



Unitronics (1989) (RG) Ltd.

Quarterly Report as of March 31, 2024

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UNITRONICS (1989) (R"G) LTD

**Condensed Consolidated Financial
Statements**

March 31, 2024

(Unaudited)

Unitronics (1989) (R"G) Ltd
Condensed Consolidated Interim Financial Statements

March 31, 2024

(Unaudited)

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Independent Auditors' Report
To the shareholders of Unitronics (1989) (R"G) Ltd.

Introduction

We have reviewed the accompanying statements of financial position of Unitronics (1989) (R"G) Ltd. (hereinafter – "the Company") which includes the condensed consolidated statements of financial position as of March 31, 2024 and the interim condensed consolidated statements of profit or loss and the comprehensive income, changes in equity and cash flows for the three month period then ended. The Board of Directors and the management are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standards IAS 34 "Financial Reporting for Interim Periods, and are also responsible for the preparation of financial information for this interim period in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on the financial information for this interim period based on our review.

Scope of Review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, "Review of Financial Information for Interim Periods Prepared by the Entity's Auditor." A review of interim financial information includes making inquiries, particularly with the people responsible for financial and accounting matters, and performing analytic and other review procedures. A review is significantly limited in scope in comparison to an audit conducted in accordance with generally accepted accounting standards in Israel, and therefore does not allow us to reach an assurance that we have become aware of all material issues which may have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention which would lead us to believe that the aforementioned financial information was not prepared, in all material respects, in accordance with IAS 34.

In addition to previous paragraph, based on our review, nothing has come to our attention which would lead us to believe that the above financial information does not comply, in all material respects, with the disclosure requirements set forth in Section D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Ziv Haft
Certified Public Accountants (Isr.)
BDO Member Firm

Tel Aviv, May 8, 2024



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Unitronics (1989) (R”G) Ltd.

Condensed Consolidated Interim Statements of Financial Position

	<u>As of March 31</u>		<u>As of</u> <u>December 31</u>
	<u>2024</u>	<u>2023</u>	<u>2023</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>NIS (thousands)</u>		
<u>Current assets</u>			
Cash and cash equivalents	17,692	20,156	13,259
Trade receivables, net	25,847	28,425	23,174
Other receivables	4,275	5,340	3,405
Related companies	5,831	3,590	5,821
Inventories	47,784	45,306	45,760
	<u>101,429</u>	<u>102,817</u>	<u>91,419</u>
<u>Non-current assets</u>			
Rights-of-use assets	15,573	14,415	16,213
Other deposits	132	141	121
Property and equipment, net	2,247	2,236	2,361
Intangible assets, net	41,141	42,197	41,225
	<u>59,093</u>	<u>58,989</u>	<u>59,920</u>
	<u>160,522</u>	<u>161,806</u>	<u>151,339</u>

Amit Ben Zvi and Haim Shani
Co-Chairmen of the Board of
Directors

Amit Harari
CEO

Itzik Hai
CFO

Date of approval of the financial statements: May 8 , 2024

The notes to the consolidated interim financial statements form an integral part thereof.

Unitronics (1989) (R”G) Ltd.

Condensed Consolidated Interim Statements of Financial Position

	Note	As of March 31		As of December 31
		2024	2023	2023
		<u>(Unaudited)</u>		<u>(Audited)</u>
		<u>NIS (thousands)</u>		
<u>Current liabilities</u>				
Current maturities of loans from bank corporation and others		364	2,328	867
Trade payables		31,586	32,506	25,525
Related company		-	8	440
Lease liabilities		2,165	1,599	1,858
Dividend payable		-	-	10,000
Other payables		29,640	22,060	26,703
liability for warrants		6,321	-	6,907
		<u>70,076</u>	<u>58,501</u>	<u>72,300</u>
<u>Non-current liabilities</u>				
Loans from a bank corporation and others		252	410	344
Employee benefit liabilities, net		1,737	1,653	1,750
Lease liabilities		1,722	805	2,524
Warrants for share options	3	-	9,866	-
Deferred tax liability		4,473	4,518	4,441
		<u>8,184</u>	<u>17,252</u>	<u>9,059</u>
<u>Equity</u>				
Share capital		430	428	430
Additional paid-in capital		64,409	63,951	64,361
Capital reserve from translation of financial statements of foreign activities		(1,517)	(1,735)	(1,722)
Share based payments reserve		553	897	588
Treasury shares		(7,042)	(7,042)	(7,042)
Fund regarding a transaction with the controlling shareholder		104	104	104
Retained earnings		25,325	29,450	13,261
		<u>82,262</u>	<u>86,053</u>	<u>69,980</u>
		<u>160,522</u>	<u>161,806</u>	<u>151,339</u>

The notes to the consolidated interim financial statements form an integral part thereof

Unitronics (1989) (R”G) Ltd.

Condensed Consolidated Interim Statements of Profit or Loss

	Note	For the three-month period ended on		For the year ended
		March 31	March 31	December 31
		2024	2023	2023
		(Unaudited)		(Audited)
		NIS (thousands)		
Revenues	4	54,300	50,397	211,671
Cost of revenues		<u>26,841</u>	<u>25,994</u>	<u>106,096</u>
Gross profit		27,459	24,403	105,575
Development expenses		1,251	926	4,471
Sales and marketing expenses		8,824	8,295	35,197
General and administrative expenses		<u>3,896</u>	<u>3,545</u>	<u>14,773</u>
Operating profit		13,488	11,637	51,134
Finance incomes		134	470	788
Finance expenses		172	* 1,288	2,320
Profit (loss) from revaluation of liability for warrants		<u>586</u>	<u>* (508)</u>	<u>2,451</u>
Profit before taxes on income		14,036	10,311	52,053
Income taxes		<u>1,972</u>	<u>1,286</u>	<u>10,840</u>
Profit for the period		<u>12,064</u>	<u>9,025</u>	<u>41,213</u>
Basic earnings per share in NIS		<u>0.867</u>	<u>0.654</u>	<u>2.979</u>
Diluted earnings per share in NIS		<u>0.795</u>	<u>0.650</u>	<u>2.705</u>

(*) Reclassified

The notes to the consolidated interim financial statements form an integral part thereof

Unitronics (1989) (R”G) Ltd.

Condensed Consolidated Interim Statements of Comprehensive Income

	For the three-month period ended on March 31		For the year ended December 31
	2024	2023	2023
	(Unaudited)		(Audited)
	<u>NIS (thousands)</u>		
Profit for the period	12,064	9,025	41,213
<u>Other comprehensive income (net of tax)</u>			
<u>Amounts that will not subsequently be reclassified to profit or loss:</u>			
Profits from revaluation in respect of defined benefit plans	-	-	125
<u>Amounts that will be reclassified to profit or loss if certain conditions are fulfilled:</u>			
Adjustments arising from translation of financial statements of foreign operations	205	350	363
Other comprehensive income for the period	205	350	488
Total comprehensive income for the period	<u>12,269</u>	<u>9,375</u>	<u>41,701</u>

The notes to the consolidated interim financial statements form an integral part thereof

Unitronics (1989) (R"G) Ltd.

Condensed Consolidated Interim Statements of Changes in Equity

	Share capital	Additional paid-in capital	Capital reserve from translation of financial statements of foreign operations	Share based payments reserve	Company shares held by the company	Reserve from a transaction with a controlling party	Retained earnings	Total
					<u>NIS thousands</u>			
					<u>(Unaudited)</u>			
<u>Balance as of January 1, 2024</u>	430	64,361	(1,722)	588	(7,042)	104	13,261	69,980
Profit for the period	-	-	-	-	-	-	12,064	12,064
Other comprehensive income for the period	-	-	205	-	-	-	-	205
Total comprehensive income for the period	-	-	205	-	-	-	12,064	12,269
Exercise of employee stock option	*	48	-	(48)	-	-	-	-
Share-based payment cost	-	-	-	13	-	-	-	13
<u>Balance as of March 31, 2024 (unaudited)</u>	<u>430</u>	<u>64,409</u>	<u>(1,517)</u>	<u>553</u>	<u>(7,042)</u>	<u>104</u>	<u>25,325</u>	<u>82,262</u>
<u>Balance as of January 1, 2023</u>	428	63,936	(2,085)	867	(7,042)	104	20,425	76,663
Profit for the period	-	-	-	-	-	-	9,025	9,025
Other comprehensive income for the period	-	-	350	-	-	-	-	350
Total comprehensive income for the period	-	-	350	-	-	-	9,025	9,375
Exercise of employee stock option	*	15	-	(15)	-	-	-	-
Share-based payment cost	-	-	-	45	-	-	-	45
<u>Balance as of March 31, 2023 (unaudited)</u>	<u>428</u>	<u>63,951</u>	<u>(1,735)</u>	<u>897</u>	<u>(7,042)</u>	<u>104</u>	<u>29,450</u>	<u>86,053</u>

(*) Lower than NIS 500

he notes to the consolidated interim financial statements form an integral part thereof

Unitronics (1989) (R”G) Ltd.

Condensed Consolidated Interim Statements of Changes in Equity

	Share capital	Addition al paid-in capital	Capital reserve from translation of financial statements of foreign operations	Share based payments reserve	Company shares held by the company	Reserve from a transaction with a controlling party	Retained earnings	Total
	<u>NIS thousands</u>							
	<u>(Unaudited)</u>							
<u>Balance as of January 1, 2023</u>	428	63,936	(2,085)	867	(7,042)	104	20,425	76,633
Profit for the year	-	-	-	-	-	-	41,213	41,213
Other comprehensive income for the year	-	-	363	-	-	-	125	488
Total comprehensive income for the year	-	-	363	-	-	-	41,338	41,701
Share-based payment cost	-	-	-	148	-	-	-	148
Dividend distribution	-	-	-	-	-	-	(48,502)	(48,502)
Exercise of employee stock option	2	425	-	(427)	-	-	-	-
<u>Balance as of December 31,2023</u>	<u>430</u>	<u>64,361</u>	<u>(1,722)</u>	<u>588</u>	<u>(7,042)</u>	<u>104</u>	<u>13,261</u>	<u>69,980</u>

(*) Lower than NIS 500

The notes to the consolidated interim financial statements form an integral part thereof

Unitronics (1989) (R”G) Ltd.
Condensed Consolidated Interim Statements of Cash Flows

	For the three-month period ended on March 31		For the year ended December 31
	2024	2023	2023
	(Unaudited)		(Audited)
	NIS (thousands)		
<u>Cash flows – operating activities:</u>			
Profit for the period	12,064	9,025	41,213
Adjustments required to reconcile Net income to net cash provided by operating activities (Appendix A)	5,695	7,200	17,166
Net cash derived from operating activities	17,759	16,225	58,379
<u>Cash flows – investment activities:</u>			
Purchase of property and equipment	(41)	(29)	(694)
Investment in right-of-use assets	-	-	(253)
Investment in intangible assets	(2,275)	(2,285)	(8,788)
Net cash flows used in investing activities	(2,316)	(2,314)	(9,735)
<u>Cash flows – financing activities:</u>			
Repayment of long-term loans	(593)	(577)	(2,339)
Long-term loans received from others	-	-	220
Repayment of lease liabilities	(586)	(410)	(2,137)
Dividend distribution	(10,000)	-	(38,502)
Net cash used in financing activities	(11,179)	(987)	(42,758)
Effect of foreign exchange rate differences on cash balances	169	295	436
Change in cash and cash equivalents for the period	4,433	13,219	6,322
Cash and cash equivalent balance at beginning of the period	13,259	6,937	6,937
Cash and cash equivalent balance at end of the period	17,692	20,156	13,259

The notes to the consolidated interim financial statements form an integral part thereof

Unitronics (1989) (R”G) Ltd.

Condensed Consolidated Interim Statements of Cash Flows

	For the three-month period ended on March 31		For the year ended December 31
	2024	2023	2023
	(Unaudited)		(Audited)
	<u>NIS (thousands)</u>		
<u>Appendix A</u>			
<u>Adjustments required to reconcile net income to net cash provided by operating activities</u>			
<u>Non-cash revenues and expenses</u>			
Depreciation and amortization	3,181	2,852	12,831
Stock-based compensation	13	45	148
Accrued severance pay, net	(11)	-	238
Revaluation of cash balances in foreign currency	(145)	(72)	(257)
Revaluation of long-term loans	(2)	34	48
Changes in deferred taxes	32	(163)	(260)
Revaluation of financial assets, net	47	578	(152)
Revaluation of warrants for share options	(586)	508	(2,451)
Accrued interest and revaluation in respect of leases	62	9	233
<u>Changes in operating assets and liabilities:</u>			
Decrease (increase) in trade receivables	(2,533)	4,333	9,860
Decrease (increase) in other receivables	(909)	605	2,676
Increase in inventories	(1,930)	(5,972)	(6,548)
Decrease (increase) in Related companies, net	(372)	(564)	(2,348)
Increase in suppliers and service providers	6,051	3,188	(3,800)
Increase in other payables	2,797	1,819	6,948
	<u>5,695</u>	<u>7,200</u>	<u>17,166</u>
<u>Appendix B - Additional information on cash flows for current operations</u>			
Cash paid during the period for:			
Interest	<u>87</u>	<u>199</u>	<u>565</u>
Taxes on income	<u>1,040</u>	<u>3,760</u>	<u>7,751</u>
Cash received during the year for:			
Interest	<u>10</u>	<u>4</u>	<u>81</u>
<u>Appendix C – non-cash activities</u>			
New lease agreements	125	-	3,587
Declaration of dividend	-	-	10,000

The notes to the consolidated interim financial statements form an integral part thereof

Unitronics (1989) (R”G) Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Note 1 – General:

Unitronics (1989) (R”G) Ltd. (hereinafter - the "Company") is engaged in the design, development, production, marketing, sale and support of programmable logic controllers (PLC) and automation products.

The condensed interim financial statements are to be reviewed in conjunction with the annual financial statements of the Company as of December 31, 2023 and the accompanying notes (hereinafter - the "Consolidated Annual Financial Statements"). Therefore, no notes were provided in the condensed interim financial statements with regard to non-material updates relative to the information which has previously been reported in the notes in the most recent annual financial statements of the Company.

Note 2 – Main Points of the Accounting Policies

- A. The condensed interim financial statements are in conformity with the provisions of IAS 34 with regard to “Interim Financial Reporting”. In addition, the condensed interim financial statements are in accordance with the disclosure provisions pursuant to Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.
- B. The condensed interim financial statements were prepared in accordance with the same accounting policies and calculation methods which were applied in the consolidated annual financial statements of the Company as of December 31, 2023.
- C. New standards before their implementation:
The amendments to IFRS 18 will be applied retroactively from annual periods beginning on or after January 1, 2027.
Early implementation of the standard is possible while providing disclosure.
The company is examining the possible impact of the amendments to IFRS 18.

Note 3 –Financial instruments

- A. Classification of financial instruments in accordance with fair value hierarchy

The financial instruments presented in the Statement of Financial Position at fair value or disclosed at their fair value are classified according to groups with similar characteristics to the fair value hierarchy determined in accordance with the source of the data used to determine the fair value:

Level 1: Quoted prices (without adjustments) in an active market of identical assets and liabilities.

Level 2: Non-quoted prices included in Level 1 which can be forecasted directly or indirectly.

Level 3: Data that is not based on market information which can be forecasted (assessment techniques without the use of market data which can be forecasted).

Academic agreements in foreign currency are measured in accordance with level 2.

Liability for options is measured in accordance with level 3.

Unitronics (1989) (R" G) Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Note 3 – Financial instruments (continued)

Valuation techniques regarding fair value measurements classified to Level 3 - Liabilities in respect of share options

The fair value of the liability for option warrants, for which no quoted market price exists, is determined throughout the reporting period on the basis of the economic model used in an evaluation made by an external appraiser. Further to the foregoing in Note 26 D of the consolidated annual financial statements.

A. Adjustment between fair value measurements classified at level 3 in the fair value hierarchy of financial instruments

	Fair value or loss of financial liabilities		
	For the three-month period		For the year
	ended March 31		December 31
	2024	2023	2023
	(Unaudited)		(Audited)
	NIS thousands		
Liability as of the start of the period	(6,907)	(9,358)	(9,358)
Total Profit (loss) recognized in	586	(508)	2,451
Liability as of the end of the period	<u>(6,321)</u>	<u>(9,866)</u>	<u>(6,907)</u>

The balance of the liabilities in respect of the option warranty is in accordance with the valuation performed by an external appraiser, based on the "Monte Carlo" model. The underlying assumptions in the calculation of the valuation:

Unitronics base asset NIS 30.23, Utron base asset NIS 3.51, Unitronics standard deviation 18.59%, Utron standard deviation 41.55%, risk-free interest rate 3.48%, life cycle 1.5 month.

B. Quantitative data with regard to Level 3 fair value valuations:

The following is the impact on the profit or loss of a deviation from the standard*

As of March 31, 2024 (unaudited)				
+10%	+5%	Fair value	-5%	-10%
(180)	(128)	6,321	110	281
<u>(180)</u>	<u>(128)</u>	<u>6,321</u>	<u>110</u>	<u>281</u>
As of March 31, 2023 (unaudited)				
+10%	+5%	Fair value	-5%	-10%
271	106	9,866	(157)	(299)
<u>271</u>	<u>106</u>	<u>9,866</u>	<u>(157)</u>	<u>(299)</u>

Unitronics (1989) (R" G) Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Note 3 – Financial instruments (continued)

As of March 31, 2023 (unaudited)				
+10%	+5%	Fair value	-5%	-10%
(180)	(88)	6,907	163	209

The following is the effect on the profit or loss in NIS thousands from a change in the base assets:

As of March 31, 2024 (unaudited)				
+20%	+10%	Fair value	-10%	-20%
6,310	5,757	6,321	(9,304)	(9,837)

As of March 31, 2023 (unaudited)				
+20%	+10%	Fair value	-10%	-20%
167	(85)	9,866	418	1,091

As of March 31, 2023 (unaudited)				
+20%	+10%	Fair value	-10%	-20%
6,378	4,545	6,907	(5,678)	(8,261)

*In the calculation of the aforesaid sensitivity tests, the rate of the increase/decrease taken into account is a change in both the share of the Company and the share of Utron Ltd. (related company), in accordance with the "Monte Carlo" model.

In accordance with the investment agreement of Fimi Fund in the company, the aforesaid option is exercisable until May 17, 2024.

Unitronics (1989) (R"G) Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Note 4 – Income

Income by geographical area:

	For the three-month period ending		For the year ending
	March 31, 2024	March 31, 2023	December 31, 2023
	Unreviewed		Reviewed
	NIS, (in thousands)		
Israel	2,393	2,383	10,213
Europe	17,744	19,162	77,782
United States	27,238	23,346	99,095
Others (1)	6,925	5,506	24,581
Total income	54,300	50,397	211,671

(1) Including income from several countries, wherein the income from one country does not exceed 2% of the total income of the Company.

Income by main products

	For the three-month period ending		For the year ending
	March 31, 2024	March 31, 2023	December 31, 2023
	Unreviewed		Reviewed
	NIS, (in thousands)		
Controllers and expansion units	51,791	46,597	199,365
Others	2,509	3,800	12,036
Total income	54,300	50,397	211,671

Unitronics (1989) (R”G) Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Note 5 – Material events during and after the reporting period

A. Global shortage of electronic components

The Company is exposed to the effects and risks associated with the global shortage of electronic components. Since the end of 2020 there has been a worldwide shortage of electronic components which is affecting the entire electronics industry.

From the end of 2022, there was an improvement in the availability of components that continued even in the past few months, and in light of this, the delivery times of components were shortened compared to the delivery times during the shortage period.

As of the date of this report, the availability and supply of the components ceased to have a significant impact on the company's activities.

B. "Iron Swords" War

On October 7, 2023, the State of Israel faced a surprise attack by terrorist organizations from the Gaza Strip, following which the Israeli government declared the "Iron Swords" War, which continues to this day.

Closely following the surprise attack, fighting began on the northern border of the country and later a security threat also developed in the Red Sea area and the trade routes adjacent thereto. As of the date of the report, the war has had a significant impact on the Israeli economy, manifested, among other things, by the extensive mobilization of reserve forces, the temporary closure of businesses, as well as the volatility of the shekel against foreign currencies. Also, following the above, on February 9, 2024, the rating company Moody's published a report in which it lowered Israel's credit rating to A2 with a negative outlook, and on April 19, 2024, the rating company S&P joined it and lowered Israel's rating from AA minus to A plus.

During the period of the fighting and as of the date of the report, all of the systems of the Company are operating normally and there is no material direct effect of the war on the activities of the Company. The Company does not anticipate that the events of the war will have a material impact on its business activities; however, there is no certainty that this will indeed be the case if and as the war escalates or develops into a war on additional fronts.

- C. On February 5, 2024, a partial off-exchange sale (through a third-party distributor) of holdings was performed by the controlling shareholders of the Company, the FIMI Fund and Mr. Haim Shani (hereinafter: the "Transaction"), such that following the transaction the FIMI Fund and Mr. Haim Shani remained controlling shareholders of the Company, holding 31.52% and 13.82% shares of the Company, respectively. The aforesaid sale was made mainly to More Investments Ltd., the holdings of which following the Transaction is 22.43%, and has therefore become an interested party in the Company. As part of the notification given to the Company with regard to the Transaction, the FIMI Fund and Mr. Shani specified that they had undertaken to the aforesaid distributor that starting on February 4, 2024 and for a period of nine months, they will not sell additional shares of the Company. It should be clarified that the aforesaid undertaking was given to the distributor and not to the Company and/or all of its shareholders.

Unitronics (1989) (R" G) Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Note 6 – Events subsequent to the balance sheet date

- A. On May 8, 2024, the Company's board of directors decided to distribute a dividend to the company's shareholders in the total amount of NIS 16 million.

- B. On May 8, 2024, the Company's board of directors, after approval by the compensation committee, approved the allocation of 400,000 options (non-tradable) exercisable for 400,000 ordinary shares of the Company, to the CEO, the other officers of the company and other employees. The options will mature over a period of 4 years in equal parts, starting from the end of the second, third and fourth year from the date of allocation and will be exercisable for a period of 6 years from the date of allocation. The exercise price of each option is 38.89 NIS, and the fair value of each option at the date of allocation is 14.68 NIS according to a calculation based on B&S model using the following parameters: risk-free interest at a rate of 4.48% on average and a standard deviation of 34.4% on average. It will be clarified that the allocation of options to the company's CEO is subject to the approval of the Company's shareholders' meeting.

UNITRONICS (1989) (RG) LTD

Chapter c -

Interim report on the effectiveness of internal control

And Management statements

Interim report on the effectiveness of internal control on the financial reporting and disclosure in accordance with Regulation 37C (a) of the securities Regulations (Periodic and Immediate Reports), 1970, for the period ending on March 31, 2024:

The management of the Company, under the supervision of the Board of Directors of Unitronics (1989) (RG) Ltd. (hereinafter: the "**Company**"), is responsible for establishing and maintaining proper internal control over the financial reporting and disclosure in the Company.

In this regard, the members of the Board of Directors are:

1. Amit Harari, CEO;
2. Itzhak Hai, CFO;
3. Boaz Karmi, VP Sales
4. Ron Alkalai, Chief Operating Officer

The internal control over the financial reporting and the disclosure includes controls and procedures that exist in the Company, which were designed by the General Manager and the most senior officer in the field of finance or under their supervision, or by the person who actually performs the aforesaid duties, under the supervision of the Board of Directors of the Company, which are designed to provide a reasonable degree of security with regard to the reliability of the financial reporting and the preparation of the reports in accordance with the provisions of the law, and to ensure that information that the Company is required to disclose in the reports it publishes, in accordance with the provisions of the law, is collected, processed, summarized and reported on the date and format stipulated by the law.

The internal control includes, among other things, controls and procedures which were designed to ensure that information that the Company is required to disclose, as specified above, is collected and transmitted to the management of the Company, including the General Manager and the Chief Financial Officer or to those who actually perform the aforesaid duties, in order to enable decisions to be made at the appropriate time, with reference to the requirements of disclosure.

Due to its structural limitations, the internal control over the financial reporting and disclosure is not intended to provide absolute assurance that misrepresentation or omission of information in reports will be prevented or discovered.

In the annual report regarding the effectiveness of the internal control over the financial reporting and the disclosure which was attached to the periodic report for the period ended on 31.12.2023 (hereinafter - "the annual report regarding the latest internal control"), the board of directors and the management evaluated the internal control in the corporation; Based on this assessment, the board of directors and the corporation's management came to the conclusion that the aforementioned internal control, as of 31.12.2023, is effective

Until the date of the report, no event or matter has been brought to the attention of the board of directors and the management that could change the assessment of the effectiveness of the internal control, as was brought within the framework of the annual report regarding the last internal control ;

As of the date of the report, based on the evaluation of the effectiveness of the internal control in the annual report regarding the last internal control, and based on information brought to the attention of the management and the board of directors as mentioned above - the internal control is effective.

Managers Statement

CEO Statement in accordance with Regulation 38 c of the Report Regulations:

I, Amit Harari, declare that:

1. I have examined the interim Report of Unitronics (1989) (RG) Ltd. (hereinafter: the "**Company**") for first quarter of 2024 (hereinafter: the "**Reports**");
2. To the best of my knowledge, the reports do not include any misrepresentation of a material fact and they do not lack a presentation of a necessary material fact so that the representations included therein, in light of the circumstances in which those representations were included, would not be misleading with reference to the period of the reports;
3. To the best of my knowledge, the financial statements and other financial information contained in the reports adequately reflect, in all material respects, the financial position, results of operations and cash flows of the corporation for the dates and periods to which the reports refer;
4. I have disclosed to the auditor of the corporation, the Board of Directors and the Audit Committee of the corporation Directors, based on my most recent assessment of the internal control over financial reporting and disclosure:
 - A. All the significant deficiencies and material weaknesses in the establishment or operation of the internal control over the financial reporting and disclosure that could reasonably have a negative impact on the ability of the corporation to collect, process, summarize or report financial information in a manner which calls into question the reliability of the financial reporting and the preparation of financial statements in accordance with the provisions of the law ; and -
 - B. Any fraud, whether material or not, involving the General Manager or those directly subordinate thereto or involving other employees who have a material role in the internal control of the financial reporting and disclosure;
5. I, alone or jointly with others in the corporation:
 - A. Established controls and procedures, or verified the establishment and existence under my supervision of controls and procedures, designed to ensure that material information relating to the corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in the Company and the consolidated companies, in particular during the period of preparation of the reports; and -

- B. Established controls and procedures, or verified the establishment and existence under my supervision of controls and procedures, intended to reasonably ensure the reliability of the financial reporting and the preparation of financial statements in accordance with the provisions of the law, including in accordance with accepted accounting rules;
- C. I have not been informed of any event or matter that occurred during the period between the date of the last report (quarterly or periodic, as the case may be) and the date of this report, which has the potential to change the conclusion of the board of directors and management regarding the effectiveness of the internal control over the financial reporting and disclosure of the corporation.

The above does not detract from my responsibility or the responsibility of any other person, in accordance with any law.

Date: May 8, 2024

_____ Amit Harari, CEO

Managers Statement

Statement of the Chief Financial Officer in accordance with Regulation 38c of the Report Regulations:

I, Itzhak Hai, declare that:

1. I have examined the Interim Report and other financial information contained in the interim report of Unitronics (1989) (RG) Ltd. (hereinafter: the "**Company**") for the first quarter of 2024 (hereinafter: the "**Reports**");
2. To the best of my knowledge, the financial interim statements and the other financial information contained in the interim reports do not include any misrepresentation of a material fact and they do not lack a presentation of a necessary material fact so that the presentations included therein, in light of the circumstances in which those presentations were included, would not be misleading with reference to the period of the reports;
3. To the best of my knowledge, the financial interim statements and other financial information contained in the interim reports adequately reflect, in all material respects, the financial position, results of operations and cash flows of the Company for the dates and periods to which the reports refer;
4. I have disclosed to the auditor of the Company, the Board of Directors and the Audit Committee of the Company, based on my most recent assessment of the internal control over financial reporting and disclosure:
 - A. All the significant deficiencies and material weaknesses in the establishment or operation of the internal control over the interim financial reporting and disclosure insofar as it relates to the financial statements and the other financial information contained in the interim statements, which could reasonably have a negative impact on the ability of the Company to collect, process, summarize or report financial information in a manner which calls into question the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and -
 - B. Any fraud, whether material or not, involving the General Manager or those directly subordinate thereto or involving other employees who have a material role in the internal control of the financial reporting and disclosure;
5. I, alone or jointly with others in the Company:
 - A. Established controls and procedures, or verified the establishment and existence under my supervision of controls and procedures, designed to ensure that material information relating to the Company, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in

the Company and the consolidated companies, in particular during the period of preparation of the reports; and -

- B. Established controls and procedures, or verified the establishment and existence under my supervision, of controls and procedures intended to reasonably ensure the reliability of the financial reporting and the preparation of financial statements in accordance with the provisions of the law, including in accordance with accepted accounting rules;
- C. I have not been informed of any event or matter that applies to the fund as of the date of the last report (quarterly or periodic, as the case may be) on the date of this report, refer to the interim financial statements and any other financial information contained in the reports for the interim period, which has the potential to change, in my opinion, the conclusion of the board of directors. and the management regarding the effectiveness of the internal control over the financial reporting and disclosure of the corporation.

The above does not detract from my responsibility or the responsibility of any other person, in accordance with any law.

Date: May 8, 2024

_____ Itzhak Hai, CFO