

SAF Tehnika A/S
Consolidated Interim Report
for Q4 and 12 month of financial year 2023/2024
(July 1, 2023 – June 30, 2024)

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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 260 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.

Legal address:	Ganību dambis 24a Rīga, LV-1005 Latvija
Commercial Registry Nr.:	40003474109
VAT Registry Nr.:	LV40003474109
Beginning of financial year:	01.07.2023
End of financial year:	30.06.2024
Phone:	+371 67046840
E-mail:	info@saftehnika.com

Share and Shareholdings

SAF Tehnika shareholders (over 5%) as of 30.06.2024.

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

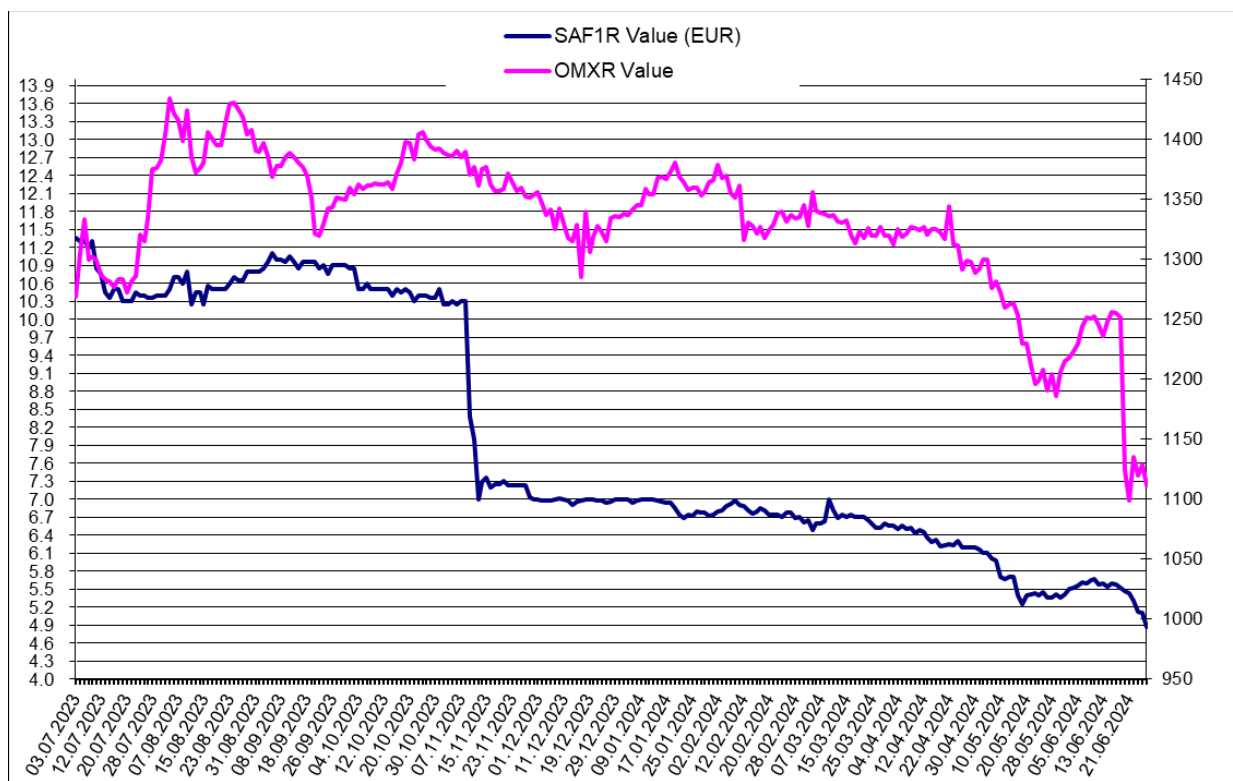
SAF Tehnika share price and OMX Riga index development for the reporting period

SAF Tehnika (SAF1R)

Period: July 1, 2023– June 30, 2024

Currency: EUR

Marketplace: Nasdaq Riga



Information on Management and Supervisory Board members

SAF Tehnika Management Board:

Name	Position	Ownership interest (%)
Normunds Bergs	Chairman	owns 9.74% of shares
Didzis Liepkalns	Member	owns 17.05% of shares
Zane Jozepa	Member	owns no shares
Janis Bergs	Member	owns 387 shares

SAF Tehnika Supervisory Board:

Name	Position	Ownership interest (%)
Juris Zieme	Chairman	owns 8.71% of shares
Andrejs Grisans	Vice-Chairman	owns 10.03% of shares
Ivars Senbergs	Member	owns 2 shares
Aira Loite	Member	owns 8000 shares
Sanda Reiharde	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 Reiharde, 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, 2024 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, 2023.

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

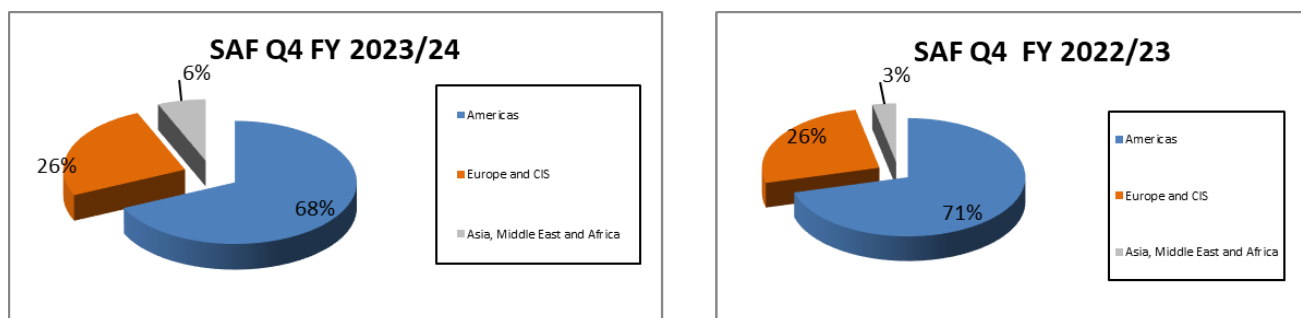
Management Report

The Group's unaudited consolidated net turnover for the fourth quarter (Q4) of the financial year 2023/2024 was EUR 5.9 million, which is a decrease of 31% compared to the 4th quarter of the financial year 2022/2023.

The turnover of the North and Latin America region amounted to 68%, or EUR 4.1 million. Compared to the same quarter of the previous financial year, the turnover decreased by 34%.

The European region gave 25% of the turnover, or EUR 1.5 million, which is par 32% less than in Q4 of the previous financial year. The turnover in Asia, Africa and the Middle East region has increased compared to the corresponding quarter of the previous financial year, and accounts for 6% of the total quarterly turnover (or EUR 382 thousand).

Comparative charts of Q4 sales volumes by regions:

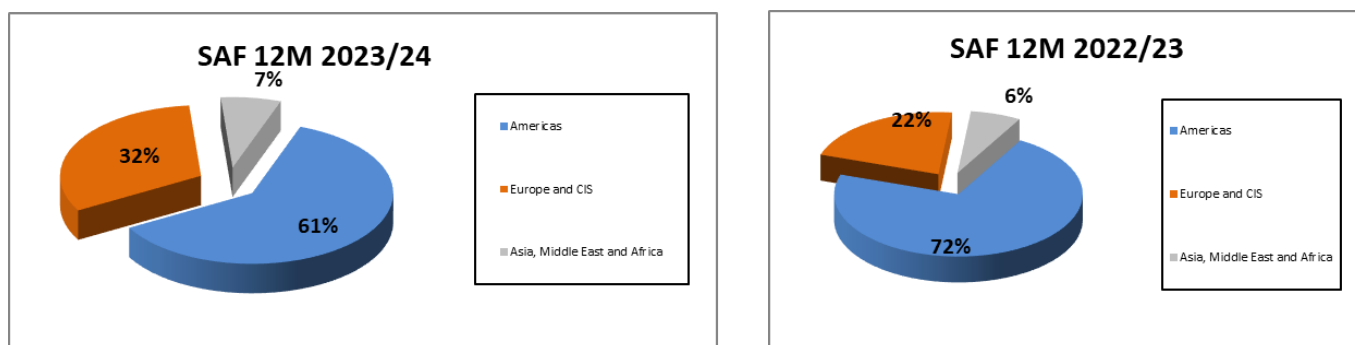


In the reporting quarter, the Group's products were sold in 68 countries.

The Group's unaudited consolidated net turnover for the financial year 2023/2024 was EUR 27.09 million, which is 27% less than the revenue volume in the last financial year.

Over a 12-month period, revenues in North and Latin Americas represented 61% of the total turnover of the Group and amounted to EUR 16.6 million, thus showing a decrease of 38% compared to the result of the previous financial year. 32% of the total turnover is made up of revenues from European countries, which increased by 7% against 12 months of the previous year and amount to EUR 8.62 million. Revenue from Asia, Africa and the Middle East region decreased by 24%, or EUR 0.5 million, accounting for 7% of the total turnover of the Group.

Comparative charts of 12-month sales volumes by region:



The Group's expenditures did not exceed the planned volumes and were generally lower than in the same period a year earlier. This is due to lower sales, as well as planning and appropriate adjustment of related costs. At the same time, the Group still continues to invest in the development of new promising products and product modifications, and to promote sales in existing and emerging market segments.

The Group completed the 4th quarter of the financial year 2023/2024 with a loss of EUR 498 thousand (unaudited). The result of Q4 of the previous year was profit of EUR 945 thousand.

The consolidated unaudited result of the financial year 2023/2024 is a loss of EUR 2.39 million. The Group's profit for the financial year 2022/2023 was EUR 3.53 million.

The overall unaudited result of the financial year 2023/2024 is largely influenced by the provisions for slow-moving stocks in the financial year (compared to the volume at the end of the previous financial year) – it has grown by EUR 1.8 million in the financial year (increased by EUR 250 thousand in the reporting quarter). In total, they amount to EUR 5.1 million on the company's Balance sheet.

Since the Group's operations were long affected by the global shortage of various electronic components, the company has accumulated material reserves during the previous periods to be able to fulfil most of the orders, ensuring short delivery terms that customers are used to. Following the precautionary principle, 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. The Group has made no changes to the relevant policies.

During the financial year, the Group had a negative net cash flow – EUR 1.25 million. The Group's cash balance on the balance sheet at the end of the period was EUR 2.2 million.

To ensure liquidity, the Parent Company continues the 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 26 thousand, compared to EUR 1.2 million at the end of the previous year.

In the 4th quarter of the financial year 2023/2024, EUR 238 thousand were invested in the acquisition of fixed assets – mainly to ensure production and testing processes, as well as for the purchase of office equipment.

Market Overview

There were no major changes in the microwave radio market this 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 and partners to identify and minimize risks in a timely manner.

The Group does not have 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.

Guidelines

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

Although hostilities in Ukraine do not have a direct impact on the Group's activities, 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 execute most of the orders in short delivery terms. This applies to all SAF product families – microwave links, spectrum analyzers and the Internet of Things (IoT).

Despite the modernization of the telecommunications market in the direction of fiber-optic communications, there is still a market demand for radio systems that provide enhanced data rates. Consequently, the Group continues to actively explore the market and problematic issues in order to be able to offer the necessary product modifications and create prototypes for next generation technologies. At the same time, the Group also develops IoT segment solutions in business and consumer segments to diversify, to create higher added value for SAF Tehnika product offering, as well as to increase the Group's revenue.

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, 2024, the Group had 265 employees (271 employees as of June 30, 2023).

KEY indicators

	Q4 2023/24	Q4 2022/23	Q4 2021/22
	EUR	EUR	EUR
Net Sales	5 983 051	8 675 305	8 394 278
Earnings before interest, taxes and depreciation (EBITDA)	-96 211	1 151 625	1 280 896
<i>share of the turnover %</i>	-2%	13%	15.3%
Profit/loss before interest and taxes (EBIT)	-495 301	828 451	840 918
<i>share of the turnover %</i>	-8%	10%	10%
Net Profit	-498 107	804 633	824 303
<i>share of the turnover %</i>	-8%	9%	10%
Total assets	22 997 300	28 372 380	27 286 045
Total Owners equity	16 414 259	18 707 934	17 273 198
Return on equity (ROE) %	-2.11%	2.84%	3.20%
Return on assets (ROA) %	-2.99%	4.40%	4.90%
Liquidity ratio			
<i>Quick ratio %</i>	49%	48%	37%
<i>Current ratio %</i>	94%	66%	75%
Earnings per share	-0.17	0.27	0.28
Last share price at the end of period	4.88	11.35	11.70
P/E	-6.10	9.96	5.82
Number of employees at the end of reporting period	265	271	247

Consolidated Statement of Financial Position

	Note	30.06.2024	30.06.2023
CURRENT ASSETS		EUR	EUR
Cash and bank		2 213 197	3 464 439
Customer receivables	1		
Accounts receivable		1 515 769	1 306 971
Allowance for uncollectible receivables		-15 957	-17 625
Total		1 499 811	1 289 346
Other receivables			
Other current receivables	2	538 067	73 576
Total		538 067	73 576
Prepaid expenses			
Prepaid taxes		167 126	76 456
Other prepaid expenses		245 179	239 400
Total		412 305	315 856
Inventories	3		
Raw materials		2 949 824	5 971 625
Work-in-progress		3 180 499	3 406 508
Finished goods		6 663 062	8 077 313
Prepayments to suppliers		67 478	71 641
Total		12 860 863	17 527 087
TOTAL CURRENT ASSETS		17 524 244	22 670 304
NON-CURRENT ASSETS			
Long-term financial assets			
Investments in other companies		209 328	209 328
Deffered income tax		139 301	137 237
Long-term loans	4	7 588	0
Total		356 217	346 565
NON-CURRENT physical assets	4		
Plant and equipment		5 672 789	5 136 788
Other equipment and fixtures		3 713 450	3 229 904
Accumulated depreciation		-6 412 487	-5 596 325
Prepayments for noncurrent physical assets		3 815	97 521
Unfinished renovation works		20 286	99 678
Long-term investment - lease		1 588 701	1 976 768
Total		4 586 554	4 944 334
Intangible assets	4		
Purchased licenses, trademarks etc.		515 475	514 431
Other long-term intangible assets		14 810	32 211
Total		530 285	546 642
TOTAL NON-CURRENT ASSETS		5 473 056	5 837 540
TOTAL ASSETS		22 997 300	28 507 844

LIABILITIES AND OWNERS' EQUITY	Note	30.06.2024	30.06.2023
CURRENT LIABILITIES		EUR	EUR
Debt obligations			
Short-term loans from financial institutions	5	25 939	1 207 973
Customer prepayments for goods and services		759 290	667 083
Accounts payable		788 912	1 878 056
Accrued short-term operating lease liabilities	6	375 735	388 625
Tax liabilities		430 369	395 059
Salary-related accrued expenses	7	1 599 343	2 272 627
Provisions for guarantees		55 658	55 658
Deffered income		467 149	421 244
TOTAL CURRENT LIABILITIES		4 502 394	7 286 325
NON-CURRENT LIABILITIES			
Long-term liabilities			
Long-term deffered income		748 524	712 952
Accrues long-term operating lease liabilities	6	1 332 122	1 665 029
TOTAL LONG-TERM LIABILITIES		2 080 646	2 377 981
TOTAL LIABILITIES		6 583 041	9 664 306
OWNERS' EQUITY			
Share capital		4 158 252	4 158 252
Paid in capital over par		2 851 726	2 851 726
Other reserves		8 530	8 530
Retained earnings		11 748 240	8 213 515
Net profit for the financial year		-2 390 773	3 534 726
Currency translation reserve		38 284	76 789
TOTAL OWNERS' EQUITY		16 414 259	18 843 538
TOTAL LIABILITIES AND OWNERS' EQUITY		22 997 300	28 507 844

Consolidated Statement of Profit or Loss for 12 month of the financial year 2023/2024

	Note	30.06.2024	30.06.2023
		EUR	EUR
Net sales	8	27 092 532	37 263 890
Other operating income		919 233	257 387
Total income		28 011 765	37 521 277
Direct cost of goods sold or services rendered		-13 157 891	-14 936 851
Marketing, advertising and public relations expenses		-1 899 921	-1 712 116
Bad receivables	9	1 874	3 225
Operating expenses		-2 097 036	-2 248 559
Salaries and social expenses	10	-10 538 718	-9 852 646
Bonuses and social expenses	10	-942 815	-3 399 847
Depreciation expense		-1 153 927	-791 623
Amortization of operating lease		-388 855	-390 508
Other expenses		-134 206	-44 896
Operating expenses		-30 311 496	-33 373 821
EBIT		-2 299 731	4 147 456
Financial income (except ForEx rate difference)		19 615	2 503
Financial costs (except ForEx rate difference)		-154 964	-107 730
Foreign exchange +gain/(loss)		45 525	-20 688
Financial items		-89 824	-125 915
EBT		-2 389 555	4 021 541
Corporate income tax		-1 217	-486 815
Profit after taxes		-2 390 773	3 534 726
Net profit/(loss)		-2 390 773	3 534 726

*Earnings per share

EPS 30.06.2024. = -0.80 EUR

EPS 30.06.2023. = 1.19 EUR

Consolidated Statement of Profit or Loss for Q4 of the financial year 2023/2024

	30.06.2024	30.06.2023
	EUR	EUR
Net sales	5 983 051	8 675 305
Other operating income	630 706	105 082
Total income	6 613 757	8 780 387
Direct cost of goods sold or services rendered	-2 827 751	-3 211 688
Marketing, advertising and public relations expenses	-511 249	-549 711
Bad receivables	60 362	5 528
Operating expenses	-518 029	-549 834
Salaries and social expenses	-2 661 652	-2 652 971
Bonuses and social expenses	-179 565	-660 332
Depreciation expense	-301 821	-226 043
Amortization of operating lease	-97 269	-97 131
Other expenses	-72 084	-10 245
Operating expenses	-7 109 058	-7 952 427
EBIT	-495 301	827 960
Financial income (except ForEx rate difference)	5 025	95
Financial costs (except ForEx rate difference)	-19 694	-44 229
Foreign exchange +gain/(loss)	13 075	1 714
Financial items	-1 594	-42 420
EBT	-496 895	785 540
Corporate income tax	-1 212	159 858
Net profit/(loss)	-498 107	945 398

*Earnings per share

EPS 30.06.2024. = -0.17 EUR

EPS 30.06.2023. = 0.32 EUR

Consolidated cash flow statement for 12 months of the financial year 2023/2024

	30.06.2024	30.06.2023
	EUR	EUR
CASH GENERATED FROM OPERATIONS (of which)	939 013	3 006 131
Cash received from customers	27 696 721	37 749 598
Cash paid to suppliers and employees	-27 188 142	-35 577 631
Paid/Received VAT	430 434	834 164
NET CASH USED IN INVESTING ACTIVITIES (of which)	-1 212 065	-2 308 368
Cash paid for purchasing shares in subsidiary	0	-202 182
Cash paid for purchasing non-current physical assets	-1 230 937	-2 106 186
Interest received	18 872	0
NET CASH USED IN FINANCING ACTIVITIES (of which)	-915 806	-598 646
Repayment of short-term loans	-1 182 034	1 207 973
Paid interest	-92 959	-45 568
Cash received from EU funds	359 187	258 671
Dividends paid	0	-2 019 722
Effects of exchange rate changes	-62 384	584 155
TOTAL CASH FLOW:	-1 251 242	683 272
Cash and cash equivalents as at the beginning of period	3 464 439	2 781 167
Cash and cash equivalents as at the end of period	2 213 197	3 464 439
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	-1 251 242	683 272

Statement of changes in consolidated equity for the 12 month period ended June 30, 2024

	Share capital	Share premium	Other reserves	Currency translation reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR
As at 30 June 2022	4 158 252	2 851 726	8 530	145 805	10 233 237	17 397 550
Dividends	-	-	-	-	-2 019 722	-2 019 722
Currency translation difference	-	-	-	-69 014	-	-69 014
Profit for the year	-	-	-	-	3 534 725	3 534 725
As at 30 June 2023	4 158 252	2 851 726	8 530	76 791	11 748 240	18 843 539
Currency translation difference	-	-	-	-38 507	-	-38 507
Profit for the year	-	-	-	-	-2 390 773	-2 390 773
As at 30 June 2024	4 158 252	2 851 726	8 530	38 284	9 357 467	16 414 259

Notes for interim report

Note 1 Customer receivables

	30.06.2024	30.06.2023
	EUR	EUR
Accounts receivable	1 515 769	1 306 971
Provisions for bad and doubtful accounts receivable	(15 957)	(17 625)
Total receivables	1 499 811	1 289 346

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

Note 2 Other current receivables

	30.06.2024	30.06.2023
	EUR	EUR
Other current receivables	538 067	73 576

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

	30.06.2024	30.06.2023
	EUR	EUR
Raw materials	8 048 137	9 227 166
Allowance for slow-moving items	(5 098 313)	(3 255 541)
Work-in-progress	3 180 499	3 406 508
Finished goods	6 663 062	8 077 313
Prepayments to suppliers	67 478	71 641
	12 860 863	17 527 087

Compared to June 30, 2023, total inventory volumes decreased by 26%.

The Group maintains a certain level of raw materials and consumables in order to be able to deliver all products that are currently included in the Group’s product portfolio within competitive deadlines.

The Group’s inventory must include components of previously manufactured and sold equipment in order to be able to provide them with repair services.

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.

Note 4 Non-current, intangible assets

	30.06.2024	30.06.2023
	EUR	EUR
Plant and equipment	5 672 789	5 136 788
Other equipment and fixtures	3 713 450	3 229 904
Accumulated depreciation	(6 412 487)	(5 596 325)
Prepayments for noncurrent physical assets	3 815	97 521
Unfinished renovation works	20 286	99 678
Long-term investment lease*	1 588 701	1 976 768
	4 586 554	4 944 334
Purchased licenses, trademarks etc.	515 475	514 431
Other long-term intangible assets	14 810	32 211
	530 285	546 642
Total non-current, intangible assets	5 116 839	5 490 976

*See Note 6 Operating lease liabilities

During Q4, the Group acquired fixed assets and intangible assets in the amount of 238 thousand euros – mainly, in order to ensure production and testing processes, as well as to acquire office equipment.

Note 5 Short-term loans from financial institutions

	30.06.2024	30.06.2023
	EUR	EUR
Short-term loans from financial institutions	25 939	1 207 973

To ensure liquidity, the Parent Company continues the 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 26 thousand.

Note 6 Operating lease liabilities

	30.06.2024	30.06.2023
	EUR	EUR
Accrued short-term operating lease liabilities	375 735	388 625
Accrued long-term operating lease liabilities	1 332 122	1 665 029
	1 707 857	2 053 654

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

	30.06.2024	30.06.2023
	EUR	EUR
Salary-related accrued expenses	<u>1 599 343</u>	<u>2 272 627</u>

The decrease in the balance sheet is due to fluctuations in the amounts of vacation accruals and bonuses 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 2023/24 and financial year 2022/23.

	CFIP, Integra, Spectrum		Other		Total	
	Compact, Aranet					
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	EUR	EUR	EUR	EUR	EUR	EUR
Segment assets	13 611 846	21 550 175	1 968 057	1 629 292	15 579 903	23 179 467
Undivided assets					7 417 397	5 328 377
Total assets					22 997 300	28 507 844
Segment liabilities	2 135 728	3 032 755	35 409	75 981	2 171 137	3 108 736
Undivided liabilities					4 411 904	6 564 570
Total liabilities					6 583 041	9 673 306
Net sales	25 097 468	35 459 480	1 995 064	1 804 410	27 092 532	37 263 890
Segment results	7 175 157	12 094 969	2 474 832	2 845 083	9 649 989	14 940 052
Undivided expenses					-12 868 954	-11 049 979
Profit from operations					-3 218 965	3 890 073
Other income					919 233	257 382
Financial income (except ForEx rate difference)					19 615	2 503
Financial costs (except ForEx rate difference)					-154 964	-107 728
Foreign exchange +gain/(loss)					45 525	-20 688
Profit before taxes					-2 389 556	4 021 542
Corporate income tax					-1 217	-486 816
Profit after taxes					-2 390 773	3 534 726
Net profit					-2 390 773	3 534 726
Other information						
Additions of property plant and equipment and intangible assets	268 371	318 884	0	0	268 371	318 884
Undivided additions					1 095 494	1 444 926
Total additions of property plant and equipment and intangible assets					1 363 865	1 763 810
Depreciation and amortization	750 919	687 052	0	0	750 919	687 052
Undivided depreciation					791 863	495 080
Total depreciation and amortization					1 542 782	1 182 132

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 2023/24 compared to the same period of financial year 2022/23.

	Net sales		Assets	
	2023/24	2022/23	30.06.2024	30.06.2023
	EUR	EUR	EUR	EUR
Americas	16 603 698	26 750 640	1 045 976	850 342
Europe, CIS	8 616 334	8 054 323	330 239	367 877
Asia, Africa, Middle East	1 872 500	2 458 927	123 596	71 127
	27 092 532	37 263 890	1 499 811	1 289 346
Unallocated assets	-	-	21 497 489	27 218 498
	27 092 532	37 263 890	22 997 300	28 507 844

Note 9 Bad receivables

	30.06.2024	30.06.2023
	EUR	EUR
Bad receivables	1 874	3 225

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

	30.06.2024	30.06.2023
	EUR	EUR
Salaries and social expenses	10 538 718	9 852 646
Bonuses and social expenses	942 815	3 399 847
	11 481 533	13 252 493

Compared to twelve months of the financial year 2022/2023, the amount of wages and relevant social costs decreased by 13%. It reflects the change in the amount of accruals for performance bonuses.