KTEK AEROSYSTEMS LTD
ACN 696 412 138

PROSPECTUS

For an offer of up to 50,000,000 Shares at an issue price of $0.20 per Share to raise up to $10,000,000 (Offer).

The Offer is conditional upon satisfaction of the Conditions, which are detailed further in Section 4.9. No Shares will be issued pursuant to this Prospectus until those Conditions are met.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If, after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your professional advisers without delay.

The Shares offered by this Prospectus should be considered as highly speculative.

Lead Manager

CPS Capital

Legal Adviser

STEINEPREIS PAGANIN

IMPORTANT NOTICE

This Prospectus is dated 13 April 2026 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Securities offered under this Prospectus should be considered as highly speculative.

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act. Applications for Securities under this Prospectus will not be accepted by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

No offering where offering would be illegal

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should observe any of these restrictions, including those set out below. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer or invitation to apply for Securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary.

No action or formality has been taken to register or qualify the Securities or the offer, or to otherwise permit a public offering of the Securities in any jurisdiction outside Australia. This Prospectus has been prepared for publication in Australia and may not be distributed outside Australia.

US securities law matters

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. In particular, the Securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **US Securities Act**), and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act.

Each applicant will be taken to have represented, warranted and agreed as follows:

(a) it understands that the Securities have not been, and will not be, registered under the US Securities Act and may not be offered, sold or resold in the US, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws;

(b) it is not in the United States; and

(c) it has not and will not send this Prospectus or any other material relating to the Offer to any person in the United States or elsewhere outside Australia.

Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.ktek.tech. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to or accompanied by the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 8 9389 3170 during office hours or by emailing the Company at info@ktek.tech.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Company Website

No document or other information available on the Company's website is incorporated into this Prospectus by reference.

No cooling-off rights

Cooling-off rights do not apply to an investment in Securities issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Securities under this Prospectus to determine whether an investment in the Company meets your objectives, financial situation and needs.

Risks

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Securities. There are risks associated with an investment in the Company. The Securities offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Securities. Refer to Section F of the Investment Overview as well as Section 8 for details relating to some of the key risk factors that should be considered by prospective investors. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's performance and actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 8.

Continuous disclosure obligations

Following Admission, the Company will be a "disclosing entity" (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Securities.

Price sensitive information will be publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 13.

All references to time in this Prospectus are references to Australian Western Standard Time.

Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your Shares in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact details set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on your application for Securities under this Prospectus, the Company may not be able to accept or process your application.

Use of Trademarks

This Prospectus includes the Company's registered and unregistered trademarks.

All other trademarks, tradenames and service marks appearing in this Prospectus are the property of their respective owners.

Enquiries

If you are unclear in relation to the matters raised in this Prospectus or are in doubt as to how to deal with it, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser without delay. Should you have any questions in relation to the Offer or how to accept the Offer please contact the Company on info@ktek.tech.

CORPORATE DIRECTORY

Directors

Dekel Keisar
Managing Director

Howard Digby
Non-Executive Chairman

Winton Willesee
Non-Executive Director

Christopher Baxter
Non-Executive Director

Joint Company Secretaries

Winton Willesee

Alessandra Gauvin

Proposed ASX Code

KTK

Registered Office

'CPC' Suite 5
145 Stirling Highway
NEDLANDS WA 6009

Telephone: +61 8 9389 3170
Email: info@ktek.tech
Website: www.ktek.tech

Australian Legal Advisers

Steinepreis Paganin
Level 14, QV1 Building
250 St Georges Terrace
PERTH WA 6000

Israeli Legal Advisers

Tomer Maharshak & Co
17th Floor BSR 3 Tower
5 Kinneret St, B.B.C. Business Center
5126237 BNEI BRAK ISRAEL

Investigating Accountant

BDO Corporate Finance Australia Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
PERTH WA 6000

Lead Manager

CPS Capital Group Pty Ltd
Level 41
108 St Georges Terrace
PERTH WA 6000

Auditor*

BDO Israel
Amot BDO House
48 Menachem Begin Rd.
TEL AVIV 6618001 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 (outside Australia)
Website: www.computershare.com.au

**This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.*

TABLE OF CONTENTS

1. LETTER FROM CHAIR

Dear Investor,

On behalf of the Board of Directors, I am pleased to present this Prospectus for KTEK Aerosystems Ltd (**KTEK** or the **Company**) in connection with its proposed listing on the ASX.

This Prospectus outlines an offer of up to 50,000,000 Shares at an issue price of $0.20 per Share to raise up to $10,000,000 (before costs) to support the Company's growth strategy and facilitate its admission to the ASX.

KTEK has been established to acquire KTeK Ltd (a company incorporated under Israeli law), a specialist in the design, engineering and manufacture of advanced composite structures and electromechanical sub-assemblies for aerospace and unmanned systems applications. Following completion of the Acquisition, the Group will participate in the aerospace and defence supply chain by supplying components and assemblies integrated into larger unmanned and aerospace platforms developed by third-party customers.

The Group's capabilities include the design and manufacture of composite airframes and structural components, as well as electromechanical assemblies and aerospace enclosures manufactured in accordance with aerospace-grade quality and documentation standards.

The Board believes that the Group's specialist manufacturing capabilities, operational footprint across multiple jurisdictions and experience within regulated aerospace environments position the Company to participate in growing segments of the aerospace and defence manufacturing sector.

The primary purposes of the Offer are to:

(a) facilitate the Company's admission to the official list of the ASX;

(b) provide capital to support the Company's growth strategy, including expansion of production capability, research and development, and geographic expansion;

(c) strengthen the Company's balance sheet and working capital position; and

(d) broaden the Company's shareholder base and provide liquidity for its Shares.

An investment in the Company should be regarded as highly speculative and prospective investors should carefully consider the risks described in this Prospectus before deciding whether to invest.

Key risks include, but are not limited to, the following:

RISK CATEGORY	RISK
Middle East Conflict	KTeK Ltd's head office and principal facilities are located in Israel. On 28 February 2026, the United States and Israel commenced military operations against Iran targeting Iran's nuclear programme, ballistic missile capabilities, and defence infrastructure. Iran has retaliated with missile and drone strikes on Israeli territory and on other countries in the region hosting United States military assets. As at the date of this Prospectus, a ceasefire has been agreed, however the underlying conflict has not been resolved and there can be no assurance that hostilities will not resume. From the commencement of hostilities on 28 February 2026, Ben Gurion Airport was closed to most commercial traffic and Israeli airspace was subject to restrictions, disrupting the movement of goods, materials and personnel into and out of Israel. During this period, the Group's Israeli assembly operations were affected by an inability to receive manufactured components, and the Group's manufacturing operations in Portugal and Thailand, while continuing at normal production rates, were unable to deliver finished components to Israel for final assembly. See Section 6.7 for further details of the impact of the conflict on the Group's operations and the measures implemented by the Company. On 8 April 2026, a two-week ceasefire was agreed between the United States, Israel and Iran. On 8 April 2026, it was announced that Israel would

RISK CATEGORY	RISK
	fully reopen its airspace and resume regular commercial operations at Ben Gurion Airport. As at the date of this Prospectus, the airport reopening has been announced and Israeli airspace restrictions are expected to be lifted, however the Company has not yet confirmed that normal freight operations between Europe and Israel have fully resumed. Even following the announced reopening of Ben Gurion Airport, there can be no assurance that full freight capacity will be restored promptly, that international carriers will resume services to Israel on their prior schedules, or that cargo insurance and logistics costs will return to pre-conflict levels in the near term. The Group may continue to experience elevated logistics costs and supply chain delays for a period following the resumption of commercial operations. The duration and stability of the ceasefire is uncertain. There can be no assurance that hostilities will not resume, that the airport will remain open, or that logistics operations will not again be disrupted. Prior ceasefires in the region, including following the 12-day conflict in June 2025, have provided periods of relative stability but have not resolved the underlying geopolitical tensions. While the Company utilises manufacturing operations in Portugal and Thailand and assembly operations in the Netherlands, most of its workforce and its core research and development activities remain in Israel. An escalation, prolongation, or expansion of the conflict could further disrupt the Company's Israeli operations, supply chains, and customer relationships and could materially and adversely affect the Company's business, financial performance, and prospects. There can be no assurance that the conflict will be resolved in a timeframe or manner that does not materially affect the Company.
Completion of the Acquisition	Completion of the Acquisition is subject to the fulfilment of certain conditions precedent. This includes the receipt of a definitive and binding tax ruling (the **Tax Ruling**) from the Israeli Tax Authority on the Acquisition. The Company has received a draft tax ruling from the Israeli Tax Authority (the **Draft Tax Ruling**) indicating that the share exchange would be approved on a tax-deferred basis, subject to material conditions. The Draft Tax Ruling has not been finalised and the final tax ruling, once received, may impose additional or different conditions. A detailed summary of the Draft Tax Ruling and the applicable Israeli and Australian tax considerations is set out in Section 6.13 of this Prospectus. If, for any reason, the Exchange Agreement is breached by any party, the Acquisition may not proceed in which case the Company will need to evaluate its future strategy. In the event that the Acquisition does not proceed, the Company will not issue any Shares under this Prospectus and will return investment funds to Applicants. See Section 10.4 for further details in relation to the Exchange Agreement.
Customer Concentration	KTeK Ltd derives a substantial proportion of its revenue from a limited number of customers. For the year ended 31 December 2025, KTeK Ltd's two key customers accounted for approximately 87% of total revenue. The Company's two key FY2025 customers are Israeli aerospace and defence industry participants. The Company does not disclose the identity of its customers for reasons of commercial sensitivity and customer confidentiality requirements applicable to the defence sector. For further details of the key terms of agreements with KTeK Ltd's customers, please refer to Section 10.1. The loss of, or a material reduction in orders from, key customers could have a significant adverse effect on the Company's revenue, profitability and cash flows. The Company notes that since 31 December 2025, KTeK Ltd has been on-boarded as a qualified supplier by a number of additional aerospace and defence customers. While the Company has received initial purchase orders from certain of these new customers, these arrangements are at an early stage and have not yet generated material revenue. Additionally, as noted in Section 6.7, a key objective of the Offer is to fund initiatives to diversify the Company's customer base (including US expansion), however this diversification is likely to require investment and may take time to achieve.

RISK CATEGORY	RISK
Supplier Concentration	KTeK Ltd's manufacturing operations depend on specialist components and outsourced services sourced from a limited number of qualified suppliers. For further details of the key terms of agreements with KTeK Ltd's suppliers, please refer to Section 10.2. Qualification of alternative suppliers in the aerospace and defence sector is a lengthy process. A disruption to the supply of critical inputs could materially affect KTeK Ltd's ability to fulfil customer orders. As noted in Section 6.7, a portion of the funds raised under the Offer is intended to support diversification of the Group's supply chain through an increase to the Company's tooling and manufacturing capacity and US expansion.
Dutch Export Licence Renewal	KTeK NL B.V., the Company's Dutch subsidiary, holds an individual export licence (NL0074CDIU0187335) issued by the Central Import and Export Office (CDIU) of the Dutch Customs Authority. This licence authorises the export of specific components originating from Portugal to Israel for supply to a particular customer pursuant to that customer's procurement program. The licence is customer-specific and end-use specific in nature — it does not constitute a general export authorisation from the Netherlands to Israel. This licence is valid until 31 May 2026 and is material to the Group's current supply chain operations for that customer program. On 9 April 2026, the Company lodged an application for the grant of a new licence on the same terms as the existing licence. The standard decision period for such applications is approximately eight weeks. There is a risk that the application may be delayed or refused, including as a result of changes in Dutch or EU foreign policy, the imposition of a weapons embargo against Israel, a reassessment of end-use considerations by the Dutch authorities, or changes in the relevant customer's own procurement status or authorisations. Because the licence is customer-specific and end-use specific, the Company would not be entitled to rely on the licence in respect of other customers or programs, and any change in the approved customer's program status, volume requirements or end-use classification could independently affect the Company's ability to rely on the licence or any replacement licence. Export licences are granted at the discretion of the relevant authority and may be subject to review, amendment, suspension or revocation. There can be no assurance that the licence will be issued on the same or similar terms, or that it will be issued at all. In addition, any expansion of the Group's activities in the Netherlands to include dual-use goods would require separate authorisation under the EU Dual-use Regulation (Regulation (EU) 2021/821), which is not currently in place. However, the Company does not currently export any dual-use goods which require the above authorisation. If the replacement Dutch export licence is not granted, or if the grant of the licence is delayed, the Group may be unable to export the relevant components from the Netherlands, which could disrupt the Group's assembly and supply chain operations, delay the fulfilment of customer orders and adversely affect the Company's revenue and financial performance. However, the Company considers that this risk relates primarily to the timing of revenue generation and near-term profitability rather than the viability of the Company's operations as a whole, for the following reasons: (a) The Company's business model is relatively asset-light. The Dutch facility is an assembly operation rather than a manufacturing plant, and the Group's manufacturing activities are conducted in Portugal and Thailand. The Dutch operation was established as part of the Company's strategic positioning but is not the sole production capability available to the Company. (b) The Company's previous export licence was granted during a period of heightened conflict in the region. The Company understands that the products supplied under this licence are ultimately deployed in applications serving EU member states and the United States, which the Company considers supportive of a favourable licensing outcome. (c) In the event a licence cannot be obtained in the Netherlands, the Company has the ability to apply for equivalent authorisation

RISK CATEGORY	RISK
	in an alternative jurisdiction and relocate the relevant assembly activity, however there would be significant costs and production delays incurred as a result of the relocation. (d) Alternatively, the Company could relocate its existing manufacturing and assembly to Israel and commence production through an existing partner arrangement, however this would result in higher operating costs than are currently incurred under the current manufacturing operations in Portugal and Thailand and assembly operations in the Netherlands. (e) The Company is also progressing plans to establish or acquire a production capability in the United States, which would not be subject to Dutch export licensing requirements. (f) The Company has diversified its customer base and expects to begin receiving orders from new customers in the near term, which would reduce dependence on any single product line or export route. Notwithstanding these mitigants, there can be no assurance that a replacement licence will be obtained on acceptable terms or within the timeframes estimated, or that relocation of assembly or production would not result in additional costs, delays, or disruption to customer relationships. A prolonged inability to export from the Netherlands could adversely affect the Company's growth rate and near-term financial performance.
Reliance on key personnel	The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment. The Company may not be able to replace its senior management or key personnel with persons of equivalent expertise and experience within a reasonable period of time or at all and the Company may incur additional expenses to recruit, train and retain personnel. Loss of such personnel may also have an adverse effect on the performance of the Company.

These risks, together with the other risks described in Section 8 of this Prospectus, may affect the Company's business, financial performance and the value of the Shares.

The Board believes the Company has the opportunity to build a sustainable position within aerospace and defence supply chains as a specialist supplier of composite structures and electromechanical assemblies. However, the Company's ability to achieve its objectives will depend on successful execution of its strategy, customer program outcomes and broader market conditions.

The Board invites you to consider this investment opportunity and to review this Prospectus carefully before making any investment decision. We strongly encourage prospective investors to read the entire Prospectus, including the risk factors described in Section 8 and to seek independent professional advice where appropriate.

On behalf of the Board, I thank you for considering an investment in the Company.

Yours faithfully,

Howard Digby
Non-Executive Chair
KTEK Aerosystems Ltd

2. KEY OFFER INFORMATION

2.1 Indicative timetable[1]

EVENT	DATE
Lodgement of Prospectus with the ASIC	13 April 2026
Exposure Period begins	13 April 2026
Opening Date	21 April 2026
Closing Date	5pm (WST) on 8 May 2026
Issue of Shares under the Offer[2]	12 May 2026
Despatch of holding statements	14 May 2026
Expected date for quotation on ASX	18 May 2026

Notes:

1. The above dates are indicative only and may change without notice. Unless otherwise indicated, all times given are in WST. The Exposure Period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act. The Company reserves the right to extend the Closing Date or close the Offer early without prior notice. The Company also reserves the right not to proceed with the Offer at any time before the issue of Shares to applicants.
2. If the Offer is cancelled or withdrawn before completion of the Offer, then all application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their applications as soon as possible after the Offer opens.

2.2 Key statistics of the offer

	MINIMUM SUBSCRIPTION[1]	MAXIMUM SUBSCRIPTION[2]
Offer Price per Share	$0.20	$0.20
Shares currently on issue [3, 4]	5,000,000	5,000,000
Shares to be issued as consideration for the Acquisition [5]	60,000,000	60,000,000
Shares to be issued on conversion of Convertible Notes [6]	25,000,000	25,000,000
Shares to be issued under the Offer	37,500,000	50,000,000
Gross Proceeds of the Offer	$7,500,000	$10,000,000
Shares on issue Post-Listing (undiluted) [7]	**127,500,000**	**140,000,000**
Market Capitalisation at Admission (undiluted)	**$25,500,000**	**$28,000,000**
Director Options and Lead Manager Options to be issued [8]	12,000,000	12,000,000
Shares on issue Post-Listing (fully diluted) [7]	**139,500,000**	**152,000,000**

Notes:

1. Assuming the Minimum Subscription of $7,500,000 is achieved under the Offer.
2. Assuming the Maximum Subscription of $10,000,000 is achieved under the Offer.
3. The material rights and liabilities attaching to the Shares are summarised in Section 11.2.
4. 5,000,000 Shares (**Incorporation Shares**) were issued for nominal consideration pursuant to a mandate entered into between the Company and CPS Capital Group Pty Ltd prior to, and independent of, the Offer. The Incorporation Shares were issued in connection with pre-Listing activities undertaken for the Company and its Subsidiaries, including assistance with a seed capital raising under the Convertible Notes. The issue of the Incorporation Shares was not conditional on the Offer proceeding.
5. Shares to be issued pursuant to the Acquisition under the Exchange Agreement, a summary of which is set out in Section 10.4.
6. Shares to be issued on conversion of Convertible Notes pursuant to the Convertible Note Agreements, a summary of which are set out in Section 10.5.

7. Certain Shares on issue post-listing will be subject to ASX-imposed escrow. Refer to Section 6.12 for a disclaimer with respect to the likely escrow position.
8. Refer to Section 11.3 for the terms of the Director Options and Lead Manager Options.

3. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

ITEM	SUMMARY	FURTHER INFORMATION
A. COMPANY AND KTEK GROUP		
Who is the issuer of this Prospectus?	KTEK Aerosystems Ltd (ACN 696 412 138) (**Company** or **KTEK**).	Section 6
Who is the Company and what does the Company do?	The Company is an Australian unlisted public company, incorporated on 20 March 2026. The Company has limited operating history as it was recently incorporated for the purpose of effecting the proposed Admission and acquiring KTeK Ltd. Following completion of the acquisition, the business operations of the Group will be conducted through KTeK Ltd and its subsidiaries. Upon the Company's acquisition of KTeK Ltd, the Company will operate as a specialist manufacturer of advanced composite structures and electromechanical sub-assemblies for aerospace and unmanned systems applications. KTeK Ltd's activities include the design and manufacture of composite airframe structures and components, including wings, fuselage sections, control surfaces and other structural assemblies, as well as the production of electromechanical assemblies and enclosures used in aerospace and defence applications. These products are manufactured in accordance with applicable customer specifications, quality management systems and documentation requirements. In addition, KTeK Ltd supplies ruggedised mechanical and electronic enclosures and racks intended for military and aerospace environments, including solutions incorporating environmental, electromagnetic and thermal management considerations. KTeK Ltd also provides associated testing, validation and documentation services in support of customer qualification and acceptance requirements.	Section 6
B. INDUSTRY OVERVIEW		
What is the industry in which the Company will operate?	The Company operates within the defence and aerospace manufacturing sector, with a focus on advanced composite structures and electromechanical sub-assemblies for unmanned and aerospace platforms.	Section 5
Where are the Company's key markets located?	The Company's key markets are located in Israel and the European Union, with planned expansion into the United States and Australia to support growth in those regions.	Section 5

ITEM	SUMMARY	FURTHER INFORMATION
What is the scale of the defence and aerospace manufacturing market and what trends are expected to drive growth in this market?	**Scale of the market** The Company's activities are directed towards markets that include: (a) the global Uncrewed Aerial Vehicle (**UAV**) market; (b) the military drone market; and (c) the aerospace composites manufacturing market. **Key industry trends** Several structural industry trends are expected to contribute to continued growth in these markets: (a) Increased operational deployment of UAS platforms. (b) Growing use of advanced composite materials. (c) Supply-chain resilience and localized manufacturing. (d) Increased regulatory and compliance oversight.	Section 5
What are the key barriers to entry in the defence and aerospace manufacturing market?	Key barriers to entry in the Company's market (aerospace and defence composite structures and related kits) include: (a) Technical complexity and engineering capability; (b) Regulatory, certification and quality assurance requirements; (c) Customer qualification and program approval processes; and (d) Capital investment requirements.	Section 5
What is the regulatory environment in which the Company operates?	The Company operates within the aerospace and defence manufacturing supply chain, which is subject to multiple regulatory regimes across the jurisdictions in which it conducts business. The principal regulatory considerations relevant to the Company's activities include export control and technology-transfer regulations, sanctions and end-user screening requirements, and aerospace quality and qualification standards. **Israel:** Activities conducted from Israel that involve defence-related articles, know-how or services are subject to the Defense Export Control Law, 2007 and the regulatory framework administered by the Israeli Ministry of Defense. This framework generally requires registration and, where applicable, licensing for marketing, brokering and export of controlled defence items and related technical information. **European Union / Netherlands:** Exports and transfers of controlled dual-use goods, software and technology within or from the European Union are governed by Regulation (EU) 2021/821 and its national implementing legislation. The regime may also apply to brokering activities, technical assistance and transfers of controlled technical data to foreign persons.	Section 5

ITEM	SUMMARY	FURTHER INFORMATION
	United States: Where U.S.-origin controlled items, software or technical data are involved, or where activities otherwise fall within U.S. jurisdiction: (a) the International Traffic in Arms Regulations (ITAR) (22 CFR Parts 120–130) apply to defence articles, defence services and certain brokering activities; and (b) the Export Administration Regulations (EAR) (15 CFR Parts 730–774) apply to a range of dual-use items, software and technology. **Australia:** In connection with prospective operations or customers in Australia, certain goods, technology and software may be subject to Australia's export control framework, including the Defence and Strategic Goods List (DSGL). **Aerospace quality and customer qualification:** As a supplier to aerospace and defence customers, the Company is generally expected to maintain aerospace-grade quality management processes, typically aligned with standards such as AS9100 certification (which KTeK Ltd has held since 2022), and to undergo customer qualification procedures and audits.	
C. BUSINESS MODEL		
How does the Company generate revenue?	The Company generates revenue from the design, engineering and manufacture of advanced composite structures and assemblies for aerospace and defence customers. Products are typically supplied pursuant to customer purchase orders and, in certain cases, ongoing supply arrangements linked to specific customer platforms or programs. In practice, revenue is derived from the following activities: (a) Build-to-spec manufacturing. (b) Full turnkey (design-to-build) solutions. (c) Build-to-print production. (d) Engineering and non-recurring engineering (NRE). (e) Tooling and qualification support. (f) Serial production and spares. Overall, the Company's revenues generally follow the lifecycle of customer programs, beginning with development and qualification activities and, where programs proceed to production, transitioning to ongoing manufacturing and spare-parts supply.	Section 6.4
What are the key business objectives of the Company?	The Company's principal business objectives include: (a) Increase production scale and operating efficiency. (b) Diversify customer base. (c) Broaden service capability.	Section 6.3

ITEM	SUMMARY	FURTHER INFORMATION
	(d) Geographic expansion. (e) Technology, qualification and intellectual property development. (f) Quality, compliance and governance. (g) Scalable delivery capacity.	
How does the Company engage with customers?	The Company's customer engagement primarily occurs through business-to-business, program-driven channels typical of the aerospace and defence supply chain. Key business development channels include: (a) Direct engagement with customers. (b) Tender and procurement processes. (c) Prototype and qualification programs. (d) Industry presence. (e) Partner-based engagement. (f) Digital and corporate communications.	Section 6.4
What are the significant dependencies of the Company's business model?	The viability and ongoing operation of the Company's business model are dependent on a number of key factors. These dependencies reflect the nature of operating within regulated aerospace and defence supply chains and should be considered together with the risks described in Section 8 of this Prospectus. **Customer programs and procurement decisions:** The Group's revenues are primarily derived from customer programs within defence, government and aerospace-related markets. **Regulatory and export control compliance:** The Group's ability to operate and supply products is dependent on compliance with applicable regulatory frameworks, including export control regimes, defence procurement requirements and aerospace quality standards. **Manufacturing capability and Operational Execution:** The Group's business model depends on its ability to maintain manufacturing capability, quality systems and operational processes that meet customer and regulatory requirements. **Supply chain and key suppliers:** The Group relies on third-party suppliers for specialised components and manufacturing inputs. The availability, cost and quality of these inputs may affect production schedules, cost structures and margins. **Access to funding and working capital:** The Group's business model requires access to sufficient funding to support working capital requirements, capital expenditure, tooling investment and program execution. **Personnel and technical expertise:** The Group's operations depend on the continued availability of experienced engineering, manufacturing and management personnel.	Section 6.6

ITEM	SUMMARY	FURTHER INFORMATION
	Market and geopolitical conditions: Demand within the Group's target markets is influenced by broader market conditions, government policies, defence budgets and geopolitical developments. **Geopolitical conditions and operational location:** The Group's corporate headquarters and certain operational activities are located in Israel. As a result, the Group's operations may be sensitive to geopolitical conditions affecting the region.	
What is the Company's growth strategy?	The Group's strategy is focused on building and maintaining a sustainable position as a specialist supplier within aerospace and unmanned systems supply chains. Key elements of the Group's strategy include: (a) expanding participation in existing and new customer programs as they progress from development into serial production; (b) leveraging established manufacturing and quality capabilities to support a broader range of component and assembly requirements within targeted market segments; (c) maintaining flexibility across geographic locations to support customer requirements, supply chain resilience and cost considerations; and (d) continuing investment in manufacturing processes, quality systems and personnel to meet evolving regulatory and customer standards.	Section 6.4
D. FINANCIAL INFORMATION AND DIVIDEND POLICY		
How has the Company been performing?	As the Company was only recently incorporated on 20 March 2026, it has limited financial performance and has no operating history. However, audited historical financial information of KTeK Ltd as at 31 December 2023, 31 December 2024 and 31 December 2025 are set out in Section 7.	Section 7
What is the key financial outlook for the Company?	Given the current status of KTeK Ltd's operations, the Directors do not consider it appropriate to forecast future earnings.	Section 7
What is the Company's Dividend Policy?	Payment of dividends by the Company is at the discretion of the Board. Given the stage of development of the Company, the Board anticipates that significant expenditure will be incurred in the development and commercialisation of the Company's manufacturing capabilities, including the establishment and expansion of additional manufacturing facilities and assembly lines in the United States, the Netherlands and Israel. These activities are expected to dominate at least the first two-year period following the Company's Admission. Accordingly, the Directors	Section 6.13

ITEM	SUMMARY	FURTHER INFORMATION
	have no current intention to declare and pay a dividend and no dividends are expected to be paid during the foreseeable future following the Company's Admission. In determining whether to declare future dividends, the Directors will consider the level of earnings of the Company, the operating results and overall financial condition of the Company, future capital requirements, capital management initiatives, general business outlook and other factors the Directors may consider relevant at the time of their decision. The Directors cannot and do not provide any assurances in relation to the future payment of dividends or the level of franking credits attaching to dividends.	
E. KEY ADVANTAGES		
What are the key advantages of an investment in the Company?	The Directors are of the view that an investment in the Company provides the following non-exhaustive list of advantages: (a) **Established Operating Business** While the Company itself was recently incorporated for the purposes of the Offer, the operating business of the Group is conducted through KTeK Ltd, which has been operating since 2019. KTeK Ltd has established manufacturing, quality management and operational processes and has experience delivering components and assemblies for aerospace and unmanned systems applications. (b) **Existing Customer Programs and Revenue Activity** KTeK Ltd has previously supplied products and services to customers operating in defence, government and aerospace-related markets. Customer engagements are typically program-based and may involve development, qualification and production phases. Revenue levels and continuity may vary depending on program stage, customer requirements and procurement decisions. (c) **Specialist Manufacturing Capabilities** The Group has developed capabilities in the manufacture of advanced composite structures and electromechanical sub-assemblies used in aerospace and unmanned systems platforms. These capabilities include manufacturing in accordance with customer specifications, quality standards and documentation requirements applicable to regulated aerospace environments.	Section 6.5

ITEM	SUMMARY		FURTHER INFORMATION
		The Group's activities are focused on component and assembly-level manufacturing rather than platform-level integration, allowing participation across multiple programs and customers within the supply chain.	
	(d)	**Quality Systems and Regulatory Alignment**	
		The Group holds AS9100 certification (since 2022) and maintains a quality management framework in accordance with that standard, including processes for traceability, first-article inspection and acceptance testing. AS9100 certification is generally required or expected by major aerospace and defence OEMs as a condition of supplier qualification. Compliance with quality and regulatory requirements is a prerequisite for participation in aerospace and defence supply chains and may represent a barrier to entry for new or less-established suppliers.	
	(e)	**Industry Barriers to Entry**	
		As described in Section 5.7 of this Prospectus, the defence and aerospace manufacturing sector is characterised by significant barriers to entry, including technical complexity, regulatory and certification requirements, customer qualification processes and capital investment. While such barriers do not prevent new entrants, they may limit the number of participants capable of supplying compliant components and assemblies at scale.	
	(f)	**Geographic and Operational Footprint**	
		The Group operates across multiple jurisdictions, with corporate headquarters in Israel, assembly operations in Israel and the Netherlands, and manufacturing activities in Portugal and Thailand. This geographic footprint is intended to support operational flexibility, customer requirements and supply-chain considerations.	
	(g)	**Experience of Directors and Key Personnel**	
		The Group benefits from the experience of its directors and key management personnel in engineering, manufacturing, aerospace-related industries and business operations. This experience supports oversight of regulated manufacturing activities, customer engagement and program	

ITEM	SUMMARY	FURTHER INFORMATION
	execution. Further details of the Directors and senior management are set out in Section 9 of this Prospectus. (h) **Exposure to Industry Growth Segments** The Group operates within segments of the aerospace and defence industry that include unmanned systems, advanced materials and specialised manufacturing. Demand within these segments is influenced by long-term defence capability planning, technological development and regulatory frameworks, as described in Section 5.8 of this Prospectus. Actual growth outcomes are subject to external factors beyond the Group's control.	
F. KEY RISKS		
Middle East Conflict	KTeK Ltd's head office and principal facilities are located in Israel. On 28 February 2026, the United States and Israel commenced military operations against Iran targeting Iran's nuclear programme, ballistic missile capabilities, and defence infrastructure. Iran has retaliated with missile and drone strikes on Israeli territory and on other countries in the region hosting United States military assets. As at the date of this Prospectus, a ceasefire has been agreed, however the underlying conflict has not been resolved and there can be no assurance that hostilities will not resume. From the commencement of hostilities on 28 February 2026, Ben Gurion Airport was closed to most commercial traffic and Israeli airspace was subject to restrictions, disrupting the movement of goods, materials and personnel into and out of Israel. During this period, the Group's Israeli assembly operations were affected by an inability to receive manufactured components, and the Group's manufacturing operations in Portugal and Thailand, while continuing at normal production rates, were unable to deliver finished components to Israel for final assembly. See Section 6.7 for further details of the impact of the conflict on the Group's operations and the measures implemented by the Company. On 8 April 2026, a two-week ceasefire was agreed between the United States, Israel and Iran. On 8 April 2026, it was announced that Israel would fully reopen its airspace and resume regular commercial operations at Ben Gurion Airport. As at the date of this Prospectus, the airport reopening has been announced and Israeli airspace restrictions are expected to be lifted, however the Company has not yet confirmed that normal freight operations between Europe and Israel have fully resumed. Even following the announced reopening of Ben	Section 8.2

ITEM	SUMMARY	FURTHER INFORMATION
	Gurion Airport, there can be no assurance that full freight capacity will be restored promptly, that international carriers will resume services to Israel on their prior schedules, or that cargo insurance and logistics costs will return to pre-conflict levels in the near term. The Group may continue to experience elevated logistics costs and supply chain delays for a period following the resumption of commercial operations. The duration and stability of the ceasefire is uncertain. There can be no assurance that hostilities will not resume, that the airport will remain open, or that logistics operations will not again be disrupted. Prior ceasefires in the region, including following the 12-day conflict in June 2025, have provided periods of relative stability but have not resolved the underlying geopolitical tensions. While the Company utilises manufacturing operations in Portugal and Thailand and assembly operations in the Netherlands, most of its workforce and its core research and development activities remain in Israel. An escalation, prolongation, or expansion of the conflict could further disrupt the Company's Israeli operations, supply chains, and customer relationships and could materially and adversely affect the Company's business, financial performance, and prospects. There can be no assurance that the conflict will be resolved in a timeframe or manner that does not materially affect the Company.	
Completion of the Acquisition	Completion of the Acquisition is subject to the fulfilment of certain conditions precedent. This includes the receipt of a definitive and binding tax ruling (the **Tax Ruling**) from the Israeli Tax Authority on the Acquisition. The Company has received a draft tax ruling from the Israeli Tax Authority (the **Draft Tax Ruling**) indicating that the share exchange would be approved on a tax-deferred basis, subject to material conditions. The Draft Tax Ruling has not been finalised and the final tax ruling, once received, may impose additional or different conditions. A detailed summary of the Draft Tax Ruling and the applicable Israeli and Australian tax considerations is set out in Section 6.13 of this Prospectus. If, for any reason, the Exchange Agreement is breached by any party, the Acquisition may not proceed in which case the Company will need to evaluate its future strategy. In the event that the Acquisition does not proceed, the Company will not issue any Shares under this Prospectus and will return investment funds to Applicants. See Section 10.4 for further details in relation to the Exchange Agreement.	Section 8.2

ITEM	SUMMARY	FURTHER INFORMATION
Customer Concentration	KTeK Ltd derives a substantial proportion of its revenue from a limited number of customers. For the year ended 31 December 2025, KTeK Ltd's two key customers accounted for approximately 87% of total revenue. The Company's two key FY2025 customers are Israeli aerospace and defence industry participants. The Company does not disclose the identity of its customers for reasons of commercial sensitivity and customer confidentiality requirements applicable to the defence sector. For further details of the key terms of agreements with KTeK Ltd's customers, please refer to Section 10.1. The loss of, or a material reduction in orders from, key customers could have a significant adverse effect on the Company's revenue, profitability and cash flows. The Company notes that since 31 December 2025, KTeK Ltd has been on-boarded as a qualified supplier by a number of additional aerospace and defence customers. While the Company has received initial purchase orders from certain of these new customers, these arrangements are at an early stage and have not yet generated material revenue. Additionally, as noted in Section 6.7, a key objective of the Offer is to fund initiatives to diversify the Company's customer base (including US expansion), however this diversification is likely to require investment and may take time to achieve.	Section 8.2
Supplier Concentration	KTeK Ltd's manufacturing operations depend on specialist components and outsourced services sourced from a limited number of qualified suppliers. For further details of the key terms of agreements with KTeK Ltd's suppliers, please refer to Section 10.2. Qualification of alternative suppliers in the aerospace and defence sector is a lengthy process. A disruption to the supply of critical inputs could materially affect KTeK Ltd's ability to fulfil customer orders. As noted in Section 6.7, a portion of the funds raised under the Offer is intended to support diversification of the Group's supply chain through an increase to the Company's tooling and manufacturing capacity and US expansion.	Section 8.2
Dutch Export Licence Renewal	KTeK NL B.V., the Company's Dutch subsidiary, holds an individual export licence (NL0074CDIU0187335) issued by the Central Import and Export Office (CDIU) of the Dutch Customs Authority. This licence authorises the export of specific components originating from Portugal to Israel for supply to a particular customer pursuant to that customer's procurement program. The licence is customer-specific and end-use specific in nature — it does	Section 8.2

ITEM	SUMMARY	FURTHER INFORMATION
	not constitute a general export authorisation from the Netherlands to Israel. This licence is valid until 31 May 2026 and is material to the Group's current supply chain operations for that customer program. On 9 April 2026, the Company lodged an application for the grant of a new licence on the same terms as the existing licence. The standard decision period for such applications is approximately eight weeks. There is a risk that the application may be delayed or refused, including as a result of changes in Dutch or EU foreign policy, the imposition of a weapons embargo against Israel, a reassessment of end-use considerations by the Dutch authorities, or changes in the relevant customer's own procurement status or authorisations. Because the licence is customer-specific and end-use specific, the Company would not be entitled to rely on the licence in respect of other customers or programs, and any change in the approved customer's program status, volume requirements or end-use classification could independently affect the Company's ability to rely on the licence or any replacement licence. Export licences are granted at the discretion of the relevant authority and may be subject to review, amendment, suspension or revocation. There can be no assurance that the licence will be issued on the same or similar terms, or that it will be issued at all. In addition, any expansion of the Group's activities in the Netherlands to include dual-use goods would require separate authorisation under the EU Dual-use Regulation (Regulation (EU) 2021/821), which is not currently in place. However, the Company does not currently export any dual-use goods which require the above authorisation. If the replacement Dutch export licence is not granted, or if the grant of the licence is delayed, the Group may be unable to export the relevant components from the Netherlands, which could disrupt the Group's assembly and supply chain operations, delay the fulfilment of customer orders and adversely affect the Company's revenue and financial performance. However, the Company considers that this risk relates primarily to the timing of revenue generation and near-term profitability rather than the viability of the Company's operations as a whole, for the following reasons: (a) The Company's business model is relatively asset-light. The Dutch facility is an assembly operation rather than a manufacturing plant, and the Group's manufacturing activities are conducted in Portugal and Thailand. The Dutch operation was established as part of the	

ITEM	SUMMARY	FURTHER INFORMATION
	Company's strategic positioning but is not the sole production capability available to the Company. (b) The Company's previous export licence was granted during a period of heightened conflict in the region. The Company understands that the products supplied under this licence are ultimately deployed in applications serving EU member states and the United States, which the Company considers supportive of a favourable licensing outcome. (c) In the event a licence cannot be obtained in the Netherlands, the Company has the ability to apply for equivalent authorisation in an alternative jurisdiction and relocate the relevant assembly activity, however there would be significant costs and production delays incurred as a result of the relocation. (d) Alternatively, the Company could relocate its existing manufacturing and assembly to Israel and commence production through an existing partner arrangement, however this would result in higher operating costs than are currently incurred under the current manufacturing operations in Portugal and Thailand and assembly operations in the Netherlands. (e) The Company is also progressing plans to establish or acquire a production capability in the United States, which would not be subject to Dutch export licensing requirements. (f) The Company has started to diversify its customer base and expects to begin receiving orders from new customers in the near term, which would reduce dependence on any single product line or export route. Notwithstanding these mitigants, there can be no assurance that a replacement licence will be obtained on acceptable terms or within the timeframes estimated, or that relocation of assembly or production would not result in additional costs, delays, or disruption to customer relationships. A prolonged inability to export from the Netherlands could adversely affect the Company's growth rate and near-term financial performance.	

<table>
<tr><th>ITEM</th><th>SUMMARY</th><th>FURTHER INFORMATION</th></tr>
<tr><td>Reliance on key personnel</td><td>The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

The Company may not be able to replace its senior management or key personnel with persons of equivalent expertise and experience within a reasonable period of time or at all and the Company may incur additional expenses to recruit, train and retain personnel. Loss of such personnel may also have an adverse effect on the performance of the Company.</td><td>Section 8.2</td></tr>
<tr><td>Other risks</td><td>For additional specific risks please refer to Section 8.2. For other risks with respect to the industry in which the Company operates and general investment risks, many of which are largely beyond the control of the Company and its Directors, please refer to Sections 8.3 and 8.4.</td><td>Sections 8.2, 8.3 and 8.4</td></tr>
<tr><td colspan="3">G. BOARD AND KEY MANAGEMENT</td></tr>
<tr><td>Who are the Directors and key management personnel involved in the Company?</td><td>The Board currently consists of:
(a) Dekel Keisar – Managing Director;
(b) Howard Digby – Non-Executive Chair;
(c) Winton Willesee – Non-Executive Director; and
(d) Christopher Baxter – Non-Executive Director.

The profiles of each of the Directors are set out in Section 9.1.</td><td>Section 9.1</td></tr>
<tr><td colspan="3">H. SIGNIFICANT INTERESTS OF KEY PEOPLE AND RELATED PARTY TRANSACTIONS</td></tr>
<tr><td>What interests do the Directors have in the securities of the Company?</td><td>As of the date of this Prospectus, the Directors do not have any direct or indirect interests in the Securities of the Company.

The table below sets out the direct and indirect interests of the Directors in the Securities of the Company following completion of the Offer.
<table>
<tr><th rowspan="3">DIRECTOR</th><th rowspan="3">SHARES</th><th rowspan="3">OPTIONS</th><th colspan="2">PERCENTAGE (%)</th></tr>
<tr><th colspan="2">MINIMUM SUBSCRIPTION</th></tr>
<tr><th>UNDILUTED</th><th>FULLY DILUTED</th></tr>
<tr><td>Dekel Keisar</td><td>51,000,000</td><td>-</td><td>40.00%</td><td>36.56%</td></tr>
<tr><td>Howard Digby</td><td>-</td><td>3,000,000</td><td>-</td><td>2.15%</td></tr>
<tr><td>Winton Willesee</td><td>-</td><td>2,000,000</td><td>-</td><td>1.43%</td></tr>
<tr><td>Christopher Baxter</td><td>-</td><td>2,000,000</td><td>-</td><td>1.43%</td></tr>
</table></td><td>Section 9.3</td></tr>
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<tr><th colspan="2">MAXIMUM SUBSCRIPTION</th></tr>
<tr><th>UNDILUTED</th><th>FULLY DILUTED</th></tr>
<tr><td>Dekel Keisar</td><td>51,000,000</td><td>-</td><td>36.43%</td><td>33.55%</td></tr>
<tr><td>Howard Digby</td><td>-</td><td>3,000,000</td><td>-</td><td>1.97%</td></tr>
<tr><td>Winton Willesee</td><td>-</td><td>2,000,000</td><td>-</td><td>1.32%</td></tr>
<tr><td>Christopher Baxter</td><td>-</td><td>2,000,000</td><td>-</td><td>1.32%</td></tr>
</table>
In addition, the Directors (and their associates) may apply for Shares under the Offer. If one or more of the Directors (or their associates) do apply for, and are allocated, Shares under the Offer, their relevant interest in the Company (as illustrated in the above table) will increase.</td><td></td></tr>
<tr><td>What significant benefits are payable to the Directors in connection with the Company or the Offer?</td><td>The Directors and the Proposed Director are entitled to the remuneration as disclosed in Section 9.3.
In addition, the Company has also agreed to grant:
(a) 3,000,000 Options to Howard Digby;
(b) 2,000,000 Options to Winton Willesee; and
(c) 2,000,000 Options to Christopher Baxter,
as part of their respective remuneration packages as an equity-based incentive.</td><td>Section 9.3</td></tr>
<tr><td>Who are the Company's substantial Shareholders and what interest will they have after completion of the Offer and who will the Company's substantial shareholders be on completion of the Offer?</td><td>Those Shareholders holding 5% or more of the Shares on issue on completion of the Offer are set out in the respective tables below.
Based on information known to the Company as at the date of this Prospectus, on completion of the issue of Shares under the Exchange Agreement and the Offer with Minimum Subscription (assuming no existing substantial shareholder subscribe and receive additional Shares pursuant to the Offer), the following persons (together with their associates) will have a relevant interest in 5% or more of the Shares on issue:
<table>
<tr><th rowspan="2">SHAREHOLDER</th><th rowspan="2">SHARES</th><th rowspan="2">OPTIONS</th><th colspan="2">PERCENTAGE (%)</th></tr>
<tr><th>UNDILUTED</th><th>FULLY DILUTED</th></tr>
<tr><td>Dekel Keisar</td><td>51,000,000</td><td>-</td><td>40.00%</td><td>36.56%</td></tr>
<tr><td>Ayal Klinemintz</td><td>9,000,000</td><td>-</td><td>7.06%</td><td>6.45%</td></tr>
</table>
Based on information known to the Company as at the date of this Prospectus, on completion of the issue of Shares under the Exchange Agreement and the Offer with Maximum Subscription (assuming no existing substantial shareholder subscribe and receive additional Shares pursuant to the Offer), the following</td><td>Section 6.11</td></tr>
</table>

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<tr><th>ITEM</th><th>SUMMARY</th><th>FURTHER INFORMATION</th></tr>
<tr><td></td><td>persons (together with their associates) will have a relevant interest in 5% or more of the Shares on issue:
<table>
<tr><th rowspan="2">SHAREHOLDER</th><th rowspan="2">SHARES</th><th rowspan="2">OPTIONS</th><th colspan="2">PERCENTAGE (%)</th></tr>
<tr><th>UNDILUTED</th><th>FULLY DILUTED</th></tr>
<tr><td>Dekel Keisar</td><td>51,000,000</td><td>-</td><td>36.43%</td><td>33.55%</td></tr>
<tr><td>Ayal Klinemintz</td><td>9,000,000</td><td>-</td><td>6.43%</td><td>5.92%</td></tr>
</table></td><td></td></tr>
<tr><td>Who is the lead manager to the Offer?</td><td>The Company has appointed CPS Capital Group Pty Ltd (Lead Manager) as lead manager to the Offer. In consideration for its services, the Company has agreed to pay the following fees to the Lead Manager:
(a) lead manager and corporate adviser fees of:
(i) a management fee of 2% (plus GST) of all funds raised under the Offer;
(ii) a placing fee of 4% (plus GST) of all funds raised under the Offer; and
(b) a success fee (upon the successful completion of the Offer) of $100,000 (plus GST).
Additionally, the Company has agreed to issue the Lead Manager 5,000,000 Options (Lead Manager Options) valued at $563,150, based on the value ascribed to Lead Manager Options in the pro-forma statement of financial position set out in Section 7.4.1 of $0.112 per Lead Manager Option. However, it is likely that a portion of the Lead Manager Options will be passed on to other advisers that assist with completion of the Offer.</td><td>Section 4.6</td></tr>
<tr><td>Are there any related party transactions?</td><td>The material agreements between the Company and related parties are summarised in Section 10.6</td><td>Sections 9.4 and 10.6</td></tr>
<tr><td colspan="3">I. CAPITAL STRUCTURE</td></tr>
<tr><td>What are the terms of the Shares offered under the Offer?</td><td>A summary of the material rights and liabilities attaching to:
(a) the Shares offered under the Offer are set out in Section 11.2.; and
(b) the Options offered under the Offer are set out in Section 11.3.</td><td>Sections 11.2 and 11.3</td></tr>
<tr><td>What is the existing capital structure of the Company?</td><td>The Company currently has 5,000,000 Shares on issue which were issued on incorporation of the Company.</td><td>Section 6.10</td></tr>
<tr><td>What will the Company's capital structure be on completion of the Offer and listing on ASX?</td><td>On completion of the Offer and the Company's listing on ASX, the Company will have 140,000,000 Shares and 12,000,000 Options on issue (assuming Maximum Subscription).</td><td>Section 6.10</td></tr>
</table>

ITEM	SUMMARY	FURTHER INFORMATION
J. OVERVIEW OF THE OFFER		
What is the Offer?	The Offer is an offer of up to 50,000,000 Shares at an issue price of $0.20 per Share to raise up to $10,000,000 (before costs).	Section 4.1
Is there a minimum subscription under the Offer?	The minimum subscription to the Offer is $7,500,000.	Section 4.3
Why is the Offer being conducted?	The primary purposes of the Offer are to: (a) assist the Company to meet the admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules to facilitate the Company's application for Admission; (b) provide the Company with funding for: (i) the Company to capture commercial, government and defence markets that require a higher level of due diligence and sophistication; (ii) the ability to access benefits and tools that listing on the ASX provides, so that the Company can scale and capture the largest market share possible and retain first mover advantage; (iii) evaluating acquisition opportunities that may be presented to the Board from time to time; and (iv) the Company's working capital requirements while it is implementing its business strategies; (c) provide the Company with access to capital markets to improve capital management flexibility; (d) provide the Company with the benefits of an increased profile that arises from being a listed entity; (e) achieve an independent, market-based valuation for the Company; (f) broaden the Company's shareholder base and provide a liquid market for the Shares; and (g) pay transaction costs associated with the Offer.	Section 4.2
What is the proposed use of funds raised under the Offer?	The Company intends to apply funds raised under the Offer, together with existing cash reserves post-Admission, as set out in Section 6.7 to advance the Company's main objectives upon Admission. The Directors consider that following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives.	Section 6.7

ITEM	SUMMARY	FURTHER INFORMATION
What is the Offer Price?	The price payable under the Offer is $0.20 per Share.	Section 4.1
Is the Offer underwritten?	No, the Offer is not underwritten.	Sections 4.5
Are there any conditions to the Offer?	The Offer is conditional on the following conditions being satisfied: (a) the Minimum Subscription to the Offer being reached; (b) ASX granting conditional approval for the Company to be admitted to the Official List; and (c) completion under the Exchange Agreement, (together, the **Conditions**). The Offer will only proceed if all Conditions are satisfied. Further details are set out in Section 4.9.	Section 4.9
Who is eligible to participate in the Offer?	This Prospectus does not, and is not intended to, constitute an offer or invitation in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or invitation or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.	Section 4.14
How can I apply for Shares?	The process for applying for Shares in the Company is set out in Section 4.10. Applications for Shares under the Offer must be made by completing an online Application Form at www.computersharecas.com.au/KTEKIPO2026 and paying the application monies electronically via BPAY®.	Section 4.10
What is the allocation policy?	The allocation of Shares under the Offer will be determined by the Company in consultation with the Lead Manager, having regard to the allocation policy set out in Section 4.10. No applicant under the Offer has any assurance of being allocated all or any Shares applied for.	Section 4.11
What other offers are being made under this Prospectus?	The Acquisition Offer, Director Offer and the Lead Manager Offer.	Section 4.7
Will any Shares be subject to escrow?	None of the Shares issued under the Offer will be subject to escrow. Subject to the Company being admitted to the Official List and completing the Offer, certain Shares will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. While the ASX has not yet confirmed the final escrow position, the	Section 6.12

ITEM	SUMMARY	FURTHER INFORMATION
	Company anticipates that the following Securities will be subject to escrow: (a) 77,500,000 Shares made up of: (i) 5,000,000 Shares currently on issue; (ii) 60,000,000 Shares to be issued as consideration for the Acquisition; and (iii) 12,500,000 Shares to be issued on conversion of Convertible Notes, (b) 12,000,000 Options. During the period in which restricted Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner. The Company will announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Shares commencing trading on ASX. The Company confirms its 'free float' (the percentage of the Shares that are not restricted and are held by shareholders who are not related parties (or their associates) of the Company at the time of Admission) will be not less than 20% in compliance with ASX Listing Rule 1.1 Condition 7.	
Will the Shares be quoted on ASX?	Application for quotation of all Shares to be issued under the Offer will be made to ASX no later than 7 days after the date of this Prospectus. The Options issued under the Offer will be unquoted.	Section 4.12
What are the key dates of the Offer?	The key dates of the Offer are set out in the indicative timetable in Section 2.1.	Section 2.1
What is the minimum application size under the Offer?	Applications for Shares under the Offer must be for a minimum of $2,000 worth of Shares (10,000 Shares) and thereafter, in multiples of 2,500 Shares and payment for the Shares must be made in full at the Offer price of $0.20 per Share.	Section 4.10
K. ADDITIONAL INFORMATION		
Is there any brokerage, commission or duty payable by applicants?	No brokerage, commission or duty is payable by applicants on the acquisition of Shares under the Offer. However, the Company will pay to the Lead Manager 6% (ex GST) of the total amount raised under the Offer (a placing fee of 4% and management fee of 2%). For further details of the fees payable to the Lead Manager please refer to Section 10.1.	Section 10.1
Can the Offer be withdrawn?	Yes. The Company reserves the right not to proceed with the Offer at any time before the issue of Shares to successful applicants. If the Offer does not proceed, application monies will be refunded (without interest).	Section 4.17

ITEM	SUMMARY	FURTHER INFORMATION
What are the tax implications of investing in Shares?	The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. Holders of Shares may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Shares subscribed for under this Prospectus. It is not possible to provide a comprehensive summary of the possible taxation positions of all potential applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.	Section 4.16
What are the corporate governance principles and policies of the Company?	To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (4th Edition)* as published by ASX Corporate Governance Council (**Recommendations**). Prior to listing on the ASX, the Company will announce its main corporate governance policies and practices and the Company's compliance and departures from the Recommendations.	Section 9.5
Where can I find more information about this Prospectus or the Offer?	(a) By speaking to your accountant, financial adviser, stockbroker, lawyer or other professional adviser; or (b) By contacting the Company on +61 8 9389 3170; or (c) By contacting the KTEK Offer Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) from 8:30am to 5:00pm (AEST) Monday to Friday (excluding public holidays); or (d) By contacting the following representatives of the Lead Manager, CPS Capital: (i) Nathan Barbarich: nathan.barbarich@cpscapital.com.au or + 61 0403 185 194; or (ii) Jack McKenna: jack.mckenna@cpscapital.com.au or + 61 0407 525 593.	
Can general meetings of shareholders be held using technology?	The Company's constitution permits the use of technology at general meetings of shareholders (including wholly virtual meetings) to the extent permitted under the Corporations Act, Listing Rules and applicable law.	Section 11.2

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is an initial public offering of up to 50,000,000 Shares at an issue price of $0.20 per Share to raise up to $10,000,000 (**Maximum Subscription**).

All Shares offered under this Prospectus will be fully paid and will rank equally with the existing Shares currently on issue. Please refer to Section 11.2 for a summary of the material rights and liabilities attaching to the Shares.

The Offer is made on the terms and is subject to the conditions set out in this Prospectus.

4.2 Purpose of the Offer

The primary purposes of the Offer are to:

(a) assist the Company to meet the admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules to facilitate the Company's application for Admission;

(b) provide the Company with funding for:

  (i) the Company to capture commercial, government and defence markets that require a higher level of due diligence and sophistication;

  (ii) the ability to access benefits and tools that listing on the ASX provides, so that the Company can scale and capture the largest market share possible and retain first mover advantage;

  (iii) evaluating acquisition opportunities that may be presented to the Board from time to time; and

  (iv) the Company's working capital requirements while it is implementing its business strategies;

(c) provide the Company with access to capital markets to improve capital management flexibility;

(d) provide the Company with the benefits of an increased profile that arises from being a listed entity;

(e) achieve an independent, market-based valuation for the Company;

(f) broaden the Company's shareholder base and provide a liquid market for the Shares; and

(g) pay transaction costs associated with the Offer.

The Company intends to apply the funds raised under the Offer together with its existing cash reserves in the manner detailed in Section 6.7.

4.3 Minimum subscription

The minimum subscription to the Offer is $7,500,000 (being 37,500,000 Shares) (**Minimum Subscription**).

If the Minimum Subscription has not been raised within four (4) months after the date of this Prospectus, or such period as varied by the ASIC, no Shares will be issued under the Offer and the Company will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

4.4 Oversubscriptions

No oversubscriptions above the Maximum Subscription will be accepted by the Company under the Offer.

4.5 Underwriting

The Offer is not underwritten.

4.6 Lead Manager

The Company has appointed CPS Capital Group Pty Ltd (**Lead Manager**) as lead manager to the Offer. In consideration for its services, the Company has agreed to pay the following fees to the Lead Manager:

(a) lead manager and corporate adviser fees of:

(i) a management fee of 2% (plus GST) of all funds raised under the Offer;

(ii) a placing fee of 4% (plus GST) of all funds raised under the Offer; and

(iii) by negotiation, the Lead Manager may be liable to pay a placing fee to parties of up to 4% (plus GST) where applicable, which is payable from the placing fee; and

(b) a success fee (upon the successful completion of the Offer) of $100,000 (plus GST).

Additionally, the Company has agreed to issue the Lead Manager 5,000,000 Options (**Lead Manager Options**) valued at $563,150, based on the value ascribed to Lead Manager Options in the pro-forma statement of financial position set out in Section 7.4.1 of $0.112 per Lead Manager Option. However, it is likely that a portion of the Lead Manager Options will be passed on to other advisers that assist with completion of the Offer.

In the event that all Lead Manager Options to which the Lead Manager is entitled are exercised, an additional $1,500,000 will be raised. For further information in relation to the appointment of the Lead Manager, please refer to the summary of the Lead Manager Mandate at Section 10.1.

4.7 Secondary Offers

4.7.1 Acquisition Offer

This Prospectus includes the offers of 60,000,000 Shares as consideration for the Acquisition, made up of:

(b) 51,000,000 Shares to Dekel Keisar (or his nominees); and

(c) 9,000,000 Shares to Ayal Klinemintz (or his nominees).

(the **Acquisition Offer**).

For further details of the Acquisition please refer to Sections 6 and 10.4 of the Prospectus.

The Shares issued under the Acquisition Offer will be issued on the same terms as the existing Shares on issue in the Company, the material rights and liabilities of which are summarised in Section 11.2.

Only Messrs Keisar and Klinemintz (or their respective nominees) may accept the Acquisition Offer. A personalised Application Form in relation to the Acquisition Offer will be issued to Messrs Keisar and Klinemintz together with a copy of this Prospectus.

All Shares issued under the Acquisition Offer are expected to be restricted from trading for 24 months from the date of Official Quotation in accordance with the ASX Listing Rules. A summary of the anticipated application of escrow to the Company's Securities is set out in Section 6.12.

4.7.2 Director Offer

This Prospectus includes the offers of:

(a) 3,000,000 Director Options to Howard Digby (or his nominees);

(b) 2,000,000 Director Options to Winton Willesee (or his nominees); and

(c) 2,000,000 Director Options to Christopher Baxter (or his nominees),

(the **Director Offer**).

The Director Options will be issued on the terms set out in Section 11.3. The Director Options will not be quoted, but the Company will apply for quotation of all Shares issued upon exercise of the Director Options.

Only Messrs Digby, Willesee and Baxter (or their respective nominees) may accept the Director Offer. A personalised Application Form in relation to the Director Offer will be issued to Messrs Digby, Willesee and Baxter together with a copy of this Prospectus.

All Director Options issued pursuant to the Director Offer are expected to be restricted from trading for 24 months from the date of Official Quotation in accordance with the ASX Listing Rules. A summary of the anticipated application of escrow to the Company's Securities is set out in Section 6.12.

4.7.3 Lead Manager Offer

This Prospectus includes the offer of 5,000,000 Lead Manager Options to the Lead Manager (or its nominees) in consideration for broker services provided to the Company by the Lead Manager (**Lead Manager Offer**), on the terms and conditions set out in Section 11.3. The Lead Manager Options will not be quoted, but the Company will apply for quotation of all Shares issued upon exercise of the Lead Manager Options.

Only the Lead Manager (or its nominees) may accept the Lead Manager Offer. A personalised Application Form in relation to the Lead Manager Offer will be issued to the Lead Manager together with a copy of this Prospectus.

All Lead Manager Options are expected to be restricted from trading for 24 months from the date of Official Quotation in accordance with the ASX Listing Rules. A summary of the anticipated application of escrow to the Company's Securities is set out in Section 6.12.

4.8 Purpose of the Secondary Offers

The purpose of the Acquisition Offer, Director Offer and Lead Manager Offer (together, the **Secondary Offers**) is to remove any trading restrictions attaching to Shares on exercise of the Options to be issued under the relevant Offers, given that the Options offered under those Offers are being issued with disclosure under this Prospectus. The Secondary Offers will open on the opening date of the Public Offer and remain open until the Company's Admission to the Official List, unless closed earlier by the Company, in its sole discretion.

The Acquisition Offer is only available for application by Messrs Keisar and Klinemintz, the Director Offer is only available for application by Messrs Digby, Willesee and Baxter (or their respective nominees) and the Lead Manager Offer is only available for application by the Lead Manager (or its nominees), in each case where they have been invited to participate in the relevant Secondary Offer.

In respect of the Director Offer, each relevant Board resolution approving each issue of Director Options to the relevant parties was approved by the Directors who did not have a material personal interest in the particular issue being considered. On this basis, the Board considered that prior Shareholder approval under Chapter 2E of the Corporations Act was not required for the Director Offer, as each issue was agreed to on arm's length terms as a part of their respective remuneration packages as an equity-based incentive.

An Application Form and instructions on how to apply in relation to the Secondary Offers will only be provided to the relevant parties by the Company. Applications for Securities under the Secondary Offers must only be made using the Application Form to be provided by the Company and attached to, or accompanying this, Prospectus.

The Shares issued upon the future exercise of Options issued under the Secondary Offers will rank equally with the Shares on issue at the date of this Prospectus. A summary of the material rights and liabilities attaching to the Shares is set out in Section 11.2. The Director Options under the Director Offer will be issued on the terms and conditions set out in Section 11.3 and the Lead Manager Options under the Lead Manager Offer will be issued on the terms and conditions set out in Section 11.3.

No payment is required to subscribe for Director Options under the Director Offer. Accordingly, no funds will be raised pursuant to the Director Offer. The Lead Manager Options under the Lead Manager Offer will be issued with a purchase price of $0.0001 per Lead Manager Option. Accordingly, an immaterial amount of up to $500 will be raised through the issue of the Lead Manager Options. The Company will allocate any funds raised under the Lead Manager Offer towards the costs of the Offers.

The Company will not apply for quotation of the Securities to be issued under the Secondary Offers.

4.9 Conditions of the Offer

The Offer is conditional upon the following conditions being satisfied:

(a) the Minimum Subscription to the Offer being reached;

(b) ASX granting conditional approval for the Company to be admitted to the Official List; and

(c) completion under the Exchange Agreement,

(together the **Conditions**).

If the Conditions are not satisfied then the Offer will not proceed and the Company will repay all application monies received under the Offer within the time prescribed under the Corporations Act, without interest.

4.10 Applications

Applications for Shares under the Offer must be made by completing an online Application Form at www.computersharecas.com.au/KTEKIPO2026 and paying the application monies electronically via BPAY®.

If you require further assistance or are unable to use the online Application Form and would like to request a paper copy, please contact the KTEK Offer Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) to request a paper copy of the Application Form from 8:30am to 5:00pm (AEST) Monday to Friday (excluding public holidays).

By completing an Application Form, each applicant under the Offer will be taken to have declared that all details and statements made by them are complete and accurate and that they have personally received the Application Form together with a complete and unaltered copy of the Prospectus.

Applications for Shares under the Offer must be for a minimum of $2,000 worth of Shares (10,000 Shares) and thereafter in multiples of 2,500 Shares and payment for the Shares must be made in full at the Offer Price of $0.20 per Share.

If paying by BPAY®, please follow the instructions on the Application Form. A unique reference number will be quoted upon completion of the online application. Your BPAY® reference number will process your payment to your application electronically and you will be deemed to have applied for such Shares for which you have paid. Applicants using BPAY® should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the Closing Date. You do not need to return any documents if you have made payment by BPAY®.

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

The Company reserves the right to close the Offer early.

4.11 Allocation policy under the Offer

The allocation of Shares under the Offer will be determined by the Company in consultation with the Lead Manager.

The Company, in consultation with the Lead Manager, retains an absolute discretion regarding the basis of allocation of Shares under the Offer and reserves the right, in its absolute discretion, to allot to any applicant a lesser number of Shares than the number for which the applicant applies for or to reject any application. If the number of Shares allotted is fewer than the number applied for, surplus application money will be refunded without interest as soon as practicable.

No applicant under the Offer has any assurance of being allocated all or any Shares applied for. The allocation of Shares by Directors (in consultation with the Lead Manager) will be influenced by the following factors:

(a) the number of Shares applied for by particular applicants;

(b) the overall level of demand under the Offer;

(c) the Company's desire for an informed and active trading market following its listing on ASX;

(d) the Company's desire to establish a wide spread of investors, including institutional investors;

(e) recognising the ongoing support of existing Shareholders;

(f) the likelihood that particular applicants will be long-term Shareholders;

(g) the desire for an informed and active market for trading Shares following completion of the Offer;

(h) ensuring an appropriate Shareholder base for the Company going forward; and

(i) any other factors that the Company and the Lead Manager consider appropriate.

The Company will not be liable to any person not allocated Shares or not allocated the full amount applied for.

4.12 ASX listing

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. However, applicants should be aware that ASX will not grant Official Quotation of any Shares until the Company has complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be admitted to the Official List. Accordingly, the Shares may not be able to be traded for some time after the close of the Offer.

If the Shares are not admitted to Official Quotation by ASX before the expiration of three (3) months after the date of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares under the Offer and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription under this Prospectus.

The Company will not apply for Official Quotation of the Options issued pursuant to this Prospectus.

4.13 Issue

Subject to the Conditions set out in Section 4.9 being satisfied, the issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the applicants in a separate bank account as required by the Corporations Act. However, the Company will be entitled to retain all interest that accrues on the bank account and each applicant waives the right to claim interest.

The Directors (in consultation with the Lead Manager) will determine the recipients of the Shares in their sole discretion in accordance with the allocation policy detailed in Section 4.11. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Holding statements for Shares allocated to the Company's sponsored subregister and confirmation of allocation for Clearing House Electronic Subregister System (CHESS) holders will be mailed to applicants being allocated Shares under the Offer as soon as practicable after their issue.

4.14 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer or invitation in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or invitation or to issue this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should observe any of these restrictions, including those outlined below. In particular, this Prospectus may not be distributed in the United States or elsewhere outside Australia. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that you have complied with these restrictions.

4.15 Commissions payable

The Company reserves the right to pay commissions of up to 4% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensees in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

The Lead Manager will be responsible for paying all commission that they and the Company agree with any other licensed securities dealers or Australian financial services licensees out of the fees paid by the Company to the Lead Manager under the Lead Manager Mandate.

4.16 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. Holders of Shares may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Shares subscribed for under this Prospectus.

It is not possible to provide a comprehensive summary of the possible taxation positions of all prospective applicants. As such, all prospective investors in the Company are urged to obtain independent taxation and financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus or the reliance of any applicant on any part of the summary contained in this Section.

No brokerage, commission or duty is payable by applicants on the acquisition of Shares under the Offer.

4.17 Discretion regarding the Offer

The Offer may be withdrawn at any time. If the Offer does not proceed, all relevant application monies will be refunded (without interest) in accordance with applicable laws.

The Company and the Lead Manager also reserve the right to close the Offer (or any part of it) early, extend the Offer (or any part of it), accept late applications either generally or in particular cases, reject any application or bid, or allocate to any applicant fewer Shares than applied for.

5. INDUSTRY OVERVIEW

5.1 Background

The Company operates within the defence and aerospace manufacturing sector, with a focus on advanced composite structures and electromechanical sub-assemblies for unmanned and aerospace platforms.

The defence and aerospace sector includes original equipment manufacturers (**OEMs**) and suppliers that design and manufacture components and sub-systems for defence and commercial aerospace applications. Demand in this sector is influenced by long-term defence capability planning and increased adoption of unmanned systems.

In addition, defence procurement demand is affected by geopolitical developments and armed conflicts, which may accelerate investment, re-prioritisation of capabilities and procurement activity, as evidenced by increased defence expenditure and program activity following recent international conflicts, including the conflict between Russia and Ukraine.

5.2 Industry Structure and Value Chain

The defence aerospace manufacturing industry is typically organised around a tiered supply chain comprising prime contractors, system integrators, and suppliers.

The growth of the unmanned systems segment has enabled the entry of newer and independent manufacturers alongside established aerospace and defence contractors. These newer participants often focus on platform development, integration or mission-specific applications rather than vertically integrated manufacturing.

As a result, many UAV manufacturers are more dependent on external tier-1 and tier-2 suppliers and specialist manufacturers. This reliance places increased importance on qualified suppliers capable of meeting technical, regulatory and production requirements within defined program timelines.

5.3 Key Market Segments

The Company's activities are directed toward markets that include:

(a) the global uncrewed aerial vehicle (**UAV**) market, including unmanned aerial systems used for defence, government and security applications;

(b) the military drone market, including defence and government aerospace programs requiring compliant manufacturing, documentation and quality assurance; and

(c) the aerospace composites manufacturing market, including specialised aerospace and industrial applications where weight optimisation, durability and environmental resilience are critical.

In addition, civilian and commercial logistics applications have emerged as an adjacent segment within the unmanned systems market, particularly for cargo delivery, infrastructure access and remote or constrained environments. Adoption in this segment is influenced by technological readiness, regulatory frameworks and safety considerations, and remains subject to evolving aviation and airspace regulations.

Customers across these segments typically require suppliers to demonstrate technical capability, repeatable manufacturing quality, regulatory compliance and the ability to scale production within defined program and certification requirements.

The Company's key markets are located in Israel and the European Union, with planned expansion into the United States and Australia to support growth in those regions.

5.4 Industry Trends

Several structural industry trends are expected to contribute to continued growth in these markets:

(a) Increased operational deployment of UAS platforms: Defence forces are expanding the use of unmanned systems for intelligence, surveillance and reconnaissance (**ISR**), strike capability, loitering munitions and attritable systems. Modern procurement models increasingly emphasize rapid deployment cycles and replacement rates, which can create recurring demand for airframes, structural kits and spare components.

(b) Growing use of advanced composite materials: Aerospace platforms increasingly require lightweight and high-strength structures to improve range, endurance and payload capacity. Advanced composite materials are widely adopted in UAV structures and facilitate the integration of antennas, sensors and communication systems.

(c) Supply-chain resilience and localized manufacturing: Defence customers in North America, Europe and allied jurisdictions are increasingly prioritizing secure and trusted supply chains.

(d) Increased regulatory and compliance oversight: The sector has experienced heightened regulatory and compliance oversight, particularly in relation to export controls, quality management systems, traceability and documentation. Compliance requirements increasingly influence supplier qualification and program eligibility and can materially affect development timelines and cost structures.

Collectively, these trends have increased demand for specialised manufacturers capable of operating within regulated aerospace environments while delivering consistent quality and production discipline.

5.5 Competitive Dynamics

Competition within the defence and aerospace manufacturing sector is shaped by a combination of technical capability, regulatory compliance, delivery performance, cost discipline and the ability to meet program-specific requirements over extended timeframes.

Procurement decisions in this sector are typically made within structured qualification and tendering processes, particularly for defence and government programs. Suppliers are commonly required to demonstrate compliance with applicable quality standards, export control regimes and documentation requirements, in addition to technical performance and manufacturing reliability.

Large, vertically integrated aerospace and defence contractors may compete on the basis of scale, program breadth and integrated capabilities. In parallel, specialist manufacturers compete by offering focused technical expertise, supply responsiveness, and the ability to deliver specific components or sub-assemblies within cost and schedule requirements.

In the unmanned systems segment in particular, competitive dynamics reflect a mix of established aerospace participants and newer market entrants. While platform developers and integrators may vary in scale and maturity, their reliance on external suppliers for critical components increases the importance of supplier performance, certification status and production readiness in competitive evaluations.

Competition may also vary by program phase, with different suppliers engaged during development, qualification and serial production stages. As programs progress toward operational deployment and scaled manufacturing, emphasis typically shifts toward consistency, supply assurance and lifecycle support.

5.6 Competitors and Market Participants

Participants in the defence and aerospace manufacturing sector comprise a diverse group of organisations operating at different levels of the value chain and with varying degrees of integration and specialisation.

Market participants can be broadly grouped into the following categories:

(a) First, large integrated aerospace and defence contractors, which typically combine platform development, systems integration and in-house manufacturing capabilities. These organisations often act as prime contractors for government and defence programs and may internalise the production of certain critical components while outsourcing others to qualified suppliers.

(b) Second, mid-tier suppliers, which provide certified sub-systems, structural assemblies or mission-critical components to prime contractors and system integrators. These suppliers generally operate within established quality and compliance frameworks and may support multiple platforms or programs.

(c) Third, specialist manufacturers, focusing on defined technical domains such as advanced composite structures, electronic components, sub-assemblies, and other specialised aerospace components. These participants typically operate as external suppliers to platform developers and integrators and are required to meet program-specific technical, regulatory and production requirements.

(d) Finally, emerging or early-stage manufacturers may participate in development or limited production phases, particularly within the unmanned systems segment. Such participants may have more constrained certification scope or production scale and may rely on partnerships or subcontracting arrangements as programs mature toward serial production.

Competition occurs both within and across these categories, depending on program structure, procurement phase and customer requirements. Customers may engage multiple suppliers across different categories within a single platform or program, reflecting the modular and distributed nature of defence and aerospace supply chains.

5.7 Barriers to Entry

Barriers to entry in the defence and aerospace manufacturing sector are generally considered significant and arise from a combination of technical, regulatory, commercial and operational factors.

One key barrier relates to technical complexity and engineering capability. Manufacturing components and sub-assemblies for aerospace and unmanned platforms typically requires specialised design expertise, materials knowledge and production processes, particularly where components are flight-critical or subject to demanding environmental conditions.

A further barrier arises from regulatory, certification and quality assurance requirements. Suppliers are commonly required to operate under established quality management systems, comply with applicable aviation and defence standards, and adhere to export control and traceability obligations. Achieving and maintaining compliance may involve substantial time, documentation and ongoing audit requirements.

Customer qualification and program approval processes also represent a barrier to entry. Defence and aerospace customers typically undertake extensive supplier vetting, testing and validation before approving manufacturers for participation in development or production programs. These processes may extend over prolonged periods and may limit the ability of new entrants to secure production work at scale.

In addition, capital investment requirements may present a barrier, including investment in facilities, tooling, specialised equipment, quality systems and skilled personnel. The scale and timing of such investment are often influenced by program-specific requirements and may precede confirmed production volumes.

Collectively, these barriers tend to limit participation in defence and aerospace manufacturing to a relatively small number of qualified suppliers; however, the presence of barriers does not prevent new entrants from participating in specific segments or programs where qualification and compliance requirements can be met.

5.8 Regulatory Environment

Participants in the defence and aerospace manufacturing sector operate within a highly regulated environment, reflecting the strategic, safety and national-security sensitivities associated with aerospace platforms and unmanned systems.

A central regulatory consideration is compliance with national and international export control regimes, which may restrict the manufacture, transfer, use or disclosure of certain technologies, components or technical data. Export control requirements vary by jurisdiction and may apply based on product classification, end use, end user and geographic destination. Compliance typically involves licensing, reporting, record-keeping and ongoing monitoring obligations.

In addition, suppliers to defence and government aerospace programs are commonly required to comply with defence procurement frameworks and contracting standards, which may impose requirements relating to security clearances, information handling, audit rights and supply-chain transparency.

Manufacturers of aerospace and unmanned system components are also subject to aviation and aerospace quality standards, including requirements relating to quality management systems, traceability, configuration control and documentation. Adherence to these standards is often a prerequisite for supplier qualification and continued participation in development or production programs.

Regulatory frameworks applicable to civilian and commercial unmanned operations, including airspace access, safety certification and operational approval, continue to evolve. These frameworks may influence the pace and scope of adoption of unmanned systems in non-defence applications and may vary significantly across jurisdictions.

Compliance with applicable regulatory requirements may affect development timelines, operating costs and market access. Regulatory changes or differing interpretations by authorities may also impact program execution and supplier participation.

Specifically, the Company notes the following regulatory obligations which are specific to the operations of the Company:

(a) **Israel**

Activities conducted from Israel that involve defence-related articles, know-how or services are subject to the Defense Export Control Law, 2007 and the regulatory framework administered by the Israeli Ministry of Defense. This framework generally requires registration and, where applicable, licensing for marketing, brokering and export of controlled defence items and related technical information.

(b) **European Union**

Exports and transfers of controlled dual-use goods, software and technology within or from the European Union are governed by Regulation (EU) 2021/821 and its national implementing legislation. The regime may also apply to brokering activities, technical assistance and transfers of controlled technical data to foreign persons.

(c) **United States**

Where U.S.-origin controlled items, software or technical data are involved, or where activities otherwise fall within U.S. jurisdiction:

(i) the International Traffic in Arms Regulations (ITAR) (22 CFR Parts 120–130) apply to defence articles, defence services and certain brokering activities; and

(ii) the Export Administration Regulations (EAR) (15 CFR Parts 730–774) apply to a range of dual-use items, software and technology.

(d) **Australia**

In connection with prospective operations or customers in Australia, certain goods, technology and software may be subject to Australia’s export control framework, including the Defence and Strategic Goods List (DSGL).

(e) **Aerospace quality and customer qualification**

As a supplier to aerospace and defence customers, the Company is generally expected to maintain aerospace-grade quality management processes, typically aligned with standards such as AS9100 certification (which KTeK Ltd has held since 2022), and to undergo customer qualification procedures and audits.

5.9 Industry Outlook

The defence and aerospace manufacturing sector is generally characterised by long development, qualification and procurement cycles, with demand influenced by government budgets, strategic priorities, procurement policies and broader geopolitical conditions.

Industry participants and policymakers continue to emphasise capabilities related to unmanned systems, advanced materials and secure supply chains. However, the timing, scale and continuity of procurement activity may vary across jurisdictions and programs and are subject to changes in policy, funding allocation, regulatory frameworks and international conditions.

Accordingly, while the industry is expected to remain strategically relevant to government and defence customers, actual outcomes for market participants may differ materially depending on external factors, program-specific decisions and execution.

6. COMPANY OVERVIEW

6.1 Background

The Company was incorporated on 20 March 2026 as an Australian public company limited by shares. Upon completion of the Acquisition, Offer and Admission of the Company to the Official List, the Company will legally and beneficially own 100% of the issued share capital of KTeK Ltd, a company incorporated in Israel (registration number 516020351).

The Company has limited operating history as it was recently incorporated for the purpose of effecting the proposed Admission and acquiring KTeK Ltd. Following completion of the Acquisition, the business operations of the Group will be conducted through KTeK Ltd and its subsidiaries.

In consideration for the acquisition of the entire issued share capital of KTeK Ltd, the Company will issue 60,000,000 Shares to the shareholders of KTeK Ltd.

In December 2025, the Company's 100% owned subsidiary Ktek Systems Pty Ltd completed a convertible note fundraising of $2.5 million. Further details regarding the Convertible Note Agreements are set out in Section 10.5 of this Prospectus. These convertible notes will be converted into Shares prior to the Company's admission.

6.2 Background of KTeK Ltd

KTeK Ltd was incorporated in 2019 by its founder, Mr Dekel Keisar, Managing Director of the Company. KTeK Ltd operates as a specialist manufacturer of advanced composite structures and electromechanical sub-assemblies for aerospace and unmanned systems applications.

KTeK Ltd's activities include the design and manufacture of composite airframe structures and components, including wings, fuselage sections, control surfaces and other structural assemblies, as well as the production of electromechanical assemblies and enclosures used in aerospace and defence applications. These products are manufactured in accordance with applicable customer specifications, quality management systems and documentation requirements.

In addition, KTeK Ltd supplies ruggedised mechanical and electronic enclosures and racks intended for military and aerospace environments, including solutions incorporating environmental, electromagnetic and thermal management considerations. KTeK Ltd also provides associated testing, validation and documentation services in support of customer qualification and acceptance requirements.

KTeK Ltd holds AS9100 certification (awarded in 2022) and operates its quality management framework in accordance with that standard, including traceability, first-article inspection and acceptance testing processes, and undertakes environmental, vibration and electromagnetic testing through a combination of in-house capabilities and accredited third-party laboratories.

KTeK Ltd's corporate head office is located in Israel. The Group operates assembly lines in Israel and the Netherlands and utilises manufacturing facilities in Portugal and Thailand.

6.3 Objectives

The Company's principal business objectives include:

(a) Increase production scale and operating efficiency.

(b) Diversify customer base.

(c) Broaden service capability.

(d) Geographic expansion.

(e) Technology, qualification and intellectual property development.

(f) Quality, compliance and governance.

(g) Scalable delivery capacity.

6.4 Business model

(a) Nature of the Business and Current Activities

The Group operates as a specialist in the design, engineering and manufacture of advanced composite structures and electromechanical sub-assemblies for aerospace and unmanned systems applications. The Group's activities are focused on the design, manufacture and supply of structural and functional components that are integrated into larger platforms and systems developed by third-party customers, including defence and selected commercial customers.

The Group does not act as a prime contractor or system integrator for complete platforms. Instead, it participates within established aerospace and defence supply chains as a qualified supplier of components and assemblies that are manufactured in accordance with customer specifications, regulatory requirements and applicable quality management systems.

The Group's competitive environment is described in Section 5.6 of this Prospectus. Competition is influenced by technical capability, compliance with regulatory and quality standards, delivery performance, cost discipline and customer qualification status.

(b) Business Model and Revenue Generation

The Company generates revenue from the design, engineering and manufacture of advanced composite structures and assemblies for aerospace and defence customers. Products are typically supplied pursuant to customer purchase orders and, in certain cases, ongoing supply arrangements linked to specific customer platforms or programs.

In practice, revenue is derived from the following activities:

(i) Build-to-spec manufacturing.

(ii) Full turnkey (design-to-build) solutions.

(iii) Build-to-print production.

(iv) Engineering and non-recurring engineering (NRE).

(v) Tooling and qualification support.

(vi) Serial production and spares.

Overall, the Company's revenues generally follow the lifecycle of customer programs, beginning with development and qualification activities and, where programs proceed to production, transitioning to ongoing manufacturing and spare-parts supply.

(c) Engagement with customers

The Company's customer engagement primarily occurs through business-to-business, program-driven channels typical of the aerospace and defence supply chain. Key business development channels include:

(i) Direct engagement with customers.

(ii) Tender and procurement processes.

(iii) Prototype and qualification programs.

(iv) Industry presence.

(v) Partner-based engagement.

(vi) Digital and corporate communications

Customer engagements typically progress through stages that may include development, prototyping, qualification and serial production. Revenue levels and timing may vary depending on the stage of the relevant program, customer requirements, production volumes and delivery schedules.

Pricing is generally determined on a per-component or per-assembly basis and reflects factors such as material inputs, labour, tooling, quality assurance, testing requirements and program complexity. In some cases, the Group may also provide associated engineering support, testing or documentation services as part of a broader supply arrangement.

(d) **Strategy and Planned Activities**

The Group's strategy is focused on building and maintaining a sustainable position as a specialist supplier within aerospace and unmanned systems supply chains. Key elements of the Group's strategy include:

(i) expanding participation in existing and new customer programs as they progress from development into serial production;

(ii) leveraging established manufacturing and quality capabilities to support a broader range of component and assembly requirements within targeted market segments;

(iii) maintaining flexibility across geographic locations to support customer requirements, supply chain resilience and cost considerations; and

(iv) continuing investment in manufacturing processes, quality systems and personnel to meet evolving regulatory and customer standards.

The Group's planned activities are intended to align with broader industry trends described in Section 5.4 of this Prospectus. The execution of the Group's strategy is subject to external factors including customer procurement decisions, regulatory requirements, funding availability and broader market conditions.

(e) **Material Contracts and Financing Arrangements**

The Group's business involves entering into customer contracts, supply arrangements and financing instruments that are material to its operations. A summary of material contracts and financing arrangements is set out in Section 10 of this Prospectus.

6.5 Key Advantages

The Directors believe that the Group has a non-exhaustive list of advantages that support its positioning within the defence and aerospace manufacturing sector and therefore an investment into the Company. These advantages should be considered in the context of the risks set out in Section 8 of this Prospectus and do not constitute assurances of future performance.

(a) **Established Operating Business**

While the Company itself was recently incorporated for the purposes of the Offer, the operating business of the Group is conducted through KTeK Ltd, which has been operating since 2019. KTeK Ltd has established manufacturing, quality management and operational processes and has experience delivering components and assemblies for aerospace and unmanned systems applications.

(b) **Existing Customer Programs and Revenue Activity**

KTeK Ltd has previously supplied products and services to customers operating in defence, government and aerospace-related markets. Customer engagements are typically program-based and may involve development, qualification and production phases. Revenue levels and continuity may vary depending on program stage, customer requirements and procurement decisions.

(c) **Specialist Manufacturing Capabilities**

The Group has developed capabilities in the manufacture of advanced composite structures and electromechanical sub-assemblies used in aerospace and unmanned systems platforms. These capabilities include manufacturing in accordance with customer specifications, quality standards and documentation requirements applicable to regulated aerospace environments.

The Group's activities are focused on component and assembly-level manufacturing rather than platform-level integration, allowing participation across multiple programs and customers within the supply chain.

(d) **Quality Systems and Regulatory Alignment**

The Group holds AS9100 certification (since 2022) and maintains a quality management framework in accordance with that standard, including processes for traceability, first-article inspection and acceptance testing. AS9100 certification is generally required or expected by major aerospace and defence OEMs as a condition of supplier qualification. Compliance with quality and regulatory requirements is a prerequisite for participation in aerospace and defence supply chains and may represent a barrier to entry for new or less-established suppliers.

(e) **Industry Barriers to Entry**

As described in Section 5.7 of this Prospectus, the defence and aerospace manufacturing sector is characterised by significant barriers to entry, including technical complexity, regulatory and certification requirements, customer qualification processes and capital investment. While such barriers do not prevent new entrants, they may limit the number of participants capable of supplying compliant components and assemblies at scale.

(f) **Geographic and Operational Footprint**

The Group operates across multiple jurisdictions, with corporate headquarters in Israel, assembly operations in Israel and the Netherlands, and manufacturing activities in Portugal and Thailand. This geographic footprint is intended to support operational flexibility, customer requirements and supply-chain considerations.

(g) **Experience of Directors and Key Personnel**

The Group benefits from the experience of its directors and key management personnel in engineering, manufacturing, aerospace-related industries and business operations. This experience supports oversight of regulated manufacturing activities, customer engagement and program execution. Further details of the Directors and senior management are set out in Section 9 of this Prospectus.

(h) **Exposure to Industry Growth Segments**

The Group operates within segments of the aerospace and defence industry that include unmanned systems, advanced materials and specialised manufacturing. Demand within these segments is influenced by long-term defence capability planning, technological development and regulatory frameworks, as described in Section 5.8 of this Prospectus. Actual growth outcomes are subject to external factors beyond the Group's control.

6.6 Key dependencies of the Company's business model

The viability and ongoing operation of the Company's business model are dependent on a number of key factors. These dependencies reflect the nature of operating within regulated aerospace and defence supply chains and should be considered together with the risks described in Section 8 of this Prospectus.

(a) **Customer Programs and Procurement Decisions**

The Group's revenues are primarily derived from customer programs within defence, government and aerospace-related markets. These programs are typically subject to customer procurement decisions, program funding, technical requirements and approval processes. The timing, scope and continuation of customer programs may affect order volumes, delivery schedules and revenue recognition.

Customer relationships are generally program-based rather than contractual in perpetuity, and customers may adjust, delay or terminate programs due to budgetary, strategic or operational considerations.

(b) **Regulatory, Export Control and Compliance Requirements**

The Group's ability to operate and supply products is dependent on compliance with applicable regulatory frameworks, including export control regimes, defence procurement requirements and aerospace quality standards. Regulatory obligations may vary by jurisdiction and may be subject to change or differing interpretation by authorities.

Failure to obtain, maintain or comply with required licences, approvals, certifications or quality standards could restrict the Group's ability to participate in certain programs or markets.

(c) **Manufacturing Capability and Operational Execution**

The Group's business model depends on its ability to maintain manufacturing capability, quality systems and operational processes that meet customer and regulatory requirements. This includes the availability of skilled personnel, production capacity, tooling, facilities and effective quality management systems.

Disruptions to operations, including manufacturing delays, equipment failures or quality non-conformances, may affect delivery performance and customer relationships.

(d) **Supply Chain and Key Suppliers**

The Group relies on third-party suppliers for specialised components and manufacturing inputs. The availability, cost and quality of these inputs may affect production schedules, cost structures and margins.

Supply-chain disruptions, changes in supplier relationships or increases in input costs could adversely impact the Group's operations and financial performance.

(e) **Access to Funding and Working Capital**

The Group's business model requires access to sufficient funding to support working capital requirements, capital expenditure, tooling investment and program execution. Funding needs may fluctuate depending on program timing, customer payment terms and production volumes.

The Group's ability to access funding on acceptable terms may influence its capacity to pursue growth opportunities and meet operational obligations.

(f) **Personnel and Technical Expertise**

The Group's operations depend on the continued availability of experienced engineering, manufacturing and management personnel. The loss of key personnel or difficulty in attracting and retaining suitably qualified staff may affect the Group's technical capability and operational performance.

(g) **Market and Geopolitical Conditions**

Demand within the Group's target markets is influenced by broader market conditions, government policies, defence budgets and geopolitical developments. Changes in these conditions may affect procurement priorities, funding allocations and customer demand.

(h) **Geopolitical Conditions and Operational Location**

The Group's corporate headquarters and certain operational activities are located in Israel. As a result, the Group's operations may be sensitive to geopolitical conditions affecting the region. Periods of heightened conflict or instability may disrupt logistics, transportation and supply-chain activities, including the movement of goods, materials and finished products into and out of Israel.

Such disruptions may result in delays to manufacturing, delivery schedules and customer fulfilment, increased logistics costs, or temporary suspension of certain activities. The Group seeks to mitigate these risks through geographic diversification of assembly and manufacturing activities. However, there can be no assurance that such measures will fully offset the impact of adverse geopolitical developments.

6.7 Current Geopolitical Conditions

On 28 February 2026, the United States and Israel commenced military operations against Iran. Iran retaliated with missile and drone strikes targeting Israel and other countries in the region. On 8 April 2026, a two-week ceasefire was agreed between the United States, Israel and Iran. The Company notes that the duration and stability of the ceasefire is uncertain and that prior ceasefires in the region (including the ceasefire following the 12-day conflict in June 2025) have been followed by periods of relative stability but have not eliminated the underlying risks.

Impact on the Group's operations

During the period of active hostilities (28 February 2026 to the ceasefire date), the Group's operations were affected as follows:

(a) **Manufacturing**: The Group's manufacturing operations in Portugal and Thailand continued at normal production rates throughout the conflict and were not disrupted.

(b) **Assembly and deliveries**: The Group's Israeli assembly operations were disrupted because the closure of Ben Gurion Airport and Israeli airspace restrictions prevented the shipment of manufactured components to Israel for assembly and onward delivery. As at the date of this Prospectus, manufactured components have been accumulating pending resumption of deliveries to Israel.

(c) **Workforce**: No KTeK Ltd employees have been called up for Israeli military reserve duty during the conflict. KTeK Ltd's only Israeli facility is located in a commercial building in Bnei Brak, in central Israel. The facility has not been damaged.

(d) **Customer orders**: As at the date of this Prospectus, no customer orders have been cancelled or materially reduced as a result of the conflict.

Prior conflict experience

In June 2025, KTeK Ltd's operations were similarly disrupted by the 12-day conflict between Israel and Iran. Following the ceasefire in that conflict, KTeK Ltd recommenced normal operations within a short period and was able to fulfil accumulated orders. The Company considers this prior experience to be relevant context but notes that there can be no assurance that a similar recovery will occur following the current conflict.

Business continuity measures

The Group has implemented or is developing the following measures to reduce its dependence on any single operating location:

(a) the ability to second Israeli assembly staff to conduct assembly at the manufacturing locations;

(b) maintenance of assembly capability in both Israel and the Netherlands;

(c) the development of additional manufacturing capability to supplement the Group's Portugal and Thailand manufacturing;

(d) plans to establish an assembly line in the United States; and

(e) alternative shipping routes and inventory buffering.

Investors should carefully consider the risks associated with the conflict as described in Section 8 of this Prospectus, including the risks described under "Middle East Conflict," "Airport and Airspace Closure," "Supply Chain and Logistics Disruption," and "Dutch Export Licence Renewal."

6.8 Use of funds

The Company intends to apply funds raised from the Offer, together with existing cash reserves post-Admission, over the first two years following Admission as follows:

FUNDS AVAILABLE	MINIMUM SUBSCRIPTION ($) ($7,500,000)	PERCENTAGE OF FUNDS (%)	MAXIMUM SUBSCRIPTION ($) ($10,000,000)	PERCENTAGE OF FUNDS (%)
Existing cash reserves[1]	172,000	2.24%	172,000	1.69%
Funds raised from the Offer	7,500,000	97.76%	10,000,000	98.31%
Total	**7,672,000**	**100.00%**	**10,172,000**	**100.00%**
Allocation of funds				
US expansion[2]	2,500,000	32.59%	3,100,000	30.49%
Tooling and manufacturing capacity increase	1,000,000	13.03%	1,350,000	13.27%
Sales & marketing	472,000	6.15%	862,000	8.47%
Research & development	2,200,000	28.68%	3,000,000	29.49%
Working capital[3]	550,000	7.17%	750,000	7.37%
Expenses of the Offer[4]	950,000	12.38%	1,110,000	10.91%
Total	**7,672,000**	**100.00%**	**10,172,000**	**100.00%**

Notes:

1. Refer to the Financial Information set out in Section 7 for further details. The Company intends to apply these funds towards the purposes set out in this table, including the payment of the expenses of the Offer of which various amounts will be payable prior to completion of the Offer.
2. The Company intends on establishing and scaling the Company's operational, commercial and compliance footprint in the United States to support participation in US-based aerospace and defence programs. This may include securing required regulatory and export control registrations and approvals, developing local customer and partner relationships, investing in business development and sales resources and assessing or implementing local assembly, manufacturing or supply-chain capabilities to meet US customer procurement and security requirements. The objective of the USA expansion initiative is to position the Company to access and service US aerospace and defence customers and programs in accordance with applicable regulatory frameworks and market practices.
3. The Company intends to use these funds to support the Company's day-to-day operating requirements and general corporate purposes. This may include payment of employee and contractor costs, inventory and materials procurement, supplier payments, facility and administrative expenses, professional fees, insurance, regulatory compliance costs and other overheads incurred in the ordinary course of business. The allocation to working capital is intended to provide operational flexibility and liquidity to support program execution, manage timing differences between customer receipts and supplier payments, and sustain ongoing operations as the Company implements its growth strategy.
4. Refer to Section 11.7 for further details.

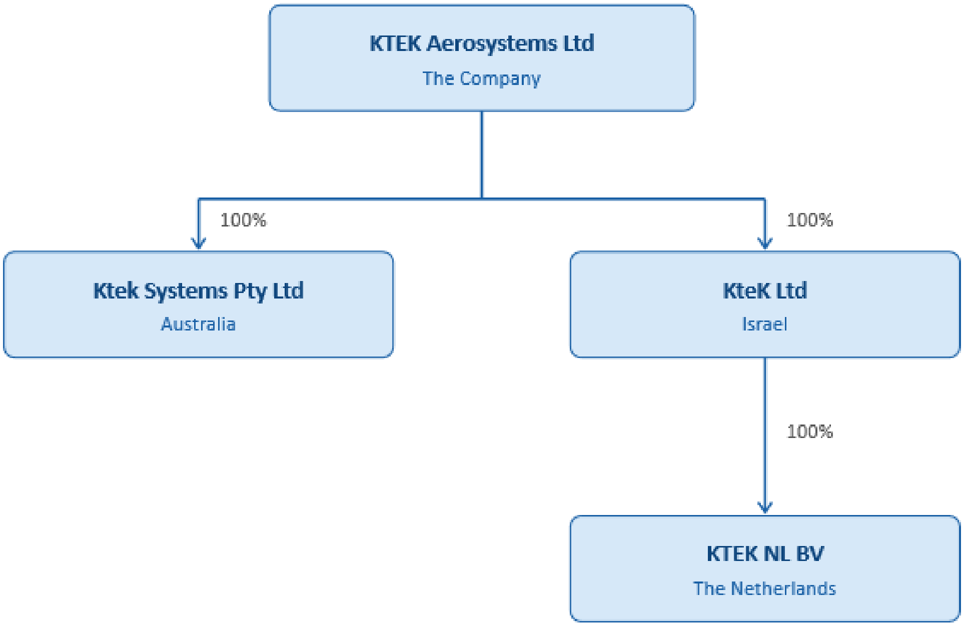
The above table is a statement of current intentions as of the date of this Prospectus. Prospective investors should note that, as with any budget, the allocation of the funds may change depending on various intervening events and new circumstances, including regulatory developments and market and general economic conditions. Accordingly, the Board reserves the right to alter the way funds are applied on this basis. It is anticipated that the funds raised under the Offer will enable two years of full operations (if the Minimum Subscription is raised). It should be noted that the Company may not be fully self-funding through its own operational cash flow at the end of this period. Accordingly, the Company may require additional capital beyond this point, which will likely involve the use of additional debt or equity funding.

In the event the Company raises more than the Minimum Subscription of $7,500,000 under the Offer but less than the Maximum Subscription, the additional funds raised will be first applied towards the expenses of the Offer and then proportionally to the other line items in the above table.

The Directors consider that following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives. However, it should be noted that an investment in the Company is highly speculative and prospective investors are encouraged to read the risk factors outlined in Section 8.

6.9 Corporate structure

On Completion of the Acquisition, the Corporate Structure of the Company will be:



6.10 Capital structure

The capital structure of the Company as at the date of this Prospectus and following completion of the Offer (assuming both Minimum Subscription and Maximum Subscription under the Offer) is set out in the table below:

Shares[1]

	MINIMUM SUBSCRIPTION [1]	MAXIMUM SUBSCRIPTION [2]
Shares currently on issue [3,4]	5,000,000	5,000,000
Shares to be issued as consideration for the Acquisition [5]	60,000,000	60,000,000
Shares to be issued on conversion of Convertible Notes [6]	25,000,000	25,000,000
Shares to be issued under the Offer	37,500,000	50,000,000
Total Shares on completion of the Offer [7]	**127,500,000**	**140,000,000**

Notes:

1. Assuming the Minimum Subscription of $7,500,000 is achieved under the Offer.
2. Assuming the Maximum Subscription of $10,000,000 is achieved under the Offer.
3. The material rights and liabilities attaching to the Shares are summarised in Section 11.2.
4. 5,000,000 Shares (Incorporation Shares) were issued for nominal consideration pursuant to a mandate entered into between the Company and CPS Capital Group Pty Ltd prior to, and independent of, the Offer. The Incorporation Shares were issued in connection with pre-Listing activities undertaken for the Company and its Subsidiaries, including assistance with a seed capital raising under the Convertible Notes. The issue of the Incorporation Shares was not conditional on the Offer proceeding.
5. Shares to be issued pursuant to the Acquisition under the Exchange Agreement, a summary of which is set out in Section 10.4.
6. Shares to be issued on conversion of Convertible Notes pursuant to the Convertible Note Agreements, a summary of which are set out in Section 10.5.
7. Certain Shares on issue post-listing will be subject to ASX-imposed escrow. Refer to Section 6.12 for a disclaimer with respect to the likely escrow position.

Options

	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Options currently on issue	Nil	Nil
Options to be issued pursuant to the Offer[1, 2]	12,000,000	12,000,000
Total Options on completion of the Offer	**12,000,000**	**12,000,000**

Notes:

1. Comprising:
   (a) 7,000,000 Options to be issued to Directors of the Company with an exercise price of $0.30, expiring on or before the date that is three years from the date of issue, comprising:
      i. 3,000,000 Options to Howard Digby;
      ii. 2,000,000 Options to Winton Willesee;
      iii. 2,000,000 Options to Christopher Baxter; and
   (b) 5,000,000 Options to be issued to the Lead Manager with an exercise price of $0.30, expiring on or before the date that is three years from the date of issue.
2. Refer to Section 11.3 for the terms of the Director Options and Lead Manager Options.

6.11 Substantial Shareholders

Based on information known to the Company as at the date of this Prospectus on completion of the issue of Shares under the Exchange Agreement and the Offer with Minimum Subscription (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer), the following persons (together with their associates) will have a relevant interest in 5% or more of the Shares on issue:

SHAREHOLDER	SHARES	OPTIONS	PERCENTAGE (%)	
			UNDILUTED	FULLY DILUTED
Dekel Keisar	51,000,000	-	40.00%	36.56%
Ayal Klinemintz	9,000,000	-	7.06%	6.45%

Based on information known to the Company as at the date of this Prospectus, on completion of the issue of Shares under the Exchange Agreement and the Offer with Maximum Subscription (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer), the following persons (together with their associates) will have a relevant interest in 5% or more of the Shares on issue:

SHAREHOLDER	SHARES	OPTIONS	PERCENTAGE (%)	
			UNDILUTED	FULLY DILUTED
Dekel Keisar	51,000,000	-	36.43%	33.55%
Ayal Klinemintz	9,000,000	-	6.43%	5.92%

The Company will announce to the ASX details of its top-20 Shareholders following completion of the Offer prior to the Shares commencing trading on ASX.

6.12 Restricted Securities

Subject to the Company being admitted to the Official List and completing the Offer, certain Shares will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Shares are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of Shares in a timely manner.

While the ASX has not yet confirmed the final escrow position, the Company anticipates that the following Securities will be subject to escrow:

(a) 77,500,000 Shares made up of:

  (i) 5,000,000 Shares currently on issue;

  (ii) 60,000,000 Shares to be issued as consideration for the Acquisition; and

  (iii) 12,500,000 Shares to be issued on conversion of Convertible Notes; and

(b) 12,000,000 Options.

The number of Securities that are subject to ASX imposed escrow are at ASX's discretion in accordance with the ASX Listing Rules and underlying policy. The above is a good faith estimate of the Shares that are expected to be subject to ASX imposed escrow.

None of the Shares issued under the Offer will be subject to escrow.

The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on ASX (which admission is subject to ASX's discretion and approval).

The Company confirms its 'free float' (the percentage of the Shares that are not restricted and are held by shareholders who are not related parties (or their associates) of the Company at the time of Admission) will be no less than 20% in compliance with ASX Listing Rule 1.1 Condition 7.

6.13 Dividend policy

Payment of dividends by the Company is at the discretion of the Board. Given the stage of development of the Company, the Board anticipates that significant expenditure will be incurred in the development and commercialisation of the Company's manufacturing capabilities, including the establishment and expansion of additional manufacturing facilities and assembly lines in the United States, the Netherlands and Israel. These activities are expected to dominate at least the first two-year period following the Company's Admission. Accordingly, the Directors have no current intention to declare and pay a dividend and no dividends are expected to be paid during the foreseeable future following the Company's Admission.

In determining whether to declare future dividends the Directors will consider the level of earnings of the Company, the operating results and overall financial condition of the Company, future capital requirements, capital management initiatives, general business outlook and other factors the Directors may consider relevant at the time of their decision.

The Directors cannot and do not provide any assurances in relation to the future payment of dividends or the level of franking credits attaching to dividends.

The Company also notes that the ability to pay dividends will be impacted by the following tax considerations.

(a) **Israeli tax considerations**

  (i) **General corporate tax**

  KTeK Ltd is incorporated in Israel and is subject to Israeli corporate income tax on its worldwide income. The standard Israeli corporate tax rate is currently 23%. The effective rate may be reduced if KTeK Ltd qualifies as a "Preferred Enterprise" under the Law for the Encouragement of Capital Investments, 5719-1959 (the Investment Encouragement Law), in which case a reduced rate of 16% (or 7.5% for enterprises in designated development zones) may apply to qualifying "Preferred Income." KTeK Ltd has not claimed benefits under the Investment Encouragement Law to date but may become eligible in future periods.

(ii) **Withholding tax on dividends from KTeK Ltd to the Company**

Dividends paid by KTeK Ltd (an Israeli company) to the Company (an Australian company) are subject to Israeli withholding tax. Under Israeli domestic law, dividends paid to a non-resident corporate shareholder are generally subject to withholding tax at 25%, or 30% where the recipient is a "substantial shareholder" (generally a holder of 10% or more of any means of control). Where dividends are paid from income of a Preferred Enterprise, a reduced rate of 20% may apply.

Under the Convention between the Government of Australia and the Government of the State of Israel for the Elimination of Double Taxation with Respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance, which entered into force on 1 January 2020 (the **Treaty**), the withholding tax rate on dividends paid by an Israeli company to an Australian company that holds at least 10% of the voting power of the Israeli company is limited to 5% of the gross amount of the dividend. In all other cases, the Treaty limits the rate to 15%. As the Company will hold 100% of KTeK Ltd, the 5% rate would ordinarily apply.

(iii) **Draft Tax Ruling – enhanced withholding during the restriction period**

The Acquisition is structured as a tax-deferred share exchange under Section 103K of the Israeli Income Tax Ordinance [New Version], 5721-1961 (the Ordinance). The Company has received a draft tax ruling from the Israeli Tax Authority (the **Draft Tax Ruling**) indicating that the share exchange would be approved on a tax-deferred basis, subject to conditions. A summary of the Draft Tax Ruling is set out in paragraph (c) below.

Under the Draft Tax Ruling, dividends paid by KTeK Ltd to the Company from profits generated through the end of the two-year period following the end of the tax year in which the Acquisition is completed (the **Restriction Period**) would be subject to Israeli withholding tax at the domestic rate under Section 125B(5) of the Ordinance (currently 25–30%), or at the rate applicable under the Investment Encouragement Law (currently 20%), if applicable, rather than the concessional 5% Treaty rate.

The Draft Tax Ruling also contemplates an ordering rule that profits accumulated after the Restriction Period may only be distributed after full distribution of the profits accumulated through the end of the Restriction Period. Assuming the Acquisition completes in the 2026 tax year, the Restriction Period would cover profits accumulated through 31 December 2028. The Company would not be able to elect to distribute only post-Restriction Period profits at the lower Treaty rate until all Restriction Period profits have been distributed and taxed at the higher domestic rate.

After the Restriction Period, dividends from KTeK Ltd to the Company would be subject to Israeli withholding tax at the Treaty rate of 5% (subject to compliance with the Treaty conditions).

The Draft Tax Ruling has not been finalised. Completion of the Acquisition is conditional on receipt of a final and binding tax ruling from the Israeli Tax Authority. The final tax ruling may contain terms that differ from those summarised above.

(iv) **Australian foreign income tax offset**

Israeli withholding tax paid on dividends received by the Company from KTeK Ltd may be creditable as a foreign income tax offset (FITO) against the Company's Australian income tax liability under Division 770 of the ITAA 1997, subject to the FITO limit. However, where the Israeli withholding tax exceeds the Australian tax otherwise payable on the dividend income, the excess cannot be carried forward and will represent an irrecoverable cost. During the Restriction Period, the enhanced Israeli withholding rate of 25–30% (or 20%) may exceed the Australian corporate tax otherwise payable, resulting in a partial loss of the tax credit.

(v) **Taxation of non-Israeli resident shareholders on disposal**

Under Israeli domestic law, capital gains derived by non-Israeli residents from the sale of shares in an Israeli company listed on a foreign stock exchange are generally exempt from Israeli tax, provided certain conditions are met (including that the gain is not attributable to a permanent establishment in Israel and the shares were acquired after listing). As the Shares offered under this Prospectus are shares in the Company (an Australian company listed on ASX), rather than shares in KTeK Ltd directly, a disposal of Shares by a non-Israeli resident Shareholder is not expected to give rise to Israeli capital gains tax, subject to specific advice in individual cases.

(b) **Australia–Israel double tax treaty**

The Treaty entered into force on 1 January 2020 and applies to, among other things, dividends, interest, royalties and capital gains flowing between Australian and Israeli residents. The key Treaty provisions relevant to the Group are:

(i) **Dividends**: As noted above, withholding tax on dividends paid by an Israeli company to an Australian company holding at least 10% of the voting power is limited to 5%. For all other cases, the Treaty rate is 15%. The Treaty rate is subject to the Draft Tax Ruling conditions during the Restriction Period (see paragraph (a) above).

(ii) **Interest**: Withholding tax on interest is limited to 5% for interest paid to financial institutions and pension funds, and 10% in other cases.

(iii) **Royalties**: Withholding tax on royalties is limited to 5%.

(iv) **Capital gains**: Each country may tax capital gains arising from the alienation of property in accordance with its domestic law, subject to specific Treaty provisions regarding real property and business assets.

(c) **Summary of the Draft Tax Ruling**

The Acquisition has been structured as a tax-deferred share exchange under Section 103K of the Ordinance, pursuant to which the shareholders of KTeK Ltd will transfer all of their shares in KTeK Ltd to the Company in exchange for Shares without immediate Israeli tax liability. The Company has received a draft tax ruling from the Israeli Tax Authority (the **Draft Tax Ruling**) indicating that the share exchange would qualify for tax-deferred treatment under Section 103K. The Draft Tax Ruling has not been finalised. Completion of the Acquisition is conditional on receipt of a final and binding tax ruling from the Israeli Tax Authority on terms acceptable to the Company. The final tax ruling may contain terms that differ from those summarised below.

Based on the Draft Tax Ruling, the material conditions of the final tax ruling are expected to include:

(i) **Dividend withholding**: Dividends paid by KTeK Ltd to the Company from profits generated during the Restriction Period (expected to be through 31 December 2028) are subject to Israeli withholding tax at domestic rates (25–30%, or 20% under the Investment Encouragement Law) rather than the Treaty rate of 5%. An ordering rule requires that Restriction

Period profits be fully distributed before post-Restriction Period profits may be distributed at the Treaty rate.

(ii) **Minimum holding period**: The Company must hold at least 51% of each class of rights in KTeK Ltd for a period of two years from the date of completion of the Acquisition (the **Required Period**). A breach may result in retroactive revocation of the Tax Ruling, requiring full payment of the tax and associated Israeli tax liabilities (including interest and linkage differentials) in respect of the share exchange. In addition, even after the Required Period, should the Company sell shares in KTeK Ltd, there will be no tax treaty exemption applicable to the Company and the full tax will be due on the sale.

(iii) **Intellectual property**: All intellectual property and intangible assets owned by KTeK Ltd at the date of the Acquisition must remain the property of KTeK Ltd, which must remain an Israeli resident company. Any proposed transfer of intellectual property outside Israel requires prior written approval from the Israeli Tax Authority.

(iv) **Trustee**: All shares in KTeK Ltd held by the Company, and all Shares held by the Transferring Shareholders, must be deposited with an Israeli trustee. The trustee may not release shares without written approval from the Israeli Tax Authority. Any pledge or transfer of shares from the trustee may be treated as a disposal for Israeli tax purposes.

(v) **Management and control**: If the Company is treated as an Israeli tax resident by virtue of its central management and control being exercised in Israel, the Company may not be entitled to Treaty benefits or foreign tax credits. The Company intends to ensure that its central management and control is exercised in Australia.

(vi) **No consideration other than shares**: No cash or non-share consideration may be paid to the Transferring Shareholders in connection with the Acquisition. Any payment (other than ordinary course business payments at arm's length) from KTeK Ltd to the Company, or from the Company to the Transferring Shareholders, may be treated as a dividend distribution subject to Israeli tax.

(vii) **Reorganisation expenses**: Expenses connected with the reorganisation (including legal, audit and advisory fees) are not deductible for Israeli tax purposes.

For further details of the risks associated with the Draft Tax Ruling, refer to Section 8.2 under the risk factor headed "Draft Tax Ruling."

7. FINANCIAL INFORMATION

7.1 Introduction

The financial information contained in this Section 7 includes the Historical Financial Information and the Pro Forma Historical Financial Information of KTEK Aerosystems Ltd (the Company) and its controlled entities (together, the Group), as summarised below.

The Historical Financial Information has been derived from the audited consolidated financial statements of KTeK Ltd (the Israeli Operating Entity), prepared in accordance with International Financial Reporting Standards (IFRS), for the financial years ended 31 December 2023 (FY2023), 31 December 2024 (FY2024) and 31 December 2025 (FY2025), and the audited financial statements of KTEK Aerosystems Ltd for the period from 7 October 2025 to 31 March 2026, also prepared in accordance with IFRS. While KTEK Aerosystems Ltd was incorporated on 20 March 2026, its audited financial statements are for the period from 7 October 2025 to reflect continuation accounting of KTEK Systems Pty Ltd, which was incorporated to undertake the Group's pre listing activities and was subsequently acquired by KTEK Aerosystems Ltd.

Given the current status of KTeK Ltd's operations, the Directors do not consider it appropriate to forecast future earnings.

Historical Financial Information

Audited Historical Financial Information of KTeK Ltd, comprising the:

(a) audited historical consolidated statements of comprehensive loss for FY2023, FY2024 and FY2025 (Historical Results);

(b) audited historical consolidated statements of cash flows for FY2023, FY2024 and FY2025 (Historical Cash Flows); and

(c) audited historical consolidated statement of financial position as at 31 December 2025 (Historical Statement of Financial Position).

Audited Historical Financial Information of KTEK Aerosystems Ltd, comprising the:

(a) audited historical consolidated balance sheet as at 31 March 2026.

Pro Forma Historical Financial Information of the Company, comprising the:

(a) OkPro Forma historical consolidated statement of financial position as at 31 December 2025, which incorporates the audited historical consolidated balance sheet of KTEK Aerosystems Ltd as at 31 March 2026 (Pro Forma Historical Statement of Financial Position), prepared on the basis of the minimum Capital Raising of A$7,500,000 (approximately US$5,025,000 based on an exchange rate of A$1.00 = US$0.67 at 31 December 2025), and up to a maximum Capital Raising of A$10,000,000 (approximately US$6,700,000).

Also summarised in this Section 7 are: the basis of preparation and presentation (Section 7.2); non-IFRS financial measures (Section 7.2.5); pro forma adjustments and reconciliations (Section 7.4); liquidity and capital resources (Section 7.5); contractual obligations (Section 7.6); and the proposed dividend policy (Section 7.8).

The Financial Information should be read together with the risk factors in Section 8, the use of proceeds in Section 6.7, the Independent Limited Assurance Report in Annexure A, and the indicative capital structure in Section 6.10.

7.2 Basis of Preparation and Presentation

7.2.1 Overview

The Financial Information is intended to present potential investors with information to assist them in understanding the historical financial performance, cash flows and financial position of KTeK Ltd. The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information has been reviewed by BDO Corporate Finance Australia Pty Ltd in accordance with the *Australian Standard on Assurance Engagements (ASAE) 3450*

Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information. Investors should note the scope and limitations of the Independent Limited Assurance Report (Section 2 of the ILAR).

KTeK Ltd operates on a financial year ended 31 December. All amounts are presented in US Dollars (US$) rounded to the nearest US$1,000. Rounding in the Financial Information may result in some discrepancies between the sum of components and the totals outlined within the tables and percentage calculations. The AUD:USD Exchange Rate of A$1.00 = US$0.67 applies where conversion is required.

7.2.2 Measurement and Recognition Principles

The Audited Historical Financial Information has been prepared in accordance with the measurement and recognition principles prescribed in IFRS as issued by the IASB. The Company has reviewed the differences between IFRS and Australian Accounting Standards (AAS) and has not identified any material differences relevant to the Financial Information presented.

The Audited Historical Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by the IFRS, AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Post-Listing, KTEK Aerosystems Ltd will continue to prepare its financial statements in accordance with IFRS, audited under the International Standards on Auditing (ISA).

7.2.3 Preparation of Historical Financial Information

The Audited Historical Financial Information has been extracted from the audited consolidated financial statements of KTeK Ltd for FY2023, FY2024 and FY2025, audited by BDO Ziv Haft (Israel) under ISA. The auditors issued unqualified opinions with an emphasis of matter paragraph regarding material uncertainty related to going concern. The Directors believe that on completion of the Offer, the Company will have funds to operate as a going concern.

The auditors' opinions were not modified in respect of this matter.

7.2.4 Pro Forma Historical Financial Information

The Pro Forma Historical Statement of Financial Position as at 31 December 2025 has been prepared based on the audited financial statements of KTeK Ltd at that date, adjusted to reflect events subsequent to 31 December 2025, the Acquisition, the Offer, and related transactions as if they had occurred on 31 December 2025. The audited financial statements of KTEK Aerosystems Ltd for the period from 7 October 2025 to 31 March 2026 were also used in the preparation of the Pro Forma Historical Statement of Financial Position. KTEK Aerosystems Ltd had no operating activity prior to the Acquisition, other than establishment and capital structuring activities.

Subsequent events adjustments include:

(a) Corporate advisory and other compliance costs not related to the Offer that were incurred subsequent to the balance dates.

(b) The CEO settled a portion of outstanding debt he owed KTeK Ltd through the sale of a vehicle (~US$248K) and 50% of a personal patent (~US$83K) to KTeK Ltd.

Pro forma adjustments include:

(c) the Acquisition of 100% of KTeK Ltd in exchange for 60,000,000 Consideration Shares;

(d) the conversion of the Convertible Notes (US$1,527K liability + US$178K equity component) into approximately 25,000,000 ordinary shares;

(e) the Capital Raising proceeds (minimum A$7,500,000/approximately US$5,025,000 and maximum A$10,000,000 /approximately US$6,700,000) before costs;

(f) estimated cash costs of the Offer of approximately US$637K and US$744K under the Minimum Subscription and Maximum Subscription, respectively (see Section 11.7 for further details);

(g) the issue of the 7 million Director Options and the 5 million Lead Manager Options;

(h) elimination of intercompany balances on consolidation.

Prior to the Acquisition, as KTEK Aerosystems Ltd had no operating activities other than establishment and capital structuring activities, it is not considered to be a business and therefore, the Acquisition does not fall within the scope of IFRS 3 *Business Combinations*. Instead, as the shareholders of KTeK Ltd end up with a controlling interest in the combined entity following the Acquisition, KTeK Ltd is deemed the acquirer for accounting purposes. As such the consolidation of these two companies is on the basis of the continuation of KTeK Ltd, whereby KTeK Ltd is deemed to be the accounting parent. Therefore, the most appropriate treatment for the transaction is to account for it under IFRS 2 *Share Based Payments*, whereby KTeK Ltd is deemed to have issued shares to KTEK shareholders in exchange for the net assets held by KTEK.

Investors should note that past results are not a guarantee of future performance.

7.2.5 Non-IFRS Financial Measures

The Company uses certain non-IFRS measures pursuant to ASIC Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC: Earnings before interest, tax, depreciation and amortisation (EBITDA) (operating income plus depreciation); EBITDA margin (EBITDA / revenue); Gross margin (gross profit / revenue); Marketing ratio (selling and marketing / revenue). These should not be considered substitutes for IFRS measures.

7.3 Historical Financial Results

7.3.1 Historical Results

Table 7.1: Historical Results

HISTORICAL RESULTS	FY2023 US$'000	FY2024 US$'000	FY2025 US$'000
Revenue	769	1,954	3,305
Cost of revenue	(414)	(1,149)	(2,874)
Gross profit	**355**	**805**	**431**
Research and development	(45)	(278)	(317)
Selling and marketing	(46)	(68)	(182)
General and administrative	(229)	(409)	(909)
Operating income (loss)	**35**	**50**	**(977)**
Financial expense	(117)	(133)	(476)
Financial income	40	28	35
Loss before taxes	**(42)**	**(55)**	**(1,418)**
Income tax expense	–	(43)	–
Net loss	**(42)**	**(98)**	**(1,418)**
Other comprehensive income (loss)	–	(7)	30
Total comprehensive loss	**(42)**	**(105)**	**(1,388)**

(*) Less than US$1 thousand. Source: Audited consolidated financial statements of KTeK Ltd.

Table 7.2: Revenue by Type

REVENUE BY TYPE	FY2023	FY2024	FY2025
Development	223	481	215
Production	272	1,336	3,016
Advisory	274	137	74
Total revenue	769	1,954	3,305

Key observations:

Revenue grew from US$769K (FY2023) to US$3,305K (FY2025), a CAGR of ~107%, driven by expansion of production activities (91% of FY2025 revenue). The revenue mix also reflects a transition in the Group's role: in FY2023 and FY2024, KTeK Ltd acted both as principal and as agent in certain contracts, whereas by FY2025, the Group acts as principal in all of its contracts, recognising revenue on a gross basis, which negatively impacted upon gross margin. Gross margin declined from 46% to 13%, reflecting an increase in production capacity to accumulate for future activities and higher-volume, lower-margin production contracts as production activities increased.

Operating expenses increased from US$320K to US$1,408K as the Group invested in capacity and IPO preparation. Net loss increased to US$1,418K in FY2025 driven by margin compression and financial expenses of US$476K. Customer concentration remains high: top two customers accounted for ~87% of FY2025 revenue.

Table 7.3: Key Financial Metrics

KEY FINANCIAL METRICS	FY2023	FY2024	FY2025
Revenue (US$'000)	769	1,954	3,305
Revenue growth (%)	n/a	154%	69%
Gross profit (US$'000)	355	805	431
Gross margin (%)	46%	41%	13%
EBITDA (US$'000)	93	150	(841)
EBITDA margin (%)	12%	8%	(25%)
Operating income (loss) (US$'000)	35	50	(977)
Net loss (US$'000)	(42)	(98)	(1,418)
Marketing ratio (%)	6%	3%	6%

EBITDA = operating income + depreciation: FY2025: (977)+136=(841); FY2024: 50+100=150; FY2023: 35+58=93.

7.3.2 Historical Cash Flows

Table 7.4: Historical Cash Flows

HISTORICAL CASH FLOWS	FY2023 US$'000	FY2024 US$'000	FY2025 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Loss for the year	(42)	(98)	(1,418)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	58	100	136
Financial expenses (income), net	(17)	–	139

HISTORICAL CASH FLOWS	FY2023 US$'000	FY2024 US$'000	FY2025 US$'000
Interest on lease liability	–	7	20
Increase in accrued severance pay	36	3	13
	77	**110**	**308**
Changes in current assets and liabilities:			
Decrease (increase) in inventory	(21)	(337)	135
Decrease (increase) in account receivables	(111)	(991)	225
Decrease (increase) in other current assets	17	178	(53)
Increase in related party	(54)	(434)	(376)
Increase (decrease) in trade account payable	(13)	999	(332)
Increase in other account payable	102	126	262
Increase (decrease) in deferred revenue	–	216	(190)
	(80)	(243)	(329)
Net cash used in operating activities	**(45)**	**(231)**	**(1,439)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of fixed assets	(100)	(103)	(46)
Short term deposits	–	–	(27)
Restricted marketable securities	–	(4)	(51)
Net cash used in investing activities	**(100)**	**(107)**	**(124)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of loans	470	700	3893
Repayment of loans	(326)	(307)	(2,232)
Increase (decrease) in bank overdraft	–	(9)	16
Principal lease payments	–	(35)	(45)
Net cash provided by financing activities	**145**	**349**	**1,632**
Net increase in cash and cash equivalents	**–**	**11**	**69**
Cash and cash equivalents at the beginning of the year	**(*)**	**(*)**	**11**
Exchange rate difference on cash	**(*)**	**(*)**	**(23)**

HISTORICAL CASH FLOWS	FY2023 US$'000	FY2024 US$'000	FY2025 US$'000
Cash and cash equivalents at the end of the year	**(*)**	**11**	**57**

(*) Less than US$1 thousand. Source: Audited consolidated financial statements of KTeK Ltd.

Operating cash outflows increased from US$45K (FY2023) to US$1,439K (FY2025) reflecting the loss and working capital needs. Financing activities provided US$1,632K in FY2025 (gross loans US$3,893K less repayments US$2,232K). In October 2025, KTEK Systems Pty Ltd provided an interest-free loan to KTeK Ltd in the aggregate amount of A$2,000,000 (approximately US$1,337 thousand). Pursuant to the loan agreement, the loan is repayable in full upon the earlier of: (i) 31 December 2026; (ii) the occurrence of a material breach of the loan agreement; or (iii) a change of control not pursuant to the Exchange Agreement. The loan does not include any conversion mechanism into equity. The loan was initially recognised at its present value using an effective annual interest rate of 11%, discounted over a period of 14 months in accordance with IFRS 9 Financial Instruments. The difference between the nominal amount and the present value was recognised in profit or loss and is subsequently accreted using the effective interest method.

7.3.3 Historical Statement of Financial Position

Table 7.5: Historical Statement of Financial Position

HISTORICAL STATEMENT OF FINANCIAL POSITION	31 DEC 2023 US$'000	31 DEC 2024 US$'000	31 DEC 2025 US$'000
Current assets			
Cash and cash equivalents	–	11	57
Short-term deposit	–	–	27
Trade receivables	303	1,293	1,068
Other receivables	81	15	157
Related party receivable	140	434	599
Inventory	21	359	228
Total current assets	**545**	**2,112**	**2,136**
Non-current assets			
Fixed assets, net	253	287	244
Right of use asset, net	–	122	116
Restricted marketable securities	2	7	59
Total non-current assets	**255**	**416**	**419**
Total assets	**800**	**2,528**	**2,555**
Current liabilities			
Bank overdraft	26	17	32
Short-term loans & current maturities	357	705	2,553
Trade payables	105	1,083	812
Short-term lease liabilities	–	34	57
Deferred revenues	–	205	26

HISTORICAL STATEMENT OF FINANCIAL POSITION	31 DEC 2023 US$'000	31 DEC 2024 US$'000	31 DEC 2025 US$'000
Other payables	192	318	583
Total current liabilities	**679**	**2,362**	**4,063**
Non-current liabilities			
Long-term lease liability	–	91	82
Deferred revenues	–	11	–
Accrued severance pay	36	39	52
Long-term loans	333	377	98
Total non-current liabilities	**369**	**518**	**232**
Total liabilities	**1,048**	**2,880**	**4,295**
Shareholders' deficiency			
Share capital and premium	(*)	(*)	(*)
Foreign currency translation reserve	–	(7)	23
Accumulated losses	(248)	(345)	(1,763)
Total shareholders' deficiency	**(248)**	**(352)**	**(1,740)**
Total liabilities & shareholders' deficiency	**800**	**2,528**	**2,555**

(*) Less than US$1 thousand. Source: Audited consolidated financial statements of KTeK Ltd.

7.4 Pro Forma Historical Statement of Financial Position

7.4.1 Overview and Pro Forma Adjustments

Together with the accompanying notes, Table 7.6a and 7.6b below set out the pro forma adjustments to derive the Pro Forma Historical Statement of Financial Position as at 31 December 2025, based on the Minimum Raise of A$7,500,000 and the Maximum Raise of A$10,000,000, respectively.

Table 7.6a: Pro Forma Historical Statement of Financial Position (Minimum Raise)

	Notes	KTEK as at 31-Mar-26 US$'000	KTeK Ltd at 31-Dec-25 US$'000	Subsequent events US$'000	Pro-forma adjustments Min US$'000	Pro-forma after issue Min US$'000
Current assets						
Cash and cash equivalents	1	121	57	(304)	4,389	4,263
Short-term deposit		-	27	-	-	27
Trade receivables		-	1,068	-	-	1,068
Other receivables		17	157	-	-	174
Related party	2	-	599	(330)	-	269
Loan receivable	3	1,276	-	-	(1,276)	-
Inventory		-	228	-	-	228
Total current assets		**1,414**	**2,136**	**(634)**	**3,113**	**6,028**

	Notes	KTEK as at 31-Mar-26 US$'000	KTeK Ltd at 31-Dec-25 US$'000	Subsequent events US$'000	Pro-forma adjustments Min US$'000	Pro-forma after issue Min US$'000
Non current assets						
Fixed asset, net	4	-	244	248	-	492
Right of use asset, net		-	116	-	-	116
Restricted marketable securities		-	59	-	-	59
Patent rights	5	-	-	83	-	83
Total non current assets		**-**	**419**	**330**	**-**	**749**
Total assets		**1,414**	**2,555**	**(304)**	**3,113**	**6,778**
Current liabilities						
Bank overdraft		-	32	-	-	32
Short-term loans and Current Maturity of Long-Term Loans	6	-	2,553	-	(1,337)	1,216
Trade payables		54	812	-	-	866
Short term lease liabilities		-	57	-	-	57
Deferred revenues		-	26	-	-	26
Other payables		-	583	-	-	583
Convertible loan	7	1,527	-	-	(1,527)	-
Total current liabilities		**1,581**	**4,063**	**-**	**(2,864)**	**2,780**
Non current liabilities						
Long term lease liability		-	82	-	-	82
Accrued severance pay		-	52	-	-	52
Long term loans		-	98	-	-	98
Total non current liabilities		**-**	**232**	**-**	**-**	**232**
Total liabilities		**1,581**	**4,295**	**-**	**(2,864)**	**3,012**
Net assets/(liabilities)		**(167)**	**(1,740)**	**(304)**	**5,977**	**3,766**
Equity						
Share capital and premium	8	*	*	-	7,721	7,721
Reserves	9	178	23	-	722	923
Accumulated losses	10	(345)	(1,763)	(304)	(2,466)	(4,878)
Total equity		**(167)**	**(1,740)**	**(304)**	**5,977**	**3,766**

*Less than US$1,000

Table 7.6b: Pro Forma Historical Statement of Financial Position (Maximum Raise)

	Notes	KTEK as at 31-Mar-26 US$'000	KTeK Ltd at 31-Dec-25 US$'000	Subsequent events US$'000	Pro-forma adjustments Max US$'000	Pro-forma after issue Max US$'000
Current assets						
Cash and cash equivalents	1	121	57	(304)	5,956	5,831

	Notes	KTEK as at 31-Mar-26 US$'000	KTeK Ltd at 31-Dec-25 US$'000	Subsequent events US$'000	Pro-forma adjustments Max US$'000	Pro-forma after issue Max US$'000
Short-term deposit		-	27	-	-	27
Trade receivables		-	1,068	-	-	1,068
Other receivables		17	157	-	-	174
Related party	2	-	599	(330)	-	269
Loan receivable	3	1,276	-	-	(1,276)	-
Inventory		-	228	-	-	228
Total current assets		**1,414**	**2,136**	**(634)**	**4,680**	**7,596**
Non current assets						
Fixed asset, net	4	-	244	248	-	492
Right of use asset, net		-	116	-	-	116
Restricted marketable securities		-	59	-	-	59
Patent rights	5	-	-	83	-	83
Total non current assets		**-**	**419**	**330**	**-**	**749**
Total assets		**1,414**	**2,555**	**(304)**	**4,680**	**8,346**
Current liabilities						
Bank overdraft		-	32	-	-	32
Short-term loans and Current Maturity of Long-Term Loans	6	-	2,553	-	(1,337)	1,216
Trade payables		54	812	-	-	866
Short term lease liabilities		-	57	-	-	57
Deferred revenues		-	26	-	-	26
Other payables		-	583	-	-	583
Convertible loan	7	1,527	-	-	(1,527)	-
Total current liabilities		**1,581**	**4,063**	**-**	**(2,864)**	**2,780**
Non current liabilities						
Long term lease liability		-	82	-	-	82
Accrued severance pay		-	52	-	-	52
Long term loans		-	98	-	-	98
Total non current liabilities		**-**	**232**	**-**	**-**	**232**
Total liabilities		**1,581**	**4,295**	**-**	**(2,864)**	**3,012**
Net assets/(liabilities)		**(167)**	**(1,740)**	**(304)**	**7,544**	**5,334**
Equity						
Share capital and premium	8	*	*	-	9,282	9,282
Reserves	9	178	23	-	722	923
Accumulated losses	10	(345)	(1,763)	(304)	(2,460)	(4,871)
Total equity		**(167)**	**(1,740)**	**(304)**	**7,544**	**5,334**

*Less than US$1,000

Notes:

All A$ amounts converted into US$ equivalents at the AUD:USD exchange rate of 0.67 at 31 December 2025

1. The subsequent events adjustment relates to corporate advisory and other compliance costs not related to the Offer that were incurred.

   The pro-forma adjustments relate to the proceeds from shares issued under the Offer (A$7,500k/US$5,025k under the Minimum Subscription and A$10,000k/US$6,700k under the Maximum Subscription), net of cash costs of A$950k/US$637k and A$1,110k/US$744k under the Minimum Subscription and Maximum Subscription respectively (see Section 11.7 for further details).
2. The subsequent events adjustment relates to the partial settlement of KTeK's CEO's debt via sale of a vehicle (approximately US$248k) and personal patent (approximately US$83k) totalling approximately US$330k.
3. The pro-forma adjustments reflect the consolidation of the intercompany loan upon completion of the Acquisition.
4. The subsequent events adjustment relates to the vehicle sold to KTeK Ltd as part of the partial settlement of the CEO's debt for approximately US$248k.
5. The subsequent events adjustment relates to the patent sold to KTeK Ltd as part of the partial settlement of the CEO's debt for approximately US$83k.
6. The pro-forma adjustments reflect the consolidation of the intercompany loan upon completion of the Acquisition.
7. The pro-forma adjustments reflect i) the re-classification of the US$178k equity component of KTEK's Convertible Notes as a liability pursuant to the Acquisition and ii) the subsequent conversion of the Convertible Notes at A$0.10 each (totalling US$1,705k, being the book value of US$1,527k plus the US$178k portion reclassified)
8. The pro-forma adjustments reflect:
   (a) the 60 million KTEK shares issued to KTeK Ltd pursuant to the Acquisition. The value of these shares has been determined as the notional number of equity instruments that the shareholders of KTeK Ltd would have had to issue to KTEK to give the owners of KTEK the same percentage ownership in the combined entity. This is deemed to be A$1,000k/US$670k based on the 5 million KTEK shares on issue prior to the Acquisition and the Offer Price of A$0.20 per share.
   (b) the conversion of the Convertible Notes into 25 million KTEK shares which result in a credit to the share capital and premium account of A$5,000k/US$3,350k based on the A$0.20 Offer Price.
   (c) the 37.5 million shares issued under the Offer at an issue price of A$0.20 each to raise A$7,500k/US$3,350k (before costs) under the Minimum Subscription, increasing to 50 million shares to raise A$10,000k/US$6,700k (before costs) under the Maximum Subscription.
   (d) the issue of the 7 million Director Options and 5 million Lead Manager Options valued at A$0.112 each resulting in a total of A$1,344k/US$900k offset against the share capital and premium account. The options were valued using a Black Scholes option pricing model assuming an underlying share price of A$0.20 based on the Offer and assuming a volatility of 100%, exercise price of A$0.30, life of 3 years, no dividend yield and risk free rate of 4.66%.
   (e) Capitalisation of cash costs of the Offer being US$424k and US$538k under the Minimum Subscription and Maximum Subscription, respectively.
9. The pro-forma adjustments reflect a debit of US$178k for the reclassification of KTEK's equity component of the Convertible Notes as a liability just prior to their conversion, as well as the issue of the 7 million Director Options and 5 million Lead Manager Options which results in a credit to the options reserves of US$900k.
10. The subsequent adjustment reflects corporate advisory and other compliance costs not related to the Offer which were incurred.

    Pro-forma adjustments relate to:
    (a) elimination of KTEK's historical accumulated losses (US$345k) pursuant to the Acquisition.
    (b) A deemed expense of the Acquisition of US$1,015k calculated as the fair value of the consideration of the Acquisition of US$670k (based on the 5 million KTEK shares on issue prior to the Acquisition and the A$0.20/share Offer Price) plus the fair value of KTEK's net liabilities acquired of US$345k (after adjusting for the reclassification of the equity component of the Convertible Notes into a liability).
    (c) Costs of the Offer not directly attributable to the capital raising which are expensed totalling US$212k and US$206k under the Minimum Subscription and Maximum Subscription, respectively.
    (d) A finance charge associated with the conversion of the Convertible Notes of US$1,645k, as the conversion occurs at a price of A$0.10/share versus the Offer Price of A$0.20/share.
    (e) US$61k in financing costs upon the consolidation of the intercompany loans, reflecting the difference between the value of this loan as recorded on KTEK's balance sheet versus the value it was recorded on KTeK Ltd's balance sheet.
11. The Company notes that the transactions discussed in notes 2, 4 and 5 were completed by KTeK Ltd prior to the date of the Prospectus and did not require any related party approvals under Israeli law.

7.5 Liquidity and Capital Resources

Following Completion, the Company's principal sources of funds will be cash from operations and net proceeds from the Offer. Main uses of cash are working capital, capex for production equipment, and general corporate purposes per Section 6.7.

The Directors believe the Company will have sufficient working capital for at least 12 months from the Prospectus Date, subject to factors described in Section 8.

7.6 Contractual Obligations and Commitments

Table 7.8: Contractual Maturity of Financial Liabilities as at 31 December 2025

CONTRACTUAL MATURITY – 31 DEC 2025	UP TO 1 YR	1–2 YRS	2–5 YRS	TOTAL
Bank overdraft	32	–	–	32
Trade payables	812	–	–	812
Short-term loans	2,645	–	–	2,645
Lease liabilities	51	51	59	161
Other payables	583	–	–	583
Long-term loans	–	56	46	102
Total	**4,123**	**107**	**105**	**4,335**

7.7 Off Balance Sheet Items

The Group has no material contingent liabilities or off-balance sheet arrangements as at the date of this Prospectus.

7.8 Dividend Policy

The Company intends to reinvest all cash flow into the business. No dividends are expected in the near-term. Any future dividend is at the Directors' discretion, dependent on business conditions, cash flows, financial position, funding requirements, taxation, contractual restrictions and other relevant factors.

In addition, the Draft Tax Ruling received from the Israeli Tax Authority in connection with the Acquisition provides that dividends paid by KTeK Ltd to the Company from profits generated through 31 December 2028 would be subject to Israeli withholding tax at domestic rates (currently 25–30%, or 20% under the Investment Encouragement Law, if applicable), rather than the concessional 5% treaty rate. An ordering rule requires these profits to be fully distributed before post-2028 profits may be distributed at the lower rate. The Company does not expect to pay dividends during this period. The Draft Tax Ruling has not been finalised and the final terms may differ. See Sections 4.16 and 8.2 for further details.

7.9 Significant Accounting Policies

A summary of significant accounting policies is set out in Appendix B.

7.10 Financial Risk Management

KTeK Ltd is exposed to credit risk, currency risk (primarily NIS, EUR and AUD) and liquidity risk. For further detail of these financial risks please refer to Section 8.

8. RISK FACTORS

8.1 Introduction

The Shares offered under this Prospectus should be considered as highly speculative and an investment in the Company is not risk free.

The future performance of the Company and the value of the Shares may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks that have a direct influence on the Company, including its business of manufacturing composite (advanced materials) structural assemblies and kits for unmanned aerial systems (UAS/UAVs), are set out in the Letter from the Chair in Section 1. Those key risks as well as other risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described below.

The risk factors set out in this Section 8, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Shares. This Section 8 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 8, together with all other information contained in this Prospectus.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section 8 and all of the other information set out in this Prospectus and consider whether an investment in the Company is suitable for you, taking into account your objectives, financial situation and needs.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

8.2 Company specific risks

RISK CATEGORY	RISK
Middle East Conflict	KTeK Ltd's head office and principal facilities are located in Israel. On 28 February 2026, the United States and Israel commenced military operations against Iran targeting Iran's nuclear programme, ballistic missile capabilities, and defence infrastructure. Iran has retaliated with missile and drone strikes on Israeli territory and on other countries in the region hosting United States military assets. As at the date of this Prospectus, a ceasefire has been agreed, however the underlying conflict has not been resolved and there can be no assurance that hostilities will not resume. From the commencement of hostilities on 28 February 2026, Ben Gurion Airport was closed to most commercial traffic and Israeli airspace was subject to restrictions, disrupting the movement of goods, materials and personnel into and out of Israel. During this period, the Group's Israeli assembly operations were affected by an inability to receive manufactured components, and the Group's manufacturing operations in Portugal and Thailand, while continuing at normal production rates, were unable to deliver finished components to Israel for final assembly. See Section 6.7 for further details of the impact of the conflict on the Group's operations and the measures implemented by the Company. On 8 April 2026, a two-week ceasefire was agreed between the United States, Israel and Iran. On 8 April 2026, it was announced that Israel would fully reopen its airspace and resume regular commercial operations at Ben Gurion Airport. As at the date of this Prospectus, the airport reopening has been announced and Israeli airspace restrictions are expected

RISK CATEGORY	RISK
	to be lifted, however the Company has not yet confirmed that normal freight operations between Europe and Israel have fully resumed. Even following the announced reopening of Ben Gurion Airport, there can be no assurance that full freight capacity will be restored promptly, that international carriers will resume services to Israel on their prior schedules, or that cargo insurance and logistics costs will return to pre-conflict levels in the near term. The Group may continue to experience elevated logistics costs and supply chain delays for a period following the resumption of commercial operations. The duration and stability of the ceasefire is uncertain. There can be no assurance that hostilities will not resume, that the airport will remain open, or that logistics operations will not again be disrupted. Prior ceasefires in the region, including following the 12-day conflict in June 2025, have provided periods of relative stability but have not resolved the underlying geopolitical tensions. While the Company utilises manufacturing operations in Portugal and Thailand and assembly operations in the Netherlands, most of its workforce and its core research and development activities remain in Israel. An escalation, prolongation, or expansion of the conflict could further disrupt the Company's Israeli operations, supply chains, and customer relationships and could materially and adversely affect the Company's business, financial performance, and prospects. There can be no assurance that the conflict will be resolved in a timeframe or manner that does not materially affect the Company.
Completion of the Acquisition	Completion of the Acquisition is subject to the fulfilment of certain conditions precedent. This includes the receipt of a definitive and binding tax ruling (the **Tax Ruling**) from the Israeli Tax Authority on the Acquisition. The Company has received a draft tax ruling from the Israeli Tax Authority (the **Draft Tax Ruling**) indicating that the share exchange would be approved on a tax-deferred basis, subject to material conditions. The Draft Tax Ruling has not been finalised and the final tax ruling, once received, may impose additional or different conditions. A detailed summary of the Draft Tax Ruling and the applicable Israeli and Australian tax considerations is set out in Section 6.13 of this Prospectus. If, for any reason, the Exchange Agreement is breached by any party, the Acquisition may not proceed in which case the Company will need to evaluate its future strategy. In the event that the Acquisition does not proceed, the Company will not issue any Shares under this Prospectus and will return investment funds to Applicants. See Section 10.4 for further details in relation to the Exchange Agreement.
Customer Concentration	KTeK Ltd derives a substantial proportion of its revenue from a limited number of customers. For the year ended 31 December 2025, KTeK Ltd's two key customers accounted for approximately 87% of total revenue. The Company's two key FY2025 customers are Israeli aerospace and defence industry participants. The Company does not disclose the identity of its customers for reasons of commercial sensitivity and customer confidentiality requirements applicable to the defence sector. For further details of the key terms of agreements with KTeK Ltd's customers, please refer to Section 10.1.

RISK CATEGORY	RISK
	The loss of, or a material reduction in orders from, key customers could have a significant adverse effect on the Company's revenue, profitability and cash flows. The Company notes that since 31 December 2025, KTeK Ltd has been on-boarded as a qualified supplier by a number of additional aerospace and defence customers. While the Company has received initial purchase orders from certain of these new customers, these arrangements are at an early stage and have not yet generated material revenue. Additionally, as noted in Section 6.7, a key objective of the Offer is to fund initiatives to diversify the Company's customer base (including US expansion), however this diversification is likely to require investment and may take time to achieve.
Supplier Concentration	KTeK Ltd's manufacturing operations depend on specialist components and outsourced services sourced from a limited number of qualified suppliers. For further details of the key terms of agreements with KTeK Ltd's suppliers, please refer to Section 10.2. Qualification of alternative suppliers in the aerospace and defence sector is a lengthy process. A disruption to the supply of critical inputs could materially affect KTeK Ltd's ability to fulfil customer orders. As noted in Section 6.7, a portion of the funds raised under the Offer is intended to support diversification of the Group's supply chain through an increase to the Company's tooling and manufacturing capacity and US expansion.
Dutch Export Licence Renewal	KTeK NL B.V., the Company's Dutch subsidiary, holds an individual export licence (NL0074CDIU0187335) issued by the Central Import and Export Office (CDIU) of the Dutch Customs Authority. This licence authorises the export of specific components originating from Portugal to Israel for supply to a particular customer pursuant to that customer's procurement program. The licence is customer-specific and end-use specific in nature — it does not constitute a general export authorisation from the Netherlands to Israel. This licence is valid until 31 May 2026 and is material to the Group's current supply chain operations for that customer program. On 9 April 2026, the Company lodged an application for the grant of a new licence on the same terms as the existing licence. The standard decision period for such applications is approximately eight weeks. There is a risk that the application may be delayed or refused, including as a result of changes in Dutch or EU foreign policy, the imposition of a weapons embargo against Israel, a reassessment of end-use considerations by the Dutch authorities, or changes in the relevant customer's own procurement status or authorisations. Because the licence is customer-specific and end-use specific, the Company would not be entitled to rely on the licence in respect of other customers or programs, and any change in the approved customer's program status, volume requirements or end-use classification could independently affect the Company's ability to rely on the licence or any replacement licence. Export licences are granted at the discretion of the relevant authority and may be subject to review, amendment, suspension or revocation. There can be no assurance that the

RISK CATEGORY	RISK
	licence will be issued on the same or similar terms, or that it will be issued at all. In addition, any expansion of the Group's activities in the Netherlands to include dual-use goods would require separate authorisation under the EU Dual-use Regulation (Regulation (EU) 2021/821), which is not currently in place. However, the Company does not currently export any dual-use goods which require the above authorisation. If the replacement Dutch export licence is not granted, or if the grant of the licence is delayed, the Group may be unable to export the relevant components from the Netherlands, which could disrupt the Group's assembly and supply chain operations, delay the fulfilment of customer orders and adversely affect the Company's revenue and financial performance. However, the Company considers that this risk relates primarily to the timing of revenue generation and near-term profitability rather than the viability of the Company's operations as a whole, for the following reasons: (a) The Company's business model is relatively asset-light. The Dutch facility is an assembly operation rather than a manufacturing plant, and the Group's manufacturing activities are conducted in Portugal and Thailand. The Dutch operation was established as part of the Company's strategic positioning but is not the sole production capability available to the Company. (b) The Company's previous export licence was granted during a period of heightened conflict in the region. The Company understands that the products supplied under this licence are ultimately deployed in applications serving EU member states and the United States, which the Company considers supportive of a favourable licensing outcome. (c) In the event a licence cannot be obtained in the Netherlands, the Company has the ability to apply for equivalent authorisation in an alternative jurisdiction and relocate the relevant assembly activity, however there would be significant costs and production delays incurred as a result of the relocation. (d) Alternatively, the Company could relocate its existing manufacturing and assembly to Israel and commence production through an existing partner arrangement, however this would result in higher operating costs than are currently incurred under the current manufacturing operations in Portugal and Thailand and assembly operations in the Netherlands. (e) The Company is also progressing plans to establish or acquire a production capability in the United States, which would not be subject to Dutch export licensing requirements. (f) The Company has started to diversify its customer base and expects to begin receiving orders from new customers in the near term, which would reduce dependence on any single product line or export route.

RISK CATEGORY	RISK
	Notwithstanding these mitigants, there can be no assurance that a replacement licence will be obtained on acceptable terms or within the timeframes estimated, or that relocation of assembly or production would not result in additional costs, delays, or disruption to customer relationships. A prolonged inability to export from the Netherlands could adversely affect the Company's growth rate and near-term financial performance.
Reliance on key personnel	The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment. The Company may not be able to replace its senior management or key personnel with persons of equivalent expertise and experience within a reasonable period of time or at all and the Company may incur additional expenses to recruit, train and retain personnel. Loss of such personnel may also have an adverse effect on the performance of the Company.
Airport and Airspace Closure	Since 28 February 2026, Ben Gurion Airport has been closed to most commercial traffic and Israeli airspace has been subject to restrictions as a result of the conflict between Israel, the United States, and Iran. The closure has affected the movement of goods, materials, personnel, and finished products into and out of Israel. However, following announcement of the ceasefire, on 8 April 2026, it was announced that Israel will fully reopen the country's airspace and resume regular operations at Tel Aviv's Ben Gurion Airport. Even following the announced reopening of Ben Gurion Airport, there can be no assurance that full freight capacity will be restored promptly, that international carriers will resume services to Israel on their prior schedules, or that cargo insurance and logistics costs will return to pre-conflict levels in the near term. The Group may continue to experience elevated logistics costs and supply chain delays for a period following the resumption of commercial operations. The Group's manufacturing model involves the cross-border movement of components between Israel, the Netherlands, Portugal and Thailand, and the airport and airspace closure has affected the Company's operations through supply chain interruptions resulting in reduced production and increased operating costs. During the closure, manufactured components have accumulated pending the resumption of deliveries to Israel. The Company has the ability to second assembly staff to conduct assembly at the manufacturing locations if the closure is prolonged. Following the 12-day conflict in June 2025, KTeK Ltd recommenced normal deliveries within a short period after the ceasefire, however there can be no assurance that a similar recovery will occur following the current conflict Repeated future closures could materially affect the Group's ability to fulfil customer orders, maintain production schedules, and execute its growth strategy. Even after the airport reopens, flight capacity may be reduced, cargo costs elevated, and foreign carriers may be slow to resume services to Israel.

RISK CATEGORY	RISK
Limited history	The prospects of the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly in the aerospace and defence manufacturing sector, which has a high level of inherent uncertainty. Having been incorporated on 20 March 2026, the Company does not have any operating history, although it should be noted that the Directors have between them significant operational experience.
Rapid growth	The Company aims to experience rapid growth in the scope of its operating activities, including the expansion of its manufacturing operations and entry into new markets. This growth is anticipated to result in increased operational, managerial and manufacturing complexity, including challenges associated with scaling production capacity, establishing and qualifying new manufacturing facilities and assembly lines, managing supply chains, maintaining product quality, and complying with applicable regulatory and customer requirements. If the Company is unable to effectively manage this growth, it may not be able to take advantage of market opportunities, execute its business plan or respond to competitive pressures, which could have a material adverse effect on the Company's business, financial performance and prospects.
Competition	The drone and defence industry in which the Company operates is highly competitive. Current and future competitors may develop or offer alternative or superior manufacturing solutions, technologies or products at lower cost or with greater scale. The Company's competitors include small and medium enterprises as well as large, established corporations and multinational groups, some of which may decide to enter the Company's target markets. Such competitors may have greater financial, technical and operational resources than the Company and may be able to fund aggressive pricing, marketing or capacity expansion strategies. In addition, some of the Company's existing or prospective customers may elect to internalise manufacturing activities that are currently outsourced to third-party suppliers, including the Company, through vertical integration or expansion of in-house manufacturing capabilities. If this occurs, the Company may experience a reduction in demand for its manufacturing services, which could adversely affect its ability to secure or retain customers, as well as its operating and financial performance.
Control	Following completion of the Offer, Mr Dekel Keisar's voting power in the Company could be as high as 40%. Accordingly, Mr Keisar's significant interest in the capital of the Company means that he will be in a position to potentially influence the election of directors and the financial decisions of the Company, and his interests may not align with those of all other Shareholders. Further details in respect of Mr Keisar's interest in the Company is set out in Section 9.3. Following completion of the Offer, Mr Keisar will hold a relevant interest in more than 25% of the Company which means that he has the potential to prevent a special resolution from being passed by the Company (such resolution requiring at least 75% of the votes cast by members entitled to vote on the resolution). Special resolutions are required to approve certain

RISK CATEGORY	RISK
	Company matters including potentially seeking the delisting of the Company, amending the Constitution, approving the voluntary winding up of the Company and, if at any time the share capital of the Company is divided into different classes of Shares, approving the variation of the rights attached to any such class.
Financing Arrangements and Change of Control	KTeK Ltd currently has multiple loan facilities with Israeli financial institutions, with a number of these facilities containing change of control provisions which would be triggered by the proposed Acquisition. KTeK Ltd has informed each of these Israeli financial institutions of the proposed Acquisition and Listing and has not received any indication that the required consents, waivers or confirmations will not be provided, however to date these have not been received. If the relevant lender consents, waivers or confirmations are not obtained prior to or following completion of the Acquisition, this could constitute an event of default or trigger acceleration rights under the relevant facilities. In such circumstances, lenders may have the right to cancel, accelerate or otherwise enforce their rights under the relevant financing arrangements, which could adversely affect KTeK Ltd's liquidity, operational flexibility and ability to fund its ongoing operations. The Company has engaged with KTeK Ltd's lenders to seek the required consents, waivers or confirmations. While there can be no assurance that such consents will be obtained on acceptable terms or at all, the Company is confident that it will obtain all material consents in a required or timely manner.
Absence of Product Liability Insurance	As at the date of this Prospectus, KTeK Ltd does not maintain product liability insurance covering risks arising from the manufacture and supply of its products. KTeK Ltd has elected to not obtain this insurance to date on the basis that: (a) KTeK Ltd's products are subject to customer-approved design and proof testing processes, which the Company considers significantly mitigates the risk of product failure; (b) KTeK Ltd receives back-to-back warranties and indemnities from the manufacturers of components used in its products; and (c) no current KTeK Ltd customer has required the Company to maintain product liability insurance as a condition of the supply arrangement. In the event that a product manufactured or supplied by KTeK Ltd is alleged to be defective or to have caused loss, damage or injury, the absence of product liability insurance means that any resulting claims, liabilities or costs which are not covered by the warranties and indemnities provided by manufacturers of its products (or if KTeK Ltd is not able to claim against a manufacturers), may need to be met from the Company's own resources, which could have a material adverse effect on the Company's financial position, results of operations and reputation. The Company is in the process of procuring product liability insurance coverage and intends to have an appropriate policy in place prior to Admission. However, there can be no assurance that such coverage will be obtained on commercially acceptable terms or that the scope of any

RISK CATEGORY	RISK
	policy obtained will be sufficient to cover all potential claims or liabilities. In addition, the absence of product liability insurance may limit the Group's ability to qualify as an approved supplier for certain customers, particularly in the United States, where contractual requirements for minimum levels of product liability coverage are common in the aerospace and defence supply chain.
Sanctions and Trade Restrictions	The Company is subject to international sanctions regimes across multiple jurisdictions, including Australia, the European Union and Israel. These regimes restrict dealings with designated persons and entities and may affect the Company's ability to conduct business with certain customers, suppliers, counterparties, and financial institutions. The Autonomous Sanctions Act 2011 (Cth) and Autonomous Sanctions Regulations 2011 (Cth) apply to all Australian incorporated entities and have extraterritorial effect, extending to the operations of KTeK Ltd. Having reviewed the existing operations, customers, vendors and banking partners of KTeK Ltd, the Company has not identified any immediate sanctions issues under Australian law as at the date of this Prospectus. KTeK Ltd also confirms that, as at the date of this Prospectus, it does not have any customers or suppliers that are subject to sanctions or equivalent restrictions under Israeli or Dutch law. The Company manages sanctions compliance through ongoing due diligence, counterparty screening, and legal advice as required. Notwithstanding the current position, the sanctions landscape is subject to change. New or expanded sanctions imposed by Australia, the EU, or other jurisdictions — including in response to geopolitical developments affecting Israel or the broader Middle East — could restrict the Company's operations, require the termination of arrangements with affected counterparties, or limit the Company's access to banking, trade finance, or insurance services. A breach of an applicable sanctions regime, including inadvertent breach, could expose the Company to civil or criminal penalties, loss of licences, and reputational harm.
Draft Tax Ruling	The Acquisition is structured as a tax-deferred share exchange under Section 103K of the Israeli Income Tax Ordinance. The Company has received a draft tax ruling from the Israeli Tax Authority (the Draft Tax Ruling) indicating that the share exchange would be approved on a tax-deferred basis, subject to material conditions. Completion of the Acquisition is conditional on receipt of a final and binding tax ruling. The Draft Tax Ruling has not been finalised and the final tax ruling may contain terms that differ from those summarised below. Based on the Draft Tax Ruling, the material conditions are expected to include: (a) dividends paid by KTeK Ltd to the Company from profits generated during the two-year period following the end of the tax year of the Acquisition (expected to be profits accumulated through 31 December 2028) would be subject to Israeli withholding tax at domestic rates of 25–30% (or 20% under the Law for the Encouragement of Capital Investments, if applicable), rather than the concessional 5% rate available under the Australia–

RISK CATEGORY	RISK
	Israel double tax treaty, and an ordering rule would require that these higher-taxed profits be fully distributed before post-restriction profits may be distributed at the lower treaty rate; (b) the Company would be required to maintain at least 51% of KTeK Ltd for two years from the Acquisition date, with breach potentially resulting in retroactive revocation of the tax ruling; (c) all intellectual property owned by KTeK Ltd must remain in KTeK Ltd (an Israeli resident company), with any transfer outside Israel requiring prior Israeli Tax Authority approval; (d) shares held by the Company in KTeK Ltd and shares held by the Transferring Shareholders in the Company must be deposited with an Israeli trustee and may not be released without Israeli Tax Authority approval; and (e) if the Company is treated as an Israeli tax resident by virtue of its central management and control being exercised in Israel, the Company would not be entitled to treaty benefits or foreign tax credits. These conditions may affect the economics of any future dividend distribution from the Group's Israeli operations, the Company's ability to repatriate profits, and the Group's structural and operational flexibility. Non-compliance with any condition of the final tax ruling could result in retroactive Israeli tax liabilities in respect of the Acquisition. While the Company does not currently intend to pay dividends (see Section 6.13), the conditions are expected to apply to any future distributions. The Draft Tax Ruling has not been finalised and the final tax ruling, once received, may impose additional or different conditions. A detailed summary of the Draft Tax Ruling and the applicable Israeli and Australian tax considerations is set out in Section 6.13 of this Prospectus.
Related party	The Company has a number of key contractual relationships with related parties. If these relationships breakdown and the related party agreements are terminated, there is a risk that the Company may not be able to find a satisfactory replacement. Further, the operations of the Company will require involvement of related parties and other third parties including suppliers, manufacturers and customers. With respect to these persons and despite applying best practice in terms of pre-contracting due diligence, the Company is unable to completely avoid the risk of: (a) financial failure or default by a participant in any agreement to which the Company may become a party; and/or (b) insolvency, default on performance or delivery by any operators, contractors or service providers. There is also a risk that where the Company has engaged a contractor who is a related party, the contract between the contractor and the Company may terminate for reasons outside of the control of the Company. This may then result in the termination of the contract between the Company and the contractor and the impact the Company's position, performance and reputation.

RISK CATEGORY	RISK
Foreign jurisdiction risk	The Company's operating activities will be subject to laws and regulations governing the manufacture and export of advanced aerospace components and assemblies, health and worker safety, employment standards, waste disposal, protection of the environment, export control, taxes, labour standards, occupation health standards and other matters. While the Company understands that it is in substantial compliance with all material current laws and regulations affecting its activities, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements applicable to the Company or its assets, which could have a material adverse impact on the Company's current or planned operations.
Sovereign risk	KTeK Ltd is incorporated and based in Israel. Accordingly, economic and military conditions in Israel and the surrounding region, and national, company, consumer and other boycotts, may directly affect the Company's business. Major hostilities involving Israel or the interruption or curtailment of trade within Israel or between Israel and its trading partners, or the mandatory military service obligations of Israeli citizens (and scientific personnel) could materially and adversely affect the Company's business.
Integration	Integration of the Company's and KTeK Ltd's operations (and any further acquisitions) may be complex, time-consuming and expensive and may adversely affect the results of the Company's operations.
International operations	The Company expects to continue to do business around the world. The Company's operations will therefore be subject to a number of risks inherent in global operations, including political and economic instability in foreign markets, inconsistent product regulation by foreign agencies or governments, imposition of product tariffs and burdens, cost of complying with a wide variety of international export laws and regulatory requirements, risks stemming from the Company's lack of local business experience in specific foreign countries, foreign currency fluctuations, difficulty in enforcing intellectual property rights, foreign taxes, and language and other cultural barriers. Additionally, operating an international business with a sales force managed from Australia and with distributorships and sales in a number of legal jurisdictions will necessarily require substantial input from a variety of legal counsel and expose the Company to legal costs that may be disproportionately high relative to its revenues, and will be incurred regardless of whether the Company derives revenues from a given jurisdiction or at all.
Strategies	There are no limits on strategies that the Company may pursue. The strategy discussed in this Prospectus may evolve over time due to, among other things, market developments and trends, technical challenges, the emergence of new or enhanced technology, changing regulation and/or industry practice, and otherwise in the Company's sole discretion. As a result, the strategy, approaches, markets and products described in this Prospectus may not reflect the strategies, approaches, markets and products relevant to, or pursued by, the Company at a later date.

RISK CATEGORY	RISK
	Further, a change in strategy may introduce material and currently unanticipated risks, and may involve a higher level of risk than the Company's existing strategy.
Government contracts	A portion of the Company's revenues may depend on the Company's clients' ability to work with foreign governments and their various agencies, noting that KTeK Ltd does not presently provide services to any governments. Such customers may: (a) award or terminate contracts at their convenience; (a) terminate, reduce or modify contracts or subcontracts if its requirements or budgetary constraints change; (b) cancel multi-year contracts and related orders if funds become unavailable; (c) shift their spending priorities; (d) adjust contract costs and fees on the basis of audits done by its agencies; (e) use and practice intellectual property developed in the performance of a government contract or subcontract; (f) claim rights to intellectual property not properly protected pursuant to applicable contract terms; (g) seek penalties and fines exceeding the value of a contract for contract activity that results in the submission of a false claim to the government; (h) debar the Company or its subsidiaries because of legal and other actions undertaken by or against the Company or its subsidiaries, the Company's officers, directors, shareholders, employees and affiliates, or convictions of the Company's officers, directors, shareholders, employees or affiliates; and (i) inquire about and investigate business practices and audit compliance with applicable rules and regulations.
Contracts in general	There are a number of risks associated with contracts entered into by the Company or KTeK Ltd, including the risk that those contracts may contain unfavourable provisions, or be terminated, lost or impaired, or renewed on less favourable terms.
Credit risk	Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the financial statements date. The Group closely monitors the activities of its counterparties which enables it to ensure the prompt collection of customer's balances. The Group's main financial assets are cash and cash equivalents as well as other receivables and represent the Company's maximum exposure to credit risk in connection with its financial assets. Wherever possible and commercially practical, the Group holds cash with major financial institutions in Israel.
Liquidity Risk	Liquidity risk is the risk that arises when the maturity of assets and the maturity of liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of loss. The Group has procedures with the object of minimizing such loss by maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount

RISK CATEGORY	RISK
	of committed credit facilities. Accordingly, on completion of the Offer, the Group will have positive working capital.

8.3 Industry specific risks

RISK CATEGORY	RISK
Product liability	As with all products, there is no assurance that unforeseen adverse events or defects will not arise in the Company's products. Adverse events could expose the Company to product liability claims or litigation, resulting in the removal of regulatory approval for the relevant products and/or monetary damages being awarded against the Company. In such event, the Company's liability may exceed the Company's insurance coverage, if any.
Supply Chain and Logistics Disruption	The Group's manufacturing model involves the movement of components, and finished products between facilities in Israel, the Netherlands, Portugal and Thailand. The ongoing conflict between Israel, the United States, and Iran has disrupted shipping routes in the Middle East, including through Iranian interference with shipping in the Strait of Hormuz. Global shipping costs and insurance premiums for cargo to and from Israel have increased materially since the commencement of hostilities. In addition, the conflict has triggered significant increases in European energy prices, which may increase operating costs. A prolonged period of supply chain disruption, elevated logistics costs, or increased energy costs could adversely affect the Group's margins, delivery performance, and financial results.
Disputes	The activities of the Company may result in disputes with third parties, including, without limitation, the Company's investors, competitors, regulators, partners, distributors, customers, directors, officers and employees, and service providers. The Company may incur substantial costs in connection with such disputes.
Loss of customers	The Company has established important relationships through development of its business to date. The loss of one or more customers through termination or expiry of contracts may adversely affect the operating results of the Company.
Litigation	The Company is exposed to possible litigation risks including, but not limited to, intellectual property ownership disputes, contractual claims, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company Group is not currently engaged in any litigation.
Data loss, theft or corruption	The Company will store data in its own systems and networks and also with a variety of third party service providers. Exploitation or hacking of any of the Company's systems or networks could lead to corruption, theft or loss of the data which could have a material adverse effect on the Company's business, financial condition and results. Further, if the Company's systems, networks or technology are subject to any type of 'cyber' crime, its technology may be perceived as

RISK CATEGORY	RISK
	unsecure which may lead to a decrease in the number of customers. The Company confirms, as at the date of this Prospectus, that it has not been hacked at any time, but it is possible that the Company may experience negative publicity if their systems are able to be hacked at some point in the future.
Currency Risk	The Company will be operating in a variety of jurisdictions, including Australia, Israel, United States and the European Market, and as such, expects to generate revenue and incur costs and expenses in AUD, USD, ILS and EU. Consequently, movements in currency exchange rates may adversely or beneficially affect the Company's results or operations and cash flows. For example, the appreciation or depreciation of the US dollar relative to the Australian dollar would result in a foreign currency loss or gain. Any depreciation of currencies in foreign jurisdictions in which the Company operates may result in lower than anticipated revenue, profit and earnings of the Company. The Group's policy is not to enter into any currency hedging transactions.
Insurance coverage	The Company faces various risks in conducting its business and may lack adequate insurance coverage or may not have the relevant insurance coverage. The Company proposes to arrange and maintain insurance coverage for its employees, as well as directors' and officers' liability insurance. However, the Company does not currently maintain product liability insurance (see "Absence of Product Liability Insurance" above) or business interruption insurance, and has not obtained war risk insurance in respect of its Israeli operations. The Company maintains insurance covering damage to inventory. In respect of war-related losses in Israel, the Company notes that under Israeli law, damage caused by acts of war is generally compensable by the Israeli government through the Property Tax and Compensation Fund (Mas Rechush), however, the extent and timing of any such compensation is at the discretion of the Israeli authorities and there can be no assurance that full compensation would be received or that it would be received in a timely manner. The occurrence of an event that is not covered or not fully covered by insurance could have a material adverse effect on the business, financial condition, and results of the Company. The cost and availability of insurance may also be affected by the ongoing conflict in the Middle East, and there can be no assurance that the Company will be able to obtain or maintain insurance coverage on commercially acceptable terms.
Israeli Defence Export Control Licensing Risk	The Company is subject to Israeli defence export control laws and regulations and is required to hold and maintain licences, permits and approvals granted by the Israeli Defence Export Control Agency (DECA) in order to conduct certain aspects of its business. These licences are mandatory and are critical to the Company's ability to manufacture, market, sell and export composite structural assemblies and related products for unmanned aerial systems and defence-related applications. The granting, maintenance, amendment, suspension or revocation of such licences is subject to regulatory discretion and ongoing compliance with applicable laws, regulations and licence conditions. There can be no assurance that the Company will be able to obtain, renew or retain all required

RISK CATEGORY	RISK
	licences on acceptable terms or within required timeframes, or at all. Any breach, alleged breach, change in interpretation, increased enforcement or modification of applicable defence export control requirements may result in delays, restrictions or prohibitions on the Company's operations, exports or customer engagements, or may expose the Company to regulatory sanctions, including suspension or revocation of licences. If the Company is unable to obtain or maintain the required licences, or if the scope of such licences is restricted, the Company's ability to conduct its business, generate revenue and execute its growth strategy may be materially adversely affected.

8.4 General risks

RISK CATEGORY	RISK
Future funding requirements for capital	The Company's capital requirements depend on numerous factors and the Company may require further additional debt or equity financing in the future to maintain or grow its business in addition to funds raised under the Offer. There can be no assurance that the Company will be able to secure additional capital from debt or equity financing on favourable terms or at all. If the Company is unable to raise additional capital if and when required, this could delay, suspend or reduce the scope of the Company's business operations and could have a material adverse effect on the Company's operating and financial performance. Any additional equity financing may result in dilution for some or all shareholders, and debt financing, if available, may involve restrictive covenants which limit operations and business strategy.
Economic conditions and other global or national issues	General economic conditions, laws relating to taxation, new legislation, trade barriers, movements in interest and inflation rates, currency exchange controls and rates, national and international political circumstances (including wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations and financial performance.
Currently no market	There is currently no public market for the Company's Shares, the price of its Shares is subject to uncertainty and there can be no assurance that an active market for the Company's Shares will develop or continue after the Offer. The price at which the Company's Shares trade on ASX after listing may be higher or lower than the issue price of Shares offered under this Prospectus and could be subject to fluctuations in response to variations in operating performance and general operations and business risk, as well as external operating factors over which the Directors and the Company have no control, such as movements in prices of materials and exchange rates, changes to government policy, legislation or regulation and other events or factors.

RISK CATEGORY	RISK
	There can be no guarantee that an active market in the Company's Shares will develop or that the price of the Shares will increase. There may be relatively few or many potential buyers or sellers of the Shares on ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is above or below the price that Shareholders paid.
Market conditions	Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as: (a) general economic outlook; (b) introduction of tax reform or other new legislation; (c) interest rates and inflation rates; (d) global health epidemics or pandemics; (e) currency fluctuations; (f) changes in investor sentiment toward particular market sectors; (g) the demand for, and supply of, capital; (h) political tension; and (i) terrorism or other hostilities. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology or defence stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company. The value of the Shares may fluctuate more sharply than that of other securities, given the low per Share pricing of the Shares under the Prospectus, and the fact that investment in the Company is highly speculative. Further, after the end of the relevant escrow periods affecting Shares in the Company, a significant sale of then tradeable Shares (or the market perception that such a sale might occur) could have an adverse effect on the Company's Share price. Please refer to Section 6.12 for further details on the Shares likely to be classified by the ASX as restricted securities.
Taxation	The acquisition and disposal of Shares will have tax consequences for investors, which will vary depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent professional taxation and financial advice about the consequences of acquiring and disposing of Securities from a taxation viewpoint and generally.
Climate	There are a number of climate-related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include: (a) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation

RISK CATEGORY	RISK	
		efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its business profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
	(b)	climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

8.5 Investment speculative

The risk factors described above, and other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Shares.

Prospective investors should consider that an investment in the Company is highly speculative.

The Shares offered under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on the ASX.

Before deciding whether to subscribe for Shares under this Prospectus you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

9. BOARD AND KEY MANAGEMENT, CORPORATE GOVERNANCE

9.1 Board of Directors

The Board of the Company consists of:

(a) **Dekel Keisar** – *Managing Director*

Mr Keisar is the founder and chief executive officer of KTeK Ltd (which was established in 2019) and a mechanical engineer. A former team leader in Israel aerospace industries, he brings disciplined leadership to complex aerospace programs. He has delivered end-to-end electromechanical systems, managed multidisciplinary teams and driven cost-effective composite design and production in mission-critical, regulated environments.

The Board considers that Mr Keisar is not an independent Director.

(b) **Howard Digby** – *Non-Executive Chair*

Mr Digby started his career at IBM and spent over 25 years managing technology related businesses in the Asia Pacific region. He was regional managing director of The Economist Group and prior to this, he held senior management roles at Adobe and Gartner. For the last 13 years he has been involved as an advisor to and director of ASX listed companies.

Howard holds a Bachelor of Engineering (Hons) from The University of Western Australia.

Mr Digby is currently non-executive chairman of Singular Health (ASX:SHG) and a non-executive director of Elsight (ASX: ELS) and 4DS (ASX:4DS).

The Board considers that Mr Digby is an independent Director.

(c) **Winton Willesee** – *Non-Executive Director*

Mr Willesee is an experienced company director with over 25 years' experience in capital markets. He brings a broad range of skills and experience in company development, corporate governance, merger and acquisition transactions, corporate finance and company secretarial and has held positions with a number of listed and unlisted companies over many years.

Mr Willesee is currently a non-executive director of Nanollose Limited (ASX: NC6) and One Click Group Limited (ASX: 1CG).

Investors should be aware that one area of Mr Willesee's professional experience involves high risk enterprises and the recovery and restructure of distressed entities. In that context, Mr Willesee has been involved as a director in two companies where the board of those companies determined that the appointment of an administrator was the most appropriate course of action for stakeholders.

In January 2014, while Mr Willesee was a director of Cove Resources Limited, the board appointed an administrator due to concerns regarding the future availability of capital to fund its ongoing minerals exploration operations. Following recapitalisation, Cove Resources Limited ceased being in administration and recommenced trading on the ASX.

Mr Willesee was also appointed to the board of xTV Networks Limited in July 2016. After reviewing options to restructure the company's distressed operations, the board appointed an administrator in July 2018. Following recapitalisation, xTV Networks Limited ceased being in administration and recommenced trading on the ASX.

The Board considers that Mr Willesee is an independent Director.

(d) **Christopher Baxter** – *Non-Executive Director*

Mr Baxter is an experienced financial services and private equity executive with over 30 years of experience across investment banking, corporate finance and private equity investment, with a particular focus on emerging markets.

Mr Baxter was a Managing Director at JPMorgan/Chase and Merrill Lynch, and served as Sector Head in oil and gas, power and utilities investment banking. He subsequently held senior executive roles at Renaissance Group, where he led the investment banking division and later the firm's private equity portfolio across Africa, Russia and Ukraine, and at Sistema, a major Russian industrial investment group, where he served as Head of Investment Portfolio overseeing corporate investments across the consumer, hospitality and healthcare sectors. Since 2016, Mr Baxter has been active as a principal investor and private adviser, with investments spanning agriculture operations in Ukraine, digital assets and venture capital investments in later-stage technology companies founded in Central and Eastern Europe and Israel.

Mr Baxter holds a Master of Engineering (First Class Honours) from Imperial College London and is a Fellow of the Royal Society of Arts, Manufactures and Commerce.

The Board considers that Mr Baxter is an independent Director.

The Board has considered the Company's immediate requirements as it transitions to an ASX-listed company and is satisfied that the composition of the Board represents an appropriate range of experience, qualifications and skills at this time.

9.2 Directors' Disclosures

No Director has been the subject of (or was a director of a company that has been subject to) any legal or disciplinary action in Australia or elsewhere in the last ten years which is relevant or material to the performance of their role with the Company or which is relevant to an investor's decision as to whether to subscribe for Shares under the Offer.

Except as disclosed in Section 9.1, no Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after they ceased to be an officer.

9.3 Directors' remuneration and interests in Securities

Remuneration

The Directors will receive remuneration for the current financial year as set out in the table below.

DIRECTOR	PROPOSED ANNUAL REMUNERATION[2]
Dekel Keisar	$363,000[3]
Howard Digby	$85,000
Winton Willesee	$55,000
Christopher Baxter	$55,000

Notes:

1. The Company was incorporated on 20 March 2026 and remuneration will be paid on a pro-rata basis.
2. Exclusive of superannuation.
3. This remuneration comprises:
   (a) $240,000 per annum payable by the Company under the Mr Keisar's appointment letter with the Company to act in the capacity of Managing Director; and
   (b) NIS 264,000 per annum payable by KTeK Ltd under Mr Keisar's employment agreement with KTeK Ltd.

Interests in Securities

Directors are not required under the Company's Constitution to hold any Shares to be eligible to act as a director.

As at the date of this Prospectus

As of the date of this Prospectus, the Directors do not have any direct or indirect interests in the Securities of the Company.

Post-completion of the Offer and the Exchange Agreement

DIRECTOR	SHARES	OPTIONS	PERCENTAGE (%)			
			MINIMUM SUBSCRIPTION		MAXIMUM SUBSCRIPTION	
			UNDILUTED	FULLY DILUTED	UNDILUTED	FULLY DILUTED
Dekel Keisar	51,000,000	-	40.00%	36.56%	36.43%	33.55%
Howard Digby	-	3,000,000	-	2.15%	-	1.97%
Winton Willesee	-	2,000,000	-	1.43%	-	1.32%
Christopher Baxter	-	2,000,000	-	1.43%	-	1.32%

The Constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration for non-executive Directors is $400,000 per annum although may be varied by ordinary resolution of the Shareholders in general meeting.

The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

In addition, the Directors (and their associates) may apply for Shares under the Offer. If one or more of the Directors (or their associates) do apply for, and are allocated, Shares under the Offer, the figures in the above table will be affected.

The Company will notify ASX of the Directors' interests in the Securities of the Company at the time of Admission in accordance with the ASX Listing Rules.

9.4 Agreements with Directors and related parties

The Company's policy in respect of related party arrangements is:

(a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and

(b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

The agreements between the Company and related parties are summarised in Section 10.6.

9.5 Corporate governance

(a) ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance.

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (4th Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information Section of the Company's website www.ktek.tech.

(b) **Board of Directors**

The Board is responsible for corporate governance of the Company.

The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

(i) maintain and increase Shareholder value;

(ii) ensure a prudential and ethical basis for the Company's conduct and activities consistent with the Company's stated values; and

(iii) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

(i) leading and setting the strategic direction, values and objectives of the Company;

(ii) appointing the Chairman of the Board, Managing Director or Chief Executive Officer and approving the appointment of senior executives and the Joint Company Secretaries;

(iii) overseeing the implementation of the Company's strategic objectives, values, code of conduct and performance generally;

(iv) approving and monitoring the progress of operating budgets, major capital expenditure, capital management and significant acquisitions and divestitures;

(v) overseeing the integrity of the Company's accounting and corporate reporting systems, including any external audit (satisfying itself financial statements released to the market fairly and accurately reflect the Company's financial position and performance);

(vi) establishing procedures for verifying the integrity of those periodic reports which are not audited or reviewed by an external auditor, to ensure that each periodic report is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions;

(vii) overseeing the Company's procedures and processes for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities;

(viii) reviewing and ratifying systems of audit, risk management and internal compliance and control, codes of conduct and legal compliance to minimise the possibility of the Company operating beyond acceptable risk parameters; and

(ix) approving the Company's remuneration framework and ensuring it is aligned with the Company's purpose, values, strategic objectives and risk appetite.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

(c) **Composition of the Board**

Election of Board members is substantially the province of the Shareholders in general meeting, subject to the following:

(i) membership of the Board of Directors will be reviewed regularly to ensure the mix of skills and expertise is appropriate; and

(ii) the composition of the Board has been structured so as to provide the Company with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent Shareholders and fulfil the business objectives and values of the Company as well as to deal with new and emerging business and governance issues.

The Board currently consists of four Directors (three non-executive Directors and one executive Director) of whom Messrs Willesee, Digby and Baxter are considered independent. The Board considers the current balance of skills and expertise to be appropriate given the Company's size and its currently planned level of activity.

To assist in evaluating the appropriateness of the Board's mix of qualifications, experience and expertise, the Board intends to maintain a Board Skills Matrix to ensure that the Board has the skills to discharge its obligations effectively and to add value.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to Shareholders a candidate for election as a Director or senior executive.

The Board ensures that Shareholders are provided with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company shall develop and implement a formal induction program for Directors, which is tailored to their existing skills, knowledge and experience.

The purpose of this program is to allow new directors to participate fully and actively in Board decision-making at the earliest opportunity, and to enable new directors to gain an understanding of the Company's policies and procedures.

The Board maintains oversight and responsibility for the Company's continual monitoring of its diversity practices.

The Company's Diversity Policy provides a framework for the Company to achieve enhanced recruitment practices whereby the best person for the job is employed, which requires the consideration of a broad and diverse pool of talent.

(d) **Identification and management of risk**

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business.

Key operational risks and their management will be recurring items for deliberation at Board meetings.

(e) **Ethical standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards and to conducting all of the Company's business activities fairly, honestly with integrity, and in compliance with all applicable laws, rules and regulations.

In particular, the Company and the Board are committed to preventing any form of bribery or corruption and to upholding all laws relevant to these issues as set out in in the Company's Anti-Bribery and Anti-Corruption Policy.

In addition, the Company encourages reporting of actual and suspected violations of the Company's Code of Conduct or other instances of illegal, unethical or improper conduct.

The Company and the Board provide effective protection from victimisation or dismissal to those reporting such conduct as set out in its Whistleblower Protection Policy.

(f) **Independent professional advice**

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(g) **Remuneration arrangements**

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

In accordance with the Constitution, the total maximum remuneration of non-executive Directors is initially set by the Board and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable.

The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed $400,000 per annum.

In addition, a Director may be paid fees or other amounts (for example, and subject to any necessary Shareholder approval, non-cash performance incentives such as options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having regard to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility.

The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(h) **Trading policy**

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the managing director).

The policy generally provides that the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

(i) **External audit**

The Company in general meetings is responsible for the appointment of the external auditors of the Company. From time to time, the Board will review the scope, performance and fees of those external auditors.

(j) **Audit committee**

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to:

(i) monitoring and reviewing any matters of significance affecting financial reporting and compliance;

(ii) verifying the integrity of those periodic reports which are not audited or reviewed by an external auditor;

(iii) monitoring and reviewing the Company's internal audit and financial control system, risk management systems; and

(iv) management of the Company's relationships with external auditors.

(k) **Diversity policy**

The Company is committed to workplace diversity.

The Company is committed to inclusion at all levels of the organisation, regardless of gender, marital or family status, sexual orientation, gender identity, age, disabilities, ethnicity, religious beliefs, cultural background, socio-economic background, perspective and experience.

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

(l) **Departures from Recommendations**

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period.

Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company's compliance and departures from the Recommendations will also be announced prior to Admission.

10. MATERIAL CONTRACTS

The Directors consider that the material contracts described below are those which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of an investment in the Company under the Offer.

This Section contains a summary of the material contracts and their substantive terms which are not otherwise disclosed elsewhere in this Prospectus.

To fully understand all rights and obligations of a material contract, it would be necessary to review it in full and these summaries should be read in this light.

10.1 Customer Agreements

KTeK Ltd typically supplies products pursuant to customer purchase orders and, in certain cases, ongoing supply arrangements linked to specific customer platforms or programs. The material terms and conditions of the KTeK Ltd's typical terms of business with customers are summarised below:

Payment Terms	60 days from delivery
Delivery	KTeK Ltd to deliver to the location specified by the customer and customers may cancel orders in the event of material delay to delivery.
Defective Products	Customers retain the right to inspect goods, reject non-conforming goods and require repair, replacement or refund.
Warranties	KTeK Ltd provides warranties that the goods comply with the agreed specifications, are free from defects and comply with applicable laws and standards, with a typical warranty period of twelve (12) months.
Indemnity	KTeK Ltd indemnifies customers, including in respect of product liability and intellectual property infringement from any loss, costs, expenses, fees, damages, obligations or claims which arise from the products provided by the Supplier.
Governing Law	Israel

The customer agreements otherwise contain provisions considered standard for an agreement of their nature.

10.2 Supplier Agreements

KTeK Ltd typically purchases products from manufacturers pursuant to purchase orders. The material terms and conditions of the KTeK Ltd's typical terms of business with suppliers are summarised below:

Payment Terms	60 days from delivery
Order Modifications	KTeK Ltd may modify or cancel any part of a purchase order with 30 days' prior notice to the Supplier.
Defective Products	In case of delivery of a defective product being delivered to KTeK Ltd, the Supplier must replace or repair the product within 5 business days of KTeK Ltd notifying the Supplier of the defective Product.
Indemnity	The Supplier hereby indemnifies KTeK Ltd from any loss, costs, expenses, fees, damages, obligations or claims which arise from the products provided by the Supplier.

The supply agreements otherwise contain provisions considered standard for an agreement of their nature.

10.3 Lead Manager Mandate

The Company has signed a mandate letter to engage CPS Capital Group Pty Ltd to act as lead manager of the Offer (**Lead Manager Mandate**), the material terms and conditions of which are summarised below:

Fees	Under the terms of this engagement the Company will pay the Lead Manager: (a) a management fee of 2% of total funds raised under the Offer plus GST; (b) a placing fee of 4% of total funds raised under the Offer plus GST; and (c) a success fee of $100,000 (plus GST) upon successful completion of the Offer. Additionally, the Company has agreed to issue the Lead Manager 5,000,000 Lead Manager Options.
Termination Events	The Lead Manager may terminate the Lead Manager Mandate: (a) by providing the Company with fourteen (14) days' notice in writing to that effect: (i) if the Company commits or allows to be committed a material breach of any of the terms or conditions of the Lead Manager Mandate; or (ii) if any warranty or representation given or made by the Company is not complied with or proves to be untrue in any respect; or (b) immediately by notice in writing to that effect: (i) if the Company becomes insolvent, has a receiver, administrative receiver or manager or administrator appointed over the whole of or any of their assets, enters into any composition with creditors generally or has an order made or resolution passed for it to be wound up; or (ii) if a court makes an administration order with respect to the Company or any composition in satisfaction of its debts of or a scheme of arrangement of the affairs of the Company. Either the Company or the Lead Manager may terminate the Lead Manager Mandate by written notice in the event that an initial public offer has not been successfully completed by 30 June 2026.
Right of First Refusal	The Lead Manager has the first right of refusal for any capital raise contemplated by the Company for 12 months post listing on the ASX. In the event that the Company wishes to proceed with a term sheet offered by another Australian Financial Services Licensee, the parties agree that the Lead Manager shall have seven (7) days to notify the Company in writing whether it agrees to undertake the raise on the same terms as proposed or not. Further, the parties agree to meet and negotiate in good faith the proposed raise and the respective parties roles in the proposed transaction.
Expenses	The Company agrees to reimburse all expenses incurred by the Lead Manager in performing the services under this Lead Manager Mandate upon receipt of a valid invoice from the Lead Manager. Reimbursements to the Lead Manager in excess of $1,000 per month may only be made if prior written approval

	has been given for the Lead Manager to be reimbursed for such expenses. The Lead Manager shall be entitled to reimbursement of reasonable travel expenses in undertaking its role.

The Lead Manager Mandate otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

10.4 Exchange Agreement

The Company has entered into an exchange agreement with KTeK Ltd (a company organized under the laws of the State of Israel with registration number 516020351), Dekel Keisar and Ayal Klinemintz (**Exchange Agreement**), the material terms and conditions of which are summarised below:

Acquisition	Subject to the satisfaction or waiver of the Conditions Precedent, the Company will acquire from the shareholders of KTeK Ltd, all of the shares of KTeK Ltd, free from encumbrances (the **Acquisition**).
Consideration	In consideration for the acquisition of Shares in KTeK Ltd, the Company shall issue the Shareholders with a total of 60,000,000 fully paid ordinary shares in the Company (**Consideration Shares**) and shall make the following distribution: (a) 51,000,000 Shares to Dekel Keisar; and (b) 9,000,000 Shares to Ayal Klinemintz.
Conditions Precedent	Settlement of the Acquisition is conditional upon the satisfaction (or waiver where applicable) of the following conditions precedent: (a) the Company completing a legal, financial and operational due diligence on KTeK Ltd and its assets; (b) the Company and KTeK Ltd obtaining all necessary regulatory and shareholder approvals required; (c) the receipt of a definitive and binding tax ruling (the "Tax Ruling") from the Israeli Tax Authority; (d) the Company receiving a letter from ASX confirming that ASX will grant conditional approval in respect of the admission to quotation of the Shares on the Official List; (e) KTeK Ltd preparing audited accounts for the shorter period of three years and the date of incorporation of KTeK Ltd and delivering those accounts to the Company; (f) the Company preparing a prospectus, lodging the prospectus with the ASIC and raising no less than $6 million via an offer of Shares pursuant to that prospectus; (g) KTeK Ltd obtaining any necessary third-party consents or waivers (if any) to any of the material contracts; and (h) there being no event occurring prior to settlement which materially and adversely affects KTeK Ltd in the sole opinion of the Company, (together, the **Conditions Precedent**). If the Conditions Precedent are not satisfied (or waived) on or before 5.00pm (Western Australian Standard Time) on 31 December 2026 the Exchange Agreement will be at end.

Management	The parties agree that Dekel Keisar will be appointed the Managing Director of the Company on and from settlement occurring under the Exchange Agreement, on terms and conditions to be agreed between the Company and Dekel Keisar.

The Exchange Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

10.5 Convertible Note Deeds

In December 2025, the Company's 100% owned subsidiary Ktek Systems Pty Ltd entered into convertible note deeds with numerous investors (**Convertible Note Deeds**) to raise a total of $2,500,000, the material terms and conditions of which are summarised below.

The Board considers that the Convertible Note terms were agreed on arm's length terms within the meaning of Section 210 of the Corporations Act, on the basis that the conversion price of $0.10 per Share was the same price offered to all noteholders and reflected the pre-IPO stage of the Company at the time of issue. No related parties of the Company were issued Convertible Notes.

The terms of the Convertible Note Deeds allowed for on conversion, Shares to be issued in an "**Alternative Listing Vehicle**", where that Alternative Listing Vehicle is incorporated specifically for the purpose of Listing and it holds all the shares of Ktek Systems Pty Ltd. Accordingly on conversion under the Convertible Note Deeds, Shares will be issued in the Company, rather than Ktek Systems Pty Ltd.

Subscription for Convertible Notes	The Company agrees to issue to the noteholders or their nominees Convertible Notes on the terms below.
Convertible Notes	**Face Value** Each Convertible Note shall: (a) have a face value of $1.00; and (b) be paid for in accordance with the completion obligations. **Unsecured** The Convertible Notes will be unsecured, and each noteholder will rank equally with all other unsecured creditors of the Company. **Voting Rights** The Convertible Notes shall not provide for any voting rights at shareholder meetings of the Company. **Transfer** The noteholder shall be permitted to transfer all or a proportion of the Convertible Notes on the condition that the Noteholder procures that the transferee of the Convertible Notes agrees to be bound by the terms and conditions of the Convertible Note Deed. **Interest** The Convertible Notes shall not accrue interest.
Conversion of Convertible Notes	Conversion of the Convertible Notes will automatically occur on Admission. The Company must notify the noteholder immediately upon Admission occurring. The number of Shares to be issued on the conversion of the Convertible Notes will be equal to the monies paid by each noteholder divided by a conversion price of $0.10 (rounded up).

Issue of Shares	**Deemed Application for Shares** Each noteholder will be deemed to have applied for the Shares to which the noteholder is entitled on Admission. **Share Certificate or Holding Statement** The Company shall forward free of charge to the noteholder (or such other person as it may in writing request) a certificate or holding statement for the Shares issued on conversion of the Convertible Notes. **Escrow of Shares Issued on Conversion** The noteholder acknowledges and agrees that the Shares issued on conversion of the Convertible Notes may be subject to a period of escrow applied by a relevant market operator.
Redemption	In the event that the Convertible Notes are not converted into Shares, the Company covenants with each noteholder that it shall repay the noteholder.

The Convertible Note Deeds otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

10.6 Agreements with Directors, and management and related parties

10.6.1 Dekel Keisar

Employed by	KTeK Ltd
Remuneration	Approximately $363,000 per annum comprising: (a) $240,000 per annum payable by the Company under the Mr Keisar's appointment letter with the Company to act in the capacity of Managing Director; and (b) NIS 264,000 per annum payable by KTeK Ltd under Mr Keisar's employment agreement with KTeK Ltd.
Term	Commenced on 6 May 2019, and continuing until terminated.
Advanced Study Fund	The Company and Mr Keisar shall maintain an advanced study fund for the benefit of Mr Keisar (the **Advanced Study Fund**). The Company shall contribute to such Advanced Study Fund an amount equal to 7.5% of Mr Keisar's gross salary.
Termination by Company	In accordance with applicable Israeli law, and in any event upon no less than six months prior notice. In addition, the Company may terminate the employment with immediate effect, without prior notice and without payment in lieu of notice and/or severance pay, where the circumstances justify denial of severance pay under applicable law, including: (a) a material, incurable and proven breach by Mr Keisar of confidentiality, non-competition, intellectual property, or any other obligations under the agreement, as determined by a competent court; or (b) Mr Keisar's conviction (not mere indictment) of a criminal offense involving moral turpitude.
Termination by Mr Keisar	In accordance with applicable Israeli law, and in any event upon no less than six months prior notice.

The agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

10.6.2 Maya Hayat

Employed by	KTeK Ltd
Role	Human Resources
Related Party	Ms Hayat is a related party of the Company, as the Partner of the Company's Managing Director, Dekel Keisar.
Remuneration	A gross monthly salary of NIS 27,000.
Term	Commenced on July 10 2022, and continuing until terminated.
Termination by Company	In accordance with applicable Israeli law, and in any event upon no less than one months prior notice. In addition, the Company may terminate the employment immediately and without severance pay in any of the following cases: (a) an indictment for a felony or an offense involving moral turpitude in connection with Ms Hayat's employment; (b) a serious breach of the Company's trust, misappropriation of Company funds, or intentionally causing significant harm to the Company or its employees; (c) dishonesty, breach of ethics, or unfair conduct towards the Company, its affiliates, customers, suppliers or service providers, including theft, fraud, breach of trust or breach of loyalty; (d) serious disciplinary violations, including violent conduct or sexual harassment; (e) breach of the confidentiality, IP, or non-competition obligations under the agreement; or (f) any act entitling the Company to deny severance pay under Section 17 of the Severance Pay Law, 5723-1963, or any applicable collective agreement.
Termination by Ms Hayat	In accordance with applicable Israeli law, and in any event upon no less than one months prior notice.

The agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

10.6.3 Non-executive Director appointments

Messrs Digby, Willesee and Baxter have entered into appointment letters with the Company to act in the capacity of Non-Executive Chairman and Directors respectively. Mr Keisar has entered into an appointment letter with the Company to act in the capacity of Managing Director.

These Directors will receive the remuneration and interests set out in Section 9.3.

10.6.4 Deeds of indemnity, insurance and access

The Company has entered into a deed of indemnity, insurance and access with each of its officers. Pursuant to each of these deeds, the Company has agreed to indemnify each officer, to the extent permitted by the Corporations Act against certain liabilities arising as a result of the officer acting as an officer of the Company. The Company will also required to maintain insurance policies for the benefit of the relevant officer and allow the officers to inspect board papers in certain circumstances.

11. ADDITIONAL INFORMATION

11.1 Litigation

As at the date of this Prospectus, the Company and its subsidiaries are not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company or any of its subsidiaries.

11.2 Rights and liabilities attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to the Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. The Company's constitution permits the use of technology at general meetings of shareholders (including wholly virtual meetings) to the extent permitted under the Corporations Act, Listing Rules and applicable law.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

(i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

(iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

11.3 Terms and conditions of the Director Options and Lead Manager Options

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

The amount payable upon exercise of each Option will be $0.30 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the third anniversary of its date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 5 Business Days after the later of the following:

(i) the Exercise Date; and

(ii) when excluded information in respect to the Company (as defined in Section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case, no later than 20 Business Days after the Exercise Date, the Company will:

(iii) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(iv) if required, give ASX a notice that complies with Section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy Section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under 11.3(g)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy Section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

11.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with:

   (i) its formation or promotion; or

   (ii) the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

(d) as an inducement to become, or to qualify as, a Director; or

(e) for services provided in connection with:

   (i) the formation or promotion of the Company; or

   (ii) the Offer.

11.5 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

(a) person named in this Prospectus as performing a function in a professional, adviser or other capacity in connection with the preparation or distribution of this Prospectus;

(b) promoter of the Company; or

(c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(d) the formation or promotion of the Company;

(e) any property acquired or proposed to be acquired by the Company in connection with:

(i) its formation or promotion; or

(ii) the Offer; or

(f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

(g) the formation or promotion of the Company; or

(h) the Offer.

BDO Corporate Finance Australia Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Annexure A. The Company estimates it will pay BDO Corporate Finance Australia Pty Ltd a total of $50,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, BDO Corporate Finance Australia Pty Ltd has not received any fees from the Company.

BDO Israel has been appointed as the Company's auditor. During the 24 months preceding lodgement of this Prospectus with the ASIC, BDO Israel (being a firm associated with BDO Corporate Finance Australia Pty Ltd) has received $17,500 in fees from the Company for audit services.

CPS Capital Group Pty Ltd has acted as the lead manager to the Offer and will receive the fees set out in summarised in Section 10.1, following the successful completion of the Offer for its services as Lead Manager to the Offer. The Lead Manager will be responsible for paying all capital raising fees that the Lead Manager and the Company agree with any other financial service licensees. Further details in respect to the Lead Manager Mandate with the Lead Manager are summarised in Section 10.1. During the 24 months preceding lodgement of this Prospectus with the ASIC, the Lead Manager has received $210,000 from the Company for capital raising and corporate advisory services provided.

Steinepreis Paganin has acted as the Australian legal advisers to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin $150,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not received fees from the Company for any other services.

Tomer Maharshak & Co have acted as the Israeli legal advisers to the Company in relation to the Offer. The Company estimates it will pay Tomer Maharshak & Co $65,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Tomer Maharshak & Co has not received fees from the Company for any other services. A partner of Tomer Maharshak & Co., Ayal Klinemintz, will hold 9,000,000 Shares in the Company, representing approximately 5.92% on completion of the Offer (assuming Maximum Subscription). Other than as disclosed in this Prospectus, neither Tomer Maharshak & Co. nor, to the Company's knowledge, any partner of Tomer Maharshak & Co. has any interest in the formation or promotion of the Company or in the Offer.

Azalea Corporate Services Pty Ltd (ACN 650 700 440) (**Azalea**) has acted as a consultant to the Company, offering company secretarial, accounting and bookkeeping services in connection with the Offer. Azalea is an entity controlled by Winton Willesee, a Director. The Company estimates it will pay Azalea $35,000 (excluding GST) for services provided in connection with the Offer. Following Admission, Azalea will provide ongoing company secretarial, accounting and bookkeeping services to the Company on a retainer basis. During the 24 months preceding lodgement of this Prospectus with the ASIC, Azalea has not received fees from the Company for any other services.

11.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror or of the Shares), the Directors, any persons named in this Prospectus with their consent as proposed Directors, any underwriters, persons named in this Prospectus with their consent having made a statement in this Prospectus and persons involved in a contravention in relation to this Prospectus, with regard to misleading and deceptive statements made in this Prospectus. Although the Company bears primary responsibility for this Prospectus, the other parties involved in the preparation of this Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

(a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;

(b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and

(c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

BDO Corporate Finance Australia Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Annexure A in the form and context in which the information and report is included.

BDO Israel has given its written consent to being named as auditor of the Company in this Prospectus and the inclusion of the audited financial information of the Company contained in the Investigating Accountants Report included in Annexure A to this Prospectus in the form and context in which the information is included.

Steinepreis Paganin has given its written consent to being named as the Australian legal adviser to the Company in relation to the Offer in this Prospectus.

Tomer Maharshak & Co has given its written consent to being named as the Israeli legal advisers to the Company in relation to the Offer in this Prospectus.

CPS Capital Group Pty Ltd has given its written consent to being named as the Lead Manager to the Company in this Prospectus.

Computershare Investor Services Pty Limited has given its written consent to being named as the share registry to the Company in this Prospectus.

Azalea has given its written consent to being named as a consultant to the Company in this Prospectus.

11.7 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately $950,000 for Minimum Subscription or $1,110,000 for Maximum Subscription and are expected to be applied towards the items set out in the table below:

ITEM OF EXPENDITURE	MINIMUM SUBSCRIPTION ($)	MAXIMUM SUBSCRIPTION ($)
ASIC fees	3,206	3,206
ASX fees	97,626	102,231
Lead Manager Fees	550,000	700,000
Legal Fees	215,000	215,000
Investigating Accountant's Fees	50,000	50,000
Auditor's Fees	17,500	17,500
Miscellaneous, Printing and Distribution	16,668	22,063
Total	**950,000**	**1,110,000**

12. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

13. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

$ means an Australian dollar.

Admission means the admission of the Company to the Official List.

AEST means Australian Eastern Standard Time as observed in Melbourne, Victoria.

Application Form means the application form attached to or accompanying this Prospectus (including an online application form) relating to the Offer.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official listing rules of ASX.

Board means the board of Directors as constituted from time to time.

Business Days means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement.

Closing Date means the closing date of the Offer as set out in the indicative timetable in the Key Offer Information Section (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Company or **KTEK** means KTEK Aerosystems Ltd (ACN 696 412 138).

Conditions has the meaning set out in Section 4.9.

Constitution means the constitution of the Company.

Corporations Act means *the Corporations Act 2001* (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

Group means the Company and KTeK Ltd, as well as any other subsidiaries the Company has from time to time.

Lead Manager means CPS Capital Group Pty Ltd (ACN 088 055 636).

Lead Manager Mandate means the agreement with the Lead Manager summarised in Section 10.1.

Maximum Subscription means the maximum amount to be raised under the Offer, being $10,000,000.

Minimum Subscription means the minimum amount to be raised under the Offer, being $7,500,000.

Offer means the offer of Shares pursuant to this Prospectus as set out in Section 4.1.

Offer Price means $0.20 per Share.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Recommendations has the meaning set out in Section 9.5.

Section means a Section of this Prospectus.

Securities means Shares and Options.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

US means the United States of America.

WST means Western Standard Time as observed in Perth, Western Australia.

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KTEK AEROSYSTEMS LTD

Independent Limited Assurance Report

13 April 2026

Table of contents

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Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

13 April 2026

The Directors
KTEK Aerosystems Limited
'CPC' SE 5
145 Stirling Highway
Nedlands WA 6009

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT

1. Introduction

BDO Corporate Finance Australia Pty Ltd (**'BDO'**) has been engaged by KTEK Aerosystems Ltd (**'KTEK'** or **'the Company'**) to prepare this Independent Limited Assurance Report (**'Report'**) in relation to certain financial information of KTEK, for the Initial Public Offering of shares in KTEK, for inclusion in the Prospectus. KTEK was incorporated on 20 March 2026 to function as the Australian parent entity used to acquire KTeK Ltd via the issuance of 60 million fully paid ordinary shares in the Company ('**the Acquisition**'). KTeK Ltd is an Israeli private company involved in the design, development and manufacture of mechanical systems for the aerospace and defence industries. Amongst other things, the Acquisition of KTeK Ltd by KTEK is contingent upon the minimum subscription level under the Offer being achieved.

Broadly, the Prospectus will offer up to 50,000,000 Shares at an issue price of $0.20 each to raise up to $10.00 million before costs ('**the Offer**'). The Offer is subject to a minimum subscription level of 37,500,000 shares to raise $7.50 million before costs.

Expressions defined in the Prospectus have the same meaning in this Report. BDO holds an Australian Financial Services Licence (AFS Licence Number 247420) and our Financial Services Guide ('**FSG**') has been included in this report in the event you are a retail investor. Our FSG provides you with information on how to contact us, our services, remuneration, associations, and relationships.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

2. Scope

You have requested BDO to perform a limited assurance engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

You have requested BDO to review the following historical financial information (together the **'Historical Financial Information'**) included in the Prospectus:

- KTeK Ltd's audited historical consolidated Statements of Comprehensive Income and Consolidated Statements of Cash Flows for the years ended 31 December 2023, 31 December 2024 and 31 December 2025
- KTeK Ltd's audited historical consolidated Statement of Financial Position as at 31 December 2025
- KTEK's audited historical consolidated Statement of Financial Position as at 31 March 2026.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in International Financial Reporting Standards ('**IFRS**') and the company's adopted accounting policies. The Historical Financial Information has been extracted from the financial reports of:

- KTeK Ltd for the years ended 31 December 2023, 31 December 2024 and 31 December 2025
- KTEK for the period from 7 October 2025 to 31 March 2026.

The financial reports were audited by BDO Ziv haft ('**BDO Israel**') in accordance with the International Standards on Auditing. BDO Israel issued an unmodified audit opinion on each of the financial reports. We note that while KTEK was incorporated on 20 March 2026, its audited financial statements were for the period from 7 October 2025 to 31 March 2026. This is to reflect continuation accounting of its subsidiary, KTEK Systems Pty Ltd, which was incorporated to undertake the pre-listing activities (prior to KTEK's own incorporation), and was subsequently acquired by KTEK.

Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information (the **'Pro Forma Historical Financial Information'**) of KTEK included in the Prospectus:

- the pro forma historical consolidated Statement of Financial Position as at 31 December 2025.

The Pro Forma Historical Financial Information has been derived from the historical financial information of KTEK and KTeK Ltd, after adjusting for the effects of the subsequent events and pro forma adjustments described in Section 7.4 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in IFRS applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 7.4 of the Prospectus, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by KTEK to illustrate the impact of the events or transactions described in Section 7.4 of the Prospectus on KTEK's financial position as at 31 December 2025. As part of this process, information about KTEK's financial position has been extracted by KTEK from KTEK's financial statements for the period from 7 October 2025 to 31 March 2026. Also as part of this process, Information about KTeK Ltd's financial position has been extracted by KTEK from KTeK Ltd's financial statements for the year ended 31 December 2025.

Prior to the Acquisition, KTEK was set up as a shell parent entity used to acquire KTeK Ltd. Accordingly it has a limited operating history and it is not deemed to be a business. KTEK will issue the shareholders of KTeK Ltd 60 million shares in the Company pursuant to the Acquisition. KTEK has also entered into convertible note deeds ('**Convertible Notes**') with a face value of $1.00 each that will convert into KTEK shares at a conversion price of $0.10 each, upon KTEK's admission to the ASX.

3. Directors' responsibility

The directors of KTEK are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

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

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

5. Conclusion

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, and comprising:

- KTeK Ltd's audited historical consolidated Statements of Comprehensive Income and Consolidated Statements of Cash Flows for the years ended 31 December 2023, 31 December 2024 and 31 December 2025;
- KTeK Ltd's audited historical consolidated Statement of Financial Position as at 31 December 2025;
- KTEK's audited historical consolidated Statement of Financial Position as at 31 March 2026.

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in the Section 7 of the Prospectus, and comprising:

- the pro forma historical consolidated Statement of Financial Position of KTEK as at 31 December 2025,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

6. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the proposed IPO other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received. BDO Israel is the auditor of KTeK Ltd and KTEK.

7. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

BDO Corporate Finance Australia Pty Ltd

Adam Myers
Director

APPENDIX 1

FINANCIAL SERVICES GUIDE

13 April 2026

BDO Corporate Finance Australia Pty Ltd ABN 70 050 038 170 (‘**we**’ or ‘**us**’ or ‘**ours**’ as appropriate) has been engaged by KTEK Aerosystems Limited (‘**the Company**’) to provide an Independent Limited Assurance Report (‘**ILAR**’, ‘**our Report**’) for inclusion in this Prospectus.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (‘**FSG**’). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No. 247420;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance Australia Pty Ltd is a member firm of BDO International Ltd, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. The financial product advice in our Report is provided by BDO Corporate Finance Australia Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide an ILAR in connection with the financial product of another entity. Our Report indicates who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our Report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this Report. These fees are negotiated and agreed with the client who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance Australia Pty Ltd for this engagement is approximately $55,000 (exclusive of GST).

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the Report.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from the Company for our professional services in providing this Report. That fee is not linked in any way with our opinion as expressed in this Report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. We are also committed to meeting your needs and maintaining a high level of client satisfaction. If you are unsatisfied with a service we have provided you, we have avenues available to you for the investigation and resolution of any complaint you may have.

To make a formal complaint, please use the Complaints Form. For more on this, including the Complaints Form and contact details, see the BDO Complaints Policy available on our website.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint in writing within one business day or, if the timeline cannot be met, then as soon as practicable and investigate the issues raised. As soon as practical, and not more than 30 days after receiving the complaint, we will advise the complainant in writing of our determination.

Compensation arrangements

BDO Corporate Finance and its related entities hold Professional Indemnity insurance for the purpose of compensating retail clients for loss or damage suffered because of breaches of relevant obligations by BDO Corporate Finance or its representatives under Chapter 7 of the Corporations Act 2001. These arrangements and the level of cover held by BDO Corporate Finance satisfy the requirements of section 912B of the Corporations Act 2001.

Referral to External Dispute Resolution Scheme

We are a member of the Australian Financial Complaints Authority (AFCA) which is an External Dispute Resolution Scheme. Our AFCA Membership Number is 12561. Where you are unsatisfied with the resolution reached through our Internal Dispute Resolution process, you may escalate this complaint to AFCA using the below contact details:

Mail:	GPO Box 3, Melbourne, VIC 3001
Free call:	1800 931 678
Website:	www.afca.org.au
Email:	info@afca.org.au
Interpreter Service:	131 450

1300 138 991

www.bdo.com.au

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ANNEXURE B – SIGNIFICANT ACCOUNTING POLICIES

A summary of the principal account accounting policies adopted in the preparation of KTEK's and KTeK Ltd's financial statements are set out below.

Basis of Preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standard Board ("IASB"). The financial statements have been prepared under the historical cost convention. , except of restricted marketable securities. The Company has elected to present the consolidated statements of comprehensive loss using the function of expense method. In addition, these consolidated financial statements are presented in US Dollars. All currency amounts have been recorded to the nearest thousand, unless otherwise indicated.

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. The consolidated financial statements of the Company include the accounts of the Company and its subsidiary as if they formed a single entity. Intercompany transactions and balances between the two entities were eliminated in full.

Use of estimates and assumptions in the preparation of the financial statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates.

Foreign currency

The Consolidated Financial Statements are presented in U.S. dollars ("USD"), which is the functional currency of the Company. The USD is the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company.

The functional currency of the Company's foreign subsidiary is the local currency in which it operates (the Euro). In accordance with IAS 21 ("The Effects of Changes in Foreign Exchange Rates"), the financial results and financial position of the subsidiary are translated into the presentation currency (USD) for consolidation purposes. Transactions and balances in currencies other than the respective functional currencies are converted into the functional currency of each entity based on the principles set forth in IAS 21.

- Monetary assets and liabilities – at the rate of exchange applicable at the consolidated statements of financial position date.
- Income and expense items – at exchange rates applicable as of the date of recognition of those items.
- Non-monetary items are converted at the rate of exchange used to convert the related statement of financial position items i.e. at the time of the transaction.

Exchange gains and losses from the aforementioned conversion are recognized in profit or loss.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability; or

(b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Classification by fair value hierarchy

Assets and liabilities presented in the consolidated statements of financial position at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.

Level 3 - Inputs that are not based on observable market data (valuation techniques that use inputs that are not based on observable market data).

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments

1. Financial Assets

   The Group classifies its financial assets into the following category, based on the business model for managing the financial asset and its contractual cash flow characteristics. The Group's accounting policy for the relevant category is as follows:

   Amortized cost: These assets arise principally from the selling products to customers (e.g. trade and other receivables and related parties), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest.

   Fair Value Through Profit or Loss (FVTPL) – Marketable Securities:

   This category primarily includes marketable securities held by the Group. These assets are not held solely for the collection of contractual cash flows and therefore are measured at fair value through profit or loss. Marketable securities are initially recognized at fair value, with transaction costs expensed as incurred, and are subsequently measured at fair value at each reporting date. Changes in fair value, including interest and dividend income, are recognized in profit or loss in the period in which they arise.

   They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment and trade receivables are initially recognized at their transaction price. The Company recognizes an impairment provision for trade receivables based on the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed.

2. Financial Liabilities

   The Group classifies its financial liabilities based on the purpose for which the liability was acquired. The Group's accounting policy is as follows:

   Amortized cost: Trade payables and certain other accounts payable are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method

3. Convertible Loans

   The Company accounts for convertible loans as compound financial instruments in accordance with IAS 32. The liability component is initially recognised at the fair value of a similar nonconvertible instrument and subsequently measured at amortised cost using the effective interest method. The conversion option is recognised in equity at inception and is not subsequently remeasured.

Inventories

Inventories are recognized at the lower cost and net realizable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The Group measures cost of goods on First in First Out ("FIFO") basis and finished goods according to costs based on direct costs of materials and labour.

Fixed assets

Items of property, plant and equipment are initially recognized at cost including directly attributable costs. Depreciation is calculated on a straight-line basis, over the useful lives of the assets at annual rates as follows:

ITEM	ANNUAL DEPRECIATE RATE (%)	MAIN ANNUAL DEPRECIATION RATE (%)
Vehicles	15	15
Computers and electronic devices	33	33
Furniture and Leasehold improvements*	7-15	15
Equipment	25	25

ITEM	ANNUAL DEPRECIATE RATE (%)	MAIN ANNUAL DEPRECIATION RATE (%)
Vehicles	15	15
Computers and electronic devices	33	33
Furniture and Leasehold improvements*	7-15	15
Equipment	25	25

(*) In case the duration of the lease contract is less than the lease improvement, the depreciation is over the contract's period.

Impairment of non-financial assets

Non-financial assets excluding inventories are subject to impairment test whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of the non-financial asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to dispose), the asset is written down and impairment charge is recognized accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the smallest group of assets to which the asset belongs that generates cash inflow that are largely independent of cash inflows from other assets).

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in return for consideration.

Right-of-use (ROU) assets and lease liabilities: At the lease commencement date, the Company recognizes a ROU asset and a lease liability for all leases, except for short-term leases (12 months or less) and leases of low-value assets, which are recognized as an expense on a straight-line basis over the lease term.

Measurement: The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. ROU assets are measured at cost, comprising the initial amount of the lease liability plus any initial direct costs and lease payments made at or before the commencement date.

Subsequent Measurement: Subsequently, the lease liability is measured at amortized cost using the effective interest method. The ROU asset is depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset.

Presentation: ROU assets are presented separately in the statement of financial position. In the consolidated statements of comprehensive loss, the Company presents depreciation expense of ROU assets separately from interest expense on the lease liability. In the statement of cash flows, principal payments are classified as financing activities, while interest and short-term lease payments are classified as operating activities.

Employee benefits

Employee benefits are recognized in accordance with applicable labour laws and employment agreements.

<u>Short-term employee benefits</u>

Short-term employee benefits, including salaries, bonuses, annual leave and social security contributions, are recognized as an expense in profit or loss in the period in which the related services are rendered.

<u>Defined contribution plans</u>

The Company makes contributions to pension funds in accordance with local regulations. Once the contributions have been paid, the Company has no further payment obligations. Contributions are recognized as an expense in profit or loss in the period in which the related services are rendered.

<u>Defined benefit plans</u>

The Company recognizes a liability for defined benefit plans, primarily in respect of severance pay arrangements where applicable. The liability recognized in the statement of financial position represents the present value of the defined benefit obligation at the reporting date.

Revenue Recognition

The Company recognizes revenue from contracts with customers, as detailed below, at the date control of the goods or services is transferred to the customer and measures revenue at an amount representing the consideration to which the Company expects to be entitled for those goods or services, excluding amounts collected for the benefit of third parties.

Starting September 2024, the Company mainly recognizes revenue from sale of assembled products to customers. Revenue is recognized at a point in time when control over the finished product is transferred to the customer, according to the shipment terms, which is generally at the customer's premises. In providing the finished good, third-party suppliers are involved. Applying judgement, the Company concluded that it is a principal in the performance obligation, because it assumes inventory risk over goods purchased from the supplier, it is primarily responsible for the delivery of the goods, and negotiates the terms of the agreement with the customer independently of the contract terms with the supplier. Therefore, the Company control the inventory before it sells it to the customer, and recognizes revenue gross from amounts paid to suppliers.

Before September 2024, the Company mainly provided assembly services over materials provided by customers. Applying judgment, the Company concluded it does not control those materials, and therefore did not recognize the assembled inventory on its balance sheets.

The Company provides assurance-type warranty for goods delivered to customers.

Transaction price in the Company's contracts is generally fixed, and payment terms range between 90-120 days from goods' delivery date. The Company chose not to account for significant financing component when payments are received within 12 months from revenue recognition.

As permitted by IFRS 15, the Company does not disclose information on remaining performance obligations when the performance obligation is a part of a contract that has an original expected duration of one year or less.

Critical accounting estimates and judgements

The areas requiring the use of estimates and critical judgments that may potentially have a significant impact on the Group's earnings and financial position are:

- Recognition of revenue from products requires management to make critical judgments on the timing of transfer of control. Under its main contracts, the seller retains primary responsibility and risks until goods reach the customer, and revenue is typically recognized only upon delivery. Management also judges whether to recognize revenue on a gross or net basis, concluding that the Company is a principal in the sale of assembled products, assuming inventory risk, delivery responsibility, and independent contract negotiation.
- Deferred tax assets are recognized only to the extent that it is probable that taxable profits will be available against which deductible temporary differences and tax losses can be utilized. This assessment involves significant judgment regarding future taxable profits, reversal patterns of temporary differences, tax-planning strategies, and the impact of changes in tax laws. Changes in these assumptions could significantly affect the amount of deferred tax assets recognized.
- Management assesses the primary economic environment in which each entity operates, considering factors such as the currency influencing sales prices, costs, and financing activities. This assessment requires judgment when indicators are mixed or when operations occur in multiple jurisdictions.

New Accounting Policies

IFRS 18 replaces IAS 1, Presentation of Financial Statements. IFRS 18 provides guidance for improving the structure and content of the financial statements, particularly the income statement. IFRS 18 includes new disclosure and presentation requirements as well as requirements that were taken from IAS 1, Presentation of Financial Statements. As part of the new disclosure requirements, it is required to present two subtotals in the income statement: operating profit and profit before financing and taxes. Furthermore, the results in the income statement will be classified into three new categories: an operating category, an investing category and a financing category.

In addition to the changes in the structure of the income statements, IFRS 18 also includes a requirement to provide separate disclosure in the financial statements regarding the use of management-defined performance measures. Furthermore, IFRS 18 adds specific guidance for aggregation and disaggregation of items in the financial statements and in the notes.

IFRS 18's initial date of application is for annual reporting periods beginning on or after January 1, 2027 with earlier application being permitted. The Company is examining the effects of the standard on its financial statements with no plans for early adoption.