



**Payton Planar Magnetics Ltd.
and its Consolidated Subsidiaries
Financial Statements
March 31, 2023 (Unaudited)**

Financial Statements as at March 31, 2023 (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 three months ended on March 31, 2023.

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.

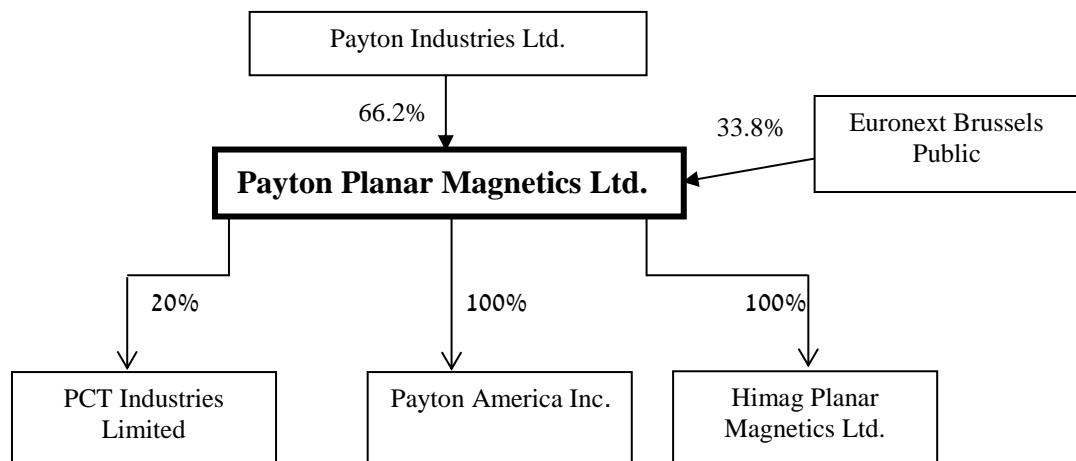
Reference in this report to forward looking statement shall be by stating that such information is given by way of estimation, evaluation, assessment, intentions, expectations, beliefs and similar terms, but it is possible that such information shall be given under other phrases.

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, 2022, published on March 28, 2023 (hereinafter "the 2022 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 March 31, 2023 form an integral part thereof.

B. The Group's main fields of activity and changes that occurred in the period from January to March 2023

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 business environment changes

In the first quarter of year 2023, the global trends characterizing last year (2022) remained relevant. Instability and uncertainty trends remained dominant in the global business environment as well as high prices of raw materials, high logistic cost, high manpower costs and mainly push-out of scheduled deliveries up on customer needs. Management believes these trends are not expected to end in the near future.

Another two factors that affected the Group's activity in the first quarter of 2023 are the *revaluation of the US\$* against the local NIS, the Euro and the Pound, which mainly decreases local labor costs and other operating costs in Israel and the United Kingdom during this period and *increase of global market interest rate* which increases the Group's income from bank deposits (the Company does not hold loans).

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 the best way possible.

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

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 (USD 0.48 per share), expected to be paid in June 2023. It is noted that this dividend is submitted to a tax withholding of 15%.

C. Principal customers

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

	For the three-month period ended March 31	For the year ended December 31	For the three-month period ended March 31
	2023	2022	2022
Customer A ¹	13%	29%	22%
Customer B ²	22%	17%	16%
Customer C ³	13%	*	*

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

⁽²⁾ Customer related to the Automotive industry.

⁽³⁾ Customer related to Industrial Applications.

* 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. During the first three months of 2023 the international marketing activities continue to gradually resume after two years in which it was almost paused (due to the COVID-19 effect). Exhibitions re-opened and frontal visits to customers and suppliers were planned and performed to the possible extent.

E. Order Backlog

Order backlog of the Group as of March 31, 2023 was USD 44,135 thousand (December 31, 2022 - USD 43,839 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 31.3.2023 will be supplied until June 30, 2024.

2. Financial position

A. Statement of Financial Position as at March 31, 2023

Cash and cash equivalents, Short-term Deposits and marketable securities - these items amounted to a total of USD 52,140 thousand as at March 31, 2023 compared to USD 45,237 thousand as at December 31, 2022 and USD 46,353 thousand as at March 31, 2022.

The increase in Cash and cash equivalents attributed mainly to Company's profitability in addition to the decrease in trade accounts receivable.

The Group's management believes a solid financial position is an important factor in order to successfully overcome times of crisis.

Trade accounts receivable - these amounted to USD 7,307 thousand as at March 31, 2023 compared with USD 10,374 thousand as at December 31, 2022 and USD 8,394 thousand as at March 31, 2022. The decrease in this item resulted mainly due to decrease in sales volume near the reports dates.

Other investment - as at March 31, 2023 and December 31, 2022 this amounted to USD 900 thousand representing the Company's investment in shares and options of CaPow Technologies Ltd., an Israeli startup (less than 20% of the startup's share capital) in the field of wireless charging solution. The Company has a professional and business interest to become involved in new developments in this area.

Trade payables - amounted to USD 1,455 thousand as at March 31, 2023 compared with USD 1,419 thousand as at December 31, 2022 and USD 2,519 thousand as at March 31, 2022. The decrease in this item compared to March 31, 2022 resulted mainly due to increase of advance payment in favor of subcontractors and decrease in purchases near the reports dates.

Dividend payables - amounted to USD 8,482 thousand as at March 31, 2023. This dividend was announced on March 28, 2023 and has not been paid yet.

As at March 31, 2022, dividend amounted to USD 8,023 thousand (announced on March 28, 2022). This dividend was paid in full in June 2022.

B. Operating results

Statements of Income US Dollars in thousands

Payton Planar Magnetics Ltd. Consolidated Comprehensive Income Statements

	For the three months ended		Year ended
	March 31		December 31
	2023	2022	2022
	(Unaudited)	(Unaudited)	(Audited)
	\$ thousands	\$ thousands	\$ thousands
Revenues	12,057	10,783	60,270
Cost of sales	(6,641)	(6,508)	(35,778)
Gross profit	5,416	4,275	24,492
Development costs	(332)	(354)	(1,545)
Selling and marketing expenses	(499)	(486)	(1,932)
General and administrative expenses	(996)	(926)	(3,864)
Other income	10	10	57
Operating profit	3,599	2,519	17,208
Finance income	374	70	450
Finance expenses	(79)	(47)	(250)
Finance income, net	295	23	200
Share of profits of equity accounted investee	21	52	481
Profit before taxes on income	3,915	2,594	17,889
Taxes on income	(647)	(1,350)	(3,972)
Net profit	3,268	1,244	13,917
Other comprehensive income (loss) items that will not be transferred to profit and loss			
Remeasurement of defined benefit plan	-	142	226
Share of other comprehensive income (loss) of equity accounted investee	5	2	(28)
Total other comprehensive income, net of tax	5	144	198
Total comprehensive income	3,273	1,388	14,115

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

Sales revenues - The Group's sales revenues for the three-month period ended March 31, 2023 were USD 12,057 thousand compared with USD 10,783 thousand in the three-month period ended March 31, 2022, representing 12% increase that reflects the growth in demand of several projects compared to the same period last year.

Gross profit - The Group's gross profit for the three-month period ended March 31, 2023 amounted USD 5,416 thousand (45% of sales) compared with USD 4,275 thousand (40% of sales) in the three-month period ended March 31, 2022. The gross margin is mainly affected by sales products mix and production sites.

Development costs Payton's R&D strategy is aimed on maintaining the leadership of the Planar Technology. The R&D department works in conjunction with R&D departments of the forerunners of today's global technology, and together they define tomorrow's technological needs. Costs were based upon time expended by the department's employees. The Group's development costs for the three months ended March 31, 2023 were USD 332 thousand compared with USD 354 thousand in the same period last year.

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 three-month period ended March 31, 2023 were USD 499 thousand (4.1%) and USD 486 thousand (4.5%) in the three-month period ended March 31, 2022. In the first quarter of 2023, other selling expenses and travel expenses, mainly, have resumed gradually. Management believes these costs will continue to increase as digital marketing, traveling and exhibitions will expand.

General & Administrative expenses - The Group's General & Administrative expenses for the three-month period ended March 31, 2023 were USD 996 thousand and USD 926 thousand in the three-month period ended March 31, 2022. The increase relates mainly to increase in management incentives derived from the profits increase.

Finance income, net - The Group's finance income for the three-month period ended March 31, 2023 were USD 295 thousand and USD 23 thousand in the three-month period ended March 31, 2022. This increase is mainly explained by the increase of the market interest rate on bank deposits.

Taxes on income - for the three-month period ended March 31, 2023 were USD 647 thousand compared with USD 1,350 thousand in the three-month period ended March 31, 2022. During the first quarter of 2022 the Company decided to apply the Temporary Order to the Law for the Encouragement of Capital Investments enabling it a beneficiary corporate tax rate on its exempt profits and recorded an exceptional tax expenses at the amount of USD 0.9 million. See also Note 18A(4) to the 2022 yearly Report.

3. Liquidity

A. Operating activities

Cash flows generated from operating activities for the three-month period ended March 31, 2023 amounted USD 6,857 thousand, compared with cash flows generated from operating activities of USD 2,817 thousand for the three-month period ended March 31, 2022. The increase in cash flows from operating activities generated mostly from the profit increase and from decrease in trade account receivable.

B. Investing activities

Cash flows used for investing activities in the three-month period ended March 31, 2023, amounted USD 1,929 thousand, compared with cash flows used for investing activities at the amount of USD 1,078 thousand in the three-month period ended March 31, 2022. Cash flows for investing activities used mainly for investments in bank deposits.

C. Financing activities

There were no cash flows used for financing activities in the three-month periods ended March 31, 2023 and 2022. Cash flows used for financing activities for the year ended December 31, 2022, amounted USD 8,023 thousand, representing a dividend payment (announced March 28, 2022) that was paid on June 2022.

4. Financing sources

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

5. External factors effects

Global trends of instability and uncertainty trends in the business environment (including some indicators for a global slowdown).

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.

6. Statement by senior management in accordance with article 12, § 2 (3°) of the Royal Decree per 14.11.2007

Pursuant to article 12 § 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 March 31, 2023 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.
- b) The report gives a true and fair view of the main events of the first three months of year 2023, 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, May 24, 2023.

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 MARCH 31, 2023

(UNAUDITED)

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AUDITORS' REVIEW REPORT

To the shareholders of

PAYTON PLANAR MAGNETICS LTD.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Payton Planar Magnetics LTD. and its subsidiaries ("the Company"), which comprise the condensed consolidated statement of financial position as of March 31, 2023, and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three months then ended and explanatory notes. The Company's board of directors and management are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

The consolidated annual financial statements of the company as of December 31, 2022, and for the year then ended and the condensed consolidated interim financial statements as of March 31, 2022, and for the period of three months then ended, were audited and reviewed, respectively, by other auditors whose reports dated as of March 28, 2023 and May 25, 2022, respectively, expressed an unqualified opinion and unqualified conclusion, respectively.

Scope of review

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

Conclusion

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

Tel-Aviv, Israel
May 24, 2023

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31 2023	March 31 2022	December 31 2022
	(Unaudited)	(Unaudited)	(Audited)
	\$ thousands	\$ thousands	\$ thousands
Current assets			
Cash and cash equivalents	23,828	23,857	19,003
Short-term deposits and marketable securities	28,312	22,496	26,234
Trade accounts receivable	7,307	8,394	10,374
Other accounts receivable	2,508	2,562	2,255
Inventory	4,177	3,922	4,519
Total current assets	66,132	61,231	62,385
Non-current assets			
Investment in equity accounted investee	1,454	1,028	1,427
Other investment	900	-	900
Fixed assets	10,163	10,106	10,312
Intangible assets	22	22	22
Total non-current assets	12,539	11,156	12,661
Total assets	78,671	72,387	75,046

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

PAYTON PLANAR MAGNETICS LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31 2023	March 31 2022	December 31 2022
	(Unaudited)	(Unaudited)	(Audited)
	\$ thousands	\$ thousands	\$ thousands
Liabilities and equity			
Current liabilities			
Trade payables	1,455	2,519	1,419
Other payables	2,376	2,249	2,103
Dividend payable	8,482	8,023	-
Current tax liability	886	1,537	922
Employee benefits	616	725	557
Total current liabilities	13,815	15,053	5,001
Non-current liabilities			
Employee benefits	415	546	414
Deferred tax liabilities	1,233	1,098	1,214
Total non-current liabilities	1,648	1,644	1,628
Total liabilities	15,463	16,697	6,629
Equity			
Share capital	4,836	4,836	4,836
Share premium	8,993	8,993	8,993
Retained earnings	49,379	41,861	54,588
Total equity	63,208	55,690	68,417
Total liabilities and equity	78,671	72,387	75,046

David Yativ
Chairman of the Board of Directors

Doron Yativ
Chief Executive Officer

Michal Lichtenstein
V.P. Finance & CFO

Date of approval of the financial statements: May 24, 2023

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

PAYTON PLANAR MAGNETICS LTD.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the three months ended March 31		Year ended December 31
	2023	2022	2022
	(Unaudited)	(Unaudited)	(Audited)
	\$ thousands	\$ thousands	\$ thousands
Revenues	12,057	10,783	60,270
Cost of sales	(6,641)	(6,508)	(35,778)
Gross profit	5,416	4,275	24,492
Development costs	(332)	(354)	(1,545)
Selling and marketing expenses	(499)	(486)	(1,932)
General and administrative expenses	(996)	(926)	(3,864)
Other income	10	10	57
Operating profit	3,599	2,519	17,208
Finance income	374	70	450
Finance expenses	(79)	(47)	(250)
Finance income, net	295	23	200
Share of profits of equity accounted investee	21	52	481
Profit before taxes on income	3,915	2,594	17,889
Taxes on income	(647)	(1,350)	(3,972)
Net profit	3,268	1,244	13,917
Other comprehensive income (loss) items that will not be transferred to profit and loss			
Remeasurement of defined benefit plan	-	142	226
Share of other comprehensive income (loss) of equity accounted investee	5	2	(28)
Total other comprehensive income, net of tax	5	144	198
Total comprehensive income	3,273	1,388	14,115
Earnings per share			
Basic and diluted earnings per share (in \$)	0.18	0.07	0.79

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 \$ thousands	Retained earnings \$ thousands	Total \$ thousands
	Number of shares	\$ thousands			
For the three months ended March 31, 2023 (Unaudited)					
Balance at January 1, 2023	17,670,775	4,836	8,993	54,588	68,417
Net profit	-	-	-	3,268	3,268
Other comprehensive income	-	-	-	5	5
Total comprehensive income	-	-	-	3,273	3,273
Transaction with owners, recognized directly in equity					
Dividend to owners	-	-	-	(8,482)	(8,482)
Balance at March 31, 2023	17,670,775	4,836	8,993	49,379	63,208
For the three months ended March 31, 2022 (Unaudited)					
Balance at January 1, 2022	17,670,775	4,836	8,993	48,496	62,325
Net profit	-	-	-	1,244	1,244
Other comprehensive income	-	-	-	144	144
Total comprehensive income	-	-	-	1,388	1,388
Transaction with owners, recognized directly in equity					
Dividend to owners	-	-	-	(8,023)	(8,023)
Balance at March 31, 2022	17,670,775	4,836	8,993	41,861	55,690
For the year ended December 31, 2022 (Audited)					
Balance at January 1, 2022	17,670,775	4,836	8,993	48,496	62,325
Net profit	-	-	-	13,917	13,917
Other comprehensive income	-	-	-	198	198
Total comprehensive income	-	-	-	14,115	14,115
Transaction with owners, recognized directly in equity					
Dividend to owners	-	-	-	(8,023)	(8,023)
Balance at December 31, 2022	17,670,775	4,836	8,993	54,588	68,417

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 three months ended		Year ended
	March 31		December 31
	2023	2022	2022
	(Unaudited)	(Unaudited)	(Audited)
	\$ thousands	\$ thousands	\$ thousands
Operating activities			
Profit for the period	3,268	1,244	13,917
Adjustments:			
Depreciation	218	216	879
Taxes on income	647	1,350	3,972
Share of profits of equity accounted investee	(21)	(52)	(481)
Gain on sale of fixed assets	(10)	(10)	(57)
Finance expenses (income), net	(237)	25	(18)
	<u>3,865</u>	<u>2,773</u>	<u>18,212</u>
Change in employee benefits	60	66	(130)
Decrease (increase) in trade accounts receivable	3,067	1,523	(457)
Decrease (increase) in other accounts receivable	(253)	664	971
Decrease (increase) in inventory	342	(150)	(747)
Increase (decrease) in trade payables	64	(1,581)	(2,703)
Increase in other payables	273	214	68
	<u>7,418</u>	<u>3,509</u>	<u>15,214</u>
Interest received	127	23	276
Interest paid	(23)	(17)	(17)
Income taxes paid, net	(665)	(698)	(3,839)
	<u>(665)</u>	<u>(698)</u>	<u>(3,839)</u>
Cash flows generated from operating activities	<u>6,857</u>	<u>2,817</u>	<u>11,634</u>
Investing activities			
Investments in deposits, net	(1,842)	(1,000)	(4,785)
Acquisition of other investment	-	-	(900)
Acquisition of fixed assets	(97)	(109)	(993)
Proceeds from sale of fixed assets	10	31	115
Proceeds from sale of marketable securities	-	-	154
	<u>(1,929)</u>	<u>(1,078)</u>	<u>(6,409)</u>
Cash flows used for investing activities	<u>(1,929)</u>	<u>(1,078)</u>	<u>(6,409)</u>
Financing activities			
Dividend paid	-	-	(8,023)
	<u>-</u>	<u>-</u>	<u>(8,023)</u>
Cash flows used for financing activities	<u>-</u>	<u>-</u>	<u>(8,023)</u>
Net increase (decrease) in cash and cash equivalents	<u>4,928</u>	<u>1,739</u>	<u>(2,798)</u>
Cash and cash equivalents at the beginning of the period	<u>19,003</u>	<u>22,146</u>	<u>22,146</u>
Effect of exchange rate fluctuations on cash and cash equivalents	<u>(103)</u>	<u>(28)</u>	<u>(345)</u>
Cash and cash equivalents at the end of the period	<u>23,828</u>	<u>23,857</u>	<u>19,003</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 March 31, 2023, and for the three months then ended ("interim consolidated financial statements"). These financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2022, 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 March 31, 2023, 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: - EMPLOYEE BENEFITS

In the first quarter of 2022, there was an increase in the yield rates of high quality corporate debentures in Israel that are used for discounting a defined benefit obligation.

The effect of the above was a decrease in the defined benefit obligation and an adjustment in deferred tax balances as of March 31, 2022 in the amount of USD 175 thousand and USD 33 thousand, respectively, which were recognized against other comprehensive income.

NOTE 4: - TAXES ON INCOME

As of March 31, 2022, the Company included a tax liability for a beneficiary corporate tax at the amount of about USD 900 thousand (paid in April 2022) that was recognized against tax expenses. See Note 5 below and also Note 18A (4) to the annual financial statements.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**NOTE 5: - DIVIDENDS**

On March 28, 2022, the Company's Board of Directors decided to pay the shareholders a dividend at the amount of USD 8,023 thousand (USD 0.454 per share, paid on June 16, 2022). Pursuant to the amendment of the law for the Encouragement of Capital Investments executed on November 15, 2021 (the temporary order - see Note 18A (4) to the annual financial statements), per Company's decision, this dividend was subject to a beneficiary corporate tax rate, at the amount of about USD 900 thousands, that was paid in April 2022.

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 (USD 0.48 per share, to be paid during June 2023).

NOTE 6: - EARNINGS PER SHARE**Basic and diluted earnings per share**

	For the three months ended		Year ended
	March 31		December 31
	2023	2022	2022
	\$ thousands	\$ thousands	\$ thousands
	(Unaudited)	(Unaudited)	(Audited)
Net Profit (\$ thousands)	3,268	1,244	13,917
Issued ordinary shares (in thousands of shares)	17,671	17,671	17,671
Basic and diluted earnings per ordinary share (in US\$)	0.18	0.07	0.79

NOTE 7: - 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.

Management observes the operating data up to the net profit, in consistent of the consolidated financial reports presented in accordance with IFRS.