

Release to the Australian Securities Exchange

United States XTclave Manufacturing Plans

Highlights

- XTclave technology to be relocated to HighCom facility in Columbus, Ohio, USA
- Relocation to be completed during Q1 2024
- Adelaide site to be closed by end of December 2023
- Move maximises potential for unique XTclave ultra lightweight and high performance products in world's largest defence and law enforcement body armour market

Thursday, 12 October 2023: XTEK Limited (ASX: XTE, 'XTEK', 'Group') provides the following market update with respect to the planned closure of its manufacturing and R&D operations located in Adelaide, South Australia, and the relocation of its patented XTclave™ technology to its HighCom facility in Columbus, Ohio, USA.

After two years of operations of the company's unique and patented XTclave™ system in our Adelaide Manufacturing Centre (AMC), the XTEK Board has made the decision to close the operation and to relocate these functions under one roof at our HighCom Armor production facility in Columbus, Ohio, USA. As part of the relocation process, key XTclave engineering staff will be offered an opportunity to continue their employment and relocate to the US.

The XTclave technology, currently located in the AMC, which creates the world leading ultra lightweight, and high performance complex curvature body armour and ballistic helmets for military, law enforcement, and emergency response customers, will be disassembled, and relocated to the US. The expectation is that the system will then be reassembled in the US during Q1 2024.

The underlying reason for the relocation is that the manufacture of product in Australia is affecting our ability to penetrate the US market with our unique XTclave made products, particularly the US Department of Defense (US DoD). These institutions adhere strongly to the "Buy America Act", and the "Berry Amendment" to that Act ⁽¹⁾. These regulations require that all US DoD uniforms, and apparel (including body armour plates and helmets) must be made in the US, by US citizens, using US raw materials.

Relocating our XTclave technology to the US will satisfy the requirements of the "Buy America Act" and give the Group it's best possible opportunity to realise the full potential of its XTclave technology in the world leading US market. The disruption from the relocation will be brief and inconsequential given the potential positive impact that it will have on the group's global growth and expansion opportunities. The company anticipates being able to realise annual cost savings in the order of \$2m before factoring in one off costs associated with the decommission, transport and re-commissioning of approximately \$0.8m.

Scott Basham, XTEK's Group CEO, said:

"The changes announced are an important step in maximising the potential of the XTclave technology.

The Board believes the consolidation of our global manufacturing and R&D operations under one roof in the US, is the right decision for the business going forward.

By being physically co-located with our existing US manufacturing operations, we will realise savings and synergies of around \$2m per year, benefit from greater staff and asset utilisation, and see improvement in our overall profitability.

The relocation of these functions and capabilities to the US, will give us the very best possible opportunity to fully realise the true commercial potential of the unique XTclave IP we own in the world's largest body armour market.

I am excited by what the future holds for us as we make these changes and take this important next step to realise the Group's global growth and expansion plans".

Images of XTclave & Products



Image Above:
XTEK's patented XTclave system operates at 200 degrees Celsius and 300 Bar of pressure, to make world leading, advanced ultra-lightweight and high-performance ballistic body armour and helmets.



Image Above Left:
Unpainted and unfurnished high-performance "rifle rated" advanced ballistic helmets, made in XTEK's patented XTclave system. Unlike "normal" helmets that only stop pistol bullets and fragmentation, these "Rifle Combat Helmets (RCH) stop AK-47 and other high-powered assault rifle and machine gun bullets.



Image Above Right:
An unpainted ultra-lightweight body armour plate being waterjet cut into a specific shape destined for the US market.

Note 1: Buy America Act & Berry Amendment – <https://crsreports.congress.gov/product/pdf/R/R46748/>.

This announcement has been authorised by the XTEK Limited Board of Directors

Signed for and on behalf of XTEK Limited



Lawrence A Gardiner
Company Secretary
12 October 2023

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About XTEK Limited

XTEK 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.

As announced on 9 October 2023, the Group proposes to seek shareholder approval to change its ASX listed entity name to HighCom Limited (ASX:HCL) at its Annual General Meeting on 23 November 2023.

The Ballistics Division, which will be known post name change approval as “HighCom Armor”, is 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, and Composite Armour Panels & Platform Structures.

For more information on HighCom Armor Solutions Inc. visit www.highcomarmor.com

The Technology Division, which will be known post name change approval as “HighCom Technology”, is focused on supplying Australian Defence and Security Agencies with world-leading Small Uncrewed Aerial Systems and Sensor Payloads, and Australian-made Mission Control Software, and local Service Support.

For more information on XTEK Ltd. visit www.xtek.net