

Release to the Australian Securities Exchange

Market Update

- **XTEK received another purchase order for the supply of spare parts under its agreement for the support of Small Unmanned Aerial Systems for the Australian Defence Force.**
- **Worldwide strong interest in XTEK ballistic products confirmed at a Defence exhibition in London**
- **XTEK had a transformational year in FY17 with a return to profitability, solid sales momentum and high revenue growth.**
- **Continued strong performance expected in FY18 with robust revenue growth on the back of further defence contract wins with the Australian Government.**

Canberra – Friday 29 September 2017: XTEK Limited (ASX: XTE, 'the Company') is pleased to provide investors with a market update to accompany the lodgement of its finalised and audited accounts for FY17.

The Company has received another purchase order under its agreement for the support of Small Unmanned Aerial Systems (SUAS) for the Australian Defence Force (ADF). This order, for A\$1.1 million for spare parts, is part of the Government's planned A\$101 million investment in this capability.

The contract represents a major step-change for XTEK in terms of sales. The Company expects to generate revenue of up to A\$40 million from the acquisition of the systems over a three-year period and up to A\$9 million per annum through the provision of maintenance and support activities over a five to seven-year period for sustainment of the SUAS capability. This is in addition to the supply of SUAS, spare parts and maintenance worth A\$10 million over the past three years.

XTEK is also pleased to announce that it has invoiced A\$500,000 over the past two months for maintenance activity, underlining the high-margin, quasi-annuity revenue stream of its business.

The Company has continued its promotion of ballistic products worldwide. Several client tests have confirmed the performance of the technology and presence at a Defence exhibition in London greatly attracted a number of new potential customers from all regions of the world. The strong level of interest and significant opportunities for XTEK's new generation of body armour and helmets has vindicated the Company's decision to commence installation of a new generation XTclave™ manufacturing plant for commercial scale production of composite body armour plates and shells for helmets. Commissioning of this facility should occur before the end of the financial year.

XTEK has also booked additional orders of rifle parts and tools for an amount of \$866K to be delivered shortly.

Financials

XTEK had a transformational year in FY17 with a return to profitability, solid sales momentum and high revenue growth. The Company posted a net profit after tax of A\$61,225 compared to its FY16 net loss of A\$1.5 million and a loss of \$1.3 million in the first half of FY17.

Revenue for the full-year period increased to A\$9.02 million, almost tripling from FY16's level of A\$3.3 million, reflecting increased sales for both XTEK's value added reseller and in-house manufactured products.

XTEK also ended of the financial year without debt due to its successful trading performance.

Outlook

XTEK expects a continued strong performance in FY18 with robust revenue growth on the back of further defence contract wins with the Australian Government.

At the same time, the Company expects further contracts for EOD equipment as defence and law enforcement agencies increase spending and continue to upgrade tactical and protective security systems.

"We are confident of a strong performance this financial year after a solid start to FY18 with the award of the \$A1.1 million purchase order under the SUAS support contract and a strong order book for maintenance activity," said XTEK Managing Director Philippe Oduard.

"We expect strong revenue growth and continued contract wins given the increased spending by the Australian Government on its defence needs. At the same time, we are making strong progress with the commercialisation of our XTclave™ and XTatlas™ technologies globally and expect to achieve a number of key milestones on this front over the next twelve months."

Signed for and on behalf of XTEK Limited:



Lawrence A Gardiner
Company Secretary
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About XTEK Limited

XTEK Limited is a leading company in the Australian Homeland Security Market. XTEK's knowledge and expertise is focused on the delivery of protection and sustainment solutions for the government, law enforcement, military and commercial sectors. The supply and maintenance of Small Unmanned Aerial Systems (SUAS) is becoming a major focus for XTEK.

In addition, XTEK has developed a range of new technologies which it is now commercialising for the international market. XTclave composite protection products and XTatlas real time contextual video provide novel solutions for western military forces.

For more information visit the XTEK website at www.xtek.net