

## Press Release

### Eltek Reports 2021 First Quarter Financial Results

- Revenues of \$7.2 million in the first quarter of 2021 compared to \$9.2 million in the first quarter of 2020
- Gross profit of \$1.1 million in the first quarter of 2021 compared to \$1.8 million in the first quarter of 2020
- Net profit of \$223,000 in the first quarter of 2021 compared to net profit of \$541,000 in the first quarter of 2020
- Achieved positive cash flow provided by operating activities of \$2.5 million during the first quarter of 2021
- Cash and cash equivalents as of March 31, 2021 were \$6.4 million

Petach Tikva, Israel (May 20, 2021) Eltek Ltd. (NASDAQ: ELTK), a global manufacturer and supplier of technologically advanced solutions in the field of printed circuit boards (PCBs), today announced its financial results for the quarter ended March 31, 2021.

“Despite the global challenges we encountered related to both the Covid-19 pandemic and the shortage of key raw materials, we were able to respond quickly, maintain operational efficiency and remain profitable in the first quarter”, said Eli Yaffe, Chief Executive Officer of Eltek. “We expect that revenues will rebound during the rest of the year and lost sales will be recovered upon the expected availability of key raw material (Pyr lux AP) which was in short supply and with the authorization of the use of alternative raw materials by our customers,” added Mr. Yaffe. “The approval process with our customers for the use of the alternative raw materials is proceeding as planned and, is reducing our production costs. In addition, we are exploring ways to strengthen our position in the multi-billion dollar PCB market in North America, and can serve as a rapid growth engine for Eltek”, further explained Mr. Yaffe.

“We are operating in a challenging business environment and making the necessary adjustments to increase revenues, expand our operating efficiencies, improve customer satisfaction and maintain

sustained profitability. We plan to strengthen our sales activities and continue our investments in new equipment to expand our manufacturing facilities and infrastructure during the remainder of the year as part of our strategic growth plan. Our board of directors approved our obtaining a loan of NIS 10 million (approximately \$3.1 million) from Bank Leumi B.M. The loan has a term of ten years, with favorable terms, including a repayment schedule that starts after a 12 month grace period and carried interest of Prime + 1.50%, which is waived for the first year of the loan”, concluded Mr. Yaffe.

## **Highlights of the First Quarter of 2021 compared to the First Quarter of 2020**

- **Revenues** were \$7.2 million in the first quarter of 2021 compared to revenues of \$9.2 million in the first quarter of 2020;
- **Gross profit** was \$1.1 million (15.9% of revenues) in the first quarter of 2021 compared to \$1.8 (19.7% of revenues) in the first quarter of 2020;
- **Operating profit** was \$136,000 in the first quarter of 2021 compared to operating profit of \$612,000 in the first quarter of 2020;
- **Net profit** was \$223,000 or \$0.04 per fully diluted share for the first quarter of 2021 compared to net profit of \$541,000 or \$0.12 per fully diluted share in the first quarter of 2020;
- **EBITDA** was a \$577,000 (8.0% of revenues) in the first quarter of 2021 compared to EBITDA of \$1.0 million (11.0% of revenues) in the first quarter of 2020;
- **Net cash provided by operating activities** amounted to \$2.5 million in the first quarter of 2021 compared to net cash provided by operating activities of \$1.5 million in the first quarter of 2020; and
- **Cash and cash equivalents** as of March 31, 2021 were \$6.4 million compared to \$4.7 million as of December 31, 2020.

## **Conference Call**

Today, Thursday, May 20, 2021, at 8:30am 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.





a  Nistec company

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

United States: 1-888-723-3164  
Israel: 03-918-0691  
International: +972-3-918-0691

at:

8:30am Eastern Time

5:30am Pacific Time

15:30pm Israel Time

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

### About Eltek

Eltek is a global manufacturer and supplier of technologically advanced solutions in the field of printed circuit boards (PCBs) and is the leading Israeli company in this industry. PCBs are the core circuitry of most electronic devices for which 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 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



a  Nistec company

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 COVID-19 on the economy and our operations, risks in product and technology development and rapid technological change, product demand, the impact of competitive products and pricing, market acceptance, shortage of raw materials, 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)

+972-3-939-5023

(Tables follow)

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

|   | Three months ended |                |
|---|--------------------|----------------|
|   | March 31,          |                |
|   | 2021               | 2020           |
| <b>Revenues</b>   | 7,205              | 9,157          |
| <b>Costs of revenues</b>  | <b>(6,061)</b>     | <b>(7,354)</b> |
| <b>Gross profit</b>   | 1,144              | 1,803          |
| Selling, general and administrative expenses  | (1,008)            | (1,189)        |
| R&D expenses, net   | -                  | (2)            |
| <b>Operating profit</b>   | 136                | 612            |
| Financial expenses, net   | 104                | (55)           |
| Other income, net   | (2)                | (1)            |
| <b>Profit before income tax</b>   | 238                | 556            |
| Tax expenses  | (15)               | (15)           |
| <b>Net Profit</b>   | 223                | 541            |
| <b>Earnings per share</b>   |                    |                |
| Basic and diluted net profit per ordinary share   | 0.04               | 0.12           |
| Weighted average number of ordinary shares used to compute basic net profit per ordinary share (in thousands)   | 5,840              | 4,380          |
| Weighted average number of ordinary shares used to compute diluted net profit per ordinary share (in thousands) | 5,866              | 4,382          |

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

|   | March 31,<br>2021 | December 31,<br>2020 |
|---|-------------------|----------------------|
| <b>Assets</b>   |                   |                      |
| <b>Current assets</b>   |                   |                      |
| Cash and cash equivalents   | 6,406             | 4,735                |
| Receivables: Trade, net of provision for doubtful accounts  | 5,770             | 9,062                |
| Other   | 938               | 700                  |
| Inventories   | 4,065             | 3,704                |
| Prepaid expenses  | 552               | 619                  |
| <b>Total current assets</b>   | <b>17,731</b>     | <b>18,820</b>        |
| <b>Long term assets</b>   |                   |                      |
| Restricted deposits   | 60                | 62                   |
| Severance pay fund  | 62                | 64                   |
| Operating lease right of use assets   | 8,694             | 8,948                |
| <b>Total long term assets</b>   | <b>8,816</b>      | <b>9,074</b>         |
| <b>Fixed assets, less accumulated depreciation</b>  | <b>7,029</b>      | <b>7,263</b>         |
| <b>Total Assets</b>   | <b>33,576</b>     | <b>35,157</b>        |
| <b>Liabilities and Shareholder's equity</b>   |                   |                      |
| <b>Current liabilities</b>  |                   |                      |
| Short-term credit and current maturities of long-term debts                                       | 364               | 676                  |
| Accounts payable: Trade   | 4,289             | 4,452                |
| Other   | 3,378             | 3,831                |
| Short-term operating lease liabilities  | 713               | 742                  |
| <b>Total current liabilities</b>  | <b>8,744</b>      | <b>9,701</b>         |
| <b>Long-term liabilities</b>  |                   |                      |
| Long term debt, excluding current maturities  | 1,387             | 1,495                |
| Employee severance benefits   | 320               | 338                  |
| Deferred tax liabilities  | 88                | 84                   |
| Long-term operating lease liabilities   | 8,049             | 8,272                |
| <b>Total long-term liabilities</b>  | <b>9,844</b>      | <b>10,189</b>        |
| <b>Equity</b>   |                   |                      |
| Ordinary shares, NIS 3.0 par value authorized 10,000,000 shares, issued and outstanding 5,840,357 | 5,296             | 5,296                |
| Additional paid-in capital  | 22,846            | 22,846               |
| Cumulative foreign currency translation adjustments   | 2,638             | 3,153                |
| Capital reserve   | 1,097             | 1,084                |
| Accumulated deficit   | (16,889)          | (17,112)             |
| <b>Shareholders' equity</b>   | <b>14,988</b>     | <b>15,267</b>        |
| <b>Total liabilities and shareholders' equity</b>   | <b>33,576</b>     | <b>35,157</b>        |

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

| Non-GAAP EBITDA Reconciliations | Three months ended |              |
|---------------------------------|--------------------|--------------|
|                                 | March 31,          |              |
|                                 | 2021               | 2020         |
|                                 | Unaudited          |              |
| GAAP net Income (loss)          | 223                | 541          |
| <u>Add back items:</u>          |                    |              |
| Financial expenses, net         | (104)              | 55           |
| Income tax expense              | 15                 | 15           |
| Depreciation and amortization   | 443                | 395          |
| <b>Non-GAAP EBITDA</b>          | <b>577</b>         | <b>1,006</b> |

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

|  | Three months ended |       |
|--|--------------------|-------|
|  | March 31,          |       |
|  | 2021               | 2020  |
| <b>Cash flows from operating activities:</b>   |                    |       |
| <b>Net Income</b>  | 223                | 541   |
| <b>Adjustments to reconcile net profit to net cash flows provided by operating activities:</b> |                    |       |
| Depreciation and amortization  | 443                | 395   |
| Stock-based compensation   | 13                 | 26    |
| Revaluation of long term loans   | -                  | 10    |
| Increase in deferred tax liabilities   | 8                  | 5     |
|  | 464                | 436   |
| Decrease (increase) in operating lease right-of-use assets                                     | 4                  | (5)   |
| Decrease (increase) in trade receivables   | 3,028              | (132) |
| Decrease (increase) in other receivables and prepaid expenses                                  | (220)              | 139   |
| Decrease (increase) in inventories   | (502)              | 221   |
| Decrease in trade payables   | (200)              | (257) |
| Increase (decrease) in other liabilities and accrued expenses                                  | (323)              | 520   |
| Increase (decrease) in employee severance benefits, net  | (6)                | 16    |
|  | 1,781              | 502   |
| <b>Net cash provided by operating activities</b>   | 2,468              | 1,479 |
| <b>Cash flows from investing activities:</b>   |                    |       |
| Purchase of fixed assets   | (208)              | (204) |
| <b>Net cash used in investing activities</b>   | (208)              | (204) |
| <b>Cash flows from financing activities:</b>   |                    |       |
| Short- term bank credit, net   | (377)              | (438) |
| Repayment of long-term loans from bank   | (38)               | (73)  |
| Repayment of credit from fixed asset payables  | (11)               | (151) |
| <b>Net cash used in financing activities</b>   | (426)              | (662) |
| <b>Effect of translation adjustments</b>   | (163)              | (27)  |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                    | 1,671              | 586   |
| <b>Cash and cash equivalents at beginning of the period</b>                                    | 4,735              | 1,628 |
| <b>Cash and cash equivalents at period end</b>   | 6,406              | 2,214 |