

CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands

	Six months ended June 30,		Three months ended June 30,	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
Revenues	\$ 15,843	\$ 13,780	\$ 7,552	\$ 6,716
Cost of revenues	12,626	10,868	5,996	5,252
Gross profit	3,217	2,912	1,556	1,464
Operating costs and expenses:				
Sales and marketing	1,847	1,591	934	777
General and administrative	850	845	389	449
Total operating costs and expenses	2,697	2,436	1,323	1,226
Operating income	520	476	233	238
Financial expenses, net	(123)	(163)	(41)	(72)
Net income	\$ 397	\$ 313	\$ 192	\$ 166
Basic and diluted net income per share	\$ 0.12	\$ 0.10	\$ 0.05	\$ 0.05
Weighted average number of shares used in computing basic and diluted net income per share	3,446	3,051	3,534	3,104

CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

	June 30, 2018	December 31, 2017
	<u>(Unaudited)</u>	<u>(Audited)</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,496	\$ 1,533
Restricted bank deposits	302	247
Trade receivables	8,237	9,804
Other accounts receivable and prepaid expenses	1,215	898
Inventories	2,751	3,240
<u>Total current assets</u>	<u>14,001</u>	<u>15,722</u>
LONG-TERM ASSETS	<u>181</u>	<u>220</u>
PROPERTY AND EQUIPMENT, NET	<u>1,010</u>	<u>651</u>
OTHER INTANGIBLE ASSETS, NET	<u>109</u>	<u>138</u>
GOODWILL	<u>4,676</u>	<u>4,676</u>
<u>Total assets</u>	<u>\$ 19,977</u>	<u>\$ 21,407</u>

CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands)

	June 30, 2018	December 31, 2017
	<u>(Unaudited)</u>	<u>(Audited)</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long term loans	479	505
Trade payables	4,249	5,951
Employees and payroll accruals	706	822
Deferred revenues	913	798
Accrued expenses and other liabilities	<u>277</u>	<u>304</u>
<u>Total</u> current liabilities	<u>6,624</u>	<u>8,380</u>
LONG-TERM LIABILITIES:		
Long-term loans, net of current maturities	2,157	2,523
Accrued severance pay	<u>270</u>	<u>286</u>
<u>Total</u> long-term liabilities	<u>2,427</u>	<u>2,809</u>
SHAREHOLDERS' EQUITY	<u>10,926</u>	<u>10,218</u>
<u>Total</u> liabilities and shareholders' equity	<u>\$ 19,977</u>	<u>\$ 21,407</u>

RECONCILIATION OF NON-GAAP FINANCIAL RESULTS

(U.S. dollars in thousands)

	Six months ended June 30,		Three months ended June 30,	
	2018	2017	2018	2017
Net Income as reported	\$ 397	\$ 313	\$ 192	\$ 166
Adjustments:				
Amortization of intangible assets	28	28	14	14
Stock based compensation	28	32	14	15
Total Adjustments	56	60	28	29
Net Income on a Non-GAAP basis	\$ 453	\$ 373	\$ 220	\$ 195

CONDENSED CONSOLIDATED EBITDA

(U.S. dollars in thousands)

	Six months ended June 30,		Three months ended June 30,	
	2018	2017	2018	2017
Operating income	\$ 520	\$ 476	\$ 233	\$ 238
Add:				
Amortization of intangible assets	28	28	14	14
Stock based compensation	28	32	14	15
Depreciation	106	90	56	44
EBITDA	\$ 682	\$ 626	\$ 317	\$ 311

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
	Six months ended June 30, 2018				Three months ended June 30, 2018			
Revenues	\$ 7,145	\$ 8,740	\$ (42)	\$ 15,843	\$ 3,323	\$ 4,235	\$ (6)	\$ 7,552
Gross profit	\$ 1,696	\$ 1,521	\$ -	\$ 3,217	\$ 720	\$ 836	\$ -	\$ 1,556

	RFID and Mobile Solutions	Supply Chain Solutions	Intercompany	Consolidated	RFID and Mobile Solutions	Supply Chain Solutions	Intercompany	Consolidated
	Six months ended June 30, 2017				Three months ended June 30, 2017			
Revenues	\$ 6,229	\$ 7,639	\$ (88)	\$ 13,780	\$ 2,918	\$ 3,823	\$ (25)	\$ 6,716
Gross profit	\$ 1,533	\$ 1,379	\$ -	\$ 2,912	\$ 749	\$ 715	\$ -	\$ 1,464