**CONSOLIDATED BALANCE SHEETS**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **As of December 31,** | | |
|  |  |  |  | **2019** |  | **2018** |
| Assets |  |  |  | **U.S. Dollars in thousands** | | |
| Current Assets |  |  |  |  |  |  |
| Cash and cash equivalents |  |  |  | $ 42,662 |  | $ 18,093 |
| Short-term investments |  |  |  | 31,245 |  | 32,499 |
| Trade receivables, net |  |  |  | 23,210 |  | 27,674 |
| Other accounts receivables |  |  |  | 3,272 |  | 3,308 |
| Inventories |  |  |  | 43,173 |  | 29,316 |
| Total Current Assets |  |  |  | 143,562 |  | 110,890 |
|  |  |  |  |  |  |  |
| Non-Current Assets |  |  |  |  |  |  |
| Property, plant and equipment, net |  |  |  | 28,572 |  | 25,004 |
| Other long term assets |  |  |  | 352 |  | 174 |
| Deferred taxes |  |  |  | 1,311 |  | 2,048 |
| Total Non-Current Assets |  |  |  | 30,235 |  | 27,226 |
| Total Assets |  |  |  | $ 173,797 |  | $ 138,116 |
|  |  |  |  |  |  |  |
| Liabilities |  |  |  |  |  |  |
| Current Liabilities |  |  |  |  |  |  |
| Current maturities of bank loans and leases |  |  |  | $ 1,509 |  | $ 562 |
| Trade payables |  |  |  | 24,830 |  | 17,285 |
| Other accounts payables |  |  |  | 5,811 |  | 5,261 |
| Deferred revenues |  |  |  | 589 |  | 461 |
| Total Current Liabilities |  |  |  | 32,739 |  | 23,569 |
|  |  |  |  |  |  |  |
| Non-Current Liabilities |  |  |  |  |  |  |
| Bank loans and leases |  |  |  | 4,238 |  | 716 |
| Deferred revenues |  |  |  | 232 |  | 668 |
| Employee benefit liabilities, net |  |  |  | 1,269 |  | 787 |
| Total Non-Current Liabilities |  |  |  | 5,739 |  | 2,171 |
|  |  |  |  |  |  |  |
| Shareholder's Equity |  |  |  |  |  |  |
| Ordinary shares |  |  |  | 10,425 |  | 10,409 |
| Additional paid in capital net |  |  |  | 180,819 |  | 179,147 |
| Capital reserve due to translation to presentation currency |  |  |  | (3,490) |  | (3,490) |
| Capital reserve from hedges |  |  |  | 8 |  | (57) |
| Capital reserve from securities measured at fair value through other comprehensive income |  |  |  | 145 |  | 34 |
| Capital reserve from share-based payments |  |  |  | 8,844 |  | 9,353 |
| Capital reserve from employee benefits |  |  |  | (359) |  | 4 |
| Accumulated deficit |  |  |  | (61,073) |  | (83,024) |
| Total Shareholder’s Equity |  |  |  | 135,319 |  | 112,376 |
| Total Liabilities and Shareholder’s Equity |  |  |  | $ 173,797 |  | $ 138,116 |

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **For the year ended** | | |  | **Three months period ended** | | |  |
|  |  | **December 31,** | | |  | **December 31,** | | |  |
|  |  | **2019** |  | **2018** |  | **2019** |  | **2018** |  |
|  |  | **U.S. Dollars in thousands, other than per share information** | | | | | | |  |
|  |  |  |  |  |  |  |  |  |  |
| Revenues from proprietary products |  | $ 97,696 |  | $ 90,784 |  | $ 25,175 |  | $ 43,138 |  |
| Revenues from distribution |  | 29,491 |  | 23,685 |  | 6,896 |  | 5,073 |  |
|  |  |  |  |  |  |  |  |  |  |
| Total revenues |  | 127,187 |  | 114,469 |  | 32,071 |  | 48,211 |  |
|  |  |  |  |  |  |  |  |  |  |
| Cost of revenues from proprietary products |  | 52,425 |  | 52,796 |  | 14,013 |  | 22,290 |  |
| Cost of revenues from distribution |  | 25,025 |  | 20,201 |  | 5,969 |  | 4,665 |  |
|  |  |  |  |  |  |  |  |  |  |
| Total cost of revenues |  | 77,450 |  | 72,997 |  | 19,982 |  | 26,955 |  |
|  |  |  |  |  |  |  |  |  |  |
| Gross profit |  | 49,737 |  | 41,472 |  | 12,089 |  | 21,256 |  |
|  |  |  |  |  |  |  |  |  |  |
| Research and development expenses |  | 13,059 |  | 9,747 |  | 3,329 |  | 2,573 |  |
| Selling and marketing expenses |  | 4,370 |  | 3,630 |  | 929 |  | 906 |  |
| General and administrative expenses |  | 9,194 |  | 8,525 |  | 2,343 |  | 2,393 |  |
| Other expenses and (incomes) |  | 330 |  | 311 |  | 3 |  | - |  |
| Operating income |  | 22,784 |  | 19,259 |  | 5,485 |  | 15,384 |  |
|  |  |  |  |  |  |  |  |  |  |
| Financial income |  | 1,146 |  | 830 |  | 259 |  | 202 |  |
| Financial expenses |  | (293) |  | (172) |  | (76) |  | (27) |  |
| Income (expense) in respect of securities measured at fair value, net |  | (5) |  | (178) |  | (2) |  | (26) |  |
| Income (expense) in respect of currency exchange differences and derivatives instruments, net |  | (651) |  | 602 |  | (148) |  | 268 |  |
| Income before taxes |  | 22,981 |  | 20,341 |  | 5,518 |  | 15,801 |  |
| Taxes on income |  | 730 |  | (1,955) |  | 156 |  | (1,944) |  |
|  |  |  |  |  |  |  |  |  |  |
| Net Income |  | $ 22,251 |  | $ 22,296 |  | $ 5,362 |  | $ 17,745 |  |
|  |  |  |  |  |  |  |  |  |  |
| Other Comprehensive Income (loss) : |  |  |  |  |  |  |  |  |  |
| Items that may be reclassified to profit or loss in subsequent periods: |  |  |  |  |  |  |  |  |  |
| Gain from securities measured at fair value through other comprehensive income |  | 143 |  | 51 |  | 11 |  | 52 |  |
| Gain (loss) on cash flow hedges |  | 92 |  | (176) |  | (7) |  | (88) |  |
| Net amounts transferred to the statement of profit or loss for cash flow hedges |  | (23) |  | 70 |  | (3) |  | 36 |  |
| Items that will not be reclassified to profit or loss in subsequent periods: |  |  |  |  |  |  |  |  |  |
| Actuarial gain (loss) from defined benefit plans |  | (388) |  | 340 |  | (388) |  | 340 |  |
| Deferred taxes |  | (11) |  | (9) |  | 22 |  | (9) |  |
| Total comprehensive income |  | $ 22,064 |  | $ 22,572 |  | $ 4,997 |  | $ 18,076 |  |
|  |  |  |  |  |  |  |  |  |  |
| Income per share attributable to equity holders of the Company: |  |  |  |  |  |  |  |  |  |
| Basic income per share |  | $ 0.55 |  | $ 0.55 |  | $ 0.13 |  | $ 0.44 |  |
| Diluted income per share |  | $ 0.55 |  | $ 0.55 |  | $ 0.13 |  | $ 0.44 |  |

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **For the year ended** | | |  | **Three months period ended** | | |  |
|  |  | **December 31,** | | |  | **December 31,** | | |  |
|  |  | **2019** |  | **2018** |  | **2019** |  | **2018** |  |
|  |  | **U.S. Dollars in thousands** | | | | | | |  |
| Cash Flows from Operating Activities |  |  |  |  |  |  |  |  |  |
| Net income |  | $ 22,251 |  | $ 22,296 |  | $ 5,362 |  | $ 17,745 |  |
|  |  |  |  |  |  |  |  |  |  |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |  |  |  |  |  |  |  |  |  |
| Adjustments to the profit or loss items: |  |  |  |  |  |  |  |  |  |
| Depreciation and impairment |  | 4,519 |  | 3,703 |  | 1,140 |  | 889 |  |
| Financial income, net |  | (197) |  | (1,082) |  | (33) |  | (417) |  |
| Cost of share-based payment |  | 1,163 |  | 948 |  | 176 |  | 269 |  |
| Taxes on income |  | 730 |  | (1,955) |  | 156 |  | (1,944) |  |
| Loss (gain) from sale of property and equipment |  | (2) |  | 55 |  | - |  | (15) |  |
| Change in employee benefit liabilities, net |  | 94 |  | (16) |  | (3) |  | 93 |  |
|  |  | 6,307 |  | 1,653 |  | 1,436 |  | (1,125) |  |
| Changes in asset and liability items: |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Decrease (increase) in trade receivables, net |  | 5,117 |  | 2,311 |  | 709 |  | (13,035) |  |
| Increase in other accounts receivables |  | (214) |  | (1,336) |  | (1,418) |  | (1,157) |  |
| Increase in inventories |  | (13,857) |  | (8,246) |  | (9,142) |  | (382) |  |
| Decrease (increase) in deferred expenses |  | 399 |  | 235 |  | 66 |  | (287) |  |
| Increase (decrease) in trade payables |  | 6,259 |  | (1,116) |  | 10,844 |  | 5,278 |  |
| Increase (decrease) in other accounts payables |  | 863 |  | (658) |  | 484 |  | 459 |  |
| Decrease in deferred revenues |  | (283) |  | (5,256) |  | (62) |  | (1,396) |  |
|  |  | (1,716) |  | (14,066) |  | 1,481 |  | (10,520) |  |
| Cash received (paid) during the period for: |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Interest paid |  | (243) |  | (54) |  | (61) |  | (12) |  |
| Interest received |  | 1,106 |  | 739 |  | 552 |  | 288 |  |
| Taxes paid |  | (134) |  | (22) |  | (109) |  | (5) |  |
|  |  | 729 |  | 663 |  | 382 |  | 271 |  |
| Net cash provided by operating activities |  | $ 27,571 |  | $ 10,546 |  | $ 8,661 |  | $ 6,371 |  |

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **For the year ended** | | |  | **Three months period ended** | | |  |
|  |  | **December 31,** | | |  | **December 31,** | | |  |
|  |  | **2019** |  | **2018** |  | **2019** |  | **2018** |  |
|  |  | **U.S. Dollars in thousands** | | | | | | |  |
| Cash Flows from Investing Activities |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Proceeds of investment in short term investments, net |  | $ 1,727 |  | $ (2,322) |  | $ 7,887 |  | $ (575) |  |
| Purchase of property and equipment and intangible assets |  | (2,300) |  | (2,884) |  | (812) |  | (851) |  |
| Proceeds from sale of property and equipment |  | 9 |  | 30 |  | - |  | 15 |  |
| Net cash provided by (used in) investing activities |  | (564) |  | (5,176) |  | 7,075 |  | (1,411) |  |
|  |  |  |  |  |  |  |  |  |  |
| Cash Flows from Financing Activities |  |  |  |  |  |  |  |  |  |
| Proceeds from exercise of share base payments |  | 16 |  | 9 |  | 4 |  | 3 |  |
| Repayment of long-term loans and leases |  | (1,546) |  | (596) |  | (399) |  | (146) |  |
| Net cash used in financing activities |  | (1,530) |  | (587) |  | (395) |  | (143) |  |
|  |  |  |  |  |  |  |  |  |  |
| Exchange differences on balances of cash and cash equivalent |  | (908) |  | 629 |  | (128) |  | 405 |  |
| Increase in cash and cash equivalents |  | 24,569 |  | 5,412 |  | 15,213 |  | 5,222 |  |
| Cash and cash equivalents at the beginning of the period |  | 18,093 |  | 12,681 |  | 27,449 |  | 12,871 |  |
| Cash and cash equivalents at the end of the period |  | $ 42,662 |  | $ 18,093 |  | $42,662 |  | $18,093 |  |
| Significant non-cash transactions |  |  |  |  |  |  |  |  |  |
| Purchase of property and equipment through leases |  | $ 5,035 |  | - |  | $ 51 |  | - |  |
| Purchase of property and equipment |  | $ 992 |  | $ 720 |  | $ 992 |  | $ 720 |  |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **ADJUSTED EBITDA** |  |  |  |  |  |  |  |  |  |  |
|  |  | **For the year ended** | | |  | **Three months period ended** | | |  |  |
|  |  | **December 31,** | | |  | **December 31,** | | |  |  |
|  |  | **2019** |  | **2018** |  | **2019** |  | **2018** |  |  |
|  |  | **U.S. Dollars in thousands** | | | | | | |  |  |
| Net income (loss) |  | $ 22,251 |  | $ 22,296 |  | $ 5,362 |  | $ 17,745 |  |  |
| Taxes on income |  | 730 |  | (1,955) |  | 156 |  | (1,944) |  |  |
| Financial income, net |  | (197) |  | (1,082) |  | (33) |  | (417) |  |  |
| Depreciation and amortization expense |  | 4,519 |  | 3,703 |  | 1,140 |  | 889 |  |  |
| Cost of share - based payments |  | 1,163 |  | 948 |  | 176 |  | 269 |  |  |
| Adjusted EBITDA |  | $ 28,466 |  | $ 23,910 |  | $ 6,801 |  | $ 16,542 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| **ADJUSTED NET INCOME** |  |  |  |  |  |  |  |  |  |  |
|  |  | **For the year ended** | | |  | **Three months period ended** | | |  |  |
|  |  | **December 31,** | | |  | **December 31,** | | |  |  |
|  |  | **2019** |  | **2018** |  | **2019** |  | **2018** |  |  |
|  |  | **U.S. Dollars in thousands** | | | | | | |  |  |
| Net income (loss) |  | $ 22,251 |  | $ 22,296 |  | $ 5,362 |  | $ 17,745 |  |  |
| Cost of share - based payments |  | 1,163 |  | 948 |  | 176 |  | 269 |  |  |
| Adjusted net income |  | $ 23,414 |  | $ 23,244 |  | $ 5,538 |  | $ 18,014 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |