

CONSOLIDATED STATEMENTS OF OPERATIONS

(U.S. dollars in thousands)

	Year ended December 31,		Three months ended December 31,	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
Revenues	\$ 32,650	\$ 28,932	\$ 9,093	\$ 7,925
Cost of revenues	25,907	22,587	7,171	5,972
Gross profit	6,743	6,345	1,922	1,953
Operating costs and expenses:				
Sales and marketing	3,705	3,389	980	919
General and administrative	1,834	1,870	532	628
Total operating costs and expenses	5,539	5,259	1,512	1,547
Operating income	1,204	1,086	410	406
Financial expenses, net	(255)	(297)	(85)	(69)
Income or before taxes on income	949	789	325	337
Taxes on income (tax benefit)	(41)	16	(52)	9
Net income	\$ 990	\$ 773	\$ 377	\$ 328
Basic and diluted net income per share	\$ 0.28	\$ 0.24	\$ 0.11	\$ 0.10
Weighted average number of shares used in computing basic and diluted net income per share	3,500	3,171	3,554	3,343

CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
	(Unaudited)	(Audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,410	\$ 1,533
Restricted bank deposits	332	247
Trade receivables	8,624	9,804
Other accounts receivable and prepaid expenses	829	898
Inventories	<u>2,874</u>	<u>3,240</u>
<u>Total current assets</u>	<u>14,069</u>	<u>15,722</u>
LONG-TERM ASSETS	<u>177</u>	<u>220</u>
PROPERTY AND EQUIPMENT, NET	<u>1,108</u>	<u>651</u>
OTHER INTANGIBLE ASSETS, NET	<u>81</u>	<u>138</u>
GOODWILL	<u>4,676</u>	<u>4,676</u>
<u>Total assets</u>	<u>\$ 20,111</u>	<u>\$ 21,407</u>

CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

	December 31, 2018	December 31, 2017
	<u>(Unaudited)</u>	<u>(Audited)</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long term loans	\$ 467	\$ 505
Trade payables	4,106	5,951
Employees and payroll accruals	778	822
Deferred revenues	768	798
Accrued expenses and other liabilities	313	304
<u>Total current liabilities</u>	<u>6,432</u>	<u>8,380</u>
LONG-TERM LIABILITIES:		
Long-term loans, net of current maturities	1,867	2,523
Accrued severance pay	301	286
<u>Total long-term liabilities</u>	<u>2,168</u>	<u>2,809</u>
SHAREHOLDERS' EQUITY	<u>11,511</u>	<u>10,218</u>
<u>Total liabilities and shareholders' equity</u>	<u>\$ 20,111</u>	<u>\$ 21,407</u>

RECONCILIATION OF NON-GAAP FINANCIAL RESULTS

(U.S. dollars in thousands)

	Year ended December 31,		Three months ended December 31,	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
Net Income as reported	\$ 990	\$ 773	\$ 377	\$ 328
Adjustments:				
Amortization of intangible assets	57	57	14	14
Stock based compensation	66	60	20	15
Total Adjustments	123	117	34	29
Net Income on a Non-GAAP basis	<u>\$ 1,113</u>	<u>\$ 890</u>	<u>\$ 411</u>	<u>\$ 357</u>

CONDENSED CONSOLIDATED EBITDA

(U.S. dollars in thousands)

	Year ended December 31,		Three months ended December 31,	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
Operating income	\$ 1,204	\$ 1,086	\$ 410	\$ 406
Add:				
Amortization of intangible assets	57	57	14	14
Stock based compensation	66	60	20	15
Depreciation	232	188	65	49
EBITDA	<u>\$ 1,559</u>	<u>\$ 1,391</u>	<u>\$ 509</u>	<u>\$ 484</u>

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
	Year ended December 31, 2018				Three months ended December 31, 2018			
Revenues	\$ 14,633	\$ 18,205	\$ (188)	\$ 32,650	\$ 4,474	\$ 4,714	\$ (95)	\$ 9,093
Gross profit	\$ 3,371	\$ 3,372	\$ -	\$ 6,743	\$ 1,029	\$ 893	\$ -	\$ 1,922

	RFID and Mobile Solutions	Supply Chain Solutions	Intercompany	Consolidated	RFID and Mobile Solutions	Supply Chain Solutions	Intercompany	Consolidated
	Year ended December 31, 2017				Three months ended December 31, 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