



# XTEK LTD AGM PRESENTATION

26 NOVEMBER 2021

PRESENTED BY: SCOTT BASHAM  
GROUP CHIEF EXECUTIVE OFFICER

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XTEK Group is an ASX listed international Defence Industry advanced manufacturing and technology business.  
FY2021 Group Revenue \$28.3m. Market Capitalisation \$25.7m (25 Nov 21).

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

## 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**

## 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

# 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) & 24 (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.



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# 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 with complex curves and unique shapes, and advanced ballistic helmets, that can all 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 lead opportunities for Ballistic Division in the US alone.
  - US\$50m+ of large-scale Ballistic Helmet and Body Armour sales lead opportunities in 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.





TECHNOLOGY DIVISION

# TECHNOLOGY DIVISION

Overview

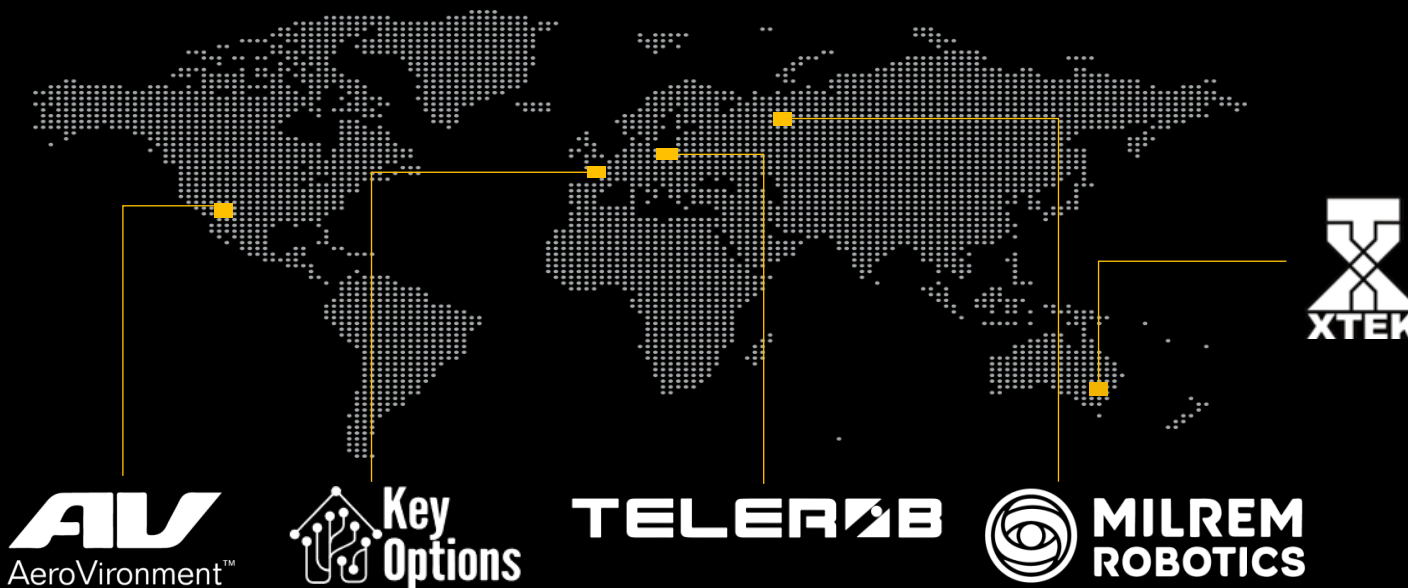
## Technology Division

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

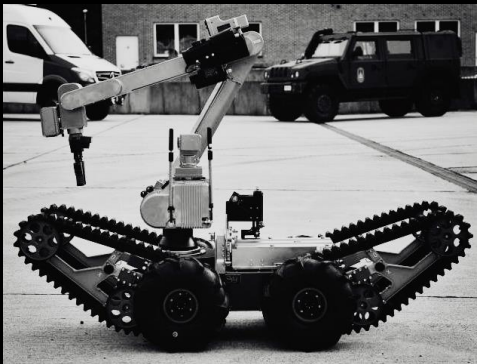
UAVs & UGVs



**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 XAtlas software suite, which allows chemical alert data to be displayed graphically and mapped geospatially for users.



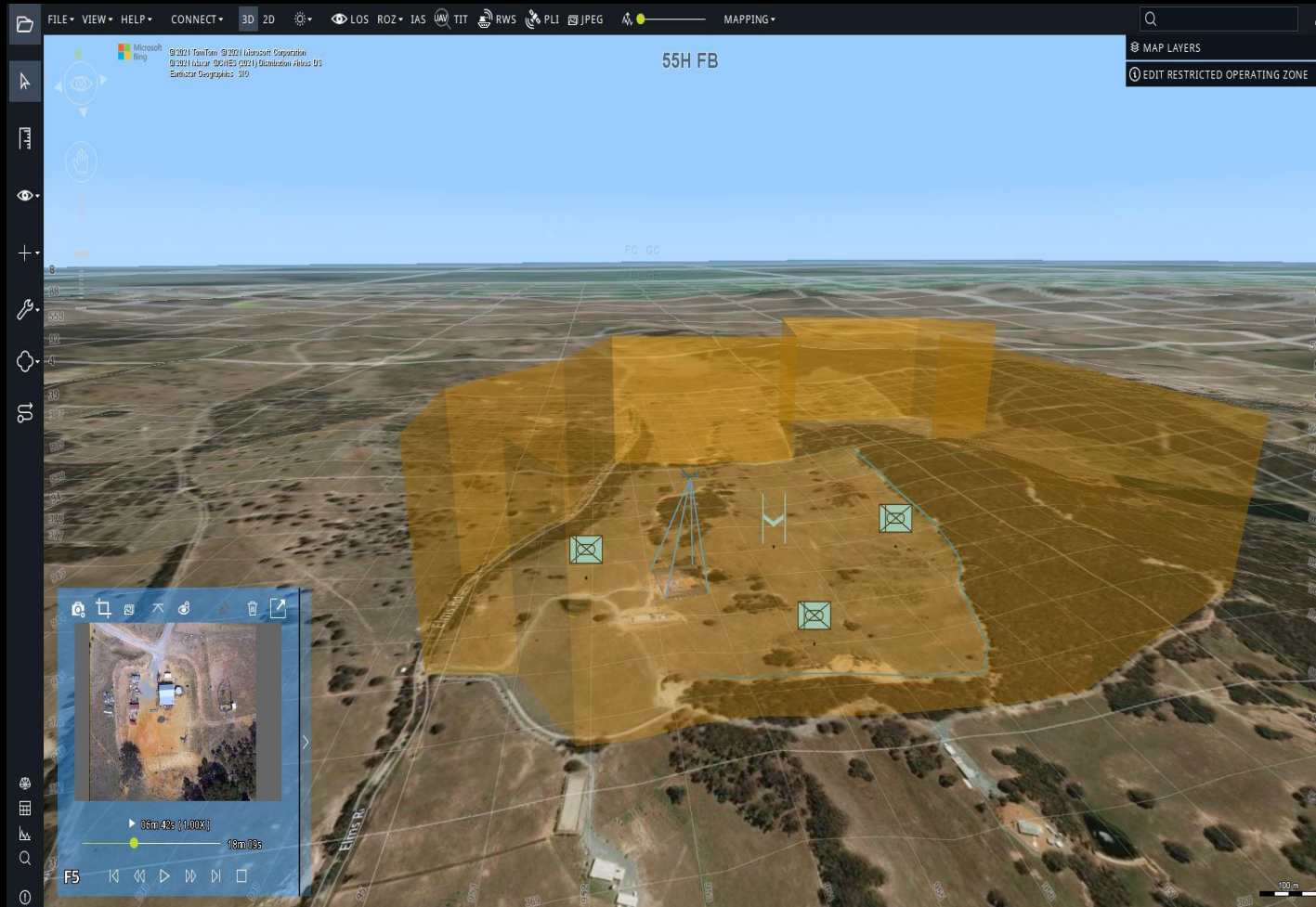
Virolens is a UK designed and manufactured rapid non-invasive Covid-19 virus detection device, currently awaiting TGA approval for use in Australia, that provides a highly accurate result in 20 seconds using Artificial Intelligence software.

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 Situational Awareness 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 accurate disseminated - quickly, efficiently, and highly effectively.

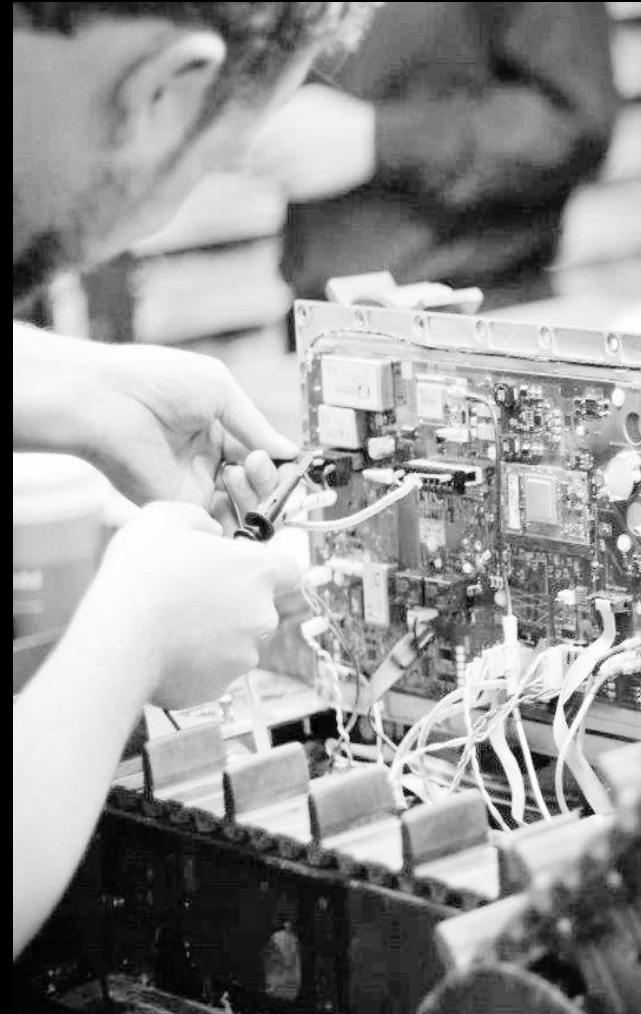
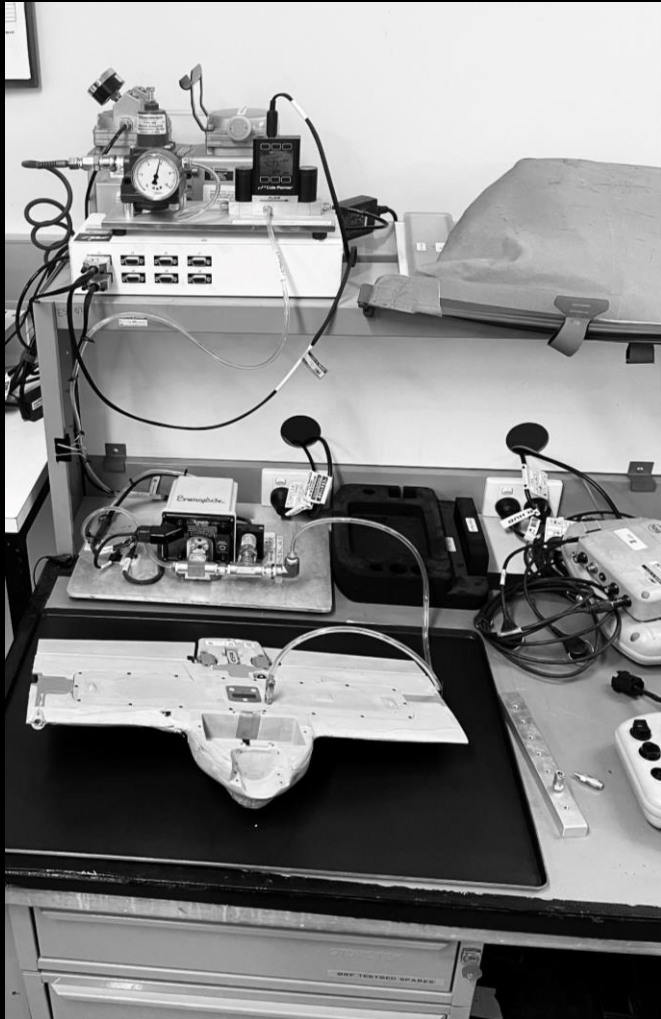
The Group continues to collaborate with Australian Defence Industry and international partners to expand the integration of the XAtlas software offerings.

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.



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# 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).
- These UAV tender opportunities include:
  - ADF Tender for the replacement of the existing Wasp UAV (which XTEK Group currently supports). Expected release during Q3 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):

- In September, the Technology Division responded to a significant RFT from the Australian Army, for the replacement of its fleet of EOD robots (many of which XTEK Group currently supports). Subject to the robot configurations chosen, likely opportunity value around \$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 for XTEK Group around \$20m+. Delivery from FY2023+.





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# 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.





# OPERATIONAL OUTLOOK FOR FY2022

# NEW STRUCTURE FOR FY2022 SUCCESS



Scott Basham  
Group CEO



Craig Schmidt  
Head of A&C



Vince Creagh  
Head of T&P



Justin Suwart  
Head BD for A&C



John Cottis  
Head of BD & PS



ED Clark  
Head of ASP

- 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:
  - Ballistics Division – focusing on Advanced Ballistic Helmets & Body Armour products.
  - Technology Division – focusing specifically on Systems, Sensors, Software and Support.
- 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 Armour & Composites, overseeing all AMC operations.
- The appointment of Mr. Ed Clark, as the Head of Adelaide Special Projects (ASP) within the Ballistics Division, overseeing all Armour & Composites Research & Development activities.
- The appointment of Mr. Justin Suwart as the Head of Business Development Armour & Composites 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.
- 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 appointment of Mr. John Cottis, as the Head of Business Development & Program Sales to drive sales success in winning major Defence opportunities for the Group's Technology Division.





# Group-Wide Focus on Cost

XTEK Group continues to implement the restructure and refocusing of our business operations to right-size our cost base, reduce overhead, and better manage our working capital.

Following a wide-ranging cost review XTEK Group has identified potential annualized savings of circa \$1.4m for the business across the Group's operations in Australia, the USA, and Europe.

Savings of approximately \$1.1m have already been implemented over the course of Q2 FY22 so far, and the remaining OPEX improvements are expected to be implemented over coming weeks.

# USE OF NEW FUNDS



Starting on 4 October 2021, and finishing on 16 November 2021, XTEK Group raised \$7.7m of new capital via an oversubscribed Share Placement (\$2.7m) and an Entitlements Offer (\$5.0m).

XTEK plans to use these new funds:

- To expand the range of ultra lightweight and high-performance 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



## Growth Potential:

- World leading Systems exclusively sourced by Technology Division to meet increasing demand in the ANZ markets
- Intellectual Property portfolio of advanced Ballistic products, and sensors and software, all with competitive 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 lead opportunities for Ballistic Division, with US\$40m+ in US and US\$50m+ in RoW markets
  - A\$58m+ of qualified sales lead opportunities for Technology Division in ANZ region, with strong interest in US and EU markets

## Growth Strategy:

- 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” as XTEK Group’s global armour brand in order to continue to grow global ballistic sales revenues
- Develop new and innovative Australian-made Systems, Sensors, and Software solutions to meet increasing demand from ADF
- Provide exceptional customer service across all divisions to generate repeat purchases and recurring annuity support income





PROTECT & SUSTAIN