

Release to the Australian Securities Exchange

2019 Review - Multiple Key Milestones Achieved

17 December 2019: XTEK Limited (ASX: XTE, 'XTEK', the 'Company') is pleased to provide investors with the following address, achievement review and outlook by XTEK's Managing Director, Phillippe Odouard.

Dear Shareholders,

This year has been tremendously successful for XTEK, with the Company achieving multiple key milestones and continuing to execute on our overall business strategy. This included the recently completed transformational acquisition that expands our business and positions us for future growth in the US market, progressing our XTclave™ manufacturing capability, commercialising our XTAtlas™ technology, and all while achieving record financial performance.

A key milestone I wish to mention is the strategic acquisition of HighCom Armour Solutions, Inc ("HighCom"). This acquisition provides XTEK with direct access to the lucrative US market with HighCom's strong reputation and broad distribution networks in place, underpinned by a profitable ballistic product business. We expect the first XTclave™ manufactured products to be launched in the US in early 2020, following the integration of HighCom's operations, expertise and experience into XTEK. This launch aligns with the opening of XTEK's XTclave™ factory in Adelaide, Australia, which is currently in the final stages of completion. These milestones accelerate the commercialisation of XTEK's high value ballistic products in key global markets.

The Company has also achieved considerable milestones within the space sector this year, having leveraged the unique advantages that our state-of-the-art XTclave™ technology can bring to the space industry and formalising relationships with Skykraft and the Australian Space Agency. Key preliminary designs have started to offer the first parts of satellites for contract in the near future. XTEK will continue to collaborate with these parties and explore further opportunities to optimise advanced composites for space applications.

A key driver to the record FY19 financial performance was the continued growth of the Small Unmanned Aerial Systems (SUAS) business. We have enhanced our capabilities to be a full-service SUAS supplier, with the ability to supply and provide ongoing support throughout the SUAS lifecycle. These enhanced system capabilities resulted in another key milestone with XTEK being awarded a long-term support contract with the Australian Defence Force (ADF) in September. XTEK is now well positioned to improve margins while continuing to leverage channels to expand beyond existing contracts in the future.

XTEK has key strategic pillars in place to execute its XTAtlas™ commercialisation strategy having achieved its first international XTAtlas™ orders this year. The Company continues to enhance its reputation as the supplier of choice for soldier solutions and as the exclusive reseller of Heckler & Koch products in Australia.

XTEK seeks to capitalise on significant value opportunities, underpinned by favourable trends and sentiments in the global defence sector, driven by the highest level of defence expenditure in over 25 years (~2% of global GDP). With the US representing more than half the global defence budget, XTEK is well positioned to access this lucrative market with a focus on leveraging the HighCom network to achieve sales with US law enforcement agencies. As US defence and military contracts require US-based manufacturing and production, XTEK's long-term plan is to develop its existing manufacturing capabilities in the US in order to target these valuable contracts.

Closer to home, the Australian Government remains focused on seeking increasing supply of domestic content and intellectual property and continues to be committed to innovation in defence. XTEK is currently in active discussions with numerous customers in Australia with the focus on achieving domestic orders. XTEK will pursue further exposure through global demonstrations and conferences to showcase our highest-level protection products and actionable intelligence software to the front-line protectors globally.

I would like to take this opportunity to thank you for your continued support and to wish you all a Merry Christmas and a prosperous New Year. I look forward to providing you with further updates on our progress in 2020.

Sincerely,
Philippe Odouard
Managing Director

Signed for and on behalf of XTEK Limited:



Lawrence A Gardiner
Company Secretary
17 December 2019

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About XTEK Limited

XTEK Limited provides high-quality products to deliver tailored solutions to the government, law enforcement, military, space and commercial sectors. XTEK is focused on developing and commercialising its proprietary technologies by leveraging its established distribution network. These technologies include XTclave™ produced ballistic products and advanced composite solutions, and XTatlas™ real time contextual video, which provide unique solutions for western military forces and other government agencies. In addition, the supply and maintenance of Small Unmanned Aerial Systems (SUAS) remains a focus for XTEK.

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