



**Payton Planar Magnetics Ltd.  
and its Consolidated Subsidiaries  
Financial Statements  
March 31, 2025 (Unaudited)**

**Financial Statements as at March 31, 2025 (Unaudited)**

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## The Board of Directors' Report<sup>1</sup> 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 three months ended on March 31, 2025.

**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.

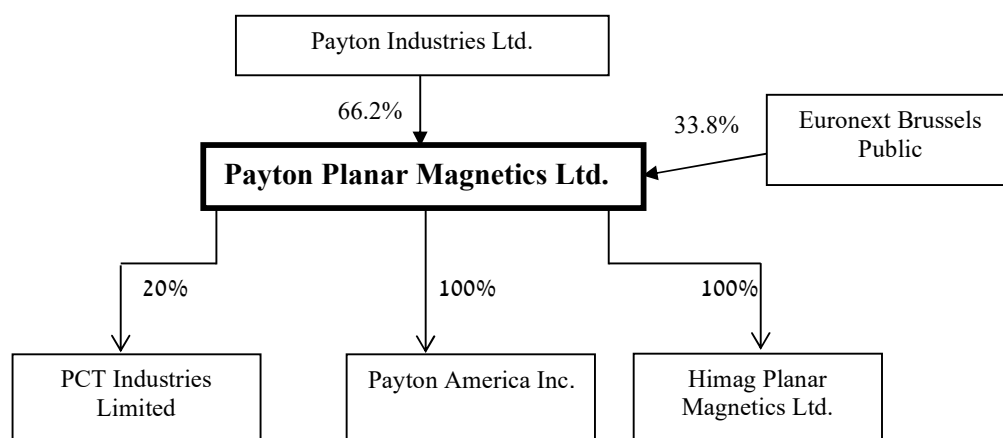
Reference in this report to forward looking statement shall be by stating that such information is given by way of estimation, evaluation, assessment, intentions, expectations, beliefs and similar terms, but it is possible that such information shall be given under other phrases.

**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, 2024, published on March 27, 2025 (hereinafter "the 2024 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.



<sup>1</sup> The financial statements as at March 31, 2025 form an integral part thereof.

## **B. The Group's main fields of activity and changes that occurred in the period from January to March 2025**

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 the first quarter 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.
- On October 7<sup>th</sup>, 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 the 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 monitor 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 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 defence. 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. (For more detailed information see also press release dated March 12, 2025).

**On March 27, 2025** - the Company’s Board of Directors decided to pay the shareholders a dividend for the financial year 2024, in the amount of USD 5,301 thousand (USD 0.3 per share), to be paid on June 9, 2025.

### 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 three-month period ended March 31	For the year ended December 31	For the three-month period ended March 31
	2025	2024	2024
Customer A <sup>1</sup>	14.5%	26.5%	19.6%
Customer B <sup>2</sup>	10.4%	*	10.2%
Customer C <sup>2</sup>	18.4%	14.6%	16.9%

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

<sup>(2)</sup> 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 2025, the Group participated in APEC, Atlanta Georgia, USA (March 2025), in PCIM Europe 2025 Exhibition, Nuremberg, Germany (May 2025) and others. In addition, the 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 March 31, 2025, was USD 26,419 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 March 31, 2025 will be supplied within 4 quarters until March 31, 2026.

## 2. Financial position

### A. Statement of Financial Position as at March 31, 2025

**Cash and cash equivalents, Short-term Deposits and marketable securities** - these items amounted to a total of USD 59,959 thousand as at March 31, 2025, compared to USD 58,088 thousand as at December 31, 2024 and USD 51,432 thousand as at March 31, 2024.

The Company presents an increase in Cash and cash equivalents attributed mainly to the Company's profitability. The Group's management believes a solid financial position is an important factor in business operation.

**Trade accounts receivable** - these amounted to USD 9,012 thousand as at March 31, 2025 compared with USD 7,925 thousand as at December 31, 2024 and USD 7,778 thousand as at March 31, 2024. The increase in accounts receivable resulted mainly due to timing differences arising from revenue recognition and from a temporary increase in few customers payment terms.

**Other investment** - as at March 31, 2025 and December 31, 2024, this amounted to USD 2,733 thousand compared with USD 900 thousand as at March 31, 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 1,177 thousand as at March 31, 2025 compared with USD 1,261 thousand as at December 31, 2024 and USD 3,694 thousand as at March 31, 2024. The decrease in this item compared to March 31, 2024, resulted mainly from an increase in advance payment to a principal subcontractor as well as from purchases decrease near the report dates which was in line with the business activity.

**Dividend payables** - as of March 31, 2025, amounted to USD 5,301 thousand. This dividend was announced on March 27, 2025 and will be paid on June 9, 2025.

## B. Operating results

### **Statements of Income** **US Dollars in thousands**

#### **Payton Planar Magnetics Ltd.** **Consolidated Comprehensive Income Statements**

	For the three months ended March 31		Year ended December 31
	2025	2024	2024
	(Unaudited)	(Unaudited)	(Audited)
	\$ thousands	\$ thousands	\$ thousands
Revenues	11,645	12,642	50,826
Cost of sales	(6,440)	(7,046)	(28,709)
<b>Gross profit</b>	<b>5,205</b>	<b>5,596</b>	<b>22,117</b>
Development costs	(433)	(369)	(1,672)
Selling and marketing expenses	(516)	(557)	(2,203)
General and administrative expenses	(1,310)	(1,047)	(4,703)
Other income, net	-	10	7
<b>Operating profit</b>	<b>2,946</b>	<b>3,633</b>	<b>13,546</b>
Finance income	635	574	2,404
Finance expenses	(31)	(36)	(64)
Finance income, net	604	538	2,340
Share of profits (loss) of equity accounted investee	(11)	(6)	235
<b>Profit before taxes on income</b>	<b>3,539</b>	<b>4,165</b>	<b>16,121</b>
Taxes on income	(627)	(674)	(2,810)
<b>Net profit</b>	<b>2,912</b>	<b>3,491</b>	<b>13,311</b>
<b>Other comprehensive income (loss) items that will not be transferred to profit and loss</b>			
Remeasurement of defined benefit plan	-	-	41
Share of other comprehensive income (loss) of equity accounted investee	3	(10)	(17)
<b>Total other comprehensive income (loss), net of tax</b>	<b>3</b>	<b>(10)</b>	<b>24</b>
<b>Total comprehensive income</b>	<b>2,915</b>	<b>3,481</b>	<b>13,335</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share (in \$)	0.16	0.20	0.75

**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 three-month period ended March 31, 2025, were USD 11,645 thousand compared with USD 12,642 thousand in the three-month period ended March 31, 2024, reflecting 8% decrease mainly explained by the global economic slowdown and deliveries pushouts.

**Gross profit** - The Group's gross profit for the three-month period ended March 31, 2025 amounted to USD 5,205 thousand (45% of sales) compared with USD 5,596 thousand (44% of sales) in the three-month period ended March 31, 2024. The gross margin is mainly affected by sales product mix and production sites.

**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 three months ended March 31, 2025 were USD 433 thousand compared with USD 369 thousand in the same period last year. The increase in this item resulted mainly from enlargement of the engineering team as well as increase of labor cost and other employees' benefits.

**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 reps Network. The Group's selling & marketing expenses for the three-month period ended March 31, 2025 were USD 516 thousand (4.4%) and USD 557 thousand (4.4%) in the three-month period ended March 31, 2024.

**General & Administrative expenses** - The Group's General & Administrative expenses for the three-month period ended March 31, 2025, were USD 1,310 thousand and USD 1,047 thousand in the three-month period ended March 31, 2024. The increase relates mainly to an increase in management & administrative employer costs, benefits and other incentives, as well as an increase in computing expenses.

### 3. **Liquidity**

#### A. **Operating activities**

Cash flows generated from operating activities for the three-month period ended March 31, 2025, amounted to USD 2,203 thousand, compared with cash flows generated from operating activities of USD 5,628 thousand for the three-month period ended March 31, 2024. The decrease in cash flows from operating activities was generated mostly from the increase in trade accounts receivable balances, decrease in the net profit for the period, as well as from other non-cash adjustments and changes in assets and liabilities.

#### B. **Investing activities**

Cash flows generated from investing activities in the three-month period ended March 31, 2025, amounted to USD 1,912 thousand, compared with cash flows generated from investing activities at the amount of USD 4,160 thousand in the three-month period ended March 31, 2024. Cash flows from investing activities generated mainly from bank deposits proceeds.



### **C. Financing activities**

Cash flows used for financing activities in the three-month period ended March 31, 2024, amounted to USD 10,072 thousand, representing a dividend payment (announced on January 24, 2024) and was paid on March 2024.

### **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**

The global slowdown environment, decrease in demands, excess inventory levels, etc., are factors influencing customers' activity as detailed in paragraph 1B above.

To the best of the Board of Directors' and management's knowledge, except for 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 March 31, 2025, 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 three months of the current financial year 2025, 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 three months of the current financial year 2025.

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, May 27, 2025.**

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**David Yativ**  
**Chairman of the Board**  
**of Directors**

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**Doron Yativ**  
**Director and C.E.O.**

**PAYTON PLANAR MAGNETICS LTD.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**AS OF MARCH 31, 2025**

**(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 March 31, 2025, and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the 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  
May 27, 2025

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

**PAYTON PLANAR MAGNETICS LTD.**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>March 31 2025</b>	<b>March 31 2024</b>	<b>December 31 2024</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$ thousands</b>	<b>\$ thousands</b>	<b>\$ thousands</b>
<b>Current assets</b>			
Cash and cash equivalents	<b>27,240</b>	26,630	23,148
Short-term deposits and marketable securities	<b>32,719</b>	24,802	34,940
Trade accounts receivable	<b>9,012</b>	7,778	7,925
Other accounts receivable	<b>2,614</b>	2,981	2,027
Inventory	<b>3,422</b>	4,066	3,922
<b>Total current assets</b>	<b>75,007</b>	66,257	71,962
<b>Non-current assets</b>			
Investment in equity accounted investee	<b>1,538</b>	1,390	1,545
Other investment	<b>2,733</b>	900	2,733
Property, plant and equipment	<b>9,622</b>	9,796	9,611
Intangible assets	<b>22</b>	22	22
<b>Total non-current assets</b>	<b>13,915</b>	12,108	13,911
<b>Total assets</b>	<b>88,922</b>	78,365	85,873

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

**PAYTON PLANAR MAGNETICS LTD.**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	March 31 2025	March 31 2024	December 31 2024
	(Unaudited)	(Unaudited)	(Audited)
	\$ thousands	\$ thousands	\$ thousands
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade payables	1,177	3,694	1,261
Other payables	3,068	2,740	3,010
Dividend payable	5,301	-	-
Current income tax liability	1,262	1,587	1,244
<b>Total current liabilities</b>	<b>10,808</b>	<b>8,021</b>	<b>5,515</b>
<b>Non-current liabilities</b>			
Employee benefits	472	387	473
Deferred tax liabilities	1,119	1,326	1,089
<b>Total non-current liabilities</b>	<b>1,591</b>	<b>1,713</b>	<b>1,562</b>
<b>Total liabilities</b>	<b>12,399</b>	<b>9,734</b>	<b>7,077</b>
<b>Equity</b>			
Share capital	4,836	4,836	4,836
Share premium	8,993	8,993	8,993
Reserve from transaction with controlling shareholder	424	-	311
Retained earnings	62,270	54,802	64,656
<b>Total equity</b>	<b>76,523</b>	<b>68,631</b>	<b>78,796</b>
<b>Total liabilities and equity</b>	<b>88,922</b>	<b>78,365</b>	<b>85,873</b>

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: May 27, 2025

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 three months ended March 31		Year ended December 31
	2025	2024	2024
	(Unaudited)	(Unaudited)	(Audited)
	\$ thousands	\$ thousands	\$ thousands
Revenues	11,645	12,642	50,826
Cost of sales	(6,440)	(7,046)	(28,709)
<b>Gross profit</b>	<b>5,205</b>	5,596	22,117
Development costs	(433)	(369)	(1,672)
Selling and marketing expenses	(516)	(557)	(2,203)
General and administrative expenses	(1,310)	(1,047)	(4,703)
Other income, net	-	10	7
<b>Operating profit</b>	<b>2,946</b>	3,633	13,546
Finance income	635	574	2,404
Finance expenses	(31)	(36)	(64)
Finance income, net	<b>604</b>	538	2,340
Share of profits (loss) of equity accounted investee	(11)	(6)	235
<b>Profit before taxes on income</b>	<b>3,539</b>	4,165	16,121
Taxes on income	(627)	(674)	(2,810)
<b>Net profit</b>	<b>2,912</b>	3,491	13,311
<b>Other comprehensive income (loss) items that will not be transferred to profit and loss</b>			
Remeasurement of defined benefit plan	-	-	41
Share of other comprehensive income (loss) of equity accounted investee	3	(10)	(17)
<b>Total other comprehensive income (loss), net of tax</b>	<b>3</b>	(10)	24
<b>Total comprehensive income</b>	<b>2,915</b>	3,481	13,335
<b>Earnings per share</b>			
Basic and diluted earnings per share (in \$)	<b>0.16</b>	0.20	0.75

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

PAYTON PLANAR MAGNETICS LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital		Share premium	Reserve from transactions with controlling shareholder	Retained earnings	Total
	Number of shares	\$ thousands	\$ thousands	\$ thousands	\$ thousands	\$ thousands
<b>For the three months ended March 31, 2025 (Unaudited)</b>						
Balance at January 1, 2025	17,670,775	4,836	8,993	311	64,656	78,796
Net profit	-	-	-	-	2,912	2,912
Other comprehensive income	-	-	-	-	3	3
<b>Total comprehensive income</b>	-	-	-	-	2,915	2,915
<b>Transactions with owners, recognized directly in equity</b>						
Dividend to owners	-	-	-	-	(5,301)	(5,301)
Equity component of transaction with controlling shareholder	-	-	-	113	-	113
<b>Balance at March 31, 2025</b>	<b>17,670,775</b>	<b>4,836</b>	<b>8,993</b>	<b>424</b>	<b>62,270</b>	<b>76,523</b>
<b>For the three months ended March 31, 2024 (Unaudited)</b>						
Balance at January 1, 2024	17,670,775	4,836	8,993	-	61,393	75,222
Net profit	-	-	-	-	3,491	3,491
Other comprehensive loss	-	-	-	-	(10)	(10)
<b>Total comprehensive income</b>	-	-	-	-	3,481	3,481
<b>Transactions with owners, recognized directly in equity</b>						
Dividend to owners	-	-	-	-	(10,072)	(10,072)
<b>Balance at March 31, 2024</b>	<b>17,670,775</b>	<b>4,836</b>	<b>8,993</b>	<b>-</b>	<b>54,802</b>	<b>68,631</b>
<b>For the year ended December 31, 2024 (Audited)</b>						
Balance at January 1, 2024	17,670,775	4,836	8,993	-	61,393	75,222
Net profit	-	-	-	-	13,311	13,311
Other comprehensive income	-	-	-	-	24	24
<b>Total comprehensive income</b>	-	-	-	-	13,335	13,335
<b>Transactions with owners, recognized directly in equity</b>						
Dividend to owners	-	-	-	-	(10,072)	(10,072)
Equity component of transaction with controlling shareholder	-	-	-	311	-	311
<b>Balance at December 31, 2024</b>	<b>17,670,775</b>	<b>4,836</b>	<b>8,993</b>	<b>311</b>	<b>64,656</b>	<b>78,796</b>

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

**PAYTON PLANAR MAGNETICS LTD.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>For the three months ended March 31</b>		<b>Year ended December 31</b>
	<b>2025</b>	<b>2024</b>	<b>2024</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$ thousands</b>	<b>\$ thousands</b>	<b>\$ thousands</b>
<b>Operating activities</b>			
Net Profit	2,912	3,491	13,311
<b>Adjustments:</b>			
Depreciation	216	182	768
Taxes on income	627	674	2,810
Share of loss (profits) of equity accounted investee	11	6	(235)
Gain on sale of property, plant and equipment, net	-	(10)	(7)
Share-based compensation provided by controlling shareholder	113	-	311
Finance income, net	(576)	(518)	(2,205)
	<u>3,303</u>	<u>3,825</u>	<u>14,753</u>
Decrease (increase) in trade accounts receivable	(1,087)	1,768	1,621
Decrease (increase) in other accounts receivable	(587)	(185)	769
Decrease (increase) in inventory	500	(134)	10
Increase (decrease) in trade payables	1	(32)	(2,492)
Increase in other payables	58	208	478
Change in employee benefits	(1)	6	142
	<u>2,187</u>	<u>5,456</u>	<u>15,281</u>
Interest received	596	753	1,886
Interest paid	-	-	(32)
Income taxes paid, net	<u>(580)</u>	<u>(581)</u>	<u>(3,304)</u>
<b>Cash flows generated from operating activities</b>	<u>2,203</u>	<u>5,628</u>	<u>13,831</u>
<b>Investing activities</b>			
Proceeds from (investments in) deposits, net	2,224	4,235	(6,149)
Dividend received from an equity accounted investee	-	-	77
Investment in other investment	-	-	(1,833)
Acquisition of property, plant and equipment	(312)	(93)	(479)
Investments in marketable securities	-	(108)	(303)
Proceeds from sale of property, plant and equipment	-	18	27
Proceeds from sale of marketable securities	-	108	1,120
	<u>1,912</u>	<u>4,160</u>	<u>(7,540)</u>
<b>Cash flows generated from (used for) investing activities</b>			
<b>Financing activities</b>			
Dividend paid	-	(10,072)	(10,072)
<b>Cash flows used for financing activities</b>	<u>-</u>	<u>(10,072)</u>	<u>(10,072)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,115</b>	<b>(284)</b>	<b>(3,781)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>23,148</b>	<b>26,921</b>	<b>26,921</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<u>(23)</u>	<u>(7)</u>	<u>8</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><b>27,240</b></u>	<u><b>26,630</b></u>	<u><b>23,148</b></u>

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



**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**NOTE 1: - GENERAL**

These financial statements have been prepared in a condensed format as of March 31, 2025, and for the 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, 2024, 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 March 31, 2025, comprise the Company and its subsidiaries (together referred to 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**

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 defence. 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.

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**NOTE 1: - GENERAL (Cont.)**

**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.

**NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES**

**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.

**NOTE 3: - DIVIDENDS**

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

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

On March 27, 2025, the Company's Board of Directors decided to pay the shareholders a dividend for the financial year 2024, in the amount of USD 5,301 thousand.

The dividend per share is USD 0.30, to be paid on June 9, 2025.

**NOTE 4: - EARNINGS PER SHARE**

**Basic and diluted earnings per share**

	For the three months ended March 31		Year ended December 31
	2025	2024	2024
	\$ thousands	\$ thousands	\$ thousands
	(Unaudited)	(Unaudited)	(Audited)
Net Profit attributable to equity holders of the Company (\$ thousands)	<u>2,912</u>	<u>3,491</u>	<u>13,311</u>
Weighted number of shares (in thousands of shares) (*)	<u>17,671</u>	<u>17,671</u>	<u>17,671</u>
Basic and diluted earnings per ordinary share (in US\$)	<u>0.16</u>	<u>0.20</u>	<u>0.75</u>

(\*) The Company has no dilutive instruments. Data relates to the computation of basic and dilutive earnings per share.

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**NOTE 5: - 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.