

Aryt Industries Ltd

Reports for March 31, 2026

Aryt Industries Ltd

("the Company")

Reports for March 31, 2026

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Forward-Looking Information

This report includes forward-looking information, as defined in the Securities Law, 5728-1968. This information includes, among other things, forecasts, goals, assessments, and estimates relating to future events or matters, including references to risk factors and various developments described in the report, whose realization is uncertain and influenced by various factors that are not under the Company's control. Forward-looking information does not constitute a proven fact and is based, among other things, on the Company's assessments, which are based on various and different data and factors, whose correctness or truthfulness has not been tested by the Company. It is hereby clarified that the actual future results as they occur may differ from what is described in this report. Forward-looking information in this report refers only to the date it was written, and the Company does not undertake to update and/or change any information regarding forward-looking information as it appears in the report, to the extent that additional information regarding the said information comes to its knowledge. Reference to forward-looking information in this report will generally include biases of the expressions "assessment", "expectation", "intention", etc.

Summary of Business Activity and Development of the Corporation's Business during the Report Period

1. The Company's revenues for the first quarter of 2026 (hereinafter: the "First Quarter") totaled approximately NIS 76.7 million and the Company's operating profit stands at approximately NIS 44.7 million, compared to approximately NIS 66.9 million and NIS 38.3 million respectively in the corresponding quarter of 2025.

2. The Company's profit before tax for the First Quarter is approximately NIS 47.5 million (including financing income) and the net profit after tax is approximately NIS 42.7 million, compared to approximately NIS 35.6 million and NIS 32.1 million respectively in the corresponding quarter of 2025.

The increase in net profit in the First Quarter relative to the corresponding quarter in 2025 is at a rate of 33%.

3. The Company's equity as of December 31, 2025, stands at approximately NIS 1.233 billion and consists mostly of cash and financial assets.

4. In the First Quarter, the Company's gross profit stood at approximately 67%, compared to approximately 63% in the first quarter of 2025.

5. The Company's order backlog for 2026 (including First Quarter revenues) stands at approximately NIS 366 million. The Company expects to receive additional orders, some of which are intended for execution during 2026.

6. The Company's total order backlog as of March 31, 2026, totals NIS 732.5 million (including a conditional order of approximately \$50.7 million).

7. On March 26, 2026, the Company announced a dividend distribution to its shareholders in a total amount of approximately NIS 78.3 million. Also, after the reporting date, on May 26, 2026, the Company announced an additional dividend distribution to its shareholders in the amount of approximately NIS 26 million.

8. Below are the developments of Reshef's business in various continents during the report period:

Europe:

- On January 22, 2026, a commercial agreement was signed between Reshef and a foreign company for cooperation for the purpose of marketing Reshef fuzes to NATO countries in Europe, as well as for the transfer of knowledge and technology from Reshef to the foreign company for the purpose of manufacturing fuzes in Europe, after marketing licenses for the transfer of knowledge were received from the Ministry of Defense and commercial negotiations between Reshef and the foreign company were concluded. Most of the fuze components will be manufactured by Reshef in Israel or in Europe through a subsidiary of Reshef or a subcontractor of Reshef, and the completion of the fuze manufacturing will be done by the foreign company in a factory that the foreign company intends to establish in Europe. The Company estimates that this model will leave Reshef with revenues at a rate of approximately 70% (on average) of the selling price, and gross profitability will be at Reshef's customary rates. The Company expects to receive orders under this agreement in the coming months.
- The Company is acting to create additional collaborations in Europe with defense companies and government entities in Europe.

United States:

- Reshef established a wholly-owned subsidiary in the United States in 2025 and is working to establish a factory for the production of electronic fuzes in the United States.
- The Company is working to promote the field of loitering munitions in the United States due to high potential in this market and the approval of huge budgets for the drone field by the United States government.

India:

- In March 2026, the Indian company won another tender for the supply of fuzes to the Indian Army, where Reshef's share is estimated at approximately \$4.4 million USD. This is an additional order to the multi-year order, and the Company expects to receive further follow-on orders in addition to the multi-year order.
- Also, after the reporting date, in April 2026, the Indian company received an export order from a foreign country, where Reshef's share is estimated at approximately \$2.2 million. This order constitutes an important milestone in the relationship between Reshef and the Indian company and marks the first time the Indian company has won an order from a foreign country (other than India). It should be clarified that in accordance with the commercial agreement between the companies, the Indian company is required to obtain Reshef's approval for any export order and is also required to purchase some of the fuze components from Reshef at a rate of approximately 37% of the order.
- Reshef established a approximately 100% owned subsidiary in India in January and is undergoing a process for its registration as a defense company, as part of the multi-year tender and the additional potential inherent in production in India.

Israel:

- After the reporting date, in April 2026, Reshef received an order from the Ministry of Defense for the supply of fuzes in the amount of approximately NIS 42 million.
 - In May 2026, Reshef won a tender from the Ministry of Defense for the supply of a new type of fuzes in the amount of approximately NIS 28 million, with an option to increase the quantity by approximately an additional 90%.
 - During the report period, Reshef made significant progress in developing a fuze for loitering munitions, and it expects that development will be completed during the first half of 2026.
 - During the report period, Reshef received a breakthrough order from a defense customer in Israel for the development and initial production of the electronic fuze for loitering munitions in a total amount of approximately NIS 2 million.
9. The Company is working to promote, through its subsidiary Aryt Sustainability Ltd, an independent venture in the field of developing agro-voltaic solar energy systems, and during the report period, it successfully established an experimental facility at Negev R&D. The facility has begun producing and supplying electricity on an experimental basis, with the test results expected to be received within several months.

Arit Industries Ltd.

"The Company"

Update as of March 31 for the Corporation's Business Description chapter in the Company's 2025 Periodic report

In accordance with Regulation 39a of the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter: the "**Reporting Regulations**"), details are provided below regarding material changes or innovations that occurred in the business of the company and its subsidiaries (hereinafter together: the "**Group**") in any matter that must be described in the company's Periodic report, which occurred from the date of publication of the company's Periodic report for 2025 until the date of approval of this quarterly report. It is clarified that, as a rule, the description included in this quarterly report includes only information that is, in the company's opinion, material information. However, in some cases and for the sake of completeness, the company has included a description more detailed than required, which also includes information that it believes is not necessarily material.

The update was prepared on the assumption that the reader has before them the company's Periodic report as of December 31, 2025, published on March 26, 2026 (reference no.: 2026-01-027544) (hereinafter: the "**2025 Periodic report**"), which is included in this report by way of reference. Where a reference number of a public report of the company is stated in this report, its content is included in the report by way of reference.

Update to Chapter A - Corporation's Business Description report in the Periodic report

1. On March 26, 2026, the company announced a dividend distribution to its shareholders in the amount of approximately 78.3 million NIS, which at that time reflected a distribution of 77 agorot per share. The dividend was paid in April 2025. For further details, see the company's immediate report dated March 26, 2026 (reference no. 2026-01-027556). On May 26, 2026, the company announced another dividend distribution to its shareholders in the amount of approximately 26 million NIS. The dividend will be paid in June 2026. The total dividend per share is 26 agorot.
2. On April 5, 2026, the subsidiary, Reshef Technologies Ltd. (hereinafter: "**Reshef**"), received an order from the Ministry of Defense in the amount of approximately 42 million NIS for fuzes, the delivery dates for which are during the months of October 2026 to February 2027. For details, see also the company's immediate report dated April 6, 2026 (reference no. 2026-01-032033).
3. Further to what is stated in Section 14 of the Corporation's Business Description chapter in the 2025 Periodic report, the company's backlog of orders as of March 31, 2026, is as detailed below:

Date	Backlog of orders in NIS millions	In NIS millions					Major Customers (cumulative percentage of orders)	
		2026			2027	2028 and onwards	Customer A	Customer B
		Quarter 2	Quarter 3	Quarter 4	Annual	Multi-year		
31.3.2026	571.9	78.6	107.1	103.5	33.8	248.9	36%	63%

Remarks

1. The company's backlog of orders includes the order received after the balance sheet date, as detailed in Section 2 above.
2. The backlog of orders in the years described above is for fuzes. The orders included in the backlog of orders are binding orders that the company received from its own customers. It should be noted that in accordance with the general conditions in the Ministry of Defense's orders, the Ministry of Defense has a right to cancel all or part of the order at its discretion, at any time it sees fit. In such a case, the supplier (the company) will be paid all the costs accumulated under the order until the date of cancellation plus a profit. In practice, despite this right of cancellation, to date the Ministry of Defense has not exercised it and in light of the above, according to past experience and as of the date of the report, the probability of cancellations in a material volume is low. Insofar as the company is in negotiations with its customers regarding receiving an order or is expected to receive an order, these orders are not included in the backlog.

are not included as part of the backlog of orders.

3. The backlog of orders includes a total of approximately 89 million dollars¹ from the order agreement with the Indian company Bharat Electronics Ltd. (hereinafter: "BEL"), as detailed in Section 8.3 of the Corporation's Business Description chapter in the 2025 Periodic report, for the operational order for years 3-10 which is expected to be received later in accordance with the terms of the agreement. It should be clarified that for the first two years of the agreement, an operational order was received from BEL in 2024 in the amount of approximately 39 million dollars.
4. During the report period, the company's revenues totaled approximately 76.7 million NIS compared to expected revenues of approximately 80.7 million NIS. The gap between the expected revenues and the actual revenues stems mainly from a delay in the delivery date of some of the orders.
5. The backlog of orders does not include a contingent order in the total amount of approximately 50.7 million dollars¹ from the order agreement with BEL (as detailed in Section 25.2 of the Corporation's Business Description chapter in the 2025 Periodic report). Below is the company's backlog of orders as of March 31, 2026, including the contingent order:

Date	Backlog of orders in NIS millions	In NIS millions					Major Customers (cumulative rate from orders)	
		2026			2027	2028 and onwards	Customer A	Customer B
		Quarter 2	Quarter 3	Quarter 4	Annual	Multi-year		
31.3.2026	732.5	78.6	107.1	103.5	52.4	390.9	28%	71%

6. Close to the date of approval of the report, the Group's backlog of orders totals approximately 710 million NIS, which includes a contingent order in the amount of approximately 50.7 million dollars¹.
4. Further to what is stated in Section 25 of the Corporation's Business Description chapter in the 2025 Periodic report regarding Reshef entering into a commercial agreement with BEL, on April 17, 2026, BEL updated Reshef that it had won an order from a foreign country to supply artillery fuzes based on Reshef's technology in the amount of 6 million US dollars for supply in 2026. Accordingly, BEL is expected to issue Reshef an order for components in an estimated amount of approximately 2.2 million US dollars (it should be clarified that as of the date of approval of this report, BEL has not yet transferred an order to Reshef for the components and insofar as an order is received, its execution is subject to obtaining an export permit). For further details, see the company's immediate report dated April 17, 2026 (reference no. 2026-01-035867).
5. On May 14, 2026, Reshef received a notice that it won a Ministry of Defense tender for the supply of a new type of fuzes (which was not included in the orders supplied by Reshef to the Ministry of Defense in recent years) in the amount of approximately 28 million NIS (hereinafter: the "Winning Notice"). The Winning Notice was received within the framework of a tender that Reshef participated in recently, where to the best of the company's knowledge there is another winner. Also, the tender conditions include an option to increase the quantity by approximately an additional 90% in relation to the winning quantity. For further details, see the company's immediate report dated May 15, 2026 (reference no. 2026-01-044975).

In light of the above and further to Sections 10.8 and 15 of the Corporation's Business Description chapter in the 2025 Periodic report regarding the structure of competition in the defense market in Israel, as of the date of approval of the report, the company knows of a defense company which has begun to compete with the Group in Israel regarding the aforementioned type of fuze only (within the framework of the said tender). As of the date of the report, the company is unable to estimate the impact of this specific competition on the structure of competition in the local market as a whole.

¹ According to the Rupee/Dollar exchange rate near the date of approval of the report.

Chapter A

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

For the three-month period ended March 31, 2026

The Board of Directors of Arit Industries Ltd. (hereinafter: the "**Company**") is pleased to submit herewith the Board of Directors' report on the state of the company's affairs as of March 31, 2026 (hereinafter: the "**Report Date**"), and the company's financial results for the three-month period ended March 31, 2026, in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter: the "**Reporting Regulations**"). The financial data in this review are in thousands of NIS.

In accordance with Regulation 39a of the Reporting Regulations, this report is a condensed report and includes, among other things, an update regarding the changes that occurred in the company's business during the reported period whose impact is material. The report was prepared on the assumption that the reader has before them the company's Periodic report as of December 31, 2025, published on March 26, 2026 (reference no.: 2026-01-027544) (hereinafter: the "**2025 Periodic report**"), which is included in this report by way of reference. It is clarified that, as a rule, the description included in this report includes only information that is, in the company's opinion, material information; however, in some cases, for the sake of completeness, the company has included a description more detailed than required, which also includes information that it believes is not necessarily material information. Where a reference number of a public report of the company is stated in this report, its content is included in the report by way of reference.

Part A - Board of Directors' Explanations of the State of the Corporation's Business

1. Brief Description of the Corporation and its Business Environment

1.1 The Company is a holding company operating through subsidiaries (hereinafter together: the "**Group**") in the development, production, and marketing of electronic fuzes for the defense market in Israel and worldwide. The company's activity is carried out through the subsidiary Reshef Technologies Ltd. (hereinafter: "**Reshef**"), which is engaged in the development, production, and marketing of electronic fuzes for the defense market.

1.2 As part of the steps to realize the company's goals and business strategy, Reshef established subsidiaries in the USA and India, and as of the date of the report, is working to obtain the permits and approvals required for the subsidiaries for the purpose of receiving a production license in the aforementioned countries. For more details regarding the subsidiaries in the USA and India, see Section 1 of the Board of Directors' Report in the 2025 Periodic report.

Additionally, the company is working to promote, through the subsidiary Arit Sustainability Ltd., an independent venture in the field of solar energy systems development.

1.3 For the structure of the Group's holdings, see Section 1.3 of the Board of Directors' Report in the 2025 Periodic report.

2. Material Events during the Reporting Period and After the Balance Sheet Date

2.1 For material events during the report period from January 1, 2026, until March 26, 2026 (the date of publication of the 2025 Periodic report), see Section 3 of the Board of Directors' Report in the 2025 Periodic report.

2.2

On March 26, 2026, the company announced a dividend distribution to its shareholders in the amount of approximately 78.3 million NIS, which at that time reflected a distribution of 77 agorot per share. The dividend was paid in April 2025. For further details, see the company's immediate report dated March 26, 2026 (reference no. 2026-01-027556). After the report date, on May 26, 2026, the company announced another dividend distribution to its shareholders in the amount of approximately 26 million NIS. The dividend will be paid in June 2026. The total dividend per share is 26 agorot.

2.3 On April 5, 2026, Reshef received an order from the Ministry of Defense in the amount of approximately 42 million NIS for fuzes, the delivery dates for which are during the months of October 2026 to February 2027. For details, see also the immediate report

of the company from April 6, 2026 (reference no. 2026-01-032033).

2.4. On April 17, 2026, the Indian company Bharat Electronics Ltd. (hereinafter: "BEL"), with which Reshef has a commercial agreement, as detailed extensively in Section 25 of the Corporation's Business Description chapter in the 2025 Periodic report, updated that it won an order from a foreign country to supply artillery fuzes based on Reshef's technology in the value of approximately 6 million US dollars for supply in 2026. Accordingly, BEL is expected to issue Reshef an order for components in an estimated total of approximately 2.2 million US dollars (it should be clarified that as of the date of approval of this report, BEL has not yet transferred an order to Reshef for the components and insofar as an order is received, its execution is subject to obtaining an export permit). For further details, see the company's immediate report dated April 17, 2026 (reference no. 2026-01-035867).

2.5. On May 14, 2026, Reshef received a notice that it won a Ministry of Defense tender for the supply of a new type of fuzes (which was not included in the orders supplied by Reshef to the Ministry of Defense in recent years) in the amount of approximately 28 million NIS (hereinafter: the "Winning Notice"). The Winning Notice was received within the framework of a tender that Reshef participated in recently, where to the best of the company's knowledge there is another winner. Also, the tender conditions include an option to increase the quantity by approximately an additional 90% in relation to the winning quantity. For further details, see the company's immediate report dated May 15, 2026 (reference no. 2026-01-044975).

2.6. On May 20, 2026, the General Meeting of the company's shareholders (after approval by the Board of Directors and the Compensation Committee of the company) approved the update of the terms of office of Mr. Chaim Stapler, the company's CEO, according to which for a 100% position, Mr. Stapler will be entitled to a monthly consideration in the amount of 130 thousand NIS plus value-added tax as well as reimbursement of ancillary expenses incurred within the framework and for the purpose of fulfilling his role, effective as of January 1, 2026. Also, a one-time discretionary bonus in the amount of 130 thousand NIS plus value-added tax was approved for Mr. Stapler. The rest of the terms of office remained unchanged. For further details, see the company's reports dated April 12, 2026, and May 20, 2026 (reference nos. 2026-01-033355 and 2026-01-047055).

3. Review of the Company's Business Condition

3.1. Financial Position

	As of March 31, 2026	As of March 31, 2025	As of December 31, 2025	
	NIS thousands			Company's Explanations
Cash and cash equivalents	671,879	36,131	697,672	
Pledged deposits in banking corporations	6,017	7,131	6,179	Pledged against advances from customers
Financial assets measured at fair value through profit or loss	672,214	192,812	340,777	The increase results from the net purchase of securities in the reporting period in the amount of 335 million NIS offset by a decrease in value in the amount of 4 million NIS

	As of March 31, 2026	As of March 31, 2025	As of December 31, 2025	
	NIS thousands			Company's Explanations
Accounts receivable	55,193	50,017	131,189	The decrease results from collection during the reporting period and due to a decrease in sales turnover relative to the last quarter of 2025
Debtors and debit balances	1,452	10,762	1,757	The decrease results mainly from a decrease in advances to suppliers
Inventory	39,180	43,103	32,769	The increase results from preparations for fulfilling the backlog of orders
Fixed assets and right-of-use assets	14,885	15,460	15,217	
Goodwill	1,297	1,297	1,297	

	As of March 31, 2026	As of March 31, 2025	As of December 31, 2025	Company Explanations
	NIS thousands			
Deferred taxes	262	198	289	
Current maturities of long-term loan	-	(81)	-	
Current maturities of lease liabilities	(1,024)	(927)	(993)	
Liabilities to suppliers and service providers	(8,935)	(13,846)	(21,179)	The decrease results from payment to suppliers during the reporting period and due to a decrease in sales turnover.
Payables and credit balances	(40,930)	(14,781)	(93,563)	The decrease results mainly from a decrease in liability to the Income Tax Authority.
Advances from customers	(50,356)	(149,047)	(54,697)	The decrease results from the recognition of advances as income following the supply of products in those orders.
Dividend payable	(124,977)	(9,719)	-	
Long-term advances from customers	-	(40,857)	-	
Lease liabilities	(2,759)	(3,768)	(3,033)	
Liabilities for employee benefits	(32)	(7)	(32)	
Equity	(1,233,366)	(123,878)	(1,053,649)	The increase results from a profit of NIS 43 million, proceeds from the issuance of shares and warrants in the amount of NIS 262 million, and offset by a dividend distribution in the amount of NIS 125 million.

3.2. Results of Operations

	For a period of three months ended March 31		For the Year 2025	Company Explanations
	2026	2025		
	NIS thousands		NIS thousands	
Revenue from sales and services	76,699	66,936	523,785	See Note 1 below. Also, the increase results from an increase in the quantities of products sold.
Cost of sales and services	(25,607)	(24,979)	(163,861)	

	For a period of three months ended March 31		For the Year 2025	Company Explanations
	<u>2026</u>	<u>2025</u>		
	NIS thousands		NIS thousands	
Gross profit	51,092	41,957	359,924	The increase in the profit rate results from the increase in revenue turnover relative to fixed expenses, a sales mix of profitable products, and efficiency.
Research and development expenses	(1,576)	(1,206)	(5,218)	The increase results mainly from existing activity.
Selling and marketing expenses	(685)	(382)	(21,067)	The decrease relative to the year 2025 results mainly from agent commission.
General and administrative expenses	(4,162)	(2,020)	(10,916)	The increase results mainly from professional consulting services and employee wages.
Operating profit	44,669	38,349	322,723	The increase in profit results from the increase in revenue turnover.
Financing income (expenses), net	2,878	(2,755)	55,591	Most of the income in the period results from interest and dividend income offset by loss from securities and exchange rate differences.
Profit before income taxes	47,547	35,594	378,314	The increase in profit results from the increase in revenue turnover.

	For a period of three months ended March 31		For the Year	Company Explanations
	2026	2025	2025	
	NIS thousands			
Income taxes	(4,838)	(3,499)	(31,509)	
Net profit	42,709	32,095	346,805	The increase in profit results from the increase in revenue turnover.

Notes

1. The Group's activity is project-based in nature and therefore there is volatility in the company's revenue from year to year as a function of the entry of new projects and their realization. The change in revenue does not necessarily indicate a trend for the future.

3.3 Liquidity and Cash Flows

	For a period of three months ended March 31		For the Year	
	2026	2025	2025	
	NIS thousands			Company Explanations
Cash flows from operating activities	17,034	99,003	204,377	The flow results mainly from the increase in turnover and collection from customers offset by payment to income tax.
Cash flows from investing activities	(335,430)	(86,660)	(188,821)	The flow in the period results mainly from the net purchase of financial assets in the amount of NIS 335 million compared to NIS 87 million in the corresponding period.
Cash flows from financing activities	292,603	(302)	658,026	The flow in the period results mainly from proceeds from the issuance of shares in the amount of NIS 293 million.

3.4 **Sources of Financing**

Financing of the Group's activity is based on internal resources and receipt of advances from customers. As of the report date, the Group has guarantees from financial corporations in the amount of NIS 19.5 million. In the agreements with the credit providers, financial covenants were established for the subsidiary Reshef according to which Reshef's equity shall not fall below a total of NIS 20 million. To finance its activity, Reshef pledged cash deposits. Additionally, to secure the guarantees provided by a financial entity to Reshef, Reshef pledged to the financial entity its rights in the real estate on which the Reshef plant in Sderot is built.² For details regarding pledges, see Note 20b to the company's financial reports for December 31, 2025. The sources of financing serve the Group to realize its business strategy and to finance its ongoing business activity.

Part B - Corporate Governance Aspects

4. **Donations**

During the reporting period and as of the report date, the company had no expenses for donations in a material amount.

² Including Reshef's rights in the real estate property itself and including all contractual rights Reshef has in relation to the property, including rights under the lease agreement from the Israel Land Authority.

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

The company's board of directors determined that considering, among other things, the type of company, its size, scope of activity, and complexity, the minimum appropriate number of directors with accounting and financial expertise is one. The director the company views as having accounting and financial expertise is Mr. David Marom, who serves as an external director.

6. **Independent Directors**

As of the date of the report, the company has not adopted in its articles of association a provision regarding the proportion of independent directors, as defined in section 219(e) of the Companies Law, so that as of the date of the report, no directors serve in the company whom the company views as independent besides the two external directors.

7. **Exposure to market risks and their management**

7.1 Those responsible for market risk management in the company are Mr. Zvi Levi, Chairman of the Board, Chaim Sheffler, CEO of the company, and Yaniv Ayash, CFO of the company. For further details about Messrs. Zvi Levi, Chaim Sheffler, and Yaniv Ayash, see regulations 26 and 26a in Chapter D ("Additional details about the corporation") of the periodic report for 2025.

7.2 **Consequences of the Iron Swords War and Operations 'With Lavi' and 'Lion's Roar'**

As stated in section 1 of the Board of Directors' report for 2025, in light of the increase in company activity and its order backlog following the war in the short and medium term, Reshef expanded its work and operation areas, added production lines, and increased its workforce to meet existing and expected targets.

On June 13, 2025, the State of Israel launched a military operation against Iran (Operation With Lavi) that lasted for 12 days. During this period, the company continued to operate in a normal format. With the start of the operation, air transport to and from the State of Israel was halted, which returned gradually until about a week after the end of the operation. The operation had no material impact on the company's results or the company's ability to supply its customers' orders on time.

On February 28, 2026, the State of Israel launched a military operation against Iran (Operation Lion's Roar). With the start of the operation, air transport to and from the State of Israel was halted, but these returned gradually to the state they were in on the eve of the operation. On April 8, 2026, Israel and the USA agreed to a temporary two-week ceasefire with Iran for the purpose of negotiating a permanent agreement that would end the war. The temporary ceasefire was extended and still continues as of the date of signing the financial reports. Additionally, as part of the operation, on March 3, 2026, the IDF began a ground maneuver in southern Lebanon, which ended with a ceasefire on April 16, while IDF forces are still present in Lebanese territory.

Security uncertainty may lead to price increases, affect the continuity of the raw material supply chain, and lead to an increase in shipping costs and risk premiums in general. As of the date of signing the financial reports, the company is unable to reliably estimate the scope, duration, or timing of the possible effects of the aforementioned developments on its activity and business results.

At this stage, the combat situation has no material effect on the company's results or its ability to supply its customers

their orders on time. During the operation and the ceasefire, the company continues to operate in a normal format, and it continues to monitor developments and examine their consequences on an ongoing basis.

In the longer term, Operation Lion's Roar has the potential for an increase in demand for company products as a result of the military buildup of countries in the region.

For further details regarding the company's market risks, see Note 17 to the company's consolidated financial reports as of December 31, 2025.

7.3. **Linkage Basis Report**

Following is the Group's linkage basis report:

	As of 31.3.2026 in NIS thousands					
	CPI linked	Prime linked	Dollar linked	Non-linked	Non-monetary	Total
Cash and cash equivalents	-	641,073	9,133	21,673	-	671,879
Pledged deposit in banking corporation	-	6,017	-	-	-	6,017
Equity	(989)	647,090	14,222	(105,476)	678,519	(1,233,366)

	As of 31.3.2026 in NIS thousands					
	CPI linked	Prime linked	Dollar linked	Non-linked	Non-monetary	Total
Financial assets measured at fair value through profit or loss	-	-	-	-	672,214	672,214
Customers	-	-	4,974	50,219	-	55,193
Debtors and debit balances	30	-	123	-	1,299	1,452
Inventory	-	-	-	-	39,180	39,180
Fixed assets and right-of-use assets	-	-	-	-	14,885	14,885
Goodwill	-	-	-	-	1,297	1,297
Deferred taxes	-	-	-	262	-	262
Current maturities of lease liabilities	(402)	-	-	(622)	-	(1,024)
Liabilities to suppliers and service providers	-	-	(8)	(8,927)	-	(8,935)
Payables and credit balances	-	-	-	(40,930)	-	(40,930)
Advances from customers	-	-	-	-	(50,356)	(50,356)
Dividend payable	-	-	-	(124,977)	-	(124,977)
Lease liabilities	(617)	-	-	(2,142)	-	(2,759)
Liabilities for employee benefits	-	-	-	(32)	-	(32)
Equity	(989)	647,090	14,222	(105,476)	678,519	(1,233,366)

As of December 31, 2025 in NIS thousands

	Index-linked	Prime-linked	Dollar-linked	Unlinked	Non-monetary	Total
Cash and cash equivalents	-	693,693	2,667	1,312	-	697,672
Pledged deposit in a banking corporation	-	-	6,179	-	-	6,179
Securities measured at fair value through profit or loss	-	-	-	-	340,777	340,777
Trade receivables	-	-	76,433	54,756	-	131,189
Other receivables and debit balances	32	-	100	-	1,625	1,757
Inventory	-	-	-	-	32,769	32,769
Property, plant and equipment and right-of-use assets	-	-	-	-	15,217	15,217
Goodwill	-	-	-	-	1,297	1,297
Deferred taxes	-	-	-	289	-	289
Current maturities of lease liabilities	(388)	-	-	(605)	-	(993)
Trade payables and service providers	-	-	(5,181)	(15,998)	-	(21,179)
Other payables and credit balances	-	-	-	(93,563)	-	(93,563)
Advances from customers	-	-	-	-	(54,697)	(54,697)
Lease liabilities	(730)	-	-	(2,303)	-	(3,033)
Liabilities for employee benefits	-	-	-	(32)	-	(32)
Equity	(1,086)	693,693	80,198	(56,144)	336,988	(1,053,649)

7.4. Sensitivity Tests

The following are several figures regarding assets and liabilities of the company as of March 31, 2026:

- (1) Surplus assets over liabilities linked to the US Dollar 14,222 NIS thousands.
- (2) Surplus assets over liabilities linked to Prime 647,090 NIS thousands.

Sensitivity to changes in the NIS/Dollar exchange rate (in NIS thousands):

Exposure in the linkage balance sheet	Profit (loss) from changes		Fair value \$1=3.165 NIS	Profit (loss) from changes	
	+ 10% \$1=3.482 NIS	+ 5% \$1=3.323 NIS		- 5% \$1=3.007 NIS	- 10% \$1=2.849 NIS
Exposure in the linkage balance sheet	1,422	711	14,222	(711)	(1,422)

Sensitivity to changes in the interest rate (in NIS thousands):

	Profit (loss) from changes		Fair value Interest 5.50%	Profit (loss) from changes	
	+ 10% Interest 6.05%	+ 5% Interest 5.78%		- 5% Interest 5.23%	- 10% Interest 4.95%
Exposure in the linkage balance sheet	3,559	1,779	647,090	(1,779)	(3,559)

Notes:

Sensitivity test calculation on Prime-linked loans was performed based on the Prime rate as of March 31, 2026, which stood at 5.50%.

8. Disclosure regarding the Internal Auditor of the Company

As of the report date, the internal auditor of the Company is Mr. Doron Rosenblum, as specified in the Periodic report for the year 2025. For additional details regarding the internal auditor, see section 8 of the Board of Directors report attached as Part B to the Periodic report for the year 2025.

Part C - Disclosure in connection with the financial reporting of the corporation

9. Irregular or one-time events and events that may indicate financial difficulties

Except as specified in section 2 above, during the reporting period no irregular or one-time events or events that may indicate financial difficulties occurred.

10. Material events after the balance sheet date

For details about material events after March 31, 2026, see section 2 of this chapter above.

11. Valuations and accounting estimates

During the report period, no material valuations were performed.

Regarding the use of material accounting estimates and the accounting policy as a whole, see Note 2 to the financial statements of the Company as of March 31, 2026.

12. Schedule of liabilities by maturity date

For details about the report regarding the schedule of liabilities of the Company as of March 31, 2026, see the Company's report submitted concurrently with this report.

May 26, 2026

Date

Zvi Levy

Chairman of the Board
of Directors

Haim Shefler

CEO

Aryt Industries Ltd.
Consolidated Interim Financial Statements as of March 31, 2026
Unaudited

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Auditor's Review Report to the Shareholders of Aryt Industries Ltd.

Introduction

We have reviewed the accompanying consolidated financial information of Aryt Industries Ltd. (the Company) and consolidated companies (hereinafter - the Company), which includes the condensed consolidated statement of financial position as of March 31, 2026, and the condensed consolidated statements of profit or loss, changes in equity and cash flows for the three-month period then ended. The Board of Directors and Management are responsible for the preparation and presentation of financial information for this interim period in accordance with International Accounting Standard 34 IAS - "Interim Financial Reporting", and they are also responsible for the preparation of financial information for this interim period according to Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on the financial information for this interim period based on our review.

Scope of Review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit 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 aforementioned financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 IAS.

In addition to what was stated in the previous paragraph, based on our review, nothing has come to our attention that causes us to believe that the aforementioned financial information does not comply, in all material respects, with the disclosure requirements under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv,
May 26, 2026

Kost Forer Gabbay & Kasierer
Accountants

Aryt Industries Ltd.

Consolidated Statements of Financial Position

	<u>As of March 31</u>		<u>As of</u> <u>December 31</u>
	<u>2026</u>	<u>2025</u>	<u>2025</u>
	Unaudited	Unaudited	Audited
	<u>NIS in thousands</u>		
<u>Current Assets</u>			
Cash and cash equivalents	671,879	36,131	697,672
Pledged deposit in a banking corporation	6,017	7,131	6,179
Financial assets measured at fair value through profit or loss	672,214	192,812	340,777
Trade receivables	55,193	50,017	131,189
Other receivables and debit balances	1,452	10,762	1,757
Inventory	39,180	43,103	32,769
	1,445,935	339,956	1,210,343
<u>Non-current Assets</u>			
Property, plant and equipment and right-of-use assets	14,885	15,460	15,217
Goodwill	1,297	1,297	1,297
Deferred taxes	262	198	289
	16,444	16,955	16,803
	1,462,379	356,911	1,227,146

The accompanying notes are an integral part of the consolidated interim financial statements.

	As of March 31		As of
	2026	2025	December 31
	Unaudited		2025
	NIS in thousands		Audited
<u>Current Liabilities</u>			
Current maturities of long-term loans from banking corporations	-	81	-
Current maturities of lease liabilities	1,024	927	993
Trade payables	8,935	13,846	21,179
Other payables and credit balances	40,930	14,781	93,563
Advances from customers	50,356	149,047	54,697
Dividend payable	124,977	9,719	-
	226,222	188,401	170,432
<u>Non-current Liabilities</u>			
Long-term advances from customers	-	40,857	-
Lease liabilities	2,759	3,768	3,033
Liabilities for employee benefits, net	32	7	32
	2,791	44,632	3,065
<u>Equity attributable to the company's shareholders</u>			
Share capital	1,131	1,097	1,131
Share premium	170,243	73,210	170,243
Treasury shares	-	(269)	-
Retained earnings (Accumulated deficit)	247,752	(9,277)	290,193
Share-based payment reserve	52	191	47
Other reserves	693,952	58,733	476,323
	1,113,130	123,685	937,937
<u>Non-controlling interests</u>	120,236	193	115,712
<u>Total Equity</u>	1,233,366	123,878	1,053,649
	1,462,379	356,911	1,227,146

The accompanying notes are an integral part of the consolidated interim financial statements.

May 26, 2026 Date of approval of the financial statements	Zvi Levi Chairman of the Board of Directors	Haim Shefler CEO	Yaniv Ayash CFO
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Aryt Industries Ltd.

Consolidated Statements of Profit or Loss

	For the 3 months ended March 31		For the year ended December 31
	2026	2025	2025
	Unaudited		Audited
	NIS in thousands (except for share data)		
Revenues from sales	76,699	66,936	523,785
Cost of sales	25,607	24,979	163,861
Gross profit	51,092	41,957	359,924
Research and development expenses	1,576	1,206	5,218
Selling and marketing expenses	685	382	21,067
General and administrative expenses	4,162	2,020	10,916
Operating profit	44,669	38,349	322,723
Finance income	8,565	1,726	59,616
Finance expenses	(5,687)	(4,481)	(4,025)
Profit before income taxes	47,547	35,594	378,314
Income taxes	4,838	3,499	31,509
Net profit	42,709	32,095	346,805
Attributable to:			
The company's shareholders	35,888	32,032	344,726
Non-controlling interests	6,821	63	2,079
	42,709	32,095	346,805
Net profit per share attributable to the company's shareholders (in NIS)			
Basic net profit	0.353	0.330	3.450
Diluted net profit	0.352	0.329	3.439

The accompanying notes are an integral part of the consolidated interim financial statements.

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Aryt Industries Ltd.

Consolidated Statements of Changes in Equity

	Attributable to the company's shareholders						Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Share-based payment reserve	Other reserves	Total		
Unaudited								
NIS in thousands								
Balance as of January 1, 2026 (Audited)	1,131	170,243	290,193	47	476,323	937,937	115,712	1,053,649
Net profit	-	-	35,888	-	-	35,888	6,821	42,709
Exercise of warrants	-	-	-	-	217,629	217,629	44,351	261,980
Dividend to the company's shareholders	-	-	(78,329)	-	-	(78,329)	-	(78,329)
Dividend to non-controlling interests	-	-	-	-	-	-	(46,648)	(46,648)
Share-based payment	-	-	-	5	-	5	-	5
Balance as of March 31, 2026	1,131	170,243	247,752	52	693,952	1,113,130	120,236	1,233,366

The accompanying notes are an integral part of the consolidated interim financial statements.

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Arit Industries Ltd.

Consolidated Statements of Changes in Equity

	Attributable to the Company's shareholders							Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Accumulated deficit	Capital reserve for share-based payment	Other funds	Total		
	<u>Unaudited</u> NIS thousands								
<u>Balance as of January 1, 2025</u> (Audited)	1,097	73,210	(269)	(31,590)	182	58,733	101,363	130	101,493
Net profit	-	-	-	32,032	-	-	32,032	63	32,095
Dividend to company shareholders	-	-	-	(9,719)	-	-	(9,719)	-	(9,719)
Share-based payment	-	-	-	-	9	-	9	-	9
<u>Balance as of March 31, 2025</u>	1,097	73,210	(269)	(9,277)	191	58,733	123,685	193	123,878

The accompanying notes constitute an integral part of the consolidated interim financial statements.

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Arit Industries Ltd.

Consolidated Statements of Changes in Equity

	Attributable to the Company's shareholders							Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Retained earnings (deficit)	Capital reserve for share-based payment audited	Other funds	Total		
	NIS thousands								
<u>Balance as of January 1, 2025</u>	1,097	73,210	(269)	(31,590)	182	58,733	101,363	130	101,493
Net profit	-	-	-	344,726	-	-	344,726	2,079	346,805
Issuance and sale of securities in a package	-	-	-	-	-	417,590	417,590	113,712	531,302
Dividend to company shareholders	-	-	-	(22,943)	-	-	(22,943)	-	(22,943)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(209)	(209)
Issuance of share capital, net of issuance expenses	45	96,961	-	-	-	-	97,006	-	97,006
Cancellation of treasury shares	(13)	(256)	269	-	-	-	-	-	-
Share-based payment	-	-	-	-	28	-	28	-	28

	Attributable to the Company's shareholders							Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Retained earnings (deficit)	Capital reserve for share-based payment audited	Other funds	Total		
NIS thousands									
Exercise of warrants	2	328	-	-	(163)	-	167	-	167
Balance as of December 31, 2025	1,131	170,243	-	290,193	47	476,323	937,117	115,712	1,053,649

The accompanying notes constitute an integral part of the consolidated interim financial statements.

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Arit Industries Ltd.

Consolidated Statements of Cash Flows

	For the 3 months ended		For the year
	On March 31		ended
	2026	2025	on
	Unaudited		December 31
	NIS thousands		2025
			Audited
<u>Cash flows from operating activities</u>			
Net profit	42,709	32,095	346,805
Adjustments required to present cash flows from operating activities:			
<u>Adjustments to profit and loss items:</u>			
Depreciation and amortization	703	643	2,709
Financing expenses (income), net	(4,952)	266	(2,595)
Income taxes	4,838	3,499	31,509
Change in liabilities for employee benefits, net	-	(4)	21
Cost of share-based payment	5	9	28
Loss from disposal of fixed assets	-	-	35
Loss (gain) from financial assets measured at fair value through profit or loss	3,599	(1,321)	(48,958)
	4,193	3,092	(17,251)
<u>Changes in asset and liability items:</u>			
Decrease (increase) in trade receivables	75,996	(13,965)	(95,137)
Decrease (increase) in other receivables and debit balances including long-term	305	(6,513)	2,492
Increase in inventory	(6,411)	(11,446)	(1,112)
Increase (decrease) in trade payables	(12,244)	(46)	7,287

	For the 3 months ended		For the year
	On March 31		ended
	2026	2025	on
	Unaudited		December 31
	NIS thousands		2025
			Audited
Increase (decrease) in other payables and credit balances	(5,347)	(2,191)	3,375
Increase (decrease) in advances from customers	(7,744)	98,470	(38,798)
	44,555	64,309	(121,893)
<u>Cash paid and received during the period for:</u>			
Interest paid	(484)	(92)	(431)
Interest received	6,278	221	2,118
Taxes refunded	-	185	185
Taxes paid	(82,752)	(989)	(8,646)
Dividend received	2,535	182	3,490
	(74,423)	(493)	(3,284)
<u>Net cash provided by operating activities</u>	17,034	99,003	204,377

The accompanying notes constitute an integral part of the consolidated interim financial statements.

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Arit Industries Ltd.

Consolidated Statements of Cash Flows

	For the 3 months ended on March 31		For the year ended on December 31
	2026	2025	2025
	Unaudited		Audited
	NIS thousands		
<u>Cash flows from investing activities</u>			
Purchase of fixed assets	(371)	(572)	(2,405)
Proceeds from disposal of fixed assets	-	478	478
Proceeds from disposal of financial assets measured at fair value through profit or loss	238,784	56,063	435,373

	For the 3 months ended on March 31		For the year ended on December 31
	2026	2025	2025
	Unaudited		Audited
	NIS thousands		
Purchase of financial assets measured at fair value through profit or loss	(573,820)	(142,629)	(622,267)
Deposit of pledged short-term deposits	(23)	-	-
Net cash used for investing activities	(335,430)	(86,660)	(188,821)
<u>Cash flows from financing activities</u>			
Dividend paid	-	-	(22,943)
Dividend paid to non-controlling interests in a consolidated company	-	-	(209)
Issuance of share capital, net of issuance expenses	-	-	97,006
Issuance and sale of securities in a package and exercise of warrants	292,846	-	585,082
Exercise of warrants	-	-	167
Repayment of long-term loan	-	(82)	(163)
Repayment of lease liabilities	(243)	(220)	(914)
Net cash provided by (used for) financing activities	292,603	(302)	658,026
<u>Increase (decrease) in cash and cash equivalents</u>	(25,793)	12,041	673,582
<u>Balance of cash and cash equivalents at the beginning of the period</u>	697,672	24,090	24,090
<u>Balance of cash and cash equivalents at the end of the period</u>	671,879	36,131	697,672
<u>Significant non-cash activities</u>			
Dividend payable	124,977	9,719	-
Cancellation of treasury shares	-	-	269

The accompanying notes constitute an integral part of the consolidated interim financial statements.

Notes to the Interim Consolidated Financial Statements

Note 1: - General

- A.** These financial statements were prepared in a condensed format for March 31, 2026, and for the three-month period ended on that date (hereinafter - Interim Consolidated Financial Statements). These reports should be read in conjunction with the company's annual financial statements as of December 31, 2025, and for the year ended on that date, and the accompanying notes (hereinafter - the Annual Consolidated Financial Statements).
- B. Implications of the Swords of Iron War and Operations With Lavi and Lion's Roar**

As stated in Note 1e to the Annual Consolidated Financial Statements, in light of the increase in the company's activities and its order backlog following the war in the short and medium term, the subsidiary, Reshef Technologies Ltd. (hereinafter - Reshef) expanded its work and operational areas, added production lines, and increased its workforce to meet existing and expected targets.

On June 13, 2025, the State of Israel launched a military operation against Iran (Operation With Lavi) which lasted for 12 days. During this period, the company continued to operate in a regular format. With the start of the operation, air freight to and from the State of Israel was halted, which gradually returned until about a week after the end of the operation. The operation did not have a material effect on the company's results or the company's ability to provide its customers with their orders on time.

On February 28, 2026, the State of Israel launched a military operation against Iran (Operation Lion's Roar). With the start of the operation, air freight to and from the State of Israel was halted, however, these gradually returned to the situation that existed on the eve of the operation. On April 8, 2026, Israel and the US agreed to a temporary two-week ceasefire with Iran for the purpose of negotiating a permanent agreement to end the war. The temporary ceasefire was extended and is still ongoing as of the date of signing the financial statements. The security uncertainty may lead to price increases, affect the continuity of the raw material supply chain, as well as an increase in shipping costs and risk premiums in general. As of the date of signing the financial statements, the company is unable to reliably estimate the scope, duration, or timing of the possible effects of the aforementioned developments on its operations and business results.

At this stage, the operation does not have a material effect on the company's results or on its ability to provide its customers with their orders on time. During the operation and the ceasefire, the company continues to operate in a regular format, and it continues to monitor developments and examine their implications on an ongoing basis.

Note 2: - Principal Accounting Policies

Basis of Preparation of the Interim Consolidated Financial Statements

The Interim Consolidated Financial Statements are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as well as in accordance with the disclosure requirements under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

The accounting policy applied in the preparation of the Interim Consolidated Financial Statements is consistent with that applied in the preparation of the Annual Consolidated Financial Statements.

Note 3 : - Financial Instruments

A. Fair Value

The balance in the financial statements of cash and cash equivalents, pledged deposits, customers, accounts receivable and debit balances, liabilities to suppliers and service providers, accounts payable and credit balances corresponds to or is close to their fair value.

B. Classification of Financial Instruments by Fair Value Hierarchy

The company invested cash balances in securities such as Treasury Bills (MAKAM) and money market funds. All assets at fair value through profit and loss are classified in the fair value hierarchy as Level 1.

Note 4 : - Additional Information on Revenues

Geographic Segmentation

	For the 3 months ended March 31		For the year ended December 31
	2026	2025	2025
	Unaudited		Audited
	NIS thousands		
Israel	65,795	58,914	207,632
India	10,904	8,022	44,864
North America	-	-	271,288
	76,699	66,936	523,785

Note 5 : - Events during and after the reporting period

- A.** Further to what was stated in Note 21h to the Annual Financial Statements, regarding the transaction of issuing Reshef shares and selling Reshef shares held by the Company, during the first quarter of 2026, all warrants (both of Aryt and Reshef) for Reshef shares were exercised, for an exercise price of 7.86 NIS per share, totaling approximately 300 million NIS (approximately 293 million NIS net of transaction costs). As a result of the exercises, Aryt's holding rate in Reshef decreased to 77.6%.
- B.** On January 22, 2026, a commercial agreement was signed between Reshef and a company from Western Europe (hereinafter: "the Foreign Company") for cooperation for the purpose of marketing Reshef fuzes to NATO countries in Europe and for the transfer of Reshef's knowledge and technology to the Foreign Company for the purpose of manufacturing fuzes in Europe, following a memorandum of understanding signed between the parties in February 2025. According to the agreement, the Foreign Company will receive exclusive marketing rights in a defined number of NATO countries in Europe, as well as the possibility of non-exclusive marketing in the rest of NATO countries in Europe. Furthermore, Reshef committed to transfer a license for knowledge to the Foreign Company that will be used for the production of some of the fuze components. It should be clarified that most of the fuze components will be produced by Reshef in Israel or in Europe (through a subsidiary of Reshef or a subcontractor of Reshef) and the completion of the fuze production will be done by the Foreign Company in a factory that the Foreign Company is expected to establish in Europe. Under the agreement, target prices were set for Reshef's various products, where the compensation for the Foreign Company includes (1) a fixed base commission rate from the target price of each fuze and also (2) all direct production costs of the Foreign Company plus an agreed profit margin (COST PLUS).

Note 5: - Events during and after the reporting period (continued)

- C.** On February 17, 2026, investigators from the Israel Securities Authority conducted a search at the company's offices in Or Yehuda due to suspicion of insider information offenses under the Securities Law. To the best of the company's knowledge, officers in the company and the subsidiary Reshef were questioned on the subject. Also to the best of the company's knowledge, at this stage there are no suspicions against the company or Reshef, and as of the date of this prospectus, the company is not aware of any development and/or proceedings and/or additional actions taken by the Securities Authority in connection with the above.
- D.** In March 2026, the Indian company updated Reshef that it won another tender from the Indian Ministry of Defense for the supply of artillery fuzes based on Reshef's technology. Reshef's expected share of the proceeds, according to the terms of the commercial agreement, is approximately 4.4 million dollars. Reshef's final share of the tender proceeds will be determined at the time of completion of the agreement for the supply of fuzes between the Indian company and the Indian Ministry of Defense as stated above, if and to the extent it is completed.
- E.** On March 26, 2026, the company declared a dividend distribution to its shareholders in the amount of approximately 78 million NIS. The dividend was paid in April 2026. The total dividend per share is 77 agorot. After the reporting date, on May 26, 2026, the company declared an additional dividend distribution to its shareholders in the amount of approximately 26 million NIS. The dividend will be paid in June 2026. The total dividend per share is 26 agorot.
- F.** On March 26, 2026, the subsidiary Reshef declared a dividend distribution to its shareholders in the amount of approximately 208 million NIS. The dividend was paid in April 2026. The share of non-controlling interest holders in the dividend amounted to 46,648 thousand NIS.
- G.** After the reporting date, on April 5, 2026, the subsidiary Reshef received an order from the Ministry of Defense in the amount of approximately 42 million NIS for the supply of fuzes during the months of October 2026 – February 2027.
- H.** After the reporting date, on April 17, 2026, the Indian company updated Reshef that it won an order from a foreign country for the supply of artillery fuzes based on Reshef's technology in 2026. Reshef's expected share of the proceeds, according to the terms of the commercial agreement, is approximately 2.2 million dollars. It should be clarified that the Indian company has not yet transferred an order to Reshef for the components, and to the extent an order is received, its execution is subject to receiving an export permit.
- I.** After the reporting date, on May 14, 2026, the subsidiary Reshef received a notice according to which Reshef won a tender from the Ministry of Defense for the supply of a new type of fuzes (which was not included in the orders supplied by Reshef to the Ministry of Defense in recent years) in the amount of approximately 28 million NIS. The winning notice was received as part of a tender the company recently participated in, where to the best of the company's knowledge there is another winner. Furthermore, the tender terms include an option to increase the quantity by approximately an additional 90% relative to the winning quantity.
- J.** On March 31, 2026, the company's board of directors approved an increase in the scope of employment of Mr. Haim Tafler, from 80% to 100% and on May 20, 2026, the general meeting of the company's shareholders approved the update of Mr. Haim Tafler's terms of office, effective from January 1, 2026, according to which Mr. Tafler will be entitled to a monthly consideration in the amount of 130 thousand NIS plus VAT against a tax invoice, as well as reimbursement of incidental expenses incurred as part of and for the purpose of fulfilling his role. Additionally, they approved a one-time discretionary bonus in the amount of 130 thousand NIS plus VAT. The rest of the terms of office remained unchanged.

Aryt Industries Ltd.

Financial data from the Interim Consolidated Financial Statements

Attributed to the Company

For March 31, 2026

Unaudited

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Arit Industries Ltd.

Financial data from the consolidated interim financial statements
Attributable to the Company

As of March 31, 2026

Unaudited

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Special Auditor's Report on Separate Interim Financial Information according to
Regulation 38D of the Securities Regulations
(Periodic and Immediate Reports), 1970

Introduction

We have reviewed the separate interim financial information presented according to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970, of Arit Industries Ltd. (hereinafter - the Company), as of March 31, 2026, and for the three-month period then ended. The separate interim financial information is the responsibility of the Company's Board of Directors and management. Our responsibility is to express a conclusion on the separate interim financial information for this interim period based on our review.

Scope of Review

We conducted our review in accordance with Review Standard 2410 (Israel) of the Institute of Certified Public Accountants in Israel - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit 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 separate interim financial information is not prepared, in all material respects, in accordance with the provisions of Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv,
May 26, 2026

Kost Forer Gabbay & Kasierer
Accountants

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Special report according to Regulation 38D

Financial data and financial information from the consolidated interim financial statements

Attributable to the Company

The following are separate financial data and financial information attributable to the Company from the Group's consolidated interim financial statements as of March 31, 2026, published as part of the Periodic reports (hereinafter - consolidated reports), presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970.

The main accounting policies applied for the presentation of these financial data were specified in Note 2 to the consolidated reports.

Arit Industries Ltd.

Financial data from the consolidated statements of financial position attributable to the Company

	As of March 31		As of December 31
	2026	2025	2025
	Unaudited		Audited
	NIS in thousands		
<u>Current assets</u>			
Cash and cash equivalents	53,380	922	204,247

	As of March 31		As of December 31
	2026	2025	2025
	Unaudited		Audited
	NIS in thousands		
Financial assets measured at fair value through profit or loss	569,776	186,783	340,777
Debtors and debit balances	26	18	49
Dividend receivable from a held company	161,579	-	-
	784,761	187,723	545,073
<u>Non-current assets</u>			
Assets net of liabilities attributable to held companies, net including goodwill	424,788	107,154	472,586
	1,209,549	294,877	1,017,659
<u>Current liabilities</u>			
Trade payables and credit balances	347	317	336
Dividend payable	78,329	9,719	-
Current taxes	9,250	-	53,780
Options to sell shares of a subsidiary	-	-	15,584
Current balances with held companies, net	8,493	161,156	10,022
	96,419	171,192	79,722
<u>Equity attributable to the Company's shareholders</u>			
Share capital	1,131	1,097	1,131
Share premium	170,243	73,210	170,243
Treasury shares	-	(269)	-
Retained earnings (loss)	247,752	(9,277)	290,193
Fund for share-based payment	52	191	47
Other funds	693,952	58,733	476,323
	1,113,130	123,685	937,937
	1,209,549	294,877	1,017,659

The attached additional information constitutes an integral part of the separate financial data and financial information.

May 26, 2026

Zvi Levi

Haim Shetefler

Yaniv Ayash

Date of approval of financial statements Chairman of the Board

CEO

CFO

Aryt Industries Ltd.

Financial data from the consolidated reports on profit or loss attributed to the Company

	For the 3 months ended March 31		For the year ended December 31
	2026	2025	2025
	Unaudited		Audited
	NIS thousands		
Management fee income	774	469	2,148
Cost of services and general and administrative expenses	1,370	698	3,349
Operating loss	(596)	(229)	(1,201)
Finance expenses	(160)	(520)	(1,089)
Finance income	9,468	1,459	52,781
Finance expenses regarding current account balances with held companies	(117)	(2,136)	(9,702)
Company's share in profits of held companies, net	27,293	33,458	303,937
Net profit attributed to the Company	35,888	32,032	344,726

The attached additional information constitutes an integral part of the financial data and the separate financial information.

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Aryt Industries Ltd.

Financial data from the consolidated reports on the cash flows attributed to the Company.

	For the 3 months ended March 31		For the year ended December 31
	2026	2025	2025
	Unaudited	Unaudited	Audited
	NIS thousands		
<u>Cash flows from the Company's operating activities</u>			

	For the 3 months ended March 31		For the year ended December 31
	2026	2025	2025
	Unaudited	Unaudited	Audited
	NIS thousands		
Net profit attributed to the Company	35,888	32,032	344,726
Adjustments required to present cash flows from the Company's operating activities:			
Adjustments to the Company's profit and loss items:			
Finance income, net	(3,021)	(193)	(4,351)
Cost of share-based payment	5	9	28
Profit from financial assets measured at fair value through profit or loss	(5,927)	(1,261)	(48,329)
Company's share in profits of held companies, net (1)	(27,293)	(33,458)	(204,147)
	(36,236)	(34,903)	(256,799)
Changes in the Company's asset and liability items:			
Decrease (increase) in debtors and debit balances	23	18	(13)
Increase in creditors and credit balances	11	4	23
Increase (decrease) in current account balances with held companies	(1,529)	84,755	(66,379)
	(1,495)	84,777	(66,369)
Cash paid and received during the period by the Company for:			
Dividend received	2,535	172	3,467
Interest received	646	21	891
Interest paid	(160)	-	(7)
Taxes paid	(75,396)	-	-
	(72,375)	193	4,351
Net cash generated from (used in) the Company's operating activities	(74,218)	82,099	25,909
(1) Net of - dividend received	-	-	99,790

The attached additional information constitutes an integral part of the financial data and the separate financial information.

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Aryt Industries Ltd.

Financial data from the consolidated reports on the cash flows attributed to the Company

	For the 3 months ended March 31		For the year ended December 31
	2026	2025	2025
	Unaudited		Audited
	NIS thousands		
<u>Cash flows from the Company's investing activities</u>			
Purchase of financial assets measured at fair value through profit or loss, net	(223,072)	(86,581)	(193,507)
Proceeds from sale of shares and warrants for shares of the subsidiary	146,423	-	292,211
Net cash generated from (used in) the Company's investing activities	(76,649)	(86,581)	98,704
<u>Cash flows from the Company's financing activities</u>			
Dividend paid	-	-	(22,943)
Issuance of share capital, net of issuance expenses	-	-	97,006
Exercise of warrants	-	-	167
Net cash generated from the Company's financing activities	-	-	74,230
<u>Increase (decrease) in cash and cash equivalents</u>	(150,867)	(4,482)	198,843
<u>Balance of cash and cash equivalents at the beginning of the period</u>	204,247	5,404	5,404
<u>Balance of cash and cash equivalents at the end of the period</u>	53,380	922	204,247
<u>Significant non-cash activity</u>			
Cancellation of treasury shares	-	-	269
Dividend payable	78,329	9,719	-
Dividend receivable from a held company	161,579	-	-

The attached additional information constitutes an integral part of the financial data and the separate financial information.

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Additional Information

Aryt Industries Ltd.

1. General

This separate financial information is prepared in a condensed format for March 31, 2026, and for the three-month period ended on that date, in accordance with the provisions of Regulation 38D of the Securities Regulations (Financial Statements and Immediate Reports), 1970. This separate financial information should be reviewed in the context of the financial information on the annual financial reports for December 31, 2025, and for the year ended on that date, and the additional information accompanying them.

2. Main Accounting Policies

The accounting policies applied in preparing this separate financial information are consistent with those applied in preparing the separate financial information for December 31, 2025.

3. Material events during the reporting period and thereafter

- A. Further to the matters stated in Note 8 to the annual financial statements, regarding the transaction for the issuance of Reshef shares and the sale of Reshef shares held by the Company, during the first quarter of 2026, all warrants (both Aryt's and Reshef's) for Reshef shares were exercised, for an exercise addition of NIS 7.86 per share, totaling approximately NIS 300 million (approximately NIS 293 million net of transaction costs). As a result of the exercises, Aryt's holding rate in Reshef decreased to 77.6%.
- B. On March 26, 2026, the Company announced a dividend distribution to its shareholders in the amount of approximately NIS 78 million. The dividend was paid in April 2026. The total dividend per share is 77 agorot. After the reporting date, on May 26, 2026, the Company announced an additional dividend distribution to its shareholders in the amount of approximately NIS 26 million. The dividend will be paid in June 2026. The total dividend per share is 26 agorot.
- C. On March 26, 2026, the subsidiary Reshef announced a dividend distribution to its shareholders in the amount of approximately NIS 208 million. The dividend was paid in April 2026. The share of non-controlling interest holders in the dividend totaled NIS 46,648 thousand.
- D. On March 31, 2026, the Company's Board of Directors approved increasing the employment scope of Mr. Haim Shefler, from 80% to 100%, and on May 20, 2026, the general meeting of the Company's shareholders approved the update of Mr. Haim Shefler's terms of office, starting January 1, 2026, under which Mr. Shefler will be entitled to a monthly consideration of NIS 130 thousand plus VAT against a tax invoice, as well as reimbursement of ancillary expenses incurred within and for the purpose of fulfilling his role. Additionally, a one-time discretionary bonus of NIS 130 thousand plus VAT was approved. The rest of the terms of office remained unchanged.

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Quarterly Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure according to Regulation 38C(a)

Management, under the supervision of the Board of Directors of Aryt Industries Ltd. (hereinafter – the Corporation), is responsible for the determination and existence of adequate internal control over financial reporting and disclosure in the Corporation.

In this regard, the members of management are:

1. Mr. Haim Sheffler, General Manager;
2. Mr. Yaniv Ayash, CFO.

Internal control over financial reporting and disclosure includes controls and procedures existing in the Corporation, which were designed by the General Manager and the most senior officer in the field of finance or under their supervision, or by whoever effectively performs the said roles, under the supervision of the Corporation's Board of Directors, which were intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the reports in accordance with the provisions of the law, and to ensure that information that the Corporation is required to disclose in the reports it publishes according to the provisions of the law is collected, processed, summarized, and reported on time and in the formats established by law.

The internal control includes, among other things, controls and procedures designed to ensure that information that the Corporation is required to disclose as stated, is accumulated and transferred to the Corporation's management, including the General Manager and the most senior officer in the field of finance or to whoever effectively performs the said roles, in order to enable decision-making at the appropriate time, with reference to the disclosure requirements.

Due to its structural limitations, internal control over financial reporting and disclosure is not intended to provide absolute assurance that a misstatement or omission of information in the reports will be prevented or detected.

In the annual report on the effectiveness of internal control over financial reporting and disclosure which was attached to the Periodic report for the period ended December 31, 2025 (hereinafter - "the last annual report on internal control"), the Board of Directors and management evaluated the internal control in the Corporation; based on this evaluation, the Board of Directors and the management of the Corporation reached the conclusion that the internal control as stated, as of December 31, 2025, is effective.

Up to the date of the report, no event or matter was brought to the attention of the Board of Directors and management that would change the effectiveness evaluation of the internal control, as presented within the framework of the last annual report on internal control;

As of the date of the report, based on the evaluation of the effectiveness of the internal control in the last annual report on internal control, and based on information brought to the attention of management and the Board of Directors as stated above, the internal control is effective.

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(A) General Manager's Declaration according to Regulation 38C(d)(1)

Management Certification **General Manager's Declaration**

I, Haim Sheffler, declare that:

1. I have examined the quarterly report of Aryt Industries Ltd. (hereinafter – the Corporation) for the first quarter of the year 2026 (hereinafter – the Reports);
2. To the best of my knowledge, the Reports do not include any misrepresentation of a material fact and do not lack a representation of a material fact necessary so that the representations included in them, in light of the circumstances under which those representations were included, will not be misleading with respect to the period of the Reports;
3. To the best of my knowledge, the financial statements and other financial information included in the Reports adequately reflect, in all material respects, the financial position, results of operations, and cash flows of the Corporation for the dates and periods to which the Reports relate;
4. I have disclosed to the Corporation's auditing accountant, to the Board of Directors, and to the Audit Committee of the Corporation's Board of Directors, based on my most current evaluation regarding the internal control over financial reporting and disclosure:
 - A. All significant deficiencies and material weaknesses in the determination or operation of the internal control over financial reporting and disclosure that are reasonably likely to adversely affect the Corporation's ability to collect, process, summarize, or report financial information in a manner that casts doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and -
 - B. Any fraud, whether material or not material, involving the General Manager or those directly subordinate to him or involving other employees who have a significant role in the internal control over financial reporting and disclosure;
5. I, alone or together with others in the Corporation:
 - A. Established controls and procedures, or ensured the establishment and existence under my supervision of controls and procedures, designed to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in the Corporation and in the consolidated companies, particularly during the preparation period of the Reports; and -
 - B. Established controls and procedures, or ensured the establishment and existence of controls and procedures under my supervision, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with accepted accounting principles;
 - C. No event or matter that occurred during the period between the date of the last report (quarterly or periodic, as applicable) and the date of this report has been brought to my attention, which would change the conclusion of the Board of Directors and management regarding the effectiveness of internal control over financial reporting and disclosure of the Corporation.

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

May 26, 2026

Haim Sheffler - General Manager

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**(B) Declaration of the Senior Officer in the Field of Finance according to Regulation 38C(d)
(2)**

Management Certification

Declaration of the Senior Officer in the Field of Finance

I, Yaniv Ayash, declare that:

1. I have examined the interim financial statements and other financial information included in the reports for the interim period of Aryt Industries Ltd. (hereinafter – the Corporation) for the first quarter of the year 2026 (hereinafter – "the Reports" or the Reports for the interim period).
2. To the best of my knowledge, the interim financial statements and other financial information included in the reports for the interim period do not include any misrepresentation of a material fact, and do not lack a representation of a material fact necessary so that the representations included in them, in light of the circumstances under which those representations were included, will not be misleading with respect to the period of the reports;
3. To the best of my knowledge, the interim financial statements and other financial information included in the reports for the interim period adequately reflect, in all material respects, the financial position, results of operations, and cash flows of the Corporation for the dates and periods to which the reports relate;
4. I have disclosed to the Corporation's auditing accountant, to the Board of Directors, and to the Audit Committee of the Corporation's Board of Directors, based on my most current evaluation regarding the internal control over financial reporting and disclosure:
 - A. All significant deficiencies and material weaknesses in the determination or operation of the internal control over financial reporting and disclosure as it relates to the interim financial statements and other financial information included in the reports for the interim period, which are reasonably likely to adversely affect the Corporation's ability to collect, process, summarize, or report financial information in a manner that casts doubt on the reliability of financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and -
 - B. Any fraud, whether material or not material, involving the General Manager or those directly subordinate to him or involving other employees who have a significant role in the internal control over financial reporting and disclosure.
5. I, alone or together with others in the Corporation:

- A. Established controls and procedures, or ensured the establishment and existence under my supervision of controls and procedures, designed to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in the Corporation and in the consolidated companies, particularly during the preparation period of the reports; and -
- B. Established controls and procedures, or ensured the establishment and existence under my supervision of controls and procedures, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with accepted accounting principles;
- C. No event or matter that occurred during the period between the date of the last report (quarterly or periodic, as applicable) and the date of this report, relating to the interim financial statements and all other financial information included in the reports for the interim period, has been brought to my attention, which would change, in my evaluation, the conclusion of the Board of Directors and management regarding the effectiveness of internal control over financial reporting and disclosure of the Corporation.

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

May 26, 2026

Yaniv Ayash – CFO