

Release to the Australian Securities Exchange

XTEK Investor Briefing Presentation

Monday, 4 October 2021: XTEK Limited (ASX:XTE) (“XTEK” or the “Company”) advises that it has completed a number of select investor briefings to discuss the Company’s planned capital raising activities for 2021. The Investor Presentation as presented by Mr. Scott Basham, Group Chief Executive Officer of XTEK, provides key information to shareholders and investors on the following topics:

- **Investment Summary** – Provides details on the attractive Defence Industry fundamentals that underpin future growth potential and refreshed management/strategies focusing on growth and profitability.
- **XTEK Group** – Provides details on XTEK Limited and its wholly owned subsidiary HighCom Armor Inc (US) and how it operates as two distinct divisions – Technology Division & Ballistics Division.
- **Operational Outlook for FY2022** – Targeting improved revenue growth from a large pipeline of qualified sales opportunities, and improved Gross Margins by the Group’s own advanced ballistics solutions and Australian-made technology.
- **Capital Raising** – Outlines a placement of new fully paid shares to institutional and sophisticated investors to raise approximately \$2.7million, and a partially underwritten 1 for 3.7 pro rata non-renounceable entitlement offer of new shares to eligible shareholders to raise approximately \$5 million.
- **Risks** – Provides details on the risks that could have a material adverse impact on XTEK’s operating performance, and the market price of any new shares issued under the Capital Raising.

A copy of the Investor Presentation is annexed and forms part of this announcement.

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
4 October 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 INVESTOR PRESENTATION

1 OCTOBER 2021

PRESENTED BY: SCOTT BASHAM
CHIEF EXECUTIVE OFFICER

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This Presentation has been prepared and is issued by XTEK Limited ACN 103 629 107 (**XTEK** or the **Company**) and is dated [4] October 2021 in relation to a Capital Raising comprising:

- a placement of new fully paid shares (New Shares) to institutional and sophisticated investors (Placement) within XTEK's 15% capacity under ASX Listing Rule 7.1 to raise up to approximately \$2.7 million;
- XTEK's proposed partially underwritten 1 for 3.7 pro rata non-renounceable entitlement offer of New Shares in XTEK (New Shares) to certain eligible shareholders (Entitlement Offer) to raise up to approximately \$5 million; and

The Placement is being made without disclosure to investors under section 708A of the *Corporations Act 2001* (Cth) (**Corporations Act**). The Entitlement Offer is being made without disclosure to investors under section 708AA of the Corporations Act.

Summary Information

This Presentation contains summary information about the Company and its activities current as at [4] October 2021. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all information which a prospective investor may require in evaluating a possible investment in the Company or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act. The historical information in this Presentation is, or is based upon, information that has been released to the ASX. This Presentation should be read in conjunction with the Company's other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au.



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Investment Risk

An investment in the New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of XTEK including loss of income and principal invested. The Company does not guarantee any particular rate of return or performance or any particular tax treatment. Persons should have regard to the Key Risks outlined in this Presentation.

Financial Data

All dollar values are in Australian dollars (A\$ or AUD) unless otherwise stated.

Effect of rounding

A number of figures, amounts, percentages, estimates and calculations of value in this Presentation are subject to the effect of rounding.



DISCLAIMER CONT.

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This Presentation contains certain "forward-looking statements" that are based on management's beliefs, assumptions and expectations and on information currently available to management. The words "expect", "anticipate", "estimate", "intend", "target", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Any indications of, and guidance on, future operating performance, earnings, financial position and performance or production are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

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DISCLAIMER CONT.

Disclaimer

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Neither the Underwriter, nor any of its affiliates, related bodies corporate, directors, officers, employees, agents or advisers have authorised, caused or permitted the issue, submission or despatch of this Presentation nor do they make any recommendation as to whether a potential investors should acquire New Shares. None of them makes or purports to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by them.

International Selling Restrictions

This Presentation does not constitute an offer of the New Shares in any jurisdiction in which it would be unlawful. In particular, this Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act of 1933. The distribution of this Presentation may be restricted by law in any country outside Australia and New Zealand. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. By accepting this Presentation you represent and warrant that you are entitled to receive the Presentation in accordance with these restrictions and agree to be bound by their limitations.



International Selling Restrictions (cont.)

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand) (the FMC Act).

The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

You Acknowledge & Agree that:

- determination of eligibility of investors for the purposes of the Placement and Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of each of XTEK and/or the Underwriter;
- each of XTEK and the Underwriter and each of their respective affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law;
- the Underwriter may have interest in the securities of XTEK, including by providing investment banking and debt services to XTEK. Further, it may act as market maker or buy or sell securities or associated derivatives of XTEK as principal or agent; and
- the Underwriter will receive fees for acting in its capacity as lead manager and underwriter to the Capital Raising.



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INVESTMENT SUMMARY

- Exposure to attractive Defence Industry fundamentals underpin future growth potential
- Refreshed management team and defined strategy focusing on growth and profitability
- Intellectual Property portfolio of Sensors, Software, and Ballistic Products
- Manufacturing facility investment and capability finalized and ready to scale
- Transition to higher margin revenue through unique Australian-made Technology and advanced Ballistics solutions
- External review conducted and implementing recommendations - streamlining business units and cost reductions



XTEK Group is an ASX listed international Defence Industry advanced manufacturing and technology business.
FY2021 Group Revenue \$28.3m. Market Capitalisation \$25.9m (29 Sep 21).

The Group is comprised of XTEK Ltd and its wholly owned subsidiary HighCom Armor Inc. (US) and operates as two distinct divisions – Technology Division & Ballistics Division.

Technology Division

Focused on manufacturing and supplying global Defence and Security Agencies with world-leading Australian-made and globally sourced:

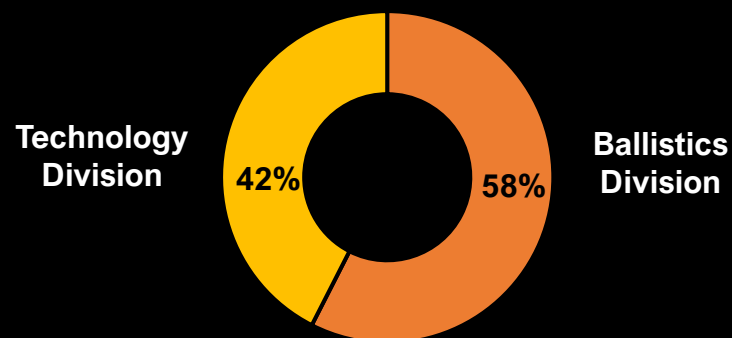
- **Systems** - UAVs & UGVs solutions
- **Sensors** - Chemical & Virus Detection
- **Software** - 3D Mapping & Modelling SW
- Tactical Targeting SW
- **Support** - System Integration, Training, & Service Support

Ballistics Division

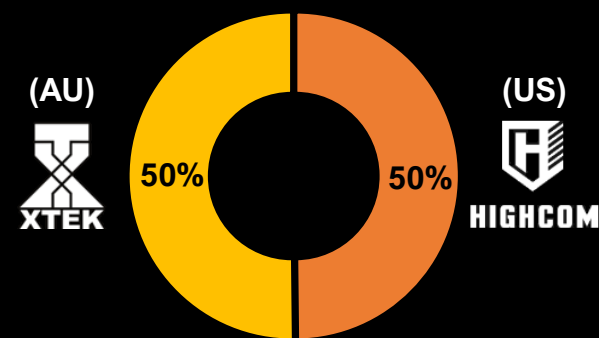
Focused on designing, manufacturing, and supplying global military, law enforcement, and first responder customers with world-class, advanced personal protection ballistic products and solutions under our HighCom Armor global brand for:

- **Body Armour**
- **Ballistic Helmets**
- **Composite Structures**

FY2021
Revenue Contribution (Division)



FY2021
Revenue Contribution (Origin of Entity)





TECHNOLOGY DIVISION

TECHNOLOGY DIVISION

Overview

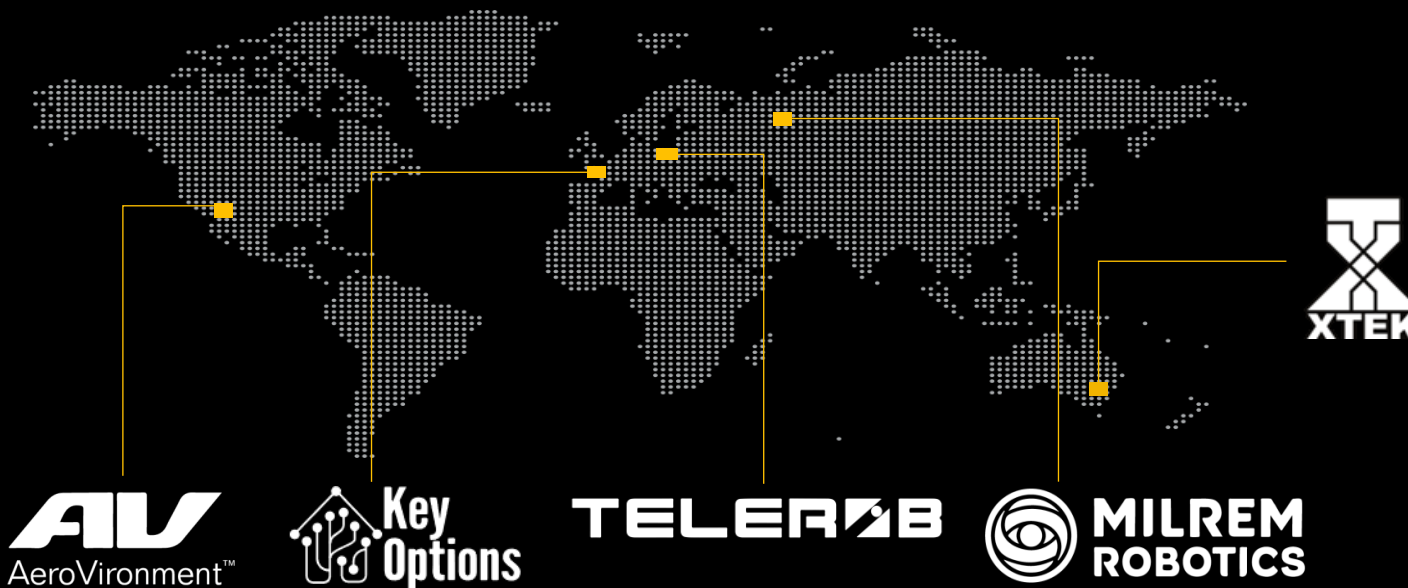
Technology Division

Co-located with XTEK Group Headquarters in Canberra, ACT, Australia.

- FY21 Revenue: \$12.45m
- Staff: 17

Focused on manufacturing and supplying global Defence and Security Agencies with world-leading Australian-made and globally sourced:

- Systems - UAVs (AeroVironment) & UGVs (Telerob & Milrem Robotics) solutions
- Sensors - Chemical Detection (XTEK) & Virus Detection (Key Options)
- Software - 3D Mapping & Modelling SW (XTEK)
- Tactical Targeting SW (XTEK)
- Support - System Integration, Training, & Service Support (XTEK)



Our world leading OEM systems partners:



SYSTEMS

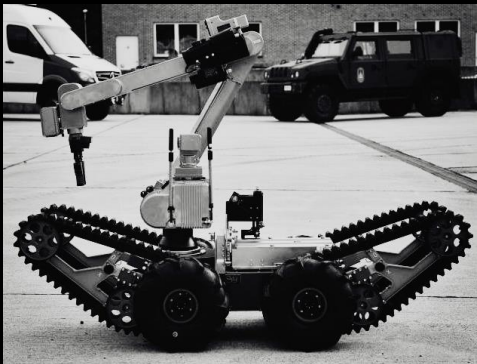
UAVs & UGVs



AV
AeroVironment™

AeroVironment™ is a global defence supplier based in the USA, that specialises in unmanned aerial vehicles.

XTEK Group's Technology Division is the exclusive regional AeroVironment distributor for Wasp (SUAS), Puma (SUAS+) and SwitchBlade (LM) across Oceania.



TELEROB

For the last 15 years, XTEK Group's Technology Division has been the incumbent supplier and maintainer of the fleet of Telerob "Teodor" large EOD Robots to Defence.

XTEK Group's Technology Division is the exclusive distributor for Telerob across the Australasian region.

XTEK Group's Technology Division is also the primary provider for portable X-ray equipment, demolition remote firing systems, search, detection equipment, and Hook and Line EOD tools.



 **MILREM
ROBOTICS**

Milrem Robotics is a leading robotics and autonomous vehicle systems developer in Europe.

XTEK Group's Technology Division is the exclusive distributor for the THeMIS and TYPE-X UGVs across Australia, New Zealand and the South Pacific.



SENSORS

Chemical & Virus Detection



XTEK Group's SARBI chemical detection sensor payload is now available for sale, with strong interest from the Military and Law Enforcement markets in Australia and the USA.

SARBI is fully integrated with XTEK Group's XTAtlas software suite, which allows chemical alert data to be displayed graphically and mapped geospatially for users.



Virolens is a UK designed and manufactured rapid non-invasive Covid-19 virus detection device, currently awaiting TGA approval for use in Australia, that provides a highly accurate result in 20 seconds using Artificial Intelligence software.

XTEK Group's Technology Division is the exclusive distributor for Key Options across Australia, New Zealand and the South Pacific.



SOFTWARE

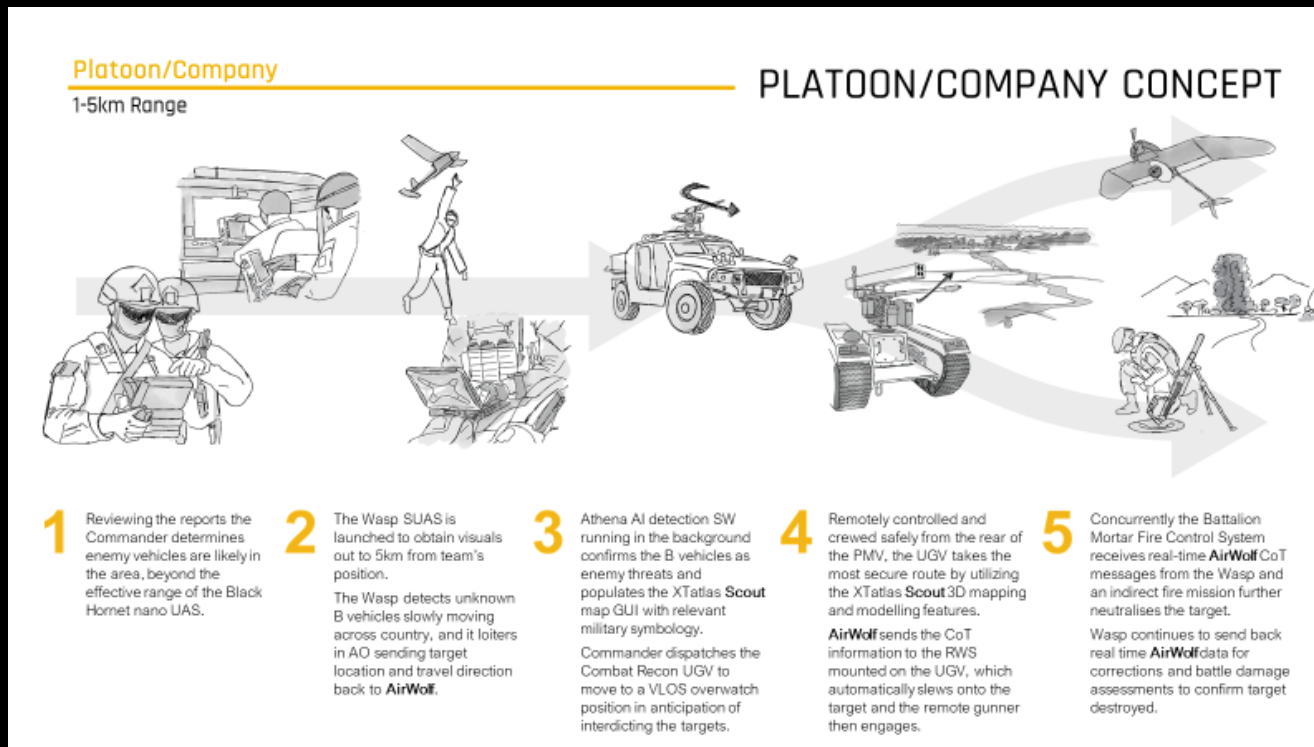
XAtlas Applications

XTEK Group continues to develop its suite of XAtlas software applications:

- **Scout** – is a Geospatial Intelligence Application. It offers a range of AI enabled software tools designed to assist with UAV Mission Planning, 3D Mapping & Modelling, Data Dissemination, and Decision Making.
- **AirWolf** – is a Tactical Targeting Application. It contains AI enabled data fusion tools designed to shorten the “Sensor to Effector” timeline. It streamlines the transfer of accurate real-time target data between ISR assets and effectors. It reduces the cognitive load on operators and the risk of errors occurring by ensuring precise targeting information is accurately disseminated - quickly, efficiently, and highly effectively.

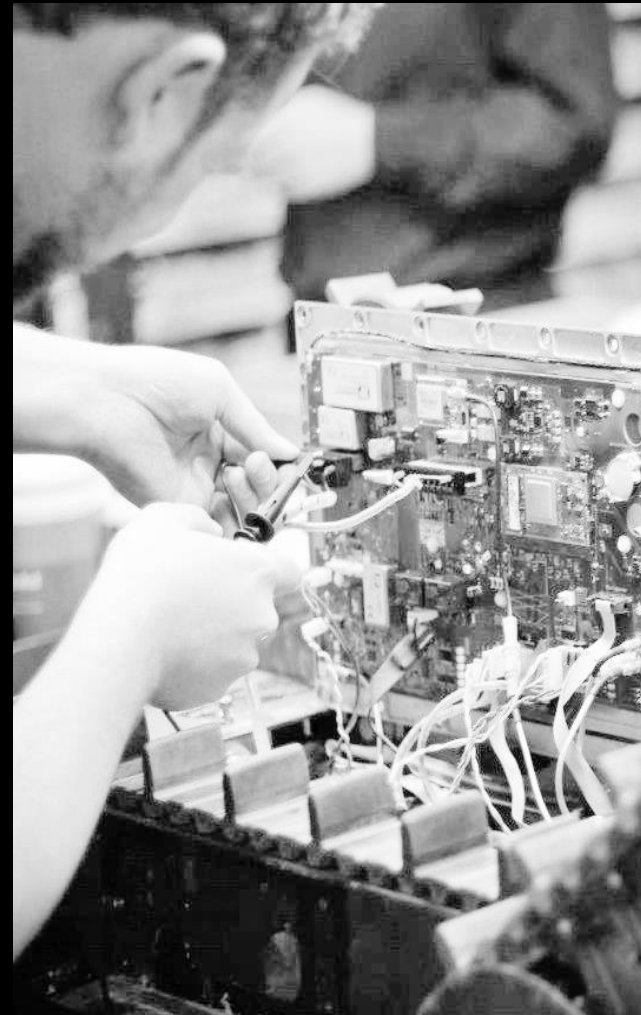
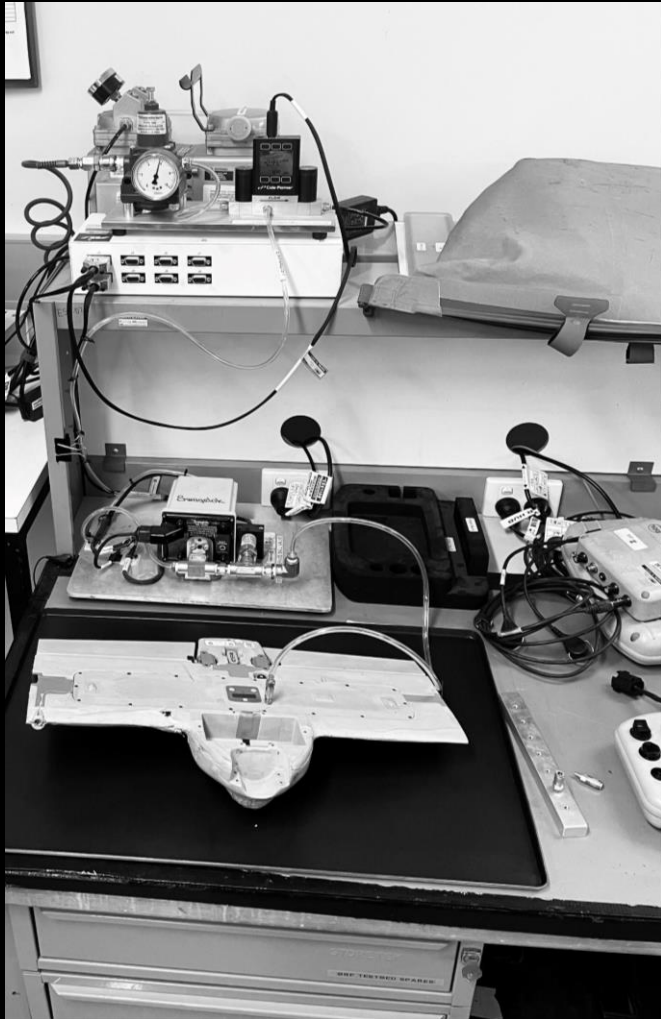
The Group continues to collaborate with Australian Defence Industry and international partners to expand the integration of the XAtlas software offerings.

Initial sales of XAtlas SW have been made to customers in Europe, New Zealand, and Australia, with interest in the Middle East.



SUPPORT

UGV & UAV Mechanical & Structural Repairs



That sale of maintenance support services and spare parts continues to provide XTEK Group's Technology Division with regular profitable recurring revenue.

XTEK Group's Technology Division continues to support the Australian Army's Wasp SUAS fleet under the Land 129-4A 5+ year support contract.

XTEK Group's Technology Division has been supporting the Australian Army's fleet of "Teodor" Explosive Ordnance Disposal Robots for over 14 years.



FY2022 GROWTH OPPORTUNITIES

SYSTEMS

FY2022 presents multiple opportunities to leverage our portfolio expertise in UAV & UGV Systems.

Systems (UAVs):

- XTEK Group expects several tenders to be released over the coming 6-9 months for fleets of small UAV Systems by both the Australian Defence Force (ADF) and New Zealand Defence Force (NZDF).
- Small UAVs are used by military personnel for Intelligence, Surveillance and Reconnaissance (ISR) applications.
- These UAV tender opportunities include:
 - ADF Tender for the replacement of the existing Wasp UAV (which XTEK Group currently supports). Expected release during H2 FY2022. Likely opportunity value of \$30m-\$50m
 - ADF Tender for a fleet of long-range small UAVs. Expected award and potential delivery during H2 FY2022. Likely opportunity value of \$20m-\$30m
 - NZDF Tender for a fleet of long-range small UAVs. Expected award and potential delivery during H2 FY2022. Likely opportunity value of \$5m-\$10m

Systems (UGVs):

- Technology Division is currently responding to a significant RFT from the Australian Army, for the replacement of its fleet of EOD robots (many of which XTEK Group currently supports). Likely opportunity value of \$60m-\$80m. Delivery from FY2023.
- Technology Division continues to engage with ADF to support capability development for Remote and Autonomous Systems, and to help shape future UGV requirements for future ADF procurement. A large RFT from the Australian Army for Integrated Soldier Systems is expected during H2 FY2022 which will include UGVs and Ballistic Armour, amongst other capabilities, in its scope. Likely opportunity value of \$20m-\$50m. Delivery from FY2023+.



FY2022 GROWTH OPPORTUNITIES

SENSORS, SOFTWARE & SUPPORT

FY2022 presents multiple opportunities to leverage our portfolio expertise in Sensors, Software & Support.

Sensors (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 have been sent to Recon Robotics (RR) for integration into their ThrowBot2 robot for demonstration to US Military. Potential sales opportunities of 100-200+ units in H2 FY2022.

Sensors (Virolens):

- Subject to Key Options receiving TGA approval for Virolens, XTEK is expecting sales to commence in H2 FY2022.
- XTEK believes that this highly accurate mass screening capability (to airports, events, cruise ships, etc.) will contribute to help the country and economy recover to a new normal. Potential sales opportunities of \$3m-\$4m in H2 FY2022

Software (XTatlas):

- XTatlas SW sales already made to customers in Europe, New Zealand, and Australia, with interest in the Middle East.
- Continued collaboration with both Australian Defence Industry and international partners to expand the integration of the XTatlas SW offerings into other Systems (UAVs, UGVs, Sensors, Effectors).
- New applications to be developed in FY2022 for Battle Damage Assessment reviews of military targets, as a further expanded offering of the suite of XTatlas capabilities for Defence customers. Potential sales opportunities of 30-50+ units in H2 FY2022.

Support:

- Technology Division has significant opportunities for support revenue generation linked with every new System, Sensor or Software sale made. Major Defence projects have both Acquisition and Support contract components. Support contracts provide regular annuity income streams and over time can often equal or exceed the value of the original acquisition.





BALLISTICS DIVISION

BALLISTICS DIVISION

Overview

Ballistics Division

Division Headquarters located at HighCom Armor Inc. Columbus, OH, USA

Production facilities:

- Columbus Manufacturing Centre (CMC), OH, USA
- Adelaide Manufacturing Centre (AMC), SA, Australia
- FY21 Revenue: \$16.85m - 95% of product made in AMC is exported to US and other overseas destinations
- Staff: 86 = 60 (CMC) & 26 (AMC)

Focused on designing, manufacturing, and supplying global military, law enforcement, and first responder customers with world-class, advanced personal protection ballistic products and solutions to for:

- Body Armour
- Ballistic Helmets
- Composite Structures





BALLISTICS DIVISION

HighCom Armor Inc. Headquarters Columbus, OH, USA
Columbus Manufacturing Centre (CMC), OH, USA
Adelaide Manufacturing Centre (AMC), SA, Australia

XTEK Group's acquisition of HighCom Armor Inc. continues to be validated by HighCom's strong financial performance in FY2021, even despite global COVID-19 supply chain disruptions.

The Ballistics Division, continues to increase revenue and profitability for the Group, and this is now further expanded by leveraging production from our world-leading patented XTclave™ technology in our AMC to create ultra-light high-performance hard armour plates and ballistic helmets.

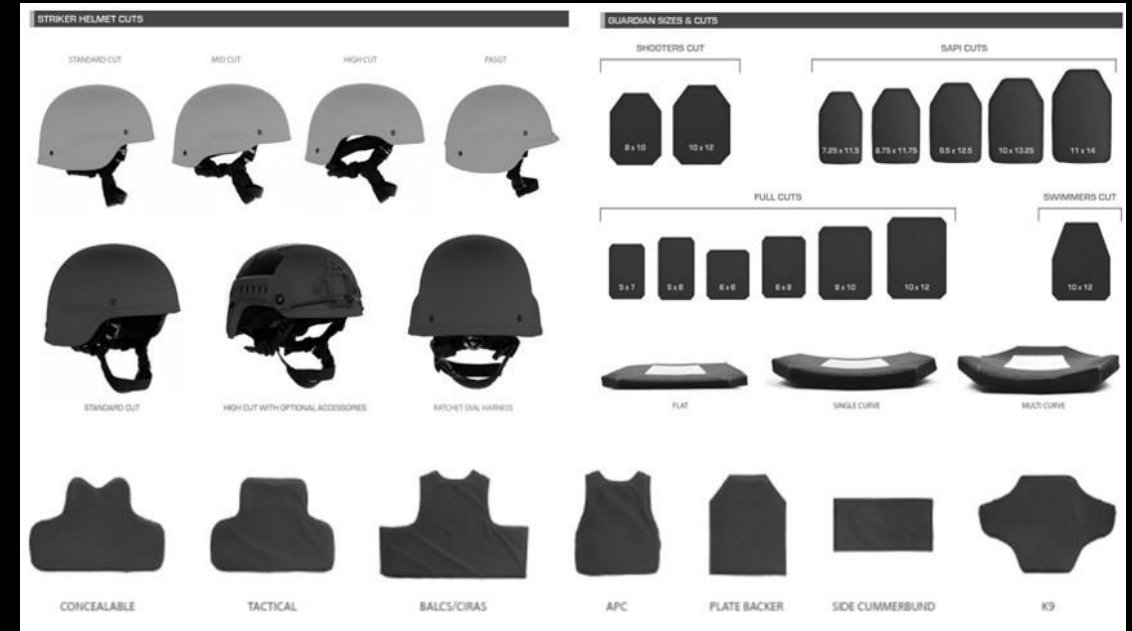
There is now a significant increase in collaboration occurring across the Ballistics Division's CMC and AMC facilities, with improved market intelligence and customer feedback being shared to drive new product development and innovation.

The Division currently is pursuing a global opportunity pipeline worth more than US\$90m+, with US\$40m+ of that linked to US customers, including US Military, and at least US\$50m+ of international opportunities in Europe and other regions.



BALLISTICS DIVISION

HighCom Armour is XTEK Group's Global Armour Brand



Major Government agencies & Military organisations depend on and trust the **HighCom Armor** brand to keep their people safe



COLUMBUS MANUFACTURING CENTRE

Columbus, United States

The Columbus Manufacturing Centre is a 35,000 square foot advanced ballistics manufacturing and distribution facility that is well positioned for large scale and time sensitive global supply needs.



ADELAIDE MANUFACTURING CENTRE

Adelaide, Australia



XTEK Group's \$10m+ investment into our ballistic armour manufacturing facility in Adelaide has created a world class research and development, prototyping, and manufacturing capability.

XTEK Group's patented XTclave™ process creates world-leading ultra-light high-performance hard armour plates and ballistic helmets that can protect against the widest range of civilian and military ammunition.



FOCUS ON GROWTH

Leveraging Superior Patented Ballistic Technology

- FY2022 presents the Ballistics Division with the opportunity to leverage the \$10m+ investment made in the Adelaide Manufacturing Centre to capitalise on growth opportunities for advanced ballistic solutions in the USA and Europe.
- The greater integration and collaboration across the Ballistics Division, between the teams in the US and Australian based facilities, will drive product innovation and development to meet global customer demand.
- A global opportunity pipeline worth more than US\$90m+:
 - US\$40m+ of qualified sales opportunities for Ballistic Division in the US alone.
 - US\$50m+ of large-scale Ballistic Helmet and Body Armour opportunities expected from Europe and other parts of the world.
- The adoption of HighCom as the Group's global armour brand, to leverage the long history, proud heritage, and trusted proven performance of HighCom products, is fundamentally important for success in FY2022 and beyond.





OPERATIONAL OUTLOOK FOR FY2022

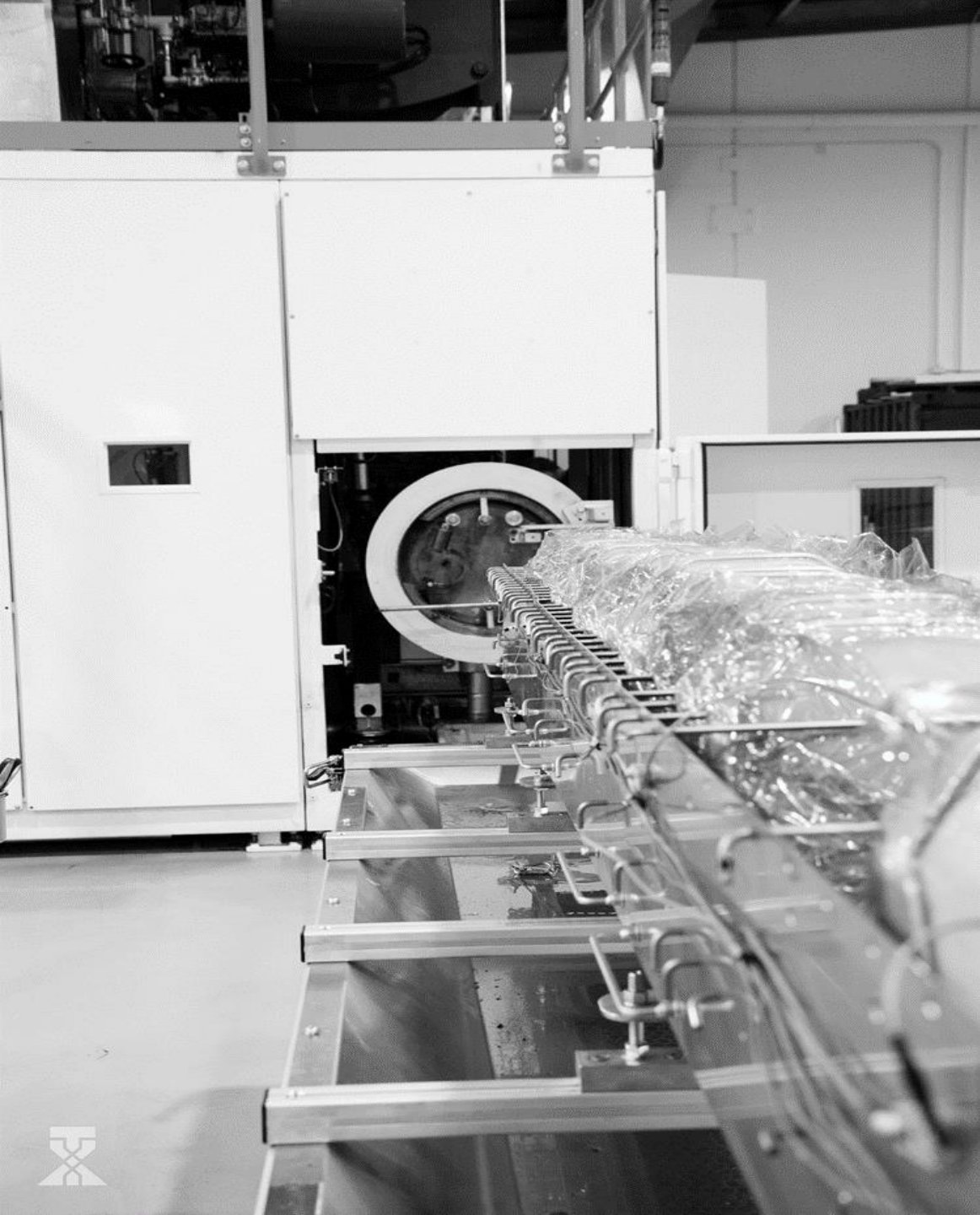
NEW STRUCTURE FOR FY2022 SUCCESS



Scott Basham
Group CEO

- Following changes to the Group's senior management team at the end of July 2021, a new organisation structure has been designed focusing on driving growth and profitability.
- Mr. Scott Basham appointed and confirmed as XTEK Group CEO.
- Realignment of the Group's various business units and entities into two clearly defined operating divisions:
 - Technology Division – focusing specifically on Systems, Sensors, Software and Support.
 - Ballistics Division – focusing on Advanced Ballistic Helmets & Body Armour products.
- Reorganisation of roles and responsibilities at the Ballistic Division's Adelaide Manufacturing Centre (AMC), with Mr. Craig Schmidt, a former General Motors senior international executive, appointed as Head of AMC.
- The appointment of Mr. Vince Creagh, a former Rapiscan Systems Science & Technology Commercial Director, as Head of the Technology Division's Tactical & Protection Systems (T&P) business unit.
- The recruitment and imminent appointment of a new Head of Business Development & Program Sales to drive sales success in winning major Defence opportunities for the Group's Technology Division.
- New Business Development Manager hired to grow local and international sales for the Ballistics Division, by leveraging HighCom as the Group's global armour brand, and then differentiating our offerings based on our world-leading patented XTclave™ process to manufacture advanced ballistics protection products.





Group-Wide Focus on Cost

XTEK Group has recently restructured its management team to reduce overhead, right-size our cost base, and manage our reduced working capital position.

XTEK Group's has already identified potential cost savings of circa \$0.75m for the business across the Group's global operations in Australia, the USA and Europe.

Realisation of these savings will be undertaken over the coming weeks as new working arrangements and other changes are implemented.

Further potential cost savings will be targeted once a wider cost review has been completed.

Growth Potential:

- World leading Systems exclusively sourced by Technology Division to meet increasing demand in the ANZ markets
- Intellectual Property portfolio of Sensors, Software, and advanced Ballistic Products, all with performance advantages
- Attractive Defence Industry fundamentals underpin future growth potential – ADF expected to spend \$270bn over next 10 years
- Major focus on Australian-made sovereign industrial capabilities for ADF future procurement
- Improved Gross Margins targeted from Group’s own advanced Ballistics solutions and Australian-made Technology
- Expect significant annualized savings can be achieved from rightsizing cost base
- Targeting improved revenue growth with large qualified sales opportunity pipeline:
 - US\$90m+ of qualified global sales opportunities for Ballistic Division, with US\$40m+ in US and US\$50m+ in RoW markets
 - A\$58m+ of qualified sales opportunities for Technology Division in ANZ region, with strong interest in US and EU markets

Growth Strategy:

- Develop new and innovative Australian-made Systems, Sensors, and Software solutions to meet increasing demand from ADF
- Develop new and innovative advanced ballistic protection products using our patented world-leading XTclave™ process, and differentiate on our superior lightweight and protection performance features and benefits
- Leverage “HighCom Armor” as XTEK Group’s global armour brand in order to continue to grow global ballistic sales revenues
- Provide exceptional customer service across all divisions to generate repeat purchases and recurring annuity support income



CURRENT POSITION & USE OF NEW FUNDS

XTEK Group's FY2021 Results as at 30 June 2021:

- Revenue \$28.3m down from \$42.7m in FY2020
- Net loss \$3.95m vs a profit of \$0.3m for FY2020
- Cash - \$5.90m
- Debtors - \$1.85m
- Creditors - \$6.99m

XTEK Group's Position as at 22 September 2021¹:

- Cash - \$0.24m
- Debtors - \$0.94m
- Creditors - \$1.38m

Despite the fall in revenue noted above, FY2021 gross profit fell by 5.8% (\$8.6m to \$8.1m) and gross margin increased from 20% to 29% demonstrating some success with the Company's stated strategy.

XTEK will use new funds:

- To expand the range of hard armour plates & helmets made using our patented XTclave™ process
- To develop an Australian-made small VTOL UAV for upcoming sales opportunities with ADF
- To develop the next XTatlas software applications
- For general working capital

Note (1). On 31 August 2021, the Company entered into a short term stand-by loan facility to the value of \$1m with a related party. The Company does not intend to draw down on this facility.





CAPITAL RAISING

CAPITAL RAISING OVERVIEW

Placement & Entitlement Offer (together, the “Capital Raising”) to raise up to approximately A\$7.7 million

Capital Raising

Partially Underwritten Capital Raising of approximately A\$7.0 million, comprising a:

- Placement to raise gross proceeds of approximately A\$2.7 million
- 1 for 3.7, pro rata non-renounceable entitlement offer to raise gross proceeds of approximately A\$5 million

Chairman/CEO Participation

- XTEK Chairman, Uwe Boettcher, has indicated he will be participating in the Entitlement Offer for approximately A\$260,000 of his eligible entitlements and provide A\$260,000 in Sub Underwriting of the Entitlement Offer.
- XTEK Group CEO, Scott Basham, will also be participating in the Offer.

Altor Capital

- XTEK’s largest shareholder, Altor Capital, has also indicated it will support the Offer. Including participation of up to A\$1 million in the Placement, taking up its entitlements in full and providing up to an additional A\$1.6 million in Sub Underwriting of the Entitlement Offer.
-



PLACEMENT OVERVIEW

Placement to raise approximately \$2.7 million

Placement Structure & Size

- Underwritten Placement to Raise gross proceeds of approximately A\$2.7 million
 - Approximately 10.4 million New Shares to be issued under the Placement
 - The Placement is being undertaken utilizing the Company's existing capacity under ASX Listing Rule 7.1

Placement Price

- The Placement will be conducted at the fixed price of A\$0.26 per New Share ("Placement Price"), representing a discount of:
 - 28.8% to the last close price of A\$0.365 on, Wednesday 29th September 2021
 - 31.7% to the 15-day VWAP of A\$0.380 up to and including Wednesday 29th September 2021

Underwriting

- The Placement is underwritten

Ranking

- New Shares Issued under the Placement will rank equally with existing fully paid shares from the date of issue.
- Placement shares are offered on an ex-entitlement basis i.e. Will not participate in the Entitlement Offer.



ENTITLEMENT OFFER OVERVIEW

Pro rata non-renounceable entitlement offer to raise up to approximately A\$5 million

Entitlement Offer Structure And Size	<ul style="list-style-type: none">Partially underwritten 1 for 3.7 pro rata non renounceable Entitlement Offer of New Shares to raise approximately A\$5 million<ul style="list-style-type: none">Approximately 19.2 million New Shares to be issued under the Entitlement Offer
Entitlement Offer Price	<ul style="list-style-type: none">The Entitlement Offer will be conducted at the same price as the Placement<ul style="list-style-type: none">28.8% to the last close price of A\$0.365 on Wednesday 29th September 202131.7% discount to the 15-day VWAP of A\$0.380 up to and including Wednesday 29th September 2021
Underwriting	<ul style="list-style-type: none">The Entitlement Offer will be underwritten up to A\$3 million
Record Date	<ul style="list-style-type: none">7.00pm (AEST) on Thursday, 7 October 2021
Retail Entitlement Offer	<ul style="list-style-type: none">Eligible retail shareholders in Australia & New Zealand can elect to take up all or part of their pro rata entitlements by the Retail Entitlement Offer close date of 5.00pm (AEST) on Monday, 25 October 2021A top up facility is also included in the Entitlement Offer to allow eligible shareholders to apply for over and above their eligible entitlements.



CAPITAL RAISING TIMETABLE

Key Event	Date
Trading Halt and announcement of Placement & Entitlement Offer	Thursday, 30 September 2021
Placement Bookbuild Opens	Thursday, 30 September 2021
Placement Bookbuild Closes	Friday, 1 October 2021
Announcement of results of Placement	Monday, 4 October 2021
Trading Halt lifted and trading resumes on an ex-entitlement basis	Monday, 4 October 2021
Entitlement Offer Record Date (7:00pm AEST)	Thursday, 7 October 2021
Settlement of New Shares under the Placement	Friday, 8 October 2021
Entitlement Offer Opens and Retail Booklet made available	Monday, 11 October 2021
Allotment and normal trading of New Shares issued under the Placement	Monday, 11 October 2021
Entitlement Offer closes (5:00pm AEST)	Monday, 25 October 2021
Announcement of results of the Entitlement Offer	Thursday, 28 October 2021
Allotment of New Shares Issued under the Entitlement Offer	Monday, 1 November 2021
Normal Trading of New Shares under the Entitlement Offer	Tuesday, 2 November 2021
Despatch of Holding Statements in respect of New Shares issued under the Entitlement Offer	Tuesday, 2 November 2021

*The dates above are indicative only and may be subject to change.





APPENDICES

APPENDIX 1: KEY RISKS

Introduction

There are various risks in any investment in the Shares of XTEK. The risks outlined in this Appendix could have a material adverse impact on XTEK's operating performance and the market price of any New Shares issued under the Capital Raising. It cannot be guaranteed by XTEK that XTEK will generate positive returns, or that the Share price will increase or be maintained.

The following summarises certain key risk factors that XTEK considers apply to it but does not intend to list every risk or serve as an exhaustive summary of risks that may apply to XTEK.



APPENDIX 2: GENERAL RISKS

1. Market Perceptions

Shares are a speculative investment and are vulnerable to macroeconomic changes including sudden changes in the market's perception of a company's value. Positive financial returns are not guaranteed, and the Share price may be affected by various factors, many of which may be outside of XTEK's control. These can include investor sentiment and general market conditions. In particular, the Share price of XTEK can be affected by factors including, among other things, development of new defence products or technologies by XTEK or its competitors, domestic and foreign government policy, litigation and dispute matters including in relation to intellectual property, and the retention and reimbursement of key personnel.

In addition, XTEK does not have a large market capitalisation compared to larger companies listed on ASX and may have a low trading volume compared to these other companies. This may result in increased volatility of the price of the Shares, compared to the market as a whole or indices such as the S&P ASX 200 index.

Changes in the Share price may impact on the value of XTEK's Shares generally.

2. Changes in Political Environment and International Conflicts

XTEK's Share price and ability to generate returns to investors can be affected by changes in legislation, domestic or foreign governments and government policy. In particular, government policies can have a sudden and material impact on XTEK if it results in new defence or security projects being announced, or alternatively if such projects are cancelled or postponed.

Additionally, XTEK's future sales and returns may be influenced by any future domestic or international conflicts or peacekeeping missions, particularly where such conflicts may involve the deployment of troops or other defence resources of XTEK's customers. XTEK's financial performance may depend on whether XTEK is awarded significant contracts in relation to any such events.

3. Economic changes

XTEK may be impacted by various economic factors including exchange rate fluctuations, inflation, central bank policies and interest rates. These and other economic factors may also impact XTEK's ability to attract new business or supply customers. In particular, any exchange rate fluctuations could affect XTEK's product sales, particularly those subject to 'standing offer' arrangements.



APPENDIX 3: COMPANY SPECIFIC RISKS

1. Competitors

XTEK's competitive position may deteriorate as a result of factors including actions by existing competitors, the entry of new competitors or a failure by XTEK to continue to position itself successfully as the defence industry environment changes. XTEK has various domestic and foreign competitors in the defence industry. Many of these competitors may have greater financial or other business capabilities (including brand goodwill) than XTEK, which may advantage them in obtaining sales from potential customers.

2. Operating Performance

XTEK designs, makes, sells and supports specialist equipment and machinery to help protect and sustain Defence, police, security and other agencies. This is done through two key divisions: a Technology Division and a Ballistics Division. The sales cycle for these three divisions can differ. In particular, certain of our divisions have a longer technological development to market time period than other divisions. If these divisions cannot bring products to market, have significant cost overruns, or customer perceptions of XTEK's technological developments do not meet expectations, XTEK's financial performance may be adversely impacted. In relation to XTEK's divisions that have a shorter sales cycle, XTEK relies on its customers seeing value in its products and services. If customers do not see continued value in XTEK's products and services, this may negatively impact the financial position of XTEK.

3. Superseded and Obsolete Technology

There is a risk that, as marketable technologies continue to develop in the defence industry, there may be certain technological developments that supersede, and render obsolete, the existing product and service offering of XTEK, which would negatively affect XTEK's profitability. XTEK's proprietary XTclave™ technology is currently being tested by the US Defense Department. Whether or not the US Defense Department decides to proceed with further testing of, or submit orders for, XTEK's products using this proprietary technology may have a material impact on XTEK's financial performance.



APPENDIX 3: COMPANY SPECIFIC RISKS

4. Key Personnel

The Board and key personnel of XTEK are integral to its ongoing performance. XTEK has in place policies and agreements to seek to retain Board members and its key personnel, so that XTEK may continue to supply its defence services and develop technologies to better serve its customers. However, XTEK cannot guarantee that its Board members and key personnel will remain employed by XTEK. XTEK seeks to retain the services of certain key personnel through the provision of short and long term incentive programs, however notes that these personnel may still choose to leave XTEK. The loss of these key personnel, and an inability to recruit or retain suitable replacement or additional personnel, may adversely affect XTEK's future financial performance.

5. Intellectual Property Rights

XTEK develops defence technologies and seeks to protect its investment in developing such technologies through the use of intellectual property rights. Therefore, XTEK is reliant on these intellectual property rights, and needs to support and enforce them as necessary. XTEK's performance may be negatively impacted if:

- any of its intellectual property rights applications are not granted by relevant authorities.
- it has to incur significant expenditure either enforcing its intellectual property rights (including where it may have to initiate proceedings in a foreign jurisdiction), or defending intellectual property actions brought by other companies or competitors.

6. Reputational Damage

Issues may arise from time to time that would give rise to reputational risk and cause harm to XTEK and its business dealings and prospects. These issues include appropriately dealing with legal and regulatory requirements, issues of ethics, dealing with anti-corruption and bribery legislation, trade sanctions legislation, environmental issues, privacy, information and technology security, sales and trading practices. Failure to address these issues appropriately could give rise to additional legal, financial and operational risks, subject XTEK to regulatory actions, fines and penalties or harm the reputation of XTEK, its customers and investors in the marketplace.



APPENDIX 3: COMPANY SPECIFIC RISKS

7. Ongoing Funding Risks

XTEK requires ongoing funding to continue operating, develop its Defence technologies and expand its business.

XTEK may need to pursue funding opportunities in the future and if these funding opportunities are identified and used, they may have a dilutionary impact on a Shareholder's holding in XTEK, or a negative impact on XTEK's Share price.

There is a risk that XTEK may not be able to access sufficient funding through the debt or equity markets, which may result in XTEK needing to urgently source alternative funding in order to continue to have sufficient funding to meet its ongoing business requirements.



APPENDIX 4: Summary of Underwriting Agreement

XTEK has entered into an underwriting agreement with MST Financial Services Pty Ltd (**Underwriter**) under which the Underwriter has agreed to fully underwrite the Placement component of the Capital Raising and partially underwrite the Entitlement Offer component of the Capital Raising up to a maximum amount of \$3 million, subject to the terms and conditions of the underwriting agreement (**Underwriting Agreement**).

There are also certain sub-underwriting arrangements in place between the Underwriter and each of the Chairman and major shareholder as detailed in slide 31.

Prior to the settlement of the Entitlement Offer, there are certain events which if they were to occur (including but not limited to market disruptions, defects in the offer documents, material adverse changes experienced by XTEK, regulatory interventions, breaches of the Underwriting Agreement by XTEK, etc.), may lead to the Underwriter terminating the Underwriting Agreement.

The Underwriter's obligation to underwrite the Capital Raising is also subject to customary terms and conditions.

The ability of the Underwriter to terminate the Underwriting Agreement in respect of some events will depend (among other things) on whether the event has or is likely to have a material adverse effect on the outcome, success or settlement of the Capital Raising or the likely price at which the shares issued under the Capital Raising will trade on ASX, or could give rise to a contravention by, or liability for, the Underwriter under applicable laws.

If the Underwriting Agreement is terminated for any reason, XTEK may not receive the full amount of the proceeds expected under the Capital Raising, its financial position might change and it might need to take other steps to raise capital, including by raising additional debt.

A further summary of the key terms of the Underwriting Agreement will be set out in the offer booklet in relation to the Entitlement Offer.





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