

ORBIT TECHNOLOGIES LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2023

UNAUDITED

U.S. DOLLARS IN THOUSANDS

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CONSOLIDATED BALANCE SHEETS

	<u>March 31,</u>		<u>December 31,</u>
	<u>2024</u>	<u>2023</u>	<u>2023</u>
	<u>Unaudited</u>		<u>Audited</u>
	<u>U.S. dollars in thousands</u>		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	10,501	18,936	18,137
Short term deposit	31,009	12,990	20,667
Accounts receivables	17,975	10,132	15,152
Amounts due for construction contracts	11,686	19,017	16,690
Other accounts receivable	2,273	1,852	1,886
Inventories	16,359	11,026	12,998
	<u>89,803</u>	<u>73,953</u>	<u>85,530</u>
NON-CURRENT ASSETS:			
Other assets	10	10	10
Fixed assets	18,819	18,902	18,840
Intangible assets	15,589	12,691	14,992
Goodwill	785	785	785
Deferred taxes	136	212	219
	<u>35,339</u>	<u>32,600</u>	<u>34,846</u>
	<u><u>125,142</u></u>	<u><u>106,553</u></u>	<u><u>120,376</u></u>

The accompanying note is an integral part of the interim consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

	<u>March 31,</u>		<u>December 31,</u>
	<u>2024</u>	<u>2023</u>	<u>2023</u>
	<u>Unaudited</u>		<u>Audited</u>
	<u>U.S. dollars in thousands</u>		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	11,527	9,060	9,717
Income taxes payable	1,503	313	1,226
Other accounts payable	18,204	13,950	17,488
	<u>31,234</u>	<u>23,323</u>	<u>28,431</u>
NON-CURRENT LIABILITIES:			
Liability for Government grants	496	530	553
Employee benefit liability	210	209	210
Lease payment liability	9,084	9,475	9,178
Warranty liability	1,039	744	1,183
Contingent liability related to acquisition	-	454	31
Deferred taxes	729	518	777
	<u>11,558</u>	<u>11,930</u>	<u>11,932</u>
EQUITY:			
Share capital	8,204	8,198	8,201
Paid-in capital	36,847	36,618	36,733
Retained earnings	35,466	25,094	33,277
Reserve for share-based payment	2,474	2,073	2,426
Foreign currency translation adjustments	(486)	(537)	(469)
Reserve for defined benefit plans	712	721	712
Treasury shares	(867)	(867)	(867)
Total equity	<u>82,350</u>	<u>71,300</u>	<u>80,013</u>
	<u>125,142</u>	<u>106,553</u>	<u>120,376</u>

The accompanying note is an integral part of the interim consolidated financial statements.

27 May, 2024

Date of approval of the
financial statements

Yitzchak Gat
Chairman of the Board

D. Eshchar
CEO

R. Wirth
CFO

CONSOLIDATED STATEMENTS OF INCOME

	Three months ended		Year ended
	March 31,		December 31,
	2024	2023	2023
	Unaudited		Audited
	U.S. dollars in thousands		
	(except per share data)		
Revenues from sales and construction performed	15,129	13,478	63,011
Cost of sales and construction performed	9,519	8,849	39,331
Gross profit	5,610	4,629	23,680
Research and development costs, net	919	515	2,215
Selling and marketing expenses	1,616	1,365	6,597
General and administrative expenses	1,005	997	3,467
Operating income before other expenses	2,070	1,752	11,401
Other expenses	-	-	-
Operating income after other expenses	2,070	1,752	11,401
Finance income	701	468	1,420
Finance expenses	272	202	1,020
Income before taxes on income	2,499	2,018	11,801
Income tax expense	310	297	1,897
Net Profit	2,189	1,721	9,904
Net Profit per share attributable to equity holders of the Company (in U.S. dollars):			
Basic profit per share	0.088	0.070	0.399
Diluted profit per share	0.086	0.069	0.394

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended		Year ended
	March 31,		December 31,
	2024	2023	2023
	Unaudited		Audited
	U.S. dollars in thousands		
Net Profit	<u>2,189</u>	<u>1,721</u>	<u>9,904</u>
Other comprehensive profit (net of tax effect):			
Actuarial loss from defined benefit plans	-	-	(9)
Foreign currency translation adjustments of foreign operation	<u>(17)</u>	<u>55</u>	<u>123</u>
Total other comprehensive income (loss)	<u>(17)</u>	<u>55</u>	<u>123</u>
Total comprehensive income	<u><u>2,172</u></u>	<u><u>1,776</u></u>	<u><u>10,018</u></u>

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Paid-in capital	Retained earnings	Reserve for share-based payment	Foreign currency translation adjustments	Reserve for defined benefit plans	Treasury shares	Total equity
U.S. dollars in thousands								
Unaudited								
Balance at January 1, 2024 (audited)	8,201	36,733	33,277	2,426	(469)	- 712	(867)	80,013
Net Income	-	-	2,189	-	-	-	-	2,189
Other comprehensive loss	-	-	-	-	(17)	-	-	(17)
Total comprehensive income	-	-	2,189	-	(17)	-	-	2,172
Exercise of warrants into shares	3	114	-	(38)	-	-	-	79
Cost of share based-payment	-	-	-	86	-	-	-	86
Balance at March 31, 2024	<u>8,204</u>	<u>36,847</u>	<u>35,466</u>	<u>2,474</u>	<u>(486)</u>	<u>712</u>	<u>(867)</u>	<u>82,350</u>
	Share capital	Paid-in capital	Retained earnings	Reserve for share-based payment	Foreign currency translation adjustments	Reserve for defined benefit plans	Treasury shares	Total equity
U.S. dollars in thousands								
Unaudited								
Balance at January 1, 2023 (audited)	8,196	36,603	23,373	1,907	(592)	- 721	(867)	69,341
Net Income	-	-	1,721	-	-	-	-	1,721
Other comprehensive income	-	-	-	-	55	-	-	55
Total comprehensive income	-	-	1,721	-	55	-	-	1,776
Exercise of warrants into shares	2	15	-	(8)	-	-	-	9
Cost of share based-payment	-	-	-	174	-	-	-	174
Balance at March 31, 2023	<u>8,198</u>	<u>36,618</u>	<u>25,094</u>	<u>2,073</u>	<u>(537)</u>	<u>721</u>	<u>(867)</u>	<u>71,300</u>

The accompanying note is an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Paid-in capital	Retained earnings	Reserve for share-based payment	Foreign currency translation adjustments	Reserve for defined benefit plans	Treasury shares	Total equity
U.S. dollars in thousands								
Audited								
Balance at January 1, 2023	8,196	36,603	23,373	1,907	(592)	721	(867)	69,341
Net income	-	-	9,904	-	-	-	-	9,904
Other comprehensive income (loss)	-	-	-	-	123	(9)	-	114
Total comprehensive Income	-	-	9,904	-	123	(9)	-	10,018
Forfeiture of options	5	130	-	(61)	-	-	-	74
Cost of share based-payment	-	-	-	580	-	-	-	580
<u>Balance at December 31, 2023</u>	<u>8,201</u>	<u>36,733</u>	<u>33,277</u>	<u>2,426</u>	<u>(469)</u>	<u>712</u>	<u>(867)</u>	<u>80,013</u>

The accompanying note is an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended		Year ended
	March 31,		December 31,
	2024	2023	2023
	Unaudited		Audited
	U.S. dollars in thousands		
<u>Cash flows from operating activities:</u>			
Net income	2,189	1,721	9,904
Adjustments to reconcile net income to net cash provided by operating activities:			
Adjustments to the profit or loss items:			
Depreciation and amortization	821	770	3,432
Capital Gain from lease liability	(2)	-	-
Cost of share-based payment	86	174	580
Tax expense	310	297	1,897
Interest expenses, net	(180)	(106)	(622)
Change in employee benefit Liability, net	-	(2)	(10)
Adjustment to current accounts with foreign operation	(40)	30	(32)
	<u>995</u>	<u>1,163</u>	<u>5,245</u>
Changes in operating asset and liability items:			
Decrease (Increase) in trade receivables	(2,824)	1,483	(3,537)
Decrease (Increase) in amounts due for construction contracts	5,005	(2,396)	(70)
Decrease (Increase) in other accounts receivable	(387)	(226)	866
increase in inventories	(3,405)	(1,523)	(3,953)
Increase (Decrease) in trade payables	1,824	(1,359)	(579)
Increase (Decrease) in other accounts payable	(373)	378	4,128
	<u>(160)</u>	<u>(3,643)</u>	<u>(3,145)</u>
Cash paid and received during the period for:			
Interest paid	(255)	(201)	(799)
Interest received	155	308	1,344
Taxes paid	(14)	(11)	(656)
	<u>(114)</u>	<u>96</u>	<u>(111)</u>
Net cash provided by (Used in) operating activities	<u>2,910</u>	<u>(663)</u>	<u>11,893</u>

The accompanying note is an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended		Year ended
	March 31,		December 31,
	2024	2023	2023
	Unaudited		Audited
	U.S. dollars in thousands		
<u>Cash flows from investing activities:</u>			
Purchase of fixed assets	(222)	(666)	(3,214)
Capitalization of research and development costs	(761)	(1,026)	(3,616)
Purchase of Intangible assets	-	-	(205)
Deposit in banking corporations	(9,305)	-	(6,920)
Net Used in investing activities	(10,288)	(1,692)	(13,955)
<u>Cash flows from financing activities:</u>			
Payments for Government grants	-	-	(4)
Payments of lease liability	(377)	(434)	(1,649)
Exercise of warrants into shares	79	9	74
Net cash Used in financing activities	(298)	(425)	(1,579)
Translation differences on balances of cash and cash equivalents	40	(30)	32
Decrease in cash and cash equivalents	(7,636)	(2,810)	(3,609)
Cash and cash equivalents at the beginning of the period	18,137	21,746	21,746
Cash and cash equivalents at the end of the period	10,501	18,936	18,137
<u>Significant non-cash transaction:</u>			
Purchase of fixed assets on suppliers credit	141	276	154
Recognition of the right of use against a lease liability	381	101	426

The accompanying note is an integral part of the interim consolidated financial statements.

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1:- GENERAL

These financial statements have been prepared in a condensed format as of March 31, 2024 and for the three months then ended ("interim financial statements"). These financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2023 and for the year then ended and accompanying notes ("annual financial statements").
