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

For the Nine-Month Period Ended on September 30, 2026

The Board of Directors of NextVision Stabilized Systems Ltd. (hereinafter: the "**Company**") is pleased to hereby submit the Board of Directors' Report on the state of the Corporation's affairs as of September 30, 2026 (hereinafter: the "**Report Date**" or "**Date of the Report**") and for the nine-month period ended on September 30, 2026 (hereinafter: the "**Report Period**"), prepared in accordance with the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (hereinafter: the "**Reporting Regulations**").

This Report is concise in scope and has been prepared based on the assumption that the reader has access to the Company's Annual Reports for 2025 (Reference No.: 2026-01-021416), including the Board of Directors' Report on the state of the Company's affairs for the year ended on December 31, 2025 (hereinafter: the "**Periodic Report**").

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

Brief Description of the Company and Its Business Environment

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).

   Since its incorporation, the Company has been a technology company engaged in the development, manufacturing, and marketing of 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 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 developed a unique "image stabilization engine," based on a registered patent, which enables it to produce stabilized cameras with world-leading size/weight-to-performance ratios.

In contrast to some of its competitors who attempt to miniaturize existing technology, the Company chose a unique solution by thinking "outside the box," combining mechanical stabilization (small gimbals) and electronic stabilization (hardware "engine") that allows it to stabilize the image in real time, thereby maintaining 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 Company's technology enables deep zoom from moving platforms while still providing the user with a stable image. The ratio of size and weight to performance and competitive pricing is among the best in the market.

The technology developed by the Company includes the development of day cameras, night cameras, miniaturized gimbals, communication, geo-pointing capabilities, trackers, and additional functionalities that meet the needs of its customers and position the Company as a one-stop shop for manufacturers of ground and aerial platforms that require stabilized zoom optical systems.

In addition to cameras, the Company develops complementary products that significantly reduce the integration time of the cameras into its customers' various platforms, thereby saving its customers considerable costs and enabling faster 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 competitive advantage in the market and optimally meet its customers' needs.

In the third quarter of 2026, the Company began establishing a production line in Europe. As of the date of this report, the production line is operational and manufacturing the Company's cameras. This move is designed to strengthen the Company's presence in the European market, cater to customers with a preference for European manufacturing, and expand the business opportunities available to the Company in the region. The Company is in the process of establishing a European subsidiary for the purpose of operating the production line.

Disclosure Regarding the Effects of the Wars and the Geopolitical Situation

In October 2026, the Research Department of the Bank of Israel updated the macroeconomic forecast (hereinafter: the "**Forecast**")[1]. The Forecast was formulated under the working assumption that the intensity of the fighting remains low, similar to

[1] From the Bank of Israel's "Macroeconomic Forecast by the Research Department, October 2026." For further details, see the Bank of Israel website: www.boi.org.il.

its current level, in a manner that somewhat eases the supply constraints in the economy, and that the geopolitical environment is expected to remain tense. The Forecast does not address the possible effects of the results of the upcoming elections in Israel on the economy. The Forecast reflects a continued convergence of GDP (excluding production abroad) towards the pre-war trend, alongside a recovery in employment in the economy. However, even at the end of the Forecast horizon (the end of 2027), GDP is expected to remain below the trend line, since the labor supply is still expected to be low relative to the level derived from pre-war participation rates. At the same time, inflation is expected to stabilize around the midpoint of the target range. According to the Forecast, the GDP is expected to grow by 3.4% in 2026, and by 5.1% in 2027. The inflation rate in the next four quarters (ending in the third quarter of 2027) is expected to stand at 2.0%, and at 1.5% and 2.1% during 2026 and 2027, respectively. The average interest rate in the third quarter of 2027 is expected to be 3.0%.

On January 30, 2026, the rating agency Moody's updated Israel's credit rating to Baa1 with a stable outlook. On November 7, 2025, the international credit rating agency S&P updated Israel's credit rating to A with a stable outlook, and reaffirmed it on May 8, 2026. On August 12, 2024, the credit rating agency Fitch downgraded Israel's credit rating to A with a "negative" outlook, reaffirmed it on March 27, 2026, and left it unchanged in its latest update dated October 13, 2026.[2]

On February 28, 2026 (following a previous operation in June 2025), Israel, together with the US, launched an attack against the regime in Iran, called "Lion's Roar." In response to the operation, Iran launched ballistic missiles and other means against Israel. In response, the Government of Israel 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. On April 8, 2026, a temporary ceasefire between the parties came into effect, which led to some easing of the security situation and the possibility of a gradual return to routine in some areas of the country. Accordingly, the authorities began gradually removing the restrictions imposed on the citizens of the country, including the gradual reopening of the airspace and certain measures to ease economic activity. Nevertheless, as of the date of this Periodic Report, there is uncertainty regarding the duration of the ceasefire or its future implications for the Company's activity and the economy in general.

Since October 2023, the beginning of the Iron Swords War, there has been an increase in orders for the Company's cameras and other products from its customers. In addition,

[2] For further details, see the rating announcements of the rating agencies on the websites: www.maalot.co.il; www.fitchratings.com; www.moodys.com.

last year the Company increased its inventory in order to maintain flexibility, responsiveness, and the ability to meet the growing demand for the Company's products from its customers. The Company is continuously increasing its production capacity in order to meet the increase in demand, shorten delivery times, and at the same time continue supplying its customers' orders on time. Furthermore, due to global geopolitical tensions that are affecting, inter alia, supply chains, and as a precautionary measure only, the Company has decided to stock up on various components which it identified as potentially facing shortages. It should be clarified that the Company is acting to execute long-term orders, maintain high inventory levels, increase the number of suppliers, avoid reliance on a single supplier to the extent possible, and maintain ongoing contact with its suppliers.

Following Operation Lion's Roar and the closure of the borders of the State of Israel, delays were created in the shipment of goods to the Company's customers abroad as well as in the receipt of goods by the Company from suppliers. As of the date of this Periodic Report, following the removal of the restrictions, the shipment and receipt of goods have returned to normal.

As of this date, the Iron Swords War and/or Operation Rising Lion and/or Operation Lion's Roar have not had a material impact on the results of the Company or the Company's ability to supply its customers with their orders on time. In light of the uncertainty regarding the ceasefire and the renewal of hostilities, the Company is unable to assess the possible effects of the aforementioned operation on the Company and its results. The Company continues at all times to examine the effects of the economic situation and the fighting on its business activity. Nevertheless, and in light of the uncertainty regarding the continuation of the fighting, the continued supply of inventory from suppliers, market volatility, additional measures to 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 unable at this time to accurately assess the scope and nature of any 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 aforementioned operations on the Company's condition and the macroeconomic situation and/or the monetary policy in Israel may be materially different from the Company's assessments, and is not solely under the Company's control. This is due, inter alia, to an economic

slowdown that may develop in the State of Israel, escalation of the war, from one or more of the aforementioned factors related to the war, as well as macroeconomic changes, which may affect the Company's operations.

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

The Russia-Ukraine war, which began during February 2022, as well as the "heating up" of the global security market, 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 solely under the Company's control. Such information is based on information currently in the Company's possession and on publications written and released by professional parties in connection with the Company's field of operations as of the date of this Periodic Report. This information is only an estimate, which may not materialize or may materialize partially or differently, inter alia due to changes in the field of activity and the factors influencing it. In light of the above, actual results may differ from the estimate detailed above and may even differ materially in connection with the external factors influencing the Company's field of activity.

Tariffs on Goods Imported to the US

During the years 2025 and 2026, the US administration published a number of measures for the imposition of tariffs on imports to the United States, which may affect the scope of global trade and the activities of companies exporting to the US market. As part of these measures, tariffs were imposed on imports from various countries, including Israel.

In February 2026, the US Supreme Court ruled that most of the global tariffs imposed in the previous year should be annulled. In response, the US President signed an executive order imposing a uniform global tariff at a rate of 10% for a period of 150 days, and announced his intention to raise it to a rate of 15%. This tariff expired in July 2026.

Concurrently with its expiration, in July 2026, regulations were published pursuant to Section 301 of the US Trade Act, setting tariffs at rates of 10% or 12.5% on imports

from certain countries, including Israel (12.5%), subject to various exceptions and exclusions.

In August 2026, an executive order was published pursuant to Section 232 of the US Trade Expansion Act, imposing tariffs on imports of drones and certain of their components, and including an incentive program for companies establishing manufacturing operations in the US. The Company is examining the implications of the order for its products. As part of its growth strategy, the Company intends to establish operations in the US, which may enable it to serve its customers in the US market more efficiently.

Although part of the Company's revenues originate from exports to the US, in the Company's estimation, as of the date of approval of the financial statements, the aforementioned tariff measures did not have a material impact on its business results.

The Company's detailed assessments above regarding future effects of the tariffs on goods imported to the US 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 aforementioned tariffs on the Company's condition may be materially different from the Company's assessments, and is not solely under the Company's control, as a result, among other things, of decisions by the US administration which may affect the Company's activities.

Supply Chains

During the Report Period, there was a global shortage of certain components used by the Company in the assembly of its products. In the Company's estimation, the global shortage stems, among other things, from geopolitical events affecting the shipment of goods and supply chains, as well as significant increases in component prices resulting from excess market demand, factors that are beyond the Company's control. The Company continuously monitors the impact of the component shortages on its business operations and is taking steps to increase its inventory purchases in order to address such shortages. Nevertheless, in light of the uncertainty in the global market regarding supply chains, increases in component prices, and their impact on the Company's ability to supply its products to customers on time and on the pricing of the Company's products, the Company is currently unable to accurately assess the scope and nature of any additional future effects on its operations and results.

The information regarding the Company's assessments in connection with supply chains, shipping challenges, increases in component prices, and the impact of these factors on the Company constitutes forward-looking information, as defined in the Securities Law, which is not solely under the Company's control. Such

information is based on information currently available to the Company and on the assessments of the Company's management. This information is only an estimate, which may not materialize or may materialize partially, differently, or even materially differently, inter alia, due to changes in the geopolitical situation, changes in supply chains and component prices, and the factors affecting them. In light of the foregoing, actual results may differ from the estimate detailed above and may even differ materially due to the external factors affecting the Company's field of activity.

2. Development of the Company's Business During the Report Period

2.1. The Company is a growing technology company. The Company continues to market its products worldwide and each 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 a stabilized imaging solution.

2.2. During the Report Period, the Company's sales grew by approximately 117% compared to the corresponding period last year. During the Report Period, the number of customers to whom the Company sells stood at a total of 185 customers, compared to a total of 189 customers in the corresponding period last year. As of the Report Date, the Company's order backlog stands at approximately USD 209.3 million.

2.3. Further to the Company's immediate reports dated March 13, 2025 and November 20, 2025 in connection with an order received from an existing customer of the Company in a total amount of approximately USD 30 million, on December 31, 2025, regulatory approval for the transaction was received and therefore the condition precedent set forth in Section 7 of the original report was fulfilled. For further details, see the Company's immediate report dated January 1, 2026 (Reference No.: 2025-01-106062), all of which is incorporated into this Board of Directors' Report by way of reference.

2.4. On December 31, 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 total consideration of approximately USD 22.1 million (excluding VAT). For further details, see the Company's immediate report dated January 1, 2026 (Reference No.: 2025-01-106066), all of which is incorporated into this Board of Directors' Report by way of reference.

2.5. On January 5, 2026, the Company's Board of Directors resolved to set the Company's annual growth target for 2026 such that the growth target will stand at approximately USD 275 million (reflecting growth of approximately 64% in the Company's revenues compared to the Company's unaudited revenues for 2025 and growth of approximately 72% in the Company's revenues compared to the growth target for 2025). For further details, see the Company's immediate report dated January 5, 2026 (Reference No.: 2026-01-001664), all of which is incorporated into this Board of Directors' Report by way of reference.

2.6. On February 10, 2026, the general meeting of the Company's shareholders (after on January 5, 2026, the Company's Compensation Committee and Board of Directors approved the same) approved the grant of 10,700 options to Mr. Alex Lavie, the Company's CFO, and 19,400 options to Mr. Liran Reller, the Company's COO. On February 15, 2026, the aforementioned options were granted to the officers. For further details, see the Company's immediate reports dated February 10, 2026 and February 15, 2026 (Reference Nos.: 2026-01-014042 and 2026-01-015056, respectively), all of which is incorporated into this Board of Directors' Report by way of reference.

2.7. On January 11, 2026, the Company granted without consideration a total of 324,900 non-tradable options, exercisable into 324,900 ordinary shares of the Company with a nominal value of NIS 0.00005 each, to 45 Company employees. For further details, see the Company's immediate report dated January 12, 2026 (Reference No.: 2026-01-005113), all of which is incorporated into this Board of Directors' Report by way of reference.

2.8. 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 total consideration 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.

2.9. 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 total consideration of approximately USD 60 million (excluding VAT). For further details, see the Company's immediate report dated January 19, 2026 (Reference No.: 2026-01-007433), all of which is incorporated into this Board of Directors' Report by way of reference.

2.10. 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 total consideration 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.

2.11. On February 25, 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 total consideration of approximately USD 2.5 million (excluding VAT). For further details, see the Company's immediate report dated February 26, 2026 (Reference No.: 2026-01-017659), all of which is incorporated into this Board of Directors' Report by way of reference.

2.12. On March 10, 2026, the Company's Board of Directors approved the grant, without consideration, of 180,000 non-tradable options, exercisable into 180,000 ordinary shares of the Company with a nominal value of NIS 0.00005 each, to 22 Company employees. The options were granted to the Company employees on March 23, 2026. For further details, see the Company's immediate reports dated March 11, 2026 and March 24, 2026 (Reference Nos.: 2026-01-021413 and 2026-01-026165, respectively), all of which is incorporated into this Board of Directors' Report by way of reference.

2.13. On March 10, 2026, the Company's Board of Directors approved the distribution of a dividend to the Company's shareholders in the amount of approximately USD 51,832 thousand. For further details, see the Company's immediate reports dated March 11, 2026 and March 19, 2026 (Reference Nos.: 2026-01-021414 and 2026-01-024467, respectively), all of which is incorporated into this Board of Directors' Report by way of reference.

2.14. On March 23, 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 total consideration of approximately USD 6.1 million (excluding VAT). For further details, see the Company's immediate report dated March 24, 2026 (Reference No.: 2026-01-025926), all of which is incorporated into this Board of Directors' Report by way of reference.

2.15. On March 27, 2026, the Company's Board of Directors approved the grant, without consideration, of 27,500 non-tradable options, exercisable into 27,500 ordinary shares of the Company with a nominal value of NIS 0.00005 each, to a

Company employee. On April 19, 2026, the options were granted to the employee. For further details, see the Company's immediate reports dated March 27, 2026 (Reference No.: 2026-01-028475) and April 19, 2026 (Reference No.: 2026-01-036117), as well as an amending report dated April 19, 2026 (Reference No.: 2026-01-036128), all of which is incorporated into this Board of Directors' Report by way of reference.

2.16. On April 3, 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 total consideration of approximately USD 5.5 million (excluding VAT). For further details, see the Company's immediate report dated April 6, 2026 (Reference No.: 2026-01-031855), all of which is incorporated into this Board of Directors' Report by way of reference.

2.17. On April 16, 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 total consideration of approximately USD 2.3 million (excluding VAT). For further details, see the Company's immediate report dated April 16, 2026 (Reference No.: 2026-01-035327), all of which is incorporated into this Board of Directors' Report by way of reference.

2.18. On April 23, 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 total consideration of approximately USD 5.8 million (excluding VAT). For further details, see the Company's immediate report dated April 24, 2026 (Reference No.: 2026-01-037809), all of which is incorporated into this Board of Directors' Report by way of reference.

2.19. On April 30, 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 total consideration of approximately USD 14.5 million (excluding VAT). For further details, see the Company's immediate report dated April 30, 2026 (Reference No.: 2026-01-039819), all of which is incorporated into this Board of Directors' Report by way of reference.

2.20. Further to the Company's immediate report dated January 5, 2026, in connection with the growth target set by the Company's Board of Directors, such that the target for 2026 stands at approximately USD 275 million (reflecting growth in the Company's revenues at a rate of approximately 63.3% compared to the Company's revenues for 2025), on May 10, 2026, the Company's Board of Directors updated the Company's growth target such that it will stand at approximately USD 315

million in 2026 (reflecting growth in the Company's revenues at a rate of approximately 87.1% compared to the Company's revenues for 2025). For further details, see the Company's immediate reports dated January 5, 2026 and May 11, 2026 (Reference Nos.: 2026-01-001664 and 2026-01-043112, respectively), all of which is incorporated into this Board of Directors' Report by way of reference.

2.21. On May 10, 2026, the Company's Board of Directors approved the grant, without consideration, of 107,000 non-tradable options, exercisable into 107,000 ordinary shares of the Company with a nominal value of NIS 0.00005 each, to 14 Company employees. The options were granted to the Company employees on May 26, 2026. For further details, see the Company's immediate reports dated May 11, 2026 and May 26, 2026 (Reference Nos.: 2026-01-043106 and 2026-01-048282, respectively), all of which is incorporated into this Board of Directors' Report by way of reference.

2.22. On May 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 total consideration of approximately USD 2.1 million (excluding VAT). For further details, see the Company's immediate report dated May 18, 2026 (Reference No.: 2026-01-045297), all of which is incorporated into this Board of Directors' Report by way of reference.

2.23. On May 24, 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 total consideration of approximately USD 6.4 million (excluding VAT). For further details, see the Company's immediate report dated May 25, 2026 (Reference No.: 2026-01-047513), all of which is incorporated into this Board of Directors' Report by way of reference.

2.24. On May 31, 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 total consideration of approximately USD 9.6 million (excluding VAT). For further details, see the Company's immediate report dated June 1, 2026 (Reference No.: 2026-01-051259), all of which is incorporated into this Board of Directors' Report by way of reference.

2.25. On June 11, 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 total consideration of approximately USD 12.4 million (excluding VAT). For further details, see the Company's

immediate report dated June 12, 2026 (Reference No.: 2026-01-055683), all of which is incorporated into this Board of Directors' Report by way of reference.

2.26. On June 16, 2026, the general meeting of the Company's shareholders (after on May 10, 2026 the Company's Compensation Committee and Board of Directors approved the same) approved the grant of 32,500 non-tradable options, exercisable into 32,500 ordinary shares of the Company with a nominal value of NIS 0.00005 each, to Ms. Danielle Alexandrov, the Company's VP of Business Development, Mergers and Acquisitions. On June 21, 2026, the said options were granted to Danielle Alexandrov. For further details, see the Company's immediate reports dated May 11, 2026, June 16, 2026 and June 21, 2026 (Reference Nos.: 2026-01-043109, 2026-01-057084 and 2026-01-058266, respectively), all of which is incorporated into this Board of Directors' Report by way of reference.

2.27. On June 30, 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 total consideration of approximately USD 2.5 million (excluding VAT). For further details, see the Company's immediate report dated July 1, 2026 (Reference No.: 2026-01-061676), all of which is incorporated into this Board of Directors' Report by way of reference.

2.28. On July 13, 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 total consideration of approximately USD 3.8 million (excluding VAT). For further details, see the Company's immediate report dated July 14, 2026 (Reference No.: 2026-01-066396), all of which is incorporated into this Board of Directors' Report by way of reference.

2.29. On July 20, 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 total consideration of approximately USD 6.7 million (excluding VAT). For further details, see the Company's immediate report dated July 21, 2026 (Reference No.: 2026-01-068874), all of which is incorporated into this Board of Directors' Report by way of reference.

2.30. On July 22, 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 total consideration of approximately USD 3.6 million (excluding VAT). For further details, see the Company's immediate report dated July 24, 2026 (Reference No.: 2026-01-069935), all of which is incorporated into this Board of Directors' Report by way of reference.

2.31. On August 6, 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 total consideration of approximately USD 11.7 million (excluding VAT). On the same day, the Company received an additional 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 total consideration of approximately USD 2.7 million (excluding VAT). For further details, see the Company's immediate report dated August 7, 2026 (Reference No.: 2026-01-074254), all of which is incorporated into this Board of Directors' Report by way of reference.

2.32. Further to the Company's immediate reports dated January 5, 2026 and May 11, 2026[3], in connection with the growth target set by the Company's Board of Directors, such that the target for 2026 stood at approximately USD 315 million (reflecting growth in the Company's revenues at a rate of approximately 87.1% compared to the Company's revenues for 2025), and in light of the Company's results for the second quarter of 2026, on August 9, 2026, the Company's Board of Directors updated the Company's growth target such that it will stand at approximately USD 355 million in revenues in 2026 (reflecting growth in the Company's revenues at a rate of approximately 111% compared to the Company's revenues for 2025). For further details, see the Company's immediate report dated August 10, 2026 (Reference No.: 2026-01-074608), all of which is incorporated into this Board of Directors' Report by way of reference.

2.33. On August 9, 2026, the Company's Board of Directors approved the grant, without consideration, of 117,500 non-tradable options, exercisable into 117,500 ordinary shares of the Company with a nominal value of NIS 0.00005 each, to 31 Company employees. For further details, see the Company's immediate reports dated August 10, 2026 and August 18, 2026 (Reference Nos.: 2026-01-074604 and 2026-01-077390, respectively), all of which is incorporated into this Board of Directors' Report by way of reference.

2.34. On August 13, 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 total consideration of approximately USD 5.6 million (excluding VAT). For further details, see the Company's

[3] Reference Nos.: 2026-01-001664 and 2026-01-043112, respectively, all of which is incorporated into this Board of Directors' Report by way of reference.

immediate report dated August 14, 2026 (Reference No.: 2026-01-076169), all of which is incorporated into this Board of Directors' Report by way of reference.

2.35. On August 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 total consideration of approximately USD 5.9 million (excluding VAT). For further details, see the Company's immediate report dated August 24, 2026 (Reference No.: 2026-01-078703), all of which is incorporated into this Board of Directors' Report by way of reference.

2.36. Further to the Company's immediate report dated August 7, 2026 (Reference No.: 2026-01-074254) in connection with two orders received by the Company, the commencement of supply under which is subject to receipt of regulatory approval, on September 8, 2026, the aforementioned condition precedent was fulfilled with respect to one of the orders, for total consideration of approximately USD 2.7 million. For further details, see the Company's immediate report dated September 9, 2026 (Reference No.: 2026-01-084578), all of which is incorporated into this Board of Directors' Report by way of reference.

2.37. On September 29, 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 total consideration of approximately USD 3.5 million (excluding VAT). For further details, see the Company's immediate report dated September 30, 2026 (Reference No.: 2026-01-089205), all of which is incorporated into this Board of Directors' Report by way of reference.

3. **Board of Directors' Explanations Regarding the State of the Company's Business, Activity Results, Equity and Cash Flows**

3.1. Financial Condition

The financial data detailed below are based on the Company's reviewed and audited financial statements, prepared in accordance with International Financial Reporting Standards (IFRS).

Below are the main developments that occurred in the items of the statement of financial position (in USD thousands):

Item	Balance as of (USD thousands)			Explanations of the Company's Board of Directors Regarding Changes
	September 30		December 31, 2025	
	2026	2025		
Cash	20,962	27,533	85,440	See analysis of cash flows in Section 1.3 below.
Short-term deposits	620,614	502,102	476,857	The Company acts to maintain high liquidity and financial security, and therefore holds short-term deposits (up to one year), in accordance with the Company's cash management policy. This investment is intended to ensure a conservative yield while maintaining the availability of funds for operational and business needs.
Trade receivables	44,726	14,052	12,087	The increase in trade receivables compared to the corresponding period last year is due to an increase in the volume of sales during the period and the granting of credit terms to significant customers.
Current taxes receivable	1,932	2,256	4,746	The decrease in current taxes receivable is due to the refund of advances paid in excess for the 2024 tax year.
Other accounts receivable	11,539	6,268	5,275	The increase in other accounts receivable compared to the corresponding period last year is mainly due to an increase in advances to suppliers for procurement needs for 2026 and 2027.
Inventory	92,446	49,304	53,588	The increase compared to the corresponding period last year is due to the Company's procurement in accordance with the increase in the order backlog, as well as procurement of components in which the Company identified a shortage in the market due to geopolitical tensions.
Total current assets	**792,219**	**601,515**	**637,993**	
Property, plant and equipment	1,562	853	906	The increase in property, plant and equipment is due to the addition of another floor and its adaptation to the Company's needs, as well as the expansion of the production line.
Right-of-use assets	4,549	2,962	2,770	The increase is due to the leasing of additional areas and the signing of a long-term lease agreement in order to support the growth rate of the Company's operations.
Intangible assets	8,584	4,670	4,896	The increase is due to the capitalization of new developments of cameras and accessories during the period less the ongoing amortization.
Total non-current assets	**14,695**	**8,485**	**8,572**	
Trade payables	25,032	9,375	8,679	The increase in trade payables is due to an increase in the volume of production activity and component procurement.
Other accounts payable	38,509	14,593	18,067	The increase in other accounts payable compared to the corresponding period last year is mainly due to an increase in advances from customers compared to the corresponding period last year.
Total current liabilities	**63,541**	**23,968**	**26,746**	

Lease liabilities	4,874	3,432	3,390	The increase is due to the leasing of additional areas and the signing of a long-term lease agreement in order to support the growth rate of the Company's operations.
Employee benefit liabilities	151	114	151	No material change.
Deferred taxes	1,022	487	588	The change is due to an increase in the intangible asset due to timing differences.
Total non-current liabilities	**6,047**	**4,033**	**4,129**	

3.2. Results of the Company's Business Activities

Below are explanations of the main developments that occurred in the results of the Company's operations (in USD thousands):

Item	For the Nine Months Ended September 30		For the Three Months Ended September 30		For the Year Ended December 31, 2025	Explanations of the Company's Board of Directors Regarding Changes
	2026	2025	2026	2025		
			USD Thousands			
Revenues from sales	261,927	120,533	106,386	47,290	168,354	The increase in revenues is due to an increase in the volume of orders and the quantity of units sold to the Company's customers, including deliveries under significant orders received during the period.
Cost of sales	(88,203)	(34,971)	(35,405)	(14,773)	(50,798)	Gross profit in the reporting period increased significantly compared to the corresponding period last year, primarily as a result of the increase in sales volume. Conversely, the gross profit margin eroded. The decline in gross profitability stems from the volume-based pricing model, increases in raw material prices, and the increase in production line personnel.
Gross profit	**173,724**	**85,562**	**70,981**	**32,517**	**117,556**	
Research and development expenses	(4,970)	(3,914)	(1,341)	(1,638)	(5,491)	The increase compared to the corresponding period last year is due to the intensification of

						development efforts and improvements in the Company's various products, mainly through the addition of positions in the development departments.
Sales and marketing expenses	(2,427)	(1,505)	(761)	(628)	(1,874)	The increase is due to the addition of positions and intensification of sales efforts.
General and administrative expenses	(10,402)	(6,645)	(3,107)	(1,963)	(8,667)	The increase compared to the corresponding period last year is due to the update of management compensation agreements and an increase in share-based payment.
Operating profit	**155,925**	**73,498**	**65,772**	**28,288**	**101,524**	
Financing expenses	(1,203)	(229)	(342)	(77)	(313)	The increase is mainly due to exchange rate differences and financing expenses for the leasing of the offices.
Financing income	18,902	7,163	6,648	3,074	13,453	The increase in financing income compared to the corresponding period last year is due to an increase in the volume of bank deposits.
Profit before tax	**173,624**	**80,432**	**72,078**	**31,285**	**114,664**	
Income tax	(21,656)	(8,468)	(12,021)	(3,117)	(11,000)	The increase in income taxes is due to growth in the Company's operations.
Net profit	**151,968**	**71,964**	**60,057**	**28,168**	**103,664**	
Profit (loss) from re-measurement of defined benefit plans	-	-	-	-	(10)	
Total comprehensive income	**151,968**	**71,964**	**60,057**	**28,168**	**103,654**	

3.3. Cash Flows and Liquidity

As of September 30, 2026, the Company had cash balances totaling approximately USD 20,962 thousand. Below are the main components of the Company's cash flows:

Item	For the Nine Months Ended September 30		For the Three Months Ended September 30		For the Year Ended December 31, 2025	Explanations of the Company's Board of Directors Regarding Changes
	2026	2025	2026	2025		
				USD Thousands		
Operating activities	128,428	35,152	53,271	18,838	63,640	The increase in cash flows from operating activities compared to the corresponding period last year is due to the expansion of activity and an increase in the Company's profits.
Investing activities	(151,083)	(453,500)	(53,371)	(433,777)	(424,216)	Investing activities are mainly attributable to the deposit of cash in short-term bank deposits.
Financing activities	(41,716)	368,443	868	398,765	368,489	The change is mainly due to the capital raising in the corresponding period last year, whereas in the Report Period, financing activities mainly resulted from the dividend distribution.
Cash balance at end of period	**20,962**	**27,533**	**20,962**	**27,533**	**85,440**	

3.4. Funding Sources

As of the Report Date, the Company finances its activities through its own 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 activities and therefore the Company does not have credit facilities.

During the months of June and July 2021, the Company completed its first issuance of Company shares on the stock exchange in consideration for approximately NIS 129 million (which also includes an allocation to the Company's pricing 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 whom are foreign investors), in the amount of approximately NIS 1,387 million. For further details, see the Company's immediate reports dated September 15, 2025 and September 16, 2025 (Reference Nos.: 2025-01-069605 and 2025-01-069694, respectively), all of which is incorporated into this Board of Directors' Report by way of reference.

In addition, during the Report Period, 1,549,136 non-tradable options of Company employees were exercised for total consideration of approximately USD 10,738 thousand.

3.5. Working Capital

As of September 30, 2026, the Company has working capital in the amount of approximately USD 728,678 thousand, compared to working capital in the amount of approximately USD 577,547 thousand as of September 30, 2025.

Part C – Disclosure Regarding the Corporation's Financial Reporting and Corporate Governance Aspects

4. **Information Regarding Material Events After the Report Date**

4.1. On October 6, 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 total consideration of approximately USD 24 million (excluding VAT). The order was conditional upon receipt of regulatory approval. On October 13, 2026, the required regulatory approval was received. For further details, see the Company's immediate reports dated October 6, 2026 and October 14, 2026 (Reference Nos.: 2026-01-090542 and 2026-01-093221, respectively), all of which is incorporated into this Board of Directors' Report by way of reference.

4.2. On October 26, 2026, the Company published an immediate report regarding the convening of an annual general meeting of the Company's shareholders, which is expected to convene on December 1, 2026. On October 28, 2026 and November 1, 2026, the Company published amending reports to the meeting notice. For further details, see the Company's immediate reports dated October 26, 2026 (Reference No.: 2026-01-096534), October 28, 2026 (Reference No.: 2026-01-097178) and November 1, 2026 (Reference No.: 2026-01-097992), all of which is incorporated into this Board of Directors' Report by way of reference.

4.3. On November 8, 2026, the Company granted without consideration a total of 101,000 non-tradable options, exercisable into 101,000 ordinary shares of the Company with a nominal value of NIS 0.00005 each, to 34 Company employees. For further details, see the immediate report published concurrently with this report, all of which is incorporated into this Board of Directors' Report by way of reference.

5. **Breakdown of Liabilities by Maturity Dates**

For data regarding the Company's liability breakdown, see the Company's immediate report dated November 9, 2026 (Reference No.: 2026-01-099641).

Chen Golan Chairman of the Board of Directors	Michael Grosman Chief Executive Officer

Date of approval of the Report: November 8, 2026.

NextVision Stabilized Systems Ltd.

Condensed Interim Financial Statements
As of September 30, 2026

(Unaudited)

NextVision Stabilized Systems Ltd.

Condensed Interim Financial Statements
As of September 30, 2026

(Unaudited)

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

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

Introduction

We have reviewed the accompanying interim financial information of NextVision Stabilized Systems Ltd. (hereinafter: the "**Company**"), which includes the condensed interim statement of financial position as of September 30, 2026 and the condensed interim statements of comprehensive income, changes in equity and cash flows for the nine- and three-month periods then ended. The Board of Directors and Management are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 (IAS 34) "Interim Financial Reporting," and they are also responsible for the preparation of this interim financial information in accordance with Chapter D of the Israeli Securities Regulations (Periodic and Immediate Reports), 5730-1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel – "Review of Interim Financial Information Performed by the Entity's Auditor." A review of interim financial information consists of inquiries, mainly with individuals responsible for financial and accounting matters, and of the application of analytical and other review procedures. A review is substantially less in scope than an audit which is conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the above-mentioned financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 (IAS 34).

In addition to the foregoing paragraph, based on our review, nothing has come to our attention that causes us to believe that the above-mentioned financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Israeli Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Tel Aviv,
November 8, 2026

Ziv Haft
Certified Public Accountants

Condensed Statements of Financial Position

	As of September 30		As of December 31,
	2026	2025	2025
	Unaudited		Audited
	USD thousands		
Current assets			
Cash	20,962	27,533	85,440
Short-term deposits	620,614	502,102	476,857
Trade receivables	44,726	14,052	12,087
Current tax receivable	1,932	2,256	4,746
Other accounts receivable	11,539	6,268	5,275
Inventory	92,446	49,304	53,588
	792,219	601,515	637,993
Non-current assets			
Property, plant and equipment	1,562	853	906
Right-of-use assets	4,549	2,962	2,770
Intangible assets	8,584	4,670	4,896
	14,695	8,485	8,572
	806,914	610,000	646,565
Current liabilities			
Trade payables	25,032	9,375	8,679
Other accounts payable	38,509	14,593	18,067
	63,541	23,968	26,746
Non-current liabilities			
Lease liabilities	4,874	3,432	3,390
Employee benefit liabilities, net	151	114	151
Deferred taxes	1,022	487	588
	6,047	4,033	4,129
Equity			
Share capital and premium	460,326	446,120	446,328
Reserve for share-based payment	15,957	6,662	8,455
Retained earnings	261,043	129,217	160,907
Total equity	737,326	581,999	615,690
	806,914	610,000	646,565

The accompanying notes constitute an integral part of these Condensed Interim Financial Statements.

November 8, 2026			
Approval Date of the Financial Statements	Chen Golan Chairman of the Board	Michael Grosman CEO	Alex Lavie CFO

Condensed Statements of Comprehensive Income

	For the nine month period ended September 30		For the three month period ended September 30		For the year ended December 31
	2026	2025	2026	2025	2025
	Unaudited				Audited
	USD thousands (except per share data)				
Revenues from sales	261,927	120,533	106,386	47,290	168,354
Cost of sales	(88,203)	(34,971)	(35,405)	(14,773)	(50,798)
Gross profit	**173,724**	**85,562**	**70,981**	**32,517**	**117,556**
Research and development expenses	(4,970)	(3,914)	(1,341)	(1,638)	(5,491)
Sales and marketing expenses	(2,427)	(1,505)	(761)	(628)	(1,874)
General and administrative expenses	(10,402)	(6,645)	(3,107)	(1,963)	(8,667)
	(17,799)	(12,064)	(5,209)	(4,229)	(16,032)
Operating profit	**155,925**	**73,498**	**65,772**	**28,288**	**101,524**
Financing expenses	(1,203)	(229)	(342)	(77)	(313)
Financing income	18,902	7,163	6,648	3,074	13,453
Profit before income tax	**173,624**	**80,432**	**72,078**	**31,285**	**114,664**
Income taxes	(21,656)	(8,468)	(12,021)	(3,117)	(11,000)
Net profit	**151,968**	**71,964**	**60,057**	**28,168**	**103,664**
Other comprehensive income (net of tax effects):					
Amounts that will not be subsequently reclassified to profit or loss:					
Loss from remeasurement of defined benefit plans	-	-	-	-	(10)
Total other comprehensive loss	**-**	**-**	**-**	**-**	(10)
Total comprehensive income	**151,968**	**71,964**	**60,057**	**28,168**	**103,654**
Net profit per share (in US dollars)					
Basic net profit	**1.651**	**0.883**	**0.650**	**0.341**	**1.235**
Diluted net profit	**1.601**	**0.850**	**0.633**	**0.328**	**1.106**

The accompanying notes constitute an integral part of these Condensed Interim Financial Statements.

Condensed Statements of Changes in Equity

For the nine-month period ended September 30, 2026 (Unaudited)

	Share capital and premium	Reserve for share-based payment	Retained earnings	Total equity
	USD thousands			
Balance as of January 1, 2026	**446,328**	**8,455**	**160,907**	**615,690**
Net profit	-	-	151,968	151,968
Consideration from exercise of options	13,998	(3,221)	-	10,777
Cost of share-based payment	-	10,723	-	10,723
Dividend	-	-	(51,832)	(51,832)
Balance as of September 30, 2026	**460,326**	**15,957**	**261,043**	**737,326**

For the nine-month period ended September 30, 2025 (Unaudited)

	Share capital and premium	Reserve for share-based payment	Retained earnings	Total equity
	USD thousands			
Balance as of January 1, 2025	**43,194**	**4,047**	**90,451**	**137,692**
Net profit	-	-	71,964	71,964
Consideration from exercise of options	4,559	(984)	-	3,575
Cost of share-based payment	-	3,599	-	3,599
Capital raising, net of issuance expenses	398,367	-	-	398,367
Dividend	-	-	(33,198)	(33,198)
Balance as of September 30, 2025	**446,120**	**6,662**	**129,217**	**581,999**

For the three-month period ended September 30, 2026 (Unaudited)

	Share capital and premium	Reserve for share-based payment	Retained earnings	Total equity
	USD thousands			
Balance as of July 1, 2026	**458,777**	**12,161**	**200,986**	**671,924**
Net profit	-	-	60,057	60,057
Consideration from exercise of options	1,549	(319)	-	1,230
Cost of share-based payment	-	4,115	-	4,115
Balance as of September 30, 2026	**460,326**	**15,957**	**261,043**	**737,326**

Condensed Statements of Changes in Equity

For the three-month period ended September 30, 2025 (Unaudited)

	Share capital and premium	Reserve for share-based payment	Retained earnings	Total equity
	USD thousands			
Balance as of July 1, 2025	**47,112**	**5,402**	**101,049**	**153,563**
Net profit	-	-	28,168	28,168
Consideration from exercise of options	641	(140)	-	501
Cost of share-based payment	-	1,400	-	1,400
Capital raising, net of issuance expenses	398,367	-	-	398,367
Balance as of September 30, 2025	**446,120**	**6,662**	**129,217**	**581,999**

For the year ended December 31, 2025 (Audited)

	Share capital and premium	Reserve for share-based payment	Retained earnings	Total equity
	USD thousands			
Balance as of January 1, 2025	**43,194**	**4,047**	**90,451**	**137,692**
Net profit	-	-	103,664	103,664
Other comprehensive income	-	-	(10)	(10)
Total comprehensive income	-	-	103,654	103,654
Dividend	-	-	(33,198)	(33,198)
Consideration from exercise of options	4,767	(1,033)	-	3,734
Cost of share-based payment	-	5,441	-	5,441
Capital raising, net of issuance expenses	398,367	-	-	398,367
Balance as of December 31, 2025	**446,328**	**8,455**	**160,907**	**615,690**

The accompanying notes constitute an integral part of these Condensed Interim Financial Statements.

Condensed Statements of Cash Flows

	For the nine month period ended September 30		For the three month period ended September 30		For the year ended December 31
	2026	2025	2026	2025	2025
	Unaudited				Audited
	USD thousands				
Cash flows from operating activities					
Net profit	151,968	71,964	60,057	28,168	103,664
Adjustments required to present cash flows from operating activities:					
Adjustments to profit or loss items:					
Depreciation and amortization	1,768	1,731	643	579	2,317
Income taxes	21,656	8,468	12,021	3,117	11,000
Cost of share-based payment	9,309	3,599	3,577	1,400	5,441
Change in employee benefit liabilities, net	-	-	-	-	27
Financing income, net	(15,631)	(10,412)	(4,045)	(5,095)	(15,101)
Changes in asset and liability items:					
Decrease (increase) in trade receivables	(32,639)	(7,678)	(4,249)	3,508	(5,713)
Decrease (increase) in other accounts receivable	(6,225)	(4,428)	1,521	(1,449)	(3,435)
Increase in inventory	(38,858)	(26,918)	(20,792)	(8,676)	(31,202)
Increase (decrease) in trade payables	16,353	3,533	2,838	(703)	2,837
Increase (decrease) in other accounts payable	19,732	(488)	4,367	259	2,813
Cash provided by operations activities	127,433	39,371	55,938	21,108	72,648
Interest received	19,760	5,547	6,667	2,688	5,754
Interest paid	(357)	(210)	(122)	(73)	(285)
Income taxes received	2,597	-	-	-	456
Income taxes paid	(21,005)	(9,556)	(9,212)	(4,885)	(14,933)
Net cash provided by operating activities	128,428	35,152	53,271	18,838	63,640
Cash flows from investing activities					
Purchase of property, plant and equipment	(873)	(239)	(270)	(29)	(341)
Investment in short-term deposits	(147,179)	(451,300)	(52,031)	(433,187)	(421,380)
Capitalized development costs	(3,031)	(1,961)	(1,070)	(561)	(2,495)
Net cash used in investing activities	(151,083)	(453,500)	(53,371)	(433,777)	(424,216)
Cash flows from financing activities					
Dividend	(51,832)	(33,198)	-	-	(33,198)
Exercise of share options into shares	10,738	3,575	1,191	501	3,734
Capital raising, net of issuance expenses	-	398,367	-	398,367	398,367
Repayment of lease liabilities	(622)	(301)	(323)	(103)	(414)
Net cash provided by (used in) financing activities	(41,716)	368,443	868	398,765	368,489
Increase (decrease) in cash	(64,371)	(49,905)	768	(16,174)	7,913
Exchange rate differences on cash balances	(107)	2,730	(125)	1,127	2,819
Cash at the beginning of period	85,440	74,708	20,319	42,580	74,708
Cash at the end of period	20,962	27,533	20,962	27,533	85,440

The accompanying notes constitute an integral part of these Condensed Interim Financial Statements.

Note 1: General

a. The Company

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 domiciled in Israel and its address is 9 HaDafna Street, Ra'anana.

The Company is engaged in the development, production, 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 to the various platforms of its customers.

On June 14, 2021, the Company's securities began trading on the Tel Aviv Stock Exchange Ltd., following the completion of its first public offering under a prospectus on June 10, 2021.

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).

b. Impact of the Wars and the Geopolitical Situation

On October 7, 2023, following a surprise attack by the terrorist organization Hamas from the Gaza Strip, the Government of Israel declared the Iron Swords War. Following the attack from the Gaza Strip, an attack was also launched towards northern Israel by the terrorist organization Hezbollah from Lebanon, and tensions increased in additional areas. As part of its response to 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, along the border with Lebanon, and also imposed restrictions on gatherings, the operation of workplaces, and 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 in business activity in Israel, resulting, inter alia, from business closures, labor shortages, and disruptions in the supply chain.

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 towards 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 US, launched Operation Lion's Roar against the regime in Iran. In response, Iran launched missiles and other means towards Israel. On April 8, 2026, the US and Iran accepted the Pakistani proposal, which stipulates a bilateral ceasefire. As of the date of signing the financial statements, the ceasefire is generally being maintained and the Israeli economy is in a process of gradual return to routine, with most of the restrictions imposed by the Home Front Command being lifted. However, geopolitical tensions in the region remain high, and there is uncertainty regarding the long-term stability of the ceasefire and the formulation of permanent political arrangements.

Since the outbreak of the war, there has been an increase in orders for the Company's cameras and other products from its Israeli customers. Even before the outbreak of the war, the Company increased its inventory and production capacity in order to meet the 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 this Report, the Iron Swords War or Operations Rising Lion and Lion's Roar have not had a material impact on the Company's results or on its ability to deliver orders to its customers on time.

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

Note 1: General (continued)

c. Tariffs on Goods Imported to the US

During the years 2025 and 2026, the US administration published a number of measures for the imposition of tariffs on imports to the US, which may affect the scope of global trade and the activities of companies exporting to the US market. Within the framework of these measures, tariffs were imposed on imports from various countries, including Israel.

In February 2026, the Supreme Court in the US ruled that most of the global tariffs imposed in the previous year should be invalidated. In response, the US President signed an executive order imposing a uniform global tariff at a rate of 10% for a period of 150 days, and announced his intention to raise it to a rate of 15%. This tariff expired in July 2026.

Concurrently with its expiration, in July 2026, regulations were published pursuant to Section 301 of the US Trade Act, which set tariffs at rates of 10% or 12.5% on imports from certain countries, including Israel (12.5%), subject to various exceptions and exclusions.

In August 2026, an executive order was published pursuant to Section 232 of the US Trade Expansion Act, imposing tariffs on imports of drones and certain of their components, and including an incentive program for companies establishing manufacturing operations in the US. The Company is examining the implications of the order for its products. As part of its growth strategy, the Company intends to establish operations in the US, which may enable it to serve its customers in the US market more efficiently.

Although part of the Company's revenues originates from exports to the US, in the Company's estimation, as of the date of approval of the financial statements, the aforementioned tariff measures did not have a material impact on its business results.

Note 2: Significant Accounting Policies

a. Format of Preparation of the Interim Financial Statements

These financial statements were prepared in condensed format as of September 30, 2026 and for the nine- and three-month periods ended on that date (hereinafter: "**Interim Financial Statements**"). These statements should be read in the context of the Company's annual financial statements as of December 31, 2025 and for the year then ended and the notes accompanying them (hereinafter: the "**Annual Financial Statements**").

The condensed interim financial statements comply with the provisions of International Accounting Standard 34 regarding interim financial reporting. In addition, the condensed interim financial statements comply with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

The condensed interim financial statements were prepared using the same accounting policy and calculation methods applied in the Annual Financial Statements.

b. IFRS 18, Presentation and Disclosure in Financial Statements (hereinafter: the "New Standard")

As of the date of approval of the financial statements, the Company is in the process of examining all the effects of the New Standard, including the effects of the amendments to other standards included therein, on its financial statements and on the disclosures included therein. Based on the results of the examination performed to date, the Company estimates that the expected material effects of the New Standard on the financial statements are as follows:

1. Specified main business activities

The Company examined the provisions of the New Standard regarding specified main business activities and concluded that it does not have a specified main business activity of investing in assets or providing financing to customers.

Note 2: Significant Accounting Policies (continued)

2. Main material effects regarding classification in the statement of profit or loss and the subtotals included therein

- Exchange rate differences: Currently, all exchange rate differences are classified under financing income (financing expenses). Following the application of the New Standard, exchange rate differences in respect of customers and suppliers will be classified in the operating category, and exchange rate differences on bank deposits will be classified in the investing category.
- Interest income on deposits has been presented to date under financing income. Following the application of the New Standard, interest income on deposits will be presented in the investing category.
- Subtotals: Currently, the Company presents in the statement of profit or loss subtotals of gross profit (loss), operating profit (loss), profit (loss) before income taxes (tax benefit) and net profit (loss). Following the application of the New Standard, the Company will continue to present the aforementioned subtotals, in addition to profit (loss) before financing and income taxes.

3. Effects on classification in the statement of cash flows

Currently, the Company classifies cash flows from interest received and interest paid under operating activities in the statement of cash flows. Following the application of the New Standard, cash flows from interest received will be classified under investing activities and cash flows from interest paid will be classified under financing activities.

As a result of the aforementioned classification changes, a decrease in cash flows from operating activities is expected, mainly due to the reclassification of cash flows from interest received to investing activities.

4. Management-defined performance measures (MPMs)

The Company has not identified any measures that may constitute management-defined performance measures in accordance with the provisions of the New Standard.

5. Possible effects on other matters related to the Company's business

Financial covenants

As of the date of approval of the financial statements, the Company is not required to comply with any financial covenants.

Compensation for officers and employees

The Company has not yet completed its examination of the effect of applying the New Standard on compensation mechanisms for officers and employees that are based on accounting data or measures, if any.

Note 3: Cash

Composition:	As of September 30		As of December 31, 2025
	2026	2025	
	Unaudited		Audited
	USD thousands		
In banks	18,436	7,517	11,172
Deposits *	2,526	20,016	74,268
	20,962	27,533	85,440

(*) Most of which are in dollar deposits for periods of three months, including a fixed interest rate ranging between 4.1%-4.15%.

Note 4: Deposits

Composition:	As of September 30		As of December 31, 2025
	2026	2025	
	Unaudited		Audited
	USD thousands		
Short-term deposits*	620,614	502,102	476,857
	620,614	502,102	476,857

(*) Most of which are in dollar deposits whose original period exceeds three months from the deposit date and do not exceed one year, including a fixed annual interest rate ranging between 4.1%-5%.

Note 5: Revenues from sales

A. Composition:	For the nine month period ended September 30		For the year ended December 31, 2025
	2026	2025	
	Unaudited		Audited
	USD thousands		
Sales in Europe	164,562	69,283	94,825
Sales in Israel	24,450	14,710	17,906
Sales in North America	57,083	31,703	49,099
Sales in other countries	15,832	4,837	6,524
	261,927	120,533	168,354

B. Additional information on revenues

	For the nine month period ended September 30		For the year ended December 31, 2025
	2026	2025	
	Unaudited		Audited
Revenues from major customers, each accounting for 10% or more of the total revenues reported in the financial statements:			
Customer A	28.8%	19.1%	19.5%
Customer B	17.4%	11.6%	11.5%
Customer C	13.6%	13.5%	15.5%

Note 6: Significant events during the reporting period

a. On January 5, 2026, the Company's Board of Directors approved the grant of 30,100 non-tradable options of the Company to Company officers. The options are exercisable into ordinary shares of the Company with a nominal value of NIS 0.00005 each. The options are exercisable in three tranches: the first tranche, constituting 50% of the grant, is exercisable two years after the grant date; the second tranche, constituting 25% of the grant, is exercisable three years after the grant date; and the third tranche, the remaining 25%, is exercisable four years after the grant date, subject to the continued existence of employer-employee relations. The options will expire five years from the grant date.

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

   The calculation was based on the following assumptions: standard deviation of 41.61%, risk-free interest rate of 3.55%, exercise period of five years, and the Company's share closing price on the Tel Aviv Stock Exchange on January 1, 2026: NIS 230.

   The grant of the options to the officers was approved at the general meeting 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 0.563 per share) which was paid during the month of March 2026.

c. On March 10, 2026, the Company's Board of Directors approved the grant of 180,000 non-tradable options of the Company to Company employees. The options are exercisable into ordinary shares of the Company with a nominal value of NIS 0.00005 each. The options are exercisable in three tranches: the first tranche, constituting 50% of the grant, is exercisable two years after the grant date; the second tranche, constituting 25% of the grant, is exercisable three years after the grant date; and the third tranche, the remaining 25%, is exercisable four years after the grant date, subject to the continued existence of employer-employee relations. The options will expire five years from the grant date.

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

   The calculation was based on the following assumptions: standard deviation of 44.65%, risk-free interest rate of 3.59%, exercise period of five years, and the Company's share closing price on the Tel Aviv Stock Exchange on March 10, 2026: NIS 328.4.

d. On March 27, 2026, the Company's Board of Directors approved the grant of 27,500 non-tradable options of the Company to a Company employee. The options are exercisable into ordinary shares of the Company with a nominal value of NIS 0.00005 each. The options are exercisable in three tranches: the first tranche, constituting 50% of the grant, is exercisable two years after the grant date; the second tranche, constituting 25% of the grant, is exercisable three years after the grant date; and the third tranche, the remaining 25%, is exercisable four years after the grant date, subject to the continued existence of employer-employee relations. The options will expire five years from the grant date.

   The exercise price of each option granted is NIS 337.9 (approximately USD 108). The fair value of the grant on the date of approval by the Board of Directors was approximately NIS 142.67 per option (approximately USD 45.31).

   The calculation was based on the following assumptions: standard deviation of 44.48%, risk-free interest rate of 3.88%, exercise period of five years, and the Company's share closing price on the Tel Aviv Stock Exchange on March 26, 2026: NIS 337.9.

e. During the period, Company employees exercised 1,549,136 options for Company shares for a total consideration of approximately USD 10,738 thousand.

Note 6: Significant events during the reporting period (continued)

f. On January 1, 2026, the Company entered into a lease agreement for an additional floor in the Company's office building, located at 9 HaDafna Street, Ra'anana. The additional floor has a total area of approximately 1,850 square meters.

The lease agreement for the additional floor is for a period of five 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 as detailed in the lease agreement.

As a result of the addition of the floor, the Company added an asset and a lease liability in the amount of approximately USD 1,878 thousand and the incremental interest rate was 8%. The option was not taken into account in determining the lease period, since the Company does not expect that it is reasonably certain that the option will be exercised.

g. On May 10, 2026, the Company's Board of Directors approved the grant of 107,000 non-tradable options of the Company to Company employees. The options are exercisable into ordinary shares of the Company with a nominal value of NIS 0.00005 each. The options are exercisable in three tranches: the first tranche, constituting 50% of the grant, is exercisable two years after the grant date; the second tranche, constituting 25% of the grant, is exercisable three years after the grant date; and the third tranche, the remaining 25%, is exercisable four years after the grant date, subject to the continued existence of employer-employee relations. The options will expire five years from the grant date.

The exercise price of each option granted is NIS 310 (approximately USD 106.6). The fair value of the grant on the date of approval by the Board of Directors was approximately NIS 134.76 per option (approximately USD 46.4).

The calculation was based on the following assumptions: standard deviation of 46.36%, risk-free interest rate of 3.97%, exercise period of five years, and the Company's share closing price on the Tel Aviv Stock Exchange on May 8, 2026: NIS 310.

h. On May 10, 2026, the Company's Board of Directors approved the grant of 32,500 non-tradable options of the Company to a Company officer. The options are exercisable into ordinary shares of the Company with a nominal value of NIS 0.00005 each. The options are exercisable in three tranches: the first tranche, constituting 50% of the grant, is exercisable two years after the grant date; the second tranche, constituting 25% of the grant, is exercisable three years after the grant date; and the third tranche, the remaining 25%, is exercisable four years after the grant date, subject to the continued existence of employer-employee relations. The options will expire five years from the grant date.

The exercise price of each option granted is NIS 316.65 (approximately USD 108.9). The fair value of the grant on the date of approval by the Board of Directors was approximately NIS 132.81 per option (approximately USD 45.7).

The calculation was based on the following assumptions: standard deviation of 46.36%, risk-free interest rate of 3.97%, exercise period of five years, and the Company's share closing price on the Tel Aviv Stock Exchange on May 8, 2026: NIS 310.

The grant of the options to the officer was approved at the general meeting held on June 16, 2026.

Note 6: Significant events during the reporting period (continued)

i. On August 9, 2026, the Company's Board of Directors approved the grant of 117,500 options of the Company to Company employees who are not officers. The options are exercisable into ordinary shares of the Company with a nominal value of NIS 0.00005 each. The options are exercisable in three tranches: the first tranche, constituting 50% of the grant, is exercisable two years after the grant date; the second tranche, constituting 25% of the grant, is exercisable three years after the grant date; and the third tranche, the remaining 25%, is exercisable four years after the grant date, subject to the continued existence of employer-employee relations. The options will expire five years from the grant date.

The exercise price of each option granted to the Company employees is NIS 230.5 (approximately USD 76.68). The fair value of the grant on the date of approval by the Board of Directors was approximately NIS 102.02 per option (approximately USD 33.94).

The calculation was based on the following assumptions: standard deviation of 47.86%, risk-free interest rate of 4.31%, exercise period of five years, and the Company's share closing price on the Tel Aviv Stock Exchange on August 7, 2026: NIS 230.5.

Note 7: Events after the balance sheet date

On November 8, 2026, the Company's Board of Directors approved the grant of 101,000 options of the Company to Company employees who are not officers. The options are exercisable into ordinary shares of the Company with a nominal value of NIS 0.00005 each. The options are exercisable in three tranches: the first tranche, constituting 50% of the grant, is exercisable two years after the grant date; the second tranche, constituting 25% of the grant, is exercisable three years after the grant date; and the third tranche, the remaining 25%, is exercisable four years after the grant date, subject to the continued existence of employer-employee relations. The options will expire five years from the grant date.

The exercise price of each option granted to the Company employees is NIS 162 (approximately USD 50.72). The fair value of the grant on the date of approval by the Board of Directors was approximately NIS 70.9 per option (approximately USD 22.2).

The calculation was based on the following assumptions: standard deviation of 48.42%, risk-free interest rate of 4.53%, exercise period of five years, and the Company's share closing price on the Tel Aviv Stock Exchange on November 6, 2026: NIS 162.

NextVision Stabilized Systems Ltd.

Quarterly Report

As of September 2026

Quarterly Report Regarding the Effectiveness of Internal Control over Financial Reporting and Disclosure pursuant to Article 38C(a)

Quarterly Report Regarding the Effectiveness of Internal Control over Financial Reporting and Disclosure pursuant to Article 38C(a)
As of September 30, 2026

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.

As of the date of the report, no event or matter has been brought to the attention of the Board of Directors and Management that could change the assessment of the effectiveness of internal control as found in the most recent internal control report.

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 September 30, 2026 is effective.

(a) Statement of the Chief Executive Officer pursuant to Article 38C(d)(1)

Officers' Statement
Statement of the Chief Executive Officer

I, Michael Grosman, declare that:

1. I have reviewed the Quarterly Report of NextVision Stabilized Systems Ltd. (hereinafter: the "**Company**") for the third quarter of 2026 (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) No event or matter has been brought to my attention that occurred during the period between the last quarterly report date and this Report date that would change the conclusions of the Board of Directors and Management regarding the effectiveness of the internal control over the Company's financial reporting and disclosure.

Nothing in the above shall derogate from my responsibility or the responsibility of any other person under any law.

November 8, 2026 _____

Michael Grosman
CEO

(b) <u>Statement of the Most Senior Officer in the Finance Function pursuant to Article 38C(d)(2)</u>

Officers' Statement
Statement of the Most Senior Officer in the Finance Function

I, Alex Lavie, declare that:

1. I have reviewed the interim financial statements and other financial information included in the interim reports of NextVision Stabilized Systems Ltd. (hereinafter: the "**Company**") for the third quarter of 2026 (hereinafter: the "**Reports**" or "**Interim Reports**");
2. To the best of my knowledge, the interim financial statements and other financial information included in the Interim 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 interim financial statements and other financial information included in the Interim 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 interim financial statements and other financial information included in the Interim 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, 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) No event or matter has been brought to my attention that occurred during the period between the last quarterly report date and this Report date, regarding the interim financial statements and any other financial information included in the Interim Reports, which, in my opinion, would change the conclusions of the Board of Directors and Management regarding the effectiveness of the internal control over the Company's financial reporting and disclosure.

Nothing in the above shall derogate from my responsibility or the responsibility of any other person under any law.

November 8, 2026 _____

Alex Lavie
CFO