



Convenience Translation of Extracts of the 2023 Audited Financial Statements

This convenience translation of extracts of the 2023 Audited Financial Statement of Amiad Water Systems Ltd. (the "Company") that were published in Hebrew on March 26, 2024, is rendered for the convenience of reading only. This translation from Hebrew does not include the full results and financial information of the Company nor the financial notes. It is not intended to replace the need to review the reports published by the Company to the public, including the Company's annual report as of December 31, 2023 and the Company's consolidated financial statements as of December 31, 2023, in order to obtain a complete picture regarding the Company's activities and the risks the company faces. In the event of any discrepancy between this translation and the 2022 Financial Statements of the Company that were published in Hebrew on March 26, 2024, the later shall prevail.

AMIAD WATER SYSTEMS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
	\$ in thousands	
Assets		
Current Assets:		
Cash and cash equivalents	12,185	13,581
Financial assets at fair value through profit or loss – derivatives	371	51
Trade and other receivables:		
Trade	30,947	25,737
Other	9,877	2,696
Inventories	40,010	44,089
Current income tax receivables	353	168
Total Current Assets	93,743	86,322
Non-Current Assets:		
Long-term receivables	293	193
Property, plant and equipment	14,537	14,728
Intangible assets	15,893	11,621
Right-of-use assets	17,031	15,597
Deferred tax assets	2,946	2,973
Total Non-Current Assets	50,700	45,112
Total Assets	144,443	131,434

Yariv Avisar
Chairman of the Board

Dori Ivzori
Chief executive officer

Relly Shimko
Chief Financial officer

Date of approval of financial statements by the board of directors: March 25, 2024.

AMIAD WATER SYSTEMS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
	\$ in thousands	
Liabilities And Equity		
Current Liabilities:		
Short term of borrowings from banks	16,110	2,018
Derivative financial instruments	91	646
Trade and other payables:		
Trade	15,363	11,902
Other	11,495	11,705
Lease liabilities	3,420	2,924
Contingent consideration and other payments for previous shareholders of held subsidiaries	1,789	-
Current tax liability	954	492
Total Current Liabilities	49,222	29,687
Non-Current Liabilities:		
Employee benefit obligations, net	394	429
Lease liabilities	15,434	14,627
Deferred tax liabilities	213	-
Total Non-Current Liabilities	16,041	15,056
Total Liabilities	65,263	44,743
Equity:		
Capital and reserves attributable to owners:		
Share capital	3,952	3,921
Capital reserves	49,472	49,294
Capital reserves in respect to transactions with non-controlling interests	(8,784)	(416)
Capital reserves from translation differences	(7,884)	(7,673)
Retained earnings	42,424	38,145
	79,180	83,271
Non-controlling interests	-	3,420
Total Equity	79,180	86,691
Total Liabilities and Equity	144,443	131,434

AMIAD WATER SYSTEMS LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year ended December 31	
	2023	2022
	\$ in thousands except per share data	
Revenue	123,656	121,243
Cost of revenue	75,120	71,497
Gross Profit	48,536	49,746
Research and development expenses, net	2,912	2,830
Selling and marketing expenses	27,812	26,816
General and administrative expenses	10,591	10,051
Other expenses (income)	(2,941)	(1,053)
Operating Profit	10,162	11,102
Finance income	260	2,281
Finance expenses	(4,168)	(5,866)
Finance income (expenses), net	(3,908)	(3,585)
Profit before income tax	6,254	7,517
Income tax expenses	1,975	2,829
Profit for the period	4,279	4,688
Other comprehensive income (loss):		
Items that will not be reclassified to profit or loss:		
Remeasurements of post-employment benefit obligations, net	(31)	-
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(211)	3,380*
Other comprehensive income (loss) for the period	(242)	3,380
Total comprehensive income for the period	4,037	8,068
Profit is attributable to:		
Owners of the Company	4,279	4,211
Non-controlling interests	-	477
	4,279	4,688
Total comprehensive income for the period is attributable to:		
Owners of the Company	4,037	6,062
Non-controlling interests	-	2,006
	4,037	8,068
	\$	
Earnings per share for profit attributable to the ordinary equity holders of the Company		
Basic earnings per share	0.141	0.138
Diluted earnings per share	0.140	0.138

AMIAD WATER SYSTEMS LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								
	Number of shares	Share capital	Capital reserve	Currency translation reserve	Transaction with non-controlling Interest	Retained earnings	Total	Non-controlling interest	Total equity
					\$ in thousands				
BALANCE AT December 31, 2021	30,416,487	3,907	48,948	(9,524)	(416)	40,434	83,349	2,149	85,498
Comprehensive income (loss):									
Profit (loss) for the year				-		4,211	4,211	477	4,688
Currency translation differences				1,851		-	1,851	1,529	3,380
Total comprehensive income (loss)				1,851		4,211	6,062	2,006	8,068
Transaction with owners:									
Recognition of compensation related to employee options grants	-	-	360			-	360	-	360
Dividend to non-controlling interest in subsidiaries	-	-	-			-	-	(735)	(735)
Dividend	-	-	-			(6,500)	(6,500)	-	(6,500)
Exercise of options	8,615	14	(14)			-	-	-	-
Total transaction with owners	8,615	14	346			(6,500)	(6,140)	(735)	(6,875)
BALANCE AT DECEMBER 31, 2022	30,425,102	3,921	49,294	(7,673)	(416)	38,145	83,271	3,420	86,691
Comprehensive income (loss):									
Profit (loss) for the year						4,279	4,279		4,279
Currency translation differences			(31)	(211)			(242)		(242)
Total comprehensive income (loss)	-	-	(31)	(211)	-	4,279	4,037	-	4,037
Transaction with owners:									
Recognition of compensation related to employee options grants			240				240		240
Transactions with non-controlling interests					(8,368)		(8,368)	(3,420)	(11,788)
Exercise of options	61,190	31	(31)						
Total transaction with owners	61,190	31	209		(8,368)		(8,128)	(3,420)	(11,548)
BALANCE AT DECEMBER 31, 2023	30,486,292	3,952	49,472	(7,884)	(8,784)	42,424	79,180	-	79,180

AMIAD WATER SYSTEMS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOW

	Year ended December 31	
	2023	2022
	\$ in thousands	
Cash Flows From Operating Activities:		
Cash generated from operations	7,632	1,289
Interest paid	(2,056)	(906)
Interest received	259	159
Income taxes paid	(997)	(1,027)
Net cash generated from (used in) operating activities	4,838	(485)
Cash Flows From Investing Activities:		
Payment for acquisition of subsidiary, net of cash acquired	(3,432)	-
Residual payment for subsidiary	(1,181)	-
Payment for property, plant and equipment	(2,834)	(3,754)
Payment for intangible assets	(1,437)	(774)
Proceeds from sale of property, plant and equipment	25	8
Restricted deposit	25	(216)
Net cash used in investing activities	(8,834)	(4,736)
Cash Flows From Financing Activities:		
Transactions with non-controlling interests	(7,973)	-
Dividends paid to Company's shareholders	-	(6,500)
Dividends paid to non-controlling interest in subsidiaries	-	(1,018)
Payments of lease liabilities	(3,425)	(3,095)
Repayment of long-term borrowings	-	(30)
Receive (Repayment) of short-term borrowings, net	14,092	1,792
Net cash generated from (used in) financing activities	2,694	(8,851)
Effect of exchange rate changes on cash and cash equivalents	(94)	(722)
Cumulative effect of transition of the cash and cash equivalent of the Turkish subsidiary under the hyper-inflationary economy	-	1,602
Net decrease in cash and cash equivalents	(1,396)	(13,192)
Cash and cash equivalents at the beginning of year	13,581	26,773
Cash and cash equivalents at end of year	12,185	13,581