

Full Year Results 2025

Sales Revenues of USD 47,825 thousand lead to a net profit of USD 11,074 thousand for the year 2025.

As at October 1st, 2025, the Group finalized the acquisition of the custom electronics manufacturer - SI Manufacturing Inc, California, United States - presenting it in the consolidated financial statements.

Ness-Ziona (Israel) – Payton Planar Magnetics (the "Company" or "Payton") today announced its financial results for the year ending December 31, 2025.

The net profit for 2025 amounted to USD 11,074 thousand compared to USD 13,311 thousand on year 2024.

In 2025, sales totaled USD 47,825 thousand compared to USD 50,826 thousand on year 2024. Sales were generated primarily from telecom/datacenter, automotive and industrial companies.

As at December 31, 2025, the backlog amounted to USD 17,401 thousand, and as at March 15, 2026 to USD 19,295 thousand (December 31, 2024 - USD 25,165 thousand). The backlog is composed of the Company and its two fully owned subsidiaries firm orders including its new sub-subsidiary initially consolidated starting October 1st, 2025.

Key financial highlights in 2025

Sales revenues

The Group's sales revenues for the year ended December 31, 2025, were USD 47,825 thousand compared with USD 50,826 thousand for the year ended December 31, 2024, reflecting 6% decrease. The decrease in sales is generally attributable to the global slowdown across the traditional industrial sectors, communications and consumer products and specifically to a decrease in sales to a high-running project of Principal Customer.

Cost of sales & gross result

The Group's gross results for the year ended December 31, 2025, were USD 21,365 thousand (45%), compared with USD 22,117 thousand (44%), in the year ended December 31, 2024. The Group succeeded in improving its gross margin ratio despite the sales decrease. The gross margin is mainly affected by the sales product mix and production sites.

Expenses

The Group's General & Administrative expenses for the year ended December 31, 2025, amounted to USD 5,724 thousand compared with USD 4,703 thousand in the year ended December 31, 2024. The increase in these expenses was attributable to various factors inter alia: higher labor costs fixed in local currency translated into USD, increased share-based compensation, computing upgrades and the initial consolidation of SI's expenses.

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 (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 year ended December 31, 2025, amounted to USD 2,448 thousand (5%) compared with USD 2,203 thousand (4%) in the year ended December 31, 2024. The

increase in selling and marketing expenses was mainly driven by expansion of the technical marketing team, enhanced digital marketing, and increased participation in exhibitions and marketing 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. The Group's development costs for the year ended December 31, 2025, were USD 1,967 thousand compared with USD 1,672 thousand in the year ended December 31, 2024. The increase in these expenses was mainly attributable to the expansion of the engineering team, as well as to the increase in labor cost which are fixed in local currency.

Operating & financial results

The total operating profit before the financial result for 2025 amounts to USD 10,725 thousand compared to USD 13,546 thousand last year.

The Group's finance income (net) for the year ended December 31, 2025, amounted to USD 2,842 thousand compared with USD 2,340 thousand for the year ended December 31, 2024.

Profit before taxes on income

The profit before taxes on income for the financial year 2025 is USD 13,545 thousand compared to a profit of USD 16,121 thousand in 2024.

Taxes on income

Taxes on income for the year ended December 31, 2025 amounted to USD 2,471 thousand compared with USD 2,810 thousand in the year ended at December 31, 2024.

Net Profit for the year

The total result for financial year 2025 was a net profit of USD 11,074 thousand, compared to USD 13,311 thousand in 2024.

Total comprehensive income for the year

Total comprehensive income for financial year 2025 was a profit of USD 11,212 thousand, compared to USD 13,335 thousand in 2024.

Balance sheet - cash position

Cash and cash equivalents and Short-term Deposits - these items amounted to a total of USD 58,248 thousand as at December 31, 2025, compared to USD 58,088 thousand as at December 31, 2024.

The Company succeeded in maintaining these cash balances at stable levels, mainly thanks to its operating profitability. This stability was maintained despite a dividend distribution of USD 5.3 million in June 2025 and the acquisition of its sub-subsidiary (SI) and its related real estate asset on October 1, 2025, for a total consideration of approximately USD 10 million.

The Group's management believes that a stable and solid financial position is an important factor in order to successfully overcome times of crisis.

Inventory - amounted to USD 5,339 thousand as at December 31, 2025, compared with USD 3,922 thousand as at December 31, 2024. The inventory increase mainly reflects the consolidation of a sub-subsidiary's inventory amounting to approximately USD 1.9 million.

Property, plant and equipment - amounted to USD 13,992 thousand as at December 31, 2025, compared with USD 9,611 thousand as at December 31, 2024. The increase in this item was attributable mainly to the acquisition of a real-estate property in Anaheim, California, by the Company's subsidiary, Payton America, at an aggregate cost of approximately USD 4.4 million for the land and building. The acquired sub-subsidiary (SI) conducts its business operations in this facility.

Intangible assets - amounted to USD 3,901 thousand as at December 31, 2025, compared with USD 22 thousand as at December 31, 2024. The increase in intangible assets was attributable mainly to two factors: an increase in goodwill of approximately USD 2.7 million and an increase in production files of approximately USD 1.2 million. These amounts arose from the acquisition of the sub-subsidiary (SI) and were measured based on a purchase price allocation (PPA) performed by an independent external valuation expert.

Trade payables - amounted to USD 2,521 thousand as at December 31, 2025, compared with USD 1,261 thousand as at December 31, 2024. The increase in these balances was attributable mainly to higher balances with the principal subcontractors, resulting from both a decrease in advance payments and revised credit terms.

Other payables - amounted to USD 3,917 thousand as at December 31, 2025, compared with USD 3,010 thousand as at December 31, 2024. The increase in this item was mainly attributable to an increase in employee-related provisions, as well as the recognition of a liability payable to the shareholders of the acquired sub-subsidiary.

Cash flow statement

Cash flows generated from operating activities for the year ended December 31, 2025, amounted to USD 15,697 thousand, compared with the cash flows generated from operating activities of USD 13,831 thousand for the year ended December 31, 2024. The increase in cash flows from operating activities generated mainly from increase in trade payables as well as from other non-cash adjustments and changes in assets and liabilities.

Cash flows used for investing activities in the year ended December 31, 2025, amounted to USD 3,521 thousand compared with cash flows used for investing activities of USD 7,540 thousand in the year ended December 31, 2024. In 2025 cash flows were mostly used for investment in the acquisition of SI and the real estate it is located on. These outflows were partially funded by proceeds from bank deposits.

Cash flows used for financing activities for the year ended December 31, 2025, amounted to USD 5,301 thousand, representing a dividend payment (announced on March 27, 2025) paid in June 2025. Cash flows used for financing activities for the year ended December 31, 2024, amounted to USD 10,072 thousand, representing a dividend payment (announced on January 24, 2024) that was paid in March 2024.

Coming year outlook & Global Environment changes

Global Environment changes and External factors effect on the Group's activity

- In 2025, most of the global trends that characterized the prior year (2024) have remained relevant. Global economic slowdown, instability, and uncertainty continue to dominate the global business environment, alongside elevated raw-material prices, higher labor costs, and push-out of scheduled deliveries up on customer's needs. In management's assessment, these trends are expected to continue in the coming months.

Along with the above, additional factors that affected the Group's operations included the following:

- **Devaluation of the US\$** against the NIS, the Euro, and the Pound Sterling. In 2025, the NIS appreciated against the U.S. dollar by an average rate of approximately 7%. This appreciation, which is primarily reflected in higher local labor costs and other operating costs in Israel and the UK as a result of the U.S. dollar's weakening, may adversely affect the Group's results.
- **Inflation effects** - given that the Group's functional currency is the US dollar, and that the Group does not utilize bank loans, management believes there is no material effect of the inflation in Israel and/or worldwide on the Group's business activity, except for some adjustments needed in payroll.
- **Security situation in Israel** - As of this date, the security situation and the last military operations had no material effect on the Group's ongoing operations. In Israel all production lines are active continuously and shipments are dispatched on schedule. In parallel, the Group's subsidiaries in the UK and in USA continue their usual operation, so that the Group's global manufacturing planning is fully effective. The diversification of the Group's production sites in China, the Philippines, Israel, the UK, and the United States enables the Group to fulfill its planned supply targets.

Based on the information available to the Group as of the date of approval of the financial statements, the Group currently estimates that the security situation and the ongoing military operation are not expected to have a material effect on its operating results. However, due to uncertainty involved and lack of information regarding the duration of these military operations, the Group is currently unable to foresee and assess their future effects.

- **President Trump's U.S. tariff program Implications** - In April 2025, the U.S. administration announced a program to impose tariffs on goods imported into the United States. The principal exposure relates to sales from Israel to the Group's US companies and customers, as well as to purchase of raw materials and of finished parts from the Far East to the USA. Under the program, the relevant tariff rates are about 10% - 15% on imports from Israel and approximately 25% on imports from the Far East. It is noted that, under the tariff policy, certain goods purchased by subcontractors for the government are exempt from tariffs. The Group is taking steps to reduce the direct impact of the tariffs, including reviewing adjustments to its supply chain. In the Group's assessment, the potential impact of the foregoing tariff policy on its business results is expected to be low.

The Group continues to follow-up and monitors all the above-mentioned global developments trying to minimize any impact including maintaining its close contacts with its subcontractors, suppliers and customers, all in order to adjust its operations in the best possible way.

Coming year outlook

In 2026, the Group expects to continue integrating the operations of SI Manufacturing Inc. and to continue evaluating expansion opportunities through collaborations and acquisitions in synergistic areas.

As of 2026 and as of the date of signing these reports, a global slowdown continues in the Group's traditional end-markets (consumer products and communications). Management notes more conservative ordering patterns, including ordering of minimum required quantities and deferrals of delivery dates, and accordingly exercises increased caution in procurement planning. Raw material prices are generally unchanged compared to the prior year. At this stage, management is unable to assess the impact of the above-mentioned trends on the Group's results of operations.

With respect to the security situation in Israel and the ongoing military operation, as of the reporting date management has not identified a material impact on the Group's operations and results; however, the duration and potential long-term effects cannot be assessed at this time.

The Group intends to continue investing to enhance production capacity and efficiency, including further automation. In addition to its ordinary course of business, the Group will continue to pursue new markets and other opportunities, including through conferences and exhibitions, while offering innovative solutions and leveraging new technologies to expand its customer base and core business, increase market share and maximize opportunities to the extent practicable.

Order backlog - As at December 31, 2025 this backlog amounted to USD 17,401 thousand, and as at March 15, 2026 to USD 19,295 thousand (December 31, 2024 - USD 25,165 thousand). The backlog is composed of the Company and its two fully owned subsidiaries firm orders including its new subsidiary initially consolidated starting October 1st, 2025.

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

Independent Auditors' Report – 26 March 2026

The selected consolidated financial data are derived from the Audited Financial Statement of the Company as of and for each of the years in the two years period ended December 31, 2025.

The Company's consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB").

The results have been audited by KOST FORER GABBAY & KASIERER Certified Public Accountants, a member firm of Ernst & Young Global. The conclusion of the auditor is as follows: "In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards".

Statement by senior management in accordance with Royal Decree of 14 November 2007

Pursuant to article 12 § 2, 3° of the Royal Decree of 14 November 2007, David Yativ Chairman of the Board of Directors declares, on behalf of and for the account of Payton Planar Magnetics that, as far as is known to him,

a) The consolidated financial statements at December 31, 2025 are drawn up in accordance with IFRS-reporting as adopted by the European Union and present a true and fair view of the equity, financial situation and results of the company and the companies included in the consolidation.

b) The annual report gives a true and fair view of the company's development and results for the financial year 2025, the position of the company and the companies included in the consolidation, the main risk factors and uncertainties, as well as the main transactions with related parties and their possible impact on the financial statements

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

Key financial figures – Payton Planar Magnetics Ltd.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, - Audited -

	<u>2025</u>	<u>2024</u>
	<u>\$ thousands</u>	<u>\$ thousands</u>
Revenues	47,825	50,826
Cost of sales	(26,460)	(28,709)
Gross profit	21,365	22,117
Development costs	(1,967)	(1,672)
Selling and marketing expenses	(2,448)	(2,203)
General and administrative expenses	(5,724)	(4,703)
Other income (expenses), net	(501)	7
Operating profit	10,725	13,546
Finance income, net	2,842	2,340
Share of profits (loss) of equity accounted investee	(22)	235
Profit before taxes on income	13,545	16,121
Taxes on income	(2,471)	(2,810)
Net Profit	11,074	13,311
Other comprehensive income (loss) items that will not be transferred to profit and loss		
Remeasurement of defined benefit plan	123	41
Share of other comprehensive loss of equity accounted investee	15	(17)
Total other comprehensive income, net of tax	138	24
Total comprehensive income	11,212	13,335
Earnings per share		
Basic and diluted earnings per share (in \$)	0.63	0.75

Consolidated Statement of Financial Position as at December 31, - Audited -

	<u>2025</u>	<u>2024</u>
	<u>\$ thousands</u>	<u>\$ thousands</u>
ASSETS		
Current assets	72,996	71,962
Non-current assets	22,084	13,911
Total assets	95,080	85,873
Liabilities and shareholders' equity		
Current liabilities	8,132	5,515
Non-current liabilities	1,760	1,562
Total equity	85,188	78,796
Total liabilities and shareholders' equity	95,080	85,873

Current Shareholders structure

Shareholder name	# of shares	% outstanding shares	Comments
Payton Industries Ltd.	11,694,381	66.2%	Israeli company traded in the Tel Aviv stock exchange.
Public	5,976,394	33.8%	Listed on the Euronext since June 1998
Total	17,670,775	100.0%	Total outstanding shares.

Consolidated Statements of Cash Flows for the year ended December 31

- Audited -

	2025	2024
	\$ thousands	\$ thousands
Operating activities		
Net Profit	11,074	13,311
Adjustments:		
Depreciation and amortization	921	768
Taxes on income	2,471	2,810
Share of loss (profits) of equity accounted investee	22	(235)
Gain on sale of property, plant and equipment, net	-	(7)
Share-based compensation provided by controlling shareholder	481	311
Finance income, net	<u>(2,354)</u>	<u>(2,205)</u>
	12,615	14,753
Decrease in trade accounts receivable	1,074	1,621
Decrease in other accounts receivable	550	769
Decrease in inventory	454	10
Increase (decrease) in trade payables	404	(2,492)
Increase in other payables	443	478
Change in employee benefits	<u>216</u>	<u>142</u>
	15,756	15,281
Interest received	2,300	1,886
Interest paid	-	(32)
Income taxes paid, net	<u>(2,359)</u>	<u>(3,304)</u>
Cash flows generated from operating activities	<u>15,697</u>	<u>13,831</u>
Investing activities		
Proceeds from (investments in) deposits, net	6,769	(6,149)
Dividend received from an equity accounted investee	154	77
Investment in other investment	-	(1,833)
Acquisition of initially consolidated subsidiary (a)	(5,239)	-
Acquisition of property, plant and equipment	(5,205)	(479)
Investments in marketable securities	-	(303)
Proceeds from sale of property, plant and equipment	-	27
Proceeds from sale of marketable securities	<u>-</u>	<u>1,120</u>
Cash flows used for investing activities	<u>(3,521)</u>	<u>(7,540)</u>
Financing activities		
Dividend paid	<u>(5,301)</u>	<u>(10,072)</u>
Cash flows used for financing activities	<u>(5,301)</u>	<u>(10,072)</u>
Net increase (decrease) in cash and cash equivalents	6,875	(3,781)
Cash and cash equivalents at beginning of the year	23,148	26,921
Effect of exchange rate fluctuations on cash and cash equivalents	<u>292</u>	<u>8</u>
Cash and cash equivalents at end of the year	<u><u>30,315</u></u>	<u><u>23,148</u></u>

- Audited -

	2025 <u>\$ thousands</u>	2024 <u>\$ thousands</u>
(a) <u>Acquisition of initially consolidated subsidiary:</u>		
The subsidiary's assets and liabilities at date of acquisition:		
Working capital (excluding cash and cash equivalents)	(1,841)	-
Property, plant and equipment	(171)	-
Intangible assets	(1,193)	-
Goodwill	(2,717)	-
Deferred taxes	322	-
Payables for acquisition of investment in subsidiary	361	-
	<u>(5,239)</u>	<u>-</u>

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.

Reference in this document to forward looking statement 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 205 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, United States 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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