ASX RELEASE **ASX: KTK**
31 July 2026

Quarterly Activities Report for the quarter ended 30 June 2026

Highlights

- **Successful ASX listing following completion of a $10 million IPO, providing growth capital to support production scale-up, international operations and business development.**
- **Production scale-up and delivery restart advanced, with strong customer demand, an intact program backlog and deliveries targeted to recommence during September 2026.**
- **United States expansion progressed through facility planning, local assembly and logistics preparation, supplier development and export licence activities.**
- **Expanded manufacturing scope through an additional production order covering electro-mechanical assembly, with discussions progressing towards a higher-value full turnkey model.**
- **New advanced aerospace capability established through a strategic cooperation framework supporting prototype engineering and potential future serial production.**
- **Broader commercial pipeline advanced across Israel, Europe, North America and Australia, including a new quotation and ongoing supplier qualification activities.**

KTEK Aerosystems Ltd (ASX: KTK) (KTEK or the Company), a Tier-2 supplier of composite airframes, electro-mechanical assemblies and engineering services for defence and commercial uncrewed aerial systems, is pleased to provide its first Quarterly Activities Report since admission to the Australian Securities Exchange.

Dekel Keisar, Founder and Managing Director of KTEK Aerosystems, said:

"KTEK's successful $10 million IPO and ASX listing established a strong platform for the Company's next phase of growth. In the short period since listing, we have advanced our United States operating strategy, expanded the scope of an existing production relationship, established a new advanced aerospace capability and progressed several additional defence manufacturing opportunities."

"Our principal production program remains strategically important, with strong customer demand and the backlog intact. We are executing a coordinated delivery restart and capacity expansion program, with deliveries targeted to recommence in September and production cadence expected to build progressively thereafter."

"KTEK enters the new financial year with a strengthened balance sheet, expanding international capability and a growing pipeline of opportunities. Our focus is firmly on execution - building production cadence, converting the commercial pipeline and expanding the value of the manufacturing and supply-chain services we provide to customers."

Successful ASX listing

KTEK commenced trading on the ASX on 18 May 2026 following the successful completion of a $10 million IPO at an issue price of $0.20 per share. The listing represented a major milestone in the Company's development and introduced KTEK to the Australian public markets as a specialist defence and aerospace manufacturing business.

The IPO proceeds provide KTEK with capital to support working capital requirements, production scale-up, international operating capability and business development. Since listing, management has focused on converting this strengthened capital position into operational capability, supply-chain resilience and potential new revenue opportunities.

Progress since listing

Strategic priority	Progress since listing
ASX listing	Completed $10 million IPO and commenced trading on 18 May 2026.
Production scale-up	New high-capacity tooling advanced to final qualification, with serial production using accepted tooling targeted from September.
United States expansion	Facility planning, local supplier development and export licence pathway advanced.
Manufacturing scope	Additional production order expanded an existing program into electro-mechanical assembly; full turnkey transition discussions progressing.
Capability expansion	Strategic cooperation established in advanced aerospace and SATCOM systems.
Customer diversification	First quotation submitted for a new defence program and major supplier qualification advanced.

Activities during the quarter

Production scale-up and delivery restart

The Company continued to advance its principal production program, which remains one of KTEK's most important near-term revenue and growth drivers. Customer demand remains strong, the program backlog is intact, and the Company is progressing the operational steps required to restart deliveries and support a higher future production cadence.

Deliveries during the period were affected by regional logistics constraints, and the timing of export licence approvals. KTEK is executing a coordinated delivery restart and scale-up program covering tooling qualification, component supply, configuration alignment and export compliance.

To further increase production capacity as the program ramps, the Company is also qualifying a higher capacity tooling configuration which is expected to complete during the month of August 2026. Subject to successful tooling qualification, customer acceptance, component availability and receipt of all required export approvals, the Company is targeting the recommencement of deliveries during September 2026 and aggressive scaleup of monthly deliveries.

United States expansion

KTEK advanced the establishment of a United States assembly and logistics operation to support future customer programs and improve international supply-chain resilience. Activities undertaken included:

- site visits and assessment of industrial facilities close to the intended operating base;
- implementation planning for local assembly, warehousing, quality systems and operational infrastructure;
- development of a local supplier network supporting future manufacturing activities;
- progression of export licence activities intended to enable direct deliveries from Europe to the United States; and
- strategic engagement with manufacturing partners and industry advisers.

The planned United States operation is intended to provide local assembly, logistics and customer support while establishing an additional delivery pathway. KTEK is also preparing an implementation roadmap for AS9100 aerospace quality certification.

Expanded manufacturing scope

KTEK secured an additional production order that expanded its scope on an existing defence program to include electro-mechanical assembly. The Company is working with the customer towards a full turnkey manufacturing model under which KTEK would assume responsibility for procurement, supply-chain management, manufacturing and final assembly.

Subject to customer agreement and future binding orders, the proposed model has the potential to increase the value of work performed by KTEK and deepen the long-term customer relationship.

Supplier qualification and new program engagement

The Company completed technical, operational and quality reviews as part of a Built-to-Spec supplier qualification process with a major international defence group. Engagement is continuing across engineering, procurement and quality functions. If achieved, approval would enable KTEK to participate in future manufacturing programs across multiple business divisions. No production orders have been received under this qualification process.

KTEK also submitted its first commercial quotation for a new defence manufacturing program and completed the initial commercial engagement and technical clarification process. The proposal remains under customer evaluation and there is no certainty that it will result in an order.

European manufacturing opportunity

KTEK progressed a proposed offset cooperation program involving the expansion of manufacturing activity through its Netherlands operations and broader European network. The proposal remains subject to the customer’s internal approval. If approved, it may establish a framework for future manufacturing work packages to be transferred to the Netherlands. No binding production orders have been received under the proposed program.

Business development

Commercial engagement expanded across Israel, Europe, North America and Australia, supported by continued development of strategic manufacturing partnerships.The Company expects several opportunities to progress through customer development, qualification and commercial processes during 2027. Timing and value remain dependent on customer approvals and the award of binding production orders.

Developments subsequent to quarter end

Advanced aerospace and SATCOM capability

Subsequentto quarter end, KTEK executed a strategic cooperation agreement with an advanced aerospace systems developer, establishing a framework for potential production collaboration. KTEK is supporting multiple advanced defence platforms through prototype manufacturing and engineering services.

Production opportunities may arise if the relevant platforms successfully complete development and commercialisation. No committed order volumes or minimum revenues apply, and revenue will be recognised only as binding work orders are agreed and executed.

United States export pathway

The Company progressed an export licence application intended to support direct deliveries from its European operations to the planned United States assembly and logistics operation. This pathway forms part of KTEK’s strategy to strengthen logistics and regulatory resilience for future programs.

Near-term priorities

- complete final qualification and release of the new higher-capacity production tooling;
- recommence deliveries under the principal production program and progressively increase production cadence;
- advance conversion of relevant work-in-progress while preserving embedded manufacturing value;

- progress the establishment, quality systems and export pathway for the planned United States operation;
- advance the proposed transition to higher-value full turnkey manufacturing;
- complete customer supplier qualifications and convert commercial proposals into binding production orders; and
- advance new program opportunities expected to progress during 2027.

KTEK remains focused on disciplined execution, quality and export compliance, prudent deployment of IPO capital and development of a diversified portfolio of long-term serial production programs. The Company believes the progress achieved since listing provides a strong foundation for the next phase of growth.

Corporate and financial overview

KTEK completed its $10 million IPO during the quarter. The Company's Appendix 4C Quarterly Cash Flow Report accompanies this Quarterly Activities Report. Because the estimated quarters of funding available at item 8.5 of that report is calculated to be 1.9 quarters, the Company has provided the disclosures required by items 8.6.1 to 8.6.3 of the Appendix 4C. The June 2026 quarter included a concentration of non-recurring outflows, being the settlement of pre-listing trade creditors and the Israeli costs of the Offer, which the Directors do not expect to recur.

The 1.9-quarter figure is calculated using the prescribed Appendix 4C methodology and the June-quarter net operating cash outflow of A$2.40 million. After adjusting for identified non-recurring and timing-related operating cash outflows, the Company estimates that the underlying operating cash requirement was approximately A$0.8-1.0 million for the quarter. On that basis, the A$4.62 million quarter-end cash balance represents around five quarters of funding assuming no customer receipts during that period. In addition, the Company expects its cash runway to extend further as deliveries and associated customer receipts recommence. This supplementary estimate does not alter the 1.9-quarter figure reported in item 8.5 of the Appendix 4C.

Item	Quarter ended 30 June 2026
Cash and cash equivalents at quarter end	**A$4.62 million**
Customer receipts	**A$0.27 million**
Net cash used in operating activities*	**A$2.40 million**
Investing activities	**A$2.24 million (net outflow)**
Financing activities	**A$9.38 million (net inflow)**

*Net cash used in operating activities of A$2.399 million comprised operating payments of A$2.679 million, including research and development of A$129,000, product manufacturing and operating costs of A$836,000, advertising and marketing of A$7,000, staff costs of A$467,000, administration and corporate costs of A$1.121 million, finance costs of A$35,000, income taxes of A$77,000 and net VAT of A$7,000. These payments were offset by customer receipts of A$273,000 and interest received of A$7,000.

Related-party payments

Payments to related parties and their associates during the quarter totalled A$213,000. These payments consisted of directors' fees of A$141,000 and A$72,000 for corporate and company secretarial services provided by an entity associated with a director.

A further A$104,000 of net advances on the current accounts of the Israeli directors and a related party is reported at item 6.2. The corresponding cash flow is included at item 2.3 within investing activities.

Use of Funds

Section 6.8 of the Company's Prospectus for its IPO outlined an indicative use of funds for the capital raised. As required by ASX Listing Rule 4.7C.2, the below table shows the actual use of funds from listing date until the balance date of 30 June 2026 compared to the use of funds outlined in the Prospectus.

Use of Funds ($m)	Actual use of funds	Prospectus use of funds
US Expansion	–	$3.10
Tooling and manufacturing capacity increase	$0.46	$1.35
Sales and Marketing	–	$0.86
Research and Development	$0.47	$3.00
Working Capital	$1.29	$0.75
Expenses of the Offer	$1.24	$1.11
TOTAL	**$3.46**	**$10.17**

KTEK Webinar Presentation

KTEK will hold its Q2/26 webinar presentation on 5 August 2026 at 4:30pm AEST, providing a business update and a review of the Company's quarterly results. The Session is highly recommended for investors, at a time when the Company is preparing for the reopening and subsequent ramp up of deliveries. Details of how to register and attend will subsequently be released by the Company.

This announcement has been released with the approval of the KTK Board.

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About KTEK Aerosystems

KTEK Aerosystems (ASX: KTK) is a Tier-2 defence and aerospace supplier delivering composite airframes, electro-mechanical assemblies, systems integration and engineering services for uncrewed and advanced platforms. Its asset-light “Cordless Factory” model combines in-house engineering, program management and quality assurance with a certified international manufacturing network, enabling capital-efficient production scale-up.

Forward-looking Statements

This announcement contains forward-looking statements, including statements regarding Ktek Aerosystems’ expected commercial and operational performance, customer pipeline, product development, and market positioning. Forward-looking statements are based on the Company's current expectations and assumptions as at the date of this announcement and are subject to risks and uncertainties, including customer purchasing decisions, government procurement cycles, regulatory changes, geopolitical developments, supply chain conditions, and foreign exchange movements, that could cause actual outcomes to differ materially. Readers should not place undue reliance on forward-looking statements. Except as required by the ASX Listing Rules and applicable law, the Company does not undertake to update any forward-looking statement.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
KTek Aerosystems Ltd	

ABN	Quarter ended ("current quarter")
59 696 412 138	30 June 2026

Consolidated statement of cash flows			Current quarter $A'000	Year to date (6 months) $A'000
1.	**Cash flows from operating activities**			
1.1	Receipts from customers		273	1,585
1.2	Payments for			
	(a)	research and development	(129)	(205)
	(b)	product manufacturing and operating costs	(836)	(901)
	(c)	advertising and marketing	(7)	(7)
	(d)	leased assets	-	-
	(e)	staff costs	(467)	(925)
	(f)	administration and corporate costs	(1,121)	(1,348)
1.3	Dividends received (see note 3)		-	-
1.4	Interest received		7	8
1.5	Interest and other costs of finance paid		(35)	(67)
1.6	Income taxes paid		(77)	(163)
1.7	Government grants and tax incentives (R&D Rebate)		-	-
1.8	Other – value added tax (VAT), net		(7)	(144)
1.9	**Net cash from / (used in) operating activities**		**(2,399)**	**(2,167)**

2.	**Cash flows from investing activities**			
2.1	Payments to acquire or for:			
	(a)	entities	-	-
	(b)	businesses	-	-
	(c)	property, plant and equipment	(6)	(9)
	(d)	investments	(2,127)	(2,092)
	(e)	intellectual property	-	-

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(104)	(212)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(2,237)**	**(2,313)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	10,000	10,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,259)	(1,469)
3.5	Proceeds from borrowings	1,956	2,100
3.6	Repayment of borrowings	(1,318)	(1,846)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material) – the intragroup transfer of A$4,459,800 from KTek Aerosystems Ltd to KTeK Ltd on 14 May 2026 is eliminated on consolidation	-	-
3.10	**Net cash from / (used in) financing activities**	**9,379**	**8,785**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	(85)	342
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,399)	(2,167)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,237)	(2,313)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9,379	8,785
4.5	Effect of movement in exchange rates on cash held	(33)	(22)
4.6	**Cash and cash equivalents at end of period**	**4,625**	**4,625**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	4,663	184
5.2	Call deposits	-	-
5.3	Bank overdrafts	(38)	(269)
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**4,625**	**(85)**

6.	**Payments to related parties of the entity and their associates**	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	213
6.2	Aggregate amount of payments to related parties and their associates included in item 2	104

Item 6.1 comprises payments of A$213,000 made during the quarter to related parties and their associates. These payments consisted of directors' fees of A$141,000 and A$72,000 for corporate and company secretarial services provided by an entity associated with a director.

Item 6.2 comprises A$104,000 of net advances on the current accounts of the Israeli directors and a related party. The corresponding cash flow is included at item 2.3 within investing activities.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	2,201	2,201
7.2	Credit standby arrangements	38	38
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	2,239	2,239

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

All facilities are those of the Israeli operating subsidiary KTeK Ltd. Amounts are the balances drawn at 30 June 2026, translated at ILS 2.0637 per A$. Where a facility limit has not been formally confirmed by the lender, the drawn balance has been adopted as the facility limit. Accordingly, no facility is represented as having undrawn capacity unless that capacity has been confirmed by the relevant lender. Except for the fixed rate facility provided by A.L. Agam Brokers, the facilities carry variable interest linked to Israeli prime.

1. Bank Discount: amortising term loan maturing 11 June 2032. Secured by a US$1 million pledged deposit and a floating charge over the subsidiary's assets.
2. Bank Mercantile Discount: balloon facility maturing 22 June 2027. Secured by a US$500,000 pledged deposit.
3. Bank Yahav: term loan maturing 15 May 2028. Secured by a floating charge and directors' personal guarantees.
4. Bank Leumi: three facilities maturing on 20 July 2026, 11 December 2026 and 13 February 2027. Secured by a floating charge.
5. Bank Mercantile Discount: amortising term loan maturing 16 April 2030. Secured by a floating charge.
6. Bank Mizrahi Tefahot: term loan maturing in May 2027. Secured by a floating charge.
7. Bank Yahav Golden Line facility: maturing 20 August 2026. Secured by a floating charge.
8. A.L. Agam Brokers: fixed rate non bank facility repayable within 12 months. Unsecured.

Item 7.2 comprises bank overdrafts with Bank Yahav, Bank Discount, Bank Hapoalim and Bank Mercantile Discount. The overdrafts carry variable interest, are repayable on demand and form part of the subsidiary's ordinary cash management arrangements.

Item 7.5 is nil because all confirmed facilities were fully drawn at quarter end.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,399)
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,625
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	4,625

8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	1.9
	Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.	

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

No. The June quarter included identified non-recurring and timing-related operating cash outflows, while customer receipts were affected by the temporary interruption to deliveries. The Company does not expect these factors to continue at the same level and expects customer receipts to increase as deliveries recommence.

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

The Company completed a A$10 million IPO during the quarter and does not currently propose to undertake a further capital raising.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes. The Company held cash and cash equivalents of A$4.625 million at 30 June 2026. After adjusting for identified non-recurring and timing-related operating cash outflows, the Company estimates that the underlying operating cash requirement was approximately A$0.8-1.0 million for the quarter. The Company expects its cash runway to extend as deliveries and associated customer receipts recommence and will continue to manage expenditure having regard to available funding.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2026
....

Authorised by: The Board of Directors
....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: “By the board”. If it has been authorised for release to the market by a committee of your board of directors, you can insert here: “By the [*name of board committee – eg Audit and Risk Committee*]”. If it has been authorised for release to the market by a disclosure committee, you can insert here: “By the Disclosure Committee”.

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council’s *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.