

A woman in a blue lab coat and safety glasses is working on a circuit board in a factory setting. The background shows other workers and industrial equipment. The word "eltek" is overlaid in large white letters.

# eltek

a  Nistec company

## General

The information contained in this presentation does not purport to be all inclusive or to contain all information that prospective investors may require. Prospective investors are encouraged to conduct their own analysis and review of information contained in this presentation as well as important additional information through the Securities and Exchange Commission's ("SEC") EDGAR system at [www.sec.gov](http://www.sec.gov) and on our website at [www.nisteceltek.com](http://www.nisteceltek.com)

## Forward Looking Statements

Certain information contained in this Supplemental Information Package constitute forward-looking statements within the meaning of the federal securities laws.

Although Eltek Ltd. believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, no assurance can be given that these expectations will be achieved.

Factors that could cause actual results to differ materially from current expectations include changes in macro-economic conditions, the demand for our products, raw materials shortages, the implementation of our international sales initiatives, and other risks, which are described in Eltek Ltd.'s filings with the Securities and Exchange Commission.

## Basis of Presentation

### GAAP

Unless otherwise stated, all historical and estimated future financial and other information included in this presentation have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP").

### Non-GAAP

In addition to using financial measures prescribed by GAAP, we use non-generally accepted accounting principles ("non-GAAP") financial measures in this presentation. A reconciliation of historical non-GAAP financial measures to their most directly comparable GAAP measures, can be found [here](#)

### Industry and Market Data

Certain data included in this presentation has been derived from a variety of sources, including independent industry publications, government publications and other published independent sources. Although we believe that such third-party sources are reliable, we have not independently verified, and take no responsibility for, the accuracy or completeness of such data.

## Founded in 1970, Eltek is a global PCB manufacturer.

We have 50 years of experience in the space, a wealth of key engineering talent, and additional capacity in our facility to house immediate growth.

- **1970**
  - Established by Koor Ltd and Elbit Ltd.
- **1997**
  - IPO on NASDAQ (ELTK)
- **2008**
  - Established USA HQ
  - Approved MLA for ITAR
- **2013**
  - Nistec control of Eltek
- **2018**
  - Key management restructuring
  - Implemented Achieve Competitive Excellence & Turnaround Plan
- **2022**
  - Commenced \$15 million accelerated investment plan



**Petach Tikva,  
Israel**

Location



**NADCAP, AS9100D,  
ISO9001:2015, UL 94V-0**

Key Qualifications



**100,000 ft<sup>2</sup>**

Facility Size



**\$22.5M**

Revenues H1 2023

**~320 Employees (42 Engineers)**

## Main Products



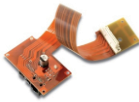
**65%**

Flex-Rigid



**30%**

Rigid

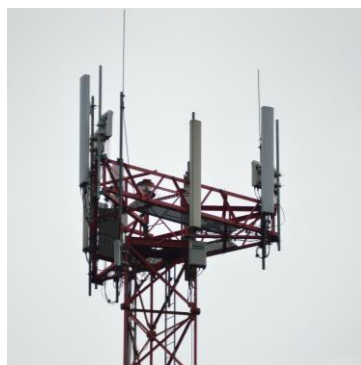
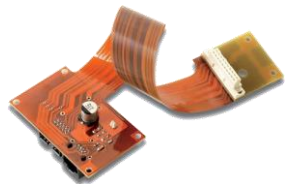


**5%**

Multi-Flex/Flex

**~1,100,000 PCBs Manufactured Annually**

# Where Eltek PCBs are Used





Eltek is a leading global manufacturer of quality and highly-reliable printed circuit boards (PCBs)—creating rigid, flex-rigid, and flex PCBs for use in a variety of industries, including Aerospace, Military, Medical, Satellite, and many others.

We are an end-to-end manufacturer, beginning with custom prototyping and PCB design, into full scale development.

## Strong Portfolio of Customers



# PCB Manufacturing Trends



For several decades PCB manufacturers in the West have disappeared—leaving global manufacturing highly concentrated in China and Taiwan.



China's PCB dominance and global security issues have caused western government and companies avoiding Chinese PCBs.



Regulatory trends in Israel are seeking to move the \$60 million annual PCB imports to domestic suppliers.

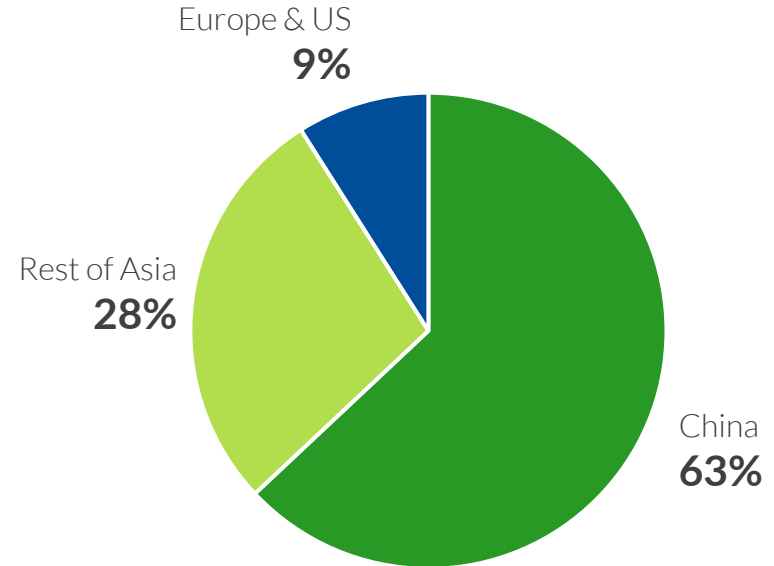


Shift back of manufacturing to western countries due to security and IP considerations.



Increased defence budgets due to political situation in Europe.

## PCB Manufacturing by Region





The Western world is looking to shift back to purchasing Western produced PCB's, but there are **high technical barriers** to entry to create new manufacturers and supply.

## High Barriers for New Entrants in PCB Production

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### Technical “Know-How”

There are no university degrees for PCB production, engineers become experts in PCBs on the job and advance over time

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### Machine Infrastructure Cost

\$35m-\$50m+ machine and infrastructure investment is needed to start a small PCB manufacturing operation

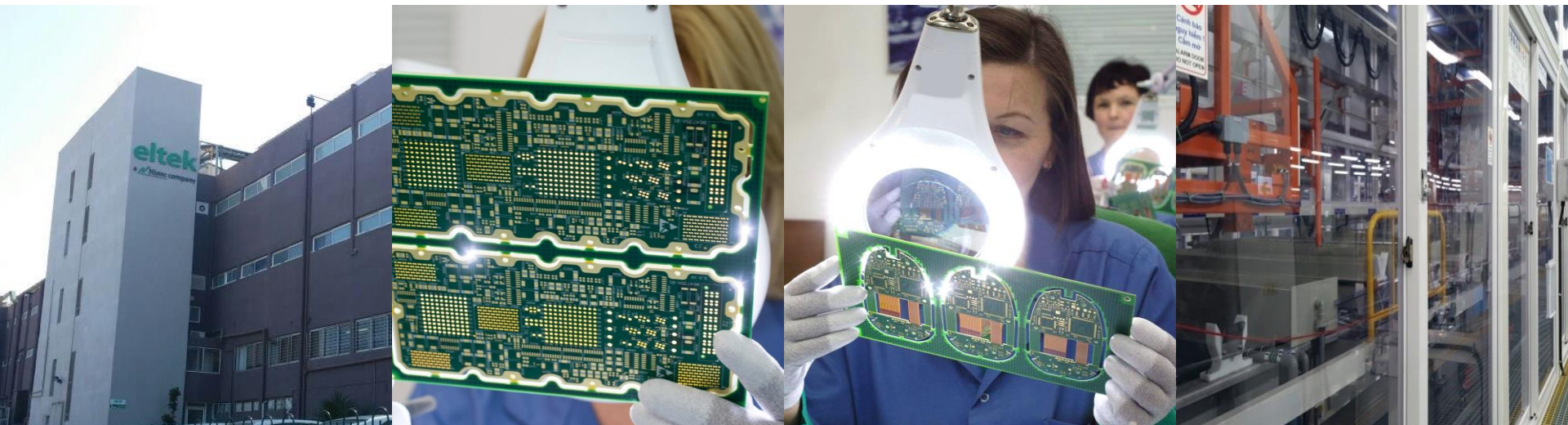
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### Time to Build & Accelerate

From concept to significant PCB production, a new operation requires a minimum of 4-5 years for a small producer to get up and running

# Growing to Satisfy Market Appetite



Unlocking 30% in additional production capacity via a 3rd shift in Petach Tikva facility.

R&D programs in partnership with Israeli innovation authorities. Developing unique, high-end, advanced PCBs.

Vertical and Horizontal mergers can fuel growth, both domestically and internationally.

\$15 million accelerated investment program will gradually increase capacity in 30% .



## 50 years of operational history developing PCBs



### ITAR and EAR Certifications

Certifications allow Eltek to sell to defense contractors and other companies in the United States



### Pioneers in Flex PCBs

Eltek is a brand-name in the Flex PCB market, trusted by leading brands around the world



### Constant R&D

Bringing advanced tech (complex and organic PCBs) currently reserved for the largest corporations, to a broader market



### High-Mix, Low-Volume

Our proprietary production techniques allows us to serve lower minimum order quantities and a broader customer segment

# Massive Global Opportunity Size

## Total Available Market

- Global PCBs, 2027
- Growing at a 4.8% CAGR

\$76B

## Serviceable Addressable Market

- Global Flex-Rigid PCBs, 2025
- Growing at a 9.8% CAGR

\$7.5B

Estimated High mix, Low volume for  
Defense & Aerospace market - \$1B

## Current Revenue Capacity

- Single Facility at 70%-90% Capacity + first phase of accelerated investment plan

\$40-55M

## Future Revenue Capacity

- After Accelerated Investment Program (15M) + one M&A transaction

\$55-90M

# Generating Profits in a Capital Intensive Industry



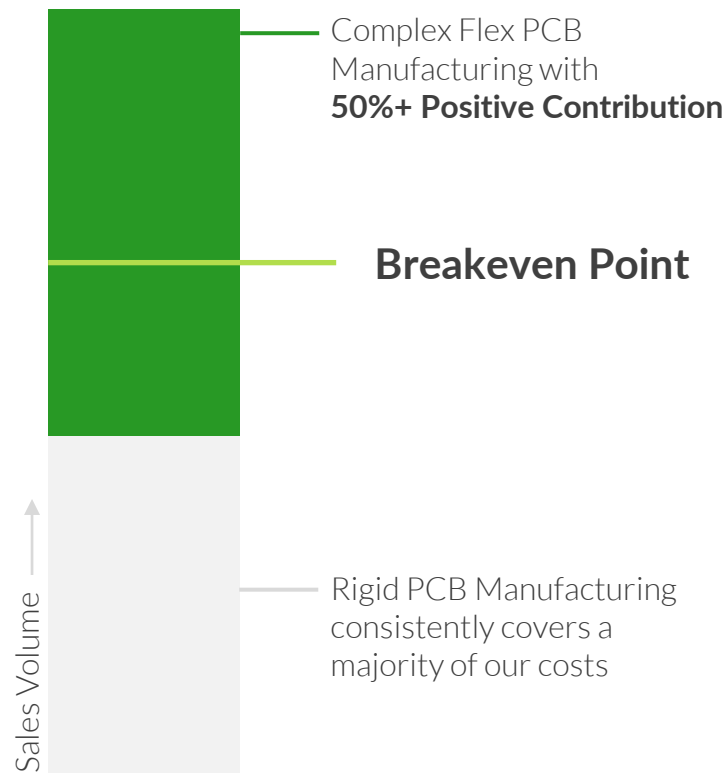
Rigid PCB manufacturing supports the capital intensive fixed costs of our facility, machinery, and staffing—ensuring that Eltek reaches its break even point.



Eltek's Flex PCB manufacturing generates high profit margins on more complex products.



As a result, incremental Flex PCB production is highly-profitable, price-elastic, and fuels market share growth.



# Setting the Stage for Rampant Growth



In 2018, newly hired Eltek management led a turnaround plan and implementation of “Achieving Competitive Excellence”.



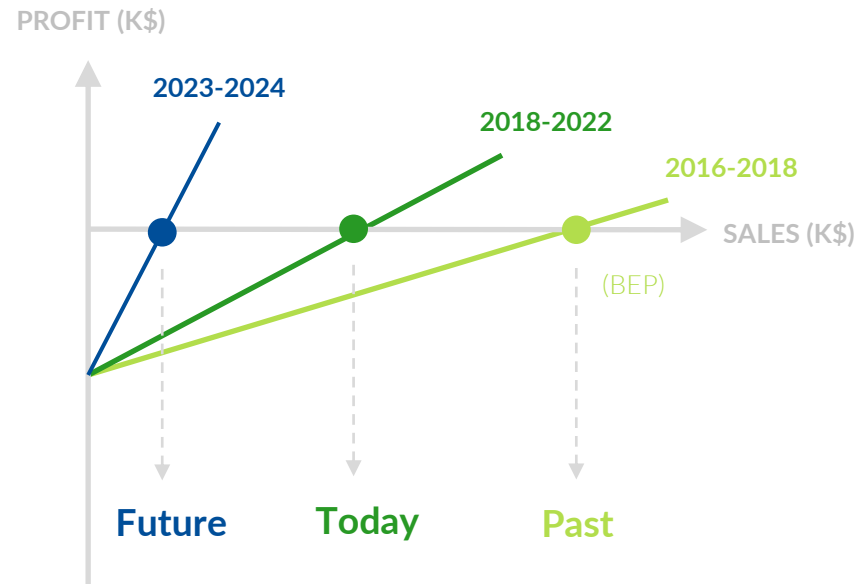
Our turnaround targeted higher operational efficiency by reducing fixed costs and improving our pricing strategy.



Since 2019, we have been able to maintain profitable operations and positive cash flow.



Since the beginning of 2023, plan to increase efficiency and to increase marginal contribution to a level of 60%.



Overall, we have lowered our breakeven point, while increasing our profit per unit manufactured.



## Business Excellence

- ✓ Right pricing
- ✓ Product rationalization
- ✓ ROI focused decision making
- ✓ Smart cost effective manufacturing equipment procurement

## Operational Efficiency

- ✓ Adopt Achieve Competitive Excellence program (ACE-similar to 6-sigma)
- ✓ Use big data technology for PCB engineering
- ✓ Expand capacity
- ✓ Add technical capabilities

## Market Share Expansion

- ✓ Focus on the US and India markets
- ✓ Look for M&A transaction (US or Europe)
- ✓ Trade PCB FMF between USA and Israel
- ✓ Participate in government-to-government Offset Program

# Our R&D Roadmap

Mirrored to Global Demand of High Reliability, Miniaturization, Faster Data Traffic, and High Power

## 2018-2019

- ✓ HDI VIA COPPER FILLING
- ✓ Buried/Blind-filled Non-conductive Paste
- ✓ Dynamic Rigid/Flex designs
- ✓ High-end Rigid/Flex Bookbinder

## 2020

- ✓ Hi speed/frequency PCB's
- ✓ PTFE fusion bonding technology
- ✓ Advanced raw material implementation
- ✓ Develop ENEPIG technology capability

## 2021/22

- ✓ Fine line X-ray assisted drilling
- ✓ Personalized production
- ✓ Improved inner layer registration
- ✓ Transparent & stretchable PCB's
- ✓ Ultra precise drilling

**eltek**

a Nistec company

## GOAL

- Comprehensive manufacturing capabilities of:
  - 5/6G Products
  - IC/SOM packages
  - Aspect ratio 1:20

## 2023/2024

- IC packages [H1 2023]
- Substrates:
  - Ultra thin boards 0.2 mm Dense topography [H1 2023]
  - Buried/blind/micro [H2 2023]
  - Dense and thin conductors 25 $\mu$ /25 $\mu$  line space [H2 2023]
  - Aspect ratio 1:15 [H1 2024]
- Develop semi automated systems for High-Mix flex-rigid PCBs

# Experienced Leadership Team



**Eli Yaffe**

CEO

Joined Eltek as CEO in July 2018. Prior, Eli served as the CEO of Carmel Forge Ltd. (Aerospace), and prior thereto he served as the CEO of Urdan Industries Ltd. (Defense). Holds a B.Sc. degree from the Technion-Israel Institute of Technology, M.Sc. in Mechanical Engineering from Tel Aviv University, and an MBA in Finance & Marketing from Bar-Ilan University.



**Ron Freund**

VP Finance, and CFO

Ron Freund joined Eltek in January 2022. Ron is a senior finance executive with more than thirty years of financial, operational and management experience. Prior to joining Eltek, Ron held various leadership and senior executive finance positions. Ron was a Senior Partner at Ernst & Young Israel and holds a B.A. degree in Accounting and Economics from the Hebrew University, Jerusalem.



**Oriel Sallary**

VP, Worldwide Sales and Marketing

Joined Eltek as VP of Worldwide Sales and Marketing in May 2020. Oriel has over 25 years of sales experience in the semiconductor industry. Previously, he held various positions including VP Sales and Marketing, senior account executive and sales director at Tritech Ltd., a distribution company in Israel.

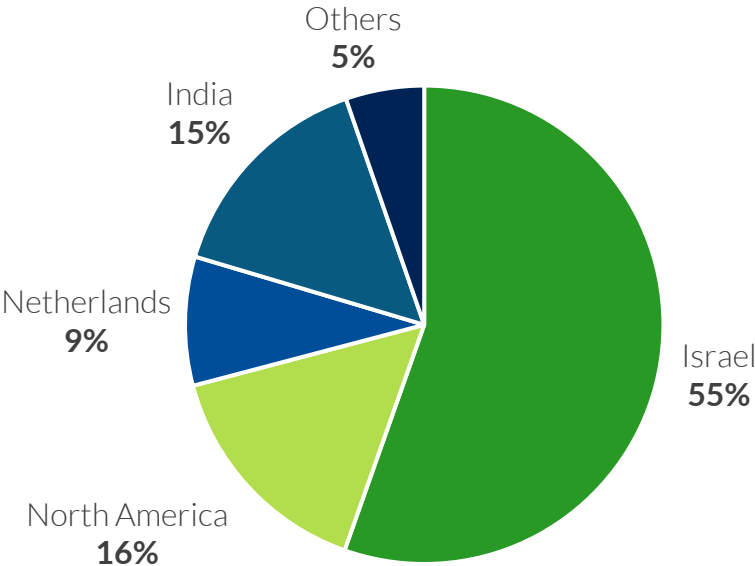


**Itzik Zemach**

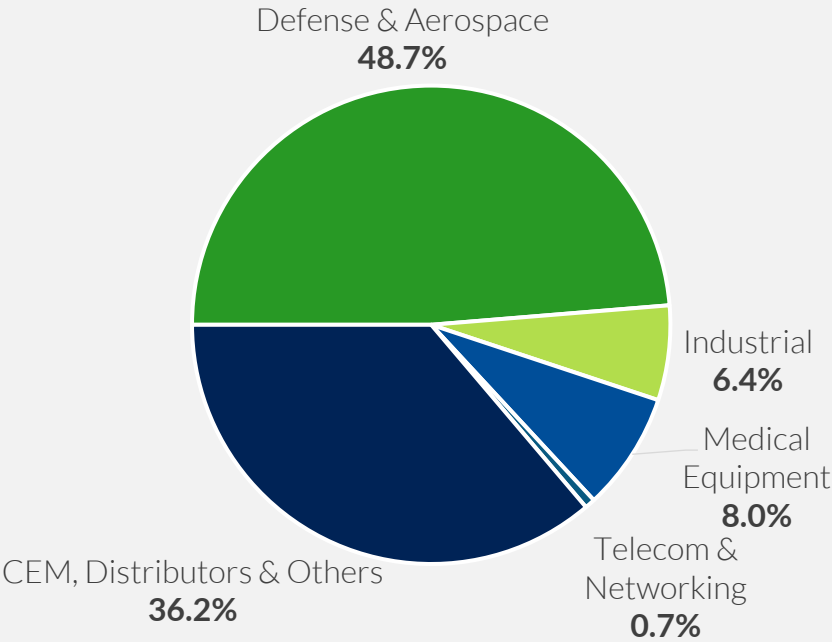
VP Operations

Joined Eltek in September 2018 as VP operations. Prior, Mr. Zemach served as the Plant Manager at “Kahane Group” for 6 years, leading all supply-chain processes—and has spent over 15 years in electronic parts manufacturing overall. Holds a B.Sc. degree in Electronic Engineering from Ariel University, and an MBA in IT from Bar Ilan University.

By Geography



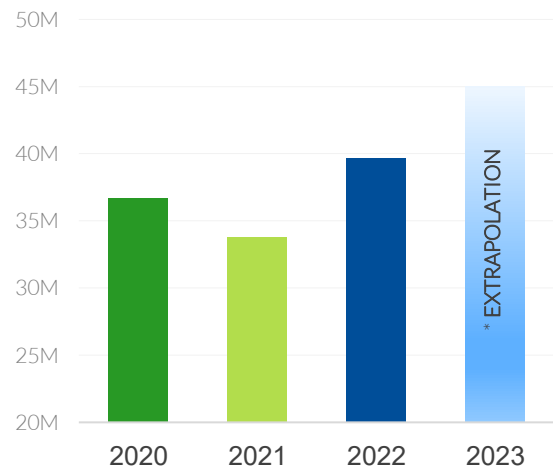
By Sector



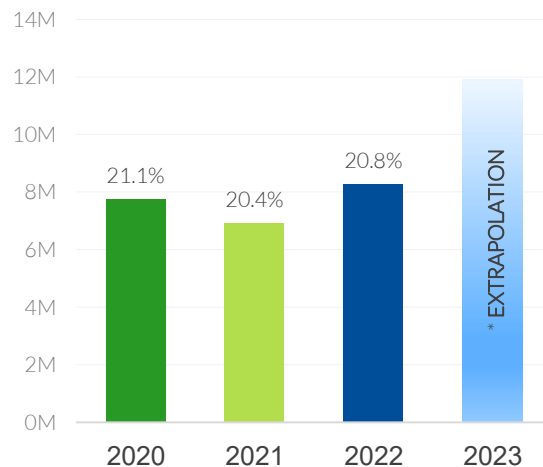


# Financial Snapshot

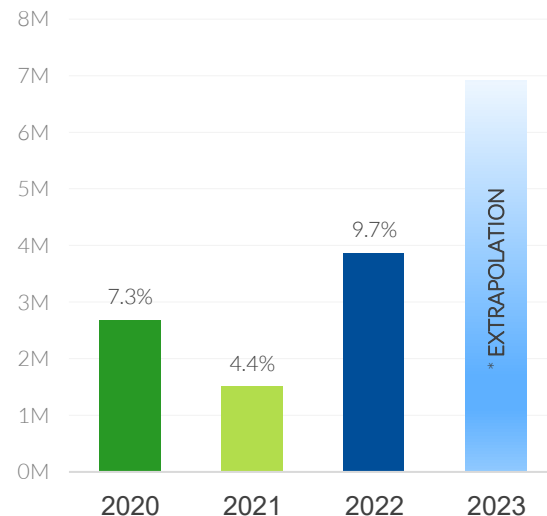
## Revenues



## Gross Profit



## Income before income taxes



**H1 2023**

**\$22.5M**  
Revenues

**\$6.0M** (27%)  
Gross Profit

**\$3.0M** (13%)  
Operating Profit

**\$2.9M** (13%)  
Net Profit

**\$3.6M** (16%)  
EBITDA

**\$0.49**  
EPS

\* Eltek uses EBITDA as a non-GAAP financial performance measurement. Reconciliation between the company's results on a GAAP and non-GAAP basis is provided in our quarterly financial press release. 17

\* 2023 graphs are an extrapolation based on H1 2023 results.

# Company Capitalization



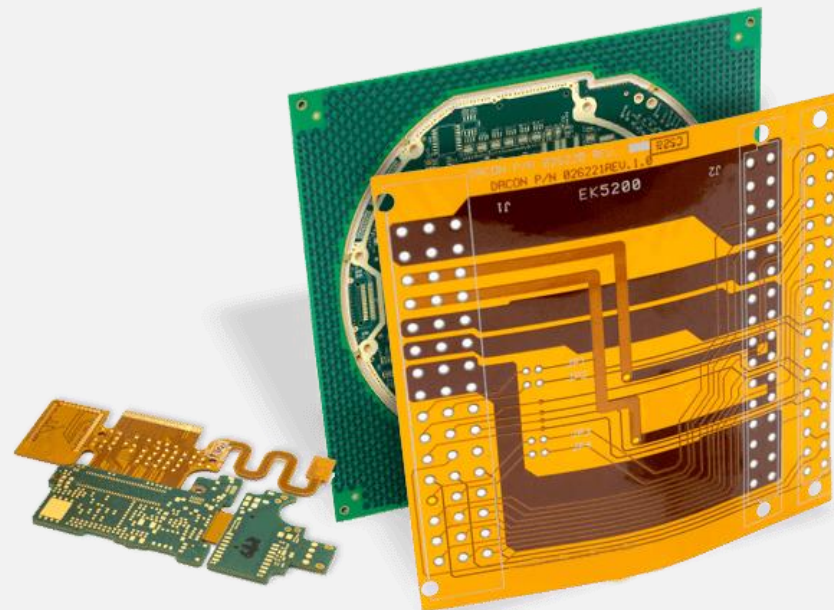
As of June 30, 2023 Eltek has **5,907,715** issued and outstanding shares:

Nistec	3,885,096	65.8%
Yitzhak Nissan (Chairman)	165,224	2.8%
<b>Total Nistec and Yitzhak Nissan</b>	<b>4,050,320</b>	<b>68.6%</b>
Public Float	1,857,395	31.4%
<b>Total</b>	<b>5,907,715</b>	<b>100.0%</b>



As of June 30, 2023:

**337,134 Outstanding Options**  
**(WAEP: \$5.07)**



# Contact Us



[www.nisteceltek.com](http://www.nisteceltek.com)

## Manufacturing

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Fax: +972 3 9342584  
Email: [main@nisteceltek.com](mailto:main@nisteceltek.com)

## Customer Service Sales – Engineering

### Eltek USA Inc.

Phone: (480) 716-8645  
Email: [info@eltek.us](mailto:info@eltek.us)

