

## **Q1 2024 Report<sup>1</sup>**

**Net profit USD 3,491 thousand**

**Sales Revenues of USD 12,642 thousand**

**Order Backlog as of March 31, 2024 of USD 33,057 thousand**

**Ness-Ziona (Israel) - Payton Planar Magnetics Ltd. today announced its financial results for the first quarter of 2024 (three-month period ending March 31, 2024).**

**Net profit for the first three months of 2024 totaled USD 3,491 thousand.**

**Sales revenues for the first three months of 2024 totaled USD 12,642 thousand.**

The Group's sales revenues for the three-month period ended March 31, 2024, increased by 5% and totaled to USD 12,642 thousand compared with USD 12,057 thousand in the three-month period ended March 31, 2023. Sales are combined from running projects and new ones.

Order backlog of the Group as of March 31, 2024, was USD 33,057 thousand (December 31, 2023 - USD 30,765 thousand). The backlog is composed of the Company and its two fully owned subsidiaries firm orders.

In the first quarter of year 2024, most of the global trends characterizing last year (2023) remained relevant. Decrease in demand, excess inventory levels, high interest rate, high prices of raw materials and high manpower costs influences customers activity and sometimes resulting in push-out of scheduled deliveries up on their needs. Management believes these trends are not expected to end in the near future.

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

**On March 5, 2024 –The Company paid dividend for the year 2023 at the amount of USD 10,072 thousand, USD 0.57 per share (Announced on January 24, 2024).**

## **Key financial highlights for the first three months of 2024**

### **Sales revenues**

*The Group's sales revenues* for the three-month period ended March 31, 2024, were USD 12,642 thousand compared with USD 12,057 thousand in the three-month period ended March 31, 2023. Despite the global slowdown trend the Group succeeded in maintaining the same sales volume combined from running projects and new ones.

### **Gross result**

*The Group's gross profit* for the three-month period ended March 31, 2024, amounted to USD 5,596 thousand (44% of sales) compared with USD 5,416 thousand (45% of sales) in the three-month period ended March 31, 2023. The gross margin is mainly affected by sales products mix and production sites.

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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.

## Expenses

During the first quarter of year 2024, The Group's *Development Costs* were USD 369 thousand compared with USD 332 thousand in the same period last year (Q1/2023).

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, 2024, were USD 557 thousand (4.4%) and USD 499 thousand (4.1%) in the three-month period ended March 31, 2023. The increase in the first quarter of 2024 resulted mainly due to increase in sales commission and incentives for the marketing team worldwide as well as in other selling expenses.

The Group's *General & Administrative expenses* for the three-month period ended March 31, 2024 were USD 1,047 thousand and USD 996 thousand in the three-month period ended March 31, 2023. The increase relates mainly to increase in maintenance and communications cost and in labor cost.

## Operating and financial result

The total *operating income* for the first quarter of 2024 amounted to USD 3,633 thousand compared to USD 3,599 thousand in the same period last year. During the first three months of 2024, Payton recorded a net *finance income* of USD 538 thousand compared to a net finance income of USD 295 thousand for the first three 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 March 31, 2024 were USD 674 thousand compared with USD 647 thousand in the three-month period ended March 31, 2023.

## Result of the period

The total result for the first quarter of 2024 was a net profit of USD 3,491 thousand, compared to USD 3,268 thousand for the three-month period ended March 31, 2023.

## Balance sheet - cash position

*Cash and cash equivalents, Short-term Deposits and marketable securities*, these items amounted to a total of USD 51,432 thousand as at March 31, 2024 compared to USD 56,186 thousand as at December 31, 2023 and USD 52,140 thousand as at March 31, 2023. The decrease in Cash and cash equivalents 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.

*Trade accounts receivable* amounted to USD 7,778 thousand as at March 31, 2024 compared with USD 9,546 thousand as at December 31, 2023 and USD 7,307 thousand as at March 31, 2023. The decrease in this item, compared with December 31, 2023 resulted mainly due to decrease in sales volume near the reports dates.

*Trade payables* amounted to USD 3,694 thousand as at March 31, 2024 compared with USD 3,663 thousand as at December 31, 2023 and USD 1,455 thousand as at March 31, 2023. The increase in this item compared to March 31, 2023, resulted mainly due to decrease of the advance payments made in favor of subcontractors and increase in purchases.

*Dividend payables* as of March 31, 2023, amounted to USD 8,482 thousand. This dividend was announced on March 28, 2023, and paid on June 2023.

## Cash flow

*Cash flows generated from operating activities* for the three-month period ended March 31, 2024, amounted to USD 5,628 thousand, compared with cash flows generated from operating activities of USD 6,857 thousand for the three-month period ended March 31, 2023. The decrease in cash flows from operating activities was generated mostly from changes in trade accounts receivable balances as well as from other non-cash adjustments and changes in assets and liabilities. *Cash flows generated from investing activities* in the three-month period ended March 31, 2024, amounted USD 4,160 thousand, compared with cash flows used for investing activities at the amount of USD 1,929 thousand in the three-month period ended March 31, 2023. Cash flows from investing activities generated mainly from bank deposits proceeds. *Cash flows used for financing activities* in the three-month period ended March 31, 2024 amounted USD 10,072 thousand, representing a dividend payment (announced on January 24, 2024) and paid on March 2024.

## Outlook

*Order backlog* of the Group as of March 31, 2024, was USD 33,057 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 31.3.2024 will be supplied within 4 quarters until March 31, 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 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 three months ended<br>March 31 |              |
|--|--|--------------|
|  | 2024                                   | 2023         |
|  | (Unaudited)                            | (Unaudited)  |
|  | \$ thousands                           | \$ thousands |
| Revenues   | 12,642                                 | 12,057       |
| Cost of sales  | (7,046)                                | (6,641)      |
| <b>Gross profit</b>  | <b>5,596</b>                           | 5,416        |
| Development costs  | (369)                                  | (332)        |
| Selling and marketing expenses   | (557)                                  | (499)        |
| General and administrative expenses  | (1,047)                                | (996)        |
| Other income (expenses), net   | 10                                     | 10           |
| <b>Operating profit</b>  | <b>3,633</b>                           | 3,599        |
| Finance income   | 574                                    | 374          |
| Finance expenses   | (36)                                   | (79)         |
| Finance income, net  | 538                                    | 295          |
| Share of profits (loss) of equity accounted investee   | (6)                                    | 21           |
| <b>Profit before taxes on income</b>   | <b>4,165</b>                           | 3,915        |
| Taxes on income  | (674)                                  | (647)        |
| <b>Net profit</b>  | <b>3,491</b>                           | 3,268        |
| <b>Other comprehensive income (loss) items<br/>that will not be transferred to profit and loss</b> |  |              |
| Share of other comprehensive income (loss) of<br>equity accounted investee                         | (10)                                   | 5            |
| <b>Total other comprehensive income (loss), net of tax</b>   | <b>(10)</b>                            | 5            |
| <b>Total comprehensive income</b>  | <b>3,481</b>                           | 3,273        |
| <b>Earnings per share</b>  |  |              |
| Basic and diluted earnings per share (in \$)   | <b>0.20</b>                            | 0.18         |

**Condensed Interim Consolidated Statement of Financial  
Position**  
**- unaudited -**

|                                     | March 31      |         |
|-------------------------------------|---------------|---------|
|                                     | USD 000       | USD 000 |
|                                     | 2024          | 2023    |
| Current assets                      | 66,257        | 66,132  |
| Non-current assets                  | 12,108        | 12,539  |
| <b>Total assets</b>                 | <b>78,365</b> | 78,671  |
| Current liabilities                 | 8,021         | 13,815  |
| Non-current liabilities             | 1,713         | 1,648   |
| Equity                              | 68,631        | 63,208  |
| <b>Total liabilities and Equity</b> | <b>78,365</b> | 78,671  |

**Condensed Interim Consolidated Statements  
of Cash Flows  
- unaudited -**

|  | For the three months ended<br>March 31 |                             |
|--|--|-----------------------------|
|  | 2024                                   | 2023                        |
|  | (Unaudited)<br>\$ thousands            | (Unaudited)<br>\$ thousands |
| <b>Operating activities</b>  |  |                             |
| Net Profit   | 3,491                                  | 3,268                       |
| <b>Adjustments:</b>  |  |                             |
| Depreciation   | 182                                    | 218                         |
| Taxes on income  | 674                                    | 647                         |
| Share of loss (profits) of equity accounted investee                     | 6                                      | (21)                        |
| Loss (gain) on sale of property, plant and equipment,                    | (10)                                   | (10)                        |
| Finance income, net  | (518)                                  | (237)                       |
|  | <u>3,825</u>                           | <u>3,865</u>                |
| Decrease in trade accounts receivable                                    | 1,768                                  | 3,067                       |
| Increase in other accounts receivable                                    | (185)                                  | (253)                       |
| Decrease (increase) in inventory   | (134)                                  | 342                         |
| Increase (decrease) in trade payables                                    | (32)                                   | 64                          |
| Increase (decrease) in other payables                                    | 15                                     | 273                         |
| Change in employee benefits  | 199                                    | 60                          |
|  | <u>5,456</u>                           | <u>7,418</u>                |
| Interest received  | 753                                    | 127                         |
| Interest paid  | -                                      | (23)                        |
| Income taxes paid, net   | (581)                                  | (665)                       |
|  | <u>5,628</u>                           | <u>6,857</u>                |
| <b>Cash flows generated from operating activities</b>                    |  |                             |
|  | <u>5,628</u>                           | <u>6,857</u>                |
| <b>Investing activities</b>  |  |                             |
| Proceeds from (investments in) deposits, net                             | 4,235                                  | (1,842)                     |
| Acquisition of property, plant and equipment                             | (93)                                   | (97)                        |
| Investments in marketable securities                                     | (108)                                  | -                           |
| Proceeds from sale of property, plant and equipment                      | 18                                     | 10                          |
| Proceeds from sale of marketable securities                              | 108                                    | -                           |
|  | <u>4,160</u>                           | <u>(1,929)</u>              |
| <b>Cash flows generated from (used for) investing activities</b>         |  |                             |
|  | <u>4,160</u>                           | <u>(1,929)</u>              |
| <b>Financing activities</b>  |  |                             |
| Dividend paid  | (10,072)                               | -                           |
|  | <u>(10,072)</u>                        | <u>-</u>                    |
| <b>Cash flows used for financing activities</b>                          |  |                             |
|  | <u>(10,072)</u>                        | <u>-</u>                    |
| <b>Net increase (decrease) in cash and cash equivalents</b>              | (284)                                  | 4,928                       |
| <b>Cash and cash equivalents at the beginning of the period</b>          | 26,921                                 | 19,003                      |
| <b>Effect of exchange rate fluctuations on cash and cash equivalents</b> | (7)                                    | (103)                       |
| <b>Cash and cash equivalents at the end of the period</b>                | <u>26,630</u>                          | <u>23,828</u>               |