

MTI Annual Report
2025



Company Overview

MTI Wireless Edge Ltd (“MTI”, the “Company” or the “Group”) (AIM: MWE.L) has established over the last 50 years its reputation as a technology group focused on comprehensive communication and radio frequency solutions across multiple sectors through three core divisions:

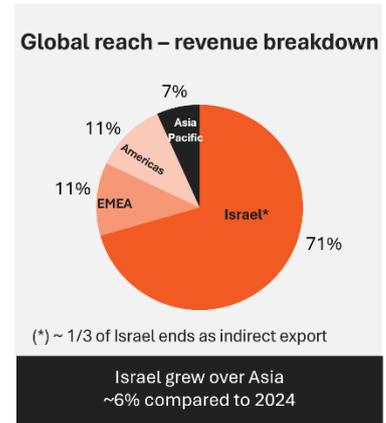
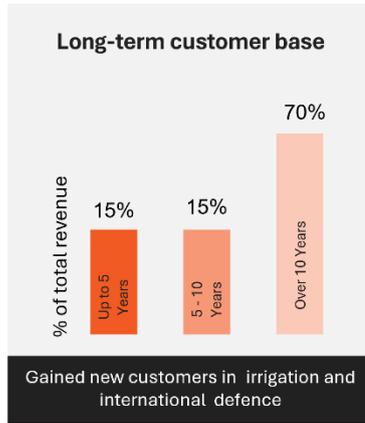
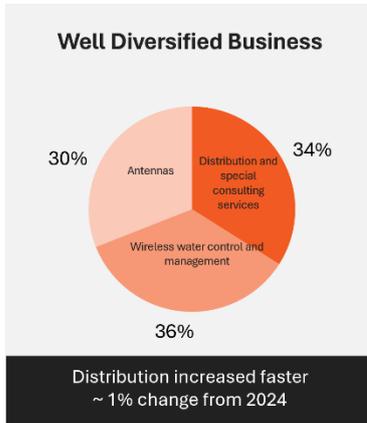
Antennas: A one stop shop for the sale of ‘off the shelf’ flat and parabolic antennas, combined with the provision of custom-developed antenna solutions to a range of commercial and military customers, with a growing focus on providing 5G backhaul antenna solutions to support mobile phone operators as they roll-out their 5G networks.

Water Control & Management: This division provides wireless control systems to manage agricultural irrigation and water distribution for municipal authorities and commercial entities. It operates under the “Mottech” brand and utilises hardware technology from Motorola, integrated with the Company's own proprietary management software. Mottech’s solutions reduce water and power usage whilst providing clients with higher revenue from accurate irrigation, leading to an increased number and improved quality of crops being cultivated.

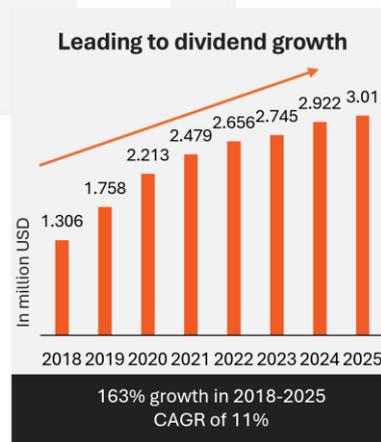
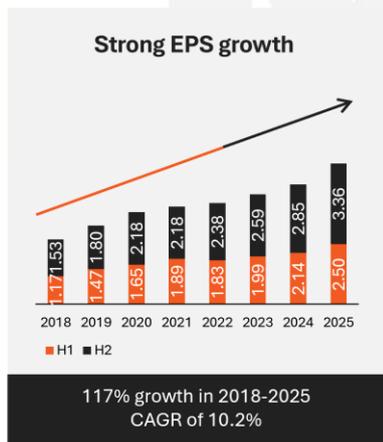
Distribution & Professional Consulting Services: Operating under the “MTI Summit Electronics” brand, this division exclusively represents 40 international suppliers of radio frequency/microwave components and sells these products to Israeli and global customers. Expert knowledge of both the international suppliers and customers further enables MTI to act as a consultant to all parties and assist with devising complete radio frequency/microwave solutions.

MTI is based in Israel, India, the USA, Canada, South Africa and Australia. As at 31 December 2025, MTI had a total of 220 employees.

2025: Diversified revenue base & long-term customer base



2025: A year of record revenue alongside continued growth in earnings per share and dividends per share



2025 Highlights

Delivering double digit growth

- Revenues increased 13% to US\$51.5m (2024: US\$45.6m)
- Profit from operations increased 29% to US\$5.81m (2024: US\$4.51m)
- Profit before tax increased 12% to US\$5.41m (2024: US\$4.81m)
- Net Profit increased 11% to US\$4.66m (2024: US\$4.19m)
- Earnings per share increased 17% to 5.86 US cents (2024: 4.99 US cents)
- Net cash of US\$9.4m at 31 December 2025 (31 December 2024: US\$6.0m)
- Increased final dividend by 3% to 3.4 US cents per share (2024: 3.3 US cents per share)
- Extended buyback program until March 2027

Strong commercial year in a challenging environment

- Antennas – another excellent year for this division with 11% revenue growth and good potential for further revenue increases in 2026. Higher margin sales for military antennas rose sharply due to demand from both local and international markets leading to a 15% rise in the division's operating profits. Demand also continues to grow for the innovative ABS® antenna solution as part of the Company's 5G backhaul solution.
- Water control & management – revenue increased by 10% due to high demand in Israel, North America and Europe with revenue from services also continuing to grow. Water scarcity is a critical issue, which is driving demand for Mottech's expanding product range, from both existing clients as well as new customers in new markets.
- Distribution & professional consulting services – a very strong year with PSK and the Distribution business combining well to drive divisional revenue up by 20% and operating profit up by 400% compared to 2024. Moreover, this division, including PSK, began 2026 with a healthy backlog of orders and a long pipeline of new opportunities consisting primarily of Governments seeking to increase their investment in defence.

Moni Borovitz, Chief Executive Officer of MTI Wireless Edge, said: “We are extremely proud of these results which saw our revenue pass the \$50m mark for the first time, combined with an improved profit margin leading to a 29% growth in profit from operations. This was also a very difficult year for me personally, losing my father and mentor, the Company’s founder and Chairman alongside operating in a very challenging period for Israel. I am therefore deeply proud of our team’s dedication, motivation and professionalism which carried us through this year and kept the business moving forward.

Our core business remains strong, with three well established and well-led divisions focused on three growth markets: Defence, 5G and Water scarcity. Each leveraging the Group’s core expertise in radio frequency communications technology.

Our target end-markets remain in growth mode. Military conflicts are increasingly reliant on electronics, a shift which is to MTI’s advantage, especially when coupled to a global increase in government defence budgets. Demand is increasing for our ABS® antenna solution for E-Band 5G backhaul, representing a substantial opportunity over the medium term and scarcity of water is behind the ongoing drive by governments and businesses to significantly improve the efficient use of this fundamental resource.

The business is in a solid financial position with net cash of US\$9.4m at the year end. Furthermore, we are confident going into 2026 given the size of both our current backlog of orders and the pipeline of new opportunities that we are pursuing.”

Farewell to our founder

Zvi Borovitz, the founder of MTI group and its chairman passed in June 2025.

Zvi was a visionary engineer and a key figure in shaping Israel's defense and technology landscape. From his early contributions at ELTA to founding MTI with his wife Aya in 1970, he consistently combined technical excellence, strategic thinking, and international collaboration to strengthen Israel's security.

Throughout his career, Zvi introduced advanced technologies, built influential partnerships, and supported the growth of local industry. His legacy lives on through the MTI Group and the many people and organizations shaped by his leadership and vision.

After completing his engineering studies in the US in the early 60s, Zvi began working for ELTA, the electronics division of the Israeli Aerospace Industries. He was part of the development of an airborne Electronic Warfare system that later supported IAF pilots during the Six-Day War in 1967. Following this achievement, he suggested developing a laser-guided missile system and presented a detailed white paper that reached the IMOD management. The decision was ultimately that laser-based systems would be developed in EL-OP rather than ELTA.

Zvi viewed this decision as a sign to become independent. In 1970, together with his beloved wife, Aya Lustig Borovitz, who sadly passed away prematurely, he founded MTI. This decision proved fortunate for the family and employees of MTI, marking the beginning of a company that would become a cornerstone of Israel's defense and technology ecosystem.

Throughout his work at MTI, Zvi consistently contributed to the safety and security of Israel by introducing advanced American Electronic Warfare technologies to the IMOD and local defense industries. He utilized his diverse range of skills, rapid and deep learning abilities, and remarkable clarity in presenting complex topics to decision makers—always accompanied by tremendous personal charm.

Soon after its establishment, MTI Engineering became a leading Israeli representation organization in the field of RF & Microwave solutions and applications. MTI Engineering remains, to this very day, a leading organization representing the premium manufacturers in the market.



Zvi guided MTI through successful public offerings on the Tel Aviv Stock Exchange and later on the London Stock Exchange - both driven by his strong business sense and sensitivity to the people involved. The seeds Zvi sowed led MTI to grow into the public corporation it is today.

Zvi's legacy is reflected not only in the technological achievements he led, but also in the culture, values, and relationships he nurtured. His dedication, keen judgment, warmth, and humanity shaped MTI into the organization it is today. His impact will continue to guide the Company, its people, and the industries he helped build.

May his soul rest in peace.



Chairperson's statement

MTI performed strongly during 2025 despite the challenges of operating alongside ongoing conflicts. The fact that all three divisions achieved double digit growth in both sales and profits is a clear testament to the strength of the businesses and the focused execution of the operating teams. 2026 has started well with the businesses benefitting from strong demand from both existing and new potential customers.

Trading overview

Unsurprisingly, the dominant market driver in 2025 was defence spending and this is likely to be true in 2026 too. The defence market, which was already expanding, is now poised for even greater growth due to actions taken by the US government and the decision of European governments to significantly increase defence spending, and MTI is well-positioned to benefit. Enquiries for military related orders (both for military antennas and distribution of components, including PSK's solution offerings) have increased to support expanded budgets and our pipeline of potential orders is higher than we have ever seen.

Dividend

Reflecting the strength of the Company's operational performance and pipeline of opportunities the Board is pleased to declare a final dividend of US\$0.034 per share representing a 3% increase on the previous year (2025: US\$0.033). The dividend will be paid on 14 April 2026 to shareholders on the register at the close of trading on 27 March 2026 (ex-dividend on 26 March 2026). The currency translation into British Pounds will be made on 31 March 2026 and there will not be a scrip dividend alternative.

We have also decided to maintain the Company's share buyback programme, and continue holding the shares purchased for a longer period. The Board has agreed to use the existing funding committed to the buyback programme, along with the dividends received from the shares in treasury, to continue the programme until the end of March 2027, reflecting our confidence in MTI's prospects.

People

The MTI teams worldwide performed exceptionally well throughout the year, maintaining high operational performance levels and delivering strong progress. I would like to extend a special thank you to our teams in Israel for their excellent work during what has undoubtedly been the most challenging two years in the country's history. Their dedication, solidarity and unwavering focus was crucial in helping us navigate this very difficult period.

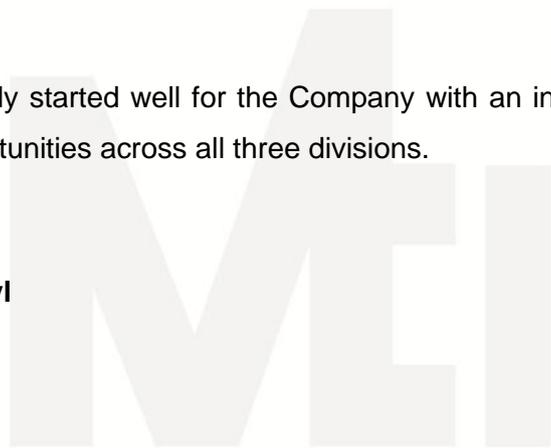
Outlook

MTI is a growth business operating in growth markets. Our products and services are in demand across all three divisions. We continue to invest in innovation, product development and potential acquisitions when the opportunities arise, whilst always remaining focused on radio frequency communications which lies at the heart of our success.

2026 has undoubtedly started well for the Company with an increased order backlog and pipeline of opportunities across all three divisions.

Amalia Borovitz Bryl

Chairperson



Chief Executive's review

Introduction

2025 was a challenging, yet successful year for the Company. Despite the regional conflicts, the Company continued to operate smoothly, achieving excellent double-digit growth in revenue and profits while expanding its product offering to customers. All divisions contributed, with the Distribution division showing the fastest growth in both revenue and profits. Looking ahead, the ongoing increases in government defence budgets, together with a strong pipeline of opportunities across all divisions, positions the Company well to achieve a successful outcome in 2026.

Financial results

Revenues for the twelve months to 31 December 2025 grew 13% to US\$51.5m (2024: US\$45.6m) with the defence market being the major area of growth representing 49% of the Group's revenue in 2025.

Gross profit was 18% ahead of 2024 reflecting a better product mix across different markets, leading to a 29% increase in operating profit to US\$5.81m (2024: US\$4.51m). PSK moving from a loss into profit and the improvement in profitability in the Antenna division drove a 12% increase in profit before tax to US\$5.4m (2024: US\$4.8m).

Net Profit for shareholders increased 16%, and earnings per share grew 17% to US5.86 cents (2024: US4.99 cents).

Cash flow generated from operations for 2025 was US\$7.0m, being a similar level to EBITDA for the year and representing 128% growth over 2024 (US\$3.1m), reflecting efficient cash collection, exceeding the Company's objective to convert the majority of EBITDA into operating cash flow. This resulted in a net cash balance of US\$9.4m (31 December 2024: US\$6.0m).

The Board has recently agreed to continue with the Share Repurchase Programme (on similar terms and conditions originally announced by the Company on 13 April 2022) and extend it until 31 March 2027.

Operational review

Over the last 56 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 advanced antenna solutions for military applications and providing 5G backhaul antenna solutions to support mobile phone operators roll-out 5G networks.

In 2025, revenues from this division increased by 11% reflecting a sharp increase in demand for higher margin military antenna solutions that led to a 15% rise in divisional operating profit.

Military antenna sales increased 50% over 2024 and represented 55% of the antenna division's total revenue. Demand came from multiple international and local projects, including sales to defence companies in Europe and North America. In many cases MTI's solutions are sold globally via Israeli defence companies exporting larger-scale solutions. Moreover, since 2024 there has been a growing trend amongst Israel's defence companies to outsource military antenna manufacturing – creating new revenue opportunities for MTI, the benefit of which started to come through in 2025 and is expected to increase in future years.

The current conflicts around the globe have triggered a need to restock antennas as well as a requirement to maintain higher stock levels. This has increased the overall volume of antennas needed going forward.

E-Band 5G backhaul antenna sales were lower than in 2024 with key Indian mobile operators temporarily pausing their activities. However, sales of the Company's ABS® antenna solutions started to pick up and the increasing demand for such a unique solution demonstrates operator commitment to 5G roll-out and therefore bodes well for future sales of our 5G solutions.

The quality and reliability of MTI's products and solutions, which are core strengths, further differentiated us from competitors. As a result, we have earned, and continue to build, trust with India's leading mobile operators and OEM suppliers. This reinforces our belief that our solutions are well-positioned to generate significant long-term revenues as 5G networks are rolled out both in India and globally by major mobile operators.

Critically, the E-Band 5G backhaul antenna and military antenna segments together accounted for over 70% of our antenna revenues in 2025, which is promising for the future as we expect these areas to experience the strongest growth moving forward.

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 solutions, including management software. Our solutions reduce water and power usage, by providing accurate irrigation, leading to increased crop production and higher revenues.

Mottech had another good year showing revenue growth of 10% over 2024 with recurring revenues from services and maintenance continuing to grow. Operational profit was lower than 2024 but met our internal forecasts as we invested more in development and marketing efforts, the fruits of which we expect to see come through in future years.

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. In 2025 the division continued to secure new mandates for comprehensive fountain management solutions and it is now managing over 70 fountains in four cities, two of which have just launched new projects to be completed by the end of 2026. Fountain management is a new product line but also a natural extension that we expect to expand to more areas around the world.

Mottech also continued to introduce new software and hardware solutions, increasing its offering to existing, new and potential customers. These solutions, including the Elite controller, were well received by the market and opened up fresh opportunities for the future.

In February 2026, Mottech acquired the remaining 50% interest in its Australian subsidiary, Mottech Parkland. Australia accounted for approximately 10% of Mottech's revenue in 2025. Given the local climate, effective water management is essential, and the Australian irrigation automation market is projected to expand significantly and therefore represents an important future growth market.

The latest United Nations University Institute for Water, Environment, and Health*, has recently announced that we have entered into an era of Global Water Bankruptcy - living beyond our hydrological means. In many basins and aquifers, long-term water use has exceeded renewable inflows and safe depletion limits, and parts of the water and natural capital—rivers, lakes, aquifers, wetlands, soils, and glaciers—have been damaged beyond realistic prospects of full recovery.

This level of challenge underlines the importance of water conservation and how solutions like Mottech's can make a substantial difference - often able to save a farmer up to 30% in water usage, whilst also achieving better performance. A key fact given roughly 70% of global freshwater withdrawals are used for agriculture.

* UN University Institute for Water, Environment, and Health Richmond Hill, Canada, January 2026

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.

2025 was a great year for MTI Summit delivering 20% revenue growth compared to 2024 and moving PSK from a loss into profit, accelerating this division's operating profit to being over four times higher than 2024.

For MTI Summit and PSK, the increased defence spending by governments globally creates a very positive market environment to operate in, as defence is over 80% of total revenue. This is also reflected in the backlog of orders and future pipeline with demand primarily coming from Israeli defence companies providing solutions for the International and the Israeli market.

Outlook

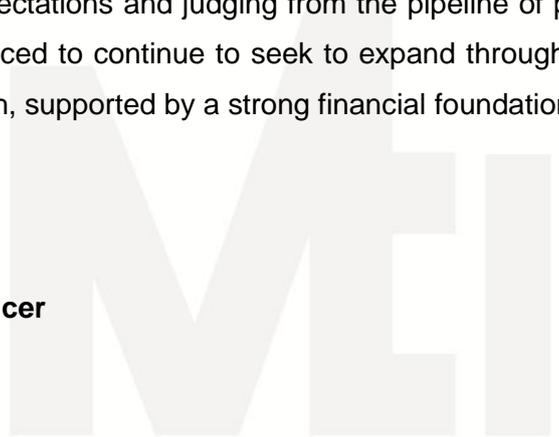
The substantial increase in global government defence spending has had a highly positive impact on MTI. Since 2023, our trading performance has strengthened materially, with defence-related activities accounting for nearly half of the Group's sales in 2025. We expect this momentum to continue over the medium term, supported by a strong order backlog and a substantial pipeline of opportunities.

Currency fluctuations may impact reported results over 2026, especially if the current weakness of the USD against the NIS continues, but it is too early to forecast this accurately and so we are instead focused on delivering another year of growth and increased returns for our shareholders.

Overall, MTI is well positioned across all three divisions, each benefitting from strong macro trends underpinning future prosperity. The first two months of 2026 have been in line with internal expectations and judging from the pipeline of potential opportunities, the Group is well placed to continue to seek to expand through a mix of organic and acquisition-led growth, supported by a strong financial foundation.

Moni Borovitz

Chief Executive Officer



Our Board

Amalia Borovitz Bryl – Chairperson of the Board

Amalia Borovitz Bryl is an innovation strategy consultant to various high-tech companies in Israel. Previously, she consulted for multi-national enterprises in creating their innovation centers in Israel and connecting with the local business ecosystem. In parallel, she co-founded and is still involved in an Israeli investment syndication platform, focused exclusively on EdTech and learning technologies that aim to solve the ever-changing needs of the modern-day workplace. Amalia holds a Master's Degree in Business Administration with a major in Finance and a Bachelor of Law, LL. B, both from Tel-Aviv University, Israel and participated in the Harvard Business School, Leadership Program (Harvard-Maoz collaboration).

Moshe (Moni) Borovitz – Chief Executive, Executive Director

Moni is the son of Zvi Borovitz and the brother of Amalia Borovitz Bryl. He was a consultant with Ernst & Young's Israeli affiliate Kost Forer & Gabbay, a leading Israeli certified public accountancy firm. Moni is a certified public accountant with a B.A. in Computer Science from Tel Aviv University, and has an MBA from Ben Gurion University.

David Yariv – Vice Chairman

David Yariv started his career with the Israeli Naval Academy in 2000 and was a Naval officer from 2002 to 2006. In 2009 he began his engineering career at Elbit Systems and today he serves as Chief System Engineer at Israel Aerospace Industries (IAI). Mr Yariv holds a B.Sc in Electrical Engineering from the Tel-Aviv University, specializing in Computers, micro-waves and optics, and an MBA from Bar-Ilan University, specializing in finance.

Dov Feiner – Non Executive Director

Dov planned and implemented the Company's entry into the commercial antenna market. Prior to joining the Company, Dov served for 12 years in the research and development division of the Israeli Defense Force. Dov holds a B.Sc. in Electrical and Computer Engineering from Ben Gurion University where he graduated with honors.

Hani Lerman - Non Executive Director

Hani Lerman is a director of NASDAQ listed dermatology company Sol-Gel Technologies Ltd. Mrs Lerman has served as Chief Financial Officer at Arkin Holdings since 2015. She holds a Master's Degree in Business Administration with a major in Finance and a B.A. in Economics and Accounting, both from Tel-Aviv University, Israel.

Michael Yehezkel Karo - Non Executive Director

Michael Yehezkel Karo is a highly experienced program manager with a thorough technical background and strong proven leadership. He has worked for over 35 years in RAFAEL Advanced Defense Systems Ltd. in multiple positions including development, system engineering, integration and programme management. Mr. Karo holds an MBA in business administration from Haifa University.

Luke Ahern - Non Executive Director

Luke Ahern has worked in the financial services sector for over 25 years, principally in equity sales and investment research. Luke is currently the Head of Developed Markets Sales at Investec Bank Plc. Prior to this he worked at Macquarie Capital (Europe), Blue Oar Securities and Seymour Pierce. He has a degree from Royal Holloway, University of London.

Corporate Governance

The following statement of corporate governance reflects the position of the Company as at 31 December 2025. The Company applies the Quoted Companies Alliance Corporate Governance Code 2023 (the “QCA Code”).

The Board is responsible for the Company’s corporate governance policy, and recognizes the importance of high standards of integrity, and seeks to apply the principles set out in the QCA Code.

Details of how the Company addresses key principles in the QCA Code can be found on the Company’s website - <https://www.mtiwirelessedge.com/?CategoryID=458>

Purpose

Our purpose at MTI is to help provide a secure, confident environment whether in urban or rural areas while generating long term prospects for all of our stakeholders.

Strategy

Our strategy is focused around five key areas:

1. *Profitable sales growth*

The key guideline in our business is to continue growth in revenue and profits. We are concentrating only on growing markets where we have advantages over our competition and are continuously looking to develop our products and services ahead of the market, to strengthen our position and grow revenue and profits.

2. *Introducing new products*

We focus on securing blue chip customers that are seeking technology solutions through MTI’s “first to develop” approach, using MTI’s intellectual property and licensed technology from leading partners. As such, we aim to introduce new products to answer the demands of our markets. We invest in research and development and work closely with our customers and vendors to bring new products to the market. Some of this investment is performed in collaboration with our customers, as part of a project from which we can derive technology that can be applied in other areas.

Our antenna segment brings both new products and new technologies to market. While new products are introduced several times a year, new technologies are introduced over wider periods of time. These new technologies are applied towards new products over the years following such introduction. As an example, in 2017 we introduced a dual band technology, which led to new products in 2018 which have led the growth in the antenna division since 2021 and are expected to continue to be a growing part of the business. This was followed by the development of the ABS[®] antenna solutions which we started developing in 2022. In 2024 we started to produce ABS[®] antennas and received numerous ABS[®] pre-production orders which we believe should in turn drive part of the growth of our antenna division over the coming years as part of the expanding 5G cellular backhaul market and help connect rural areas as well as providing good connectivity levels in urban environments.

In the military antenna segment, we developed several technologies over the last couple of years, the fruit of which we are seeing now. Some of these developments relate to active antennas (similar to the ABS[®] antenna) and some relate to manufacturing technologies and expertise. We are continuing to develop more capabilities in this segment of the business, allowing us to move up to the sub system antenna level, which includes software and part of the digital RF head.

In the Water Control & Management division, we work closely with different partners, including Motorola, to develop new solutions, including both new hardware and software. In 2024 we introduced several new solutions and applications that have been well accepted in the market. These new solutions should help us increase our product offering to customers and we believe that widening our portfolio offering will be key to the continued growth of this segment. This part of the business is involved in creating a safer environment for all of humanity by helping using water, one of the most critical resources, in a more efficient way to secure our future.

In the Distribution & Professional Consulting Services division's representation business, we use our vendors' new technology and development capabilities as a foundation to introduce new products and in parallel we continuously search for new vendors or solutions to bring to the market.

3. Supporting our existing brands

As leaders in the market, our goal is to continue to support our existing brands and strengthen our relationships with the key participants in our markets and our existing customers, while introducing solutions to new markets and customers. Some of the markets that we work in are very conservative and being able to support a brand for decades is essential. This means that our ability to continue to develop new, more advanced solutions while supporting legacy solutions on the same platform is a key capability. In order to continue to support our brands, we invest in sales and marketing, customer service, pre and post sales support, as well as in technology.

4. Enhancing our operational capabilities

As a global provider of various technology solutions, we continue to work on improving our operational capabilities, by outsourcing most of our production, whilst performing final assembly and testing in house, in order to provide assurance of the quality of the product that we provide. While production is sourced worldwide, the assembly is performed in several continents, which allows us to improve our support to customers, while improving our profitability. This is a key focus for the Group, as we believe that the profits on marginal sales should be greater than average, which should lead to overall profits growing faster than revenue growth. In order to meet these goals, we continually search for new operational solutions. Some of these can include technological improvements or merging similar processes and activities over the different segments of our business.

5. Strategic acquisitions

Our Group has completed several successful acquisitions in the past years, which has helped strengthen the Company and its position in the market. We believe that we should use our strong balance sheet to continue to grow the business by performing selective acquisitions, while also pushing our internal growth engines.

Our key criteria for acquisitions include ascertaining that any acquisition will be complementary to our existing business segments and that synergies will arise from it. We continuously dedicate time and effort to searching for acquisitions, but are very selective in this process, as we believe that it is critical to find suitable targets under the right terms.

Directors

Pursuant to the provisions of the Israeli Companies Law (“**ICL**”), the Company has nominated Hani Lerman and Luke Ahern as external (independent) directors. The initial term of an external director is three years and this may be extended for two additional three-year terms. The external directors have to serve on the Audit committee, the Financial Statements committee and on the Remuneration committee. The rest of the Board members are elected annually via the shareholders’ meeting.

Pursuant to the provisions of the ICL, the Company has to nominate an independent director in addition to two external directors and Mr. Michael Yehezkel Karo was elected as independent director.

All of the directors have access to the advice and services of the Company Secretary and may in furtherance of their duties, take independent legal and financial advice at the Company’s expense. They also have access to the minutes of the Board, in which any concerns expressed by them regarding matters pertaining to the Company are recorded. All members of the Board are free to bring any matter to the attention of the Board, at any time.

Performance of the board

During 2025 the Company reviewed the performance of the Board as a whole, to ensure that the members of the Board collectively function in an efficient and productive manner. When conducting this review, the Company used a self-assessment process to evaluate the performance of the Directors and the Board as a whole. The Company also evaluated the Board’s committees to assess the committees regarding their roles and terms of reference and the effectiveness of communicating relevant information to the Board in a timely manner, and the overall effectiveness and efficiency of the committees in discharging their duties. There were no significant findings or recommendations from the 2025 review process. The 2025 review process used the same assessment processes as used for the previous review in 2023, from which there were no significant recommendations. As part of the above review process, the Board decided that such a review process should be repeated once every two years going forward and accordingly the next review will be in 2027.

Key issues in relation to the value of the Board members’ contributions would be their contribution to the strategy planning of the Company, ongoing business development,

legal expertise in the Company's areas of business and accounting, finance and economic specialties.

The Company continues to consider any succession planning requirements at appropriate junctures on an ongoing basis. During 2025, the Company had to replace the founder and the chairman of the board who passed away and had a plan in place, proposing to replace him with Mrs. Amalia Borovitz Bryl, which was approved by shareholders effective from 20 August 2025. In parallel, in April 2025 one of the Company's key executives retired after 38 years with the Company, and was replaced after a transition period planned by the Company, including a buildup of replacing the executive's skills internally. These two changes in 2025 provide the Directors with confidence that the Company has planned sufficiently for its succession planning needs in the medium-term.

All Board members are required to devote their time as needed by the Company. While there is no specific time requirement from the non-executive Board members, the Board is satisfied that during the year ended 31 December 2025 the non-executive Board members have devoted the amount of time that was required (usually not more than several hours per month). The chairperson of the board, Mrs. Amalia Borovitz Bryl, the vice chairman Mr. David Yariv, and the executive director, Mr. Moshe Borovitz have greater time requirements, which are detailed in the Company's remuneration policy which was approved by the Company in 2025.

Board meetings

The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and corporate actions. The Board generally meets five times a year and at such other times as required. The Board receives regular reports on a wide range of key issues including operational performance, risk management and corporate strategy, budget and corporate actions etc., and other areas which are either required by law or deemed relevant by the management.

Over the year ended 31 December 2025, in total the Board and its committees held 13 meetings. The table below shows the number of Board or committee meetings in which each of the directors could have participated (taking into consideration their membership of the committees and or their date of nomination to the Board) and their actual participation:

| Board member name | Total number of Board and/or committee meetings applicable | Total number of meetings attended |
|-----------------------|--|-----------------------------------|
| Amalia Borovitz Bryl* | 3 | 3 |
| Dov Feiner | 6 | 5 |
| Moshe Borovitz | 6 | 6 |
| Luke Ahern | 13 | 13 |
| Hani Lerman | 13 | 13 |
| David Yariv | 6 | 6 |
| Michael Yehezkel Karo | 13 | 11 |

(*) Joined the board in August 2025

Committees

Audit & Financial Statements Committees

The Audit committee and the Financial Statements committee are chaired by Mr. Luke Ahern. The other members are Hani Lerman and Michael Yehezkel Karo. The external auditors, together with the Company's management, are invited to attend these meetings as and when required.

In accordance with its terms of reference, the principal function of the Audit committee is to determine the appropriateness of accounting policies to be used in the Company's annual results. In addition, the committee is responsible for assessing the Company's audit arrangements and the Company's system of internal controls, and for reviewing the quarterly and annual results before publication. The responsibilities of the Audit committee include all matters required to be covered by the ICL. The Company has also decided pursuant to the Companies Law that the audit committee shall act as its Financial Statements committee which is responsible for reviewing the financial statements in detail and suggesting to the Board whether to amend or approve the financial statements.

The ICL requires the Company to have an internal auditor appointed by the Board. The internal auditor is responsible for examination of the Company's internal controls and reviewing their effectiveness and reports to the Audit committee.

Remuneration Committee

The Remuneration committee is chaired by Luke Ahern. The other members are Hani Lerman and Michael Yehezkel Karo. In accordance with its terms of reference, the committee reviews the performance of the executive directors and key employees and makes recommendations to the Board and the shareholders of the Company, pursuant to Rule 20 of the ICL, on matters relating to their remuneration and terms of employment. Such remuneration usually includes both a fixed and variable compensation package, including share options and other equity incentives pursuant to any share option scheme or equity incentive scheme. The remuneration arrangements of the non-executive directors are determined by the Board as a whole and, in accordance with the ICL, approved at General Meetings of the Company's Shareholders where appropriate.

On 12 November 2012, Amendment No. 20 to the ICL was published (the "Amendment"). According to the Amendment, a public company is required to appoint a remuneration committee (its composition and manner of discussion shall be in accordance with the provisions of the Amendment), and adopt a policy regarding the conditions of service and employment of officers of the Company, in accordance with the recommendations of such remuneration committee, subject to the approval of the general meeting of the shareholders of the Company. In addition, the Amendment regulates the method of approval of the terms of service and employment of officers of public companies.

The Company established its first policy in July 2013, after receiving the approval of its shareholders. This policy was last renewed in March 2025, with minor updates in September 2025, for another three years term and was approved by all required stakeholders of the company including shareholders.

External Auditor

The external auditor of the Company is BDO Israel and in accordance with the ICL the audit committee of the board of directors makes recommendations to the board regarding the appointment and annual fee for the external auditor. The fee paid in 2025 was 365,000 NIS and includes the audit of all Israeli based companies, the consolidated report and support with filing reports with tax authorities in Israel. The Group's international subsidiaries use local external auditors (which is paid for separately at the local level) which prepare the financial statements in accordance with IFRS and BDO in Israel communicates directly with these local auditors as part of the consolidation audit and the preparation of the consolidated financial reports.

Relations with shareholders

The Board welcomes the views of shareholders. The Annual General Meeting ("AGM") is used as an opportunity to communicate with shareholders. All shareholders are encouraged to attend the Company's AGM in order to take advantage of the opportunity to ask questions of the directors.

Shareholders may also contact the Company in writing or via its website, which is regularly updated. Additional information is supplied through the circulation of the Quarterly Reports and the Annual Report and Accounts. During the year the Company issued a series of announcements via the Regulatory News Service and updated its website in accordance with AIM Rule 26. The Chief Executive and other directors from time to time meet individual and institutional shareholders and provide such information as is permissible in order to facilitate a better understanding of the Company's business and operations. In 2026 the Company engaged with InvestorHub to allow investors to communicate more easily with the Company.

Internal controls

The Board as a whole, the audit and financial statements committee and the Company's internal auditor (further details of which can be found below) contribute towards the Company's framework for the identification, assessment and management of risk. The Board has overall responsibility both for the Company's system of internal controls, which includes internal financial controls, and for reviewing their effectiveness. Through its involvement in the Company's risk management procedures, the Board is satisfied that the Company's framework for the identification, assessment and management of risk is effective, although the directors recognize that no system of internal control can provide absolute assurance. The Company's systems are designed to manage the risk of failure to achieve business objectives and therefore can only provide the directors with reasonable assurance against material misstatement or loss. The key elements of the Company's internal control system, which have been operational since the Company's flotation on AIM in March 2006, are as follows:

Management Structure

The Board has overall responsibility for the Company and there is a formal schedule of matters specifically reserved for decisions by the Board. Each executive director has been given responsibility for specific aspects of the Company's affairs.

Monitoring Systems used by the Board

The Board receives regular reports on the financial and business performance of the Company. The Board is regularly advised through these reports on the financial performance relative to the Company's approved budget and updates on the order book and pipeline status.

Internal Audit

The Board has, in accordance with the ICL, appointed Mr. Eyal Weitzman as its internal auditor. Risk assessment work (involving a systematic process of evaluating the various areas in the Company) was performed in 2022, in order to identify those areas with high risk and the greatest exposure, on which the Internal Audit will focus. The internal audit plan in 2025 was based on the outcome of this work and an audit on safety within the Group's activities in Israel was performed with the main goal of identifying areas that are exposed, following which several recommendations were adopted.

Going Concern

The directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Compliance Statement

Corporate Governance procedures are subject to regular review by the Board. Details of how the Company addresses key principles in the QCA Code can be found on the Company's website.

Report on Directors' Remuneration

Remuneration Committee

The Remuneration Committee was responsible for managing the executive remuneration process and defining the new remuneration policy adopted by the Company pursuant to the Board's and shareholder's approval on 18 March 2025, as required by the ICL with an update that was approved on 29 September 2025. Following such approval the remuneration committee is responsible for overseeing the remuneration process and making changes, if any, in the remuneration of each of the executive directors of the Company within the boundaries of the approved policy.

Policy on Company remuneration

The Company operates in the telecommunications industry. Accordingly, in setting remuneration, the Board has to be mindful of competitive pressures from the market,

and at the same time controlling the Company's fixed cost base where a high proportion of the expenses are staff related.

The Company maintains a balance between remaining market-competitive and ensuring that some element of total staff remuneration is related to the financial performance of the Company as a whole.

Policy on senior executive remuneration

It remains the Company's policy to set the remuneration of senior executives (including executive directors) at a level that attracts and retains executives of appropriate ability, experience and integrity to manage the affairs of the Company. In formulating its remuneration policy, the Remuneration committee considers pay and employment conditions throughout the Company.

2025 Directors' remuneration – all figures represent annual costs to the Company

| Name | Basic Salary / Management Fee (US\$000s) | Pension Contribution (US\$000s) | Non Cash benefits (US\$000s) | Bonuses (US\$000s) | Total remuneration (US\$000s) | Options | Shares held by each Director |
|------------------------------|--|---------------------------------|------------------------------|--------------------|-------------------------------|---------|------------------------------|
| Dov Feiner * | 181 | 157 | 11 | - | 349 | - | 3,528,265 |
| Moshe Borovitz** | 392 | - | 31 | 145 | 568 | 600,000 | 753,397 |
| Zvi Borovitz ** | 110 | - | 33 | 50 | 193 | - | - |
| Amalia Borovitz Bryl ** | 65 | - | - | 33 | 98 | - | 382,143 |
| David Yariv*** | 33 | - | - | 12 | 45 | - | - |
| Non-Executive Directors **** | 54 | - | - | - | 54 | - | 41,271***** |

(*) Dov resigned as Executive Board Director and General Manager of the Antenna Division during 2025 and remained as a non-executive director.

(**) Each of Amalia Borovitz Bryl and Moshe Borovitz also has an interest in 37.5% of Mokirei Aya Ltd., which controlled 31.35% of the issued share capital of the Company, as of 31 December 2025 (or 30.52% without taking into consideration the shares held by the Company as treasury shares).

Amalia Borovitz Bryl and Moshe Borovitz provide management services to the Company through a company controlled by them (the "Management Company"). These management services consisted of the services of Mrs. Amalia Borovitz Bryl who serves as a non-executive chairperson of the Company and Mr. Moshe Borovitz who serves as the CEO of the Company. Therefore, their management fee includes all benefits required by law including a pension contribution. The information relates to the late Mr. Zvi Borovitz until he passed in June 2025 and to Mrs. Amalia Borovitz Bryl starting from August 2025.

(***) Mr. David Yariv has served as vice chairperson since August 2025 and prior to that as a non-executive director. Until starting as vice chairman he was entitled to remuneration like the other non executive directors – the figures shown includes his remuneration for the entire year.

(****) Mr. Luke Ahern, Mrs. Hani Lerman and Mr. Michael Yehezkel Karo, as non-executive directors are each entitled to US\$18,000 per annum plus expenses.

(*****) Mrs. Hani Lerman owns these shares.

Grant of options

In accordance with the Company's remuneration policy, the Company's remuneration committee and board of directors (the "Board") approved an option plan for the Company's employees (the "Option Plan") on 20 November 2023.

The Option Plan includes the authority to grant 2,000,000 share options (being 2.2% of the Company's issued share capital on fully diluted basis) to employees and executive directors of the Company.

Grants of share options made under the Option Plan have the following terms:

1. each option can be exercised into one ordinary share of the Company (the “Ordinary Shares”) at a price of 40 pence, being 25% above the Company’s share price at the date preceding the announcement of the Option Plan in November 2023; and
2. the vesting of the options will be: 50% after two years; 25% after three years; and 25% after four years, with expiration of the options being six years after issue.

The Company’s remuneration policy requires that the grant of share options to directors, the Chairman of the Board and controlling shareholders (and their relatives) requires the approval of shareholders at a general meeting of shareholders. Therefore, on 5 January 2024 an extra ordinary shareholders meeting approved the grant of the following share options, on the terms stated above:

1. 600,000 share options to Mr. Moshe (Moni) Borovitz, the Company’s CEO; and
2. 100,000 share options to Mr. Dov Feiner, the general manager of the Company’s Antenna division.

Both Mr. Borovitz and Mr. Feiner are directors of the Company but following the retiring of Mr. Feiner as detailed below his options expired.

Service contracts

The Company has a service agreement with the Management Company, as described above and in more detail in the financial reports, in respect of the services of Mrs. Amalia Borovitz Bryl and Moshe Borovitz. Shareholders approved the term of the agreement for a period of three years starting from 1 March 2025.

Dov Feiner stepped down from his role as General Manager of the antenna division at the end of April 2025. In March 2025, at a general meeting of the Company shareholder approval was received for the Company to grant Dov an adaptation grant equal to three month’s salary. From 2026 onward Dov will continue as a non-executive director and will be entitled, similarly to Mr. Michael Yehezkel Karo, the other non-executive directors, to US\$18,000 per annum, paid quarterly, similar to the external directors.

David Yariv started his role as vice chairman in August 2025 and is entitled to basic remuneration of 17,000 NIS (approximately \$5,300 USD) per month. His terms were approved by shareholders and are in place until 1 March 2028.

All directors, apart from the two external directors, are subject to shareholders annual re-election.

The two non-executive external directors are each entitled to a fee of US\$18,000 per annum, paid quarterly. According to the ICL, non-executive independent directors (defined as external directors in the ICL) are elected for three year terms and are allowed to be elected for a maximum of three terms (a total of nine years). Mrs. Hani Lerman was appointed for her first term on 20 March 2024, and Mr. Luke Ahern was appointed for his second term on 18 March 2025.

These fees are determined with reference to available information on the fees paid to non-executive directors in other companies of broadly similar size, market capitalisation and complexity. Non-executive directors are entitled to be reimbursed for reasonable out-of-pocket expenses in line with the policy applied to the Company’s employees.

A large, light gray, semi-transparent version of the MTI logo is centered on the page, serving as a background for the title.

Financial Statements

M.T.I WIRELESS EDGE LTD.

Annual Report and Financial Statements

Year Ended

December 31, 2025

M.T.I WIRELESS EDGE LTD.

(An Israeli Corporation)

CONSOLIDATED FINANCIAL STATEMENTS

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Independent Auditors' Report to Shareholders of M.T.I Wireless Edge Ltd.

We have audited the consolidated financial statements of M.T.I Wireless Edge Ltd. (hereinafter: "**the Company**"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We did not audit the financial statements of consolidated subsidiaries whose assets included in consolidation constitute approximately 10% of total consolidated assets as of December 31, 2025, and whose revenues included in consolidation constitute approximately 12% of total consolidated revenues for the year then ended. The financial statements of those companies were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for those companies, is based on the reports of the other auditors.

In our opinion, based on our audit and on the reports of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position as at December 31, 2025, and the consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with generally accepted auditing standards in Israel, including those prescribed by the Auditors' Regulations (Auditor's Mode of Performance) - 1973. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated companies in accordance with the applicable laws in Israel regarding independence and prevention of conflicts of interest for auditors in Israel. We have also fulfilled our other ethical responsibilities in accordance with the Accountants Law, 1955, and regulations thereunder. We believe that the audit evidence we have obtained, including the reports of other auditors, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters detailed below are those matters that were communicated, or were required to be communicated, to the Company's Board of Directors and which, in our professional judgment, were of most significance in the audit of consolidated financial statements of the current period. These matters include, among others, any matter that: (1) relates, or may relate to accounts or disclosures that are material to the consolidated financial statements, and (2) involved especially challenging, subjective, or complex auditor judgment. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. The communication of these matters below does not alter

our opinion on the consolidated financial statements as a whole, and we do not provide a separate opinion on these matters or on the items or disclosures to which they relate.

Inventories

As described in note 14 to the consolidated financial statements, the balance of inventories in the Company's books amounts to USD 7,339 thousands on December 31, 2025.

The cost of inventories is based on the first-in, first-out method. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Also, inventories are valued at the lower of cost and net realisable value, where net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The quantity of inventories is based on a perpetual inventory computerized system as well as on physical counts to verify the actual quantity. Inventories are held at company sites, and the Company is required to maintain protocols to ensure its integrity.

A change in inventory quantity may have a material impact on the Company's financial statements. Considering the above, examining the existence and valuation of the inventories is significant in our audit and required our knowledge and experience, therefore, based on our professional judgment, we have determined that existence and valuation of inventories is a key audit matter.

Audit procedures performed in response to the key audit matter:

The main procedures we performed in connection with this key matter as part of our audit are:

we obtained an understanding of the key controls associated with the inventory process, we assessed the design and implementation of key controls relevant to the existence and valuation of inventories.

We performed substantive procedures which included:

1. Selected a sample of inventories items and compared the quantities we counted to the quantities recorded.
2. Observed management's inventory count procedures to assess compliance with the Company's policy.
3. Checking the cost of a sample of inventories.
4. Checking the first-in, first-out method calculation of a sample of inventories.
5. Reviewing Company policy regarding inventory impairment and verifying that this policy is reasonable and consistent.

Responsibilities of the Board of Directors and Management for the Consolidated Financial Statements

The Board of Directors and management are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards; they are also responsible for such internal control as the Board of Directors and management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors and management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors and management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Israel will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit performed, including reliance on other auditors, in accordance with generally accepted auditing standards in Israel, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and management.
- Conclude on the appropriateness of the Board of Directors' and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the preparation of the consolidated financial statements, including verification that the accounting principles applied in the financial statements audited by other auditors are consistent with the principles applied by the Company, that the reporting standards applied in the statements audited by other auditors are consistent with the laws and binding guidelines applicable to the Company, and that all data required for consolidation purposes are appropriately reflected in the consolidated financial statements.

We communicate with the Board of Directors and management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors and management with a statement that we have complied with relevant ethical requirements regarding our independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors and management, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter.

The engagement partner on the audit resulting in this independent auditor's report is Albert Ascov.

Tel Aviv, 3 March 2026

Ziv Haft

Certified Public Accountants (Isr.)

BDO Member Firm

M.T.I Wireless Edge Ltd.

Consolidated Statements of Comprehensive Income

| | Note | For the year ended December 31, | |
|---|------|------------------------------------|--------|
| | | 2025 | 2024 |
| | | \$'000 | \$'000 |
| Revenues | 4, 6 | 51,476 | 45,573 |
| Cost of sales | | 34,751 | 31,370 |
| Gross profit | | 16,725 | 14,203 |
| Research and development expenses | | 1,166 | 1,016 |
| Distribution expenses | | 3,642 | 3,413 |
| General and administrative expenses | | 6,121 | 5,321 |
| Profit from sale of property, plant and equipment | | 15 | 59 |
| Profit from operations | 5 | 5,811 | 4,512 |
| Finance expense | 7 | 446 | 282 |
| Finance income | 7 | (45) | (582) |
| Profit before income tax | | 5,410 | 4,812 |
| Income tax expenses | 8 | 751 | 619 |
| Profit | | 4,659 | 4,193 |
| Other comprehensive income (loss) net of tax: | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | |
| Remeasurements on defined benefit plans | | (55) | 16 |
| <i>Items that may be reclassified to profit or loss:</i> | | | |
| Adjustment arising from translation of financial statements of foreign operations | | 256 | (149) |
| Total other comprehensive profit (loss) | | 201 | (133) |
| Total comprehensive income | | 4,860 | 4,060 |
| Profit (loss) attributable to: | | | |
| Owners of the parent | | 5,047 | 4,364 |
| Non-controlling interest | | (388) | (171) |
| | | 4,659 | 4,193 |
| Total comprehensive income (loss) attributable to: | | | |
| Owners of the parent | | 5,248 | 4,231 |
| Non-controlling interest | | (388) | (171) |
| | | 4,860 | 4,060 |
| Earnings per share (dollars) | | | |
| Basic (dollars per share) | | 0.0586 | 0.0499 |
| Diluted (dollars per share) | 9 | 0.0583 | 0.0499 |

The accompanying notes form an integral part of these financial statements.

M.T.I Wireless Edge Ltd.

Consolidated Statements of Changes in Equity

For the year ended December 31, 2025:

| | 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, 2025 | 209 | 22,002 | (615) | 6,861 | 28,457 | 1,051 | 29,508 |
| Changes during 2025: | | | | | | | |
| Comprehensive income | | | | | | | |
| Profit (loss) for the year | - | - | - | 5,047 | 5,047 | (388) | 4,659 |
| Other comprehensive income (loss) | | | | | | | |
| Remeasurements on defined benefit plans | - | - | - | (55) | (55) | - | (55) |
| Translation differences | - | - | 256 | - | 256 | - | 256 |
| Total comprehensive income (loss) for the year | - | - | 256 | 4,992 | 5,248 | (388) | 4,860 |
| Dividend | - | - | - | (2,922) | (2,922) | - | (2,922) |
| Share based payment | - | 96 | - | - | 96 | - | 96 |
| Balance as at December 31, 2025 | <u>209</u> | <u>22,098</u> | <u>(359)</u> | <u>8,931</u> | <u>30,879</u> | <u>663</u> | <u>31,542</u> |

The accompanying notes form an integral part of these financial statements.

M.T.I Wireless Edge Ltd.

Consolidated Statements of Changes in Equity (Cont.)

For the year ended December 31, 2024:

| | 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 | Total equity |
| | U.S. \$ in thousands | | | | | | |
| Balance as at January 1, 2024 | 209 | 23,061 | (466) | 5,226 | 28,030 | 1,222 | 29,252 |
| Changes during 2024: | | | | | | | |
| Comprehensive income | | | | | | | |
| Profit (loss) for the year | - | - | - | 4,364 | 4,364 | (171) | 4,193 |
| Other comprehensive income (loss) | | | | | | | |
| Remeasurements on defined benefit plans | - | - | - | 16 | 16 | - | 16 |
| Translation differences | - | - | (149) | - | (149) | - | (149) |
| Total comprehensive income (loss) for the year | - | - | (149) | 4,380 | 4,231 | (171) | 4,060 |
| Dividend | - | - | - | (2,745) | (2,745) | - | (2,745) |
| Share based payment | - | 106 | - | - | 106 | - | 106 |
| Acquisition of treasury shares (note 23) | - | (1,165) | - | - | (1,165) | - | (1,165) |
| Balance as at December 31, 2024 | <u>209</u> | <u>22,002</u> | <u>(615)</u> | <u>6,861</u> | <u>28,457</u> | <u>1,051</u> | <u>29,508</u> |

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

M.T.I Wireless Edge Ltd.

Consolidated Statements of Financial Position

| | Note | As at December 31, | | As at December 31, | |
|---|------|--------------------|---------------|--------------------|---------------|
| | | 2025 | 2025 | 2024 | 2024 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| ASSETS | | | | | |
| Non-current assets : | | | | | |
| Property, plant and equipment | 11 | 5,399 | | 5,584 | |
| Customer relations | 12 | 1,221 | | 1,280 | |
| Goodwill | 12 | 2,068 | | 2,068 | |
| Deferred tax assets | 13 | 1,304 | | 1,187 | |
| Long-term prepaid expenses | | <u>75</u> | | <u>34</u> | |
| Total non-current assets | | | 10,067 | | 10,153 |
| Current assets: | | | | | |
| Inventories | 14 | 7,339 | | 8,168 | |
| Current tax receivables | | 618 | | 297 | |
| Unbilled revenue | 15 | 6,674 | | 3,200 | |
| Trade and other receivables | 15 | 14,852 | | 16,726 | |
| Cash and cash equivalents | 16 | <u>9,547</u> | | <u>6,269</u> | |
| Total current assets | | | <u>39,030</u> | | <u>34,660</u> |
| TOTAL ASSETS | | | <u>49,097</u> | | <u>44,813</u> |
| LIABILITIES | | | | | |
| Non-current liabilities : | | | | | |
| Put option liability | 3 | 853 | | 837 | |
| Lease liabilities, net of current maturities | 11 | 545 | | 601 | |
| Loans from banks, net of current maturities | 17 | 114 | | 37 | |
| Employee benefits, net | 18 | <u>832</u> | | <u>770</u> | |
| Total non-current liabilities | | | 2,344 | | 2,245 |
| Current Liabilities: | | | | | |
| Current tax payables | | 562 | | 255 | |
| Trade and other payables | 19 | 14,585 | | 12,531 | |
| Current maturities and short-term bank credit | 20 | <u>64</u> | | <u>274</u> | |
| Total current liabilities | | | 15,211 | | 13,060 |
| Total liabilities | | | <u>17,555</u> | | <u>15,305</u> |
| TOTAL NET ASSETS | | | <u>31,542</u> | | <u>29,508</u> |

The accompanying notes form an integral part of these financial statements.

M.T.I Wireless Edge Ltd.**Consolidated Statements of Financial Position (Cont.)**

| | Note | As at December 31, | | As at December 31, | |
|--|------|--------------------|---------------|--------------------|---------------|
| | | 2025 | 2025 | 2024 | 2024 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Capital and reserves attributable to owners of the parent | 23 | | | | |
| Share capital | | 209 | | 209 | |
| Additional paid-in capital | | 22,098 | | 22,002 | |
| Translation differences | | (359) | | (615) | |
| Retained earnings | | <u>8,931</u> | | <u>6,861</u> | |
| | | | 30,879 | | 28,457 |
| Non-controlling interests | | | <u>663</u> | | <u>1,051</u> |
| TOTAL EQUITY | | | <u>31,542</u> | | <u>29,508</u> |

The financial statements on pages 4 to 41 were approved by the Board of Directors and authorised for issue on March 3, 2026 , and were signed on its behalf by:

| | | | |
|---|---|-------------------------------------|--|
| March 3, 2026 | | | |
| <u>Date of approval of financial statements</u> | <u>Moshe Borovitz Chief Executive Officer</u> | <u>Elhanan Zeira Controller</u> | <u>Amalia Borovitz Bryl Chairperson of the Board</u> |

The accompanying notes form an integral part of these financial statements.

M.T.I Wireless Edge Ltd.

Consolidated Statements of Cash Flows

| | For the year ended December 31, | | For the year ended December 31, | |
|--|--|---------------|--|---------------|
| | 2025 | 2025 | 2024 | 2024 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Operating Activities: | | | | |
| Profit for the year | 4,659 | | 4,193 | |
| Adjustments for: | | | | |
| Depreciation and amortization | 1,184 | | 1,370 | |
| Equity settled share-based payment expense | 96 | | 106 | |
| Gain on disposal of property, plant and equipment | (15) | | (26) | |
| Changes in Contingent consideration and Put option liability | 16 | | (280) | |
| Finance Income (expense), net | 40 | | (180) | |
| Income tax expense | <u>751</u> | | <u>619</u> | |
| | | 6,731 | | 5,802 |
| Changes in working capital and provisions | | | | |
| Decrease (increase) in inventories | 1,051 | | (749) | |
| (Increase) decrease in trade receivables | 1,332 | | (2,171) | |
| (Increase) decrease in unbilled revenues | (3,474) | | 990 | |
| Decrease (Increase) in other accounts receivables | 689 | | (319) | |
| Increase in trade and other accounts payables | 1,574 | | 192 | |
| Increase in employee benefits, net | <u>7</u> | | <u>67</u> | |
| | | 1,179 | | (1,990) |
| Interest received | 30 | | 109 | |
| Interest paid | (88) | | (79) | |
| Income tax paid, net | <u>(850)</u> | | <u>(780)</u> | |
| | | <u>(908)</u> | | <u>(750)</u> |
| Net cash provided by operating activities | | <u>7,002</u> | | <u>3,062</u> |

The accompanying notes form an integral part of these financial statements.

M.T.I Wireless Edge Ltd.**Consolidated Statements of Cash Flows (Cont.)**

| | For the year ended | | For the year ended | |
|---|--------------------|---------------------|--------------------|---------------------|
| | December 31, | | December 31, | |
| | 2025 | 2025 | 2024 | 2024 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Investing Activities: | | | | |
| Proceeds from sale of property, plant and equipment | 40 | | 56 | |
| Purchase of property, plant and equipment | <u>(540)</u> | | <u>(891)</u> | |
| Net cash used in investing activities | | (500) | | (835) |
| Financing Activities: | | | | |
| Dividend | (2,922) | | (2,745) | |
| Payments of lease liabilities | (355) | | (364) | |
| Treasury shares acquired | - | | (1,165) | |
| Repayment of long-term loans from banks | (220) | | (101) | |
| Receipt of loans from banks | <u>150</u> | | <u>14</u> | |
| Net cash used in financing activities | | <u>(3,347)</u> | | <u>(4,361)</u> |
| Increase (Decrease) in cash and cash equivalents | | 3,155 | | (2,134) |
| Cash and cash equivalents at the beginning of the year | | 6,269 | | 8,454 |
| Exchange differences on balances of cash and cash equivalents | | <u>123</u> | | <u>(51)</u> |
| Cash and cash equivalents at the end of the year | | <u><u>9,547</u></u> | | <u><u>6,269</u></u> |

The accompanying notes form an integral part of these financial statements.

1. General description of the Group and its operations

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

2. Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented.

A. Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). The financial statements have been prepared under the historical cost convention, except for the measurement of employee benefit plan assets.

The Company has elected to present the statement of comprehensive income using the function of expense method.

B. Estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. These estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates are reported in the period of the change in estimate and thereafter.

The key assumptions made in the financial statements concerning uncertainties at the end of the reporting period and the critical estimates used by the Group that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Deferred tax assets:** Deferred tax assets are recognized for unused carryforward tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the estimated timing and the level of future taxable profits together with future tax planning strategies.

2. Accounting policies (Cont.)

C. Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services

1. Revenues from Construction Contracts are recognized based on the percentage of completion to date. The percentage of completion is determined using the inputs method

The Company elected not to adjust the transaction price for the effects of financing components in contracts where the period between when the Company transfers a promised good or a service to the customer and when the customer pays for it is one year or less.

2. Revenues from the sale of goods are recognized at the point in time when control of the asset is transferred to the customer, generally upon delivery of the equipment.

D. Functional currency and Foreign currency transactions

The reporting currency of the Group is U.S. Dollars (“dollar”; “USD”), which is the currency of the primary economic environment in which the Company and the majority of the Group’s subsidiaries operate. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

E. Property, plant and equipment

Items of property, plant and equipment are initially recognized at cost including directly attributable costs. Depreciation is calculated on a straight line basis, over the useful lives of the assets at annual rates as follows:

| | <u>Rate of depreciation</u> | <u>Mainly %</u> |
|--------------------------------|-----------------------------|-----------------|
| Buildings | 3 - 4 % | 3.13 |
| Machinery and equipment | 6 - 20 % | 10 |
| Office furniture and equipment | 6 - 15 % | 6 |
| Computer equipment | 10 - 33 % | 33 |
| Vehicles | 15 % | 15 |

F. Provision for warranty

The Group generally offers up to three year warranties on its products. Based on past experience, the Group does not record any provision for warranty of its products and services due to immateriality.

G. Employee benefits

1. **Short-term employee benefits:** Short-term employee benefits are benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services. These benefits include salaries, paid annual leave, paid sick leave, recreation and social security contributions and are recognized as expenses as the services are rendered.

2. Accounting policies (Cont.)

2. Post-employment benefits: The plans are normally financed by contributions to insurance companies and classified as defined contribution plans or as defined benefit plans.

The Group has defined contribution plans pursuant to Section 14 of the Severance Pay Law in Israel since 2004 under which the Group pays fixed contributions to a specific fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employee benefits relating to employee service in the current and prior periods. Contributions to the defined contribution plan in respect of severance or retirement pay are recognized as an expense simultaneously with receiving the employee's services and no additional provision is required in the financial statements except for the unpaid contribution. The Group also operates a defined benefit plan in respect of severance pay pursuant to the Severance Pay Law. According to the Law, employees are entitled to severance pay upon dismissal, retirement and several other events prescribed by that Law. The liability for post employment benefits is measured using the projected unit credit method. The actuarial assumptions include rates of employee turnover and future salary increases based on the estimated timing of payment. The amounts are presented based on discounted expected future cash flows using a discount rate determined by reference to yields on high quality corporate bonds with a term that matches the estimated term of the benefit plan.

In respect of its severance pay obligation to certain of its employees, the Company makes deposits into pension funds and insurance companies ("Plan assets"). Plan assets comprise assets held by a Long-term employee benefits fund or qualifying insurance policies. Plan assets are not available to the Group's own creditors and cannot be returned directly to the Group. The liability for employee benefits presented in the statement of financial position presents the present value of the defined benefit obligation less the fair value of the plan assets.

H. Accounting standards issued but not yet effective

A new accounting standard is effective in future accounting periods that the Company has decided not to adopt early.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal and operating profit before tax and finance. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for

Accounting policies (Cont.)

MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

3. Acquisition of subsidiary:

On 3 January 2022 the Company, via its wholly-owned subsidiary, MTI Summit Electronics Ltd. ("MTI Summit"), entered into a share purchase agreement, which included both a purchase of existing shares in and the making of a new equity investment into P.S.K. WIND Technologies Ltd. ("PSK"), after which MTI Summit owns 51% of PSK (the "Acquisition"). In addition to the Acquisition, MTI Summit has an option to purchase and the Shareholders of PSK ("Original Owners") have an option to sell to MTI Summit the remaining 49% of PSK (the "Option") starting from 2027.

The cost of the Acquisition was allocated to tangible assets, intangible assets and liabilities which were acquired based on their fair value at the time of the acquisition. The intangible assets recognized include an order backlog and customer relations in the total amount of US\$ 111 thousands and US\$ 1,599 thousands respectively, deferred taxes in the total amount of US\$ 394 thousands and goodwill in the total amount US\$ 1,400 thousands. The intangible assets associated with customer relations are amortized over a useful life of up to 15 years.

The goodwill arising on Acquisition is attributed to the expected benefits from the synergies of the combination of the activities of the Company and PSK. The goodwill recognized is not expected to be deductible for income tax purposes. All transaction costs have been recorded in General and administrative expenses.

Put Option liability:

MTI Summit has an option to purchase and the vendors of PSK have an option to sell to MTI Summit the remaining 49% of PSK (the "Option") starting from 2027. The value of the Put Option is to be calculated on the basis of eight times the average EBITDA level of PSK in 2025 and 2026, with MTI being required to pay 49% of this value upon exercise. If the Option is to be exercised at any time after the preparation of PSK's financial results for the first quarter of 2027, the calculation will be based on PSK's average EBITDA for the last eight quarters. The Option will remain in place until exercised.

The significant non-observable data used in measuring the maturity value of the liability in respect of the Put Option liability are as follows:

Discount rate: 15.5%

A significant increase (or decrease) in the estimated amount of PSK's pre-tax income will result in a significant increase (decrease) in the fair value of the liability in respect of the contingent consideration whereas a significant increase (decrease) in the discount rate and default risk rate will result in a decrease (an increase) in the fair value of the liability.

At the end of 2023, MTI Summit and the Original Owners of 49% of PSK signed an amendment to PSK's share purchase agreement according to which:

3. Acquisition of subsidiary (Cont.):

M.T.I Wireless Edge Ltd.

Notes forming part of the consolidated financial statements for the year ended December 31, 2025

- a. The value of PSK under the Option is to be calculated on the basis of six (rather than eight in the original agreement) times the average EBITDA level of PSK in 2025 and 2026. All other terms of the option shall remain unchanged.

On 6 May 2025, MTI announced that its subsidiary MTI Summit had increased its ownership of its subsidiary P.S.K Wind Technologies Ltd. (“PSK”) via a new equity investment (by issuance of shares in PSK) of NIS 600,000 (approximately US\$170,000) (the “Investment”). Following the Investment, the Group owns 60% of PSK.

4. Revenues

| | For the year ended December 31, | |
|--------------------------|------------------------------------|---------------|
| | 2025 | 2024 |
| Revenues arise from: | \$'000 | \$'000 |
| Sale of goods * | 35,562 | 32,827 |
| Rendering of services ** | 7,216 | 8,075 |
| Projects ** | 8,698 | 4,671 |
| | <u>51,476</u> | <u>45,573</u> |

(*) at a point in time

(**) over time

5. Profit from operations

| | For the year ended December 31, | |
|--|------------------------------------|---------------|
| | 2025 | 2024 |
| This has been arrived at after charging: | \$'000 | \$'000 |
| Material and subcontractors | 24,566 | 21,807 |
| Wages and salaries | 15,564 | 13,709 |
| Plant, Machinery and Usage | 1,837 | 1,827 |
| Depreciation and amortization | 1,281 | 1,476 |
| Travel and Exhibition | 370 | 342 |
| Advertising and Commissions | 660 | 656 |
| Consultants | 623 | 637 |
| Others | 764 | 607 |
| | <u>45,665</u> | <u>41,060</u> |

6. Operating segments

The Company and its subsidiaries are engaged in the following segments:

- 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 and Microwave, including engineering services in the field of aerostat systems and system engineering services

6. Operating Segments (cont.)

M.T.I Wireless Edge Ltd.

Notes forming part of the consolidated financial statements for the year ended December 31, 2025

- together with the development, manufacture and integration of communication systems and advanced monitoring and control systems for the Government and defence industry market.

1. Segment information

Year ended December 31, 2025

| | <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 | 15,621 | 18,504 | 17,351 | - | 51,476 |
| Inter-segment | - | - | 403 | (403) | - |
| <i>Total</i> | <u>15,621</u> | <u>18,504</u> | <u>17,754</u> | <u>(403)</u> | <u>51,476</u> |
| <i>Segment profit</i> | <u>1,512</u> | <u>1,864</u> | <u>1,990</u> | <u>445</u> | <u>5,811</u> |
| Finance income, net | | | | | 401 |
| Profit before tax | | | | | 5,410 |
| Tax expenses | | | | | 751 |
| Profit | | | | | <u>4,659</u> |

December 31, 2025

| | <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>16,786</u> | <u>14,245</u> | <u>15,851</u> | <u>-</u> | <u>46,882</u> |
| <i>Unallocated assets</i> | | | | | <u>2,215</u> |
| <i>Segment liabilities</i> | <u>5,078</u> | <u>4,667</u> | <u>6,892</u> | <u>-</u> | <u>16,637</u> |
| <i>Unallocated liabilities</i> | | | | | <u>918</u> |

Year ended December 31, 2024

| | <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 | 14,136 | 16,888 | 14,549 | - | 45,573 |
| Inter-segment | - | - | 296 | (296) | - |
| <i>Total</i> | <u>14,136</u> | <u>16,888</u> | <u>14,845</u> | <u>(296)</u> | <u>45,573</u> |
| <i>Segment profit</i> | <u>1,311</u> | <u>2,307</u> | <u>471</u> | <u>423</u> | <u>4,512</u> |
| Finance income, net | | | | | 300 |
| Profit before tax | | | | | 4,812 |
| Tax expenses | | | | | 619 |
| Profit | | | | | <u>4,193</u> |

6. Operating Segments (cont.)

M.T.I Wireless Edge Ltd.

Notes forming part of the consolidated financial statements for the year ended December 31, 2025

December 31, 2024

| | Antennas | Water Solutions | Distribution & Consultation | Eliminations | Total |
|--------------------------------|----------------------|--------------------|--------------------------------|--------------|--------|
| | U.S. \$ in thousands | | | | |
| <i>Segment assets</i> | 17,404 | 13,406 | 11,672 | - | 42,482 |
| <i>Unallocated assets</i> | | | | | 2,331 |
| <i>Segment liabilities</i> | 5,363 | 4,618 | 4,394 | - | 14,375 |
| <i>Unallocated liabilities</i> | | | | | 975 |

2. Entity wide disclosures of External revenue by location of customers.

| | For the year ended December 31, | |
|-----------------------------|------------------------------------|---------------|
| | 2025 | 2024 |
| | \$'000 | \$'000 |
| Israel | 36,310 | 29,742 |
| America | 5,767 | 4,797 |
| Europe Middle East & Africa | 5,927 | 5,270 |
| Asia Pacific | 3,471 | 5,764 |
| | <u>51,476</u> | <u>45,573</u> |

3. Additional information about revenues:

There is one single customer from which revenues amount to 12.4% in 2025 (11.2% in 2024) of total revenues reported in the financial statements. This is a customer for the antenna and distribution & consultation segments and the credit terms with it are usually end of month + 90 days.

7. Finance expense and income

| | For the year ended December 31, | |
|--------------------------------|------------------------------------|--------------|
| | 2025 | 2024 |
| | \$'000 | \$'000 |
| <i>Finance expense</i> | | |
| Net Foreign exchange loss | 132 | - |
| Leases | 29 | 25 |
| Interest and bank fees | 269 | 257 |
| Change in Put Option liability | 16 | - |
| | <u>446</u> | <u>282</u> |
| <i>Finance income</i> | | |
| Net Foreign exchange profit | - | 111 |
| Change in Put Option liability | - | 280 |
| Interest from bank deposits | 45 | 191 |
| | <u>45</u> | <u>582</u> |
| | <u>401</u> | <u>(300)</u> |

8. Tax expenses

A. Tax Laws in Israel

1. Amendments to the Law for the Encouragement of Capital Investments, 1959 (the "Encouragement Law"):
In December 2010, the "Knesset" (Israeli Parliament) passed the Law for Economic Policy for 2011 and 2012 (Amended Legislation), 2011 ("the Amendment"), which prescribes, among others, amendments to the Law. The Amendment became effective as of January 1, 2011. According to the Amendment, the benefit provisions in the Law were modified and a flat tax rate applies to the Company's entire preferred income. Commencing from the 2011 tax year, the Group will be able to opt to apply (the waiver is non-recourse) the Amendment and from the elected tax year and onwards, it will be subject to the amended tax rates that are: 2014 and thereafter will be 16% (in development area A - 9%).

The Group applied the Amendment effectively from the 2011 tax year.

2. Tax rates:

On December 29, 2016, the Law for Economic Efficiency (Legislative Amendments for Achieving the Budgetary Goals for 2017-2018) was published in Reshumot (the Israeli government official gazette), which enacts, among other things, the following amendments:

- Decreasing the corporate tax rate to 24% in 2017 and to 23% in 2018 and thereafter (instead of 25%).
- Commencing tax year 2017 and thereafter the tax rate on the income of preferred enterprises of a qualifying Company in Development Zone A as stated in the Encouragement of Capital Investment Law, shall decrease to 7.5% (instead of 9%) and for companies located in zones other than Zone A the rate shall remain 16%.
- In addition, the tax rate on dividends distributed on January 1, 2014 and thereafter originating from preferred income under the Encouragement Law will be raised to 20% (instead of 15%).

Therefore the Company's applicable corporate tax rate for 2014 and thereafter is 16%.

B. The principal tax rates applicable to the subsidiaries whose place of incorporation is outside Israel are:

A company incorporated in India - The statutory tax rate is 26% and the Company was in an exempt zone until end of March 2013 and further in a 50% tax exempt zone until end of March 2018. Nevertheless, from the Tax Year 2011-12, in the absence of taxable income or tax due on taxable income (calculated as per normal rates) being less than 18.5% of the Accounting Book Profits during a particular year, the Indian regulation states that the company has to pay a Minimum Alternate tax at a rate of 18.5% of the Accounting Book Profits for that year. Such excess Minimum Alternate Tax paid on book profits over the Tax due on Actual Taxable Income (calculated as per normal rates) of each year is capable of set off against the taxable profits of future years.

A company incorporated in Switzerland - The weighted tax rate applicable to a company operating in Switzerland is about 25% (composed of Federal, Cantonal and Municipal tax). Provided that the company meets certain conditions, the weighted tax rate applicable to its income in Switzerland will not exceed 10%.

8. Tax expenses (cont.)

M.T.I Wireless Edge Ltd.**Notes forming part of the consolidated financial statements for the year ended December 31, 2025**

A company incorporated in South Africa - the statutory tax rate is 27%.

A company incorporated in Australia - the statutory tax rate is 30% but Mottech Parkland qualifies as a Base Rate Entity so the rate is 25%.

A company incorporated in United States of America - the statutory tax rate is 21%.

A company incorporated in Canada – the statutory tax rate is 25%.

C. Income tax assessments

The Company has tax assessments considered as final up to and including the year 2019.

| | For the year ended December 31, | | | |
|---|--|-------------------|---------------|-------------------|
| | 2025 | 2025 | 2024 | 2024 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| <i>Current tax expense</i> | | | | |
| Income tax on profits for the year | 442 | | 849 | |
| Taxes in respect of previous years | <u>356</u> | | <u>(11)</u> | |
| | | <u>868</u> | | <u>838</u> |
| <i>Deferred tax expenses (income)</i> (see note 13) | | | | |
| Origination and reversal of temporary differences | <u>(117)</u> | | <u>(219)</u> | |
| | | <u>(117)</u> | | <u>(219)</u> |
| Total tax expenses | | <u><u>751</u></u> | | <u><u>619</u></u> |

The adjustments for the difference between the actual tax charge for the year and the standard rate of corporation tax in Israel applied to profits for the year are as follows:

| | For the year ended | |
|---|---------------------------|-------------------|
| | December 31, | |
| | 2025 | 2024 |
| | \$'000 | \$'000 |
| Profit before income tax | <u>5,426</u> | <u>4,813</u> |
| Tax using the Company's domestic tax rate of 16% | 868 | 770 |
| Non-deductible expenses | - | 77 |
| Taxes resulting from different tax rates applicable to foreign and other subsidiaries | (74) | (129) |
| Utilization of prior year's tax losses for which deferred taxes were not provided | (326) | (94) |
| Adjustments for current income tax of prior years | 356 | (11) |
| Other | <u>(73)</u> | <u>6</u> |
| Total income tax expense | <u><u>751</u></u> | <u><u>619</u></u> |

9. Earnings per share

M.T.I Wireless Edge Ltd.

Notes forming part of the consolidated financial statements for the year ended December 31, 2025

Net earnings per share attributable to equity owners of the parent

| | For the year ended December 31, | |
|---|--|---------------|
| | 2025 | 2024 |
| | \$'000 | \$'000 |
| Net earnings used in basic and diluted EPS | 5,047 | 4,364 |
| Weighted average number of shares used in basic EPS | 86,195,724 | 87,371,990 |
| Weighted average number of shares used in diluted EPS | 86,510,376 | 87,460,876 |
| Basic et EPS (dollars) | <u>0.0586</u> | <u>0.0499</u> |
| Diluted net EPS (dollars) | <u>0.0583</u> | <u>0.0499</u> |

10. Dividends

| | For the year ended December 31, | |
|---------------|--|---------------|
| | 2025 | 2024 |
| | \$'000 | \$'000 |
| Dividend paid | <u>2,922</u> | <u>2,745</u> |

11. Property, plant and equipment

| | Building | Machinery & equipment | Office furniture & equipment | Computer equipment | Vehicles | Right of use asset | Total |
|---|-----------------|--------------------------------------|---|-------------------------------|-----------------|-------------------------------|---------------|
| | \$'000 | | | | | | |
| Cost: | | | | | | | |
| Balance as of January 1, 2025 | 5,434 | 7,218 | 781 | 2,755 | 1,454 | 2,568 | 20,209 |
| Acquisitions | 67 | 25 | 17 | 123 | 308 | 338 | 878 |
| Disposals | | - | - | | (159) | - | (159) |
| Exchange differences | 15 | 19 | 16 | 31 | 122 | - | 203 |
| Balance as of December 31, 2025 | <u>5,516</u> | <u>7,262</u> | <u>814</u> | <u>2,909</u> | <u>1,725</u> | <u>2,906</u> | <u>21,131</u> |
| Accumulated Depreciation: | | | | | | | |
| Balance as of January 1, 2025 | 2,880 | 5,984 | 699 | 2,658 | 758 | 1,645 | 14,625 |
| Additions | 125 | 165 | 25 | 138 | 241 | 431 | 1,125 |
| Disposals | - | - | - | - | (134) | - | (134) |
| Exchange differences | 9 | 12 | 11 | 25 | 60 | - | 117 |
| Balance as of December 31, 2025 | <u>3,014</u> | <u>6,161</u> | <u>735</u> | <u>2,821</u> | <u>925</u> | <u>2,077</u> | <u>15,732</u> |
| Net book value as of December 31, 2025 | <u>2,502</u> | <u>1,100</u> | <u>79</u> | <u>88</u> | <u>800</u> | <u>830</u> | <u>5,399</u> |

11. Property, plant and equipment (cont.)

M.T.I Wireless Edge Ltd.

Notes forming part of the consolidated financial statements for the year ended December 31, 2025

| | Building | Machinery & equipment | Office furniture & equipment | Computer equipment | Vehicles | Right of use asset | Total |
|---|---------------|-----------------------|------------------------------|--------------------|--------------|--------------------|---------------|
| | \$'000 | | | | | | |
| Cost: | | | | | | | |
| Balance as of January 1, 2024 | 5,320 | 6,855 | 768 | 2,678 | 1,353 | 2,020 | 18,994 |
| Acquisitions | 115 | 371 | 18 | 80 | 307 | 548 | 1,439 |
| Disposals | - | - | - | (1) | (181) | - | (182) |
| Exchange differences | (2) | (8) | (5) | (2) | (25) | - | (42) |
| Balance as of December 31, 2024 | <u>5,433</u> | <u>7,218</u> | <u>781</u> | <u>2,755</u> | <u>1,454</u> | <u>2,568</u> | <u>20,209</u> |
| Accumulated Depreciation: | | | | | | | |
| Balance as of January 1, 2024 | 2,764 | 5,790 | 678 | 2,517 | 721 | 1,126 | 13,596 |
| Additions | 116 | 202 | 26 | 144 | 204 | 519 | 1,211 |
| Disposals | - | - | - | (1) | (151) | - | (152) |
| Exchange differences | - | (8) | (4) | (1) | (17) | - | (30) |
| Balance as of December 31, 2024 | <u>2,880</u> | <u>5,984</u> | <u>700</u> | <u>2,659</u> | <u>757</u> | <u>1,645</u> | <u>14,625</u> |
| Net book value as of December 31, 2024 | <u>2,553</u> | <u>1,234</u> | <u>81</u> | <u>96</u> | <u>697</u> | <u>923</u> | <u>5,584</u> |

Lease liabilities

| | Year ended December 31 | |
|--|-------------------------------|---------------|
| | 2025 | 2024 |
| | \$'000 | \$'000 |

| | | |
|--|-----|-----|
| Interest expense | 29 | 25 |
| Total cash outflow for leases | 384 | 389 |
| Additions to right-of-use assets and lease liability (non-cash movement) | 338 | 548 |

The Company has two types of lease agreements mainly for the (i) premises on lease at the Cochin Special Economic Zone (CSEZ) in India for 15 years and (ii) leases of cars in Israel for the use of its employees for up to three years.

| | Less than one year | 1 to 2 years | 2 to 3 years | 3 to 4 years | > 4 years | Total |
|--------------------------|---------------------------|---------------------|---------------------|---------------------|---------------------|--------------|
| | \$'000 | | | | | |
| <i>December 31, 2025</i> | | | | | | |
| Lease liabilities | <u>373</u> | <u>250</u> | <u>127</u> | <u>168</u> | <u>-</u> | <u>918</u> |
| <i>December 31, 2024</i> | | | | | | |
| Lease liabilities | <u>293</u> | <u>189</u> | <u>94</u> | <u>15</u> | <u>303</u> | <u>894</u> |

12. Intangible assets

| | Goodwill from business combination | Customer relations * | Total |
|--|--|-------------------------|--------------|
| | \$'000 | | |
| Cost: | | | |
| Balance as of December 31, 2025 | 3,488 | 2,425 | 5,913 |
| Accumulated Amortization and impairments: | | | |
| Balance as of January 1, 2025 | 1,420 | 1,145 | 2,565 |
| Amortization and impairments charge | - | 59 | 59 |
| Balance as of December 31, 2025 | 1,420 | 1,204 | 2,624 |
| Net book value as of December 31, 2025 | 2,068 | 1,221 | 3,289 |
| Cost: | | | |
| Balance as of December 31, 2024 | 3,488 | 2,425 | 5,913 |
| Accumulated Amortization and impairments: | | | |
| Balance as of January 1, 2024 | 1,420 | 986 | 2,406 |
| Amortization and impairments charge | - | 159 | 159 |
| Balance as of December 31, 2024 | 1,420 | 1,145 | 2,565 |
| Net book value as of December 31, 2024 | 2,068 | 1,280 | 3,348 |

(*) Customer relations is amortized over an economic useful life of between 6.5 to 15 years.

In December 2025, the Group performed its annual impairment test of its cash generating units based on a 'value in use' calculation, using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections was 23%. The projected cash flows for the period exceeding five years were estimated using a fixed growth rate of 2%. It was concluded that the value in use exceeds the value in use. Therefore, the Company didn't recognize any impairment against goodwill.

13. Deferred tax assets

Deferred tax assets are calculated on temporary differences under the liability method using the tax rates that are expected to apply to the period when the asset is realised.

The movement in the deferred tax assets is as shown below:

| | 2025 | 2024 |
|---------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| <i>At January 1</i> | 1,187 | 968 |
| Charged to profit or loss | 117 | 219 |
| <i>At December 31</i> | <u>1,304</u> | <u>1,187</u> |

Deferred tax assets have been recognized in respect of all differences giving rise to deferred tax assets because it is probable that these assets will be recovered.

13. Deferred tax assets (cont.)

M.T.I Wireless Edge Ltd.**Notes forming part of the consolidated financial statements for the year ended December 31, 2025**

Composition:

| | <u>31.12.2025</u> | <u>31.12.2024</u> |
|---|-------------------|-------------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Accrued severance pay | 118 | 100 |
| Other provisions and employee-related obligations | 138 | 120 |
| Research and development expenses deductible over 3 years | 170 | 148 |
| Carry forward tax losses | 1,123 | 1,066 |
| Customer relations – arising from acquisition of P.S.K | <u>(247)</u> | <u>(247)</u> |
| | <u>1,304</u> | <u>1,187</u> |

Carry forward capital losses of the Group total approximately \$1,105 and \$1,031 thousand as of 31 December 2025 and 2024 respectively were not recognized for deferred tax assets in the financial statements because their utilization in the foreseeable future is not probable.

14. Inventories

| | <u>31.12.2025</u> | <u>31.12.2024</u> |
|-----------------------------------|-------------------|-------------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Raw materials and consumables | 5,684 | 6,494 |
| Work-in-progress | 19 | 17 |
| Finished goods and goods for sale | <u>1,636</u> | <u>1,657</u> |
| | <u>7,339</u> | <u>8,168</u> |

15. Trade receivables, other receivables and unbilled revenue

| | <u>31.12.2025</u> | <u>31.12.2024</u> |
|-----------------------------|-------------------|-------------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Trade receivables | 12,948 | 14,252 |
| Unbilled revenue – Projects | 6,674 | 3,200 |
| Other receivables | <u>1,904</u> | <u>2,474</u> |
| | <u>21,526</u> | <u>19,926</u> |

Trade receivables:

| | <u>31.12.2025</u> | <u>31.12.2024</u> |
|--------------------------------------|-------------------|-------------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Trade receivables (*) | 12,861 | 14,125 |
| Notes receivable | 175 | 202 |
| Allowance for expected credit losses | <u>(88)</u> | <u>(75)</u> |
| | <u>12,948</u> | <u>14,252</u> |

(*) Trade receivables are non-interest bearing. They are generally on 60-120 day terms.

As at 31 December 2025 trade receivables of \$928,000 (2024 – \$1,790,000) were past due but not impaired. They relate to the customers with no default history.

15. Trade receivables, other receivables and unbilled revenue (cont.)

M.T.I Wireless Edge Ltd.**Notes forming part of the consolidated financial statements for the year ended December 31, 2025****Unbilled revenue:**

| | <u>31.12.2025</u> | <u>31.12.2024</u> |
|---------------------------------------|-------------------|-------------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Actual completion costs | 3,917 | 4,517 |
| Revenue recognised | 6,898 | 3,740 |
| Billed revenue | <u>(4,141)</u> | <u>(5,057)</u> |
| Total Unbilled receivables – Projects | <u>6,674</u> | <u>3,200</u> |

Other receivables:

| | <u>31.12.2025</u> | <u>31.12.2024</u> |
|-------------------------|-------------------|-------------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Prepaid expenses | 1,234 | 1,646 |
| Advances to suppliers | 464 | 457 |
| Tax authorities – V.A.T | 17 | 55 |
| Employees | <u>189</u> | <u>316</u> |
| | <u>1,904</u> | <u>2,474</u> |

16. Cash and cash equivalents

| | <u>31.12.2025</u> | <u>31.12.2024</u> |
|---------------------|-------------------|-------------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| In U.S. dollars | 4,337 | 3,647 |
| In other currencies | <u>5,210</u> | <u>2,622</u> |
| | <u>9,547</u> | <u>6,269</u> |

17. Loans from banks

| | <u>31.12.2025</u> | <u>31.12.2024</u> |
|---------------------------|-------------------|-------------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| NIS | 153 | 311 |
| South African Rand | 25 | - |
| Less - current maturities | <u>(64)</u> | <u>(274)</u> |
| | <u>114</u> | <u>37</u> |

All bank loans are for the purchase of cars and are secured by a fixed lien on the cars, aside from the use of a short term credit line by PSK.

Mottech South Africa has a loan agreement of approximately US\$ 25 thousand for the purchase of cars. The interest rate was linked to the South Africa prime lending rate.

During 2022 and 2025 PSK entered into a loan agreement of approximately US\$ 133 and US \$78 thousand respectively, for the purchase of cars, which is payable over 36 - 48 months on a monthly basis. The interest rate is linked to the Prime interest rate.

M.T.I Wireless Edge Ltd.

Notes forming part of the consolidated financial statements for the year ended December 31, 2025

17. Loans from banks (cont.)

| <i>At December 31 2025</i> | First year | Second year | Third year and thereafter |
|----------------------------|-----------------------|------------------------|--|
| | \$'000 | | |
| Long-term loan | 64 | 44 | 70 |

18. Employee benefits

A. Composition:

| | As at December 31 | |
|----------------------------------|--------------------------|---------------|
| | 2025 | 2024 |
| | \$'000 | \$'000 |
| Present value of the obligations | 1,733 | 1,744 |
| Fair value of plan assets | (901) | (974) |
| | <u>832</u> | <u>770</u> |

B. Movement in plan assets:

| | For the year ended December 31, | |
|--|--|---------------|
| | 2025 | 2024 |
| | \$'000 | \$'000 |
| <i>Year beginning</i> | 974 | 1,038 |
| Foreign exchange gain (loss) | 139 | (108) |
| Interest income | 31 | 32 |
| Contributions | 16 | 13 |
| Benefit paid | (204) | - |
| <i>Re measurements gain (loss)</i> | | |
| Actuarial gain (loss) from financial assumptions | (55) | - |
| Return on plan assets (excluding interest) | - | (1) |
| <i>Year end</i> | <u>901</u> | <u>974</u> |

C. Movement in the liability for benefit obligation:

| | For the year ended December 31, | |
|---|--|---------------|
| | 2025 | 2024 |
| | \$'000 | \$'000 |
| <i>Year beginning</i> | 1,744 | 1,757 |
| Foreign exchange loss (profit) | 252 | (183) |
| Interest cost | 129 | 156 |
| Current service cost | 28 | 31 |
| Benefits paid | (420) | - |
| <i>Re measurements loss (gain)</i> | | |
| Actuarial gain from financial assumptions | 22 | (1) |
| Adjustments (experience) | (22) | (16) |

19. Trade and other payables

| | As at December 31, | |
|--|---------------------------|---------------|
| | 2025 | 2024 |
| | \$'000 | \$'000 |
| Trade payables | 7,057 | 8,433 |
| Employees' wages and other related liabilities | 2,146 | 1,832 |
| Advances from trade receivables | 1,177 | 650 |
| Accrued expenses | 1,159 | 669 |
| Government authorities | 245 | 170 |
| Lease liability | 373 | 293 |
| Others | 2,428 | 484 |
| | <u>14,585</u> | <u>12,531</u> |

20. Current maturities and short-term bank credit

| | Interest rate as at December 31, 2025 % | As at December 31, | |
|--|--|---------------------------|---------------|
| | | 2025 | 2024 |
| | | \$'000 | \$'000 |
| Current maturities in NIS | Prime + 0.9 – 2.2 | 59 | 274 |
| Current maturities in SA ZAR | 12-12.25% | 5 | - |
| Total Current maturities and short-term bank loans | | <u>64</u> | <u>274</u> |

Changes in liabilities arising from financing activities

Reconciliation of the changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows

| | Loans and borrowings | Lease liabilities | Total |
|---|---------------------------------|------------------------------|---------------------|
| | \$'000 | | |
| At 1 January 2025 | 311 | 894 | 1,205 |
| <i>Changes from financing cash flows:</i> | | | |
| Payments of lease liabilities | - | (355) | (355) |
| Receipt loans from banks | 150 | - | 150 |
| Repayment of long-term loans from banks | (220) | - | (220) |
| Total changes from financing cash flows | <u>(70)</u> | <u>(355)</u> | <u>(425)</u> |
| New leases | - | 338 | 338 |
| Interest expense | 74 | 55 | 129 |
| Interest paid | (74) | (55) | (129) |
| Effects of foreign exchange | (63) | 41 | (22) |
| At 31 December 2025 | <u>178</u> | <u>918</u> | <u>1,096</u> |

20. Current maturities and short-term bank credit (cont.)

| | Loans and borrowings | Lease liabilities | Total |
|---|-------------------------|----------------------|--------------|
| | \$'000 | | |
| At 1 January 2024 | 378 | 880 | 1,258 |
| <i>Changes from financing cash flows:</i> | | | |
| Payments of lease liabilities | - | (364) | (364) |
| Receipt loans from banks | 14 | - | 14 |
| Repayment of long-term loans from banks | (101) | - | (101) |
| Total changes from financing cash flows | (87) | (364) | (451) |
| New leases | - | 421 | 421 |
| Interest expense | - | 25 | 25 |
| Interest paid | - | (25) | (25) |
| Effects of foreign exchange | 20 | (43) | (23) |
| At 31 December 2024 | 311 | 894 | 1,205 |

21. Financial instruments - Risk Management

The Group is exposed through its operations to the following financial risks:

- Foreign currency risk
- Liquidity risk
- Credit risk

Foreign currency risk

Foreign exchange risk arises when Group companies enter into transactions denominated in a currency other than their functional currency.

The Group's policy is to allow the Group's entities to pay liabilities denominated in their functional currency using the cash flows generated from the operations of each entity. When the Group's entities have liabilities denominated in a currency other than their functional currency (and the entity does not have sufficient cash balances in this currency to settle the liability) the Group, if possible, transfers cash balances from one entity to another entity in the Group. The Group's currency risks are as follows:

Most of the Company's revenues are in US dollars or linked to that currency, and the Company's inputs are mainly linked due to the importation of raw materials paid for in US Dollars, but the wages and salary expenses (which constitutes a material input in the Company's operations) are in NIS. Therefore, there is an exposure to changes in the exchange rate of the NIS against the Dollar.

Management mitigates that risk by holding some cash and cash equivalents and deposit accounts in NIS. The Company also purchases from time to time some forward contracts on the NIS/\$ exchange rate to hedge part of the salary costs. Since the purchase of Mottech the Group has an additional currency risk due to its subsidiaries' activity.

21. Financial instruments - Risk Management (Cont.)

The following is a sensitivity analysis of a change of 5% as of the date of the financial position in the NIS exchange rates against the functional currency, while the rest of the variables remain constant, and their effect on the pre-tax profit or loss on equity:

| | Profit (loss) from change | Book value | Profit (loss) from change |
|-----------------------------------|--------------------------------------|-------------------|--------------------------------------|
| | December 31, 2025 | | |
| NIS exchange rate | 0.2978 | 0.3135 | 0.3292 |
| Total assets, net (\$'000) | (138) | 2,759 | 138 |
| | December 31, 2024 | | |
| NIS exchange rate | 0.260 | 0.2742 | 0.288 |
| Total assets, net (\$'000) | (241) | 4,812 | 241 |

The Company's exposure to changes in foreign currency in all other currencies is immaterial.

| | USD | NIS | Other currencies | Total |
|---|--------------------------------|--------------|-----------------------------|---------------|
| | \$'000 | | | |
| | As of December 31, 2025 | | | |
| Assets | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | 4,337 | 1,659 | 3,551 | 9,547 |
| Trade receivables | 9,396 | 9,649 | 577 | 19,622 |
| Other receivables | 361 | 1,416 | 127 | 1,904 |
| Liabilities | | | | |
| current liabilities: | | | | |
| Current maturities and short-term bank credit and loans | - | 59 | 5 | 64 |
| Trade payables | 2,957 | 3,436 | 664 | 7,057 |
| Other accounts payables | 878 | 6,003 | 274 | 7,155 |
| Lease liability | - | 373 | - | 373 |
| non- current liabilities: | | | | |
| Put option liability | - | - | - | - |
| Loans from banks, net of current maturities | - | 94 | 20 | 114 |
| Lease liability | - | 545 | - | 545 |
| Total assets, net | 10,259 | 2,214 | 3,292 | 15,765 |

21. Financial instruments - Risk Management (Cont.)

| | USD | NIS | Other currencies | Total |
|---|-------------------------|--------------|---------------------|---------------|
| | \$'000 | | | |
| | As at December 31, 2024 | | | |
| Assets | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | 3,647 | 1,159 | 1,463 | 6,269 |
| Trade receivables | 8,052 | 8,826 | 574 | 17,452 |
| Other receivables | 193 | 2,184 | 97 | 2,474 |
| Liabilities | | | | |
| current liabilities: | | | | |
| Current maturities and short-term bank credit and loans | - | 274 | - | 274 |
| Trade payables | 3,341 | 3,986 | 1,106 | 8,433 |
| Other accounts payables | 106 | 2,839 | 860 | 3,805 |
| Lease liability | - | 293 | - | 293 |
| non- current liabilities: | | | | |
| Put option liability | - | - | - | - |
| Loans from banks, net of current maturities | - | 37 | - | 37 |
| Lease liability | - | 601 | - | 601 |
| Total assets, net | 8,445 | 4,139 | 168 | 12,752 |

Liquidity Risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of insufficient liquidity means to fulfil its immediate obligations. The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group has sufficient availability of cash, including the short-term investment of cash surpluses, and can raise loans to meet its obligations by cash management, subject to the Group's policies and guidelines. The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including interest payments):

| <i>December 31, 2025</i> | Less than one year | 1 to 2 years | 2 to 3 years | 3 to 4 years | Total |
|--------------------------|-------------------------------|-------------------------|-------------------------|-------------------------|---------------|
| | \$'000 | | | | |
| Put option liability | - | 853 | - | - | 853 |
| Loans from banks | 64 | 44 | 44 | 26 | 178 |
| Trade payables | 7,057 | - | - | - | 7,057 |
| Payables | 7,528 | - | - | - | 7,528 |
| | <u>14,649</u> | <u>897</u> | <u>44</u> | <u>26</u> | <u>15,616</u> |

21. Financial instruments - Risk Management (Cont.)

| <i>December 31, 2024</i> | Less than one year | 1 to 2 years | 2 to 3 years | 3 to 4 years | Total |
|--------------------------|-------------------------------|-------------------------|-------------------------|-------------------------|---------------|
| | \$'000 | | | | |
| Put option liability | - | - | 837 | - | 837 |
| Loans from banks | 274 | 27 | 10 | - | 311 |
| Trade payables | 8,433 | - | - | - | 8,433 |
| Payables | 4,098 | - | - | - | 4,098 |
| | <u>12,805</u> | <u>27</u> | <u>847</u> | <u>-</u> | <u>13,679</u> |

Credit risks

Financial instruments which have the potential to expose the Group to credit risks are mainly deposit accounts, trade receivables and other receivables. The Group holds cash and cash equivalents in short term deposit accounts in banking institutions in Israel that are considered financially sound, thereby substantially reducing the risk to suffer credit loss.

With respect to trade receivables, the Group believes that there is no material credit risk which is not mitigated in light of Group's policy to assess the credit risk of customers before entering contracts. Moreover, the Group evaluates trade receivables on a timely basis and adjusts the allowance for expected credit losses accordingly. Since January 2019 the Company has had an agreement with a credit insurance company to further mitigate this risk.

Fair value**A. Fair value of financial assets and liabilities:****Fair value measurements using input type****\$'000****As of December 31, 2025**

Contingent consideration liability (see note 3)

| <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|----------------|----------------|----------------|--------------|
| - | - | - | - |

As of December 31, 2024

Contingent consideration liability (see note 3)

| | | | |
|---|---|---|---|
| - | - | - | - |
|---|---|---|---|

Reconciliation of fair value measurements that are categorized within Level 3 of the fair value hierarchy:

| | 2025 | 2024 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Balance as of January 1 | 837 | 1,117 |
| Net loss (profit) recognized in Profit or loss | 16 | (280) |
| Balance as of December 31 | <u>853</u> | <u>837</u> |

21. Financial instruments - Risk Management (Cont.)

B. Financial instruments not measured at fair value:

The carrying amount of cash and cash equivalents, trade receivables, other accounts receivable, credit from banks and others, trade payables and other accounts payable approximate their fair value.

The Group is not exposed to cash flow risk due to interest rates since the long-term loan bears fixed interest.

The following table demonstrates the carrying amount and fair value of the groups of financial instruments that carrying amounts does not approximate fair value:

- (1) The fair value of the long-term loan received with fixed interest is based on the present value of cash flows using an interest rate currently available for a loan with similar terms.

Capital management

The Group's objective is to maintain, as much as is possible, a stable capital structure. In the opinion of Group's management its current capital structure is stable. Consistent with others in the industry, the Group monitors capital, including others also, on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratios at 31 December 2025 and 2024 were as follows:

| | <u>31.12.2025</u> | <u>31.12.2024</u> |
|----------------------------|-------------------|-------------------|
| | <u>\$'000</u> | |
| Loans from banks | 114 | 37 |
| bank credit | 64 | 274 |
| Total liabilities | 178 | 311 |
| | <u>31.12.2025</u> | <u>31.12.2024</u> |
| | <u>\$'000</u> | |
| Share capital | 209 | 209 |
| Additional paid-in capital | 22,098 | 22,022 |
| Retained earnings | 8,931 | 6,861 |
| Capital reserves | (359) | (615) |
| Non-controlling interest | 663 | 1,051 |
| Total equity | 31,542 | 29,508 |
| Leverage ratio | 0.6% | 1% |

The net debt ratios stem from the Board of Directors' decision to continue to invest in the Company's development, but without the use of excessive leverage. The Group intends to examine the leverage ratio from time to time and to define it according to its needs. The decrease in the net debt ratio in 2025 is derived mainly from the decrease in short-term credit used by the Company, although it purchased its own shares which reduced the equity of the Company. The Group intends to maintain the leverage ratio in future periods as well. Beyond

M.T.I Wireless Edge Ltd.

Notes forming part of the consolidated financial statements for the year ended December 31, 2025

21. Financial instruments - Risk Management (Cont.)

that stated above, there were no other material changes in the objectives, policies or processes of managing the Group's capital during the year, as well as in the Group's definition of capital.

22. Subsidiaries:

A. The principal subsidiaries of the Company, all of which have been consolidated in these consolidated financial statements, are as follows:

| <u>Name</u> | <u>Country of incorporation</u> | <u>Proportion of ownership interest on 31 December</u> | | <u>Held by</u> |
|--|---------------------------------|--|-------------|--|
| | | <u>2025</u> | <u>2024</u> | |
| AdvantCom Sarl | Switzerland | 100% | 100% | M.T.I Wireless Edge |
| Global Wave Technologies PVT Limited | India | 80% | 80% | AdvantCom Sarl |
| Ginat Wave India Private ltd. | India | 100% | 100% | M.T.I Wireless Edge |
| MTI Wireless Communication India Pvt. Ltd. | India | 100% | 100% | M.T.I Wireless Edge |
| Mottech water solutions ltd. | Israel | 100% | 100% | M.T.I Wireless Edge |
| Aqua infrastructure management systems ltd | Israel | 100% | 100% | Mottech water solutions |
| Mottech Water Management (pty) ltd. | South Africa | 85% | 85% | Mottech water solutions |
| Mottech USA Inc. | United states | 100% | 100% | Aqua infrastructure management systems ltd |
| Mottech Parkland (pty) Ltd.** | Australia | 50% | 50% | Mottech water solutions ltd. |
| Mottech Water Management ltd. | Canada | 100% | 100% | Mottech water solutions ltd. |
| M.T.I Engineering ltd. | Israel | 100% | 100% | M.T.I Wireless Edge |
| Summit electronics ltd. | Israel | 100% | 100% | M.T.I Engineering ltd. |
| M.T.I Summit electronics ltd. | Israel | 100% | 100% | M.T.I Wireless Edge |
| P.S.K Wind Technologies Ltd. * | Israel | 60% | 51% | M.T.I Summit electronics ltd. |

(*) MTI Summit electronics ltd has an option to purchase and the vendors of PSK have an option to sell to MTI Summit Electronics ltd the remaining 40% of PSK.

(**) On 9 February 2026 Mottech Water Solutions Ltd. acquired the remaining 50% of Mottech Parkland (pty) Ltd. and became the sole owner of it.

23. Share capital

A.

| | <u>Authorized</u> | | | |
|----------------------------------|-------------------|-------------|---------------|-------------|
| | <u>2025</u> | <u>2025</u> | <u>2024</u> | <u>2024</u> |
| | <u>Number</u> | <u>NIS</u> | <u>Number</u> | <u>NIS</u> |
| Ordinary shares of NIS 0.01 each | 100,000,000 | 1,000,000 | 100,000,000 | 1,000,000 |

| | <u>Issued and fully paid</u> | | | |
|--|------------------------------|-------------|---------------|-------------|
| | <u>2025</u> | <u>2025</u> | <u>2024</u> | <u>2024</u> |
| | <u>Number</u> | <u>NIS</u> | <u>Number</u> | <u>NIS</u> |
| Ordinary shares of NIS 0.01 each at beginning and at the end of the year | 88,538,724 | 885,388 | 88,538,724 | 885,388 |

23. Share capital (Cont.)

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 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 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. 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. The Programme is currently in place until the end of March 2027 and as at 31 December 2025, 2,343,000 Ordinary Shares were held in treasury under the Programme.

24. Share-based payment

On 19 November, 2023 the remuneration committee and the Board of directors approved an option plan in relation to the Company's shares ("Option Plan").

The Option Plan includes the authority to grant 2,000,000 options (2.2% of the Company's issued share capital on a 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 the announcement of the Option Plan in November 2023.
2. The vesting of the options will be: 50% after two years, 25% after three years and 25% after four years with expiration of the options being six years after granting.
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.

As part of the Option Plan, and after receipt of approval at the Company's General 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, which expired due to his retirement from executive role in the Company. The expense for share-based payments (such as stock options) typically appears on the income statement as part of the Company's operating expenses.

Unexercised options expire six years after the date of the grant after which they will be void. Options are forfeited when the employee leaves the Company.

24. Share-based payment (Cont.)

There is no cash settlement of the options. The weighted average fair value of the options as at the grant date is 11 pence (approximately 14 cents) per option, and was estimated using a Black and Scholes option pricing model based on the following significant data and assumptions:

Share price - 32.875 pence (representing approximately 40 cents)

Exercise price - 40 pence (representing approximately 49 cents)

Expected volatility - 42.23%

Risk-free interest rate - 4.36%

And expected average life of options 4.375 years

The volatility measured the standard deviation of expected share price returns is based on the historical volatility of the Company's share price. The options were granted as part of a plan that was adopted in accordance with the provision of section 102 of the Israeli Income Tax Ordinance.

The expense recognized in the financial statements for employee services received was US \$96,000 and US \$106,000 as of December 31 2025 and 2024 respectively.

The following table lists the number of share options, the weighted average exercise prices of share options and modification in employee option plans during the current year:

| | 2025 | 2025 | 2024 | 2024 |
|-------------------------------------|--|---------------|--|------------------|
| | weighted average exercise price | Number | weighted average exercise price | Number |
| | \$ | | \$ | |
| Outstanding at beginning of year | 0.40 | 2,000,000 | 0.40 | 2,000,000 |
| Forfeited during the year | - | 100,000 | - | - |
| Outstanding at the end of the year | 0.40 | 1,900,000 | 0.40 | <u>2,000,000</u> |
| Exercisable at the end of the year* | - | - | - | <u>-</u> |

The weighted average remaining contractual life for the share options outstanding as of December 31, 2025 was 3 years. (*) The first tranche of share options, which are equal to 50% of the total share options granted, are exercisable from January 5, 2026.

25. Commitments and guarantees

A. Royalty commitments

(i) The Group is committed to pay royalties to the Government of Israel on proceeds from the sales of products that have resulted from research and development activity funded by the Government of Israel by way of grants. Under the terms of the Group's funding from the Government of Israel, royalties of 2%-3.5% are payable on sales of products developed from a project so funded, up to 100% of the amount of the grant received, including amounts received since July 1, 2000. In 2024 and 2025 the Group did not receive any development grants. The maximum royalty amount payable by the Group as at December 31, 2025, is US\$ 855,000.

25. Commitments and guarantees (Cont.)

During 2025 the Group provisioned US\$10,000 against payment of royalties for sales made during 2025 while in 2024 the Group did not pay any royalties.

(ii) The Group is committed to pay royalties to the Government of Israel on proceeds from growth in sales of Mottech's products in China of which the Government of Israel participates by way of grants. Under the terms of the Group's funding from the Government of Israel, royalties of 3% from the increase of sales in China (base year was 2017) shall be paid up to 100% of the amount of the grant received and shall begin after completion of the grant receipt, which occurred in 2020. The maximum royalty amounts payable by the Group as at December 31, 2025 and 2024 are US\$ 217,000 but as the revenue from China was very low the Company does not foresee any payments being due under this grant.

B. Guarantees

The Group has provided guarantees in favour of customers and government institutes in the amount of US\$ 565,000 and US\$ 145,000 respectively. The guarantees are mainly to guarantee advances received from customers and the performance of contracts signed.

26. Transactions with related parties:

A. Service Agreement with controlling shareholder:

On 18 March 2025, an amendment to the agreement with Mokirey Aya Management Ltd. (hereinafter: the "Management Company") was renewed to include remuneration (per month) of:

1. 51,000 NIS to Mr. Zvi Borovitz for his service as the chairman of the Board of the Company for at least 50% of a standard working week; and
2. 100,000 NIS to Mr. Moni Borovitz for his service as CEO of the Company for at least 90% of a standard working week.

All amounts are prior to VAT which will be added to the invoices and are linked to the increase in the consumer price index. In addition to the above, and in accordance with the remuneration policy adopted by the Company, as required under rule 20 of the Israeli Companies Law, a bonus scheme was granted to each of the managers. The bonus scheme states that Zvi Borovitz and Moni Borovitz will each be entitled to a bonus amounting to 2.5% of the Company's net profit exceeding US\$1,200,000 per year, prior to any bonuses granted by the Company. In the case of a loss in a year, the bonus for the next year will be for a net profit exceeding US\$1,200,000 above the loss made in the previous year. In addition, Mr. Moni Borovitz shall be entitled to a bonus equal to three months' management fee, based on the meeting of targets specified by the remuneration committee at the beginning of each year or per the remuneration committee's decision to give such for special performance, plus one month's management fee if the consolidated revenue of the Company increases by more than 5% from the previous year. A ceiling to the bonuses was set at eight months management fees for Mr. Moni Borovitz and US\$100,000 for Mr. Zvi Borovitz. The agreement also states that the Company shall reimburse the Management Company for any expense made in performance of the manager's duty. The Company shall also provide each of the managers with a car and phones and will be responsible for all of the related expenses, including all relevant taxes.

26. Transactions with related parties:

For participation of Mr. Moni Borovitz in the employee share option plan please see note 23 D above.

In addition to the remuneration granted to the Management Company, a new deed of indemnification (the “Deed”) was approved at the extraordinary shareholders meeting, and the granting of the Deed to Mr. Zvi Borovitz, Mr. Moshe (Moni) Borovitz, Mr. David Yariv and the Management Company on the same terms as the other directors and officers of the Company for a three-year term or for a longer period, to the extent prescribed in the provisions of the Israeli Companies Law was also approved.

On 29 September 2025, Mrs. Amalia Borovitz Bryl was elected as the Chairperson of the Board, which included entering into the existing Management Services Agreement replacing the late Mr. Zvi Borovitz under the same terms and conditions including the grant of a Deed of indemnification, effective from 20 August 2025.

B. On 29 September 2025, Mr. David Yariv was elected as vice Chairman of the Board with his terms including remuneration (per month) of 17,000 NIS for his ongoing consultation based on approximately 15% of a standard working week which shall be linked to the increase in the consumer price index. In addition to the above, and in accordance with the remuneration policy adopted by the Company, as required under rule 20 of the Israeli Companies Law, a bonus scheme was granted to Mr Yariv. The bonus scheme states that David Yariv shall be entitled to a bonus amounting to 1% of the Company’s net profit exceeding US\$1,200,000 per year, prior to any bonuses granted by the Company. In the case of a loss in a year, the bonus for the next year will be for a net profit exceeding US\$1,200,000 above the loss made in the previous year, with a ceiling to the bonus set at US\$35,000 per annum.

C. Transaction with the Parent Group:

The following transactions occurred with the Controlling shareholder and other related parties:

| | <u>2025</u> | <u>2024</u> |
|----------------|---------------|---------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Management Fee | <u>860</u> | <u>866</u> |

Compensation of key management personnel of the Group:

| | <u>2025</u> | <u>2024</u> |
|--------------------------------|---------------|---------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Short-term employee benefits * | <u>1,301</u> | <u>1,365</u> |
| Share based payment | <u>30</u> | <u>40</u> |

* Including Management fees for the CEO, Directors, Executive Management and other related parties including the Controlling shareholder. Please see note 23 D regarding share-based payments to the controlling shareholders which are not included under short term benefits.

Balances with related parties:

| | <u>2025</u> | <u>2024</u> |
|-------------------------|---------------|---------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Other accounts payables | <u>342</u> | <u>350</u> |

27. Significant Events:

- A. On 9 March 2025, Mr. Luke Ahern was re-elected as an external director for an additional three years.
- B. On 20 June 2025 Mr. Zvi Borovitz, the Company's founder and Chairman of the Board, passed away.

28. Subsequent events

- A. The Board of directors has decided to declare a cash dividend of 3.4 US cents per share being approximately \$3,010,000. This dividend will be paid on 14 April 2026 to shareholders on the register at the close of trading on 27 March 2026 (ex-dividend on 26 March 2026). The currency translation into British Pounds will be made on 31 March 2026 and there will not be a scrip dividend alternative.
- B. The financial statements were authorized for issue by the board as a whole following their approval on 3 March 2026.
- C. On 9 February 2026, Mottech Water Solutions acquired the remaining 50% interest in Mottech Parkland (pty) Ltd. for 550,000 AUD and is now the sole owner of Mottech Parkland (pty) Ltd.