



XTEK LTD FY22 PRELIMINARY RESULTS

31 August 2022

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GROUP CHIEF EXECUTIVE OFFICER

FY22 RESULTS SUMMARY

OVERVIEW

- Restructuring activities undertaken in H1 FY22 have sharply refocused business on to its core capabilities to deliver success.
- 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.



Revenue

\$58.2m

Increased by 105%

Gross Margin

47%

Increased 18pp

Underlying EBITDA

\$11.5m

Up from a loss of \$3m

Underlying NPAT

\$8.2m

Up from a loss of \$4m

Cash Balance

\$36.2m

Up from \$5.9m in FY21



XTEK Group is an ASX listed international Defence Industry company.
The Group operates as two distinct divisions – Ballistics & Technology Division.

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



HighCom Armor

Production facilities:

- Columbus Manufacturing Centre (CMC), OH, USA
- Adelaide Manufacturing Centre (AMC), SA, Australia

Focused on designing, manufacturing, and supplying global military, law enforcement, and first responder customers with world-class, advanced personal protection ballistic products and solutions to for:

- Body Armour
- Ballistic Helmets
- Composite Structures



TECHNOLOGY DIVISION

Overview

Technology Division

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

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



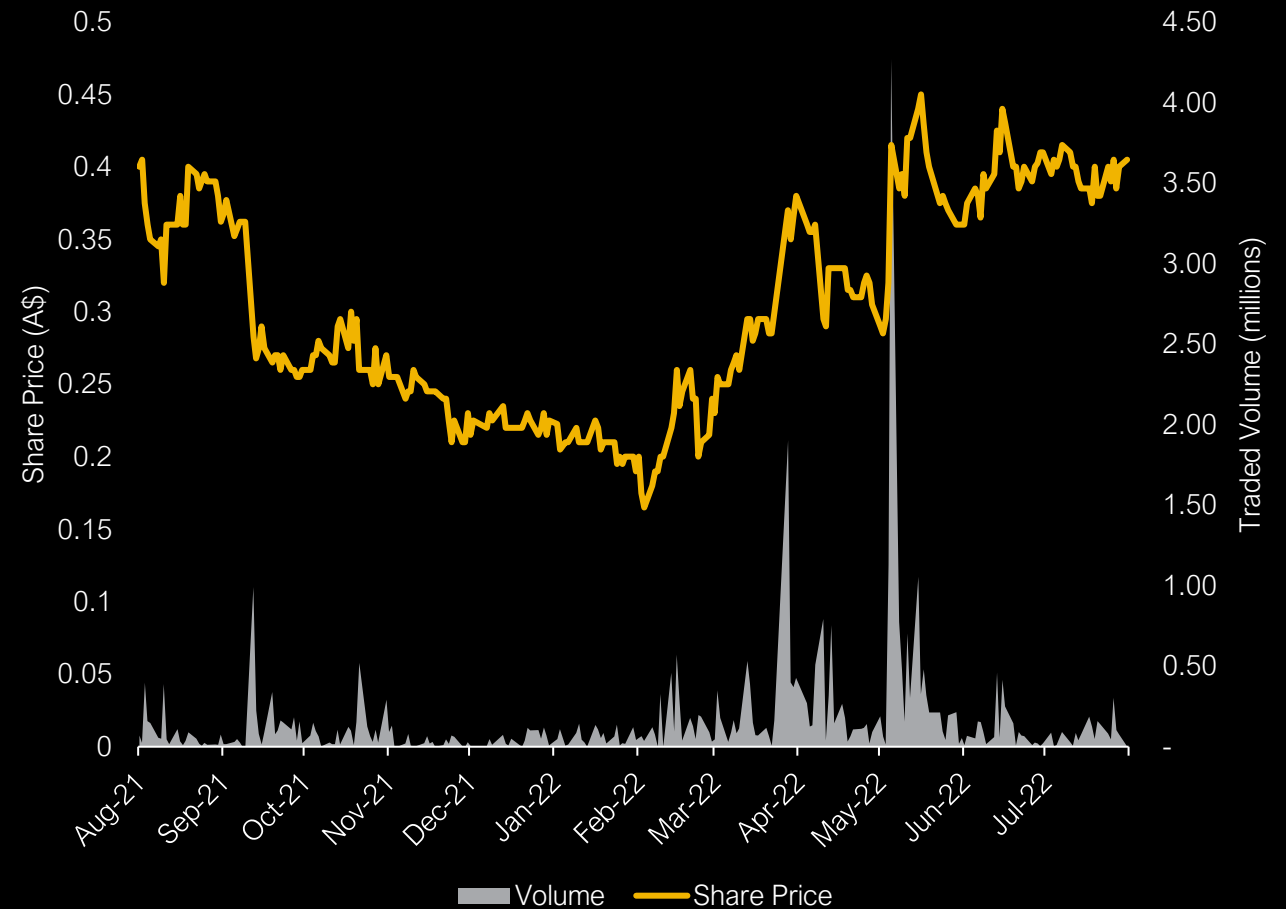
Our world leading OEM
systems partners:



CORPORATE SNAPSHOT

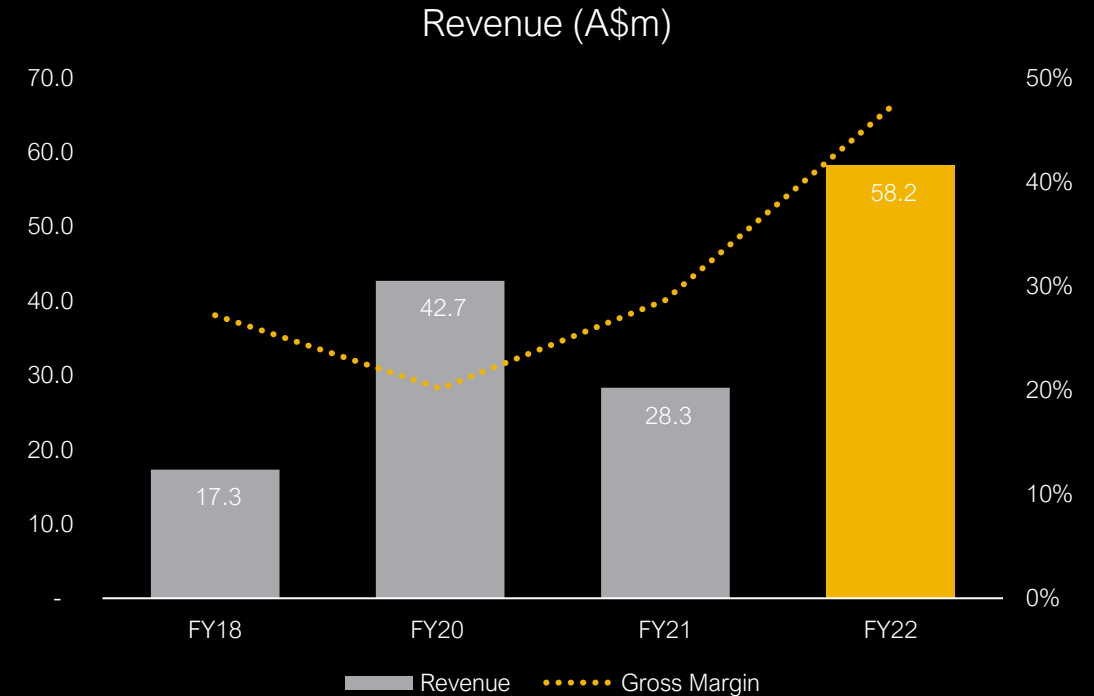
XTEK Limited

Capital Structure (30/06/22)	
Shares Outstanding	100,620,244
Share Price (30/08/22)	A\$0.365
Market Capitalisation (30/08/22)	A\$36.7m
12 Month Share Price Range	A\$0.165 – A\$0.485
Cash Balance (30/06/22)	A\$36.2m
Borrowings (30/06/22)	A\$1.4m
Senior Executive Management	
Scott Basham	Group CEO
David Brooking	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



FY22 PROFIT & LOSS

Summary Income Statement		FY21	FY22
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: 105% increase driven by significant contract wins
- Gross Margin: continued margin expansion resulting in an 18pp increase in Gross Margin to 47%
- EBITDA: \$11.5m when adjusting for the inventory impairment (\$2.5m) conducted in H1 FY22 (\$8.97m unadjusted)
- Net Profit: \$8.2m underlying (\$5.7m unadjusted) up from a Net Loss of \$3.97m in FY21
- FY22 saw the business' revenue model change to include a greater mix of sustainable higher margin sales



FY22 BALANCE SHEET

Balance Sheet		FY21	FY22
Cash	A\$m	5.9	36.2
Accounts Receivable	A\$m	1.9	10.6
Inventories	A\$m	10.7	16.4
Current Assets	A\$m	19.0	64.6
PP&E	A\$m	1.2	10.6
Non-Current Assets	A\$m	13.4	13.9
Total Assets	A\$m	32.4	78.5
Accounts Payable	A\$m	7.0	40.6
Current Liabilities	A\$m	7.4	41.3
Non-Current Liabilities	A\$m	3.6	2.3
Total Liabilities	A\$m	11.0	43.7
Net Assets	A\$m	21.4	34.8

FY22 Balance Sheet

- Cash at bank (\$36.2m) includes US\$22m of unearned income from prepayment of contracted orders.
- Group holds accumulated Tax Losses of \$25m to offset against future profits.

FY22 Capital Management Actions

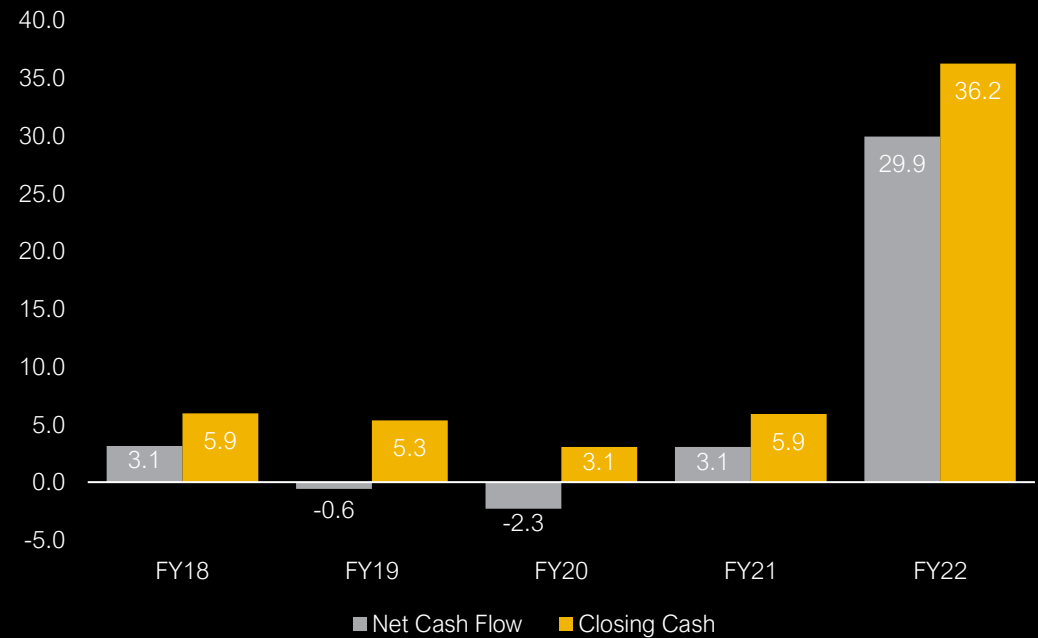
- Prior to the end of FY22 the Group paid down HighCom Armor's US Line of Credit debt (US\$1.4m) in full, and HighCom retains that LoC facility fully undrawn.
- The Group plans to retire its remaining A\$ borrowings (A\$1.4m) within FY23.
- Company intends to release a formal statement around capital management in the coming weeks.



FY22 CASH FLOW STATEMENT

Cash Flow Statement		FY21	FY22
Receipts from customers	A\$m	43.2	51.3
Payments to suppliers and employees	A\$m	(42.3)	(25.1)
Operating Activities	A\$m	(0.3)	26.0
Payments for equipment	A\$m	(8.4)	(1.9)
Investing Activities	A\$m	(8.4)	(1.9)
Net proceeds from equity raise	A\$m	11.2	7.0
Repayment of lease liabilities	A\$m	(0.6)	(0.6)
Repayment of borrowings	A\$m	(1.1)	(0.5)
Financing Activities	A\$m	11.7	5.8
Net Cash Flow	A\$m	3.1	29.9
Closing Cash	A\$m	5.9	36.2

Cash Flow Statement (A\$m)

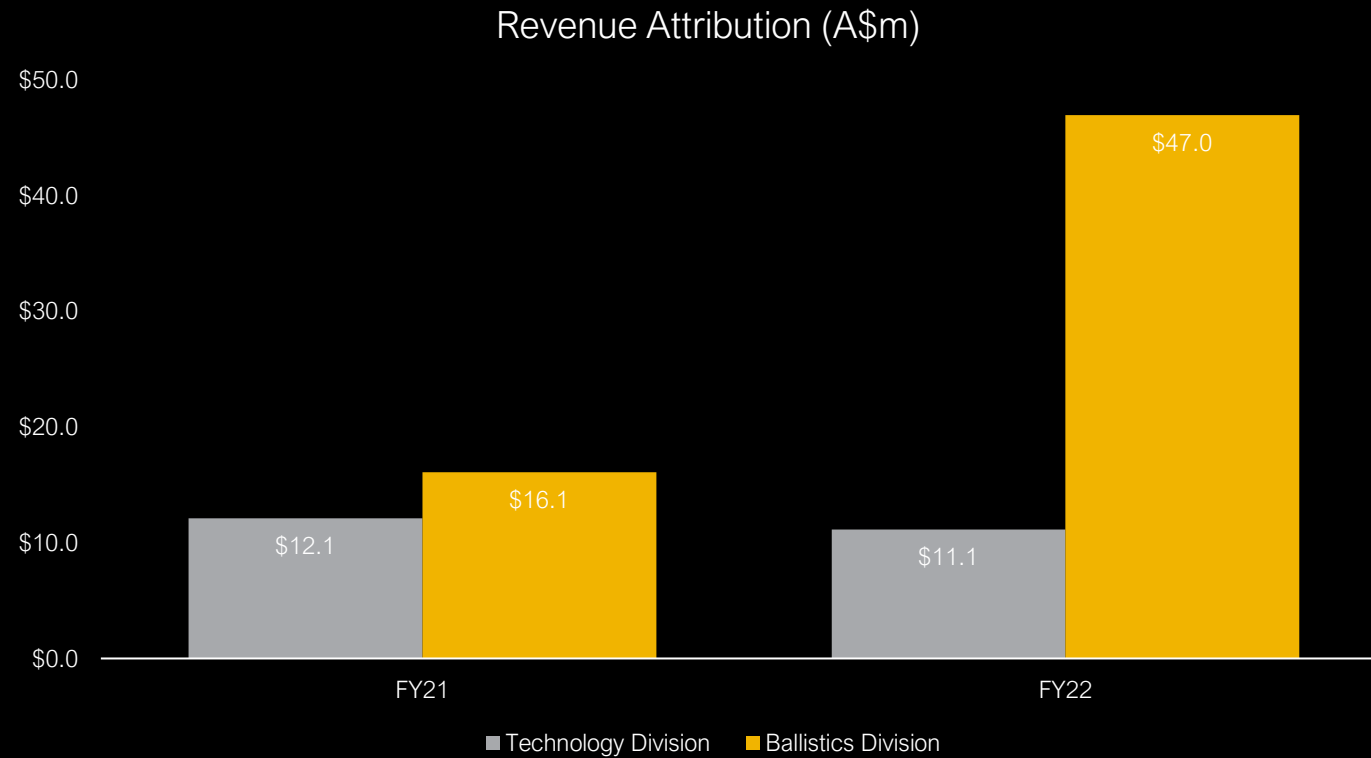


FY22 Cash Flow

- Cash flow improved materially on the back of securing higher margin contracts



FY22 ATTRIBUTION



Attribution by Division:

- Technology Division contribution of \$11.1m (19%) of Group in FY22 vs \$12.1m (42%) in FY21
- Ballistics Division (HighCom) contribution of \$47.0m (81%) of Group in FY22 vs \$16.1m (58%) in FY21



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.



XTEK STRATEGIC GROWTH SRATEGY

- At the end of FY22, with a laser sharp focus on our core markets and customers, the Group has a clear strategy in place going forward for growth and continued 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.

- In line with our growth strategy, and to capitalise on this situation, the Group is actively seeking organic and inorganic expansion opportunities for both our HighCom Armor and Technology Division operations in US, Europe, and Australia.



FY23 OUTLOOK

- Following a transformational FY22, and thanks to our strong cash position, growing order backlog, and large pipeline of new global sales opportunities, FY23 is shaping up to be very promising for the Group as we continue to execute our plans for revenue and profitability growth.
- On 30 June 22, the Group had contracted orders in hand totaling \$45m for delivery in FY23 (the equivalent 77% of FY22 revenue).
- At the end of FY22, the Group had an opportunity pipeline of armour and technology leads at various stages of qualification worth more than \$130m.
- The Group's Technology Division had multiple value-added reseller SUAS related opportunities being prosecuted and negotiated across the ANZ region, valued in excess of \$30m.
- Our HighCom Armor business continues to engage with EU customers for multiple large order follow on opportunities, as well as customers in ME and US, and has a pipeline of leads exceeding \$100m.





PROTECT & SUSTAIN

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