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PAYTON PLANAR
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HY1 2026 Report

Order Backlog as of June 30, 2026, of USD 23,274 thousand (December 31, 2025 – USD 17,401 thousand)
Sales Revenues of USD 20,480 thousand
Net profit USD 2,257 thousand

Ness-Ziona (Israel) – Payton Planar Magnetics Ltd. today announced its financial results for the first half of 2026 (six-month period ending June 30, 2026).

Net profit for the first six months of 2026 totaled USD 2,257 thousand.

Sales revenues for the first six months of 2026 totaled USD 20,480 thousand.

The Group's sales revenues for the six-month period ended June 30, 2026, were USD 20,480 thousand compared with USD 23,009 thousand in the six-month period ended June 30, 2025.

Despite ongoing global economic slowdown, during the second quarter of the year, the Group's order backlog showed accelerated growth signs, providing a positive indication of future growth.

Order backlog of the Group as of June 30, 2026, was USD 23,274 thousand (December 31, 2025 – USD 17,401 thousand). The backlog is composed of the firm orders of the Company and its three fully owned subsidiaries. Management estimates that most of the backlog as of June 30, 2026, will be supplied within the next nine months by March 31, 2027.

It is noted that the above statements are forward-looking statements as defined below.

Key financial highlights for the first half of 2026

Sales revenues

The Group's sales revenues for the six-month period ended June 30, 2026 were USD 20,480 thousand compared with USD 23,009 thousand in the six-month period ended June 30, 2025, reflecting a decrease of 11%. The decrease in sales is attributable to the global slowdown across the traditional industrial sectors, communications and consumer products, and specifically to a decrease in sales of two previously high-volume projects: one related to principal customer A, whose project reached its End of Life, and the second, related to principal customer C, due to a slowdown in demand for electric vehicles incorporating the Company's transformers.

Gross result

The Group's gross profit for the six-month period ended June 30, 2026 amounted to USD 8,177 thousand (40% of sales) compared with USD 10,250 thousand (45% of sales) in the six-month period ended June 30, 2025. Gross margin was affected by the decrease in sales volume, by SI's lower margins, and was also influenced by product mix and production sites.

Expenses

The Group's General & Administrative expenses for the six-month period ended June 30, 2026 were USD 3,456 thousand and USD 2,720 thousand in the six-month period ended June 30, 2025. The increase was attributable to various factors, mainly: higher labor costs denominated in local currencies and translated into USD, increased employee engagement expenses, higher legal and related costs, and the consolidation of SI's G&A expenses.

The Group's selling & marketing expenses are mainly comprised of: (1) commissions to the Group's reps and Marketing Personnel, which are calculated as a portion of sales, however it is further explained that not all the sales are subject to reps' commissions and of (2) other selling expenses (fixed) based on management policy. The Group's marketing efforts are concentrated through participation in major power electronic shows around the world and by collaborating with its worldwide reps Network. The Group's selling & marketing expenses for the six-month period ended June 30, 2026 were USD 1,342 thousand (6.6%) and USD 1,140 thousand (5.0%) in the six-month period ended June 30, 2025. The increase in selling and marketing expenses was mainly driven by expansion of the technical marketing team, the consolidation of SI's marketing team, higher local-currency labor costs, accompanied by increased participation in trade exhibitions and related travels.

The Group's development costs - Payton's strategy is aimed at maintaining the leadership of Planar Technology. The Engineering Department works in conjunction with the engineering departments of the forerunners of today's global technology. Development costs are mainly incurred to design and customize products for specific orders. These development costs, mainly engineering labor costs, are based upon time expended by the department's employees. During the first half of year 2026, the Group's Development Costs were USD 1,287 thousand compared with USD 917 thousand in the same period last year (HY1/2025). The increase in this item was mainly attributable to the expansion of the engineering team driven from SI's consolidation, as well as from an increase in labor costs fixed in local currency due to the strengthening of local currencies against the U.S. dollar.

Operating & financial results

The total operating profit for the first half of 2026 amounted to USD 2,100 thousand compared to USD 5,473 thousand in the same period last year. The Group recorded net finance income of USD 938 thousand for the six-month period ended June 30, 2026, compared with USD 1,881 thousand for the corresponding period in 2025. The decrease was mainly attributable to foreign exchange differences and lower gains on derivative financial instruments.

Taxes on income

Taxes on income for the six-month period ended June 30, 2026 were USD 683 thousand compared with USD 1,371 thousand in the six-month period ended June 30, 2025.

Result of the period

The total result for the first half of 2026 was a net profit of USD 2,257 thousand, compared to USD 5,990 thousand for the six-month period ended June 30, 2025.

Balance sheet - cash position

Cash and cash equivalents and Short-term Deposits – these items amounted to a total of USD 59,885 thousand as at June 30, 2026, compared to USD 58,248 thousand as at December 31, 2025 and USD 58,049 thousand as at June 30, 2025.

The Company's profitability in the first half of 2026 enabled it to increase its cash position as at June 30, 2026, compared to December 31, 2025.

The Group's management believes a solid financial position is an important factor in business operations.

Trade accounts receivable – these amounted to USD 6,938 thousand as at June 30, 2026, compared with USD 7,875 thousand as at December 31, 2025, and USD 9,402 thousand as at June 30, 2025. The decrease in accounts receivable as of June 30, 2026, compared with the same date last year, amounted to USD 2,464 thousand and was mainly attributable to the Company's lower sales volume in the period close to the reporting date.

Other accounts receivable – these amounted to USD 1,362 thousand as at June 30, 2026, compared with USD 1,534 thousand as at December 31, 2025 and USD 3,272 thousand as at June 30, 2025. Changes in this item result mainly from changes in "contract assets" in accordance with IFRS 15 as well as from changes in advance payments made to suppliers.

Inventory – amounted to USD 6,433 thousand as at June 30, 2026, compared with USD 5,339 thousand as at December 31, 2025, and USD 3,064 thousand as at June 30, 2025. The inventory increase, at the end of the second quarter of 2026, compared with June 30, 2025, mainly reflects the consolidation of a sub-subsidiary's ('SI') inventory as well as an increase in raw materials as part of the Group's purchasing planning.

Trade payables – amounted to USD 2,487 thousand as at June 30, 2026, compared with USD 2,521 thousand as at December 31, 2025, and USD 1,189 thousand as at June 30, 2025. The increase in this item as at June 30, 2026, compared with June 30, 2025, was primarily attributable to lower advance payments to a principal subcontractor.

Cash flow

Cash flows generated from operating activities for the six-month period ended June 30, 2026, amounted to USD 2,341 thousand, compared with cash flows generated from operating activities of USD 5,470 thousand for the six-month period ended June 30, 2025. The decrease in cash flows from operating activities was generated mostly from the decrease in the net profit for the period as well as from other non-cash adjustments and changes in assets and liabilities.

Cash flows generated from investing activities in the six-month period ended June 30, 2026, amounted to USD 3,534 thousand, compared with cash flows generated from investing activities of USD 3,599 thousand in the six-month period ended June 30, 2025. Cash flows from investing activities were generated mainly from bank deposits proceeds.

Cash flows used for financing activities – there were no cash flows used for financing activities in the six-month period ended June 30, 2026. Cash flows used for financing activities in the six-month period ended June 30, 2025, amounted to USD 5,301 thousand, representing a dividend payment (announced on March 27, 2025) that was paid in June 2025.

Outlook & Global Environment changes

In the first six months of 2026, most of the global trends that characterized the prior year (2025) remained in effect. The global business environment continued to be marked by economic slowdown, instability and uncertainty, alongside elevated raw-material prices and higher labor costs. Nevertheless, during the second quarter of the year, the order backlog showed accelerated growth signs, providing a positive indication of future growth. In management's assessment, these trends are expected to continue in the coming months.

On April 6, 2026, the Company announced that it had entered into advanced negotiations with its controlling shareholder, Payton Industries Ltd. (the "Parent"), regarding a proposed triangular cash merger transaction, pursuant to which a newly formed Israeli subsidiary of the Parent would merge with and into the Company, with the Company surviving as a wholly owned subsidiary of the Parent. Under the proposed transaction, the Company's shareholders, other than the Parent, would receive a cash consideration of EUR 7.38 per share.

On June 10, 2026, following market feedback and an increase in the share prices of both companies, the parties concluded that the proposed merger was unlikely to receive the required shareholder approval. Accordingly, the Company and the Parent have each decided to terminate the merger agreement negotiations and withdraw the proposed delisting. The companies will therefore remain separately listed, while preserving the option to reconsider a potential merger in the future.

Further details were set forth in the Company's press releases dated April 6, 2026, April 23, 2026 and June 10, 2026 (see: https://www.paytongroup.com/press-releases) which are incorporated herein by reference.

Furthermore, **on July 5, 2026**, the Company's Board of Directors decided to pay the shareholders a dividend for the financial year 2025, in the amount of USD 5,036 thousand (USD 0.285 per share). This dividend was paid on July 20, 2026.

It is noted that the above statements include a forward-looking statement as defined below.

The complete financial statements and the semi-annual report are available for downloading in the investors section of www.paytongroup.com.

Note - forward-looking statements:

This document contains certain **forward-looking statements** *and information relating to the Company that are based on the beliefs of the Management of the Company as well as assumptions made by and information currently available to the Management of the Company. Such statements reflect the current views of the Company with respect to future events. Management emphasize that the assumptions do not in any way imply commitment towards realization. The outcome of which is subject to certain risks and other factors which may be outside of the Company's control. Should one or more of these risks or uncertainties materialize, or should underlying* *assumptions prove incorrect, actual results or outcomes may vary materially from those described herein as projected, anticipated, believed, estimated, expected or intended.*

References in this document to forward looking statements shall be by stating that such information is given by way of estimation, evaluation, assessment, intentions, expectations, beliefs and similar terms, but it is possible that such information shall be given under other phrases.

About us

Payton Planar Magnetics Ltd., an Israeli-based high-tech company, designs, manufactures and markets Planetics®, its customized line of planar transformers, conventional transformers and inductors to Original Equipment Manufacturers and their suppliers of power electronics. The group currently employs about 200 people (including executive officers). Planar Magnetic Components are used in end products in various industries, including Telecommunications, cellular infrastructure, welding machines, High-reliability/Avionics, portable equipment and consumer goods. Planar Magnetics is a revolutionary design technology that is superior to conventional transformers and inductors, and has already been accepted by electronics design engineers as the state-of-the-art in high frequency power electronics design. Payton Planar Magnetics is a subsidiary of Payton Industries, headquartered in Israel, and has manufacturing and marketing operations in Israel, the United States (including, since October 1, 2025, its subsidiary SI Manufacturing Inc. in California) and in the U.K. Payton Planar Magnetics is publicly traded on the Euronext stock exchange in Brussels (ticker: PAY).

For more information, please visit Payton's website at www.paytongroup.com
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Annex: Selected Financial Statements

Key financial figures – Payton Planar Magnetics Ltd.

Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income

- unaudited -

	For the six months ended June 30	
	2026	**2025**
	$ thousands	**$ thousands**
Revenues	**20,480**	23,009
Cost of sales	**(12,303)**	(12,759)
Gross profit	**8,177**	10,250
Development costs	**(1,287)**	(917)
Selling and marketing expenses	**(1,342)**	(1,140)
General and administrative expenses	**(3,456)**	(2,720)
Other income, net	**8**	-
Operating profit	**2,100**	5,473
Finance income	**1,109**	1,897
Finance expenses	**(171)**	(16)
Finance income, net	**938**	1,881
Share of profits (loss) of equity accounted investee	**(98)**	7
Profit before taxes on income	**2,940**	7,361
Taxes on income	**(683)**	(1,371)
Net profit	**2,257**	5,990
Other comprehensive income (loss) items that will not be transferred to profit and loss		
Share of other comprehensive income of equity accounted investee	**3**	6
Total other comprehensive income, net of tax	**3**	6
Total comprehensive income	**2,260**	5,996
Earnings per share		
Basic and diluted earnings per share (in $)	**0.13**	0.34

Condensed Interim Consolidated Statement of Financial Position

- unaudited -

	June 30	
	USD 000	**USD 000**
	2026	**2025**
Current assets	**74,618**	73,787
Non-current assets	**21,568**	13,663
Total assets	**96,186**	87,450
Current liabilities	**6,818**	6,113
Non-current liabilities	**1,697**	1,618
Equity	**87,671**	79,719
Total liabilities and Equity	**96,186**	87,450

Condensed Interim Consolidated Statements of Cash Flows

- unaudited -

	For the six months ended June 30	
	2026	**2025**
	$ thousands	**$ thousands**
Operating activities		
Net Profit	**2,257**	5,990
Adjustments:		
Depreciation and amortization	**607**	429
Taxes on income	**683**	1,371
Share of loss (profits) of equity accounted investee	**98**	(7)
Gain on sale of property, plant and equipment, net	**(8)**	-
Share-based compensation provided by controlling shareholder	**223**	228
Finance income, net	**(910)**	(1,591)
	2,950	6,420
Decrease (increase) in trade accounts receivable	**937**	(1,477)
Decrease (increase) in other accounts receivable	**150**	(1,214)
Decrease (increase) in inventory	**(1,094)**	858
Increase (decrease) in trade payables	**(44)**	15
Increase (decrease) in other payables	**(1,039)**	434
Change in employee benefits	**61**	64
	1,921	5,100
Interest received	**1,465**	1,546
Interest paid	**(70)**	-
Income taxes paid, net	**(975)**	(1,176)
Cash flows generated from operating activities	**2,341**	5,470
Investing activities		
Proceeds from (investments in) deposits, net	**3,753**	3,852
Dividend received from an equity accounted investee	**-**	154
Acquisition of property, plant and equipment	**(260)**	(407)
Proceeds from sale of property, plant and equipment	**41**	-
Cash flows generated from (used for) investing activities	**3,534**	3,599
Financing activities		
Dividend paid	**-**	(5,301)
Cash flows used for financing activities	**-**	(5,301)
Net increase (decrease) in cash and cash equivalents	**5,875**	3,768
Cash and cash equivalents at the beginning of the period	**30,315**	23,148
Effect of exchange rate fluctuations on cash and cash equivalents	**7**	445
Cash and cash equivalents at the end of the period	**36,197**	27,361

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements as at December 31, 2025.