



**Payton Planar Magnetics Ltd.
and its Consolidated Subsidiaries
Financial Statements
June 30, 2025 (Unaudited)**

Financial Statements as at June 30, 2025 (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 six months ended on June 30, 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.*

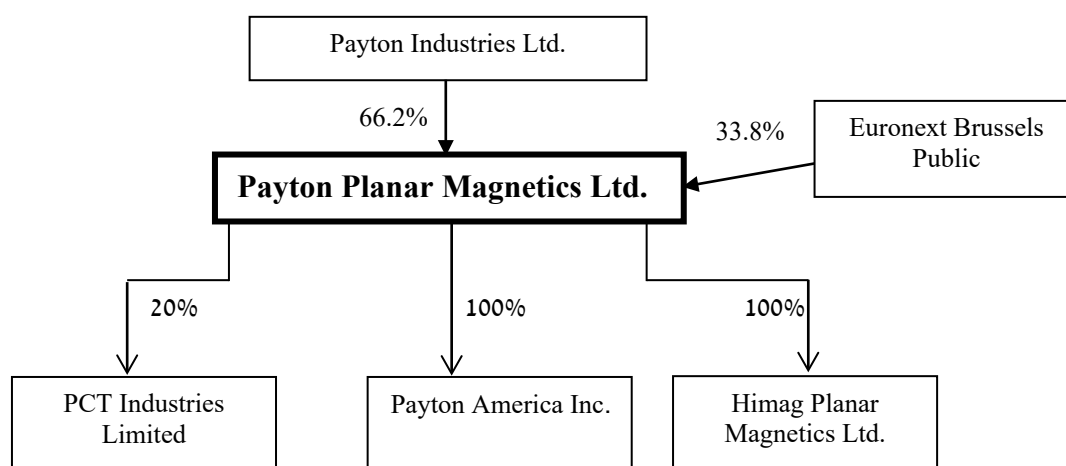
Reference in this report to forward looking statement shall be by stating that such information is given by way of estimation, evaluation, assessment, intentions, expectations, beliefs and similar terms, but it is possible that such information shall be given under other phrases.

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

The Group includes 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 June 30, 2025 form an integral part thereof.

B. The Group's main fields of activity and changes that occurred in the period from January to June 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 six months of 2025 the global slowdown environment 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.
- 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 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 abovementioned 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 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 (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). This dividend was paid on June 10, 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 six-month period ended June 30	For the year ended December 31	For the six-month period ended June 30
	2025	2024	2024
Customer A ¹	13%	27%	33%
Customer B ²	18%	15%	16%

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

⁽²⁾ Customer related to the Automotive industry.

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

2. **Financial position**

A. **Statement of Financial Position as at June 30, 2025**

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

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

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

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

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

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

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

B. Operating results

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

	For the six months ended June 30		For the three months ended June 30		Year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	\$ thousands	\$ thousands	\$ thousands	\$ thousands	\$ thousands
Revenues	23,009	28,520	11,364	15,878	50,826
Cost of sales	(12,759)	(16,061)	(6,319)	(9,015)	(28,709)
Gross profit	10,250	12,459	5,045	6,863	22,117
Development costs	(917)	(856)	(484)	(487)	(1,672)
Selling and marketing expenses	(1,140)	(1,156)	(624)	(599)	(2,203)
General and administrative expenses	(2,720)	(2,500)	(1,410)	(1,453)	(4,703)
Other income, net	-	10	-	-	7
Operating profit	5,473	7,957	2,527	4,324	13,546
Finance income	1,897	1,115	1,286	541	2,404
Finance expenses	(16)	(76)	(9)	(40)	(64)
Finance income, net	1,881	1,039	1,277	501	2,340
Share of profits of equity accounted investee	7	146	18	152	235
Profit before taxes on income	7,361	9,142	3,822	4,977	16,121
Taxes on income	(1,371)	(1,549)	(744)	(875)	(2,810)
Net profit	5,990	7,593	3,078	4,102	13,311
Other comprehensive income (loss) items that will not be transferred to profit and loss					
Remeasurement of defined benefit plan	-	-	-	-	41
Share of other comprehensive income (loss) of equity accounted investee	6	(12)	3	(2)	(17)
Total other comprehensive income (loss), net of tax	6	(12)	3	(2)	24
Total comprehensive income	5,996	7,581	3,081	4,100	13,335
Earnings per share					
Basic and diluted earnings per share (in \$)	0.34	0.43	0.17	0.23	0.75

General Note: The Group is exposed to fluctuations 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 leads 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 six-month period ended June 30, 2025 were USD 23,009 thousand compared with USD 28,520 thousand in the six-month period ended June 30, 2024. The sales decrease is mainly explained by the global economic slowdown and delivery pushouts.

Gross profit - The Group's gross profit for the six-month period ended June 30, 2025 amounted to USD 10,250 thousand (45% of sales) compared with USD 12,459 thousand (44% of sales) in the six-month period ended June 30, 2024. The Group succeeded in maintaining its gross margins ratio despite the sales decrease. The gross margin is mainly affected by the 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 six months ended June 30, 2025 were USD 917 thousand compared with USD 856 thousand in the same period last year. The increase in this item resulted mainly from the expansion of the engineering department.

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

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

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

3. Liquidity

A. Operating activities

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

B. Investing activities

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

C. Financing activities

Cash flows used for financing activities in the six-month period ended June 30, 2025, amounted to USD 5,301 thousand, representing a dividend payment (announced on March 27, 2025) paid in June 2025. Cash flows used for financing activities in the six-month period ended June 30, 2024, amounted to USD 10,072 thousand, representing a dividend payment (announced on January 24, 2024) that was paid in March 2024.

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 for the abovementioned, 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 in accordance with article 13, § 2 (3°) of the Royal Decree per 14.11.2007

Pursuant to article 13 § 2(3°) of the Royal Decree of 14 November 2007, 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 June 30, 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 six 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 or could have material consequences for the company’s financial position or results in the first six 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, August 14, 2025.

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 JUNE 30, 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 June 30, 2025, and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six 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
August 14, 2025

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

PAYTON PLANAR MAGNETICS LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30	June 30	December 31
	2025	2024	2024
	(Unaudited)	(Unaudited)	(Audited)
	\$ thousands	\$ thousands	\$ thousands
Current assets			
Cash and cash equivalents	27,361	14,948	23,148
Short-term deposits and marketable securities	30,688	36,229	34,940
Trade accounts receivable	9,402	10,414	7,925
Other accounts receivable	3,272	3,339	2,027
Inventory	3,064	3,724	3,922
Total current assets	73,787	68,654	71,962
Non-current assets			
Investment in equity accounted investee	1,406	1,539	1,545
Other investment	2,733	1,233	2,733
Property, plant and equipment	9,502	9,762	9,611
Intangible assets	22	22	22
Total non-current assets	13,663	12,556	13,911
Total assets	87,450	81,210	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

	June 30 2025	June 30 2024	December 31 2024
	(Unaudited)	(Unaudited)	(Audited)
	\$ thousands	\$ thousands	\$ thousands
Liabilities and equity			
Current liabilities			
Trade payables	1,189	2,239	1,261
Other payables	3,444	2,986	3,010
Current income tax liability	1,480	1,341	1,244
Total current liabilities	6,113	6,566	5,515
Non-current liabilities			
Employee benefits	537	492	473
Deferred tax liabilities	1,081	1,335	1,089
Total non-current liabilities	1,618	1,827	1,562
Total liabilities	7,731	8,393	7,077
Equity			
Share capital	4,836	4,836	4,836
Share premium	8,993	8,993	8,993
Reserve from transaction with controlling shareholder	539	86	311
Retained earnings	65,351	58,902	64,656
Total equity	79,719	72,817	78,796
Total liabilities and equity	87,450	81,210	85,873

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: August 14, 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 six months ended June 30		For the three months ended June 30		Year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	\$ thousands	\$ thousands	\$ thousands	\$ thousands	\$ thousands
Revenues	23,009	28,520	11,364	15,878	50,826
Cost of sales	(12,759)	(16,061)	(6,319)	(9,015)	(28,709)
Gross profit	10,250	12,459	5,045	6,863	22,117
Development costs	(917)	(856)	(484)	(487)	(1,672)
Selling and marketing expenses	(1,140)	(1,156)	(624)	(599)	(2,203)
General and administrative expenses	(2,720)	(2,500)	(1,410)	(1,453)	(4,703)
Other income, net	-	10	-	-	7
Operating profit	5,473	7,957	2,527	4,324	13,546
Finance income	1,897	1,115	1,286	541	2,404
Finance expenses	(16)	(76)	(9)	(40)	(64)
Finance income, net	1,881	1,039	1,277	501	2,340
Share of profits of equity accounted investee	7	146	18	152	235
Profit before taxes on income	7,361	9,142	3,822	4,977	16,121
Taxes on income	(1,371)	(1,549)	(744)	(875)	(2,810)
Net profit	5,990	7,593	3,078	4,102	13,311
Other comprehensive income (loss) items that will not be transferred to profit and loss					
Remeasurement of defined benefit plan	-	-	-	-	41
Share of other comprehensive income (loss) of equity accounted investee	6	(12)	3	(2)	(17)
Total other comprehensive income (loss), net of tax	6	(12)	3	(2)	24
Total comprehensive income	5,996	7,581	3,081	4,100	13,335
Earnings per share					
Basic and diluted earnings per share (in \$)	0.34	0.43	0.17	0.23	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
For the six months ended June 30, 2025 (Unaudited)						
Balance at January 1, 2025	17,670,775	4,836	8,993	311	64,656	78,796
Net profit	-	-	-	-	5,990	5,990
Other comprehensive income	-	-	-	-	6	6
Total comprehensive income	-	-	-	-	5,996	5,996
Transactions with owners, recognized directly in equity						
Dividend to owners	-	-	-	-	(5,301)	(5,301)
Equity component of transaction with controlling shareholder	-	-	-	228	-	228
Balance at June 30, 2025	17,670,775	4,836	8,993	539	65,351	79,719
For the six months ended June 30, 2024 (Unaudited)						
Balance at January 1, 2024	17,670,775	4,836	8,993	-	61,393	75,222
Net profit	-	-	-	-	7,593	7,593
Other comprehensive loss	-	-	-	-	(12)	(12)
Total comprehensive income	-	-	-	-	7,581	7,581
Transactions with owners, recognized directly in equity						
Dividend to owners	-	-	-	-	(10,072)	(10,072)
Equity component of transaction with controlling shareholder	-	-	-	86	-	86
Balance at June 30, 2024	17,670,775	4,836	8,993	86	58,902	72,817

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
For the three months ended June 30, 2025 (Unaudited)						
Balance at April 1, 2025	17,670,775	4,836	8,993	424	62,270	76,523
Net profit	-	-	-	-	3,078	3,078
Other comprehensive income	-	-	-	-	3	3
Total comprehensive income	-	-	-	-	3,081	3,081
Transactions with owners, recognized directly in equity						
Equity component of transaction with controlling shareholder	-	-	-	115	-	115
Balance at June 30, 2025	17,670,775	4,836	8,993	539	65,351	79,719
For the three months ended June 30, 2024 (Unaudited)						
Balance at April 1, 2024	17,670,775	4,836	8,993	-	54,802	68,631
Net profit	-	-	-	-	4,102	4,102
Other comprehensive loss	-	-	-	-	(2)	(2)
Total comprehensive income	-	-	-	-	4,100	4,100
Transactions with owners, recognized directly in equity						
Equity component of transaction with controlling shareholder	-	-	-	86	-	86
Balance at June 30, 2024	17,670,775	4,836	8,993	86	58,902	72,817

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
For the year ended December 31, 2024 (Audited)						
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
Total comprehensive income	-	-	-	-	13,335	13,335
Transactions with owners, recognized directly in equity						
Dividend to owners	-	-	-	-	(10,072)	(10,072)
Equity component of transaction with controlling shareholder	-	-	-	311	-	311
Balance at December 31, 2024	<u>17,670,775</u>	<u>4,836</u>	<u>8,993</u>	<u>311</u>	<u>64,656</u>	<u>78,796</u>

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

PAYTON PLANAR MAGNETICS LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the six months ended June 30		For the three months ended June 30		Year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	\$ thousands	\$ thousands	\$ thousands	\$ thousands	\$ thousands
Operating activities					
Net Profit	5,990	7,593	3,078	4,102	13,311
Adjustments:					
Depreciation	429	356	213	174	768
Taxes on income	1,371	1,549	744	875	2,810
Share of profits of equity accounted investee	(7)	(146)	(18)	(152)	(235)
Gain on sale of property, plant and equipment, net	-	(10)	-	-	(7)
Share-based compensation provided by controlling shareholder	228	86	115	86	311
Finance income, net	(1,591)	(946)	(1,015)	(428)	(2,205)
	<u>6,420</u>	<u>8,482</u>	<u>3,117</u>	<u>4,657</u>	<u>14,753</u>
Decrease (increase) in trade accounts receivable	(1,477)	(868)	(390)	(2,636)	1,621
Decrease (increase) in other accounts receivable	(1,214)	(543)	(627)	(358)	769
Decrease in inventory	858	208	358	342	10
Increase (decrease) in trade payables	15	(1,425)	14	(1,393)	(2,492)
Increase in other payables	434	454	376	246	478
Change in employee benefits	64	111	65	105	142
	<u>5,100</u>	<u>6,419</u>	<u>2,913</u>	<u>963</u>	<u>15,281</u>
Interest received	1,546	1,246	950	493	1,886
Interest paid	-	(32)	-	(32)	(32)
Income taxes paid, net	(1,176)	(1,692)	(596)	(1,111)	(3,304)
Cash flows generated from operating activities	<u>5,470</u>	<u>5,941</u>	<u>3,267</u>	<u>313</u>	<u>13,831</u>
Investing activities					
Proceeds from (investments in) deposits, net	3,852	(7,197)	1,628	(11,432)	(6,149)
Dividend received from an equity accounted investee	154	-	154	-	77
Investment in other investment	-	(333)	-	(333)	(1,833)
Acquisition of property, plant and equipment	(407)	(295)	(95)	(202)	(479)
Investments in marketable securities	-	(303)	-	(195)	(303)
Proceeds from sale of property, plant and equipment	-	18	-	-	27
Proceeds from sale of marketable securities	-	305	-	197	1,120
Cash flows generated from (used for) investing activities	<u>3,599</u>	<u>(7,805)</u>	<u>1,687</u>	<u>(11,965)</u>	<u>(7,540)</u>
Financing activities					
Dividend paid	(5,301)	(10,072)	(5,301)	-	(10,072)
Cash flows used for financing activities	<u>(5,301)</u>	<u>(10,072)</u>	<u>(5,301)</u>	<u>-</u>	<u>(10,072)</u>
Net increase (decrease) in cash and cash equivalents	<u>3,768</u>	<u>(11,936)</u>	<u>(347)</u>	<u>(11,652)</u>	<u>(3,781)</u>
Cash and cash equivalents at the beginning of the period	<u>23,148</u>	<u>26,921</u>	<u>27,240</u>	<u>26,630</u>	<u>26,921</u>
Effect of exchange rate fluctuations on cash and cash equivalents	<u>445</u>	<u>(37)</u>	<u>468</u>	<u>(30)</u>	<u>8</u>
Cash and cash equivalents at the end of the period	<u>27,361</u>	<u>14,948</u>	<u>27,361</u>	<u>14,948</u>	<u>23,148</u>

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 June 30, 2025, and for the six 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, 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 trading on the Euronext stock exchange in Brussels.

The condensed consolidated interim financial statements of the Group as of June 30, 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 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 (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.

C. Material events after the reporting period

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

NOTES TO CONDENSED CONSOLIDATED INTERIM 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 was USD 0.57, and it 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 was USD 0.30, and it was paid on June 10, 2025.

NOTE 4: - EARNINGS PER SHARE**Basic and diluted earnings per share**

	For the six months ended June 30		For the three months ended June 30		Year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Net Profit attributable to equity holders of the Company (\$ thousands)	<u>5,990</u>	<u>7,593</u>	<u>3,078</u>	<u>4,102</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>	<u>17,671</u>	<u>17,671</u>
Basic and diluted earnings per ordinary share (in US\$)	<u>0.34</u>	<u>0.43</u>	<u>0.17</u>	<u>0.23</u>	<u>0.75</u>

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.