



## Unitronics (1989) (RG) Ltd.

### Quarterly Report as of March 31, 2021

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 " <b>Company</b> " or " <b>Unitronics</b> ")
Company number:	520044199
Address:	Unitronics House, Arava St., Airport City, POB 300, Israel 70100
Email address:	<a href="mailto:riki@unitronics.com">riki@unitronics.com</a>
Telephone:	03 977 8888
Facsimile:	03 977 8877
Period of the Report:	The three-month period ended on March 31, 2021
Date of the Report:	March 31, 2021

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, 2020, as published on March 3, 2021 (reference number: 2021-01-025452).

The above reference is cited as inclusion by way of reference ("**2020 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.

### 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) (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. In January 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 marketing system via subsidiaries in the United States and Germany, as well as through a network of distributors that includes about 180 distributors, of which approximately more than 100 are in the US and North America and about 80 countries throughout Europe, Asia (including Israel), South and Central 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 2020 Periodic Report.

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 2020 Periodic Report and Note 1 to the Consolidated Financial Statements of 2020 - Chapter C of the 2020 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 December 20, 2020, the Board of Directors of the Company, after having received the approval of the Audit Committee on that date, approved an amendment to the service agreements between the Company and Utron Ltd., a company controlled by the controlling shareholders of the Company ("**Utron**"), following a number of personnel changes in the Company and Utron.

Pursuant to Regulation 1 (2) of the Companies Regulations (Relief in Transactions with Interested Parties), 2000, the Audit Committee and the Board of Directors of the Company approved that the amendment of the terms of the service agreements as specified above does not require the approval of the general meeting since this only beneficial for the company.

On March 16, 2021, the Company published the required clarifications with regard to the approval of the amendment of the service agreements between the Company and Utron, in accordance with the request of the Securities Authority.

For further details, see the Immediate Report of the Company with regard to a transaction with a controlling shareholder or director which does not require the approval of a general

meeting dated March 16, 2021, reference No. 2021-01-035631, the information of which is incorporated herein by way of reference.

- 1.3.2. 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 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, 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 the regularity thereof), 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.

During the first quarter of 2021 the Company returned to full operations due to the success of the vaccination program in Israel. In addition, there was an increase in company sales plus there was also an increase in profit from normal in comparison to the same period last year. The Company is continuing to operate at reduced costs in comparison to the past with adjustments to the operation volume and a close monitoring of the capital.

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.**

- 1.3.3. Further to Note 12 (5) to the 2020 Financial Statements, on April 2, the U.S. Government approved, after having examining the eligibility of the Group, to waive the PPP loan repayment, and as a result the waiver amount (equal to the loan amount) was recognized as other income during the reporting period.
- 1.3.4. On May 4, 2021, the Company announced that the Arbitrage Value Hedge Fund Ltd. started to show an interest in the Company. For further details, see the Immediate Report of the Company dated May 4, 2021 (reference No.: 2021-01-077340), the information of which is presented herein by way of reference.
- 1.3.5. On May 12, 2021, the Board of Directors of the Company decided to distribute a dividend to the shareholders of the Company in the amount of approximately NIS 0.73 for each ordinary share of the Company, and a total of NIS 10,000 thousand. The dividend distribution was examined by the Board of Directors of the Company in accordance with the distribution tests specified in the Companies Law, 1999, in accordance with the assessment of the Board of Directors of the Company with regard to the ability of the Company to comply with the current and future liabilities thereof, taking into account the projected cash flow of the Company, the operations of the Company, the cash reserve thereof, the strategy and intentions of the Company in the future and the situation thereof from time to time. For further details of the distribution of the dividend, including details of the examination conducted by the Board of Directors of the Company when deciding on the distribution in connection with the compliance of the Company with the profit test and the solvency test specified in section 302 (a) of the Companies Law, 1999, see the Immediate Report with regard to the distribution of cash dividends to securities (T81) which is published together with this Quarterly Report.
- 1.3.6. On May 12, 2021, after having received the approval of the Audit Committee, the Remuneration Committee and the Balance Sheet Examination Committee of the Company on May 6, 2021, the Board of Directors of the Company approved the performance of a non-material and non-extraordinary private placement of 30,000 non-negotiable warrant options for ordinary shares of NIS 0.02, par value, each, to an officer of the Company. For further details of the private placement which is neither material nor extraordinary as specified above, see the Immediate Report of a Private Offer (T. 138) which is published at the same time as this Quarterly Report.
- 1.3.7. On May 12, 2021, the Board of Directors of the Company, following approval by the Balance Sheet, Audit and Remuneration Committee of the Company of May 6, 2021, approved the renewal of the Company's Directors' and Officers' Liability Insurance Policy for , for a period of 12 months starting on June 1, 2021 until May 31, 2022, 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 (those that are 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) (plus reasonable legal expenses in Israel and abroad); the Company's deductible for claims filed in the United States and Canada of USD 50,000 per case excluding securities claims, including the Company's deductible of USD 50,000 per case.

In addition, on May 12, 2021, following the approval of the Balance Sheet Committee, the Audit Committee and the Remuneration Committee of May 6, 2021, the Board of Directors of the Company approved the extension of the rental agreement with a company controlled by Mr. Haim Shani (Active Chairman of Board of Directors of the Company and the controlling shareholder thereof jointly with the Fimi Fund) and Ms. Bareket Shani, the wife of Mr. Shani, for a period of three years starting from August 1, 2021 (the date of termination of the previous rental agreement), in accordance with Regulation 1 (1) of the Relief Regulations.

For further details, see the Immediate Report with regard to a Transaction with a Controlling Officer That Does Not Require General Assembly Approval, in accordance with the Relief Regulations which are published on the same date as this Quarterly Report.

- 1.3.8. On May 13, 2021, the Company announced the convening of a special annual general meeting of the Company's shareholders whose agenda is as follows: (a) Presentation and discussion of the 2020 Periodic Report of the Company; (b) reappointment of the auditors of the Company and the authorization of the Board of Directors to determine the salary hereof; (c) the reappointment of the directors serving in the company (who are not external directors); (d) the reappointment of Mr. Doron Shinar for an additional term as an external director of the Company; (e) the approval of the granting an undertaking to indemnify and an undertaking to exempt directors and officers of the Company who are not controlling shareholders in the Company and/or agents on their behalf – Messrs. Haim Shani, Bareket Shani, Amit Ben Zvi and Gilon Beck; (f) the approval of the adoption of the new articles of association of the Company;

For further details, see the Immediate Report on the convening of a general meeting of the shareholders of the Company (T 460), which is published on the same date as this Quarterly Report.

## Chapter B – Board of Directors' Report

### 2.1 The Financial Status

#### 2.1.1 Balance sheet

	As of March 30		As of December 31, 2020	The Board of Directors' Explanations of Changes in Balance Sheets compared to December 31, 2019
	2021	2020		
	NIS thousands			
Current assets	82,987	81,928	74,675	An increase in cash and deposit balances in the amount of approximately NIS 8 million is primarily due to periodic changes in the capital of the Company
Non-current assets	57,578	66,419	58,114	No material change in comparison to December 31, 2020
<b>Total assets</b>	<b>140,565</b>	<b>148,347</b>	<b>132,789</b>	
Current liabilities	43,394	63,691	39,481	An increase in payable and credit balances in the amount of approximately NIS 4 million.
Non-current liabilities	20,111	21,980	21,731	<ol style="list-style-type: none"> <li>1. A decrease of approximately NIS 3 million in long-term loans, which is mainly due to the classification of current liabilities of current loan maturities and also due to the waiving of the Corona loan which was granted in the United States and was recognized as income due to the waiving of the debt.</li> <li>2. An increase in liabilities due to option warrants in the amount of approximately NIS 1.7 million</li> </ol>
Equity attributable to the Company's shareholders	77,060	62,676	71,577	An increase of approximately NIS 5.5 million in the Company's equity balance, arising from a profit in the three month period ending March 31, 2021
<b>Total liabilities and equity</b>	<b>140,565</b>	<b>148,347</b>	<b>132,789</b>	

The Company's working capital as of March 31, 2021 amounted to approximately NIS 35,593 thousand, compared to the Company's working capital as of December 31, 2020, which amounted to approximately NIS 35,194 thousand.

## 2.1.2 Operating results

	For the three-month period ended on March 31		For the year ended on December 31,	The Board of Directors' Explanations of the Main Changes in the profit and loss items compared to the corresponding period last year
	2021	2020	2020	
	NIS thousands			
Income	34,237	33,331	126,160	The income for the three-month period ended March 31, 2021, increased by approximately NIS 1 million compared with the corresponding period last year.
Cost of income	18,730	18,769	71,122	
Gross profit (gross profit margin)	15,507 (45.3%)	14,562 (43.7%)	55,038 (43.6%)	The gross profit for the three-month period ended March 31, 2021, increased by approximately NIS 1 million compared to the corresponding period last year.
Development expenses	875	966	3,388	
Sales and marketing expenses	5,603	6,424	22,077	Sales and marketing expenses for the three-month period ended March 31, 2021, decreased compared to the corresponding period last year as a result of a reduction in marketing expenses.
General and administrative expenses	3,138	3,574	13,103	The decrease in general and administrative general expenses for the three month period ended on March 31, 2021, decreased compared to the corresponding period last year as a result of efficiency actions taken during 2020.
Other income	1,268	-	-	Derives from a waiver of repayment of a Corona loan granted to a subsidiary in the United States.
Profit from ordinary activities	7,159	3,598	16,540	

	For the three-month period ended on March 31		For the year ended on December 31,	The Board of Directors' Explanations of the Main Changes in the profit and loss items compared to the corresponding period last year
	2021	2020	2020	
	<u>NIS thousands</u>			
Financing income (expenses), net	(1,336)	3,050	285	The financing expenses for the three-month period ended March 31, 2021, compared to the corresponding period last year in which financing income was generated, are mainly due to a revaluation of the fair value of a liability in respect of option warrants in each period.
Profit before taxes	5,823	6,648	16,825	
Taxes on income	661	808	1,929	The tax expenses are mainly due to profit in the period for which the Company created a provision for current taxes, taking into account the tax benefits to which the Company is entitled, as well as changes in the deferred tax balances.
Profit for the period	5,162	5,840	14,896	

## 2.2 Liquidity and Financing Sources

2.2.1 The balance of cash and cash equivalents, short-term deposits and tradable collateral of the Company amounted to approximately NIS 31,779 thousand as of March 31, 2021, compared to approximately NIS 21,025 thousand as of December 31, 2020. Below are explanations regarding the changes in cash flows:

	For the three-month period that ended March 31		For the year ended on December 31	The Board of Directors' Explanations
	2021	2020	2020	
	<u>NIS thousands</u>			
Cash flow from operating activities	9,437	9,315	37,489	The cash flow from operating activities derives from the profit from the company's operations, excluding adjustments to cash flow and mainly from depreciation and amortization.
Cash flow from investment activities	(7,990)	(2,168)	(3,164)	The cash flow used for investment activities during the reporting period is mainly from an investment in bank deposits in the total amount of approximately NIS 6 million and from investment in development costs which were capitalized.
Cash flow from financing activities	(1,998)	(4,865)	(26,153)	The cash flow used for financing activities during the reporting period is due to the repayment of short-term loans

As of March 31, 2021, the Company's unutilized credit lines for operating activities amounted to NIS 5,400 thousand. From time to time, the Company turns to financial institutions to take out lines of credit according to its needs.

## 2.2.2 Details of financial covenants of the Group

<b>Lending entity – Bank<sup>1</sup></b>			
<b>Compliance with financial covenants</b>			
	<b>Financial covenant</b>		<b>Results of the calculation of the compliance of the Company with the covenant as of December 31, 2021</b>
1	Ratio of financial debt to tangible equity	Shall not exceed 80%	The Company has a net cash balance
2	Ratio of EBITDA to financial debt	Shall not exceed 10	The Company has a net cash balance
3	Equity restriction	Not less than NIS 25 million	NIS 77 million

In addition, the Company has undertaken to the banking corporation to refrain from a change in control of the Company, not to merge or split with another company, and not to distribute a dividend to the shareholders, without obtaining the consent of the bank for the aforesaid actions.

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<sup>1</sup> For further details of the loan of the Company, see section 1.16 in Chapter A of the 2020 Periodic Report

### **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, 2021
Valuation amount	NIS 5,933,137
Appraiser	CPE Shai Pulvernis, holds a B.A 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	Approximately 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 52.02%, Utron standard deviation 60.61%, no-risk interest 0.12%, life cycle 1.75 years, Unitronics base asset NIS 15.07, Utron base asset NIS 8.05.
Influence on profit and loss	Financing expenses in the amount of NIS 1,676 thousands for the three month period ended March 31, 2021.

### **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, 2021, 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.

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

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Haim Shani  
Active Chairman of the  
Board of Directors

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Amit Harari  
CEO

Date: May 12, 2021

**UNITRONICS (1989) (R" G) LTD**  
**Consolidated Financial Statements**  
**March 31, 2021**  
**(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. (hereinafter – "the Company") 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 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 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 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 12, 2021



<b>Tel Aviv</b>	<b>Jerusalem</b>	<b>Haifa</b>	<b>Beer Sheva</b>	<b>Bene Berak</b>	<b>Kiryat Shmona</b>	<b>Petach Tikva</b>	<b>Modiin Ilit</b>
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**Unitronics (1989) (R"G) Ltd.**

**Condensed Consolidated Statements of Financial Position**

	As of March 31		As of
	2021	2020	December 31
	(Unaudited)		(Audited)
	NIS, (in thousands)		
<u>Current assets</u>			
Cash and cash equivalents	23,439	18,025	24,159
Deposits in bank	8,340	3,000	2,251
Trade receivables	19,495	20,590	17,005
Accounts receivable	1,808	(*)4,013	1,370
Related companies	6,002	4,208	5,657
Inventory	23,903	32,092	24,233
	<u>82,987</u>	<u>81,928</u>	<u>74,675</u>
<u>Non-current assets</u>			
Restricted bank deposit	175	5,001	175
Rights-of-use assets	13,558	15,836	13,919
Other deposits	114	119	104
Fixed assets, net	2,235	2,381	2,275
Intangible assets, net	41,496	43,082	41,641
	<u>57,578</u>	<u>66,419</u>	<u>58,114</u>
	<u>140,565</u>	<u>148,347</u>	<u>132,789</u>

(\*) reclassified

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

\_\_\_\_\_  
Amit Harari  
CEO

\_\_\_\_\_  
Gonen Betser  
CFO

Date of approval of the financial statements: May 12, 2021

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>2021</u>	<u>2020</u>	<u>31</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>NIS, (in thousands)</u>		
<u>Current liabilities</u>			
Current maturities of bank loans	6,829	26,030	6,647
Suppliers and service providers	16,842	18,682	15,960
Related companies	4,601	6,962	4,586
Lease liabilities	798	2,036	1,051
Other accounts payable	<u>14,324</u>	<u>9,981</u>	<u>11,237</u>
	<u>43,394</u>	<u>63,691</u>	<u>39,481</u>
<u>Non-current liabilities</u>			
Bank loans	7,774	11,087	10,763
Employee benefit liabilities, net	1,781	1,982	1,781
Lease liabilities	142	729	147
Liability for share purchase options	5,933	3,225	4,257
Deferred taxes	<u>4,481</u>	<u>4,957</u>	<u>4,783</u>
	<u>20,11</u>	<u>21,980</u>	<u>21,731</u>
<u>Equity</u>			
Share capital	427	427	427
Share premium	63,204	63,204	63,204
Capital reserve with regard to adjustment of financial statements of foreign operations	(2,693)	(2,269)	(2,964)
Capital reserve with regard to share based payment transactions	618	262	568
Treasury shares	(7,042)	(7,042)	(7,042)
Reserve in respect of a transaction with a controlling shareholder	104	104	104
Retained earnings	<u>22,442</u>	<u>7,990</u>	<u>17,280</u>
	<u>77,060</u>	<u>62,676</u>	<u>71,577</u>
	<u>140,565</u>	<u>148,347</u>	<u>132,789</u>

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**

	For the three month period ended on		For the year ended December 31
	March 31		2020
	2021	2020	2020
	(Unaudited)		(Audited)
	<u>NIS, (in thousands)</u>		
Revenues	34,237	33,331	126,160
Cost of revenues	<u>18,730</u>	<u>18,769</u>	<u>71,122</u>
Gross profit	15,507	14,562	55,038
Development expenses	875	966	3,388
Sales & marketing expenses	5,603	6,424	22,007
General & administrative expenses	3,138	3,574	13,103
Other income (Note 6)	<u>1,268</u>	-	-
Profit from ordinary operations	7,159	3,598	16,540
Financing incomes	661	3,467	1,847
Financing expenses	<u>1,997</u>	<u>417</u>	<u>1,562</u>
Profit before taxes on income	5,823	6,648	16,825
Taxes on income	<u>661</u>	<u>808</u>	<u>1,929</u>
Profit for the period	<u>5,162</u>	<u>5,840</u>	<u>14,896</u>
Basic earnings per share in	<u>0.375</u>	<u>0.425</u>	<u>1.083</u>
Diluted earnings per share in NIS	<u>0.375</u>	<u>0.234</u>	<u>0.931</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**

	For the three month period ended on March 31		For the year ended December 31
	2021	2020	2020
	(Unaudited)		(Audited)
	<u>NIS, (in thousands)</u>		
Profit for the period	5,162	5,840	14,896
<u>Other comprehensive income (loss) (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	-	-	234
<u>Amounts that will be reclassified to profit or loss if certain conditions are met:</u>			
Adjustments arising from translation of financial statements of foreign operations	<u>271</u>	<u>167</u>	<u>(528)</u>
Other comprehensive income (loss) for the period	271	167	(294)
Total comprehensive income for the period	<u>5,433</u>	<u>6,007</u>	<u>14,602</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	Total
	<u>NIS, in thousands</u> <u>(Unaudited)</u>							
<u>Balance as of January 1, 2021</u>	427	63,204	(2,964)	568	(7,042)	104	17,280	71,577
Profit for the period	-	-	-	-	-	-	5,162	5,162
Other comprehensive income for the period	-	-	271	-	-	-	-	271
Total comprehensive income (loss) for the period	-	-	271	-	-	-	5,162	5,433
Share based payment cost	-	-	-	50	-	-	-	50
<u>Balance as of March 31, 2021 (unaudited)</u>	<u>427</u>	<u>63,204</u>	<u>(2,693)</u>	<u>618</u>	<u>(7,042)</u>	<u>104</u>	<u>22,442</u>	<u>77,060</u>
<u>Balance as of January 1, 2020 (unaudited)</u>	427	63,204	(2,436)	151	(7,042)	104	2,150	56,558
Profit for the period	-	-	-	-	-	-	5,840	5,840
Other comprehensive income 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 March 31, 2020 (unaudited)</u>	<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>

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**

	<u>Share capital</u>	<u>Share premium</u>	<u>Capital reserve from adjustments due to translation of financial statements of foreign operations</u>	<u>Capital reserve for share base payment transactions</u>	<u>Company shares held by the company</u>	<u>Reserve from a transaction with a controlling Shareholder</u>	<u>Retained earnings</u>	<u>Total</u>
	<b><u>NIS, in thousands</u></b>							
	<b><u>(Unaudited)</u></b>							
<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	-	-	-	-	-	-	14,896	14,896
Other comprehensive loss for the period	-	-	(528)	-	-	-	23	(294)
Total comprehensive income (loss) for the period	-	-	(528)	-	-	-	15,130	14,602
Cost of share based payment	-	-	-	417	-	-	-	417
<u>Balance as of December 31, 2020</u>	<u>427</u>	<u>63,204</u>	<u>(2,964)</u>	<u>568</u>	<u>(7,042)</u>	<u>104</u>	<u>17,280</u>	<u>71,577</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
	2021	2020	2020
	(Unaudited)		(Audited)
	NIS, (in thousands)		
<u>Cash flows – operating activities:</u>			
Profit for the period	5,162	5,840	14,896
Adjustments required to present the cash flows from operating activities (Appendix A)	<u>4,275</u>	<u>3,475</u>	<u>22,593</u>
Net cash flows provided by operating activities	<u>9,437</u>	<u>9,315</u>	<u>37,489</u>
<u>Cash flows – investment activities:</u>			
Investment in fixed assets	(148)	(140)	(691)
Withdrawal of restricted cash	-	306	307
Withdrawal (investment) of bank deposits	(5,895)	1,011	1,589
Withdrawal (investment) of pledged long-term deposits	-	(38)	4,788
Investment in user right asset	-	-	(25)
Investment in intangible assets	<u>(1,947)</u>	<u>(3,307)</u>	<u>(9,132)</u>
Cash flows used in investment activities	<u>(7,990)</u>	<u>(2,168)</u>	<u>(3,164)</u>
<u>Cash flows – financing activities:</u>			
Repayment of long-term loans	(1,517)	(580)	(25,138)
Loans taken	-	7,610	12,455
Repayment of debentures	-	(11,396)	(11,396)
Repayment of lease liabilities	<u>(481)</u>	<u>(499)</u>	<u>(2,074)</u>
Net cash used for financing activities	<u>(1,998)</u>	<u>(4,865)</u>	<u>(26,153)</u>
Exchange differences in respect of cash and cash equivalents	(169)	153	<u>397</u>
Change in cash and cash equivalents for the period	(720)	2,435	8,569
Cash and cash equivalents at beginning of year	<u>24,159</u>	<u>15,590</u>	<u>15,590</u>
Cash and cash equivalents at end of year	<u>23,439</u>	<u>18,025</u>	<u>24,159</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
	2021	2020	2020
	(Unaudited)		(Audited)
	NIS, (in thousands)		

Appendix A

Adjustments necessary to present the cash flows from current operations

Income and expenses not involving cash flows:

Depreciation and amortization	2,864	3,248	13,024
Cost of share based payment	50	111	417
Changes in employee benefit liabilities, net	-	-	67
Revaluation of cash balances in foreign currency	370	4	(792)
Revaluation of bank deposits	(194)	(151)	20
Revaluation of long-term loans and bonds	(22)	(190)	(98)
Waiving of return of PPP loan (Note 6)	(1,268)	-	-
Changes in deferred taxes	(302)	346	136
Revaluation of financial assets, net	(14)	(9)	(38)
Revaluation of share options	1,676	(2,879)	(1,847)
Accrued interest and revaluation of leases	-	-	84

Changes in assets and liabilities:

Decrease (increase) in trade and income receivables	(2,269)	(1,247)	1,628
Decrease (increase) in accounts receivable	(419)	(488)	2,114
Decrease in inventory	455	3,827	11,291
Increase in related companies, net	(271)	(506)	(4,512)
Increase (decrease) in suppliers and service providers	863	1,544	(1,119)
Increase (decrease) in other accounts payable	2,756	(135)	2,218
	4,275	3,475	22,593

**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
	2021	2020	2020
	(Unaudited)		(Audited)
	NIS, (in thousands)		

Appendix B - Additional information on cash  
flows regarding operating activities

Cash paid during the year for:

Interest	<u>99</u>	<u>519</u>	<u>1,108</u>
Taxes on income	<u>464</u>	<u>706</u>	<u>2,162</u>
Cash received during the year for:			
Interest and dividend	<u>-</u>	<u>5</u>	<u>25</u>

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, 2021 (hereinafter - "Consolidated Interim Financial Statements"). These statements should be read in conjunction with the annual financial statements of the Company as of December 31, 2020 and the year ended on that date as well as the accompanying notes (hereinafter - the "Consolidated Annual Financial Statements").

**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), -1970.
- B. The accounting policies applied in the preparation of the interim consolidated financial statements are consistent with those applied in the preparation of the consolidated annual financial statements.

**Note 3 –Financial instruments**

The financial instruments which are presented in the statement of financial position in accordance with fair value, or for which a fair value has been provide therefor, are classified by groups with characteristics similar to the fair value hierarchy determined in accordance with the source of the data used to determine the fair value:

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

Level 2 – Data which is not quoted prices included within Level 1 which were expected either directly or indirectly.

Level 3 – Data which is not based on expected market data (valuation techniques that use inputs which are not based on expected 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)**

The Company holds financial instruments that are measured at fair value according to the following classifications:

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 26 D 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.

**Unitronics (1989) (R"G) Ltd.**

**Notes to the Condensed Consolidated Interim Financial Statements**

**Note 3 – Financial instruments (continued)**

Quantitative data with regard to Level 3 fair value valuations:

The following is an effect on profit or loss, in NIS thousands, from a change in standard deviation\*

<b>As of March 31, 2021 (unaudited)</b>				
<b>+10%</b>	<b>+5%</b>	<b>Fair value</b>	<b>-5%</b>	<b>-10%</b>
305	216	5,933	(155)	(359)

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

<b>As of March 31, 2021 (unaudited)</b>				
<b>+20%</b>	<b>+10%</b>	<b>Fair value</b>	<b>-10%</b>	<b>-20%</b>
(90)	(69)	5,993	171	482

\*In calculating the sensitivity tests as mentioned, the rate of increase / decrease taken into account is a change in both the share of the Company the share of Utron Ltd. (related company), according to the "Monte Carlo" model

**Note 4 – Income by geographical area:**

	<b>For the three month period ending</b>		<b>For the year ending</b>
	March 31, 2021	<b>March 31, 2020</b>	<b>December 31, 2020</b>
	<b>Unreviewed</b>		<b>Reviewed</b>
	<b>NIS, (in thousands)</b>		
Israel	1,986	1,717	7,288
Europe	12,940	13,448	49,381
United States	14,449	14,739	54,110
Others	4,862	3,427	15,381
<b>Total income</b>	<b>34,237</b>	<b>33,331</b>	<b>126,160</b>

**Unitronics (1989) (R"G) Ltd.**

**Notes to the Condensed Consolidated Interim Financial Statements**

**Note 5 – Material events during and after the reporting period**

A. Outbreak of the Corona virus

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, 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 thereof), 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.

During the first quarter of 2021 the company returned to full operation as a result of the success of the vaccination program in Israel. In addition, there has been an increase in company sales plus there has been an increase in profit from regular operations in comparison to the same period last year. The Company is continuing to operate at reduced costs, in comparison to the past, while adjusting the costs to the volume of operations with close control of the working capital.

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 great uncertainty, in relation to the rate of spread of the corona virus, the duration of spread and the steps to be taken by the various authorities in the different countries, the company can not assess the full extent To the extent and extent of their realization.

**Note 6 – Events subsequent to the balance sheet date**

1. Further to Note 12 (5) to the 2020 Financial Statements, on April 2, 2021, the US Government approved, after examining the eligibility of the Group, to waive the PPP loan repayment, and as a result the waiver amount (equal to the loan amount) was recognized as other income .
2. On May 12, 2021, the Board of Directors of the Company decided to distribute a dividend to the shareholders of the Company in the amount of approximately NIS 0.73 for each ordinary share of the Company, and a total of NIS 10,000 thousand.
3. On May 12, 2021, the Board of Directors of the Company approved the performance of a non-material and non-extraordinary private placement of 30,000 non-negotiable option warrants which can be exercised for ordinary shares at a price of NIS 0.02, par value, to an officer in the Company. The exercise price of each option is NIS 20.22 which is determined in accordance with the options plan as the higher of the opening price of the share of the Company on grant date and a premium of 5% above the

**Unitronics (1989) (R" G) Ltd.**

**Notes to the Condensed Consolidated Interim Financial Statements**

average price of the shares of the Company on the Tel Aviv Stock Exchange Ltd. during the 30 trading days preceding the grant date.

4. On May 12, 2021, the Board of Directors of the Company approved the renewal of the liability insurance policy for directors and officers of the Company for a period of 12 months from June 1, 2021 to May 31, 2022, in accordance with the Remuneration Policy of the Company, for all directors and officers in the Company (those that are not controlling shareholders in the Company as well as those who are controlling shareholders in the Company or relatives thereof).
5. On May 12, 2021, the Board of Directors of the Company approved the extension of the rental agreement with a company controlled by Mr. Haim Shani (Active Chairman of the Board of Directors of the Company and the controlling shareholder thereof together with the Pimi Fund) and Ms. Bareket Shani, the wife of Mr. Shani, for a period of three years starting on August 1, 2021 (the date of termination of the previous rental agreement), in accordance with Regulation 1 (1) of the Relief Regulations.

# **UNITRONICS (1989) (R"G) LTD**

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

**As of March 31, 2021**

**(Unaudited)**



**Special Auditors' Report to the shareholders of Unitronics (1989) (R"G) Ltd. with regard to 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, 2021 and for the three month period 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 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 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 12, 2021

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



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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
	2021	2020	2020
	(Unaudited)		(Audited)
	NIS, (in thousands)		
<u>Current assets</u>			
Cash and cash equivalents	18,726	15,175	18,878
Bank deposits	8,340	3,000	2,251
Trade receivables	12,042	12,420	10,321
Accounts receivable	1,592	(*)3,801	1,122
Related companies	3,583	2,841	3,601
Accounts receivable – investee companies	7,926	9,214	7,721
Inventory	22,790	29,720	22,620
	<u>74,999</u>	<u>76,171</u>	<u>66,514</u>
<u>Non-current assets</u>			
Restricted use bank deposit	175	5,001	175
Other deposits	114	119	104
Rights-of-use assets	13,382	15,625	13,871
Fixed assets, net	1,947	2,062	1,983
Loan and capital note to investee companies net of liabilities in excess of assets attributed thereto	6,944	4,439	5,874
Intangible assets, net	41,496	43,082	41,641
	<u>64,058</u>	<u>70,328</u>	<u>63,648</u>
(*) reclassified	<u>139,057</u>	<u>146,499</u>	<u>130,162</u>

\_\_\_\_\_  
Amit Ben Zvi & Haim Shani  
Joint Chairman of the Board of  
Directors

\_\_\_\_\_  
Amit Harari  
Chief Executive Officer

\_\_\_\_\_  
Gonen Betser  
Chief Financial Officer

Approved: May 12, 2021

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**

	As of March 31		As of December 31
	2021	2020	2020
	(Unaudited)		(Audited)
	NIS, (in thousands)		
<u>Current liabilities</u>			
Current maturities of bank loans	6,829	26,030	6,647
Suppliers and service providers	16,396	17,623	15,384
Related company	4,601	6,962	4,586
Lease liabilities	651	1,820	1,002
Other accounts payable	13,438	(*)9,408	10,482
	41,915	61,843	38,101
<u>Non-current liabilities</u>			
Bank loans	7,774	11,087	9,516
Employee benefit liabilities, net	1,781	1,982	1,781
Lease liabilities	113	729	147
Liability for share purchase options	5,933	3,225	4,257
Deferred taxes	4,481	4,957	4,783
	20,082	21,980	20,484
<u>Equity</u>			
Share capital	427	427	427
Share premium	63,204	63,204	63,204
Capital reserve for adjustments resulting from translation of financial statements of foreign activities	(2,693)	(2,269)	(2,964)
Capital reserve for share-based transactions	618	262	568
Treasury shares	(7,042)	(7,042)	(7,042)
Fund in respect of a transaction with the controlling shareholder	104	104	104
Retained earnings	22,442	7,990	17,280
	77,060	62,676	71,577
	139,057	146,499	10,162

(\*) 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**

	For the three month period ended on March 31		For the year ended December 31
	2021	2020	2020
	(Unaudited)		(Audited)
	<u>NIS, (in thousands)</u>		
Revenues	18,988	18,497	71,421
Revenue from investee companies	<u>12,229</u>	<u>10,124</u>	<u>38,648</u>
Total revenues	31,217	28,621	110,069
Cost of revenues	<u>18,182</u>	<u>18,243</u>	<u>69,718</u>
Gross profit	13,035	10,378	40,351
Development expenses, net	875	966	3,388
Selling & marketing expenses	3,259	3,422	12,158
General & administrative expenses	2,509	2,842	10,112
General & administrative expenses of investees	<u>164</u>	<u>163</u>	<u>720</u>
Profit from ordinary operations	6,228	2,985	13,973
Financing incomes	661	3,447	1,847
Financing expenses	<u>1,875</u>	<u>371</u>	<u>1,745</u>
Profit after financing, net	5,014	6,061	14,075
Company's share in profit of investee companies	<u>809</u>	<u>587</u>	<u>2,631</u>
Profit before taxes on income	5,823	6,648	16,706
Taxes on income	<u>661</u>	<u>808</u>	<u>1,810</u>
Profit for the period	<u>5,162</u>	<u>5,840</u>	<u>14,896</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**

	For the three month period ended on September 30		For the year ended December 31
	2020	2019	2019
	(Unaudited)		(Audited)
	<u>NIS, (in thousands)</u>		
Profit for the period	<u>5,162</u>	<u>5,840</u>	<u>14,896</u>
<u>Other comprehensive income (loss) (after tax)</u>			
<u>Items that will not subsequently be reclassified to profit or loss:</u>			
Profit (loss) from revaluation of defined benefit plans	-	-	234
<u>Amounts that will be reclassified to profit or loss in the future if certain conditions are met:</u>			
Adjustments from the translation of financial statements of foreign operations	<u>271</u>	<u>167</u>	<u>(528)</u>
Other comprehensive income (loss) for the period	<u>271</u>	<u>167</u>	<u>(294)</u>
Total comprehensive income for the period	<u><u>5,433</u></u>	<u><u>6,007</u></u>	<u><u>14,602</u></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 ended on March 31		For the year ended December 31
	2021	2020	2020
	(Unaudited)		(Audited)
	<u>NIS, (in thousands)</u>		
<u>Cash flows – operating activities:</u>			
Profit for the period attributable to the Company's shareholders	5,162	5,840	14,896
Adjustments necessary to present the cash flows from operations (Appendix A)	<u>5,185</u>	<u>4,932</u>	<u>20,776</u>
Net cash flows provided by the Company's operating activities	<u>10,347</u>	<u>10,772</u>	<u>35,672</u>
Net cash flows provided by (used in) operating activities in respect of transactions with investees	<u>(205)</u>	<u>3,497</u>	<u>4,990</u>
Cash flows provided by operating activities	<u>10,142</u>	<u>14,269</u>	<u>40,622</u>
<u>Cash flows – investment activities:</u>			
Investment in fixed assets	(148)	(130)	(628)
Withdrawal (Investment) of bank deposits	(5,895)	1,011	1,589
Withdrawal of restricted cash	-	306	307
Withdrawal (Investment) in long-term pledge	-	(38)	4,788
Investment in in user right property	-	-	(25)
Investment in subsidiary	-	-	(67)
Investment in intangible assets	<u>(1,947)</u>	<u>(3,307)</u>	<u>(9,129)</u>
Net cash flows used in investment activities	<u>(7,990)</u>	<u>(2,158)</u>	<u>(3,165)</u>
Net cash flows used in investment activities in respect of transactions with investees	<u>-</u>	<u>-</u>	<u>-</u>
Net cash flows used in investment activities	<u>(7,990)</u>	<u>(2,158)</u>	<u>(3,165)</u>
<u>Cash flows - financing activities</u>			
Repayment of long-term loans	(1,517)	(580)	(25,138)
Repayment of bonds	-	(11,396)	(11,396)
Receipt of loans	-	7,610	11,110
Repayment of lease liabilities	<u>(417)</u>	<u>(448)</u>	<u>(1,861)</u>
Cash flows used in financing activities	<u>(1,934)</u>	<u>(4,814)</u>	<u>(27,285)</u>
Exchange differences in respect of cash and cash equivalents	<u>(370)</u>	<u>4</u>	<u>792</u>

Change in cash and cash equivalents in the	(152)	7,301	11,004
Cash and cash equivalents at beginning of			
the period	<u>18,878</u>	<u>7,874</u>	<u>7,874</u>
Cash and cash equivalents at end of year	<u><u>18,726</u></u>	<u><u>15,175</u></u>	<u><u>18,878</u></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 ended on March 31	For the year ended December 31	
	2021	2020	2020
	(Unaudited)		(Audited)
	NIS, (in thousands)		

Appendix A

Adjustments necessary to present the cash flows from operations

Income and expenses not involving cash flows:

Company's share in the profits of investee companies	(809)	(569)	(2,631)
Depreciation and amortization	2,793	3,191	12,761
Changes in employee benefit liabilities, net	-	-	67
Cost of share based payment	50	111	417
Changes in deferred taxes	(302)	346	136
Revaluation of cash balances in foreign currency	370	(4)	(792)
Revaluation of bank deposits	(194)	(151)	20
Revaluation of long-term loans and bonds	(43)	(190)	(86)
Revaluation of financial assets, net	(14)	(9)	(38)
Interest on leases	-	-	77
Revaluation of share options	1,676	(2,879)	(1,847)

Changes in assets and liabilities:

Decrease(increase) in trade and income receivables	(1,721)	749	2,848
Decrease (increase) in accounts receivable	(461)	(664)	2,000
Decrease (Increase) in inventory	(170)	3,386	10,486
Increase (decrease) in suppliers and service providers	1,020	1,496	(743)
Change in related companies, net	33	60	(3,076)
decrease in trade payables			
	<u>2,957</u>	<u>59</u>	<u>1,177</u>
	<u>5,185</u>	<u>4,932</u>	<u>20,776</u>

Appendix B – Additional information with regard to cash flows for current operations

Cash paid during the period for:

Interest	<u>99</u>	<u>519</u>	<u>1,108</u>	<u>          </u>
Tax on income	<u>464</u>	<u>706</u>	<u>2,132</u>	<u>          </u>

Cash received during the period for:

Interest	<u>-</u>	<u>5</u>	<u>25</u>	<u>          </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**

- A. This separate financial information is prepared under a condensed format as of March 31, 2021 and for the three month period ended on the same date. The separate interim financial information of Unitronics (1989) (RG) Ltd. (hereinafter: "the Company") includes financial data from the Company's concise interim financial statements, which are attributed to the Company itself as a parent company, and prepared in accordance with Regulation 38D of the Securities Regulations Value (Periodic and Immediate Reports), 1970.
- B. 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, 2020 and the additional material information attached thereto as well as the Company's interim condensed financial statements as of Mach 31, 2021.

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, 2021 (the "Interim Consolidated Financial Statements", subject to the foregoing and to the Company's separate financial information as of December 31, 2020, regarding the handling of inter-company transactions.

**Chapter D - Statements by the CEO and CFO of the Corporation for the  
First Quarter of 2021**

- 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 2021 ("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 12, 2021

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Amit Harari, CEO

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

I, Gonen Betser, 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 2021 (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 12, 2021

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Gonen Betser, CFO