

SAF Tehnika A/S
Consolidated Interim Report
for Q3 and 9 month of financial year 2020/2021
(July 1, 2020 – March 31, 2021)

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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 220 employees, most of them are considered to be leading experts in their field not only locally, but also globally.

The company’s products are used by both the public and private sectors in areas such as mobile communications, internet service providing, industrial production, finance, horticulture, media and many others.

The company’s activities are based on the concern for the highest quality, customer-focused business philosophy and openness.

Currently, the Group consists of the joint stock company registered in Latvia – AS SAF Tehnika (hereinafter – the Parent company), and subsidiaries “SAF North America” LLC and “SAF Services” LLC wholly owned by the Parent company. Both subsidiaries are established in the US and operate in Denver, Colorado. AS SAF Tehnika is a public joint stock company established under applicable law of the Republic of Latvia. Shares of AS SAF Tehnika are listed on Nasdaq Riga Stock Exchange.

Legal address:	Ganību dambis 24a Rīga, LV-1005 Latvija
Commercial Registry Nr.:	40003474109
VAT Registry Nr.:	LV40003474109
Beginning of financial year:	01.07.2020
End of financial year:	30.06.2021
Phone:	+371 67046840
E-mail:	info@saftehnika.com

Share and Shareholdings

SAF Tehnika shareholders (over 5%) as of 30.06.2020.

Shareholder	Ownership interest (%)
Didzis Liepkalns	17.05%
SIA „Koka zirgs”	12.06%
Andrejs Grišāns	10.03%
Normunds Bergs	9.74%
Juris Zieme	8.71%

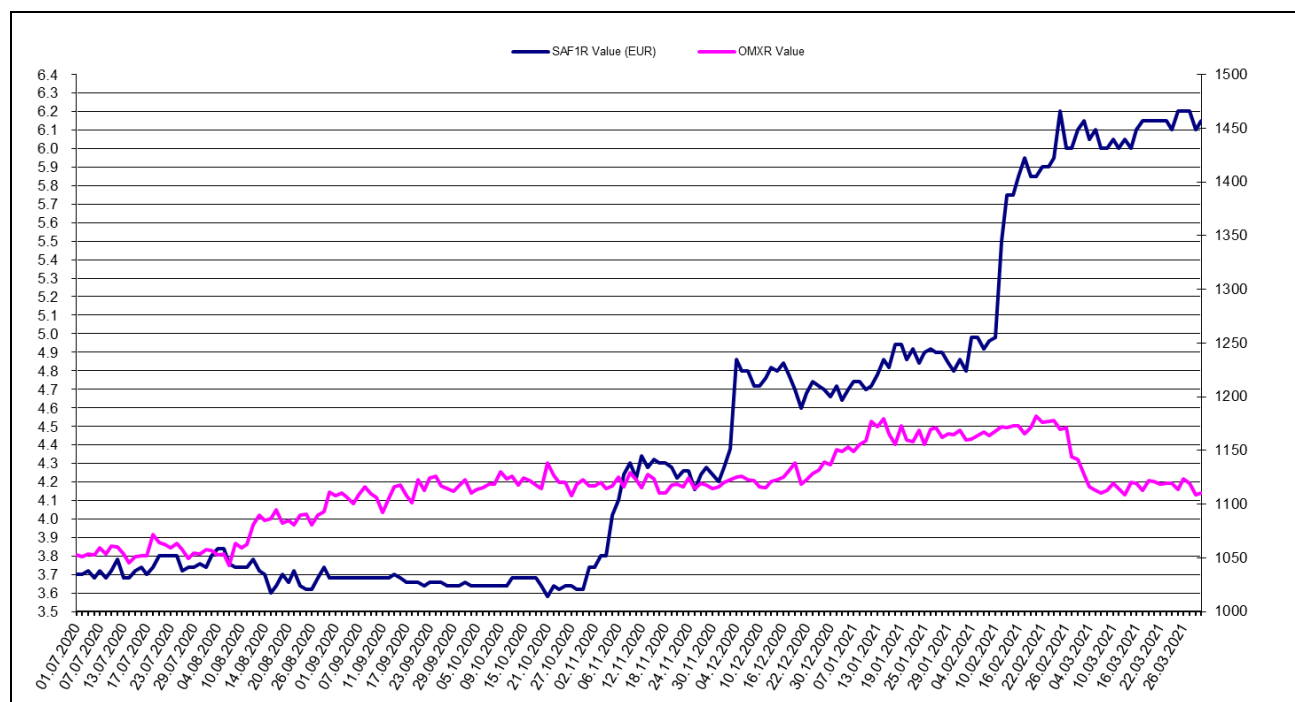
SAF Tehnika share price and OMX Riga index development for the reporting period

SAF Tehnika (SAF1R)

Period: July 1, 2020 – March 31, 2021

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 no 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 Salma	Member	owns no shares

Information on professional and educational background of the management board members

Normunds Bergs, is Chairman of the Board and Chief Executive Officer of SAF Tehnika AS. Mr. Bergs is one of the founders of SIA Fortech (co-founding company of SAF Tehnika AS) where during the periods from 1990 to 1992 and 1999 to 2000 he acted as Managing Director and General Director, respectively. Following SIA Fortech's merger with AS Microlink in 2000, Mr. Bergs became Chief Executive Officer of SAF Tehnika AS and a member of the Management Board of AS Microlink. From 1992 to 1999, Mr. Bergs worked for World Trade Centre Riga, where he held the position of General Director and became a Member of the Board of Directors in 1998. Mr. Bergs graduated from the Riga Technical University with a degree in radio engineering in 1986.

Didzis Liepkalns, is Member of the Board and Technical Director of SAF Tehnika. Mr. Liepkalns founded a private enterprise SAF in 1995 and co-founded the company SAF Tehnika AS in 1999. From 1985 to 1990 he worked as an engineer at the Institute of Electronic Engineering and Computer Sciences. Mr. Liepkalns has graduated Riga Technical University with a degree in radio engineering in 1985.

Zane Jozepa, is Member of the Board and Chief Financial Officer. Prior to her employment with SAF Tehnika, Ms. Jozepa has been working in the leading IT and telecommunication services provider in Latvia – SIA Lattelecom, which is a subsidiary company of SIA Citrus Solutions that provides design, construction and maintenance of the engineering and technical systems and infrastructure. Ms. Jozepa has been working as a Business Controller for the first two years. She became Head of Finance in 2008, and a Board Member in 2012. Ms. Jozepa gained her professional experience in finance while working for SIA Coca Cola HBC Latvia during 2001-2006. She has graduated the BA School of Business and Finance (Banku Augstskola) and has a BA degree in finance management.

Jānis Bergs, is Member of the Board, Vice President of Sales and Marketing, and the President of "SAF North America". From 2000 till 2006 Mr. Bergs was a Member of the Board and later CEO of AS Microlink. When Microlink was sold to the TeliaSonera group in 2006, Jānis became a shareholder and CEO of SIA FMS, where he worked until January 2015. Mr. Bergs was a Member of AS SAF Tehnika Council from November 2006 till August 2010, and for more than 10 years he has been managing the Latvian IT and Telecommunications Association (LIKTA) and the ICT cluster,

as well as giving lectures in business studies in Riga Business School. Mr.Bergs has graduated Riga Technical University as radio engineer and has an MBA degree from Riga Business School.

Information on professional and educational background of the supervisory council members

Juris Zieme, co-founder of the Company, is Chairman of the Supervisory Council and Production Department Director. From 1998 to 1999 he worked as an engineer at Mr. Liepkalns private enterprise SAF. From 1987 to 1999 Mr. Zieme worked as an engineer at the Institute of Electronic Engineering and Computer Sciences. Mr. Zieme has graduated Riga Technical University with a degree in radio engineering in 1987.

Andrejs Grišāns, co-founder of the Company, is Vice-Chairman of the Supervisory Council and Production Department Manager. Prior to joining the Company, he owned and managed a private company specializing in electronic equipment engineering, production and distribution. From 1992 to 1999 Mr. Grisans was involved in entrepreneurial activities in the field of radio engineering. He worked as an engineer-constructor at the Institute of Polymer Mechanics from 1984 to 1992 and in the constructing bureau Orbita from 1980 to 1984. Mr. Grisans has graduated Riga Technical University with a degree in radio engineering in 1980.

Ivars Šenbergs, Member of the Supervisory Council, also Chairman of the Board of SIA Juridiskais Audits, SIA Namipasumu parvalde, SIA Synergy Consulting, SIA IŠMU, SIA Dzirnavu centrs and Member of the Supervisory Council of AS MFS bookkeeping. From 1999 until 2000 he worked as Finance and Administrative Director at SIA Fortech. Mr. Šenbergs has graduated Faculty of Law, University of Latvia in 1986.

Aira Loite, Member of the Supervisory Council, since 2016 is Chief Financial Officer at Torgy Mek Group's and at the same time (since May 2018) also Director of SIA "Torgy Baltic" Ltd. From 2007 to 2015 she has been the Member of the Board of JSC "SAF Tehnika" and Director of Finance and Administration, and Managing Director since the end of 2011. From 2006 to 2007 she was Director of Business Information and Control Division at Lattelecom. From 2000 to 2006 she was a Member of the Board of Microlink Latvia and Head of Finance and Administration. A. Loite has graduated the University of Latvia in 1988 and holds Bachelor degree in Mathematics and MBA from Salford University, UK, obtained in 2009.

Sanda Šalma, Member of the Supervisory Council, employed by Microsoft Latvia, currently Small and Medium Business Lead for Baltic countries. From 2010 to 2012 worked for a developer

company RIX Technologies, participated in the work group of Latvian IT Cluster. From 2008 to 2010 was Citizenship & Education Project Lead at Microsoft Latvia. From 2000 to 2006 she was Sales Account Manager at Baltic Transshipment Center sales in Baltics and St. Petersburg. She has graduated The University of St.Petersburg and holds BSc in Psychology and MBA from RISEBA and Salford University, UK.

Statement of Board's Responsibilities

The Board of SAF Tehnika JSC (hereinafter – the Parent) is responsible for preparing the consolidated financial statements of the Parent and its subsidiaries (hereinafter - the Group).


The consolidated financial statements are prepared in accordance with the source documents and present fairly the consolidated financial position of the Group as of 31 March, 2020 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, 2020.

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

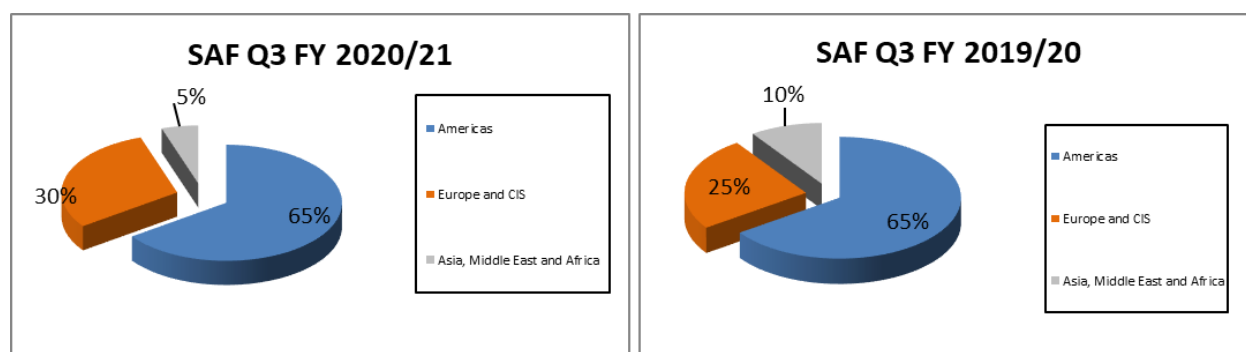
The Group's unaudited consolidated net turnover in the third quarter (Q3) of the financial year 2020/2021 was EUR 5.9 million, which is an increase of 30% compared to the third quarter of the financial year 2019/2020.

The turnover in North and Latin Americas was 65% or EUR 3.84 million. Compared to the turnover in the same quarter of the previous financial year, the turnover increased by 30% as a result of successful sales project transactions in the previous quarters.

The turnover in Europe and CIS countries amounts to 30% or EUR 1.75 million, which is 55% more than in the third quarter of the previous financial year. The turnover of the AMEA (Asia, Middle East, Africa) region decreased by 31% compared to the corresponding quarter of the last financial year, and makes up 5% or EUR 302 thousand.

In the third quarter of the financial year, special attention was paid to the creation and expansion of digital content through webinars and other digital media. Aranet4 – the indoor air quality sensor of the Aranet product line – is still experiencing growth, and the demand exceeds earlier forecasts. Moreover, the Aranet product line has been expanded with new sensors. The Spectrum Compact product family introduced a spectrum analyzer that supports the frequency range from 6 to 20 GHz, which makes it possible to cover the most popular point-to-point radio frequency bands with a single device.

Comparative charts of Q3 sales volumes by regions:



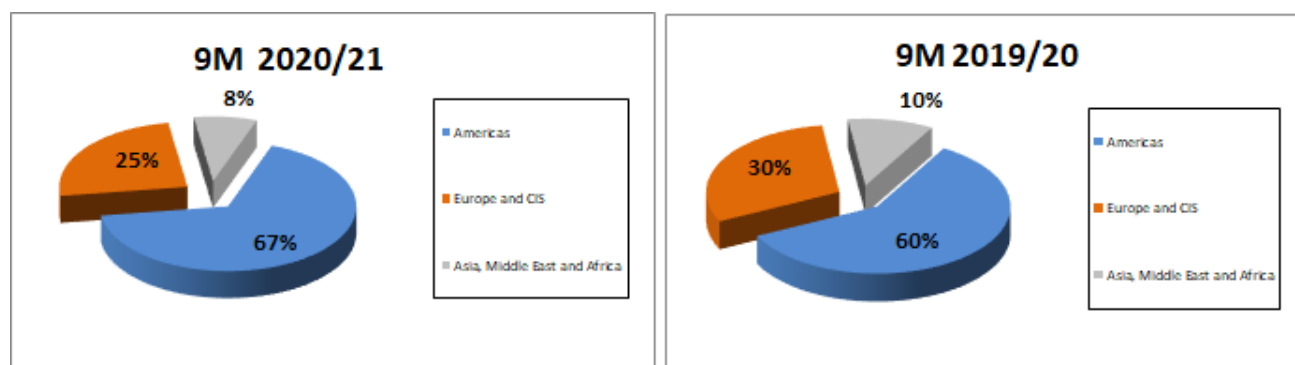
In the reporting quarter, the Group's products were sold in 55 countries.

The Group's unaudited consolidated turnover for the 9-month period of the financial year 2020/2021 was EUR 17.31 million, which is 31% more than the amount of revenue in the previous financial year.

During the 9-month period, revenues in North and Latin Americas represented 67% of the total Group's turnover and amounted to EUR 11.63 million, which is a 48% increase over the 9

months of the previous financial year. Revenue from the European and CIS countries represented 25% of the total turnover, having increased by 8% against 9 months of the previous year and amounted to EUR 4.29 million. Revenue from the AMEA (Asia, Middle East, Africa) region remained at the same level as the previous year and is EUR 1.38 million, thus making 8% of the Group's total turnover.

Comparative charts of 9-month sales volumes by regions:



The Group's expenditures did not exceed the planned volumes, but 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 third quarter of the financial year 2020/2021 with a profit of EUR 967 thousand (unaudited). The result of the Q3 of the previous year was profit of EUR 158 thousand. During the reporting period, the performance was also positively affected by changes in the USD/EUR exchange rate.

The unaudited consolidated result for the 9-month period of the financial year 2020/2021 is profit of EUR 2.11 million. The Group's profit for the 9 months of the previous financial year 2019/2020 was EUR 610 thousand.

The Group's net cash flow for the 9-month period of the financial year was positive – EUR 1.48 million. In December 2020, a dividend of EUR 0.21 (twenty-one cents) per share was paid, or a total of EUR 624 thousand. The Group's net cash balance was EUR 6.5 million at the end of the period. In the third quarter of the financial year 2020/2021, EUR 109 thousand were invested in acquisition of fixed assets.

Market Overview

There has been no rapid change in the microwave radio market over the last quarter. While market players and customers are still learning to cope with the global COVID-19 pandemic, there

are still project lags caused by various restrictions. 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. At the same time, the global pandemic stimulates the development of new infrastructure projects. 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 diversify SAF Tehnika product offering.

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. During the pandemic, the manufacturing facility of SAF Tehnika continued to operate in its normal/rearranged mode, the company manufactured and shipped its products worldwide. At the manufacturing facility, the work is organized in such a way as to minimize physical proximity (by working remotely or rearranging workplaces), as well as all employees are provided with face masks and shields, disinfectants, frequent cleaning and ventilation of premises.

The Group's operations are also affected by the global shortage of various electronic components. By regularly reviewing delivery volumes and deadlines, the company continues to accumulate 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 March 31, 2021, the Group had 222 employees (206 employees as of March 31, 2020).

KEY indicators

	Q3 2020/21	Q3 2019/20	Q3 2018/19
	EUR	EUR	EUR
Net Sales	5,890,611	4,517,091	3,652,233
Earnings before interest, taxes and depreciation (EBITDA)	1,127,709	267,518	85,726
<i>share of the turnover %</i>	19%	6%	2.3%
Profit/loss before interest and taxes (EBIT)	929,439	80,004	-81,840
<i>share of the turnover %</i>	16%	2%	-2%
Net Profit	967,059	158,995	-21,801
<i>share of the turnover %</i>	16%	4%	-1%
Total assets	19,189,675	13,943,425	13,759,190
Total Owners equity	11,401,824	10,079,091	9,367,356
Return on equity (ROE) %	5.39%	1.13%	-0.17%
Return on assets (ROA) %	8.86%	1.59%	-0.23%
Liquidity ratio			
<i>Quick ratio %</i>	104%	142%	131%
<i>Current ratio %</i>	140%	218%	187%
Earnings per share	0.33	0.05	-0.01
Last share price at the end of period	6.15	2.76	2.90
P/E	9.18	11.50	-17.06
Number of employees at the end of reporting period	222	206	194

Consolidated Statement of Financial Position

	Note	31.03.2021	31.03.2020
CURRENT ASSETS		EUR	EUR
Cash and bank		6 475 938	3 761 704
Customer receivables	1		
Accounts receivable		2 608 033	2 201 998
Allowance for uncollectible receivables		-383 927	-309 625
Total		2 224 106	1 892 373
Other receivables			
Other current receivables	2	35 153	68 518
Short-term loans		0	65 835
Total		35 153	134 353
Prepaid expenses			
Prepaid taxes		23 315	32 339
Other prepaid expenses		139 160	206 418
Total		162 475	238 757
Inventories	3		
Raw materials		2 026 322	1 180 308
Work-in-progress		2 507 920	2 544 625
Finished goods		3 095 983	2 220 123
Prepayments to suppliers		226 043	22 099
Total		7 856 268	5 967 154
TOTAL CURRENT ASSETS		16 753 940	11 994 341
NON-CURRENT ASSETS			
Long-term financial assets			
Investments in other companies		7 146	8 106
Long-term receivables	1	1 400	1 088
Total		8 546	9 194
NON-CURRENT physical assets	4		
Plant and equipment		4 478 911	4 292 435
Other equipment and fixtures		2 072 800	2 061 756
Accumulated depreciation		-5 873 209	-5 733 171
Prepayments for noncurrent physical assets		24 118	6 144
Unfinished renovation works		15 740	0
Long-term investment - lease		1 394 300	1 124 712
Total		2 112 660	1 751 876
Intangible assets	4		
Purchased licenses, trademarks etc.		272 781	188 014
Other long-term intangible assets		41 748	0
Total		314 529	188 014
TOTAL NON-CURRENT ASSETS		2 435 735	1 949 084
TOTAL ASSETS		19 189 675	13 943 425

LIABILITIES AND OWNERS' EQUITY	Note	31.03.2021	31.03.2020
CURRENT LIABILITIES		EUR	EUR
Debt obligations			
Short-term loans		0	14 304
Customer prepayments for goods and services		1 970 669	315 034
Accounts payable		1 488 902	604 576
Accrued short-term operating lease liabilities	5	316 015	314 270
Tax liabilities		298 768	178 561
Salary-related accrued expenses	6	1 952 552	1 086 279
Provisions for guarantees		17 423	7 932
Deffered income		210 125	135 851
TOTAL CURRENT LIABILITIES		6 254 455	2 656 807
NON-CURRENT LIABILITIES			
Long-term liabilities			
Long-term deffered income		452 309	397 150
Accrues long-term operating lease liabilities	5	1 081 088	810 376
TOTAL LONG-TERM LIABILITIES		1 533 397	1 207 526
TOTAL LIABILITIES		7 787 852	3 864 333
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		2 257 102	2 441 356
Net profit for the financial year		2 111 315	610 570
Currency translation reserve		14 899	8 657
TOTAL OWNERS' EQUITY		11 401 824	10 079 091
TOTAL LIABILITIES AND OWNERS' EQUITY		19 189 676	13 943 425

Consolidated Statement of Profit or Loss for 9 month of the financial year 2020/2021

	Note	31.03.2021	31.03.2020
		EUR	EUR
Net sales	7	17 305 485	13 228 486
Other operating income		405 315	164 451
Total income		17 710 800	13 392 937
Direct cost of goods sold or services rendered		-7 409 479	-5 376 158
Marketing, advertising and public relations expenses		-309 754	-491 143
Bad receivables	8	198 661	-296 707
Operating expenses		-671 810	-868 797
Salaries and social expenses	9	-4 806 908	-4 366 946
Bonuses and social expenses	9	-1 695 738	-892 651
Depreciation expense		-354 527	-333 519
Amortization of operating lease		-224 366	-224 589
Other expenses		-29 022	-30 276
Operating expenses		-15 302 943	-12 880 786
EBIT		2 407 857	512 151
Financial income (except ForEx rate difference)		428	9 688
Financial costs (except ForEx rate difference)		-20 836	-16 581
Foreign exchange +gain/(loss)		-125 553	108 396
Financial items		-145 960	101 503
EBT		2 261 897	613 654
Corporate income tax		-150 582	-3 084
Profit after taxes		2 111 315	610 570
Net profit/(loss)		2 111 315	610 570

*Earnings per share

EPS 31.03.2021. = 0.71 EUR

EPS 31.03.2020. = 0.21 EUR

Consolidated Statement of Profit or Loss for Q3 of the financial year 2020/2021

	31.03.2021	31.03.2020
	EUR	EUR
Net sales	5 890 611	4 517 091
Other operating income	323 417	57 874
Total income	6 214 028	4 574 965
Direct cost of goods sold or services rendered	-2 260 044	-1 632 011
Marketing, advertising and public relations expenses	-85 227	-123 915
Bad receivables	-15 938	-287 510
Operating expenses	-220 168	-291 850
Salaries and social expenses	-1 688 601	-1 536 014
Bonuses and social expenses	-805 267	-425 726
Depreciation expense	-120 152	-112 605
Amortization of operating lease	-78 118	-74 909
Other expenses	-11 074	-10 421
Operating expenses	-5 284 589	-4 494 961
EBIT	929 439	80 004
Financial income (except ForEx rate difference)	6	1 096
Financial costs (except ForEx rate difference)	-7 785	-5 532
Foreign exchange +gain/(loss)	114 630	84 440
Financial items	106 851	80 004
EBT	1 036 290	160 008
Corporate income tax	-69 231	-1 013
Net profit/(loss)	967 059	158 995

*Earnings per share

EPS 31.03.2021. = 0.33 EUR

EPS 31.03.2020. = 0.05 EUR

Consolidated cash flow statement for 9 months of the financial year 2020/2021

	31.03.2021	31.03.2020
	EUR	EUR
CASH GENERATED FROM OPERATIONS (of which)	1 988 049	1 225 947
Cash received from customers	17 558 434	13 797 874
Cash paid to suppliers and employees	-15 750 367	-12 745 962
Paid/Received VAT	179 981	174 035
NET CASH USED IN INVESTING ACTIVITIES (of which)	-514 600	-252 680
Cash paid for purchasing shares in subsidiary	960	0
Cash paid for purchasing non-current physical assets	-515 560	-260 747
Interest received	0	8 067
NET CASH USED IN FINANCING ACTIVITIES (of which)	42 905	208 358
Short-term loans	61 407	39 248
Repayment of short-term loans	0	-390
Cash received from EU funds	605 236	169 500
Dividends paid	-623 738	0
Effects of exchange rate changes	-35 479	-36 852
TOTAL CASH FLOW:	1 480 875	1 144 773
Cash and cash equivalents as at the beginning of period	4 995 062	2 616 931
Cash and cash equivalents as at the end of period	6 475 938	3 761 704
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	1 480 876	1 144 773

Statement of changes in consolidated equity for the 9 month period ended March 31, 2021

	Share capital	Share premium	Other reserves	Currency translation reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR
As at 30 June 2019	4 158 252	2 851 726	8 530	6 345	2 441 356	9 466 209
Currency translation difference	-	-	-	2 358	-	2 358
Loss for the year	-	-	-	-	439 484	439 484
As at 30 June 2020	4 158 252	2 851 726	8 530	8 703	2 880 840	9 908 051
Dividend relating to 2014/2016	-	-	-	-	-623 738	-623 738
Currency translation difference	-	-	-	6 196	-	6 196
Profit for the year	-	-	-	-	2 111 315	2 111 315
As at 31 March 2021	4 158 252	2 851 726	8 530	14 899	4 368 417	11 401 824

Notes for interim report

Note 1 Customer receivables

	31.03.2021	31.03.2020
	EUR	EUR
Long-term receivables	1 400	1 088
Accounts receivable	2 608 033	1 902 081
Provisions for bad and doubtful accounts receivable	(383 927)	(309 625)
Total short-term accounts receivable	2 224 106	1 892 373
Total receivables	2 225 506	1 893 461

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

Note 2 Other current receivables

	31.03.2021	31.03.2020
	EUR	EUR
Other current receivables	35 153	68 518

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

	31.03.2021	31.03.2020
	EUR	EUR
Raw materials	2 908 003	1 759 311
Allowance for slow-moving items	(881 681)	(579 003)
Work-in-progress	2 507 920	2 544 625
Finished goods	3 095 983	2 220 123
Prepayments to suppliers	226 043	22 099
	7 856 268	5 967 154

As compared to 31 March 2020, total inventories increased by 32%.

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.

The composition of inventories has changed – more materials are sent to production, and the balance of inventories of semi-finished and finished products has grown.

Note 4 Non-current, intangible assets

	31.03.2021	31.03.2020
	EUR	EUR
Plant and equipment	4 478 911	4 292 435
Other equipment and fixtures	2 072 800	2 061 756
Accumulated depreciation	(5 873 209)	(5 733 171)
Prepayments for noncurrent physical assets	24 118	6 144
Unfinished renovation works	15 740	-
Long-term investment lease*	1 394 300	1 127 712
	2 112 660	1 751 876
Purchased licenses, trademarks etc.	272 781	188 014
Other long-term intangible assets	41 748	-
	314 529	188 014
Total non-current, intangible assets	2 427 189	1 939 890

*See Note 5 Operating lease liabilities

During Q3, the Group acquired fixed assets and intangible assets in the amount of 109 thousand euros – mainly, in order to ensure production and testing processes, as well as to acquire office equipment.

Note 5 Operating lease liabilities

	31.03.2021	31.03.2020
	EUR	EUR
Accrued short-term operating lease liabilities	316 015	314 270
Accrued long-term operating lease liabilities	1 081 088	810 376
	1 397 102	1 124 646

As a result of implementing IFRS 16 “Leases”, the Group has made estimates in connection with the concluded operating lease contracts, assuming that it will continue to lease the premises the next 5 (five) years in accordance with the concluded contracts on the lease of the premises.

Note 6 Salary-related accrued expenses

	31.03.2021	31.03.2020
	EUR	EUR
Salary-related accrued expenses	1 952 552	1 086 279

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

Note 7 Segment information

a) The Group's (Parent company's) operations are divided into two major structural units:

- SAF branded equipment designed and produced in-house - as one of the structural units containing CFIP, Integra (Integrated carrier-grade Ethernet microwave radio), Spectrum Compact (measurement tools for radio engineers) and Aranet (environmental monitoring solutions).

CFIP – product line is represented by:

- Phoenix, a split mount (IDU+ODU) PhoeniX hybrid radio system with Gigabit Ethernet and 20E1 interfaces;
- Lumina high capacity Full Outdoor all-in-one radio with Gigabit Ethernet traffic interface;
- Marathon FIDU low frequency low capacity system for industrial applications, energy companies and rural telecom use.

All CFIP radios are offered in most widely used frequency bands from 1.4GHz to 38 GHz, thus enabling the use of CFIP radios all across the globe.

Integra – is a next generation radio system employing latest modem technology on the market as well as radio technology in different frequency band from 6GHz to 86 GHz. Few Integra models ensure data transmission speed up to 10 Gb/s

Spectrum Compact is a measurement tool for field engineers for telecom, broadcasting and other industries using radio technologies. It comprises of a number of units covering several frequency bands and proving various functionality.

Aranet- the latest SAF product line for environmental monitoring, consisting of various wireless sensors, base stations and Aranet cloud solution for data collection, aggregation and analysis.

- operations related to sales of products purchased from other suppliers, like antennas, cables, SAF renamed (OEMed) products and different accessories - as the second unit.

This note provides information about division of the Group's turnover and balance items by structural units by product type for 9 month of the financial year 2020/21 and financial year 2019/20.

	CFM; CFIP; FreeMile		Other		Total	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
	EUR	EUR	EUR	EUR	EUR	EUR
Segment assets	10 177 783	7 806 268	1 360 248	1 261 841	11 538 031	9 068 109
Undivided assets					7 651 644	4 875 316
Total assets					19 189 675	13 943 425
Segment liabilities	3 752 929	1 293 764	170 781	54 565	3 923 710	1 348 329
Undivided liabilities					3 864 142	2 516 004
Total liabilities					7 787 852	3 864 333
Net sales	16 637 354	12 398 416	668 131	830 070	17 305 485	13 228 486
Segment results	6 860 026	4 865 961	593 408	681 805	7 453 434	5 547 766
Undivided expenses					-5 450 892	-5 200 066
Profit from operations					2 002 542	347 700
Other income					405 315	164 451
Financial income (except ForEx rate difference)					428	9 688
Financial costs (except ForEx rate difference)					-20 836	-16 581
Foreign exchange +gain/(loss)					-125 552	108 396
Profit before taxes					2 261 897	613 654
Corporate income tax					-150 582	-3 084
Profit after taxes					2 111 315	610 570
Net profit					2 111 315	610 570
Other information						
Additions of property plant and equipment and intangible assets	162 932	37 871	0	0	162 932	37 871
Undivided additions					280 282	235 919
Total additions of property plant and equipment and intangible assets					443 214	273 790
Depreciation and amortization	311 154	305 811	0	0	311 154	305 811
Undivided depreciation					267 739	252 297
Total depreciation and amortization					578 893	558 108

b) This note provides information about division of the Group's turnover and assets by geographical regions (customer location) for 9 month of the financial year 2020/21 compared to the same period of financial year 2019/20.

	Net sales		Assets	
	2020/21	2019/20	31.03.2021	31.03.2020
	EUR	EUR	EUR	EUR
Americas	11 625 983	7 861 050	1 522 061	1 475 569
Europe, CIS	4 299 791	3 988 353	484 390	334 113
Asia, Africa, Middle East	1 379 710	1 379 084	219 055	83 779
	17 305 485	13 228 486	2 225 506	1 893 461
Unallocated assets	-	-	16 943 236	12 049 963
	17 305 485	13 228 486	19 168 742	13 943 425

Note 8 Bad receivables

	31.03.2021	31.03.2020
	EUR	EUR
Bad receivables	198 661	(296 707)

Provisions for doubtful and bad accounts receivable were calculated according to Group's provision calculation policy. The Group starts to calculate provisions for customers who delays payment terms more than 3 months. Additional provisions were calculated for debts where probability not to receive payment is high, although agreed payment term has not come yet. Assessing the risks of receivables, additional provision for insecure debts has been made.

Note 9 Salaries, bonuses and social expenses

	31.03.2021	31.03.2020
	EUR	EUR
Salaries and social expenses	4 806 908	4 366 946
Bonuses and social expenses	1 695 738	892 651
	6 502 646	5 259 597

Compared to the previous 9-month period of the financial year 2020/2021, the amount of salary costs and related social costs increased by 23%. This reflects changes in the number and composition of the staff (employees with critical competencies), as well as provisions for performance bonuses.