

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

28 August 2018

MTI Wireless Edge Ltd
("MTI" or the "Company")
Financial results for H1 2018

MTI Wireless Edge Ltd. (AIM: MWE), a market leader in the manufacture of flat panel antennas for fixed wireless broadband and a wireless irrigation solutions provider, today announces its unaudited results for the six months ended 30 June 2018.

As the merger (the "Merger") between the Company and MTI Computers and Software Services (1982) Ltd. ("MTIC") completed on 20 August 2018 **the Company is presenting in this announcement the financial results as if the Merger was in effect as of the establishment of the Company. The financial statements for the six months ended 30 June 2018 (which are further below within this announcement) are for the Company on a pre-Merger basis (i.e. they do not contain any contribution from MTIC).**

Highlights for the merged companies:

- H1 2018 revenues increased by 3% year-on-year to \$17.1m (H1 2017: \$16.55m)
- Q2 2018 revenues increased **12%** year-on-year to \$9.27m and **18% over Q1 2018** (Q1 2018: \$7.84m, Q2 2017: \$8.26m)
- H1 2018 profit from operations decreased year-on-year by \$0.2m to \$1.06m mainly due to one-time Merger expenses of \$0.16 million (2017: \$1.26m)
- Q2 profit from operations **increased 16%** year-on-year to \$0.7m and **doubled** over Q1 2018 (Q1 2018: \$0.35m, Q2 2017: \$0.6m)
- H1 2018 cash flow from operations **increased 16%** to \$2.2m (2017: \$1.9m)

Zvi Borovitz, Chairman of MTI Wireless, commented:

"We are very pleased to have completed the merger and are excited with the opportunities in each of our business segments. During the first six months of 2018 and especially in the second quarter we continued to see good progress. The general and administration costs in the six months include a one-time Merger cost of approximately \$160,000. Going forward we will not only save these costs but expect to save an additional \$100,000 annually due to the Merger.

During the first half of 2018, we continued to see good progress in meeting our internal goals in all areas of our business. In our wireless controller segment, via Mottech, we grew by 15% year-on-year and we continue to see opportunities to grow the business. In the antenna segment, we continue to see good demand in our military and Millimetre Wave solutions. While H1 revenue in this segment was 7% below last year, we believe that by the end of the year, we will also see growth in this segment. Our representation division had a small growth in revenue in the first half of the year, and given the design win achieved and the pipeline of opportunities, we expect

to end this year with higher revenue growth. Our system engineering division continues to progress focusing on securing its growth for 2019 and beyond. Overall, in all segments, we have a strong belief that our growth will continue into 2019 and beyond".

**A. Proforma interim consolidated statements of comprehensive income
for the merged companies**

	Six month period ended June 30,		Year ended December 31,
	2018	2017	2017
	U.S. \$ in thousands		
	Unaudited		
Revenues	17,112	16,550	34,653
Cost of sales	11,437	10,861	23,430
Gross profit	<u>5,675</u>	<u>5,689</u>	<u>11,223</u>
Research and development expenses	561	461	927
Distribution expenses	2,037	2,083	4,085
General and administrative expenses	2,019	1,885	3,795
Loss (gain) from sale of property	<u>(3)</u>	<u>-</u>	<u>6</u>
Profit from operations	<u>1,061</u>	<u>1,260</u>	<u>2,410</u>
Finance expense	227	115	249
Finance income	<u>25</u>	<u>239</u>	<u>287</u>
Profit before income tax	<u>859</u>	<u>1,384</u>	<u>2,448</u>
Tax (income) expense	<u>(147)</u>	<u>183</u>	<u>440</u>
Profit	<u>1,006</u>	<u>1,201</u>	<u>2,008</u>
Other comprehensive income (loss) net of tax: <i>Items that will not be reclassified to profit or loss:</i>			
Re-measurement of defined benefit plans	<u>-</u>	<u>-</u>	<u>53</u>
<i>Items that may be reclassified to profit or loss:</i>			
Adjustment arising from translation of financial statements of foreign operations	<u>(200)</u>	<u>31</u>	<u>61</u>
Total other comprehensive income	<u>(200)</u>	<u>31</u>	<u>114</u>
Total comprehensive income	<u>806</u>	<u>1,232</u>	<u>2,122</u>
Profit attributable to:			
Owners of the parent	1,004	1,140	1,949
Non-controlling interest	<u>2</u>	<u>61</u>	<u>59</u>
	<u>1,006</u>	<u>1,201</u>	<u>2,008</u>
Total comprehensive income attributable to:			
Owners of the parent	804	1,171	2,063
Non-controlling interest	<u>2</u>	<u>61</u>	<u>59</u>
	<u>806</u>	<u>1,232</u>	<u>2,122</u>
Earnings per share (dollars)			
Basic	<u>0.0117</u>	<u>0.0136</u>	<u>0.0231</u>
Diluted	<u>0.0116</u>	<u>0.0134</u>	<u>0.0230</u>

B. Proforma interim consolidated statements of financial position of the merged companies

	<u>30.06.2018</u>	<u>30.06.2017</u>	<u>31.12.2017</u>
	<u>U.S. \$ in thousands</u>		
	<u>Unaudited</u>		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	3,946	5,690	3,508
Other current financial assets	2,031	-	2,011
Trade receivables	10,143	10,999	11,027
Other receivables	717	856	979
Current tax receivables	532	863	619
Inventories	4,746	4,849	5,481
	<u>22,115</u>	<u>23,257</u>	<u>23,625</u>
NON-CURRENT ASSETS:			
Long term prepaid expenses	35	49	45
Property, plant and equipment	4,229	4,272	4,211
Deferred tax assets	601	633	600
Intangible assets	940	1,051	995
	<u>5,805</u>	<u>6,005</u>	<u>5,851</u>
Total assets	<u>27,920</u>	<u>29,262</u>	<u>29,476</u>

	<u>30.06.2018</u>	<u>30.06.2017</u>	<u>31.12.2017</u>
	<u>U.S. \$ In thousands</u>		
	<u>Unaudited</u>		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Current maturities and short term bank credit and loans	836	1,082	869
Trade payables	3,878	4,360	4,186
Other accounts payables	2,225	2,487	2,520
Current tax payables	34	254	237
	<u>6,973</u>	<u>8,183</u>	<u>7,812</u>
NON- CURRENT LIABILITIES:			
Loans from banks, net of current maturities	547	1,345	955
Employee benefits, net	706	751	734
	<u>1,253</u>	<u>2,096</u>	<u>1,689</u>
Total liabilities	<u>8,226</u>	<u>10,279</u>	<u>9,501</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	205	200	200
Additional paid-in capital	22,388	21,629	21,716
Capital reserve from share-based payment transactions	361	337	352
Translation differences	(95)	75	105
Retained earnings	(3,550)	(3,643)	(2,781)
	<u>19,309</u>	<u>18,598</u>	<u>19,592</u>
Non-controlling interest	385	385	383
Total equity	<u>19,694</u>	<u>18,983</u>	<u>19,975</u>
Total equity and liabilities	<u>27,920</u>	<u>29,262</u>	<u>29,476</u>

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About MTI Wireless Edge

Headquartered in Israel, MTI is a multi-faceted Group offering comprehensive technology solutions through four core divisions:

Antennas Division

MTI Wireless Edge 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 Wireless Edge 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.

Aerostat Operation Division

Via its system engineering division, the Group offers design and integration of aerostat operation systems along with the ongoing operation of Platform subsystems, SIGINT, RADAR, communication and observation systems.

Water Control & Management Division

Via its subsidiary, Mottech Water Solutions Ltd (“Mottech”), the Group 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 solutions ensure constant, reliable and accurate water usage, while reducing operational and maintenance costs. Mottech activities are focused in the market segments of agriculture, water distribution, municipal and commercial landscape as well as wastewater and storm-water reuse.

RF and Microwave Representative and Consultation Division

Via its subsidiary, MTI Summit Electronics Ltd. the group offers representative and expert consultation services specializing in RF and Microwave solutions and applications. It provides its services to international electronics suppliers operating in Israel, Eastern Europe, and Russia.