

ORBIT TECHNOLOGIES LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2021

UNAUDITED

U.S. DOLLARS IN THOUSANDS

INDEX

	<u>Page</u>
Auditors' Letter	2
Consolidated Balance Sheets	3 - 4
Consolidated Statements of Income	5
Consolidated Statements of Comprehensive Income	6
Consolidated Statements of Changes in Equity	7 - 8
Consolidated Statements of Cash Flows	9 - 10
Note to Consolidated financial Statements	11



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working world

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To:
Orbit Technologies Ltd.

We have reviewed the financial information of Orbit Technologies Ltd. and its subsidiaries ("the Group"), which comprises the condensed consolidated balance sheet as of March 31, 2021 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three months period then ended in accordance with Review Standard 1 of the Institute of Certified Public Accountants in Israel.

Based on our review, in our review report dated May 24, 2021, we stated that nothing came to our attention that caused us to believe that the abovementioned interim financial information was not prepared, in all material respects, in accordance with IAS 34.

The accompanying financial information, which is derived from the abovementioned financial information, is condensed financial information and does not include disclosures required by IAS 34. If the omitted disclosures were included in the accompanying financial information, they might influence the user's conclusions about the consolidated financial position, results of operations and cash flows of the Company and subsidiaries. Accordingly, the accompanying financial information is not designed for those who are not informed about such matters.

Tel-Aviv, Israel 24 May , 2021


KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

CONSOLIDATED BALANCE SHEETS

	<u>March 31,</u>		<u>December 31,</u>
	<u>2021</u>	<u>2020</u>	<u>2020</u>
	<u>Unaudited</u>		<u>Audited</u>
	<u>U.S. dollars in thousands</u>		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	24,371	13,881	23,555
Short-term deposits	-	5,183	-
Accounts receivables	8,328	9,521	11,530
Other accounts receivable	1,054	820	763
Inventories	5,696	6,351	5,720
Amounts due for construction contracts	8,102	3,344	5,124
	<u>47,551</u>	<u>39,100</u>	<u>46,692</u>
NON-CURRENT ASSETS:			
Other assets	10	10	10
Fixed assets	8,314	8,605	8,465
Intangible assets	5,495	5,735	5,534
Deferred taxes	632	659	630
	<u>14,451</u>	<u>15,009</u>	<u>14,639</u>
	<u>62,002</u>	<u>54,109</u>	<u>61,331</u>

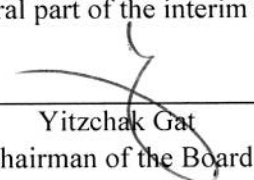
The accompanying note is an integral part of the interim consolidated financial statements.

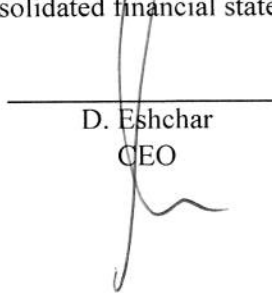
CONSOLIDATED BALANCE SHEETS

	March 31,		December 31,
	2021	2020	2020
	Unaudited		Audited
U.S. dollars in thousands			
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Current maturities of Convertible Bonds	-	2,467	-
Trade payables	6,628	5,040	6,274
Income taxes payable	28	10	19
Other accounts payable	13,266	10,002	13,674
	<u>19,922</u>	<u>17,519</u>	<u>19,967</u>
NON-CURRENT LIABILITIES:			
Liability for Government grants	645	809	756
Employee benefit liability	314	237	328
Lease payment liability	3,826	4,251	4,125
Warranty liability	632	319	441
Deferred taxes	14	11	14
	<u>5,431</u>	<u>5,627</u>	<u>5,664</u>
EQUITY:			
Share capital	6,462	6,450	6,458
Paid-in capital	20,829	20,728	20,788
Warrants	1,761	1,761	1,761
Retained earnings	7,276	1,943	6,419
Reserve for share-based payment	883	772	821
Proceeds from conversion option	-	10	-
Foreign currency translation adjustments	(349)	(536)	(334)
Reserve for defined benefit plans	654	702	654
Treasury shares	(867)	(867)	(867)
Total equity	<u>36,649</u>	<u>30,963</u>	<u>35,700</u>
	<u>62,002</u>	<u>54,109</u>	<u>61,331</u>

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

24 May, 2021
Date of approval of the
financial statements


Yitzhak Gat
Chairman of the Board


D. Eshchar
CEO


R. Wirth
CFO

CONSOLIDATED STATEMENTS OF INCOME

	Three months ended March 31,		Year ended December 31,
	2021	2020	2020
	Unaudited		Audited
	U.S. dollars in thousands (except per share data)		
Revenues from sales and construction performed	12,058	11,576	52,255
Cost of sales and construction performed	8,150	8,716	34,521
Gross profit	3,908	2,860	17,734
Research and development costs, net	930	718	3,623
Selling and marketing expenses	1,310	1,163	4,557
General and administrative expenses	886	906	3,603
Operating income before other expenses	782	73	5,951
Other expenses	7	-	147
Operating income after other expenses	775	73	5,804
Finance income	171	314	150
Finance expenses	81	244	1,275
Income before taxes on income	865	143	4,679
Income tax expense	8	8	68
Net Profit	857	135	4,611
Net Profit per share attributable to equity holders of the Company (in U.S. dollars):			
Basic profit per share	0.046	0.007	0.249
Diluted profit per share	0.040	0.007	0.248

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended		Year ended
	March 31,		December 31,
	2021	2020	2020
	Unaudited		Audited
	U.S. dollars in thousands		
Net Profit	<u>857</u>	<u>135</u>	<u>4,611</u>
Other comprehensive profit (net of tax effect):			
Actuarial loss (profit) from defined benefit plans	-	9	(39)
Foreign currency translation adjustments of foreign operation	<u>(15)</u>	<u>(120)</u>	<u>82</u>
Total other comprehensive income (loss)	<u>(15)</u>	<u>(111)</u>	<u>43</u>
Total comprehensive income	<u><u>842</u></u>	<u><u>24</u></u>	<u><u>4,654</u></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	Warrants	Retained earnings	Reserve for share-based payment	Foreign currency translation adjustments	Reserve for defined benefit plans	Treasury shares	Total equity
Balance at January 1, 2021	6,458	20,788	1,761	6,419	821	(334)	654	(867)	35,700
Net Income	-	-	-	857	-	-	-	-	857
Other comprehensive income (loss)	-	-	-	-	-	(15)	-	-	(15)
Total comprehensive loss (loss)	-	-	-	-	-	(15)	-	-	(15)
Exercise of warrants into shares	4	39	-	-	(7)	-	-	-	36
Forfeiture of options	-	2	-	-	(2)	-	-	-	-
Cost of share based-payment	-	-	-	-	71	-	-	-	71
Balance at March 31, 2021 (unaudited)	6,462	20,829	1,761	7,276	883	(349)	654	(867)	36,649

Equity attributable to equity holders of the Company

	Share capital	Paid-in capital	Warrants	Retained earnings	Reserve for share-based payment	U.S. dollars in thousands			Total equity
						Foreign currency translation adjustments	Proceeds from conversion option	Reserve for defined benefit plans	
Balance at January 1, 2020	6,450	20,725	1,761	1,808	763	(416)	10	693	30,927
Net Income	-	-	-	135	-	-	-	-	135
Other comprehensive income (loss)	-	-	-	-	-	(120)	-	9	(111)
Total comprehensive loss (loss)	-	-	-	135	-	(120)	-	9	24
Forfeiture of options	-	3	-	-	(3)	-	-	-	-
Cost of share based-payment	-	-	-	-	12	-	-	-	12
Balance at March 31, 2020 (unaudited)	6,450	20,728	1,761	1,943	772	(536)	10	702	30,963

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Company									
	Share capital	Paid-in capital	Warrants	Retained earnings	Reserve for share-based payments	Foreign currency translation adjustments	Proceeds from option conversion	Reserve for defined benefit plans	Treasury shares	Total equity
Balance at January 1, 2020	6,450	20,725	1,761	1,808	763	(416)	10	693	(867)	30,927
Net Income	-	-	-	4,611	-	-	-	-	-	4,611
Other comprehensive income (loss)	-	-	-	-	-	82	-	(39)	-	43
Total comprehensive loss (loss)	-	-	-	4,611	-	82	-	(39)	-	4,654
Exercise of warrants into shares by controlling shareholder	8	36	-	-	-	-	-	-	-	44
Exercise of options into shares	-	27	-	-	(17)	-	(10)	-	-	-
Cost of share based-payment	-	-	-	-	75	-	-	-	-	75
Balance at December 31, 2020	6,458	20,788	1,761	6,419	821	(334)	-	654	(867)	35,700

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,
	2021	2020	2020
	Unaudited		Audited
	U.S. dollars in thousands		
<u>Cash flows from operating activities:</u>			
Net income	857	135	2,236
Adjustments to reconcile net income to net cash provided by operating activities:			
Adjustments to the profit or loss items:			
Depreciation and amortization	616	681	2,571
Capital Gain from sale of fixed assets	-	-	(8)
Cost of share-based payment	71	12	75
Tax expense	8	8	68
Interest expenses, net	74	(91)	414
Change in employee benefit Liability, net	(14)	(13)	30
Adjustment to current accounts with foreign operation	51	40	163
	<u>806</u>	<u>637</u>	<u>3,313</u>
Changes in operating asset and liability items:			
Decrease in trade receivables	3,202	2,667	657
Decrease (increase) in amounts due for construction contracts	(2,978)	216	(1,564)
Increase in other accounts receivable	(292)	(173)	(40)
Decrease in inventories	24	989	1,620
Increase (Decrease) in trade payables	423	(577)	525
Increase (Decrease) in other accounts payable	(510)	(1,505)	2,392
	<u>(130)</u>	<u>1,617</u>	<u>3,590</u>
Cash paid and received during the period for:			
Interest paid	(25)	(42)	(313)
Interest received	10	72	150
Taxes paid	(11)	(35)	(117)
	<u>(26)</u>	<u>(5)</u>	<u>(280)</u>
Net cash provided by operating activities	<u>1,507</u>	<u>2,384</u>	<u>11,234</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,
	2021	2020	2020
	Unaudited		Audited
	U.S. dollars in thousands		
<u>Cash flows from investing activities:</u>			
Purchase of fixed assets	(215)	(212)	(765)
Capitalization of research and development costs	(62)	(142)	(421)
Deposit in banking corporations	-	(36)	5,148
Proceeds from sale of fixed assets	-	-	8
	<u>(277)</u>	<u>(390)</u>	<u>3,970</u>
<u>Cash flows from financing activities:</u>			
Receipt of Government grants	-	4	4
Payments for Government grants	-	-	(39)
Payments of convertible bonds	-	-	(2,462)
Payments of lease liability	(400)	(339)	(1,313)
Exercise of warrants into shares	36	-	44
	<u>(364)</u>	<u>(335)</u>	<u>(3,766)</u>
Translation differences on balances of cash and cash equivalents	<u>(50)</u>	<u>(41)</u>	<u>(146)</u>
Increase in cash and cash equivalents	816	1,618	11,292
Cash and cash equivalents at the beginning of the period	<u>23,555</u>	<u>12,263</u>	<u>12,263</u>
Cash and cash equivalents at the end of the period	<u><u>24,371</u></u>	<u><u>13,881</u></u>	<u><u>23,555</u></u>
<u>Significant non-cash transaction:</u>			
Purchase of fixed assets on suppliers credit	<u>107</u>	<u>42</u>	<u>176</u>
Recognition of the right of use against a lease liability	<u>218</u>	<u>69</u>	<u>661</u>

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, 2021 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, 2020 and for the year then ended and accompanying notes ("annual financial statements").

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