



Payton Group presentation

August 2020

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.

Our Vision

INNOVATION, DESIGN, PERFORMANCE

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

Payton in a nutshell

- Established in 1987, publicly traded in TASE since 1993 and in Euronext Brussels since 1998
- Payton Designs, manufactures and sells Magnetic components
- A world leader in the Planar Magnetics technology
- Custom design capabilities
- Long term partnership with customers and suppliers
- Worldwide offices and sales network
- Strong Balance Sheet - 38.8 Million USD in cash as of 30/6/20
- Profitable for more than 15 years in a row

Samples of Our Products

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



Our Business Model

- We aim to make as many design-ins as possible
- Driven by customer specific needs
- Once approached by the customer, we design the best possible customized solution
- Provide extraordinary design and service
- Fast design and samples delivery
- Expand as much as possible the “funnel”

COVID-19

Overall- no material impact to-date

- Most of Payton's employees continued to work as usual
- Minimal impact on customers - Multiple factories locations
- Longer business cycle due to COVID-19, higher uncertainty

Payton Group Structure



The Planar Market

- Niche market with low number of competitors
- Customization of products and intensive work with engineering teams
- Long design-in and implementation cycle
- Project based

Payton Market Position

- Market Leader - We Consider ourselves as the #1 player
- Strong engineering capabilities-Experts in customization for all industries
- 30 years experience in the Planar industry
- Largest R&D team in the industry
- Strong track record and reputation- high returning customer rate
- Close cooperation with the semiconductors makers for reference designs

Supporting Trends

- Miniaturization/higher power density - Need for smaller and higher efficient products
- Increased switching frequency - allowing products size reduction
- High frequency semiconductors (Sic, Gan)- To allow high frequency power supply, all components need to be able to handle high efficiency
- Green Energy/ electrification/efficiency - environmental trends
- The need for customization and fast reaction drive tailored solutions and not off the shelf

Growth Engines

- Diversification
- close cooperation with Semi companies
- Efficiency driven market
- Payton is constantly looking for business opportunities to expand its core business with synergetic product lines.





Growth Engine:

Diversification - a large spectrum of applications

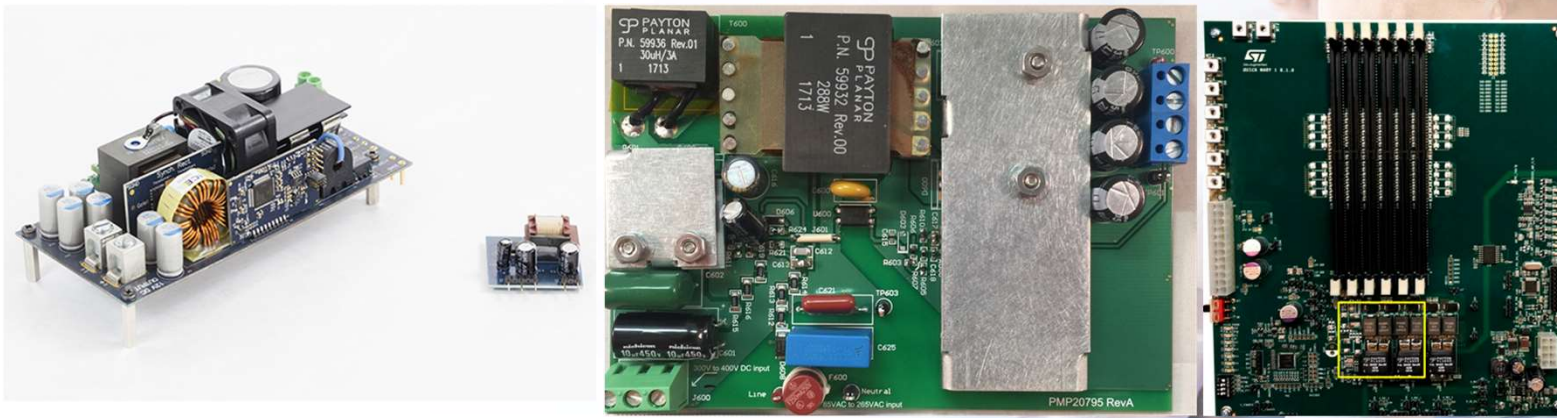
- Highly diversified
- We receive and design for projects regardless of the market
- Examples are:
- Telecom equipment/ Datacenter
- Automotive
- Portable equipment
- Power electronics systems
- Medical equipment

Growth Engine:

Close cooperation with the Semiconductors sector for reference designs

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.](#)

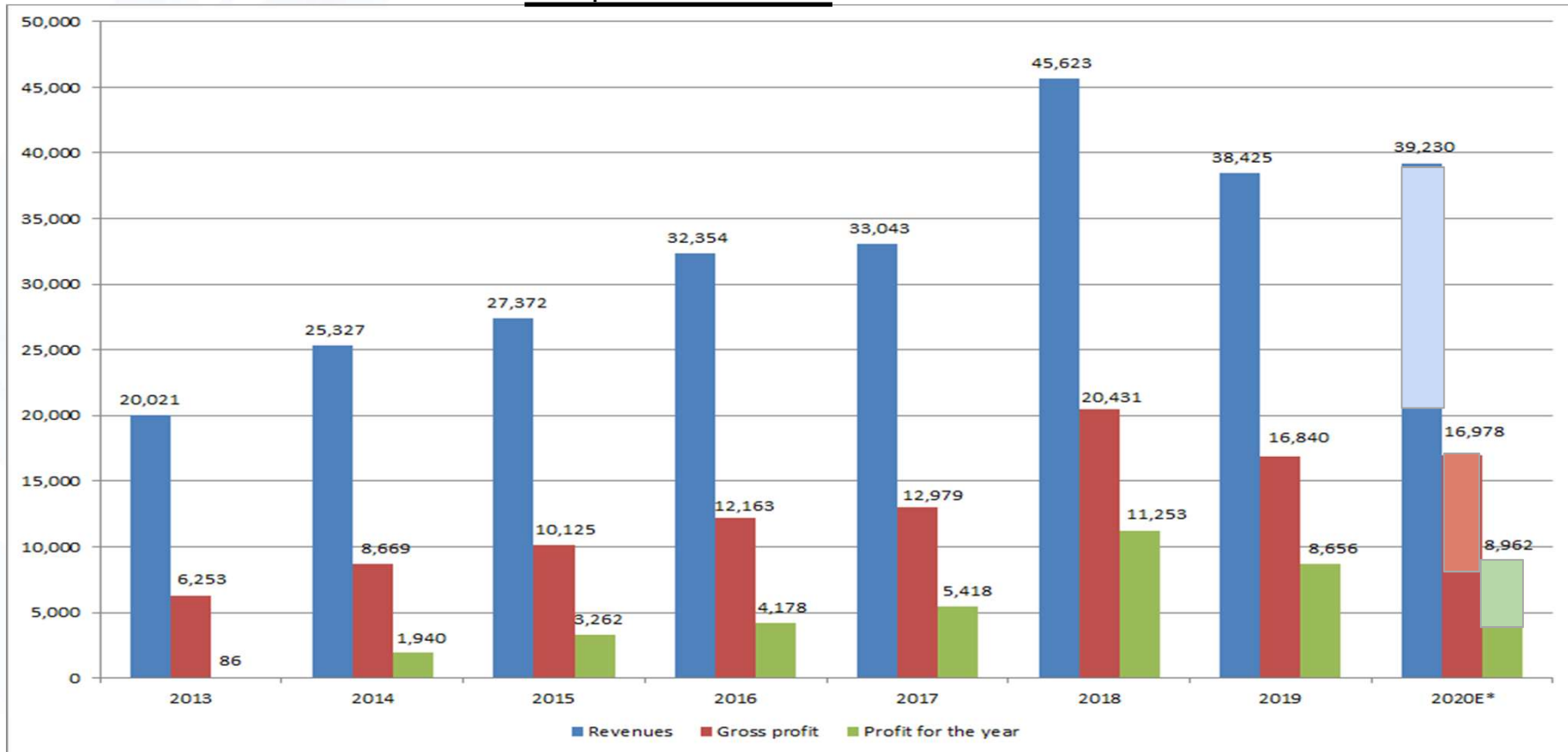


Automotive market

- Electric Vehicle (EV)/ Hybrid Electric Vehicle (HEV)
- Long design-in cycle
- Some of Payton products are embedded in DC-DC converters and Chargers
- Increased demand for high power/compact size/weight
- Demand is regulated

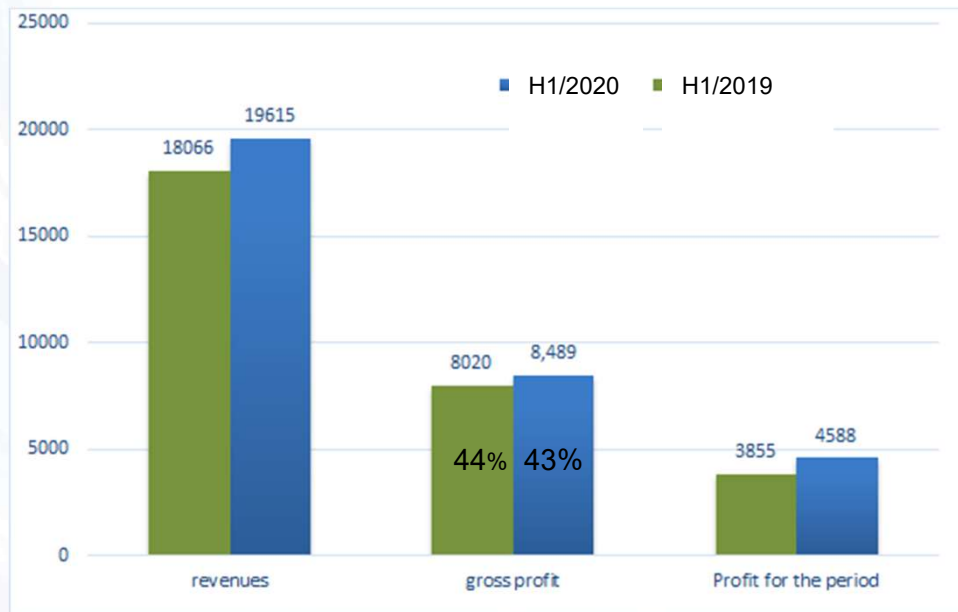
Payton Industries Consolidated Comprehensive Income

US\$ thousands



* 2020 sales/results are a calculation of HY2020 x 2. **Not to be considered** as an estimation and/or forecast

H1/2020 VS H1/2019 Results



Key financial figures – Payton Industries Ltd.

Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income
- unaudited -

	Six months End—ed June	
	2020 USD 000	2019 USD 000
Revenues	19615	18066
Cost of sales	(11,126)	(10,046)
Gross profit	8,489	8,020
Development costs	(666)	(677)
Selling and marketing expenses	(898)	(1,072)
General and administrative expenses	(1,733)	(1,782)
Other expenses, net	-	(8)
Operating profit	5,192	4,481
Finance income	343	484
Finance expenses	(45)	(104)
Finance income, net	298	380
Share of (losses) profits of equity accounted investee	(17)	12
Profit before income taxes	5,473	4,873
Income taxes	(992)	(900)
Profit for the period	4,481	3,973
Other comprehensive income (loss) items that will not be transferred to profit and loss		
Re-measurement of defined benefit plan	112	(99)
Share of other comprehensive loss of equity accounted investee	(5)	(19)
Total other comprehensive income (loss)	107	(118)
Total comprehensive income for the period	4,588	3,855
Profit for the period attributable to:		
Owners of the parent	2,948	2,610
Non-controlling interest	1,533	1,363
	4,481	3,973
Total comprehensive income for the period attributable to:		
Owners of the parent	3,019	2,532
Non-controlling interest	1,569	1,323
	4,588	3,855
Number of shares	17,670,775	17,670,775
Basic earnings per share (in USD)	0.26	0.23

Condensed Interim Consolidated Statement of Financial Position

- unaudited -

	June 30	
	USD 000 2020	USD 000 2019
Current assets	52,653	43,132
Non-current assets	11,617	12,191
Total assets	64,270	55,323
Current liabilities	6,434	6,498
Non-current liabilities	1,525	1,767
Issued capital and reserves attributable to owners of the parent	37,408	31,321
Non-controlling interest	18,903	15,737
Total equity	56,311	47,058
Total liabilities and Equity	64,270	55,323

Dividends

- Distributed \$3-5M/Yr in PPM in last 4 years
- The Company and its subsidiary adopted Dividend Distribution Policies: Payton Planar may announce up to 40% of its yearly net profits and Payton Industries may split about 90% of the dividend received from its subsidiary. All dividend distributions, if any, will be subject to the companies B.O.D specific resolutions.

Highlights

- We consider ourselves as the world leader in planar magnetics technology with more than 30 years experience
- Long term relationships with customers and suppliers - high returning customer rate
- Worldwide offices and sales offices- diversified sales across the globe.
- Strong Balance Sheet - profitable for more than 15 years in a row
Cash position - USD 38.8 Million as of 30/6/20
- Growth engines - higher demand for efficiency in diversified industries

**THE BEST WAY TO PREDICT
THE FUTURE IS TO INVENT
IT.** Alan Kay

Thank You

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