

26 July 2018

## MTI Wireless Edge Ltd

("MTI" or the "Company")

### Proposed merger with MTI Computers & Software Services (1982) Ltd

#### Receipt of Pre-Ruling from the Israeli Tax Authorities

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, announces receipt of a pre-ruling from the Israeli tax authorities with respect to the tax implications of the proposed merger (the "**Merger**") between the Company and MTI Computers & Software Services (1982) Ltd ("**MTIC**").

On 25 July 2018, the Company and MTIC (the "**Merging Companies**") received a pre-ruling (the "**Pre-Ruling**") from the Israeli Tax Authorities (the "**ITA**") regarding the tax implications of the Merger on the Merging Companies and their shareholders. The Pre-Ruling includes a tax exemption in respect of the Merger and the deferral of the taxable event for the shareholders of the Merging Companies until the realisation of their holdings in the Company, all in accordance with the conditions and subject to the restrictions set out in Part E2 (Structural Change and Merger) of the Israeli Income Tax Ordinance New Version, 1961 (Sections 103-103(s)) (the "**Ordinance**"). The Pre-Ruling was issued pursuant to the request made by the Merging Companies and includes the following determinations of the ITA in the framework of the Pre-Ruling:

1. The Merger Date (as defined in the Ordinance) will be the last day of the calendar quarter in which the Court Order to approve the Merger will be issued by the court<sup>1</sup>. Therefore, *inter alia*, restrictions that will apply to the Company and to the shareholders of the Merging Companies, as set out in the Ordinance (as further detailed in the document entitled *Tax Implications of the Merger* available on the Company's website) shall apply until the end of two years from the Merger Date (the "**Required Period**").
2. With respect to shareholders who were Controlling Shareholders, as such term is defined in section 103 to the Ordinance<sup>2</sup>, by virtue of their holdings in the Merging Companies prior to the Merger, the following shall apply:
  - a. The combined holdings of such Controlling Shareholders, shall following the Merger and during the Restricted Period, not be less than 25 percent of all holding rights, including the right to assets upon liquidation, rights to profits, and managerial or voting rights, subject to the qualifications stipulated in the Ordinance (the "**Holding Restrictions**").
  - b. In this regard, as detailed in the document entitled *Tax Implications of the Merger* available on the Company's website, it is hereby emphasised that Mokirey Aya Ltd. (which will be one of the Controlling Shareholders of the Company following the Merger) has undertaken to the Company, *inter alia*, to comply with the Holding Restrictions until the end of the Required Period. Shareholders of the Company should note that as a result of Mokirei Aya Ltd.'s undertaking to the Company there will be no holding restrictions on any of the other shareholders of the Company following the Merger with respect to their shares in the Company.

Following receipt of the Pre-Ruling, the completion of the Merger pursuant to the terms of the Merger Agreement remains contingent upon the fulfilment of the following conditions precedent ("**Conditions Precedent**") by 30 August 2018, unless such date is extended by the merging companies, explicitly and in writing:

- Obtaining the certification of the court for the Merger in the framework of the Scheme of Arrangement, and, consequently, obtaining the Court Order.

- On the date of completion, no court order that prohibits the implementation of the Merger will be pending.

Further announcements in respect of the fulfilment of the Conditions Precedent will be made as appropriate.

Further details regarding the Merger are set out in the Company's circular to shareholders dated 12 June 2018 (the "**Circular**"). The Circular is available on the Company's website at the following address, [www.mtiwe.com](http://www.mtiwe.com). Additional information and documents, which may be read in conjunction with the Circular, are also available at the following location on the Company's website: <http://www.mtiwe.com/?CategoryID=377&ArticleID=199>.

<sup>1</sup> For illustration purposes only – if the court order for the approval of the Merger is granted by 30 September 2018 - the Merger Date will be 30 September 2018. If such order is granted after 30 September 2018 but before the end of 2018 – the Merger Date will be 31 December 2018.

<sup>2</sup> A "Controlling Shareholder" shall mean - someone who holds or is entitled to acquire (other than a provident fund or trust fund), directly or indirectly, alone or together with a relative, one of the following: (1) at least 5% of the issued share capital; (2) at least 5% of the voting rights; (3) the right to receive at least 5% of the profits or assets upon liquidation; (4) the right to appoint a manager.

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**About MTI Wireless Edge**

MTI is engaged in the development, production and marketing of high quality, low cost, flat panel antennas for commercial and for military applications. Commercial applications include: WiMAX; wireless networking; RFID readers; and broadband wireless access. With over 40 years' experience MTI supplies 100KHz to 90GHz antennas (including directional antennas and omni directional) for outdoor and indoor deployments, including smart antennas for WiMAX, Wi-Fi, public safety, RFID and base stations and terminals for the utility market.

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

Via its subsidiary, Mottech Water Solutions Ltd ("Mottech"), MTI is also a leading provider of remote control solutions for water and irrigation applications based on Motorola IRRInet state of the art control, monitoring and communication technologies. Mottech, headquartered in Israel, is the global prime distributor of Motorola for the IRRInet remote control solutions serving its customers worldwide through its subsidiaries and a global network of local distributors and representatives. It utilizes over 25 years of experience in providing its customers with remote control and management systems which ensure constant, reliable and accurate water usage, while reducing operational costs and maintenance costly expenses. Mottech activities are focused in the market segments of agriculture, water distribution, municipal and commercial landscape and wastewater and storm water reuse.