07.2022
<b>End of financial year:</b>	30.06.2023
<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 30.06.2023.

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

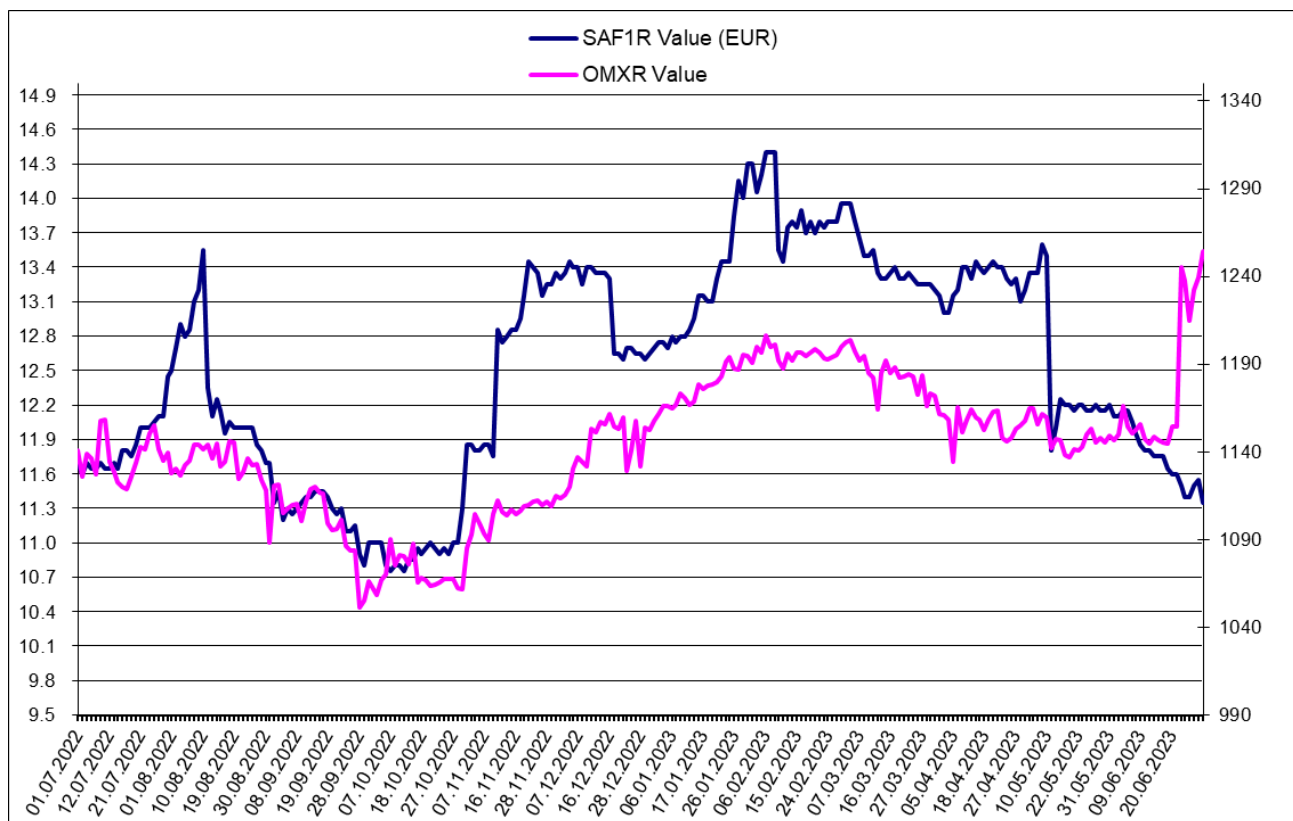
## SAF Tehnika share price and OMX Riga index development for the reporting period

SAF Tehnika (SAF1R)

Period: July 1, 2022– June 30, 2023

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 387 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 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 “Forever’s” 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, 2023 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, 2022.

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 2022/2023 was EUR 8.7 million, showing a rise of 3% compared to the fourth quarter of the financial year 2021/2022.

The turnover of the region of the countries of North and Latin America amounted to 71%, or EUR 6.15 million. Compared to the same quarterly turnover last financial year, the turnover increased by 14%.

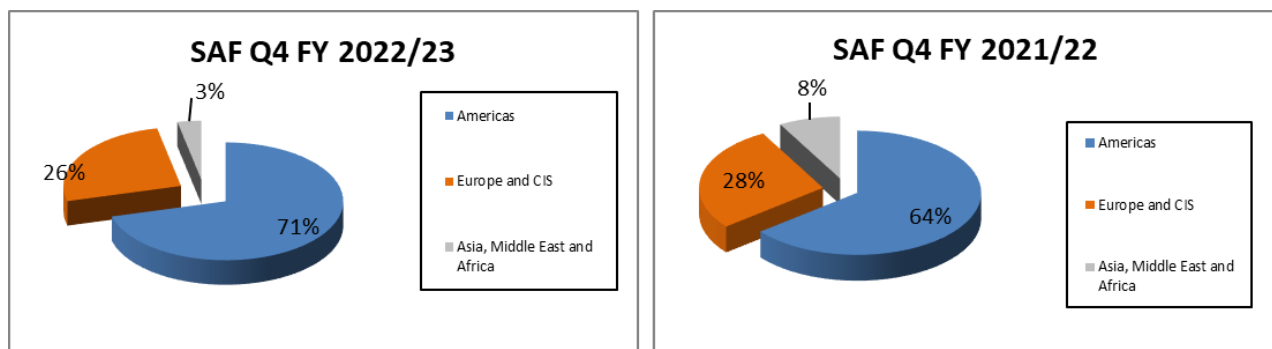
The turnover of the European region is 26%, or EUR 2.25 million, which is 3% less than in the 4th quarter of the previous financial year. Compared to the corresponding quarter of the last financial year, the turnover of Asia, Africa and the Middle East region is two times less and accounts for 3% of the total quarterly turnover (or EUR 283 thousand). Total turnover fluctuations over the period are the result of projects of different scales.

In the Internet of Things (IoT) Product Group, Aranet4 continues to be one of the market leaders. As before, the company continues to educate the public about the importance of air quality and its impact on human health. There is also development in other business areas.

In the microwave radio and Spectrum Compact/Signal Generator product group, work is underway on business development, sales and product improvement, following the needs of the market. Individual development projects were completed in the fourth quarter that will provide customers with products with extended functionality in the new financial year.

In the fourth quarter of the financial year 2022/2023, SAF Tehnika participated in 10 international industry exhibitions in the USA, Europe and Asia. The following are considered to be the most significant exhibitions for business development and sales: NAB Show, Critical Communications World, GreenTech, and CommunicAsia.

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

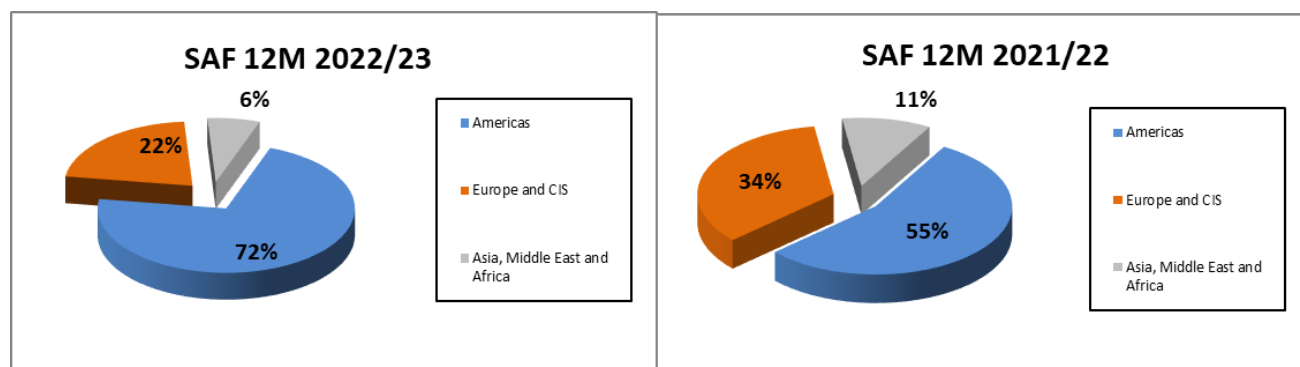


In the reporting quarter, the Group's products were sold in 67 countries.

The Group's unaudited consolidated net turnover for 12 months of the financial year 2022/2023 was EUR 37.26 million, which is a 10% increase compared to the volume of revenues in the last financial year.

Revenues in North and Latin Americas represented 72% of the total turnover of the Group and amounted to EUR 26.75 million, thus showing a 43% growth against the result of the previous financial year. 22% of the total turnover is made up of revenues from European countries, which have decreased by 31% in relation to 12 months of the previous year, and amount to EUR 8.05 million. Revenue from Asia, Africa and the Middle East region decreased by 32%, or EUR 2.46 million, accounting for 7% of the Group's total turnover.

**Comparative charts of 12-month sales volumes by region:**



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 ended the 4th quarter of the financial year 2022/2023 with a profit of EUR 805 thousand (unaudited). The result of the 4th quarter of the previous year was profit of EUR 824 thousand.

The consolidated unaudited result of 12 months of the financial year 2022/2023 is profit EUR 3.39 million. The Group's profit for the 12 months of the previous financial year 2021/2022 was EUR 6.09 million.

The Group's operations were long affected by the global shortage of various electronic components. By regularly reviewing procurement volumes and deadlines, the company accumulated material reserves (inventories) to be able to fulfil most of the orders within normal lead times. Following the precautionary principle and the Group's policy on slow-moving stocks, the stocks that over the period of 12, 9 or 6 months, respectively, have moved by less than 30% of their amount at the beginning of the period are recognized as slow-moving inventory. Total savings on slow-moving

inventory (compared to the volume at the end of the fourth quarter of the previous financial year) increased by EUR 2.2 million.

The Group's net cash flow for the 12 months of the financial year is EUR 683 thousand. The Group's net cash balance at the end of the period was EUR 3.4 million.

To ensure liquidity, in August of the financial year 2022/2023, the Parent Company entered into a Credit Line Agreement with Luminor Bank AS for the total amount of EUR 4.95 million. At the end of the reporting period, the use of the credit line was EUR 1.2 million.

In the 4th quarter of the financial year 2022/2023, EUR 897 thousand were invested in the acquisition of fixed assets – mainly, for the provision of production and testing processes, as well as for the purchase of office equipment. Investments in the renovation of office and industrial premises continue (a total of EUR 1.89 million during 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. At the manufacturing facility, the work is organized paying special attention to ventilation and air quality.

Although the direct impact on the Group's activities has been relatively limited after the outbreak of hostilities in Ukraine by Russia, the general uncertainty in the business environment remains. The Group continues to monitor forecasts of possible cost increases and assess potential risks. The company regularly reviews procurement volumes and deadlines and continues to provide material reserves 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, 2023, the Group had 271 employees (247 employees as of June 30, 2022).

## KEY indicators

	Q4 2022/23	Q4 2021/22	Q4 2020/21
	EUR	EUR	EUR
Net Sales	8,675,305	8,394,278	8,249,877
Earnings before interest, taxes and depreciation (EBITDA)	1,151,625	1,280,896	2,286,031
<i>share of the turnover %</i>	13%	15%	27.7%
Profit/loss before interest and taxes (EBIT)	828,451	840,918	2,102,596
<i>share of the turnover %</i>	10%	10%	25%
Net Profit	804,633	824,303	2,035,741
<i>share of the turnover %</i>	9%	10%	25%
Total assets	28,372,380	27,286,045	20,481,980
Total Owners equity	18,707,934	17,273,198	13,434,062
Return on equity (ROE) %	2.84%	3.20%	10.26%
Return on assets (ROA) %	4.40%	4.90%	16.39%
Liquidity ratio			
<i>Quick ratio %</i>	48%	37%	138%
<i>Current ratio %</i>	66%	75%	169%
Earnings per share	0.27	0.28	0.69
Last share price at the end of period	11.35	11.70	7.28
P/E	9.96	5.82	5.20
Number of employees at the end of reporting period	271	247	232

## Consolidated Statement of Financial Position

	Note	30.06.2023	30.06.2022
<b>CURRENT ASSETS</b>		<b>EUR</b>	<b>EUR</b>
<b>Cash and bank</b>		<b>3 464 439</b>	<b>2 781 167</b>
<b>Customer receivables</b>	<b>1</b>		
Accounts receivable		1 306 971	2 764 344
Allowance for uncollectible receivables		-17 625	-21 451
<b>Total</b>		<b>1 289 346</b>	<b>2 742 893</b>
<b>Other receivables</b>			
Other current receivables	<b>2</b>	73 488	151 600
<b>Total</b>		<b>73 488</b>	<b>151 600</b>
<b>Prepaid expenses</b>			
Prepaid taxes		77 953	311 747
Other prepaid expenses		239 762	180 210
<b>Total</b>		<b>317 715</b>	<b>491 957</b>
<b>Inventories</b>	<b>3</b>		
Raw materials		5 971 625	6 500 299
Work-in-progress		3 406 508	3 554 140
Finished goods		8 077 313	6 280 155
Prepayments to suppliers		71 641	162 192
<b>Total</b>		<b>17 527 087</b>	<b>16 496 786</b>
<b>TOTAL CURRENT ASSETS</b>		<b>22 672 076</b>	<b>22 664 403</b>
<b>NON-CURRENT ASSETS</b>			
<b>Long-term financial assets</b>			
Investments in other companies		209 328	7 146
<b>Total</b>		<b>209 328</b>	<b>7 146</b>
<b>NON-CURRENT physical assets</b>	<b>4</b>		
Plant and equipment		5 136 788	4 946 475
Other equipment and fixtures		3 229 904	2 355 490
Accumulated depreciation		-5 596 325	-5 525 674
Prepayments for noncurrent physical assets		97 521	144 510
Unfinished renovation works		99 678	230 647
Long-term investment - lease		1 976 768	2 371 668
<b>Total</b>		<b>4 944 334</b>	<b>4 523 116</b>
<b>Intangible assets</b>	<b>4</b>		
Purchased licenses, trademarks etc.		514 431	411 678
Other long-term intangible assets		32 211	33 696
<b>Total</b>		<b>546 642</b>	<b>445 374</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5 700 304</b>	<b>4 975 636</b>
<b>TOTAL ASSETS</b>		<b>28 372 380</b>	<b>27 640 039</b>



<b>LIABILITIES AND OWNERS' EQUITY</b>	<b>Note</b>	<b>30.06.2023</b>	<b>30.06.2022</b>
<b>CURRENT LIABILITIES</b>		<b>EUR</b>	<b>EUR</b>
<b>Debt obligations</b>			
Short-term loans from financial institutions	<b>5</b>	1 207 973	0
Customer prepayments for goods and services		667 083	1 677 391
Accounts payable		1 878 196	2 019 524
Accrued short-term operating lease liabilities	<b>6</b>	388 625	390 907
Tax liabilities		395 059	533 907
Salary-related accrued expenses	<b>7</b>	2 272 627	2 570 635
Provisions for guarantees		55 658	45 636
Deffered income		421 244	351 587
<b>TOTAL CURRENT LIABILITIES</b>		<b>7 286 464</b>	<b>7 589 586</b>
<b>NON-CURRENT LIABILITIES</b>			
<b>Long-term liabilities</b>			
Long-term deffered income		712 952	638 925
Accrues long-term operating lease liabilities	<b>6</b>	1 665 029	2 013 978
<b>TOTAL LONG-TERM LIABILITIES</b>		<b>2 377 981</b>	<b>2 652 903</b>
<b>TOTAL LIABILITIES</b>		<b>9 664 445</b>	<b>10 242 489</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		8 213 515	4 143 257
Net profit for the financial year		3 393 961	6 089 980
Currency translation reserve		81 951	145 805
<b>TOTAL OWNERS' EQUITY</b>		<b>18 707 934</b>	<b>17 397 550</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>28 372 380</b>	<b>27 640 039</b>

## Consolidated Statement of Profit or Loss for 12 month of the financial year 2022/2023

	Note	30.06.2023	30.06.2022
		EUR	EUR
Net sales	8	37 263 890	33 968 171
Other operating income		257 387	390 566
<b>Total income</b>		<b>37 521 277</b>	<b>34 358 737</b>
Direct cost of goods sold or services rendered		-14 936 360	-12 995 661
Marketing, advertising and public relations expenses		-1 712 116	-1 465 318
Bad receivables	9	3 225	205 883
Operating expenses		-2 248 559	-1 686 029
Salaries and social expenses	10	-9 852 646	-7 910 363
Bonuses and social expenses	10	-3 399 847	-3 330 151
Depreciation expense		-791 623	-497 204
Amortization of operating lease		-390 508	-515 251
Other expenses		-44 896	-56 713
<b>Operating expenses</b>		<b>-33 373 330</b>	<b>-28 250 807</b>
<b>EBIT</b>		<b>4 147 948</b>	<b>6 107 930</b>
Financial income (except ForEx rate difference)		2 503	763
Financial costs (except ForEx rate difference)		-107 731	-53 760
Foreign exchange +gain/(loss)		-21 179	213 372
<b>Financial items</b>		<b>-126 407</b>	<b>160 375</b>
<b>EBT</b>		<b>4 021 540</b>	<b>6 268 305</b>
Corporate income tax		-627 580	-178 325
<b>Profit after taxes</b>		<b>3 393 961</b>	<b>6 089 980</b>
<b>Net profit/(loss)</b>		<b>3 393 961</b>	<b>6 089 980</b>

\*Earnings per share

EPS 30.06.2023. = 1.14 EUR

EPS 30.06.2022. = 2.05 EUR

## Consolidated Statement of Profit or Loss for Q4 of the financial year 2022/2023

	30.06.2023	30.06.2022
	EUR	EUR
Net sales	8 675 305	8 394 278
Other operating income	105 082	261 948
<b>Total income</b>	<b>8 780 387</b>	<b>8 656 226</b>
Direct cost of goods sold or services rendered	-3 211 197	-3 357 504
Marketing, advertising and public relations expenses	-549 711	-523 764
Bad receivables	5 528	3 807
Operating expenses	-549 834	-569 422
Salaries and social expenses	-2 652 971	-2 155 731
Bonuses and social expenses	-660 332	-753 159
Depreciation expense	-226 043	-151 036
Amortization of operating lease	-97 131	-288 942
Other expenses	-10 245	-19 557
<b>Operating expenses</b>	<b>-7 951 936</b>	<b>-7 815 308</b>
<b>EBIT</b>	<b>828 451</b>	<b>840 918</b>
Financial income (except ForEx rate difference)	95	250
Financial costs (except ForEx rate difference)	-44 230	-32 964
Foreign exchange +gain/(loss)	1 223	72 894
<b>Financial items</b>	<b>-42 912</b>	<b>40 180</b>
<b>EBT</b>	<b>785 539</b>	<b>881 098</b>
<b>Corporate income tax</b>	<b>19 094</b>	<b>-56 795</b>
<b>Net profit/(loss)</b>	<b>804 633</b>	<b>824 303</b>

\*Earnings per share

EPS 30.06.2023. = 0.27 EUR

EPS 30.06.2022. = 0.28 EUR

## Consolidated cash flow statement for 12 months of the financial year 2022/2023

	30.06.2023	30.06.2022
	EUR	EUR
<b>CASH GENERATED FROM OPERATIONS (of which)</b>	<b>3 006 131</b>	<b>-436 009</b>
Cash received from customers	37 749 598	35 320 782
Cash paid to suppliers and employees	-35 577 631	-36 362 244
Paid/Received VAT	834 164	605 453
<b>NET CASH USED IN INVESTING ACTIVITIES (of which)</b>	<b>-2 308 368</b>	<b>-2 048 918</b>
Cash paid for purchasing shares in subsidiary	-202 182	0
Cash paid for purchasing non-current physical assets	-2 106 186	-2 048 918
<b>NET CASH USED IN FINANCING ACTIVITIES (of which)</b>	<b>-598 646</b>	<b>-1 786 285</b>
Repayment of short-term loans	1 207 973	0
Paid interest	-45 568	0
Cash received from EU funds	258 671	203 736
Dividends paid	-2 019 722	-1 990 021
<b>Effects of exchange rate changes</b>	<b>584 155</b>	<b>-637 369</b>
<b>TOTAL CASH FLOW:</b>	<b>683 272</b>	<b>-4 908 581</b>
Cash and cash equivalents as at the beginning of period	2 781 167	7 689 748
Cash and cash equivalents as at the end of period	3 464 439	2 781 167
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>683 272</b>	<b>-4 908 581</b>

## Statement of changes in consolidated equity for the 12 month period ended June 30, 2023

	Share capital	Share premium	Other reserves	Currency translation reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR
<b>As at 30 June 2021</b>	<b>4 158 252</b>	<b>2 851 726</b>	<b>8 530</b>	10 324	6 133 278	13 162 110
Dividend relating to 2016/2020	-	-	-	-	-1 990 021	-1 990 021
Currency translation difference	-	-	-	135 481	-	135 481
Profit for the year	-	-	-	-	6 089 980	6 089 980
<b>As at 30 June 2022</b>	<b>4 158 252</b>	<b>2 851 726</b>	<b>8 530</b>	<b>145 805</b>	<b>10 233 237</b>	<b>17 397 550</b>
Dividend relating to 2020/2021	-	-	-	-	-2 019 722	-2 019 722
Currency translation difference	-	-	-	-63 854	-	-63 854
Profit for the year	-	-	-	-	3 393 961	3 393 961
<b>As at 30 June 2023</b>	<b>4 158 252</b>	<b>2 851 726</b>	<b>8 530</b>	<b>81 951</b>	<b>11 607 476</b>	<b>18 707 935</b>

## Notes for interim report

### Note 1 Customer receivables

	<b>30.06.2023</b>	<b>30.06.2022</b>
	<b>EUR</b>	<b>EUR</b>
Accounts receivable	1 306 971	2 764 344
Provisions for bad and doubtful accounts receivable	(17 625)	(21 451)
<b>Total receivables</b>	<b>1 289 346</b>	<b>2 742 893</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>30.06.2023</b>	<b>30.06.2022</b>
	<b>EUR</b>	<b>EUR</b>
<b>Other current receivables</b>	<b>73 488</b>	<b>151 600</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>30.06.2023</b>	<b>30.06.2022</b>
	<b>EUR</b>	<b>EUR</b>
Raw materials	9 227 166	7 560 814
Allowance for slow-moving items	(3 255 541)	(1 060 515)
Work-in-progress	3 406 508	3 554 140
Finished goods	8 077 313	6 280 155
Prepayments to suppliers	71 641	162 192
	<b>17 527 087</b>	<b>16 496 786</b>

As compared to 30 June 2022, total inventories increased by 6%.

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 competitive timeframes.

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

Following the precautionary principle and the Group’s policy on slow-moving stocks, the stocks that over the period of 12, 9 or 6 months, respectively, have moved by less than 30% of their amount at the beginning of the period are recognized as slow-moving inventory. Total savings on slow-moving inventory (compared to the volume at the end of the fourth quarter of the previous financial year) increased by EUR 2.2 million.

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

	<b>30.06.2023</b>	<b>30.06.2022</b>
	<b>EUR</b>	<b>EUR</b>
Plant and equipment	5 136 788	4 946 475
Other equipment and fixtures	3 229 904	2 355 490
Accumulated depreciation	(5 596 325)	(5 525 674)
Prepayments for noncurrent physical assets	97 521	144 510
Unfinished renovation works	99 678	230 647
Long-term investment lease*	1 976 768	2 371 668
	<b>4 944 334</b>	<b>4 523 116</b>
Purchased licenses, trademarks etc.	514 431	411 678
Other long-term intangible assets	32 211	33 696
	<b>546 642</b>	<b>445 374</b>
<b>Total non-current, intangible assets</b>	<b>5 490 976</b>	<b>4 968 490</b>

\*See Note 6 Operating lease liabilities

During Q4, the Group acquired fixed assets and intangible assets in the amount of 897 thousand euros – mainly, in order to ensure production and testing processes, as well as to acquire office equipment. Investments in office and industrial premises renovation continue.

#### Note 5 Short-term loans from financial institutions

	<b>30.06.2023</b>	<b>30.06.2022</b>
	<b>EUR</b>	<b>EUR</b>
<b>Short-term loans from financial institutions</b>	<b>1 207 973</b>	<b>-</b>

To ensure liquidity, in August of the financial year 2022/2023, the Parent Company entered into a Credit Line Agreement with Luminor Bank AS for the total amount of EUR 4.95 million. At the end of the reporting period, the use of the credit line was EUR 1.2 million.

#### Note 6 Operating lease liabilities

	<b>30.06.2023</b>	<b>30.06.2022</b>
	<b>EUR</b>	<b>EUR</b>
Accrued short-term operating lease liabilities	388 625	390 907
Accrued long-term operating lease liabilities	1 665 029	2 013 978
	<b>2 053 654</b>	<b>2 404 885</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 7 Salary-related accrued expenses**

	<b>30.06.2023</b>	<b>30.06.2022</b>
	<b>EUR</b>	<b>EUR</b>

**Salary-related accrued expenses**

	<b>2 272 627</b>	<b>2 570 635</b>
--	------------------	------------------

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

## Note 8 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.



- b) 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 2022/23 and financial year 2021/22.

	CFIP, Integra, Spectrum Compact, Aranet		Other		Total	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
	EUR	EUR	EUR	EUR	EUR	EUR
<b>Segment assets</b>	<b>21 614 021</b>	<b>20 147 123</b>	<b>1 631 309</b>	<b>1 154 279</b>	<b>23 245 330</b>	<b>21 301 402</b>
Undivided assets					5 127 050	6 338 637
<b>Total assets</b>					<b>28 372 380</b>	<b>27 640 039</b>
<b>Segment liabilities</b>	<b>3 208 048</b>	<b>4 455 611</b>	<b>81 298</b>	<b>70 957</b>	<b>3 289 346</b>	<b>4 526 568</b>
Undivided liabilities					6 375 099	5 715 921
<b>Total liabilities</b>					<b>9 664 445</b>	<b>10 242 489</b>
<b>Net sales</b>	<b>35 459 698</b>	<b>33 617 433</b>	<b>1 804 192</b>	<b>350 738</b>	<b>37 263 890</b>	<b>33 968 171</b>
<b>Segment results</b>	<b>14 896 451</b>	<b>15 286 146</b>	<b>2 876 264</b>	<b>886 225</b>	<b>17 772 715</b>	<b>16 172 371</b>
Undivided expenses					-13 882 645	-10 459 393
<b>Profit from operations</b>					<b>3 890 070</b>	<b>5 712 978</b>
Other income					257 387	390 566
Financial income (except ForEx rate difference)					2 503	763
Financial costs (except ForEx rate difference)					-107 731	-49 374
Foreign exchange +gain/(loss)					-20 688	213 372
<b>Profit before taxes</b>					<b>4 021 541</b>	<b>6 268 305</b>
Corporate income tax					-627 580	-178 325
<b>Profit after taxes</b>					<b>3 393 961</b>	<b>6 089 980</b>
<b>Net profit</b>					<b>3 393 961</b>	<b>6 089 980</b>
<b>Other information</b>						
Additions of property plant and equipment and intangible assets	314 884	577 423	0	0	314 884	577 423
Undivided additions					1 579 895	1 100 751
<b>Total additions of property plant and equipment and intangible assets</b>					<b>1 894 779</b>	<b>1 678 174</b>
Depreciation and amortization	687 052	625 945	0	0	687 052	625 945
Undivided depreciation					495 079	386 510
<b>Total depreciation and amortization</b>					<b>1 182 131</b>	<b>1 012 455</b>

c) 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 2022/23 compared to the same period of financial year 2021/22.

	Net sales		Assets	
	2022/23 EUR	2021/22 EUR	30.06.2023 EUR	30.06.2022 EUR
Americas	26 750 640	18 659 097	837 542	2 138 822
Europe, CIS	8 054 323	11 702 598	322 209	399 058
Asia, Africa, Middle East	2 458 927	3 606 476	137 555	205 012
	<b>37 263 890</b>	<b>33 968 171</b>	<b>1 297 306</b>	<b>2 742 892</b>
Unallocated assets	-	-	27 075 074	24 897 147
	<b>37 263 890</b>	<b>33 968 171</b>	<b>28 372 380</b>	<b>27 640 039</b>

#### Note 9 Bad receivables

	30.06.2023 EUR	30.06.2022 EUR
<b>Bad receivables</b>	<b>3 225</b>	<b>205 883</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 10 Salaries, bonuses and social expenses

	30.06.2023 EUR	30.06.2022 EUR
Salaries and social expenses	9 852 646	7 910 363
Bonuses and social expenses	3 399 847	3 330 151
	<b>13 252 493</b>	<b>11 240 514</b>

Compared to the fourth quarter of the previous financial year 2021/2022, the amount of salary costs and related social costs increased by 18%. This reflects changes in the number and composition of the staff as well as provisions for performance bonuses.