

CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands

	Three months ended March 31,		Year ended December 31,
	2018	2017	2017
	(Unaudited)		(Audited)
Revenues	\$ 8,291	\$ 7,064	\$ 28,932
Cost of revenues	6,630	5,616	22,587
Gross profit	1,661	1,448	6,345
Operating costs and expenses:			
Sales and marketing	913	814	3,389
General and administrative	461	396	1,870
Total operating costs and expenses	1,374	1,210	5,259
Operating Income	287	238	1,086
Financial expenses, net	(85)	(91)	(297)
Income before taxes on income	202	147	789
Taxes on income (tax benefit)	(3)	-	16
Net income	205	147	773
Basic and diluted net income per share	\$ 0.06	\$ 0.05	\$ 0.24
Weighted average number of shares used in computing basic and diluted net income per share	3,357	2,997	3,171

CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

	March 31, 2018	December 31, 2017
	<u>(Unaudited)</u>	<u>(Audited)</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 943	\$ 1,533
Restricted bank deposits	206	247
Trade receivables	10,058	9,804
Other accounts receivable and prepaid expenses	1,056	898
Inventories	2,957	3,240
<u>Total current assets</u>	<u>15,220</u>	<u>15,722</u>
LONG-TERM ASSETS	<u>226</u>	<u>220</u>
PROPERTY AND EQUIPMENT, NET	<u>900</u>	<u>651</u>
OTHER INTANGIBLE ASSETS, NET	<u>124</u>	<u>138</u>
GOODWILL	<u>4,676</u>	<u>4,676</u>
<u>Total assets</u>	<u>\$ 21,146</u>	<u>\$ 21,407</u>

CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

	<u>March 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long term loans	\$ 498	\$ 505
Trade payables	5,741	5,951
Employees and payroll accruals	716	822
Deferred revenues	873	798
Accrued expenses and other liabilities	<u>266</u>	<u>304</u>
<u>Total current liabilities</u>	<u>8,094</u>	<u>8,380</u>
LONG-TERM LIABILITIES:		
Long-term loans, net of current maturities	2,365	2,523
Accrued severance pay	<u>287</u>	<u>286</u>
<u>Total long-term liabilities</u>	<u>2,652</u>	<u>2,809</u>
SHAREHOLDERS' EQUITY	<u>10,400</u>	<u>10,218</u>
<u>Total liabilities and shareholders' equity</u>	<u>\$ 21,146</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,
	2018	2017	2017
Net Income as reported	\$ 205	\$ 147	\$ 773
Adjustments:			
Amortization of intangible assets	14	14	57
Stock based compensation	14	17	60
Total Adjustments	\$ 28	\$ 31	\$ 117
Net Income on a Non-GAAP basis	\$ 233	\$ 178	\$ 890

CONDENSED CONSOLIDATED EBITDA

(U.S. dollars in thousands)

	Three months ended March 31,		Year ended December 31,
	2018	2017	2017
Operating income	\$ 287	\$ 238	\$ 1,086
Add:			
Amortization of intangible assets	14	14	57
Stock based compensation	14	17	60
Depreciation	50	46	188
EBITDA	\$ 365	\$ 315	\$ 1,391

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, 2018				Three months ended March 31, 2017			
Revenues	\$ 3,822	\$ 4,595	\$ (126)	\$ 8,291	\$ 3,311	\$ 3,816	\$ (63)	\$ 7,064
Gross profit	\$ 976	\$ 685	\$ -	\$ 1,661	\$ 784	\$ 664	\$ -	\$ 1,448

	RFID and Mobile Solutions	Supply Chain Solutions	Intercompany	Consolidated
	year ended December 31, 2017			
Revenues	\$ 13,666	\$ 15,495	\$ (229)	\$ 28,932
Gross profit	\$ 3,623	\$ 2,722	\$ -	\$ 6,345