

# **Sarine Technologies Ltd. and its Subsidiaries**

**(Incorporated in Israel)  
(Registration Number: 51-133220-7)**

## **Condensed Interim Financial Statements For the Year ended 31 December 2025**

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**Sarine Technologies Ltd.  
and its Subsidiaries**

**A. Condensed Consolidated and Company Statements of Financial Position as at:**

	Group		Company	
	2025	2024	2025	2024
	US\$ thousands			
<b>Assets</b>				
Property, plant and equipment	5,475	6,545	625	1,161
Investment property (Real Estate)	3,806	3,914	--	--
Right-of-use assets	3,148	4,594	1,426	2,267
Intangible assets	7,139	7,044	1,103	801
Long-term trade receivables	862	1,740	29	296
Investment in affiliated company, see Note 10	6,462	--	6,462	--
Investment in subsidiaries	--	--	48,733	44,636
Other non-current assets	3,195	2,247	--	--
Deferred tax assets	390	593	--	--
<b>Total non-current assets</b>	<b>30,477</b>	<b>26,677</b>	<b>58,378</b>	<b>49,161</b>
Inventories	4,098	6,731	1,830	4,242
Trade receivables	6,571	9,195	4,562	5,369
Other current assets	1,653	3,006	417	694
Short-term investments (bank deposits)	31	8,071	--	2,051
Cash and cash equivalents	21,998	18,229	8,718	7,916
<b>Total current assets</b>	<b>34,351</b>	<b>45,232</b>	<b>15,527</b>	<b>20,272</b>
<b>Total assets</b>	<b>64,828</b>	<b>71,909</b>	<b>73,905</b>	<b>69,433</b>
<b>Equity</b>				
Share capital*	--	--	--	--
Share premium and reserves	35,487	35,396	35,487	35,396
Translation reserve	(4,682)	(4,436)	(4,682)	(4,436)
Dormant shares, at cost	(6,766)	(6,502)	(6,766)	(6,502)
Retained earnings	29,114	32,991	29,114	32,991
<b>Total equity</b>	<b>53,153</b>	<b>57,449</b>	<b>53,153</b>	<b>57,449</b>
<b>Liabilities</b>				
Long-term lease liabilities	2,750	4,165	1,236	2,178
Financial instrument	1,100	1,100	--	--
Other non-current liabilities	584	457	160	107
<b>Total non-current liabilities</b>	<b>4,434</b>	<b>5,722</b>	<b>1,396</b>	<b>2,285</b>
Trade payables	1,437	1,440	1,626	2,350
Other payables	4,697	5,512	17,109	6,343
Current lease liabilities	1,002	1,326	539	788
Current tax payable	11	161	--	--
Warranty provision	94	299	82	218
<b>Total current liabilities</b>	<b>7,241</b>	<b>8,738</b>	<b>19,356</b>	<b>9,699</b>
<b>Total liabilities</b>	<b>11,675</b>	<b>14,460</b>	<b>20,752</b>	<b>11,984</b>
<b>Total equity and liabilities</b>	<b>64,828</b>	<b>71,909</b>	<b>73,905</b>	<b>69,433</b>

\* No par value

**Sarine Technologies Ltd.  
and its Subsidiaries**

**B. Condensed Consolidated Interim Statements of Profit or Loss:**

	Group Six Months Ended December 31,			Group Year ended December 31,		
	2025 US\$ thousands	2024	change %	2025 US\$ thousands	2024	change %
<b>Revenue</b>	<b>14,251</b>	<b>17,330</b>	<b>(17.8)</b>	<b>29,586</b>	<b>39,201</b>	<b>(24.5)</b>
Cost of Sales	(6,540)	(8,161)	(19.9)	(13,206)	(16,205)	(18.5)
<b>Gross profit</b>	<b>7,711</b>	<b>9,169</b>	<b>(15.9)</b>	<b>16,380</b>	<b>22,996</b>	<b>(28.8)</b>
Research and development expenses	(3,178)	(2,834)	12.1	(6,034)	(6,721)	(10.2)
Sales and marketing expenses	(4,609)	(5,359)	(14.0)	(9,113)	(11,011)	(17.2)
General and administrative expenses	(1,953)	(2,425)	(19.5)	(3,758)	(5,295)	(29.0)
Gain from lease termination	--	--	NA	604	--	NA
<b>Loss from operations</b>	<b>(2,029)</b>	<b>(1,449)</b>	<b>40.0</b>	<b>(1,921)</b>	<b>(31)</b>	<b>NM</b>
Net finance (loss) income	(111)	1,357	(108.2)	(93)	1,480	(106.3)
Loss of equity accounted investees	228	--	NA	228	--	NA
<b>Profit (Loss) before income tax</b>	<b>(2,368)</b>	<b>(92)</b>	<b>NM</b>	<b>(2,242)</b>	<b>1,449</b>	<b>NM</b>
Income tax expense (income)	1,343	(144)	(1032)	1,635	375	336
<b>Profit (Loss) for the period</b>	<b>(3,711)</b>	<b>52</b>	<b>NM</b>	<b>(3,877)</b>	<b>1,074</b>	<b>NM</b>
Other comprehensive income (loss)						
Remeasurement of defined benefit plan	(31)	11	(382)	(31)	11	(382)
Foreign currency translation differences from foreign operations	(262)	(159)	64.8	(246)	(187)	31.6
<b>Total comprehensive (loss) income for the period</b>	<b>(4,004)</b>	<b>(96)</b>	<b>NM</b>	<b>(4,154)</b>	<b>898</b>	<b>NM</b>
<b>Earnings per share</b>						
Basic (losses) earnings per share (US cents)	(1.09)	0.02		(1.14)	0.31	
Diluted (losses) earnings per share (US cents)	(1.09)	0.02		(1.14)	0.31	

**Sarine Technologies Ltd.  
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**C. Condensed Consolidated and Company Statements of Changes in Equity**

Group and Company	Share capital*	Share premium and reserves	Translation reserve	Retained earnings	Dormant shares	Total
	US\$ thousands					
Balance at January 1, 2024	--	35,264	(4,249)	34,488	(5,183)	60,320
Profit for the year ended December 31, 2024	--	--	--	1,074	--	1,074
Other comprehensive income (loss) for the year ended December 31, 2024	--	11	(187)	--	--	(176)
Dormant shares, acquired at cost (5,639,274 shares)	--	--	--	--	(1,319)	(1,319)
Share-based payment expenses	--	117	--	--	--	117
Exercise of options	--	4	--	--	--	4
Dividend paid	--	--	--	(2,571)	--	(2,571)
Balance at December 31, 2024	--	35,396	(4,436)	32,991	(6,502)	57,449
Loss for the year ended December 31, 2025	--	--	--	(3,877)	--	(3,877)
Other comprehensive loss for the year ended December 31, 2025	--	(31)	(246)	--	--	(277)
Dormant shares, acquired at cost (1,455,900 shares)	--	--	--	--	(264)	(264)
Share-based payment expenses	--	110	--	--	--	110
Exercise of options	--	12	--	--	--	12
Balance at December 31, 2025	--	35,487	(4,682)	29,114	(6,766)	53,153

\* No par value

**D. Condensed Consolidated Statements of Cash Flows**

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>US\$ thousands</b>	
<b>Cash flows from operating activities</b>		
Profit (Loss) for the year	(3,877)	1,074
<b>Adjustments for:</b>		
Share-based payment expenses	110	117
Income tax expense	1,635	375
Depreciation of property, plant & equipment and right-of-use assets	2,436	2,995
Depreciation of investment property (Real Estate)	108	124
Amortisation of intangible assets and write off of goodwill	595	1,028
Revaluation of lease liabilities from exchange rate differences	302	(26)
Change in financial instrument liability	--	(627)
Change in financial assets fair value, net	100	(498)
Loss of equity accounted investees	228	--
Gain on lease termination	(604)	--
Other net finance income	(409)	(405)
<b>Changes in working capital</b>		
Inventories	2,633	3,789
Trade receivables	3,502	4,290
Other current assets	340	(1,614)
Rent deposit, net	--	(105)
Trade payables	(3)	(341)
Other liabilities	(1,149)	108
Employee benefits	127	(22)
Income tax paid	(1,617)	(781)
<b>Net cash from operating activities</b>	<b>4,457</b>	<b>9,481</b>
<b>Cash flows (used in) from investing activities</b>		
Acquisition of property, plant and equipment	(365)	(569)
Acquisition of equity accounted investee	(6,690)	--
Proceeds from realisation of property, plant and equipment	32	69
Short-terms investments, net	8,040	(7,437)
Capitalisation of development expenses	(690)	(922)
Interest received	759	825
<b>Net cash (used in) from investing activities</b>	<b>1,086</b>	<b>(8,034)</b>
<b>Cash flows used in financing activities</b>		
Proceeds from exercise of share options	12	4
Purchase of Company's shares by the Company	(264)	(1,319)
Dividends paid	--	(2,571)
Payment of lease liabilities	(1,172)	(1,263)
Interest paid	(271)	(309)
<b>Net cash used in financing activities</b>	<b>(1,695)</b>	<b>(5,458)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,848</b>	<b>(4,011)</b>
Cash and cash equivalents at beginning of year	18,229	22,351
Effect of exchange rate fluctuations on cash and cash equivalents	(79)	(111)
<b>Cash and cash equivalents at end of year</b>	<b>21,998</b>	<b>18,229</b>

## **E. Notes to the Condensed Interim Financial Statements as at December 31, 2025**

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### **Note 1 – General**

Sarine Technologies Ltd. (hereinafter “Sarine” or the “Company”) is a company domiciled in Israel. The address of the Company’s registered office is 4 Haharash Street, Hod Hasharon 4524075, Israel. The condensed interim financial statements of the Company, as at December 31, 2025 and for the six months ended December 31, 2025, comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Company was incorporated on November 8, 1988. On April 8, 2005, the Company was admitted to the Main Board list of the Singapore Exchange Securities Trading Ltd. and on July 5, 2021, the Company dual listed its shares for trading on the Tel Aviv Stock Exchange.

### **Note 2 - Basis of Preparation**

#### **A. Statement of compliance**

The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The condensed interim financial statements for the six months and year ended December 31, 2025 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The condensed interim financial statements were authorised for issue by the Company’s Board of Directors on February 27, 2026.

#### **B. Basis of measurement**

The condensed interim financial statements have been prepared on the historical cost basis except for the following material items in the condensed interim statement of financial position:

- financial assets measured at fair value through profit or loss;
- assets and liabilities relating to employee benefits;
- deferred tax assets and liabilities;
- and provisions.

#### **C. Functional and presentation currency**

These condensed interim financial statements are presented in United States (US) dollars, or US\$, which is the Company’s functional currency. The US dollar is the currency that represents the principal economic environment in which the Company and most Group entities operate. All financial information presented in US dollars has been rounded to the nearest thousand, except where otherwise indicated.

#### **D. Use of estimates and judgments**

The preparation of condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Certain accounting estimates used in the preparation of the Group’s condensed interim financial statements may require management to make assumptions regarding circumstances and events that involve considerable uncertainty. Management prepares these estimates on the basis of past experience, known facts, external circumstances, and reasonable assumptions. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### **E. Changes in accounting policies**

The accounting policies applied in these condensed interim financial statements for the six months and year ended December 31, 2025 are the same as those applied by the Company in the audited financial statements for the year ended December 31, 2024. See also note 10.

## F. Reclassifications

The Company has reclassified certain amounts related to its prior period balances to conform to its current period presentation. These reclassifications have not changed the results of operations of prior periods.

## G. IFRS 18, Presentation and Disclosure in Financial Statements

This standard replaces IAS 1, Presentation of Financial Statements. The standard provides guidance for improving the structure and content of the financial statements, particularly the income statement.

The standard includes new disclosure and presentation requirements as well as requirements that were taken from IAS 1, Presentation of Financial Statements. As part of the new disclosure requirements, it is required to present two subtotals in the income statement: operating profit and profit before financing and taxes.

The standard's initial date of application is for annual reporting periods beginning on or after January 1, 2027 with earlier application being permitted.

The Group is examining the effects of the standard on its financial statements with no plans for early adoption.

## Note 3 - Operating Segments

The Group is a worldwide leader in the development, manufacturing, marketing and sale of precision technology products for the planning, processing, evaluation and measurement of diamonds and gems. India is the principal market for these products. In accordance with IFRS 8, the Group determines and presents operating segments based on the information that is provided internally to the CEO, who is the Group's chief operating decision maker. The measurement of operating segment results is generally consistent with the presentation of the Group's condensed interim statements of comprehensive income. The Group operates in only one operating segment. Presented below are revenues broken out by geographic distribution.

Region	Group			
	Six months ended December, 31			
	US\$ thousands			
	2025	2024	\$ change	%
India	7,173	8,231	(1,058)	(12.9)
Africa	2,288	2,065	223	10.8
Europe	856	1,372	(516)	(37.6)
USA	2,898	2,559	339	13.2
Israel	437	725	(288)	(39.8)
Other*	599	2,378	(1,779)	(74.8)
<b>Total</b>	<b>14,251</b>	<b>17,330</b>	<b>(3,079)</b>	<b>(17.8)</b>

Region	Year ended December 31,			
	US\$ thousands			
	2025	2024	\$ change	%
India	14,777	19,389	(4,612)	(23.8)
Africa	4,547	5,066	(519)	(10.2)
Europe	2,034	3,115	(1,081)	(34.7)
USA	4,904	5,032	(128)	(2.5)
Israel	956	1,599	(643)	(40.2)
Other*	2,368	5,000	(2,632)	(52.6)
<b>Total</b>	<b>29,586</b>	<b>39,201</b>	<b>(9,615)</b>	<b>(24.5)</b>

\* Primarily Asia, excluding India

#### Note 4 - Revenue

Composition	Group			
	Six months ended December 31,		Year ended December 31,	
	US\$ thousands			
	2025	2024	2025	2024
Sale of products <sup>1</sup>	9,719	12,126	20,558	28,452
Maintenance & services <sup>2</sup>	4,532	5,204	9,028	10,749
<b>Total</b>	<b>14,251</b>	<b>17,330</b>	<b>29,586</b>	<b>39,201</b>

<sup>1</sup> Includes Galaxy<sup>®</sup> family recurring revenues associated with customer-owned machines.

<sup>2</sup> Includes annual maintenance contracts, service centers and gemological lab revenues.

#### Note 5 – Income Taxes

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The increase in income tax expense was primarily due to tax deducted at source in India in previous years, which the Group does not expect to utilise, and by the profitability being realised in various entities of the Group, each subject to different jurisdictions, applicable incentives, and income tax loss carryforwards.

The major components of income tax expense in the condensed interim statements of profit and loss and other comprehensive income are:

	Group			
	Six months ended December 31,		Year ended December 31,	
	US\$ thousands			
	2025	2024	2025	2024
Current tax expense	(5)	(60)	50	370
Taxes in respect of previous years	1,351	(130)	1,397	30
Deferred tax (income) expense	(3)	46	188	(25)
<b>Total income tax expense (income)</b>	<b>1,343</b>	<b>(144)</b>	<b>1,635</b>	<b>375</b>

#### Note 6 – Share Capital – The Company

	December 31, 2025	June 30, 2025	December 31, 2024
	No. of shares	No. of shares	No. of shares
<b>Authorised:</b>			
Ordinary shares of no par value	2,000,000,000	2,000,000,000	2,000,000,000
<b>Issued and fully paid:</b>			
Ordinary shares of no par value	356,893,121	356,836,455	356,836,455
<b>Dormant shares</b> (out of the issued and fully paid share capital):			
Ordinary shares of no par value	(16,163,074)	(15,465,174)	(14,707,174)
<b>Total number of issued shares</b> (excluding dormant shares)	<b>340,730,047</b>	<b>341,371,281</b>	<b>342,129,281</b>

For the six months ended December 31, 2025, 56,666 options were exercised into ordinary shares. For the six months ended December 31, 2025, the Company purchased 697,900 of its ordinary shares at an aggregate cost of US\$ 139,000. There was no sale, transfer, disposal, cancellation and/or use of treasury shares by the Company.

As at December 31, 2025, the total number of issued shares excluding dormant shares was 340,730,047 (as at December 31, 2024- 342,129,281). As at December 31, 2025, the total number of dormant shares was 16,163,074 (as at December 31, 2024- 14,707,174). In accordance with Israeli Companies Law, Company shares that have been acquired and are held by the Company are dormant shares (treasury shares in Singaporean terms) as long as the Company holds them, and, as such, they do not bear any rights until they are transferred to a third party. The issued and fully paid shares as at December 31, 2025, June 30, 2025, December 31, 2024 included 16,163,074, 15,465,174 and 14,707,174 dormant shares, respectively.

## Note 7 - Share-Based Payments

### Details of changes in share options:

	Average exercise price in US\$ per share	Options
At January 1, 2025	0.290	16,308,280
Granted	--	--
Cancelled	0.295	3,409,294
Exercised	0.204	56,666
At December 31, 2025	0.311	<u>12,842,320</u>

## Note 8 – Earnings Per Share

### Basic (losses) earnings per share

The calculation of basic losses per share for the six months ended December 31, 2025 was based on the loss attributable to ordinary shareholders of US\$ 3,711,000 (six months ended December 31, 2024 – earnings US\$ 52,000) and a weighted average number of ordinary shares outstanding of 341,091,132 (six months ended December 31, 2024 – 342,628,145). The calculation of basic losses per share for the year ended December 31, 2025 was based on the loss attributable to ordinary shareholders of US\$ 3,877,000 (2024 earnings of -- US\$ 1,074,000) and a weighted average number of ordinary shares outstanding of 341,415,027 (2024 – 343,318,797), calculated as follows:

	Six months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Basic (losses) earnings per share (US cents)	<u>(1.09)</u>	<u>0.02</u>	<u>(1.14)</u>	<u>0.31</u>
Issued ordinary shares at beginning of period	341,371,281	343,180,681	342,129,281	347,744,435
Effect of share options exercised	21,250	--	10,712	18,387
Effect of dormant shares purchased	(301,399)	(552,536)	(724,966)	(4,444,025)
Weighted average number of ordinary shares during period	<u>341,091,132</u>	<u>342,628,145</u>	<u>341,415,027</u>	<u>343,318,797</u>

### Diluted earnings per share

The calculation of diluted losses per share for the six months ended December 31, 2025 was based on the losses attributable to ordinary shareholders of US\$ 3,711,000 (six months ended December 31, 2024 – earnings of US\$ 52,

000) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 341,090,138 (six months ended December 31, 2024 - 342,628,145). The calculation of diluted losses per share for the year ended December 31, 2025 was based on the loss attributable to ordinary shareholders of US\$ 3,877,000 (2024 earnings of -- US\$ 1,074,000) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 341,410,150 (2024 - 343,319,514), calculated as follows:

	Six months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Diluted (loss) earnings per share (US cents)	<u>(1.09)</u>	<u>0.02</u>	<u>(1.14)</u>	<u>0.31</u>
Weighted average number of ordinary shares (basic)	341,091,132	342,628,145	341,415,027	343,318,797
Effect of share options on issue	<u>(994)</u>	<u>--</u>	<u>(4,877)</u>	<u>717</u>
Weighted average number of ordinary shares (diluted) during period	<u>341,090,138</u>	<u>342,628,145</u>	<u>341,410,150</u>	<u>343,319,514</u>

The average market value of the Company's ordinary shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

#### Note 9 – Leases

	December 31,		December 31,	
	Group		Company	
	2025	2024	2025	2024
	US\$ thousands			
Right-of-use assets	3,148	4,594	1,426	2,267
Current lease liabilities	1,002	1,326	539	788
Long-term lease liabilities	2,750	4,165	1,236	2,178
Total lease liabilities	<u>3,752</u>	<u>5,491</u>	<u>1,775</u>	<u>2,966</u>

Maturity analysis of the Group's and Company's lease liabilities as at December 31, 2025.

	Group	Company
	US\$ thousands	
Less than one year	1,002	539
One to five years	2,321	1,236
More than five years	429	--
Total lease liabilities	<u>3,752</u>	<u>1,775</u>

The Group has lease agreements with respect to office facilities mainly in Israel, USA and India. The Group also has lease agreements in respect to vehicles in Israel. In measurement of the lease liabilities, the Group discounted lease payments using the nominal incremental borrowing rate as at the lease inception.

## **Note 10 – Investment in affiliated company**

On 18 August 2025, the Group acquired a 33.02% investment in Kitov.ai, which engages in the development, integration and sale of advanced AI-based quality inspection and verification systems for use inline in production facilities and is applicable to many varied industries. The purpose of said investment being the diversification of Sarine's focus to additional industries, also in light of the current challenges the diamond jewellery industry faces, while applying similar technological solutions. The current deal structure included an initial cash investment of US\$4.1 million in consideration of a 33% stake in Kitov.ai, paid in part to the existing shareholders of Kitov.ai and in part infused into Kitov.ai as working capital. The excess of the consideration paid over the fair value of the net identifiable assets, in the amount of US\$ 3.7 million, was attributed to technology and goodwill and was included as part of the investment in the aforesaid company .

The Company also granted Kitov.ai a convertible loan in the amount of US\$ 2.6 million, which under certain conditions can be converted, at Sarine's sole discretion, into shares, not before 01 January 2027 and not after 15 February 2028, to bring Sarine's total stake in Kitov.ai to 51%.

The investment in Kitov.ai is accounted for using the equity method (equity accounted investees) and is recognized initially at cost. The cost of the investment includes transaction costs. Transaction costs that are directly attributable to an expected acquisition of an associate or joint venture are recognized as an asset as part of the item of deferred expenses in the statement of financial position. These costs are added to the cost of the investment on the acquisition date. The consolidated financial statements include the Group's share of the income and expenses in profit or loss and of other comprehensive income of Kitov.ai, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence or joint control ceases.

## **F. Other Information Required by Listing Rule Appendix 7.2**

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### **1. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

These figures have not been audited or reviewed. The figures presented were prepared in accordance with International Financial Reporting Standards (IFRS).

### **2. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

### **3. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended December 31, 2024 have been applied in the preparation for the financial statements for year ended December 31, 2025.

### **4. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

### **5. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:**

**(a) current financial period reported on; and**

**(b) immediately preceding financial year.**

	Group		Company	
	December 31,		December 31,	
	2025	2024	2025	2024
Net asset value (US\$ thousands)	53,153	57,449	53,153	57,449
Net asset value per ordinary share:				
US cents	15.60	16.79	15.60	16.79
Singapore cents*	20.03	22.84	20.03	22.84

As at December 31, 2025, net asset value per share is calculated based on the number of ordinary shares in issue at December 31, 2025 of 340,730,047 (not including 16,163,074 dormant ordinary shares at December 31, 2025). At December 31, 2024, net asset value per share is calculated based on the number of ordinary shares in issue at December 31, 2024 of 342,129,281 (not including 14,707,174 dormant ordinary shares at December 31, 2024).

\* Convenience translation based on exchange rate of US\$ 1=S\$ 1.2841 at December 31, 2025.

**6. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business:**

**(a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

*Overview*

The natural diamond polishing industry, from which the Group still derives most of its revenues, has been negatively impacted by the loss of significant market share, primarily in the key U.S. market, to lab-grown diamonds (LGD). Weak consumer demand in China also persists. The LGD segment is itself experiencing destabilising issues, stemming from oversupply driving an ongoing decline in wholesale prices. This, coupled with intensifying competition among retailers, has driven down retail LGD prices. The "devaluation" of LGD jewellery has led some consumers to reassess their perception of this product and has also driven retailers to seek means by which to differentiate their offerings from others', especially for those retailers selling very high-end LGD jewellery.

The Group has made progress in executing its strategic initiatives, albeit not to the point of compensating for the slowdown in the Group's traditional business, driven by the ongoing industry challenges. The expansion of our Most Valuable Plan™ (MVP) for optimising the planning of natural rough diamonds to additional stone sizes and the opening of a GCAL by Sarine lab in India have expanded our portfolio, attracting new customers and generating new recurring revenue streams. These initiatives also bolster our strategic position for future growth, particularly as the MVP continues to expand into larger carat-plus natural rough diamonds and GCAL's higher-end reports (the 8X and Signature versions) gain recognition as the best available tool to differentiate higher-end LGD products from the commoditised ones.

The Group reported revenues of US\$ 14.3 million in H2 2025, a loss from operations of US\$ 2.0 million and a net loss of US\$ 3.7 million, as compared to revenues of US\$ 17.3 million, a loss from operations of US\$ 1.5 million and a net profit of US\$ 0.1 million in H2 2024. The Group recorded negative EBITDA for H2 2025 in the amount of US\$ 0.4 million, as compared to a positive EBITDA of US\$ 0.8 million in H2 2024. For the year ended December 31, 2025, the Group recorded revenues of US\$ 29.6 million, a loss from operations of 1.9 million and a net loss of US\$ 3.9 million, as compared to revenues of US\$ 39.2 million, loss from operations of nil and net profit of US\$ 1.1 million for the year ended December 31, 2024. The Group recorded positive EBITDA for the year ended December 31, 2025 in the amount of US\$ 1.2 million, as compared to US\$ 4.1 million for the year ended December 31, 2024.

The decreased profitability for H2 2025 compared to H2 2024, derived from lower sales significantly further impacted by non-cash tax expenses in respect of previous years in the amount of US\$ 1.4 million. Further factors affecting our profitability were no further development costs being capitalised, due to the Group achieving commercialisation of

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the relevant product, the lack of a positive adjustment of US\$ 1.1 million in the valuation of GCAL Put / Call options, which were realized in H2 2024, offset by a benefit of US\$ 0.6 million due to an early lease termination.

In accordance with our strategy of recent years, the Group's business continues to pivot to deriving mostly recurring revenues from its proprietary services, including the Gal3D inclusion mapping software (which processes the Galaxy® platforms' output) the MVP rough diamond planning cloud-based solution, LGD rough planning solutions, GCAL's diamond and jewellery grading reports and other pay-per-use services such as light performance and traceability reports. These service-based revenues now constitute most of the Group's revenues.

#### *Balance Sheet and Cash Flow Highlights*

As at December 31, 2025, cash, cash equivalents and short-term investments (bank deposits) ("Cash Balances") decreased to US\$ 22.0 million as compared to US\$ 26.3 million as of December 31, 2024. The decrease in Cash Balances was primarily due to US\$ 6.7 million invested in and loaned to Kitov a.i, as noted above, offset by US\$ 4.5 million cash generated by operating activities.

#### *Revenues*

Revenues for H2 2025 of US\$ 14.3 million, decreased by 18%, as compared to revenues of US\$ 17.3 million reported in H2 2024. The decrease in revenues, across most geographies, pertained both to capital equipment sales and recurring revenues. Revenues for the year ended December 31, 2025 of US\$ 29.6 million, declined by 25%, as compared to US\$ 39.2 million for the year ended December 31, 2024. The overall decline in sales resulted from the ongoing challenging business conditions in the entire diamond jewellery value chain.

#### *Cost of sales and gross profit*

Cost of sales for H2 2025 of US\$ 6.5 million decreased by 20%, as compared to US\$8.2 million reported in H2 2024 (on a decrease in revenues of 18%), with a gross profit margin of 54% in H2 2025 compared to 53% in H2 2024. The increase in gross profit was primarily due to decreased overall sales and operational expenses saved by the transfer of our manufacturing to our subsidiary in India.

Cost of sales for the year ended December 31, 2025 of US\$ 13.2 million, decreased by 19% (on a decrease in revenues of 25%), as compared to US\$ 16.2 million for the year ended December 31, 2024, with a gross profit margin of 55% for the year ended December 31, 2025 compared to 59% in the year ended December 31, 2024. The decrease in gross profit in year ended December 31, 2025 and the corresponding decrease in gross profit margin was primarily due to lower sales, which was somewhat off-set by the decrease in operational expenses achieved by the transfer of our manufacturing operations to the subsidiary in India and the Group cost-savings initiatives.

#### *Research and development expenses*

Due to the Group achieving commercialisation of previously capitalised LGD grading related development costs, the Group ceased Research and Development expenses capitalisation as of H2 2025. As a result, Research and Development expenses for H2 2025 totalled US\$ 3.2 million and increased by 12% as compared to US\$ 2.8 million in H2 2024. Research and development expenses for the year ended December 31, 2025 of \$6.0 million decreased by 10% as compared to US\$ 6.7 million for the year ended December 31, 2024, mainly due to the Group cost-savings initiatives.

#### *Sales and marketing expenses*

Sales and marketing expenses for H2 2025 of US\$4.6 million decreased by 14% as compared to US\$ 5.4 million in H2 2024. Sales and marketing expenses for the year ended December 31, 2025 of US\$ 9.1 million decreased by 17% as compared to US\$ 11.0 million in year ended December 31, 2024. The decrease in Sales and marketing expenses is attributed primary to lower sales commissions as a result from lower capital equipment sales.

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#### *General and administrative expenses*

General and administrative expenses for H2 2025 of US\$ 2.0 million decreased by 20%, as compared to US\$ 2.4 million in H2 2024. General and administrative expenses for the year ended December 31, 2025 of US\$ 3.8 million, decreased by 29%, as compared to US\$ 5.3 million for the year ended December 31, 2024. The decrease General and administrative expenses was mainly due to the Group cost-savings initiatives and a one-off Goodwill write off reported in H2 2024.

#### *Gain from lease termination*

The Group reported a one-time US\$0.6 million cost savings windfall from an office lease reduction for the year ended December 31, 2025.

#### *Loss from operations*

The Group reported a loss from operations of US\$ 2.0 million in H2 2025 compared to a loss of US\$1.5 million in H2 2024, and a US\$ 1.9 million loss from operations for the year ended December 31, 2025, as compared to zero for the year ended December 31, 2024. The decrease in sales and in gross profit was partly offset by operational cost reductions as a result of the Group cost-savings initiatives, a one-off Goodwill write off reported in H2 2024, and a windfall gain from the lease reduction.

#### *Net finance income*

Net finance expense for H2 2025 was US\$ 0.1 million, as compared to US\$ 1.4 million income in H2 2024. Net finance expense for the year ended December 31, 2025 was US\$ 0.1 million as compared to US\$ 1.5 million income for the year ended December 31, 2025. The decrease in net finance income was mainly due to a US\$0.1 million expense in H2 2025 for the fair value adjustment of the Call option related to the GCAL acquisition, as compared to an income of US\$1.2 million from fair value adjustment in H2 2024 related to those same Call and Put options related to GCAL acquisition, along with a US\$0.2 million expense for H2 2025 and a US\$0.4 million expense for the year ended December 31, 2025 due to the decline in the US\$ to NIS conversion rate.

#### *Income tax expense*

The Group recorded an income tax expense of US\$ 1.3 million for H2 2025, as compared to an income tax benefit of US\$ 0.1 million in H2 2024. The Group recorded an income tax expense of US\$ 1.6 million for the year ended December 31, 2025, as compared to US\$ 0.4 million for the year ended December 31, 2024. The increase in income tax expense was primarily due to the non-cash tax expenses in respect of previous years in the amount of US\$ 1.4 million, as noted above, as well as by the profitability being realised in various entities of the Group, each subject to different jurisdictions and applicable incentives, along with income tax loss carryforwards.

#### *Profit (Loss) for the period*

The Group reported a net - loss of US\$ 3.7 million in H2 2025 compared to a net profit of US\$0.1 million in H2 2024 and a net loss of US\$ 3.9 million for the year ended December 31, 2025 as compared to a net profit of US\$ 1.1 million for the year ended December 31, 2024, as the Group cost-savings initiatives and the lease reduction windfall could not compensate for lower operational profitability due to the lower sales, further impacted by the non-cash tax expenses in respect of previous years, all as detailed above.

#### **7. Where a forecast, or a prospect statement, has been previously disclosed to shareholders any variance between it and the actual results.**

Not applicable.

**8. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

We expect the following industry trends to continue influencing our business (also refer to section 6 above's Overview commentary):

- a. Demand for natural diamonds is anticipated to remain stable at current reduced levels. In February 2026, the US and India reached an Interim Trade Agreement, that includes a provision to eventually eliminate tariffs completely on loose natural diamonds and gemstones imported from India. Though the initial reduction and eventual elimination of U.S. tariffs on natural diamonds is expected to streamline the pipeline between the Indian suppliers and US wholesalers and retailers, and has contributed to a more positive mood in India, an immediate significant rebound in manufacturing in India is not anticipated, as prior to the implementation of tariffs very significant quantities of polished goods were shipped to the U.S. These stockpiled inventories enabled U.S. retailers to continue selling natural diamonds, despite the high tariffs that were introduced on imports from India.
- b. The decline in retail prices for LGD is expected to continue, albeit at a slower pace. The reduction in LGD retail prices and hence their perceived value (or lack thereof), is accelerating the segmentation and differentiation between rare natural stones and commoditised LGD. Furthermore, there is an evolving differentiation between premium LGD and mainstream lower-quality products, with the former clearly attaining higher retail prices and the latter being denigrated to fashion jewellery. This is expected to create significant opportunities for GCAL's more-esteemed 8X and Signature reports in 2026, as we are already experiencing, also in light of the GIA, previously considered the supplier of higher-end reports, discontinuing its grading of LGD in accordance with the conventional 4Cs nomenclature.
- c. The adoption of and derived revenues from our revolutionary cloud-based MVP solution for optimising natural rough diamond utilisation continued to grow in 2025. We expect the adoption to significantly accelerate in 2026 with the introduction of more advanced optimisation capabilities for the existing domain of rough stones mostly under one carat in weight and, more importantly, as we progress with the adaptation of MVP's functionality to larger sized stones, where the value-proposition is significantly higher.
- d. Rappaport has launched its "GreenSource" initiative, aiming to identify diamonds that are ethically sourced, responsibly mined and traceable to their origin. GreenSource is governed by the "Rapaport Traceability Standard," which aligns closely with the principles behind Sarine's traceability approach -- relying on actual verifiable scans captured at multiple points along the pipeline, rather than declarations. Together with our cooperation with De Beers' Tracr, this development positions Sarine's "Diamond Journey" at the forefront of industry traceability solutions.
- e. In order to further diversify away from our dependence on midstream natural diamond polishing volumes, we continue to explore and evaluate possible opportunities. Among these:
  - Our jewellery evaluation and documentation services in GCAL's New York office have increased due to work being done for large U.S. retailers, for jewellery containing both natural stones and LGD. We are currently working on establishing a dedicated facility in India to serve the growing demand for these services;
  - We are at the very preliminary stages of exploring additional opportunities related to industrial applications (e.g., electronics) for LGD;
  - We are also looking into potential synergies with financial entities for supporting their extension of credit to the diamond and gemstone industry based on actual collateral verification and valuation.

**9. Dividend**

**(a) Current Financial Period Reported**

**Any dividend declared/recommended for the current financial period reported on?**

None.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

Not applicable.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived.**

Not applicable.

**(d) Date Payable**

Not applicable

**(e) Record Date**

Not applicable

**10. If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been recommended.

**11. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions under Rule 920(1)(a)(ii). If no IPT mandate has been obtained a statement to that effect.**

The Group has not obtained a general mandate from its shareholders for IPTs.

**12. Negative confirmation pursuant to Rule 705(5) (not required for announcement of full year results).**

Not applicable.

**13. Confirmation pursuant to Rule 720 (1) of the Listing Manual.**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720 (1) of the Listing Manual.

**PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**14. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

In accordance with IFRS 8 Operating Segments, the Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker. The Group operates in only one operating segment. Presented below are revenues broken out by geographic distribution.

	India	Africa	Europe	USA	Israel	Others	Consolidated
	2025						
	US\$ thousands						
External revenues	14,777	4,547	2,034	4,904	956	2,368	29,586
Unallocated expenses							(31,507)
Loss from operations							(1,921)
Net finance expenses							(93)
Loss of equity accounted investees							(228)
Income tax expense							(1,635)
Loss for the year							(3,877)
	India	Africa	Europe	USA	Israel	Others	Consolidated
	2024						
	US\$ thousands						
External revenues	19,389	5,066	3,115	5,032	1,599	5,000	39,201
Unallocated expenses							(39,232)
Loss from operations							(31)
Net finance expense							1,480
Income tax expense							(375)
Loss for the year							1,074

**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

See section 6 above.

**16. Breakdown of sales.**

	<u>2025</u>	<u>2024</u>
	<u>US\$ thousands</u>	
Revenue reported for:		
First half-year ended 30 June	15,335	21,871
Second half-year ended 31 December	14,251	17,330
	<u>29,586</u>	<u>39,201</u>
Profit (loss) for the period:		
First half-year ended 30 June	(166)	1,022
Second half-year ended 31 December	(3,711)	52
	<u>(3,877)</u>	<u>1,074</u>

**17. A breakdown of the total annual dividend (in US dollar value) for the issuer's latest full year and its previous full year.**

	<u>Latest Full Year</u>	<u>Previous Full Year</u>
	<u>US\$ thousands</u>	
Ordinary	--	2,571

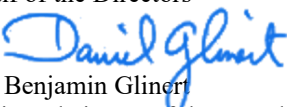
**18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13)**

The Company confirms that, during the year ended December 31, 2025, there was no person occupying any managerial position in the Company or any of its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

**19. Interested Person Transactions**

The Company confirms that during the year ended December 31, 2025, the Company was not a party to any interested person transactions.

On behalf of the Directors

  
Daniel Benjamin Gliner  
Executive Chairman of the Board

27 February 2026