

SAF Tehnika A/S
Consolidated Interim Report
for Q4 and 12 month of financial year 2018/2019
(July 1, 2018 – June 30, 2019)

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KEY DATA

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

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

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

SAF Tehnika JSC is a public joint stock company incorporated under the laws of the Republic of Latvia. The shares of AS SAF Tehnika are quoted on Nasdaq Riga stock exchange.

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Share and Shareholdings

SAF Tehnika shareholders (over 5%) as of 30.06.2019.

Shareholder	Ownership interest (%)
Didzis Liepkalns	17.05%
SIA „Koka zirgs”	10.75%
Andrejs Grišāns	10.03%
Normunds Bergs	9.74%
Juris Ziema	8.71%

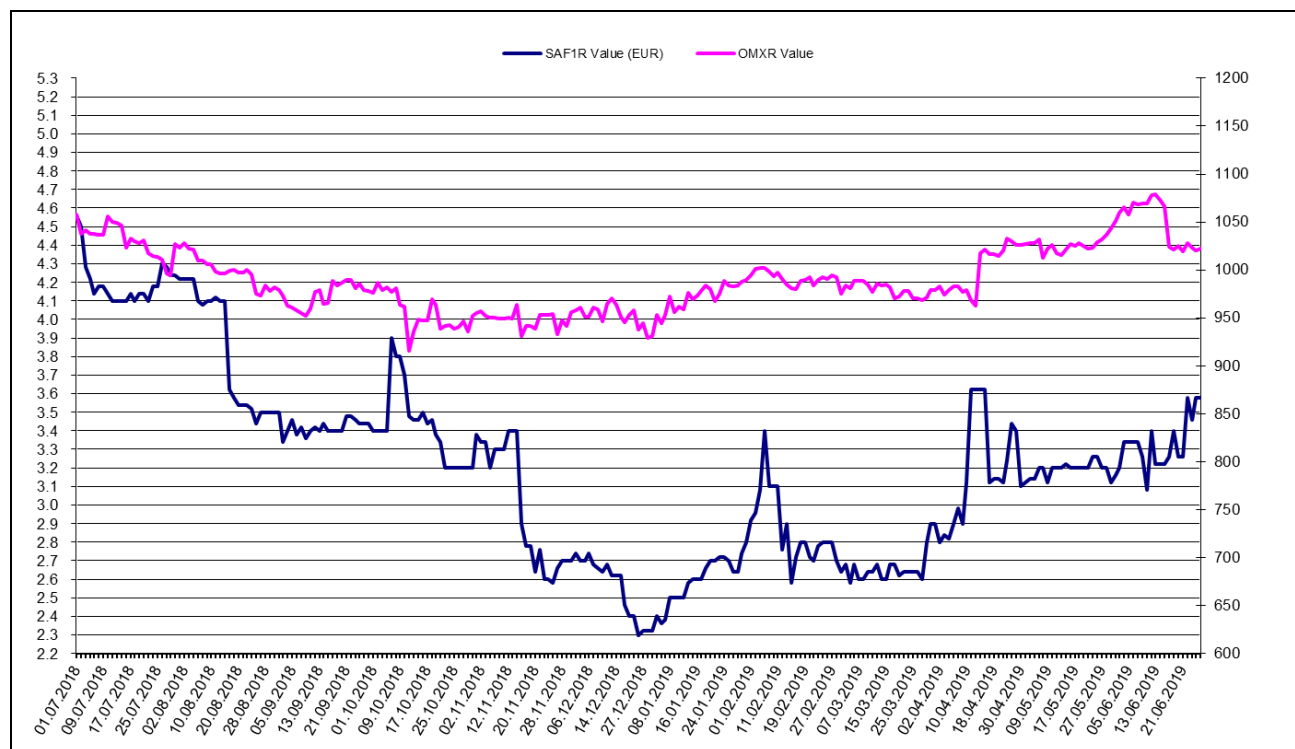
SAF Tehnika share price and OMX Riga index development for the reporting period

SAF Tehnika (SAF1R)

Period: July 1, 2018 – June 30, 2019

Currency: EUR

Marketplace: Nasdaq Riga



Information on Management and Supervisory Board members

SAF Tehnika Management Board:

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

SAF Tehnika Supervisory Board:

Name	Position	Ownership interest (%)
Juris Zieme	Chairman	owns 8.71% of shares
Andrejs Grisans	Vice-Chairman	owns 10.03% of shares
Ivars Senbergs	Member	owns 2 shares
Aira Loite	Member	owns 7700 shares
Sanda Salma	Member	owns no shares

Information on professional and educational background of the management board members

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

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

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

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

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

Information on professional and educational background of the supervisory council members

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

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

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

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

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

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

Statement of Board's Responsibilities

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


The consolidated financial statements are prepared in accordance with the source documents and present fairly the consolidated financial position of the Group as of 30 June, 2019 and the consolidated results of its financial performance and cash flows for the quarter then ended.

The above mentioned financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and are prepared on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. The consolidated interim financial statements have been prepared based on the same accounting principles applied in the Consolidated Financial Statements for the year ended on June 30, 2018.

Prudent and reasonable judgments and estimates have been made by the management in the preparation of the financial statements.

The Board of SAF Tehnika JSC is responsible for the maintenance of proper accounting records, the safeguarding of the Group's assets and the prevention and detection of fraud and other irregularities in the Group. The Board is responsible for compliance with the requirements of normative acts of the countries the Group operates in (Latvia and United States of America).

The interim financial statements have been prepared in Euro.



Zane Jozepa
CFO, Member of the Management Board

Management Report

The Group's unaudited consolidated net turnover of the fourth quarter (Q4) of the financial year (FY) 2018/2019 was 3.83 million euros, which is 28% more than in Q4 of the FY 2017/2018.

The turnover in North/Latin Americas was 53%, or 2 million euros. Compared with the same quarter last financial year, the region's turnover increased by 17%.

Sales in the European and CIS region was 43%, or 1.64 million euros, which exceeds the volume of the 4th quarter of the previous financial year by 70%. It is also the highest quarterly turnover since the beginning of the previous FY 2017/2018.

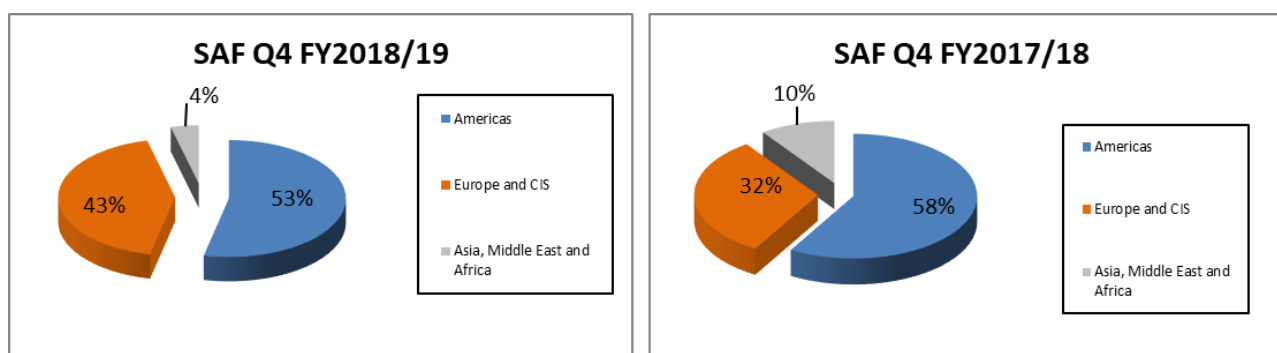
The AMEA (Asia, Middle East, Africa) region had the turnover of 4%, or 150 thousand euros. Compared with the same quarter last FY, the region's turnover decreased by 50%.

During the reporting period, SAF Tehnika participated in a number of trade fairs, including the world's largest broadcaster show – NAB Show 2019 (USA), the International Microwave Symposium (USA) and Critical Communications World (USA), as well as in a series of smaller events like APCO (USA), Entelec (USA), PBS Techcon (USA) and UTC Telecom & Technology (USA). Aranet products were also presented at one of the largest horticultural exhibitions – GreenTech.

In June, SAF Tehnika released a long-awaited Integra-X with cross polarization support (XPIC) and enhanced Ethernet functionality, thus continuing to expand its range of products. Also, a number of new solutions were added to the Aranet product family, such as the PAR sensor which measures the amount of light the plants are exposed to, a new temperature sensor, and others.

In early April, SAF Tehnika's microwave spectrum analyzer Spectrum Compact 70-87GHz won the EDI CON 2019 Innovation Award. The EDI CON Product Innovation Award honors products introduced during the previous year that have had the greatest impact on the industry, providing the tools necessary to bring on the next generation of electronic design innovations.

Comparative charts of Q4 sales volumes by regions:

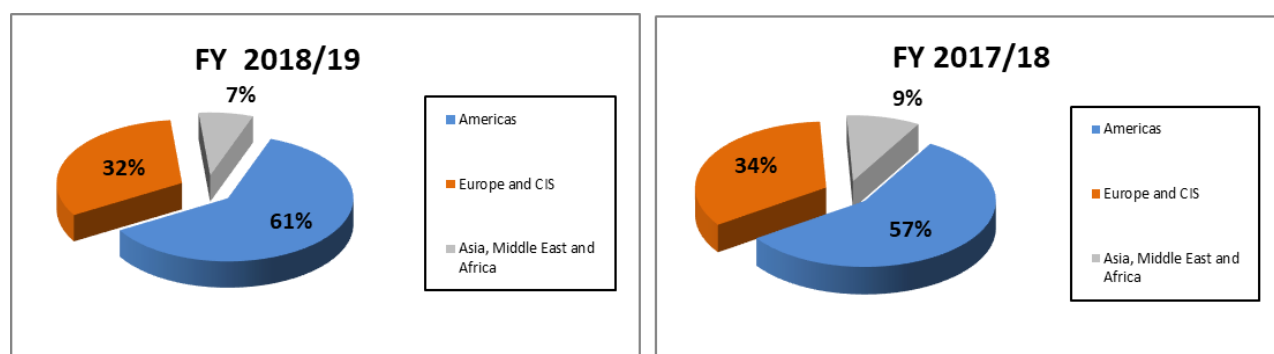


During the reporting quarter, the Group sold its products to 51 countries.

The Group's unaudited consolidated turnover of the FY 2018/2019 was 14.44 million euros, which is 8% more compared to the revenues of the same period in the previous financial year.

During the period of 12 months, sales in North/Latin Americas made 61% of the total Group's turnover, or 8.8 million euros, which is an increase of 15% against the result of the previous financial year. 32% of the total turnover was made by profits in the European and CIS region, having increased by 2%, or 4.6 million euros, compared with a year earlier. Revenues from the AMEA (Asia, Middle East, Africa) region decreased by 17%, or 203 thousand euros, thus making 7% of the Group's total 12-month turnover.

Comparative charts of 12-month sales volumes by regions:



The Group's expenditures did not exceed the planned levels but were generally higher than those of the same period a year ago due to investments to promote sales in existing and new market segments. The Group continues to invest in designing of new products and product modifications.

The Group completed the Q4 of the FY 2018/2019 with a profit of 97 thousand euros (unaudited). Profit for the Q4 of the previous year was 2 thousand euros.

The unaudited consolidated result of the FY 2018/2019 is the loss of 414 thousand euros. The Group's result of the previous FY 2017/2018 was the loss of 219 thousand euros.

The Group's net cash flow for the financial year is negative and amounts to 0.5 million euros. The Group's net cash balance at the end of the period was 2.6 million euros. In the financial year 2018/2019, 444 thousand euros were invested in acquisition of fixed assets.

Market Overview

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

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

Guidelines

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

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

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

On 30 June 2019, the Group had 196 employees (there were 187 employees on 30 June 2018).

KEY indicators

	Q4 2018/19	Q4 2017/18	Q4 2016/17
	EUR	EUR	EUR
Net Sales	3,830,667	3,000,693	5,116,774
Earnings before interest, taxes and depreciation (EBITDA)	302,031	-49,263	1,094,718
<i>share of the turnover %</i>	8%	-2%	21.4%
Profit/loss before interest and taxes (EBIT)	129,342	-150,520	996,092
<i>share of the turnover %</i>	3%	-5%	19%
Net Profit	97,682	6,810	583,001
<i>share of the turnover %</i>	3%	0%	11%
Total assets	13,228,163	11,565,987	15,061,775
Total Owners equity	9,467,105	9,881,555	12,076,210
Return on equity (ROE) %	0.72%	0.06%	4.02%
Return on assets (ROA) %	1.04%	0.07%	4.95%
Liquidity ratio			
<i>Quick ratio %</i>	96%	186%	218%
<i>Current ratio %</i>	180%	304%	281%
Earnings per share	0.03	0.00	0.20
Last share price at the end of period	3.58	4.56	4.85
P/E	-25.57	-65.14	8.36
Number of employees at the end of reporting period	196	187	191

Consolidated Statement of Financial Position

	Note	30.06.2019	30.06.2018
CURRENT ASSETS		EUR	EUR
Cash and bank		2 620 594	3 126 535
Customer receivables	1		
Accounts receivable		1 825 639	1 727 346
Allowance for uncollectible receivables		-12 646	-16 360
Total		1 812 992	1 710 986
Other receivables			
Other current receivables	2	57 420	70 273
Short-term operating lease	4	312 538	0
Short-term loans		101 328	214 445
Total		471 285	284 718
Prepaid expenses			
Prepaid taxes		41 742	184 793
Other prepaid expenses		213 499	196 361
Total		255 241	381 154
Inventories	3		
Raw materials		1 987 998	1 269 602
Work-in-progress		2 196 369	2 068 567
Finished goods		1 889 004	1 719 708
Prepayments to suppliers		86 655	192 977
Total		6 160 026	5 250 854
TOTAL CURRENT ASSETS		11 320 139	10 754 247
NON-CURRENT ASSETS			
Long-term financial assets			
Long-term operating lease	4	1 029 653	0
Investments in other companies		8 106	8 106
Long-term receivables	1	1 633	1 905
Total		1 039 392	10 011
NON-CURRENT physical assets	5		
Plant and equipment		4 191 678	4 040 907
Other equipment and fixtures		2 037 639	1 958 001
Accumulated depreciation		-5 497 699	-5 341 569
Other long-term assets		191	1 724
Total		731 810	659 063
Intangible assets	5		
Purchased licenses, trademarks etc.		136 822	142 665
Total		136 822	142 665
TOTAL NON-CURRENT ASSETS		1 908 024	811 739
TOTAL ASSETS		13 228 163	11 565 986

LIABILITIES AND OWNERS' EQUITY	Note	30.06.2019	30.06.2018
CURRENT LIABILITIES		EUR	EUR
Debt obligations			
Short-term loans from financial institutons		390	113
Customer prepayments for goods and services		188 034	198 386
Accounts payable		1 090 251	721 982
Accrued short-term operating lease liabilities	4	312 538	0
Tax liabilities		91 246	101 705
Salary-related accrued expenses	6	664 918	547 103
Provisions for guarantees		7 931	11 184
Deffered income		375 913	108 478
TOTAL CURRENT LIABILITIES		2 731 220	1 688 951
Accrued long-term operating lease liabilities	4	1 029 837	0
TOTAL NON-CURRENT LIABILITIES		1 029 837	0
TOTAL LIABILITIES		3 761 058	1 688 951
OWNERS' EQUITY			
Share capital		4 158 252	4 158 252
Paid in capital over par		2 851 726	2 851 726
Other reserves		8 530	8 530
Retained earnings		2 855 657	3 074 985
Net profit for the financial year		-414 299	-219 328
Currency translation reserve		7 239	2 870
TOTAL OWNERS' EQUITY		9 467 105	9 877 035
TOTAL LIABILITIES AND OWNERS' EQUITY		13 228 163	11 565 986

Consolidated Statement of Profit or Loss for 12 month of the financial year 2018/2019

	Note	30.06.2019	30.06.2018
		EUR	EUR
Net sales	7	14 443 273	13 411 294
Other operating income		90 018	331 632
Total income		14 533 291	13 742 926
Direct cost of goods sold or services rendered		-6 553 857	-5 590 913
Marketing, advertising and public relations expenses		-712 868	-674 577
Bad receivables	8	3 847	17 621
Operating expenses		-1 175 867	-1 422 745
Salaries and social expenses	9	-5 124 851	-4 920 144
Bonuses and social expenses	9	-876 457	-685 118
Depreciation expense		-388 616	-389 273
Amortization of operating lease		-149 072	0
Other expenses		-62 267	-38 731
Operating expenses		-15 040 008	-13 703 880
EBIT		-506 717	39 046
Financial income (except ForEx rate difference)		31 214	21 401
Financial costs (except ForEx rate difference)		-11 008	-41
Foreign exchange +gain/(loss)		81 830	-191 939
Financial items		102 036	-170 579
EBT		-404 681	-131 533
Corporate income tax		-9 618	-87 795
Profit after taxes		-414 299	-219 328
Net profit/(loss)		-414 299	-219 328

*Earnings per share

EPS 30.06.2019. = -0.14 EUR

EPS 30.06.2018. = -0.07 EUR

Consolidated Statement of Profit or Loss for Q4 of the financial year 2018/2019

	30.06.2019	30.06.2018
	EUR	EUR
Net sales	3 830 667	3 000 693
Other operating income	57 042	61 714
Total income	3 887 709	3 062 407
Direct cost of goods sold or services rendered	-1 579 270	-1 117 896
Marketing, advertising and public relations expenses	-174 972	-195 406
Bad receivables	12 603	3 562
Operating expenses	-248 404	-345 139
Salaries and social expenses	-1 319 157	-1 225 433
Bonuses and social expenses	-244 826	-222 847
Depreciation expense	-98 100	-101 257
Amortization of operating lease	-74 589	0
Other expenses	-31 652	-8 510
Operating expenses	-3 758 367	-3 212 925
EBIT	129 342	-150 518
Financial income (except ForEx rate difference)	8 809	5 360
Financial costs (except ForEx rate difference)	-1 992	-4
Foreign exchange +gain/(loss)	-35 596	149 016
Financial items	-28 779	154 372
EBT	100 563	3 854
Corporate income tax	-2 881	-1 458
Net profit/(loss)	97 682	2 396

*Earnings per share

EPS 30.06.2019. = 0.03 EUR

EPS 30.06.2018. = 0.00 EUR

Consolidated cash flow statement for 12 months of the financial year 2018/2019

	30.06.2019	30.06.2018
	EUR	EUR
CASH GENERATED FROM OPERATIONS (of which)	-264 438	-1 265 545
Cash received from customers	16 575 269	14 428 725
Cash paid to suppliers and employees	-17 077 362	-15 582 159
Paid/Received VAT, corporate income tax	237 656	-112 111
NET CASH USED IN INVESTING ACTIVITIES (of which)	-412 998	-211 127
Cash paid for purchasing shares in subsidiary	0	-5 958
Cash paid for purchasing non-current physical assets	-443 903	-225 983
Interest received	30 905	20 814
NET CASH USED IN FINANCING ACTIVITIES (of which)	211 502	-1 813 185
Short-term loans	118 629	-214 445
Repayment of short-term loans	277	-10 284
Cash received from EU funds	92 596	401 565
Dividends paid	0	-1 990 021
Effects of exchange rate changes	-37 472	-91 996
TOTAL CASH FLOW:	-503 406	-3 381 853
Cash and cash equivalents as at the beginning of period	3 124 000	6 508 388
Cash and cash equivalents as at the end of period	2 620 594	3 126 535
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	-503 406	-3 381 853

Statement of changes in consolidated equity for the 12 month period ended June 30, 2019

	Share capital	Share premium	Other reserves	Currency translation reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR
As at 30 June 2017	4 158 252	2 851 726	8 530	5 207	5 065 006	12 088 721
Dividend relating to 2016/2017	-	-	-	-	-1 990 021	-1 990 021
Currency translation difference	-	-	-	-3 195	-	-3 195
Profit for the year	-	-	-	-	-219 328	-219 328
As at 30 June 2018	4 158 252	2 851 726	8 530	2 012	2 855 657	9 876 177
Currency translation difference	-	-	-	5 227	-	5 227
Profit for the period	-	-	-	-	-414 299	-414 299
As at 30 June 2019	4 158 252	2 851 726	8 530	7 239	2 441 358	9 467 105

Notes for interim report

Note 1 Customer receivables

	30.06.2019	30.06.2018
	EUR	EUR
Long-term receivables	1 633	1 905
Accounts receivable	1 825 639	1 727 346
Provisions for bad and doubtful accounts receivable	(12 646)	(16 360)
Total short term accounts receivable	1 812 992	1 710 986
Total receivables	1 814 625	1 712 891

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

Note 2 Other current receivables

	30.06.2019	30.06.2018
	EUR	EUR
Other current receivables	57 420	70 273

Other current receivables include the amounts of calculated co-financing from Investment and Development Agency of Latvia (LIAA) for export and competitiveness projects. In 2018, the item included funding for the development project administered by the competence center "LEO Pētījumu centrs".

Note 3 Inventories

	30.06.2019	30.06.2018
	EUR	EUR
Raw materials	2 652 598	1 749 564
Allowance for slow-moving items	(664 600)	(479 962)
Work-in-progress	2 196 369	2 068 567
Finished goods	1 889 004	1 719 708
Prepayments to suppliers	86 655	192 977
	6 160 026	5 250 854

As compared to 30 June 2018, total inventories increased by 17%.

The Group maintains the amount of raw materials and auxiliary supplies at the defined level to be able to deliver all products in the Group's product portfolio within the competitive timeframes.

The Group's inventories must include previously produced and sold equipment components in order to provide corresponding maintenance service.

Note 4 Operating lease – assets and liabilities

	30.06.2019 EUR	30.06.2018 EUR
Short-term operating lease	312 538	-
Long-term operating lease	1 029 653	-
	1 342 191	-
Accrued short-term operating lease liabilities	312 538	-
Accrued long-term operating lease liabilities	1 029 837	-
	1 342 375	-

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

Note 5 Non-current, intangible assets

	30.06.2019 EUR	30.06.2018 EUR
Plant and equipment	4 191 678	4 040 907
Other equipment and fixtures	2 037 639	1 958 001
Accumulated depreciation	(5 497 699)	(5 341 569)
Other long term assets	191	1 724
	731 810	659 063
Purchased licenses, trademarks etc.	136 822	142 665
Other long-term intangible assets	136 822	142 665
	868 632	801 728
Total non-current, intangible assets	4 191 678	4 040 907

During FY 2018/19, the Group acquired fixed assets and intangible assets in the amount of 444 thousand euros – mainly, in order to ensure production and testing processes, as well as to acquire office equipment.

Note 6 Salary-related accrued expenses

	30.06.2019 EUR	30.06.2018 EUR
Salary-related accrued expenses	664 918	547 103

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

Note 7 Segment information

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

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

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

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

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

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

This note provides information about division of the Group's turnover and balance items by structural units by product type for 12 month of the financial year 2018/19 and financial year 2017/18.

	CFM; CFIP; FreeMile		Other		Total	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
	EUR	EUR	EUR	EUR	EUR	EUR
Segment assets	8 022 882	6 969 430	1 253 568	1 295 042	9 276 450	8 264 472
Undivided assets					3 951 713	3 301 514
Total assets					13 228 163	11 565 986
Segment liabilities	1 383 268	1 076 703	125 742	65 325	1 509 010	1 142 028
Undivided liabilities					2 252 048	546 923
Total liabilities					3 761 058	1 688 951
Net sales	13 272 540	12 607 910	1 170 733	803 384	14 443 273	13 411 294
Segment results	4 450 484	4 280 809	763 356	457 202	5 213 840	4 738 011
Undivided expenses					-5 810 575	-5 030 597
Profit from operations					-596 735	-292 586
Other income					90 018	331 632
Financial income (except ForEx rate difference)					31 214	21 401
Financial costs (except ForEx rate difference)					-11 008	-41
Foreign exchange +gain/(loss)					81 830	-191 939
Profit before taxes					-404 681	-131 533
Corporate income tax					-9 618	-87 795
Profit after taxes					-414 299	-219 328
Net profit					-414 299	-219 328

Other information

Additions of property plant and equipment and intangible assets	137 068	161 388	0	0	137 068	161 388
Undivided additions					323 445	182 891
Total additions of property plant and equipment and intangible assets					460 513	344 279
Depreciation and amortization	307 586	216 257	0	0	307 586	216 257
Undivided depreciation					230 102	173 016
Total depreciation and amortization					537 688	389 273

b) This note provides information about division of the Group's turnover and assets by geographical regions (customer location) for 12 month of the financial year 2018/19 compared to the same period of financial year 2017/18.

	Net sales		Assets	
	2018/19	2017/18	30.06.2019	30.06.2018
	EUR	EUR	EUR	EUR
Americas	8 804 788	7 659 267	1 245 938	1 372 016
Europe, CIS	4 621 980	4 532 060	518 087	280 376
Asia, Africa, Middle East	1 016 505	1 219 967	50 599	60 499
	14 443 273	13 411 294	1 814 625	1 712 891
Unallocated assets	-	-	11 413 538	9 853 096
	14 443 273	13 411 294	13 228 163	11 565 987

Note 8 Bad receivables

	30.06.2019	30.06.2018
	EUR	EUR
Bad receivables	<u>(3 847)</u>	<u>17 621</u>

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

Note 9 Salaries, bonuses and social expenses

	30.06.2019	30.06.2018
	EUR	EUR
Salaries and social expenses	5 124 851	4 920 144
Bonuses and social expenses	876 457	685 118
	<u>6 001 308</u>	<u>5 605 262</u>

As compared to the period of 12 months of FY 2017/2018, the amount of salaries and related social payments has increased by 7%, which reflects the changes in staff composition. (employees with critical competencies).