

**Dissemination of a Regulatory Announcement that contains inside information according to REGULATION (EU) No 596/2014 (MAR)**

18 May 2020

**MTI Wireless Edge Ltd**

("MTI" or the "Company")

**Q1 2020 Financial Results**

MTI Wireless Edge Ltd (AIM: MWE), the technology group focused on comprehensive communication and radio frequency solutions across multiple sectors, is pleased today to announce its financial results for the three month period ended 31 March 2020.

**Financial highlights**

- Solid revenue growth delivered, up by 5% to \$9.56m (Q1 2019: \$9.08m)
- Increasing scale and improved profit margins, led to a 40% increase in profit from operations to \$0.84m (Q1 2019: \$0.6m)
- Finance expenses in Q1 were higher than typical, as a result of certain significant currency exchange fluctuations due to the COVID-19 pandemic, with some of this effect having reversed to date
- Earnings per share increased by 4% to 0.67 US cents (Q1 2019: 0.64 US cents)
- Solid generation of cash from operations of \$1.3m (Q1 2019: \$1.3m), increasing net cash to \$8.6m at 31 March 2020 (31 March 2019: \$5.25m, 31 December 2019: \$7.7m)
- 2019 dividend of \$0.02 per share (2018 dividend: \$0.015 per share) paid on 10 April 2020

**Operational highlights**

- Good order book and pipeline of opportunities across all three of the Company's divisions
- New customers for Mottech's water management solutions from China, a key market for future expansion
- Substantial demand for mobile usage and connectivity bodes well for MTI's 5G backhaul antenna solution
- MTI Summit continued to perform well as we continue seeing increased demand for our solutions from the Israeli market and from our St Petersburg office

**Moni Borovitz, Chief Executive Officer of MTI Wireless Edge, said:**

"I am extremely pleased to report that during Q1 we delivered growth consistent with previous years. We believe that technology companies will be at the forefront of the recovery from the COVID-19 pandemic, particularly those such as our antenna division, as our end customers look to new technology, such as 5G, to increase their network data capacity to meet the demands of flexible and remote working. However, it is hard to predict the speed of the recovery as travel and health restrictions are impacting on our supply chain as well as our customers' ability to upgrade their data networks and installations. Our management team are very focused on: i) mitigating these risks as we seek to duplicate suppliers so that we are not reliant on one particular company or country; and ii) working closely with our customers to understand their plans.

Overall, the combination of our strong balance sheet and the market outlook for our industry, makes us confident we will weather the COVID-19 storm and be well placed to participate in the economic recovery. In terms of 2020, we remain cautious as we navigate these short term economic challenges and whilst currently our results and the order book supports our budget planning for 2020, we will carefully monitor our financial progress throughout the year, and update the market accordingly.

As of the date of this report, we have resumed working in most of our facilities (whilst adhering to the new health requirements and regulations) and we are seeing the majority of our markets recover although there are still significant challenges. Most importantly, none of our employees or their families were infected by COVID-19.

With these factors in mind, below is a short review of each of our three divisions:

The antenna division, which sells antennas and custom developed antenna solutions, has exciting opportunities in the future sales of its 5G backhaul antenna solutions to support mobile phone operators roll-out their 5G networks. While COVID-19 has generally had a negative impact on businesses this has not been the case for the telecom industry. Mobile operators are experiencing the highest ever demand for bandwidth as the western world switches to working and learning from home. The change in telecom usage that was expected to occur over a period of years has occurred in just weeks and provided 5G with significant impetus.

The wireless water management division continued to see good demand in markets coming out from lockdowns and we are confident that the need for better control over water and power resources, food production traceability, lower costs and better yields hasn't gone away. We announced in April 2020 a collection of new contracts won in China and it is encouraging to see this key market for Mottech re-open.

The distribution business continued to make good progress as the bigger part of this operation is based in Israel and can be managed and processed remotely. We continue seeing increased demand for our products and solutions in Israel and in our St Petersburg office, where we had a strong start for 2020 with a US\$1.5 million contract. We are now waiting for the Russian market to resume and enable MTI Summit to capitalise on the strong start it made in this market.

Overall, we are cautiously optimistic for MTI's prospects in 2020. Looking further ahead, we confidently believe the Company's clear focus on providing radio frequency solutions coupled to being diversified across several markets and geographies positions us well to continue to grow and expand through a mix of acquisition led and organic growth."

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## **About MTI Wireless Edge Ltd. ("MTI")**

Headquartered in Israel, MTI is a technology group focused on comprehensive communication and radio frequency solutions across multiple sectors through three core divisions:

### **Antenna Division**

MTI is a world leader in the design, development and production of high quality, state-of-the-art, and cost-effective antenna solutions including Smart Antennas, MIMO Antennas and Dual Polarity Antennas for wireless applications. MTI supplies antennas for both military and commercial markets from 100 KHz to 90 GHz.

Internationally recognized as a producer of commercial off-the-Shelf and custom-developed antenna solutions in a broad frequency range, MTI addresses both commercial and military applications.

MTI supplies directional and omnidirectional antennas for outdoor and indoor deployments, including smart antennas for WiMAX, Broadband access, public safety, RFID, base stations and terminals for the utility market.

Military applications include a wide range of broadband, tactical and specialized communication antennas, antenna systems and DF arrays installed on numerous airborne, ground and naval, including submarine, platforms worldwide.

### **Water Control & Management Division**

Via its subsidiary, Mottech Water Solutions Ltd ("Mottech"), MTI provides high-end remote control solutions for water and irrigation applications based on Motorola's IRRInet state-of-the-art control, monitoring and communication technologies.

As Motorola's global prime-distributor Mottech serves its customers worldwide through its international subsidiaries and a global network of local distributors and representatives. With over 25 years of experience in providing customers with irrigation remote control and management, Mottech's solutions ensure constant, reliable and accurate water usage, while reducing operational and maintenance costs. Mottech's activities are focused in the market segments of agriculture, water distribution, municipal and commercial landscape as well as wastewater and storm-water reuse.

### **Distribution & Professional Consulting Services Division**

Via its subsidiary, MTI Summit Electronics Ltd., MTI offers consulting, representation and marketing services to foreign companies in the field of RF and Microwave solutions and applications including

engineering services (including design and integration) in the field of aerostat systems and the ongoing operation of Platform subsystems, SIGINT, RADAR, communication and observation systems which is performed by the Company.