



**Unitronics (1989) (RG) Ltd.**

**Quarterly Report as of June 30, 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 June 30, 2025**

## 1. **General**

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

Company number: 520044199

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Period of the Report: For the six-month and three-month period ended June 30, 2025

Date of the Report: June 30, 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 2024 Periodic Report of the Company (including the Board of Directors Report as of December 31, 2024, attached thereto) as published on March 20, 2025 (reference number: 2025-01-018586) (hereinafter: the "**2024 Periodic Report**"). The above reference is included by way of reference. 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 includes 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 in offices and industrial buildings located at Airport City near the Ben Gurion Airport. For further details, see Section 1.11 in Chapter A of the Company's 2024 Periodic Report.

### 3. **Main Events during the Report Period and in the Period until its Publication**

#### 3.1 **The impact of the War of "Iron Swords"**

On October 7, 2023, the State of Israel was attacked in a surprise attack by terrorist organizations from the Gaza Strip, following which the Israeli government declared the "Iron Swords" War, which continues to this day. In the immediate aftermath of the surprise attack, fighting began on the northern border of the country, and later a security threat from the Houthis in Yemen developed in the Red Sea region and the adjacent trade routes, as well as from Iran and its proxies, which caused, among other things, the firing of missiles and the launching of attack drones. In addition, in June 2025, Israel launched a military operation against Iran, which lasted 12 days until a ceasefire.

As of the date of publication of the reports, there is a ceasefire agreement between Israel and Lebanon and a ceasefire between Israel and Iran, but the campaign in the south against Hamas in Gaza continues, as do the Houthi attacks, and it is not known how the aforesaid will continue to develop .

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

During the entire period of the fighting, all of the systems of the Company continued to operate regularly, and the war had no direct material impact on the operations of the Company, among other things, in light of its global activities. As of the date of publication of the report, the Company does not expect the events of the war to 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 extensive implications for the US economy as well as the global economy, causing, among other things, hesitation and uncertainty among the American customers of the Company. As part of this program, at the start of its implementation, the tariff imposed on Israeli-made goods imported into the United States was 10%. As of August 7, 2025, the tariff rate on imports from Israel to the United States was updated to 15%. As of this date, there is still uncertainty regarding the overall impact of the new tariff policy on the markets and, consequently, on the operations of the Company, therefore, at this stage, the Company is unable to assess the impact of the new tariff policy on its operations. However, in light of the fact that part of the revenue of the Company derives from exports to the United States (see also Note 24 in Chapter C of the 2024 Periodic Report), the Company has taken action during the quarter and thereafter to reduce the aforesaid direct impacts on the Company at this time, with an emphasis on profitability, including an update of selling prices in the United States. Furthermore, the Company continues to regularly review changes in US tariff policy and the potential impacts on its operations and takes additional steps, as necessary, to mitigate the impact.

### **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 the world; however, in 2023, the consumer price index moderated to approximately 3%, in comparison to a rate of 5.3% in 2022, whereas the rate in 2024 was 3.2%. In the first half of 2025, the index increased by approximately 2.1%.

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 2.15% in the Eurozone and 4.33% as of June 30, 2025. In contrast, considering the geopolitical risk in Israel and in particular the continuation of the Iron Sword War, the interest rate in Israel remained unchanged during 2024 and is 4.5% in the first half of 2025 (following 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% whereas in 2026 it is expected to be 2%. Furthermore,

according to the aforesaid forecast, the monetary interest rate is expected to average 3.75% in the second quarter of 2026.

The Company holds loans from banking corporations with variable interest rates, plus the Company also rents the 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 2025 First Quarter Report, see Section 3 of the Board of Directors' Report of the Company attached to the 2024 Periodic Report, as well as Section 3 of the Board of Directors' Report in the 2025 First Quarter Report published on May 14, 2025 (reference number: 2025-01-033643) (hereinafter: the "**2025 First Quarter Report**").
- 3.5 On June 22, 2025, an annual and special general meeting of the shareholders of the Company was convened during which the 2024 Periodic Report of the Company was presented and the following items on the agenda thereof were approved: (a) reappointment of the auditor of the Company; (b) reappointment of the current Directors of the Company (who are not External Directors) to the Board of Directors of the Company; (c) approval of the appointment of Mrs. Doron Shahr as an External Director of the Company as well as the approval of a letter of indemnity and release; (d) approval of entering into a transaction with Utron Ltd., a company held by the shareholders of the Company, to upgrade the software systems and hardware components in the Unitronics Logistics Center. For further details, see the Immediate Reports of the Company dated May 18, 2025, June 19, 2025, June 22, 2025 (reference numbers: 2025-01-034780, 2025-01-043785 and 2025-01-044248, respectively). The above reports are incorporated by way of reference.
- 3.6 On July 1, 2025, the Company reported the taking of a material loan from a banking corporation in the amount of NIS 14 million for the Company's use in its current operations. The annual interest on the loan is a variable interest rate at an annual rate in the range of prime to prime

minus 0.5%, with the loan and interest repayable in five equal quarterly installments starting on October 1, 2025, such that the loan will be repaid in full on September 30, 2026. For further details, see the Immediate Report of the Company dated July 1, 2025 (reference number: 2025-01-047461). The aforesaid report is incorporated by way of reference.

- 3.7 On July 9, 2025, a special general meeting of the shareholders of the Company was convened, during which the following items on its agenda were approved: (a) approval of the terms of office and employment of the Active Chairman of the Board of Directors, Mr. Amit Ben Zvi; (b) approval of the terms of office and employment of the Active Deputy Chairman of the Board of Directors, Mr. Haim Shani; (c) re-approval of the Remuneration Policy of the Company. For further details, see the amended meeting convening notice dated June 3, 2025 (reference number: 2025-01-048636) and the report on the results of the meeting dated July 9, 2025 (reference number: 2025-01-050817).
- 3.8 On July 28, the Company published a report in accordance with which, on July 27, 2025, notifications were received by the Company from the controlling shareholders regarding the signing of an agreement for the sale of the shares of the controlling shareholders and the signing of a shareholders' agreement with IL JIN Electronics (India) Private Limited (hereinafter: the "**Buyer**"), and between the Buyer and Mr. Haim Shani, in accordance with which the FIMI Fund will sell to the Buyer all of its shares in the Company, while Mr. Haim Shani will sell to the Buyer 1,239,240 ordinary shares of the Company, constituting approximately 8.87% of the issued and paid-up share capital of the Company (excluding dormant shares), for a price of NIS 27.75 per share. In addition, Mr. Shani signed a shareholders' agreement with the Buyer under which Shani will continue to serve as a Director of the Company, will not sell the remainder of his shares in the Company for a period of 48 months from the date of completion of the transaction (hereinafter: the "**Lock-Up Period**") and will also vote with all the shares held thereby at general meetings of the Company in accordance with the vote of the Buyer (to the extent that the vote does not prejudice the rights thereof).

In addition, the Buyer granted Mr. Shani the right to sell to the Buyer (PUT option), and Mr. Shani granted the Buyer the right to purchase therefrom (CALL option), the balance of Shani's shares in the Company, following the Lock-Up Period, at the higher price per share of: (1) NIS 27.75 (adjusted for dividend distributions), and (2) the average closing price of the shares of the Company on the Stock Exchange (ex-dividend) in the 60 consecutive trading days preceding the exercise date of the option.

The transactions are expected to be completed within 60 business days from the date of signing the agreements, subject to the fulfillment of the condition's precedent. Following the closing of the transaction, the Buyer will become the controlling shareholder of the Company together with Mr. Shani.

For further details, see the Immediate Report of the Company dated July 28, 2025 (reference number: 2025-01-055815). The aforesaid report is incorporated by way of reference.

#### 4. **Financial situation**

##### 4.1 **Balance sheet (NIS thousands)**

|                                                   | As of June 30  |                | As of<br>December 31 | The Board of Directors'<br>explanations for the main changes<br>in balance sheet balances compared<br>to December 31, 2024                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------------------------------------------------|----------------|----------------|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                   | 2025           | 2024           | 2024                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                                                   | NIS thousands  |                |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Current assets                                    | 79,466         | 86,723         | 81,105               | The decrease of approximately NIS 1.6 million in total current assets is mainly due to a decrease in inventory in the amount of NIS 5.6 million following its continued adjustment in light of the end of the global shortage of electronic components, which was partially offset by an increase in trade receivables balance of approximately NIS 1.9 million and cash balances of approximately NIS 1.7 million.                                                                                                                               |
| Non-current assets                                | 60,429         | 58,842         | 61,884               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Total assets</b>                               | <b>139,895</b> | <b>145,565</b> | <b>142,989</b>       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Current liabilities                               | 57,277         | 54,736         | 44,747               | An increase of approximately NIS 12.5 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 21 million (paid following the reporting period), which was partly offset by other payables balances of NIS 4.8 million (tax payments and a decrease in payable expenses, including a provision for bonuses) as well as a decrease in the balance of short-term credit from banking corporations of approximately NIS 2.7 million (repayment of loans). |
| Non-current liabilities                           | 7,582          | 8,212          | 7,143                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Equity attributable to the Company's shareholders | 75,036         | 82,617         | 91,099               | The decrease in the equity of the Company as of June 30, 2025 compared to the equity as of December 31, 2024, in the amount of approximately NIS 16.1 million, is mainly due to a decrease due to a                                                                                                                                                                                                                                                                                                                                               |

|                                         | As of June 30  |                | As of<br>December 31 | The Board of Directors'<br>explanations for the main changes<br>in balance sheet balances compared<br>to December 31, 2024                                 |
|-----------------------------------------|----------------|----------------|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                         | 2025           | 2024           | 2024                 |                                                                                                                                                            |
|                                         | NIS thousands  |                |                      |                                                                                                                                                            |
|                                         |                |                |                      | dividend distributed in the amount of<br>NIS 29 million, offset by the profit in<br>the first half of the year in the total<br>amount of NIS 13.2 million. |
| <b>Total liabilities<br/>and equity</b> | <b>139,895</b> | <b>145,565</b> | <b>142,989</b>       |                                                                                                                                                            |

The Company's working capital as of June 30, 2025, June 30, 2024, and December 31, 2024, amounted to approximately NIS 22,189. thousand, NIS 31,987 thousand and NIS 36,358 thousand, respectively.

#### 4.2 Operating results (NIS thousands)

|                                    | For the six-month period ended June 30 |                   | For the three-month period ended June 30 |                   | As of December 31 | The Board of Directors' explanations of the main changes in the Statement of Income compared to the corresponding period of the previous year                                                                                                                                                                                                                                             |
|------------------------------------|----------------------------------------|-------------------|------------------------------------------|-------------------|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                    | 2025                                   | 2024              | 2025                                     | 2024              | 2024              |                                                                                                                                                                                                                                                                                                                                                                                           |
| Revenues                           | 79,928                                 | 106,614           | 39,599                                   | 52,314            | 192,236           | The revenues of the Company decreased by approximately NIS 27 million mainly due to a slowdown in the United States due to uncertainty in the markets as a result of the US tariff plan, which was partially offset by the growth of the Data Centers activity of the Company in the US market. In addition, the Company is seeing continued recovery and improvement in sales in Europe. |
| Cost of revenues                   | 39,830                                 | 52,647            | 19,628                                   | 25,806            | 93,954            |                                                                                                                                                                                                                                                                                                                                                                                           |
| Gross profit (gross profit margin) | 40,098<br>(50.2%)                      | 53,967<br>(50.6%) | 19,971<br>(50.4%)                        | 26,508<br>(50.7%) | 98,282<br>(51.1%) | The gross profit decreased during the reporting period compared to the corresponding period of the previous year in the amount of approximately NIS 13.9 million due to the decrease in revenues.                                                                                                                                                                                         |
| Development expenses               | 2,110                                  | 2,425             | 1,064                                    | 1,174             | 4,777             |                                                                                                                                                                                                                                                                                                                                                                                           |

|                                       | For the six-month period ended June 30 |        | For the three-month period ended June 30 |        | As of December 31 | The Board of Directors' explanations of the main changes in the Statement of Income compared to the corresponding period of the previous year                                                                                                                                                                                         |
|---------------------------------------|----------------------------------------|--------|------------------------------------------|--------|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                       | 2025                                   | 2024   | 2025                                     | 2024   | 2024              |                                                                                                                                                                                                                                                                                                                                       |
| Sales and marketing expenses          | 15,230                                 | 18,097 | 8,201                                    | 9,273  | 33,355            | A decrease in Sales and Marketing expenses in the amount of approximately NIS 2.9 million, mainly as a result of a decrease in variable salary expenses and other variable costs, which was partially offset by the cost of tariffs on exports to the United States starting in the reporting quarter.                                |
| General and administrative expenses   | 7,475                                  | 7,831  | 3,543                                    | 3,935  | 15,655            |                                                                                                                                                                                                                                                                                                                                       |
| Other income                          | -                                      | -      | -                                        | -      | 70                |                                                                                                                                                                                                                                                                                                                                       |
| Profit from ordinary activities       | 15,283                                 | 25,614 | 7,163                                    | 12,126 | 44,565            |                                                                                                                                                                                                                                                                                                                                       |
| Financing income (expenses), net      | 1,158                                  | (120)  | 1,397                                    | (82)   | (280)             | Financing income, net, mainly due to profit from foreign exchange hedging transactions (including revaluation of market value of transactions that have not yet been realized as of the reporting date) and from exchange rate differences as a result of the strengthening of the NIS relative to foreign exchange (mainly the USD). |
| Profit (loss) from revaluation of the | -                                      | 6,907  | -                                        | 6,321  | 6,907             | Profit in the first half of the past year mainly due to the expiration of the                                                                                                                                                                                                                                                         |

|                                         | For the six-month period ended June 30 |        | For the three-month period ended June 30 |        | As of December 31 | The Board of Directors' explanations of the main changes in the Statement of Income compared to the corresponding period of the previous year |
|-----------------------------------------|----------------------------------------|--------|------------------------------------------|--------|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
|                                         | 2025                                   | 2024   | 2025                                     | 2024   | 2024              |                                                                                                                                               |
| liability in respect of option warrants |                                        |        |                                          |        |                   | option warrants during the second quarter of last year.                                                                                       |
| Profit before taxes on income           | 16,441                                 | 32,401 | 8,560                                    | 18,365 | 51,192            |                                                                                                                                               |
| Taxes on income                         | 3,221                                  | 4,614  | 1,784                                    | 2,642  | 7,484             | Decrease in tax expenses following the profit decrease.                                                                                       |
| Profit for the period                   | 13,220                                 | 27,787 | 6,776                                    | 15,723 | 43,708            |                                                                                                                                               |

#### 4.3 Liquidity and Financing Sources (USD thousands)

The balance of cash and cash equivalents as of June 30, 2025, June 30, 2024, and December 31, 2024, amounted to approximately NIS 4,343 thousand, approximately NIS 4,167 thousand and approximately NIS 2,677 thousand, respectively. Below are explanations regarding the changes in cash flows (NIS thousands):

|                                     | For the six-month period ended<br>June 30 |        | For the three-month period ended June<br>30 |       | As of<br>December<br>31 | The Board of Directors' explanations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-------------------------------------|-------------------------------------------|--------|---------------------------------------------|-------|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                     | 2025                                      | 2024   | 2025                                        | 2024  | 2024                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Cash flow from operating activities | 18,995                                    | 23,751 | 7,770                                       | 5,992 | 34,909                  | <p>Cash flows from operating activities arise from the Company's operating profit of approximately NIS 13.2 million, less adjustments required to present cash flows from operating activities of approximately NIS 5.8 million. These adjustments include:</p> <p>(1) An addition due to non-cash income and expenses of approximately NIS 7.5 million, resulting mainly from depreciation and amortization of approximately NIS 6.7 million.</p> <p>(2) A decrease due to changes in working capital items of approximately NIS 1.7 million, mainly due to a decrease in other payables balances of approximately NIS 4.4 million and an increase in trade receivables balance of approximately NIS 2.9 million, which was partially offset by a decrease in inventory of approximately NIS 5.4 million.</p> |

|                                      | For the six-month period ended<br>June 30 |          | For the three-month period ended June<br>30 |          | As of<br>December<br>31 | The Board of Directors' explanations                                                                                                                                                                                           |
|--------------------------------------|-------------------------------------------|----------|---------------------------------------------|----------|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                      | 2025                                      | 2024     | 2025                                        | 2024     | 2024                    |                                                                                                                                                                                                                                |
|                                      |                                           |          |                                             |          |                         | 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 offset by changes in working capital.                       |
| Cash flow from investment activities | (5,471)                                   | (5,249)  | (2,780)                                     | (2,933)  | (11,125)                | The cash flow used for investment activities was mainly used for investment in development assets.                                                                                                                             |
| Cash flow from financing activities  | (11,760)                                  | (27,833) | (8,626)                                     | (16,654) | (34,674)                | The cash flow used for financing activities were mainly used to pay a dividend of approximately NIS 8 million and the repayment of short-term credit from banking corporations in the amount of approximately NIS 2.5 million. |

As of June 30, 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.

For details of the loan agreement of the Company in the amount of NIS 14 million of July 1, 2025, see section 3.6 above.

5. **Quarterly Report on the Balance of Liabilities by Maturity Dates**

For details on the balance of the liabilities of the Company by maturity date as of June 30, 2025, see the Statement of the Balance of Liabilities by Maturity Dates, which is published concurrently with this report and is hereby incorporated by way of reference.

6. **Critical Accounting Estimates**

There have been no material changes to the material accounting estimates and reasons as specified in Note 2 to the Consolidated Financial Statements attached to the 2024 Periodic Report.

7. **Donation Policy of the Company**

As of the date of this report, the Company does not have a Donation Policy.

8. **Directors with accounting and financial expertise**

There have been no changes to the Board of Directors' determination regarding the minimum required number of directors with accounting and financial expertise, as specified in the Board of Directors' Report attached to the 2024 Periodic Report. For details of the Directors with accounting and financial expertise, see Regulation 26 in Chapter D - Additional Details - in the 2024 Periodic Report as well as the report on the convening of the meeting of the shareholders' dated June 22, 2025 for the appointment of Ms. Doron Shahar as an External Director with accounting and financial expertise dated May 18, 2025 (reference number: 2025-01-034780).5

9. **Independent directors**

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

10. **Disclosure with regard to the Internal Controller of the Company**

As of the date of this report, there has been no material change in relation to the data regarding the Internal Auditor as specified in Section 5.1 of the Board of Directors' Report within the framework of the 2024 Periodic Report.

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Amit Ben-Zvi  
Active Chairman of the  
Board of Directors

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Haim Shani  
Active Deputy Chairman  
of the Board of Directors

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Amit Harari  
CEO

Date: August 20, 2025

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

## **Interim Condensed Financial Statements**

**As of June 30, 2025  
(Unaudited)**

**Unitronics (1989) (R"G) Ltd**  
**Interim Condensed Financial Statements**  
**As of June 30, 2025**

**(Unaudited)**

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

### ***Introduction***

We have reviewed the accompanying financial data of Unitronics (1989) (R"G) Ltd. (hereinafter – "the Company") which includes the condensed consolidated statements of financial position as of June 30, 2025 and the condensed consolidated statements of profit or loss and the comprehensive income, changes in equity and cash flows for the six-month and 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. It is our responsibility to draw 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 consists of 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. In accordance therewith, we do not express an opinion of the audit.

### ***Conclusion***

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

In addition to the 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

Tel Aviv, August 20, 2025



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**Unitronics (1989) (R”G) Ltd.**

**Condensed Consolidated Statements of Financial Position**

|                           | As of June 30          |                | As of<br>December 31 |
|---------------------------|------------------------|----------------|----------------------|
|                           | 2025                   | 2024           | 2024                 |
|                           | (Unaudited)            |                | (Audited)            |
|                           | <u>NIS (thousands)</u> |                |                      |
| <u>Current assets</u>     |                        |                |                      |
| Cash                      | 4,343                  | 4,167          | 2,677                |
| Trade receivables, net    | 27,886                 | 27,541         | 25,967               |
| Other receivables         | 3,634                  | 3,581          | 3,886                |
| Related companies         | 5,505                  | 5,784          | 4,875                |
| Inventories               | 38,098                 | 45,650         | 43,700               |
|                           | <u>79,466</u>          | <u>86,723</u>  | <u>81,105</u>        |
| <u>Non-current assets</u> |                        |                |                      |
| Rights-of-use assets      | 13,876                 | 15,136         | 14,119               |
| Other deposits            | 111                    | 130            | 110                  |
| Fixed assets, net         | 2,228                  | 2,346          | 2,183                |
| Related companies         | 1,094                  | -              | 3,548                |
| Intangible assets, net    | 43,120                 | 41,230         | 41,924               |
|                           | <u>60,429</u>          | <u>58,842</u>  | <u>61,884</u>        |
|                           | <u>139,895</u>         | <u>145,565</u> | <u>142,989</u>       |

Amit Ben Zvi  
Active Chairman  
of the Board of  
Directors

Haim Shani  
Active Deputy  
Chairman of the Board  
of Directors

Amit Harari  
CFO

Itzik Hai  
CFO

Date of approval of the financial statements: August 20, 2025

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

**Unitronics (1989) (R”G) Ltd.**

**Condensed Consolidated Statements of Financial Position**

|                                                                                | As of June 30   |                | As of December 31 |
|--------------------------------------------------------------------------------|-----------------|----------------|-------------------|
| Note                                                                           | 2025            | 2024           | 2024              |
|                                                                                | (Unaudited)     | (Unaudited)    | (Audited)         |
|                                                                                | NIS (thousands) |                |                   |
| <u>Current liabilities</u>                                                     |                 |                |                   |
| Loans from banking corporations and others                                     | 36              | 368            | 2,693             |
| Trade payables                                                                 | 18,412          | 25,485         | 19,289            |
| Lease liabilities                                                              | 1,780           | 2,158          | 1,952             |
| Dividend payable                                                               | 21,000          | -              | -                 |
| Payables and credit balances                                                   | 16,049          | 26,725         | 20,813            |
|                                                                                | <u>57,277</u>   | <u>54,736</u>  | <u>44,747</u>     |
| <u>Non-current liabilities</u>                                                 |                 |                |                   |
| Loans from a banking corporation and others                                    | 123             | 160            | 142               |
| Employee benefit liabilities, net                                              | 1,461           | 1,757          | 1,414             |
| Lease liabilities                                                              | 723             | 1,359          | 613               |
| Deferred tax liability                                                         | 5,275           | 4,936          | 4,974             |
|                                                                                | <u>7,582</u>    | <u>8,212</u>   | <u>7,143</u>      |
| <u>Equity</u>                                                                  |                 |                |                   |
| Share capital                                                                  | 431             | 430            | 430               |
| Share premium                                                                  | 64,681          | 64,564         | 64,603            |
| Capital reserve from translation of financial statements of foreign activities | (2,912)         | (1,200)        | (1,701)           |
| Share based payments reserve                                                   | 2,600           | 713            | 1,751             |
| Treasury shares                                                                | (7,042)         | (7,042)        | (7,042)           |
| Fund regarding a transaction with the controlling shareholder                  | 104             | 104            | 104               |
| Retained earnings                                                              | 17,174          | 25,048         | 32,954            |
|                                                                                | <u>75,036</u>   | <u>82,617</u>  | <u>91,099</u>     |
|                                                                                | <u>139,895</u>  | <u>145,565</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 Statements of Profit or Loss**

|                                                          |      | For the six-month<br>period ended |         | For the three-month<br>period ended |        | For the<br>year ended |
|----------------------------------------------------------|------|-----------------------------------|---------|-------------------------------------|--------|-----------------------|
|                                                          |      | June<br>30                        |         | June<br>30                          |        | December<br>31        |
|                                                          | Note | 2025                              | 2024    | 2025                                | 2024   | 2024                  |
|                                                          |      | (Unaudited)                       |         | (Unaudited)                         |        | (Audited)             |
|                                                          |      | NIS (thousands)                   |         |                                     |        |                       |
| Revenues                                                 | 3    | 79,928                            | 106,614 | 39,599                              | 52,314 | 192,236               |
| Cost of revenues                                         |      | 39,830                            | 52,647  | 19,628                              | 25,806 | 93,954                |
| Gross profit                                             |      | 40,098                            | 53,967  | 19,971                              | 26,508 | 98,282                |
| Development expenses                                     |      | 2,110                             | 2,425   | 1,064                               | 1,174  | 4,777                 |
| Sales and marketing expenses                             |      | 15,230                            | 18,097  | 8,201                               | 9,273  | 33,355                |
| General and administrative expenses                      |      | 7,475                             | 7,831   | 3,543                               | 3,935  | 15,655                |
| Other income                                             |      | -                                 | -       | -                                   | -      | 70                    |
| Operating profit                                         |      | 15,283                            | 25,614  | 7,163                               | 12,126 | 44,565                |
| Finance incomes                                          |      | 1,772                             | 238     | 1,714                               | 103    | 968                   |
| Finance expenses                                         |      | 614                               | 358     | 317                                 | 185    | 1,248                 |
| Profit from revaluation of option<br>warrant liabilities |      | -                                 | 6,907   | -                                   | 6,321  | 6,907                 |
| Profit before taxes on income                            |      | 16,441                            | 32,401  | 8,560                               | 18,365 | 51,192                |
| Income taxes                                             |      | 3,221                             | 4,614   | 1,784                               | 2,642  | 7,484                 |
| Profit for the period                                    |      | 13,220                            | 27,787  | 6,776                               | 15,723 | 43,708                |
| Basic earnings per share in NIS                          |      | 0.947                             | 1.997   | 0.485                               | 1.130  | 3.139                 |
| Diluted earnings per share in NIS                        |      | 0.943                             | 1.436   | 0.484                               | 0.647  | 2.591                 |

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

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

**Condensed Consolidated Statements of Comprehensive Income**

|                                                                                                        | For the six-month<br>period ended<br>June 30 |        | For the three-month<br>period ended<br>June 30 |        | For the year<br>ended<br>December 31 |
|--------------------------------------------------------------------------------------------------------|----------------------------------------------|--------|------------------------------------------------|--------|--------------------------------------|
|                                                                                                        | 2025                                         | 2024   | 2025                                           | 2024   | 2024                                 |
|                                                                                                        | (Unaudited)                                  |        | (Unaudited)                                    |        | (Audited)                            |
|                                                                                                        | NIS (thousands)                              |        |                                                |        |                                      |
| Profit for the period                                                                                  | 13,220                                       | 27,787 | 6,776                                          | 15,723 | 43,708                               |
| <u>Other comprehensive income (net of tax)</u>                                                         |                                              |        |                                                |        |                                      |
| <u>Amounts that will not subsequently be<br/>reclassified to profit or loss:</u>                       |                                              |        |                                                |        |                                      |
| Losses from revaluation in respect of<br>defined benefit plans                                         | -                                            | -      | -                                              | -      | (15)                                 |
| <u>Amounts that may be reclassified to<br/>profit or loss if certain conditions are<br/>fulfilled:</u> |                                              |        |                                                |        |                                      |
| Adjustments arising from translation of<br>financial statements of foreign operations                  | (1,211)                                      | 522    | (1,558)                                        | 317    | 21                                   |
| Other comprehensive income (loss) for<br>the period                                                    | (1,211)                                      | 522    | (1,558)                                        | 317    | 6                                    |
| Total comprehensive income for the<br>period                                                           | 12,009                                       | 28,309 | 5,218                                          | 16,040 | 43,714                               |

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<br>capital | Share<br>premium | Capital<br>reserve<br>from<br>translation<br>of financial<br>statements<br>of foreign<br>operations | Share<br>based<br>payments<br>reserve | Company<br>shares<br>held by<br>the<br>company | Reserve<br>from a<br>transaction<br>with a<br>controlling<br>party | Retained<br>earnings | Total         |
|----------------------------------------------------------|------------------|------------------|-----------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------------------|--------------------------------------------------------------------|----------------------|---------------|
|                                                          |                  |                  |                                                                                                     |                                       | <b><u>NIS thousands</u></b>                    |                                                                    |                      |               |
|                                                          |                  |                  |                                                                                                     |                                       | <b><u>(Unaudited)</u></b>                      |                                                                    |                      |               |
| <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                                    | -                | -                | -                                                                                                   | -                                     | -                                              | -                                                                  | 13,220               | 13,220        |
| Other comprehensive income for<br>the period             | -                | -                | (1,211)                                                                                             | -                                     | -                                              | -                                                                  | -                    | (1,211)       |
| Total comprehensive income (loss)<br>for the period      | -                | -                | (1,211)                                                                                             | -                                     | -                                              | -                                                                  | 13,220               | 12,009        |
| Exercise of employee stock options                       | 1                | 78               | -                                                                                                   | (79)                                  | -                                              | -                                                                  | -                    | -             |
| Dividend distribution                                    | -                | -                | -                                                                                                   | -                                     | -                                              | -                                                                  | (29,000)             | (29,000)      |
| Share-based payment cost                                 | -                | -                | -                                                                                                   | 928                                   | -                                              | -                                                                  | -                    | 928           |
| <u>Balance as of June 30, 2025</u><br><u>(unaudited)</u> | <u>431</u>       | <u>64,681</u>    | <u>(2,912)</u>                                                                                      | <u>2,600</u>                          | <u>(7,042)</u>                                 | <u>104</u>                                                         | <u>17,174</u>        | <u>75,036</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                                    | -                | -                | -                                                                                                   | -                                     | -                                              | -                                                                  | 27,787               | 27,787        |
| Other comprehensive income for<br>the period             | -                | -                | 522                                                                                                 | -                                     | -                                              | -                                                                  | -                    | 522           |
| Total comprehensive income for<br>the period             | -                | -                | 522                                                                                                 | -                                     | -                                              | -                                                                  | 27,787               | 28,309        |
| Exercise of employee stock option                        | *                | 203              | -                                                                                                   | (203)                                 | -                                              | -                                                                  | -                    | -             |
| Dividend distribution                                    | -                | -                | -                                                                                                   | -                                     | -                                              | -                                                                  | (16,000)             | (16,000)      |
| Share-based payment cost                                 | -                | -                | -                                                                                                   | 328                                   | -                                              | -                                                                  | -                    | 328           |
| <u>Balance as of June 30, 2024</u><br><u>(unaudited)</u> | <u>430</u>       | <u>64,564</u>    | <u>(1,200)</u>                                                                                      | <u>713</u>                            | <u>(7,042)</u>                                 | <u>104</u>                                                         | <u>25,048</u>        | <u>82,617</u> |

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

|                                                  | Share capital                                            | Share premium | 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         |
|--------------------------------------------------|----------------------------------------------------------|---------------|--------------------------------------------------------------------------------|------------------------------|------------------------------------|-----------------------------------------------------|-------------------|---------------|
|                                                  | <b><u>NIS thousands</u></b><br><b><u>(Unaudited)</u></b> |               |                                                                                |                              |                                    |                                                     |                   |               |
| <u>Balance as of April 1, 2025</u>               | 431                                                      | 64,635        | (1,354)                                                                        | 2,147                        | (7,042)                            | 104                                                 | 31,398            | 90,319        |
| Profit for the period                            | -                                                        | -             | -                                                                              | -                            | -                                  | -                                                   | 6,776             | 6,776         |
| Other comprehensive income for the period        | -                                                        | -             | (1,558)                                                                        | -                            | -                                  | -                                                   | -                 | (1,558)       |
| Total comprehensive income (loss) for the period | -                                                        | -             | (1,558)                                                                        | -                            | -                                  | -                                                   | 6,776             | (5,218)       |
| Exercise of employee stock options               | *                                                        | 46            | -                                                                              | (46)                         | -                                  | -                                                   | -                 | -             |
| Dividend distribution                            | -                                                        | -             | -                                                                              | -                            | -                                  | -                                                   | (21,000)          | (21,000)      |
| Share-based payment cost                         | -                                                        | -             | -                                                                              | 499                          | -                                  | -                                                   | -                 | 499           |
| <u>Balance as of June 30, 2025 (unaudited)</u>   | <u>431</u>                                               | <u>64,681</u> | <u>(2,912)</u>                                                                 | <u>2,600</u>                 | <u>(7,042)</u>                     | <u>104</u>                                          | <u>17,174</u>     | <u>75,036</u> |
| <u>Balance as of April 1, 2024</u>               | 430                                                      | 64,409        | (1,517)                                                                        | 553                          | (7,042)                            | 104                                                 | 25,325            | 82,262        |
| Profit for the period                            | -                                                        | -             | -                                                                              | -                            | -                                  | -                                                   | 15,723            | 15,723        |
| Other comprehensive income for the period        | -                                                        | -             | 317                                                                            | -                            | -                                  | -                                                   | -                 | 317           |
| Total comprehensive income for the period        | -                                                        | -             | 317                                                                            | -                            | -                                  | -                                                   | 15,723            | 16,040        |
| Exercise of employee stock options               | *                                                        | 155           | -                                                                              | (155)                        | -                                  | -                                                   | -                 | -             |
| Dividend distribution                            | -                                                        | -             | -                                                                              | -                            | -                                  | -                                                   | (16,000)          | (16,000)      |
| Share-based payment cost                         | -                                                        | -             | -                                                                              | 315                          | -                                  | -                                                   | -                 | 315           |
| <u>Balance as of June 30, 2024 (unaudited)</u>   | <u>430</u>                                               | <u>64,564</u> | <u>(1,200)</u>                                                                 | <u>713</u>                   | <u>(7,042)</u>                     | <u>104</u>                                          | <u>25,048</u>     | <u>82,617</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 Statements of Changes in Equity**

|                                                   | Share<br>capital                                         | Addition<br>al paid-<br>in<br>capital | Capital reserve<br>from<br>translation of<br>financial<br>statements of<br>foreign<br>operations | Share<br>based<br>payments<br>reserve | Company<br>shares<br>held by<br>the<br>company | Reserve<br>from a<br>transaction<br>with a<br>controlling<br>party | Retained<br>earnings | Total         |
|---------------------------------------------------|----------------------------------------------------------|---------------------------------------|--------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------------------|--------------------------------------------------------------------|----------------------|---------------|
|                                                   | <b><u>NIS thousands</u></b><br><b><u>(Unaudited)</u></b> |                                       |                                                                                                  |                                       |                                                |                                                                    |                      |               |
| <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<br>(loss) for the year | -                                                        | -                                     | 21                                                                                               | -                                     | -                                              | -                                                                  | (15)                 | 6             |
| Total comprehensive income for<br>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<br>options             | *                                                        | 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 Statements of Cash Flows**

|                                                                                         | For the six-month<br>period ended<br>June<br>30 |          | For the three-month<br>period ended<br>June<br>30 |          | For the year<br>ended<br>December<br>31 |
|-----------------------------------------------------------------------------------------|-------------------------------------------------|----------|---------------------------------------------------|----------|-----------------------------------------|
|                                                                                         | 2025                                            | 2024     | 2025                                              | 2024     | 2024                                    |
|                                                                                         | (Unaudited)                                     |          | (Unaudited)                                       |          | (Audited                                |
|                                                                                         | (NIS thousands)                                 |          |                                                   |          |                                         |
| <u>Cash flows – operating activities:</u>                                               |                                                 |          |                                                   |          |                                         |
| Profit for the period                                                                   | 13,220                                          | 27,787   | 6,776                                             | 15,723   | 43,708                                  |
| Adjustments required to reconcile<br>cash flows - operating activities<br>(Appendix A)  | 5,775                                           | (4,036)  | 994                                               | (9,731)  | (8,799)                                 |
| Net cash derived from operating<br>activities                                           | 18,995                                          | 23,751   | 7,770                                             | 5,992    | 34,909                                  |
| <u>Cash flows – investment activities:</u>                                              |                                                 |          |                                                   |          |                                         |
| Fixed asset investment                                                                  | (371)                                           | (302)    | (191)                                             | (261)    | (582)                                   |
| Proceeds from the exercise of fixed<br>assets                                           | -                                               | -        | -                                                 | -        | 157                                     |
| Repayment of long-term debt of<br>related companies                                     | 1,286                                           | -        | 660                                               | -        | 444                                     |
| Investment in right-of-use assets                                                       | (71)                                            | (73)     | (71)                                              | (73)     | (273)                                   |
| Investment in intangible assets                                                         | (6,315)                                         | (4,874)  | (3,178)                                           | (2,599)  | (10,871)                                |
| Net cash flows used in investing<br>activities                                          | (5,471)                                         | (5,249)  | (2,780)                                           | (2,933)  | (11,125)                                |
| <u>Cash flows – financing activities:</u>                                               |                                                 |          |                                                   |          |                                         |
| Repayment of long-term loans                                                            | (183)                                           | (685)    | (96)                                              | (92)     | (871)                                   |
| Short-term credit from banks, net                                                       | (2,500)                                         | -        | -                                                 | -        | 2,500                                   |
| Repayment of lease liabilities                                                          | (1,077)                                         | (1,148)  | (530)                                             | (562)    | (2,303)                                 |
| Dividends paid                                                                          | (8,000)                                         | (26,000) | (8,000)                                           | (16,000) | (34,000)                                |
| Net cash used in financing activities                                                   | (11,760)                                        | (27,833) | (8,626)                                           | (16,654) | (34,674)                                |
| Effect of foreign exchange rate<br>differences on cash balances and cash<br>equivalents | (98)                                            | 239      | (499)                                             | 70       | 308                                     |
| Increase (decrease) in cash and cash<br>equivalents for the period                      | 1,666                                           | (9,092)  | (4,135)                                           | (13,525) | (10,582)                                |
| Cash and cash equivalent balance at<br>beginning of the period                          | 2,677                                           | 13,259   | 8,478                                             | 17,692   | 13,259                                  |
| Cash balance at end of the period                                                       | 4,343                                           | 4,167    | 4,343                                             | 4,167    | 2,677                                   |

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 six-month<br>period ended<br>June<br>30 |                | For the three-month<br>period ended<br>June<br>30 |                | For the year<br>ended<br>December<br>31 |
|------------------------------------------------------------------------------------------|-------------------------------------------------|----------------|---------------------------------------------------|----------------|-----------------------------------------|
|                                                                                          | 2025                                            | 2024           | 2025                                              | 2024           | 2024                                    |
|                                                                                          | (Unaudited)                                     |                | (Unaudited)                                       |                | (Audited)                               |
|                                                                                          | NIS (thousands)                                 |                |                                                   |                |                                         |
| <u>Appendix A</u>                                                                        |                                                 |                |                                                   |                |                                         |
| Adjustments required to reconcile cash flows - operating activities                      |                                                 |                |                                                   |                |                                         |
| <u>Non-cash revenues and expenses</u>                                                    |                                                 |                |                                                   |                |                                         |
| Depreciation and amortization                                                            | 6,679                                           | 6,531          | 3,239                                             | 3,350          | 13,513                                  |
| Stock-based compensation                                                                 | 928                                             | 328            | 499                                               | 315            | 1,405                                   |
| Change in employee benefit liabilities, net                                              | 33                                              | 7              | 18                                                | 18             | (335)                                   |
| Revaluation of cash balances in foreign currency                                         | 23                                              | (182)          | 366                                               | (37)           | (285)                                   |
| Revaluation of long-term loans                                                           | 6                                               | 2              | 2                                                 | 4              | (5)                                     |
| Changes in deferred taxes                                                                | 301                                             | 495            | 240                                               | 463            | 535                                     |
| Capital gain from sales of fixed assets                                                  | -                                               | -              | -                                                 | -              | (70)                                    |
| Revaluation of financial assets, net                                                     | (537)                                           | 87             | (1,053)                                           | 40             | (99)                                    |
| Revaluation of warrants for share options                                                | -                                               | (6,907)        | -                                                 | (6,321)        | (6,907)                                 |
| Interest expenses in respect of leases and others                                        | 56                                              | 98             | 36                                                | 36             | 199                                     |
| <u>Changes in operating assets and liabilities:</u>                                      |                                                 |                |                                                   |                |                                         |
| Increase in trade receivables                                                            | (2,924)                                         | (3,951)        | (1,037)                                           | (1,418)        | (2,863)                                 |
| Decrease (increase) in other receivables                                                 | 877                                             | (242)          | 347                                               | 667            | (398)                                   |
| Decrease (increase) in inventories                                                       | 5,356                                           | 280            | 1,839                                             | 2,210          | 2,141                                   |
| Decrease (increase) in related companies, net                                            | 207                                             | (212)          | 630                                               | 160            | (3,460)                                 |
| Increase (decrease) in suppliers and service providers                                   | (854)                                           | (63)           | 365                                               | (6,114)        | (6,240)                                 |
| Decrease in other payables                                                               | (4,376)                                         | (307)          | (4,497)                                           | (3,104)        | (5,930)                                 |
|                                                                                          | <u>5,775</u>                                    | <u>(4,036)</u> | <u>994</u>                                        | <u>(9,731)</u> | <u>(8,799)</u>                          |
| <u>Appendix B - Additional information on cash flows for current operations</u>          |                                                 |                |                                                   |                |                                         |
| Cash paid during the period for:                                                         |                                                 |                |                                                   |                |                                         |
| Interest                                                                                 | <u>541</u>                                      | <u>283</u>     | <u>399</u>                                        | <u>196</u>     | <u>613</u>                              |
| Taxes on income                                                                          | <u>3,929</u>                                    | <u>3,395</u>   | <u>2,808</u>                                      | <u>2,355</u>   | <u>10,177</u>                           |
| Cash received during the year for:                                                       |                                                 |                |                                                   |                |                                         |
| Interest                                                                                 | <u>239</u>                                      | <u>35</u>      | <u>81</u>                                         | <u>25</u>      | <u>35</u>                               |
| <u>Appendix C – non-cash activities</u>                                                  |                                                 |                |                                                   |                |                                         |
| New lease agreements                                                                     | 997                                             | 277            | 728                                               | 152            | 404                                     |
| Classification to long-term debt of related companies                                    | -                                               | -              | -                                                 | -              | 5,686                                   |
| Declaration of dividend                                                                  | 21,000                                          | -              | 21,000                                            | -              | -                                       |
| 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:**

**A. General description of the Company and its operations**

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.

**B. The "Iron Swords" War**

On October 7, 2023, the State of Israel was attacked in a surprise attack by terrorist organizations from the Gaza Strip, following which the Israeli government declared the "Iron Swords" War, which continues to this day. In the immediate aftermath of the surprise attack, fighting began on the northern border of the country, and later a security threat from the Houthis in Yemen developed in the Red Sea region and the adjacent trade routes, as well as from Iran and its proxies, which caused, among other things, the firing of missiles and the launching of attack drones. In addition, in June 2025, Israel launched a military operation against Iran, which lasted 12 days until a ceasefire. As of the date of publication of the reports, there is a ceasefire agreement between Israel and Lebanon and a ceasefire between Israel and Iran, but the campaign in the south against Hamas in Gaza continues, as do the Houthi attacks, and it is not known how the aforesaid will continue to develop.

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

During the entire period of the fighting, all of the systems of the Company continued to operate regularly and the war had no direct material impact on the operations of the Company, among other things, in light of its global activities. As of the date of publication of the report, the Company does not expect the events of the war to 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.

**C. Change in tariff policy on goods imported into the United States**

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 extensive implications for the US economy as well as the global economy, causing, among other things, hesitation and uncertainty among the American customers of the Company. As part of this program, at the start of its implementation, the tariff imposed on Israeli-made goods imported into the United States was 10%. As of August 7, 2025, the tariff rate on imports from Israel to the United States was updated to 15%.

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

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

**Note 1 – General (continued):**

**C. Change in tariff policy on goods imported into the United States (continued)**

As of this date, there is still uncertainty regarding the overall impact of the new tariff policy on the markets and, consequently, on the operations of the Company, therefore, at this stage, the Company is unable to assess the impact of the new tariff policy on its operations. However, in light of the fact that part of the revenue of the Company derives from exports to the United States, the Company has taken action during the quarter and thereafter to reduce the aforesaid direct impacts on the Company at this time, with an emphasis on profitability, including an update of selling prices in the United States. Furthermore, the Company continues to regularly review changes in US tariff policy and the potential impacts on its operations and takes additional steps, as necessary, to mitigate the impact.

**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 six-month<br>period ended<br>June 30 |                | For the three-month<br>period ended<br>June 30 |               | For the year<br>ended<br>December 31 |
|---------------------|----------------------------------------------|----------------|------------------------------------------------|---------------|--------------------------------------|
|                     | 2025                                         | 2024           | 2025                                           | 2024          | 2024                                 |
|                     | (Unaudited)                                  |                | (Unaudited)                                    |               | (Audited)                            |
|                     |                                              |                | NIS (thousands)                                |               |                                      |
| Israel              | 4,436                                        | 4,320          | 1,979                                          | 1,927         | 10,566                               |
| Europe              | 28,631                                       | 33,463         | 14,923                                         | 15,506        | 59,428                               |
| United States       | 40,321                                       | 55,539         | 19,568                                         | 28,301        | 100,363                              |
| Others (1)          | 6,540                                        | 13,292         | 3,129                                          | 6,580         | 21,879                               |
| <b>Total income</b> | <b>79,928</b>                                | <b>106,614</b> | <b>39,599</b>                                  | <b>52,314</b> | <b>192,236</b>                       |

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

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

**Note 3 – Income (continued)**

- (1) Including income from several countries, wherein the income from one country does not exceed 3% of the total income of the Company.

**Income by main products**

|                                 | For the six-month<br>period ended<br>June 30 |                | For the three-month<br>period ended<br>June 30 |               | For the year<br>ended<br>December 31 |
|---------------------------------|----------------------------------------------|----------------|------------------------------------------------|---------------|--------------------------------------|
|                                 | 2025                                         | 2024           | 2025                                           | 2024          | 2024                                 |
|                                 | (Unaudited)                                  |                | (Unaudited)                                    |               | (Audited)                            |
|                                 |                                              |                | NIS (thousands)                                |               |                                      |
| Controllers and expansion units | 76,727                                       | 102,254        | 38,111                                         | 50,463        | 183,969                              |
| Others                          | 3,201                                        | 4,360          | 1,488                                          | 1,851         | 8,267                                |
| <b>Total income</b>             | <b>79,928</b>                                | <b>106,614</b> | <b>39,599</b>                                  | <b>52,314</b> | <b>192,236</b>                       |

**Note 4 – Material events during and after the reporting period**

1. On March 19, 2025, the Board of Directors of the Company decided to distribute a dividend to the shareholders of the Company in a total amount of NIS 8 million. On April 22, 2025, the dividend was fully paid.
2. On May 13, 2025, the Board of Directors of the Company decided to distribute a dividend to the shareholders of the Company in a total amount of NIS 21 million. On July 3, 2025, the dividend was fully paid.
3. On June 22, 2025, the General Meeting of the Company approved, following the approval of the Balance Sheet, Remuneration and Audit Committee as well as the Board of Directors of the Company, a transaction agreement with Utron Ltd., a company held by the controlling shareholders of the Company, to upgrade the software systems and hardware components at Unitronics Logistics Center. The upgrade is estimated to last approximately 15 months, and the cost of the upgrade is NIS 3.338 million plus VAT, which will be paid in five equal quarterly payments.
4. On July 1, 2025, the Company received a loan from a banking corporation in the amount of NIS 14 million for the Company's use in its current operations. The annual interest on the loan is a variable interest rate at an annual rate in the range of prime to prime minus 0.5%, with the loan and interest repayable in five equal quarterly installments starting on October 1, 2025, such that the loan will be repaid in full on September 30, 2026.

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

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

**Note 4 – Material events during and after the reporting period (continued)**

5. On July 9, 2025, a special General Meeting of the shareholders of the Company approved the terms of office and employment of the Active Chairman of the Board of Directors of the Company, Mr. Amit Ben Zvi, for a period of three years starting from the end of the approval of his current terms of office and employment. In accordance with the approved terms of employment, Mr. Ben Zvi will be entitled to management fees in the amount of NIS 40 thousand per month plus VAT, linked to the CPI for a position scope of 15%. In addition, the terms of office and employment of the Active Deputy Chairman of the Board of Directors, Mr. Haim Shani, were approved at the aforesaid special general meeting for a period of three years starting from the end of the approval of his current terms of office and employment. In accordance with the amended terms of employment, Mr. Shani will be entitled to salary and related benefits at an annual cost of NIS 1,243 thousand linked to the CPI for a position scope of 60%, and will also be entitled to an annual bonus for each calendar year at a rate of 6% of the profit before tax above NIS 30 million in that year up to a ceiling of NIS 757 thousand, linked to the CPI.
6. On July 27, 2025, the Company received notification from the controlling shareholders regarding the signing of an agreement to sell the shares of the controlling shareholders' to IL JIN Electronics (India) Private Limited (hereinafter: the "Buyer"), and the signing of a shareholder agreement between the Buyer and Mr. Haim Shani, pursuant to which the FIMI Fund will sell to the Buyer all of its shares in the Company, while Mr. Haim Shani will sell to the Buyer 1,239,240 ordinary shares of the Company, constituting approximately 8.87% of the issued and paid-up share capital of the Company (excluding dormant shares). In addition, Mr. Shani signed a shareholders' agreement with the Buyer under which Shani will continue to serve as a Director of the Company and will not sell the remainder of his shares in the Company for a period of 48 months from the date of the closing of the transaction (hereinafter: the "Lock-Up Period"), and will vote with all the shares held thereby at the general meetings of the Company in accordance with the vote of the Buyer (to the extent that the vote does not prejudice the rights thereof). Furthermore, the Buyer granted Mr. Shani the right to sell thereto (PUT option), and Mr. Shani granted the Buyer the right to acquire therefrom (CALL option) the remaining shares in the Company, following the Lock-Up Period.

The transactions are expected to be completed within 60 business days from the date of signing the agreements, subject to the fulfillment of the condition's precedent. Following the closing of the transaction, the Buyer will become the controlling shareholder of the Company together with Mr. Shani.

# **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 June 30, 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 the second 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: August 20, 2025

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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 second 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: August 20, 2025

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Itzhak Hai, CFO