

## Press Release

### Eltek Reports 2020 First Quarter Financial Results

- Revenues of \$9.2 million in the first quarter of 2020 compared to \$8.7 million in the first quarter of 2019
- Gross profit of \$1.8 million in the first quarter of 2020 compared to \$1.5 million in the first quarter of 2019
- Net profit of \$541,000 in the first quarter of 2020 compared to net profit of \$242,000 in the first quarter of 2019

PETACH-TIKVA, Israel, June 2, 2020 - Eltek Ltd. (NASDAQ: [ELTK](#)), a global manufacturer and supplier of technologically advanced solutions in the field of printed circuit boards, announced today its financial results for the quarter ended March 31, 2020.

**Mr. Eli Yaffe, Chief Executive Officer**, commented: "We are gratified that despite the global Covid-19 related challenges encountered in the first quarter we were able to continue the growth and profitability we achieved in 2019. During this year, we plan to significantly increase our investment in new equipment and the expansion of our facilities and infrastructure, in order to support our continued growth, despite the impact of the Covid-19 pandemic."

"We are operating in a challenging business environment and making the necessary adjustments to increase operating efficiencies, improve customer satisfaction, increase revenues and reach sustained profitability" concluded Mr. Yaffe.

## Highlights of the First Quarter of 2020 compared to the First Quarter of 2019

- **Revenues** for the first quarter of 2020 were \$9.2 million compared to revenues of \$8.7 million in the first quarter of 2019;
- **Gross profit** increased from \$1.5 million (17.6% of revenues) in the first quarter of 2019 to \$1.8 (19.7% of revenues) in the first quarter of 2020;
- **Operating profit** was \$612,000 as compared to an operating profit of \$433,000 in the first quarter of 2019;
- **Net profit** was \$541,000, or \$0.12 per fully diluted share compared to a net profit of \$242,000, or \$0.12 per fully diluted share, in the first quarter of 2019;
- **EBITDA** was a \$1.0 million (11.0% of revenues) compared to EBITDA of \$811,000 (9.3% of revenues) in the first quarter of 2019;
- **Net cash provided by operating activities** amounted to \$1.5 million compared to net cash provided by operating activities of \$1.6 million in the first quarter of 2019.

## Conference Call

Today, Tuesday, June 2, 2020, at 8:30 a.m. Eastern Time, Eltek will conduct a conference call to discuss the results. The call will feature remarks by Eli Yaffe, Chief Executive Officer and Alon Mualem, Chief Financial Officer.

To participate, please call the following teleconference numbers. Please allow for additional time to connect prior to the call:

United States: 1-888-668-9141  
Israel: 03-9180609  
International: +972-3-9180609

At:

8:30 a.m. Eastern Time

5:30 a.m. Pacific Time

15:30 p.m. Israel Time



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A replay of the call will be available through the Investor Info section on Eltek's corporate website at <http://www.nisteceltek.com> approximately 24 hours after the conference call is completed and will be archived for 30 days.

## About Eltek

Eltek – "Innovation Across the Board", is a global manufacturer and supplier of technologically advanced solutions in the field of printed circuit boards (PCBs), and is the Israeli leader in this industry. PCBs are the core circuitry of most electronic devices. Eltek specializes in the manufacture and supply of complex and high quality PCBs, HDI, multilayered and flex-rigid boards for the high-end market. Eltek is ITAR compliant and has AS-9100 and NADCAP Electronics certifications. Its customers include leading companies in the defense, aerospace and medical industries in Israel, the United States, Europe and Asia.

Eltek was founded in 1970. The Company's headquarters, R&D, production and marketing center are located in Israel. Eltek also operates through its subsidiaries in North America and in Europe and by agents and distributors in Europe, India and South America.

For more information, visit Eltek's web site at [www.nisteceltek.com](http://www.nisteceltek.com).

## Use of Non-GAAP Financial Information

The Company reports financial results in accordance with U.S. GAAP and herein provides some non-GAAP measures, including EBITDA. These non-GAAP measures are not in accordance with, nor are they a substitute for, GAAP measures. These non-GAAP measures are intended to supplement the Company's presentation of its financial results that are prepared in accordance with GAAP. The Company uses the non-GAAP measures presented to evaluate and manage the Company's operations internally. The Company is also providing this information to assist investors in performing additional financial analysis. Reconciliation between the company's results on a GAAP and non-GAAP basis is provided in a table below.

## Forward Looking Statement:

Certain matters discussed in this news release are forward-looking statements that involve a number of risks and uncertainties including, but not limited to statements regarding expected results in future quarters, the impact of the Coronavirus on the economy and our operations,



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risks in product and technology development and rapid technological change, product demand, the impact of competitive products and pricing, market acceptance, the sales cycle, changing economic conditions and other risk factors detailed in the Company's Annual Report on Form 20-F and other filings with the United States Securities and Exchange Commission.

**Investor Contact:**

**Alon Mualem**

Chief Financial Officer

[alonm@nisteceltek.com](mailto:alonm@nisteceltek.com)

+972-3-9395023

(Tables follow)

**Eltek Ltd.**  
**Consolidated Statements of Operations**  
(In thousands US\$, except per share data)

	Three months ended	
	March 31,	
	2020	2019
<b>Revenues</b>	9,157	8,735
<b>Costs of revenues</b>	(7,354)	(7,196)
<b>Gross profit</b>	1,803	1,539
Selling, general and administrative expenses	(1,189)	(1,106)
R&D expenses, net	(2)	-
<b>Operating profit</b>	612	433
Financial expenses, net	(55)	(184)
Other income, net	(1)	6
<b>Profit before income tax</b>	556	255
Tax expenses	(15)	(13)
<b>Net Profit</b>	541	242
<b>Earnings per share</b>		
Basic and diluted net profit per ordinary share	0.12	0.12
Weighted average number of ordinary shares used to compute basic and diluted net profit per ordinary share (in thousands)	4,380	2,029

**Etek Ltd.**  
**Consolidated Balance Sheets**  
(In thousands US\$)

	March 31, 2020	December 31, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,214	1,628
Receivables: Trade, net of provision for doubtful accounts	7,379	7,480
Other	164	145
Inventories	3,404	3,735
Prepaid expenses	354	530
<b>Total current assets</b>	<b>13,515</b>	<b>13,518</b>
<b>Long term assets</b>		
Severance pay fund	58	60
Operating lease right of use assets	2,140	2,490
<b>Total long term assets</b>	<b>2,198</b>	<b>2,550</b>
<b>Fixed assets, less accumulated depreciation</b>	<b>6,506</b>	<b>6,761</b>
<b>Total Assets</b>	<b>22,219</b>	<b>22,829</b>
<b>Liabilities and Shareholder's equity</b>		
<b>Current liabilities</b>		
Short-term credit and current maturities of long-term debts	1,589	2,120
Short-term credit from related party	3,366	3,472
Accounts payable: Trade	4,277	4,673
Other	3,533	3,118
Short-term operating lease liabilities	1,091	1,383
<b>Total current liabilities</b>	<b>13,856</b>	<b>14,766</b>
<b>Long-term liabilities</b>		
Long term debt, excluding current maturities	340	387
Employee severance benefits	275	268
Deferred tax liabilities	49	45
Long-term operating lease liabilities	1,033	1,094
<b>Total long-term liabilities</b>	<b>1,697</b>	<b>1,794</b>
<b>Equity</b>		
Ordinary shares, NIS 3.0 par value authorized 10,000,000 shares, issued and outstanding 4,380,268	3,964	3,964
Additional paid-in capital	18,583	18,583
Cumulative foreign currency translation adjustments	2,310	2,479
Capital reserve	989	963
Accumulated deficit	(19,180)	(19,720)
<b>Shareholders' equity</b>	<b>6,666</b>	<b>6,269</b>
<b>Total liabilities and shareholders' equity</b>	<b>22,219</b>	<b>22,829</b>

Eltek Ltd.  
Unaudited Non-GAAP EBITDA Reconciliations  
(In thousands US\$)

Non-GAAP EBITDA Reconciliations	Three months ended	
	March 31,	
	2020	2019
GAAP net Income (loss)	541	242
<u>Add back items:</u>		
Financial expenses, net	55	184
Income tax expense	15	13
Depreciation and amortization	395	372
<b>Non-GAAP EBITDA</b>	<b>1,006</b>	<b>811</b>

**Eltek Ltd.**  
**Consolidated Statement of Cash flow**  
(In thousands US\$)

	Three months ended	
	March 31,	
	2020	2019
<b>Cash flows from operating activities:</b>		
<b>Net Income</b>	541	242
<b>Adjustments to reconcile net profit to net cash flows provided by operating activities:</b>		
Depreciation and amortization	395	372
Stock-based compensation	26	31
Transaction with controlling shareholder	-	14
Revaluation of long term loans	10	(16)
Increase in deferred tax liabilities	5	-
	<u>436</u>	<u>401</u>
Decrease in operating lease right-of-use assets	(5)	(9)
Decrease (increase) in trade receivables	(132)	240
Decrease in other receivables and prepaid expenses	139	315
Decrease (increase) in inventories	221	(415)
Increase (decrease) in trade payables	(257)	846
Increase in other liabilities and accrued expenses	520	4
Increase in employee severance benefits, net	16	-
	<u>502</u>	<u>981</u>
<b>Net cash provided by operating activities</b>	<u>1,479</u>	<u>1,624</u>
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	(204)	(159)
<b>Net cash used in investing activities</b>	<u>(204)</u>	<u>(159)</u>
<b>Cash flows from financing activities:</b>		
Short- term bank credit, net	(438)	(1,608)
Short- term shareholder loan	-	549
Repayment of long-term loans from bank	(73)	(225)
Repayment of credit from fixed asset payables	(151)	(96)
<b>Net cash used in financing activities</b>	<u>(662)</u>	<u>(1,380)</u>
<b>Effect of translation adjustments</b>	(27)	(10)
<b>Net increase in cash and cash equivalents</b>	<u>586</u>	<u>75</u>
<b>Cash and cash equivalents at beginning of the period</b>	<u>1,628</u>	<u>993</u>
<b>Cash and cash equivalents at period end</b>	<u>2,214</u>	<u>1,068</u>