

## **HY1 2025 Report<sup>1</sup>**

**Net profit USD 5,990 thousand**

**Sales Revenues of USD 23,009 thousand**

**Order Backlog as of June 30, 2025, of USD 25,731 thousand**

**Ness-Ziona (Israel) - Payton Planar Magnetics Ltd. today announced its financial results for the first half of 2025 (Six-month period ending June 30, 2025).**

**Net profit for the first six months of 2025 totaled USD 5,990 thousand.**

**Sales revenues for the first six months of 2025 totaled USD 23,009 thousand.**

The Group's sales revenues for the six-month period ended June 30, 2025, were USD 23,009 thousand compared with USD 28,520 thousand in the six-month period ended June 30, 2024. This sales decrease is mainly explained by the global economic slowdown and deliveries pushouts.

Order backlog of the Group as of June 30, 2025, was USD 25,731 thousand (December 31, 2024 - USD 25,165 thousand). The backlog is composed of the Company and its two fully owned subsidiaries firm orders. Management estimates that most of the backlog as of June 30, 2025 will be supplied within 4 quarters until June 30, 2026.

In 2025 the global slowdown environment continued. It seems that, decrease in demand, excess inventory levels and the high interest rate are factors influencing customers' activity resulting in push-out of scheduled deliveries. High prices of raw materials and high manpower costs remain relevant too. Management estimates these trends are going to continue in the coming months.

On March 12, 2025, the Company's US subsidiary entered into agreements aiming at: (a) acquiring 100% of the issued and paid-up share capital of SI Manufacturing, Inc., a corporation incorporated under the laws of California (hereinafter: "SI") in exchange for payment of total consideration of approximately USD 5.6 million (hereinafter: the "Share Purchase Agreement"). SI manufactures and sells electronic coils, assembling power supplies and custom magnetic components for customers in various industrial sectors including transportation, aviation, space and defense. The Share Purchase Agreement includes additional contingent consideration of up to USD 500 thousand based on SI performance during 2025; (b) acquiring the real property, for a total amount of USD 4.4 million, on which the SI's factory is built, [such factory being] owned by RSG Holdings LLC, a corporation incorporated under the laws of California (hereinafter: "RSG Holdings") and partly held by the Chairman of SI who is also a shareholder thereof (45%) as well as by two of the founders of SI who currently provide consulting services to SI as independent contractors (hereinafter: the "Real Property Purchase Agreement"), and (c) entering into employment/consulting agreements with the CEO of SI and a senior engineering service provider of SI, which will come into effect as of the closing date and include customary terms for agreements of this type, all in accordance with the provisions of the agreements (the "Transaction"). The completion of the Transaction is subject to the fulfillment of several conditions precedent detailed in the Share Purchase Agreement, including, among others, the transfer of ownership of the real property in accordance with the Real Property Purchase Agreement, as well as the provision of notices and obtainment of required regulatory approvals in the United States and certain other third-party consents. The financing of this acquisition will be through a loan between the Company and its fully owned US subsidiary, as well as from the subsidiary's own equity.

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

---

<sup>1</sup> 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, 2024.

## Key financial highlights for the first half of 2025

### Sales revenues

The Group's sales revenues for the six-month period ended June 30, 2025 were USD 23,009 thousand compared with USD 28,520 thousand in the six-month period ended June 30, 2024. The sales decrease is mainly explained by the global economic slowdown and deliveries pushouts.

### Gross result

The Group's gross profit for the six-month period ended June 30, 2025 amounted USD 10,250 thousand (45% of sales) compared with USD 12,459 thousand (44% of sales) in the six-month period ended June 30, 2024. The Group succeeded in maintaining its gross margins ratio despite the sales decrease. The gross margin is mainly affected by sales products mix and production sites.

### Expenses

During the first half of year 2025, the Group's Development Costs were USD 917 thousand compared with USD 856 thousand in the same period last year (HY/2024). The increase in this item resulted mainly from expansion of the engineering department.

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, 2025 were USD 1,140 thousand (5.0%) and USD 1,156 thousand (4.1%) in the six-month period ended June 30, 2024.

The Group's General & Administrative expenses for the six-month period ended June 30, 2025 were USD 2,720 thousand and USD 2,500 thousand in the six-month period ended June 30, 2024. The increase is due to various changes of G&A expenses including professional services and computing expenses.

### Operating and financial result

The total operating income for the first half of 2025 amounted to USD 5,473 thousand compared to USD 7,957 thousand in the same period last year.

The Group's net finance income for the six-month period ended June 30, 2025 amounted to USD 1,881 thousand compared with net finance income of USD 1,039 thousand in the six-month period ended June 30, 2024. The increase in this income is mainly explained by exchange rate differences and derivatives.

### Taxes on income

Taxes on income for the six-month period ended June 30, 2025 were USD 1,371 thousand compared with USD 1,549 thousand in the six-month period ended June 30, 2024.

### Result of the period

The total result for the first half of 2025 was a net profit of USD 5,990 thousand, compared to USD 7,593 thousand for the six-month period ended June 30, 2024.

### Balance sheet - cash position

Cash and cash equivalents, Short-term Deposits and Marketable Securities - these items amounted to a total of USD 58,049 thousand as at June 30, 2025 compared to USD 58,088 thousand as at December 31, 2024 and USD 51,177 thousand as at June 30, 2024.

Company's profitability enables it to keep its cash position as at June 30, 2025 compared to December 31, 2024 despite the dividend split at the amount of USD 5,301 thousand paid on June 2025.

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

Trade accounts receivable - these amounted to USD 9,402 thousand as at June 30, 2025 compared with USD 7,925 thousand as at December 31, 2024 and USD 10,414 thousand as at June 30, 2024. The changes in trade accounts receivable reflected mostly the business volume near the report dates but were also affected by timing differences arising from revenue recognition and from a temporary increase in payment terms of few customers.

*Other accounts receivable* - these amounted to USD 3,272 thousand as at June 30, 2025 compared with USD 2,027 thousand as at December 31, 2024 and USD 3,339 thousand as at June 30, 2024. Changes in this item result mainly from changes in "contract assets" according to IFRS 15 and from changes in advance payments to key suppliers. It is noted that according to IFRS 15 Company recognizes revenues over time (instead of upon delivery). Revenues recorded prior to delivery are recorded against "contract assets" and presented among "other accounts receivable". As at June 30, 2025 such contract assets amounted to approximately USD 1.5 million compared to USD 0.7 million as at December 31, 2024 and compared to USD 2.8 million as at June 30, 2024.

*Other investment* - as at June 30, 2025 and December 31, 2024 this amounted to USD 2,733 thousand, compared with USD 1,233 thousand as at June 30, 2024. This item represents the Company's investment in shares of CaPow Technologies Ltd. (hereinafter: "CaPow"), an Israeli startup in the field of wireless charging solution. In May 2024, the Company exercised its warrants to purchase additional 4,489 shares, and keep its holding share, against payment of USD 333 thousand (representing 1.2 times the original purchase price). In September 2024, the Company participated in a second fundraising round with an additional investment of USD 1.5 million. The Company holds about 7% of the shares of CaPow and following the additional investment, the Company was granted representation on CaPow's Board of Directors. The Company has a professional and business interest in being involved in new developments in this area and sees CaPow as a strategic investment.

*Trade payables* - amounted to USD 1,189 thousand as at June 30, 2025, compared with USD 1,261 thousand as at December 31, 2024 and USD 2,239 thousand as at June 30, 2024. The change in this item is explained by the changes in purchases, mainly from subcontractors, in the period near the report dates.

## **Cash flow**

*Cash flows generated from operating activities* for the six-month period ended June 30, 2025, amounted to USD 5,470 thousand, compared with cash flows generated from operating activities of USD 5,941 thousand for the six-month period ended June 30, 2024. The decrease in cash flows from operating activities generated from various adjustments in non-cash items and from changes in assets and liabilities.

*Cash flows generated from investing activities* in the six-month period ended June 30, 2025, amounted USD 3,599 thousand, compared with cash flows used for investing activities at the amount of USD 7,805 thousand in the six-month period ended June 30, 2024. In the first half of 2025, cash flows from investing activities generated mainly from bank deposits proceeds.

*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) paid in June 2025. *Cash flows used for financing activities* in the six-month period ended June 30, 2024, amounted to USD 10,072 thousand, representing a dividend payment (announced on January 24, 2024) that was paid in March 2024.

## **Outlook & Global Environment changes**

In the first half of year 2025 the global slowdown environment continued. It seems that, decrease in demand, excess inventory levels and the high interest rate are factors influencing customers' activity and sometimes resulting in push-out of scheduled deliveries up on their needs. High prices of raw materials and high manpower costs remain relevant too. Management estimates these trends are going to continue in the coming months.

Furthermore, in 2025, the Group plans to complete and integrate the purchase of SI MANUFACTURING, INC, in order to expand Group activity and global presence.

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

The complete financial statements and the quarterly report are available for downloading in the investors section of [www.paytongroup.com](http://www.paytongroup.com).

For more information, please visit Payton's website at [www.paytongroup.com](http://www.paytongroup.com)  
or contact Michal Lichtenstein, CFO at +972-3-9611164 [Michal@paytongroup.com](mailto:Michal@paytongroup.com)  
or Nick Orbaen, Dir. at Citigate Dewe Rogerson Belgium + 32 (0) 468 10 06 23  
[nick.orbaen@citigatedewerogerson.com](mailto:nick.orbaen@citigatedewerogerson.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.*

*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 about 170 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).

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	
	2025	2024
	\$ thousands	\$ thousands
Revenues	23,009	28,520
Cost of sales	(12,759)	(16,061)
<b>Gross profit</b>	<b>10,250</b>	<b>12,459</b>
Development costs	(917)	(856)
Selling and marketing expenses	(1,140)	(1,156)
General and administrative expenses	(2,720)	(2,500)
Other income, net	-	10
<b>Operating profit</b>	<b>5,473</b>	<b>7,957</b>
Finance income	1,897	1,115
Finance expenses	(16)	(76)
Finance income, net	1,881	1,039
Share of profits of equity accounted investee	7	146
<b>Profit before taxes on income</b>	<b>7,361</b>	<b>9,142</b>
Taxes on income	(1,371)	(1,549)
<b>Net profit</b>	<b>5,990</b>	<b>7,593</b>
<b>Other comprehensive income (loss) items that will not be transferred to profit and loss</b>		
Share of other comprehensive income (loss) of equity accounted investee	6	(12)
<b>Total other comprehensive income (loss), net of tax</b>	<b>6</b>	<b>(12)</b>
<b>Total comprehensive income</b>	<b>5,996</b>	<b>7,581</b>
<b>Earnings per share</b>		
Basic and diluted earnings per share (in \$)	0.34	0.43

### Condensed Interim Consolidated Statement of Financial Position

- unaudited -

	June 30	
	2025	2024
	\$ thousands	\$ thousands
Current assets	73,787	68,654
Non-current assets	13,663	12,556
<b>Total assets</b>	<b>87,450</b>	<b>81,210</b>
Current liabilities	6,113	6,566
Non-current liabilities	1,618	1,827
Equity	79,719	72,817
<b>Total liabilities and Equity</b>	<b>87,450</b>	<b>81,210</b>

## Condensed Interim Consolidated Statements of Cash Flows

- unaudited -

	For the Six-months ended June 30	
	2025	2024
	\$ thousands	\$ thousands
<b>Operating activities</b>		
Net Profit	5,990	7,593
<b>Adjustments:</b>		
Depreciation	429	356
Taxes on income	1,371	1,549
Share of profits of equity accounted investee	(7)	(146)
Gain on sale of property, plant and equipment, net	-	(10)
Share-based compensation provided by controlling shareholder	228	86
Finance income, net	(1,591)	(946)
	6,420	8,482
Decrease (increase) in trade accounts receivable	(1,477)	(868)
Decrease (increase) in other accounts receivable	(1,214)	(543)
Decrease in inventory	858	208
Increase (decrease) in trade payables	15	(1,425)
Increase (decrease) in other payables	434	154
Change in employee benefits	64	411
	5,100	6,419
Interest received	1,546	1,246
Interest paid	-	(32)
Income taxes paid, net	(1,176)	(1,692)
<b>Cash flows generated from operating activities</b>	<b>5,470</b>	<b>5,941</b>
<b>Investing activities</b>		
Proceeds from (investments in) deposits, net	3,852	(7,197)
Dividend received from an equity accounted investee	154	-
Investment in other investment	-	(333)
Acquisition of property, plant and equipment	(407)	(295)
Investments in marketable securities	-	(303)
Proceeds from sale of property, plant and equipment	-	18
Proceeds from sale of marketable securities	-	305
<b>Cash flows generated from (used for) investing activities</b>	<b>3,599</b>	<b>(7,805)</b>
<b>Financing activities</b>		
Dividend paid	(5,301)	(10,072)
<b>Cash flows used for financing activities</b>	<b>(5,301)</b>	<b>(10,072)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,768</b>	<b>(11,936)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>23,148</b>	<b>26,921</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>445</b>	<b>(37)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>27,361</b>	<b>14,948</b>