

Payton Planar Magnetic Group aims to expand its business portfolio and geographical reach with the contemplated acquisition of the custom electronics manufacturer SI Manufacturing

Payton Planar Magnetics Ltd. (the “**Company**”) hereby reports that a subsidiary of the Company (hereinafter: the “**Acquiring Company**” or the “**Subsidiary**”) (the Subsidiary and the Company hereinafter together: the “**Group**”), entered on March 12, 2025 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 Manufacturing**” or the “**Target Company**”), which manufactures and sells electronic coils, assembling power supplies and custom magnetic components for customers in various industrial sectors including transportation, aviation, space and defence (hereinafter: the “**Share Purchase Agreement**”); (b) acquiring the real property on which the Target Company’s factory is built, [such factory being] owned by RSG Holdings LLC, a corporation incorporated under the laws of California (hereinafter: “**RSG Holdings**”) and partly held by the Chairman of the Target Company who is also a shareholder thereof (45%) as well as by two of the founders of the Target Company who currently provide consulting services to the Target Company as independent contractors (hereinafter: the “**Real Property Purchase Agreement**”), and (c) entering into employment/consulting agreements with the CEO of the Target Company and a senior engineering service provider of the Target Company, which will come into effect as of the closing date and include customary terms for agreements of this type, all in accordance with the provisions of the agreements (the “**Transaction**”).

1. The agreements include, among other things, the following provisions and terms:

Share Purchase Agreement

- 1.1 In accordance with the provisions of the Share Purchase Agreement, the Acquiring Company will purchase from the existing shareholders of the Target Company 100% of the issued and paid up share capital of the Target Company, in exchange for payment of total consideration of approximately \$5.6 million, less the net financial debt and transaction expenses of the Target Company (if any) and subject to maintaining minimum working capital in accordance with the provisions of the Share Purchase Agreement (hereinafter: the “**Closing Consideration**”).

- 1.2 In addition, the parties have agreed on a mechanism for adjusting the share purchase price whereby the shareholders of the Target Company will be entitled to additional consideration of up to \$500,000 if the EBITDA of the Target Company for 2025 in accordance with Generally Accepted Accounting Principles in the U.S. (GAAP) amounts to \$1.4 million or more, and in any case, for the purpose of eligibility for partial price adjustment, if it is not less than \$1.2 million (hereinafter, together with the Closing Consideration, the “**Consideration**”).
- 1.3 The completion of the Transaction is subject to the fulfillment of several conditions precedent detailed in the Share Purchase Agreement, including, among others, the transfer of ownership of the real property in accordance with the Real Property Purchase Agreement, as well as the provision of notices and obtainment of required regulatory approvals in the United States and certain other third party consents.
- 1.4 The shares of the Target Company will be transferred to the ownership of the Acquiring Company at the closing date free and clear, and in exchange, the Acquiring Company will pay the selling shareholders the Consideration on the relevant dates (less applicable taxes, if any).
- 1.5 In accordance with the provisions of the Share Purchase Agreement, representations have been made to the Acquiring Company by the Target Company and the selling shareholders, who have undertaken to indemnify the Acquiring Company for damages incurred due to misrepresentations or breach of obligations, as well as for specific agreed-upon matters, with the indemnification subject to an indemnification threshold, indemnification cap, and indemnification period, as is customary in agreements of this type.

Real Property Purchase Agreement

- 1.6 Concurrently with and subject to the completion of the share acquisition transaction, the Acquiring Company will purchase from RSG Holdings the full ownership rights to the real property, as set forth in section 4 below, located at 1440 South Allec Street, City of Anaheim, County of Orange, State of California 92805, United States of America, on which the factory that serves as the main operational facility of the Target Company is built (hereinafter: the “**Real Property**”).

- 1.7 In consideration for the acquisition of all rights in the Real Property and the transfer of possession in accordance with the provisions of the Real Property Purchase Agreement, the Acquiring Company will pay RSG Holdings at the closing date a total amount of \$4.4 million (hereinafter: the “**Real Property Purchase Consideration**”).
 - 1.8 The completion of the transaction and payment of the Real Property Purchase Consideration are subject to the fulfillment of several conditions precedent detailed in the Real Property Purchase Agreement, including the completion of the share acquisition transaction of the Target Company, which is expected to occur concurrently with the completion of the Real Property acquisition transaction.
2. Additional information about the transaction:
 - 2.1 The financing of the acquisition will be through a loan that is expected to be received by the Acquiring Company from the Company and from the own equity of the Acquiring Company.
 - 2.2 The acquisition of the target business constitutes part of the goals and business strategy of the Group, which includes organic growth and growth through acquisitions of companies whose activities are synergistic with the Group’s activities. The Company estimates that the Target Company will enable the Group to expand and strengthen its customer base in the Target Company’s fields of activity as well as its global presence on the west coast of the United States.
 - 2.3 The Company estimates that the Target Company’s operations will not require material investments on the part of the Company.
 - 2.4 The Company does not expect any tax liabilities or special levies arising from the transaction.
 - 2.5 To the best of the Company’s knowledge, subject to the completion of the transaction, there are no legal restrictions or statutory arrangements relating to the parties that limit the ability to use the Target Company.
 - 2.6 To the best of the Company’s knowledge, no interested parties in the Company have a personal interest in the transaction.

3. Following are the main financial data from the financial statements of the Target Company(*):

- 3.1 According to information available to the Company, below is a summary of balance sheet data (in thousands of dollars):

	As of December 31, 2024	As of December 31, 2023
Total Assets	2,173	1,986
Total Liabilities	1,022	879
Total Equity	1,151	1,107

- 3.2 According to information available to the Company, below is a summary of profit and loss data (in thousands of dollars):

	For the year ended December 31, 2024	For the year ended December 31, 2023
Revenue	8,162	9,908
Operating Profit	2,152	1,407
Net Earnings	757	1,365

(*) It should be noted that the above data relating to the Target Company are based on estimates of the Target Company's management (not reviewed and not audited by accountants) and are materially prepared in accordance with Generally Accepted Accounting Principles in the U.S. (GAAP).

4. Regarding the Real Property asset:

- 4.1 The Real Property asset acquired is land on which the factory that serves as the main operational facility of the Target Company is built including, for the avoidance of doubt, the building located on the land.
- 4.2 The Real Property asset, which is zoned for industrial use, is located at 1440 South Allec Street, City of Anaheim, Orange County, State of California 92805, United States of America, across an area of approximately 2,926 square meters (approximately 31,496 square feet) and contains a two-story building of approximately 14,444 square feet (1,341 square meters) that was built in 1969 and that has undergone minimal rehabilitation since the original construction).

For more information, please visit Payton's website at www.paytongroup.com or contact Michal Lichtenstein, CFO at +972-3-9611164 Michal@paytongroup.com or Nick Orbaen, Dir. at Citigate Dewe Rogerson Belgium + 32 (0) 468 10 06 23 nick.orbaen@citigatedewerogerson.com

About us

Payton Planar Magnetics Ltd., an Israeli-based high-tech company, designs, manufactures and markets mainly customized lines of planar transformers and inductors to Original Equipment Manufacturers and their suppliers of power electronics. The Group currently employs about 175 people (including executive officers). Planar Magnetic Components are used in end products in various industries, including telecom, automotive, cellular infrastructure, Military/Avionics, portable equipment, and consumer goods. Planar Magnetics is a revolutionary design technology that is superior to conventional transformers and inductors and has already been accepted by electronics design engineers as the state-of-the-art in high frequency power electronics design. Payton Planar Magnetics is a subsidiary of Payton Industries, headquartered in Israel, and has manufacturing and marketing operations in Israel, U.K., and United States. Payton Planar Magnetics is publicly traded on the Euronext stock exchange in Brussels (ticker: PAY).