

# Press Release

## Eltek Reports 2021 Third Quarter Financial Results

- Revenues of \$8.0 million in the third quarter of 2021 compared to \$9.3 million in the third quarter of 2020
- Net loss of \$26,000 in the third quarter of 2021 compared to net profit of \$598,000 in the third quarter of 2020
- EBITDA of \$553,000 in the third quarter of 2021 compared to EBITDA of \$1.0 million in the third quarter of 2020
- Cash and cash equivalents as of September 30, 2021 were \$8.9 million

PETACH-TIKVA, Israel, November 17, 2021 - 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 September 30, 2021.

**Mr. Eli Yaffe, Chief Executive Officer**, commented: "Our third quarter results reflect a reduction in working days during this quarter, compared to the number of working days in the third quarter of 2020. In addition, we incurred higher expenses due to the strength of the New Israeli Shekel ("NIS") compared to the US\$ during the third quarter."

"We are conducting several R&D programs in order to keep our position as an innovative industry leader. In addition, we invested \$1.4 million in new equipment during the first nine months of 2021. We continue to invest in new advanced manufacturing equipment that will strengthen our manufacturing capabilities and increase our competitiveness by implementing improved production processes and adoption of Industry 4.0 technologies," added Mr. Yaffe.

"Eltek has an improved balance sheet and cash flow, with a positive working capital of \$12.5 million as of September 30, 2021 and operating cash flow of \$3.4 million in the first nine months of 2021. We are making the necessary operational adjustments to expand our business, improve customer satisfaction, increase revenues and return to the trend of

improved operational results,” concluded Mr. Yaffe.

## Highlights of the Third Quarter of 2021 compared to the Third Quarter of 2020

- **Revenues** for the third quarter of 2021 were \$8.0 million compared to revenues of \$9.3 million in the third quarter of 2020;
- **Gross profit** was \$1.4 million (17.5% of revenues) in the third quarter of 2021 compared to \$1.8 million (19.7% of revenues) in the third quarter of 2020;
- **Operating profit** was \$65,000 during the third quarter of 2021 as compared to operating profit of \$638,000 in the third quarter of 2020;
- **Net loss** was \$26,000, or (\$0.00) per share in the third quarter of 2021 as compared to net profit of \$598,000, or \$0.14 per fully diluted share, in the third quarter of 2020;
- **EBITDA** was \$553,000 in the third quarter of 2021 compared to EBITDA of \$1.0 million in the third quarter of 2020;
- **Net cash provided by operating activities** amounted to \$598,000 in the third quarter of 2021 compared to net cash provided by operating activities of \$873,000 in the third quarter of 2020.
- **Cash and cash equivalents** as of September 30, 2021 totaled \$8.9 million compared to \$4.7 million as of December 31, 2020.

## Highlights for the First Nine Months of 2021

- **Revenues** for the first nine months of 2021 were \$24.3 million compared to \$27.2 million in the first nine months of 2020;
- **Gross profit** was \$4.9 million (20.2% of revenues) compared to gross profit of \$5.5 million (20.3% of revenues) in the first nine months of 2020;
- **Operating profit** was \$1.1 million compared to operating profit of \$2.1 million in the first nine months of 2020;
- **Net profit** was \$1.0 million, or \$0.17 per fully diluted share compared to net profit of





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\$1.8 million, or \$0.42 per fully diluted share in the first nine months of 2020;

- **EBITDA** was \$2.5 million in the first nine months of 2021, compared to EBITDA of \$3.2 million in the first nine months of 2020;
- **Net cash provided by operating activities** amounted to \$3.4 million in the first nine months of 2021 compared to net cash provided by operating activities of \$3.7 million in the first nine months of 2020.

### Conference Call

Today, Wednesday, November 17, 2021, 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: 1-888-723-3164  
Israel: 03-9180691  
International: +972-3-9180691

At:  
8:30 a.m. Eastern Time  
5:30 a.m. Pacific Time  
15:30 p.m. Israel Time

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,



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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 subsidiary in North America and by agents and distributors in Europe, India, South Africa 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. To supplement the consolidated financial statements presented in accordance with GAAP, the Company presents the Non-GAAP presentation of EBITDA. This non-GAAP measure is not in accordance with, nor is it a substitute for, a GAAP measure. The Company uses EBITDA 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, 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:**

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(Tables follow)



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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
<b>Revenues</b>	7,965	9,256	24,302	27,206
<b>Costs of revenues</b>	<b>(6,570)</b>	<b>(7,433)</b>	<b>(19,397)</b>	<b>(21,679)</b>
<b>Gross profit</b>	1,395	1,823	4,905	5,527
Selling, general and administrative expenses	(1,285)	(1,183)	(3,706)	(3,467)
R&D expenses, net	(45)	(2)	(55)	-
<b>Operating profit</b>	65	638	1,144	2,060
Financial expenses, net	(121)	(19)	(101)	(158)
Other income (expenses), net	44	(10)	41	(10)
<b>Profit before income tax</b>	(12)	609	1,084	1,892
Tax expenses	(14)	(11)	(64)	(50)
<b>Net Profit (loss)</b>	<b>(26)</b>	<b>598</b>	<b>1,020</b>	<b>1,842</b>
<b>Earnings per share</b>				
Basic and diluted net profit per ordinary share	<b>(0.00)</b>	<b>0.14</b>	<b>0.17</b>	<b>0.42</b>
Weighted average number of ordinary shares used to compute basic net profit per ordinary share (in thousands)	<b>5,840</b>	<b>4,380</b>	<b>5,840</b>	<b>4,380</b>
Weighted average number of ordinary shares used to compute diluted net profit per ordinary share (in thousands)	<b>5,840</b>	<b>4,380</b>	<b>5,871</b>	<b>4,380</b>

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

	<u>September 30,</u>	<u>December 31,</u>
	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	8,885	4,735
Receivables: Trade, net of provision for doubtful accounts	6,441	9,062
Other	901	700
Inventories	4,216	3,704
Prepaid expenses	269	619
<b>Total current assets</b>	<u>20,712</u>	<u>18,820</u>
<b>Long term assets</b>		
Restricted deposits	218	62
Severance pay fund	64	64
Operating lease right of use assets	8,802	8,948
<b>Total long term assets</b>	<u>9,084</u>	<u>9,074</u>
<b>Fixed assets, less accumulated depreciation</b>	<u>7,414</u>	<u>7,263</u>
<b>Total Assets</b>	<u><u>37,210</u></u>	<u><u>35,157</u></u>
<b>Liabilities and Shareholder's equity</b>		
<b>Current liabilities</b>		
Short-term credit and current maturities of long-term debts	595	676
Accounts payable: Trade	3,523	4,452
Other	3,230	3,831
Short-term operating lease liabilities	852	742
<b>Total current liabilities</b>	<u>8,200</u>	<u>9,701</u>
<b>Long-term liabilities</b>		
Long term debt, excluding current maturities	3,965	1,495
Employee severance benefits	332	338
Deferred tax liabilities	107	84
Long-term operating lease liabilities	8,057	8,272
<b>Total long-term liabilities</b>	<u>12,461</u>	<u>10,189</u>
<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	3,103	3,153
Capital reserve	1,394	1,084
Accumulated deficit	(16,090)	(17,112)
<b>Shareholders' equity</b>	<u>16,549</u>	<u>15,267</u>
<b>Total liabilities and shareholders' equity</b>	<u><u>37,210</u></u>	<u><u>35,157</u></u>

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

**Non-GAAP EBITDA Reconciliations**

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
<b>GAAP net Income (loss)</b>	(26)	598	1,020	1,842
<b><u>Add back items:</u></b>				
Financial expenses, net	121	19	101	158
Income tax expense	14	11	64	50
Depreciation and amortization	444	390	1,330	1,176
<b>Non-GAAP EBITDA</b>	<b>553</b>	<b>1,018</b>	<b>2,515</b>	<b>3,226</b>



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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
<b>Cash flows from operating activities:</b>				
<b>Net Income</b>	(26)	598	1,020	1,842
<b>Adjustments to reconcile net profit to net cash flows provided by operating activities:</b>				
Depreciation and amortization	445	391	1,331	1,177
Capital gain on disposal of fixed assets, net	-	(16)	-	(16)
Stock-based compensation	127	48	310	91
Revaluation of long term loans	-	(2)	-	2
Increase in deferred tax liabilities	6	6	22	18
	<u>578</u>	<u>427</u>	<u>1,663</u>	<u>1,272</u>
Decrease (Increase) in operating lease right-of-use assets	17	(1)	41	(5)
Decrease in trade receivables	1,015	949	2,560	1,098
Decrease (increase) in other receivables and prepaid expenses	48	(1,077)	143	(890)
Decrease (increase) in inventories	(275)	(50)	(525)	198
Increase (decrease) in trade payables	(464)	397	(875)	27
Increase (decrease) in other liabilities and accrued expenses	(300)	(357)	(579)	181
Increase (decrease) in employee severance benefits, net	5	(13)	(5)	27
	<u>46</u>	<u>(152)</u>	<u>760</u>	<u>636</u>
<b>Net cash provided by operating activities</b>	<u>598</u>	<u>873</u>	<u>3,443</u>	<u>3,750</u>
<b>Cash flows from investing activities:</b>				
Purchase of fixed assets	(824)	(348)	(1,362)	(802)
Restricted deposits	(2)	(1)	(156)	(58)
<b>Net cash used in investing activities</b>	<u>(826)</u>	<u>(349)</u>	<u>(1,518)</u>	<u>(860)</u>
<b>Cash flows from financing activities:</b>				
Short- term bank credit, net	-	(1,163)	(377)	(1,928)
Repayment of short- term shareholder loan	-	-	-	(571)
Repayment of long-term loans from bank	(111)	(37)	(188)	(145)
Proceeds from long-term loans	-	-	3,062	1,141
Repayment of credit from fixed asset payables	-	(87)	(285)	(391)
<b>Net cash used in financing activities</b>	<u>(111)</u>	<u>(1,287)</u>	<u>2,212</u>	<u>(1,894)</u>
<b>Effect of translation adjustments</b>	55	7	13	27
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(284)</u>	<u>(756)</u>	<u>4,150</u>	<u>1,023</u>
<b>Cash and cash equivalents at beginning of the period</b>	<u>9,169</u>	<u>3,407</u>	<u>4,735</u>	<u>1,628</u>
<b>Cash and cash equivalents at period end</b>	<u>8,885</u>	<u>2,651</u>	<u>8,885</u>	<u>2,651</u>