

## **B.O.S. Better Online Solutions Reports Financial Results for the Fourth Quarter and for the Year Ended December 31, 2017**

### **Net Income of 2017 grew by 115% as compared to year 2016**

**RISHON LEZION, Israel, March 26, 2017 (GLOBE NEWSWIRE)** - B.O.S. Better Online Solutions Ltd. (the "Company", "BOS") (Nasdaq: [BOSC](#)), a leading Israeli integrator of RFID and Mobile solutions and a global provider of Supply Chain solutions to enterprises, today reported its financial results for the fourth quarter and for the year ended December 31, 2017.

Revenues for year 2017 grew by 5% to \$28.9 million as compared to \$27.4 million in year 2016. Revenues for the fourth quarter of 2017 grew by 17% to \$7.9 million as compared to \$6.8 million in the fourth quarter of year 2016.

Net profit for year 2017 grew by 115% to \$773,000 from \$360,000 in year 2016. Net profit for the fourth quarter of 2017 grew by 50% to \$328,000 as compared to \$219,000 in the fourth quarter of 2016.

Net income per share for year 2017 grew by 71% to \$0.24 per share as compared to \$0.14 in year 2016. Net income per share for the fourth quarter of 2017 grew by 25% to \$0.10 as compared to \$0.08 in the fourth quarter of 2016.

Yuval Viner, BOS' Co-CEO, stated: "Year 2017 reflects results of our efforts to grow our business by expanding our product offering, increasing our efficiency and our sales margins. Our expectations for 2018 are to continue to grow and increase our revenues and profits as compared to 2017."

Eyal Cohen, BOS' Co-CEO and CFO added: 'BOS' annual EBITDA for 2017 was \$1.4 million and our debt net of cash as of December 31, 2017 was \$1.5 million. The ratio of market cap, at the beginning of trading today, to EBITDA was 4.9 and the ratio of enterprise value to EBITDA was 6. We expect of EBITDA in 2018 to increase compared to year 2017. In December 2017 we reduced the interest rate on our \$3 million bank loans by 38%, from 5.44% to 3.35%. We consider this a vote of confidence by the bank in BOS," concluded Cohen.

BOS will host a conference call on Tuesday, March 27, 2018 at 10 a.m. EDT - 5:00 p.m., Israel Time. A question-and-answer session will follow management's presentation. To access the conference call, please dial one of the following numbers:

US: +1-888-281-1167, International: +972-3-9180644.

For those unable to listen to the live call, a script of the call will be available the next day after the call on BOS's website, at: <http://www.boscorporate.com>

### **About BOS**

B.O.S. Better Online Solutions Ltd. (BOSC) is a leading Israeli provider of RFID and Mobile solutions and a global provider of Supply Chain solutions to enterprises. BOS' RFID and Mobile division offers both turnkey integration services as well as stand-alone products, including best-of-breed RFID and AIDC hardware and communications equipment, BOS

middleware and industry-specific software applications. The Company's Supply Chain division provides electronic components consolidation services to the aerospace, defense, medical and telecommunications industries as well as to enterprise customers worldwide. For more information, please visit: [www.boscorporate.com](http://www.boscorporate.com).

For more information:

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### **Use of Non-GAAP Financial Information**

BOS reports financial results in accordance with U.S. GAAP and herein provides some non-GAAP measures. These non-GAAP measures are not in accordance with, nor are they a substitute for, GAAP measures. These non-GAAP measures are intended to supplement the Company's presentation of its financial results that are prepared in accordance with GAAP. The Company uses the non-GAAP measures presented to evaluate and manage the Company's operations internally. The Company is also providing this information to assist investors in performing additional financial analysis that is consistent with financial models developed by research analysts who follow the Company. The reconciliation set forth below is provided in accordance with Regulation G and reconciles the non-GAAP financial measures with the most directly comparable GAAP financial measures.

### **Safe Harbor Regarding Forward-Looking Statements**

The forward-looking statements contained herein reflect management's current views with respect to future events and financial performance. These forward-looking statements are subject to certain risks and uncertainties that could cause the actual results to differ materially from those in the forward-looking statements, all of which are difficult to predict and many of which are beyond the control of BOS. These risk factors and uncertainties include, amongst others, the dependency of sales being generated from one or few major customers, the uncertainty of BOS being able to maintain current gross profit margins, inability to keep up or ahead of technology and to succeed in a highly competitive industry, inability to maintain marketing and distribution arrangements and to expand our overseas markets, uncertainty with respect to the prospects of legal claims against BOS, the effect of exchange rate fluctuations, general worldwide economic conditions and continued availability of financing for working capital purposes and to refinance outstanding indebtedness ; and additional risks and uncertainties detailed in BOS' periodic reports and registration statements filed with the U.S. Securities and Exchange Commission. BOS undertakes no obligation to publicly update or revise any such forward-looking statements to reflect any change in its expectations or in events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements.

## CONSOLIDATED STATEMENTS OF OPERATIONS

(U.S. dollars in thousands)

|  | Year ended<br>December 31, |           | Three months ended<br>December 31, |          |
|--|----------------------------|-----------|------------------------------------|----------|
|  | 2017                       | 2016      | 2017                               | 2016     |
|  | (Unaudited)                |           | (Unaudited)                        |          |
| Revenues   | \$ 28,932                  | \$ 27,427 | \$ 7,925                           | \$ 6,777 |
| Cost of revenues   | 22,587                     | 22,112    | 5,972                              | 5,341    |
| Gross profit   | 6,345                      | 5,315     | 1,953                              | 1,436    |
| Operating costs and expenses:  |                            |           |                                    |          |
| Sales and marketing  | 3,389                      | 3,111     | 919                                | 818      |
| General and administrative   | 1,870                      | 1,498     | 628                                | 306      |
| Total operating costs and expenses   | 5,259                      | 4,609     | 1,547                              | 1,124    |
| Operating income   | 1,086                      | 706       | 406                                | 312      |
| Financial expenses, net  | (297)                      | (339)     | (69)                               | (93)     |
| Income or before taxes on income   | 789                        | 367       | 337                                | 219      |
| Taxes on income  | 16                         | 7         | 9                                  | -        |
| Net income   | \$ 773                     | \$ 360    | \$ 328                             | \$ 219   |
| Basic and diluted net income per share   | \$ 0.24                    | \$ 0.14   | \$ 0.10                            | \$ 0.08  |
| Weighted average number of shares used in computing basic net income per share   | 3,171                      | 2,587     | 3,343                              | 2,783    |
| Weighted average number of shares used in computing diluted net income per share | 3,171                      | 2,593     | 3,343                              | 2,783    |

## CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

|  | December<br>31, 2017 | December<br>31, 2016 |
|--|----------------------|----------------------|
|  | (Unaudited)          | (Audited)            |
| ASSETS   |                      |                      |
| CURRENT ASSETS:                                |                      |                      |
| Cash and cash equivalents                      | \$ 1,533             | \$ 1,286             |
| Restricted bank deposits                       | 247                  | 196                  |
| Trade receivables                              | 9,804                | 7,928                |
| Other accounts receivable and prepaid expenses | 898                  | 992                  |
| Inventories                                    | 3,240                | 2,314                |
| <u>Total current assets</u>                    | <u>15,722</u>        | <u>12,716</u>        |
| LONG-TERM ASSETS                               | 220                  | 43                   |
| PROPERTY AND EQUIPMENT, NET                    | 651                  | 514                  |
| OTHER INTANGIBLE ASSETS, NET                   | 138                  | 195                  |
| GOODWILL                                       | 4,676                | 4,676                |
| <u>Total assets</u>                            | <u>\$ 21,407</u>     | <u>\$ 18,144</u>     |

## CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

|   | <u>December<br/>31, 2017</u> | <u>December 31,<br/>2016</u> |
|---|------------------------------|------------------------------|
|   | <u>(Unaudited)</u>           | <u>(Audited)</u>             |
| LIABILITIES AND SHAREHOLDERS' EQUITY              |                              |                              |
| CURRENT LIABILITIES:                              |                              |                              |
| Current maturities of long term loans             | \$ 505                       | \$ 400                       |
| Trade payables                                    | 5,951                        | 4,601                        |
| Employees and payroll accruals                    | 822                          | 677                          |
| Deferred revenues                                 | 798                          | 680                          |
| Accrued expenses and other liabilities            | <u>304</u>                   | <u>259</u>                   |
| <u>Total current liabilities</u>                  | <u>8,380</u>                 | <u>6,617</u>                 |
| LONG-TERM LIABILITIES:                            |                              |                              |
| Long-term loans, net of current maturities        | 2,523                        | 2,734                        |
| Accrued severance pay                             | 286                          | 194                          |
| Deferred gain                                     | <u>-</u>                     | <u>15</u>                    |
| <u>Total long-term liabilities</u>                | <u>2,809</u>                 | <u>2,943</u>                 |
| SHAREHOLDERS' EQUITY                              | <u>10,218</u>                | <u>8,584</u>                 |
| <u>Total liabilities and shareholders' equity</u> | <u>\$ 21,407</u>             | <u>\$ 18,144</u>             |

## RECONCILIATION OF NON-GAAP FINANCIAL RESULTS

(U.S. dollars in thousands)

|                                   | Year ended<br>December 31, |        | Three months ended<br>December 31, |        |
|-----------------------------------|----------------------------|--------|------------------------------------|--------|
|                                   | 2017                       | 2016   | 2017                               | 2016   |
|                                   | (Unaudited)                |        | (Unaudited)                        |        |
| Net Income as reported            | \$ 773                     | \$ 360 | \$ 328                             | \$ 219 |
| Adjustments:                      |                            |        |                                    |        |
| Amortization of intangible assets | 57                         | 64     | 14                                 | 14     |
| Stock based compensation          | 60                         | 147    | 15                                 | 45     |
| Total Adjustments                 | 117                        | 211    | 29                                 | 59     |
| Net Income on a Non-GAAP basis    | \$ 890                     | \$ 571 | \$ 357                             | \$ 278 |

## CONDENSED CONSOLIDATED EBITDA

(U.S. dollars in thousands)

|                                   | Year ended<br>December 31, |          | Three months ended<br>December 31, |        |
|-----------------------------------|----------------------------|----------|------------------------------------|--------|
|                                   | 2017                       | 2016     | 2017                               | 2016   |
|                                   | (Unaudited)                |          | (Unaudited)                        |        |
| Operating income                  | \$ 1,086                   | \$ 706   | \$ 406                             | \$ 312 |
| Add:                              |                            |          |                                    |        |
| Amortization of intangible assets | 57                         | 64       | 14                                 | 14     |
| Stock based compensation          | 60                         | 147      | 15                                 | 45     |
| Depreciation                      | 188                        | 184      | 49                                 | 46     |
| EBITDA                            | \$ 1,391                   | \$ 1,101 | \$ 484                             | \$ 417 |

## SEGMENT INFORMATION

(U.S. dollars in thousands)

|              | RFID and<br>Mobile<br>Solutions | Supply<br>Chain<br>Solutions | Intercompany | Consolidated | RFID and<br>Mobile<br>Solutions         | Supply<br>Chain<br>Solutions | Intercompany | Consolidated |
|--------------|---------------------------------|------------------------------|--------------|--------------|---|------------------------------|--------------|--------------|
|              | Year ended December 31,<br>2017 |                              |              |              | Three months ended December 31,<br>2017 |                              |              |              |
| Revenues     | \$ 13,666                       | \$ 15,495                    | \$ (229)     | \$ 28,932    | \$ 4,059                                | \$ 3,991                     | \$ (125)     | \$ 7,925     |
| Gross profit | \$ 3,623                        | \$ 2,722                     | \$ -         | \$ 6,345     | \$ 1,255                                | \$ 698                       | \$ -         | \$ 1,953     |

|              | RFID and<br>Mobile<br>Solutions | Supply<br>Chain<br>Solutions | Intercompany | Consolidated | RFID and<br>Mobile<br>Solutions         | Supply<br>Chain<br>Solutions | Intercompany | Consolidated |
|--------------|---------------------------------|------------------------------|--------------|--------------|---|------------------------------|--------------|--------------|
|              | Year ended December 31,<br>2016 |                              |              |              | Three months ended December 31,<br>2016 |                              |              |              |
| Revenues     | \$ 12,197                       | \$ 15,291                    | \$ (61)      | \$ 27,427    | \$ 3,379                                | \$ 3,409                     | \$ (11)      | \$ 6,777     |
| Gross profit | \$ 2,888                        | \$ 2,427                     | \$ -         | \$ 5,315     | \$ 872                                  | \$ 564                       | \$ -         | \$ 1,436     |