



Unitronics (1989) (RG) Ltd.

Quarterly Report as of September 30, 2022

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 nine and three-month period ended on September 30, 2022

Date of the Report: September 30, 2022

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, 2021, as published on March 29, 2022 (reference number: 2022-01-031416).

The above reference is cited as inclusion by way of reference ("**2021 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. During the year 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 company's products.

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 190 distributors, of which approximately more than 110 are in the US and North America and about 70 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 2021 Periodic Report.

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

1.3.1. Consequences of the outbreak of the Corona virus

For the disclosure with regard to the outbreak of the corona virus and its consequences in 2021, see section 1.7 of Chapter A - description of the corporation's business in the periodic report for 2021.

During the period of the report and until the date of its approval, the company's business and financial results were not significantly affected by the corona virus.

The Company does not anticipate that its business will be materially adversely affected in the near future by the Corona crisis. The Company regularly monitors developments with regard to the spread of the Corona virus in Israel and around the world and operates in accordance with the guidelines of the various authorities.

1.3.2. The consequences of the global shortage of electronic components

The Company is exposed to the effects and risks associated with the global shortage of electronic components. Since the end of 2020, there has been a worldwide shortage of electronic components which affects the entire electronics industry. To the best of the knowledge of the Company, the shortage of electronic components is due to several reasons, including: a decrease in supply due to the Corona crisis as a result of which many workers stayed at home, which caused damage to the production lines; an increase in demand for electronic component-based products during the Corona crisis such as: smartphones, computers, monitors, routers and other electronic component-based products; as well as an increase in demand in the automotive industry, which began to stock up on a large amount of electronic chips, which was reflected by large-scale chip orders.

Following the increase in demand in parallel with the decrease in supply, the delivery times for electronic components have become very long, sometimes reaching a year and even longer. The Company estimates that the current situation is expected to continue in the forthcoming months, and as of the date of publication of this report, there is no clear forecast of an improvement in supply.

The extension of delivery times of electronic components causes an extension in the delivery times of part of the products to the customers of the Company which may accordingly defer the revenue therefrom. At the same time, the Company does not anticipate significant cancellations for orders as a result of the extension of delivery times of orders to the customers of the Company.

1.3.3. The effects of inflation and the increase in interest rates

Further to what was stated in sections 1.7 (general environment and the influence of external factors on the company's activities) and 1.22 (risk factors) in chapter A (description of the company's business) in the company's periodic report for 2021, as of the date of the report, the company is monitoring and examining the consequences that may arise as a result of an increase The consumer price index and the interest rate in the economy.

In this context, starting in 2021 there has been an increase in inflation rates in Israel and in the world. During the first three quarters of the year 2022, the consumer price index in Israel increased by approximately 4.3% compared to an increase of 2.5% in the corresponding period last year, while in the last 12 months until the date of the report, the consumer price index increased by approximately 4.5%. Along with the global price increase, central banks in the world decided to raise interest rates in order to curb the price increases. Beginning in April 2022, the Bank of Israel decided to raise the interest rate in Israel, which as of the date of the report stands at 2.75% compared to 0.1% at the beginning of the year.

According to the Bank of Israel's research forecasts, the inflation rate for 2022 is expected to sum in 4.6% and in the year 2023 is expected to be 2.5%. Also, according to the forecast, the monetary interest rate is expected to continue its upward trend and reach 3.5% in average during the third quarter of 2023.

The company has loans from banking corporations linked to the prime interest rate, and the company also rents a building in exchange for rent linked to the consumer price index. The increase in the consumer price index as well as the increase in the prime interest rate did not materially affect the company's results. According to the company's assessments, the effect of the continued increase in the consumer price index as well as the increase in interest rates are not expected to significantly affect the results of its operations in light of the company's liabilities and cost structure.

The company's assessments regarding the possible consequences of the continued spread of the corona virus and the instructions given to the public under it, as well as regarding the global shortage of electronic components, as well as the company's assessments regarding the effects of inflation and the increase in interest rates and the effect of these factors on the company's activities constitute forward-looking information, as defined in the Securities Law, 1968, based, among other things, on the company's estimates as of the date of publication of this report in relation to factors beyond its control. The company's estimates are based on information currently available to the company, on publications on this subject and on the instructions of the relevant authorities, and which there is no certainty that will be realized, all or some of them, and may materialize in a fundamentally different way, due to factors beyond the company's control.

- 1.3.4. On August 31, 2022, the Board of Directors of the Company decided to distribute a dividend to the shareholders of the Company in the amount of approximately NIS 1.087 for each ordinary share of the Company, and a total of NIS 15,000 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 of the Company Dated August 31, 2022 (reference no. 2022-01-112168) regarding the distribution of cash dividends to securities (T81). The aforesaid reference is included herein by way of reference.
- 1.3.5. On May 29, 2022, the company's board of directors, after the approval of the balance sheet, audit and compensation committee on May 25, 2022, approved the renewal of the company's directors and officers liability insurance policy for a period of 12 months starting from June 1, 2022 until May 31, 2023, in accordance with the provisions of regulations 1b(5)) and 1b1 of the company regulations (facilitation of transactions with interested parties), 2000 (hereinafter: "the facilitation regulations") and in accordance with the company's compensation policy, regarding all directors and officers of the company (those who do not have control of the company as well as those who have control The main terms of the policy are as follows: insurance coverage for one incident and in total for the damages that may occur during the insurance period in the amount of 7,500,000 dollars (seven million and five hundred thousand US dollars) (and other reasonable legal defense expenses in Israel and abroad) , the company's deductible in the amount of \$10,000 except for claims filed in the USA

and Canada as well as securities related claims, where the company's deductible will be \$50,000 per case.

For more details, see the company's immediate report on a transaction with a controlling shareholder that does not require the approval of a general meeting according to the relief regulations (T. 136) dated May 30, 2022 (reference number: 2022-01-066646). Said mention is included by way of reference.

- 1.3.6. On April 11, 2022, the Company announced the convening of a special annual general meeting of the Company's shareholders the agenda of which is as follows: (a) Presentation and discussion of the 2021 Periodic Report of the Company; (b) reappointment of the auditors of the Company and the authorization of the Board of Directors of the Company to determine the salary thereof; (c) the reappointment of the directors serving in the Company (who are not external directors); (d) the reappointment of Ms. Rivka Granot for an additional term of three years as an external director of the Company; (e) the re-approval of the employment agreement of Mr. Haim Shani, the Active Chairman of the Board of Directors and one of the controlling shareholders of the Company, for an additional period of three years; (f) the re-approval of the terms of service of Mr. Amit Ben-Zvi, Chairman of the Active Joint Chairman of the Board of Directors, Partner and Officer of the FIMI Group, one of the controlling shareholders of the Company, for an additional period of three years; (g) the re-approval of the Remuneration Policy of the Company.

On May 17, 2022, the Company announced the results of the annual and special general meeting in accordance with which all the resolutions on the agenda of the meeting were approved by the required majority. For further details, see the Immediate Reports of the Company of April 11, 2022 and May 17, 2022 (reference numbers: 2022-01-038805 and 2022-01-060136, respectively). The aforesaid constitutes a generalization by way of reference.

Chapter B – Board of Directors' Report

2.1 The Financial Status

2.1.1 Balance sheet

	As of September 30		As of December 31, 2021	The Board of Directors' Explanations of Material Changes in Balance Sheets compared to December 31, 2021
	2022	2021		
	NIS thousands			
Current assets	79,880	82,136	84,268	A decrease of about NIS 4.4 million in total current assets is mainly due to a decrease in cash balances of NIS 23 million (mainly due to dividends paid) which was partially offset by an increase in inventories of NIS 9.5 million and increase of NIS 9.1 million in trade receivables and other receivables balance.
Non-current assets	59,522	60,070	59,467	No material change in comparison to December 31, 2021
Total assets	139,402	142,206	143,735	
Current liabilities	51,833	46,282	55,155	A decrease of approximately NIS 3.3 million mainly due to a dividend in the amount of NIS 10 million announced in December 2021, and paid during the reporting period. The decrease was partially offset by an increase in the balance of trade payables of approximately NIS 5.8 million.
Non-current liabilities	17,675	19,483	17,451	No material change compared to December 31, 2021.
Equity attributable to the Company's shareholders	69,894	76,441	71,129	A decrease in the company's equity balance of approximately 1.2 million NIS is mainly due dividend in the amount of NIS 15 million, which was distributed and paid during the third quarter this year, offset by the comprehensive income for the nine-month period that ended on September 30, 2022 in the amount of 13.6 million NIS.
Total liabilities and equity	139,402	142,206	143,735	

The company's working capital as of September 30, 2022, as of September 30, 2021, and as of December 31, 2021 was approximately NIS 28,047 thousand, NIS 35,854 thousand, and NIS 29,113 thousand, respectively.

2.1.2 Operating results

	For the nine-month period ended September 30		For the three-month period ended September 30		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
	2022	2021	2022	2021	2021	
	NIS thousands					
Revenues	107,956	109,037	34,308	36,402	147,018	Revenues for the nine-month period that ended on September 30, 2022, decreased by approximately NIS 1.1 million compared to the corresponding period last year.
Cost of revenues	57,705	59,035	18,323	19,715	79,935	
Gross profit (gross profit margin)	50,251 (46.5%)	50,002 (45.9%)	15,985 (46.6%)	16,687 (45.8%)	67,083 (45.6%)	No material change compared to the corresponding period last year.
Development expenses	2,757	2,521	776	722	4,144	No material change compared to the corresponding period last year.
Sales and marketing expenses	20,016	18,719	6,370	6,530	25,429	Sales and marketing expenses increased during the reporting period by approximately NIS 1.3 million compared to the corresponding period last year mainly due to an increase in marketing expenses after the reduction of these expenses during the Corona period.
General and administrative expenses	9,646	9,379	3,260	3,126	11,914	No material change compared to the corresponding period last year.
Other income	-	1,268	-	-	1,268	The other income in the nine-month period ended September 30, 2021 is attributable to the waiver of the US Corona loan

	For the nine-month period ended September 30		For the three-month period ended September 30		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
	2022	2021	2022	2021	2021	
	NIS thousands					
						repayment.
Profit from ordinary activities	17,832	20,651	5,579	6,309	26,864	
Financing expenses, net	2,360	4,231	1,760	1,789	3,627	A decrease in financing expenses, net of approximately NIS 1.9 million in the nine-month period that ended on September 30, 2022, compared to the corresponding period last year, is mainly attributed to a decrease in financing expenses from revaluation to fair value in respect of Warrants for ordinary shares (an expense of approximately NIS 2.4 million in the period The report compared to an expenditure of 3.5 million NIS in the corresponding period last year) and financing income from exchange rate differences and hedging transactions.
Profit before taxes	15,472	16,420	3,819	4,520	23,237	
Taxes on income	3,129	2,038	1,695	577	4,038	The increase in tax expenses during the reporting period is mainly due to taxes on dividend that was distributed and paid during the reporting period.
Profit for the period	12,343	14,382	2,124	3,943	19,199	

2.2 Liquidity and Financing Sources

2.2.1 The cash balance and cash value on September 30, 2022, on September 30, 2021 and on December 31, 2021 were about 4,747 thousand NIS, about 25,507 thousand NIS and about 27,728 thousand NIS, respectively. Below are explanations regarding changes in cash flows:

	For the nine-month period ended September 30		For the three-month period ended September 30		For the year ended on December 31	The Board of Directors' Explanations
	2022	2021	2022	2021	2021	
	<u>NIS thousands</u>					
Cash flow from operating activities	12,860	25,935	901	9,804	32,109	The cash flows resulting from current operations amounted to approximately 12.9 million NIS, and is due to the profit for the period of the Company which amounted to approximately 12.3 million NIS, plus adjustments necessary for the purpose of presenting the cash flow from current operations, which totaled 0.5 million NIS, and included income and expenses that are not involve cash flows amounting to NIS 10.9 million (mainly depreciation and amortization) offsetting changes in working capital items amounting to approximately NIS 10.4 million.
Cash flow from investment activities	(7,791)	(5,195)	(2,548)	(2,663)	(7,314)	The cash flows used for investment activity during the reporting period amounted to approximately NIS 7.8 million, and were mainly used for investments in development assets as well as fixed assets.
Cash flow from financing activities	(28,823)	(19,316)	(15,969)	(3,665)	(20,606)	The cash flows used for financing activities during the reporting period amounted to approximately NIS 28.8 million, and were mainly used for the payment of a dividends in the amount of NIS 25 million and the current repayment of bank loans.

On September 30, 2022, the total number of unused approved lines of credit, which the company has for current operations, was about NIS 5,400 thousand. The company periodically turns to financial institutions for credit lines according to its needs.

2.2.2 Details of financial covenants of the Company

Lending entity – Bank ¹			
Compliance with financial covenants			
	Financial covenant		Results of the calculation of the compliance of the Company with the covenant as of September 30, 2022
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 70 million

In addition, the company committed to the banking corporation to avoid a change in control of the company, not to merge or split with another corporation, and not to distribute a dividend to the shareholders, without obtaining the bank's consent to such actions.

¹ For further details of the loan of the Company, see section 1.16 in Chapter A of the 2021 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:	September 30, 2022
Valuation amount	NIS 8,457,784
Appraiser	CPE Shai Pulvernish, holds a B.A in Economics and Accounting from Ben-Gurion University. Licensed as a chartered accountant in Israel. CEO of Pulvernish 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 15.5 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 29.45%, Utron standard deviation 30.3%, no-risk interest 3.06%, life cycle 1.5 years, Unitronics base asset NIS 19.48, Utron base asset NIS 8.95.
Influence on profit and loss	Financing expenses in the amount of approximately NIS 2,436 thousand for the nine-month period ended September 30, 2022 and financing expenses in the amount of approximately NIS 1,211 thousand in the third quarter of 2022.

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 September 30, 2022 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: November 29, 2022

UNITRONICS (1989) (R"G) LTD

Condensed Consolidated Financial

Statements

September 30, 2022

(Unaudited)

Unitronics (1989) (R"G) Ltd
Condensed consolidated Interim Financial Statements
September 30, 2022
(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 September 30, 2022 and the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine and three month periods then ended. The Board of Directors and the management are responsible for the preparation and presentation of the financial information for these interim periods in accordance with International Accounting Standards IAS 34 "Financial Reporting for Interim Periods, and are also responsible for the preparation of the financial information for these interim periods 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 these interim periods 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, November 29, 2022

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Unitronics (1989) (R"G) Ltd.

Condensed Consolidated Statements of Financial Position

	As of September 30		As of December
	2022	2021	31
	(Unaudited)		(Audited)
	NIS, (in thousands)		
<u>Current assets</u>			
Cash	4,747	25,507	27,728
Trade receivables, net	22,642	20,289	19,869
Other receivables	5,963	2,702	2,137
Related companies	8,707	5,176	6,229
Inventories	37,821	28,462	28,305
	<u>79,880</u>	<u>82,136</u>	<u>84,268</u>
<u>Non-current assets</u>			
Right-of-use assets	15,366	15,873	15,810
Other deposits	138	85	116
Property and equipment, net	2,219	2,223	2,206
Intangible assets, net	41,799	41,889	41,335
	<u>59,522</u>	<u>60,070</u>	<u>59,467</u>
	<u>139,402</u>	<u>142,206</u>	<u>143,735</u>

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

Amit Harari
CEO

Itzik Hai
CFO

Date of approval of the financial statements: November 29, 2022

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

Unitronics (1989) (R"G) Ltd.

Condensed Consolidated Interim Statements of Financial Position

	<u>As of September 30</u>		<u>As of December</u>
	<u>2022</u>	<u>2021</u>	<u>31</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>NIS, (in thousands)</u>		
<u>Current liabilities</u>			
Current maturities of loans from banks	2,303	4,086	3,129
Trade payables	25,788	22,030	19,993
Related company	5,675	4,647	4,789
Lease liabilities	1,606	1,414	1,450
Dividend payable	-	-	10,000
Other payables	16,461	14,105	15,794
	<u>51,833</u>	<u>46,282</u>	<u>55,155</u>
<u>Non-current liabilities</u>			
Loans from banks	1,496	3,856	3,233
Employee benefit liabilities, net	1,929	1,781	1,929
Lease liabilities	1,490	1,835	1,842
Warrants for ordinary shares	8,458	7,728	6,022
Deferred tax liability	4,302	4,283	4,425
	<u>17,675</u>	<u>19,483</u>	<u>17,451</u>
<u>Equity</u>			
Share capital	428	427	428
Additional paid-in capital	63,910	63,505	63,877
Capital reserve with regard to conversion of financial statements of foreign activities	(2,047)	(2,946)	(3,260)
Capital reserve with regard to share-based payment transactions	849	731	673
Treasury shares	(7,042)	(7,042)	(7,042)
Fund regarding a transaction with a controlling shareholder	104	104	104
Retained earnings	13,692	21,662	16,349
	<u>69,894</u>	<u>76,441</u>	<u>71,129</u>
	<u>139,402</u>	<u>142,206</u>	<u>143,735</u>

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

Unitronics (1989) (R" G) Ltd.

Condensed Consolidated Statements of Income

	For the nine month period ended September 30		For the three month period ended September 30		For the year ended December 31
	2022	2021	2022	2021	2021
	(Unaudited)		(Unaudited)		(Audited)
	NIS thousands				
Revenues	107,956	109,037	34,308	36,402	147,018
Cost of revenues	57,705	59,035	18,323	19,715	79,935
Gross profit	50,251	50,002	15,985	16,687	67,083
Development expenses	2,757	2,521	776	722	4,144
Selling and marketing expenses	20,016	18,719	6,370	6,530	25,429
General and administrative expenses	9,646	9,379	3,260	3,126	11,914
Other income	-	1,268	-	-	1,268
Operating profit	17,832	20,651	5,579	6,309	26,864
Finance income	429	155	-	10	-
Finance expenses	2,789	4,386	1,760	1,799	3,627
Profit before income taxes	15,472	16,420	3,819	4,520	23,237
Income taxes	3,129	2,038	1,695	577	4,038
Profit for the period	12,343	14,382	2,124	3,943	19,199
Basic earnings per share in NIS	0.894	1.046	0.154	0.287	1.395
Diluted earnings per share in NIS	0.889	1.041	0.153	0.284	1.387

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

Unitronics (1989) (R" G) Ltd.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

	For the nine month period ended September 30		For the three month period ended September 30		For the year ended December 31
	2022	2021	2022	2021	2021
	(Unaudited)		(Unaudited)		(Audited)
	NIS thousands				
Profit for the period	12,343	14,382	2,124	3,943	19,199
<u>Other comprehensive income (loss)</u> <u>(net of tax)</u>					
<u>Amounts that will not subsequently</u> <u>be reclassified to profit or loss:</u>					
losses from revaluation in respect of defined benefit plans	-	-	-	-	(130)
<u>Amounts that will be reclassified to</u> <u>profit or loss if certain are fulfilled:</u>					
Adjustments arising from translation of financial statements of foreign operations	1,213	18	130	(79)	(296)
Other comprehensive income (loss) for the period	1,213	18	130	(79)	(426)
Total comprehensive income for the period	13,556	14,400	2,254	3,864	18,773

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

Unitronics (1989) (R"G) Ltd.

Condensed Consolidated Statements of Changes in equity

	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, 2022</u>	428	63,877	(3,260)	673	(7,042)	104	16,349	71,129
Profit for the period	-	-	-	-	-	-	12,343	12,343
Other comprehensive income for the period	-	-	1,213	-	-	-	-	1,213
Total comprehensive income for the period	-	-	1,213	-	-	-	12,343	13,556
Share based payment cost	-	-	-	209	-	-	-	209
Dividend distribution	-	-	-	-	-	-	(15,000)	(15,000)
Exercise of employee stock options	*	33	-	(33)	-	-	-	-
Balance as of September 30, 2022 (Unaudited)	428	63,910	(2,047)	849	(7,042)	104	13,692	69,894
<u>Balance as of July 1, 2022 (unaudited)</u>	428	63,910	(2,177)	788	(7,042)	104	26,568	82,579
Profit for the period	-	-	-	-	-	-	2,124	2,124
Other comprehensive loss for the period	-	-	130	-	-	-	-	130
Total comprehensive profit (loss) for the period	-	-	130	-	-	-	2,124	2,254
Share-based payment cost	-	-	-	61	-	-	-	61
Dividend distribution	-	-	-	-	-	-	(15,000)	(15,000)
Balance as of September 30, 2022 (unaudited)	428	63,910	(2,047)	849	(7,042)	104	13,692	69,894

*Less than 500

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

Unitronics (1989) (R" G) Ltd.
Condensed Consolidated Statements of Changes in equity

	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
	NIS, in thousands (Unaudited)							
<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	-	-	-	-	-	-	14,382	14,382
Other comprehensive income for the period	-	-	18	-	-	-	-	18
Total comprehensive income for the period	-	-	18	-	-	-	14,382	14,400
Share based payment cost	-	-	-	225	-	-	-	225
Exercise of employee stock options	-	301	-	(62)	-	-	-	239
Dividend distribution	-	-	-	-	-	-	(10,000)	(10,000)
 Balance as of September 30, 2021 (Unaudited)	 427	 63,505	 (2,946)	 731	 (7,042)	 104	 21,662	 76,441
 <u>Balance as of July 1, 2021</u> <u>(unaudited)</u>	 427	 63,204	 (2,867)	 715	 (7,042)	 104	 17,719	 72,260
Profit for the period	-	-	-	-	-	-	3,943	3,943
Other comprehensive loss for the period	-	-	(79)	-	-	-	-	(79)
Total comprehensive profit (loss) for the period	-	-	(79)	-	-	-	3,943	3,864
Share-based payment cost	-	-	-	78	-	-	-	78
Exercise of employee stock options	-	301	-	(62)	-	-	-	239
 <u>Balance as of September 30, 2021</u> <u>(unaudited)</u>	 427	 63,505	 (2,946)	 731	 (7,042)	 104	 21,662	 76,441

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

Unitronics (1989) (R" G) Ltd.

Condensed Consolidated Statements of Changes in equity

	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, 2021</u>	427	63,204	(2,964)	568	(7,042)	104	17,280	71,577
Net profit for the year	-	-	-	-	-	-	19,199	19,199
Other comprehensive profit (loss) for the year	-	-	(296)	-	-	-	(130)	(426)
Total comprehensive profit (loss) for the year	-	-	(296)	-	-	-	19,069	18,773
Cost of share-based payment	-	-	-	242	-	-	-	242
Dividend distribution	-	-	-	-	-	-	(20,000)	(20,000)
Exercise of employee stock options	1	673	-	(137)	-	-	-	537
<u>Balance as of December 31, 2021</u>	<u>428</u>	<u>63,877</u>	<u>(3,260)</u>	<u>673</u>	<u>(7,042)</u>	<u>104</u>	<u>16,349</u>	<u>71,129</u>

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

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

	For the nine month period ended on September 30		For the three month period ended on September 30		For the year ended December 31
	2022	2021	2022	2021	2021
	<u>(Unaudited)</u>		<u>(Unaudited)</u>		<u>(Audited)</u>
			<u>NIS thousands</u>		
<u>Cash flow – operating activities</u>					
Profit for the period	12,343	14,382	2,124	3,943	19,199
Adjustments required to reconcile Net income to net cash provided by operating activities (Appendix A)	517	11,553	(1,223)	5,861	12,910
Net cash derived from operating activities	12,860	25,935	901	9,804	32,109
<u>Cash flows - investment activities</u>					
Purchase of property and equipment	(542)	(575)	(100)	(248)	(776)
Withdrawal of bank deposits	-	2,252	-	-	2,252
Withdrawal of restricted long-term deposits	-	175	-	175	175
Investment in right-of-use assets	(156)	(261)	-	(180)	(261)
Investment in intangible assets	(7,093)	(6,786)	(2,448)	(2,410)	(8,704)
Net cash flows used in investment activities	(7,791)	(5,195)	(2,548)	(2,663)	(7,314)

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

Unitronics (1989) (R"G) Ltd.

Condensed Consolidated Statements of Cash Flows

	For the nine month period ended on September 30		For the three month period ended on September 30		For the year ended December 31
	2022	2021	2022	2021	2021
	<u>(Unaudited)</u>		<u>(Unaudited)</u>		<u>(Audited)</u>
			<u>NIS thousands</u>		
<u>Cash flows -</u>					
<u>financing activities:</u>					
Repayment of long-term loans	(2,571)	(8,020)	(575)	(3,270)	(9,459)
Dividends paid	(25,000)	(10,000)	(15,000)	-	(10,000)
Proceeds from exercise of options	-	-	-	-	537
Lease payments	(1,252)	(1,296)	(394)	(395)	(1,684)
Net cash used in financing activities	<u>(28,823)</u>	<u>(19,316)</u>	<u>(15,969)</u>	<u>(3,665)</u>	<u>(20,606)</u>
Effect of exchange rate changes on cash	<u>773</u>	<u>(76)</u>	<u>(465)</u>	<u>(116)</u>	<u>(620)</u>
Change in cash for the period	(22,981)	1,348	(18,081)	3,360	3,569
Cash at beginning of the period	<u>27,728</u>	<u>24,159</u>	<u>22,828</u>	<u>22,147</u>	<u>24,159</u>
Cash at end of the period	<u><u>4,747</u></u>	<u><u>25,507</u></u>	<u><u>4,747</u></u>	<u><u>25,507</u></u>	<u><u>27,728</u></u>

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

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

	For the nine month period ended on September 30		For the three month period ended On September 30		For the year ended December 31
	2022	2021	2022	2021	2021
	(Unaudited)		(Unaudited)		(Audited)
			<u>NIS thousands</u>		
<u>Appendix A</u>					
<u>Adjustments necessary to present the cash flows</u>					
<u>Current operations</u>					
<u>Income and expenses not involving cash flows:</u>					
Depreciation and amortization	8,785	8,788	2,836	2,993	11,397
Revaluation of cash balances in foreign	(365)	76	265	21	494
Changes in employee benefit liabilities, net	-	-	-	-	(3)
Stock-based compensation	209	225	61	78	242
Revaluation of bank deposits	-	(1)	-	-	(1)
Revaluation of long-term loans	8	(180)	(36)	(100)	(322)
Waiving of return of PPP loan	-	(1,268)	-	-	(1,268)
Changes in deferred taxes	(123)	(500)	(225)	(62)	(338)
Revaluation of warrants for ordinary shares	2,436	3,471	1,211	1,313	1,765
Revaluation of financial assets, net	(91)	39	(71)	33	38
Accrued interest and revaluation of leases	51	52	11	20	44
<u>Changes in assets and liabilities:</u>					
Trade receivables	(1,615)	(3,319)	1,146	1,461	(3,188)
Other receivables	(3,701)	(1,138)	(3,950)	2,327	(823)
Related companies, net	(1,166)	539	174	1,233	(458)
Inventories	(9,366)	(4,176)	(5,857)	(1,781)	(4,104)
Trade payables	5,749	6,063	1,391	(1,213)	4,038
Other payables	(294)	2,882	1,821	(462)	4,857
	517	11,553	(1,223)	5,861	12,910

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

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

For the nine month period ended on September 30		For the three month period ended On September 30		For the year ended December 31
2022	2021	2022	2021	2021
(Unaudited)		(Unaudited)		(Audited)
NIS thousands				

Appendix B – Supplemental
disclosure of cash flows activities:

Cash paid during the period for:

Interest	180	229	57	79	336
Taxes on income	1,668	1,539	536	505	2,072

Cash received during the period for:

Interest	-	9	-	9	9
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Appendix C - Non-cash operations

Stock-based compensation	-	239	-	239	-
Lease agreements	944	3,004	198	3,004	3,793
Dividend declaration	-	-	-	-	10,000

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

Unitronics (1989) (R"G) Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Note 1 – General:

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

The condensed interim financial statements are to be reviewed in conjunction with the annual financial statements of the Company as of December 31, 2021 and the accompanying notes (hereinafter - the "Consolidated Annual Financial Statements"). Therefore, no notes were provided in the condensed interim financial statements with regard to non-material updates relative to the information which has previously been reported in the notes in the most recent annual financial statements of the Company.

Note 2 - Significant Accounting Policies

A. Principals of the condensed consolidated interim statements' preparation

The condensed interim financial statements are in conformity with the provisions of IAS 34 with regard to "Interim Financial Reporting". In addition, the condensed interim financial statements are in accordance with the disclosure provisions pursuant to Chapter D of the Securities Regulations (Periodic and Immediate Reports), -1970

The condensed interim financial statements were prepared in accordance with the same accounting policies and calculation methods which were applied in the annual financial statements of the Company as of December 31, 2021.

B. New standards in the period before their implementation

Classification of liabilities as current or non-current and non-current liabilities with financial standards - Amendments to International Accounting Standard 1 "Presentation of Financial Statements" (together below: "Amendments to IAS 1 :")

The amendments regarding the classification of liabilities as current or non-current were published in January 2020 (hereafter: "the amendments from January 2020") in order to clarify the classification of liabilities in the statement of financial position, as current or non-current. In addition, the amendments regarding non-current liabilities with financial benchmarks were published in October 2022 (hereinafter: "the amendments from October 2022") with the aim of improving the information a company provides regarding liabilities arising from loan arrangements for which a company's right to postpone the settlement of liabilities at least 12 months after the reporting period is subject for the company to comply with specific conditions contained in these arrangements (hereinafter: "financial benchmarks") and as a response to concerns from users regarding the results of the implementation of the amendments from January 2020.

Below is an overview of the main amendments to IAS 1:

- The right to postpone the settlement of the obligation for at least 12 months after the reporting period must exist at the end of the reporting period. The company's right to postpone the settlement of the obligation arising from the loan arrangement, for at least 12 months after the reporting period, may be subject to the company meeting financial standards. Such financial benchmarks:

- will affect the question of whether this right exists at the end of the reporting period, if the company is required to meet the financial standards at the end of the reporting period or before it, even if compliance is examined after the reporting period.

- will not affect the question of whether this right exists at the end of the reporting period, if the company is required to meet the financial standards only after the reporting period.

- The classification criterion resulting from the existence of a right to postpone settlement for at least 12 months after the reporting period is not affected by the management's intentions or expectations for the exercise of the right or the actual settlement of the obligation during the 12 months after the reporting date.

" -Settlement" for the purposes of classifying liabilities as current or non-current refers to a transfer to a counterparty that results in the cancellation of the liability which includes the transfer of cash or other economic resources such as goods or services, or of capital instruments, unless it is an obligation to transfer capital instruments resulting from a debt conversion option in equity, which is classified as an equity instrument and is recognized separately from the liability as an equity component of a complex financial instrument.

Unitronics (1989) (R"G) Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

-Added disclosure instructions relating to the settlement after the reporting period of liabilities classified as non-current, as well as information that will allow users of the financial statements to understand the risk that liabilities - arising from loan arrangements classified as non-current, when the company's right to postpone settlement of these liabilities is subject to compliance with financial standards during 12 months after The reporting period will be repayable during that period.

The amendments to IAS 1 will be applied retrospectively, starting with annual periods beginning on or after January 1, 2024.

Note 3 –Financial instruments

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

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

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

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

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

Foreign currency forward contract is measured by Level 2.

Liability for options is measured in accordance with level 3.

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 E 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.

Unitronics (1989) (R"G) Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Note 3 – Financial instruments (continued)

A. Classification of financial instruments in accordance with fair value hierarchy (continued)

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.

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

	Fair value or loss of financial liabilities				
	For the nine month period ended September 30		For the three month period ended September 30		For the year ended December 31
	2022	2021	2022	2021	2021
	(Unaudited)		(Unaudited)		(Audited)
	<u>NIS thousands</u>				
As of the beginning of the period	(6,022)	(4,257)	(7,247)	(6,415)	(4,257)
Total net loss recognized in Finance expenses	(2,436)	(3,471)	(1,211)	(1,313)	(1,765)
As of the end of the period	(8,458)	(7,728)	(8,458)	(7,728)	(6,022)

The remaining liability for the warrants is in accordance with a valuation by an external appraiser, based on the "Monte Carlo" model. The assumptions in carrying out the valuation:

Unitronics base asset 19.48 NIS, Utron base asset 8.95 NIS, Unitronics standard deviation 29.45%, Utron standard deviation 30.30%, risk-free interest rate 3.06%, life expectancy 1.5 years.

Unitronics (1989) (R"G) Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Note 3 – Financial instruments (continued)

C. 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*

As of September 30 2022 (unaudited)				
+10%	+5%	Fair value	-5%	-10%
337	173	8,458	(161)	(369)

As of September 30 2021 (unaudited)				
+10%	+5%	Fair value	-5%	-10%
362	172	7,728	(153)	(398)

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

As of September 30, 2022 (unaudited)				
+20%	+10%	Fair value	-10%	-20%
1,920	836	8,458	(446)	(366)

As of September 30, 2021 (unaudited)				
+20%	+10%	Fair value	-10%	-20%
1,056	460	7,728	(265)	(278)

*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 according to the "Monte Carlo" model

Unitronics (1989) (R"G) Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Note 4 – Income by geographical area:

	For the nine month period ended September 30		For the three month period ended September 30		For the year ended December 31
	2022	2021	2022	2021	2021
	(Unaudited)		(Unaudited)		(Audited)
	<u>NIS thousands</u>				
Israel	6,534	5,891	1,680	1,969	7,975
Europe	39,072	40,869	10,940	12,332	56,805
United States	49,954	47,922	17,760	17,642	63,215
Others	12,396	14,355	3,928	4,459	19,023
Total income	107,956	109,037	34,308	36,402	147,018

Note 5 – Material events during the reporting period

A. Outbreak of the Corona virus

For information on the outbreak of the Corona virus and the consequences thereof in 2021, see Note 1D to the consolidated annual financial statements

During the period of the report and up to the date of its approval, the company's business and financial results were not materially affected by the corona virus crisis.

The Company does not anticipate that its business will be materially adversely affected in the near future by the Corona crisis, and it regularly monitors developments with regard to the spread of the Corona virus in Israel and around the world and operates in accordance with the guidelines of the various authorities.

B. The global shortage of electronic components

The Company is exposed to the effects and risks associated with the global shortage of electronic components. Since the end of 2020 there has been a worldwide shortage of electronic components which is affecting the entire electronics industry. To the best knowledge of the Company, the shortage of electronic components is due to several reasons, including: a decrease in supply due to the Corona crisis, during which many workers stayed at home thereby impairing the production lines; Increased demand for electronic component-based products during the Corona crisis such as: smartphones, computers, monitors, routers and other electronic component-based products; as well as an increase in demand in the automotive industry, which began to stock up on a large amount of electronic chips, which was reflected in large-scale chip orders.

Unitronics (1989) (R"G) Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Note 5 – Material events during the reporting period (cont'd)

Following the increase in demand concurrent with the decrease in supply, the delivery times for electronic components have become very long, occasionally reaching a year and even longer. The Company estimates that the current situation is expected to continue in the forthcoming months, wherein as of the date of publication of this report, there is no clear forecast for an improvement in supply.

Extension of delivery times for electronic components has caused an extension in delivery time, for part of the products of the Company, to the customers of the Company which may cause the deferral of revenue therefrom. However, the Company does not anticipate a material cancellation of orders from the customers of the Company due to the extension of delivery times.

- C. Further to note 22b(d) to the consolidated annual financial statements, on May 17, 2022, the general meeting of the company's shareholders (hereinafter - the "meeting") approved the employment agreement of Mr. Haim Shani, chairman of the active board of directors and the controlling owner of the company, for the period of three years from the expiration date of the previous approval given to Mr. Shani's current employment agreement.
- D. Further to note 22b(e) to the consolidated annual financial statements, on May 17, 2022, the meeting approved the payment of remuneration to Mr. Amit Ben Zvi, the chairman of the joint active board of directors of the company, for a period of three years, effective from the date of expiration of the previous approval given to the condition The current service of Mr. Ben Zvi.
- E. On August 31, 2022, the company's board of directors decided to distribute a dividend to the company's shareholders in the total amount of 15 million NIS. On September 22, 2022, the dividend was paid in full.

**Chapter D - Statements by the CEO and CFO of the Corporation for the
Third Quarter of 2022**

- 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 Third quarter of 2022 ("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.

November 29, 2022

Amit Harari, CEO

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

I, Itzik Hai, 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 third quarter of 2022 (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.

November 29, 2022

Itzik Hai, CFO