RNS Number : 3401M
MTI Wireless Edge Limited
23 May 2022

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MTI Wireless Edge Ltd

("MTI", the "Company" or the "Group")

Q1 2022 Financial Results

MTI Wireless Edge Ltd (AIM: MWE), the technology group focused on comprehensive communication and radio frequency solutions across multiple sectors, is pleased to announce its financial results for the three-month period ended 31 March 2022.

Financial highlights

- Good revenue growth, up by 12% to $11.2m (Q1 2021: $9.95m) reflecting the strength of the Group's long term customer base with over 60% of revenue being generated from clients for 10 years or more
- Profit before tax up 8% to $0.97m (Q1 2021: $0.9m) after costs associated with the acquisition of P.S.K. WIND Technologies Ltd ("PSK")
- EBITDA* increased by 15% to $1.35m (Q1 2021: $1.18m)
- Earnings per share increased by 12% to 0.89 US cents (Q1 2021: 0.80 US cents)
- Continued strong operating cash generation with net cash standing at $6.5m on 31 March 2022 (31 March 2021: $9.5m), with the majority of the change reflecting: i) the initial net consideration paid and loan provided in respect of PSK; ii) the Group's exit from its Russian operations (as described in note six to the financial statements); and iii) the dividend paid in March 2022 - together totaling approximately $7m.

Operational highlights by division

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.
- In Q1 2022, there was further interest from Tier 1 corporations for our 5G automatic beam steering ("ABS") antenna solution, which ensures the antenna adapts to any small movements caused by different climate conditions, including wind or temperature changes.
- Orders for our 5G backhaul solution remain strong, but fulfilment is slower due to external issues relating to supply chains at customers (mainly microchip shortages and the impact of lockdowns in China). RFID revenues significantly improved whilst military antenna orders were slower as the sales cycle takes longer, but the opportunities remain significant.
- Taken together this resulted in slightly lower antenna revenue levels in Q1 2022 (compared to Q1 2021), but the underlying future potential across both military and 5G markets remains strong.

Water Control & Management

- Operates under the Mottech brand and provides wireless control systems to manage irrigation and water distribution for agriculture, municipal authorities and commercial entities.
- Solutions reduce water and power usage, whilst providing customers with higher revenue from accurate irrigation, leading to more and better quality crops and plants being grown.

- Q1 2022 was a steady period with revenues increasing slightly against Q1 2021 and underlying sales orders bode well for the year with a growing pipeline of opportunities and the successful introduction of new prices being accepted in service contracts across the division's customer base.

- Sales are expected to commence in Q2 2022 under a strategic partnership agreed in January with Viridix, offering Mottech customers the RooTense® sensor that measures the water available to the roots of crops.

Distribution & Professional Consulting Services

- Operates under the MTI Summit Electronics brand and 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 further enables MTI to act as a consultant to all parties and assist with devising complete radio frequency/microwave solutions.

- In Q1 2022, MTI Summit enjoyed an excellent period delivering strong revenue growth, boosted by the addition of new revenues from the acquisition of PSK. Most importantly, this division has also grown its pipeline of future orders and opportunities and is well placed for a successful year.

- In March 2022, the Company confirmed the sale of the Group's business unit in Russia to the General Manager of the Russian operations.

Moni Borovitz, Chief Executive Officer of MTI Wireless Edge, said:

"We are pleased with the trading performance for the first quarter, which represents a good start to the year and, once again, demonstrates the critical value of being a diversified business enabling us to continue to grow the business in challenging times.

"Delivering double digit sales, EBITDA and EPS growth is a creditable performance in the current market, coming out of the pandemic and managing increased costs relating to inflation and the supply chain. Cash generation from operations was again positive, with net cash at $6.5m after paying circa $4.5m in relation to the acquisition of PSK and last year's dividend. The business therefore remains in a strong financial position and well placed for the year.

"The impact on our business from the pandemic has receded but there are still pockets of disruption, most notably in China, where recent lockdowns have added to the delays in the production of components and increased pressure around transportation of goods from China. Inflationary led costs are coming through the business albeit we have been successful to mitigate these to some extent by implementing price increases. Overall, we expect these factors to continue to some degree for the remainder of the year.

"Notwithstanding this, demand across all three divisions for their respective products and services has increased. The market for defence, in particular, is growing, with a visible increase in potential orders over the coming 18 months. Our ABS solution for the 5G market has opened up new conversations with several key Tier 1 & 2 mobile radio manufacturers, strengthening our relationship with existing customers and potential new ones. This has further under pinned the potential of the 5G market for us. Mottech remains a leader in its field and continues to see good demand in many markets, supported by a strong pipeline of potential future orders. MTI Summit was again the leading performer in Q1 with a very encouraging contribution from the recently acquired PSK.

"Looking ahead, we believe the Company's clear focus on providing radio frequency solutions coupled to being diversified across several markets positions us well to continue to grow and expand through a mix of acquisition led and organic growth."

Moni Borovitz, Chief Executive Officer, will provide a live investor presentation relating to the financial results for the three-month period ended 31 March 2022, via the Investor Meet Company ("IMC") platform today at 10.00 am UK time.

Investors can sign up for free via: https://www.investormeetcompany.com/mti-wireless-edge-ltd/register-investor

*Earnings before interest, tax, depreciation and amortisation.

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About MTI Wireless Edge Ltd. ("MTI")

Headquartered in Israel, MTI is a technology group focused on comprehensive communication and radio frequency solutions across multiple sectors through three core divisions:

Antenna Division

MTI is a world leader in the design, development and production of high quality, state-of-the-art, and cost-effective antenna solutions including Smart Antennas, MIMO Antennas and Dual Polarity Antennas for wireless applications. MTI supplies antennas for both military and commercial markets from 100 KHz to 174 GHz.

Internationally recognized as a producer of commercial off-the-Shelf and custom-developed antenna solutions in a broad frequency range, MTI addresses both commercial and military applications.

MTI supplies directional and omnidirectional antennas for outdoor and indoor deployments, including smart antennas for 5G backhaul, Broadband access, public safety, RFID, base station and terminals for the utility market.

Military applications include a wide range of broadband, tactical and specialized communication antennas, antenna systems and DF arrays installed on numerous airborne, ground and naval, including submarine, platforms worldwide.

Water Control & Management Division

Via its subsidiary, Mottech Water Solutions Ltd ("Mottech"), MTI provides high-end remote control and monitoring solutions for water and irrigation applications based on Motorola's IRRInet state-of-the-art control, monitoring and communication technologies.

As Motorola's global prime-distributor Mottech serves its customers worldwide through its international subsidiaries and a global network of local distributors and representatives. With over 25 years of experience in providing customers with irrigation remote control and management, Mottech's solutions ensure constant, reliable and accurate water usage, increase crops quality and yield while reducing operational and maintenance costs providing fast ROI while helping sustain the environment. Mottech's activities are focused in the market segments of agriculture, water distribution, municipal and commercial landscape as well as wastewater and storm-water reuse.

Distribution & Professional Consulting Services Division

Via its subsidiary, MTI Summit Electronics Ltd., MTI offers consulting, representation and marketing services to foreign companies in the field of RF and Microwave solutions and applications including engineering services (including design and integration) in the field of aerostat systems and the ongoing operation of Platform subsystems, SIGINT, RADAR, communication and observation systems which is performed by the Company. It also specializes in the development, manufacture and integration of communication systems and advanced monitoring and control systems for the Government and defence industry market.

MTI WIRELESS EDGE LTD.
(An Israeli Corporation)

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three month period ended March 31,		Year ended December 31,
	2022	2021	2021
	U.S. $ in thousands (Except per share data)		
	Unaudited		
Revenues	11,176	9,949	43,184
Cost of sales	7,685	6,783	29,685
Gross profit	3,491	3,166	13,499

Research and development expenses	272	283	965
Distribution expenses	884	889	3,686
General and administrative expenses	1,297	1,039	4,448
Loss (profit) from sale of property, plant and equipment	9	(4)	25
Profit from operations	1,029	959	4,425
Finance expenses	78	75	454
Finance income	(23)	(15)	(67)
Profit before income tax	974	899	4,038
Tax expenses	164	157	329
Profit	810	742	3,709
Other comprehensive income (loss) net of tax:			
Items that will not be reclassified to profit or loss:			
Re-measurement of defined benefit plans	-	-	22
Items that may be reclassified to profit or loss:			
Adjustment arising from translation of financial statements of foreign operations	24	(113)	(19)
Total other comprehensive income (loss)	24	(113)	3
Total comprehensive income	834	629	3,712
Profit attributable to:			
Owners of the parent	786	705	3,598
Non-controlling interests	24	37	111
	810	742	3,709
Total comprehensive income attributable to:			
Owners of the parent	810	592	3,601
Non-controlling interests	24	37	111
	834	962	3,712
Earnings per share (dollars)			
Basic and Diluted (dollars per share)	0.0089	0.0080	0.0407
Weighted average number of shares outstanding			
Basic and Diluted (dollars per share)	88,501,084	88,538,724	88,509,740

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

MTI WIRELESS EDGE LTD.
(An Israeli Corporation)

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three month period ended March 31, 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
	U.S. $ in thousands				
Balance at January 1, 2022	209	23,126	172	2,406	25,913
Changes during the three month period ended March 31, 2021:					
Comprehensive income					
Profit for the period	-	-	-	786	786
Other comprehensive income					
Translation differences	-	-	24	-	24
Total comprehensive income for the period	-	-	24	786	810
Acquisition and disposal of treasury shares	-	41	-	-	41
Dividend	-	-	-	(2,479)	(2,479)
Balance at March 31, 2022	209	23,167	196	713	24,285

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

MTI WIRELESS EDGE LTD.
(An Israeli Corporation)

INTERIM CONSOLIDATED STATEMENTS OF
CHANGES IN EQUITY (CONT.)

For the three month period ended March 31, 2021 (Unaudited):

	Attributable to owners of the parent				
	Share capital	Additional paid-in capital	Translation differences	Retained earnings	Total attributable to owners of the parent
	U.S. $ in thousands				
Balance at January 1, 2021	209	23,167	191	999	24,566
Changes during the three month period ended March 31, 2021:					
Comprehensive income					
Profit for the period	-	-	-	705	705
Other comprehensive income					
Translation differences	-	-	(113)	-	(113)
Total comprehensive income (loss) for the period	-	-	(113)	705	592
Dividend	-	-	-	(2,213)	(2,213)
Balance at March 31, 2021	209	23,167	78	(509)	22,945

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, 2021 :

	Attributable to owners of the parent				
	Share capital	Additional paid-in capital	Translation differences	Retained earnings	Total attributab to owners of the parent
	U.S. $ in thousands				
Balance as at January 1, 2021	209	23,167	191	999	24,566
Changes during 2021:					
Comprehensive income					
Profit for the year	-	-	-	3,598	3,598
Other comprehensive income					
Re measurements on defined benefit plans	-	-	-	22	22
Translation differences	-	-	(19)	-	(19)
Total comprehensive income (loss) for the year	-	-	(19)	3,620	3,601
Dividend	-	-	-	(2,213)	(2,213)
Acquisition and disposal of treasury shares	-	(41)	-	-	(41)
Balance as at December 31, 2021	209	23,126	172	2,406	25,913

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

MTI WIRELESS EDGE LTD.
(An Israeli Corporation)

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	31.03.2022	31.03.2021	31.12.2021
	U.S. $ in thousands		
	Unaudited		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	6,517	9,585	12,567
Trade and other receivables	11,201	9,244	10,628
Unbilled revenue	3,542	2,389	2,794
Current tax receivables	281	489	518
Inventories	6,622	5,631	6,849
	28,163	27,338	33,356
NON-CURRENT ASSETS:			
Long term prepaid expenses	43	27	26
Property, plant and equipment	5,710	5,312	5,548
Deferred tax assets	1,123	689	994
Intangible assets	4,057	1,053	1,014
	10,933	7,081	7,582

Total assets	39,096	34,419	40,938

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

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	31.03.2022	31.03.2021	31.12.2021
	U.S. $ In thousands		
	Unaudited		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Current maturities and short term bank credit and loans	11	36	23
Trade payables	6,167	4,157	5,346
Other accounts payable	4,367	4,762	6,895
Current tax payables	374	142	322
	10,919	9,097	12,586
NON- CURRENT LIABILITIES:			
Contingent consideration	1,432	49	-
Lease liabilities	360	464	465
Loans from banks, net of current maturities	15	30	8
Employee benefits, net	963	810	868
	2,770	1,353	1,341
Total liabilities	13,689	10,450	13,927
EQUITY			
Equity attributable to owners of the parent			
Share capital	209	209	209
Additional paid-in capital	23,167	23,167	23,126
Translation differences	196	78	172
Retained earnings	713	(509)	2,406
	24,285	22,945	25,913
Non-controlling interest	1,122	1,024	1,098
Total equity	25,407	23,969	27,011
Total equity and liabilities	39,096	34,419	40,938

May 22, 2022			
Date of approval of financial statements	Moshe Borovitz Chief Executive Officer	Elhanan Zeira Controller	Zvi Borovitz Non-executive Chairman of the Board

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

INTERIM CONSOLIDATED STATEMENTS OF
CASH FLOWS

	Three month period ended March 31,		Year ended December 31,
	2022	2021	2021
	U.S. $ in thousands		
	Unaudited		
Cash Flows from Operating Activities:			
Profit for the period	810	742	3,709
Adjustments for:			
Depreciation and amortization	327	221	976
Loss (Gain) from sale of property, plant and equipment	4	13	(25)
Finance (income) expenses, net	(9)	(24)	53
Tax expenses	164	157	329
Changes in operating assets and liabilities:			
Decrease (increase) in inventories	291	729	(479)
Decrease in trade receivables	262	1,457	604
Increase in other accounts receivables	(355)	(112)	(448)
Increase in unbilled revenues	(748)	(71)	(476)
Increase (decrease) in trade and other accounts payables	593	(369)	2,803
Increase (decrease) in employee benefits, net	(9)	(16)	64
Cash from operations	1,330	2,727	7,110
Interest received	-	5	52
Interest paid	(11)	(10)	(88)
Income tax paid	(407)	(155)	(481)
Net cash provided by operating activities	912	2,567	6,593

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

INTERIM CONSOLIDATED STATEMENTS OF
CASH FLOWS (cont.)

	Three month period ended March 31,		Year ended December 31,
	2022	2021	2021
	U.S. $ in thousands		
	Unaudited		
Cash Flows From Investing Activities:			
Proceeds from sale of property, plant and equipment	-	23	153
Acquisition of subsidiary, net of cash acquired	(1,427)	-	-

Net cash from sale of previously consolidated subsidiaries	(2,785)		
Payment of contingent consideration regarding business acquisition	-	-	(54)
Purchase of property, plant and equipment	(181)	(151)	(835)
Net cash used in investing activities	(4,393)	(128)	(736)
Cash Flows From Financing Activities:			
Dividend	(2,479)	(2,213)	(2,213)
Payments of lease liabilities	(123)	(103)	(449)
Treasury shares acquired	-	-	(41)
Treasury shares sold	41	-	-
Repayment of long-term loans from banks	(4)	(82)	(117)
Net cash used in financing activities	(2,565)	(2,398)	(2,820)
(Decrease)/Increase in cash and cash equivalents during the period	(6,046)	41	3,037
Cash and cash equivalents at the beginning of the period	12,567	9,577	9,577
Exchange differences on balances of cash and cash equivalents	(4)	(33)	(47)
Cash and cash equivalents at the end of the period	6,517	9,585	12,567

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

In these financial statements, the Company included the results of its aerostat system division in its representation and consulting services division, as it deems this appropriate given the nature of the consulting services provided in both segments and the respective size of these segments.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

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

The interim consolidated financial information set out above does not constitute full year-end accounts within the meaning of Israeli Companies Law. It has been prepared on the going concern basis in accordance with the recognition and measurement criteria of the International Financial Reporting Standards (IFRS). Statutory financial information for the financial year ended December 31, 2021 was approved by the board on March 6, 2022. The report of the auditors on those financial statements was unqualified.
The interim consolidated financial statements as of March 31, 2022 have not been audited.

The interim consolidated financial information should be read in conjunction with the annual financial statements as of December 31, 2021 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, 2021 are applied consistently in these interim consolidated financial statements.

NOTE 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 includes 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 will own 51% of PSK (the "Acquisition"). The initial consideration for the Acquisition is approximately US$1.2 million, with an earn out payment, subject to performance, of up to approximately US$2.56 million. In addition, MTI Summit has made a loan to PSK of US$0.8 million and is party to an option agreement in relation to the acquisition of the remaining 49% of PSK.

The initial consideration paid by MTI, to acquire 51% of the equity in PSK, comprises: a) the purchase of existing shares in PSK for NIS 700,000 (approximately US$225,000); and b) a subscription of NIS 3,000,000 (approximately US$0.95m) for new shares in PSK. In addition, there is an earn out mechanism under which further consideration may be payable, as described in the contingent consideration section below (the "Earn Out"). MTI Summit's loan to PSK of NIS 2,500,000 (approximately US$800,000) is a term loan which is to be repaid on 1 January 2024. The loan is not convertible and bears interest of 3.26% per annum.

In addition to the Acquisition, 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, subject to the terms described below.

Cash outflow/inflow on the Acquisition:

	$'000
	Unaudited
Cash and cash equivalents acquired at the acquisition date	1,037
Bank credit	(1,267)
Cash paid	(1,197)
Net cash	(1,427)

Acquisition cost of PSK at the date of Acquisition:

	Fair value

	$'000 Unaudited
Cash paid	1,197
Contingent consideration liability	56
Put options liability	1,376
Total acquisition cost	2,629

NOTE 3 - ACQUISITION OF SUBSIDIARY (CONT'):

Set forth below are the assets and liabilities of PSK at the date of Acquisition:

	Fair value $'000 Unaudited
Cash and cash equivalents	1,037
Trade receivables	671
Other receivables	213
Inventories	65
Property, plant and equipment	256
Intangible assets	1,710
Bank loans	(1,267)
Trade payables	(522)
Deferred tax liability	(394)
Other liabilities	(436)
Employee benefits, net	(104)
Net identifiable assets	1,229
Goodwill arising on acquisition	1,400
Total purchase cost	2,629

The results of PSK were consolidated into the financial statement of the Group from the beginning of the year.

Goodwill:

	$'000 Unaudited
Balance at January 1, 2022 (audited)	861
additions	1,400
Balance at 31 March, 2022	2,261

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.

Contingent consideration:

As part of the purchase agreement with the owners of PSK, it was agreed that the sellers, who retain a 49% holding in PSK would be entitled to further consideration to be paid pursuant to an earn out mechanism dependent on PSK's actual revenues in 2022 and 2024 versus certain agreed targets in each of those years and is capped at a maximum of NIS 8,000,000 (approximately US$2.56m), to be paid in cash.

NOTE 3 - ACQUISITION OF SUBSIDIARY (CONT'):

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 PSK under the 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.

As at the Acquisition date, the fair value of the contingent consideration was estimated at US$ 56 thousand and the Option at US$ 1.376 million.

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

Discount rate: 15.5%
A significant increase (or decrease) in the estimated amount of the acquired company'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.

NOTE 4 - REVENUES:

	Three month period ended March 31,		Year ended December 31,
	2022	2021	2021
	U.S. $ in thousands		
	Unaudited		
Revenues arise from:			
Sale of goods*	9.135	7,879	35,308
Rendering of services**	1,713	1,444	5,729
Projects**	328	626	2,147
	11,176	9,949	43,184

(*) at the point in time
(**) over time

NOTE 5 - OPERATING SEGMENTS:

The following tables present revenue and profit information regarding the Group's operating segments for the three month period ended March 31, 2022 and 2021 respectively and for the year ended December 31, 2021.

Three month period ended March 31, 2022 (Unaudited):

	Antennas	Water Solutions	Distribution & Consultation Services	Adjustment & Elimination	Total
	U.S. $ in thousands				
Revenues					
External	2,728	4,258	4,190	-	11,176
Internal	-	-	49	(49)	-
Total	2,728	4,258	4,239	(49)	11,176
Segment profit (loss)	(132)	396	742	25	1,031
Finance expense, net					63
Tax expenses					164
Profit					804

31 March 2022:

	Antennas	Water Solutions	Distribution & Consultation Services	Adjustment & Elimination	Total
	U.S. $ in thousands				
Segment assets	13,770	11,892	12,020	-	37,682

Unallocated assets					3,419
Segment liabilities	3,558	4,804	6,193	-	14,555
Unallocated liabilities					1,145

Three month period ended March 31, 2021 (Unaudited):

	Antennas	Water Solutions	Distribution & Consultation Services	Adjustment & Elimination	Total
	U.S. $ in thousands				
Revenues					
External	2,802	4,161	2,986	-	9,949
Internal	-	-	23	(23)	-
Total	2,802	4,161	3,009	(23)	9,949
Segment profit	63	396	393	107	959
Finance expense, net					60
Tax expenses					157
Profit					742

NOTE 5 - OPERATING SEGMENTS (CONT.):
31 March, 2021:

	Antennas	Water Solutions	Distribution & Consultation Services	Adjustment & Elimination	Total
	U.S. $ in thousands				
Segment assets	14,863	9,030	7,861	-	31,754
Unallocated assets					2,665
Segment liabilities	2,936	2,976	3,702		9,614
Unallocated liabilities					836

Year ended December 31, 2021

	Antennas	Water Solutions	Distribution & Consultation Services	Adjustment & Elimination	Total
	U.S. $ in thousands				
Revenues					
External	11,294	17,606	14,284	-	43,184
Inter-segment	-	-	174	(174)	-
Total	11,294	17,606	14,458	(174)	43,184
Segment profit	282	2,074	1,845	224	4,425
Finance expense, net					387
Tax expenses					329
Profit					3,709

31 December, 2021:

	Antennas	Water Solutions	Distribution & Consultation Services	Adjustment & Elimination	Total
	U.S. $ in thousands				
Segment assets	14,399	11,100	11,999	-	37,498
Unallocated assets					3,440
Segment liabilities	3,090	3,626	6,282	-	12,998
Unallocated liabilities					929

NOTE 6 - SALE OF PREVIOUSLY CONSOLIDATED SUBSIDIARIES:

On 22 March 2022, the Company announced that it had disposed of its Russian operations and sold its entire holding in M.T.I Summit SPB ltd. ("SPB") for a de minimis amount, with this sale not having any significant profit/loss impact on the Company.

The effect of the sale on the financial position of the Group is as follows:

	$'000 Unaudited
Other receivables	(417)
Inventories	(6)
Current tax receivables	(10)
Cash and cash equivalents	(2,785)
Other trade payables	3,218
Net assets and liabilities	**-**
Consideration received, satisfied in cash	-
Cash and cash equivalents disposed of	(2,785)
Net cash outflows	(2,785)

NOTE 7 - SIGNIFICANT EVENTS:

A. On 6 March 2022, the Board of directors declared a cash dividend of 2.8 US cents per share, representing approximately $2,479,000, in total. This dividend was paid on 31 March 2022 to shareholders on the register at the close of trading on 18 March 2022.

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. As at 31 March 2022, no Ordinary Shares were held in treasury under the Programme.

On 9 March 2022 at an extraordinary shareholders meeting, Mr. Luke Ahern was elected as an external director for three year term. At the same meeting approval for the extension of an updated Remuneration Policy for a period of three years or for a longer period, to the extent prescribed in the provisions of the Israeli Companies Law, was granted as well as the extension of an updated management services agreement (the "Management Services Agreement"), between the Company and Mokirei Aya Management (2003) Ltd. (the "Management Company") for the provision of the services of the Chairman and CEO of the Company for a further three years or for a longer period, to the extent prescribed in the provisions of the Israeli Companies Law with effect from 1 March 2022.

C. Outbreak of COVID-19 and Business Continuity - In December 2019, the COVID-19 pandemic broke out in China, and the virus has spread to many countries around the world. In January 2020, the World Health Organization announced the outbreak of the Coronavirus as a global health emergency, and in March 2020, the World Health Organization declared the pandemic to be a global pandemic. In 2021 and until the date of this report the Company was able to maintain good levels of operation using

remote working procedures where appropriate and a sufficient level of production in its production facilities while assuring the health of its employees. Since March 2022 most of the Group's operations have returned to a normal level of activity but aspects of the Group's supply chain are still working slower, and the Company's industry has been affected on the operational level, along with the rest of the world economy as it faces the risk of a global recession where the ability to predict the timing of a recovery is uncertain. In particular, shipment costs are higher and availability of shipping is lower, some of the components or other parts (used by the Company or its vendors or its customers) are still under shortage and this can effect the ability to supply part of the demand. This uncertainty of the level of the global economic slowdown, its duration and its medium to long term effects creates challenges, but the Company believes that if there is no further deterioration in the situation, its financial strength and business stability will allow it to navigate through this.

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