

**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 general meeting of the Company's shareholders will be held on September 20th, 2023 at 2:00 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 2022 yearly financial statements.
2. Re-Nomination of Kost, Forer, Gabbai & Kasierer (EY), as the Company's independent auditors and authorizing the Board of Directors of The Company, to define their fees.
3. Re-nomination of Mrs. Revital Ronen-Lentz as an external Director with a financial accounting expertise, for a period of 3 years, as of November 1<sup>st</sup>, 2023 and confirming her 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. Approval of the updated Company's Remuneration Policy (hereinafter: "**The Remuneration Policy**"), according to rule number 267a(b) of The Companies Law. It is noted that, if approved, the Remuneration Policy will replace the current Company's remuneration policy approved on September 30th, 2020 by the Company's shareholders.

The Remuneration Policy which was mainly updated due to increase of the inflation rates, has been examined by the Company's Remuneration Committee who has submitted its recommendations to the Board of Directors of the Company. The Board of Directors, after considering the recommendations of the Company's Remuneration Committee, has examined the Remuneration Policy and has come to the conclusion that the Remuneration Policy is a fair, logic and appropriate policy and has decided to bring it to the approval of the Company's Shareholders Meeting, which is summoned by this notice.

The Remuneration Policy 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)).

5. Re-nomination of Mr. David Yativ<sup>1</sup> as an Active Chairman of the Board of Directors and the re-nomination of Mr. Doron Yativ<sup>2</sup> as the Company's C.E.O, for a period of 3 years, as of November 1<sup>st</sup>, 2023, according to rule number 121C of the Israeli Companies Law, 1999 (hereinafter: "**The Israeli Companies Law**"). **It is hereby clarified that each re-nomination shall be voted for separately.**
6. Extension of the Management Services Agreement, between the Company and "Wichita

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<sup>1</sup> Mr. David Yativ, active chairman, the founder and controlling shareholder of the parent company, Payton Industries Ltd.

<sup>2</sup> Mr. Doron Yativ, the son of David Yativ, C.E.O and a Director.

Ltd."<sup>3</sup>, for an additional period of 3 years, as of November 1<sup>st</sup>, 2023, according to rule number 275 of the Israeli Companies Law, through which Mr. David Yativ will continue to render his services as the Company's active chairman of the board.

7. Extension of the Management Services Agreement, between the Company and "Yaarh - Looking To The Future Ltd."<sup>4</sup>, for an additional period of 3 years, as of November 1<sup>st</sup>, 2023, according to rule number 275 of the Israeli Companies Law, through which Mr. Doron Yativ will continue to render his services as the Company's C.E.O.
8. Extension of the Employment Agreements of Mr. Dror Ozan<sup>5</sup> and Mr. Amir Yativ<sup>6</sup> for additional periods of 3 years, as of November 1<sup>st</sup>, 2023, according to rule number 275 of The Israeli Companies Law. **It is hereby clarified that each extension of the employment agreements shall be voted for separately.**
9. Re Nomination of Mr. David Yativ, Mr. Doron Yativ, Mr. Doron Livne and Mrs. Sharon Ozan<sup>7</sup> (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 Director, 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.**

10. Re-granting indemnification to directors who are members of the Company's controlling shareholders and their relatives - Mr. David Yativ, his son, Mr. Doron Yativ and his daughter, Mrs. Sharon Ozan<sup>7</sup>, as stated in the letter of indemnification (hereinafter: "**Letter of Indemnification**").

In accordance with the Letter of Indemnification and subject to the provisions of the law, the Company will be obliged to indemnify Mr. David Yativ, Mr. Doron Yativ and Mrs. Sharon Ozan, in advance and in retrospect, for any liability or expense specified in the Letter of Indemnification imposed on them due to one or more of the following: (A) Operations and/or a derivative thereof by virtue of being officers and/or employees of the Company and/or of subsidiaries and/or related companies of the Company, as may be determined from

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<sup>3</sup> A private company, fully owned by Mr. David Yativ.

<sup>4</sup> A private company, fully owned by Mr. Doron Yativ.

<sup>5</sup> Mr. Dror Ozan is Mr. David Yativ's son-in-law, serves during the past 19 years as Purchasing Manager .

<sup>6</sup> Mr. Amir Yativ, David Yativ's son holds a M.Sc. in applied physics and a B.Sc. in Physics, serves as of April 2012 as a developing engineer and as of April 2016 as the R&D and Engineering Manager.

<sup>7</sup> Mr. Sharon Ozan is Mr. David Yativ's daughter, serves as a director of the Company.

time to time;

(B) Actions and/or a derivative thereof by virtue of their being officers, employees or agents of the Company in any other corporation in which the Company holds securities directly and/or indirectly.

The Letter of Indemnification includes an undertaking to indemnify the said directors for expenses incurred by them in connection with a legal proceeding, as defined in the Letter of Indemnification, which was conducted in their matter, including reasonable litigation expenses including attorney's fees as well as payment to the victim of the violation as stated in the Israeli Securities Law, 1968.

The indemnification is limited to the events and amounts as detailed in the Indemnification Letter. The amount of indemnification that the Company will pay to all directors and officers of the Company, in aggregate, shall not exceed 20% of the Company's shareholders' equity attributed to the company's shareholders (excluding minority rights), according to the Company's latest consolidated financial reports, audited or reviewed, as the case may be, at the actual payment day of the indemnification.

11. Copies of the external director's declaration (clause 3) and all current directors' declarations (clause 9) , according to rules number 224B and 241 of the Israeli Companies Law, the management agreements (clause 6 and 7), the employment agreements (clause 8) and letter of indemnification (clause 10) 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.
12. The terms of the extended management and employment agreements (including the terms of the Letter of Indemnification) match the Company's Remuneration Policy and reflect the current terms of such agreements and the current terms of the Letter of Indemnification.

Under these circumstances and according to the Company's Remuneration Policy, the Company's Remuneration Committee and the Board of Directors have examined data remuneration of similar officers in similar companies or of similar fields in which the company engages.

In light of the above, the members of the Company's audit committee and board of directors have approved the above-mentioned employment and management agreements and have resolved that their terms are reasonable and appropriate.

13. 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 15<sup>th</sup>, 2023.

### **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 publishes 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 (Nomination of an external Director), 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 6, 7, 8 and 10 on the agenda (extension of management and employment agreements and regranting indemnification), according to Rule number 275(a)(3) 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), subject to the existence of one of the following terms:
  - a. The total majority votes shall include at least a majority of the votes of shareholders who do not have personal interest in the approval of the subjects of the agenda, who participate in the voting; the votes of the abstainers will not be taken into account.
  - b. The total of the objecting votes, from the said shareholders mentioned in section (a) above, will not exceed two percent (2%) of the total voting rights in the company.
3. The resolution in matter 4 on the agenda (Approval of the Company's Remuneration Policy), according to Rule number 267a (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 approval of the Company's Remuneration Policy, participating in the vote. In the count of the total votes of said shareholder, 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.

4. The resolution in matter 5 on the agenda (approval according to rule no. 121c), shall be deemed to have been passed, by majority votes of the shareholders, voting in the meeting, conditional upon the existence of one of the terms as follows:
  - a. The total majority votes shall include at least a majority of the votes of shareholders who are not controlling shareholders in the Company and who do not have any personal interest in the approval of the resolution, participating in the voting. In the count of the total votes of said shareholders, the votes of the abstainers will not be taken into account. Rule 276 of the Companies Israeli Law shall apply with regard to shareholders who have personal interest, mutatis mutandis.
  - b. The total of the objecting votes, from the said shareholders mentioned in section (a) above, will not exceed two percent (2%) of the total voting rights in the company.
5. The resolutions in matters 2 and 9 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 9 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 20<sup>th</sup>, 2023, at 11:00 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 20<sup>th</sup>, 2023, 03:00 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 21 , 2023. 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 Nathalie Verbeeck at Citigate Dewe Rogerson Belgium ( + 32 (0) 477 45 75 41 Nathalie.Verbeeck@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 2022, 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 31/12/2022**  
**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"	Active Chairman of the Board	100%	34% <sup>(3)</sup>	610	-	306	916
2	Mr. Doron Yativ through "Yaarh-looking to the future ltd."	CEO	100%	- <sup>(4)</sup>	343	-	312	655
3	Mr. Jim D. Marinos	V.P. Engineering Payton America	100%	-	190	200	-	390
4	Mr. Haim Elgamil	Vice President of Operations	100%	-	225	-	-	225
5	Mrs. Michal Lichtenstein	V.P. Finance & C.F.O	100%	-	228	-	-	228
6	Mrs. Ravit Shreim	Comptroller	100%	-	103	-	-	103
Total					1,699	200	618	2,517

- (1) It is hereby clarified, that the remunerations which is detailed above, include bonuses for year 2022 which were not yet paid as of the day of signing The Company's 2022 financial reports and do not include the bonuses for the year of 2021 (which were actually paid during the year of 2022).
- (2) An executive bonus derived from Company profit (pre-tax) to the year of 2022.
- (3) 34% indirectly, due to his 51% holding in the Parent company Payton Industries Ltd.
- (4) Holds less than 0.01%.

On behalf of the Company,

Michal Lichtenstein  
V.P. Finance & C.F.O