

ORBIT TECHNOLOGIES LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2024

U.S. DOLLARS IN THOUSANDS

UNAUDITED

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CONSOLIDATED BALANCE SHEETS

	SEPTEMBER 30,		December 31,
	2024	2023	2023
	Unaudited		Audited
	U.S. dollars in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	33,118	20,279	18,137
Short term deposit	6,779	16,388	20,667
Accounts receivable	15,226	10,187	15,152
Amounts due for construction contracts	15,730	18,961	16,690
Other accounts receivable	2,172	1,827	1,886
Inventories	16,175	12,288	12,998
	<u>89,200</u>	<u>79,930</u>	<u>85,530</u>
NON-CURRENT ASSETS:			
Other assets	10	10	10
Fixed assets	18,483	18,836	18,840
Intangible assets	16,162	14,445	14,992
Goodwill	785	785	785
Deferred taxes	237	194	219
	<u>35,677</u>	<u>34,270</u>	<u>34,846</u>
	<u><u>124,877</u></u>	<u><u>114,200</u></u>	<u><u>120,376</u></u>

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

CONSOLIDATED BALANCE SHEETS

	SEPTEMBER 30,		December 31,
	2024	2023	2023
	Unaudited		Audited
	U.S. dollars in thousands		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	7,643	9,417	9,717
Income taxes payable	1,809	1,024	1,226
Other accounts payable	14,929	14,729	17,488
	<u>24,381</u>	<u>25,170</u>	<u>28,431</u>
NON-CURRENT LIABILITIES:			
Liability for Government grants	411	553	553
Employee benefit liability	169	205	210
Lease payments liability	9,029	8,778	9,178
Warranty liability	977	1,230	1,183
Contingent liability related to acquisition	-	237	31
Deferred taxes	1,036	790	777
	<u>11,622</u>	<u>11,793</u>	<u>11,932</u>
EQUITY:			
Share capital	8,209	8,201	8,201
Paid-in capital	36,905	36,733	36,733
Retained earnings	41,426	30,731	33,277
Reserve for share-based payment	2,803	2,295	2,426
Foreign currency translation adjustments	(351)	(577)	(469)
Reserve for defined benefit plans	749	721	712
Treasury shares	(867)	(867)	(867)
	<u>88,874</u>	<u>77,237</u>	<u>80,013</u>
Total equity	<u><u>124,877</u></u>	<u><u>114,200</u></u>	<u><u>120,376</u></u>

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

November 20, 2024			
Date of approval of the financial statements	Yitzchak Gat Chairman of the Board	D. Eshchar CEO	R. Wirth CFO

CONSOLIDATED STATEMENTS OF INCOME

	Nine months ended SEPTEMBER 30,		Three months ended SEPTEMBER 30,		Year ended December 31,
	2024	2023	2024	2023	2023
	Unaudited				Audited
	U.S. dollars in thousands (except per share data)				
Revenues from sales and contracts performed	49,860	45,408	18,275	16,426	63,011
Cost of sales and contracts performed	30,953	28,631	11,441	10,026	39,331
Gross profit	18,907	16,777	6,834	6,400	23,680
Research and development costs, net	2,607	1,481	716	444	2,215
Selling and marketing expenses	4,542	4,859	1,483	1,620	6,597
General and administrative expenses	3,124	2,721	1,095	996	3,467
Operating income	8,634	7,716	3,540	3,340	11,401
Finance income	1,516	1,659	116	705	1,420
Finance expenses	623	587	184	178	1,020
Income before taxes on income	9,527	8,788	3,472	3,867	11,801
tax expense	1,378	1,430	555	713	1,897
Net profit	8,149	7,358	2,917	3,154	9,904
Net profit per share attributable to equity holders of the Company (in U.S. dollars):					
Basic profit per share	0.329	0.298	0.118	0.128	0.399
Diluted profit per share	0.324	0.294	0.116	0.126	0.394

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Nine months ended SEPTEMBER 30,		Three months ended SEPTEMBER 30,		Year ended December 31,
	2024	2023	2024	2023	2023
	Unaudited				Audited
	U.S. dollars in thousands				
Net profit	<u>8,149</u>	<u>7,358</u>	<u>2,917</u>	<u>3,154</u>	<u>9,904</u>
Other comprehensive income (net of tax effect):					
Actuarial profit (loss) from defined benefit plans	37	-	-	-	(9)
Foreign currency translation adjustments of foreign operation	<u>118</u>	<u>15</u>	<u>135</u>	<u>(86)</u>	<u>123</u>
Total other comprehensive profit (loss)	<u>155</u>	<u>15</u>	<u>135</u>	<u>(86)</u>	<u>114</u>
Total comprehensive income	<u><u>8,304</u></u>	<u><u>7,373</u></u>	<u><u>3,052</u></u>	<u><u>3,068</u></u>	<u><u>10,018</u></u>

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<u>Share capital</u>	<u>Paid-in capital</u>	<u>Retained earnings</u>	<u>Reserve for share-based payment</u>	<u>Foreign currency translation adjustments</u>	<u>Reserve for defined benefit plans</u>	<u>Treasury shares</u>	<u>Total equity</u>
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	-	-	8,149	-	-	-	-	8,149
Other comprehensive Income	-	-	-	-	118	37	-	155
Total comprehensive income	-	-	8,149	-	118	37	-	8,304
Exercise of warrants into shares	8	172	-	(98)	-	-	-	82
Cost of share based-payment	-	-	-	475	-	-	-	475
Balance at September 30, 2024	<u>8,209</u>	<u>36,905</u>	<u>41,426</u>	<u>2,803</u>	<u>(351)</u>	<u>749</u>	<u>(867)</u>	<u>88,874</u>
	<u>Share capital</u>	<u>Paid-in capital</u>	<u>Retained earnings</u>	<u>Reserve for share-based payment</u>	<u>Foreign currency translation adjustments</u>	<u>Reserve for defined benefit plans</u>	<u>Treasury shares</u>	<u>Total equity</u>
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	-	-	7,358	-	-	-	-	7,358
Other comprehensive Income	-	-	-	-	15	-	-	15
Total comprehensive income	-	-	7,358	-	15	-	-	7,373
Exercise of warrants into shares	-	-	-	(61)	-	-	-	74
Cost of share based-payment	-	-	-	499	-	-	-	499
Balance at September 30, 2023	<u>8,201</u>	<u>36,733</u>	<u>30,731</u>	<u>2,295</u>	<u>(577)</u>	<u>721</u>	<u>(867)</u>	<u>77,237</u>

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<u>Share capital</u>	<u>Paid-in capital</u>	<u>Retained earnings</u>	<u>Reserve for share-based payment</u>	<u>Foreign currency translation adjustments</u>	<u>Reserve for defined benefit plans</u>	<u>Treasury shares</u>	<u>Total equity</u>
U.S. dollars in thousands								
Unaudited								
Balance at July 1, 2024	8,209	36,883	38,509	2,629	(486)	749	(867)	85,626
Net Income	-	-	2,917	-	-	-	-	2,917
Other comprehensive Income	-	-	-	-	135	-	-	135
Total comprehensive income	-	-	2,917	-	135	-	-	3,052
Exercise of warrants into shares	-	22	-	(22)	-	-	-	-
Cost of share based-payment	-	-	-	196	-	-	-	196
Balance at September 30, 2024	<u>8,209</u>	<u>36,905</u>	<u>41,426</u>	<u>2,803</u>	<u>(351)</u>	<u>749</u>	<u>(867)</u>	<u>88,874</u>
	<u>Share capital</u>	<u>Paid-in capital</u>	<u>Retained earnings</u>	<u>Reserve for share-based payment</u>	<u>Foreign currency translation adjustments</u>	<u>Reserve for defined benefit plans</u>	<u>Treasury shares</u>	<u>Total equity</u>
U.S. dollars in thousands								
Unaudited								
Balance at July 1, 2023	8,201	36,706	27,577	2,170	(491)	721	(867)	74,017
Net Income	-	-	3,154	-	-	-	-	3,154
Other comprehensive Income	-	-	-	-	(86)	-	-	(86)
Total comprehensive loss	-	-	3,154	-	(86)	-	-	3,068
Exercise of warrants into shares	-	27	-	(27)	-	-	-	-
Cost of share based-payment	-	-	-	152	-	-	-	152
Balance at September 30, 2023	<u>8,201</u>	<u>36,733</u>	<u>30,731</u>	<u>2,295</u>	<u>(577)</u>	<u>651721</u>	<u>(867)</u>	<u>77,237</u>

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<u>Share capital</u>	<u>Paid-in capital</u>	<u>Retained earnings</u>	<u>Reserve for share-based payment</u>	<u>Foreign currency translation adjustments</u>	<u>Reserve for defined benefit plans</u>	<u>Treasury shares</u>	<u>Total equity</u>
	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 (Loss)	-	-	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

	Nine months ended SEPTEMBER 30,		Three months ended SEPTEMBER 30,		Year ended December 31,
	2024	2023	2024	2023	2023
	Unaudited				Audited
	U.S. dollars in thousands				
<u>Cash flows from operating activities:</u>					
Net income	8,149	7,358	2,917	3,154	9,904
Adjustments to reconcile loss to net cash provided by operating activities:					
Adjustments to the profit or loss items:					
Depreciation and amortization	2,551	2,578	884	940	3,432
Capital Gain from sale of fixed assets	(4)	-	-	-	-
Cost of share-based payment	475	449	196	152	580
Tax expense	1,378	1,430	555	712	1,897
Interest expenses, net	(748)	(417)	(286)	(204)	(622)
Change in employee benefit liability, net	(8)	(7)	3	(3)	(10)
Adjustment to current accounts with foreign operation	(25)	6	(14)	(9)	(32)
	3,619	4,039	1,338	1,588	5,245
Changes in operating asset and liability items:					
Decrease (increase) in trade receivables	(75)	1,428	(2,615)	3,280	(3,537)
Decrease (increase) in amounts due for construction contracts	960	(2,341)	(3,274)	(787)	(70)
Decrease (increase) in other accounts receivable	(286)	903	(85)	624	866
Decrease (increase) in inventories	(3,435)	(2,891)	1,931	(1,316)	(3,953)
Increase (decrease) in trade payables	(2,080)	(952)	(521)	1,255	(579)
Increase (decrease) in other accounts payable	(2,646)	924	216	(115)	4,128
	(7,562)	(2,929)	(4,348)	2,941	(3,145)
Cash paid and received during the period for:					
Interest paid	(605)	(588)	(188)	(179)	(799)
Interest received	1,241	1,005	708	383	1,344
Taxes paid	(571)	(115)	(363)	(40)	(656)
	65	302	157	164	(111)
Net cash provided by operating activities	4,271	8,770	64	7,847	11,893

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended SEPTEMBER 30,		Three months ended SEPTEMBER 30,		Year ended December 31,
	2024	2023	2024	2023	2023
	Unaudited				Audited
	U.S. dollars in thousands				
<u>Cash flows from investing activities:</u>					
Purchase of fixed assets	(542)	(2,977)	(139)	(1,373)	(3,214)
Capitalization of research and development costs	(1,647)	(3,110)	(405)	(1,129)	(3,616)
Purchase of intangible assets	(33)	-	(17)	-	(205)
Deposit in banking corporations, net	13,999	(2,938)	16,854	(3,000)	(6,920)
Net Used in investing activities	11,777	(9,025)	16,293	(5,502)	(13,955)
<u>Cash flows from financing activities:</u>					
Payments for Government grants	-	(4)	-	-	(4)
Payments of lease liability	(1,174)	(1,276)	(406)	(419)	(1,649)
Exercise of warrants into shares	82	74	-	-	74
Net cash used in financing activities	(1,092)	(1,206)	(406)	(419)	(1,579)
Translation differences on balances of cash and cash equivalents	25	(6)	14	9	32
Increase (decrease) in cash and cash equivalents	14,981	(1,467)	15,965	1,937	(3,609)
Cash and cash equivalents at the beginning of the period	18,137	21,746	17,153	18,342	21,746
Cash and cash equivalents at the end of the period	33,118	20,279	33,118	20,279	18,137
<u>Significant non-cash transaction:</u>					
Purchase of fixed assets on suppliers credit	160	227	160	102	890
Recognition of the right of use against a lease liability	874	249	300	87	2,634

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 SEPTEMBER 30, 2024 and for the Nine and 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").
