

Q3 2024 Report¹

Net profit USD 11,157 thousand

Sales Revenues of USD 41,215 thousand

Ness-Ziona (Israel) - Payton Planar Magnetics Ltd. today announced its financial results for the first nine months of 2024 (nine-month period ending September 30, 2024).

Net profit for the first nine months of 2024 totaled USD 11,157 thousand.

Sales revenues for the first nine months of 2024 totaled USD 41,215 thousand.

The Group's sales revenues for the nine-month period ended September 30, 2024, were USD 41,215 thousand compared with USD 39,759 thousand in the nine-month period ended September 30, 2023, representing an increase of 4%.

Order backlog of the Group as of September 30, 2024, was USD 23,517 thousand (December 31, 2023 - USD 30,765 thousand). The backlog is composed of the Company and its two fully owned subsidiaries firm orders. Management estimates that most of the backlog as of 30.9.2024 will be supplied within 4 quarters until September 30, 2025.

In 2024 the global slowdown environment continued. It seems that, decrease in demand, excess inventory levels and the high interest rate are factors influencing customers' activity and sometimes resulting in push-out of scheduled deliveries up on their needs. Management estimates these trends are going to continue in the coming months.

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

On April 21, 2024, the Company reported that according to the information provided by its Parent Company and by Yativ, all precedent conditions to the FIMI Transaction have been fulfilled on April 21, 2024, and the closing of the FIMI Transaction has been consummated immediately thereafter ("the Closing Date"). Simultaneously, the transaction for the sale of the shares of Yativ has also been completed, in such a manner that as of the Closing Date, each of Yativ and FIMI holds approximately 29.85% of the Parent Company's issued and outstanding share capital and voting rights (each approximately 29.28% of the Parent Company's issued and outstanding share capital on a fully diluted basis). Additionally, on the Closing Date, Yativ and FIMI have also entered into a shareholders' agreement pursuant to which the Parent Company considers them, as of the Closing Date, as joint controlling shareholders of the Parent Company due to their joint holdings of approximately 59.7% of the Parent Company's issued and outstanding share capital.

In addition, on the Closing Date, the Parent Company has granted non-marketable options to purchase shares of the Parent Company according to the Parent Company's incentive option plan ("the Options") to certain key-employees and officers of the Parent Company's subsidiaries.

¹ The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements as at December 31, 2023.

Key financial highlights for the first nine months of 2024

Sales revenues

The Group's sales revenues for the nine-month period ended September 30, 2024, were USD 41,215 thousand compared with USD 39,759 thousand in the nine-month period ended September 30, 2023. The Group's sales revenues for the three-month period ended September 30, 2024, were USD 12,695 thousand compared with USD 15,018 thousand in the three-month period ended September 30, 2023. The sales decrease resulted mainly from the slowdown and pushouts of few projects.

Gross result

The Group's gross profit for the nine-month period ended September 30, 2024, amounted to USD 17,863 thousand (43% of sales) compared with USD 17,878 thousand (45% of sales) in the nine-month period ended September 30, 2023. The Group's gross profit for the three-month period ended September 30, 2024, amounted to USD 5,404 thousand (43% of sales) compared with USD 7,100 thousand (47% of sales) in the three-month period ended September 30, 2023. The gross margins are mainly affected by sales' products mix and production sites.

Expenses

During the first nine months of year 2024, The Group's Development Costs were USD 1,260 thousand compared with USD 1,090 thousand in the same period last year (1-9/2023). The increase in this item resulted mainly due to labor and employees' benefits increases.

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, however it is further explained 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 nine-month period ended September 30, 2024, were USD 1,588 thousand (4%) and USD 1,555 thousand (4%) in the nine-month period ended September 30, 2023.

The Group's General & Administrative expenses for the nine-month period ended September 30, 2024, were USD 3,588 thousand and USD 2,997 thousand in the nine-month period ended September 30, 2023. The increase relates mainly due to increase in management & administration employer costs, benefits and other incentives, as well as increase in computing and data security expenses.

Operating and financial result

The total operating income for the first nine months of 2024 amounted to USD 11,434 thousand compared to USD 12,244 thousand in the same period last year. During the first nine months of 2024, Payton recorded a net finance income of USD 1,783 thousand compared to a net finance income of USD 1,037 thousand for the first nine months of 2023. Most of the finance income stemmed from interest on bank deposit balances. Increase resulted mainly from interest and exchange rate differences.

Taxes on income

Taxes on income for the nine-month period ended September 30, 2024 were USD 2,281 thousand compared with USD 2,261 thousand in the nine-month period ended September 30, 2023.

Result of the period

The total result for the first nine months of 2024 was a net profit of USD 11,157 thousand, compared to USD 11,064 thousand for the nine-month period ended September 30, 2023.

Balance sheet - cash position

Cash and cash equivalents, Short-term Deposits and Marketable Securities - these items amounted to a total of USD 57,061 thousand as at September 30, 2024 compared to USD 56,186 thousand as at December 31, 2023 and USD 48,887 thousand as at September 30, 2023. It is noted that dividend at the amount of USD 10,072 thousand, announced in January 2024, was paid in full in March 2024. The Group's management believes a solid financial position is an important factor for the business operation.

Trade accounts receivable - these amounted to USD 8,065 thousand as at September 30, 2024 compared with USD 9,546 thousand as at December 31, 2023 and USD 10,804 thousand as at September 30, 2023. The decrease in this item is in line with the sales volume near the reports dates.

Other accounts receivable - these amounted to USD 1,985 thousand as at September 30, 2024 compared with USD 2,804 thousand as at December 31, 2023 and USD 3,785 thousand as at September 30, 2023. Changes in this item result mainly from decrease in advance payments to key suppliers and from changes in "contract assets" according to IFRS 15. It is noted that according to IFRS 15 Company recognizes revenues over time (instead of upon delivery). Revenues recorded prior to delivery are recorded against "contract assets" and presented among "other accounts receivable". As at September 30, 2024 such contract assets amounted to approximately USD 1.4 million compared to USD 2.2 million as at December 31, 2023 and compared to USD 2.5 million as at September 30, 2023.

Other investment - as at September 30, 2024 this amounted to USD 2,733 thousand compared with USD 900 thousand as at September 30, 2023 and December 31, 2023. This item representing the Company's investment in shares of CaPow Technologies Ltd., an Israeli startup (less than 20% of the startup's share capital) in the field of wireless charging solution. During May 2024, the Company exercise its warrants to purchase additional 4,489 Shares, and keep its holding share, against payment of USD 333 thousand (representing 1.2 of the original purchase price). In September 2024, the Company participated in a second fundraising round with an additional investment of USD 1.5 million. Following the additional investment, the Company was granted representation on CaPow's Board of Directors. The Company has a professional and business interest in being involved in new developments in this area and sees CaPow as a strategic investment.

Trade payables - amounted to USD 2,499 thousand as at September 30, 2024 compared with USD 3,663 thousand as at December 31, 2023 and USD 3,565 thousand as at September 30, 2023. The decrease in this item is in-line with the decrease in the business activity resulted in purchases decrease near the reports dates accompanied by an increase in advance payment to a principal subcontractor.

Cash flow

Cash flows generated from operating activities for the nine-month period ended September 30, 2024, amounted to USD 13,076 thousand, compared with cash flows generated from operating activities of USD 12,332 thousand for the nine-month period ended September 30, 2023. Cash flows generated from operating activities for the three-month period ended September 30, 2024, amounted to USD 7,135 thousand, compared with cash flows generated from operating activities of USD 4,249 thousand for the three-month period ended September 30, 2023. The increase in cash flows from operating activities in the three months period ended September 30, 2024 resulted mostly from the decrease in trade accounts receivable as well as from other changes in assets and liabilities and non-cash adjustments.

Cash flows used for investing activities in the nine-month period ended September 30, 2024, amounted USD 9,256 thousand, compared with cash flows used for investing activities at the amount of USD 9,192 thousand in the nine-month period ended September 30, 2023. In the first nine months of 2024 cash flows used mostly for investment in bank deposits and in CaPow Technologies Ltd.

Cash flows used for financing activities in the nine-month period ended September 30, 2024, amounted to USD 10,072 thousand, representing a dividend payment (announced on January 24, 2024) paid on March 2024. Cash flows used for financing activities in the nine-month period ended September 30, 2023, amounted to USD 8,482 thousand, representing a dividend payment (announced March 28, 2023) paid on June 2023.

Outlook

Order backlog of the Group as of September 30, 2024, was USD 23,517 thousand (December 31, 2023 - USD 30,765 thousand). The backlog is composed of the Company and its two fully owned subsidiaries firm orders. Management estimates that most of the backlog as of 30.9.2024 will be supplied within 4 quarters until September 30, 2025.

It is noted that the above statements include a forward-looking statement as defined below.

The complete financial statements and the quarterly report are available for downloading in the investors section of www.paytongroup.com.

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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®, 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 Telecommunications, cellular infrastructure, welding machines, High-reliability/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 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, United States and in the U.K. Payton Planar Magnetics is publicly traded on the Euronext stock exchange in Brussels (ticker: PAY).

Annex: Selected Financial Statements

Key financial figures – Payton Planar Magnetics Ltd.

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

- unaudited -

	For the nine months ended September 30	
	2024	2023
	(Unaudited) \$ thousands	(Unaudited) \$ thousands
Revenues	41,215	39,759
Cost of sales	(23,352)	(21,881)
Gross profit	17,863	17,878
Development costs	(1,260)	(1,090)
Selling and marketing expenses	(1,588)	(1,555)
General and administrative expenses	(3,588)	(2,997)
Other income (expenses), net	7	8
Operating profit	11,434	12,244
Finance income	1,840	1,274
Finance expenses	(57)	(237)
Finance income, net	1,783	1,037
Share of profits (loss) of equity accounted investee	221	44
Profit before taxes on income	13,438	13,325
Taxes on income	(2,281)	(2,261)
Net profit	11,157	11,064
Other comprehensive income (loss) items that will not be transferred to profit and loss		
Share of other comprehensive loss of equity accounted investee	(9)	(11)
Total other comprehensive income (loss), net of tax	(9)	(11)
Total comprehensive income	11,148	11,053
Earnings per share		
Basic and diluted earnings per share (in \$)	0.63	0.63

Condensed Interim Consolidated Statement of Financial Position

- unaudited -

	September 30	
	USD 000 2024	USD 000 2023
Current assets	71,060	67,666
Non-current assets	13,966	12,422
Total assets	85,026	80,088
Current liabilities	6,760	7,355
Non-current liabilities	1,768	1,745
Equity	76,498	70,988
Total liabilities and Equity	85,026	80,088

Condensed Interim Consolidated Statements of Cash Flows

- unaudited -

For the nine months ended
September 30

	2024	2023
	(Unaudited)	(Unaudited)
	\$ thousands	\$ thousands
Operating activities		
Net Profit	11,157	11,064
Adjustments:		
Depreciation	562	631
Taxes on income	2,281	2,261
Share of profits of equity accounted investee	(221)	(44)
Loss (gain) on sale of property, plant and equipment, net	(7)	(8)
Share-based compensation provided by controlling shareholder	200	-
Finance income, net	(1,652)	(798)
	12,320	13,106
Decrease (increase) in trade accounts receivable	1,481	(430)
Decrease (increase) in other accounts receivable	811	(1,518)
Decrease (increase) in inventory	(17)	329
Increase (decrease) in trade payables	(1,177)	2,178
Increase (decrease) in other payables	42	52
Change in employee benefits	360	(133)
	13,820	13,584
Interest received	1,675	635
Interest paid	(32)	(23)
Income taxes paid, net	(2,387)	(1,864)
Cash flows generated from operating activities	13,076	12,332
Investing activities		
Proceeds from (investments in) deposits, net	(7,120)	(8,885)
Dividend received from an equity accounted investee	77	-
Investment in other investment	(1,833)	-
Acquisition of property, plant and equipment	(400)	(400)
Investments in marketable securities	(303)	(57)
Proceeds from sale of fixed assets property, plant and equipment	18	14
Proceeds from sale of marketable securities	305	136
Cash flows used for investing activities	(9,256)	(9,192)
Financing activities		
Dividend paid	(10,072)	(8,482)
Cash flows used for financing activities	(10,072)	(8,482)
Net increase (decrease) in cash and cash equivalents	(6,252)	(5,342)
Cash and cash equivalents at the beginning of the period	26,921	19,003
Effect of exchange rate fluctuations on cash and cash equivalents	49	(194)
Cash and cash equivalents at the end of the period	20,718	13,467