

Unitronics (1989) (R”G) Ltd

Periodic and Annual Report for 2025

Table of Contents

Chapter/ Paragraph	Content	Page
Chapter A	**Description of the Company's Business**	A-1
	Part I- Description of the general development of the Company's business	A-1
1.1	Company's activity and description of its business development	A-1
1.2	Subsidiaries, related companies and holding structure diagram	A-2
1.3	Operating segments	A-3
1.4	Change in Company's Controlling Shareholders	A-3
1.5	Investments in the Company's capital and transactions with its shares	A-3
1.6	Dividend distribution	A-5
	Part II- Other information	A-6
1.7	Financial information on the Company's business activities	A-6
1.8	General environment and impact of external factors on the Company's activity	A-6
	Part III- Description of the Company's business by operating segments	A-9
1.9	The activity segment of the Company	A-9
1.10	Other Activities	A-29
	Part IV- Matters Related to the Company's Overall Operations	A-30
1.11	Fixed assets, land, facilities, right of use and insurance	A-30
1.12	Geographical regions	A-32
1.13	Intangible assets	A-32
1.14	Human resources	A-34
1.15	Financing	A-37
1.16	Taxation	A-37
1.17	Restrictions on and supervision of Company activities	A-38
1.18	Material agreements and cooperation agreements	A-39
1.19	Discussion of risk factors	A-40
Chapter B	**Board of Directors Report on the State of Affairs of the Corporation (Reg. 10 - 10A)**	B-1
1	General	B-1
2.	Analysis of the financial situation	B-3
2.1	Statement of Financial Position	B-3
2.2	Operating results	B-4
2.3	Liquidity and financing resources	B-6
3.	Events in the report period and subsequent to the date of the balance sheet	B-7
4.	Corporate Governance Aspects	B-7
5.	Liabilities by Maturity Dates	B-11

Chapter C	**Financial Statements December 31, 2025**	C-1
3.1	Independent Auditors' Report with regard to Internal Control Components on financial reporting	C-3
3.2	Independent Auditors' Report	C-4
3.3	Consolidated Statements of Financial Position	C-7
3.4	Consolidated Statements of Profit or Loss	C-9
3.5	Consolidated Statements of comprehensive income	C-10
3.6	Consolidated Statements of Changes in Equity	C-11
3.7	Consolidated Statements of Cash Flows	C-12
3.8	Notes to the Financial Statements	C-14
3.9	Financial data from the consolidated financial statements attributed to the company itself	C-45
Chapter D	**Additional Details about the Corporation (Reg. 10C - 29A)**	D-1
4.1	Summary of Statement of Comprehensive Profit (Consolidated) for Each Quarter of 2025 (NIS Thousands) (Regulation 10A)	D-1
4.2	List of Investments in Active Subsidiaries and Associates (Reg. 11)	D-2
4.3	Changes in Investments in Active Subsidiaries and in Associates (Reg. 12)	D-2
4.4	Income of and from Active Subsidiaries and Associates (Reg. 13)	D-3
4.5	Trading on the Stock Exchange (Reg. 20)	D-3
4.6	Remuneration of Interested Parties and Senior Officers (Reg. 21)	D-3
4.7	Control of the Corporation (Reg. 21a)	D-8
4.8	Transaction with a Controlling Shareholder (Reg. 22)	D-9
4.9	Holdings of interested parties and Senior Officers (Reg. 24)	D-16
4.10	Registered Capital, Issued Capital and Convertible Securities (Reg. 24A)	D-17
4.11	Register of Shareholders of the Corporation (Reg. 24b)	D-17
4.12	Registered address (Reg. 25A)	D-17
4.13	Directors of the Corporation (Reg. 26)-Senior Officers (Reg. 26A)	D-18
4.14	Senior Officers (Reg. 26A)	D-23
4.15	Authorized Signatories of the Company (Reg. 26B)	D-24
4.16	Corporation's Independent Auditor (Reg. 27)	D-24
4.17	Amendment of the Articles or Memorandum of Association (Reg. 28)	D-24
4.18	Recommendations and Decisions of the Directors (Reg. 29 (a))	D-24
4.19	Resolutions of Extraordinary General meeting (Reg. 29 (c))	D-24
4.20	Resolutions of the Company (Reg. 29A)	D-25
Chapter E	Annual report on the effectiveness of internal control on the financial reporting and disclosure for the year 2025	E-1

Chapter A – Description of the Company's Business

Unitronics (1989) (R.G.) Ltd. (hereinafter: "**The Company**") is hereby pleased to present the 2025 Periodic Report which includes a description of the Company and the business development thereof[1], for the twelve-month period ended December 31, 2025. The financial data contained in this report is denominated in NIS unless otherwise specified. The data is current as of December 31, 2025, unless otherwise specified.

Part I – Description of the general development of the Company's business

1.1 Company's activity and description of its business development

The Company was incorporated in August 1989 as a private company according to the Israeli Companies Ordinance (New Version), 1983 (hereinafter: "**the Companies Ordinance**"). In July 1999 the Company became a public company as such is defined in the Companies Ordinance. In September 1999 the Company first published a prospectus offering its shares to the public in Belgium, subsequent to which its shares were listed for trading on the Belgium stock exchange and were traded thereby until the delisting in 2017. In May 2004 the Company published a prospectus in Israel according to which shares and other securities of the Company were listed for trading also on the Tel Aviv Stock Exchange (hereinafter: "**the Stock Exchange**").

Until March 12, 2019 (hereinafter: the "**Date of the Split**"), the Company operated in two main segments of activity, the product segment and the automated solutions segment. From the Date of the Split, as part of which the operations thereof in the field of automated solutions have been transferred to Utron Ltd. (hereinafter: "**Utron**"), a company controlled by the FIMI Fund (formerly controlling shareholders of the Company) and Mr. Haim Shani (Company's controlling shareholder) and which operates only in the product field, as described in section 1.3 below (hereinafter: the "**Split**").

The Company is engaged in the design, development, production, marketing, sale and support of Programmable Logic Controllers (PLC's) (hereinafter: "**Controllers**"). And other automation products. Controllers are computer-based electronic products (hardware and software) used to command and control machines which perform automated operations, such as manufacturing systems and other automated installations in various fields. The Company also markets and sells motion controllers (VFD and Servo systems), which are mainly marketed as supplementary products for the controllers of the Company and are designed to interface in an integrative and simple manner to these controllers. In addition, the Company operates an integrative platform for cloud services (SaaS), designed to enable any customer to connect the controllers of the Company (and even controllers of other companies) to a computer-based cloud environment infrastructure,

[1] This report includes data based on surveys and public studies, including information specified on various websites. It should be noted that, unless explicitly stated otherwise, the Company did not request, and in any case did not receive, the consent of the editors of the aforesaid surveys, studies and websites, to including the information in this report, since this information is information that is accessible to the public and to the best of the knowledge of the Company is public knowledge. The Company has not checked this information independently and it is not responsible for the content of the aforesaid surveys, studies and websites.

transfer data securely and create business dashboards (BI). In this service, the emphasis is also on providing a value-added supplementary service for the controllers of the Company, which is reflected in the simplicity and ease of application as well as full integration with the other products of the Company.

The Company operates mainly from office and industry buildings in Airport City near the David Ben Gurion Airport (for further details see section 1.11 below).

1.2 Subsidiaries, related companies and holding structure diagram

As of the report date, the Company holds three wholly owned active subsidiaries as follows:

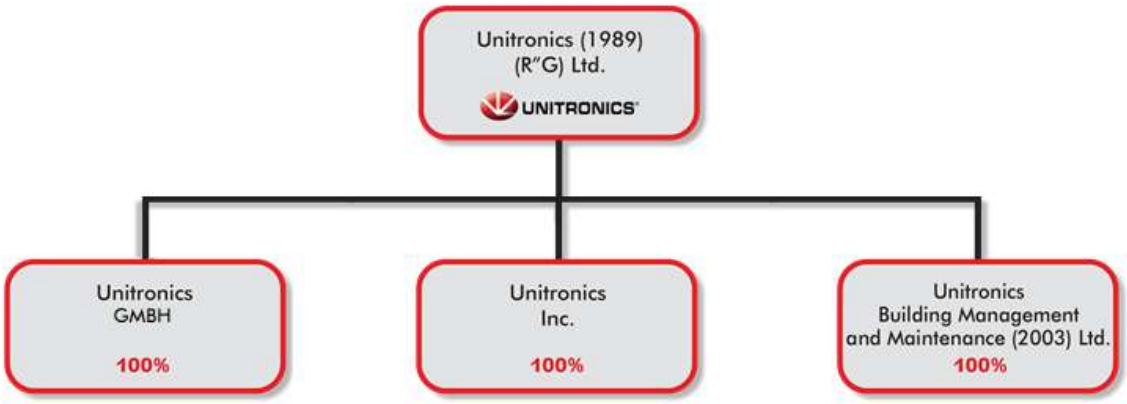
Unitronics Inc., incorporated in the United States (Delaware) (hereinafter: "**Unitronics Inc.**") and engages primarily in coordinating and managing the marketing and distribution operations for Company's products in the United States and Canada.

Unitronics GMBH, incorporated and operating in Germany, and engaged primarily in the sale, marketing and distribution of the products of the Company in Europe (hereinafter: "**Unitronics GMBH**").

Unitronics Building, Management & Maintenance (2003) Ltd. (hereinafter: "**Unitronics Management**"), incorporated in Israel and which is primarily engaged in the management and maintenance of the Unitronics Building.

(Unitronics Inc., Unitronics GMBH and Unitronics Management shall be referred to hereinafter collectively as: the "**Subsidiaries**" and jointly with the Company, "**The Group**").

Below is a diagram of the holding structure of the Group:



1.3 Operating segment

As of the date of the report, the Group is active in one operating segment – the Products segment. Within this segment, the Company is involved in the design, development, manufacture, marketing, sale and support primarily of PLCs of various models that incorporate an operating panel (a keyboard and a display) as an integral part of the PLC, and connectivity (including Internet, intranet, and cellular phone communications), as well as external expansion units for the PLCs and software for the PLCs. In recent years, the Company has expanded its product portfolio and has also started to market and sell motion controllers (VFD and Servo systems), and a new integrative cloud services platform (SaaS). The products of the Company are primarily intended for the management of automatic systems including industrial automation, logistics systems, automated parking facilities, for management of production floors and additional auxiliary items.

The products and services of the Company are marketed and sold via an internal marketing and sales network of the Company through Unitronics, Inc. and Unitronics GMBH and through a distributor network of approximately 180 distributors, 105 of which are in the US and North America, and the balance in approximately seventy countries (including Israel) mainly throughout Europe, Asia and South America.

1.4 Change in Company's Controlling Shareholders

On October 9, 2025, the parties finalized a transaction by which the FIMI Fund and Mr. Haim Shani sold ordinary shares in the Company to ILJIN Holding Ltd. (hereinafter: "**ILJIN**"), which constituted approximately 40.2% of the Company's issued share capital (excluding dormant shares), in return for approximately NIS 156 million. Since that date, ILJIN constitutes the Company's controlling shareholder along with Mr. Shani, who continues to constitute the Company's controlling shareholder, while the FIMI Fund, which disposed of the entirety of its holdings of Company's shares in the aforementioned transaction, ceases to constitute its controlling shareholder. Concurrently, the shareholders agreement between ILJIN and Mr. Shani went into effect, and the composition of the Company's Board of Directors was changed. As of the date of the report, ILJIN and Mr. Shani jointly hold approximately 50.37% of the Company's issued share capital (excluding dormant shares). For additional details, see Section 4.7 (Regulation 21A) of Part D of the Periodic Report.

1.5 Investments in the Company's capital and transactions with its shares

From January 1, 2024, until the publication date of this report, no investments were made in the capital of the Company.

To the best of the Company's knowledge, no material transactions were performed during the period beginning January 1, 2024 and up to the date of the release of This Report in the shares of the Company by interested parties outside the TASE, except as specified below:

Interested party	Transaction date	Transaction type	Number of shares	Transaction price (Agorot)	For additional details see Company's reports (included in this report by way of reference)
FIMI Fund	February 2, 2024	Off-exchange sale	2,489,649	2,875	2024-01-013524
Haim Shani	February 2, 2024	Off-exchange sale	1,091,661	2,875	2024-01-013530
Y.D. More Investments Ltd.	February 4, 2024	Off-exchange purchase	2,957,500	2,876.73 *	2024-01-013533
FIMI Fund	October 9, 2025	Off-exchange sale	4,385,351	2,775	2025-01-074641
Haim Shani	October 9, 2025	Off-exchange sale	1,239,240	2,775	2025-01-074642
ILJIN	October 9, 2025	Off-exchange purchase	5,624,591	2,775	2025-01-074645
ILJIN	November 4, 2025	Off-exchange purchase	65,000	2,459	2025-01-083881
ILJIN	November 23, 2025	Off-exchange purchase	70,000	2,459	2025-01-090853
ILJIN	December 30, 2025	Off-exchange purchase	509,888	2,400	2025-01-105343

Y.D More Investments, Ltd.	December 30, 2025	Off-exchange sale	509,888	2,400	2026-01-000199
ILJIN	January 12, 2026	Off-exchange sale	95,000	2,600	2026-01-005440

(*) The price at which the transaction was performed includes the addition of a brokerage fee (the original distribution price was 2,875 agorot).

1.6 Dividend Distributions

1.6.1. Dates and amounts of dividends distributed by the Company in 2024-2025 and up to the date of the release of the report:

Date of the decision of the Board of Directors	Actual dividend payment date	Dividend amount (NIS per share	Total dividend distributed	For additional details see the Company's reports (included in this report by way of reference)
26.12.2023	23.1.2024	0.7189357	NIS 10,000	2024-01-002241
8.5.2024	16.6.2024	1.1494338	NIS 16,000	2024-01-052461
14.8.2024	19.9.2024	0.5737319	NIS 8,000	2024-01-087837
19.3.2025	22.4.2025	0.5733933	NIS 8,000	2025-01-022414
13.5.2025	3.7.2025	1.5038194	NIS 21,000	2025-01-033656

1.6.2. Pursuant to the provisions of Section 302 of the Companies Act, 1999 (hereinafter: "**The Companies Act**"), as of December 31, 2025, the balance of the Company's distributable earnings is approximately NIS 26.8 million.

1.6.3. Dividend Distribution Policy

On December 26, 2023, the Board of Directors of the Company decided to amend the dividend distribution policy of the Company so that in lieu of the Company's existing dividend policy, the Company adopted a policy by which the Company will distribute to its shareholders a dividend of at least 50% of the net profit attributable to the shareholders of the Company in accordance with the consolidated quarterly and/or annual financial

statements of the Company (not including gains resulting from revaluation of assets), subject, among other things, to the provisions of any law including the distribution tests established in the Companies Act (the profit test and the solvency test) for the needs of the Company and its obligations, the compliance of the Company with financial covenants, its business plans, the financial situation of the Company, its projected cash flow, etc., all in accordance with the discretion of the Board of Directors on the date of the distribution examination.

It shall be clarified that the aforementioned does not constitute a representation by the Company that it will be able to distribute such a dividend or a commitment by the Company that it will distribute a dividend and the Company's Board of Directors may, at any time, distribute dividends at rates other than those noted above, or refrain from distributing a dividend entirely, as well as revise the aforementioned dividend policy due to, inter alia, the provisions of the law, the Company's position and plans and its equity structure, while maintaining a balance between ensuring its financial resilience and continued value creation to its shareholders via ongoing dividend distributions.

Part II – Other Information

1.7. Financial information on the Company's business activities

	For the year ended December 31		
	2025	**2024**	**2023**
	NIS thousands		
Revenues	**154,779**	**192,236**	**211,671**
Costs:			
Fixed	63,552	70,149	66,862
Variable	64,798	77,522	93,675
Total Costs	**128,350**	**147,671**	**160,537**
Profit from ordinary activities	**26,429**	**44,565**	**51,134**

For an explanation regarding the developments in each of the aforementioned data, see section 2 in Chapter B (Report of the Board of Directors) of the Periodic Report.

1.8. General environment and impact of external factors on Company's activity

Industrial automation is being implemented in a variety of industries, including process industries (the food, drink, pharmaceuticals, chemical, paper and fuel industries), production systems (production machinery, automated tools), energy production systems (power stations of all kinds), logistics systems (storage, conveying and distribution systems) building control systems (air conditioning, heating, energy control, access control, warning and security systems), etc. The Company believes that the need for automation is attributable, among other reasons, to the increasing complexity of industrial processes; the increase in the volumes and types of activities and the information required to manage them; the aspiration to improve the efficiency of processes (optimization) and to increase the availability of resources while implementing safety rules; and the desire to economize on manpower and manual intervention. Automation products are intended to address these needs, including rapid response to the changing needs of the market, simplicity of design and of operation, connectivity to organizational management systems

(ERP), high reliability and time between malfunctions (MTBF), high availability, as well as savings and efficiency.

For an analysis of the general environment, as well as general information on areas of activity presented in this report below, the Company relies, *inter alia*, on several sources. These sources include, among others, market studies and articles by Mordor Intelligence https://www.mordorintelligence.com), Intel Market Research (https://www.intelmarketresearch.com) and MMR (http://www.maximizemarketresearch.com) (summaries accessible to the public on the website). Hereinafter, wherever this report relies on the above market studies, this fact will be explicitly stated.

The Company's management estimates that the segment is affected by the growing need for application of automation stemming from the factors explained above – on the one hand, and by the state of the global and local economies and their general impact on the various industries – on the other hand.

Additional trends in the global automation market as reflected in the abovementioned market studies are the economic growth and accelerated industrial development of certain geographic regions of the world.

Notwithstanding the aforesaid, the Company is unable either to estimate or quantify the impact of such developments on the results of its operations. For a discussion of other external factors, including specific market risks and their manner of management, see section 1.19 below.

The consequences of the "Iron Swords" War on the Company

On October 7, 2023, the State of Israel faced a surprise attack by terrorist organizations from the Gaza Strip, following which the Israeli government declared the "Iron Swords" War. Proximate to the surprise attack, fighting started on the northern border of the country, followed by a security threat from the Houthis in Yemen which developed in the Red Sea region and the trade routes adjacent thereto and attacks by Iran and its proxies using missiles and UAVs. In 2025, Israeli initiated military operations against Iran, which went on for 12 days before a ceasefire went into effect. In October 2025 the State of Israel signed a ceasefire agreement in Gaza. On February 28, 2026, the militaries of the US and Israel began an extensive military operation against Iran, which is still ongoing.

The war has had a significant impact on the Israeli economy, manifested, among other things, by the extensive mobilization of reserve forces, the temporary closure of businesses and the temporary closure of Israeli ports for imports and exports of goods, the volatility of the NIS against foreign currencies, and the downgrading of Israel's credit rating by leading credit rating agencies.

During the entire period of the fighting, all the systems of the Company operated normally and there is no material direct effect of the war on the operations of the Company, among other things, in light of its global operations. As of the date of publication of the report the Company does not anticipate that 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 will be exacerbated.

The Company's projections regarding the effects of the Iron Swords War are considered forward looking information, as this term is defined in the Securities Act, 1968 (hereinafter: "The Securities Act"), and are based on, inter alia, reasonable estimates made by the Company's management. These estimates are based on information currently available to the Company at this time and may not materialize, in full or in part, or materialize in a manner which differs from the projected, and may be impacted by factors which cannot be foreseen and which are not in the Company's control, including restrictions and ramifications on the economy (if any), the degree of the indirect impact on the Company due to a slowdown in the economy (if any), and the like.

Changing tariff policy on goods imported into the US

In April 2025, the US government announced tariffs on goods imported to the US from various countries around the world, including Israel, with expansive ramifications for the US and global economies, which, among other things, lead to hesitation and uncertainty among Company's American clients. Upon implementation of the plan, goods manufactured in Israel are taxed at a rate of 10%. Beginning August 7, 2025, the rate was adjusted to 15% for imports from Israel to the US. On February 20, 2026, the US Supreme Court ruled that the US President violated his authority when executing his wide-ranging tariff plan. In response, the US government announced a 10% tax rate across the board, to be added to the tariffs remaining in force following the ruling. At this stage, it is not yet clear whether tariffs that have been paid may be reclaimed and how future rates are affected in light of the ruling.

As of this date, there is still uncertainty regarding the impact of the new tariff policy on the markets, and therefore, at this stage, the Company is unable to assess the overall impact of the new tariff policy on the markets and, consequently, on its operations. However, in light of the fact that a significant portion of the Company's revenue derives from exports to the United States, the Company has taken steps to minimize the direct impacts on the Company at this time, with an emphasis on profitability, including updating sales prices in the United States. Furthermore, the Company continues to regularly review changes in the US tariff policy and the potential impacts on its operations and additional steps, as necessary, to minimize the impacts.

Effect of the inflation and interest rates on the economy

For details of the effect of inflation and interest rates on the economy on the operating results of the Company, see Section 1.2 of Part B (the Board of Directors' Report) in the Periodic Report).

Part III – Description of the Company's business by operating segments

1.9. The activity segments of the Company

1.9.1. Structure of the operating segment and changes therein

The Company's main products are PLCs which integrate, within a single unit, the control components (hardware and software constituting the active part, of the PLC, or its "brain") and the interface components (HMI – Human-Machine Interface) intended to allow the operator to control the PLC itself, and through it the instruments controlled and monitored by the PLC, with no prior knowledge of programming required. As aforesaid, the Company has expanded its product line in the past few years and has also started to market Motion controllers, marketed mainly as supplementary products for the controllers of the Company, which interface in an integrative and simple manner with these controllers. In addition, the Company launched a new integrative cloud services platform called UniCloud. The platform is designed to enable any customer to connect the controllers of the Company (as well as controllers of third-party companies) to a computer-based cloud environment infrastructure, transfer data securely and create business dashboards (BI). This service is also marketed mainly as a supplementary product for the controllers of the Company, the emphasis is on the added value expressed in the simplicity and ease of application as well as full integration with the other products of the Company.

1.9.2. Legislative restrictions, regulations and constraints applicable to the operating segment

The manufacturing and/or marketing of products in the field of control and automation is subject to various standards in different parts of the world, some of them general in nature intended for the field of electronics and some more specific to the field of control and automation. In this context the relevant standards are mainly EN 61131-2: 2007 that deals with PLC requirements (concerning electromagnetic compatibility and safety aspects), and American and Canadian safety standards (such as the UL/cUL 508 or UL/cUL 61010 standard and ISA-12.12.01 – Hazardous Locations).

In addition, the production and/or marketing of products in this segment is also subject to the legislation of standards designed to protect the environment by authorities in Israel and abroad.

For details regarding compliance of the Company's products with these standards and the Company's assessments in this regard, see Section 1.9.20 below.

1.9.3. Changes in the scope of operations and profitability of the segment, developments in the segment markets and changes in the characteristics of the customers thereof

In accordance with an MMR review, the global programmable logic controller market was estimated at USD 14.7 billion in 2025 and is expected to reach in excess of USD 22 billion in 2032, representing an average annual growth rate of approximately 6%. Intel Market Research sees the global controllers market growing to more than USD 20 billion in 2032, with average annual growth of 5.2%. Mordor Intelligence similarly estimates its value will reach approximately USD 16.4 billion by 2031, representing average annual growth of approximately 4.24%. The VFD segment is estimated by the same source at approximately USD 24 billion in 2025, and is expected to grow to approximately USD 30 billion in 2030, with an average annual growth rate of 5.3%. Intel Market Research estimates the VFD segment at approximately USD 20 billion in 2025, with average annual growth of 4.4%,

and the AC SERVO segment at approximately USD 8 billion in 2025, with average annual growth of 5.7%.

Most sources similarly identify several trends:

(a) Classification of PLCs by size and properties: The number and type of external devices that can be connected to and controlled by a PLC define its dimensions as:

- Nano PLCs also known as Smart Relays;
- Micro PLCs also known as Compact PLCs;
- Small PLCs and medium PLCs together also known as Modular PLCs;
- Large PLCs also known as High-End Modular PLCs (rackmount).

As aforesaid in section 1.9.9 below, the Company focuses in the Products field on nano, micro, small and medium PLCs (and does not focus on large PLCS), which, based on the sources cited above, constitute the larger part of the total Controller market, and have the highest relative growth rates.

(b) Areas of application: Concurrently with the increasing need for automation as explained above, the global and local economy affect the market, as reflected, inter alia, in the different market development rates projected for the coming years in different industrial fields and for different types of customers.

(c) Geographic breakdown: In accordance with various aforesaid market reviews, North America and APAC are the leading territories both in terms of market share and in terms of the expected growth rate in the coming years.

Various market surveys indicate forecasts for continued growth in the Controller market, together with intense competition, which is also expected to grow and expand into different areas. According to Mordor Intelligence, one of the trends in the Controller segment is the transition to the use of decentralized systems based on smaller controllers on which the Company is focusing its activities. They also note together therewith a trend of an increasing need for controller integration with IIOT solutions/capabilities which enable better monitoring and control while maintaining secure connectivity.

1.9.4. Technological changes which could have a material impact on the operating segment

The PLC market is characterized by frequent technological developments, the introduction of new products and technologies, and changes in market needs and requirements. The developments and innovations in the fields of electronics, communications and computers also influence the control and automation industries, including a trend towards miniaturization of PLCs (smaller units that compete in terms of functionality and price with large units from previous generations), expanded use of communications (between PLCs, and between PLCs and the command computers to organizational systems and cloud applications, and between PLCs and smartphones and tablets), and development of convenient, user-friendly interfaces including the use of color screens in various sizes and the use of touch screens as a means of man-machine communication in equipment and

machinery. The Company designs its products in accordance with these trends, including miniaturization (down to palm-sized products), incorporation of convenient and user-friendly interfaces, including the use of different-sized color and touch screens as the means of user-man instrument and machine communications.

Industry 4.0 and IIoT (Industrial Internet of Things) are causing a change in the traditional way in which industrial processes are controlled and supervised as well as the requirement for information to flow from the machine to enterprise information systems and cloud applications. These changes reinforce the need to use controllers but also require adjustments and support for new capabilities, especially in terms of communication capabilities.

The Company designs its products in accordance with these trends, including miniaturization (up to hand-sized products), integration of friendly and convenient user interfaces in the controller body, built-in communication capabilities, simple and secure connectivity to cloud applications and more, as specified in sections 1.9.9 and 1.9.11 below.

1.9.5. Critical success factors in the operating segment and changes therein

The Company estimates that the primary success factors in the PLC sector include, among others, the availability of a range of products addressing market demand and trends; a robust, flexible programming environment designed to enable quick and easy realization of customer automation and control requirements; functional reliability of the products; competitive prices reflecting appropriate cost-benefit ratios; high standard of service and support promoting image and customer loyalty; and an extensive distribution infrastructure capable of providing a global response.

1.9.6. Main entry and exit barriers in the operating segment and changes therein

The Company estimates that the primary entry barriers to the PLC field include, among others, the duration of the development processes of the technologies underlying the PLCs and the significant time spans and complex penetration processes related to the integration and/or replacement of a PLC in a specific machine or application. The Company estimates there are no material exit barriers from the segment.

1.9.7. Substitutes for the products of the operating segment and changes therein

The field of industrial PLCs includes PLCs manufactured by different companies, as detailed in section 1.9.8 below. By its nature, a programmable industrial controller requires modification and programming actions that are usually performed by the client or an integrator on his behalf, in order to adapt it to the task it is designated for. It is therefore not possible to point out products that constitute an immediate, direct substitute for the Company's products, and in any event the client has to make adjustments, program, and usually also make electric and mechanical adjustments in order to use other PLCs

1.9.8. The structure of the competition in the field of activity and the changes thereto

To the best knowledge of the Company, the controller market is highly concentrated, with a major part of the global market being held by a small number of major players, and in addition, there are many companies with annual sales of over USD 10 million. Among the

global corporations leading the market (with multidisciplinary activities, including in the field of controllers) are:

ABB Ltd, Mitsubishi Electric Corporation, Schneider Electric SE,

Rockwell Automation Inc., and Siemens AG, which control a large share of the market.

However, there are many smaller companies operating in limited geographic areas or with unique niche products. This group includes, among others, companies such as: Honeywell Safety Management Systems, Horner Electric APG, and PILZ. The Company estimates that its activity falls into this category. The Company is not aware of any other Israeli companies in this category.

For further details of the competition in the field of activity, see section 1.9.15 below.

1.9.9. Products and services

The Company's main products are PLCs of various series and external expansion units, motion regulators and servo systems, cloud-based service as well as software programs as specified below:

1.9.9.1. PLCs and expansion units

The Company designs, develops, manufactures, markets, sells and supports several series of PLCs. These PLCs are based on a central processing unit (CPU) for computer-embedded industrial systems that coordinate the range of command, control, and communications operations executed by the PLC. The Company's PLCs also incorporate an integral human-machine interface (HMI) component designed to enable the operator to control the PLC itself, and through it the instruments controlled and monitored by the PLC. This interface may differ from one product series to another in its nature and complexity, and it includes a data display, a touch screen and/or a touch pad. The PLC communicates with external components (such as the production devices themselves, engines or sensors) by means of built-in physical connections ("sockets" of sorts, similar to phone or computer sockets) intended for data input and output. The input/output capabilities of PLCs (number and type of connectable devices) define their dimensions, as specified in the table below.

The PLCs' I/O capabilities may be expanded using external expansion units, thereby upgrading its functioning (as detailed below).The Company's PLCs have been designed for compatibility with the different protocols of line and wireless communications, including by means of the Internet (remote control and access, from inside and outside the organization, by means of a computer, with no physical connection), intranet (PLC-PLC communications and/or PLC to organization control systems within the organization), and by means of a cellular phone (access to information and/or to means of control without a physical connection and without a computer, using cellular phone infrastructures).The communications capability of the PLCs is intended to enable tracking, control and monitoring of systems and processes, not only from the site in which the PLC is installed (production floor, logistics warehouse, etc.), but also from other stations, including the management offices or even from outside the organization's premises, thereby providing access to data and/or means of control for different levels in the organization, from production machine operators within the organization, to the organization's planning and control levels (including raw materials

inventory planning, finished products etc.) to the senior management or even people outside the organization. Below are major characteristics which distinguish between the above PLC categories:

Traditional classification	**Nano PLCs**	**Micro PLCs**	**Small PLCs**	**Medium PLCs**
Alternative classification	**Smart Relays**	**Compact PLCs**		**Modular PLCs**
Major relative advantages	Highly compact; low cost; suitable for control and automation of only the most basic tasks	Efficient price/ performance ratio; suitable for control of simple tasks and operation of relatively simple equipment	Larger I/O capacity and stronger supporting software, in a relatively compact package; suitable for command and control of complex automation tasks	Capacity to process large input volumes and control multiple inter-connected automation components
Major industrial applications	Simple industrial automation tasks, scheduled building controls, environmental systems (irrigation, air conditioning, etc.), safety systems	Typically used to control simple and complex automation tasks in most industrial applications, including in the automotive, food processing, chemical, pharmaceutical, metals, mining, paper, plastic, conveyance systems, packaging and other industries.		

The Company's products focus on a range of up to tens of integral I/O points per individual PLC, with the ability to expand by hundreds of additional points (up to 4,000 in the UniStream™ product range), using external expansion units and communications networks.

The main series of PLCs and expansion units manufactured by the Company include alpha numeric nano and micro PLCs (M91 and Jazz® series) and different-sized graphic PLCs (Samba™, Vision™ and UniStream™ series) usually with color touch-screens, nano and micro alpha-numeric controllers (Jazz®, M91 series), external expansion units and other accessories (such as cables, adapters, etc.).

The Company's PLCs are considered to be advanced technology products among the target audience – control engineers and machine builders. A validation of this is having been awarded the Engineers' Choice Award by Control Engineering magazine (www.controleng.com) each year for 14 years (starting from 2012 up to and including 2025) for another product which was launched in that year. This is an annual contest run by one of the most prestigious magazines in the United States in the field of Controllers, as part of which the readers themselves select products divided into several categories from a list of products launched in the same year. In 2025, for example, the new 15" screen Unistream™ series controller won the "Most Valuable Product of the Year" competition, in other words, it received the most votes and readers' choices out of all the categories competing in that year.

1.9.9.2. MOTION

The Company markets and sells products in the drive control segment (marketed mainly as supplementary products for the controllers of the Company), which interfaces with industrial communication and is controlled by the controllers of the Company, and focuses on this segment primarily with frequency drives (VFD) and servo systems.

A frequency drive is a component which receives alternating current from an electrical network at a specific frequency and redistributes it at the desired frequency to control the speed and torque produced by electric motors in various applications and processes in industry. These products are commonly used in pumps, fans, compressors, etc.

Servo systems are "closed circuit" control systems (the need to receive constant feedback to correct runtime errors and fast response rates), a characteristic which distinguishes them from the frequency drive. These systems contain a servo drive and a servo motor. Common applications for this product are various packaging, conveyance and raw material processing machinery, laboratory automation equipment as well as food and beverage machines.

1.9.9.3. UniCloud

The Company has launched a cutting-edge integrative platform for cloud services named UniCloud. The platform is designed to allow each customer to connect the controllers of the Company (and even controllers of other companies) to a cloud computing infrastructure environment, transfer data in a secure manner and create business dashboards (BI). The emphasis in this new service is also on the added value reflected in the simplicity and ease of the application and full integration with the other products of the Company.

The customers of the Company are charged a monthly fee for the service, as in similar SaaS services. The Company believes that this service affords the Company and its customers' business flexibility, significantly reduces the entry barriers for joining the service and creates another significant competitive advantage for the Company in the market in which it operates.

The aforesaid MOTION and UniCloud drive products were designed so that the integration thereof with the controllers of the Company will make it possible to create added and unique value for the customers of the Company. Therefore, these are supplementary products for the controller products, which are usually sold as one piece. However, each of these products can also be sold separately to the customers of the Company.

In addition, certain products in the controller group are sold together with built-in cloud services in negligible volumes.

1.9.9.4. Software

The Company develops and markets, as a package together with its PLCs, software operating programs for PLCs, used to program the operating interfaces of the PLC itself and its operation, as well as the command-and-control operations of the PLC with respect to the instruments to which it is connected. As part of the expansion of the Company's product portfolio, the Company developed an integrative environment designed to enable these tools to also be used to program and configure the Motion solutions marketed by the Company in a simple and easy manner, which simplifies the integration process and saves the need to be familiar with and to use the other software tools used by the customers up till now. The Company's main software programs of this type the UniLogic® software which serves PLCs from the UniStream® series only, as well as the U90™ and VisiLogic® software of the Company which serve the other PLC series of the Company. These software programs operate in the Microsoft Windows environment and are

designed to also permit those without professional programming skills to program, in an intuitive and accessible manner, both the operating interface of the PLC itself, at the operator's convenience, and both the PLC tasks with respect to the system components in the machine or equipment that the PLC is supposed to control as well as both the motion characteristics of the Motion elements.

In addition, the Company provides programming tools for addressing additional needs, such as reading stored information from the PLC to electronic datasheets, connecting the PLC to communications networks, and remote control. The software package also includes a soft copy of operating instructions, the PLC software programs, documentation of the technical specifications of the product, and associated documentation data.

1.9.9.5. Trends and changes

The Company's PLC's are focused on the nano PLC segment, micro PLCs and small and medium PLCs. This sector is characterized in the market surveys described above as the market segment with the highest growth rate. At the same time, this market segment is highly competitive (see also section 1.9.8 above).

The Company offers MOTION controllers with an emphasis on added value which is reflected in the simplicity of programming using the UniLogic® software of the Company and the complete integration of all the automation components offered by the Company.

The Company also operates a cutting-edge integrative cloud service platform called UniCloud. The platform is designed to enable any customer to connect the controllers of the Company (even the controllers of other companies) to a computer-based cloud environment infrastructure, transfer data securely and create business dashboards (BI).

The Company invests in the development of new products designed to meet the changing needs of customers in the automation market. These products replace and are intended to continue replacing the Company's older products and are also intended to open new opportunities and markets for the Company.

1.9.9.6. Services

Services of the company in the Products segment comprise primarily technical support for Company products and are delivered by a technical support team offering pre-sale support services locally and abroad for purchasing Company products (mainly consulting for customization of products to each customer's specific needs), post-sale training and technical support for assimilating the use of the products and/or troubleshooting. Calls to the support team usually originate from the Company's distributors (see section 1.9.13 below), from direct end users and from indirect end users (who purchased the Company's products from distributors in Israel or abroad). These calls are processed by support staff, with the involvement of the Company's lab, development and marketing staff as necessary.

The Company also offers its clients cloud services under the UniCloud brand, which allows any client to crease business intelligence dashboards based on real time and past data provided securely by the Company's controllers (as well as those by other

companies). The cloud service of the Company is a new model (SaaS) for selling services to the customers of the Company, see expansion in the above Section 1.9.9.3.

1.9.10. Revenue breakdown and profitability of products and services

The various series of the Company's major products contribute to the Company's profitability in a manner which shows no material difference between each series.

Below is the segmentation of revenues from a group of similar products, the rate of which constitutes 10% or more of the company's total revenues for the years 2023-2025:

The product	Revenues (NIS thousands)			Percentage of total revenues		
	2025	2024	2023	2025	2024	2023
PLC's and expansion units*	146,894	183,969	199,635	95%	96%	93%

* The Company considers controllers and expansion units to be one product group, in which the gross profit rate of the products of the group are basically similar.

1.9.11. New products

In the reported period, the Company has been engaged, and intends to continue engaging, inter alia, in activities for the development of additional series of controllers and/or new control products, expanding the capabilities and functionalities of the UniCloud product lines and services of the Company. These steps are intended to enable the Company to offer its customers advanced and comprehensive solutions, which expand the range of its existing products while integrating advanced technologies that allow improved performance[2]. These products, which are in various stages of development (some of them in the initial stages and others in more advanced stages, about to be launched on the market) are intended to expand Company's offering and its suite of solutions and open up new business opportunities in both new and existing markets.

During the year 2025, among other things, the Company launched a new UniStream series model which expands its offering of HMI sizes with a 21 inch screen, and added other advanced capabilities to its controllers. As part of these efforts, the Company continued increasing and expanding its unique support of communication capabilities and advanced functionality, primarily intended for systems installed on data centers. So, in addition to built in support of the RedFish protocol, the Company's controllers also support Ipv6 and another advanced functionality, adapted to clients' current needs in this segment (and particularly to the strict requirements of Hyperscale suppliers), The Company has also expanded and enriched the functionality offered in the MOTION segment and the variety

[2] The information with regard to the performance that are not within the Company's existing product range is forward-looking information, as the term is defined in the Securities Act. The main data serving as a basis in this subject are the Company's development plans, which are based, *inter alia*, on the analysis of market surveys as set forth in sections 1.8 and 1.9.3 above, the analysis of market requirements and customer preferences, as expressed in the Company's firsthand contacts with the markets, technological feasibility, the Company's assessments regarding the costs of the research and development that would be required to finance the execution of the developments, and also the tough competition existing in the industry, as specified in this Report. The main factors which could cause this information not to materialize are the rates of investment that would be required in these operations, which could significantly overrun the Company's budgets in these subjects, limitations in the ability to commercialize these technologies at competitive market prices, or at all, the absence of the development of markets and a consumer culture suited to using the technologies developed, and the superior financial and technological means available to a considerable part of the Company's rivals, and all of the foregoing in addition to the risk factors as set forth in section 1.19 below.

of UniCloud services it offers. These advanced capabilities are designated to permit a wider use of the products of the Company in both new and existing markets as well as to further simplify the integration between the controllers of the Company and the complimentary products and services it offers, as part of a holistic solution approach.

These development efforts require the allocation of significant resources, primarily in the area of human capital, as well as the study and assimilation of new platforms and technologies. For information on the Company's development expenditure, see section 1.9.17 below.

1.9.12. Customers

1.9.12.1. The direct customers of the Company are mainly distributors working with the Company under distribution agreements. Alongside these operations, the Company sells its products directly to end users.

The end user customers are generally manufacturers of PLC-controlled industrial machines (OEM) or companies specializing in automation solutions implements in a range of various industries, including the plastics, water supply systems, energy management and alternative energy, agriculture, textile and other industrial segments.

This wide variety of applications reflects the flexibility and suitability of the Company's products to a wide range of systems and automation systems, and the Company's ability to operate in a large number of segments.

The data center segment is of particular note over the past two years, with significant growth all over the world. In light of this trend, the Company has invested in targeted marketing and the development of dedicated capabilities in its controllers, customized for machinery manufacturers and cooling and energy control solutions for data centers. As a result, and due to the fact that machinery manufacturers in this segment have begun basing their solutions on the Company's products, while Company's 2024 sales in the segment were negligible activity in this segment increased in 2025 to more than 10% of the Company's overall sales. The Company estimates that so long as the data center market continues to grow at a similar pace to recent years, its operations in the segment may continue expanding; notwithstanding, it shall be emphasized that the aforementioned represents an estimate only and there is no assurance that these trends will indeed continue or that the Company will continue to benefit from similar growth in this segment.

End users' machines or automation solutions are generally controlled by PLCs and are intended for the automation of defined tasks such as packaging, for specific operations on production lines, cooling or heating, etc. The machine manufacturer or the automation solutions implement purchases PLCs suitable for the machine he is producing or the project he is implementing, installs the Company's PLCs in them, and markets it to his customers, who integrate it in the production line or in other automatic applications that are controlled and managed by the Company's PLCs. In general, the Company has no direct contact with end customers, who are in direct contact with the various distributors for customization, installation, warranty, and the like.

1.9.12.2. During the reporting period, the Company did not have a customer, the income to the Company of which accounted for 10% or more of the income of the Company in accordance with the 2025 consolidated financial statements.

1.9.12.3. To the best knowledge of the Company, the customers of the Company, mainly distributors, differ in their geographical location, and the Company is not aware of any other fixed characteristics which characterize the customers of the Company. For a breakdown of the revenues of the Company by geographic regions, see Note 23 to Section A of the consolidated financial statements - Chapter C of the Periodic Report.

1.9.13. Marketing and distribution

The Company's products and services are marketed and sold through the Company's internal marketing and sales network, through Unitronics GMBH, as well as through Unitronics Inc. as well as a chain of distributors comprising of approximately 180 distributors (of which approximately 105 are in the United States and North America and the balance in approximately seventy countries (including Israel) primarily throughout Europe, Asia and South America. In addition, in the United States and Italy only, the Company uses independent sales representatives to assist in representing the Company's products and services with the distributors and end customers in these countries.

Recent years have seen growth in Company's direct sales, at a higher pace than distributor sales, indicated by the increase in their relative share of the Company's overall income. Therefore, while in 2022 direct sales represented only approximately 13% of the Company's income, their share increased to approximately 18% in 2023, 24% in 2024 and approximately 26% in 2025. Within a period of only four years, the direct sales channel managed to double its relative share in Company's income.

This trend is apparent even more when evaluating operations in the US market, which constitutes the Company's largest market and the primary market for implementing its direct sales strategy thus far. This market saw the share of direct sales increase from approximately 16% of sales in 2022 to approximately 37% in 2025. These figures reflect the continued strengthening of the Company's direct relationship with end clients, an expansion of its operations with strategic clients, as well as the Company's ability to offer customized and comprehensive solutions for clients in a variety of segments.

1.9.13.1. The internal sales and marketing staff of the Company

The marketing team maintains direct contact with the current and future users of the Company's products and services, follows-up, re-nourishes and fosters customer relations, as well as locates business opportunities for the internal sales and marketing team of the Company and also coordinates and guides the activity of the Company's network of distributors, on an ongoing basis as well as at central events such as conferences, courses and training sessions held by the Company at its own facilities or through online training. The Company likewise maintains a technical support team providing support services prior to and for the purpose of purchasing the Company's products (mainly advice for the customization of products to the specific needs of each inquirer) and post-purchase training and technical support for assimilation of products and/or troubleshooting. Inquiries to the support team usually come from the Company's distributors, from direct end users and from indirect end users (who purchased the Company's products from distributors in Israel or abroad). These applications are processed by support staff and, if required, also with the involvement of the Company's development and sales staff.

1.9.13.2. Distributors

The Company's agreements with its distributors generally confer distribution rights (and in some cases exclusive rights) in defined territories (subject to the Company's right to sell by itself and/or through subsidiaries), for limited periods (usually one year), renewable subject to meeting specific minimum sales or at the Company's discretion in the event the distributor fails to meet said minimum sales. The distributors purchase Company products based on an annual purchase forecast provided by them in advance, usually according to a fixed price list, and sell them at their own discretionary prices. The Company generally grants its distributors 30 to 90 credit days, some of which (except in the United States) require collateral such as a bank guarantee or letters of credit. These agreements may generally be terminated at any time by a 30-to-90-day notice of either party and are generally (except in the United States) governed by Israeli Law and subject to the jurisdiction of the courts in Tel Aviv and/or to an arbitration mechanism for the settlement of disputes.

The Company does not pay commission to its distributors, and the latter generate their profits from the difference between the purchase price and the selling price to the end customer. The Company suggests a recommended selling price to the distributors, but does not require them to charge these prices. The distributor is generally required to provide end users with a warranty period of 24 months.

The Company's distributors may not return products. Under the products' warranty, non-functioning products during the warranty period are either repaired or replaced. It should be noted that in actuality, the quantity of the replaced products is not material (for details on revenue recognition, see Note 2 section N to the 2025 consolidated financial statements– Chapter C of the Periodic Report).

The Company does not have a material distribution agreement and/or dependence on any distributor.

1.9.13.3. Independent Sales Representatives (hereinafter: the "**Reps**")

The Company has agreements with the Reps in Italy and the United States only. These agreements generally grant the Reps exclusive rights in defined territories only in the United States for limited periods (usually a year) automatically renewable. Generally, these agreements may be terminated at any time by any party, by giving notice 30 to 90 days, and subject to US law and the jurisdiction of the courts in Massachusetts and/or arbitration dispute settlement mechanism. The agreements with the Reps in Italy are subject to Italian law.

The Company pays commissions to the representatives depending on actual sales made to distributors and end customers in the territory in which the reps have an exclusive agreement.

The Company has no dependence on any of the representatives.

1.9.13.4. Sales promotion

The Company promotes its sales primarily through: (a) a website (http://www.unitronics.com) for downloading software and other help tools for the Company's products, and for obtaining details about the Company, its products and services; (b) social networks (c) public relations and contact with the market and with current and prospective customers, including updates on innovations and developments at

the Company, follow-up of customer satisfaction and/or lessons to be learned and for implementation, and similar activities; (d) marketing and sales aids and activities, including detailed marketing catalogues, regular distribution of product updates and marketing material, use of demonstration kits at the customer's site and training sessions for customers and distributors; (e) participation in national and international trade exhibitions, whether directly or via the Company's distributors, and (f) issuing publications in professional magazines (printed and digital) in the automation and controller industrial sectors worldwide.

1.9.14. Order backlog

In general, the order backlog of the Products Department is in line with the nature of activity in this market, based mainly on stock and off-shelf purchases from distributors and therefore orders are usually accepted for immediate delivery rather than an order backlog. However, in 2022 and 2023, due to the global shortage of components and the prolongation of delivery times in the controllers' market by all market players, many customers also started placing orders with a more distant outlook of several months in advance. Beginning in 2024 and up to the date of the report, the Company reverted to supplying with short delivery times, as was the case prior to the global shortage of components, and in accordance therewith, customers returned to ordering, mainly, for immediate delivery.

Expected revenue recognition period	**Product order backlog as of February 24, 2026 (a date near the date of this report)**	**Product order backlog as of December 31, 2025**	**Product order backlog as of December 31, 2024**
	NIS in thousands		
Q1 2025	-	-	13,040
Q2 2025	-	-	5,891
Q3 2025	-	-	2,924
Q4 2025	-	-	1,210
Q1 2026	11,956	12,357	
Q2 2026	4,618	2,836	
Q3 2026	2,273	1,266	
Q4 2026	1,402	1,497	
Total	**20,249**	**17,956**	**23,065**

Differences in the reported order backlog for the various periods derive mainly from the change in foreign currency exchange rates during these periods.
The backlog mix is composed mainly (over 95%) of controllers; however, the mix in terms of the main products included is not indicative, and changes constantly, since it reflects specific demand for particular products based on the pace of use of various customers and the requirements of different markets that usually dictate this pace[3].

[3] The information regarding the expected recognition of order backlog revenue is forward-looking information. The data relating to the forecast are an estimate only, relying on past experience and the planned schedules for the different orders. Changes in the basic assumptions leading to this estimate could significantly change the Company's estimate regarding future recognition of order backlog revenue compared to the data shown above.

1.9.15. Competition

The Company has no knowledge of statistics on which it can base the consumption and/or sales of controllers in Israel and therefore it cannot estimate the size of the local market, its share in the local market and/or its share in relation to the manufacturers/importers of other controllers in Israel. With regard to its share in the global market, the Company estimates, based on internationally accepted international market research, that its share of the global programmed controller market is less than one percent.

The Company competes and intends to continue competing primarily on the basis of the advanced technology integrated into its products, and the cost effectiveness of its products as compared to that of its competitors, including the functionality of its products and their performance, reliability, portability, capacity for integration in existing systems, convenience and ease of installation, operation and maintenance, and the quality of the technical support and customer service provided by the Company. The Company estimates that its products are positioned mainly as niche products (small products including nano and micro-PLCs) that combine integral user interface capabilities and broad communications capabilities – characteristics that are particularly suitable for various decentralized applications and for integration as a control component for manufacturers of small and medium machines. However, there is no certainty that the markets or the existing or prospective customers will regard the Company's products as worthier than those of the competitors. Similarly, there is no certainty that its competitors will not develop products and technology that will render the Company's products obsolete or less competitive.

As mentioned in this section above, the majority of the Company's competitors are larger and more established companies, with financial and other means which significantly surpass those of the Company, including R&D, marketing and sales resources, as well as a recognized name in the market. These competitors are able to respond before the Company to changing market needs, and also to offer customers more flexible and convenient financing terms than those offered by the Company, thereby limiting the Company's ability to compete effectively. There is no certainty that the Company will successfully compete in this market, and its competitors may succeed in capturing some of its market share.

1.9.16. Production capacity

The Company manufactures its products primarily through subcontractors. Subcontractors are responsible for placing the electronic components on printed circuits, injection of cases and plastic parts and sub-assemblies such as keyboards. The Company itself assembles, using its staff and its facilities in Airport City, a certain portion of the components of the electrical circuits, and for some of the products, it performs the final assembly of the product, its electrical testing, calibration and packaging. The use of subcontractors to carry out production is designated to permit growth and flexibility in light of the high production capacity of the current subcontractors and the ability to add subcontractors as needed (subject to a learning and assimilation curve). As for production operations within the

Company, as of the date of this report most of the production capacity is being utilized, but the Company is able to increase its production capacity for these activities as needed, given the possibility of assigning these tasks to unskilled manpower, which is, therefore, relatively available and requires only a short training period.

1.9.17. Research and development

For additional details, see section 1.9.11 above.

Below are the main details concerning sums expended by the Company during the specified periods:

	For the year ended December 31		
	2025	**2024**	**2023**
	NIS thousands		
Payroll and benefits	12,399	11,298	9,622
Subcontractors	2,185	2,464	2,096
Other expenses	1,923	1,782	1,541
Less capitalized expenses recognized as an intangible asset	(12,380)	(10,767)	(8,788)
Total	**4,127**	**4,777**	**4,471**

Overall, the Company expended approximately NIS 16,507 thousand during the reported period (of which NIS 12,380 thousand was recognized as intangible assets) for the development of products and technologies, as specified in section 1.9.11 above.

For details of the investments of the Company in respect of its intellectual property, see Note 9 to the consolidated financial statements - Chapter C of the Periodic Report.

From 1992 to 2003, the Chief Scientist at the Ministry of Industry, Trade and Labor (hereinafter: the **"Chief Scientist**") participated in the funding of the Company's R&D programs under the Encouragement of Industrial Research and Development Law, 1984 (hereinafter: the "**R&D Law**").Subject to the support received for the financing of the Company's R&D plans (for further details see section 1.9.20 in Chapter A of the periodic report for 2012), the Company must comply with the provisions of the R&D Law, and the regulations and rules by virtue thereof, which include paying royalties to the Chief Scientist at a rate of 2% to 5% of sales of products developed with the Chief Scientist's assistance, up to repayment of the total grants (and with respect to grants received starting from January 1999 – plus interest at LIBOR rate); receiving approvals regarding changes in holdings and controlling means in the Company; refraining from overseas manufacturing of products based on technology developed with the assistance of the Chief Scientist, and from the transfer of such technology overseas. Total grants approved for the Company based on the R&D programs amounted to USD 583 thousand in respect of which the Company paid to the Chief Scientist up to December 31, 2025, a total of approximately USD 178 thousand. Liabilities recognized in the financial statements in respect of grants received from the Chief Scientist, as of December 31, 2025, totaled approximately NIS 90 thousand, attributable to programs in respect of which, in management's estimation, royalties are likely to be paid. As of the date of this report, the Company is in compliance with its obligations to the Chief Scientist.

In accordance with the plans of the Company, the expected amount to be invested in research and development in 2026 is estimated at approximately NIS 17 million[4].

1.9.18. Raw materials, suppliers

1.9.18.1. Each of the company's products consists of tens to hundreds of mechanical and electronic components, including electronic circuits and their components, keyboards, display screens, and others. About 90% of the components in most of the products are standard (off-the-shelf) products, manufactured in Israel and abroad. Some 10% of the components in most of the Company's products are custom-made for it in accordance with a specification and/or plan, mainly plastic casings, keyboards, printed circuit boards (PCBs), various connectors, metal parts, touch screens and specific LCD displays. Although these components are of major importance in Company products, they may be ordered from several suppliers/manufacturers in Israel and overseas, usually without any need for product adaptations, and consequently, there is no dependence on a single supplier/manufacturer. Most of the standard components can be purchased from different suppliers who can be replaced without changes in the product, and the Company is not dependent on a single source. However, in some cases even though they may be purchased from several manufacturers, their replacement by a new manufacturer is liable to cause delays of several weeks resulting from the alternative supplier's learning and assimilation curve with respect to the Company's needs. For particular products, where the replacement of a supplier may lead to a longer delay, backup stocks with a 3-4 month supply are maintained, whether they are purchased directly by the Company or for the Company by the subcontractor as part of the turnkey production arrangement, the purchase quantities for these stocks being financially immaterial.

The Company is dependent on several manufacturers which specialize in the production and supply of a small number of unique items, including processors and communication components which can be purchased from suppliers in or outside Israel, primarily, Infineon, Texas Instruments, Epson, NXP, STM, Analog Device Lattice. Even though these are standard components (off-shelf) for which substitutes from other manufacturers can be found, their replacement may involve structural and functional changes as well as various software and hardware adjustments which could cause delays and customization costs. To reduce the dependency on these components, the Company enters into annual order arrangements and in a few cases, into minimum stock retention agreements, with several different suppliers, in order to ensure availability and regular supply of these components.

1.9.18.2. The Company regularly surveys the components' state of supply on the market as well as lead times, in order to identify trends of shortage in due time.

The global shortage of electronic components in 2024, which prevailed mainly between the years 2021-2023, ended, and in accordance therewith, the supply and delivery of components returned to normal, the delivery times of components returned to the pace

[4] The information with regard to the forecasted investment amounts in research and development is forward-looking information, as the term is defined in the Securities Act. The data concerning the forecast is only an estimate, which is based on the forecasts of the Company. Changes in the basic assumptions which led to the aforesaid forecast, may significantly change the Compa y forecast in respect of the expected investment amounts in research and development compared to the data presented above.

in the period prior to the years of shortage, and the trend of rising prices which characterized the period of global component shortages ceased.

In late 2025, supply times for memory components began lengthening throughout the world, primarily due to a sharp increase in demand for data centers, alongside price increases in some cases. In order to protect supply chain continuity, the Company monitors the state of the memory component market very frequently and has initiated mitigating steps, including increasing the safety stock of certain components.

1.9.18.3. The Company generally has no written agreements with suppliers of raw materials, it is not bound by framework arrangements with them save for annual orders and certain minimum stock retention agreements as detailed below and it orders materials as needed, on an ad hoc basis, generally against purchase orders only. The commercial terms generally applicable to the raw materials suppliers are open credit without guarantees, payment at terms of net 90 EOM (after approval by acceptance control), predefined lead time (sometimes including an option for the Company to change quantities and/or schedules), prices subject to volume discount, delivery and transport at the supplier's expense and the supplier's warranty for replacement of goods, at its expense, in the event of nonconformity or quality problems.

The Company enters into a minimum inventory retention agreement with certain suppliers, pursuant to which the supplier undertakes to keep an inventory at a certain percentage of the Company's annual consumption (adjusted on a quarterly or a monthly basis), exclusively earmarked for supply to the Company at set prices. Under these agreements, the Company is even obligated to purchase the minimum stock, for amounts that are financially immaterial to the Company, even if not ordered by the end of the agreement period. Several of these agreements are unlimited in time, and the termination of activity thereunder in respect of particular items is subject to prior notice.

1.9.18.4. The Company is party to a non-exclusive agreement dated September 12, 2018 with a manufacturing contractor for printed circuits which is also a provider of components and other services to the Company (hereinafter: the "**Circuit Supplier**"), which as of May 2018, FIMI Fund, formerly the controlling shareholder in the Company, was also a controller of this supplier until January 2026. The Company had been connected with the circuit supplier for a period of over ten years prior to the acquisition of control of this supplier by FIMI Fund. To the best knowledge of the Company, in 2019 the circuit supplier closed the acquisition of a company which was also a supplier of the Company in the assembly of printed circuits (hereinafter: the "**Subsidiary of the Circuit Supplier**") for years prior to the acquisition thereof by the circuit supplier. The terms of the agreement with the supplier of the circuits and the Subsidiary of the supplier of the circuits includes the placement and assembly services of printed circuits and electronic components, provided by the Company, into completed cards and in some cases testing and packaging of the cards, in accordance with the detailed instructions of the Company, and under the supervision of the Company, and in accordance with detailed purchase orders based on periodic forecasts relayed to the manufacturing contractor which are updated regularly. These suppliers provide a warranty on their work, insure their obligations under the Agreement, while the related intellectual property rights connected with the product are retained by the Company. Payment for the products is based on

fixed amounts depending on the volume of the ordered work and paid on a +65 day basis. Under the agreement with these suppliers the Company sells certain raw materials to these suppliers for the purpose of manufacturing for the Company. The term of the agreement is 12 months, and the agreement is automatically renewed unless any of the parties gives advance notice of termination to the other party.

On May 15, 2023, a special general meeting of the shareholders of the Company, after having received the approval of the Balance Sheet Committee, the Remuneration Committee, the Audit Committee and the Board of Directors of the Company on March 26, 2023 and March 27, 2023, respectively, approved the continuation of the agreement[5] with the circuit supplier and with the Subsidiary of the Circuit Supplier for a period of three years starting from the date of the approval of the general meeting with annual financial volumes of up to 12% of the total cost of sale or NIS 10 million, whichever is the higher of the two. The scope of the purchases of the Company from the supplier of the circuits and the Subsidiary of the Circuit Supplier in 2025, 2024 and 2023 amounted to approximately NIS 4,691, NIS 5,963 thousand and approximately NIS 7,016 thousand, respectively, constituting approximately 6.0%, approximately 6.3% and approximately 6.6% of the cost of the annual expenses of the Company. The Company is not dependent on the supplier of the circuits and the subsidiary of the supplier of the circuits and can also work with other suppliers as well as switch from supplier to supplier without difficulty or significant cost differences, even though the Company estimates that this would not necessarily be in the best interests of the Company. For further details, see the Immediate Reports of the Company of April 4, 2023, and May 15, 2023 (reference numbers: 2023-01-038949 and 2023-01-051990, respectively), included in this report by way of reference.

Beginning October 2025, FIMI Fund is not deemed a related party to the Company, and beginning January 2026 is not deemed a related party to the Circuit Supplier and its subsidiary.

1.9.18.5. The Company is not dependent on certain subcontractors for manufacturing, and it can hire for this purpose additional contractors. Nevertheless, replacing an existing subcontractor may involve delays resulting from the learning curve and the implementation of the Company's needs and/or use of unique manufacturing components tailored for the Company's needs (such as plastic cast molds for PLCs cases). In the Company's estimation, replacing a subcontractor, as mentioned above, is not expected to lead to a material increase in costs for the Company.

1.9.19. Working capital

1.9.19.1. Total working capital

The Company's working capital as of December 31, 2025 amounted to approximately NIS 32,855 thousand (current assets of approximately NIS 80,720 thousand net of current liabilities of approximately NIS 47,865 thousand).

[5] It should be noted that until that date the agreement, subject to this section, were approved by the authorized bodies of the Company as non-extraordinary and negligible transactions in which the controlling shareholder has a personal interest.

1.9.19.2. Inventory

The Company continuously examines the trends in the electronic components market in order to adjust the inventory levels to the uncertainties in the market. The Company manages the production processes, purchasing of raw materials, raw materials inventory and finished products inventory through a general management software program that concurrently serves the Company's procurement, production, and inventory systems, and this alongside financial management and accounting (ERP – Enterprise Resource Planning). From time to time the Company examines new means of inventory management in order to make the Company products more accessible to the distributors and customers.

It is the policy of the Company to hold an ongoing inventory of 30-150 days of components and raw materials in accordance with forecast requirements. In addition, the Company holds a finished products inventory for supplying current orders for some 30 days. The Company's policy is generally to hold a finished products inventory based on actual orders or internal forecasts regularly made and updated by the Company. However, and as necessary, the Company may deviate from this policy, mainly when preparing for extraordinary events or in response to the behavior of raw materials markets in the world.

1.9.20. Environmental risks and management thereof

1.9.20.1. General

The Company's activity is not characterized by exposure to environmental risks as the term is defined in section 28 in the First Schedule to the Securities Regulations (Details of the Prospectus and Draft prospectus – Structure and Form), 1969.

However, as stated in section 1.9.2 above, the manufacture and marketing of electronic products is subject in different countries to directives that address the use of certain materials in the manufacture of electronic products and the treatment of electric and electronic equipment waste. In addition, the Israeli law also contains provisions that affect the use of certain materials in the manufacture of electronic products and the handling of waste of electrical and electronic equipment, including the Treatment of Packaging Waste Law and the Law for Environmental Protection for the Environmental Treatment of Electronic Equipment.

1.9.20.2. Legal provisions on environmental quality

The Law for the Regulation of Packaging Waste Treatment - 2011 (hereinafter: the "**Packaging Law**") is designed to reduce the amount of packaging waste, prevent its landfilling and encourage its recycling. The Law sets recycling targets according to the type of material and the year of recycling, all regarding manufacturers with product packaging weights that exceed a certain threshold per year. In accordance with the requirements of this law, the Company has entered into an agreement with a "recognized implementation body" approved by the Ministry of Environmental Protection which is responsible for the compliance of manufacturers and importers with the provisions of the said law.

The Law for Environmental Treatment of Electrical and Electronic Equipment and Batteries, 2012 (hereinafter: the "**Electronic Waste Law**"), sets recycling targets according to the year of recycling for importers and manufacturers of electronic equipment. In accordance with this law, the Company recently entered into an agreement with a "recognized implementation body" of the Environmental Protection Ministry, which is responsible for the fulfillment of the obligations of manufacturers and importers, as per the provisions of said law. Moreover, the Company is studying the implications of the new law by inquiring with consultants and keeping up with up-to-date professional material.

The Company estimates that the impact of the Packaging Law and the Electronic Waste Law on its expenses is not expected to be material.

1.9.20.3. Impact of environmental risks on the Company

In the Company's best estimates, the environmental risks do not have a material impact on its operations. During the reporting period, to the best of the Company's knowledge, no material events occurred which caused or are expected to cause harm to the environment, and no proceedings related to environmental quality were taken against the Company or any of its officers.

This assessment by the Company constitutes forward-looking information, as such terms are defined in the Securities Law, based on the estimation of the Company. This assessment may not materialize, in whole or in part, or may materialize in a different manner than anticipated, and may be affected by factors which cannot be estimated in advance, and which are beyond the Company's control. The main factors which may affect the aforesaid realization or non-realization of this assessment are the decisions of the legally authorized authorities, including court decisions and/or material changes in the relevant legal provisions and/or due to the realization of all or part of the risk factors specified in the below Section 1.19.

1.9.21. Business objectives and strategy

The Company aspires to position itself as a world leader in the field of control and automation products, in niches and markets in which its products have added value and a relative advantage. These niches include, among others, the fields of nano and micro PLCs, PLCs incorporating a control panel (including use of color displays, which is becoming prevalent in control panels for many systems), small PLCs incorporating communications and network support capabilities, and PLCs supporting decentralized architecture. In a breakdown of the target market (for further details see Section 1.9.3 above), the most prominent are manufacturers of small and medium machines that require economic, advanced and integrated control solutions, as well as constructors of systems that require solutions for remote control and/or data collection by communications. Criteria for evaluating success in achieving these objectives include, among others, number of installations (PLCs sold) every year, the rate of penetration (sales) in new and existing countries and regions, customer satisfaction, percentage of repeat sales to these customers, and overall contribution to the Company's profitability.

In order to achieve these objectives, the Company plans to continue improving existing products as well as developing new products, on the basis of continuous analysis of users'

needs and market trends, market surveys conducted from time to time, as well as responses from its distributors and customers. There is no assurance regarding the Company's ability to actually improve current products and to develop new products, and this depends, among others, on analysis of market needs and consumer preferences as reflected through the Company's direct contacts with the markets, technological feasibility, cost of potential developments, as well as the strong competition in the segment, as detailed in this report.

The Company further plans to continue to develop and to strengthen its direct sales capability in the United States and in Europe alongside continued expansion of the international distribution infrastructure it has established over the years. As part of the efforts to strengthen direct sales, the Company is taking steps, *inter alia,* by reinforcing its sales force, strengthening direct relationships with strategic clients, expanding operations with leading equipment manufacturers and implementing customized solutions for the specific needs of clients in various industries, among other things, via ongoing monitoring and follow-up with regard to the activity of existing distributors, location of new distributors in territories where the Company wishes to grow its operations, and replacement of existing distributors when the Company deems such a step will improve financial performance in that territory. The Company also invests in training and professional advancements for distributors on subjects related to the Company's products and their various implementations and technological advantages, as well as the gathering of relevant marketing and business related information in the markets in which it is active, for the purpose of improving marketing and sales operations on an ongoing basis.

There is no assurance regarding the Company's ability to strengthen and develop its sales and marketing infrastructure, and this depends, inter alia, on the analysis of marketing attributes and markets for Company products which are conducted by the Company from time to time.

The Company further intends to continue investing in the development of its data center operations in the near term, which, as detailed in the above Section 1.9.12, has in recent years generated significantly high growth rates. The Company is taking steps to expand its operations in this segment by way of continuing development of dedicated technological solutions for cooling and energy control systems, strengthening relationships with machinery and solution manufacturers in the segment, as well as expanding the applications of the Company's projects to new projects and systems.

Furthermore, the Company estimates that the acquisition of a controlling interest in the Company by ILJIN, a part of the Amber Group, may open additional business opportunities to it, among others, through the expansion into new geographical markets and product offerings, development of complementary solutions and considering expansions into new verticals.

1.9.22. Development forecast for the coming year

The Company has shown growth and an increase in market share in recent years, mainly in target and focus markets. In order to continue the growth trend, the Company will be required to continue investing material amounts in R&D and marketing, so as to be able to offer existing and prospective customers competitive and efficient products, designed

to provide a suitable response to their demands compared to those offered by its competitors. However, there is no assurance that investment of the aforesaid amounts in development and marketing will increase or maintain the Company's current pace of sales.

1.10. Other activities

The Company has an additional activity, not included in the aforementioned main operating segment, via Unitronics Management, which involves insignificant revenues and investments. This activity mainly involves maintenance, preservation and management in connection with the use of Unitronics Building. Below are data on the Company's revenues from the activity of Unitronics Management for the indicated periods:

	For the year ended December 31		
	2025	2024	2023
	NIS in thousands		
Revenues from Unitronics Management operations	102	360	393

Part IV – Matters Related to the Company's Overall Operations

1.11. Fixed assets, land, facilities, user right assets and insurance

Below are details of the main fixed assets, facilities and real estate used by the Company.

1.11.1. Unitronics Building – lease from the Israel Land Administration: The Company has capitalized leasing rights (91%) for forty nine years (plus an extension option for an additional forty nine years) under lease agreements dated April 16, 2008, in the ground floor (including basement) and the first floor with a floor area of 1,295 sq.m (hereinafter: the "**Company's Floors**"), and 841 sq.m attached yard area (hereinafter: "the **Company's rights"),** of a building known as "**Unitronics Building**," the address of which is Airport City, P.O. Box 300, Ben Gurion Airport, 70100, Israel (hereinafter: the "**Company's rights in Unitronics B**uilding"). The Company's rights in the Unitronics Building are also known as block 27 parcel 6832, registered in the Condominium Buildings Register in the Land Registration Bureau. The Company also acquired rights to an additional lot of 1,000 sq.m adjacent to Unitronics Building, serving as a parking lot for the Company's employees and visitors (hereinafter: the "**Parking Lot**").

For its current operations, the Company uses the entire space on the Company floors at Unitronics Building. The other floors at Unitronics Building (floors 2-4) (hereinafter: the "**Private Floors**") are leased from the management of Sky City Office Center for Knowledge-Intensive Industries Ltd. (hereinafter: "**Sky City**" and/or the "**Lesso**r"), a company controlled by Mr. Haim Shani, a controlling shareholder of the Company (jointly with ILJIN since October 2025), who also serves as the Active Chairman of the Board of Directors of the Company, and his wife Ms. Bareket Shani, formerly a Director of the Company, and are leased to third parties, except for approximately 1,279 sq.m that were leased to the Company as detailed in section 1.11.2 below. The rights in the private floors were acquired about one month prior to the acquisition of the Company's rights in the Company floors, under a separate agreement, unrelated to the Company or to the agreement whereby the Company acquired its rights in the Company floors, at a price per square meter using the same pricing basis as used by the Company to acquire its rights.

1.11.2. Unitronics Building– lease from the controlling shareholder: In addition to the Company floors, which are used in their entirety by the Company, the Company leases from the lessor space on the private floors, based on its variable needs from time to time, at the same terms under which space is leased on the private floors to third parties, which also reflect lease terms prevailing at Airport City in general.

On May 15, 2023, the general meeting of the shareholders of the Company , after having received the approval of the Balance Sheet Committee, the Remuneration Committee, the Audit Committee and the Board of Directors of the Company on March 26, 2023 and March 27, 2023, respectively, approved a lease agreement between the Company and the Lessor for a period of three years from the date of the approval of the meeting, and this is in connection with the rental of 1,022 square meters in Unitronics House as well as 30 parking spaces (which the company rented from Sky City prior to the aforesaid approval of the general meeting, after having received the approvals required by law). In accordance with the approved agreement, the Company will be entitled to reduce the rented area or re-increase the area up to a total of 1,600 square meters (provided that the total of 1,022 square meters, the area rented in the current agreement, is not reduced), and to increase the number of parking spaces available for rent up to 60 spaces and to re-reduce the

number (provided that the number is not less than 30 parking spaces, the number thereof in the current agreement) without the amendment of the price per square meter/parking space or any other term of the rental, whereby the reduction or re-increase will only be performed at the discretion of the management in accordance with the requirements of the Company. The monthly rental fees are NIS 75 per square meter and NIS 350 per parking space, with these rated linked to the consumer price index of June 2009. Accordingly, tin Q2/23 the Company entered into a new lease agreement with Sky City for the lease of 1,279 square meter of office space and 36 parking spaces (in place of an area of 1,0222 square meter and 30 parking spaces in the previous agreement), in return for rental payments of NIS 92,925 for the office space and NIS 12,600 for the parking spaces, linked to the June 2009 consumer price index and with the addition of VAT, along with payment of management fees as detailed in the agreement. The total cost of the lease paid to Sky City for rental fees, parking spaces, management fees and linkage differences in accordance with the aforesaid index as of December 31, 2025, is approximately NIS 150 thousand per month. For additional details of the leasehold and the rental agreement, see the Immediate Report of the Company dated April 4, 2023 on the convening of an annual and special general meeting of the shareholders of the Company, reference number 2023-01-038949, which is included in this report by way of reference.

On March 23, 2026, the Company's Board of Directors, following the approval of the Audit Committee, approved the extension of the aforementioned engagement, beginning May 15, 2026 and ending May 14, 2029, pursuant to the provisions of Regulation 1(1) of the Companies Regulations (Exemptions for Transactions with Stakeholders), 2000. The extension of this engagement was undertaken under the terms of the original agreement, as approved by Company's general assembly held on May 15, 2023, and this due to the fact that no material change was made to the terms of the engagement and the remaining relevant circumstances compared to the existing engagement. For details about the reasons given by the aforementioned Company Organs see the immediate report published in tandem with this report.

1.11.3. As part of the Split, the Company has entered into a sublet agreement with Utron Automatic Solutions, Ltd. (hereinafter: "**Utron Solutions**")[6], whereby the Company rents at the cost price of the lessor approximately 220 sq.m in the above leasehold to Utron Solutions, plus overhead expenses amounting to approximately NIS 13 thousand per month, with back-to-back terms of the agreement of Utron Solutions with the lessor. In addition, each party has the right to terminate the sublet rental agreement between them with ninety days prior written notice.

On March 23, 2026, the Company's Board of Directors, following the approval by the Audit Committee on March 18, 2026, approved a sublease agreement pertaining to storage of approximately 220 square meters in a new building in which Utron has taken residency, in lieu of the aforementioned existing agreement. The new sublease agreement begins January 1, 2026 back-to-back with the cost paid by Utron to the lessor with the addition of overhead costs, with the total monthly payment equaling approximately NIS 16 thousand (linked to the Index).

1.11.4. Unitronics Inc.: Unitronics Inc. leases from a third party unrelated to the Company and/or to interested parties therein office space in Quincy, near Boston, Massachusetts, with a total

[6] Beginning on the date of the Split, Company's automatic solutions were transferred to Utron, including shares in Utron Solutions which up to the time of the Split were owned by the Company. The merger of Utron Solutions and Utron was finalized on November 2, 2023, as part of which Utron Solutions was merged into Utron.

area of 2,363 square feet (219 sq.m), leased until May 31, 2028 with an annual rental fee of USD 63 thousand.

1.11.5. Fixed assets

The Company has fixed assets that are used in its current operations, including: machinery and equipment for production, office equipment and furniture, leasehold improvements and vehicles, the balance of which is not material to the Company. For details of the fixed assets of the Company, see Note 8 to the consolidated financial statements – Part C of the Periodic Report.

1.11.6. Insurance

The Company is insured under various insurance policies for its activities, including, inter alia, property insurance, consequential damages insurance, third party insurance, officers' liability insurance (for details see Section 4.8 (Regulation 22) of Part D of the Periodic Report), as well as combined professional and product liability insurance, including for the subsidiaries and various other insurance policies. The entry of the Company into the aforesaid policies is usually in consultation with the insurance advisors of the company. The Company believes that it has adequate insurance coverage.

1.12. Geographical regions

For revenue data of the Company by geographic areas, see Note 23 in section A to the consolidated financial statements – Chapter C of the Periodic Report.

Below is the sum of the non-current assets as of December 31, 2025, and as of December 31, 2024, according to their value in the company's consolidated financial statements, divided into geographic areas, according to the location of the assets (amounts in thousands NIS):

Geographic area	31 December 2025	31 December 2024
Israel	59,901	58,680
USA	883	3,205
Total	**60,784**	**61,884**

1.13. Intangible assets

1.13.1. General:

The intangible assets of the Company mainly include investments in product development as well as patents and software licenses.

The Company claims copyright and the right to use technologies, know-how and trade secrets (for patents and trademarks, see below).

The Company protects its trade secrets and intellectual property mainly by means of nondisclosure agreements with employees, consultants and some customers, as well as through the registration of patents and trademarks and through patent, design and trademark applications. There is no certainty that these means can provide adequate

protection, and they may not protect the Company against competing developments carried out independently by third parties.

The Company's view is that in a world of rapid technological change, its ability to develop and bring new advanced products to market in a relatively short time contributes to its success and market penetration, and consequently the importance of protecting its intangible assets and intellectual property decreases to a certain extent.

1.13.2. Investment in development costs

The Company regularly invests in upgrading its products and developing new products, in order to maintain its comparative advantage in marketing technologically advanced products, and capitalizes development costs (mainly labor and subcontractor wages) subject to compliance with accounting rules.

The depreciation period of development assets is 5-7 years.

Below is a breakdown of the investment development costs as of December 31, 2025:

Subject	NIS
Cost	174,493
Accumulated amortization	130,320
Development assets, net	**44,173**

The development assets consist of costs attributed to the development projects of the products of the Company. As of December 31, 2025, the development assets, net, mainly refer to development projects of the Unistream series controllers, motion solutions (Motion) and UniCloud services.

1.13.3. Patents and patent applications

The Company has a registered patent relating to the IO unit's connection.

The Company also owns several design patents registered in the US, Israel and with the European Patent Office, on controllers developed and manufactured by the Company.

1.13.4. Trademark registration

The name Unitronics and the Company logo are registered trademarks in Israel, Europe, China and the US.

Over the years, the Company has filed and continues to file applications with the Patent and Trademark Office in North America and in Europe and with the Patent Registrar in Israel to register trademarks on various names, logos and designs used for the Company's different product ranges. From time to time, the Company files additional applications with the USPTO and with the Patent Registrar in Israel for the registration of various trademarks; there is no certainty that these applications will be granted.

1.13.5. Internet domain names

The Company has acquired the right to use domain names (including domain names with various countries TLDs) in which it presents information about the Company, its products and related matters. The Company uses these names as addresses for websites used for communicating with existing and potential customers. As customary, the Company is entitled to continue making exclusive use of these websites, subject to payment of annual usage fees (in insignificant amounts).

1.13.6. For further details on the Company's investments in its intellectual property, see Note 9 to the consolidated financial statements– Chapter C of the Periodic Report.

1.14. Human resources

1.14.1. Organizational structure

Below is the organizational structure chart of the Company and the investee companies and the number of employees employed thereby as of the date of the report.



1.14.2. Company staff and composition:

As of December 31, 2025, the Company employed approximately 151 employees, of which approximately 3 employees are employed by the Company and also provide services to Utron. In addition, approximately 3 employees employed by Utron provide services to the Company. For details see section 4.8.1.5 in Chapter D of the Periodic Report.

The breakdown of employees of the Company and its subsidiaries in Israel by occupation on the relevant dates, as of the report date, is as follows:

Occupation	Staff headcount as of	
	December 31, 2025	December 31, 2024
Marketing, Sales and Technical Support	46	46
Development	31	31
Finance, Human Resources and Administration	13	13
Manufacturing, Logistics and Quality Assurance	57	58
Information systems and Integration	4	4
Total	151	152

* The number of employees and the breakdown thereof proximate to the report date is not materially different from the number and breakdown thereof as of December 31, 2025.

1.14.3. Terms of employment: Most Company employees are employed under written personal employment contracts which include customary undertakings with regard to nondisclosure, noncompetition and safeguarding of Company intellectual property.

Labor relations at the Company are not subject to any specific collective bargaining agreements, including the general collective agreement for metal, electricity and electronics employees and the extension order applying to that agreement.

Employee options plan

On May 30, 2019, the Company's Board of Directors adopted a plan to award options to employees, consultants and officers of the Company and its subsidiaries (hereinafter: the "**Option Plan**"). The plan is intended to reward the aforesaid employees, consultants and officers of the Company by awarding options (non-negotiable) with no consideration for the purchase of the shares of the Company (hereinafter: the "**Options**"). It is hereby clarified that the actual awarding of the options pursuant to the Option Plan is subject to the provisions of any law and permits required for the actual granting of the Options.

Except as otherwise decided by the Board of Directors or a committee of the Board of Directors (as applicable), the Options will mature into 3 equal portions and shall be exercisable for two years, three years and four years from the date of the awarding of the respective options. The options should expire at the end of six years from the date the options were awarded.

The basic exercise price of each option for each ordinary share of NIS 0.02 par value shall be: (1) the higher between: (a) the opening price of the Company's share on the date of the Board of Directors' decision to award the options to the Offeree; (b) a premium of 5% above the average price of the Company's shares on the Tel Aviv Stock Exchange Ltd. (hereinafter: the "**Stock Exchange**") during the 30 trading days preceding the date of the decision to award the Options to the Offeree under the Option Plan, or (2) another price to be determined by the Company's Board of Directors (hereinafter: the "**Basic Exercise Price**"). The Basic Exercise Price will not actually be paid to the Company, but will only be used to determine the value of the monetary benefit to the Offeree deriving from the Options and the number of shares exercised therefrom (Cashless Exercise).

For details regarding plans for granting options to employees, grants which in practice were implemented, the deduction of the exercise price and extension of the vesting periods of options granted in 2024, as well as with regard to the exercise of options performed during the reporting period, see Note 14 and 26 to the consolidated financial statements in Chapter C of the Periodic Report.

1.14.4. Material changes among the Company’s corporate officers during the reporting period:

On June 22, 2025, Ms. Doron Shahar began serving as Company’s External Director, in

place of Ms. Rivka Granot, who concluded her term as an external Director on May 18, 2025.

Following the closing of the purchase by ILJIN of the Company's shares, on October 9, 2025 the following individuals began serving as directors for the Company: Messrs. Jasbir Singh, Prakash Iyer, Hyun Chul Sim and Sanjay Kumar, and place of the directors Amit Ben-Zvi, Gilon Beck, Yariv Avishar and Bareket Shani. In Q3/25, Mr. Jasbir Singh was appointed as Chairman of the Company's Board of Directors.

1.14.5. Officers and senior management

Senior officers are employed by the Company under personal employment agreement or under management and/or consulting agreements, and their terms of employment are subject to the Company's compensation policy. The terms of employment of officers who have employer-employee relations with the Company include, among others, a monthly salary, contributions to a pension fund and/or senior-employee insurance policy, contributions to a study fund, entitlement to annual vacation and convalescence pay, reimbursement of expenses and provision of company car. In addition, Company employees sign a nondisclosure and noncompetition undertaking. Said employment agreements (except for those of Mr. Haim Shani) are for an unlimited period, with each party entitled to terminate the agreement by prior notice. Senior officers of the Company are also insured under a directors and officers professional liability insurance policy.

In addition, on July 9, 2025, following receipt of the approval of the Balance Sheet, Compensation and Audit Committee, the Company's Board of Directors, and the Special General Assembly of the Shareholders, the Company ratified its Compensation Policy for its officers, which pursuant to the provisions of section 267A (d) of the Companies Law, shall be valid for three years from the date of the expiration of the Company's current Compensation Policy. For details of the employment terms of the senior officers in the Company, see section 4.6 (regulation 21) in Chapter D of the Periodic Report.

1.14.6. The Company's investment in training and instruction

As part of its international marketing operations and support for its distributors, the Company also holds conferences and provides professional training for its distributors and regional sales staff. Professional training and enrichment are also provided to the employees in accordance with the decisions of the managers and the needs of the department. In addition, the Company provides in-house training for the staff of the different departments in the field of work safety. This training is given by the Company's Chief Safety Officer at the Company's facilities, as part of his job duties and within the cost of his salary.

1.14.7. Service arrangements between the Company and Utron:

For details of the entering of the Company and Utron into service agreements as part of the split process, see section 4.8.1.5 of Chapter D of the Periodic Report.

1.15. Financing

As of the date of the report, the Company has no material loans and/or credit facilities, except as detailed below:

On June 30, 2025 the Company engaged in a loan agreement with an Israeli banking Corporation for a NIS 14 million loan (hereinafter: "**The Banking Corporation"** and "**The Loan**", respectively), to be used for its ongoing operations and as part of the Company's ordinary course of business, in which was made available to the Company on July 1, 2025.

Pursuant to the loan agreement, the Loan bears annual interest at a variable rate ranging between Prime to Prime minus 0.5%, and principal and interest on the Loan will be repaid in five (5) equal quarterly payments beginning October 1, 2025, so that the Loan is repaid in full on September 30, 2026.

Note that the Loan is not secured by any collateral and does not require any compliance with financial covenants.

1.16. Taxation

For details on the tax laws applying to the Company and its subsidiaries, see Note 23 to the consolidated financial statements– Chapter C of the Periodic Report.

1.16.1. The tax rates applicable to the Company

Amendment 71 of the Encouragement of Capital Investments Law (hereinafter: the "**Amendment to the Law**") provides for a tax rate on preferred income from a preferred enterprise of 16% (excluding Area A). The Amendment to the Law also provides that if a dividend is distributed to an individual or a foreign resident from the profits of the aforesaid preferred enterprise, a tax rate of 20% will apply. The Amendment to the Law provides for a unique tax benefit track for a "preferred technological enterprise" whereby a tax rate of 12% applies (except Area A).

The Company has notified the Tax Authority of transition to the Amendment to the Law starting from the 2017 tax year.

The management of the Company estimates that the Company is eligible for preferred income benefits from a preferred technology plant.

The corporate tax rate in Israel as of January 1, 2018, onwards is 23%.

1.16.2. The Company has tax assessments which are considered to be final up to 2020.

1.16.3. Approved enterprise/beneficiary enterprise

Until the end of 2016, the Company was on an approved/beneficiary enterprise track in accordance with the Encouragement of Capital Investments Law, 1959 (hereinafter: the "**Encouragement of Capital Investments Law**").

On November 15, 2021, Amendment 74 to the Encouragement of Capital Investment Law was published within the framework of the Economic Efficiency Law (Legislative

Amendments for Attaining Budgetary Objectives for 2021 and 2022), 2021 (hereinafter in this current section: the "**Amendment to the Law**"), whereby, the company will be obligated to perform a pro rata distribution of its exempt profits (if and to the extent it is held thereby on the date of the distribution) in the manner of a distribution (as such term is defined in the law) in accordance with the provisions of the law and the determined terms.

The Company recorded in 2025, 2024 and 2023financial statements tax expenses in the amount of approximately NIS 679 thousand, approximately NIS 946 thousand and approximately NIS 3,780 thousand, respectively, in connection with dividends distributed following the application of the Amendment to the Law. The balance of the profits of an approved/beneficiary enterprise, which was not distributed and for which no obligation was recorded as of December 31, 2025 is approximately NIS 7.3 million. If a dividend is distributed from these profits, the Company will be taxed at the rate of 23% and the recipients of the dividend will be taxed at the rate of 15%.

1.16.4. Unitronics Inc. is taxed under American tax law, whereby the federal tax rate applicable thereto is 21%; in addition, Unitronics Inc. is liable for state tax at various rates (in accordance with the state in which the product is sold), wherein this amount is considered an expense for federal tax purposes.

1.16.5. Unitronics GMBH is taxed in accordance with the tax laws in Germany, wherein the total tax rate applicable thereto is 31.825%.

1.17. Restrictions on and supervision of Company activities

1.17.1. Business license: Company operations at Unitronics Building in Airport City require a business license under the Business Licensing Law, 1968. In June 2004 the Company received from the Business Licensing Department of the Modi'in District Regional Council a business license, unlimited in time, for its plant at Airport City.

1.17.2. Work safety: The Company has a safety officer at its plant, in charge of compliance with the work safety provisions. The Company holds annual training courses for employees of various departments on work safety issues.

1.17.3. Standards:

The Company is obliged to supply quality and reliable products and services, which meet both applicability requirements and the customer’s requirements and expectations. As part of its obligation, the quality system of the Company which operates in compliance with the ISO 9001:2015 requirements, performs control, monitoring, measurements, analysis, provides training and communicates with Company's employees.

The Company operates a lab, equipped with instruments designed to enable the Company to check the proper functioning of its finished products, including their mechanical and operational properties, as well as their software components. This lab maintains contact with other test labs in Israel and abroad.

In accordance with the requirements of the two EU directives dealing with electronic products, Directive 2014/30/EU (a directive pertaining to electromagnetic compliance) and Directive 2014/35/EU (a directive pertaining to safety aspects), the Company’s

products, which are defined as PLCs, must meet the standards defined in sections 8 and 11 of the EN 61131-2: 2007 standard, which deals with requirements applicable to such products. Pursuant to the provisions of these directives, the Company labels most of its PLCs of the series relevant to these directives with a CE mark, which indicates that the PLCs comply with the requirements of the directive.

Compliance with the above standards may be a legal requirement for marketing the Company's products in part of the Company's target markets, whereas in others this is a market requirement even though it is not a formal legal requirement. There is no certainty that the Company will be able to comply with the requirements applicable to its products in other standards, if required, and failure to comply with these regulations may limit the Company's ability to market its products in some of its target markets.

Most of the Company's PLCs and their external expansion components also comply with the requirements of US standards UL/cUL 61010-1, UL/cUL 61010-2-201 and UL/cUL 508 (safety aspects, including fire, temperature resistance, and electrical safety) and some comply with the requirements of the UL Hazardous Locations ISA 12.12.01 standard (work in a dangerous or explosive environment).Accordingly, the Company labels these products, and products largely based on them, with the UL/cUL mark.

Part of the Company's motion control products also comply with the requirements of US and Canadian standards, ANSI / UL 508C, UL 61800-5-1 and part comply with the requirements of ANSI / UL 508, UL 61010-1, UL 61010-2-201 standards. In accordance therewith, the Company marks these products with a UL/cUL marking. Part of the products also comply with the requirements of the European Standard IEC 61508-1, IEC 61508-2, IEC 61508-3, IEC 61508-4, EN 62061 / A2, EN ISO 13849-1, IEC 61800-5-2. In accordance therewith, the Company marks those products with a TUV marking.

The United States Securities and Exchange Commission regulations regarding "conflict minerals," which are designed to reduce the violation of human rights, require public companies listed on American stock exchanges to report the use of certain metals. These regulations are not directly applicable to the Company; however, they might be applicable to some of its customers, and therefore the Company is following developments in this matter.

As of the date of this report, the Company estimates that it will not spend material amounts over the next year on compliance with the provisions of the standards and regulations detailed above[7].

1.18. Material agreements and cooperation agreements

As of the report date the Company does not have material agreements.

[7] The information concerning the expected costs to the Company regarding compliance to the standards and regulations is forward-looking information. As the term is defined in the Securities Act. The principal data which served as a basis for this information are: the developments known to the Company today regarding the implementation of the regulations, the technical steps required for their implementation, and the Company's cooperation with its suppliers and manufacturers in this matter. The principal factors which may prevent this information from materializing are: changes in the provisions and/or interpretation of the regulations, and delays in compliance of the component and assembly vendors with these regulations.

1.19. Discussion of risk factors

The following are risk factors affecting the Company, and management's assessment as to the extent of their influence on its business:

Type of risk	Nature of risk	Estimated extent of influence on the Company
Macro risks	**Market risks**: The Company is exposed to fluctuations in interest rates, in exchange rates and in the consumer price index. For details see also Note 25 to the consolidated financial statements– Chapter C of the Periodic Report.	Medium
	Strikes in Israeli ports: Strikes in Israel's seaports and/or airports could delay the import of raw materials used by the Company and/or the export abroad of Company products, thereby disrupting the supply times to which the Company is committed, which is liable to cause the Company expenses and/or harm its reputation.	Low
	Geopolitical situation in Israel: the possibility of the reopening of the "Iron Swords" War, including on multiple fronts and the involvement of other countries therein, the worsening of the threat in the Red Sea and the trade routes adjacent thereto, etc. may lead to a significant impact on import/export transportation times and prices, on the exchange rate, as well as damage to the import of raw materials from overseas and the export of products overseas.	Medium
Sector-related risks of the Company	**Competition**: The Company is exposed to competition from entities whose resources and reputation surpass those of the Company as set forth in section 1.9.15 above.	High
	Standards: The Company is exposed to risks arising from the failure of its products or services to comply with certain standard requirements as set forth in Sections 1.9.20 above. Failure to comply with the regulatory requirements will impair the ability of the Company to market and sell its products in territories where such regulatory requirements are required.	Medium
	Raw materials: In general, the Company is exposed to risks arising from temporary shortages in electronic components worldwide and limited allocations of components by component manufacturers, in cases of excess demand.	Medium
	Development of new technologies and/or products*:* The Company is exposed to the risks involved in developing new products and/or technologies, the successful development and/or the marketing of which is doubtful as specified in sections 1.9.4, 1.9.11 and 1.9.18 above. Failure to successfully develop and/or market new products may harm the	Medium

Type of risk	Nature of risk	Estimated extent of influence on the Company
	competitiveness of the Company, its market position and in accordance therewith, its results.	
	Cyber threats and data security: The operations of the Company involve interfaces to information systems and digital information of various types. Over the past few years there has been an increase in the frequency and severity of cyber incidents (including cybercrime). This trend is expected to continue in the future and even worsen, despite all the defense mechanisms employed in the prevention thereof. Cyber incidents may lead to unauthorized access, unauthorized exposure, abuse, disruption, deletion or modification of the information of the Company's and/or its customers', as well as disrupt the current activity, damage computing services, slow them down significantly and even disable information systems. The Company is exposed to risks emanating from the use of a large variety of IT systems and various communications components, while some of these systems include internet connection and/or internet cloud. The Company uses different means to protect these systems, starting with a firewall, through encryption devices and software/hardware protections intended to prevent hacking or malware disruptions. The use of such protections proved in the past to be reliable and effective, as a rule, and the systems implemented by the Company have not been adversely affected by malicious activities such that were described above. Nevertheless, there is no guarantee that these means and devices will continue to protect in the future against hacking and disruption attempts. In the event of damage to the Company as a result of the aforesaid cyber-attacks, the Company may suffer negative consequences, such as disruption of the operations of the Company and/or its customers, disruption of the operation of the information systems of the Company or the shutdown thereof, the stealing of information from the Company and/or its customers, as well damage to the reputation of the Company which affects the trust of its customers. Furthermore, such damage caused by an act or failure of the Company may expose the group to lawsuits. In such cases, this may harm the business results of the Company.	Medium

Type of risk	Nature of risk	Estimated extent of influence on the Company
Unique risks of the Company	**Unregistered intellectual property**: The Company has certain items of intellectual property that are not registered (although the Company also has registered intellectual property). The Company is exposed to risks arising from the non-registration of those items of intellectual property in respect of which applications were filed and are pending (for details see section 1.13 above).	Low
	Environmental risks: For details, see section 1.9.20 above.	Low

Chapter B – Board of Directors' Report on the State of the Company's Affairs

The Board of Directors of Unitronics (1989) (R"G) Ltd. (hereinafter: "the Company") is pleased to submit the Board of Directors' Report on the State of the Company's Affairs for the year ended December 31, 2025 (hereinafter: "the reporting period"), in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter: "the Regulations"). The Board of Directors' report reviews the major changes in the Company's activities which occurred during the period of the report up to the date of publication of the report. It is clarified that the description contained in the Board of Directors' report includes only information which, in the Company's opinion, constitutes material information and is made assuming that the reader has a description of the corporation's business as included in Chapter A of the Periodic Report.

1. General

1.1 Summarized Description of the Company and Its Business Environment

The Company is engaged in the design, development, production, marketing, sale and support of Programmable Logic Controllers (PLCs) (hereinafter: "**Controllers**") and other automation products. The Controllers are computer-based electronic products (hardware and software) used to control and monitor machines that perform automatic operations, such as production systems and other automated facilities in various fields. The Company also markets and sells drive controllers (VFD and Servo systems), which are marketed mainly as complementary products to the Controllers of the Company and are designed to interface in an integrated and simple way with these Controllers. In addition, the Company operates an integrative platform for cloud services (SaaS) designed to allow each 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, too, the emphasis is based on a complementary service to the Controllers of the Company with added value, expressed in simplicity and ease of implementation and full integration with the other products of the Company.

The Company carries out these operations via Unitronics, Inc. a fully owned subsidiary incorporated in the US, and via Unitronics GMBH, a fully owned subsidiary incorporated in Germany.

The products and services of the Company are marketed and sold through the internal marketing and sales system of the Company, through Unitronics, Inc. and Unitronics GMBH, as well as through a distributor network which includes approximately 180 distributors, of which approximately 105 are in the United States and in North America, and the remainder in approximately seventy countries (including Israel), mainly throughout Europe, Asia, and South America.

The Company operated primarily from offices and industrial spaces in Airport City, near Ben Gurion Airport (for additional details, see Section 1.11 of Part A of the Periodic Report).

1.2 **The effects of inflation and the increase in interest rates**

Based on the forecasts of the Bank of Israel's Research Department in January 2026, prepared subsequent to the October 2025 cease-fire, with a market characterized by surplus demand and a tight jobs market, domestic product is expected to increase by 2.8% in 2025, 5.2% in 2026 and 4.3% in 2027. Inflation over the most recent four quarters (ending in Q4/26) is expected to average 1.7%, increasing to 2% over the course of 2027. Furthermore, average interest rates in Q4/26 are expected at 3.5%, with the Bank of Israel's Monetary Committee resolving in each of its meetings, held in November 2025 and January 2026, to lower interest rates by 0.25%, to a rate of 4.0% as of the date of the release of the report.

The Company has variable interest loans from banking corporations linked to the Prime rate, and the Company also rents building and parking spaces with rental fees linked to the consumer price index. The Company estimates that the effect of a continued increase in the consumer price index as well as an increase in interest rates is not expected to significantly affect the results of its operations, taking into account the scope of the loans and the costs influenced by increases in interest rates and the consumer price index.

Note that the Company is continuously monitoring and examining the possible implications of the increase in the consumer price index and interest rates in the economy on the operations of the Company, its business and its financial results.

The Company's estimates with regard to the effects of inflation and the increase in interest rates constitute forward-looking information, as such term is defined in the Securities Law, 1968, and are based, among other things, on the reasonable estimates of the Company's management. These estimates by the Company are based on information currently available to the Company at this time, and may not materialize, in full or in part, or may materialize in a manner which differs from projections, and may be impacted by factors which cannot be foreseen and which are not in the Company's control, including continued inflationary trends and interest rate increases, a change in the financial situation in Israel, as well as due to the risk factors set forth in Section 1.19 of Part A of the Periodic Report.

1.3 For details of the potential ramifications of the Iron Swords War and the change in the tariff policy applying to goods imported into the US, see Section 1.8 of Part A of the Periodic Report.

2. Analysis of the financial situation

2.1 Statement of Financial Position

Subject	As of December 31		Board of Directors explanations of the main changes
	2025	2024	
	NIS thousands		
Current assets	80,720	81,105	The decrease in the balance of current assets as of December 31, 2025 compared to December 31, 2024 of approximately NIS 0.4 million is mainly due to a decrease in inventory of approximately NIS 2.7 million and lower short term balances for Associates totaling NIS 1.6 million, partially offset by an increase of approximately NIS 2.6 million in cash balances and of approximately NIS 0.9 million in trade receivables.
Non-current assets	60,784	61,884	A decrease of approximately NIS 1.1 million in the balance of non-current assets as of December 31, 2025 compared to the balance as of December 31, 2024, is mainly due to a decrease of NIS 3.5 million in the long term balances of Associates (repayment of debt to the Company and reclassification of Long Term debts as Short Term based on their scheduled maturity dates), partially offset by a net increase of NIS 2.3 million in intangible assets, following an increase in development assets.
Total assets	**141,504**	142,989	
Current liabilities	47,865	44,747	An increase in the balance of current liabilities as of December 31, 2025 compared to the balance on December 31, 2024 in the amount of approximately NIS 3.1 million is mainly due to lower balances of loans from banking corporations totaling NIS 8.6 million [(Following a current outstanding balance of a long-term loan of NIS 11.2 million received in the third quarter of the year, partially offset by a decrease in the short-term credit balance (on-call) from a banking corporation of approximately 2.5 (credit repayment)], and trade payables higher by approximately NIS 2.1 million, partially offset by other payables and credit balances lower by NIS 6.8 million (lower accrued expenses, including provisions for bonuses and lower balances for provisions for income taxes, net of advance payments made).
Non-current liabilities	8,771	7,143	The increase of approximately NIS 1.6 million in the balance of non-current liabilities as of December 31, 2025, compared to their balance as of December 31, 2024, is mainly due to deferred revenues.
Equity	84,868	91,099	The decrease in the equity balance of the Company as of December 31, 2025, in the amount of approximately NIS 6.2 million, is mainly due to a dividend distribution

Subject	As of December 31		Board of Directors explanations of the main changes
	2025	2024	
	NIS thousands		
			of NIS 29 million, partially offset by the profit for the reporting year of NIS 22.7 million.
Total liabilities and equity	**141,504**	**142,989**	

The working capital of the Company on December 31, 2025, and December 31, 2024, was approximately NIS 32,855 thousand and approximately NIS 36,358 thousand, respectively.

2.2 Operating results

Subject	For the year ended December 31			Board of Directors explanations of the main changes in 2025 versus 2024
	2025	2024	2023	
	USD thousands			
Revenues	154,779	192,236	211,671	Company's 2025 revenues were lower by approximately NIS 37.5 million compared to 2024, primarily due to the US economic slowdown due to market uncertainty following the US tariff plan beginning in the second quarter of the reporting year, partially offset due to Company's operational growth in the US Data Center market. The strengthening of the NIS compared to the USD and EUR also contributed to the aforementioned decline.
Cost of revenues	77,985	93,954	106,096	
Gross profit (Gross profit margin)	76,794 (49.6%)	98,282 (51.1%)	105,575 (49.9%)	The gross profit decreased in 2025 compared to 2024 by approximately NIS 21.5 million due to the decrease in revenue. The decrease in the gross profit rate is primarily due to the increase in fixed expenses (primarily depreciation and deductions and wages) as a share of revenues due to lower sales, partially offset by the activities of the Company to reduce the prices of raw materials.
Development expenses	4,127	4,777	4,471	Development expenses were lower on a net basis in 2025 by approximately NIS 0.65 million, despite the increase in salary and related expenses due to the Company's investment in development projects of new Controllers, is primarily due to an increase in expenses attributed to capitalized projects.
Sales and marketing expenses	32,449	33,355	35,197	Sales and marketing expenses lower by approximately NIS 0.9 million in 2025, mainly due to decrease in variable expenses, partially offset by cost of tariffs on exports to the United States starting in the second quarter of this year.

Subject	**For the year ended December 31**			**Board of Directors explanations of the main changes in 2025 versus 2024**
	2025	**2024**	**2023**	
	USD thousands			
General and administrative expenses	13,789	15,655	14,773	Administrative and general expenses were lower by approximately NIS 1.9 million during 2025 compared to 2024, mainly due to lower salary expenses.
Other income	-	70	-	
Operating income	26,429	44,565	51,134	
Finance income (expenses), net	1,355	(280)	(1,532)	Financing income, net, was higher in 2025 mainly due to profit from foreign currency hedging transactions and accounting exchange rate differences due to the strengthening of the NIS against foreign currencies (particularly the USD).
Gains (losses) in respect of revaluation of option warrant liabilities	-	6,907	2,451	Profit of NIS 6.9 million in 2024 due to the expiration of the FIMI option warrants during the second quarter of that year.
Profit before income taxes	27,784	51,192	52,053	
Income taxes	5,100	7,484	10,840	Decrease in tax expenses in 2025 compared to 2024 of approximately NIS 2.4 million is mainly due to lower profits.
Profit for the period from current operations	22,684	43,708	41,213	

2.3 Liquidity and financing resources

As of December 31, 2025, 2024 and 2023, the cash and cash equivalent balances of the Company amounted to approximately NIS 5,254 thousand, NIS 2,677 thousand, and NIS 13,259 thousand, respectively. For explanations of the changes in cash flows:

	For the year ended December 31			Board of Directors explanations of the changes
	2025	2024	2023	
	USD thousands			
Cash flow – operating activities	36,777	34,909	58,379	The cash flow deriving from current operations derives from the profit of the operations of the Company in the amount of approximately NIS 22.7 million, net of the adjustments required to present the cash flow of current activities in the amount of approximately NIS 14.1 million. These adjustments include: 1) An addition in respect of income and expenses which do not involve cash flows in the amount of approximately NIS 16.1 million, which mainly derives from depreciation and amortization in the amount of NIS 13.3 million, and share based payments in the amount of approximately NIS 2 million); 2) A decrease due to changes in working capital in the amount of approximately NIS 2 million mainly due to a decrease in trade payables balances of approximately NIS 4.8 million, and an increase in trade receivables of NIS 2.8 million, partially offset by inventory lower by NIS 2.4 million, and higher supplier and service provider balances by approximately NIS 2.2 million. The increase in cash flows from operating activities in 2025 compared to 2024 is mainly due to the changes in the differences of the working-capital items and a 2024 income recorded to the expiration of option warrants which does not involve cash flows.
Cash flow – investment activities	(11,331)	(11,125)	(9,735)	Cash flows used for investing activities were used mainly for investments in development assets.
Cash flow - financing activities	(22,771)	(34,674)	(42,758)	Cash flows used for financing activities in 2025 were mainly in respect of payments of a dividend of NIS 29 million and short and long-term credit repayments to banking corporations totaling approximately NIS 5.5 million, as well as repayment of lease liabilities totaling NIS 2.8 million, partially offset by an NIS 14 million loan from a banking corporation.

As of December 31, 2025, the Company does not have loans and credit facilities in a material amount, except for as detailed in Section 1.15 of Part A of the Periodic Report. The Company applies from time to time to financial institutions for credit lines in accordance with the needs thereof.

3. Events in the period of the report and subsequent to the date of the balance sheet

3.1. For events that occurred from January 1, 2025 until the date of publication of this report, see Section 3 of the Board of Directors' Report attached to the Company's Q1/25 report, published May 14, 2025, Section 3 of the Board of Directors' Report attached to the Company's Q2/25 report, published August 21, 2025, and Section 3 of the Board of Directors' Report attached to the Company's Q3/25 report, published November 19, 2025 (Reference Numbers: 2025-01-033643, 2025-01-062345, and 2025-01-089048, respectively).

3.2. For details of general assemblies convened during the reporting period, see Section 4.18 (Regulation 29(c)) of Part D of the Report.

3.3. For details of options granted during the reporting period and thereafter, including the reduction in the exercise price and the extension of the vesting period of options granted in 2024, see Notes 14 and 26 to the financial statements.

3.4. For details of an engagement in a lease agreement for space in the Unitronics Home in Airport City from a company controlled by Mr. Haim Shani, of the Company's controlling shareholders, and Mrs. Bareket Shani (wife of Mr. Shani) and the extension of the engagement by an additional 3 year period, see Section 1.11.2 of Part A of the Report and Note 26 to the financial statements.

3.5. For details regarding the engagement in a new sublease agreement with Utron beginning January 1, 2026 back-to-back on the cost paid by Utron to the lessor with the addition of overhead costs, see Section 1.11.3 of Part A of the Report and Note 26 to the financial statements.

3.6. For details regarding the approval of the Company's Board of Directors to allocate options to the Company's CEO, see Note 26 to the financial statements.

4. Corporate Governance Aspects

4.1 Details of the Company's Internal Auditor

a) The Company's internal auditor is CPA Daniel Shapira, who has held this position since May 2019. The appointment of CPA Shapira was approved at the meetings of the Balance Sheet Committee, the Remuneration Committee and the Audit Committee (hereinafter in this section 5.1: the "**Audit Committee**") and the Company's Board of Directors on May 27, 2019 and May 30, 2019, respectively. To the best of the Company's knowledge, CPA Shapira complies with Section 146(b) of the Companies Law, 1999 (hereinafter: the "**Companies Law**") and the provisions of Section 8 of the Internal Audit Law, 1992 (hereinafter: the "**Internal Audit Law**"). In the opinion of the Company's Board of Directors, CPA Shapira fulfills the requirements set forth in

the above laws, taking into account his professionalism and skills, his period of employment by the Company, his familiarity with the Company, and the manner in which he edits, submits and presents to the Company the findings of the audits conducted by him. The Internal Auditor was appointed to the position after the Audit Committee and the Company's Board of Directors reviewed his experience and activities in the field of internal auditing with other public companies and, inter alia, with respect to companies of a similar type, size, scope, complexity, and in light of the duties, powers and functions imposed upon him. The Company's internal auditor has no material business or other significant relationships with the Company or a related company. It should be noted that the internal auditor also serves as the internal auditor of Utron Ltd., a company controlled by the FIMI Fund (formerly the Company's controlling shareholder) and Mr. Haim Shani (the Company's controlling shareholder together with Iljin Holding, Ltd.). To the best of the Company's knowledge, the Internal Auditor does not hold any position or perform any activity that may create a conflict of interest with his role as the Company's internal auditor, and he does not hold any of the Company's securities.

b) CPA Daniel Shapira does not play any additional role in the Company beyond his term as Internal Auditor of the Company and provides internal audit services to the Company as an external entity through the firm of Daniel Shapira Accountants located in 7, Jabotinsky St., Ramat Gan, which specializes in internal audit, and has more than 30 years of internal audit experience in public companies in a variety of areas of activity.

c) The organizational supervisor of the internal auditor of the company is the chairman of the board of directors of the company, and the chairman of the audit committee of the company as a professional supervisor and the person who directs the internal auditor on the matters for internal audit.
Work plan and considerations in its determination: The audit work plan in the Company is a multi-year plan, the considerations in which it is determined are mainly: (1) the internal auditor's proposals, (2) the members of the audit committee and the company's board of directors based, inter alia, on the internal auditor's proposals, Internal Audit Issues In previous years, the Company's General Counsel's recommendations and issues discussed at regular meetings of the Audit Committee and the Company's Board of Directors, (3) the size of the Company, its organizational structure, the nature and scope of its business activities, and (4) a risk survey conducted at the Company and necessary adjustments. The audit committee discusses and approves the annual work plan and the issues to be reviewed by the internal auditor and these issues are reviewed by the internal auditor in his annual work. It is the internal auditor's authority to act in his discretion as to whether to deviate from the planned program and to check data found by him at random during the execution of the work plan. If the internal auditor decides to carry out a comprehensive examination of a topic or subject that is not on the list approved by the Audit Committee for the annual or periodic work plan, the internal auditor will recommend to the Chairman and the Audit Committee to amend the program, and this will result in discussion and approval within the meetings of the Audit Committee. The Audit Plan refers, from time to time, and in accordance with the requirements, also to the foreign activities of the Company.

d) During the reporting period, 120 hours were spent by the internal auditor on internal auditing of the Company in Israel. The Board of Directors believes that this number of hours is consistent with the activity reviewed by the auditor. The auditor is allowed flexibility in shifting hours from one issue to another. Also, since his work is carried out on a regular and continuous basis, the internal auditor can shift hours from one year to the next to enable suitable in-depth and exhaustive coverage of the reviewed issues at his discretion. Furthermore, the scope of employment of the internal auditor is determined each year together with the approval of the work plan, taking into consideration, inter alia, and the scope of the work plan for the relevant year, its complexity and the sensitivity of the issues reviewed during that year.

The internal auditor, pursuant to the notice thereof to the Company, performs the internal audit in accordance with generally accepted professional standards, as stated in section 4(b) of the Internal Audit Law, which are based on the professional standards for internal auditing. In the Board of Directors' opinion, the internal auditor meets the requirements stipulated by the above standards, having regard to the internal auditor's professional aptitude and skills, the duration of his employment by the Company, his familiarity with the Company, and the manner in which he prepares and submits the audits and presents their findings to the Company.

(e) Review of material transactions: During the reporting period, no material transactions were reviewed, as the term is defined in section 5(f) of the Fourth Schedule to the Regulations.

(f) All documents and information requested by the internal auditor, including with respect to operations of subsidiaries, are provided to him as stipulated by section 9 of the Internal Audit Law, and he is allowed free access to such information, including continuous, unmediated access to Company information systems, including financial data.

(g) Below are the dates on which a written report on the internal auditor's findings was submitted to the Chairman of the Board of Directors and the Chairman of the Audit Committee, and the dates on which a discussion was held on the reports by the Audit Committee and/or Board of Directors of the Company:

Issue	**2025 reports**	**2024 reports**
Report subjects	Supply Chain	Sales and Marketing
Date of discussion by Audit Committee	March 18, 2026	March 16,2025
Date of discussion by Board of Directors	March 23, 2026	March 19, 2025

(h) The Board of Directors believes that the scope, nature and continuity of the activity and work plan of the Company's internal auditor are reasonable, considering the size

of the Company, its organizational structure and the nature and scope of its business activities, and that they allow for the fulfillment of the objectives of the internal audit.

(i) The internal auditor's fee for services rendered for 2025 amounted to approximately NIS 24 thousand. The internal auditor is paid an hourly rate of NIS 200. In the Board of Directors' opinion, the remuneration of the internal auditor does not influence his professional judgment, considering, inter alia, the Board of Directors' impression of the manner in which he performs the internal audit work at the Company, the level of detail, accuracy and depth of the audit findings submitted by him to date, as well as the amount of his overall income relative to his fee as the Company's internal auditor, to the best of the Company's knowledge.

4.2 Directors with Accounting and Financial Skills

Pursuant to section 92 (a) (12) of the Companies Law, The Company's board of directors has determined that the minimum number of directors having accounting and financial expertise is two. This decision was made taking in account, among others, the type and size of the Company, as well as the scope and complexity of its business activities. In the opinion of the Company's board of directors, the minimum number of directors as stated allows the board to perform and exercise its duties, functions, and powers pursuant to the law and the Company's incorporation documents.

Directors which Company deem them to possess accounting and financial expertise are Messrs. Prakash Iyer and Zvi Livneh and Ms. Doron Shahar. For details on the education, qualifications and professional experience of these directors, see Section 4.13 of Part D of the Periodic Report.

4.3 Independent directors

As of the date of the report, the Company has not incorporated in its Articles of Association a provision concerning the share of independent directors, pursuant to the provisions of the First Schedule of Companies Law.

4.4 Donations policy

As of the date of the report, the Board of Directors has not yet established a policy on charitable contributions and there are no commitments concerning contributions to be made in the future. Furthermore, the Company made no charitable contributions during the reporting period.

4.5 Disclosure Regarding Fee of Independent Auditors

The accountant of the Company and its subsidiaries in Israel, the United States and Germany is BDO Ziv Haft.

The fee of the Company's accountants for the services provided to the Company and the subsidiaries is determined and approved by the Company's Board of Directors, following

the deliberations and recommendation of the Audit Committee, once members of the Audit Committee are confident regarding the scope of the work required by the auditing accountants and considering the fact that the wages represent a fair consideration for the scope of their work. The Company's Board of Directors adopted the recommendation of the Audit Committee and approved the auditing accountants' wages for 2025.

Below are details of the total remuneration to which the Company's independent auditors are entitled in respect of audit and other services for companies and subsidiaries thereof in the reporting year and in the previous year (NIS thousands):

Nature of service	2025	2024
Audit services, audit-related services, and tax services	360	364
Other services	8	-

5. Company's liabilities by maturity date

For details on Company's liabilities as of December 31, 2025, included in this report by way of reference are figures from the Company's immediate report on its liabilities by maturity date, published by the Company in tandem with this report.

Jasbir Singh Active Chairman of the Board of Directors	Haim Shani Active Vice-Chairman of the Board of Directors	Amit Harari CEO

March 23, 2026

UNITRONICS (1989) (R"G) LTD

Consolidated
Financial Statements
December 31, 2025

Unitronics (1989) (R"G) Ltd

Consolidated Financial Statements

December 31, 2025

Table of contents

	Page
Independent Auditors' report with regard to the audit of internal control components on the financial reporting	C-3
Independent Auditor's Report	C-4 – C-6
Consolidated Statements of Financial Position	C-7 – C-8
Consolidated Statements of Profit or Loss	C-9
Consolidated Statements of Comprehensive Income	C-10
Consolidated Statements of Changes in Equity	C-11
Consolidated Statements of Cash Flows	C-12 – C-13
Notes to the Consolidated Financial Statements	C-14– C-44

Independent Auditor's Report to the shareholders of Unitronics (1989) (Reg) Ltd.
With regard to the audit of the internal control components on the financial reporting in accordance with Regulation 9b(c) of the Securities Regulations (Periodic and Immediate Reports), 1970

We have audited the internal control components on the financial reporting of Unitronics (1989) (RG) Ltd. and the Subsidiaries (hereinafter collectively: the "**Company**") as of December 31, 2025. These control components were determined as specified in the next section. The Board of Directors and management of the Company are responsible for maintaining effective internal control over the financial reporting and their evaluation of the effectiveness of internal control components on the financial reporting attached to the Periodic Report for the aforesaid date. It is our responsibility to express an opinion on the internal control components of the Company on the financial reporting based on our audit.

The internal control components in the financial reporting that were audited were determined in accordance with Auditing Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel "Audit of Internal Control Components in the Financial Reporting" (hereinafter: "**Audit Standard (Israel) 911**"). These components are: (1) controls at the organization level, including controls on the process of editing and closing financial reporting and general controls of information systems; (2) controls in the revenue process; (3) controls in the procurement and inventory process (hereinafter collectively referred to below as: the **Controlled Control Components**").

We conducted our audit in accordance with Auditing Standard (Israel) 911. In accordance with this standard, we are required to plan and perform the audit with the aim of identifying the Controlled Control Elements and obtaining a reasonable degree of assurance as to whether these control elements have been effectively implemented in all material respects. Our audit included gaining an understanding of the internal control of the financial reporting, identifying the Controlled Control Components, assessing the risk of a material weakness in the Controlled Control Components, as well as examining and evaluating the effectiveness of the planning and operation of these control components based on the assessed risk. Our audit, with regarding to these control elements, also included the execution of these other procedures as we deemed necessary, in accordance with the circumstances. Our audit referred only to the Controlled Control Components, as opposed to internal control on the material processes in connection with the financial reporting, and therefore our opinion refers to the Controlled Control Components only. Furthermore, our audit did not refer to mutual effects between the controlled and non-controlled control components and therefore, our opinion does not take into account such possible effects. We believe that our audit provides an adequate basis for our opinion in the context specified above.

Due to inherent limitations, internal control of the financial reporting in general, and its components in particular, may not prevent or detect a misrepresentation. Furthermore, drawing conclusions about the future based on any current assessment of effectiveness is exposed to the risk that the controls will become inappropriate due to changes in circumstances or that the extent to which the policies or procedures exist will deteriorate.

In our opinion, the Company has effectively maintained, in all material respects, the Controlled Control Components as of December 31, 2025.

We also audited, in accordance with generally accepted auditing standards in Israel, the consolidated financial statements of the Company as of December 31, 2025 and the year ending on that date, and our report, dated March 23, 2026, included an opinion unchanged from the unirom version on these financial statements.

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

Tel Aviv, March 23, 2026

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

We have audited the consolidated financial statements of Unitronics (1989) (R"G) Ltd. (hereinafter the "**Company**"), which include the consolidated financial statement as of December 31, 2025 and the Consolidated Statements of Profit or Loss, of Comprehensive Income, of Changes in Equity and of Cash flows for the year ending on that date and the notes to the consolidated financial statements, especially the main points of the accounting policy.

In our opinion, the appended consolidated financial statements properly reflect, in all material respects, the consolidated financial position as of December 31, 2025 and the consolidated financial performance and consolidated cash flows for the year ending on that date, in accordance with International Financial Accounting Standards (IFRS) and the provisions of the Securities Regulations (Annual Financial Statements), 2010.

Basis for the Opinion

We have prepared our audit in accordance with generally accepted audit standards in Israel, including standards established in the Auditor Regulations (Auditor's Practice), 1973. These standards describe our duties in the paragraph on the duties of the auditing accountant in the audit of the consolidated financial information. We are independent of the Company and its consolidated companies in accordance with the provisions of the law applying in Israel with regard to independence and refraining from a conflict of interest on the part of the auditing accountant in Israel. Furthermore, we have fulfilled our additional ethical duties pursuant to the Auditor's Law, 1955, and the regulations derived from it. We are of the view that the audit findings are proper and sufficient in order to serve as a foundation for our opinion.

Audit key issues

Key issues in the audit specified below are the matters that were communicated, or were required to be communicated, to the Board of Directors of the Company and which, in accordance with our professional judgment, were the most material issues in the audit of the consolidated financial statements for the current period. These matters include, among others, any matter which: (1) relates, or may relate, to material sections or disclosures in the consolidated financial statements, and (2) our opinion in regard thereof was particularly challenging, subjective or complex. These matters received a response as part of our audit and formulated our opinion on the consolidated financial statements in general. The communication of these matters below does not alter our opinion on the consolidated financial statements in general as a whole and we do not use this to form a separate opinion on these matters or on the sections or disclosures to which they refer.

Inventory Value

In accordance with the aforesaid in Note 6 of the financial statements of the Company, the inventory balance as of December 31, 2025, amounted to a total of NIS 40,958 thousand. The inventory balance constitutes 29% of the total balance sheet balance and consists of raw and auxiliary material inventory, packaging materials, purchased products, work-in-process inventory, and completed product inventory. The Company periodically examines the situation of the inventory mainly on the basis of actual and future utilization/use of the material as well as on the basis of the age thereof. In accordance with the aforesaid examination, the Company periodically updates the provision for loss of value for slow inventory and dead inventory.

The management of the Group is required to make decisions which involve estimates and assessments when registering a provision for inventory impairment and measuring it as the lower of cost or net realizable value, based on recent sales prices and inventory utilization history.

Due to the relative complexity and scope of the isue, we identified this issue as a key issue in the audit.

The audit procedures carried out in response to a key issue in the audit:

1. An understanding of the processes and systems involved in the Company was achieved with reference to the inventory section and the planning, implementation and operational effectiveness of controls relevant to the audit in connection with the estimation of inventory values were examined.
2. Examination of the inventory counts performed by the Company in the locations selected taking into account the materiality, including on a sample basis, examining the existence of items included in the accounting records as well as examining the completeness of their registration.
3. Checking the accuracy of the inventory values, on a sample basis.

4. We examined sales prices (net realizable value), on a sample basis, proximate to the end of the reporting period, against the inventory cost.
5. Examination of the accuracy of inventory aging and rotation, on a sample basis,.
6. Assessing the discretion of the management with regard to the amount of the provision for the decrease in the value of the inventory.

The duties of the Board of Directors and Management with regard to the consolidated financial statements

The Company's Board of Directors and management are responsible for the preparation and presentation of the consolidated financial statements in accordance with International Financial Accounting Standards (IFRS) and the provisions of the Securities Regulations (Annual Financial Statements), 2010; they are also responsible for internal controls required based on the determination of the Board and management in order to permit the preparation of consolidated financial statements without including any materially misleading representation, whether due to fraud or human error.
In the preparation of the consolidated financial statements, the Board and management are responsible for estimating the Company's ability to continue operating as a Going Concern, to provide disclosure, as required, for matters pertaining to a Going Concern, and to apply a going concern accounting basis in the consolidated financial statements, unless the Board and management intend to dissolve or end the Company's operations, or when there no other realistic alternative is available to them beyond that.

The duties of the auditing accountant with regard to the consolidated financial statements

Our objective is to obtain a reasonable degree of assurance that the consolidated financial statements in whole include no materially misleading misrepresentation, whether due to fraud or human error, and provide a report by the auditing accountant which includes our opinion. A reasonable degree of assurance is a high degree of assurance, but does not guarantee that an audit prepared in accordance with generally accepted audit standards in Israel will always discover a materially misleading representation when such exists. Misleading representations may be due to fraud or human error and are considered material when, on their own or in aggregate, they may reasonably be expected to influence the financial decisions of users made on the basis of the consolidated financial statements.

As part of an audit based on generally accepted audit standards in Israel, we exercise professional judgment and professional skepticism during the audit. Furthermore, we:

- Identify and evaluate the risks for a materially misleading representation in the consolidated financial statements, whether due to fraud or human error, plan and execute audit procedures in response to those risks, and obtain proper and sufficient audit findings to base our opinion on. The risk of failing to identify a materially misleading representation due to fraud is higher than the risk of failing to identify a materially misleading representation due to human error, as fraud may entail a conspiracy, counterfeiting, purposeful omissions, malicious false representations or circumventing of internal controls.
- Obtain an understanding of the internal controls relevant for the audit in order to plan appropriate audit standards under the circumstances, but not for the purpose of providing an opinion on the efficacy of the Company's internal controls.
- Evaluate the propriety of the accounting policy applied and the reasonability of accounting estimates and related disclosures by the Board and management.
- Form a conclusion with regard to the propriety of the determination by the Board and management regarding a Going Concern assumption, as well as, based on the audit findings, whether there is a material uncertainty regarding events or circumstances which may place significant doubts regarding the Company's ability to continue as a Going Concerns. When we form a conclusion that a material uncertainty exists, we are required to call attention in our auditor's report to disclosures associated with the consolidated financial statements, or, when such findings are insufficient, include a change in the uniform version of the special report. Our conclusions are based on audit findings obtained by the date of our opinion. Notwithstanding, future events or circumstances may cause the Company to cease operating as a Going Concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements, including disclosures, and whether the consolidated financial statements reflect the underlying transactions and events in a manner which provides a proper presentation.

We communicate to the Board of Directors and management, among other things, the scope and timing of the planned audit and significant audit findings, including significant deficiencies in internal controls identified by an auditing accountant during an audit.

Furthermore, we provide the Board and management with a statement according to which we have fulfilled our relevant

ethical requirements with regards to our independence, and communicate to them any other contexts and matters which may be considered, reasonably, as impacting our independence, and when such apply, the means of protection to be implemented in order to address identified risks to our independence.
Of the matters communicated, or which were required to be communicated, with the Board and management, we have determined the most significant items in the audit of the financial statements for the current period and therefore these constitute the key items of the audit. We describe these matters in our report of the auditing accountant, unless the provisions of the law or regulation prohibit a disclosure of that matter to external parties.

We also audited, in accordance with Audit Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel "Audit of Internal Control Components on the Financial Reporting", internal control components in the financial reporting of the Company as of December 31, 2025, and our report dated March 23, 2026 included an unreserved opinion on the existence of these components in an effective manner.

The communication partner of the audit at the subject of the independent auditot’s report is Avi Oz.

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

Tel Aviv, March 23, 2026

Unitronics (1989) (R"G) Ltd.
Consolidated Statements of Financial Position

	Note	December 31, 2025	December 31, 2024
		NIS thousands	
Current assets			
Cash and cash equivalents	3	5,254	2,677
Trade receivables, net	4	26,894	25,967
Other receivables	5	4,364	3,886
Related companies	21	3,250	4,875
Inventories	6	40,958	43,700
		80,720	81,105
Non-current assets			
Other deposits		112	110
Related companies		-	3,548
Right-of-use assets		12,896	14,119
Fixed assets, net	21	3,518	2,183
Intangible assets, net	7	44,258	41,924
	8	60,784	61,884
	9		
		141,504	142,989

Jasbir Singh	Haim Shani	Amit Harari	Itzik Hai
Active Chairman	Active Vice Chairman	CEO	CFO

Date of approval of the financial statements: March 23, 2026

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

Unitronics (1989) (R"G) Ltd.
Consolidated Statements of Financial Position

	Note	December 31, 2024	December 31, 2023
		NIS thousands	
Current liabilities			
Loans from banking corporations and others	10	11,342	2,693
Trade payables		21,384	19,289
Lease liabilities	7	1,081	1,952
Other payables	11	14,058	20,813
		47,865	44,747
Non-current Liabilities			
Loan from others		-	142
Lease liabilities	7	675	613
Deferred revenues		1,192	-
Employee benefit liabilities, net	12	1,446	1,414
Deferred tax liability	22H	5,458	4,974
		8,771	7,143
Contingent liabilities	13		
Equity	14,15		
Share capital		431	430
Additional paid-in capital		64,798	64,603
Capital reserve from translation of financial statements of foreign activities		(3,790)	(1,701)
Share-based payments reserve		3,585	1,751
Treasury shares		(7,042)	(7,042)
Fund regarding a transaction with the controlling shareholder		104	104
Retained earnings		26,782	32,954
		84,868	91,099
		141,504	142,989

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

-Unitronics (1989) (R"G) Ltd.
Consolidated Statements of Profit or Loss

	Note	For the year ended December 31, 2025	2024	2023
		NIS thousands		
Revenues	23	154,779	192,236	211,671
Cost of revenues	16	77,985	93,954	106,096
Gross profit		76,794	98,282	105,575
Development expenses	17	4,127	4,777	4,471
Selling and marketing expenses	18	32,449	33,355	35,197
General and administrative expenses	19	13,789	15,655	14,773
Other income		-	70	-
Operating profit		26,429	44,565	51,134
Finance income	20 A	2,783	968	788
Finance expenses	20 B	1,428	1,248	2,320
Gain from revaluation of warrant option liabilities	25 E	-	6,907	2,451
Profit before income taxes		27,784	51,192	52,053
Income taxes	22 J	5,100	7,484	10,840
Profit for period		22,684	43,708	41,213
Basic earnings per ordinary share of NIS 0.02 par value :	24			
Basic earnings per share in NIS		1.624	3.139	2.979
Diluted earnings per share in NIS		1.620	2.591	2.705

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

Unitronics (1989) (R"G) Ltd.
Consolidated Statements of Comprehensive Income (Loss)

	For the year ended December 31,		
	2025	2024	2023
	NIS thousands		
Net income	22,684	43,708	41,213
Other comprehensive profit (net of taxes)			
Items that will not subsequently be reclassified to profit or loss:			
Remeasurement gain (losses) from defined benefit plans	144	(15)	125
Items that will be reclassified to profit or loss if certain conditions are met:			
Foreign currency translation adjustments of foreign operations	(2,089)	21	363
Other comprehensive profit (loss) for the year	(1,945)	6	488
Total comprehensive income for the year	20,739	43,714	41,701

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

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

	Share capital	Additional paid-in capital	Capital reserve from translation of financial statements of foreign operations	Share-based payments reserve	Company shares held by the company	Reserve from a transaction with a controlling party	Retained earnings	Total
	NIS thousands							
Balance at December 31, 2023	428	63,936	(2,085)	867	(7,042)	104	20,425	76,633
Profit for the year	-	-	-	-	-	-	41,213	41,213
Other comprehensive income for the year	-	-	363	-	-	-	125	488
Total comprehensive income for the year	-	-	363	-	-	-	41,338	41,701
Share-based payment cost	-	-	-	148	-	-	-	148
Dividend distribution	-	-	-	-	-	-	(48,502)	(48,502)
Exercise of employee stock options	2	425	-	(427)	-	-	-	-
Balance at December 31, 2023	430	64,361	(1,722)	588	(7,042)	104	13,261	69,980
Profit for the year	-	-	-	-	-	-	43,708	43,708
Total comprehensive income (loss) for the year	-	-	21	-	-	-	(15)	6
Total comprehensive income for the year	-	-	21	-	-	-	43,693	43,714
Share-based payment cost	-	-	-	1,405	-	-	-	1,405
Dividend distribution	-	-	-	-	-	-	(24,000)	(24,000)
Exercise of employee stock options	*	242	-	(242)	-	-	-	-
Balance at December 31, 2024	430	64,603	(1,701)	1,751	(7,042)	104	32,954	91,099
Profit for the year	-	-	-	-	-	-	22,684	22,684
Other comprehensive income for the year	-	-	(2,089)	-	-	-	144	(1,945)
Total comprehensive income for the year	-	-	(2,089)	-	-	-	22,828	20,739
Share-based payment cost	-	-	-	2,030	-	-		2,030
Dividend distribution	-	-	-		-	-	(29,000)	(29,000)
Exercise of employee stock options	1	195	-	(196)	-	-	-	-
Balance at December 31, 2025	431	64,798	(3,790)	3,585	(7,042)	104	26,782	84,868

(*) Lower than NIS 500

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

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

	For the year ended December 31,		
	2025	**2024**	**2023**
	NIS thousands		
Cash flows - operating activities			
Profit for the year	22,684	43,708	41,213
Adjustments required to reconcile Net income to net cash provided by operating activities (Appendix A)	14,093	(8,799)	17,166
Net cash flows derived from operating activities	36,777	34,909	58,379
Cash flows - investing activities			
Investment in fixed assets	(1,304)	(582)	(694)
Proceeds from the exercise of fixed assets	-	157	-
Receipts from repayment of long-term debt to related companies	2,470	444	-
Investment in right-of-use assets	(86)	(273)	(253)
Investment in intangible assets	(12,411)	(10,871)	(8,788)
Net cash flows used in investing activities	(11,331)	(11,125)	(9,735)
Cash flows - financing activities			
Repayment of long-term loans	(3,000)	(871)	(2,339)
Long-term loans received from a banking corporation	14,000	-	220
Short-term credit from banks, net	(2,500)	2,500	-
Repayment of lease liabilities	(2,271)	(2,303)	(2,137)
Dividends paid	(29,000)	(34,000)	(38,502)
Net cash used in financing activities	(22,771)	(34,674)	(42,758)
Effect of foreign exchange rate differences on balances of cash	(98)	308	436
Annual changes in cash and cash equivalents	2,577	(10,582)	6,322
Cash and cash equivalent balances at the beginning of the year	2,677	13,259	6,937
Cash and cash equivalents balances at the end of the year	5,254	2,677	13,259

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

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

	For the year ended December 31,		
	2025	**2024**	**2023**
	NIS thousands		
Appendix A			
Adjustments required to reconcile net income to net cash provided by operating activities			
Non-cash revenues and expenses			
Depreciation and amortization	13,295	13,513	12,831
Stock-based compensation	2,030	1,405	148
Accrued severance pay, net	205	(335)	238
Revaluation of cash balances in foreign currency	(7)	(285)	(257)
Change in deferred taxes	462	535	(260)
Revaluation of long-term loans	7	(5)	48
Capital gain from exercise of fixed assets	-	(70)	-
Revaluation of other financial assets	8	(99)	(152)
Revaluation of warrants for share options	-	(6,907)	(2,451)
Accrued interest and revaluation in respect of leases	126	199	233
Changes in operating assets and liabilities:			
Decrease (increase) in trade receivables	(2,765)	(2,863)	9,860
Decrease (increase) in other receivables	(613)	(398)	2,676
Decrease (increase) in inventories	2,395	2,141	(6,548)
Decrease (increase) in related companies, net	1,547	(3,460)	(2,348)
Increase (Decrease) in trade payables	2,186	(6,240)	(3,800)
Increase (decrease) in other payables	(4,783)	(5,930)	6,948
	14,093	(8,799)	17,166
Appendix B - Supplemental disclosure of cash flows – current activities:			
Cash paid during the year for:			
Interest	975	613	565
Income taxes	6,654	10,177	7,751
Cash received during the year for:			
Interest	354	35	81
Appendix C – Non-cash transactions			
New lease agreements	1,404	404	3,587
Classification to long-term debt of related companies	-	5,686	-
Purchase of fixed assets from a Related Company (Note 22(5))	668		
Dividend declaration	-	-	10,000

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

Note 1 – General

A. Unitronics (1989) (R"G) Ltd. (hereinafter: the "Company") was incorporated in August 1989. In 2004, the Company issued securities on the stock exchange in Tel Aviv. The address of the registered office of the Company is Arava 3, Airport City.

Until March 12, 2019, the Group operated in two main segments, the product segment and the automated solutions segment, and also held 100% of the capital and control rights of Utron Automated Solutions Ltd. (hereinafter: "Utron Solutions", formerly Unitronics Automated Solutions Ltd). As of March 12, 2019, the Company operates only in the product segment, and its operations in the automated solutions segment have been transferred to Utron Ltd. (hereinafter: "Utron"), as part of the Spinoff in accordance with the Spinoff Prospectus and the listing for trading (hereinafter: the "Spinoff").

B. The Group (the Company and its subsidiaries as set forth in section C below) operates in the design, development, production, marketing, sale and support of programmable logic controllers (PLC) and other automation products.

C. Details of the subsidiaries, their activities and the holding rates therein:

1. The Company holds 100% of the capital and controlling rights in Unitronics Inc. (hereinafter: "Unitronics Inc."). Unitronics Inc. was established by the Company in the United States and commenced operations in June 2001. Unitronics Inc. is primarily engaged in coordinating and managing the marketing and distribution activities of the Company's products in the United States and Canada.

2. The Company holds 100% of the equity and control of Unitronics GMBH (hereinafter: "Unitronics GMBH"). Unitronics GMBH was established by the Company in Germany and started its operations in October 2020. Unitronics GMBH deals primarily with sale, marketing and distribution activities of the Company's products in Europe.

3. The Company holds 100% of the equity and control of Unitronics Building Management and Maintenance (2003) Ltd. (hereinafter: "Unitronics Management"). Unitronics Management was established by the Company in 2003 and commenced operations in January 2004. Unitronics Management is primarily engaged in the management and maintenance of Unitronics Building - the building in which the Company's facilities and offices are located.

D. Change in Company's controlling shareholder

On October 9, 2025 the parties finalized a transaction by which the FIMI Fund and Mr. Haim Shani sold ordinary shares in the Company to ILJIN Holding LTD (hereinafter: "**ILJIN**") representing approximately 40.2% of the Company's issued share capital (excluding dormant shares). ILJIN serves as the Company's controlling shareholder since that date together with Mr. Shani, who continues serving as the Company's controlling shareholder, while the FIMI Fund, which sold the entirety of its shares in the Company as part of the aforementioned transaction, ceased constituting the Company's controlling shareholder. Concurrently, the shareholders agreement between ILJIN and Mr. Shani came into effect, and composition of the Company's Board of Directors was changed. As of the date of the release of the reports, ILJIN and Mr. Shani jointly hold approximately 50.37% of the Company's issued share capital.

E. The consequences of the "Iron Swords" War on the Company

On October 7, 2023, the State of Israel faced a surprise attack by terrorist organizations from the Gaza Strip, following which the Israeli government declared the "Iron Swords" War. Furthermore, June 2025, Israel began the Rising Lion operation against Iran, which lasted 12 days and ended in a cease-fire. In Gaza. On February 28, 2026, the militaries of the United States and Israel began an extensive military operation against Iran, which is still ongoing.

The war has had a significant impact on the Israeli economy, manifested, among other things, by 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 agencies.

During the entire period of the fighting, all the systems of the Company operated normally and there is no material direct effect of the war on the operations of the Company, among other things, in light of its global operations. As of the date of publication of the report the Company does not anticipate that 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 will be exacerbated.

Note 1 – General (Cont.)

F. Changing tariff policy on goods imported into the US

In April 2025, the US government announced tariffs on goods imported to the US from various countries around the world, including Israel, with expansive ramifications for the US and global economies, which, among other things, lead to hesitation and uncertainty among Company's American clients. Upon implementation of the plan, goods manufactured in Israel are taxed at a rate of 10%. Beginning August 7, 2025, the rate was adjusted to 15% for imports from Israel to the US. On February 20, 2026, the US Supreme Court ruled that the US President violated his authority when executing his wide-ranging tariff plan. In response, the US government announced a 10% tax rate across the board, to be added to the tariffs remaining in force following the ruling. At this stage, it is not yet clear whether tariffs that have been paid may be reclaimed and how future rates are affected in light of the ruling.

As of this date, there is still uncertainty regarding the impact of the new tariff policy on the markets, and therefore, at this stage, the Company is unable to assess the overall impact of the new tariff policy on the markets and, consequently, on its operations. However, in light of the fact that a significant portion of the Company's revenue derives from exports to the United States, the Company has taken steps to minimize the direct impacts on the Company at this time, with an emphasis on profitability, including updating sales prices in the United States. Furthermore, the Company continues to regularly review changes in the US tariff policy and the potential impacts on its operations and additional steps, as necessary, to minimize the impacts.

Note 2 – Accounting policies

The following accounting policies have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

A. Basis of presentation of the financial statements

These financial statements have been prepared in accordance with IFRS Accounting Standards. Furthermore, the financial statements have been prepared in conformity with the disclosure requirements of the Israel Securities Regulations (Annual Financial Statements), 2010.

Consolidated Financial Statements

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company (subsidiaries). Control is achieved when the Company has influence in the investment entity, exposure or rights to variable returns as a result of its involvement in the investment entity as well as its ability to use its power to influence the amount of the yield which will result from the investment entity. A control examination takes into account the influence of the voting rights only if they are concrete. The consolidation of the financial statements takes place as of the date on which control is obtained, until the date on which control is terminated.

B. Assumptions and estimates

The preparation of the financial statements requires management to make estimates and assumptions which affect the application of the accounting policies on the reported amounts of assets, liabilities, income and expenses. Changes in accounting estimates are recognized in the period in which the estimate was changed.

The following are the main assumptions made in the financial statements concerning uncertainty as of the reporting date and the critical estimates that were calculated by the Group and for which a material change in the estimates and assumptions may change the value of the assets and liabilities in the financial statements in the following year:

Development costs

Development costs are discounted as an asset in accordance with the accounting policies set forth in section J below. In order to determine the amounts to be discounted as an asset, management estimates, inter alia, the expected cash flows from the assets and the expected benefit period. See also Note 9.

Deferred taxes

Assets (liabilities) in respect of deferred taxes are recognized in accordance with section L below. Calculation of deferred tax assets (liabilities) is based on assumptions, inter alia, of the dates of realization of the temporary differences and the tax rates expected to apply on the dates of realization. See Note 22**.**

C. Functional currency, presentation currency and foreign currency

1. Functional currency and presentation currency

The financial statements are presented in shekels, the functional currency of the Company, which is the currency that best reflects the economic environment and transactions in which the Company operates.

Note -2 – Accounting policies (continued)

The functional currency is determined separately for each investee company and in accordance with that currency, the financial situation and the results of the operations of the investee company are measured. When the functional currency of the investee company is different from that of the Company, the investee company comprises foreign activity, that the financial statements data of which is converted in order to include them in the financial statements of the Company as follows:

A. Assets and liabilities at each reporting date (including comparative figures) are converted according to the closing rate of exchange of each reporting date.

B. Revenue and expenses for all periods presented in the statement of profit or loss (including comparative figures) are converted according to the average exchange rates in all of the presented periods; However, in those cases where there were significant fluctuations in the rate of exchange, the revenues and expenses were converted according to the exchange rates on the actual dates of the transactions.

C. Share capital, capital reserves and other capital movements are converted at the exchange rates on the date on which they were incurred.

D. The retained earnings were converted based on the opening balance converted according to the exchange rate at that time and relevant additional movements during the period, which are converted as specified in subsection B and C above.

E. All conversion differences which were created were classified as a separate item in shareholders equity, in the capital reserve "Adjustments deriving from the conversion of the financial statements of foreign operations".

Loans and other monetary balances of the Group with regard to foreign operations, which are not intended to be settled or likely to be repaid in the foreseeable future, are, in substance, a part of the net investment of the Company in foreign operations. The exchange rate differences arising from these items are recognized in other comprehensive income and accumulated as equity.

When the net investment is realized, the conversion differences included in the aforesaid capital reserve are recognized in the statement of profit or loss.

2. Foreign currency transactions, assets and liabilities

Transactions denominated in foreign currency are recorded upon initial recognition according to the exchange rate on the date of the transaction. After initial recognition, financial assets and liabilities denominated in foreign currency are converted into shekels according to the exchange rate on the reporting date. Exchange rate differences are recognized in the statement of profit or loss. Non-monetary assets and liabilities are converted into shekels according to the exchange rate on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and presented at their fair value are converted into shekels according to the exchange rate on the date on which the fair value is determined.

D. Financial Instruments

1. Financial Assets

A financial asset was recognized when the Company became a party to the contractual provisions of the instrument, while using the accounting on the clearing date of the transaction.

Financial assets have been classified as one of the standard measurement groups below in the standard based on the Company's business model for managing financial assets and based on the contractual cash flow characteristics of the financial asset - financial assets (debt instruments) at amortized cost and financial assets (debt instruments or equity) at fair value through profit or loss.

A. Financial assets at fair value through profit or loss

These assets are initially measured at fair value, and changes in the fair value following initial -recognition are recognized in profit or loss. Transaction costs directly attributable to these assets are recognized in profit or loss at the time they are incurred. This group includes financial assets held for trading.

B. Reduced value debt instruments

Debt instruments, which are held in accordance with a business model the purpose of which is to hold the financial assets in order to secure the contractual cash flows and the contractual terms of these assets, provide

entitlement on defined dates to cash flows which are principal and interest payments only, initially measured at fair value plus their directly attributable transaction costs, except for trade receivables that were initially recognized at their transaction price. Following initial recognition, these assets were measured at an amortized cost. Loans and receivables are included in this group. Following initial recognition, loans are presented according to their terms and according to the additional direct transaction costs, using the effective interest method less the provision for impairment. Short-term receivables are presented in accordance with their terms, usually at their nominal value.

Note -2 – Accounting policies (continued)

D. Financial Instruments (continued)

2. Financial liabilities

Financial liability was recognized when the Company became a party to the contractual provisions of the instrument.

Following initial recognition, the accounting treatment of financial liabilities is based on their classification as follows:

A. Financial liabilities measured at amortized cost

Following initial recognition, loans and other liabilities are measured based on their terms at cost less directly attributable transaction costs using the effective interest method.

B. Financial liabilities at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities classified as held for trading.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near future. Gains or losses on liabilities held for trading are recognized in profit or loss.

Derivatives are classified as held for trading unless they are designated to be effective hedging instruments.

3. Disposal of financial instruments

A. Financial assets

A financial asset is discarded from the Statement of Financial Position on the date the transaction is cleared at which time the contractual rights to cash flows from the financial asset have expired or when the Company has transferred the financial asset. A transfer can only be performed by transferring the contractual rights to receive the cash flows from the financial asset or by undertaking a contractual obligation to pay the cash flows to the other party subject to compliance with certain terms.

B. Financial liabilities

Financial liability is recognized when it is settled, namely, the liability has been repaid, canceled or expired. Financial liability is settled when the debtor (the Company) repays the liability by paying in cash, other financial assets, goods or services, or is legally released from the liability.

4. Impairment of financial assets

The Company measured credit losses in the amount of the forecasted credit losses during the entire life cycle of the instrument for trade receivables, for other financial instruments the credit risk of which increased significantly from the date of initial recognition of receivable income from construction agreements and from debtors in respect of a lease. Expected credit losses throughout the life cycle of the instrument are the weighted average of credit losses, weighted in accordance with the risks of failure. The Company measured credit losses in the amount of the expected credit losses for a 12-month period for financial instruments, the credit risk of which did not increase significantly from the date of initial recognition, with the exception of trade receivables.

At the end of each reporting period, the Company assessed whether the credit risk of a financial instrument has increased significantly from the date of initial recognition by comparing the probability of a default on the reporting date with the probability of a default on the initial recognition date. The Company considers a financial asset to be in default when the debtor is not expected to pay the full debt to the Company or when contractual payments are in arrears of more than 90 days. The Company also assumes that the credit risk of a financial instrument has not increased significantly from the date of initial recognition if the Company determines at the end of the reporting period that there is a low risk of default on the financial instrument, namely, the financial instrument has a low risk of failure, the borrower has a strong ability to fulfill its contractual cash flow obligations in the near term and adverse changes in the financial and business terms in the long term will not necessarily impair the borrower's ability to fulfill the aforesaid obligations.

At the end of each reporting period, the Company assesses whether an asset has been impaired due to credit risk, namely, if an event has occurred which has a detrimental effect on the future cash flows of the asset which is being assessed. The Company erases the total gross book value of a financial asset, in whole or in part, if the Company has no reasonable expectation of the asset being restored. There is no material effect on the financial statements in respect of forecasted credit losses.

E. Inventory

Inventories are measured at the lower cost or net realizable value. The cost of inventories includes the cost of purchasing the inventory and the costs incurred in bringing the inventories to their current location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated completion costs and the estimated costs required to make the sale.

Note -2 – Accounting policies (continued)

The cost of the inventory is determined as follows:

Raw materials and packaging - by the weighted moving average method.

Goods in process - on the basis of average cost, including materials, labor and other direct and indirect manufacturing expenses, less completion costs.

Finished goods - based on average cost including materials, labor and other direct and indirect manufacturing expenses.

The Company periodically reviews the situation of the inventory and its age and makes provisions for slow moving inventory accordingly.

F. Operating turnover period

The Company's operating turnover period is one year.

G. Treasury shares

The Company's shares held by the Company are measured at the cost of their acquisition and are shown as deducted from the capital of the Company. Any gain or loss arising from the acquisition, sale, issue or cancellation of treasury shares is credited directly to equity.

H. Leases

1. General:

The Company determines at the time of entering into the lease whether the agreement is a lease, or whether it includes a lease, by examining whether the agreement transfers the right to control the use of an identified property for a period of time for consideration. The Company re-evaluates the fulfilment of the lease only when there is a change in the terms of the agreement.

The Company determines the period of the lease as a period during which the lease cannot be revoked, taking into account also the periods covered by extension (or cancellation) options of the lease period, when it is reasonably certain that the tenant will exercise (not exercise) the option in accordance with the provisions of International Financial Reporting Standard 16 with regard to leases (IFRS 16).

2. The Company as a leaseholder

On the date of commencement of the lease, the Company recognizes in the Statement of Financial Position the right of use of the property and lease obligation for all the leases, except for leases not exceeding 12 months and for leases in which the based property is of a lower value than the vale at the beginning of the life thereof, if it was recognized as an expense in the Statement of Income and was classified as cash flows from current operations in the Statement of Cash Flows.

At the start of the lease, the Company measured the lease liability at the current value of the lease payments which have not been paid at that date, discounted by the interest rate embodied in the lease, unless this rate is not easily determinable, then it was measured in accordance with the nominal additional interest rate of the Company on that date. Following the date of the commencement of the lease, the lease liability is measured by increasing the book value in order to reflect interest on the lease liability and reducing the book value in order to reflect the lease payments which have been made.

A user rights asset is measured at the start of the lease at cost, which consists of the initial measurement amount of the lease liability plus any lease payments made on or prior to that date (net of any lease incentives and any initial direct costs incurred). Following the date of the commencement of the lease, the Company measured the cost of the user rights in the property, net of depreciation and impairment losses.

Note -2 – Accounting policies (continued)

H. Leases (Cont.)

Subsequent to the date of the start of the lease, the lease liability was measured by increasing the book value to reflect the interest on the lease liability; the amortization of the book value in order to reflect the lease payments which have been made; adjustments for the re-measurement of the lease liability.

Subsequent to the date of the start of the lease, the Company measured the user rights in the asset at the cost thereof, net of depreciation and losses of any accumulated impairment, including adjustment for any re-measurement of the aforesaid lease liability.

From the date of the start of the lease, when reducing user rights in the asset, the Company applied the depreciation requirements for fixed assets subject to the following. The Company depreciates the user rights in the asset over the shorter of the lease term and the useful life of the user rights in the asset.

In the Statement of Financial Position, the user rights and the lease liabilities were presented separately. In the statement of profit or loss and other comprehensive income, the Company presented the depreciation expenses of the user rights in the assets separate from interest expenses for the lease liability. In the statement of cash flows, payments for the principal portion of the lease liability were classified as financing activities and payments for the portion of the interest on the lease liability were classified as current operations. Short-term lease payments which were not included in the measurement of the lease liability were classified as operating activities.

I. Fixed assets

The useful life cycle of fixed assets is as follows:

	%	Mainly %
Buildings	2	
Leasehold improvements	10	
Machinery and equipment	7-33	(mainly 33%)
Motor vehicles	15	
Office furniture and equipment	6-33	(mainly 7%)

Leasehold improvements are depreciated on a straight-line basis over their useful life. In determining the useful life of leasehold improvements, the expiry dates of the related leases also are taken into account.

J. Intangible assets

Research and development

Research costs are charged to profit or loss when incurred. An intangible asset arising from a development or a self-development project is recognized as an asset if the following can be demonstrated: the technological feasibility of completing the intangible asset such that it will be available for use or sale; the Company's intention to complete and use or sell the intangible asset; the ability to use or sell the intangible asset; the manner in which the intangible asset will generates future economic benefits; the existence of the necessary technical, financial and other resources available to complete the intangible asset and the ability to reliably measure the expenses thereof during its development.

The asset is measured at cost and presented with less accumulated amortization and less any accumulated impairment losses. Amortization of the asset starts when the development is completed, and the asset is available for use. The asset is amortized over its useful life cycle. Examination of impairment is performed annually over the period of the development project.

Other development costs, which do not comply with these conditions, are credited to the statement of profit or loss when incurred. Development expenses which were recognized as an expense in the past are not recognized as an expense in a later period. Capitalized development expenses are recognized as an intangible asset and are amortized from the time when the asset is available for use, and calculated using the straight-line method over the useful life cycle of the asset.

Impairment of development assets is accounted for in accordance with the provisions of IAS 36 "Impairment of Asset" (see section K below).

Note -2 – Accounting policies (continued)

J. Intangible assets (Cont.)

Development assets are depreciated on a straight-line basis throughout the usage lifecycle thereof (5-7 years).

K. Impairment of non-financial assets

The Company evaluates the need for impairment of the book value of all non-financial assets in the statement of financial position, except for inventory, assets deriving from construction agreements and deferred tax assets, when there are signs, as a result of events or changes in circumstances, which indicate that the book value is not recoverable. In cases where the book value of non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs.

Impairment losses are recognized in profit or loss.

L. Taxes on income

Current or deferred tax expenses are recognized in profit or loss, except if they relate to items which are credited to other comprehensive income or equity.

1. Current taxes

The current tax liability is determined using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date as well as adjustments required in connection with the tax liability in respect of previous years.

2. Deferred taxes

Deferred taxes are calculated in respect of temporary differences between the amounts carried in the financial statements and the amounts attributed for tax purposes.

Deferred tax balances are calculated at the tax rate that is expected to apply when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted by the reporting date.

The calculation of deferred taxes does not take into account the taxes that would apply in the case of the realization of investments in investee companies, as long as the sale of investments in the investee companies is not expected in the foreseeable future. In addition, a deferred tax asset with regard to deductible temporary differences deriving from investments in investee companies have only been recognized when the reversal of the temporary difference is expected in the foreseeable future and taxable income is expected, against which the temporary differences can be utilized.

Taxes on income which relate to distribution to shareholders of an equity instrument and to transaction costs of an equity transaction are accounted for pursuant to IAS 12.

Deferred taxes are offset if there is a legally enforceable right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

Note -2 – Accounting policies (continued)

M. Liabilities due to employee benefits

The Group has a number of types of employee benefits:

1. Short-term employee benefits

Short-term employee benefits are benefits that are expected to be wholly settled twelve months prior to the end of the annual reporting period in which the employees provide the related services. These benefits include salaries, vacation days, sick leave, rest pay and employer social security contributions which are recognized as expenses when the services are rendered. A liability in respect of a cash bonus or a profit-sharing plan is recognized when the company has a legal or implied obligation to make such payment for past service rendered by an employee in the past and a reliable estimate of the amount can be made.

2. Post-employment benefits

The plans are normally financed by contributions to insurance companies and pension funds which are classified as defined contribution plans or as defined benefit plans.

The Group has defined contribution plans according to Section 14 of the Severance Pay Law, according to which the Group pays, on a permanent basis, payments without it having any legal or implied obligation to pay additional payments even if the accrued principal is not a sufficient amount to pay all the benefits to the employee relating to the service of the employee during the current period and previous periods. Deposits in defined deposit programs for severance pay pursuant to Section 14 or for savings are recognized as an expense at the time of the deposit to the plan, concurrent with the receiving of work services from the employee.

Furthermore, the Company also operates a defined benefit plan in respect of severance pay pursuant to the Severance Pay Law. According to the Law, employees are entitled to severance pay upon dismissal or retirement. The liability for termination of employment is measured according to the actuarial valuation method of the projected eligibility unit. The actuarial calculations take into account future salary increases and rates of employee turnover based on the estimated time of payment. The amounts are presented based on discounted projected future cash flows according to the interest rate of index-linked high quality corporate bonds, the repayment date of which is similar to the severance pay liability period.
The Company deposits funds in respect of its severance pay obligation to part of its employees on an ongoing basis in pension funds, insurance companies and severance pay funds (hereinafter: the "Plan Assets"). The Plan Assets are assets held by a long-term employee benefit fund or qualifying insurance policies. The Plan Assets are not available for use by the Group's creditors, and they cannot be paid directly to the Group.

The liability for employee benefits shown in the statement of financial position reflects the current value of the defined benefit obligation less than the fair value of the Plan Assets.

Re-measurement of the net liability is charged to the other comprehensive income in the period in which they occur.

Note -2 – Accounting policies (continued)

N. Revenue recognition

The Company recognizes revenue from agreements with customers, as specified below, on the date of the transfer of control of the goods or service to the customer and measures the income in the amount representing the consideration that the Company expects to be entitled to for the same goods or service.

The Company recognizes revenue from the sale of products on the delivery date, since this is the date on which control is transferred to the customer.

The Company recognizes revenue from cloud services and maintenance throughout the agreement period with the customer.

Deferred income, which represents a contractual obligation, represents unrecognized payments collected for cloud and maintenance services. Deferred income is recognized when the Company fulfills and executes the agreement.

Current discounts to customers are included in the financial statements on the granting thereof and are charged to the revenue section.

O. Earnings (loss) per share

Earnings (loss) per share are calculated according to the number of ordinary shares. Basic earnings per share include only shares that actually exist during the period. Potential ordinary shares (convertible securities such as option warrants) are included only in the calculation diluted earnings per share, in the event that their effect dilutes the earnings per share such that their conversion reduces earnings per share or increases the loss per share. In addition, potential ordinary shares which were converted during the period are included in the diluted earnings per share only till the date of the conversion, and from that date the shares issued as a result of the conversion are included in basic earnings per share. The Company's share in the profits of investee companies is calculated according to the share of the Company in the earnings per share of the investee companies multiplied by the number of shares held by the Company.

P. Provisions

A provision in accordance with IAS 37 is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, for which it is probable that the use of financial resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects part or all of the expense to be reimbursed to the Company, such as in an insurance agreement, the reimbursement is recognized as a separate asset only on the date when the reimbursement is actually certain. The expense will be recognized in the statement of profit or loss net of any reimbursement of expenses.

Q. Fair value measurement

Fair value is the price that would be received in the sale of an asset or the price that would be paid to transfer liability in an ordinary transaction between market participants on the measurement date.

Fair value measurement is based on the assumption that the transaction will take place in the assets or the liability principal market, or in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best financial interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant forecast inputs and minimizing the use of inputs which cannot be forecast.

All assets and liabilities measured at fair value or for which fair value is disclosed are divided into value category ratings, based on the lowest level input that is significant to the fair value measurement in general:

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

Level 2 - Data other than quoted prices included in Level 1 which can be forecasted either directly or indirectly.

Level 3 - Data that is not based on market data which can be forecasted (valuation techniques without the use of market data which can be forecasted).

R. Share-based payment

The Company recognized share-based payment transactions which include transactions with employees which will be settled with Company equity instruments. The value of the benefit is measured on the date it is granted based on the fair value of the equity instruments granted and recognized in profit or loss, over the vesting period based on the best achievable maturity forecasts of several equity instruments.

S. New standard in the period prior to the application thereof

International Financial Reporting Standard 18, Presentation and Disclosure in Financial Statements (hereinafter: "**IFRS 18**" or the "**New Standard**"):

IFRS 18, published in April 2024, is intended to improve the comparability and transparency of reporting on the performance of companies. The New Standard replaces International Accounting Standard 1, Presentation of Financial Statements and does not deal with issues of recognition and measurement of items in financial statements.

The following is an overview of the main changes that will apply to financial statements with the implementation of the New Standard, in relation to the presentation and disclosure provisions currently applicable:

- The New Standard will change the structure of the Statement of Profit or Loss and will include three defined new categories: operating, investing and financing, and will also add two new interim conclusions: operating profit and profit before financing and income taxes.
- The New Standard includes guidelines for providing disclosure on performance indicators defined by management (management-defined performance measures).
- The New Standard provides guidance on the grouping and splitting of information in financial statements with regards to whether information should be included in the main statements or in the notes, and on disclosures with regard to items defined as “other”.
- The New Standard includes amendments to other standards, including limited amendments to IAS 7, Statement of Cash Flows.

IFRS 18 will be applied retrospectively for annual periods beginning on or after 1 January 2027, with specific disclosures as set out in the transitional provisions of the New Standard. Early application of IFRS 18 is permitted with disclosures.

The Company is examining the possible impact of IFRS 18 on the financial statements, but at this stage it is unable to estimate the aforesaid impact.

Note 3 - Cash and cash equivalents

	As of December 31	
	2025	2024
	NIS, (in thousands)	
Israeli currency	1,836	431
Foreign currency	3,418	2,246
	5,254	2,677

Note 4 – Trade receivables, net

	As of December 31	
	2025	2024
Open accounts	26,944	26,017
Less provision for doubtful debts	(50)	(50)
	26,894	25,967

Below is an analysis of trade receivables (open accounts) for which no impairment was recognized (provision for doubtful debts), in accordance with the collection delay in relation to the reporting date:

		Past due trade receivables			
	Receivables not yet due (without collection arrears)	Up to 30 days	30 to 60 days	More than 60 days	Total
			NIS thousands		
December 31, 2025	24,312	2,168	221	193	26,894
December 31, 2024	23,874	1,559	257	277	25,967

Note 5 – Other receivables

	As of December 31	
	2025	2024
	NIS thousands	
Government institutions	1,665	1,446
Prepaid expenses	1,537	1,394
Other receivables	1,162	1,046
	4,364	3,886

Note 6 – Inventories

	As of December 31	
	2025	2024
	NIS thousands	
Materials and Packaging	24,163	26,062
Inventory in process	6,937	6,787
Finished goods	9,858	10,851
	40,958	43,700

The inventory balance includes a provision for inventory impairment in the amount of approximately NIS 3 million as of December 31, 2025 and approximately NIS 2.5 million as of December 31, 2024.

Note 7 – Leases

A. Information about lease activities

1. The Company leases a fleet of vehicles for 3 years.
2. The Company has discounted leasing rights (91%) for 49 years (and an option to extend for an additional 49 years) pursuant to lease agreements dated April 16, 2008 in the structure in which the Company operates in Israel. The extension option was not taken into account in calculating the asset user rights since the Company is not able to estimate as of the date of the report that the probability of the realization thereof is certainly reasonable.
3. On May 15, 2023, following the approval of the Balance Sheet, Remuneration and Audit Committees as well as the Board of Directors of the Company, the general meeting of shareholders approved entering into a rental agreement which supersedes the current rental agreement for a period of three years. For additional details, see Note 21A(5) and Note 26.

B. Information about right-of-use assets

	Land rights	Building	Vehicle	Total
		USD thousands		
Cost:				
Balance as of January 1, 2024	23,443	6,631	1,445	31,519
Additions	273	-	404	677
Removals	-	-	(749)	(749)
Exchange differences	-	4	-	4
Balance as of December 31, 2024	23,716	6,635	1,100	31,451
Additions	86	602	802	1,490
Removals	-	(559)	(413)	(972)
Exchange differences	-	(91)	-	(91)
Balance as of December 31, 2025	23,802	6,587	1,489	31,878
Accrued depreciation:				
Balance as of January 1, 2024	11,560	3,077	669	15,306
Depreciation costs	521	1,658	487	2,666
Removals	-	-	(639)	(639)
Exchange differences	-	(1)	-	(1)
Balance as of December 31, 2024	12,081	4,734	517	17,332
Depreciation costs	538	1,650	456	2,644
Removals	-	(559)	(385)	(944)
Exchange differences	-	(50)	-	(50)
Balance as of December 31, 2025	12,619	5,775	588	18,982
Depreciated balance as of December 31, 2025	11,183	812	901	12,896
Depreciated balance as of December 31, 2024	11,635	1,901	583	14,119

Note 7 – Leases (continued)

With regard to the analysis of contractual lease liability maturity dates - see Note 25 A(3).

Note 8 – Fixed assets, net

	Leasehold improvements	Machinery and Equipment	Motor vehicles	Office furniture and Equipment	Total
Composition and movement					
			USD thousands		
Cost					
Balance as of January 1, 2024	2,127	8,044	1,102	3,324	14,597
Acquisitions	277	216	-	89	582
Removals	-	-	(326)	-	(326)
Exchange differences	-	-	4	3	7
Balance as of December 31, 2024	2,404	8,260	780	3,416	14,860
Acquisitions	222	1,708	-	42	1,972
Exchange differences	-	-	(38)	(194)	(232)
Balance as of December 31, 2025	2,626	9,968	742	3,264	16,600
Accumulated depreciation					
Balance as of January 1, 2024	1,538	7,379	487	2,832	12,236
Amortizations costs	96	341	112	125	674
Removals	-	-	(239)	-	(239)
Exchange differences	-	-	(1)	7	6
Balance as of December 31, 2024	1,634	7,720	359	2,964	12,677
Amortizations costs	125	287	66	96	574
Exchange differences	-	-	(13)	(156)	(169)
Balance as of December 31, 2025	1,759	8,007	412	2,904	13,082
Depreciated cost as at December 31, 2025	867	1,961	330	360	3,518
Depreciated cost as at December 31, 2024	770	540	421	452	2,183

Note 9 - Intangible assets, net

Composition and movement	Patents	Software and Licenses	Development costs	Total
	NIS (in thousands)			
Cost				
Balance as of January 1, 2024	1,019	1,348	151,346	153,713
Capitalized development costs	-	-	10,767	10,767
Acquisitions	-	104	-	104
Balance as of December 31, 2024	1,019	1,452	162,113	164,584
Capitalized development costs	-	-	12,380	12,380
Acquisitions	-	31	-	31
Balance as of December 31, 2025	1,019	1,483	174,493	176,995
Accumulated depreciation				
Balance as of January 1, 2024	1,012	1,348	110,128	112,488
Amortization	6	8	10,158	10,172
Balance as of December 31, 2024	1,018	1,356	120,826	122,660
Amortization	1	42	10,034	10,077
Balance as of December 31, 2025	1,019	1,398	130,320	132,737
Amortized value as of December 31, 2025	-	85	44,173	44,258
Amortized value as of December 31, 2024	1	96	41,827	41,924

Amortization costs

Amortiation costs of intangible assets of development costs are classified in the Statement of Income as part of the cost of revenues.

Note 10 – Loans from banks and others

	December 31	
	2025	2024
	NIS thousands	
Short-term bank credit	-	2,500
Current matrities of long-term loans from bankd and others (1)	11,342	193
	11,342	2,693

On July 1, 2025, the Company obtained a NIS 14 million loan from a banking corporation for use in the Company's ongoing operations and as part of its ordinary course of business. The loan bears annual interest at a variable rate in a range between the Prime rate to Prime minus 0.5%, and the loan principal and interest will be repaid in five equal quarterly payments beginning October 1, 2025, so that the loan is repaid in full on September 30, 2026.

Note 11 – Other payables

	December 31, 2025	December 31, 2024
	NIS thousands	
Employees and institutions in respect of salaries	3,324	3,400
Provision for vacation and convalescence	2,595	2,556
Accrued expenses	5,194	8,709
Deferred revenues	736	1,730
Income tax	2,154	4,180
Customer advances	55	238
	14,058	20,813

Note 12 – Employee benefit liabilities, net

A. Post-employment benefits:

Labor laws and the Severance Pay Law in Israel require the Company to pay severance pay to an employee upon dismissal or retirement or to make current contributions in defined contribution plans pursuant to section 14 to the Severance Pay Law, as specified below. The Company's liability therefore is accounted for as a post-employment benefit. The calculation of the Company's employee benefit liability is made according to the valid employment agreement based on the employee's salary and employment term which establish the entitlement to receive the severance pay. Post-employment employee benefits are normally financed by contributions classified as defined benefit plans or as defined contribution plan, as specified below.

B. Defined contribution plans:

Section 14 to the Severance Pay Law, 1963 applies to part of the severance pay payments, pursuant to which the fixed contributions paid by the Group into pension funds and/or policies of insurance companies releases the Group from any additional liability to employees for whom the aforesaid contributions are made. These contributions and contributions for savings represent defined contribution plans.

C. Defined benefits plans:

The part of the severance pay payments not covered by deposits in defined contribution plans, as mentioned above, are handled by the Company as defined benefit plans according to which the liability for benefits to employees is recognized, and for which the Company deposits amounts in pension funds and in suitable insurance policies.

D. Plan liabilities, net

	As of December 31,	
	2025	2024
	NIS (in thousands)	
Defined benefit liabilities	6,422	6,067
Fair value of plan assets	(4,829)	(4,517)
Central severance fund	(147)	(136)
Net liabilities	1,446	1,414

Note 13 - Contingent liabilities

1. The Company received grants from the Chief Scientist of the Ministry of Trade and Industry for participation in research and development programs carried out thereby. The Company is required to pay royalties to the Chief Scientist at rates of 2% to 5% of the amounts received for the sale of the products or knowledge developed under the programs, or from the sale of any rights therein. The royalties are limited to 100% of the grants received.
   The grants approved for the Company in accordance with the development plan were in the amount of USD 583 thousand, in respect of which the Company paid royalties to the Chief Scientist a total amount of approximately USD 178 thousand as of December 31, 2025. The liability balance as of December 31, 2025 is in the amount of approximately NIS 90 thousand for projects which the management of the Company estimates royalty payments are due.

Note 14 – Share based payment

1. On May 8, 2024, the Board of Directors of the Company, following the approval of the Remueration Committee, approved the allocation of 400,000 options (non-tradable) exercisable for 400,000 ordinary shares of the Company, to the CEO, officers and other employees of the Company. The options will vest over a period of 4 years in equal parts, starting from the end of the second, third and fourth years from the date of allocation and will be exercisable for a period of 6 years from the date of allocation. The exercise price of each option is NIS 38.89, and the fair value of each option at the date of allocation is NIS 14.68, calculated in accordance with the B&S model using the following indices: a risk-free interest rate of 4.48% on average and a standard deviation of 34.4% on average. The aforesaid allocation the CEO of the Company was approved by the meeting of the shareholders of the Company.

2. On November 18, 2025, the Company's Board of Directors, following the approval of the Remuneration Committee, approved the allocation of 390,000 options exercisable into 390,000 ordinary shares in the Company at an exercise price of NIS 25.21. The options will vest over the course of four years beginning upon the conclusion of two years following the date of the Board's approval of the grant, so that the first batch matures after 24 months and the next two batches mature after 36 and 48 months, respectively. Of the total aforementioned options, 190,000 options were granted to four officers and 200,000 options will be granted to additional employees. It shall be emphasized that of the aforementioned allocation, approximately 280,000 options intended for officers an additional employees constitute a termination and re-allocation of options granted in May 2024 (at a higher exercise price). The Company has requested a taxation ruling by the Income Tax Authority with regard to the repricing of the aforementioned options.
   The fair value of each option upon the allocation date is NIS 8.2, using a calculation based on the B&S Model, using the following variables: average risk-free interest at a rate of 3.78% and average standard deviation of 31.26%.

3. Regarding the approval of the granting of shares to the Company's CEO, Mr. Amit Harari, after the balance sheet date, see Note 26 (3).

4. Below are the number of employee options that have not yet been exercised at the beginning of the period, the weighted average of their exercise price (original exercise price prior adjustment for dividend distributions) and the changes made during the year:

	2025		2024		2023	
	Number of options	Weighted average exercise price NIS	Number of options	Weighted average exercise price NIS	Number of options	Weighted average exercise price NIS
Balance at the start of the year	483,811	35.01	141,880	16.06	282,906	14.39
Allocated during the year	110,000	25.21	400,000	38.89	-	-
Exercised during the year	(57,143)	12.70	(58,069)	15.44	(141,026)	12.70
Forfeited during the year	(20,000)	38.89	-	-	-	-
Balance at the end of the year	516,668	35.24	483,811	35.01	141,880	16.06
Exercisable at the end of the year	26,668		70,477		115,212	

Note 15 - Share Capital

A. Composition:

		Registered	Issued and paid up
		Number of shares	
	As of December 31 2025 and 2024	As of December 31 2025	As of December 31 2024
Ordinary shares of NIS 0.02 par value each	100,000,000	15,668,744	15,619,988

Regarding the exercise of option letters for employees for ordinary shares of the company, see note 14.

B. As of December 31, 2025 and 2024, the Company held 1,676,192 shares, representing approximately 10.70% as of and approximately 10.73% of the Company's issued share capital, respectively, which was acquired for a total amount of approximately NIS 7,042 thousand.

C. Dividend Distribution policy

On December 26, 2023, the Board of Directors of the Company decided to amend the dividend distribution policy of the Company. In accordance with the amended policy, the Company will distribute to its shareholders a dividend in the amount of at least 50% of the net profit attributable to the shareholders of the Company in accordance with the consolidated quarterly and/or annual financial statements of the Company (excluding gains resulting from asset revaluation), subject, inter alia, to statutory provisions, financing requirements and the business plans of the Company. The dividend distribution is subject to a resolution of the Company's Board of Directors.

The following are the details of dividend distributions in the past three years:

On May 30, 2023, the Board of Directors of the Company decided to distribute a dividend to the shareholders of the Company in a total amount of approximately NIS 10 million (approximately NIS 0.72 per share). On June 20, 2023, the dividend was paid in full.

On August 22, 2023, the Board of Directors of the Company decided to distribute a dividend to the shareholders of the Company in a total amount of NIS 28.5 million (approximately NIS 2.06 per share). On September 21, 2023, the dividend was paid in full.

On December 26, 2023, the Board of Directors of the Company decided to distribute a dividend to the shareholders of the Company in a total amount of NIS 10 million (approximately NIS 0.72 per share). On January 23, 2024, the dividend was paid in full.

On May 8, 2024, the Board of Directors of the Company decided to distribute a dividend to the shareholders of the Company in a total amount of NIS 16 million (approximately NIS 1.15 per share). On June 16, 2024, the dividend was paid in full.

On August 14, 2024, 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 (approximately NIS 0.57 per share). On September 19, 2024, the dividend was paid in full.

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 (approximately NIS 0.57 per share). On April 22, 2025, the dividend was paid in full.

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 (approximately NIS 1.50 per share). On April 22, 2025, the dividend was paid in full.

With regard to taxes due to a distributed dividend, see note 22 D.

Note 15 - Share Capital (continued)

D. Managing the Company's capital

The object of the Company in managing its shareholders' equity is to maintain the Company's ability to ensure continuity of business and thereby create a return for its shareholders, investors and other interested parties.

The Company is working to achieve a return on capital at a level acceptable in the segment and in the field of operations in the markets in which the Company operates. This return is to be subject to changes according to market factors in the segment and in the Company's business environment. The Company is not subject to any demands regarding attaining a specific return on equity.

Note 16 - Cost of revenues

	For the year ended December 31,		
	2025	2024	2023
	NIS (in thousands)		
Materials and subcontractors	50,854	66,433	88,064
Payroll and related benefits	12,001	12,508	13,446
Changes in inventories in process and finished goods	843	387	(8,907)
Depreciation and amortization	11,536	11,716	10,965
Building management company costs	580	597	542
Other expenses	2,171	2,313	1,986
	77,985	93,354	106,096

Note 17 - Development expenses

	For the year ended December 31		
	2025	2024	2023
	NIS thousands		
Salaries and related benefits	12,399	11,298	9,622
Subcontractors	2,185	2,464	2,096
Others	1,923	1,782	1,541
Less - expenses capitalized to Intangible assets	(12,380)	(10,767)	(8,788)
	4,127	4,777	4,471

Note 18 – Sales and marketing expenses

	For the year ended December 31		
	2025	2024	2023
	NIS thousands		
Salaries and related benefits	19,675	21,236	21,419
Commissions and export expenses (including tariffs)	7,980	5,981	8,282
Exhibitions, advertising and other expenses	4,794	6,138	5,496
	32,449	33,355	35,197

Note 19 - General and administrative expenses

	For the year ended December 31		
	2025	2024	2023
	NIS thousands		
Salaries and related benefits	7,749	8,626	8,195
Office maintenance and communication	2,539	2,463	2,194
Depreciation and amortization	519	639	596
Professional services	1,242	1,494	1,444
Other expenses	1,740	2,433	2,371
	13,789	15,655	14,773

Note 20 - Financing income and expenses

	For the year ended December 31,		
	2025	2024	2023
	NIS thousands		
A. Financing income			
Profit from hedge transactions, net	1,529	632	-
Interest income from related companies	231	301	-
Exchange rate difference net profit	1,016	-	788
Interest from banks in respect of deposits	7	35	-
	2,783	968	788
B. Financing expenses			
Interest on credit and loans from banking corporations	665	307	131
Interest costs in respect of lease liabilities	109	188	225
Loss from hedging transactions, net	-	-	1,159
Loss,net, from differences in exchange rates	-	288	-
Others	654	465	805
	1,428	1,248	2,320
C. Classification of financing income (expenses) according to financial instruments			
Financial assets measured at fair value through profit or loss	1,529	632	(1,159)
Financial liabilities measured at fair value through profit or loss	-	6,907	2,451

Note 21 - Interested and related parties

A. **Transactions with interested and related parties**

	For the year ended December 31,		
	2025	**2024**	**2023**
	NIS thousands		
Salaries and related benefits [(1)]	1,012	923	967
Bonus to interested parties [(2)]	708	2,283	2,509
Salary of the Active Chairman of the Board of Directors[(3)]	1,722	2,232	2,180
Salaries of other directors[(4)]	336	388	338
Rental expenses and management fees[(5)]	1,781	1,726	1,584
Number of salary and benefit recipients	1	1	1
Number of (Former) Active Chairman of the Board of Directors and Active Vice Chairman salary recipients	2	2	2
Number of recipients of other directors' salaries	11	7	6

(1) The salaries and fringe benefits of Mr. Amit Harari, the CEO of the Company.
On December 30, 2025, a general assembly of the Company's shareholders approved a revision of the terms of office and employment of Mr. Harari, according to which Mr. Harari's monthly wages were revised to a total of NIS 70,000, gross, with the addition of social benefit provisions equal to 100% of the wages, and this beginning December 1, 2025, Furthermore, the maximum variable financial remuneration paid to Mr. Hararai was updated to 7 gross salaries, subject to meeting the sales and net profit targets, and the advance notice period was revised to three months.

(2) The bonus of the interested parties includes a payment for Mr. Amit Ben Zvi, the Active Chairman of the Board of Directors of the Company through October 9, 2025, a bonus for Mr. Haim Shani, Active Vice Chairman of the Company Board, as well as a bonus for Mr. Amit Harari.

(3) The remuneration of the former Active Chairman of the Board of Directors and the Active Chairman of the Board includes remuneration for the services of Mr. Amit Ben Zvi through October 9, 2025, and the remuneration of Mr. Haim Shani. See Note 21 (e) and 21 (f) below.

(4) The remuneration of other directors includes director fees, including directors who served in office for part of the period.

On May 15, 2023, the a general assembly of shareholders, upon the approval of the Company's Audit, Remuneration and Balance Sheet Committees and the Board of Directors, approved an engagement in a rental agreement in the Unitronics building from a company controlled by Mr. Haim Shani (the Active Vice Chairman of the Board of Directors of the Company and the controlling shareholder thereof jointly with the Fimi Fund until October 9, 2025, and jointly with ILJIN since that date) and Ms. Bareket Shani, the wife of Mr. Shani, in place of the current agreement, for a period of three years from the date of the approval of the general meeting. In accordance with the aforesaid decision, the Company will be entitled to reduce the rented area or re-increase the area up to a total of 1,600 square meters (provided that the rental area in the current agreement does not decrease below a total of 1,022 square meters, the area rented in the current agreement), and to increase the number of parking spaces available thereto in the rented area up to - 60 spaces and re-reduce the number (provided that it is not less than 30 parking spaces, the number in the current agreement) without amending the price per square meter/per parking or any other terms of the rental terms, whereby the reduction or re-increase will be performed at the sole discretion of the management, only in accordance with the needs of the Company. In accordance therewith, the Company entered into a new rental agreement for three years for the lease of 1,279 Sq m of office space and 36 parking spaces, in return for rental fees of NIS 92,925 for the office spaces and NIS 12,600 for the parking spaces, linked to the June 2009 Index and with the addition of VAT, as well as payment of management fees as detailed in the lease. The total cost of the lease, parking spaces, management

Note 21 - Interested and related parties (Cont.)

fees and linkage differences to the Index, as noted above, as of December 31, 2025 is approximately NIS 150 thousand a month.
With regard to the renewal of the lease agreement after the date of the balance sheet, see Note 26 (1).

B. **Engagements with Utron**

On the date of the completion of the Spinoff, the Company entered into agreements with Utron for the provision of services for 5 years and sales by the Company to Utron and for the provision of services by Utron to the Company for 5 years, as specified below.

Following a number of personnel changes in the Company and in Utron, the parties reached an agreement in 2020 and 2021 with regard to a reduction of services and certain payments provided under the aforesaid services agreements and for the amendment of the deriving results of those agreements.

In March 2024, the Board of Directors of the Company, following the additional reduction of certain services and payments provided under the service agreements, approved the renewal of the aforesaid agreements between the Company and Utron for the provision of services from the Company to Utron and for the provision of services by Utron to the Company, and to extend them for an additional period of 3 years from their termination date.

The aforesaid agreements between the Company and Utron are as follows:

(1) An agreement for the provision of services to Utron by the Company for five years, with each party having the right to terminate the agreement with prior written notice of ninety days. Under the services agreement, Services will be provided to Utron by the Company, without there being an employer-employee relationship between Utron and the Company and anyone on behalf thereof. The amount of the consideration to the Company in 2025 totaled approximately NIS 139 thousand, approximately NIS 182 thousand in 2024 and approximately NIS 311 thousand in 2022.

(2) An agreement for the provision of services to the Company by Utron with each party having the right to terminate the agreement with prior written notice of ninety days. Under the services agreement, services will be provided to Utron by the Company, without there being an employer-employee relationship between Utron and the Company and anyone on behalf thereof. The amount Utron billed the Company in 2025 was approximately NIS 774 thousand in 2025, approximately NIS 869 thousand in 2024, and approximately NIS 918 thousand in 2023.

(3) An agreement for the provision of services, including employees of Unitronics Inc. to Utron Systems Inc. (subsidiary of Utron operating in the United States) with each party having the right to terminate right the agreement with prior written notice of ninety days. The billing amount of Unitronics Inc. to Utron Systems in 2025, 2024 and 2023 was approximately USD 74 thousand, USD 68 thousand and USD 246 thousand, respectively.

(4) An acquisition agreement, in accordance with which Utron will from time to time acquire in accordance with the needs thereof, products manufactured by the company in accordance with a fixed and known price list in accordance with which the Company sells these same products to the distributors thereof. The aforesaid agreement will be valid for a period of 10 years, with each party having the right to terminate the agreement with prior written notice of ninety days. The total sales of the Company to Utron in 2025, 2024 and 2023 totaled approximately NIS 912 thousand, NIS 1,029 thousand, and NIS 976 thousand, respectively.

(5) A rental agreement in accordance with which Utron will lease to the Company under a sublease in the building in which it is located in Airport City, with storage area of 220.5 square meters at the same cost which Utron pays to the lessor plus overhead costs, and a total amount of approximately NIS 160 thousand per year. The aforesaid agreement is a back-to-back (B2B) agreement with Utron's agreement with the lessor, including its end date. With regard to the approval of the sublease agreement following the balance sheet date, see Note 26 (2).

During the third quarter of 2024, the Company, with the approval of the Board of Directors of the Company, following the approval of the Audit Committee as a non-extraordinary transaction, updated its credit policy with respect to Utron and accordingly the repayment schedule with respect to its debt balance of approximately NIS 5.7 million, such that the aforesaid debt will be repaid in 32 monthly payments of approximately NIS 100 thousand in 2024 and approximately NIS 200 thousand starting in 2025 and will bear annual interest of prime + 0.4%.

On November 20, 2024, the Audit Committee and the Board of Directors of the Company approved, subject to the approval of the general meeting, a transaction agreement for the sale of dedicated developments, developed for the systems of Utron, a company controlled by the controlling shareholders of the Company, the FIMI Fund and Mr. Haim

Shani, for a total amount of approximately NIS 2,221 thousand to be paid in 6 equal quarterly payments starting from the end of the first quarter of 2025. On December 29, 2024, the transaction was approved by the general meeting of the Company, and upon completion, the consideration was included in the 2024 revenue of the Company.

On June 22, 2025, the Company's general assembly, following the approval of the Company's Balance Sheet, Remuneration and Audit Committees and Board of Directors, approved engagement with Utron concerning the update of software systems and hardware components in the Unitronics logistics center. The upgrade is expected to take approximately 15 months and is projected to cost NIS 3.338 million, with the addition of VAT, to be paid in five equal quarterly payments and has been classified as Company's Fixed Assets.

The balances of the related companies in the Statement of Financial Position are a product of the aforesaid agreements with Utron.

C. On May 13, 2025, the Board of Directors of the Company approved the renewal of the insurance policy for directors and officers of the Company for a period of 12 months from June 1, 2025 to May 31, 2026 and in accordance with the Remuneration Policy of the Company, for all directors and officers in the Company (for those that are not controlling shareholders in the Company as well as for those who are controlling shareholders in the Company, or relatives thereof, with a coverage limit of up to USD 7.5 million.

D. The general meeting approved indemnity and exemption of the Company's office holders as may be appointed from time to time, and/or those serving in another company (excluding office holders which are controlling shareholders of the Company) pursuant to the provisions of the Indemnity Letter and the granting of Indemnity Letters to such Office Holders**.** In addition, on June 19, 2024, the general meeting approved a letter of indemnity and exemption for Mr. Haim Shani, the controlling shareholder of the Company jointly with the FIMI Fund, and his wife, Ms. Bareket Shani (a director of the Company through October 9, 2025), as well as Mr. Gilon Beck and Amit Ben Zvi, directors of the Company on behalf of the FIMI Fund, the controlling shareholder of the Company (through October 9, 2025) jointly with Haim Shani, for a period of 3 years starting on June 21, 2024 (from the expiration of the current letters of indemnity and exemption). On December 30, 2025, a general assembly of the Company's shareholders (following the approval of the Remuneration Committee and the Board of Directors on November 18, 2025), the granting of letters of indemnity and exemption to the ILJIN directors, Messrs. Jasbir Singh, Prakash Iyer , Hyun Chul Sim and Sanjay Kumar Arora for a period of three years from the date of their appointment as directors of the Company.

E. Mr. Haim Shani constitutes the Company's controlling shareholder, a role held jointly with the FIMI Fund until the latter sold its holdings of the Company's shares on October 9, 2025, and jointly with ILJIN since that date. On May 17, 2022 the assembly reaffirmed the appointment of Mr. Shani as an active Joint Active Chairman of the Board of Directors and the employment agreement for a period of three additional years beginning on April 1, 2022. In accordance with the employment agreement, the monthly salary thereof will be NIS 60,000, linked to the consumer price index in a manner such that, starting in January 2012 and at the beginning of each year, an amount equal to the percentage change in the consumer price index for the past year is added to the salary thereof. In addition, in accordance with the employment agreement, Mr. Shani is entitled to an annual bonus at a rate of 7.5% of the pre-tax profit for each year. The bonus is subject to a cap of NIS 1.14 million, linked to the known consumer price index on May 9, 2016, calculated each year anew (and not cumulatively), without taking losses into account, and will be paid within 30 days of the date of approval of the financial statements by the Company's Board of Directors for each calendar year, and affirmation by the Company's Compensation Committee that the aforesaid terms are consistent with the Company's Compensation Policy and the terms of the employment agreement. On July 9, 2025, the Company's special general assembly approved the terms of office and appointment of Mr. Shani as the Company's Active Vice Chairman of the Board of Directors, for a term of three years beginning with the approval of his current employment and office terms. Based on the revised employment terms, Mr. Shani shall be entitled to wages and associated benefits at an annual cost of NIS 1,243 thousand, linked to the Index, in a 60% fractional position, and shall also be entitled to an annual bonus for each calendar year at a rate of 6% of the pretax profit for that year over NIS 30 million and up to a limit of NIS 757 thousand, linked to the Index.

F. As part of the FIMI Fund investment transaction in the Company in 2016, Mr. Amit Ben Zvi was appointed to serve as an active salaried Joint Chairman of the Board of Directors. Starting from the transaction closing date, Mr. Ben -Zvi is entitled, for his service as an active Joint Chairman of the Board of Directors of the Company, to annual remuneration equal to 55% of the employer cost of Mr. Haim Shani plus VAT and expense reimbursement. The remuneration is paid to the FIMI Fund for the services of Mr. Ben Zvi on a quarterly basis, for the services provided to the Company for the previous calendar quarter. On July 9, 2025, the Company's special general assembly approved the terms of office and appointment of Mr. Amit Ben-Zvi, for a term of three years beginning with the approval of his current employment and office terms. Based on the approved employment terms, Mr. Ben-Zvi shall be entitled to monthly management fees of NIS 40 thousand, with the addition of VAT, linked to the Index, and a 15% fractional position. Upon finalizing the sale of the Company's shares by the FIMI Fund to ILJIN on October 9, 2025, Mr. Ben-Zvi ceased serving as the Company's Chairman of the Board.

Note 21 - Interested and related parties (Cont.)

G. The Company entered into an agreement with PCB Technologies Ltd. and its subsidiary (hereinafter: "PCB"), the of which the controlling shareholder until 2025 was the FIMI Fund, for the subcontracting of printed circuit board assembly services and for the acquisition of printed circuit boards. The agreement is for a period of one year and is automatically renewed unless one of the parties has notified in advance of its termination. On May 15, 2023, the general meeting of the Company approved the continuation of the agreement with PCB for a period of three years from the date of the approval of the general meeting, in annual volumes of up to 12% of the total cost of sales or NIS 10 million, in accordance with the higher of the two. The volume of acquisitions of the Company from the supplier in 2025, 2024 and 2023 amounted to NIS 4,691, NIS 5,963 thousand, NIS 7,016 thousand, respectively. Upon finalizing the sale of the FIMI Fund's holding in the Company, PCB is no longer considered a Related Party to the Company.

H. On November 18, 2025, the Company's Board of Directors, following the approval of the Audit Committee, approved the Company's engagement in a transaction in accordance with the Exemption Regulations as part of which it may purchase, over a period of five years, raw materials from defined product groups from companies owned by the controlling shareholder or others in which the controlling shareholder has a personal stake in a transaction with. The purchase of the aforementioned raw materials constitutes a part of the Company's ordinary course of business due to the fact that the Company purchases these raw materials as part of its ongoing operations. Furthermore, the price per item in the transaction will be lower than the price paid by the Company at that time for that same item to a third-party, and this assuming that the Company has been given an additional price quote for that item by an independent third-party (and when an additional third-party supplier is available to obtain a quote from, and is not the sole supplier in that territory) at a price higher than the one proposed in the transaction with the controlling shareholder or the transaction in which the controlling shareholder has a personal stake. Furthermore, all purchase transactions in a calendar year shall not exceed 5% of the Company's annual total Cost of Revenues.

I. On November 18, 2025, the Company's Board of Directors, following the approval of the Audit Committee, approved the Company's engagement in a transaction in accordance with the Exemption Regulations as part of which the Company will, over a period of five years, sell controllers to companies owned by the controlling shareholder or others in which the controlling shareholder has a personal stake in a transaction with. The aforementioned sale of controllers constitutes part of the Company's ordinary course of business due to the fact that Company's core operations are the sale of controllers. Furthermore, the price per item in the transaction shall at the very least equal the price the Company charges for that item from a third-party unaffiliated with the controlling shareholder based on its pricelist, as it is revised from time to time, including volume discounts, as such are granted to third-party partners for those same volumes at that time. All sale transactions during a calendar year may not exceed a share of 5% of the Company's total annual sales.

Note 22 - Income taxes

A. The tax rates applicable to the company

Amendment 71 to the Capital Investment Encouragement Law (hereinafter: the "Law") provides for a tax rate on preferred income from a preferred enterprise of 16% (excluding Area A). The amendment also provides that if a dividend is distributed to an individual or foreign resident of the profits of a preferred enterprise as stated above, a tax rate of 20% will apply. Amendment 73 of the Law provides a unique tax benefit track for a "preferred technological enterprise" whereby a tax rate of 12% applies (excluding Area A).

The Company notified the Tax Authority regarding transition to the application of the amendment starting from 2017.

The Company management estimates that the Company is eligible for preferred income benefits from a preferred technological enterprise.

The corporate tax rate in Israel as of January 1, 2018 is 23%.

B. The company has tax assessments that are considered final until and including 2020.

Note 22 - Income taxes (Cont.)

C. Industrial company

The Company is an "industrial company" pursuant to the Encouragement of Industry (Taxation) Law, 1969 with respect to the product segment. According to this status and pursuant to the regulations published thereunder, the Company is entitled to claim a deduction of accelerated depreciation on equipment used in industrial activities, as determined in the regulations issued under the Inflation Adjustments Law. The Company is also entitled to amortize a patent or rights to use a patent or intellectual property which is used in the development or advancement of the enterprise, to deduct issuance expenses for shares listed for trading on the stock exchange as well as to file consolidated financial statements under certain conditions.

D. Approved Enterprise/Beneficiary Enterprise

Until the end of 2016, the Company was on the track of an Approved Enterprise / Beneficiary Enterprise pursuant to the Encouragement of Capital Investments Law, 1959 (hereinafter: the "Encouragement of Capital Investments Law").

On November 15, 2021, Amendment 74 to the Encouragement of Capital Investment Law was published as part of the Economic Efficiency Law (Legislative Amendments For Attaining Budgetary Objectives for the 2021 and 2022), in acccordance with which the Company will be obliged to perform a pro rata distribution of its exempt profits (if any is held thereby on the date of the distribution) in a distribution situation (as such term is defined in the law), in accordance with the provisions of the law and the determined terms.

The Company recorded tax expenses in the amount of approximately NIS 679 thousand, NIS 946 thousand, and NIS 3,780 thousand in 2025, 2024 and 2023, respectively, for dividends distributed following the coming into effect of the law.

The balance of the profits of an approved/beneficiary enterprise, which have not yet been distributed and for which no obligation was recorded as of December 31, 2025, is approximately NIS 7.3 million. If a dividend is distributed from these profits, the Company will be taxed at the rate of 23% and the recipients of the dividend will be taxed at the rate of 15%.

E. Unitronics Inc. is taxed under U.S. tax law,whereby the federal tax rate applicable thereto is 21%. Furthermore, Unitronics Inc is liable for state taxes at different rates (depending on the state in which the product is sold), whereby this amount is considered an expense for federal tax purposes.

F. Unitronics GMBH is taxed in accordance with German tax law, wherein the total tax rate applicable thereto is 31.825%.

Note 22 - Income taxes (continued)

G. Deferred taxes:

	Statements of financial position		Statements of income		
	For the year ended December 31,		For the year ended December 31,		
	2025	2024	2025	2024	2023
	NIS thousands				
Deferred tax liabilities:					
Right-of-use assets	889	983	(94)	177	(220)
Intangible assets	5,414	5,028	(386)	(49)	270
	6,303	6,011	(292)	128	50
Deferred tax assets:					
Property and equipment	7	11	(4)	(4)	(4)
Inventories	227	223	4	(133)	292
Financial and other liabilities	(32)	26	(58)	(307)	(318)
Lease liabilities	168	314	(146)	(204)	217
Employee benefits	475	463	(10)	(15)	23
	845	1,037	(214)	(663)	210
Tax income (expenses)			(506)	(535)	260
Deferred tax liabilities, net	5,458	4,974			
Deferred tax liabilities, net presented in the Statement of Financial Position as follows:					
Non-current liabilities	5,458	4,974			

H. The tax on income relates to the other comprehensive income sections:

	Statements of income		
	For the year ended December 31,		
	2025	2024	2023
	NIS thousands		
Profit (loss) from re-measurement for defined benefit plans	22	2	(20)

Note 22 - Income taxes (continued)

I. Income taxes included in profit or loss

	Statements of income		
	For the year ended December 31,		
	2025	2024	2023
	NIS thousands		
Current taxes	4,079	6,115	7,348
Tax expenses (income) for previous years	515	834	3,752
Deferred tax expenses (income), see also Section G above.	506	535	(260)
	5,100	7,484	10,840

J. Theoretical tax

	Statements of income		
	For the year ended December 31,		
	2025	2024	2023
	NIS thousands		
Profit before income taxes	27,784	51,192	52,053
Tax rates	23%	23%	23%
Tax calculated according to statutory tax	6,390	11,774	11,972
Increase (Decrease) in Income Taxes:			
Unrecognized expenses (non-taxable income), net	928	(956)	26
Various tax rates for foreign subsidiaries abroad	66	245	281
Tax rate benefit for preferred enterprise	(2,708)	(4,241)	(5,221)
Taxes for previous years (mainly in connection with declared dividends)	515	845	3,752
Other differences	(91)	(183)	30
Income taxes	5,100	7,484	10,840

Note 23 - Income

A. Income according to geographic areas:

	Statements of income		
	For the year ended December 31,		
	2025	2024	2023
	NIS thousands		
Israel	7,273	10,566	10,213
Europe	53,949	59,428	77,782
Unites States	80,378	100,363	99,095
Others [(1)]	13,179	21,879	24,581
Total revenues	154,779	192,236	211,671

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

Note 23 – Income (continued)

B. Revenues by products

	For the year ended December 31,		
	2025	2024	2023
	NIS thousands		
PLCs and expansion units	146,894	183,969	199,635
Others	7,885	8,267	12,036
Total revenues	154,779	192,236	211,671

Note 24 – Profit per share

	For the year ended December 31,		
	2025	2024	2023
	NIS thousands		
Net income used to calculate the basic earnings per share (NIS thousands)	22,684	43,708	41,213
Impact on income assuming conversion of options (NIS thousands)	-	(6,907)	(2,149)
Net income used to calculate the diluted earnings per share (NIS thousands)	22,684	36,801	39,064
Weighted average of amounts of shares used to calculate the earnings per share (No. of shares)			
Basic	13,992,552	13,943,796	13,901,972
Weighted average number of ordinary shares used in the calculation of the basic earnings per share	13,968,174	13,922,884	13,834,849
With the addition of options	30,330	281,620	608,063
Adjusted weighted average of number of ordinary shares used to calculate the diluted earnings per share	13,998,504	14,204,504	14,442,912

Note 25 - Financial instruments

A. Financial Risk factors

The Company's operations expose it to various financial risks such as market risks (currency risk and interest risk) credit risks and liquidity risks. The risk management program of the Company focuses on actions to reduce to a minimum the possible negative effects on the Company's financial transactions.

Risk management is performed by the Company's management under the supervision of the Board of Directors.

1. Market Risks

Currency risks

Most of the sales of the Company in the automated solutions segment are denominated in or linked to the US dollar or the Euro. Changes in the rates of exchange of the dollar against the shekel and of the Euro against the shekel, mainly during the period between the signing of the agreements and the payment thereof, are likely to create an exposure for the Company.

The Company has loans in Euro, and therefore changes in the rate of exchange of the Euro against the NIS could create an exposure for the Company.

Interest risks

The Company has loans denominated in Euro, with a variable prime interest spread. Changes in the rates of interest could affect the Company's business results.

2. Credit Risks

The Company does not anticipate material credit risks in respect of trade account receivables, deposits and other account receivables.

3. Liquidity risks

The liquidity risk is the risk that the Company will not be able to fulfill its financial obligations when they fall due. The Company's approach to managing its liquidity risk is to ensure, as far as possible, a sufficient level of liquidity to fulfill its obligations in due time.

The Company operates in order to enable the existence of sufficient levels of liquid means to pay the expected operating expenses and amounts required to fulfill its financial obligations. The aforesaid does not take into account the potential effect of extreme scenarios which cannot reasonably be expected.

The following table presents the maturity dates of the financial liabilities of the Company according to the terms thereof, in non-material amounts (including interest payments):

As of December 31, 2025:

	Book Value	Up to 1 year	2nd year	3rd year	4th year	5th year and thereafter	Total expected cash flow
	NIS thousands						
Trade payables	21,384		21,384	-	-	-	21,384
Other payables	8,268		8,268	-	-	-	8,268
Loans from a banking corporation	11,502		11,502	-	-	-	11,502
Lease liabilities	1,756		1,101	743	122	-	1,966
	42,910		42,255	743	122	-	43,120

Note 25 - Financial instruments (Cont.)

As of December 31, 2024:

	Book Value	Up to 1 year	2nd year	3rd year	4th year	5th year and thereafter	Total expected cash flow
				NIS thousands			
Trade payables	19,289	19,289	-	-	-	-	19,289
Other payables	12,017	12,017	-	-	-	-	12,017
Loans from a banking corporation and others	2,837	2,708	148	-	-	-	2,856
Lease liabilities	2,566	1,999	611	68	-	-	2,678
	36,709	36,013	759	68	-	-	36,840

B. Fair value

The balance in the financial statements of cash, customers, receivables and payable balances, suppliers and service provider liabilities, loans from banks, payables and credit balances and option warrants correspond or is close to the fair value thereof.

C. Classification of financial instruments at fair value rating

Liability for option warrants is measured in accordance with level 3 as specified below.

Level 3: Data which is not based on forecastable market data (valuation techniques with out the use of un-forecastable market data

D. Valuation techniques in respect of fair value measurements are classified at Level 3 – option warrant liabilities

As part of the 2016 FIMI investment agreement, the Company granted FIMI a notice of rights for 8 years to receive shares pursuant to which if the the terms specified in the investment agreement are fulfilled, the Company will allocate to FIMI up to an additional 535,714 shares, with no additional consideration.

The entitlement of FIMI to additional shares of the Company will depend on the total consideration which FIMI will receive from the sale of its holdings of the Company's shares and the shares of Utron. In light of the number of variables affecting the value of the option warrants the "Monte Carlo" model will be used.

The fair value of the liability for option warrants, for which there is no quoted market price, is determined in each reporting period on the basis of an economic model in the valuation of an external assessor.

The future value of the additional shares was calculated by multiplying (a) the total number of shares received by FIMI at - (b) the future value of the share and the - (c) the probability of the future value of the share.

The figure used to measure the fair value which is unforecastable is the standard deviation

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

The fair value of the price adjustment mechanism is the forecasted future value of the additional shares allocatd to FIMI (if allocated) discounted as of the date of the calculation, wherein the number of shares allocated to FIMI will be derived from the consideration received by FIMI upon the date of the sale of all its holdings in the Company's shares and the shares of Utron.

Note 25 - Financial instruments (continued)

D. Reconciliation between fair value measurements classified at Level 3 in the fair value rating of financial instruments:

	For the year ended December 31 2025	For the year ended December 31 2024
	USD thousands	
Liability as of the start of the period	-	6,907
Total profit (loss)	-	6,907
Liability as of the end of the period	-	-

E. Forward contracts and option warrants

The Company periodically enters into foreign currency forward contracts aimed at hedging part of its cash flow exposure to exchange rate fluctuations. Foreign currency forward contracts are not designated as a hedging instrument and therefore gains or losses from their measurement are charged to the statement of profit or loss. Forward contracts are for periods of 1 to 12 months.

F. Sensitivity tests for a change in market factors

	For the year ended December 31,	
	2025	**2024**
	Equity increase (decrease)	
	NIS thousands	
Sensitivity analysis for changes in the USD exchange rate:		
5% increase in the exchange rate	232	457
5% decrease in the exchange rate	(232)	(457)
Sensitivity analysis of changes in the Euro exchange rate:		
5% increase in the exchange rate	421	354
5% decrease in the exchange rate	(421)	(354)

The changes chosen in the relevant risk factors were determined in accordance with management's evaluations regarding possible and reasonable changes in these risk factors.

The Company prepared sensitivity analyses for the main market risk factors, which would affect the result of operations or the reported financial situation. The sensitivity analysis presents the profit or loss and/or change in shareholders' equity (before tax) for each financial instrument, for the relevant risk factor chosen therefore, as of each date of report. Examining the risk factors was performed on the basis of the significant exposure of the results of operations or the financial situation for each risk factor relative to the functional currency and on the assumption that all the other factors are fixed.

Note 26 – Events subsequent to the date of the balance sheet

1. On March 23, 2026, the Company's Board of Directors, following the approval of the Company's Audit Committee, in accordance with the Exemption Regulations, approved the renewal of a lease in the Unitronics building from a company controlled by Mr. Heinz Shani (the Company's Active Vice Chairman of the Board and its joint controlling shareholder with ILJIN), and his wife, Mrs. Bareket Shani, for an additional period of three years, beginning May 15, 2026, the date on which the three year period from the approval of the Company's shareholder assembly in May 2023 of the current lease concluded, and under terms identical to those approved by that assembly.

2. On March 23, 2026, the Company's Board of Directors, following the approval of the Audit Committee, approved the the engagement in a sublease for storage area of approximately 220 square meter in a new building in which Utron has taken residency, in lieu of the existing agreement. The new sublease agreement commenced on January 1, 2026, back to back with the cost paid by Utron to the lessor, including its end date, with the addition of overhead costs, with the annual expense totaling approximately NIS 190 thousand (linked to the CPI).

3. On March 23, 2026, the Company's Board of Directors, after approval by the Compensation Committee, approved the allocation of 100,000 options (non-tradable) exercisable for 100,000 ordinary shares of the Company, to the Company's CEO, Mr. Amit Harari. The options will vest over a period of 4 years in three equal parts, starting at the end of the second, third and fourth years from the date of grant, at an exercise price per option of NIS 25.21, NIS 27 and NIS 29, respectively, and will be exercisable for a period of 6 years from the date of allocation. The average fair value of each option at the date of allocation is NIS 5.75, calculated in accordance with the B&S model using the following indices: a risk-free interest rate of 3.85% on average and a standard deviation of 31.24% on average. It is clarified that the allocation of options to the Company's CEO is subject to the approval of the Company's shareholders' meeting.

Note 27 - Information about investee companies

	Country of incorporation	Shares conferring voting rights	Shares conferring rights to profits
		Holding rate	
		As of December 31, 2025 and December 31, 2024	
Unitronics Inc.	USA	100%	100%
Unitronics GmbH	Germany	100%	100%
Unitronics Building Management and Maintenance (2003) Ltd.	Israel	100%	100%

UNITRONICS (1989) (R"G) LTD

Financial data from the consolidated financial statements attributed to the Company

December 31, 2025

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

Financial data from the Consolidated Financial Statements attributed to the Company

as of December 31, 2025

Table of Contents

	Page
Special report of the auditors	C-47
Financial data from the Consolidated Statements of Financial Position attributed to the Company	C-49
Financial data from the Consolidated Statements of Profit or Loss attributed to the Company	C-51
Financial data from the Consolidated Statements of Comprehensive Income attributed to the Company	C-52
Financial data from the Consolidated Statements of Cash Flows attributed to the Company	C-53
Additional information	C-55

אילת 08-6339911 | מודיעין עילית 08-9744111 | קרית שמונה 077-8983322 | בני ברק 073-7145300 | רחובות 03-6386788 | באר שבע 077-7784100 | חיפה 04-8680600 | ירושלים 02-6546200 | תל אביב 03-6386868

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To the shareholders of Unitronics (1989) (R"G) Ltd

Dear Ladies and Sirs

Subject: Independent Auditors' special report on separate financial information under Regulation 9C to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970

Opinion

We have audited the separate financial information presented in accordance with regulation 9C of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 of Unitronics (1989) (R"G) Ltd. (hereinafter - the "Company") as of December 31, 2025 and the year ending on that date.

In our opinion, the separate financial information is prepared, in all material respects, in accordance with regulation 9C of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

Basis for the Opinion

We have prepared our audit in accordance with generally accepted audit standards in Israel.
These standards describe our duties in the paragraph on the duties of the auditing accountant in the audit of the solo financial information. We are independent of the Company in accordance with the provisions of the law applying in Israel with regard to independence and refraining from a conflict of interest on the part of the auditing accountant in Israel. Furthermore, we have fulfilled our additional ethical duties pursuant to the Auditor's Law, 1955, and the regulations derived from it. We are of the view that the audit findings are proper and sufficient in order to serve as a foundation for our opinion.

The duties of the Board of Directors and Management with regard to the solo financial information

The Company's Board of Directors and management are responsible for the preparation and presentation of the solo financial formation in accordance with the provisions of Regulation 9c of the Securities Regulations (Periodic and Immediate Reports), 1970, and the internal controls required based on the determination of the Board and management in order to permit the preparation of solo financial information without including any materially misleading representation, whether due to fraud or human error.
In the preparation of the solo financial information, the Board and management are responsible for estimating the Company's ability to continue operating as a Going Concern, to provide disclosure, as required, for matters pertaining to a Going Concern, and to apply a going concern accounting basis in the solo financial information, unless the Board and management intend to dissolve or end the Company's operations, or when there no other realistic alternative is available to them beyond that.

The duties of the auditing accountant with regard to the solo financial information

Our objective is to obtain a reasonable degree of assurance that the solo financial information includes no materially misleading misrepresentation, whether due to fraud or human error, and provide a special report by

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the auditing accountant which includes our opinion. A reasonable degree of assurance is a high degree of assurance, but does not guarantee that an audit prepared in accordance with generally accepted audit standards in Israel will always discover a materially misleading representation when such exists. Misleading representations may be due to fraud or human error and are considered material when, on their own or in aggregate, they may reasonably be expected to influence the financial decisions of users made on the basis of the solo financial information.

As part of an audit based on generally accepted audit standards in Israel, we exercise professional judgment and professional skepticism during the audit. Furthermore, we:

- Identify and evaluate the risks for a materially misleading representation in the solo financial statements, whether due to fraud or human error, plan and execute audit procedures in response to those risks, and obtain proper and sufficient audit findings to base our opinion on. The risk of failing to identify a materially misleading representation due to fraud is higher than the risk of failing to identify a materially misleading representation due to human error, as fraud may entail a conspiracy, counterfeiting, purposeful omissions, malicious false representations or circumventing of internal controls.
- Obtain an understanding of the internal controls relevant for the audit in order to plan appropriate audit standards under the circumstances, but not for the purpose of providing an opinion on the efficacy of the Company's internal controls.
- Evaluate the propriety of the accounting policy applied and the reasonability of accounting estimates and related disclosures by the Board and management.
- Form a conclusion with regard to the propriety of the determination by the Board and management regarding a Going Concern assumption, as well as, based on the audit findings, whether there is a material uncertainty regarding events or circumstances which may place significant doubts regarding the Company's ability to continue as a Going Concerns. When we form a conclusion that a material uncertainty exists, we are required to call attention in our special report to disclosures associated with the solo financial information, or, when such findings are insufficient, include a change in the uniform version of the special report. Our conclusions are based on audit findings obtained by the date of our special report. Notwithstanding, future events or circumstances may cause the Company to cease operating as a Going Concern.
- Evaluate the overall presentation, structure and contents of the solo financial information, including disclosures, and whether the solo financial information was prepared, in all material aspects, in accordance with the provisions of Regulation 9c of the Securities Regulations (Periodic and Immediate Reports), 1970.

We communicate to the Board of Directors and management, among other things, the scope and timing of the planned audit and significant audit findings, including significant deficiencies in internal controls identified by an auditing accountant during an audit.

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

Tel Aviv, March 23, 2026

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Unitronics (1989) (R"G) Ltd

Financial data from the Consolidated Statements of Financial Position attributed to the Company

	Additional information	December 31, 2025	December 31, 2024
		NIS, (in thousands)	
Current assets			
Cash and cash equivalents		4,290	1,831
Trade receivables, net		12,206	11,447
Other account receivables		3,003	2,699
Related companies, net		733	2,280
Other accounts receivable – subsidiaries	D2	1,529	5,744
Inventory		39,428	41,848
		61,189	65,849
Non-current assets			
Other deposits		112	110
Related companies, net		-	866
Right-of-use assets		12,448	14,035
Fixed assets, net		3,083	1,625
Loans and capital note to subsidiaries less net of surplus liabilities over assets associated with subsidiaries	D2	15,038	14,548
Intangible assets, net		44,258	41,924
		74,939	73,108
		136,128	138,957

Jasbir Singh	Haim Shani	Amit Harari	Itzik Hai
Active Chairman	Active Vice Chairman	CEO	CFO

The date of approval of the financial statements: March 23, 2026

The additional information to the financial information forms an integral part thereof.

Unitronics (1989) (R"G) Ltd

Financial data from the Consolidated Statements of Financial Position attributed to the Company

	Additional information	December 31, 2025	December 31, 2024
		NIS, (in thousands)	
Current liabilities			
Loans from a banking corporation and others		11,342	2,693
Trade payables		20,385	18,658
Lease liabilities		884	1,860
Other payables		10,993	17,825
		43,604	41,036
Non-current liabilities			
Loans from a banking corporation and others		-	142
Employee benefit liabilities, net		1,071	1,093
Lease liabilities		416	613
Deferred revenues		711	-
Deferred taxes	D5	5,458	4,974
		7,656	6,822
Equity			
Share capital		431	430
Capital reserve for share-based payment		3,585	1,751
Additional paid-in capital		64,798	64,603
Capital reserve for adjustments deriving from the translation of the financial statements		(3,790)	(1,701)
Treasury shares		(7,042)	(7,042)
Reserve from a transaction with the controlling shareholder		104	104
Retained earnings		26,782	32,954
		84,868	91,099
		136,128	138,957

The additional information to the financial information forms an integral part thereof.

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Unitronics (1989) (R"G) Ltd

Financial data from the Consolidated Statements of Profit or Loss attributed to the Company

	Additional information	For the year ended December 31,		
		2025	2024	2023
		NIS, (in thousands)		
Revenues		66,228	84,068	104,171
Revenues from subsidiaries	E1	65,436	79,774	87,264
Total revenues		131,664	163,842	191,435
Cost of revenues		77,237	91,483	109,105
Gross profit		54,427	72,359	82,330
Development expenses		4,127	4,777	4,471
Selling and marketing expenses		16,066	14,150	14,880
General and administrative expenses		9,866	11,764	11,365
Other Revenues		-	70	-
General and administrative expenses of subsidiary companies	E1	855	840	797
Profit from ordinary operations		23,513	40,898	50,817
Financing income		2,260	803	843
Financing expenses		1,388	1,122	2,275
Gain from revaluation of option warrant liabilities		-	6,907	2,451
Profit after financing, net		24,385	47,486	51,836
Company share of subsidiary companies' profit (loss)		2,580	2,916	(682)
Profit before income taxes		26,965	50,402	51,154
Income taxes	D7	4,281	6,694	9,941
Net income		22,684	43,708	41,213

The additional information to the financial information forms an integral part thereof.

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Unitronics (1989) (R"G) Ltd

Financial data from the Consolidated Statements of Comprehensive Income attributed to the Company

	For the year ended December 31,		
	2025	2024	2023
	NIS, (in thousands)		
Net income attributed to the company's shareholders	22,684	43,708	41,213
Other comprehensive profit (loss) (after tax)			
Items that will not subsequently be reclassified to profit or loss:			
Remeasurement gain (losses) from defined benefit plans	144	(15)	125
Items that will be reclassified to profit or loss in the future if certain conditions are met:			
Adjustments arising from translating financial statements of foreign operations	(2,089)	21	363
Other comprehensive profit (loss) for the year attributed to the Company's shareholders	(1,945)	6	488
Total comprehensive income for the year attributed to the Company's shareholders	20,739	43,714	41,701

The additional information to the financial information forms an integral part thereof.

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Unitronics (1989) (R"G) Ltd

Financial data from the Consolidated Statements of Cash Flows attributed to the Company

	For the year ended December 31,		
	2025	2024	2023
	NIS, (in thousands)		
Cash flows - operating activities			
Net income attributed to the company's shareholders	22,684	43,708	41,213
Adjustments required to reconcile Net income to net cash provided by operating activities (Appendix A)	11,888	(6,906)	12,234
Cash flows net derived from current operations of the Company	34,572	36,802	53,447
Net cash deriving from current operations (used for current operations) in respect of transactions with subsidiaries	4,215	(718)	7,215
Cash flows provided by operating activities	38,787	36,084	33,621
Cash flows – investment activities	(1,282)		
Investment in fixed assets	-	(506)	(635)
Proceeds from the sale of fixed assets	(86)	157	-
Investment in right of use assets	(12,411)	(273)	(253)
Investment in intangible assets	(13,779)	(10,871)	(8,788)
Net cash flows used in investment activities		(11,493)	(9,676)
Cash flows - financing activities			
Repayment of long-term loans	(3,000)	(871)	(2,339)
Receipt of long-term loan from a banking corporation and others	14,000	-	220
Short-term credit from a banking corporation, net	(2,500)	2,500	-
Dividends paid	(29,000)	(34,000)	(38,502)
Repayment of lease liabilities	(2,056)	(2,079)	(1,923)
Net cash used in financing activities	(22,556)	(34,450)	(42,544)
Effect of exchange rate changes on cash	7	285	257
Net change in cash and cash equivalents	2,459	(9,574)	8,699
Cash and cash equivalents at beginning of year	1,831	11,405	2,706
Cash and cash equivalents at end of year	4,290	1,831	11,405

The additional information to the financial information forms an integral part thereof.

אילת 08-6339911 | מודיעין עילית 08-9744111 | קרית שמונה 077-8983322 | בני ברק 073-7145300 | רחובות 03-6386788 | באר שבע 077-7784100 | חיפה 04-8680600 | ירושלים 02-6546200 | תל אביב 03-6386868
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Unitronics (1989) (R"G) Ltd

Financial data from the Consolidated Statements of Cash Flows attributed to the Company

	For the year ended December 31,		
	2025	2024	2023
	NIS, (in thousands)		
Appendix A - Adjustments required to reconcile net income to net cash provided by operating activities			
Company share of losses (profits) of subsidiaries	(2,580)	(2,916)	682
Depreciation and amortization	13,016	13,207	12,526
Accrued severance pay, net	144	(372)	(62)
Changes in Deferred taxes	462	535	(259)
Revaluation of foreign currency cash balances	(7)	(285)	(256)
Gain from the sale of fixed assets	-	(70)	-
Revaluation of long-term loans	7	(5)	48
Stock-based compensation	2,030	1,405	148
Revaluation of other financial assets	8	(99)	(152)
Revaluation of warrants for share options	-	(6,907)	(2,451)
Accrued interest and revaluation in respect of leases	108	189	214
Changes in assets and liabilities:			
Decrease (increase) in trade receivables	(760)	1,417	3,123
Decrease (increase) in accounts receivables	(897)	(307)	1,475
Decrease (increase in inventories	2,420	27	(3,089)
Increase (decrease) in Related companies, net	1,745	(2,919)	(1,399)
Increase (decrease) in trade payables	2,313	(5,972)	(3,822)
Increase (decrease) in other accounts payables	(6,121)	(3,834)	5,508
	11,888	(6,906)	12,234
Appendix B - Additional information on cash flows regarding operating activities			
Cash paid during the year for:			
Interest	958	425	547
Income taxes	5,933	9,080	7,463
Cash received during the year for:			
Interest	7	-	81
Appendix C			
Entry into new lease agreements	773	404	3,587
Classification of related companues long-term debt	-	119	-
Declaration of a dividend	-	-	10,000
Purchase of fixed assets from a Related Company	668	-	-

The additional information to the financial information forms an integral part thereof.

אילת 08-6339911 | מודיעין עילית 08-9744111 | קרית שמונה 077-8983322 | בני ברק 073-7145300 | רחובות 03-6386788 | באר שבע 077-7784100 | חיפה 04-8680600 | ירושלים 02-6546200 | תל אביב 03-6386868
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Unitronics (1989) (R"G) Ltd

Additional information

A. **Details of the separate financial information**

1. Principles of Editing Separate Financial Information

The separate financial information of Unitronics (1989) (RG) Ltd. (hereinafter "the Company") includes financial data from the Company's consolidated financial statements, which are attributed to the Company itself as a parent company and are prepared in accordance with Regulation 9C and the 10th Schedule to the Securities Regulations (Periodic and Immediate Reports), 1970.

The accounting policies applied in the separate financial information are the same as the accounting policies set forth in Note 2 to the Company's consolidated financial statements as of December 31, 2025, subject to the foregoing in this section and detailed in Note A2 below.

2. The handling of inter-company transactions

In the separate financial information, transactions between the Company and subsidiaries were recognized and measured and were eliminated in the consolidated financial statements. Recognition and measurement were conducted in accordance with the recognition and measurement principles set out in the international accounting standards (IFRS Accounting Standards) so that these transactions were treated as transactions performed with third parties.

The statements included in the separate financial information presented intercompany balances and income and expenses for intercompany transactions, eliminated in the consolidated financial statements, separate from the "balance for subsidiary companies, net" and "net income for subsidiary companies", such that the equity attributed to the holders of the parent company, the profit (loss) for the period attributed to the holders of the parent company and the total comprehensive profit (loss) for the period attributed to the holders of the parent company based on the consolidated statements of the Company, are the same as the equity attributed to the company itself as the parent company, the profit (loss) for the period attributed to the company itself as the parent company and the total comprehensive profit (loss) for the period attributed to the Company itself as the parent company, respectively, based on the separate financial information of the Company.

Within the cash flow amounts attributed to the Company itself as a parent company the net cash flows for transactions with subsidiaries are presented as part of current operations, investment activities or financing activities, as applicable.

B. **Disclosure of financial liabilities attributed to the Company itself as a parent company (excluding amounts in respect of subsidiaries)**

Liquidity risk attributed to the parent company

The liquidity risk is the risk that the Company will not be able to meet its financial obligations when they fall due. The Company's approach to management of liquidity risk is to ensure, as far as possible, a sufficient level of liquidity to meet its obligations in due time.

The Company operates in order to enable the existence of sufficient levels of liquid means to pay the expected operating expenses and amounts required to meet its financial obligations. This does not take into account the potential effect of extreme scenarios where there is no reasonable possibility of expecting them.

C. Disclosure of taxes on income attributed to the Company

1. Income taxes relating to items of other comprehensive income:

	Statements of income		
	Year ended December 31,		
	2025	2024	2023
	NIS in thousands		
Remeasurement gain (loss) from defined benefit plans	22	2	(20)

2. Taxes on income attributed to an affiliated Company in profit or loss:

Current tax	3,131	5,224	6,421
Tax expenses in respect of previous years	644	935	3,780
Deferred tax expenses (income)	506	535	(260)
	4,281	6,694	9,941

D. Capital notes, debt balances, transactions and material contracts with investee companies

1. Agreements with investee companies

   a. Unitronics Inc. (hereinafter – "Unitronics Inc.") was established by the Company in 2001 to market, sell and distribute the Company's products and to operate projects in the United States. Unitronics Inc. acquires products and services from the Company and sells these products and services to its customers.

   b. Unitronics Building Management and Maintenance (2003) Ltd. was established by the Company in 2003 and primarily manages and maintains Unitronics House and receives management and maintenance fees for the area used by the Company in Unitronics House.

   c. The Company holds 100% of the capital and control rights in Unitronics GMBH (hereinafter: "Unitronics GMBH"). Unitronics GMBH was established by the Company in 2020 and started operations in October 2020. Unitronics GMBH is mainly engaged in the marketing and distribution of the products of the Company in Europe.

2. Capital notes, guarantees and balances

   a. On December 31, 2007, the Company provided 8 capital notes in the amount of NIS 1 million each to the subsidiary Unitronics Inc. against the current balance. On December 31, 2010 and 2011 the Company provided additional two capital notes in the amount of NIS 1 million each. On December 31, 2012, the Company provided additional two capital notes in the amount of NIS 1 million each. The balance of capital notes as of December 2025 and 2024 amounts to NIS 12 million. The Capital notes are nominated in NIS, not linked, do not bear interest and the maturity date will not be before the end of 5 years from the date they were provided. The repayment of these capital notes will defer to other obligations and will prior only to distribution of assets to shareholders in liquidation.

      In addition, there is a current balance of the subsidiary Unitronics Inc. as of December 31, 2025, in the amount of approximately NIS 1,387 thousand (approximately NIS 5,675 thousand as of December 31, 2024).

   b. As of December 31, 2025, there is a current debt balance of Unitronics GMBH to the company in the amount of approximately NIS 142 thousand (approximately NIS 69 thousand as of December 31, 2024).

   c. As of December 31, 2025, there is a current debit balance of Unitronics House Management and Holdings (2003) Ltd, in the amount of approximately NIS 196 thousand (approximately NIS 59 thousand as of December 31, 2024).

אילת 08-6339911 | מודיעין עילית 08-9744111 | קרית שמונה 077-8983322 | בני ברק 073-7145300 | רחובות 03-6386788 | באר שבע 077-7784100 | חיפה 04-8680600 | ירושלים 02-6546200 | תל אביב 03-6386868

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Chapter D – Additional Details about the Corporation

4.1 Regulation 10A - Summary of Income Statements (Consolidated) for Each of the Quarters of 2025 (NIS Thousands)

	1-3/2025	4-6/2025	7-9/2025	10-12/2025	2025
	NIS thousands				
Income	40,329	39,599	37,942	36,909	154,779
Cost of income	20,202	19,628	19,327	18,828	77,985
Gross profit (gross profit margin)	20,127 (49.9%)	19,971 (50.4%)	18,615 (49.1%)	18,081 (49.0%)	76,794 (49.6%)
Development expenses	1,046	1,064	1,031	986	4,127
Sales and marketing expenses	7,029	8,201	8,301	8,918	32,449
General and administrative expenses	3,932	3,543	3,217	3,097	13,789
Profit from ordinary activities	8,120	7,163	6,066	5,080	26,429
Financing (income) expenses, net	(239)	1,397	251	(54)	1,355
Profit on income before taxes	7,881	8,560	6,317	5,026	27,784
Income taxes expenses	1,437	1,784	986	893	5,100
Profit for the period	6,444	6,776	5,331	4,133	22,684
Comprehensive profit (loss) for the period	347	(1,558)	(315)	(419)	(1,945)
Total comprehensive profit for the period	6,791	5,218	5,016	3,714	20,739

4.2 Regulation 11 - List of Investments in Material Subsidiaries and Associates as of the date of the statement of financial position

Subsidiary	Class of share	No. of shares	Total par value	Value of shares in the financial statement	Utron debit/credit balance and capital note (NIS thousands)
Unitronics Building Management and Maintenance (2003) Ltd.	Ordinary – NIS 1	1,000	NIS 1,000	NIS 1,000	(196)
Unitronics Inc. (foreign company)	Ordinary – USD 0.01	1,000	USD 10	USD 10	1,387
Unitronics GMBH (foreign company)	Ordinary – EUR 1	25,000	EUR 25,000	EUR 25,000	142

Subsidiary	Value in the separate financial statement of the corporation, attached to the Company's financial statements	Percentage of Company's holdings in capital, in voting rights and in the power to appoint directors, out of total issued shares
	NIS in thousands	
Unitronics Building Management and Maintenance (2003) Ltd.	(296)	100%
Unitronics Inc. (foreign company)	14,724	100%
Unitronics GMBH (foreign company)	610	100%

For details of loan balances on the statement of financial position see Section 1.15 of Part A of the Periodic Report and Note 10 to the Consolidated Financial Statements – Part C of the Periodic Report.

4.3 Regulation 12 – Changes in Investments in Material Subsidiaries and Associates

There were no changes in Company's investments in Material Subsidiaries and Associates during the reporting period.

4.4 Regulation 13 – Income of Material Subsidiaries and Associates and Company's Income Therein

Following are figures on the comprehensive profit of Company's Material Subsidiaries and Associates for the 12-month period ending December 31, 2025, as well as details on dividends, management fees and interest received by the Company and/or to which the Company is entitled from each such company, as detailed below (NIS Thousands):

Company	2025 Pretax Profit (Loss)	2025 Net Profit (Loss)	2025 Net Compre-hensive Profit (Loss)	Income received during the year ending December 31, 2025 for 2025 and for the subsequent period			Income received or to which the Company is entitled to receive subsequent to December 31, 2025 for 2025, or the subsequent period, with payment dates		
				Dividend	Mgmt. Fees	Interest	Dividend	Mgmt. Fees	Interest
Unitronics Building Management and Maintenance (2003) Ltd.	(322)	(324)	(324)	-	-	-	-	-	-
Unitronics Inc.	500	(257)	(257)	-	-	-	-	-	-
Unitronics GMBH	186	128	128	-	-	-	-	-	-

4.5 Regulation 20 - Trading on the Tel Aviv Stock Exchange Ltd.

For details of changes in Company's issued equity due to the exercise of unlisted options see Company's immediate reports of February 18, 2025 February 19, 2025 April 22, 2025 April 23, 2025 April 24, 2025, July 20, 2025, July 23, 2025, August 24, 2025 and August 25, 2025 (Reference Number: 2025-01-011508, 2025-01-011653, 2025-01-028554, 2025-01-028780, 2025-01-029142, 2025-01-053605, 2025-01-054801, 2025-01-062900 and 2025-01-063320, respectively), included in this report by way of reference.

4.6 Regulation 21 - Remuneration of Interested Parties and Senior Officers

4.6.1 Below are details of the payments (in NIS thousands)[(1)] made by the Company and all payment undertakings (in cash and/or cash equivalents, loans, rights and any other

benefit) which the Company took upon itself in the reporting year, as recognized in the financial statements for 2025, including with regard to retirement terms, for each of the five officers receiving the highest pay from among the senior officers serving in the Company or a company under its control (the three senior officers with the highest remuneration in the corporation, whose remuneration was provided in connection with their position in the corporation itself, are among the following five officers), as well as remuneration to Company's stakeholders paid to them by the Company or a corporation in its control in connection with services they had provided as officers of the Company or a corporation in its control. For details of the employment terms of officers, see below:

Name	Position	Employment	Corporate capital holding rate as of the report publication date	Remuneration for Services						Other Remuneration			Total (NIS thousands)
				Salary	Bonus	Share-based payment (2)	Consultancy fees	Commission	Other	Interest	Rent	Other	
Mr. Haim Shani	Active Vice-Chairman of the Board of Directors (Joint Active Chairman through July 2025)	60% (as Co-Active Chairman - 30%)	4.89%	1,217	336	-	-	-	-	-	See Note (3)	-	**1,553**
Mr. Amit Ben Zvi	Formerly Joint Active Chairman of the Board of Directors	15% (from July 2025 – October 2025)	-	-	185	-	504	-	-	-	-	-	**589**
Mr. Amit Harari	CEO of the Company	100%	-	1,012	187	522	-	-	-	-	-	-	**1,721**
Mr. Albert Betz	General Manager Unitronics INC	100%	-	830	48	217	-	-	-	-	-	-	**1,095**
Mr. Itzhak Hai	CFO	100%	-	829	14	292	-	-	-	-	-	-	**1,135**
Mr. Ron Elkalay	COO	100%	-	772	45	271	-	-	-	-	-	-	**1,088**
Remaining Directors(4)	-	-	-	-	-	-	-	-	-	-	-	336	**336**

(1) Remunerations figures are presented at cost to the Company.

(2) For details of employee option grant programs, actual grants, deduction of exercise price and the extension of the vesting periods for options granted in 2024 as well as with regard to option exercises during and after the reporting period, see Notes 14 and 26 to the Consolidated Financial Statements - Chapter C of the Periodic Report.

(3) For details of the rent paid by the Company to the Company under the control of Haim Shani and Bareket Shani in respect of the rental of private floors in Unitronics House, see section 1.11.2 in Chapter A of the Periodic Report.

(4) For details of remuneration paid to the remaining directors, see the below Section 4.6.7.

4.6.2 Main Terms of the Employment of Mr. Haim Shani

The Company is bound by a personal employment agreement with Mr. Haim Shani (controlling shareholder of the Company (jointly with ILJIN Holding, Ltd. since October 2025) and Active Vice-Chairman) (hereinafter in this section: the "**Employment Agreement**"). In accordance with the Employment Agreement, effective as of July 2025 Mr. Shani serves as the Active Vice-Chairman of the Board of Directors of the Company, after previously serving as the Joint Active Chairman.

Details of Mr. Shani's employment terms in effect through the end of March 2025 are included in this report by way of a reference to Section 4.6.3 of Part D of the Company's 2024 Periodic Report (Reference Number: 2025-01-018586) ("**2024 Periodic Report**").

Following are the main terms of employment for Mr. Shani beginning April 2025:

Under the Employment Agreement, Mr. Shani's salary as Active Vice-Chairman in a 60% position is NIS 56 thousand per month, linked to the May 2025 Consumer Price Index (hereinafter: "**The Index**").

Additionally, Mr. Shani is eligible to receive from the Company accepted social benefits such as Executive Insurance and a training fund grossed up for tax purposes, use of a company vehicle or, alternatively, reimbursement of vehicle expenses grossed up for tax purposes and a 30-day annual holiday that can be accrued over the next two years of work.

In addition, Mr. Shani is eligible for an annual grant for each calendar and as long as he is employed as a senior company officer, at a rate of 6% of pre-tax profit for the same year (cost to the Company) beyond NIS 30 million and up to a ceiling of NIS 757 thousand (linked to the Index).

Should the Company elect to terminate the employment of Mr. Shani, he would be entitled to 6 months' advance notice, and should he initiate the conclusion of his employment, to 3 months' advance notice.

Mr. Shani is entitled to inclusion in the Company's officers' insurance policy as well as indemnification and exemption statements under terms identical to those granted to other officers of the Company, excluding the exemption from a resolution or transaction in which the controlling shareholder or other office of the Company (including an officer other than the individual granted the exemption) has a personal stake.

In March 2026, the Company's Compensation Committee and Board of Directors confirmed that the payment of a bonus as detailed in the table in Regulation 21 above to Mr. Shani for the first quarter of 2025 is in accordance with the Company's compensation policy and Mr. Shani's employment agreement, and constitutes fair and reasonable consideration for Mr. Shani's essential services.

4.6.3 Main Terms of the Service of Mr. Amit Ben-Zvi

Mr. Ben-Zvi served as Joint Active Chairman through October 2025. For the cost of his wages in 2025, see the table in Regulation 21 in this current section.

Details of the terms of Mr. Ben-Zvi's service in his former role as Joint Active Chairman, in effect through the end of March 2025, are included in this report by way of a reference to Section 4.6.5 of Part D of the 2024 Periodic Report.

Details of the terms of Mr. Ben-Zvi's service in his former role as Joint Active Chairman, in effect beginning April 2025, are included in this report by way of a reference to Section 2.2 of the immediate report dated July 3, 2025 (Reference Number: 2025-01-048636).

In October 2025, the Compensation Committee and the Company's Board of Directors approved that the payment of a bonus as detailed in the table in Regulation 21 above to Mr. Ben Zvi for the first quarter of 2025 is in accordance with the Company's compensation policy and Mr. Ben Zvi's employment agreement, and constitutes fair and reasonable consideration for Mr. Ben Zvi's essential services.

4.6.4 Main Terms of the Employment of Mr. Amit Harari

The Company is bound by a personal employment agreement with Mr. Amit Harari, by which Mr. Harari serves as the Company's CEO. The relationship between the Company and Mr. Harai constitutes an Employer-Employee relationship. Details of the terms of Mr. Harari's service as CEO of the Company, in effect through November 2025, are included in this report by way of a reference to Section 4.6.4 of the 2024 Periodic Report.

Effective as of December 2025, Mr. Harari's wages have been revised to a total of NIS 70 thousand, gross, with the addition of social benefit provisions equal to 100% of wages. Furthermore, the maximum variable financial remuneration for Mr. Harari has been adjusted to a total of up to 7 gross salaries, subject to meeting the sales and net profit targets, and the advance notice period was revised to three months. For options granted by the Company, see the table in the above Regulation 21 and Notes 14 and 26 to the Consolidated Financial Statements - Part C of the Periodic Report.

In addition to the salary set forth above, Mr. Harari is entitled to receive from the Company acceptable social benefits such as executive insurance, a training fund, use of a company vehicle and reimbursement of expenses, and a 24-day annual vacation that can be accrued over the next two years of work.

For details of Mr. Harari's eligibility for inclusion in the Company's officers' insurance policy as well as indemnification and exemption statements, see the below Section 4.8.2 (Regulation 22).

In March 2026, the Compensation Committee and the Company's Board of Directors confirmed that the payment of a bonus as detailed in the table in Regulation 21 above to Mr. Harari for the year 2025 is in accordance with the Company's compensation policy and Mr. Harari's employment agreement, and constitutes fair and reasonable consideration for Mr. Harari's essential services.

4.6.5 Main Terms of the Employment of Mr. Albert Betz

The Company is bound by a personal employment agreement with Mr. Albert Betz, according to which Mr. Betz serves as CEO of Unitronics Inc., a subsidiary fully owned by the Company (hereinafter in this current section: the "Employment Agreement"). The Company and Mr. Betz have an employer-employee relationship, and the employment agreement is for an indefinite period. Either party may terminate the employment agreement, at any time and for any reason, after giving the other party prior written notice as stipulated in the employment agreement.

For his salary increase in 2025 and the options granted by the Company, see the table in Regulation 21 above and Note 14 to the Consolidated Financial Statements – Chapter C of the Periodic Report. Mr. Betz is entitled to social security provisions and customary accompanying conditions.

For details regarding Mr. Betz's eligibility to be included in the Company's officer insurance policy as well as for indemnity and exemption letters, see Section 4.8.2 (Regulation 22) below.

In March 2026, the Compensation Committee and the Company's Board of Directors confirmed that the payment of a bonus as detailed in the table in Regulation 21 above to Mr. Betz for the year 2025 is in accordance with the Company's compensation policy and Mr. Betz's employment agreement, and constitutes fair and reasonable consideration for Mr. Betz's essential services.

4.6.6 Main Terms of the Employment of Mr. Itzhak Hai

The Company is bound by a personal employment agreement with Mr. Itzhak Hai, according to which Mr. Hai serves as Chief Financial Officer (hereinafter in this current section: the "Employment Agreement"). The Company and Mr. Hai have an employer-employee relationship, and the employment agreement is for an indefinite period. Either party may terminate the employment agreement, at any time and for any reason, after giving the other party prior written notice as stipulated in the employment agreement.

For his salary increase in 2025 and the options granted by the Company, see the table in Regulation 21 above and Note 14 to the Consolidated Financial Statements – Chapter C of the Periodic Report. Mr. Hai is entitled to social security provisions and customary accompanying conditions.

For details regarding Mr. Hai's eligibility to be included in the Company's officer insurance policy as well as for indemnity and exemption letters, see Section 4.8.2 (Regulation 22) below.

In March 2026, the Compensation Committee and the Company's Board of Directors confirmed that the payment of a bonus as detailed in the table in Regulation 21 above to Mr. Hai for the year 2025 is in accordance with the Company's compensation policy and Mr. Hai 's employment agreement, and constitutes fair and reasonable consideration for Mr. Hai 's essential services.

4.6.7 Main Terms of the Employment of Mr. Alkalay

The Company is bound by a personal employment agreement with Mr. Ron Alkalay, according to which Mr. Alkalay serves as Chief Operating Officer (hereinafter in this current section: the "**Employment Agreement**"). The Company and Mr. Alkalay have an employer-employee relationship, and the employment agreement is for an indefinite period. Either party may terminate the employment agreement, at any time and for any reason, after giving the other party prior written notice as stipulated in the employment agreement.

For his salary increase in 2025 and the options granted by the Company, see the table in Regulation 21 above and Note 14 to the Consolidated Financial Statements – Chapter C of the Periodic Report. Mr. Alkalay is entitled to social security provisions and customary accompanying conditions.

For details regarding Mr. Alkalay's eligibility to be included in the Company's officer insurance policy as well as for indemnity and exemption letters, see Section 4.8.2 (Regulation 22) below.

In March 2026, the Compensation Committee and the Company's Board of Directors confirmed that the payment of a bonus as detailed in the table in Regulation 21 above to Mr. Alkalay for the year 2025 is in accordance with the Company's compensation policy and Mr. Alkalay 's employment agreement, and constitutes fair and reasonable consideration for Mr. Alkalay 's essential services.

4.6.8 Remuneration the Company has paid and/or committed to pay to Company stakeholders which have not been included in the tables above

Remuneration paid to Directors (except for with regards to the Vice Chairman) constitutes annual remuneration and participation remuneration pursuant to the "Established Amount" specified in the Second and Third Schedules to the Companies Regulations (Guidelines for Remuneration and Expenses for External Directors), 2000, as they shall be from time to time, based on the ranking of the Company.

For the directors and officers' liability insurance policy and indemnification and exemption statements to which Company's officers are entitled, see the below Section 4.8.2 (Regulation 22).

4.7. Regulation 21A - Control of the Company

On October 9, 2025, the parties closed a transaction by which the FIMI fund and Mr. Haim Shani sold ordinary shares in the Company to ILJIN Holding Ltd. (hereinafter: "**ILJIN**") constituting approximately 40.2% of Company's issued share capital (excluding dormant shares) in return for approximately NIS 156 million. Since that date, ILJIN constitutes Company's controlling shareholder alongside Mr. Shani (who continues to constitute Company's controlling shareholder), and the FIMI Fund ceased to constitute Company's controlling shareholder. At the same time, a shareholder's agreement between ILJIN and Mr. Shani came into effect, the main terms of which are detailed below. For additional details regarding the transaction, see the immediate reports dated July 28, 2025 and October 9, 2025 (Reference Numbers: 2025-01-055815 and 2025-01-074617), included in this report by way of reference.

To the best of the Company's knowledge, FIMI Fund (via FIMI Five 2012 Ltd.) serves as the General Partner in two limited partnerships which directly held shares in the Company: FIMI Opportunity Five (Delaware), a limited partnership, and the FIMI Israel Opportunity Five Limited Partnership. The beneficial controlling shareholder in the FIMI FUND is Mr. Yishai Davidi. The FIMI Fund, together with Mr. Haim Shani, were engaged in a shareholder agreement, pursuant to which they coordinated their votes on various matters, including the appointment of directors and dispositions in their shares.
To the best of the Company's knowledge, as of the date of the report ILJIN holds approximately 45.48% of the Company's issued share capital (excluding dormant shares), and is fully owned by IL JIN Electronics Private Limited (India), a private company whose shares are held at a share of 89.58% by Amber Enterprises India Limited, a public company registered for trading on the

Indian Stock Exchange. Amber Enterprises India Limited is owned by the brothers Daljit and Jasbir Singh.

Following details of the main terms of the shareholders' agreement executed between ILJIN and Mr. Shani:

A. Mr. Shani will continue serving as a director for the Company and will serve as Joint Chairman of the Board of Directors or Vice Chairman of the Board.
B. Mr. Shani has undertaken to refrain from selling his remaining shares in the Company (683,650) during a 48-month blackout period from the time the transaction is closed (subject to certain terms established in the agreement).
C. In general assemblies of the Company, Mr. Shani will vote the entirety of his shares in accordance with the vote cast by ILJIN, so long as such vote does not derogate from his rights.
D. ILJIN has granted Mr. Shani a put option and Mr. Shani has granted ILJIN a call option on his remaining shares in the Company, following the blackout period, at the higher share price of the following: (1) NIS 27.75 (adjusted to dividend distributions); and (2) the average closing price of Company's shares on the Exchange (Ex-Dividend) during the 60 consecutive trading days preceding the option exercise date.

4.8. Regulation 22 - Transactions with Controlling Shareholders

Below are details, to the best of the Company's knowledge, regarding each transaction with the controlling shareholders of the Company or which the controlling shareholders of the Company have a personal interest in its approval, entered into by the Company in 2025 or later than the end of 2025 and up to the report filing report, or is still valid on the date of the report:

4.8.1. Transactions which are not enumerated in section 270(4) of the Companies Law

4.8.1.1. Unitronics Building Management and Maintenance (2003) Ltd. (hereinafter: "**Unitronics Management**"), a wholly owned subsidiary of the Company, provides management and maintenance services for Unitronics Building. These services include, primarily, service for elevators and air conditioning, electrical and fire detection systems in the Unitronics Building (contacting various suppliers in case of malfunction and/or for servicing and/or periodic testing, as per the manufacturer's/ supplier's instructions), as well as services of cleaning, pest control, gardening and security (via subcontractors) (hereinafter: "the **Management Services**"). In return for these services, Unitronics Management charges monthly management fees at a rate of NIS 12.96 per square meter, linked to the Index, of each tenant's space in the Unitronics Building, and in addition charges separately for electricity consumption according to readings of separate meters of the Company and for the other tenants of the Unitronics Building (who share the expense, pro-rated to the area used by each tenant).

In accordance with a resolution of the Audit Committee and the Board of Directors from May 2003, Unitronics Management also provides maintenance services to the other areas in the Unitronics Building which are not used by the Company and are leased by a private company wholly owned by Mr. Haim Shani and his wife, Ms. Bareket Shani, provided

that: (a) Unitronics Management provides equal services to all the tenants of the Unitronics Building, which are similar to the services provided by other management companies in the vicinity of the Unitronics Building; and (b) the effect of providing such services on the profitability, assets or liabilities of Unitronics remains immaterial. According to the resolution of the Company's Board of Directors, any deviation from the above resolutions requires the Board's approval and any other approval mandated by law. There is no written contract between the Company and Unitronics Management, and Mr. and Ms. Shani, with regard to the management services. In practice, Mr. and Ms. Shani require the tenants leasing the private floors (including the Company) to pay the full management fees charged by Unitronics Management, and said tenants pay Unitronics Management directly for management services at the same rate per square meter paid by the Company (other than consumption of electricity, for which each tenant is charged according to a separate electricity meter, according to actual usage).

For management services and electricity usage, Unitronics Management was paid in total approximately NIS 957 thousand in respect of 2025, of which approximately NIS 851 thousand was paid by the Company, and approximately NIS 106 thousand, approximately were paid by third parties.

4.8.1.2. On August 14, 2024, the Board of Directors of the Board of Directors of the Company approved, following the approval of the Audit Committee, as a non-extraordinary transaction, a repayment schedule for the debt balance of Utron Ltd., a Company controlled by the FIMI Fund (previously controlling shareholder of the Company), and Mr. Haim Shani (Company's controlling shareholder) (hereinafter: "**Utron**") such that the debt balance of approximately NIS 5.7 million will be repaid in 32 monthly payments of NIS 100 thousand in 2024 and NIS 200 thousand in 2025, as well as an update to the customer credit policy of the Company, such that the debt balance of Utron to the Company will bear prime interest of + 0.4%, reflecting the interest rate Utron receives for credit under the terms of the repayment schedule above, in lieu of the prime interest rate applicable to all of the customers of the Company under similar debt conditions.

4.8.1.3. In February 2019, an agreement was signed between the Company and Utron, in accordance with which Utron will periodically purchase products manufactured by the Company, such as: controllers, motors, electronic components, etc., in accordance with a fixed and predetermined price list according to which the Company sells those products to the distributor (depending on the quantity of products purchased), as updated from time to time. The aforesaid agreement is valid for a period of 10 years, with each party having the right to terminate the agreement with ninety days' prior written notice. The total sales of the Company to Utron in 2025 amounted to approximately NIS 912 thousand.

4.8.1.4. In February 2019, an agreement was signed between the Company and Utron, in accordance with which Utron leases to the Company an area of approximately 220 square meters in the Airport City Complex, under a sublease at the price paid by Utron to the lessor plus overhead costs and a total amount of approximately NIS 13 thousand NIS per month. The agreement is back-to-back with Utron's agreement with the lessor, including its termination date. In addition, each party has the right to terminate the agreement with 90 days' prior written notice.

Following the conclusion of the lease agreement between Utron and the lessor and the move by Utron to its new location in Shoham, on March 23, 2026 Company's Board of Directors (following the approval of the Audit Committee on March 18, 2026) approved the engagement of the Company in a sublease agreement with Utron, as a non-extraordinary transaction, pursuant to which Utron will lease an area of approximately

220 m² to the Company under the terms of a sublease (in lieu of the existing agreement described above), at the price paid by Utron to the lessor, with the addition of overhead expenses, and totaling approximately NIS 16 thousand (linked to the Index). The agreement went into effect on January 1, 2026, back-to-back on the terms of Utron's agreement with the lessor, including its end date, and each party may bring the agreement to a conclusion with advance written notice of 90 days.

4.8.1.5. As specified in Section 1.1 of Part A of the Periodic Report, until the date of the split, the Company operated in two main areas of activity, the products sector and the automated solutions sector. As of the day of the split, the Company is active in the products sector only, and its operations in the automatic solutions sector were transferred to Utron. As part of the Split, the Company and Utron entered into agreements as part of the split process as part of which the parties have undertaken to provide various services to each other (which included, among other things, financial and accounting services, legal services, human resources services, information systems services and additional general services throughout the transition period) until the completion of the transfer of assets and liabilities, with each party having the right to terminate the services or a service thereof with prior written notice, which were updated from time to time.[1]

On March 19, 2024, following the amendment of certain services and payments which were provided pursuant to the services agreement, the Board of Directors of the Company, following the receipt of the approval of the Audit Committee of the Company that this is not an extraordinary transaction, approve the aforesaid agreements between the Company and Utron for the provision of services by the Company to Utron and for the provision of services by Utron to the Company, and to extend them for a period of 3 years from the date of their termination, since each agreement, and all the agreements collectively, were under market terms and in the normal course of business, and since each of them, severally and collectively were not and will not currently have a material effect on the profitability of the Company, the property or liabilities thereof and that the extension thereof is beneficial to the Company. As part of the aforesaid renewal and extension of the agreements, the Company will provide Utron and its subsidiary in the United States with services (in a smaller scope than beforehand), whereas Utron will provide the Company with services for consideration reflecting the cost of the back-to-back employment of the service providers in each of the companies. As of the date of this report, the aforesaid services include:

A. Provision of services by Utron to the Company of an employee and a VP in the field of information systems with a job scope of 60% each, as well as a human resources manager with a job scope of 50%. In consideration of the aforesaid services, the Company is paying Utron a total of approximately NIS 64 thousand per month.

B. Provision of services by the Company to Utron of payroll accounting services with a job scope of 40%, as well as through Unitronics Inc., for Utron Systems Inc. (a subsidiary of Utron in the United States), (hereinafter: "**Utron Systems**"), the services of a control employee and a chief bookkeeper with a job scope of 25% of each of the aforesaid. In consideration for the aforesaid services, Utron will pay the Company and

[1] It should be clarified that in accordance with the service agreements between the Company and Utron, if a specific service is terminated under the service agreements, the consideration for the provision of the services will be reduced in accordance with the cost of the terminated service. Therefore, termination of a specific service can be the termination of all or part of the services.

Utron Systems is paying Unitronics Inc., respectively, a total of approximately NIS 32 thousand per month.

It should be clarified that with respect to the aforesaid agreements, the parties may change the scope of the employees providing the services to either Company at any time, with the amount being adjusted therefore, in accordance with the scope of their actual employment and the cost of their employment (back-to-back). In addition, each party has the right to terminate the agreement or a specific service pursuant thereto with ninety days' prior written notice.

Negligible Transactions

On November 18, 2025, the Company's Board of Directors resolved to adopt guidelines and rules permitting the Company and/or any of its Subsidiaries and/or entities in their control (hereinafter jointly: "**The Group**") to classify transactions as Negligible, Non-Extraordinary or Extraordinary when approving them and for the purpose of evaluating the scope of disclosure in Company's periodic reports, prospectuses and immediate reports with regard to transactions by the Group with the controlling shareholders or where the controlling shareholders have a personal stake in their approval.

In the absence of unique qualitative considerations arising due to various circumstances, a transaction will be considered Negligible when it fulfills all of the following conditions:

1. It is not classified as an Extraordinary Transaction.

2. The transaction is evaluated based on one or more of the below ratios applying to it, and when Company deems that no ratio applies to that transaction, it shall be evaluated by the Company's Audit Committee and Board of Directors:

   A. Income Ratio – Total income associated with the transaction divided by total annual overall income;

   B. Cost of Sales Ratio – The costs associated with the transaction divided by the total overall annual cost of sales;

   C. Profit Ratio – The actual or projected profit or loss attributed to the transaction, divided by the annual profit or loss;

   D. Asset Ratio – The value of the assets associated with the transaction divided by the total asset value;

   E. Liability Ratio – The value of the liabilities associated with the transaction divided by total overall liabilities.

   3. The aforementioned ratios shall not exceed 1% in aggregate yearly and total less than 5%, so long as –

A. The value of an individual transaction evaluated against total income shall not exceed NIS 1.5 million, and the total value of such transactions on an aggregate yearly basis shall not exceed NIS 7.5 million;

B. The value of an individual transaction evaluated against the total cost of sales shall not exceed NIS 0.75 million, and the total value of such transactions on an aggregate yearly basis shall not exceed NIS 3.75 million;

C. The value of an individual transaction evaluated against total assets shall not exceed NIS 1.4 million, and the total value of such transactions on an aggregate yearly basis shall not exceed NIS 7 million;

D. The value of an individual transaction evaluated against total liabilities shall not exceed NIS 0.5 million, and the total value of such transactions on an aggregate yearly basis shall not exceed NIS 2.5 million;

4. The negligible nature of a transaction shall be evaluated annually along with all of the Company's transactions of that type with that party and with corporations in the latter's control. For the purpose of this evaluation, separate transactions undertaken at high frequencies and recurring from time to time, which are not dependent on each other, shall be evaluated on an annual basis.

5. A stakeholder transaction classified as Negligible by Company's Subsidiary shall also be considered Negligible with regard to the Company. Such a transaction classified by the Subsidiary as Non-Negligible shall be evaluated against Company's relevant ratios.

Such transaction types include, inter alia, the following transactions: service provision, purchase or receipt of services or assets, any contract or engagement of any kind.

4.8.2. Transactions listed in Section 270(4) of the Companies Law

4.8.2.1. For details of the terms of the service and employment of Mr. Haim Shani, who is among the Company's controlling shareholders and serves as the Active Vice Chairman of the Board of Directors, as well as Mr. Amit Ben-Zvi, formerly Joint Active Chairman of the Board, see the above Section 4.6 (Regulation 21).

4.8.2.2. On March 19, 2024, the Company's Board of Directors, following the approval of the Remuneration Committee on March 12, 2024, approved annual remuneration and participation remuneration based on the amount established in the Companies Regulations (Guidelines regarding Remuneration and Expenses for External Directors), 2000 (hereinafter: "**Remuneration Regulations**") to Ms. Bareket Shani (wife of Mr. Haim Shani), who served as a director through October 2025, as well as to the FIMI Fund, previously Company's controlling shareholder through October 2025, for the services of Mr. Gilon Beck as director for the Company in accordance

with Regulation 1b(3) of the Companies Regulations (Exemptions for Stakeholder Transactions), 2000 (hereinafter: "**Exemption Regulations**") and this for an additional period of 3 years, i.e., through December 20, 2026. For additional details, see the Company's immediate report of March 20, 2024 (Reference: 2024-01-028662), included in this report by way of reference.

4.8.2.3. Company's Directors and Officers' Liability Insurance

The Company owns a directors and officers' liability insurance policy (including for directors who are controlling shareholders of the Company or their relatives) with a liability limit of USD 7,500,000 per incident and overall for damages which may be incurred during the insurance period (and additional reasonable legal defense expenses in Israel and overseas) (hereinafter: "**The Policy**"). The Company's premium is limited to USD 10,000, except for claims filed in the US and Canada as well as claims related to securities, where Company's premium would total USD 50,000 per incident. The policy includes a runoff coverage expansion for an 84-month period for retiring officers so long as the policy is in force and renewed.

On May 11, 2025 and May 13, 2025, Company's Balance Sheet, Remuneration and Audit Committees and Board of Directors respectively approved the renewal and extension of the Company's directors' and officers' liability insurance policy (including for directors who are controlling shareholders of the Company or their relatives), in effect beginning June 1, 2025 and through May 31, 2026, under terms identical to the policy terms described above, and this pursuant to the Company's Remuneration Policy.

4.8.2.4. Indemnification and Exemption Statements

The Company has undertaken towards officers of the Company (including Directors in the Company), including Directors and officers which are controlling shareholders in the Company and/or the representatives thereof that the Company would indemnify them, in advance, in specific cases (hereinafter: "the Determining Events"), in an amount not exceeding 25% of the Company's equity, as recorded in its financial statements as of the date of the indemnification, for all the officers. This amount will be added to the amount of all insurance benefits in respect of the types of Determining Events, which the Company will receive from time to time under any officers' liability insurance. The list of Determining Events was updated at a later date following the amendment of the letter of indemnification and exemption issued to officers of the Company, including its controlling shareholders. These undertakings of the Company will continue to apply to the benefit of the Company's officers also after the termination of their service with the Company, provided that actions in respect of which the indemnification is granted were performed during the period of their service as officers of the Company. The Company has also undertaken to release its officers, in advance, from any liability for damage due to a breach of the duty of care towards the Company, with certain restrictions.

4.8.2.5. On June 22, 2025, a General Assembly of the Company's shareholders approved the Company's engagement in a transaction with Utron for the upgrade of software systems and hardware components in the Company's logistics center, in a total amount of approximately NIS 3.338 million. For further details, see the immediate report dated May 18, 2025 (Reference Number: 2025-01-034780), which is included in this report by way of reference.

4.8.2.6. On October 9, 2025, the Company's Board of Directors approved, following the approval of the Remuneration Committee in accordance with Regulations 1A(2), 1B(a)(3), and 1B(a)(5) of the Exemption Regulations, the payment of annual remuneration and participation remuneration according to the amount set in the Remuneration Regulations for directors appointed on behalf of ILJIN, as well as their inclusion in the Company's insurance policy. For further details, see the immediate report dated October 9, 2025 (Reference Number: 2025-01-074679), which is included in this report by way of reference.

4.8.2.7. On November 18, 2025, the Company's Board of Directors approved, following the approval of the Audit Committee, the Company's engagement in a transaction in accordance with the Exemption Regulations under which it may purchase raw materials from defined product groups over a period of five years from companies owned by the controlling shareholder or others in which the controlling shareholder has a personal stake in the transaction. The purchase of said raw materials constitutes a part of the ordinary course of the Company's business given that the Company purchases such raw materials during its ongoing operations. Furthermore, the price per item within the transaction will be lower than the price paid by the Company at that time for the same item to a third party, provided the Company has another price quote for the same item from an independent third party (when there is another third-party supplier from whom a price quote can be obtained, and when it is not a sole supplier in the territory) at a price higher than that offered in the transaction with the controlling shareholder or in a transaction in which the controlling shareholder has a personal stake. Additionally, all purchase transactions in a calendar year shall not exceed a share of 5% of the Company's total annual cost of sales.

The considerations of the Audit Committee and the Company's Board of Directors for approving the transaction included, among other things, the fact that the transaction is in the Company's ordinary course of business; that the purchased raw materials are off-the-shelf products that do not involve any particular advantage for a specific supplier; that the raw materials purchased are offered at a better price for the Company than the price it pays at that time and even better than an additional proposal received from a third party (when there is another third-party supplier from whom a price quote can be obtained, and when it is not a sole supplier in the territory), such that it is at market terms and will even improve the Company's profitability; and that the engagement is proper and consistent with the Company's best interests.

4.8.2.8. On November 18, 2025, the Company's Board of Directors approved, following the approval of the Audit Committee, the Company's engagement in a transaction in accordance with the Exemption Regulations under which the Company will sell controllers over a period of five years to companies owned by the controlling shareholder or others in which the controlling shareholder has a personal stake in the transaction. The sale of said controllers is in the Company's ordinary course of business given that the Company's core activity is the sale of controllers. Furthermore, the price per item within the transaction will be at least the price charged by the Company for a similar item from a third party not related to the controlling shareholder based on its price list, as updated from time to time, including volume

discounts as provided to third-party customers for the same quantities at that time. All sale transactions in a calendar year shall not exceed a share of 5% of the Company's total annual sales.

The considerations of the Audit Committee and the Company's Board of Directors for approving the transaction included, among other things, the fact that the transaction is in the Company's ordinary course of business; the fact that the Company is interested in increasing its sales volume, where the sale of such controllers does not come at the expense of selling controllers to third parties; the sale price of the controllers sold will be at least the price at which the Company sells the same controllers to third parties, in a manner that provides no benefit to the controlling shareholder and/or another party when the controlling shareholder has a personal stake in the transaction; the transaction will be at market terms and will even improve the Company's profitability; and that the engagement is proper and consistent with the Company's best interests.

4.8.2.9. On December 29, 2024, a General Assembly of the Company's shareholders approved (following the approval of the Company's Audit Committee and Board of Directors on November 20, 2024) the Company's engagement in a transaction for the sale of dedicated developments developed by the Company for Utron systems in total amount of approximately NIS 2,221 thousand. For further details, see the immediate report dated December 22, 2024 (Reference Number: 2024-01-626209), which is included in this report by way of reference.

4.8.2.10. On December 30, 2025, a General Assembly of the Company's shareholders approved (following the approvals of the Remuneration Committee and the Board of Directors on November 18, 2025) the granting of indemnification and exemption letters to directors on behalf of ILJIN, including Messrs. Jasbir Singh, Prakash Iyer, Hyun Chul Sim, and Sanjay Kumar Arora, for a period of three years starting from the date of their appointment as directors of the Company. For further details, see the immediate report dated December 25, 2025 (Reference Number: 2025-01-103645), which is included in this report by way of reference.

4.8.2.11. For details regarding an engagement in an agreement with a supplier of electronic circuits and boards controlled by the FIMI Fund, the former controlling shareholder of the Company, and in a similar agreement with a subsidiary of the circuit supplier, see Section 1.9.18.4 in Chapter A of the Periodic Report.

4.8.2.12. For details regarding an engagement in a lease agreement for space in Unitronics House in Airport City, from a company controlled by Mr. Haim Shani, one of the controlling shareholders of the Company, and Mrs. Bareket Shani (Mr. Shani's wife), and the extension of the engagement for an additional period of 3 years, see Section 1.11.2 in Chapter A of the Periodic Report.

4.9. **Regulation 24 - Holdings of Interested Parties and Senior Officers**

See the Company's immediate report published on January 8, 2026, regarding the status of holdings of interested parties and senior officers (Reference Number: 2026-01-004020) as well as the Company's immediate report published on January 12, 2026, regarding changes in the holdings of interested parties and senior officers (Reference Number: 2026-01-005440), which are included in this report by way of reference.

4.10. **Regulation 24A - Registered Capital, Issued Capital, and Convertible Securities**

See the Company's immediate report published on January 29, 2026, regarding the capital status and the Company's securities registers and changes therein (reference number: 2026-01-011057), which is included in this report by way of reference.

4.11. **Regulation 24B - The Corporation's Shareholders Register**

See the Company's immediate report published on January 29, 2026, regarding the capital status and the Company's securities registers and changes therein (reference number: 2026-01-011057), which is included in this report by way of reference. Regulation 25A - Registered Address

4.12. **Regulation 25A - Registered Address**

The Company's registered address:
Unitronics House, 3 Arava St., Airport City. P.O.B. 300, Ben Gurion Airport 7019900.

Email address: info@unitronics.com.

Telephone number: 03-9778844.

Fax number: 03-9778877.

4.13. Regulation 26 – Directors of the Corporation

Name; ID No.; Year of Birth; Citizenship	Address for Legal Documents	Position with Company; Membership in Board Committees; Accounting or Financial Expertise or Professional Qualification or Expert External Director	Employee of the Company, a Subsidiary, an Associate or a Stakeholder – and Role	Start of Term as Company Director	Education, Occupation in Last Five years, and other Corporations for which serves as Director	Relative of Other Company Stakeholder	Is the Director Deemed by the Company to Possess Accounting and Financial Expertise for the Purpose of Fulfilling the Minimum Number Set by the Board
Jasbir Singh Z5527728 May 28, 1975 Indian	514 A, The Camellias, DLF Golf Links, Golf Course Road, Gurgaon, Haryana-122001	Active Chairman of the Board of Directors	No	October 9, 2025	Graduate B.A. degree in Production Engineering ,Karmataka University . Qualified Master of Business Administration, University of Hull ,United Kingdom. September 2025 - Present: Director of ILJIN Holding Ltd;. October 2025 - Present: Director of the Company; December 2025 - Present: Director for Shogini Technoarts Pvt Ltd; August 2017 - Present: Chairman of the Board of Directors and Chief Executive Officer of Amber Enterprises India Limited (change in role from Director to Whole Time Director from May 2023; served as Director from August 2017 - August 2023; served as Whole Time Director from October 2004 - August 2023); December 2017 - Present: Director for IL JIN Electronics (India) Private Limited; October 2018 - May 2025: Director for Ever Electronics Private Limited; September 2021- Present: Non Executive Director for Sidwal Refrigeration Industries Private Limited (change in role from Non Executive Director to Whole Time Director from February 2023); February 2022 - Present: Director for Pravartaka Tooling Services Private Limited; February 2024 - Present: Director for Ascent Circuits Private Limited; March 2024 - February 2026: Director for AT Railway Sub Systems Private Limited; March 2024 - Present: Director for Titagarh Firema S.P.A; April 2025 - Present: Director for Ascent-K Circuit Private Limited; December 2021 - January 2025: Director for AmberPR Technoplast India Private Limited; December 2017 - January 2025: Director for Appserve Appliance Private Limited; October 2020 - January 2024: Director for Consumer Electronics and Appliances Manufacturers Association;	Brother of Daljit Singh (see the above Section 4.7 for details)	No

Name; ID No.; Year of Birth; Citizenship	Address for Legal Documents	Position with Company; Membership in Board Committees; Accounting or Financial Expertise or Professional Qualification or Expert External Director	Employee of the Company, a Subsidiary, an Associate or a Stakeholder – and Role	Start of Term as Company Director	Education, Occupation in Last Five years, and other Corporations for which serves as Director	Relative of Other Company Stakeholder	Is the Director Deemed by the Company to Possess Accounting and Financial Expertise for the Purpose of Fulfilling the Minimum Number Set by the Board
					November 2012 - August 2024: Director for PICL (India) Private Limited; February 2024 - March 2024: Additional Director for Shivaliks Mercantile Limited.		
Haim Shani 056548142 July 31, 1960 Israeli	17 Arlozorov St., Tel Aviv	Active Vice Chairman of the Board of Directors; Possesses Professional Qualification	Yes, Active Vice Chairman of the Board of Directors; Director and senior officer of Unitronics Building Management and Maintenance (2003) Ltd. and Unitronics GMBH; President of Unitronics Inc.	August 20, 1989	High school; Director and CEO of Utron Ltd.; President of Unitronics Systems Inc.; Director and senior officer of Unitronics Building Management and Maintenance (2003) Ltd. and Unitronics GMBH; President of Unitronics Inc.	Yes, spouse of Ms. Bareket Shani, who served as a director of the Company through October 9, 2025	No
Prakash Iyer Z8052086 May 12, 1968 Indian	Tower 203 & Lodha Enternis, MIDC Road No. 11 Off Mahakali Caves RD, Andheri E, Mumbai, PIN: 400093, Maharashtra, India	Director; Accounting and Financial Expertise	No	October 9, 2025	Graduate B.A. degree in Commerce, Pune University. Qualified Master of Commerce, Pune University Charted Accountant, Finance, Institute of Chartered Accountants of India. Cost Accountant, Finance, Institute of Cost and Work Accountants of India. May 2024 Present: Independent Director for Ascent Circuits Private Limited; July 2024 - May 2025: Independent Director for Ever Electronics Private Limited July 2023 - November 2023: Nominee Director for Batx Energies Private Limited; September 2024 - Present: Independent Director for Amber Enterprises India Limited; October 2024 - Present: Independent Director for Sidwal Refrigeration Industries Private Limited; August 2025 - Present: Independent Director for DCG Tech Limited; October 2025 - Present: Independent Director for Power-One Micro Systems Private Limited; October 2025 - Present: Director of the Company; October 2025 - Present: Director for Ajna Aerospace & Defence Private Limited; December 2025 - Present: Independent Director for Shogini Technoarts Pvt Ltd; December 2025 - Present: Director for Aksh Quantum Defence Private Limited; March 2026- Present: Director for Indolem Technologies Systems Private Limited; February 2026 - Present: Director for Netraa Analytics & Technologies	No	Yes

Name; ID No.; Year of Birth; Citizenship	Address for Legal Documents	Position with Company; Membership in Board Committees; Accounting or Financial Expertise or Professional Qualification or Expert External Director	Employee of the Company, a Subsidiary, an Associate or a Stakeholder – and Role	Start of Term as Company Director	Education, Occupation in Last Five years, and other Corporations for which serves as Director	Relative of Other Company Stakeholder	Is the Director Deemed by the Company to Possess Accounting and Financial Expertise for the Purpose of Fulfilling the Minimum Number Set by the Board
					Private Limited; July 2023 - August 2025: Nominee Director for NRV Designx Private Limited January 2022 - September 2025: Nominee Director for Onedios Services Private Limited; December 2021 - August 2022: Additional Director for Nitco Limited; September 2024 - Present: Designated Director for Calculus New Frontiers LLP; March 2025 - 2022: Designated Director for Do Amethyst Advisors LLP (struck off the register of companies); October 2020 - March 2022: Partner for Do Amethyst Advisors LLP.		
Sanjay Kumar Arora Z6454812 December 1, 1960 Indian	2163, Banyan Parx Laureate, Sector - 108, Noida, Maharishi Nagar, Gautam Buddha Nagar, Uttar Pradesh, PIN Code: 201304	Director	Yes, Whole Time Director for IL JIN Electronics (India) Private Limited	October 9, 2025	Graduate B.A. degree in Electrical Engineering (specialization in Electronics and Television Technology) from YMCA Institute of Engineering, Faridabad, Haryana, India Engineering . December 2025 - Present: Director of Shogini Technoarts Pvt Ltd; October 2025 - Present: Director of the Company; August 2025 – Present: Director of Power-One Micro Systems Private Limited; January 2025 – Present: Director of Appserve Appliance Private Limited; July 2024– Present: Director of Stelltek Technologies Private Limited; February 2024 – Present: Director of AmberPR Technoplast India Private Limited; May 2024 – Present: Director of PICL (India) Private Limited; April 2025 – Present: Director of First Director - Ascent-K Circuit Private Limited; May 2023 – Present: Whole Time Director of IL JIN Electronics (India) Private Limited; February 2024 – Present: Director of Ascent Circuits Private Limited.	No	No
Hyun Chul Sim M15565307 August 24, 1976 Indian	Keppel 29 Bay View, #22-88, Reflections @keppelbay, Singapore, Postal code 098417	Director	No	October 9, 2025	Graduate B.A. degree in Business Management, Hong-ik University . September 2005 – September 2025: Director for IL JIN Electronics (India) Private Limited.	No	No

Name; ID No.; Year of Birth; Citizenship	Address for Legal Documents	Position with Company; Membership in Board Committees; Accounting or Financial Expertise or Professional Qualification or Expert External Director	Employee of the Company, a Subsidiary, an Associate or a Stakeholder – and Role	Start of Term as Company Director	Education, Occupation in Last Five years, and other Corporations for which serves as Director	Relative of Other Company Stakeholder	Is the Director Deemed by the Company to Possess Accounting and Financial Expertise for the Purpose of Fulfilling the Minimum Number Set by the Board
Zvi Livneh 010025658 July 22, 1947 Israeli	20 Maale Habanim, Yokneam Hamoshava	Director; Balance Sheet, Audit and Remuneration Committees; Possesses accounting and financial expertise and professional qualifications	No	July 8, 1999	Graduate B.A. degree in Economics and Accounting from Tel Aviv University. Qualified Master of Business Administration (M.B.A) from Tel Aviv University. Holds CPA certification. Serves as a financial and commercial consultant to several Israeli companies; Until 2022, a senior partner at Ziv, Shiffer & Co. – Certified Public Accountants; Served as a Director for P.M.L. – Particle Monitoring Technologies Ltd., Alberta Nano Monitoring Systems.	No	Yes
Carmit Shiloh 057096364 June 23, 1961 Israeli	3 Strauss St., Tel Aviv	External Director; Balance Sheet, Audit and Remuneration Committees; Possesses professional qualification	No	June 19, 2024	B.Sc. in Industrial Engineering and Management, the Technion. 2021 - 2024: External Director at Cognyt; investments in startups and consulting.	No	No
Doron Shachar 023533995	9 Pirhey HaBar St., Yehud	External Director; Balance Sheet, Audit and	No	June 22, 2025[2]	B.A. in Economics, the Hebrew University of Jerusalem. M.B.A., The College of Management Academic Studies.	No	Yes

[2] The following officers concluded their term as officers of the Company during the reporting period: Ms. Rivka Granot as External Director; Mr. Amit Ben-Zvi as Chairman of the Board of Directors; Mr. Gilon Beck as Director; Mr. Yariv Avishar as Director; and Ms. Bareket Shani as Director.

Name; ID No.; Year of Birth; Citizenship	Address for Legal Documents	Position with Company; Membership in Board Committees; Accounting or Financial Expertise or Professional Qualification or Expert External Director	Employee of the Company, a Subsidiary, an Associate or a Stakeholder – and Role	Start of Term as Company Director	Education, Occupation in Last Five years, and other Corporations for which serves as Director	Relative of Other Company Stakeholder	Is the Director Deemed by the Company to Possess Accounting and Financial Expertise for the Purpose of Fulfilling the Minimum Number Set by the Board
January 22, 1968 Israeli		Remuneration Committees; Possesses accounting and financial expertise			2019 - 2025: External Director at Meitav Dash Provident and Pension Ltd.; 2022 - Present: External Director at G.P. Global Power Ltd.; 2024 - Present: External Director at Vulcan Automotive Industries Ltd.; 2025 - Present: External Director at Telsys; 2025 - Present: External Director at Y.A.Z. Entrepreneurship, Construction and Urban Renewal Ltd.; 2025 - Present: External Director at Inbal Insurance Company (government-owned company); 2026 - Present: External Director at Atraw Capital Markets.		

4.14. **Regulation 26A – Senior Officers**[3]

Name of Officer, ID No., and Date of Birth	Start of Term	Position in the Company, Subsidiary, Associate or Stakeholder	Is he a Stakeholder or a relative of another senior officer or Stakeholder?	Education and Business Experience in the Last Five Years
Amit Harari, 33591843, November 25, 1976	April 1, 2019	Company CEO	Yes (by virtue of his position as CEO)	B.Sc. in Industrial Engineering from the Technion. M.B.A. from Tel Aviv University. CEO of the Company.
Itzhak Hai, 024062374, November 8, 1968	November 21, 2021	CFO	No	B.A. in Accounting from the College of Management. Certified Public Accountant. Prior to joining the Company, served as CFO of Materna Industries Limited Partnership.
Ron Alkalay, 024844045, February 7, 1970	April 1, 2019	VP Supply Chain	No	B.Sc. in Industrial Engineering and Management, Technion. M.Sc. in Business Administration, Tel Aviv University. Served as Operations Manager at Caesarstone and as VP Operations at Bordeaux Digital.
Boaz Carmi, 022396535, April 13, 1966	April 1, 2019	VP Marketing and Sales	No	B.A. and M.A. in Economics and Business Administration (Diplom Kaufmann, University of Applied Sciences - Hannover, Germany). General Manager, Sales at Fuji Electric Europe GmbH, Offenbach am Main, Germany.
Albert Betz, 643984318, August 10, 1951	July 1, 2017	General Manager, Unitronics Inc.	No	B.Sc. in Physics. Served as Deputy Sales Manager for the Company in North America; since July 2017, serves as Sales Manager for North America. Prior to joining the Company, served as Global Sales Manager of ABB.
Daniel Shapira, 052755998, July 21, 1954	June 2, 2019	Internal Auditor	No	B.A. in Accounting and Economics from Bar-Ilan University. In the last six years, owner of an accounting firm and internal auditor for public companies traded in Israel and abroad.

[3] Starting in April 2026, Ms. Keren Bar Lev will serve as Chief Human Resources officer at the Company.

4.15. **Regulation 26B - Authorized Signatories of the Company**

There is no independent authorized signatory in the Company.

4.16. **Regulation 27 - The Company's Auditor**

Ziv Haft BDO, Certified Public Accountants – 48 Menachem Begin St., Tel Aviv.

4.17. **Regulation 28 - Change in Memorandum or Articles of Association**

None.

4.18. **Regulation 29(a) - Recommendations and Decisions of the Directors**

4.18.1. **Payment of a dividend or performance of a distribution, as defined in the Companies Law, in any other way, or a distribution of bonus shares** – for details regarding dividend distributions made by the Company during the report period, see Section 1.6 in Part A of the Periodic Report.

4.18.2. **Change in the registered or issued capital of the corporation** – for details regarding a change in the Company's issued capital due to the exercise of unlisted options, see Section 4.5 (Regulation 20) above.

4.18.3. **Redemption of redeemable securities, as defined in Section 312 of the Companies Act** – None.

4.18.4. **Early redemption of bonds** – None.

4.18.5. **A transaction not on market terms between the corporation and an interested party therein, except for a transaction of the corporation with its subsidiary** – out of an abundance of caution, the Company refers to Section 4.8 (Regulation 22) above.

4.19. **Regulation 29(c) - Resolutions of a Special General Assembly**

4.19.1. On June 22, 2025, the Annual and Special General Assembly of the Company's shareholders approved, among other things: the appointment of Ms. Doron Shahar as an external director of the Company for her first 3 year term starting from the date of the Assembly's approval and the granting of a letter of indemnification and exemption; and the Company's engagement in a transaction with Utron for the upgrade of software systems and hardware components in the Company's logistics center. For further details, see immediate reports from May 18, 2025, and June 22, 2025 (Reference Numbers: 2025-01-034780 and 2025-01-044248, respectively), which are included in this report by way of reference.

4.19.2. On July 9, 2025, a Special General Assembly of the Company's shareholders approved the terms of office and employment of Mr. Haim Shani as an active

Vice Chairman of the Board of the Company for a period of three years from the conclusion of the approval of his current terms of office and employment; the terms of office and employment of Mr. Amit Ben-Zvi as Active Chairman of the Company's Board of Directors, for a period of three years from the conclusion of the approval of his current terms of office and employment; as well as the approval of the Company's remuneration policy for an additional period of three years from the conclusion of the current remuneration policy period. For further details, see the immediate reports of July 3, 2025, and July 9, 2025 (Reference Numbers: 2025-01-048636 and 2025-01-050817, respectively), which are included in this report by way of reference.

4.19.3. On December 30, 2025, a Special General Assembly of the Company's shareholders approved the granting of indemnification and exemption letters to directors on behalf of the controlling shareholder of the Company for a period of three years starting from the date of their appointment as directors of the Company; and the update of the terms of office and employment of the Company's CEO starting December 1, 2025. For further details, see immediate reports from December 25, 2025, and December 31, 2025 (Reference Numbers: 2025-01-103645 and 2025-01-105699, respectively), which are included in this report by way of reference.

4.20. **Regulation 29A - Company Resolutions**

4.20.1. **Approval of actions according to Section 255 of the Companies Act** – None.

4.20.2. **Actions according to Section 254(a) of the Companies Act which were not approved, whether brought for approval according to Section 255 of the Companies Act or not** – None.

4.20.3. **Extraordinary transactions requiring special approval according to Section 270(1) of the Companies Act** – Out of an abundance of caution, the Company refers to the Company's transactions with its controlling shareholders, as detailed in Section 4.8 (Regulation 22) above.

4.20.4. **Exemption, insurance, or an undertaking to indemnify an officer, in effect as of the date of the report** – For information regarding exemption, indemnification, and insurance in effect as of the date of the report, see Section 4.8 (Regulation 22) above.

Jasbir Singh Active Chairman of the Board	Haim Shani Active Vice Chairman of the Board	Amit Harari CEO

March 23, 2026

Unitronics (1989) (RG) LTD.

Chapter E –

Annual report on the effectiveness of internal control on the financial reporting and disclosure for the year 2025

Chapter E - Annual report on the effectiveness of internal control on the financial reporting and disclosure in accordance with Regulation 9b(a) of the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter: "the Reporting Regulations"), for the year 2025

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

In this regard, the members of management are:

1. Amit Harari, CEO;
2. Itzhak Hai, CFO;
3. Boaz Karmi, VP Marketing & Sales;
4. Ron Alkalay, VP Operations;

The internal control over the financial reporting and the disclosure includes controls and procedures that exist in the Corporation, 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 Corporation, 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 Corporation 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 Corporation is required to disclose, as specified above, is collected and transmitted to the management of the Corporation, 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.

The management, under the supervision of the Board of Directors, performed an examination and assessment of the internal control over the financial reporting and disclosure in the Corporation and its effectiveness; The assessment of the effectiveness of the internal control over the financial

reporting and disclosure carried out by the management of the Corporation under the supervision of the Board of Directors of the Corporation included:

Assessing the risks of reporting and disclosure, mapping the processes and determining the highly essential processes for the financial reporting and disclosure, mapping and documenting the controls that exist in the Corporation, an overall assessment of the effectiveness of the internal control, including entity-level controls, the process of preparing and closing the financial statements, general controls on the information systems (ITGC). The processes identified by the management as the highly essential processes for financial reporting include the income process as well as the inventory and raw material procurement process in the Corporation.

Based on the assessment of the effectiveness carried out by the management under the supervision of the Board of Directors as specified above, the Board of Directors and the management of the Corporation reached the conclusion that the internal control over the financial reporting and disclosure in the Corporation as of December 31, 2025, is effective.

Managers Statement

General Manager Statement in accordance with Regulation 9b (d) (1) of the Reporting Regulations:

I, Amit Harari, declare that:

1. I have examined the of Unitronics (1989) (RG) Ltd. (hereinafter: the "**Corporation**") for the year 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, 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 of controls and procedures under my supervision, 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 Corporation 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 of controls and procedures under my supervision, 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. Assessed the effectiveness of the internal control over the financial reporting and the disclosure and presented in this report the conclusions of the Board of Directors and the management regarding the effectiveness of the aforesaid internal control as of the date of the reports.

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

Date: March 23, 2026 _____ Amit Harari, CEO

Managers Statement

Statement of the Chief Financial Officer in accordance with Regulation 9b (d) (2) of the Reporting Regulations:

I, Itzhak Hai, declare that:

1. I have examined the financial statements and other financial information included in the reports of Unitronics (1989) (RG) Ltd. (hereinafter: the "**Corporation**") for the year 2025 (hereinafter: the "**Reports**");
2. To the best of my knowledge, the financial statements and the other financial information contained in 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 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 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, 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 financial reporting and disclosure insofar as it relates to the financial statements and the other financial information contained in the statements, which 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 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 Corporation:
   A. Established controls and procedures, or verified the establishment and existence of controls and procedures under my supervision, 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 Corporation 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 of controls and procedures under my supervision, 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. Assessed the effectiveness of the internal control over the financial reporting and the disclosure, insofar as it relates to the financial statements and the other financial information contained in the reports as of the date of the reports; My conclusions regarding my aforesaid valuation were presented to the Board of Directors and the management and are included in this report.

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

Date: March 23, 2026 _____ Itzhak Hai, CFO