


Payton Planar Magnetics presentation

April 2021

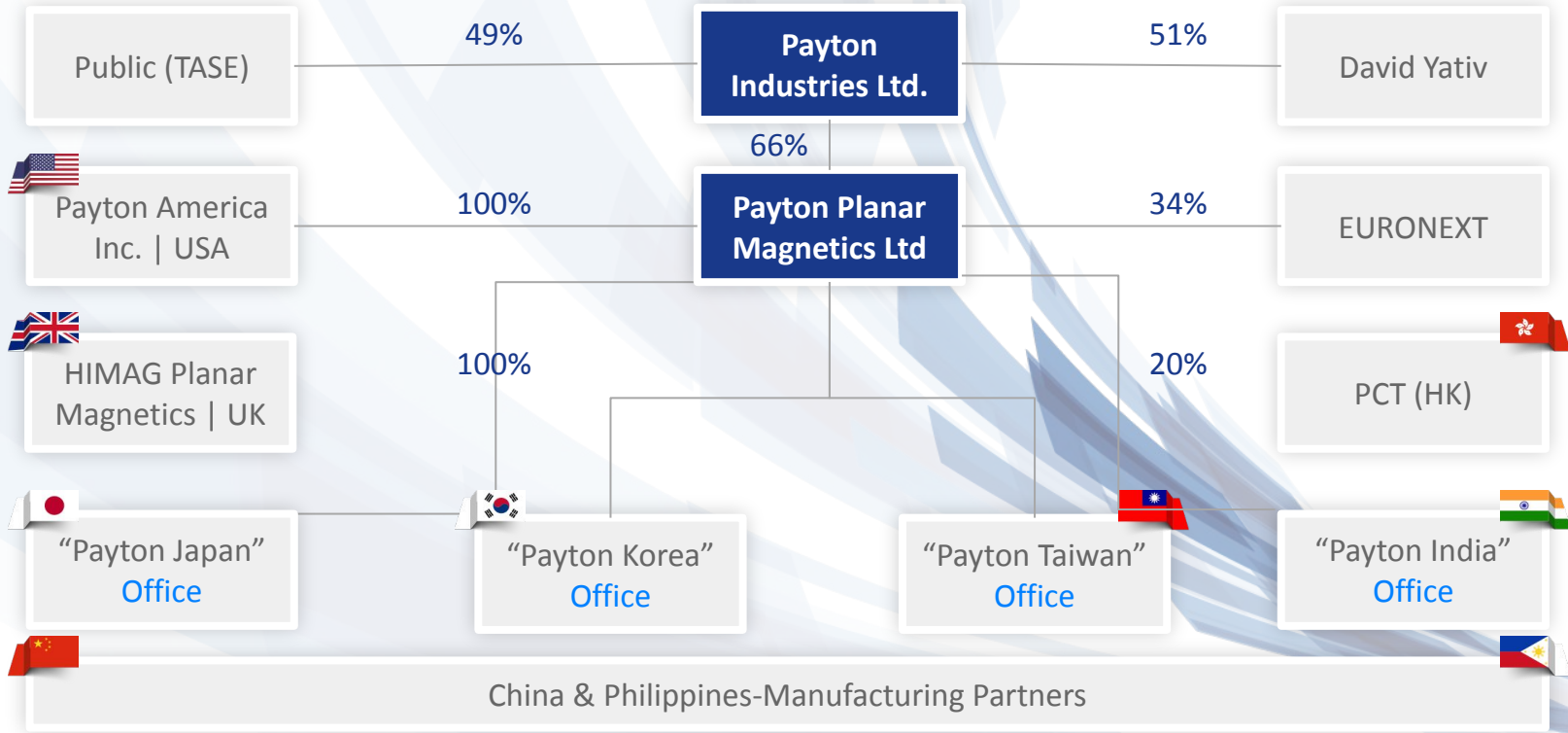
Forward-Looking Statements

This presentation 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. The 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 (such as: Currency exposure, material prices, manufacturing partners, global economy), 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.

Highlights

- Revenues year 2020 - USD 43,874 thousands [*USD 38,425 thousands in year 2019*].
- Gross margin year 2020 of 41%, USD 18,140 thousands [*45%, USD 16,840 thousands, in 2019*].
- Operating margin year 2020 of 26% (USD 11,651 thousands) [*26%, USD 10,033 thousands, in 2019*].
- EPS year 2020 - USD 0.56 [*USD 0.50 for the year 2019*].
- Free Cash as at 31.12.2020 of \$44.4 million. [*USD 33.8 million as at 31.12.2019*].
- Dividend - a dividend distribution at a gross amount of USD 7,422 thousand (USD 0.42 per share) for the years 2019 & 2020.

Payton Group Structure



Our Vision

INNOVATION | DESIGN | PERFORMANCE

To design the best
technological products
that provides the customer
competitive advantage

What do we do?

- Design the best custom magnetic solutions
- Provide outstanding customer service
- Quick design and fast delivery
- Focus on expanding the pipeline

Samples of Our Products

- High frequency
- High efficiency (Typ. 99%)
- Easy to cool

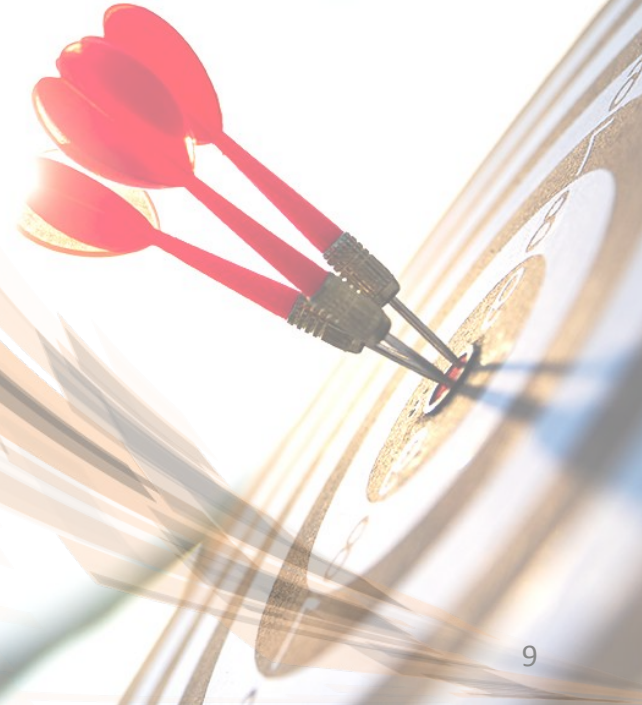


What are the Planar technology advantages?

- Small size and weight (up to 10 times compared to conventional technology)
- High efficiency up to 99.5%
- Easy to cool
- low profile

What is our business model?

- Design as many as possible projects
- Long term customer relationship
- Extraordinary customer service
- Continuous expansion of the pipeline



What are our design capabilities?

- Over 500 custom designs per year
- In-house and off the shelf softwares
- In-house PCB factory
- Large engineering team
- Very quick samples design and built.
- More than 30 years of experience

To whom do we sell?

Every customer/Industry who faces design challenges such as :

- Size/volume/ weight
- Efficiency
- Cooling
- High frequency complexity



Payton's Market

- Niche market
- Not many competitors (Blue ocean)
- Customized products
- Project oriented

Some of the industries we sell to:

- Telecom equipment/ Datacenter
- Automotive
- Portable equipment
- Charging systems
- Medical equipment

How are we perceived in the market?

- Market Leader
- Best engineering capabilities-Experts in the market
- Strong track record and reputation
- Reliable supplier with the highest quality
- Brand pricing

Where does the market go?

- Tailor made solutions
- Miniaturization/higher power density
- Increased switching frequency
(supported by the semiconductors trend)
- Green Energy/ electrification/efficiency
- environmental trends

How do we plan to grow?

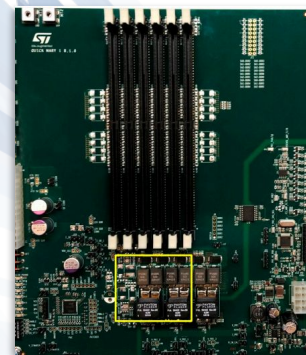
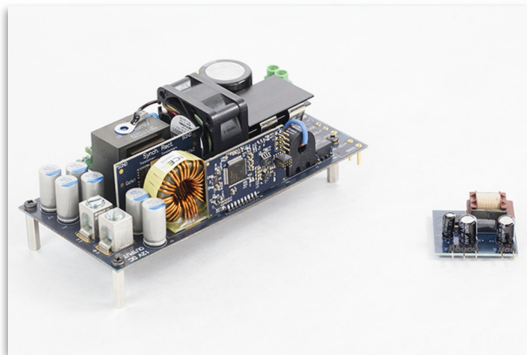
- Expand the pipeline of new projects
- Cooperate with our customers for new opportunities
- Have additional technical capabilities
- Look for business opportunities to expand our core business with synergetic product lines.



Working with the semiconductor makers

Few examples that can be found in Payton's website

- Infineon- [EVAL 800W ZVS FB CFD7](#)
- Texas Instruments- [200kHz LLC Series Resonant Converter](#)
- ST- [48V Direct Conversion to CPU.](#)



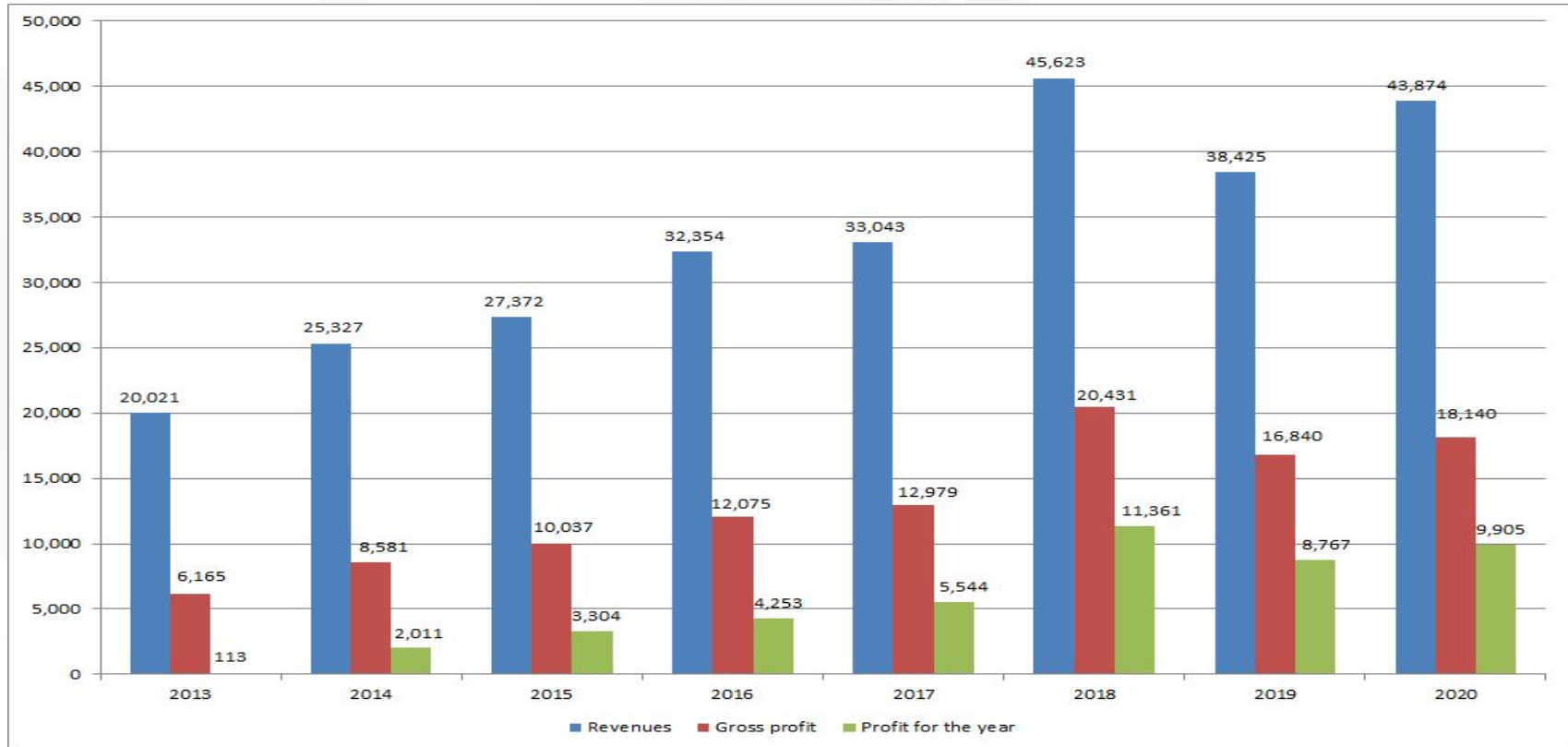
Automotive market

- Mostly in Battery Chargers
- Long design cycle
- Demand for compact design
- Electric Vehicle (EV)/ Hybrid Electric Vehicle (HEV)
- Very competitive market



Financial Results

Payton Planar Magnetics Consolidated Comprehensive financial results (US\$)



Dividends

On August 17, 2020, the Company's B.O.D decided adopt a Dividend Distribution Policy according to which, the Company may distribute to its shareholders, every year a dividend at a rate of up to 40% of the company's yearly net profits.

The distribution of the said dividend will be subject to a separate decision of the Company's Board of Directors, to be made together with the approval of the Company's annual financial statements by the Board of Directors.

Dividends

Payton Planar Magnetics Dividends Split			
	<u>Amount</u> <u>(USD thousands)</u>	<u>Announced on</u>	<u>Payment Date</u>
1	3,092	March 26, 2018	May 24, 2018
2	5,301	March 27, 2019	June 6, 2019
3	7,422	March 24, 2021	June , 2021

Outlook

- **The COVID-19 crisis effect** - In the year 2020, it appears that due to its flexibility and global spread the Group successfully handled the crisis. Payton's worldwide manufacturing facilities and geographically spread of the Group's production sites in China, the Philippines, Israel, England and the United States has proven itself effective and minimized the impact of the coronavirus pandemic on its business operations enabling to deliver most of its orders for year 2020 on time.
Today, all production sites are fully operational in a "Corona routine" while strictly maintaining all rules. Assuming that no dramatic changes will occur, management estimates that the worldwide Covid-19 epidemic will have no major impact on the Group's activities and it will continue to conduct its business in a controlled manner of "Corona routine" during year 2021.
- It is further clarified that because the COVID-19 crisis is an ongoing global event, other effects may occur, such as: changes in customers demands, global prices increase, shortage in raw materials, lack of manpower and increase in labor costs.
- **Backlog** - As at December 31, 2020 backlog amounted to USD 18,921 thousand (December 31, 2019 - USD 13,505 thousand).

**THE BEST
WAY
TO PREDICT
THE
FUTURE
IS TO
INVENT IT**

ALAN KAY

Info@paytongroup.com

www.paytongroup.com