

KTEK Secures Location in USA Production and Engineering Facility

Highlights

- KTEK has secured space in Los Angeles, California, including warehouse and office space in an existing production and engineering facility
- KTEK is to take immediate possession and plans to begin establishing operations
- Facility will support assembly, customer engagement and engineering/design operations
- Enables KTEK to serve existing and new US aerospace and defence customers and meet local supply chain requirements
- The USA represents the largest defence market in the world
- Current US workforce to be expanded across assembly, customer support and engineering functions
- Once operational, the US facility is expected to address key growth objectives disclosed in IPO prospectus, including geographic diversification and revenue diversification
- Establishes competitive positioning in the North American defence and aerospace supply chain
- Reduces operational concentration risk through multi-jurisdiction geographic footprint

KTEK Aerosystems Limited (ASX: KTK) has entered into a lease agreement for a production and engineering facility located in Los Angeles, California, United States.

Facility Overview

The facility, located in Los Angeles, comprises approximately 213 square metres of warehouse and production space, together with office space suitable for management operations and customer engagement. The location has been selected to support KTEK's strategic expansion into the United States market and to facilitate customer review and qualification of the Company's manufacturing and assembly capabilities.

Strategic Rationale

The Los Angeles facility provides the ability to serve multiple functions across the Company's business:

- **Assembly and Production:** The warehouse space is planned to be utilised for production and assembly of components and sub-assemblies destined for delivery to United States-based customers.
- **Engineering and Design Capability:** The office space is planned to house engineering, technology and design personnel engaged in customer-specific product development and the advancement of manufacturing solutions to address evolving customer requirements.
- **Customer Engagement:** The facility will enable KTEK to host customer meetings, facility tours and qualification activities, supporting the approval processes required prior to customer acceptance and order placement.

Commenting on the expansion into the USA, Dekel Keisar, KTEK Managing Director and Founder, commented:

"Establishing a manufacturing and engineering presence in the United States is a strategic imperative for KTEK. Whilst our customers operate globally, the United States is by far the largest defence and military spend market in the world, and many require local supply chain partnerships with demonstrable production capability and qualified personnel. The Los Angeles facility positions us to serve the growing demand from United States aerospace and defence customers, whilst maintaining our established operations in Europe and Israel. This geographic diversification reduces our operational risk and provides the platform to pursue customer qualification and commercial opportunities in the North American market."

Workforce Expansion

KTEK currently maintains personnel in the United States supporting business development and customer engagement activities. The secured facility will enable the Company to expand its United States workforce to support production operations, customer support and engineering functions.

United States Market Access and Growth Strategy

The United States aerospace and defense sector represents a significant growth opportunity for KTEK. The facility acquisition enables the Company to address several strategic imperatives:

- **Customer Proximity and Engagement:** Many United States-based aerospace and defence customers require suppliers to have local presence and demonstrated production capability within the United States. Proximity to customer facilities enables timely engagement, facility inspections and support for qualification and acceptance processes. Direct access to the facility supports customers' due diligence and risk management requirements prior to placing production orders.
- **Supply Chain Localisation:** United States government procurement regulations and defence supply chain requirements increasingly mandate domestic sourcing for components and sub-assemblies. Having a United States-based facility will enable KTEK to meet localisation requirements and supply chain compliance obligations for customers operating under the United States defense procurement and related regulatory frameworks.

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- **Competitive Positioning:** Establishing a production and supply presence in the United States is expected to enhance KTEK's competitive positioning relative to suppliers without local capability. Many customer procurement processes prioritise suppliers with established domestic operations, quality certifications and personnel resources. The facility supports KTEK's ability to compete effectively for United States-based customer programs.
 - **Logistics and Cost Efficiency:** Domestic production and assembly within the United States eliminates international shipping delays and associated costs for final product delivery to United States customers. Domestic assembly assists in reducing delivery lead times and improving responsiveness for United States-based customers.
 - **Revenue Diversification:** Current operations have concentrated customer bases. United States expansion supports diversification of revenue sources and reduces dependency on existing customer relationships. The Company has received indications of demand from established aerospace and defence customers seeking United States-based supply partners.
 - **Geographic Resilience:** The ability to operate across multiple geographic regions is expected to enhance supply chain resilience and operational flexibility. The US facility can provide KTEK an alternative production hub to existing operations in Europe and Israel, reducing concentration risk and supporting business continuity.

The facility represents a significant step in executing the Company's growth strategy as disclosed in its IPO prospectus and positions KTEK to pursue revenue opportunities within the North American aerospace and defence supply chain.

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

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About KTEK Aerosystems

KTEK Aerosystems (ASX: KTK) is a Tier-2 supplier of composite airframes and electromechanical assemblies for military and commercial UAVs. The Company delivers built-to-spec, full-turnkey (FTK) sub-assemblies - combining mechanical, electrical and firmware components into qualified ship-ready units - across four product lines:

- composite airframes (UAV fuselage structures, wings and control surfaces, lightweight aerospace composites);
- electromechanical assemblies (actuation modules, avionics trays and mounts, power distribution systems);
- rugged defence systems (shock-isolated racks and cabinets, EMC-hardened enclosures, mission system infrastructure); and
- systems integration and kitting (MIL-spec harnessing, PCBA integration, firmware loading and acceptance testing). The result is Tier-1 rigour without Tier-1 overhead.

KTEK operates a scalable, asset-light “Cordless Factory” model, retaining engineering design, structural analysis and quality assurance in-house while outsourcing physical manufacturing to a certified global partner network across Israel, Europe, Thailand and the United States. This structure enables rapid production scaling in response to new customer demand without the capital expenditure of a traditional defence manufacturer. Positioned as a “picks and shovels” supplier into the defence ecosystem, KTEK benefits from structural tailwinds in global military spending and UAV adoption without the complexity of direct government contracting. Beyond defence, the Company also supplies agricultural and delivery drone operators, providing a further growth dimension independent of defence budget cycles.

KTEK is led by Founder and Managing Director Dekel Keisar, a former IDF Infantry Company Commander (Major) and Mechanical Engineer (B.Sc., Tel Aviv University) with hands-on experience across more than 20 military UAV platforms, and previously Head of UAV Structural Engineering at Israeli Aerospace Industries. The Board is chaired by Howard Digby, who brings 25+ years managing technology businesses in Asia-Pacific, 13 years of involvement with ASX-listed companies, and is the founding Non-Executive Director of Elsie Ltd (ASX: ELS) - a defence-focused drone communications company that grew from an ~A\$18 million IPO to a market capitalisation exceeding A\$1.5 billion. Non-Executive Director Winton Willesee contributes 25+ years in capital markets with expertise in company development, corporate governance, M&A and company secretarial practice across listed and private companies. Non-Executive Director Chris Baxter adds 30+ years in financial services and private equity, with recent focus on Ukrainian military UAV technology, advisory roles with leading drone OEM Skyeton, and strong networks across UK and European defence customers and Ministries of Defence.



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