

## **MTI Wireless Edge Ltd**

("MTI", the "Company" or the "Group")

### **Q1 2022 Financial Results**

MTI Wireless Edge Ltd (AIM: MWE), the technology group focused on comprehensive communication and radio frequency solutions across multiple sectors, is pleased to announce its financial results for the three-month period ended 31 March 2022.

#### **Financial highlights**

- Good revenue growth, up by 12% to \$11.2m (Q1 2021: \$9.95m) reflecting the strength of the Group's long term customer base with over 60% of revenue being generated from clients for 10 years or more
- Profit before tax up 8% to \$0.97m (Q1 2021: \$0.9m) after costs associated with the acquisition of P.S.K. WIND Technologies Ltd ("PSK")
- EBITDA\* increased by 15% to \$1.35m (Q1 2021: \$1.18m)
- Earnings per share increased by 12% to 0.89 US cents (Q1 2021: 0.80 US cents)
- Continued strong operating cash generation with net cash standing at \$6.5m on 31 March 2022 (31 March 2021: \$9.5m), with the majority of the change reflecting: i) the initial net consideration paid and loan provided in respect of PSK; ii) the Group's exit from its Russian operations (as described in note six to the financial statements); and iii) the dividend paid in March 2022 - together totaling approximately \$7m.

#### **Operational highlights by division**

##### **Antennas**

- A one stop shop for the sale of 'off the shelf' flat and parabolic antennas, combined with the provision of custom-developed antenna solutions to a range of commercial and military customers, with a growing focus on providing 5G backhaul antenna solutions to support mobile phone operators as they roll-out their 5G networks.
- In Q1 2022, there was further interest from Tier 1 corporations for our 5G automatic beam steering ("ABS") antenna solution, which ensures the antenna adapts to any small movements caused by different climate conditions, including wind or temperature changes.
- Orders for our 5G backhaul solution remain strong, but fulfilment is slower due to external issues relating to supply chains at customers (mainly microchip shortages and the impact of lockdowns in China). RFID revenues significantly improved whilst military antenna orders were slower as the sales cycle takes longer, but the opportunities remain significant.
- Taken together this resulted in slightly lower antenna revenue levels in Q1 2022 (compared to Q1 2021), but the underlying future potential across both military and 5G markets remains strong.

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

- Operates under the Mottech brand and provides wireless control systems to manage irrigation and water distribution for agriculture, municipal authorities and commercial entities.

- Solutions reduce water and power usage, whilst providing customers with higher revenue from accurate irrigation, leading to more and better quality crops and plants being grown.
- Q1 2022 was a steady period with revenues increasing slightly against Q1 2021 and underlying sales orders bode well for the year with a growing pipeline of opportunities and the successful introduction of new prices being accepted in service contracts across the division's customer base.
- Sales are expected to commence in Q2 2022 under a strategic partnership agreed in January with Viridix, offering Mottech customers the RooTense® sensor that measures the water available to the roots of crops.

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

- Operates under the MTI Summit Electronics brand and represents approximately 40 international suppliers of radio frequency/microwave components and sells these products to Israeli customers.
- Expert knowledge of both the international suppliers and customers further enables MTI to act as a consultant to all parties and assist with devising complete radio frequency/microwave solutions.
- In Q1 2022, MTI Summit enjoyed an excellent period delivering strong revenue growth, boosted by the addition of new revenues from the acquisition of PSK. Most importantly, this division has also grown its pipeline of future orders and opportunities and is well placed for a successful year.
- In March 2022, the Company confirmed the sale of the Group's business unit in Russia to the General Manager of the Russian operations.

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

"We are pleased with the trading performance for the first quarter, which represents a good start to the year and, once again, demonstrates the critical value of being a diversified business enabling us to continue to grow the business in challenging times.

"Delivering double digit sales, EBITDA and EPS growth is a creditable performance in the current market, coming out of the pandemic and managing increased costs relating to inflation and the supply chain. Cash generation from operations was again positive, with net cash at \$6.5m after paying circa \$4.5m in relation to the acquisition of PSK and last year's dividend. The business therefore remains in a strong financial position and well placed for the year.

"The impact on our business from the pandemic has receded but there are still pockets of disruption, most notably in China, where recent lockdowns have added to the delays in the production of components and increased pressure around transportation of goods from China. Inflationary led costs are coming through the business albeit we have been successful to mitigate these to some extent by implementing price increases. Overall, we expect these factors to continue to some degree for the remainder of the year.

"Notwithstanding this, demand across all three divisions for their respective products and services has increased. The market for defence, in particular, is growing, with a visible increase in potential orders over the coming 18 months. Our ABS solution for the 5G market has opened up new conversations with several key Tier 1 & 2 mobile radio manufacturers, strengthening our relationship with existing customers and potential new ones. This has further under pinned the potential of the 5G market for us. Mottech remains a leader in its field and continues to see good demand in many markets, supported by a strong pipeline of potential future orders. MTI Summit was again the leading performer in Q1 with a very encouraging contribution from the recently acquired PSK.

“Looking ahead, we believe the Company’s clear focus on providing radio frequency solutions coupled to being diversified across several markets positions us well to continue to grow and expand through a mix of acquisition led and organic growth.”

*Moni Borovitz, Chief Executive Officer, will provide a live investor presentation relating to the financial results for the three-month period ended 31 March 2022, via the Investor Meet Company ("IMC") platform today at 10.00 am UK time.*

Investors can sign up for free via: <https://www.investormeetcompany.com/mti-wireless-edge-ltd/register-investor>

\*Earnings before interest, tax, depreciation and amortisation.

**For further information please contact:**

<b>MTI Wireless Edge Ltd</b> Moni Borovitz, CEO	+972 3 900 8900 <a href="http://www.mtiwirelessedge.com">http://www.mtiwirelessedge.com</a>
<b>Allenby Capital Limited</b> (Nomad and Joint Broker) Nick Naylor/Alex Brearley/Piers Shimwell (Corporate Finance) Amrit Nahal/David Johnson (Sales and Corporate Broking)	+44 20 3328 5656
<b>Shore Capital</b> (Joint Broker) Toby Gibbs/John More (Corporate Advisory) Fiona Conroy (Corporate Broking)	+44 20 7408 4090
<b>Novella</b> (Financial PR) Tim Robertson/Safia Colebrook	+44 20 3151 7008

**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 174 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 5G backhaul, Broadband access, public safety, RFID, base station 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 and monitoring 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, increase crops quality and yield while reducing operational and maintenance costs providing fast ROI while helping sustain the environment. 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. It also specializes in the development, manufacture and integration of communication systems and advanced monitoring and control systems for the Government and defence industry market.