

August 19, 2025

## Maytronics Announces Q2 and H1 2025 Financial Results

- **Total revenue** for the second quarter amounted to NIS 514.8 million, representing a 15.2% decline year-over-year and falling short of the company's guidance range of NIS 530 - 600 million.
- The revenue decline and miss on guidance were primarily attributed to operational challenges, which led to a failure to fulfill orders from the new U.S. subsidiary's logistics center. The company estimates this led to approximately \$14 million in lost revenue for the quarter, some of which is expected to shift to Q3 sales.
- **Revenue from residential pool robots** totaled NIS 370 million, a 15.8% decrease, reflecting competitive and macro-economic challenges in key markets, as well as the operational issues.
- **Revenue from public pool robots** was NIS 28.6 million, a 12.8% decrease year-over-year, mainly due to the aforementioned operational challenges in North America.
- **Revenue from safety and complementary pool products** amounted to NIS 116.2 million, a 13.9% decrease. This was primarily a result of a decline in pool cover sales due to the ongoing negative trend in new pool construction in the French market, reduced sales of complementary products at ECCXI partially due to a focus on higher-margin products, and the impact of tariffs on imported goods from China. These trends were partially offset by increased sales of complementary pool products in the Australian subsidiary following the consolidation of Focus.
- **Gross profit** for the second quarter was NIS 181.4 million, a 26.7% decrease. The gross margin was 35.2%, a 550 basis-point decline from the corresponding quarter last year.
- The decline in gross margin was mainly due to the sharp decrease in the number of robots sold relative to the reduction in fixed manufacturing costs in Israel and fix cost reduction in Maytronics subsidiaries. Additionally, profitability was impacted by tariffs, one-time costs related to U.S. logistics challenges, and currency impact. These negative factors were partially offset by successful cost

reductions in the direct cost of robot manufacturing and continued improvement in the gross margin of other products sold through ECCXI.

- **Operating profit** was NIS 31.3 million, a 57.3% decrease, with an operating margin of 6.1%. Total operating expenses decreased by 13.9% to NIS 150.1 million, down from NIS 174.3 million. This reflects efficiency initiatives and a reduction in variable expenses tied to lower activity levels. These efficiency measures yielded a cost reduction of approximately NIS 12 million in Q2 2025 and NIS 25 million in the first half of 2025.
- Throughout 2025, the company continued to advance a strategic initiative to address its manufacturing cost structure. Efficiency measures include the gradual optimization and consolidation of robot assembly and module production at Dalton and Yizrael into a single site at Yizrael. The combined effect of these processes has the potential to positively impact the company's future gross profitability in robot manufacturing, through direct cost savings, as well as improved procurement efficiency, raw material inventory management, production efficiency, and supply capabilities.
- **Finance expenses** were NIS 15.3 million, down from NIS 18.7 million in the prior-year quarter. The reduction was due to the impact of hedging transactions, partially offset by an increase in interest expenses and the revaluation of foreign currency balances.
- **Net debt** was NIS 661.3 million, an increase of NIS 9 million compared to June 30, 2024, but a decrease of NIS 99 million from the beginning of 2025.
- **The effective tax rate** rose to 23.2% from 20.7%, driven by the profits mix across the group's subsidiaries.
- **Net profit** amounted to NIS 12.2 million, a 71.7% decrease.
- Despite a NIS 56.5 million decline in net profit for the first half of 2025, **cash flow from operating activities** was NIS 148.9 million, compared to NIS 156.1 million in the same period last year. This reflects a 38% improvement in working capital, primarily a result of a significant NIS 186.8 million reduction in inventory.
- **The company's order backlog** as of June 30, 2025, stood at approximately NIS 101.9 million, an increase of NIS 26.1 million year-over-year. This increase is mainly attributed to orders that were scheduled for Q2 delivery but were not fulfilled due to operational challenges at the North American logistics centers.
- Maytronics has strengthened its management team with the appointment of **Stacey Eisner** as Head of Marketing and **Oren Jacobs** as Global VP of Operations.

**Sharon Goldenberg, CEO:** "Maytronics is in the midst of significant processes focused on returning the company to growth, improving profitability, and strengthening our financial resilience. The company's financial results do not yet fully reflect the impact of the strategic initiatives we are executing, some of which are negatively affecting our short-term results. However, we are playing the long game, we see the direction, and we are confident that these processes will significantly improve the company's future performance."

"We are managing all of these processes under complex conditions, including macro-economic challenges, competitive pressures, uncertainty related to tariffs in North America, and the security situation in Israel. We are acting decisively to implement the company's strategy across key pillars: technology, distribution channels, and cost structure. We have strengthened the management team in critical areas and are confident that the new appointments in marketing, operations, and finance, individually and as a team, will lead Maytronics to significant success."

"The quarter's results in terms of revenue and profitability are disappointing. They reflect challenges in the company's transition to a new, self-operated logistics center, which we have overcome since the end of the quarter. We are disappointed by our inability to fulfill the strong demand our U.S. team generated, but we are encouraged by the shift in trend reflected in the orders we received during the quarter. We anticipate that some of the revenue we were unable to realize in Q2 will shift to Q3, where we project revenue in the range of NIS 320-350 million."

"Looking at the potential from maturing business opportunities with both existing and new customers in North America, we feel that the company's strong brand, the significant strengthening of the marketing organization, and the maturation of key product development projects - which will enable a substantial improvement in our value proposition - all support a positive change in trend in the foreseeable future."

"We remain highly focused on implementing our efficiency plans, with several work teams operating at high intensity across a wide range of areas. These efficiency measures include, among other things, the gradual optimization and consolidation of robot assembly and module production activities from Dalton and Yizrael into a single site in Yizrael. This move is part of two strategic processes: the consolidation of product lines and the development of a groundbreaking generation of robots, expected to launch in 2026, which will enable the consolidation of older product lines. The

combination of these processes, alongside the significant progress we've made in reducing inventory, will allow the company to achieve increased annual production volumes at a single manufacturing site. This has significant potential for positively impacting our future gross profitability by leveraging fixed costs, improving procurement efficiency, managing raw materials inventory, optimizing production, and enhancing supply capabilities."