

7 March 2022

MTI Wireless Edge Ltd
("MTI", the "Company" or the "Group")

Final results for 2021

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 2021.

2021 Highlights

A solid financial performance

- The Group recorded revenue growth of 6% to US\$43.2m (2020: US\$40.9m)
- A 9% increase in profit from operations to US\$4.43m (2020: US\$4.08m), helped by the increasing scale of the Group
- Net profit growth was limited to a 6% increase to US\$3.7m (2020: US\$3.5m) due to the strength of the Israeli Shekel versus the US Dollar in 2021
- Earnings per share increased by 6% to 4.07 US cents (2020: 3.83 US cents)
- Cash flow from operations increased 65% to US\$6.6m (2020: US\$4.0m) leading to a net cash increase of 33% to US\$12.5m at 31 December 2021 (31 December 2020: US\$9.4m)
- Increased final dividend by 12% to 2.8 US cents per share (2020: 2.5 US cents per share)

Positive market trends across all three divisions

- Our proven backhaul solution to support the rollout of 5G, which could be further enhanced by recent technical developments to counter small mast movements due to varying climate conditions, has a growing order book from existing customers as well as an initial order from a new tier one customer. This, together with good progress in military antennas, has increased the prospects for the antenna division overall.
- With water scarcity continuing to be a critical, global issue, demand for our water management solutions under the Mottech brand was strong, both from new markets and in response to the launch of new water saving and cost-efficient products.
- Similarly, 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. In addition, the acquisition of 51% of PSK in January 2022, is expected to further accelerate this division's growth in the defence sector.

Moni Borovitz, Chief Executive Officer of MTI Wireless Edge, said: "This was a strong performance with all three divisions growing revenue and profits despite challenges in the supply chain, increasing shipment costs and ongoing pandemic related restrictions. Our diversified business model, global presence, and the commitment of our teams, combined to deliver an excellent trading result for the year, albeit some of the reported financials were effected by foreign exchange translation changes. Most importantly, we continue to meet our operating profit growth targets as per our business model.

Looking ahead, the business continues to be in a strong financial position with net cash of US\$12.5m 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 increased international defence spending. The first two months of 2022 have started well, and we look forward to delivering another year of solid growth.”

Moni Borovitz, Chief Executive Officer, will provide an investor presentation relating to the Company's financial results for the year ended 31 December 2021 via the Investor Meet Company (IMC) platform today at 10.00 am UK time.

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

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

Shareholders should note that the Company will not post hard copies of its audited annual report and accounts for the year ended 31 December 2021 (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 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 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

I am pleased to report on a successful trading period despite the challenges of operating through a year that was disrupted by the global COVID-19 pandemic. We believe the business to be well balanced and well placed to continue to expand and the recent acquisition of PSK Technologies Ltd will further support our expansion and the technical solutions we offer.

Trading overview

Despite the ongoing impact of the COVID-19 pandemic, MTI continued to deliver against the objectives that we have set ourselves. The business grew in terms of both sales and profits whilst investing in innovative new technologies, most notably in the ongoing development of a new antenna solution for the 5G market. Working around the restrictions imposed by the pandemic, MTI teams around the globe maintained very high operational levels and delivered margin progression. The Company agreed a new partnership in the Mottech division with Viridix, a company which specializes in actionable data analytics for irrigation, based on the RooTense® sensor that measures the water available to the roots of crops. Also announced recently, the Company completed the 51% acquisition of PSK.

Whilst foreign exchange fluctuations slightly skewed some of the reported results, the cash generation from operations during the year was excellent, up 65%, supporting an increased dividend and strengthening an already strong balance sheet.

Dividend

Reflecting the strength of the Company's trading performance the Board is pleased to declare a final dividend of US\$0.028 per share representing a 12% increase on the previous year (2019: US\$0.025). The dividend will be paid on 31 March 2022 to shareholders on the register at the close of trading on 18 March 2022 (ex-dividend on 17 March 2022). The currency translation into British Pounds will be made on 22 March 2022 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 2021, which was so full of disruptions and changing requests to adapt working practices to meet with new variants of COVID-19 and regulations aimed at combating the pandemic.

Outlook

MTI is a leader in radio frequency communications and it is this deep rooted, technical experience 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.

2022 has begun well for the business with an increased pipeline of opportunities across all three divisions. This, together with the macro drivers for our business being the roll-out of 5G networks globally, increased defence spending and ongoing worldwide water shortages, should ensure that there is increasing demand for the Group's products and services.

Zvi Borovitz

Chairman

Chief Executive's review

Introduction

In 2021, we achieved significant progress across all three divisions, showing growth in revenue and profits during a highly unusual period for all businesses. There were inevitable delays in shipments, and we suffered from volatile foreign exchange rates, but the underlying performance of the Group was solid, generating cash so that the Company entered 2022 in a strong financial position and is well placed to continue to grow.

Financial results

Revenues for the twelve months to 31 December 2021 increased by 6% to US\$43.2m (2019: US\$40.9m), a positive 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 slightly negatively affected by exchange rates but also from rising shipping costs, which lowered profitability relative to revenue growth, although overall gross profit grew by 3%.

Operating profit increased by 9% to US\$4.43m (2020: US\$4.08m), which demonstrated the scalability of the business, meeting our long term growth model – adding a minimum of 15% operating profit margin on the incremental revenues generated from organic growth.

Significant foreign currency fluctuations during 2021, in particular, the strength of the Israeli Shekel versus the US Dollar led to higher finance costs, being mostly non-cash expenses, but overall net profit increased 6% to US\$3.7m (2020: US\$3.5m).

Cash flow from operations for the 2021 financial year increased 65% to US\$6.6m (2020: US\$4.0m). This resulted in a net cash balance of approximately US\$12.5 million (2020: US\$9.4m).

The Company continues to have a share buy-back programme in place. The objective of this programme is to assist with trading liquidity, by accumulating shares in treasury through market purchases and then 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 7 March 2022, 50,000 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 2021, revenues from this division increased by 1%, a small increase but potentially marking the switch to a long period of growth driven primarily by the sale of the division's 5G backhaul solution. 5G sales now represent 20% of the antenna business and are expected to continue to increase.

During the year, the Company made excellent progress in the ongoing development of automatic beam steering (“ABS”) antenna solution which ensures the antenna adapts to any small movements caused by different climate conditions, including wind or temperature. If successful, this will be an important technical development, moving the total 5G solution up the value chain and it has already attracted significant engagement from a new Tier one customer. The next step for the ABS antenna solution is for it to be tested by potential customers and then to move into production.

There is no doubt the roll-out of 5G infrastructure is coming and, if anything, the pandemic served to underline the importance of connectivity to enable people to work and communicate effectively from wherever they are located. Network operators are underway in terms of rolling out higher bandwidth services to their customers and will need to increase the backhaul connectivity between cell towers to deliver these faster services. This is the opportunity MTI has been working towards and we are still at the early stages before demand is expected to ramp up.

Elsewhere across the division, sales of RFID (radio frequency identification) antennas used in asset tracking, which slowed due to the pandemic in 2020, showed good recovery in 2021. Military antenna sales performed robustly matching sales levels for the prior year and there are some good prospects in this market for the current year.

Our offset facility in India had a reasonable year alongside the recovery of the airline industry and the prospects, subject to normal market conditions continuing, remain good.

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.

This has been an excellent year for Mottech with revenues increasing by 9% against the prior year. Demand for Mottech’s solutions has been good across nearly all markets with the only exception being China which will hopefully return in the current year. Importantly, the division overall has benefitted from an increase in recurring service and maintenance income which represents 20% of all income and is expected to continue to improve.

Also in 2021, Mottech launched the Mottech Decoder System, which is a wired extension that is required in several key markets, enabling multiple commands and functions in parallel with the receipt of data from sensors. Since the year end, Mottech signed a new strategic partnership with Viridix, a company which specializes in actionable data analytics for irrigation, based on the RooTense® sensor that measures the water available to the roots of crops. The combination of the two companies’ expertise is expected to lead to the first fully automatic, real time data based solution, with AI (artificial intelligence) capabilities for “Agrogation” – agronomic based irrigation.

Water scarcity is a growing global issue and Mottech’s technologies can make a real difference in countries where it is critical to have efficient water usage whilst maintaining good levels of irrigation. Mottech aims to be both a commercial and environmental success story.

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.

2021 saw another excellent performance by MTI Summit, with revenues growing by 5% against tough comparators in the prior year. In September 2021, the division signed a new strategic agreement with a significant customer operating in the defence sector, confirming MTI Summit as the primary supplier, with pre-agreed pricing across an extensive range of products. This is MTI's first agreement of its kind, which enables the customer to make orders far more quickly and more efficiently than the old process. In the past the customer spent approximately US\$4m per annum, and this figure is expected to increase due in part to the convenience of the new agreement for both parties.

Demand has been strong from existing customers and markets, with the satellite office in Russia recovering in 2021. The Company has over time built up significant expertise in the tethered balloon sector and the division is currently participating in a large tethered balloon project in Israel, which is expected to continue to contribute strongly in 2022.

Since the year-end, the Company acquired 51% of PSK, an Israeli company which is well known to MTI having collaborated together on numerous projects over the past 10 years. PSK specialises in the development, manufacture and integration of communication systems and advanced monitoring and control systems for the Government and defence industry market. It is a natural fit with MTI Summit and is expected to contribute to future growth of this division and the Group as a whole.

Outlook

The events in Ukraine have shocked the world and are deeply saddening. With the situation being very fluid and multiple actions being taken globally at Government levels, the Board has decided to exit the Group's operations in Russia. MTI's office in Russia generated 6% of consolidated revenues and circa 5% of net profits in 2021, all relating to distribution and professional consulting services. The core professional consulting services division's activities are and will remain in Israel without any disruption, which is also the case in respect of our other divisions.

MTI is a market innovator and we will continue to seek to lead. We have always had a "first to develop" approach, using MTI's intellectual property and licensed technology from leading partners, to create unique solutions. The new ABS solution for 5G backhaul is an excellent example of this and we look forward to providing updates on the potential commercial benefits that come with it.

2021 was a solid trading year for the business and we will seek to repeat and build upon it in 2022. We have a very strong financial platform and MTI will continue to seek to expand its business through a mix of acquisition-led and organic growth.

Moni Borovitz

Chief Executive Officer