

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

AS OF SEPTEMBER 30, 2024

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

AS OF SEPTEMBER 30, 2024

TABLE OF CONTENTS

	<u>Page</u>
Interim Consolidated Statements of Comprehensive Income	2
Interim Consolidated Statements of Changes in Equity	3-5
Interim Consolidated Statements of Financial Position	6-7
Interim Consolidated Statements of Cash Flows	8-9
Notes to Interim Consolidated Financial Statements	10-14

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

	Nine month period ended		Year ended
	September 30,		December 31,
	2024	2023	2023
	U.S. \$ in thousands		
	(Except per share data)		
	Unaudited		
Revenues	33,743	33,724	45,634
Cost of sales	23,122	22,815	30,963
Gross profit	10,621	10,909	14,671
Research and development expenses	731	794	1,047
Distribution expenses	2,518	2,814	3,709
General and administrative expenses	3,954	3,757	5,278
Loss (profit) from sale of property, plant and equipment	(58)	(8)	13
Profit from operations	3,476	3,552	4,650
Finance expenses	210	245	342
Finance income	(305)	(116)	(527)
Profit before income tax	3,571	3,423	4,835
Income tax expenses	500	569	759
Profit	3,071	2,854	4,076
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	-	-	62
<i>Items that may be reclassified to profit or loss:</i>			
Adjustment arising from translation of financial statements of foreign operations	(26)	(288)	(216)
Total other comprehensive loss	(26)	(288)	(154)
Total comprehensive income	3,045	2,566	3,922
Profit (loss) attributable to:			
Owners of the parent	3,151	2,868	4,045
Non-controlling interests	(80)	(14)	31
	3,071	2,854	4,076
Total comprehensive income (loss) attributable to:			
Owners of the parent	3,125	2,580	3,891
Non-controlling interests	(80)	(14)	31
	3,045	2,566	3,922
Earnings per share (dollars)			
Basic and Diluted (dollars per share)	0.0360	0.0325	0.0458
Weighted average number of shares outstanding			
Basic (dollars per share)	87,472,764	88,332,198	88,283,490
Diluted (dollars per share)	87,511,080	88,332,198	88,283,490

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, 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							
Balance at January 1, 2024	209	23,061	(466)	5,226	28,030	1,222	29,252
Changes during the nine month period ended September 30, 2024:							
Comprehensive income							
Profit (loss) for the period	-	-	-	3,151	3,151	(80)	3,071
Other comprehensive loss							
Translation differences	-	-	(26)	-	(26)	-	(26)
Total comprehensive income (loss) for the period	-	-	(26)	3,151	3,125	(80)	3,045
Acquisition and disposal of treasury shares	*	(1,024)	-	-	(1,024)	-	(1,024)
Share based payment	-	79	-	-	79	-	79
Dividend	-	-	-	(2,745)	(2,745)	-	(2,745)
Balance at September 30, 2024	209	22,116	(492)	5,632	27,465	1,142	28,607

(*) 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
CHANGES IN EQUITY (CONT.)

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							
Balance at January 1, 2023	209	23,078	(250)	3,775	26,812	1,226	28,038
Changes during the nine month period ended September 30, 2023:							
Comprehensive income							
Profit for the period	-	-	-	2,868	2,868	(14)	2,854
Other comprehensive income							
Translation differences	-	-	(288)	-	(288)	-	(288)
Total comprehensive income for the period	-	-	(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)
Balance at September 30, 2023	209	23,051	(538)	3,987	26,709	1,167	27,876

(*) 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 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						
Balance as at January 1, 2023	209	23,078	(250)	3,775	26,812	1,226	28,038
Changes during 2023:							
Comprehensive income							
Profit for the year	-	-	-	4,045	4,045	31	4,076
Other comprehensive income (loss)							
Re measurements on defined benefit plans	-	-	-	62	62	-	62
Translation differences	-	-	(216)	-	(216)	-	(216)
Total comprehensive income (loss) for the year	-	-	(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)
Balance as at December 31, 2023	<u>209</u>	<u>23,061</u>	<u>(466)</u>	<u>5,226</u>	<u>28,030</u>	<u>1,222</u>	<u>29,252</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

	30.09.2024	30.09.2023	31.12.2023
	U.S. \$ in thousands		
	Unaudited		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	5,144	6,655	8,454
Trade and other receivables	13,850	11,697	14,284
Unbilled revenue	4,874	4,407	4,190
Current tax receivables	291	409	381
Inventories	8,122	7,365	7,484
	32,281	30,533	34,793
NON-CURRENT ASSETS:			
Long term prepaid expenses	31	39	37
Property, plant and equipment	5,339	4,987	5,398
Deferred tax assets	1,020	1,072	968
Intangible assets	3,388	3,739	3,507
	9,778	9,837	9,910
Total assets	42,059	40,370	44,703

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>30.09.2024</u>	<u>30.09.2023</u>	<u>31.12.2023</u>
	<u>U.S. \$ In thousands</u>		
	<u>Unaudited</u>		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Current maturities and short term bank credit and loans	250	198	314
Trade payables	6,163	5,684	7,882
Other accounts payable	4,261	3,817	4,558
Current tax payables	289	422	283
	<u>10,963</u>	<u>10,121</u>	<u>13,037</u>
NON- CURRENT LIABILITIES:			
Contingent consideration	1,117	1,432	1,117
Lease liabilities	509	150	514
Loans from banks, net of current maturities	75	52	64
Employee benefits, net	788	739	719
	<u>2,489</u>	<u>2,373</u>	<u>2,414</u>
Total liabilities	<u>13,452</u>	<u>12,494</u>	<u>15,451</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	209	209	209
Additional paid-in capital	22,116	23,051	23,061
Translation differences	(492)	(538)	(466)
Retained earnings	5,632	3,987	5,226
	<u>27,465</u>	<u>26,709</u>	<u>28,030</u>
Non-controlling interest	1,142	1,167	1,222
Total equity	<u>28,607</u>	<u>27,876</u>	<u>29,252</u>
Total equity and liabilities	<u>42,059</u>	<u>40,370</u>	<u>44,703</u>

November 24, 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

	Nine month period ended		Year ended
	September 30,		December 31,
	2024	2023	2023
	U.S. \$ in thousands		
	Unaudited		
Cash Flows from Operating Activities:			
Profit for the period	3,071	2,854	4,076
Adjustments for:			
Depreciation and amortization	1,291	956	1,511
(Gain) from sale of property, plant and equipment	(56)	(6)	(13)
Finance (income), net	(469)	(86)	(5)
Changes in Contingent consideration	-	-	(315)
Tax expenses	500	569	759
Changes in operating assets and liabilities:			
Decrease (increase) in inventories	(626)	258	158
Decrease (increase) in trade receivables	(7)	(830)	(2,477)
Decrease (increase) in other accounts receivables	361	(191)	(897)
Increase in unbilled revenues	(684)	(2,129)	(1,986)
Increase (decrease) in trade and other accounts payables	(1,870)	517	3,228
Increase (decrease) in employee benefits, net	69	(13)	29
Cash from operations	1,580	1,899	4,068
Interest received	69	46	69
Interest paid	(61)	(23)	(59)
Income tax paid (received)	(453)	(344)	(540)
Net cash provided by operating activities	1,135	1,578	3,538

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.)

	Nine month period ended		Year ended
	September 30,		December 31,
	2024	2023	2023
	U.S. \$ in thousands		
	Unaudited		
Cash Flows From Investing Activities:			
Proceeds from sale of property, plant and equipment	56	39	62
Purchase of property, plant and equipment	<u>(486)</u>	<u>(229)</u>	<u>(426)</u>
Net cash used in investing activities	<u>(430)</u>	<u>(190)</u>	<u>(364)</u>
Cash Flows From Financing Activities:			
Dividend	(2,745)	(2,656)	(2,656)
Payments of lease liabilities	(485)	(328)	(485)
Treasury shares acquired	(1,024)	(362)	(516)
Treasury shares sold	-	335	499
Employee options issuance	79	-	-
Acquisition of non-controlling interest in subsidiary	-	(45)	(35)
Short-term loans and credit line received from banks	168	136	460
Repayment of long-term loans from banks	<u>(9)</u>	<u>(10)</u>	<u>(247)</u>
Net cash used in financing activities	<u>(4,016)</u>	<u>(2,930)</u>	<u>(2,980)</u>
(Decrease) Increase in cash and cash equivalents during the period	(3,311)	(1,542)	194
Cash and cash equivalents at the beginning of the period	8,454	8,279	8,279
Exchange differences on balances of cash and cash equivalents	<u>1</u>	<u>(82)</u>	<u>(19)</u>
Cash and cash equivalents at the end of the period	<u><u>5,144</u></u>	<u><u>6,655</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 September 30, 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.

On April 9, 2024, the IASB published IFRS 18 ‘Presentation and Disclosure in Financial Statements’ which replaces IAS 1 Presentation of Financial Statements and is mandatorily effective for annual reporting periods beginning on or after January 1st, 2027. The main changes are as follows:

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES – (CONT.):

1. Mandatory sub totals to be presented in the profit and loss account.
2. Aggregation and disaggregation of information including the introduction of overall principles for how information should be aggregated and disaggregated in financial statements.
3. Disclosures related to management defined performance measures (MPMs).

The Company is currently assessing the impact of this new accounting standard and amendment.

NOTE 3 – REVENUES:

	Nine month period ended September 30,		Year ended December 31,
	2024	2023	2023
	U.S. \$ in thousands		
	Unaudited		
Revenues arise from:			
Sale of goods*	23,774	23,630	32,525
Rendering of services**	6,027	5,189	7,178
Projects**	3,942	4,905	5,931
	33,743	33,724	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 nine month period ended September 30, 2024 and 2023 respectively and for the year ended December 31, 2023.

Nine month period ended September 30, 2024 (Unaudited):

	Antennas	Water Solutions	Distribution & Consultation Services	Adjustment & Elimination	Total
	U.S. \$ in thousands				
<i>Revenues</i>					
External	10,225	12,345	11,173	-	33,743
Internal	-	-	227	(227)	-
Total	10,225	12,345	11,400	(227)	33,743
Segment profit	1,010	1,804	285	377	3,476
Finance (income), net					(94)
Tax expenses					500
Profit					3,070

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - OPERATING SEGMENTS (CONT.):

September 30, 2024 (Unaudited):

	<u>Antennas</u>	<u>Water Solutions</u>	<u>Distribution & Consultation Services</u>	<u>Adjustment & Elimination</u>	<u>Total</u>
	U.S. \$ in thousands				
<i>Segment assets</i>	<u>15,719</u>	<u>12,695</u>	<u>11,325</u>		<u>39,739</u>
<i>Unallocated assets</i>					<u>2,320</u>
<i>Segment liabilities</i>	<u>4,562</u>	<u>4,184</u>	<u>4,248</u>		<u>12,994</u>
<i>Unallocated liabilities</i>					<u>778</u>

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

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

September 30, 2023 (Unaudited):

	<u>Antennas</u>	<u>Water Solutions</u>	<u>Distribution & Consultation Services</u>	<u>Adjustment & Elimination</u>	<u>Total</u>
	U.S. \$ in thousands				
<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.):

Year ended December 31, 2023

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

December 31, 2023:

	<u>Antennas</u>	<u>Water Solutions</u>	<u>Distribution & Consultation</u>	<u>Eliminations</u>	<u>Total</u>
	U.S. \$ in thousands				
<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 January 5, 2024, following approval at an extraordinary shareholders' meeting, the Company granted 600,000 share options to Mr. Moshe (Moni) Borovitz, the Chief Executive Officer, and 100,000 share options to Mr. Dov Feiner, the General Manager of the Company's Antenna Division. The expense for share-based payments (such as stock options) typically appears on the income statement as part of the Company's operating expenses.
- B. The Board of directors declared 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. 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") and 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

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 – SIGNIFICANT EVENTS (CONT.):

12 March 2024 until 31 March 2025 and to increase the maximum value of the Programme to up to £700,000, with the intention to hold the Ordinary Shares purchased for a longer period of time. On 20 August 2024 the Board of directors of the Company and the board of directors of MTI Engineering decided to increase the maximum value of the Programme to up to £1,000,000, repeating the intention to hold the Ordinary Shares purchased for a longer period of time. As at 30 September 2024, 2,108,000 Ordinary Shares were held in treasury under the Programme. As of the date of this report, 2,243,000 Ordinary Shares were held in treasury under the Programme.

- D. On 20 March 2024 at the Company's extraordinary meeting, Mrs. Hani Lerman was elected as an external non-executive director.
- E. On 7 October 2023 Israel was attacked by the Hamas terror organization leading to war in the Gaza region and Israel followed by Hezbollah attacking Israel leading to war in the area. 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.