

CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands

	Three months ended March 31,		Year ended December 31,
	2019	2018	2018
	<u>(Unaudited)</u>		<u>(Audited)</u>
Revenues	\$ 7,763	\$ 8,291	\$ 32,650
Cost of revenues	6,113	6,630	25,907
Gross profit	<u>1,650</u>	<u>1,661</u>	<u>6,743</u>
Operating costs and expenses:			
Sales and marketing	901	913	3,705
General and administrative	573	461	1,834
Total operating costs and expenses	<u>1,474</u>	<u>1,374</u>	<u>5,539</u>
Operating Income	176	287	1,204
Financial expenses, net	(2)	(85)	(255)
Income before taxes on income	174	202	949
Taxes on income (tax benefit)	(18)	(3)	(41)
Net income	<u>\$ 156</u>	<u>\$ 205</u>	<u>\$ 990</u>
Basic and diluted net income per share	<u>\$ 0.04</u>	<u>\$ 0.06</u>	<u>\$ 0.28</u>
Weighted average number of shares used in computing basic and diluted net income per share	<u>3,648</u>	<u>3,357</u>	<u>3,500</u>

CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

	March 31, 2019	December 31, 2018
	<u>(Unaudited)</u>	<u>(Audited)</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,177	\$ 1,410
Restricted bank deposits	325	332
Trade receivables	8,401	8,624
Other accounts receivable and prepaid expenses	1,296	829
Inventories	3,565	2,874
<u>Total current assets</u>	<u>15,764</u>	<u>14,069</u>
LONG-TERM ASSETS	<u>144</u>	<u>177</u>
PROPERTY AND EQUIPMENT, NET	<u>1,235</u>	<u>1,108</u>
OPERATING LEASE RIGHT-OF-USE ASSETS, NET	<u>777</u>	<u>-</u>
OTHER INTANGIBLE ASSETS, NET	<u>76</u>	<u>81</u>
GOODWILL	<u>4,676</u>	<u>4,676</u>
<u>Total assets</u>	<u>\$ 22,672</u>	<u>\$ 20,111</u>

CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

	<u>March 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long term loans	\$ 482	\$ 467
Trade payables	5,068	4,106
Employees and payroll accruals	713	778
Deferred revenues	686	768
Operating lease liabilities, current	377	-
Accrued expenses and other liabilities	<u>233</u>	<u>313</u>
<u>Total current liabilities</u>	<u>7,559</u>	<u>6,432</u>
LONG-TERM LIABILITIES:		
Long-term loans, net of current maturities	1,806	1,867
Operating lease liabilities, non-current	400	-
Accrued severance pay	<u>306</u>	<u>301</u>
<u>Total long-term liabilities</u>	<u>2,512</u>	<u>2,168</u>
SHAREHOLDERS' EQUITY	<u>12,601</u>	<u>11,511</u>
<u>Total liabilities and shareholders' equity</u>	<u>\$ 22,672</u>	<u>\$ 21,407</u>

RECONCILIATION OF NON-GAAP FINANCIAL RESULTS

(U.S. dollars in thousands)

	Three months ended March 31,		Year ended December 31,
	2019	2018	2018
	(Unaudited)		(Unaudited)
Net Income as reported	\$ 156	\$ 205	\$ 990
Adjustments:			
Amortization of intangible assets	5	14	57
Stock based compensation	19	14	66
Special Shareholders' meeting and acquisition expenses	108	-	-
Total Adjustments	\$ 132	\$ 28	\$ 123
Net Income on a Non-GAAP basis	\$ 288	\$ 233	\$ 1,113

CONDENSED CONSOLIDATED EBITDA

(U.S. dollars in thousands)

	Three months ended March 31,		Year ended December 31,
	2019	2018	2018
Operating income	\$ 176	\$ 287	\$ 1,204
Add:			
Amortization of intangible assets	5	14	57
Stock based compensation	19	14	66
Depreciation	65	50	232
EBITDA	\$ 265	\$ 365	\$ 1,559

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
	Three months ended March 31, 2019				Three months ended March 31, 2018			
Revenues	\$ 3,776	\$ 4,039	\$ (52)	\$ 7,763	\$ 3,822	\$ 4,595	\$ (126)	\$ 8,291
Gross profit	\$ 800	\$ 850	\$ -	\$ 1,650	\$ 976	\$ 685	\$ -	\$ 1,661

	RFID and Mobile Solutions	Supply Chain Solutions	Intercompany	Consolidated
	year ended December 31, 2018			
Revenues	\$ 14,633	\$ 18,205	\$ (188)	\$ 32,650
Gross profit	\$ 3,371	\$ 3,372	\$ -	\$ 6,743