



XTEK LTD INVESTOR UPDATE

02 June 2022

PRESENTED BY: SCOTT BASHAM
GROUP CHIEF EXECUTIVE OFFICER

SUMMARY

KEY UPDATES

- Undertaken strategic review, appointed new management team and refreshed the board.
- Company has capitalised on macro tailwinds within the defence sector and has built a strong reputation under the global HighCom Armor brand.
- High margin contracts (A\$64.4m since March) and strong cash flow that builds foundations for the company to pursue organic and inorganic growth opportunities.
- The company continues to see increased procurement inquiries as a result of heightened global tension.



XTEK Group is an ASX listed international Defence Industry company.

The Group operates as two distinct divisions – Ballistics Division (HighCom Armor) & 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:

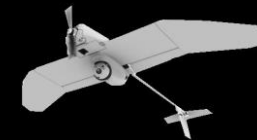
- Body Armour
- Ballistic Helmets
- Composite Structures



Technology Division

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

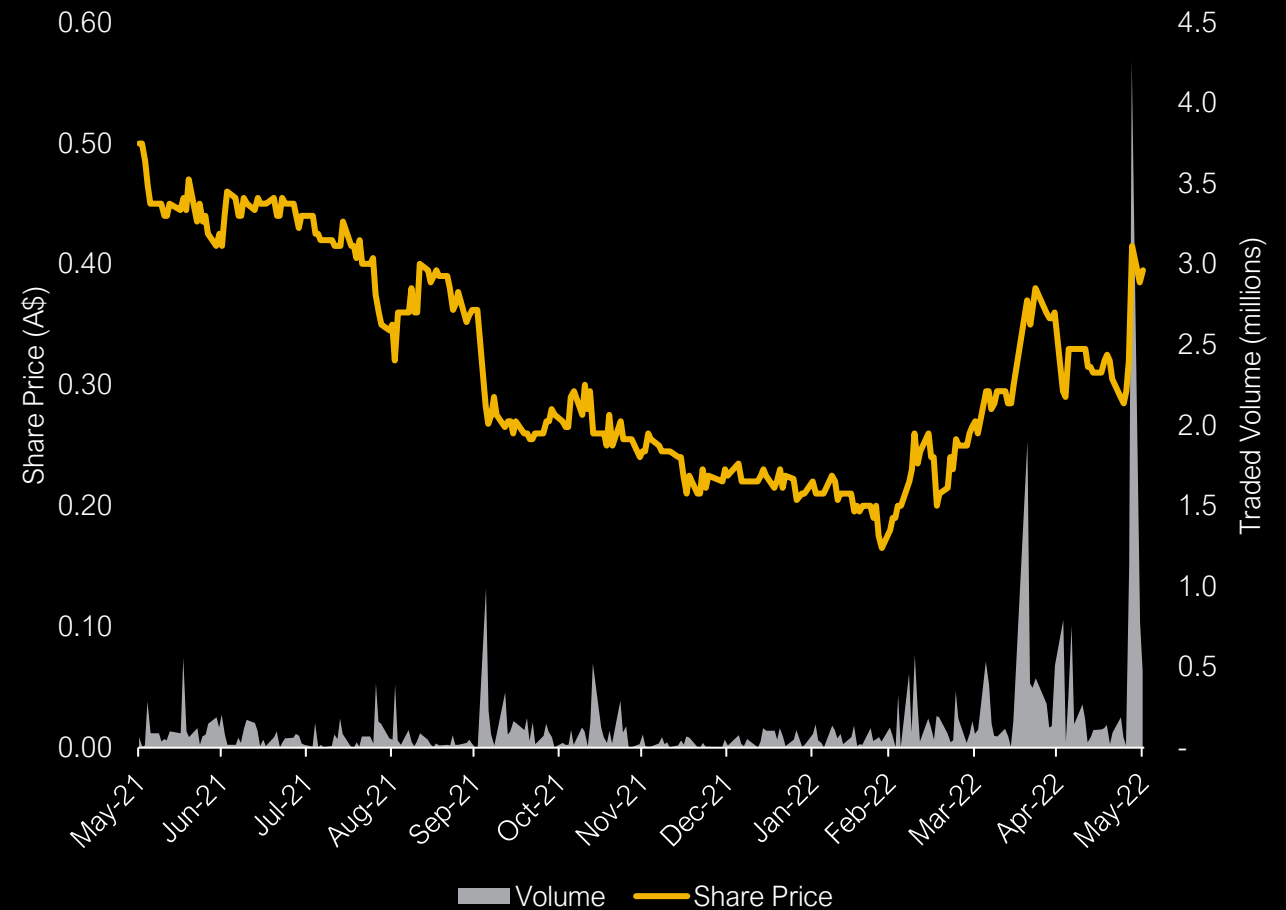
- **Systems** - UAVs & UGVs solutions
- **Sensors** – Detection & Optical Payloads
- **Software** - 3D Mapping & Modelling SW
 - - Tactical Situational Awareness SW
- **Support** - System Integration, Training, & Service Support



CORPORATE SNAPSHOT

XTEK Limited

Capital Structure (31/05/2022)	
Shares Outstanding	100,620,244
Share Price	A\$0.395
Market Capitalisation	A\$39.74m
12 Month Share Price Range	A\$0.165– A\$0.50
Cash Balance (31/12/21)	A\$4.49m
Borrowings (31/12/21)	A\$1.78m
Senior Executive Management	
Scott Basham	Group CEO
David Brooking	CFO
Michael Bundy	CEO – HighCom Armor
Board of Directors	
Mark Stevens	Non-Executive Chairman
Christopher Fullerton	Non-Executive Director
Christopher Pyne	Non-Executive Director
Mark Smethurst	Non-Executive Director
Ben Harrison	Non-Executive Director
Laurie Gardiner	Company Secretary





BALLISTICS DIVISION UPDATE

BALLISTICS DIVISION

Overview

Ballistics Division

HighCom Armor Solutions Inc.

Production facilities:

- Columbus Manufacturing Centre (CMC), OH, USA
- Adelaide Manufacturing Centre (AMC), SA, Australia

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

H2 FY2022 New Order Highlights

H2 FY2022 New Order Highlights:

- \$64.4m since 1 March 22 includes:
 - \$2.75m - 7 March 22 (Fully Delivered)
 - \$3.20m - 24 March 22 (Fully Delivered)
 - \$2.15m - 4 April 22 (Fully Delivered)
 - \$9.5m – 26 May 22 (Delivery Complete by 30 June 22)
 - \$46.8m - 27 May 22 (Delivery Underway to End Q1 FY23)
- Q3 FY2022 saw multiple orders for specialist ballistic products to fulfill urgent operational needs for various international customers in Europe.
- Q4 FY2022 has seen two major deals valued at \$56.3m to supply tens of thousands of specialist ballistic products to undisclosed regional (Asia Pacific) and international customers.
- When combined these new high value, high margin orders represent a truly transformational opportunity for the Group to deliver on its full potential, secure its ongoing financial position, and to firmly stake its claim as an industry leader.



FY2023 GROWTH OPPORTUNITIES

BALLISTICS DIVISION

- The Division continues to pursue >\$40m of new sales opportunities worldwide, of which a large volume are directly related to the conflict in Eastern Europe.
- We will be launching our highly anticipated advanced ultra lightweight multi-curve body armor plates and new high-performance “rifle rated” ballistic helmet products. These products are manufactured using our patented XTclave technology.
- Given the ongoing uncertainty of the current heightened global security environment, the Group does not see any reduction in demand occurring until the current global tensions are resolved.
- We expect a further increase in procurement activity for personal protective equipment, as countries reconsider the current readiness status of their standing armies and reserve forces, and then act to rectify any operational shortcomings and capability gaps.





TECHNOLOGY DIVISION UPDATE

TECHNOLOGY DIVISION

Overview

Technology Division

Co-located with Corporate Headquarters in Canberra, ACT, Australia.

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

- Systems - UAVs & UGVs solutions
- Sensors - Detection & Optical Payloads
- Software - 3D Mapping & Modelling SW & Tactical Situational Awareness SW
- Support - System Integration, Training, & Service Support



Our world leading OEM systems partners:

AV
AeroVironment™

TELEROB

 **MILREM
ROBOTICS**

 **XTEK**



TECHNOLOGY DIVISION

H2 FY2022 New Order Highlights and Outlook for FY2023



H2 FY2022 New Order Highlights:

- \$5.14m since 1 March 2022 includes:
 - \$2.75m - 9 March 22 (Delivery FY23)
 - \$2.19m - 9 March 22 (Delivery FY23)
 - \$0.20m - 4 April 22 (Delivery FY23)

The Technology Division continues to await the outcome of numerous ADF opportunities:

- Land 154-4 Remotely Positioned Vehicle (RPV) – Likely value ~\$25m-\$50m
- Various proposals for UGVs in specific applications – Likely value ~\$0.5m-\$1m

Two new tenders are also expected to be released within the next 30 days for fleets of long-range small UAVs by both the Australian Defence Force (ADF) and New Zealand Defence Force (NZDF):

- ADF Tender – Expected award and delivery during H1 FY23 – Likely value ~\$5m-\$10m
- NZDF Tender – Expected award and delivery during H1 FY23 – Likely value ~\$5m-\$10m





FORECAST OUTLOOK FOR FY2022

STRATEGIC REVIEW COMPLETED

Strategic Review & Key Initiatives Implementation Progress Tracking

Objective	Comments	Progress
Restructure of business operations	<ul style="list-style-type: none">Created two distinct business divisions – Ballistics and TechnologySignificant unification and collaboration across Ballistics operations in Adelaide and the United States	✓
Cost savings	<ul style="list-style-type: none">Implemented a restructuring of business operations to right-size our cost base, reduce overheads, and sustainably manage its working capitalAchieved annualised cost savings of approximately \$3mHead count has been reduced by ~45% across the Australian and international operations	✓
Focus on core market sales	<ul style="list-style-type: none">Recruited new business development and sales staff to focus on core Defence and Law Enforcement market verticalsStrong pipeline of domestic and international opportunities increasing due to global security concerns	✓
Engaging with key international suppliers	<ul style="list-style-type: none">Increased the gross margins applicable on XTEK's exclusive Technology Division reseller sales relationships	✓

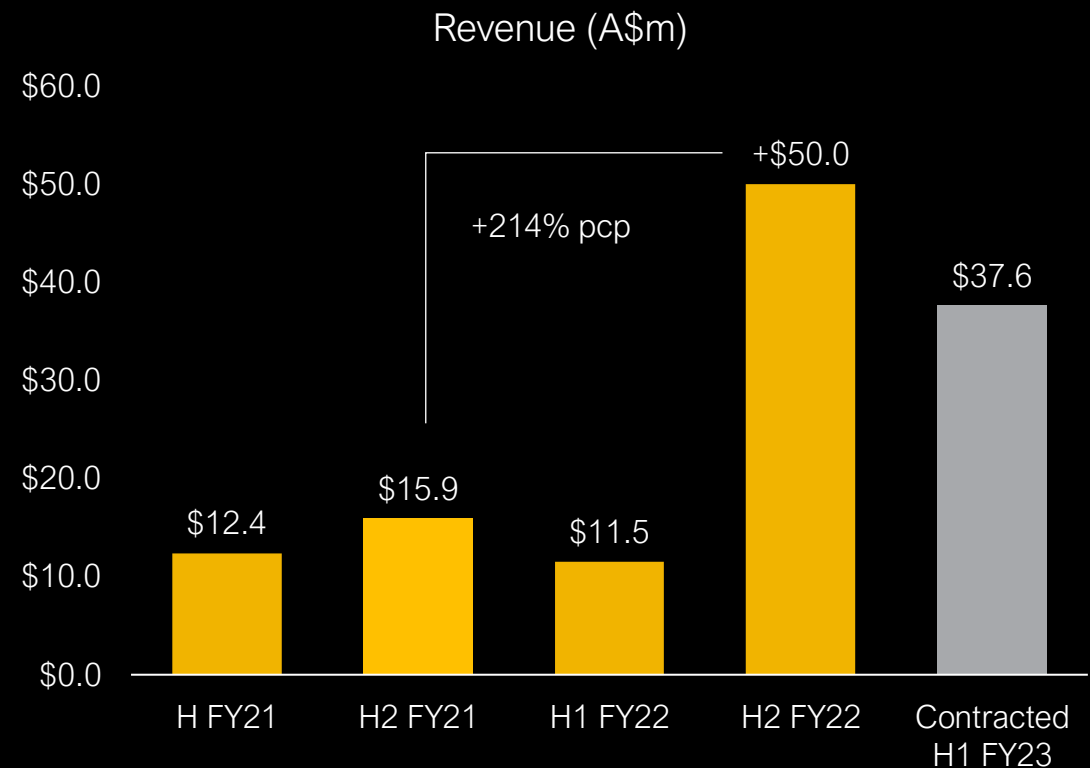


FY2022 Forecast Outlook

After completing the strategic review and implementing the growth and cost efficiency strategies, XTEK is confident in delivering a strong FY2022 result.

FY2022 – Financial Guidance (unaudited):

- Total revenue for H2 FY2022: + A\$50m
- Total revenue for FY2022: + A\$60m
- Contracted revenue FY2023: + A\$37m
- Strong cash position and well funded for growth





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