

**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**AS OF MARCH 31, 2024**

# **MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

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**(Unaudited)**

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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>2024</b>	<b>2023</b>	<b>2022</b>
<b>U.S. \$ in thousands</b>			
<b>(Except per share data)</b>			
<b>Unaudited</b>			
Revenues	11,240	11,285	45,634
Cost of sales	<u>7,770</u>	<u>7,666</u>	<u>30,963</u>
<b>Gross profit</b>	3,470	3,619	14,671
Research and development expenses	229	293	1,047
Distribution expenses	893	947	3,709
General and administrative expenses	1,231	1,324	5,278
Loss (profit) from sale of property, plant and equipment	<u>(67)</u>	<u>(10)</u>	<u>13</u>
<b>Profit from operations</b>	1,184	1,065	4,650
Finance expenses	238	105	342
Finance income	<u>(198)</u>	<u>(155)</u>	<u>(527)</u>
<b>Profit before income tax</b>	1,144	1,115	4,835
Tax expenses	<u>209</u>	<u>233</u>	<u>759</u>
<b>Profit</b>	<u>935</u>	<u>882</u>	<u>4,076</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>62</u>
<i>Items that may be reclassified to profit or loss:</i>			
Adjustment arising from translation of financial statements of foreign operations	<u>(112)</u>	<u>(98)</u>	<u>(216)</u>
Total other comprehensive income (loss)	<u>(112)</u>	<u>(98)</u>	<u>(154)</u>
<b>Total comprehensive income</b>	<u>823</u>	<u>784</u>	<u>3,922</u>
<b>Profit attributable to:</b>			
Owners of the parent	932	894	4,045
Non-controlling interests	<u>3</u>	<u>(12)</u>	<u>31</u>
	<u>935</u>	<u>882</u>	<u>4,076</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	820	796	3,891
Non-controlling interests	<u>3</u>	<u>(12)</u>	<u>31</u>
	<u>823</u>	<u>784</u>	<u>3,922</u>
<b>Earnings per share (dollars)</b>			
Basic and Diluted (dollars per share)	<u>0.0106</u>	<u>0.0101</u>	<u>0.0458</u>
<b>Weighted average number of shares outstanding</b>			
Basic and Diluted (dollars per share)	<u>88,123,635</u>	<u>88,510,072</u>	<u>88,283,490</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**

**For the three month period ended March 31, 2024 (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, 2024</b>	209	23,061	(466)	5,226	28,030	1,222	29,252
<b>Changes during the three month period ended March 31, 2023:</b>							
<b>Comprehensive income</b>							
Profit for the period	-	-	-	932	932	3	935
<b>Other comprehensive income</b>							
Translation differences	-	-	(112)	-	(112)	-	(112)
<b>Total comprehensive income for the period</b>	-	-	(112)	932	820	3	823
Acquisition and disposal of treasury shares	-	(300)	-	-	(300)	-	80
Dividend	-	-	-	-	-	-	-
<b>Balance at March 31, 2024</b>	209	22,761	(578)	6,158	28,550	1,225	29,775

**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, 2023 (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, 2023</b>	209	23,078	(250)	3,775	26,812	1,226	28,038
<b>Changes during the three month period ended March 31, 2023:</b>							
<b>Comprehensive income</b>							
Profit for the period	-	-	-	894	894	(12)	882
<b>Other comprehensive income</b>							
Translation differences	-	-	(98)	-	(98)	-	(98)
<b>Total comprehensive income for the period</b>	-	-	(98)	894	796	(12)	784
Acquisition and disposal of treasury shares	-	80	-	-	80	-	80
Dividend	-	-	-	-	-	-	-
<b>Balance at March 31, 2023</b>	209	23,158	(348)	4,669	27,688	1,214	28,902

**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, 2023:**

	Attributable to owners of the parent						Total equity
	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, 2023</b>	209	23,078	(250)	3,775	26,812	1,226	28,038
<b>Changes during 2023:</b>							
<b>Comprehensive income</b>							
Profit for the year	-	-	-	4,045	4,045	31	4,076
<b>Other comprehensive income (loss)</b>							
Re measurements on defined benefit plans	-	-	-	62	62	-	62
Translation differences	-	-	(216)	-	(216)	-	(216)
<b>Total comprehensive income (loss) for the year</b>	-	-	(216)	4,107	3,891	31	3,922
Dividend	-	-	-	(2,656)	(2,656)	-	(2,656)
Acquisition of minority holdings in subsidiary	-	-	-	-	-	(35)	(35)
Acquisition and disposal, net of treasury shares	*	(17)	-	-	(17)	-	(17)
<b>Balance as at December 31, 2023</b>	209	23,061	(466)	5,226	28,030	1,222	29,252

(\*) Less than US\$ 1 thousand

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>31.03.2024</b>	<b>31.03.2023</b>	<b>31.12.2023</b>
	<b>U.S. \$ in thousands</b>		
	<b>Unaudited</b>		
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	8,832	8,640	8,454
Trade and other receivables	12,782	10,384	14,284
Unbilled revenue	4,672	3,597	4,190
Current tax receivables	378	467	381
Inventories	7,674	7,502	7,484
	<b>34,338</b>	<b>30,590</b>	<b>34,793</b>
<b>NON-CURRENT ASSETS:</b>			
Long term prepaid expenses	28	32	37
Property, plant and equipment	5,479	5,415	5,398
Deferred tax assets	969	1,140	968
Intangible assets	3,467	3,819	3,507
	<b>9,943</b>	<b>10,406</b>	<b>9,910</b>
<b>Total assets</b>	<b>44,281</b>	<b>40,996</b>	<b>44,703</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>31.03.2024</u>	<u>31.03.2023</u>	<u>31.12.2023</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	436	76	314
Trade payables	6,941	5,465	7,882
Other accounts payable	4,347	3,638	4,558
Current tax payables	352	433	283
	<u>12,076</u>	<u>9,612</u>	<u>13,037</u>
<b>NON- CURRENT LIABILITIES:</b>			
Contingent consideration	1,117	1,432	1,117
Lease liabilities	518	206	514
Loans from banks, net of current maturities	55	91	64
Employee benefits, net	740	753	719
	<u>2,430</u>	<u>2,482</u>	<u>2,414</u>
<b>Total liabilities</b>	<u>14,506</u>	<u>12,094</u>	<u>15,451</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	209	209	209
Additional paid-in capital	22,761	23,158	23,061
Translation differences	(578)	(348)	(466)
Retained earnings	6,158	4,669	5,226
	<u>28,550</u>	<u>27,688</u>	<u>28,030</u>
Non-controlling interest	1,225	1,214	1,222
<b>Total equity</b>	<u>29,775</u>	<u>28,902</u>	<u>29,252</u>
<b>Total equity and liabilities</b>	<u>44,281</u>	<u>40,996</u>	<u>44,703</u>

May 19, 2024

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**

	<b>Three month period ended</b>		<b>Year ended</b>
	<b>March 31,</b>		<b>December 31,</b>
	<b>2024</b>	<b>2023</b>	<b>2023</b>
	<b>U.S. \$ in thousands</b>		
	<b>Unaudited</b>		
<b>Cash Flows from Operating Activities:</b>			
Profit for the period	935	882	4,076
Adjustments for:			
Depreciation and amortization	492	326	1,511
Loss (Gain) from sale of property, plant and equipment	(63)	(10)	(13)
Finance (income) expenses, net	(14)	(33)	(5)
Changes in Contingent consideration and Put option liability	-	-	(315)
Tax expenses	209	233	759
Changes in operating assets and liabilities:			
Decrease (increase) in inventories	(234)	247	158
Decrease (increase) in trade receivables	1,343	(181)	(2,477)
Decrease (increase) in other accounts receivables	92	719	(897)
Increase in unbilled revenues	(482)	(1,393)	(1,986)
Increase (decrease) in trade and other accounts payables	(1,070)	(140)	3,228
Increase (decrease) in employee benefits, net	21	1	29
<b>Cash from operations</b>	<b>1,229</b>	<b>651</b>	<b>4,068</b>
Interest received	174	19	69
Interest paid	(9)	(10)	(59)
Income tax paid	(140)	(122)	(540)
<b>Net cash provided by operating activities</b>	<b>1,254</b>	<b>538</b>	<b>3,538</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>Three month period ended</b>		<b>Year ended</b>
	<b>March 31,</b>		<b>December 31,</b>
	<b>2024</b>	<b>2023</b>	<b>2023</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	62	11	62
Purchase of property, plant and equipment	<u>(282)</u>	<u>(145)</u>	<u>(426)</u>
<b>Net cash used in investing activities</b>	<u>(220)</u>	<u>(134)</u>	<u>(364)</u>
<b>Cash Flows From Financing Activities:</b>			
Dividend	-	-	(2,656)
Payments of lease liabilities	(485)	(116)	(485)
Treasury shares acquired	(300)	-	(516)
Treasury shares sold	-	80	499
Acquisition of non-controlling interest in subsidiary	-	-	(35)
Receipt of loans from banks	169	-	460
Repayment of long-term loans from banks	<u>(9)</u>	<u>27</u>	<u>(247)</u>
<b>Net cash used in financing activities</b>	<u>(625)</u>	<u>(9)</u>	<u>(2,980)</u>
<b>(Decrease)/Increase in cash and cash equivalents during the period</b>	409	395	194
<b>Cash and cash equivalents at the beginning of the period</b>	8,454	8,279	8,279
<b>Exchange differences on balances of cash and cash equivalents</b>	<u>(31)</u>	<u>(34)</u>	<u>(19)</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>8,832</u></u>	<u><u>8,640</u></u>	<u><u>8,454</u></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). Statutory financial information for the financial year ended December 31, 2023 was approved by the board on March 10, 2024. The report of the auditors on those financial statements was unqualified.

The interim consolidated financial statements as of March 31, 2024 have not been audited.

The interim consolidated financial information should be read in conjunction with the annual financial statements as of December 31, 2023 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, 2023 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:**

	Three month period ended March 31,		Year ended December 31,
	2024	2023	2023
	U.S. \$ in thousands		
	<b>Unaudited</b>		
<b>Revenues arise from:</b>			
Sale of goods*	8,169	8,284	32,525
Rendering of services**	1,981	1,465	7,178
Projects**	1,090	1,536	5,931
	11,240	11,285	45,634

(\* ) 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 three month period ended March 31, 2024 and 2023 respectively and for the year ended December 31, 2023.

**Three month period ended March 31, 2024 (Unaudited):**

	Antennas	Water Solutions	Distribution & Consultation Services	Adjustment & Elimination	Total
	U.S. \$ in thousands				
<i>Revenues</i>					
External	3,316	3,805	4,119	-	11,240
Internal	-	-	189	(189)	-
Total	3,316	3,805	4,308	(189)	11,240
Segment profit (loss)	112	580	311	181	1,184
Finance expense (income), net					40
Tax expenses					209
Profit					935

**March 31, 2024:**

	Antennas	Water Solutions	Distribution & Consultation Services	Adjustment & Elimination	Total
	U.S. \$ in thousands				
<i>Segment assets</i>	17,187	12,550	12,165	-	4,902
<i>Unallocated assets</i>					2,379
<i>Segment liabilities</i>	5,133	3,961	4,559	-	13,653
<i>Unallocated liabilities</i>					853

**MTI WIRELESS EDGE LTD.**

(An Israeli Corporation)

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

**Three month period ended March 31, 2023 (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	2,945	4,509	3,831	-	11,285
Internal	-	-	88	(88)	-
<b>Total</b>	<b>2,945</b>	<b>4,509</b>	<b>3,919</b>	<b>(88)</b>	<b>11,285</b>
Segment profit (loss)	<u>117</u>	<u>493</u>	<u>336</u>	<u>119</u>	<u>1,065</u>
Finance expense (income), net					(50)
Tax expenses					<u>233</u>
Profit					<u><u>882</u></u>

**March 31, 2023:**

	<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>16,746</u>	<u>10,685</u>	<u>11,090</u>	<u>-</u>	<u>38,521</u>
<i>Unallocated assets</i>					<u>2,475</u>
<i>Segment liabilities</i>	<u>4,417</u>	<u>2,415</u>	<u>4,649</u>	<u>-</u>	<u>11,481</u>
<i>Unallocated liabilities</i>					<u>613</u>

**Year ended December 31, 2023**

	<u>Antennas</u>	<u>Water Solutions</u>	<u>Distribution &amp; Consultation</u>	<u>Eliminations</u>	<u>Total</u>
	<b>U.S. \$ in thousands</b>				
<i>Revenues</i>					
External	12,237	17,164	16,233	-	45,634
Inter-segment	-	-	344	(344)	-
<b>Total</b>	<b>12,237</b>	<b>17,164</b>	<b>16,577</b>	<b>(344)</b>	<b>45,634</b>
Segment profit	<u>841</u>	<u>1,986</u>	<u>1,552</u>	<u>271</u>	<u>4,650</u>
Finance income, net					(185)
Profit before tax					<u>4,835</u>
Tax expenses					<u>759</u>
Profit					<u><u>4,076</u></u>

**MTI WIRELESS EDGE LTD.**

(An Israeli Corporation)

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

**December 31, 2023:**

	<b>Antennas</b>	<b>Water Solutions</b>	<b>Distribution &amp; Consultation</b>	<b>Eliminations</b>	<b>Total</b>
	<b>U.S. \$ in thousands</b>				
<i>Segment assets</i>	<u>17,124</u>	<u>12,468</u>	<u>12,711</u>	<u>-</u>	<u>42,303</u>
<i>Unallocated assets</i>					<u>2,400</u>
<i>Segment liabilities</i>	<u>4,952</u>	<u>4,326</u>	<u>5,293</u>	<u>-</u>	<u>14,571</u>
<i>Unallocated liabilities</i>					<u>880</u>

**NOTE 5 – SIGNIFICANT EVENTS:**

- A. On 5 January 2024 following approval at an extraordinary shareholders meeting, 600,000 share options were granted to Mr. Moshe (Moni) Borovitz, the Company's Chief Executive Officer and 100,000 share options were granted to Mr. Dov Feiner, the General Manager of the Company's Antenna division as part of the Company's Option Plan.
- B. The Board of directors decided to declare a cash dividend of 3.1 US cents per share being approximately \$2,745,000. This dividend was paid on 11 April 2024 to shareholders on the register at the close of trading on 22 March 2024.
- C. The financial statements for the year ended 31 December 2023 were authorized for issue by the board as a whole following their approval on 10 March 2024.
- D. 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. On 10 March 2024 the board of directors of the Company and the board of directors of MTI Engineering decided to extend the Programme effective from 12 March 2024 until 31 March 2025 and to increase the maximum value of the Programme up to £700,000, with the intention to hold the Ordinary Shares purchased for a longer period of time. As at 31 December 2023, 220,000 Ordinary Shares were held in treasury under the Programme, and as at 10 March 2024, 470,000 Ordinary Shares were held in treasury under the Programme.
- E. On 20 March 2024 at the Company's extraordinary meeting, Mrs. Hani Lerman was elected as an external non-executive director.

**MTI WIRELESS EDGE LTD.**

**(An Israeli Corporation)**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

- F. On 7 October 2023 Israel was attacked by the Hamas terror organization leading to war in the Gaza region. The war has led to a slowdown in the Israeli economy and if this 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 if there is 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 the Company. 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.