

**SAF Tehnika A/S**  
**Consolidated Interim Report**  
**for Q1 of financial year 2018/2019**  
**(July 1, 2018 – September 30, 2018)**

## 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 .....	9
Management Report.....	10
Consolidated Statement of Financial Position .....	13
Consolidated Statement of Profit or Loss for 3 month of the financial year 2018/2019 .....	15
Consolidated cash flow statement for 3 months of the financial year 2018/2019 .....	16
Statement of changes in consolidated equity for the 3 month period ended September 30, 2018 .....	16
Notes for interim report .....	16
Note 1 Customer receivables .....	17
Note 2 Other current receivables .....	17
Note 3 Inventories .....	17
Note 4 Non-current, intangible assets .....	18
Note 5 Tax liabilities.....	18
Note 6 Salary-related accrued expenses .....	18
Note 7 Segment information .....	19
Note 8 Bad receivables .....	21
Note 9 Salaries, bonuses and social expenses.....	21

## KEY DATA

SAF Tehnika (hereinafter – the Group) is a telecommunications equipment company engaged in the development, production and distribution of digital microwave radio equipment. SAF Tehnika products provide wireless backhaul solutions for digital voice and data transmission covering wide frequency range and providing equipment for both licensed and un-licensed frequencies.

Know-how in modern wireless data transmission technologies, creativity in solutions, accuracy in design, precision in production and logistics make SAF Tehnika a unique designer and manufacturer of point-to-point microwave data transmission equipment. Located in Northern Europe, SAF Tehnika managed to acquire and consolidate valuable locally available intellectual resources of the microelectronics industry and spread its presence to more than 130 countries, covering all relevant market segments worldwide within just a decade.

Currently the Group consists of SAF Tehnika JSC (hereinafter – the Parent) operating from Riga, Latvia, a wholly owned subsidiary “SAF North America” LLC and “SAF Services” LLC. Both of the mentioned companies are operating from Denver, CO serving North American market.

SAF Tehnika JSC is a public joint stock company incorporated under the laws of the Republic of Latvia. The shares of AS SAF Tehnika are quoted 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>	01.07.2017
<b>End of financial year:</b>	30.06.2018
<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 30.10.2018.

Shareholder	Ownership interest (%)
Didzis Liepkalns	17.05%
Andrejs Grišāns	10.03%
Normunds Bergs	9.74%
SIA „Koka zirgs”	8.84%
Juris Zieme	8.71%
Vents Lācars (inheritance estate)	6.08%

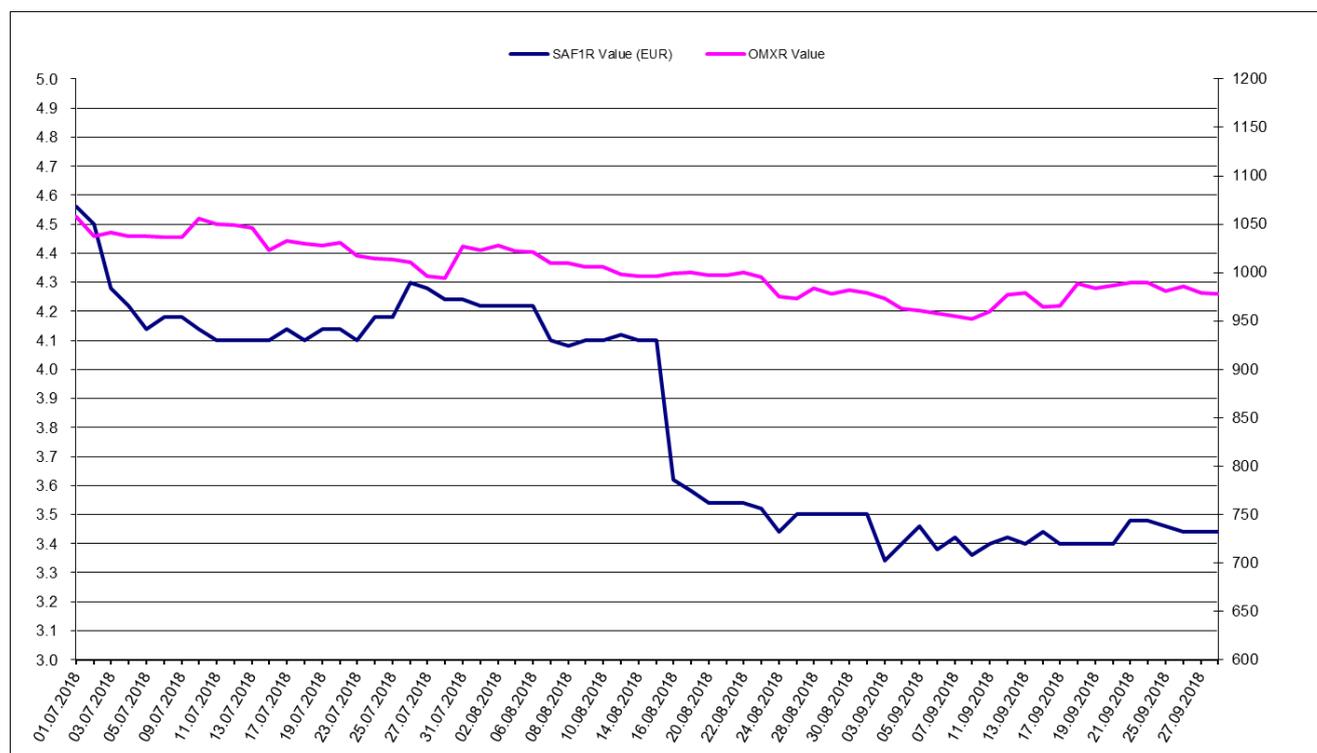
### SAF Tehnika share price and OMX Riga index development for the reporting period

SAF Tehnika (SAF1R)

Period: July 1, 2018 – September 30, 2018

Currency: EUR

Marketplace: Nasdaq Riga



## Information on Management and Supervisory Board members

### SAF Tehnika Management Board:

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

### SAF Tehnika Supervisory Board:

<b>Name</b>	<b>Position</b>	<b>Ownership interest (%)</b>
Juris Zieme	Vice-Chairman	owns 8.71% of shares
Andrejs Grisans	Member	owns 10.03% of shares
Ivars Senbergs	Member	owns 2 shares
Aivis Olsteins	Member	owns no shares

## **Information on professional and educational background of the management board members**

**Normunds Bergs**, born in 1963, 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**, born in 1962, 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** (born in 1982) 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** (born in 1970) 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**, born in 1964, co-founder of the Company, is Vice-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**, born in 1957, is Member of the Supervisory Council and Production Department Manager. Mr. Grisans is one of the co-founders of SAF Tehnika. 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**, born in 1962, Member of the Supervisory Council, also Chairman of the Board of SIA Juridiskais Audits, SIA Namipasumu parvalde, SIA Synergy Consulting, SIA IŠMU, SIA Dzirnāvu 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.

**Aivis Olšteins**, born in 1968, is Member of the Supervisory Council. He has 20 years of experience in telecommunications. Since April 2015, Mr. Olšteins is the head and co-owner of “Cliff IT Solutions” (Spain). From 2000 till 2015 he was Head of “DataTechLabs”. From 1992 till 1999 he worked in Baltcom TV – at first, as a System Engineer in the cable TV operations unit, and then – from 1994 till June 1996 – as a CTO, and from July 1996 till the end of 1999 as Baltcom CEO Technical Advisor.

## 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 September, 2018 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, 2018.

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

For Q1 of the FY 2018/2019, the Group's unaudited consolidated net turnover was 3 million euros, which is by 23% less than in Q1 of the FY 2017/2018. Sales volumes during the period are equivalent to the results of Q4 of the FY 2017/2018.

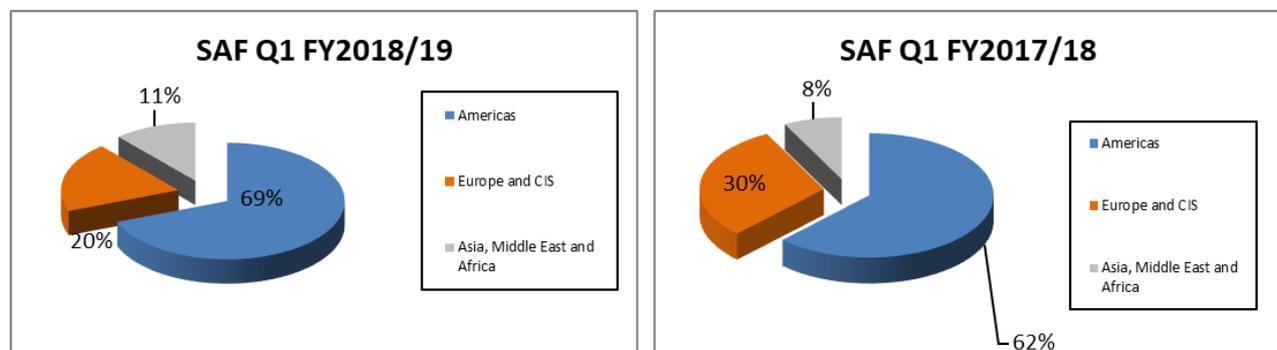
The region of North/Latin Americas had the turnover of 69%, or 2.1 million euros, being 14% lower compared with the same quarter of the previous financial year, when high turnover was related to the implementation of a specific project in that region. However, it exceeds the final quarter results of the previous financial year by 20%, or 345 thousand euros.

Sales in the European and the CIS region represented 590 thousand euros, or 19%, which is below average figures for the region, and were 50% less than the previous financial year. Successful results of the reference period were related to the development of the data transmission solution tailored to customer-specific needs.

The turnover in the AMEA (Asia, Middle East, Africa) region was 11%, or 0.3 million euros. The region's turnover increased by 16% compared with the same quarter of the previous financial year.

During the reporting period, the Group participated in various industry shows in Columbia, US, and Europe, including IBC Amsterdam, which is the world's most influential media and technology show. SAF has published various publications in industry related journals about latest additions to Spectrum Compact and ARANET product series. In addition to regular marketing activities, SAF Tehnika maintains [SAF Blog](#) by publishing Case studies and topicalities there. A noteworthy event during the period was the involvement of SAF Tehnika to ensure the live broadcast of the visit of His Holiness the Pope Francis in Latvia, by providing portable link solutions.

### Comparative charts of Q1 sales volumes by regions:



During the reporting quarter, the Group sold its products in 43 countries.

The Group's costs did not exceed the planned levels, and were generally equivalent to those of the same period in the previous year. The Group continues to invest in the development of new products and product modifications.

The Group closed Q1 of the FY 2018/2019 with loss of 341 thousand euros (unaudited), contrary to the profits of the first quarter in the previous financial year.

The Group's net cash flow for the 3-month period of the financial year amounted to 188 thousand euros. The Group's net cash balance at the end of the period was 3.31 million euros.

In the first quarter of FY 2018/2019, the Group invested 49 thousand euros into the acquisition of fixed assets.

## **Market Overview**

The microwave radio market has not experienced any rapid changes over the past quarter, and we believe no such changes are expected in the near future, however, competition is increasing, especially in the segment of standard equipment.

There is still an increase in demand for radio systems that provide enhanced data transmission rate and can be enhanced or updated in order to increase data transmission capacity.

## **Guidelines**

SAF Tehnika is the company with long-standing experience and expertise in microwave radio development and production.

The Group continues to explore market demand and problematic issues in order to be able to provide necessary product modifications, as well as continues investments in product development, increasingly focusing on the diversification of its product portfolio.

The Company's goal is to stabilize sales levels to ensure a positive net result in the long term. The Board of SAF Tehnika retains caution and refrains from making certain predictions regarding future sales volumes and financial results.

On 30 September 2018, the Group had 193 employees (there were 191 employees on 30 September 2017).

## KEY indicators

	Q1 2017/18	Q1 2017/18	Q1 2016/17
	EUR	EUR	EUR
Net Sales	3,032,772	3,923,367	3,819,408
Earnings before interest, taxes and depreciation (EBITDA)	-270,718	724,925	488,453
<i>(EBITDA %)</i>	-9%	18%	12.8%
Profit/loss before interest and taxes (EBIT)	-369,940	626,141	480,810
<i>(EBIT %)</i>	-12%	16%	13%
Net Profit	-341,864	389,367	401,141
<i>share of the turnover %</i>	-11%	10%	11%
Total assets	11,179,052	14,420,522	13,480,365
Total Owners equity	9,536,838	12,472,222	11,758,338
Return on equity (ROE) %	-3.01%	2.64%	2.98%
Return on assets (ROA) %	-3.52%	3.17%	3.47%
Liquidity ratio			
<i>Quick ratio %</i>	202%	337%	340%
<i>Current ratio %</i>	310%	411%	458%
Earnings per share	-0.12	0.13	0.14
Last share price at the end of period	3.44	6.50	3.40
P/E	-10.75	11.21	9.71
Number of employees at the end of reporting period	193	191	184

## Consolidated Statement of Financial Position

	Note	30.09.2018	30.09.2017
<b>CURRENT ASSETS</b>		<b>EUR</b>	<b>EUR</b>
<b>Cash and bank</b>		<b>3 312 839</b>	<b>6 557 737</b>
<b>Customer receivables</b>	<b>1</b>		
Accounts receivable		1 609 396	1 363 559
Allowance for uncollectible receivables		-21 123	-16 666
<b>Total</b>		<b>1 588 273</b>	<b>1 346 893</b>
<b>Other receivables</b>			
Other current receivables	<b>2</b>	17 860	110 148
Short-term loans		172 771	0
<b>Total</b>		<b>190 631</b>	<b>110 148</b>
<b>Prepaid expenses</b>			
Prepaid taxes		189 861	46 515
Other prepaid expenses		189 271	220 428
<b>Total</b>		<b>379 132</b>	<b>266 943</b>
<b>Inventories</b>	<b>3</b>		
Raw materials		1 258 199	1 804 110
Work-in-progress		2 021 723	2 157 369
Finished goods		1 483 799	1 264 744
Prepayments to suppliers		186 006	47 023
<b>Total</b>		<b>4 949 727</b>	<b>5 273 246</b>
<b>TOTAL CURRENT ASSETS</b>		<b>10 420 602</b>	<b>13 554 966</b>
<b>NON-CURRENT ASSETS</b>			
<b>Long-term financial assets</b>			
Investments in other companies		8 106	2 148
Long-term receivables	<b>1</b>	1 905	2 721
Deffered income tax		0	27 374
<b>Total</b>		<b>10 011</b>	<b>32 243</b>
<b>NON-CURRENT physical assets</b>	<b>4</b>		
Plant and equipment		4 065 249	3 896 069
Other equipment and fixtures		1 962 343	1 965 080
Accumulated depreciation		-5 403 328	-5 180 215
Unfinished renovation works		0	5 517
Other long-term assets		0	1 193
<b>Total</b>		<b>624 264</b>	<b>687 644</b>
<b>Intangible assets</b>	<b>4</b>		
Purchased licenses, trademarks etc.		124 175	126 216
<b>Total</b>		<b>124 175</b>	<b>126 216</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>758 450</b>	<b>846 103</b>
<b>TOTAL ASSETS</b>		<b>11 179 052</b>	<b>14 401 069</b>

<b>LIABILITIES AND OWNERS' EQUITY</b>	<b>Note</b>	<b>30.09.2018</b>	<b>30.09.2017</b>
<b>CURRENT LIABILITIES</b>		<b>EUR</b>	<b>EUR</b>
<b>Debt obligations</b>			
Short-term loans from financial institutons		192	6 511
Customer prepayments for goods and services		111 244	327 409
Accounts payable		572 016	521 450
Tax liabilities	<b>5</b>	163 634	386 708
Salary-related accrued expenses	<b>6</b>	616 715	618 214
Provisions for guarantees		11 184	6 294
Deffered income		167 228	62 260
<b>TOTAL CURRENT LIABILITIES</b>		<b>1 642 214</b>	<b>1 928 847</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		2 855 656	5 065 006
Net profit for the financial year		-341 864	389 367
Currency translation reserve		4 538	-659
<b>TOTAL OWNERS' EQUITY</b>		<b>9 536 838</b>	<b>12 472 222</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>11 179 052</b>	<b>14 401 069</b>

## Consolidated Statement of Profit or Loss for 3 month of the financial year 2018/2019

	Note	30.09.2018	30.09.2017
		EUR	EUR
Net sales	7	3 032 772	3 923 367
Other operating income		3 188	89 865
<b>Total income</b>		<b>3 035 960</b>	<b>4 013 232</b>
Direct cost of goods sold or services rendered		-1 477 062	-1 476 828
Marketing, advertising and public relations expenses		-147 386	-166 219
Bad receivables	8	-4 748	17 185
Operating expenses		-307 060	-314 988
Salaries and social expenses	9	-1 187 055	-1 166 504
Bonuses and social expenses	9	-173 414	-173 016
Depreciation expense		-99 223	-98 785
Other expenses		-9 953	-7 937
<b>Operating expenses</b>		<b>-3 405 900</b>	<b>-3 387 092</b>
<b>EBIT</b>		<b>-369 940</b>	<b>626 140</b>
Financial income (except ForEx rate difference)		6 499	6 139
Financial costs (except ForEx rate difference)		-2	-31
Foreign exchange +gain/(loss)		21 580	-195 884
<b>Financial items</b>		<b>28 077</b>	<b>-189 776</b>
<b>EBT</b>		<b>-341 864</b>	<b>436 364</b>
Corporate income tax		0	-46 997
<b>Profit after taxes</b>		<b>-341 864</b>	<b>389 367</b>
<b>Net profit/(loss)</b>		<b>-341 864</b>	<b>389 367</b>

\*Earnings per share

EPS 30.09.2018. = -0.12 EUR

EPS 30.09.2017. = 0.13 EUR

## Consolidated cash flow statement for 3 months of the financial year 2018/2019

	30.09.2018	30.09.2017
	EUR	EUR
<b>CASH GENERATED FROM OPERATIONS (of which)</b>	<b>139 442</b>	<b>-33 300</b>
Cash received from customers	3 627 411	4 274 602
Cash paid to suppliers and employees	-3 560 987	-4 357 338
Paid/Received VAT, corporate income tax	73 018	49 436
<b>NET CASH USED IN INVESTING ACTIVITIES (of which)</b>	<b>-43 955</b>	<b>-44 146</b>
Cash paid for purchasing non-current physical assets	-49 048	-50 284
Interest received	5 093	6 138
<b>NET CASH USED IN FINANCING ACTIVITIES (of which)</b>	<b>95 949</b>	<b>128 661</b>
Short-term loans	43 193	0
Repayment of short-term loans	79	-3 886
Cash received from EU funds	52 677	132 547
<b>Effects of exchange rate changes</b>	<b>-2 597</b>	<b>-1 866</b>
<b>TOTAL CASH FLOW:</b>	<b>188 839</b>	<b>49 349</b>
Cash and cash equivalents as at the beginning of period	3 124 000	6 508 388
Cash and cash equivalents as at the end of period	3 312 839	6 557 737
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>188 839</b>	<b>49 349</b>

## Statement of changes in consolidated equity for the 3 month period ended September 30, 2018

	Share capital	Share premium	Other reserves	Currency translation reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR
<b>As at 30 June 2017</b>	<b>4 158 252</b>	<b>2 851 726</b>	<b>8 530</b>	<b>5 207</b>	<b>5 065 006</b>	<b>12 088 721</b>
Dividend relating to 2016/2017	-	-	-	-	-1 990 021	-1 990 021
Currency translation difference	-	-	-	-3 195	-	-3 195
Profit for the year	-	-	-	-	-219 328	-219 328
<b>As at 30 June 2018</b>	<b>4 158 252</b>	<b>2 851 726</b>	<b>8 530</b>	<b>2 012</b>	<b>2 855 657</b>	<b>9 876 177</b>
Currency translation difference	-	-	-	2 525	-	2 525
Profit for the period	-	-	-	-	-341 864	-341 864
<b>As at 30 September 2018</b>	<b>4 158 252</b>	<b>2 851 726</b>	<b>8 530</b>	<b>4 537</b>	<b>2 513 793</b>	<b>9 536 838</b>

## Notes for interim report

### Note 1 Customer receivables

	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>EUR</b>	<b>EUR</b>
Long-term receivables	1 905	2 721
Accounts receivable	1 609 396	1 363 559
Provisions for bad and doubtful accounts receivable	(21 123)	(16 666)
<b>Total short term accounts receivable</b>	<b>1 588 273</b>	<b>1 346 893</b>
<b>Total receivables</b>	<b>1 590 178</b>	<b>1 349 614</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>30.09.2018</b>	<b>30.09.2017</b>
	<b>EUR</b>	<b>EUR</b>
<b>Other current receivables</b>	<b>17 860</b>	<b>110 148</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>30.09.2018</b>	<b>30.09.2017</b>
	<b>EUR</b>	<b>EUR</b>
Raw materials	1 789 861	2 373 691
Allowance for slow-moving items	(531 662)	(569 581)
Work-in-progress	2 021 723	2 157 369
Finished goods	1 483 799	1 264 744
Prepayments to suppliers	186 006	47 023
	<b>4 949 727</b>	<b>5 273 246</b>

As compared to 30 September 2017, total inventories decreased 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 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>30.09.2018</b>	<b>30.09.2017</b>
	<b>EUR</b>	<b>EUR</b>
Plant and equipment	4 065 249	3 896 069
Other equipment and fixtures	1 962 343	1 965 080
Accumulated depreciation	(5 403 328)	(5 180 215)
Unfinished renovation works	-	5 517
Other long term assets	-	1 193
	<b>624 264</b>	<b>687 644</b>
Purchased licenses, trademarks etc.	124 175	126 216
	<b>124 175</b>	<b>126 216</b>
<b>Total non-current, intangible assets</b>	<b>748 439</b>	<b>813 860</b>

During Q1, the Group acquired fixed assets and intangible assets in the amount of 49 thousand euros – mainly, in order to ensure production and testing processes, as well as to acquire office equipment.

**Note 5 Tax liabilities**

	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>EUR</b>	<b>EUR</b>
<b>Tax liabilities</b>	<b>163 634</b>	<b>386 708</b>

The decrease is related to CIT (Corporate Income Tax) overpaid (no corporate income tax liabilities)

**Note 6 Salary-related accrued expenses**

	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>EUR</b>	<b>EUR</b>
<b>Salary-related accrued expenses</b>	<b>616 715</b>	<b>618 214</b>

As compared to the same balance sheet date of the previous financial year the total balance of salary payments has not changed.

## Note 7 Segment information

a) The Group's operations are divided into two major structural units – SAF branded equipment designed and produced in-house - CFIP and Freemile (Ethernet/Hybrid/ superPDH systems), Integra (Integrated carrier-grade Ethernet microwave radio), Spectrum Compact (measurement tools for radio engineers) as the first structural unit and 3rd party products for resale, like Antennas, cables, some OEMed products and accessories as the second unit.

**CFIP** –product line is represented by:

- a split mount **PhoeniX** hybrid radio system with Gigabit Ethernet + 20 E1 interfaces;
- **Lumina** high capacity Full Outdoor all-in-one radio with Gigabit Ethernet traffic interface;
- **CFIP-108** entry level radio - perfect for upgrade of E1 networks into packet data networks;
- **Marathon FIDU** low frequency low capacity system for industrial applications and rural telecom use.

Freemile 17/24, an all outdoor hybrid radio system to be used in 17 and 24 GHz unlicensed frequency bands and providing Ethernet/E1 interfaces for user traffic

All CFIP radios are offered in most widely used frequency bands from 300MHz to 38 GHz, thus enabling the use of CFIP radios all across the globe. PhoeniX radio represents the type of microwave radio which is still dominating market share point of view.

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.

This note provides information about division of the Group's turnover and balance items by structural units by product type for 3 month of the financial year 2018/19 and financial year 2017/18.

	CFM; CFIP; FreeMile		Other		Total	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
	EUR	EUR	EUR	EUR	EUR	EUR
<b>Segment assets</b>	<b>6 546 175</b>	<b>6 572 187</b>	<b>1 320 038</b>	<b>1 274 645</b>	<b>7 866 213</b>	<b>7 846 832</b>
Undivided assets					3 312 839	6 554 237
<b>Total assets</b>					<b>11 179 052</b>	<b>14 401 069</b>
<b>Segment liabilities</b>	<b>935 955</b>	<b>1 175 796</b>	<b>64 869</b>	<b>61 554</b>	<b>1 000 824</b>	<b>1 237 350</b>
Undivided liabilities					642 390	691 497
<b>Total liabilities</b>					<b>1 643 214</b>	<b>1 928 847</b>
<b>Net sales</b>	<b>2 787 425</b>	<b>3 641 195</b>	<b>245 347</b>	<b>282 172</b>	<b>3 032 772</b>	<b>3 923 367</b>
<b>Segment results</b>	<b>686 823</b>	<b>1 490 000</b>	<b>152 092</b>	<b>157 976</b>	<b>838 915</b>	<b>1 647 976</b>
Undivided expenses					-1 212 044	-1 111 701
<b>Profit from operations</b>					<b>-373 129</b>	<b>536 275</b>
Other income					3 188	89 865
Financial income (except ForEx rate difference)					6 499	6 139
Financial costs (except ForEx rate difference)					-2	-31
Foreign exchange +gain/(loss)					21 580	-195 884
<b>Profit before taxes</b>					<b>-341 864</b>	<b>436 364</b>
Corporate income tax					0	-46 997
<b>Profit after taxes</b>					<b>-341 864</b>	<b>389 367</b>
<b>Net profit</b>					<b>-341 864</b>	<b>389 367</b>
<b>Other information</b>						
Additions of property plant and equipment and intangible assets	25 460	27 591	0	0	25 460	27 591
Undivided additions					24 484	28 119
<b>Total additions of property plant and equipment and intangible assets</b>					<b>49 944</b>	<b>55 710</b>
Depreciation and amortization	52 389	41 209	0	0	52 389	41 209
Undivided depreciation					46 834	57 576
<b>Total depreciation and amortization</b>					<b>99 223</b>	<b>98 785</b>

b) This note provides information about division of the Group's turnover and assets by geographical regions (customer location) for 3 month of the financial year 2018/19 compared to the same period of financial year 2017/18.

	Net sales		Assets	
	2018/19	2017/18	30.09.2018	30.09.2017
	EUR	EUR	EUR	EUR
Americas	2 097 757	2 443 103	1 311 996	657 058
Europe, CIS	590 367	1 182 857	176 321	593 865
Asia, Africa, Middle East	344 648	297 407	101 861	98 691
	<b>3 032 772</b>	<b>3 923 367</b>	<b>1 590 178</b>	<b>1 349 614</b>
Unallocated assets	-	-	9 588 874	13 051 455
	<b>3 032 772</b>	<b>3 923 367</b>	<b>11 179 052</b>	<b>14 401 069</b>

**Note 8 Bad receivables**

	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>EUR</b>	<b>EUR</b>
<b>Bad receivables</b>	<u><b>(4 748)</b></u>	<u><b>17 185</b></u>

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.

**Note 9 Salaries, bonuses and social expenses**

	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>EUR</b>	<b>EUR</b>
Salaries and social expenses	1 187 055	1 166 504
Bonuses and social expenses	173 414	173 016
	<u><b>1 360 469</b></u>	<u><b>1 339 520</b></u>

The amount of salaries and social payments were generally equivalent to those of the same period in the previous year.