



MTI Wireless Edge Ltd
("MTI" or the "Group")

Final results for 2023

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 audited results for the year ended 31 December 2023.

2023 Highlights

Strong financial performance and a threefold increase in share buyback programme

- Revenue of US\$45.6m (2022: US\$46.3m) on a constant currency basis, this represents an increase of 2% over last year
- Profit from operations increased 1% to US\$4.65m (2022: US\$4.59m), including US\$0.2m impairment of goodwill related to the acquisition of PSK
- Profit before tax increased 12% to US\$4.84m (2022: US\$4.32m)
- Earnings per share increased by 9% to 4.58 US cents (2022: 4.21 US cents)
- A 2% increase in adjusted EBITDA to US\$6.16m (2022: US\$6.06m), helped by the economies of scale from the increasing size of the Group
- Net cash of US\$8.1m at 31 December 2023 (31 December 2022: US\$8.1m)
- Increased final dividend by 3% to 3.1 US cents per share (2022: 3.0 US cents per share)
- Expansion of buyback programme effective from 12 March 2024 until March 2025 with increased funding from £200K to a maximum of £700K

Solid performance coupled to strong growth drivers for 2024 and beyond

- Antennas – completed a successful year with 5% revenue growth in 2023 and the prospect of increasing revenues in 2024. Sales of military antennas increased sharply with demand from both local and international markets, while commercial antenna sales decreased primarily in legacy fixed wireless access antennas (after a sharp increase in 2022). Sales of the Group's 5G backhaul solutions and the ABS® antenna solution to counter small mast movements continued to attract strong interest from several Tier One customers.
- Water management – revenue reduced by 6% due to slower activity in some international markets, while price increases and a preferable exchange rate increased the operating profit of this division by 8% over 2022. Water scarcity remains a fundamental issue, resulting in increasing demand for Mottech's expanding product range through good organic growth from existing clients and expansion of the customer base into new markets.
- Distribution – revenue was level with 2022 but operating profits were significantly below 2022. As explained within the half-year results, PSK encountered delays on two projects which

led to losses for the year in this business. One project completed in 2023 and the second should be completed in H1 2024. PSK has begun 2024 strongly with a good orderbook for the coming months and the prospects for this division including PSK are promising, with new business being driven by Governments worldwide seeking to increase their investment in defence.

Moni Borovitz, Chief Executive Officer of MTI Wireless Edge, said: “We made good progress this year growing revenue on a constant currency basis, and growing overall profits despite the challenges in Israel in the last quarter of the year. We are seeing compelling opportunities in all segments of our operations. In particular, the increase in defence budgets worldwide and the opening of the Indian market for E-Band 5G backhaul, which represents a substantial opportunity for us over the medium term.

“Looking ahead, the business continues to be in a strong financial position with net cash of US\$8.1m at the year end. The Group’s three divisions are well established, with experienced, independent leadership teams and all utilising the Group’s core expertise in radio frequency communications technology. The macro trends for all three remain positive: from the continuing roll-out of 5G cellular connectivity; to tackling the growing global issue of water scarcity; and the significant increases in local and international defence spending. Despite the current conflict in Israel, we have continued to operate relatively normally and judging from the pipeline of potential opportunities, the Group is well placed, to continue to expand through a mix of acquisition-led and organic growth.”

Shareholder presentation

Moni Borovitz, Chief Executive Officer, will provide an investor presentation relating to the Company's financial results for the year ended 31 December 2023 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>

Investors who have already registered on IMC and added to meet the Company, will be automatically invited to the meeting.

Shareholders should note that the Company will not post hard copies of its audited annual report and accounts for the year ended 31 December 2023 (the "**Annual Report**") to its shareholders. Shareholders who require a hard copy of the Annual Report may write to the Company at MTI Wireless Edge Ltd Headquarters, 11 Hamelacha St. Afek Industrial Park, Rosh-Ha'Ayin, Israel requesting a hard copy. An electronic version of the Annual Report will shortly be available on the Company's website at the following address: www.mtiwirelessedge.com

For further information please contact:

MTI Wireless Edge Ltd
Moni Borovitz, CEO

+972 3 900 8900
<http://www.mtiwirelessedge.com>

Allenby Capital Limited (Nomad and Joint Broker)
Nick Naylor/Alex Brearley/Piers Shimwell (Corporate Finance)
Guy McDougall/Amrit Nahal (Sales and Corporate Broking)

+44 20 3328 5656

Shore Capital (Joint Broker)

+44 20 7408 4090

Toby Gibbs/Rachel Goldstein
Fiona Conroy (Corporate Broking)

Novella (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 internationally recognized as a producer of commercial off-the-shelf and custom-developed antenna solutions in a broad frequency range of HF to 170 GHz for commercial, RFID and military applications. MTI continuously invests in ground breaking technologies, explores new frequencies, and devises innovative solutions which empower our wireless communication customers with cutting-edge off-the-shelf and custom-made antennas.

We are at the forefront of technology and innovation, being the first to introduce Dual Band parabolic antennas, E Band Automatic Beam Steering antennas, E Band FCC compliant flat antennas, and more.

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.

Chairman's statement

I am pleased to report on a successful year in which the Group delivered good progress at all levels. While the economic conditions have been challenging globally for some time and more recently, conflicts have broken out here in Israel, the business has adapted and continued to perform well.

The increase in the number of conflicts worldwide in recent years has directly led to governments expanding defence programmes and spend on defence. There is a delay in this increased spend filtering through to the sector's supply chain, but it is now positively impacting MTI's business. This together with our unique expertise in commercial markets, especially in providing our 5G backhaul solutions and wireless water management solutions, gives us confidence in the direction where the Company is headed.

Trading overview

Diversification is a key strength. At any one moment, it is typical for one of the areas of the business to be particularly strong. In the current environment, that area for MTI is defence. For obvious reasons which we would all rather weren't the case, military related orders have been increasing for some time. NATO countries and the Israeli government are increasing their defence spend and are expected to continue to do so. This is also the case for many other countries around the world. As a result, the pipeline of orders for defence has been increasing in recent years and there are further opportunities for MTI at varying stages of progression.

Dividend

Reflecting the strength of the Company's trading performance the Board is pleased to declare a final dividend of US\$0.031 per share representing a 3% increase on the previous year (2023: US\$0.03). The dividend will be paid on 11 April 2024 to shareholders on the register at the close of trading on 22 March 2024 (ex-dividend on 21 March 2024). The currency translation into British Pounds will be made on 25 March 2024 and there will not be a scrip dividend alternative.

We also decided to increase the Company's share buyback programme effective from 12 March 2024 and hold the shares purchased for a longer period of time. The board agreed to increase the funds that can be used under the share buyback programme from £200K to £700K as we believe strongly in the prospects of the business.

People

The MTI teams around the globe all performed very well during the year, maintaining very high operational performance levels and delivering margin progression. I would like to specifically thank our teams in Israel for doing excellent work during a very challenging year for Israel. The dedication, solidarity and joint focus helped us navigate successfully through this difficult period. Our teams are working towards agreed targets and exploiting new opportunities with both existing and new customers.

Outlook

MTI is a growth business operating in growth markets. Our products and services are in good demand across all three divisions. We continue to invest in innovation, product development and new

companies when the opportunities arise, whilst always remaining focused on radio frequency communications which lies at the heart of our success.

2024 has started well for the Company with an increased pipeline of opportunities across all of our three divisions. We are looking forward to delivering another year of growth and increased returns for our shareholders.

Zvi Borovitz

Chairman

Chief Executive's review

Introduction

2023 was a successful year for the Company. The business grew on a constant currency basis despite uncertainties in the global economy throughout the year and the conflict in Israel in the last quarter of 2023. Each division, under their respective management teams, made good progress, retaining and expanding their customer bases and growing their businesses overall. As a result, entering 2024, the Company is well placed to continue to invest in people, innovation and new products, alongside generating attractive returns for shareholders.

Financial results

Revenues for the twelve months to 31 December 2023 decreased by 1% to US\$45.6m (2022: US\$46.3m) mainly due to currency exchange fluctuations and on a constant currency basis revenues grew by 2%, a positive performance.

Our gross margin rates improved slightly reflecting the mix of products sold in different markets and the Group's ability to successfully pass price increases onto customers.

Operating profit in 2023, excluding a one-off impairment of goodwill charged to general and administrative cost, grew 6% to US\$4.84m (2022: US\$4.59m), demonstrating the scalability of our business.

Profit before tax grew 12% to US\$4.84m (2022: US\$4.32m) reflecting the strength of our balance sheet and the influence of currency exchange rate fluctuation. This growth includes financial income as a result of revaluing the contingent liability relating to the potential deferred consideration for the PSK acquisition. This led to a strong increase of 9% in earnings per share to US4.58 cents (2022: US4.21 cents).

Adjusted EBITDA grew 2% to US\$6.16m (2022: US\$6.06m).

Cash flow generated from operations for 2023 was US\$3.6m, similar to 2022 and in line with our business model to convert most of the operational profit into operational cash flow. This resulted in a net cash balance of approximately US\$8.1m, similar to that as at 31 December 2022.

The board has agreed to increase the Share Repurchase Programme (on similar terms and conditions originally announced by the Company on 13 April 2022) by an additional £500,000 effective from 12 March 2024 and extend it until 31 March 2025. The objective of this programme is to assist with trading liquidity, by accumulating shares in treasury through market purchases and then selling, at a later stage, blocks of shares to institutional shareholders.

Operational review

Over the last 50 years MTI has established its reputation as a global provider of comprehensive radio frequency solutions across multiple sectors through three core divisions.

Antennas

This division is 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 2023, revenues from this division increased by 5%, a good result reflecting a sharp increase in demand for military antennas. There was a moderate increase in Radio Frequency Identification (RFID), while demand for legacy antennas for fixed wireless access decreased, after an unexpected increase in 2022. We saw a small decrease in 5G backhaul solutions, as commercial investments were slower in 2023.

Military antenna sales increased sharply in 2023, reflecting very high enquiry levels and a significant increase in global military spending. Demand came from multiple international projects, mainly European orders, involving both direct engagement with European systems houses and indirect exports of MTI's solutions via Israeli systems houses selling a full solution worldwide. Current events around the world suggest that requirements for military equipment will continue to grow in coming years. In Israel, the recent conflict has triggered an increase in demand which is likely to lead to higher stock levels and solutions of all military equipment being maintained by the government going forward.

5G sales were slightly lower in 2023 compared to 2022 as a result of slower installation rates in key markets. That said, the expected future demand for our 5G solutions is unchanged. We continue to believe that our solutions are ideally positioned to generate significant long-term revenues alongside the roll-out of 5G networks globally by the major mobile phone operators.

2022 saw the opening of the Indian market for E-Band 5G backhaul and in 2023 shipments were made although, as anticipated, the timing of orders has been sporadic. MTI is well placed in India with a strong local presence and has demonstrated the quality and reliability of the MTI solution to key clients. There is no doubt that once 5G is rolled out in India the requirement for MTI's products will be substantial.

The ABS® antenna solution which ensures the antenna adapts to any small movements caused by different climate conditions, including wind or temperature, continues to make excellent progress and is now entering into production after successful tests by several key Original Equipment Manufacturers (OEMs).

Water Control & Management

This division provides wireless control systems to manage irrigation and water distribution for agriculture, municipal authorities and commercial entities. It operates under the Mottech brand and utilises part of the hardware technology from Motorola, integrated with the Company's own proprietary management software. Our solutions reduce water and power usage, whilst providing higher revenue from accurate irrigation, leading to more, and higher quality, crops and plants being grown.

Mottech had another good year, although revenue declined by 6% primarily due to adverse currency movements. Conversely and arguably more importantly, currency movements helped improve profit margins, together with price increases that were accepted at the end of 2022, resulting in Operating Profit improving by 8%. Recurring revenues continued to improve and represented 20% of all of the division's income in 2023.

Mottech continues to seek to innovate and expand its services to existing and new clients. For over 30 years, Mottech has been providing irrigation services to a number of municipalities in Israel, ensuring efficient water usage across public parkland and green open spaces. More recently, Mottech has expanded its services into monitoring and partially controlling urban fountains. The first such project was completed in Q1 2024, comprising 40 fountains which are now centrally controlled and monitored, generating significant savings in water and costs for the municipality, while also adding safety and security features to the systems. As a result of this project, other large municipalities in Israel have shown interest in adopting Mottech's solution for fountain management, suggesting this may well become a valuable future revenue stream.

The strategic partnership with Viridix has continued to develop over the last year. Viridix is an innovative autopilot solution that measures the water available to the roots of plants enabling greater irrigation precision. Alongside new Mottech contracts, the Viridix capability is being adopted in metropolitan irrigation.

Water scarcity continues to be a very real global problem and Governments are increasingly aware of the importance of not wasting this vital resource. A report from 2023 suggested that 'global fresh water demand will outstrip supply by 40% by 2030*'. This level of challenge underlines the importance of water conservation and solutions like Mottech's which can make a substantial difference - often able to save a farmer or a city up to 30% in water usage, while helping the farmer to grow more crops at a better level of quality.

**UN 2023 Water Conference*

Distribution & Professional Consulting Services

Operating under the MTI Summit Electronics brand ("**MTI Summit**"), this division exclusively 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 enables MTI to act as a consultant to all parties and assist with devising complete radio frequency/microwave solutions.

2023 was a mixed year for MTI Summit, after nine years of delivering uninterrupted growth, revenues were flat compared to 2022 with operating profits behind last year due to losses in PSK resulting from two projects that were delayed. These were isolated incidents as reported at the time of the half-year results, and the Company's confidence in the prospects of PSK are unchanged. Reflecting this, PSK entered 2024 with a healthy orderbook and a good pipeline of future opportunities.

For MTI Summit and PSK, the increased defence spending by governments creates a strong market environment to operate in. This has already generated additional revenue from within Israel and will continue to do so, partially from the Israeli defence forces and partially from international markets via the Israeli systems houses. To this end, the division continues to complete a number of design wins for both existing and new customers, which will generate future sales.

Outlook

The conflict in Ukraine led directly to a significant increase in defence budgets. This increase in spend started to influence the 2023 results with 44% of the Group's sales being defence related (2022: 37%). The conflict in Israel which started on 7 October 2023 will no doubt further strengthen this trend.

Overall, MTI remains well positioned across all three divisions, with each division backed by strong macro trends underpinning their future prosperity. The first two months of 2024 have been in line with internal expectations and judging from the pipeline of potential opportunities, the Group is well placed, supported by a strong financial platform, to continue to seek to expand through a mix of acquisition-led and organic growth.

Moni Borovitz

Chief Executive Officer