



NextVision Stabilized Systems Ltd.

Periodic Report for 2025

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This is an English translation of the information included in the approved financial statements. In the event of any discrepancy between the original Hebrew and the translation to English, the Hebrew version alone will prevail.

Chapter A – Description of the Corporation’s Business

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Part One – Description of the General Development of the Company’s Business

1. Company Activity and Description of the Development of its Business

1.1. General

The Company was incorporated and registered in Israel on April 1, 2009, as a private limited liability company under the name NextVision Stabilized Systems Ltd. (its current name). On June 14, 2021, the Company’s shares began trading on the Tel Aviv Stock Exchange Ltd. (hereinafter: the “**Stock Exchange**”).

1.2. The Company’s Field of Activity

Since its founding, the Company has been a technology company that develops, manufactures, and markets stabilized day and night imaging solutions for ground and aerial platforms, such as micro and mini UAVs and drones. The Company sells its products to customers who are systems providers, who in turn sell their products to end users.

The Company has several products (cameras and accessories) in the weight range of approximately 2 kg to approximately 115 grams.

The Company developed a unique, patented “image stabilization engine” that allows it to produce stabilized cameras with one of the best size/weight-to-performance ratios in the world.

Unlike some of its competitors who attempt to create smaller cameras by miniaturizing existing technologies, the Company chose a unique solution by thinking “outside the box”: combining mechanical stabilization (small gimbals) and electronic stabilization (a hardware “engine”) that allows real-time image stabilization and thus maintains its uniqueness and a significant advantage over its competitors. Image stabilization becomes more challenging as the camera becomes smaller and lighter, and as zoom requirements increase. The Company’s technology provides the capability to perform deep zooming from moving platforms while still allowing the user to receive a stable image. The size and weight relative to performance, as well as the competitive price, are among the best in the market.

The Company’s technology development includes the creation of day cameras, night cameras, miniaturized gimbals, communication capabilities, geographic pointing abilities, trackers, and other capabilities that fulfill the needs of its customers, positioning the Company as a one-stop shop for manufacturers of ground and aerial platforms who require stabilized zoom optical systems.

In addition to cameras, the Company develops complementary products that significantly reduce the time required to integrate cameras into the various platforms used by its customers, thereby saving customers substantial costs and enabling faster time to market.

1.3. Development of the Company’s Business

In its early days, the Company focused solely on visible spectrum cameras. As technology in its field advanced, the Company added thermal imaging capabilities to its products to allow continuous use of the system during transitions between day and night hours, i.e., enabling continuous system usage without needing to replace the camera.

With the increase in the number of customers, the Company realized that its customers, who manufacture the systems onto which its cameras are installed, were required to perform integration of the camera into the system. To significantly shorten the integration time and reduce the associated manpower costs, the Company began developing accessories that ease and significantly shorten the integration process. This “imaging solution” allows its customers (i.e., systems providers) to present highest-level systems in less time and at lower cost. To this end, the Company positioned itself as a one-stop shop for all imaging needs of system suppliers.

As part of its current operations, the Company ensures it offers a variety of cameras in different weights, ranges, and price points, allowing system manufacturers to present various options to their end customers. This ability to offer different camera choices gives system manufacturers an advantage over competing system manufacturers, which in turn indirectly gives the Company a competitive edge.

1.4. **Control of the Company**

As of the date of this Periodic Report, the Company has no controlling shareholder.

2. **Investments in the Company’s Capital and Transactions in its Shares**

2.1. **Changes in the Company’s Capital in the Past Two Years**

Changes in the Registered Share Capital:

There have been no changes in the registered share capital of the Company in the two years preceding the date of this Periodic Report.

Changes in the Issued and Paid-Up Capital:

Date	Nature of change	Ordinary shares of NIS 0.00005 par value each	Consideration received for the shares (in NIS)	Total ordinary share balance
January 10, 2024	Exercise of employee options	1,000	5,400	78,964,850
February 6, 2024		6,000	32,400	78,970,850
February 21, 2024		4,500	40,797	78,975,350
March 13, 2024		84,332	455,393	79,059,682
March 14, 2024		15,668	84,607	79,075,350
March 17, 2024		50,000	17,869	79,125,350
March 18, 2024		10,000	54,000	79,135,350
March 28, 2024		25,000	135,000	79,160,350
April 9, 2024		8,325	74,925	79,168,675
April 10, 2024		41,675	375,075	79,210,350
April 11, 2024		50,000	270,000	79,260,350
May 20, 2024		632,443	5,543,332	79,892,793
May 23, 2024		98,786	889,074	79,991,579
June 26, 2024		91,500	791,475	80,083,079
October 7, 2024		1,191	6,431	80,084,270
December 5, 2024		3,700	19,980	80,087,970
January 5, 2025		3,000	16,200	80,090,970
Jan. 8, 2025		4,869	26,293	80,095,839
January 9, 2025		270,658	2,331,442	80,366,497
January 12, 2025		3,900	21,060	80,370,397
January 16, 2025	49,431	266,927	80,419,828	

Date	Nature of change	Ordinary shares of NIS 0.00005 par value each	Consideration received for the shares (in NIS)	Total ordinary share balance
January 19, 2025		6,569	35,473	80,426,397
March 11, 2025		15,000	81,000	80,441,397
March 16, 2025		592,321	5,153,230	81,033,718
March 31, 2025		50,000	270,000	81,083,718
April 2, 2025		1,000	5,400	81,084,718
April 10, 2025		25,000	225,000	81,109,718
April 20, 2025		75,000	679,950	81,184,718
April 21, 2025		6,000	54,396	81,190,718
May 21, 2025		20,833	188,872	81,211,551
May 22, 2025		800	4,320	81,212,351
May 29, 2025		13,250	119,250	81,225,601
June 3, 2025		3,586	32,505	81,229,187
June 4, 2025		15,914	128,958	81,245,101
June 5, 2025		6,000	54,396	81,251,101
June 8, 2025		30,000	270,000	81,281,101
June 9, 2025		5,353	48,177	81,286,454
June 11, 2025		19,647	140,823	81,306,101
June 12, 2025		15,000	135,000	81,321,101
June 15, 2025		1,842	16,700	81,322,943
June 16, 2025		23,658	213,163	81,346,601
June 17, 2025		2,000	18,132	81,348,601
June 22, 2025		2,500	22,665	81,351,101
June 24, 2025		30,000	271,980	81,381,101
June 26, 2025		5,000	196,050	81,386,101
June 30, 2025		8,000	72,000	81,394,101
August 19, 2025		81,000	1,411,876	81,475,101
August 26, 2025		650	11,745	81,475,751
September 3, 2025		2,500	45,230	81,478,251
September 4, 2025		12,500	226,230	81,490,751
September 8, 2025		1,347	12,212	81,492,098
September 16, 2025	Public offering ¹	9,500,000	1,387,000,000	90,992,098
November 11, 2025		25,000	135,000	91,017,098
November 12, 2025		35,000	189,000	91,052,098
November 18, 2025		315	1,681	91,052,413
December 3, 2025		3,000	54,300	91,055,413
December 8, 2025		2,000	10,800	91,057,413
December 17, 2025		10,640	57,456	91,068,053
December 18, 2025		800	7,253	91,068,853
December 21, 2025		6,000	54,386	91,074,853
December 28, 2025		1,200	6,460	91,076,053
January 11, 2026		171,169	1,551,798	91,247,222
January 13, 2026		5,000	27,000	91,252,222
January 14, 2026		12,500	112,533	91,264,722

¹ On September 16, 2025, the Company completed a fundraising by way of a non-uniform offer from institutional investors (most of them abroad) in the amount of approximately NIS 1,387 million, in exchange for the allotment of 9,500,000 ordinary shares of the Company. For additional details, see the Company's immediate reports dated September 15, 2025 (Reference No.: 2025-01-069609), dated September 16, 2025 (Reference No.: 42025-01-06969), Shelf Offering Report dated September 15, 2025 (Reference No.: 2025-01-069605) and Immediate Report Regarding the Results of the Offering dated September 16, 2025 (Reference No.: 2025-01-069694), all of which are incorporated into this periodic report by reference.

Date	Nature of change	Ordinary shares of NIS 0.00005 par value each	Consideration received for the shares (in NIS)	Total ordinary share balance
January 22, 2026		18,000	97,200	91,282,722
January 23, 2026		3,000	54,300	91,285,722
January 27, 2026		25,000	135,000	91,310,722
February 10, 2026		8,720	69,157	91,319,442

Below are details, to the best of the Company's knowledge, regarding related party transactions in the Company's shares that were conducted off-exchange in the past two years:

Name of the interested party	Date	Transaction type - Off-exchange transaction	Number of shares	Transaction amount	
				Price per share (in agorot)	Total consideration (In NIS thousands)
Chen Golan	March 20, 2023	Sale	1,630,000	1,000	16,300
Boris Kipnis		Sale	870,000		8,700
Michael Grosman		Sale	2,521,800		28,218
Yosef Sandler	September 12, 2023	Sale	1,265,750	2,285	Approx. 28,922
Chen Golan			1,400,000		31,990
Boris Kipnis			263,000		Approx. 6,009
Michael Grosman			438,000		Approx. 10,008
Chen Golan	January 10, 2024	Sale	585,000	3,420	20,007
Yosef Sandler	January 15, 2024	Sale	1,000,000	3,500	35,000
Boris Kipnis	January 31, 2024	Sale	385,000	3,880	14,938
Yosef Sandler	May 19, 2024	Sale	794,729	5,570	Approx. 44,266
Chen Golan			424,729		Approx. 23,657
Michael Grosman	May 20, 2024	Sale	424,729		Approx. 23,657
Yosef Sandler	June 25, 2024	Sale	91,500	5,500	Approx. 5,032
Chen Golan			91,500		Approx. 5,032
Nachman Benchaya			91,500		Approx. 5,032
Michael Grosman	June 27, 2024	Sale	91,500		Approx. 5,032
Yosef Sandler	Jan. 8, 2025	Sale	613,771	6,725	Approx. 41,276
Chen Golan			178,439		Approx. 12,000
Boris Kipnis			148,699		Approx. 10,000
Nachman Benchaya			148,699		Approx. 10,000
Clal Insurance Business Holdings Ltd.	Jan. 8, 2025	Purchase	1,357,266	6,728	Approx. 91,321
Michael Grosman	January 9, 2025	Sale	267,658	6,725	Approx. 18,001
Yosef Sandler	March 16, 2025	Sale	500,000	8,850	Approx. 44,250
Chen Golan	March 16, 2025		621,468		Approx. 54,999
Boris Kipnis	March 16, 2025		451,978		Approx. 40,000
Nachman Benchaya	March 16, 2025		424,153		Approx. 37,537
Michael Grosman	March 17, 2025	Sale	587,571	8,850	Approx. 52,000
FMR LLC	May 28, 2025	Purchase	80,000	9,643	Approx. 7,570
Yosef Sandler	May 24, 2025	Sale	500,000	11,500	Approx. 57,500
Chen Golan	May 24, 2025		173,913		Approx. 19,999

Boris Kipnis	May 24, 2025		161,924		Approx. 18,621
Nachman Benchaya	May 24, 2025		260,870		Approx. 30,000
Michael Grosman	May 24, 2025		173,913		Approx. 20,000
Menora Mivtachim Holdings Ltd.	June 25, 2025	Purchase	426,000	11,508.63	Approx. 49,026
Nachman Benchaya	July 13, 2025	Transfer without consideration (donation ²)	85,300	0	0
Yosef Sandler	January 11, 2026	Sale	1,000,000	22,800	228,000
Chen Golan	January 11, 2026		416,667	22,800	95,000
Nachman Benchaya	January 11, 2026		96,491	22,800	22,000
Michael Grosman	January 11, 2026		179,709	22,800	40,996
Michael Grosman	January 12, 2026	Sale	171,169	22,800	39,037
Nachman Benchaya	February 24, 2026	Transfer without consideration ³	33,000	0	0

3. **Dividend Distribution**

As part of the Company's policy, the Company distributes dividends from time to time out of its current profits.

Details of dividend distributions (none of which required court approval) are as follows:

- a. On March 10, 2024, the Company's Board of Directors resolved to distribute a dividend in the amount of approximately USD 13.8 million (approximately NIS 49.7 million, based on the exchange rate known to the Company near the date of publication of this Periodic Report).
- b. On March 9, 2025, the Company's Board of Directors resolved to distribute a dividend in the amount of approximately USD 33.2 million (approximately NIS 118 million, based on the exchange rate known to the Company near the date of publication of this Periodic Report).
- c. On March 10, 2026, the Company's Board of Directors resolved to distribute a dividend in the amount of approximately USD 51.8 million (approximately NIS 161 million, according to the dollar exchange rate known to the Company close to the date of publication of the Periodic Report).

Below are details regarding the balance of distributable profits in the Company as defined under the Israeli Companies Law, 5759-1999 (hereinafter: the "**Companies Law**"):

Balance of distributable surpluses (USD thousands)	Distributable surpluses in last two years (USD thousands)
As of December 31, 2025	Approx. 136,836
Approx. 160,907	

² To the best of the Company's knowledge and as communicated to the Company by Mr. Nachman Benchaya, the aforementioned transfer is a follow-up to the Company's immediate report dated July 9, 2025 (Reference No.: 2025-01-050848), according to which Mr. Nachman Benchaya committed to donate shares worth NIS 10 million to the "Asor Fund - JGive". On August 4, 2025, Nachman Benchaya informed the Company that the transfer had been completed.

³ To the best of the Company's knowledge and as informed to it by Mr. Nachman Benchaya, the said transfer is to the "Asor Fund - JGive".

As of the date of this Periodic Report, there are no restrictions on the Company's ability to distribute dividends, nor are there any restrictions on the Company's ability to distribute dividends in future years.

On June 7, 2021, the Company's Board of Directors approved the adoption of a dividend distribution policy, whereby, subject to applicable law and any financial covenants that may exist within the Company (if and to the extent the Company enters into such covenants with financial or other institutions in the future), and including the distribution tests set forth in Section 302 of the Companies Law, the Company shall distribute each year, a dividend to its shareholders of up to 50% of the Company's net profit after tax for the concluded fiscal year.

It is emphasized that the above policy serves as a guiding principle for the Company, but does not obligate the Company to distribute a dividend annually, if at all, and/or in the stated percentage. The Board of Directors intends to deliberate on this matter.

Part Two – Other Information

4. Financial Information Regarding the Company's Field of Activity

Below are data regarding the Company's revenue breakdown and operating results for each of the years 2025 and 2024 (in USD thousands):

	For the year ended on (USD thousands)	
	December 31, 2025	December 31, 2024
Area of activity revenue	168,354	114,934
Fixed costs	(8,065)	(4,647)
Variable costs	(42,733)	(27,397)
Gross profit	117,556	82,890
Operating expenses	(16,032)	(9,886)
Profit from ordinary activity	101,524	73,004
Net financing income	13,140	3,900
Net profit	103,664	66,396
Total assets	646,565	160,022
Total liabilities	30,875	22,330

*For further details regarding cost of goods sold, see Note 16 to the Financial Statements attached as Chapter C to this Report.

For the Board of Directors' explanations regarding the developments in the Company's financial data as presented in the Financial Statements for each of the years 2025 and 2024, see the Board of Directors' Report on the State of the Company's Affairs, attached to this Periodic Report.

5. General Overview and the Impact of External Factors on the Company's Operations⁴

Set forth below are key details regarding the macroeconomic environment in which the Company operates as of the date of this Periodic Report, and macroeconomic factors that may have a material impact on the Company's business results or developments:

⁴ The information set forth in this Section is public information that was published to the public, and it is clarified that the Company did not seek approval for its inclusion in this Periodic Report.

The Market for Cameras on Aerial Platforms

In 2025, the market for cameras mounted on drones was estimated at approximately USD 12.65 billion. The market is expected to grow from USD 14.87 billion in 2026 to USD 54.38 billion by 2034, with a growth rate of 17.6% during the examined period.⁵

In addition, according to market research published in June 2025⁶, the market for cameras mounted on drones was estimated at approximately USD 10.89 billion in 2024, and is expected to reach USD 110.31 billion by 2033, with an annual growth rate of 29.34% during the said period (2025-2033).

The Company sells its products primarily to companies manufacturing remotely piloted aircraft (UAVs), therefore the Company is affected by the UAV market. According to a report published in December 2025⁷, the global small UAV market reached a total of USD 21.34 billion in 2024 and is expected to reach USD 128.75 billion by 2032, with an annual growth rate of 24.8% during the said years (2025-2032).

In addition, according to a publication reviewing the global unmanned aerial vehicle (UAV) market⁸, the unmanned aerial vehicle market was estimated at approximately USD 38.2 billion in 2025 and is expected to reach USD 189.9 billion by 2034, with an annual growth rate of 19.5% during the period (2026-2033). For this matter, and according to a publication from November 2025, the military unmanned aerial vehicle market was estimated in 2025 at USD 15.78 billion and is expected to grow from USD 17.66 billion in 2026 to USD 43.48 billion by 2034, with an annual growth rate of 11.9% during the period (2025-2034). According to the publication, the growth of the market is attributed, among other things, to an increase in defense budgets and growing demand for observation, intelligence and reconnaissance capabilities.⁹

On June 6, 2025, the President of the United States signed a presidential order titled “Unleashing American Drone Dominance”, detailing how the United States will act to significantly strengthen its capabilities in the drone field, both in the commercial sector and in the military sector. The order establishes, among other things, steps for the large-scale supply of lethal, low-cost drones manufactured in the United States to units of the U.S. military, in order to enhance their combat capabilities.¹⁰

It is clarified that, in light of the fact that the Company’s competitors are private companies that do not publish their results, there is difficulty in estimating the size of the market, including the

⁵ <https://www.fortunebusinessinsights.com/drone-camera-market-115435>. It is noted that the Company did not seek approval for the inclusion of the above-mentioned information, which is public information published to the public.

⁶ For details, see <https://straitresearch.com/report/drone-camera-market>. It is noted that the Company did not seek approval for the inclusion of the above-mentioned information, which is public information published to the public.

⁷ For details, see <https://www.fortunebusinessinsights.com/small-drones-market-102227>. It is noted that the Company did not seek approval for the inclusion of the above-mentioned information, which is public information published to the public.

⁸ For details, see <https://www.imarcgroup.com/commercial-drones-market>. It is noted that the Company did not seek approval for the inclusion of the above-mentioned information, which is public information published to the public.

⁹ See, for example, a request of the U.S. Department of Defense dated December 2, 2025 to industry entities in the field, in order to examine their willingness and ability to manufacture approximately 300 thousand drones quickly and at low cost; <https://www.war.gov/News/News-Stories/Article/Article/4346822/war-department-asks-industry-to-make-more-than-300k-drones-quickly-cheaply/>. It should be noted that the Company did not apply to obtain approval for the inclusion of the aforesaid information, which is public information published to the public.

¹⁰ For details see <https://www.whitehouse.gov/presidential-actions/2025/06/unleashing-american-drone-dominance/>. It should be noted that the Company did not apply to obtain approval for the inclusion of the aforesaid information, which is public information published to the public.

Company's share therein. Nevertheless, as of the date of this Periodic Report, the Company's management estimates that the Company's share of the said market is not material.

Disclosure regarding the implications of the Iron Swords War and Operation Rising Lion

On October 7, 2023, following a surprise attack by the Hamas terrorist organization from the Gaza Strip, the Government of Israel declared the "Iron Swords" war. As of October 2025, a ceasefire agreement was reached. Following the attack from the Gaza Strip, an attack also began toward northern Israel by the Hezbollah terrorist organization from Lebanon and tensions in additional arenas increased. As part of coping with the threats of the Iron Swords war, the Government of Israel ordered the evacuation of dozens of communities located in the south of the country, around the Gaza Strip, and in the north of the country, along the border with Lebanon, and also imposed restrictions on various gatherings, the conduct of activities in workplaces and the conduct of educational activities in accordance with the instructions of the Home Front Command. In addition, many civilians were called to reserve military service for extended periods of time.

These factors led to a reduction and slowdown of business activity in Israel, resulting, among other things, from business closures, shortage of manpower and disruptions in the supply chain. Potential fluctuations in commodity prices, foreign currency exchange rates, availability of materials, availability of manpower, local services and access to local resources may affect entities whose main activity is with Israel or in Israel. On October 9, 2025, an additional ceasefire was reached with Hamas, and as of the date of this Report all hostages and the bodies of the fallen have been returned. The arrangements brought about gradual calm in the north and south, however the war has not yet ended and may resume.

In January 2026, the Research Department of the Bank of Israel updated the macroeconomic forecast.¹¹ According to the said report, the forecast was formulated after the ceasefire in October 2025, against the background of an economy characterized by excess demand and a tight labor market. The earlier ceasefire, relative to the assumption in the forecast published in September 2025, led to an earlier easing of supply constraints, mainly due to the release of reservists and their return to employment in the business sector. The forecast is based on the assumption that the relative calm on the various fronts will continue. According to the Bank of Israel's estimate, GDP grew by 2.8% in 2025, and is expected to grow in 2026 by 5.2% and in 2027 by 4.3%. The inflation rate in the next four quarters (ending in the fourth quarter of 2026) is expected to be 1.7%, and during 2027 it is expected to be 2.0%. The average interest rate in the fourth quarter of 2026 is expected to be 3.5%. In 2027, the deficit is expected to decline to 3.6% of GDP and the debt-to-GDP ratio is expected to be 68.5%.

According to the forecast, the level of uncertainty surrounding the forecast has decreased following the ceasefire, however the balance of risks remains complex. On the one hand, there is a possibility of a rapid expansion of demand beyond the baseline estimates, a scenario that would lead to acceleration in inflation against the background of the tight labor market and the shortage of workers. On the other hand, geopolitical risks remain two-sided: while a return to intense fighting constitutes a central threat to price stability, a diplomatic breakthrough and expansion of the Abraham Accords

¹¹ מתוך: www.boi.org.il "התחזית המאקרו כלכלית של חטיבת המחקר, ינואר 2026" של בנק ישראל. לפרטים נוספים ראו אתר בנק ישראל

may constitute a positive factor. Alongside these, the possibility of advancing elections continues to constitute a factor of uncertainty affecting fiscal developments.

On August 12, 2024, Fitch downgraded the credit rating of the State of Israel to rating A (with a negative outlook). On September 27, 2024, the international rating agency Moody's announced a downgrade of Israel's credit rating by two levels from level A2 to level BAA1 with a negative outlook, after on February 9, 2024 the agency had announced a downgrade of Israel's credit rating from A-1 to A-2 with a continuing negative outlook. In addition, a few days after Moody's downgrade, the credit rating company S&P also announced a downgrade of Israel's credit rating by one level from A+ to A and added a negative outlook, after it had already downgraded the rating once during 2024. On November 7, 2025, S&P updated its rating outlook for Israel from negative to stable. At the same time, it reaffirmed Israel's credit ratings in foreign currency and local currency, for the long term and short term, at the level of 'A/A-1'. According to S&P, the stable outlook reflects an assessment that the fading of the military escalation, supported by the ceasefire agreement between Israel and Hamas, has reduced the level of immediate security risk for Israel. The outlook is based on the assumption that the scope of the direct military confrontation will remain limited, even if tensions between Hamas and Israel continue, and that the regional security environment will continue to be fragile.

In addition, on October 1, 2024, Moody's announced a downgrade by one level of the credit rating of the five largest banks in Israel from level A3 to level Baa1 and added a negative outlook, following the downgrade of Israel. According to Moody's, the downgrades and the negative outlook reflect both the negative outlook in the credit rating of the Government of Israel and the concern regarding deterioration in the condition of the banks themselves in the event of additional harm to the economy should the effects of the war intensify. On October 29, 2025, the rating agency Fitch updated the credit rating outlook of the five banks in Israel from a negative outlook to a stable outlook and left their rating at the level of A-.

On March 31, 2025, May 9, 2025 and October 17, 2025, Fitch and Moody's, respectively, announced that the credit rating of the State of Israel remained unchanged, each according to the matter.

On June 13, 2025, the State of Israel launched a military operation against Iran, which was named Operation Rising Lion. In response to the operation, Iran launched hundreds of ballistic missiles and unmanned aerial vehicles toward military and civilian targets in Israel. The attacks caused extensive damage to infrastructure, significant damage to property, approximately 30 fatalities among Israeli and foreign civilians and injuries to hundreds more. On June 24, 2025, following a U.S. strike within Iran, an agreement was reached on a ceasefire between the parties. During the period of Operation Rising Lion, the Government of Israel closed the airspace of the State of Israel for a period of approximately two weeks. During that period it was not possible to receive goods from suppliers or ship goods to the Company's customers abroad by air. Upon the conclusion of the operation, a delay was created among air freight companies which was resolved approximately one week later. Upon the conclusion of the operation and after the return of the air freight companies to operation, most of the goods that had not yet been shipped to the Company's customers were released (during the last week of June and partly during July). Since the Company has several customers with payment terms, the goods that were shipped at the end of June were paid for during July.

On February 28, 2026, Israel together with the United States launched an attack against the regime in Iran, which is named Operation Lion's Roar. In response to the operation Iran launched ballistic

missiles and other means against Israel. As of the date of this Periodic Report, the Government of Israel has closed the airspace of the State of Israel. In addition, the Home Front Command prohibited gatherings in workplaces and therefore most of the economy is operating partially as of this date.

Since the beginning of the war there has been an increase in orders for cameras and additional products of the Company from its customers. In addition, last year the Company increased its inventory in order to maintain flexibility, responsiveness and the ability to meet the increase in orders for the Company's products from its customers. The Company is continuously increasing its production capacity in order to respond to the increase in demand and at the same time continue supplying its customers with their orders on time. In addition, due to global geopolitical tensions affecting, among other things, supply chains, and solely for precautionary purposes, the Company decided to equip itself with various components which it identified as potentially subject to shortage. It is clarified that the Company acts to place long-term orders, maintain high inventory levels, increase the number of suppliers and avoid, as much as possible, reliance on a single supplier and maintain continuous contact with suppliers.

As of the date of this Periodic Report, following Operation Lion's Roar and the closure of the borders of the State of Israel, there are delays in shipping goods to the Company's customers abroad and in receiving goods at the Company from suppliers. In addition, a number of the Company's employees are in reserve military service although most of the Company's employees continue to work and the Company continues to operate its production line.

As of this date, the Iron Swords war and/or Operation Rising Lion did not have a material impact on the results of the Company or the Company's ability to supply its customers with their orders on time. However, as of the date of this Periodic Report, Operation Lion's Roar is ongoing and therefore the Company cannot estimate the possible effects of the said operation on the Company and its results, among other things in light of the closure of the borders of the State of Israel. The Company continues at all times to examine the effects of the economic situation and the fighting on its business activity. However, in light of the uncertainty regarding the conclusion of Operation Lion's Roar, the continued supply of inventories from suppliers, volatility in the markets, additional steps that may be taken by the Government of Israel and the effects of additional factors, among other things on the business activity of the Company's customers, the Company is currently unable to accurately estimate the scope and nature of additional future effects of Operation Lion's Roar on its results.

The Company's assessments detailed above regarding future effects of the war in Israel and/or Operation Rising Lion in Israel and/or the ceasefire and/or Operation Lion's Roar constitute forward-looking information, as defined in the Securities Law, based on the Company's assessments as of the date of this Report. The actual impact of the war and the said operations on the Company's condition and the macroeconomic situation and/or the monetary policy in Israel may differ materially from the Company's assessments and is not solely under the Company's control. This may occur, among other things, as a result of an economic slowdown that may develop in the State of Israel, escalation of the war, one or more of the above-mentioned factors in connection with the war and macroeconomic changes that may affect the Company's activity.

Tariffs on goods imported to the United States

In April 2025, the U.S. administration announced a plan to impose tariffs on goods imported into the United States, which may also affect the economy in Israel. According to the macroeconomic forecast of the Research Department of the Bank of Israel from April 2025, raising tariffs worldwide will lead to a decrease of 4% in the volume of global trade by the end of 2026 (relative to a situation without tariffs). The plan includes two main components:

- a. A uniform tariff at a rate of 10% on all imports into the United States.
- b. Additional tariffs at varying rates on imports from countries with a significant trade surplus vis-à-vis the United States.

Within the framework of this plan, from the beginning of implementation of the plan, the tariff imposed on Israeli goods was 10% within the framework of the uniform tariff on all imports into the United States. As of August 7, 2025, imports from Israel to the United States are subject to a total tariff of 15% (10% uniform + 5% variable according to country). In addition, according to the tariff policy there is a tariff exemption for goods that subcontractors purchase for the government.

During February 2026, the Supreme Court of the United States ruled that most of the global tariffs imposed during the past year must be invalidated. In response, President Trump signed a presidential order imposing a uniform global tariff of 10% for a period of 150 days, which within one day increased to a rate of 15%.

Although part of the Company's revenues originate from exports to the United States, in the Company's estimation the possible effect of the new tariff policy on its business results is low.

The information and data detailed in this Section above in connection with the Company's assessment regarding the effect of tariffs on the Company's results constitute forward-looking information, as defined in the Securities Law, which is not solely under the Company's control. The said information and data are based on the information currently available to the Company as well as publications written and published by professional entities in connection with the above-mentioned paragraph. The information and data are estimates only which may not materialize or may materialize partially or differently, including materially differently, due to external factors beyond the Company's control, among other things due to changes in the policy of the United States and the Israeli government and any of the risk factors detailed in the Company's Periodic Report for 2025. In light of the above, the actual results may differ from the assessments detailed above and may even differ materially in connection with the external factors affecting the Company's field of activity.

Impact of the Russia-Ukraine War on the Company's Operations

The Russia-Ukraine war, which began in February 2022, as well as the general "heating up" of the global defense market, have led numerous governments to declare their intent to significantly increase their defense and military procurement budgets.

The war in Ukraine, like the "Iron Swords" war, highlighted the growing acceleration in the use of loitering munitions, drones, and small surveillance UAVs for tactical field use.

In light of this trend, the Company is experiencing an actual increase in demand for the solution it provides to its customers across all fields, and anticipates continued interest in its products.

The information regarding the Company’s expectations concerning the increase in demand for its products following the war in Ukraine constitutes forward-looking information, as defined in the Securities Law, which is not solely under the Company’s control. This information is based on data currently available to the Company, as well as publications written and released by professional sources related to the Company’s field of activity, as of the date of this Periodic Report. This is an estimate only and may not materialize, or may materialize only partially or differently, due in part to changes in the field and the factors influencing it. Accordingly, actual results may differ from the above assessment and may differ materially with respect to external factors impacting the Company’s field of activity.

Inflation and Interest Rate¹²

According to the decision of the Monetary Committee for the second half of 2025, dated January 19, 2026, the Monetary Committee of the Bank of Israel (hereinafter in this Subsection: the “**Report**”), in its decisions of November 2025 and January 2026 reduced the interest rate by 0.25% in each of the decisions, such that as of the end of the reviewed period the interest rate stood at 4%.¹³

According to the Bank of Israel Report, the annual inflation rate for 2025 was approximately 2.4%. According to the forecast of the Bank of Israel from January 2026, the inflation rate in the next four quarters (ending in the fourth quarter of 2026) is expected to stand at 1.7%, and during 2027 it is expected to stand at 2.0%.

During the half-year reviewed in the Report, trading in the financial markets continued to be characterized by volatility, which was influenced by local and global uncertainty. The shekel appreciated by approximately 6% against the dollar, following a similar rate of increase also in the first half of 2025. Israel’s risk premium – as measured by the CDS and the spreads of the government dollar bonds between Israel and the United States – decreased significantly after Operation Rising Lion in June 2025, and continued to decline during the reviewed period, mainly after the announcement of the ceasefire in the Gaza Strip. The premium stood at a level only slightly higher compared to its level on the eve of the war. During the period, the rating agency S&P updated Israel’s rating outlook from negative to stable, and the local equity indices performed positively relative to the rest of the world. Credit to the business sector expanded during the reviewed period at a high rate, led by credit to large businesses, and delinquency rates across all sectors of activity remained low. The banking system maintained high capital ratios, and insurance companies maintained high solvency levels. In addition, access to credit, according to the Trends Survey for November, remained relatively high.

The information and data presented in this Section 5 above, and the factors affecting the Company’s operations, include analyses and forecasts that constitute forward-looking information, as defined in the Securities Law, and are not solely under the Company’s control. This information and data are based on data currently available to the Company, as well as publications written and released by professional sources related to the Company’s field of

¹² <https://www.boi.org.il/publications/regularpublications/monetary-policy-reports/%D7%93%D7%95%D7%97-%D7%94%D7%9E%D7%93%D7%99%D7%A0%D7%99%D7%95%D7%AA-%D7%94%D7%9E%D7%95%D7%A0%D7%99%D7%98%D7%A8%D7%99%D7%AA-%D7%94%D7%9E%D7%97%D7%A6%D7%99%D7%AA-%D7%94%D7%A9%D7%A0%D7%99%D7%99%D7%94-%D7%A9%D7%9C-2025>.

¹³ See the website of Bank of Israel: <https://www.boi.org.il>.

activity, as of the date of this Periodic Report. This is an estimate only and may not materialize, or may materialize only partially or differently, due in part to changes in the field and the factors influencing it. Accordingly, actual results may differ from the above assessments and may differ materially with respect to external factors impacting the Company's field of activity.

Part Three – Description of the Corporation's Business by Field of Activity

6. General Information on the Field of Activity

6.1. Structure of the Field of Activity and Changes Occurring Therein

The Company is a development company operating in the field of imaging solutions for aerial and ground vehicles. As noted above, the Company is a technology company that develops, manufactures, and markets stabilized day and night imaging solutions for ground and aerial platforms such as micro and mini UAVs and drones, using a unique and innovative technology protected by patent.

Alongside the rapid growth of the defense market, and in light of technological advancements and declining costs of platforms, the Company believes that in addition to the continued accelerated growth of the defense market, we will witness in the coming years an expansion of activity by companies using the Company's imaging solution in other fields such as first responders, inspection, and potentially even drone-based aerial delivery.

Technological developments in the field of imaging in recent years have led to a significant reduction in the cost of aerial vehicles and the systems required to perform aerial photography (UAVs and drones replacing manned aircraft), making the field more accessible and reducing costs. As a result, the field has opened up to new customers who are not defense-related. The shift to smaller, autonomous platforms has created tools for diverse needs, characterized by low-altitude flight using compact vehicles with high accessibility for users.

Recent technological advancements in cameras and lenses have led to the development of small, lightweight stabilized cameras with significant imaging capabilities, enabling long-distance aerial photography.

As part of customer demand, the Company continues to invest in the development of complementary capabilities that enable its customers to operate in challenging environments autonomously and safely, thereby maintaining its competitive advantage.

Additionally, in response to market demand for long-range nighttime target detection, the Company has begun to sell an imaging solution based on "cooled" technology. The use of the Company's technologies allows it to maintain a superior size/weight-to-performance/price ratio compared to its competitors. The Company believes that this solution will enable the integration of cooled cameras into small UAVs and drones, thereby opening a significant new market for the Company.

As part of the Company's activity to develop new capabilities, the Company launched the "Cornas" product, an observation payload weighing only 1.5 kg that significantly improves night observation capabilities and adds laser capabilities for range measurement, marking and illumination. In this product as well, the Company's technological advantage is reflected in maintaining one of the best size/weight to performance ratios in the world, at a very

competitive price for the market and with a very high level of reliability. The Company believes that the launch of the Cornas will assist in deepening penetration into existing markets and will open additional markets and additional growth opportunities in the coming years.

The Company’s assessment regarding the impact of the Cornas as described above includes analyses and forecasts that constitute forward-looking information, as defined in the Securities Law, which is not solely under the Company’s control. The said information and data are based on the information currently available to the Company as of the date of this Periodic Report. The information and data are estimates only, which may not materialize or may materialize partially or differently, among other things due to changes in the field of activity and the factors affecting it and market needs. In light of the above, the actual results may differ from the assessments detailed above and may even differ materially in connection with the external factors affecting the Company’s field of activity.

6.2. **Restrictions, Legislation, Standards, and Special Constraints Applicable to the Field of Activity**

The export of the Company’s military-standard products is supervised by the Defense Export Control Agency of the Ministry of Defense (hereinafter: “**DECA**”) and is subject to the provisions of the Defense Export Control Law, 5767-2007 (hereinafter: the “**Defense Export Law**”). The purpose of the Defense Export Law is to regulate state supervision over the export of defense equipment, the transfer of defense know-how, and the provision of defense services, as defined in the Defense Export Law.

The Defense Export Law imposes an obligation on any person wishing to engage in defense marketing activity (as defined in the Defense Export Law) to obtain in advance, from the competent authority, a “Defense Marketing License” to carry out various actions aimed at promoting defense export transactions. Thereafter, the Company is required to obtain in advance a “Defense Export License” to execute the transactions for which a Defense Marketing License was granted, each transaction as applicable. If it is necessary to transfer know-how and/or defense equipment to a person other than the one for whom the Defense Export License was granted, or to change the end-use of the equipment or know-how covered by the license, a further license must be obtained from DECA.

The Defense Export Law imposes a reporting obligation on license holders regarding their activities on a quarterly basis, including reporting obligation on a change of control in the Company¹⁴, as well as a requirement to maintain records and preserve information and documents relating to defense export transactions.

¹⁴ For the purpose of “Control” under the Defense Export Control Law: “Control,” with respect to a corporation – the ability, whether alone or together with others, to direct the activity of a corporation, except for an ability arising solely from the fulfillment of the role of a director or another office holder in the corporation; without derogating from the generality of the foregoing – (1) a person shall be deemed to control a corporation if he holds one half or more of a certain type of means of control in the corporation; (2) there shall be a presumption that a person controls a corporation if one of the following exists: (a) he holds the largest portion of means of control of any type in the corporation at any time, or there is no other party holding, alone or together with others, means of control of any type at a rate exceeding his holdings of that same type of means of control; (b) he has the ability to prevent the adoption of business decisions in the corporation by virtue of a provision in the corporation’s articles of association or in an agreement, except for the power to prevent the adoption of decisions concerning

In addition, the law grants the competent authority audit and supervisory powers in order to monitor compliance with the Defense Export Law and establishes a criminal and administrative enforcement framework.

According to the Defense Export Control Articles (Scope of Defense Export under Agreement Between the State of Israel and Another Country Requiring Approval of the Ministerial Committee for National Security), 5768-2008, a defense export transaction under an agreement between the State of Israel and another country with a scope exceeding NIS 200 million must be submitted for approval to a subcommittee of the Ministerial Committee for National Security.

DECA is the authorized body for granting the aforementioned marketing and/or export licenses, for stipulating conditions therein, and for canceling such licenses. Additionally, DECA is the competent authority within the Ministry of Defense for handling exporters' requests when approvals are required from foreign countries that impose various restrictions on the continued export from Israel or on the further sale in Israel of products or know-how that were purchased from those countries.

Pursuant to the Defense Export Control Articles (Licenses), 5768-2008 (hereinafter: the "**Licensing Articles**"), DECA's decisions regarding the granting of a marketing license in connection with defense equipment, defense know-how, or defense services (hereinafter: the "**Marketing Subject**"), where the subject is classified as non-sensitive and concerns countries that have been made known to eligible license applicants, must be issued within 40 days from the date the application is received (or from the date on which all supplementary information is received, whichever is later). If the marketing subject is classified or concerns countries not included among those made known to eligible applicants, decisions must be issued within 120 days from the date of application submission to DECA.

Likewise, the Licensing Articles stipulate that a decision regarding an export license application shall be made within 30 days from the date the application is received by DECA (unless the request requires approval by the subcommittee of the Ministerial Committee for National Security, in which case the decision shall be issued within 45 days from the date of submission to DECA).

Nevertheless, based on the Company's experience with DECA, in cases of urgency or other justified reasons for obtaining a license on a shorter timeline, an expedited review can be requested. In most cases, the Company receives the relevant license significantly faster than the statutory timeframe. Additionally, there are countries for which an exemption exists from submitting such license applications.

As of the date of this Periodic Report, all of the Company's military-standard products are registered with DECA, and the Company holds the appropriate licenses for the marketing and export of its products to customers, as applicable. It should be noted that the Company has never been denied an export license. There are a negligible number of transactions for which the Company did not receive marketing licenses (i.e., DECA's approval to conduct a

the issuance of means of control in the corporation or the power to prevent the adoption of decisions concerning the sale or liquidation of most of the corporation's business or a material change therein.

transaction in a specific country) for reasons unrelated to the Company but rather due to DECA's considerations, as the issuance of a marketing license is subject to its discretion. The Company's management believes that the refusal to grant marketing licenses has no material impact on the Company's business.

For the export of dual-use products, the Company is subject to obtaining approvals from the Export Control Division of the Ministry of Economy. The Ministry of Economy, through the Import and Export Order (Control of Export of Dual-Use Goods, Services, and Technology), 5766-2006 (hereinafter: the "**Order**"), regulates export control over dual-use products, know-how, and services listed in the Wassenaar Arrangement (an international regime for controlling the export of conventional arms and dual-use technologies). The supervision under the Order applies to the export of dual-use goods and technologies - that is, materials and equipment primarily intended for civilian use but also suitable for military use. The Order was enacted under the Import and Export Ordinance [New Version], 5739-1979. Its purpose is to supervise the export of goods abroad.

In the Company's assessment, there is no obstacle to the renewal of its existing licenses or to obtaining new ones. Nevertheless, the receipt of such licenses constitutes forward-looking information, as defined in the Securities Law, which may not materialize or may materialize differently than expected due to factors beyond the Company's control, including the risk factors specified in Section 29 below.

6.3. **Changes in the Scope and Profitability of Operations in the Field**

For details on the scope of operations in the field, see Section 1.3 above.

6.4. **Developments in the Field's Markets or Changes in Its Customer Characteristics**

The market in which the Company operates has expanded over the years due to technological developments in the field of activity. The significant reduction in the cost of the product (including the platforms on which the Company's imaging solution is installed) has led to growth in new markets and greater accessibility for customers who had not previously used such systems - i.e., non-military uses.

For example, infrastructure companies use aircraft equipped with cameras for mapping and inspection of areas and infrastructure.

In recent years, due to tensions between the U.S. and Chinese governments, the U.S. administration has acted to exclude Chinese companies from the American market and has exerted pressure on other countries to act similarly. The removal of Chinese companies from the market creates opportunities and expands the market for Western companies.

Additionally, the escalating tensions between European countries and Russia in the wake of the war in Ukraine have pushed European states to divert increasingly large budgets toward defense procurement.

6.5. **Technological Changes That May Materially Affect the Field of Activity**

Technological developments in the field of drones and micro-UAVs have led to reduced costs for acquiring aerial photography equipment, the transition of the platforms to autonomous or simple operation that allows use by personnel who do not require extensive and/or complex

training, and the increased availability of aerial photography equipment. All of these contribute to the rapid growth rate of the aerial photography market.

Developments in the field of artificial intelligence (AI) have led to the creation of autonomous robotic capabilities for the security sector. Unlike systems that require extensive human operation by trained personnel, these new developments have enabled the deployment of aerial tools with high availability and operational flexibility, reducing or eliminating the need for human operation, increasing system capabilities, and significantly lowering operating costs.

Additionally, the miniaturization of cameras and thermal sensors significantly impacts the total weight of the camera and, consequently, the weight of the entire system. Furthermore, there has been significant improvement in the efficiency and utilization of the platforms' energy sources (batteries), allowing the platform (e.g., the UAV) to capture footage for longer durations.

There has also been progress in collision avoidance systems for platforms, making them safer and more reliable. The increased reliability and safety of these platforms contribute to the faster proliferation of such systems in the market.

6.6. **Critical Success Factors in the Field of Activity**

According to the Company's assessment, the critical success factors in its field of activity are:

- 1) **Technology** – Use of leading technologies for the development of new and advanced capabilities, in terms of quality, reliability and accuracy, which increase the capabilities performed by the imaging solution. By virtue of the technology, the Company succeeds in achieving one of the best size/weight to performance ratios in the world at an attractive price (relative to similar products with similar capabilities) and with a very high level of reliability. The Company is a leading development company that develops new and advanced technology which the Company offers to its customers.
- 2) **Maintaining a high level of inventory** – The Company's financial position enables it to maintain a high level of inventory. In light of the condition of the global supply chain and supply issues encountered by all companies in the industry, due to the Company's financial position the Company addresses supply chain issues in two ways:
 - A) For most of the components/parts that the Company manufactures/purchases, the Company ensures that more than two suppliers are maintained.
 - B) For those components/parts for which it is not possible to maintain more than one supplier or whose delivery time is long, the Company maintains inventories for a period of 6 to 12 months ahead in order to ensure continuous supply of products to its customers.
- 3) Providing a complete ONE STOP SHOP solution (end-to-end service) – Providing a complete solution to the Company's customers enables easy and rapid integration for its customers (Plug and play) and prevents them from wasting time (Time to market) and incurring significant development expenses for the development of solutions and complex integration.

- 4) **Product Variety** – The Company offers approximately 14 types of cameras to its customers. The wide range of products allows the Company to provide tailored solutions that meet client-specific requirements and constraints (size, weight, budget, performance).
- 5) **Skilled and High-Quality Workforce** – The Company has a highly qualified team with extensive experience, who follow market needs and continue technological development to maintain a competitive advantage.
- 6) **Branding and Positive Reputation** – Strong branding and a good reputation in the relevant markets and industries for the Company’s field of activity.
- 7) **Full Automation** – Reduces dependency on manual labor and minimizes the risk of human error.
- 8) **Market Demand** – There is a consistent increase in market demand for the solution provided by the Company.

6.7. **Changes in the Supplier Network and Raw Materials for the Field of Activity**

As of the date of this Periodic Report, there have been no material changes in the supplier network or raw materials in the Company’s field of activity, despite various market crises that the Company has had to address. To manage these crises, the Company engages in long-term orders, maintains high inventory levels, increases the number of suppliers, avoids reliance on a single supplier where possible, and ensures ongoing communication with suppliers.

6.8. **Main Entry and Exit Barriers in the Field of Activity**

According to the Company, the main entry barriers in its field of activity are:

- 1) For military-standard cameras, submission to regulations governing the export of defense-related products.
- 2) Technological know-how and development of the Company’s cameras and related products at a sufficient level of reliability.
- 3) Expertise and specialization in relevant applications tailored to end-users in various industries.
- 4) The need for high-quality and skilled personnel in the field.
- 5) Financing – Significant financial investment is required in development and manufacturing to meet the technology and reliability standards expected by customers.
- 6) Stable supply capacity and in large quantities.

According to the Company, there are no significant exit barriers in its field of activity, aside from contractual commitments (e.g., extended warranty periods).

6.9. **Substitutes for Products in the Field of Activity and Changes Affecting Them**

According to Company management, as of the date of this Periodic Report, there are no substitutes for the Company’s products in the field of activity, except for manned aircraft photography, which results in significantly higher imaging costs and thus lacks economic

viability. In some cases, fixed cameras may compete with the Company's field, but the deployment required for fixed cameras to cover large areas is inefficient and uneconomical.

In the Company's assessment, due to the technological advancements in its field, it maintains a significant advantage over existing substitutes, both in terms of technological capabilities and cost.

6.10. **Competitive Structure in the Field of Activity and Changes Affecting It**

For further details regarding the competitive structure in the field of activity and changes affecting it, see Section 13 below.

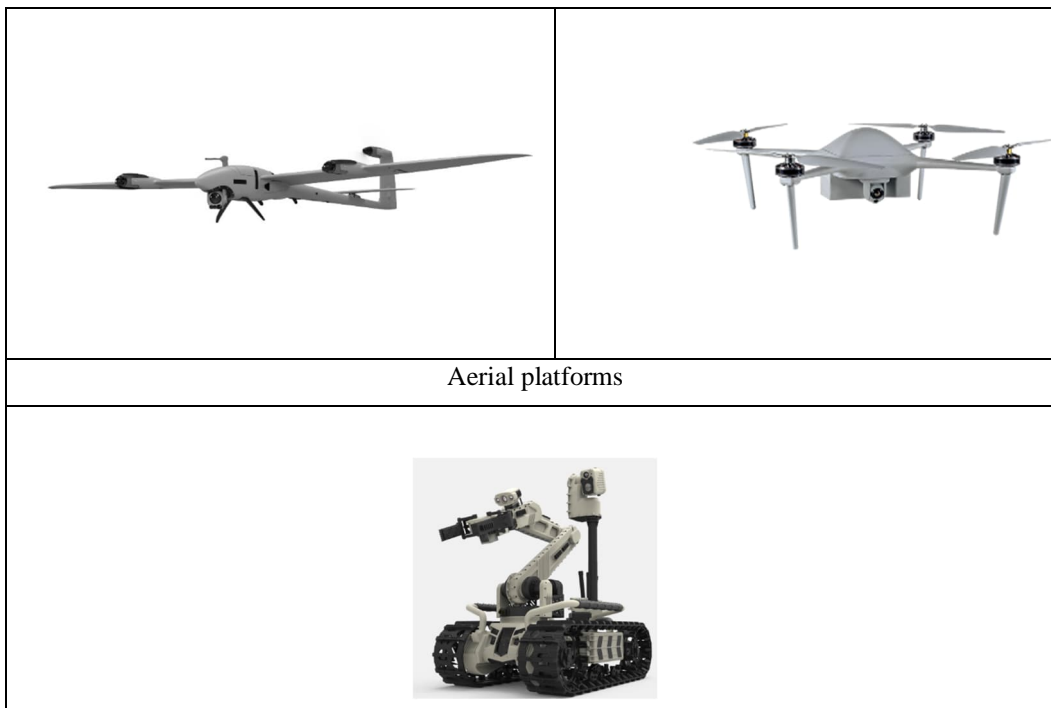
7. **Products and Services**

As noted above, the Company is engaged in the development, manufacture, and marketing of a stabilized day and night imaging solution for moving platforms, based on unique and innovative technology protected by patents.

As of today, the Company offers approximately 11 different camera models and several sub-models with various capabilities, sizes, and weights. Each camera model offers specific advantages for certain applications and is tailored to meet client requirements, including accessories for the cameras.

The Company procures raw materials from its suppliers and assembles the cameras at its facility. Once assembled, the cameras undergo a series of tests and are then shipped to the customer, who mounts them onto a system it has purchased or produced (e.g., UAV or drone) and delivers the final product to its end customer. To the best of the Company's knowledge, the end customers of its clients include companies in the infrastructure, intelligence, and defense sectors, as well as military forces of various governments.

Examples of different platforms:



Ground platforms




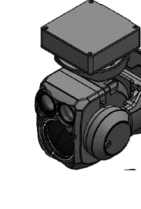

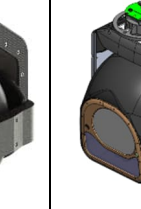
Trends in the “Micro-Small” Camera Market (200–2000 g):




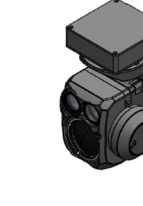

- a. Growing use of small (aerial and ground) remotely controlled platforms – Continued growth in the use of small platforms due to their advantages in mobility and price, while maintaining high performance thanks to increased operating time, computing power, and optical capability due to technological improvements in the field.
- b. Increasing reliability of small platforms – Due to technological “maturity” and accumulated experience, both users and platform manufacturers are now “ready” to install high-performance and high-cost cameras on the platforms.
- c. Adding cameras weighing 1500–2000 grams to the product portfolio – The Company has developed and adapted cameras in the weight range of 1500–2000 grams. These cameras are considered in the market to be “small and lightweight.” They are based on existing and proven technology, built upon existing cameras (150 to 650 grams). The dramatic improvement in observation capability compared to the existing cameras lies in the night channel: sensors using cooled technology and/or improved optics for uncooled sensors. These cameras are intended to meet tools with matching carrying capacity, which have been developed in line with the general market trend of increasing computational and carrying capabilities while decreasing the size of aerial vehicles, especially fixed-wing UAVs.
- d. Increasing use of cameras as part of attacking aerial vehicles – aerial vehicles controlled remotely or those pre-programmed to strike a target while optically observing the target during the moment of impact, whether during the day or at night. There is a growing trend toward the use of attacking vehicles due to their low cost, precise strike capability and the avoidance of causing extensive collateral damage.
- e. Use of an “illuminating” sensor in addition to a day-night sensor – in order to mark targets for another observer, or another vehicle, the target.

Below is a table presenting the Company's camera models and accessories and a comparison of their capabilities:





Camera model	NightHawk2-UZ-360	NightHawk2-UZ	NightHawk2-V	NightHawk2	TRIP	Falcon
Picture					Mission & Controller Computer 	
Zoom capabilities on a day camera	x40	x40	x40	x40	Support all NV cameras	X80
Infrared camera shooting range (15)	X2.6	X2.6	x1.8	x1.8	--	X2.6
Infrared camera photo resolution (in pixels)	1280X1024	1280X1024	640x480	640x480	--	1280X1024
Weight (in grams)	350	350	320	250	140	565

¹⁵ Displayed relative to the DragonEye2 camera range

Camera model	Raptor	X80	DragonEye2	Starling	Raven	Raven2.5
Picture						
Zoom capabilities on a day camera	X80	X80	X40	X40	X80	X80
Infrared camera shooting range ¹⁶	X3.6	-	X1	X 1.8	X15.5	X15.5
Infrared camera photo resolution (in pixels)	1280X1024	-	640x480	640x480	640x480	640x480
Weight (in grams)	640	140	115	170	2 kg	2 kg

Camera model	X80	DragonEye2	Starling	DragonEye3-3X	Stinger
Picture					
Zoom capabilities on a day camera	X80	X40	X40	X40	X80
Infrared camera shooting range (1)	-	X1	X 1.8	X1	X1.8
Infrared camera photo resolution (in pixels)	-	640x480	640x480	640x480	640x480
Weight (in grams)	140	115	170	145	200

¹⁶ Displayed relative to the DragonEye2 camera range

Camera model	Raptor-360	Raptor	Condor	Raven2.5
Picture				
Zoom capabilities on a day camera	X80	X80	X80	X80
Infrared camera shooting range (1)	X3.6	X3.6	X6.2	X15.5
Infrared camera photo resolution (in pixels)	1280X1024	1280X1024	1280X1024	640x480
Weight (in grams)	690	640	1.5 kg	2 kg

The imaging solution provided by the Company enables the end user to film during the day and night, thereby allowing round-the-clock imaging without the need to replace cameras. Additionally, the Company's cameras offer one of the best performance-to-weight ratios in the world. The Company serves as a One Stop Shop for its customers by offering both the camera and accessories (that allow the camera to be easily and quickly mounted onto the customer's platform), as well as an additional product, the TRIP, which enables communication between the camera and the platform's autopilot and offers many other capabilities. In this way, the Company enables simple integration into the platform on which the camera is mounted, rapid implementation, and savings in time and manpower (Time to Market).

The Company's cameras include advanced capabilities such as geolocation linking to the photographed area, image compression, electro-optical tracking, and Artificial Intelligence (AI), which allows the customer to define the imaging target, and the camera then alerts when the target appears. This capability also results in significant manpower savings, as it does not require ongoing operation of the camera. The Company's camera technology is based on (patented) core components used in all its cameras, including line-of-sight stabilization and image generation from a staring sensor. These allow the Company to produce and supply cameras with a very wide range of optical performance (and corresponding prices) to the market within a short time from the moment a need arises (or upon receiving a clear customer demand).

The Company also manufactures accessories for the cameras that simplify the installation process on the platform:

- A camera mounting fixture that prevents shock while the platform is moving and an adapter for installing the cameras.
- A damping fixture that reduces vibrations experienced by the camera on the platform.
- A "third axis" mechanism provided (where required) for existing cameras with two axes of line-of-sight stabilization.
- A set of interface cables in various lengths, according to customer requirements.
- Support software enabling operation and testing of the camera at the customer's facilities or at the end user's facilities.

The price range of the cameras is between several thousand and tens of thousands of dollars per camera, depending on the type of camera, the quantity purchased by the customer, and any accessories purchased as part of the deal.

Expected Changes in the Customer Mix

The Company's products are protected by registered patents. Accordingly, existing products and those in development or testing phases with customers contain patented technology.

The majority of the Company's sales growth is based on existing markets and customers, whose activity volume, according to the Company's assessment, may increase in the coming years. The potential growth is due to the fact that observation missions can be carried out using smaller, cheaper, more reliable platforms that are easier to operate with fewer operators and without the need for

complex and expensive infrastructure. For these events, the Company's cameras serve as a convenient and accessible solution for platform manufacturers.

According to the Company's assessment, its new products (cameras weighing between 1.5–2 kg) will meet the needs of both existing and new customers.

New customers targeted by these products are those who currently use 3–5 kg cameras, and these new cameras will meet the operational technical requirements of the Company's customers, but at a lower price and lower weight, which correspond to longer mission time and greater mission range.

8. **New Products**

As part of its regular business operations and ongoing activity, the Company develops cameras and related products based on emerging needs in its area of activity. The Company is a development (R&D) company that develops between 2 and 3 new products each year which will generally be game changers in the market.

The Company invests in development in several areas:

- a. Maintaining existing customers and expanding the range of current cameras used by those customers. Existing customers have already integrated the Company's products and over the years have learned from regular use. Therefore, when the Company introduces new developments based on its existing products, these innovations are automatically implemented with minimal additional integration effort.
- b. Developing day-and-night cameras with line-of-sight stabilization and higher resolution (zoom) capabilities across all weight ranges, according to the customer needs.
- c. Adding additional features to the cameras that expand their operational range:
 - Advanced target marking and signaling capabilities;
 - Precise range measurement capability;
 - Improved image processing features for better target tracking.
- d. Continued integration of new capabilities based on market needs:
 - Integration of night vision sensors with "cooled detector" technology, which allows a significant improvement in observation range;
 - Doubling the Company processor's computing power, based on similar improvements in global source components. This improvement enables the addition of operational capabilities in parallel, including area tracking and object identification, and increasing data transmission capacity together with a parallel increase in the capacity of the vehicle's communication components;
 - Improving camera durability in environmental conditions encountered by the platform - primarily water splashes and dust.
- e. The Company continues to invest in improving and ensuring the reliability of its cameras across the entire existing product range. Product reliability is a key element in retaining existing customers. Reliability is improved by using more accurate (and reliable) testing equipment, improving product testing procedures before delivery to the customer, and performing

environmental durability tests reflecting the user’s actual conditions. High reliability reduces the backup camera inventory required by the customer and significantly lowers the cost of a “mission.”

f. During 2025, the Company engaged in the following developments:

- Addition of the capability to mark points of interest in the field during platform movement. The marking is performed by using a beam invisible to the eye, through suitable viewing means. In addition, the capability can be added to most of the Company’s cameras.
- “Sterling” camera (a new camera) with three-axis line-of-sight stabilization, the smallest of its kind in the world, weighing less than 200 grams (a low weight equivalent to extending the mission duration).
- “Stinger” camera characterized by maintaining performance under extremely high aircraft speed (the camera is exposed to the external environment). This is a camera weighing less than 200 grams.
- “Cornas” camera for the purpose of target illumination for the guidance of weapons. This camera weighs 1.5 kg.
- “Cornas” camera, weighing less than 1.5 kg, increasing the observation range capacity of the night channel by 50% compared to the current Raptor camera.
- A TRIP6-SSD camera support computer with SSD memory, allowing customers to freely develop applications on the computer or alternatively store a larger volume of field images.
- The Company is in advanced development and product validation stages of cameras weighing 1.5–2 kg with low drag coefficients and, in parallel, night observation capabilities using cooled sensors. This technology enables detection and identification of objects at much greater distances than current cameras. These cameras are in customer testing and final evaluation at the Company.
- The Company is working on the development and validation of an advanced computer of the TRIP series (hereinafter: TRIP7), which (based on double the computing power of the current version) will add further operational capabilities to the Company’s cameras, such as navigation and highly accurate self-positioning.
- The Company is working to reduce the weight of the cameras by transitioning to the use of “lightweight” materials without impairing the performance of the existing product, namely by replacing existing parts in the camera currently in use with lightweight parts.

9. **Revenue Breakdown**

The Company’s revenue in each of the years 2025 and 2024 amounted to approximately USD 168,354 thousand and approximately USD 114,934 thousand, respectively.

Below is a breakdown of the Company’s revenue by regions in which the Company operates, for each of the years 2025 and 2024:

Revenue segmentation	Revenue for the year ended December 31, 2025 (USD thousands)	Rate of total Company revenues in 2025	Revenue for the year ended December 31, 2024 (USD thousands)	Rate of total Company revenues in 2024
Israel	Approx. 17,906	10.6%	Approx. 17,880	15.6%
North America	Approx. 49,099	29.2%	Approx. 17,975	15.6%
Europe	Approx. 94,825	56.3%	Approx. 66,467	57.8%
Rest of the world	Approx. 6,524	3.9%	Approx. 12,612	11.0%
Total revenue	Approx. 168,354	100%	Approx. 114,934	100%

10. Customers

10.1. As of the date of this Periodic Report, most of the Company's customers are system providers (i.e., manufacturers of the platforms on which the Company's cameras are installed), in Israel and abroad.

Over the years, the Company has sold and continues to sell the cameras it manufactures in approximately 50 countries worldwide to a large number of customers (over 400 customers), most of whom are system manufacturers and a minority of whom are end users. These countries include, among others: Japan, South Korea, New Zealand, Australia, Singapore, India, Norway, Sweden, Latvia, Poland, Denmark, the United Kingdom, the Netherlands, Moldova, Germany, Hungary, Belgium, Romania, Slovenia, France, Switzerland, Italy, Portugal, Cyprus, Greece, Israel, Spain, Canada, the United States, Mexico, Brazil, Chile, Finland, Vietnam, Lithuania, Bulgaria, and the Czech Republic, among others.

Below is a breakdown of the Company's revenue from its global customers for the years 2025 and 2024 (in USD thousands):

	In 2025		In 2024	
	in Israel	Overseas	in Israel	Overseas
Number of customers	39	165	35	160
Revenue from customers	Approx. 17,906	Approx. 150,448	Approx. 17,880	Approx. 97,054

Below is a breakdown of the development of the Company's customers in Israel and abroad in recent years:

In 2025		In 2024		In 2023		In 2022	
Number of customers	Number of countries	Number of customers	Number of countries	Number of customers	Number of countries	Number of customers	Number of countries
204	38	195	34	183	36	163	36

In general, the Company's engagement with its customers is based on orders received from customers without long-term agreements.

However, the Company has customers with a long-standing working relationship with the Company, as detailed below:

	In 2025		In 2024	
	In Israel	Overseas	In Israel	Overseas
Customers for up to one year	9	56	9	49
Customers between one and three years	5	35	8	70
Customers between three and five years	10	54	10	24
Customers for over five years	15	20	8	17
Total	39	165	35	160

The Company has several material customers whose revenues exceeded 10% in one of the years 2025 or 2024, as follows:

	In 2025		In 2024	
	Income (USD thousands)	Rate of total Company revenues	Income (USD thousands)	Rate of total Company revenues
Customer A	Approx. 32,839	19.5%	Approx. 18,238	15.9%
Customer B	Approx. 19,371	11.5%	Approx. 21,843	19.0%
Customer C	Approx. 26,064	15.5%	Approx. 3,743	3.3%

The engagement with the Company's material customers, detailed above, is similar to its engagements with its other customers, through order forms/contracts specifying, among other things, quantities, prices and delivery and payment dates. From time to time, the Company enters into agreements with its customers regulating the terms applicable to orders with a specific customer, including the warranty for the products. By virtue of the said agreements, those customers send order forms to the Company.

The Company's material customers mentioned above are foreign customers who, after the order is received by the Company, sometimes pay an advance at a rate of between 10% and 20% of the total consideration of the order, each customer according to the matter. The balance of the consideration is usually paid prior to the delivery of the products to the customer or within 30 days from the date of shipment of the goods, in accordance with the dates agreed with the customer.

- 10.2. As a rule, the Company's policy toward its customers in Israel is to supply them with the Company's products and receive payment therefor on a net +60-day basis. However, when dealing with new customers or relatively large orders, the Company generally receives an advance from such customers - an advance of approximately 50% of the order value for a new customer, and an advance of approximately 10%–35% of the order value for a relatively large order (an advance of a relatively material scope is typically considered an advance in a transaction exceeding USD 2 million).

In addition to the foregoing, with respect to foreign customers, the Company generally operates according to one of the following two alternatives: (a) full advance payment and delivery of the products only after the payment is cleared; or (b) receiving an advance payment of approximately 10% to approximately 40% of the order value and completing the total payment amount prior to shipment of the products abroad, or at most 30 days from shipment of the goods to the customer. For its material customers that have financial strength and a proven payment history, the Company sometimes does not require an advance payment.

11. Marketing and Distribution

The business model under which the Company operates is OEM (Original Equipment Manufacturer) sales. That is, in most cases (accounting for approximately 95% of the Company's sales), the Company sells its products to system manufacturers and not to end users (i.e., end customers). In most purchases, the system manufacturer buys a camera and accessories from the Company that enable the system manufacturer to offer a multi-capability system in the field of imaging to the end user.

The Company operates in several ways to market and distribute its products to its customers, who in turn, integrate the Company's cameras on platforms, for the end customers:

- a. Marketing through the Company's website and other media sites;
- b. Participation in trade shows and presentation of the Company's products at customer booths in exhibitions intended for end customers;
- c. Proactive outreach by the Company to system suppliers;
- d. In addition, some customers have reached out to the Company after being exposed to its products by other customers and have proactively contacted the Company.

It should be noted that sometimes the Company's customers (i.e., system manufacturers) request assistance from the Company in their marketing efforts to the end customer. In such cases, the Company supports the system manufacturers through its expertise in imaging and integration, based on its many years of experience.

As of the date of this Periodic Report, the Company is not dependent on any particular marketing channel.

12. Order Backlog

The Company's order backlog comprises orders actually received by the Company. Below is a breakdown of the Company's order backlog in USD thousands by the expected revenue recognition period:¹⁷

	Order backlog correct as of	
	March 10, 2026	December 31, 2025
Supply expected in Q1 of 2026	25,773	72,373
Supply expected in Q2 of 2026	78,117	68,956
Supply expected in Q3 of 2026	81,058	40,975
Supply expected in Q4 of 2026	37,364	22,322
Total for 2026	222,312	204,626
Supply expected in 2027	35,475	13,156
Supply expected in 2028-2029	30,186	-
Total	287,973	217,782

¹⁷ It is clarified that the order backlog is a dynamic figure that may vary due to different circumstances, as customary in the Company's field of business.

There have been no material cancellations or changes in the previously provided order backlog.

13. **Competition**

In the Company's assessment, the market in which it operates is one with competition from several different competitors, some of whom have advantages in the products they develop and manufacture compared to others. The Company's key advantages in the market are the following attributes compared to competitors:

- a. **Low Weight**: All the Company's cameras are lightweight compared to competitors for the same observation ranges. Low weight means more energy is directed to mission duration (fuel or battery), or longer mission range.
- b. **Dimensions**: Smaller physical dimensions compared to competitors for the same observation ranges. Small dimensions enable simple and reliable integration with an existing platform.
- c. **Integration**: Ease of integration of the camera (or a camera with a TRIP computer) with the platform and its systems: guidance and communication systems of the platform.

In addition, the Company has developed capabilities that provide customers with a complete solution and rapid integration (plug and play), which saves customer effort and significantly reduces complexity and high costs in integrating the Company's cameras into their systems.

In light of all of the above, the Company's positioning in the market is relatively high, and in the Company's estimation, its share in the global market is not material.

According to the Company's assessment, in the markets where it operates, there are approximately ten main competitors, but the Company does not have accurate data regarding their market share since these are private companies that do not publish data to the public.

The Company addresses the gaps between its products and those of its competitors as follows:

- a. **Differentiation and highlighting the advantages of the Company's products and of the Company as a supplier to its customers** - for example, the Company emphasizes the performance ratio compared to the competitor's product and the weight ratio compared to the competitor's product (the Company offers a wide range of products weighing between 115 grams and 2 kg), which provides a significant advantage over other companies in the market. In addition, the Company emphasizes the low power consumption of its products and their low cost relative to systems with similar performance.
- b. **Providing a comprehensive imaging solution**- the Company sells its customers complementary products that enable easy and quick integration and save customers time and money (time to market).
- c. **Product development and adaptation of product design to required market prices** - The Company focuses on developing products that match market price levels and its customers' requirements.

The Company has developed a distinct capability for using existing hardware assemblies and existing software components in a way that allows their use across all of the Company's cameras. This capability allows the Company to:

- Perform design updates and fixes rapidly (within days) for various issues raised by customers.
 - Launch different product versions based on customer demands, relying on existing subassemblies.
 - Significantly reduce the time to market for new cameras that incorporate features requested by customers (for example: upgrading a camera to substantially improve line-of-sight stabilization (image quality) under severe platform vibration conditions).
- d. Continuous development of the Company’s products and addition of capabilities to bridge gaps
- The Company is a development-oriented company that listens to its customers’ needs and works consistently to provide high-quality, timely solutions for any existing gaps. The Company develops between 2–3 new products each year.
- e. Team - The Company has a team of employees and management with over 10 years of experience in the field.
- f. Support: The Company maintains an online support system and a skilled support team, allowing for replies to all customer inquiries within up to two business days.

In parallel, the Company has established an online information system available to customers (each according to their specific needs) that enables customers to: (a) find technical solutions, and (b) continue developing various applications at the platform level while integrating them with the Company’s products in a readily accessible online environment.

g. Extremely Short Turnaround Time

The Company invests in shortening the turnaround time for repairs, in order to minimize the stock of backup systems that customers must maintain, thereby reducing the total cost of the transaction for the customer. The repair approval process is brief (days), as is the repair itself.




The Company’s primary competitors are Israeli and international corporations. Below is a breakdown of the Company’s main competitors, divided according to the types of cameras:

A. Cameras based on uncooled thermal detectors (similar to day channels).




B. Cameras based on thermal detectors requiring active cooling for operation (such detectors include a technical element known as a “cooler” which adds weight, capacity supply).




◀ **Competitors in the Uncooled Technology Camera Segment:**

Comparison with the Company’s camera of similar weight:

			
Manufacturer	Trillium	EDGE	WORKSWELL
Manufactured in	USA	Latvia	Czech Republic
Product	HD25-LV	OCTOPUS E95 (Vs NH)	WIRIS ENTERPRISE




Competitor weight	Similar	100% more	50% more
Observation range of the Company's thermal sensor	100% further	100% further	50% further
Observation range – Company's day sensor	50% further	Similar	Similar




			
Manufacturer	AVT	HOODTECH	Gremsy
Manufactured In	Australia	USA	USA / Vietnam
Product	CM102	06EOLWIR	VIO G1 / F1
Competitor weight	50% more	100% more	200% more
Observation range of the Company's thermal sensor	Similar	50% further	30% more
Range – Company's day sensor	Similar	Similar	25% more

			
Manufacturer	Micro-con	Micro-con	Micro-con
Manufactured In	Israel	Israel	Israel
Product	MICRO-300	MICRO-600	STING-I
Competitor weight	Similar	Similar	50% more
Observation range of the Company's thermal sensor	60% further	60% further	60% further
Observation range – company day sensor	30% further	30% further	100% further

◀ **Competitors in the Cooled Technology Camera Segment:**

Comparison with the Raven family of cameras:

			
Manufacturer	Trillium	CONTROP	OCTOPUS
Manufactured in	USA	Israel	Latvia
Product	HD55-MV	T-STAMP-XR	E180
Competitor weight	Similar	75% יותר	60% more
Observation range of the Company's thermal sensor	10% further	50% further	Similar
Observation range – Company's day sensor	200% further	50% more	Similar

			
Manufacturer	Hoodtech	HoodTech	Merio
Manufactured in	USA	USA	France
Product	06EOIR2	09 Series	TEMIS M25
Competitor weight	25% more	65% more	100% more
Observation range of the Company's thermal sensor	Similar	Similar	50% further
Range – Company's day sensor	Similar	Similar	Similar

14. **Production Capacity**

To the best of the Company's knowledge, as of the date of this Periodic Report, the Company's production capacity is up to 2,400 cameras per month, depending on the product mix (i.e., camera types), number of accessories, and number of repairs required per month.

In practice, the Company manufactures about 2,000 cameras per month, depending on the volume of orders and customer requirements. In light of the rapid growth in demand, the Company is working to increase its production capacity to more than 4,000 units per month by the end of 2026. For this purpose, the Company is working to recruit manpower and expand the production floor of the Company.

Production capacity can be increased as needed according to customer orders, by increasing manpower, boosting production pace, and expanding engagement with current and/or new suppliers, as necessary, for supplying components not manufactured directly by the Company, as detailed in Section 19 below.

Training duration for employees in product assembly and production tasks is short and does not require complex training from either the employee or the Company.

At the end of 2024, the Company relocated to its new offices, as detailed in Section 15 below. As of the date hereof, the Company's production activities are conducted in an area of approximately 5,000 square meters within its offices at 9 HaDafna Street, Ra'anana.

15. **Fixed Assets, Real Estate, and Facilities**

Until December 31, 2024, the Company's operations were primarily conducted from its offices located at 17 Tidhar Street, Ra'anana, with a total area of approximately 1,600 square meters and 17 parking spaces.

As of January 1, 2025, the Company's offices are located at 9 HaDafna Street, Ra'anana, in a total area of approximately 3,300 square meters spread over two floors, with about 100 parking spaces. At the beginning of 2026, the Company increased its office space by 1,700 sq.m.

The lease agreement (hereinafter: the "**Lease Agreement**") is for a period of 6 years, through December 31, 2030. The Lease Agreement includes an option for the Company to extend the lease term by an additional 36 months, under conditions detailed in the Lease Agreement. The Lease Agreement includes standard terms for such agreements.

For further details, see Note 8 to the financial statements as of December 31, 2025, attached to this Periodic Report.

16. **Research and Development**

The Company's research and development activities focus on several main areas:

- a. Development of new cameras in accordance with the market needs identified by the Company - the Company is working on integrating advanced hardware into its products to develop new generations of cameras with better performance compared to existing models;
- b. Improvements and updates in existing cameras;
- c. Streamlining the production line - to reduce costs and enhance the production process;
- d. Addition of features to accessories and detection capabilities (Detectors);
- e. Improvements and additions to the Company's control applications;
- f. Location indication of the camera within the image it captures.

The Company funds its R&D activities from its own budget, without relying on external bodies such as the Israel Innovation Authority, MAFAT, etc.

In 2024 and 2025, the Company spent approximately USD 4,486 thousand and USD 7,985 thousand, respectively, on research and development. These amounts represent direct R&D costs before capitalization as intangible assets, as detailed below:

	For the year ended on (USD thousands)	
	December 31, 2025	December 31, 2024
Salary and accompanying costs	7,752	4,293
Materials and subcontractors	233	193
Less expenses capitalized and recognized as intangible assets	(2,494)	(1,969)
Total	5,491	2,517

To the best of the Company's knowledge, it will require approximately USD 8,006 thousand (before capitalization as an intangible asset) for R&D expenditures during the 12 months following the date of this Report. For further details regarding R&D expenditures, see Note 17 and Note 9 to the Company's annual financial statements attached to this Periodic Report.

For information about the Company's strategy, see Section 28 below.

17. **Intangible Assets**

The following is a description of the Company’s main intangible assets:

The Company holds the following patent:

Patent name	Patent description	Patent rights	Patent registration date	Registration status ¹⁸	Countries/Continents where submitted	Expected expiration date
VIDEO MOTION COMPENSATION AND STABILIZATION GIMBALED SYSTEM	<p>A system and method for compensating for image distortions caused by the movement of a computerized camera system mounted on a moving platform.</p> <p>The camera system includes a camera that captures a large number of images of the environment visible within the camera’s field of view.</p> <p>Distortion may occur in the captured image due to imaging during motion.</p> <p>During the image capture, the camera may move within the spatial range available to it along certain axes. The method includes the steps of providing maneuvering signals to the camera, providing sensors for detecting the camera’s movement, calculating the cumulative motion vector of the camera - all in order to determine the image distortion prior to image capture and compensate for said distortion after capture using an equivalent vector in the opposite direction of the cumulative motion vector prior to capture.</p>	100% owned by the Company	November 29, 2017	Granted	Germany	April 6, 2030
					France	
					UK	
			October 1, 2016		Israel	
			November 25, 2014		United States	November 13, 2031

¹⁸ Granted, i.e. the patent application was accepted and the patent was granted.

In the Company's estimation, the patent held by the Company is of significant importance to its operations and positions it as a key player in its field, granting it a competitive advantage over its competitors in relation to the technological capabilities of the stabilized cameras it develops and sells. However, notwithstanding the foregoing, the Company believes that even after the expiration of the patents in 2030 and 2031, as applicable, this will not materially affect the Company's business, given that in the Company's assessment, the development, manufacturing, and marketing of products similar to those of the Company require far more than the knowledge derived from the patent. Rather, they rely on business and developmental know-how that the Company has accumulated over many years.

As of the date of this Periodic Report, the total costs invested by the Company in the registration of the patent detailed in Section 17 above amount to approximately USD 4 thousand in 2020. In 2025 and 2024, the Company did not incur additional costs for registering the patent detailed above, except for immaterial (and even negligible) amounts related to annual maintenance fees for the patent in the United Kingdom, United States, France, and Germany. The Company did not recognize these amounts as an asset in its financial statements. In 2025, the Company incurred registration and filing costs for two new patents in the amount of approximately NIS 55 thousand.

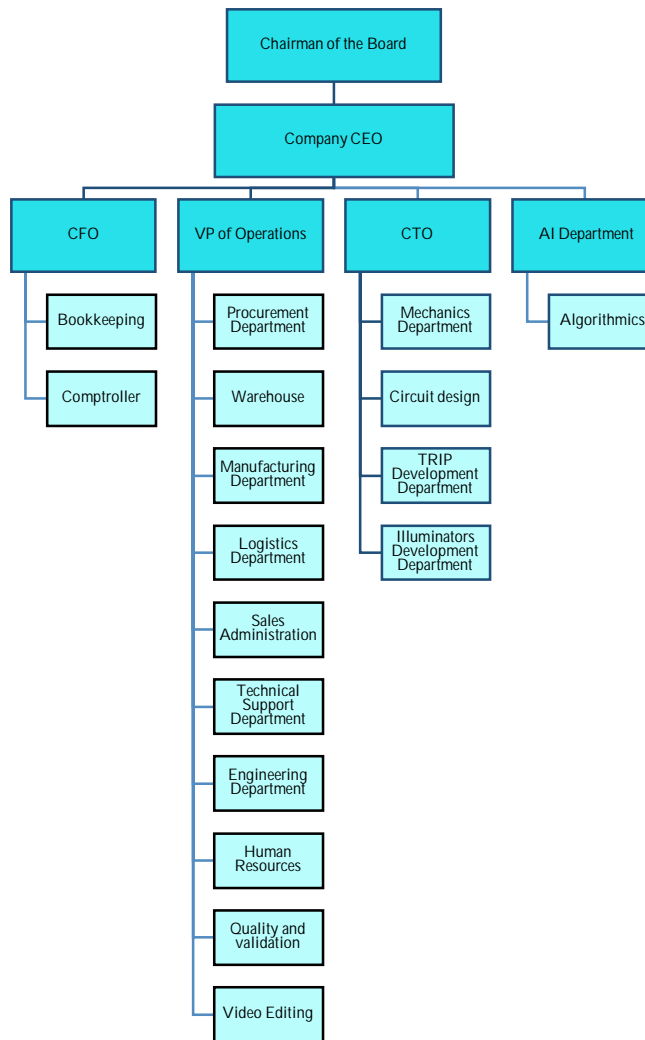
Part Four – Matters Relating to the Company’s Overall Operations

18. Human Capital

18.1. The Company’s Organizational Structure

As of the date of this Periodic Report, the day-to-day management of the Company’s affairs is entrusted to a management team composed of the Chairman of the Board of Directors, the Chief Executive Officer, and the Chief Technology Officer of the Company.

Below is a chart of the Company’s organizational structure, subject to the Company’s Board of Directors:



18.2. The Company’s Workforce

As of the date of this Periodic Report, the Company employs 164 employees and service providers in various departments, some under employer-employee relationships and some as independent service providers to the Company.

Below is a breakdown of the Company's employees and service providers as of December 31 of each of the years 2025 and 2024, and close to the publication date of this Periodic Report:

	Near the Periodic Report date		December 31, 2025		December 31, 2024	
	Employees	Services Providers	Employees	Services Providers	Employees	Services Providers
General and administration	10	1	9	1	6	1
Engineering	14	-	12	-	9	-
Development	28	1	29	1	17	2
Sales (inc. pre/post sales)	8	1	8	1	9	1
Procurement and warehouse	13	-	10	-	8	-
Manufacturing and operation	91	-	58	-	39	-
Total	164	3	126	3	88	4

18.3. **Dependence on Employees**

According to the Company's assessment, as of the date of this Periodic Report, the Company is not materially dependent on any of its employees and/or officers, except for Mr. Boris Kipnis, Director and Chief Technology Officer of the Company, and Mr. Michael Grosman, Chief Executive Officer of the Company, who possess significant knowledge and business experience in the Company's field of activity. For details regarding the terms of engagement of Boris Kipnis and Michael Grosman, see Part D of this Periodic Report.

18.4. **The Company's Investment in Training and Instruction**

The Company regularly conducts training and instruction for all of its employees, and especially for those whose work requires specialized professional training. All training is conducted at least once per year (annual refresher) and additionally as needed for professional purposes (e.g., when new employees are hired, internal promotions, procedural changes, or technological updates or modifications to the Company's products).

18.5. **Description of Employee Compensation Plans**

On October 28, 2010, the Company's Board of Directors approved an Employee Stock Option Plan (ESOP) (hereinafter: the "**Plan**"). The Plan was initially valid for a period of 10 years from its adoption by the Board and was extended for an unlimited period by a Board decision dated October 4, 2020. The following are the material terms of the Plan:

- a. The options will be granted to Company employees pursuant to Section 102 of the Israeli Income Tax Ordinance and to non-employees pursuant to Section 3(j) of the Ordinance.
- b. The options granted under the Plan are subject to adjustments, the material ones being as follows:

- (1) In the event of (I) a merger of the Company whereby it merges with a third party and is not the surviving entity, or (II) the sale of all or substantially all of the Company's assets, or (III) an initial public offering (IPO) of the Company's shares, or (IV) a restructuring or arrangement between the Company and its shareholders and/or creditors and/or warrant holders, or (V) a transfer or series of transfers within 12 months resulting in the sale of 50% or more of the Company's share capital to a third party (collectively, a "**Merger**"), then unexercised options, at the sole discretion of the Option Remuneration Committee (hereinafter in this Section: the "**Committee**") appointed by the Board (or, if no such committee exists or is limited by law, the Board itself), will become exercisable as options in the surviving company. In such case, the exercise price may be adjusted to reflect the said transaction.

If the surviving company does not agree to such arrangement, an acceleration of the vesting schedule will occur, such that all unvested options will immediately vest and become exercisable for a period of 10 days starting 10 days before the effective date of the Merger.

- (2) In the event of a bonus share distribution by the Company, the terms of the options will be adjusted either by increasing the number of shares underlying the options in accordance with the number of bonus shares the option holder would have received had they exercised the options prior to the record date for the distribution, or by decreasing the exercise price, or by a combination thereof, as determined by the Committee.
- (3) In any case of a share split and/or reverse split, the number of shares issuable upon exercise of the options will be adjusted in accordance with the event.

On June 7, 2021, the Company's Board of Directors, as the decision-making body for the Option Plan, resolved to clarify the adjustments applicable to the options:

- (1) Changes in Share Capital – In the event of a share split, reverse split, or capital reorganization or similar circumstances, the Company will adjust the number of shares resulting from the exercise of each granted option and/or the exercise price of the granted options such that the total consideration for exercising the granted option remains unchanged.
- (2) Bonus Share Distribution – If the Company distributes bonus shares to shareholders and the record date precedes the option exercise, the rights of employees will be preserved such that immediately following the record date, the number of shares resulting from the exercise of the employees' options will be increased by the number of bonus shares they would have received had they exercised their (unexercised) options just prior to the effective date.

The exercise price per option will not be changed as a result of the additional shares. The provisions regarding exercise shares shall also apply to the shares added pursuant to this subsection, subject to necessary adjustments. It is clarified that the number of exercise shares the employees are entitled to will only be adjusted in the event of a

bonus share distribution as stated and not in the case of any other share issuances (including issuances to interested parties).

Except for the adjustments detailed above, there shall be no adjustment to the exercise price and/or the number of exercised shares in any other case, including in the event of a dividend distribution and/or a rights offering.

- c. Unexercised options will expire upon the earlier of:
 - (a) Unless otherwise provided, 7 years from the grant date.
 - (b) The date specified in the option terms.
- d. Except in special cases determined in the plan, in the event of termination of employment of the offeree holding options, or cessation of the provision of services by the offeree holding options, by the Company or an affiliated company thereof, all options that have not yet vested shall expire.
- e. Unless otherwise determined in any option grant, entitlement to the options shall be divided into 4 equal portions (25% each), on an annual basis, over the course of 4 years, starting from the date of their grant.

18.6. **Nature of Employment Agreements**

Most Company employees are employed under personal employment agreements of indefinite duration. These agreements include a defined trial period, during which either party may terminate without notice (hereinafter: “**Trial Period**”). After the trial period, either party may terminate with 30 days’ notice.

Some agreements provide for a longer notice period of 180 days and do not include a trial period. Agreements include provisions for pension contributions and some include education fund contributions. As of the date of this Report, all agreements include severance terms under Section 14 of the Severance Pay Law, 5723-1963.

Additionally, employees are generally required to sign confidentiality, non-compete, and non-solicitation agreements.

For additional details on senior officer agreements, see Chapter D of this Periodic Report.

18.7. **Compensation Policy**

On June 7, 2021, the Company adopted a compensation policy for its officers and those of its subsidiaries pursuant to Section 267A of the Companies Law, attached as Appendix 8C to Chapter 8 of the Company’s Prospectus (hereinafter: the “**Compensation Policy**”). The Compensation Policy came into effect upon the listing of the Company’s shares on the stock exchange, i.e., on June 14, 2021, and will be valid for up to 5 years. For additional details, see the Company’s Prospectus published on June 8, 2021 (dated June 9, 2021), Reference No.: 2021-01-097797.

On April 29, 2025, the General Meeting of the Company’s shareholders approved, after the Audit Committee and the Company’s Board of Directors approved on April 16, the update of the Company’s compensation policy (hereinafter: the “**Updated Compensation Policy**”). The

Updated Compensation Policy entered into force on the date of its approval by the General Meeting of the Company's shareholders and will remain in effect for a period of up to three years. For additional details regarding the Updated Compensation Policy, see the Company's report published on April 24, 2025 (Reference No.: 2025-01-029114), and see also the report regarding the results of the resolution of the said General Meeting dated April 29, 2025 (Reference No.: 2025-01-030555).

19. **Raw Materials and Suppliers**

The Company's primary raw materials include components for manufacturing cameras and related products, including lenses, sensors, electronic and mechanical parts. Generally, raw materials are readily available and purchased from suppliers in Israel, Europe, and the U.S. For components with long lead times, the Company maintains advance inventory and uses a real-time inventory management system to enable efficiency and control.

The Company engages with multiple suppliers and seeks to maintain redundancy in critical parts, such as lenses and special cables.

The Company's gross margin in 2025 was approximately 69.8%, compared to approximately 72.1% in 2024.

As of the date of this Periodic Report, the Company has engagements with several suppliers for the purchase of the above components. These engagements are generally executed via purchase orders and framework agreements that define purchase terms, quantities, types of components, and payment terms.

The Company has no exclusivity agreements with any supplier.

According to the Company's assessment, it does not have material dependency on any particular supplier, especially given the broad supplier base. However, replacing some suppliers could result in delays and significant costs - for example, suppliers of sensors, lenses, and electronic components.

Below is a table describing the Company's material suppliers in the years 2025 and 2024, with whom the engagement is in the form of a purchase order and payment terms of net +30 or net +60, as applicable to each supplier:

Supplier name	Expenses		Percent of total Company expenses to suppliers	
	In 2025	Year 2024	In 2025	In 2024
	USD thousands		In percent	
Supplier A ¹⁹	46,551	7,180	57.9%	19.8%
Lynred by sofradir & Ulis ²⁰	1,294	7,346	1.6%	20.3%

20. **Working Capital**

The Company's working capital consists of current assets, including cash balances, receivables, and inventory, minus current liabilities, including payables to suppliers and service providers, taxes payable, and other short-term liabilities.

Below are the working capital figures as of December 31 for 2025 and 2024 (in USD thousands):

¹⁹ A company that provides the Company with complex electronic boards.

²⁰ Company that provides thermal sensors to the Company.

	As of December 31 for each of the years (USD thousands)	
	2025	2024
Current assets	637,993	154,265
Current liabilities	26,746	20,866
Excess of current liabilities over current assets (excess current assets over current liabilities)	611,247	133,399

21. **Financing**

21.1. **General**

The Company primarily finances its operations through equity, which totaled approximately USD 615,690 thousand as of December 31, 2025, and through supplier and service provider credit, which totaled approximately USD 8,679 thousand as of December 31, 2025.

Given the Company's positive cash flow over many years, it does not typically require credit facilities for ongoing operations, and accordingly has no credit lines.

21.2. **Restrictions on Financing**

As noted above, the Company does not face effective restrictions on obtaining financing.

21.3. **Assessment Regarding Raising Additional Financing in the Coming Year**

The Company estimates that it will not need to raise additional funds in the coming year to meet its goals or to finance its ongoing business operations.

22. **Taxation**

For details regarding the tax laws applicable to the Company, see Note 21 to the Financial Statements as of December 31, 2025, attached as Chapter C of this Periodic Report.

23. **Environmental Risks and Their Management**

The Board of Directors of the Company, which is responsible for managing all risks of the Company (both in the full Board and in the Audit Committee), received a briefing on the subject of climate and environment—and held a discussion, regarding the mapping of climate and environmental risks relevant to the Company.

The Company's management supervises and manages the climate and environmental risks through several functionaries, each responsible for different aspects, as detailed below:

- **CFO** – responsible for managing climate and environmental risks at the organizational level.
- **COO** – responsible for managing climate and environmental matters with investors and various stakeholders.
- **Director of Operations** – responsible for ongoing environmental operations on the assembly line and monitors various metrics, including environmental indicators.

As part of the Company's preparedness for climate and environmental risks, a dedicated working group was established, including the aforementioned officials, for the discussion of climate and environmental risks, accompanied by external professional consultation.

The working group conducted an initial mapping of climate and environmental risks, in which the following risks were identified as potentially relevant to the Company:

Climate and environmental risk category	Risk type	Risk driver	Potential operational impact	Time range
Transition risks ²¹	Regulatory – Carbon Tax and Customs (CBAM ²²)	The application of a carbon tax in Israel and the effects of the EU’s carbon tariff, the CBAM	Rising export costs	Short-medium
Transition risks	Market, regulatory	Regulatory obligations and investor and customer disclosure requirements on environmental and climate aspects	<ul style="list-style-type: none"> Increasing regulatory burden Operating costs 	Short
Physical risk	Acute	Extreme climate events, such as storms, wildfires, and hurricanes	<ul style="list-style-type: none"> Damage to the supply of raw materials of the Company 	Moderate
Environmental-regulatory risk	Raw materials	Use of minerals included in the conflict minerals list	Failure to comply with regulations and reporting requirements, which may result in proceedings, fines, and reputational damage and operating costs accordingly.	Short
	Waste and packaging	Waste management and compliance with recycling requirements	Economic costs for waste removal, recycling of cardboard, polystyrene and other materials	Short

Below are the circumstances and/or measures the Company is taking in order to manage and reduce the risks listed above:

- The Company monitors regulatory developments, market changes, and customer requirements, and responds accordingly;
- The Company manages a diverse supply chain;
- The Company holds ISO 9001 certification, an international quality management standard, and is evaluating the process of obtaining ISO 14001 certification, the leading international environmental management standard;

²¹ “**Transition Risks**”: meaning the risks arising from regulatory, legal, technological, reputational, and market changes that may result from the transition to a low-carbon economy and from efforts to prevent environmental harm, such as loss of biodiversity or damage to ecosystems.

²² The EU carbon tax, as mentioned above, stands for Carbon Border Adjustments Mechanism.

- The Company operates in accordance with legal requirements, its business license, and municipal bylaws.

Additionally, the Company’s ERP (Enterprise Resource Planning) system monitors, as necessary, several environmental indicators:

- Data on the Company’s energy consumption – water and electricity;
- Quantities of raw materials received and sold by the Company;
- Quantities of packaging used.

During 2025, the Company was not subject to any legal and/or administrative proceedings due to environmental causes, and no events occurred at the Company with potential and/or actual significant environmental impact on its operations. Moreover, the Company did not incur any material environmental costs.

24. **Limitations and Supervision Over the Company’s Activity**

As stated in Section 6.2 above, with regard to military-grade cameras, the Company is subject to obtaining approvals from the Defense Export Control Agency (DECA) at the Ministry of Defense, which is the authorized body for granting marketing and export licenses, setting license conditions, etc., pursuant to the Defense Export Control Law, 5767-2007 and the regulations and orders issued under it.

With respect to dual-use standard cameras, the Company is subject to obtaining approvals from the Export Supervision Division of the Ministry of Economy.

For further details, see Section 6.2 above.

25. **Material Agreements**

25.1. On October 16, 2024, the Company entered into an agreement with an existing customer of the Company, and on December 27, 2024 an order was received pursuant to the said agreement²³, for the purchase of cameras and additional products of the Company, in a total amount of approximately USD 30 million (hereinafter: the “**Consideration**” and the “**Agreement**”, respectively). The main terms of the Agreement are as follows:

- 25.1.1. The Agreement is valid for a period of three years from the date of its execution.
- 25.1.2. The customer’s terms will apply to the order, subject to the provisions of the Agreement prevailing over the provisions of the customer’s terms in the event of a contradiction. The warranty will commence on the date of shipment of the products to the customer and will end on the earlier of: (a) one year after the customer supplied the products to the end customer integrated within the customer’s system; or (b) 18 months from the date of shipment of the products from the Company to the customer.

²³ For additional details, see the Company’s immediate report dated March 13, 2025 (Reference No.: 2025-01-016909), included in this Periodic Report by way of reference.

- 25.1.3. The Company will supply the order in several shipments, according to dates agreed with the customer, during a period of 27 months following receipt of regulatory approval for the transaction and receipt of payment.
- 25.1.4. Payment terms: 7.5% of the Consideration will be paid as an advance within 30 days from the date of receipt of regulatory approval for the transaction. The customer will pay the Company the balance of the Consideration, in installments as detailed in the Agreement, some of them as advances prior to the supply of the products to the customer according to agreed dates and some of them after the supply of the products.
- 25.1.5. The Company will be entitled to delay shipment of the products to the customer if the customer has not complied with the payments in accordance with the provisions of the Agreement.
- 25.1.6. The Agreement includes additional provisions relating, among other things, to indemnification of the customer in cases detailed in the Agreement, a cure period in the event of defects in the products, default interest in the event that the Company does not meet its obligations, provisions relating to intellectual property, conduct of the parties during the term of the Agreement including in cases where the customer believes that the product does not meet the product specifications, a clause regarding the conduct of the parties in the event of defects in the products, a non-solicitation of employees clause for a period of one year from the date of termination of the Agreement, insurance and a dispute resolution clause.
- 25.1.7. Each party may instruct termination of the Agreement immediately, at any time, by written notice, in the following cases: (a) the other party materially breached the Agreement and the breach cannot be cured within 30 business days from the date of the notice; (b) the other party ceased doing business and cannot pay its debts when due or a request was filed for liquidation or insolvency proceedings, a liquidator was appointed, or an action of a similar nature occurred and the said action was not discontinued within 60 days; (c) a party breached the confidentiality obligation agreed upon by the parties. In addition, the customer may terminate the Agreement by providing 30 days' prior written notice, at any time and without cause, and also in the event that the Company's shares are no longer listed for trading on a stock exchange and the Company ceases to be a public company, after 30 days from the date on which the Company's shares cease to be traded on the stock exchange.
- 25.1.8. In the event that the customer terminates the Agreement, the Company will supply the next four deliveries in accordance with the provisions of the Agreement subject to receipt of full payment therefor. In addition, the customer will pay the Company agreed compensation as detailed in the Agreement, which will be calculated depending on the quantity of products that have not yet been shipped to the customer and the commitments created by the Company for the purpose of supplying the said products.

25.1.9. It is clarified that the commencement of the supply of the products to the customer is subject to receipt of regulatory approval for the transaction, which has not yet been received. Such approval also depends on third parties (the customer and its end customer) that are not under the Company's control. If regulatory approval for the transaction is not received, the customer will have the option to cancel the Agreement without penalty.

25.2. On November 19, 2025²⁴, the condition precedent was fulfilled whereby regulatory approval for the transaction was received in respect of USD 2.7 million out of the total Consideration (hereinafter: the "**Current Consideration**" and the "**Current Order**", respectively). In addition, and notwithstanding the provisions of Section 25.1 above, 50% of the Current Consideration was paid to the Company as an advance prior to shipment. The balance of the Current Consideration will be paid within 30 days from the date on which the Company issued the invoice for each shipment of products, in accordance with dates agreed between the parties. The Company will supply the Current Order in accordance with the agreed dates until the end of the first quarter of 2026. Except for the above, no change has occurred in the terms of the Agreement as detailed in Section 25.1 above. It is clarified that the condition precedent in respect of the remainder of the order has not yet been fulfilled.

26. **Legal Proceedings**

As of the date of this Periodic Report, the Company is not a party to any legal proceeding.

27. **Insurance**

The Company holds several insurance policies required to insure its operations and customarily renews the insurance terms and periods from time to time.

The Company holds several insurance policies in Israel, including, among others, directors' and officers' liability insurance, business contents insurance, third-party liability insurance, and employer's liability insurance.

28. **Business Goals and Strategy**

28.1. The Company operates according to the framework established by its Board of Directors and in accordance with developments in its field of activity and changes occurring therein, as well as developments in the markets in which it operates.

As of the date of this Periodic Report, the Company's objectives are focused on the following:

a. **Continued Development of Advanced Capabilities for the Camera Market**

The Company is working to continue developing advanced capabilities for its products in AI, so that it remains competitive in the market and can expand its activity both geographically and in terms of penetration into additional markets and industries.

b. **Research and Development**

²⁴ For additional details, see the Company's immediate report dated November 20, 2025 (Reference No.: 2025-01-089405), included in this Periodic Report by way of reference.

The Company is operating in accordance with its R&D program, which as of the date of this Periodic Report is as detailed in Section 16 above.

c. Increasing Sales and Market Share

The Company seeks to increase its sales and market share, including expanding its customer base, among other things, by deepening its penetration into key markets through product adaptations to meet global and local needs.

It should be noted that, in parallel, the Company intends to examine more significant entry into additional global markets alongside financial investment for this purpose, which cannot currently be quantified.

d. Acquisition of Operations

The Company is working to acquire operations to expand its activities. It is examining the acquisition of operations in various global markets, including the United States and Europe. Any such acquisition, if carried out and subject to all legally required approvals, will be of operations that have synergy with the Company's business and will assist it in continuing to grow and meeting its set objectives.

28.2. Financial Targets

In order to realize the Company's vision, objectives, and business strategy, the Board of Directors has established medium- to long-term key financial targets, based on the management's experience in the market and the Company's pace of development and performance:

- a. Gross Profit – The Company's gross profit margin in 2025 and 2024 stood at approximately 69.8% and 72.1%, respectively. The Company intends to do everything in its power to maintain the gross profit margin such that it will remain between the ranges of 65% and 72%, by continuing to invest in the development of technologies that enable the production of high-quality cameras while reducing manufacturing and raw material costs with its suppliers.
- b. Forecast of Annual Growth Target – On January 5, 2025, the Company's Board of Directors resolved to set the Company's annual growth target for 2026 at approximately USD 275 million.

The measurable financial targets detailed above, and the annual growth target forecast, constitute forward-looking information, as defined in the Securities Law, which is not solely under the Company's control. These measurable targets are based on forecasts, estimates, and evaluations of the Company's Board of Directors and management regarding the Company's future and current operations. These evaluations, forecasts, and estimates may not be realized, or may be realized only partially or differently, and even materially differently, due to changes in the Company's area of activity and/or in the market in which it operates, and/or technological difficulties and/or other regulatory restrictions and/or the occurrence of any or all of the risk factors set out in Section 30 below.

29. Expected Developments in the Coming Year

In the coming year, the Company intends to continue operating in accordance with the objectives and business strategy detailed in Section 28 above, and, inter alia, to pursue the execution and completion of the following actions:

- a. Research and development – The Company intends to release new camera models and further develop its existing camera capabilities, while maintaining a competitive and high-quality edge. In addition, the Company intends to develop new capabilities with high synergy to the Company's operations, in order to address market needs;
- b. Expansion of the Company's activity in the market;
- c. Penetration into new markets;
- d. Recruitment of personnel who will enable continued expansion of the Company's activity, deepening of its presence in existing markets, product development, and support of its overall operations, particularly the establishment of a research team in the field of artificial intelligence.

The Company's projections as stated above with respect to the expected developments in the coming year constitute forward-looking information, as defined in the Securities Law, which is not under the Company's exclusive control. These projections are based on information currently in the Company's possession and on its forecasts regarding future operations. These projections may not materialize, or may materialize only partially or differently, and even materially differently, due to changes in the Company's field of activity and/or technological difficulties and/or other regulatory restrictions and/or the realization of any or all of the risk factors detailed in Section 30 below.

30. Discussion of Risk Factors

According to the Company's management assessment, the Company's activity in its field is exposed to the following main risk factors:

Macro-Economic Risk Factors

(1) Changes in Exchange Rates

The Company's functional currency is the U.S. Dollar; however, the Company exports a significant portion of its products and is therefore exposed to risks arising from changes in the Dollar and Euro exchange rates. Most of the Company's income from its customers is in U.S. Dollars, while the Company has significant expenses in NIS (mainly for personnel) and in Euros (mainly for suppliers). Accordingly, the Company's business results may be affected by fluctuations in the Dollar and Euro against the NIS.

(2) Regulatory Restrictions

Export restrictions on military-grade standard products imposed by the Ministry of Defense limit the Company's operations and access to certain countries. These restrictions may limit or even, in some cases, prevent the Company's operations in certain countries and impact its results.

Industry Risk Factors

(1) Competition

As this is a field with numerous players undergoing constant development, market developments and competition in the various sectors relevant to the Company's activity may intensify in the future and adversely affect the Company's business, including pricing pressure and product supply, which could impact the Company's revenues and operating results.

(2) Retention of Skilled and Professional Personnel

As of the date of this Periodic Report, the Company's activity focuses on the continued development and upgrading of its systems and products, as well as distribution and marketing. Therefore, retaining skilled and professional personnel is essential. That said, the Company estimates that if necessary, it will not face significant difficulty in replacing trained employees or training new employees within a reasonable timeframe.

(3) Technological Changes

The Company is exposed to risks involved in the development of new products and/or new technologies, the failure of which could harm the Company's operations and development.

(4) Insurance

The Company holds several insurance policies that match the coverage required for its operations and customarily renews the insurance periods and terms from time to time. However, not all possible risks may be covered and/or fully insurable under the various policies. Therefore, insurance proceeds, if received, may not fully cover any damage or losses that may occur.

In addition, the Company may be exposed to claims regarding product liability for products supplied by it and other claims (such as employee lawsuits), which could impact its business, reputation, customer retention, and the ability to contract with new customers. As of the date of this Periodic Report, the Company is not party to any legal proceedings.

(5) Cyber

In recent years, sophisticated cyberattacks have been recorded worldwide, which may cause damage and/or disruption or even a complete shutdown of activity. Such attacks may target the Company's databases, its customers, or manufacturing processes and may cause various damages, including data loss or theft. These events may also affect the Company's and/or its customers' intellectual property and harm the Company's reputation and ongoing operations. The Company implemented advanced technological and stringent tools aimed at preventing cyber threats, such as processes that enable monitoring, prevention, and control of cyber threats, including the implementation of information security procedures with periodic updates, conducting a risk survey, managing and reporting on cyber events (if any), using external expert teams, the performance of penetration testing, and implementing appropriate protective measures. It should be clarified that no cyber events occurred at the Company during 2025. The Company continues to monitor emerging risks and will continue to implement protection and security measures as needed.

Company-Specific Risk Factors

(1) Supplier Replacement

The components used to manufacture the Company's products are purchased from external suppliers with whom the Company contracts, and certain components have been customized to the Company's needs (as opposed to off-the-shelf products). If the Company is required to replace any

of the suppliers, it may incur one-time additional costs, which the Company estimates to be immaterial, and the production pace may be delayed for a certain period, which the Company also estimates to be immaterial.

(2) Dependence on Key Personnel

As stated in Section 18.3 above, the Company depends on Mr. Michael Grosman, the CEO, and Mr. Boris Kipnis, Director and VP of Technologies (hereinafter: the “**Key Personnel**”). If the Key Personnel cease to work at the Company for any reason, the development and manufacturing of the Company’s products may be impaired and cause delays in manufacturing and product delivery to customers.

Table of Risk Factors

The table below presents the risk factors described above by their nature - macro-economic risks, industry risks, and company-specific risks - ranked, according to the Company’s management assessment, by the degree of their impact on the Company’s overall business:

	Degree of impact of the risk factor on the Company’s area of activity generally		
	Large	Moderate	Low
Macro-economic risks			
Change to exchange rates			V
Regulatory restrictions		V	
Industry risks			
Competition			V
Retaining skilled and professional personnel		V	
Technological changes		V	
Insurance			V
Cyber			V
Unique risks			
Replacement of suppliers			V
Reliance on key personnel	V		



This is an English translation of the information included in the approved financial statements. In the event of any discrepancy between the original Hebrew and the translation to English, the Hebrew version alone will prevail.

Board of Directors' Report on the State of the Corporation's Affairs

For the Year Ended on December 31, 2025

The Board of Directors of the Company is pleased to submit the Board of Directors' Report on the state of the corporation's affairs for the year ended December 31, 2025 (hereinafter: the "**Report Date**" or the "**Date of the Report**"), prepared in accordance with the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (hereinafter: the "**Reporting Regulations**").

The Company's financial statements as of December 31, 2025, attached to this periodic report, are prepared in accordance with International Financial Reporting Standards (IFRS) as well as in accordance with the Securities Regulations (Annual Financial Statements), 5770-2010.

Chapter A – Explanations of the Board of Directors Regarding the State of the Company's Affairs

1. Brief Description of the Company and Its Business Environment

1.1. General

The Company was incorporated and registered in Israel on April 1, 2009 as a private company with limited liability under the name NextVision Stabilized Systems Ltd. (its current name).

On September 16, 2025, the Company completed a non-uniform offering to institutional investors (most of whom are foreign investors) in a gross amount of approximately NIS 1,387 million, in consideration for the allocation of 9,500,000 ordinary shares of the Company with a par value of NIS 0.00005 each, which at the time of allocation constituted approximately 10.44% of the issued and paid-up share capital of the Company (approximately 9.99% on a fully diluted basis). In accordance with the shelf offering report dated August 27, 2025, the net proceeds will be used by the Company to finance strategic growth initiatives, including the advancement of potential mergers and acquisitions aligned with its core business areas, for general working capital and corporate purposes, including further development efforts, working capital and operating expenses, as well as investment in research and development programs to support its long-term innovation roadmap and growth strategies. As of the Report Date, the Company has no agreements or commitments to make any material acquisitions or investments.

The Company's expected use of the net proceeds from the offering represents its current intentions based on its existing plans and business condition, which may change as its plans and business condition develop. The amounts and timing of the actual use of the net proceeds from the offering according to the shelf offering report will vary depending on many factors. Consequently, the Company's Board of Directors and management retain broad discretion in the application of the net proceeds from the offering.



Since its establishment, the Company has been a technology company that develops, manufactures, and markets stabilized day and night imaging solutions for ground and aerial vehicles such as micro and mini UAVs and drones. The Company sells its products to customers who are systems providers that sell their products to end users.

The Company has several products (cameras and accessories) in the weight range between 2 kg and 115 grams.

The Company has developed a unique “image stabilization engine,” based on a registered patent, which enables it to produce stabilized cameras with one of the best weight/size and performance ratios in the world.

Unlike some of its competitors, who attempt to produce small cameras by miniaturizing existing technology, the Company chose a unique solution by “thinking outside the box” and combining mechanical stabilization (small gimbals) and electronic stabilization (“hardware engine”) that enables it to stabilize the image in real time (Real Time) and thereby maintain uniqueness and a significant gap from its competitors. The requirement for image stabilization becomes more challenging as the camera becomes smaller and lighter and as zoom requirements increase. The technology developed by the Company provides the ability to perform deep zoom from moving platforms while still allowing the user to receive a stable image. The ratio between size and weight to performance and competitive price is among the best in the market.

The technology developed by the Company includes the development of day cameras, night cameras, miniaturized gimbals, communications, geo-pointing capability, trackers, and additional capabilities that complement the needs of its customers and make it a One Stop Shop for companies manufacturing ground and airborne vehicles requiring optical systems with stabilized zoom.

In addition to cameras, the Company develops ancillary products that significantly reduce the integration time of the cameras into its customers’ various platforms and thereby save its customers considerable money and enable them to achieve rapid time to market.

The Company invests a great deal of time and resources in recruiting personnel, developing technology, capabilities, and new products in order to maintain its relative advantage in the market compared to its competitors and to optimally meet the needs of its customers.

1.2. Development of the Company’s Business During the Report Period

1.2.1. The Company is a growing technology company. The Company continues to market its products worldwide and every year new customers are added to its customer base. As a result of numerous changes in the market, technological and regulatory, there is a trend of growth in the number of small platforms requiring stabilized observation systems.

1.2.2. In 2025, the Company’s sales grew by approximately 46% compared to the corresponding period last year. During the reporting period, the number of active customers to whom the Company sells stood at a total of 204 customers, compared to 195 customers in the corresponding period last year, and the number of countries to which the Company sells also increased. Close to the publication date of this periodic report, the Company’s order backlog stood at approximately USD 288 million.



- 1.2.3. On January 7, 2025, the Company received an order from a third party, which is not related to the Company and/or its interested parties, for the purchase of cameras and additional products of the Company for a total amount of approximately USD 12.1 million (excluding VAT). For further details, see the Company's immediate report dated January 7, 2025 (Reference No.: 2025-01-001890), all of which is incorporated herein by reference into this Board of Directors' Report.
- 1.2.4. On January 16, 2025, the Company received two orders from two customers, which are not related to the Company and/or its interested parties, for the purchase of cameras and additional products of the Company for a total amount of approximately USD 3 million (excluding VAT). For further details, see the Company's immediate report dated January 16, 2025 (Reference No.: 2025-01-004754), all of which is incorporated herein by reference into this Board of Directors' Report.
- 1.2.5. On February 3, 2025, the Company received an order from a third party, which is not related to the Company and/or its interested parties, for the purchase of cameras and additional products of the Company for a total amount of approximately USD 11.2 million (excluding VAT). For further details, see the Company's immediate report dated February 4, 2025 (Reference No.: 2025-01-008503), all of which is incorporated herein by reference into this Board of Directors' Report.
- 1.2.6. On February 11, 2025, the Company received an order from a third party, which is not related to the Company and/or its interested parties, for the purchase of cameras of the Company for a total amount of approximately USD 1 million (excluding VAT). For further details, see the Company's immediate report dated February 12, 2025 (Reference No.: 2025-01-010172), all of which is incorporated herein by reference into this Board of Directors' Report.
- 1.2.7. On February 13, 2025, the Company received an order from a third party, which is not related to the Company and/or its interested parties, for the purchase of cameras of the Company for a total amount of approximately USD 3.2 million (excluding VAT). For further details, see the Company's immediate report dated February 16, 2025 (Reference No.: 2025-01-010758), all of which is incorporated herein by reference into this Board of Directors' Report.
- 1.2.8. On February 20, 2025, the Company received an order from a third party, which is not related to the Company and/or its interested parties, for the purchase of cameras of the Company for a total amount of approximately USD 1.75 million (excluding VAT). For further details, see the Company's immediate report dated February 20, 2025 (Reference No.: 2025-01-011848), all of which is incorporated herein by reference into this Board of Directors' Report.
- 1.2.9. On March 4, 2025, the Company received an order from a third party, which is not related to the Company and/or its interested parties, for the purchase of cameras of the Company for a total amount of approximately USD 1.34 million (excluding VAT). For further details, see the Company's immediate report dated February 5, 2025 (Reference No.: 2025-01-014518), all of which is incorporated herein by reference into this Board of Directors' Report.
- 1.2.10. On March 13, 2025, the Company received two orders from third parties, which are not related to the Company and/or its interested parties, for the purchase of cameras of the Company for a total amount of approximately USD 3.52 million (excluding VAT), the first order in the amount of approximately USD 2.15 million and the second order in the amount of approximately USD 1.37



million. For further details, see the Company's immediate report dated March 13, 2025 (Reference No.: 2025-01-016678), all of which is incorporated herein by reference into this Board of Directors' Report.

- 1.2.11. On October 16, 2024, the Company entered into an agreement with an existing customer of the Company, and on December 27, 2024, an order was received pursuant to said agreement, for the purchase of cameras and additional products of the Company, for a total amount of approximately USD 30 million (hereinafter: the "**Consideration**" and the "**Agreement**", respectively). It is clarified that the commencement of supply of the products to the customer is subject to receipt of Regulatory approval for the transaction, which was received on December 31, 2025. The management of the Company made use of the authority granted to it pursuant to Article 36(b) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 to delay the report regarding the Company's entry into the Agreement, due to the concern that publication of an immediate report regarding the entry into the Agreement might have thwarted the transaction in its entirety and/or worsened its terms and materially harmed the terms of the transaction and thereby caused significant damage to the Company. Once the reason for the delay in reporting was removed, the impediment to reporting regarding the entry into the Agreement was removed. On November 19, 2025¹ the condition precedent was fulfilled whereby regulatory approval for the transaction was received in relation to USD 2.7 million out of the total Consideration (hereinafter: the "**Consideration**" and the "**Current Order**", respectively). In addition, 50% of the Current Consideration was paid to the Company as an advance prior to shipment. The balance of the Current Consideration will be paid within 30 days from the date on which the Company issues the invoice for each shipment of products, in accordance with the dates agreed between the parties. The Company will supply the Current Order in accordance with the agreed dates by the end of the first quarter of 2026. Except as stated above, no change has occurred in the terms of the Agreement. It is clarified that, on December 31, 2025, the regulatory approval for the transaction was received and, as a result, the condition precedent specified in Section 7 of the original report was fulfilled. For further details, see the Company's immediate reports dated March 13, 2025 (Reference No.: 2025-01-016909), November 20, 2025 (Reference No.: 2025-01-089405), and January 1, 2026 (Reference No.: 2025-01-106062), all of which are incorporated herein by reference into this Board of Directors' Report.
- 1.2.12. On March 9, 2025, the Company's Board of Directors resolved that the Company's reporting threshold would be set at orders in the amount of at least NIS 2 million, instead of NIS 1 million.
- 1.2.13. On March 24, 2025, the Company allocated 273,000 options to employees and office holders in the Company. For further details, see immediate reports dated March 24, 2025 (Reference No.: 2025-01-019785) and March 10, 2025 (Reference No.: 2025-01-015586), all of which are incorporated herein by reference into this Board of Directors' Report.
- 1.2.14. On March 26, 2025, the Company distributed a dividend to its shareholders in the amount of approximately USD 33,198 thousand. For further details, see the Company's immediate reports

¹ For additional details, see the Company's immediate report dated November 20, 2025 (Reference No.: 2025-01-089405), all of which are incorporated herein by reference into this Board of Directors' Report.



dated March 10, 2025 and March 16, 2025 (Reference No.: 2025-01-015634 and 2025-01-017346, respectively), all of which are incorporated herein by reference into this Board of Directors' Report.

1.2.15. On April 3, 2025, the Company received an order from a third party, which is not related to the Company and/or its interested parties, for the purchase of the Company's cameras for a total amount of approximately USD 6 million (excluding VAT). On June 15, 2025, the Company received an update to the order from the customer, whereby the customer increased the order by an additional amount of approximately USD 7.77 million, so that the total Consideration for the order stands at approximately USD 13.77 million (excluding VAT). It is clarified that the other terms of the order remained unchanged, including the payment terms and delivery dates of the order. For further details, see the Company's immediate reports dated April 3, 2025 and June 16, 2025 (Reference No.: 2025-01-024475 and 2025-01-042730, respectively), all of which are incorporated herein by reference into this Board of Directors' Report.

1.2.16. On April 29, 2025, the general meeting of the shareholders of the Company approved the following matters:

- a. Approval of a compensation policy for the Company.
- b. Allocation of non-tradable options to Mr. Chen Golan, Chairman of the Board of Directors of the Company.
- c. Allocation of non-tradable options to Mr. Boris Kipnis, Director and Chief Technology Officer.
- d. Allocation of non-tradable options to Mr. Michael Grosman, Chief Executive Officer of the Company.

On May 5, 2025, the Company allocated the options to the office holders mentioned in this Section above. For further details, see immediate reports dated May 5, 2025, April 29, 2025, April 24, 2025, and March 9, 2025 (Reference No.: 2025-01-031210, 2025-01-030555, 2025-01-029114, and 2025-01-015589, respectively), all of which are incorporated herein by reference into this Board of Directors' Report.

1.2.17. On May 18, 2025, the Company's Compensation Committee and the Board of Directors of the Company approved the following matters:

- a. Allocation of 9,000 options to Mr. Alex Lavie, Chief Financial Officer of the Company, as well as an increase in his salary to NIS 48 thousand (instead of NIS 43.5 thousand).
- b. Allocation of 9,000 options to Mr. Liran Reller, Vice President of Engineering, as well as an increase in his salary to NIS 55 thousand (instead of NIS 45 thousand).
- c. Allocation of 13,000 options to Mr. Yuval Evron, Chief Operating Officer of the Company.
- d. Allocation of 52,000 options to Company employees, exercisable into 52,000 ordinary shares of the Company.

On June 5, 2025, the Company allocated the options mentioned in this Section above to the office holders subordinate to the CEO.

- 1.2.18. On May 28, 2025, the Company received three orders from a third party, which is not related to the Company and/or its interested parties, for the purchase of cameras and additional products of the Company for a total amount of approximately USD 6.6 million (excluding VAT). For further details, see the Company's immediate report dated May 28, 2025 (Reference No.: 2025-01-037986), all of which is incorporated herein by reference into this Board of Directors' Report.
- 1.2.19. On June 12, 2025, the Company received an order from a third party, which is not related to the Company and/or its interested parties, for the purchase of cameras of the Company for a total amount of approximately USD 2 million (excluding VAT). For further details, see the Company's immediate report dated June 15, 2025 (Reference No.: 2025-01-042459), all of which is incorporated herein by reference into this Board of Directors' Report.
- 1.2.20. On July 21, 2025, the Company allocated 100,000 options to 4 employees of the Company, exercisable into 100,000 ordinary shares of NIS 0.00005 par value each of the Company. For further details regarding the terms of the options, see the Company's immediate reports dated July 8, 2025 and July 21, 2025 (Reference No.: 2025-01-050368 and 2025-01-054055, respectively), all of which are incorporated herein by reference into this Report.
- 1.2.21. On August 12, 2025, the Company received an order from a third party, which is not related to the Company and/or its interested parties, for the purchase of cameras and additional products of the Company for a total amount of approximately USD 2.5 million (excluding VAT). For further details, see the Company's immediate report dated August 13, 2025 (Reference No.: 2025-01-060024), all of which is incorporated herein by reference into this Board of Directors' Report.
- 1.2.22. On August 13, 2025, the Company received an order from a third party, which is not related to the Company and/or its interested parties, for the purchase of cameras and additional products of the Company for a total amount of approximately USD 4.1 million (excluding VAT). For further details, see the Company's immediate report dated August 14, 2025 (Reference No.: 2025-01-060382), all of which is incorporated herein by reference into this Board of Directors' Report.
- 1.2.23. On August 20, 2025, the general meeting of the shareholders of the Company approved, after the Compensation Committee and the Board of Directors of the Company also approved on July 8, 2025, inter alia, the following matters:
- a. Update of management fees for Mr. Chen Golan, Chairman of the Board of Directors of the Company, and Mr. Boris Kipnis, Director and Chief Technology Officer, so that each of them will be entitled to monthly management fees in the amount of NIS 165 thousand, instead of NIS 144 thousand.
 - b. Grant of a target-based bonus to Mr. Chen Golan, Chairman of the Board of Directors of the Company, Mr. Boris Kipnis, Director and Chief Technology Officer, and Mr. Michael Grosman, CEO of the Company, subject to fulfillment of the threshold condition whereby the Company's operating profit as reflected in the Company's consolidated financial statements as approved by the Board of Directors of the Company for the year for which they are entitled to the bonus will be at least NIS 40 million (hereinafter: the "**Threshold Condition**"). In addition to the bonus and subject to the Company meeting the Threshold Condition, Chen



Golan, Boris Kipnis, and Michael Grosman will each year be entitled to an additional target-based bonus up to an amount equal to 6 times their monthly cost (so that in total, Chen Golan, Boris Kipnis, and Michael Grosman may be entitled to a cash bonus of up to 18 times the monthly cost of each of them, as applicable), depending on the achievement of the Company's sales target in accordance with the table detailed below (hereinafter: the **"Target-Based Bonus"**):

Percentage of Target Achieved	Founders
100%+	Six additional salaries
90%-100%	90% of six additional salaries
80%-90%	80% of six additional salaries
70%-80%	70% of six additional salaries
70%	No addition

Sales target, meaning, the sales target for the following year, which will be determined by the Board of Directors of the Company by the date of approval of the periodic financial statements for the previous year.

For further details, see immediate report regarding the notice of meeting and amended notice of meeting dated July 8, 2025 (Reference No.: 2025-01-050361 and 2025-01-050425, respectively), supplementary report to the notice of meeting dated August 20, 2025 (reference number: 2025-01-062163), immediate report from August 21, 2025 (Reference No.: 2025-01-062654), as well as an amended report regarding the results of the general meeting from August 25, 2025 (Reference No.: 2025-01-063419), all of which is incorporated into this Board of Directors Report by way of reference.

- 1.2.24. On August 21, 2025, the Company received two orders from two customers, each of whom is not related to the Company and/or its interested parties, for the purchase of cameras and additional products of the Company for a total amount of approximately USD 5.1 million (excluding VAT). For further details, see the immediate report of the Company dated August 24, 2025 (Reference No.: 2025-01-062679), all of which is incorporated into this Board of Directors Report by way of reference.
- 1.2.25. On September 15, 2025, the Company reported that it is considering a public offering and listing for trading of ordinary shares of the Company, pursuant to a shelf prospectus of the Company dated August 27, 2025, in an estimated gross amount of approximately USD 400 million. On September 16, the Company completed a non-uniform offering to institutional investors (most of whom are abroad) in the amount of approximately NIS 1,387 million, in consideration for the allocation of approximately 9,500,000 ordinary shares of the Company.

For further details, see the immediate reports of the Company dated September 15, 2025 (Reference No.: 2025-01-069605), September 16, 2025 (Reference No.: 2025-01-069694), the shelf offering report dated September 15, 2025 (Reference No.: 2025-01-069605), and the immediate report regarding the results of the offering dated September 16, 2025 (Reference No.: 2025-01-069694), all of which is incorporated into this Board of Directors Report by way of reference.

- 1.2.26. On October 20, 2025, the Company allocated 137,000 options to 10 employees of the Company, exercisable into 137,000 ordinary shares of NIS 0.00005 par value each of the Company. For further details regarding the terms of the options, see the immediate reports of the Company dated September 28, 2025 and October 20, 2025 (Reference Nos.: 2025-01-072421 and 2025-01-077870, respectively), all of which is incorporated into this Report by way of reference.
- 1.2.27. On November 3, 2025, the Company received an order from a third party, who is not related to the Company and/or its interested parties, for the purchase of cameras of the Company for a total amount of approximately USD 24 million (excluding VAT). For further details, see the immediate report of the Company dated November 4, 2025 (Reference No.: 2025-01-083325), all of which is incorporated into this Board of Directors Report by way of reference.
- 1.2.28. On November 5, 2025, the general meeting of the shareholders of the Company (following the approval of the Compensation Committee and the Board of Directors of the Company on September 28, 2025) approved the allocation of 250,000 non-tradable options of the Company to Mr. Michael Grosman, CEO of the Company, contrary to the compensation policy of the Company² since the value of the options does not meet the conditions of the compensation policy of the Company³. On November 9, 2025, the aforementioned shares were allocated. For further details, see the immediate reports of the Company dated November 5, 2025 and November 9, 2025 (Reference Nos.: 2025-01-084287 and 2025-01-085216, respectively), all of which is incorporated into this Board of Directors Report by way of reference.
- 1.2.29. On November 9, 2025, the Company received an order from a third party, who is not related to the Company and/or its interested parties, for the purchase of cameras of the Company for a total amount of approximately USD 2 million (excluding VAT). For further details, see the immediate report of the Company dated November 10, 2025 (Reference No.: 2025-01-085214), all of which is incorporated into this Board of Directors Report by way of reference.
- 1.2.30. On November 9, 2025, the Company published an option outline for employees of the Company and office holders of up to 3,000,000 options, not listed for trading, exercisable into up to 3,000,000 ordinary shares of NIS 0.00005 par value each of the Company and without consideration, to employees and office holders of the Company, in accordance with the option plan of the Company. For further details, see the immediate report of the Company dated November 9, 2025 (Reference No.: 2025-01-085213).
- 1.2.31. On December 9, 2025, the Company received an order from a third party, who is not related to the Company and/or its interested parties, for the purchase of cameras of the Company for a total amount of approximately USD 9.6 million (excluding VAT). For further details, see the immediate

² As approved by the general meeting of the shareholders of the Company on April 29, 2025. For additional details, see the Company's immediate reports dated April 29, 2025, and April 24, 2025 (Reference No.: 2025-01-030555 and 2025-01-029114, respectively).

³ It is clarified that the compensation policy provides that the aforesaid ratio will not exceed 70%, while a deviation of up to 5% above the aforesaid rate will not be regarded as a deviation from the compensation policy.

report of the Company dated December 10, 2025 (Reference No.: 2025-01-098168), all of which is incorporated into this Board of Directors Report by way of reference.

1.2.32. On December 15, 2025, the Company received an order from a third party, who is not related to the Company and/or its interested parties, for the purchase of cameras of the Company for a total amount of approximately USD 76.8 million (excluding VAT). The order includes a mechanism allowing the customer to upgrade the products at pre-agreed prices, thereby increasing the order amount by up to USD 2.9 million. For further details, see the immediate report of the Company dated December 16, 2025 (Reference No.: 2025-01-099994), all of which is incorporated into this Board of Directors Report by way of reference.

1.2.33. On December 30, 2025, the Company received an order from a third party, who is not related to the Company and/or its interested parties, for the purchase of cameras of the Company for a total amount of approximately USD 9.5 million (excluding VAT). For further details, see the immediate report of the Company dated December 31, 2025 (Reference No.: 2025-01-105181), all of which is incorporated into this Board of Directors Report by way of reference.

1.2.34. On December 31, 2025, the Company received an order from a third party, who is not related to the Company and/or its interested parties, for the purchase of cameras and additional products of the Company for a total amount of approximately USD 22.1 million (excluding VAT). For further details, see the immediate report of the Company dated January 1, 2026 (Reference No.: 2025-01-106066), all of which is incorporated into this Board of Directors Report by way of reference.

1.3. **Brief Description of the Field of Activity of the Company**

The field of activity of the Company is the development, manufacture, and marketing of stabilized day and night imaging solutions for ground and aerial platforms. The customers of the Company are spread all over the world and include manufacturers of platforms – mini and micro UAVs, drones, and other platforms requiring stabilized zoom capabilities.

The Company sells its products to customers who are systems providers selling their products to end users. The Company has several products (cameras, accessories, and software) in the weight range between 115 grams – 2 kg.

The Company works with its customers in the OEM (Original Equipment Manufacturer) method.

1.4. **Disclosure Regarding the Implications of the Iron Swords War**

On October 7, 2023, following a surprise attack by the Hamas terrorist organization from the Gaza Strip, the Government of Israel declared the “Iron Swords” war. As of October 2025, a ceasefire agreement was reached. Following the attack from the Gaza Strip, an attack also began towards northern Israel by the Hezbollah terrorist organization from Lebanon, and tensions in additional sectors increased. As part of dealing with the threats of the Iron Swords war, the Government of Israel ordered the evacuation of dozens of settlements located in the south of the country, around the Gaza Strip, and in the north of the country, along the border with Lebanon, and also imposed restrictions on various gatherings, the holding of activities in workplaces, and the holding of educational activities in accordance with the instructions of the Home Front Command. In addition, many citizens were called up for reserve duty for extended periods.

These factors led to a reduction and slowdown of business activity in Israel, resulting, among other things, from the closure of businesses, shortage of manpower, and disruptions in the supply chain. The potential fluctuations in commodity prices, foreign currency exchange rates, availability of materials, availability of manpower, local services, and access to local resources may affect entities whose main activity is with Israel or in Israel. On October 9, 2025, another ceasefire was reached with Hamas, and as of the date of the report, all the hostages and the bodies of the fallen have been returned. The arrangements led to a gradual calm in the north and south, but the war has not yet ended and may resume.

In January 2026, the Research Department of the Bank of Israel updated the macroeconomic forecast.⁴ According to the said report, the forecast was formulated after the ceasefire in October 2025, against the background of an economy characterized by excess demand and a tight labor market. The earlier ceasefire, compared to the assumption in the forecast published in September 2025, led to an earlier easing of supply constraints, mainly due to the release of reservists and their return to employment in the business sector. The forecast is based on the assumption that the relative calm in the various fronts will continue. According to the Bank of Israel's estimate, GDP grew by 2.8% in 2025, and is expected to grow by 5.2% in 2026 and by 4.3% in 2027. The inflation rate in the next four quarters (ending in the fourth quarter of 2026) is expected to be 1.7%, and during 2027 it is expected to be 2.0%. The average interest rate in the fourth quarter of 2026 is expected to be 3.5%. In 2027, the deficit is expected to decrease to 3.6% of GDP and the debt-to-GDP ratio is expected to be 68.5%.

According to the forecast, the level of uncertainty surrounding the forecast decreased following the ceasefire; however, the risk balance remains complex. On the one hand, there is a possibility of a rapid expansion of demand beyond the baseline estimates, a scenario that would lead to an acceleration in inflation against the background of the tight labor market and the shortage of workers. On the other hand, the geopolitical risks remain two-sided: while a return to intense fighting constitutes a central threat to price stability, a diplomatic breakthrough and the expansion of the "Abraham Accords" may constitute a positive factor. Alongside these, the possibility of early elections continues to constitute a factor of uncertainty affecting fiscal developments.

On August 12, 2024, Fitch downgraded the credit rating of the State of Israel to a rating of A (with a negative outlook). On September 27, 2024, the international rating agency Moody's announced a downgrade of Israel's credit rating by two notches from A2 to Baa1 with a negative outlook, after on February 9, 2024, the agency announced a downgrade of Israel's credit rating from A1 to A2 with a continued negative outlook. In addition, a few days after Moody's downgrade, the credit rating company S&P also announced a downgrade of Israel's credit rating by one notch from A+ to A and added a negative outlook, after it had already downgraded the rating once during 2024. On November 7, 2025, S&P updated its rating outlook for Israel from negative to stable. At the same time, it reaffirmed Israel's credit ratings in foreign currency and local currency, for the long and short term, at the level of 'A/A-1'. According to S&P, the stable outlook reflects an assessment that the de-escalation of military escalation, supported by the ceasefire agreement between Israel and Hamas, has reduced the level of immediate security risk for Israel. The outlook is based on the assumption that the scope of direct military confrontation will remain

⁴ From "Macro-Economic Forecast of the Research Division, January 2026" by the Bank of Israel. For additional details, see the Bank of Israel website: www.boi.org.il.



limited, even if the tension between Hamas and Israel continues, and that the regional security environment will continue to be fragile.

Also, on October 1, 2024, Moody's announced a downgrade by one notch of the credit rating of the five largest banks in Israel from A3 to Baa1 and added a negative outlook, following the downgrade of Israel's rating. According to Moody's, the downgrades and the negative outlook reflect both the negative outlook for the credit rating of the Government of Israel and the concern for a deterioration in the condition of the banks themselves in the event of further harm to the economy as the effects of the war worsen. On October 29, the rating agency Fitch updated the credit rating outlook of the five banks in Israel from a negative outlook to a stable outlook, and left their rating at the level of -A.

On March 31, 2025, May 9, 2025, and October 17, 2025, Fitch and Moody's, respectively, announced that the credit rating of the State of Israel remained unchanged, each as relevant.

On June 13, 2025, the State of Israel launched a military operation against Iran, which was called "Rising Lion". In response to the operation, Iran launched hundreds of ballistic missiles and unmanned aerial vehicles towards military and civilian targets in Israel. The attacks caused extensive damage to infrastructure, significant property damage, about 30 fatalities among Israeli and foreign civilians, and injuries to hundreds more. On June 24, 2025, after an American strike within Iran, an agreement was reached on a ceasefire between the parties. During the "Rising Lion" operation, the Government of Israel closed the airspace of the State of Israel for a period of about two weeks. During that period, it was not possible to receive goods from suppliers or to ship goods to the Company's customers abroad by air. At the end of the operation, a delay was created in the air shipping companies, which was released about a week later. At the end of the operation and after the return of the air shipping companies to operation, most of the goods that had not yet been shipped to the Company's customers were released (during the last week of June and some even during July). Since the Company has several customers with payment terms, the goods that were shipped at the end of June were paid for during July.

Since the beginning of the war, there has been an increase in orders for cameras and other products of the Company from its Israeli customers. In addition, last year the Company increased its inventory in order to maintain flexibility, responsiveness, and the ability to meet the increase in orders for the Company's products from its customers. The Company is continuously increasing its production capacity in order to meet the increase in demand and at the same time continue to supply its customers with their orders on time. In addition, due to global geopolitical tensions affecting, among other things, supply chains, and for the sake of caution only, the Company decided to stock up on various components that it identified as potentially subject to shortages. It is clarified that the Company acts to carry out long-term orders, maintain high inventory levels, increase the number of suppliers, and avoid reliance on a single supplier as much as possible, and maintain continuous contact with the suppliers.

As of this date, the war and/or the "Rising Lion" operation have no material effect on the results of the Company or the Company's ability to supply its customers with their orders on time. The Company continues to examine from time to time the effects of the economic situation and the fighting on its business activity. However, in light of the uncertainty regarding the ceasefire agreement as well as another war with Iran, continued supply of inventories from suppliers, market volatility, additional measures to be taken by the Government of Israel, and the effects of other factors, among other things, on the business activity of



the Company's customers, the Company is not able at this time to accurately assess the scope and nature of any further future effects of the war on its results.

The assessments of the Company detailed above regarding future effects of the war in Israel and/or the "Rising Lion" operation in Israel and/or the ceasefire, constitute forward-looking information, as defined in the Securities Law, based on the Company's assessments as of the Report Date. The actual effect of the war on the condition of the Company and the macroeconomic situation and/or the monetary policy in Israel may be materially different from the Company's assessments, and is not under the Company's sole control. This is as a result, among other things, of an economic slowdown that may develop in the State of Israel, escalation of the war, from one or more of the factors mentioned above in connection with the war, and macroeconomic changes, which may affect the activity of the Company.

1.5. The Impact of the Russian-Ukraine War on the Company's Operations

The Russia and Ukraine war, which began during February 2022, as well as the "heating up" of the global security market, have led a considerable number of governments to declare their intention to significantly increase their defense budgets and military procurement.

The war in Ukraine, like the "Iron Swords" war, highlighted the acceleration that exists in the use of loitering munitions, UAVs, and small observation drones for use by forces in the field.

In light of this trend, the Company is actually experiencing an increase in demand for the solution it provides to its customers in all fields and even anticipates continued interest in its products.

The information regarding the Company's expectations in connection with the increase in demand for its products following the war in Ukraine, constitutes forward-looking information, as defined in the Securities Law, which is not under the Company's sole control. Such information is based on the information currently in the Company's possession as well as on publications written and published by professional parties in connection with the Company's field of activity as of the date of this periodic report. The information is only an estimate which may not materialize or may materialize only partially or differently, among other things due to changes in the field of activity and the factors affecting it.

In light of the above, the actual results may differ from the estimate detailed above and may even differ materially in connection with the external factors affecting the Company's field of activity.

2. Board of Directors' Explanations for the State of the Company's Business, Results of Activity, Equity and Cash Flows

2.1. Financial Condition

Below are the main developments that occurred in the sections of the Statement of Financial Position as of December 31, 2025 (in USD thousands):

Section	For the year ended on December 31		Explanations from the Company's Board of Directors to Changes
	2025	2024	
Cash	85,440	74,708	See cash flow analysis in Section 2.3 below.
Short term deposits	476,857	47,903	After receiving the proceeds from the fundraising, the Company acted to maintain high liquidity and financial security, and transferred the entire amount to investment in short-term deposits (up to one year), in accordance with the Company's cash management policy. This investment is designed to ensure a solid return while maintaining the availability of funds for operational and business needs.
Trade receivables	12,087	6,374	The increase in trade receivables compared to the same period last year is due to an increase in sales volume during the period, and the provision of credit terms for material customers.
Current taxes receivable	4,746	1,054	The current taxes receivable arise from higher advance payments than the actual tax provision for 2024 and 2025.
Other accounts receivable	5,275	1,840	The increase in receivables compared to the same period last year is mainly due to an increase in advances to suppliers for procurement needs for 2026.
Inventory	53,588	22,386	The increase compared to the same period last year is due to the Company's equipping itself in line with the increase in sales, as well as it equipping itself with components in which the Company identified a shortage in the market, due to geopolitical tensions. For more details, see above.
Total current assets	637,993	154,265	
Fixed assets	906	749	The increase in fixed assets compared to the same period last year is due to the move to new offices and their adaptation to the Company's needs.
Right of use asset	2,770	514	The increase is due to the leasing of new offices and the signing of a long-term lease agreement in order to support the growth rate of the Company's activities.
Intangible assets	4,896	3,628	The increase is due to the capitalization of new developments of cameras and accessories during the period, net of current depreciation.
Total non-current assets	8,572	4,891	
Suppliers and service providers	8,679	5,842	The increase in suppliers stems from an increase in the scope of production activity and component procurement.
Other accounts payable	18,067	15,024	The increase compared to receivables in the corresponding period last year is mainly due to an increase in advances from customers and the provision for bonuses, compared to the corresponding period last year.

Section	For the year ended on December 31		Explanations from the Company's Board of Directors to Changes
	2025	2024	
Total current liabilities	26,746	20,866	
Lease liabilities	3,390	111	The increase is due to moving to new offices and signing a long-term lease agreement.
Employee benefit liabilities, net	151	114	No material change.
Deferred taxes	588	373	The change is due to an increase in the intangible asset due to timing differences.
Total non-current liabilities	4,129	598	

2.2. Results of the Company's Business Activities

Below are explanations of the main developments that occurred in the results of the Company's activity as of December 31, 2025 (in USD thousands):

Section	For the year ended on December 31 (USD thousands)			Explanations from the Company's Board of Directors on Changes
	2025	2024	2023	
Revenue from sales	168,354	114,934	51,944	The increase in revenue stems from a quantitative increase in the number of customers and units sold.
Cost of sales	(50,798)	(32,044)	(16,327)	The slight decrease in gross profitability stems from the increase in the price of some components as well as the quantity discounts that the Company gives to its major customers.
Gross profit	117,556	82,890	35,617	
Research and development expenses	(5,491)	(2,517)	(2,002)	The increase compared to the same period last year stems from increased development efforts and improvements to the Company's various products, mainly through standard additions in the development departments. The Company also completed a number of significant projects and launched new products. In light of the above, the Company has completed capitalizing R&D costs related to those projects.
Sales and marketing expenses	(1,874)	(1,639)	(889)	The increase compared to the same period last year is due to increased sales efforts.
General and administrative expenses	(8,667)	(5,730)	(4,000)	The increase compared to the same period last year is due to an update of management compensation agreements and an increase in share-based payment following distributions made during the year.
Operating profit	101,524	73,004	28,726	
Financing income	13,453	4,330	3,233	The increase in financing expenses is mainly due to the recognition of financing expenses for the lease of new offices.

Section	For the year ended on December 31 (USD thousands)			Explanations from the Company's Board of Directors on Changes
	2025	2024	2023	
Financing expenses	(313)	(430)	(79)	The increase in financing income compared to the corresponding period last year stems from an increase in the volume of bank deposits.
Profit (loss) before tax	114,664	76,904	31,880	
Income tax	(11,000)	(10,508)	(4,308)	On the one hand, the increase in income taxes stems from growth in the Company's activities, and on the other hand, its impact is contingent on the appreciation of the shekel's exchange rate against the dollar.
Net and comprehensive profit (loss)	103,664	66,396	27,572	
Profit (loss) from re-measurement of defined benefit plans	(10)	(16)	(27)	
Total comprehensive income	103,654	66,380	27,545	

2.3. Cash Flows and Liquidity

As of December 31, 2025, the Company has cash balances totaling approximately USD 85,440 thousand. Below are the main components of the Company's cash flow as of December 31, 2025 (USD thousands):

Section	For the year ended on December 31			Explanations from the Company's Board of Directors regarding changes
	2025	2024	2023	
Operating activities	63,640	68,413	21,798	The decrease in operating activities stems from significant purchases of inventory and deposits of advances to suppliers that the Company made during the period in order to support the Company's activities in 2025 and 2026.
Investment activities	(424,216)	(50,096)	7,270	The increase in activity stems from transferring the proceeds of the fundraising to short-term dollar deposits (up to one year).
Financing activities	368,489	(11,739)	(5,791)	The increase is due to the fundraising the Company carried out during the third quarter of 2025.
Cash balance at end of period	85,440	74,708	68,631	

2.4. Funding Sources

As of the Report Date, the Company finances its operations through its equity, and does not use external sources of financing.

In light of the Company's positive cash flow for years, the Company does not customarily take credit for the purpose of financing its ongoing operations and therefore the Company has no credit facilities.



During the months of June and July 2021, the Company completed its first issuance of shares of the Company on the stock exchange for a total of approximately NIS 129 million (including an allocation to the Company's underwriter as part of the issuance).

During September 2025, the Company completed a fundraising by way of a non-uniform offering to institutional investors (most of Foreign investors), in the amount of approximately NIS 1,387 million. For further details see Section 1 above.

Likewise, during the Report period, 1,488,083 non-tradable options of Company employees were exercised for total Consideration of approximately USD 3,734 thousand.

2.5. **Working Capital**

As of December 31, 2025, the Company had working capital in the amount of approximately USD 611,247 thousand, compared to working capital in the amount of approximately USD 133,399 thousand as of December 31, 2024, and working capital in the amount of approximately 77,113 as of December 31, 2023.

Chapter B – Corporate Governance Aspects

3. Donations

On January 9, 2022, the Board of Directors of the Company resolved on an annual donations policy for the Company, whereby it authorized the management of the Company to donate an amount of up to approximately NIS 50 thousand per year to entities, at the discretion of the management of the Company.

On March 9, 2025, the Board of Directors of the Company resolved to approve the increase of the donation amount to a total of NIS 120 thousand.

4. Directors With Accounting and Financial Expertise

The Company has not yet adopted in its Articles the provision regarding the proportion of directors with accounting and financial expertise, as defined in the Companies Law.

As of the date of this periodic Report, the Board of Directors of the Company is composed of Chen Golan, Tamar Landa, Rita Baal Taxa (External Director), and Sarit Cohen (External Director), who possess accounting and financial expertise.

For further details regarding the directors with accounting and financial expertise, see Section 13 in Chapter D of the periodic Report.

5. Directors Independent Directors

The Company has not adopted in its Articles a provision regarding the proportion of independent directors on the Board of Directors of the Company.

On August 26, 2021, the general meeting of the shareholders of the Company approved the appointments of Ms. Rita Baal Taxa and Ms. Sarit Cohen as external directors in the Company. In addition, Ms. Tamar Landa is an independent director.

6. Details Regarding the Internal Auditor of the Company

On August 29, 2021, the Board of Directors of the Company (after receiving the recommendation of the Audit Committee from the same day) approved the appointment of Mr. Doron Rozenblum (the “**Internal Auditor**” or “**Mr. Rozenblum**”) as the Internal Auditor of the Company, and his term commenced as of that date.

Details Regarding the Internal Auditor, to the best of the Company’s knowledge

Mr. Rozenblum holds a Master’s degree in Business Administration (MBA) from the Academic Campus and a Bachelor’s degree in Accounting (BA) from the College of Management. In addition, the Internal Auditor is a Certified Internal Auditor (CIA), holds a CPA license (Australia), is a Certified Risk Management Auditor (CRMA), and a Certified Information Systems Auditor (CISA).

Furthermore, as of the date of the Report, the Internal Auditor serves as a managing partner at the firm Ezra Yehuda – Rozenblum (hereinafter: “**EYR**”), which is the external entity through which Mr. Rozenblum serves as the Internal Auditor in the Company as well as in other corporations.

To the bests of the Company’s knowledge, and as reported to it by him, at the time of his appointment as the Internal Auditor of the Company and as of the date of this Report, the Internal Auditor meets the conditions set



forth in Sections 3(a) and 8 of the Internal Audit Law, 5752-1992 (hereinafter: the “**Internal Audit Law**”) and in Section 146(b) of the Companies Law, 5759-1999. Furthermore, to the bests of the Company’s knowledge, Mr. Rozenblum and EYR do not hold securities of the Company and/or of an entity related to it. For this purpose, “related entity” – as defined in Section 1 of the Fourth Schedule to the Reporting Regulations. Furthermore, to the bests of the Company’s knowledge, and as reported to it by him, the Internal Auditor has no material business connections or other material connections with the Company or with an entity related to it.

Manner of Appointment and Identity of the Person Responsible for the Internal Auditor

As stated above, the appointment of Mr. Rozenblum as the Internal Auditor of the Company was approved by the Board of Directors of the Company on August 29, 2021, pursuant to the proposal of the Audit Committee from the same day. In the framework of their decision and as background for the approval of the appointment as stated, the directors considered and discussed the details of the education, knowledge, and professional experience of Mr. Rozenblum as stated above, and his roles, duties, authorities, and obligations in the Company, in relation to the type of Company, its size, the scope of the Company’s activities, and the complexity of its activities.

The person organizationally responsible for the Internal Auditor in the Company is the Chairman of the Board of Directors.

Internal Audit Work Plan

The Internal Auditor of the Company operates according to an annual audit plan, which is submitted by him to the Audit Committee of the Company. The Audit Committee examines the topics, in consultation with the management of the Company, and then decides on the approval of the plan (with changes if any or without changes), with the considerations guiding the Audit Committee being, among others, the needs of the audit, the importance of the topics, the frequency with which the topics were examined in past years, as well as the recommendations of the Internal Auditor.

On December 29, 2024, the Board of Directors of the Company, after receiving the recommendation of the Audit Committee, approved an internal audit plan for 2025 in the area of human resources and payroll, which included approximately 200 hours of audit work during 2025.

A draft report regarding the subject of human resources management and payroll in the Company was submitted to the management of the Company during the fourth quarter of 2025. The discussion and approval of the findings of the Internal Auditor’s report on this subject was held in the Audit Committee of the Company on November 9, 2025.

On November 9, 2025, the Board of Directors of the Company, after receiving the recommendation of the Audit Committee, approved an annual audit plan for 2026, in the following areas: 1) the area of safety and hygiene in the Company 2) the area of logistics in the Company, which includes approximately 240 hours.

Scope of Engagement and Compensation

The annual work plan for internal audit is approved by the Audit Committee and the Board of Directors of the Company after conducting a risk survey and submitting a multi-year work plan. If necessary, the Company has the option to expand the scope of the said engagement.



The scope of the position of the Internal Auditor and his subordinate staff in 2025 was approximately 220 hours. In the opinion of the Board of Directors of the Company, the nature and continuity of the Internal Auditor's activity and his work plan are reasonable under the circumstances, and are sufficient to achieve the objectives of internal audit in the corporation. In addition, the Board of Directors of the Company believes that the scope of the position is reasonable and sufficient in light of the Company's activities.

Conducting the Audit Internal Audit, Access to Information and Reporting

According to the information provided to the management of the Company and the Board of Directors by the Internal Auditor, the internal audit work is performed according to accepted audit standards, professional guidelines, and briefings, as approved and published by the Institute of Internal Auditors (the IIA) and the Institute of Internal Auditors in Israel (the IIA Israel), and according to the Internal Audit Law. The Internal Auditor and his employees are granted access to information as set forth in Section 9 of the Internal Audit Law, including continuous and direct access to the information systems of the Company and its investee companies, including financial data, as required by him.

In the opinion of the Board of Directors of the Company, the scope and nature of the Internal Auditor's work plan are reasonable under the circumstances and are sufficient to implement the objectives of internal audit, since the topics selected are material to the Company and were examined from various aspects.

Internal Auditor's Report

Audit reports are submitted in writing to the Chairman of the Board of Directors of the Company, to the CEO of the Company, and to the members of the Audit Committee. The reports are discussed in the Audit Committee and in the Board of Directors of the Company.

Compensation:

In consideration for the audit work in 2025, the Company paid the Internal Auditor total compensation of approximately NIS 55 thousand. In the opinion of the Board of Directors of the Company, the compensation is reasonable and does not affect the judgment of the Internal Auditor in auditing the Company.

7. **Details Regarding the Auditor and His Fees**

7.1. The auditors of the Company are the firm Ziv Haft – Certified Public Accountants (hereinafter: the “Auditor”).

7.2. **Auditor’s Fees**

Below is a breakdown regarding the fees paid to the Auditor for audit services, services related to the audit, and tax services (hereinafter together: the “Audit Services”) and other services of the Auditor, for the years 2025 and 2024:

	2025	2024
	NIS thousands	
Audit and review services and audit-related services and tax services	593	417
Other services	268	-
Total	861	417

7.3. **The principles for determining the fees of the Auditing Accountant in relation to the reporting year and the factors that approved the fees**

The entity approving the fees of the Auditor is the Board of Directors of the Company (hereinafter: the “Approving Entity”). In determining the fees of the Auditor, the Approving Entity relied on the scope of work required and also conducted negotiations regarding the commercial terms of the engagement with him.

Chapter C – Disclosure Regarding the Corporation’s Financial Reporting

8. Material Accounting Estimates

In the preparation of the financial statements, the management of the Company is required to use judgment, assessments, estimates, and assumptions that affect the application of accounting policy and the amounts of assets and liabilities, income and expenses. It should be clarified that actual results may differ from these estimates. The estimates and assumptions underlying the financial statements are reviewed on an ongoing basis by the management of the Company. Changes in accounting estimates are recognized in the period in which they were corrected and in any future period affected.

For details regarding the estimates that have the most significant impact on the amounts recognized in the financial statements, see Note 3 to the financial statements of the Company for the year ended December 31, 2025.

9. Information Regarding Material Events After the Report Date

- 9.1.1. On January 11, 2026, the Company allocated 324,900 options to 45 employees of the Company, which may be exercised into 324,900 ordinary shares of NIS 0.00005 par value of the Company. For further details regarding the terms of the options, see the Company’s immediate reports dated December 29, 2025 and January 11, 2026 (Reference No.: 2025-01-104217 and 2026-01-004883, respectively), all of which is incorporated into this Report by way of reference.
- 9.1.2. On January 15, 2026, the Company received an order from a third party, which is not related to the Company and/or its interested parties, for the purchase of cameras and additional products of the Company for a total amount of approximately USD 4.9 million (excluding VAT). For further details see the Company’s immediate report dated January 16, 2026 (Reference No.: 2026-01-006818), all of which is incorporated into this Board of Directors Report by way of reference.
- 9.1.3. On January 18, 2026, the Company received an order from a third party, which is not related to the Company and/or its interested parties, for the purchase of cameras and additional products of the Company for a total amount of approximately USD 60 million (excluding VAT). For further details see the Company’s immediate report dated January 19, 2026 (reference number: 2026-01-007433), all of which is incorporated into this Board of Directors Report by way of reference.
- 9.1.4. On January 21, 2026, the Company received an order from a third party, which is not related to the Company and/or its interested parties, for the purchase of cameras and additional products of the Company for a total amount of approximately USD 20 million (excluding VAT). For further details see the Company’s immediate report dated January 22, 2026 (Reference No.: 2026-01-008619), all of which is incorporated into this Board of Directors Report by way of reference.
- 9.1.5. On February 10, 2025, the general meeting of the shareholders of the Company approved, after the Compensation Committee and the Board of Directors of the Company also approved on the same day, inter alia, the following matters:
 - a) To approve the allocation of 10,700 non-tradable options of the Company to Mr. Alex Lavie, Chief Financial Officer of the Company.



b) To approve the allocation of 19,400 options to Mr. Liran Reller, Chief Operating Officer of the Company.

On February 15, 2026, the Company allocated the options mentioned in this Section above to the officers subordinate to the CEO. For further details see immediate reports dated January 5, 2026 and February 10, 2026 (Reference No.: 2026-01-001762 and 2026-01-014042, respectively).

9.1.6. On March 10, 2026, the Company's Board of Directors approved the grant of 180,000 options to Company employees, exercisable into 180,000 ordinary shares of the Company with a par value of NIS 0.00005 each. For additional details regarding the terms of the options, see the Company's immediate report published concurrently with this periodic report.

9.1.7. On March 10, 2026, the Company's Board of Directors approved the distribution of a dividend in the amount of approximately USD 51.8 million. For additional details, see the immediate report published concurrently with this periodic report.

10. **Obligations Schedule by Maturity Dates**

For data regarding the Company's obligations schedule, see Notes 8, 10, 11, and 21 to the financial statements.

Chen Golan
Chairman of the Board of Directors

Michael Grosman
Chief Executive Officer

Date of approval of the Report: March 10, 2026.

NextVision Stabilized Systems Ltd.

**Financial Statements as of
December 31, 2025**

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This is an English translation of the information included in the approved financial statements. In the event of any discrepancy between the original Hebrew and the translation to English, the Hebrew version alone will prevail.

Independent Auditor's Report to the Shareholders of NextVision Stabilized Systems Ltd.
Regarding the Audit of Internal Control Components over Financial Reporting
Pursuant to Article 9b(c) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970

We audited internal control components over financial reporting of NextVision Stabilized Systems Ltd. (hereinafter: the “**Company**”) as of December 31, 2025. These control components were determined as explained in the following paragraph. The Board of Directors and management of the Company are responsible for maintaining effective internal control over financial reporting and for their assessment of the effectiveness of internal control components over financial reporting attached to the periodic report as of said date. Our responsibility is to express an opinion on the internal control components over financial reporting of the Company based on our audit.

The internal control components over financial reporting that were audited were determined in accordance with Audit Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel “Audit of Internal Control Components over Financial Reporting” (hereinafter: “**Audit Standard (Israel) 911**”). These components are: (1) Entity-level controls, including controls over the process of editing and closing financial reporting and general controls of information systems; (2) Controls over the sales process; (3) Controls over the inventory process. (All of these together are hereinafter referred to as – the “**Audited Control Components**”).

We conducted our audit in accordance with Audit Standard (Israel) 911. According to this standard, we are required to plan and perform the audit in order to identify the Audited Control Components and to obtain reasonable assurance whether these control components were maintained effectively in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, identifying the Audited Control Components, assessing the risk that there is a material weakness in the Audited Control Components, as well as testing and evaluating the effectiveness of the design and operation of those control components based on the assessed risk. Our audit, regarding those control components, also included performing such other procedures as we considered necessary under the circumstances. Our audit related only to the Audited Control Components, as distinct from internal control over all material processes related to financial reporting, and therefore our opinion relates only to the Audited Control Components. In addition, our audit did not address the mutual effects between the Audited Control Components and those that are not audited and therefore, our opinion does not take into account such possible effects. We believe that our audit provides a reasonable basis for our opinion in the context described above.

Due to inherent limitations, internal control over financial reporting in general, and its components in particular, may not prevent or detect misstatement. Also, drawing conclusions about the future based on any current assessment of effectiveness is subject to the risk that controls may become inadequate due to changes in circumstances or that the degree of compliance with policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective Audited Control Components as of December 31, 2025.

We also audited, in accordance with generally accepted auditing standards in Israel, the financial statements of the Company as of December 31, 2025, which ended, and our report, dated March 10, 2026, included an unmodified opinion on those financial statements.

Tel Aviv,
March 10, 2026

Ziv Haft
Accountants

Independent Auditor Report to the Shareholders of NextVision Stabilized Systems Ltd.

Opinion

We audited the financial statements of NextVision Stabilized Systems Ltd. (hereinafter: the “**Company**”) including the statement of financial position as of December 31, 2025, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended on that date and the notes to the financial statements, including the principal accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and its financial results and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and the provisions of the Securities Regulations (Annual Financial Statements), 5770-2010.

Basis for Opinion

We conducted our audit in accordance with generally accepted auditing standards in Israel, including standards established in the Certified Public Accountants Regulations (Manner of Auditor’s Performance), 5733-1973. Our responsibilities under those standards are described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the Company in accordance with the requirements of the law applicable in Israel regarding independence and prevention of conflicts of interest of the auditor in Israel. In addition, we have fulfilled our other ethical responsibilities in accordance with the Accountants Law, 5715-1955, and regulations thereunder. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters described below are those matters that were communicated, or were required to be communicated, to the Board of Directors of the Company and which, in our professional judgment, were of most significance in the audit of the financial statements for the current period. These matters include, among others, any matter that: (1) relates, or may relate, to material items or disclosures in the financial statements and also (2) our judgment regarding it was especially challenging, subjective, or complex.

These matters were addressed in the context of our audit and the formation of our opinion on the financial statements as a whole, the communication of these matters below does not alter our opinion on the financial statements as a whole and we do not provide a separate opinion on these matters or on the items or disclosures to which they relate.

Inventory Balance

The Company’s inventory balance as of December 31, 2025 amounts to approximately USD 53,588 thousand. As described in Notes 2e and 7, the inventory was measured at cost or net realizable value, whichever is lower.

The Company’s inventory includes inventory purchased as well as inventory manufactured by the Company. The cost of inventory purchased by the Company is determined using the first-in, first-out method. The cost of work in process and finished goods includes direct costs and a proportionate share of indirect costs. In addition, the Company is required to exercise judgment regarding estimates and assessments for the purpose of recording a provision for impairment of inventory to its net realizable value. The quantity of inventory is based on inventory managed on a perpetual computerized system as well as on counts that verify the actual quantity. The inventory is held at the Company’s site, and the Company is required to maintain procedures to ensure its integrity. A change in the quantity of inventory may have a material effect on the Company’s financial statements. In light of the above, the examination of the existence and value of inventory is significant in our audit and required the knowledge

and experience of the auditor to examine how management established the adequacy of the inventory balance, and therefore we determined that this matter is a key audit matter.

Audit Procedures Performed in Response to the Key Audit Matter

Below are the main procedures we performed in connection with this key matter as part of our audit:

- We obtained an understanding of the processes existing in the Company with respect to the inventory management process. We examined the design and implementation of key internal controls related to determining the value and quantity of inventory, including controls in the following areas:

Controls over the entry and exit of inventory items, controls over the periodic inventory count process, and controls over the inventory valuation process.

- We performed substantive procedures for the inventory balance which included:

Sample testing of the cost of inventory items, Sample testing of the correctness of inventory cost calculation according to the “first-in, first-out” method, Review of the methodology selected for determining the net realizable value of the inventory and testing its application on a sample basis.

In addition, we attended the inventory count at a sample of locations and checked the correctness of the count, including sample counting by us and comparison to the count data.

Responsibilities of the Board of Directors and Management for the Financial Statements

The Board of Directors and management are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and the provisions of the Securities Regulations (Annual Financial Statements), 5770-2010; and they are also responsible for the internal control necessary as determined by the Board of Directors and management to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and management are responsible for assessing the Company’s ability to continue as a going concern, to disclose, as required, matters related to a going concern and to apply a going concern accounting basis, unless the Board of Directors and management intend to liquidate or cease the operations of the Company or have no realistic alternative but to do so.

Duties of the Auditor for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Israel will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, it could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In an audit conducted in accordance with generally accepted auditing standards in Israel, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to

provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and management.
- Conclude on the appropriateness of the Board of Directors' and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors and management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors and management with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where relevant, related safeguards that have been applied to eliminate identified threats to our independence.

From the matters communicated with the Board of Directors and management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Linking paragraph

We have also audited, in accordance with Audit Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel regarding "Audit of Internal Control Components over Financial Reporting," the internal control components over financial reporting of the Company as of December 31, 2025, and our report dated March 10, 2026 included an unqualified opinion on the effectiveness of those components.

The engagement partner on the audit resulting in this independent auditor's report is Albert Ascov.

Tel Aviv, March 10, 2026

Ziv Haft
Certified Public Accountants

Statements of Financial Position

	Note	As of December 31	
		2025	2024
USD thousands			
Current assets			
Cash	4	85,440	74,708
Short term deposits	5	476,857	47,903
Trade receivables	14	12,087	6,374
Current taxes receivable		4,746	1,054
Other accounts receivable	6	5,275	1,840
Inventory	7	53,588	22,386
		<u>637,993</u>	<u>154,265</u>
Non-current assets			
Fixed assets		906	749
Right of use asset	8	2,770	514
Intangible assets	9	4,896	3,628
		<u>8,572</u>	<u>4,891</u>
		<u>646,565</u>	<u>159,156</u>
Current liabilities			
Trade payables		8,679	5,842
Other accounts payable	10	18,067	15,024
		<u>26,746</u>	<u>20,866</u>
Non-current liabilities			
Lease liabilities	8	3,390	111
Employee benefit liabilities, net	11	151	114
Deferred taxes	21.c	588	373
		<u>4,129</u>	<u>598</u>
Equity			
Share capital and premium	12	446,328	43,194
Reserve for share-based payment	13	8,455	4,047
Retained earnings		160,907	90,451
		<u>615,690</u>	<u>137,692</u>
Total equity		<u>646,565</u>	<u>159,156</u>

The Notes to the Financial Statements constitute an integral part thereof.

March 10, 2026	Chen Golan	Michael Grosman	Alex Lavie
Approval Date of the Financial Statements	Chairman of the Board	CEO	CFO

Statements of Profit or Loss and Other Comprehensive Income

	Note	For the year ended on December 31		
		2025	2024	2023
		USD thousands (excluding profit per share data)		
Income from sales	15	168,354	114,934	51,944
Cost of sales	16	(50,798)	(32,044)	(16,327)
Gross profit		117,556	82,890	35,617
Research and development expenses	17	(5,491)	(2,517)	(2,002)
Sales and marketing expenses	18	(1,874)	(1,639)	(889)
General and administrative expenses	19	(8,667)	(5,730)	(4,000)
		(16,032)	(9,886)	(6,891)
Profit from ordinary activity		101,524	73,004	28,726
Financing expenses	20	(313)	(430)	(79)
Financing income	20	13,453	4,330	3,233
Profit before income tax		114,664	76,904	31,880
Income tax	21	(11,000)	(10,508)	(4,308)
Net profit		103,664	66,396	27,572
Total other comprehensive profit (loss) (net of tax effects):				
<u>Amounts not reclassified later to profit and loss:</u>				
Profit (loss) from re-measurement of defined benefit plans	11	(10)	(16)	(27)
Total other comprehensive income (loss)		(10)	(16)	(27)
Total comprehensive income		103,654	66,380	27,545
Net profit per share (dollar)	23			
Base net profit		1.2349	0.8332	0.3493
Diluted net profit		1.1064	0.8024	0.3411

The Notes to the Financial Statements constitute an integral part thereof.

Statements of Changes in Equity

	Note	Share capital and premium	Reserve for share-based payment	Retained earnings	Total equity
USD thousands					
Balance as of January 1, 2023		40,230	563	15,886	56,679
Net profit		-	-	27,572	27,572
Other comprehensive income		-	-	(27)	(27)
Total comprehensive income		-	-	27,545	27,545
Dividend		-	-	(5,574)	(5,574)
Consideration from exercise of stock options		73	(18)	-	55
Cost of share-based payment		-	1,229	-	1,229
Balance as of December 31, 2023		40,303	1,774	37,857	79,934
Net profit		-	-	66,396	66,396
Other comprehensive income		-	-	(16)	(16)
Total comprehensive income		-	-	104,237	146,314
Dividend	12.e	-	-	(13,786)	(13,786)
Consideration from exercise of stock options	12.b	2,891	(502)	-	2,389
Cost of share-based payment	3.13	-	2,775	-	2,775
Balance as of December 31, 2024		43,194	4,047	90,451	137,692
Net profit		-	-	103,664	103,664
Other comprehensive income		-	-	(10)	(10)
Total comprehensive income		-	-	194,105	241,346
Dividend	12.d	-	-	(33,198)	(33,198)
Consideration from exercise of stock options	12.a	4,767	(1,033)	-	3,734
Cost of share-based payment	3.13	-	5,441	-	5,441
Issue of shares, net of issuance expenses	12.c	398,367	-	-	398,367
Balance as of December 31, 2025		446,328	8,455	160,907	615,690

The Notes to the Financial Statements constitute an integral part thereof.

Statements of Cash Flows

	For the year ended on December 31		
	2025	2024	2023
	USD thousands		
<u>Cash flows from current operations</u>			
Net profit	103,664	66,396	27,572
Adjustments required to present cash flows from operating activities:			
Adjustments to profit or loss items:			
Depreciation and amortization	2,317	1,142	1,012
Income tax	11,000	10,508	4,308
Share-based payment cost	5,441	2,775	1,229
Change in employee benefit liabilities, net	27	7	4
Net financing income	(15,101)	(3,848)	(3,154)
Changes in asset and liability items:			
Decrease (increase) in trade receivables	(5,713)	1,099	(4,918)
Increase in other accounts receivables	(3,435)	(844)	(689)
Increase in inventory	(31,202)	(6,456)	(10,753)
Increase in trade payables	2,837	1,294	1,942
Increase in other payables	2,813	4,704	6,678
Cash provided by operations activities	72,648	76,777	23,231
Change in fair value of financial assets	-	-	88
Interest received	5,754	4,176	2,911
Interest paid	(285)	(40)	(29)
Income tax received	456	-	-
Income tax paid	(14,933)	(12,500)	(4,403)
Net cash provided by operating activities	63,640	68,413	21,798
<u>Cash flows for investment activities</u>			
Investment in fixed assets	(341)	(432)	(249)
Investment in short-term deposits	(421,380)	(47,695)	-
Exercise of financial assets	-	-	8,714
Capitalized development costs	(2,495)	(1,969)	(1,195)
Net cash provided by (used in) investing activities	(424,216)	(50,096)	7,270
<u>Cash flows from financing activities</u>			
Dividend	(33,198)	(13,786)	(5,574)
Exercise of stock options	3,734	2,389	55
Issue of shares, net of issuance expenses	398,367	-	-
Repayment of lease liability	(414)	(342)	(272)
Net cash provided by (used in) financing activities	368,489	(11,739)	(5,791)
Increase in cash	7,913	6,578	23,277
Exchange rate differences on cash balance	2,819	(501)	78
Cash at beginning of year	74,708	68,631	45,276
Cash at end of year	85,440	74,708	68,631

The Notes to the Financial Statements constitute an integral part thereof.

Notes to the Financial Statements

Note 1: GeneralA. General Description of the Company and Its Activity

NextVision Stabilized Systems Ltd. (hereinafter: the “**Company**”), was incorporated in Israel in April 2009 and commenced its business operations in September 2009. The Company is an Israeli resident and its address is 9 HaDafna Street, Ra’anana.

The Company is engaged in the development, manufacture, and marketing of stabilized day and night cameras for ground and aerial vehicles such as micro and mini UAVs and drones. In addition to cameras, the Company develops ancillary products that significantly reduce the integration time of the cameras into the various platforms of its customers.

On June 14, 2021, the securities of the Company began trading on the Tel Aviv Stock Exchange Ltd.

On September 16, 2025, the Company completed a fundraising by way of a non-uniform offering to institutional investors (most of whom are foreign investors) in a total amount of approximately NIS 1,387 million (approximately USD 413.7 million), and the total direct issuance costs incurred by the Company in connection with the fundraising amounted to approximately USD 15.3 million and were charged directly to equity. In consideration for the allocation of 9,500,000 ordinary shares of the Company of NIS 0.00005 par value each at a price of NIS 146 (approximately USD 43.75), which at the time of allocation constituted approximately 10.44% of the issued and paid-up share capital of the Company (approximately 9.99% on a fully diluted basis). According to the shelf offering report dated August 27, 2025, the net proceeds will be used by the Company to finance strategic growth initiatives, including the advancement of potential mergers and acquisitions aligned with its core business areas, for general working capital and corporate purposes, including further development efforts, working capital, and operating expenses, as well as investment in research and development programs to support its long-term innovation roadmap and growth strategies. As of the date of the report, the Company has no agreements or commitments to make any material acquisitions or investments.

B. Implications of the “Iron Swords” war, Operation “Rising Lion” and “Lion’s Roar”

On October 7, 2023, following a surprise attack by the Hamas terrorist organization from the Gaza Strip, the Government of Israel declared the “Iron Swords” war. The fighting also expanded to the north of the country against the Hezbollah organization, and various restrictions were imposed on economic activity, including the evacuation of settlements, restrictions on gatherings, disruptions to the operation of educational institutions, and a widespread call-up for reserve duty. These measures led to a slowdown in business activity in Israel, among other things due to a shortage of manpower and disruptions in supply chains. In October 2025, a ceasefire was reached and the hostages and the bodies of the fallen were returned to Israel, but the level of uncertainty remained high and the fighting may resume.

On June 13, 2025, Israel launched Operation “Rising Lion” against nuclear and weapons infrastructure in Iran. In response, Iran launched hundreds of missiles and unmanned aerial vehicles at Israel, resulting in damage to infrastructure and loss of life. During the operation, Israel’s airspace was closed, causing delays in receiving goods and in shipments to customers abroad. After the resumption of shipping company operations, most of the goods were released during the end of June and the beginning of July.

On February 28, 2026, Israel, together with the USA, launched Operation “Lion’s Roar” against the regime in Iran. In response, Iran launched missiles and other means at Israel. As of the date of the report, Israel’s airspace is closed, there are delays in shipments to customers abroad and in receiving goods from suppliers, and the Home Front Command is restricting gatherings in workplaces. As a result, part of the economy is operating on a partial basis, and some of the Company’s employees are serving in the reserves, although most of the Company’s employees continue to work and production continues.

Since the beginning of the fighting, there has been an increase in orders for cameras and other products from the Company’s customers in Israel. Even before the outbreak of the war, the Company increased its inventory and production capacity in order to meet growing demand and maintain operational continuity. The Company is working to diversify suppliers, place long-term orders, and hold increased inventory of components that may be in short supply. As of the date of the report, the “Iron Swords” war or Operation “Rising Lion” did not have a material impact on the Company’s results or on its ability to deliver orders to its customers on time. However, Operation “Lion’s Roar” is still ongoing, Israel’s borders are closed, and there are delays in shipping and supply, and therefore there is uncertainty regarding future impacts on the Company’s operations.

The Company continues to monitor the effects of the security and economic situation on its operations.

Notes to the Financial Statements

Note 1: - General (continued)

C. Tariffs on goods imported to the USA

In the month of April 2025 the American administration announced a plan to impose tariffs on goods imported to the United States, which may also affect the economy in Israel. According to the macroeconomic forecast of the Research Department of the Bank of Israel from April 2025, the increase in tariffs worldwide will lead to a decrease of 4% in the volume of world trade by the end of 2026 (relative to the situation without tariffs). The plan includes two main components:

- a) A uniform tariff at a rate of 10% on all imports to the USA.
- b) Additional tariffs at varying rates on imports from countries with a significant trade surplus with the USA.

Within this plan, from the beginning of the implementation of the plan, the tariff imposed on Israeli goods stood at 10% within the framework of the uniform tariff on all imports to the USA. As of August 7, 2025, imports from Israel to the United States are subject to a total tariff at a rate of 15% (10% uniform + 5% variable by country). In addition, according to the tariff policy, there is an exemption from tariffs for goods that subcontractors purchase for the government.

During the month of February 2026, the Supreme Court in the USA ruled that most of the global tariffs imposed in the past year must be invalidated. In response, President Trump signed a presidential order that imposed a uniform global tariff of 10% for a period of 150 days, which within a day rose to a rate of 15%.

Although part of the Company's revenues originate from exports to the USA, in the Company's estimation, the possible impact of the new tariff policy is low on its business results.

Note 2: - Main accounting policies

A. Basis of presentation of the financial statements

The financial statements comply with the provisions of the International Financial Reporting Standards (IFRS Accounting Standards).

In addition, the financial statements are prepared in accordance with the provisions of the Securities Regulations (Annual Financial Statements), 5770-2010. The format of the analysis of expenses recognized in the statement of profit and loss is according to a classification method based on the characteristic of the activity of the expense, which, in management's estimation, is the most appropriate for understanding the business of the group. The Company's operating cycle period is up to one year.

The accounting policy detailed below was applied in the financial statements consistently in all reported periods.

Note 2: - Main accounting policies (continued)

B. Functional currency, presentation currency, and foreign currency

1) Functional currency and presentation currency

The presentation currency of the financial statements is the dollar.

The functional currency is the currency that best reflects the economic environment in which the Company operates and its transactions, and according to this currency, its financial position and results of operations are measured. The functional currency of the Company is the dollar.

2) Transactions, assets, and liabilities in foreign currency

Transactions denominated in foreign currency are recorded at initial recognition at the exchange rate on the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at each reporting date to the functional currency at the exchange rate at that date. Exchange rate differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currency presented at cost are translated at the exchange rate at the date of the transaction.

Notes to the Financial Statements

Note 2: - Main accounting policies (continued)

C. Cash equivalents

Cash equivalents are considered investments with high liquidity, including deposits in banking corporations for a short term that are not restricted by lien, whose original term does not exceed three months from the date of investment or exceeds three months but can be withdrawn immediately without penalty.

D. Short-term deposits

Deposits in banking corporations for a short term whose original term exceeds three months from the date of investment and do not meet the definition of cash equivalents. The deposits are presented according to the terms of their deposit.

E. Inventory

Inventory is measured at the lower of cost or net realizable value. The cost of inventory includes the expenses for purchasing the inventory and bringing it to its current location and condition. Net realizable value is an estimate of the selling price in the ordinary course of business less an estimate of the costs to complete and the costs necessary to make the sale. The Company periodically examines the state of the inventory and its age and makes write-downs for slow-moving inventory accordingly.

The cost of inventory is determined as follows:

- | | |
|----------------------------------|--|
| Raw materials | - Based on cost of purchase on the basis of “first in, first out.” |
| In-process and finished products | - Based on average cost. |

F. Revenue recognition

Revenues from contracts with customers are recognized in profit or loss when control of the asset or service is transferred to the customer. Revenue is recognized at the transaction price, which is the amount of consideration expected to be received according to the terms of the contract, less amounts collected for third parties (such as taxes).

Revenues from the sale of goods

Revenues from the sale of goods are recognized in profit or loss at a point in time, upon the transfer of control of the goods sold to the customer. Usually, control is transferred at the time of delivery of the goods to the customer.

Revenues including warranty services

Within its contracts, the Company provides warranty services to its customers, in accordance with the provisions of law or as customary in the industry. In most of the Company’s contracts, the warranty services are provided by it to ensure the quality of the work performed and not as an additional service provided to the customer. Accordingly, the warranty does not constitute a separate performance obligation, and therefore the Company recognizes in its financial statements a provision for warranty in accordance with the provisions of IAS 37.

G. Intangible assets

Intangible assets are measured at initial recognition at cost, including direct acquisition costs. Costs for intangible assets that were developed internally, except for capitalized development costs, are recognized in profit or loss as incurred.

Intangible assets with defined useful lives are amortized over their useful lives and are tested for impairment when there are indications of impairment. The amortization period and amortization method of an intangible asset are reviewed at least at the end of each year. The Company amortizes development costs over 3 years.

Research and development costs

Research costs are recognized in profit or loss as incurred. An intangible asset arising from a self-development project is recognized as an asset if it can be demonstrated the technological feasibility of completing the intangible asset so that it will be available for use or sale; the Company’s intention to complete the intangible asset and use it or sell it; the ability to use the intangible asset or sell it; the manner in which the intangible asset will generate future economic benefits;

Notes to the Financial Statements

Note 2: - Main accounting policies (continued)

the existence of the necessary resources: technical, financial, and other, available to complete the intangible asset; and the ability to reliably measure the expenses attributable to it during its development.

H. Financial assets

1) Financial assets measured at amortized cost

Financial assets are measured at initial recognition at their fair value plus transaction costs that can be directly attributed to the acquisition of the financial asset, except for trade receivables, which are initially measured at their transaction price.

2) Impairment of financial assets

The Company has financial assets with short credit periods up to one year, such as trade receivables and other debtors, for which the Company measures the loss allowance at an amount equal to the expected credit losses over the entire life of the instrument. The impairment is recognized in profit or loss against the loss allowance.

3) Derecognition of financial assets

The Company derecognizes a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expire.

4) Financial liabilities

Financial liabilities measured at amortized cost

At initial recognition, the Company measures the financial liabilities at fair value less transaction costs that can be directly attributed to the issuance of the financial liability.

After initial recognition, the Company measures all financial liabilities at amortized cost using the effective interest method. Short-term credit (such as supplier credit and other payables) is presented according to its terms, usually at its nominal value.

I. Earnings per share

Earnings per share are calculated by dividing the net profit attributable to the Company's shareholders by the number of ordinary shares weighted and actually outstanding during the period.

Potential ordinary shares are included in the calculation of diluted earnings per share if their effect dilutes earnings per share from continuing operations. Potential ordinary shares that were converted during the period are included in diluted earnings per share only until the date of conversion, and from that date are included in basic earnings per share.

Note 3: - Main considerations, estimates, and assumptions in the preparation of the financial statements

In preparing the financial statements, the Company's management is required to exercise judgment and rely on estimates, assessments, and assumptions that affect the application of accounting policy and the reported amounts of assets, liabilities, income, and expenses. Changes in accounting estimates are recognized in the period in which the estimate is changed. Below are the main assumptions about the future made in the financial statements, the main other sources of uncertainty as of the reporting date, and critical estimates calculated by the Company, for which there is a significant risk that their outcome may result in a material adjustment to the carrying amounts of assets and liabilities in the financial statements in the following year:

- Inventory

The net realizable value of inventory is reviewed at the end of each reporting period. Factors that may affect selling prices include the existing market demand for the Company's inventory, competitors' activity in the market, superior technology in the market, raw material prices, and bankruptcy of suppliers.

Notes to the Financial StatementsNote 4: - Cash

	December 31	
	2025	2024
	USD thousands	
In banks	11,172	4,439
Deposits *	74,268	70,269
	<u>85,440</u>	<u>74,708</u>

(*) Most of them in dollar deposits for periods of three months, which include a fixed annual interest rate ranging between 4.02%-4.85%

Note 5: - Deposits

	December 31	
	2025	2024
	USD thousands	
Short term deposits*	476,857	47,903
	<u>476,857</u>	<u>47,903</u>

(*) Most of them in dollar deposits whose original period exceeds three months from the date of deposit and does not exceed one year, which include a fixed annual interest rate ranging between 4.4%-4.85%.

Note 6: - Receivables and debit balances

	December 31	
	2025	2024
	USD thousands	
Expenses in advance	140	75
Institutes	690	634
Advances to suppliers	3,276	963
Other	1,169	168
	<u>5,275</u>	<u>1,840</u>

Note 7: - Inventory

	December 31	
	2025	2024
	USD thousands	
Raw materials	48,805	17,754
Inventory in progress	3,767	3,389
Finished product	1,016	1,243
	<u>53,588</u>	<u>22,386</u>

Notes to the Financial StatementsNote 8: - LeasesDisclosures regarding lease transactions in which the Company is a Lessee

The Company has lease agreements that include leases of offices and vehicles, which are used for the ongoing operations of the Company.

As of January 1, 2025, the Company entered into a lease agreement for an office building located at 9 HaDafna Street in Ra'anana, with a total area of approximately 3,300 sq.m., spread over two floors, as well as approximately 100 parking spaces. The Lease Agreement (hereinafter: the "**Lease Agreement**") is for a period of 6 years, until December 31, 2030. The Lease Agreement includes an option for the Company to extend the lease period by an additional 36 months, under the terms detailed in the Lease Agreement.

The Company recognized a lease asset and liability in the amount of USD 3,088 thousand, and the incremental interest rate was 8%.

The option was not taken into account in determining the lease term, since the Company does not expect it is reasonably certain that the option will be exercised.

A. Details regarding lease transactions

	For the year ended on December 31	
	2025	2024
	USD thousands	
Interest expenses in respect of lease obligations	285	40
Total negative cash flow for leases	699	382

B. Disclosures regarding right-of-use assets

Vehicles and transportation:

<u>For the year ended on December 31, 2025</u>	Office building	Vehicles	Total
	USD thousands		
<u>Cost</u>			
Balance at beginning of year	1,093	517	1,610
Additions for new leases	3,084	78	3,162
Balance as of December 31, 2025	4,177	595	4,772
<u>Accumulated depreciation</u>			
Balance at beginning of year	793	303	1,096
Depreciation in the report year	779	127	906
Balance as of December 31, 2025	1572	430	2,002
<u>Depreciated cost as of December 31, 2025</u>	<u>2,605</u>	<u>165</u>	<u>2,770</u>

Notes to the Financial StatementsNote 8: - Leases (continued)

<u>For the year ended on December 31, 2024</u>	Office building	Vehicles	Total
	USD thousands		
<u>Cost</u>			
Balance at beginning of year	1,093	345	1,438
Additions for new leases	-	172	172
Balance as of December 31, 2024	<u>1,093</u>	<u>517</u>	<u>1,610</u>
<u>Accumulated depreciation</u>			
Balance at beginning of year	529	205	734
Depreciation in the report year	264	98	362
Balance as of December 31, 2024	<u>793</u>	<u>303</u>	<u>1,096</u>
<u>Depreciated cost as of December 31, 2024</u>	<u>300</u>	<u>214</u>	<u>514</u>

C. Analysis of maturity date of liabilities for leases in undiscounted amounts

	December 31	
	2025	2024
	USD thousands	
First year	918	389
Second year	1,019	70
Third year	987	32
Fourth year	976	-
Fifth year	1,038	-
	<u>4,938</u>	<u>491</u>

Note 9: - Intangible assets, net

Vehicles and transportation:

	December 31	
	2025	2024
	USD thousands	
<u>Cost</u>		
Balance at beginning of year	6,169	4,200
Costs capitalized	2,494	1,969
Balance at end of year	<u>8,663</u>	<u>6,169</u>
<u>Accumulated depreciation</u>		
Balance at beginning of year	2,541	1,892
Amortization during the period	1,226	649
Balance at end of year	<u>3,767</u>	<u>2,541</u>
Net balance as of December 31	<u>4,896</u>	<u>3,628</u>

Notes to the Financial StatementsNote 10: - Payables and credit balances

Composition:

	December 31	
	2025	2024
	USD thousands	
Advances from customers	11,456	10,751
Liabilities for wages and accompanying	5,547	3,512
Current maturities in respect of leases	615	385
Expenses payable	262	209
Other payables	187	167
	<u>18,067</u>	<u>15,024</u>

Note 11: - Liabilities for employee benefits

Employee benefits include short-term benefits and post-employment benefits.

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 ongoing deposits in defined benefit plans according to Section 14 of the Severance Pay Law as described below. The Company's obligation in this regard is treated as a post-employment benefit. The post-employment benefits to employees are generally funded by deposits classified as a defined benefit plan or as a defined contribution plan as detailed below.

The calculation of the obligation is performed according to the valid employment agreement and is based on the employee's salary and period of employment, which create the right to receive the severance pay.

Defined contribution plans

With respect to part of the severance payments, the Company is subject to the provisions of Section 14 of the Severance Pay Law, 5723-1963, according to which its ongoing deposits in pension funds and/or in policies with insurance companies, exempt it from any further obligation to employees, for whom the amounts were deposited as stated above. These deposits, as well as deposits for provident funds, constitute defined contribution plans.

In the years ended December 31, 2025 and December 31, 2024, the Company recorded expenses for defined contribution plans in the amount of USD 618 thousand and USD 396 thousand, respectively.

Defined benefit plan

The portion of the severance payments that is not covered by deposits in a defined contribution plan, as stated above, is treated by the Company as a defined benefit plan, under which a liability for employee benefits is recognized and for which the Company deposits amounts in severance pay funds and in appropriate insurance policies. The plan is denominated in foreign currency (NIS).

B. Composition of the defined benefit plan

	December 31	
	2025	2024
	USD thousands	
Present value of defined benefit obligation	451	325
Fair value of plan assets	(300)	(211)
Total net liabilities	<u>151</u>	<u>114</u>

Notes to the Financial StatementsNote 12: - Equity

Below is the composition of the issued and paid-up share capital (ordinary shares of NIS 0.00005 par value each):

	Reference	2025	2024
		Number of shares	
Balance as at January 1		80,087,970	78,963,850
Shares arising from option exercise	A, B	1,488,083	1,124,120
Shares resulting from capital raising	C	9,500,000	-
Balance as of December 31		91,076,053	80,087,970

- A. During the period, employees of the Company exercised 1,488,083 options for shares of the Company for a total consideration of approximately USD 3,734 thousand.
- B. During 2024, sixteen employees of the Company exercised 1,124,120 options for shares of the Company for a total consideration of approximately USD 2,389 thousand.
- C. On September 16, 2025, the Company completed a fundraising by way of a non-uniform offering to institutional investors (most of them abroad) in the amount of approximately USD 413.7 million (gross), in consideration for the allocation of approximately 9,500,000 ordinary shares of the Company (see Note 1A).
- D. On March 9, 2025, the Board of Directors of the Company approved a dividend distribution in the amount of approximately USD 33,198 thousand (approximately USD 0.41 per share) which was paid during the month of March 2025.
- E. On March 10, 2024, the Board of Directors of the Company approved a dividend distribution in the amount of approximately USD 13,786 thousand (approximately USD 0.17 per share) which was paid during the month of March 2024.

Capital management in the Company

The objectives of the Company in its capital management are:

1. To maintain the Group's ability to ensure business continuity and thereby create a return for shareholders, investors, and other stakeholders.
2. To ensure an adequate return for shareholders by pricing the products and services in accordance with the level of risk existing in the Group's business activity.

Notes to the Financial StatementsNote 13: Share-based payment transactions1. Grants made in 2025:

The parameters used in the application of the model in the detailed grants are as follows:

Approval Date by the Board of Directors	Share price (USD)	Fair value (USD)	Exercise price (USD)	Risk-free interest rate	Standard deviation	Expected lifespan (in years)	Reference to note
March 9, 2025	23.3	8.95	23.3	4.01%	36.13%	5	A
March 9, 2025	23.3	9.25	20.2	4.01%	36.13%	4	B
May 18, 2025	26.46	10.49	26.46	3.97%	37.90%	5	C
July 8, 2025	37.93	15.05	37.93	3.84%	38.29%	5	D
September 28, 2025	43.58	17.52	43.58	3.60%	39.55%	5	E
December 28, 2025	61.5	24.16	61.5	3.56%	41.70%	5	F

- A. On March 9, 2025, the Compensation Committee and the Board of Directors of the Company approved the allocation of 273,000 options of the Company, exercisable into 273,000 ordinary shares of NIS 0.00005 par value of the Company to employees of the Company. The options are exercisable in three tranches, the first tranche of 50% of the allocation is exercisable after two years from the date of grant, the second tranche of 25% of the allocation is exercisable after three years from the date of grant, and thereafter 25% in one tranche after four years from the date of grant, subject to the existence of employer-employee relations.
- B. On March 9, 2025, the Compensation Committee and the Board of Directors approved the allocation of 65,000 non-tradable options to the CEO of the Company, 52,000 non-tradable options to the Chairman of the Board of Directors of the Company, and 52,000 non-tradable options to the CTO of the Company and a director therein. The options are exercisable into ordinary shares of NIS 0.00005 par value of the Company, the options are exercisable in three equal annual tranches, subject to the existence of employer-employee relations between the Company and the CEO and the continued service in the Company of the Chairman of the Company and the CTO. The grant was approved at the General Meeting held on April 29, 2025.
- C. On May 18, 2025, the Board of Directors of the Company approved the allocation of 52,000 options of the Company to employees of the Company who are not office holders and 31,000 options of the Company to office holders, all the options are exercisable into 83,000 ordinary shares of NIS 0.00005 par value of the Company. The options are exercisable in three tranches, the first tranche of 50% of the allocation is exercisable after two years from the date of grant, the second tranche of 25% of the allocation is exercisable after three years from the date of grant, and thereafter 25% in one tranche after four years from the date of grant, subject to the existence of employer-employee relations.
- D. On July 8, 2025, the Board of Directors of the Company approved the allocation of 100,000 options of the Company to employees of the Company who are not office holders. The options are exercisable into ordinary shares of NIS 0.00005 par value of the Company. The options are exercisable in three tranches, the first tranche of 50% of the allocation is exercisable after two years from the date of grant, the second tranche of 25% of the allocation is exercisable after three years from the date of grant, and thereafter 25% in one tranche after four years from the date of grant, subject to the existence of employer-employee relations.

Notes to the Financial StatementsNote 13: Share-based payment transactions (continued)

- E. On September 28, 2025, the Board of Directors of the Company approved the allocation of 137,000 non-tradable options of the Company to employees of the Company who are not office holders and 250,000 non-tradable options to the CEO of the Company, exercisable into ordinary shares of NIS 0.00005 par value of the Company. The options are exercisable in three tranches, the first tranche of 50% of the allocation is exercisable after two years from the date of grant, the second tranche of 25% of the allocation is exercisable after three years from the date of grant, and thereafter 25% in one tranche after four years from the date of grant, subject to the existence of employer-employee relations. The grant of options to the CEO of the Company was approved at the General Meeting held on November 5, 2025.
- F. On December 28, 2025, the Board of Directors of the Company approved the allocation of 305,000 non-tradable options of the Company to employees of the Company who are not office holders and 19,900 non-tradable options to office holders in the Company, exercisable into ordinary shares of NIS 0.00005 par value of the Company. The options are exercisable in three tranches, the first tranche of 50% of the allocation is exercisable after two years from the date of grant, the second tranche of 25% of the allocation is exercisable after three years from the date of grant, and thereafter 25% in one tranche after four years from the date of grant, subject to the existence of employer-employee relations.
2. Grants made in 2024:

The parameters used in the application of the model in the detailed grants are as follows:

Approval Date by the Board of Directors	Share price (USD)	Fair value (USD)	Exercise price (USD)	Risk-free interest rate	Standard deviation	Expected lifespan (in years)	Reference to note
February 5, 2024	10.66	3.42	10.66	4.14%	27%	5	A, B
February 5, 2024	10.66	3.95	9.49	4.14%	27%	5	A
May 15, 2024	15.39	5.27	15.39	4.65%	28.54%	5	C
August 11, 2024	11.40	3.8	11.40	3.70%	30.16%	5	D
December 29, 2024	14.43	5.34	14.43	4.36%	33.22%	5	E
December 29, 2024	14.43	5.49	14.05	4.36%	33.22%	5	E

- A. On February 5, 2024, the Board of Directors of the Company approved an option plan for employees of the Company, allowing the allocation of up to 2,000,000 options, not listed for trading, exercisable into up to 2,000,000 ordinary shares of NIS 0.00005 par value each, offered without consideration, to employees and Office Holders of the Company in accordance with the Company's option plan.

As part of the outline plan, the Board of Directors of the Company approved the allocation of 418,000 options of the Company to employees of the Company who are not Office Holders and 90,000 options of the Company to Office Holders, all the options are exercisable into a total of 508,000 ordinary shares of NIS 0.00005 par value of the Company. The options are exercisable in three tranches, the first tranche in the amount of 50% of the allocation is exercisable after two years from the date of its allocation, the second tranche in the amount of 25% of the allocation is exercisable after three years from the date of its allocation and thereafter 25% in one tranche after four years from the date of its allocation, subject to the existence of employer-employee relations.

Notes to the Financial Statements

Note 13: Share-based payment transactions (continued)

- B. On February 5, 2024, the Compensation Committee and the Board of Directors approved the allocation of 500,000 non-tradable options to the CEO of the Company. The options are exercisable into ordinary shares of NIS 0.00005 par value of the Company. The options are exercisable in three tranches, the first tranche in the amount of one third of the allocation is exercisable after one year, an additional tranche in the amount of one third after two years from the date of allocation and thereafter the balance in one tranche after three years from the date of allocation, subject to the existence of employer-employee relations. The grant was made subject to the approval of the General Meeting which convened on March 13, 2024.
- C. On May 15, 2024, the Board of Directors of the Company approved the allocation of 285,000 options of the Company to employees of the Company. All the options are exercisable into a total of 285,000 ordinary shares of NIS 0.00005 par value of the Company. The options are exercisable in three tranches, the first tranche in the amount of 50% of the allocation is exercisable after two years from the date of its allocation, the second tranche in the amount of 25% of the allocation is exercisable after three years from the date of its allocation and thereafter 25% in one tranche after four years from the date of its allocation, subject to the existence of employer-employee relations.
- D. On August 11, 2024, the Board of Directors of the Company approved the allocation of 138,500 options of the Company, exercisable into 138,500 ordinary shares of NIS 0.00005 par value of the Company to employees of the Company. The options are exercisable in three tranches, the first tranche in the amount of 50% of the allocation is exercisable after two years from the date of its allocation, the second tranche in the amount of 25% of the allocation is exercisable after three years from the date of its allocation and thereafter 25% in one tranche after four years from the date of its allocation, subject to the existence of employer-employee relations.
- E. On December 29, 2024, the Board of Directors of the Company approved the allocation of 303,000 options of the Company to employees of the Company who are not Office Holders and 89,000 options of the Company to Office Holders, these options were granted to employees on January 9, 2025. All the options are exercisable into 392,000 ordinary shares of NIS 0.00005 par value of the Company. The options are exercisable in three tranches, the first tranche in the amount of 50% of the allocation is exercisable after two years from the date of its allocation, the second tranche in the amount of 25% of the allocation is exercisable after three years from the date of its allocation and thereafter 25% in one tranche after four years from the date of its allocation, subject to the existence of employer-employee relations.
3. The expense recognized in the financial statements for share-based payment is presented in the table below:

Composition:	For the year ending December 31		
	2025	2024	2023
	USD thousands		
Total expenses recognized from equity-settled share based payment transactions	<u>5,441</u>	<u>2,775</u>	<u>1,229</u>

Notes to the Financial Statements

Note 13: Share-based payment transactions (continued)

4. Movement during the year

Below is a table including the number of options for shares, the weighted average exercise price thereof and the changes made in employee option plans during the current year:

	2025		2024	
	Number of options	Weighted average of exercise price Dollar	Number of options	Weighted average of exercise price Dollar
Stock options at beginning of year	4,551,422	5.31	4,328,542	2.46
Stock options granted during the year	1,404,000	27.36	1,431,500	11.58
Stock options exercised during the year	(1,488,083)	13.0	(1,124,120)	2.11
Stock options forfeited during the year	(91,500)	16.30	(84,500)	8.27
Stock options at end of year	4,375,839	9.53	4,551,422	5.31
Stock options exercisable at end of year	935,589	4.12	1,184,088	2.19

The weighted average of the remaining expected life of the options for shares as of December 31, 2025 and 2024 is 3.13 years and 3.03 years, respectively.

Note 14:- Financial instruments

A. Financial risk factors

The Company is exposed to risks arising from the use of various financial instruments, such as: credit risk, liquidity risk and market risk (including currency risk). The Company's managers review these risks on an ongoing basis and act to reduce the exposure to possible negative effects on the financial performance of the Company.

B. Below is information regarding risks related to financial instruments:

1. Credit risk

Credit risk is the risk of a financial loss that will be caused to the Company if the counterparty does not fulfill its obligations as a customer or its obligations arising from a financial instrument. The Company is exposed to credit risk as a result of its operational activity (mainly from the balance of customers) and from its financial activity, including from deposits in banks.

A. Customer balance

The Company has a procedure for granting credit to a customer which includes instructions to be carried out when opening a new customer, the procedure includes, among other things, checking its financial conditions, checking the customer's soundness and credit control based on past experience.

Ongoing monitoring of receipts from customers is conducted by the credit and collection departments.

In addition, the terms of engagement in sales contracts, the characteristics of the sales transactions and the customers create for the Company minimal risk due to credit risk.

The Company's policy towards its customers is to supply them with the Company's products and to receive payment for them on a current + 60 day basis. However, when it comes to new customers or relatively large orders, the Company usually receives an advance from these customers as follows: an advance at a rate of approximately 50% of the consideration for the order when it comes to a new customer and an advance at a rate of approximately 15%-30% of the scope of the order when it comes to an order of relatively significant scope (an advance of relatively significant scope is, as a rule, an advance in a transaction with a scope of more than USD 150 thousand).

Notes to the Financial StatementsNote 14: - Financial instruments (continued)

In addition to the above, with respect to customers abroad, the Company usually acts according to one of the following two alternatives: (A) full payment in advance and supply of the products only after settlement of this payment; or (B) receipt of an advance payment at a rate of approximately 30% to approximately 70% of the consideration for the order and completion of the total payment amount before shipment of the products abroad.

B. Cash and short-term deposits in banking corporations

As of December 31, 2025, cash and short-term deposits amounted to approximately USD 562,297 thousand (December 31, 2024 – approximately USD 122,611 thousand).

In the opinion of the Company's management, the financial institutions holding the financial investments are financially stable and therefore the credit risk in respect thereof is minimal.

2. Market risks

Market risk is the risk that the fair value or future cash flows from a financial instrument will change as a result of changes in market prices. The Company's market risk includes currency risk.

Currency risk

As of December 31, 2025, the Company has an excess of financial liabilities over financial assets in foreign currency in the amount of approximately USD 9,922 thousand (December 31, 2024 – an excess of financial assets over financial liabilities in foreign currency in the amount of approximately USD 2,525 thousand).

The Company is exposed to changes in exchange rates due to salary expenses, purchases of raw materials and fixed assets.

The currencies in which the main transactions not denominated in US dollars are denominated are in NIS and the euro (most salary expenses are in NIS).

A change of 5% in the exchange rate of NIS (assuming the other variables remain constant) would increase or decrease the profit before tax by an immaterial amount.

3. Liquidity risk

Liquidity risks arise from the management of the Company's working capital. The Group's policy is to ensure that the cash held will always be sufficient to cover the liabilities at their maturity date. In order to achieve this goal, the Company holds cash balances to meet the expected requirements, for a period of at least 90 days.

C. Fair value

Fair value compared to book value

The book value of the Company's financial assets and financial liabilities, including cash, customers, other receivables, suppliers, other payables, matches or is close to their fair value.

Note 15: - Revenues from sales

A. Composition:	For the year ended on December 31		
	2025	2024	2023
	USD thousands		
Sales in Europe	94,825	66,467	27,367
Sales in Israel	17,906	17,880	13,675
Sales in North America	49,099	17,975	7,815
Sales in other countries	6,524	12,612	3,087
	168,354	114,934	51,944

Notes to the Financial StatementsNote 15:- Revenues from sales (continued)

A. Additional information on revenues:	For the year ended on December 31		
	2025	2024	2023
	USD thousands		
Revenue from main customers, each responsible for 10% or more of the total revenue reported in the financial statements:			
Customer A	19.5%	15.9%	13.8%
Customer B	11.5%	19.0%	3.2%
Customer C	15.5%	3.3%	1.5%
Customer D	6.8%	9.1%	12.9%

Note 16:- Cost of sales and services

Composition:	For the year ended on December 31		
	2025	2024	2023
	USD thousands		
Raw material purchases	73,934	33,853	24,216
Salary and accompanying costs	4,884	3,016	1,836
Subcontractors and others	337	488	308
Depreciation and amortization	1,415	667	641
Share-based payment	1,430	476	79
	82,000	38,500	27,080
Changes in inventory	(31,202)	(6,456)	(10,753)
	50,798	32,044	16,327

Note 17: - Research and development expenses

Composition:	For the year ended on December 31		
	2025	2024	2023
	USD thousands		
Salary and accompanying costs	3,225	1,555	1,352
Share-based payment	2,033	769	367
Raw material purchases	233	193	283
	5,491	2,517	2,002

Note 18: - Selling and marketing expenses

Composition:	For the year ended on December 31		
	2025	2024	2023
	USD thousands		
Wages	1,290	1,129	640
Share-based payment	365	346	123
Advertising	85	114	10
Fees	-	32	43
Other	134	18	73
	1,874	1,639	889

Notes to the Financial StatementsNote 19: - General and administrative expenses

Composition:	For the year ended on December 31		
	2025	2024	2023
	USD thousands		
Salary and wages	3,641	2,560	2,075
Share-based payment	1,613	1,183	660
Depreciation and amortization	1,063	474	373
Professional services	630	577	325
Office	795	402	171
Other	925	534	396
	8,667	5,730	4,000

Note 20: - Financing income and expenses

Composition:	For the year ended on December 31		
	2025	2024	2023
	USD thousands		
<u>Financing expenses</u>			
Revaluation of financial assets	-	-	15
Interest for leases	285	40	29
Bank fees	20	28	31
Exchange rate differences	-	356	-
Other	8	6	4
Total financing expenses	313	430	79
<u>Financing income</u>			
Interest	11,506	4,330	3,078
Exchange rate differences	1,947	-	155
Total financing income	13,453	4,330	3,233
Total financing income, net	13,140	3,900	3,154

Note 21: - Income taxesA. Tax rates applicable to the Company

Since the Company has the status of a Preferred Technological Enterprise that is not in Development Area A, the tax rate applicable to the Company as of 2020 is 12%.

B. Final tax assessments

The Company has final tax assessments up to and including the 2020 tax year, either in accordance with final assessment agreements or in accordance with the provisions of Section 145(a)(2) of the Income Tax Ordinance (statute of limitations).

Notes to the Financial StatementsNote 21: - Income taxes (continued)C. Deferred taxes

The composition and movement in deferred tax assets (liabilities), net as presented in the statement of financial position, are as follows:

	Liability for termination of employment relations			Total
	R&D costs	Other	Other	
	USD thousands			
Balance as of December 31, 2022	(195)	7	22	(166)
Current changes in the report year	(72)	-	8	(64)
In other comprehensive income	-	4	-	4
Balance as of December 31, 2023	(267)	11	30	(226)
Current changes in the report year	(161)	(1)	12	(150)
In other comprehensive income	-	3	-	3
Balance as of December 31, 2024	(428)	13	42	(373)
Current changes in the report year	(232)	-	12	(220)
In other comprehensive income	-	5	-	5
Balance as of December 31, 2025	(660)	18	54	(588)

*) Less than one thousand dollars.

D. Income taxes included in profit or loss

Composition:	For the year ended on December 31		
	2025	2024	2023
	USD thousands		
Current taxes	10,764	10,014	4,187
Deferred taxes, net	215	146	60
Taxes for previous years	21	348	61
	11,000	10,508	4,308

Notes to the Financial StatementsNote 21: - Income taxes (continued)E. Theoretical tax

Below is a reconciliation between the amount of tax that would have been applicable if all the income and expenses, profits and losses in profit or loss were subject to tax at the statutory tax rate, and the amount of income taxes charged to profit or loss:

Composition:	For the year ended on December 31		
	2025	2024	2023
	USD thousands		
Profit before income tax	114,664	76,904	31,880
Statutory tax rate	12%	12%	12%
Tax calculated based on statutory tax rate	13,760	9,228	3,826
Unrecognized expenses	607	193	82
Taxes for previous years	21	348	61
Exchange rate differences	(3,388)	739	339
	11,000	10,508	4,308

Note 22: - Balances and transactions with interested parties and related parties

- A. On August 20, 2025, the General Meeting of the Company's shareholders approved, after the Compensation Committee and the Company's Board of Directors also approved on July 8, 2025, the update of the Company's engagement with the Chairman of the Board of Directors, the CEO, and the CTO (hereinafter: the "**Office Holders**") in new management and employment agreements as well as the payment structure as detailed below:
- 1) The Chairman of the Board of Directors and the CTO from an employment cost of NIS 144 thousand each to a monthly employment cost of NIS 165 thousand.
 - 2) Addition of variable compensation conditioned on targets for the Chairman of the Board of Directors, the CTO, and the CEO in an amount of up to six salaries, depending on meeting the Company's sales target.
- B. On April 29, 2025, the General Meeting of the Company's shareholders approved a new compensation policy for the Company. Several changes were made in the new compensation policy compared to the previous one (no change was made to existing grants to adapt to the new compensation policy) among other things, it was determined that according to the new compensation policy:
- 1) The fixed compensation ceiling of the Chairman of the Company's Board of Directors and the CTO of the Company was updated to an amount of NIS 2,200 thousand per year (instead of NIS 1,500 thousand per year) and for the CEO of the Company was updated to an amount of NIS 2,700 thousand per year (instead of NIS 1,500 thousand per year). The fixed compensation ceiling for Office Holders subordinate to the CEO was updated to an amount of NIS 1,500 thousand per year (instead of NIS 700 thousand per year).
 - 2) The ceiling of the variable compensation of the Company was changed so that it stands at 18 times the monthly salary cost (instead of 12 salaries per year) in employer cost terms. In addition, a threshold condition was added whereby the Office Holders in the Company will be entitled to variable compensation subject to the Company's operating profit as reflected in the Company's financial statements as approved by the Company's Board of Directors being at least NIS 40 million. Each of the Chairman of the Company's Board of Directors and the CTO will be entitled to a cash bonus at a rate of 2.5% of the Company's net profit before tax up to an amount of 12 times the monthly cost of each of them, as applicable. In addition, they will be entitled to an additional cash bonus up to an amount of six times the monthly cost of each of them depending on meeting targets as stated in the compensation policy.
 - 3) The ceiling of the variable compensation that may be granted to an Office Holder subordinate to the CEO will be up to six times the monthly salary cost. In addition, the ceiling of the value of the equity compensation was changed so that with respect to the Chairman of the Company's Board of Directors and the CTO of the Company – the fair value will not exceed ten times the fixed monthly compensation of the Office Holder, as applicable, during a calendar year and with respect to the CEO of the Company – the fair value will not exceed 5.5 times the fixed monthly compensation of the CEO, during a calendar year.

Notes to the Financial StatementsNote 22: - Balances and transactions with Interested Parties and Related Parties (continued)

C. On January 29, February 5, and March 4, 2024, the Compensation Committee and the Board of Directors approved, as follows:

- 1) Granting an additional bonus to the CEO of the Company for the year 2023 and this in addition to the bonus to which he is entitled under the employment agreement, in the amount of three gross monthly salaries (approximately USD 110 thousand).
- 2) Update of the Company's engagement with the Chairman of the Board of Directors, the CEO, and the CTO (hereinafter: "Office Holders") in new management and employment agreements as well as the payment structure as detailed below:
The Chairman of the Board of Directors and the CTO from an employment cost of NIS 120 thousand each to a monthly employment cost of NIS 144 thousand.

The CEO from an employment cost of NIS 150 thousand to a monthly employment cost of NIS 180 thousand.

The update of the engagement was subject to the approval of the General Meeting which convened on March 13, 2024.

D. Balances with Interested Parties and Related Parties

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
	<u>USD thousands</u>	
Liabilities for wages and accompanying (Presented in accounts payable note)	<u>3,047</u>	<u>1,675</u>

E. Compensation and benefits to Interested Parties and Key Management PersonnelFor the year ended on December 31, 2025

	<u>Interested parties</u>		
	<u>Directors not employed by the Company</u>	<u>Directors employed by the Company</u>	<u>Other key managerial individuals</u>
	<u>USD thousands</u>		
Share-based payment	<u>-</u>	<u>497</u>	<u>1,621</u>
Short term benefits	<u>227</u>	<u>2,975</u>	<u>2,214</u>
Number of persons	<u>5</u>	<u>2</u>	<u>3</u>

For the year ended on December 31, 2024

	<u>Interested parties</u>		
	<u>Directors not employed by the Company</u>	<u>Directors employed by the Company</u>	<u>Other key managerial individuals</u>
	<u>USD thousands</u>		
Share-based payment	<u>-</u>	<u>144</u>	<u>1,287</u>
Short term benefits	<u>151</u>	<u>1,882</u>	<u>1,298</u>
Number of persons	<u>5</u>	<u>2</u>	<u>1</u>

Notes to the Financial StatementsNote 22: - Balances and transactions with Interested Parties and Related Parties (continued)For the year ended December 31, 2023

	<u>Interested parties</u>		
	<u>Directors not employed by the Company</u>	<u>Directors employed by the Company</u>	<u>Other key managerial individuals</u>
	<u>USD thousands</u>		
Share-based payment	-	183	630
Short term benefits	68	1,561	1,057
Number of persons	5	2	1

Note 23: - Earnings per shareDetails of the number of shares and the profit used in the calculation of earnings per share:

	<u>2025</u>		<u>2024</u>		<u>2023</u>	
	<u>Weighted number of shares</u>	<u>Net profit attributable to Company shareholders</u>	<u>Weighted number of shares</u>	<u>Net profit attributable to Company shareholders</u>	<u>Weighted number of shares</u>	<u>Net profit attributable to Company shareholders</u>
	<u>USD thousands</u>		<u>USD thousands</u>		<u>USD thousands</u>	
For purposes of calculating net basic profit	83,942,489	103,664	79,689,881	66,396	78,934,641	27,572
Impact of stock options	9,749,339	-	3,055,671	-	1,911,760	-
For purposes of calculating net diluted profits	93,691,828	103,664	82,745,552	66,396	80,846,401	27,572

Note 24: - Commitments and contingent liabilitiesA. Guarantees

The Company has guarantees to institutions and others in the amount of USD 457 thousand.

B. Liens

The Company has a lien for Lease Fees in the amount of USD 278 thousand.

Notes to the Financial Statements

Note 25: - Events after the balance sheet date

- A. On January 6, 2026 the Company's Board of Directors approved the allocation of 30,100 non-tradable options of the Company to Office Holders in the Company. The options are exercisable into ordinary shares of NIS 0.00005 par value of the Company. The options are exercisable in three tranches, the first tranche in the amount of 50% of the allocation is exercisable after two years from the date of allocation, the second tranche in the amount of 25% of the allocation is exercisable after three years from the date of allocation and thereafter 25% in one tranche after four years from the date of allocation, subject to the existence of employer-employee relations. The options will expire five years from the date of their allocation.

The exercise price of each option allocated is NIS 230 (approximately USD 72.1). The fair value of the grant at the date of approval by the Board of Directors was approximately NIS 90.95 per option (approximately USD 28.51).

The calculation is calculated and based on the following assumptions: Standard deviation of 41.61%, risk-free interest rate of 3.55%, exercise period of five years, and the closing price of the Company's share on the stock exchange, on January 1, 2026, - NIS 230.

The grant of the options to the Office Holders was approved at the General Meeting which was held on February 12, 2026.

- B. On March 10, 2026, the Company's Board of Directors approved the distribution of a dividend in the amount of approximately USD 51,832 thousand (approximately USD 0.568 per share) to be paid during March 2026.
- C. On March 10, 2026, the Company's Board of Directors approved the allocation of 180,000 non-tradable options of the Company to employees of the Company. The options are exercisable into ordinary shares of NIS 0.00005 par value of the Company. The options are exercisable in three tranches, the first tranche in the amount of 50% of the allocation is exercisable after two years from the date of allocation, the second tranche in the amount of 25% of the allocation is exercisable after three years from the date of allocation and thereafter 25% in one tranche after four years from the date of allocation, subject to the existence of employer-employee relations. The options will expire five years from the date of their allocation.

The exercise price of each option allocated is NIS 328.4 (approximately USD 106.2). The fair value of the grant at the date of approval by the Board of Directors was approximately 137.4 NIS per option (approximately USD 44.45).

The calculation is calculated and based on the following assumptions: standard deviation of 44.65%, risk-free interest rate of 3.59%, exercise period of five years, and the closing price of the Company's share on the stock exchange, on January 10, 2026, - NIS 328.4.



This is an English translation of the information included in the approved financial statements. In the event of any discrepancy between the original Hebrew and the translation to English, the Hebrew version alone will prevail.

NextVision Stabilized Systems Ltd.

Part D: Additional Details Regarding the Corporation

Pursuant to the Securities Law (Periodic and Immediate Reports), 5730-1970

(in accordance with the provisions of the Articles)

Company Name	NextVision Stabilized Systems Ltd.
Company No. with the Registrar of Companies	514259019
Address	9 HaDafna Street, Ra'anana
Telephone	077-5342041
Facsimile	077-5442040
Email Address	chen.g@nextvision-sys.com
Balance Sheet Date	December 31, 2025
Report Date	March 10, 2026

1. **Summary of Statement of Comprehensive Income (Article 10A)**

Below is a summary of the Company's Statements of Comprehensive Income for each of the quarters in 2025 (in thousands of USD):

	March 31, 2025	June 30, 2025	September 30, 2025	December 31, 2025	For the year ended on December 31, 2025
Revenue from sales	36,163	37,080	47,290	47,821	168,354
Cost of sales	(9,675)	(10,523)	(14,773)	(15,827)	(50,798)
Gross profit	26,488	26,557	32,517	31,994	117,556
Research and development expenses	(952)	(1,324)	(1,638)	(1,577)	(5,491)
Sales and marketing expenses	(447)	(430)	(628)	(369)	(1,874)
General and administrative expenses	(2,887)	(1,795)	(1,963)	(2,022)	(8,667)
Operating profit	22,202	23,008	28,288	28,026	101,524
Financing income	1,930	2,159	3,074	6,290	13,453
Financing expenses	(32)	(120)	(77)	(84)	(313)
Profit before tax	24,100	25,047	31,285	34,232	114,664
Income tax	(3,527)	(1,824)	(3,117)	(2,532)	(11,000)
Net profit	20,573	23,223	28,168	31,700	103,664
Profit (loss) from re-measurement of defined benefit plans	—	—	—	(10)	(10)
Total comprehensive income	20,573	23,223	28,168	31,690	103,654

2. **Use of Proceeds from Securities (Article 10C)**

On June 14, 2021, 75,445,000 ordinary shares of the Company par value NIS 0.00005 each (hereinafter: the “**Ordinary Shares**”) were listed for trading on the Tel Aviv Stock Exchange Ltd. (of which 21,065,000 Ordinary Shares were issued to the public) pursuant to the Company's initial public offering prospectus.

As part of the offering, the Company raised approximately NIS 113,000 thousand.

The Company intends to use the proceeds from the offering to expand its operations and finance its ongoing activities. It is clarified that as of the date of this Periodic Report, the Company has not yet used the offering proceeds. The offering proceeds are currently invested in short-term deposits.

On September 16, 2025, 9,500,000 ordinary shares of the Company with a nominal value of NIS 0.00005 each were listed for trading on the stock exchange.

The fundraising was completed by way of a non-uniform offering to institutional investors (most of them abroad) pursuant to a shelf offering report dated August 27, 2025.

Within the framework of the offering and in consideration for the allocation of the shares as aforesaid, the Company raised a total of approximately NIS 1,387 million.

According to the shelf offering report, the net proceeds will be used by the Company to finance strategic growth initiatives, including the advancement of potential mergers and acquisitions that are consistent with its core business areas, for general working capital and for corporate purposes, including additional development efforts, working capital and operating expenses, as well as for investment in research and development programs to support its long-term innovation roadmap and its growth strategies. As of the date of the report, the Company has no agreements or commitments to make any material acquisitions or investments.

3. **List of Investments in Subsidiaries and Affiliates (Article 11)**

As of the date of this Periodic Report, the Company has no subsidiaries or affiliates.

4. **Changes in Investments in Subsidiaries and Affiliates (Article 12)**

As of the date of this Periodic Report, the Company has no subsidiaries or affiliates.

5. **Revenue of Subsidiaries and Affiliates and Income Therefrom (Article 13)**

As of the date of this Periodic Report, the Company has no subsidiaries or affiliates.

6. **Stock Exchange Trading (Article 20)**

- 6.1. On January 5, 2025, the Company allotted 3,000 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 3,000 non-tradable options (Series B) of the Company.
- 6.2. On January 8, 2025, the Company allotted 4,869 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 4,869 non-tradable options (Series B) of the Company.
- 6.3. On January 9, 2025, the Company allotted 270,658 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 3,000 non-tradable options (Series B) and 267,658 options non-tradable (Series C) of the Company.
- 6.4. On January 12, 2025, the Company allotted 3,900 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 3,900 non-tradable options (Series B) of the Company.
- 6.5. On January 16, 2025, the Company allotted 49,431 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 49,431 non-tradable options (Series B) of the Company.
- 6.6. On January 20, 2025, the Company allotted 6,569 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 6,569 non-tradable options (Series B) of the Company.
- 6.7. On March 11, 2025, the Company allotted 15,000 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 15,000 non-tradable options (Series B) of the Company.
- 6.8. On March 16, 2025, the Company allotted 592,321 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 25,000 options (Series B), 300,655 options (Series C) and 266,666 options (Series E) of the Company's non-tradable options.
- 6.9. On March 31, 2025, the Company allotted 50,000 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 50,000 non-tradable options (Series B) of the Company.

- 6.10. On April 2, 2025, the Company allotted 1,000 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 1,000 non-tradable options (Series B) of the Company.
- 6.11. On April 10, 2025, the Company allotted 25,000 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 25,000 non-tradable options (Series B) of the Company.
- 6.12. On April 20, 2025, the Company allotted 75,000 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 75,000 non-tradable options (Series D) of the Company.
- 6.13. On April 21, 2024, the Company allotted 6,000 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 6,000 non-tradable options (Series D) of the Company.
- 6.14. On May 21, 2025, the Company allotted 20,833 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 20,833 non-tradable options (Series D) of the Company.
- 6.15. On May 22, 2025, the Company allotted 800 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 800 non-tradable options (Series B) of the Company.
- 6.16. On May 29, 2025, the Company allotted 13,250 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 13,250 non-tradable options (Series B) of the Company.
- 6.17. On June 3, 2025, the Company allotted 3,586 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 86 non-tradable options (Series B) and 3,500 non-tradable options (Series D) of the Company.
- 6.18. On June 4, 2025, the Company allotted 15,914 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 13,914 non-tradable options (Series B) and 2,000 non-tradable options (Series D) of the Company.
- 6.19. On June 5, 2025, the Company allotted 6,000 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 6,000 non-tradable options (Series D) of the Company.
- 6.20. On June 8, 2025, the Company allotted 30,000 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 30,000 non-tradable options (Series B) of the Company.
- 6.21. On June 9, 2025, the Company allotted 3,535 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 3,535 non-tradable options (Series D) of the Company.
- 6.22. On June 11, 2025, the Company allotted 19,647 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 19,647 non-tradable options (Series B) of the Company.
- 6.23. On June 12, 2025, the Company allotted 15,000 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 15,000 non-tradable options (Series B) of the Company.

- 6.24. On June 15, 2025, the Company allotted 1,842 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 1,842 non-tradable options (Series D) of the Company.
- 6.25. On June 16, 2025, the Company allotted 23,658 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 3,658 non-tradable options (Series D) and 20,000 non-tradable options (Series B) of the Company.
- 6.26. On June 17, 2025, the Company allotted 2,000 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 2,000 non-tradable options (Series D) of the Company.
- 6.27. On June 22, 2025, the Company allotted 2,500 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 2,500 non-tradable options (Series D) of the Company.
- 6.28. On June 24, 2025, the Company allotted 30,000 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 30,000 non-tradable options (Series D) of the Company.
- 6.29. On June 26, 2025, the Company allotted 5,000 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 5,000 non-tradable options (Series F) of the Company.
- 6.30. On June 30, 2025, the Company allotted 8,000 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 8,000 non-tradable options (Series B) of the Company.
- 6.31. On August 19, 2025, the Company allotted 81,000 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 75,000 non-tradable options (Series B) and 6,000 non-tradable options (Series D) of the Company.
- 6.32. On August 26, 2025, the Company allotted 650 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 650 non-tradable options (Series B) of the Company.
- 6.33. On September 3, 2025, the Company allotted 2,500 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 2,500 non-tradable options (Series B) of the Company.
- 6.34. On September 4, 2025, the Company allotted 12,500 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 12,500 non-tradable options (Series B) of the Company.
- 6.35. On September 8, 2025, the Company allotted 1,347 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 1,347 non-tradable options (Series D) of the Company.
- 6.36. On September 16, 2025, the Company allocated 9,500,000 ordinary shares of NIS 0.00005 par value each of the Company, following a public offering by way of a non-uniform offering to institutional investors (most of whom are abroad) for an amount of approximately NIS 1,387 million.

- 6.37. On November 11, 2025, the Company allotted 25,000 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 25,000 non-tradable options (Series B) of the Company.
- 6.38. On November 12, 2025, the Company allotted 35,000 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 35,000 non-tradable options (Series B) of the Company.
- 6.39. On November 18, 2025, the Company allotted 315 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 315 non-tradable options (Series B) of the Company.
- 6.40. On December 3, 2025, the Company allotted 3,000 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 3,000 non-tradable options (Series B) of the Company.
- 6.41. On December 8, 2025, the Company allotted 2,000 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 2,000 non-tradable options (Series B) of the Company.
- 6.42. On December 17, 2025, the Company allotted 10,640 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 10,640 non-tradable options (Series B) of the Company.
- 6.43. On December 18, 2025, the Company allotted 800 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 800 non-tradable options (Series D) of the Company.
- 6.44. On December 21, 2025, the Company allotted 6,000 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 6,000 non-tradable options (Series D) of the Company.
- 6.45. On December 28, 2025, the Company allotted 1,200 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 1,200 non-tradable options (Series B) of the Company.
- 6.46. On December 31, 2025, the Company allotted 10,000 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 10,000 non-tradable options (Series B) of the Company.
- 6.47. On December 31, 2025, the Company allotted 10,000 ordinary shares of NIS 0.00005 par value each of the Company, following the exercise of 10,000 non-tradable options (Series B) of the Company.
- 6.48. As of the date of this Periodic Report, there was no cessation of trade (that was not fixed) in securities of the Company.

7. Compensation to Interested Parties and Senior Officers (Article 21)

7.1. The following is a breakdown of the compensation paid by the Company in 2025 and all payment obligations it assumed, to each of the five highest-paid senior executives and stakeholders in the Company (in NIS thousands):

Details of the recipient of the compensation				Compensation for services							Other compensation			Total
Name	Position	Scope of position	Rate of holdings in equity of the Company	Salary ¹	Bonus	Share-based payment ²	Management fees	Consulting fees	Fee	Vehicle expenses ³	Interest	Rent	Other	
Chen Golan	Chairman of the Board	90%	4.40	---	2,970	857	1,917	---	---	---	---	---	---	5,744
Michael Grosman	Company CEO	100%	0.71	2,160	3,240	4,498	---	---	---	---	---	---	---	9,898
Boris Kipnis	CTO	90%	3.24	---	2,970	857	1,917	---	---	---	---	---	---	5,744
Alex Lavie	CFO	100%	---	685 ⁴	240	465	---	---	---	68	---	---	---	1,458
Liran Reller	VP of Engineering	100%	0.001	904 ⁵	275	630	---	---	---	---	---	---	---	1,809
<u>Recipients of compensation from the Company's interested parties who are not listed above</u>														
Directors	---	---	---	782	---	---	---	---	---	---	---	---	---	782

¹ In terms of employer cost.

² The amount stated in this column reflects the accounting expenses recorded by the Company according to international financial reporting standard IFRS 2 and does not reflect the actual cost of payment.

³ Including expenses for fuel.

⁴ It should be clarified that, in 2025, following the events of October 7, Lavie is serving in the reserves, and therefore the company received reimbursements from National Insurance for Lavie's salary in the amount of NIS 13 thousand. In addition, the salary is calculated based on 11 definite months and an estimate for the salary for the month of December that has not yet been paid as of the date of this immediate report.

⁵ It should be clarified that, in 2025, following the events of October 7, Mr. Liran Reller is serving in the reserves, and therefore the Company received reimbursements from National Insurance for Reller's salary in the amount of NIS 118 thousand. Additionally, the salary was calculated based on 11 certain months, and the estimated salary for December, which has not yet been paid as of the date of this immediate report.

7.2. Details Regarding Director Compensation

On June 7, 2021, the Company's Board of Directors and General Meeting approved the payment of annual compensation and participation compensation to directors serving in the Company, excluding Mr. Chen Golan and Mr. Boris Kipnis, with whom the Company entered into management agreements, for their service as directors on the Board of Directors of the Company, in the minimum amounts specified in the Second and Third Addenda to the Companies (Rules Regarding Compensation and Expenses for External Directors), 5760-2000 (hereinafter: the "**External Director Compensation Articles**"), and in accordance with the classification level of the Company as detailed in the First Addendum to the External Director Compensation Articles.

On August 26, 2021, the Company's General Meeting approved the payment of annual compensation and participation compensation to Ms. Rita Baal Taxa and Ms. Sarit Cohen (hereinafter: the "**External Directors**"), for their service as external directors in the Company, in the minimum amounts specified in the Second and Third Addenda to the External Director Compensation Articles, and in accordance with the classification level of the Company as detailed in the First Addendum to the said Articles.

On May 15, 2024, the Company's Compensation Committee and Board of Directors approved that, effective August 26, 2024, Mr. Yossi Sandler, Mr. Nachman Benchaya, and Ms. Tamar Landa, who serve as directors on the Company's Board, would be entitled to annual and participation compensation in the maximum amounts specified in the Second and Third Addenda to the External Director Compensation Articles, and in accordance with the classification level of the Company. Accordingly, on May 24, 2024, the Company's General Meeting resolved, among other matters, that effective August 26, 2024 (the commencement date of the External Directors' second term), the External Directors shall be entitled to annual and participation compensation in the maximum amounts specified in the Second and Third Addenda to the External Director Compensation Articles and in accordance with the classification level of the Company.

7.3. Additional Details Regarding the Terms of Compensation of Officers

7.3.1. Management and Employment Agreements with Mr. Chen Golan, Mr. Michael Grosman, and Mr. Boris Kipnis

On June 7, 2021, the Company's Board of Directors and General Meeting approved the Company's entry into management and employment agreements with Mr. Chen Golan, Mr. Michael Grosman, and Mr. Boris Kipnis, each directly and/or through a company under their control (hereinafter in this section: the "**Officers**," the "**Management Companies**," and the "**Management and Employment Agreements**," respectively), whereby the Officers shall provide management services to the Company, directly and/or via the Management Companies. Below are the material terms of the Management and Employment Agreements:

a. Effective Date and Duration of the Management and Employment Agreements

The Management and Employment Agreements came into effect upon completion of the Company's capital raising pursuant to the prospectus and upon the Company

becoming a public company (hereinafter: the “**Commencement Date of Management Services**”).

The Management and Employment Agreements shall remain in effect from the Commencement Date of Management Services through a period of five (5) years (hereinafter: the “**Agreement Period**”). Upon the end of the Agreement Period, the Company may, at its discretion and with each Officer’s consent, subject to any required approvals under law, extend the agreement for an additional period of three (3) years, as applicable or another period pursuant to applicable law (hereinafter respectively: the “**Extended Management and Employment Agreements**” and the “**Extension Period**”). The provisions of the Extended Management and Employment Agreements shall apply to the Extension Period with the necessary adjustments.

b. Definition of Roles

1. Under the Agreements, Chen Golan shall serve as Chairman of the Board, Michael Grosman as CEO, and Boris Kipnis as Chief Technology Officer. (If any of them chooses to assign his rights under the Management and Employment Agreement to a company under his control, such company shall be entitled to appoint the individual assignor to the relevant role, and the Company shall bear the compensation cost only through payment to said Management Company, without any direct salary obligation).
2. On March 13, 2024, the Company’s General Meeting resolved that, effective January 1, 2024, the Officers shall be entitled to compensation as follows:

Officer	Position	Scope of position	Monthly employment cost (in NIS thousands)
Chen Golan	Chairman of the Board	90%	144
Michael Grosman	CEO	100%	180
Boris Kipnis	CTO	90%	144

3. The Officers may elect to provide services either as management services through a company as stated on the table above (with VAT and an appropriate invoice), or alternatively, to create an employment relationship with the Company, in which case the employer cost shall remain unchanged relative to the above.
4. The Officers shall not be entitled to additional compensation for services provided to the Company, as stated above, beyond the specified scope of hours of their respective positions.

c. Additional Consideration

In addition to the aforementioned compensation, the Officers shall be entitled to additional consideration and benefits as follows:

d. Bonuses

In addition to the gross salary above, each of the Officers shall be entitled to annual bonuses as follows:

Each of the Officers shall be entitled to an annual bonus equal to 2.5% (two and a half percent) of the Company's annual pre-tax profit (hereinafter: the "**Profit**").

The total annual bonus shall not exceed an amount equal to 12 monthly payments of the compensation to which each Officer is entitled.

e. Reimbursement/Payment of Expenses

The Company shall bear other reasonable expenses incurred by each Officer for Company management purposes (hospitality, per diem, etc.), up to a monthly amount of NIS 5,000 (plus VAT) against valid tax invoices actually provided for the expenses.

f. Vacation and Sick Days

Each Officer shall be entitled to 20 vacation days and 30 sick days per year without affecting their entitlement to salary and/or management fees. The Company shall not regard use of these days as grounds for reducing the compensation and/or management fees to which they are entitled.

g. Absence of Employer-Employee Relationship

If a Management and Employment Agreement is assigned to a company controlled by the Officer, as described above, then no employer-employee relationship shall exist between the Officer and the Company with respect to the assigned amounts. The relevant Management Company and Officer shall indemnify the Company for any claim by the Officer asserting such a relationship.

7.3.2. On August 21, 2025, the general meeting of the Company's shareholders resolved that as of April 1, 2025, the officers would be entitled to the salary as set forth below:

Officer	Position	Scope of position	Monthly employment cost (in NIS thousands)
Chen Golan	Chairman of the Board	90%	165
Boris Kipnis	CTO	90%	165

7.3.2.1. In accordance with Section 7.3(d) above, Mr. Chen Golan and Mr. Boris Kipnis were each entitled to a bonus of NIS 2,970 thousand for the year 2025, and Mr. Michael Grosman was entitled to a bonus of NIS 3,240 thousand for the year 2025.

7.3.2.2. On April 18, 2022, following receipt of the required approvals, the Company allocated 1,084,542 non-tradable options to Mr. Michael Grosman, the Company's CEO, under the Company's option plan and pursuant to Section 102 of the Israeli Income Tax Ordinance [New Version].

The main terms of the allocated options are as follows:

a. Number of Options

Mr. Michael Grosman was allocated 1,084,542 non-tradable options of the Company, exercisable into 1,084,542 Ordinary Shares of the Company, par value NIS 0.00005 each (hereinafter: the “**Options**” or the “**Allocated Options**”), which constituted at the time of the Board’s resolution approximately 1.38% of the issued and outstanding share capital and voting rights of the Company⁶ (hereinafter: the “**Company’s Share Capital**”), and approximately 1.34% on a fully diluted basis.

b. Exercise Price

Each Option shall be exercisable, subject to vesting, during the Exercise Period (as defined in Section (d) below), for a non-index-linked exercise price of 865 agorot per share, subject to adjustments as detailed in subsection g below. The exercise price is approximately 3.8% lower than the share price on the date of the Board’s approval, which was 899 agorot.

c. Vesting Schedule

Subject to the following, the Offeree may exercise the allocated Options into Company shares as follows (hereinafter: the “**Vesting Period**”):

(A) Half of the Options allocated – after one year (12 months) from the grant date;

(B) The remaining half – after two years (24 months) from the grant date.

Accordingly, and subject to the provisions of the Israeli plan, as of the end of two years from the grant date, all Options shall be exercisable into Company shares.

d. Exercise Period and Expiration of Options

Each Option shall be exercisable (subject to vesting) from the date of grant until the end of three (3) years from the grant date (the “**Expiration Date**”).

e. Rights of the Exercise Shares

The Exercise Shares shall entitle the Offeree to participate in full in cash dividends, bonus shares, and any other distributions for which the effective date is on or after the exercise date, and to participate in the distribution of surplus assets upon liquidation. From the exercise date, the Exercise Shares shall be equal in rights to all existing Company shares.

⁶ Assuming exercise of the allotted options only.

f. Fractional Shares

The Company shall not issue fractional shares. If adjustments result in a need to issue fractional shares, the total number shall be rounded down to the nearest whole number.

g. Adjustments

From the grant date of the options to the Offeree and until the end of the Exercise Period, the exercise price and/or number of shares issuable upon the exercise of each Option shall be adjusted as follows, provided that the effective date for the events listed below occurs prior to the exercise date:

a. Capital Changes – In the event of consolidation, split, or reorganization of capital or similar circumstances, the Company shall adjust the number of shares issuable upon the exercise of each Option and/or the exercise price, such that the total consideration for exercising the Allocated Options shall remain unchanged.

b. Bonus Share Distribution – If the Company distributes bonus shares to its shareholders and the effective date precedes the exercise of the Options, the Offeree’s rights shall be preserved such that immediately after the effective date, the number of shares issuable upon exercise shall be increased by the number of bonus shares the Offeree would have received had the Option been exercised just before the effective date.

The exercise price shall remain unchanged as a result of the addition of the shares as stated.

The provisions applicable to the Exercise Shares shall also apply, with necessary adjustments, to shares added to the Exercise Shares as stated under this subsection. In the event of such adjustments, the Offeree shall not be entitled to receive any fraction of a complete share.

It is clarified that the number of Exercise Shares to which the Offeree shall be entitled will be adjusted only in the case of the distribution of bonus shares as stated, and not for any other issuances (including issuances to interested parties).

Other than the adjustments set forth above, no other adjustments to the exercise price and/or the number of Exercise Shares, including in cases of dividend distributions and/or rights offerings.

7.3.2.3. On April 20, 2023, the Company’s General Meeting of Shareholders (following approval by the Company’s Compensation Committee and

Board of Directors on March 8, 2023, and March 31, 2023, respectively) approved the allocation of 1,100,000 non-tradable options of the Company to Mr. Chen Golan, Mr. Boris Kipnis, and Mr. Michael Grosman, distributed as follows:

Name of offeree	Number of options
Chen Golan	150,000
Boris Kipnis	150,000
Michael Grosman	800,000

a. Exercise Price

Each Option shall be exercisable into one Ordinary Share of the Company, subject to vesting, during the Exercise Period, for a non-index-linked cash payment of 906.6 agorot per share, subject to the adjustments detailed below.

b. Vesting Schedule

Subject to the following, the Offerees shall be entitled to exercise the Options allocated to them into Company shares as follows (the “**Vesting Period**”):

(1) Half of the Options allocated – after one year (12 months) from the grant date;

(2) The remaining half – after two years (24 months) from the grant date.

Accordingly, and subject to the terms of the plan, as of the end of two years from the grant date, all the Options shall be exercisable into Company shares.

All other terms regarding the Exercise Period and expiration of Options, rights of the Exercise Shares, fractional shares, and adjustments shall be as detailed in Section 7.3.2.2 above.

For further details regarding the terms of the granted Options, see the Immediate Report of the Company dated April 5, 2023 (Reference No.: 2023-01-034300).

7.3.2.4. On March 13, 2024, the Company’s General Meeting of Shareholders approved the grant of a special bonus to Mr. Grosman in the amount of NIS 450 thousand.

7.3.2.5. Allocation of 500,000 Non-Tradable Options to Grosman:

On March 13, 2024, the Company’s General Meeting of Shareholders approved the allocation of 500,000 non-tradable options to Mr. Grosman, exercisable into 500,000 Ordinary Shares of the Company par value NIS 0.00005 each (hereinafter in this subsection: the “**Options**”).

- a. Exercise Price: Each Option is exercisable, subject to vesting, during the Exercise Period, for a non-index-linked exercise price of 3,921 agorot per share, subject to adjustments.
- b. Vesting Schedule: Subject to the following, Grosman may exercise the Options allocated to him into Company shares as follows (the “**Vesting Period**”):
 - 1. One-third of the Options – after one year (12 months) from the grant date;
 - 2. One-third of the Options – after two years (24 months) from the grant date;
 - 3. One-third of the Options – after three years (36 months) from the grant date.

In the following cases, full acceleration shall apply to the vesting dates detailed in this Meeting Notice: (1) death of the Offeree (Heaven forbid); (2) disability; (3) medical reasons which justify such acceleration; (4) in the event of an acquisition and/or transfer of control of the Company (it is clarified that, as of this date, there is no control in the Company and therefore this Section shall also apply should control be created in the Company), as a result of which trading in the Company’s shares is terminated. Notwithstanding the above, in the event of an acquisition and/or transfer of control of the Company (it is clarified that, as of this date, there is no control in the Company and therefore this Section shall also apply should control be created in the Company), as a result of which, due to the aforesaid change of control, Grosman ceases to be employed by the Company, acceleration shall apply to the nearest tranche that has not yet vested.

All other terms regarding the Exercise Period and expiration of Options, rights of the Exercise Shares, fractional shares, and adjustments are as detailed in Section 7.3.2.2 above.

- 7.3.2.6. On April 29, 2025, the general meeting of the shareholders of the Company (after receiving the approval of the Compensation Committee and the Board of Directors of the Company on March 9, 2025) approved the allocation of 169,000 non-tradable options of the Company to Messrs. Chen Golan, Boris Kipnis and Michael Grosman, divided as follows:

Name of offeree	Number of options
Chen Golan	52,000
Boris Kipnis	52,000
Michael Grosman	65,000

- a. Exercise Price

Each option shall be exercisable into one Ordinary Share of the Company, subject to its vesting, during the exercise period, in consideration for a

cash payment of an exercise price (unlinked), in the amount of NIS 72.81 per share, subject to the adjustments detailed in the section below.

b. Vesting Schedule

Subject to the following, each of the Offerees may exercise the options to be allocated to them into shares of the Company, as follows (hereinafter: the “**Vesting Period**”):

(a) One third of the options allocated to them – after one year (12 months) from the date of allocation of the options;

(b) One third of the options allocated to them – after two years (24 months) from the date of allocation of the options;

(c) One third of the options allocated to them – after three years (36 months) from the date of allocation of the options;

c. Exercise Period and Expiry of the Options

Each Option shall be exercisable (subject to its vesting) until the end of four (4) years from its allocation date (hereinafter: the “**Expiry Date**”).

Pursuant to the foregoing and subject to the provisions of the Option Outline, as of the end of three years from the allocation date of the Options, all the Options shall be exercisable into shares of the Company.

The other terms in connection with the Rights of the Exercise Shares, Fractional Shares, and Adjustments are as detailed in Section 7.3.2.2 above.

For further details regarding the terms of the offered Options, see the Company’s immediate report dated April 24, 2025 (Reference No.: 2025-01-029114).

7.3.2.7. Grant of a bonus conditional upon targets to Mr. Chen Golan, Chairman of the Board of Directors of the Company, to Mr. Boris Kipnis, Director and Chief Technology Officer, and to Mr. Michael Grosman, Chief Executive Officer of the Company

On August 21, 2025, the general meeting of the shareholders of the Company (after approval by the Compensation Committee and the Board of Directors of the Company on July 8, 2025) approved the grant of a bonus conditional upon targets to Mr. Chen Golan, Chairman of the Board of Directors of the Company, to Mr. Boris Kipnis, Director and Chief Technology Officer, and to Mr. Michael Grosman, Chief Executive Officer of the Company. Subject to fulfillment of a threshold condition whereby the operating profit of the Company as reflected in the consolidated financial statements of the Company as approved by the Board of Directors of the Company, for the year in respect of which they are entitled to a bonus, shall be at least NIS 40 million (hereinafter: the “**Threshold Condition**”), in addition to the fixed compensation to which Messrs. Chen

Golan, Boris Kipnis, and Michael Grosman are entitled, they shall be entitled to an annual grant in an amount equal to 2.5% of the annual pre-tax profit of the Company. It is clarified that the total grant shall not exceed an amount equal to 12 monthly compensation payments to which Chen Golan, Boris Kipnis, and Michael Grosman are entitled (hereinafter: the “**Bonus**”).

In addition to the Bonus and subject to the Company meeting the Threshold Condition, Chen Golan, Boris Kipnis, and Michael Grosman shall each year be entitled to an additional bonus conditional upon targets up to an amount equal to six times their monthly cost (so that in total they may be entitled to a cash bonus of up to 18 times their monthly cost), depending on the achievement of the Company’s sales target according to the table detailed below (hereinafter: the “**Bonus Conditional Upon Targets**”):

Percentage of Target Achieved	Founders
100%+	Six salary supplements
90%-100%	90% of six salary supplements
80%-90%	80% of six salary supplements
70%-80%	70% of six salary supplements
70%	No supplement

Sales Target, meaning, the sales target for the following year, which shall be determined by the Board of Directors of the Company by the date of approval of the periodic financial statements for the preceding year. In this regard, it is noted that on January 5, 2026, the Board of Directors of the Company determined that the Company’s revenue target forecast for 2026 shall be approximately USD 275 million (reflecting a growth target of approximately 64% compared to the Company’s revenues for 2025).

7.3.2.8. On November 5, 2025, after the required approvals were obtained, the Company allocated 250,000 non-tradable Options of the Company to Mr. Michael Grosman, Chief Executive Officer of the Company, contrary to the Company’s compensation policy⁷ since the value of the Options as detailed below does not meet the conditions of the Company’s compensation policy⁸.

a. Exercise Price

Each Option shall be exercisable into one Ordinary Share of the Company, subject to its vesting, during the Exercise Period, in consideration for a cash payment of the Exercise Price (not linked), in the amount of NIS 146.7 per share, subject to the Adjustments detailed below. The Exercise Price is identical to the closing price of the Company’s share on the stock exchange on the eve of the approval date by the Board of Directors of the Company.

⁷ As approved by the general meeting of the shareholders of the Company on April 29, 2025. For further details see the Immediate Reports of the Company dated April 29, 2025 and April 24, 2025 (Reference Nos.: 2025-01-030555 and 2025-01-029114, respectively).

⁸ It is clarified that the Remuneration Policy provides that the aforesaid ratio will not exceed 70%, while a deviation of up to 5% above the aforesaid rate will not be considered a deviation or a variance from the Remuneration Policy.

b. Vesting Schedule

Subject to the following, the offeree may exercise the Options allocated to him into shares of the Company, as follows (hereinafter: the “**Vesting Period**”):

- (a) 50% of the Options allocated to him – after two years (24 months) from the allocation date of the Options;
- (b) 25% of the Options allocated to him – after three years (36 months) from the allocation date of the Options;
- (c) 25% of the Options allocated to him – after four years (48 months) from the allocation date of the Options;

c. Exercise Period and Expiry of the Options

Each Option shall be exercisable (subject to its vesting) until the end of five (5) years from its allocation date (hereinafter: the “**Expiry Date**”).

Pursuant to the foregoing, as of the end of four years from the allocation date of the Options, all the Options shall be exercisable into shares of the Company.

The other terms in connection with the Rights of the Exercise Shares, Fractional Shares, and Adjustments are as detailed in Section 7.3.2.2 above.

For further details regarding the terms of the offered Options, see the Company’s immediate report dated November 5, 2025 (Reference No.: 2025-01-084287).

7.3.3. Employment Agreement of Alex Lavie, Chief Financial Officer

On March 21, 2021, Mr. Alex Lavie (hereinafter: “**Lavie**”) began serving as Chief Financial Officer of the Company. The main terms of Lavie’s employment with the Company are as follows:

- a. Salary: On December 29, 2024, the Company’s Compensation Committee and Board of Directors approved that as of January 1, 2025, Lavie would be entitled to a gross monthly salary of NIS 43.5 thousand. On May 18, 2025, the Compensation Committee and the Board of Directors of the Company approved that Lavie shall be entitled to a gross monthly compensation in the amount of NIS 48 thousand. In addition, on December 28, 2025, the Compensation Committee and the Board of Directors of the Company approved that Lavie shall be entitled to a gross monthly compensation in the amount of NIS 53 thousand, instead of NIS 48 thousand.
- b. Social Benefits: Lavie is entitled to contributions to a pension fund and an advanced study fund. In addition, Lavie is subject to Section 14 of the Severance Pay Law, 5723-1963.
- c. Additional Terms: Lavie is entitled to transportation reimbursement or, alternatively, a leased vehicle including fuel expenses.

- d. Vacation Days: Lavie is entitled to 16 vacation days per year.
- e. Options: Under the employment agreement, Lavie is entitled to 500 Company options under the Company's option plan. The agreement includes a post-IPO adjustment mechanism, pursuant to which the number of options to be granted to Lavie will be adjusted to 100,000 Company options. For further details regarding the options allotted to Lavie, see Section 7.3.3.1 below.
- f. Employment Period: Lavie's employment is for an indefinite term. As of June 22, 2021, either party may terminate Lavie's employment with 30 days' prior written notice. The Company may terminate the agreement immediately and without payment in the event of: (1) indictment for a work-related criminal offense or an offense involving moral turpitude; (2) breach of fiduciary duty or a serious conflict of interest; (3) breach of confidentiality, non-compete, or IP assignment obligations; (4) causing damage to the Company or its shareholders; (5) simultaneous employment by another entity.
- g. Miscellaneous: The agreement includes standard provisions regarding confidentiality, non-compete, non-solicitation, and intellectual property assignment.

7.3.3.1. Allocation of Options (Series B) to Lavie

On October 10, 2021, after receiving the required approvals, the Company allocated, at no cost, 100,000 Options (Series B) (hereinafter: the "**Options**") to Lavie. The Options are exercisable into 100,000 Ordinary Shares of the Company par value NIS 0.00005 each.

The Options were allocated to Lavie under the provisions of Section 102(b)(2) (Capital Gains Track) of the Income Tax Ordinance [New Version], 5721-1961 (hereinafter respectively: "**Section 102**" and the "**Ordinance**"). The main terms of the Options are below:

Terms of the Options, Their Quantity, and Proportion of the Company's Share Capital and Voting Rights

- a. Each Option is exercisable into one Ordinary Share from the date of grant until the end of 60 months (five years) from the date of grant, for a non-index-linked exercise price of NIS 5.40 per share.

b. Vesting Schedule for Exercise of the Options:

Subject to the provisions below, Lavie shall be entitled to exercise the options granted to him into shares of the Company as follows:

- (a) 50% of the Options – after two years from the grant date.
- (b) 25% of the Options – after three years from the grant date.
- (c) 25% of the Options – after four years from the grant date.

Accordingly, and subject to the provisions of the plan, all Options shall be fully vested and exercisable after four years from the date of grant.

- c. All other terms regarding the Exercise Period and expiration of Options, rights of the Exercise Shares, fractional shares, and adjustments are as detailed in Section 7.3.2.2 above.

7.3.3.2. Allocation of Options (Series D) to Lavie

On March 8, 2023, the Company's Compensation Committee and Board of Directors approved the allocation of 60,000 (Series D) options of the Company (hereinafter in this subsection: the "**Options**"), exercisable into 60,000 Ordinary Shares of the Company par value NIS 0.00005 each, to Lavie. It is clarified that this allocation is subject to the approval of the Tel Aviv Stock Exchange, which had not yet been received as of the date of this Periodic Report.

If the Options are granted, they shall be allocated pursuant to Section 102(b)(2) (Capital Gains Track) of the Ordinance.

Key terms of the Options:

- a. Exercise Price: Each Option shall be exercisable into one Ordinary Share from the grant date until the end of 60 months (five years), for a non-index-linked exercise price of NIS 9.066 per share.
- b. All other terms regarding the vesting schedule, Exercise Period and expiration of Options, rights of the Exercise Shares, fractional shares, and adjustments are as detailed in Section 7.3.2.2 above.

7.3.3.3. Allocation of Options (Series F) to Lavie

On February 5, 2024, the Company published an employee outline, under which, on February 28, 2024, the Company allocated 20,000 options to Lavie (following the approval of the Compensation Committee and the Board of Directors on the same day).

- a. Exercise Price: Each Option shall be exercisable into one share of the Company, from the grant date until the end of 60 months (five years) from the grant date, for a non-index-linked exercise price of NIS 34.86 per share.
- b. All other terms regarding vesting schedule, exercise period, expiration of options, rights of the exercise shares, fractional shares, and adjustments are as detailed in Section 7.3.2.2 above.

7.3.3.4. On December 29, 2024, the Company's Compensation Committee and Board of Directors approved the grant of a bonus in the amount of NIS 160 thousand (reflecting four months of Lavie's salary in 2024), in accordance with the Company's compensation policy.

7.3.3.5. On January 9, 2025, following the approval of the Compensation Committee and the Board of Directors on December 29, 2024, the Company allocated 31,000 non-tradable options (Series B) to Lavie, exercisable into 31,000 Ordinary Shares of the Company.

- a. Exercise Price: Each Option shall be exercisable into one share of the Company, from the grant date until the end of 60 months (five years) from the grant date, for a non-index-linked exercise price of NIS 51.39 per share.
- b. All other terms regarding vesting, exercise period, expiration of options, rights of the exercise shares, fractional shares, and adjustments are as detailed in Section 7.3.2.2 above.

7.3.3.6. On May 18, 2025, after the Compensation Committee and the Board of Directors of the Company approved this by a resolution on the same day, the Company allocated 9,000 non-tradable Options (Series B) to Lavie, which are exercisable into 9,000 Ordinary Shares of the Company.

- a. Exercise Price: Each of the Options shall be exercisable, into a share of the Company, from the date of allocation until the end of 60 months (five years) from the date of allocation in consideration for an Exercise Price, unlinked, in the amount of NIS 93.69 per share, and this in accordance with the compensation policy of the Company.

- b. Vesting Schedule:

Subject to the following, Lavie shall be able to exercise the Options allocated to him, into shares of the Company, as follows:

(a) 50% of the Options allocated to him – after two years from the date of allocation of the Options.

(b) 25% of the Options allocated to him – after three years from the date of allocation of the Options.

(c) 25% of the Options allocated to him – after four years from the date of allocation of the Options.

According to the above and subject to the provisions of the plan, from the end of four years from the date of their allocation, all the Options shall be exercisable into shares of the Company.

- c. Exercise Period

Each Option shall be exercisable (subject to its vesting) from its allocation date until the end of 60 months (five years) from its allocation date (hereinafter: “**Exercise Period**” and “**Expiry Date**”), as applicable.

The other terms regarding the Rights of the Exercise Shares, Fractional Shares, and Adjustments are as detailed in Section 7.3.2.2 above.

7.3.3.7. On December 28, 2025, after the Compensation Committee and the Board of Directors of the Company approved this by a resolution on the same day, the Company allocated 7,500 non-tradable Options (Series B) to Lavie, which are exercisable into 7,500 Ordinary Shares of the Company.

a. Exercise Price: Each of the Options shall be exercisable, into a share of the Company, from the date of allocation until the end of 60 months (five years) from the date of allocation in consideration for an Exercise Price, unlinked, in the amount of NIS 197 per share, and this in accordance with the compensation policy of the Company.

b. Vesting Schedule:

Subject to the following, Lavie shall be able to exercise the Options allocated to him, into shares of the Company, as follows:

(A) 50% of the Options allocated to him – after two years from the date of allocation of the Options.

(B) 25% of the Options allocated to him – after three years from the date of allocation of the Options.

(C) 25% of the Options allocated to him – after four years from the date of allocation of the Options.

According to the above and subject to the provisions of the plan, from the end of four years from the date of their allocation, all the Options shall be exercisable into shares of the Company.

The other terms regarding the Exercise Period, the Rights of the Exercise Shares, Fractional Shares, and Adjustments are as detailed in Section 7.3.3.6 above.

7.3.3.8. After the balance sheet date, on January 5, 2025, after the Compensation Committee and the Board of Directors of the Company approved this by a resolution on the same day, the Company convened a meeting, the agenda of which included the allocation of 10,700 non-tradable Options (Series B) to Lavie, which are exercisable into 10,700 Ordinary Shares of the Company. On February 10, 2026, the general meeting of the shareholders of the Company approved the allocation of the Options as stated, and on February 15, 2026, the Options were allocated.

a. Exercise Price: Each Option shall be exercisable, subject to its vesting, during the Exercise Period, in consideration for an Exercise Price, unlinked, in the amount of NIS 230 per share, subject to the adjustments detailed below. The Exercise Price is identical to the closing price of the Company's share on the trading day preceding the date of approval by the Board of Directors.

b. Vesting Schedule:

Subject to the following, Lavie shall be able to exercise the Options allocated to him, into shares of the Company, as follows:

(A) 50% of the Options allocated to him – after two years from the date of allocation of the Options.

(B) 25% of the Options allocated to him – after three years from the date of allocation of the Options.

(C) 25% of the Options allocated to him – after four years from the date of allocation of the Options.

According to the above and subject to the provisions of the plan, from the end of four years from the date of their allocation, all the Options shall be exercisable into shares of the Company.

The other terms regarding the Exercise Period, the Rights of the Exercise Shares, Fractional Shares, and Adjustments are as detailed in Section 7.3.3.6 above.

7.3.4. Employment Agreement of Liran Reller, COO

As of February 1, 2024, Mr. Liran Reller (hereinafter: “**Reller**”) has served as the Company’s COO. The main terms of Reller’s employment with the Company are as follows:

- a. Salary: On December 29, 2024, the Compensation Committee and the Board of Directors of the Company approved that as of January 1, 2025, Reller shall be entitled to a gross monthly compensation in the amount of NIS 45.5 thousand. On May 18, 2025, the Compensation Committee and the Board of Directors of the Company approved that Reller shall be entitled to a gross monthly compensation in the amount of NIS 55 thousand. In addition, on December 28, 2025, the Compensation Committee and the Board of Directors of the Company approved that Reller shall be entitled to a gross monthly compensation in the amount of NIS 65 thousand, instead of NIS 55 thousand.
- b. Social Benefits: Reller is entitled to contributions to a pension fund and an advanced study fund. He is also subject to Section 14 of the Severance Pay Law, 5723-1963.
- c. Additional Terms: Reller is entitled to monthly transportation reimbursement of NIS 1,000.
- d. Vacation Days: Reller is entitled to 20 vacation days per year and is also entitled to convalescence pay and sick leave in accordance with applicable law.
- e. Employment Period: Reller’s employment is for an indefinite term. Either party may terminate the agreement with 3 months’ prior notice. The Company may terminate the agreement immediately and without compensation in the following cases: (1) An indictment is filed against Reller for a criminal offense related to work or one involving moral turpitude; (2) Breach of fiduciary duty or material conflict of interest; (3) Breach of confidentiality, non-compete, or IP assignment obligations; (4) Causing harm to the Company or its shareholders; (5) Concurrent employment by another entity during the term of employment.
- f. Miscellaneous: The agreement includes standard Company provisions regarding confidentiality, non-compete, non-solicitation, and IP assignment.

- 7.3.4.1. On February 5, 2024, the Company published an employee outline, under which, on February 28, 2024, the Company allocated 50,000 options to Reller (following the approval of the Compensation Committee and the Board of Directors on the same day).
- a. Exercise Price: Each Option shall be exercisable into one share of the Company, from the grant date until the end of 60 months (five years) from the grant date, for a non-index-linked exercise price of NIS 34.86 per share.
 - b. All other terms in connection with the vesting schedule, exercise period, and expiration of options, exercise share rights, share fragments, and adjustments, are as detailed in Section **7.3.2.2** above.
- 7.3.4.2. On December 29, 2024, the Compensation Committee and the Board of Directors approved the grant of a bonus in the amount of NIS 160 thousand (reflecting four months of Reller's 2024 salary), in accordance with the Company's compensation policy.
- 7.3.4.3. On January 9, 2025, following approval by the Compensation Committee and Board of Directors on December 29, 2024, the Company allocated 50,000 non-tradable options (Series B) to Reller.
- a. Exercise Price: Each Option shall be exercisable into one share of the Company, from the grant date until the end of 60 months (five years), for a non-index-linked exercise price of NIS 51.39 per share.
 - b. All other terms in connection with the vesting schedule, exercise period, and expiration of options, exercise share rights, share fragments, and adjustments, are as detailed in Section **7.3.2.2** above.
- 7.3.4.4. On October 10, 2021, prior to his appointment as an officer of the Company, Reller was allocated 70,000 non-tradable Options (Series B) of the Company, exercisable into 70,000 Ordinary Shares. For details regarding the option terms, including exercise price, vesting schedule, exercise period, expiration, share rights, fractional shares, and adjustments, see Section **7.3.3.1** above.
- 7.3.4.5. On July 30, 2023, also prior to his appointment as an officer of the Company, Reller was allocated 25,000 non-tradable Options (Series B) of the Company, exercisable into 25,000 Ordinary Shares.
- a. Exercise Price: Each Option shall be exercisable from the grant date until the end of 60 months (five years), for a non-index-linked exercise price of NIS 18.10 per share.
 - b. For further details on the option terms, including vesting schedule, exercise period, expiration, rights of the exercise shares, fractional shares, and adjustments, see Section **7.3.3.1** above.
- 7.3.4.6. On May 18, 2025, after approval by the Compensation Committee and the Board of Directors of the Company by a resolution of the same day, the

Company allocated 9,000 non-tradable Options (Series B) to Reller, exercisable into 9,000 Ordinary Shares of the Company.

a. Exercise Price: Each of the Options shall be exercisable, into a share of the Company, from the date of allocation until the end of 60 months (five years) from the date of allocation in consideration for an Exercise Price, unlinked, in the amount of NIS 93.69 per share, and this in accordance with the compensation policy of the Company.

b. Vesting Schedule:

Subject to the following, Reller may exercise the Options allocated to him, into shares of the Company, as follows:

(a) 50% of the Options allocated to him – after two years from the date of allocation of the Options.

(b) 25% of the Options allocated to him – after three years from the date of allocation of the Options.

(c) 25% of the Options allocated to him – after four years from the date of allocation of the Options.

According to the above and subject to the provisions of the plan, from the end of four years from the date of their allocation, all the Options shall be exercisable into shares of the Company.

c. Exercise Period

Each Option shall be exercisable (subject to its vesting) from the date of its allocation until the end of 60 months (five years) from its allocation (hereinafter: “**Exercise Period**” and “**Expiry Date**”), as applicable.

The other terms regarding the Rights of the Exercise Shares, Fractional Shares and Adjustments are as detailed in Section 7.3.2.2 above.

7.3.4.7. On December 28, 2025, after approval by the Compensation Committee and the Board of Directors of the Company by a resolution of the same day, the Company allocated 9,200 non-tradable Options (Series B) to Reller, exercisable into 9,200 Ordinary Shares of the Company.

a. Exercise Price: Each of the Options shall be exercisable, into a share of the Company, from the date of allocation until the end of 60 months (five years) from the date of allocation in consideration for an Exercise Price, unlinked, in the amount of NIS 197 per share, and this in accordance with the compensation policy of the Company.

b. Vesting Schedule:

Subject to the following, Reller may exercise the Options allocated to him, into shares of the Company, as follows:

(D) 50% of the Options allocated to him – after two years from the date of allocation of the Options.

(E) 25% of the Options allocated to him – after three years from the date of allocation of the Options.

(F) 25% of the Options allocated to him – after four years from the date of allocation of the Options.

According to the above and subject to the provisions of the plan, from the end of four years from the date of their allocation, all the Options shall be exercisable into shares of the Company.

The other terms regarding the Exercise Period, Rights of the Exercise Shares, Fractional Shares and Adjustments are as detailed in Section 7.3.4.6 above.

7.3.4.8. After the balance sheet date, on January 5, 2025, after approval by the Compensation Committee and the Board of Directors of the Company by a resolution of the same day, the Company convened a meeting with an agenda including the allocation of 19,400 non-tradable Options (Series B) to Reller, exercisable into 19,400 Ordinary Shares of the Company. On February 10, 2026, the general meeting of the shareholders of the Company approved the allocation of the Options as stated and on February 15, 2026, the Options were allocated.

a. Exercise Price: Each Option shall be exercisable, subject to its vesting, during the Exercise Period, in consideration for an Exercise Price, unlinked, in the amount of NIS 230 per share, subject to the adjustments detailed below. The Exercise Price is identical to the closing price of the Company's share on the trading day preceding the date of approval by the Board of Directors.

b. Vesting Schedule:

Subject to the following, Lavie may exercise the Options allocated to him, into shares of the Company, as follows:

(A) 50% of the Options allocated to him – after two years from the date of allocation of the Options.

(B) 25% of the Options allocated to him – after three years from the date of allocation of the Options.

(C) 25% of the Options allocated to him – after four years from the date of allocation of the Options.

According to the above and subject to the provisions of the plan, from the end of four years from the date of their allocation, all the Options shall be exercisable into shares of the Company.

The other terms regarding the Exercise Period, Rights of the Exercise Shares, Fractional Shares and Adjustments are as detailed in Section 7.3.4.6 above

8. **Control of the Corporation (Article 21A)**

As of the date of this Periodic Report, the Company does not have a controlling shareholder.

9. **Transactions with a Controlling Shareholder (Article 22)**

As of the date of this Periodic Report, the Company does not have a controlling shareholder.

10. **Holdings of Interested Parties and Senior Officers (Article 24)**

Holder	Ordinary shares	Non-tradable (Series B) options	Non-tradable (Series C) options	Non-tradable (Series D) options	Non-tradable (Series E) options	Non-tradable (Series F) options	Rate in capital and voting	Rate of capital and voting on a fully diluted basis
Yosef Sandler	5,500,000	---	---	---	---	---	6.02%	5.74%
Chen Golan	4,015,418	---	---	---	202,000	---	4.40%	4.40%
Boris Kipnis ⁹	2,954,569	---	---	---	202,000	---	3.24%	3.30%
Nachman Benchaya	1,748,035	---	---	---	---	---	1.91%	1.82%
Michael Grosman	644,314	---	750,000	---	427,165	---	0.71%	1.90%
Menora Nostro	61,755	---	---	---	---	---	0.07%	0.06%
Menora Provident Funds	5,402,272	---	---	---	---	---	5.92%	5.64%
Harel Nostro	289,085	---	---	---	---	---	0.32%	0.30%
Harel Provident Funds	2,401,768	---	---	---	---	---	2.63%	2.51%
Harel Mutual Funds	2,015,687	---	---	---	---	---	2.21%	2.10%
Migdal Participating Life Insurance	3,604,300	---	---	---	---	---	3.95%	3.76%
Migdal Mutual Fund Management Companies	1,083,470	---	---	---	---	---	1.19%	1.13%
FMR LLC	9,051,241	---	---	---	---	---	9.91%	9.45%
Alex Lavie	---	60,000	---	30,000	---	20,000	---	0.11%
Liran Reller	1,000	95,000	---	---	---	50,000	0.001%	0.15%
Amit Trefler	--	25,500	---	---	---	---	---	0.03%
Public	52,546,528	1,970,785	---	262,000	---	383,000	57.52%	57.60%
Total	91,319,442	2,151,285	750,000	292,000	831,165	453,000	100%	100%

⁹ Mr. Boris Kipnis (hereinafter: “**Kipnis**”) serves as director of the Company as well as its CTO. As part of a consensual divorce agreement between Boris Kipnis and Alin Kipnis (Kipnis’s ex-wife), the parties agreed that Alin would receive 3,654,176 shares of the Company from the shares held by Boris Kipnis as of the date of signing the divorce agreement, such that immediately following the aforementioned transfer, Boris Kipnis held 3,604,175 shares of the Company. It was also agreed that as long as Kipnis is alive, the voting rights in the shares transferred to Alin will remain held by Kipnis. In addition, the agreement includes further provisions, inter alia, regarding restrictions on the quantity and manner of sale permitted to Alin during a defined period, as detailed below: (1) Alin shall be entitled to freely sell shares through the stock exchange up to a total amount not exceeding NIS 2 million per calendar year; and (2) To the extent that Alin wishes to sell shares exceeding said amount and up to a total of NIS 10 million per calendar year, whether in a single sale or cumulatively through several sales, she shall do so in accordance with the provisions of the divorce agreement, not through the stock exchange (i.e., by means of an off-exchange transaction). If no transaction is executed within six months, Alin shall be entitled to sell additional shares in an amount not exceeding an additional NIS 3 million; namely, Alin shall be entitled to sell shares in a total amount of NIS 5 million in that same calendar year. Since Kipnis is entitled to vote on behalf of his ex-wife’s shares, Kipnis effectively holds approximately 6.59% of the voting rights in the Company (approximately 650% on a fully diluted basis).

11. **Registered Share Capital, Issued Share Capital and Convertible Securities (Article 24A)**

- A. The registered share capital of the Company is NIS 10,000,000, divided into 200,000,000,000 ordinary shares of the Company, each par value NIS 0.00005 (TASE security No. 1176593).
- B. The issued share capital of the Company consists of 91,319,442 ordinary shares of the Company, each par value NIS 0.00005.
- C. Details of the Company's convertible securities:
- 2,151,285 non-tradable options (Series B) of the Company;
 - 750,000 non-tradable options (Series C) of the Company;
 - 292,000 non-tradable options (Series D) of the Company;
 - 831,165 non-tradable options (Series E) of the Company;
 - 453,000 non-tradable options (Series F) of the Company.

12. **Register of Shareholders (Article 24B)**

Name of holder	ID No.	Address	Amount	Trustee
Nominee Company for the Tel Aviv Stock Exchange Ltd.	515736817	2 Ahuzat Bayit Street, Tel Aviv	91,319,442	No
Total			91,319,442	---

13. Directors of the Corporation (Article 26)

Name	ID No.	Date of birth	Address for service of legal process	Citizenship	Membership of a board of directors' committee or committees	Is this member of the board an independent or external director	Is this member an employee of the Company, subsidiary, related company of the Company, or interested party	Commencement of service	Education	Primary occupation in last five years	Other corporations in which he/she serves as a director	Familial relationship to another interested party	Does he/she have accounting and financial expertise or professional qualifications, and is he/she an external expert director	Does the Company consider him as possessing accounting and financial expertise for the purpose of fulfilling the minimal number determined by the board of directors according to Section 92(a)(12) of the Companies Law
Chen Golan	024672941	March 23, 1970	4 Biltmore Street, Tel Aviv	Israel	No	No	Active Chairman of the Board	April 1, 2009	Graduated with a Bachelor's degree in Business Administration from the Interdisciplinary Center Herzliya	Chairman of the Board of Directors of the Company	Next Avia, TRN Creative Solutions.	--	Yes	No
Boris Kipnis	306360611	July 1, 1977	23/32 Dov Gruner Street, Tel Aviv	Israel	No	No	Director and CTO	April 1, 2009	Electrical Engineer	CTO of the Company	Next Avia	--	No	No
Yossi Sandler	054624002	January 5, 1958	23 Rishonim St., Metula	Israel	Compensation Committee	No	No	March 31, 2009	Agricultural Program - Pardes-Hannah Agricultural School	Independent investment manager and company manager and chairman of the Association for the Blind in Tel Aviv-Jaffa.	Sandler Investments (1990) Ltd., The Tunnel Shore Station Ltd. (since 1996), Inbar Road Safety Ltd. (since 2002), Linom Ltd. (since 2017), Flow Industries Ltd. (since 2008), Jubel Investments Israel Ltd. (since 2018), S.H. Clean Water Ltd., S.H. Security Ltd., Senswil Ltd., Greenovations Ltd., The Association for the Blind Tel Aviv-Jaffa, Sandler-Evereich Partnership, Deep Clean GmbH	--	No	No
Nachman Benchaya	311069298	May 30, 1980	20 Rabbi Yehuda Hanasi St., Modiin Ilit	Israel	Audit Committee	No	No	May 5, 2011	High School Graduate	CEO of Smart Media Points Ltd.	Beshurat 5769 S.Y. Ltd., Nekudot Smart Media Ltd., Theta Bareket Ltd., Smart One Ltd.	No	No	No

Name	ID No.	Date of birth	Address for service of legal process	Citizenship	Membership of a board of directors' committee or committees	Is this member of the board an independent or external director	Is this member an employee of the Company, subsidiary, related company of the Company, or interested party	Commencement of service	Education	Primary occupation in last five years	Other corporations in which he/she serves as a director	Familial relationship to another interested party	Does he/she have accounting and financial expertise or professional qualifications, and is he/she an external expert director	Does the Company consider him as possessing accounting and financial expertise for the purpose of fulfilling the minimal number determined by the board of directors according to Section 92(a)(12) of the Companies Law
Tamar Landa	300612884	Jan. 2, 1987	5 Meno Hachosen Street, Jerusalem	Israeli	Balance sheet committee	Independent director	No	May 24, 2021	Bachelor's Degree in Accounting and Information Systems	2016 to present – VP of Finance at the Ateret Shlomo Association, VP of the Ateret Shlomo Youth Conference Association	Shatil Growth Ltd., Arim Urban Development Company	No	Yes	Yes
Rita Baal Taxa	011341682	June 12, 1972	144 KKL Blvd., Tel Aviv	Israeli	Audit Committee, the Compensation Committee and the Balance Sheet Committee of the Company.	Outside director	No	August 26, 2021	Bachelor of Laws – Tel Aviv University; Master of Science in Management – NYU – New York Polytechnic University MSc.	From 2014 to 2019 – Senior Vice President at Marsh Israel Insurance Agency Ltd.; from 2019 to present – Founder of RBTration – out-of-court dispute resolution and consulting; 2021 to 2023 – Chief Insurance Markets at Vesttoo. From January 2024 - CEO of PolyWizz	External Director at Yuvalim Investments Group Ltd. (since 2021); Director at Polywizz since January 2024; Director at Truvify Ltd.; Founder and Director at RBTration – dispute resolution outside the Court walls and consulting.	No	Yes	Yes

Name	ID No.	Date of birth	Address for service of legal process	Citizenship	Membership of a board of directors' committee or committees	Is this member of the board an independent or external director	Is this member an employee of the Company, subsidiary, related company of the Company, or interested party	Commencement of service	Education	Primary occupation in last five years	Other corporations in which he/she serves as a director	Familial relationship to another interested party	Does he/she have accounting and financial expertise or professional qualifications, and is he/she an external expert director	Does the Company consider him as possessing accounting and financial expertise for the purpose of fulfilling the minimal number determined by the board of directors according to Section 92(a)(12) of the Companies Law
Sarit Cohen	022990402	May 7, 1967	52 Yehuda Margoza, Tel Aviv Yafo	Israeli	Audit Committee, the Compensation Committee and the Balance Sheet Committee of the Company.	Outside director	No	August 26, 2021	Bachelor's degree in Accounting and Economics - Hebrew University; Land and Real Estate Appraisal - Tel Aviv College of Administration ; Bachelor's degree in Law - Shaarei Mishpat. Licensed accountant and attorney.	Deputy CEO and CFO at Nextcom Ltd.	Phototech (2002) Ltd. (Private Company; Bnext Ltd. (Private Company), Fusion NA	No	Yes	Yes
Ofer Sandler	305747461	September 18, 1990	59 Ben Gurion St., Herzliya	Israel	No	Alternate Director of Mr. Yossi Sandler	Yes, Sandler Investments, a company that is 100% owned by Yossi Sandler	August 30, 2021	Bachelor of Business Administration – Interdisciplinary Center Herzliya	From 2021 to present - General Partner, Flying Whale Investment Fund; From 2019 to present - Founding Partner, General, Surround Ventures Investment Fund; From 2021 to present - VP of Sandler Investments;	Blink Fintech Ltd., ANEK MGP Ltd., ANEK CAPITAL LP, ANEK Founding Partner Ltd., ANEK Fund Management Ltd., ANEK Israel Fund Limited Partnership.	Yes, to Mr. Yossi Sandler	No	No

14. **Senior Officers (Article 26A)**

Name	Date of birth	ID No.	Role in the Company, its subsidiary, in its affiliated company or an interested party therein	Date of commencement of service	Is he an independent authorized signatory of the Company	Is he an interested party in the Company or a relative of another senior officer or interested party in the Company?	Education	Business experience in the past five years
Michael Grosman	December 31, 1971	029030541	CEO	July 21, 2010	Yes	Interested party in the Company	Master's degree in Electrical Engineering and Business Administration from Tel Aviv University.	CEO of the Company, Director of Lachish Industries Ltd.
Alex Lavie	September 3, 1988	311096291	CFO	March 21, 2021	No	No	Bachelor's degree in Accounting and Business Administration from the College of Management.	2018-2021 Accountant at Nova Lumos Ltd., the company's Chief Financial Officer.
Liran Reller	October 21, 1984	039730833	VP of Operations	February 1, 2024	No	No	Bachelor's degree in Economics and Management from Ben-Gurion University, Bachelor's degree in Industrial Engineering and Management from the Open University, Master's degree in the Modern Middle East from Tel Aviv University.	2021-2024: Consultant in the field of engineering and operations in several private and public companies. 2024-2025: VP of Engineering for the Company, currently COO of the Company.
Amit Trefler	June 18, 1994	312127525	Comptroller	July 28, 2024	No	No	Bachelor's degree in Economics and Accounting from the Ruppin Academic Center and a Certificate in Accounting.	2021-2024 – Senior in high-tech auditing, at the accounting firm Kost Forer Gabbay and Kasierer, the Company's accountant.

15. **Independent Authorized Signatory of the Corporation (Article 26B)**

As of the date of this Periodic Report, the Company has no independent authorized signatory.

16. **Auditors of the Corporation (Article 27)**

Name: Company's auditors – BDO, Ziv Haft, Certified Public Accountants

Address: 48 Menachem Begin Road, Tel Aviv

17. **Amendment to the Articles of Association (Article 28)**

No amendments were made to the Company's Articles of Association in the year 2024. For further details regarding the Company's Articles of Association, see the Company's Immediate Report dated June 10, 2021 (Reference No.: 2021-01-099165).

18. **Directors' Recommendations and Decisions (Article 29)**

18.1. **Dividend Payment or Distribution**

- A. On March 9, 2025, the Board of Directors of the Company resolved on the distribution of a dividend in the amount of approximately USD 33.2 million (approximately NIS 118 million, according to the USD exchange rate known to the Company close to the date of publication of the periodic report).
- B. On March 10, 2026, the Board of Directors of the Company resolved on the distribution of a dividend in the amount of approximately USD 51.8 million (approximately NIS 161 million, according to the USD exchange rate known to the Company close to the date of publication of the periodic report).

18.2. **Changes in Capital**

For details regarding changes in the issued and paid-up share capital of the Company, see Section 6 above and Section 2 of Chapter A of this Periodic Report.

18.3. **Amendment to the Articles of Association of the Company**

No amendments were made to the Articles of Association of the Company in 2025. For additional information regarding the Articles of Association, see the Company's Immediate Report dated June 10, 2021 (Reference No.: 2021-01-099165).

19. **Corporate Resolutions (Article 29A)**

Exemption, Indemnification, and Insurance

19.1. **Letters of Exemption for Directors and Officers**

- (1) On June 7, 2021, the Company's Board of Directors and General Meeting approved the granting of letters of exemption to the officers serving¹⁰ and who will serve in the Company from time to time, as well as officers who will serve from time to time on behalf of the Company in other corporations in which the Company holds shares and/or other rights, directly and/or indirectly, or in which the Company has any interest

¹⁰ Messrs. Chen Golan, Michael Grosman, Boris Kipnis, Yossi Sandler, Nachman Benchaya, Tamar Landa, and Alex Lavie (hereinafter collectively: the "Serving Officers").

(hereinafter: the “**Other Corporation**”). Within the scope of the letter of exemption (hereinafter: the “**Letter of Exemption**”), the Company exempts the aforementioned officers from any liability towards it (subject to the provisions of the law) with respect to any damage caused to the Company by such officers in good faith actions taken as of the date of signing the Letter of Exemption, in their capacity as officers in the Company and/or as officers or employees on behalf of the Company in an Other Corporation, due to breach of the duty of care (except for damage resulting from breach of the duty of care in a distribution (as defined in the Companies Law) and other damages specified in the Letter of Exemption).

- (2) On August 26, 2021, the General Meeting of the Company approved, after the Company’s Board of Directors had approved on July 21, 2021, the granting of a Letter of Exemption to Ms. Rita Baal Taxa and Ms. Sarit Cohen, who serve as External Directors in the Company, under the same conditions granted to the other directors and officers of the Company, as detailed above.
- (3) On January 29, 2024, the Audit Committee and the Company’s Board of Directors approved the granting of a Letter of Exemption to Mr. Liran Reller, VP of Engineering, and Mr. Yuval Evron, VP of Operations, under the same conditions granted to the other directors and officers of the Company, as detailed above.

19.2. Letters of Indemnification for Directors and Officers

- (1) On June 7, 2021, the Company’s Board of Directors and General Meeting approved the granting of letters of indemnification (hereinafter: the “**Letter of Indemnification**”) to the officers serving and who will serve in the Company from time to time, as well as officers who will serve from time to time on behalf of the Company in an Other Corporation. According to the Letter of Indemnification, the aforementioned officers are entitled to indemnification for any liability or expense and/or reasonable litigation expenses (including indemnification under the Law for the Enhancement of Enforcement Procedures by the Israel Securities Authority (Legislative Amendments), 5771-2011), as detailed in the Letter of Indemnification, imposed on them due to actions taken in their capacity as officers in the Company and/or as officers or employees on behalf of the Company in an Other Corporation, provided that the maximum indemnification amount for financial liabilities imposed on them by a judgment (including a judgment rendered in a settlement or an arbitral award approved by the court) shall not exceed (in aggregate, for all officers, for a single case and for all cases) the higher of: (1) an amount equal to 25% of the Company’s equity according to its most recent audited or reviewed (as applicable) financial statements as of the date of indemnification; or (2) NIS 20 million. It is clarified that the indemnification shall apply beyond the amount paid (if and to the extent paid) under directors’ and officers’ liability insurance procured or to be procured by the Company from time to time.
- (2) On August 26, 2021, the General Meeting of the Company approved, after the Company’s Board of Directors had approved on July 21, 2021, the granting of a Letter of Indemnification to Ms. Rita Baal Taxa and Ms. Sarit Cohen, who serve as External

Directors in the Company, under the same conditions granted to the other directors and officers of the Company, as detailed above.

- (3) On January 29, 2024, the Audit Committee and the Company's Board of Directors approved the granting of a Letter of Indemnification to Mr. Liran Reller, VP of Engineering, and Mr. Yuval Evron, VP of Operations, under the same conditions granted to the other directors and officers of the Company, as detailed above.

19.3. Directors and Officers Liability Insurance in the Company

- (1) On June 7, 2021, the Company's Board of Directors and General Meeting approved the Company's entry into a directors and officers liability insurance policy for the Company, for a period of 12 months, beginning on June 3, 2021 and ending on June 2, 2022 (hereinafter in this Section: the "**Policy**"). The Policy provides a liability limit of USD 10 million per claim and in the aggregate, with an annual premium of USD 55 thousand and a deductible not exceeding USD 10 thousand per claim, except for a deductible of USD 35 thousand for claims filed in the United States and/or Canada, and a deductible of USD 100 thousand for claims against the Company relating to Israeli securities laws and/or derivative actions and/or class actions.

At the same time, the Company's Board of Directors and General Meeting approved the inclusion of the serving officers under the Policy.

- (2) On June 7, 2021, the Company's Board of Directors and General Meeting approved that the Company may, from time to time, enter into a directors and officers liability insurance policy (either by extending the validity of an existing policy or by entering into a new policy, including with a different insurer), provided that the annual premium and the insurance liability limits shall be in accordance with the Company's Compensation Policy (hereinafter: the "**Future Policies**").

At the same time, the Company's Board of Directors and General Meeting approved the inclusion of all serving officers under the Future Policies.

- (3) On August 26, 2021, the Company's General Meeting approved, after the Board of Directors had approved the same on July 21, 2021, the inclusion of Ms. Rita Baal Taxa and Ms. Sarit Cohen, who serve as External Directors in the Company, under the Company's directors and officers liability insurance policy and under the Future Policies, under the same terms granted to the other directors and officers of the Company, as detailed above.
- (4) On January 29, 2024, the Company's Audit Committee and Board of Directors approved the inclusion of Mr. Liran Reller, VP of Engineering, and Mr. Yuval Evron, VP of Operations, under the Company's insurance policy and the Future Policies, as detailed above and under the same terms granted to the other directors and officers of the Company.
- (5) On March 10, 2026, the Company's Board of Directors approved the renewal of the insurance and professional liability policy for directors and Office Holders in the Company for an additional 17 months, which began on December 3, 2025 and will end

on May 2, 2027. The Policy is with liability limits of USD 50 million, at an annual premium of approximately USD 121 thousand and a deductible of USD 50,000 per insured event for claims of Israeli securities, except for a deductible of USD 35,000 for claims filed in the USA and Canada and except for a deductible of USD 10,000 per insured event and in connection with the Company's fundraising in September 2025 except for a deductible of USD 100,000 in the case of a claim for a securities claim in the USA and except for USD 70,000 per claim filed in the USA.

NextVision Stabilized Systems Ltd.

Periodic Report For the Year 2025

Chapter E

Annual Report Regarding the Effectiveness of Internal Control over Financial Reporting and Disclosure pursuant to Article 9B(a)

This is an English translation of the information included in the approved financial statements. In the event of any discrepancy between the original Hebrew and the translation to English, the Hebrew version alone will prevail.

Annual Report Regarding the Effectiveness of Internal Control over Financial Reporting and Disclosure pursuant to Article 9B(a) for the Year 2025

Management, under the supervision of the Board of Directors of NextVision Stabilized Systems Ltd. (hereinafter: the “**Company**”), is responsible for the establishment and maintenance of adequate internal control over financial reporting and disclosure in the Company.

In this context, the members of Management are:

1. Michael Grosman, Chief Executive Officer;
2. Alex Lavie, Chief Financial Officer;

Internal control over financial reporting and disclosure includes controls and procedures existing in the Company, which were designed by the Chief Executive Officer and the most senior officer in the finance function or under their supervision, or by those actually performing said functions, under the supervision of the Company’s Board of Directors. These controls and procedures are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with legal requirements, and to ensure that information the Company is required to disclose in its reports pursuant to legal provisions is collected, processed, summarized, and reported in a timely manner and in the format prescribed by law.

Internal control includes, inter alia, controls and procedures designed to ensure that the information the Company is required to disclose as stated above is accumulated and conveyed to the Company’s Management, including the Chief Executive Officer and the most senior officer in the finance function or those actually performing said functions, in order to allow for timely decision-making with respect to the disclosure requirement.

Due to its inherent limitations, internal control over financial reporting and disclosure is not intended to provide absolute assurance that misstatements or omissions in the reports will be prevented or detected.

Management, under the supervision of the Board of Directors, conducted a review and evaluation of the internal control over financial reporting and disclosure in the Company and its effectiveness.

The evaluation of the effectiveness of internal control over financial reporting and disclosure conducted by Management under the supervision of the Board of Directors included: an assessment of reporting and disclosure risks, process mapping and identification of material processes for financial reporting and disclosure, examination and documentation of the existing controls in the Company, and an overall evaluation of the effectiveness of internal control, including entity-level controls (ELC), the financial reporting process, and general IT controls (ITGC) of the Company’s information systems. The material processes for financial reporting include controls over the sales process and inventory process.

Based on the evaluation of effectiveness conducted by Management under the supervision of the Board of Directors as detailed above, the Board of Directors and Management of the Company have concluded that the internal control over financial reporting and disclosure in the Company as of December 31, 2025 is effective.

(a) Statement of the Chief Executive Officer pursuant to Article 9B(d)(1)

Officers' Statement

Statement of the Chief Executive Officer

I, Michael Grosman, declare that:

1. I have reviewed the Periodic Report of NextVision Stabilized Systems Ltd. (hereinafter: the “**Company**”) for the year 2025 (hereinafter: the “**Reports**”);
2. To the best of my knowledge, the Reports do not contain any untrue statement of a material fact or omit a material fact required such that, in light of the circumstances under which such statements were made, the statements included therein would not be misleading with respect to the Report Period;
3. To the best of my knowledge, the financial statements and other financial information included in the Reports fairly present in all material respects the financial condition, results of operations, and cash flows of the Company as of the dates and for the periods to which the Reports relate;
4. I have disclosed to the Company’s independent auditor, the Board of Directors, and the Audit Committee and Financial Statements Committee of the Company, based on my most recent evaluation of internal control over financial reporting and disclosure:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and disclosure which are reasonably likely to adversely affect the Company’s ability to record, process, summarize, or report financial information in a manner that would raise doubt as to the reliability of the financial reporting and the preparation of the financial statements in accordance with legal requirements; and
 - (b) Any fraud, whether material or not, involving the Chief Executive Officer or any person directly subordinate to him, or any other employees with a significant role in internal control over financial reporting and disclosure;
5. I, alone or together with others in the Company:
 - (a) Established controls and procedures, or ensured the establishment and maintenance of controls and procedures under my supervision, designed to ensure that material information relating to the Company is made known to me by others within the Company, particularly during the period in which the Reports were being prepared; and
 - (b) Established controls and procedures, or ensured the establishment and maintenance of controls and procedures under my supervision, designed to reasonably ensure the reliability of financial reporting and the preparation of the financial statements in accordance with legal requirements, including generally accepted accounting principles;

- (c) Evaluated the effectiveness of internal control over financial reporting and disclosure and presented in this Report the conclusions of the Board of Directors and Management regarding the effectiveness of said internal control as of the Report date.

Nothing in the above shall derogate from my responsibility or the responsibility of any other person under any law.

March 10, 2026

Date

Michael Grosman

CEO

(b) Statement of the Most Senior Officer in the Finance Function pursuant to Article 9B(d)(2)

Officers' Statement

Statement of the Most Senior Officer in the Finance Function

I, Alex Lavie, declare that:

1. I have reviewed the financial statements and other financial information included in the Reports of NextVision Stabilized Systems Ltd. (hereinafter: the “**Company**”) for the year 2025 (hereinafter: the “**Reports**”);
2. To the best of my knowledge, the financial statements and other financial information included in the Reports do not contain any untrue statement of a material fact or omit a material fact required such that, in light of the circumstances under which such statements were made, the statements included therein would not be misleading with respect to the Report Period;
3. To the best of my knowledge, the financial statements and other financial information included in the Reports fairly present in all material respects the financial condition, results of operations, and cash flows of the Company as of the dates and for the periods to which the Reports relate;
4. I have disclosed to the Company’s independent auditor, the Board of Directors, and the Audit Committee and Financial Statements Committee of the Company, based on my most recent evaluation of internal control over financial reporting and disclosure:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and disclosure, to the extent it relates to the financial statements and other financial information included in the Reports, which are reasonably likely to adversely affect the Company’s ability to record, process, summarize, or report financial information in a manner that would raise doubt as to the reliability of the financial reporting and the preparation of the financial statements in accordance with legal requirements; and
 - (b) Any fraud, whether material or not, involving the Chief Executive Officer or any person directly subordinate to him, or any other employees with a significant role in internal control over financial reporting and disclosure;
5. I, alone or together with others in the Company:
 - (a) Established controls and procedures, or ensured the establishment and maintenance of controls and procedures under my supervision, designed to ensure that material information relating to the Company, insofar as it relates to the financial statements and other information included in the Reports, is made known to me by others within the Company, particularly during the period in which the Reports were being prepared; and

- (b) Established controls and procedures, or ensured the establishment and maintenance of controls and procedures under our supervision, designed to reasonably ensure the reliability of financial reporting and the preparation of the financial statements in accordance with legal requirements, including generally accepted accounting principles;
- (c) Evaluated the effectiveness of internal control over financial reporting and disclosure, to the extent it relates to the financial statements and other financial information included in the Reports as of the Report date; my conclusions regarding such evaluation were presented to the Board of Directors and Management and are incorporated in this Report.

Nothing in the above shall derogate from my responsibility or the responsibility of any other person under any law.

March 10, 2026

Date

Alex Lavie
CFO