



Unitronics (1989) (RG) Ltd.

Quarterly Report as of March 31, 2025

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Unitronics (1989) (RG) Ltd.

Chapter A

Board of Directors Report on the State of Affairs of the Company for the Period Ended March 31, 2025

1. General

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

Company number: 520044199

Address: Unitronics House, 3, Arava St., Airport City, POB 300, Israel
70100

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Telephone: 03 977 8888

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Period of the Report: The three-month period ended on March 31, 2025

Date of the Report: March 31, 2025

In accordance with Regulation 39A of the Regulations, the following review is limited in scope and only relates to material changes and developments in the Company's affairs during the report period and it is prepared under the assumption that the reader also has access to the Board of Directors, report for December 31, 2024, as published on March 20, 2025 (reference number: 2025-01-018586). The above reference is cited as inclusion by way of reference (hereinafter: "**2024 Periodic Report**"). At the same time, in some cases, for the purpose of providing an overall picture, the Company has included a more detailed description than is actually required, which incorporates information which, in its opinion, is not necessary material.

2. Description of the Company and its Business Environment

The company deals in the design, development, manufacturing, marketing, sales and support of programmable logic controllers (PLC) (hereinafter: the "**Controllers**") and other automation products. 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. In addition, the company is marketing and selling propulsion controllers (VFD and servo systems) designed to interface in an integrative and simple manner with the Controllers of the company. Furthermore, the company launched an integrative platform for cloud services (SaaS) which is designed to allow any customer to connect the controllers of the Company (And even controllers from other companies) to an environment based on a cloud computing infrastructure, transfer data securely and create business dashboards (BI). In this service, the emphasis is on a complementary service to company controllers with 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 products and services are marketed and sold through the Company's internal sales and marketing system via subsidiaries in the United States and Germany, as well as through a network of distributors that includes approximately 185 distributors, of which approximately 105 are in the US and North America and the remainder in approximately seventy countries (including Israel) mainly in Europe, Asia and South America.

The Company mainly operates from office and industrial buildings located at Airport City near the David Ben Gurion Airport. For further details, see Section 1.11 in Chapter A of the Company's 2024 Periodic Report.

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

3.1 War of Iron Swords

On October 7, 2023, the State of Israel faced a surprise attack by terrorist organizations from the Gaza Strip, following which the Israeli government declared the “War of Iron Swords”, which is still ongoing. Shortly following the surprise attack, fighting started on the northern border of the country and later a security threat also developed in the Red Sea area and the trade routes adjacent to it from the “Houthis” from Yemen, as well as from Iran and its proxies, which was expressed, among other things, in the firing of missiles and drones.

As of the date of publication of the reports, there is a ceasefire agreement between Israel and Lebanon, but the campaign in the south against Hamas in Gaza continues, as do the “Houthis” attacks, and it is unknown how the conflict will continue to develop.

The war has a significant impact on the Israeli economy, manifested, among other things, by the extensive mobilization of reserve forces, the temporary closure of businesses, volatility of the Israeli shekel against foreign currencies and the downgrading of Israel's credit rating by the leading credit rating companies.

During the entire period of the fighting, all the systems of the Company are operating normally and there is no material direct effect of the war on the operations of the Company. Among other things, considering its global activity, as of the date of publication of the report The Company does not anticipate that the events of the war will have a material impact on its business activities, however, there is no certainty that this will indeed be the case if and as the war expands and its consequences worsen.

3.2 Changing tariff policy on goods imported into the US

In April 2025, the US government announced the imposition of tariffs on goods imported into the United States from various countries around the world, including Israel, a change that has broad implications for the global economy and the economy in Israel. However, as of this date, there is considerable uncertainty regarding the new tariff policy. In light of the fact that part of the Company's revenue derives from exports to the United States (see also Note 24 in Chapter C of the 2024 Periodic Report), the Company is examining the potential effects of the tariff increase on its operations and has even begun to implement actions to reduce the effects as stated above, but at this stage cannot assess the implications on its results

3.3 The impact of inflation and the increase in interest rates

Further to the aforesaid in section 1.4 to the board of directors' report in the 2024 Periodic Report, the Company is continually monitoring and examining the possible consequences of the increase in the consumer price index on the market, the operations of the Company, its business and financial results.

In this context, starting in 2021, there was an increase in inflation rates in Israel and around the world. However, starting in 2023, the rate of increase in the consumer price index moderated, and it stood at a rate of 3% in Israel that year (compared to a 5.3% increase in the previous year) and at a rate of 3.2% in 2024. In the first quarter of 2025, the index rose by about 1.1%.

Considering the moderation in the global inflation rate, the central banks in the US and the European Union have gradually lowered interest rates, which stand at 2.65%¹ in the Eurozone and 4.33%² in the US as of March 31, 2025. In contrast, considering geopolitical risk and in particular the continuation of the Iron Sword War, the interest rate in Israel has remained unchanged since the beginning of 2024 and is 4.5%, after a 0.25% interest rate cut in January 2024. According to the forecast of the Bank of Israel's Research Division, the inflation rate during 2025 is expected to be 2.6%. Also, according to the aforementioned forecast, the monetary interest rate is expected to average 4.0% in the first quarter of 2026.

The Company holds loans from banking corporations with variable interest rates, plus the Company also rents a building and parking spaces in exchange for rental fees linked to the consumer price index. The Company estimates that the effect of the continued increase in the consumer price index as well as the increase in interest rates are not expected to materially affect the results of its operations considering the volume of the loans and the increases influenced by the increase in the interest rate and the consumer price index.

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

- 3.4** For events that occurred from January 1, 2025, until the date of publication of the 2024 Periodic Report, see Section 3 of the Company's Board of Directors' Report attached to the 2024 Periodic Report, which are incorporated by reference in this report.
- 3.5** On March 19, 2025, the Board of Directors of the Company decided to distribute a dividend to the shareholders of the Company in the amount of approximately NIS 0.5734 for each one ordinary share of the Company, and a total of NIS 8 million, for which the award date was March 30, 2025 and the payment date was April 22, 2025. For additional details regarding the dividend distribution, including details regarding the examination conducted by the Company's Board of Directors when making the decision on the distribution in connection with the Company's compliance with the profit test and the solvency test set forth in Section 302(a) of the Companies Law, 1999, see the Company's immediate report dated March 30, 2025 (reference: 2025-01-022414).

1 https://www.ecb.europa.eu/stats/policy_and_exchange_rates/key_ecb_interest_rates/html/i

2 <https://fred.stlouisfed.org/series/FEDFUNDS>

4. Financial situation

4.1 Balance sheet (NIS thousands)

	As of March 31		As of December 31	The Board of Directors' explanations for the main changes in balance sheet balances compared to December 31, 2024
	2025	2024	2024	
	NIS thousands			
Current assets	85,796	101,429	81,105	An increase of approximately NIS 4.7 million in the total current assets is mainly due to an increase in cash and cash equivalent balances in the amount of approximately NIS 5.8 million, an increase in trade receivables balance in the amount of approximately NIS 2.2 million, which were offset by a decrease in inventory in the amount of approximately NIS 3.5 million.
Non-current assets	61,048	59,093	61,884	No material change.
Total assets	146,844	160,522	142,989	
Current liabilities	49,548	70,076	44,747	An increase of approximately NIS 4.8 million in the total current liabilities mainly due to the undertaking of a dividend announced during the reporting period in a total amount of NIS 8 million (paid after the reporting period), which was partly offset by a decrease in the balance of current maturities and short-term bank loans totaling approximately NIS 2.6 (loan repayment), and a decrease in suppliers and service providers in the amount of approximately NIS 1.2 million.
Non-current liabilities	6,977	8,184	7,143	No material change.
Equity attributable to	90,319	82,262	91,099	The decrease in the company's equity as of March 31, 2025 compared to the equity as of December 31, 2024, in

	As of March 31		As of December 31	The Board of Directors' explanations for the main changes in balance sheet balances compared to December 31, 2024
	2025	2024	2024	
	NIS thousands			
the Company's shareholders				the amount of approximately NIS 0.8 million, is mainly due to a decrease due to a dividend distributed in the amount of NIS 8 million, offsetting the profit for the reporting period, which amounted to approximately NIS 6.4 million, and an increase in capital reserve due to a share-based payment in the amount of NIS 0.4 million.
Total liabilities and equity	146,844	160,522	142,989	

The Company's working capital as of March 31, 2025, March 31, 2024, and December 31, 2024 amounted to approximately NIS 36,248, NIS 31,353 and NIS 36,358 respectively.

4.2 Operating results (NIS thousands)

	As of March 31		As of December 31	The Board of Directors' explanations of the material changes compared to the corresponding period of the previous year
	2025	2024	2024	
	NIS thousands			
Revenues	40,329	54,300	192,236	The revenues of the Company decreased by approximately NIS 14 million due to the continued use of inventory accumulated by some customers in Europe, as well as due to uncertainty in the US towards the end of the reporting quarter regarding the US tariff plan.
Cost of revenues	20,202	26,841	93,954	
Gross profit (gross profit margin)	20,127 (49.9%)	27,459 (50.6%)	98,282 (51.1%)	The gross profit decrease during the reporting period compared to the corresponding period of the previous year in the amount of approximately NIS 6.6 million due to the decrease in revenues.
Development expenses	1,046	1,251	4,777	No material change.
Sales and marketing expenses	7,029	8,824	33,355	A decrease in Sales and Marketing expenses in the amount of approximately NIS 1.8 million, mainly as a result of a decrease in variable salary expenses and other variable costs.
General and administrative expenses	3,932	3,896	15,655	No material change.
Other income	-	-	70	
Profit from ordinary activities	8,120	13,488	44,565	
Financing income (expenses), net	239	38	280	

	As of March 31		As of December 31	The Board of Directors' explanations of the material changes compared to the corresponding period of the previous year
	2025	2024	2024	
	NIS thousands			
Profit (loss) from revaluation of the liability in respect of option warrants	-	586	6,907	FIMI option warrant was expired during the second quarter of last year.
Profit before taxes on income	7,881	14,036	51,192	
Taxes on income	1,437	1,972	7,484	Decrease in tax expenses following the profit decrease.
Profit for the period	6,444	12,064	43,708	

4.3 Liquidity and Financing Sources

The balance of cash and cash equivalents as of March 31, 2025, March 31, 2024, and December 31, 2024, amounted to approximately NIS 8,478 thousand, approximately NIS 17,692 thousand and approximately NIS 2,677 thousand, respectively. Below are explanations regarding the changes in cash flows (NIS thousands):

	As of March 31		As of December 31	The Board of Directors' explanations of the material changes compared to the corresponding period of the previous year
	2025	2024	2024	
	NIS thousands			
Cash flow from operating activities	11,225	17,759	34,909	<p>Cash flows from operating activities arise from the Company's operating profit of approximately NIS 6.4 million, less adjustments required to present cash flows from operating activities of approximately NIS 4.8 million. These adjustments include:</p> <p>(1) An addition due to non-cash income and expenses of approximately NIS 4.1 million, resulting mainly from depreciation and amortization of approximately NIS 3.4 million.</p> <p>(2) An addition due to changes in working capital items of approximately NIS 0.6 million, mainly due to a decrease in inventory of approximately NIS 3.5 million, which was partially offset by an increase in trade receivables balance of approximately NIS 1.9 million and a decrease in supplier and service provider balances of approximately NIS 1.2 million.</p> <p>The decrease in cash flow from operating activities in the reporting period compared to the corresponding period last year is mainly due to the decrease in profit.</p>

	As of March 31		As of December 31	The Board of Directors' explanations of the material changes compared to the corresponding period of the previous year
	2025	2024	2024	
	NIS thousands			
Cash flow from investment activities	(2,691)	(2,316)	(11,125)	The cash flow used for investment activities was mainly used for investment in development assets.
Cash flow from financing activities	(3,134)	(11,179)	(34,674)	The cash flow used for financing activities were mainly used to repay short-term credit from banking corporations.

As of March 31, 2025, the Company has loans and credit facilities of a non-material amount. The Company applies from time to time to financial institutions for credit lines in accordance with the needs thereof.

5. Corporate Governance Aspects

5.1 Internal Auditor

During the quarter, there was no material change in relation to the data regarding the company's internal auditor as detailed in section 5.1 of the Board of Directors' report for the periodic report for 2024.

5.2 Directors with Accounting and Financial Skills

There have been no changes to the Board of Directors' determination regarding the minimum required number of directors with accounting and financial expertise, as detailed in the Board of Directors' report attached to the 2024 Periodic Report. For details regarding directors with accounting and financial expertise, see Section 5.2 of the Board of Directors' report in the 2024 Periodic Report.

5.3 Independent directors

As of the date of this report, the Company has not adopted provisions in its articles of association regarding the proportion of independent directors, as defined in Section 1 of the First Schedule to the Companies Law, 1999.

5.4 Donations policy

The Company has no policy regarding charitable donations.

6. Disclosure Requirements in Connection with Financial Reporting

6.1 Liabilities Balance Report by Maturity Dates

For details regarding the Company's liabilities balance by maturity date as of March 31, 2024-2025, see the Report on the Corporation's Liabilities Balance by Maturity Dates, which is published concurrently with this report and is hereby incorporated by reference.

6.2 Critical accounting estimates:

For details on the critical accounting estimates used in the financial statements, see Note 2 (Accounting Policy) to the Company's consolidated financial statements as of December 31, 2024.

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

Haim Shani
Active Chairman of the
Board of Directors

Amit Harari
CEO

Date: May 13, 2025

UNITRONICS (1989) (R"G) LTD

Condensed Consolidated Financial
Statements
March 31, 2025
(Unaudited)

Unitronics (1989) (R"G) Ltd
Condensed Consolidated Interim Financial Statements
March 31, 2025

(Unaudited)

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

Introduction

We have reviewed the accompanying statements of financial position of Unitronics (1989) (R"G) Ltd. (hereinafter – "the Company") which includes the condensed consolidated statements of financial position as of March 31, 2025 and the interim condensed consolidated statements of profit or loss and the comprehensive income, changes in equity and cash flows for the three month period then ended. The Board of Directors and the management are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standards IAS 34 "Financial Reporting for Interim Periods, and are also responsible for the preparation of financial information for this interim period in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on the financial information for this interim period based on our review.

Scope of Review

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

Conclusion

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

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

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

Tel Aviv, May 13, 2025

Unitronics (1989) (R”G) Ltd.

Condensed Consolidated Interim Statements of Financial Position

	As of March 31		As of
	2025	2024	December 31
			2024
	(Unaudited)		(Audited)
	NIS (thousands)		
<u>Current assets</u>			
Cash and cash equivalents	8,478	17,692	2,677
Trade receivables, net	28,148	25,847	25,967
Other receivables	3,166	4,275	3,886
Related companies	5,773	5,831	4,875
Inventories	40,231	47,784	43,700
	85,796	101,429	81,105
<u>Non-current assets</u>			
Rights-of-use assets	13,733	15,573	14,119
Other deposits	125	132	110
Property and equipment, net	2,226	2,247	2,183
Related companies	2,543	-	3,548
Intangible assets, net	42,421	41,141	41,924
	61,048	59,093	61,884
	146,844	160,522	142,989

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

Amit Harari
CEO

Itzik Hai
CFO

Date of approval of the financial statements: May 13, 2025

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 March 31</u>		<u>As of December 31</u>
<u>Note</u>	<u>2025</u>	<u>2024</u>	<u>2024</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>NIS (thousands)</u>		
<u>Current liabilities</u>			
Current maturities of loans from banking corporations and others	120	364	2,693
Trade payables	18,081	31,586	19,289
Lease liabilities	1,960	2,165	1,952
Dividend payable	8,000	-	-
Other payables	21,387	29,640	20,813
liability for warrants	-	6,321	-
	<u>49,548</u>	<u>70,076</u>	<u>44,747</u>
<u>Non-current liabilities</u>			
Loans from a banking corporation and others	132	252	142
Employee benefit liabilities, net	1,448	1,737	1,414
Lease liabilities	362	1,722	613
Deferred tax liability	5,035	4,473	4,974
	<u>6,977</u>	<u>8,184</u>	<u>7,143</u>
<u>Equity</u>			
Share capital	431	430	430
Additional paid-in capital	64,635	64,409	64,603
Capital reserve from translation of financial statements of foreign activities	(1,354)	(1,517)	(1,701)
Share based payments reserve	2,147	553	1,751
Treasury shares	(7,042)	(7,042)	(7,042)
Fund regarding a transaction with the controlling shareholder	104	104	104
Retained earnings	31,398	25,325	32,954
	<u>90,319</u>	<u>82,262</u>	<u>91,099</u>
	<u>146,844</u>	<u>160,522</u>	<u>142,989</u>

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

Unitronics (1989) (R”G) Ltd.

Condensed Consolidated Interim Statements of Profit or Loss

		For the three-month period ended on		For the year ended
		March		December
		31		31
	Note	2025	2024	2024
		(Unaudited)		(Audited)
		NIS (thousands)		
Revenues	3	40,329	54,300	192,236
Cost of revenues		<u>20,202</u>	<u>26,841</u>	<u>93,954</u>
Gross profit		20,127	27,459	98,282
Development expenses		1,046	1,251	4,777
Sales and marketing expenses		7,029	8,824	33,355
General and administrative expenses		3,932	3,896	15,655
Other income		<u>-</u>	<u>-</u>	<u>70</u>
Operating profit		8,120	13,488	44,565
Finance incomes		434	134	968
Finance expenses		673	172	1,248
Profit from revaluation of liability for warrants		<u>-</u>	<u>586</u>	<u>6,907</u>
Profit before taxes on income		7,881	14,036	51,192
Income taxes		<u>1,437</u>	<u>1,972</u>	<u>7,484</u>
Profit for the period		<u><u>6,444</u></u>	<u><u>12,064</u></u>	<u><u>43,708</u></u>
Basic earnings per share in NIS		<u><u>0.462</u></u>	<u><u>0.867</u></u>	<u><u>3.139</u></u>
Diluted earnings per share in NIS		<u><u>0.460</u></u>	<u><u>0.795</u></u>	<u><u>2.591</u></u>

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

Unitronics (1989) (R"G) Ltd.

Condensed Consolidated Interim Statements of Comprehensive Income

	For the three-month period ended on March 31		For the year ended December 31
	2025	2024	2024
	(Unaudited)		(Audited)
	<u>NIS (thousands)</u>		
Profit for the period	6,444	12,064	43,708
<u>Other comprehensive income (net of tax)</u>			
<u>Amounts that will not subsequently be reclassified to profit or loss:</u>			
Losses from revaluation in respect of defined benefit plans	-	-	(15)
<u>Amounts that will be reclassified to profit or loss if certain conditions are fulfilled:</u>			
Adjustments arising from translation of financial statements of foreign operations	347	205	21
Other comprehensive income for the period	347	205	6
Total comprehensive income for the period	<u>6,791</u>	<u>12,269</u>	<u>43,714</u>

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

Unitronics (1989) (R"G) Ltd.

Condensed Consolidated Interim Statements of Changes in Equity

	Share capital	Additional paid-in capital	Capital reserve from translation of financial statements of foreign operations	Share based payments reserve	Company shares held by the company	Reserve from a transaction with a controlling party	Retained earnings	Total
	<u>NIS thousands</u>							
	<u>(Unaudited)</u>							
<u>Balance as of January 1, 2025</u>	430	64,603	(1,701)	1,751	(7,042)	104	32,954	91,099
Profit for the period	-	-	-	-	-	-	6,444	6,444
Other comprehensive income for the period	-	-	347	-	-	-	6,444	347
Total comprehensive income for the period	-	-	347	-	-	-	-	6,791
Exercise of employee stock option	1	32	-	(33)	-	-	-	-
Dividend distribution	-	-	-	-	-	-	(8,000)	(8,000)
Share-based payment cost	-	-	-	429	-	-	-	429
<u>Balance as of March 31, 2025</u> <u>(unaudited)</u>	<u>431</u>	<u>64,635</u>	<u>(1,354)</u>	<u>2,147</u>	<u>(7,042)</u>	<u>104</u>	<u>31,398</u>	<u>90,319</u>
<u>Balance as of January 1, 2024</u>	430	64,361	(1,722)	588	(7,042)	104	13,261	69,980
Profit for the period	-	-	-	-	-	-	12,064	12,064
Other comprehensive income for the period	-	-	205	-	-	-	-	205
Total comprehensive income for the period	-	-	205	-	-	-	12,064	12,269
Exercise of employee stock option	*	48	-	(48)	-	-	-	-
Share-based payment cost	-	-	-	13	-	-	-	13
<u>Balance as of March 31, 2024</u> <u>(unaudited)</u>	<u>430</u>	<u>64,409</u>	<u>(1,517)</u>	<u>553</u>	<u>(7,042)</u>	<u>104</u>	<u>25,325</u>	<u>82,262</u>

(*) Lower than NIS 500

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

Unitronics (1989) (R"G) Ltd.

Condensed Consolidated Interim Statements of Changes in Equity

	Share capital	Addition al paid- in capital	Capital reserve from translation of financial statements of foreign operations	Share based payments reserve	Company shares held by the company	Reserve from a transaction with a controlling party	Retained earnings	Total
					<u>NIS thousands</u> <u>(Unaudited)</u>			
<u>Balance as of January 1, 2024</u>	430	64,361	(1,722)	588	(7,042)	104	13,261	69,980
Profit for the year	-	-	-	-	-	-	43,708	43,708
Other comprehensive income								
(Loss) for the year	-	-	21	-	-	-	(15)	6
Total comprehensive income for the year	-	-	21	-	-	-	43,693	43,714
Share-based payment cost	-	-	-	1,405	-	-	-	1,405
Dividend distribution	-	-	-	-	-	-	(24,000)	(24,000)
Exercise of employee stock option	*	242	-	(242)	-	-	-	-
<u>Balance as of December 31,2024</u>	<u>430</u>	<u>64,603</u>	<u>(1,701)</u>	<u>1,751</u>	<u>(7,042)</u>	<u>104</u>	<u>32,954</u>	<u>91,099</u>

(*) Lower than NIS 500

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

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

	For the three-month period ended on March 31		For the year ended December 31
	2025	2024	2024
	(Unaudited)		(Audited)
	<u>NIS (thousands)</u>		
<u>Cash flows – operating activities:</u>			
Profit for the period	6,444	12,064	43,708
Adjustments required to reconcile Net income to net cash provided by operating activities (Appendix A)	<u>4,781</u>	<u>5,695</u>	<u>(8,799)</u>
Net cash derived from operating activities	<u>11,225</u>	<u>17,759</u>	<u>34,909</u>
<u>Cash flows – investment activities:</u>			
Purchase of property and equipment	(180)	(41)	(582)
Proceeds from the exercise of fixed assets	-	-	157
Repayment of Long-term debt of related companies	626	-	444
Investment in right-of-use assets	-	-	(273)
Investment in intangible assets	<u>(3,137)</u>	<u>(2,275)</u>	<u>(10,871)</u>
Net cash flows used in investing activities	<u>(2,691)</u>	<u>(2,316)</u>	<u>(11,125)</u>
<u>Cash flows – financing activities:</u>			
Repayment of long-term loans	(87)	(593)	(871)
Short-term credit from banks, net	(2,500)	-	2,500
Repayment of lease liabilities	(547)	(586)	(2,303)
Dividends paid	-	(10,000)	(34,000)
Net cash used in financing activities	<u>(3,134)</u>	<u>(11,179)</u>	<u>(34,674)</u>
Effect of foreign exchange rate differences on cash balances	<u>401</u>	<u>169</u>	<u>308</u>
Change in cash and cash equivalents for the period	5,801	4,433	(10,582)
Cash and cash equivalent balance at beginning of the period	<u>2,677</u>	<u>13,259</u>	<u>13,259</u>
Cash and cash equivalent balance at end of the period	<u>8,478</u>	<u>17,692</u>	<u>2,677</u>

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

Unitronics (1989) (R”G) Ltd.

Condensed Consolidated Interim Statements of Cash Flows

For the three-month period ended on March 31		For the year ended December 31
2025	2024	2024
(Unaudited)		(Audited)
NIS (thousands)		

Appendix A

**Adjustments required to reconcile net
income to net cash provided by operating
activities**

Non-cash revenues and expenses

Depreciation and amortization	3,440	3,181	13,513
Stock-based compensation	429	13	1,405
Accrued severance pay, net	15	(11)	(335)
Revaluation of cash balances in foreign currency	(343)	(145)	(285)
Revaluation of long-term loans	4	(2)	(5)
Changes in deferred taxes	61	32	535
Capital gain from exercise of fixed assets	-	-	(70)
Revaluation of financial assets, net	516	47	(99)
Revaluation of warrants for share options	-	(586)	(6,907)
Accrued interest and revaluation in respect of leases	20	62	199

Changes in operating assets and liabilities:

Increase in trade receivables	(1,887)	(2,533)	(2,863)
Decrease (increase) in other receivables	530	(909)	(398)
Decrease (increase) in inventories	3,517	(1,930)	2,141
Increase in Related companies, net	(423)	(372)	(3,460)
Increase (decrease) in suppliers and service providers	(1,219)	6,051	(6,240)
Increase (decrease) in other payables	121	2,797	(5,930)
	<u>4,781</u>	<u>5,695</u>	<u>(8,799)</u>

**Appendix B - Additional information on cash
flows for current operations**

Cash paid during the period for:

Interest	<u>142</u>	<u>87</u>	<u>613</u>
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Taxes on income	<u>1,121</u>	<u>1,040</u>	<u>10,177</u>
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Cash received during the year for:

Interest	<u>158</u>	<u>10</u>	<u>35</u>
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Appendix C – non-cash activities

New lease agreements	269	125	404
Classification to long-term debt of related companies	-	-	5,686
Declaration of dividend	8,000	-	-

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, 2024 and the accompanying notes (hereinafter - the "Consolidated Annual Financial Statements"). Therefore, no notes were provided in the condensed interim financial statements with regard to non-material updates relative to the information which has previously been reported in the notes in the most recent annual financial statements of the Company.

Note 2 – Main Points of the Accounting Policies

- A. The condensed interim financial statements are in conformity with the provisions of IAS 34 with regard to "Interim Financial Reporting". In addition, the condensed interim financial statements are in accordance with the disclosure provisions pursuant to Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.
- B. The condensed interim financial statements were prepared in accordance with the same accounting policies and calculation methods which were applied in the consolidated annual financial statements of the Company as of December 31, 2024.

Note 3 – Income

Income by geographical area:

	For the three-month period ending		For the year ending
	March 31, 2025	March 31, 2024	December 31, 2024
	Unreviewed		Reviewed
	NIS, (in thousands)		
Israel	2,457	2,393	10,566
Europe	13,708	17,744	59,428
United States	20,753	27,238	100,363
Others (1)	3,411	6,925	21,879
Total income	40,329	54,300	192,236

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

Unitronics (1989) (R"G) Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Note 3 – Income (continued)

Income by main products

	<u>For the three-month period ending</u>		<u>For the year ending</u>
	<u>March 31, 2025</u>	<u>March 31, 2024</u>	<u>December 31, 2024</u>
	<u>Unreviewed</u>		<u>Reviewed</u>
	<u>NIS, (in thousands)</u>		
Controllers and expansion units	38,616	51,791	183,969
Others	<u>1,713</u>	<u>2,509</u>	<u>8,267</u>
Total income	<u>40,329</u>	<u>54,300</u>	<u>192,236</u>

Note 4 – Material events during and after the reporting period

- A. On March 19, 2025, the Company's board of directors decided to distribute a dividend to the company's shareholders in total amount of NIS 8 million. On April 22, 2025, the dividend was fully paid.
- B. In April 2025, the US government announced the imposition of tariffs on goods imported into the United States from various countries around the world, including Israel, a change that has broad implications for the global economy and the economy in Israel. However, as of this date, there is considerable uncertainty regarding the new tariff policy. In light of the fact that part of the Company's revenue derives from exports to the United States (see also Note 24 in Chapter C of the 2024 Periodic Report), the Company is examining the potential effects of the tariff increase on its operations and has even begun to implement actions to reduce the effects as stated above, but at this stage cannot assess the implications on its results.
- C. On May 13, 2025, the Company's Board of Directors decided to distribute a dividend to the company's shareholders in total amount of NIS 21 million.

UNITRONICS (1989) (RG) LTD

Chapter c -

Interim report on the effectiveness of internal control

And Management statements

Interim report on the effectiveness of internal control on the financial reporting and disclosure in accordance with Regulation 37C (a) of the securities Regulations (Periodic and Immediate Reports), 1970, for the period ending on March 31, 2025:

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

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

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

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

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

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

In the annual report regarding the effectiveness of the Internal control over the financial reporting and the disclosure which was attached to the annual report for the period ended on 31.12.2024 (hereinafter - "the annual report regarding the latest internal control"), the board of directors and management assessed the internal control in the corporation; based on this assessment, the board of directors and management of the corporation concluded that the said internal control, as of December 31, 2024, is effective.

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

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

Managers Statement

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

I, Amit Harari, declares that:

1. I have examined the Interim Report of Unitronics (1989) (RG) Ltd. (hereinafter: the "**Company**") for first quarter of 2025 (hereinafter: the "**Reports**");
2. To the best of my knowledge, the reports do not include any misrepresentation of a material fact, and they do not lack a presentation of a necessary material fact so that the representations included therein, in light of the circumstances in which those representations were included, would not be misleading with reference to the period of the reports;
3. To the best of my knowledge, the financial statements and other financial information contained in the reports adequately reflect, in all material respects, the financial position, results of operations and cash flows of the corporation for the dates and periods to which the reports refer;
4. I have disclosed to the auditor of the corporation, the Board of Directors and the Audit Committee of the corporation Directors, based on my most recent assessment of the internal control over financial reporting and disclosure:
 - A. All the significant deficiencies and material weaknesses in the establishment or operation of the internal control over the financial reporting and disclosure that could reasonably have a negative impact on the ability of the corporation to collect, process, summarize or report financial information in a manner which calls into question the reliability of the financial reporting and the preparation of financial statements in accordance with the provisions of the law ; and -
 - B. Any fraud, whether material or not, involving the General Manager or those directly subordinate thereto or involving other employees who have a material role in the internal control of the financial reporting and disclosure;
5. I, alone or jointly with others in the corporation:
 - A. Established controls and procedures, or verified the establishment and existence under my supervision of controls and procedures, designed to ensure that material information relating to the corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in the Company and the consolidated companies, in particular during the period of preparation of the reports; and -

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

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

Date: May 13, 2025

Amit Harari, CEO

Managers Statement

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

I, Itzhak Hai, declares that:

1. I have examined the Interim Report and other financial information contained in the Interim report of Unitronics (1989) (RG) Ltd. (hereinafter: the "**Company**") for the first quarter of 2025 (hereinafter: the "**Reports**");
2. To the best of my knowledge, the financial Interim statements and the other financial information contained in the Interim reports do not include any misrepresentation of a material fact and they do not lack a presentation of a necessary material fact so that the presentations included therein, in light of the circumstances in which those presentations were included, would not be misleading with reference to the period of the reports;
3. To the best of my knowledge, the financial Interim statements and other financial information contained in the Interim reports adequately reflect, in all material respects, the financial position, results of operations and cash flows of the Company for the dates and periods to which the reports refer;
4. I have disclosed to the auditor of the Company, the Board of Directors and the Audit Committee of the Company, based on my most recent assessment of the internal control over financial reporting and disclosure:
 - A. All the significant deficiencies and material weaknesses in the establishment or operation of the internal control over the Interim financial reporting and disclosure insofar as it relates to the financial statements and the other financial information contained in the Interim statements, which could reasonably have a negative impact on the ability of the Company to collect, process, summarize or report financial information in a manner which calls into question the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and -
 - B. Any fraud, whether material or not, involving the General Manager or those directly subordinate thereto or involving other employees who have a material role in the internal control of the financial reporting and disclosure;
5. I, alone or jointly with others in the Company:
 - A. Established controls and procedures, or verified the establishment and existence under my supervision of controls and procedures, designed to ensure that material information relating to the Company, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in

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

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

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

Date: May 13, 2025

Itzhak Hai, CFO