RNS Number : 8307A
MTI Wireless Edge Limited
17 March 2025

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# MTI Wireless Edge Ltd

("MTI" or the "Group")

# Final Results

***Record Order Backlog and Expected Defence Spending Increases Underpin Strong Outlook***

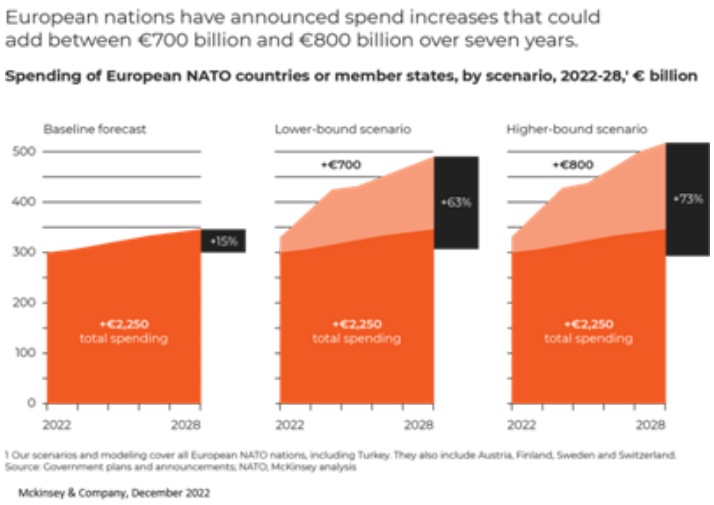
MTI Wireless Edge Ltd (AIM: MWE), the technology group focused on comprehensive communication and radio frequency solutions across multiple sectors, is pleased to announce its audited results for the year ended 31 December 2024.

**Moni Borovitz, Chief Executive Officer of MTI Wireless Edge, said:**"We are proud of these results which show good progress during a period of extremely difficult conditions in Israel. The business again proved its resilience, operating largely as normal and our target end-markets remain buoyant. In particular, the increase in defence budgets worldwide and the opening of the Indian market for E-Band 5G backhaul present substantial opportunities for us over the medium term.

Fundamentally, our core business remains strong, with three well established and well-led divisions focused on three substantial growth markets, all of which leverage the Group's core expertise in radio frequency communications technology.

Looking ahead, the business is in an excellent financial position with net cash of US$6m at the year end, even after investing approximately US$1.3m in our own shares under the buyback programme. Furthermore, we believe we are well placed for 2025, given the size of our record order backlog which stands at over US$25m and the anticipated global increase in defence spending."

**Forecasted European Defence Spending**




**Financial Highlights**

- Revenues held up well at US$45.6m (2023: US$45.6m) in a very challenging environment
- Profit from operations decreased 3% to US$4.51m (2023: US$4.65m)
- Profit before tax similar to last year at US$4.81m (2023: US$4.84m)
- Net Profit increased 3% to US$4.2m (2023: US$4.1m)
- Earnings per share increased by 9% to 4.99 US cents (2023: 4.58 US cents)
- Net cash of US$6.0m at 31 December 2024 (31 December 2023: US$8.1m) following purchase of 2.3m shares in the Company under the buyback programme
- Increased final dividend by 6% to 3.3 US cents per share (2023: 3.1 US cents per share)

**Divisional Highlights**

- Antennas - an excellent year for this division with 16% revenue growth in 2024 and the prospect of increasing revenues in 2025. Sales of 5G backhaul solutions and the ABS® antenna solution doubled in 2024 while revenue from military antennas increased due to demand from both local and international markets, leading to a 56% rise in the division's operating profits.
- Water management - revenue reduced by 2% due to slower activity in some international markets, however, increased revenue from higher margin services together with the impact of price increases led to a 16% rise in the division's operating profit. Water scarcity continues to be a critical issue, driving demand for Mottech's expanding product range, from both existing clients and new customers in new markets.
- Distribution - revenue was 11% lower compared to 2023. Primarily due to a weak performance by PSK which led to a significant reduction in the division's operating profits. However, this division, including PSK, began 2025 with a very healthy order backlog and a long pipeline of opportunities driven by Governments seeking to increase their investment in defence. The issues with PSK are being resolved, making the prospects for this division quite promising.

**Shareholder presentation**

Moni Borovitz, Chief Executive Officer, will provide an investor presentation relating to the Company's financial results for the year ended 31 December 2024 via the Investor Meet Company ("IMC") platform on 19 March 2025 at 13:30 GMT.

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

Investors who have already registered on IMC and added to meet the Company, will be automatically invited to the meeting.

**Annual Report**

Shareholders should note that the Company will not post hard copies of its audited annual report and accounts for the year ended 31 December 2024 (the "Annual Report") to its shareholders. Shareholders who require a hard copy of the Annual Report may write to the Company at MTI Wireless Edge Ltd Headquarters, 11 Hamelacha St. Afek Industrial Park, Rosh-Ha'Ayin, Israel requesting a hard copy. An electronic version of the Annual Report will shortly be available on the Company's website at the following address: *www.mtiwirelessedge.com*

**For further information please contact:**


| | |
|---|---|
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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.

**Chairman's statement**

2024 was a challenging year, given the ongoing conflict and unsettled markets but despite this, the business performed resiliently and finished the period in a strong position. We secured a number of new contracts throughout the year with both new and existing customers and as a result we have a larger backlog of orders than we have ever had before.

Furthermore, demand across our three core markets remains high and is expected to grow. The defence sector is showing very positive momentum, and when coupled with the global adoption of 5G and the continuing need for water management solutions, this creates a solid foundation for future demand for the Group's services.

**Trading overview**

Unsurprisingly, the dominant market driver in 2024 was defence spending and this is likely to be true in 2025 too. The defence market, which was already expanding, is now poised for even greater growth due to actions taken by the new US government. In response, European governments have unveiled plans for significantly increased 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 order backlog and pipeline the Board is pleased to declare a final dividend of US$0.033 per share representing a 6% increase on the previous year (2024: US$0.031). The dividend will be paid on 11 April 2025 to shareholders on the register at the close of trading on 28 March 2025 (ex-dividend on 27 March 2025). The currency translation into British Pounds will be made on 2 April 2025 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 2026, reflecting our strong confidence in the business' prospects.

**People**

The MTI teams worldwide performed exceptionally well throughout the year, maintaining high operational performance levels and delivering margin progression in the the antenna division and Mottech. 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 year 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 acquisitions when the opportunities arise, whilst always remaining focused on radio frequency communications which lies at the heart of our success.

2025 has undoubtedly started well for the Company with an increased backlog and pipeline of opportunities across all of our three divisions. We are therefore looking forward to delivering a year of growth and increased returns for our shareholders.

**Zvi Borovitz**
**Chairman**

**Chief Executive's review**

**Introduction**

2024 was a challenging, yet successful year for the Company. Despite the conflict, the Company continued to operate smoothly, achieving many of its commercial targets. As a result, the business maintained revenue levels and achieved an increase in net profits. Mottech and the Antenna division both contributed strongly to the profitability of the business, while the Distribution division was held back by a weak performance from PSK. The issues at PSK are being resolved which once completed, together with the record Group order backlog, will put the Company in a prime position for a good year in 2025.

**Financial results**

Revenues for the twelve months to 31 December 2024 were maintained at US$45.6m (2023: US$45.6m) with the key 5G backhaul and military markets driving growth in the Antenna division, offsetting the decline in revenues from PSK.

Gross margin was 1% below last year reflecting the mix of products sold in different markets and the costs incurred in PSK. Gross margin in both the antenna division and Mottech improved in 2024 demonstrating the scalability of our business.

Operating profit in 2024, was 3% lower at US$4.51m (2023: US$4.65m), as a result of the losses in PSK while both the Antenna division and Mottech showed significant increases in operating profits.

Profit before tax was US$4.8m (2023: US$4.8m) reflecting the strength of our balance sheet's financial income gained from deposits as well as a result of writing off part of the contingent liability relating to the potential deferred consideration for the PSK acquisition which was based on PSK's 2024 target results which were not achieved.

Net Profit to shareholders increased 8% led by lower tax rates and helped by the share repurchase programme, while earnings per share grew 9% to US4.99 cents (2023: US4.58 cents).

Cash flow generated from operations for 2024 was US$3.1m, similar to 2023 (US$3.6m) reflecting some minor delays in collections, which moved into January 2025, and was generally in line with our business model to convert the majority of operating profits into operating cash flow. This resulted in a net cash balance of approximately US$6m (31 December 2023: US$8.1m), following the spending of US$1.3m to purchase the Company's shares under the Share Repurchase Programme.

The Board has 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 2026.

**Operational review**

Over the last 54 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 providing 5G backhaul antenna solutions to support mobile phone operators as they roll-out their 5G networks.

In 2024, revenues from this division increased by 16%, which is considered a good result, reflecting a sharp increase in demand for 5G backhaul antenna solutions and increases in military antennas, combined with a moderate decrease in legacy antennas for fixed wireless access and slower Radio Frequency Identification (RFID) sales. Overall, this combined to produce a 56% rise in divisional operating profit.

E-Band 5G backhaul antenna sales doubled in 2024 compared to 2023 as a result of better installation rates in key markets, which bodes well for future sales of our 5G solutions.

Our investment in expanding our physical presence in India is paying off, serving as a key driver of 5G sales. 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.

Military antenna sales increased moderately in 2024 following a significant increase in 2023, reflecting very high enquiry levels and a significant rise in global military spending. Demand came from multiple

international and local projects, including sales to defence companies in Europe. In many cases MTI's solutions are sold globally via Israeli defence companies exporting larger-scale solutions. Moreover, in 2024 there was a growing trend amongst Israel's defence companies to outsource military antenna manufacturing - creating new revenue opportunities for MTI, the benefit of which will come through in future years.

The conflicts in the Middle East have triggered a need to restock antennas used during these conflicts, and a requirement to maintain higher stock levels, which will change the overall volume of antennas needed.

Critically, the E-Band 5G backhaul antenna and military antenna segments together accounted for 70% of our antenna revenues in 2024, 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, whilst providing higher revenue from accurate irrigation, leading to an increased number and improved quality of crops being cultivated.

Mottech had another good year, although revenue declined by 2% primarily due to some projects and orders in Europe being delayed, together with some planned installations being slow to occur in Israel due to the conflict. Nevertheless, the increased revenue from higher margin services, and new pricing initiated in 2023 helped improve profit margins, resulting in operating profit improving by 16%. Recurring revenues continued to improve and represented over 25% of the division's income in 2024.

Mottech always 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. Despite the conflict, the division continued to secure new mandates, including for comprehensive encrypted fountain management solutions, such as winning the contract to manage Jerusalem's fountains in 2024. Implementation of this solution began last year with further installations to be completed in 2025.

Mottech also introduced new hardware solutions, increasing its offering to existing, new and potential customers. These solutions, including the Elite controller, are also aimed at opening fresh market opportunities which we anticipate will become part of future growth drivers.

Droughts fuelled by human destruction of the environment are projected to affect 3 in 4 people by 2050, highlighting how investing in sustainable land and water management is essential to mitigate the issue, which currently incurs over US$307billion per year in global costs, according to a new report launched at the Conference of the Parties of the United Nations Convention to Combat Desertification (UNCCD)*.

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 or a city up to 30% in water usage, while helping the farmer to grow more crops at a better level of quality.

**UN economics of drought - December 2024*

*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.

2024 was a mixed year for MTI Summit, after nine years of delivering uninterrupted growth, revenues were lower by 11% compared to 2023 mainly due to a weak performance by PSK.

During the second half of 2024, changes were implemented at PSK to seek to avoid such losses being repeated. A larger part of PSK's work is now subcontracted, rather than performed in-house, providing more flexibility when project levels are lower. Given the existing order backlog and robust pipeline of opportunities for both PSK and MTI Summit, the Company believes in the division's prospects.

For MTI Summit and PSK, the increased defence spending by governments globally creates a very positive market environment in which to operate. A key factor behind the order backlog for 2025 as well as the future pipeline of opportunities, is the mix of direct domestic demand and international demand via Israeli defence companies.

**Outlook**

Global conflicts have led to a significant increase in defence budgets which began impacting MTI's results in 2023 and continued into 2024 with over 40% of the Group's sales now being defence related. We expect this trend to continue in the medium term, supported by the current high backlog of orders, and a significant pipeline of opportunities.

Overall, MTI is well positioned across all three divisions, each benefitting from strong macro trends underpinning future prosperity. The first two months of 2025 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**

**M.T.I Wireless Edge Ltd.**
**Consolidated Statements of Comprehensive Income**

| | | For the year ended December 31, | |
|---|---|---|---|
| | | 2024 | 2023 |
| | Note | $'000 | $'000 |
| Revenues | 4, 6 | 45,573 | 45,634 |
| Cost of sales | | 31,370 | 30,963 |
| **Gross profit** | | 14,203 | 14,671 |
| Research and development expenses | | 1,016 | 1,047 |
| Distribution expenses | | 3,413 | 3,709 |
| General and administrative expenses | | 5,321 | 5,278 |

| | | | |
|---|---|---|---|
| Profit from sale of property, plant and equipment | | 59 | 13 |
| **Profit from operations** | 5 | 4,512 | 4,650 |
| Finance expense | 7 | 282 | 342 |
| Finance income | 7 | (582) | (527) |
| **Profit before income tax** | | 4,812 | 4,835 |
| Taxexpenses | 8 | 619 | 759 |
| **Profit** | | 4,193 | 4,076 |
| Other comprehensive income(loss**)**net of tax: | | | |
| *Items that will not be reclassified to profit or loss:* | | | |
| Remeasurements on defined benefit plans | | 16 | 62 |
| *Items that may be reclassified to profit or loss:* | | | |
| Adjustment arising from translation of financial statements of foreign operations | | (149) | (216) |
| Total other comprehensive(loss**)** | | (133) | (154) |
| **Total comprehensive income** | | 4,060 | 3,922 |
| **Profitattributable to:** | | | |
| Owners of the parent | | 4,364 | 4,045 |
| Non-controlling interest | | (171) | 31 |
| | | 4,193 | 4,076 |
| **Total comprehensive income attributable to:** | | | |
| Owners of the parent | | 4,231 | 3,891 |
| Non-controlling interest | | (171) | 31 |
| | | 4,060 | 3,922 |
| **Earnings per share** | | | |
| Basic and diluted (dollars per share) | 9 | 0.0499 | 0.0458 |

**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, 2024 :**

| | Attributable to owners of the parent | | | |
|---|---|---|---|---|
| | **Share capital** | **Additional paid-in capital** | **Translation differences** | **Retained earnings** |
| | | | | U.S. $ in thousand |
| **Balance as at January 1, 2024** | 209 | 23,061 | (466) | 5,226 |
| **Changes during 2024:** | | | | |
| **Comprehensive income** | | | | |

| | | | | |
|---|---|---|---|---|
| Profit for the year | - | - | - | 4,364 |
| **Other comprehensive income (loss)** | | | | |
| Re measurements on defined benefit plans | - | - | - | 16 |
| Translationdifferences | - | - | (149) | - |
| **Total comprehensive income(loss)for the year** | **-** | **-** | (149) | 4,380 |
| Dividend | **-** | - | - | (2,745) |
| Share based payment | - | 106 | - | - |
| Acquisition and disposal, net of treasury shares (note 23) | - | (1,165) | - | - |
| **Balance as at December 31,2024** | 209 | 22,022 | (615) | 6,861 |

**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, 2023 :**

| | Attributable to owners of the parent | | | |
|---|---|---|---|---|
| | **Share capital** | **Additional paid-in capital** | **Translation differences** | **Retained earnings** |
| | | | | U.S. $ in thousand |
| **Balance as at January 1, 2023** | 209 | 23,078 | (250) | 3,775 |
| **Changes during 2023:** | | | | |
| **Comprehensive income** | | | | |
| Profit for the year | - | - | - | 4,045 |
| **Other comprehensive income (loss)** | | | | |
| Re measurements on defined benefit plans | - | - | - | 62 |
| Translationdifferences | - | - | (216) | - |
| **Total comprehensive income(loss)for the year** | **-** | **-** | **(**216**)** | 4,107 |
| Dividend | **-** | - | - | (2,656) |
| Acquisition of minority holdings in subsidiary | - | - | - | - |
| Acquisition and disposal, net of treasury shares (note 23) | - | (17) | - | - |
| **Balance as at December 31,2023** | 209 | 23,061 | (466) | 5,226 |

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

**Consolidated Statements of Financial Position**

| | Note | As at December 31, 2024 $'000 | 2024 $'000 | As at December 31, 2023 $'000 | 2023 $'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets :** | | | | | |
| Property, plant and equipment | 11 | 5,584 | | 5,398 | |
| Customer relations | 12 | 1,280 | | 1,439 | |
| Goodwill | 12 | 2,068 | | 2,068 | |
| Deferred tax assets | 13 | 1,187 | | 968 | |
| Long-term prepaid expenses | | 34 | | 37 | |
| **Total non-current assets** | | | 10,153 | | 9,910 |
| **Current assets:** | | | | | |
| Inventories | 14 | 8,168 | | 7,484 | |
| Currenttaxreceivables | | 297 | | 381 | |
| Unbilled revenue | 15 | 3,200 | | 4,190 | |
| Trade and other receivables | 15 | 16,726 | | 14,284 | |
| Cash and cash equivalents | 16 | 6,269 | | 8,454 | |
| **Total current assets** | | | 34,660 | | 34,793 |
| **TOTAL ASSETS** | | | 44,813 | | 44,703 |
| **LIABILITIES** | | | | | |
| **Non-curentliabilities :** | | | | | |
| Contingent consideration and Put option liability | 3 | 837 | | 1,117 | |
| Lease liabilities, net of current maturities | 11 | 601 | | 514 | |
| Loans from banks, net of current maturities | 17 | 37 | | 64 | |
| Employee benefits, net | 18 | 770 | | 719 | |
| **Totalnon-currentliabilities** | | | 2,245 | | 2,414 |
| **Current Liabilities:** | | | | | |
| Currenttaxpayables | | 255 | | 283 | |
| Trade and other payables | 19 | 12,531 | | 12,440 | |
| Current maturities and short-term bank credit | 20 | 274 | | 314 | |
| **Total current liabilities** | | | 13,060 | | 13,037 |
| **Total liabilities** | | | 15,305 | | 15,451 |
| **TOTAL NET ASSETS** | | | 29,508 | | 29,252 |

**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, 2024 $'000 | 2024 $'000 | As at December 31, 2023 $'000 | 2023 $'000 |
|---|---|---|---|---|---|
| **Capital and reserves attributable to owners of the parent** | 23 | | | | |
| Share capital | | 209 | | 209 | |

| | | | | |
|---|---|---|---|---|
| Additional paid-in capital | 22,002 | | 23,061 | |
| Translation differences | (615) | | (466) | |
| Retained earnings | 6,861 | | 5,226 | |
| | | 28,457 | | 28,030 |
| **Non-controlling interests** | | 1,051 | | 1,222 |
| **TOTAL EQUITY** | | 29,508 | | 29,252 |

The financial statements onpages 4 to40were approved by the Board of Directors and authorised for issue onMarch 16,2025, and were signed on its behalf by:

| | | | |
|---|---|---|---|
| March 16,2025 | | | |
| Date of approval of financial statements | Moshe Borovitz Chief Executive Officer | Elhanan Zeira Controller | Zvi Borovitz Chairman of the Board |

**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, | |
|---|---|---|---|---|
| | **2024** | **2024** | **2023** | **2023** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Operating Activities:** | | | | |
| Profitfor the year | 4,193 | | 4,076 | |
| Adjustments for: | | | | |
| Depreciation and amortization | 1,370 | | 1,511 | |
| Equity settled share-based payment expense | 106 | | - | |
| Loss (Gain) on disposal of property, plant and equipment | (26) | | (13) | |
| Changes in Contingent consideration and Put option liability | (280) | | (315) | |
| Finance Income, net | (180) | | (5) | |
| Income tax expense | 619 | | 759 | |
| | | 5,802 | | 6,013 |
| **Changes in working capital and provisions** | | | | |

| | | | | |
|---|---|---|---|---|
| Decrease (increase) in inventories | (749) | | 158 | |
| (Increase) in trade receivables | (2,171) | | (2,477) | |
| (Increase) decrease in unbilled revenues | 990 | | (1,986) | |
| (Increase) in other accounts receivables | (319) | | (897) | |
| Increase in trade and other accounts payables | 192 | | 3,228 | |
| Increase (Decrease) in employee benefits, net | 67 | | 29 | |
| | | (1,990) | | (1,945) |
| Interest received | 109 | | 69 | |
| Interest paid | (79) | | (59) | |
| Income taxpaid | (780) | | (540) | |
| | | (750) | | (530) |
| **Net cash provided by operating activities** | | 3,062 | | 3,538 |

**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 ye Decemb** |
|---|---|
| | **2024** |
| | **$'000** |
| **Investing Activities:** | |
| Proceeds from sale of property, plant and equipment | 56 |
| Purchase of property, plant and equipment | (891) |
| **Net cash used in investing activities** | |
| **Financing Activities:** | |
| Dividend | (2,745) |
| Payments of lease liabilities | (364) |
| Treasury shares acquired | (1,165) |
| Treasury shares sold | - |
| Acquisition of the non-controlling interest in subsidiary | - |
| Repayment of long-term loans from banks | (101) |
| Receipt of loans from banks | 14 |
| **Net cashused infinancing activities** | |
| **Increase (Decrease) in cash and cash equivalents** | |
| **Cash and cash equivalents at the beginning of the year** | |

Exchange differences on balances of cash and cash equivalents

**Cash and cash equivalents at the end of the year**

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

**M.T.I Wireless Edge Ltd.**
**Notes forming part of the consolidated financial statements for the year ended December 31, 2024**

## 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, unless otherwise stated.

*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 estimatesusedbytheGroup 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 theestimatedtiming andthelevel 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 Contractsare recognized based on the percentage of completion to date. The percentage of completion is determinedusing 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. Revenuesfrom the sale of goods are recognizedat the point in time when control of the asset is transferred to the customer, generally upon delivery of the equipment.
   At the end of each reporting period, the Company updates its estimates of variable consideration.

*D. Functional currency andForeign 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 and subsequently recognized at costincluding directly attributable costs.Depreciation is calculated on a straight line basis, over the useful lives of the assets at annual rates as follows:

| | Rate of depreciation | Mainly % |
|---|---|---|
| Buildings | 3 - 4 % | 3.13 |
| Machineryand 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 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 aLong-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. Segment reporting*

Segment revenue and segment costs include items that are attributable to the relevant segments and items that can be allocated to segments. Items that cannot be allocated to segments include the Group's financial income and expenses and income tax.

*I. Accounting standards issued but not yet effective*

A new accounting standard is effective for annual reporting periods beginning after 1 January 2024 and earlier application is permitted. However, the Group has not early adopted the following new or amended accounting standards in preparing these consolidated financial statements.

*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. 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.

**2. Accounting policies (Cont.)**

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 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, viaits 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 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$1,400thousands. 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.

*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 outmechanismdependent 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.

*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.

**3.Acquisition of subsidiary (Cont.):**

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 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:

a. On 1 January 2024, MTI Summit granted a new loan to PSK (the "New Loan") totallingNIS 2,260,000 (approximately US$625,000), replacing the Original Loan. This New Loanbears interest equal to the interest that PSK pays for short term credit in the bank minus 2% (currently the interest of the New Loan is 6.9% per annum). The obligations on PSK to secure the repayment of the New Loan remain unchanged compared to the Original Loan.

b. The Company will provide PSK with guaranties in order for PSK to receive bank guaranties in favour of customers, related to projects performed by PSK, with the costs of such guarantees to be borne by PSK.

c. 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.

TheCompany revalued theContingent consideration and the Put option liabilities of PSK, as stated in the balance sheet on 31 December 2023, resulting infinancialincome of USD 315thousand.On 31 December 2024 the contingent liability expired (but not the put option) without any payments from the Group, as the revenue level in 2024 was below the lower limit,resulting infinancialincome ofUSD 280thousand.

**4. Revenues**

| | For the year ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| **Revenues arises from:** | **$'000** | **$'000** |
| Sale of goods * | 32,827 | 32,525 |
| Rendering of services ** | 8,075 | 7,178 |
| Projects ** | 4,671 | 5,931 |
| | 45,573 | 45,634 |

(*) at a point in time

(**) over time

## 5. Profit from operations

| | For the year ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| This has been arrived at after charging**:** | **$'000** | **$'000** |
| Material and subcontractors | 21,807 | 21,993 |
| Wages and salaries | 13,709 | 13,498 |
| Plant, Machinery and Usage | 1,827 | 1,557 |
| Depreciation and amortization | 1,476 | 1,511 |
| Travel and Exhibition | 342 | 336 |
| Advertising and Commissions | 656 | 710 |
| Consultants | 637 | 505 |
| Others | 607 | 874 |
| | 41,060 | 40,984 |

## 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 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, 2024**

| | Antennas | Water Solutions | Distribution & Consultation | Eliminations | Total |
|---|---|---|---|---|---|
| | U.S. $ in thousands | | | | |
| *Revenues* | | | | | |
| External | 14,136 | 16,888 | 14,549 | - | 45,573 |
| Inter-segment | - | - | 296 | (296) | - |
| *Total* | 14,136 | 16,888 | 14,845 | (296) | 45,573 |
| *Segment profit* | 1,311 | 2,307 | 471 | 423 | 4,512 |
| Financeincome,net | | | | | 300 |
| Profit before tax | | | | | 4,812 |

| | |
|---|---|
| Taxexpenses | 619 |
| Profit | 4,193 |

**6. Operating Segments (cont.)**

**December 31, 2024**

| | Antennas | Water Solutions | Distribution & Consultation | Eliminations | Total |
|---|---|---|---|---|---|
| | U.S. $ in thousands | | | | |
| *Segment assets* | 17,404 | 13,406 | 11,672 | - | 42,482 |
| *Unallocated assets* | | | | | 2,295 |
| *Segment liabilities* | 5,363 | 4,618 | 4,394 | - | 14,375 |
| *Unallocated liabilities* | | | | | 894 |

**Year ended December 31, 2023**

| | Antennas | Water Solutions | Distribution & Consultation | Eliminations | Total |
|---|---|---|---|---|---|
| | U.S. $ in thousands | | | | |
| *Revenues* | | | | | |
| External | 12,237 | 17,164 | 16,233 | - | 45,634 |
| Inter-segment | - | - | 344 | (344) | - |
| *Total* | 12,237 | 17,164 | 16,577 | (344) | 45,634 |
| *Segment profit* | 841 | 1,986 | 1,552 | 271 | 4,650 |
| Financeincome,net | | | | | 185 |
| Profit before tax | | | | | 4,835 |
| Taxexpenses | | | | | 759 |
| Profit | | | | | 4,076 |

**December 31, 2023**

| | Antennas | Water Solutions | Distribution & Consultation | Elimination | Total |
|---|---|---|---|---|---|
| | U.S. $ in thousands | | | | |
| *Segment assets* | 17,124 | 12,468 | 12,711 | - | 42,303 |
| *Unallocated assets* | | | | | 2,400 |
| *Segment liabilities* | 4,952 | 4,326 | 5,293 | - | 14,571 |
| *Unallocated liabilities* | | | | | 880 |

**6. Operating Segments (cont.)**

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

| | For the year ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| | $'000 | $'000 |
| Israel | 29,742 | 28,750 |
| America | 4,797 | 4,824 |
| Europe Middle East & Africa | 5,270 | 7,503 |
| Asia Pacific | 5,764 | 4,557 |

| | | |
|---|---|---|
| | 45,573 | 45,634 |

3. Additional information about revenues:
   There is one single customer from which revenues amount to 11.2% in 2024 (13.6% in 2023) 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, | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| *Finance expense* | | |
| Net Foreign exchange loss | - | - |
| Leases | 25 | 32 |
| Interest and bank fees | 257 | 315 |
| | 282 | 342 |
| *Finance income* | | |
| Net Foreign exchange profit | 111 | 35 |
| Change in contingent consideration and Put Option liability | 280 | 315 |
| Interest from bank deposits | 191 | 177 |
| | 582 | 527 |
| | (300) | (185) |

## 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%).

## 8. Taxexpenses (cont.)

The Group applied the Amendment effectively from the 2011 tax year.
On 15 November 2021 an amendment to theEncouragement Law was approved (the "2021 Amendment"). According to the 2021 Amendment companies that had retained earnings from exempt income earned before 31 December 2020 can distribute those earnings with a lower tax rate of 10% to the Company and withholding tax of 15% to the shareholders.

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 28% and the Company was in an exempt zone until end of March 2013and 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. One of the subsidiaries in India still enjoysa 50% tax exemption until end of March 2028.

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%.

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

A company incorporated in Australia - the statutory tax rate is 30%

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

A company incorporated in Canada - the statutory tax rate is25%.

**8. Taxexpenses (cont.)**

*C. Income tax assessments*

The Company has tax assessments considered as final up to and including the year 2018.

| | For the year ended December 31, | | | |
|---|---|---|---|---|
| | **2024** | **2024** | **2023** | **2023** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| *Current tax expense* | | | | |
| Income tax on profits for the year | 849 | | 768 | |
| Taxes in respect of previous years | (11) | | (204) | |
| | | 838 | | 564 |
| *Deferred tax expenses (income)*(see note 13) | | | | |
| Origination and reversal of temporary differences | (219) | | 195 | |
| | | (219) | | 195 |
| **Total tax expenses** | | 619 | | 759 |

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, | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| Profit before income tax | 4,813 | 4,835 |
| Tax using the Company's domestic tax rate of 16% | 770 | 773 |
| Non-deductible expenses | 77 | 53 |
| Taxes resulting from different tax rates applicable to foreign and other subsidiaries | (129) | 55 |
| Utilization of prior year's tax losses for which deferred taxes were not provided | (94) | (119) |
| Adjustments for current income tax of prior years | (11) | (204) |
| Other | 6 | 201 |
| Total income tax expense | 619 | 759 |

## 9. Earnings per share

Net earnings per share attributable to equity owners of the parent

| | For the year ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| | $'000 | $'000 |
| Net earnings used in basic and diluted EPS | 4,364 | 4,045 |
| Weighted average number of shares used in basic EPS | 87,371,990 | 88,283,490 |
| Weighted average number of shares used in diluted EPS | 87,460,876 | 88,283,490 |
| Basic and diluted net EPS(dollars) | 0.0499 | 0.0458 |

## 10. Dividends

| | For the year ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| | $'000 | $'000 |
| Dividend paid | 2,745 | 2,656 |

## 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, 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 | 5,433 | 7,218 | 781 | 2,755 | 1,454 | 2,568 | 20,209 |
| ***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 | 2111, |
| Disposals | - | - | - | (1) | (151) | - | (152) |
| Exchange differences | - | (8) | (4) | (1) | (17) | - | (30) |
| Balance as of December 31, 2024 | 2,880 | 5,984 | 700 | 2,659 | 757 | 1,645 | 14,625 |
| **Net book value as of December 31, 2024** | 2,553 | 1,234 | 81 | 96 | 696 | 923 | 5,584 |

**Lease liabilities**

| | Year ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| | $'000 | $'000 |
| Interest expense | 25 | 32 |
| Total cash outflow for leases | 389 | 517 |
| Additions to right-of-use assets | 548 | 643 |

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.

| *December 31, 2024* | Less than one year | 1 to 2 years | 2 to 3 years | 3 to 4 years | > 4 years | Total |
|---|---|---|---|---|---|---|
| | $'000 | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Lease liabilities** | 294 | 188 | 94 | 15 | 303 | 894 |

| *December 31, 2023* | **Less than one year** | **1 to 2 years** | **2 to 3 years** | **3 to 4 years** | **> 4 years** | **Total** |
|---|---|---|---|---|---|---|
| | | | **$'000** | | | |
| **Lease liabilities** | 366 | 132 | 57 | 11 | 314 | 880 |

**11. Property, plant and equipment (cont.)**

| | **Building** | **Machinery & equipment** | **Office furniture & equipment** | **Computer equipment** | **Vehicles** | **Right of use asset** | **Total** |
|---|---|---|---|---|---|---|---|
| | | | | **$'000** | | | |
| ***Cost:*** | | | | | | | |
| Balance as of January 1, 2023 | 5,316 | 6,763 | 752 | 2,547 | 1,324 | 1,936 | 18,638 |
| Acquisitions | 10 | 94 | 18 | 135 | 169 | 643 | 1,069 |
| Disposals | - | - | - | - | (125) | (559) | (684) |
| Exchange differences | (6) | (2) | (2) | (4) | (15) | - | (29) |
| Balance as of December 31, 2023 | 5,320 | 6,855 | 768 | 2,678 | 1,353 | 2,020 | 18,994 |
| ***Accumulated Depreciation:*** | | | | | | | |
| Balance as of January 1, 2023 | 2,644 | 5,645 | 652 | 2,375 | 606 | 1,143 | 13,065 |
| Additions | 120 | 147 | 26 | 144 | 193 | 530 | 1,160 |
| Disposals | - | - | - | - | (76) | (547) | (623) |
| Exchange differences | - | (2) | - | (2) | (2) | - | (6) |
| Balance as of December 31, 2023 | 2,764 | 5,790 | 678 | 2,517 | 721 | 1,126 | 13,596 |
| **Net book value as of December 31, 2023** | 2,556 | 1,065 | 90 | 161 | 632 | 894 | 5,398 |

**12. Intangible assets**

| | **Goodwill from business combination** | **Customer relations *** | **Total** |
|---|---|---|---|
| | | **$'000** | |
| ***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** | 0682, | 1,280 | 3,348 |
| ***Cost:*** | | | |
| Balance as of December 31, 2023 | 3,488 | 2,425 | 5,913 |
| ***Accumulated Amortization and impairments:*** | | | |
| Balance as of January 1, 2023 | 1,227 | 828 | 2,055 |
| Amortization and impairments charge | 193 | 158 | 351 |
| Balance as of December 31, 2023 | 1,420 | 986 | 2,406 |
| **Net book value as of December 31, 2023** | 2,068 | 1,439 | 3,507 |

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

**12. Intangible assets (cont.)**

In December 2023, the Group performed its annual impairment test of the cash generating unit (PSK)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 fair value less costs of disposal did not exceed the value in use. As a result of this analysis, management has recognized an impairment charge of USD 193 thousand in the current year against goodwill. This charge is included in general administrative expenses.

In December 2024, the Group performed its annual impairment test of the 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 fair value less costs of disposal exceed 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 taxrates that are expected to apply to the period when the asset is realised.

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

| | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| *AtJanuary1* | 968 | 1,163 |
| Chargedto profit or loss | 219 | (195) |
| *At December 31* | 1,187 | 968 |

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.

Composition:

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| | $'000 | $'000 |
| Accrued severance pay | 100 | 103 |
| Otherprovisions and employee-related obligations | 120 | 113 |
| Research and development expenses deductible over 3 years | 148 | 147 |
| Carry forward tax losses | 1,066 | 922 |
| Customer relations - arising from acquisition of P.S.K | (247) | (317) |
| | 1,187 | 968 |

Carry forward capital losses of the Group total approximately$1,031and$984thousand as of 31 December 2024 and 2023 respectively were not recognized for deferred tax assets in the financial statementsbecause their utilization in the foreseeable future is not probable.

**14. Inventories**

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| | $'000 | $'000 |
| Raw materials and consumables | 6,494 | 5,638 |
| Work-in-progress | 17 | 56 |
| Finished goods and goods for sale | 1,657 | 1,790 |
| | 8,168 | 7,484 |

**15. Trade receivables, other receivables and unbilled revenue**

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| | $'000 | $'000 |
| Trade receivables | 14,252 | 12,124 |
| Unbilled revenue - Projects | 3,200 | 4,190 |

| | | |
|---|---|---|
| Other receivables | 2,474 | 2,160 |
| | 19,926 | 18,474 |

**Trade receivables:**

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| | $'000 | $'000 |
| Trade receivables(*) | 14,125 | 11,858 |
| Notes receivable | 202 | 353 |
| Allowance forexpected credit losses | (75) | (87) |
| | 14,252 | 12,124 |

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

As at 31 December 2024 trade receivables of $1,790,000(2023 - $320,000) were past due but not impaired.
They relate to the customers with no default history.

**Unbilled revenue:**

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| | $'000 | $'000 |
| Actual completion costs | 4,517 | 4,610 |
| Revenue recognised | 3,740 | 1,954 |
| Billed revenue | (5,057) | (2,374) |
| Total Unbilled receivables- Projects | 3,200 | 4,190 |

**Other receivables:**

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| | $'000 | $'000 |
| Prepaid expenses | 1,646 | 1,056 |
| Advances to suppliers | 457 | 818 |
| Tax authorities - V.A.T | 55 | 106 |
| Employees | 316 | 180 |
| | 2,474 | 2,160 |

## 16. Cash and cash equivalents

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| | $'000 | $'000 |
| In U.S. dollars | 3,647 | 4,236 |
| In other currencies | 2,622 | 4,218 |
| | 6,269 | 8,454 |

## 17. Loans from banks

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| | $'000 | $'000 |
| NIS | 311 | 375 |
| South African Rand | - | 3 |
| Less - current maturities | (274) | (314) |
| | 37 | 64 |

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

Mottech South Africa had a loan agreementof approximatelyUS$ 30 thousandfor the purchase of cars for which was repaid in Q1 2024. The interest rate was linked to the South Africa prime lending rate.
During 2022 PSKentered into a loan agreementof approximatelyUS$ 133 thousandfor 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.

| *At December 31 2024* | **First year** | **Second year** | **Third year and thereafter** |
|---|---|---|---|
| | | **000'$** | |
| Long-term loan | 274 | 27 | 10 |

## 18. Employee benefits

### A. Composition:

| | As at December 31 | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| Present value of the obligations | 1,744 | 1,757 |
| Fair value of plan assets | (974) | (1,038) |
| | 770 | 719 |

### B. Movement in plan assets:

| | For the year ended December 31, | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| *Year beginning* | 1,038 | 908 |
| Foreign exchange gain (loss) | (108) | 73 |
| Interest income | 32 | 33 |
| Contributions | 13 | 15 |
| Benefit paid | - | (9) |
| *Re measurements gain (loss)* | | |
| Actuarial gain (loss) from financial assumptions | - | (1) |
| Return on plan assets (excluding interest) | (1) | 19 |
| *Year end* | 974 | 1,038 |

### C. Movement in the liability for benefit obligation:

| | For the year ended December 31, | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| *Year beginning* | 1,757 | 1,660 |
| Foreign exchange loss (profit) | (183) | 48 |
| Interest cost | 156 | 105 |
| Current service cost | 31 | 43 |
| Benefits paid | - | (48) |

| | | |
|---|---|---|
| *Re measurementsloss (gain)* | | |
| Actuarial gain from financial assumptions | (1) | (12) |
| Adjustments (experience) | (16) | (39) |
| *Year end* | 1,744 | 1,757 |

**18. Employee benefits (cont.)**

*Supplementary information*

1. The Group's liabilities for severance pay, retirement and pensions pursuant to Israeli law and employment agreements are recognized in full - in part by managers' insurance policies, for which the Group makes monthly payments and accrued amounts in severance pay funds and the rest by the liabilities which are included in the financial statements.
2. The amounts funded displayed above include amounts deposited in severance pay funds with the addition of accrued income. According to the Severance Pay Law, the aforementioned amounts may not be withdrawn or mortgaged as long as the employer's obligations have not been fulfilled in compliance with Israeli law.
3. Principal nominal actuarial assumptions:

| | As at December 31, | |
|---|---|---|
| | **2024** | **2023** |
| Discount rate on plan asset | 5.51% | 5.20% |
| Expected increase in pensionable salary | 2% | 2% |

4. Sensitivity test for changes in the expected rate of salary increase or in the discount rate of the plan assets and liability:

| | Change in defined benefit obligation | |
|---|---|---|
| | As at December 31, | |
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| The change as a result of: | | |
| Salary increases of 1 % | 32 | 37 |
| Salary decreases of 1 % | (26) | (34) |
| The change as a result of: | | |
| Increase of 1% in discount rate | (37) | (32) |
| Decrease of1% in discount rate | 31 | 35 |

| | Year ended December 31, | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| Expenses in respect of defined contribution plans | 543 | 524 |

**19. Trade and other payables**

| | As at December 31, |
|---|---|

| | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| Trade payables | 8,433 | 7,882 |
| Employees' wages and other related liabilities | 1,832 | 1,816 |
| Advances from trade receivables | 650 | 1,004 |
| Accrued expenses | 669 | 848 |
| Government authorities | 170 | 171 |
| Lease liability | 293 | 366 |
| Others | 484 | 353 |
| | 12,531 | 12,440 |

**20. Current maturities and short-term bank credit**

| | | As at December 31, | |
|---|---|---|---|
| | Interest rate as at December 31, 2024 | 2024 | 2023 |
| | % | $'000 | $'000 |
| Current maturities In NIS | Prime + 0.9 - 2.2 | 274 | 311 |
| Current maturities In SA ZAR | | - | 3 |
| Total Current maturities and short-term bank loans | | 274 | 314 |

**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 2024** | **378** | **880** | **1,258** |
| *Changes from financing cash flows:* | | | |
| Payments of leaseliabilities | **-** | (491) | (491) |
| Receiptloans from banks | 14 | **-** | 14 |
| Repayment of long-term loans from banks | (101) | - | (101) |
| Total changes from financing cash flows | **291** | **389** | **680** |
| New leases | **-** | 548 | 548 |
| Interest expense | **-** | 25 | 25 |
| Interest paid | **-** | (25) | (25) |
| Effects of foreign exchange | 20 | (43) | (23) |
| **At 31 December 2024** | **311** | **894** | **1,205** |

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

| | Loans and borrowings | Lease liabilities | Total |
|---|---|---|---|
| | | $'000 | |
| **At 1 January 2023** | **141** | **752** | **893** |
| *Changes from financing cash flows:* | | | |
| Payments of leaseliabilities | - | (485) | (485) |
| Receiptloans from banks | 460 | - | 460 |
| Repayment of long-term loans from banks | (247) | - | (247) |
| Total changes from financing cash flows | **354** | **267** | **621** |

| | | | |
|---|---|---|---|
| New leases | - | 643 | 643 |
| Interest expense | - | 32 | 32 |
| Interest paid | - | (32) | (32) |
| Effects of foreign exchange | 24 | (30) | (6) |
| **At 31 December 2023** | **378** | **880** | **1,258** |

**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 thepurchase of MottechtheGrouphas 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 theNISexchange 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 31,2024** | |
| NIS exchange rate | 0.260 | 0.2742 | 0.288 |
| **Total assets, net(**$'000) | 241 | 4,812 | (241) |
| | | **December 31,2023** | |
| NIS exchange rate | 0.262 | 0.276 | 0.289 |
| **Total assets, net (**$'000) | 217 | 4,341 | (217) |

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

| **Total** | **Other currencies** | **NIS** | **USD** | |
|---|---|---|---|---|
| | | **$'000** | | |
| | | **As of December 31, 2024** | | |
| | | | | **Assets** |
| | | | | **Current assets:** |
| 6,269 | 1,463 | 1,159 | 3,647 | Cash and cash equivalents |
| 17,452 | 574 | 8,826 | 8,052 | Trade receivables |

| | | | | |
|---|---|---|---|---|
| 2,474 | 97 | 2,184 | 193 | Other receivables |
| | | | | **Liabilities** |
| | | | | **current liabilities:** |
| 274 | - | 274 | - | Current maturities and short-term bank credit and loans |
| 8,433 | 1,106 | 3,986 | 3,341 | Trade payables |
| 3,805 | 860 | 2,839 | 106 | Other accounts payables |
| | | | | **non- current liabilities:** |
| - | - | - | - | Contingent consideration and Put option liability |
| 37 | - | 37 | - | Loans from banks, net of current maturities |
| **13,646** | **168** | **5,033** | **8,445** | **Total assets, net** |

**21. Financial instruments - Risk Management (Cont.)**

| Total | Other currencies | NIS | USD | |
|---|---|---|---|---|
| | | **$'000** | | |
| | | **As at December 31, 2023** | | |
| | | | | **Assets** |
| | | | | **Current assets:** |
| 8,454 | 2,234 | 1,983 | 4,237 | Cash and cash equivalents |
| 16,314 | 579 | 8,513 | 7,222 | Trade receivables |
| 2,160 | 159 | 1,850 | 151 | Other receivables |
| | | | | **Liabilities** |
| | | | | **current liabilities:** |
| 314 | 3 | 311 | - | Current maturities and short-term bank credit and loans |
| 7,882 | 894 | 4,502 | 2,486 | Trade payables |
| 4,192 | 870 | 3,128 | 194 | Other accounts payables |
| | | | | **non- current liabilities:** |
| 1,117 | - | 1,117 | - | Contingent consideration and Put option liability |
| 64 | - | 64 | - | Loans from banks, net of current maturities |
| **13,359** | **1,205** | **3,224** | **8,930** | **Total assets, net** |

*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):

| *December 31, 2024* | Less than one year | 1 to 2 years | 2 to 3 years | 3 to 4 years | > 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 |
| | 12,805 | 27 | 847 | - | - | 13,679 |

| *December 31, 2023* | **Less than one year** | **1 to 2 years** | **2 to 3 years** | **3 to 4 years** | **> 4 years** | **Total** |
|---|---|---|---|---|---|---|
| | | | **$'000** | | | |
| Contingent consideration and Put option liability | **-** | 280 | - | - | 837 | 1,117 |
| Loans from banks | 314 | 36 | 28 | - | - | 378 |
| Trade payables | 7,882 | - | - | - | - | 7,882 |
| Payables | 4,558 | - | - | - | - | 4,558 |
| | 12,754 | 316 | 28 | - | 837 | 13,935 |

**21. Financial instruments - Risk Management (Cont.)**

*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 beforeentering 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. The aging analysis of these trade-receivable balances by business segment is as follows:

*Fair value*

**A. Fair value of financial assets and liabilities:**

| | **Fair value measurements using input type $'000** | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **As of December 31, 2024** | | | | |
| Contingent consideration liability(see note 3) | - | - | - | - |
| **As of December 31, 2023** | | | | |
| Contingent consideration liability(see note 3) | - | - | 280 | 280 |

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

| | **2024** | **2023** |
|---|---|---|
| | **000'$** | **000'$** |
| Balance as of January 1 | 1,117 | 1,432 |
| Contingent consideration liability(see note 3) | - | - |
| Net loss (profit) recognized in Profit or loss | (280) | (315) |
| Balanceas of December 31 | 837 | 1,117 |

**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:

**21. Financial instruments - Risk Management (Cont.)**

| | Carrying amount | | Fair value | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | $'000 | | | |
| Financial liabilities: | | | | |
| Long-term loan with interest (1) | 69 | 64 | 69 | 64 |

(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.

*Linkage terms of financial liabilities by groups of financial instruments*

December 31, 2024:

| | NIS | Unlinked | S.A Rand | Total |
|---|---|---|---|---|
| | $'000 | | | |
| Financial liabilities measured at amortized cost | 242 | - | - | 242 |

December 31, 2023:

| | NIS | Unlinked | S.A Rand | Total |
|---|---|---|---|---|
| | $'000 | | | |
| Financial liabilities measured at amortized cost | 311 | - | 3 | 314 |

*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 2024 and 2023 were as follows:

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| | $'000 | |
| Loans from banks | 37 | 103 |
| bank credit | 274 | 275 |
| **Total liabilities** | **311** | **378** |

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| | $'000 | |
| Share capital | 209 | 209 |
| Additional paid-in capital | 22,022 | 23,061 |
| Retained earnings | 6,861 | 5,226 |
| Capital reserves | (615) | (466) |
| Non-controlling interest | 1,051 | 1,222 |
| **Total equity** | **29,508** | **29,252** |
| **Leverage ratio** | **1%** | **1.3%** |

**21. Financial instruments - Risk Management (Cont.)**

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 2024 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 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:

| Name | Country of incorporation | Proportion of ownership interest on 31 December | | Held by |
|---|---|---|---|---|
| | | 2024 | 2023 | |
| AdvantCom Sarl | Switzerland | 100% | 100% | M.T.I Wireless Edge |
| Global Wave TechnologiesPVTLimited | India | 80% | 80% | AdvantCom Sarl |
| Ginat WaveIndia Privateltd. | 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 |
| MottechWater Management (pty)ltd. | South Africa | 85% | 85% | Mottech water solutions |
| MottechUSA Inc. | United states | 100% | 100% | Aqua water control solution |
| Mottech Water Management (Shenzhen) Ltd. | China | - | 100% | Mottech water solutions ltd. |
| Mottech Parkland (pty) Ltd. | Australia | 50% | 50% | Mottech water solutions ltd. |
| MottechWater Managementltd. | 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 | 51% | 51% | M.T.I Summit electronics ltd. |

(*) MTISummit electronics ltdhas an option to purchase and the vendors of PSK have an option to sell to MTISummit Electronics ltdthe remaining 49% of PSK .

**23. Share capital**

A.

| | Authorized | | | |
|---|---|---|---|---|
| | 2024 | 2024 | 2023 | 2023 |
| | Number | NIS | Number | NIS |
| Ordinary shares of NIS 0.01 each | 100,000,000 | 1,000,000 | 100,000,000 | 1,000,000 |

| | Issued and fully paid | | | |
|---|---|---|---|---|
| | 2024 | 2024 | 2023 | 2023 |
| | Number | NIS | Number | NIS |
| *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 |

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. As at 31 December 2024, 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. 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.

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 for the year ended December 31, 2024 was US $106,000.

**24. Share-based payment (Cont.)**

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:

| | 2024 weighted average exercise price | 2024 Number |
|---|---|---|
| | $ | |
| Outstanding at beginning of year | - | - |
| Exercised during the year | - | - |
| Granted during the year | 0.40 | 2,000,000 |
| Forfeitedduring the year | - | - |
| Outstanding at the end of the year | 0.40 | 2,000,000 |
| Exercisableat the end of the year | - | - |

The weighted average remaining contractual life for the share options outstanding as of December 31,2024was 4years.

**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 2024the Group did not receive any development grants while in2023 it received $90,000. The maximum royalty amount payable by the Group as at December 31, 2024, is US$ 830,000.

No provision is recognized as the Group does not expect to sell relevant products in the foreseeable future and in relation to new products a provision will be created once development is in more advanced stages.

During 2024and 2023the 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, 2024and 2023are US$ 217,000.

*B. Guarantees*

The Group has provided guarantees in favour of customers and government institutes in the amount of US$582,000and US$118,000 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 9 March 2022, an amendment to the agreement with Mokirey Aya Management Ltd. (hereinafter: the "Management Company") was renewed to include remuneration (per month) of:

1. 56,000 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. 79,000 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$800,000 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$800,000 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 yearor per the remuneration committee's decision to give such for special performance, plus onemonth'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.
For participation of Mr. Moni Borovitz in the employee share option plan please see note 23 D above.

**B. Transaction with the Parent Group:**

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

| | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| Management Fee | 866 | 793 |

Compensation of key management personnel of the Group:

| | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| Short-term employee benefits * | 1,365 | 1,274 |
| Share based payment | 40 | - |

**26. Transactions with related parties (cont.)**

* 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:

| | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| Other accounts payables | 350 | 353 |

**27. Significant Events:**

A. On January 5, 2024, following approval at an extraordinary shareholders' meeting, the Company granted 600,000 share options to Mr. Moshe (Moni) Borovitz, the Chief Executive Officer, and 100,000 share options to Mr. Dov Feiner, the General Manager of the Company's Antenna Division. The expense for share-based payments (such as stock options) typically appears on the income statement as part of the Company's operating expenses.

B. On 20 March 2024 at the Company's extraordinary meeting, Mrs. Hani Lerman was elected as an external non-executive director.

C. On 7 October 2023 Israel was attacked by the Hamas terror organization leading to war in the Gaza region and Israel followed by Hezbollah attacking Israel which led to war in the area. The war has led to a slowdown in the Israeli economy and if this war continues for a prolonged period, then it may begin to impact the Company. The wide usage of military reserve personnel, adverse foreign currency exchange rates and restrictions on access to certain areas in Israel are risks which may affect the Company if there is a prolonged period of war. As of the date of this report, and to the best of the Company's knowledge, the war has not had a significant effect on the Company. The Company continues to review the effects of the war on its trading as it believes that if the war continues for a

long period of time, then the overall Israeli economy will be effected, and factors including the lack of available manpower, interest rates and foreign currency exchange rates may have an impact on its trading.On 27 November 2024 a ceasefire agreement between Israel and Lebanon was signed followed by a temporary ceasefire agreement between Israel and Gaza on 19 January 2025. As at the date of publication of this report a final ceasefire agreement has not been reached.

**28. Subsequent events**

A. The Board of directors has decided to declare a cash dividend of 3.3 US cents per share being approximately $2,922,000. This dividend will be paid on 11 April 2025 to shareholders on the register at the close of trading on 28 March 2025 (ex-dividend on 27 March 2025). The currency translation into British Pounds will be made on 2 April 2025 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 16 March 2025.

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