

Release to the Australian Securities Exchange

XTEK Full Year June 2021 Results Investor Briefing

Wednesday, 1 September 2021

XTEK Limited (ASX:XTE) (“XTEK” or the “Company”) advises it will hold an **Online Investor Briefing** to discuss the Company’s Full Year Results and Final Report for the Financial Year ended 30 June 2021. The call will be held today, **1st September 2021 at 3:00pm AEST.**

Investors are invited to join the call via Teams where XTEK CEO Scott Basham will run through an Investor Presentation of the Results and Company Update. There will be the ability to ask questions of the CEO once the presentation has finished.

To attend, please follow this link at 3:00pm AEST - [HERE](#)

This announcement has been authorised by the XTEK Limited Board of Directors.

Signed for and on behalf of XTEK Limited



Lawrence A Gardiner
Company Secretary
1 September 2021

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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



XTEK LTD FY2021 PRELIMINARY FINAL REPORT INVESTOR PRESENTATION

1 SEPTEMBER 2021

PRESENTED BY: SCOTT BASHAM
CHIEF EXECUTIVE OFFICER

FORWARD LOOKING STATEMENTS

This presentation is given on behalf of XTEK Limited (XTEK)

Information in this presentation is for general information purposes only, and is not an offer or invitation for subscriptions, purchase or recommendation of securities in XTEK. Certain statements in this document regarding the Company's financial position, business strategy and objectives may contain forward looking statements (rather than being based on historical or current facts).

Any forward looking statements are based on the current beliefs of the Company's management as well as assumptions by, and information currently available to, the Company's management. Forward looking statements are inherently uncertain and must be read accordingly. There can be no assurance that the underlying assumptions will prove to be valid.

All data presented in this document reflects the current views of the Company with respect to future events. Forward looking statements are subject to risks, uncertainties and assumptions relating to the operations, growth strategy and liquidity of the Company. To the maximum extent permitted by law, the Company, its officers, employees, and agents do not assume any obligation to release any updates or revisions to the information (including any forward looking statements) in this presentation to reflect any change to expectations or assumptions, and disclaim all responsibility for any loss arising from reliance on this presentation or its content.



EXECUTIVE SUMMARY

Trading and Results Update

About XTEK

XTEK Limited (the “Company”) is an ASX listed manufacturer and supplier of high-quality defence and security products, systems, and solutions. The Company is trading under the ticker XTE.

Strategy

XTEK is a frontline operator technology company. We work to protect our frontline protectors, whether they are a soldier, law enforcement officer, or first line responder.

XTEK specialises in ballistic protection products and composite structures, and advanced autonomous systems and integrated solutions that enable protectors to safely and successfully complete their missions.

Trading Update

Revenue for FY21 of \$28.3m down from \$42.7m in FY20.

Net loss \$3.95m for FY21 vs a profit of \$0.3m for FY20.

Result impacted by ongoing delays in commissioning and production ramp up at the Adelaide Manufacturing Centre (AMC) resulting in significant cost overruns.

Cash as at 30 June 2021 of \$5.9m down from \$10m at 31 December 2021.

Outlook

Despite the challenges of FY2021, the board is confident that once all of the corporate initiatives identified in the review of the business have been fully implemented by the new CEO by mid-Q2, the outlook for FY2022 will be much improved with the potential to return to profitable trading.



FY2021 OVERVIEW

- **Reflecting on FY2021 Result:**
 - Adelaide Manufacturing Centre experienced ongoing delays in commissioning and production ramp up resulting in significant cost overruns. Poor project management a key issue
 - Business development efforts challenged due to delay in completion of AMC
 - COVID-19 impacts on supply chain, production and business development activities
- **Actions Taken:**
 - External review undertaken
 - All recommendations of the review have been accepted and are now being implemented, with expectation of completion by mid-Q2 FY2022
 - Major corrective initiatives include:
 - The Managing Director and Chief Technology Officer have departed the business
 - Mr. Scott Basham appointed as the new interim Chief Executive Officer
 - Reorganisation of roles and responsibilities with Mr. Craig Schmidt appointed as Head of AMC
 - Strengthening of the relationships between the AMC and HighCom Armor across product development and manufacturing
 - Appointment of new dedicated international Business Development Manager for AMC products
 - Improved project management processes
 - Improved financial reporting and oversight
 - Cost cutting initiatives are underway and include changes at AMC





FY2021 KEY EXPENDITURES

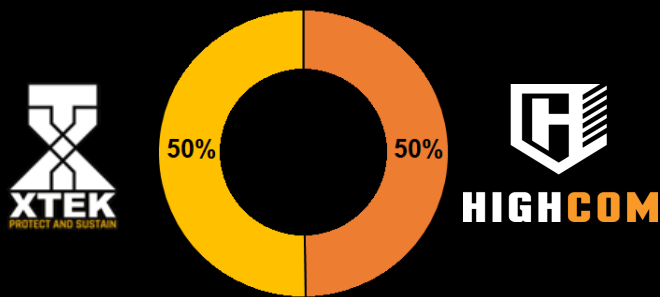
- Cash as at 31 December 2020 was \$10m
- Increased in draw down from CBA facility of \$1.1m
- Cash as at 30 June 2021 was \$5.9m

- Key contributing expenditures in H2 FY2021:
 - \$2.4m Virolens devices and inventory purchase (25 machines and 160,000 tests)
 - \$0.6m Milrem Robotics Themis demonstration unit purchase
 - \$2.2m on AMC factory investment and operational ramp up

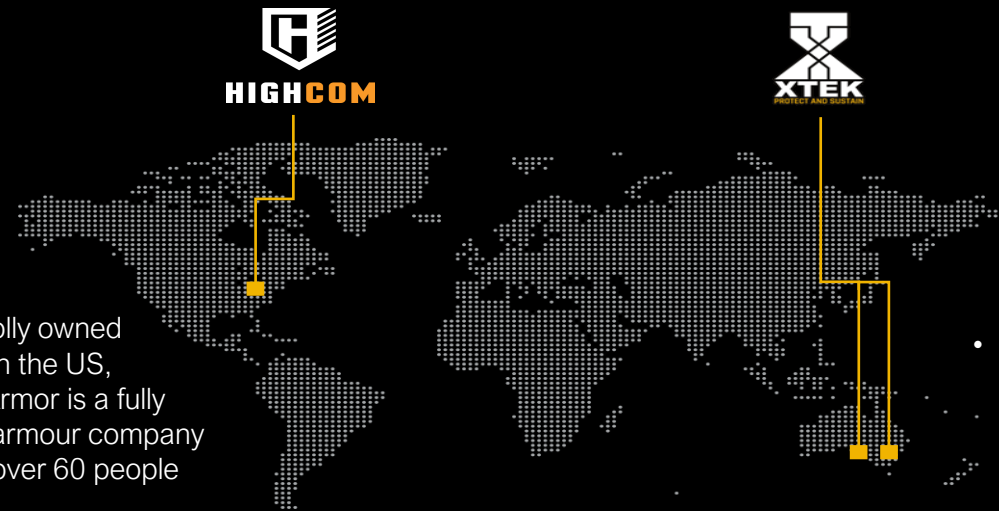
XTEK GROUP FOOTPRINT

XTEK Limited

FY2021
Revenue Contribution



- XTEK's wholly owned subsidiary in the US, HighCom Armor is a fully integrated armour company employing over 60 people



- XTEK has three facilities in Australia employing over 50 people

XTEK Group = 3x Business Units operating across 2x Core Divisions

XTEK Tactical & Protection Systems (CBR) - focused on providing Defence and Security Agencies with UAVs, UGVs, & EOD Robot solutions from world leading OEMs, as well as our own unique Tactical Targeting SW and 3D Mapping & Modelling SW, together with system integration, training and through life support.

XTEK Adelaide Manufacturing Centre (ADL) - focused on manufacturing and supplying world class body armour and helmets using our patented XTclave technology, as well as designing and producing lightweight, high strength composite materials-based structures – often with complex geometries - for use in space and other novel applications.

HIGHCOM ARMOR (OH, USA) - focused on advanced ballistic body armour and helmet solutions, HighCom Armor designs, develops, tests, manufactures, and distributes personal protection ballistic products throughout the United States and around the globe to military, law enforcement, and emergency first responder customers.



NEW ORGANISATIONAL STRUCTURE

- A new organisation structure has been designed following MD's and Head of Ballistics and Composite's departure
- New CEO, Scott Basham appointed (formerly responsible for Tactical and Projection System business)
- Scott is an internationally experienced corporate executive who has a wealth of knowledge and experience gained from twenty years of involvement working on major security technology projects and system integrations across Australasia and the Asia Pacific regions. During his career, Scott has worked for several major global security technology companies, including Smiths Detection, Unisys, Safran Morpho, and Idemia. His last role before joining XTEK was as Group CEO of the ASX listed company Ava Risk Group Ltd (ASX:AVA)
- Reorganisation of roles and responsibilities at AMC, with Mr. Craig Schmidt, a former General Motors senior international executive appointed as Head of AMC
- New Business Development Manager just hired to strengthen and grow the XTEK Armour & Composites sales capability, who will have particular focus on engaging and integrating with the US based HighCom Armor team, to leverage HighCom as the Group's global armour brand internationally
- Other key senior roles are expected to be filled in the coming weeks, including a backfill replacement for the Head of Tactical Protections Systems position and new a Head of Business Development & Program Sales role
- Business IT Systems & Software Integration – focus on completing roll out and integration of Group ERP & CRM software

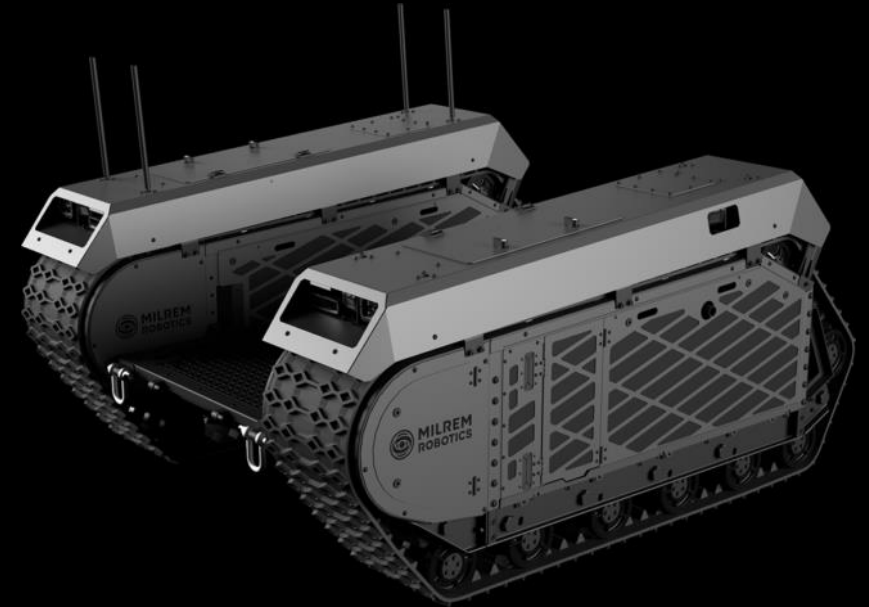




TACTICAL AND PROTECTION SYSTEMS UPDATE

UNCREWED SYSTEMS (SUAS AND UGVs)

- XTEK continues to support the Australian Army's Wasp SUAS fleet, under a 5+ year contract
- Sale of spare parts and maintenance services continues to provide recurring revenues
- Significant opportunities exist for new SUAS procurement in Australia and New Zealand in FY22
- XTEK continues its 14 years of support to the Australian Army's fleet of "tEODor" Explosive Ordnance Disposal Robots
- XTEK is currently responding to a significant RFT from the Australian Army (Project Land 154 Phase 4) for the replacement of its fleets of EOD robots
- Separately, XTEK purchased a Milrem Robotics Themis UGV during H2 FY21, and has subsequently undertaken demonstrations to the Australian Army
- XTEK continues to engage with Defence to support capability development assessments for Remote and Autonomous Systems, and their integration into future Land Warfare Capability



XTATLAS SOFTWARE



- XTEK continues to commercialise its suite of XTAtlas software applications for 3D Mapping & Modelling (“Scout”) and Tactical Targeting (“AirWolf”) for sale to Defence Forces globally
- XTAtlas can be integrated with mounted and dismounted navigation systems, including in GPS denied environments, and connects sensor data with effectors, i.e. SUAS video data to direct and indirect fire assets on crewed and uncrewed vehicles
- XTEK continues to collaborate with Australian Defence Industry and international partners to expand the integration of the XTAtlas offerings
- Initial sales of XTAtlas have been made into Europe, New Zealand, and Australia, with interest in the Middle East



OTHER T&P PROGRAMS



- C4EDGE:
 - The C4 EDGE program is a \$34.4m contract from Defence for an all-Australian-industry consortium to demonstrate a sovereign battlefield command system
 - XTEK's share of this program is ~\$1m to provide software integration services, XAtlas software, our SARBI chemical sensor payload, and advanced ballistic helmets and body armour plates
- SARBI:
 - SARBI chemical sensor payload continues to be commercialised for sale, with strong interest from the Military and Law Enforcement markets in Australia and the USA
 - Pre-production units are being sent to Recon Robotics for integration into their ThrowBot2 robot for demonstration to US Military customers at upcoming trade shows and exhibitions



OTHER T&P PROGRAMS



- ViroLens:
 - XTEK is a value-added reseller for Key Options who are the master agent responsible for ViroLens in Asia Pacific
 - ViroLens is a rapid non-invasive Covid-19 testing device that provides a highly accurate result in 20 seconds using Artificial Intelligence software.
 - Key Options is progressing Therapeutic Goods Administration (TGA) approval for ViroLens use in Australia, and other regional approvals for use in New Zealand and the Pacific
 - Initial application has been reviewed by TGA. In addition, a parallel ViroLens vs PCR clinical trial is to commence shortly in Australia, the findings of which will be included in the final TGA submission, along with additional new data from other global ViroLens trials
 - XTEK is working towards sales commence in H2, subject to receipt of TGA approval
 - XTEK believes that this highly accurate mass point-of-care screening capability (to airports, events, hospitals, cruise ships, etc.,) will contribute to help the country and economy recover to a new normal





ADELAIDE MANUFACTURING CENTRE UPDATE

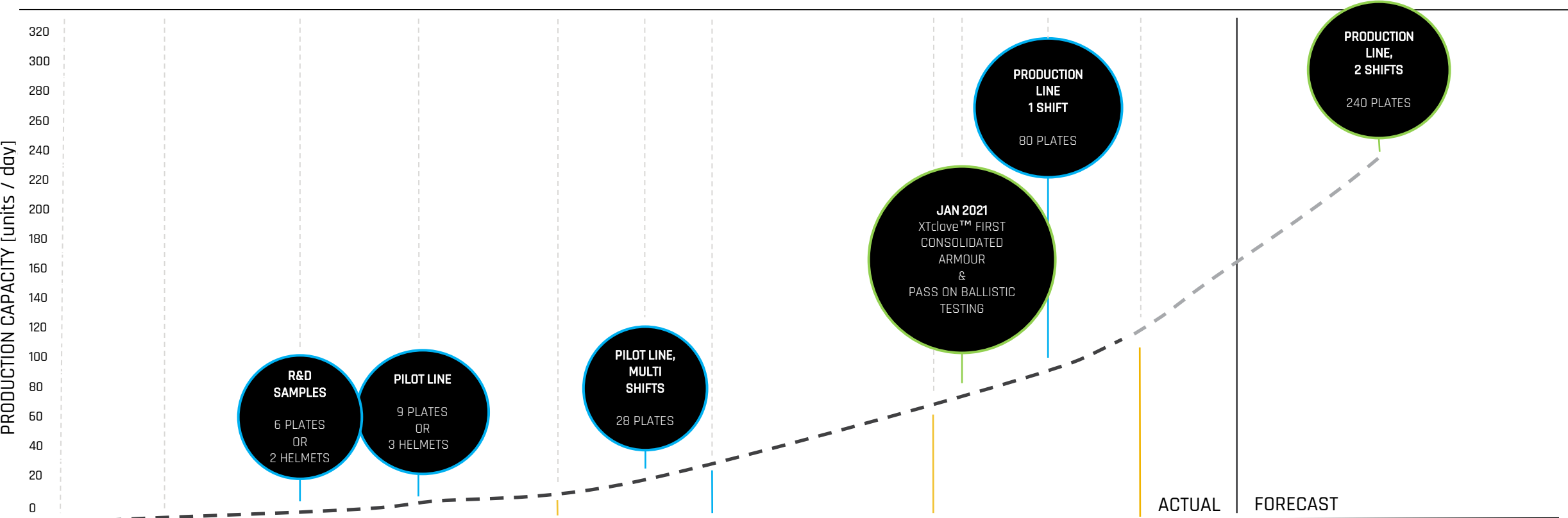
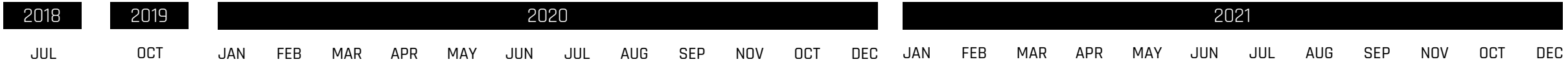


ADELAIDE MANUFACTURING CENTRE

- The \$10m+ investment into XTEK's ballistic armour and composites facility in Adelaide has created a world class research and development, prototyping, and manufacturing capability
- AMC is now operational and functioning to produce armour plates, ballistic helmets, and composite products for unique applications such as space structures
- New factory management have already implemented cost down/cost out reviews, and introduced Lean production processes, which will provide beneficial outcomes and savings on our ongoing operational expenses.
- Production at AMC running at approximately 1,500 plates per month, and increasing to meet demand of HighCom sales pipeline.

THE JOURNEY

AMC Capacity Ramp Up



DECISION TO ESTABLISH an XTclave FACTORY

LEASE PREMISES SIGNED

AMC OPENED

CPE (FINLAND) FIRST ORDER FOR XTclave™

XTclave™ MANUFACTURE COMPLETED

FIRST LOT DELIVERED & ACCEPTED

XTclave™ ASSEMBLY COMPLETED

NEW HELMET PRESS INSTALLED



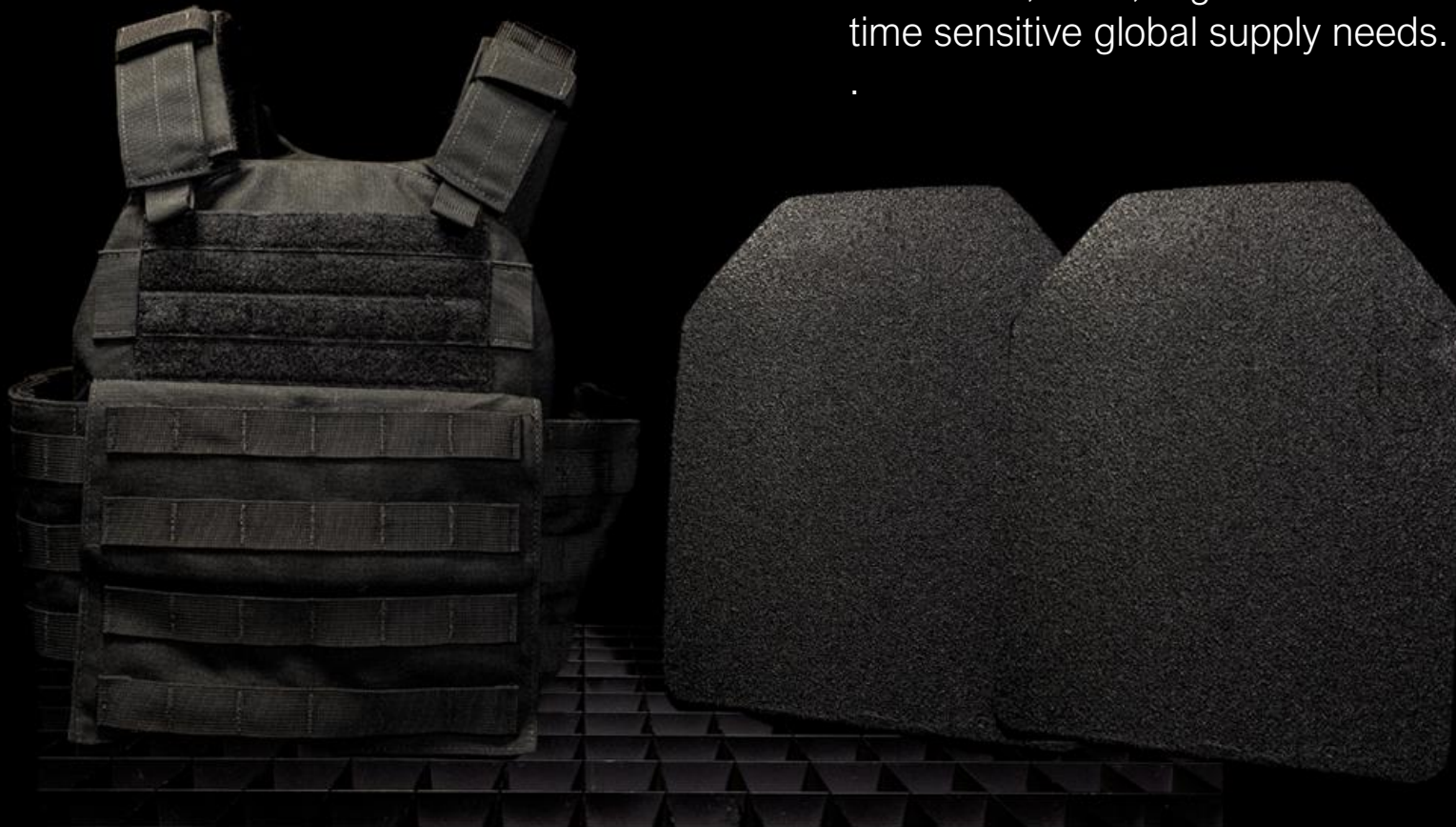


HIGHCOM ARMOR (US) UPDATE

HIGHCOM ARMOR

Columbus, United States

HighCom Armor is a leader in advanced ballistic armor manufacturing. With 35,000 square foot manufacturing and distribution facility located in Columbus, Ohio, HighCom Armor is well positioned for large scale and time sensitive global supply needs.



HIGHCOM





HIGHCOM ARMOR

Columbus, United States

- The acquisition of HighCom Armor has been validated by the strong financial performance, despite global supply chain COVID-19 disruptions
- HighCom Armor continues to increase revenue and profitability
- Pipeline of USD40m+ of ballistic product opportunities for US customers including US Military
- AMC products are now being delivered to HighCom Armor and sold into the US market
- Significant increase in collaboration between HighCom and AMC staff, with improved market intelligence being provided to AMC for new product development





OUTLOOK FOR FY2022

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- Despite the challenges of FY2021, the board is confident that once all of the corporate initiatives identified in the review of the business have been fully implemented by the new CEO, the outlook for FY2022 will be much improved with the potential to return to profitable trading
- The focus over FY2022 will be on promoting and selling:
 - XTEK's own uniquely developed products:
 - Ballistic armour and helmets
 - XTatlas software suite
 - Sarbi sensors
- High-end value-added reseller business where market conditions indicate strong ongoing demand for:
 - Explosive Ordnance Disposal robots
 - SUAS
 - UGVs
 - Virolens
- The greater integration and collaboration between the HighCom and the XTEK AMC will see increased responsiveness to meet global customer demand.
- The adoption of HighCom as the Group's global armour brand, to leverage the long history and proud heritage of HighCom, is seen as fundamentally important to growing revenues in FY2022 and beyond for the Group





PROTECT AND SUSTAIN