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XTEK LTD H1 FY23 RESULTS INVESTOR UPDATE

27 FEBRUARY 2023

PRESENTED BY: SCOTT BASHAM
GROUP CHIEF EXECUTIVE OFFICER

 **XTEK**
PROTECT AND SUSTAIN

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 Armour 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

H1 FY23 HIGHLIGHTS

- H1 FY23 saw the continuation of the Group's sharp focus on its core capabilities, and the implementation of its strategic plan, to deliver a record half year \$48.5m result.
- Contracted orders in hand on 30 Dec 22 totaled \$35.1m, a near record, including a \$26.9m SUAS contract from the Australian Department of Defence, for delivery in FY23.
- Established new EU Sales & Distribution Office in Poland.
- Group's combined pipeline of potential armour and technology opportunities continues to grow with more than \$175m of projects being pursued for delivery in FY23, FY24, and beyond.
- Strong global tailwinds continue, due to ongoing uncertainty and military escalation worldwide, driving economic growth and investment in the Defence Industry sector at home and abroad.
- Plans now being developed for organic expansion of XTclave manufacturing capabilities into the US and elsewhere in FY24.
- Group continues to actively seek inorganic growth opportunities domestically and internationally.



XTEK LIMITED CORPORATE SNAPSHOT

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Capital Structure (24 Feb 22)

| | |
|----------------------------|---------------------|
| Shares Outstanding | 101,761,703 |
| Share Price | A\$0.745 |
| Market Capitalisation | A\$75.8m |
| 12 Month Share Price Range | A\$0.165 – A\$0.765 |

Cash & Borrowings (30 Dec 22)

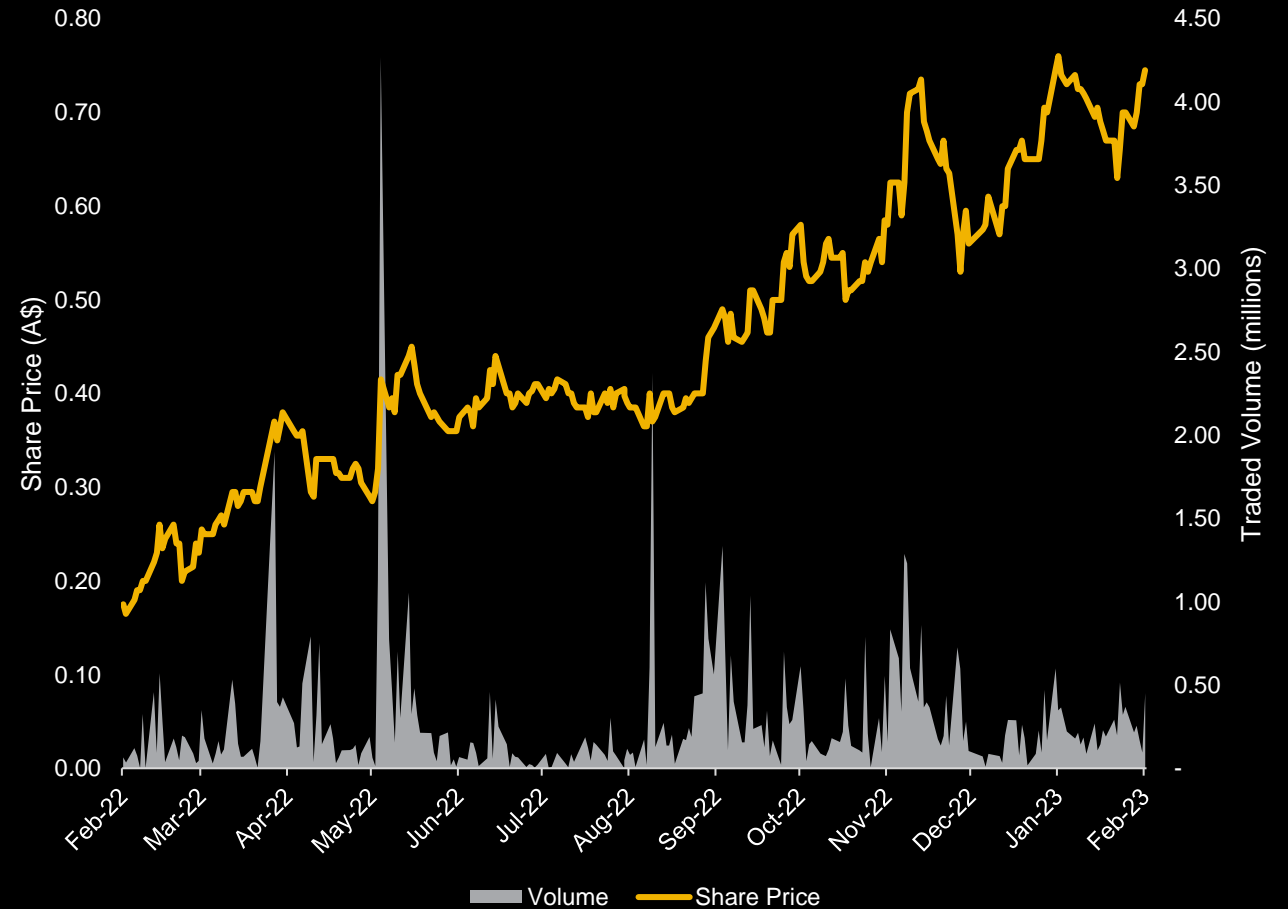
| | |
|--------------|----------|
| Cash Balance | A\$6.94m |
| Borrowings | A\$ Nil |

Senior Executive Management

| | |
|--------------|-----------|
| Scott Basham | Group CEO |
| Jacqui Myers | Group CFO |

Board of Directors

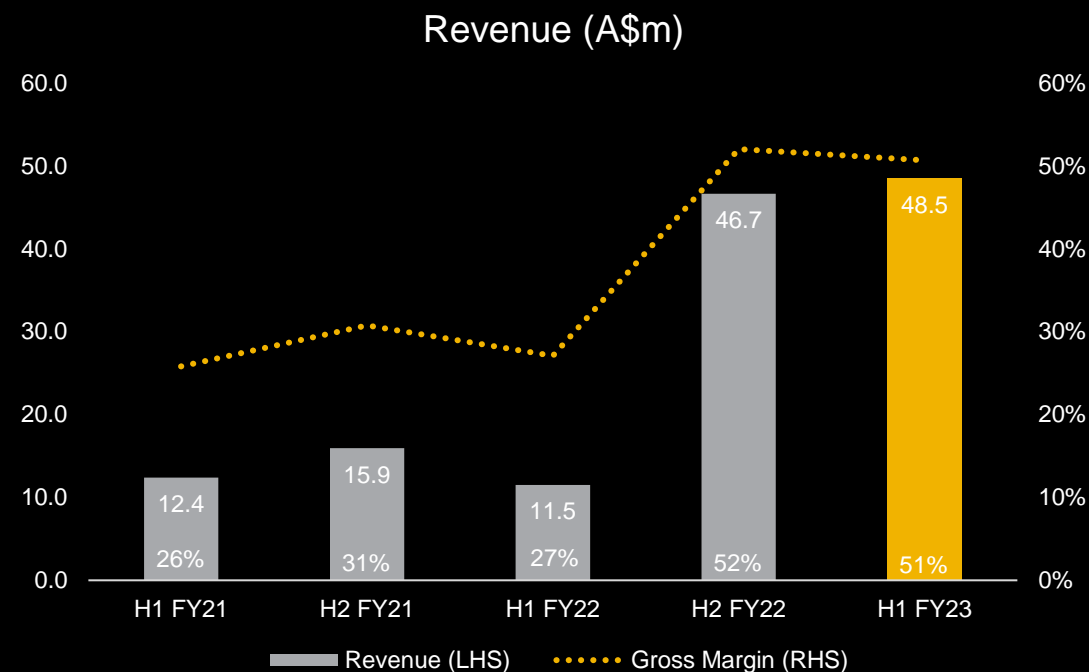
| | |
|-----------------------|------------------------|
| Mark Stevens | Non-Executive Chairman |
| Christopher Fullerton | Non-Executive Director |
| Christopher Pyne | Non-Executive Director |
| Mark Smethurst | Non-Executive Director |
| Ben Harrison | Non-Executive Director |
| Adelaide McDonald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



H1 FY23 RESULTS – SUMMARY INCOME STATEMENT

Summary Income Statement

| | | H1 FY22 | H1 FY23 |
|-------------------|------|---------|---------|
| Revenue | A\$m | 11.52 | 48.51 |
| COGS | A\$m | (8.4) | (23.9) |
| Gross Profit | A\$m | 3.12 | 24.58 |
| Gross Margin | % | 27% | 51% |
| Operating Costs | A\$m | 10.12 | 14.68 |
| Underlying EBITDA | A\$m | (3.46) | 11.1 |
| EBITDA Margin | % | -30% | 23% |
| Underlying NPAT | A\$m | (4.34) | 6.20 |
| Net Profit Margin | % | -38% | 13% |



H1 FY23 Record Results

Revenue

\$48.5m

Increase by ↑ 321% on pcp

Gross Margin

51%

Increase by ↑ 24pp on pcp

Underlying EBITDA

\$11.1m

Up from a \$3.46m loss on pcp

Underlying NPAT

\$6.20m

Up from a \$4.34m loss on pcp

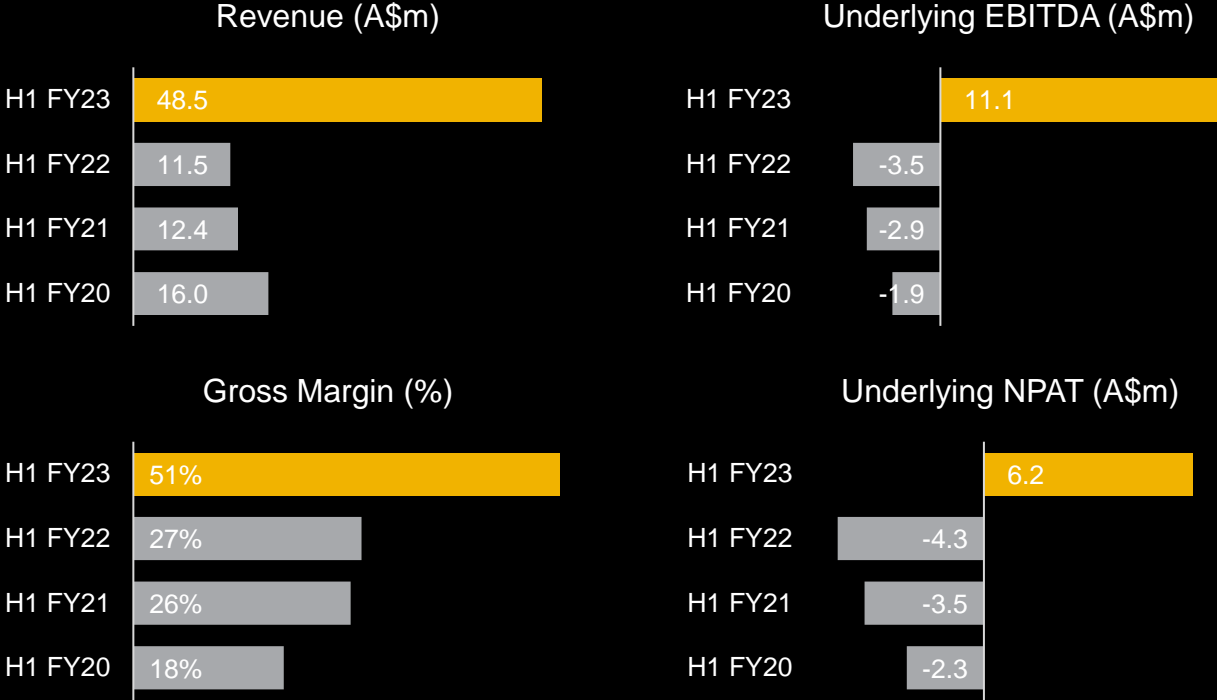
Cash Balance

\$6.94m

Down from \$36.2m at FY22

H1 FY23 RESULTS – OPERATING POSITION SUMMARY

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- Record HY Revenue of \$48.5m
- Strong Gross Margins holding over 50%
- Near record order backlog of \$35.1m
- Inventory of \$25.4m mitigating supply chain risks and allowing for rapid order delivery
- Cash, payables, and receivables all well managed by new Group CFO
- No Debt with \$4.8m of undrawn WC facilities

H1 FY23 Record Results

| Order Backlog | Receivables | Payables | Inventory | Debt Balance |
|------------------------|------------------------|------------------------|------------------------|---------------------------------|
| \$35.1m | \$2.9m | \$5.8m | \$25.4m | \$Nil |
| Versus \$36.2m at FY22 | Versus \$10.6m at FY22 | Versus \$39.4m at FY22 | Versus \$16.4m at FY22 | Undrawn WC facilities of \$4.8m |



XTEK STRATEGIC GROWTH STRATEGY

THE GROUP CONTINUES TO HAVE 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.

Established our new HighCom European Sales Office & Distribution Centre in Poland in Dec 22, and are actively pursuing sales opportunities with close proximity customers in Central and Eastern Europe, and Scandinavia.

The Group is developing plans for XTclave manufacturing into the US and other regions in FY24, based in particular on the growing global interest and attention for our “AK47 stopping” Level 3 Rifle Combat Helmet.

The Group continues to actively seek inorganic expansion opportunities for both of our operating division in the US, Europe, and Australia.

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GLOBAL MACRO TAILWINDS WILL CONTINUE

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The continued global tailwinds being generated by the ongoing uncertainty and instability occurring in Europe, in addition to the continued tensions in the South China Sea over China’s territorial claims on Taiwan, are driving heavy new investments by countries all around the world to rearm, upgrade, and increase their offensive and defensive military capabilities – Australia included.

As a result, the outlook for continued growth in the global Defence industrial manufacturing sector generally, and for companies like XTEK specifically – who is both a provider of advanced ballistic protection products to customers around the world, and of high end reconnaissance and surveillance uncrewed systems here in the ANZ region locally – appears that it will remain strong for the foreseeable future.



FY23 OUTLOOK & FORECAST

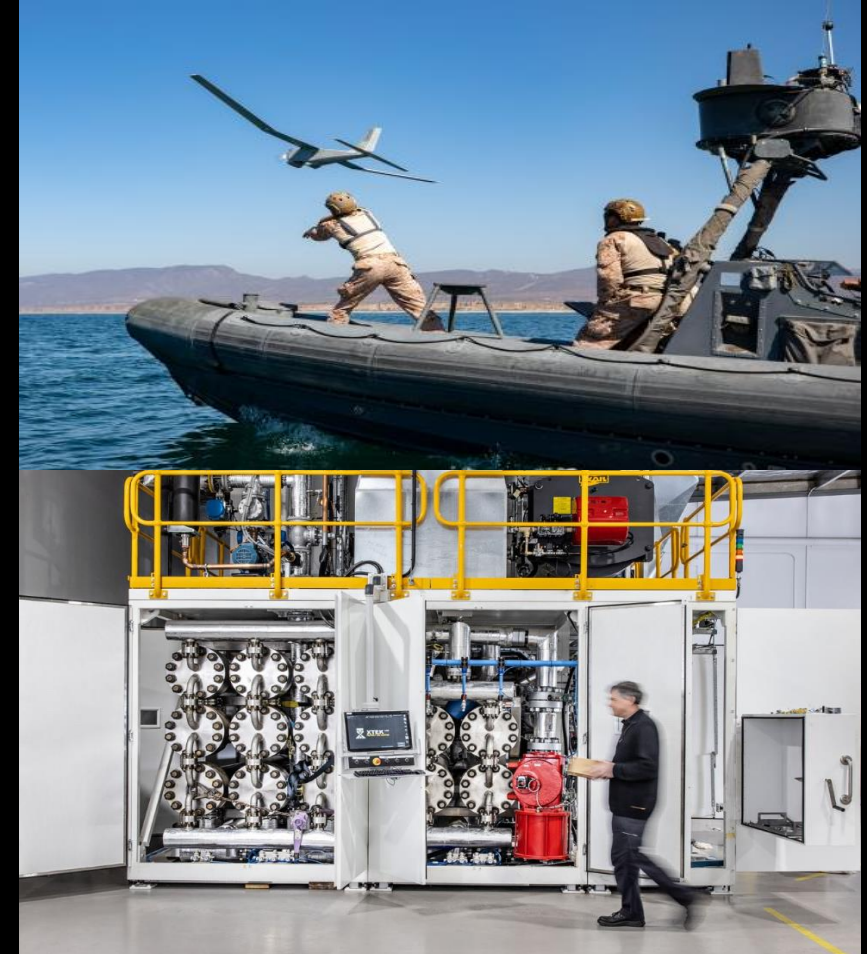
Opportunity Pipeline

At the end of Dec 22, the Group had an opportunity pipeline of leads at various stages of qualification worth more than **\$175m**:

- **Technology Division** is progressing multiple ANZ SUAS related acquisition and support contract opportunities valued in excess of **\$45m** and expects to provide an update on major new multi-year support order in Q4 FY23.
- **HighCom Armor** has a growing pipeline of leads across the US, EU, LATAM and APAC regions, that exceeds **\$130m** and continues to hunt multiple large ballistic protection order deals for immediate delivery in FY23 and through into FY24.

FY23 Revenue Forecast

- On 30 Dec 22, the Group had contracted orders in hand totaling **\$35.1m** that will be delivered in FY23 and H1 FY24.
- The Group expects FY23 Revenue to exceed **\$82m** based on current sales and business development activity being progressed around the world.



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