

Nine-month period ending September 30, 2025 Report¹
Net profit USD 9,440 thousand
Sales Revenues of USD 36,234 thousand

**Ness-Ziona (Israel) - Payton Planar Magnetics Ltd. today announced its financial results for the first nine months of 2025 (nine-month period ending September 30, 2025).
Net profit for the first nine months of 2025 totaled USD 9,440 thousand.
Sales revenues for the first nine months of 2025 totaled USD 36,234 thousand**

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's performance during 2025; (b) acquiring the real property, for a total amount of USD 4.4 million, on which SI's factory is built, [such factory being] owned by RSG Holdings LLC, a corporation incorporated under the laws of California 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 Estate Purchase Agreement"), and (c) entering into employment/consulting agreements with the CEO of SI and a senior engineering service provider of SI, which become effective as of the closing date including customary terms for agreements of this type, all in accordance with the provisions of the agreements (the "Transaction"). The completion of the Transaction was 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 Estate 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.

On October 1, 2025, the acquisition of SI shares and the Real Estate Purchase were both completed, following the fulfillment of all the conditions precedent as set forth in the Transaction agreement. As stated, and accordingly, upon completion of the Transaction, the shares of SI were transferred to the Purchasing Company, and the consideration in the amount of USD 5.6 million was paid (net of net financial debt and transaction-related expenses in a total amount of USD 1.2 million). In addition, the total consideration in the amount of USD 4.4 million was paid for the completion of the Real Estate Purchase Agreement. In addition, upon completion of the Transaction, various employment/consulting agreements came into effect, as detailed in the press releases dated March 12, 2025, and October 2, 2025.

In the first nine months of 2025 the global slowdown environment of the electronic market continued. It seems that the 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.

Order backlog of the Group as of September 30, 2025, was USD 19,231 thousand (December 31, 2024 - USD 25,165 thousand). The backlog includes firm orders of the Company and its two wholly owned subsidiaries.

The main reasons for the decrease in backlog are attributed to the global economic slowdown of the electronic market and to a specific reduction in orders from Principal Customer A that, contrary to previous periods, has not placed new orders for the coming months.

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

¹ 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 nine months of 2025

Sales revenues

The Group's sales revenues for the nine-month period ended September 30, 2025 were USD 36,234 thousand compared with USD 41,215 thousand in the nine-month period ended September 30, 2024. The decrease in sales is generally attributable to the global economic slowdown of the electronic market and, in specifically, to a decrease in sales to a high-running project of Principal Customer A (as detailed in the Company's Board of Directors' Report).

Gross result

The Group's gross profit for the nine-month period ended September 30, 2025 amounted to USD 16,897 thousand (47% of sales) compared with USD 17,863 thousand (43% of sales) in the nine-month period ended September 30, 2024. The Group succeeded in increasing its gross margins ratio despite the sales decrease. The gross margin is mainly affected by the sales product mix and production sites.

Expenses

The Group's development costs for the nine-month period ended September 30, 2025, were USD 1,388 thousand compared with USD 1,260 thousand in the same period last year. The increase in this item resulted mainly from the 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 nine-month period ended September 30, 2025 were USD 1,674 thousand (4.6%) and USD 1,588 thousand (3.9%) in the nine-month period ended September 30, 2024.

The Group's General & Administrative expenses for the nine-month period ended September 30, 2025 were USD 4,207 thousand and USD 3,588 thousand in the nine-month period ended September 30, 2024. The increase is due to various changes inter alia: computing upgrades, other G&A expenses and professional services.

The Group's other expenses for the nine-month period ended September 30, 2025 were USD 501 thousand compared with other income of USD 7 thousand in the nine-month period ended September 30, 2024. The expenses for the nine-month period ended September 30, 2025 were attributable to the transaction costs of SI Manufacturing, finalized after the report date, on October 1st, 2025. These costs were recognized upon their accrual.

Operating and financial result

The total *operating income* for the first nine months of 2025 amounted to USD 9,127 thousand compared to USD 11,434 thousand in the same period last year.

The Group's net finance income for the nine-month period ended September 30, 2025 amounted to USD 2,415 thousand compared with net finance income of USD 1,783 thousand in the nine-month period ended September 30, 2024. The increase in this income is mainly explained by derivatives' gains and exchange rate differences.

Taxes on income

Taxes on income for the nine-month period ended September 30, 2025 were USD 2,096 thousand compared with USD 2,281 thousand in the nine-month period ended September 30, 2024.

Result of the period

The total result for the first nine months of 2025 was a net profit of USD 9,440 thousand, compared to USD 11,157 thousand for the nine-month period ended September 30, 2024.

Balance sheet - cash position

Cash and cash equivalents, Short-term Deposits and Marketable Securities - these items amounted to a total of USD 64,324 thousand as at September 30, 2025 compared to USD 58,088 thousand as at December 31, 2024 and USD 57,061 thousand as at September 30, 2024.

Company's profitability enables it to increase its solid cash position as at September 30, 2025 compared to December 31, 2024 despite the dividend payment, at the amount of USD 5,301 thousand, made in June 2025.

Trade accounts receivable - these amounted to USD 8,659 thousand as at September 30, 2025 compared with USD 7,925 thousand as at December 31, 2024 and USD 8,065 thousand as at September 30, 2024. The slight increase in trade accounts receivable was mainly affected by the business volume near the reports date.

Trade payables - amounted to USD 1,870 thousand as at September 30, 2025, compared with USD 1,261 thousand as at December 31, 2024 and USD 2,499 thousand as at September 30, 2024. The change in this item, compared with September 30, 2024, is mainly explained by an increase in advance payment to a main subcontractor.

Cash flow

Cash flows generated from operating activities for the nine-month period ended September 30, 2025, amounted to USD 12,012 thousand, compared with cash flows generated from operating activities of USD 13,076 thousand for the nine-month period ended September 30, 2024. The decrease in cash flows from operating activities attributed mainly to the decrease in net profit as well as from various adjustments in non-cash items and from changes in assets and liabilities.

Cash flows generated from investing activities in the nine-month period ended September 30, 2025, amounted to USD 405 thousand, compared with cash flows used for investing activities at the amount of USD 9,256 thousand in the nine-month period ended September 30, 2024. In the first nine months of 2025, most of the proceeds from deposits, net, were used for acquiring fixed assets, mainly machinery and computers.

Cash flows used for financing activities in the nine-month period ended September 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 nine-month period ended September 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 Environmental changes

In the first nine months of 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.

Order backlog of the Group as of September 30, 2025, was USD 19,231 thousand (December 31, 2024 - USD 25,165 thousand). The backlog includes firm orders of the Company and its two wholly owned subsidiaries.

The main reasons for the decrease in backlog are attributed to the global economic slowdown of the electronic market and to a specific reduction in orders from Principal Customer A that, contrary to previous periods, has not placed new orders for the coming months.

Management estimates that most of the backlog as of September 30, 2025, will be fulfilled within the next three quarters, by June 30, 2026.

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.

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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 nine months ended	
	September 30	
	2025	2024
	(Unaudited)	(Unaudited)
	\$ thousands	
Revenues	36,234	41,215
Cost of sales	(19,337)	(23,352)
Gross profit	16,897	17,863
Development costs	(1,388)	(1,260)
Selling and marketing expenses	(1,674)	(1,588)
General and administrative expenses	(4,207)	(3,588)
Other income (expenses), net	(501)	7
Operating profit	9,127	11,434
Finance income	2,441	1,840
Finance expenses	(26)	(57)
Finance income, net	2,415	1,783
Share of profits (loss) of equity accounted investee	(6)	221
Profit before taxes on income	11,536	13,438
Taxes on income	(2,096)	(2,281)
Net profit	9,440	11,157
Other comprehensive income (loss) items that will not be transferred to profit and loss		
Remeasurement of defined benefit plan	-	-
Share of other comprehensive income (loss) of equity accounted investee	9	(9)
Total other comprehensive income (loss), net of tax	9	(9)
Total comprehensive income	9,449	11,148
Earnings per share		
Basic and diluted earnings per share (in \$)	0.53	0.63

Condensed Interim Consolidated Statement of Financial Position

- unaudited -

	September 30	
	2025	2024
	\$ thousands	\$ thousands
Current assets	78,194	71,060
Non-current assets	13,837	13,966
Total assets	92,031	85,026
Current liabilities	7,127	6,760
Non-current liabilities	1,608	1,768
Equity	83,296	76,498
Total liabilities and Equity	92,031	85,026

**Condensed Interim Consolidated Statements
of Cash Flows**

For the nine months ended
September 30

	2025	2024
	(Unaudited)	(Unaudited)
	\$ thousands	\$ thousands
Operating activities		
Net Profit	9,440	11,157
Adjustments:		
Depreciation	645	562
Taxes on income	2,096	2,281
Share of loss (profits) of equity accounted investee	6	(221)
Loss (gain) on sale of property, plant and equipment, net	-	(7)
Share-based compensation provided by controlling shareholder	352	200
Finance income, net	(1,925)	(1,652)
	<u>10,614</u>	<u>12,320</u>
Decrease (increase) in trade accounts receivable	(734)	1,481
Decrease in other accounts receivable	396	811
Decrease (increase) in inventory	398	(17)
Increase (decrease) in trade payables	532	(1,177)
Increase (decrease) in other payables	441	275
Change in employee benefits	91	127
	<u>11,738</u>	<u>13,820</u>
Interest received	2,036	1,675
Interest paid	-	(32)
Income taxes paid, net	(1,762)	(2,387)
	<u>(1,762)</u>	<u>(2,387)</u>
Cash flows generated from operating activities	<u>12,012</u>	<u>13,076</u>
Investing activities		
Proceeds from (investments in) deposits, net	769	(7,120)
Dividend received from an equity accounted investee	154	77
Investment in other investment	-	(1,833)
Acquisition of property, plant and equipment	(518)	(400)
Investments in marketable securities	-	(303)
Proceeds from sale of fixed assets property, plant and equipment	-	18
Proceeds from sale of marketable securities	-	305
	<u>405</u>	<u>(9,256)</u>
Cash flows generated from (used for) investing activities	<u>405</u>	<u>(9,256)</u>
Financing activities		
Dividend paid	(5,301)	(10,072)
	<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	<u>7,116</u>	<u>(6,252)</u>
Cash and cash equivalents at the beginning of the period	<u>23,148</u>	<u>26,921</u>
Effect of exchange rate fluctuations on cash and cash equivalents	<u>270</u>	<u>49</u>
Cash and cash equivalents at the end of the period	<u>30,534</u>	<u>20,718</u>