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**Payton Planar Magnetics Ltd.  
and its Consolidated Subsidiaries  
Financial Statements  
September 30, 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 nine months ended on September 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.*

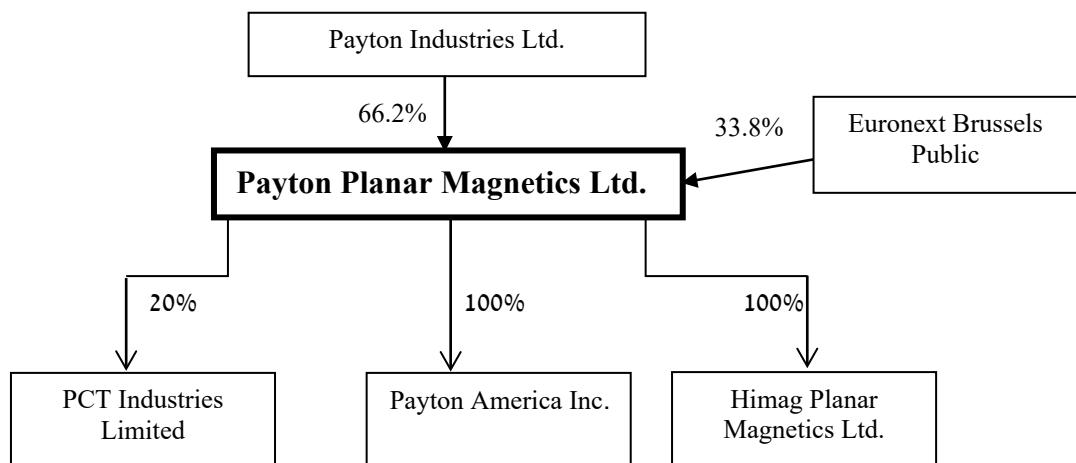
*Reference in this report to forward looking statement shall be by stating that such information is given by way of estimation, evaluation, assessment, intentions, expectations, beliefs and similar terms, but it is possible that such information shall be given under other phrases.*

**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.



<sup>1</sup> The financial statements as at September 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 September 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 environmental changes and external factors' effect on the Group's activity**

- In the first nine months of 2025 the global slowdown environment of the electronic market continued. It seems that the decrease in demand, excess inventory levels and the high interest rate are factors influencing customers' activity and sometimes resulting in push-out of scheduled deliveries up on their needs. High prices of raw materials and high manpower costs remain relevant too. Management estimates these trends are going to continue in the coming months.
- 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. During all this two-year period, the Group's local facility was fully operative, providing products and services on a regular basis to its customers.

In November 2025, a ceasefire agreement was signed. The assumption is that the situation in the region will remain stable even though the security situation is fragile.

In the Company's assessment, the effects of a security escalation, if any, on its operations and/or on its financial results are expected to be immaterial, in light of the absence of the impact of the War on its operations so far.

The Group's financial and operational strength, coupled with extensive business diversification and global dispersion of production sites and raw material suppliers, forms a crucial role in the Group's ability to navigate challenging times. Management remains confident that ongoing business operations will continue fully and continuously.

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 defense. The Share Purchase Agreement includes additional contingent consideration of up to USD 500 thousand based on SI's performance during 2025; (b) acquiring the real property, for a total amount of USD 4.4 million, on which SI's factory is built, [such factory being] owned by RSG Holdings LLC, a corporation incorporated under the laws of California and partly held by the Chairman of SI who is also a shareholder thereof

(45%) as well as by two of the founders of SI who currently provide consulting services to SI as independent contractors (hereinafter: the “Real Estate Purchase Agreement”), and (c) entering into employment/consulting agreements with the CEO of SI and a senior engineering service provider of SI, which become effective as of the closing date including customary terms for agreements of this type, all in accordance with the provisions of the agreements (the “Transaction”). The completion of the Transaction was subject to the fulfillment of several conditions precedent detailed in the Share Purchase Agreement, including, among others, the transfer of ownership of the real property in accordance with the Real Estate Purchase Agreement, as well as the provision of notices and obtainment of required regulatory approvals in the United States and certain other third party consents (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.

**On October 1, 2025**, the acquisition of SI shares and the Real Estate Purchase were both completed, following the fulfillment of all the conditions precedent as set forth in the Transaction agreement.

As stated, and accordingly, upon completion of the Transaction, the shares of SI were transferred to the Purchasing Company, and the consideration in the amount of USD 5.6 million was paid (net of net financial debt and transaction-related expenses in a total amount of USD 1.2 million). In addition, the total consideration in the amount of USD 4.4 million was paid for the completion of the Real Estate Purchase Agreement.

In addition, upon completion of the Transaction, various employment/consulting agreements came into effect, as detailed in the press releases dated March 12, 2025, and October 2, 2025.

## 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
	2025	2024	2024
Customer A <sup>1</sup>	15%	27%	30%
Customer B <sup>2</sup>	18%	15%	15%

<sup>(1)</sup> Customer in the Telecom/Datacenter industry. A significant decrease in demand related to the customer’s main project with the Group has led to the decrease - See also paragraph E - Order Backlog, below.

<sup>(2)</sup> Customer in 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 September 30, 2025, was USD 19,231 thousand (December 31, 2024 - USD 25,165 thousand). The backlog includes firm orders of the Company and its two wholly owned subsidiaries.

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

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

## **2. Financial position**

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

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

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

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

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

## 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
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	\$ thousands	\$ thousands	\$ thousands	\$ thousands	\$ thousands
Revenues	<b>36,234</b>	41,215	<b>13,225</b>	12,695	50,826
Cost of sales	<b>(19,337)</b>	(23,352)	<b>(6,578)</b>	(7,291)	(28,709)
<b>Gross profit</b>	<b>16,897</b>	17,863	<b>6,647</b>	5,404	22,117
Development costs	<b>(1,388)</b>	(1,260)	<b>(471)</b>	(404)	(1,672)
Selling and marketing expenses	<b>(1,674)</b>	(1,588)	<b>(534)</b>	(432)	(2,203)
General and administrative expenses	<b>(4,207)</b>	(3,588)	<b>(1,487)</b>	(1,088)	(4,703)
Other income (expenses), net	<b>(501)</b>	7	<b>(501)</b>	(3)	7
<b>Operating profit</b>	<b>9,127</b>	11,434	<b>3,654</b>	3,477	13,546
Finance income	<b>2,441</b>	1,840	<b>544</b>	751	2,404
Finance expenses	<b>(26)</b>	(57)	<b>(10)</b>	(7)	(64)
Finance income, net	<b>2,415</b>	1,783	<b>534</b>	744	2,340
Share of profits (loss) of equity accounted investee	<b>(6)</b>	221	<b>(13)</b>	75	235
<b>Profit before taxes on income</b>	<b>11,536</b>	13,438	<b>4,175</b>	4,296	16,121
Taxes on income	<b>(2,096)</b>	(2,281)	<b>(725)</b>	(732)	(2,810)
<b>Net profit</b>	<b>9,440</b>	11,157	<b>3,450</b>	3,564	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	<b>9</b>	(9)	<b>3</b>	3	(17)
<b>Total other comprehensive income (loss), net of tax</b>	<b>9</b>	(9)	<b>3</b>	3	24
<b>Total comprehensive income</b>	<b>9,449</b>	11,148	<b>3,453</b>	3,567	13,335
<b>Earnings per share</b>					
Basic and diluted earnings per share (in \$)	<b>0.53</b>	0.63	<b>0.20</b>	0.20	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 nine-month period ended September 30, 2025 were USD 36,234 thousand compared with USD 41,215 thousand in the nine-month period ended September 30, 2024. The decrease in sales is generally attributable to the global economic slowdown of the electronic market and, in specifically, to a decrease in sales to a high-running project of Principal Customer A (see also paragraph 1.C-Principal Customers, above).

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

**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 nine months ended September 30, 2025, were USD 1,388 thousand compared with USD 1,260 thousand in the same period last year. The increase in this item resulted mainly from the expansion of the engineering department.

**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 nine-month period ended September 30, 2025 were USD 1,674 thousand (4.6%) and USD 1,588 thousand (3.9%) in the nine-month period ended September 30, 2024.

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

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

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

### **3. Liquidity**

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

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

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

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

#### **C. Financing activities**

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

### **4. Financing sources**

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

### **5. Material events after the reporting period**

**On October 1, 2025**, the acquisition of SI Manufacturing was completed, and its business activity will be consolidated to the Group starting this date – see details on paragraph 1.B above and Note 3 to the 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**

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, 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 nine 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 nine 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, November 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 SEPTEMBER 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 September 30, 2025, 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, 2025

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

**PAYTON PLANAR MAGNETICS LTD.**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

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	September 30 2025	September 30 2024	December 31 2024
	(Unaudited)	(Unaudited)	(Audited)
	\$ thousands	\$ thousands	\$ thousands
<b>Current assets</b>			
Cash and cash equivalents	<b>30,534</b>	20,718	23,148
Short-term deposits and marketable securities	<b>33,790</b>	36,343	34,940
Trade accounts receivable	<b>8,659</b>	8,065	7,925
Other accounts receivable	<b>1,687</b>	1,985	2,027
Inventory	<b>3,524</b>	3,949	3,922
<b>Total current assets</b>	<b>78,194</b>	71,060	71,962
<b>Non-current assets</b>			
Investment in equity accounted investee	<b>1,397</b>	1,541	1,545
Other investment	<b>2,733</b>	2,733	2,733
Property, plant and equipment	<b>9,561</b>	9,670	9,611
Intangible assets	<b>22</b>	22	22
Deferred taxes	<b>124</b>	-	-
<b>Total non-current assets</b>	<b>13,837</b>	13,966	13,911
<b>Total assets</b>	<b>92,031</b>	85,026	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**

	<b>September 30 2025</b>	<b>September 30 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>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade payables	1,870	2,499	1,261
Other payables	3,451	2,807	3,010
Current income tax liability	<u>1,806</u>	<u>1,454</u>	<u>1,244</u>
<b>Total current liabilities</b>	<b>7,127</b>	<b>6,760</b>	<b>5,515</b>
<b>Non-current liabilities</b>			
Employee benefits	564	508	473
Deferred tax liabilities	<u>1,044</u>	<u>1,260</u>	<u>1,089</u>
<b>Total non-current liabilities</b>	<b>1,608</b>	<b>1,768</b>	<b>1,562</b>
<b>Total liabilities</b>	<b>8,735</b>	<b>8,528</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	663	200	311
Retained earnings	<u>68,804</u>	<u>62,469</u>	<u>64,656</u>
<b>Total equity</b>	<b>83,296</b>	<b>76,498</b>	<b>78,796</b>
<b>Total liabilities and equity</b>	<b>92,031</b>	<b>85,026</b>	<b>85,873</b>

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David Yativ  
Chairman of the Board of  
Directors

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Doron Yativ  
Chief Executive Officer

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Michal Lichtenstein  
V.P. Finance & CFO

Date of approval of the financial statements: November 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 nine months ended September 30		For the three months ended September 30		Year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited) \$ thousands	(Unaudited) \$ thousands	(Unaudited) \$ thousands	(Unaudited) \$ thousands	(Audited) \$ thousands
Revenues	<b>36,234</b>	41,215	<b>13,225</b>	12,695	50,826
Cost of sales	<b>(19,337)</b>	(23,352)	<b>(6,578)</b>	(7,291)	(28,709)
<b>Gross profit</b>	<b>16,897</b>	17,863	<b>6,647</b>	5,404	22,117
Development costs	<b>(1,388)</b>	(1,260)	<b>(471)</b>	(404)	(1,672)
Selling and marketing expenses	<b>(1,674)</b>	(1,588)	<b>(534)</b>	(432)	(2,203)
General and administrative expenses	<b>(4,207)</b>	(3,588)	<b>(1,487)</b>	(1,088)	(4,703)
Other income (expenses), net	<b>(501)</b>	7	<b>(501)</b>	(3)	7
<b>Operating profit</b>	<b>9,127</b>	11,434	<b>3,654</b>	3,477	13,546
Finance income	<b>2,441</b>	1,840	<b>544</b>	751	2,404
Finance expenses	<b>(26)</b>	(57)	<b>(10)</b>	(7)	(64)
Finance income, net	<b>2,415</b>	1,783	<b>534</b>	744	2,340
Share of profits (loss) of equity accounted investee	<b>(6)</b>	221	<b>(13)</b>	75	235
<b>Profit before taxes on income</b>	<b>11,536</b>	13,438	<b>4,175</b>	4,296	16,121
Taxes on income	<b>(2,096)</b>	(2,281)	<b>(725)</b>	(732)	(2,810)
<b>Net profit</b>	<b>9,440</b>	11,157	<b>3,450</b>	3,564	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	<b>9</b>	(9)	<b>3</b>	3	(17)
<b>Total other comprehensive income (loss), net of tax</b>	<b>9</b>	(9)	<b>3</b>	3	24
<b>Total comprehensive income</b>	<b>9,449</b>	11,148	<b>3,453</b>	3,567	13,335
<b>Earnings per share</b>					
Basic and diluted earnings per share (in \$)	<b>0.53</b>	0.63	<b>0.20</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**

	<b>Share capital</b>		<b>Share premium</b> \$ thousands	<b>Controlling shareholder</b> \$ thousands	<b>Retained earnings</b> \$ thousands	<b>Reserve from transactions with controlling shareholder</b> \$ thousands	<b>Total</b> \$ thousands
	<b>Number of shares</b>	<b>\$ thousands</b>					
<b>For the nine months ended September 30, 2025 (Unaudited)</b>							
<b>Balance at January 1, 2025</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>	
Net profit	-	-	-	-	9,440	9,440	
Other comprehensive income	-	-	-	-	9	9	
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,449</b>	<b>9,449</b>	
<b>Transactions with owners, recognized directly in equity</b>							
Dividend to owners	-	-	-	-	-	(5,301)	(5,301)
Equity component of transaction with controlling shareholder	-	-	-	-	352	-	352
<b>Balance at September 30, 2025</b>	<b>17,670,775</b>	<b>4,836</b>	<b>8,993</b>	<b>663</b>	<b>68,804</b>	<b>83,296</b>	
<b>For the nine months ended September 30, 2024 (Unaudited)</b>							
<b>Balance at January 1, 2024</b>	<b>17,670,775</b>	<b>4,836</b>	<b>8,993</b>	<b>-</b>	<b>61,393</b>	<b>75,222</b>	
Net profit	-	-	-	-	11,157	11,157	
Other comprehensive loss	-	-	-	-	(9)	(9)	
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,148</b>	<b>11,148</b>	
<b>Transactions with owners, recognized directly in equity</b>							
Dividend to owners	-	-	-	-	-	(10,072)	(10,072)
Equity component of transaction with controlling shareholder	-	-	-	-	200	-	200
<b>Balance at September 30, 2024</b>	<b>17,670,775</b>	<b>4,836</b>	<b>8,993</b>	<b>200</b>	<b>62,469</b>	<b>76,498</b>	

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

**PAYTON PLANAR MAGNETICS LTD.**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	<b>Share capital</b>			<b>Reserve from transactions with controlling shareholder</b>		<b>Retained earnings</b>		<b>Total</b>
	<b>Number of shares</b>	<b>\$ thousands</b>	<b>Share premium \$ thousands</b>	<b>\$ thousands</b>		<b>\$ thousands</b>		<b>\$ thousands</b>
<b>For the three months ended September 30, 2025 (Unaudited)</b>								
<b>Balance at July 1, 2025</b>	<b>17,670,775</b>	<b>4,836</b>	<b>8,993</b>	<b>539</b>	<b>65,351</b>	<b>79,719</b>		
Net profit	-	-	-	-	3,450	3,450		
Other comprehensive income	-	-	-	-	3	3		
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,453</b>	<b>3,453</b>		
<b>Transactions with owners, recognized directly in equity</b>								
Equity component of transaction with controlling Shareholder	-	-	-	-	124	-		
<b>Balance at September 30, 2025</b>	<b>17,670,775</b>	<b>4,836</b>	<b>8,993</b>	<b>663</b>	<b>68,804</b>	<b>83,296</b>		
<b>For the three months ended September 30, 2024 (Unaudited)</b>								
<b>Balance at July 1, 2024</b>	<b>17,670,775</b>	<b>4,836</b>	<b>8,993</b>	<b>86</b>	<b>58,902</b>	<b>72,817</b>		
Net profit	-	-	-	-	3,564	3,564		
Other comprehensive income	-	-	-	-	3	3		
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,567</b>	<b>3,567</b>		
<b>Transactions with owners, recognized directly in equity</b>								
Equity component of transaction with controlling shareholder	-	-	-	-	114	-		
<b>Balance at September 30, 2024</b>	<b>17,670,775</b>	<b>4,836</b>	<b>8,993</b>	<b>200</b>	<b>62,469</b>	<b>76,498</b>		

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

**PAYTON PLANAR MAGNETICS LTD.**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

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	<b>Share capital</b>			<b>Reserve from transactions with controlling shareholder</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>Number of shares</b>	<b>\$ thousands</b>	<b>Share premium \$ thousands</b>	<b>\$ thousands</b>	<b>\$ thousands</b>	<b>\$ thousands</b>
<b>For the year ended December 31, 2024 (Audited)</b>						
<b>Balance at January 1, 2024</b>	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**

	For the nine months ended September 30		For the three months ended September 30		Year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited) \$ thousands	(Unaudited) \$ thousands	(Unaudited) \$ thousands	(Unaudited) \$ thousands	(Audited) \$ thousands
<b>Operating activities</b>					
Net Profit	<b>9,440</b>	11,157	<b>3,450</b>	3,564	13,311
<b>Adjustments:</b>					
Depreciation	<b>645</b>	562	<b>216</b>	206	768
Taxes on income	<b>2,096</b>	2,281	<b>725</b>	732	2,810
Share of loss (profits) of equity accounted investee	<b>6</b>	(221)	<b>13</b>	(75)	(235)
Loss (gain) on sale of property, plant and equipment, net	-	(7)	-	3	(7)
Share-based compensation provided by controlling shareholder	<b>352</b>	200	<b>124</b>	114	311
Finance income, net	<b>(1,925)</b>	(1,652)	<b>(334)</b>	(706)	(2,205)
	<b>10,614</b>	12,320	<b>4,194</b>	3,838	14,753
Decrease (increase) in trade accounts receivable	<b>(734)</b>	1,481	<b>743</b>	2,349	1,621
Decrease in other accounts receivable	<b>396</b>	811	<b>1,610</b>	1,354	769
Decrease (increase) in inventory	<b>398</b>	(17)	<b>(460)</b>	(225)	10
Increase (decrease) in trade payables	<b>532</b>	(1,177)	<b>517</b>	248	(2,492)
Increase (decrease) in other payables	<b>441</b>	275	<b>7</b>	(179)	478
Change in employee benefits	<b>91</b>	127	<b>27</b>	16	142
	<b>11,738</b>	13,820	<b>6,638</b>	7,401	15,281
Interest received	<b>2,036</b>	1,675	<b>490</b>	429	1,886
Interest paid	-	(32)	-	-	(32)
Income taxes paid, net	<b>(1,762)</b>	(2,387)	<b>(586)</b>	(695)	(3,304)
<b>Cash flows generated from operating activities</b>	<b>12,012</b>	13,076	<b>6,542</b>	7,135	13,831
<b>Investing activities</b>					
Proceeds from (investments in) deposits, net	<b>769</b>	(7,120)	<b>(3,083)</b>	77	(6,149)
Dividend received from an equity accounted investee	<b>154</b>	77	-	77	77
Investment in other investment	-	(1,833)	-	(1,500)	(1,833)
Acquisition of property, plant and equipment	<b>(518)</b>	(400)	<b>(111)</b>	(105)	(479)
Investments in marketable securities	-	(303)	-	-	(303)
Proceeds from sale of fixed assets property, plant and equipment	-	18	-	-	27
Proceeds from sale of marketable securities	-	305	-	-	1,120
<b>Cash flows generated from (used for) investing activities</b>	<b>405</b>	(9,256)	<b>(3,194)</b>	(1,451)	(7,540)
<b>Financing activities</b>					
Dividend paid	<b>(5,301)</b>	(10,072)	-	-	(10,072)
<b>Cash flows used for financing activities</b>	<b>(5,301)</b>	(10,072)	-	-	(10,072)
Net increase (decrease) in cash and cash equivalents	<b>7,116</b>	(6,252)	<b>3,348</b>	5,684	(3,781)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>23,148</b>	26,921	<b>27,361</b>	14,948	26,921
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>270</b>	49	<b>(175)</b>	86	8
<b>Cash and cash equivalents at the end of the period</b>	<b>30,534</b>	20,718	<b>30,534</b>	20,718	23,148

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 September 30, 2025, 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, 2024, and for the year then ended and accompanying notes ("annual consolidated financial statements").

**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, 2025, 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.

**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: - MATERIAL EVENTS DURING AND AFTER THE REPORTING PERIOD**

- A. On March 12, 2025, the Company's US subsidiary Payton America Inc. (hereinafter: the "Purchasing Company") entered into agreements aiming at: (a) acquiring 100% of the issued and paid-up share capital of SI Manufacturing, Inc., a corporation incorporated under the laws of California (hereinafter: "SI") in exchange for payment of total consideration of approximately USD 5.6 million (hereinafter: the "Share Purchase Agreement"). SI manufactures and sells electronic coils, assembling power supplies and custom magnetic components for customers in various industrial sectors including transportation, aviation, space and defense. The Share Purchase Agreement includes additional contingent consideration of up to USD 500 thousand based on SI's performance during 2025; (b) acquiring the real property, for a total amount of USD 4.4 million, on which SI's factory is built, [such factory being] owned by RSG Holdings LLC, a corporation incorporated under the laws of California and partly held by the Chairman of SI who is also a shareholder thereof (45%) as well as by two of the founders of SI who currently provide consulting services to SI as independent contractors (hereinafter: the "Real Estate Acquisition Agreement"), and (c) entering into

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**NOTE 3: - MATERIAL EVENTS DURING AND AFTER THE REPORTING PERIOD**

employment/consulting agreements with the CEO of SI and a senior engineering service provider of SI, which become effective as of the closing date including customary terms for agreements of this type, all in accordance with the provisions of the agreements (hereinafter: the “Transaction”). The completion of the Transaction was subject to the fulfillment of several conditions precedent detailed in the Share Purchase Agreement, including, among others, the transfer of ownership of the real property in accordance with the Real Estate Acquisition Agreement, as well as the provision of notices and obtainment of required regulatory approvals in the United States and certain other third-party consents (see B hereinafter).

The financing of this acquisition is mostly by loan between the Company and its fully owned US subsidiary, as well as from the subsidiary’s own equity.

**B.** On October 1, 2025, the Transaction was completed following the fulfillment of all the conditions precedent as set forth in the Transaction agreement.

As stated, and accordingly, upon completion of the Transaction, the shares of SI were transferred to the Purchasing Company, and the consideration in the amount of USD 5.6 million was paid (net of net financial debt and transaction-related expenses in a total amount of USD 1.2 million). In addition, the total consideration in the amount of USD 4.4 million was paid for the completion of the Real Estate Acquisition Agreement.

In addition, upon completion of the Transaction, various employment/consulting agreements came into effect, as detailed in the A above.

It should be noted that transaction costs in the amount of USD 501 thousand for the nine-month and three-month periods ended September 30, 2025, are presented as part of other income (expenses), net, in the statement of profit or loss and other comprehensive income.

**NOTE 4: - 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.

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**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
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Net Profit attributable to equity holders of the Company (\$ thousands)	<b>9,440</b>	11,157	<b>3,450</b>	3,564	13,311
Weighted number of shares (in thousands of shares)	<b>17,671</b>	17,671	<b>17,671</b>	17,671	17,671
Basic and diluted earnings per ordinary share (in US\$)	<b>0.53</b>	0.63	<b>0.20</b>	0.20	0.75

**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.