A/S „SAF Tehnika”

Consolidated annual report and separate annual report

for the year ended 30 June 2025
(Translation from Latvian)

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Management Report

Business activity

SAF Tehnika JSC and its subsidiaries (hereinafter referred to as the Group) design, manufacture, and distribute digital microwave transmission equipment. The Group'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 (IoT – Internet of Things segments)

The Group's accumulated experience and knowledge has allowed to develop a range of innovative products, including launching and developing a series of the world's smallest microwave spectrum analyzers Spectrum Compact, as well as creating the Aranet brand of wireless sensor network solutions.

The Group offers comprehensive and cost-effective solutions in both public and private sectors.

In the financial year (FY) 2024/2025, the Group's net turnover amounted to EUR 25.99 million, which is EUR 1.1 million, or 4% less than in the previous financial year 2023/2024. The net turnover of the Parent Company in FY 2024/2025 was EUR 21.92 million, which is EUR 1.33 million, or 6% lower than the previous financial year 2023/2024.

The turnover of the American region, which covers sales in North America, South America, and Central America, amounted to EUR 14.17 million in the FY 2024/2025, representing 55% of the Group's total revenue. Compared with the previous financial year 2023/2024, turnover in this region decreased by EUR 2.3 million, or 14%. Marketing, sales, product warehousing and logistics services of the Group's products in the US and Canada were provided by the US-based subsidiary – SAF North America LLC. The reduction in turnover was largely driven by the postponement of large-scale projects to subsequent periods. The volume of new orders was temporarily affected by customer caution related to the reassessment of investment decisions and announcements of tariff changes. However, the market is stabilizing, and activity is gradually recovering.

Sales in the European region, including Latvia, increased by EUR 1.4 million, or 17%, reaching EUR 10.0 million. In contrast, revenue from the AMEA (Asia, Middle East, Africa) region declined by EUR 90 thousand, or 5%, amounting to EUR 1.8 million.

The global electronics services market continues to be affected by trade tensions between the US and China; however, this has not had a material impact on the Group's sales volumes to date. Import duties on microwave equipment imported into the US from the European Union remain unchanged, while a 15% duty applies to the Aranet product line. During the reporting period, uncertainty persisted in trade relations between Canada and the US, with differing interpretations regarding the application of rules of origin for certain goods and the procedures for applying customs relief. To mitigate potential risks related to supply chains and customs costs, the Group established a subsidiary in Canada during the financial year.

During the reporting year, new products were developed, and faster-to-implement product development initiatives were launched. The Group also provided product-related services and continued to develop tailored functionality for SAF Tehnika JSC products in response to specific customer requests. The Group continues to actively research the market and identify critical issues in order to propose necessary product modifications and develop prototypes for next-generation technologies. At the same time, it is advancing IoT solutions for both business and consumer segments, diversifying its product portfolio, enhancing the added value of SAF Tehnika products, and driving growth in the Group's revenue.

The Group's sales revenue in countries outside Latvia accounted for 97% of the total turnover (Parent Company: 96%) and amounted to EUR 25.24 million (Parent Company: EUR 21.06 million). In the reporting year, the Group sold its products in 87 countries around the world.

At the end of the year, the Group's cash balance amounted to EUR 4.81 million (Parent Company: EUR 2.84 million), representing an increase of EUR 2.6 million (Parent Company: EUR 1.35 million) compared with the previous year-end. To ensure liquidity, during the reporting year the Parent Company maintained the Credit Line Agreement with Luminor Bank AS for a total of EUR 4.95 million. At the end of the reporting period, the credit line was not used.

During the reporting year, the Group invested EUR 812 thousand in IT infrastructure, production and research equipment, software and licenses, product certification, and premises renovation.

The Group's operations in previous years were affected by the global shortage of electronic components. To ensure timely order fulfillment, the company regularly reviewed procurement volumes and delivery schedules, building up material reserves. Although delivery times have improved during the financial year, inventories still include materials purchased in larger volumes in prior years. Total slow-moving inventory has decreased by EUR 1.24 million compared with the previous financial year-end.

Management Report (continued)

The Group manages financial risks – including market, credit, liquidity, and cash flow risks – through a structured risk management policy. Various financial instruments are employed to mitigate foreign exchange risk. Credit risk is managed by assessing the financial position of both new and existing clients and adjusting contract terms to reflect the associated risks. In terms of liquidity, the Group maintains adequate cash reserves, including a credit line, to cover potential obligations. Cash flow risk is addressed through careful planning and forecasting to ensure sustainable growth and stability.

The Group closed the financial year 2024/2025 with a loss of EUR 643 thousand (Parent Company: EUR 552 thousand). In the previous financial year, the Group recorded a loss of EUR 2.37 million (Parent Company: EUR 1.34 million).

Research and development

The foundation of the Group's long-term growth and success lies in its ability to drive continuous product innovation. During the reporting period, the Group continued developing its microwave wireless data transmission product line, implementing solutions to enhance functionality and quality while reducing production costs. It also advanced the development and functionality of its Internet of Things (IoT) environmental monitoring solution, Aranet, along with the Aranet Cloud service. Aranet is an industrial-grade wireless solution that enables the measurement of a range of environmental parameters, including temperature, humidity, radon, and CO2.

Foundations have been laid for both the launch of new products and the improvement and redesign of existing ones. SAF Tehnika's products are technologically interconnected, and their development and availability expand the Group's overall product offering. During the reporting period, the Group's product development projects received co-financing from the Latvian electrical and optical equipment industry competence center "LEO Pētījumu centrs" SIA in the amount of EUR 570 thousand.

Future prospects

SAF Tehnika JSC is a company with extensive experience in the development and manufacturing of microwave transmission equipment. The Group continues to advance innovative data transmission solutions, combining high quality with the ability to meet specific customer requirements. Its goal is to ensure stable and sustainable operations while maintaining positive financial results over the long term.

The Group's management considers the loss incurred in the reporting year to be temporary. Net cash flow from the core operations of both the Group and the Parent Company remained positive during the period. The Group will continue to pursue its chosen strategy of developing competitive wireless data transmission products and solutions with a focus on strategic product niches and the development of specialized solutions for these markets.

Although the direct impact of Russia's military actions in Ukraine on the Group's operations has been relatively limited, overall uncertainty in the business environment persists. The Group continues to monitor potential cost increases and assess the associated risks. It regularly reviews procurement volumes and delivery schedules and maintains material reserves to ensure that most orders can be fulfilled within standard lead times. This applies to all SAF product families – microwave links, Spectrum Compact, and Aranet.

The Group remains positive about prospects for future operational periods; however, it maintains a cautious stance, and the Board of the Parent Company refrains from making any statements regarding future sales or financial results.

Subsequent events

Between the last day of the reporting year and the date of signing these financial statements, there have been no events that would significantly affect the financial position of the Group and/or the Parent Company as of June 30, 2025, or the financial results and cash flows for the relevant reporting year.

Board's proposal for the allocation of profit

The Board of the Parent Company proposes to cover the loss for the reporting year using retained earnings from previous years.

Alongside these separate and consolidated financial statements for 2024/2025 of SAF Tehnika JSC, the Corporate Governance Report for 2024/2025 is also being submitted to Nasdaq Riga AS.

On behalf of the Board
/digitally signed/

Normunds Bergs

Chairman of the Board

STATEMENT OF THE BOARD'S RESPONSIBILITY

The Board of SAF Tehnika JSC is responsible for preparing separate and consolidated annual reports of SAF Tehnika JSC.

The separate and consolidated annual reports set out on pages 6 to 35 and are prepared in accordance with the source documents and present true and fair view of the financial position of SAF Tehnika JSC (Parent company) and SAF Tehnika JSC and its subsidiaries (the Group) as at 30 June 2025 and their results of financial performance and cash flows for the year ended on 30 June 2025.

The above-mentioned financial statements are prepared in accordance IFRS Accounting Standards as adopted by the European Union and are based on going concern principle. Appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgments and estimates have been made by the Board 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 and the Parent company's assets and the prevention and detection of fraud and other irregularities in the Group and the Parent company. The Board is also responsible for compliance with requirements of legal acts of the countries where Group companies and the Parent company operate.

On behalf of the Board,

/digitally signed/

Normunds Bergs
Chairman of the Board

Statement of financial position

		Group		Parent company	
		As at 30 June		As at 30 June	
	Note	2025	2024	2025	2024
ASSETS		**EUR**	**EUR**	**EUR**	**EUR**
Long-term investments					
Property, plant and equipment	6	2 604 024	2 994 039	2 532 861	2 930 021
Intangible assets	6	474 286	515 475	473 510	513 696
Right-to-use assets	6	1 472 341	1 588 701	1 211 890	1 551 032
Investments in subsidiaries	7	-	-	53 905	53 905
Long-term loans		4 914	7 588	4 914	7 588
Investments in other companies	7	209 183	209 328	209 183	209 328
Deferred tax asset		163 051	164 819	-	-
Total long-term investments		**4 927 799**	**5 479 950**	**4 486 263**	**5 265 570**
Current assets					
Inventories	8	13 995 656	12 793 405	12 955 888	11 844 475
Trade receivables	9	1 300 924	1 499 811	321 252	573 872
Due from related parties	9, 27	-	-	512 419	742 646
Other debtors	10	797 847	674 395	797 488	674 317
Corporate income tax		2 090	119 836	-	-
Deferred expenses		248 121	244 110	170 434	155 320
Cash and cash equivalents	11	4 812 202	2 213 197	2 837 802	1 486 672
Total current assets		**21 156 840**	**17 544 754**	**17 595 883**	**15 477 302**
Total assets		**26 084 639**	**23 024 704**	**22 082 146**	**20 742 872**
EQUITY AND LIABILITIES					
EQUITY					
Share capital	12	4 158 252	4 158 252	4 158 252	4 158 252
Share premium		2 851 726	2 851 726	2 851 726	2 851 726
Other reserves		8 530	8 530	8 530	8 530
Foreign currency translation reserve		3 138	38 567	-	-
Retained earnings		8 736 234	9 378 876	8 414 289	8 966 078
Total shareholders' equity		**15 757 880**	**16 435 951**	**15 432 797**	**15 984 586**
LIABILITIES					
Long-term liabilities					
Lease liabilities	14	1 253 671	1 332 122	1 034 344	1 329 115
Contract liabilities	15	693 100	748 524	37 675	6 767
Total long-term liabilities		**1 946 771**	**2 080 646**	**1 072 019**	**1 335 882**
Current liabilities					
Trade and other payables	13	3 530 882	2 879 995	2 959 985	2 352 639
Contract liabilities	15	4 452 333	1 226 438	1 919 627	228 141
Short-term loans	16	15 703	25 939	10 884	18 657
Due to related parties	27	-	-	347 691	483 824
Lease liabilities	14	381 070	375 735	339 143	339 143
Total current liabilities		**8 379 988**	**4 508 107**	**5 577 330**	**3 422 404**
Total liabilities		**10 326 759**	**6 588 753**	**6 649 349**	**4 758 286**
Total equity and liabilities		**26 084 639**	**23 024 704**	**22 082 146**	**20 742 872**

The accompanying notes on pages 10 to 35 form an integral part of these financial statements.

On behalf of the Board,

/digitally signed/ /digitally signed/

Normunds Bergs — Chairman of the Board

Dace Langada — Chief accountant

Statement of profit or loss and other comprehensive income

	Note	Group For the year ended 30 June		Parent company For the year ended 30 June	
		2025	**2024**	**2025**	**2024**
		EUR	**EUR**	**EUR**	**EUR**
Revenue from contracts with customers	17	25 994 294	27 092 552	21 924 653	23 258 653
Cost of goods sold	18	(16 491 850)	(19 559 896)	(15 735 080)	(19 460 915)
Gross profit		**9 502 444**	**7 532 656**	**6 189 573**	**3 797 738**
Sales and marketing expenses	19	(7 433 114)	(7 842 282)	(4 340 280)	(4 332 725)
Administrative expenses	20	(3 363 646)	(2 909 361)	(2 983 083)	(2 528 157)
Loss from operating activities		**(1 294 316)**	**(3 218 987)**	**(1 133 790)**	**(3 063 144)**
Other income	21	703 445	919 264	673 447	1 807 995
Financial income	22	49 935	65 099	36 930	66 175
Financial expenses	23	(111 693)	(154 964)	(128 376)	(150 307)
Loss before tax		**(652 629)**	**(2 389 588)**	**(551 789)**	**(1 339 281)**
Corporate income tax	24	9 987	20 224	-	-
Loss of the reporting year		**(642 642)**	**(2 369 364)**	**(551 789)**	**(1 339 281)**
Other comprehensive income/ (loss)					
Other comprehensive income that will be reclassified subsequently to profit or loss:					
Foreign operations - currency translation differences		(35 429)	(38 224)	-	-
Total comprehensive loss		**(678 071)**	**(2 407 588)**	**(551 789)**	**(1 339 281)**
Basic and diluted loss per share (EUR per share):	25	(0.216)	(0.798)	(0.186)	(0.451)

The accompanying notes on pages 10 to 35 form an integral part of these financial statements.

On behalf of the Board,

/digitally signed/

Normunds Bergs
Chairman of the Board

/digitally signed/

Dace Langada
Chief accountant

Statement of changes in the shareholders' equity - the Group

	Share capital	Share premium	Other reserves	Foreign currency translation reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 30 June 2023	**4 158 252**	**2 851 726**	**8 530**	**76 791**	**11 748 240**	**18 843 539**
Total comprehensive loss	**-**	**-**	**-**	**(38 224)**	**(2 369 364)**	**(2 407 588)**
Loss for the reporting year	-	-	-	-	(2 369 364)	(2 369 364)
Other comprehensive loss	-	-	-	(38 224)	-	(38 224)
Balance as at 30 June 2024	**4 158 252**	**2 851 726**	**8 530**	**38 567**	**9 378 876**	**16 435 951**
Balance as at 1 July 2024	**4 158 252**	**2 851 726**	**8 530**	**38 567**	**9 378 876**	**16 435 951**
Total comprehensive loss	**-**	**-**	**-**	**(35 429)**	**(642 642)**	**(678 071)**
Loss for the reporting year	-	-	-	-	(642 642)	(642 642)
Other comprehensive loss	-	-	-	(35 429)	-	(35 429)
Balance as at 30 June 2025	**4 158 252**	**2 851 726**	**8 530**	**3 138**	**8 736 234**	**15 757 880**

Statement of changes in the shareholders' equity - the Parent company

	Share capital EUR	Share premium EUR	Other reserves EUR	Retained earnings EUR	Total EUR
Balance as at 1 July 2023	**4 158 252**	**2 851 726**	**8 530**	**10 305 359**	**17 323 867**
Total comprehensive loss	**-**	**-**	**-**	**(1 339 281)**	**(1 339 281)**
Loss for the reporting year	-	-	-	(1 339 281)	(1 339 281)
Balance as at 30 June 2024	**4 158 252**	**2 851 726**	**8 530**	**8 966 078**	**15 984 586**
Balance as at 1 July 2024	**4 158 252**	**2 851 726**	**8 530**	**8 966 078**	**15 984 586**
Total comprehensive loss	**-**	**-**	**-**	**(551 789)**	**(551 789)**
Loss for the reporting year	-	-	-	(551 789)	(551 789)
Balance as at 30 June 2025	**4 158 252**	**2 851 726**	**8 530**	**8 414 289**	**15 432 797**

The accompanying notes on pages 10 to 35 form an integral part of these financial statements.

On behalf of the Board,

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Normunds Bergs
Chairman of the Board

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Dace Langada
Chief accountant

Statement of cash flows

	Note	Group For the year ended 30 June 2025 EUR	Group 2024 EUR	Parent company For the year ended 30 June 2025 EUR	Parent company 2024 EUR
Cash flows from operating activities					
Loss before taxes		(652 629)	(2 389 588)	(551 789)	(1 339 281)
Adjustments for:					
- depreciation of property, plant and equipment	6	1 027 425	965 226	982 562	934 661
- amortization of intangible assets	6	211 717	188 701	210 805	188 623
- amortization of right-to-use assets	6	386 729	388 855	339 143	339 143
- change in valuation allowance for inventories	8	(1 238 890)	1 842 772	(1 238 890)	1 842 772
- change in provisions for guarantees	13	(9 535)	-	(9 535)	-
- change in provisions for unused vacations	13	59 957	(70 016)	75 988	(104 117)
- change in provision for expected credit losses	9	4 288	(1 668)	1 556	(4 902)
- interest income	22	(49 935)	(19 570)	(36 930)	-
- interest expenses	23	64 866	154 964	58 716	150 307
- cash exchange rate fluctuations		99 049	(32 470)	156 946	(4 446)
- government grants	21	(664 610)	(869 761)	(664 610)	(869 761)
- dividends received		-	-	-	(922 509)
- gain on disposal of fixed assets		(3 424)	(5 810)	(3 424)	(6 788)
Operating profit before changes in working capital		**(764 992)**	**151 635**	**(679 462)**	**203 702**
Decrease in inventories		36 639	2 819 270	127 477	3 210 724
(Increase)/ decrease in receivables		(102 451)	(42 085)	172 819	(495 079)
Decrease in payables		3 765 058	(1 476 108)	2 127 154	(1 413 966)
Cash generated by operating activities		**2 934 254**	**1 452 712**	**1 747 988**	**1 505 381**
Government grants	21	834 197	359 187	834 197	359 187
Corporate income tax paid		103 509	(106 267)	-	-
Net cash from operating activities		**3 871 960**	**1 705 632**	**2 582 185**	**1 864 568**
Cash flows from investing activities					
Acquisition of property, plant and equipment	6	(641 221)	(1 093 257)	(586 891)	(1 022 949)
Proceeds from sale of property, plant and equipment		4 912	11 384	4 912	11 384
Acquisition of intangible assets	6	(170 620)	(191 218)	(170 620)	(189 362)
Proceeds from sale of shares in other companies	7	145	-	145	-
Dividends received		-	-	-	922 509
Loans issued/ loan repayment received		2 674	(7 588)	2 674	(7 588)
Interest received		49 152	19 772	36 930	-
Net cash used in investing activities		**(754 958)**	**(1 260 907)**	**(712 850)**	**(286 006)**
Cash flows from financing activities					
Loans received/ (repaid)	16	(10 236)	(1 182 034)	(7 773)	(1 189 316)
Payment of principal amount of lease liabilities	14	(343 846)	(347 160)	(294 770)	(294 771)
Interest paid	23	(64 866)	(154 964)	(58 716)	(150 307)
Net cash used in financing activities		**(418 948)**	**(1 684 158)**	**(361 259)**	**(1 634 394)**
Net change in cash and cash equivalents		**2 698 054**	**(1 239 433)**	**1 508 076**	**(55 832)**
Cash and cash equivalents at the beginning of the year		2 213 197	3 464 439	1 486 672	1 538 058
Effect of movements in exchange rates on cash held		(99 049)	(11 809)	(156 946)	4 446
Cash and cash equivalents at the end of the year	11	**4 812 202**	**2 213 197**	**2 837 802**	**1 486 672**

The accompanying notes on pages 10 to 35 form an integral part of these financial statements.

On behalf of the Board,

/digitally signed/	/digitally signed/
Normunds Bergs Chairman of the Board	Dace Langada Chief accountant

Notes to the financial statements

1. General information

A/S „SAF Tehnika” (hereinafter referred to as the Parent Company) was registered in Riga, Latvia, on 27 December 1999 with the registration number 40003474109. Registration in the Commercial Register was performed on 10 March 2004. The legal address is Ganību dambis 24a, Riga, Latvia. The Parent company is a public joint stock company, the shares of the Parent company are listed on the main list of A/S "Nasdaq Riga" Stock Exchange, Latvia.

The core business activity of the Parent company and its subsidiaries (together hereinafter referred to as the Group) is the design, production and distribution of microwave radio data transmission equipment thus offering an alternative to cable channels. The Group offers products to mobile network operators, data service providers (such as Internet service providers and telecommunications companies), as well as state institutions and private companies.

Promotion of the Parent company's products and services, marketing, market research, attraction of new clients and technical support in North America is provided by a 100% owned subsidiary "SAF North America" LLC, which is registered in the USA and operates in Aurora, Colorado. In the East Asia and Oceania region these activities are provided by 100% owned subsidiary company "SAF Tehnika Asia" Pte. Ltd registered in Singapore. At the end of 2024, a branch of A/S "SAF Tehnika" was registered in Canada, in the province of Ontario.

These separate financial statements of A/S "SAF Tehnika" and consolidated financial statements of A/S "SAF Tehnika" and its subsidiaries (together – the Group) (hereinafter – financial statements) were approved by the Parent company's Board on 30 October 2025. The financial statements will be presented for approval to the shareholders' meeting. The shareholders have the power to reject the financial statements prepared and issued by management and the right to request that new financial statements are issued. Dace Langada, the Chief Accountant of A/S "SAF Tehnika", is responsible for the accounting.

The auditor of the Group is SIA "Potapoviča un Andersone", License of commercial company of sworn auditors No. 99 and the responsible certified auditor is Lolita Čapkeviča, Certificate No. 120.

2. Summary of applied key accounting principles

These financial statements are prepared using the accounting policies and valuation principles set out below. These principles have been applied consistently to all the years presented, unless otherwise stated in Note 3, "New and changed standards and interpretations".

A Accounting principles

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The financial statements have been prepared under the historical cost convention, except for investments in equity instruments that are measured at fair value. The financial statements have been prepared based on the going concern assumption.

The financial statements are presented in euros (EUR). The financial statements cover the period from 1 July 2024 to 30 June 2025.

B Consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Subsidiaries of the Group were established by the parent company, therefore business combinations and resulting acquisition accounting does not apply to the Group.

Subsidiaries controlled by the Parent company:

Name	Country of residence	Share-holding	Equity of subsidiaries		Profit/ (loss) of subsidiaries	
			30.06.2025 EUR	30.06.2024 EUR	2024/2025 EUR	2023/2024 EUR
„SAF North America” LLC	United States of America	100%	346 586	475 956	(94 953)	(115 413)
SAF Tehnika Asia Pte. Ltd.	Singapore	100%	32 401	29 286	4 100	7 893

The financial statements of the Group's subsidiaries have been prepared for the same reporting period as the parent company's financial statements, applying the same accounting policies. The accounting policies of subsidiaries are adjusted, when necessary, in order to ensure consistency with those of the Group.

Notes to the financial statements (continued)
2. Summary of applied key accounting principles (continued)

B Consolidation (continued)

(b) Transactions eliminated on consolidation

Internal transactions, account balances and unrealized gains from transactions between the Group companies are eliminated. Unrealized loss is also eliminated unless objective evidence exists that the asset involved in the transaction has impaired.

C Parent company's investment in subsidiaries

In the separate financial statements of the Parent company investments in subsidiaries are accounted for using the cost method under IAS 27 "Separate Financial Statements".

Dividends received from subsidiaries are recognised in the statement of comprehensive income in the period in which the right to receive the dividends arises.

D Foreign currency revaluation

(a) Functional and reporting currency

The functional currency of the Group and the Parent company and the reporting currency is the official currency of the Republic of Latvia - euro (EUR).

((b) Transactions and balances in foreign currencies

Transactions in foreign currencies are translated into functional currency (EUR) of the Group (Parent company) at the reference exchange rate set by the European Central Bank as at the transaction date. Foreign monetary asset and liability items are revalued to functional currency of the Group (Parent company) according to closing rate published on the official website of the European Central Bank on the reporting date. The effects of changes in foreign exchange rates are recognized in the statement of profit or loss.

	30.06.2025	**30.06.2024**
1 USD	1.17200	1.07050
1 GBP	0.85550	0.84638
1 CHF	0.93470	0.96340
1 SGD	1.49410	1.45130
1 CAD	1.60270	1.46700
1 PLN	4.24230	4.30900

(c) Financial statements of foreign entities

The results of operations and the financial position of the Group companies and branches (none of which are operating in hyperinflation economics) that operate with functional currencies other than the reporting currency are translated to the reporting currency as follows:

(i) Assets and liabilities are converted according to exchange rate as at the date of statement of financial position;

(ii) Transactions of the statement of profit and loss and other comprehensive income are revalued according to the average exchange rate of the relevant foreign currency for the reporting year; and

(iii) All resulting exchange differences are initially recognized in other comprehensive income and subsequently reclassified from equity to profit or loss when the Group disposes of the respective foreign operation.

E Property, plant and equipment

Property, plant and equipment (PPE) are carried at cost less accumulated depreciation and impairment losses. Cost includes expenses directly related to acquisition of PPE. Such cost includes the cost of replacing part of such PPE item if the asset recognition criteria are met.

Depreciation is calculated on a straight-line basis over the entire useful lives of the respective PPE item to write down each asset to its estimated residual value over its estimated useful life using the following rates:

	% per year
Technological equipment	25
Vehicles	20
Other equipment and machinery	20 – 50

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at the last day of each reporting year. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount (see Note G).

Notes to the financial statements (continued)

2. Summary of accounting principles used (continued)

F Intangible assets

(a) Trademarks and licences

Trademarks and licenses have a definite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight-line basis to allocate the costs of trademarks and licenses over their estimated useful life, which usually is 3 years.

(b) Software

The acquired software licenses are capitalised on the basis of the purchase and installation costs. These costs are amortised over their estimated useful lives, usually of 4 years.

G Impairment of long-term non-financial assets

All non-financial assets of the Group and the Parent Company have a definite useful life. The Group (Parent Company) assesses at each reporting date whether there is any indication that an item of property, plant and equipment, intangible assets, right-to-use assets and other non-current assets may be impaired. If any such indication exists, the asset's recoverable amount is estimated. Intangible assets that are not put into operation are not amortized and are reviewed annually.

All Group’s (Parent company’s) assets are allocated to two cash generating units that are identified as Group’s (Parent company’s) operating segments (see Note 17). No impairment indicators have been noted.

H Segments

Segments reportable in financial statements are business segments or aggregations of business segments that meet certain criteria and for which separate financial information is available that is regularly evaluated by the chief operating decision maker in making decisions about the allocation of resources and performance evaluation. Segment results that are reported to the Chief Executive Officer of the Group (Parent company) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group’s (Parent company’s) headquarters), head office expenses, and tax assets and liabilities. Information on the Group’s (Parent company’s) operating segments is disclosed in Note 17.

I Government grants

Government and international organisations grants are recognized where there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants are systematically recognized as income in the respective periods in order to balance them with compensated expenses thus recognizing receivables. Where the grant relates to non-current asset, the fair value is initially credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset. Grants that are not intended to provide an incentive to incur specific expenses are recognized as income when the Group (Parent Company) becomes eligible for the grant. In case the co-financing has been granted, however the cash is not yet received, respective receivables are recognized in Statement of Financial Position under Other receivables.

J Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is measured based on the first in – first out (FIFO) method. Costs of finished goods and work-in-progress include cost of materials and labour as well as allocated production overhead costs.

Net realisable value is the estimated selling price in the ordinary course of Group`s (Parent company`s) business, less the estimated costs necessary to make the sale. Estimating the net sales value of inventory, the carrying amount is reduced in relation to the slow-moving inventory. Slow-moving inventory is the inventory whose movement in 12, 9 or 6-month period respectively has been less than 30% comparing with the amount at the beginning of period. Provisions for slow-moving inventory are made according to the following rates:

The time interval where there has not been movement	Provision rate %
6 to 8 months	20
9 to 11 months	50
12 months and more	100

Notes to the financial statements (continued)

2. Summary of accounting principles used (continued)

K Financial Instruments

Classification of financial assets
The Group (the Parent company) classifies its financial assets in the following measurement categories:
- those subsequently measured at fair value (with revaluation in either profit or loss or other comprehensive income), and
- those to be measured at amortized cost.

The classification and subsequent measurement depend on the Group's (Parent company's) business model for managing the related assets portfolio and the cash flow characteristics of the asset.

Debt instruments
Subsequent measurement of debt instruments depends on the entity's business model for managing the asset and the cash flow characteristics of the asset. All debt instruments of the Group (the Parent company) are classified in an amortised cost valuation category.

Amortized cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included financial income based on effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with impairment losses and foreign exchange gains and losses.
As at 1 July 2024 and 30 June 2025, the Group's (the Parent company's) financial assets measured at amortized cost comprised trade receivables and cash and cash equivalents.

Financial assets designated at fair value through profit or loss (equity instruments)
Upon initial recognition, the Group (the Parent company) can elect to classify irrevocably its equity investments as equity instruments designated at fair value through profit or loss when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Classified in this category are Group's and Parent company's other investments (i.e., investments other than subsidiaries and associates).

Borrowings
Borrowings are recognized initially at the proceeds received net of transaction costs incurred. Afterwards the borrowings are reported at amortised cost using the effective interest rate. The difference between the cash proceeds received net of transactions costs incurred and the net amount of principal repayable is released to the statement of profit or loss over the term of repayment of borrowing using the effective interest rate of the borrowing. This difference is recognized as part of the financial costs.

Impairment

The Group (the Parent company) determines expected credit loss from its debt instruments accounted at amortised cost. Methods used for assessment of impairment depend on whether credit risk has increased significantly.

Expected credit loss is assessed based on:
- objective and potential amount that is assessed through analysis or a range of potential outcomes;
- time value of money;
- all the reasonable and supportable information about past events, current conditions and future forecasts available at the end of each reporting period without undue cost or efforts.

The Group (the Parent company) applies simplified approach to trade receivables and accrued income without significant financing component as allowed by IFRS 9, which requires accrual of lifetime expected credit losses for all trade receivables grouped on the basis of common credit characteristics and overdue payments. The rates of expected credit loss are based on the dynamics of payments (for sales) during the last 3 years, as well as historical credit losses in the respective historic period. The amount of historical loss is adjusted to reflect current and future information.

L Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are charged against the share premium account.

Notes to the financial statements (continued)

2. Summary of accounting principles used (continued)

M Corporate income tax

Corporate income tax for the reporting period is included in the financial statements based on the management's calculations prepared in accordance with requirements of tax legislation of each company of the Group. With respect to the Group's parent company in Latvia, corporate income tax is calculated on distributed profit (20/80 of the net amount payable to shareholders) as well as on conditionally distributed profit (20/80 of the calculated taxable base). Corporate tax on distributed profit is recognized when the Company's shareholders approve the distribution of profit.

The Company also calculates and pays corporate income tax on conditionally distributed profit, including statutory taxable items, such as non-operating expenses, amounts of other transactions if they meet the criteria set out in the Corporate Income Tax Law, as well as other expenses in excess of statutory deduction thresholds. Such tax is not an income tax in the context of IAS 12 because it is calculated on a gross rather than a net basis and is therefore recognized in the statement of profit or loss within administrative expense.

Deferred income tax within the Group is calculated for foreign operations of the Group. Deferred income tax is calculated on all significant temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred tax assets are recognized in the Group's statement of financial position if their realization in the future is probable.

N Employee benefits and vacation reserve

Salary liabilities, including non-monetary benefits, bonus plans, annual leave, are recognized for employee services until the end of the reporting period and measured at the amounts expected to be paid to settle the liability. The Group (Parent company) makes social insurance contributions under the State's health, retirement benefit and unemployment schemes at the statutory rates in force during the year, based on gross salary payments. The Group (Parent company) will have no legal or constructive obligations to pay further contributions if the statutory fund cannot settle their liabilities towards the employees. Social insurance and pension plan contributions are included in the expenditures in the same period as the related salary cost. Provisions for unused annual leaves are estimated by multiplying the average daily earnings of employees for the last six months of the reporting year by the number of unused vacation days accrued at the end of the reporting year. These liabilities are shown as short-term accrued liabilities.

O Revenue recognition

The Group (Parent company) is a designer, manufacturer and distributor of digital microwave transmission equipment providing alternative to cable channels. The Group provides products to mobile network operators, information service providers (such as internet service providers and telecommunication companies), public institutions and private businesses. The Group operates in two separate segments: (1) operations with products developed and manufactured by the Group and (2) operations with products acquired from other producers, including, sales of antennae, cables, rebranded (OEM-ed) and other side products.

Revenue is income generated on the course of the Group's (the Parent company's) ordinary operations. Revenue is recognised at transaction price. Transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group (the Parent company) recognises revenue at the moment of transfer of control over the goods or services to the client.

Sale of finished goods, including spare parts and accessories

Revenue is recognised at the moment of delivery of goods to the wholesaler (buyer) together with full freedom of choice in respect of further sale and prices of those goods and a wholesaler (buyer) does not have any claims regarding fulfilment of contract liability that could affect acceptance of goods by the wholesaler (buyer).

Delivery takes place when products are delivered to a specified location, risks of expiry and loss transferred to the wholesaler (buyer) and the Group (the Parent company) has acquired objective proof that criteria for acceptance/transfer have been fulfilled. It is considered that no financing component is present when sales are performed with 30-45-day settlement period what corresponds to usual market practice.

Trade receivable is recognised when goods are delivered, since at this point consideration becomes unconditional and the settlement depends only on time. If consideration depends on performance of additional obligations, a contract asset is recognised. It is customary for the Group (the Parent company) to receive advance payments for goods and services, and such payments are initially recognised as contract liability.

Delivery of services

The Group (the Parent company) provides to customers early product replacement guarantees, as well as warranties, specific product development and configuration services, calibration of equipment and training services. Revenues from services are recognised over the time of delivery of the service.

Notes to the financial statements (continued)

2. Summary of accounting principles used (continued)

O Revenue recognition (continued)

Extended warranties

Sales transaction can comprise certain future services, for instance, extended warranties. In this case transaction price of the goods and services granted is allocated on a stand-alone selling price basis of such components. In order to determine stand-alone selling prices observable prices are used, but when such are not available, “cost plus” method is applied. Extended warranties are initially recognised as contract liabilities in the balance sheet and are transferred to statement of profit or loss on a linear basis over the period of extended warranty. (See Note 15.)

P Lease

At inception of a contract, the Group (the Parent company) assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group (the Parent company) has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

The Group (the Parent company) recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably
certain to exercise that option. Lease terms mostly range from 2 to 7 years for offices and warehouse but there may also be lease agreements concluded for a shorter term, for example 1 year.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s (the Parent company’s) incremental borrowing rate. Generally, the Group (the Parent company) uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortized cost using the effective interest method.

The Group (the Parent company) has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

R Payment of dividends

Dividends payable to the shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

S Financial income and expenses

Financial income and expenses comprise interest payable on borrowings and lease liabilities calculated using the effective interest rate method, interest receivable on funds invested and foreign exchange gains and losses. Interest income is recognised in the statement of profit or loss as it accrues, using the effective interest method. The interest expenses of lease liabilities are recognized in statement of profit or loss using the effective interest rate method.

3. New and changed standards and interpretations

New accounting pronouncements entering into force on or after 1 January 2024

The Group (the Parent company) has applied the following new and amended standards and interpretations effective for annual periods beginning on or after January 1, 2024.

Classification of liabilities as current or non-current – Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (effective for annual periods beginning on or after 1 January 2024). These amendments require the disclosures of the entity’s supplier finance arrangements that would enable the users of financial statements to assess the effects of those arrangements on the entity’s liabilities and cash flows and on the entity’s exposure to liquidity risk. The purpose of the additional disclosure requirements is to enhance the transparency of the supplier finance arrangements. The amendments do not affect recognition or measurement principles but only disclosure requirements.

Adopted new or revised standards and interpretations that have been introduced during the reporting year have not had or have had an insignificant impact on the Group’s (the Parent company's) financial position, results, cash flows or disclosures.

Notes to the financial statements (continued)

New accounting pronouncements entering into force on or after 1 January 2025

The following amendments and interpretations to standards, which may impact the Group's and the Parent company's financial statements, are currently being assessed by the Group's management. Initial estimates suggest that the impact will not be material (except for IFRS 18, Presentation and Disclosure in Financial Statements, the impact of which will be evaluated separately upon adoption in the EU):

- Lack of exchangeability (Amendments to IAS 21) (effective from 1 January 2025);
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (effective from 1 January 2026);
- Annual Improvements to IFRS Accounting standards Volume 11 (issued on 18 July 2024) (effective from 1 January 2026;
- IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024) (effective from 1 January 2027, not yet adopted by the EU);
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024) (effective from 1 January 2027, not yet adopted by the EU).

At the time of signing the report, there are no other new or amended standards or interpretations that would have a significant impact on the Group or the Parent Company.

4. Financial risk management

(1) Financial risk factors

The Group's activities expose it to a variety of financial risks:

(a) foreign currency risk;
(b) credit risk;
(c) liquidity risk;
(d) interest rate risk;
(e) geopolitical risk.

The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise its potential adverse effects on the Group's financial performance. The responsibility for risk management lies with the Finance Department. The Finance Department identifies and evaluates risks and seeks for solutions to avoid financial risks in close co-operation with other operating units of the Group. Financial risks are managed both on Parent company and consolidated level.

(a) Foreign currency risk

The Group operates in the international market and is subject to foreign currency risk arising primarily from USD fluctuations. Foreign currency risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency different from the Group's functional currency. To manage the foreign currency risk arising from future commercial transactions and recognised assets and liabilities, the Group uses forward foreign currency contracts. The Finance Department analyses the net open position in each foreign currency. The Group might decide to enter to forward foreign currency contracts or to maintain borrowings (in form of credit line) in appropriate currency and amount. As at 30 June 2024 and 30 June 2025 the Group (including Parent company) had no open forward exchange contracts. Open USD position significantly decreased after the end of reporting year as goods were purchased and paid for in USD.

The following schedule summarises net open positions for currencies expressed in EUR as at 30 June 2025:

Group	**EUR**	**USD**	**Other currencies**	**Total**
Financial assets				
Trade receivables, gross	305 351	1 003 332	12 487	1 321 170
Cash and cash equivalents	1 274 539	3 469 178	68 485	4 812 202
Total	**1 579 890**	**4 472 510**	**80 972**	**6 133 372**
Financial liabilities				
Liabilities	(663 130)	(563 580)	(12 435)	(1 239 145)
Loans	(10 884)	(4 819)	-	(15 703)
Total	**(674 014)**	**(568 399)**	**(12 435)**	**(1 254 848)**
Net open positions	**905 876**	**3 904 111**	**68 537**	**4 878 524**

Parent company	**EUR**	**USD**	**Other currencies**	**Total**
Financial assets				
Trade receivables, gross	325 791	456 825	53 696	836 312
Cash and cash equivalents	1 255 987	1 542 296	39 519	2 837 802
Total	**1 581 778**	**1 999 121**	**93 215**	**3 674 114**
Financial liabilities				
Liabilities	(663 130)	(470 652)	(10 351)	(1 144 133)
Loans	(10 884)	-	-	(10 884)
Total	**(674 014)**	**(470 652)**	**(10 351)**	**(1 155 017)**
Net open positions	**907 764**	**1 528 469**	**82 864**	**2 519 097**

Notes to the financial statements (continued)

4. Financial risk management (continued)

(1) Financial risk factors (continued)

(a) Foreign currency risk (continued)

The following schedule summarises net open positions for currencies expressed in EUR as at 30 June 2025:

Group	**EUR**	**USD**	**Other currencies**	**Total**
Financial assets	454 273	1 060 848	648	1 515 769
Trade receivables, gross	1 022 828	1 111 811	78 558	2 213 197
Cash and cash equivalents	**1 477 101**	**2 172 659**	**79 206**	**3 728 966**
Total				
Financial liabilities				
Liabilities	(438 139)	(303 864)	(4 566)	(746 569)
Loans	(18 657)	(7 282)	-	(25 939)
Total	**(456 796)**	**(311 146)**	**(4 566)**	**(772 508)**
Net open positions	**1 020 305**	**1 861 513**	**74 640**	**2 956 458**

Parent company	**EUR**	**USD**	**Other currencies**	**Total**
Financial assets				
Trade receivables, gross	471 547	807 053	39 003	1 317 603
Cash and cash equivalents	1 008 096	402 454	76 122	1 486 672
Total	**1 479 643**	**1 209 507**	**115 125**	**2 804 275**
Financial liabilities				
Liabilities	(438 139)	(213 042)	(2 451)	(653 632)
Loans	(18 657)	-	-	(18 657)
Total	**(456 796)**	**(213 042)**	**(2 451)**	**(672 289)**
Net open positions	**1 022 847**	**996 465**	**112 674**	**2 131 986**

Sensitivity analysis

The Group and the Parent company have assessed the impact on profit before tax of reasonably possible changes in the exchange rate of the US dollar against the euro, assuming that other variables, mainly interest rates, remain unchanged.

Change in the USD exchange rate	**Group Effect as at 30 June**		**Parent company Effect as at 30 June**	
	2024/2025	**2023/2024**	**2024/2025**	**2023/2024**
	EUR	**EUR**	**EUR**	**EUR**
-10%	388 609	186 151	152 847	99 856
- 5%	194 305	93 076	76 423	49 928
+5%	(194 305)	(93 076)	(76 423)	(49 928)
+10%	(388 609)	(186 151)	(152 847)	(99 856)

(b) Credit risk

The Group (including Parent company) has significant exposure of credit risk with its customers. The Group’s policy is to ensure that wholesale of products is carried out with customers having appropriate credit history. If the customers are residing in countries with high credit risk, then Letters of Credit issued by reputable credit institutions are used as credit risk management instruments. In situations where no Letters of Credit can be obtained from reputable credit institutions, the prepayments from the customers are requested or State Export Guarantees purchased. Customers’ financial position is monitored on regular basis and assigned credit limits has been changed based on customer’s credit history and customer’s paying behaviour.

As at 30 June 2025, the Group's largest customer’s receivable balance accounted for approximately 31% of the total carrying amount of trade receivables, and the sales revenue from this largest customer (located in the United States) accounted for approximately 11% of the Group's revenues (at 30 June 2024: 26% and for 2023/2024 – 13%, respectively). In 2024/2025 as well as in 2023/2024 income from the above-mentioned largest client in the US 100% applies to CFIP, Integra, Spectrum Compact, Aranet segment. The second largest customer’s receivable balance accounted for approximately 12% of the total carrying amount of trade receivables and the sales revenue from this largest customer accounted for approximately 1% of the Group's revenues. Trade receivable balances of the Group’s other customers did not reach at least 10% of the total receivables. The Parent company's balance sheet as at 30 June 2025 included one trade receivable with the balance above 10% of the total of trade receivables, including receivables from related companies (30.06.2024: three such debts). In the reporting year, the Parent company generated approximately 40% of the revenues from sales to subsidiary in the United States (2023/2024 - 49%). In 2024/2025 income from sales to the US subsidiary relates to the CFIP, Integra, Spectrum Compact, Aranet segment in the amount of 94% and the other segment 6% (in 2023/2024 the first segment amounted to 95% and the second - 5% respectively).

Notes to the financial statements (continued)

4. Financial risk management (continued)

(1) Financial risk factors (continued)

(b) Credit risk (continued)

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group's maximum credit risk exposure as at 30.06.2025 amounts to EUR 7 538 330 or 28.90% of total assets (30.06.2024.: EUR 5 133 083 or 22.29% of total assets), and Parent company's maximum credit risk exposure as at 30.06.2025 amounts to – EUR 4 907 997 or 22.23% of total assets (30.06.2024: EUR 3 903 548 or 18.82% of total assets. For more information on the Group's and Parent company's exposure to credit risk please also refer to Note 9.

(c) Liquidity risk

The Group follows a prudent liquidity risk management and hence maintain a sufficient quantity of liquid funds. The Group's current liquidity ratio (ratio between the current assets and total liabilities) is 2.05 (30.06.2024: 2.66), quick liquidity ratio (ratio between the current assets less inventory and total liabilities) is: 0.69 (30.06.2024: 0.72), and Parent company's current liquidity ratio is 2.65 (30.06.2024: 3.25), quick liquidity ratio is: 0.70 (30.06.2024: 0.77).

The Group's management monitors liquidity reserves for the operational forecasting, based on estimated cash flows. Most of the Group's liabilities are short term. Management believes that the Group will have sufficient liquidity to be generated from operating activities and does not see significant exposure to liquidity risk. For more information on the Group's and Parent company's exposure to liquidity risk, refer to Note 13, Note 15 and Note 16.

The maturity structure of financial liabilities based on contractual undiscounted payments is as follows:

Group 30/06/2025	**Up to 3 months**	**3 to 12 months**	**2-5 years**	**Total**	**Balance sheet value**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**
Lease liabilities	106 129	318 387	1 310 537	1 735 052	1 634 741
Loans	15 703	-	-	15 703	15 703
Trade payables, other liabilities, accruals	3 524 316	6 566	-	3 530 882	3 530 882
Total	**3 646 148**	**324 953**	**1 310 537**	**5 281 637**	**5 151 326**
30/06/2024					
Lease liabilities	103 612	310 837	1 435 925	1 850 374	1 707 857
Loans	25 939	-	-	25 939	25 939
Trade payables, other liabilities, accruals	2 228 147	651 848	-	2 879 995	2 879 995
Total	**2 357 698**	**962 685**	**1 435 925**	**4 756 308**	**4 613 791**

Parent company 30/06/2025	**Up to 3 months**	**3 to 12 months**	**2-5 years**	**Total**	**Balance sheet value**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**
Lease liabilities	91 193	273 580	1 071 151	1 435 925	1 373 487
Loans	10 884	-	-	10 884	10 884
Trade payables, other liabilities, accruals	2 953 419	6 566	-	2 959 985	2 959 985
Total	**3 055 496**	**280 146**	**1 071 151**	**4 406 794**	**4 344 356**
30/06/2024					
Lease liabilities	88 030	264 089	1 435 925	1 788 043	1 668 258
Loans	18 657	-	-	18 657	18 657
Trade payables, other liabilities, accruals	1 803 200	549 439	-	2 352 639	2 352 639
Total	**1 909 887**	**813 528**	**1 435 925**	**4 159 339**	**4 039 554**

Notes to the financial statements (continued)

4. Financial risk management (continued)

(1) Financial risk factors (continued)

(d) Interest rate risk

The Group's cash flows from interest bearing liabilities are dependent on current market interest rates. As the Group does not have significant interest-generating assets or interest-bearing liabilities (please see credit line amount as at the balance sheet date), thus the Group's cash flows and net results are largely independent of changes in market interest rates (Euribor). However, as the Group and Parent company mainly has short-term interest-bearing liabilities, the exposure is not significant.

(e) Geopolitical risk

Part of the Group's and the Parent company's revenue is still derived from the sale of products outside the European Union, which creates exposure to geopolitical risk. The global electronics services market is primarily affected by the US-China "trade war", but it does not currently pose a threat to the Group's sales. Import duties on microwave equipment imported into US from the European Union remain unchanged, while the Aranet product group is subject to a 15% customs duty. Import duties are also applied to shipments to Canada. In order to reduce the risks of additional costs, a branch of A/S SAF Tehnika was established in Canada this financial year. It is more likely that, in the event of sanctions being imposed on Chinese competitors, additional sales opportunities may appear on the US market.

Since Russia started the war in Ukraine, the overall uncertainty of the business environment has increased. Although the direct impact on the Group's operations is relatively limited, the Group carefully evaluates potential cost increase forecasts and potential risks.

(2) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of liabilities represents default risk.

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. Fair value is classified in various levels in the fair value hierarchy according to data used in measurement methods:
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognizes reclassification among fair value hierarchy levels in the end of the reporting period in which the reclassification was performed.

The Group (Parent Company) holds three investments in equity instruments that are valued at fair value at 30 June 2024 and 30 June 2023. These investments in unlisted equity instruments correspond to the third level of the valuation hierarchy. In regards to these investments, management has used estimates of the respective companies' net asset values to determine their fair value.

The Group's and Parent company's financial assets and liabilities (trade receivables, other receivables, other financial assets, trade and other payables, lease liabilities and other financial liabilities) correspond to Level 3, except for cash and cash equivalents, which correspond to Level 2. These Group's financial assets and liabilities, except lease liabilities, generally have a maturity of up to six months, therefore the Group believes that the fair value of these financial assets and liabilities corresponds to their initial nominal value and carrying amount at any subsequent date. The majority of the lease liability were calculated at amortized cost two years ago as a result of lease modifications using a revised discount rate equal to the market interest rate for similar borrowings. Since then, Euribor interest rates have consistently decreased, but not enough to have a significant impact on the fair value measurement of the lease liabilities, the Group believes that the accounting value of lease liabilities is also approximately similar to their fair value on 30 June 2025.

Notes to the financial statements (continued)

4. Financial risk management (continued)

(3) Management of the capital structure

The Group and the Parent company manages its capital to ensure that the Group and the Parent company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group and the Parent company control the capital using the gearing ratio. This ratio is calculated by applying the total amount of liabilities less cash and cash equivalents to total equity. The gearing ratios at the year-end was as follows:

	Group		Parent company	
	30/06/2025	**30/06/2024**	**30/06/2025**	**30/06/2024**
	EUR	**EUR**	**EUR**	4 758 286
Liabilities	10 326 759	6 588 753	6 649 349	4 758 286
Cash and cash equivalents	(4 812 202)	(2 213 197)	(2 837 802)	(1 486 672)
Net (assets)/ debt	**5 514 557**	**4 375 556**	**3 811 547**	**3 271 614**
Shareholders' equity	**15 757 880**	**16 435 951**	**15 432 797**	**15 984 586**
Debt to equity ratio	66%	40%	43%	30%
(Net asset)/ net debt to equity ratio	35%	27%	25%	20%

The ratios characterizing the capital management at the Group level have worsened in the reporting year, with an increase in the total amount of liabilities while the shareholders' equity reduced due to losses incurred during the reporting year.

5. Key estimates and accounting assumptions

The management of the Group and the Parent company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Net realisable value of the inventory

The Group (the Parent company) creates provisions for slow-moving inventory and assesses inventory for impairment based on historical inventory turnover data. Inventory items whose turnover during the last 6, 9 or 12 months has not exceeded 30% compared to the inventory balance at the beginning of the period are considered slow-moving and an allowance is made for them according to the principles described in Section J of Note 2 to the Financial Statements.

This provisioning policy reflects the management's view that slow-moving components are unlikely to be used in the production of goods in full, or that goods produced from these slow-moving components or the components themselves are unlikely to be sold at a price exceeding their cost. The occurrence of slow-moving inventories stems from the issues with the component availability in global markets in previous years and partly also currently, as well as the industry practice of working mainly with short-term rather than long-term contracts, which significantly complicates the predictability of future demand and long-term production planning.

As of 30 June 2025, the Group (the Parent company) has recognized provisions for slow-moving inventories in the amount of EUR 3.9 million (30.06.2024: EUR 5.1 million), in the segment of products developed and manufactured by SAF.

The valuation involves significant management judgment in determining the applicable turnover threshold and degree of impairment and assessing whether historical performance is indicative of future realisable potential.

Useful lives of PPE and intangible assets

Management estimates the useful lives of individual items of property, plant and equipment and intangible assets in proportion to the expected use of the asset, based on historical experience with similar assets and future plans. Determining the useful lives of the Group's (the Parent company's) property, plant and equipment and intangible assets requires significant management judgment, taking into account the expected intensity of use, historical performance, maintenance practices and technological development trends.

A significant portion of the Group's (Parent Company's) property, plant and equipment and intangible assets are used in economic activities beyond their original useful lives. As of 30 June 2025, approximately 36% of the Group's and Parent company's intangible assets and 49% of the Group's and Parent Company's property, plant and equipment had exceeded their original useful lives but were still in active use. This reflects the impact of effective maintenance programs and asset renewal strategies.

Management reviews the condition and performance of these assets annually and assesses the need to revise the depreciation rates or estimates of useful lives. There were no changes to the depreciation calculation methods during the reporting period, but management continues to closely monitor any signs of change. Changes in estimates of useful lives, by extending them, could materially affect future depreciation charges and the carrying amount of property, plant and equipment.

See also Sections E and F of Note 2 and Note 6 to the Financial Statements.

Notes to the financial statements (continued)

6. Property, plant and equipment, intangible assets and right-to-use assets

Group	Software and licenses	Leasehold Improve-ments	Technological equipment and devices	Other PPE	Under construc-tion	Right-to-use assets (premises)	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Reporting year ended 30 June 2024							
Opening balance	514 431	999 742	1 414 938	355 687	99 678	1 976 768	5 361 244
Acquisitions at cost	191 218	271 760	608 982	291 907	(79 392)	-	1 284 475
Disposals at net book value	(1 474)	-	(3 650)	(440)	-	-	(5 564)
Result of fluctuations in the foreign exchange rates	1	-	128	(75)	-	788	842
Depreciation and amortisation charge for the period	(188 701)	(199 346)	(620 839)	(145 041)	-	(388 855)	(1 542 782)
Closing balance	**515 475**	**1 072 156**	**1 399 559**	**502 038**	**20 286**	**1 588 701**	**5 098 215**
Reporting year ended 30 June 2025							
Opening balance	515 475	1 072 156	1 399 559	502 038	20 286	1 588 701	5 098 215
Acquisitions at cost	170 620	72 412	344 797	200 309	23 704	274 159	1 086 001
Disposals at net book value	-	-	(1 489)	-	-	-	(1 489)
Result of fluctuations in the foreign exchange rates	(92)	-	(208)	(2 115)	-	(3 790)	(6 205)
Depreciation and amortisation charge for the period	(211 717)	(221 357)	(606 853)	(199 215)	-	(386 729)	(1 625 871)
Closing balance	**474 286**	**923 211**	**1 135 806**	**501 017**	**43 990**	**1 472 341**	**4 550 651**
As at 30 June 2024:							
Historical cost	1 498 261	2 452 585	5 672 788	1 260 866	20 286	3 436 481	14 341 267
Accumulated depreciation and amortisation	(982 786)	(1 380 429)	(4 273 229)	(758 828)	-	(1 847 780)	(9 243 052)
Carrying amount	**515 475**	**1 072 156**	**1 399 559**	**502 038**	**20 286**	**1 588 701**	**5 098 215**
As at 30 June 2025:							
Historical cost	1 660 546	2 524 997	5 912 372	1 424 126	43 990	3 688 309	15 254 340
Accumulated depreciation and amortisation	(1 186 260)	(1 601 786)	(4 776 566)	(923 109)	-	(2 215 968)	(10 703 689)
Carrying amount	**474 286**	**923 211**	**1 135 806**	**501 017**	**43 990**	**1 472 341**	**4 550 651**

Historical cost of disposals for the year ended 30 June 2025 is EUR 128 874 and disposed accumulated depreciation is EUR 127 385 (2023/2024: EUR 175 356 and EUR 169 782, respectively).

Depreciation and amortization expenses are included in the following items of the Group's consolidated profit or loss statement:

Group	**01.07.2024-30.06.2025**	**01.07.2023-30.06.2024**
	EUR	**EUR**
Cost of sales (Note 18)	769 488	750 919
Sales and marketing costs (Note 19)	429 440	403 661
Administrative expenses (Note 20)	426 943	388 202
incl. in the line item Other administrative expenses	*7 147*	*8 493*
	1 625 871	**1 542 782**

Cost of short-term lease in the amount of EUR 33 752 is included in the statement of profit or loss within A*dministrative expenses* (statement of profit and loss within *Cost of goods sold 2023*/2024: EUR 41 535).

The acquisition cost of fully depreciated fixed assets that are still in use at the reporting date amounted to EUR 5 482 728 (30.06.2024.: EUR 5 276 013).

Notes to the financial statements (continued)

6. Property, plant and equipment, intangible assets and right-to-use assets (continued)

Parent company	Software and licenses	Leasehold improvements	Technolo-gical equipment and devices	Other fixed assets	Under construc-tion	Right-to-use assets (premises)	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Reporting year ended 30 June 2024							
Opening balance	514 431	999 742	1 400 266	345 169	99 678	1 890 175	5 249 461
Acquisitions at cost	189 362	271 760	601 867	228 714	(79 392)	-	1 212 311
Disposals at net book value	(1 474)	-	(2 682)	(440)	-	-	(4 596)
Depreciation and amortisation charge for the period	(188 623)	(199 346)	(607 973)	(127 342)	-	(339 143)	(1 462 427)
Closing balance	**513 696**	**1 072 156**	**1 391 478**	**446 101**	**20 286**	**1 551 032**	**4 994 749**
Reporting year ended 30 June 2025							
Opening balance	513 696	1 072 156	1 391 478	446 101	20 286	1 551 032	4 994 749
Acquisitions at cost	170 620	39 525	340 635	183 028	23 704	-	757 512
Disposals at net book value	-	-	(1 489)	-	-	-	(1 489)
Depreciation and amortisation charge for the period	(210 806)	(221 357)	(599 987)	(161 220)	-	(339 142)	(1 532 512)
Closing balance	**473 510**	**890 324**	**1 130 637**	**467 909**	**43 990**	**1 211 890**	**4 218 260**
As at 30 June 2024:							
Historical cost	1 493 665	2 452 585	5 584 324	1 127 408	20 286	3 178 630	13 856 898
Accumulated depreciation and amortisation	(979 969)	(1 380 429)	(4 192 846)	(681 307)	-	(1 627 598)	(8 862 149)
Carrying amount	**513 696**	**1 072 156**	**1 391 478**	**446 101**	**20 286**	**1 551 032**	**4 994 749**
As at 30 June 2025:							
Historical cost	1 658 523	2 492 110	5 829 816	1 284 875	43 990	3 178 630	14 487 944
Accumulated depreciation and amortisation	(1 185 013)	(1 601 786)	(4 699 178)	(816 966)	-	(1 966 740)	(10 269 683)
Carrying amount	**473 510**	**890 324**	**1 130 638**	**467 909**	**43 990**	**1 211 890**	**4 218 261**

Historical cost of disposals for the year ended 30 June 2025 is EUR 126 466 and disposed accumulated depreciation is EUR 124 977 (2023/2024: EUR 162 189 and EUR 157 593, accordingly).

Depreciation and amortization expenses are included in the following items of the Parent company's consolidated profit or loss statement:

Parent company	**01.07.2024-30.06.2025 EUR**	**01.07.2023-30.06.2024 EUR**
Cost of sales (Note 18)	769 488	750 919
Sales and marketing costs (Note 19)	336 081	323 306
Administrative expenses (Note 20)	426 943	388 202
incl. in the item *Other administrative expenses*	*7 147*	*8 493*
	1 532 512	**1 462 427**

Cost of short-term lease in the amount of EUR 33 752 is included in the statement of profit or loss within *Administrative expenses* (statement of profit and loss within *Cost of goods sold* 2023/2024: EUR 41 535).

The acquisition cost of fully depreciated fixed assets that are still in use at the reporting date amounted to EUR 5 347431 (30.06.2024.: EUR 5 139 648).

Notes to the financial statements (continued)

7. Parent company`s investments in subsidiaries and other companies

In the Statement of financial position of the Parent Company, the following investments in subsidiary companies are presented:

Name	Investment in equity %		Carrying value of the investment	
	30/06/2025	30/06/2024	30/06/2025	30/06/2024
Subsidiaries:	%	%	EUR	EUR
„SAF North America” LLC	100	100	32 893	32 893
SAF Tehnika Asia Pte. Ltd.	100	100	21 012	21 012
Investments in subsidiaries			**53 905**	**53 905**

„SAF North America” LLC is a 100% subsidiary of the Parent company that operates in Colorado State in USA, that started active operations in the spring of 2012 and promotes the Group`s products and services, performs marketing, market research, attraction of new clients and provides technical support in North America. Since 1 October 2014 the subsidiary is engaged in the distribution of goods in the North American region. As at 30 June 2025 the equity of the subsidiary amounted to EUR 346 586 (30.06.2024.: EUR 475 956).

At the end of 2022 the Parent company's subsidiary SAF Tehnika Asia Pte.Ltd started its operations in Singapore. The purpose of its creation was to provide promotion, marketing, market research, attraction of new customers and technical support for the products and services offered by the Group in the Asia region. On 30 June 2025, the equity of the subsidiary was EUR 32 401 (30.06.2024: EUR 29 286). 100% participation ensures absolute control over the assets and liabilities of the subsidiary.

The Group (Parent Company) also has investments in other companies that do not reach 20% share in their capital and do not confer either control or significant influence:

	Investment in equity	Carrying value of the investment	Fair value of the investment	
	30/06/2025	30/06/2024	30/06/2025	30/06/2024
Other investments:	%	%	EUR	EUR
„LEITC” SIA	17.98	17.98	6 435	6 435
„LEO Pētījumu centrs” SIA	15.57	15.57	995	995
TRYM Inc.	< 3%	< 3%	201 898	201 898
Investments in other companies			**209 328**	**209 328**

The mission of “LEITC” SIA is to support research of electromagnetic compatibility (EMC) and educational projects that aim to expand the knowledge base, the range of equipment and to set up a group of specialists capable of addressing todays and future EMC issues.

“LEO Pētījumu centrs” is a limited liability company established in 2010 by the members of the Latvian Electrical Engineering and Electronic Industry Association (LETERA) and the company's objective is to attract EU funding for research and development of new products in the sphere of electronics and electrical engineering.

In September 2022 the Parent company purchased the preference shares of TRYM Inc., which is a company based in the state of Delaware, USA. TRYM INC is a software development company that develops solutions for the medical marijuana growing industry and mainly performs the integration of various systems and equipment designed to support Cannabis growers - growth optimization, regulator reports, automation of daily process management.

8. Inventories

	Group		Parent company	
	30/06/2025	30/06/2024	30/06/2025	30/06/2024
	EUR	EUR	EUR	EUR
Raw materials	3 635 323	3 860 762	3 635 323	3 860 762
Work in progress	3 821 043	2 553 325	3 821 043	2 553 325
Finished goods	6 539 290	6 379 318	5 499 522	5 430 388
	13 995 656	**12 793 405**	**12 955 888**	**11 844 475**

Notes to the financial statements (continued)

8. Inventories (continued)

In order to value inventories at the lower of cost and net realizable value, the Group and Parent company makes provisions for impairment of inventories and the movement in provisions has been as follows:

	Group		Parent company	
	01.07.2024-30.06.2025 EUR	**01.07.2023-30.06.2024 EUR**	**01.07.2024-30.06.2025 EUR**	**01.07.2023-30.06.2024 EUR**
At the beginning of the reporting year	5 098 313	3 255 541	5 098 313	3 255 541
Increase in provisions	(1 238 890)	1 842 772	(1 238 890)	1 842 772
At the end of the reporting year	**3 859 423**	**5 098 313**	**3 859 423**	**5 098 313**

Expenses for the increase in provisions are included in the Statement of profit and loss item "Cost of goods sold," within the cost of purchases and subcontractor services (Note 18).

Finished goods include equipment sent to clients for trial with an option to buy or return the equipment and the equipment sent to substitute damaged equipment. As at 30 June 2025 the value of equipment sent due to the above reasons amounted to EUR 547 884 (30.06.2024.: EUR 527 276) for Group and EUR 227 098 (30.06.2024.: EUR 205 898) for Parent company.

Work in Progress and *Finished goods* include production overhead costs (salary expenses and social insurance of production units' employees, depreciation and amortization, amortization of right-to-use assets, expenses of equipment, lease, service and other costs of production process) in amount of EUR 822 170 (30.06.2024.: EUR 664 939).

The Group maintains a certain level of raw materials and consumables, in order to be able to supply all the products currently included in the product portfolio of the Group within a competitive deadline. Although the market situation with the times of production and supply of materials has stabilised Group stocks still contain inventories of raw materials purchased in increased quantities due to a difficult supply situation in the previous few years. Also, some suppliers tend to stop producing components, so raw materials are purchased by reserve in order to continue to provide competitive and sales forecast related production timelines.

9. Trade receivables

	Group		Parent company	
	30/06/2025 EUR	**30/06/2024 EUR**	**30/06/2025 EUR**	**30/06/2024 EUR**
Receivables from related companies	-	-	512 419	742 646
Trade receivables	1 321 170	1 515 769	323 893	574 957
Allowance for expected credit losses	(20 246)	(15 958)	(2 641)	(1 085)
Total trade receivables	**1 300 924**	**1 499 811**	**833 671**	**1 316 518**

Trade receivables are not secured with collateral.

Ageing analysis of trade receivables

Group	**30/06/2025 Gross EUR**	**30/06/2025 Allowance EUR**	**30/06/2024 Gross EUR**	**30/06/2024 Allowance EUR**
Not overdue	1 093 081	-	1 206 526	-
Overdue by 1 – 90 days	207 984	(141)	308 158	(14 873)
Overdue by 90 and more days	20 105	(20 105)	1 085	(1 085)
Total trade receivables	**1 321 170**	**(20 246)**	**1 515 769**	**(15 958)**

Parent company	**30/06/2025 Gross EUR**	**30/06/2025 Allowance EUR**	**30/06/2024 Gross EUR**	**30/06/2024 Allowance EUR**
Not overdue	768 447	-	1 213 025	-
Overdue by 1 – 90 days	65 365	(141)	103 493	-
Overdue by 90 and more days	2 500	(2 500)	1 085	(1 085)
Total trade receivables	**836 312**	**(2 641)**	**1 317 603**	**(1 085)**

Notes to the financial statements (continued)

9. Trade receivables (continued)

Movement in allowance for expected credit losses from trade receivables:

	Group	Parent company
	EUR	EUR
As at 30 June 2023	**17 626**	**5 987**
Additional allowance for expected credit losses	104 453	69 986
Written-off	(94 807)	(64 474)
Debts recovered	(11 314)	(10 414)
As at 30 June 2024	**15 958**	**1 085**
Additional allowance for expected credit losses	62 488	14 135
Written-off	(25 197)	(906)
Debts recovered	(33 003)	(11 673)
As at 30 June 2025	**20 246**	**2 641**

Changes in allowances for expected credit losses are recognized in Statement of profit or loss within administration costs.

Breakdown of gross trade receivables by currency, expressed in EUR

	30/06/2025	30/06/2025	30/06/2024	30/06/2024
Group	**EUR**	**%**	**EUR**	**%**
USD	1 003 332	75.94	1 060 849	69.99
EUR	305 351	23.11	454 272	29.97
GBP	2 272	0.17	303	0.02
SGD	-	-	345	0.02
CAD	9 993	0.76	-	-
PLN	222	0.02	-	-
Total trade receivables, gross	**1 321 170**	**100%**	**1 515 769**	**100%**

	30/06/2025	30/06/2025	30/06/2024	30/06/2024
Parent company	**EUR**	**%**	**EUR**	**%**
USD	456 825	54.62	809 149	61.41
EUR	325 791	38.96	469 451	35.63
GBP	2 272	0.27	303	0.02
SGD	4 988	0.60	38 700	2.94
CAD	46 214	5.52	-	-
PLN	223	0.03	-	-
Total trade receivables, gross	**836 312**	**100%**	**1 317 603**	**100%**

10. Other receivables

	Group		Parent company	
	30/06/2025	30/06/2024	30/06/2025	30/06/2024
	EUR	EUR	EUR	EUR
Government grants*	330 004	518 485	330 004	518 485
Overpaid value added tax	31 334	40 305	31 334	40 305
Advance payments to suppliers	172 085	86 103	172 085	86 103
Other receivables	264 424	29 502	264 065	29 424
	797 847	**674 395**	**797 488**	**674 317**

* The government grants related to the employee training project, exhibition project and the development project, which are implemented with the “LEO Pētījumu centrs” SIA. Government grants in the amount of EUR 45 465 were received after the end of the financial year (see also Note 21).

As part of the contract concluded between A/S "SAF Tehnika" and "LEO Pētījumu centrs" SIA, the cooperation project "Competence center for the Latvian electrical and optical equipment manufacturing industry" has been implemented since April 2019. For the implementation of this project, "LEO Pētījumu centrs" SIA has entered into a contract with the "Central Finance and Contracting Agency" to secure funding from the European Regional Development Fund. Within the framework of the above-mentioned project, A/S "SAF Tehnika" implements individual research for the development of new products. For the implementation of the project, within the framework of this activity, the costs for the salaries of the employees involved in the project and other costs related to the implementation of the project were co-financed. The co-financing received relates to related costs recognized in the Statement of profit and loss and the Statement of other comprehensive income and was therefore recognized as revenue to offset the costs incurred.

Notes to the financial statements (continued)

11. Cash and cash equivalents

	Group		Parent company	
	30/06/2025	30/06/2024	30/06/2025	30/06/2024
	EUR	EUR	EUR	EUR
Cash in banks	4 812 202	2 213 197	2 837 802	1 486 672
	4 812 202	**2 213 197**	**2 837 802**	**1 486 672**

Breakdown of cash and cash equivalents by currency, expressed in EUR

	30/06/2025	30/06/2025	30/06/2024	30/06/2024
Group	**EUR**	**%**	**EUR**	**%**
USD	3 469 177	72.09	1 108 582	50.09
EUR	1 274 539	26.49	1 022 828	46.21
GBP	31 772	0.66	76 122	3.44
CAD	9 337	0.19	3 228	0.15
SGD	27 377	0.57	2 437	0.11
Cash and cash equivalents	**4 812 202**	**100%**	**2 213 197**	**100%**

	30/06/2025	30/06/2025	30/06/2024	30/06/2024
Parent company	**EUR**	**%**	**EUR**	**%**
USD	1 542 296	54.35	402 454	27.07
EUR	1 255 987	44.26	1 008 096	67.81
GBP	31 772	1.12	76 122	5.12
Cash and cash equivalents	7 747	0.27	-	-

Breakdown of cash and cash equivalents by bank

	Moody's credit rating (short-term/ long-term)	Group		Parent company	
		30/06/2025	30/06/2024	30/06/2025	30/06/2024
		EUR	EUR	EUR	EUR
Swedbank AS	P-1 / Aa2	957 998	323 891	957 998	323 891
LUMINOR Bank AS	P-2 / A2	1 674 174	927 677	1 674 174	927 677
SEB Banka AS	P-1 / Aa3	46 217	86 031	46 217	86 031
US Bank	P-1 / A2	1 885 282	688 237	-	-
OCBC bank	P-1 / Aa1	46 017	38 288	-	-
Other banks	n/a	202 514	149 073	159 413	149 073
		4 812 202	**2 213 197**	**2 837 802**	**1 486 672**

The Group's and the Parent company's estimated credit losses on cash held with banks are immaterial and have not been recognized based on Moody's rating information that was publicly available in 2025 and up to the date of these financial statements.

12. Share capital, shareholders and dividends

As at 30 June 2025, the registered and paid-up share capital of the Parent company is EUR 4 158 252 (30.06.2024.: EUR 4 158 252) and consists of 2 970 180 ordinary bearer shares (30.06.2024.: 2 970 180 shares) with unlimited voting rights. Nominal value per share is EUR 1.4.

The structure of the Company's shareholders is as follows (incl. shareholders holding more than 5% of the voting shares):

Shareholder	Shares owned, %	
	30/06/2025	30/06/2024
Koka Zirgs SIA	19.74%*	11.59%
Didzis Liepkalns	17.05%	17.05%
Normunds Bergs	9.74%	9.74%
Juris Ziema	8.71%	8.71%
Andrejs Grišāns	1.95%*	10.03%
Other shareholders	42.81%	42.88%

*Koka Zirgs SIA increased its shareholding to 19.74% and Andrejs Grišāns - decreased to 1.95%.

No dividends were declared in the reporting year or previous year.

Notes to the financial statements (continued)

13. Payables, provisions and other liabilities

	Group		Parent company	
	30/06/2025	**30/06/2024**	**30/06/2025**	**30/06/2024**
	EUR	**EUR**	**EUR**	**EUR**
Trade accounts payable	1 239 145	746 569	1 144 133	653 632
Trade and other payables	**1 239 145**	**746 569**	**1 144 133**	**653 632**
Accrued liabilities for unused vacations	834 877	774 920	748 499	672 511
Accrued liability for premiums	406 484	334 387	172 552	169 609
Salary	536 770	480 546	458 097	397 743
Other taxes	398 921	425 312	344 683	369 665
Provisions for guarantees	46 123	55 658	46 123	55 658
Other liabilities	68 562	62 603	45 898	33 821
Other short-term liabilities	**2 291 737**	**2 133 426**	**1 815 852**	**1 699 007**
Total	**3 530 882**	**2 879 995**	**2 959 985**	**2 352 639**

During the reporting period the increase in accrued liabilities for unused vacation pay included in the Statement of profit and loss of the Group amounted to EUR 59 957 (2023/2024: decrease of EUR 60 113). For Parent company – respectively, increase of EUR 75 988 (2023/2024: decrease EUR 104 117).

Movement in provisions:	Group		Parent company	
	Warranties	**Total**	**Warranties**	**Total**
	EUR	**EUR**	**EUR**	**EUR**
Balance at 30.06.2023	**55 658**	**55 658**	**55 658**	**55 658**
Change of provisions in the year	-	-	-	-
Balance at 30.06.2024	**55 658**	**55 658**	**55 658**	**55 658**
Decrease in provisions in the year	(9 535)	(9 535)	(9 535)	(9 535)
Balance at 30.06.2025	**46 123**	**46 123**	**46 123**	**46 123**

Breakdown of trade payables and other payables by currency, expressed in EUR:

	30/06/2025	**30/06/2025**	**30/06/2024**	**30/06/2024**
Group	**EUR**	**%**	**EUR**	**%**
USD	563 580	45.48	303 865	40.70
EUR	663 130	53.51	438 139	58.69
GBP	9 122	0.74	4	0.00
Other currencies	3 313	0.27	4 561	0.61
Trade and other payables	**1 239 145**	**100%**	**746 569**	**100%**

	30/06/2025	**30/06/2025**	**30/06/2024**	**30/06/2024**
Parent company	**EUR**	**%**	**EUR**	**%**
USD	470 652	41.14	213 043	32.59
EUR	663 130	57.96	438 139	67.03
GBP	9 122	0.80	4	0.00
Other currencies	1 229	0.10	2 446	0.38
Trade and other payables	**1 144 133**	**100%**	**653 632**	**100%**

14. Lease liabilities

	Group		Parent company	
	01.07.2024-30.06.2025	**01.07.2023-30.06.2024**	**01.07.2024-30.06.2025**	**01.07.2023-30.06.2024**
	EUR	**EUR**	**EUR**	**EUR**
At the beginning of the year	**1 707 857**	**2 053 654**	**1 668 258**	**1 963 028**
incl. long term	*1 332 122*	*1 665 029*	*1 329 115*	*1 623 885*
short term	*375 735*	*388 625*	*339 143*	*339 143*
Interest expense on lease liabilities	63 498	62 005	57 348	57 348
Interest payments	(63 498)	(62 005)	(57 348)	(57 348)
Lease payments	(343 846)	(347 160)	(294 771)	(294 770)
Increase in lease liabilities	274 159	-	-	-
Fluctuations in foreign exchange rates	(3 429)	1 363	-	-
At the end of the year	**1 634 741**	**1 707 857**	**1 373 487**	**1 668 258**
incl. long term	*1 253 671*	*1 332 122*	*1 034 344*	*1 329 115*
short term	*381 070*	*375 735*	*339 143*	*339 143*

The remaining term of the lease agreements in the Group is 4-5 years, the average applied interest rate in the Group is 3.88% (in the Parent Company 2.54%).

Notes to the financial statements (continued)

15. Contract liabilities

The production of the Group's products is material-intensive, for the purchase of which customers often make prepayments. Advances paid by customers are settled when the products are sold, and this usually takes place within 1 year. There are also customers who, together with the goods, also purchase extended warranties, which are recognized in revenue over the warranty period (up to 5 years).

	Group		Parent company	
	30/06/2025	**30/06/2024**	**30/06/2025**	**30/06/2024**
	EUR	**EUR**	**EUR**	**EUR**
Advances from customers	3 915 482	759 290	1 768 939	142 290
Extended warranties	1 229 951	1 215 672	188 363	92 618
Total	**5 145 433**	**1 974 962**	**1 957 302**	**234 908**
incl. long term liabilities	*693 100*	*748 524*	*37 675*	*6 767*
short term liabilities	*4 452 333*	*1 226 438*	*1 919 627*	*228 141*

Movement of contract liabilities:	Group		Parent company	
	01.07.2024-30.06.2025	**01.07.2023-30.06.2024**	**01.07.2024-30.06.2025**	**01.07.2023-30.06.2024**
	EUR	**EUR**	**EUR**	**EUR**
At the beginning of the year	1 974 962	1 801 277	234 908	714 990
Received during the year	11 357 721	12 081 140	6 046 427	4 642 622
Recognised in revenue	(8 036 554)	(11 923 099)	(4 324 033)	(5 122 704)
Foreign exchange differences	(150 696)	15 644	-	-
At the end of the year	**5 145 433**	**1 974 962**	**1 957 302**	**234 908**

16. Loans

	Group		Parent company	
	30/06/2025	**30/06/2024**	**30/06/2025**	**30/06/2024**
	EUR	**EUR**	**EUR**	**EUR**
Loans from credit institutions- outstanding balance of the company's credit card limit	15 703	25 939	10 884	18 657
Total	**15 703**	**25 939**	**10 884**	**18 657**

On August 10, 2022, in order to ensure liquidity, the Parent company of the Group concluded a credit line agreement with AS Luminor Bank with a total limit of EUR 4 950 000. The annual interest rate 3-month Euribor plus the added rate is applied to the credit line. The initial repayment period was set until 30 August 2025. After the end of the reporting year, the repayment term of the credit line was extended until 28 November 2025. The credit line was not used at the end of the reporting year or at the end of the previous year. As a collateral is pledged the property of the Parent company as a community of things and its future components, as well as all existing and future claims (rights of claim) against all debtors, regardless of the basis of their origin, with all rights belonging to these claims. The maximum claim amount is EUR 6 435 000.

17. Segment information and revenue

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 E1 or ASI interfaces;
  - Lumina, 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 – a next generation radio system employing latest modem technology on the market as well as radio technology with a frequency from 6GHz to 86 GHz. Some Integra models provide a data transmission speed of up to 10 Gbs.
  Spectrum Compact – 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.

Notes to the financial statements (continued)

17. Segment information and revenue (continued)

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.

	CFIP, Integra, Spectrum Compact, Aranet		**Other**		**Total**	
Group	**2024/2025**	**2023/2024**	**2024/2025**	**2023/2024**	**2024/2025**	**2023/2024**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Segment assets	15 097 806	13 445 322	1 178 889	1 966 406	16 276 695	15 411 728
Unallocated assets					9 807 943	7 612 976
Total assets					**26 084 638**	**23 024 704**
Segment liabilities	5 664 655	2 094 293	112 859	34 500	5 777 514	2 128 793
Unallocated liabilities					4 549 244	4 459 960
Total liabilities					**10 326 758**	**6 588 753**
Revenue	24 197 566	25 097 488	1 796 728	1 995 064	25 994 294	27 092 552
Segment result	**7 232 280**	**4 681 332**	**2 502 265**	**2 851 324**	**9 734 545**	**7 532 656**
Unallocated expenses					(11 028 861)	(10 751 643)
Loss from operating activities					**(1 294 316)**	**(3 218 987)**
Other income					703 445	919 264
Financial income					49 935	65 099
Financial expenses					(111 693)	(154 964)
Loss before taxes					**(652 629)**	**(2 389 588)**
Corporate income tax					9 987	20 224
Loss after tax					**(642 642)**	**(2 369 364)**
Foreign currency fluctuations					(35 429)	(38 224)
Loss of the reporting year					**(678 071)**	**(2 407 588)**

Other information of segment:

	CFIP, Integra, Spectrum Compact, Aranet		**Other**		**Total**	
Group	**2024/2025**	**2023/2024**	**2024/2025**	**2023/2024**	**2024/2025**	**2023/2024**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Additions of fixed and intangible assets	226 926	268 371	-	-	226 926	268 371
Unallocated additions of fixed and intangible assets incl. initial recognition of leasehold rights					561 210	1 016 104
Total additions of fixed and intangible assets and leasehold rights recognized					**788 136**	**1 284 475**
Depreciation and amortization	769 488	750 919	-	-	769 488	750 919
Unallocated depreciation and amortization					856 383	791 868
Total depreciation and amortisation					**1 625 871**	**1 542 787**

Notes to the financial statements (continued)

17. Segment information and revenue (continued)

	CFIP, Integra, Spectrum Compact, Aranet		Other		Total	
Parent company	**2024/2025 EUR**	**2023/2024 EUR**	**2024/2025 EUR**	**2023/2024 EUR**	**2024/2025 EUR**	**2023/2024 EUR**
Segment assets	13 494 891	13 134 074	1 197 697	1 056 640	14 692 588	14 190 714
Unallocated assets					7 389 558	6 552 158
Total assets					**22 082 146**	**20 742 872**
Segment liabilities	3 750 710	1 851 372	125 341	51 307	3 876 051	1 902 679
Unallocated liabilities					2 773 298	2 855 607
Total liabilities					**6 649 349**	**4 758 286**
Revenue	20 117 772	21 439 697	1 806 881	1 818 956	21 924 653	23 258 653
Segment result	**4 943 992**	**2 497 618**	**1 245 580**	**1 300 120**	**6 189 572**	**3 797 738**
Unallocated expenses					(7 323 362)	(6 860 882)
Profit/ (loss) from operating activities					**(1 133 790)**	**(3 063 144)**
Other income					673 447	1 807 995
Financial income					36 930	66 174
Financial expenses					(128 376)	(150 307)
Profit/ (loss) before taxes					**(551 789)**	**(1 339 282)**
Corporate income tax					-	-
Profit/ (loss) of the reporting year					**(551 789)**	**(1 339 282)**

Other information of segment:

	CFIP, Integra, Spectrum Compact, Aranet		Other		Total	
Parent company	**2024/2025 EUR**	**2023/2024 EUR**	**2024/2025 EUR**	**2023/2024 EUR**	**2024/2025 EUR**	**2023/2024 EUR**
Additions of fixed and intangible assets	226 926	314 884	-	-	226 926	286 371
Unallocated additions of fixed and intangible assets incl. initial recognition of leasehold rights						943 941
Total additions of fixed and intangible assets and leasehold rights recognized					**733 807**	**1 212 312**
Depreciation and amortization	769 488	750 919	-	-	769 488	750 919
Unallocated depreciation and amortization					755 875	711 508
Total depreciation and amortisation					**1 525 363**	**1 462 427**

As at 30.06.2025. PPE, intangible assets and right of use assets located in Latvia with the total balance sheet value in the amount of EUR 4 218 261 (30.06.2024. – EUR 4 994 749) make up 93% (30.06.2024. – 98%) of the Group's total assets. The rest of these assets are located in the United States.

Notes to the financial statements (continued)

17. Segment information and revenue (continued)

b) This note provides information on division of the Group's and Parent company's revenue and assets by geographical segments (only trade receivables are allocated to regions based on customer residency, all other assets remain unallocated). Information about credit risk concentration to individual customers see in Note 4 (1b). All revenue is derived from the contracts with customers.

	Revenue		**Assets**	
Group	**2024/ 2025**	**2023/ 2024**	**2024/ 2025**	**2023/ 2024**
	EUR	**EUR**	**EUR**	**EUR**
Latvia	869 067	939 913	47 362	10 987
Other regions:				
North and South America	14 167 735	16 603 697	994 831	1 045 976
Europe (excluding Latvia), CIS	9 174 732	7 676 442	175 901	330 239
Asia, Africa, Middle East	1 782 759	1 872 500	82 830	123 596
	25 125 226	**27 092 552**	**1 300 924**	**1 510 798**
Unallocated assets	-	-	24 783 714	21 513 906
	25 994 294	**27 092 552**	**26 084 638**	**23 024 704**

	Revenue		**Assets**	
Parent company	**2024/ 2025**	**2023/ 2024**	**2024/ 2025**	**2023/ 2024**
	EUR	**EUR**	**EUR**	**EUR**
Latvia	869 067	939 913	47 362	10 987
Other regions:				
North and South America	10 342 528	12 771 053	502 151	788 049
Europe (excluding Latvia), CIS	9 174 732	7 676 442	175 902	319 252
Asia, Africa, Middle East	1 538 326	1 871 245	108 257	198 230
	21 924 653	**23 258 653**	**833 672**	**1 316 518**
Unallocated assets	-	-	21 248 474	19 426 354
	21 924 653	**23 258 653**	**22 082 146**	**20 742 872**

Income of the Group and Parent company by main geographical markets and segments:

Group:

	CFIP, Integra, Spectrum Compact, Aranet		**Other**		**Total**	
	2024/2025	**2023/ 2024**	**2024/2025**	**2023/ 2024**	**2024/2025**	**2023/ 2024**
Region	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
North and South America	14 173 807	15 721 135	230 032	1 021 906	14 403 839	16 743 041
Europe (including Latvia), CIS	8 898 952	7 665 404	1 144 847	850 773	10 043 799	8 516 177
Asia, Africa, Middle East	1 124 807	1 590 791	421 849	242 543	1 546 656	1 833 334
	24 197 566	**24 977 330**	**1 796 728**	**2 115 222**	**25 994 294**	**27 092 552**

Parent company:

	CFIP, Integra, Spectrum Compact, Aranet		**Other**		**Total**	
	2024/2025	**2023/ 2024**	**2024/2025**	**2023/ 2024**	**2024/2025**	**2023/ 2024**
Region	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
North and South America	10 102 343	12 184 758	240 185	725 639	10 342 528	12 910 397
Europe (including Latvia), CIS	8 898 952	7 665 404	1 144 847	850 773	10 043 799	8 516 177
Asia, Africa, Middle East	1 116 477	1 589 536	421 849	242 543	1 538 326	1 832 079
	20 117 772	**21 439 698**	**1 806 881**	**1 818 955**	**21 924 653**	**23 258 653**

Notes to the financial statements (continued)

18. Cost of goods sold

	Group		Parent company	
	01.07.2024-30.06.2025	**01.07.2023-30.06.2024**	**01.07.2024-30.06.2025**	**01.07.2023-30.06.2024**
	EUR	**EUR**	**EUR**	**EUR**
Purchases of components and subcontractors' services	9 763 809	13 473 216	9 007 040	13 374 642
Salary expenses*	4 429 102	3 912 559	4 429 102	3 912 559
Social insurance expenses*	1 035 037	915 996	1 035 037	915 996
Depreciation and amortization (See Note 6)	769 488	750 919	769 488	750 919
Public utilities	182 057	224 449	182 057	224 449
Transportation	31 737	36 189	31 736	36 189
Business trip expenses	10 363	298	10 363	298
Communication expenses	18 671	21 378	18 671	21 378
Low value articles	5 094	6 523	5 094	6 523
Other production costs	246 492	218 369	246 492	217 962
	16 491 850	**19 559 896**	**15 735 080**	**19 460 915**

** Including accrued liabilities for unused vacations.*

Research and development related expenses of EUR 3 433 207 (2023/ 2024: EUR 3 035 167) are included in the statement of profit or loss within Purchases of components and subcontractors' services.

19. Sales and marketing expenses

	Group		Parent company	
	01.07.2024-30.06.2025	**01.07.2023-30.06.2024**	**01.07.2024-30.06.2025**	**01.07.2023-30.06.2024**
	EUR	**EUR**	**EUR**	**EUR**
Salary expenses *	4 663 536	4 676 488	2 433 267	2 400 149
Delivery costs	681 363	653 065	421 051	429 274
Social insurance expenses *	729 042	701 951	568 117	554 976
Advertisement and marketing expenses	191 772	643 521	301 834	332 458
Depreciation and amortization (See Note 6)	429 440	403 661	336 081	323 306
Business trip expenses	321 184	322 458	141 312	143 531
Other selling and distribution costs	416 777	441 138	138 618	149 031
	7 433 114	**7 842 282**	**4 340 280**	**4 332 725**

** Including accrued liabilities for unused vacations.*

20. Administrative expenses

	Group		Parent company	
	01.07.2024-30.06.2025	**01.07.2023-30.06.2024**	**01.07.2024-30.06.2025**	**01.07.2023-30.06.2024**
	EUR	**EUR**	**EUR**	**EUR**
Salary expenses*	1 247 025	1 026 238	1 247 025	1 026 238
Social insurance expenses*	295 216	243 764	295 216	243 764
Depreciation and amortization (See Note 6)	419 796	379 709	419 796	379 709
Insurance	259 938	268 391	50 206	60 434
Bank fees	111 702	101 462	75 920	63 719
Public utilities	118 532	120 533	118 532	120 533
Training	32 243	47 205	25 518	33 308
IT services	287 232	146 843	287 232	146 843
Rent of premises	33 752	41 535	33 752	41 535
Representation expenses	27 544	35 538	14 604	21 810
Sponsorship	3 665	5 698	1 000	2 000
Office maintenance	9 781	8 658	9 781	8 658
Business trip expenses	9 262	7 807	9 262	7 807
Communication expenses	5 552	6 617	5 552	6 617
Allowance for expected credit losses	6 793	62 632	2 462	59 604
Other administrative expenses**	495 612	406 731	387 225	305 578
	3 363 645	**2 909 361**	**2 983 083**	**2 528 157**

** Including accrued liabilities for unused vacations.*

Notes to the financial statements (continued)

20. Administrative expenses (continued)

** Other administration costs include remuneration to the certified auditor company for the audit of the annual report in the amount of EUR 14 500 (2023/2024 - EUR 14 500). The certified audit company has not provided other services to the Group and the Parent Company.

21. Other income

	Group		Parent company	
	01.07.2024-30.06.2025 EUR	**01.07.2023-30.06.2024 EUR**	**01.07.2024-30.06.2025 EUR**	**01.07.2023-30.06.2024 EUR**
Government grants*	664 610	869 761	664 610	869 761
Other income	38 835	49 503	8 837	15 725
Income from dividend payments	-	-	-	922 509
	703 445	**919 264**	**673 447**	**1 807 995**

* Government grants are received from LIAA and LETERA, and they relate to development project realized in cooperation with "LEO Pētījumu centrs" SIA. During the reporting year the Group (Parent company) has received a government grant of EUR 834 197 (2023/ 2024: EUR 359 187). Government grants that are approved by the end of the reporting year, but not yet received, are included in the Other receivables (see Note 10).

22. Financial income

	Group		Parent company	
	01.07.2024-30.06.2025 EUR	**01.07.2023-30.06.2024 EUR**	**01.07.2024-30.06.2025 EUR**	**01.07.2023-30.06.2024 EUR**
Interest income, calculated using the effective interest method	49 935	19 570	36 930	-
Net foreign exchange gain	-	45 529	-	66 175
	49 935	**65 099**	**36 930**	**66 175**

23. Financial expenses

	Group		Parent company	
	01.07.2024-30.06.2025 EUR	**01.07.2023-30.06.2024 EUR**	**01.07.2024-30.06.2025 EUR**	**01.07.2023-30.06.2024 EUR**
Interest expenses on credit line, calculated using the effective interest method	1 368	92 959	1 368	92 959
Interest expenses on lease liabilities, calculated using the effective interest method	63 498	62 005	57 348	57 348
Net foreign exchange loss	46 827	-	69 660	-
	111 693	**154 964**	**128 376**	**150 307**

24. Corporate income tax

	Group		Parent company	
	01.07.2024-30.06.2025 EUR	**01.07.2023-30.06.2024 EUR**	**01.07.2024-30.06.2025 EUR**	**01.07.2023-30.06.2024 EUR**
Corporate income tax for reporting period	3 484	5 031	-	-
Increase in deferred tax asset	(13 471)	(25 255)	-	-
Tax expense/ (credit), net	**(9 987)**	**(20 224)**	**-**	**-**

Notes to the financial statements (continued)

25. Earnings per share

Basic earnings per share are calculated by dividing profit by the weighted average number of shares outstanding during the year.

	Group		Parent company	
	01.07.2024-30.06.2025 EUR	**01.07.2023-30.06.2024 EUR**	**01.07.2024-30.06.2025 EUR**	**01.07.2023-30.06.2024 EUR**
Profit/ (loss) of the reporting year (a)	(642 642)	(2 369 364)	(551 789)	(1 339 281)
Weighted average number of shares outstanding during the year (b)	2 970 180	2 970 180	2 970 180	2 970 180
Basic and diluted earnings/ (loss) per share for the reporting year (a / b)	**(0.216)**	**(0.798)**	**(0.186)**	**(0.451)**

26. The management and management remuneration

Council of the Parent company

The Council of the Parent company consisting of 5 members is elected in a shareholders' meeting for a term of 3 years. The Council is a supervisory body of the Group, which represents shareholder interests in meetings and supervises the Board in accordance with statutes of the Group. Decisions of the Council are made by a simple majority of members present. Only a meeting of shareholders has the right to make decisions on statute amendments of the Group, issue and conversion of securities, remuneration to the members of the Council. During the reporting year and the previous reporting year, the composition of neither the Board nor the Council members has changed.

Council members of the Parent company during the reporting year were:

Juris Ziema – Chairman of the Council (own 8.71% or 258 762 shares)
Andrejs Grišāns – Deputy chairman of the Council (own 1.95% or 57 888 shares)
Ivars Šenbergs – Member of the Council (own 0.00% or 22 shares)
Aira Loite – Member of the Council (own 0.27% or 8 000 shares)
Sanda Reiharde – Member of the Council (owns no shares)

Board of the Parent company

The Council appoints the Board consisting of 4 members for a term of 3 years. All members of the Board have the right of representation. The members of the Board represent the Company separately. Decisions of the Board are made by a simple majority of members present.

Board members of the Parent company during the reporting year were:

Normunds Bergs – Chairman of the Board (owns 9.74% or 289 377 shares)
Didzis Liepkalns – Member of the Board (owns 17.05% or 506 460 shares)
Zane Jozepa – Member of the Board (owns no shares)
Jānis Bergs – Member of the Board (owns 0.01% or 387 shares)

Management remuneration

	Group		Parent company	
	01.07.2024-30.06.2025 EUR	**01.07.2023-30.06.2024 EUR**	**01.07.2024-30.06.2025 EUR**	**01.07.2023-30.06.2024 EUR**
Remuneration of the Board members:				
· salary	415 776	563 041	227 488	212 843
· social insurance contributions	66 249	66 050	53 753	50 319
Remuneration of the Council members:				
· salary	177 798	158 247	177 798	158 247
· social insurance contributions	40 510	36 297	40 510	36 297
Total	**700 333**	**823 635**	**499 549**	**457 706**

Notes to the financial statements (continued)

27. Related party transactions, except for management remuneration

Parent company	Transactions for the year ended 30 June		Balance as at 30 June	
	2025	2024	2025	2024
	EUR	EUR	EUR	EUR
Sale of goods and services				
Subsidiaries	8 285 983	10 810 385	512 419	742 646
Purchase of goods and services				
Subsidiaries	587 687	704 563	347 691	483 824

In the consolidated financial statements of the Group the intercompany transactions and balances between Parent company and subsidiaries have been eliminated.

28. Personnel costs

	Group		Parent company	
	01.07.2024-30.06.2025	01.07.2023-30.06.2024	01.07.2024-30.06.2025	01.07.2023-30.06.2024
	EUR	EUR	EUR	EUR
Remuneration to staff	10 339 663	9 615 285	8 109 394	7 338 946
Social insurance contributions	2 059 295	1 861 711	1 898 370	1 714 736
Total	**12 398 958**	**11 476 996**	**10 007 764**	**9 053 682**

29. Average number of employees

	Group		Parent company	
	01.07.2024-30.06.2025	01.07.2023-30.06.2024	01.07.2024-30.06.2025	01.07.2023-30.06.2024
The average number of employees in the reporting year:	**270**	**273**	**253**	**255**

30. Contingent liabilities

As a result of regular operational activity, the Group (Parent company) has not issued performance guarantees to third parties (30.06.2024: EUR 20 571).

Contingent liabilities related to corporate income tax on distributable non-taxed profits of the Parent Company

As at 30 June 2025 the net profit of the Parent company, which arose after 31 December 2017, is EUR 8 414 289. The potential corporate income tax liability, that will arise if the entire amount of the above-mentioned profit is distributed as dividends, also taking into account the pass-through dividends received from the subsidiary in the USA, is EUR 1 872 945.

31. Subsequent events

No significant subsequent events have occurred in the period from the year-end to the date of these financial statements that would have a material impact on the Group’s and/or Parent company`s financial position as at 30 June 2025 or their performance and cash flows for the year then ended.

On behalf of the Board,

Normunds Bergs Chairman of the Board	Dace Langada Chief accountant

The Annual Report is approved in the Board meeting on 30 October 2025 and the Board has authorised the Chairman of the Board to sign it on behalf of the Board.

Electronic signature of the Chairman of the Board relates to the Annual Report as a single document on pages 1 to 35. Electronic signature of the chief accountant Dace Langada relates to the financial statements on pages 10 to 35.

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Independent Auditor's Report

To the shareholders of AS "SAF Tehnika"

Report on the audit of the separate and consolidated financial statements

Our Opinion

We have audited accompanying separate financial statements of AS "SAF Tehnika" ("the Company") and consolidated financial statements of AS "SAF Tehnika" and its subsidiaries (together - "the Group") contained in the digital file: 48510000F6NVA4T63P67-2025-06-30-0-lv.zip (SHA-256-checksum: D9CDA3AA4395CEF405FD058D587A0A88D128BA2A451FEB33EFF9A3C83956E3D9).

Accompanying separate financial statements and consolidated financial statements (together – "Financial statements") comprise:

- the separate and consolidated statement of financial position as at 30 June 2025,
- the separate and consolidated statement of profit or loss and other comprehensive income for the year then ended,
- the separate and consolidated statement of changes in equity for the year then ended,
- the separate and consolidated statement of cash flows for the year then ended, and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the separate financial position of the Company and consolidated financial position of the Group as at 30 June 2025, and of their separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Council (body equivalent to the Audit Committee) dated 30 October 2025.

Basis for Opinion

In accordance with the Law on Audit Services of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and independence requirements included in the Law on Audit Services of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) and Law on Audit Services of the Republic of Latvia.

To the best of our knowledge and belief, we declare that we have not provided to the Company or its subsidiaries any non-audit services prohibited in accordance with Article 37.[6] of the Law on Audit Services of the Republic of Latvia.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Translation note:
This version of our report is a translation from the original, which was prepared in Latvian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.
This independent auditor's report (translation of the Latvian original) should only be used with the original document submitted to the Riga Stock Exchange in machine-readable .xhtml format (https://nasdaqbaltic.com).

Key audit matter	*How our audit addressed the key audit matter*
<u>*Valuation of inventory*</u> Refer to Note 2 “Material accounting policies section J “Inventories” and Note 8 “Inventories” to the financial statements. We focused on this area because inventories represent a significant part of the Company’s and Group’s assets. During the previous few years, the Company and the Group were forced to create reserves of raw materials and finished products in order to be able to successfully fulfil the orders received from customers and to ensure the continuity of production in the conditions of the uncertainty of the raw materials market, which, when sales forecasts were not fulfilled, resulted in a large amount of slow moving inventory. Given these factors as well as the rapid development of the technology industry, the valuation of inventories is of significant importance, including the determination of the obsolescence and net realizable value of inventories, which includes subjective estimates and may have a material effect on the Company's and the Group's financial performance. In accordance with our professional judgment, based on our understanding and accumulated audit experience about the Company's and the Group's inventory valuation processes and internal control procedures, we did not identify inventory valuation as area of a significant risk in our audit. However, the audit of inventory area requires a significant amount of time and resources from the auditors, given its importance and magnitude. Thus, this area is considered a key audit matter. As disclosed in Note 8 to the Financial statements, the balance sheet value of inventories as at 30 June 2025 amount to EUR 12,9 million (the Company) and EUR 13,9 (the Group). As at 30 June 2025 the estimated inventory impairment allowance constituted EUR 3,9 million with regard to both the Company and the Group which is EUR 1,2 million less than at the end of the previous year. The process of determining the cost of inventories involves the use of certain management estimates for the allocation of overheads. For each age category of inventories, a provision is made in accordance with the Group's provisioning policy for slow-moving inventories, by grouping the inventories according to the period during which they have not moved, and applying a percentage set by the management to determine the impairment allowance.	Our audit procedures, amidst others, included the following: • we inquired the management of the Company and the Group, the employees in charge, in order to gain an understanding of the policy applied by the Company and the Group for the purchasing of materials, taking into account the significant challenges existing in the global markets of raw materials needed for the production process; • we assessed whether the accounting policies in relation to valuation of inventories comply with IFRS Accounting Standards; • we evaluated the results of operations of the internal control structures in inventory-count performance and other control procedures performed; • we participated in the year-end inventory counts, observing the inventory-count procedures and performance and reviewing the results of the inventory counts; • we tested, on a random selection basis, the adequacy of costing of inventory items; • we performed detailed analytical procedures by reconciling the profit ratios on the sale of goods to the sales policies as developed by the management; • we reviewed the inventory turnover ratios, subsequent usage of inventories after provisions had been recognised, and checked the ageing analysis of inventory and evaluated the adequacy of provisions made against the provisioning policies developed by the management; • we selected, on a random basis, finished goods items and compared their carrying amount with the selling price after the end of the reporting year to determine whether there have been instances where the selling price has been lower than the carrying amount of inventories. • we tested the disclosures in the financial statements in respect of inventory valuation.

Reporting on Other Information

Management is responsible for the other information. The other information comprises:

- the Management report, as set out on pages 3 to 4 of the accompanying annual report,
- the Statement of Board’s Responsibility, as set out on page 5 of the accompanying annual report,
- the Statement of Corporate Governance, set out in separate document prepared by the Group’s management and available on the Company’s website http://www.saftehnika.com/;
- the Remuneration Report, set out in separate document prepared by the Group’s management and available on the Company’s website http://www.saftehnika.com/.

Our opinion on the financial statements does not cover the other information included in the Annual Report as described above, and we do not express any form of assurance conclusion thereon, except as described in the *Other reporting responsibilities in accordance with the legislation of the Republic of Latvia* section of our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the entity and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and Group's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation;
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and objectivity, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<u>Other reporting responsibilities in accordance with the legislation of the Republic of Latvia</u>

In addition, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report has been prepared in accordance with the requirements of the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

In accordance with the Law on Audit Services of the Republic of Latvia with respect to the Statement of Corporate Governance, our responsibility is to consider whether the Statement of Corporate Governance includes the information referred to in Article 56.[1], section 1, clauses 3, 4, 6, 8 and 9, as well as Article 56.[2], section 2, clause 5 of the Financial Instruments Market Law and whether it includes the information stipulated in Article 56.[2], section 2, clauses 1, 2, 3, 4, 7 and 8 of the Financial Instruments Market Law.

In our opinion, the Statement of Corporate Governance includes, in all material aspects, the information required in accordance with Article 56.[1], section 1, clauses 3, 4, 6, 8 and 9, as well as Article 56.[2], section 2, clause 5 of the Financial Instruments Market Law and includes the information stipulated in Article 56.[2], section 2, clauses 1, 2, 3, 4, 7 and 8 of the Financial Instruments Market Law.

In accordance with the Law on Audit Services of the Republic of Latvia, our responsibility is to consider whether the Remuneration Report includes the information referred to in Article 59.[4] of the Financial Instruments Market Law.

In our opinion, the Remuneration Report includes, in all material aspects, the information referred to in Article 59.[4] of the Financial Instruments Market Law.

<u>Report on Other Legal and Regulatory Requirements</u>

Report on the Auditors Examination of the European Single Electronic Format (ESEF) Report

Based on our agreement we have been engaged by the management of the Group's parent company to conduct a reasonable assurance engagement for the verification of compliance of the Consolidated financial statements for the year ended 30 June 2025 contained in the digital file 48510000F6NVA4T63P67-2025-06-30-0-lv.zip (SHA-256-checksum: D9CDA3AA4395CEF405FD058D587A0A88D128BA2A451FEB33EFF9A3C83956E3D9) with the applicable requirements of the European Single Electronic Reporting format (thereafter – ESEF).

Description of a subject and applicable criteria

The Single Electronic Reporting Format of the Consolidated financial statements has been applied by the management to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a Single Electronic Reporting Format (thereafter - the ESEF Regulation). The applicable requirements regarding the Single Electronic Reporting Format of the Consolidated financial statements are contained in the ESEF Regulation.

The requirements described in the preceding paragraph determine the basis for application of the Single Electronic Reporting Format of the Consolidated financial statements and, in our view, these requirements constitute appropriate criteria to form a reasonable assurance conclusion.

Responsibilities of management and those charged with governance

Management is responsible for the application of the Single Electronic Reporting Format of the Consolidated financial statements that complies with the requirements of the ESEF Regulation. This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Single Electronic Reporting Format of the Consolidated financial statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process, which should also be understood as the preparation of Consolidated financial statements in accordance with the format resulting from the ESEF Regulation.

Auditor's responsibility

Our objective is to obtain reasonable assurance in order to express a conclusion on whether the Consolidated financial statements prepared in the Single Electronic Reporting Format comply with the ESEF regulation.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits and Reviews of Historical Financial Information" (thereafter - the ISAE 3000 (R)). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Single Electronic Reporting Format of the Consolidated financial statements is prepared, in all material aspects, in accordance with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance ISAE 3000 (R) will always detect the existing material misstatement (significant noncompliance with the requirements).

Quality management requirements

We apply the provisions of the International Standards on Quality Management (IAASB) and accordingly maintain a comprehensive quality management system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Single Electronic Reporting Format of the Consolidated financial statements was applied, in all material aspects, in accordance with the applicable requirements and such application is free from material errors or omissions.

Our procedures include in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Single Electronic Reporting Format of the Consolidated financial statements, including the preparation of the XHTML format and marking up the Consolidated financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the Consolidated financial statements using the iXBRL markup language according to the requirements of the implementation of Single Electronic Reporting Format as described in the ESEF Regulation;
- evaluating the appropriateness of the Group's' use of iXBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, the Single Electronic Reporting Format of the Consolidated financial statements for the year ended 30 June 2025 complies, in all material respects, with the ESEF Regulation.

Appointment

We were first appointed as auditors for the Company's and Group's financial statements for the year ended 30 June 2016. This is the tenth consecutive year of our appointment as auditors. Our appointment for the year ended 30 June 2025 was by resolution of general meeting of shareholders dated 4 December 2024.

The certified auditor-in-charge of the audit resulting in this independent auditor's report is Lolita Čapkeviča.

On behalf of
SIA Potapoviča un Andersone,
Ūdens street 12-45, Riga, LV-1007
Certified Auditors Company licence No. 99

/digitally signed/

Lolita Čapkeviča
Certified Auditor-in-charge
Certificate No. 120
Member of the Board

Translation note:
This version of our report is a translation from the original, which was prepared in Latvian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.
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