

Payton Planar Magnetics Ltd. ("The Company")
Announcing its annual and extraordinary general meeting of the Company's shareholders

This notice is to announce that an annual and extraordinary general meeting of the Company's shareholders will be held on **April 15th at 03:00 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**")

This Meeting is announced further to the Company's notification in the press release dated February 14th, 2024, regarding the share purchase agreement between Payton Industries Ltd., ("**the Parent Company**") and FIMI and the purchase agreement between Mr. David Yativ, the controlling shareholder of the Parent Company and FIMI (together: "**The FIMI Transaction**"). It is hereby noted that the completion of the FIMI Transaction ("**the Closing**") is subject to fulfillment of various conditions, inter alia - the nomination of directors to the Company's board of directors as detailed hereinafter.

Therefore, subjects 1, 2, 3 and 4 on the agenda are brought to the approval of this Company's shareholders' meeting as "**one package**" with no possibility to approve only part of them and unless otherwise stated, will be completed and actually carried out simultaneously at, and subject to, the Closing.

On the agenda:

1. Nomination of Mr. Roe Madai as an external Director with a financial accounting expertise, for a first period of 3 years, starting as of and subject to the Closing and confirmation of his remuneration at the same rate as to the other external director of the Company, according to the minimum amounts specified in the Israeli Companies Regulations (Rules in regard to remuneration and expenses to an external director) 2000, as defined in the regulations mentioned above, and to the Company's Remuneration Policy.

The above nomination is subject to the Closing, as defined above, in which case the new external director will replace the current external director – Mr. Nissim Suez, who has notified the Company of his resignation as a director starting as of and subject to the Closing. Therefore, if the Closing shall not come into effect for any reason, Mr. Roe Madai will not be nominated as an external director and the current external director Mr. Nissim Suez, shall continue to serve as such.

2. Nomination of Mrs. Rachel Komemi, Mr. Giora Levi, Mr. Gilon Beck and Mr. Amir Widman¹ as non-external Directors on the company's board of directors starting as of and subject to the Closing and confirming their remuneration at the same rate to the other directors of the Company, 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 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 Mrs. Rachel Komemi and Mr. Giora Levi shall be considered as

¹ The remuneration of Mr. Widman is included in the Service Fee of FIMI as detailed in clause 4 hereinafter.

independent directors (as defined in Section 1 of the Companies Law), who have 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 them and did not serve as directors of the company for over 9 consecutive years. Upon their nomination, the current Directors Mr. Doron Livne, considered as an independent director and Mrs. Sharon Ozan, who have notified the Company of their resignation as directors, shall cease to serve as directors in the Company starting as of and subject to the Closing.

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 nomination of each of the directors listed above, shall be made separately.

The above nominations of Mrs. Komemi, Mr. Giora Levi, Mr. Beck and Mr. Widman as non-external/independent directors of the Company are subject to the Closing, as defined above. Therefore, if the Closing shall not come into effect for any reason, the above listed will not be nominated as directors in the Company and the current directors Doron Livne, and Sharon Ozen shall continue to serve as such.

3. Granting indemnification letters to all the directors listed above, subject to the approval of their nomination pursuant to clauses 1 and 2 above, subject to the Closing and on the same terms to the other directors and officers serving in the Company.
4. Company's participation in the Service Fee of FIMI 2007 (FIMI's general partner - "**FIMI**") for consulting services to be provided by FIMI to Payton Group as part of the FIMI Transaction, according to the agreed form of the service agreement, which, subject to the approval of the Shareholder's Parent Company, shall be executed on the Closing, for a period of 3 years ("**the Service Agreement**").
The consulting services of FIMI shall include consulting in the areas of business opportunities, M&A, business developments, strategic cooperation, for the monthly consideration of NIS 40,000 excluding VAT (**the "Service Fee"**).
The Service Fee shall be shared equally between the Company and the Parent Company and the amount borne by the Company shall be examined and adjusted on a yearly basis according to the actual services provided to each of, the Company and the Parent Company.
5. Approval of the updated Company's Remuneration Policy (hereinafter: "**The Remuneration Policy**"), according to rule number 267a(b) of The Companies Law. If approved, the Remuneration Policy will replace the current Company's remuneration policy by the Company's shareholders.

The main changes in the Remuneration Policy are as follows:

- 5.1 **Capital Remuneration** - office holders may be granted by the Company and/or the Parent Company, Payton Industries Ltd., capital remuneration, including equity-based payments according to terms to be defined by their relevant organs and subject to all approvals required by law.
- 5.2 **Retirement grant to office holders** - if granted shall not exceed a total of 9 times the last monthly fixed compensation and shall be determined, taking into account various parameters such as terms of office, the Company's performance and contribution to achieving the Company's goals.
- 5.3 **Variable compensation** - the Company may grant office holders a monetary bonus

depending on their performance and/or achievement of targets defined by the Company and/or according to its discretion, whether once a year and/or one-time compensation in special circumstances for a unique contribution or considerable efforts in a substantive transaction. Such compensation shall not be pensionable and shall not be included in the "Determined Salary" used for calculating the social benefits. The above annual variable compensation to office holders shall not exceed 12 monthly base salaries (and with regard to sale and marketing commissions shall not exceed 24 monthly base salaries).

The Remuneration Policy 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.

6. Copies of the external director's declaration (clause 1) the other directors' declarations (clause 2) , according to rules number 224B and 241 of The Israeli Companies Law, indemnification letters (clause 3), the Service Agreement (clause 4) and the Remuneration Policy (clause 5) are available at the Company's registered office and can be delivered by e-mail to any shareholder at its request, sent by mail to Mrs. Michal Lichtenstein (michal@paytongroup.com) accompanied by authenticated certificate of ownership, to be sent by registered mail to the Company's registered office.
7. 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 from March 18th, 2024.

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 1 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 2, 3 and 4 on the agenda (Nomination of directors, indemnification letters and Service Agreement), 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 5 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.

Voting letter

The shareholders may vote with regard to the resolutions in matter 1 and 4 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). The latest date to deliver the Voting Letter is April 15th, 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 **April 15th, 2024 at 05:00 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 March 18, 2024. 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) or to Nick Orbaen, Dir. at Citigate Dewe Rogerson Belgium (+ 32 (0) 468 10 06 23 nick.orbaen@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.

The Company's Representative

The Company's Representative with 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).

The Board of Directors.

On behalf of the Company,

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