

**CONSOLIDATED STATEMENTS OF OPERATIONS**

U.S. dollars in thousands

	Nine months ended September 30,		Three months ended September 30,	
	2020	2019	2020	2019
	(Unaudited)		(Unaudited)	
Revenues	\$ 23,125	\$ 24,463	\$ 8,179	\$ 7,914
Cost of revenues	18,153	19,709	6,435	6,542
Inventory Impairment	752	-	81	-
Gross profit	<u>4,220</u>	<u>4,754</u>	<u>1,663</u>	<u>1,372</u>
Operating costs and expenses:				
Research and development	71	-	50	-
Sales and marketing	2,933	2,907	978	1,008
General and administrative	1,251	1,632	408	474
Impairment of Goodwill and intangible assets	988	614	-	614
Total operating costs and expenses	<u>5,243</u>	<u>5,153</u>	<u>1,436</u>	<u>2,096</u>
Operating income (loss)	(1,023)	(399)	227	(724)
Financial expenses, net	(235)	(240)	(98)	(111)
Other income, net	50	-	50	-
Income before taxes on income (loss)	(1,208)	(639)	179	(835)
Tax benefit	-	61	-	81
Net income (loss)	<u>\$ (1,208)</u>	<u>\$ (578)</u>	<u>\$ 179</u>	<u>\$ (754)</u>
Basic and diluted net income (loss) per share	<u>\$ (0.28)</u>	<u>\$ (0.15)</u>	<u>\$ 0.04</u>	<u>\$ (0.18)</u>
Weighted average number of shares used in computing basic net income (loss) per share	<u>4,284</u>	<u>3,984</u>	<u>4,329</u>	<u>4,258</u>
Weighted average number of shares used in computing diluted net income (loss) per share	<u>4,284</u>	<u>3,989</u>	<u>4,339</u>	<u>4,260</u>
Number of outstanding shares as of September 30, 2020 and 2019	<u>4,321</u>	<u>4,258</u>	<u>4,321</u>	<u>4,258</u>

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

## CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

	September 30, 2020	December 31, 2019
	<u>(Unaudited)</u>	<u>(Audited)</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 669	\$ 339
Restricted bank deposits	176	240
Trade receivables	9,626	10,063
Other accounts receivable and prepaid expenses	1,067	1,273
Inventories	5,315	5,407
<u>Total current assets</u>	<u>16,853</u>	<u>17,322</u>
LONG-TERM ASSETS	<u>140</u>	<u>155</u>
PROPERTY AND EQUIPMENT, NET	<u>1,051</u>	<u>1,257</u>
OPERATING LEASE RIGHT-OF-USE ASSETS, NET	<u>888</u>	<u>720</u>
OTHER INTANGIBLE ASSETS, NET	<u>45</u>	<u>598</u>
GOODWILL	<u>4,676</u>	<u>5,147</u>
<u>Total assets</u>	<u>\$23,653</u>	<u>\$25,199</u>

---

**CONSOLIDATED BALANCE SHEETS**

---

(U.S. dollars in thousands)

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short term loans	\$ 250	\$ -
Current maturities of long term loans	667	664
Operating lease liabilities, current	411	551
Trade payables	6,323	6,503
Employees and payroll accruals	743	1,007
Deferred revenues	809	836
Advances net of inventory in process	44	29
Accrued expenses and other liabilities	<u>280</u>	<u>419</u>
<u>Total current liabilities</u>	<u>9,527</u>	<u>10,009</u>
LONG-TERM LIABILITIES:		
Long-term loans, net of current maturities	1,709	2,041
Operating lease liabilities, non-current	572	289
Accrued severance pay	<u>312</u>	<u>303</u>
<u>Total long-term liabilities</u>	<u>2,593</u>	<u>2,633</u>
SHAREHOLDERS' EQUITY	<u>11,533</u>	<u>12,557</u>
<u>Total liabilities and shareholders' equity</u>	<u>\$ 23,653</u>	<u>\$ 25,199</u>

---

**CONDENSED CONSOLIDATED EBITDA**

---

(U.S. dollars in thousands)

	Nine months ended		Three months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Operating income (loss)	\$ (1,023)	\$ (399)	\$ 227	\$ (724)
Add:				
Impairment of Goodwill and other intangible assets	988	614	-	614
Amortization of intangible assets	36	52	5	33
Stock based compensation	57	59	18	20
Depreciation	208	205	66	71
EBITDA	<u>\$ 266</u>	<u>\$ 531</u>	<u>\$ 316</u>	<u>\$ 14</u>

## SEGMENT INFORMATION

(U.S. dollars in thousands)

	Nine months ended September 30, 2020				Nine months ended September 30, 2019			
	<u>Supply Chain Solutions</u>	<u>RFID</u>	<u>Intelligent Robotics</u>	<u>Consolidated</u>	<u>Supply Chain Solutions</u>	<u>RFID</u>	<u>Intelligent Robotics</u>	<u>Consolidated</u>
Revenues	\$ 13,825	\$ 8,933	\$ 367*	\$ 23,125	\$ 14,251	\$ 9,626	\$ 586*	\$ 24,463
Inventory Impairment	-	-	(752)	(752)	-	-	-	-
Gross profit (loss)	2,882	2,223	(885)	4,220	2,770	1,961	23	4,754
Impairment of Goodwill and intangible assets	-	-	(988)	(988)	-	-	(614)	(614)
Operating Income (loss)	\$ 996	\$ 543	\$ (2,562)	\$ (1,023)	\$ 758	\$ (383)	\$ (774)	\$ (399)
Balance of Goodwill and other intangible assets related to segment	\$ -	\$ 4,721	\$ -	\$ 4,721	\$ -	\$ 4,742	\$ 1,387	\$ 6,129

	Three months ended September 30, 2020				Three months ended September 30, 2019			
	<u>Supply Chain Solutions</u>	<u>RFID</u>	<u>Intelligent Robotics</u>	<u>Consolidated</u>	<u>Supply Chain Solutions</u>	<u>RFID</u>	<u>Intelligent Robotics</u>	<u>Consolidated</u>
Revenues	\$ 4,849	\$ 3,264	\$ 66*	\$ 8,179	\$ 4,635	\$ 2,930	\$ 349*	\$ 7,914
Inventory Impairment	-	-	(81)	(81)	-	-	-	-
Gross profit (loss)	1,013	749	(99)	1,663	792	620	(40)	1,372
Impairment of Goodwill and intangible assets	-	-	-	-	-	-	-	-
Operating Income (loss)	\$ 385	\$ 191	\$ (349)	\$ 227	\$ 190	\$ (99)	\$ (815)	\$ (724)
Balance of Goodwill and other intangible assets related to segment	\$ -	\$ 4,721	\$ -	\$ 4,721	\$ -	\$ 4,742	\$ 1,387	\$ 6,129

(\*) As of September 30, 2020, inventory in process related to the Intelligent Robotics segment amounted to approximately \$3.3 million. Revenues from these projects is expected to be recognized during the next two quarters. As of September 30, 2019, inventory in process related to the Intelligent Robotics segment amounted to approximately \$0.5 million.