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

Contents

The Board of Directors' Report[1] 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, 2024.

Notice*: This report contains certain forward-looking statements and information relating to the Company that are based on the beliefs of the Management of the Company as well as assumptions made by and information currently available to the Management of the Company. Such statements reflect the current views of the Company with respect to future events. Management emphasizes that the assumptions do not in any way imply commitment towards realization. The outcome of which is subject to certain risks and other factors, which may be outside of the Company's control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described herein as projected, anticipated, believed, estimated, expected or intended.*

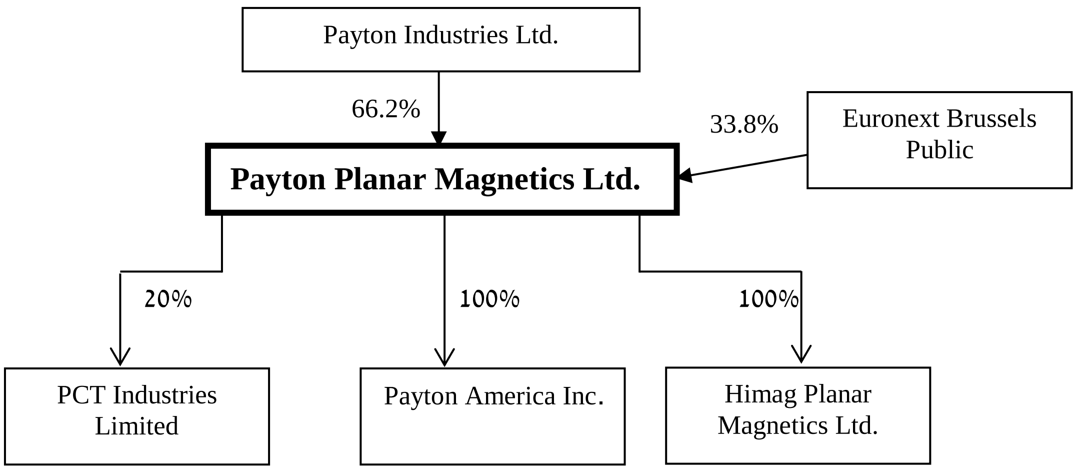
Reference in this report to forward looking statement shall be by stating that such information is given by way of estimation, evaluation, assessment, intentions, expectations, beliefs and similar terms, but it is possible that such information shall be given under other phrases.

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

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

A. The Group

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



[1] The financial statements as at June 30, 2024 form an integral part thereof.

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

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

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

- In 2024 the global slowdown environment continued. It seems that, decrease in demand, excess inventory levels and the high interest rate are factors influencing customers activity and sometimes resulting in push-out of scheduled deliveries up on their needs. High prices of raw materials and high manpower costs remain relevant too. Management estimates these trends are going to be intensified during the second half of 2024.
- Additional factors that affect the Group's activity are: the ***devaluation of the US$*** against the local NIS, the Euro and the Pound, which mainly decreases local labor costs and other operating costs in Israel and the United Kingdom.

  Inflation effects - Since the functional currency of the Group's activity is the US dollar, and since the Group does not use bank loans, management believes there is no material effect of the inflation in Israel and/or worldwide on the Group's business activity, except for some adjustments needed in payroll.

  Increase of global interest rate - since the Company does not hold loans, the Group is not expected to have a material negative impact due to the increase in the global interest rate, on the contrary, deposits' income increased.
- Last year, On October 7th, 2023, a war broke out in the state of Israel ("the War"). The War consequences have not significantly affected the Group's day-to-day operations. The Group's local facility, located in the center area of Israel, rapidly adapted a working routine and continued its ongoing business. As of this date, the Group's local facility is fully operative providing products and services on a regular basis to its customers.

  Thanks to the Group's financial and operational strength, wide business diversification, global dispersion of production sites and raw material suppliers, the Group's management believes it should be able to continue its ongoing business fully and continuously.

  Based on the information the Group has at the date of approval of these financial statements, this War is not expected to have a material impact on the Group's activity and results. However, due to uncertainty involved and lack of information regarding the duration of the War, the Group is currently unable to foresee and assess the future effects of the War.

The Group continues to follow-up and monitors all the above-mentioned global developments trying to minimize any impact including maintaining its close contacts with its subcontractors, suppliers and customers, all in order to adjust its operations in the best possible way.

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

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

On February 14, 2024, the Parent Company, Payton Industries Ltd. ("**the Parent Company**"), entered into an agreement with FIMI ISRAEL OPPORTUNITY 7, a Limited Partnership, and FIMI Opportunity 7, LP a Limited Partnership (together hereinafter: "FIMI"), to allocate 1,468,057 ordinary shares of the Parent Company (hereinafter: "Allocated Shares") which, subject to their allocation, shall constitute approximately 17.76% of the Parent Company's issued and outstanding share capital and voting rights (hereinafter: the "Share Purchase Agreement"), all conditional upon the occurrence of certain precedent conditions.
Simultaneously Mr. David Yativ, the controlling shareholder of the Parent Company (hereinafter: **"Yativ"**) has entered into an agreement to sell to FIMI 1,000,000 shares of the Parent Company, constituting around 12.09% of the Parent Company's share capital. Furthermore, FIMI and Yativ agreed on the terms of a shareholders' rights agreement that will be executed on the closing of the transaction. [It is noted that the completion of the Share Purchase Agreement and the other transactions described above (hereinafter: "**the FIMI Transaction**") were subject, inter alia, to the approval of the Parent Company’s Shareholders' meeting, resolved on April 8, 2024].

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

On April 21, 2024, the Company reported that according to the information provided by its Parent Company and by Yativ, all precedent conditions to the FIMI Transaction have been fulfilled on April 21, 2024, and the closing of the FIMI Transaction has been consummated immediately thereafter ("the Closing Date"). Simultaneously, the transaction for the sale of the shares of Yativ has also been completed, in such a manner that as of the Closing Date, each of Yativ and FIMI holds approximately 29.85% of the Parent Company's issued and outstanding share capital and voting rights (each approximately 29.28% of the Parent Company’s issued and outstanding share capital on a fully diluted basis). Additionally, on the Closing Date, Yativ and FIMI have also entered into a shareholders' agreement pursuant to which the Parent Company considers them, as of the Closing Date, as joint controlling shareholders of the Parent Company due to their joint holdings of approximately 59.7% of the Parent Company's issued and outstanding share capital.
In addition, on the Closing Date, the Parent Company has granted non-marketable options to purchase shares of the Parent Company according to the Parent Company's incentive option plan ("the Options") to certain key-employees and officers of the Parent Company's subsidiaries, as follows: 80,000 Options to 4 (four) employees of the Parent Company's subsidiaries, 30,000 Options to Mr. Doron Yativ[2], 20,000 Options to Mr. Amir Yativ[3] and 30,000 Options to Mrs. Michal Lichtenstein[4] (See also Note 1.B.3 to the financial statements as at June 30, 2024).

[2] David Yativ’s son serves as a director and the CEO of the Company.
[3] David Yativ’s son serves as an engineering and development manager.
[4] Michal Lichtenstein serves as the CEO of the Parent Company and V.P. Finance & C.F.O of Payton Group.

C. Principal customers

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

	For the six-month period ended June 30	For the year ended December 31	For the six-month period ended June 30
	2024	2023	2023
Customer A[1]	33%	15%	11%
Customer B[2]	*	16%	21%
Customer C[2]	16%	14%	*

(1) Customer related to the Telecom/Datacenter industry.
(2) Customer related to the Automotive industry.
* Less than 10% of the Group's consolidated sales.

D. Marketing

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

E. Order Backlog

Order backlog of the Group as of June 30, 2024, was USD 30,466 thousand (December 31, 2023 - USD 30,765 thousand). The backlog is composed of the Company and its two fully owned subsidiaries firm orders. Management estimates that most of the backlog as of 30.6.2024 will be supplied within 4 quarters until June 30, 2025.

2. Financial position

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

Cash and cash equivalents, Short-term Deposits and Marketable Securities - these items amounted to a total of USD 51,177 thousand as at June 30, 2024 compared to USD 56,186 thousand as at December 31, 2023 and USD 44,788 thousand as at June 30, 2023.
The decrease in Cash and cash equivalents as at June 30, 2024 compared to December 31, 2023 resulted mainly due to dividend split at the amount of USD 10,072 thousand paid on March 2024. The Company's profitability has shortened this decrease.
The Group's management believes a solid financial position is an important factor for the business operation.

Trade accounts receivable - these amounted to USD 10,414 thousand as at June 30, 2024 compared with USD 9,546 thousand as at December 31, 2023 and USD 8,423 thousand as at June 30, 2023. The increase in this item is in line with the sales volume near the reports dates.

***Other accounts receivable* -** these amounted to USD 3,339 thousand as at June 30, 2024 compared with USD 2,804 thousand as at December 31, 2023 and USD 4,483 thousand as at June 30, 2023. Changes in this item result mainly from decrease in advance payments to key suppliers and from changes in “contract assets” according to IFRS 15. It is noted that according to IFRS 15 Company recognizes revenues over time (instead of upon delivery). Revenues recorded prior to delivery are recorded against "contract assets" and presented among "other accounts receivable". As at June 30, 2024 such contract assets amounted to approximately USD 2.8 million compared to USD 2.2 million as at December 31, 2023 and compared to USD 2.9 million as at June 30, 2023.

***Other investment* -** as at June 30, 2024 this amounted to USD 1,233 thousand compared with USD 900 thousand as at June 30, 2023 and December 31, 2023. This item representing the Company’s investment in shares of CaPow Technologies Ltd., an Israeli startup (less than 20% of the startup's share capital) in the field of wireless charging solution. During May 2024, the Company exercise its warrants to purchase additional 4,489 Shares, and keep its holding share, against payment of USD 333 thousand (representing 1.2 of the original purchase price).
The Company has a professional and business interest in being involved in new developments in this area.

***Trade payables* -** amounted to USD 2,239 thousand as at June 30, 2024 compared with USD 3,663 thousand as at December 31, 2023 and USD 2,068 thousand as at June 30, 2023. The decrease in this item compared to December 31, 2023, resulted mainly due to a decrease in the purchases accompanied by an increase in advance payment to a principal subcontractor.

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
	2024	**2023**	**2024**	**2023**	**2023**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Audited)**
	$ thousands	**$ thousands**	**$ thousands**	**$ thousands**	**$ thousands**
Revenues	**28,520**	24,741	**15,878**	12,684	54,856
Cost of sales	**(16,061)**	(13,963)	**(9,015)**	(7,322)	(30,753)
Gross profit	**12,459**	10,778	**6,863**	5,362	24,103
Development costs	**(856)**	(755)	**(487)**	(423)	(1,442)
Selling and marketing expenses	**(1,156)**	(1,074)	**(599)**	(575)	(2,152)
General and administrative expenses	**(2,500)**	(2,122)	**(1,453)**	(1,126)	(3,863)
Other income (expenses), net	**10**	10	**-**	-	(245)
Operating profit	**7,957**	6,837	**4,324**	3,238	16,401
Finance income	**1,115**	868	**541**	494	2,023
Finance expenses	**(76)**	(120)	**(40)**	(41)	(142)
Finance income, net	**1,039**	748	**501**	453	1,881
Share of profits (loss) of equity accounted investee	**146**	(1)	**152**	(22)	218
Profit before taxes on income	**9,142**	7,584	**4,977**	3,669	18,500
Taxes on income	**(1,549)**	(1,283)	**(875)**	(636)	(3,234)
Net profit	**7,593**	6,301	**4,102**	3,033	15,266
Other comprehensive income (loss) items that will not be transferred to profit and loss					
Remeasurement of defined benefit plan	**-**	-	**-**	-	27
Share of other comprehensive loss of equity accounted investee	**(12)**	(1)	**(2)**	(6)	(6)
Total other comprehensive income (loss), net of tax	**(12)**	(1)	**(2)**	(6)	21
Total comprehensive income	**7,581**	6,300	**4,100**	3,027	15,287
Earnings per share					
Basic and diluted earnings per share (in $)	**0.43**	0.36	**0.23**	0.17	0.86

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

***Sales revenues* -** The Group's sales revenues for the six-month period ended June 30, 2024 were USD 28,520 thousand compared with USD 24,741 thousand in the six-month period ended June 30, 2023, representing an increase of 15%. This sales increase resulted mainly due to a temporary rump-up of existing projects.

***Gross profit* -** The Group's gross profit for the six-month period ended June 30, 2024 amounted USD 12,459 thousand (44% of sales) compared with USD 10,778 thousand (44% of sales) in the six-month period ended June 30, 2023. The gross margin is mainly affected by sales products mix and production sites.

Development costs - Payton's strategy is aimed at maintaining the leadership of the Planar Technology. The Engineering Department works in conjunction with engineering departments of the forerunners of today's global technology. Development costs are mainly incurred to design and customize products for specific orders. These development costs, mainly engineering labor costs, are based upon time expended by the department's employees. The Group's development costs for the six months ended June 30, 2024 were USD 856 thousand compared with USD 755 thousand in the same period last year. The increase in this item resulted mainly due to labor and employees' benefits increases.

***Selling & marketing expenses* -** The Group's selling & marketing expenses are mainly comprised of: (1) commissions to the Group's reps' and Marketing Personnel, which are calculated as a portion of sales, however it is further explained that not all the sales are subject to reps' commissions and of (2) other selling expenses (fixed) based on management policy. The Group's marketing efforts are concentrated through participation in major power electronic shows around the world and by collaborating with its worldwide rep's Network. The Group's selling & marketing expenses for the six-month period ended June 30, 2024 were USD 1,156 thousand (4.1%) and USD 1,074 thousand (4.3%) in the six-month period ended June 30, 2023.

***General & Administrative expenses* -** The Group's General & Administrative expenses for the six-month period ended June 30, 2024 were USD 2,500 thousand and USD 2,122 thousand in the six-month period ended June 30, 2023. The increase relates mainly due to increase in management & administration labor cost, benefits and other incentives, as well as increase in computing and data security expenses.

***Finance income (expenses), net* -** The Group's net finance income for the six-month period ended June 30, 2024 amounted to USD 1,039 thousand compared with net finance income of USD 748 thousand in the six-month period ended June 30, 2023. This increase is mainly explained by the increase in bank deposit balances as well as high market interest rates.

3. Liquidity

A. Operating activities

Cash flows generated from operating activities for the six-month period ended June 30, 2024, amounted to USD 5,941 thousand, compared with cash flows generated from operating activities of USD 8,083 thousand for the six-month period ended June 30, 2023. The decrease in cash flows from operating activities generated mostly from the increase in trade accounts receivable and decrease in trade payables as well as from other non-cash adjustments and changes in assets and liabilities.

B. Investing activities

Cash flows used for investing activities in the six-month period ended June 30, 2024, amounted USD 7,805 thousand, compared with cash flows used for investing activities at the amount of USD 2,305 thousand in the six-month period ended June 30, 2023. The increase in cash flows used for investing activities in the first half of 2024 compared with the same period last year is explained by the increase of investment in bank deposits, net.

C. Financing activities

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

4. Financing sources

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

5. Material events after the reporting period

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

6. External factors effects

Global business environment - see paragraph 1.B above.

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

7. Statement by senior management 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 financial statements at June 30, 2024 are drawn up in accordance with IFRS and with IAS 34 "Interim Financial Reporting" as adopted by the European Union and present a true and fair view of the equity, financial situation and results of the company and the companies included in the consolidation perimeter.

b) The report gives a true and fair view of the main events of the first six months of year 2024, their impact on the 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 abbreviated financial statements.

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 18, 2024.

David Yativ **Chairman of the Board of Directors**	**Doron Yativ** **Director and C.E.O.**

PAYTON PLANAR MAGNETICS LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS OF JUNE 30, 2024

(UNAUDITED)

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working world

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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, 2024, 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 18, 2024

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30 2024	June 30 2023	December 31 2023
	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands
Current assets			
Cash and cash equivalents	**14,948**	16,143	26,921
Short-term deposits and marketable securities	**36,229**	28,645	29,265
Trade accounts receivable	**10,414**	8,423	9,546
Other accounts receivable	**3,339**	4,483	2,804
Inventory	**3,724**	4,028	3,932
Total current assets	**68,654**	61,722	72,468
Non-current assets			
Investment in equity accounted investee	**1,539**	1,425	1,409
Other investment	**1,233**	900	900
Property, plant and equipment	**9,762**	10,075	9,830
Intangible assets	**22**	22	22
Total non-current assets	**12,556**	12,422	12,161
Total assets	**81,210**	74,144	84,629

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30 2024	June 30 2023	December 31 2023
	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands
Liabilities and equity			
Current liabilities			
Trade payables	**2,239**	2,068	3,663
Other payables	**2,193**	2,490	2,039
Current income tax liability	**1,341**	949	1,520
Employee benefits	**793**	617	493
Total current liabilities	**6,566**	6,124	7,715
Non-current liabilities			
Employee benefits	**492**	417	381
Deferred tax liabilities	**1,335**	1,368	1,311
Total non-current liabilities	**1,827**	1,785	1,692
Total liabilities	**8,393**	7,909	9,407
Equity			
Share capital	**4,836**	4,836	4,836
Share premium	**8,993**	8,993	8,993
Reserve from transaction with controlling shareholder	**86**	-	-
Retained earnings	**58,902**	52,406	61,393
Total equity	**72,817**	66,235	75,222
Total liabilities and equity	**81,210**	74,144	84,629

David Yativ	Doron Yativ	Michal Lichtenstein
Chairman of the Board of Directors	Chief Executive Officer	V.P. Finance & CFO

Date of approval of the financial statements: August 18, 2024

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

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
	2024	2023	2024	2023	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
Revenues	**28,520**	24,741	**15,878**	12,684	54,856
Cost of sales	**(16,061)**	(13,963)	**(9,015)**	(7,322)	(30,753)
Gross profit	**12,459**	10,778	**6,863**	5,362	24,103
Development costs	**(856)**	(755)	**(487)**	(423)	(1,442)
Selling and marketing expenses	**(1,156)**	(1,074)	**(599)**	(575)	(2,152)
General and administrative expenses	**(2,500)**	(2,122)	**(1,453)**	(1,126)	(3,863)
Other income (expenses), net	**10**	10	**-**	-	(245)
Operating profit	**7,957**	6,837	**4,324**	3,238	16,401
Finance income	**1,115**	868	**541**	494	2,023
Finance expenses	**(76)**	(120)	**(40)**	(41)	(142)
Finance income, net	**1,039**	748	**501**	453	1,881
Share of profits (loss) of equity accounted investee	**146**	(1)	**152**	(22)	218
Profit before taxes on income	**9,142**	7,584	**4,977**	3,669	18,500
Taxes on income	**(1,549)**	(1,283)	**(875)**	(636)	(3,234)
Net profit	**7,593**	6,301	**4,102**	3,033	15,266
Other comprehensive income (loss) items that will not be transferred to profit and loss					
Remeasurement of defined benefit plan	**-**	-	**-**	**-**	27
Share of other comprehensive loss of equity accounted investee	**(12)**	(1)	**(2)**	(6)	(6)
Total other comprehensive income (loss), net of tax	**(12)**	(1)	**(2)**	(6)	21
Total comprehensive income	**7,581**	6,300	**4,100**	3,027	15,287
Earnings per share					
Basic and diluted earnings per share (in $)	**0.43**	0.36	**0.23**	0.17	0.86

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital		Share premium	Reserve from transactions with controlling shareholder	Retained earnings	Total
	Number of shares	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
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**
For the six months ended June 30, 2023 (Unaudited)						
Balance at January 1, 2023	17,670,775	4,836	8,993	-	54,588	68,417
Net profit	-	-	-	-	6,301	6,301
Other comprehensive loss	-	-	-	-	(1)	(1)
Total comprehensive income	-	-	-	-	6,300	6,300
Transactions with owners, recognized directly in equity						
Dividend to owners	-	-	-	-	(8,482)	(8,482)
Balance at June 30, 2023	17,670,775	4,836	8,993	-	52,406	66,235

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

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, 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**
For the three months ended June 30, 2023 (Unaudited)						
Balance at April 1, 2023	17,670,775	4,836	8,993	-	49,379	63,208
Net profit	-	-	-	-	3,033	3,033
Other comprehensive loss	-	-	-	-	(6)	(6)
Total comprehensive income	-	-	-	-	3,027	3,027
Balance at June 30, 2023	17,670,775	4,836	8,993	-	52,406	66,235
For the year ended December 31, 2023 (Audited)						
Balance at January 1, 2023	17,670,775	4,836	8,993	-	54,588	68,417
Net profit	-	-	-	-	15,266	15,266
Other comprehensive income	-	-	-	-	21	21
Total comprehensive income	-	-	-	-	15,287	15,287
Transactions with owners, recognized directly in equity						
Dividend to owners	-	-	-	-	(8,482)	(8,482)
Balance at December 31, 2023	17,670,775	4,836	8,993	-	61,393	75,222

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the six months ended June 30		For the three months ended June 30		Year ended December 31
	2024	2023	2024	2023	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
Operating activities					
Net Profit	**7,593**	6,301	**4,102**	3,033	15,266
Adjustments:					
Depreciation	**356**	426	**174**	208	828
Taxes on income	**1,549**	1,283	**875**	636	3,234
Share of loss (profits) of equity accounted investee	**(146)**	1	**(152)**	22	(218)
Loss (gain) on sale of property, plant and equipment, net	**(10)**	(10)	**-**	-	145
Impairment loss of an option in an equity accounted investee	**-**	-	**-**	-	100
Share-based compensation provided by controlling shareholder	**86**	-	**86**	-	-
Finance income, net	**(946)**	(620)	**(428)**	(383)	(1,779)
	8,482	7,381	**4,657**	3,516	17,576
Decrease (increase) in trade accounts receivable	**(868)**	1,951	**(2,636)**	(1,116)	828
Increase in other accounts receivable	**(543)**	(2,196)	**(358)**	(1,943)	(541)
Decrease in inventory	**208**	491	**342**	149	587
Increase (decrease) in trade payables	**(1,425)**	597	**(1,393)**	533	2,275
Increase (decrease) in other payables	**154**	387	**139**	114	(64)
Change in employee benefits	**411**	63	**212**	3	(63)
	6,419	8,674	**963**	1,256	20,598
Interest received	**1,246**	566	**493**	439	1,181
Interest paid	**(32)**	(23)	**(32)**	-	(23)
Income taxes paid, net	**(1,692)**	(1,134)	**(1,111)**	(469)	(2,552)
Cash flows generated from operating activities	**5,941**	8,083	**313**	1,226	19,204
Investing activities					
Investments in deposits, net	**(7,197)**	(2,235)	**(11,432)**	(393)	(2,321)
Dividend received from an equity accounted investee	**-**	-	**-**	-	128
Investment in other investment	**(333)**	-	**(333)**	-	-
Acquisition of property, plant and equipment	**(295)**	(137)	**(202)**	(40)	(536)
Investments in marketable securities	**(303)**	(57)	**(195)**	(57)	(57)
Proceeds from sale of fixed assets property, plant and equipment	**18**	10	**-**	-	14
Proceeds from sale of marketable securities	**305**	114	**197**	114	136
Cash flows used for investing activities	**(7,805)**	(2,305)	**(11,965)**	(376)	(2,636)
Financing activities					
Dividend paid	**(10,072)**	(8,482)	**-**	(8,482)	(8,482)
Cash flows used for financing activities	**(10,072)**	(8,482)	**-**	(8,482)	(8,482)
Net increase (decrease) in cash and cash equivalents	**(11,936)**	(2,704)	**(11,652)**	(7,632)	8,086
Cash and cash equivalents at the beginning of the period	**26,921**	19,003	**26,630**	23,828	19,003
Effect of exchange rate fluctuations on cash and cash equivalents	**(37)**	(156)	**(30)**	(53)	(168)
Cash and cash equivalents at the end of the period	**14,948**	16,143	**14,948**	16,143	26,921

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

NOTE 1: - GENERAL

These financial statements have been prepared in a condensed format as of June 30, 2024, 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, 2023, and for the year then ended and accompanying notes ("annual consolidated financial statements").

A. Reporting entity

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

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

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

B. Material events in the reporting period

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

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

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

NOTE 1: - GENERAL (Cont.)

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

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

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

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

C. Material events after the reporting period

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

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation of the interim consolidated financial statements

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

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

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

IFRS 18, "Presentation and Disclosure in Financial Statements"

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

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

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

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

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

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

NOTE 3: - DIVIDENDS

On March 28, 2023, the Company's Board of Directors decided to pay the shareholders a dividend for the financial year 2022 at the amount of USD 8,482 thousand.
The dividend per share is USD 0.48, paid on June 16, 2023.

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

NOTE 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
	2024	2023	2024	2023	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Net Profit attributable to equity holders of the Company ($ thousands)	**7,593**	6,301	**4,102**	3,033	15,266
Weighted number of shares (in thousands of shares)	**17,671**	17,671	**17,671**	17,671	17,671
Basic and diluted earnings per ordinary share (in US$)	**0.43**	0.36	**0.23**	0.17	0.86

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.