

ORBIT TECHNOLOGIES LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2024

U.S. DOLLARS IN THOUSANDS

INDEX

	Page
	<hr/>
Consolidated Balance Sheets	3 - 2
Consolidated Statements of Income	4
Consolidated Statements of Comprehensive Income	5
Consolidated Statements of Changes in Equity	6
Consolidated Statements of Cash Flows	8 - 7
Notes to Financial Statements	9

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2024	2023
	U.S. dollars in thousands	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	15,146	18,137
Short term deposit	19,039	20,667
Accounts receivable	13,610	15,152
Amounts due for construction contracts	19,605	16,690
Other accounts receivable	1,688	1,886
Inventories	14,520	12,998
	83,608	85,530
NON-CURRENT ASSETS:		
Long-term other assets	10	10
Fixed assets	18,261	18,840
Intangible assets	16,420	14,992
Goodwill	785	785
Deferred taxes	250	219
	35,726	34,846
	119,334	120,376

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

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2024	2023
	U.S. dollars in thousands	
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Trade payables	8,024	9,717
Income taxes payable	2,503	1,226
Other accounts payable	17,917	17,488
	28,444	28,431
NON-CURRENT LIABILITIES:		
Liability for Government grants	648	553
Employee benefit liability	218	210
Lease payment liability	9,289	9,178
Warranty liability	917	1,183
Contingent liability related to acquisition	-	31
Deferred taxes	993	777
	12,065	11,932
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:		
Share capital	8,285	8,201
Paid-in capital	37,214	36,733
Retained earnings	31,355	33,277
Reserve for share-based payment	2,567	2,426
Foreign currency translation adjustments	(506)	(469)
Reserve for defined benefit plans	777	712
Treasury shares	(867)	(867)
<u>Total equity</u>	78,825	80,013
	119,334	120,376

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

March 31, 2025			
Date of approval of the financial statements	Yitzchak Gat Chairman of the Board	Daniel Eshchar CEO	Roi Wirth CFO

CONSOLIDATED STATEMENTS OF INCOME

	Year ended December 31,		
	2024	2023	2022
	U.S. dollars in thousands (except per share data)		
Revenues from sales and construction performed	70,049	63,011	59,006
Cost of sales and construction performed	43,161	39,331	37,177
Gross profit	26,888	23,680	21,829
Research and development costs, net	3,600	2,215	3,531
Selling and marketing expenses	6,120	6,597	5,216
General and administrative expenses	4,364	3,467	3,788
Operating income before other expenses	12,804	11,401	9,294
Other expenses	-	-	271
Operating income after other expenses	12,804	11,401	9,023
Finance income	1,941	1,420	2,501
Finance expenses	846	1,020	349
Profit before taxes on income	13,899	11,801	11,175
Tax expenses	2,152	1,897	1,498
Net profit	11,747	9,904	9,677
Net profit per share attributable to equity holders of the Company (in U.S. dollars):			
Basic profit per share	0.474	0.399	0.493
Diluted profit per share	0.466	0.394	0.426

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,		
	2024	2023	2022
	U.S. dollars in thousands		
Net profit	11,747	9,904	9,677
Other comprehensive income (net of tax effect):			
Actuarial profit (loss) from defined benefit plans	65	(9)	70
Foreign currency translation adjustments of foreign operation	(37)	123	(234)
Total other comprehensive income (loss)	28	114	(164)
Total comprehensive income	11,775	10,018	9,513

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Paid-in capital	Warrants	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								
<u>Balance at January 1, 2022</u>	6,493	21,039	1,761	13,696	1,118	(358)	651	(867)	43,533
Net income	-	-	-	9,677	-	-	-	-	9,677
Other comprehensive income (loss)	-	-	-	-	-	(234)	70	-	(164)
Total comprehensive Income	-	-	-	9,677	-	(234)	70	-	9,513
Exercise of warrants into shares by controlling shareholder	1,681	15,335	(1,761)	-	-	-	-	-	15,255
Exercise of options into shares	23	229	-	-	(74)	-	-	-	177
Cost of share based-payment	-	-	-	-	863	-	-	-	863
<u>Balance at December 31, 2022</u>	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
Exercise of options into shares	5	130	-	-	(61)	-	-	-	74
Cost of share based-payment	-	-	-	-	580	-	-	-	580
<u>Balance at December 31, 2023</u>	8,201	36,733	-	33,277	2,426	(469)	712	(867)	80,013
Net income	-	-	-	11,747	-	-	-	-	11,747
Other comprehensive income (loss)	-	-	-	-	-	(37)	65	-	28
Total comprehensive Income	-	-	-	11,747	-	(37)	65	-	11,775
Dividend	-	-	-	(13,669)	-	-	-	-	(13,669)
Forfeiture of options	-	-	-	-	(56)	-	-	-	(56)
Exercise of options into shares	84	481	-	-	(483)	-	-	-	82
Cost of share based-payment	-	-	-	-	680	-	-	-	680
<u>Balance at December 31, 2024</u>	8,285	37,214	-	31,355	2,567	(506)	777	(867)	78,825

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2024	2023	2022
	U.S. dollars in thousands		
<u>Cash flows from operating activities:</u>			
Net income	11,747	9,904	9,677
Adjustments to reconcile net income to net cash provided by operating activities:			
Adjustments to the profit or loss items:			
Depreciation and amortization	3,505	3,432	3,227
Capital loss from sale of fixed assets	(4)	-	57
Cost of share-based payment	624	580	863
Tax expense	2,152	1,897	1,498
Interest expenses, net	(967)	(622)	90
Change in employee benefit assets, net	65	(10)	(173)
Adjustment to current accounts with foreign operation	79	(32)	(323)
	5,454	5,245	5,239
Changes in asset and liability items:			
Decrease (increase) in trade receivables	1,542	(3,537)	206
Increase in amounts due for construction contracts	(2,915)	(70)	(9,566)
Decrease (increase) in other accounts receivable	198	866	(125)
Decrease in inventories	(1,711)	(3,953)	(3,239)
Increase (decrease) in trade payables	(1,699)	(579)	2,748
Increase (decrease) in other accounts payable	1055	4,128	(4,406)
	(3,530)	(3,145)	(14,382)
Cash paid and received during the year for:			
Interest paid	(830)	(799)	(349)
Interest received	1,736	1,344	259
Taxes paid	(1,072)	(656)	(307)
	(166)	(111)	(397)
Net cash provided by operating activities	13,505	11,893	137

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2024	2023	2022
	U.S. dollars in thousands		
<u>Cash flows from investing activities:</u>			
Purchase of fixed assets	(740)	(3,214)	(3,757)
Capitalization of research and development costs	(2,078)	(3,616)	(4,434)
Purchase of intangible assets	(87)	(205)	-
Net cash used to activity acquisition	-	-	(1,352)
Deposit in banking corporations	1,690	(6,920)	(12,787)
Net cash used in investing activities	(1,215)	(13,955)	(22,330)
<u>Cash flows from financing activities:</u>			
Payments for Government grants	(7)	(4)	(5)
Payments of lease liability	(1,608)	(1,649)	(1,696)
Exercise of warrants into shares by controlling shareholder	-	-	15,255
Dividend	(13,669)	-	-
Exercise of warrants into shares	82	74	177
Net cash provided by (used in) financing activities	(15,202)	(1,579)	13,731
Translation differences on balances of cash and cash equivalents	(79)	32	323
Decrease in cash and cash equivalents	(2,991)	(3,609)	(8,139)
Cash and cash equivalents at the beginning of the year	18,137	21,746	29,885
Cash and cash equivalents at the end of the year	15,146	18,137	21,746
<u>Significant non-cash transaction:</u>			
Purchase of fixed assets on suppliers credit	160	154	890
Recognition of the right of use against a lease liability	1,250	426	2,634

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1:- OPERATING SEGMENTS AND GEOGRAPHICAL SEGMENTS

a. Operating segments:

The operating segments are identified on the basis of information that is regularly reviewed by the Company's CEO which has been identified as the strategic steering committee to make strategic decisions in the Company (chief operating decision maker, "CODM").

The CODM decided that there is one internally reportable operation segments-development, marketing and manufacturing of superior performance communication equipment solutions.

b. Secondary reporting on geographical segments:

The geographical segments are presented based on the location of customers:

	Year ended December 31,		
	2024	2023	2022
	U.S. dollars in thousands		
Israel	28,776	15,730	15,924
Europe	19,489	15,442	9,738
America	12,983	12,466	26,533
East Asia	8,801	19,373	6,811
	<u>70,049</u>	<u>63,011</u>	<u>59,006</u>

c. Major customers:

Revenues from major customers each of whom amount to 10% or more of total revenues (in percentages):

	Year ended December 31,		
	2024	2023	2022
	%		
Customer A	29	9	10
Customer B	5	24	7
Customer C	3	2	16
