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A/S „SAF Tehnika”

# Consolidated annual report and separate annual report

for the year ended 30 June 2026
(Translation from Latvian)

Translation note: This version 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 the document takes precedence over this translation.

**A/S „SAF TEHNIKA"**
**CONSOLIDATED ANNUAL REPORT AND SEPARATE ANNUAL REPORT**
**FOR THE YEAR ENDED 30 JUNE 2026**

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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 have enabled it to develop a range of innovations, including the launch and further development of the Spectrum Compact series of the world's smallest microwave spectrum analyzers, as well as the creation of the Aranet brand of wireless sensor network solutions.

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

In FY 2025/2026, the Group's net turnover amounted to EUR 51.42 million, which is EUR 25.42 million, or 97.8%, more than in the previous financial year 2024/2025. The net turnover of the Parent Company amounted to EUR 45.78 million, representing an increase of EUR 23.85 million, or 108.8%.

The Group's revenue in the American region, covering North America, Central America and South America, amounted to EUR 17.86 million, compared with EUR 14.17 million in the previous financial year. This represents an increase of EUR 3.69 million, or 26.1%, with the region accounting for 34.7% of the Group's net turnover. Sales growth in the region during the reporting year was driven by both larger order volumes from existing customers and the acquisition of new customers and implementation of projects. Marketing, sales, product warehousing and logistics services for the Group's products in the US and Canada are provided by the US-based subsidiary SAF North America LLC.

In the European region, including Latvia, the Group's revenue reached EUR 29.17 million, an increase of EUR 19.13 million, or 190.4%, compared with the previous financial year. The substantial growth in regional sales was primarily driven by the expansion of the Group's product portfolio and the fulfilment of several major orders during the reporting year. The European region accounted for 56.7% of the Group's net turnover. Revenue in the Asia, Africa and Middle East region increased by EUR 2.61 million, or 146.3%, to EUR 4.39 million.

The global electronics and telecommunications equipment market continues to be affected by geopolitical uncertainty, trade tensions between the US and China, as well as changes in US trade policy and the imposition of customs tariffs on European Union goods. Although these developments have created additional uncertainty in international markets, they did not have a material adverse impact on the Group's sales volumes during the reporting period.

During the reporting year, the Group continued to develop new products and pursue product development initiatives with shorter implementation timelines. The Group also provided product-related services and continued to develop customized functionality for SAF Tehnika JSC products in response to specific customer requirements. The Group continues to actively research the market and identify key challenges in order to propose necessary product modifications and develop prototypes for next-generation technologies. At the same time, the Group continues to develop IoT solutions for both business and consumer segments, aiming to diversify its product portfolio, enhance the added value of SAF Tehnika's products and increase the Group's revenue.

In FY 2025/2026, the Group's revenue from sales outside Latvia amounted to EUR 50.7 million, accounting for 98.60% of the Group's net turnover. The Parent Company's revenue from sales outside Latvia amounted to EUR 45.06 million, accounting for 98.43% of its net turnover. During the reporting year, the Group sold its products in 83 countries worldwide.

At the end of FY 2025/2026, the Group's cash balance amounted to EUR 10.48 million (Parent Company: EUR 8.89 million), representing an increase of EUR 5.67 million (Parent Company: EUR 6.05 million) compared with the previous financial year-end. To ensure liquidity, the Parent Company continued to have access to financing under a credit line agreement with Luminor Bank AS for a total amount of EUR 4.95 million. At the end of the reporting period, the credit line remained undrawn.

During the reporting year, the Group invested EUR 1.5 million in production and research equipment, IT infrastructure, software and licenses, as well as product certification and premises renovation.

The Group's operations in previous years were affected by the global shortage of electronic components. To ensure order fulfilment within normal delivery times, the company regularly reviewed procurement volumes and delivery schedules, building up stocks of materials. As some suppliers are discontinuing the production of certain components, the company also purchases additional quantities of the required materials to mitigate potential supply risks. Although the overall situation regarding material availability and delivery times has improved, the company continues to purchase certain high-demand components in larger quantities in advance, maintaining sufficient stocks to ensure production continuity and fulfil new orders. The Group's inventories still include materials purchased in larger quantities in previous years. The total value of slow-moving inventory decreased by EUR 589 thousand 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 used to mitigate foreign exchange risk. Credit risk is managed by assessing the financial position of new and existing customers and adjusting contract terms to reflect the associated risks. To manage liquidity risk, the Group maintains adequate cash resources and access to a credit line to meet potential obligations. Cash flow risk is managed through careful planning and forecasting to support sustainable growth and stability.

The Group closed FY 2025/2026 with a profit of EUR 8.58 million (Parent Company: EUR 8.36 million), compared with a loss of EUR 643 thousand (Parent Company: EUR 552 thousand) in the previous financial year. The profit recorded during the reporting year was attributable to sales growth, including the fulfilment of several major orders, as well as improvements in production capacity that enabled the Group to meet increasing order volumes.

**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 product functionality and quality while reducing production costs. The Group also continued developing and enhancing the functionality of its Internet of Things (IoT) environmental monitoring solution, Aranet. Aranet is an industrial-grade wireless environmental monitoring solution that enables the measurement of various environmental parameters, including temperature, humidity, radon and $CO_2$ levels.

The groundwork has been laid for the launch of new products, as well as the improvement and redesign of existing ones. SAF Tehnika's products are technologically interconnected, and their development and availability enable the Group to offer a broader product range. During the reporting period, the Group received EUR 716 thousand in co-financing from competence center, LEO Pētījumu centrs SIA, for its product development projects.

**Future prospects**

SAF Tehnika JSC has extensive experience in the development and manufacturing of microwave transmission equipment. The Group continues to develop 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 will continue to develop competitive wireless data transmission products and specialized solutions for strategic market niches. The development of new products is closely linked to changes in manufacturing processes and supply chain management. Supply chain independence is particularly important in the defence sector. Accordingly, the Group is making targeted investments in expanding its production capacity in Latvia and strengthening its in-house capabilities, enabling it to carry out a greater proportion of key processes internally.

Although the hostilities in Ukraine do not have a direct impact on the Group's operations, overall uncertainty in the business environment persists. This uncertainty is compounded by the geopolitical situation in the Middle East, including risks related to Iran, which place additional pressure on supply chains and the availability of certain materials. The Group continues to monitor forecasts of potential cost increases and assess the related risks. By regularly reviewing procurement volumes and timelines, the company continues to maintain stocks of materials to ensure that most orders can be fulfilled within short lead times. This applies to all SAF product groups – microwave radios, spectrum analyzers, and Internet of Things (IoT) solutions.

The Group remains optimistic about its outlook for the coming periods; however, it maintains a cautious approach, and the Parent Company's Management Board refrains from making any statements regarding future sales volumes or financial results.

**Subsequent events**

Between the end of the reporting year and the date of signing these financial statements, no events have occurred that would materially affect the financial position of the Group and/or the Parent Company as of June 30, 2026, or their financial results and cash flows for the reporting year then ended.

**Board's proposal for the allocation of profit**

The Parent Company's Management Board proposes to distribute EUR 3 million of the profit for FY 2025/2026 as dividends and retain the remaining profit as retained earnings.

The Corporate Governance Report for FY 2025/2026 is being submitted to Nasdaq Riga together with separate and consolidated financial statements of SAF Tehnika JSC for the same financial year.

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 2026 and their results of financial performance and cash flows for the year ended on 30 June 2026.

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**

| | Note | Group As at 30 June 2026 EUR | Group As at 30 June 2025 EUR | Parent company As at 30 June 2026 EUR | Parent company As at 30 June 2025 EUR |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Long-term investments** | | | | | |
| Property, plant and equipment | 6 | 2 654 602 | 2 604 024 | 2 601 273 | 2 532 861 |
| Intangible assets | 6 | 616 312 | 474 286 | 616 312 | 473 510 |
| Right-to-use assets | 6 | 1 084 248 | 1 472 341 | 872 747 | 1 211 890 |
| Investments in subsidiaries | 7 | - | - | 496 331 | 53 905 |
| Long-term loans | | 3 187 | 4 914 | 3 187 | 4 914 |
| Investments in other companies | 7 | 202 701 | 209 183 | 307 285 | 209 183 |
| Deferred income tax asset | | 142 887 | 163 051 | - | - |
| **Total long-term investments** | | **4 703 937** | **4 927 799** | **4 897 135** | **4 486 263** |
| **Current assets** | | | | | |
| Inventories | 8 | 18 185 696 | 13 995 656 | 16 962 912 | 12 955 888 |
| Trade receivables | 9 | 2 899 630 | 1 300 924 | 1 050 232 | 321 252 |
| Due from related parties | 9, 27 | - | - | 998 621 | 512 419 |
| Other debtors | 10 | 1 602 839 | 797 847 | 1 578 082 | 797 488 |
| Corporate income tax | | 53 841 | 2 090 | - | - |
| Deferred expenses | | 253 318 | 248 121 | 169 629 | 171 034 |
| Cash and cash equivalents | 11 | 10 482 714 | 4 812 202 | 8 890 833 | 2 837 802 |
| **Total current assets** | | **33 478 038** | **21 156 840** | **29 650 309** | **17 595 883** |
| **Total assets** | | **38 181 975** | **26 084 639** | **34 547 444** | **22 082 146** |
| **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 | | 11 736 | 3 138 | - | - |
| Retained earnings | | 17 357 344 | 8 736 234 | 16 772 900 | 8 414 289 |
| Equity attributable to owners of the parent company | | 24 387 588 | 15 757 880 | 23 791 408 | 15 432 797 |
| Non-controlling interests | | (7 256) | - | - | - |
| **Total shareholders' equity** | | **24 380 332** | **15 757 880** | **23 791 408** | **15 432 797** |
| **LIABILITIES** | | | | | |
| **Long-term liabilities** | | | | | |
| Lease liabilities | 14 | 924 725 | 1 253 671 | 739 574 | 1 034 344 |
| Contract liabilities | 15 | 647 965 | 693 100 | 7 429 | 37 675 |
| **Total long-term liabilities** | | **1 572 690** | **1 946 771** | **747 003** | **1 072 019** |
| **Current liabilities** | | | | | |
| Trade and other payables | 13 | 8 422 050 | 3 530 882 | 7 205 492 | 2 959 985 |
| Contract liabilities | 15 | 3 389 149 | 4 452 333 | 2 329 293 | 1 919 627 |
| Short-term loans | 16 | 35 485 | 15 703 | 28 531 | 10 884 |
| Due to related parties | 27 | - | - | 106 574 | 347 691 |
| Lease liabilities | 14 | 382 269 | 381 070 | 339 143 | 339 143 |
| **Total current liabilities** | | **12 228 953** | **8 379 988** | **10 009 033** | **5 577 330** |
| **Total liabilities** | | **13 801 643** | **10 326 759** | **10 756 036** | **6 649 349** |
| **Total equity and liabilities** | | **38 181 975** | **26 084 639** | **34 547 444** | **22 082 146** |

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

**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 | |
|---|---|---|---|---|---|
| | | 2026 EUR | 2025 EUR | 2026 EUR | 2025 EUR |
| Revenue from contracts with customers | 17 | 51 419 228 | 25 994 294 | 45 778 405 | 21 924 653 |
| Cost of goods sold | 18 | (30 238 323) | (16 491 850) | (29 116 053) | (15 735 080) |
| **Gross profit** | | **21 180 905** | **9 502 444** | **16 662 352** | **6 189 573** |
| Sales and marketing expenses | 19 | (8 600 553) | (7 433 114) | (4 784 804) | (4 340 280) |
| Administrative expenses | 20 | (4 667 976) | (3 363 646) | (4 322 936) | (2 983 083) |
| **Profit/(loss) from operating activities** | | **7 912 376** | **(1 294 316)** | **7 554 612** | **(1 133 790)** |
| Other income | 21 | 1 163 826 | 703 445 | 1 118 495 | 673 447 |
| Financial income | 22 | 39 914 | 49 935 | 32 079 | 36 930 |
| Financial expenses | 23 | (100 532) | (111 693) | (139 967) | (128 376) |
| **Net finance profit/(loss)** | | **1 103 208** | **641 687** | **1 010 607** | **582 001** |
| Impairment of non-current assets | | (201 898) | - | (201 898) | - |
| Share of losses of equity-accounted companies (net of corporate income tax) | | (104 585) | - | - | - |
| **Profit/(loss) before tax** | | **8 709 101** | **(652 629)** | **8 363 321** | **(551 789)** |
| Corporate income tax | 24 | (131 580) | 9 987 | (4 710) | - |
| **Profit/(loss) of the reporting year** | | **8 577 521** | **(642 642)** | **8 358 611** | **(551 789)** |
| **Profit/(loss) for the reporting year attributable to:** | | | | | |
| Owners of the parent company | | 8 621 110 | (642 642) | 8 358 611 | (551 789) |
| Non-controlling interests | | (43 589) | - | - | - |
| **Other comprehensive income/ (loss)** | | | | | |
| Other comprehensive income that will be reclassified subsequently to profit or loss: | | | | | |
| Foreign operations - currency translation differences | | 9 954 | (35 429) | - | - |
| **Total comprehensive income/(loss)** | | **8 587 475** | **(678 071)** | **8 358 611** | **(551 789)** |
| **Total comprehensive income/(loss) attributable to:** | | | | | |
| Owners of the parent company | | **8 632 420** | **(678 071)** | **8 358 611** | **(551 789)** |
| Non-controlling interests | | **(44 945)** | **-** | **-** | **-** |
| **Basic and diluted profit/(loss) per share** (EUR per share): | 25 | 2.903 | (0.216) | 2.814 | (0.186) |

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

**Statement of changes in the shareholders' equity - the Group**

| | Equity attributable to owners of the parent company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium | Other reserves | Retained earnings | Foreign currency translation reserve | Total | Non-controlling interests | Total equity |
| | EUR | EUR | EUR | EUR | EUR | EUR | EUR | EUR |
| **Balance as at 1 July 2024** | **4 158 252** | **2 851 726** | **8 530** | **9 378 876** | **38 567** | **16 435 951** | **-** | **16 435 951** |
| **Total comprehensive loss** | **-** | **-** | **-** | **(642 642)** | **(35 429)** | **(678 071)** | **-** | **(678 071)** |
| Loss for the reporting year | - | - | - | (642 642) | - | (642 642) | - | (642 642) |
| Other comprehensive loss | - | - | - | - | (35 429) | (35 429) | - | (35 429) |
| **Balance as at 30 June 2025** | **4 158 252** | **2 851 726** | **8 530** | **8 736 234** | **3 138** | **15 757 880** | **-** | **15 757 880** |
| **Balance as at 1 July 2025** | **4 158 252** | **2 851 726** | **8 530** | **8 736 234** | **3 138** | **15 757 880** | **-** | **15 757 880** |
| **Total comprehensive income** | **-** | **-** | **-** | **8 621 110** | **8 598** | **8 629 708** | **(7 256)** | **8 622 452** |
| Non-controlling interests | - | - | - | - | - | - | 34 977 | 34 977 |
| Profit for the reporting year | - | - | - | 8 621 110 | - | 8 621 110 | (43 589) | 8 577 521 |
| Other comprehensive income | - | - | - | - | 8 598 | 8 598 | 1 356 | 9 954 |
| **Balance as at 30 June 2026** | **4 158 252** | **2 851 726** | **8 530** | **17 357 344** | **11 736** | **24 387 588** | **(7 256)** | **24 380 332** |

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

| | Share capital | Share premium | Other reserves | Retained earnings | Total |
|---|---|---|---|---|---|
| | EUR | EUR | EUR | EUR | EUR |
| ***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** |
| ***Balance as at 1 July 2025*** | **4 158 252** | **2 851 726** | **8 530** | **8 414 289** | **15 432 797** |
| **Total comprehensive income** | **-** | **-** | **-** | **8 358 611** | **8 358 611** |
| Profit for the reporting year | - | - | - | 8 358 611 | 8 358 611 |
| ***Balance as at 30 June 2026*** | **4 158 252** | **2 851 726** | **8 530** | **16 772 900** | **23 791 408** |

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

## Statement of cash flows

| | Note | Group For the year ended 30 June 2026 EUR | Group For the year ended 30 June 2025 EUR | Parent company For the year ended 30 June 2026 EUR | Parent company For the year ended 30 June 2025 EUR |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit/(loss) before taxes | | 8 709 101 | (652 629) | 8 363 321 | (551 789) |
| Adjustments for: | | | | | |
| - depreciation of property, plant and equipment | 6 | 1 112 773 | 1 027 425 | 1 070 659 | 982 562 |
| - amortization of intangible assets | 6 | 216 901 | 211 717 | 216 121 | 210 805 |
| - amortization of right-to-use assets | 6 | 394 248 | 386 729 | 339 143 | 339 143 |
| - change in valuation allowance for inventories | 8 | (588 862) | (1 238 890) | (588 862) | (1 238 890) |
| - change in provisions for guarantees | 13 | 994 863 | (9 535) | 994 863 | (9 535) |
| - change in provisions for unused vacations | 13 | 295 159 | 59 957 | 286 391 | 75 988 |
| - change in provision for expected credit losses | 9 | 23 255 | 4 288 | 25 060 | 1 556 |
| - change in impairment allowances for investments | 7 | 201 898 | - | 201 898 | - |
| - changes in the carrying amount of investments accounted for using the equity method | | 104 584 | - | - | - |
| - interest income | 22 | (49 935) | (49 935) | (32 079) | (36 930) |
| - interest expenses | 23 | 69 408 | 64 866 | 59 417 | 58 716 |
| - cash exchange rate fluctuations | | 60 600 | 99 049 | 5 426 | 156 946 |
| - government grants | 21 | (1 105 036) | (664 610) | (1 105 036) | (664 610) |
| - gain on disposal of fixed assets | | (78) | (3 424) | (78) | (3 424) |
| **Operating profit before changes in working capital** | | **10 438 879** | **(764 992)** | **9 836 244** | **(679 462)** |
| Decrease / (increase) in inventories | | (3 601 178) | 36 639 | (3 418 162) | 127 477 |
| (Increase)/ decrease in receivables | | (2 043 227) | (102 451) | (1 630 508) | 172 819 |
| Decrease in payables | | 2 527 089 | 3 765 058 | 3 097 847 | 2 127 154 |
| **Cash generated by operating activities** | | **7 321 563** | **2 934 254** | **7 885 421** | **1 747 988** |
| Government grants | 21 | 716 113 | 834 197 | 716 113 | 834 197 |
| Corporate income tax paid | | (152 255) | 103 509 | - | - |
| **Net cash from operating activities** | | **7 885 421** | **3 871 960** | **8 601 534** | **2 582 185** |
| **Cash flows from investing activities** | | | | | |
| Acquisition of property, plant and equipment | 6 | (1 167 813) | (641 221) | (1 144 604) | (586 891) |
| Proceeds from sale of property, plant and equipment | | 5 609 | 4 912 | 5 609 | 4 912 |
| Acquisition of intangible assets | 6 | (358 922) | (170 620) | (358 922) | (170 620) |
| Proceeds from sale of shares in other companies | 7 | - | 145 | - | 145 |
| Acquisition of investments in other companies | | (300 000) | - | (300 000) | - |
| Investments in subsidiaries | | - | | (442 427) | - |
| Loan repayment received | | 1 729 | 2 674 | 1 729 | 2 674 |
| Interest received | | 49 935 | 49 152 | 32 079 | 36 930 |
| **Net cash used in investing activities** | | **(1 769 462)** | **(754 958)** | **(2 206 536)** | **(712 850)** |
| **Cash flows from financing activities** | | | | | |
| Loans received/ (repaid) | 16 | 19 782 | (10 236) | 17 647 | (7 773) |
| Payment of principal amount of lease liabilities | 14 | (335 221) | (343 846) | (294 771) | (294 770) |
| Interest paid | 23 | (69 408) | (64 866) | (59 417) | (58 716) |
| **Net cash used in financing activities** | | **(384 847)** | **(418 948)** | **(336 541)** | **(361 259)** |
| **Net change in cash and cash equivalents** | | **5 731 112** | **2 698 054** | **6 058 457** | **1 508 076** |
| Cash and cash equivalents at the beginning of the year | | 4 812 202 | 2 213 197 | 2 837 802 | 1 486 672 |
| Effect of movements in exchange rates on cash held | | (60 600) | (99 049) | (5 426) | (156 946) |
| **Cash and cash equivalents at the end of the year** | 11 | **10 482 714** | **4 812 202** | **8 890 833** | **2 837 802** |

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

**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, to facilitate product sales in Canada. During the 2025/2026 financial year, a subsidiary was established in Colombia to continue carrying out the above-mentioned activities in the Latin American region.

During the 2025/2026 financial year, investment was made in the share capital of the associate company PLUFF SIA, which specialises in the manufacture of high-precision plastic moulds and components, and in the share capital of the subsidiary AeroVictory Baltic SIA, which will take over and further develop the expertise gained in Ukraine in drone development, ensuring technology transfer and the advancement of innovation in Europe.

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 2026. 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 2025 to 30 June 2026.

### 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.

*(b) Associated companies*
Associated companies are companies over which the Group has significant influence, but neither control nor joint control. Significant influence generally exists when the Group directly or indirectly holds at least 20% of the voting rights in a company.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Investments are initially recognised at cost and subsequently their carrying amounts are adjusted to reflect the Group's share of the associates' profit or loss and other comprehensive income after the acquisition date. Dividends received reduce the carrying amount of the investment.

The Group's share of the profit or loss of associates is recognised in the consolidated statement of profit or loss, while its share of other comprehensive income is recognised in the consolidated statement of other comprehensive income. Unrealised profits arising from transactions between the Group and its associates are eliminated to the extent of the Group's ownership interest. If there is objective evidence of impairment of an investment, the Group assesses its recoverable amount and, where necessary, recognises an impairment loss in the statement of profit or loss.

**Notes to the financial statements** (continued)

**2. Summary of applied key accounting principles** (continued)

**B Consolidation** (continued)

Subsidiaries and associated companies of the Group:

| Name | Country of residence | Share-holding | Equity of subsidiaries and associates | | Profit/ (loss) of subsidiaries and associates | |
|---|---|---|---|---|---|---|
| | | | 30.06.2026 EUR | 30.06.2025 EUR | 2025/2026 EUR | 2024/2025 EUR |
| Subsidiaries: | | | | | | |
| „SAF North America" LLC | United States of America | 100% | 777 160 | 346 586 | 420 657 | (94 953) |
| SAF Tehnika Asia Pte. Ltd. | Singapore | 100% | 33 741 | 32 401 | 929 | 4 100 |
| SAF LATAM S.A.S | Colombia | 51% | 13 292 | - | (37 681) | - |
| AeroVictory Baltic SIA | Latvia | 50.5% | 364 503 | - | (53 497) | - |
| Associated company: | | | | | | |
| PLUFF SIA | Latvia | 30% | 195 415 | - | (348 616) | - |

The financial statements of the Group's subsidiaries and associated companies 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.

*(c) 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 and associated companies**

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".

At each reporting date, the Parent Company assesses whether there are any indications of impairment of investments. If such indications exist, the recoverable amount of the investment is determined and, where necessary, impairment losses are recognised in profit or loss. 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 or published on oanda.com. 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 and, for COP, the exchange rate published on oanda.com. The effects of changes in foreign exchange rates are recognized in the statement of profit or loss.

| | 30.06.2026 | 30.06.2025 |
|---|---|---|
| 1 USD | 1.13940 | 1.17200 |
| 1 GBP | 0.86178 | 0.85550 |
| 1 CHF | 0.92240 | 0.93470 |
| 1 SGD | 1.47540 | 1.49410 |
| 1 CAD | 1.62200 | 1.60270 |
| 1 PLN | 4.29550 | 4.24230 |
| 1 COP | 0.00025 | 0.00021 |

**Notes to the financial statements** (continued)

**2. Summary of applied key accounting principles** (continued)

**D Foreign currency revaluation** (continued)

*(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:

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

**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.

**Notes to the financial statements** (continued)

**2. Summary of accounting principles used** (continued)

**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 |

**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 2025 and 30 June 2026, 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.

**Notes to the financial statements** (continued)

**2. Summary of accounting principles used** (continued)

**K Financial Instruments** (continued)

**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.

**M Corporate income tax and deferred 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.

**Notes to the financial statements** (continued)

**2. Summary of accounting principles used** (continued)

**O Revenue recognition** (continued)

***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.

***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.

**Notes to the financial statements** (continued)

**3. New and changed standards and interpretations**

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

The Group and the Parent Company have not entered into any transactions affected by the amendments to IAS 21 – Lack of Exchangeability, which apply to financial statements for annual reporting periods beginning on or after 1 January 2025.

**Future requirements:**

Several new standards or amendments to existing standards are effective for reporting periods beginning after 1 January 2025 (some of which have not yet been endorsed by the European Union), and early application is permitted.
The Group and the Parent Company have not early adopted any new or amended standards in preparing these financial statements.

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.

**New accounting pronouncements entering into force on or after 1 January 2026**

The following amendments to IFRS Accounting Standards, which have been endorsed for use in the EU, become effective on 1 January 2026:

- Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (introducing additional requirements for the classification of financial assets with contingent features and the settlement of liabilities through electronic payment systems);
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (introducing additional requirements for contracts relating to renewable electricity, addressing hedge accounting requirements and specific accounting considerations for electricity generated for own use);
- Annual Improvements to IFRS Accounting Standards – Volume 11 (introducing clarifications to several standards, providing additional explanations and addressing inconsistencies in terminology, without significant changes).

On 13 February 2026, IFRS 18 "Presentation and Disclosure in Financial Statements" was endorsed for use in the EU. It will replace the current IAS 1 "Presentation of Financial Statements" and will become effective for reporting periods beginning on or after 1 January 2027. The Group continues to assess the expected impact of IFRS 18 on its financial statements. The Group has concluded that the standard will not affect the recognition or measurement of any items in the financial statements. However, IFRS 18 will affect the presentation of items in the statement of profit or loss and other comprehensive income, including the introduction of new mandatory categories (operating, investing and financing) and new subtotals, such as operating profit. The Group and the Parent Company expect to reclassify certain income and expense items to align with the new categories. The standard will also require greater disaggregation of income and expenses. The management of the Group and the Parent Company is currently assessing the detailed impact of the new standard on the presentation of financial statement items. 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.

The above-mentioned amendments to the standards will not have a material impact on the financial statements of the Company and the Group.

**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 2025 and 30 June 2026 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.

**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 2026:

| **Group** | **EUR** | **USD** | **Other currencies** | **Total** |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Trade receivables, gross | 618 387 | 2 292 505 | 32 239 | 2 943 131 |
| Cash and cash equivalents | 8 855 883 | 1 221 474 | 405 357 | 10 482 714 |
| **Total** | **9 474 270** | **3 513 979** | **437 596** | **13 425 845** |
| | | | | |
| **Financial liabilities** | | | | |
| Liabilities | (1 116 446) | (1 702 262) | (11 705) | (2 830 413) |
| Loans | (28 531) | (6 954) | - | (35 485) |
| **Total** | **(1 144 977)** | **(1 709 216)** | **(11 705)** | **(2 865 898)** |
| **Net open positions** | **8 329 293** | **1 804 763** | **425 891** | **10 559 947** |

| **Parent company** | **EUR** | **USD** | **Other currencies** | **Total** |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Trade receivables, gross | 609 568 | 1 435 628 | 31 358 | 2 076 554 |
| Cash and cash equivalents | 8 412 795 | 228 305 | 249 733 | 8 890 833 |
| **Total** | **9 022 363** | **1 663 933** | **281 091** | **10 967 387** |
| | | | | |
| **Financial liabilities** | | | | |
| Liabilities | (1 114 423) | (1 583 740) | (2 363) | (2 700 526) |
| Loans | (28 531) | - | - | (28 531) |
| **Total** | **(1 142 954)** | **(1 583 740)** | **(2 363)** | **(2 729 057)** |
| **Net open positions** | **7 879 409** | **80 193** | **278 728** | **8 238 330** |

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** |

*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** | | **Parent company** | |
|---|---|---|---|---|
| | **Effect as at 30 June** | | **Effect as at 30 June** | |
| | **2025/2026** | **2024/2025** | **2025/2026** | **2024/2025** |
| | **EUR** | **EUR** | **EUR** | **EUR** |
| -10% | 180 476 | 388 609 | 8 019 | 152 847 |
| - 5% | 90 238 | 194 305 | 4 010 | 76 423 |
| +5% | (90 238) | (194 305) | (4 010) | (76 423) |
| +10% | (180 476) | (388 609) | (8 019) | (152 847) |

**Notes to the financial statements** (continued)
**4. Financial risk management** (continued)
**(1) Financial risk factors** (continued)

*(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.

On 30 June 2026, the Group's largest trade receivable accounted for approximately 22% of the total carrying amount of trade receivables, and sales revenue from this largest customer (located in the United States) accounted for approximately 5% of the Group's revenue (30.06.2025: 31% and 2024/2025: 11%, respectively). Sales revenue from the above-mentioned largest customer in the USA in both 2025/2026 and 2024/2025 was 100% attributable to the CFIP, Integra, Spectrum Compact, Aranet segment. The Group's second largest trade receivable accounted for 11% of the total carrying amount of trade receivables, and revenue from this customer accounted for 3% of the Group's revenue. The Group's third largest trade receivable accounted for 13% of the total carrying amount of trade receivables, and revenue from this customer accounted for 7% of the Group's revenue. The Group's fourth largest trade receivable accounted for 10% of the total carrying amount of trade receivables, and revenue from this customer accounted for 1% of the Group's revenue. No other individual trade receivable of the Group accounted for at least 10% of total receivables. On 30 June 2026, the Parent Company's largest trade receivable accounted for approximately 33% of the total carrying amount of trade receivables, and sales revenue from this largest customer accounted for approximately 24% of the Parent Company's revenue. The Parent Company's second largest trade receivable accounted for 18% of the Parent Company's total carrying amount of trade receivables, and sales revenue from this customer accounted for approximately 5% of the Parent Company's revenue. One customer, with no outstanding receivable at the end of the reporting year, generated the highest sales revenue of EUR 17 895 515, representing 39% of the Parent Company's total turnover. During the reporting year, the Parent Company generated approximately 24% of its sales revenue from sales to its subsidiary in the United States (2024/2025: 40%). Sales revenue from the subsidiary in the USA in 2025/2026 was attributable to the CFIP, Integra, Spectrum Compact, Aranet segment at 91% and to the second segment at 9% (in 2024/2025, the first segment accounted for 94% and the second segment for 6%, respectively).

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 on 30 June 2026 amounted to EUR 15 641 115, or 40.96% of total assets (30.06.2025: EUR 7 538 330, or 28.90% of total assets), while the Parent Company's maximum credit risk exposure on 30 June 2026 amounted to EUR 13 494 199, or 39.06% of total assets (30.06.2025: EUR 4 907 997, or 22.23% of total assets). Additional information on the credit risk of the Group and the Parent Company is also provided in 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 2.43 (30.06.2025: 2.05), quick liquidity ratio (ratio between the current assets less inventory and total liabilities) is: 1.11 (30.06.2025: 0.69), and Parent company's current liquidity ratio is 2.76 (30.06.2025: 2.65), quick liquidity ratio is: 1.18 (30.06.2025: 0.70).

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**<br>**30/06/2025** | **Up to 3 months**<br>**EUR** | **3 to 12 months**<br>**EUR** | **2-5 years**<br>**EUR** | **Total**<br>**EUR** | **Balance sheet value**<br>**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** |
| | | | | | |
| **30/06/2026** | | | | | |
| Lease liabilities | 115 350 | 346 049 | 927 033 | 1 388 432 | 1 306 994 |
| Loans | 35 485 | - | - | 35 485 | 35 485 |
| Trade payables, other liabilities, accruals | 8 284 791 | 137 259 | - | 8 422 050 | 8 422 050 |
| **Total** | **8 435 626** | **483 308** | **927 033** | **9 845 967** | **9 764 529** |

**Notes to the financial statements** (continued)
**4. Financial risk management** (continued)
**(1) Financial risk factors** (continued)
*(c) Liquidity risk (continued)*

| **Parent company 30/06/2025** | **Up to 3 months EUR** | **3 to 12 months EUR** | **2-5 years EUR** | **Total EUR** | **Balance sheet value 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** |
| | | | | | |
| **30/06/2026** | | | | | |
| Lease liabilities | 98 693 | 296 080 | 727 154 | 1 121 927 | 1 078 717 |
| Loans | 28 531 | - | - | 28 531 | 28 531 |
| Trade payables, other liabilities, accruals | 7 068 233 | 137 259 | - | 7 205 492 | 7 205 492 |
| **Total** | **7 195 457** | **433 339** | **727 154** | **8 355 950** | **8 312 740** |

*(d) Interest rate risk*

The Group's cash flows from interest bearing liabilities are dependent on current market interest rates. As the neither the Group nor the Parent Company have significant interest-generating assets or interest-bearing liabilities (please see credit line amount as at the balance sheet date), thus the Group's and Parent Company`s cash flows and net results are largely independent of changes in market interest rates (Euribor). However, as the Group and Parent company mainly have 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 10-15% 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 in the previous financial year. Similarly, the situation in the Middle East, including risks related to Iran, places additional pressure on supply chains and the availability of certain materials. 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 or Parent company has access at that date. The fair value of liabilities represents default risk.

When available, the Group and the Parent company measure 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 2026 and 30 June 2025. 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 2026.

**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 | |
|---|---|---|---|---|
| | 30/06/2026 EUR | 30/06/2025 EUR | 30/06/2026 EUR | 30/06/2025 EUR |
| Liabilities | 13 801 643 | 10 326 759 | 10 756 036 | 6 649 349 |
| Cash and cash equivalents | (10 482 714) | (4 812 202) | (8 890 833) | (2 837 802) |
| **Net (assets)/ debt** | **3 318 929** | **5 514 557** | **1 865 203** | **3 811 547** |
| **Shareholders' equity** | **24 380 332** | **15 757 880** | **23 791 408** | **15 432 797** |
| Debt to equity ratio | 57% | 66% | 45% | 43% |
| (Net asset)/ net debt to equity ratio | 14% | 35% | 8% | 25% |

The ratios characterizing the capital management at the Group and Parent company 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 2026, the Group (the Parent company) has recognized provisions for slow-moving inventories in the amount of EUR 3.3 million (30.06.2025: EUR 3.9 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 2026, approximately 35% of the Group's and Parent company's intangible assets and 51% 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 | Assets under construc-tion | Right-of-use assets (premises) | Total |
|---|---|---|---|---|---|---|---|
| | EUR | EUR | EUR | EUR | EUR | EUR | EUR |
| **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** |
| **Reporting year ended 30 June 2026** | | | | | | | |
| Opening balance | 474 286 | 923 211 | 1 135 806 | 501 017 | 43 990 | 1472 341 | 4550 651 |
| Acquisitions at cost | 358 923 | 136 730 | 735 576 | 280 696 | 14 810 | - | 1 526 735 |
| Disposals at net book value | - | - | (5 113) | (418) | - | - | (5 531) |
| Result of fluctuations in the foreign exchange rates | 4 | 777 | 41 | 251 | - | 6 156 | 7 229 |
| Depreciation and amortisation charge for the period | (216 901) | (249 100) | (642 544) | (221 128) | - | (394 249) | (1 723 922) |
| **Closing balance** | **616 312** | **811 618** | **1 223 766** | **560 418** | **58 800** | **1 084 248** | **4 355 162** |
| **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** |
| **As at 30 June 2026:** | | | | | | | |
| Historical cost | 2 001 284 | 2 662 667 | 6 546 177 | 1 670 142 | 58 800 | 3 759 293 | 16 698 363 |
| Accumulated depreciation and amortisation | (1 384 972) | (1 851 049) | (5 322 411) | (1 109 724) | - | (2 675 045) | (12 343 201) |
| **Carrying amount** | **616 312** | **811 618** | **1 223 766** | **560 418** | **58 800** | **1 084 248** | **4 355 162** |

Historical cost of disposals for the year ended 30 June 2026 is EUR 161 803 and disposed accumulated depreciation is EUR 156 271 (2024/2025: EUR 128 874 and EUR 127 385, respectively).

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

| Group | 01.07.2025-30.06.2026 EUR | 01.07.2024-30.06.2025 EUR |
|---|---|---|
| Cost of sales (Note 18) | 822 936 | 769 488 |
| Sales and marketing costs (Note 19) | 409 917 | 429 440 |
| *incl. in the line item Other selling and distribution expenses* | *807* | - |
| Administrative expenses (Note 20) | 491 068 | 426 943 |
| *incl. in the line item Other administrative expenses* | *9 641* | *7 147* |
| | **1 723 921** | **1 625 871** |

Cost of short-term lease in the amount of EUR 46 717 is included in the statement of profit or loss within A*dministrative expenses* (*2024*/2025: EUR 33 752). The acquisition cost of fully depreciated fixed assets that are still in use at the reporting date amounted to EUR 6 251 585 (30.06.2025.: EUR 5 482 728).

**Notes to the financial statements** (continued)

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

| Parent company | Software and licenses | Leasehold improvements | Technological equipment and devices | Other fixed assets | Under construction | Right-of-use assets (premises) | Total |
|---|---|---|---|---|---|---|---|
| | EUR | EUR | EUR | EUR | EUR | EUR | EUR |
| **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** |
| **Reporting year ended 30 June 2026** | | | | | | | |
| Opening balance | 473 510 | 890 324 | 1 130 637 | 467 909 | 43 990 | 1 211 890 | 4 218 260 |
| Acquisitions at cost | 358 923 | 136 730 | 733 694 | 259 369 | 14 810 | - | 1 503 526 |
| Disposals at net book value | - | - | (5 113) | (418) | - | - | (5 531) |
| Depreciation and amortisation charge for the period | (216 121) | (242 142) | (637 976) | (190 541) | - | (339 143) | (1 625 923) |
| **Closing balance** | **616 312** | **789 912** | **1 221 242** | **536 319** | **58 800** | **872 747** | **4 090 332** |
| **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** |
| **As at 30 June 2026:** | | | | | | | |
| Historical cost | 1 999 204 | 2 628 839 | 6 464 783 | 1 507 122 | 58 800 | 3 178 630 | 15 837 378 |
| Accumulated depreciation and amortisation | (1 382 892) | (1 843 927) | (5 243 541) | (970 803) | - | (2 305 883) | (11 747 046) |
| **Carrying amount** | **616 312** | **784 912** | **1 221 242** | **536 319** | **58 800** | **872 747** | **4 090 332** |

Historical cost of disposals for the year ended 30 June 2026 is EUR 154 871 and disposed accumulated depreciation is EUR 149 340 (2024/2025: EUR 126 466 and EUR 124 977, accordingly).

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

| Parent company | 01.07.2025-30.06.2026 EUR | 01.07.2024-30.06.2025 EUR |
|---|---|---|
| Cost of sales (Note 18) | 822 773 | 769 488 |
| Sales and marketing costs (Note 19) | 312 082 | 336 081 |
| Administrative expenses (Note 20) | 491 068 | 426 943 |
| incl. in the item *Other administrative expenses* | 9 641 | *7 147* |
| | **1 625 923** | **1 532 512** |

Cost of short-term lease in the amount of EUR 46 717 is included in the statement of profit or loss within Administrative expenses (2024/2025: EUR 33 752).

The acquisition cost of fully depreciated fixed assets that are still in use at the reporting date amounted to EUR 6 050 357 (30.06.2025.: EUR 5 347 431).

**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 | |
|---|---|---|---|---|
| | 30/06/2026 | 30/06/2025 | 30/06/2026 | 30/06/2025 |
| **Subsidiaries:** | **%** | **%** | **EUR** | **EUR** |
| „SAF North America" LLC | 100 | 100 | 32 893 | 32 893 |
| SAF Tehnika Asia Pte. Ltd. | 100 | 100 | 21 012 | 21 012 |
| Aero Victory Baltic SIA | 50,5 | - | 408 000 | - |
| SAF LATAM S.A.S | 51 | - | 34 426 | - |
| **Investments in subsidiaries** | | | **496 331** | **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 2026 the equity of the subsidiary amounted to EUR 777 160 (30.06.2025.: EUR 346 586).

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 2026, the equity of the subsidiary was EUR 33 319 (30.06.2025: EUR 32 401). 100% participation ensures absolute control over the assets and liabilities of the subsidiary.

At the end of 2025 the Parent company's subsidiary SAF LATAM S.A.S. started operations in Colombia. The purpose of its creation was to promote demand for the products and services offered by the Group, conduct marketing and market research, attract new customers and provide technical support in the Latin American region. On 30 June 2026, the equity of the subsidiary amounted to EUR 13 292. The Parent Company holds a 51% ownership interest and exercises control over the subsidiary's assets and liabilities.

In 2025, an investment was made in the share capital of the subsidiary AeroVictory Baltic SIA, in which the Parent Company holds a 50.5% ownership interest and exercises control over the subsidiary's assets and liabilities. AeroVictory Baltic SIA will take over and further develop the expertise gained in Ukraine in drone development, ensuring technology transfer and the advancement of innovation in Europe. On 30 June 2026, the equity of the subsidiary amounted to EUR 364 503.

During the reporting period, the Parent Company participated in the establishment of the associated company "PLUFF" SIA.

| Name of associated company | Ownership interest in the equity of the company | | Fair value of investment (Parent Company) | | Carrying amount of investment under the equity method (Group) | |
|---|---|---|---|---|---|---|
| | 30/06/2026 | 30/06/2025 | 30/06/2026 | 30/06/2025 | 30/06/2026 | 30/06/2025 |
| | % | % | EUR | EUR | EUR | EUR |
| „PLUFF" SIA | 30 | - | **300 000** | **-** | **195 416** | **-** |

"PLUFF" SIA is a manufacturing company specialising in the production of high-precision plastic moulds and components. The main objective of its establishment is to supply local manufacturers with high-quality plastic components produced in Latvia, thereby shortening supply chains and reducing dependence on imports. The 30% share of the Group in the associate's loss for the reporting year, amounting to EUR 104 584, was recognised in the consolidated statement of profit or loss.

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:

| | Ownership interest in the equity of the company | | Fair value of the investment | |
|---|---|---|---|---|
| | 30/06/2026 | 30/06/2025 | 30/06/2026 | 30/06/2025 |
| **Other investments:** | **%** | **%** | **EUR** | **EUR** |
| „LEITC" SIA | 17.98 | 17.98 | 6 435 | 6 435 |
| „LEO Pētījumu centrs" SIA | 13.30 | 13.30 | 850 | 850 |
| TRYM Inc. | < 3% | < 3% | -* | 201 898 |
| **Investments in other companies** | | | **7 285** | **209 183** |

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.

*- During the reporting year, following changes in the ownership structure of TRYM Inc. (USA), it was concluded that the investment in preferred shares would not be recoverable, and therefore a 100% impairment allowance was recognised for the investment.

**Notes to the financial statements** (continued)

**8. Inventories**

| | Group | | Parent company | |
|---|---|---|---|---|
| | 30/06/2026 EUR | 30/06/2025 EUR | 30/06/2026 EUR | 30/06/2025 EUR |
| Raw materials | 5 875 283 | 3 635 323 | 5 875 283 | 3 635 323 |
| Work in progress | 5 725 518 | 3 821 043 | 5 725 518 | 3 821 043 |
| Finished goods | 6 584 895 | 6 539 290 | 5 362 111 | 5 499 522 |
| | **18 185 696** | **13 995 656** | **16 962 912** | **12 955 888** |

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 | |
|---|---|---|---|---|
| | 01.07.2025-30.06.2026 EUR | 01.07.2024-30.06.2025 EUR | 01.07.2025-30.06.2026 EUR | 01.07.2024-30.06.2025 EUR |
| At the beginning of the reporting year | 3 859 423 | 5 098 313 | 3 859 423 | 5 098 313 |
| Decrease in provisions | (588 862) | (1 238 890) | (588 862) | (1 238 890) |
| **At the end of the reporting year** | **3 270 561** | **3 859 423** | **3 270 561** | **3 859 423** |

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 2026 the value of equipment sent due to the above reasons amounted to EUR 636 748 (30.06.2025.: EUR 547 884) for Group and EUR 277 388 (30.06.2025.: EUR 227 098) 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 978 151 (30.06.2025.: EUR 822 170).

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 | |
|---|---|---|---|---|
| | 30/06/2026 EUR | 30/06/2025 EUR | 30/06/2026 EUR | 30/06/2025 EUR |
| Receivables from related companies | - | - | 998 621 | 512 419 |
| Trade receivables | 2 943 131 | 1 321 170 | 1 077 933 | 323 893 |
| Allowance for expected credit losses | (43 501) | (20 246) | (27 701) | (2 641) |
| **Total trade receivables** | **2 899 630** | **1 300 924** | **2 048 853** | **833 671** |

Trade receivables are not secured with collateral.

**Ageing analysis of trade receivables**

| **Group** | 30/06/2026 Gross EUR | 30/06/2026 Allowance EUR | 30/06/2025 Gross EUR | 30/06/2025 Allowance EUR |
|---|---|---|---|---|
| Not overdue | 1 470 031 | - | 1 093 081 | - |
| Overdue by 1 – 90 days * | 1 429 599 | - | 207 984 | (141) |
| Overdue by 90 and more days | 43 501 | (43 501) | 20 105 | (20 105) |
| **Total trade receivables** | **2 943 131** | **(43 501)** | **1 321 170** | **(20 246)** |

| **Parent company** | 30/06/2026 Gross EUR | 30/06/2026 Allowance EUR | 30/06/2025 Gross EUR | 30/06/2025 Allowance EUR |
|---|---|---|---|---|
| Not overdue | 1 361 679 | - | 768 447 | - |
| Overdue by 1 – 90 days * | 687 174 | - | 65 365 | (141) |
| Overdue by 90 and more days | 27 701 | (27 701) | 2 500 | (2 500) |
| **Total trade receivables** | **2 076 554** | **(27 701)** | **836 312** | **(2 641)** |

* Payment of overdue receivables was received after the year-end.

**Notes to the financial statements** (continued)

**9. Trade receivables** (continued)

**Movement in allowance for expected credit losses from trade receivables:**

| | Group EUR | Parent company EUR |
|---|---|---|
| **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** |
| Additional allowance for expected credit losses | (13 848) | (1 482) |
| Written-off | 57 571 | 29 548 |
| Debts recovered | (20 468) | (3 006) |
| **As at 30 June 2026** | **43 501** | **27 701** |

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**

| **Group** | **30/06/2026 EUR** | **30/06/2026 %** | **30/06/2025 EUR** | **30/06/2025 %** |
|---|---|---|---|---|
| USD | 2 292 505 | 78.52 | 1 003 332 | 75.94 |
| EUR | 618 387 | 20.37 | 305 351 | 23.11 |
| GBP | 3 055 | 0.11 | 2 272 | 0.17 |
| CAD | 27 614 | 0.95 | 9 993 | 0.76 |
| SGD | 882 | 0.03 | - | - |
| PLN | 688 | 0.02 | 222 | 0.02 |
| **Total trade receivables, gross** | **2 943 131** | **100%** | **1 321 170** | **100%** |

| **Parent company** | **30/06/2026 EUR** | **30/06/2026 %** | **30/06/2025 EUR** | **30/06/2025 %** |
|---|---|---|---|---|
| USD | 1 435 628 | 69.14 | 456 824 | 54.62 |
| EUR | 609 568 | 29.35 | 325 791 | 38.96 |
| GBP | 3 055 | 0.15 | 2 272 | 0.27 |
| CAD | 27 615 | 1.33 | 46 214 | 5.52 |
| SGD | - | - | 4 988 | 0.60 |
| PLN | 688 | 0.03 | 223 | 0.03 |
| **Total trade receivables, gross** | **2 076 554** | **100%** | **836 312** | **100%** |

**10. Other receivables**

| | Group | | Parent company | |
|---|---|---|---|---|
| | **30/06/2026 EUR** | **30/06/2025 EUR** | **30/06/2026 EUR** | **30/06/2025 EUR** |
| Government grants* | 718 927 | 330 004 | 718 927 | 330 004 |
| Overpaid value added tax | 117 476 | 31 334 | 90 983 | 31 334 |
| Advance payments to suppliers | 368 996 | 172 085 | 368 996 | 172 085 |
| Other receivables | 397 440 | 264 424 | 399 176 | 264 065 |
| | **1 602 839** | **797 847** | **1 578 082** | **797 488** |

* 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 347 260 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 | |
|---|---|---|---|---|
| | 30/06/2026 EUR | 30/06/2025 EUR | 30/06/2026 EUR | 30/06/2025 EUR |
| Cash in banks | 10 482 714 | 4 812 202 | 8 890 833 | 2 837 802 |
| | **10 482 714** | **4 812 202** | **8 890 833** | **2 837 802** |

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

| Group | 30/06/2026 EUR | 30/06/2026 % | 30/06/2025 EUR | 30/06/2025 % |
|---|---|---|---|---|
| EUR | 8 855 883 | 84.48 | 1 274 539 | 26.49 |
| USD | 1 221 474 | 11.65 | 3 469 177 | 72.09 |
| GBP | 3 715 | 0.04 | 31 772 | 0.66 |
| CAD | 248 766 | 2.37 | 9 337 | 0.19 |
| SGD | 25 230 | 0.24 | 27 377 | 0.57 |
| COP | 127 646 | 1.22 | - | - |
| **Cash and cash equivalents** | **10 482 714** | **100%** | **4 812 202** | **100%** |

| Parent company | 30/06/2026 EUR | 30/06/2026 % | 30/06/2025 EUR | 30/06/2025 % |
|---|---|---|---|---|
| EUR | 8 412 796 | 94.62% | 1 255 987 | 44.26 |
| USD | 228 305 | 2.57% | 1 542 296 | 54.35 |
| GBP | 3 715 | 0.04% | 31 772 | 1.12 |
| CAD | 246 017 | 2.77% | 7 747 | 0.27 |
| **Cash and cash equivalents** | **8 890 833** | **100%** | **2 837 802** | **100%** |

**Breakdown of cash and cash equivalents by bank**

| | Moody's credit rating (short-term/ long-term) | Group | | Parent company | |
|---|---|---|---|---|---|
| | | 30/06/2026 EUR | 30/06/2025 EUR | 30/06/2026 EUR | 30/06/2025 EUR |
| Swedbank AS | P-1 / Aa2 | 1 930 904 | 957 998 | 1 546 633 | 957 998 |
| LUMINOR Bank AS | P-1 / A2 | 6 993 878 | 1 674 174 | 6 993 876 | 1 674 174 |
| SEB Banka AS | P-1 / Aa3 | 274 760 | 46 217 | 274 760 | 46 217 |
| US Bank | P-1 / Aa3 | 927 355 | 1 885 282 | - | - |
| OCBC bank | P-1 / Aa1 | 97 953 | 46 017 | - | - |
| Other banks | n/a | 257 864 | 202 514 | 75 564 | 159 413 |
| | | **10 482 714** | **4 812 202** | **8 890 833** | **2 837 802** |

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 2026 and up to the date of these financial statements.

**12. Share capital, shareholders and dividends**

As at 30 June 2026, the registered and paid-up share capital of the Parent company is EUR 4 158 252 (30.06.2025.: EUR 4 158 252) and consists of 2 970 180 ordinary bearer shares (30.06.2025.: 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, % | |
|---|---|---|
| | 30/06/2026 | 30/06/2025 |
| Koka Zirgs SIA | 20.31% | 19.74% |
| Didzis Liepkalns | 17.05% | 17.05% |
| Normunds Bergs | 9.74% | 9.74% |
| Juris Ziema | 8.71% | 8.71% |
| Other shareholders | 44.19% | 44.76% |

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 | |
|---|---|---|---|---|
| | 30/06/2026 | 30/06/2025 | 30/06/2026 | 30/06/2025 |
| | EUR | EUR | EUR | EUR |
| Trade accounts payable | 2 830 413 | 1 239 145 | 2 700 526 | 1 144 133 |
| **Trade and other payables** | **2 830 413** | **1 239 145** | **2 700 526** | **1 144 133** |
| Accrued liabilities for unused vacations | 1 130 038 | 834 877 | 1 034 890 | 748 499 |
| Accrued liability for bonuses | 2 230 402 | 406 484 | 1 322 668 | 172 552 |
| Salary | 518 863 | 536 770 | 518 863 | 458 097 |
| Other taxes | 477 436 | 398 921 | 419 595 | 344 683 |
| Provisions for guarantees | 1 040 986 | 46 123 | 1 040 986 | 46 123 |
| Other liabilities | 193 912 | 68 562 | 167 964 | 45 898 |
| **Other short-term liabilities** | **5 591 637** | **2 291 737** | **4 504 966** | **1 815 852** |
| **Total** | **8 422 050** | **3 530 882** | **7 205 492** | **2 959 985** |

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 295 159 (2024/2025: decrease of EUR 59 957). For Parent company – respectively, increase of EUR 286 391 (2024/2025: decrease EUR 75 988).

| **Movement in provisions:** | Group | | Parent company | |
|---|---|---|---|---|
| | Warranties | Total | Warranties | Total |
| | EUR | EUR | EUR | EUR |
| **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** |
| Decrease in provisions in the year | 994 863 | 994 863 | 994 863 | 994 863 |
| **Balance at 30.06.2026** | **1 040 986** | **1 040 986** | **1 040 986** | **1 040 986** |

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

| | 30/06/2026 | 30/06/2026 | 30/06/2025 | 30/06/2025 |
|---|---|---|---|---|
| **Group** | EUR | % | EUR | % |
| USD | 1 702 262 | 60.14 | 563 580 | 45.48 |
| EUR | 1 116 445 | 39.44 | 663 130 | 53.51 |
| GBP | 672 | 0.02 | 9 122 | 0.74 |
| Other currencies | 11 034 | 0.40 | 3 313 | 0.27 |
| **Trade and other payables** | **2 830 413** | **100%** | **1 239 145** | **100%** |

| | 30/06/2026 | 30/06/2026 | 30/06/2025 | 30/06/2025 |
|---|---|---|---|---|
| **Parent company** | EUR | % | EUR | % |
| USD | 1 583 740 | 58.65 | 470 652 | 41.14 |
| EUR | 1 114 423 | 41.27 | 663 130 | 57.96 |
| GBP | 672 | 0.02 | 9 122 | 0.80 |
| Other currencies | 1 691 | 0.06 | 1 229 | 0.10 |
| **Trade and other payables** | **2 700 526** | **100%** | **1 144 133** | **100%** |

**14. Lease liabilities**

| | Group | | Parent company | |
|---|---|---|---|---|
| | 01.07.2025-30.06.2026 | 01.07.2024-30.06.2025 | 01.07.2025-30.06.2026 | 01.07.2024-30.06.2025 |
| | EUR | EUR | EUR | EUR |
| **At the beginning 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* |
| Interest expense on lease liabilities | 67 574 | 63 498 | 57 348 | 57 348 |
| Interest payments | (67 574) | (63 498) | (57 348) | (57 348) |
| Lease payments | (335 221) | (343 846) | (294 770) | (294 771) |
| Increase in lease liabilities | - | 274 159 | - | - |
| Fluctuations in foreign exchange rates | 7 474 | (3 429) | - | - |
| **At the end of the year** | **1 306 994** | **1 634 741** | **1 078 717** | **1 373 487** |
| *incl. long term* | *924 725* | *1 253 671* | *739 574* | *1 034 344* |
| *short term* | *382 269* | *381 070* | *339 143* | *339 143* |

The remaining term of the lease agreements in the Group is 3-4 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 | |
|---|---|---|---|---|
| | 30/06/2026 EUR | 30/06/2025 EUR | 30/06/2026 EUR | 30/06/2025 EUR |
| Advances from customers | 2 810 557 | 3 915 482 | 2 153 107 | 1 768 939 |
| Extended warranties | 1 226 557 | 1 229 951 | 183 615 | 188 363 |
| **Total** | **4 037 114** | **5 145 433** | **2 336 722** | **1 957 302** |
| *incl. long term liabilities* | *647 965* | *693 100* | *7 429* | *37 675* |
| *short term liabilities* | *3 389 149* | *4 452 333* | *2 329 293* | *1 919 627* |

| **Movement of contract liabilities:** | Group | | Parent company | |
|---|---|---|---|---|
| | 01.07.2025-30.06.2026 EUR | 01.07.2024 - 30.06.2025 EUR | 01.07.2025-30.06.2026 EUR | 01.07.2024-30.06.2025 EUR |
| At the beginning of the year | 5 145 433 | 1 974 962 | 1 957 302 | 234 908 |
| Received during the year | 46 682 058 | 11 357 721 | 35 453 789 | 6 046 427 |
| Recognised in revenue | (47 881 594) | (8 036 554) | (35 074 369) | (4 324 033) |
| Foreign exchange differences | 91 217 | (150 696) | - | - |
| **At the end of the year** | **4 037 114** | **5 145 433** | **2 336 722** | **1 957 302** |

## 16. Loans

| | Group | | Parent company | |
|---|---|---|---|---|
| | 30/06/2026 EUR | 30/06/2025 EUR | 30/06/2026 EUR | 30/06/2025 EUR |
| Loans from credit institutions- outstanding balance of the company's credit card limit | 35 485 | 15 703 | 28 531 | 10 884 |
| **Total** | **35 485** | **15 703** | **28 531** | **10 884** |

On 10 August 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 extended repayment period was set until 31 August 2026. After the end of the reporting year, the term of the credit line was extended until 30 November 2026. 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** | **2025/2026 EUR** | **2024/2025 EUR** | **2025/2026 EUR** | **2024/2025 EUR** | **2025/2026 EUR** | **2024/2025 EUR** |
| Segment assets | 22 278 628 | 15 097 806 | 1 156 497 | 1 178 889 | 23 435 125 | 16 276 695 |
| Unallocated assets | | | | | 14 746 850 | 9 807 943 |
| **Total assets** | | | | | **38 181 975** | **26 084 638** |
| Segment liabilities | 6 240 438 | 5 664 655 | 128 114 | 112 859 | 6 368 552 | 5 777 514 |
| Unallocated liabilities | | | | | 7 433 092 | 4 549 244 |
| **Total liabilities** | | | | | **13 801 644** | **10 326 758** |
| Revenue | 49 595 815 | 24 197 566 | 1 823 413 | 1 796 728 | 51 419 228 | 25 994 294 |
| **Segment result** | **21 493 997** | **7 232 280** | **2 549 237** | **2 502 265** | **24 043 234** | **9 734 545** |
| Unallocated expenses | | | | | (16 130 858) | (11 028 861) |
| **Profit/(loss) from operating activities** | | | | | **7 912 376** | **(1 294 316)** |
| Other income | | | | | 1 163 826 | 703 445 |
| Financial income | | | | | 39 914 | 49 935 |
| Financial expenses | | | | | (100 532) | (111 693) |
| Revaluation result of non-current assets | | | | | (201 898) | - |
| Share of losses of associates accounted for using the equity method | | | | | (104 585) | - |
| **Profit /(loss) before taxes** | | | | | **8 709 101** | **(652 629)** |
| Corporate income tax | | | | | (131 580) | 9 987 |
| **Profit /(loss) after tax** | | | | | **8 577 521** | **(642 642)** |
| Foreign currency fluctuations | | | | | 9 954 | (35 429) |
| **Profit /(loss) of the reporting year** | | | | | **8 587 475** | **(678 071)** |

**Other information of segments:**

| | CFIP, Integra, Spectrum Compact, Aranet | | Other | | Total | |
|---|---|---|---|---|---|---|
| **Group** | **2025/2026 EUR** | **2024/2025 EUR** | **2025/2026 EUR** | **2024/2025 EUR** | **2025/2026 EUR** | **2024/2025 EUR** |
| Additions of fixed and intangible assets | 411 748 | 226 926 | - | - | 411 748 | 226 926 |
| Unallocated additions of fixed and intangible assets incl. initial recognition of leasehold rights | | | | | 1 114 987 | 561 210 |
| **Total additions of fixed and intangible assets and leasehold rights recognized** | | | | | **1 526 735** | **788 136** |
| Depreciation and amortization | 822 773 | 769 488 | | - | 822 773 | 769 488 |
| Unallocated depreciation and amortization | | | | | 901 149 | 856 383 |
| **Total depreciation and amortisation** | | | | | **1 723 922** | **1 625 871** |

**Notes to the financial statements** (continued)

**17. Segment information and revenue** (continued)

| Parent company | CFIP, Integra, Spectrum Compact, Aranet | | Other | | Total | |
|---|---|---|---|---|---|---|
| | 2025/2026 EUR | 2024/2025 EUR | 2025/2026 EUR | 2024/2025 EUR | 2025/2026 EUR | 2024/2025 EUR |
| Segment assets | 20 183 563 | 13 494 891 | 1 181 019 | 1 197 697 | 21 364 582 | 14 692 588 |
| Unallocated assets | | | | | 13 384 760 | 7 389 558 |
| **Total assets** | | | | | **34 749 342** | **22 082 146** |
| Segment liabilities | 5 559 083 | 3 750 710 | 130 732 | 125 341 | 5 689 815 | 3 876 051 |
| Unallocated liabilities | | | | | 5 268 119 | 2 773 298 |
| **Total liabilities** | | | | | **10 957 934** | **6 649 349** |
| Revenue | 44 112 443 | 20 117 772 | 1 665 962 | 1 806 881 | 45 778 405 | 21 924 653 |
| **Segment result** | **16 587 240** | **4 943 992** | **1 183 827** | **1 245 580** | **17 771 067** | **6 189 572** |
| Unallocated expenses | | | | | (10 216 455) | (7 323 362) |
| **Profit/ (loss) from operating activities** | | | | | **7 554 612** | **(1 133 790)** |
| Other income | | | | | 1 118 495 | 673 447 |
| Financial income | | | | | 32 079 | 36 930 |
| Financial expenses | | | | | (139 967) | (128 376) |
| Revaluation result of a non-current asset | | | | | (201 898) | - |
| **Profit/ (loss) before taxes** | | | | | **8 363 321** | **(551 789)** |
| Corporate income tax | | | | | (4 710) | - |
| **Profit/ (loss) of the reporting year** | | | | | **8 358 611** | **(551 789)** |

**Other information of segments:**

| Parent company | CFIP, Integra, Spectrum Compact, Aranet | | Other | | Total | |
|---|---|---|---|---|---|---|
| | 2025/2026 EUR | 2024/2025 EUR | 2025/2026 EUR | 2024/2025 EUR | 2025/2026 EUR | 2024/2025 EUR |
| Additions of fixed and intangible assets | 411 748 | 226 926 | - | - | 411 748 | 226 926 |
| Unallocated additions of fixed and intangible assets incl. initial recognition of leasehold rights | | | | | 1 091 777 | 506 881 |
| **Total additions of fixed and intangible assets and leasehold rights recognized** | | | | | **1 503 525** | **733 807** |
| Depreciation and amortization | 822 773 | 769 488 | | - | 822 773 | 769 488 |
| Unallocated depreciation and amortization | | | | | 803 150 | 755 875 |
| **Total depreciation and amortisation** | | | | | **1 625 923** | **1 525 363** |

As at 30.06.2026. PPE, intangible assets and right of use assets located in Latvia with the total balance sheet value in the amount of EUR 4 090 333 (30.06.2025. – EUR 4 218 261) make up 94% (30.06.2025. – 93%) 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.

| Group | Revenue | | Assets | |
|---|---|---|---|---|
| | 2025/ 2026 | 2024/ 2025 | 2025/ 2026 | 2024/ 2025 |
| | EUR | EUR | EUR | EUR |
| Latvia | 717 717 | 869 067 | 151 896 | 47 362 |
| **Other regions:** | | | | |
| North and South America | 17 858 687 | 14 167 736 | 2 221 419 | 994 831 |
| Europe (excluding Latvia) | 28 451 740 | 9 174 732 | 224 331 | 175 901 |
| Asia, Africa, Middle East | 4 391 084 | 1 782 759 | 301 983 | 82 830 |
| | **51 419 228** | **25 994 294** | **2 899 630** | **1 300 924** |
| Unallocated assets | **-** | **-** | 35 282 345 | 24 783 714 |
| | **51 419 228** | **25 994 294** | **38 181 975** | **26 084 638** |

| Parent company | Revenue | | Assets | |
|---|---|---|---|---|
| | 2025/ 2026 | 2024/2025 | 2025/ 2026 | 2024/ 2025 |
| | EUR | EUR | EUR | EUR |
| Latvia | 717 717 | 869 067 | 151 897 | 47 362 |
| **Other regions:** | | | | |
| North and South America | 12 223 987 | 10 342 528 | 1 224 705 | 502 151 |
| Europe (excluding Latvia) | 28 451 740 | 9 174 732 | 391 054 | 175 902 |
| Asia, Africa, Middle East | 4 384 961 | 1 538 326 | 308 898 | 108 257 |
| | **45 778 405** | **21 924 653** | **2 076 554** | **833 672** |
| Unallocated assets | - | - | 32 672 788 | 21 248 474 |
| | **45 778 405** | **21 924 653** | **34 749 342** | **22 082 146** |

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

**Group:**

| | CFIP, Integra, Spectrum Compact, Aranet | | Other | | Total | |
|---|---|---|---|---|---|---|
| | 2025/2026 | 2024/ 2025 | 2025/2026 | 2024/ 2025 | 2025/2026 | 2024/ 2025 |
| **Region** | EUR | EUR | EUR | EUR | EUR | EUR |
| North and South America | 17 116 470 | 14 173 807 | 742 216 | 230 032 | 17 858 686 | 14 403 839 |
| Europe (including Latvia) | 28 649 134 | 8 898 952 | 520 323 | 1 144 847 | 29 169 457 | 10 043 799 |
| Asia, Africa, Middle East | 3 830 210 | 1 124 807 | 560 874 | 421 849 | 4 391 084 | 1 546 656 |
| | **49 595 814** | **24 197 566** | **1 823 413** | **1 796 728** | **51 419 227** | **25 994 294** |

**Parent company:**

| | CFIP, Integra, Spectrum Compact, Aranet | | Other | | Total | |
|---|---|---|---|---|---|---|
| | 2025/2026 | 2024/ 2025 | 2025/2026 | 2024/ 2025 | 2025/2026 | 2024/ 2025 |
| **Region** | EUR | EUR | EUR | EUR | EUR | EUR |
| North and South America | 11 639 222 | 10 102 343 | 584 765 | 240 185 | 12 223 987 | 10 342 528 |
| Europe (including Latvia), CIS | 28 649 134 | 8 898 952 | 520 323 | 1 144 847 | 29 169 457 | 10 043 799 |
| Asia, Africa, Middle East | 3 824 087 | 1 116 477 | 560 874 | 421 849 | 4 384 961 | 1 538 326 |
| | **44 112 443** | **20 117 772** | **1 665 962** | **1 806 881** | **45 778 405** | **21 924 653** |

**Notes to the financial statements** (continued)

**18. Cost of goods sold**

| | Group | | Parent company | |
|---|---|---|---|---|
| | 01.07.2025-30.06.2026 EUR | 01.07.2024-30.06.2025 EUR | 01.07.2025-30.06.2026 EUR | 01.07.2024-30.06.2025 EUR |
| Purchases of components and subcontractors' services | 21 274 832 | 9 763 809 | 20 203 454 | 9 007 040 |
| Salary expenses* | 6 153 160 | 4 429 102 | 6 118 417 | 4 429 102 |
| Social insurance expenses* | 1 440 508 | 1 035 037 | 1 432 312 | 1 035 037 |
| Depreciation and amortization (See Note 6) | 822 936 | 769 488 | 822 773 | 769 488 |
| Public utilities | 201 624 | 182 057 | 200 466 | 182 057 |
| Transportation | 40 798 | 31 737 | 40 798 | 31 736 |
| Business trip expenses | 23 098 | 10 363 | 23 098 | 10 363 |
| Communication expenses | 14 601 | 18 671 | 14 601 | 18 671 |
| Low value articles | 7 967 | 5 094 | 7 967 | 5 094 |
| Other production costs | 258 799 | 246 492 | 252 167 | 246 492 |
| | **30 238 323** | **16 491 850** | **29 116 053** | **15 735 080** |

** Including accrued liabilities for unused vacations.*

Research and development related expenses of EUR 5 576 371 (2024/ 2025: EUR 3 433 207) are included in the statement of profit or loss within Purchases of components and subcontractors' services.

**19. Sales and marketing expenses**

| | Group | | Parent company | |
|---|---|---|---|---|
| | 01.07.2025-30.06.2026 EUR | 01.07.2024-30.06.2025 EUR | 01.07.2025-30.06.2026 EUR | 01.07.2024-30.06.2025 EUR |
| Salary expenses * | 5 300 233 | 4 663 536 | 2 743 344 | 2 433 267 |
| Delivery costs | 970 878 | 681 363 | 422 624 | 421 051 |
| Social insurance expenses * | 787 513 | 729 042 | 640 529 | 568 117 |
| Advertisement and marketing expenses | 495 850 | 191 772 | 394 591 | 301 834 |
| Depreciation and amortization (See Note 6) | 409 110 | 429 440 | 312 082 | 336 081 |
| Business trip expenses | 309 728 | 321 184 | 126 543 | 141 312 |
| Other selling and distribution costs | 327 241 | 416 777 | 145 091 | 138 618 |
| | **8 600 553** | **7 433 114** | **4 784 804** | **4 340 280** |

** Including accrued liabilities for unused vacations.*

**20. Administrative expenses**

| | Group | | Parent company | |
|---|---|---|---|---|
| | 01.07.2025-30.06.2026 EUR | 01.07.2024-30.06.2025 EUR | 01.07.2025-30.06.2026 EUR | 01.07.2024-30.06.2025 EUR |
| Salary expenses* | 2 230 621 | 1 247 025 | 2 230 621 | 1 247 025 |
| Social insurance expenses* | 527 027 | 295 216 | 527 027 | 295 216 |
| Depreciation and amortization (See Note 6) | 481 427 | 419 796 | 481 427 | 419 796 |
| Insurance | 246 072 | 259 938 | 61 756 | 50 206 |
| Bank fees | 123 442 | 111 702 | 88 257 | 75 920 |
| Public utilities | 123 119 | 118 532 | 123 119 | 118 532 |
| Training | 45 300 | 32 243 | 44 398 | 25 518 |
| IT services | 182 170 | 287 232 | 182 170 | 287 232 |
| Rent of premises | 46 717 | 33 752 | 46 717 | 33 752 |
| Representation expenses | 45 778 | 27 544 | 23 406 | 14 604 |
| Sponsorship | 11 250 | 3 665 | 11 250 | 1 000 |
| Office maintenance | 13 280 | 9 781 | 13 280 | 9 781 |
| Business trip expenses | 1 816 | 9 262 | 1 816 | 9 262 |
| Communication expenses | 4 918 | 5 552 | 4 918 | 5 552 |
| Allowance for expected credit losses | 24 287 | 6 793 | 26 543 | 2 462 |
| Other administrative expenses** | 560 752 | 495 613 | 456 231 | 387 225 |
| | **4 667 976** | **3 363 646** | **4 322 936** | **2 983 083** |

** 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 19 965 (2024/2025 - 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 | |
|---|---|---|---|---|
| | 01.07.2025-30.06.2026 | 01.07.2024 - 30.06.2025 | 01.07.2025-30.06.2026 | 01.07.2024-30.06.2025 |
| | EUR | EUR | EUR | EUR |
| Government grants* | 1 105 036 | 664 610 | 1 105 036 | 664 610 |
| Other income | 58 790 | 38 835 | 13 459 | 8 837 |
| Income from dividend payments | - | - | - | - |
| | **1 163 826** | **703 445** | **1 118 495** | **673 447** |

* 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 716 113 (2024/ 2025: EUR 834 197). 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 | |
|---|---|---|---|---|
| | 01.07.2025 - 30.06.2026 | 01.07.2024 - 30.06.2025 | 01.07.2025-30.06.2026 | 01.07.2025-30.06.2026 |
| | EUR | EUR | EUR | EUR |
| Interest income, calculated using the effective interest method | 39 914 | 49 935 | 32 079 | 36 930 |
| | **39 914** | **49 935** | **32 079** | **36 930** |

**23. Financial expenses**

| | Group | | Parent company | |
|---|---|---|---|---|
| | 01.07.2025-30.06.2026 | 01.07.2024-30.06.2025 | 01.07.2025-30.06.2026 | 01.07.2025-30.06.2026 |
| | EUR | EUR | EUR | EUR |
| Interest expenses on credit line, calculated using the effective interest method | 2 069 | 1 368 | 2 069 | 1 368 |
| Interest expenses on lease liabilities, calculated using the effective interest method | 67 339 | 63 498 | 57 348 | 57 348 |
| Net foreign exchange fluctuation | 31 124 | 46 827 | 80 550 | 69 660 |
| | **100 532** | **111 693** | **139 967** | **128 376** |

**24. Corporate income tax**

| | Group | | Parent company | |
|---|---|---|---|---|
| | 01.07.2025-30.06.2026 | 01.07.2024-30.06.2025 | 01.07.2025-30.06.2026 | 01.07.2025-30.06.2026 |
| | EUR | EUR | EUR | EUR |
| Corporate income tax for reporting period | (107 321) | (3 484) | (4 710) | - |
| Increase/(decrease) in deferred income tax asset | (24 259) | 13 471 | - | - |
| **Tax (expense)/ credit, net** | **(131 580)** | **9 987** | **(4 710)** | **-** |

**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 | |
|---|---|---|---|---|
| | 01.07.2025-30.06.2026 EUR | 01.07.2024-30.06.2025 EUR | 01.07.2025-30.06.2026 EUR | 01.07.2024-30.06.2025 EUR |
| Profit/ (loss) of the reporting year (a) | 8 621 110 | (642 642) | 8 358 611 | (551 789) |
| 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)** | **2.903** | **(0.216)** | **2.814** | **(0.186)** |

**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 Parent company, which represents shareholder interests in meetings and supervises the Board in accordance with statutes of the Parent company. 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 Parent company, 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 31 shares)
Aira Loite – Member of the Council (own 0.27% or 8 000 shares)
Sanda Reiharde – Member of the Council (own 0.02% or 500 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 | |
|---|---|---|---|---|
| | 01.07.2025-30.06.2026 EUR | 01.07.2024-30.06.2025 EUR | 01.07.2025-30.06.2026 EUR | 01.07.2024-30.06.2025 EUR |
| Remuneration of the Board members: | | | | |
| · salary | 474 521 | 415 776 | 294 447 | 227 488 |
| · social insurance contributions | 81 413 | 66 249 | 69 440 | 53 753 |
| Remuneration of the Council members: | | | | |
| · salary | 222 460 | 177 798 | 222 460 | 177 798 |
| · social insurance contributions | 50 775 | 40 510 | 50 775 | 40 510 |
| **Total** | **829 169** | **700 333** | **637 122** | **499 549** |

**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 | |
|---|---|---|---|---|
| | 2026 EUR | 2025 EUR | 2026 EUR | 2025 EUR |
| **Sale of goods and services** | | | | |
| Subsidiaries | 10 150 911 | 8 780 072 | 998 621 | 512 419 |
| **Purchase of goods and services** | | | | |
| Subsidiaries | 372 456 | 587 687 | 106 574 | 347 691 |

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 | |
|---|---|---|---|---|
| | 01.07.2025-30.06.2026 EUR | 01.07.2024-30.06.2025 EUR | 01.07.2025-30.06.2026 EUR | 01.07.2024-30.06.2025 EUR |
| Remuneration to staff | 13 684 014 | 10 339 663 | 11 092 382 | 8 109 394 |
| Social insurance contributions | 2 755 048 | 2 059 295 | 2 599 868 | 1 898 370 |
| **Total** | **16 439 062** | **12 398 958** | **13 692 250** | **10 007 764** |

**29. Average number of employees**

| | Group | | Parent company | |
|---|---|---|---|---|
| | 01.07.2025-30.06.2026 | 01.07.2024-30.06.2025 | 01.07.2025-30.06.2026 | 01.07.2024-30.06.2025 |
| The average number of employees in the reporting year: | **296** | **270** | **269** | **253** |

**30. Contingent liabilities**

As a result of regular operational activity, the Group (Parent company) has issued performance guarantees to third parties in the amount of EUR 12 100 (30.06.2025: EUR 20 571).

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

As at 30 June 2026 the net profit of the Parent company, which arose after 31 December 2017, is EUR 16 772 900. 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 3 947 398.

**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 2026 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 2026 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: 48510000F6NVA4T63P67-2026-06-30-1-lv.zip (SHA-256-checksum: 865036ED3226A8378EB8EBD3DEF292F3A1A09D552E92B63D99F2A98B9CB6462C).

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

- the separate and consolidated statement of financial position as at 30 June 2026,
- 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 2026, 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 2026.

***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) ), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements included in the Law on Audit Services of the Republic of Latvia that are relevant to audits of the financial statements of public interest entities 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* |
|---|---|
| *Valuation of inventory*<br><br>Refer to Note 2 “Material accounting policies section J “Inventories” and Note 8 “Inventories” to the financial statements.<br><br>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.<br><br>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.<br><br>As disclosed in Note 8 to the Financial statements, the balance sheet value of inventories as at 30 June 2026 amount to EUR 17,0 million (the Company) and EUR 18,2 (the Group). As at 30 June 2026 the estimated inventory impairment allowance constituted EUR 3,3 million with regard to both the Company and the Group which is EUR 589 thousand less than at the end of the previous year.<br><br>The process of determining the cost of inventories involves the use of certain management estimates for the allocation of overheads.<br><br>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:<br><br>• 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;<br><br>• we assessed whether the accounting policies in relation to valuation of inventories comply with IFRS Accounting Standards;<br><br>• we evaluated the results of operations of the internal control structures in inventory-count performance and other control procedures performed;<br><br>• we participated in the year-end inventory counts, observing the inventory-count procedures and performance and reviewing the results of the inventory counts;<br><br>• we tested, on a random selection basis, the adequacy of costing of inventory items;<br><br>• we performed detailed analytical procedures by reconciling the profit ratios on the sale of goods to the sales policies as developed by the management;<br><br>• 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;<br><br>• 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.<br><br>• 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/.

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).

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.

Translation note:
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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).

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.

## Other reporting responsibilities in accordance with the legislation of the Republic of Latvia

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, and whether material misstatements have been identified in the Remuneration Report in relation to the financial information disclosed in the Annual Report.

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, and no material misstatements have been identified in the Remuneration Report in relation to the financial information disclosed in the Annual Report.

## Report on Other Legal and Regulatory Requirements

### 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 2026 contained in the digital file 48510000F6NVA4T63P67-2026-06-30-1-lv.zip (SHA-256-checksum: 865036ED3226A8378EB8EBD3DEF292F3A1A09D552E92B63D99F2A98B9CB6462C) 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.

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).

***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 2026 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 2026 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:
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