

SAF Tehnika A/S
Consolidated Interim Report
for Q4 and 12 month of financial year 2020/2021
(July 1, 2020 – June 30, 2021)

TABLE OF CONTENTS

KEY DATA	3
Share and Shareholdings.....	4
Information on Management and Supervisory Board members	5
Information on professional and educational background of the management board members	6
Information on professional and educational background of the supervisory council members	8
Statement of Board's Responsibilities.....	10
Management Report.....	11
Consolidated Statement of Financial Position	15
Consolidated Statement of Profit or Loss for 12 month of the financial year 2020/2021	17
Consolidated Statement of Profit or Loss for Q4 of the financial year 2020/2021	18
Consolidated cash flow statement for 12 months of the financial year 2020/2021	19
Statement of changes in consolidated equity for the 12 month period ended June 30, 2021	19
Notes for interim report	20
Note 1 Customer receivables	20
Note 2 Other current receivables	20
Note 3 Inventories.....	20
Note 4 Non-current, intangible assets	21
Note 5 Operating lease liabilities.....	21
Note 6 Salary-related accrued expenses	21
Note 7 Segment information.....	21
Note 8 Bad receivables	24
Note 9 Salaries, bonuses and social expenses.....	24

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 30.06.2021.

Shareholder	Ownership interest (%)
Didzis Liepkalns	17.05%
SIA „Koka zirgs”	12.19%
Andrejs Grišāns	10.03%
Normunds Bergs	9.74%
Juris Ziema	8.71%

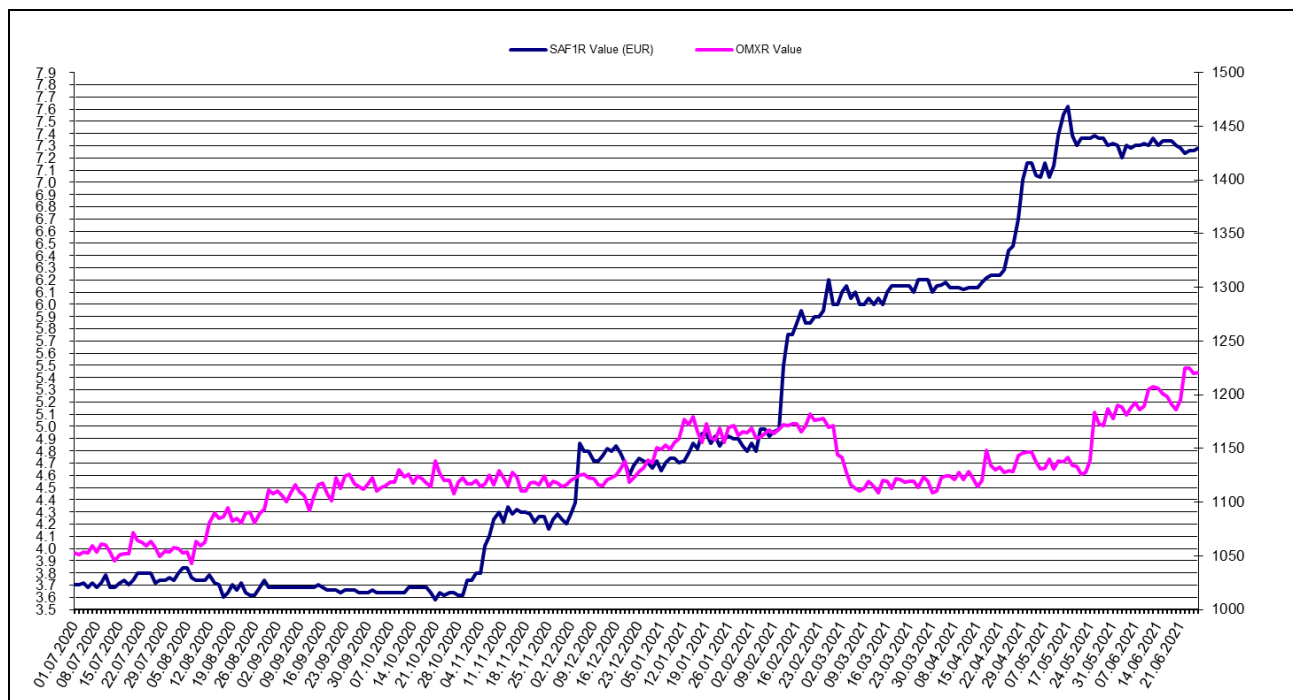
SAF Tehnika share price and OMX Riga index development for the reporting period

SAF Tehnika (SAF1R)

Period: July 1, 2020 – June 30, 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 Ziema, co-founder of the Company, is Chairman of the Supervisory Council and Production Department Director. From 1998 to 1999 he worked as an engineer at Mr. Liepkalns private enterprise SAF. From 1987 to 1999 Mr. Ziema worked as an engineer at the Institute of Electronic Engineering and Computer Sciences. Mr. Ziema has graduated Riga Technical University with a degree in radio engineering in 1987.

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

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

Aira Loite, Member of the Supervisory Council, 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 30 June, 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

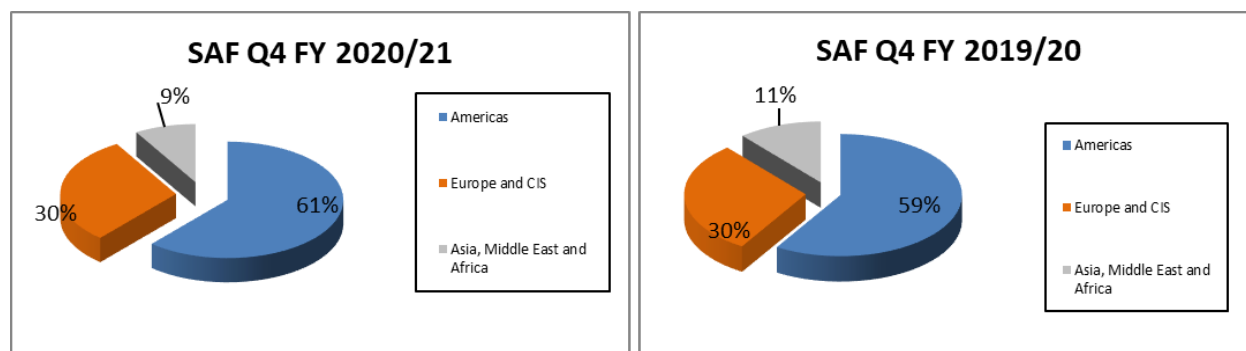
The Group's unaudited consolidated net turnover in the fourth quarter (Q4) of the financial year 2020/2021 was EUR 8.2 million, which is an increase of 134% compared to the fourth quarter of the financial year 2019/2020, and is historically the highest sales volume for a single quarter.

The turnover in North and Latin Americas was 61% or EUR 5.06 million. Compared to the turnover in the same quarter of the previous financial year, the turnover increased by 144% as a result of successful sales project transactions in the previous quarters.

The turnover in Europe and CIS countries amounts to 30% or EUR 2.48 million, which is 134% more than in the fourth quarter of the previous financial year. The turnover of the AMEA (Asia, Middle East, Africa) region increased by 71% compared to the corresponding quarter of the last financial year, and makes up 9% or EUR 705 thousand.

In the fourth quarter of the financial year, the focus remains on creating and expanding digital content through webinars and other digital media. The indoor air quality sensor of the Aranet product line, Aranet4, is still experiencing growth, and the demand exceeds earlier forecasts. Moreover, the Aranet product line has been expanded with new sensors. A novelty in radio products – a dual band solution has been announced, which allows achieving 10+ Gbps capacity.

Comparative charts of Q4 sales volumes by regions:



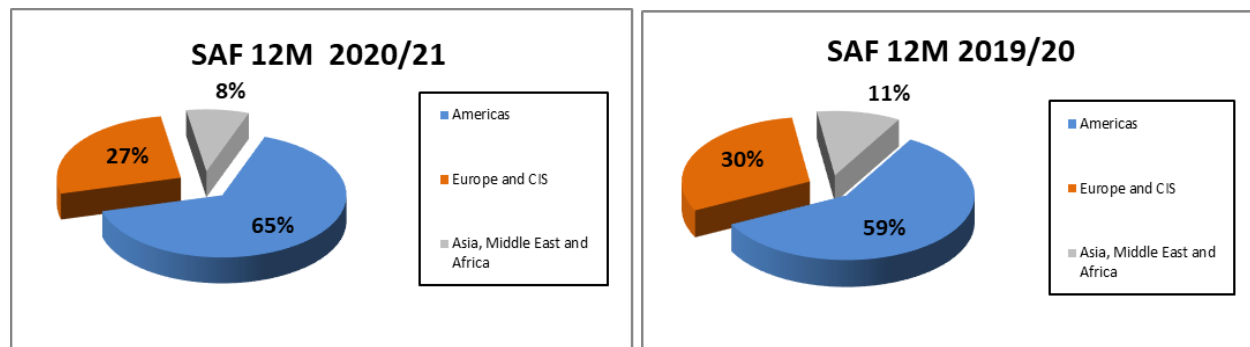
In the reporting quarter, the Group's products were sold in 57 countries.

The Group's unaudited consolidated turnover for the 12-month period of the financial year 2020/2021 was EUR 25.56 million, which is 52% more than the amount of revenue in the previous financial year.

During the 12-month period, revenues in North and Latin Americas represented 65% of the total Group's turnover and amounted to EUR 16.69 million, which is a 68% increase compared to the result of the previous financial year. Revenue from the European and CIS countries represented 27% of the total turnover, having decreased by 34% against 12 months of the previous year and

amounted to EUR 6.78 million. Revenue from the AMEA (Asia, Middle East, Africa) region grew by 18% and is EUR 2.09 million, thus making 8% of the Group’s total turnover.

Comparative charts of 12-month sales volumes by regions:



The Group’s expenditures did not exceed the planned volumes, 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 fourth quarter of the financial year 2020/2021 with a profit of EUR 2.04 million (unaudited). The result of the 4th quarter of the previous year was a loss of EUR 135 thousand.

The unaudited consolidated result for the financial year 2020/2021 is a profit of EUR 4.15 million. The Group’s profit for the previous financial year 2019/2020 was EUR 476 thousand.

The Group’s net cash flow for the 12-month period of the financial year was positive – EUR 2.7 million. The Group’s net cash balance was EUR 7.6 million at the end of the period. In the fourth quarter of the financial year 2020/2021, EUR 170 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. In the context of a global pandemic, the Group follows the epidemiological rules in its home country, ensuring compliance with applicable regulations. 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, 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 June 30, 2021, the Group had 232 employees (212 employees as of June 30, 2020).

KEY indicators

	Q4 2020/21	Q4 2019/20	Q4 2018/19
	EUR	EUR	EUR
Net Sales	8,249,877	3,531,204	3,830,667
Earnings before interest, taxes and depreciation (EBITDA)	2,286,031	113,418	302,031
<i>share of the turnover %</i>	28%	3%	7.9%
Profit/loss before interest and taxes (EBIT)	2,102,596	-68,612	129,342
<i>share of the turnover %</i>	25%	-2%	3%
Net Profit	2,035,741	-134,794	97,682
<i>share of the turnover %</i>	25%	-4%	3%
Total assets	20,481,980	15,564,192	13,228,163
Total Owners equity	13,434,062	9,944,815	9,467,105
Return on equity (ROE) %	10.26%	-0.91%	0.72%
Return on assets (ROA) %	16.39%	-1.35%	1.04%
Liquidity ratio			
<i>Quick ratio %</i>	138%	119%	96%
<i>Current ratio %</i>	169%	149%	180%
Earnings per share	0.69	-0.05	0.03
Last share price at the end of period	7.28	3.60	3.58
P/E	5.20	22.50	-25.57
Number of employees at the end of reporting period	232	212	196

Consolidated Statement of Financial Position

	Note	30.06.2021	30.06.2020
CURRENT ASSETS		EUR	EUR
Cash and bank		7 694 955	4 999 711
Customer receivables	1		
Accounts receivable		1 881 102	1 554 284
Allowance for uncollectible receivables		-224 044	-583 431
Total		1 657 058	970 853
Other receivables			
Other current receivables	2	118 919	242 948
Short-term loans		0	64 220
Total		118 919	307 168
Prepaid expenses			
Prepaid taxes		34 586	38 249
Other prepaid expenses		167 604	157 114
Total		202 190	195 363
Inventories	3		
Raw materials		2 980 281	1 316 184
Work-in-progress		2 705 937	2 905 084
Finished goods		2 552 457	2 624 974
Prepayments to suppliers		157 358	28 516
Total		8 396 033	6 874 758
TOTAL CURRENT ASSETS		18 069 155	13 347 853
NON-CURRENT ASSETS			
Long-term financial assets			
Investments in other companies		7 146	8 106
Long-term receivables	1	1 050	1 400
Total		8 196	9 506
NON-CURRENT physical assets	4		
Plant and equipment		4 547 818	4 377 448
Other equipment and fixtures		1 989 641	2 030 109
Accumulated depreciation		-5 845 916	-5 727 686
Prepayments for noncurrent physical assets		33 807	0
Unfinished renovation works		26 318	0
Long-term investment - lease		1 316 805	1 324 673
Total		2 068 472	2 004 544
Intangible assets	4		
Purchased licenses, trademarks etc.		316 640	184 541
Other long-term intangible assets		19 517	17 748
Total		336 157	202 289
TOTAL NON-CURRENT ASSETS		2 412 825	2 216 339
TOTAL ASSETS		20 481 980	15 564 192

LIABILITIES AND OWNERS' EQUITY	Note	30.06.2021	30.06.2020
CURRENT LIABILITIES		EUR	EUR
Debt obligations			
Short-term loans		0	8 940
Customer prepayments for goods and services		1 002 132	1 257 667
Accounts payable		1 001 950	1 070 081
Accrued short-term operating lease liabilities	5	315 401	311 757
Tax liabilities		573 635	202 652
Salary-related accrued expenses	6	2 388 614	1 197 296
Provisions for guarantees		45 636	17 423
Deffered income		264 656	143 426
TOTAL CURRENT LIABILITIES		5 592 024	4 209 242
NON-CURRENT LIABILITIES			
Long-term liabilities			
Long-term deffered income		451 355	397 955
Accrues long-term operating lease liabilities	5	1 004 539	1 012 178
TOTAL LONG-TERM LIABILITIES		1 455 894	1 410 133
TOTAL LIABILITIES		7 047 918	5 619 375
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		4 147 056	475 775
Currency translation reserve		11 397	9 177
TOTAL OWNERS' EQUITY		13 434 062	9 944 816
TOTAL LIABILITIES AND OWNERS' EQUITY		20 481 981	15 564 192

Consolidated Statement of Profit or Loss for 12 month of the financial year 2020/2021

	Note	30.06.2021	30.06.2020
		EUR	EUR
Net sales	7	25 555 363	16 759 690
Other operating income		728 374	418 302
Total income		26 283 736	17 177 992
Direct cost of goods sold or services rendered		-10 594 394	-6 555 508
Marketing, advertising and public relations expenses		-485 064	-604 623
Bad receivables	8	358 357	-570 904
Operating expenses		-963 651	-1 083 668
Salaries and social expenses	9	-6 589 448	-5 997 332
Bonuses and social expenses	9	-2 681 068	-1 136 789
Depreciation expense		-463 089	-442 035
Amortization of operating lease		-299 240	-298 105
Other expenses		-55 686	-45 490
Operating expenses		-21 773 283	-16 734 454
EBIT		4 510 453	443 538
Financial income (except ForEx rate difference)		554	10 696
Financial costs (except ForEx rate difference)		-27 707	-23 511
Foreign exchange +gain/(loss)		-100 608	50 049
Financial items		-127 760	37 234
EBT		4 382 693	480 772
Corporate income tax		-235 637	-4 997
Profit after taxes		4 147 056	475 775
Net profit/(loss)		4 147 056	475 775

*Earnings per share

EPS 30.06.2021. = 1.40 EUR

EPS 30.06.2020. = 0.16 EUR

Consolidated Statement of Profit or Loss for Q4 of the financial year 2020/2021

	30.06.2021	30.06.2020
	EUR	EUR
Net sales	8 249 877	3 531 204
Other operating income	323 059	253 851
Total income	8 572 936	3 785 055
Direct cost of goods sold or services rendered	-3 184 915	-1 179 350
Marketing, advertising and public relations expenses	-175 310	-113 480
Bad receivables	159 696	-274 197
Operating expenses	-291 841	-214 871
Salaries and social expenses	-1 782 540	-1 630 386
Bonuses and social expenses	-985 330	-244 138
Depreciation expense	-108 561	-108 515
Amortization of operating lease	-74 874	-73 515
Other expenses	-26 665	-15 215
Operating expenses	-6 470 340	-3 853 667
EBIT	2 102 596	-68 612
Financial income (except ForEx rate difference)	126	1 008
Financial costs (except ForEx rate difference)	-6 871	-6 930
Foreign exchange +gain/(loss)	24 945	-58 347
Financial items	18 200	-64 269
EBT	2 120 796	-132 881
Corporate income tax	-85 055	-1 913
Net profit/(loss)	2 035 741	-134 794

*Earnings per share

EPS 30.06.2021. = 0.69 EUR

EPS 30.06.2020. = -0.05 EUR

Consolidated cash flow statement for 12 months of the financial year 2020/2021

	30.06.2021	30.06.2020
	EUR	EUR
CASH GENERATED FROM OPERATIONS (of which)	3 177 144	2 454 526
Cash received from customers	25 767 660	18 737 241
Cash paid to suppliers and employees	-22 833 814	-16 490 724
Paid/Received VAT	243 298	208 009
NET CASH USED IN INVESTING ACTIVITIES (of which)	-650 113	-425 602
Cash paid for purchasing shares in subsidiary	960	0
Cash paid for purchasing non-current physical assets	-651 073	-433 669
Interest received	0	8 067
NET CASH USED IN FINANCING ACTIVITIES (of which)	260 747	277 450
Short-term loans	60 586	38 400
Repayment of short-term loans	0	-390
Cash received from EU funds	823 899	239 440
Dividends paid	-623 738	0
Effects of exchange rate changes	-87 884	76 406
TOTAL CASH FLOW:	2 699 893	2 382 780
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	7 694 955	4 999 711
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	2 699 893	2 382 780

Statement of changes in consolidated equity for the 12 month period ended June 30, 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	-	-	-	2 693	-	2 693
Profit for the year	-	-	-	-	4 147 056	4 147 056
As at 30 June 2021	4 158 252	2 851 726	8 530	11 396	6 404 158	13 434 062

Notes for interim report

Note 1 Customer receivables

	30.06.2021	30.06.2020
	EUR	EUR
Long-term receivables	1 050	1 400
Accounts receivable	1 881 102	1 554 285
Provisions for bad and doubtful accounts receivable	(224 044)	(583 431)
Total short-term accounts receivable	1 657 058	970 853
Total receivables	1 658 108	972 253

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

Note 2 Other current receivables

	30.06.2021	30.06.2020
	EUR	EUR
Other current receivables	118 919	242 948

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

	30.06.2021	30.06.2020
	EUR	EUR
Raw materials	3 997 461	1 899 373
Allowance for slow-moving items	(1 017 180)	(583 189)
Work-in-progress	2 705 937	2 905 084
Finished goods	2 552 457	2 624 974
Prepayments to suppliers	157 358	28 516
	8 396 033	6 874 758

As compared to 30 June 2020, total inventories increased by 22%.

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

	30.06.2021	30.06.2020
	EUR	EUR
Plant and equipment	4 547 818	4 377 448
Other equipment and fixtures	1 989 641	2 030 109
Accumulated depreciation	(5 845 916)	(5 727 686)
Prepayments for noncurrent physical assets	33 807	-
Unfinished renovation works	26 318	-
Long-term investment lease*	1 316 805	1 324 673
	2 068 472	2 004 544
Purchased licenses, trademarks etc.	316 640	184 541
Other long-term intangible assets	19 517	17 748
	336 157	202 289
Total non-current, intangible assets	2 404 629	2 206 832

*See Note 5 Operating lease liabilities

During Q4, the Group acquired fixed assets and intangible assets in the amount of 170 thousand euros – mainly, in order to ensure production and testing processes, as well as to acquire office equipment.

Note 5 Operating lease liabilities

	30.06.2021	30.06.2020
	EUR	EUR
Accrued short-term operating lease liabilities	315 401	311 757
Accrued long-term operating lease liabilities	1 004 539	1 012 178
	1 319 940	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

	30.06.2021	30.06.2020
	EUR	EUR
Salary-related accrued expenses	2 388 614	1 197 296

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

Note 7 Segment information

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

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

CFIP – product line is represented by:

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

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

Integra – is a next generation radio system employing latest modem technology on the market as well as radio technology in an innovative packaging.

Spectrum Compact is the latest product line in SAF's portfolio, it is a measurement tool for field engineers for telecom, broadcasting and other industries using radio technologies. It comprises of a number of units covering several frequency bands and proving various functionality.

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

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

This note provides information about division of the Group's turnover and balance items by structural units by product type for 12 month of the financial year 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	10 468 223	7 782 491	1 238 433	1 290 863	11 706 656	9 073 354
Undivided assets					8 775 324	6 490 838
Total assets					20 481 980	15 564 192
Segment liabilities	2 470 960	2 695 779	109 722	111 311	2 580 682	2 807 090
Undivided liabilities					4 467 236	2 812 285
Total liabilities					7 047 918	5 619 375
Net sales	24 579 341	15 941 809	976 022	817 881	25 555 363	16 759 690
Segment results	10 674 068	6 383 296	1 073 640	938 002	11 747 708	7 321 298
Undivided expenses					-7 965 667	-7 296 062
Profit from operations					3 782 041	25 236
Other income					728 416	418 302
Financial income (except ForEx rate difference)					554	10 696
Financial costs (except ForEx rate difference)					-27 707	-23 511
Foreign exchange +gain/(loss)					-100 611	50 049
Profit before taxes					4 382 693	480 772
Corporate income tax					-235 637	-4 997
Profit after taxes					4 147 056	475 775
Net profit					4 147 056	475 775
Other information						
Additions of property plant and equipment and intangible assets	241 440	158 943	0	0	241 440	158 943
Undivided additions					374 141	280 362
Total additions of property plant and equipment and intangible assets					615 581	439 305
Depreciation and amortization	413 401	403 978	0	0	413 401	403 978
Undivided depreciation					289 054	336 162
Total depreciation and amortization					702 455	740 140

b) This note provides information about division of the Group's turnover and assets by geographical regions (customer location) for 12 month of the financial year 2020/21 compared to the same period of financial year 2019/20.

	Net sales		Assets	
	2020/21	2019/20	30.06.2021	30.06.2020
	EUR	EUR	EUR	EUR
Americas	16 687 843	9 935 809	1 194 711	590 336
Europe, CIS	6 782 285	5 050 991	422 965	333 662
Asia, Africa, Middle East	2 085 235	1 772 890	40 433	48 257
	25 555 363	16 759 690	1 658 108	972 253
Unallocated assets	-	-	18 823 872	14 591 939
	25 555 363	16 759 690	20 481 980	15 564 192

Note 8 Bad receivables

	30.06.2021	30.06.2020
	EUR	EUR
Bad receivables	<u>358 357</u>	<u>(570 904)</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. Assessing the risks of receivables, additional provision for insecure debts has been made.

Note 9 Salaries, bonuses and social expenses

	30.06.2021	30.06.2020
	EUR	EUR
Salaries and social expenses	6 589 448	5 997 332
Bonuses and social expenses	2 681 068	1 136 789
	<u>9 270 515</u>	<u>7 134 121</u>

Compared to the previous 12-month period of the financial year 2020/2021, the amount of salary costs and related social costs increased by 30%. This reflects changes in the number and composition of the staff (employees with critical competencies), as well as provisions for performance bonuses.