

**Payton Planar Magnetics Ltd. ("The Company")**  
**Reporting its annual and extraordinary general meeting of the Company's shareholders**

This notice is to announce that an annual and extraordinary general meeting of the Company's shareholders will be held on September 26th, 2019 at 3:00 PM (hereinafter: "**The Meeting**"). The meeting will be held in the Company's registered office at 3 Ha'avoda St. Ness-Ziona, Israel (hereinafter: "**The Company's registered office**").

**On the agenda**

1. Discussion and Acceptance of the Company's 2018 yearly financial statements.
2. Re-nomination of KPMG Somekh-Chaikin, a member of the KPMG International, as the Company's independent auditors and authorizing the Board of Directors of The Company, to define their fees.
3. Re nomination of Mr. Nissim Suez as an external Director for an additional period of 3 years, and reconfirming his remuneration given by The Company at the same rate given to the other external Director of The Company, according to the Israeli Companies Regulations (Rules in regard to remuneration and expenses to an external director) 2000, according to The Company's rank, as defined in the regulations mentioned above, and according to the remunerations paid to the other external directors of The Company and The Company's Remuneration Policy.
4. Re Nomination of Mr. David Yativ, Mr. Doron Yativ, Mr. Doron Livne and Mrs. Sharon Ozan (non-external directors) (collectively: "**the Current Directors**"), as directors on the company's board of directors in accordance with the provisions of sections 224b (a) and 224b (b) of the Companies Law, 5759-1999 (hereinafter: "**the Companies Law**"). Each of the current directors has stated that he has the necessary skills and ability to devote the time necessary to perform his duties, specified the above qualifications and stated that the restrictions stipulated in sections 226 and 227 of the Companies Law do not apply with respect to him.

It should be noted that the Current Directors, Mr. Doron Livne is considered to be an independent director (as defined in Section 1 of the Companies Law), who has stated that the terms of eligibility for the appointment of an external director set forth in section 204 (b) to (e) of the Companies Law are fulfilled with respect to him and does not serve as a director of the company for over 9 consecutive years.

The Company did not stipulate in its articles of association the minimum number of independent directors who will serve the company.

It shall be clarified that the vote for the re nomination of each of the Current directors, listed above, shall be made separately.

Copies of the external director and all the current directors' declarations according to rule number 224B and 241 of The Companies Law, are available at the Company's registered office and shall be delivered by e-mail to any shareholder at its request, accompanied by authenticated certificate of ownership, to be sent by registered mail to the Company's registered office.

The agenda, instructions for attendance and voting procedures in the meeting as well as other information, will be available on the Company's website [www.paytongroup.com](http://www.paytongroup.com) from August 21, 2019.

### **Adding a subject on the agenda**

A shareholder or more who holds at least one percent (1%) of the Company's voting rights in the meeting, may request, within 7 days after this notice, from the Company's Board of Directors to include any additional issue on the agenda, as long as the additional issue is suitable to be discussed at the Meeting.

In any case in which the Board of Directors find that the additional issue is suitable to be discussed at The Meeting, The Company will prepare an updated agenda and an amended voting letter, if necessary, and will publish an updated notice no later than 7 days after the deadline for submitting the request to include another issue on the agenda as mentioned in this section above.

It is hereby clarified that, if The Company will publish an updated notice, it will have no effect on the determine date of shares ownership as determined in this notice below.

### **The Majority needed for passing the matters on the agenda**

1. The resolution in matter 3 on the agenda, according to Rule number 239 (b) of the Israeli Companies Law shall be deemed to have been passed, by majority votes of the shareholders, voting in the meeting (Whether directly or indirectly by a proxy or a voting letter), conditional upon the existence of one of the terms as follows:
  - a. The majority votes shall include the majority votes of the participating shareholders who are not controlling shareholders in the company, or who have personal interest in the confirmation of the nomination, except personal interest that is not as a result of his relations with the controlling shareholders in The Company, participating in the vote. The votes of the abstainers will not be taken into account. Rule number 276 of The Companies Law shall apply with regard to shareholders who have a personal interest in the matter of the vote, *mutatis mutandis*.
  - b. The total of the objecting votes, from the entire shareholders mentioned in section (a) above, will not exceed 2% (two percent) of the total voting rights in The Company.
2. The resolutions in matters 2 and 4 on the agenda, shall be deemed to have been passed, by majority votes of the shareholders, present in the Meeting.

It is noted that, to best of The Company's knowledge, Payton Industries Ltd, the controlling shareholder of The Company, will hold on the determine date of shares ownership as determined in this notice below, a percentage of shares required to decide on matters 2 and 4 on the agenda.

### **Voting letter**

The shareholders may vote with regard to the resolution in matter 3 on the agenda above, also by a Voting Letter. The form of the Voting Letter is available at the company's registered office and can be delivered at request sent by mail to Mrs. Michal Lichtenstein ([michal@paytongroup.com](mailto:michal@paytongroup.com)). The latest date to deliver the Voting Letter is September 26<sup>th</sup> at 11 AM.

### **Legal Quorum**

If within half an hour of the above mentioned time no quorum is present (at least two shareholders present personally or by proxy or a voting letter who together hold at least twenty-five percent (25%) of the voting rights in the Company), the meeting shall stand adjourned to **September 26<sup>th</sup>, 2019, 04:00 PM**, at the same place (hereinafter: "**The Adjourned Meeting**").

If no quorum is present at The Adjourned Meeting within half an hour of the above mentioned time, the adjourned meeting shall be held with any number of participants.

### **The Determine Date of Shares Ownership**

The persons and/or entities that are entitled to participate and to vote in the meeting are the shareholders of The Company on August 27, 2019. In order to validate their participation, the shareholders are kindly requested to deposit with The Company a certificate of ownership issued by a financial institution according to the Israeli Companies Regulations (Proof of Ownership of a Share for Voting at the General Meeting), 5760-2000. Such certificate to be sent to Mrs. Michal Lichtenstein, at The Company's registered office (fax: +972-3-9517571 or e-mail: [michal@paytongroup.com](mailto:michal@paytongroup.com)) or to Arno Creve, Consultant at Citigate Dewe Rogerson Belgium (Belgium + 32 (0) 2 213 49 51 [arno.creve@citigatedewerogerson.com](mailto:arno.creve@citigatedewerogerson.com)).

An instrument appointing a representative, a proxy, a power of attorney, other certificate or a copy of the above mentioned documents attested by a notary, should be delivered to the office of the company, at least forty-eight (48) hours prior to the time of the meeting, or the adjourned meeting, where the person mentioned in the instrument is to vote. If the above conditions were not fulfilled, the appointing document shall be void.

A detailed description of the employment terms of the 5 Company's office holders, that have received the highest remuneration in the financial year 2018, as required according to regulation 4(d)(1) of the Companies' Regulations (an announcement and a note of a general meeting and a type meeting in a public company and including a matter on the agenda), 2000, is attached to this notice.

### **The Company's Representative**

The Company's Representative in regard to this Shareholders Meeting is Mrs. Michal Lichtenstein, at Payton Planar Magnetics 3 Ha'avoda st. Ness-Ziona, Israel (tel: +972-3-9611164, fax: +972-3-9612394 or: [michal@paytongroup.com](mailto:michal@paytongroup.com)).

### **The Board of Directors.**

**Details of remuneration regarding each of the five highest earners among senior corporate officers in thousands of dollars, for the year ended on 31/12/2018**  
**According to Israeli's Companies' Regulations**

Information about Beneficiary			Remunerations (in term of costs to the corporation) for services <sup>(1)</sup>					
	Name	Position	Scope of Position	Holding in Equity %	Salary in US\$ thousands	Commissions in US\$ thousands	Bonus in US\$ thousands <sup>(2)</sup>	Total US\$ thousands
1	Mr. David Yativ through "Wichita Ltd"	Executive Chairman of the Board	100%	34% <sup>(3)</sup>	517	-	248	765
2	Mr. Doron Yativ through "Yaarh-looking to the future ltd."	CEO	100%	- <sup>(4)</sup>	282	-	252	534
3	Mr. Jim D. Marinos	V.P. Engineering Payton America	100%	-	179	131	27	337
4	Mr. Haim Elgamil	Vice President of Operations	100%	-	187	-	-	187
5	Mrs. Michal Lichtenstein	V.P. Finance & C.F.O	100%	-	181	-	-	181
6	Mrs. Ravit Shreim	Comptroller	100%	-	83	-	-	83
	Total				1,429	131	527	2,087

(1) It is hereby clarified, that the remunerations which is detailed above, includes bonuses for year 2018 which were not yet paid as of the day of signing The Company's 2018 financial reports and do not include the bonuses for the year of 2017 (which were actually paid during the year of 2018).

(2) An executive bonus derived from Company profit (pre-tax) to the year of 2018 .

(3) 34% indirectly, due to his 51% holding in the Parent company Payton Industries Ltd.

(4) Holds less than 0.01%.