

## CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands

	Year ended December 31,		Three months ended December 31,	
	2019	2018	2019	2018
	(Unaudited)		(Unaudited)	
Revenues	\$ 33,817	\$ 32,650	\$ 9,354	\$ 9,093
Cost of revenues	27,159	25,907	7,466	7,171
Gross profit	<u>6,658</u>	<u>6,743</u>	<u>1,888</u>	<u>1,922</u>
Operating costs and expenses:				
Sales and marketing	4,064	3,705	1,141	980
General and administrative	2,255	1,834	623	532
Impairment of intangible assets	356	-	356	-
Impairment of Goodwill	614	-	-	-
Total operating costs and expenses	<u>7,289</u>	<u>5,539</u>	<u>2,120</u>	<u>1,512</u>
Operating income (loss)	(631)	1,204	(232)	410
Financial expenses, net	<u>(330)</u>	<u>(255)</u>	<u>(90)</u>	<u>(85)</u>
Income (loss) before taxes on income	(961)	949	(322)	325
Taxes on income (tax benefit)	<u>(48)</u>	<u>(41)</u>	<u>13</u>	<u>(52)</u>
Net income (loss)	<u>\$ (913)</u>	<u>\$ 990</u>	<u>\$ (335)</u>	<u>\$ 377</u>
Basic and diluted net income (loss) per share	<u>\$ (0.23)</u>	<u>\$ 0.28</u>	<u>\$ (0.08)</u>	<u>\$ 0.11</u>
Weighted average number of shares used in computing basic net income (loss) per share	<u>4,053</u>	<u>3,500</u>	<u>4,258</u>	<u>3,554</u>
Weighted average number of shares used in computing diluted net income (loss) per share	<u>4,059</u>	<u>3,500</u>	<u>4,258</u>	<u>3,554</u>

## CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
	<b><u>(Unaudited)</u></b>	<b><u>(Audited)</u></b>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 339	\$ 1,410
Restricted bank deposits	240	332
Trade receivables	10,063	8,624
Other accounts receivable and prepaid expenses	1,273	829
Inventories, net of advances	<u>5,407</u>	<u>2,874</u>
<u>Total current assets</u>	<u>17,322</u>	<u>14,069</u>
LONG-TERM ASSETS	<u>155</u>	<u>177</u>
PROPERTY AND EQUIPMENT, NET	<u>1,257</u>	<u>1,108</u>
OPERATING LEASE RIGHT-OF-USE ASSETS, NET	<u>720</u>	<u>-</u>
OTHER INTANGIBLE ASSETS, NET	<u>598</u>	<u>81</u>
GOODWILL	<u>5,147</u>	<u>4,676</u>
<u>Total assets</u>	<u>\$ 25,199</u>	<u>\$ 20,111</u>

## CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long term loans	\$ 664	\$ 467
Operating lease liabilities, current	551	-
Trade payables	6,503	4,106
Employees and payroll accruals	1,007	778
Deferred revenues	836	768
Advances net of inventory in progress	29	-
Accrued expenses and other liabilities	419	313
<u>Total current liabilities</u>	<u>10,009</u>	<u>6,432</u>
LONG-TERM LIABILITIES:		
Long-term loans, net of current maturities	2,041	1,867
Operating lease liabilities, non-current	289	-
Accrued severance pay	303	301
<u>Total long-term liabilities</u>	<u>2,633</u>	<u>2,168</u>
 TOTAL SHAREHOLDERS' EQUITY	 <u>12,557</u>	 <u>11,511</u>
 <u>Total liabilities and shareholders' equity</u>	 <u>\$ 25,199</u>	 <u>\$ 20,111</u>

## RECONCILIATION OF NON-GAAP FINANCIAL RESULTS

(U.S. dollars in thousands)

	Year ended December 31,		Three months ended December 31,	
	2019	2018	2019	2018
	(Unaudited)		(Unaudited)	
Net Income (loss) as reported	\$ (913)	\$ 990	\$ (335)	\$ 377
Adjustments:				
Impairment of Goodwill and other intangible assets	970	-	356	-
Amortization of intangible assets	79	57	27	14
Stock based compensation	81	66	22	20
Cost associated with a special shareholders' meeting	88	-	-	-
Imdecol' acquisition expenses	138	-	10	-
Retirement cost of Co-CEO	72	-	72	-
Currency diff. due to operating lease liabilities *	120	-	31	-
Total Adjustments	1,548	123	518	34
Net Income on a Non-GAAP basis	\$ 635	\$ 1,113	\$ 183	\$ 411
Basic net income per share	\$ 0.16	\$ 0.20	\$ 0.04	\$ 0.07

\*According to US GAAP, commencing January 1, 2019, operating lessees will no longer be provided with a source of off-balance-sheet financing and lessees must recognize lease assets and lease liabilities. Since the Company's operating lease liabilities are linked to the NIS, the devaluation of the US \$ against the NIS caused a currency differences cost of \$120,000 for year 2019.

## CONDENSED CONSOLIDATED EBITDA

(U.S. dollars in thousands)

	Year ended December 31,		Three months ended December 31,	
	2019	2018	2019	2018
Operating income (loss)	\$ (631)	\$ 1,204	\$ (232)	\$ 410
Add:				
Impairment of Goodwill and other intangible assets	970	-	356	-
Amortization of intangible assets	79	57	27	14
Stock based compensation	81	66	22	20
Depreciation	277	232	72	65
EBITDA	<u>\$ 776</u>	<u>\$ 1,559</u>	<u>\$ 245</u>	<u>\$ 509</u>

## SEGMENT INFORMATION

(U.S. dollars in thousands)

	<b>Intelligent Robotics and RFID Division</b>	<b>Supply Chain Solutions</b>	<b>Intercompany</b>	<b>Consolidated</b>	<b>Intelligent Robotics and RFID Division</b>	<b>Supply Chain Solutions</b>	<b>Intercompany</b>	<b>Consolidated</b>
	Year ended December 31, <b>2019</b>				Three months ended December 31, <b>2019</b>			
Revenues	\$ 14,180	\$ 19,750	\$ (113)	\$ 33,817	\$ 3,864	\$ 5,499	\$ (9)	\$ 9,354
Gross profit	\$ 2,908	\$ 3,750	\$ -	\$ 6,658	\$ 908	\$ 980	\$ -	\$ 1,888

	<b>RFID and Mobile Solutions</b>	<b>Supply Chain Solutions</b>	<b>Intercompany</b>	<b>Consolidated</b>	<b>RFID and Mobile Solutions</b>	<b>Supply Chain Solutions</b>	<b>Intercompan y</b>	<b>Consolidate d</b>
	Year ended December 31, <b>2018</b>				Three months ended December 31, <b>2018</b>			
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