

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6 - K

Report of Foreign Private Issuer

Pursuant to Rule 13a - 16 or 15d -16
Under the Securities Exchange Act of 1934

For the Month of September 2023

Commission file number 001-14184

B.O.S. Better Online Solutions Ltd.
(Translation of Registrant's Name into English)

20 Freiman Street, Rishon LeZion, 7535825, Israel
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

B.O.S. Better Online Solutions Ltd.

This Form 6-K, including the exhibits, is hereby incorporated by reference into all effective registration statements, filed by us under the Securities Act of 1933, as amended, to the extent not superseded by documents or reports subsequently filed or furnished.

Attached hereto are the following exhibits:

- | | |
|------|---|
| 99.1 | Unaudited Condensed Interim Consolidated Financial Statements of the Registrant as of June 30, 2023. |
| 99.2 | Management's Discussion and Analysis of Results of Operations and Financial Condition for the Six Months ended June 30, 2023 and June 30, 2022. |

1

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

B.O.S. Better Online Solutions Ltd.
(Registrant)

By: /s/ Moshe Zeltzer
Moshe Zeltzer
Chief Financial Officer

Dated: September 29, 2023

2

EXHIBIT INDEX

- | <u>EXHIBIT NO.</u> | <u>DESCRIPTION</u> |
|--------------------|---|
| 99.1 | Unaudited Condensed Interim Consolidated Financial Statements of the Registrant as of June 30, 2023. |
| 99.2 | Management's Discussion and Analysis of Results of Operations and Financial Condition for the Six Months ended June 30, 2023 and June 30, 2022. |

3

Exhibit 99.1

AS OF JUNE 30, 2023

IN U.S. DOLLARS

UNAUDITED

INDEX

	<u>Page</u>
Condensed Interim Consolidated Balance Sheets	F-2 - F-3
Condensed Interim Consolidated Statements of Operations	F-4
Condensed Interim Consolidated Statements of Comprehensive Income	F-5
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity	F-6
Condensed Interim Consolidated Statements of Cash Flows	F-7 - F-8
Notes to Condensed Interim Consolidated Financial Statements	F-9 - F-16

F-1

**B.O.S. BETTER ONLINE SOLUTIONS LTD.
AND ITS SUBSIDIARIES**

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
	<u>Unaudited</u>	<u>Audited</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,931	\$ 1,763
Restricted bank deposits	144	130
Trade receivables (net of allowance for doubtful accounts of \$148 and \$82 at June 30, 2023 and December 31 2022, respectively)	11,011	10,834
Other accounts receivable and prepaid expenses	1,167	1,414
Inventories	7,667	6,433
Total current assets	21,920	20,574
NON-CURRENT ASSETS:		
Long-term assets	244	260
Property and equipment, net	3,341	3,270
Operating lease right-of-use assets, net	955	1,110
Intangible assets, net	1,174	486
Goodwill	4,895	4,895
Total non-current assets	10,609	10,021
Total assets	\$ 32,529	\$ 30,595

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

F-2

**B.O.S. BETTER ONLINE SOLUTIONS LTD.
AND ITS SUBSIDIARIES**

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands (except share and per share data)

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
	<u>Unaudited</u>	<u>Audited</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of non-current loans	\$ 391	\$ 586
Operating lease liabilities, current	235	301
Trade payables	7,801	7,984
Employees and payroll accruals	980	1,016
Deferred revenues	1,550	542

Advances net of inventory in progress	79	47
Accrued expenses and other liabilities	812	719
Total current liabilities	11,848	11,195
NON-CURRENT LIABILITIES:		
Loans, net of current maturities	1,209	1,294
Operating lease liabilities, non-current	674	827
Deferred revenues	401	241
Accrued severance pay	363	404
Total non-current liabilities	2,647	2,766
COMMITMENTS AND CONTINGENT LIABILITIES		
SHAREHOLDERS' EQUITY:		
Share capital		
Ordinary shares: Authorized; 11,000,000 shares at June 30, 2023 and December 31, 2022; Issued and outstanding: 5,740,518 and 5,701,518 shares at June 30, 2023 and December 31, 2022, respectively	84,915	84,830
Additional paid-in capital	1,228	1,179
Accumulated other comprehensive loss	(243)	(243)
Accumulated deficit	(67,866)	(69,132)
Total equity	18,034	16,634
Total liabilities and shareholders' equity	\$ 32,529	\$ 30,595

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

F-3

**B.O.S. BETTER ONLINE SOLUTIONS LTD.
AND ITS SUBSIDIARIES**

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands (except share and per share data)

	Six months period ended	
	June 30,	
	2023	2022
	Unaudited	Unaudited
Revenues	\$ 23,478	\$ 21,138
Cost of revenues	18,409	16,667
Gross profit	\$ 5,069	\$ 4,471
Operating costs and expenses:		
Research and development	78	87
Sales and marketing	2,470	2,384
General and administrative	912	999
Total operating costs and expenses	3,460	3,470
Operating income	1,609	1,001
Financial expenses, net	(343)	(529)
Income before taxes on income	1,266	472
Taxes on income	-	-
Net income	\$ 1,266	\$ 472
Basic and diluted net income per share	\$ 0.22	\$ 0.09
Weighted average number of shares used in computing net income per share:		
Basic	5,707	5,395
Diluted	5,767	5,438

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

F-4

**B.O.S. BETTER ONLINE SOLUTIONS LTD.
AND ITS SUBSIDIARIES**

CONSOLIDATED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

U.S. dollars in thousands, except per share data

Six months period ended

	June 30,	
	2023	2022
	Unaudited	Unaudited
Net income	\$ 1,266	\$ 472
Cash flow hedging instruments:		
Change in unrealized gains and losses	-	-
Gain in respect of derivative instruments designated for cash flow hedge, net of taxes	-	-
Other comprehensive gain	-	-
Comprehensive income	<u>\$ 1,266</u>	<u>\$ 472</u>

The accompanying notes are an integral part of the consolidated financial statements.

F-5

**B.O.S. BETTER ONLINE SOLUTIONS LTD.
AND ITS SUBSIDIARIES**

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

U.S. dollars in thousands (except share data)

	Ordinary shares	Share capital and additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total shareholders' equity
Balance as of January 1, 2022	5,250,518	\$ 84,854	\$ (243)	\$ (70,264)	\$ 14,347
Issuance of ordinary shares and warrants, net	450,000	911	-	-	911
Exercise of options into ordinary shares	1,000	2	-	-	2
Share-based compensation expense	-	51	-	-	51
Net income	-	-	-	472	472
Balance as of June 30, 2022 (unaudited)	<u>5,701,518</u>	<u>\$ 85,818</u>	<u>\$ (243)</u>	<u>\$ (69,792)</u>	<u>\$ 15,783</u>
Balance as of January 1, 2023	5,701,518	\$ 86,009	\$ (243)	\$ (69,132)	\$ 16,634
Issuance of ordinary shares and warrants, net	-	-	-	-	-
Exercise of options into ordinary shares	39,000	85	-	-	85
Share-based compensation expense	-	49	-	-	49
Net income	-	-	-	1,266	1,266
Balance as of June 30, 2023 (unaudited)	<u>5,740,518</u>	<u>\$ 86,143</u>	<u>\$ (243)</u>	<u>\$ (67,866)</u>	<u>\$ 18,034</u>

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

F-6

**B.O.S. BETTER ONLINE SOLUTIONS LTD.
AND ITS SUBSIDIARIES**

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months period ended June 30,	
	2023	2022
	Unaudited	
<u>Cash flows from operating activities:</u>		
Net income	\$ 1,266	\$ 472
Adjustments required to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	239	164
Interest and exchange rate of loans	(83)	(133)
Severance pay, net	(41)	(31)
Share-based compensation expenses	49	51
Increase in trade receivables, net	(177)	(830)
Decrease (Increase) in other accounts receivable and other long term assets	263	(357)
Increase in inventories	(1,202)	(156)
Increase (decrease) in trade payables	(183)	831
Decrease in operating lease liabilities	(64)	(124)
Decrease (Increase) in employees and payroll accruals, deferred revenues, accrued expenses and other liabilities	809	(218)
Net cash provided by (used in) operating activities	<u>\$ 876</u>	<u>\$ (331)</u>
<u>Cash flows to investing activities:</u>		
Purchase of property and equipment	(237)	(394)
Acquisition of assets (b)	(344)	(656)

Net cash used in investing activities	\$	(581)	\$	(1,050)
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The accompanying notes are an integral part of the condensed interim consolidated financial statements.

F-7

**B.O.S. BETTER ONLINE SOLUTIONS LTD.
AND ITS SUBSIDIARIES**

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months period ended	
	June 30,	
	2023	2022
	Unaudited	
<u>Cash flows from financing activities:</u>		
Proceeds received from issuance units that consist of ordinary shares and warrants, net	-	913
Proceeds received from issuance of shares upon options exercised, net	85	-
Proceeds received from loans	88	-
Repayment of loans	(286)	(399)
Net cash provided by (used in) financing activities	\$ (113)	\$ 514
Change in cash and cash equivalents, and restricted cash	182	(867)
Cash, cash equivalents and restricted cash at the beginning of the period	1,893	2,117
Cash, cash equivalents and restricted cash at the end of the period	\$ 2,075	\$ 1,250

Supplementary cash flow activities:

(a) Cash paid during the period for:

Interest	\$ 198	\$ 19
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(b) Net cash used to pay for the acquisition of assets (see Note 5):

	April 02, 2023
Suppliers relationship	761
Accrued expenses	(417)
Amount of cash paid	344

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

F-8

**B.O.S. BETTER ONLINE SOLUTIONS LTD.
AND ITS SUBSIDIARIES**

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 1:– GENERAL

- A. B.O.S. Better Online Solutions Ltd. (“BOS” or the “Company”) is an Israeli corporation. The Company’s shares are listed on NASDAQ under the ticker BOSL.
- B. As of June 30, 2023, the Company has three operating segments that include Intelligent Robotics, RFID and Supply Chain Solutions.
- C. The Company’s wholly owned subsidiaries include:
 1. BOS-Dimex Ltd., (“BOS-Dimex”), is an Israeli company that comprises the RFID segment. BOS-Dimex provides comprehensive turn-key solutions for Automatic Identification and Data Collection (AIDC), combining a mobile infrastructure with software applications of manufacturers that we represent. BOS-Dimex also offers on-site inventory count services in the fields of apparel, food, convenience and pharma as well as asset tagging and counting services for corporate and governmental entities.
 2. BOS-Odem Ltd. (“BOS-Odem”), an Israeli company, is a distributor of electronic components to customers worldwide, mainly in the aerospace and defense industries. BOS-Odem is also a supply chain service provider for aviation customers that prefer to consolidate their component acquisitions through a supplier that is able to provide a comprehensive solution to their components-supply needs. BOS-Odem is part of the Supply Chain Solutions segment; and
 3. Ruby-Tech Inc., a New York corporation, is a wholly owned subsidiary of BOS-Odem and a part of the Supply Chain Solutions segment.

F-9

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the financial statements of the Company as of December 31, 2022, were applied consistently in these financial statements.

A. Use of estimates in the preparation of financial statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. As applicable to these consolidated financial statements, the most significant estimates and assumptions include (i) net realizable value of the inventory, (ii) impairment analysis of goodwill and intangible assets, (iii) allowance for doubtful accounts; and (vi) revenue recognition.

B. Income per share

The Company computes net income per share in accordance with ASC 260, “Earnings per share”. Basic income per share is computed by dividing net loss attributable to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the period, net of the weighted average number of treasury shares (if any).

Diluted income per ordinary share is computed similar to basic income per share, except that the denominator is increased to include the number of additional potential ordinary shares that would have been outstanding if the potential ordinary shares had been issued and if the additional ordinary shares were dilutive. Potential ordinary shares are excluded from the computation for a period in which a net income is reported or if their effect is anti-dilutive.

An amount of 570,000 and 1.2 million weighted average outstanding options and warrants have been excluded from the calculation of the diluted net income per share for the period of six months ended June 30, 2023 and 2022, respectively, because the effect of the ordinary shares issuable as a result of the exercise or conversion of these instruments was determined to be anti-dilutive.

C. Reclassified amounts

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications did not have material effect on the reported results of operations, shareholder’s equity or cash flows.

D. Recently issued accounting pronouncements

There are currently no accounting standards that have been issued but not yet adopted that we believe will have a significant impact on our consolidated financial position, results of operations or cash flows.

F-10

**B.O.S. BETTER ONLINE SOLUTIONS LTD.
AND ITS SUBSIDIARIES**

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 3:- UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These accompanying unaudited condensed interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States for interim financial information. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company’s financial position as of June 30, 2023 have been included. Operating results for the six-month period ended June 30, 2023 are not necessarily indicative of the results that may be expected for the year ended December 31, 2023, or any other interim period in the future.

The consolidated balance sheet at December 31, 2022 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles in the United States for complete financial statements.

The unaudited interim financial statements should be read in conjunction with the Company’s annual financial statements and accompanying notes as of December 31, 2022 included in the Company’s Annual Report on Form 20-F, filed with the Securities Exchange Commission on March 30, 2023.

NOTE 4:- INVENTORIES

Composition:

	June 30, 2023	December 31, 2022
	Unaudited	Audited
Raw materials	\$ 31	\$ 177
Inventory in progress	955	1,750
Finished goods	6,973	5,788
Net – advances from customers	(292)	(1,282)
	\$ 7,667	\$ 6,433

F-11

**B.O.S. BETTER ONLINE SOLUTIONS LTD.
AND ITS SUBSIDIARIES**

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 5:– INTANGIBLE ASSETS, NET

A. Composition:

	June 30, 2023 <u>Unaudited</u>	December 31, 2022 <u>Audited</u>	Weighted average amortization period
Cost:			
Customer relationship	1,032	1,032	7-8.84
Suppliers relationship*	761	-	8.84
Non-competition	270	270	4
	<u>2,063</u>	<u>1,302</u>	
Accumulated amortization and impairments:			
Customer relationship	776	758	
Suppliers relationship	20	-	
Non-competition	93	58	
	<u>889</u>	<u>816</u>	
Amortized cost	<u>\$ 1,174</u>	<u>\$ 486</u>	

B. Amortization expenses amounting to \$73 and \$108 were recorded during the period of six months ended June 30, 2023 and the year ended December 31, 2022, respectively.

* On July 7, 2013, the Company entered into a profit sharing agreement with Proteus Ltd, providing for the joint market and sale of certain products.

On April 2, 2023, Proteus sold to the Company its share in the joint activity in consideration of \$723, of which \$138 was paid on signing and the rest is paid in monthly installments during a two year period.

Pursuant to the sale agreement, Proteus will gradually phase out its marketing and sale of the products until the end of 2023.

On May 31, 2023, the Company entered into an agreement with Microwave Ltd. for the purchase of its distribution rights for certain products, in consideration of \$38, paid at signing.

F-12

**B.O.S. BETTER ONLINE SOLUTIONS LTD.
AND ITS SUBSIDIARIES**

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 6:– LEASES

We have entered into several non-cancellable operating lease agreements for our offices and vehicles. Our leases have original lease periods expiring between 2023 and 2034. Payments due under such lease contracts include primarily fix payments. We assume renewals in our determination of the lease term. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The components of lease costs, lease term and discount rate are as follows:

	Six Months Ended June 30, 2023 <u>(unaudited)</u>
Operating lease cost:	
Vehicles	91
Facilities rent	107
	<u>198</u>
Remaining Lease Term	
Vehicles	0.58 -2.34 years
Facilities rent	2.27-11.1 years
Weighted Average Discount Rate	
Vehicles	2.02%
Facilities rent	5.27%

The following is a schedule, by years, of maturities of operating lease liabilities as of June 30, 2023:

June 30,
2023
(unaudited)

Period:	
The remainder of 2023	178
2024	206
2025	140
2026	97
2027	63
2028-2034	467
Total operating lease payments	1,151
Less: imputed interest	242
Present value of lease liabilities	909

F-13

**B.O.S. BETTER ONLINE SOLUTIONS LTD.
AND ITS SUBSIDIARIES**

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 7:– SEGMENTS AND GEOGRAPHICAL INFORMATION

Commencing January 1, 2020 the Company presents its business operations in three reportable segments, consisting of the RFID segment, Supply Chain Solutions segment and the Intelligent Robotics segment.

The Company's management makes financial decisions and allocates resources, based on the information it receives from its internal management system. The Company allocates resources and assesses performance for each operating segment using information about revenues and gross profit.

a. Information about the operating segments for the six months ended June 30, 2023 and 2022 is as follows:

	<u>RFID</u>	<u>Supply Chain Solutions</u>	<u>Intelligent Robotics</u>	<u>Intercompany</u>	<u>Consolidated</u>
Six months ended June 30, 2023:					
Revenues	\$ 6,948	\$ 15,351	\$ 1,257	\$ (77)	\$ 23,478
Gross profit	\$ 1,796	\$ 3,253	\$ 20	\$ -	\$ 5,069
Allocated operating expenses	\$ 1,097	\$ 1,859	\$ 130	\$ -	\$ 3,086
Acquisition expenses	\$ -	-	-	-	-
Unallocated operating expenses	-	-	-	-	\$ 374
Operating Income (loss)	\$ 699	\$ 1,394	\$ (110)	\$ -	\$ 1,609
Financial expenses	-	-	-	-	\$ (343)
Net Income before tax	-	-	-	-	\$ 1,266
Tax on income	-	-	-	-	-
Net Income	-	-	-	-	\$ 1,266

F-14

**B.O.S. BETTER ONLINE SOLUTIONS LTD.
AND ITS SUBSIDIARIES**

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 7:– SEGMENTS AND GEOGRAPHICAL INFORMATION – Cont.

	<u>RFID</u>	<u>Supply Chain Solutions</u>	<u>Intelligent Robotics</u>	<u>Intercompany</u>	<u>Consolidated</u>
Six months ended June 30, 2022:					
Revenues	\$ 7,693	\$ 12,873	\$ 572	\$ -	\$ 21,138
Gross profit	\$ 1,915	\$ 2,575	\$ (19)	\$ -	\$ 4,471
Allocated operating expenses	\$ 1,209	\$ 1,585	\$ 271	\$ -	\$ 3,065
Acquisition expenses	\$ 44	-	-	-	\$ 44
Unallocated operating expenses	-	-	-	-	\$ 361
Operating Income (loss)	\$ 662	\$ 990	\$ (290)	\$ -	\$ 1,001

Financial expenses	-	-	-	-	\$	(529)
Net Income before tax	-	-	-	-	\$	472
Tax on income	-	-	-	-	\$	-
Net Income	-	-	-	-	\$	472

b. The following presents total revenues for the six months ended June 30, 2023 and 2022 based on the location of customers:

	June 30,	
	2023	2022
	Unaudited	
Israel	\$ 19,765	\$ 16,686
Far East	707	1,536
India	1,060	641
Europe	838	399
United States	1,080	1,733
Others	28	143
	<u>\$ 23,478</u>	<u>\$ 21,138</u>

F-15

**B.O.S. BETTER ONLINE SOLUTIONS LTD.
AND ITS SUBSIDIARIES**

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except for per share prices)

NOTE 8:– SHAREHOLDERS' EQUITY

- a. In June 2023, a total of 39,000 options were exercised for the amount of \$85.
- b. On May 2, 2022, the Company entered into a definitive agreement with several investors for the sale of 450,000 units, each consisting of one ordinary share and one half warrant to purchase an ordinary share, at a unit purchase price of \$2.2. The warrants have an exercise price of \$2.2 per ordinary share and are immediately exercisable into ordinary shares over a five-year term. The sale was made in a registered direct offering with a total gross amount of \$990 or \$911 net of incremental and direct issuance expenses.
- c. In April 2022, a total of 1,000 options were exercised for the amount of \$2.

NOTE 9:– SUBSEQUENT EVENTS

In July 2023, a total of 17,853 options were exercised for the amount of \$18.

F-16

EX-99.2 3 ea185985ex99-2_bosbetter.htm MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND JUNE 30, 2022

Exhibit 99.2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND JUNE 30, 2022

The following discussion and analysis of the results of BOS Better Online Solutions Ltd. (sometimes referred to herein as, "BOS", the "Company", "we", "us" or "our") should be read in conjunction with our interim condensed consolidated financial statements as of and for the six months ended June 30, 2023, appearing elsewhere in this Form 6-K, our audited consolidated financial statements and other financial information as of and for the year ended December 31, 2022 appearing in our Annual Report on Form 20-F for the year ended December 31, 2022 and Item 5—"Operating and Financial Review and Prospects" of that Annual Report.

Forward-Looking Statements

Statements in this Report on Form 6-K may constitute "forward-looking statements" within the meaning of the United States Federal securities laws that are based on our beliefs and assumptions as well as information currently available to us. Such forward-looking statements may be identified by the use of the words "anticipate", "believe", "estimate", "expect", "plan", "intend", "should", "predict", "potential", "opinion" or the negative of these terms or similar expressions. Such statements reflect our current views with respect to future events and are subject to certain risks and uncertainties. While we believe such forward-looking statements are based on reasonable assumptions, should one or more of the underlying assumptions prove incorrect, or these risks or uncertainties materialize, our actual results may differ materially from those described herein. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those stated in such statements. Factors that could cause or contribute to such differences include, but are not limited to, those set forth under "Risk Factors" in our Annual Report on Form 20-F for the year ended December 31, 2022, as well as those discussed elsewhere in that Annual Report and in our other filings with the Securities and Exchange Commission.

Overview

BOS empowers inventory processes through its three business divisions:

- The Intelligent Robotics division automates industrial and logistic inventory processes;
- The RFID division marks and tracks inventory; and

- The Supply Chain division manages inventory.

Results of Operation

Revenues for the six months ended June 30, 2023 were \$23.5 million, compared to \$21.14 million in the six months ended June 30, 2022. The increase is mainly attributed to the Supply Chain division.

Gross profit for the six months ended June 30, 2023 amounted to \$5.07 million (a gross margin of 21.6%), compared to \$4.48 million (a gross margin of 21.1%) for the six months ended June 30, 2022.

Sales and marketing expenses for the six months ended June 30, 2023 were \$2.47 million or 10.5% of revenues, compared to \$2.38 million or 11.2% of revenues in the six months ended June 30, 2022.

General and administrative expenses for the six months ended June 30, 2023 were \$0.91 million, compared to \$1 million in the six months ended June 30, 2022.

Operating income in the six months ended June 30, 2023 amounted to \$1.6 million, compared to an operating income of \$1 million in the six months ended June 30, 2022.

Financial expenses for the six months ended June 30, 2023 were \$343,000, compared to \$529,000 in the six months ended June 30, 2022. This decrease in expenses is attributed to foreign exchange differences between the Israeli NIS and the US dollar.

Net income in the six months ended June 30, 2023 amounted to \$1.27 million, compared to a net income of \$472,000 in the six months ended June 30, 2022. On a per share basis, the basic and diluted net income per share in the six months ended June 30, 2023 was \$0.22, compared to a \$0.09 net income per share in the six months ended June 30, 2022.

1

Liquidity and Capital Resources

As of June 30, 2023, we had \$1.21 million in long-term bank loans, and current maturities of \$391,000. Cash and cash equivalents as of June 30, 2023 amounted to \$1.9 million.

The Company had a positive working capital of \$10.1 million as of June 30, 2023, and it is the Company's opinion that the current working capital is sufficient for the Company's present requirements. Working capital requirements will vary from time-to-time and will depend on numerous factors, including but not limited to, the operating results, scope of sales, supplier and customer credit terms, and acquisition activities.

We have in-balance sheet financial instruments and off-balance sheet contingent commitments. Our in-balance sheet financial instruments consist of our assets and liabilities. As of June 30, 2023, our trade receivables' and trade payables' aging days were 85 and 98 days, respectively. The fair value of our financial instruments is similar to their book value. Our off-balance sheet contingent commitments consist of: (a) royalty commitments that are directly related to our future revenues, and (b) directors' and officers' indemnities, in excess of the proceeds received from liability insurance, which we obtain.

Cash Flows

Net cash provided by operating activities in the six months ended June 30, 2023 was \$876,000, compared to \$331,000 used in in the six months ended June 30, 2022.

Net cash used in investing activities in the six months ended June 30, 2023 amounted to \$581,000. Net cash used in investing activities in the six months ended June 30, 2022 amounted to \$1,050,000.

On July 7, 2013, the Company entered into a profit sharing agreement with Proteus Ltd, providing for the joint market and sale of certain products.

On April 2, 2023, Proteus sold to the Company its share in the joint activity in consideration of \$723, of which \$138 was paid on signing and the rest is paid in monthly installments during a two year period. Pursuant to the sale agreement, Proteus will gradually phase out its marketing and sale of the products until the end of 2023.

On May 31, 2023, the Company entered into an agreement with Microwave Ltd. for the purchase of its distribution rights for certain products, in consideration of \$38, paid at signing.

On March 09, 2022, the Company's RFID division acquired the activities of the Dagesh Company, which provides inventory counting services in Israel, mainly for retail stores. In consideration for the acquisition, BOS shall pay NIS 2.7 million (approximately \$US 820,000) of which NIS 1.5 million was paid at the closing, NIS 650,000 was paid in April 2022, NIS 450,000 was paid in April 2023, and NIS 150,000 shall be paid by March 2024.

On May 09, 2022, the Company entered into an agreement to purchase 546 square meters of offices, 495 square meters of warehouse space and nine parking spaces in Rishon Lezion. The purchased real estate is part of the facilities leased by BOS in Rishon Lezion. BOS was paid for this acquisition NIS 6.5 million (approximately \$1.9 million).

Net cash used in financing activities in the six months ended June 30, 2023 was \$113,000, compared to \$514,000 provided by in the six months ended June 30, 2022.

On May 2, 2022, the Company entered into a definitive agreement with several investors for the sale of 450,000 units, each consisting of one ordinary share and one half warrant to purchase an ordinary share, at a unit purchase price of \$2.2. The warrants have an exercise price of \$2.2 per ordinary share and are immediately exercisable into ordinary shares over a five-year term. The sale was made in a registered direct offering with a total gross amount of \$990 or \$911 net of incremental and direct issuance expenses.

2