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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):

May 6, 2019

AROTECH CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-23336
(Commission
File Number)

95-4302784
(IRS Employer
Identification No.)

1229 Oak Valley Drive, Ann Arbor, Michigan
(Address of principal executive offices)

48108
(Zip Code)

Registrant's telephone number, including area code:

800 281-0356

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

SEC 873 (09/17)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Item 2.02 Results of Operations and Financial Condition.

On May 8, 2019, Arotech Corporation (the “Registrant”) publicly disseminated an earnings release (the “Release”) announcing its financial results for the quarter ended March 31, 2019. A copy of the Release is attached as Exhibit 99.1 hereto.

The information included in the attached Exhibit 99.1 is being furnished pursuant to Item 2.02 of Form 8-K, insofar as it discloses historical information regarding the Registrant’s results of operations and financial condition as of and for the quarter ended March 31, 2019. In accordance with General Instructions B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

Item 5.07 Submission of Matters to a Vote of Security Holders.

On May 6, 2019, at the Annual Meeting of Stockholders of the Registrant, the stockholders of the Registrant voted on the following proposals with the following results:

1. *Election of Directors.*

	Votes For	Votes Withheld
Kenneth W. Cappell	10,750,171	1,451,932
Adm. James J. Quinn	10,331,609	1,870,494
<i>(Directors whose terms of office continued after the meeting were Jon B. Kutler and Lawrence F. Hagenbuch)</i>		

2. *Ratifying the appointment of BDO USA, LLP as the Company’s independent accountants for the fiscal year ending December 31, 2019.*

Votes For	Votes Against	Abstentions
19,605,368	1,754,825	43,849

3. *Adopting the 2019 Equity Incentive Plan.*

Votes For	Votes Against	Abstentions	Broker Non-Votes
5,613,858	6,420,559	167,686	9,201,939

4. *Approving, on an advisory basis, the compensation of the Company’s named executive officers (“say-on-pay”).*

Votes For	Votes Against	Abstentions	Broker Non-Votes
8,656,976	3,380,160	164,967	9,201,939

5. *Recommending, on an advisory basis, the frequency of executive compensation votes.*

1 Year	2 Years	3 Years	Abstentions
6,433,738	391,369	5,147,198	229,798

Item 9.01 Financial Statements and Exhibits.

As described above, the following Exhibits are furnished as part of this Current Report on Form 8-K:

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release dated May 8, 2019

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AROTECH CORPORATION
(Registrant)

/s/ Yaakov Har-Oz

Name: Yaakov Har-Oz

Title: Senior Vice President and General Counsel

Dated: May 8, 2019



Arotech Reports First Quarter 2019 Results

Ann Arbor, Michigan – May 8, 2019 – Arotech Corporation (NasdaqGM: ARTX) today announced financial results for the quarter ended March 31, 2019.

First Quarter 2019 Financial Summary:

Consolidated U.S. \$ in thousands, except per share data	Three months ended March 31,	
	2019	2018
GAAP Measures		
Revenue	\$ 20,779	\$ 27,249
Gross profit	\$ 5,820	\$ 7,711
Net income (loss)	\$ (1,407)	\$ 596
Diluted net income (loss) per share	\$ (0.05)	\$ 0.02
Net cash (used in) provided by operating activities	\$ (2,227)	\$ 2,515
Non-GAAP Measures (reconciliation to GAAP measures appears in the tables below)		
Adjusted EBITDA	\$ 52	\$ 2,161
Adjusted earnings (loss) per share	\$ (0.03)	\$ 0.05

First Quarter 2019 Segment Results:

Training and Simulation Division U.S. \$ in thousands	Three months ended March 31,	
	2019	2018
Revenue	\$ 13,990	\$ 14,558
Gross profit	\$ 5,379	\$ 5,760
Gross profit %	38.5%	39.6%

Power Systems Division U.S. \$ in thousands	Three months ended March 31,	
	2019	2018
Revenue	\$ 6,789	\$ 12,691
Gross profit	\$ 440	\$ 1,952
Gross profit %	6.5%	15.4%

First Quarter 2019 Business Highlights:

Training and Simulation Division

- Adds thirty-seven new employees to staff three bases with maintainers for the Army's simulator maintenance program (ATMP) under subcontract to Lockheed Martin.
- Begins fielding phase one capability upgrades to the Army's Virtual Clearance Training Suites installations under its three phase program.
- Awarded a new rail simulator subcontract from Bombardier for a Canadian customer.
- Increases backlog for Air Warfare Systems product line on strong demand for existing U.S. fighter aircraft launch zone software as well as new uses for our high speed weapon models.

Power Systems Division

- Continues to advance its Lithium Ion 6T battery platform and begins selling test quantities internationally with orders from new customers in Europe and Asia.
- Receives funding to develop nano-satellite batteries from the Israeli Ministry of Defense.
- Completes a successful week long Mobile Electric Hybrid Power Sources (MEHPS) demonstration at an Army Technical Support & Operation Analysis (TSOA) event held in March.

"Our first quarter revenues were weaker than anticipated, leading to earnings results that did not meet our expectations. While our long term vision remains in place, the revenue timing uncertainty around the very large opportunities we are pursuing within the Cyber Mission Kitting IDIQ (Indefinite Delivery/Indefinite Quantity) that we won in our U.S. power subsidiary has led us to reduce our outlook for the year," commented CEO Dean Krutty. "The slow first quarter result is attributable to both of our business units producing lower than planned revenue. The Simulation Division's Combat Convoy Simulator and VCTS programs progressed more slowly than expected as we finalized design work with our customers. The Power Division did not replace revenue from its terminated Assault Amphibious Vehicle electrical upgrade with the Marine Corps as soon as anticipated, which has left us with excess capacity in our South Carolina manufacturing facility for the near term."

"Our Simulation Division is now fielding new capabilities to the U.S. Army on our VCTS program and is moving from the design to the production phase on the U.S. Marine Corps' Combat Convoy Simulator (CCS) program, allowing us to begin assembling the first article and prepare for full production. Also within our simulation division, numerous simulator contract awards in the first quarter for our transit and public safety product lines brought backlog in the commercial vehicle simulator group to a 10 year high."

"Our Power Division continues to progress in diversifying its product portfolio in the absence of battery sales to traditional customers. Contract backlog in our Israeli power subsidiary has grown steadily for the last six months, which will help drive better performance for that division as the year progresses," concluded Mr. Krutty.

First Quarter Financial Summary

Revenues for the first quarter of 2019 were \$20.8 million, compared to \$27.2 million for the corresponding period in 2018, a decrease of (23.7)%. The year-over-year decrease is primarily related to the termination of our Amphibious Assault Vehicle program ("AAV") by our customer Science Applications International Corporation ("SAIC") as a result of the United States Marine Corps termination for convenience with SAIC on October 3, 2018. In addition, there was a reduction in the manufacturing of certain batteries in our Israeli operations.

Gross profit for the first quarter of 2019 was \$5.8 million, or 28.0% of revenues, compared to \$7.7 million, or 28.3% of revenues, for the corresponding period in 2018.

Operating expenses were \$6.8 million, or 32.6% of revenues, in the first quarter of 2019, compared to operating expenses of \$6.7 million, or 24.4% of revenues, for the corresponding period in 2018.

Operating loss for the first quarter was \$(948,000) compared to operating income of \$1.1 million in the corresponding period in 2018. The decrease in operating income is due to lower revenues in our Power Systems Division.

Arotech's net loss for the first quarter of 2019 was \$(1.4) million, or \$(0.05) per basic and diluted share, compared to net income of \$596,000, or \$0.02 per basic and diluted share, for the corresponding period in 2018.

Adjusted Earnings per Share (Adjusted EPS) for the first quarter of 2019 was a loss of \$(0.03) compared to adjusted earnings of \$0.05 for the corresponding period in 2018. The decrease in our net income and quarterly Adjusted EPS is primarily attributable to lower operating income in 2019 driven by lower sales in our Power Systems Division.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA) for the first quarter of 2019 was \$52,000, compared to \$2.2 million for the corresponding period of 2018. The decrease in Adjusted EBITDA is primarily due to lower operating income in 2019 driven by lower sales in our Power Systems Division.

Arotech believes that information concerning Adjusted EBITDA and Adjusted EPS enhances overall understanding of Arotech's current financial performance. Arotech computes Adjusted EBITDA and Adjusted EPS, which are non-GAAP financial measures, as reflected in the tables below.

Cash Flow Summary

Arotech had net cash used in operating activities of \$(2.2) million for the period ending March 31, 2019, compared to cash provided by operating activities of \$2.5 million for the corresponding period in 2018. This use of cash is primarily attributable to the funding of certain long term contracts where milestone payments do not apply as well as the termination of the AAV program for which we have not yet received a settlement.

Balance Sheet Metrics

U.S. \$ in thousands	For the Period ended	
Balance Sheet Metrics	March 31,	For the Period ended December
	2019	31,
		2018
Cash and cash equivalents	\$ 4,754	\$ 4,445
Total debt	\$ 17,945	\$ 14,066
Line of credit availability	\$ 1,716	\$ 8,219

As of March 31, 2019, Arotech had total debt of \$17.9 million, consisting of \$9.7 million in short-term bank debt under Arotech's credit facility and \$8.2 million in long-term loans. This is in comparison to December 31, 2018, when Arotech had total debt of \$14.1 million, consisting of \$5.5 million in short-term bank debt under its credit facility and \$8.6 million in long-term loans. The increase in debt is related to the funding of certain long term contracts and the terminated AAV program which has not been settled.

The Company had a current ratio (current assets/current liabilities) of 1.8, compared with the December 31, 2018 current ratio of 2.0.

Arotech's backlog increased by 30.7% over the same period last year and 8.8% over the period ending 2018.

U.S. \$ in millions	For the Period Ended,		
Backlog	Q1 2019	Q1 2018	Q4 2018
Total	\$ 70.5	\$ 54.0	\$ 64.8

2019 Guidance

Arotech's 2019 guidance range: We lower guidance to total revenue of \$95 million to \$105 million; Adjusted EBITDA of \$7.0 million to \$8.0 million; and Adjusted EPS of \$0.14 to \$0.18. The financial guidance provided is as of today and Arotech undertakes no obligation to update its estimates in the future.

Conference Call

Arotech will host a conference call tomorrow, Thursday, May 9, 2019 at 9:00 a.m. Eastern time, to review its financial results and business outlook.

To participate, please call one of the following telephone numbers. Please dial in at least 10 minutes before the start of the call:

- US: 1-844-602-0380
- International: +1-862-298-0970

The online playback of the conference call will be archived on Arotech's website for at least 90 days and a telephonic playback of the conference call will also be available by calling 1-877-481-4010 within the U.S. and +1-919-882-2331 internationally. The telephonic playback will be available beginning at 12:00 p.m. Eastern time on Thursday, May 9, 2019, and continue through 9:00 a.m. Eastern time on Thursday, May 16, 2019. The replay passcode is 47921.

About Arotech Corporation

Arotech Corporation is a defense and security company engaged in two business areas: interactive simulation and mobile power systems.

Arotech is incorporated in Delaware, with corporate offices in Ann Arbor, Michigan, and research, development and production subsidiaries in Michigan, South Carolina, and Israel. For more information on Arotech, please visit Arotech's website at www.arotech.com.

Investor Relations Contact:

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Except for the historical information herein, the matters discussed in this news release include forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect management's current knowledge, assumptions, judgment and expectations regarding future performance or events. Although management believes that the expectations reflected in such statements are reasonable, readers are cautioned not to place undue reliance on these forward-looking statements, as they are subject to various risks and uncertainties that may cause actual results to vary materially. These risks and uncertainties include, but are not limited to, risks relating to: product and technology development; the uncertainty of the market for Arotech's products; changing economic conditions; delay, cancellation or non-renewal, in whole or in part, of contracts or of purchase orders (including as a result of budgetary cuts resulting from automatic sequestration under the Budget Control Act of 2011); and other risk factors detailed in Arotech's most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2018, and other filings with the Securities and Exchange Commission. Arotech assumes no obligation to update the information in this release. Reference to Arotech's website above does not constitute incorporation of any of the information thereon into this press release.

CONDENSED CONSOLIDATED BALANCE SHEET SUMMARY (UNAUDITED)
(U.S. Dollars)

	For the Period ended March 31, 2019	For the Period ended December 31, 2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 4,523,949	\$ 4,222,246
Restricted collateral deposits	229,830	222,712
Trade receivables, net	11,801,182	16,259,809
Contract assets	22,319,968	17,867,896
Other accounts receivable and prepaid expenses	6,548,213	5,989,263
Inventories, net	9,452,464	9,912,748
Total current assets	54,875,606	54,474,674
LONG TERM ASSETS:		
Contractual and Israeli statutory severance pay fund	3,637,590	3,427,705
Other long term receivables	541,139	543,205
Property and equipment, net	8,931,136	8,914,247
Right of use asset	6,035,660	—
Other intangible assets, net	4,841,152	4,465,778
Goodwill	46,138,036	46,138,036
Total long term assets	70,124,713	63,488,971
Total assets	\$ 125,000,319	\$ 117,963,645
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 6,360,287	\$ 6,442,919
Other accounts payable and accrued expenses	4,689,993	6,498,045
Current portion of lease obligation	622,065	—
Current portion of long term debt	2,235,089	2,204,653
Short term bank credit	9,703,764	5,500,416
Contract liabilities	6,750,785	7,054,779
Total current liabilities	30,361,983	27,700,812
LONG TERM LIABILITIES:		
Contractual and accrued Israeli statutory severance pay	4,465,209	4,125,675
Long term portion of lease obligations	5,714,132	—
Long term portion of debt	6,006,573	6,360,569
Deferred income tax liability	2,970,978	2,863,098
Other long term liabilities	46,800	137,774
Total long-term liabilities	19,203,692	13,487,116
Total liabilities	49,565,675	41,187,928
STOCKHOLDERS' EQUITY:		
Total stockholders' equity	75,434,644	76,775,717
Total liabilities and stockholders' equity	\$ 125,000,319	\$ 117,963,645

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(U.S. Dollars, except share data)

	Three months ended March 31,	
	2019	2018
Revenues	\$ 20,778,639	\$ 27,248,509
Cost of revenues	14,959,111	19,537,081
Research and development expenses	1,074,064	1,036,702
Selling and marketing expenses	2,152,557	1,878,073
General and administrative expenses	3,170,391	3,225,934
Amortization of intangible assets	370,203	514,911
Total operating costs and expenses	21,726,326	26,192,701
Operating income (loss)	(947,687)	1,055,808
Other income (expense), net	(14)	3
Financial expense, net	(298,431)	(213,108)
Total other expense	(298,445)	(213,105)
Income (loss) before income tax expense	(1,246,132)	842,703
Income tax expense	160,881	247,114
Net income (loss)	(1,407,013)	595,589
Other comprehensive income (loss), net of income tax:		
Foreign currency translation adjustment	42,892	(24,260)
Comprehensive income (loss)	(1,364,121)	571,329
Basic net income (loss) per share	\$ (0.05)	\$ 0.02
Diluted net income (loss) per share	\$ (0.05)	\$ 0.02
Weighted average number of shares used in computing basic net income (loss) per share	26,387,285	26,447,090
Weighted average number of shares used in computing diluted net income (loss) per share	26,387,285	26,447,090

Reconciliation of Non-GAAP Financial Measure – Continuing Operations

To supplement Arotech's consolidated financial statements presented in accordance with U.S. GAAP, Arotech uses a non-GAAP measure, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA). This non-GAAP measure is provided to enhance overall understanding of Arotech's current financial performance. Reconciliation of the nearest GAAP measure to adjusted EBITDA follows:

	Three months ended March 31,	
	2019	2018
Net income (loss) (GAAP measure)	\$ (1,407,013)	\$ 595,589
<i>Add back:</i>		
Financial expense – including interest	298,445	213,105
Income tax (benefit) expense	160,881	247,114
Depreciation and amortization expense	863,320	996,402
Other adjustments*	135,969	108,495
Total adjusted EBITDA	\$ 51,602	\$ 2,160,705

* Includes stock compensation expense, one-time transaction expenses and other non-cash expenses.

CALCULATION OF ADJUSTED EARNINGS PER SHARE

(U.S. \$ in thousands, except per share data)

	Three months ended March 31,	
	2019	2018
Revenue (GAAP measure)	\$ 20,779	\$ 27,249
Net income (loss) (GAAP measure)	\$ (1,407)	\$ 596
<i>Adjustments:</i>		
Amortization	370	515
Stock compensation	136	108
Non-cash taxes	108	227
Other non-recurring expenses	—	—
Net adjustments	\$ 614	\$ 850
Adjusted net income	\$ (793)	\$ 1,446
Number of diluted shares	26,387	26,447
Adjusted EPS	\$ (0.03)	\$ 0.05