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XTEK LTD INVESTOR UPDATE

16 OCTOBER 2023

PRESENTED BY: SCOTT BASHAM
GROUP CHIEF EXECUTIVE OFFICER



Presentation Agenda

- Corporate Snapshot
- Group Overview
- Technology Division
- Ballistics Division
- FY23 Results Highlights
- News Updates
- Strategic Growth Strategy
- Global Tailwinds Continue
- FY24 Key Execution Priorities
- FY24 Opportunity Pipeline & Outlook

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XTEK Limited Corporate Snapshot

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Capital Structure (30 June 23)

Shares Outstanding	101,761,703
12 Month Share Price Range	A\$0.27 – A\$0.765

Cash Balance & Borrowings (30 June 23)

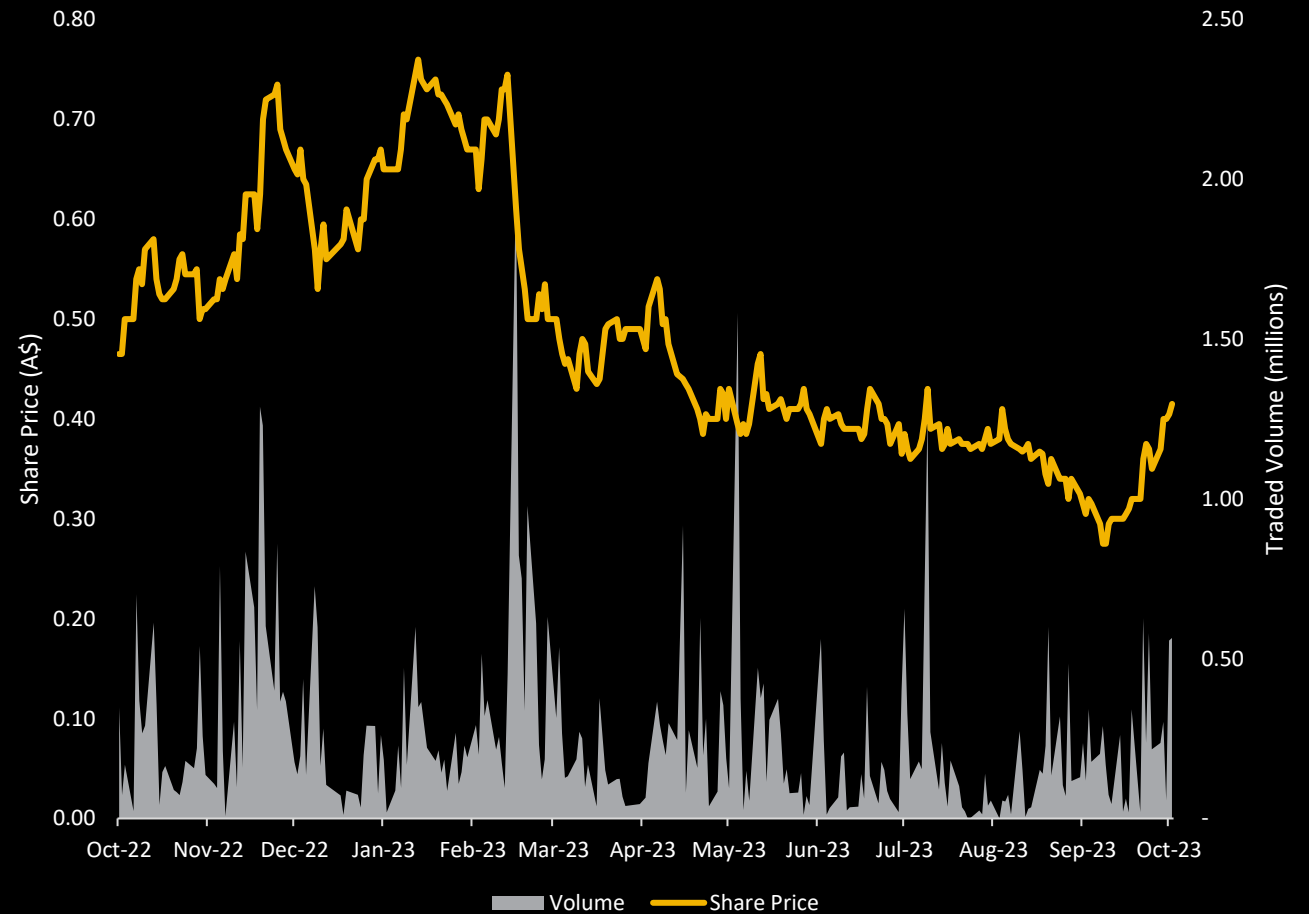
Cash Balance	A\$6.9m
Borrowings	A\$ Nil

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



GROUP OVERVIEW

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



BALLISTICS DIVISION

Designs, manufactures, and supplies world-class, advanced Body Armour, Ballistic Helmets, and Composite Structures to military, national security, law enforcement, and first responder customers around the world.

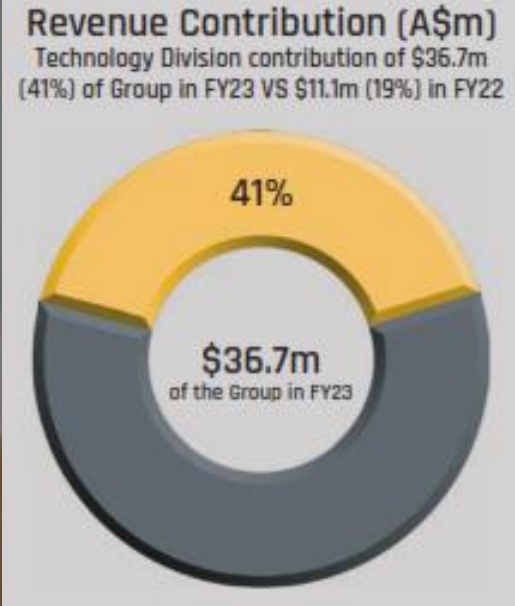


TECHNOLOGY DIVISION

Exclusively supplies, integrates, trains, and supports Small Uncrewed Aerial Systems (SUAS) and Sensor Payloads to military and national security agencies across the ANZ region.

Technology Division Overview

Exclusively supplies, integrates, trains, and supports Small Uncrewed Aerial Systems (SUAS) and Sensor Payloads from world-leading US based drone company AeroVironment across the ANZ region.



Key Customers:

- Australian Department of Defence
- Australian Police & National Security Agencies

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

Technology Division Product Offerings

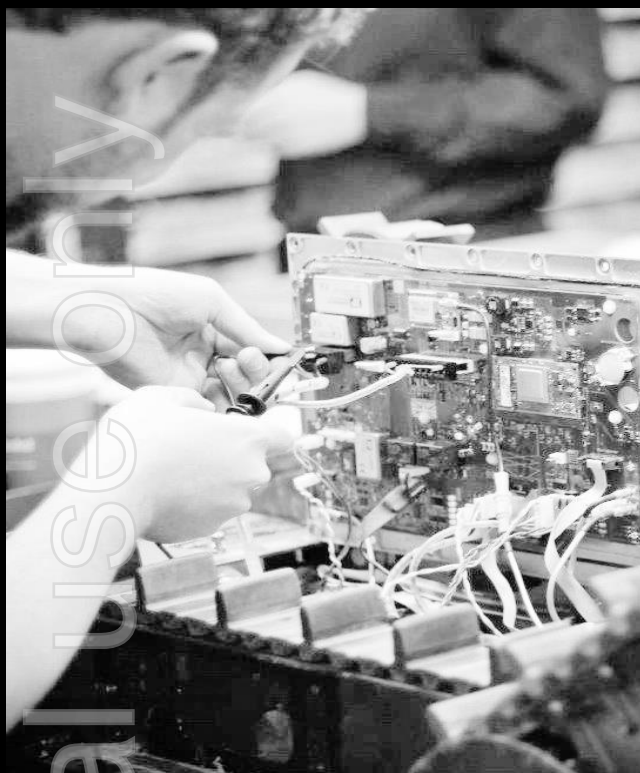


AeroVironment™ is a US based global defence supplier specialising in Small Uncrewed Aerial Systems. XTEK is the exclusive distributor for AV's Wasp, Puma AE, and Puma LE products across the ANZ region.

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Technology Division Service Support Offerings



That sale of maintenance support services, system integration, operator training and equipment spare parts continues to provide our Technology Division with regular profitable recurring revenue.

We continue to support the Australian Army's Wasp SUAS fleet under the Land 129-4A multi-year support contract and have just signed a new 10 year support contract for Puma AE & Puma LE.

Ballistics Division Overview

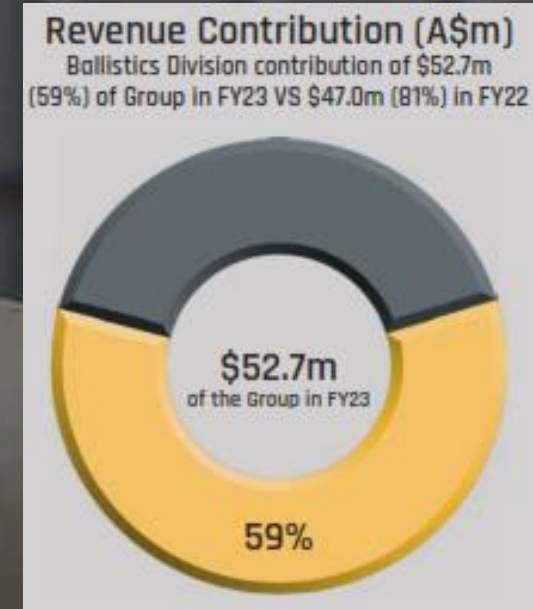
Locations:

- Columbus Manufacturing Centre (CMC)
- Adelaide Manufacturing Centre (AMC) (*relocating to US)
- Adelaide Special Projects (R&D) (*relocating to US)
- European Sales & Distribution Centre (SDC)
- APAC Sales & Distribution Centre (SDC)

Designs, manufactures, and supplies world-class, advanced Body Armour, Ballistic Helmets, and Composite Structures

Key Customers:

- Global military, national security, law enforcement, and first responder customers



Ballistics Division US Manufacturing



Our Columbus Manufacturing Centre is a 65,000 square foot advanced ballistics manufacturing and distribution facility that is well positioned for large scale and time sensitive global supply needs.

We make hundreds of thousands of lifesaving ballistic protection products here each year.

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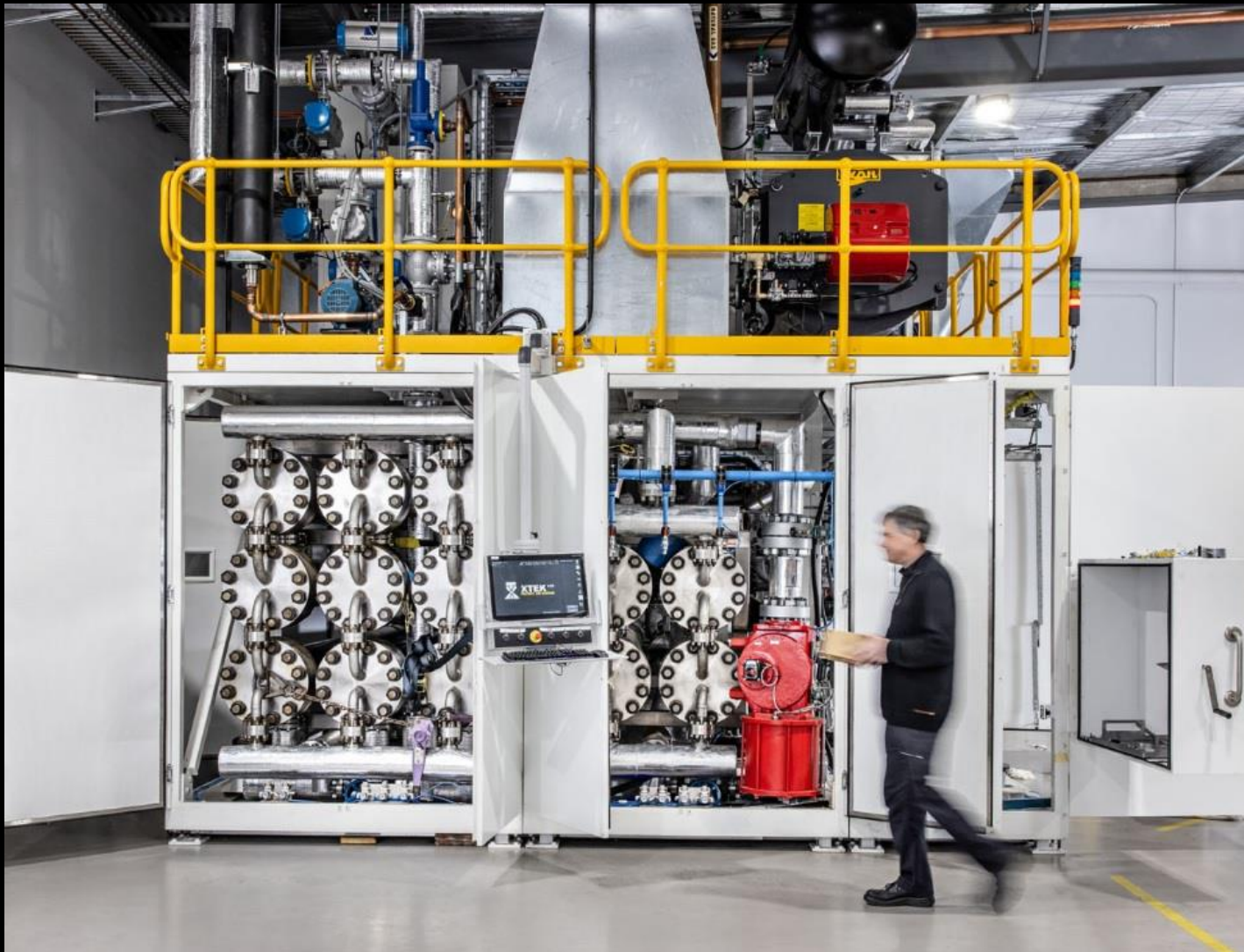


Ballistics Division Australian Manufacturing

Our HighCom Australia Adelaide Manufacturing Centre (AMC) has been a world class research and development, prototyping, and advanced manufacturing facility.

Patented XTclave™ technology. Unique in the world products.

To maximise the full commercial potential of our unique IP, the AMC capability and functions - including the XTclave system - will be relocated over Q2-Q3 FY24 to our Columbus Ohio facility in the US.



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Ballistics Division Australian R&D



Our Adelaide Special Projects R&D team has created world-leading “next-generation” ultra-lightweight and high-performance hard armour plates with complex curvatures and geometries.

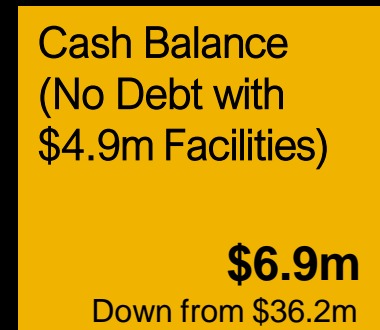
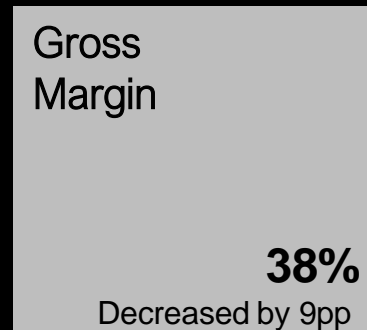
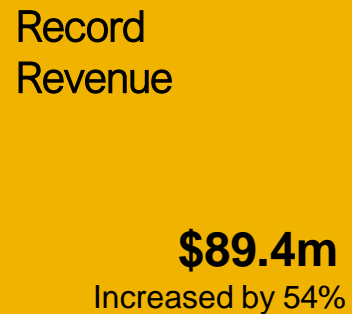
They have also created our range of advanced “featherweight” NIJ Level 3A helmets, and our unique in the world “rifle rated” Level 3+ ballistic helmets that stop AK47 “mild steel core” and other assault rifle and machine gun bullets.

The ASP capability and function will be relocated to our Columbus Ohio facility in the US over Q2-Q3 FY24.

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FY23 Results Highlights Recap

- Continued to execute on our Strategic Plan
- 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
- Sought inorganic opportunities to drive penetration into US military and law enforcement markets

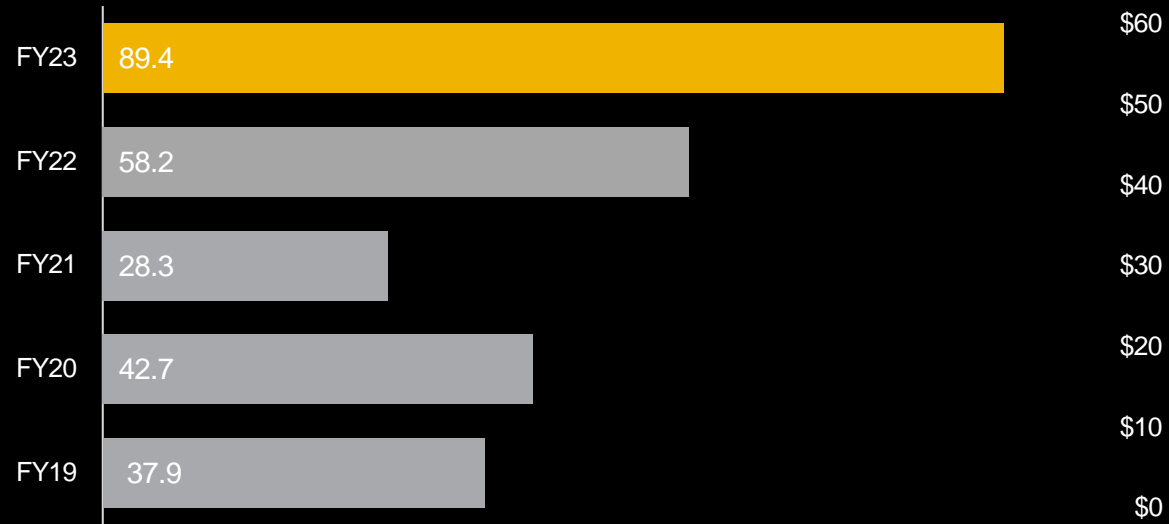


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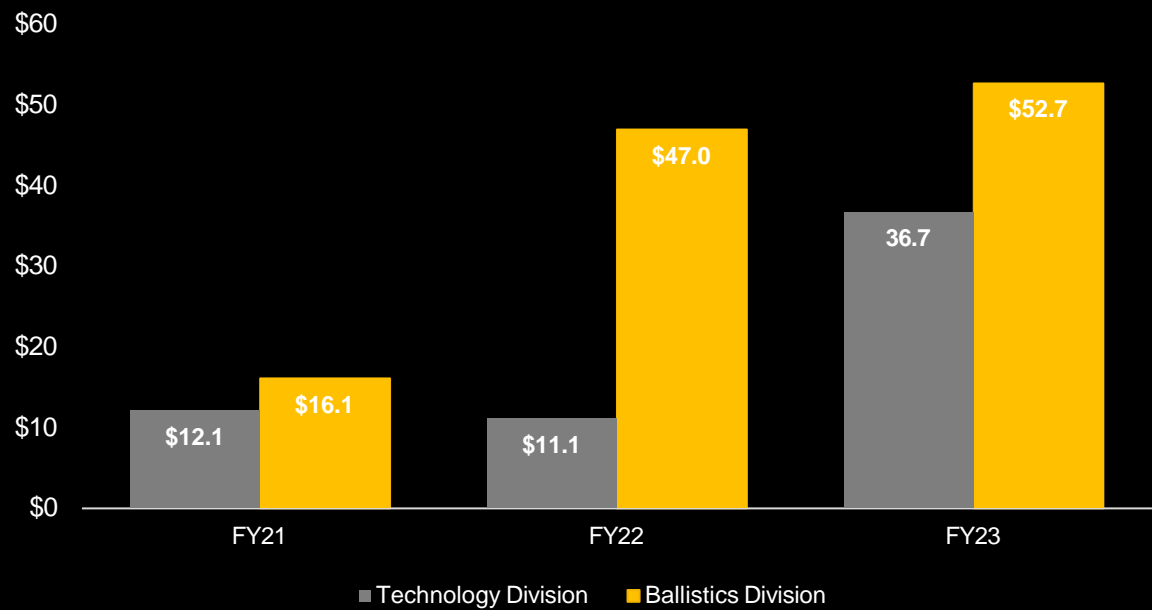
FY23 Results - Revenue Growth Comparisons

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Revenue (A\$m)



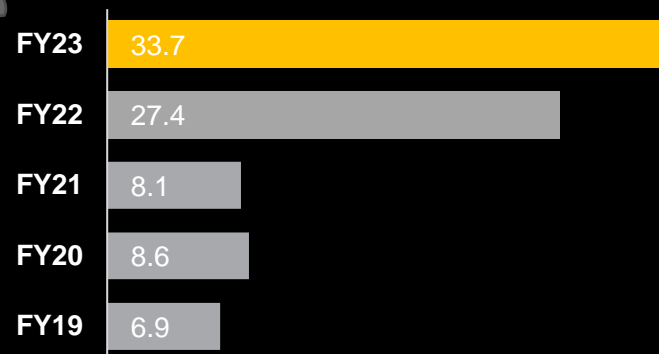
Divisional Revenue Attribution (A\$m)



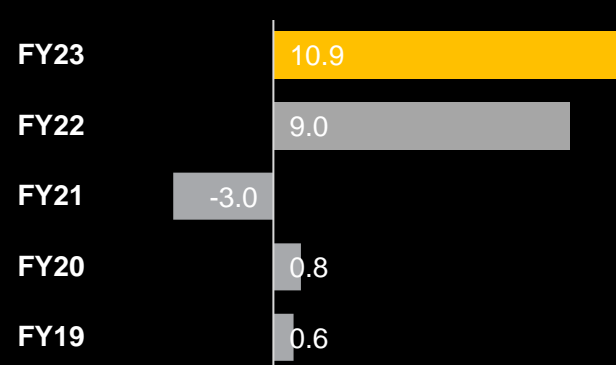
FY23 Results – Key Metric Comparisons

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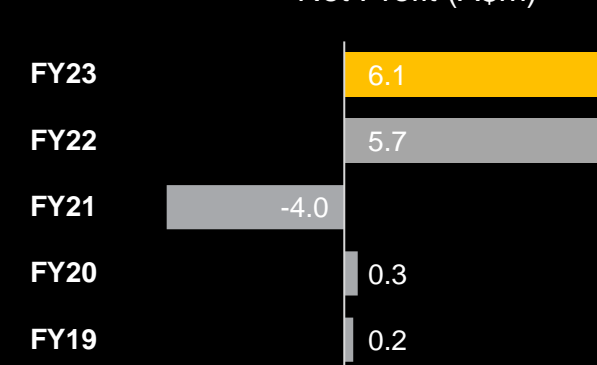
Gross Profit (A\$m)



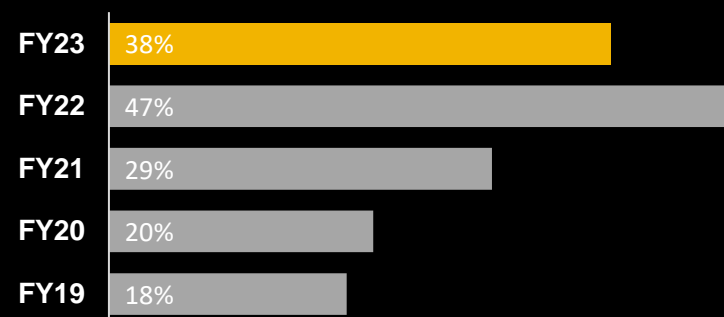
EBITDA (A\$m)



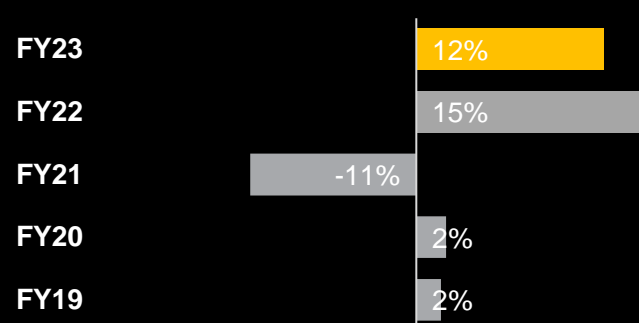
Net Profit (A\$m)



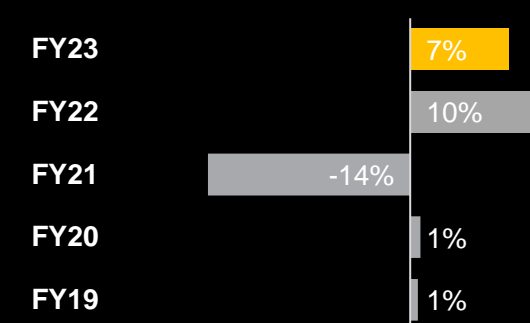
Gross Margin (%)



EBITDA Margin (%)



Net Profit Margin (%)



News Update - Group Senior Management Changes Announced



Vince Creagh
Head of Technology Division to add Group COO
role to current responsibilities.
WEF 1 Nov 23



Laurie Gardiner
Head of Corporate Services to retire after 20 years
of dedicated service.
WEF End Dec 23



Todd Ashurst
New HighCom VP International Defence Programs
hired to drive growth of Ballistic Armour with
Australian and overseas Military customers.
WEF 11 Sep 23



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News Update - Technology Division New Order Wins

- Received a new \$3.4m SUAS Spare Parts Order from Defence, announced 12 Jul 23.
 - Spares used for “WASP” SUAS fleet under existing multi-year Support Contract.
 - Current Support Contract runs to 30 Jun 23, with potential +1-year extension options being considered.
- Received a new 10 year / ~\$110m Support Contract from Defence, announced 3 Oct 23.
 - Contract directly linked to \$26.9m drone order announced on 1 Dec 22
 - Contract has an initial term of 4 years, with 3x 2-year extension options
 - Initial 4-year term for support services valued at \$15.9m
 - Additional ~\$23m of spare parts expected over the initial term
 - 6 years (2+2+2) of extension period support services, if taken, valued at ~\$26m.
 - An additional ~\$45m of spare parts also possible over 6 year extension period.
- Both orders are directly linked to the \$75m of future high confidence opportunities in pipeline.
- Given the significant effort to establish, seems unlikely that DoD would not leverage these purchase and support agreements for more of these types of drones if required.
- Building a solid backlog of annuity income from multi-year support contracts which are expected to grow as fleet sizes increase over time, with improving GM from asset utilisation.



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News Update – Ballistics Division New Order Wins

- XTEK's HighCom received New A\$2.6m Ballistic Armour Order, announced 17 Jul 23.
 - Purchase Order for international supply of specialist ballistic armour products
 - Many thousands of individual high-performance items provided
 - Shipment completed to new undisclosed European customer announced 26 Sep 23
- XTEK's HighCom received Urgent A\$2.2m Body Armour Order, announced 12 Oct 23.
 - Purchase Order to supply of specialist ballistic armour products worth A\$2.2m
 - Many thousands of individual high-performance items to be provided from inventory
 - Urgent shipment to be dispatched to an undisclosed international customer
- Negotiating multiple similarly sized orders, and some larger contracts, in parallel
- Potential to consume entire inventory of finished goods
- HighCom well placed to support any sustained demand from raw material holdings
- These rapid supply deals not included in earlier \$300m global opportunities pipeline.
- These large orders are additional~A\$2m monthly “run rate” bookings received.



News Update - Proposed Name Change to HighCom Ltd (HCL)

- Proposed Name Change from XTEK Ltd (ASX:XTE) to HighCom Ltd (ASX:HCL).
- Shareholders to vote on Name Change at AGM on 23 Nov 23.
- Unifies parent company name with US and International subsidiary names.
- Leverages growing HighCom global brand recognition with key Military and Law Enforcement customers to drive future growth.



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News Update - Relocation of XTclave Capabilities to HighCom USA

- XTclave to be relocated to HighCom facility in Columbus, Ohio, USA.
- Adelaide based Manufacturing & R&D to close by End Dec 23.
- Relocation to be completed during Q1 2024.
- Move maximizes potential for unique XTclave ultra-lightweight and high-performance products in world's largest Defence and Law Enforcement Body Armour market, esp. US DoD opportunities.
- Sales Team and Distribution capability remains based at Group HQ in Canberra, providing support to local, regional, and international Defence and Law Enforcement customers.
- Relocation & redundancy cost expected at \$0.8m
- Synergies of ~\$2m p.a. expected to be achieved.



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STRATEGIC GROWTH STRATEGY

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.

Moving XTclave “next-gen” lightweight body armour and ballistic helmet manufacturing to the US to capture large US DoD opportunities

Investing CAPEX to grow new revenues from Panel & Platform Armour solutions

Leveraging our Sales & Marketing teams in US and International Markets

Actively seeking the right M&A expansion opportunity in the US

Global Tailwinds Look Set to Continue in FY24

- Ongoing uncertainty in Europe, continuing tensions in the South China Sea, and now the developing situation currently occurring in the Middle East.
- Instability continues to drive both short-term supply demand, and long-term strategic investment to upgrade with next generation products and solutions.
- The recent Australian Defence Strategic Review indicates preference to buy “US Military-Off-The-Shelf” capabilities, which is positive for our Technology Division, and is confirmed by our recent drone spare parts orders and long-term support contract wins.
- In the US and Internationally, the potential for continued growth in our Ballistic Division to appears likely to remain strong for foreseeable future.
- We are actively engaged with end users and channel partners to provide support from our ready to deploy inventories to fill urgent military operational demands of customers around the world.



FY24 Key Execution Priorities

- Relocating our XTclave & R&D capabilities and consolidating all our manufacturing capabilities in the US by Q1 2024
- Launching new range of lightweight “contoured” body armour
- Growing our presence in the Panel & Platform Armour vertical and acquiring new manufacturing equipment to scale up our production capabilities for that in the US
- Continue investing in our global Sales & Marketing capabilities
- Securing multiple significant global armour opportunities, in addition to winning regular large quarterly US Gov deals, and booking “run rate” monthly BAU orders.



FY24 Opportunity Pipeline & Outlook

The Group has an opportunity pipeline of leads at various stages of qualification worth more than \$375m:

- Technology Division – is pursuing multiple drone related Acquisition & Support Contract opportunities across the region valued >\$75m;
- Ballistics Division – has a global pipeline of opportunities >\$300m for lightweight body armour, ballistic helmets, and ballistic shields, with customers such as the UK MoD, US DoD, US DoJ.

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



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