**CONSOLIDATED BALANCE SHEETS**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **As of September 30,** |  | **As of December 31,** |
|  |  | **2019** |  | **2018** |  | **2018** |
|  |  | **Unaudited** |  | **Audited** |
|  |  | **U.S Dollars in thousands** |
| Current Assets |  |  |  |  |  |  |
| Cash and cash equivalents |  | $ 27,449 |  | $ 12,871 |  |  $ 18,093  |
| Short-term investments |  | 39,380 |  | 32,051 |  | 32,499 |
| Trade receivables, net |  | 23,999 |  | 14,826 |  | 27,674 |
| Other accounts receivables |  | 1,722 |  | 1,858 |  | 3,308 |
| Inventories |  | 34,031 |  | 28,934 |  | 29,316 |
| Total Current Assets |  | 126,581 |  | 90,540 |  | 110,890 |
|  |  |  |  |  |  |  |
| Property, plant and equipment, net |  | 28,297 |  | 24,406 |  | 25,004 |
| Other long term assets |  | 178 |  | 176 |  | 174 |
| Deferred taxes |  | 1,445 |  | - |  |  2,048  |
| Total Non-Current Assets |  | 29,920 |  | 24,581 |  | 27,226 |
| Total Assets |  | $ 156,501 |  | $ 115,121 |  |  $ 138,116  |
|  |  |  |  |  |  |  |
| Current Liabilities |  |  |  |  |  |  |
|  Current maturities of bank loans and leases |  | $ 1,537 |  | $ 585 |  | $ 562 |
| Trade payables |  | 13,079 |  | 11,512 |  | 17,285 |
| Other accounts payables |  | 5,439 |  | 4,662 |  | 5,261 |
| Deferred revenues |  | 561 |  | 1,854 |  | 461 |
| Total Current Liabilities |  | 20,616 |  | 18,613 |  | 23,569 |
|  |  |  |  |  |  |  |
| Non-Current Liabilities |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Bank loans and leases |  | 4,513 |  | 880 |  | 716 |
| Deferred revenues |  | 347 |  | 677 |  | 668 |
| Employee benefit liabilities, net |  | 884 |  | 1,035 |  | 787 |
| Total Non-Current Liabilities |  | 5,744 |  | 2,592 |  | 2,171 |
|  |  |  |  |  |  |  |
| Shareholder's Equity |  |  |  |  |  |  |
| Ordinary shares  |  | 10,420 |  | 10,406 |  | 10,409 |
| Additional paid in capital |  | 179,589 |  | 178,873 |  | 179,147 |
| Capital reserve due to translation to presentation currency |  | (3,490) |  | (3,490) |  | (3,490) |
| Capital reserve from hedges |  | 18 |  | (8) |  | (57) |
| Capital reserve from securities measured at fair value through other comprehensive income |  | 137 |  | (5) |  | 34 |
| Capital reserve from share-based payments |  | 9,898 |  | 9,246 |  | 9,353 |
| Capital reserve from employee benefits |  | 4 |  | (337) |  | 4 |
| Accumulated deficit |  | (66,435) |  | (100,769) |  | (83,024) |
| Total Shareholder’s Equity |  | 130,141 |  | 93,916 |  | 112,376 |
| Total Liabilities and Shareholder’s Equity |  | $ 156,501 |  | $ 115,121 |  |  $ 138,116  |

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **Nine months period ended**  |  | **Three months period ended**  |  | **Year ended** |
|  |  | **September 30,** |  | **September 30,** |  | **December 31,** |
|  |  | **2019** |  | **2018** |  | **2019** |  | **2018** |  | **2018** |
|  |  | **Unaudited** |  | **Unaudited** |  | **Audited** |
|  |  | **U.S Dollars In thousands** |
|  |  |  |  |  |  |  |  |  |  |  |
| Revenues from proprietary products  |  |  $ 72,521  |  | $ 47,646 |  |  $ 24,859  |  | 9,454 |  |  $ 90,784  |
| Revenues from distribution  |  | 22,595 |  | 18,612 |  | 8,207 |  | 5,521 |  | 23,685 |
|  |  |  |  |  |  |  |  |  |  |  |
| Total revenues |  | 95,116 |  | 66,258 |  | 33,066 |  | 14,975 |  | 114,469 |
|  |  |  |  |  |  |  |  |  |  |  |
| Cost of revenues from proprietary products |  | 38,412 |  | 30,506 |  | 13,234 |  | 7,869 |  | 52,796 |
| Cost of revenues from distribution |  | 19,056 |  | 15,536 |  | 6,968 |  | 4,587 |  | 20,201 |
|  |  |  |  |  |  |  |  |  |  |  |
| Total cost of revenues |  | 57,468 |  | 46,042 |  | 20,202 |  | 12,456 |  | 72,997 |
|  |  |  |  |  |  |  |  |  |  |  |
| Gross profit  |  | 37,648 |  | 20,216 |  | 12,864 |  | 2,519 |  | 41,472 |
|  |  |  |  |  |  |  |  |  |  |  |
| Research and development expenses |  | 9,730 |  | 7,174 |  | 3,477 |  | 2,323 |  | 9,747 |
| Selling and marketing expenses |  | 3,441 |  | 2,724 |  | 1,161 |  | 818 |  | 3,630 |
| General and administrative expenses |  | 6,851 |  | 6,132 |  | 2,230 |  | 1,902 |  | 8,525 |
| Other expenses and (incomes) |  | 327 |  | 311 |  | 299 |  | - |  | 311 |
| Operating income ( loss) |  | 17,299 |  | 3,875 |  | 5,697 |  | (2,524) |  | 19,259 |
|  |  |  |  |  |  |  |  |  |  |  |
| Financial income |  | 887 |  | 628 |  | 328 |  | 214 |  | 830 |
| Financial expenses |  | (217) |  | (145) |  | (68) |  | (39) |  | (172) |
| Change in fair value of debt securities |  | (3) |  | (152) |  | 55 |  | (45) |  | (178) |
| Income (expense) in respect of currency exchange differences and derivatives instruments, net |  | (503) |  | 334 |  | 25 |  | 3 |  | 602 |
|  Income ( loss) before taxes |  | 17,463 |  | 4,540 |  | 6,037 |  | (2,391) |  | 20,341 |
| Taxes on income |  | 574 |  | (11) |  | 214 |  | - |  | (1,955) |
|  |  |  |  |  |  |  |  |  |  |  |
| Net Income ( loss) |  | 16,889 |  | 4,551 |  | 5,823 |  | (2,391) |  | 22,296 |
|  |  |  |  |  |  |  |  |  |  |  |
| Other Comprehensive Income (loss) : |  |  |  |  |  |  |  |  |  |  |
| Items that may be reclassified to profit or loss in subsequent periods: |  |  |  |  |  |  |  |  |  |  |
| Gain (loss) from securities measured at fair value through other comprehensive income |  | 132 |  | (1) |  | (66) |  | 28 |  | 51 |
| Gain (loss) on cash flow hedges |  | 99 |  | (88) |  | 28 |  | 56 |  | (176) |
| Net amounts transferred to the statement of profit or loss for cash flow hedges |  | (20) |  | 34 |  | (18) |  | 27 |  | 70 |
| Items that will not be reclassified to profit or loss in subsequent periods: |  |  |  |  |  |  |  |  |  |  |
| Actuarial gain (loss) from defined benefit plans |  | - |  | - |  | - |  | - |  | 340 |
| Deferred taxes |  | (33) |  | - |  | 16 |  | - |  | (9) |
| Total comprehensive income (loss) |  |  $ 17,067  |  | $ 4,496 |  |  $ 5,783  |  | $ (2,280) |  |  $ 22,572  |
|  |  |  |  |  |  |  |  |  |  |  |
| Income (loss) per share attributable to equity holders of the Company: |  |  |  |  |  |  |  |  |  |  |
| Basic income (loss) per share |  |  $ 0.42  |  | $ 0.11 |  |  $ 0.14  |  | $ (0.06) |  |  $ 0.55  |
| Diluted income (loss) per share |  |  $ 0.42  |  | $ 0.11 |  |  $ 0.14  |  | $ (0.06) |  |  $ 0.55  |

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **Nine months period Ended** |  | **Three months period Ended** |  | **Year Ended** |
|  |  | **September, 30** |  | **September, 30** |  | **December 31,** |
|  |  | **2019** |  | **2018** |  | **2019** |  | **2018** |  | **2018** |
|  |  | **Unaudited** |  | **Audited** |
|  |  | **U.S Dollars In thousands** |
| Cash Flows from Operating Activities |  |  |  |  |  |  |  |  |  |  |
| Net income  |  | $ 16,889 |  | $ 4,551 |  | $ 5,823 |  |  $ (2,391) |  |  $ 22,296  |
|  |  |  |  |  |  |  |  |  |  |  |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |  |  |  |  |  |  |  |  |  |  |
| Adjustments to the profit or loss items: |  |  |  |  |  |  |  |  |  |  |
| Depreciation  |  | 3,379 |  | 2,814 |  | 1,128 |  | 874 |  | 3,703  |
| Financial income, net |  | (164) |  | (665) |  | (340) |  | (133) |  | (1,082) |
| Cost of share-based payment |  | 987 |  | 679 |  | 353 |  | 294 |  | 948  |
| Taxes on income |  | 574 |  | (11) |  | 214 |  | - |  | (1,955) |
| Loss (gain) from sale of property and equipment |  | (2) |  | 70 |  | - |  | - |  | 55  |
| Change in employee benefit liabilities, net |  | 97 |  | (109) |  | 66 |  | (18) |  | (16) |
|  |  | 4,871 |  | 2,778 |  | 1,421 |  | 1,017 |  | 1,653  |
| Changes in asset and liability items: |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| Decrease in trade receivables, net |  | 4,408 |  | 15,346 |  | 1,806 |  | 9,929 |  | 2,311  |
| Decrease (increase) in other accounts receivables |  | 1,204 |  | (179) |  | 955 |  | (16) |  | (1,336) |
| Decrease (increase) in inventories |  | (4,715) |  | (7,864) |  | 1,470 |  | (1,561) |  | (8,246) |
| Decrease in deferred expenses |  | 333 |  | 522 |  | 605 |  | 91 |  | 235  |
| Decrease in trade payables |  | (4,585) |  | (6,394) |  | (6,512) |  | (4,786) |  | (1,116) |
| Increase (decrease) in other accounts payables |  | 379 |  | (1,117) |  | 432 |  | (141) |  | (658) |
| Decrease in deferred revenues |  | (221) |  | (3,860) |  | (95) |  | (1,286) |  | (5,256) |
|  |  | (3,197) |  | (3,546) |  | (1,339) |  | 2,230 |  | (14,066) |
| Cash received (paid) during the period for: |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| Interest paid |  | (182) |  | (42) |  | (58) |  | (12) |  | (54) |
| Interest received |  | 554 |  | 451 |  | 254 |  | 204 |  | 739  |
| Taxes paid |  | (25) |  | (17) |  | (9) |  | (8) |  | (22) |
|  |  | 347 |  | 392 |  | 187 |  | 184 |  | 663  |
| Net cash provided by operating activities |  | $ 18,910 |  | $ 4,175 |  | $ 6,092 |  | $ 1,040 |  |  $ 10,546  |

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **Nine months period Ended** |  | **Three months period Ended** |  | **Year Ended** |
|  |  | **September, 30** |  | **September, 30** |  | **December 31,** |
|  |  | **2019** |  | **2018** |  | **2019** |  | **2018** |  | **2018** |
|  |  | **Unaudited** |  | **Audited** |
|  |  | **U.S Dollars In thousands** |
| Cash Flows from Investing Activities |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| Proceeds of investment in short term investments, net |  | (6,160) |  | $ (1,747) |  | $ (1,032) |  | $ 207 |  |  $ (2,322) |
| Purchase of property and equipment and intangible assets |  | (1,488) |  | (2,033) |  | (731) |  | (534) |  | (2,884) |
| Proceeds from sale of property and equipment |  | 9 |  | 15 |  | - |  | - |  | 30  |
| Net cash used in investing activities |  | (7,639) |  | (3,765) |  | (1,763) |  | (327) |  | (5,176) |
|  |  |  |  |  |  |  |  |  |  |  |
| Cash Flows from Financing Activities |  |  |  |  |  |  |  |  |  |  |
| Proceeds from exercise of share base payments |  | 12 |  | 6 |  | 3 |  | 3 |  | 9  |
| Repayment of long-term loans and leases |  | (1,147) |  | (450) |  | (386) |  | (149) |  | (596) |
| Net cash used in financing activities |  | (1,135) |  | (444) |  | (383) |  | (146) |  | (587) |
|  |  |  |  |  |  |  |  |  |  |  |
| Exchange differences on balances of cash and cash equivalent |  | (780) |  | 224 |  | (332) |  | (52) |  | 629  |
| Increase in cash and cash equivalents |  | 9,356 |  | 190 |  | 3,614 |  | 515 |  | 5,412  |
| Cash and cash equivalents at the beginning of the period |  | 18,093 |  | 12,681 |  | 23,835 |  | 12,356 |  | 12,681  |
| Cash and cash equivalents at the end of the period |  | 27,449 |  | $ 12,871 |  | 27,449 |  | $ 12,871 |  |  $ 18,093  |
| Significant non-cash transactions |  |  |  |  |  |  |  |  |  |  |
| Purchase of property and equipment through leases |  | $ 4,984 |  | $ - |  | $ 436 |  | $ - |  | $ - |
| Purchase of property and equipment |  | $ 264 |  | $ 215 |  | $ 264 |  | $ 215 |  |  $ 720  |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **ADJUSTED EBITDA** |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Nine months period ended** |  | **Three months period ended** |  |  | **Year ended** |
|  |  | **September 30,** |  | **September 30,** |  |  | **December 31,** |
|  |  | **2019** |  | **2018** |  | **2019** |  | **2018** |  |  | **2018** |
|  |  | **In thousands** |
| Net income (loss) |  |  $ 16,889  |  |  $ 4,551  |  |  $ 5,823  |  |  $ (2,391) |  |  |  $ 22,296  |
| Taxes on income |  | 574  |  | (11) |  |  214  |  |  -  |  |  | (1,955) |
| Financial income, net |  | (164) |  | (665) |  | (340) |  | (133) |  |  | (1,082) |
| Depreciation  |  | 3,379  |  | 2,814  |  |  1,128  |  |  874  |  |  | 3,703  |
| Cost of share - based payments |  | 987  |  | 679  |  |  353  |  |  294  |  |  | 948  |
|  |  |  $ 21,665  |  |  $ 7,368  |  |  $ 7,178  |  |  $ (1,356) |  |  |  $ 23,910  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **ADJUSTED NET INCOME** |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Nine months period ended**  |  | **Three months period ended** |  |  | **Year ended** |
|  |  | **September 30,** |  | **September 30,** |  |  | **December 31,** |
|  |  | **2019** |  | **2018** |  | **2019** |  | **2018** |  |  | **2018** |
|  |  | **In thousands** |
| Net income (loss) |  |  $ 16,889  |  |  $ 4,551  |  |  $ 5,823  |  |  $ (2,391) |  |  |  $ 22,296  |
| Cost of share - based payments |  | 987  |  | 679  |  | 353  |  | 294  |  |  | 948  |
| Adjusted net income |  |  $ 17,876  |  |  $ 5,230  |  |  $ 6,176  |  |  $ (2,097) |  |  |  $ 23,244  |