



XTEK

INVESTOR PRESENTATION

March 2020

www.XTEK.net | ASX: XTE



PROTECT THE **FRONTLINE** PROTECTORS

KEY INVESTMENT HIGHLIGHTS

XTEK is well positioned for growth, underpinned by accelerated commercialisation of high value proprietary solutions and favourable market sentiment within the domestic and global defence industry



Favourable defence market sentiment

- Western defence budget >2% of GDP, & strong global spending
- Direct access to lucrative US / Aus defence markets, to be leveraged globally

Focused on market leading soldier solutions

- High value solutions being commercialised in global markets
- Evaluation and testing of products nearing completion with major defence organisations

US expansion accelerates ballistic solutions strategy

- First domestic order of XTclave manufactured products, following opening of the new manufacturing centre
- Acquired a high margin ballistic business with networks across the US

Actionable intelligence solution

- Advanced software retrofitted to existing hardware, with sales to major organisations for evaluation & testing
- Commercialisation underpinned by existing SUAS business

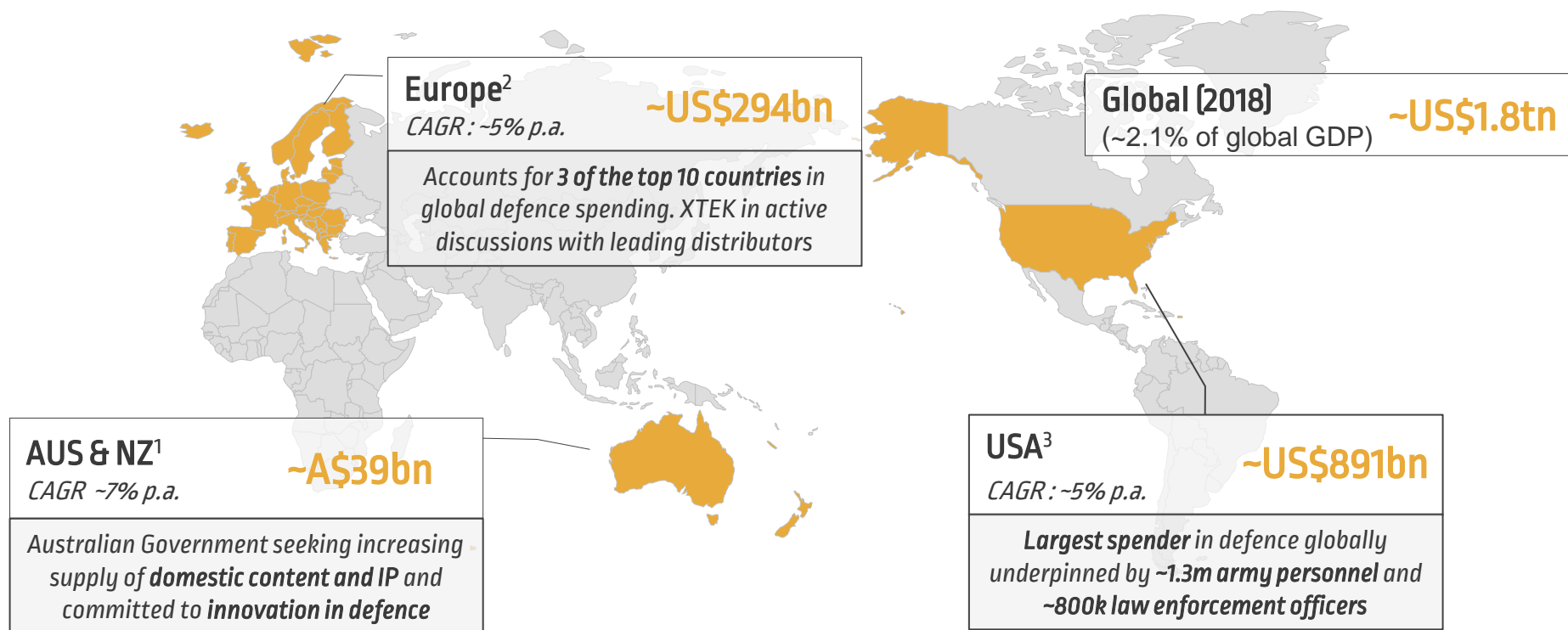
Strong outlook

- Achieve financial benefit from accretive acquisition of HighCom
- US expansion enables access to lucrative US defence, targeting large global orders

FAVOURABLE DEFENCE SECTOR THEMES

XTEK is well positioned to capitalise on favourable trends in the global defence sector, where spending budgets are typically uncorrelated with markets

Military expenditure and market dynamics in key target markets



Source: Australian Government Department of Defence; SIPRI 2019; The balance 2019; Trading Economics 2018; Defense News 2019

1. Australian and New Zealand combined military expenditure in 2018; NZ/AUD = 0.95; CAGR shown is the Australian compound annual growth rate, measured from 2018 to 2026
2. Total Central Europe and Western European military expenditure in 2018
3. Total US Military expenditure in 2018, Includes base budget for the Department of Defense; overseas contingency operations for DoD; other (including Department of Veterans Affairs, Homeland Security and FBI); US compound annual growth rate, measured from 2018 to 2020

CORPORATE OVERVIEW

Defence spending has historically shown to be resistant to economic downturns, which is further evidenced by recent contracts secured by XTEK

Trading information

Share price (20 March 2020)	A\$0.50
No of shares	53.2m
Market capitalisation	A\$26.6m
Net cash ¹	A\$4.1m

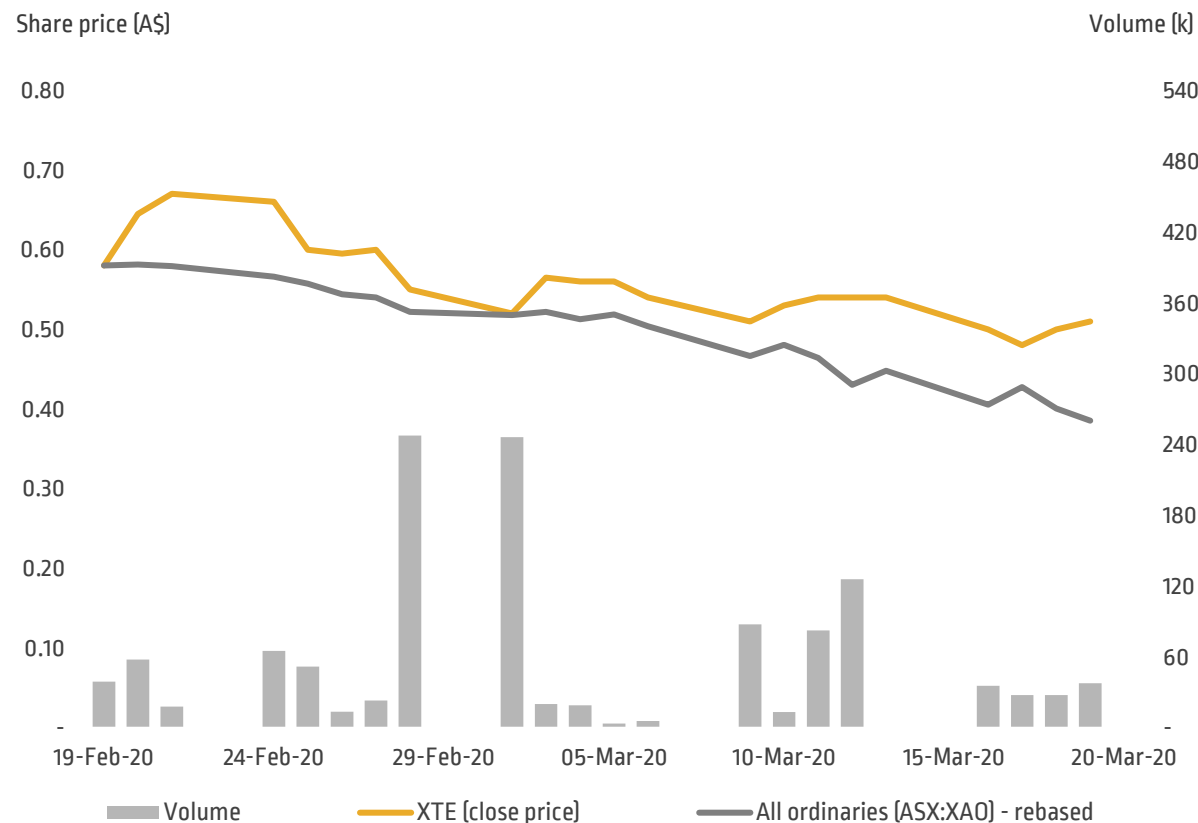
XTEK Board

Uwe Boettcher	Non-Executive Chairman
Philippe Odouard	Managing Director
Robert Quodling	Executive Director
Ivan Slavich	Non-Executive Director
Chris Fullerton	Non-Executive Director

Major shareholders

Uwe Boettcher	10.7%
HighCom Global Security	7.6%
Mrs Wendy Wing Lin Lo	4.8%
Mark Philip Rack	4.2%
Fairlane Management	4.0%

Share price performance (1 month)



Source: IRESS, company information

1. Cash as at 31 Dec 2019

PROVIDING SOLDIER SOLUTIONS

XTEK has a range of high value front line solutions and services for the defence, law enforcement and government sectors globally



1. Exclusive AeroVironment distributor in Australia and New Zealand for SUAS products; 2. Exclusive value-added reseller in Australia for weapon systems
 3. Supplies a range of counter CBRNE solutions, supplies a variety of forensic consumables and equipment

KEY ACHIEVEMENTS OVER THE LAST 6 MONTHS



Achieved first commercial order of XTclave™ manufactured products, following the opening of the manufacturing centre in Feb 2020



Expanded into the US including acquisition and integration of HighCom, and subsequently launched new products¹ at SHOT Show® in Las Vegas, USA



Secured SUAS long term support contract to the ADF, with further sales of SUAS spare parts to the ADF in March 2020

1. Products include two XTclave™ manufactured products (ballistic hard armour plate and helmet shell) and a soft armour designed for females

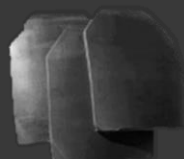
US UPDATE

XTEK has expanded into the US market following the acquisition of HighCom in July 2019, leveraging the established networks and reputation to accelerate the commercialisation of its advanced XTclave manufactured products



US achievements and outlook

- ✓ Acquired existing profitable ballistic armour manufacturer
- ✓ Experienced US management team retained and integrated into the XTEK business
- ✓ Established US networks leveraged for potential XTclave manufactured product sales, with discussions ongoing
- ✓ Accelerated ballistic products pipeline, with three products launched at SHOT Show® in Las Vegas, USA in January 2020¹

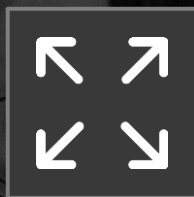


- XTEK well placed to further grow product distribution channels in the lucrative US market; new opportunities being explored

1. Products include two XTclave™ manufactured products (ballistic hard armour plate and helmet shell) and a soft armour designed for females (images are illustrative)

XTEK STRATEGY

XTEK is focused on commercialising its world class soldier solutions in key target markets globally



Clear pathway to global markets

Focused on high value export markets
[e.g. US, Europe]

Key pillars in place : R&D, market leading solutions, manufacturing and networks



Focused on high value soldier solutions

Proprietary state-of-the-art technologies optimises the soldier

Value-added solutions targeting high margin / growth, scalable and global opportunities



Significant experience and expertise

Experienced senior leadership with a strong track record

Qualified team to develop innovative defence technologies and deliver engineering solutions

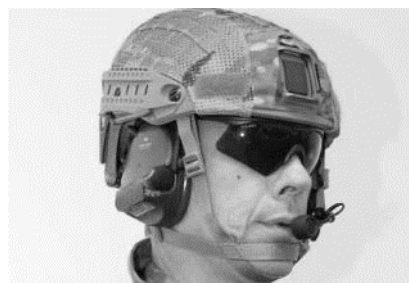
BALLISTIC SOLUTIONS



BALLISTIC SOLUTIONS

XTEK's ballistic solutions address key market needs and penetrate large global markets worth more than US\$11bn p.a.¹ and growing at more than 5% CAGR¹

XTEK's ballistic armour solutions



	Soft armour	Hard armour plates	Helmets	Platform armour
FY19 sales ²	✓	✓	✓	✓
# products	Multiple	Multiple	Multiple	Customisable
Certification / compliant ³	NIJ	NIJ	NIJ, MiL-Std, ASTM, CRASH	STANAG 4589
XTclave™ potential	-	Up to 30% lighter; buoyancy potential	Stops AK-47 MSC bullets and fragments	Ground / air vehicles; shields and building

1. Global ballistic protection market forecast in 2020 [Source: Markets and Markets, 2014]

2. Incorporates sales from HighCom

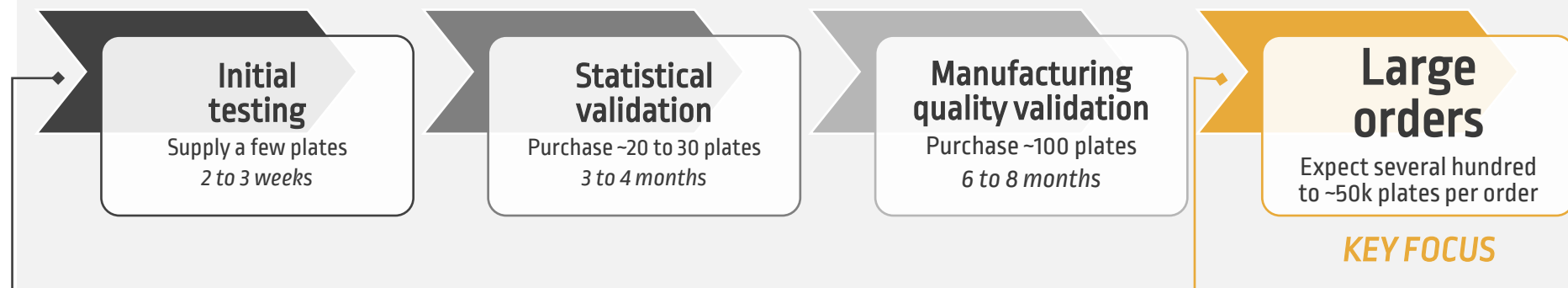
3. NIJ: National Institute of Justice; MiL-Std: United States Military Standard; ASTM: American Society for Testing and Materials; STANAG 4589: NATO Standardisation Agreement 4586

CLEAR PATH TO CAPTURE SIGNIFICANT VALUE

Clear pathway to commercialise XTclave™ manufactured products with potential major customers completing the comprehensive testing and validation process – with new manufacturing centre complete

XTclave™ pathway to value

Extensive and comprehensive customer testing and validation cycles followed by large contracts with strong margins



Underpinned by existing ballistics business

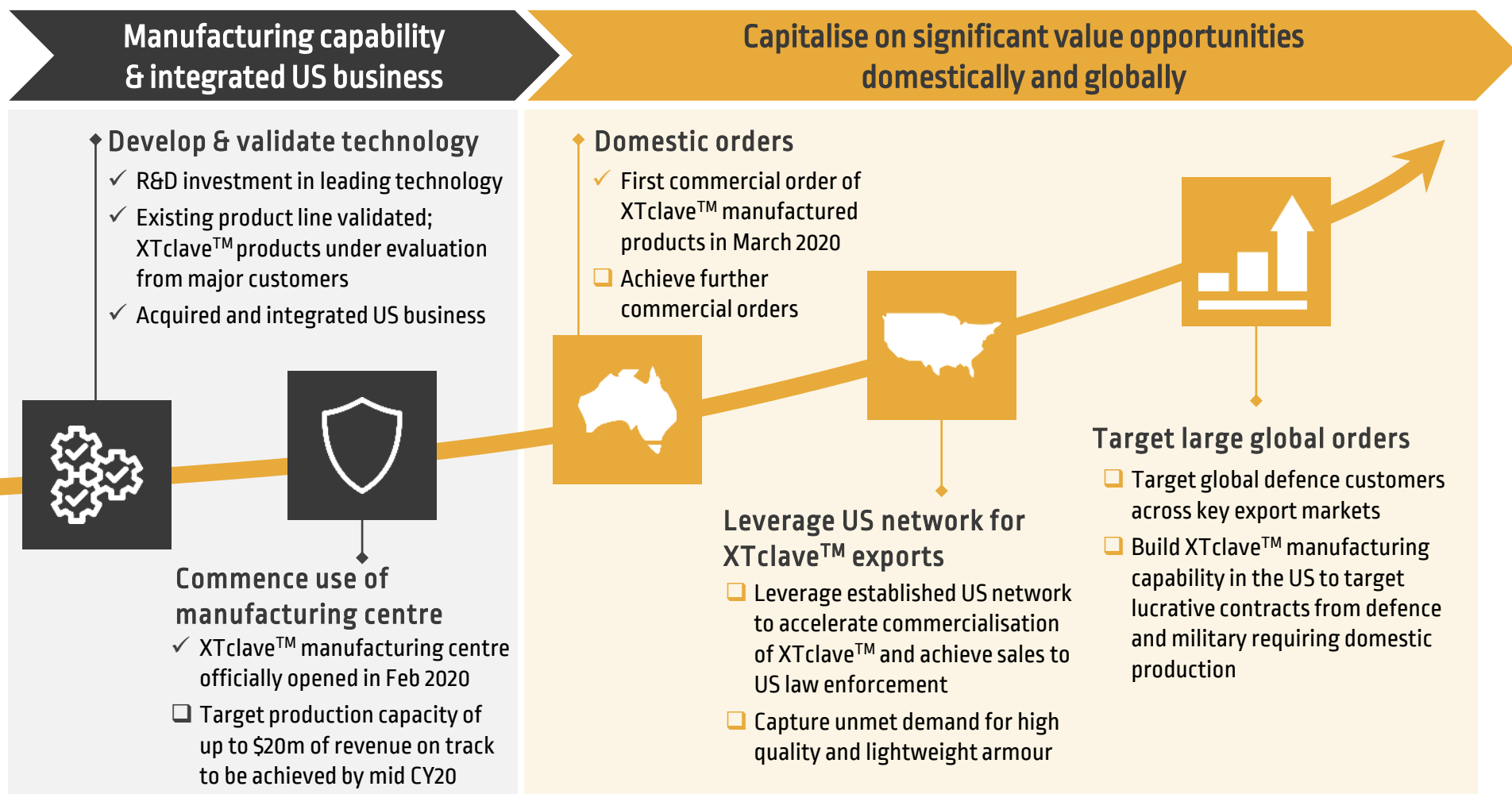
- ✓ Strong relationships with existing client base and strategic networks across the US and Australia
- ✓ Profitable sales from existing US products, achieved through the value accretive acquisition of HighCom

Completed new XTclave™ manufacturing centre

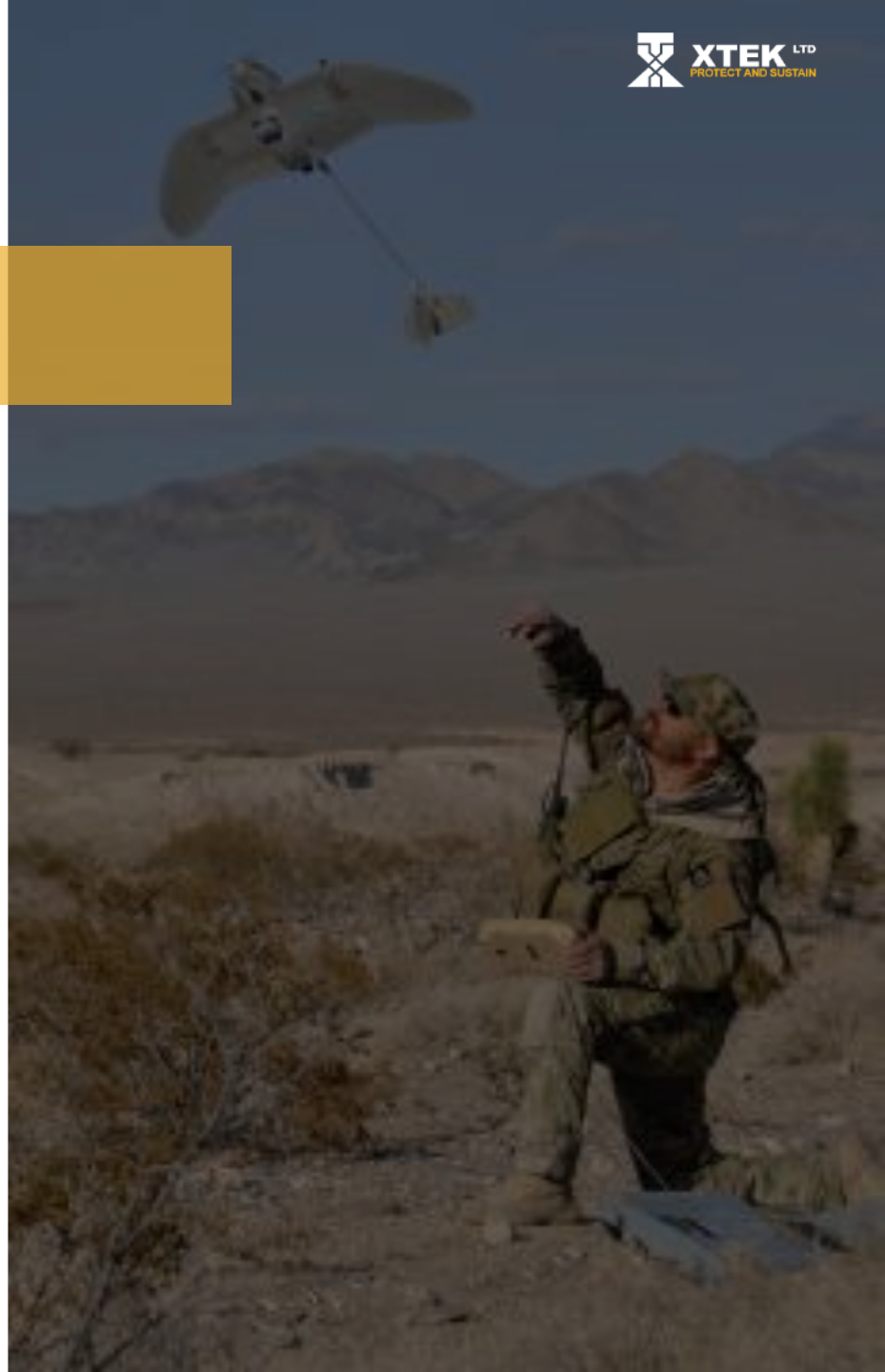
- ✓ Manufacturing centre opened in Feb 2020
- ✓ Provides XTEK a commercial manufacturing capability for XTclave™ products and the ability to distribute products locally and export globally

COMMERCIALISATION AND GROWTH STRATEGY

XTEK's commercialisation strategy has a clear pathway to value upside – underpinned by the innovative state-of-the-art XTclave™ process technology which enables the delivery of high performance and lightweight ballistic solutions



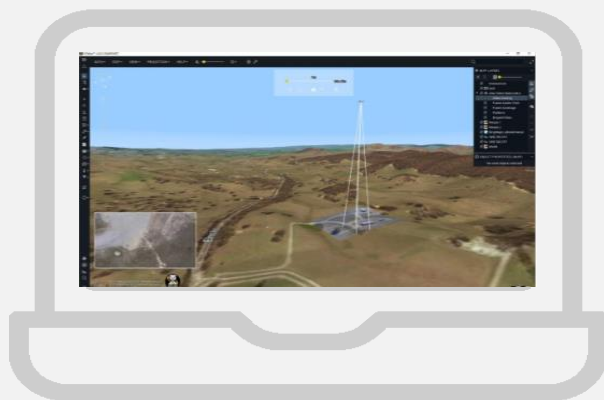
ACTIONABLE INTELLIGENCE



XTAtlas™ IS A WORLD CLASS OFFERING

XTAtlas™ is a market leading software application that provides actionable intelligence and can be retrofitted to existing hardware, providing a value adding and rapidly scalable solution

Application allows for the rapid production of **real time, accurate, geo-referenced 3D mapping from video feed** of a SUAS or ground robot **and comparison with previous data**



- Use in combat **ensures instant situational awareness and targeting** during a mission, critical to soldiers safety
- SARBI¹ allows accurate mapping of **chemical, biological, nuclear and radiological sources** as a module of XTAtlas™, with further optimisation and development ongoing
- **Commercialisation strategy** builds upon XTEK's capability to provide a complete system, such as XTAtlas™ software interfaced to existing SUAS
- **SUAS customer channels provide a clear path to market**, with potential to combine a license with the drone sales
- **Other strategic distribution networks** with active discussions and demonstrations ongoing with potential suppliers

1. SARBI: Sensor and Radiation Broad-band Interface

SUAS CHANNELS TO MARKET

The supply and maintenance of SUAS remains a focus for XTEK, with strong networks and broad access to SUAS customer channels

XTEK is a **leading full-service supplier of Small Unmanned Aerial Systems**, able to provide training and ongoing support and maintenance



- Completed first deliveries of WASP AV **SUAS products to the ADF**, with potential to expand beyond existing supply contract
- Ongoing repair & maintenance support services contract¹ with the ADF **expected to improve margins in future years**
- **Solar wing hardware** under development, to significantly increase flying time of the drone in good weather conditions
- **Broad UAS provider network**, including global AV¹ network which presents a significant upside with >25k UAS delivered
- Opportunity to **leverage existing channels** when tendering for future contracts (e.g. SUAS / XTatlas™ & other products)

1. Exclusive long-term support services contract for an initial term of three years, with multiple options to extend through to 2026, expected to be worth up to A\$35m

2. AV: AeroVironment – XTEK has an exclusive agreement with AeroVironment, the leading defence SUAS supplier globally, for Australia & NZ



OTHER OPPORTUNITIES

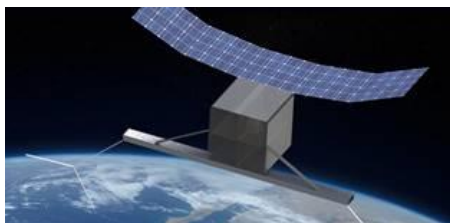


OTHER PRODUCT DEVELOPMENT AND INITIATIVES

XTEK provides a range of other solutions through its advanced technologies and distribution agreements

Space satellite & launch systems

Leverages unique advantages of XTclave™ technology for space applications



Robots (with SARBI)

Real-time data from ground level, with SARBI¹ hardware retrofitted to a robot to provide a complete sensor solution



Other solutions and services



Lightweight components



Carbon products



Explosive Ordnance Disposal



Forensics



Logistics Engineering



Heckler & Koch agreement²

Significant market opportunity

Global advanced composites market estimated to reach **US\$41bn** by 2024

XTEK continues to explore opportunities for new applications that can benefit from its advanced technology

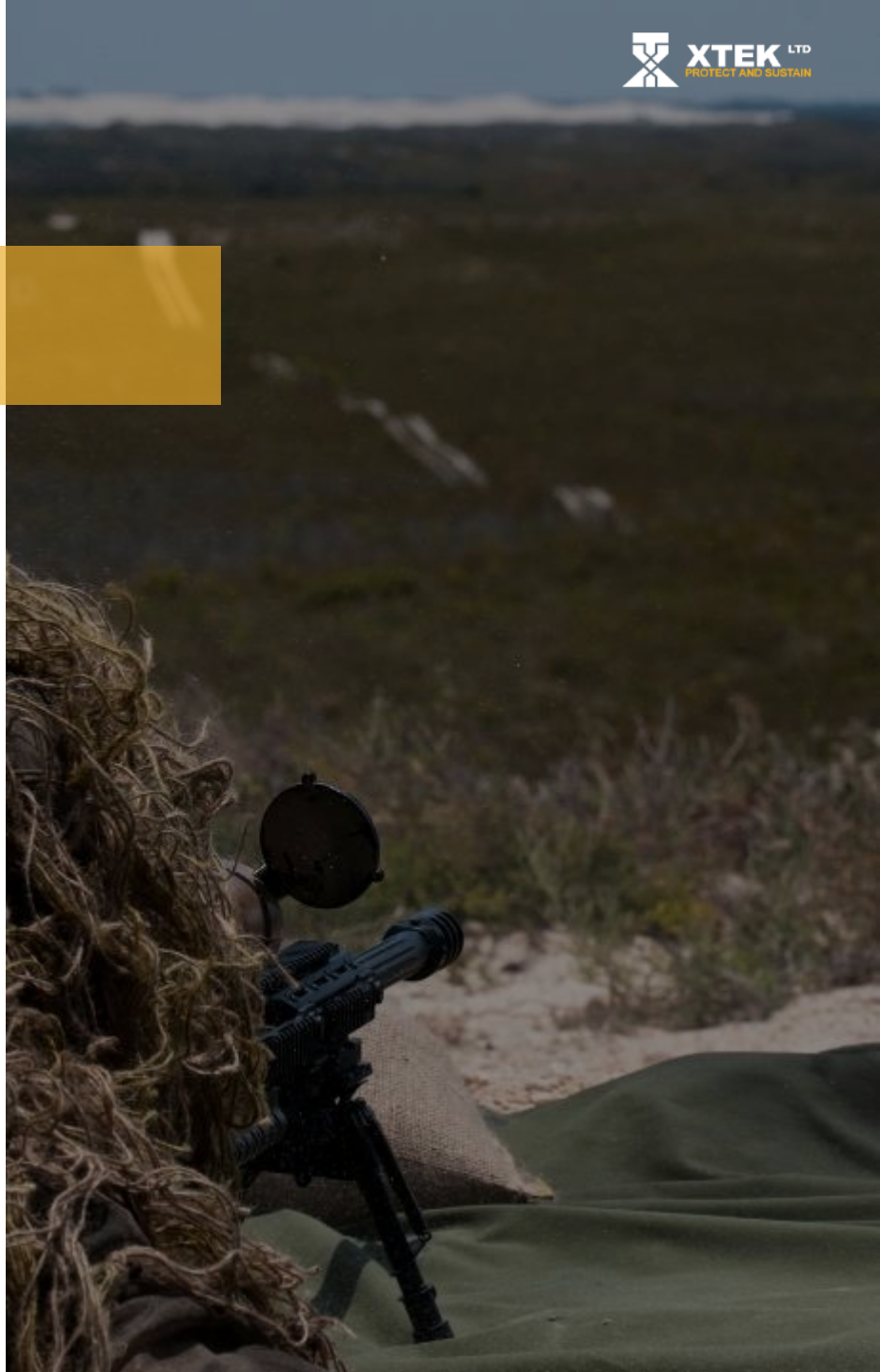


Source: Grand View Research Inc., Advanced Composites Market Size Worth (2018)

1. SARBI: Sensor and Radiation Broad-band Interface, a module of XTAtlas™

2. XTEK is the exclusive reseller of H&K products in Australia

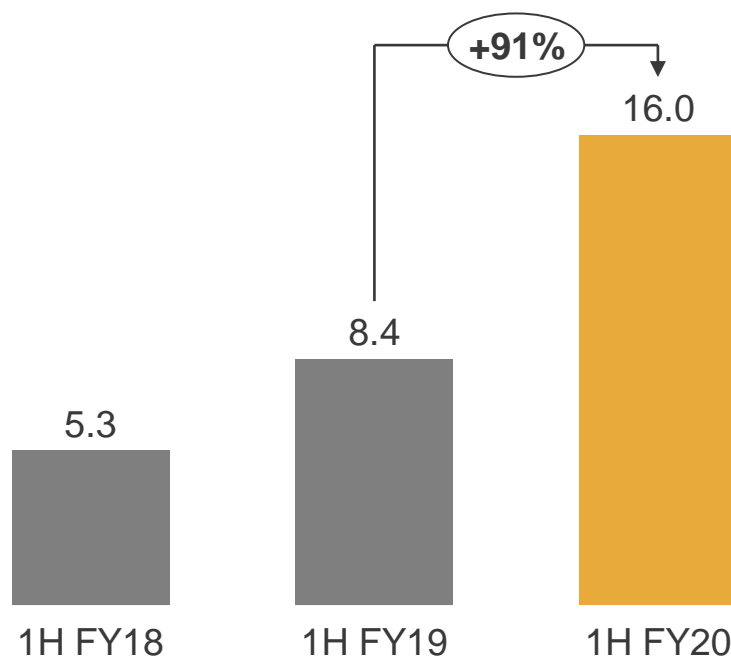
FINANCIAL PERFORMANCE AND OUTLOOK



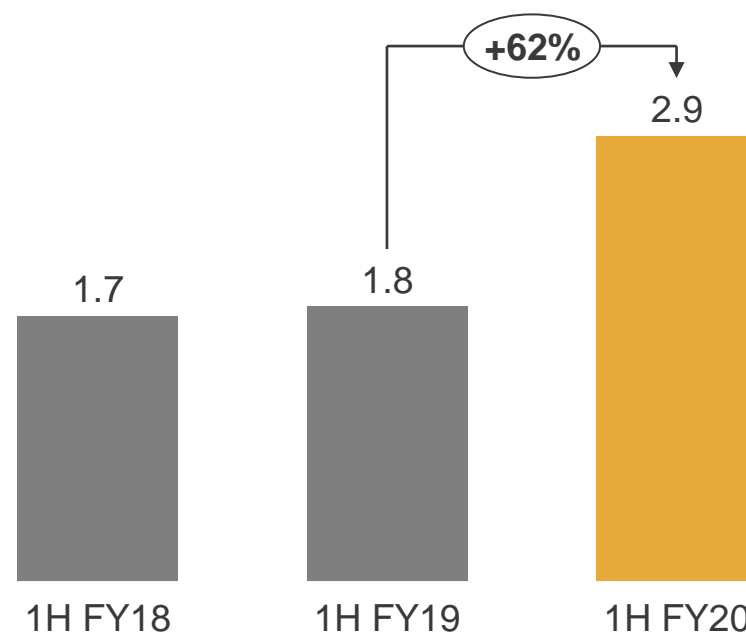
1H FY20 FINANCIAL HIGHLIGHTS

XTEK achieved record revenue, underpinned by the SUAS supply and maintenance and 3 months of HighCom revenue¹, and invested significantly into future growth² to place XTEK in a strong position going forward

Revenue¹ (A\$m)



Gross Profit (A\$m)



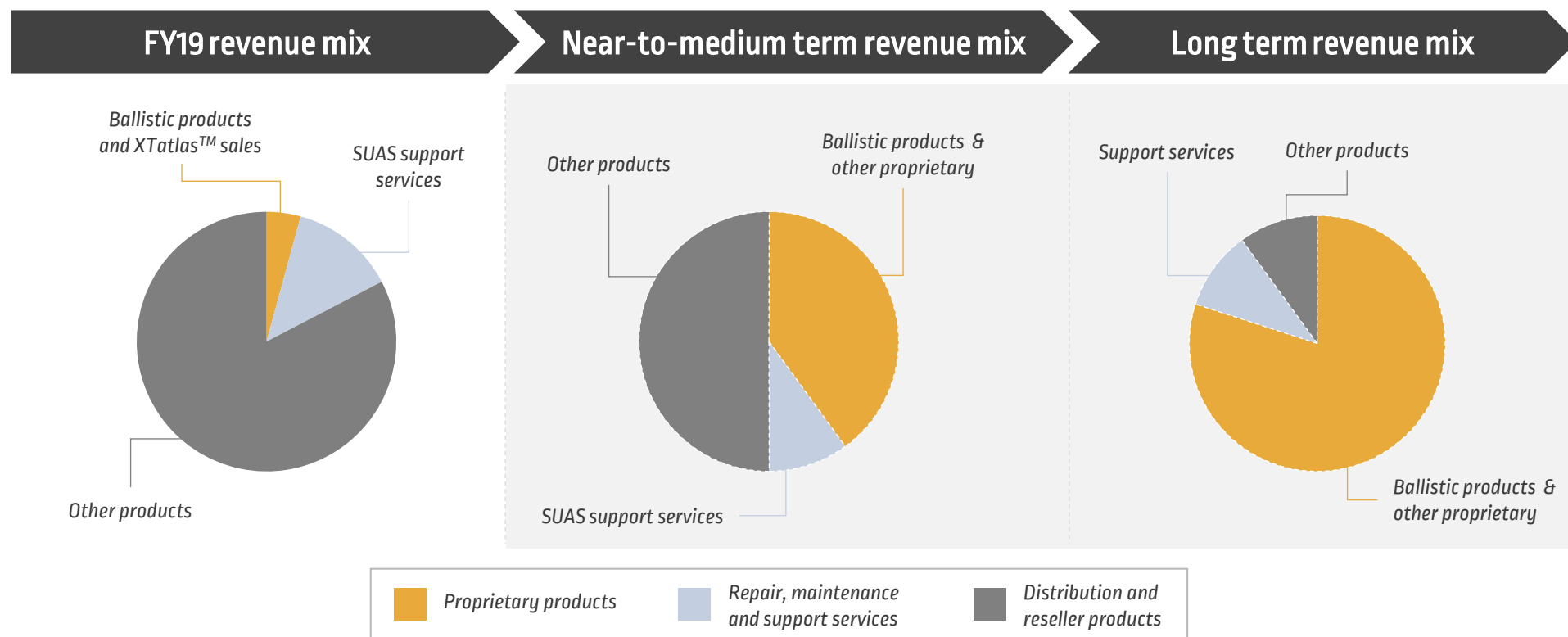
XTEK remains well funded to deliver strategic objectives and commercial milestones

1. 1H FY20 revenue incorporated 3 months of HighCom revenue, following acquisition completion on 29 September 2019
2. Significant investment into the integration of HighCom, finalisation of the new XTclave™ manufacturing centre, and increased R&D investment to enhance XTEK's development capabilities

TARGETING ENHANCED GROSS MARGINS

Future margins are expected to increase – underpinned by:

- Impact of HighCom revenue
- Sales of high value ballistic solutions and actionable intelligence software
- Maintenance revenues from servicing SUAS



OUTLOOK

XTEK is well positioned to execute its operational strategy in FY20 and capitalise on further growth opportunities

Key Catalysts

- ❑ Commence exporting XTclave™ manufactured products into the US market
- ❑ Achieve further commercial orders of XTclave™ products
- ❑ Achieve commercial order of XTatlas™ technology
- ❑ Achieve additional SUAS sales and maintenance revenue

Capital Position

- ✓ A\$4.1m cash as at 31 December 2019
- ✓ Debt free



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