

KTEK secures US\$200,000 initial order of a US\$994,100 work package from major Israeli defence aerospace manufacturer

Highlights

- KTEK has received a binding PO for US\$200,000 which is the first milestone of a US\$994,100 quoted work package from a major Israel-based aircraft manufacturer and defence prime contractor.
- The scope covers the design and development of a specified airframe component.
- The project is the first stage of a broader program with an estimated potential of up to US\$5M for design engineering work packages only. Following successful delivery this may position KTEK for airframe manufacture and supply.
- The project places KTEK at the front end of a customer journey that may progress through design approvals, test support and, subject to successful delivery and separate orders, prototype manufacturing and serial production and ongoing component supply.

KTEK Aerosystems Ltd (ASX: KTK) (KTEK or the Company), a specialist in the design, engineering and manufacture of advanced composite structures and electromechanical sub-assemblies for aerospace and unmanned systems applications, is pleased to announce that it has received a binding US\$200,000 initial purchase order from a major Israel-based aircraft manufacturer and defence prime contractor with a significant international footprint (the Customer), which is the first milestone of a US\$994,100 work package. Due to the sensitive nature of the program, we are unable to disclose the Customer's identity.

Under the purchase order, KTEK will undertake the design, analysis, documentation and engineering support required for the development of the airframe component. The initial project represents KTEK's first engagement with the Customer. It provides an opportunity to demonstrate the Company's design, engineering, program-management and manufacturing capabilities within a large aviation program.

Material terms and scope

- Customer: is a large Israeli aerospace and defence group with over 10,000 employees and multi-billion-dollar annual revenues. The total work package value, US\$994,100, has been quoted by the Company. The initial US\$200,000 purchase order is binding and allows KTEK to commence work. The balance of the quoted work package will only become binding if and when additional purchase orders are issued by the Customer.
- Total work package comprises US\$591,400 for design, US\$201,300 for documentation and US\$201,400 for production and testing support.
- Scope: airframe design and structural analysis of a defined airframe component.
- Key deliverables: drawings, stress reports, bills of materials.
- Performance period: a planned 30-month program from receipt of order, subject to the timely provision of customer inputs and approvals.
- Payment milestones:

- preliminary design US\$200,000 - expected to be completed in 3 months
- engineering and development - US\$592,700 expected to be completed in 18 months from receipt of order and requires the receipt of an additional order.
- manufacturing support for additional year - US\$201,400.

Manufacturing and prototype are not included scope and if required, will be contracted via further purchase orders and or agreements.

- Further work: It is estimated based on Company discussions and historic minimums needed to justify relationships with suppliers for the size of the Customer, that the broader program represents an opportunity of around US\$5M for design engineering work packages. There is no contracted guarantee that KTEK will receive further work from the Customer beyond the work package announced today.

KTEK expects revenue from the purchase order to be recognised progressively as the agreed work and customer-approved milestones are completed over the planned 30-month program.

Customer journey and growth catalysts

The initial purchase order is material to KTEK at its current stage of development. Its broader strategic importance is that it places KTEK at the front end of a potential customer journey with a major aviation manufacturer and prime contractor whose programs have international reach.

This is a clear example of KTEK's staged business model. The Company seeks to enter aerospace and defence programs during design and development, apply its engineering and industrialisation capabilities, and earn the opportunity to participate in later stages of the program.

Subject to successful performance, customer approvals and separate purchase orders or agreements, the potential pathway and associated growth catalysts are:

- requirements definition and approval, including the system requirements review (SRR);
- preliminary and critical design reviews (PDR and CDR), delivery and customer approval drawings, reports, bills of materials;
- production-readiness review and preparation of the manufacturing package;
- potential follow-on orders for prototype manufacturing and serial production and an ongoing share of airframe component supply requirements.

The current purchase order is limited to the scope and value described above. It does not guarantee that any later stage will proceed, or that KTEK will receive serial-production orders or minimum future revenue. Each stage will depend on KTEK's performance, the Customer's approvals and program requirements, and the negotiation of further commercial terms.

Customer confidentiality

The Customer has required its identity to remain confidential because of defence and security restrictions applying to the program.

The Customer is a major established aviation manufacturer and defence prime contractor based in Israel, with a significant international footprint. The agreed program requires the Customer to approve each major engineering milestone and all inputs needed for KTEK to perform the work.

The Company confirms that:

- it does not consider the identity of the Customer (beyond the description provided in this announcement) to be information that a reasonable person would expect to have a material effect on the price or value of KTEK's securities; and
- this announcement contains all material information relevant to assessing the impact of the purchase order on the price or value of KTEK's securities and is not misleading by omission.

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

"This initial order is an important step for KTEK. It gives us the opportunity to work with a major aviation prime and demonstrate the design, engineering and manufacturing capabilities we can bring to a complex aircraft program."

"This is a strong illustration of our business model. As each design, production-readiness milestone is achieved, KTEK can compete to expand its role into subsequent airframe component supply."

Next steps

KTEK will now mobilise its engineering team, receive the required technical inputs from the Customer and progress the system requirements review, the first formal approval milestone. The Company will update the market if the program results in material follow-on orders or other material developments.

This announcement has been authorised for release by the Board of KTEK Aerosystems Ltd.

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For further information, please contact:

Media Contact

David Tasker
Chapter One Advisors
M: +61 433 112 936
E: dtasker@chapteroneadvisors.com.au

About KTEK Aerosystems

KTEK Aerosystems (ASX: KTK) is a specialist in the design, engineering and manufacture of advanced composite structures and electromechanical sub-assemblies for aerospace and unmanned systems applications. The Company supplies structural and functional components that are integrated into larger platforms developed by third-party defence and commercial Companies.

KTEK delivers:

- build-to-spec composite airframes and structural components, including fuselage structures, wings and control surfaces;
- full-turnkey design-to-build sub-assemblies;
- electromechanical assemblies and rugged defence systems;
- systems integration and kitting; and
- SATCOM components and sub-assemblies for mobile defence and commercial platforms.



KTEK operates a scalable, asset-light “Cordless Factory” model. It retains engineering design, structural analysis, program management and quality assurance in-house while using a certified international manufacturing partner network. This structure is designed to support production scaling without the capital intensity of a traditional Tier-1 aerospace manufacturer.

The Company is led by Founder and Managing Director Dekel Keisar, a mechanical engineer and former Head of UAV Structural Engineering at Israel Aerospace Industries, with experience across more than 20 military UAV platforms.

Website: <https://ktek.tech/>