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XTEK LTD AGM PRESENTATION

25 NOVEMBER 2022

PRESENTED BY: SCOTT BASHAM
GROUP CHIEF EXECUTIVE OFFICER



XTEK GROUP OVERVIEW

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



BALLISTICS DIVISION (HIGHCOM)

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 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

FY22 HIGHLIGHTS

- Restructuring activities undertaken in H1 FY22 have sharply refocused business on to its core capabilities, that has delivered success in H2 FY22, and continues in FY23.
- Contracted orders in hand on 30 June 22 totaled \$45m (77% of FY22 revenue), including US\$22m of prepaid revenue, for delivery in FY23.
- Growing pipeline of opportunities exceeding \$130m, with multiple potential projects on foot for delivery in FY23, FY24, and beyond.
- Strong growth fundamentals continue for armour and technology markets, given global uncertainty and military escalation worldwide.
- Group actively seeking organic and inorganic expansion opportunities for both armour and technology operations in US, EU, and AU.



XTEK LIMITED CORPORATE SNAPSHOT

Capital Structure (24 Nov 22)

Shares Outstanding	101,761,703
Share Price	A\$0.585
Market Capitalisation	A\$59m
12 Month Share Price Range	A\$0.165 – A\$0.60

Cash & Borrowings (30 Jun 22)

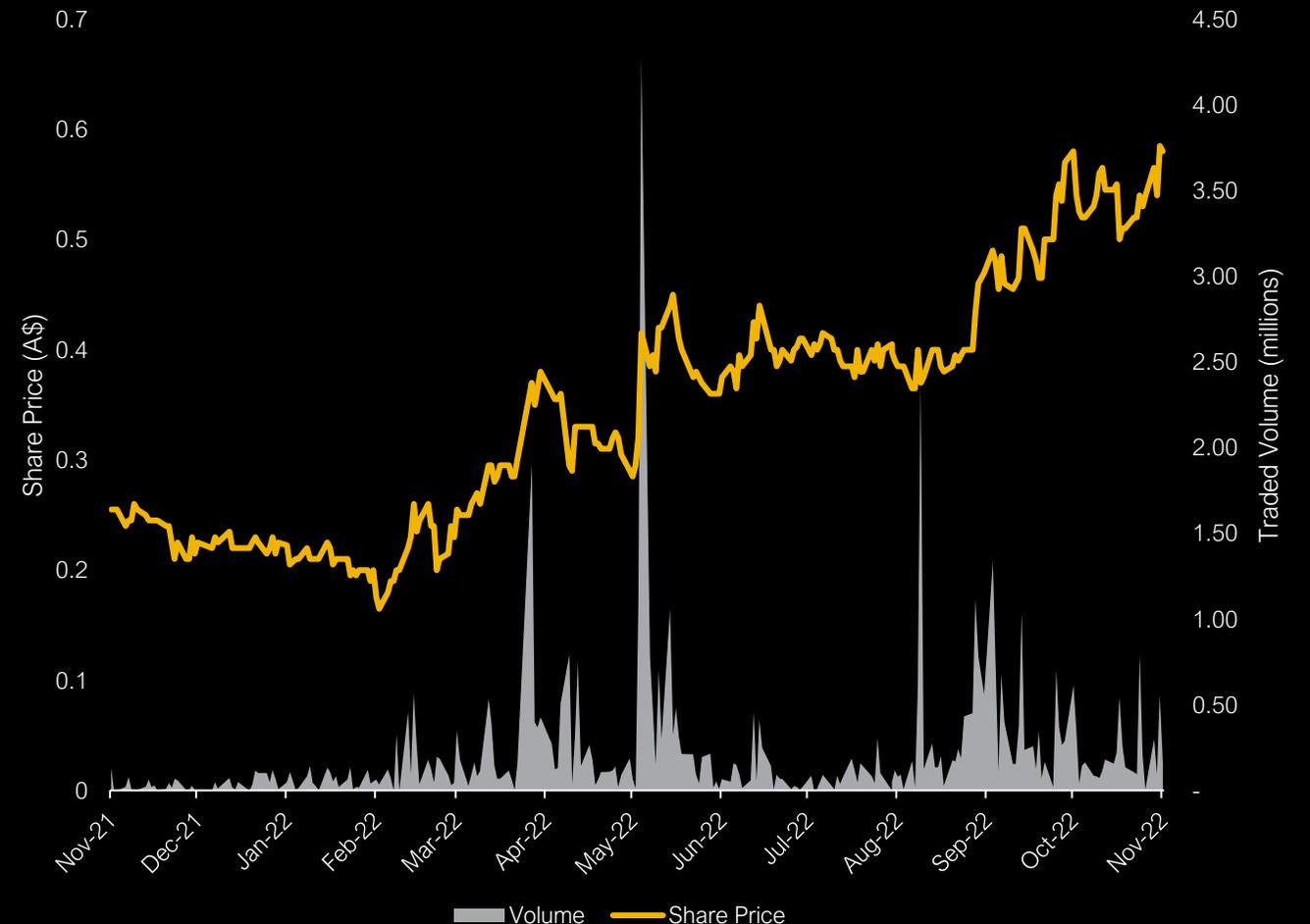
Cash Balance	A\$36.2m
Borrowings	A\$1.4m

Senior Executive Management

Scott Basham	Group CEO
Jacqui Myers (WEF 28 Nov 22)	Group CFO

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
Adelaide McDonald	Non-Executive Director
Laurie Gardiner	Company Secretary



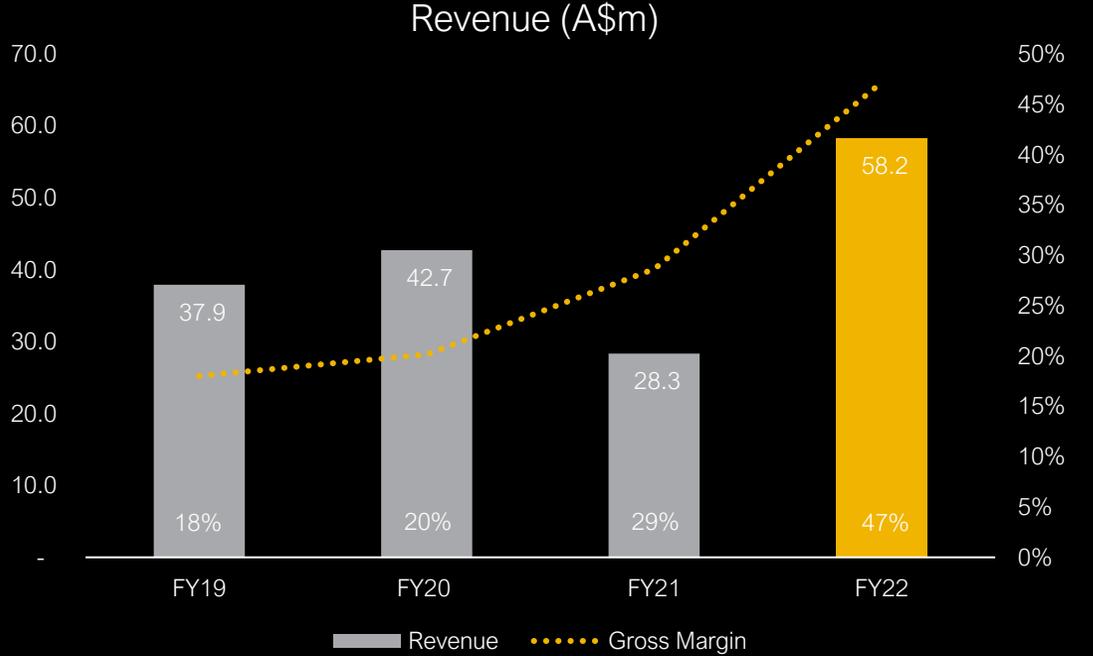
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FY22 RESULTS SUMMARY

Summary Income Statement

		FY22	FY23
Revenue	A\$m	28.3	58.2
COGS	A\$m	(20.2)	(30.7)
Gross Profit	A\$m	8.1	27.4
Gross Margin	%	29%	47%
Operating Costs	A\$m	11.1	17.4
Underlying EBITDA	A\$m	(3.04)	11.5
EBITDA Margin	%	-11%	20%
Underlying NPAT	A\$m	(3.97)	8.23
Net Profit Margin	%	-14%	14%



FY22 Record Results

Revenue \$58.2m Increase by ↑ 105%	Gross Margin \$4.7m Increase by ↑ 18pp	Underlying EBITDA \$11.5m Up from a \$3m loss	Underlying NPAT \$8.2m Up from a loss of \$4m	Cash Balance \$36.2m Up from \$5.9m in FY21
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XTEK STRATEGIC GROWTH STRATEGY

THE GROUP HAS A LASER SHARP FOCUS ON OUR CORE MARKETS AND CUSTOMERS, AND A CLEAR STRATEGY FOR CONTINUED GROWTH AND SUCCESS:



REINFORCE SUCCESS

Invest in the areas of our business that have been successful and have potential for continued enhancement and growth.



SEEK ADJACENCIES

Find new business opportunities that extend our reach and can draw on our experiences and expertise.



CREATE OUR FUTURE

Invest in organic and inorganic expansion opportunities to create new products and service offerings for sustained future growth and profitability.

The Group is actively seeking organic and inorganic expansion opportunities for both of our operating division in the US, Europe, and Australia.

To that end, we expect to shortly be announcing the establishment of HighCom's new European Sales Office and Distribution Centre in Poland.



GLOBAL MACRO TAILWINDS



The Group believes that the current growth trend being experienced by the business for the advanced, life saving, personal ballistic protection equipment it makes, and the world leading reconnaissance and surveillance UAVs and UGVs it supplies, will continue for the foreseeable future, while the ongoing uncertainty and military tensions around the world continue:

- War in Ukraine
- Russian unpredictability with its EU neighbours
- Massive and rapid re-arming of NATO and EU militaries
- Tensions with China over Taiwan, and in the South China Sea, and across the wider Asia Pacific
- Huge increases in APAC Defence spending by Australia (\$270Bn over next 10 years), Japan (US264Bn over next 5 years), and others, on new armoured vehicles, artillery, warships, submarines, fighter jets, and missiles.

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H1 FY23 FORECAST & FY23 OUTLOOK

Opportunity Pipeline

At the end of FY22, the Group had an opportunity pipeline of leads at various stages of qualification worth more than \$130m:

- **Technology Division** is progressing multiple ANZ SUAS related opportunities valued in excess of \$30m and has expectations of providing an update on a significant new order shortly.
- **HighCom Armor** continues to pursue a global pipeline of leads exceeding \$100m and is awaiting feedback on multiple large order opportunities for potential delivery in early H2 FY23.

H1 FY23 Revenue Forecast

- On 30 June 22, the Group had contracted orders in hand totaling \$45m (77% of the FY22 Revenue total) for delivery in FY23.
- The Group currently expects H1 FY23 Revenue to exceed \$47m, and with seven (7) months still left to run in FY23, based on new sales activity underway, we appear well on track to deliver another record set of stellar full year results.



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