

IDENTIFAI GENETICS LTD.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

IDENTIFAI GENETICS LTD.

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

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**Independent Auditor's Report
To the Shareholders of
IDENTIFAI GENETICS LTD.**

Opinion

We have audited the financial statements of IDENTIFAI GENETICS LTD. (the "Company"), which comprise the statements of financial position as at December 31, 2025, 2024 and 2023, and the statements of comprehensive loss, statement of changes in equity and statement of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Israel, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1C to the financial statements, the Company has suffered recurring losses from operations and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 1C. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of and management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

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

Brightman Almagor Zohar and Co.
Brightman Almagor Zohar & Co.

Certified Public Accountants

A Firm in the Deloitte Global Network

Tel Aviv, Israel

July 26, 2026

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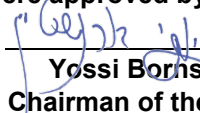
IDENTIFAI GENETICS LTD.
STATEMENTS OF FINANCIAL POSITION
(United States Dollars (USD) in thousands)

		As of December 31,		
	Note	2 0 2 5	2 0 2 4	2 0 2 3
ASSETS				
Current assets				
Cash and cash equivalents	4	669	446	1,458
Short term bank deposits		-	252	402
Other receivables and prepaid expenses	5	50	12	47
		719	710	1,907
Non-current assets				
Property, plant and equipment	6	30	27	31
Right of use assets	7a	20	79	15
Intangible assets	8	887	887	887
Other receivables		-	17	-
		937	1,010	933
Total assets		1,656	1,720	2,840
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables		24	35	22
Short term lease liability	7b	28	64	16
Other payables and accrued expenses	9	239	152	247
Warrant liability at fair value	12	-	508	427
		291	759	712
Non-current liabilities				
Lease liabilities	7b	-	24	-
Liability in respect of government grants	11	1,264	805	547
Financial liabilities of license fees	14A	95	80	73
		1,359	909	620
Total liabilities		1,650	1,668	1,332
Shareholders' equity				
Share capital and premium	12	8,557	6,920	6,268
Share based payment reserve		435	394	554
Accumulated deficit		(8,986)	(7,262)	(5,314)
Total equity		6	52	1,508
Total Liabilities and Equity		1,656	1,720	2,840

The financial statements were approved by the board of directors of the Company.

July 26, 2026

Date of approval of the
Financial Statements


Yossi Bornstein
Chairman of the board
Of directors


Eyal Miller
CEO


Rotem Caspi-Shomrat
CFO

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

IDENTIFAI GENETICS LTD.
STATEMENTS OF COMPREHENSIVE LOSS
(USD in thousands, except for per share and shares data)

		Year ended December 31,		
	Note	2025	2024	2023
Operating expenses:				
Research and development expenses, net	15	1,874	1,584	1,387
Selling, administrative and general expenses	16	414	280	224
Operating loss		<u>2,288</u>	<u>1,864</u>	<u>1,611</u>
Finance income	17A	(596)	(57)	(82)
Finance expense	17B	32	141	96
Finance expense (income), net		<u>(564)</u>	<u>84</u>	<u>14</u>
Loss before income taxes		<u>1,724</u>	<u>1,948</u>	<u>1,625</u>
Tax on income	13	-	-	-
Net loss and Comprehensive loss		<u>1,724</u>	<u>1,948</u>	<u>1,625</u>
Net loss per share:	12E			
Basic and diluted		<u>1.41</u>	<u>1.60</u>	<u>1.36</u>
Shares used in calculation of net loss per share:				
Basic and diluted		<u>1,224,424</u>	<u>1,219,036</u>	<u>1,197,217</u>

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

IDENTIFAI GENETICS LTD.
STATEMENTS OF CHANGES IN EQUITY
(USD in thousands, except for per share and shares data)

	Share capital and premium	Share-based payment reserve	Accumulated deficit	Total shareholders' equity
Balance - January 1, 2023	3,465	725	(3,689)	501
Share-based payment	-	279	-	279
Exercise of options	119	(119)	-	-
Reclassification of share-based payment reserve to share premium upon vesting of restricted shares	331	(331)	-	-
Issuance of preferred shares, net	2,353	-	-	2,353
Comprehensive loss for the year	-	-	(1,625)	(1,625)
Balance - December 31, 2023	6,268	554	(5,314)	1,508
Share-based payment	-	132	-	132
Exercise of options	38	(38)	-	-
Reclassification of share-based payment reserve to share premium upon vesting of restricted shares	254	(254)	-	-
Issuance of preferred shares, net	360	-	-	360
Comprehensive loss for the year	-	-	(1,948)	(1,948)
Balance - December 31, 2024	6,920	394	(7,262)	52
Share-based payment	-	67	-	67
Exercise of options	-	-	-	-
Reclassification of share-based payment reserve to share premium upon vesting of restricted shares	26	(26)	-	-
Issuance of preferred shares, net	1,611	-	-	1,611
Comprehensive loss for the year	-	-	(1,724)	(1,724)
Balance - December 31, 2025	<u>8,557</u>	<u>435</u>	<u>(8,986)</u>	<u>6</u>

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

IDENTIFAI GENETICS LTD.
STATEMENTS OF CASH FLOWS
(USD in thousands)

	Year ended December 31,		
	2025	2024	2023
<u>Cash flows - operating activities</u>			
Net loss	(1,724)	(1,948)	(1,625)
Adjustments to reconcile net income to net cash from (used) operating activities (Appendix A)	(485)	61	66
Net cash used in operating activities	(2,209)	(1,887)	(1,559)
<u>Cash flows - investing activities</u>			
Decrease (increase) in deposits	252	150	(402)
Interest received on deposits	13	51	22
Purchase of property, plant and equipment	(16)	(4)	(13)
Net cash provided by (used in) investing activities	249	197	(393)
<u>Cash flows - financing activities</u>			
Lease payments	(76)	(58)	(47)
Government grants	674	289	422
Issuance of shares to investors, net	1,611	428	2,530
Net cash provided by financing activities	2,209	659	2,905
Increase (decrease) in cash and cash equivalents	249	(1,031)	953
Effect of exchange-rate differences on balances of cash and cash equivalents	(26)	19	(6)
Cash and cash equivalents at the beginning of the financial year	446	1,458	511
Cash and cash equivalents at the end of the financial year	669	446	1,458

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

IDENTIFAI GENETICS LTD.
STATEMENTS OF CASH FLOWS
(USD in thousands)

Appendix A - Adjustments to reconcile net gain to net cash from operating activities

	Year ended December 31,		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
A. Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	72	62	51
Impact of foreign exchange rate changes	25	(19)	7
Cost of share-based payment	67	132	279
Finance expenses, net	(486)	86	(74)
Changes in assets and liabilities:			
Increase in other receivables and prepaid expenses	(20)	18	(4)
Increase (decrease) in trade payables	(11)	13	6
Increase (decrease) in accrued expenses and other payables	85	(105)	24
Increase (decrease) in liability in respect of government grants	(217)	(126)	(223)
	<u>(485)</u>	<u>61</u>	<u>66</u>

	Year ended December 31,		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
B. Non-cash investing and financing activities			
Leases (See note 7)			
Right of use assets obtained in exchange for lease liabilities	<u>-</u>	<u>118</u>	<u>-</u>

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

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
(USD in thousands, except for per share and shares data)

NOTE 1 - DESCRIPTION OF BUSINESS AND GENERAL

A. Description of Business:

Identifai Genetics Ltd. (the “**Company**”) was incorporated in April 2021 and commenced its business operations on such date.

The Company is a clinical genomics company focused on the development and commercialisation of advanced non-invasive prenatal testing solutions. The Company’s primary business activity is the creation of a genome-wide, cfDNA-based (cell free DNA based) prenatal screening platform that enables detection of fetal chromosomal abnormalities and hundreds of monogenic disorders from a single maternal blood sample. Its flagship product, Windrose™, is designed to integrate standard chromosomal NIPT, expanded maternal carrier screening, and reflex fetal testing into one comprehensive, non-invasive test.

B. Definitions

The Company - IDENTIFAI GENETICS LTD.

Related parties - As defined in IAS 24.

CPI - The Consumer Price Index, as published by the Central Bureau of Statistics.

Dollar or \$ - U.S. Dollar.

IIA - The Israeli innovation Authority at the Israeli Ministry of Economy.

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
(USD in thousands, except for per share and shares data)

NOTE 1 - DESCRIPTION OF BUSINESS AND GENERAL (cont.)

C. Going concern:

Since its inception, the Company has devoted substantially all its efforts to research and development. The Company has not yet generated revenues from operations. The Company has incurred operating losses since its inception and expects to continue to incur operating losses for the near-term. As of December 31, 2025, the Company had an accumulated deficit of approximately \$8,986. The extent of the Company's future operating losses and the timing of becoming profitable are uncertain.

To date, the Company's primary sources of cash have been proceeds from equity financings, together with grants received from the Israel Innovation Authority. While the Company has been successful in obtaining financing in the past, there can be no assurance that it will be able to secure additional financing in the future on a timely basis, on terms acceptable to the Company, or at all.

The Company has not yet commercialized any of its product candidates. Even if the Company commercializes one or more of its product candidates, it may not become profitable in the near-term. The Company's ability to achieve profitability depends on several factors, including its ability to obtain regulatory approval for its product candidates, successfully complete any post-approval regulatory obligations, and successfully commercialize its product candidates alone or in partnership.

Such conditions raise substantial doubt about the Company's ability to continue as a going concern.

Management's plans include pursuing additional equity financing and other funding transactions, as well as continuing its efforts to complete an initial public offering (IPO). As described in Note 20, subsequent to the reporting date the Company received additional financing. However, there can be no assurance that any such financing or IPO will be completed, that funding will be available on favorable terms, or that the proceeds will provide the Company with sufficient resources to achieve its objectives.

These financial statements do not include any adjustments relating to the recoverability and classification of assets, carrying amounts, or the amount and classification of liabilities that may be required should the Company be unable to continue as a going concern.

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
(USD in thousands, except for per share and shares data)

NOTE 2 - MATERIAL ACCOUNTING POLICIES

A. Declaration regarding the application of the IFRS Accounting Standards®

Statement of compliance:

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

The significant accounting policies specified hereunder were applied consistently in relation to all reporting periods presented in these financial statements, apart from changes in accounting policies that were derived from applying the standards, amendments to standards and interpretations that became effective on the date of the financial statements.

B. Basis of preparation:

The financial statements were prepared on the historical cost basis, except for: Warrant liability as described in Note 12 and Commitments and contingent liabilities as described in Note 14.

C. Foreign currencies:

(1) Translation of foreign currency transactions:

In preparing the financial statements, transactions in currencies other than the Company's functional currency (USD) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(2) Recognition of exchange differences:

Exchange differences are recognized in profit or loss in the period in which they arise. The financial statements are presented in USD, which is the company's functional and reporting currency.

D. Cash and cash equivalents:

Cash and cash equivalents include demand deposits and term deposits in banks that are not restricted as to usage, with an original period to maturity of not more than three months.

Deposits that have restrictions governing their use are classified as pledged deposits. Deposits are classified as current or non-current, based on the remaining maturity as of the financial statements date.

E. Intangible Assets:

Intangible assets are nonmonetary assets which are without physical substance and identifiable (either being separable or arising from contractual or other legal rights). Intangible assets acquired from third parties, including technology rights and intellectual property obtained through licensing agreements, are recognized at cost at the date of acquisition.

When an intangible asset is acquired in exchange for a combination of equity instruments and a royalty obligation, the asset is initially recognized at its fair value as determined at the acquisition date by an independent valuation.

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
(USD in thousands, except for per share and shares data)

NOTE 2 - MATERIAL ACCOUNTING POLICIES (Cont.)

Costs include the contractually agreed and in-substance fixed minimum license payments over the non-cancellable contract term. These payments are discounted at initial recognition. Variable payments determined to not represent minimum license payments over the non-cancellable contract term (e.g., based on revenues) are not part of the cost and are recognized as expenses when they occur. The cost associated with equity instruments granted are part of cost of the license asset and the corresponding credit is recognized in equity.

The Company holds acquired intellectual property that, at the date of acquisition and as of the reporting date, has not yet been completed and is not yet available for its intended use. This technology is classified as in-process research and development (IPR&D) and is recognized as an intangible asset at cost.

The carrying amount of the asset is not amortized while it remains unavailable for use.

Until commencement of amortization, the IPR&D asset is tested for impairment annually, and whenever there is an indication that it may be impaired, in accordance with IAS 36, *Impairment of Assets*. The recoverable amount is determined as the higher of fair value less costs of disposal and value in use. An impairment loss is recognized immediately in profit or loss to the extent the carrying amount exceeds the recoverable amount.

- **Derecognition of intangible assets:**

An intangible asset is derecognized on disposal, or when no future economic benefit is expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

F. Impairment of tangible and intangible assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication of such exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

An impairment loss is recognized immediately in profit or loss.

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
(USD in thousands, except for per share and shares data)

G. Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

The Company has not met all of the criteria required for capitalization under IAS 38 and therefore development costs are expensed as incurred.

H. Fixed Assets, Net:

Fixed assets are tangible items, held for use in providing goods or services, or for rental, and which it is anticipated will be in use for more than one period. The Company presents its fixed asset items according to the cost model - fixed asset items are presented in the statement of financial position at their cost, net of accumulated depreciation and less cumulative impairment losses. The cost includes the cost of acquisition of the asset and costs directly attributable to bringing the asset to the location and condition necessary for its operation, as management intended.

Depreciation of fixed assets is carried out separately for each depreciable component of an item of fixed assets with significant cost in relation to the total cost of the item. The depreciation is carried out systematically by the straight-line method over the expected useful life of the component of the item, from the date that the asset is ready for its designated use, taking into account the expected residual value at the end of its useful life.

Assets leased under financial lease arrangements are depreciated over their expected useful lives on the same basis as owned assets, or over the lease term.

	<u>%</u>
Computer and Software	33
Furniture and Equipment	7-15
Leasehold improvements	20

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
(USD in thousands, except for per share and shares data)

NOTE 2 - MATERIAL ACCOUNTING POLICIES (Cont.)

I. Financial assets:

(1) General:

Financial assets are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument, using settlement date accounting.

Financial assets were classified in the categories detailed below based on the Company's business model for managing the financial assets and based on the contractual cash flow characteristics of the financial asset:

- Financial assets at fair value through profit or loss' (FVTPL); and
- Debt instruments at amortized cost.

(2) Debt instruments at amortized cost:

Debt instruments held according to a business model whose objective is achieved by collecting the contractual cash flows and whose contractual terms give rise to cash flows that are solely payments of principal and interest, were initially measured at fair value plus directly attributable transaction costs, except for receivables that were initially measured at their transaction price. Subsequent to initial recognition, these assets are measured at amortized cost.

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
(USD in thousands, except for per share and shares data)

NOTE 2 - MATERIAL ACCOUNTING POLICIES (Cont.)

J. Leases:

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For short term leases and leases of low value assets, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;

The current lease liability and the non-current lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. The right-of-use assets are presented as a separate line in the statement of financial position.

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
(USD in thousands, except for per share and shares data)

NOTE 2 - MATERIAL ACCOUNTING POLICIES (Cont.)

K. Net loss per share:

Basic loss per share is computed with regard to loss attributable to the Company's ordinary shareholders and is calculated for loss from continuing operations attributable to the ordinary shareholders of the reported entity, should such be presented. Basic loss per share is to be computed by dividing loss attributed to owners of the Company (numerator), by the weighted average of the outstanding ordinary shares (denominator) during the period. In the computation of diluted loss per share, the Company adjusted its loss attributable to its ordinary shareholders by multiplying their diluted loss per share and the weighted average of the outstanding shares for the effects of all the dilutive potential ordinary shares of the Company.

L. Share-based payments:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date using the Black Scholes Merton model.

When the equity instruments granted do not vest until such employees and service providers complete a defined period of service, comply with the conditions for exercise or defined market conditions are present, the Company recognizes the share-based payment arrangements in the financial statements over the vesting period against an increase in shareholders' equity.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest.

At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss over the remaining vesting period, with a corresponding adjustment to the reserve for share-based transactions.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted on the date the entity obtains the goods or the counterparty renders the service.

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
(USD in thousands, except for per share and shares data)

NOTE 2 - MATERIAL ACCOUNTING POLICIES (Cont.)

M. Tax on income:

Deferred tax:

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The Company has not recognised deferred tax assets in respect of deductible temporary differences and carry-forward tax losses, as management has assessed that it is not probable that sufficient future taxable profits will be available to utilise these benefits in the foreseeable future.

N. Government grants:

Government grants are recognized when there is reasonable assurance that the grants will be received, and the Company will comply with the attached conditions.

Government grants received from the Israeli Innovation Authority ("IIA"), formerly the Office of Chief Scientist ("OCS"), are recognized upon receipt as a liability if future economic benefits are expected from the research project that will result in royalty-bearing revenues.

A liability for the future Royalties is first measured at fair value using a discount rate that reflects a market rate of interest. The difference between the amount of the grant received and the fair value of the liability is accounted for as a government grant and recognized as a reduction of research and development expenses. After initial recognition, the liability is measured at amortized cost using the effective interest method. Royalty payments are treated as a reduction (partial or full settlement) of the liability. If no economic benefits are expected from the research activity, the grant receipts are recognized as a reduction of the related research and development expenses. In that event, the royalty obligation is treated as a contingent liability in accordance with IAS 37.

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
(USD in thousands, except for per share and shares data)

NOTE 2 - MATERIAL ACCOUNTING POLICIES (Cont.)

O. Employee benefits:

According to Israeli law the Company is generally required to pay severance compensation to an employee at the time of dismissal, death or retirement (including employees who leave the place of employment under other specified circumstances). The calculation of the obligation related to the termination of the employee-employer relationship is based on the employee's salary and the years of service.

Commencing April 2021, the Company has defined contribution plans, in accordance with Section 14 of the Israeli Severance Pay Law, according to which the Company makes monthly payments to insurance policies for its employees. Upon termination of employment, employees will be entitled to receive only the amounts accrued in the insurance policies with respect to severance pay. Deposits to a defined contribution plan for severance pay or for pensions are recognized as an expense at the time of the deposit to the plan concurrent with obtaining the labor services from the employee, and no additional provision in the financial statements is required.

Short term employee benefits:

Short term employee benefits are benefits which it is anticipated will be utilized or which are to be paid during a period that does not exceed 12 months from the end of the period in which the service that creates entitlement to the benefit was provided.

Short term company benefits include the company's liability for short term absences, payment of grants, bonuses and compensation. These benefits are recorded to the statements of net income and comprehensive income when incurred. The difference between the amount of the short-term benefits to which the employee is entitled and the amount paid is therefore recognized as an asset or liability.

P. Fair value of financial instruments:

The carrying amounts of other receivables, trade payables, other payables, and lease liabilities approximate their fair values due to their short-term maturities.

Q. Exchange Rates and Linkage Basis:

- (1) Balances in foreign currency or linked thereto are included in the financial statements based on the representative exchange rates, as published by the Bank of Israel, that were prevailing at the balance sheet date.
- (2) Following are the changes in the representative exchange rate of the NIS and AUD vis-a-vis the USD:

	Representative exchange rate of the USD	
	in AUD	in NIS
As at:		
December 31, 2025	1.49	3.190
December 31, 2024	1.61	3.647
Rates of change for the Year ended:	%	%
December 31, 2025	(0.07)	(12.5)
December 31, 2024	0.1	0.6

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
(USD in thousands, except for per share and shares data)

NOTE 2 - MATERIAL ACCOUNTING POLICIES (Cont.)

R. Adoption of new and revised Standards:

New and amended IFRS Accounting Standards that are effective for the current year

Impact of the initial application of other new and amended IFRS Accounting Standards that are effective for the current year.

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New IFRS Accounting Standards in issue but not yet effective

At the date of authorization of these financial statements, the Company has not applied the following new IFRS Accounting Standard that has been issued but is not yet effective:

- **IFRS 18 - Presentation and Disclosure in Financial Statements**

IFRS 18 aims to improve how information is communicated in financial statements to give investors a more comparable basis to analyze companies' performance.

The standard introduces three sets of new requirements:

1. New categories and subtotals in the statements of income.
2. Disclosure regarding management-defined performance measures.
3. Guidance related to the aggregation and disaggregation of certain information.

The statements of income will be split into three newly defined categories (operating, investing, and financing) and will include two newly defined subtotals (operating profit and profit before financing and income taxes).

Management-defined performance measures are subtotals of income and expense used in public communication outside the financial statements and communicate management's view of certain aspects of a company's performance. Such measures are required to be described in a clear and understandable manner in a single note explaining how the measure is calculated, why it is useful, providing a reconciliation to the most directly comparable subtotal noted above, the income tax and non-controlling interest effect on each item and how the income tax effect was determined.

Lastly, companies must disaggregate items if such information is material and avoid using the label "other" in financial statements. Certain additional details for depreciation and amortization, impairment and other expense classifications may be required.

IFRS 18 is effective for fiscal periods commencing on or after January 1, 2027. Earlier adoption is permitted. The standard is expected to impact the Company's presentation of items within the financial statements and its notes disclosures once implemented, though the standard is not expected to change how the Company recognizes or measures items in its financial statements

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
(USD in thousands, except for per share and shares data)

NOTE 3 - SIGNIFICANT ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION

A. General:

In the application of the Company's accounting policies, which are described in Note 2 above, the Company's management is required, in certain cases, to make significant accounting judgments regarding estimates and assumptions that impact the reported amounts of assets, liabilities and contingent liabilities as at the date of the financial statements, as well as the reported amounts of revenue, expenses, gains and losses during the reporting period. The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results could differ from these estimates.

Management reviews the estimates and underlying assumptions on an ongoing basis. Changes in accounting estimates are only recognized in the period in which the estimate is changed if the change affects only that period or in the period of change and future periods if the change affects both current and future periods.

The assumptions used in the Company estimates are based on contractual commitments where sensitivity is insignificant. In addition, in the process of applying the Company's accounting policies, management makes various judgments, apart from those involving estimations, that can significantly affect the amounts recognized in the financial statements.

Other estimates or assumptions used in our allowances are based on the Company's historical experience. Any sensitivity analysis of the effect of changes in critical estimates and assumptions would show negligible effect on the Company's financial position or results of operations.

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
(USD in thousands, except for per share and shares data)

NOTE 3 - SIGNIFICANT ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION (Cont.)

B. Significant judgments in applying accounting policies:

The following are the significant judgments that the management has made in the process of applying the entity's accounting policies, apart from those involving estimation, and that have the most significant effect on the amounts recognized in the financial statements.

(1) Share based payments:

The Company accounts for its share-based compensation to employees and others in accordance with the provisions of IFRS 2 "Share-based Payment," which requires measuring the cost of share-based compensation based on the fair value of the award on the grant date (See note 12).

The Company selected the Black-Scholes Merton option pricing model as the most appropriate method for computing the fair value of its share-based awards, using the standard parameters established in that model including estimates relating to the fair value of its ordinary shares, volatility, estimated life of the instruments, risk-free interest rates and dividends yield as described below.

(2) Liability in respect of government grants:

Government grants in respect of a research and development project are recognized as a liability and are measured at their fair value as of the receipt date, unless at that date, it is reasonably assured that the amount received will not be refunded. In determining these assumptions, management makes use of a forecast regarding revenues expected to derive from the items in respect of which the grants were received and the royalties that have to be paid in respect thereof. There exists a degree of uncertainty in respect of the estimated future cash flows, timing of such cash flows and estimate of the discount rate used in determining the amount of the liability. See also Note 11 below.

(3) Valuation of license rights acquired from Ramot:

In connection with the license agreement entered into with Ramot at Tel Aviv University Ltd., the Company recognized an intangible asset representing exclusive license rights and related intellectual property rights acquired in exchange for equity instruments and certain contractual payment obligations.

The initial measurement of the acquired license rights, the liability recognized in respect of minimum annual license payments and the valuation of the anti-dilution protection mechanism involve significant estimates and judgments. The determination of the fair value of these components requires management to make assumptions regarding, among other things, the technological and commercial feasibility of the licensed technology, expected future economic benefits, projected commercialization timelines, probabilities of successful regulatory approval, expected future revenues, market participant assumptions and appropriate discount rates.

Due to the complexity of the valuation and the significant level of judgment involved, the Company engaged an independent valuation specialist to assist in determining the fair value of the acquired license rights and the related contractual obligations.

Changes in the assumptions used in the valuation models, including assumptions relating to future cash flows, probabilities of technical and commercial success, timing of commercialization and discount rates, could materially affect the carrying amount of the related intangible asset and liability recognized in the financial statements.

In addition, as the licensed technology is not yet available for use, the related intangible asset is subject to annual impairment testing in accordance with IAS 36. See also Note 8

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
(USD in thousands, except for per share and shares data)

NOTE 4 - CASH AND CASH EQUIVALENTS AND SHORT TERM DEPOSITS

Composition:

	As of December 31,		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cash	669	446	1,458
Deposits	-	252	402
	<u>669</u>	<u>698</u>	<u>1,860</u>

The deposits bear annual interest rates of 4.25%, 4.25% and 3.63% for the years 2025, 2024 and 2023, respectively.

NOTE 5 - OTHER RECEIVABLES AND PREPAID EXPENSES

Composition:

	As of December 31,		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Prepaid expenses	3	2	10
Government entities	28	10	21
Other receivables	19	-	16
	<u>50</u>	<u>12</u>	<u>47</u>

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
(USD in thousands, except for per share and shares data)

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

Composition:

	Furniture and equipment	Computers and software	Leasehold improvements	Total
	USD in Thousands			
Cost:				
Balance as of January 1, 2023	11	15	4	30
Acquisitions	6	7	-	13
Balance as of December 31, 2023	17	22	4	43
Acquisitions	1	3	-	4
Balance as of December 31, 2024	18	25	4	47
Acquisitions (deductions)	1	15	(4)	12
Balance as of December 31, 2025	19	40	-	59
Accumulated depreciation:				
Balance as of January 1, 2023	(1)	(4)	-	(5)
Depreciation expenses	(1)	(5)	(1)	(7)
Balance as of December 31, 2023	(2)	(9)	(1)	(12)
Depreciation expenses	(2)	(6)	(*)	(8)
Balance as of December 31, 2024	(4)	(15)	(1)	(20)
Depreciation expenses	(2)	(8)	(3)	(13)
Deductions of depreciation expenses	-	-	4	4
Balance as of December 31, 2025	(6)	(23)	-	(29)
Balance as of:				
December 31, 2025	13	17	-	30
December 31, 2024	14	10	3	27
December 31, 2023	15	13	3	31

(*) Less than \$1

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 - LEASES

a. Right of use assets:

	<u>Lease premises</u>
Cost	
At January 1, 2023	89
Additions	-
At December 31, 2023	89
Additions	118
Disposals	(89)
At December 31, 2024	118
Additions	-
At December 31, 2025	118
	<u>Lease premises</u>
Accumulated depreciation	
At January 1, 2023	(30)
Depreciation expenses	(44)
At December 31, 2023	(74)
Depreciation expenses	(54)
Deductions	89
At December 31, 2024	(39)
Depreciation expenses	(59)
At December 31, 2025	(98)
Net book value	
At December 31, 2025	20
At December 31, 2024	79
At December 31, 2023	15

	<u>Year ended December 31,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Amount recognized in profit and loss:			
Depreciation expense of the right of use assets	59	54	44
Interest expense on lease liabilities	12	12	2
	71	66	46

In May 2022, the Company entered into a lease agreement for 170 square meters of office space in Tel Aviv, including four parking spaces. The lease term commenced on May 9, 2022 and originally continued through August 31, 2023. The agreement included an option to extend the lease term for an additional period of eight months through April 30, 2024. During 2023, the Company exercised the extension option and continued leasing the premises through April 30, 2024.

The monthly lease payments under the agreement are approximately \$3.8 thousand (NIS 14 thousand) linked to the consumer price index. In accordance with IFRS 16, the Company recognized a right-of-use asset and a corresponding lease liability in respect of this lease arrangement.

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
(USD in thousands, except for per share and shares data)

NOTE 7 - LEASES (Cont.):

In February 2024, the Company entered into a new lease agreement for approximately 240 square meters of office space located in Tel Aviv, including six parking spaces. The lease term commenced on May 1, 2024 and continues through April 30, 2026, with an option for early termination by the Company on April 30, 2025, subject to advance notice. As of December 31, 2025, the Company continued leasing the premises during the second year of the lease term.

The monthly lease payments under the agreement amount to approximately \$5.2 thousand (approximately NIS 18 thousand), linked to the consumer price index, in addition to monthly payments for parking spaces amounting to approximately \$1.2 thousand (approximately NIS 4 thousand) and management fees. During the first 12 months of the lease term, the Company was entitled to a partial rent concession with respect to a portion of the leased area. In January 2025, this concession was extended through the grant of an additional six-month period.

In connection with the lease commencement, the Company recognized a right-of-use asset and a corresponding lease liability in accordance with IFRS 16.

b. Lease liability:

	As of December 31,		
	2025	2024	2023
Lease liabilities	28	88	16
Less- Current maturities of operating leases	(28)	(64)	(16)
Non-current operating leases	-	24	-

NOTE 8 - INTANGIBLE ASSETS, NET

Composition:

	License
Cost	
At January 1, 2023	887
Additions	-
At December 31, 2023	887
Additions	-
At December 31, 2024	887
Additions	-
At December 31, 2025	887

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 - INTANGIBLE ASSETS, NET (Cont.):

The intangible asset, which has not yet been completed and is not yet available for its intended use, is tested for impairment annually, and whenever there is an indication that it may be impaired, in accordance with IAS 36, Impairment of Assets. In accordance with the standard, an intangible asset not yet available for use is tested for impairment irrespective of whether any indication of impairment exists, at least annually, until the commencement of its amortization.

For purposes of this test, the Company estimates the recoverable amount of the intangible asset (carrying amount of approximately \$887 thousand as of the reporting date) by reference to the fair value of the Company's equity, as derived from the equity financing transactions completed by the Company with independent, unrelated investors in close proximity to the relevant reporting dates, as described in Note 12. The Company considers this value to be an appropriate indication of the recoverable amount, as these transactions were conducted on an arm's-length basis between unrelated parties. The impairment test is therefore based on the total equity value of the Company as implied by these financing transactions, rather than on an external valuation or market indication.

This fair value measurement is classified as Level 3 within the fair value hierarchy in accordance with IFRS 13, Fair Value Measurement, as it is based on significant unobservable inputs. In determining the fair value of the Company's ordinary shares for this purpose, the Company allocates the aggregate equity value implied by the financing transactions among the various classes of equity (including ordinary shares, preferred shares and options) using an Option Pricing Model (OPM).

The key assumptions used in applying the OPM include: (i) the expected time to a liquidity event (exit); (ii) the expected volatility of the Company's equity value, derived from the historical volatility of comparable publicly traded companies; (iii) the risk-free interest rate, based on the yield of government bonds with a term consistent with the expected time to liquidity event; and (iv) a discount for lack of marketability (DLOM), reflecting the illiquidity of the Company's shares.

As the value derived from this analysis significantly exceeds the carrying amount of the intangible asset, the Company concluded that the recoverable amount of the asset exceeds its carrying amount, and that no formal, detailed value-in-use calculation based on discounted cash flows was required.

Based on this assessment, no impairment loss was recognized in respect of the intangible asset for the year ended December 31, 2025, or for the comparative periods presented in the financial statements.

See also Note 14A.

NOTE 9 - OTHER PAYABLES AND ACCRUED EXPENSES

Composition:

	As of December 31,		
	2025	2024	2023
Salaries and other employee related liabilities	89	50	27
Government institutions	41	28	31
Grants payables	-	-	117
Accrued expenses	97	64	72
Financial liabilities of license fees	12	10	-
	<u>239</u>	<u>152</u>	<u>247</u>

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 - POST EMPLOYMENT BENEFITS

The Company's employees are signed on employment agreements which are subject to the provisions of Section 14 of the Severance Pay Law, 1963. Accordingly, the Company's deposits to pension/insurance funds in respect of the severance pay component constitute full and final settlement of the Company's severance pay obligation towards those employees, and release the Company from any further obligation in respect thereof, for the period of employment covered by such deposits.

Accordingly, the Company accounts for these deposits as a defined contribution plan, as defined in IAS 19, Employee Benefits, and is not required to perform an actuarial valuation or to recognize a liability for severance pay in the financial statements in respect of these employees. The deposits are recognized as an expense in profit or loss in the period in which they are made.

The Company's payments for severance pay, in accordance with Section 14 of the Israeli Severance Pay Law for the years ended December 31, 2025, 2024 and 2023 was \$90 thousand, \$73 thousand and \$62 thousand respectively.

NOTE 11 - LIABILITY IN RESPECT OF GOVERNMENT GRANTS

Since its incorporation and through December 31, 2025, the Company has been receiving grants in respect of participation in research and development from the Israel Innovation Authority ("IIA"), in a total amount of \$2.1 million (ILS 7.4 million). In return, the Company undertook to pay royalties to the IIA at a rate of 3% of the revenues to be derived from the know-how and technology developed as part of the projects in respect of which such financing was received, up to the total amount of the grants received (linked to the U.S. dollar), plus interest.

The Company's obligations toward the IIA are subject to the Israeli Encouragement of Research, Development and Technological Innovation in Industry Law, 1984, and the rules and regulations promulgated thereunder.

In addition to the royalty obligation described above, in the event that know-how developed using IIA grants, or related manufacturing rights, are transferred outside of Israel (including as a result of a transfer of the Company's activity, a sale of know-how, or a change of control involving a foreign entity), the Company may be required, subject to IIA approval and applicable law, to pay the IIA a special payment which may be substantially higher than the total amount of grants received (and which may reach several multiples thereof, depending on the type of transfer and the extent of foreign ownership following the transaction), in lieu of, or in addition to, the ongoing royalty obligation described above. As of the reporting date, no such transfer has occurred and the Company has not recognized any liability in respect thereof.

The liability amount is linked to the U.S. dollar and bears interest at a variable rate based on the Secured Overnight Financing Rate (SOFR) (which replaced LIBOR as the relevant reference rate commencing 2024) plus a margin, in accordance with the terms determined by the IIA from time to time.

The Company recognized a liability in respect of these grants at the date of initial recognition in an amount equal to the fair value of the liability, based on the present value of the royalty payments expected to be paid to the IIA as a percentage of sales, discounted at a discount rate ranging from 22.2% to 23.5%, as assessed by the Company's management on the basis of a valuation performed by an independent third party.

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
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The following tabular represents the changes in liability in respect of government grants in the reported periods:

	As of December 31,		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Balance as of January 1,	805	547	408
Government grants received	674	289	422
Re-measurement of liability in respect of government grants (accretion, exchange rate differences and changes in estimates)	(215)	(31)	(283)
Balance as of December 31,	<u>1,264</u>	<u>805</u>	<u>547</u>

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 - SHAREHOLDERS' EQUITY

A. Composition:

	As of December 31, 2025		As of December 31, 2024		As of December 31, 2023	
	Authorized	Issued and outstanding	Authorized	Issued and outstanding	Authorized	Issued and outstanding
	Number of shares		Number of shares		Number of shares	
Ordinary shares	8,600,000	1,224,424	9,300,000	1,224,424	9,300,000	1,212,718
Preferred A shares	700,000	603,632	700,000	603,632	700,000	521,319
Preferred A1 shares	250,000	109,712	-	-	-	-
Preferred A2 shares	450,000	329,249	-	-	-	-

Ordinary shares:

The ordinary shares provide their owners with the right to participate and to vote in the Company's assembly. In addition, the ordinary shareholders have the right to dividends and to participate in the distribution of the surplus Company assets at the time of liquidation, subject to the rights of the preferred shares.

Preferred shares:

The preferred shares provide their owners with the rights attached to ordinary shares, the ability to convert the share to an ordinary share, as well as a forced conversion of the shares to ordinary shares under certain conditions. In addition, the preferred shares have the right to participate in the distribution of surplus Company assets at the time of liquidation according to the order of division prescribed in the Company's Articles of Association.

The Series A Preferred Shares, Series A-1 Preferred Shares, and Series A-2 Preferred Shares (collectively, the "**Preferred Shares**") rank pari passu among themselves and vote together as a single class and series, unless explicitly stated otherwise in the Company's Articles of Association. The Preferred Shares carry all rights accruing to holders of Ordinary Shares, as well as the following main rights:

Liquidation Preference: Non-participating, on a 1X basis. Accordingly, in the event of a liquidation or deemed liquidation (including a sale or acquisition of substantially all of the Company's assets or share capital, or a merger in which the existing shareholders do not retain majority control of the surviving entity), the Preferred Shares are entitled to receive, on a pari passu basis among themselves and before any distribution to the Ordinary Shares, an amount per share equal to the greater of: (i) the applicable Original Purchase Price (US\$5.4669 per Series A and Series A-1 share; US\$3.2801 per Series A-2 share), plus any declared but unpaid dividends, minus any preference dividends previously distributed; or (ii) the amount that would have been payable had all Preferred Shares been converted into Ordinary Shares immediately prior to such event. If available proceeds are insufficient to pay the full preference amount, holders of Preferred Shares share pari passu in the distribution in proportion to their respective amounts.

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
(USD in thousands, except for per share and shares data)

NOTE 12 - SHAREHOLDERS' EQUITY(cont.):

A. Composition (cont.):

Conversion Rights: Each Preferred Share is convertible at the option of the holder, at any time, into Ordinary Shares at the applicable conversion ratio (see additional details below). Each Preferred Share will automatically convert into Ordinary Shares upon the earlier of (i) a Qualified IPO (defined as an IPO yielding at least US\$30,000,000 in proceeds at a pre-money valuation of at least US\$50,000,000), or (ii) the written consent of the majority of the Preferred Shares.

Anti-Dilution Protection: The Preferred Shares are entitled to weighted-average anti-dilution protection. If, prior to a Qualified IPO, the Company issues new securities (subject to exclusions specified in the Company's Articles of Association) at a price below the then-applicable Conversion Price for any class of Preferred Shares, the Conversion Price for the affected class is adjusted downward according to a broad-based weighted-average formula. Additional details regarding the current conversion price are provided below.

Pro-Rata Participation Rights: Until the closing of an IPO, each Eligible Shareholder (any holder of 2% of the issued capital (whether Ordinary or Preferred)) has preemptive rights to purchase its pro-rata portion of any new securities the Company proposes to issue, as well as over-allotment rights if other shareholders do not fully subscribe.

Protective Provisions: Certain corporate actions require the affirmative consent of the majority of the Preferred Shares (for shareholder matters) or the Preferred A Director (for board matters), including amendments adversely affecting Preferred Share rights, material budget deviations, and significant out-of-course transactions.

B. Issuance of Share

- (1) On December 1, 2022, the Company entered into an investment agreement, as amended on December 19, 2022 and March 1, 2023, pursuant to which the Company issued Series A Preferred Shares at a price of US\$5.4669 per share.

As part of the financing round, the Company raised aggregate proceeds of approximately US\$3.3 million, received in several installments. During 2022, the Company received approximately US\$250 thousand as an advance payment on account of the first closing which occurred in March 2023 ("First Closing"), during 2023 approximately US\$2.6 million, and during 2024 approximately US\$450 thousand. In consideration for the investment, 603,632 Series A Preferred Shares were issued to the investors.

In addition, the Company granted the investors warrants at no additional consideration. The warrants entitled the investors to participate in the Company's next financing round in an investment amount equal to the actual amount invested by each investor in the financing round, at an exercise price equal to 85% of the share price issued in such future financing round. Accordingly, the number of shares issuable upon exercise of the warrants was not fixed and was derived from the actual investment amount and the share price in the future financing round. The warrants were exercisable for a period of up to 24 months from the First Closing of the financing round, which occurred during March 2023, and accordingly expired during 2025 unexercised.

The Series A Preferred Shares include, among other rights, liquidation preference rights, conversion rights into ordinary shares and a weighted-average anti-dilution adjustment mechanism in the event of future issuances at a lower price.

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
(USD in thousands, except for per share and shares data)

NOTE 12- SHAREHOLDERS' EQUITY (Cont.)

B. Issuance of Share (Cont.)

For accounting purposes, the Company evaluated the terms of the transaction in accordance with IAS 32 and IFRS 9 and concluded that the Series A Preferred Shares should be classified as equity instruments, while the warrant component should be classified as a derivative financial liability measured at fair value through profit or loss. Accordingly, the proceeds received were allocated first to the warrants based on their fair value at the date of issuance, with the residual amount allocated to the preferred shares as equity. The fair value of the warrant component was determined by an external valuation specialist in the amount of approximately US\$68 and US\$427 thousand and was recognized as a financial liability during February 2024 and March 2023, respectively.

Consequently, of the gross proceeds received during 2023, approximately US\$2,353 thousand (net of issuance costs and after allocation to the warrant liability component) was recognized in equity, and of the proceeds received during 2024, approximately US\$360 thousand was recognized in equity.

Subsequent to initial recognition, the liability was remeasured at fair value at each reporting date, with changes in fair value recognized in profit or loss. Upon expiration of the warrants during 2025, the related financial liability was derecognized.

- (2) During 2024 and 2023, certain employees of the Company exercised 12,874 and 40,666 options, respectively, into ordinary shares of the Company, with a weighted average conversion price of \$0.003 (NIS 0.01) per share.
- (3) In February 2025, the Company entered into investment agreements for a total capital raise of approximately US\$1.68 million (and incurred issuance costs of approximately US\$0.07 million) through the issuance of 109,712 Series A-1 Preferred Shares and 329,249 Series A-2 Preferred Shares.

The Series A-1 Preferred Shares were issued at a price of US\$5.4669 per share with respect to investments up to each investor's pro-rata portion of the target investment amount, while the Series A-2 Preferred Shares were issued at a price of US\$3.2801 per share with respect to investments exceeding such pro-rata portion, reflecting a 40% discount compared to the Series A-1 Preferred Share price.

The Series A-1 Preferred Shares and Series A-2 Preferred Shares generally carry the same rights as the Company's existing Series A Preferred Shares, including liquidation preference rights upon liquidation or deemed liquidation events, conversion rights into ordinary shares, pro-rata participation rights in future financings, and weighted-average anti-dilution protection provisions. In addition, the Series A-1 Preferred Shares and Series A-2 Preferred Shares rank pari passu and vote together as a single class and series.

Each Series A-1 Preferred Share and Series A-2 Preferred Share is convertible into one ordinary share at an initial conversion ratio of 1:1, subject to adjustments pursuant to the anti-dilution provisions set forth in the Company's amended articles of association. Following the issuance of the Series A-2 Preferred Shares at a price lower than the conversion price of the existing Series A Preferred Shares, the anti-dilution mechanism was triggered, resulting in an adjustment of the conversion price of the existing Series A Preferred Shares to US\$5.1756 per share and an updated conversion ratio of 1.0563 ordinary shares for each Series A Preferred Share.

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 - SHAREHOLDERS' EQUITY (Cont.)

C. Capital Note:

On June 1, 2021, the Company issued a capital note (the "Note") to Shizim V.S. Ltd., in respect of loans extended by Shizim V.S. Ltd. to the Company. The Note is non-interest bearing and has no linkage. The Note may be repaid at the Company's sole discretion not less than five years from issuance, upon 14 days prior written notice, and is subordinated to all other obligations of the Company, ranking senior only to residual distributions to shareholders upon liquidation. Accordingly, the outstanding balance of the note has been classified as share premium in the Company's equity. As of December 31, 2025, the outstanding principal amount of the Note is \$20 thousand (approximately NIS 65 thousand).

D. Share based payment:

The Company established a stock option plan (the "Plan") for its key employees, officers and directors, and certain consultants. The Plan is administered by the Board of Directors of the Company. The Board may from time to time grant options to purchase ordinary shares of the Company according to the terms as set in the Company's option plan. Options under the Plan expire on the tenth anniversary of the grant date or upon termination of an optionee's employment or provision of services to the Company and vest either immediately or over periods in accordance with the applicable grant agreement and are equity-settled .

The Company also has additional share-based payment arrangements with service providers and in connection with the acquisition of intangible assets. For further details regarding these transactions, see Note 14.

The following table provides the activity of stock option for the years ended December 31, 2025, December 31, 2024 and December 31, 2023, for options outstanding, and exercisable, the weighted average exercise price, and the weighted average remaining contractual life.

	Options outstanding		
	Number	Weighted average exercise price	Weighted average remaining contractual life (in years)
Outstanding January 1, 2023	29,160	0.01	
Granted	154,530	1.08	
Exercised	(40,666)	0.02	
Outstanding December 31, 2023	143,024	1.16	4.53
Granted	81,900	2.73	
Expired	(7,460)	0.01	
Exercised	(12,874)	-	
Outstanding December 31, 2024	204,590	1.90	6.32
Granted	89,400	2.73	
Expired	(5,625)	2.73	
Exercised	-	-	
Outstanding December 31, 2025	288,365	2.10	6.78
Options exercisable as of December 31, 2025	140,770	1.54	6.09
Options exercisable as of December 31, 2024	85,486		
Options exercisable as of December 31, 2023	42,321		

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 - SHAREHOLDERS' EQUITY (Cont.)

D. Share based payment (Cont.):

In 2024 and 2023 the Company repurchased and cancelled 1,168 and 34,896 stock options, respectively, from certain related party and consultant option holders.

The following table presents the weighted-average assumptions used in the valuation of share options granted during the years ended December 31, 2025, 2024 and 2023 under the Black-Scholes option pricing model. As multiple grants may have been made during each year, the assumptions disclosed represent the weighted-average assumptions applied to the grants issued in the respective year:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Dividend yield (%)	0%	0%	0%
Expected volatility of the share prices (%)	81.26%	80.86%	70.42%
Risk-free interest rate (%)	3.89%	4.21%	3.87%
Expected life of share options (years)	6.24	5.94	5.83

The Company recognized total expenses of \$67, \$131 and \$279 related to above equity settled share-based payment transactions for the years ended December 31, 2025, 2024 and 2023, respectively.

Shares Subject to Repurchase Right

During the years 2021–2022, the Company granted ordinary shares to employees, consultants and service providers, which were subject to a Repurchase Right mechanism and reverse vesting over a four-year period. Under the vesting terms, generally 25% of the shares vested after one year from the grant date, with the remaining shares vesting quarterly over the remainder of the vesting period.

In total, 347,140 ordinary shares were granted under these arrangements.

During the years 2022–2024, certain employment and service relationships were terminated, and accordingly the Company exercised its repurchase right with respect to unvested shares. A total of 15,000 shares were repurchased during 2022, 34,896 shares during 2023, and 1,168 shares during 2024, representing an aggregate of 51,064 shares repurchased under the repurchase mechanism. The vested portion of the shares remained held by the respective grantees. The repurchased shares were cancelled upon repurchase and do not constitute treasury shares held by the Company.

In addition, during 2023, one of the share-based payment arrangements was modified. As part of the modification, a portion of the shares vested immediately, while another portion was restructured and became subject to a revised vesting schedule.

As of the reporting date, 296,076 shares remained outstanding and held by the grantees following vesting and/or termination of employment or service arrangements. The Company no longer retains a repurchase right with respect to such shares, either because the shares have fully vested or because the relevant repurchase rights have otherwise lapsed.

Share-based compensation expenses recognized in profit or loss in respect of these arrangements amounted to \$0, \$39 thousand and \$128 thousand for the years 2025, 2024 and 2023, respectively.

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
(USD in thousands, except for per share and shares data)

NOTE 12 - SHAREHOLDERS' EQUITY (Cont.)

E. Net loss per share:

The following table sets forth pertinent data relating to the computation of basic and diluted net loss per share attributable to common shareholders.

	Year ended December 31,		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Net loss	1,724	1,948	1,625
Basic weighted-average number of shares outstanding	1,224,424	1,219,036	1,197,217
Basic and diluted loss per share	1.41	1.60	1.36
Items excluded from the computation of diluted net loss per share due to their anti-dilutive effect:			
Stock options	269,765	185,990	124,424
Share purchase warrants	18,600	18,600	18,600
Preferred A Shares	<u>1,042,593</u>	<u>603,632</u>	<u>521,319</u>
	1,330,958	808,222	664,343

NOTE 13- INCOME TAXES

A. The corporate tax rate in Israel is 23%.

B. Losses and deductions for tax purposes carried forward amount to approximately \$4.2 million as of December 31, 2025. The Company's carried forward tax losses have no expiry date. Due to the cumulative losses since inception, the Company has concluded not to record deferred tax assets for these carry forward losses and deductions.

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
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NOTE 14- COMMITMENTS AND CONTINGENT LIABILITIES

A. Material agreements:

(1) Technology License Agreement with Ramot:

A. Description of the Agreement

On November 23, 2021, the Company entered into a license agreement with Ramot at Tel Aviv University Ltd. ("Ramot"), the technology transfer company of Tel Aviv University, pursuant to which the Company was granted an exclusive worldwide license to develop, manufacture and commercialize technology in the field of non-invasive prenatal genetic testing.

Under the agreement, the Company obtained rights relating to the licensed technology, including intellectual property rights, know-how, patent rights and certain rights relating to evaluation results generated under related agreements between the parties. The agreement also grants the Company rights to sublicense the licensed technology and includes various technological, regulatory and commercial milestones relating to the development and commercialization of the licensed technology.

As consideration for the licensed rights, the Company issued 110,682 ordinary shares to Ramot, representing approximately 10% of the Company's issued and outstanding share capital as of the issuance date. In addition, the Company is obligated to pay Ramot royalties at a rate of 4% of net sales of products covered by a valid patent claim and 3% of net sales of products not covered by a valid patent claim. Royalties are payable on a country-by-country basis for the longer of: (a) fifteen years from the date of the first commercial sale of the first product in such country, (b) until the last to expire of the licensed patents covering the product sold in such country, or (c) for so long as the product contains material source code that has not entered the public domain. In addition, the Company is obligated to pay Ramot certain royalties and participation payments in connection with sublicense arrangements, at rates ranging from 15% to 20% of sublicense receipts, depending on the stage of product development at the time of the sublicense.

The agreement further provides for minimum annual license payments commencing on January 1, 2025, with the first annual license fee equal to \$10,000, increasing by 20% each year until reaching \$30,000, after which it will remain at \$30,000 per year. Each annual license fee is creditable against royalties and sublicense royalties payable in the same calendar year. In addition, Ramot was granted anti-dilution protection rights, pursuant to which Ramot may be entitled, under certain circumstances, to receive additional ordinary shares at par value in order to maintain holdings equal to 10% of the Company's issued and outstanding share capital on a fully diluted basis until the Company raises aggregate investments and grants total of \$2 million. This mechanism was triggered shortly after the signing of the agreement, and Ramot issued additional ordinary shares accordingly, bringing its holdings to 122,141 shares.

In addition, the Company was granted an option to acquire Ramot's entire future royalty rights under the Agreement (the "Buy-Out Option"), exercisable at any time in proximity to a merger or acquisition event involving the Company, for consideration equal to the lower of: (a) 5% of the Company's value at the time of such event; or (b) \$8,000,000.

B. Measurement of the Intangible Asset

The cost of the acquired intangible asset was measured at initial recognition in an amount of approximately \$887 thousand, based on the fair value of the consideration components granted to Ramot that constitute fixed consideration and share based payment not contingent upon the occurrence of uncertain future events – the equity grant and the present value of the liability in respect of the fixed annual license fees.

The liability in respect of the fixed annual license fees was measured at initial recognition based on the present value of the future cash flows arising therefrom. The liability is remeasured at each reporting period based on the passage of time (effective interest), with the resulting difference recognized in profit or loss as finance expenses.

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
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NOTE 14- COMMITMENTS AND CONTINGENT LIABILITIES (Cont.)

(2) Services and Material Transfer Agreement:

On January 10, 2022, the Company entered into a Services and Material Transfer Agreement with Rabin Medical Center and Mor Research Applications Ltd. ("Mor"), pursuant to which the parties agreed to provide the Company with biological samples and consulting services for the Company's research and development activities in the field of non-invasive prenatal genetic testing.

As consideration for the services and samples to be provided under the agreement, the Company granted Mor a warrant to purchase 18,600 ordinary shares of the Company at an exercise price equal to the par value of the shares, representing approximately 1.5% of the Company's fully diluted share capital as of the grant date.

In accordance with the agreement, vesting of the warrant was contingent upon the achievement of operational milestones based on the number of Qualifying Sets delivered to the Company, such that 12,400 warrant shares vested upon receipt of 15 Qualifying Sets and the remaining warrant shares vested upon receipt of 31 Qualifying Sets.

The first milestone was achieved during March 2022, and the second milestone was achieved during November 2024.

The Company evaluated the arrangement in accordance with IFRS 2 and concluded that the transaction constitutes an equity-settled share-based payment arrangement with a non-employee supplier in consideration for research and development services and the transfer of biological samples.

As the fair value of the services and samples received could not be measured reliably, the transaction was measured based on the fair value of the warrant granted at the grant date. The fair value was determined using an accepted option pricing model based on assumptions customary for such valuations, including expected volatility, expected term, risk-free interest rate and the fair value of the Company's ordinary shares at the grant date.

The fair value of the warrants at the grant date was \$126 thousand, the Company recognized total expenses of \$0 thousand, \$1 thousand and \$23 related to above equity settled share-based payment transaction for the years ended December 31, 2025, 2024 and 2023, respectively.

The related expense was recognized as research and development expenses in profit or loss, with a corresponding increase recorded in equity under share-based payment reserve, based on the period in which the related services and samples were received and the applicable vesting milestones were achieved.

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
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NOTE 14- COMMITMENTS AND CONTINGENT LIABILITIES (Cont.)

(3) Clinical Trial Agreements:

In connection with its research and development activities, the Company has entered into a series of clinical trial agreements (“CTAs”) with various medical institutions in the United States and Israel for the purpose of conducting a multi-center analytical validation study of its non-invasive prenatal genetic screening test. Under these agreements, the participating institutions, through their principal investigators and research teams, conduct clinical evaluations of the Company’s proprietary genetic test technology.

The CTAs generally provide for the collection of biological samples from qualified study subjects, including maternal blood samples, paternal DNA samples and fetal DNA obtained through amniocentesis or chorionic villus sampling. The samples are transferred to the Company or its designated laboratories for processing and analysis in accordance with each study protocol. The institutions are responsible for conducting the studies in compliance with applicable regulatory requirements, including Good Clinical Practice guidelines, Institutional Review Board approvals and all applicable laws and regulations protecting the rights and welfare of human subjects.

As consideration for the services provided under the CTAs, the Company pays the institutions on a per-sample basis, as well as fixed fees for study start-up, annual management, monitoring visits and other study-related costs. The CTAs include customary provisions regarding confidentiality, data ownership, intellectual property rights and indemnification. Inventions made during the course of the clinical trials relating to the Company’s genetic test technology are owned exclusively by the Company.

NOTE 15 - RESEARCH AND DEVELOPMENT EXPENSES, NET

Composition:

	Year ended December 31,		
	2025	2024	2023
Salaries and related expenses	1,303	1,162	1,022
Depreciation and amortization	72	62	51
Sub-contractors	586	455	286
Professional fees and consulting services	29	11	17
Share based payment	56	115	233
Other expenses	46	26	3
	<u>2,092</u>	<u>1,831</u>	<u>1,612</u>
Less – IIA grants	<u>(218)</u>	<u>(247)</u>	<u>(225)</u>
	<u>1,874</u>	<u>1,584</u>	<u>1,387</u>

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
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NOTE 16 - SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

Composition:

	Year ended December 31,		
	2025	2024	2023
Salaries and related expenses	259	81	25
Advertising	4	4	1
Professional fees	90	133	122
Travel	16	7	5
Share based payment	11	17	46
Other expenses	34	38	25
	<u>414</u>	<u>280</u>	<u>224</u>

NOTE 17 - FINANCE INCOME AND EXPENSES

A. Financing income:

	Year ended December 31,		
	2025	2024	2023
Interest from deposits	13	51	22
Foreign exchange differences	75	6	-
Finance expense related to the re-measurement of the IIA liability based on updated revenue forecasts	-	-	60
Finance income related to the fair value remeasurement of warrants	508	-	-
	<u>596</u>	<u>57</u>	<u>82</u>

B. Financing expenses:

	Year ended December 31,		
	2025	2024	2023
Foreign exchange differences	-	-	69
Lease finance expenses	13	11	2
Finance expense related to the fair value remeasurement of warrants	18	13	12
Finance expense related to the re-measurement of the IIA liability based on updated revenue forecasts	-	95	-
Other financing expenses	1	22	13
	<u>32</u>	<u>141</u>	<u>96</u>

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
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NOTE 18- FINANCIAL INSTRUMENTS

A. Financial instruments fair value:

The carrying amount of the Company's financial instruments equals or approximates their fair value, except for certain financial liabilities that are measured at amortized cost or based on the present value of expected future cash flows (such as the liability to the Israel Innovation Authority), whose carrying amount may differ from their fair value in certain periods.

B. Financial instruments carried at amortized costs:

	As of December 31		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Financial assets:			
Current assets:			
Cash and cash equivalents	669	446	1,458
Short-term bank deposits	-	252	402
Other receivables	29	10	37
	<u>698</u>	<u>708</u>	<u>1,897</u>
Non-current assets:			
Other receivables	-	17	-
	<u>-</u>	<u>17</u>	<u>-</u>
Total assets:	<u>698</u>	<u>725</u>	<u>1,897</u>
Financial liabilities:			
Current liabilities:			
Trade payables	24	35	22
Short term lease liability	28	64	16
Other payables and accrued expenses	239	152	247
Warrant liability at fair value	-	508	427
	<u>291</u>	<u>759</u>	<u>712</u>
Non-current liabilities:			
Lease liabilities	-	24	-
Liability in respect of government grants	1,264	805	547
Financial liabilities long-term	95	80	73
	<u>1,359</u>	<u>909</u>	<u>620</u>
Total liabilities:	<u>1,650</u>	<u>1,668</u>	<u>1,332</u>

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
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NOTE 18 - FINANCIAL INSTRUMENTS (Cont.)

C. Purposes of financial risk management:

The Company's finance department renders services for business operations, permits access to local and international financial markets, supervises and administers the financial risks related with the activities of the Company by means of internal reports which analyze the extent of exposure to risks according to their level and intensity. These risks include market risks (including foreign currency risk) and liquidity risk.

D. Market risk:

Foreign currency risk:

The Company's functional currency is the U.S. dollar. The Company's exposures to the fluctuations occurring in the rates of exchange between the U.S. dollar and the New Israeli Shekel result mainly from salaries and related expenses that are incurred in NIS.

The Company acts to reduce the currency risk by means of holding its liquid resources in short-term deposits (NIS and USD).

The book values of the financial assets and liabilities of the Company denominated in foreign currency are as follows:

	Liabilities			Assets		
	December 31,			December 31,		
	2025	2024	2023	2025	2024	2023
NIS	288	275	168	252	171	219

Sensitivity analysis of foreign currency:

As stated above, the Company is exposed mainly to the NIS currency since salaries and related expenses are stated in NIS.

The following table itemizes the sensitivity to an increase or a decrease of 10% in the relevant exchange rate. 10% is the rate of sensitivity representing the assessments of management with respect to the reasonable possible change in exchange rates. The sensitivity analysis includes current balances of monetary items denominated in foreign currency and confirms their translation at the end of the period to a change of 10% in foreign currency rates.

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
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NOTE 18- FINANCIAL INSTRUMENTS (Cont.)

D. Market risk (Cont.)

	December 31,		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Pre-tax effect of increase of 10% in the \$ currency vis-à-vis the NIS:			
Effect on profit and other comprehensive income for the year	<u>4</u>	<u>10</u>	<u>(5)</u>
Effect on equity	<u><u>4</u></u>	<u><u>10</u></u>	<u><u>(5)</u></u>
Pre-tax effect of decrease of 10% in the \$ currency vis-à-vis the NIS:			
Effect on profit and other comprehensive income for the year	<u>(4)</u>	<u>(10)</u>	<u>5</u>
Effect on equity	<u><u>(4)</u></u>	<u><u>(10)</u></u>	<u><u>5</u></u>

E. Management of credit risk:

Credit risk refers to the risk that a counterparty will fail to meet its contractual obligations resulting in financial loss to the Company. As of December 31, 2025, the Company is a research and development company and has not yet generated revenues from customers. Accordingly, the Company's exposure to credit risk from trade receivables is immaterial.

The Company's primary exposure to credit risk relates to cash and cash equivalents held with financial institutions in Israel. The Company deposits its cash with reputable financial institutions and continuously monitors the financial stability of these institutions.

Management believes that the credit risk associated with the Company's cash and cash equivalents is low, and therefore no allowance for expected credit losses was recognized as of December 31, 2025.

F. Liquidity risk:

Careful management of liquidity risk requires a sufficient cash balance to support operating activities. Management constantly analyzes cash balances which comprise of cash and cash equivalents. This analysis is based on forecasted cash flows, in accordance with policies and restrictions set by the Company.

The Company keeps a sufficient level of cash and cash equivalents, by considering the cash required for its operating activities, in order to reduce the liquidity risk which, the Company is exposed to.

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
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NOTE 18- FINANCIAL INSTRUMENTS (Cont.)

F. Liquidity risk (Cont.):

Below is an analysis of contractual maturities of financial liabilities, including estimated interest payments and the effect of discounting, as at December 31, 2025, 2024 and 2023:

	Carrying Amount	Contractual Cash flow	1 year	2-5 years
December 31, 2025				
Non-derivative financial liabilities:				
Trade payable	24	24	24	-
Other payables and accrued expenses	237	237	237	-
Lease liabilities	28	29	29	-
Liability in respect of government grants	1,264	1,264	-	1,264
Financial liability long-term	97	79	1	42
	<u>1,650</u>	<u>1,633</u>	<u>291</u>	<u>1,306</u>

	Carrying Amount	Contractual Cash flow	1 year	2-5 years
December 31, 2024				
Non-derivative financial liabilities:				
Trade payable	35	35	35	-
Other payables and accrued expenses	152	152	152	-
Lease liabilities	88	96	71	25
Liability in respect of government grants	805	805	-	805
Financial liability long-term	79	74	9	33
	<u>1,159</u>	<u>1,162</u>	<u>267</u>	<u>863</u>

	Carrying Amount	Contractual Cash flow	1 year	2-5 years
December 31, 2023				
Non-derivative financial liabilities:				
Trade payable	22	22	22	-
Other payables and accrued expenses	247	247	247	-
Lease liabilities	16	25	25	-
Liability in respect of government grants	547	547	-	547
Financial liability long-term	73	54	-	28
	<u>905</u>	<u>895</u>	<u>294</u>	<u>575</u>

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NOTE 19- TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (Cont.)

A. Compensation to key management personnel and interested parties:

	Year ended December 31,		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Salary and related expenses to key management personnel	<u>230</u>	<u>232</u>	<u>223</u>
Number of personnel to which benefit applies	<u>1</u>	<u>1</u>	<u>1</u>
Share based payment to interested parties and key management personnel	<u>37</u>	<u>72</u>	<u>186</u>
Number of personnel to which Share based benefit applies	<u>1</u>	<u>1</u>	<u>1</u>

B. Transactions with interested and related parties:

	Year ended December 31,		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Consultation providers	<u>53</u>	<u>70</u>	<u>70</u>

Chief Executive Officer (Current) – Eyal Miller

The CEO's salary was \$16.7 thousand per month from May 1, 2024 through August 2025, and \$20.0 thousand per month from September 2025 onward (with retroactive payment made in February 2026). He was granted options in July 2024 (81,900 options, exercise price \$2.73, 3-year vesting) and December 2025 (22,000 options, exercise price \$2.73).

Former CEO - Oren Tadmor

CEO from August 1, 2021 to October 13, 2022, at \$11.7 thousand/month. Following termination, he provided Head of Product services as an independent contractor from June 2023 at \$83/hour. He was granted 175,000 ordinary shares in 2021 subject to vesting; following a 2023 amendment and waiver, 34,896 shares were transferred back to the Company.

Former CEO – Amir Becker

Joined February 2022, served as Interim CEO from November 2022, and as permanent CEO from January 1, 2023 at \$16.7 thousand/month, until his employment ended in May 2024. He held 30,000 ordinary shares granted in 2021 (28,832 remaining after a partial repurchase) and was granted 61,000 options in January 2023, of which 53,540 were exercised.

IDENTIFAI GENETICS LTD.
NOTES TO FINANCIAL STATEMENTS
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NOTE 20- SUBSEQUENT EVENTS

A. Convertible Loans.

On February 21, 2026, the Company raised \$0.69 million (AUD 1.0 million) from two Australian investors – Lender A (\$0.55 million / AUD 0.8 million) and Lender B (\$0.14 million / AUD 0.2 million) – under interest-free Convertible Loan Deeds, as the first tranche of a planned raise of up to approximately \$1.73 million (AUD 2.5 million). Subject to certain conversion conditions (regulatory approvals, a lead manager mandate, a Share Swap Agreement, and ASX in-principle approval), the loans were to convert into ordinary shares at a 50% discount to the IPO price or a further equity raise. If not converted within 12 months, repayment in cash was required.

B. Repayment of the Convertible Loans.

On May 12, 2026, the Company repaid the loans in full – \$0.69 million (AUD 1.0 million) – under Termination Agreements fully cancelling the loans with mutual release of claims. As both issuance and repayment occurred after the reporting date, no adjustment to the financial statements as of December 31, 2025 is required, other than disclosure.

C. SAFE Agreements.

Concurrently, on May 12, 2026, the Company raised an additional \$0.69 million (AUD 1.0 million) from the same investors via SAFEs, convertible into ordinary shares upon the Share Swap transaction or a further equity financing of at least \$3.0 million, generally at a 50% discount to the relevant reference price. Upon a Liquidity Event or Dissolution Event, investors may elect cash repayment or conversion into shares.

D. Share Purchase Agreement.

On May 12, 2026, the Company raised \$1.04 million (AUD 1.5 million) from four investors in exchange for 345,146 ordinary shares at \$3.00 (AUD 4.35) per share. Each investor executed an IIA undertaking as a condition to issuance. This is a straightforward equity issuance, expected to be recognized upon actual issuance (May 2026) as an increase in share capital and share premium.

E. Advisor Share Issuance.

On May 12, 2026, the board approved – conditional on completion of the aggregate \$1.73 million (AUD 2.5 million) raise under the SAFEs and Share Purchase Agreement (satisfied cumulatively, Sections C–D) – the issuance of 115,048 ordinary shares to advisors in consideration for services rendered.