

## Full Year Results 2021

**Sales Revenues of USD 43,980 thousand leads to a net profit of USD 8,520 thousand for the year 2021.**

**Order Backlog as at December 31, 2021 amounted to USD 31,525 thousand, and as of March 13, 2022 to USD 44,032 thousand.**

**Payton Planar Magnetics Board of Directors decided to pay the shareholders a dividend at the amount of USD 8,023 thousand (USD 0.454 per share, to be paid during June 2022).**

**Ness-Ziona (Israel) – Payton Planar Magnetics (the "Company" or "Payton") today announced its financial results for the year ending December 31, 2021.**

**The net profit for 2021 amounted to USD 8,520 thousand compared to USD 9,905 thousand on year 2020.**

**In 2021, sales totaled USD 43,980 thousand compared to USD 43,874 thousand on year 2020. Sales were generated primarily from telecom/datacenter, automotive and industrial companies.**

**Today, all production sites are fully operational in a "Corona routine". Global changes continued in 2021, among these changes are included: a significant global shortage and price increase of raw materials, a significant increase of materials lead-time, increase in shipping and transportation costs and shortage in such means, changes in customers' demands and postponing of delivery dates, lack of manpower and increase in labor costs. Management believes these global trends are not going to end in the near future and will continue during year 2022 too.**

**The Company's Board of Directors announced today a dividend payment for the financial year 2021, at the amount of USD 8,023 thousand (USD 0.454 per share, to be paid during June 2022).**

**As at December 31, 2021 Order Backlog amounted to USD 31,525 thousand, and as of March 13, 2022 to USD 44,032 thousand (December 31, 2020 - USD 18,921 thousand). The backlog is composed of the Company and its two fully owned subsidiaries firm orders.**

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

## Key financial highlights in 2021

### Sales revenues

The Group's sales revenues for year 2021 were USD 43,980 thousand similar to the amount of USD 43,874 thousand in year 2020. The Group succeeded to maintain its sales volume in spite of the challenges of the COVID-19 crisis and other global business environment worldwide effects thanks to its diversity of projects and its manufacturing geographical spread.

### Cost of sales & gross result

The Group's gross results for the year ended December 31, 2021 were USD 17,373 thousand (40%), compared with USD 18,140 thousand (41%), in the year ended December 31, 2020. The gross margin was influenced mainly by the sales products mix and by raw materials prices increase.

## Expenses

**The Group's General & Administrative expenses** The Group's General & Administrative expenses for the year ended December 31, 2021 amounted to USD 3,734 thousand compared with USD 3,385 thousand in the year ended December 31, 2020. The increase is explained mainly by the local currency (NIS and GBP) revaluation against the USD resulted in increase of labor cost and other general costs. **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 (it is noted 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 year ended December 31, 2021 amounted to USD 1,791 thousand (4%) compared with USD 1,759 thousand (4%) in the year ended December 31, 2020. In year 2021 similar to previous year (2020), due to the COVID-19 Epidemic, other selling expenses, mainly in travel expenses and exhibitions costs were lack. **The Group's development costs** for the year ended December 31, 2021 were USD 1,481 thousand compared with USD 1,365 thousand in the year ended December 31, 2020. The increase is explained mainly by the local currency (NIS) revaluation against the USD, as well as by an increase in the development team's labor cost.

## Operating & financial results

The total operating profit before the financial result for 2021 amounts to USD 10,368 thousand compared to USD 11,651 thousand last year.

The Group's Finance income for the year ended December 31, 2021 amounted to USD 25 thousand compared with a finance income of USD 455 thousand in the year ended December 31, 2020. Decrease is explained mainly by the decrease of the market interest rate on bank deposits.

## Profit before taxes on income

The profit before income taxes for the financial year 2021 is USD 10,341 thousand compared to a profit of USD 12,080 thousand in 2020.

## Taxes on income

Tax expenses for the year ended December 31, 2021 amounted to USD 1,821 thousand compared with USD 2,175 thousand for the year ended December 31, 2020.

## Net Profit for the year

The total result for financial year 2021 was a net profit of USD 8,520 thousand, compared to USD 9,905 thousand in 2020.

## Total comprehensive income for the year

Total comprehensive income for financial year 2021 was a profit of USD 8,815 thousand, compared to USD 9,981 thousand in 2020.

## Balance sheet – cash position

*Cash and cash equivalents, Short-term Deposits and marketable securities* - these items amounted to a total of USD 38,625 thousand as at December 31, 2021 compared to USD 44,379 thousand as at December 31, 2020. The decrease in these items resulted due to the dividend payment made on June 2021, and the classification of USD 5,020 thousand as long-term deposit. However, the profit for the period offset the impact of these two factors. The Group's management believes, a solid financial position is an important factor in order to successfully overcome times of crisis.

*Other accounts receivable* - these amounted to USD 3,226 thousand as at December 31, 2021 compared with USD 2,417 thousand as at December 31, 2020. The changes in this item are due to advance payments made to suppliers and mainly due to IFRS 15 implementation according to which the Company recognized revenues over time (instead of upon delivery). Revenues recorded prior to

delivery are recorded against "contract assets", which are presented among "other accounts receivable". As at December 31, 2021 such contract assets amounted to approximately USD 2.5 million compared to USD 1.9 million as at December 31, 2020.

*Long-term deposits* - amounted to USD 5,020 thousand as at December 31, 2021. There were no Long-term deposits as at December 31, 2020.

*Trade payables* - amounted to USD 4,088 thousand as at December 31, 2021 compared with USD 5,053 thousand as at December 31, 2020. The changes in this item are influenced mainly from purchases made near the report date as well as from advance payment and shorter payment terms in favor of subcontractors.

## **Cash flow statement**

*Cash flows generated from operating activities* for the year ended December 31, 2021 amounted USD 7,156 thousand, compared with the cash flows generated from operating activities of USD 11,210 thousand for the year ended December 31, 2020. The decrease in cash flows from operating activities resulted mostly from decrease in profit for the year, decrease in trade payable and increase in other accounts receivable.

*Cash flows used for investing activities* in the year ended December 31, 2021 amounted USD 8,914 thousand compared with cash flows generated from investing activities of USD 15,344 thousand in the year ended December 31, 2020. During year 2021 most of the cash flows used for investing activities used for investments in bank deposits and in marketable securities.

*Cash flows used for financing activities* for the year ended December 31, 2021, amounted USD 7,422 thousand, representing a dividend payment (announced March 24, 2021) that was paid on June 2021. There were no cash flows used for financing activities in the year ended December 31, 2020.

## **Outlook**

*The COVID-19 crisis effect* - in the year 2021, similar to year 2020, it seems that, the Group's flexibility and global spread, resulted in successfully handling this crisis. The manufacturing lines in Israel operated continuously while abiding all required distance regulations.

During year 2021, also, the other Group's members: the subsidiaries in England and United States continued their business operations in the same manner while keeping all needed measures and abiding with their local regulations.

Payton's worldwide planning and manufacturing facilities and geographically spread of the Group's production sites in China, the Philippines, Israel, England and the United States minimized the effect of the COVID-19 epidemic and has proven itself effective enabling the delivery of most orders on time.

In spite of the recent outbreak of the fifth covid-19 wave, in Israel and in other places over the world, most of the companies got used to conduct their economic and business activities side by side the COVID-19 epidemic. As at the date of signing these financial statements, all production sites are fully operational in a "Corona routine".

*Global business environment changes* - During year 2021 the additional global changes noted last year (2020) continued. Among these global changes are included: a significant global shortage and price increase of raw materials, a significant increase of materials lead-time, increase in shipping and transportation costs and shortage in such means, changes in customers' demands and postponing of delivery dates, lack of manpower and increase in labor costs and recently also energy shortage in China that might result in production capacity shortage. Management believes these trends are not going to end in the near future and will continue during year 2022 too. The Company will continue to follow-up these global trends and update accordingly. Another factor that affects the Group's activity is the devaluation of the US\$ against the local NIS, the Euro and the Pound, which mainly increases local labor costs and other operating costs in Israel and the United Kingdom. During year 2021 the significant US\$ devaluation become a more significant factor.

As at December 31, 2021 the Group's order backlog amounted to USD 31,525 thousand, and as at March 13, 2022 to USD 44,032 thousand (December 31, 2020 - USD 18,921 thousand). The backlog is composed of the Company and its two fully owned subsidiaries firm orders.

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

### **Subsequent Events**

On March 28, 2022 the Company's Board of Directors decided to pay the shareholders a dividend at the amount of USD 8,023 thousand (USD 0.454 per share, to be paid during June 2022). Pursuant to the amendment of the law for the Encouragement of Capital Investments executed on November 15, 2021 (the temporary order), per Company's decision, this dividend will be subject to a beneficiary corporate tax rate of 10%, at the amount of USD 900 thousands. It is noted that this dividend is also submitted to a tax withholding of 15%.

### **Independent Auditors' Report – 28 March 2022**

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, 2021.

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 Somekh Chaikin, Certified Public Accountants, a member firm of KPMG International. 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, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS)".*

### **Statement by senior management in accordance with Royal Decree of 14 November 2007**

Pursuant to article 13 § 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 financial statements at 31 December 2021 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
- b) the report gives a true and fair view of the main events of the financial year, their impact on the financial statements, 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](http://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 -	2021 \$ thousands	2020 \$ thousands
Revenues	43,980	43,874
Cost of sales	(26,607)	(25,734)
<b>Gross profit</b>	<b>17,373</b>	18,140
Development costs	(1,481)	(1,365)
Selling and marketing expenses	(1,791)	(1,759)
General and administrative expenses	(3,734)	(3,385)
Other income (expenses), net	1	20
<b>Operating profit</b>	<b>10,368</b>	11,651
Finance income	193	566
Finance expenses	(168)	(111)
Finance income, net	25	455
Share of (losses) profits of equity accounted investee	(52)	(26)
<b>Profit before taxes on income</b>	<b>10,341</b>	12,080
Taxes on income	(1,821)	(2,175)
<b>Profit for the year</b>	<b>8,520</b>	9,905
<b>Other comprehensive income (loss) items that will not be transferred to profit and loss</b>		
Remeasurement of defined benefit plan	(12)	56
Share of other comprehensive income (loss) of equity accounted investee	7	20
<b>Total other comprehensive income (loss)</b>	<b>(5)</b>	76
<b>Total comprehensive income for the year</b>	<b>8,515</b>	9,981
<b>Basic and diluted earnings per share (in \$)</b>	<b>0.48</b>	0.56

### Consolidated Statement of Financial Position - Audited -

	2021 USD 000	2020 USD 000
<b>ASSETS</b>		
Current assets	55,540	59,923
Non-current assets	16,238	11,677
<b>Total assets</b>	<b>71,778</b>	71,600
<b>Liabilities and shareholders' equity</b>		
Current liabilities	7,581	8,627
Non-current liabilities	1,872	1,741
Total equity	62,325	61,232
<b>Total liabilities and shareholders' equity</b>	<b>71,778</b>	71,600

## 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 -

	2021	2020
	<u>\$ thousands</u>	<u>\$ thousands</u>
<b>Operating activities</b>		
Profit for the year	8,520	9,905
<b>Adjustments:</b>		
Depreciation	891	898
Taxes on income	1,821	2,175
Share of losses of equity accounted investee	52	26
Gain on sale of fixed assets	(1)	(20)
Finance income, net	(144)	(584)
	<u>11,139</u>	<u>12,400</u>
Change in employee benefits	125	249
Increase in trade accounts receivable	(252)	(2,055)
Increase in other accounts receivable	(940)	(553)
Decrease (increase) in inventory	(310)	47
Increase (decrease) in trade payables	(923)	2,351
Increase in other payables	130	186
	<u>8,969</u>	<u>12,625</u>
Interest received	134	642
Interest paid	(40)	(9)
Income taxes paid, net	(1,907)	(2,048)
	<u>7,156</u>	<u>11,210</u>
<b>Cash flows generated from operating activities</b>	<u>7,156</u>	<u>11,210</u>
<b>Investing activities</b>		
Proceeds from (investments in) deposits, net	(7,399)	15,967
Investments in marketable securities held for trading	(997)	-
Acquisition of fixed assets	(523)	(674)
Proceeds from sale of fixed assets	5	51
	<u>(8,914)</u>	<u>15,344</u>
<b>Cash flows generated from (used for) investing activities</b>	<u>(8,914)</u>	<u>15,344</u>
<b>Financing activities</b>		
Dividend paid	(7,422)	-
	<u>(7,422)</u>	<u>-</u>
<b>Cash flows used for financing activities</b>	<u>(7,422)</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(9,180)</u>	<u>26,554</u>
<b>Cash and cash equivalents at beginning of the year</b>	<u>31,325</u>	<u>4,741</u>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<u>1</u>	<u>30</u>
<b>Cash and cash equivalents at end of the year</b>	<u>22,146</u>	<u>31,325</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 Magnetics Ltd., an Israeli-based high-tech company, designs, manufactures and markets Planetics<sup>®</sup>, 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 179 people (including executive officers). Planar Magnetic Components are used in end products in various industries, including telecom, automotive, cellular infrastructure, Military/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, U.K. and United States. Payton Planar Magnetics is publicly traded on the Euronext stock exchange in Brussels (ticker: PAY).

For more information, please visit Payton's web site at [www.paytongroup.com](http://www.paytongroup.com)  
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