



Convenience Translation of Extracts of the 2022 Audited Financial Statements

This convenience translation of extracts of the 2022 Audited Financial Statement of Amiad Water Systems Ltd. (the "Company") that were published in Hebrew on March 23, 2023, 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, 2022 and the Company's consolidated financial statements as of December 31, 2022 (Reference No.:2023-01-026455), 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 23, 2023, the later shall prevail.

AMIAD WATER SYSTEMS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31			
	2022	2021		
	\$ in thousands			
Assets				
Current Assets:				
Cash and cash equivalents	13,581	26,773		
Financial assets at fair value through profit or loss - derivatives	51	225		
Trade and other receivables:				
Trade	25,737	30,458		
Other	2,696	5,266		
Inventories	44,089	37,504		
Current income tax receivables	168	531		
Total Current Assets	86,322	100,757		
Non-Current Assets:				
Severance pay fund, net	-	301		
Long-term receivables	193	262		
Property, plant and equipment	14,728	12,469		
Intangible assets	11,621	10,376		
Right-of-use assets	15,597	15,542		
Deferred tax assets	2,973	3,487		
Total Non-Current Assets	45,112	42,437		
Total Assets	131,434	143,194		

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 22, 2023.

AMIAD WATER SYSTEMS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31	
2022	2021
\$ in thousands	

Liabilities And Equity

Current Liabilities:

Short term of borrowings from banks	2,018	1,432
Derivative financial instruments	646	40
Trade and other payables:		
Trade	11,902	*19,130
Other	11,705	*17,343
Lease liabilities	2,924	2,639
Current tax liability	492	261
Total Current Liabilities	29,687	40,845

Non-Current Liabilities:

Borrowings from banks (net of current maturities)	-	21
Employee benefit obligations, net	429	375
Lease liabilities	14,627	16,434
Deferred tax liabilities	-	21
Total Non-Current Liabilities	15,056	16,851
Total Liabilities	44,743	57,696

Equity:

Capital and reserves attributable to owners:

Share capital	3,921	3,907
Capital reserves	49,294	48,948
Capital reserves in respect to transactions with non-controlling interests	(416)	(416)
Capital reserves from translation differences	(7,673)	(9,524)
Retained earnings	38,145	40,434
	83,271	83,349

Non-controlling interests

Total Equity	3,420	2,149
Total Liabilities and Equity	131,434	143,194

AMIAD WATER SYSTEMS LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year ended December 31	
	2022	2021
	\$ in thousands except per share data	
Revenue	121,243	115,299
Cost of revenue	71,497	67,267
Gross Profit	49,746	48,032
Research and development expenses, net	2,830	2,971
Selling and marketing expenses	26,816	25,820
General and administrative expenses	10,051	10,682
Other expenses (income)	(1,053)	92
Operating Profit	11,102	8,467
Finance income	2,281	1,376
Finance expenses	(5,866)	(1,337)
Finance income (expenses), net	(3,585)	39
Profit before income tax	7,517	8,506
Income tax expenses	2,829	1,324
Profit for the period	4,688	7,182
 Other comprehensive income (loss):		
Items that will not be reclassified to profit or loss:		
Remeasurements of post-employment benefit obligations, net	-	42
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	3,380	(3,509)
Other comprehensive income (loss) for the period	3,380	(3,467)
Total comprehensive income for the period	8,068	3,715
 Profit is attributable to:		
Owners of the Company	4,211	6,069
Non-controlling interests	477	1,113
	4,688	7,182
 Total comprehensive income for the period is attributable to:		
Owners of the Company	6,062	4,153
Non-controlling interests	2,006	(438)
	8,068	3,715
	 \$	
 Earnings per share for profit attributable to the ordinary equity holders of the Company		
Basic earnings per share	0.138	0.199
Diluted earnings per share	0.138	0.198

AMIAD WATER SYSTEMS LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								Non-controlling interest	Total equity		
	Number of shares	Share capital	Capital reserve	Currency translation reserve	Transaction with non-controlling interest \$ in thousands	Retained earnings	Total					
BALANCE AT JANUARY 1, 2021	596,30,371	3,900	48,760	(7,566)	(416)	34,365	79,043	3,121		82,164		
Comprehensive income (loss):												
Profit (loss) for the year	-	-	-		-	6,069	6,069	1,113		7,182		
Currency translation differences	-	-	42	(1,958)	-	-	(1,916)	(1,551)		(3,467)		
Total comprehensive income (loss)			42	(1,958)		6,069	4,153	(438)		3,715		
Transaction with owners:												
Recognition of compensation related to employee options grants	-	-	153		-	-	153	-		153		
Exercise of options	44,891	7	(7)		-	-	-	-		-		
Dividend to non-controlling Interest in subsidiaries	-	-	-		-	-	-					
Total transaction with owners	44,891	7	146	-	-	-	153	(534)		(534)		
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		8,068		
Transaction with owners:												
Recognition of compensation related to employee options grants	-	-	360		-	360	-			360		
Dividend to non-controlling interest in subsidiaries	-	-	-		-	-	-			(735)		
Dividend	-	-	-		(6,500)	(6,500)	-			(6,500)		
Exercise of options	8,615	14	(14)		-	-	-	-		-		
Total transaction with owners	8,615	14	346	(7,673)	(416)	(6,500)	(6,140)	(735)		(6,875)		
BALANCE AT DECEMBER 31, 2022	30,425,102	3,921	49,294			38,145	83,271	3,420		86,691		

AMIAD WATER SYSTEMS LTD.

		Year ended December 31	
	2022	2021	
	\$ in thousands		
Cash Flows From Operating Activities:			
Cash generated from operations	16	1,289	12,612
Interest paid		(906)	(993)
Interest received		159	181
Income taxes paid		(1,027)	(823)
Net cash generated from (used in) operating activities		<u>(485)</u>	<u>10,977</u>
Cash Flows From Investing Activities:			
Payment for property, plant and equipment		(3,754)	(2,883)
Payment for intangible assets		(774)	(558)
Proceeds from sale of property, plant and equipment		8	31
Restricted deposit		(216)	26
Net cash used in investing activities		<u>(4,736)</u>	<u>(3,384)</u>
Cash Flows From Financing Activities:			
Dividends paid to Company's shareholders		(6,500)	-
Dividends paid to non-controlling interest in subsidiaries		(1,018)	(252)
Payments of lease liabilities		(3,095)	(3,074)
Repayment of long term borrowings		(30)	(9,719)
Receive (Repayment) of short term borrowings, net		1,792	(416)
Net cash used in financing activities		<u>(8,851)</u>	<u>(13,461)</u>
Effect of exchange rate changes on cash and cash equivalents		<u>(722)</u>	<u>(2,609)</u>
Cumulative effect of transition of the cash and cash equivalent of the Turkish subsidiary under the hyper-inflationary economy			
Net increase in cash and cash equivalents		1,602	-
Cash and cash equivalents at the beginning of year		<u>(13,192)</u>	<u>(8,477)</u>
Cash and cash equivalents at end of year		<u>26,773</u>	<u>35,250</u>
		<u>13,581</u>	<u>26,773</u>