



XTEK LTD FY23 RESULTS INVESTOR UPDATE

31 AUGUST 2023

PRESENTED BY: SCOTT BASHAM
GROUP CHIEF EXECUTIVE OFFICER



XTEK GROUP OVERVIEW

**XTEK GROUP IS AN ASX LISTED INTERNATIONAL DEFENCE INDUSTRY COMPANY.
THE GROUP OPERATES IN TWO DISTINCT DIVISIONS – BALLISTICS & TECHNOLOGY.**



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 for:

- Body Armour
- Ballistic Helmets
- Composite Armour Structures



TECHNOLOGY DIVISION

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

- Uncrewed Systems and Sensor Payloads
- Uncrewed Systems Mission Management Software
- System Integration, Training, & Service Support

FY23 RESULT HIGHLIGHTS

- Continued to execute on our Strategic Plan (reinforce success, seek adjacencies, and create our future)
- Invested in our team to position ourselves to deliver into global market
- Grew pipeline of opportunities to +\$375m, with multiple opportunities on foot for delivery in FY24 and beyond
- Leveraged attractive sector fundamentals that continue to underpin future growth
- Seeking inorganic opportunities to drive penetration into US, UK, EU markets



XTEK LIMITED CORPORATE SNAPSHOT

Capital Structure (30 June 23)

Shares Outstanding	101,761,703
12 Month Share Price Range	A\$0.34 – A\$0.765

Cash Balance & Borrowings (30 June 23)

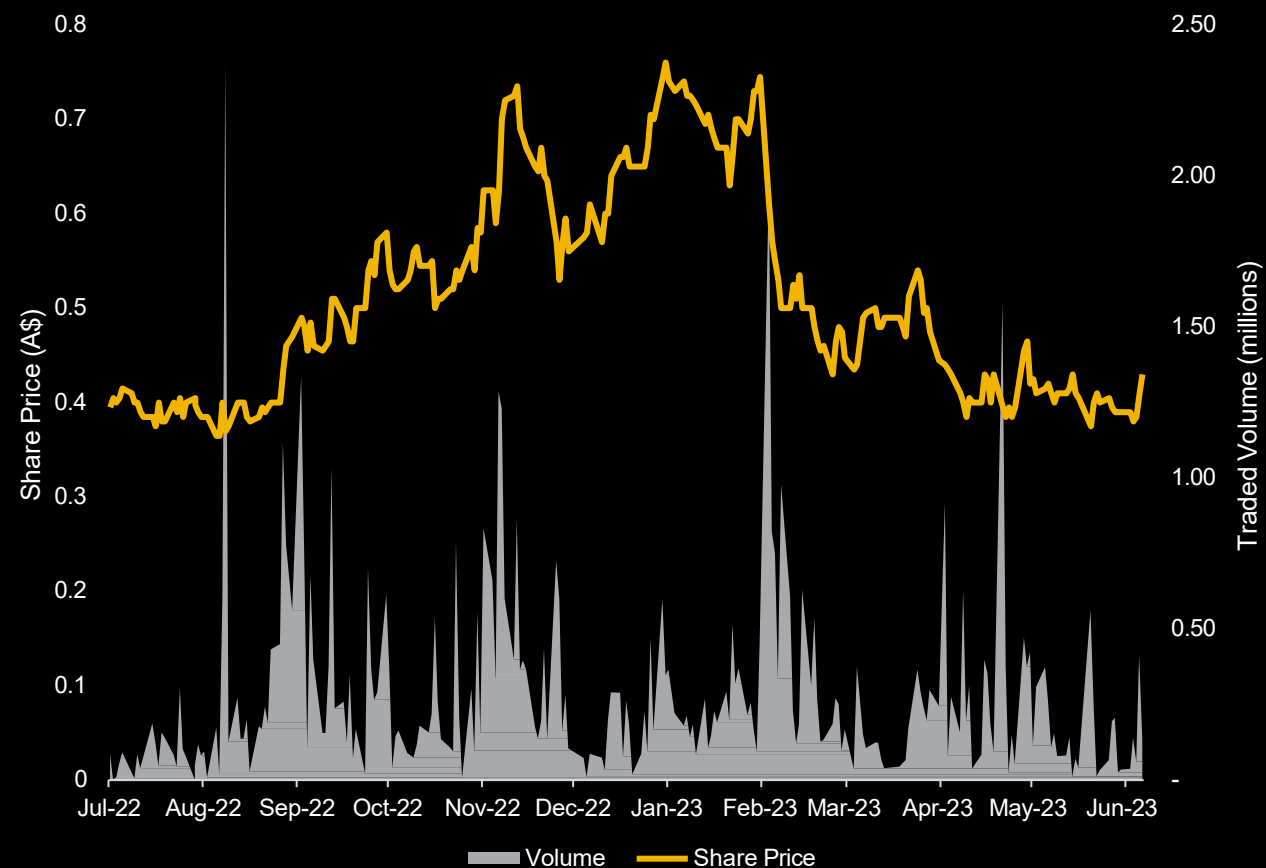
Cash Balance	A\$6.9m
Borrowings	A\$ Nil

Senior Executive Management

Scott Basham	Group CEO
Jacqui Myers	Group CFO

Board of Directors

Mark Stevens	Non-Executive Chairman
Mark Smethurst	Non-Executive Director
Christopher Pyne	Non-Executive Director
Ben Harrison	Non-Executive Director
Adelaide McDonald	Non-Executive Director
Christopher Fullerton	Non-Executive Director
Laurie Gardiner	Company Secretary



FY23 RESULTS – SUMMARY INCOME STATEMENT

Summary Income Statement		FY22	FY23	Change
Revenue	A\$m	58.2	89.4	54%
COGS	A\$m	(30.7)	(57.7)	53%
Gross Profit	A\$m	27.4	33.7	22%
Gross Margin	%	47%	38%	(9pp)
Operating Costs	A\$m	20.3	24.8	22%
EBITDA	A\$m	9.0	10.9	21%
EBITDA Margin	%	15%	12%	(3pp)
NPAT	A\$m	5.7	6.1	19%
Net Profit Margin	%	10%	7%	(3pp)

FY23 P&L Highlights

- Revenue: 54% increase driven by significant Technology Division contract wins
- Gross Margin: Lower due to higher Technology Division contribution at lower GP
- EBITDA: \$10.9m (\$11.7m underlying adjusted for \$0.8m of one-off costs) up from \$9.0m
- EBITDA Margin: Impacted from revenue mix and higher operational expenses
- Net Profit: \$6.1m (\$6.9m underlying adjusted for \$0.8m of one-off costs) up from \$5.7m



FY23 RESULTS – OPERATING POSITION SUMMARY

Balance Sheet		FY22	FY23	Change
Cash	A\$m	36.2	6.9	(29.3)
Receivables	A\$m	10.6	24.7	14.7
Inventories	A\$m	16.4	25.7	9.3
Current Assets	A\$m	64.6	61.8	(2.8)
PP&E	A\$m	10.4	9.8	(0.8)
Non-Current Assets	A\$m	13.9	14.4	0.5
Total Assets	A\$m	78.5	76.1	(2.4)
Payables	A\$m	(7.0)	(31.4)	24.4
Contract Liabilities	A\$m	(32.7)	(0.3)	(32.4)
Current Liabilities	A\$m	(41.3)	(32.6)	(8.7)
Non-Current Liabilities	A\$m	(2.3)	(1.4)	(0.9)
Total Liabilities	A\$m	(43.7)	(34.0)	(9.7)
Net Assets	A\$m	34.8	42.1	7.3

FY23 Balance Sheet Highlights

- Cash: Reduced as we recognized a large armour order as revenue
- Receivables: Large increase linked to AU Defence SUAS contract delivery payments
- Contract liabilities: Reduced as we recognized large customer deposits for armour orders as revenue
- Inventory: Increase to Armour and SUAS inventory to meet large order requirements
Anticipate lower holdings needed as supply chains improve over next 6 months
- No Dividend: Priority on re-investment into CAPEX to drive revenue growth and profitability

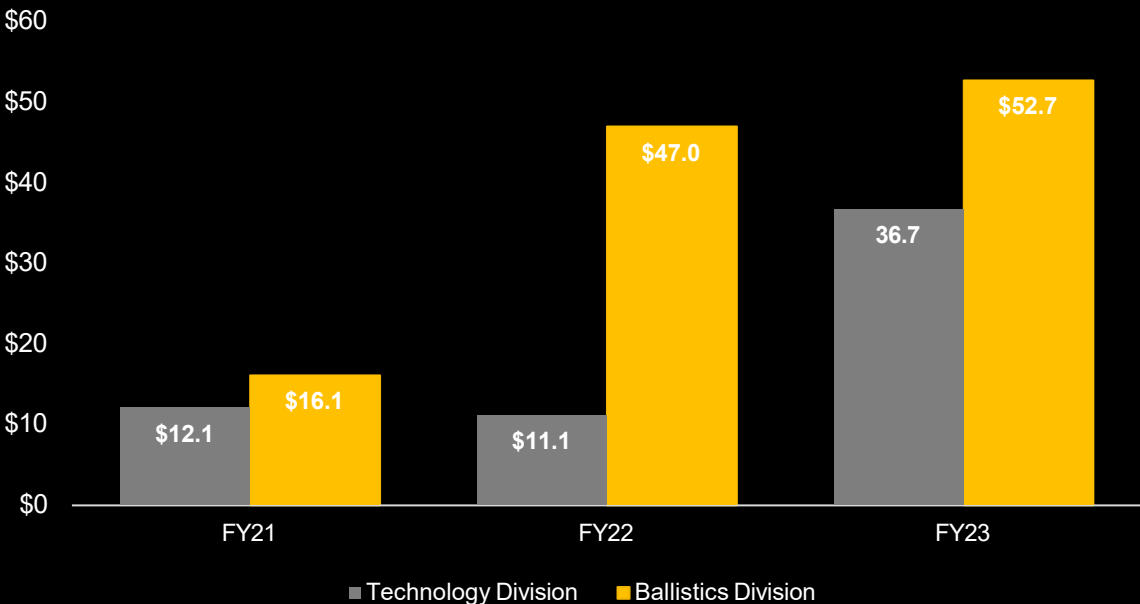


FY23 RESULTS – REVENUE GROWTH COMPARISONS

Revenue (A\$m)

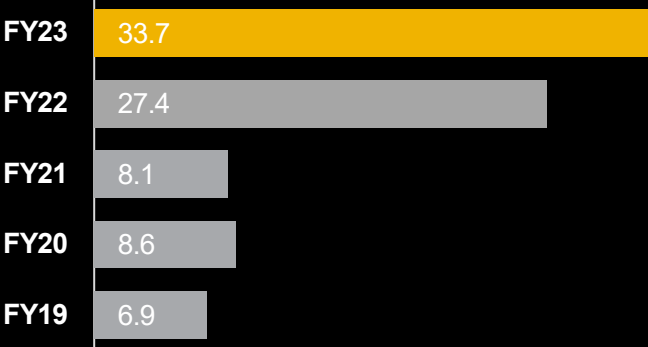


Divisional Revenue Attribution (A\$m)

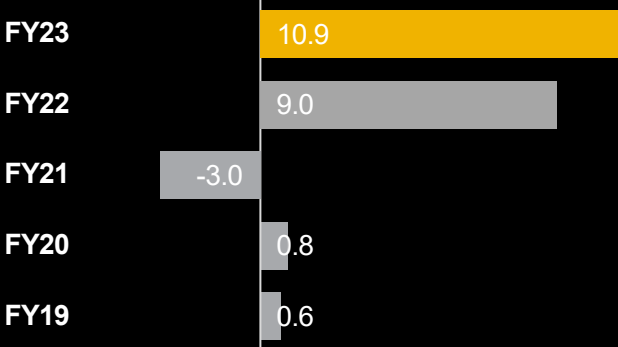


FY23 RESULTS – KEY METRICS COMPARISONS

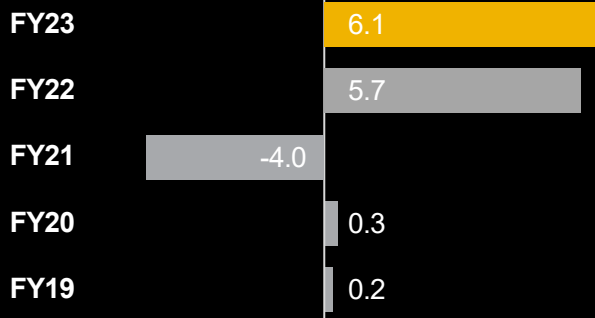
Gross Profit (A\$m)



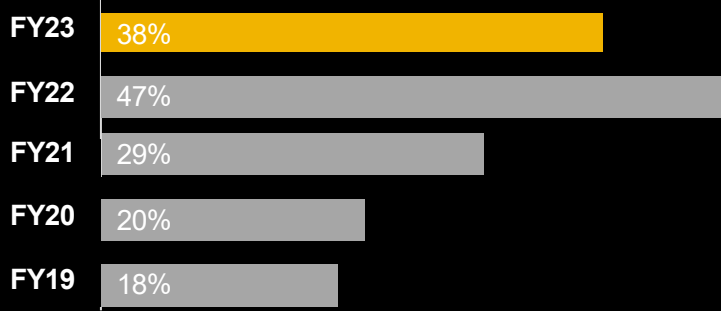
EBITDA (A\$m)



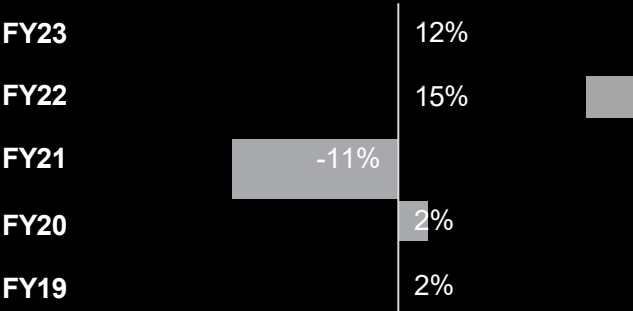
Net Profit (A\$m)



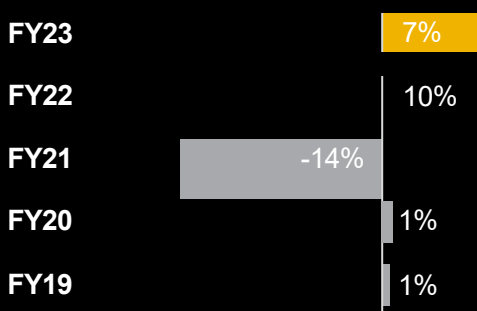
Gross Margin (%)



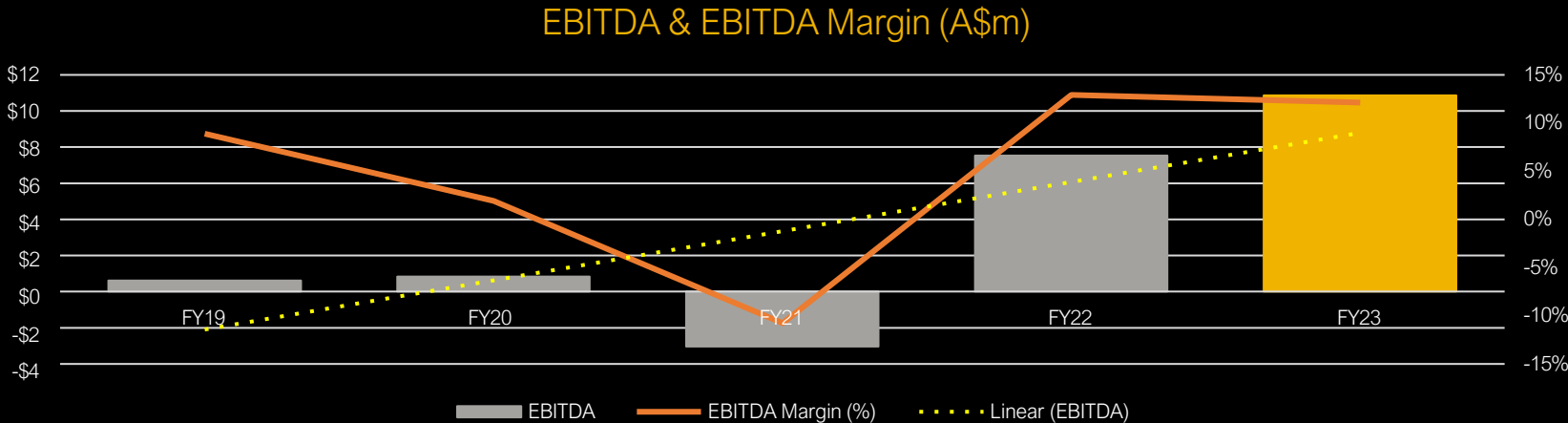
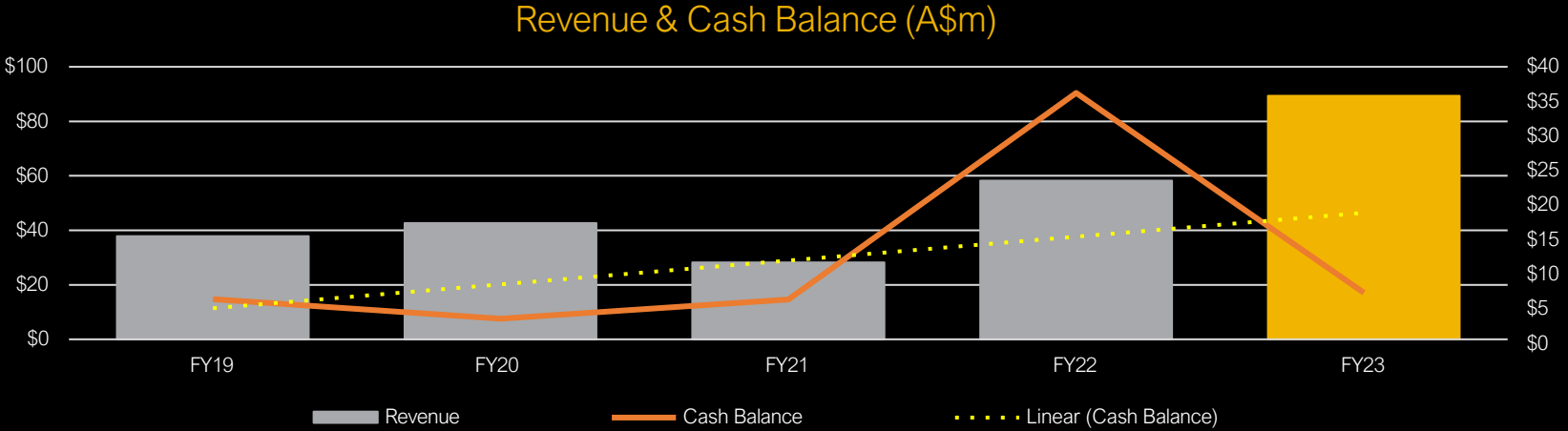
EBITDA Margin (%)



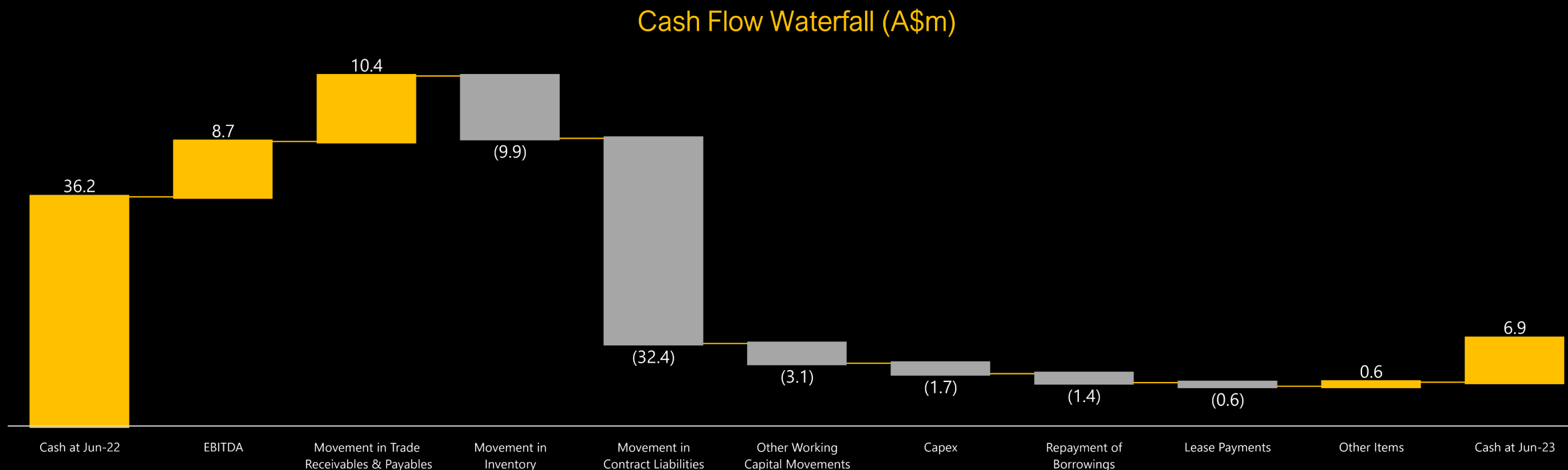
Net Profit Margin (%)



FY23 RESULTS – COMBINED KEY METRIC COMPARISONS



FY23 RESULTS – CHANGES IN CASH POSITION



[Note: Movement in Contract Liabilities reduced as we recognized large customer deposits for armour orders as revenue]



GLOBAL TAILWINDS TO CONTINUE IN FY24



- Global tailwinds continue due to **ongoing geopolitical uncertainty** in Eastern Europe and the South China Sea.
- This is **driving investments** worldwide to upgrade defence capabilities.
- As a result, the outlook for international Defence suppliers **remains positive**.
- The recent Australian **Defence Strategic Review** indicates preference for “Military-Off-The-Shelf” capabilities **positive** for our **Technology Division**.
- Internationally, our **Ballistic Division’s** growth potential **is strong** for foreseeable future, especially in the US, UK & EU.

FOCUS FOR THE NEXT 12 MONTHS

- The Group continues to seek opportunities for growth, specifically targeting the US, UK, and EU which are key markets for the Company's next generation ballistic protection solutions.
- We are currently progressing multiple opportunities for potential international expansion which are at various stages of maturity. We have developed a robust and disciplined approach to assessing opportunities that satisfy our long-term strategic objectives.
- We will continue to invest in our business to maximise return on capital. Recently committed to purchasing new capital equipment to enhance our panel and platform armour capability for our Ballistics Division.
- Will also continue to invest in our Ballistics Division's US Sales & Marketing capability to allow greater engagement with our customers.



FY24 OUTLOOK

Opportunity Pipeline

At the end of August 23, the Group had an opportunity pipeline of leads at various stages of qualification now worth more than **\$375m**:

- **Technology Division** is progressing multiple ANZ SUAS related Acquisition & Support Contract opportunities valued in excess of **\$75m**, and expects to provide a market update on major new multi-year SUAS Support Contract order imminently.
- **Ballistics Division** has a growing global pipeline of potential deals that now exceeds **\$300m** for lightweight body armour, ballistic helmets, and ballistic shields, with the UK MoD, US DoD, and the US DoJ, and is pursuing more than a dozen large ballistic protection contracts in LATAM, EMEA, and APAC ranging between \$3m-\$20m for delivery through FY24 and beyond.

Based on current sales and business development activity being progressed around the world, the Group is positive about maintaining **continued revenue growth and profitability in FY24**.





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