

**ORBIT TECHNOLOGIES LTD.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF SEPTEMBER 30, 2019**

**U.S. DOLLARS IN THOUSANDS**

**UNAUDITED**

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To:  
Orbit Technologies Ltd.

We have reviewed the financial information of Orbit Technologies Ltd. and its subsidiaries ("the Group"), which comprises the condensed consolidated balance sheet as of September 30, 2019 and 2018 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine and three months periods then ended in accordance with Review Standard 1 of the Institute of Certified Public Accountants in Israel.

Based on our review, in our review report dated November 21, 2019, we stated that nothing came to our attention that caused us to believe that the abovementioned interim financial information was not prepared, in all material respects, in accordance with IAS 34.

The accompanying financial information, which is derived from the abovementioned financial information, is condensed financial information and does not include disclosures required by IAS 34. If the omitted disclosures were included in the accompanying financial information, they might influence the user's conclusions about the consolidated financial position, results of operations and cash flows of the Company and subsidiaries. Accordingly, the accompanying financial information is not designed for those who are not informed about such matters.

Tel-Aviv, Israel  
November 21, 2019

**KOST FORER GABBAY & KASIERER**  
A Member of Ernst & Young Global

**CONSOLIDATED BALANCE SHEETS**


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|   | <u>September 30,</u>             |                      | <u>December 31,</u>  |
|---|----------------------------------|----------------------|----------------------|
|   | <u>2019</u>                      | <u>2018</u>          | <u>2018</u>          |
|   | <u>Unaudited</u>                 |                      | <u>Audited</u>       |
|   | <u>U.S. dollars in thousands</u> |                      |                      |
| <b>ASSETS</b>   |                                  |                      |                      |
| <b>CURRENT ASSETS:</b>  |                                  |                      |                      |
| Cash and cash equivalents   | 12,004                           | 9,637                | 12,013               |
| Short-term deposits   | 18                               | 18                   | 18                   |
| Accounts receivable   | 10,198                           | 12,117               | 10,581               |
| Other accounts receivable   | 720                              | 1,091                | 580                  |
| Inventories   | 8,545                            | 8,389                | 7,493                |
| Amounts due for construction contracts                                      | 4,921                            | 5,813                | 4,415                |
|   | <u>36,406</u>                    | <u>37,065</u>        | <u>35,100</u>        |
| <b>NON-CURRENT ASSETS:</b>  |                                  |                      |                      |
| Long-term prepaid and a restricted cash in respect of<br>right to use asset | 192                              | 11                   | 192                  |
| Fixed assets  | 5,283                            | 5,143                | 4,900                |
| Intangible assets   | 5,796                            | 5,572                | 5,769                |
| Deferred taxes  | 632                              | 594                  | 579                  |
|   | <u>11,903</u>                    | <u>11,320</u>        | <u>11,440</u>        |
|   | <u><u>48,309</u></u>             | <u><u>48,385</u></u> | <u><u>46,540</u></u> |

The accompanying note is an integral part of the interim consolidated financial statements.

**CONSOLIDATED BALANCE SHEETS**

|  | <u>September 30,</u>             |               | <u>December 31,</u> |
|--|----------------------------------|---------------|---------------------|
|  | <u>2019</u>                      | <u>2018</u>   | <u>2018</u>         |
|  | <u>Unaudited</u>                 |               | <u>Audited</u>      |
|  | <u>U.S. dollars in thousands</u> |               |                     |
| LIABILITIES AND EQUITY                   |                                  |               |                     |
| CURRENT LIABILITIES:                     |                                  |               |                     |
| Current maturities of convertible bonds  | 2,446                            | 2,424         | 2,434               |
| Trade payables                           | 7,413                            | 6,314         | 5,565               |
| Income taxes payable                     | 6                                | 35            | 65                  |
| Other accounts payable                   | 11,109                           | 12,474        | 11,249              |
|  | <u>20,974</u>                    | <u>21,247</u> | <u>19,313</u>       |
| NON-CURRENT LIABILITIES:                 |                                  |               |                     |
| Liability for Government grants          | 838                              | 594           | 839                 |
| Employee benefit liability               | 579                              | 596           | 463                 |
| Convertible bonds                        | -                                | 2,424         | 2,434               |
| Lease payments liability                 | 583                              | 482           | 182                 |
| Deferred taxes                           | 17                               | 29            | 27                  |
|  | <u>2,017</u>                     | <u>4,125</u>  | <u>3,945</u>        |
| EQUITY:                                  |                                  |               |                     |
| Share capital                            | 5,758                            | 5,753         | 5,758               |
| Paid-in capital                          | 15,906                           | 15,862        | 15,890              |
| Warrants                                 | 1,904                            | 1,904         | 1,904               |
| Retained earnings (loss)                 | 1,765                            | (553)         | (428)               |
| Reserve for share-based payment          | 989                              | 918           | 997                 |
| Proceeds from conversion option          | 10                               | 20            | 20                  |
| Foreign currency translation adjustments | (563)                            | (422)         | (471)               |
| Reserve for defined benefit plans        | 416                              | 398           | 479                 |
| Treasury shares                          | (867)                            | (867)         | (867)               |
| <u>Total equity</u>                      | <u>25,318</u>                    | <u>23,013</u> | <u>23,282</u>       |
|  | <u>48,309</u>                    | <u>48,385</u> | <u>46,540</u>       |

The accompanying note is an integral part of the interim consolidated financial statements.

|  |  |                                |                         |
|--|--|--------------------------------|-------------------------|
| November 21, 2019                            |  |                                |                         |
| Date of approval of the financial statements | Y. Gat<br>Chairman of the Board<br>and CEO | M. Dudek<br>CEO Deputy and CFO | R. Ben-Haim<br>Director |

**CONSOLIDATED STATEMENTS OF INCOME**

|   | <b>Nine months ended</b>                                 |             | <b>Three months ended</b> |             | <b>Year ended</b>   |
|---|--|-------------|---------------------------|-------------|---------------------|
|   | <b>September 30,</b>                                     |             | <b>September 30,</b>      |             | <b>December 31,</b> |
|   | <b>2019</b>  | <b>2018</b> | <b>2019</b>               | <b>2018</b> | <b>2018</b>         |
|   | <b>Unaudited</b>   |             |                           |             | <b>Audited</b>      |
|   | <b>U.S. dollars in thousands (except per share data)</b> |             |                           |             |                     |
| Revenues from sales and contracts performed   | 38,447   | 32,370      | 13,306                    | 12,103      | 44,530              |
| Cost of sales and contracts performed   | 26,379   | 22,529      | 9,271                     | 8,190       | 30,963              |
| Gross profit  | 12,068   | 9,841       | 4,035                     | 3,913       | 13,567              |
| Research and development costs, net   | 2,722  | 3,012       | 782                       | 1,005       | 4,221               |
| Selling and marketing expenses  | 3,653  | 3,210       | 1,176                     | 1,086       | 4,341               |
| General and administrative expenses   | 2,888  | 2,786       | 801                       | 1,110       | 3,991               |
| Operating profit  | 2,805  | 833         | 1,276                     | 712         | 1,014               |
| Finance income  | 379  | 352         | 143                       | 20          | 516                 |
| Finance expenses  | 947  | 527         | 267                       | 146         | 658                 |
| Profit before taxes on income   | 2,237  | 658         | 1,152                     | 586         | 872                 |
| Income tax expense  | 44   | 42          | 12                        | 7           | 132                 |
| Net profit  | 2,193  | 616         | 1,140                     | 579         | 741                 |
| Net profit per share attributable to equity holders of the Company (in U.S. dollars): |  |             |                           |             |                     |
| Basic profit per share  | 0.136  | 0.038       | 0.071                     | 0.036       | 0.046               |
| Diluted profit per share  | 0.123  | 0.038       | 0.066                     | 0.036       | 0.042               |

The accompanying note is an integral part of the interim consolidated financial statements.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**


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|   | <u>Nine months ended</u><br><u>September 30,</u> |             | <u>Three months ended</u><br><u>September 30,</u> |             | <u>Year ended</u><br><u>December 31,</u> |
|---|--|-------------|---|-------------|--|
|   | <u>2019</u>                                      | <u>2018</u> | <u>2019</u>                                       | <u>2018</u> | <u>2018</u>                              |
|   | <u>Unaudited</u>                                 |             |   |             | <u>Audited</u>                           |
|   | <u>U.S. dollars in thousands</u>                 |             |   |             |  |
| Net profit (loss)   | <u>2,193</u>                                     | <u>616</u>  | <u>1,140</u>                                      | <u>579</u>  | <u>741</u>                               |
| Other comprehensive income (loss) (net of tax effect):        |  |             |   |             |  |
| Actuarial loss from defined benefit plans                     | (63)   | -           | (38)  | -           | 81                                       |
| Foreign currency translation adjustments of foreign operation | <u>(92)</u>                                      | <u>(84)</u> | <u>(70)</u>                                       | <u>(17)</u> | <u>(133)</u>                             |
| Total other comprehensive income                              | <u>(155)</u>                                     | <u>(84)</u> | <u>(108)</u>                                      | <u>(17)</u> | <u>(52)</u>                              |
| Total comprehensive loss                                      | <u>2,038</u>                                     | <u>532</u>  | <u>1,032</u>                                      | <u>562</u>  | <u>689</u>                               |

The accompanying note is an integral part of the interim consolidated financial statements.

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

|                                      | Equity attributable to equity holders of the Company |                 |              |                   |                                 |  |                                 |                                   |                 |               |
|--------------------------------------|--|-----------------|--------------|-------------------|---------------------------------|--|---------------------------------|-----------------------------------|-----------------|---------------|
|                                      | Share capital  | Paid-in capital | Warrants     | Retained earnings | Reserve for share-based payment | Foreign currency translation adjustments | Proceeds from conversion option | Reserve for defined benefit plans | Treasury shares | Total equity  |
|                                      | Unaudited  |                 |              |                   |                                 |  |                                 |                                   |                 |               |
| U.S. dollars in thousands            |  |                 |              |                   |                                 |  |                                 |                                   |                 |               |
| Balance at January 1, 2019 (audited) | 5,758  | 15,890          | 1,904        | (428)             | 997                             | (471)                                    | 20                              | 479                               | (867)           | 23,282        |
| Net profit                           | -  | -               | -            | 2,193             | -                               | -  | -                               | -                                 | -               | 2,193         |
| Other comprehensive income (loss)    | -  | -               | -            | -                 | -                               | (92)                                     | -                               | (63)                              | -               | (155)         |
| Total comprehensive loss (loss)      | -  | -               | -            | 2,193             | -                               | (92)                                     | -                               | (63)                              | -               | 2,038         |
| Exercise of warrants into shares     | *)-  | 2               | -            | -                 | (2)                             | -  | -                               | -                                 | -               | -             |
| Forfeiture of Options                | -  | 14              | -            | -                 | (4)                             | -  | (10)                            | -                                 | -               | -             |
| Cost of share based-payment          | -  | -               | -            | -                 | (2)                             | -  | -                               | -                                 | -               | (2)           |
| Balance at September 30, 2019        | <u>5,758</u>   | <u>15,906</u>   | <u>1,904</u> | <u>1,765</u>      | <u>989</u>                      | <u>(563)</u>                             | <u>10</u>                       | <u>416</u>                        | <u>(867)</u>    | <u>25,318</u> |

\*) Less than 1 thousands.

|                                      | Equity attributable to equity holders of the Company |                 |              |                   |                                 |  |                                 |                                   |                 |               |
|--------------------------------------|--|-----------------|--------------|-------------------|---------------------------------|--|---------------------------------|-----------------------------------|-----------------|---------------|
|                                      | Share capital  | Paid-in capital | Warrants     | Retained earnings | Reserve for share-based payment | Foreign currency translation adjustments | Proceeds from conversion option | Reserve for defined benefit plans | Treasury shares | Total equity  |
|                                      | Unaudited  |                 |              |                   |                                 |  |                                 |                                   |                 |               |
| U.S. dollars in thousands            |  |                 |              |                   |                                 |  |                                 |                                   |                 |               |
| Balance at January 1, 2018 (audited) | 5,734  | 15,746          | 1,904        | (1,169)           | 876                             | (338)                                    | 30                              | 398                               | (867)           | 22,314        |
| Net profit                           | -  | -               | -            | 616               | -                               | -  | -                               | -                                 | -               | 616           |
| Other comprehensive income (loss)    | -  | -               | -            | -                 | -                               | (84)                                     | -                               | -                                 | -               | (84)          |
| Total comprehensive loss (loss)      | -  | -               | -            | 616               | -                               | (84)                                     | -                               | -                                 | -               | 532           |
| Exercise of warrants into shares     | 19   | 104             | -            | -                 | (16)                            | -  | -                               | -                                 | -               | 107           |
| Forfeiture of Options                | -  | 12              | -            | -                 | (2)                             | -  | (10)                            | -                                 | -               | -             |
| Cost of share based-payment          | -  | -               | -            | -                 | 60                              | -  | -                               | -                                 | -               | 60            |
| Balance at September 30, 2018        | <u>5,753</u>   | <u>15,862</u>   | <u>1,904</u> | <u>(553)</u>      | <u>918</u>                      | <u>(422)</u>                             | <u>20</u>                       | <u>398</u>                        | <u>(867)</u>    | <u>23,013</u> |

The accompanying note is an integral part of the interim consolidated financial statements.

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

| Equity attributable to equity holders of the Company |                 |               |                   |                                 |  |                                 |                                   |                 |              |               |
|--|-----------------|---------------|-------------------|---------------------------------|--|---------------------------------|-----------------------------------|-----------------|--------------|---------------|
| Share capital  | Paid-in capital | Warrants      | Retained earnings | Reserve for share-based payment | Foreign currency translation adjustments | Proceeds from conversion option | Reserve for defined benefit plans | Treasury shares | Total equity |               |
| Unaudited  |                 |               |                   |                                 |  |                                 |                                   |                 |              |               |
| U.S. dollars in thousands                            |                 |               |                   |                                 |  |                                 |                                   |                 |              |               |
| Balance at July 1, 2019                              | 5,758           | 15,902        | 1,904             | 625                             | 974                                      | (493)                           | 10                                | 454             | (867)        | 24,267        |
| Net profit   | -               | -             | -                 | 1,140                           | -  | -                               | -                                 | -               | -            | 1,140         |
| Other comprehensive income (loss)                    | -               | -             | -                 | -                               | -  | (70)                            | -                                 | (38)            | -            | (108)         |
| Total comprehensive loss (loss)                      | -               | -             | -                 | 1,140                           | -  | (70)                            | -                                 | (38)            | -            | 1,032         |
| Forfeiture of Options                                | -               | 4             | -                 | -                               | (4)                                      | -                               | -                                 | -               | -            | -             |
| Cost of share based-payment                          | -               | -             | -                 | -                               | 19                                       | -                               | -                                 | -               | -            | 19            |
| Balance at September 30, 2019                        | <u>5,758</u>    | <u>15,906</u> | <u>1,904</u>      | <u>1,765</u>                    | <u>989</u>                               | <u>(563)</u>                    | <u>10</u>                         | <u>416</u>      | <u>(867)</u> | <u>25,318</u> |

\*) Less than 1 thousands.

| Equity attributable to equity holders of the Company |                 |               |                   |                                 |  |                                 |                                   |                 |              |               |
|--|-----------------|---------------|-------------------|---------------------------------|--|---------------------------------|-----------------------------------|-----------------|--------------|---------------|
| Share capital  | Paid-in capital | Warrants      | Retained earnings | Reserve for share-based payment | Foreign currency translation adjustments | Proceeds from conversion option | Reserve for defined benefit plans | Treasury shares | Total equity |               |
| Unaudited  |                 |               |                   |                                 |  |                                 |                                   |                 |              |               |
| U.S. dollars in thousands                            |                 |               |                   |                                 |  |                                 |                                   |                 |              |               |
| Balance at July 1, 2018                              | 5,746           | 15,826        | 1,904             | (1,132)                         | 877                                      | (405)                           | 20                                | 398             | (867)        | 22,367        |
| Net profit   | -               | -             | -                 | 579                             | -  | -                               | -                                 | -               | -            | 579           |
| Other comprehensive income (loss)                    | -               | -             | -                 | -                               | -  | (17)                            | -                                 | -               | -            | (17)          |
| Total comprehensive loss (loss)                      | -               | -             | -                 | 579                             | -  | (17)                            | -                                 | -               | -            | 562           |
| Exercise of warrants into shares                     | 7               | 36            | -                 | -                               | (5)                                      | -                               | -                                 | -               | -            | 38            |
| Forfeiture of Options                                | -               | -             | -                 | -                               | -  | -                               | -                                 | -               | -            | -             |
| Cost of share based-payment                          | -               | -             | -                 | -                               | 46                                       | -                               | -                                 | -               | -            | 46            |
| Balance at September 30, 2018                        | <u>5,753</u>    | <u>15,862</u> | <u>1,904</u>      | <u>(553)</u>                    | <u>918</u>                               | <u>(422)</u>                    | <u>20</u>                         | <u>398</u>      | <u>(867)</u> | <u>23,013</u> |

The accompanying note is an integral part of the interim consolidated financial statements.



## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

|                                   | Equity attributable to equity holders of the Company |                 |              |                   |                                 |  |                                 |                    |                                   |                 |               |
|-----------------------------------|--|-----------------|--------------|-------------------|---------------------------------|--|---------------------------------|--------------------|-----------------------------------|-----------------|---------------|
|                                   | Share capital  | Paid-in capital | Warrants     | Retained earnings | Reserve for share-based payment | Foreign currency translation adjustments | Proceeds from conversion option | Reserve for hedges | Reserve for defined benefit plans | Treasury shares | Total equity  |
|                                   | U.S. dollars in thousands                            |                 |              |                   |                                 |  |                                 |                    |                                   |                 |               |
| Balance at January 1, 2018        | 5,734  | 15,746          | 1,904        | (1,169)           | 876                             | (338)                                    | 30                              | -                  | 398                               | (867)           | 22,314        |
| Net Income                        | -  | -               | -            | 741               | -                               | -  | -                               | -                  | -                                 | -               | 741           |
| Other comprehensive income (loss) | -  | -               | -            | -                 | -                               | (133)                                    | -                               | -                  | 81                                | -               | (52)          |
| Total comprehensive loss (loss)   | -  | -               | -            | 741               | -                               | (133)                                    | -                               | -                  | 81                                | -               | 689           |
| Exercise of options into shares   | 24   | 132             | -            | -                 | (19)                            | -  | -                               | -                  | -                                 | -               | 137           |
| Forfeiture of options             | -  | 12              | -            | -                 | (2)                             | -  | (10)                            | -                  | -                                 | -               | -             |
| Cost of share based-payment       | -  | -               | -            | -                 | 142                             | -  | -                               | -                  | -                                 | -               | 142           |
| Balance at December 31, 2018      | <u>5,758</u>   | <u>15,890</u>   | <u>1,904</u> | <u>(428)</u>      | <u>997</u>                      | <u>(471)</u>                             | <u>20</u>                       | <u>-</u>           | <u>479</u>                        | <u>(867)</u>    | <u>23,282</u> |

The accompanying note is an integral part of the interim consolidated financial statements.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

|   | <b>Nine months ended<br/>September 30,</b> |             | <b>Three months ended<br/>September 30,</b> |             | <b>Year ended<br/>December 31,</b> |
|---|--|-------------|---|-------------|------------------------------------|
|   | <b>2019</b>                                | <b>2018</b> | <b>2019</b>                                 | <b>2018</b> | <b>2018</b>                        |
|   | <b>Unaudited</b>                           |             |   |             | <b>Audited</b>                     |
|   | <b>U.S. dollars in thousands</b>           |             |   |             |                                    |
| <b>Cash flows from operating activities:</b>                                |  |             |   |             |                                    |
| Net profit (loss)   | 2,193                                      | 616         | 1,140                                       | 579         | 741                                |
| Adjustments to reconcile loss to net cash provided by operating activities: |  |             |   |             |                                    |
| Adjustments to the profit or loss items:                                    |  |             |   |             |                                    |
| Depreciation and amortization   | 2,007                                      | 1,861       | 693   | 621         | 2,505                              |
| Cost of share-based payment   | (2)  | 60          | 19  | 46          | 142                                |
| Income tax expense  | 44   | 42          | 12  | 7           | 132                                |
| Interest expenses, net  | 204  | 371         | (57)  | 69          | 351                                |
| Change in employee benefit liability, net                                   | 53   | -           | 20  | (12)        | (38)                               |
| Adjustment to current accounts with foreign operation                       | 40   | (10)        | 82  | 5           | (27)                               |
|   | 2,346                                      | 2,324       | 769   | 736         | 3,065                              |
| Changes in operating asset and liability items:                             |  |             |   |             |                                    |
| Decrease (increase) in trade receivables                                    | 383  | (1,365)     | (1,501)                                     | (3,653)     | 171                                |
| Decrease (increase) in amounts due for construction contracts               | (507)                                      | (1,042)     | 884   | 506         | 357                                |
| Decrease (increase) in other accounts receivable                            | (140)                                      | (265)       | 6   | (121)       | 245                                |
| Decrease (increase) in inventories  | (1,052)                                    | (542)       | (245)                                       | 621         | 354                                |
| Increase (decrease) in trade payables                                       | 1,842                                      | (85)        | 587   | (947)       | (838)                              |
| Increase (decrease) in other accounts payable                               | (261)                                      | 1,978       | (460)                                       | 1,454       | 984                                |
|   | 265  | (1,321)     | (729)                                       | (2,140)     | 1,273                              |
| Cash paid and received during the period for:                               |  |             |   |             |                                    |
| Interest paid   | (242)                                      | (303)       | (15)  | (13)        | (475)                              |
| Interest received   | 129  | -           | 39  | -           | 131                                |
| Taxes paid  | (58)                                       | (33)        | (41)  | (21)        | (45)                               |
|   | (171)                                      | (336)       | (17)  | (34)        | (389)                              |
| Net cash provided by (used in) operating activities                         | 4,633                                      | 1,283       | 1,163                                       | (859)       | 4,690                              |

The accompanying note is an integral part of the interim consolidated financial statements.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

|  | <b>Nine months ended</b>         |                     | <b>Three months ended</b> |                     | <b>Year ended</b>    |
|--|----------------------------------|---------------------|---------------------------|---------------------|----------------------|
|  | <b>September 30,</b>             |                     | <b>September 30,</b>      |                     | <b>December 31,</b>  |
|  | <b>2019</b>                      | <b>2018</b>         | <b>2019</b>               | <b>2018</b>         | <b>2018</b>          |
|  | <b>Unaudited</b>                 |                     |                           |                     | <b>Audited</b>       |
|  | <b>U.S. dollars in thousands</b> |                     |                           |                     |                      |
| <u>Cash flows from investing activities:</u>                     |                                  |                     |                           |                     |                      |
| Purchase of fixed assets   | (748)                            | (664)               | (252)                     | (173)               | (930)                |
| Capitalization of research and development costs                 | (443)                            | (697)               | (96)                      | (355)               | (182)                |
| Proceeds from sale of fixed assets                               | -                                | -                   | -                         | -                   | (1,026)              |
| Net cash used in investing activities                            | <u>(1,191)</u>                   | <u>(1,361)</u>      | <u>(348)</u>              | <u>(528)</u>        | <u>(2,138)</u>       |
| <u>Cash flows from financing activities:</u>                     |                                  |                     |                           |                     |                      |
| Short-term bank credit, net                                      | -                                | (500)               | -                         | -                   | (500)                |
| Receipt of Government grants                                     | 81                               | 211                 | -                         | -                   | 230                  |
| Payments for Government grants                                   | (19)                             | (14)                | (11)                      | (4)                 | (14)                 |
| Payments of convertible bonds                                    | (2,462)                          | (2,462)             | -                         | -                   | (2,462)              |
| Payments of lease liability                                      | (968)                            | (991)               | (325)                     | (323)               | (1,313)              |
| Exercise of warrants into shares                                 | 2                                | 104                 | 2                         | 35                  | 137                  |
| Net cash used in financing activities                            | <u>(3,366)</u>                   | <u>(3,652)</u>      | <u>(334)</u>              | <u>(292)</u>        | <u>(3,922)</u>       |
| Translation differences on balances of cash and cash equivalents | <u>(85)</u>                      | <u>22</u>           | <u>(46)</u>               | <u>(6)</u>          | <u>38</u>            |
| Decrease in cash and cash equivalents                            | (9)                              | (3,708)             | 435                       | (1,685)             | (1,332)              |
| Cash and cash equivalents at the beginning of the period         | <u>12,013</u>                    | <u>13,345</u>       | <u>11,569</u>             | <u>11,322</u>       | <u>13,345</u>        |
| Cash and cash equivalents at the end of the period               | <u><u>12,004</u></u>             | <u><u>9,637</u></u> | <u><u>12,004</u></u>      | <u><u>9,637</u></u> | <u><u>12,013</u></u> |
| <u>Significant non-cash transaction:</u>                         |                                  |                     |                           |                     |                      |
| Purchase of fixed assets on suppliers credit                     | <u>56</u>                        | <u>73</u>           | <u>56</u>                 | <u>73</u>           | <u>76</u>            |
| Recognition of the right of use against a lease liability        | <u>1,239</u>                     | <u>-</u>            | <u>1,239</u>              | <u>-</u>            | <u>2,658</u>         |

The accompanying note is an integral part of the interim consolidated financial statements.

**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 1:- GENERAL**

These financial statements have been prepared in a condensed format as of September 30, 2019 and for the nine and three months then ended ("interim financial statements"). These financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2018 and for the year then ended and accompanying notes ("annual financial statements").

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