

## HY1 2024 Report<sup>1</sup>

**Net profit USD 7,593 thousand**

**Sales Revenues of USD 28,520 thousand**

**Order Backlog as of June 30, 2024, of USD 30,466 thousand**

**Ness-Ziona (Israel) - Payton Planar Magnetics Ltd. today announced its financial results for the first half of 2024 (Six-month period ending June 30, 2024).**

**Net profit for the first six months of 2024 totaled USD 7,953 thousand.**

**Sales revenues for the first six months of 2024 totaled USD 28,520 thousand.**

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.

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.

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.

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

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.

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<sup>1</sup> The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements as at December 31, 2023.

## Key financial highlights for the first half of 2024

### 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 result

The Group's gross profit for the six-month period ended June 30, 2024 amounted to 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 of products mix and production sites.

### Expenses

During the first half of year 2024, The Group's Development Costs were USD 856 thousand compared with USD 755 thousand in the same period last year (HY/2023). The increase in this item resulted mainly due to labor and employees' benefits increases.

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.

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.

### Operating and financial result

The total operating income for the first half of 2024 amounted to USD 7,957 thousand compared to USD 6,837 thousand in the same period last year. During the first six months of 2024, Payton recorded a net finance income of USD 1,039 thousand compared to a net finance income of USD 748 thousand for the first six months of 2023. The increase in net finance income is mainly explained by the increase of bank deposit balances as well as high market interest rates.

### Taxes on income

Taxes on income for the three-month period ended June 30, 2024 were USD 1,549 thousand compared with USD 1,283 thousand in the six-month period ended June 30, 2023.

### Result of the period

The total result for the first half of 2024 was a net profit of USD 7,593 thousand, compared to USD 6,301 thousand for the six-month period ended June 30, 2023.

### Balance sheet - cash position

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 of 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 report's 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.

## Cash flow

*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. *Cash flows used for investing activities* in the six-month period ended June 30, 2024, amounted to 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. *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 in 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 in June 2023.

## Outlook

*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.

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

The complete financial statements and the quarterly report are available for downloading in the investors section of [www.paytongroup.com](http://www.paytongroup.com).

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

### 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 Magnetics Ltd., an Israeli-based high-tech company, designs, manufactures and markets Planetics®, its customized line of planar transformers, conventional 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 Telecommunications, cellular infrastructure, welding machines, High-reliability/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, United States and in the U.K. Payton Planar Magnetics is publicly traded on the Euronext stock exchange in Brussels (ticker: PAY).

Annex: Selected Financial Statements

## Key financial figures – Payton Planar Magnetics Ltd.

### Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income

- unaudited -

	For the six months ended June 30	
	2024	2023
	(Unaudited)	(Unaudited)
	\$ thousands	\$ thousands
Revenues	28,520	24,741
Cost of sales	(16,061)	(13,963)
<b>Gross profit</b>	<b>12,459</b>	10,778
Development costs	(856)	(755)
Selling and marketing expenses	(1,156)	(1,074)
General and administrative expenses	(2,500)	(2,122)
Other income (expenses), net	10	10
<b>Operating profit</b>	<b>7,957</b>	6,837
Finance income	1,115	868
Finance expenses	(76)	(120)
Finance income, net	1,039	748
Share of profits (loss) of equity accounted investee	146	(1)
<b>Profit before taxes on income</b>	<b>9,142</b>	7,584
Taxes on income	(1,549)	(1,283)
<b>Net profit</b>	<b>7,593</b>	6,301
<b>Other comprehensive income (loss) items that will not be transferred to profit and loss</b>		
Share of other comprehensive loss of equity accounted investee	(12)	(1)
<b>Total other comprehensive income (loss), net of tax</b>	<b>(12)</b>	(1)
<b>Total comprehensive income</b>	<b>7,581</b>	6,300
<b>Earnings per share</b>		
Basic and diluted earnings per share (in \$)	0.43	0.36

### Condensed Interim Consolidated Statement of Financial Position

- unaudited -

	June 30	
	USD 000	USD 000
	2024	2023
Current assets	68,654	61,722
Non-current assets	12,556	12,422
<b>Total assets</b>	<b>81,210</b>	74,144
Current liabilities	6,566	6,124
Non-current liabilities	1,827	1,785
Equity	72,817	66,235
<b>Total liabilities and Equity</b>	<b>81,210</b>	74,144

## Condensed Interim Consolidated Statements of Cash Flows

- unaudited -

	For the Six-months ended	
	June 30	
	2024	2023
	(Unaudited)	(Unaudited)
	\$ thousands	\$ thousands
<b>Operating activities</b>		
Net Profit	7,593	6,301
<b>Adjustments:</b>		
Depreciation	356	426
Taxes on income	1,549	1,283
Share of loss (profits) of equity accounted investee	(146)	1
Loss (gain) on sale of property, plant and equipment, net	(10)	(10)
Share-based compensation provided by controlling shareholder	86	-
Finance income, net	(946)	(620)
	<u>8,482</u>	<u>7,381</u>
Decrease (increase) in trade accounts receivable	(868)	1,951
Increase in other accounts receivable	(543)	(2,196)
Decrease in inventory	208	491
Increase (decrease) in trade payables	(1,425)	597
Increase (decrease) in other payables	154	387
Change in employee benefits	411	63
	<u>6,419</u>	<u>8,674</u>
Interest received	1,246	566
Interest paid	(32)	(23)
Income taxes paid, net	(1,692)	(1,134)
	<u>(1,692)</u>	<u>(1,134)</u>
<b>Cash flows generated from operating activities</b>	<u>5,941</u>	<u>8,083</u>
<b>Investing activities</b>		
Investments in deposits, net	(7,197)	(2,235)
Investment in other investment	(333)	-
Acquisition of property, plant and equipment	(295)	(137)
Investments in marketable securities	(303)	(57)
Proceeds from sale of fixed assets property, plant and equipment	18	10
Proceeds from sale of marketable securities	305	114
	<u>(7,805)</u>	<u>(2,305)</u>
<b>Financing activities</b>		
Dividend paid	(10,072)	(8,482)
	<u>(10,072)</u>	<u>(8,482)</u>
<b>Cash flows used for financing activities</b>	<u>(10,072)</u>	<u>(8,482)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(11,936)</u>	<u>(2,704)</u>
<b>Cash and cash equivalents at the beginning of the period</b>	<u>26,921</u>	<u>19,003</u>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<u>(37)</u>	<u>(156)</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>14,948</u>	<u>16,143</u>