

## CONSOLIDATED STATEMENTS OF OPERATIONS

(U.S. dollars in thousands)

	Nine months ended September 30,		Three months ended September 30,	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
Revenues	\$ 23,557	\$ 21,007	\$ 7,714	\$ 7,227
Cost of revenues	18,736	16,615	6,110	5,747
Gross profit	<u>4,821</u>	<u>4,392</u>	<u>1,604</u>	<u>1,480</u>
Operating costs and expenses:				
Sales and marketing	2,725	2,470	878	879
General and administrative	1,302	1,242	452	397
Total operating costs and expenses	<u>4,027</u>	<u>3,712</u>	<u>1,330</u>	<u>1,276</u>
Operating income	794	680	274	204
Financial expenses, net	(170)	(228)	(47)	(65)
Income before taxes on income	<u>624</u>	<u>452</u>	<u>227</u>	<u>139</u>
Taxes on income	11	7	11	7
Net income	<u>\$ 613</u>	<u>\$ 445</u>	<u>\$ 216</u>	<u>\$ 132</u>
Basic and diluted net income per share	<u>\$ 0.18</u>	<u>\$ 0.14</u>	<u>\$ 0.06</u>	<u>\$ 0.04</u>
Weighted average number of shares used in computing basic net income per share	<u>3,483</u>	<u>3,113</u>	<u>3,554</u>	<u>3,236</u>
Weighted average number of shares used in computing diluted net income per share	<u>3,483</u>	<u>3,113</u>	<u>3,556</u>	<u>3,236</u>

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**CONSOLIDATED BALANCE SHEETS**

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(U.S. dollars in thousands)

	September 30, 2018	December 31, 2017
	(Unaudited)	(Audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,420	\$ 1,533
Restricted bank deposits	310	247
Trade receivables	8,309	9,804
Other accounts receivable and prepaid expenses	914	898
Inventories	2,991	3,240
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<u>Total</u> current assets	13,944	15,722
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LONG-TERM ASSETS	184	220
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PROPERTY AND EQUIPMENT, NET	1,091	651
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OTHER INTANGIBLE ASSETS, NET	95	138
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GOODWILL	4,676	4,676
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<u>Total assets</u>	\$ 19,990	\$ 21,407
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**CONSOLIDATED BALANCE SHEETS**

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(U.S. dollars in thousands)

	September 30, 2018	December 31, 2017
	<u>(Unaudited)</u>	<u>(Audited)</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long term loans	\$ 482	\$ 505
Trade payables	4,273	5,951
Employees and payroll accruals	557	822
Deferred revenues	921	798
Accrued expenses and other liabilities	245	304
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<u>Total</u> current liabilities	6,478	8,380
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LONG-TERM LIABILITIES:		
Long-term loans, net of current maturities	2,050	2,523
Accrued severance pay	271	286
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<u>Total</u> long-term liabilities	2,321	2,809
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SHAREHOLDERS' EQUITY	11,191	10,218
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<u>Total</u> liabilities and shareholders' equity	\$ 19,990	\$ 21,407
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**RECONCILIATION OF NON-GAAP FINANCIAL RESULTS**

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(U.S. dollars in thousands)

	Nine months ended September 30,		Three months ended September 30,	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
Net Income as reported	\$ 613	\$ 445	\$ 216	\$ 132
Adjustments:				
Amortization of intangible assets	43	43	15	15
Stock based compensation	46	45	18	13
Total Adjustments	89	88	33	28
Net Income on a Non-GAAP basis	\$ 702	\$ 533	\$ 249	\$ 160

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**CONDENSED CONSOLIDATED EBITDA**

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(U.S. dollars in thousands)

	Nine months ended September 30,		Three months ended September 30,	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
Operating income	\$ 794	\$ 680	\$ 274	\$ 204
Add:				
Amortization of intangible assets	43	43	15	15
Stock based compensation	46	45	18	13
Depreciation	167	139	61	49
EBITDA	\$ 1,050	\$ 907	\$ 368	\$ 281

**SEGMENT INFORMATION**

(U.S. dollars in thousands)

	RFID and Mobile Solutions	Supply Chain Solutions	Intercompany	Consolidated	RFID and Mobile Solutions	Supply Chain Solutions	Intercompany	Consolidated
	Nine months ended September 30, 2018				Three months ended September 30, 2018			
Revenues	\$ 10,159	\$ 13,491	\$ (93)	\$ 23,557	\$ 3,014	\$ 4,751	\$ (51)	\$ 7,714
Gross profit	\$ 2,342	\$ 2,479	\$ -	\$ 4,821	\$ 646	\$ 958	\$ -	\$ 1,604

	RFID and Mobile Solutions	Supply Chain Solutions	Intercompany	Consolidated	RFID and Mobile Solutions	Supply Chain Solutions	Intercompany	Consolidated
	Nine months ended September 30, 2017				Three months ended September 30, 2017			
Revenues	\$ 9,607	\$ 11,504	\$ (104)	\$ 21,007	\$ 3,378	\$ 3,865	\$ (16)	\$ 7,227
Gross profit	\$ 2,368	\$ 2,024	\$ -	\$ 4,392	\$ 835	\$ 645	\$ -	\$ 1,480