

## **Release to the Australian Securities Exchange**

### **XTEK Conference Presentation**

**Tuesday, 23 March 2021:** XTEK Limited (ASX:XTE) ("XTEK") is pleased to release an updated Corporate Investor Presentation that will be used to provide an update to shareholders, investors and other parties at conferences in the near future. This includes a presentation by XTEK's Managing Director, Philippe Odouard, in an online presentation hosted by the Finance News Network (FNN) scheduled for 1:40pm (AEDT) today, Tuesday 23 March 2021.

The FNN conference provides an opportunity for XTEK to showcase its recent achievements, key investment highlights, strategy and outlook. Notably, XTEK's commercial scale XTclave™ at the Adelaide Manufacturing Centre has successfully validated the production of armour plates/helmets and achieved the required level of ballistic performance. XTEK has recently commenced a full commercial launch across the US.

If you would like to hear the update, more information and event registration is available via the FNN website: <https://www.finnewsnetwork.com.au/page/investor-events>.

XTEK's presentation is attached to this announcement.

**Announcement authorised by the XTEK Limited Board of Directors.**

**Signed** for and on behalf of XTEK Limited:



**Lawrence A Gardiner**

Company Secretary  
23 March 2021

**General enquiries:**

**Philippe Odouard**, Managing Director  
**XTEK Limited**  
T: +61 2 6163 5507  
E: [philippe@xtek.net](mailto:philippe@xtek.net)

**Media enquiries:**

**Rod North**, Managing Director  
**Bourse Communications Pty Ltd**  
T: +613 9510 8309 M: +61 408 670 706  
E: [rod@boursecommunications.com.au](mailto:rod@boursecommunications.com.au)

**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](http://www.xtek.net).



# XTEK

## CONFERENCE PRESENTATION

March 2021

[www.XTEK.net](http://www.XTEK.net) | ASX: XTE

# KEY INVESTMENT HIGHLIGHTS

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



**Focused on market  
leading soldier  
solutions**



**US expansion  
accelerating ballistic  
solutions strategy**



**Actionable  
intelligence software  
interfacing with  
unmanned systems**



**Favourable  
defence market  
sentiment**

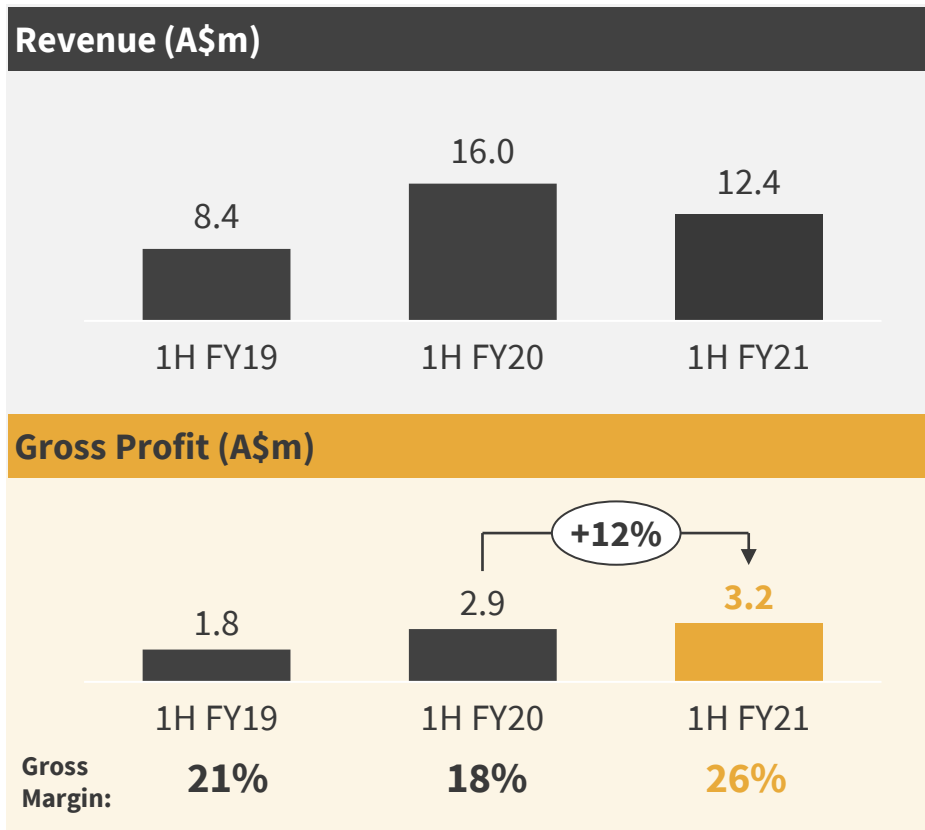


**Strong pipeline of  
opportunities and  
near-term catalysts**

# 1H FY21 FINANCIALS

Shift to higher margin products driving record 1H FY21 gross profit, with a year focused on investment and integration to set XTEK up for increasing future margins

## 1H FY21 financial highlights: Record Gross Profit

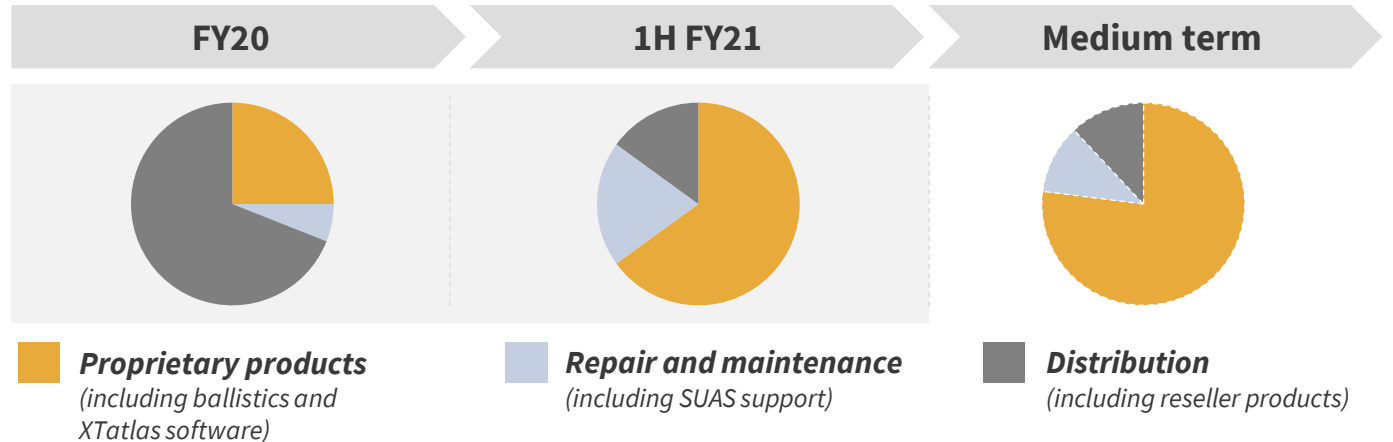


## Future margins expected to increase further

Underpinned by a year of investment in the AMC<sup>1</sup> and fully integrating the US acquisition, placing XTEK in a strong position to continue executing strategy to shift to higher margin products:

- Ballistic sales directly into the US market
- Sales of high margin ballistic solutions (XTclave)
- Sales of actionable intelligence (XTatlas software)
- Repair and maintenance revenue streams, including servicing ADF's growing SUAS fleet

### SHIFTING REVENUE MIX:



1. XTEK's Adelaide Manufacturing Centre (AMC) for advanced ballistic products and other composites



# WORLD CLASS SOLDIER SOLUTIONS

XTEK is focused on commercialising its proprietary products and services

## BALLISTIC SOLUTIONS

Helmet Systems

Hard Armour

Soft Armour

Ballistic shields & platform armour

## ACTIONABLE INTELLIGENCE

XTatlas™

SARBI™

## UNMANNED SYSTEMS

Small Unmanned Aerial Systems (SUAS)

Unmanned Ground Vehicles (UGV)

Space craft

PROTECTING THE  
FRONTLINE PROTECTORS



# KEY RECENT OPERATIONAL HIGHLIGHTS

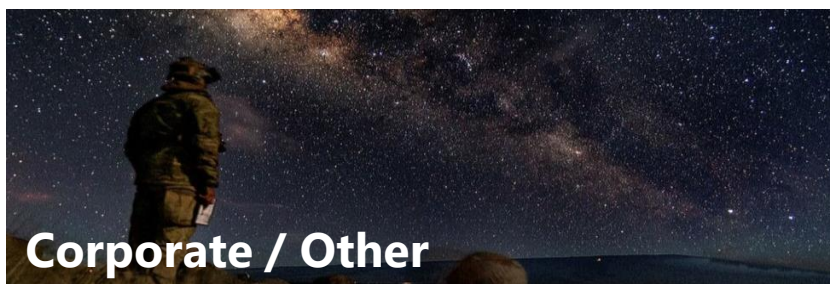
XTEK is executing on its strategy to commercialise higher margin proprietary products and services



- **Investment into the Adelaide Manufacturing Centre**, with products manufactured in the commercial-scale XTclave™ demonstrating the required high level of ballistic performance
- **Successful delivery of 3/4 of XTclave™ plates** to the Finnish Defence Force
- **Strong US performance with HighCom fully integrated:** robust demand and expanding sales channels, including new export licenses and a 5-year NASPO Manufacturing contract<sup>1</sup>
- Appointment of **esteemed strategic advisor**, Brigadier Mark Smethurst DSC, AM (Ret'd)<sup>2</sup>



- Leveraging **actionable intelligence software in the C4 EDGE Program** for the Australian Army, with the first phase complete and a ~\$1M contract secured as part of the next phase
- A **commercial XTatlas order** has been received and delivered to the Danish Defence, paving the way for other NATO countries to start adopting the technology
- Continued focus **on supply and maintenance of unmanned systems**; receiving further SUAS purchase orders from the ADF, and signing a MoU with Milrem Robotics<sup>3</sup>



- **Well funded** to execute international commercialisation strategy, following an oversubscribed capital raise completed to fund US expansion and other growth activities
- **Appointment of Christopher Pyne** as new Non-Executive Director, bringing extensive knowledge of the Australian Defence Industry and experience in Australian politics

1. National Association of State Procurement Officials (NASPO) ValuePoint Body Armor and Ballistic Resistant Products contract  
 2. Brigadier Mark Smethurst DSC, AM (Ret'd) served as Deputy Commander of the Australian Special Forces Command and also Commanded the NATO Special Forces in Afghanistan  
 3. XTEK Signed a Memorandum of Understanding (MoU) with Milrem Robotics for XTEK to act as the unmanned ground vehicle (UGV) representative in Australia and New Zealand



# BALLISTICS: WELL-DEFINED STRATEGY

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



**R&D investment and strong IP in place<sup>1</sup>**



**Key products validated**



**Manufacturing capability**



**Distribution networks & major customers**

## XTclave™ products:



### Ballistic plates

*Unique, lightweight up to 30% lighter<sup>2</sup> with increased product life and added buoyancy*



### Composite helmets

*Unique, lightweight composite helmet that can stop common AK-47 bullets<sup>3</sup>*

**>1000 other products available<sup>4</sup>**



Note: All logos and brands are registered trademarks of their respective owners.

1. XTclave™ is a composite materials curing and consolidation technology, with cycles of ultra-high isostatic pressure at elevated temperatures ideally suited to manufacture high-quality, void-free, precision ballistic and structural composite solutions.

2. 30% weight saving applies to some products in the ballistic plates range (but not to all). 3. XTclave™ helmets are comparable in weight to service helmets and protect at muzzle velocity. 4. Products available through XTEK's US subsidiary, HighCom

An **advanced composite materials manufacturing centre** to support the **commercial scale production** of XTEK's advanced ballistic solutions and other composite materials.

Since officially opening in Feb 2020, key pillars have been established:

-  **People**
-  **Products**
-  **Production**
-  **Processes**
-  **Plant**



**ADELAIDE MANUFACTURING CENTRE (AMC)**



# AMC COMMERCIAL-SCALE XTCLAVE

**Products manufactured in XTEK's commercial-scale XTclave machine demonstrate the required high level of ballistic performance**

## PERFORMANCE TESTING

Successfully manufactured and shot the first hard armour plates, achieving required ballistic performance

## COMMERCIAL LAUNCH

Successfully manufactured large batches while full commercial launch started in the US on 1 March 2021

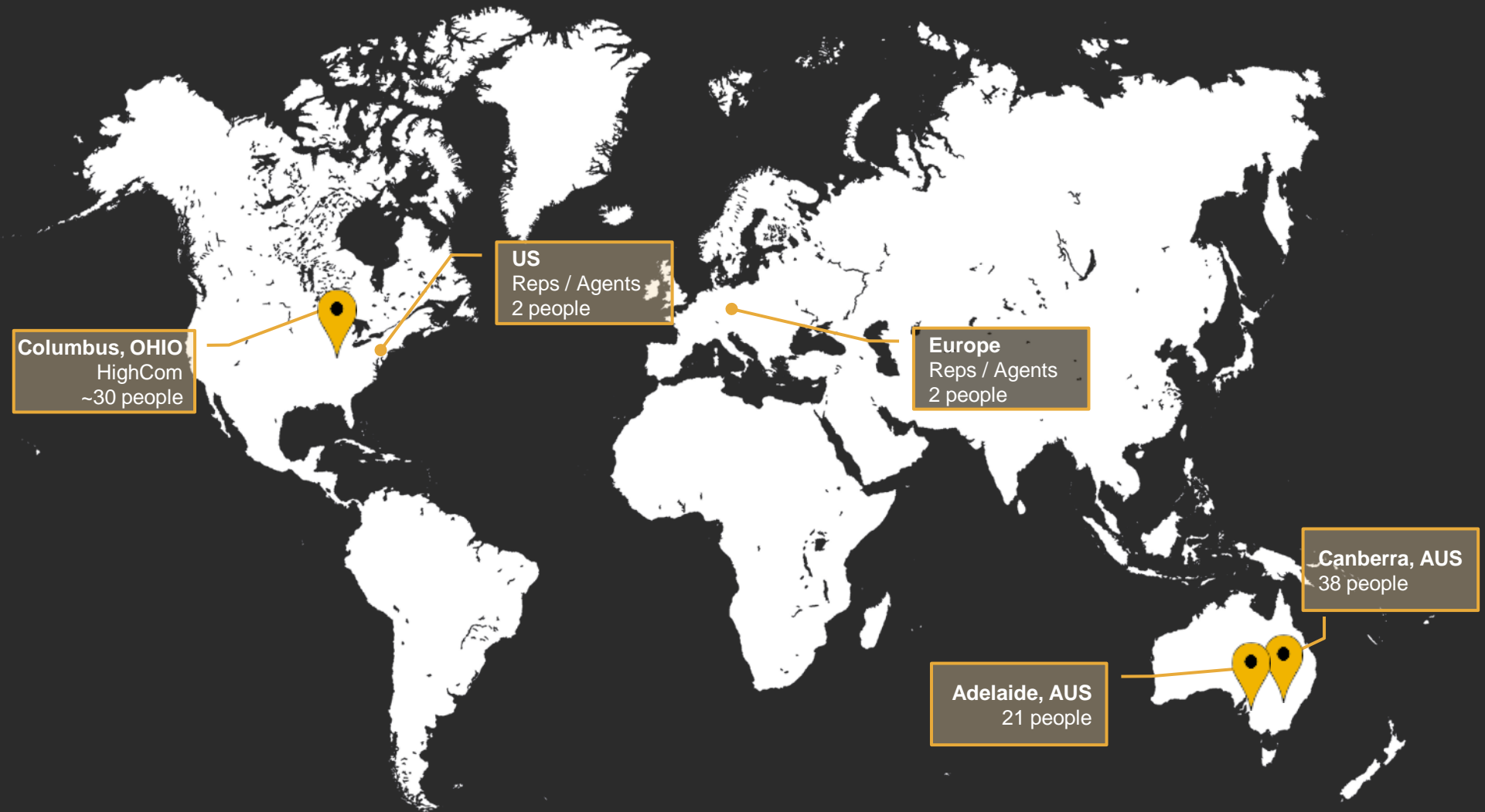
## FUTURE CAPACITY

Forecast revenue capacity of up to A\$40m p.a.; AMC designed to produce 80,000 plates or 40,000 helmets p.a.



# GLOBAL BALLISTICS NETWORK

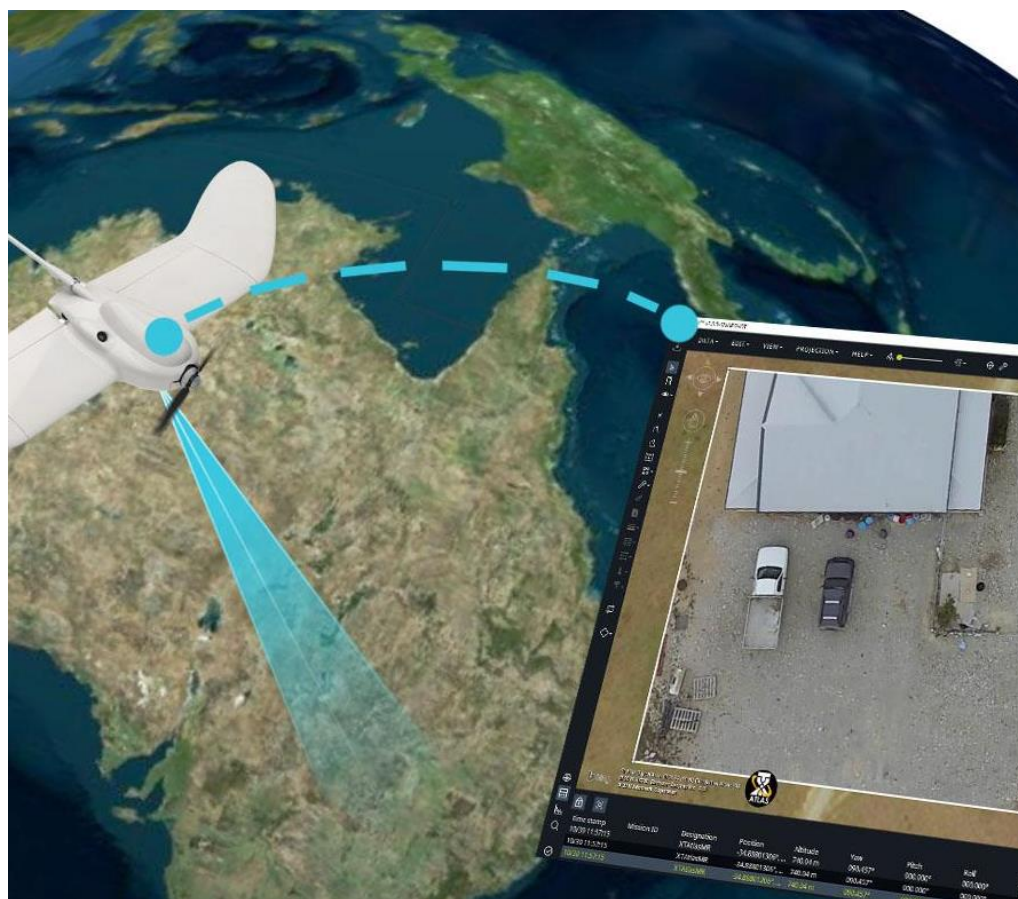
**Building expertise and competence with people located across the world to target global defence and law enforcement customers across key export markets, with an initial focus on the US market**



1. HighCom is XTEK's US subsidiary, acquired in 2019

# ACTIONABLE INTELLIGENCE SOLUTION

Commercialisation strategy builds upon XTEK's capability to provide a complete system for a comprehensive real time actionable solution



- XTAtlas™ allows for the **rapid production of real time, accurate, geo-referenced 3D mapping** from a video feed
- Enables **comparison with previous data**
- Use in combat **ensures real time situational awareness and targeting** during a mission, critical to soldiers' safety
- Software **interfaced to existing hardware**, such as SUAS weapon systems or ground robots



# ACTIONABLE INTELLIGENCE MARKET CHANNELS

Established networks with broad access to customer channels provide significant opportunities to commercialise the XTatlas™ software applications<sup>1</sup>, with demonstrations and discussions ongoing

## C4 EDGE Program

- **C4 EDGE** (Evolutionary Digital Ground Environment) is a **defence industry cooperative program**
- First phase completed, with a **~A\$1 million contract secured** by XTEK for the next phase. Delivery scheduled for the end of 2021
- **Leveraging integration of XTatlas at the core of a situational awareness and targeting picture**

## SUAS supply and maintenance

- Leading full-service **supplier of Small Unmanned Aerial Systems (SUAS)**
- Strong relationship with the ADF, including delivery of **SUAS products<sup>2</sup> and a long-term repair and maintenance services contract<sup>3</sup>**



## Other hardware

- Opportunities to interface XTatlas with other hardware (e.g. UGV's)<sup>4</sup>
- XTatlas can be **fully integrated** into ground vehicle architecture (GVA) of armoured vehicles



1. XTatlas™ allows for the rapid production of real time, accurate, geo-referenced 3D mapping from a video feed, with Software interfaced to existing hardware  
 2. XTEK has an exclusive agreement with AeroVironment, the leading defence SUAS supplier globally, for Australia & NZ  
 3. Exclusive long-term support services contract to mid 2022, with multiple options to extend through to mid 2025, expected to be worth up to A\$35m  
 4. XTEK has a Memorandum of Understanding with Milrem Robotics to act as their Unmanned Ground Vehicle (UGV) representative in Australia and New Zealand.

# ADVANCED COMPOSITE SPACE SOLUTIONS

XTclave technology has unique technical advantages that can be leveraged into other applications and applied in new sectors, with space applications presenting an attractive opportunity



## XTclave key advantages for space applications:

- ✓ Produce materials with **higher specific strength to weight ratio**
- ✓ Ultra-high process pressure can **reduce composite outgassing**<sup>1</sup>

## XTEK's commercial partnerships



**Skykraft partnership** to design **small spacecraft and launcher systems**, with recent ASA grant<sup>2</sup> awarded for a satellite launch stack



**Joint Statement of Strategic Intent** signed with Australian Space Agency (ASA) to develop Australian space capabilities

Note: All logos are registered trademarks of their respective owners.

1. Often a limiting factor for use of composites in space

2. Australian Space Agency International Space Investment grant, for a total of ~A\$880k with \$400k to XTEK (Source: Business.gov.au);

# OUTLOOK AND KEY CATALYSTS

**XTEK is well funded with A\$10.1m cash<sup>1</sup> to execute its strategy, with significant events expected to be announced over the next 12 months (and beyond)**

## Key Upcoming Catalysts

- ❑ Complete delivery of ballistic plates to Finnish Defence (1H CY21)
- ❑ Launch additional ballistic products in the US, with near-term exports of XTclave products (CY21)
- ❑ Order key parts for US XTclave machine (CY21)
- ❑ Installation, commissioning and optimisation of US XTclave machine (CY22)
- ❑ Completion of space project in partnership with Skykraft and international parties (2H CY21)
- ❑ Achieve further commercial orders for XTclave products across domestic and international target parties
- ❑ Supply of SUAS supply and maintenance and other reseller products to ADF

## Strong Financial Outlook

**Medium to long  
term target**

Revenue  
**A\$100m**

Gross Margin  
**~30%**

Underpinned by:

- ✓ **XTclave manufacturing capability**
- ✓ **US distribution and manufacturing base**
- ✓ **Established global networks for exports**
- ✓ **Continued SUAS supply and maintenance**
- ✓ **Growth in actionable intelligence**
- ✓ **Interest in advanced composite materials**

1. Cash as at 31 December 2020



# DISCLAIMER

This document is issued by XTEK Limited, ABN 90 103 629 107 ("XTEK"). It is intended only for those persons to whom it is delivered personally by or on behalf of XTEK (being 'wholesale clients' under the Corporations Act who are also sophisticated investors and persons to whom an offer of securities could be made in Australia without a disclosure document being lodged with ASIC). It must not be copied or distributed to other persons without the prior written consent of XTEK, which may be given or withheld in their absolute discretion.

This document is not a prospectus and does not contain all of the information which would be required to be disclosed in a prospectus. Neither XTEK (nor any of their respective officers, employees, related bodies corporate, affiliates, agents or advisers) guarantees or makes any representations or warranties, express or implied, as to, or takes responsibility for, the accuracy or reliability of the information contained in this document. XTEK does not represent or warrant that this document is complete or that it contains all material information about XTEK or which a prospective investor or purchaser may require in evaluating a possible investment in XTEK or acquisition of XTEK securities.

Nothing contained in this document nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or the future. Past performance information given in this document is given for illustrative purposes only and should not be relied upon as (and is not) any indication of future performance. XTEK has not carried out due diligence investigations in connection with the preparation of this document. You must conduct your own independent investigations and enquiries as you deem fit.

This document is not an offer to issue securities, an invitation to subscribe for securities or an investment recommendation either expressly or by implication. The information set out in this document does not constitute or purport to be a recommendation by XTEK (or any of their respective officers, employees, agents or advisers). The information in this document does not constitute financial product advice (nor investment, taxation or legal advice). Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances. XTEK is not licensed to provide financial product advice.

To the maximum extent permitted by law, XTEK (and its respective employees, officers, related bodies corporate, affiliates, agents and advisers) expressly disclaim any and all liability (including without limitation for negligence) for representations or warranties or in relation to the accuracy or completeness of the information, statements, opinions or matters, express or implied, contained in, arising out of or derived from, or for omissions from, this document including, without limitation, any historical financial information, any estimates or projections and any other financial information derived therefrom.

Information in this document ("Confidential Information") is confidential and may also be subject to the terms of a confidentiality agreement between XTEK and you. You must not copy or reproduce the Confidential Information or give it to another person without the prior written consent of XTEK, which may be withheld in its absolute discretion unless the copy or distribution of the Confidential Information is permitted under any confidentiality agreement.



## CONTACT US

**Philippe Odouard**

MD, XTEK Limited



p: +61 (2) 6217 2932  
m: +61 413 008 675



[philippe@xtek.net](mailto:philippe@xtek.net)



[www.XTEK.net](http://www.XTEK.net)