

CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands

	Six months ended		Three months ended	
	June 30,		June 30,	
	2020	2019*	2020	2019*
	(Unaudited)		(Unaudited)	
Revenues	\$ 14,946	\$ 16,549	\$ 7,478	\$ 8,786
Cost of revenues	11,718	13,167	6,048	7,054
Inventory Impairment	671	-	552	-
Gross profit	<u>2,557</u>	<u>3,382</u>	<u>878</u>	<u>1,732</u>
Operating costs and expenses:				
Research and development	21	-	3	-
Sales and marketing	1,953	1,899	846	998
General and administrative	843	1,158	394	585
Impairment of Goodwill and intangible assets	988	-	988	-
Total operating costs and expenses	<u>3,805</u>	<u>3,057</u>	<u>2,231</u>	<u>1,583</u>
Operating income (loss)	(1,248)	325	(1,353)	149
Financial expenses, net	(137)	(129)	(81)	(127)
Income before taxes on income (loss)	(1,385)	196	(1,434)	22
Taxes on income	-	20	-	2
Net income (loss)	<u>\$ (1,385)</u>	<u>\$ 176</u>	<u>\$ (1,434)</u>	<u>\$ 20</u>
Basic and diluted net income (loss) per share	<u>\$ (0.32)</u>	<u>\$ 0.05</u>	<u>\$ (0.34)</u>	<u>\$ 0.00</u>
Weighted average number of shares used in computing basic net income per share	<u>4,265</u>	<u>3,845</u>	<u>4,273</u>	<u>4,040</u>
Weighted average number of shares used in computing diluted net income per share	<u>4,265</u>	<u>3,847</u>	<u>4,273</u>	<u>4,042</u>
Number of outstanding shares as of June 30, 2020 and 2019	<u>4,318</u>	<u>4,258</u>	<u>4,318</u>	<u>4,258</u>

* The Intelligent Robotics division has been consolidated since June 1, 2019

CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

	June 30, 2020	December 31, 2019
	<u>(Unaudited)</u>	<u>(Audited)</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 447	\$ 339
Restricted bank deposits	175	240
Trade receivables	8,726	10,063
Other accounts receivable and prepaid expenses	1,533	1,273
Inventories (includes inventory in process in the amounts of \$1,199 and \$576 as of June 30, 2020, and December 31, 2019, respectively)	<u>5,972</u>	<u>5,407</u>
<u>Total current assets</u>	<u>16,853</u>	<u>17,322</u>
LONG-TERM ASSETS	<u>126</u>	<u>155</u>
PROPERTY AND EQUIPMENT, NET	<u>1,155</u>	<u>1,257</u>
OPERATING LEASE RIGHT-OF-USE ASSETS, NET	<u>1,043</u>	<u>720</u>
OTHER INTANGIBLE ASSETS, NET	<u>50</u>	<u>598</u>
GOODWILL	<u>4,676</u>	<u>5,147</u>
<u>Total assets</u>	<u>\$ 23,903</u>	<u>\$25,199</u>

CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

	June 30, 2020	December 31, 2019
	(Unaudited)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short term loans and current maturities of long term loans	\$ 1,062	\$ 664
Operating lease liabilities, current	478	551
Trade payables	6,205	6,503
Employees and payroll accruals	812	1,007
Deferred revenues	845	836
Advances net of inventory in progress	56	29
Accrued expenses and other liabilities	240	419
<u>Total current liabilities</u>	9,698	10,009
LONG-TERM LIABILITIES:		
Long-term loans, net of current maturities	1,893	2,041
Operating lease liabilities, non-current	654	289
Accrued severance pay	313	303
<u>Total long-term liabilities</u>	2,860	2,633
SHAREHOLDERS' EQUITY	11,345	12,557
<u>Total liabilities and shareholders' equity</u>	\$ 23,903	\$ 25,199

CONDENSED CONSOLIDATED EBITDA

(U.S. dollars in thousands)

	Six months ended		Three months ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Operating income (loss)	\$ (1,248)	\$ 325	\$ (1,353)	\$ 149
Add:				
Impairment of Goodwill and other intangible assets	988	-	988	-
Amortization of intangible assets	32	19	6	14
Stock based compensation	39	39	18	20
Depreciation	142	134	71	69
EBITDA	<u>\$ (47)</u>	<u>\$ 517</u>	<u>\$ (270)</u>	<u>\$ 252</u>

SEGMENT INFORMATION

(U.S. dollars in thousands)

	<u>RFID</u>	<u>Supply Chain Solutions</u>	<u>Intelligent Robotics</u>	<u>Consolidated</u>
Six months ended June 30, 2020				
Revenues	\$ 5,669	\$ 8,976	\$ 301	\$ 14,946
Inventory Impairment	\$ -	\$ -	\$ (671)	\$ (671)
Gross profit (loss)	\$ 1,474	\$ 1,869	\$ (786)	\$ 2,557
Impairment of Goodwill and intangible assets	\$ -	\$ -	\$ (988)	\$ (988)
Operating Income (loss)	\$ 354	\$ 613	\$ (2,215)	\$ (1,248)
Balance of Goodwill and other intangible assets related to segment	\$ 4,726	\$ -	\$ -	\$ 4,726

	<u>RFID</u>	<u>Supply Chain Solutions</u>	<u>Intelligent Robotics</u>	<u>Consolidated</u>
Six months ended June 30, 2019				
Revenues	\$ 6,697	\$ 9,616	\$ 236	\$ 16,549
Gross profit	\$ 1,338	\$ 1,978	\$ 66	\$ 3,382
Operating Income (loss)	\$ (284)	\$ 568	\$ 41	\$ 325
Balance of Goodwill and other intangible assets related to segment	\$ 4,746	\$ -	\$ 1,416	\$ 6,162

SEGMENT INFORMATION
(U.S. dollars in thousands)

	<u>RFID</u>	<u>Supply Chain Solutions</u>	<u>Intelligent Robotics</u>	<u>Consolidated</u>
Revenues	\$ 2,385	\$ 4,895	\$ 198	\$ 7,478
Inventory Impairment	\$ -	\$ -	\$ (552)	\$ (552)
Gross profit (loss)	\$ 534	\$ 1,009	\$ (665)	\$ 878
Impairment of Goodwill and intangible assets	\$ -	\$ -	\$ (988)	\$ (988)
Operating Income (loss)	\$ 33	\$ 429	\$ (1,815)	\$ (1,353)
Balance of Goodwill and other intangible assets related to segment	\$ 4,726	\$ -	\$ -	\$ 4,726

	<u>RFID</u>	<u>Supply Chain Solutions</u>	<u>Intelligent Robotics</u>	<u>Consolidated</u>
Revenues	\$ 2,973	\$ 5,577	\$ 236	\$ 8,786
Gross profit	\$ 538	\$ 1,128	\$ 66	\$ 1,732
Operating Income (loss)	\$ (268)	\$ 376	\$ 41	\$ 149
Balance of Goodwill and other intangible assets related to segment	\$ 4,746	\$ -	\$ 1,416	\$ 6,162