

**CHAIRMAN'S ADDRESS**  
**XTEK LIMITED ANNUAL GENERAL MEETING 2022**

**25 NOVEMBER 2022**  
**XTEK HEADQUARTERS, SYMONSTON CANBERRA**

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**Introduction**

Good afternoon everyone, and welcome to XTEK Limited's 2022 Annual General Meeting.

It is great to be able to hold this AGM in person, given our recent experiences of the impacts of COVID-19. We hope that you get a lot of benefit from attending today as we feel we have a very exciting future before us which we will step you through this afternoon. From my perspective I would encourage you to also read out recent Annual Report, which spells out this year's extraordinary journey.

I remind you that recording devices, photographic equipment and mobile phones cannot be used during the meeting.

**XTEK's Board**

XTEK is in the fortunate position of having a high-quality Board and significant work has been underway over the last 8 months to contemporise its operations and capabilities. We will continue to develop the Board's capabilities in Risk Management which Chris Fullerton is leading and I thank him for that, including the recreation of a separate Risk Management Cte. We have reworked our other Board Committees and I thank my colleagues for their support in this reshaping. Ben Harrison is now leading the Finance and Audit Cte and Mark Smethurst our HR Committee. I remain at the helm of the Nominations Cte.

We continue to seek diversification of our skill sets and experience and I and my fellow Directors were very pleased to welcome Adelaide McDonald to the Board recently. You may have seen our release of a revised Capital Management Statement last quarter which is a major step forward also. At the Board level we have very good Defence client engagement capabilities through Mark Smethurst, Christopher Pyne and myself, and the effectiveness of this has been evident in the last six months as we worked closely with management to execute on a number of opportunities.

Our governance and financial management focus has also improved considerably. Without this improvement all of my preceding comments would come to nought and so I particularly call out the work being done by Ben Harrison, Adelaide McDonald and Chris Fullerton in this regard.

### **FY22 Financial performance**

Scott will take you through XTEK's performance in detail, but I'll start by outlining a few key highlights from the year.

FY22 is a story in two parts with a weak first half culminating in a loss of over \$6million and then a stunning turnaround in the second half driven by a number of significant ballistic amour orders both into Europe, but locally as well. This has also given us an excellent foundation for FY23.

The headline numbers speak for themselves:

- Revenue up 105% to \$58.2m
- Gross Margin of \$4.7m
- Underlying EBITDA of \$11.5m, up from a \$3m loss
- Cash Balance of \$36.2m, up from \$5.9m

I note today that our share price remains in the high 50cents which is an over 300% improvement from the half year. I just want to send the message clearly that we see a clear pathway to better shareholder returns and we are fixated on realizing those for you.

While global uncertainty has been a key driver of this year's result, cost reduction coupled with more effective market execution capability is the actual foundation for this success. The transformation program launched at the start of this financial year is complete and we thank our shareholders for their patience whilst the Company has completed this reinvigoration and refocus. The write off of the Virolens investment was necessary, as has been an exit from underperforming markets and technologies, to enable the achievement of this result.

XTEK emerges from this phase stronger, better led and more energised with a more manageable cost base than in recent history. In the last few months we have also announced the appointment of a new CFO for the Group, Jacqui Myers. I want at this point to thank David Brooking for his long and faithful service to XTEK as our CFO. David is a great person and has been instrumental in a number of key milestones in XTEK's history including the Highcom Armour acquisition. David leaves with my deepest thanks and we wish him well for the next phase of his professional life.

We have also recently announced new leadership at Highcom Armour, appointing a new CEO and CFO, which Scott will speak about later but this a critical improvement that we felt was overdue and will deliver order of magnitude improvements for us in the US market.

We are also seeking today your support for the appointment of RSM as our new auditors after a competitive process. I wanted to sincerely thank

Hardwicks for whom this AGM is their last as XTEK's auditors. They have done a great job for us over an extended period, at times under difficult circumstances.

XTEK's strategy through this financial year and into FY23 is simple, clear and executable. It is to:

- Reinforce success;
- Explore adjacencies, which we believe is the best way to generate low risk market expansion and product growth; and
- Create our new future, through our R&D work in Adelaide and greater discipline in the pursuit of new offerings in the Technology Division.

### **Ballistics Division**

Our immediate plans involve an extension of XTEKs business in Europe and developing a stronger focus on the US Department of Defense market. New ballistic products developed in our R&D facility in Adelaide will we believe be highly attractive to our defence clients globally. Continuing uncertainty in Europe where, for at least a decade, defence budgets have been depressed due to a relatively benign geopolitical environment, means that XTEK has entered the new financial year with a strong opportunities list and motivated sales and business development staff.

Closer to home, strongly positive engagement with defence forces in our region have also yielded increased orders and a number of opportunities that we are currently working on with the ADF and others.

### **Technology Division**

We continue to review the role of the Division and its product set. We believe that, arising out of the current Defence Strategic Review, a number of

opportunities that could be delivered by this Division may emerge and we remain ready to pursue those as soon as we have some greater clarity.

We enter FY2023 in the strongest financial position in the Company's history. We have a simple and actionable strategy, strong Board, excellent leadership through our CEO Scott Basham and a great sales and business development focus. Our cost base is now appropriate for the business as it currently exists and we have a number of initiatives underway to further develop XTEK as a global defence and law and order business.

### **Conclusion**

We expect much of ourselves in 2023 and our shareholders' interests remain front of mind. I thank our shareholders for your continued support of the Company and I look forward to sharing XTEK's journey in the coming year

On the Board's behalf, it remains for me to thank XTEK's management and staff for their outstanding efforts in delivering a record result through a time of uncertainty. The team, led by Scott, is doing a great job. We have much more to do but I think it appropriate to take a moment to recognize this year's extraordinary successes.

Fellow shareholders, that concludes my opening remarks. Thank you for your attention and for your support of XTEK as shareholders. I will now hand over to Scott to discuss the results in more detail and update you on recent performance.