



Unitronics (1989) (RG) Ltd.

Quarterly Report as of March 31, 2024

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Unitronics (1989) (RG) Ltd.

Chapter A

**Board of Directors Report on the State of
Affairs of the Company for the Period
Ended March 31, 2024**

1. General

Company name:	Unitronics (1989) (RG) Ltd. (Hereinafter: the " Company " or " Unitronics ")
Company number:	520044199
Address:	Unitronics House, 3, Arava St., Airport City, POB 300, Israel 70100
Email address:	investors@unitronics.com
Telephone:	03 977 8888
Facsimile:	03 977 8877
Period of the Report:	The three-month period ended on March 31, 2024
Date of the Report:	March 31, 2024

In accordance with Regulation 39A of the Regulations, the following review is limited in scope and only relates to material changes and developments in the Company's affairs during the report period and it is prepared under the assumption that the reader also has access to the Board of Directors' report for December 31, 2023, as published on March 20, 2024 (reference number: 2024-01-028650). The above reference is cited as inclusion by way of reference (hereinafter: "**2023 Periodic Report**"). At the same time, in some cases, for the purpose of providing an overall picture, the Company has included a more detailed description than is actually required, which incorporates information which, in its opinion, is not necessary material.

2. Description of the Company and its Business Environment

The company deals in the design, development, manufacturing, marketing, sales and support of programmable logic controllers (PLC) (hereinafter: the "**Controllers**"). Controllers are computer-based electronic products (hardware and software) used to control and monitor machines which perform automated operations, such as manufacturing systems and other automated installations in various sectors. The company has expanded its product line and has also started marketing and selling propulsion controllers (VFD and servo systems) designed to interface in an integrative and simple manner with the Controllers of the company. During 2021 the company launched a new integrative platform for cloud services (SaaS). The platform is designed to allow any customer to connect the controllers of the Company to an environment based on a cloud computing infrastructure, transfer data securely and create business dashboards (BI). In this new service, the emphasis is also on the added value which is reflected in the simplicity and ease of application and full integration with the remainder of the products of the company,

This activity is carried out by the Company as well as through Unitronics Inc., a wholly owned subsidiary incorporated in the US and Unitronics GMBH, a wholly owned subsidiary incorporated in Germany..

The Company's PLCs and services are marketed and sold through the Company's internal sales and marketing system via subsidiaries in the United States and Germany, as well as through a network of distributors that includes approximately 190 distributors, of which approximately 110 are in the US and North America and the remainder n approximately seventy countries (including Israel) throughout Europe, Asia, South and Central America, Australia and Africa.

The Company mainly operates from office and industrial buildings located at Airport City near the David Ben Gurion Airport. For further details, see Section 1.11 in Chapter A of the Company's 2023 Periodic Report.

3. Material Events during the Report Period and in the Period until its Publication

3.1 War of Iron Swords

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 “War of Iron Swords”, which is still ongoing.

Shortly following the surprise attack, fighting started 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 Israeli shekel against foreign currencies.

Furthermore, following the above, on February 9, 2024, the Moody’s rating agency published a report in which it downgraded Israel's credit rating to A2 with a negative outlook, and on April 19, 2024, S&P Global Rating Company downgraded Israel's rating from AA minus to A plus.

During the period of the fighting and as of the date of the report, all the systems of the Company are operating normally and there is no material direct effect of the war on the operations 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 war develops on additional fronts.

3.2 Consequences of 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 has affected the entire electronics industry. Following the increase in demand concurrent with the decrease in supply, the delivery times for electronic components have become very long, reaching a year and even longer.

Since the end of 2022, there has been an improvement in the availability of components and the delivery times of components have shortened compared to the delivery times during the shortage period. As of the date of this report, the availability and supply of the components have ceased to materially affect the operations of the Company.

In light of the impact following the global shortage of electronic components, and in accordance with the ability of the Company to supply part of the Company's products to its customers during the period of the shortage in accordance with the timetables requested by the customers, the Board of Directors of the Company decided to include in the Board of Directors Report data with regard to the temporary backlog of the Company as specified below until the end of the global shortage in the electronic components.

In light of the improvement in the availability and supply of the components as of the date of this report, and in accordance with the ability of the Company to provide its products to its customers on time, the aforesaid disclosure as specified below is included in this report for the last time.

Backlog of orders in NIS thousands		
As of March 31, 2024	As of March 31, 2023	As of December 31, 2023
49,660	92,876	64,199

3.3 The impact of inflation and the increase in interest rates

Further to the aforesaid in section 1.19 (risk factors) of Chapter A (Description of the Business of the Company) in the 2023 Periodic Report, the Company is continually monitoring and examining the possible consequences of the increase in the consumer price index on the market, the operations of the Company, its business and financial results.

In this regard, starting in 2021 there has been an increase in inflation rates in Israel and in the world, whereby in 2023 the rate of the increase in the consumer price index in Israel, which was approximately 3%, decreased compared to 2022 (at which time the inflation rate was 5.3%), and in the first quarter of 2024 the consumer price index increased by approximately 1%.

Concurrent with the global increase in prices, central banks in the world decided to raise interest rates in order to curb the price increases, which reached 4.75% in 2023, and as of the date of publication of the report stands at 4.5%. In accordance with the forecast of the Research Division of the Bank of Israel, the inflation rate in 2024 is forecasted to be 2.7%. Furthermore, in accordance with the aforesaid forecast, the monetary interest rate is expected to be 3.75% in the first quarter of 2025.

The Company holds loans from banking corporations with variable interest rates, plus the Company also rents a building and parking spaces in exchange for rental fees linked to the consumer price index. The Company estimates that the effect of the continued increase in the

consumer price index as well as the increase in interest rates are not expected to materially affect the results of its operations taking into account the volume of the loans and the increases influenced by the increase in the interest rate and the consumer price index..

The Company's assessments with regard to the impact of the War of Iron Swords, the impact of the inflation and the increase in the interest rate as well as the global shortage of electronic components and the impact of these factors on the operations of the Company constitute forward-looking information, as defined in the Securities Law, 1968, which is based, inter alia, on the Company's estimates as of the date of publication of this report with respect to factors outside its control, including the great uncertainty regarding the extent of the war, its duration and impact on Israel's economy, the extent of the shortage of components and changes in interest rates and inflation. The Company's assessments are based on information that is currently held by the Company, on publications on this subject and on relevant government directives, and which are not certain to materialize, in whole or in part, and which may materialize substantially differently, due to factors outside the Company's control.

- 3.4 On February 5, 2024, the Company announced the closure of an off exchange transaction (hereinafter: the “**Transaction**”), in which the controlling shareholders of the Company, the Fimi Fund¹ and Mr. Haim Shani, sold (through a third-party distributor) 2,489,649 and 1,091,661 shares of the Company, respectively, such that following the Transaction the Fimi Fund and Mr. Haim Shani remain the controlling shareholders of the Company and hold 31.52% and 13.82% of the issued and paid-up share capital of the Company, respectively. The Company further announced that as part of the Transaction, Y.D. Mor Investments Ltd. became an interested party in the Company, such that the proportion of its holdings following the execution of the Transaction was 22.43% of the issued and paid-up share capital of the Company. As part of the announcement of the Company with regard to the Transaction, the Fimi Fund and Mr. Shani specified that they have undertaken to the aforesaid third-party 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 all of its shareholders. For further details, see section 1.4 of this Periodic Report as well as the Immediate Reports of the Company of February 5, 2024 (reference numbers: 2024-01-013524, 2024-01-013530, 2024-01-013533), the information of which is presented in this report by way of reference.
- 3.5 On March 19, 2024, in accordance with Regulation 1B(3) of the Companies Regulations (Easements in Transactions with Interested Parties), 2000 (hereinafter: the “**Easement Regulations**”), the Board of Directors of the Company approved, following the receipt of the approval of the Remuneration Committee, the payment of annual remuneration and participation remuneration to Mrs. Bareket Shani, the wife of Mr. Haim Shani (controlling shareholder and

¹ Fimi Fund (through Fimi Five 2012 Ltd.), is the general partner in two limited partnerships which directly hold the shares of the Company: Fimi Opportunity Five (Delaware), Limited Partnership and Fimi Israel Opportunity Five Limited Partnership.

the Active Chairman of the Board of Directors of the Company), as well as, a payment in an amount equal to the annual remuneration and participation remuneration to the Fimi Fund, a controlling shareholder in the Company, for the services of both Mrs. Shani and Mr. Gillon Beck², respectively, as Directors of the Company, which remain unchanged from the amount specified as the "fixed amount" in accordance with the Second Schedule and the Third Schedule to the Company Regulations (Rules Regarding Remuneration and Expense Reimbursement for External Directors), 2000 (hereinafter: the "**Remuneration Regulations**"). For further details, see the Immediate Report of the Company dated March 20, 2024 (reference number: 2024-01-028662), the information of which is presented in this report by way of reference.

- 3.6 On May 8, 2024, the Board of Directors of the Company decided to distribute a dividend to the shareholders of the Company in the amount of approximately NIS 1.1494 for each one ordinary share of the Company, and a total of NIS 16 million. The distribution of the dividend was examined by the Board of Directors of the Company in accordance with the distribution tests specified in the Companies Law, 1999. In accordance therewith, the Board of Directors of the Company estimated that the Company is able to comply with its current and forecasted undertakings when they become due, taking into account, among other things, its projected cash flow, operations, cash balances, strategy, future intentions and the situation of the [Company](#) as it shall be from time to time. For further details of the dividend distribution, including the details of the examination conducted by the Board of Directors of the Company on the date of the decision with regard to the distribution in connection with the compliance of the Company with the profit test and the solvency test specified in Article 302(A) of the Companies Law, 1999, see the Immediate Report of the Company with regard to the distribution of a cash dividend for securities (T81), which was published proximate to the publication of this report.
- 3.7 On May 8, 2024, the Board of Directors of the Company approved, following the approval of the Remuneration Committee on May 6, 2024, the renewal of the Directors and Officers Liability Insurance Policy of the Company for a period of 12 months starting from June 1, 2024 until May 31, 2025, in accordance with the provisions of Articles 1A1, 1B(5)) and 1B1 of the Company Regulations (Easements in Transactions with Interested Parties), 2000 (hereinafter: the "**Easement Regulations**") and in accordance with the Remuneration Policy of the Company, with regard to all the Directors and Officers of the Company (including the controlling shareholders of the Company and the relatives thereof). The insurance policy is in accordance with market terms and is not expected to materially affect the profitability of the Company, its property or liabilities. The main terms of the policy are as follows: insurance coverage for one incident and in total for the damages that may occur during the insurance period in the amount of USD 7,500,000 (USD seven million and five hundred thousand) (plus reasonable legal defense expenses in Israel and abroad). The deductible of the Company is in the amount of USD 10,000 except for claims filed in the United States and Canada as well as claims in the field of

² It should be noted that Mr. Beck also serves as a senior partner in the Fimi Fund, the controlling shareholder of the Company (together with Mr. Haim Shani), and the remuneration for tenure thereof as a Director in the Company is paid directly to the Fimi Fund.

securities, in which the deductible of the Company will be USD 50,000 per event. The reasons of the Remuneration Committee and the Board of Directors for approving the insurance policy included, among other things, the fact that an insurance policy is a necessary tool in order to enable the officers of the Company to work and serve the Company as required by their duties in an optimal manner, knowing that this provides them with protection in carrying out their activities for the benefit of the Company, and all as is customary for officers in similar public companies. It should be clarified that the terms of the insurance policy for the controlling shareholders and the relatives thereof are under the same terms as for the other officers of the Company.

- 3.8 On May 8, 2024, the Board of Directors of the Company approved, following the approval of the Remuneration Committee, the allotment of 400,000 options (non-tradable) exercisable for 400,000 ordinary shares of the Company, to the CEO, other officers of the Company and other employees. The options will mature over a period of 4 years in equal parts, starting at the end of the second, third and fourth year following the allotment, and shall be exercisable for a period of 6 years from the date of the allotment. The exercise price of each option will be NIS 38.89, and the fair value of each option on the date of the allotment, which is calculated in accordance with the B&S model, is NIS 14.68. For details of the allotment of the options to the officers, see the Immediate Report published on the same date as this report. Furthermore, the Company will publish the convening of a meeting of shareholders, the agenda of which will be to approve the allotment of the options to the CEO of the Company.

4. Financial situation

4.1 Balance sheet (NIS thousands)

	As of March 31		As of December 31	The Board of Directors' explanations of the material changes compared to the corresponding period of the previous year
	2024	2023	2023	
	NIS thousands			
Current assets	101,429	102,817	91,419	An increase of approximately NIS 10 million in the total current assets is mainly due to an increase in cash and cash equivalent balances in the amount of approximately NIS 4.4 million, an increase in customer balances in the amount of approximately NIS 2.7 million as well as an increase in inventory in the amount of approximately NIS 2 million.
Non-current assets	59,093	58,989	59,920	-
Total assets	160,522	161,806	151,339	
Current liabilities	70,076	58,501	72,300	A decrease of approximately NIS 2.2 million mainly due to the undertaking of a dividend announced in December 2023 in a total amount of NIS 10 million which was paid in full in January of this year, and on the other hand an increase in the balances of suppliers and service providers of approximately NIS 6.1 million as well as an increase in the balance of payables and credit balances (including income tax) of approximately NIS 2.9 million.
Non-current liabilities	8,184	17,252	9,059	A decrease of approximately NIS 0.9 million mainly due to a decrease in liabilities of long-term leases in the amount of approximately NIS 0.8 million due to the ongoing repayment of the liability.

	As of March 31		As of December 31	The Board of Directors' explanations of the material changes compared to the corresponding period of the previous year
	2024	2023	2023	
	NIS thousands			
Equity attributable to the Company's shareholders	82,262	86,053	69,980	An increase of approximately NIS 12.3 million in the equity of the Company mainly due to a profit in the period in the amount of approximately NIS 12.1 million
Total liabilities and equity	160,522	161,806	151,339	

The Company's working capital as of March 31, 2024, March 31, 2023 and December 31, 2023 amounted to approximately NIS 31,353, NIS 44,316 and NIS 19,119 respectively.

4.2 Operating results (NIS thousands)

	As of March 31		As of December 31	The Board of Directors' explanations of the material changes compared to the corresponding period of the previous year
	2024	2023	2023	
	NIS thousands			
Revenues	54,300	50,397	211,671	The revenues of the Company increased by approximately NIS 3.9 million, a rate of 8%, mainly due to an increase in the sales of the products of the Company (mainly in the United States) as well as due to the strengthening of the USD and the Euro versus the NIS.
Cost of revenues	26,841	25,994	106,096	
Gross profit (gross profit margin)	27,459 (50.6%)	24,403 (48.4%)	105,575 (49.9%)	The gross profit increased during the reporting period compared to the corresponding period of the previous year in the amount of approximately NIS 3.1 million with an improvement in the gross profit rate in relation to revenues. The improvement in the gross profit rate is mainly due to the mix of customers and products.
Development expenses	1,251	926	4,471	An increase in development expenses in the amount of approximately NIS 0.3 million mainly due to an increase in salary and related expenses.
Sales and marketing expenses	8,824	8,295	35,197	An increase in sales and marketing expenses in the amount of approximately NIS 0.5 million mainly due to an increase in salary expenses attributed to the sales setup of the Company.
General and administrative expenses	3,896	3,545	14,773	An increase in administrative and general expenses in the amount of approximately

	As of March 31		As of December 31	The Board of Directors' explanations of the material changes compared to the corresponding period of the previous year
	2024	2023	2023	
	NIS thousands			
				NIS 0.4 million mainly due to an increase in salary and consulting expenses.
Profit from ordinary activities	13,488	11,637	51,134	
Financing income (expenses), net	(38)	(818)	(1,532)	A decrease in financing expenses, net in the amount of approximately NIS 0.8 million. In the corresponding period of the previous year, the net expenses were mainly attributed to a loss from foreign exchange hedging transactions and to a one-time payment for release from an indemnity agreement to a foreign insurance company, offset by financing income from exchange rate differences.
Profit (loss) from revaluation of the liability in respect of option warrants	586	(508)	2,451	Gain from the valuation of the liability in respect of the option warrants during the reporting period in the amount of approximately NIS 0.6 million in accordance with the valuation (see section 5 below).
Profit before taxes on income	14,036	10,311	52,053	
Taxes on income	1,972	1,286	10,840	An increase in tax expenses compared to the corresponding period in the previous year in the amount of approximately NIS 0.7 million which is mainly due to an increase in respect of which the Company created a provision for current taxes.
Profit for the period	12,064	9,025	41,213	

4.3 Liquidity and Financing Sources

The balance of cash and cash equivalents as of March 31, 2024, March 31, 2023 and December 31, 2023 amounted to approximately NIS 17,692 thousand, approximately NIS 20,156 thousand and approximately NIS 13,259 thousand, respectively. Below are explanations regarding the changes in cash flows (NIS thousands):

	As of March 31		As of December 31	The Board of Directors' explanations of the material changes compared to the corresponding period of the previous year
	2024	2023	2023	
	NIS thousands			
Cash flow from operating activities	17,759	16,225	58,379	<p>The cash flow from current operations during the reported period amounted to approximately NIS 17.8 million and is due to the profit from current operations of the Company which totaled approximately NIS 12.1 million, plus the necessary adjustments for presenting the cash flow from current operations in the amount of NIS 5.7 million. These adjustments include:</p> <ol style="list-style-type: none"> 1) An increase in revenue and expenses not involving cash flows in the amount of approximately NIS 2.6 million (mainly depreciation and amortization in the amount of NIS 3.2 million, offset by the gains in the revaluation of option warrants in the amount of approximately NIS 0.6 million. 2) An addition due to changes in the working capital sections in the amount of approximately NIS 3.1 million mainly due to an increase in the balances of suppliers and service providers in the amount of approximately NIS 6.1 million and due to an increase in payables and credit balances in the amount of approximately NIS 2.8 million.

	As of March 31		As of December 31	The Board of Directors' explanations of the material changes compared to the corresponding period of the previous year
	2024	2023	2023	
	NIS thousands			
				These additions were mainly offset by an increase in the balances of customers in the amount of approximately NIS 2.5 million, an increase in inventory balances of approximately NIS 1.9 million, as well as an increase in other receivables in the amount of approximately NIS 0.9 million.
Cash flow from investment activities	(2,316)	(2,314)	(9,735)	The cash flow used for investment activities during the reporting period totaled approximately NIS 2.3 million and was mainly used for investment in development properties.
Cash flow from financing activities	(11,179)	(987)	(42,758)	The cash flow used for financing activities during the reporting period totaled approximately NIS 11.2 million, which was mainly used for the payment of the dividend in the amount of NIS 10 million as well as the current repayment of bank loans as well as the repayment of liabilities in respect of leases.

As of March 31, 2024, the Company's unutilized credit lines for operating activities amounted to NIS 900 thousand. From time to time, the Company applies to financial institutions for lines of credit according to its needs.

5. Required details in accordance with Regulation 8B (I) of the Regulations

Name of the valuation subject	The fair value mechanism for adjusting the prices of a liability in respect of option warrants
Valuation date	March 31, 2024
Subject valuation	NIS 6,321,058
Appraiser	CPA Shai Fulbernis, holds a B.A degree in economics, specializing in accounting from Ben Gurion University. Holds an Israeli CPA license. CEO of Fulbernis Barkat Ben Yehuda since 2007.
Experience in performing valuations for accounting requirements in reporting corporations and with scopes similar to those of the reported valuation or exceeding these scopes	In-depth experience of 17 years in the field of valuations and financial consulting in similar or larger scopes.
Dependence on the Company	There is no dependence on the Company
Providing indemnity for the appraiser	The Company undertakes to indemnify the appraiser in connection with any compensation, which exceeds three times the amount of the fee paid by the Company to the appraiser for the opinion, in which the appraiser will be liable to a third party and/or the Company in connection with the opinion, including, all expenses that will be required for legal representation, including opinions of consultants and experts. These expenses will be transferred to the valuation appraiser within 30 days of the notification thereof to the Company by the appraiser.
Valuation model	Monte Carlo
Underlying assumptions in accordance with which the appraiser performed the appraisal	Unitronics standard deviation 18.59%, Utron standard deviation 41.55%, risk-free interest rate 3.48%, life cycle 1.5 months, Unitronics base asset NIS 30.23, Utron base asset NIS 3.51.
Impact on profit and loss	Profit in the total amount of NIS 586 thousand for the three-month period ended March 31, 2024.

2.1 Quarterly Report with regard to the list of undertakings by repayment dates

For details regarding the Company's liabilities by repayment dates as of March 31, 2024, see the report on the Balance of the Company's Liabilities According to its Repayment Schedule, which is published concurrently with this report and is included herein by way of reference.

Amit Ben-Zvi
Joint Active Chairman of the
Board of Directors

Haim Shani
Active Chairman of the
Board of Directors

Amit Harari
CEO

Date: May 8, 2024

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
		2024	2023	2023
		March 31		December 31
		(Unaudited)		(Audited)
		NIS (thousands)		
Revenues	4	54,300	50,397	211,671
Cost of revenues		26,841	25,994	106,096
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		3,896	3,545	14,773
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		586	* (508)	2,451
Profit before taxes on income		14,036	10,311	52,053
Income taxes		1,972	1,286	10,840
Profit for the period		12,064	9,025	41,213
Basic earnings per share in NIS		0.867	0.654	2.979
Diluted earnings per share in NIS		0.795	0.650	2.705

(*) 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.

Since 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 “War of Iron Swords”, which is still ongoing.

Shortly following the surprise attack, fighting started 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 Israeli shekel against foreign currencies.

Furthermore, following the above, on February 9, 2024, the Moody’s rating agency published a report in which it downgraded Israel's credit rating to A2 with a negative outlook, and on April 19, 2024, S&P Global Rating Company downgraded Israel's rating from AA minus to A plus.

During the period of the fighting and as of the date of the report, all the systems of the Company are operating normally and there is no material direct effect of the war on the operations 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 war develops 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 Board of Directors of the Company approved, following the approval of the Remuneration Committee, the allotment of 400,000 options (non-tradable) exercisable for 400,000 ordinary shares of the Company, to the CEO, other officers of the Company and other employees. The options will mature over a period of 4 years in equal parts, starting at the end of the second, third and fourth year following the allotment, and shall be exercisable for a period of 6 years from the date of the allotment. The exercise price of each option will be NIS 38.89, and the fair value of each option on the date of the allotment, which is calculated in accordance with the B&S model, is NIS 14.68. 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