RNS Number : 8982T
MTI Wireless Edge Limited
20 November 2023

20 November 2023

**MTI Wireless Edge Ltd**

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

**Q3 2023 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 nine-month period ended 30 September 2023 (the "Period").

## Financial highlights

- Revenue for the Period of $33.7m (nine months to 30 September 2022: $34.8m). On a constant currency basis this represents an increase of 1% over the same period last year
- 6% improvement in profit before tax to $3.4m (nine months to 30 September 2022: $3.2m), helped by positive currency movements and margin improvement
- 9% improvement in earnings per share to 3.25 US cents (nine months to 30 September 2022: 2.99 US cents)
- Company remains virtually ungeared with net cash of $6.4m as at 30 September 2023 (30 September 2022: $5.2m)
- Final dividend anticipated to be declared alongside MTI's full year results which will be announced during the first quarter of 2024

**Operational highlights**

- A stable performance with the Company remaining well placed for the rest of the year and into 2024
- Antenna division recorded good growth, driven by military and RFID sales
    - Demand for military antennas globally is strong and is expected by the Company to continue to grow

- India remains a key market for 5G sales, with recent wins demonstrating the technical strength of the Company's 5G backhaul solution

· Mottech delivered a solid performance during the first nine months of the year

- Good contribution to the Group, helped by improved margins following successful price increases and positive exchange rates from the international businesses
- Israeli market remains firm, growing in NIS terms but, given the NIS/US$ foreign exchange effects, remained flat in the year
- Growth coming through from France and Italy
- Pipeline for Q4 2023 looks promising to support a good end to the year and start to 2024

· MTI Summit affected by a slightly slower order rate, but its pipeline is positive

- The division has seen a slight slowdown in order rate which has impacted sales in the period
- PSK continues to grow and returned to profitability in the third quarter, although the first nine months of the year still showed a minor loss, as it suffered from delays to key projects in Q2
- Overall, MTI Summit remains well placed to deliver a good result for the year and is likely to benefit from increased government spend in Q4

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

"The business continues to perform well despite the tragic events on 7 October 2023 and the subsequent war. Several of our employees have been called up for military service and a number of others that survived the terrible events have had to leave the attacked area (where they lived) and are still not able to live a normal life. This, together with the overall sadness and turmoil, has had some effect in reducing the Company's labour resources. At the same time, there is high motivation and solidarity in the country as well as in the workplace, resembling to some extent the beginning of the COVID era where people worked long hours and adapted their working practices. As announced in July 2022 we are engaged, in part of our business, in a service contract with the Israeli Government and we are currently working very long hours under this agreement, supporting the needs of the country and compensating for the lost hours elsewhere. As a result, overall demand for our services in Israel is largely unchanged. Our internal infrastructure is unaffected and we continue to import and export goods as normal. 40% of MTI's employees reside outside of Israel where all the Company's international operations are running and performing normally.

"The business is further supported by a strong balance sheet with $6.4m in net cash at the end of September 2023. Q3 results were impacted adversely by currency movements, especially the 9% decrease in NIS against the US$ from the beginning of the year, at the revenue level but those same currency changes had a positive impact on profitability, resulting in an overall positive performance for the first nine months of the year.

"Q4 has begun well with good opportunities visible in all divisions of the Group, part of which is related to the increased spending by the Israeli Government for services from both our Antenna and MTI Summit divisions. I believe that the Company is therefore well placed to weather the current challenges and, in the absence of unforeseen geopolitical developments, to continue to grow."

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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 internationally recognised as a producer of commercial off-the-Shelf and custom-developed antenna solutions in a broad frequency range of HF to 170 GHz for commercial, RFID and military applications. MTI continuously invests in ground breaking technologies, explores new frequencies, and devises innovative solutions which empower our wireless communication customers with cutting-edge off-the-shelf and custom-made antennas.

We are at the forefront of technology and innovation, being the first to introduce Dual Band parabolic antennas, E Band Automatic Beam Steering antennas, E Band FCC compliant flat antennas, and more.

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**

| | Nine month period ended September 30, | | Year ended December 31, |
|---|---|---|---|
| | **2023** | **2022** | **2022** |
| | **U.S. $ in thousands** (Except per share data) | | |
| | **Unaudited** | | |
| Revenues | 33,724 | 34,783 | 46,270 |
| Cost of sales | 22,815 | 23,927 | 31,680 |
| **Gross profit** | 10,909 | 10,856 | 14,590 |
| Research and development expenses | 794 | 789 | 1,077 |
| Distribution expenses | 2,814 | 2,855 | 3,924 |
| General and administrative expenses | 3,757 | 3,719 | 4,998 |
| Loss (profit) from sale of property, plant and equipment | (8) | 8 | 1 |
| **Profit from operations** | 3,552 | 3,485 | 4,592 |
| Finance expenses | 245 | 350 | 385 |
| Finance income | (116) | (108) | (110) |
| **Profit before income tax** | 3,423 | 3,243 | 4,317 |
| Tax expenses | 569 | 505 | 468 |
| **Profit** | 2,854 | 2,738 | 3,849 |
| Other comprehensive income (loss) net of tax: | | | |
| *Items that will not be reclassified to profit or loss:* | | | |
| Re-measurement of defined benefit plans | - | - | 127 |
| *Items that may be reclassified to profit or loss:* | | | |
| Adjustment arising from translation of financial statements of foreign operations | (288) | (365) | (422) |
| Total other comprehensive income (loss) | (288) | (365) | (295) |

| | | | |
|---|---|---|---|
| **Total comprehensive income** | 2,566 | 2,373 | 3,554 |
| **Profit attributable to:** | | | |
| Owners of the parent | 2,868 | 2,643 | 3,721 |
| Non-controlling interests | (14) | 95 | 128 |
| | 2,854 | 2,738 | 3,849 |
| **Total comprehensive income attributable to:** | | | |
| Owners of the parent | 2,580 | 2,278 | 3,426 |
| Non-controlling interests | (14) | 95 | 128 |
| | 2,566 | 2,373 | 3,554 |
| **Earnings per share** (dollars) | | | |
| Basic and Diluted (dollars per share) | 0.0325 | 0.0299 | 0.0421 |
| **Weighted average number of shares outstanding** | | | |
| Basic and Diluted | 88,332,198 | 88,494,239 | 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 nine month period ended September 30, 2023 (Unaudited):**

| | Attributable to owners of the parent | | | | |
|---|---|---|---|---|---|
| | **Share capital** | **Additional paid-in capital** | **Translation differences** | **Retained earnings** | **Total attributal to owners the pare** |
| | | | | **U.S. $ in thousands** | |
| **Balance at January 1, 2023** | 209 | 23,078 | (250) | 3,775 | 26,812 |
| **Changes during the nine month period ended September 30, 2023:** | | | | | |
| **Comprehensive income** | | | | | |
| Profit for the period | - | - | - | 2,868 | 2,868 |
| **Other comprehensive income** | | | | | |
| Translation differences | - | - | (288) | - | (288) |
| **Total comprehensive income for the period** | - | - | (288) | 2,868 | 2,580 |
| Acquisition and disposal of treasury shares | * | (27) | - | - | (27) |
| Dividend | - | - | - | (2,656) | (2,656 |
| Acquisition of a non-controlling interest in subsidiary | - | - | - | - | - |
| **Balance at September 30, 2023** | 209 | 23,051 | (538) | 3,987 | 26,709 |

(*) Less than US$ 1 thousand

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

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

**For the nine month period ended September 30, 2022 (Unaudited):**

| | Attributable to owners of the parent | | | | |
|---|---|---|---|---|---|
| | Share capital | Additional paid-in capital | Translation differences | Retained earnings | Total attributabl to owners the pare |
| | | | | U.S. $ in thousands | |
| **Balance at January 1, 2022** | 209 | 23,126 | 172 | 2,406 | 25,913 |
| **Changes during the nine-month period ended September 30, 2022:** | | | | | |
| **Comprehensive income** | | | | | |
| Profit for the period | - | - | - | 2,643 | 2,643 |
| **Other comprehensive income** | | | | | |
| Translation differences | - | - | (365) | - | (365) |
| **Total comprehensive income for the period** | - | - | (365) | 2,643 | 2,278 |
| Acquisition and disposal of treasury shares | - | (87) | - | - | (87) |
| Dividend | - | - | - | (2,479) | (2,479) |
| **Balance at September 30, 2022** | 209 | 23,039 | (193) | 2,570 | 25,625 |

**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 pa | | | |
|---|---|---|---|---|
| | Share capital | Additional paid-in capital | Translation differences | Retaine earnin |
| | | | | U.S. $ in tho |
| **Balance as at January 1, 2022** | 209 | 23,126 | 172 | 2,406 |
| **Changes during 2022:** | | | | |
| **Comprehensive income** | | | | |
| Profit for the year | - | - | - | 3,721 |
| **Other comprehensive income** | | | | |
| Re measurements on defined benefit plans | - | - | - | 127 |
| Translation differences | - | - | (422) | - |

| | | | | |
|---|---|---|---|---|
| **Total comprehensive income (loss) for the year** | **-** | **-** | (422) | 3,848 |
| Dividend | **-** | - | - | (2,479) |
| Acquisition and disposal of treasury shares | - | (48) | - | - |
| **Balance as at December 31, 2022** | 209 | 23,078 | (250) | 3,775 |

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

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

| | 30.09.2023 | 30.09.2022 | 31.12.2022 |
|---|---|---|---|
| | U.S. $ in thousands | | |
| | Unaudited | | |
| **ASSETS** | | | |
| **CURRENT ASSETS:** | | | |
| Cash and cash equivalents | 6,655 | 5,280 | 8,279 |
| Trade and other receivables | 11,697 | 13,798 | 11,035 |
| Unbilled revenue | 4,407 | 2,760 | 2,204 |
| Current tax receivables | 409 | 444 | 549 |
| Inventories | 7,365 | 6,745 | 7,757 |
| | 30,533 | 29,027 | 29,824 |
| **NON-CURRENT ASSETS:** | | | |
| Long term prepaid expenses | 39 | 40 | 39 |
| Property, plant and equipment | 4,987 | 5,801 | 5,573 |
| Deferred tax assets | 1,072 | 1,113 | 1,163 |
| Intangible assets | 3,739 | 3,928 | 3,858 |
| | 9,837 | 10,882 | 10,633 |
| **Total assets** | 40,370 | 39,909 | 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**

| 30.09.2023 | 30.09.2022 | 31.12.2022 |
|---|---|---|
| U.S. $ In thousands | | |

| | Unaudited | | |
|---|---|---|---|
| **LIABILITIES AND EQUITY** | | | |
| **CURRENT LIABILITIES:** | | | |
| Current maturities and short term bank credit and loans | 198 | 17 | 43 |
| Trade payables | 5,684 | 6,080 | 5,739 |
| Other accounts payable | 3,817 | 3,827 | 3,627 |
| Current tax payables | 422 | 439 | 425 |
| | 10,121 | 10,363 | 9,834 |
| **NON- CURRENT LIABILITIES:** | | | |
| Liability to purchase shares of subsidiary | 1,432 | 1,432 | 1,432 |
| Lease liabilities | 150 | 401 | 303 |
| Loans from banks, net of current maturities | 52 | 37 | 98 |
| Employee benefits, net | 739 | 858 | 752 |
| | 2,373 | 2,728 | 2,585 |
| **Total liabilities** | 12,494 | 13,091 | 12,419 |
| **EQUITY** | | | |
| **Equity attributable to owners of the parent** | | | |
| Share capital | 209 | 209 | 209 |
| Additional paid-in capital | 23,051 | 23,039 | 23,078 |
| Translation differences | (538) | (193) | (250) |
| Retained earnings | 3,987 | 2,570 | 3,775 |
| | 26,709 | 25,625 | 26,812 |
| Non-controlling interest | 1,167 | 1,193 | 1,226 |
| **Total equity** | 27,876 | 26,818 | 28,038 |
| **Total equity and liabilities** | 40,370 | 39,909 | 40,457 |

| November 19, 2023 | | | |
|---|---|---|---|
| Date of approval of financial statements | Moshe Borovitz<br>Chief Executive Officer | Elhanan Zeira<br>Controller | Zvi Borovitz<br>Non-executive Chairman of the Board |

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

## INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Nine month period ended September 30, | | Year ended December 31, |
|---|---|---|---|
| | **2023** | **2022** | **2022** |
| | **U.S. $ in thousands** | | |
| | **Unaudited** | | |
| **Cash Flows from Operating Activities:** | | | |
| Profit for the period | 2,854 | 2,378 | 3,849 |

| | | | |
|---|---|---|---|
| Adjustments for: | | | |
| Depreciation and amortization | 956 | 1,090 | 1,466 |
| Loss (Gain) from sale of property, plant and equipment | (6) | - | (1) |
| Finance (income) expenses, net | (86) | (95) | (82) |
| Tax expenses | 569 | 505 | 468 |
| Changes in operating assets and liabilities: | | | |
| Decrease (increase) in inventories | 258 | (35) | (951) |
| Decrease (increase) in trade receivables | (830) | (2,607) | (63) |
| Decrease (increase) in other accounts receivables | (191) | (440) | (1,134) |
| Decrease (increase) in unbilled revenues | (2,129) | 34 | 590 |
| Increase (decrease) in trade and other accounts payables | 517 | 172 | 572 |
| Increase (decrease) in employee benefits, net | (13) | (114) | (93) |
| **Cash from operations** | 1,899 | 1,248 | 4,621 |
| Interest received | 46 | - | - |
| Interest paid | (23) | (41) | (52) |
| Income tax paid | (344) | (848) | (978) |
| **Net cash provided by operating activities** | 1,578 | 359 | 3,591 |

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

**INTERIM CONSOLIDATED STATEMENTS OF**
**CASH FLOWS (cont.)**

| | Nine month period ended September 30, | | Year ended 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 | (229) | (421) | (552) |
| **Net cash used in investing activities** | (190) | (4,633) | (4,749) |
| **Cash Flows From Financing Activities:** | | | |

| | | | |
|---|---|---|---|
| Dividend | (2,656) | (2,479) | (2,479) |
| Payments of lease liabilities | (328) | (429) | (560) |
| Treasury shares acquired | (362) | (87) | (118) |
| Short-term loans and credit line received from banks | 136 | 34 | - |
| Treasury shares sold | 335 | - | 70 |
| Acquisition of the non-controlling interest in subsidiary | (45) | - | - |
| Repayment of long-term loans from banks | (10) | (7) | 118 |
| **Net cash used in financing activities** | (2,930) | (2,968) | (2,969) |
| **(Decrease)/Increase in cash and cash equivalents during the period** | (1,542) | (7,242) | (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** | (82) | (45) | (161) |
| **Cash and cash equivalents at the end of the period** | 6,655 | 5,280 | 8,279 |

**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 September 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.

**NOTE 3 - REVENUES:**

| | Nine month period ended September 30, | | Year ended December 31, |
|---|---|---|---|
| | 2023 | 2022 | 2022 |
| | U.S. $ in thousands | | |
| | Unaudited | | |
| **Revenues arise from:** | | | |
| Sale of goods* | 23,630 | 26,573 | 34,618 |
| Rendering of services** | 5,189 | 5,603 | 8,334 |
| Projects** | 4,905 | 2,607 | 3,318 |
| | 33,724 | 34,783 | 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 nine month period ended September 30, 2023 and 2022 respectively and for the year ended December 31, 2022.

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

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

**September 30, 2023 (Unaudited):**

| | Antennas | Water Solutions | Distribution & Consultation Services | Adjustment & Elimination | Total |
|---|---|---|---|---|---|
| | | | U.S. $ in thousands | | |
| *Segment assets* | 15,136 | 11,263 | 11,532 | - | 37,931 |
| *Unallocated assets* | | | | | 2,439 |
| *Segment liabilities* | 3,834 | 3,707 | 4,460 | - | 12,001 |
| *Unallocated liabilities* | | | | | 493 |

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

**Nine month period ended September 30, 2022 (Unaudited):**

| | Antennas | Water Solutions | Distribution & Consultation Services | Adjustment & Elimination | Total |
|---|---|---|---|---|---|
| | | | U.S. $ in thousands | | |
| *Revenues* | | | | | |
| External | 8,627 | 13,743 | 12,413 | - | 34,783 |
| Internal | - | - | 252 | (252) | - |
| Total | 8,627 | 13,743 | 12,665 | (252) | 34,783 |
| Segment profit | 254 | 1,282 | 1,814 | 135 | 3,485 |
| Finance expense, net | | | | | 242 |
| Tax expenses | | | | | 505 |
| Profit | | | | | 2,738 |

**September 30, 2022 (Unaudited):**

| | Antennas | Water Solutions | Distribution & Consultation Services | Adjustment & Elimination | Total |
|---|---|---|---|---|---|
| | | | U.S. $ in thousands | | |
| *Segment assets* | 14,923 | 11,805 | 10,650 | - | 37,378 |
| *Unallocated assets* | | | | | 2,531 |
| *Segment liabilities* | 3,070 | 4,316 | 4,762 | - | 12,147 |
| *Unallocated liabilities* | | | | | 944 |

**Year ended December 31, 2022**

| | Antennas | Water Solutions | Distribution & Consultation | Adjustment & Elimination | Total |
|---|---|---|---|---|---|
| | | | U.S. $ in thousands | | |
| *Revenues* | | | | | |
| 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* | 337 | 1,838 | 2,321 | 96 | 4,592 |
| Finance expense, net | | | | | 275 |
| Tax expenses | | | | | 468 |

| | |
|---|---|
| Profit | 3,849 |

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

**December 31, 2022:**

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

**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 September 2023 and as at 19 November 2023, 200,000 and 350,000 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.

D. On 11 July, 2023 the Company acquired minority holdings in Ginat for an insignificant amount and now holds 100% of the company.

E. 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.

**NOTE 6 - SUBSEQUENT EVENTS:**

A. On 7 October, 2023 Israel was attacked by the Hamas terror organization leading to war. The war has led to a slowdown in the Israeli economy and if war continues for a prolonged period then it may begin to impact the Company. The wide usage of military reserve personnel, adverse foreign currency exchange rates and restrictions on access to certain areas in Israel are risks which may affect the Company from a prolonged period of war. As of the date of this report, and to the best of the Company's knowledge, the war has not had a significant effect on it. The Company continues to review the effects of the war on its trading as it believes that if the war continues for a long period of time then the overall Israeli economy will be effected, and factors including the lack of available manpower, interest rates and foreign currency exchange rates may have an impact on its trading.

B. On 19 November, 2023 the remuneration committee and the board of directors approved an option plan for the Company's shares ("Option Plan").
The Option Plan includes the authority to issue 2,000,000 options (2.2% of the Company's issued share capital on 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 this announcement and 17% above the average share price in the last 30 days.
2. The vesting of the options will be 50% after two years, 25% after three years and 25% after four years with expiration after six years from issuance.
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.

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