

CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands

	Three months ended		Year ended
	March 31,		December 31,
	2020	2019	2019
	<u>(Unaudited)</u>		<u>(Audited)</u>
Revenues	\$ 7,468	\$ 7,763	\$ 33,817
Cost of revenues	5,784	6,113	27,159
Gross profit	<u>1,684</u>	<u>1,650</u>	<u>6,658</u>
Operating costs and expenses:			
Research and development	18	-	-
Sales and marketing	1,107	901	4,064
General and administrative	449	573	2,255
Impairment of intangible assets	-	-	356
Impairment of Goodwill	-	-	614
Total operating costs and expenses	<u>1,574</u>	<u>1,474</u>	<u>7,289</u>
Operating Income (loss)	110	176	(631)
Financial expenses, net	<u>(56)</u>	<u>(2)</u>	<u>(330)</u>
Income before taxes on income	54	174	(961)
Taxes on income (tax benefit)	-	18	(48)
Net income (loss)	<u>\$ 54</u>	<u>\$ 156</u>	<u>\$ (913)</u>
Basic and diluted net income per share	<u>\$ 0.01</u>	<u>\$ 0.04</u>	<u>\$ (0.23)</u>
Weighted average number of shares used in computing basic net income (loss) per share	<u>4,258</u>	<u>3,648</u>	<u>4,053</u>
Weighted average number of shares used in computing diluted net income (loss) per share	<u>4,258</u>	<u>3,648</u>	<u>4,059</u>

CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

	March 31, 2020	December 31, 2019
	<u>(Unaudited)</u>	<u>(Audited)</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,065	\$ 339
Restricted bank deposits	237	240
Trade receivables	8,633	10,063
Other accounts receivable and prepaid expenses	1,105	1,273
Inventories	5,727	5,407
Total current assets	<u>16,767</u>	<u>17,322</u>
LONG-TERM ASSETS	<u>147</u>	<u>155</u>
PROPERTY AND EQUIPMENT, NET	<u>1,211</u>	<u>1,257</u>
OPERATING LEASE RIGHT-OF-USE ASSETS, NET	<u>801</u>	<u>720</u>
OTHER INTANGIBLE ASSETS, NET	<u>573</u>	<u>598</u>
GOODWILL	<u>5,147</u>	<u>5,147</u>
<u>Total assets</u>	<u>\$ 24,646</u>	<u>\$ 25,199</u>

CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

	<u>March 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short term loans and current maturities of long term loans	\$ 1,194	\$ 664
Revolving bank credit	216	-
Operating lease liabilities, current	526	551
Trade payables	5,320	6,503
Employees and payroll accruals	806	1,007
Deferred revenues	871	836
Advances net of inventory in progress	95	29
Accrued expenses and other liabilities	345	419
<u>Total current liabilities</u>	<u>9,373</u>	<u>10,009</u>
LONG-TERM LIABILITIES:		
Long-term loans, net of current maturities	2,001	2,041
Operating lease liabilities, non-current	344	289
Accrued severance pay	309	303
<u>Total long-term liabilities</u>	<u>2,654</u>	<u>2,633</u>
 TOTAL SHAREHOLDERS' EQUITY	 <u>12,619</u>	 <u>12,557</u>
 <u>Total liabilities and shareholders' equity</u>	 <u>\$ 24,646</u>	 <u>\$ 25,199</u>

CONDENSED CONSOLIDATED EBITDA

(U.S. dollars in thousands)

	<u>Three months ended</u>		<u>Year ended</u>
	<u>March 31,</u>		<u>December 31,</u>
	<u>2020</u>	<u>2019</u>	<u>2019</u>
Operating income (loss)	\$ 110	\$ 176	\$ (631)
Add:			
Impairment of Goodwill and other intangible assets	-	-	970
Amortization of intangible assets	26	5	79
Stock based compensation	21	19	81
Depreciation	71	65	277
EBITDA	<u>\$ 228</u>	<u>\$ 265</u>	<u>\$ 776</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
	Three months ended March 31, 2020				Three months ended March 31, 2019			
Revenues	\$ 3,409	\$ 4,081	\$ (22)	\$ 7,468	\$ 3,776	\$ 4,039	\$ (52)	\$ 7,763
Gross profit	\$ 826	\$ 858	\$ -	\$ 1,684	\$ 800	\$ 850	\$ -	\$ 1,650

	RFID and Mobile Solutions	Supply Chain Solutions	Intercompany	Consolidated
	year ended December 31, 2019			
Revenues	\$ 14,180	\$ 19,750	\$ (113)	\$ 33,817
Gross profit	\$ 2,908	\$ 3,750	\$ -	\$ 6,658