

## Full Year Results 2020

**Sales Revenues of USD 43,874 thousand leads to a net profit of USD 9,905 thousand for the year 2020.**

**Payton Planar Magnetics Board of Directors decided on a dividend distribution at a gross amount of USD 7,422 thousand (USD 0.42 per share) for the years 2019 & 2020.**

**Ness-Ziona (Israel) – Payton Planar Magnetics (the "Company" or "Payton") today announced its financial results for the year ending December 31, 2020.**

**The net profit for 2020 amounted to USD 9,905 thousand compared to USD 8,767 thousand on year 2019.**

**In 2020, sales totaled USD 43,874 thousand compared to USD 38,425 thousand on year 2019 (increase of 14%). Sales were generated primarily from telecom/datacenter, automotive companies and industrial companies.**

**Today, all production sites are fully operational in a "Corona routine" while strictly maintaining all rules. Assuming no dramatic changes will occur, during year 2021, 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". Since 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.**

**The Company's Board of Directors announced today a dividend payment for the financial years 2019 and 2020, at the amount of USD 7,422 thousand (USD 0.42 per share, to be paid during June 2021).**

**Order Backlog as at December 31, 2020 amounted to USD 18,921 thousand, and as of March 12, 2021 to USD 18,052 thousand (December 31, 2019 - USD 13,505 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 2020

### Sales revenues

The Group's sales revenues for year 2020 were USD 43,874 thousand compared with USD 38,425 thousand in year 2019 - increase of 14%. The Group succeeded to increase its sales volume in spite of the Corona Epidemic worldwide effect 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, 2020 were USD 18,140 thousand (41%), compared with USD 16,840 thousand (44%), in the year ended December 31, 2019. The gross margin is affected mainly by the sales products mix.

## Expenses

**The Group's General & Administrative expenses** for the year ended December 31, 2020 amounted to USD 3,385 thousand compared with USD 3,432 thousand in the year ended December 31, 2019. **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, 2020 amounted to USD 1,759 thousand (4%) compared with USD 2,061 thousand (5%) in the year ended December 31, 2019. In year 2020, due to the Corona Epidemic, a decrease in other selling expenses was noted, mainly in travel expenses and exhibitions costs. **The Group's development costs** for the year ended December 31, 2020 were USD 1,365 thousand compared with USD 1,299 thousand in the year ended December 31, 2019.

## Operating & financial results

The total operating profit before the financial result for 2020 amounts to USD 11,651 thousand compared to USD 10,033 thousand last year.

The Group's Finance income for the year ended December 31, 2020 amounted to USD 455 thousand compared with a finance income of USD 605 thousand in the year ended December 31, 2019.

## Profit before income taxes

The profit before income taxes for the financial year 2020 is USD 12,080 thousand compared to a profit of USD 10,651 thousand in 2019.

## Income taxes

Tax expenses for the year ended December 31, 2020 amounted to USD 2,175 thousand compared with USD 1,884 thousand for the year ended December 31, 2019. The increase in tax expenses resulted mainly from the profits.

## Net Profit for the year

The total result for financial year 2020 was a profit of USD 9,905 thousand, compared to USD 8,767 thousand in 2019.

## Total comprehensive income for the year

Total comprehensive income for financial year 2020 was a profit of USD 9,981 thousand, compared to USD 8,631 thousand in 2019.

## Balance sheet – cash position

*Cash and cash equivalents and Short-term Deposits* - these items amounted to a total of USD 44,379 thousand as at December 31, 2020 compared to USD 33,841 thousand as at December 31, 2019. The Company profitability during year 2020 attributed the increase. The Group's management believes, a solid financial position is an important factor in order to successfully overcome times of crisis.

*Trade accounts receivable* - these amounted to USD 9,665 thousand as at December 31, 2020 compared with USD 7,610 thousand as at December 31, 2019. The increase in this item resulted mainly due to increase in sales volume near the reports dates.

*Trade payables* - amounted to USD 5,053 thousand as at December 31, 2020 compared to USD 2,678 thousand as at December 31, 2019. The increase in this item is explained by the business activity growth resulting in purchases increase near the reports dates.

## **Cash flow statement**

*Cash flows generated from operating activities* for the year ended December 31, 2020 amounted USD 11,210 thousand, compared with the cash flows generated from operating activities of USD 8,789 thousand for the year ended December 31, 2019. The increase in cash flows from operating activities resulted mostly from the yearly profit growth and from an increase in trade payables.

*Cash flows generated from investing activities* in the year ended December 31, 2020 amounted USD 15,344 thousand compared with a cash flows used for investing activities amounted USD 6,138 thousand in the year ended December 31, 2019. During year 2020 most of the cash flows generated from investing activities generated from proceeds of short-term bank deposits.

There were no *cash flows used for financing activities* during year 2020. On previous year (2019) a dividend, at the amount of USD 5,301 thousand (announced March 27, 2019) was paid on June 2019.

## **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. The manufacturing lines in Israel operated continuously, in shifts, while taking the needed measures and abiding with all required distance regulations.

The local administrative staff continued to support the business activities also remotely when needed. At the same time, also, the other Group members: the subsidiaries in England and United States continued their business operations in the same manner while keeping all needed measures and abiding their local regulations.

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.

As of the date of signing these financial statements, 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 that combines the decisions and regulations of states and authorities, 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. The Group will continue to follow-up the global developments and update accordingly.

As at December 31, 2020 this backlog amounted to USD 18,921 thousand, and as of March 12, 2021 to USD 18,052 thousand (December 31, 2019 - USD 13,505 thousand). The backlog is composed of the Company and its two fully owned subsidiaries firm orders.

At the end of 2018 and at the beginning of 2019, the Company entered into framework agreements with one of its principle costumers (Customer B, as at 2020 yearly Financial Statements) for the supply of magnetic components to three (3) different projects in the electric/hybrid vehicle industry (HEV). The nature of the activity in the automotive industry is characterized by projects with a productive lifespan of about 5 to 7 years. As of December 31, 2020, the Group estimates that only one of those three projects, with predicted orders in the scope of about USD 1.5 million per year, will be executed during the years 2021 to 2024.

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

## **Subsequent Events**

On March 24, 2020, the Company's Board of Directors decided to pay the shareholders a dividend at the amount USD 7,422 thousand (USD 0.42 per share, to be paid on June 2021). The dividend is submitted to a tax withholding of 15%.

## **Independent Auditors' Report – 24 March 2021**

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, 2020.

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, 2020, 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 2020 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 -	2020 \$ thousands	2019 \$ thousands
Revenues	43,874	38,425
Cost of sales	(25,734)	(21,585)
<b>Gross profit</b>	<b>18,140</b>	16,840
Development costs	(1,365)	(1,299)
Selling and marketing expenses	(1,759)	(2,061)
General and administrative expenses	(3,385)	(3,432)
Other income (expenses), net	20	(15)
<b>Operating profit</b>	<b>11,651</b>	10,033
Finance income	566	811
Finance expenses	(111)	(206)
Finance income, net	455	605
Share of (losses) profits of equity accounted investee	(26)	13
<b>Profit before income taxes</b>	<b>12,080</b>	10,651
Income taxes	(2,175)	(1,884)
<b>Profit for the year</b>	<b>9,905</b>	8,767
<b>Other comprehensive income (loss) items that will not be transferred to profit and loss</b>		
Re-measurement of defined benefit plan, net of taxes	56	(133)
Share of other comprehensive income (loss) of equity accounted investee	20	(3)
<b>Total other comprehensive income (loss)</b>	<b>76</b>	(136)
<b>Total comprehensive income for the year</b>	<b>9,981</b>	8,631
<b>Basic and diluted earnings per share (in \$)</b>	<b>0.56</b>	0.50

### Consolidated Statement of Financial Position - Audited -

	2020 USD 000	2019 USD 000
<b>ASSETS</b>		
Current assets	59,923	46,693
Non-current assets	11,677	11,914
<b>Total assets</b>	<b>71,600</b>	58,607
<b>Liabilities and shareholders' equity</b>		
Current liabilities	8,627	5,595
Non-current liabilities	1,741	1,761
Total equity	61,232	51,251
<b>Total liabilities and shareholders' equity</b>	<b>71,600</b>	58,607

## 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 -

	2020	2019
	<u>\$ thousands</u>	<u>\$ thousands</u>
<b>Operating activities</b>		
Profit for the year	9,905	8,767
<b>Adjustments:</b>		
Depreciation	898	981
Income taxes	2,175	1,884
Share of losses (profits) of equity accounted investee	26	(13)
(Gain) loss on sale of fixed assets	(20)	15
Finance income, net	(584)	(701)
	<u>12,400</u>	<u>10,933</u>
Change in employee benefits	249	120
Increase in trade accounts receivable	(2,055)	(1,459)
(Increase) decrease in other accounts receivable	(553)	44
Decrease (increase) in inventory	47	(228)
Increase in trade payables	2,351	778
Increase in other payables	186	37
	<u>12,625</u>	<u>10,225</u>
Interest received	642	723
Interest paid	(9)	(41)
Income taxes paid	(2,048)	(2,118)
	<u>642</u>	<u>723</u>
<b>Cash flows generated from operating activities</b>	<u>11,210</u>	<u>8,789</u>
<b>Investing activities</b>		
Proceeds from (investment in) deposits, net	15,967	(5,540)
Acquisition of fixed assets	(674)	(629)
Proceeds from sale of fixed assets	51	31
	<u>15,344</u>	<u>(6,138)</u>
<b>Cash flows generated from (used for) investing activities</b>	<u>15,344</u>	<u>(6,138)</u>
<b>Financing activities</b>		
Dividend paid	-	(5,301)
	<u>-</u>	<u>(5,301)</u>
<b>Cash flows used for financing activities</b>	<u>-</u>	<u>(5,301)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>26,554</u>	<u>(2,650)</u>
<b>Cash and cash equivalents at beginning of the year</b>	<u>4,741</u>	<u>7,366</u>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<u>30</u>	<u>25</u>
<b>Cash and cash equivalents at end of the year</b>	<u>31,325</u>	<u>4,741</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 175 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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