

Full Year Results 2024

Sales Revenues of USD 50,826 thousand lead to a net profit of USD 13,311 thousand for the year 2024.

The company's Board of Directors decided a dividend for 2024, in the amount of USD 5,301 thousand (USD 0.3 per share).

Ness-Ziona (Israel) – Payton Planar Magnetics (the "Company" or "Payton") today announced its financial results for the year ending December 31, 2024.

The net profit for 2024 amounted to USD 13,311 thousand compared to USD 15,266 thousand on year 2023.

In 2024, sales totaled USD 50,826 thousand compared to USD 54,856 thousand on year 2023. Sales were generated primarily from telecom/datacenter, automotive and industrial companies.

In 2024, the global slowdown environment continued. It seems that, decrease in demands, 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.

As at December 31, 2024 the backlog amounted to USD 25,165 thousand, and as at March 13, 2025 to USD 25,712 thousand (December 31, 2023 - USD 30,765 thousand). The backlog is composed of the Company and its two fully owned subsidiaries firm orders.

Group aims to expand its business portfolio and geographical reach with the contemplated acquisition of the custom electronics manufacturer SI Manufacturing in California with an agreement signed on March 12, 2025.

On March 27, 2025, the Company's Board of Directors decided to pay its shareholders a dividend for the financial year 2024 at the amount of USD 5,301 thousand (USD 0.3 per share), expected to be paid in June 2025.

It is noted that the above statements are forward-looking statements as defined below.

Key financial highlights in 2024

Sales revenues

The Group's sales revenues for the year ended December 31, 2024 were USD 50,826 thousand compared with USD 54,856 thousand for the year ended December 31, 2023, reflecting 7% decrease mainly explained by the global economic slowdown and deliveries pushouts.

Cost of sales & gross result

The Group's gross results for the year ended December 31, 2024 were USD 22,117 thousand (44%), compared with USD 24,103 thousand (44%), in the year ended December 31, 2023. The gross margin is mainly affected by sales product mix and production sites.

Expenses

The Group's General & Administrative expenses for the year ended December 31, 2024 amounted to USD 4,703 thousand compared with USD 3,863 thousand in the year ended December 31, 2023. The increase relates mainly to an increase in management & administration employer costs, benefits and other incentives, as well as an increase in computing and data security expenses.

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 (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 year ended December 31, 2024, amounted to USD 2,203 thousand (4%) compared with USD 2,152 thousand (4%) in the year ended December 31, 2023.

The Group's 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 year ended December 31, 2024 were USD 1,672 thousand compared with USD 1,442 thousand in the year ended December 31, 2023. The increase in this item resulted mainly from the enlargement of the engineering team as well as increase of labor cost and other employees' benefits.

Operating & financial results

The total operating profit before the financial result for 2024 amounts to USD 13,546 thousand compared to USD 16,401 thousand last year.

The Group's finance income (net) for the year ended December 31, 2024 amounted to USD 2,340 thousand compared with USD 1,881 thousand for the year ended December 31, 2023. This increase is mainly explained by the increase of the market interest rate on bank deposits.

Share of profits (losses) of equity accounted investee

The Group's share in investee's profits for the year ended December 31, 2024 amounted to USD 235 thousand compared with USD 218 thousand for the year ended December 31, 2023.

Profit before taxes on income

The profit before taxes on income for the financial year 2024 is USD 16,121 thousand compared to a profit of USD 18,500 thousand in 2023.

Taxes on income

Taxes on income for the year ended December 31, 2024 amounted to USD 2,810 thousand compared with USD 3,234 thousand in the year ended at December 31, 2023..

Net Profit for the year

The total result for financial year 2024 was a net profit of USD 13,311 thousand, compared to USD 15,266 thousand in 2023.

Total comprehensive income for the year

Total comprehensive income for financial year 2024 was a profit of USD 13,335 thousand, compared to USD 15,287 thousand in 2023.

Balance sheet - cash position

Cash and cash equivalents, Short-term Deposits and marketable securities - these items amounted to a total of USD 58,088 thousand as at December 31, 2024 compared to USD 56,186 thousand as at December 31, 2023. Despite the dividend payment during the year 2024, the Company presents increase in Cash and cash equivalents attributed mainly to Company's profitability.

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 7,925 thousand as December 31, 2024, compared with USD 9,546 thousand as at December 31, 2023. The decrease in this item is in line with the sales volume near the reports dates.

Other investment - as at December 31, 2024 this amounted to USD 2,733 thousand compared with USD 900 thousand as at December 31, 2023. This item representing the Company's investment in shares of CaPow Technologies Ltd. (hereinafter: "CaPow"), an Israeli startup in the field of wireless charging solution. In May 2024, the Company exercised its warrants to purchase additional 4,489 Shares, and keep its holding share, against payment of USD 333 thousand (representing 1.2 times the original purchase price). In September 2024, the Company participated in a second fundraising round with an additional investment of USD 1.5 million. The Company holds about 7% of the shares of CaPow and following the additional investment, the Company was granted representation on CaPow's Board of Directors. The Company has a professional and business interest in being involved in new developments in this area and sees CaPow as a strategic investment.

Trade payables - amounted to USD 1,261 thousand as at December 31, 2024 compared with USD 3,663 thousand as at December 31, 2023. The decrease in this item resulted mainly from an increase in advance payment to a principal subcontractor in addition to a decrease caused by purchases decrease near the report dates which was in line with the business activity.

Other payables - amounted to USD 3,010 thousand as at December 31, 2024 compared with USD 2,532 thousand as at December 31, 2023. The increase in this item resulted mainly from a provision, initially recorded for employees' incentives relating to the current year (2024) results.

Cash flow statement

Cash flows generated from operating activities for the year ended December 31, 2024, amounted to USD 13,831 thousand, compared with the cash flows generated from operating activities of USD 19,204 thousand for the year ended December 31, 2023. The decrease in cash flows from operating activities generated mainly from decrease in the net profit and in trade payables as well as from other non-cash adjustments and changes in assets and liabilities.

Cash flows used for investing activities in the year ended December 31, 2024 amounted to USD 7,540 thousand compared with cash flows used for investing activities of USD 2,636 thousand in the year ended December 31, 2023. In 2024 cash flows were mostly used for investment in bank deposits and in CaPow Technologies Ltd. which was partly financed by the sale of all marketable securities.

Cash flows used for financing activities for the year ended December 31, 2024, amounted to USD 10,072 thousand, representing a dividend payment (announced January 24, 2024) that was paid in March 2024.

Cash flows used for financing activities for the year ended December 31, 2023, amounted to USD 8,482 thousand, representing a dividend payment (announced March 28, 2023) that was paid in June 2023.

Outlook

Coming year outlook & Global Environment changes

In 2025, the Group plans to complete and integrate the purchase of SI MANUFACTURING, INC, in order to expand Group activity and global presence. Furthermore, the Group will continue its ongoing search for business and M&A opportunities synergetic to its core business.

The Group is also preparing, in 2025, to continue coping with the current slowdown of global markets. There are some push-out of scheduled deliveries based on customer needs, and great caution needs to be taken with regard to purchase forecast and inventory planning. The raw materials prices are high and no significant price reduction is expected in the coming future. At this stage, it is not possible to assess the extent of the impact of the trends described above on the Group's activities.

With regards to the War, currently, there is no material impact on the Group's activity and results. However, it is still impossible to foresee and assess long future effects.

The Group plans to continue investing efforts to improve and efficient its production capacity as well as integration of automation. In addition to its normal course of business, the Group will continue its ongoing search for new markets as well as other business opportunities providing innovative solutions and new technologies in order to keep expanding its customer base, core business, enlarging its market share and maximizing business opportunities to the greatest possible extent.

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.

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.

Order backlog - As at December 31, 2024 this backlog amounted to USD 25,165 thousand, and as at March 13, 2025 to USD 25,712 thousand (December 31, 2023 - USD 30,765 thousand). The backlog is composed of the Company and its two fully owned subsidiaries firm orders.

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

Subsequent Events

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 defence. The Share Purchase Agreement includes additional contingent consideration of up to USD 500 thousand based on SI performance during 2025; (b) acquiring the real property, for a total amount of USD 4.4 million, on which the SI's factory is built, [such factory being] owned by RSG Holdings LLC, a corporation incorporated under the laws of California (hereinafter: "RSG Holdings") and partly held by the Chairman of the SI 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 SI as independent contractors (hereinafter: the "Real Property Purchase Agreement"), and (c) entering into employment/consulting agreements with the CEO of SI and a senior engineering service provider of SI, which will come into effect as of the closing date and include customary terms for agreements of this type, all in accordance with the provisions of the agreements (the "Transaction"). The completion of the Transaction is subject to the fulfillment of several conditions precedent detailed in the Share Purchase Agreement, including, among others, the transfer of ownership of the real property in accordance with the Real Property Purchase Agreement, as well as the provision of notices and obtainment of required regulatory approvals in the United States and certain other third-party consents. The financing of this acquisition will be through a loan between the Company and its fully owned US subsidiary, as well as from the subsidiary's own equity. (For more detailed information see also press release dated March 12, 2025).

On March 27, 2025, the Company's Board of Directors decided to pay its shareholders a dividend for the financial year 2024 at the amount of USD 5,301 thousand (USD 0.3 per share), expected to be paid in June 2025.

Independent Auditors' Report – 27 March 2025

The selected consolidated financial data are derived from the Audited Financial Statement of the Company as of and for each of the years in the two years period ended December 31, 2024.

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB").

The results have been audited by KOST FORER GABBAY & KASIERER Certified Public Accountants, a member firm of Ernst & Young Global. The conclusion of the auditor is as follows: "In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards".

Statement by senior management in accordance with Royal Decree of 14 November 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 consolidated financial statements at December 31, 2024 are drawn up in accordance with IFRS-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.
- b) The annual report gives a true and fair view of the company's development and results for the financial year 2024, the position of the company and the companies included in the consolidation, the main risk factors and uncertainties, as well as the main transactions with related parties and their possible impact on the financial statements

The complete audited financial statements and the annual report are available for downloading in the investors section of www.paytongroup.com

Key financial figures – Payton Planar Magnetics Ltd.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, - Audited -

	<u>2024</u>	<u>2023</u>
	<u>\$ thousands</u>	<u>\$ thousands</u>
Revenues	50,826	54,856
Cost of sales	(28,709)	(30,753)
Gross profit	22,117	24,103
Development costs	(1,672)	(1,442)
Selling and marketing expenses	(2,203)	(2,152)
General and administrative expenses	(4,703)	(3,863)
Other income (expenses), net	7	(245)
Operating profit	13,546	16,401
Finance income	2,404	2,023
Finance expenses	(64)	(142)
Finance income, net	2,340	1,881
Share of profits of equity accounted investee	235	218
Profit before taxes on income	16,121	18,500
Taxes on income	(2,810)	(3,234)
Net Profit	13,311	15,266
Other comprehensive income (loss) items that will not be transferred to profit and loss		
Remeasurement of defined benefit plan	41	27
Share of other comprehensive loss of equity accounted investee	(17)	(6)
Total other comprehensive income, net of tax	24	21
Total comprehensive income	13,335	15,287
Earnings per share		
Basic and diluted earnings per share (in \$)	0.75	0.86

Consolidated Statement of Financial Position as at December 31, - Audited -

	<u>2024</u>	<u>2023</u>
	<u>\$ thousands</u>	<u>\$ thousands</u>
ASSETS		
Current assets	71,962	72,468
Non-current assets	13,911	12,161
Total assets	85,873	84,629
Liabilities and shareholders' equity		
Current liabilities	5,515	7,715
Non-current liabilities	1,562	1,692
Total equity	78,796	75,222
Total liabilities and shareholders' equity	85,873	84,629

Current Shareholders structure

Shareholder name	# of shares	% outstanding shares	Comments
Payton Industries Ltd.	11,694,381	66.2%	Israeli company traded in the Tel Aviv stock exchange.
Public	5,976,394	33.8%	Listed on the Euronext since June 1998
Total	17,670,775	100.0%	Total outstanding shares.

Consolidated Statements of Cash Flows for the year ended December 31

- Audited -

	2024	2023
	\$ thousands	\$ thousands
Operating activities		
Net Profit	13,311	15,266
Adjustments:		
Depreciation	768	828
Taxes on income	2,810	3,234
Share of profits of equity accounted investee	(235)	(218)
Loss (gain) on sale of property, plant and equipment, net	(7)	145
Impairment loss of an option in an equity accounted investee	-	100
Share-based compensation provided by controlling shareholder	311	-
Finance income, net	(2,205)	(1,779)
	<u>14,753</u>	<u>17,576</u>
Decrease in trade accounts receivable	1,621	828
Decrease (increase) in other accounts receivable	769	(541)
Decrease in inventory	10	587
Increase (decrease) in trade payables	(2,492)	2,275
Increase (decrease) in other payables	478	(128)
Change in employee benefits	142	1
	<u>15,281</u>	<u>20,598</u>
Interest received	1,886	1,181
Interest paid	(32)	(23)
Income taxes paid, net	(3,304)	(2,552)
	<u>13,831</u>	<u>19,204</u>
Cash flows generated from operating activities		
	<u>13,831</u>	<u>19,204</u>
Investing activities		
Investments in deposits, net	(6,149)	(2,321)
Dividend received from an equity accounted investee	77	128
Investment in other investment	(1,833)	-
Acquisition of property, plant and equipment	(479)	(536)
Investments in marketable securities	(303)	(57)
Proceeds from sale of property, plant and equipment	27	14
Proceeds from sale of marketable securities	1,120	136
	<u>(7,540)</u>	<u>(2,636)</u>
Cash flows used for investing activities		
	<u>(7,540)</u>	<u>(2,636)</u>
Financing activities		
Dividend paid	(10,072)	(8,482)
	<u>(10,072)</u>	<u>(8,482)</u>
Cash flows used for financing activities		
	<u>(10,072)</u>	<u>(8,482)</u>
Net increase (decrease) in cash and cash equivalents	<u>(3,781)</u>	<u>8,086</u>
Cash and cash equivalents at beginning of the year	<u>26,921</u>	<u>19,003</u>
Effect of exchange rate fluctuations on cash and cash equivalents	<u>8</u>	<u>(168)</u>
Cash and cash equivalents at end of the year	<u>23,148</u>	<u>26,921</u>

Note - forward-looking statements:

This document 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 emphasize 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 document 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.

About us

Payton Planar Magnetix Ltd., an Israeli-based high-tech company, designs, manufactures and markets Planetix®, its customized line of planar transformers, conventional transformers and inductors to Original Equipment Manufacturers and their suppliers of power electronics. The group currently employs 170 people (including executive officers). Planar Magnetic Components are used in end products in various industries, including Telecommunications, cellular infrastructure, welding machines, High-reliability/Avionics, portable equipment and consumer goods. Planar Magnetix 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 Magnetix is a subsidiary of Payton Industries, headquartered in Israel, and has manufacturing and marketing operations in Israel, United States and in the U.K. Payton Planar Magnetix is publicly traded on the Euronext stock exchange in Brussels (ticker: PAY).

For more information, please visit Payton's website at www.paytongroup.com
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