

The background of the slide is a dark, high-contrast image of four military personnel in tactical gear. From left to right: a man in a dark uniform, a soldier in a helmet and goggles, a soldier in a helmet and a clear face shield, and a soldier in a helmet and goggles. The image is in black and white with a red accent bar above the title.

# NEXT GENERATION TECHNOLOGIES FOR MILITARY AND PUBLIC SAFETY MISSIONS

OCTOBER 2023

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# IN BRIEF

## Our mission

We're committed to building long-term sustainable value by successfully commercializing proprietary game-changing technologies aligned with the modernization requirements of NATO and partner nations and public safety agencies around the world for a leap-ahead in **survivability** and **effectiveness**.

## Defence Focus

- Pursuing strategic contracts with key military end users and prime defense contracts that position us to sell our technology for high-value applications in high-growth markets where military customers everywhere are increasing their budgets and upgrading their capabilities.
- A single proprietary technology set with multiple patents and multiple real world applications.
- Commercial Off The Shelf ("COTS"), ITAR-free technology.

## Public Safety Focus

- Applying the same technology with similar capabilities to the global public safety market
- Products that are easily used by law enforcement and public safety agencies.

## Technology synergies

- Core digitization technologies with cross-over application from the military market to the public safety market

# IN BRIEF

## Leadership

We are a team of accomplished industry executives with a track record of previous notable private and public company ventures that commercialized niche, high-value defense technologies that went on to **dominate their niches in global markets**. We've been there and done it before with proven strategies that work, including a nose for the winning technologies, strong partnerships with prime defense contractors, an outsourced manufacturing model for agility and strong operating leverage, and a focus on potential for recurring revenue streams.

## Ahead

We're on our way, having now proven out our technologies, attracted strategic industry partners and made first pathfinding sales in North America and overseas. We're in an enduring industry at a time of heightened geopolitical tensions. **Defense and security budgets are rising everywhere to upgrade survivability and effectiveness capabilities** in a dangerous world.



# LEADERSHIP

## David E. Luxton

### Executive Chairman

David Luxton is a recognized entrepreneur in the defense and security industry. He was an infantry officer and senior official with the Canadian and British governments before leading the global build-out of successive companies, including Simunition (simunition.com), the world leader in simulated munitions for close quarters combat training. He also led the build-out of Allen-Vanguard (allenvanguard.com), which became a world leader in Counter-IED solutions and remained Chairman until Oct 2021. He is former Chairman and CEO of United Tactical Systems, a world leader in non-lethal munitions (pepperball.com).

## Harry Webster

### General Manager, Defense Group

Harry Webster is an experienced aerospace and defence leader. He most recently served as Director of Programs at DRS, overseeing all engineering development and manufacturing programs. With over 20 years of experience in roles spanning engineering development to executive leadership, Harry's career has been built on leading organizations to achieve great business outcomes in the execution of complex engineering projects for platforms such as Canadarm3 at MDA and the Canadian CH-148 Maritime Helicopter Program at General Dynamics Mission Systems. Harry holds advanced degrees in Business Administration and Engineering, and licenses as Professional Engineer and Project Management Professional.

## Sean Homuth

### Chief Financial Officer and Chief Compliance Officer

Sean Homuth is a senior financial executive with more than 20 years of experience working with both Canadian and U.S. public companies across a broad range of industries. He has experience with a variety of financing (equity, debt, royalty) and M&A transactions. Since 2008, he has spent the majority of his time in various senior executive roles with emerging companies. He leads KWESST's accounting and controllership, tax planning, financial planning and analysis, investor relations, treasury, human resources and IT functions at KWESST. He also serves as the Company's Chief Compliance Officer. Mr. Homuth is a Chartered Professional Accountant (CPA, CA Ontario) and a Certified Public Accountant (Illinois).

## Jim Drager

### General Manager, Public Safety Group

James M. Drager leads our Public Safety Group and is a U.S. based proven firearms industry C-suite leader with multiple awards and commendations. His experience includes well-recognized Defense and Public Safety companies including Colt's Manufacturing Company (Colt, Colt Defense), BDI-Beretta Defense (Steiner, Beretta), Century International Arms, and PepperBall/United Tactical. He is an exceptional, high-integrity, strategic leader who can quickly plan, lead, and create extraordinary results. He has over 35 years of experience in leadership roles in the manufacturing environment with responsibilities including operations, product development, strategic sourcing, and distribution for early stage, start-ups, mature and turnaround companies.



# DEFENSE GROUP



Applications of KWESST's core digitization technology and capabilities

# KEY CUSTOMER AND INDUSTRY ENGAGEMENT



**GENERAL DYNAMICS**  
Mission Systems–Canada

**PERSISTENT SYSTEMS**

**GENERAL DYNAMICS**  
Land Systems

**Glencair**  
MISSION-CRITICAL  
**INTERCONNECT  
SOLUTIONS**

**AKKODIS**

**THALES**

**BASE CAMP**  
CONNECT

**CHESS DYNAMICS**  
A COHORT PLC COMPANY

# DIGITIZED SITUATIONAL AWARENESS

## Real Time Data Sharing At The Tactical Level

- **Connecting soldiers on the ground** through ATAK, the U.S. government system of choice, now being adopted by other NATO countries.
  - Facilitates instant sharing of data and visual information among soldiers on the ground, in their vehicles and with all military assets.
  - KWESST is a recognized expert in ATAK (for military) and TAK (for civilian agencies) integration with ground forces, sensor systems, weapons platforms and drones.
- **Selected by GDMS-Canada** to develop and showcase next-generation integrated soldier/vehicle system.
- **Strategic \$136M five-year contract** awarded May 2023 by Canadian DND to KWESST-THALES-AKKODIS J.V. to develop and support next-generation software for tactical systems. KWESST work share up to 20% of contract value.



**GENERAL DYNAMICS**  
Mission Systems–Canada





# DIGITIZED FIRE CONTROL SYSTEMS

## Digitized Firing Platforms – The Future Of NATO Forces

- **\$1M USMC contract** to showcase KWESST application of its digitization and ATAK integration module at right for the USMC on their 81mm mortar, for dramatically faster deployment, targeting and improved accuracy. Transforms legacy weapons into modern precision fire systems.

A snap-on device (right) applicable to many legacy and new firing platforms – a massive installed base across NATO countries, all with plans to migrate to digital fire control systems ("**Joint Fires**" programs).

- **KWESST is teaming with prime defense contractors** on upcoming NATO Joint Fires programs.
- **The U.S. DoD alone requested \$24B** in investment for its FY 2023 budget for Joint Fires and Multi-Domain Operations as a "top priority" [according to Joint Fires Summit, Defense Strategies Institute, January 2023, [fires.dsigroup.org](https://fires.dsigroup.org)]



# DIGITIZED LASER DETECTION

## A Leap Ahead in Detection, Identification and Location of Battlefield Lasers

### THE PROBLEM // laser threats on the modern battlefield

Adversaries use laser range finders and laser designators to target the high-value assets of friendly forces.

**Example:** a \$30 thousand Russian Kornet laser beam-riding anti-tank weapon can target an \$8 - \$10 million tank with precision and destroy it.

- Nations like Russia and others have also weaponized lasers that locate optical devices and shatter them with a high-energy laser pulse to permanently damage eyeballs.
- NATO nations and partners have no systems today to alert ground personnel of lasers on the battlefield, and the legacy alert systems on armored vehicles are largely antiquated.



Russian PAPV weaponized laser system against optics and personnel.

# DIGITIZED LASER DETECTION

## The Breakthrough Laser Detection Solution From KWESST

### Detection, identification and location

- Personnel-worn and field deployable networked laser detection.
- Squad and vehicle-mounted versions for **detection, identification** and **location** of lasers.

A patent pending miniature core module will plug-and-play out of the box into any form factor including third party systems. Can quickly retrofit existing armored vehicles or other assets for advanced laser detection and location.



As announced July 25, 2023, the module is branded “**BLaDE**” and not only **detects** lasers, including LIDAR, but also discriminates whether they are **friend or foe**, and **identifies the kind of laser right down to make and model**. It also pinpoints the **source** of the laser so friendly forces can target it. Crucially, the BLDS is optimized to sense all known laser threats on the battlefield today and process counter-measures faster than current laser warning receivers. These advances in technical capability constitute the scope of the patent filing.

First NATO country order just shipped: a vehicle-mounted system for Special Forces.

KWESST strategy is to license and sell the module to third-party OEMs as well as to end user customers directly.





# DIGITIZED EMSO

## Electro Magnetic Spectrum Operations (EMSO)

Addressing NATO and partner country requirements for a compact “tactical” multi-function electronic warfare device that can be deployed in a battlefield by soldiers or drones.

Modular, multi-function all-in-one device for:

- **Spoofing** – deceiving the enemy with false troop communications, operations and “patterns of life”

Uses advanced AI algorithms to emulate “patterns of life” to spoof enemy

- **Analysing** signals for enemy activity and signals intelligence
- **Jamming** enemy communications
- **Training** electronic warfare operators

Integrates into battlefield management software and tools including ATAK.



### KWESST “Phantom”

**Version 1.0** portable electronic **decoy** and Electronic Warfare (EW) **trainer**.



### Version 2.0 multi-function EMSO device.

Backpackable and modular for **scanning, jamming, spoofing or EW training** at the tactical level.

*According to Fortune Business Insights: Electronic Warfare, June 2021, the global electronic warfare market size is projected to reach USD \$33.5 billion by 2028, a 5.24% CAGR from 2021.*



# PUBLIC SAFETY GROUP



Applications of KWESST's digitization technology to the public safety market, plus, a new non-lethal munitions system

# PUBLIC SAFETY – DIGITIZATION

## Leveraging KWESST's Core Military Technology into the Public Safety Market



### New // Demonstration planned for late 2023

**KWESST Lightning** is designed to provide responders to any type of incident with instant on-boarding to the mission and TAK-enabled real-time situational awareness software as a service (SaaS).

- Networked shared situational awareness in real time means faster, more effective response for a safe conclusion to the incident.
- Designed to scale readily for any number of users without capital investment.
- For law enforcement, fire, EMS or NGO humanitarian missions and disaster relief.
- Targeting to be market-ready for paying customers by mid-2024 following pilot programs.



### Digitization for Ground Search And Rescue (GSAR) operations

KWESST and its teaming partner, Counter-Crisis Technology, were awarded a \$1M initial contract by Public Safety Canada to develop a digitized TAK-enabled Ground Search And Rescue (GSAR) application for police and volunteer GSAR organizations.

- When completed in 2024 this will be a breakthrough in digitized mission coordination for law enforcement and volunteer ground search and rescue operations.



### Digitization of public surveillance operations for shared awareness

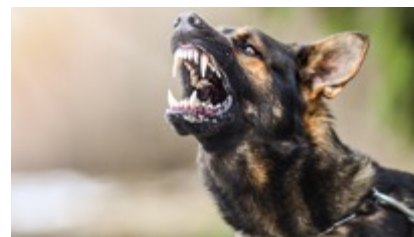
A G7 Capital city has awarded KWESST an initial contract to apply TAK digitization to public safety surveillance for shared real-time awareness during critical public incidents.

- We believe this could open markets everywhere for similar offerings.

**Globally, the public safety and security market was USD \$435 billion in 2021 and is expected to reach USD \$868 billion by 2028, growing at a CAGR of 10.4% according to Fortune Business Insights.**

# PUBLIC SAFETY – NON-LETHAL MUNITIONS SYSTEM

## Universal Application to All Non-lethal Missions



Public order operations, prison cell extractions, subjugation of suspects, dangerous animal control, high-risk arrests, personal and home defense

## Breakthrough Technology & Deep Domain Expertise

A next-generation replacement for most “less-lethal” systems on the market today

- A truly non-lethal low-energy cartridge-based system that fires from a dedicated device that can resemble a TV remote control, a flashlight or a replica firearm, depending on the mission.
- Firing platforms fire **only** PARA OPS cartridges.
- Unique cartridge/projectile design generates spin to stabilize a soft polymer projectile for accuracy over distance.
- Projectile payloads can be inert powder (for practice and training), and pepper powder or pepper gel for operational use.
- Full market availability planned for early 2024.

*Razor-razor blade model, book-and-ship business, for public safety agencies, military and gun owners.*



# PUBLIC SAFETY – NON-LETHAL MUNITIONS SYSTEM

Solves the problem of dated legacy systems on the market today that are either **high-energy** and **potentially lethal** or are **air-gun based** and can be **unreliable**.



High energy cartridge systems = Fatalities



Air guns = High maintenance and unreliability

*The global non-lethal weapons market was approximately US \$7.4 Billion in 2020 and is projected to reach US \$12.5 Billion in 2028 (a 7.4% compound annual growth rate), according to Allied Market Research: Non-Lethal Market, May 2021.*



# PUBLIC SAFETY – NON-LETHAL MUNITIONS SYSTEM

## Current Program Status of PARA OPS

- Development completed.
- Outsourced low-rate production of cartridges underway at NY facility.
- Outsourced low-rate production of Solo and 5 Shot Pro underway at NC facility.
- Initial law enforcement trials through summer 2023, minor changes underway.
- Full-rate production and initial sales expected calendar Q4 2023, ramping up further in 2024.
- Ongoing discussions underway for strategic global manufacture and distribution.

### V 1.0 Products



Cartridge casing and  
projectile



Solo



5 shot Pro

- Development underway through remainder of calendar 2023 with firearms industry partner to fabricate dedicated PARA OPS shotgun, plus replacement barrel and/or choke to retrofit large existing installed base of law enforcement shotguns repurposed and dedicated to non-lethal use.
- Development underway through same period to begin limited production of a PARA OPS shot shell for standard 12-gauge shotguns to leverage the installed base of millions of civilian shotguns for personal defense and animal control.

### New – Shot Shell



Shotgun



12 gauge  
PARA OPS  
shot shell



Replacement barrel

# PUBLIC SAFETY – NON-LETHAL MUNITIONS SYSTEM

## ARWEN 37mm

- Acquired December 2021.
- Used for public order and high-risk arrests by tactical teams.
- An unmatched safety record.
- Extensive media coverage for safe conclusion to incidents, including trucker protests, Ottawa, Canada, 2022.



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## Expansion of product line

- ARWEN 37 cartridge reputed for reliability and performance of its non-lethal cartridges.
- Other ammunition types for third party systems in development.
- Full market availability planned for early 2024.



# PROGRESS AND CATALYSTS

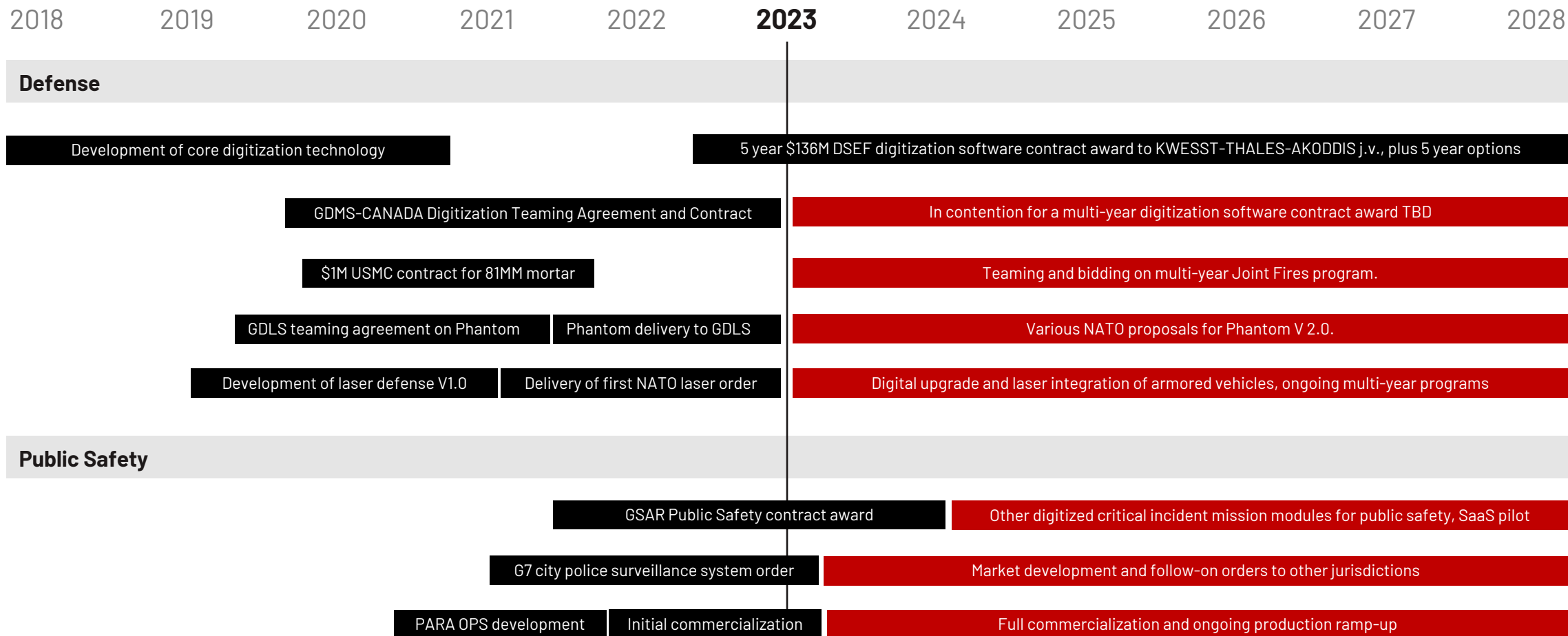
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# PROGRESS AND CATALYTS

## Technology Development and Validation

FY – Sept 30

## Key Contracts In Place and **Active Opportunities**





# OPERATING MODEL

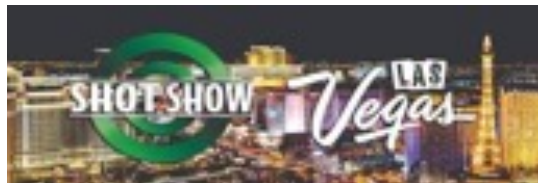
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# MANUFACTURING AND MARKET DEVELOPMENT

## Outsourced Manufacturing for Operating Leverage and Low Cap-Ex



## Go-to-Market Strategy that Leverages Third-party OEM's, Distributors and Events



# FINANCIALS

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# REVENUE STRATEGY

## Defense Group

- Digitization Services
- Digital Fires
- Mobile Command Posts
- Laser Defense
- EMSO

Professional fees, strategic multi-year programs  
Programmatic product sales and maintenance fees  
Product sales and integration/software fees  
Product sales and software fees  
Product sales and software fees

## Public Safety Group

- Surveillance Products
- Situational Awareness SaaS
- Non-Lethal Firing platforms
- Non-Lethal Ammunition

Product sales and support fees  
Recurring SaaS user fees  
Product sales and support fees  
Recurring ammunition sales



# CAP TABLE AND BALANCE SHEET

All figures in CAD and based on Q3 financial statements as filed on SEDAR and EDGAR unless otherwise noted

## Shares Issued

as at June 30, 2023	4,074,588	
July 2023 Private Placement	1,542,194	
		5,616,782

## Dilutive Securities

Warrants (as at June 30, 2023)	4,118,912	
Warrants (July 2023 Private Placement)	1,054,185	
Options (as at June 30, 2023)	120,463	

<b>Fully Diluted</b>		10,910,342
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<b>Debt</b>		Nil
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<b>Cash<sup>1</sup> (as at June 30, 2023)</b>	\$	1,759,688
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<b>Market Capitalization (October 13, 2023 close on TSX of CAD \$2.33)</b>	\$	13,087,102
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<b>Market Capitalization (October 13, 2023 close on Nasdaq of US \$1.76)</b>	\$	9,885,536
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<sup>1</sup> Does not include US\$5.1M (net of placement agent fees) proceeds from the July 2023 private placement

# KEY INVESTMENT ATTRIBUTES

- Stable long-term **high-growth global industry undergoing high-value upgrades.**
- Seasoned management with a **proven track record of success.**
- Strong go-to-market **industry partnerships with prime defense contractors.**
- Extensive, **valuable IP portfolio** that directly addresses **\$ billions in military programs.**
- Scalable outsourced manufacturing model for **operating leverage.**
- Product and customer base diversified geographically, with **many ways to win.**
- Pursuing –and winning– base contracts with **multi-year revenue visibility.**
- Focused on sources of **recurring revenue.**

Building an enduring high-value global business over time through a proven, disciplined strategy.





# THANK YOU

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