

CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands

	Nine months ended September 30,		Three months ended September 30,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
Revenues	\$ 24,555	\$ 23,125	\$ 7,998	\$ 8,179
Cost of revenues	19,697	18,153	6,423	6,435
Inventory Impairment	-	752	-	81
Gross profit	<u>4,858</u>	<u>4,220</u>	<u>1,575</u>	<u>1,663</u>
Operating costs and expenses:				
Research and development	154	71	40	50
Sales and marketing	2,902	2,933	973	978
General and administrative	1,343	1,251	466	408
Impairment of Goodwill and intangible assets	-	988	-	-
Total operating costs and expenses	<u>4,399</u>	<u>5,243</u>	<u>1,479</u>	<u>1,436</u>
Operating income (loss)	459	(1,023)	96	227
Financial income (expenses), net	(107)	(235)	(9)	(98)
Other income, net	-	50	-	50
Income before taxes on income (loss)	352	(1,208)	87	179
Taxes on income	(1)	-	-	-
Net income (loss)	<u>\$ 351</u>	<u>\$ (1,208)</u>	<u>\$ 87</u>	<u>\$ 179</u>
Basic and diluted net income (loss) per share	<u>\$ 0.07</u>	<u>\$ (0.28)</u>	<u>\$ 0.02</u>	<u>\$ 0.04</u>
Weighted average number of shares used in computing basic net income per share	<u>5,201</u>	<u>4,284</u>	<u>5,223</u>	<u>4,329</u>
Weighted average number of shares used in computing diluted net income per share	<u>5,421</u>	<u>4,284</u>	<u>5,613</u>	<u>4,339</u>
Number of outstanding shares as of September 30, 2021 and 2020	<u>5,237</u>	<u>4,321</u>	<u>5,237</u>	<u>4,321</u>

CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,002	\$ 1,036
Restricted bank deposits	236	140
Trade receivables	8,846	9,172
Other accounts receivable and prepaid expenses	1,226	1,311
Inventories	5,149	4,871
Total current assets	<u>17,459</u>	<u>16,530</u>
LONG-TERM ASSETS	<u>44</u>	<u>59</u>
PROPERTY AND EQUIPMENT, NET	<u>1,139</u>	<u>956</u>
OPERATING LEASE RIGHT-OF-USE ASSETS, NET	<u>992</u>	<u>767</u>
OTHER INTANGIBLE ASSETS, NET	<u>25</u>	<u>40</u>
GOODWILL	<u>4,676</u>	<u>4,676</u>
<u>Total assets</u>	<u>\$ 24,335</u>	<u>\$ 23,028</u>

CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

	September 30, 2021	December 31, 2020
	<u>(Unaudited)</u>	<u>(Audited)</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long term loans	\$ 825	\$ 815
Operating lease liabilities, current	495	557
Trade payables	5,060	5,492
Employees and payroll accruals	769	985
Deferred revenues	742	601
Advances net of inventory in process	106	68
Accrued expenses and other liabilities	<u>231</u>	<u>391</u>
<u>Total</u> current liabilities	<u>8,228</u>	<u>8,909</u>
LONG-TERM LIABILITIES:		
Long-term loans, net of current maturities	756	1,216
Operating lease liabilities, non-current	628	367
Long term deferred revenues	190	303
Accrued severance pay	<u>336</u>	<u>364</u>
<u>Total</u> long-term liabilities	<u>1,910</u>	<u>2,250</u>
TOTAL SHAREHOLDERS' EQUITY	<u>14,197</u>	<u>11,869</u>
<u>Total</u> liabilities and shareholders' equity	<u>\$ 24,335</u>	<u>\$ 23,028</u>

CONDENSED CONSOLIDATED EBITDA

(U.S. dollars in thousands)

	Nine months ended September 30,		Three months ended September 30,	
	2021	2020	2021	2020
Operating income (loss)	\$ 459	\$ (1,023)	\$ 96	\$ 227
Add:				
Impairment of Goodwill and other intangible assets	-	988	-	-
Amortization of intangible assets	15	36	5	5
Stock-based compensation	44	57	13	18
Depreciation	175	208	64	66
EBITDA	<u>\$ 693</u>	<u>\$ 266</u>	<u>\$ 178</u>	<u>\$ 316</u>

SEGMENT INFORMATION

(U.S. dollars in thousands)

	RFID	Supply Chain Solutions	Intelligent Robotics	Intercompany	Consolidated
	Nine months ended September 30, 2021				
Revenues	\$ 9,193	\$ 14,168	1,340	\$ (146)	\$ 24,555
Gross profit	2,212	2,683	(37)	-	4,858
Allocated operating expenses	1,641	1,788	452	-	3,881
Unallocated operating expenses*	-	-	-		518
Income (loss) from operations	<u>\$ 571</u>	<u>\$ 895</u>	<u>\$ (489)</u>	-	459
Financial expenses and tax on income					(108)
Net income					<u>\$ 351</u>

	RFID	Supply Chain Solutions	Intelligent Robotics	Intercompany	Consolidated
	Nine months ended September 30, 2020				
Revenues	\$ 8,976	\$ 13,825	\$ 367	\$ (43)	\$ 23,125
Gross profit (loss)	2,223	2,882	(885)	-	4,220
Allocated operating expenses	1,524	1,730	534	-	3,788
Impairment of goodwill and intangible assets	-	-	988	-	988
Unallocated operating expenses*	-	-	-		467
Income (loss) from operations	<u>\$ 699</u>	<u>\$ 1,152</u>	<u>\$ (2,407)</u>	-	(1,023)
Financial expenses and tax on income					(185)
Net loss					<u>\$ (1,208)</u>

SEGMENT INFORMATION

(U.S. dollars in thousands)

	RFID	Supply Chain Solutions	Intelligent Robotics	Intercompany	Consolidated
	Three months ended September 30, 2021				
Revenues	\$ 2,871	\$ 4,919	\$ 304	\$ (96)	\$ 7,998
Gross profit (loss)	660	984	(69)	-	1,575
Allocated operating expenses	529	640	116	-	1,285
Unallocated operating expenses*					194
Income (loss) from operations	<u>\$ 131</u>	<u>\$ 344</u>	<u>\$ (185)</u>	-	96
Financial income and tax on income					(9)
Net income					<u>\$ 87</u>

	RFID	Supply Chain Solutions	Intelligent Robotics	Intercompany	Consolidated
	Three months ended September 30, 2020				
Revenues	\$ 3,264	\$ 4,849	\$ 66	\$ -	\$ 8,179
Gross profit (loss)	749	1,013	(99)	-	1,663
Allocated operating expenses	518	586	205	-	1,309
Impairment of goodwill and intangible assets	-	-	-	-	-
Unallocated operating expenses*					127
Income (loss) from operations	<u>\$ 238</u>	<u>\$ 427</u>	<u>\$ (311)</u>	-	227
Financial expenses and tax on income					(48)
Net loss					<u>\$ 179</u>

* Unallocated operating expenses include costs not specific to a particular segment but are general to the group, such as expenses incurred for insurance of directors and officers, public company fees, legal fees, and other similar corporate costs.