

1 March 2021

MTI Wireless Edge Ltd

("MTI" or the "Group")

Final results for 2020

MTI Wireless Edge Ltd (AIM: MWE), the technology group focused on comprehensive communication and radio frequency solutions across multiple sectors, today announces its audited results for the year ended 31 December 2020.

HIGHLIGHTS

A solid financial performance

- Despite the impact on sales in certain markets due to the global COVID-19 pandemic the Group recorded revenue growth of 2% to US\$40.9m (2019: US\$40.0m)
- A 19% increase in profit before tax to US\$4.1m (2019: US\$3.5m) helped by the increasing scale of the Group and lower expenditure associated with reduced travel and marketing costs
- Earnings per share increased by 17% to 3.83 US cents (2019: 3.27 US cents)
- Net cash increased 23% to US\$9.4m at 31 December 2020 (31 December 2019: US\$7.7m)
- Increased final dividend by 25% to 2.5 US cents per share (2019: 2.0 US cents)

Positive market trends

- Our proven backhaul solution to support the rollout of 5G had a good year with customer demand picking up in line with our expectations, while investment by large mobile operators into 5G infrastructure is still early stage, the signs are positive
- With water scarcity being an increasingly critical, global issue, demand for our water management solutions under the Mottech brand continued to be strong, both from new markets and in response to the launch of new water saving and cost-efficient products
- Increased global defence spending underpinned another good year for MTI Summit, which also benefits from Israel being a central hub for the development of new global defence and wireless technologies
- Launched a new Canadian office in Alberta under the Mottech division in early 2021

Moni Borovitz, Chief Executive Officer of MTI Wireless Edge, said "We are all very pleased with the results for what was a very challenging year for so many. Despite challenges in some of the segments for some periods of 2020 due to COVID-19, our diversified business divisions, our wide global presence, and the commitment of our teams across the three divisions delivered an excellent trading result for the year.

The diversified base of the Group enabled the business to offset weaker areas and profitability was further boosted by cost savings from the enforced reduction in marketing activities and associated travel. Elements of this reduced expenditure will be maintained as COVID-19 has revealed some working efficiencies that we can adopt permanently.

Looking ahead, the business continues to be in a strong financial position with net cash of US\$9.4m as at the year end. The Group's three divisions are well established, with experienced, autonomous leadership teams all utilizing the Group's core expertise in radio frequency communications and are all focused on taking advantage of attractive market trends within their respective sectors, namely: the roll-out of 5G cellular connectivity; tackling the growing global issue of water scarcity; and the increasing size of the international defence market. The first two months of 2021 have started well and we look forward to delivering another year of solid growth."

Shareholders should note that the Company will not post hard copies of its audited annual report and accounts for the year ended 31 December 2020 (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

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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 90 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 WiMAX, Broadband access, public safety, RFID, base stations 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 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, while reducing operational and maintenance costs. 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.

Chairman's Statement

I am pleased to report on a successful trading period despite the challenges of operating through a very disrupted year caused by the global COVID-19 pandemic. MTI delivered increases in revenue and net profits of 2% and 18% respectively. The combination of the Group's diversification across three divisions and multiple markets helped overcome some of the challenges of 2020, assisted by the strong ongoing demand for our expertise and products.

For 50 years MTI has been a leader in radio frequency communications and this deep rooted, technical experience is the differentiating factor that supports all of our activity across all three divisions. Each of our target markets, is constantly innovating and evolving, and our customers rely on us to keep them in touch and ahead of developments. To do this our track record and experience is key, but so is our ability to share innovations across all three divisions so that we can consolidate our expertise into all areas.

We believe the business to be well balanced and well placed to continue to expand.

Trading overview

It was an unusual trading period for all companies but outside of the enforced changes due to the pandemic, underlying demand for the Company's products and solutions remained strong. There has been good early uptake of the 5G backhaul antenna solution, which is demonstrably cost efficient and effective. These initial sales alongside the expected global roll-out of 5G connectivity bodes well for the future. Similarly, water scarcity is driving increasing commercial interest in Mottech's water management products. Both private and government entities are recognising the need to not be wasteful of water from both an environmental and economic perspective. MTI Summit which benefits from ongoing increases in government defence spending worldwide, enjoyed the strongest growth of all three divisions in 2020, benefiting from excellent customer demand. MTI Summit continues to receive requests for future design solutions for defence and wireless related technologies.

Dividend

Reflecting the strength of the Company's trading performance the Board is pleased to declare a final dividend of US\$0.025 per share representing a 25% increase on the previous year (2019: US\$0.02). The dividend will be paid on 31 March 2021 to shareholders on the register at the close of trading on 19 March 2021 (ex-dividend on 18 March 2021). The currency translation into British Pounds will be made on 22 March 2021 and there will not be a scrip dividend alternative.

People

I would, as always, like to thank our employees for their significant contribution to the Company, especially for their efforts and flexibility during 2020, which was so full of disruptions and requests to adapt working practices to meet with new regulations aimed at combating COVID-19.

Outlook

MTI is expanding into three separate but complementary markets. Each market is supported by strong macro trends which are driving investment by our customers. We believe each division is well positioned with market leading products and solutions that provide a good basis for future growth.

Zvi Borovitz

Chairman

Chief Executive's review

Introduction

In 2020, we achieved significant progress across all three divisions during a highly unusual period for all businesses. There were inevitable delays in transportation and business processes, with some markets largely closed for parts of the year which reduced sales. Conversely, some markets traded with very little interruption. However, the net trading outcome was positive leaving the Company to enter 2021 in a strong financial position and well placed to continue to pursue opportunities across all three divisions.

Financial Results

Revenues for the twelve months to 31 December 2020 increased slightly by 2% to US\$40.9m (2019: US\$40.0m), a good performance given the interruptions throughout the year due to COVID-19.

Gross margin rates remained solid, reflecting the mix of products sold in different markets. Gross margin was negatively affected by exchange rates (especially due to the strengthening of the New Israeli Shekel), which lowered profitability relative to revenue growth, although overall gross profit remained solid, growing 2% broadly in line with revenue growth.

Profit before tax increased by 19% to US\$4.1m (2019: US\$3.4m), which demonstrated the scalability of the business and the reduction in marketing costs associated with the cancellation of industry events and exhibitions as well as associated travel expenses.

This resulted in increased earnings per share, which grew by 17% over 2019 to 3.83 US cents (2019: 3.27 US cents), after all existing share options granted under the Company's option plan were exercised in 2020.

Cash generation continued to be solid at US\$4m (2019: US\$5.6m), increasing net cash to US\$9.4m (2019: US\$7.7m).

The Company continues to have a share buy-back programme in place. The objective of this programme is to assist with trading liquidity, by holding purchased shares in treasury and selling blocks of shares to institutional shareholders, subject to demand and price.

Cash generated from any resales of purchased shares has been reused for further share purchases, and this policy is planned to continue for as long as the programme is in place. As at 1 March 2021, no shares were held in treasury.

Operational Review

Over the last 50 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 2020, revenues from this division decreased by 7% due to the pandemic which mainly affected our RFID antenna solutions but also slowed the pace of some military projects, although the division won defence contracts for conformal antennas. On the other hand demand began to build for the 5G backhaul solution, including multi band and flat antenna solutions which helped to support revenues.

The pandemic underlined the importance of internet connectivity to support new patterns of working and schooling, with mobile phone operators such as Apple and Samsung having launched handsets that include 5G connectivity. Network operators are responding by rolling out higher bandwidth 5G services to their customers. This presents a major opportunity for MTI's multi band and flat antennas, as operators will need to increase the backhaul connectivity between cell towers to deliver these faster services.

We believe that we are at the early stage of a global upgrade of cellular network infrastructure to 5G. Order patterns for our 5G backhaul solution, have changed from smaller quantities mainly for field testing to larger orders indicative of the market moving forward with the adoption of 5G backhaul solutions.

Our offset facility in India performed well at the beginning of the year, but slowed thereafter reflecting its exposure to the airline industry and the impact that the pandemic has had on this market. Nevertheless, we remain optimistic as we continue to see a good pipeline of future opportunities which should make full use of our offset solution.

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 management software. Our solutions reduce water and power usage, whilst providing higher revenue from accurate irrigation, leading to more and higher quality crops and plants being grown.

In 2020, revenues in this division were 2% lower as a direct result of delays caused by the pandemic, including difficulties arising from commissioning new projects due to the severe travel restrictions. However, prospects for this division remain positive and are driven by increasing recognition of the problem of water scarcity globally which is changing the approach of businesses and governments. To take advantage of this opportunity, Mottech's product range has been expanded and is attracting new customers from new countries and business segments.

2020 saw the successful launch of the Tethys system, a new wireless irrigation solution developed for the French wine market. This enables winemakers to control irrigation from their mobile phones and several hundred winemakers have bought the system in the first 12 months. This is expected to

continue into 2021. Similarly, Mottech also recently announced another new product offering, which is a wired decoder system that is required in several key markets enabling multiple commands and functions in parallel and receipt of data from sensors.

Post year-end, Mottech launched a new office in Alberta, Canada following the retirement of the Company's long-term Canadian re-seller. This office will service existing clients and look to further expand Mottech's presence in Canada.

Distribution & Professional Consulting Services

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

In 2020, the division's revenues grew by 18%, which the Board considers to be an excellent performance, especially given that the division grew by 33% in the prior year. Demand has been strong from existing customers and markets, with additional demand from Russia where the Company established a satellite office in 2015, which is now beginning to perform extremely well. A key specialist area of expertise is the tethered balloon sector and the division is currently participating in a large tethered balloon project that contributed strongly to its performance in the second half of 2020 and is expected to continue to do so during 2021.

There continues to be a high level of approval of the design solutions created by MTI Summit by major corporations. These design wins turn into orders over time and provide the division with long-term business. The majority of these designs are for defence related systems and new wireless applications in commercial markets. With the consistent increases in spending on defence and wireless solutions globally, MTI Summit looks well positioned for the future.

Outlook

MTI is a well-balanced business with a diversified spread of income, both geographically and across multiple markets. We have a clear business focus on providing comprehensive radio frequency solutions to leading technology corporations. The fact that we are in our 51st year of operations demonstrates our longevity and our experience, which enables our "first to develop" approach, using MTI's intellectual property and licensed technology from leading partners, to create unique solutions.

Our financial performance in 2020 showed a significant increase in profit before tax and net cash balances, reflecting the benefits of our scalable and risk adjusted business model. Looking ahead, MTI will continue to seek to expand its business through a mix of acquisition-led and organic growth.

Moni Borovitz

Chief Executive Officer