
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

F O R M 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934

For the month of November 2025

TAT TECHNOLOGIES LTD.
(Name of Registrant)

Hamelacha 5, Netanya 4250540, Israel
(Address of Principal Executive Office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- _____

TAT Technologies Ltd.

TAT Technologies Ltd. (the “Company”) hereby furnishes the following documents:

Item/ Exhibit No.	Description
<u>99.1</u>	<u>Unaudited condensed consolidated financial statements as of September 30, 2025, and for the three and nine months ended September 30, 2025 and 2024</u>
<u>99.2</u>	<u>Operating and financial review and prospects</u>

This Report on Form 6-K and related exhibits are incorporated by reference into the Company’s registration statements on Form F-3 (File No. 333-286699) and Form S-8 (File Nos.333-268906, and 333-286702), and shall be a part thereof from the date on which this Form 6-K is furnished, to the extent not superseded by documents or reports subsequently filed or furnished.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TAT TECHNOLOGIES LTD.
(Registrant)

By: /s/ Ehud Ben-Yair
Ehud Ben-Yair
Chief Financial Officer

Date: November 12, 2025

TAT TECHNOLOGIES LTD.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Period Ended September 30, 2025

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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

U.S dollars in thousands

	September 30, 2025	December 31, 2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 47,094	\$ 7,129
Accounts receivable, net of allowance for credit losses of \$321 and \$400 as of September 30, 2025, and December 31, 2024, respectively	33,330	29,697
Inventory	78,171	68,540
Prepaid expenses and other current assets	6,301	7,848
Total current assets	164,896	113,214
NON-CURRENT ASSETS:		
Property, plant and equipment, net	46,172	41,576
Operating lease right of use assets	5,363	2,282
Intangible assets, net	1,528	1,553
Investment in affiliates	4,460	2,901
Funds in respect of employee rights upon retirement	736	654
Deferred tax assets	683	877
Restricted deposit	297	305
Total non-current assets	59,239	50,148
Total assets	\$ 224,135	\$ 163,362
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term loans	\$ 2,151	\$ 2,083
Short-term loans	-	4,350
Accounts payable	16,898	12,158
Accrued expenses and other	16,709	18,594
Current maturities of operating lease liabilities	1,358	939
Total current liabilities	37,116	38,124
NON-CURRENT LIABILITIES:		
Long-term loans	9,884	10,938
Liability in respect of employee rights upon retirement	1,109	986
Deferred tax liabilities	1,272	-
Operating lease liabilities	4,066	1,345
Total non-current liabilities	16,331	13,269
COMMITMENTS AND CONTINGENCIES (NOTE 4)		
Total liabilities	53,447	51,393
SHAREHOLDERS' EQUITY:		
Ordinary shares of NIS 0 par value at September 30, 2025 and at December 31, 2024, respectively		
Authorized: 15,000,000 shares at September 30, 2025 and 13,000,000 at December 31, 2024; Issued: 13,225,110 and 11,214,831 shares at September 30, 2025 and at December 31, 2024, respectively; Outstanding: 12,950,637 and 10,940,358 shares at September 30, 2025 and at December 31, 2024, respectively		
Additional paid-in capital	135,745	89,697
Treasury stock at cost	(2,088)	(2,088)
Accumulated other comprehensive income (loss)	499	(76)
Retained earnings	36,532	24,436
Total shareholders' equity	170,688	111,969
Total liabilities and shareholders' equity	\$ 224,135	\$ 163,362

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

U.S dollars in thousands

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenues:				
Products	\$ 12,617	\$ 12,164	\$ 37,804	\$ 35,831
Services	33,618	28,295	93,677	75,241
	<u>46,235</u>	<u>40,459</u>	<u>131,481</u>	<u>111,072</u>
Cost of goods:				
Products	9,170	8,535	26,613	25,194
Services	25,464	23,443	72,488	62,347
	<u>34,634</u>	<u>31,978</u>	<u>99,101</u>	<u>87,541</u>
Gross profit	<u>11,601</u>	<u>8,481</u>	<u>32,380</u>	<u>23,531</u>
Operating expenses:				
Research and development, net	323	326	887	946
Selling and marketing	1,993	1,994	6,106	5,647
General and administrative	4,025	2,715	11,522	8,940
Other income	-	-	-	(390)
	<u>6,341</u>	<u>5,035</u>	<u>18,515</u>	<u>15,143</u>
Operating income	<u>5,260</u>	<u>3,446</u>	<u>13,865</u>	<u>8,388</u>
Interest expenses	(176)	(420)	(835)	(1,183)
Other financial income (expenses), net	206	(315)	(293)	(308)
Income before taxes on income (taxes benefit)	5,290	2,711	12,737	6,897
Provision for taxes on income (taxes benefit)	821	15	1,624	(94)
Profit before share of equity investment	4,469	2,696	11,113	6,991
Share in profits of equity investment of affiliated companies	372	169	983	601
Net income	<u>\$ 4,841</u>	<u>\$ 2,865</u>	<u>\$ 12,096</u>	<u>\$ 7,592</u>
Earnings per share				
Basic	<u>\$ 0.37</u>	<u>\$ 0.27</u>	<u>\$ 1.03</u>	<u>\$ 0.73</u>
Diluted	<u>\$ 0.37</u>	<u>\$ 0.26</u>	<u>\$ 1.02</u>	<u>\$ 0.69</u>
Weighted average number of shares outstanding				
Basic	<u>12,911,050</u>	<u>10,609,867</u>	<u>11,776,747</u>	<u>10,462,012</u>
Diluted	<u>13,078,467</u>	<u>10,829,749</u>	<u>11,904,044</u>	<u>11,055,263</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

U.S dollars in thousands

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income	\$ 4,841	\$ 2,865	\$ 12,096	\$ 7,592
Other comprehensive income (loss), net				
Net unrealized losses from derivatives	-	-	-	(27)
Change in foreign currency translation adjustments	(101)	(43)	575	121
Total comprehensive income	<u>\$ 4,740</u>	<u>\$ 2,822</u>	<u>\$ 12,671</u>	<u>\$ 7,686</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY

U.S dollars in thousands, except share data

	<u>Share capital</u>		<u>Additional paid-in capital</u>	<u>Accumulated other comprehensive income (loss)</u>	<u>Treasury shares</u>	<u>Retained earnings</u>	<u>Total equity</u>
	<u>Number of shares issued</u>	<u>Amount</u>					
BALANCE AT DECEMBER 31, 2023	10,377,085	\$ 3,140	\$ 76,335	\$ 27	\$ (2,088)	\$ 13,269	\$ 90,683
CHANGES DURING THE NINE MONTHS ENDED SEPTEMBER 30, 2024:							
Comprehensive income	-	-	-	94	-	7,592	7,686
Exercise of option	84,006	12	(12)	-	-	-	-
Cancellation of par value	-	(3,152)	3,152	-	-	-	-
Issuance of common shares on public offering, net of issuance costs of \$152	673,340	-	9,923	-	-	-	9,923
Share based compensation	-	-	210	-	-	-	210
BALANCE AT SEPTEMBER 30, 2024	<u>11,134,431</u>	<u>\$ -</u>	<u>\$ 89,608</u>	<u>\$ 121</u>	<u>\$ (2,088)</u>	<u>\$ 20,861</u>	<u>\$ 108,502</u>
BALANCE AT DECEMBER 31, 2024	11,214,831	\$ -	\$ 89,697	\$ (76)	\$ (2,088)	\$ 24,436	\$ 111,969
CHANGES DURING THE NINE MONTHS ENDED SEPTEMBER 30, 2025:							
Comprehensive income	-	-	-	575	-	12,096	12,671
Exercise of option	142,981	-	-	-	-	-	-
Issuance of common shares on public offering, net of issuance costs of \$2,769	1,625,000	-	39,415	-	-	-	39,415
Exercise of the underwriters' option on public offering, net of issuance costs of \$413	242,298	-	5,953	-	-	-	5,953
Share based compensation	-	-	680	-	-	-	680
BALANCE AT SEPTEMBER 30, 2025	<u>13,225,110</u>	<u>\$ -</u>	<u>\$ 135,745</u>	<u>\$ 499</u>	<u>\$ (2,088)</u>	<u>\$ 36,532</u>	<u>\$ 170,688</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY

U.S dollars in thousands, except share data

	Share capital		Additional paid-in capital	Accumulated other comprehensive income	Treasury shares	Retained earnings	Total equity
	Number of shares issued	Amount					
BALANCE AT JUNE 30, 2024	10,426,194	\$ 3,152	\$ 76,512	\$ 164	\$ (2,088)	\$ 17,996	\$ 95,736
CHANGES DURING THE THREE MONTHS ENDED SEPTEMBER 30, 2024:							
Comprehensive income (loss)	34,897	-	-	(43)	-	2,865	2,822
Exercise of option		(3,152)	3,152	-	-	-	-
Issuance of common shares net of issuance costs of \$152	673,340	-	9,923	-	-	-	9,923
Share based compensation	-	-	21	-	-	-	21
BALANCE AT SEPTEMBER 30, 2024	<u>11,134,431</u>	<u>\$ -</u>	<u>\$ 89,608</u>	<u>\$ 121</u>	<u>\$ (2,088)</u>	<u>\$ 20,861</u>	<u>\$ 108,502</u>
BALANCE AT JUNE 30, 2025	13,161,762	\$ -	\$ 135,578	\$ 600	\$ (2,088)	\$ 31,691	\$ 165,781
CHANGES DURING THE THREE MONTHS ENDED SEPTEMBER 30, 2025:							
Comprehensive income (loss)	-	-	-	(101)	-	4,841	4,740
Exercise of stock option	63,348	-	-	-	-	-	-
Share based compensation	-	-	167	-	-	-	167
BALANCE AT SEPTEMBER 30, 2025	<u>13,225,110</u>	<u>\$ -</u>	<u>\$ 135,745</u>	<u>\$ 499</u>	<u>\$ (2,088)</u>	<u>\$ 36,532</u>	<u>\$ 170,688</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	\$ 4,841	\$ 2,865	\$ 12,096	\$ 7,592
Adjustments to reconcile net income to net cash used in operating activities:				
Depreciation and amortization	1,249	1,514	3,762	4,319
Non-cash financial (income) expenses	126	220	634	(266)
Change in allowance for credit losses	(104)	(40)	(79)	-
Share in profits of equity investment of affiliated companies	(372)	(169)	(983)	(601)
Share based compensation	167	21	680	210
Gain on disposal of property, plant and equipment	-	-	-	(355)
Deferred income taxes, net	884	12	1,466	(91)
Changes in operating assets and liabilities:				
Increase in trade accounts receivable	(960)	(3,456)	(3,554)	(9,706)
Decrease (increase) in prepaid expenses and other current assets	281	(555)	1,464	(838)
Increase in inventory	(1,757)	(5,112)	(9,052)	(10,655)
Increase in trade accounts payable	1,334	3,825	4,740	2,916
Increase (decrease) in accrued expenses and other	1,806	3,665	(1,765)	2,618
Net cash provided by (used in) operating activities	7,495	2,790	9,409	(4,857)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property and equipment	(2,743)	(1,621)	(8,910)	(3,588)
Proceeds from sale of property and equipment	-	-	-	1,306
Net cash used in investing activities	(2,743)	(1,621)	(8,910)	(2,282)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayments of long-term loans	(473)	(504)	(1,560)	(1,454)
Proceeds from issuance of ordinary shares and exercise of underwriters' option	-	9,923	48,550	9,923
Issuance costs of ordinary shares and exercise of the underwriters' option	(362)	-	(3,182)	-
Net change in short term loans from banks	-	(10,072)	(4,350)	(9,404)
Net cash provided by (used in) financing activities	(835)	(653)	39,458	(935)
Net increase (decrease) in cash and cash equivalents and restricted cash	3,917	516	39,957	(8,074)
Cash and cash equivalents and restricted cash at beginning of period	43,474	8,352	7,434	16,942
Cash and cash equivalents and restricted cash at the end of period	\$ 47,391	\$ 8,868	\$ 47,391	\$ 8,868
Supplementary information on investing and financing activities not involving cash flows:				
Additions of operating lease right-of-use assets and operating lease liabilities	1,948	\$ 228	3,783	\$ 818
Reclassification between inventory and property, plant and Equipment	-	-	579	60
Supplemental disclosure of cash flow information:				
Interest paid	430	437	946	1,289
Income taxes paid	21	-	197	-

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 1 - GENERAL

TAT Technologies Ltd., (“TAT” or the “Company”) an Israeli corporation, incorporated in 1985, is a leading provider of services and products to the commercial and military aerospace and ground defense industries.

TAT has the following wholly owned subsidiaries, hereinafter collectively referred to as the “Group”: Limco-Piedmont Inc. (“Limco-Piedmont”), Limco Airepair Inc. (“Limco”), a wholly owned Delaware subsidiary of Limco-Piedmont, Piedmont Aviation Component Services LLC (“Piedmont”), a North Carolina limited liability company, wholly owned subsidiary of Limco-Piedmont Inc., and Turbochrome Ltd. (“Turbochrome”). Additionally, the Company holds 51% of TAT-Engineering LLC (“TAT-Engineering”), which was established in January 2016 as a joint venture. The accounting treatment of the joint venture is based on the equity method due to participating rights granted to the other stockholder.

TAT operations is focused on the following four segments: (i) Original Equipment Manufacturing (“OEM”) of heat transfer solutions and aviation accessories mainly through the Kiryat Gat facility; (ii) Maintenance Repair and Overhaul (“MRO”) services for heat transfer components and OEM of heat transfer solutions through Limco; (iii) MRO services for aviation components (mainly Auxiliary Power Unit (“APU”) and Landing Gear (“LG”)) through Piedmont ; and (iv) overhaul and coating of jet engine components through Turbochrome. TAT targets the commercial aerospace (serving a wide range of types and sizes of commercial and business jets), military aerospace and ground defense sectors. TAT’s shares are listed on both the NASDAQ (TATT) and Tel-Aviv Stock Exchange (“TAT Tech”).

In October 2023, Hamas terrorists infiltrated Israel’s southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets. Following the attack by Hamas on Israel’s southern border, Hezbollah in Lebanon has also launched missile, rocket, and shooting attacks against Israeli military sites, troops, and Israeli towns in Northern Israel. Following the attacks, Israel’s security cabinet declared war against Hamas and a military campaign against these terrorist organizations commenced in parallel to their continued rocket and terror attacks. In addition, Israel faces threats from more distant neighbors such as terrorist groups in Yemen, which attacked Israel and limited the movement of marine shipments to Israel through the Red Sea. Further, on June 13, 2025, the Israel’s security cabinet declared a military operation against Iran, while Iran, in retaliation, launched hundreds of ballistic missiles toward Israel, some of which reached central areas. While most were intercepted by Israel’s multi-layered air defense systems, injuries were reported, and several casualties occurred. On June 24, 2025, a ceasefire was implemented between Iran and Israel and, as of the date hereof, remains in place. In October 2025, a U.S.-brokered cease-fire between Israel and Hamas took effect. The cease-fire remains in place; however, its stability and duration remain uncertain. To date, the Company’s operations and financial results have not been materially affected by these events.

Also, since this is an event beyond the Company’s control and may impact our Israeli activity, its continuation or cessation may affect our expectations. The Company continues to monitor its ongoing activities and will make any needed adjustments to ensure continuity of its business, while supporting the safety and well-being of its employees. For the three and nine months ended on September 30, 2025, the Group’s activity in Israel contributed \$12,207 and \$36,339 out of total revenue of \$46,235 and \$131,481, respectively.

Furthermore, during 2025, global conflicts continue to create volatility in global financial and energy markets and contribute to supply chain shortages adding to the inflationary pressures in the global economy. These lead to higher material and labor costs, and as a result the Company decided to retain higher inventory levels. The Company actively collaborates with its suppliers to minimize the impacts of supply shortages on manufacturing and MRO services.

International operations are subject to a number of other risks, including import and export laws and the impact of tariffs. Changes in global tariff regimes, whether recently implemented or anticipated, may have broader implications for the Company’s operations. These may include increased volatility in purchasing prices due to shifting import costs, particularly with respect to raw materials and components sourced internationally. Furthermore, elevated tariffs can affect the pricing structure and profitability of cross-border transactions, potentially requiring adjustments to existing contracts with customers and suppliers located outside of the United States. While the full impact of these tariffs remains uncertain, since the Company serves its U.S. customers from production facilities in the U.S., the Company has ability to negotiate, and the tariffs will be substantially pass to customers. The Company is expecting minimal to no impact from the changes above.

UNAUDITED CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The accompanying interim consolidated balance sheet as of September 30, 2025, the interim consolidated statements of income, interim statements of cash flows and the interim consolidated statements of shareholders' equity for the three and nine months ended September 30, 2025 and 2024 are unaudited. These unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") and applicable rules and regulations of the Securities and Exchange Commission regarding interim financial reporting.

In management's opinion, the unaudited interim consolidated financial statements include all adjustments of a normal recurring nature necessary for the fair statement of the Company's financial position as of September 30, 2025, as well as its results of operations and cash flows for the three and nine months ended September 30, 2025 and 2024.

The results of operations for the three and nine months ended September 30, 2025 are not necessarily indicative of the results to be expected for the year ending December 31, 2025, or for other interim periods or for future years.

The accompanying unaudited interim financial statements should be read in conjunction with the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2024 (the "2024 Annual Report") filed with the Securities and Exchange Commission (the "SEC") on March 26, 2025.

b. Fair value measurement

The Group measures fair value and discloses fair value measurements for financial assets and liabilities. Fair value is based on 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 accounting standard establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable prices that are based on inputs not quoted on active markets but corroborated by market data or active market data for similar but not identical assets or liabilities.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Group utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers credit risk in its assessment of fair value. During 2024, the Company ceased its hedging activity. As of September 30, 2025, the Company does not hold financial instruments measured at fair value on a recurring basis. The Company's financial instruments consist mainly of cash and cash equivalents, restricted deposits, accounts receivable, accounts payable, accrued expenses and other liabilities. The fair value of these financial instruments approximates their carrying value.

UNAUDITED CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

c. Significant Accounting Policies

There have been no changes to the significant accounting policies described in the 2024 Annual Report that have had a material impact on the unaudited interim consolidated financial statements and related notes.

d. Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclose the nature of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting years. Actual results could differ from those estimates.

As applicable to these financial statements, the most significant estimates and assumptions relate to recoverability of inventory, provision for current expected credit loss, and income taxes.

e. Concentrations of Credit Risk

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash and cash equivalents and deposits, derivatives and accounts receivable.

Cash and cash equivalents are deposited with several major banks in Israel and the United States. Such deposits in the United States and Israel may be in excess of insured limits and are not insured in other jurisdictions. Management believes that the financial institutions that hold the Group's cash and cash equivalents are financially sound, and that the Group has not been affected by certain banking institutions in the U.S. Accordingly, minimal credit risk exists with respect to these financial instruments.

The Group has a relatively large number of customers with established private and public companies, and governmental institutions which mitigate the credit risk. The Group performs ongoing credit evaluation of its customers' financial condition. As part of the risk management, the Company purchased a credit insurance policy from a well-known insurance Company. As of September 30, 2025 and December 31, 2024 the Company has a single customer which represents 15% and 24% of the Company's accounts receivable, respectively.

f. Recently issued accounting pronouncements, not yet adopted

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures, which requires disclosure of disaggregated income taxes paid, prescribes standard categories for the components of the effective tax rate reconciliation, and modifies other income tax-related disclosures. The ASU will be effective for fiscal years beginning after December 15, 2025, and allows adoption on a prospective basis, with a retrospective option. The Company is in the process of assessing the impact and method of adoption.

In November 2024, the FASB issued ASU No. 2024-03 Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40). The ASU improves the disclosures about a public business entity's expense and provides more detailed information about the types of expenses in commonly presented expense captions. The amendments require that at each interim and annual reporting period an entity will disclose amounts of purchases of inventory, employee compensation, depreciation and amortization included in each relevant expense caption (such as cost of sales, SG&A and research and development). The ASU is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating this ASU to determine its impact on the Company's disclosures.

On July 2025, the FASB issued ASU 2025-05, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets ("ASU 2025-05"). ASU 2025-05 provides a practical expedient that all entities can use when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under ASC 606, Revenue from Contracts with Customers. Under this practical expedient, an entity is allowed to assume that the current conditions it has applied in determining credit loss allowances for current accounts receivable and current contract assets remain unchanged for the remaining life of those assets. ASU 2025-05 is effective for fiscal years beginning after December 15, 2025, and interim reporting periods in those years. Entities that elect the practical expedient and, if applicable, make the accounting policy election are required to apply the amendments prospectively. The Company is currently evaluating the potential impact of this guidance on its consolidated financial statements and disclosures.

UNAUDITED CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 3 - INVENTORY

Inventory is composed of the following:

	September 30, 2025	December 31, 2024
Raw materials and components	\$ 61,480	\$ 50,197
Work in progress	15,854	17,382
Finished goods	837	961
Total inventory	\$ 78,171	\$ 68,540

Inventories write down expenses due to slow inventory amounted to \$294 and \$254 for the three months ended September 30, 2025 and 2024, respectively. Inventories write down expenses due to slow inventory amounted to \$884 and \$494 for the nine months ended September 30, 2025 and 2024, respectively.

The Company maintains a wide range of exchangeable units and other spare parts related to its products and services in various locations. Due to the long lead time of its suppliers and manufacturing cycles, the Company needs to forecast demand and commit significant resources towards these inventories. As such, the Company is subject to risks including excess inventory no longer relevant.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

a. Royalty commitments

The Company is committed to paying royalties as percentage of revenue or as a percentage of purchase in the amount range from 5% to 25% to certain OEM as part of the Company's licenses agreements. Royalties expense was \$1,746 and \$1,408 for the three months ended September 30, 2025 and 2024, respectively. Royalties expense was \$4,208 and \$3,622 for the nine months ended September 30, 2025 and 2024, respectively.

b. Litigation

On July 12, 2022, TAT filed a suit against TAT Industries Ltd. in the District Court of Tel Aviv. TAT had leased the Gedera facility from TAT Industries Ltd. until the termination of the lease agreement in 2022. TAT asserts that TAT Industries Ltd. has unlawfully forfeited a bank guarantee that was granted for the benefit TAT Industries Ltd. in connection with the lease in Gedera in the amount of \$750 thousands. On December 28, 2022, TAT Industries Ltd. filed a counterclaim against TAT asserting damages caused by TAT in connection with the lease in Gedera. The evidentiary hearings concluded on June 29, 2025, and the parties are expected to complete their closing arguments by November 25, 2025. TAT intends to vigorously defend the counterclaim by TAT Industries Ltd. and TAT estimates that is not probable that TAT Industries Ltd.'s claim against TAT will be approved.

UNAUDITED CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 4 - COMMITMENTS AND CONTINGENCIES (CONT)

c. Leases

In April 2025, Piedmont signed a renewal of lease agreement for a facility in Greensboro, North Carolina, U.S., for 5 years, with a lease term commencing on July 1, 2025, and that will expire on June 30, 2030. Piedmont has an option of extending the terms of the lease for another 5 years, commencing upon expiration of the extended term. This option was not considered in the calculation of the ROU assets and lease liability. As a result, the Company recognized an ROU assets and related operating lease liability of approximately \$1.6 million.

In May 2025, Limco signed a new lease agreement for an R&D facility in North Carolina, U.S., with a lease term of 10 years that will expire on April 30, 2035. Limco has the right to terminate the lease at the end of the 7th year subject to payment of termination fee of \$225 thousand plus other charges. As a result, the Company recognized an ROU assets and related operating lease liability of approximately \$1.0 million.

In August 2025, TAT signed a new lease agreement for a facility in Kiryat Gat, Israel, with a lease term of 5 years that will expire in August 2030. TAT has an option of extending the terms of the lease for another 5 years, commencing upon expiration of the new lease term. This option was not considered in the calculation of the ROU assets and lease liability. As a result, the Company recognized an ROU assets and related operating lease liability of approximately \$0.9 million.

The Company used a discount rate for the above non-cancellable operating leases ranging from 6.65% to 7.59% in the U.S and 5.22% in Israel.

NOTE 5 - EARNINGS PER SHARE ("EPS")

Basic earnings per share are based on the weighted average number of ordinary shares outstanding, net of treasury shares. Diluted EPS is based on those shares used in basic EPS plus shares that would have been outstanding assuming issuance of ordinary shares for all dilutive potential ordinary shares outstanding.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Numerator for EPS:				
Net income	\$ 4,841	\$ 2,865	\$ 12,096	\$ 7,592
Denominator for EPS:				
Weighted average shares outstanding – basic	12,911,050	10,609,867	11,776,747	10,462,012
Dilutive shares	167,417	219,882	127,297	593,251
Weighted average shares outstanding – diluted	13,078,467	10,829,749	11,904,044	11,055,263
EPS:				
Basic	\$ 0.37	\$ 0.27	\$ 1.03	\$ 0.73
Diluted	\$ 0.37	\$ 0.26	\$ 1.02	\$ 0.69

UNAUDITED CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 6 - EQUITY TRANSACTION

a. Stock options

In February 2025, the Board of Directors approved the grant of 230 thousand options to officers and senior executives of the Company under the terms and conditions of the 2012 and 2022 Stock Option Plans. The grants have an exercise price of \$29.93 per share, a grant date fair value of \$2,444 thousand.

In August 2025, the Board of Directors approved the grants of the following options to officers and senior executives of the Company under the terms and conditions of the 2022 Stock Option Plans:

- i. 50 thousand options with an exercise price of \$29.93 per share, a grant date fair value of \$842 thousand.
- ii. 50 thousand options with an exercise price of \$38.91 per share, a grant date fair value of \$798 thousand.
- iii. 110 thousand options with an exercise price of \$38.27 per share, a grant date fair value of \$1,892 thousand

The above share-based awards will vest over four years, of which 25% shall vest after 12 months of the date of grant; and 6.25% shall vest at the end of each 3 months after the first anniversary of the date of grant. The fair value of share-based awards is estimated using the Black-Scholes valuation model and is recognized as stock base compensation expense over the requisite service period, net of estimated forfeitures. The fair value of the share-based awards for the nine months ended September 30, 2025 was estimated using the following assumptions: (1) expected volatility of 50.0%, (2) expected option life of 4.61 years, (3) risk free interest rate ranging to 3.67% to 4.30% and (4) dividend yield of 0%. As of September 30, 2025, the total unrecognized compensation expense is \$6,162 with a weighted average unrecognized compensation period of 1.77 years.

b. Increase authorized shares

At a special shareholder meeting in March 2025, TAT's shareholders approved the increase of its authorized share capital from 13,000,000 to 15,000,000.

c. Public offering

On June 3, 2025, the Company completed a public offering of 1,625,000 of its ordinary shares, no par value per share, at a public offering price of \$26.00 per share for gross proceeds of \$42.3 million. The issuance costs incurred were \$2.8 million, hence, generating net proceeds of \$39.4 million.

In addition, 2,525,000 ordinary shares were sold by existing shareholders as part of the same offering.

On June 26, 2025, the underwriters exercised in full their option to purchase an additional 242,298 ordinary shares from the Company and 380,202 ordinary shares from selling stockholders at offering price of \$26.00. The issuance costs incurred were \$0.4 million. This resulted in additional net proceeds of approximately \$6.0 million to the Company.

The net proceeds for the Company from this public offering after issuance costs is \$45.4 million.

UNAUDITED CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 7 - SEGMENT INFORMATION

a. Segment Activities Disclosure:

TAT operates under four segments: (i) OEM of heat transfer solutions and aviation accessories mainly through its Kiryat Gat facility; (ii) MRO services for heat transfer components and OEM of heat transfer solutions through its Limco subsidiary; (iii) MRO services for aviation components (mainly APU and LG) through its Piedmont subsidiary; and (iv) Overhaul and coating of jet engine components through its Turbochrome subsidiary.

- OEM of heat transfer solutions and aviation accessories primarily include the design, development and manufacture of (i) broad range of heat transfer solutions, such as pre-coolers heat exchangers and oil/fuel hydraulic heat exchangers, used in mechanical and electronic systems on board of commercial, military and business aircraft; (ii) environmental control and power electronics cooling systems installed on board aircraft in and ground applications; and (iii) a variety of other mechanical aircraft accessories and systems such as pumps, valves, and turbine power units.
- MRO services for heat transfer components and OEM of heat transfer solutions primarily include the MRO of heat transfer components and to a lesser extent, the manufacturing of certain heat transfer solutions. TAT's Limco subsidiary operates an FAA-certified repair station, which provides heat transfer MRO services for airlines, air cargo carriers, maintenance service centers and the military.
- MRO services for aviation components include the MRO of APUs, landing gears and other aircraft components, as well as APU lease activity. TAT's Piedmont subsidiary operates an FAA-certified repair station, which provides aircraft component MRO services for airlines, air cargo carriers, maintenance service centers and the military.
- TAT's activities in the area of overhaul and coating of jet engine components includes the overhaul and coating of jet engine components, including turbine vanes and blades, fan blades, variable inlet guide vanes and afterburner flaps.

The Group's chief operating decision-maker ("CODM") is the CEO of the Company. The CODM evaluates segment performance and allocates the Company's resources, the CODM uses segment measures of revenue, gross profit, operating income and total assets. The CODM reviews budget-to-actual variances of both profit measures on a monthly basis when making decisions about allocation of the Company's resources to the segments.

UNAUDITED CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 7 - SEGMENT INFORMATION (CONT)

b. Segments statement operations disclosure:

The following financial information is the information that CODM uses for analyzing the segment results. The following financial information is a summary of the operating income of each operational segment:

Nine Months Ended September 30, 2025						
	OEM of Heat Transfer Solutions and Aviation Accessories	MRO Services for heat transfer components and OEM of heat transfer solutions	MRO services for Aviation Components and Lease	Overhaul and coating of jet engine components	Elimination of inter- Company sales	Consolidated
Revenues - external	\$ 30,091	\$ 33,371	\$ 61,274	\$ 6,745	\$ -	\$ 131,481
Revenues - internal	497	1,506	-	-	(2,003)	-
Cost of revenues	21,269	25,466	50,891	3,591	(2,116)	99,101
Gross profit	9,319	9,411	10,383	3,154	113	32,380
Research and development	391	494	-	2	-	887
Selling and marketing	1,249	1,716	2,722	419	-	6,106
General and administrative	4,106	2,594	4,337	485	-	11,522
Operating income	3,573	4,607	3,324	2,248	113	13,865
Financial expenses, net						1,128
Income before taxes						\$ 12,737

UNAUDITED CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 7 - SEGMENT INFORMATION (CONT)

b. Segments statement operations disclosure (cont.)

	Nine Months Ended September 30, 2024					
	OEM of Heat Transfer Solutions and Aviation Accessories	MRO Services for heat transfer components and OEM of heat transfer solutions	MRO services for Aviation Components and Lease	Overhaul and coating of jet engine components	Elimination of inter- Company sales	Consolidated
Revenues - external	\$ 27,519	\$ 30,239	\$ 47,808	\$ 5,506	\$ -	\$ 111,072
Revenues - internal	782	1,709	-	-	(2,491)	-
Cost of revenues	18,400	26,884	41,736	3,127	(2,606)	87,541
Gross profit	9,901	5,064	6,072	2,379	115	23,531
Research and development	288	239	383	36	-	946
Selling and marketing	1,685	1,489	2,170	303	-	5,647
General and administrative	2,638	2,306	3,647	349	-	8,940
Other segment income	-	(2)	(388)	-	-	(390)
Operating income	5,290	1,032	260	1,691	115	8,388
Financial expenses, net						1,491
Income before taxes						\$ 6,897

UNAUDITED CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 7 - SEGMENT INFORMATION (CONT)

b. Segments statement operations disclosure (cont.)

The following financial information is the information that CODM uses for analyzing the segment results. The following financial information is a summary of the operating income of each operational segment:

	Three Months Ended September 30, 2025					
	OEM of Heat Transfer Solutions and Aviation Accessories	MRO Services for heat transfer components and OEM of heat transfer solutions	MRO services for Aviation Components and Lease	Overhaul and coating of jet engine components	Elimination of inter- Company sales	Consolidated
Revenues - external	\$ 10,397	\$ 10,550	\$ 22,980	\$ 2,308	\$ -	\$ 46,235
Revenues - internal	160	608	-	-	(768)	-
Cost of revenues	7,382	8,504	18,146	1,400	(798)	34,634
Gross profit	3,175	2,654	4,834	908	30	11,601
Research and development	73	180	-	70	-	323
Selling and marketing	345	580	925	143	-	1,993
General and administrative	1,626	856	1,378	165	-	4,025
Operating income	1,131	1,038	2,531	530	30	5,260
Financial income, net						30
Income before taxes						\$ 5,290

UNAUDITED CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 7 - SEGMENT INFORMATION (CONT)

b. Segments statement operations disclosure (cont.)

Three Months Ended September 30, 2024						
	OEM of Heat Transfer Solutions and Aviation Accessories	MRO Services for heat transfer components and OEM of heat transfer solutions	MRO services for Aviation Components and Lease	Overhaul and coating of jet engine components	Elimination of inter- Company sales	Consolidated
Revenues - external	\$ 9,138	\$ 10,779	\$ 18,645	\$ 1,897	\$ -	\$ 40,459
Revenues - internal	275	210	-	-	(485)	-
Cost of revenues	6,125	9,252	16,341	733	(473)	31,978
Gross profit	3,288	1,737	2,304	1,164	(12)	8,481
Research and development	82	83	156	5	-	326
Selling and marketing	561	525	793	115	-	1,994
General and administrative	633	633	1,359	90	-	2,715
Operating income	2,012	496	(4)	954	(12)	3,446
Financial expenses, net						735
Income before taxes						\$ 2,711

UNAUDITED CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 7 - SEGMENT INFORMATION (CONT)

- c. The following financial information identifies the assets, depreciation and amortization, and capital expenditures to segments:

Nine Months Ended September 30, 2025						
	OEM of Heat Transfer Solutions and Aviation Accessories	MRO Services for heat transfer components and OEM of heat transfer solutions	MRO services for Aviation Components and Lease	Overhaul and coating of jet engine components	Amounts not allocated to segments	Consolidated
Total assets	\$ 76,199	\$ 45,533	\$ 93,496	\$ 10,302	\$ (1,395)	\$ 224,135
Depreciation and amortization	648	822	2,147	265	(120)	3,762
Expenditure for segment assets	2,154	571	5,990	195	-	8,910

Year Ended December 31, 2024						
	OEM of Heat Transfer Solutions and Aviation Accessories	MRO Services for heat transfer components and OEM of heat transfer solutions	MRO services for Aviation Components and Lease	Overhaul and coating of jet engine components	Amounts not allocated to segments	Consolidated
Total assets	\$ 33,726	\$ 40,698	\$ 80,014	\$ 10,182	\$ (1,258)	\$ 163,362
Depreciation and amortization	642	1,040	3,412	388	(27)	5,455
Expenditure for segment assets	1,972	1,124	1,347	683	-	5,126

UNAUDITED CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 8 - REVENUES

- a. Total revenues - by geographical location were attributed according to customer residential country as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Sale of Products				
United States	\$ 7,619	\$ 7,899	\$ 22,685	\$ 21,832
Europe	1,182	822	2,908	2,546
Israel	1,708	665	5,611	2,561
Other	2,108	2,778	6,600	8,892
	<u>\$ 12,617</u>	<u>\$ 12,164</u>	<u>\$ 37,804</u>	<u>\$ 35,831</u>
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Sale of Services				
United States	\$ 22,604	\$ 21,370	\$ 62,445	\$ 56,365
Europe	4,932	3,463	13,955	7,988
Israel	1,508	1,220	4,778	3,669
Other	4,574	2,242	12,499	7,219
	<u>\$ 33,618</u>	<u>\$ 28,295</u>	<u>\$ 93,677</u>	<u>\$ 75,241</u>

- b. Contract liabilities:

	September 30, 2025	December 31, 2024
Opening balance	\$ 6,928	\$ 5,239
Revenue deferrals	4,230	7,012
Revenue recognized	(4,611)	(5,323)
Closing balance	<u>\$ 6,547</u>	<u>\$ 6,928</u>

UNAUDITED CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 9 - INCOME TAXES

Income taxes are accounted for in accordance with ASC 740 "Income Taxes". This statement prescribes the use of the asset and liability method; whereby deferred tax assets and liabilities account balances are determined based on temporary differences between financial reporting and tax basis of assets and liabilities and for tax loss carry-forwards. Deferred taxes are measured using the enacted laws and tax rates that will be in effect when the differences are expected to be reversed. The Group provides a valuation allowance, if it is more likely than not that a portion of the deferred income tax assets will not be realized.

The Group's consolidated interim effective tax rate is based upon expected annual income from operations, statutory tax rates, and tax laws in the various jurisdictions in which the Group operates. Significant or unusual items, including those related to the change in U.S. tax law as well as other adjustments to accruals for tax uncertainties, are recognized in the quarter in which the related event occurs.

On July 4, 2025, the U.S. enacted H.R. 1 "A bill to provide for reconciliation pursuant to Title II of H. Con. Res. 14", commonly referred to as the One Big Beautiful Bill Act ("OBBA", or "OB3"). OB3 contains a broad range of provisions affecting businesses, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, including provisions related to bonus depreciation and immediately expensing domestic research and development, as well as modifications to foreign derived intangible income and the restoration of other favorable tax provisions. The legislation has multiple effective dates, with certain provisions, including elective 100% bonus depreciation for assets placed in service after January 19, 2025, with many others generally not effective until 2026 through 2027. The effects of the new legislation are recognized upon enactment.

For the three months ended September 30, 2025 and 2024, the Group's effective tax rate was 14% and 1%, respectively. For the three months ended September 30, 2025, the Group's effective tax rate was impacted to the greater extent by the Group's generated income before taxes for the period and some extent the change in tax law enacted, in accordance with OB3. The restoration of 100% bonus depreciation has increased deferred tax liability, and the immediate expensing of domestic research and development and change in interest expense limitation has created a decrease in deferred tax assets. As a result of these additional current deductions brought by these three changes, the U.S. subsidiaries utilized less net operating loss carryover to offset taxable income in tax year 2025. Hence, the overall impact of the OB3 adoption by the U.S. subsidiaries was not significant. For the three months ended September 30, 2024, the Group's effective tax rate was reduced by deferred tax impact of pre-tax losses.

NOTE 10 - SUBSEQUENT EVENTS

On November 4, 2025, at the Annual and Special General Meeting of the shareholders a resolution was approved to increase the authorized capital stock of the Company from 15,000,000 ordinary shares to 19,000,000 ordinary shares.

TAT TECHNOLOGIES LTD.**OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

You should read the following discussion and analysis of our financial condition and results of operations together with (i) our unaudited condensed consolidated financial statements as of September 30, 2025 and for the three and nine months ended September 30, 2025, included as Exhibit 99.1 to this Report on Form 6-K (this “Report”), (ii) our audited consolidated financial statements and other financial information as of and for the year ended December 31, 2024 appearing in our Annual Report on Form 20-F for the year ended December 31, 2024 (our “Annual Report”) and (iii) Item 5 — “Operating and Financial Review and Prospects” of our Annual Report. Some of the information contained in this discussion and analysis, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the section entitled “Cautionary Statement Regarding Forward-Looking Statement” and in the section entitled Item 3.D. “Risk Factors” of our Annual Report, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Unless otherwise designated, the terms “we”, “us”, “our”, “TAT”, “the Company” and “our company” refer to TAT Technologies Ltd.

All references in this Report to “dollar,” “USD” or “\$” refer to U.S. dollars and the terms “Israeli currency”, “NIS”, and “ILS” refer to Israeli New Shekels.

Cautionary Statement Regarding Forward-Looking Statements

Statements in this Report may constitute “forward-looking statements” within the meaning of the United States federal securities laws. These forward-looking statements can generally be identified as such because the context of the statement will include words such as “may,” “might,” “will,” “could,” “would,” “intends,” “plans,” “believes,” “anticipates,” “expects,” “seeks,” “estimates,” “predicts,” “potential,” “continue,” “contemplate” or “opportunity,” the negative of these words or words of similar import. Similarly, statements that describe our business outlook or future economic performance, anticipated revenues, expenses or other financial items, introductions and advancements in development of products, and plans and objectives related thereto, and statements concerning assumptions made or expectations as to any future events, conditions, performance or other matters, are also forward-looking statements. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those stated in such statements. Factors that could cause or contribute to such differences include, but are not limited to, those set forth in *Item 3.D. “Risk Factors”* in our Annual Report, as well as those discussed elsewhere in our Annual Report and in our other filings with the Securities and Exchange Commission.

Company Overview

TAT is reliant on the robustness of the commercial and military aerospace and ground defense industries. Any downturn in these industries could weaken demand for its solutions and services and negatively impact its financial results. The commercial airline industry is cyclical and has historically been subject to fluctuations due to general economic and political conditions, such as fuel and labor costs, price competition, downturns in the global economy and national and international events.

TAT's cost of revenues for OEM operations and MRO services consists of component and material costs, direct labor costs, quality assurance costs, shipping expenses, royalties, overhead related to manufacturing and depreciation of manufacturing equipment. TAT's gross margin is affected by the proportion of its revenues generated from each of its operational segments.

The principal factors that affect the operating income of TAT's four segments, in addition to their gross profit, are the expenditures on selling and marketing expenses and general and administrative expenses. While TAT closely monitors its operating expenses to prevent unnecessary spending, we believe that these operating expenses may increase in the future in accordance with our plans to grow the business.

TAT's research and development expenses are related to new products and technologies or significant improvement of existing products and technologies.

TAT's selling and marketing expenses are related to commission payments, compensation and related expenses of TAT's sales teams, participation in trade shows, travel expenses, advertising expenses and related costs for facilities and equipment.

TAT's general and administrative expenses are related to compensation and related expenses for executive, finance and administrative personnel, professional fees such as legal, audit, SOX, internal audit, insurance premiums and general corporate expenses and related costs for facilities and equipment.

Results of operations

TAT's management evaluates its performance by focusing on key performance indicators, which are revenues, sources of revenues, gross profit and operating income. These key performance indicators are primarily affected by the competitive landscape in which TAT operates and its ability to meet the challenges posed.

The results of operations presented below should be reviewed in conjunction with the unaudited condensed consolidated financial statements as of September 30, 2025 and for the three months and nine months ended September 30, 2025 and 2024, included in Exhibit 99.1 to this Report, our audited consolidated financial statements as of and for the year ended December 31, 2024 appearing in our Annual Report, and Item 5 - "Operating and Financial Review and Prospects" of our Annual Report.

The following table presents, for the periods indicated, information concerning TAT's results of operations:

U.S. dollars in thousands	Three Months Ended September 30,				Nine Months Ended September 30,			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
Revenues:								
Products	\$ 12,617	27.3%	\$ 12,164	30.1%	\$ 37,804	28.8%	\$ 35,831	32.3%
Services	33,618	72.7%	28,295	69.9%	93,677	71.2%	75,241	67.7%
	<u>46,235</u>	<u>100.0%</u>	<u>40,459</u>	<u>100.0%</u>	<u>131,481</u>	<u>100.0%</u>	<u>111,072</u>	<u>100.0%</u>
Cost of goods:								
Products	9,170	19.8%	8,535	21.1%	26,613	20.2%	25,194	22.7%
Services	25,464	55.1%	23,443	57.9%	72,488	55.1%	62,347	56.1%
	<u>34,634</u>	<u>74.9%</u>	<u>31,978</u>	<u>79.0%</u>	<u>99,101</u>	<u>75.4%</u>	<u>87,541</u>	<u>78.8%</u>
Gross profit	<u>11,601</u>	<u>25.1%</u>	<u>8,481</u>	<u>21.0%</u>	<u>32,380</u>	<u>24.6%</u>	<u>23,531</u>	<u>21.2%</u>
Operating expenses:								
Research and development, net	323	0.7%	326	0.8%	887	0.7%	946	0.9%
Selling and marketing	1,993	4.3%	1,994	4.9%	6,106	4.6%	5,647	5.1%
General and administrative	4,025	8.7%	2,715	6.7%	11,522	8.8%	8,940	8.0%
Other income	-	-	-	-	-	-	(390)	-0.4%
	<u>6,341</u>	<u>13.7%</u>	<u>5,035</u>	<u>12.4%</u>	<u>18,515</u>	<u>14.1%</u>	<u>15,143</u>	<u>13.6%</u>
Operating income	5,260	11.4%	3,446	8.5%	13,865	10.5%	8,388	7.6%
Interest expenses	(176)	-0.4%	(420)	-1.0%	(835)	-0.6%	(1,183)	-1.1%
Other financial income (expenses), net	206	0.4%	(315)	-0.8%	(293)	-0.2%	(308)	-0.3%
Income before taxes on income (taxes benefit)	5,290	11.4%	2,711	6.7%	12,737	9.7%	6,897	6.2%
Provision for taxes on income (taxes benefit)	821	1.8%	15	0.0%	1,624	1.2%	(94)	-0.1%
Profit before share of equity investment	4,469	9.7%	2,696	6.7%	11,113	8.5%	6,991	6.3%
Share in profits of equity investment of affiliated companies	372	0.8%	169	0.4%	983	0.7%	601	0.5%
Net income	<u>\$ 4,841</u>	<u>10.5%</u>	<u>\$ 2,865</u>	<u>7.1%</u>	<u>\$ 12,096</u>	<u>9.2%</u>	<u>\$ 7,592</u>	<u>6.8%</u>

Revenues

TAT, directly and through its subsidiaries, provides a variety of solutions and services to the commercial and military aerospace and ground defense industries, including:

- (i) OEM of heat transfer solutions and aviation components, such as heat exchangers, pre-coolers and oil/fuel hydraulic coolers (through TAT Israel);
- (ii) MRO services for heat transfer components and OEM of heat transfer solutions (through our Limco subsidiary);
- (iii) MRO services for aviation components (through our Piedmont subsidiary); and
- (iv) Overhaul and coating of jet engine components (through our Turbochrome subsidiary).

U.S. dollars in thousands	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2025	2024	\$	%	2025	2024	\$	%
OEM of heat transfer solutions and aviation accessories	\$ 10,397	\$ 9,138	1,259	13.8%	\$ 30,091	\$ 27,519	2,572	9.3%
MRO services for heat transfer components and OEM of heat transfer solutions	10,550	10,779	(229)	-2.1%	33,371	30,239	3,132	10.4%
MRO services for aviation components	22,980	18,645	4,335	23.3%	61,274	47,808	13,466	28.2%
Overhaul and coating of jet engine components	2,308	1,897	411	21.7%	6,745	5,506	1,239	22.5%
Total revenue	<u>\$ 46,235</u>	<u>\$ 40,459</u>	<u>\$ 5,776</u>	<u>14.3%</u>	<u>\$ 131,481</u>	<u>\$ 111,072</u>	<u>\$ 20,409</u>	<u>18.4%</u>

Total revenues were \$46.2 million for the three months ended September 30, 2025, compared to \$40.5 million for the three months ended September 30, 2024, an increase of 14.3%. Total revenues were \$131.5 million for the nine months ended September 30, 2025, compared to \$111.1 million for the nine months ended September 30, 2024, an increase of 18.4%. This reflects (i) the increase in revenues in the OEM of heat transfer solutions and aviation accessories segment; (ii) the increase in revenues in the MRO services for heat transfer components and OEM of heat transfer solutions segment; (iii) the increase in revenues in the MRO services for aviation components segment; and (iv) the increase in revenue in the overhaul and coating of jet engine components segment.

Cost of revenues

TAT's cost of revenues for OEM operations and MRO services consists of component and material costs, direct and indirect labor costs, quality assurance costs, royalties, shipping expenses, overhead related to manufacturing and depreciation of manufacturing equipment.

TAT's gross margin was affected by the proportion of TAT's revenues generated from OEM operations and MRO services in each of the reported periods.

U.S. dollars in thousands	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2025	2024	\$	%	2025	2024	\$	%
OEM of heat transfer solutions and aviation accessories	\$ 7,382	\$ 6,125	\$ 1,257	20.5%	\$ 21,269	\$ 18,400	\$ 2,869	15.6%
MRO services for heat transfer components and OEM of heat transfer solutions	8,504	9,252	(748)	-8.1%	25,466	26,884	(1,418)	-5.3%
MRO services for aviation components	18,146	16,341	1,805	11.0%	50,891	41,736	9,155	21.9%
Overhaul and coating of jet engine components	1,400	733	667	91.0%	3,591	3,127	464	14.8%
Eliminations	(798)	(473)	(325)	68.7%	(2,116)	(2,606)	490	-18.8%
Total cost of revenue	<u>34,634</u>	<u>31,978</u>	<u>2,656</u>	<u>8.3%</u>	<u>99,101</u>	<u>87,541</u>	<u>11,560</u>	<u>13.2%</u>
Gross profit	<u>\$ 11,601</u>	<u>\$ 8,481</u>	<u>\$ 3,120</u>	<u>36.8%</u>	<u>\$ 32,380</u>	<u>\$ 23,531</u>	<u>\$ 8,849</u>	<u>37.6%</u>

Cost of revenues was \$34.6 million for the three months ended September 30, 2025, compared to \$32.0 million for the three months ended September 30, 2024, an increase of 8.3%. Cost of revenues as a percentage of revenues decreased to 74.9% for the three months ended September 30, 2025, from 79.0% for the three months ended September 30, 2024.

Cost of revenues was \$99.1 million for the nine months ended September 30, 2025, compared to \$87.5 million for the nine months ended September 30, 2024, an increase of 13.2%. Cost of revenues as a percentage of revenues decreased to 75.4% for the nine months ended September 30, 2025, from 78.8% for the nine months ended September 30, 2024.

The increase in cost of revenues is primarily due to the increase in revenue in a higher percentage compared to the increase in our fixed costs.

Operating expenses

Research and development expenses, net

Research and development expenses, net are related to new products and technologies or to a significant improvement of products and technologies, net of grants and participations received.

Selling and marketing expenses

Selling and marketing expenses consist primarily of commission payments, compensation and related expenses of TAT's sales teams, participation in trade shows, travel expenses, advertising expenses and related costs for facilities and equipment.

General and administrative expenses

General and administrative expenses consist of compensation and related expenses for executive, finance and administrative personnel, professional fees such as legal, audit, SOX, internal audit, other general corporate expenses and related costs for facilities and equipment.

U.S. dollars in thousands	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2025	2024	\$	%	2025	2024	\$	%
Research and development, net	\$ 323	\$ 326	\$ (3)	(0.9)%	\$ 887	\$ 946	\$ (59)	(6.2)%
Selling and marketing	1,993	1,994	(1)	-	6,106	5,647	459	8.1%
General and administrative	4,025	2,715	1,310	48.3%	11,522	8,940	2,582	28.9%
Other income	-	-	-	-	-	(390)	390	(100.0)%
Total operating expenses	<u>\$ 6,341</u>	<u>\$ 5,035</u>	<u>\$ 1,306</u>	<u>25.9%</u>	<u>\$ 18,515</u>	<u>\$ 15,143</u>	<u>\$ 3,372</u>	<u>22.3%</u>

Research and development, net

Research and development expenses decrease slightly by 0.9% to \$0.3 million for the three months ended September 30, 2025, from \$0.3 million for the three months ended September 30, 2024. Research and development expenses as a percentage of revenues were 0.7% for the three months ended September 30, 2025, compared to 0.8% for the three months ended September 30, 2024.

Research and development expenses slightly decrease by 6.2% to \$0.9 million for the nine months ended September 30, 2025, from \$0.9 million for the nine months ended September 30, 2024. Research and development expenses as a percentage of revenues were 0.7% for the nine months ended September 30, 2025, compared to 0.9% for the nine months ended September 30, 2024. The Company received a \$0.1 million grant from the Israeli government in June 2025 which was accounted for a credit to research and development expenses.

Selling and marketing

Selling and marketing expenses were \$2.0 million for the three months ended September 30, 2025, compared to \$2.0 million for the three months ended September 30, 2024. Selling and marketing expenses as a percentage of revenues were 4.3% for the three months ended September 30, 2025, compared to 4.9% for the three months ended September 30, 2024.

Selling and marketing expenses were \$6.1 million for the nine months ended September 30, 2025, compared to \$5.6 million for the nine months ended September 30, 2024, an increase of 8.1%. Selling and marketing expenses as a percentage of revenues were 4.6% for the nine months ended September 30, 2025, compared to 5.1% for the nine months ended September 30, 2024.

General and administrative

General and administrative expenses were \$4.0 million for the three months ended September 30, 2025, compared to \$2.7 million for the three months ended September 30, 2024, an increase of 48.3% primarily due to increases in personnel-related expenses mainly from additional headcount, merit increases and stock-based compensation; in legal and professional services fees; in public company related expenses; and recruitment fees for key officers and senior executives. General and administrative expenses as a percentage of revenues were 8.7% for the three months ended September 30, 2025, compared to 6.7% for the three months ended September 30, 2024.

General and administrative expenses were \$11.5 million for the nine months ended September 30, 2025, compared to \$8.9 million for the nine months ended September 30, 2024, an increase of 28.9% primarily due to increases in personnel-related expenses mainly from additional headcount, merit increases and stock-based compensation; in legal and professional services fees; in public company related expenses; and recruitment fees for key officers and senior executives. General and administrative expenses as a percentage of revenues were 8.8% for the nine months ended September 30, 2025, compared to 8.0% for the nine months ended September 30, 2024.

Other expenses (income)

Interest expenses, net

Interest expenses, net consist of interest income and expense. Interest income and expenses relate to the interest received from or paid to banks for the outstanding deposits and debts, respectively.

Other financial income (expense), net

Other financial income (expense) included foreign exchange gain (loss) for the changes in rate of the NIS or other currencies against the U.S. dollar.

Provision for taxes on income (tax benefit)

Tax expense consists of Israeli and U.S. federal and state taxes on the income of TAT's business and changes in deferred tax assets or liabilities.

U.S. dollars in thousands	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2025	2024	\$	%	2025	2024	\$	%
Interest expenses, net	(176)	(420)	244	-58.1%	(835)	(1,183)	348	29.4%
Other financial income (expenses), net	206	(315)	521	-165.4%	(293)	(308)	15	4.9%
Provision for taxes on income (taxes benefit)	821	15	806	5373.3%	1,624	(94)	1,718	1827.7%
Share in profits of equity investment of affiliated companies	372	169	203	120.1%	983	601	382	63.6%

Interest expenses, net

Interest expense, net for the three months ended September 30, 2025 were \$0.2 million, compared to \$0.4 million of interest expenses for the three months ended September 30, 2024. Interest expense as a percentage of revenues was 0.4% for the three months ended September 30, 2025, compared to 1.0% for the three months ended September 30, 2024.

Interest expense, net for the nine months ended September 30, 2025 were \$0.8 million, compared to \$1.2 million of interest expenses for the nine months ended September 30, 2024. Interest expense as a percentage of revenues was 0.6% for the nine months ended September 30, 2025, compared to 1.1% for the nine months ended September 30, 2024.

Other financial income (expenses), net

Other financial income, net were \$0.2 million for the three months ended September 30, 2025, compared to other financial expenses, net of \$0.3 million for the three months ended September 30, 2024. The increase was mainly due to revaluation of long-term loans in Israeli Shekel which were affected by favorable changes in exchange rates of U.S. dollar and ILS during the third quarter of 2025. Other financial income (expenses) as a percentage of revenues were 0.4% for the three months ended September 30, 2025, compared to 0.8% for the three months ended September 30, 2024.

Other financial expenses, net were \$0.3 million for the nine months ended September 30, 2025, compared to \$0.3 million for the nine months ended September 30, 2024. The decrease was mainly due to revaluation of long-term loans in Israeli Shekel which were affected by favorable changes in exchange rates of U.S. dollar and ILS during the nine months ended September 30, 2025. Other financial expense as a percentage of revenues were 0.2% for the nine months ended September 30, 2025, compared to 0.3% for the nine months ended September 30, 2024.

Provision for taxes on income (taxes benefit)

Taxes on income for the three months ended September 30, 2025, amounted to \$0.8 million, compared to \$15 thousand for the three months ended September 30, 2024. Provision for taxes on income as a percentage of revenues was 1.8% for the three months ended September 30, 2025, compared to 0.0% for the three months ended September 30, 2024.

Taxes on income for the nine months ended September 30, 2025, amounted to \$1.6 million, compared to \$0.1 million tax benefits for the nine months ended September 30, 2024. Provision for taxes on income as a percentage of revenues was 1.2% for the nine months ended September 30, 2025, compared to 0.1% taxes benefit for the nine months ended September 30, 2024. These are non-cash expenses as the company has sufficient carry forward losses to cover the ongoing profits. The company believe that the ongoing profits for the remaining of 2025 will consume the carry forward losses for both the Israel and the US entities.

Share in profits of equity investment of affiliated companies

Share in profits of equity investment of affiliated companies for the three months ended September 30, 2025, amounted to a gain of \$0.4 million compared to a gain of \$0.2 million for the three months ended September 30, 2024.

Share in profits of equity investment of affiliated companies for the nine months ended September 30, 2025, amounted to a gain of \$1.0 million compared to a gain of \$0.6 million for the nine months ended September 30, 2024.

Liquidity and Capital Resources

On June 3, 2025, the Company completed a public offering of 1,625,000 of its ordinary shares, no par value per share, at a public offering price of \$26.00 per share for gross proceeds of \$42.3 million. The issuance costs incurred were \$2.8 million, hence, generating net proceeds of \$39.4 million.

On June 26, 2025, the underwriters exercised in full their option to purchase an additional 242,298 ordinary shares from the Company at offering price of \$26.00. The issuance costs incurred were \$0.4 million. This resulted in additional net proceeds of approximately \$6.0 million to the Company.

The net proceeds for the Company from this public offering after issuance costs is \$45.4 million.

As of September 30, 2025, TAT had cash and cash equivalents of \$47.1 million compared to \$7.1 million as of December 31, 2024, an increase of \$40.0 million primarily due to the June 2025, public offering as previously discussed.

During the nine months ended September 30, 2025, TAT decreased its loans and lines of credit from commercial banks by \$5.3 million.

Capital expenditures for the nine months period ended September 30, 2025 were approximately \$8.9 million. TAT funded these capital expenditures mainly from its own cash resources and cash flows from operations. TAT expects that its available cash and cash equivalents and cash flow generated from operations will be sufficient to fund its future capital expenditures.

TAT's management believes that anticipated cash flow from operations and its current cash balances will be sufficient to meet its cash requirements for at least 12 months from the issuance date of the unaudited financial statements. TAT's future capital requirements will depend on many factors, including its rate of revenue growth, the expansion of its selling and marketing activities, costs associated with expansion into new markets and the timing of the introduction of new products and services.

Cash Flows

The following table summarizes TAT's statements cash flows for the periods presented:

U.S. dollars in thousands	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net cash provided by (used in) operating activities	\$ 7,495	\$ 2,790	\$ 9,409	\$ (4,857)
Net cash used in investing activities	(2,743)	(1,621)	(8,910)	(2,282)
Net cash provided by (used in) financing activities	(835)	(653)	39,458	(935)
Net increase (decrease) in cash and cash equivalents	3,917	516	39,957	(8,074)
Cash and cash equivalents and restricted cash at beginning of the period	43,474	8,352	7,434	16,942
Cash and cash equivalents and restricted cash at end of the period	\$ 47,391	\$ 8,868	\$ 47,391	\$ 8,868

Net cash provided by operating activities for the three months ended September 30, 2025, amounted to approximately \$7.5 million, compared to net cash provided by operating activities of \$2.8 million for the three months September 30, 2024. Net cash provided by operating activities for the nine months ended September 30, 2025, amounted to approximately \$9.4 million, compared to net cash used in operating activities of \$(4.9) million for the nine months September 30, 2024.

Net cash provided by operating activities for the three months ended September 30, 2025 was principally derived from our net income of \$4.8 million and also from the following adjustments: an upward adjustment of \$1.2 million for depreciation and amortization; an upward adjustment of \$1.3 million for an increase in trade accounts payable; an upward adjustment of \$1.8 million for an increase in accrued expenses and others; an offset adjustment of \$1.8 million for inventory; and an offset adjustment of \$1.0 million for increase in accounts receivable. Net cash provided by operating activities for the nine months ended September 30, 2025 was principally derived from our upward in our net income to \$12.1 million and also from the following adjustments: an upward adjustment of \$3.8 million for depreciation and amortization; an upward adjustment of \$4.7 million for an increase in trade accounts payable; an offset adjustment of \$3.6 million for an increase in trade accounts receivable; an offset adjustment of \$9.1 million for inventory; and an offset adjustment of \$1.8 million for increase in accrued expenses and other.

Net cash used in operating activities for the three months ended September 30, 2024 was principally derived from the following adjustments: an upward adjustment of \$1.5 million for depreciation and amortization; an offset adjustment of \$5.1 million for inventory; a downward adjustment of \$3.5 million for increase in trade accounts receivable; an upward adjustment of \$3.8 million for an increase in trade accounts payable; and an upward adjustment of \$3.7 million for increase in accrued expenses and other. Net cash used in operating activities for the nine months ended September 30, 2024 was principally derived from the following adjustments: an upward adjustment of \$4.3 million for depreciation and amortization; an offset adjustment of \$10.7 million for inventory; a downward adjustment of \$9.7 million for increase in trade accounts receivable; an upward adjustment of \$2.9 million for an increase in trade accounts payable; and a downward adjustment of \$2.6 million for decrease in accrued expenses and other.

For the three months ended September 30, 2025, net cash used by investing activities was \$2.7 million, substantially attributed to investment mainly in machinery and equipment. For the nine months ended September 30, 2025, net cash used by investing activities was \$8.9 million, attributed to investment mainly in machinery and equipment.

For the three months ended September 30, 2024, net cash used in investing activities was \$1.6 million, substantially attributed to investment mainly in machinery and equipment. For the nine months ended September 30, 2024, net cash used by investing activities was \$2.3 million, out of which approximately \$3.6 million was attributed to investment mainly in machinery and equipment offset by \$1.3 million proceeds from sale of machinery and equipment.

For the three months ended September 30, 2025, net cash used in financing activities was \$0.8 million. Net cash used in financing activities was primarily attributable to repayments of short-term credit line and long-term loans and settlement of unpaid issuance costs for the June public offering. For the nine months ended September 30, 2025, net cash provided by financing activities was \$39.5 million. Net cash provided by financing activities was primarily attributable to the \$48.6 million gross proceeds from the issuance of ordinary shares, offset by the issuance costs of \$3.2 million and \$5.9 million repayments of short-term credit line and long-term loans.

For the three months ended September 30, 2024, net cash used in financing activities was \$0.7 million, primarily from \$9.9 million gross proceeds from the issuance of ordinary shares and repayment of short-term and long-term loans for \$10.5 million. For the nine months ended September 30, 2024, net cash used in financing activities was \$0.9 million, primarily from \$9.9 million gross proceeds from the issuance of ordinary shares; and repayment of short-term and long-term loans for \$10.9 million.

Off-Balance Sheet Arrangements

We are not a party to any material off-balance sheet arrangements. In addition, we have no unconsolidated special purpose financing or partnership entities that are likely to create material contingent obligations.