

ORBIT TECHNOLOGIES LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2024

U.S. DOLLARS IN THOUSANDS

UNAUDITED

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CONSOLIDATED BALANCE SHEETS

	<u>June 30,</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	17,153	18,342	18,137
Short term deposit	24,496	13,114	20,667
Accounts receivable	12,612	13,467	15,152
Amounts due for construction contracts	12,457	18,175	16,690
Other accounts receivable	2,087	1,347	1,886
Inventories	18,254	11,028	12,998
	<u>87,059</u>	<u>75,473</u>	<u>85,530</u>
NON-CURRENT ASSETS:			
Other assets	10	10	10
Fixed assets	18,564	19,096	18,840
Intangible assets	15,923	13,482	14,992
Goodwill	785	785	785
Deferred taxes	234	222	219
	<u>35,516</u>	<u>33,595</u>	<u>34,846</u>
	<u><u>122,575</u></u>	<u><u>109,068</u></u>	<u><u>120,376</u></u>

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

CONSOLIDATED BALANCE SHEETS

	June 30,		December 31,
	2024	2023	2023
	Unaudited		Audited
U.S. dollars in thousands			
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	8,131	8,060	9,717
Income taxes payable	1,771	555	1,226
Other accounts payable	15,635	14,553	17,488
	<u>25,537</u>	<u>23,168</u>	<u>28,431</u>
NON-CURRENT LIABILITIES:			
Liability for Government grants	411	540	553
Employee benefit liability	166	207	210
Lease payments liability	8,849	9,192	9,178
Warranty liability	1,017	1,069	1,183
Contingent liability related to acquisition	-	237	31
Deferred taxes	969	638	777
	<u>11,412</u>	<u>11,883</u>	<u>11,932</u>
EQUITY:			
Share capital	8,209	8,201	8,201
Paid-in capital	36,883	36,706	36,733
Retained earnings	38,509	27,577	33,277
Reserve for share-based payment	2,629	2,170	2,426
Foreign currency translation adjustments	(486)	(491)	(469)
Reserve for defined benefit plans	749	721	712
Treasury shares	(867)	(867)	(867)
Total equity	<u>85,626</u>	<u>74,017</u>	<u>80,013</u>
	<u><u>122,575</u></u>	<u><u>109,068</u></u>	<u><u>120,376</u></u>

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

August 29, 2024			
Date of approval of the financial statements	Yitzchak Gat Chairman of the Board	D. Eshchar CEO	R. Wirth CFO

CONSOLIDATED STATEMENTS OF INCOME

	Six months ended		Three months ended		Year ended
	June 30,		June 30,		December 31,
	2024	2023	2024	2023	2023
	Unaudited				Audited
	U.S. dollars in thousands (except per share data)				
Revenues from sales and contracts performed	31,585	28,982	16,456	15,504	63,011
Cost of sales and contracts performed	19,512	18,606	9,993	9,757	39,331
Gross profit	12,073	10,376	6,463	5,747	23,680
Research and development costs, net	1,891	1,037	972	522	2,215
Selling and marketing expenses	3,059	3,239	1,443	1,874	6,597
General and administrative expenses	2,029	1,724	1,024	727	3,467
Operating income	5,094	4,376	3,024	2,624	11,401
Finance income	1400	954	699	486	1,420
Finance expenses	439	409	167	207	1,020
Income before taxes on income	6,055	4,921	3,556	2,903	11,801
tax expense	823	717	513	420	1,897
Net profit	5,232	4,204	3,043	2,483	9,904
Net profit per share attributable to equity holders of the Company (in U.S. dollars):					
Basic profit per share	0.211	0.170	0.123	0.101	0.399
Diluted profit per share	0.207	0.168	0.121	0.099	0.394

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six months ended		Three months ended		Year ended
	June 30,		June 30,		December 31,
	2024	2023	2024	2023	2023
	Unaudited				Audited
	U.S. dollars in thousands				
Net profit	<u>5,232</u>	<u>4,204</u>	<u>3,043</u>	<u>2,483</u>	<u>9,904</u>
Other comprehensive income (net of tax effect):					
Actuarial loss from defined benefit plans	37	-	37	-	(9)
Foreign currency translation adjustments of foreign operation	<u>(17)</u>	<u>101</u>	<u>-</u>	<u>46</u>	<u>123</u>
Total other comprehensive profit	<u>20</u>	<u>101</u>	<u>37</u>	<u>46</u>	<u>114</u>
Total comprehensive income	<u><u>5,252</u></u>	<u><u>4,305</u></u>	<u><u>3,080</u></u>	<u><u>2,529</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	-	-	5,232	-	-	-	-	5,232
Other comprehensive Income (Loss)	-	-	-	-	(17)	37	-	20
Total comprehensive income (Loss)	-	-	5,232	-	(17)	37	-	5,252
Exercise of warrants into shares	8	150	-	(76)	-	-	-	82
Cost of share based-payment	-	--	-	279-	-	-	-	279
Balance at June 30, 2024	<u>8,209</u>	<u>36,883</u>	<u>38,509</u>	<u>2,629</u>	<u>(486)</u>	<u>749</u>	<u>(867)</u>	<u>85,626</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	-	-	4,204	-	-	-	-	4,204
Other comprehensive Income	-	-	-	-	101	-	-	101
Total comprehensive income	-	-	4,204	-	101	-	-	4,305
Exercise of warrants into shares	5	103	-	(34)	-	-	-	74
Cost of share based-payment	-	-	-	297	-	-	-	297
Balance at June 30, 2023	<u>8,201</u>	<u>36,706</u>	<u>27,577</u>	<u>2,170</u>	<u>(491)</u>	<u>721</u>	<u>(867)</u>	<u>74,017</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								
Unaudited								
Balance at April 1, 2024	8,204	36,847	35,466	4,742	(486)	712	(867)	82,350
Net Income	-	-	3,043	-	-	-	-	3,043
Other comprehensive Income	-	-	-	-	-	37	-	37
Total comprehensive income	-	-	3,043	-	-	37	-	3,080
Exercise of warrants into shares	5	36	-	(38)	-	-	-	3
Cost of share based-payment	-	-	-	193	-	-	-	193
Balance at June 30, 2024	<u>8,209</u>	<u>36,883</u>	<u>38,509</u>	<u>2,629</u>	<u>(486)</u>	<u>749</u>	<u>(867)</u>	<u>85,626</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 April 1, 2023	8,198	36,618	25,094	2,073	(537)	721	(867)	69,341
Net Income	-	-	2,483	-	-	-	-	2,483
Other comprehensive Income	-	-	-	-	46	-	-	46
Total comprehensive income	-	-	2,483	-	46	-	-	2,529
Exercise of warrants into shares	3	88	-	(26)	-	-	-	65
Cost of share based-payment	-	-	-	123	-	-	-	123
Balance at June 30, 2023	<u>6,501</u>	<u>21,089</u>	<u>17,577</u>	<u>1,526</u>	<u>(589)</u>	<u>651</u>	<u>(867)</u>	<u>74,017</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 (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

	Six months ended		Three months ended		Year ended
	June 30,		June 30,		December 31,
	2024	2023	2024	2023	2023
	Unaudited				Audited
	U.S. dollars in thousands				
<u>Cash flows from operating activities:</u>					
Net income	5,232	4,204	3,043	2,483	9,904
Adjustments to reconcile loss to net cash provided by operating activities:					
Adjustments to the profit or loss items:					
Depreciation and amortization	1,667	1,638	846	851	3,432
Capital Gain from sale of fixed assets	(4)	-	(2)	-	-
Cost of share-based payment	279	297	193	123	580
Tax expense	823	717	513	420	1,897
Interest expenses, net	(462)	(213)	(282)	(282)	(622)
Change in employee benefit liability, net	(11)	(4)	(11)	(2)	(10)
Adjustment to current accounts with foreign operation	(11)	15	29	(15)	(32)
	2,281	2,450	1,286	1,095	5,245
Changes in operating asset and liability items:					
Decrease (increase) in trade receivables	2,540	(1,852)	5,364	(3,335)	(3,537)
Decrease (increase) in amounts due for construction contracts	4,234	(1,554)	(771)	842	(70)
Decrease (increase) in other accounts receivable	(201)	279	186	505	866
increase in inventories	(5,366)	(1,575)	(1,961)	(52)	(3,953)
Decrease in trade payables	(1,559)	(2,207)	(3,383)	(848)	(579)
Increase (decrease) in other accounts payable	(2,862)	1,043	(2,489)	1,023	4,128
	(3,214)	(5,869)	(3,054)	(1,865)	(3,145)
Cash paid and received during the period for:					
Interest paid	(417)	(409)	(162)	(208)	(799)
Interest received	533	622	378	489	1,344
Taxes paid	(208)	(75)	(194)	(64)	(656)
	(92)	138	22	217	(111)
Net cash provided by operating activities	4,207	923	1,297	1,586	11,893

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended		Three months ended		Year ended
	June 30,		June 30,		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	(403)	(1,604)	(181)	(938)	(3,214)
Capitalization of research and development costs	(1,242)	(1,981)	(481)	(955)	(3,616)
Purchase of intangible assets	(16)	-	(16)	-	(205)
Deposit in banking corporations	(2,855)	62	6,450	62	(6,920)
Net Used in investing activities	(4,516)	(3,523)	5,772	(1,831)	(13,955)
<u>Cash flows from financing activities:</u>					
Payments for Government grants	-	(4)	-	(4)	(4)
Payments of lease liability	(768)	(859)	(391)	(425)	(1,649)
Exercise of warrants into shares	82	74	3	65	74
Net cash used in financing activities	(686)	(789)	(388)	(364)	(1,579)
Translation differences on balances of cash and cash equivalents	11	(15)	(29)	15	32
Increase (decrease) in cash and cash equivalents	(984)	(3,404)	6,652	(594)	(3,609)
Cash and cash equivalents at the beginning of the period	18,137	21,746	10,501	18,936	21,746
Cash and cash equivalents at the end of the period	17,153	18,342	17,153	18,342	18,137
<u>Significant non-cash transaction:</u>					
Purchase of fixed assets on suppliers credit	127	125	127	125	890
Recognition of the right of use against a lease liability	574	162	193	61	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 June 30, 2024 and for the six 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").
