KTEK AEROSYSTEMS LTD

ABN 59 696 412 138 · ACN 696 412 138

and its controlled entities

APPENDIX 4D AND HALF-YEAR FINANCIAL REPORT

For the half-year ended 30 June 2026

Comparative half-year ended 30 June 2025

ASX Code: KTK

Presentation currency: United States dollars

This half-year financial report is to be read together with the annual financial report of KTeK Ltd for the year ended 31 December 2025 and any public announcements made by KTEK Aerosystems Ltd during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

Corporate Directory

Directors	Mr Howard Digby — Independent Non-Executive Chairman (appointed 20 March 2026) Mr Dekel Keisar — Founder and Managing Director (appointed 20 March 2026) Mr Christopher Baxter — Independent Non-Executive Director (appointed 2 April 2026) Mr Winton Willesee — Independent Non-Executive Director (appointed 20 March 2026)
Joint Company Secretaries	Mr Winton Willesee (appointed 20 March 2026) and Ms Alessandra Gauvin (appointed 20 March 2026)
Registered Office	Suite 5 'CPC', 145 Stirling Highway, Nedlands WA 6009, Australia · Telephone +61 8 9389 3170 · Email info@ktek.tech
Principal Place of Business	14 Baruch Hirsch Street, Bnei Brak, Israel
Share Registry	Computershare Investor Services Pty Limited, Level 17, 221 St Georges Terrace, Perth WA 6000, Australia · Telephone 1300 850 505 (within Australia) / +61 3 9415 4000
Auditor	BDO Audit Pty Ltd, BDO Place, Level 19, 30 Pirie Street, Adelaide SA 5000, Australia
Stock Exchange Listing	KTEK Aerosystems Ltd shares are listed on the Australian Securities Exchange (ASX code: KTK). The Company was admitted to the official list on 14 May 2026.
Country of Incorporation	Australia — the Company was incorporated on 20 March 2026
Website	www.ktek.tech
Controlled Entities	Ktek Systems Pty Ltd (Australia), KTeK Ltd (Israel) and KTEK NL B.V. (the Netherlands)

Appendix 4D

Half-year report given to the ASX under Listing Rule 4.2A.3

1. Company details

Name of entity	KTEK Aerosystems Ltd
ABN / ACN	59 696 412 138 / 696 412 138
Reporting period	Half-year ended 30 June 2026
Previous corresponding period	Half-year ended 30 June 2025

2. Results for announcement to the market

	US$	Movement
Revenue from ordinary activities	282,845	down 82.2%
Loss from ordinary activities after tax attributable to the owners of KTEK Aerosystems Ltd	(3,130,384)	up 639.5 %
Total comprehensive loss for the period attributable to the owners of KTEK Aerosystems Ltd	(3,577,473)	up 748.5 %

The Group did not declare or pay any dividend during the half-year and no dividend has been proposed or declared since the end of the half-year. No dividend reinvestment plan is in operation.

The reverse acquisition of KTeK Ltd completed on 12 May 2026 and the associated capital raising, together with the RTO expense described in Note 3, are the principal reasons for the movement in the result. The decrease in revenue reflects the suspension of deliveries during the half-year, as explained in the Directors' Report.

3. Net tangible assets per security

		30 June 2026	30 June 2025
Net tangible assets per ordinary security (US cents)	4.92	4.63	

Net tangible assets per security for the previous corresponding period has been determined on the basis set out in Note 7, being the number of ordinary shares deemed to be on issue for the accounting acquirer.

4. Control gained or lost over entities during the period

On 12 May 2026 KTEK Aerosystems Ltd acquired all of the issued capital of KTeK Ltd (Israel) and its wholly owned subsidiary KTEK NL B.V. (the Netherlands). For accounting purposes, the transaction is a reverse acquisition in which KTeK Ltd is the accounting acquirer. The Company was not a business as defined in AASB 3, and the transaction has accordingly been accounted for under AASB 2 as a share-based payment, giving rise to a reverse take over ('RTO') expense. Refer to Note 3. No entity ceased to be controlled during the half-year.

5. Associates and joint ventures

The Group had no interests in associates or joint ventures during the half-year.

6. Foreign entities and accounting standards

The financial statements have been prepared in accordance with Australian Accounting Standards. KTeK Ltd (Israel) and its subsidiary KTEK NL B.V. (the Netherlands) prepare accounts under IFRS Accounting Standards; no adjustment arises on consolidation in respect of the accounting framework applied.

7. Review status

This report is based on financial statements that have been reviewed. The independent auditor's review report is included in the half-year financial report.

Signed on behalf of the Board

Mr Howard Digby
Non-Executive Chairman
Dated 31 August 2026

Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of KTEK Aerosystems Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2026.

Directors

The Company was incorporated on 20 March 2026. Each of the following persons was appointed a Director on that date, other than Mr Christopher Baxter who was appointed on 2 April 2026, and has held office up to the date of this report:

Mr Howard Digby — Independent Non-Executive Chairman

Mr Dekel Keisar — Founder and Managing Director

Mr Christopher Baxter — Independent Non-Executive Director

Mr Winton Willesee — Independent Non-Executive Director

Mr Winton Willesee and Ms Alessandra Gauvin held office as Company Secretaries during the half-year and up to the date of this report.

Principal activities

During the half-year the principal activities of the Group were the design, development and manufacture of aerosystems components and assemblies. There was no significant change in the nature of those activities during the half-year.

Review of operations

The loss for the Group after providing for income tax amounted to US$3,130,384 (30 June 2025: US$423,293). The total comprehensive loss for the half-year amounted to US$3,577,473 (30 June 2025: US$421,643).

The result for the half-year reflects two significant non-cash charges arising from the Company's admission to the official list of the ASX:

- a non-cash expense of US$1,124,135 arising on the reverse acquisition of KTeK Ltd, being the fair value of the deemed consideration and the excess of the fair value of the identifiable net liabilities of the Company acquired for accounting purposes (Note 3); and
- a share-based payment expense of US$540,585 in respect of options granted on 12 May 2026 (Note 15).

Excluding those two charges, the loss for the half-year was US$1,465,664.

Revenue from ordinary activities for the half-year was US$282,845, compared with US$1,590,541 for the previous corresponding period. Deliveries to customers were suspended during the half-year as a result of logistical constraints arising from the war, delays in the issue of export licences, and the qualification of the Group's new production tooling. The Group is targeting the resumption of deliveries in September 2026.

The following transactions completed during the half-year:

- on 11 to 13 May 2026 the Company completed a public offer of 50,000,000 ordinary shares at A$0.20 per share, raising A$10,000,000 before costs;
- on 12 May 2026 the Company completed the acquisition of the issued capital of KTeK Ltd (Israel), and 25,000,000 ordinary shares were issued on the automatic conversion of the convertible notes;
- on 14 May 2026 the Company was admitted to the official list of the ASX and 500,000 ordinary shares were issued to a corporate adviser.

At 30 June 2026 the Group held cash and cash equivalents of US$3,232,073 (31 December 2025: US$56,689) and had net assets of US$4,319,150 (31 December 2025: net liabilities of US$1,740,484).

Significant changes in the state of affairs

Other than the reverse acquisition, the capital raising and the admission to the official list of the ASX described above and in Note 3, there were no significant changes in the state of affairs of the Group during the half-year.

Matters subsequent to the end of the half-year

Since 30 June 2026 the Group's Netherlands subsidiary KTEK NL B.V. has received an export licence for the supply of product to the United States, the receipt of which was announced to the ASX. No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts

Amounts in this report and in the accompanying financial statements are presented in United States dollars. The Company is of a kind referred to in Corporations Instrument 2026/183, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar (US$).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

Mr Howard Digby
Non-Executive Chairman
Dated 31 August 2026

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DECLARATION OF INDEPENDENCE
BY JOSHUA CARVER
TO THE DIRECTORS OF KTEK AEROSYSTEMS LIMITED

As lead auditor for the review of KTEK Aerosystems Ltd for the half-year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of KTEK Aerosystems Ltd and the entities it controlled during the period.

JDCarver

Joshua Carver
Director

BDO Audit Pty Ltd

Adelaide, 31 August 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2026

	Note	30 June 2026 US$	30 June 2025 US$
Revenue	5	282,845	1,590,541
Cost of sales		(247,357)	(1,381,084)
Gross profit		**35,488**	**209,457**
Research and development expenses		(251,166)	(127,839)
Selling and marketing expenses		(95,523)	(40,554)
General and administrative expenses		(678,910)	(365,089)
Director fees		(125,832)	–
Compliance expenses		(91,553)	–
Costs of the offer not eligible for offset against equity	13	(186,892)	–
Share-based payment expense	15	(540,585)	–
Expenses arising on the reverse acquisition	3	(1,124,135)	–
Operating loss		**(3,059,108)**	**(324,025)**
Finance costs, net		(71,276)	(99,268)
Loss before income tax		**(3,130,384)**	**(423,293)**
Income tax expense	6	–	–
Loss for the half-year attributable to the owners of KTEK Aerosystems Ltd		**(3,130,384)**	**(423,293)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(447,089)	1,650
Other comprehensive income / (loss) for the half-year, net of tax		**(447,089)**	**1,650**
Total comprehensive loss for the half-year attributable to the owners of KTEK Aerosystems Ltd		**(3,577,473)**	**(421,643)**
Basic and diluted loss per share (US cents)	7	(3.81)	(0.71)

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2026

	Note	30 June 2026 US$	31 December 2025 US$
ASSETS			
Current assets			
Cash and cash equivalents	8	3,232,073	56,689
Short-term deposits	8	39,982	27,016
Trade and other receivables	9	797,660	1,225,722
Receivables from related parties	16	443,929	939,624
Prepayments		87,925	–
Inventories		375,480	227,723
Total current assets		**4,977,049**	**2,476,774**
Non-current assets			
Property, plant and equipment	10	367,773	243,640
Intangible assets	10	84,042	–
Right-of-use assets	11	107,005	115,550
Investments in securities and pledged deposits	17	1,563,154	59,509
Total non-current assets		**2,121,974**	**418,699**
TOTAL ASSETS		**7,099,023**	**2,895,473**
LIABILITIES			
Current liabilities			
Bank overdrafts	12	46,069	32,379
Borrowings	12	483,625	1,083,464
Current portion of long-term borrowings	12	171,959	133,074
Trade and other payables		1,002,176	1,394,904
Payables to related parties	16	–	340,421
Lease liabilities	11	67,338	57,340
Total current liabilities		**1,771,167**	**3,041,582**
Non-current liabilities			
Deferred income		–	25,722
Employee benefit obligations		69,446	51,785
Borrowings	12	888,233	97,968
Loans from a related party	16	–	1,336,614
Lease liabilities	11	51,027	82,286
Total non-current liabilities		**1,008,706**	**1,594,375**
TOTAL LIABILITIES		**2,779,873**	**4,635,957**
NET ASSETS / (NET LIABILITIES)		**4,319,150**	**(1,740,484)**
EQUITY			
Issued capital	13	8,710,666	278
Options reserve	14	926,719	–
Foreign currency translation reserve	14	(424,480)	22,609
Accumulated losses		(4,893,755)	(1,763,371)
TOTAL EQUITY / (DEFICIENCY)		**4,319,150**	**(1,740,484)**

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2026

	Issued capital US$	Options reserve US$	Foreign currency translation reserve US$	Accumulated losses US$	Total equity US$
Balance at 1 January 2026	**278**	**–**	**22,609**	**(1,763,371)**	**(1,740,484)**
Loss for the half-year	–	–	–	(3,130,384)	(3,130,384)
Other comprehensive loss for the half-year, net of tax	–	–	(447,089)	–	(447,089)
Total comprehensive loss for the half-year	**–**	**–**	**(447,089)**	**(3,130,384)**	**(3,577,473)**
Transactions with owners in their capacity as owners					
Deemed consideration on the reverse acquisition (Note 3)	724,000	–	–	–	724,000
Shares issued under the public offer	7,245,200	–	–	–	7,245,200
Shares issued on conversion of convertible notes	1,810,492	–	–	–	1,810,492
Shares issued to an adviser	72,220	–	–	–	72,220
Share issue costs	(1,141,524)	–	–	–	(1,141,524)
Share-based payments — employee and service provider options	–	540,585	–	–	540,585
Lead Manager Options recognised on completion	–	386,134	–	–	386,134
Balance at 30 June 2026	**8,710,666**	**926,719**	**(424,480)**	**(4,893,755)**	**4,319,150**

Comparative half-year ended 30 June 2025 (KTeK Ltd consolidated — the accounting acquirer)

	Issued capital US$	Options reserve US$	Foreign currency translation reserve US$	Accumulated losses US$	Total equity US$
Balance at 1 January 2025	**278**	**–**	**(7,224)**	**(345,374)**	**(352,320)**
Loss for the half-year	–	–	–	(423,293)	(423,293)
Other comprehensive income for the half-year, net of tax	–	–	1,650	–	1,650
Total comprehensive loss for the half-year	**–**	**–**	**1,650**	**(423,293)**	**(421,643)**
Balance at 30 June 2025	**278**	**–**	**(5,574)**	**(768,667)**	**(773,963)**

The above statement should be read in conjunction with the accompanying notes. The equity structure presented is that of KTEK Aerosystems Ltd, the legal parent; the equity amounts are those of KTeK Ltd, the accounting acquirer, together with the deemed consideration and the equity issued on and after completion. Refer to Note 3.

Consolidated Statement of Cash Flows

For the half-year ended 30 June 2026

	Note	30 June 2026 US$	30 June 2025 US$
Cash flows from operating activities			
Loss for the half-year		(3,130,384)	(423,293)
Adjustments for:			
reverse acquisition expense — non-cash	3	1,124,135	–
Share-based payment expense	15	540,585	–
Share-based payment — shares issued to a corporate adviser	13	72,220	–
Depreciation and amortisation	10, 11	96,781	65,479
Write-off of the patent usage fee and leasing accounts, and other non-cash items	**10**	77,125	37,892
Changes in working capital		(531,050)	(268,001)
Net cash used in operating activities		**(1,750,588)**	**(587,923)**
Cash flows from investing activities			
Payments for property, plant and equipment	10	(4,701)	(24,584)
Payments for deposits and investments	17	(1,516,611)	(38,452)
Cash and cash equivalents of the legal parent at 12 May 2026, acquired on the reverse acquisition	3	204,643	–
Net cash used in investing activities		**(1,316,669)**	**(63,036)**
Cash flows from financing activities			
Net movement in borrowings and bank overdrafts	12	221,740	837,736
Proceeds from the issue of shares	13	7,245,200	–
Payments for share issue costs	13	(755,390)	–
Payments of lease liabilities	**11**	(36,987)	–
Net movement in related party balances	16	(220,100)	–
Net cash from financing activities		**6,454,463**	**837,736**
Net increase in cash and cash equivalents		**3,387,206**	**186,777**
Cash and cash equivalents at the beginning of the half-year		56,689	(5,460)
Effects of exchange rate changes on cash and cash equivalents		(211,822)	21,657
Cash and cash equivalents at the end of the half-year	**8**	**3,232,073**	**202,974**

The above statement should be read in conjunction with the accompanying notes.

The comparative period comprises the cash flows of KTeK Ltd consolidated, the accounting acquirer.

Non-cash investing and financing transactions

	Note	30 June 2026 US$	30 June 2025 US$
Shares issued on conversion of the convertible notes	13	1,810,492	–
Lead Manager Options issued as share issue costs	15	386,134	–
Shares issued to an adviser for corporate advisory services	13	72,220	–
Property, plant and equipment and intangible assets acquired from the controlling shareholder and settled against his current account	10, 16	342,450	–

Notes to the Consolidated Financial Statements

For the half-year ended 30 June 2026

Note 1. Corporate information

KTEK Aerosystems Ltd (ABN 59 696 412 138) ('the Company') is a company incorporated and domiciled in Australia and limited by shares that are publicly traded on the Australian Securities Exchange (ASX code: KTK). The Company was admitted to the official list of the ASX on 14 May 2026. Its registered office is Suite 5 'CPC', 145 Stirling Highway, Nedlands WA 6009, Australia, and its principal place of business is 14 Baruch Hirsch Street, Bnei Brak, Israel.

These consolidated financial statements comprise the Company and its controlled entities (together, 'the Group'): Ktek Systems Pty Ltd, a wholly owned Australian subsidiary incorporated on 7 October 2025 to undertake the Group's pre-listing activities and subsequently acquired by the Company; KTeK Ltd (Israel), the accounting acquirer; and KTEK NL B.V., the wholly owned Netherlands subsidiary of KTeK Ltd. The Group's principal activities are the design, development and manufacture of aerosystems components and assemblies.

The half-year financial report was authorised for issue in accordance with a resolution of the Directors on 31 August 2026.

Note 2. Basis of preparation

Statement of compliance

This general purpose condensed half-year financial report has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

This report does not include all of the notes normally included in an annual financial report and should be read in conjunction with the annual financial report of KTeK Ltd for the year ended 31 December 2025 and any public announcements made by the Company during the half-year in accordance with the continuous disclosure obligations of the Corporations Act 2001 and the ASX Listing Rules.

Basis of consolidation and the effect of the reverse acquisition

The acquisition of KTeK Ltd on 12 May 2026 has been accounted for as a reverse acquisition, in which KTeK Ltd is the accounting acquirer and the Company is the accounting acquiree. Because the Company was not a business as defined in AASB 3, the transaction is not a business combination and has been accounted for under AASB 2 Share-based Payment. Accordingly, these consolidated financial statements are a continuation of the financial statements of KTeK Ltd. The comparative information is that of KTeK Ltd consolidated; the results of the Company and its Australian operations are included from 12 May 2026. Refer to Note 3.

Presentation currency and rounding

The consolidated financial statements are presented in United States dollars, which is the functional currency of the accounting acquirer and the presentation currency of the Group. The Company is of a kind referred to in Corporations Instrument 2026/183, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar (US$).

Accounting policies

The accounting policies adopted are consistent with those applied in the annual financial report of KTeK Ltd for the year ended 31 December 2025, except for the accounting for the reverse acquisition and for share-based payments described in Notes 3 and 15.

Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the half-year ended 30 June 2026 the Group incurred a loss of US$3,130,384, which includes a non-cash RTO expense of US$1,124,135 arising on the reverse acquisition (Note 3) and US$540,585 in respect of share-based payments (Note 15). Net cash used in operating activities for the half-year was US$1,750,588. At 30 June 2026 the Group held cash and cash equivalents of US$3,232,073 and had net assets of US$4,319,150.

The half year ended 30 June 2026 included one-off payments associated with the Offer and with the Company's admission to the official list of the ASX. The Group's normalised operating cash requirement is approximately A$0.8 million to A$1.0 million per quarter.

In August 2026 the Group made deliveries with a value of approximately US$100,000, against total revenue of US$282,845 for the half-year ended 30 June 2026, which supports the first of the assumptions below.

In reaching their assessment the Directors have considered a consolidated cash flow forecast covering the fifteen months to 31 October 2027. That forecast indicates that the Group is able to meet its obligations as and when they fall due from its existing cash resources.

The forecast includes a number of critical assumptions, principally:

- the resumption of deliveries to customers and the receipt of customer receipts within the assumed collection cycle;
- the collection of the amounts receivable from the controlling shareholder and of the Group's other receivables (Notes 9 and 16); and
- the continued availability of the Group's Israeli banking facilities, including the US$369,128 facility repayable in a single instalment in June 2027 which is secured by a pledged deposit of US$500,429 (Notes 12 and 17).

On that basis the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Note 3. Reverse acquisition and RTO expense

On 12 May 2026 KTEK Aerosystems Ltd ('the Company'), a company incorporated in Australia and admitted to the official list of the ASX on 14 May 2026, completed the 100% acquisition of KTeK Ltd (Israel) ('KTeK'). The acquisition of KTeK resulted in the shareholders of KTeK obtaining control of the merged entity. The transaction is therefore a reverse acquisition, in which KTeK is the accounting acquirer and KTEK Aerosystems Ltd is the accounting acquiree.

At the date of the transaction the Company was a listed entity holding cash, with no processes or workforce capable of creating outputs, and did not meet the definition of a business. The transaction is accordingly not a business combination and is not accounted for as a business combination. The measurement of the transaction applies, by analogy, the reverse acquisition guidance in AASB 3 Business Combinations. KTeK is deemed to have issued shares to the owners of the Company in exchange for the identifiable net liabilities of the Company and for the benefit of the ASX admission. The identifiable assets and liabilities of the Company are recognised at their fair values as an asset acquisition and no goodwill arises. The excess of the fair value of the deemed consideration over the fair value of those identifiable net liabilities is the cost of the transaction, which is not an identifiable asset, and is recognised in profit or loss as a RTO expense. The RTO expense is a non-cash charge and is not deductible for income tax purposes.

The deemed consideration has been measured by reference to the number of equity instruments KTeK would have had to issue to give the owners of KTEK Aerosystems Ltd the same percentage interest in the combined entity, valued using the quoted issue price of A$0.20 per share under the public offer, being the best available evidence of fair value.

	US$
Deemed consideration	724,000
Add: fair value of the identifiable net liabilities of KTEK Aerosystems Ltd assumed	275,669
Add: difference arising on the elimination of the legal parent's pre-completion equity	124,466
RTO expense recognised in profit or loss	**1,124,135**

Shares issued under the public offer, shares issued on the conversion of convertible notes and shares issued to advisers are accounted for separately from the reverse acquisition and are not included in the measurement of the deemed consideration.

The A$2,000,000 interest-free facility between Ktek Systems Pty Ltd and KTeK Ltd represented a pre-existing relationship that was effectively settled on completion. Applying the guidance on pre-existing relationships by analogy, the settlement is accounted for separately from the reverse acquisition and its result of US$69,857 is recognised in profit or loss within the RTO expense.

Difference arising on the elimination of the legal parent's pre-completion equity

The pre-completion equity of KTEK Aerosystems Ltd is eliminated on consolidation. The elimination produces a difference of US$124,466 against the fair value of the identifiable net liabilities measured above, made up of US$224,149 arising on the elimination of the legal parent's accumulated deficit and translation reserve, US$29,826 arising on the elimination of intercompany balances and US$69,857 on the settlement of the A$2,000,000 facility, less amounts already reflected. Consistent with the treatment of the transaction as a whole, the difference is recognised in profit or loss within the RTO expense and is not carried to a reserve.

Effect on the consolidated financial statements

- The statement of profit or loss and other comprehensive income comprises the total comprehensive loss of the consolidated KTeK group for the six months ended 30 June 2026, together with the results of KTEK Aerosystems Ltd from 12 May 2026. The comparative period comprises KTeK balances only.
- The statement of financial position at 30 June 2026 represents the consolidated KTEK Aerosystems Ltd group. The comparative represents KTeK Ltd consolidated at 31 December 2025.
- The statement of changes in equity opens with the equity of KTeK Ltd at 1 January 2026; the equity of the legal parent enters as a transaction on completion and not as an opening balance.

  The statement of cash flows opens with the cash of KTeK Ltd at 1 January 2026; the cash and cash equivalents of the legal parent at 12 May 2026 of US$204,643 are presented as an investing inflow on the reverse acquisition. Only the result of the legal parent from 12 May 2026 is included in profit or loss and in the statement of cash flows.
- The equity structure, being the number and type of equity instruments issued, is that of KTEK Aerosystems Ltd, the legal parent. The number of shares on issue at 30 June 2026 of 140,500,000 agrees to the share register.

Note 4. Segment information

The Group operates in one operating segment, being the design, development and manufacture of aerosystems components and assemblies. This is the basis on which internal reports are prepared and reviewed by the chief operating decision maker in assessing performance and in determining the allocation of resources.

Note 5. Revenue

	30 June 2026 US$	30 June 2025 US$
Revenue from contracts with customers	**282,845**	**1,590,541**

The Group derives its revenue from a single product line, being the manufacture and supply of aerosystems components and assemblies together with the related engineering and maintenance services. All revenue is recognised at a point in time, on transfer of control of the goods to the customer. Revenue is derived from customers located in Israel and Europe. The Group derives a substantial proportion of its revenue from a small number of customers in the Israeli aerospace and defence industry.

Note 6. Income tax

No income tax expense or benefit has been recognised for the half-year ended 30 June 2026 (30 June 2025: nil).

	30 June 2026 US$	30 June 2025 US$
Loss before income tax	(3,130,384)	(423,293)
Tax benefit at the Australian rate of 30%	939,115	126,988
Non-deductible RTO expense	(337,240)	–
Non-deductible share-based payments	(162,176)	–
Effect of the different tax rate applying in Israel (23%)	(89,260)	(29,631)
Tax losses and temporary differences for which no deferred tax asset has been recognised	(350,439)	(97,357)
Income tax expense	**–**	**–**

The Group has not recognised a deferred tax asset in respect of carried forward tax losses because it is not probable that future taxable profits will be available against which those losses can be utilised.

Note 7. Loss per share

	30 June 2026 US$	30 June 2025 US$
Loss for the half-year attributable to the owners of KTEK Aerosystems Ltd	(3,130,384)	(423,293)
Weighted average number of ordinary shares (number)	82,237,569	60,000,000
Basic and diluted loss per share (US cents)	**(3.81)**	**(0.71)**

For the period before the acquisition date the number of ordinary shares deemed to be outstanding is the number of ordinary shares issued by KTEK Aerosystems Ltd to the owners of KTeK Ltd, being 60,000,000 shares. From the acquisition date the actual number of shares on issue is used, being 140,500,000 shares. The weighted average for the half-year is (60,000,000 x 131 days + 140,500,000 x 50 days) / 181 days = 82,237,569 shares. Calculated on the legal parent's own share count the weighted average would be 38,812,878 shares.

Options on issue at 30 June 2026 are anti-dilutive because the Group made a loss for the half-year. Basic and diluted loss per share are therefore the same.

Note 8. Cash and cash equivalents and deposits

	30 June 2026 US$	31 December 2025 US$
Cash at bank — Australia	2,848,428	–
Cash at bank and on hand — Israel and the Netherlands	383,645	56,689
Cash and cash equivalents	**3,232,073**	**56,689**
Short-term deposits — outside the definition of cash	39,982	27,016

Cash and cash equivalents have been agreed to bank confirmations received from the Group's bankers. Pledged deposits are classified as non-current and are disclosed in Note 17.

Note 9. Trade and other receivables

	30 June 2026 US$	31 December 2025 US$
Trade and other receivables	356,054	1,068,810
Other receivables, prepayments and amounts recoverable from government authorities	441,606	156,912
Total trade and other receivables	**797,660**	**1,225,722**

Note 10. Property, plant and equipment & intangible assets

Cost	**US$**
Balance at 1 January 2026	484,764
Additions — vehicle acquired from the controlling shareholder (non-cash)	256,040
Additions — 50% interest in patent no. 260607 acquired from the controlling shareholder (non-cash)	86,409
Additions — electronic equipment, computers and furniture	4,701
Reclassification to general and administrative expenses — write-off of the patent usage fee and leasing accounts	(77,125)
Other movements	7,145
Balance at 30 June 2026	**761,935**

Accumulated depreciation and amortisation	**US$**
Balance at 1 January 2026	(241,124)

Cost	US$
Charge for the half-year	(65,162)
Other movements	(3,834)
Balance at 30 June 2026	**(310,120)**
Net carrying amount at 30 June 2026 — property, plant and equipment	**367,773**
Net carrying amount at 30 June 2026 — intangible assets	**84,042**
Total net carrying amount at 30 June 2026	**451,815**
Net carrying amount at 31 December 2025	243,640

No asset was disposed of during the half-year. The depreciation charge for the half-year of US$65,162 is recognised in cost of sales (US$27,022) and in general and administrative expenses (US$38,140). The amortisation of right-of-use assets is set out in Note 11.

Assets with a cost of US$342,450 were acquired from the controlling shareholder in March 2026, comprising a motor vehicle of US$256,040 and a 50% interest in patent number 260607 of US$86,409. The patent interest is an intangible asset and is amortised over ten years. Refer to Note 16 regarding related party transactions.

Note 11. Leases

	30 June 2026 US$	31 December 2025 US$
Right-of-use assets — net carrying amount	107,005	115,550
Lease liabilities — current	67,338	57,340
Lease liabilities — non-current	51,027	82,286
Total lease liabilities	**118,365**	**139,626**

	US$
Cost — office leases	138,623
Accumulated amortisation	(31,619)
Net carrying amount at 30 June 2026	**107,005**

The Group leases two floors of office premises. Incremental borrowing rates of 8.9% and 9.5% have been applied in measuring the lease liabilities. The amortisation charge for the half-year was US$31,619 and interest on lease liabilities was US$5,816. Lease payments made during the half-year of US$36,987 are presented within financing activities in the statement of cash flows.

Note 12. Borrowings

	30 June 2026 US$	31 December 2025 US$
Current		
Bank overdrafts	46,069	32,379
Short-term borrowings	483,625	1,083,464
Current portion of long-term borrowings	171,959	133,074
	701,653	**1,248,917**
Non-current		
Long-term borrowings	888,233	97,968
Total borrowings	**1,589,886**	**1,346,885**

The Group's borrowings are held with Israeli banking institutions and are denominated in new Israeli shekels. Amounts below are translated at the closing rate of exchange. The principal facilities are:

- Bank Discount term loan of US$805,369 repayable in 72 instalments through June 2032, in respect of which accrued interest of US$3,624 has been recorded;
- Bank Mercantile facility of US$369,128 repayable in a single instalment in June 2027, secured by a pledged deposit of US$500,429;
- Bank Yahav facility of US$133,102 bearing interest at 8.15%, being an interest-only bullet repayable in May 2028, and a further Bank Yahav facility of US$11,616 repayable in August 2026;
- Bank Leumi facilities of US$60,852 in aggregate, comprising three loans repayable in July 2026, December 2026 and February 2031;
- a Bank Mercantile amortising facility of US$49,253 repayable through April 2030;
- a Mizrahi-Tefahot facility of US$47,314 repayable by May 2027; and
- a non-bank facility from A.L. Agam Brokers of US$67,184, repayable on demand and classified as current.

A further pledged deposit of US$1,004,249 is held with Bank Discount. Refer to Notes 17 and 18.

Note 13. Issued capital

	30 June 2026 No.	30 June 2026 US$	31 Dec 2025 No.	31 Dec 2025 US$
Ordinary shares — fully paid	**140,500,000**	**8,710,666**	**1,000**	**278**

Movements in ordinary shares

Date	Details	Number of shares	US$
1 Jan 2026	Opening balance — KTeK Ltd, the accounting acquirer	1,000	278
12 May 2026	Elimination of the KTeK Ltd shares	(1,000)	–
12 May 2026	KTEK Aerosystems Ltd shares on issue immediately before the acquisition	5,000,000	–
12 May 2026	Consideration shares issued for the acquisition of KTeK Ltd	60,000,000	–
12 May 2026	Deemed consideration on the reverse acquisition	—	724,000
11–13 May 2026	Shares issued under the public offer at A$0.20	50,000,000	7,245,200
12 May 2026	Shares issued on conversion of the convertible notes	25,000,000	1,810,492
14 May 2026	Shares issued to an adviser for corporate advisory services	500,000	72,220
Apr–Jun 2026	Share issue costs charged against issued capital	—	(755,390)
12 May 2026	Share issue costs settled by the issue of Lead Manager Options	—	(386,134)
30 Jun 2026	**Closing balance**	**140,500,000**	**8,710,666**

Ordinary shares entitle the holder to participate in dividends and in the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

The 5,000,000 shares on issue immediately before the acquisition were issued for nominal consideration before and independently of the offer; no amount was recognised in issued capital in respect of those shares. On consolidation the accounting acquirer does not issue shares to itself and accordingly no amount is recognised in respect of the 60,000,000 consideration shares; the deemed consideration is recognised instead.

Costs of the offer of US$186,892 that are not incremental costs directly attributable to the issue of new equity instruments have been recognised in profit or loss rather than deducted from equity.

Note 14. Reserves

	30 June 2026 US$	31 December 2025 US$
Options reserve	926,719	–
Foreign currency translation reserve	(424,480)	22,609
Total reserves	**502,239**	**22,609**

Nature and purpose of reserves

Options reserve — the fair value of Director Options and Lead Manager Options of the legal parent on issue at completion. Refer to Note 15.

Foreign currency translation reserve — exchange differences arising on the translation of the foreign operations of the Group. The reserve at 30 June 2026 comprises translation differences arising on the Australian operations from 12 May 2026 and on the Netherlands operation. KTeK Ltd, whose functional currency is the United States dollar, does not give rise to a translation difference; exchange differences on its monetary items are recognised in finance income and expense.

Note 15. Share-based payments

On 12 May 2026 the Company granted 7,000,000 Director Options and 5,000,000 Lead Manager Options. All options were valued using the Black-Scholes model at A$0.1067 per option.

	30 June 2026 US$	30 June 2025 US$
Director Options — recognised in profit or loss	540,585	–
Lead Manager Options — recognised as share issue costs against issued capital	386,134	–
Total options recognised in the options reserve	**926,719**	**–**

Options on issue at 30 June 2026

Class	Holder	Number	Exercise price
Director Options	Mr Howard Digby	3,000,000	A$0.30
Director Options	Mr Winton Willesee	2,000,000	A$0.30
Director Options	Mr Christopher Baxter	2,000,000	A$0.30
Lead Manager Options	CPS Capital Group Pty Ltd	5,000,000	A$0.30
Total		**12,000,000**	

No option was on issue at 1 January 2026. All 12,000,000 options were granted on 12 May 2026; none were exercised, forfeited or lapsed during the half-year. Each option entitles the holder to subscribe for one ordinary share at A$0.30 at any time on or before 5:00 pm (WST) on the third anniversary of the date of issue, being 12 May 2029. The Director Options and the Lead Manager Options are subject to escrow restrictions of 24 months from the date of admission.

Valuation

The options were valued at A$0.1067 each using the Black-Scholes option pricing model. The inputs applied were an underlying share price of A$0.20, an exercise price of A$0.30, expected volatility of 100%, an expected life of three years, a risk-free rate of 4.66% and no expected dividend yield.

Note 16. Related party transactions

	30 June 2026 US$	31 December 2025 US$
Receivables from the controlling shareholder	443,929	939,624
Payables to related parties	–	340,421
Loan from Ktek Systems Pty Ltd — non-current	–	1,336,614

Terms and conditions —Balances with the controlling shareholder are unsecured, repayable on demand and bear notional interest at 6.53% for the 2026 year, recognised as finance income of US$27,031 for the half-year.

The loan from Ktek Systems Pty Ltd to KTeK Ltd, and the amounts owing between the Company and KTeK Ltd, are eliminated on consolidation from 12 May 2026 and are accordingly nil at 30 June 2026. The amounts in the 31 December 2025 column above — payables to related parties of US$340,421 and the loan from Ktek Systems Pty Ltd of US$1,336,614 — are the balances of KTeK Ltd consolidated, the accounting acquirer, at that date. They were not eliminated because neither the Company nor Ktek Systems Pty Ltd was part of that group at 31 December 2025.

In March 2026 the Group acquired from the controlling shareholder a motor vehicle for US$256,040 and a 50% interest in patent number 260607 for US$86,409, a total consideration of US$342,450. Refer to Note 10.

Share-based payments to Directors

Director Options granted on 12 May 2026 gave rise to a share-based payment expense of US$540,585 for the half-year (30 June 2025: nil), comprising Mr Howard Digby US$231,679, Mr Winton Willesee US$154,453 and Mr Christopher Baxter US$154,453. Refer to Notes 14 and 15.

Note 17. Financial instruments

	30 June 2026 US$	31 December 2025 US$
Investments in securities and pledged deposits	**1,563,154**	**59,509**

At 30 June 2026 the balance comprises investments in quoted marketable securities of US$47,267, measured at fair value on the basis of quoted prices in active markets, and pledged long-term deposits of US$1,515,886 measured at amortised cost. The pledged deposits comprise US$500,429 held as security for the Bank Mercantile facility maturing in June 2027 and US$1,004,249 held with Bank Discount to June 2032. Refer to Notes 12 and 18.

The carrying amount of the Group's financial assets and financial liabilities approximates their fair value.

Note 18. Commitments and contingencies

The Group had no material contingent liabilities, contingent assets or off-balance sheet arrangements at 30 June 2026 or at the date of this report, and no material capital commitments (31 December 2025: nil).

Note 19. Dividends

No dividend was declared or paid during the half-year ended 30 June 2026 (30 June 2025: nil), and no dividend has been declared since the end of the half-year.

Note 20. Events after the reporting period

Since 30 June 2026 KTEK NL B.V. has received an export licence for the supply of product to the United States. The receipt of the licence was announced to the ASX.

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs in future financial periods.

Directors' Declaration

In the Directors' opinion:

(a) the attached financial statements and notes comply with the Corporations Act 2001, AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

(b) the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the half-year then ended; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Mr Howard Digby
Non-Executive Chairman
Dated 31 August 2026

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF KTEK AEROSYSTEMS LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of KTEK Aerosystems Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

i. Giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the half-year ended on that date; and
ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001.*

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2026 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO

BDO Audit Pty Ltd

JDCarver

Joshua Carver
Director

Adelaide, 31 August 2026