



**Payton Planar Magnetics Ltd.
and its Consolidated Subsidiaries
Financial Statements
September 30, 2024 (Unaudited)**

Financial Statements as at September 30, 2024 (Unaudited)

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The Board of Directors' Report¹ on Corporate Affairs

We are pleased to present the Board of Directors' report on the affairs of Payton Planar Magnetics Ltd. and its consolidated subsidiaries for the nine months ended on September 30, 2024.

Notice: This report 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 emphasizes 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.

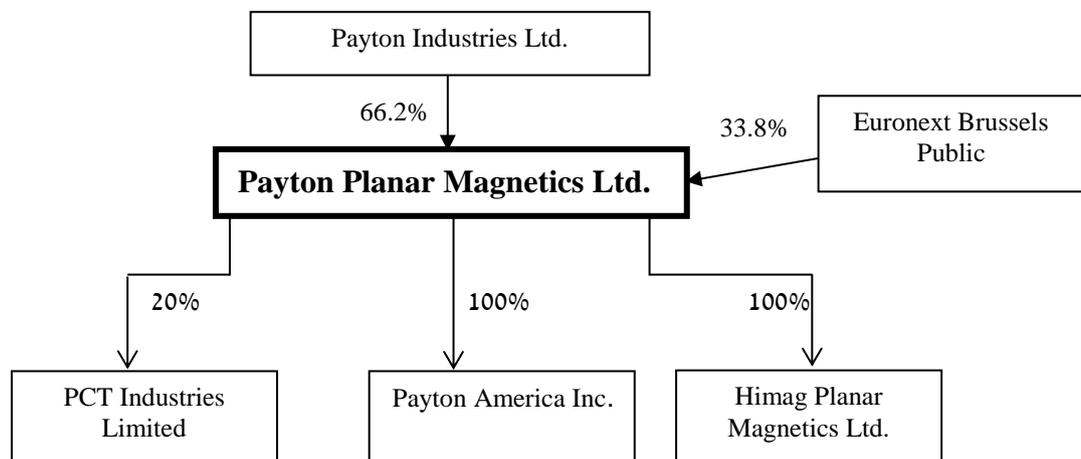
Reference in this report to forward looking statement shall be by stating that such information is given by way of estimation, evaluation, assessment, intentions, expectations, beliefs and similar terms, but it is possible that such information shall be given under other phrases.

This Board of Directors' report has been prepared as an interim financial report and as such should be read in conjunction with the consolidated financial statements as at December 31, 2023, published on March 27, 2024 (hereinafter "the 2023 yearly Report").

1. A concise description of the corporation and its business environment

A. The Group

Payton Planar Magnetics Ltd. ("the Company") its consolidated subsidiaries: Payton America Inc. and Himag Planar Magnetics Ltd. and its affiliated company in Hong-Kong, PCT Industries Limited ("PCT"), a holding company that fully owns a manufacturing subsidiary in China.



¹ The financial statements as at September 30, 2024 form an integral part thereof.

B. The Group's main fields of activity and changes that occurred in the period from January to September 2024

The Company, an Israeli high-tech enterprise, develops manufactures and markets Planar and Conventional transformers worldwide. The Company was founded in order to revolutionize the traditional approach to the design and manufacture of transformers through the concept of planar transformers. The Company completed its initial public offering in 1998 on the EuroNext Stock Exchange.

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

- In 2024 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.
- Additional factors that affect the Group's activity are: the *revaluation of the US\$* against the local NIS, the Euro and the Pound, which mainly decreases local labor costs and other operating costs in Israel and the United Kingdom.

Inflation effects - Since the functional currency of the Group's activity is the US dollar, and since the Group does not use 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.

Increase of global interest rate - since the Company does not hold loans, the Group is not expected to have a material negative impact due to the increase in the global interest rate, on the contrary, deposits' income increased.

- Last year, On October 7th, 2023, a war broke out in the state of Israel ("the War"). The War consequences have not significantly affected the Group's day-to-day operations. The Group's local facility, located in the center area of Israel, rapidly adapted a working routine and continued its ongoing business. As of this date, the Group's local facility is fully operative providing products and services on a regular basis to its customers. Thanks to the Group's financial and operational strength, wide business diversification, global dispersion of production sites and raw material suppliers, the Group's management believes it should be able to continue its ongoing business fully and continuously. Based on the information the Group has at the date of approval of these financial statements, this War is not expected to have a material impact on the Group's activity and results. However, due to uncertainty involved and lack of information regarding the duration of the War, the Group is currently unable to foresee and assess the future effects of the War.

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.

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

On January 24, 2024, the Company's Board of Directors decided to pay to its shareholders a dividend for the financial year 2023 in the amount of USD 10,072 thousand, USD 0.57 per share (paid on March 5, 2024).

On February 14, 2024, the Parent Company, Payton Industries Ltd. ("**the Parent Company**"), entered into an agreement with FIMI ISRAEL OPPORTUNITY 7, a Limited Partnership, and FIMI Opportunity 7, LP a Limited Partnership (together hereinafter: "FIMI"), to allocate 1,468,057 ordinary shares of the Parent Company (hereinafter: "Allocated Shares") which, subject to their allocation, shall constitute approximately 17.76% of the Parent Company's issued and outstanding share capital and voting rights (hereinafter: the "Share Purchase Agreement"), all conditional upon the occurrence of certain precedent conditions.

Simultaneously Mr. David Yativ, the controlling shareholder of the Parent Company (hereinafter: "**Yativ**") has entered into an agreement to sell to FIMI 1,000,000 shares of the Parent Company, constituting around 12.09% of the Parent Company's share capital. Furthermore, FIMI and Yativ agreed on the terms of a shareholders' rights agreement that will be executed on the closing of the transaction. [It is noted that the completion of the Share Purchase Agreement and the other transactions described above (hereinafter: "**the FIMI Transaction**") were subject, inter alia, to the approval of the Parent Company's Shareholders' meeting, resolved on April 8, 2024].

On March 7, 2024, the Company's remuneration committee and the Board of Directors examined the updated remuneration policy, found it fair, logical and appropriate and decided to approve it. In addition the above mentioned quorums approved the Company's participation in the service fee of FIMI for the consulting services to be provided to Payton Group as part of the FIMI Transaction, for a period of 3 years, for a monthly payment of NIS 40 thousand (about USD 11 thousand) to be shared equally between the Company and the Parent Company (the participation amount shall be examined and adjusted on a yearly basis according to the actual services). The above resolutions were subject to the approval of the Company's shareholders' meeting, resolved on April 15, 2024.

On April 21, 2024, the Company reported that according to the information provided by its Parent Company and by Yativ, all precedent conditions to the FIMI Transaction have been fulfilled on April 21, 2024, and the closing of the FIMI Transaction has been consummated immediately thereafter ("the Closing Date"). Simultaneously, the transaction for the sale of the shares of Yativ has also been completed, in such a manner that as of the Closing Date, each of Yativ and FIMI holds approximately 29.85% of the Parent Company's issued and outstanding share capital and voting rights (each approximately 29.28% of the Parent Company's issued and outstanding share capital on a fully diluted basis). Additionally, on the Closing Date, Yativ and FIMI have also entered into a shareholders' agreement pursuant to which the Parent Company considers them, as of the Closing Date, as joint controlling shareholders of the Parent Company due to their joint holdings of approximately 59.7% of the Parent Company's issued and outstanding share capital.

In addition, on the Closing Date, the Parent Company has granted non-marketable options to purchase shares of the Parent Company according to the Parent Company's incentive option plan ("the Options") to certain key-employees and officers of the Parent Company's subsidiaries, as follows: 80,000 Options to 4 (four) employees of the Parent Company's subsidiaries, 30,000 Options to Mr. Doron Yativ², 20,000 Options to Mr. Amir Yativ³ and 30,000 Options to Mrs. Michal Lichtenstein⁴ (See also Note 1.B.3 to the financial statements as at September 30, 2024).

² David Yativ's son serves as a director and the CEO of the Company.

³ David Yativ's son serves as an engineering and development manager.

⁴ Michal Lichtenstein serves as the CEO of the Parent Company and V.P. Finance & C.F.O of Payton Group.

C. Principal customers

The consolidated sales revenues include sales to major customers (which make up in excess of 10% of the sales of the Group).

	For the nine-month period ended September 30	For the year ended December 31	For the nine-month period ended September 30
	2024	2023	2023
Customer A ¹	30%	15%	13%
Customer B ²	*	16%	18%
Customer C ²	15%	14%	11%

⁽¹⁾ Customer related to the Telecom/Datacenter industry.

⁽²⁾ Customer related to the Automotive industry.

* Less than 10% of the Group's consolidated sales.

D. Marketing

The Group's marketing activities are conducted through its marketing and sales personnel, a network of agents and subsidiaries in the United States and the United Kingdom. The Group participates in leading electronic exhibitions. During 2024 the Group participated in APEC in Long Beach CA, USA (Feb, 2024), in PCIM Europe 2024 Exhibition, Nuremberg, Germany (June, 2024), in Electronica 2024 Exhibition, Munich, Germany (November, 2024), and others. In addition, Company is focusing on serving Key customers with routine visits and latest technology development updates.

E. Order Backlog

Order backlog of the Group as of September 30, 2024, was USD 23,517 thousand (December 31, 2023 - USD 30,765 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 30.9.2024 will be supplied within 4 quarters until September 30, 2025.

2. Financial position

A. Statement of Financial Position as at September 30, 2024

Cash and cash equivalents, Short-term Deposits and Marketable Securities - these items amounted to a total of USD 57,061 thousand as at September 30, 2024 compared to USD 56,186 thousand as at December 31, 2023 and USD 48,887 thousand as at September 30, 2023.

It is noted that dividend at the amount of USD 10,072 thousand, announced in January 2024, was paid in full on March 2024.

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

Trade accounts receivable - these amounted to USD 8,065 thousand as at September 30, 2024 compared with USD 9,546 thousand as at December 31, 2023 and USD 10,804 thousand as at September 30, 2023. The decrease in this item is in line with the sales volume near the reports dates.

Other accounts receivable - these amounted to USD 1,985 thousand as at September 30, 2024 compared with USD 2,804 thousand as at December 31, 2023 and USD 3,785 thousand as at September 30, 2023. Changes in this item result mainly from decrease in advance payments to key suppliers and from changes in “contract assets” according to IFRS 15. 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 September 30, 2024 such contract assets amounted to approximately USD 1.4 million compared to USD 2.2 million as at December 31, 2023 and compared to USD 2.5 million as at September 30, 2023.

Other investment - as at September 30, 2024 this amounted to USD 2,733 thousand compared with USD 900 thousand as at September 30, 2023 and December 31, 2023. This item representing the Company’s investment in shares of CaPow Technologies Ltd., an Israeli startup (less than 20% of the startup's share capital) in the field of wireless charging solution. During May 2024, the Company exercise its warrants to purchase additional 4,489 Shares, and keep its holding share, against payment of USD 333 thousand (representing 1.2 of the original purchase price). In September 2024, the Company participated in a second fundraising round with an additional investment of USD 1.5 million. 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 2,499 thousand as at September 30, 2024 compared with USD 3,663 thousand as at December 31, 2023 and USD 3,565 thousand as at September 30, 2023. The decrease in this item is in-line with the decrease in the business activity resulted in purchases decrease near the reports dates accompanied by an increase in advance payment to a principal subcontractor.

B. Operating results

Payton Planar Magnetics Ltd. Consolidated Comprehensive Income Statements

	For the nine months ended September 30		For the three months ended September 30		Year ended December 31
	2024	2023	2024	2023	2023
	(Unaudited) \$ thousands	(Unaudited) \$ thousands	(Unaudited) \$ thousands	(Unaudited) \$ thousands	(Audited) \$ thousands
Revenues	41,215	39,759	12,695	15,018	54,856
Cost of sales	(23,352)	(21,881)	(7,291)	(7,918)	(30,753)
Gross profit	17,863	17,878	5,404	7,100	24,103
Development costs	(1,260)	(1,090)	(404)	(335)	(1,442)
Selling and marketing expenses	(1,588)	(1,555)	(432)	(481)	(2,152)
General and administrative expenses	(3,588)	(2,997)	(1,088)	(875)	(3,863)
Other income (expenses), net	7	8	(3)	(2)	(245)
Operating profit	11,434	12,244	3,477	5,407	16,401
Finance income	1,840	1,274	751	431	2,023
Finance expenses	(57)	(237)	(7)	(142)	(142)
Finance income, net	1,783	1,037	744	289	1,881
Share of profits of equity accounted investee	221	44	75	45	218
Profit before taxes on income	13,438	13,325	4,296	5,741	18,500
Taxes on income	(2,281)	(2,261)	(732)	(978)	(3,234)
Net profit	11,157	11,064	3,564	4,763	15,266
Other comprehensive income (loss) items that will not be transferred to profit and loss					
Remeasurement of defined benefit plan	-	-	-	-	27
Share of other comprehensive income (loss) of equity accounted investee	(9)	(11)	3	(10)	(6)
Total other comprehensive income (loss), net of tax	(9)	(11)	3	(10)	21
Total comprehensive income	11,148	11,053	3,567	4,753	15,287
Earnings per share					
Basic and diluted earnings per share (in \$)	0.63	0.63	0.20	0.27	0.86

General Note: The Group is exposed to abrasion of the USD in relation to the NIS, Euro (€) and the Pound (£). Most of the Group's salaries and other operating costs are fixed in local currencies. Revaluation/devaluation of the local currencies drives to an increase/decrease in labor costs and other operating costs, thus, affects the operating results of the Company.

Sales revenues - The Group's sales revenues for the nine-month period ended September 30, 2024 were USD 41,215 thousand compared with USD 39,759 thousand in the nine-month period ended September 30, 2023. The Group's sales revenues for the three-month period ended September 30, 2024 were USD 12,695 thousand compared with USD 15,018 thousand in the three-month period ended September 30, 2023. The sales decrease resulted mainly of slowdown and pushouts of few projects.

Gross profit - The Group's gross profit for the nine-month period ended September 30, 2024, amounted USD 17,863 thousand (43% of sales) compared with USD 17,878 thousand (45% of sales) in the nine-month period ended September 30, 2023. The Group's gross profit for the three-month period ended September 30, 2024, amounted USD 5,404 thousand (43% of sales) compared with USD 7,100 thousand (47% of sales) in the three-month period ended September 30, 2023. The gross margins are mainly affected by sales products mix and production sites.

Development costs - Payton's strategy is aimed at maintaining the leadership of the Planar Technology. The Engineering Department works in conjunction with 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 nine months ended September 30, 2024, were USD 1,260 thousand compared with USD 1,090 thousand in the same period last year. The increase in this item resulted mainly due to labor and employees' benefits increases.

Selling & marketing 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 rep's Network. The Group's selling & marketing expenses for the nine-month period ended September 30, 2024, were USD 1,588 thousand (4%) and USD 1,555 thousand (4%) in the nine-month period ended September 30, 2023.

General & Administrative expenses - The Group's General & Administrative expenses for the nine-month period ended September 30, 2024 were USD 3,588 thousand and USD 2,997 thousand in the nine-month period ended September 30, 2023. The increase relates mainly due to increase in management & administration employer costs, benefits and other incentives, as well as increase in computing and data security expenses.

Finance income (expenses), net - The Group's net finance income for the nine-month period ended September 30, 2024 amounted to USD 1,783 thousand compared with net finance income of USD 1,037 thousand in the nine-month period ended September 30, 2023. Most of the finance income stemmed from interest on bank deposit balances. Increase resulted mainly from interest and exchange rate differences.

3. Liquidity

A. Operating activities

Cash flows generated from operating activities for the nine-month period ended September 30, 2024, amounted to USD 13,076 thousand, compared with cash flows generated from operating activities of USD 12,332 thousand for the nine-month period ended September 30, 2023. Cash flows generated from operating activities for the three-month period ended September 30, 2024, amounted to USD 7,135 thousand, compared with cash flows generated from operating activities of USD 4,249 thousand for the three-month period ended September 30, 2023. The increase in cash flows from operating activities in the three months period ended September 30, 2024 resulted mostly from the decrease in trade accounts receivable as well as from other changes in assets and liabilities and non-cash adjustments.

B. Investing activities

Cash flows used for investing activities in the nine-month period ended September 30, 2024, amounted USD 9,256 thousand, compared with cash flows used for investing activities at the amount of USD 9,192 thousand in the nine-month period ended September 30, 2023. In the first nine months of 2024 cash flows used mostly for investment in bank deposit and in CaPow Technologies Ltd. (see also paragraph 2.A- other investment above).

C. Financing activities

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) paid on March 2024. Cash flows used for financing activities in the nine-month period ended September 30, 2023, amounted to USD 8,482 thousand, representing a dividend payment (announced March 28, 2023) paid on June 2023.

4. Financing sources

The Group financed its activities during the reported periods from its own resources.

5. Material events after the reporting period

There are no events after the reporting period that have a material impact on the condensed consolidated financial statements.

6. External factors effects

Global business environment - see paragraph 1.B above.

To the best of the Board of Directors' and management's knowledge, except the above mentioned, there have been no significant changes in external factors that may materially affect the Company's financial position or results of operations.

7. Statement by senior management

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 condensed consolidated interim financial statements at September 30, 2024 are drawn up in accordance with IFRS and with IAS 34 “Interim Financial 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 perimeter.
- b) The report gives a true and fair view of the main events of the first nine months of the current financial year 2024, their impact on the condensed consolidated financial statements, the main risk factors and uncertainties for the remaining months of the financial year, as well as the main transactions with related parties and their possible impact on the condensed consolidated financial statements should these transactions have material consequences for the company’s financial position or results in the first nine months of the current financial year 2024.

The Company's Board of Directors wishes to thank our shareholders for their continuance trust and belief.

The Company's Board of Directors wishes to extend its sincere thanks to the entire personnel for their efforts and contribution to the Group's affairs.

Ness Ziona, November 27, 2024.

David Yativ
Chairman of the Board
of Directors

Doron Yativ
Director and C.E.O.

PAYTON PLANAR MAGNETICS LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2024

(UNAUDITED)

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AUDITORS' REVIEW REPORT

To the shareholders of

PAYTON PLANAR MAGNETICS LTD.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Payton Planar Magnetics LTD. and its subsidiaries ("the Company"), which comprise the condensed consolidated statement of financial position as of September 30, 2024, and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine and three months then ended and explanatory notes. The Company's board of directors and management are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

Tel-Aviv, Israel
November 27, 2024

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

PAYTON PLANAR MAGNETICS LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30 2024	September 30 2023	December 31 2023
	(Unaudited)	(Unaudited)	(Audited)
	\$ thousands	\$ thousands	\$ thousands
Current assets			
Cash and cash equivalents	20,718	13,467	26,921
Short-term deposits and marketable securities	36,343	35,420	29,265
Trade accounts receivable	8,065	10,804	9,546
Other accounts receivable	1,985	3,785	2,804
Inventory	3,949	4,190	3,932
Total current assets	71,060	67,666	72,468
Non-current assets			
Investment in equity accounted investee	1,541	1,457	1,409
Other investment	2,733	900	900
Property, plant and equipment	9,670	10,043	9,830
Intangible assets	22	22	22
Total non-current assets	13,966	12,422	12,161
Total assets	85,026	80,088	84,629

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

PAYTON PLANAR MAGNETICS LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30 2024 (Unaudited) \$ thousands	September 30 2023 (Unaudited) \$ thousands	December 31 2023 (Audited) \$ thousands
Liabilities and equity			
Current liabilities			
Trade payables	2,499	3,565	3,663
Other payables	2,081	2,155	2,039
Current income tax liability	1,454	1,212	1,520
Employee benefits	726	423	493
Total current liabilities	6,760	7,355	7,715
Non-current liabilities			
Employee benefits	508	415	381
Deferred tax liabilities	1,260	1,330	1,311
Total non-current liabilities	1,768	1,745	1,692
Total liabilities	8,528	9,100	9,407
Equity			
Share capital	4,836	4,836	4,836
Share premium	8,993	8,993	8,993
Reserve from transaction with controlling shareholder	200	-	-
Retained earnings	62,469	57,159	61,393
Total equity	76,498	70,988	75,222
Total liabilities and equity	85,026	80,088	84,629

David Yativ
Chairman of the Board of Directors

Doron Yativ
Chief Executive Officer

Michal Lichtenstein
V.P. Finance & CFO

Date of approval of the financial statements: November 27, 2024

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

PAYTON PLANAR MAGNETICS LTD.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the nine months ended September 30		For the three months ended September 30		Year ended December 31
	2024	2023	2024	2023	2023
	(Unaudited) \$ thousands	(Unaudited) \$ thousands	(Unaudited) \$ thousands	(Unaudited) \$ thousands	(Audited) \$ thousands
Revenues	41,215	39,759	12,695	15,018	54,856
Cost of sales	(23,352)	(21,881)	(7,291)	(7,918)	(30,753)
Gross profit	17,863	17,878	5,404	7,100	24,103
Development costs	(1,260)	(1,090)	(404)	(335)	(1,442)
Selling and marketing expenses	(1,588)	(1,555)	(432)	(481)	(2,152)
General and administrative expenses	(3,588)	(2,997)	(1,088)	(875)	(3,863)
Other income (expenses), net	7	8	(3)	(2)	(245)
Operating profit	11,434	12,244	3,477	5,407	16,401
Finance income	1,840	1,274	751	431	2,023
Finance expenses	(57)	(237)	(7)	(142)	(142)
Finance income, net	1,783	1,037	744	289	1,881
Share of profits of equity accounted investee	221	44	75	45	218
Profit before taxes on income	13,438	13,325	4,296	5,741	18,500
Taxes on income	(2,281)	(2,261)	(732)	(978)	(3,234)
Net profit	11,157	11,064	3,564	4,763	15,266
Other comprehensive income (loss) items that will not be transferred to profit and loss					
Remeasurement of defined benefit plan	-	-	-	-	27
Share of other comprehensive income (loss) of equity accounted investee	(9)	(11)	3	(10)	(6)
Total other comprehensive income (loss), net of tax	(9)	(11)	3	(10)	21
Total comprehensive income	11,148	11,053	3,567	4,753	15,287
Earnings per share					
Basic and diluted earnings per share (in \$)	0.63	0.63	0.20	0.27	0.86

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital		Share premium \$ thousands	Reserve from transactions with controlling shareholder \$ thousands	Retained earnings \$ thousands	Total \$ thousands
	Number of shares	\$ thousands				
For the nine months ended September 30, 2024 (Unaudited)						
Balance at January 1, 2024	17,670,775	4,836	8,993	-	61,393	75,222
Net profit	-	-	-	-	11,157	11,157
Other comprehensive loss	-	-	-	-	(9)	(9)
Total comprehensive income	-	-	-	-	11,148	11,148
Transactions with owners, recognized directly in equity						
Dividend to owners	-	-	-	-	(10,072)	(10,072)
Equity component of transaction with controlling shareholder	-	-	-	200	-	200
Balance at September 30, 2024	17,670,775	4,836	8,993	200	62,469	76,498
For the nine months ended September 30, 2023 (Unaudited)						
Balance at January 1, 2023	17,670,775	4,836	8,993	-	54,588	68,417
Net profit	-	-	-	-	11,064	11,064
Other comprehensive loss	-	-	-	-	(11)	(11)
Total comprehensive income	-	-	-	-	11,053	11,053
Transactions with owners, recognized directly in equity						
Dividend to owners	-	-	-	-	(8,482)	(8,482)
Balance at September 30, 2023	17,670,775	4,836	8,993	-	57,159	70,988

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital		Share premium \$ thousands	Reserve from transactions with controlling shareholder \$ thousands	Retained earnings \$ thousands	Total \$ thousands
	Number of shares	\$ thousands				
For the three months ended September 30, 2024 (Unaudited)						
Balance at July 1, 2024	17,670,775	4,836	8,993	86	58,902	72,817
Net profit	-	-	-	-	3,564	3,564
Other comprehensive income	-	-	-	-	3	3
Total comprehensive income	-	-	-	-	3,567	3,567
Transactions with owners, recognized directly in equity						
Equity component of transaction with controlling shareholder	-	-	-	114	-	114
Balance at September 30, 2024	17,670,775	4,836	8,993	200	62,469	76,498
For the three months ended September 30, 2023 (Unaudited)						
Balance at July 1, 2023	17,670,775	4,836	8,993	-	52,406	66,235
Net profit	-	-	-	-	4,763	4,763
Other comprehensive loss	-	-	-	-	(10)	(10)
Total comprehensive income	-	-	-	-	4,753	4,753
Balance at September 30, 2023	17,670,775	4,836	8,993	-	57,159	70,988

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital		Share premium \$ thousands	Reserve from transactions with controlling shareholder \$ thousands	Retained earnings \$ thousands	Total \$ thousands
	Number of shares	\$ thousands				
For the year ended December 31, 2023 (Audited)						
Balance at January 1, 2023	17,670,775	4,836	8,993	-	54,588	68,417
Net profit	-	-	-	-	15,266	15,266
Other comprehensive income	-	-	-	-	21	21
Total comprehensive income	-	-	-	-	15,287	15,287
Transactions with owners, recognized directly in equity						
Dividend to owners	-	-	-	-	(8,482)	(8,482)
Balance at December 31, 2023	17,670,775	4,836	8,993	-	61,393	75,222

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the nine months ended September 30		For the three months ended September 30		Year ended December 31
	2024	2023	2024	2023	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	\$ thousands	\$ thousands	\$ thousands	\$ thousands	\$ thousands
Operating activities					
Net Profit	11,157	11,064	3,564	4,763	15,266
Adjustments:					
Depreciation	562	631	206	205	828
Taxes on income	2,281	2,261	732	978	3,234
Share of profits of equity accounted investee	(221)	(44)	(75)	(45)	(218)
Loss (gain) on sale of property, plant and equipment, net	(7)	(8)	3	2	145
Impairment loss of an option in an equity accounted investee	-	-	-	-	100
Share-based compensation provided by controlling shareholder	200	-	114	-	-
Finance income, net	(1,652)	(798)	(706)	(178)	(1,779)
	12,320	13,106	3,838	5,725	17,576
Decrease (increase) in trade accounts receivable	1,481	(430)	2,349	(2,381)	828
Decrease (increase) in other accounts receivable	811	(1,518)	1,354	678	(541)
Decrease (increase) in inventory	(17)	329	(225)	(162)	587
Increase (decrease) in trade payables	(1,177)	2,178	248	1,581	2,275
Increase (decrease) in other payables	42	52	(112)	(335)	(64)
Change in employee benefits	360	(133)	(51)	(196)	(63)
	13,820	13,584	7,401	4,910	20,598
Interest received	1,675	635	429	69	1,181
Interest paid	(32)	(23)	-	-	(23)
Income taxes paid, net	(2,387)	(1,864)	(695)	(730)	(2,552)
Cash flows generated from operating activities	13,076	12,332	7,135	4,249	19,204
Investing activities					
Proceeds from (investments in) deposits, net	(7,120)	(8,885)	77	(6,650)	(2,321)
Dividend received from an equity accounted investee	77	-	77	-	128
Investment in other investment	(1,833)	-	(1,500)	-	-
Acquisition of property, plant and equipment	(400)	(400)	(105)	(263)	(536)
Investments in marketable securities	(303)	(57)	-	-	(57)
Proceeds from sale of fixed assets property, plant and equipment	18	14	-	4	14
Proceeds from sale of marketable securities	305	136	-	22	136
Cash flows used for investing activities	(9,256)	(9,192)	(1,451)	(6,887)	(2,636)
Financing activities					
Dividend paid	(10,072)	(8,482)	-	-	(8,482)
Cash flows used for financing activities	(10,072)	(8,482)	-	-	(8,482)
Net increase (decrease) in cash and cash equivalents	(6,252)	(5,342)	5,684	(2,638)	8,086
Cash and cash equivalents at the beginning of the period	26,921	19,003	14,948	16,143	19,003
Effect of exchange rate fluctuations on cash and cash equivalents	49	(194)	86	(38)	(168)
Cash and cash equivalents at the end of the period	20,718	13,467	20,718	13,467	26,921

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1: - GENERAL

These financial statements have been prepared in a condensed format as of September 30, 2024, and for the nine and three months then ended ("interim consolidated financial statements"). These financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2023, and for the year then ended and accompanying notes ("annual consolidated financial statements").

A. Reporting entity

Payton Planar Magnetics Ltd. ("the Company") was incorporated in Israel in December 1992. The address of the Company's registered office is 3 Ha'avoda Street, Ness-Ziona. The Company is a subsidiary of Payton Industries Ltd. (the "Parent Company"). The securities of the Company are registered for trade on the Euronext stock exchange in Brussels.

The condensed consolidated interim financial statements of the Group as of September 30, 2024, comprise the Company and its subsidiaries (together referred as the "Group").

The Group develops, manufactures and markets planar and conventional transformers and operates abroad through its subsidiaries and distributors.

B. Material events in the reporting period

1. On February 14, 2024, the Parent Company entered into an agreement with FIMI ISRAEL OPPORTUNITY 7, a Limited Partnership, and FIMI Opportunity 7, LP a Limited Partnership (together hereinafter: "FIMI"), to allocate 1,468,057 ordinary shares of the Parent Company (hereinafter: "Allocated Shares") which, subject to their allocation, shall constitute approximately 17.76% of the Parent Company's issued and outstanding share capital and voting rights (hereinafter: the "Share Purchase Agreement"), all conditional upon the occurrence of certain precedent conditions.

Simultaneously Mr. David Yativ, the controlling shareholder of the Parent Company (hereinafter: "Yativ") has entered into an agreement to sell to FIMI 1,000,000 shares of the Parent Company, constituting around 12.09% of the Parent Company's share capital. Furthermore, FIMI and Yativ agreed on the terms of a shareholders' rights agreement that will be executed on the closing of the transaction.

It is noted that the completion of the Share Purchase Agreement and the other transactions described above (hereinafter: "the FIMI Transaction") were subject, inter alia, to the approval of the Parent Company's Shareholders' meeting, resolved on April 8, 2024 (see 3 hereinafter).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1: - GENERAL (Cont.)

2. On March 7, 2024, the Company's remuneration committee and the Board of Directors have examined the updated remuneration policy, found it fair, logical and appropriate and decided to approve it. In addition the above mentioned quorums approved the Company's participation in the service fee of FIMI for the consulting services to be provided to Payton Group as part of the FIMI Transaction, for a period of 3 years, for a monthly payment of NIS 40 thousand (about USD 11 thousand) to be shared equally between the Company and the Parent Company (the participation amount shall be examined and adjusted on a yearly basis according to the actual services). The above resolutions were subject to the approval of the Company's shareholders' meeting, resolved on April 15, 2024 (see 3 hereinafter).
3. On April 21, 2024, the Company reported that according to the information provided from its Parent Company and from Mr. David Yativ, the controlling shareholder of the Parent Company ("Yativ"), all precedent conditions to the FIMI Transaction have been fulfilled on April 21, 2024, and the closing of the FIMI Transaction has been consummated immediately thereafter ("the Closing Date"). Simultaneously, the transaction for the sale of the shares of Mr. Yativ has also been completed, in such a manner that as of the Closing Date, each of Yativ and FIMI holds approximately 29.85% of the Parent Company's issued and outstanding share capital and voting rights (each approximately 29.28% of the Parent Company's issued and outstanding share capital on a fully diluted basis). Additionally, on the Closing Date, Yativ and FIMI have also entered into a shareholders' agreement pursuant to which the Parent Company considers them, as of the Closing Date, as joint controlling shareholders of the Parent Company due to their joint holdings of approximately 59.7% of the Parent Company's issued and outstanding share capital.

In addition, on the Closing Date, the Parent Company has granted non-marketable options to purchase shares of the Parent Company according to the Parent Company's incentive option plan ("the Options") to certain key-employees and officers of the Parent Company's subsidiaries, as follows: 80,000 Options to 4 (four) employees of the Parent Company's subsidiaries, 30,000 Options to Mr. Doron Yativ (David Yativ's son serves as a director and the CEO of the Company), 20,000 Options to Mr. Amir Yativ (David Yativ's son serves as an engineering and development manager) and 30,000 Options to Mrs. Michal Lichtenstein (serves as the CEO of the Parent Company and V.P. Finance & C.F.O of Payton Group).

The total fair value of the options granted to these employees on the date of grant amounts to USD 1,238 thousand. In accordance with IFRS 2, the Company records the share-based compensation in respect of these employees over the vesting period (4 years) with a corresponding credit to equity (reserve from transactions with controlling shareholder).

C. Material events after the reporting period

There are no events after the reporting period that have a material impact on the Company's condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation of the interim consolidated financial statements

The interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting".

The significant accounting policies applied in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements.

B. Disclosure of new standards in the period prior to their adoption

IFRS 18, "Presentation and Disclosure in Financial Statements"

In April 2024, the International Accounting Standards Board ("the IASB") issued IFRS 18, "Presentation and Disclosure in Financial Statements" ("IFRS 18") which replaces IAS 1, "Presentation of Financial Statements".

IFRS 18 is aimed at improving comparability and transparency of communication in financial statements.

IFRS 18 retains certain existing requirements of IAS 1 and introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information.

IFRS 18 does not modify the recognition and measurement provisions of items in the financial statements. However, since items within the statement of profit or loss must be classified into one of five categories (operating, investing, financing, taxes on income and discontinued operations), it may change the entity's operating profit. Moreover, the publication of IFRS 18 resulted in consequential narrow scope amendments to other accounting standards, including IAS 7, "Statement of Cash Flows", and IAS 34, "Interim Financial Reporting".

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively. Early adoption is permitted but will need to be disclosed.

The Group is evaluating the effects of IFRS 18, including the effects of the consequential amendments to other accounting standards, on its consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**NOTE 3: - OTHER INVESTMENT**

During May 2024, the Company exercised its warrants to purchase additional 4,489 shares of CaPow Technologies Ltd. (hereinafter: “CaPow”), and keep its holding share, against payment of USD 333 thousand.

In September 2024, the Company participated in a second fundraising round with an additional investment of USD 1,500 thousand. Following the additional investment, the Company was granted representation on CaPow’s Board of Directors.

NOTE 4: - DIVIDENDS

On March 28, 2023, the Company's Board of Directors decided to pay the shareholders a dividend for the financial year 2022 at the amount of USD 8,482 thousand.

The dividend per share is USD 0.48, paid on June 16, 2023.

On January 24, 2024, the Company's Board of Directors decided to pay the shareholders a dividend for the financial year 2023 at the amount of USD 10,072 thousand.

The dividend per share is USD 0.57, paid on March 5, 2024.

NOTE 5: - EARNINGS PER SHARE**Basic and diluted earnings per share**

	For the nine months ended September 30		For the three months ended September 30		Year ended December 31
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)	2023 (Audited)
Net Profit attributable to equity holders of the Company (\$ thousands)	11,157	11,064	3,564	4,763	15,266
Weighted number of shares (in thousands of shares)	17,671	17,671	17,671	17,671	17,671
Basic and diluted earnings per ordinary share (in US\$)	0.63	0.63	0.20	0.27	0.86

NOTE 6: - OPERATING SEGMENTS

The Group has one operating segment, the transformer segment. The Group’s chief operating decision maker makes decisions and allocates resources with respect to all the transformers as a whole.