

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

AS OF JUNE 30, 2023

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(An Israeli Corporation)

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

	Six month period ended June 30,	Year ended December 31,
	2023	2022
	U.S. \$ in thousands (Except per share data)	
	Unaudited	
Revenues	22,354	22,693
Cost of sales	15,156	15,651
Gross profit	7,198	7,042
Research and development expenses	546	528
Distribution expenses	1,930	1,815
General and administrative expenses	2,537	2,501
Loss (profit) from sale of property, plant and equipment	(9)	8
Profit from operations	2,194	2,190
Finance expenses	182	221
Finance income	(85)	(72)
Profit before income tax	2,097	2,041
Tax expenses	392	364
Profit	1,705	1,677
Other comprehensive income (loss) net of tax:		
<i>Items that will not be reclassified to profit or loss:</i>		
Re-measurement of defined benefit plans	-	127
<i>Items that may be reclassified to profit or loss:</i>		
Adjustment arising from translation of financial statements of foreign operations	(165)	(422)
Total other comprehensive income (loss)	(165)	(295)
Total comprehensive income	1,540	3,554
Profit attributable to:		
Owners of the parent	1,761	3,721
Non-controlling interests	(56)	128
	1,705	3,849
Total comprehensive income attributable to:		
Owners of the parent	1,596	3,426
Non-controlling interests	(56)	128
	1,540	3,554
Earnings per share (dollars)		
Basic and Diluted (dollars per share)	0.0199	0.0421
Weighted average number of shares outstanding		
Basic and Diluted	88,398,585	88,444,356

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

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

For the six month period ended June 30, 2023 (Unaudited):

	Attributable to owners of the parent						
	Share capital	Additional paid-in capital	Translation differences	Retained earnings	Total attributable to owners of the parent	Non- controlling interest	Total equity
U.S. \$ in thousands							
Balance at January 1, 2023	209	23,078	(250)	3,775	26,812	1,226	28,038
Changes during the six month period ended June 30, 2023:							
Comprehensive income							
Profit for the period	-	-	-	1,761	1,761	(56)	1,705
Other comprehensive income							
Translation differences	-	-	(165)	-	(165)	-	(165)
Total comprehensive income for the period	-	-	(165)	1,761	1,596	(56)	1,540
Acquisition and disposal of treasury shares	*	(47)	-	-	(47)	-	(47)
Dividend	-	-	-	(2,656)	(2,656)	-	(2,656)
Balance at June 30, 2023	209	23,031	(415)	2,880	25,705	1,170	26,875

(*) Less than US\$ 1 thousand

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

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

For the six month period ended June 30, 2022 (Unaudited):

	Attributable to owners of the parent						
	Share capital	Additional paid-in capital	Translation differences	Retained earnings	Total attributable to owners of the parent	Non- controlling interest	Total equity
U.S. \$ in thousands							
Balance at January 1, 2022	209	23,126	172	2,406	25,913	1,098	27,011
Changes during the six-month period ended June 30, 2022:							
Comprehensive income							
Profit for the period	-	-	-	1,617	1,617	60	1,677
Other comprehensive income							
Translation differences	-	-	(345)	-	(345)	-	(345)
Total comprehensive income for the period	-	-	(345)	1,617	1,272	1,158	1,332
Acquisition and disposal of treasury shares	-	41	-	-	41	-	41
Dividend	-	-	-	(2,479)	(2,479)	-	(2,479)
Balance at June 30, 2022	209	23,167	(173)	1,544	24,747	1,158	25,905

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

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

For the year ended December 31, 2022:

	Attributable to owners of the parent						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, 2022	209	23,126	172	2,406	25,913	1,098	27,011
Changes during 2022:							
Comprehensive income							
Profit for the year	-	-	-	3,721	3,721	128	3,849
Other comprehensive income							
Re measurements on defined benefit plans	-	-	-	127	127	-	127
Translation differences	-	-	(422)	-	(422)	-	(422)
Total comprehensive income (loss) for the year	-	-	(422)	3,848	3,426	128	3,554
Dividend	-	-	-	(2,479)	(2,479)	-	(2,479)
Acquisition and disposal of treasury shares	-	(48)	-	-	(48)	-	(48)
Balance as at December 31, 2022	209	23,078	(250)	3,775	26,812	1,226	28,038

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

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

	30.06.2023	30.06.2022	31.12.2022
	U.S. \$ in thousands		
	Unaudited		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	6,384	5,368	8,279
Trade and other receivables	9,603	11,497	11,035
Unbilled revenue	4,518	3,535	2,204
Current tax receivables	466	462	549
Inventories	7,439	6,457	7,757
	28,410	27,319	29,824
NON-CURRENT ASSETS:			
Long term prepaid expenses	42	44	39
Property, plant and equipment	5,133	5,989	5,573
Deferred tax assets	1,172	1,140	1,163
Intangible assets	3,779	3,989	3,858
	10,126	11,162	10,633
Total assets	38,536	38,481	40,457

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

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

	<u>30.06.2023</u>	<u>30.06.2022</u>	<u>31.12.2022</u>
	<u>U.S. \$ In thousands</u>		
	<u>Unaudited</u>		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Current maturities and short term bank credit and loans	56	179	43
Trade payables	5,222	5,703	5,739
Other accounts payable	3,503	3,443	3,627
Current tax payables	499	440	425
	<u>9,280</u>	<u>9,765</u>	<u>9,834</u>
NON- CURRENT LIABILITIES:			
Liability to purchase shares of subsidiary	1,432	1,432	1,432
Lease liabilities	129	512	303
Loans from banks, net of current maturities	76	8	98
Employee benefits, net	744	859	752
	<u>2,381</u>	<u>2,811</u>	<u>2,585</u>
Total liabilities	<u>11,661</u>	<u>12,576</u>	<u>12,419</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	209	209	209
Additional paid-in capital	23,031	23,167	23,078
Translation differences	(415)	(173)	(250)
Retained earnings	2,880	1,544	3,775
	<u>25,705</u>	<u>24,747</u>	<u>26,812</u>
Non-controlling interest	1,170	1,158	1,226
Total equity	<u>26,875</u>	<u>25,905</u>	<u>28,038</u>
Total equity and liabilities	<u>38,536</u>	<u>38,481</u>	<u>40,457</u>

August 14, 2023

Date of approval of
financial statementsMoshe Borovitz
Chief Executive OfficerElhanan Zeira
ControllerZvi Borovitz
Non-executive Chairman
of the Board**The accompanying notes form an integral part of the financial statements.**

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

INTERIM CONSOLIDATED STATEMENTS OF

CASH FLOWS

	Six month period ended		Year ended
	June 30,		December 31,
	2023	2022	2022
	U.S. \$ in thousands		
	Unaudited		
Cash Flows from Operating Activities:			
Profit for the period	1,705	1,677	3,849
Adjustments for:			
Depreciation and amortization	651	734	1,466
Loss (Gain) from sale of property, plant and equipment	(2)	8	(1)
Finance (income) expenses, net	(50)	(80)	(82)
Tax expenses	392	364	468
Changes in operating assets and liabilities:			
Decrease (increase) in inventories	225	270	(951)
Decrease (increase) in trade receivables	519	(634)	(63)
Decrease (increase) in other accounts receivables	748	(133)	590
Increase in unbilled revenues	(2,314)	(741)	(1,134)
Increase (decrease) in trade and other accounts payables	(389)	(659)	572
Increase (decrease) in employee benefits, net	(8)	(113)	(93)
Cash from operations	1,477	693	4,621
Interest received	20	-	-
Interest paid	(17)	(29)	(52)
Income tax paid	(249)	(627)	(978)
Net cash provided by operating activities	1,231	37	3,591

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

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

INTERIM CONSOLIDATED STATEMENTS OF

CASH FLOWS (cont.)

	Six month period ended		Year ended
	June 30,		December 31,
	2023	2022	2022
	U.S. \$ in thousands		
	Unaudited		
Cash Flows From Investing Activities:			
Proceeds from sale of property, plant and equipment	39	-	15
Acquisition of subsidiary, net of cash acquired	-	(1,427)	(1,427)
Net cash from sale of previously consolidated subsidiaries	-	(2,785)	(2,785)
Purchase of property, plant and equipment	<u>(183)</u>	<u>(324)</u>	<u>(552)</u>
Net cash used in investing activities	<u>(144)</u>	<u>(4,536)</u>	<u>(4,749)</u>
Cash Flows From Financing Activities:			
Dividend	(2,656)	(2,479)	(2,479)
Payments of lease liabilities	(224)	(293)	(560)
Treasury shares acquired	(200)	-	(118)
Treasury shares sold	153	41	70
long-term loans from banks	<u>(3)</u>	<u>157</u>	<u>118</u>
Net cash used in financing activities	<u>(2,930)</u>	<u>(2,574)</u>	<u>(2,969)</u>
(Decrease)/Increase in cash and cash equivalents during the period	(1,843)	(7,073)	(4,127)
Cash and cash equivalents at the beginning of the period	8,279	12,567	12,567
Exchange differences on balances of cash and cash equivalents	<u>(52)</u>	<u>(126)</u>	<u>(161)</u>
Cash and cash equivalents at the end of the period	<u><u>6,384</u></u>	<u><u>5,368</u></u>	<u><u>8,279</u></u>

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

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL:

Corporate information:

M.T.I Wireless Edge Ltd. (hereafter - the "Company", or collectively with its subsidiaries, the "Group") is an Israeli corporation. The Company was incorporated under the Companies Act in Israel on December 30, 1998 and commenced operations on July 1, 2000. Since March 2006, the Company's shares have been traded on the AIM market of the London Stock Exchange.

The formal address of the Company is 11 Hamelacha Street, Afek industrial Park, Rosh-Ha'Ayin, Israel.

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

- Development, design, manufacture and marketing of antennas for the military and civilian sectors.
- A leading provider of remote control solutions for water and irrigation applications based on Motorola's IRRInet state of the art control, monitoring and communication technologies.
- Providing consulting, representation and marketing services to foreign companies in the field of RF (radio frequency) and Microwave, including engineering services in the field of aerostat systems and system engineering services.
- Development, manufacture and integration of communication systems and advanced monitoring and control systems for the Government and defence industry market.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

The interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in International Accounting Standard No. 34 ("Interim Financial Reporting").

The interim consolidated financial information set out above does not constitute full year-end accounts within the meaning of Israeli Companies Law. It has been prepared on the going concern basis in accordance with the recognition and measurement criteria of the International Financial Reporting Standards (IFRS). The financial information for the financial year ended December 31, 2022 was approved by the board on March 12, 2023. The report of the auditors on those financial statements was unqualified.

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

The interim consolidated financial information should be read in conjunction with the annual financial statements as of December 31, 2022 and for the year then ended and with the notes thereto. The significant accounting policies applied in the annual financial statements of the Company as of December 31, 2022 are applied consistently in these interim consolidated financial statements.

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – REVENUES:

	Six month period ended June 30,		Year ended December 31,
	2023	2022	2022
	U.S. \$ in thousands		
	Unaudited		
Revenues arise from:			
Sale of goods*	15,722	17,486	34,618
Rendering of services**	3,126	3,498	8,334
Projects**	3,686	1,709	3,318
	22,354	22,693	46,270

(*) at the point in time

(**) over time

NOTE 4 – OPERATING SEGMENTS:

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

Six month period ended June 30, 2023 (Unaudited):

	Antennas	Water Solutions	Distribution & Consultation Services	Adjustment & Elimination	Total
	U.S. \$ in thousands				
<i>Revenues</i>					
External	5,821	8,656	7,877	-	22,354
Internal	-	-	134	(134)	-
Total	5,821	8,656	8,011	(134)	22,354
Segment profit (loss)	281	960	784	169	2,194
Finance expense (income), net					97
Tax expenses					392
Profit					1,705

June 30, 2023 (Unaudited):

	Antennas	Water Solutions	Distribution & Consultation Services	Adjustment & Elimination	Total
	U.S. \$ in thousands				
<i>Segment assets</i>	14,317	10,194	11,578	-	36,089
<i>Unallocated assets</i>					2,447
<i>Segment liabilities</i>	3,414	2,946	4,814	-	11,174
<i>Unallocated liabilities</i>					487

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - OPERATING SEGMENTS (CONT.):

Six month period ended June 30, 2022 (Unaudited):

	<u>Antennas</u>	<u>Water Solutions</u>	<u>Distribution & Consultation Services</u>	<u>Adjustment & Elimination</u>	<u>Total</u>
	U.S. \$ in thousands				
<i>Revenues</i>					
External	5,678	8,825	8,190	-	22,693
Internal	-	-	209	(209)	-
Total	5,678	8,825	8,399	(209)	22,693
Segment profit	<u>95</u>	<u>864</u>	<u>1,144</u>	<u>87</u>	<u>2,190</u>
Finance expense, net					149
Tax expenses					364
Profit					<u>1,677</u>

June 30, 2022 (Unaudited):

	<u>Antennas</u>	<u>Water Solutions</u>	<u>Distribution & Consultation Services</u>	<u>Adjustment & Elimination</u>	<u>Total</u>
	U.S. \$ in thousands				
<i>Segment assets</i>	<u>14,414</u>	<u>10,717</u>	<u>10,538</u>	<u>-</u>	<u>35,669</u>
<i>Unallocated assets</i>					<u>2,812</u>
<i>Segment liabilities</i>	<u>2,241</u>	<u>3,520</u>	<u>6,294</u>	<u>-</u>	<u>12,055</u>
<i>Unallocated liabilities</i>					<u>521</u>

Year ended December 31, 2022

	<u>Antennas</u>	<u>Water Solutions</u>	<u>Distribution & Consultation Services</u>	<u>Adjustment & Elimination</u>	<u>Total</u>
	U.S. \$ in thousands				
<i>Revenues</i>					
External	11,627	18,196	16,447	-	46,270
Inter-segment	-	-	215	(215)	-
Total	11,627	18,196	16,662	(215)	46,270
Segment profit	<u>337</u>	<u>1,838</u>	<u>2,321</u>	<u>96</u>	<u>4,592</u>
Finance expense, net					275
Tax expenses					468
Profit					<u>3,849</u>

MTI WIRELESS EDGE LTD.

(An Israeli Corporation)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - OPERATING SEGMENTS (CONT.):

December 31, 2022:

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

NOTE 5 – SIGNIFICANT EVENTS:

- A. On March 12, 2023, the Board of directors declared a cash dividend of 3.0 US cents per share, representing approximately \$2,656,000, in total. This dividend was paid on April 6, 2023 to shareholders on the register at the close of trading on March 24, 2023 (ex-dividend on March 23, 2023).
- B. On 24 January, 2019, the Company announced a share repurchase program to conduct market purchases of ordinary shares of par value 0.01 Israeli Shekels each ("Ordinary Shares") in the Company up to a maximum value of £150,000 (the "Programme"). Thereafter, the board of directors of the Company and the board of directors of MTI Engineering decided to continue with the Programme for several further periods. On 14 March, 2023, the Company announced that it would extend the Programme until 31 March, 2024, with the Programme having an increased maximum value of up to £200,000 and with the Programme being managed by Shore Capital Stockbrokers Limited pursuant to the terms as announced. As at 30 June 2023 and as at 14 August 2023, 200,000 and 275,000 Ordinary Shares, respectively, were held in treasury under the Programme.
- C. On 14 March, 2023 at the Company's annual general meeting, Mr. Michael Yehezkel Karo was elected as an independent non-executive director.

NOTE 6 – SUBSEQUENT EVENTS:

- A. On 11 July, 2023 the Company acquired minority holdings in Ginat for an insignificant amount and now holds 100% of the company.
- B. On 19 July, 2023 the Company completed the registration of its fully owned subsidiary, MTI Wireless Communication India Private Limited, in India in order to support local demand in the market.