

**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**AS OF MARCH 31, 2022**

# **MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

## **INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**AS OF MARCH 31, 2022**

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**MTI WIRELESS EDGE LTD.**  
**(An Israeli Corporation)**  
**INTERIM CONSOLIDATED STATEMENTS OF**  
**COMPREHENSIVE INCOME**

	<b>Three month period ended</b>		<b>Year ended</b>
	<b>March 31,</b>		<b>December 31,</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>U.S. \$ in thousands</b>		
	<b>(Except per share data)</b>		
	<b>Unaudited</b>		
Revenues	11,176	9,949	43,184
Cost of sales	7,685	6,783	29,685
<b>Gross profit</b>	3,491	3,166	13,499
Research and development expenses	272	283	965
Distribution expenses	884	889	3,686
General and administrative expenses	1,297	1,039	4,448
Loss (profit) from sale of property, plant and equipment	9	(4)	25
<b>Profit from operations</b>	1,029	959	4,425
Finance expenses	78	75	454
Finance income	(23)	(15)	(67)
<b>Profit before income tax</b>	974	899	4,038
Tax expenses	164	157	329
<b>Profit</b>	810	742	3,709
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	-	-	22
<i>Items that may be reclassified to profit or loss:</i>			
Adjustment arising from translation of financial statements of foreign operations	24	(113)	(19)
Total other comprehensive income (loss)	24	(113)	3
<b>Total comprehensive income</b>	834	629	3,712
<b>Profit attributable to:</b>			
Owners of the parent	786	705	3,598
Non-controlling interests	24	37	111
	810	742	3,709
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	810	592	3,601
Non-controlling interests	24	37	111
	834	629	3,712
<b>Earnings per share (dollars)</b>			
Basic and Diluted (dollars per share)	0.0089	0.0080	0.0407
<b>Weighted average number of shares outstanding</b>			
Basic and Diluted (dollars per share)	88,501,084	88,538,724	88,509,740

The accompanying notes form an integral part of the financial statements.

**MTI WIRELESS EDGE LTD.**  
**(An Israeli Corporation)**  
**INTERIM CONSOLIDATED STATEMENTS OF**  
**CHANGES IN EQUITY**

**For the three month period ended March 31, 2022 (Unaudited):**

	<b>Attributable to owners of the parent</b>						
	<b>Share capital</b>	<b>Additional paid-in capital</b>	<b>Translation differences</b>	<b>Retained earnings</b>	<b>Total attributable to owners of the parent</b>	<b>Non- controlling interest</b>	<b>Total equity</b>
	<b>U.S. \$ in thousands</b>						
<b>Balance at January 1, 2022</b>	209	23,126	172	2,406	25,913	1,098	27,011
<b>Changes during the three month period ended March 31, 2021:</b>							
<b>Comprehensive income</b>							
Profit for the period	-	-	-	786	786	24	810
<b>Other comprehensive income</b>							
Translation differences	-	-	24	-	24	-	24
<b>Total comprehensive income for the period</b>	-	-	24	786	810	24	834
Acquisition and disposal of treasury shares	-	41	-	-	41	-	41
Dividend	-	-	-	(2,479)	(2,479)	-	(2,479)
<b>Balance at March 31, 2022</b>	209	23,167	196	713	24,285	1,122	25,407

**The accompanying notes form an integral part of the financial statements.**

**MTI WIRELESS EDGE LTD.**  
**(An Israeli Corporation)**  
**INTERIM CONSOLIDATED STATEMENTS OF**  
**CHANGES IN EQUITY (CONT.)**

**For the three month period ended March 31, 2021 (Unaudited):**

	Attributable to owners of the parent						
	Share capital	Additional paid-in capital	Translation differences	Retained earnings	Total attributable to owners of the parent	Non- controlling interest	Total equity
U.S. \$ in thousands							
<b>Balance at January 1, 2021</b>	209	23,167	191	999	24,566	987	25,553
<b>Changes during the three month period ended March 31, 2021:</b>							
<b>Comprehensive income</b>							
Profit for the period	-	-	-	705	705	37	742
<b>Other comprehensive income</b>							
Translation differences	-	-	(113)	-	(113)	-	(113)
<b>Total comprehensive income (loss) for the period</b>	-	-	(113)	705	592	37	622
Dividend	-	-	-	(2,213)	(2,213)	-	(2,213)
<b>Balance at March 31, 2021</b>	209	23,167	78	(509)	22,945	1,024	23,969

The accompanying notes form an integral part of the financial statements.

**MTI WIRELESS EDGE LTD.**  
**(An Israeli Corporation)**  
**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT.)**

**For the year ended December 31, 2021:**

	Attributable to owners of the parent						
	Share capital	Additional paid-in capital	Translation differences	Retained earnings	Total attributable to owners of the parent	Non- controlling interests	Total equity
	U.S. \$ in thousands						
<b>Balance as at January 1, 2021</b>	209	23,167	191	999	24,566	987	25,553
<b>Changes during 2021:</b>							
<b>Comprehensive income</b>							
Profit for the year	-	-	-	3,598	3,598	111	3,709
<b>Other comprehensive income</b>							
Re measurements on defined benefit plans	-	-	-	22	22	-	22
Translation differences	-	-	(19)	-	(19)	-	(19)
<b>Total comprehensive income (loss) for the year</b>	-	-	(19)	3,620	3,601	111	3,712
Dividend	-	-	-	(2,213)	(2,213)	-	(2,213)
Acquisition and disposal of treasury shares	-	(41)	-	-	(41)	-	(41)
<b>Balance as at December 31, 2021</b>	209	23,126	172	2,406	25,913	1,098	27,011

The accompanying notes form an integral part of the financial statements.

**MTI WIRELESS EDGE LTD.**  
**(An Israeli Corporation)**  
**INTERIM CONSOLIDATED STATEMENTS OF**  
**FINANCIAL POSITION**

	<b>31.03.2022</b>	<b>31.03.2021</b>	<b>31.12.2021</b>
	<b>U.S. \$ in thousands</b>		
	<b>Unaudited</b>		
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	6,517	9,585	12,567
Trade and other receivables	11,201	9,244	10,628
Unbilled revenue	3,542	2,389	2,794
Current tax receivables	281	489	518
Inventories	6,622	5,631	6,849
	28,163	27,338	33,356
<b>NON-CURRENT ASSETS:</b>			
Long term prepaid expenses	43	27	26
Property, plant and equipment	5,710	5,312	5,548
Deferred tax assets	1,123	689	994
Intangible assets	4,057	1,053	1,014
	10,933	7,081	7,582
<b>Total assets</b>	<b>39,096</b>	<b>34,419</b>	<b>40,938</b>

**The accompanying notes form an integral part of the financial statements.**

**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**INTERIM CONSOLIDATED STATEMENTS OF  
FINANCIAL POSITION**

	<u>31.03.2022</u>	<u>31.03.2021</u>	<u>31.12.2021</u>
	<u>U.S. \$ In thousands</u>		
	<u>Unaudited</u>		
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Current maturities and short term bank credit and loans	11	36	23
Trade payables	6,167	4,157	5,346
Other accounts payable	4,367	4,762	6,895
Current tax payables	374	142	322
	<u>10,919</u>	<u>9,097</u>	<u>12,586</u>
<b>NON- CURRENT LIABILITIES:</b>			
Contingent consideration	1,432	49	-
Lease liabilities	360	464	465
Loans from banks, net of current maturities	15	30	8
Employee benefits, net	963	810	868
	<u>2,770</u>	<u>1,353</u>	<u>1,341</u>
<b>Total liabilities</b>	<u>13,689</u>	<u>10,450</u>	<u>13,927</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	209	209	209
Additional paid-in capital	23,167	23,167	23,126
Translation differences	196	78	172
Retained earnings	713	(509)	2,406
	<u>24,285</u>	<u>22,945</u>	<u>25,913</u>
Non-controlling interest	1,122	1,024	1,098
<b>Total equity</b>	<u>25,407</u>	<u>23,969</u>	<u>27,011</u>
<b>Total equity and liabilities</b>	<u>39,096</u>	<u>34,419</u>	<u>40,938</u>

May 22, 2022

Date of approval of  
financial statements

Moshe Borovitz  
Chief Executive Officer

Elhanan Zeira  
Controller

Zvi Borovitz  
Non-executive Chairman  
of the Board

**The accompanying notes form an integral part of the financial statements.**



**MTI WIRELESS EDGE LTD.**

(An Israeli Corporation)

**INTERIM CONSOLIDATED STATEMENTS OF**

**CASH FLOWS**

	Three month period ended March 31,	Year ended December 31,
	2022	2021
	U.S. \$ in thousands	
	Unaudited	
<b>Cash Flows from Operating Activities:</b>		
Profit for the period	810	742
Adjustments for:		
Depreciation and amortization	327	221
Loss (Gain) from sale of property, plant and equipment	4	13
Finance (income) expenses, net	(9)	(24)
Tax expenses	164	157
Changes in operating assets and liabilities:		
Decrease (increase) in inventories	291	729
Decrease in trade receivables	262	1,457
Increase in other accounts receivables	(355)	(112)
Increase in unbilled revenues	(748)	(71)
Increase (decrease) in trade and other accounts payables	593	(369)
Increase (decrease) in employee benefits, net	(9)	(16)
<b>Cash from operations</b>	1,330	2,727
Interest received	-	5
Interest paid	(11)	(10)
Income tax paid	(407)	(155)
<b>Net cash provided by operating activities</b>	912	2,567
		7,110

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**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**INTERIM CONSOLIDATED STATEMENTS OF**

**CASH FLOWS (cont.)**

	<b>Three month period ended</b>		<b>Year ended</b>
	<b>March 31,</b>		<b>December 31,</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>U.S. \$ in thousands</b>		
	<b>Unaudited</b>		
<b>Cash Flows From Investing Activities:</b>			
Proceeds from sale of property, plant and equipment	-	23	153
Acquisition of subsidiary, net of cash acquired	(1,427)	-	-
Net cash from sale of previously consolidated subsidiaries	(2,785)		
Payment of contingent consideration regarding business acquisition	-	-	(54)
Purchase of property, plant and equipment	(181)	(151)	(835)
<b>Net cash used in investing activities</b>	<b>(4,393)</b>	<b>(128)</b>	<b>(736)</b>
<b>Cash Flows From Financing Activities:</b>			
Dividend	(2,479)	(2,213)	(2,213)
Payments of lease liabilities	(123)	(103)	(449)
Treasury shares acquired	-	-	(41)
Treasury shares sold	41	-	-
Repayment of long-term loans from banks	(4)	(82)	(117)
<b>Net cash used in financing activities</b>	<b>(2,565)</b>	<b>(2,398)</b>	<b>(2,820)</b>
<b>(Decrease)/Increase in cash and cash equivalents during the period</b>	<b>(6,046)</b>	<b>41</b>	<b>3,037</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>12,567</b>	<b>9,577</b>	<b>9,577</b>
<b>Exchange differences on balances of cash and cash equivalents</b>	<b>(4)</b>	<b>(33)</b>	<b>(47)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>6,517</b>	<b>9,585</b>	<b>12,567</b>

**The accompanying notes form an integral part of the financial statements.**

**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - GENERAL:**

**Corporate information:**

M.T.I Wireless Edge Ltd. (hereafter - the "Company", or collectively with its subsidiaries, the "Group") is an Israeli corporation. The Company was incorporated under the Companies Act in Israel on December 30, 1998, and commenced operations on July 1, 2000. Since March 2006, the Company's shares have been traded on the AIM market of the London Stock Exchange.

The formal address of the Company is 11 Hamelacha Street, Afek industrial Park, Rosh-Ha'Ayin, Israel.

The Company and its subsidiaries are engaged in the following areas:

- Development, design, manufacture and marketing of antennas for the military and civilian sectors.
- A leading provider of remote control solutions for water and irrigation applications based on Motorola's IRRInet state of the art control, monitoring and communication technologies.
- Providing consulting, representation and marketing services to foreign companies in the field of RF and Microwave, including engineering services in the field of aerostat systems and system engineering services.

In these financial statements, the Company included the results of its aerostat system division in its representation and consulting services division, as it deems this appropriate given the nature of the consulting services provided in both segments and the respective size of these segments.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:**

The interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in International Accounting Standard No. 34 ("Interim Financial Reporting").

The interim consolidated financial information set out above does not constitute full year-end accounts within the meaning of Israeli Companies Law. It has been prepared on the going concern basis in accordance with the recognition and measurement criteria of the International Financial Reporting Standards (IFRS). Statutory financial information for the financial year ended December 31, 2021 was approved by the board on March 6, 2022. The report of the auditors on those financial statements was unqualified.

The interim consolidated financial statements as of March 31, 2022 have not been audited.

The interim consolidated financial information should be read in conjunction with the annual financial statements as of December 31, 2021 and for the year then ended and with the notes thereto. The significant accounting policies applied in the annual financial statements of the Company as of December 31, 2021 are applied consistently in these interim consolidated financial statements.

**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 3 – ACQUISITION OF SUBSIDIARY:**

On 3 January 2022 the Company, via its wholly-owned subsidiary, MTI Summit Electronics Ltd. (“MTI Summit”), entered into a share purchase agreement, which includes both a purchase of existing shares in and the making of a new equity investment into P.S.K. WIND Technologies Ltd. (“PSK”), after which MTI Summit will own 51% of PSK (the "Acquisition"). The initial consideration for the Acquisition is approximately US\$1.2 million, with an earn out payment, subject to performance, of up to approximately US\$2.56 million. In addition, MTI Summit has made a loan to PSK of US\$0.8 million and is party to an option agreement in relation to the acquisition of the remaining 49% of PSK.

The initial consideration paid by MTI, to acquire 51% of the equity in PSK, comprises: a) the purchase of existing shares in PSK for NIS 700,000 (approximately US\$225,000); and b) a subscription of NIS 3,000,000 (approximately US\$0.95m) for new shares in PSK. In addition, there is an earn out mechanism under which further consideration may be payable, as described in the contingent consideration section below (the “Earn Out”). MTI Summit’s loan to PSK of NIS 2,500,000 (approximately US\$800,000) is a term loan which is to be repaid on 1 January 2024. The loan is not convertible and bears interest of 3.26% per annum.

In addition to the Acquisition, MTI Summit has an option to purchase and the vendors of PSK have an option to sell to MTI Summit the remaining 49% of PSK (the “Option”) starting from 2027, subject to the terms described below.

*Cash outflow/inflow on the Acquisition:*

	<u>\$'000</u>
	<u>Unaudited</u>
Cash and cash equivalents acquired at the acquisition date	1,037
Bank credit	(1,267)
Cash paid	(1,197)
<b>Net cash</b>	<u>(1,427)</u>

*Acquisition cost of PSK at the date of Acquisition:*

	<u>Fair value</u>
	<u>\$'000</u>
	<u>Unaudited</u>
Cash paid	1,197
Contingent consideration liability	56
Put options liability	1,376
<b>Total acquisition cost</b>	<u>2,629</u>

**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 3 – ACQUISITION OF SUBSIDIARY (CONT’):**

*Set forth below are the assets and liabilities of PSK at the date of Acquisition:*

	<b>Fair value</b>
	<b>\$'000</b>
	<b>Unaudited</b>
Cash and cash equivalents	1,037
Trade receivables	671
Other receivables	213
Inventories	65
Property, plant and equipment	256
Intangible assets	1,710
Bank loans	(1,267)
Trade payables	(522)
Deferred tax liability	(394)
Other liabilities	(436)
Employee benefits, net	(104)
Net identifiable assets	1,229
Goodwill arising on acquisition	1,400
<b>Total purchase cost</b>	<b>2,629</b>

The results of PSK were consolidated into the financial statement of the Group from the beginning of the year.

*Goodwill:*

	<b>\$'000</b>
	<b>Unaudited</b>
Balance at January 1, 2022 (audited)	861
additions	1,400
<b>Balance at 31 March, 2022</b>	<b>2,261</b>

The goodwill arising on Acquisition is attributed to the expected benefits from the synergies of the combination of the activities of the Company and PSK.

The goodwill recognized is not expected to be deductible for income tax purposes.

*Contingent consideration:*

As part of the purchase agreement with the owners of PSK, it was agreed that the sellers, who retain a 49% holding in PSK would be entitled to further consideration to be paid pursuant to an earn out mechanism dependent on PSK’s actual revenues in 2022 and 2024 versus certain agreed targets in each of those years and is capped at a maximum of NIS 8,000,000 (approximately US\$2.56m), to be paid in cash.

**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 3 – ACQUISITION OF SUBSIDIARY (CONT’):**

*Put Option liability:*

MTI Summit has an option to purchase and the vendors of PSK have an option to sell to MTI Summit the remaining 49% of PSK (the “Option”) starting from 2027. The value of PSK under the Option is to be calculated on the basis of eight times the average EBITDA level of PSK in 2025 and 2026, with MTI being required to pay 49% of this value upon exercise. If the Option is to be exercised at any time after the preparation of PSK’s financial results for the first quarter of 2027, the calculation will be based on PSK’s average EBITDA for the last eight quarters. The Option will remain in place until exercised.

As at the Acquisition date, the fair value of the contingent consideration was estimated at US\$ 56 thousand and the Option at US\$ 1.376 million.

The significant non-observable data used in measuring the fair value of the liability in respect of the contingent consideration and the Put Option liability are as follows:

Discount rate: 15.5%

A significant increase (or decrease) in the estimated amount of the acquired company's pre-tax income will result in a significant increase (decrease) in the fair value of the liability in respect of the contingent consideration whereas a significant increase (decrease) in the discount rate and default risk rate will result in a decrease (an increase) in the fair value of the liability.

**NOTE 4 – REVENUES:**

	<b>Three month period ended</b>		<b>Year ended</b>
	<b>March 31,</b>		<b>December 31,</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>U.S. \$ in thousands</b>		
	<b>Unaudited</b>		
<b>Revenues arise from:</b>			
Sale of goods*	9,135	7,879	35,308
Rendering of services**	1,713	1,444	5,729
Projects**	328	626	2,147
	<u>11,176</u>	<u>9,949</u>	<u>43,184</u>

(\* ) at the point in time

(\*\* ) over time

**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 5 – OPERATING SEGMENTS:**

The following tables present revenue and profit information regarding the Group's operating segments for the three month period ended March 31, 2022 and 2021 respectively and for the year ended December 31, 2021.

**Three month period ended March 31, 2022 (Unaudited):**

	<u>Antennas</u>	<u>Water Solutions</u>	<u>Distribution &amp; Consultation Services</u>	<u>Adjustment &amp; Elimination</u>	<u>Total</u>
	<b>U.S. \$ in thousands</b>				
<i>Revenues</i>					
External	2,728	4,258	4,190	-	11,176
Internal	-	-	49	(49)	-
Total	<u>2,728</u>	<u>4,258</u>	<u>4,239</u>	<u>(49)</u>	<u>11,176</u>
Segment profit (loss)	<u>(132)</u>	<u>396</u>	<u>742</u>	<u>25</u>	<u>1,031</u>
Finance expense, net					63
Tax expenses					<u>164</u>
Profit					<u><u>804</u></u>

**31 March 2022:**

	<u>Antennas</u>	<u>Water Solutions</u>	<u>Distribution &amp; Consultation Services</u>	<u>Adjustment &amp; Elimination</u>	<u>Total</u>
	<b>U.S. \$ in thousands</b>				
<i>Segment assets</i>	<u>13,770</u>	<u>11,892</u>	<u>12,020</u>	<u>-</u>	<u>37,682</u>
<i>Unallocated assets</i>					<u>3,419</u>
<i>Segment liabilities</i>	<u>3,558</u>	<u>4,804</u>	<u>6,193</u>	<u>-</u>	<u>14,555</u>
<i>Unallocated liabilities</i>					<u>1,145</u>

**Three month period ended March 31, 2021 (Unaudited):**

	<u>Antennas</u>	<u>Water Solutions</u>	<u>Distribution &amp; Consultation Services</u>	<u>Adjustment &amp; Elimination</u>	<u>Total</u>
	<b>U.S. \$ in thousands</b>				
<i>Revenues</i>					
External	2,802	4,161	2,986	-	9,949
Internal	-	-	23	(23)	-
Total	<u>2,802</u>	<u>4,161</u>	<u>3,009</u>	<u>(23)</u>	<u>9,949</u>
Segment profit	<u>63</u>	<u>396</u>	<u>393</u>	<u>107</u>	<u>959</u>
Finance expense, net					60
Tax expenses					<u>157</u>
Profit					<u><u>742</u></u>

**MTI WIRELESS EDGE LTD.**

(An Israeli Corporation)

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 5 - OPERATING SEGMENTS (CONT.):**

**31 March, 2021:**

	<u>Antennas</u>	<u>Water Solutions</u>	<u>Distribution &amp; Consultation Services</u>	<u>Adjustment &amp; Elimination</u>	<u>Total</u>
	<b>U.S. \$ in thousands</b>				
<i>Segment assets</i>	<u>14,863</u>	<u>9,030</u>	<u>7,861</u>	<u>-</u>	<u>31,754</u>
<i>Unallocated assets</i>					<u>2,665</u>
<i>Segment liabilities</i>	<u>2,936</u>	<u>2,976</u>	<u>3,702</u>		<u>9,614</u>
<i>Unallocated liabilities</i>					<u>836</u>

**Year ended December 31, 2021**

	<u>Antennas</u>	<u>Water Solutions</u>	<u>Distribution &amp; Consultation Services</u>	<u>Adjustment &amp; Elimination</u>	<u>Total</u>
	<b>U.S. \$ in thousands</b>				
<i>Revenues</i>					
External	<u>11,294</u>	<u>17,606</u>	<u>14,284</u>	<u>-</u>	<u>43,184</u>
Inter-segment	<u>-</u>	<u>-</u>	<u>174</u>	<u>(174)</u>	<u>-</u>
<i>Total</i>	<u>11,294</u>	<u>17,606</u>	<u>14,458</u>	<u>(174)</u>	<u>43,184</u>
<i>Segment profit</i>	<u>282</u>	<u>2,074</u>	<u>1,845</u>	<u>224</u>	<u>4,425</u>
Finance expense, net					<u>387</u>
Tax expenses					<u>329</u>
Profit					<u>3,709</u>

**31 December, 2021:**

	<u>Antennas</u>	<u>Water Solutions</u>	<u>Distribution &amp; Consultation Services</u>	<u>Adjustment &amp; Elimination</u>	<u>Total</u>
	<b>U.S. \$ in thousands</b>				
<i>Segment assets</i>	<u>14,399</u>	<u>11,100</u>	<u>11,999</u>	<u>-</u>	<u>37,498</u>
<i>Unallocated assets</i>					<u>3,440</u>
<i>Segment liabilities</i>	<u>3,090</u>	<u>3,626</u>	<u>6,282</u>	<u>-</u>	<u>12,998</u>
<i>Unallocated liabilities</i>					<u>929</u>



**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 6 – SALE OF PREVIOUSLY CONSOLIDATED SUBSIDIARIES:**

On 22 March 2022, the Company announced that it had disposed of its Russian operations and sold its entire holding in M.T.I Summit SPB Ltd. (“SPB”) for a de minimis amount, with this sale not having any significant profit/loss impact on the Company.

The effect of the sale on the financial position of the Group is as follows:

	<u>\$'000</u>
	<u>Unaudited</u>
Other receivables	(417)
Inventories	(6)
Current tax receivables	(10)
Cash and cash equivalents	(2,785)
Other trade payables	3,218
<b>Net assets and liabilities</b>	<u>-</u>
Consideration received, satisfied in cash	-
Cash and cash equivalents disposed of	(2,785)
<b>Net cash outflows</b>	<u>(2,785)</u>

**NOTE 7 – SIGNIFICANT EVENTS:**

- A. On 6 March 2022, the Board of directors declared a cash dividend of 2.8 US cents per share, representing approximately \$2,479,000, in total. This dividend was paid on 31 March 2022 to shareholders on the register at the close of trading on 18 March 2022.
- B. On 24 January 2019, the Company announced a share repurchase program to conduct market purchases of ordinary shares of par value 0.01 Israeli Shekels each ("Ordinary Shares") in the Company up to a maximum value of £150,000 (the "Programme"). Thereafter, the board of directors of the Company and the board of directors of MTI Engineering decided to continue with the Programme for several further periods. On 13 April 2022, the Company announced that it would extend the Programme until 31 March 2023, with the Programme having an increased maximum value of up to £200,000 and with the Programme being managed by Shore Capital Stockbrokers Limited pursuant to the terms as announced. As at 31 March 2022, no Ordinary Shares were held in treasury under the Programme.
- C. On 9 March 2022 at an extraordinary shareholders meeting, Mr. Luke Ahern was elected as an external director for three year term. At the same meeting approval for the extension of an updated Remuneration Policy for a period of three years or for a longer period, to the extent prescribed in the provisions of the Israeli Companies Law, was granted as well as the extension of an updated management services agreement (the “Management Services Agreement”), between the Company and Mokirei Aya Management (2003) Ltd. (the “Management Company”) for the provision of the services of the Chairman

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**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 7 – SIGNIFICANT EVENTS (CONT.):**

and CEO of the Company for a further three years or for a longer period, to the extent prescribed in the provisions of the Israeli Companies Law with effect from 1 March 2022.

- D. Outbreak of COVID-19 and Business Continuity - In December 2019, the COVID-19 pandemic broke out in China, and the virus has spread to many countries around the world. In January 2020, the World Health Organization announced the outbreak of the Coronavirus as a global health emergency, and in March 2020, the World Health Organization declared the pandemic to be a global pandemic. In 2021 and until the date of this report the Company was able to maintain good levels of operation using remote working procedures where appropriate and a sufficient level of production in its production facilities while assuring the health of its employees. Since March 2022 most of the Group's operations have returned to a normal level of activity but aspects of the Group's supply chain are still working slower, and the Company's industry has been affected on the operational level, along with the rest of the world economy as it faces the risk of a global recession where the ability to predict the timing of a recovery is uncertain. In particular, shipment costs are higher and availability of shipping is lower, some of the components or other parts (used by the Company or its vendors or its customers) are still under shortage and this can effect the ability to supply part of the demand. This uncertainty of the level of the global economic slowdown, its duration and its medium to long term effects creates challenges, but the Company believes that if there is no further deterioration in the situation, its financial strength and business stability will allow it to navigate through this.