

**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**AS OF SEPTEMBER 30, 2023**

# **MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

## **INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

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

	Nine month period ended September 30,		Year ended December 31,
	2023	2022	2022
U.S. \$ in thousands (Except per share data)			
	Unaudited		
Revenues	33,724	34,783	46,270
Cost of sales	22,815	23,927	31,680
<b>Gross profit</b>	10,909	10,856	14,590
Research and development expenses	794	789	1,077
Distribution expenses	2,814	2,855	3,924
General and administrative expenses	3,757	3,719	4,998
Loss (profit) from sale of property, plant and equipment	(8)	8	1
<b>Profit from operations</b>	3,552	3,485	4,592
Finance expenses	245	350	385
Finance income	(116)	(108)	(110)
<b>Profit before income tax</b>	3,423	3,243	4,317
Tax expenses	569	505	468
<b>Profit</b>	2,854	2,738	3,849
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	-	-	127
<i>Items that may be reclassified to profit or loss:</i>			
Adjustment arising from translation of financial statements of foreign operations	(288)	(365)	(422)
Total other comprehensive income (loss)	(288)	(365)	(295)
<b>Total comprehensive income</b>	2,566	2,373	3,554
<b>Profit attributable to:</b>			
Owners of the parent	2,868	2,643	3,721
Non-controlling interests	(14)	95	128
	2,854	2,738	3,849
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	2,580	2,278	3,426
Non-controlling interests	(14)	95	128
	2,566	2,373	3,554
<b>Earnings per share (dollars)</b>			
Basic and Diluted (dollars per share)	0.0325	0.0299	0.0421
<b>Weighted average number of shares outstanding</b>			
Basic and Diluted	88,332,198	88,494,239	88,444,356

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 nine month period ended September 30, 2023 (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, 2023</b>	209	23,078	(250)	3,775	26,812	1,226	28,038
<b>Changes during the nine month period ended September 30, 2023:</b>							
<b>Comprehensive income</b>							
Profit for the period	-	-	-	2,868	2,868	(14)	2,854
<b>Other comprehensive income</b>							
Translation differences	-	-	(288)	-	(288)	-	(288)
<b>Total comprehensive income for the period</b>	-	-	(288)	2,868	2,580	(14)	2,566
Acquisition and disposal of treasury shares	*	(27)	-	-	(27)	-	(27)
Dividend	-	-	-	(2,656)	(2,656)	-	(2,656)
Acquisition of a non-controlling interest in subsidiary	-	-	-	-	-	(45)	(45)
<b>Balance at September 30, 2023</b>	<u>209</u>	<u>23,051</u>	<u>(538)</u>	<u>3,987</u>	<u>26,709</u>	<u>1,167</u>	<u>27,876</u>

(\*) Less than US\$ 1 thousand

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

**For the nine month period ended September 30, 2022 (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, 2022</b>	209	23,126	172	2,406	25,913	1,098
<b>Changes during the nine-month period ended September 30, 2022:</b>						
<b>Comprehensive income</b>						
Profit for the period	-	-	-	2,643	2,643	95
<b>Other comprehensive income</b>						
Translation differences	-	-	(365)	-	(365)	-
<b>Total comprehensive income for the period</b>	-	-	(365)	2,643	2,278	95
Acquisition and disposal of treasury shares	-	(87)	-	-	(87)	-
Dividend	-	-	-	(2,479)	(2,479)	-
<b>Balance at September 30, 2022</b>	<u>209</u>	<u>23,039</u>	<u>(193)</u>	<u>2,570</u>	<u>25,625</u>	<u>1,193</u>

**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, 2022:**

	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
	U.S. \$ in thousands					
<b>Balance as at January 1, 2022</b>	209	23,126	172	2,406	25,913	1,098
<b>Changes during 2022:</b>						
<b>Comprehensive income</b>						
Profit for the year	-	-	-	3,721	3,721	128
<b>Other comprehensive income</b>						
Re measurements on defined benefit plans	-	-	-	127	127	-
Translation differences	-	-	(422)	-	(422)	-
<b>Total comprehensive income (loss) for the year</b>	-	-	(422)	3,848	3,426	128
Dividend	-	-	-	(2,479)	(2,479)	-
Acquisition and disposal of treasury shares	-	(48)	-	-	(48)	-
<b>Balance as at December 31, 2022</b>	<u>209</u>	<u>23,078</u>	<u>(250)</u>	<u>3,775</u>	<u>26,812</u>	<u>1,226</u>

**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>30.09.2023</u>	<u>30.09.2022</u>	<u>31.12.2022</u>
	<u>U.S. \$ in thousands</u>		
	<u>Unaudited</u>		
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	6,655	5,280	8,279
Trade and other receivables	11,697	13,798	11,035
Unbilled revenue	4,407	2,760	2,204
Current tax receivables	409	444	549
Inventories	<u>7,365</u>	<u>6,745</u>	<u>7,757</u>
	<u>30,533</u>	<u>29,027</u>	<u>29,824</u>
<b>NON-CURRENT ASSETS:</b>			
Long term prepaid expenses	39	40	39
Property, plant and equipment	4,987	5,801	5,573
Deferred tax assets	1,072	1,113	1,163
Intangible assets	<u>3,739</u>	<u>3,928</u>	<u>3,858</u>
	<u>9,837</u>	<u>10,882</u>	<u>10,633</u>
<b>Total assets</b>	<u><u>40,370</u></u>	<u><u>39,909</u></u>	<u><u>40,457</u></u>

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

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

	30.09.2023	30.09.2022	31.12.2022
	U.S. \$ In thousands		
	Unaudited		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Current maturities and short term bank credit and loans	198	17	43
Trade payables	5,684	6,080	5,739
Other accounts payable	3,817	3,827	3,627
Current tax payables	422	439	425
	10,121	10,363	9,834
NON- CURRENT LIABILITIES:			
Liability to purchase shares of subsidiary	1,432	1,432	1,432
Lease liabilities	150	401	303
Loans from banks, net of current maturities	52	37	98
Employee benefits, net	739	858	752
	2,373	2,728	2,585
Total liabilities	12,494	13,091	12,419
EQUITY			
Equity attributable to owners of the parent			
Share capital	209	209	209
Additional paid-in capital	23,051	23,039	23,078
Translation differences	(538)	(193)	(250)
Retained earnings	3,987	2,570	3,775
	26,709	25,625	26,812
Non-controlling interest	1,167	1,193	1,226
Total equity	27,876	26,818	28,038
Total equity and liabilities	40,370	39,909	40,457

November 19, 2023

Date of approval of  
financial statementsMoshe Borovitz  
Chief Executive OfficerElhanan Zeira  
ControllerZvi 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**

	<b>Nine month period ended</b> <b>September 30,</b>		<b>Year ended</b> <b>December 31,</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>U.S. \$ in thousands</b>		
	<b>Unaudited</b>		
<b>Cash Flows from Operating Activities:</b>			
Profit for the period	2,854	2,378	3,849
Adjustments for:			
Depreciation and amortization	956	1,090	1,466
Loss (Gain) from sale of property, plant and equipment	(6)	-	(1)
Finance (income) expenses, net	(86)	(95)	(82)
Tax expenses	569	505	468
Changes in operating assets and liabilities:			
Decrease (increase) in inventories	258	(35)	(951)
Decrease (increase) in trade receivables	(830)	(2,607)	(63)
Decrease (increase) in other accounts receivables	(191)	(440)	(1,134)
Decrease (increase) in unbilled revenues	(2,129)	34	590
Increase (decrease) in trade and other accounts payables	517	172	572
Increase (decrease) in employee benefits, net	(13)	(114)	(93)
<b>Cash from operations</b>	<b>1,899</b>	<b>1,248</b>	<b>4,621</b>
Interest received	46	-	-
Interest paid	(23)	(41)	(52)
Income tax paid	(344)	(848)	(978)
<b>Net cash provided by operating activities</b>	<b>1,578</b>	<b>359</b>	<b>3,591</b>

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

**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**INTERIM CONSOLIDATED STATEMENTS OF**

**CASH FLOWS (cont.)**

	<b>Nine month period ended September 30,</b>		<b>Year ended December 31,</b>
	<b>2023</b>	<b>2022</b>	<b>2022</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	39	-	15
Acquisition of subsidiary, net of cash acquired	-	(1,427)	(1,427)
Net cash from sale of previously consolidated subsidiaries	-	(2,785)	(2,785)
Purchase of property, plant and equipment	(229)	(421)	(552)
<b>Net cash used in investing activities</b>	<u>(190)</u>	<u>(4,633)</u>	<u>(4,749)</u>
<b>Cash Flows From Financing Activities:</b>			
Dividend	(2,656)	(2,479)	(2,479)
Payments of lease liabilities	(328)	(429)	(560)
Treasury shares acquired	(362)	(87)	(118)
Short-term loans and credit line received from banks	136	34	-
Treasury shares sold	335	-	70
Acquisition of the non-controlling interest in subsidiary	(45)	-	-
Repayment of long-term loans from banks	(10)	(7)	118
<b>Net cash used in financing activities</b>	<u>(2,930)</u>	<u>(2,968)</u>	<u>(2,969)</u>
<b>(Decrease)/Increase in cash and cash equivalents during the period</b>	(1,542)	(7,242)	(4,127)
<b>Cash and cash equivalents at the beginning of the period</b>	8,279	12,567	12,567
<b>Exchange differences on balances of cash and cash equivalents</b>	(82)	(45)	(161)
<b>Cash and cash equivalents at the end of the period</b>	<u>6,655</u>	<u>5,280</u>	<u>8,279</u>

**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 (radio frequency) and Microwave, including engineering services in the field of aerostat systems and system engineering services.
- Development, manufacture and integration of communication systems and advanced monitoring and control systems for the Government and defence industry market.

#### **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). The financial information for the financial year ended December 31, 2022 was approved by the board on March 12, 2023. The report of the auditors on those financial statements was unqualified.

The interim consolidated financial statements as of September 30, 2023 have not been audited.

The interim consolidated financial information should be read in conjunction with the annual financial statements as of December 31, 2022 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, 2022 are applied consistently in these interim consolidated financial statements.

**MTI WIRELESS EDGE LTD.**

(An Israeli Corporation)

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 3 – REVENUES:**

	<b>Nine month period ended September 30,</b>		<b>Year ended December 31,</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>U.S. \$ in thousands</b>		
	<b>Unaudited</b>		
<b>Revenues arise from:</b>			
Sale of goods*	23,630	26,573	34,618
Rendering of services**	5,189	5,603	8,334
Projects**	4,905	2,607	3,318
	<u>33,724</u>	<u>34,783</u>	<u>46,270</u>
(*) at the point in time			
(**) over time			

**NOTE 4 – OPERATING SEGMENTS:**

The following tables present revenue and profit information regarding the Group's operating segments for the nine month period ended September 30, 2023 and 2022 respectively and for the year ended December 31, 2022.

**Nine month period ended September 30, 2023 (Unaudited):**

	<b>Antennas</b>	<b>Water Solutions</b>	<b>Distribution &amp; Consultation Services</b>	<b>Adjustment &amp; Elimination</b>	<b>Total</b>
	<b>U.S. \$ in thousands</b>				
<i>Revenues</i>					
External	8,917	13,006	11,801	-	33,274
Internal	-	-	201	(201)	-
Total	<u>8,917</u>	<u>13,006</u>	<u>12,002</u>	<u>(201)</u>	<u>33,724</u>
Segment profit (loss)	<u>560</u>	<u>1,457</u>	<u>1,230</u>	<u>305</u>	<u>3,552</u>
Finance expense (income), net					129
Tax expenses					<u>569</u>
Profit					<u>2,854</u>

**September 30, 2023 (Unaudited):**

	<b>Antennas</b>	<b>Water Solutions</b>	<b>Distribution &amp; Consultation Services</b>	<b>Adjustment &amp; Elimination</b>	<b>Total</b>
	<b>U.S. \$ in thousands</b>				
<i>Segment assets</i>	<u>15,136</u>	<u>11,263</u>	<u>11,532</u>	<u>-</u>	<u>37,931</u>
<i>Unallocated assets</i>					<u>2,439</u>
<i>Segment liabilities</i>	<u>3,834</u>	<u>3,707</u>	<u>4,460</u>	<u>-</u>	<u>12,001</u>
<i>Unallocated liabilities</i>					<u>493</u>

**MTI WIRELESS EDGE LTD.**

(An Israeli Corporation)

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 4 - OPERATING SEGMENTS (CONT.):**

**Nine month period ended September 30, 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	8,627	13,743	12,413	-	34,783
Internal	-	-	252	(252)	-
Total	8,627	13,743	12,665	(252)	34,783
Segment profit	254	1,282	1,814	135	3,485
Finance expense, net					242
Tax expenses					505
Profit					2,738

**September 30, 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>Segment assets</i>	14,923	11,805	10,650	-	37,378
<i>Unallocated assets</i>					2,531
<i>Segment liabilities</i>	3,070	4,316	4,762	-	12,147
<i>Unallocated liabilities</i>					944

**Year ended December 31, 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>Revenues</i>					
External	11,627	18,196	16,447	-	46,270
Inter-segment	-	-	215	(215)	-
Total	11,627	18,196	16,662	(215)	46,270
Segment profit	337	1,838	2,321	96	4,592
Finance expense, net					275
Tax expenses					468
Profit					3,849

**MTI WIRELESS EDGE LTD.****(An Israeli Corporation)****NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS****NOTE 4 - OPERATING SEGMENTS (CONT.):****December 31, 2022:**

	<b>Antennas</b>	<b>Water Solutions</b>	<b>Distribution &amp; Consultation</b>	<b>Adjustment &amp; Elimination</b>	<b>Total</b>
	<b>U.S. \$ in thousands</b>				
<i>Segment assets</i>	<u>14,848</u>	<u>11,834</u>	<u>11,272</u>	<u>-</u>	<u>37,954</u>
<i>Unallocated assets</i>					<u>2,503</u>
<i>Segment liabilities</i>	<u>2,627</u>	<u>3,881</u>	<u>5,098</u>	<u>-</u>	<u>11,606</u>
<i>Unallocated liabilities</i>					<u>813</u>

**NOTE 5 – SIGNIFICANT EVENTS:**

- A. On March 12, 2023, the Board of directors declared a cash dividend of 3.0 US cents per share, representing approximately \$2,656,000, in total. This dividend was paid on April 6, 2023 to shareholders on the register at the close of trading on March 24, 2023 (ex-dividend on March 23, 2023).
- 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 14 March, 2023, the Company announced that it would extend the Programme until 31 March, 2024, 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 30 September 2023 and as at 19 November 2023, 200,000 and 350,000 Ordinary Shares, respectively, were held in treasury under the Programme.
- C. On 14 March, 2023 at the Company's annual general meeting, Mr. Michael Yehezkel Karo was elected as an independent non-executive director.
- D. On 11 July, 2023 the Company acquired minority holdings in Ginat for an insignificant amount and now holds 100% of the company.
- E. On 19 July, 2023 the Company completed the registration of its fully owned subsidiary, MTI Wireless Communication India Private Limited, in India in order to support local demand in the market.

**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 6 – SUBSEQUENT EVENTS:**

A. On 7 October, 2023 Israel was attacked by the Hamas terror organization leading to war. The war has led to a slowdown in the Israeli economy and if war continues for a prolonged period then it may begin to impact the Company. The wide usage of military reserve personnel, adverse foreign currency exchange rates and restrictions on access to certain areas in Israel are risks which may affect the Company from a prolonged period of war. As of the date of this report, and to the best of the Company's knowledge, the war has not had a significant effect on it. The Company continues to review the effects of the war on its trading as it believes that if the war continues for a long period of time then the overall Israeli economy will be effected, and factors including the lack of available manpower, interest rates and foreign currency exchange rates may have an impact on its trading.

B. On 19 November, 2023 the remuneration committee and the board of directors approved an option plan for the Company's shares ("Option Plan").

The Option Plan includes the authority to issue 2,000,000 options (2.2% of the Company's issued share capital on fully diluted basis) with the following terms:

1. Each option can be exercised into one ordinary share of the Company at a price of 40p being 25% above the share price at the date preceding this announcement and 17% above the average share price in the last 30 days.
2. The vesting of the options will be 50% after two years, 25% after three years and 25% after four years with expiration after six years from issuance.
3. The economic value of the options based on a Black–Scholes calculation is US\$259,000 for the total 2 million options approved by the board of directors.