



Unitronics (1989) (RG) Ltd.

Quarterly Report as of March 31, 2020

On January 1, 2020, the Company announced that it was back to the definition of "small corporation" as defined in this Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter: "Regulations") and in view of the aforesaid, and in accordance with the decision of the Company's Board of Directors. In this regard, the Company will continue to apply all the reliefs it has implemented to date as a small corporation, which are set out in Regulation 5D of the Regulations. For further details, see the Immediate Report on January 1, 2020 (Reference: 2020-01-000085), which is hereby incorporated by reference.

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1. Chapter A – Introduction

1.1. General

Company name: Unitronics (1989) (RG) Ltd.
(Hereinafter: the "**Company**" or "**Unitronics**")

Company number: 520044199

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Period of the Report: The three month period ended on March 31, 2020

Date of the Report: March 31, 2020

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 also assumed that the Board of Directors' report for December 31, 2019, as published on March 26, 2020 (reference number: 2020-01-026110).

The above reference is cited as inclusion by way of reference ("Periodic Report for 2019")

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.

1.2. 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) of various types that combine an operating panel (keyboard and display) as an integral part of the PLC, and connectivity (including Internet, intranet and cellular telephone communications) and external expansion units to the PLCs and software for PLCs (hereinafter: the "**Products Segment**"). The PLCs are designed primarily for the management of automated systems, including industrial automation, logistics systems, automated parking lots, management of production floors and other auxiliary means.

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

The Company's PLCs and services are marketed and sold through the Company's internal marketing system via Unitronics Inc., and through a network of distributors that includes

about 200 distributors, of which approximately 120 in the US and North America and about 70 countries (including Israel) throughout Europe, Asia, South and Central America, North America 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 1.12 in Chapter A of the Company's Periodic Report for 2019.

It should be noted that up to March 12, 2019 (hereinafter - the "split date"), the Company engaged in two areas of activity as specified in Section 1.3.1 of Chapter A of the 2019 Periodic Report and Note 1 to the Consolidated Financial Statements of 2019 - Chapter C of the 2019 Periodic Report: Products and automated solutions. At the time of the split, the Company's automated solutions business was transferred to Utron Ltd., a company controlled by the Company's controlling shareholders, and from that date the Company ceased to operate in the automated solutions sector.

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

- 1.3.1.** On January 1, 2020, the Company announced that it was back to the definition of "small corporation" (as defined in these Regulations) and that in light of the above, and in accordance with the decision of the Company's Board of Directors on the matter, the Company will continue to apply all the reliefs it has implemented until that date as a small corporation, From the 2019 Periodic Report, and will continue to report by quarterly reporting format (from the reporting period beginning January 1, 2020). For more details, see the Company's Immediate Report of January 1, 2020 (Reference No. 2020-01-000085). The above mention is a generalization on the way of referral.
- 1.3.2.** On January 29, 2020, the Company repaid the balance of debentures (Series 4) in the amount of NIS 11,156 thousand, as well as interest and linkage in the amount of NIS 308 thousand. A pledged deposit in the amount of the semi-annual interest payments of the debentures in favor of bondholders (Series 4), was removed in February 2020 with the repayment of the bond.
- 1.3.3.** On March 9, 2020, the Company took out a loan from a banking corporation of 1.9 million euros for a period of 24 months. The loan is repaid on 24 monthly installments, carries a fixed interest rate of 2.58% per annum, and joins existing liens and liabilities on the Company's loans from the banking corporation.
- 1.3.4.** On May 7, 2020, the Company received a loan from a banking corporation of NIS 3.5 million for a period of 60 months, as part of the State Guarantee Loan Program, in light of the Corona crisis. The loan is repaid in 49 equal monthly installments as of the end of the first year, and carries an annual interest rate of + 1.5%.

- 1.3.5.** On April 30, 2020, US subsidiary Unitronics Inc. received a \$ 388 forgivable loan from the US government under the Paycheck Protection Program (PPP) in light of the Corona crisis (hereinafter - "PPP loan") The loan carries a fixed interest rate of 1% per annum.

Subject to proof of use of the loan proceeds primarily for payment of wages to its employees as well as other overhead expenses in the second quarter of 2020, the repayment of the PPP loan may be waived. If the Company fails to meet the waiver conditions, the loan will be repayable in monthly installments for up to two years from the date of receipt.

- 1.3.6.** On May 27, 2020, following approval by the Company's Balance Sheet, Audit and Remuneration Committee from May 21, 2020, the Company's Board of Directors approved the renewal of the Company's Directors' and Officers' Liability Insurance Policy for , for a period of 12 months starting at June first until May 31, 2021, in accordance with the provisions of Articles 1B(5) and 1B1 of the Companies Regulations (Reliefs in Transactions with Interested Parties), 2000 (hereinafter: the "**Relief Regulations**") and in accordance with the Company's remuneration policy, for all directors and officers of the Company (including the Controlling Shareholders of the Company and their relatives). The main terms of the policy are as follows: Insurance coverage for one event and in total for damages that may occur during the insurance period in the amount of USD 7.5 million (seven million and five hundred thousand US Dollars) The Company's deductible for claims filed in the United States and Canada of \$ 25,000 per case excluding securities claims, including the Company's deductible of \$ 35,000 per case.

- 1.3.7.** The company is exposed to local and global macroeconomic impacts and risks associated with the Corona virus outbreak, which could affect its ability to purchase raw materials and products, their prices, their conveyance, and their ability to regularly produce, sell and ship products. In addition, the company is exposed to a decline in demand for its products and an impact on sales volume and the strength of its customers. Non-eradication of the Corona virus and the continuation or exacerbation of measures taken by authorities and countries both in Israel and abroad (and in particular in its centers of activity in the United States from which the Company distributes its products in North America and whose revenues are material to the Company as well as in production centers and / or raw materials (such as China and Korea) May result in the Company's business activity being impaired, inter alia, due to decreased volume and production capabilities (resulting from, among other things, disabling personnel or imposing restrictions on movement of civilians, workers, congregations, gatherings, insulators returning from abroad or coming into direct contact with Factors returning from overseas and required for isolation), delays in shipping and supply of raw materials, components for finished goods or products, inter alia, as a result of transport restrictions, including due to disabling of ports or airports (as well as reduction in world commercial flights and lack of regularity), Restrictions on the Company's employees and managers leaving the country, relocation of workers to work from home and instability in global markets, which may reduce demand for

the company's products, decline or delay in the supply of products and / or affect their prices, and other negative consequences that are difficult to anticipate.

As of the date of publication of this report, there has been a certain decrease in demand and sales of the company's products compared with previous periods. The Company has worked to reduce costs, among other things, taking employees on vacation without pay, reducing wages in Israel and abroad and reducing overhead costs.

In addition, there is a significant global negative economic impact, the negative effects of which are likely to widen to many sectors of the economy, and its scope, in the world and in Israel, as well as in capital markets in the world, as well as in Israel, have been responding to the crisis and there have been sharp declines in prices, including the company's shares. Subsequent to the report date, there was a rise in prices in the capital markets in the world and in Israel, including the company's shares.

The Company examined signs of impairment of the intangible assets, use rights and fixed assets in accordance with IAS 36 and concluded that none existed.

It should be emphasized that in view of the fact that this is a dynamic event characterized by a great deal of uncertainty, among other things, in connection with the rate of the spread of the Corona virus, the duration of the spread and the measures taken by the various authorities in the various countries in which the company is active, the company cannot assess the full extent and the nature of the effects of its activities. The degree of influence depends on the extent and extent of their materialization.

The Company's assessments of the possible consequences of the continued spread of the Corona virus and the public's directives on its activities 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. 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 and Among other things, the length of time that the Corona virus will continue to spread, the guidelines of the relevant authorities in Israel and around the world, and the intensity and duration of the economic slowdown that will develop in Israel and around the world.

Chapter B – Board of Directors' Report

2.1 The Financial Status

2.1.1 Balance sheet

	As of March 31		As of Dec. 31, 2019	The Board of Directors' Explanations of Changes in Balance Sheets compared to December 31, 2019
	2020	2019		
	NIS thousands			
Current assets	81,928	74,556	81,660	1. Total current assets as of March 31, 2020, with no significant change compared to the balance as of December 31, 2019. 2. A decrease in inventory in the amount of approximately NIS 3 million, increase in cash and deposit in the amount of NIS 2 million and an increase in account receivable in the amount of approximately NIS 1.5 million.
Non-current assets	66,419	66,840	65,896	An increase in Intangible assets in the amount of NIS 1.5 million.
Total assets	148,347	141,396	147,556	
Current liabilities	63,691	45,526	49,233	1. Increase in current maturities of loans from banking corporations in the amount of NIS 24 million, arising mainly from the classification of current liabilities of NIS 20 million in loans received in February 2019 and repayment in February 2021, as well as in current maturity of loan in the amount of 1.9 million Euro, received in March 2020, payable to the rate of 24 monthly payments. 2. A decrease in current maturities of NIS 11 million for the purpose of repaying Series 4 bonds in January 2020.
Non-current liabilities	21,980	42,636	41,765	1. A decrease of approximately NIS 17 million in long-term loans, which is mainly due to the classification of current loan commitments as described above. 2. A decrease of approximately NIS 3 million for the fair value revaluation of warrants.
Equity attributable to the Company's shareholders	62,676	53,234	56,558	An increase of approximately NIS 6 million in the Company's equity balance, arising from a three-month period profit ending March 31, 2020.
Total liabilities and equity	148,347	141,396	147,556	

The Company's working capital as of March 31, 2020 amounted to NIS 18,237 thousand, compared to the Company's working capital as of December 31, 2019, which amounted to NIS

32,427 thousand. The decrease is mainly due to an increase in current maturities for loans due in the coming year, as detailed above.

2.1.2 Operating results

	For the three-month period ended on March 31		For the year ended on December 31, 2019	The Board of Directors' Explanations of the Main Changes in the profit and loss items compared to the corresponding period
	2020	2019	2019	
	NIS thousands			
Income	33,331	32,976	137,545	Revenues for the three-month period ended March 31, 2020, increased by NIS 0.5 million compared to the same period last year.
Cost of income	18,769	18,295	78,807	
Gross profit (gross profit margin)	14,562 (43.7%)	14,681 (44.5%)	58,738 (42.7%)	The gross profit for the three month period ended March 31, 2020 are similar to the same period of 2019. Gross profit margin decreased slightly compared with the same period last year, mainly due to some increase in wages and production overheads.
Development expenses	966	1,004	3,941	
Selling and marketing expenses	6,424	6,167	26,702	The Selling and marketing expenses for the three month period ended March 31, 2020 are similar to the same period of 2019.
General and administrative expenses	3,574	3,943	15,108	General and administrative expenses for the three-month period ended March 31, 2020, decreased by NIS 0.5 million, mainly due to a reduction in costs after the split.
Profit from ordinary activities	3,598	3,567	12,987	
Financing income (expenses), net	3,050	420	(3,299)	The increase in financing income for the three-month period ended March 31, 2020 compared with the corresponding period last year, was mainly due to a fair value adjustment of warrants and options for exchange rate differences.
Profit before taxes	6,648	3,987	9,688	

Taxes on income	(808)	(529)	(1,545)	Tax expenses mainly derive from the period for which the company created a provision for current taxes, given the tax benefits to which the company is entitled, as well as changes in the deferred tax balances.
Profit for the period from continued activity	5,840	3,458	8,143	
Loss from discontinued operation	-	(5,513)	(5,513)	Results of discontinued operations are attributed to the automated solutions segment that was split in March 2019.
Profit (loss) for the period	5,840	(2,055)	2,630	

2.2 Liquidity and Financing Sources

The cash flow statements for the three-month period ended March 31, 2019, refer to both the product activity and the discontinued automated solutions activity, which was subtracted from the split. The cash flow statements after the split refer only to continued product activity.

As of March 31, 2020, the Company's balance of cash and cash equivalents, short-term and long-term deposits, and marketable securities amounted to NIS 21,025 thousand, compared to NIS 19,598 thousand as of December 31, 2019. Below are explanations regarding the changes in cash flows :

	For the three-month period that ended on March 31		For the year ended on December 31, 2019	The Board of Directors' Explanations
	2020	2019	2019	
	<u>NIS thousands</u>			
Cash flow from operating activities	9,315	5,452	22,283	Cash flow from operating activities derives from the profit of the Company's operations, after adjusting for cash flow adjustments, mainly depreciation and amortization.
Cash flow from investment activities	(2,168)	(14,640)	(8,157)	The cash flows used in investment activities during the reported period was mainly generated by investment in development assets.
Cash flow from financing activities	(4,865)	(13,732)	(20,215)	The cash flows used in financing activities during the reported period was mainly used to repay debentures net of loans provided by a banking corporation.

As of March 31, 2020, the Company's unutilized credit lines for operating activities amounted to NIS 900 thousand. From time to time, the Company turns to financial institutions to take out lines of credit according to its needs.

2.3 Details required in accordance with Regulation 8B (9) of the Securities Regulations

Name of valuation subject	Option warrant liability fair value price adjustment mechanism
Valuation date:	March 31, 2020
Valuation amount	NIS 3,225,057
Appraiser	CPE Shai Pulvernis, holds a BA in Economics and Accounting from Ben-Gurion University. Licensed as a chartered accountant in Israel. CEO of Pulvernis Bareket Ben Yehuda since 2007.
Experience in carrying out valuations for accounting needs in reporting corporations and on a scale similar or exceeding that of the reported valuation	13 years extensive experience in the field of valuations and economic consulting on a similar or larger scale.
Dependence on the Company	Has no dependence on the Company
Providing indemnity to the valuator	The Company undertakes to indemnify the Appraiser in connection with any compensation, which exceeds three times the fees paid by the Company to the Appraiser for the opinion, for which the Appraiser shall be liable to a third party and/or the Company in connection with the opinion, including all the expenses required for legal representation, including expert consultation and opinion. These expenses will be transferred to the Appraiser within 30 days from the date from which the Appraiser advised the Company thereof.
Valuation model	Monte Carlo
Assumptions under which the appraiser conducted the valuation	Unitronics standard deviation 40.85%, Utron standard deviation 44.97%, no-risk interest 0.47%, life cycle 2.75, Unitronics base asset NIS 6.14, Utron base asset NIS 4.56.
Influence on profit and loss	Financing income in the amount of NIS 2,879 thousands for the three month period ended March 31, 2020.

2.4 Quarterly Report Regarding the Balance of the Company's Liabilities according to its Repayment Schedule

For details regarding the Company's liabilities by repayment dates as of March 31, 2020, 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 27, 2020

UNITRONICS (1989) (R"G) LTD
Consolidated Financial Statements
March 31, 2020
(Unaudited)

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

March 31, 2020

(Unaudited)

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

Introduction

We have reviewed the accompanying financial information of Unitronics (1989) (R"G) Ltd. and its subsidiaries (hereinafter – "the Group") which includes the condensed consolidated statements of financial position as of March 31, 2020 and the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three month periods then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standards (IAS) 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Review Standard (Isreal) 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 and on the review reports provided by other auditors, 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 and on the review reports provided by other auditors, 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 27, 2020



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Unitronics (1989) (R"G) Ltd.

Condensed Consolidated Statements of Financial Position

	As of March 31		As of
	2020	2019	December 31
			2019
	(Unaudited)		(Audited)
	NIS, (in thousands)		
<u>Current assets</u>			
Cash and cash equivalents	18,025	14,800	15,590
Restricted cash	-	307	306
Deposits in banks	3,000	-	4,008
Trade and income receivable, net	20,590	22,581	19,121
Accounts receivable	3,951	3,309	3,455
Other financial assets	62	383	-
Associated companies	4,208	-	3,420
Inventory	32,092	33,176	35,760
	81,928	74,556	81,660
<u>Non-current assets</u>			
Restricted bank deposit	5,001	5,057	4,815
Rights-of-use assets	15,836	17,343	16,331
Other deposits	119	108	118
Property and equipment, net	2,381	2,493	2,443
Intangible assets, net	43,082	41,839	42,189
	66,419	66,840	65,896
	148,347	141,396	147,556

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

Amit Harari
CEO

Yehuda Cohen
CFO

Date of approval of the financial statements: May 27, 2020

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

Unitronics (1989) (R"G) Ltd.

Condensed Consolidated Statements of Financial Position

	<u>As of March 31</u>		<u>As of December</u>
	<u>2020</u>	<u>2019</u>	<u>31</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>NIS. (in thousands)</u>		
<u>Current liabilities</u>			
Current maturities of bank loans	26,030	2,346	2,323
Current maturities of bonds	-	11,267	11,396
Suppliers and service providers	18,682	20,185	17,111
Associated companies	6,962	-	6,715
Lease liabilities	2,036	1,821	2,014
Other accounts payable	9,981	(*)9,907	9,674
	<u>63,691</u>	<u>45,526</u>	<u>49,233</u>
<u>Non-current liabilities</u>			
Bank loans	11,087	29,778	27,954
Employee benefit liabilities, net	1,982	1,780	1,982
Lease liabilities	729	2,127	1,114
Liability for share purchase options	3,225	3,902	6,104
Deferred taxes	4,957	5,049	4,611
	<u>21,980</u>	<u>42,636</u>	<u>41,765</u>
<u>Equity</u>			
Share capital	427	427	427
Share premium	63,204	63,204	63,204
Capital reserve with regard to translation of financial statements of foreign operations	(2,269)	(1,464)	(2,436)
Capital reserve with regard to share based payment transactions	262	-	151
Treasury shares	(7,042)	(7,042)	(7,042)
Reserve due to transaction with a controlling shareholder	104	104	104
Retained earnings (accumulated loss)	7,990	(1,995)	2,150
	<u>62,676</u>	<u>53,234</u>	<u>56,558</u>
	<u>148,347</u>	<u>141,396</u>	<u>147,556</u>

(*)Reclassified

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

Unitronics (1989) (R"G) Ltd.

Condensed Consolidated Statements of Profit or Loss

	<u>For the three month period</u> <u>ended on September 30</u>		<u>For the year ended</u> <u>December 31</u>
	<u>2020</u>	<u>2019</u>	<u>2019</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>NIS, (in thousands)</u>		
Revenues	33,331	32,976	137,545
Cost of revenues	<u>18,769</u>	<u>18,295</u>	<u>78,807</u>
Gross profit	14,562	14,681	58,738
Development expenses, net	966	1,004	3,941
Selling & marketing expenses	6,424	6,167	26,702
General & administrative expenses	<u>3,574</u>	<u>3,943</u>	<u>15,108</u>
Profit from ordinary operations	3,598	3,567	12,987
Financing incomes	3,467	1,018	1,169
Financing expenses	<u>417</u>	<u>598</u>	<u>4,468</u>
Profit before taxes on income	6,648	3,987	9,688
Taxes on income	<u>808</u>	<u>529</u>	<u>1,545</u>
Profit for the period from continuing operations	5,840	3,458	8,143
loss from discontinued activity	<u>-</u>	<u>(5,513)</u>	<u>(5,513)</u>
Profit (loss) for the period	<u><u>5,840</u></u>	<u><u>(2,055)</u></u>	<u><u>2,630</u></u>
Basic earnings per share in NIS from continuing operations	0.425	0.251	0.592
Basic earnings (loss) per share in NIS from discontinued activity	<u>-</u>	<u>(0.400)</u>	<u>(0.401)</u>
Basic earnings (loss) per share in NIS	<u><u>0.425</u></u>	<u><u>(0.149)</u></u>	<u><u>0.191</u></u>
Diluted earnings per share in NIS from continuing operations	0.234	0.251	0.592
Diluted earnings (loss) per share in NIS from discontinued activity	<u>-</u>	<u>(0.400)</u>	<u>(0.401)</u>
Diluted earnings (loss) per share in NIS	<u><u>0.234</u></u>	<u><u>(0.149)</u></u>	<u><u>0.191</u></u>

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

Unitronics (1989) (R"G) Ltd.

Condensed Consolidated Statements of Comprehensive Income

	<u>For the three month period</u> <u>ended on September 30</u>		<u>For the year ended</u> <u>December 31</u>
	<u>2020</u>	<u>2019</u>	<u>2019</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>NIS, (in thousands)</u>		
Profit (loss) for the period	5,840	(2,055)	2,630
<u>Other comprehensive income (loss) (net of tax)</u>			
<u>Items that will not subsequently be reclassified</u> <u>to profit or loss:</u>			
Remeasurement Profit from defined benefit plans	-	-	(540)
<u>Items that will be reclassified to profit or loss if</u> <u>certain conditions are met:</u>			
Adjustments arising from translation of financial statements of foreign operations	<u>167</u>	<u>(203)</u>	<u>(1,175)</u>
Other comprehensive income (loss) for the period	<u>167</u>	<u>(203)</u>	<u>(1,175)</u>
Total comprehensive income (loss) for the period	<u>6,007</u>	<u>(2,258)</u>	<u>915</u>

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

Unitronics (1989) (R"G) Ltd.

Condensed Statements of Changes in Consolidated Interim Capital

	Share capital	Share premium	Capital reserve from adjustments due to translation of financial statements of foreign operations	Capital reserve for share base payment transactions	Company shares held by the company	Reserve from a transaction with a controlling Shareholder	Retained earnings (Accumulated loss)	Total
					<u>NIS, in thousands</u> <u>(Unaudited)</u>			
<u>Balance as of January 1, 2020</u>	427	63,204	(2,436)	151	(7,042)	104	2,150	56,558
Profit for the period							5,840	5,840
Other comprehensive profit for the period			167					167
Total comprehensive income for the period			167				5,840	6,007
Share based payment cost				111				111
<u>Balance as of March 31, 2020</u> (unaudited)	<u>427</u>	<u>63,204</u>	<u>(2,269)</u>	<u>262</u>	<u>(7,042)</u>	<u>104</u>	<u>7,990</u>	<u>62,676</u>
<u>Balance as of January 1, 2019</u>	427	104,513	(1,598)	-	(7,042)	104	60	96,464
Loss for the period	-	-	-	-	-	-	(2,055)	(2,055)
Other comprehensive loss for the period	-	-	(203)	-	-	-	-	(203)
Total comprehensive income (loss) for the period	-	-	(203)	-	-	-	(2,055)	(2,258)
Spin-off of automated solutions segment and related activities	-	(41,309)	337	-	-	-	-	(40,972)
<u>Balance as of March 31, 2019</u> (unaudited)	<u>427</u>	<u>63,204</u>	<u>(1,464)</u>	<u>-</u>	<u>(7,042)</u>	<u>104</u>	<u>(1,995)</u>	<u>53,234</u>

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

Unitronics (1989) (R"G) Ltd

Condensed Statements of Changes in Consolidated Interim Capital

	Share capital	Share premium	Capital reserve from adjustments due to translation of financial statements of foreign operations	Capital reserve for share base payment transactions	Company shares held by the company	Reserve from a transaction with a controlling Shareholder	Retained earnings (Accumulated loss)	Total
	<u>NIS, in thousands</u>							
	<u>(Unaudited)</u>							
<u>Balance as of January 1, 2019</u>	427	104,513	(1,598)	-	(7,042)	104	60	96,464
Profit for the year							2,630	2,630
Other comprehensive income for the year			(1,175)	-			(540)	(1,715)
Total comprehensive income for the year			(1,175)	-			2,090	915
Share based payment cost				151				151
Spin-off of automated solutions segment and related activities	-	(41,309)	337	-	-	-	-	(40,972)
<u>Balance as of December 31, 2019</u>	<u>427</u>	<u>63,204</u>	<u>(2,436)</u>	<u>151</u>	<u>(7,042)</u>	<u>104</u>	<u>2,150</u>	<u>56,558</u>

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

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

	For the three month period ended on March 31		For the year ended December 31
	2020	2019	2019
	(Unaudited)		(Audited)
	NIS, (in thousands)		
<u>Cash flows – operating activities:</u>			
Profit (loss) for the period	5,840	(2,055)	2,630
Adjustments required to show the cash flows from operating activities (Appendix A)	3,475	7,507	19,653
Cash flows provided by operating activities (used for the activities)	9,315	5,452	22,283
<u>Cash flows – investment activities:</u>			
Investment in fixed assets	(140)	(642)	(1,123)
Withdrawal of restricted cash	306	306	307
Withdrawal (investment) of bank deposits	1,011	-	(4,000)
Investment of a restricted long-term deposits	(38)	(5,057)	(5,000)
Investment in intangible assets	(3,307)	(2,764)	(11,009)
Cash flows used in investment activities	(2,168)	(8,157)	(20,825)
<u>Cash flows – financing activities:</u>			
Repayment of long-term loans	(580)	(201)	(1,836)
Loans taken	7,610	30,000	30,000
Cash outflows due to the spin-off of the automated solutions segment	-	(6,483)	(6,483)
Repayment of bonds	(11,396)	(42,393)	(42,264)
Repayment of lease liabilities	(499)	(1,138)	(2,844)
Net cash used for financing activities	(4,865)	(20,215)	(23,427)
Translation differences in respect of cash and cash equivalents	153	(106)	(267)
Change in cash and cash equivalents for the period	2,435	(23,026)	(22,236)
Cash and cash equivalents at beginning of year	15,590	37,826	37,826
Cash and cash equivalents at end of year	18,025	14,800	15,590

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

Unitronics (1989) (R"G) Ltd.

Condensed Consolidated Statements of Cash Flows

<u>For the three month period</u>		<u>For the year</u>
<u>ended on March 31</u>		<u>ended</u>
<u>2020</u>	<u>2019</u>	<u>December 31</u>
		<u>2019</u>
<u>(Unaudited)</u>		<u>(Audited)</u>
<u>NIS, (in thousands)</u>		

Appendix A

Adjustments necessary to show the cash flows from operations

Income and expenses not involving cash flows:

Depreciation and amortization	3,248	5,862	16,079
Cost of share based payment	111	-	151
Changes in employee benefit liabilities, net	-	(63)	(263)
Revaluation of cash balances in foreign currency	4	(105)	(135)
Revaluation of deposits	(151)	21	204
Revaluation of long-term loans and bonds	(190)	-	(214)
Changes in deferred taxes	346	227	(411)
Revaluation of share options	(2,879)	-	2,202
Revaluation of financial assets, net	(9)	(736)	(365)
Interest on leases	-	-	(118)

Changes in assets and liabilities:

Decrease (increase) in trade and income receivables	(1,247)	5,861	9,340
Increase in income receivable in respect of construction contracts	-	(5,195)	(5,195)
increase in accounts receivable	(488)	(983)	(1,173)
Decrease (increase) in inventory	3,827	(1,134)	(3,967)
Associated companies, net	(506)	-	3,271
Increase (decrease) in trade payables	1,544	3,413	(1,088)
Increase (decrease) in liabilities in respect of construction contracts	-	(3,467)	(3,467)
Increase (decrease) in other accounts payable	(135)	3,806	4,802
	<u>3,475</u>	<u>7,507</u>	<u>19,653</u>

Unitronics (1989) (R"G) Ltd.

Condensed Consolidated Statements of Cash Flows

<u>For the three month period</u>		<u>For the year</u>
<u>ended on March 31</u>		<u>ended</u>
<u>2020</u>	<u>2019</u>	<u>December 31</u>
<u>2019</u>		<u>2019</u>
<u>(Unaudited)</u>		<u>(Audited)</u>
<u>NIS. (in thousands)</u>		

Appendix B - Additional information on cash flows
regarding operating activities

Cash paid during the year for:

Interest	<u>519</u>	<u>1,197</u>	<u>2,396</u>
Taxes on income	<u>706</u>	<u>241</u>	<u>1,828</u>

Cash received during the year for:

Interest	<u>5</u>	<u>-</u>	<u>17</u>
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The notes to the interim consolidated financial statements form an integral part thereof

Unitronics (1989) (R"G) Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Note 1 – General:

These financial statements were prepared in a condensed format as of March 31, 2020 (hereinafter - "Consolidated Interim Financial Statements"). These statements should be read in conjunction with the annual financial statements of the Company as of December 31, 2019 and the year ended on that date as well as the accompanying notes (hereinafter - the "Consolidated Annual Financial Statements").

Until March 12, 2019, the Group operated in two main areas of activity, the product and automated solutions areas, and also held 100% of the capital and control rights of Unitronics Automated Solutions Ltd. ("Solutions"). As of March 12, 2019, the Company operates in the product Only, and its activities in the field of automated solutions, including its holdings in solutions, were transferred to Utron Ltd. as part of a split based on a split prospectus and a registration for trading

Note 2 - Significant Accounting Policies

- A. The consolidated interim financial statements of the Company are prepared in conformity with IAS 34, "Interim Financial Reporting" and in accordance with the provisions of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.
- B. The accounting policy used in preparing the interim consolidated financial statements is consistent with the policy applied in the preparation of the consolidated annual financial statements.

Note 3 –Financial instruments

- A. Classification of financial instruments according to the fair value hierarchy

The financial instruments which are presented in the statement of financial position at fair value, or whose fair value is disclosed, are classified by groups with similar characteristics using the following fair value hierarchy, which is determined based on the source of input used in measuring fair value :

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.

Level 3 - Inputs that are not based on observable market data (valuation techniques that use inputs which are not based on observable market data).

Foreign currency forward contract is measured by Level 2.

Liability for share purchase options are measured by 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 share purchase option for which no quoted market price exists, is determined for every reporting period on the basis of the economic model used in an evaluation made by an external appraiser.

Further to note 28E of the consolidated annual financial statements, entitlement to additional Company shares held by FIMI shall depend on FIMI's total consideration from the sale of its holdings in the Company's shares and Utron shares, Given the number of variables affecting the value of the options, the "Monte Carlo" model is used.

The fair value of the price adjustment mechanism is the expected future value of the additional shares, which will be allotted to FIMI (to the extent they are allotted), discounted on the date of the calculation, where the number of shares that will be allotted to FIMI will be derived from the consideration FIMI will receive upon the sale of all the acquired shares.

The future value of FIMI shares was estimated using the Monte Carlo model and was divided into two categories:

1. The branches where the value of the shares acquired is lower than 250% of FIMI'S purchase price for which FIMI is entitled to the allotment of additional shares.
2. The branches in which the value of the shares acquired is higher than 250% of FIMI'S purchase price for which FIMI is not entitled to the allotment of additional shares.

The future value of the additional shares was calculated by multiplying (a) the total shares that FIMI will receive by (b) the future value of the share and by (c) the probable future value of the share.

The fair value of the additional shares was calculated by discounting the future value by zero risk interest on the date of the calculation.

C. Quantitative information regarding fair value measurements classified to Level 3:

The following is an effect on profit or loss from a change in standard deviations*

	As of March 31, 2020				
	+10%	+5%	Fair value	-5%	-10%
Effect on the Profit / loss	33	5	3,225	(28)	(55)

The following is an effect on profit or loss from a change in the underlying asset by a rate of:

	As of March 31, 2020				
	+20%	+10%	Fair value	-10%	-20%
Effect on the Profit / loss	(555)	(279)	3,225	282	620

*In calculating the sensitivity tests as mentioned, the rate of increase / decrease taken into account is a change in both the company's share and the Utron share, according to the "Monte Carlo" model

Unitronics (1989) (R"G) Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Note 4 – Revenues:

The table below presents revenues by geographic regions:

	For the three-month period that ended on March 31		For the year that ended on December 31
	2020	2019	2019
	Unaudited		Audited
	NIS in thousand		
Israel	1,717	1,805	7,643
Europe	13,448	13,072	52,492
United States	14,739	15,650	59,203
Others	3,427	2,449	18,207
Total revenues	33,331	32,976	137,545

Note 5 – Material events during the reporting period

A. On March 9, 2020, the Company took out a loan from a banking corporation of 1.9 million euros, for a period of 24 months, repayable on 24 monthly installments, carries a fixed interest rate of 2.58% per annum, and guarantees the existing liens and liabilities on the Company's loans from the banking corporation.

B. Corona virus outbreak –

The company is exposed to local and global macroeconomic impacts and risks associated with the Corona virus outbreak, which could affect its ability to purchase raw materials and products, their prices, their conveyance, and their ability to regularly produce, sell and ship products. In addition, the company is exposed to a decline in demand for its products and an impact on sales volume and the strength of its customers. Non-eradication of the Corona virus and the continuation or exacerbation of measures taken by authorities and countries both in Israel and abroad (and in particular in its centers of activity in the United States from which the Company distributes its products in North America and whose revenues are material to the Company as well as in production centers and / or raw materials (such as China and Korea) May result in the Company's business activity being impaired, inter alia, due to decreased volume and production capabilities (resulting from, among other things, disabling personnel or imposing restrictions on movement of civilians, workers, congregations, gatherings, insulators returning from abroad or coming into direct contact with Factors returning from overseas and required for isolation), delays in shipping and supply of raw materials, components for finished goods or products, inter alia, as a result of transport restrictions, including due to disabling of ports or airports (as well as reduction in world commercial flights and lack of regularity), Restrictions on the Company's employees and managers leaving the country, relocation of workers to work from home and instability in global markets, which may reduce demand for the company's products, decline or delay in the supply of products and / or affect their prices, and other negative consequences that are difficult to anticipate.

As of the date of publication of this report, there has been a certain decrease in demand and sales of the company's products compared with previous periods. The Company has worked to reduce costs, among other things, taking employees on vacation without pay, reducing wages in Israel and abroad and reducing overhead costs.

Unitronics (1989) (R"G) Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Note 5 – Material events during the reporting period (continued)

The company also worked to reduce procurement and inventory levels according to demand. In addition, there is a significant global negative economic impact, the negative effects of which are likely to widen to many sectors of the economy, and its scope, in the world and in Israel, as well as in capital markets in the world, as well as in Israel, have been responding to the crisis and there have been sharp declines in prices, including the company's shares. Subsequent to the report date, there was a rise in prices in the capital markets in the world and in Israel, including the company's shares.

The Company examined signs of impairment of the intangible assets, use rights and fixed assets in accordance with IAS 36 and concluded that none existed.

It should be emphasized that in view of the fact that this is a dynamic event characterized by a great deal of uncertainty, among other things, in connection with the rate of the spread of the Corona virus, the duration of the spread and the measures taken by the various authorities.

In the various countries in which the company is active, the company cannot assess the full extent and the nature of the effects of its activities. The degree of influence depends on the extent and extent of their materialization.

Note 6 – Events subsequent to the balance sheet date:

- A. On May 7, 2020, the Company received a loan from a banking corporation of NIS 3.5 million for a period of 60 months, as part of the State Guarantee Loan Program, in light of the Corona crisis. The loan is repaid in 49 equal monthly installments as of the end of the first year, and carries an annual interest rate of + 1.5%.
- B. On April 30, 2020, US subsidiary Unitronics Inc. received a \$ 388,000 forgivable loan from the US government under the Paycheck Protection Program (PPP) in light of the Corona crisis (hereinafter - "PPP loan") The loan carries a fixed interest rate of 1% per annum.

Subject to proof of use of the loan proceeds primarily for payment of wages to its employees as well as other overhead expenses in the second quarter of 2020, the repayment of the PPP loan may be waived. If the Company fails to meet the waiver conditions, the loan will be repayable in monthly installments for up to two years from the date of receipt.

UNITRONICS (1989) (R" G) LTD

Presentation of Financial Information from the Condensed Interim Consolidated Financial Statements Attributable to the Company

As of March 31, 2020

(Unaudited)



To the shareholders of Unitronics (1989) (R"G) Ltd.
Special Auditors' Report on the Separate Interim Financial Information in accordance with
Regulation 38D to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970

Introduction

We have reviewed the separate interim financial information disclosed in accordance with Regulation 38D to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970, of Unitronics (1989) (R"G) Ltd. ("the Company") as of March 31, 2020 and for the period of three months then ended. The Company's board of directors and management are responsible for the separate interim financial information in accordance with Regulation 38D to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on the separate interim financial information 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 and the review reports of other auditors, nothing has come to our attention that causes us to believe that the separate interim financial information is not prepared, in all material respects, in accordance with Regulation 38d to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 .

Tel Aviv, May 27, 2020

Ziv Haft
Certified Public Accountants (Isr.)
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Unitronics (1989) (R"G) Ltd.

**Amounts of Assets and Liabilities from the Condensed Consolidated Statements of
Financial Position Attributable to the Company**

	As of March 31		As of December 31
	2020	2019	2019
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>NIS, (in thousands)</u>		
<u>Current assets</u>			
Cash and cash equivalents	15,175	10,885	7,874
Restricted cash	-	307	306
Bank deposits	3,000	-	4,008
Trade and income receivable	12,420	13,772	13,169
Accounts receivable	3,739	3,070	3,075
Related companies	2,841		2,655
Accounts receivable – investee companies	9,214	10,443	12,711
Other financial assets	62	383	-
Inventory	29,720	30,617	33,106
	<u>76,171</u>	<u>69,477</u>	<u>76,904</u>
<u>Non-current assets</u>			
Restricted bank deposit	5,001	5,057	4,815
Other deposits	119	108	118
Rights-of-use assets	15,625	16,968	16,076
Property and equipment, net	2,062	2,211	2,130
Loans and capital notes to investee companies net of excess of liabilities over assets attributable thereto	4,439	3,277	3,702
Intangible assets, net	43,082	41,839	42,189
	<u>70,328</u>	<u>69,460</u>	<u>69,030</u>
	<u>146,499</u>	<u>138,937</u>	<u>145,934</u>
_____ Amit Ben Zvi & Haim Shani Joint Chairman of the Board of Directors	_____ Amit Harari Chief Executive Officer	_____ Yehuda Cohen Chief Financial Officer	

Approved: May 27, 2020

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

Unitronics (1989) (R"G) Ltd.

**Amounts of Assets and Liabilities from the Condensed Consolidated Statements of
Financial Position Attributable to the Company**

	<u>As of March 31</u>		<u>As of December 31</u>
	<u>2020</u>	<u>2019</u>	<u>2019</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>NIS, (in thousands)</u>		
<u>Current liabilities</u>			
Current maturities of bank loans	26,030	2,346	2,323
Current maturities of bonds	-	11,267	11,396
Suppliers and service providers	17,623	18,690	16,127
Related company	6,962	-	6,715
Lease liabilities	1,820	1,620	1,807
Other accounts payable	9,408	(*)9,370	9,296
	<u>61,843</u>	<u>43,293</u>	<u>47,664</u>
<u>Non-current liabilities</u>			
Bank loans	11,087	29,778	27,954
Employee benefit liabilities, net	1,982	1,780	1,982
Lease liabilities	729	1,901	1,061
Liability for share purchase options	3,225	3,902	6,104
Deferred taxes	4,957	5,049	4,611
	<u>21,980</u>	<u>42,410</u>	<u>41,712</u>
<u>Shareholders equity</u>			
Share capital	427	427	427
Share premium	63,204	63,204	63,204
Capital reserve from translation of foreign operations	(2,269)	(1,464)	(2,436)
Capital reserve for share based payment	262	-	151
Treasury shares	(7,042)	(7,042)	(7,042)
Fund regarding a transaction with the controlling shareholder	104	104	104
Accumulated profit (loss)	7,990	(1,995)	2,150
	<u>62,676</u>	<u>53,234</u>	<u>56,558</u>
	<u>146,499</u>	<u>138,937</u>	<u>145,934</u>

(*)Reclassified

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

Unitronics (1989) (R"G) Ltd.

Financial Data from the Consolidated Statements of Profit or Loss
attributable to the Company

	<u>For the three-month period</u>		<u>For the year</u> <u>ended on</u>
	<u>Ended on March 31</u>		<u>December 31</u>
	<u>2020</u>	<u>2019</u>	<u>2019</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>NIS, (in thousands)</u>		
Revenues	18,497	18,125	77,876
Revenue from investee companies	10,124	11,327	43,518
Total revenues	28,621	29,452	121,394
Cost of revenues	<u>18,243</u>	<u>18,255</u>	<u>78,718</u>
Gross profit	10,378	11,197	42,676
Development expenses, net	966	1,004	3,941
Selling & marketing expenses	3,422	2,611	13,012
General & administrative expenses	2,842	3,285	12,693
General & administrative expenses to investees	163	168	730
	<u> </u>	<u> </u>	<u> </u>
Profit from ordinary operations	2,985	4,129	12,300
Financing incomes	3,447	1,744	1,169
Financing expenses	<u>371</u>	<u>1,936</u>	<u>4,135</u>
Profit after financing expenses, net	6,061	3,937	9,334
Company's share in profit of investee companies	<u>587</u>	<u>37</u>	<u>295</u>
Profit before taxes on income	6,648	3,974	9,629
Taxes on income	<u>808</u>	<u>516</u>	<u>1,486</u>
Profit for the period from continuing operations	<u><u>5,840</u></u>	<u><u>3,458</u></u>	<u><u>8,143</u></u>
Profit (loss) from discontinued activity	-	(5,513)	(5,513)
Profit (loss) for the period	<u>5,840</u>	<u>(2,055)</u>	<u>2,630</u>

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

Unitronics (1989) (R"G) Ltd.

Amounts of Profit (Loss) from the Condensed Consolidated Statements of Comprehensive Income (Loss) Attributable to the Company

	<u>For the three-month period</u>		<u>For the year ended on</u>
	<u>Ended on March 31</u>		<u>December 31</u>
	<u>2020</u>	<u>2019</u>	<u>2019</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>NIS, (in thousands)</u>		
Profit (loss) for the period	<u>5,840</u>	<u>(2,055)</u>	<u>2,630</u>
<u>Other comprehensive income (loss)</u>			
<u>(after tax)</u>			
<u>Items that will not subsequently be</u>			
<u>reclassified to profit or loss:</u>			
Remeasurement profit from defined benefit plans	-	-	(540)
<u>Items that will be reclassified to profit</u>			
<u>or loss in the future if certain</u>			
<u>conditions are met:</u>			
Adjustments from the translation of financial statements of foreign operations	<u>167</u>	<u>(203)</u>	<u>(1,175)</u>
Other comprehensive income (loss) for the period	<u>167</u>	<u>(203)</u>	<u>(1,175)</u>
Total comprehensive income (loss) for the period	<u>6,007</u>	<u>(2,258)</u>	<u>915</u>

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

Unitronics (1989) (R"G) Ltd.
Amounts of Cash Flows from the Condensed Consolidated Statements of Cash Flows
Attributable to the Company

	For the three-month period		For the year ended on
	Ended on March 31		December 31
	2020	2019	2019
	(Unaudited)		(Audited)
	NIS (in thousands)		
<u>Cash flows – operating activities:</u>			
Profit (loss) for the period attributable to the Company's shareholders	5,840	(2,055)	2,630
Adjustments necessary to show the cash flows from operations (Appendix A)	4,932	12,492	23,112
Cash flows provided by the Company's operating activities	10,772	10,437	25,742
Cash flows provided by (used in) operating activities in respect of transactions with investees	3,497	(1,011)	(3,279)
Cash flows provided by operating activities	14,269	9,426	22,463
<u>Cash flows – investment activities:</u>			
Investment in fixed assets	(130)	(409)	(972)
Withdrawal (Investment) of bank deposits	1,011	-	(4,000)
Withdrawal of restricted cash	306	306	307
Investment in long-term deposit lien	(38)	(5,057)	(5,000)
Investment in intangible assets	(3,307)	(2,076)	(10,331)
Cash flows provided by (used in) investment activities	(2,158)	(7,236)	(19,996)
Cash flows used in investment activities in respect of transactions with investees	-	(1,604)	(1,604)
Cash flows used in investment activities	(2,158)	(8,840)	(21,600)
<u>Cash flows - financing activities</u>			
Repayment of long-term loans	(580)	(201)	(1,835)
Repayment of lease liabilities	(448)	(473)	(2,122)
Receipt of loans	7,610	30,000	30,000
Repayment of bonds	(11,396)	(42,393)	(42,263)
Cash flows used in financing activities	(4,814)	(13,067)	(16,220)
Translation differences in respect of cash and cash equivalents	4	(106)	(135)
Change in cash and cash equivalents	7,301	(12,481)	(15,492)
Cash and cash equivalents at beginning of year	7,874	23,366	23,366
Cash and cash equivalents at end of year	15,175	10,885	7,874

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

Unitronics (1989) (R"G) Ltd.
Amounts of Cash Flows from the Condensed Consolidated Statements of Cash Flows
Attributable to the Company

For the three-month period		For the year ended
Ended on March 31		December 31
2020	2019	2019
(Unaudited)		(Audited)

NIS (in thousands)

Appendix A

Adjustments necessary to show the cash flows from operations

Income and expenses not involving cash flows:

Company's share in the losses of investees	(569)	6,720	5,822
Depreciation and amortization	3,191	3,403	13,592
Changes in employee benefit liabilities, net	-	-	(263)
Cost of share based payment	111	-	151
Changes in deferred taxes	346	227	(411)
Revaluation of cash balances in foreign currency	(4)	(106)	135
Revaluation of bank deposits	(151)	21	177
Revaluation of long-term loans and bonds	(190)	-	(214)
Revaluation of financial assets, net	(9)	(736)	(365)
Revaluation of share options	(2,879)	-	2,202

Changes in assets and liabilities:

Decrease (increase) in trade and income receivables	749	2,189	2,792
Increase in income receivable in respect of construction contracts	-	(623)	(623)
Decrease (increase) in accounts receivable	(664)	103	113
Decrease (Increase) in inventory	3,386	28	(2,461)
Increase (decrease) in suppliers and service providers	1,496	1,260	(1,328)
Change in related companies, net	60	-	4,061
Increase (decrease) in trade payables	59	1,284	1,115
Increase (decrease) in liabilities in respect of construction contracts	-	(1,278)	(1,278)
	<u>4,932</u>	<u>12,492</u>	<u>23,112</u>

Appendix B - Additional information on cash flows regarding operating activities

Cash paid during the period for:

Interest	<u>519</u>	<u>1,046</u>	<u>2,396</u>
Taxes on income	<u>706</u>	<u>241</u>	<u>1,828</u>

Cash received during the period for:

Interest	<u>5</u>	<u>-</u>	<u>17</u>
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The notes to the interim consolidated financial statements form an integral part thereof

Unitronics (1989) (R"G) Ltd.
Additional information

Note 1 – General

This separate financial information has been prepared in a condensed format as of March 31, 2020 and for the period of three months then ended. The separate interim financial information of Unitronics Company (1989) (RG) Ltd. (hereinafter: "the Company") includes financial data from the Company's interim condensed financial statements, which are attributed to the company itself as a parent company, and are prepared in accordance with Regulation 38D to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

This separate financial information should be read in conjunction with the separate financial information from Company's annual consolidated financial statements as of December 31, 2019 and the additional material information attached thereto as well as the Company's interim condensed financial statements as of March 31, 2020.

The accounting policy used in preparing the separate interim financial information is consistent with the policy detailed in note 2 of the Company's condensed interim consolidated annual financial statements as of March 31, 2020, subject to the foregoing And to the Company's separate financial information as of December 31, 2019, regarding the handling of inter-company transactions.

Until March 12, 2019, the Group operated in two main areas of activity, the product and automated solutions areas, and also held 100% of the capital and control rights of Unitronics Automated Solutions Ltd. ("Solutions"). As of March 12, 2019, the Company operates in the product Only, and its activities in the field of automated solutions, including its holdings in solutions, were transferred to Utron Ltd. as part of a split based on a split prospectus and a registration for trading.

**Chapter D - Statements by the CEO and CFO of the Corporation for the
First Quarter of 2020**

- a. Statement by CEO pursuant to Regulation 38C(D)(1) of the regulations
- b. Statement by CFO pursuant to Regulation 38C(D)(2) of the regulations

Statement by the CEO pursuant to Regulation 38C(D)(1) of the regulations:

I, Amit Harari, certify that:

1. I have reviewed the quarterly report of UNITRONICS (1989) (R"G) Ltd. ("the corporation") for the first quarter of 2020 ("the Report").
2. To the best of my knowledge, the report is free of any misrepresentation of material fact and is not lacking any representation of material fact required for the representations made there in, under the circumstances in which they were made, to not be misleading in reference to the period covered by the report.
3. To the best of my knowledge, the financial statements and other financial information included in the report properly reflect, in all material aspects, the financial standing, operating results and cash flows of the corporation as of the dates and for the periods to which the report refers.
4. I have disclosed to the corporation's Independent Auditor, the Board of Directors and the Audit Committee of the corporation's Board of Directors, any fraud, whether material or not, involving the CEO or any direct report of the CEO, or involving any other employees that have a significant role in the financial reporting and in disclosure and control over financial reporting.

The foregoing shall not detract from my statutory responsibility, or that of any other person.

May 27, 2020

Amit Harari, CEO

Statement by the CFO pursuant to Regulation 38C(D)(2) of the regulations

I, Yehuda Cohen, certify that:

1. I have reviewed the interim financial statements and other financial information included in the interim reports of UNITRONICS (1989) (R"G) Ltd. ("the corporation") for the first quarter of 2020 (hereinafter - "the Report" or "the Interim Reports").
2. To the best of my knowledge, the interim financial statements and the other financial information included in the interim reports are free of any mis-representation of material fact and is not lacking any representation of material fact required for the representations made there in, under the circumstances in which they were made, to not be misleading in reference to the period covered by the report.
3. To the best of my knowledge, the interim financial statements and the other financial information included in the interim reports properly reflect, in all material aspects, the financial standing, operating results and cash flows of the corporation as of the dates and for the periods to which the report refers.
4. I have disclosed to the corporation's Independent Auditor, the Board of Directors and the Audit Committee of the corporation's Board of Directors, any fraud, whether material or not, involving the CEO or any direct report of the CEO, or involving any other employees that have a significant role in the financial reporting and in disclosure and control over financial reporting.

The foregoing shall not detract from my statutory responsibility, or that of any other person.

May 27, 2020

Yehuda Cohen, CFO