

**SAF Tehnika A/S**  
**Consolidated Interim Report**  
**for Q2 and 6 month of financial year 2021/2022**  
**(July 1, 2021 – December 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 258 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.

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<b>Commercial Registry Nr.:</b>	40003474109
<b>VAT Registry Nr.:</b>	LV40003474109
<b>Beginning of financial year:</b>	01.07.2021
<b>End of financial year:</b>	30.06.2022
<b>Phone:</b>	+371 67046840
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## 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%

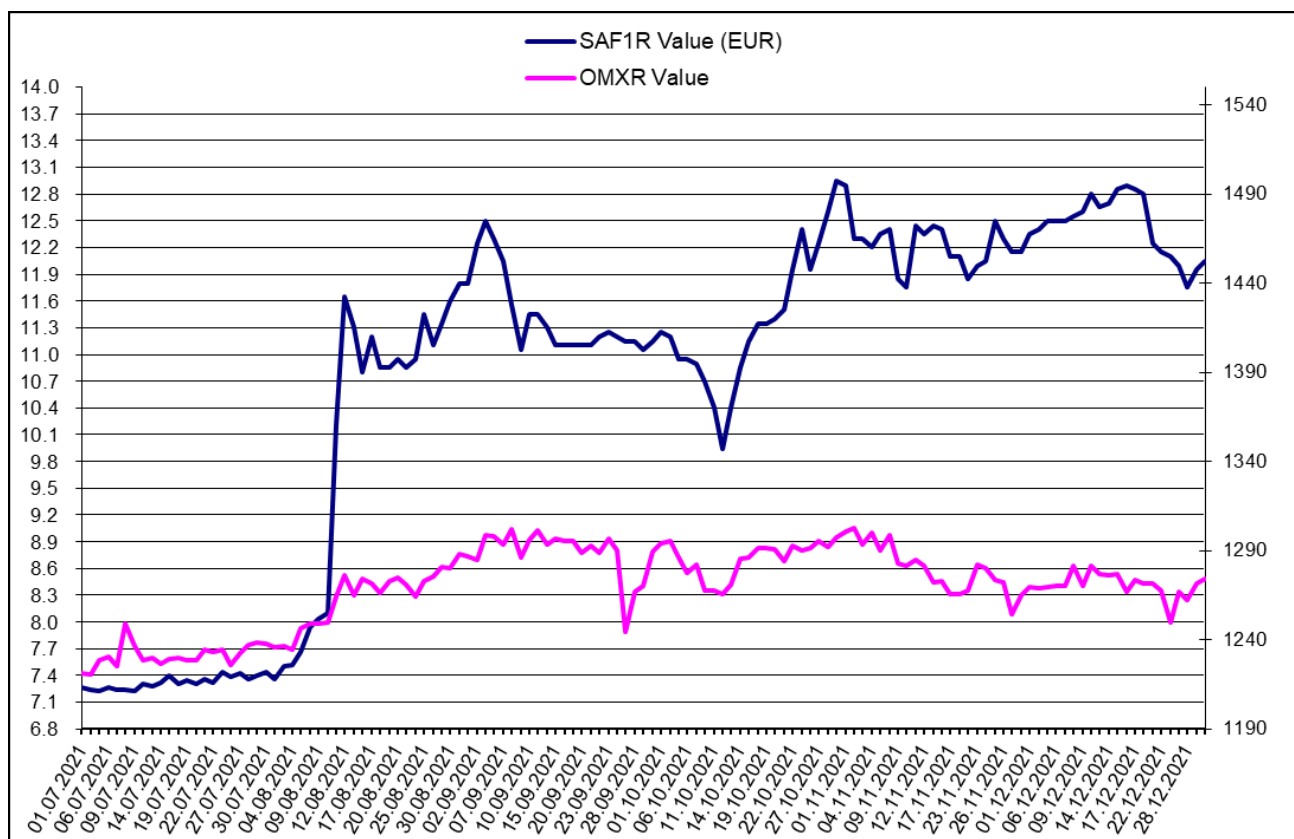
## SAF Tehnika share price and OMX Riga index development for the reporting period

SAF Tehnika (SAF1R)

Period: July 1, 2021 – September 31, 2021

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	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, has resumed working in SAF Tehnika in a position of a Director of Digital Transformation in September 2021. She has extensive experience in management, finance, administration and IT, gained in companies operating in local and international markets. She worked as an Administrative Director (2019-2020) in a food production company “Forevers” Ltd.), metal processing company group “Torgy Mek” as Finance Director (2016-2019) and as a Director of Torgy Baltic SIA (2018-2019). Aira Loite has been a member of the Board of SAF Tehnika, Finance and Administrative Director (2007-2011), Managing Director (2011-2015). From 2006 to 2007, she worked as the director of the Business Information and Control Department of SIA Lattelecom. From 2000 to 2006, she was a member of the Board and Chief Financial Officer of SIA Microlink Latvia. A. Loite has graduated the University of Latvia in



1988 and holds Masters degree in Mathematics and MBA from Salford University, GB, obtained in 2009.

**Sanda 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 December, 2021 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, 2021.

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.



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Zane Jozepa  
CFO, Member of the Management Board

## Management Report

The Group's unaudited consolidated net turnover in the second quarter (Q2) of the financial year 2021/2022 was EUR 9.2 million, which is an increase of 37% compared to the second quarter of the financial year 2020/2021.

The turnover in North and Latin Americas was 45% or EUR 4.1 million. Compared to the turnover in the same quarter of the previous financial year, the turnover decreased by 9%.

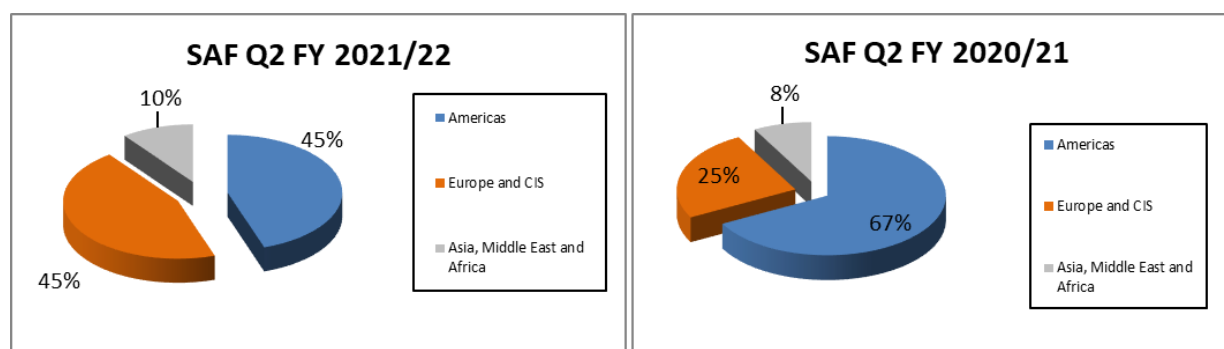
The turnover in Europe and CIS countries amounts to 45% or EUR 4.1 million, which is 2.5 times more than in the 2nd quarter of the previous financial year. The turnover of the AMEA (Asia, Middle East, Africa) region grew by 37%, compared to the corresponding quarter of the previous financial year, and accounts for 10%, or EUR 932 thousand.

In the second quarter of this financial year, SAF Tehnika actively participated in offline exhibitions and continued its marketing activities on digital platforms. In total, the company took part in 13 trade shows and conferences of various scale, the largest of which were WISPAPALOOZA – US telecommunications exhibition, Smart Buildings Show – UK Building Automation Systems Exhibition, GITEX – Dubai Technology Exhibition, as well as presented Aranet at the Latvian Pavilion at EXPO 2020 Dubai.

In the second quarter, special focus was placed on the competitiveness of brands in the digital environment. In early December, a new e-commerce platform was opened, where all Aranet products are available to customers from both Europe and the United States. In addition, development of the Aranet4 application was carried out to improve its usability.

The indoor air quality sensor of the Aranet product line, Aranet4, is still showing growth and demand exceeds earlier forecasts. We continue to supplement this product line with new products for different industries. The Spectrum Compact vertical, in turn, concluded the transition between spectrum Compact generations: from Spectrum Compact V1 to Spectrum Compact V2.

### Comparative charts of Q2 sales volumes by regions:

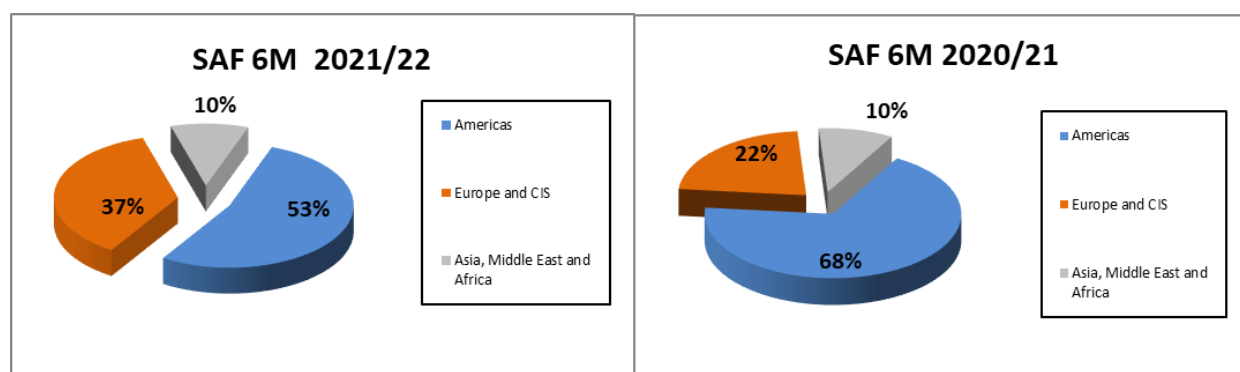


In the reporting quarter, the Group's products were sold in 62 countries.

The Group's unaudited consolidated turnover for the 6-month period of the financial year 2021/2022 was EUR 16.97 million, which is 49% more than the amount of revenue in the previous financial year.

During the 6-month period, revenues in North and Latin Americas represented 53% of the total Group's turnover and amounted to EUR 9.01 million, thus demonstrating a 16% increase against the results of the first half of the previous financial year. Revenue from the European and CIS countries represented 37% of the total turnover, having increased 2.4 times against 6 months of the previous year and amounted to EUR 6.18 million. Revenue from the AMEA (Asia, Middle East, Africa) region increased by 16% or EUR 641 thousand, thus making 10% of the Group's total turnover.

### Comparative charts of 6-month sales volumes by regions:



The Group's expenditures did not exceed the planned volumes and were generally higher than in the same period a year earlier, which is due to the increase in the number of employees, investment in sales promotion in existing and new market segments. The Group continues to invest in the development of new products and modification of existing products.

The Group ended the second quarter of the financial year 2021/2022 with a profit of EUR 1.97 million (unaudited). The result of the 2nd quarter of the previous year was a profit of EUR 766 thousand.

The unaudited consolidated result for the 6-month period of the financial year 2021/2022 is profit of EUR 3.49 million. The Group's profit for the 6 months of the previous financial year 2020/2021 was EUR 1.14 million.

The Group's net cash flow for the 6-month period of the financial year is negative – EUR 2.8 million. In December 2021, dividends were paid in the amount of EUR 0.67 (sixty-seven cents) per share, or total EUR 1.99 million. The Group's net cash balance was EUR 4.8 million at the end of

the period. In the second quarter of the financial year 2021/2022, EUR 452 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. 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 continue the development and diversify SAF Tehnika's 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 the global pandemic, the Group follows the epidemiological rules in the home country, ensuring compliance with the relevant norms. The manufacturing facility of SAF Tehnika operates 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), paying special attention to ventilation and air quality.

The Group's operations are affected by the global shortage of various electronic components. By regularly reviewing supply volumes and deadlines, the company still 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 December 31, 2021, the Group had 258 employees (222 employees as of December 31, 2020).

## KEY indicators

	Q2 2021/22	Q2 2020/21	Q2 2019/20
	EUR	EUR	EUR
Net Sales	9,163,076	6,707,178	4,722,329
Earnings before interest, taxes and depreciation (EBITDA)	2,185,497	1,178,451	458,779
<i>share of the turnover %</i>	24%	18%	10%
Profit/loss before interest and taxes (EBIT)	2,000,556	988,008	272,332
<i>share of the turnover %</i>	22%	15%	6%
Net Profit	1,971,918	766,142	193,080
<i>share of the turnover %</i>	0%	11%	4%
Total assets	21,860,936	16,675,446	14,239,787
Total Owners equity	14,710,788	10,418,745	9,921,659
Return on equity (ROE) %	9.06%	4.77%	1.35%
Return on assets (ROA) %	13.41%	7.40%	1.97%
Liquidity ratio			
<i>Quick ratio %</i>	84%	118%	120%
<i>Current ratio %</i>	124%	144%	185%
Earnings per share	0.66	0.26	0.07
Last share price at the end of period	12.05	4.66	3.74
P/E	5.50	11.95	20.78
Number of employees at the end of reporting period	258	222	201

## Consolidated Statement of Financial Position

	Note	31.12.2021	31.12.2020
<b>CURRENT ASSETS</b>		<b>EUR</b>	<b>EUR</b>
<b>Cash and bank</b>		<b>4 823 526</b>	<b>5 917 504</b>
<b>Customer receivables</b>	<b>1</b>		
Accounts receivable		2 462 825	1 557 488
Allowance for uncollectible receivables		-219 852	-367 185
<b>Total</b>		<b>2 242 973</b>	<b>1 190 303</b>
<b>Other receivables</b>			
Other current receivables	<b>2</b>	34 941	98 907
<b>Total</b>		<b>34 941</b>	<b>98 907</b>
<b>Prepaid expenses</b>			
Prepaid taxes		130 081	23 348
Other prepaid expenses		186 419	139 588
<b>Total</b>		<b>316 500</b>	<b>162 936</b>
<b>Inventories</b>	<b>3</b>		
Raw materials		4 445 814	1 723 107
Work-in-progress		3 441 077	2 658 707
Finished goods		3 539 736	2 650 533
Prepayments to suppliers		235 040	118 003
<b>Total</b>		<b>11 661 667</b>	<b>7 150 350</b>
<b>TOTAL CURRENT ASSETS</b>		<b>19 079 607</b>	<b>14 519 999</b>
<b>NON-CURRENT ASSETS</b>			
<b>Long-term financial assets</b>			
Investments in other companies		7 146	7 146
Long-term receivables	<b>1</b>	0	700
<b>Total</b>		<b>7 146</b>	<b>7 846</b>
<b>NON-CURRENT physical assets</b>	<b>4</b>		
Plant and equipment		4 854 410	4 433 248
Other equipment and fixtures		2 095 911	2 065 596
Accumulated depreciation		-5 956 406	-5 795 096
Prepayments for noncurrent physical assets		41 582	31 300
Unfinished renovation works		111 363	2 599
Long-term investment - lease		1 173 967	1 165 875
<b>Total</b>		<b>2 320 827</b>	<b>1 903 522</b>
<b>Intangible assets</b>	<b>4</b>		
Purchased licenses, trademarks etc.		420 014	200 031
Other long-term intangible assets		33 342	44 048
<b>Total</b>		<b>453 356</b>	<b>244 079</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2 781 329</b>	<b>2 155 447</b>
<b>TOTAL ASSETS</b>		<b>21 860 936</b>	<b>16 675 446</b>



<b>LIABILITIES AND OWNERS' EQUITY</b>	<b>Note</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
<b>CURRENT LIABILITIES</b>		<b>EUR</b>	<b>EUR</b>
<b>Debt obligations</b>			
Short-term loans		454	54
Customer prepayments for goods and services		981 339	1 894 551
Accounts payable		1 984 292	1 239 246
Accrued short-term operating lease liabilities	<b>5</b>	317 630	307 779
Tax liabilities		290 091	67 114
Salary-related accrued expenses	<b>6</b>	1 824 446	1 327 628
Provisions for guarantees		45 636	17 423
Deffered income		305 781	156 205
<b>TOTAL CURRENT LIABILITIES</b>		<b>5 749 669</b>	<b>5 010 000</b>
<b>NON-CURRENT LIABILITIES</b>			
<b>Long-term liabilities</b>			
Long-term deffered income		563 109	390 504
Accrues long-term operating lease liabilities	<b>5</b>	837 369	856 197
<b>TOTAL LONG-TERM LIABILITIES</b>		<b>1 400 479</b>	<b>1 246 701</b>
<b>TOTAL LIABILITIES</b>		<b>7 150 148</b>	<b>6 256 701</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		4 143 257	2 257 102
Net profit for the financial year		3 491 000	1 144 256
Currency translation reserve		58 023	-1 121
<b>TOTAL OWNERS' EQUITY</b>		<b>14 710 788</b>	<b>10 418 745</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>21 860 936</b>	<b>16 675 446</b>

## Consolidated Statement of Profit or Loss for 6 month of the financial year 2021/2022

	Note	31.12.2021	31.12.2020
		EUR	EUR
Net sales	7	16 967 209	11 414 875
Other operating income		59 590	81 898
<b>Total income</b>		<b>17 026 799</b>	<b>11 496 773</b>
Direct cost of goods sold or services rendered		-6 358 861	-5 149 435
Marketing, advertising and public relations expenses		-527 497	-224 527
Bad receivables	8	5 669	214 599
Operating expenses		-688 792	-451 642
Salaries and social expenses	9	-3 701 559	-3 118 307
Bonuses and social expenses	9	-1 805 289	-890 470
Depreciation expense		-213 662	-234 375
Amortization of operating lease		-150 612	-146 248
Other expenses		-15 604	-17 947
<b>Operating expenses</b>		<b>-13 456 206</b>	<b>-10 018 353</b>
<b>EBIT</b>		<b>3 570 593</b>	<b>1 478 420</b>
Financial income (except ForEx rate difference)		297	422
Financial costs (except ForEx rate difference)		-13 844	-13 050
Foreign exchange +gain/(loss)		118 286	-240 184
<b>Financial items</b>		<b>104 739</b>	<b>-252 812</b>
<b>EBT</b>		<b>3 675 332</b>	<b>1 225 607</b>
Corporate income tax		-184 332	-81 351
<b>Profit after taxes</b>		<b>3 491 000</b>	<b>1 144 256</b>
<b>Net profit/(loss)</b>		<b>3 491 000</b>	<b>1 144 256</b>

\*Earnings per share

EPS 31.12.2021. = 1.18 EUR

EPS 31.12.2020. = 0.39 EUR

## Consolidated Statement of Profit or Loss for Q2 of the financial year 2021/2022

	31.12.2021	31.12.2020
	EUR	EUR
Net sales	9 163 076	6 707 178
Other operating income	52 803	81 243
<b>Total income</b>	<b>9 215 879</b>	<b>6 788 421</b>
Direct cost of goods sold or services rendered	-3 279 280	-3 232 571
Marketing, advertising and public relations expenses	-337 130	-122 820
Bad receivables	-989	187 893
Operating expenses	-432 404	-238 981
Salaries and social expenses	-1 942 585	-1 620 326
Bonuses and social expenses	-1 032 264	-576 510
Depreciation expense	-109 462	-117 424
Amortization of operating lease	-75 479	-73 019
Other expenses	-5 730	-6 655
<b>Operating expenses</b>	<b>-7 215 323</b>	<b>-5 800 413</b>
<b>EBIT</b>	<b>2 000 556</b>	<b>988 008</b>
Financial income (except ForEx rate difference)	115	25
Financial costs (except ForEx rate difference)	-6 947	-6 519
Foreign exchange +gain/(loss)	45 154	-134 468
<b>Financial items</b>	<b>38 322</b>	<b>-140 962</b>
<b>EBT</b>	<b>2 038 878</b>	<b>847 046</b>
<b>Corporate income tax</b>	<b>-66 960</b>	<b>-80 904</b>
<b>Net profit/(loss)</b>	<b>1 971 918</b>	<b>766 142</b>

\*Earnings per share

EPS 31.12.2021. = 0.66 EUR

EPS 31.12.2020. = 0.26 EUR

## Consolidated cash flow statement for 6 months of the financial year 2021/2022

	31.12.2021	31.12.2020
	EUR	EUR
<b>CASH GENERATED FROM OPERATIONS (of which)</b>	<b>-313 682</b>	<b>1 469 358</b>
Cash received from customers	16 481 387	12 037 204
Cash paid to suppliers and employees	-16 990 212	-10 701 548
Paid/Received VAT	195 143	133 702
<b>NET CASH USED IN INVESTING ACTIVITIES (of which)</b>	<b>-796 562</b>	<b>-345 648</b>
Cash paid for purchasing shares in subsidiary	0	960
Cash paid for purchasing non-current physical assets	-796 562	-346 608
<b>NET CASH USED IN FINANCING ACTIVITIES (of which)</b>	<b>-1 813 067</b>	<b>-348 786</b>
Short-term loans	0	58 675
Cash received from EU funds	176 954	216 277
Dividends paid	-1 990 021	-623 738
<b>Effects of exchange rate changes</b>	<b>57 089</b>	<b>147 518</b>
<b>TOTAL CASH FLOW:</b>	<b>-2 866 222</b>	<b>922 442</b>
Cash and cash equivalents as at the beginning of period	7 689 748	4 995 062
Cash and cash equivalents as at the end of period	4 823 526	5 917 504
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-2 866 222</b>	<b>922 442</b>

## Statement of changes in consolidated equity for the 6 month period ended December 31, 2021

	Share capital	Share premium	Other reserves	Currency translation reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR
<b>As at 30 June 2020</b>	<b>4 158 252</b>	<b>2 851 726</b>	<b>8 530</b>	<b>8 703</b>	<b>2 880 840</b>	<b>9 908 051</b>
Dividend relating to 2014/2016	-	-	-	-	-623 738	-623 738
Currency translation difference	-	-	-	1 621	-	1 621
Profit for the year	-	-	-	-	3 876 176	3 876 176
<b>As at 30 June 2021</b>	<b>4 158 252</b>	<b>2 851 726</b>	<b>8 530</b>	<b>10 324</b>	<b>6 133 278</b>	<b>13 162 110</b>
Dividend relating to 2016/2020	-	-	-	-	-1 990 021	-1 990 021
Currency translation difference	-	-	-	47 699	-	47 699
Profit for the year	-	-	-	-	3 491 000	3 491 000
<b>As at 31 December 2021</b>	<b>4 158 252</b>	<b>2 851 726</b>	<b>8 530</b>	<b>58 023</b>	<b>7 634 257</b>	<b>14 710 788</b>

## Notes for interim report

### Note 1 Customer receivables

	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>EUR</b>	<b>EUR</b>
Long-term receivables	-	700
Accounts receivable	2 462 825	1 557 488
Provisions for bad and doubtful accounts receivable	(219 852)	(367 185)
<b>Total short-term accounts receivable</b>	<b>2 242 973</b>	<b>1 190 303</b>
<b>Total receivables</b>	<b>2 242 973</b>	<b>1 191 003</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>31.12.2021</b>	<b>31.12.2020</b>
	<b>EUR</b>	<b>EUR</b>
<b>Other current receivables</b>	<b>34 941</b>	<b>98 907</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>31.12.2021</b>	<b>31.12.2020</b>
	<b>EUR</b>	<b>EUR</b>
Raw materials	5 374 937	2 500 844
Allowance for slow-moving items	(929 123)	(777 737)
Work-in-progress	3 441 077	2 658 707
Finished goods	3 539 736	2 650 533
Prepayments to suppliers	235 040	118 003
	<b>11 661 667</b>	<b>7 150 350</b>

As compared to 31 December 2020, total inventories increased by 63%.

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>31.12.2021</b>	<b>31.12.2020</b>
	<b>EUR</b>	<b>EUR</b>
Plant and equipment	4 854 410	4 433 248
Other equipment and fixtures	2 095 911	2 065 596
Accumulated depreciation	(5 956 406)	(5 795 096)
Prepayments for noncurrent physical assets	41 582	31 300
Unfinished renovation works	111 363	2 599
Long-term investment lease*	1 173 967	1 165 875
	<b>2 320 827</b>	<b>1 903 522</b>
Purchased licenses, trademarks etc.	420 014	200 031
Other long-term intangible assets	33 342	44 048
	<b>453 356</b>	<b>244 079</b>
<b>Total non-current, intangible assets</b>	<b>2 774 183</b>	<b>2 147 601</b>

\*See Note 5 Operating lease liabilities

During Q2, the Group acquired fixed assets and intangible assets in the amount of 452 thousand euros – mainly, in order to ensure production and testing processes, as well as to acquire office equipment.

**Note 5 Operating lease liabilities**

	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>EUR</b>	<b>EUR</b>
Accrued short-term operating lease liabilities	317 630	307 779
Accrued long-term operating lease liabilities	837 369	856 197
	<b>1 154 999</b>	<b>1 163 976</b>

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**

	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>EUR</b>	<b>EUR</b>
<b>Salary-related accrued expenses</b>	<b>1 824 446</b>	<b>1 327 628</b>

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 6 month of the financial year 2021/22 and financial year 2020/21.

	CFIP, Integra, Spectrum Compact, Aranet		Other		Total	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
	EUR	EUR	EUR	EUR	EUR	EUR
<b>Segment assets</b>	<b>14 580 102</b>	<b>8 357 090</b>	<b>1 046 320</b>	<b>1 407 095</b>	<b>15 626 422</b>	<b>9 764 185</b>
Undivided assets					6 234 514	6 911 261
<b>Total assets</b>					<b>21 860 936</b>	<b>16 675 446</b>
<b>Segment liabilities</b>	<b>3 271 615</b>	<b>3 192 189</b>	<b>61 209</b>	<b>161 655</b>	<b>3 332 824</b>	<b>3 353 844</b>
Undivided liabilities					3 817 324	2 902 857
<b>Total liabilities</b>					<b>7 150 148</b>	<b>6 256 701</b>
<b>Net sales</b>	<b>16 680 921</b>	<b>10 886 678</b>	<b>286 288</b>	<b>528 197</b>	<b>16 967 209</b>	<b>11 414 875</b>
<b>Segment results</b>	<b>7 771 568</b>	<b>4 243 849</b>	<b>439 972</b>	<b>458 206</b>	<b>8 211 540</b>	<b>4 702 055</b>
Undivided expenses					-4 700 536	-3 305 533
<b>Profit from operations</b>					<b>3 511 004</b>	<b>1 396 522</b>
Other income					59 590	81 898
Financial income (except ForEx rate difference)					297	422
Financial costs (except ForEx rate difference)					-13 844	-13 050
Foreign exchange +gain/(loss)					118 286	-240 185
<b>Profit before taxes</b>					<b>3 675 333</b>	<b>1 225 607</b>
Corporate income tax					-184 332	-81 351
<b>Profit after taxes</b>					<b>3 491 001</b>	<b>1 144 256</b>
<b>Net profit</b>					<b>3 491 001</b>	<b>1 144 256</b>
<b>Other information</b>						
Additions of property plant and equipment and intangible assets	133 375	147 149	0	0	133 375	147 149
Undivided additions					486 581	128 774
<b>Total additions of property plant and equipment and intangible assets</b>					<b>619 956</b>	<b>275 923</b>
Depreciation and amortization	212 276	208 490	0	0	212 276	208 490
Undivided depreciation					151 998	172 133
<b>Total depreciation and amortization</b>					<b>364 274</b>	<b>380 623</b>

b) This note provides information about division of the Group's turnover and assets by geographical regions (customer location) for 6 month of the financial year 2021/22 compared to the same period of financial year 2020/21.

	Net sales		Assets	
	2021/22 EUR	2020/21 EUR	30.06.2021 EUR	30.06.2020 EUR
Americas	9 064 210	7 789 024	1 575 440	719 751
Europe, CIS	6 184 000	2 548 180	596 363	322 567
Asia, Africa, Middle East	1 718 999	1 077 671	71 170	148 686
	<b>16 967 209</b>	<b>11 414 875</b>	<b>2 242 973</b>	<b>1 191 003</b>
Unallocated assets	-	-	19 617 963	15 484 443
	<b>16 967 209</b>	<b>11 414 875</b>	<b>21 860 936</b>	<b>16 675 446</b>



## Note 8 Bad receivables

	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>EUR</b>	<b>EUR</b>
<b>Bad receivables</b>	<b>5 669</b>	<b>214 599</b>

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

## Note 9 Salaries, bonuses and social expenses

	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>EUR</b>	<b>EUR</b>
Salaries and social expenses	3 701 559	3 118 307
Bonuses and social expenses	1 805 289	890 470
	<b>5 506 848</b>	<b>4 008 777</b>

Compared to the 6-month period of the previous financial year 2020/2021, the amount of salary costs and related social costs increased by 37%. This reflects changes in the number and composition of the staff (employees with critical competencies), as well as provisions for performance bonuses.