



Company Overview

Presenter

Scott Basham

HighCom Group CEO

5 December 2023



Our Name Has Changed!



- On 24 Nov 23, XTEK Ltd (ASX:XTE) became HighCom Ltd (ASX:HCL).
- Shareholders strongly supported (99.1%) change at 23 Nov 23 AGM.
- XTEK Group now known as **HighCom Group**
- Technology Division has become **HighCom Technology**
- Ballistics Division has become **HighCom Armor**
- Name change unifies parent company name with US and International subsidiary names and removes confusion for customers.
- Leverages our growing global HighCom Armor brand recognition and reputation with key Military and Law Enforcement customers around the world, which is key to drive future growth.
- The HighCom name is where our unique, patented IP resides, and is where our high margin business is generated.



GROUP OVERVIEW

Highcom Group is comprised of HighCom Ltd (ASX:HCL), and its two distinct businesses – HighCom Armor & HighCom Technology.



HighCom Armor

Designs, manufactures, and supplies global military, law enforcement, and first responder customers with world-class, advanced personal protection ballistic products and solutions for Body Armour, Ballistic Helmets, Shields, and Composite Armour Panels & Platform Structures.



HighCom Technology

Supplies Australian Defence and Security Agencies with world-leading Small Uncrewed Aerial Systems (SUAS) and Sensor Payloads, and provides local Program, Project and Engineering Management, Systems Integration, Maintenance, Composite Repairs, and Logistics Support Services.

HighCom Limited Corporate Snapshot



Capital Structure (4 December 23)

| | |
|----------------------------|--------------------|
| Shares Outstanding | 102,682,672 |
| 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 |
| Vince Creagh | Group COO |

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 |
| Laurie Gardiner | Company Secretary |

“The HighCom Board and Management comprises Directors and Executives who have significant domestic and international Defence and Defence Industry experience, along with a wealth of Commercial, M&A, Corporate Advisory, and Capital Markets expertise”

Scott Basham, HighCom Group CEO

FY23 Results – Key Highlights



Record
Revenue

\$89.4m

Increased by 54%

Record
Gross Profit

\$33.7m

Up from \$27.4m

Record
EBITDA

\$10.9m

Up from \$9.0m

Record
NPAT

\$6.1m

Up from \$5.7m

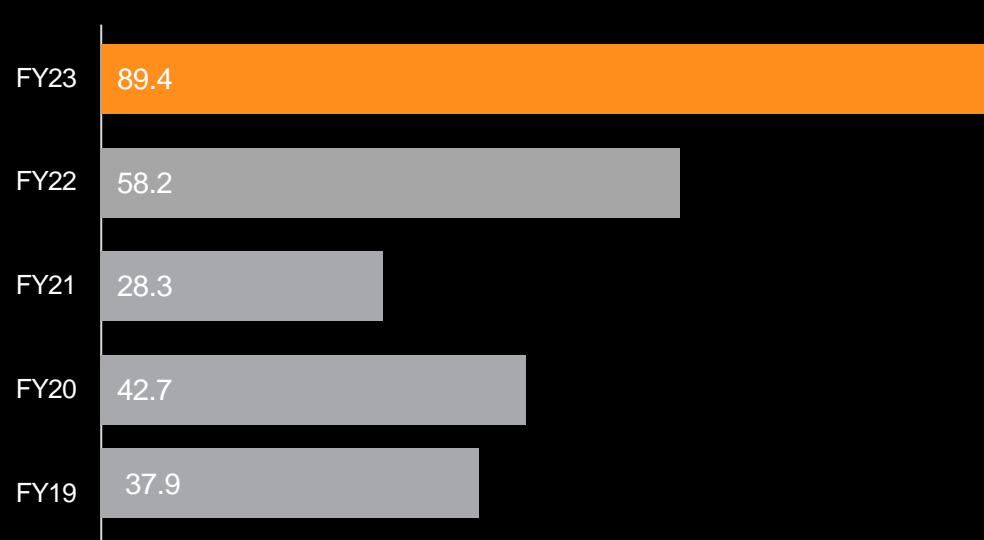
Cash Balance

(No Debt / \$4.9m Facilities)

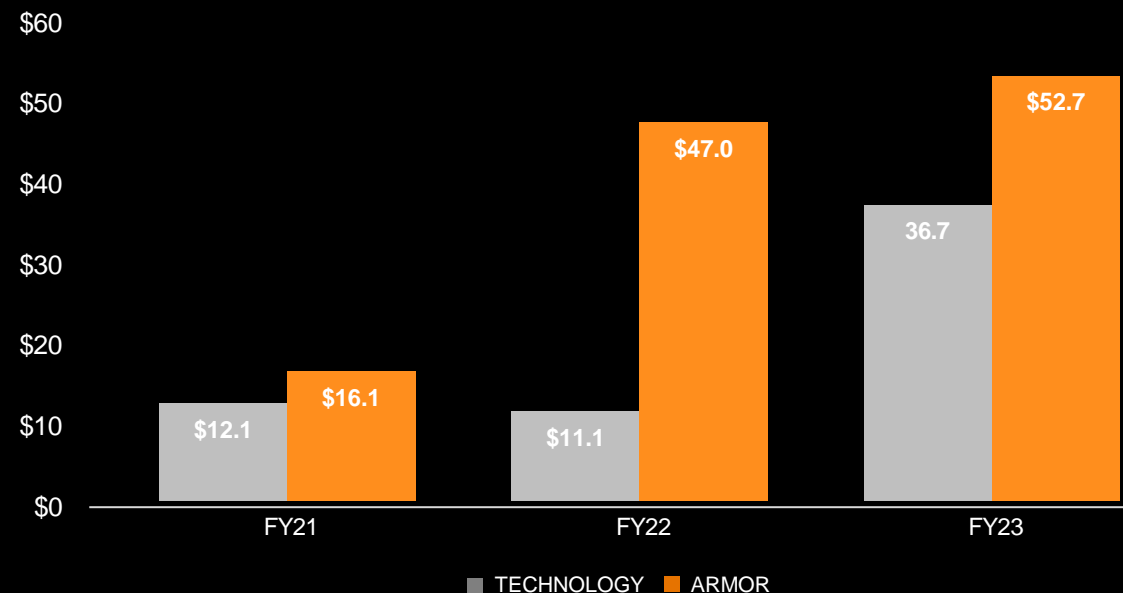
\$6.9m

Down from \$36.2m

Revenue (A\$m)



Divisional Revenue Attribution (A\$m)



HighCom Technology Overview



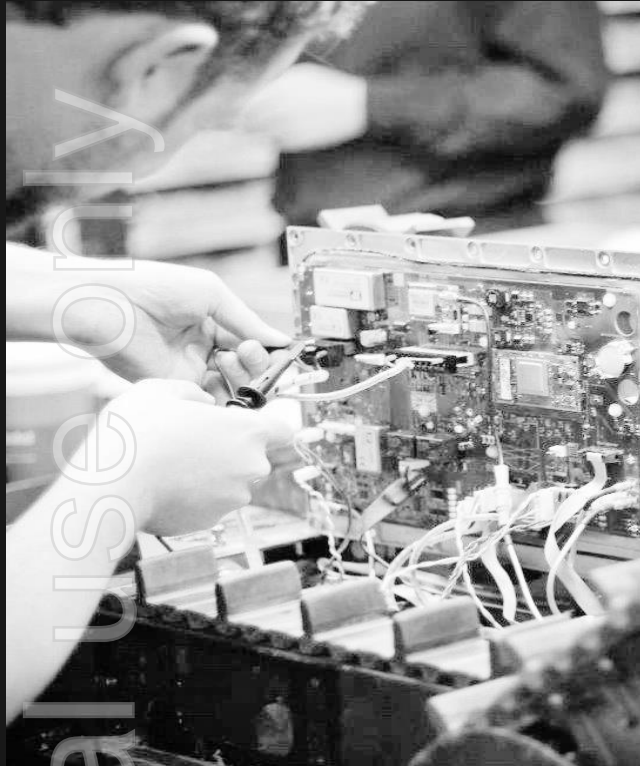
Exclusively supplies, integrates, trains, and supports Small Uncrewed Aerial Systems (SUAS) and Sensor Payloads from world-leading US based drone company AeroVironment across the ANZ region.

Major Customer: Australian Department of Defence

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



HighCom Technology Service Support Offerings



We provide local Program, Project and Engineering Management, Systems Integration, Maintenance, Composite Repairs, and Logistics Support Services, that deliver regular profitable recurring revenues.

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 / ~\$110m support contract for Puma AE & Puma LE.

HighCom Technology Activity YTD FY24



- Received \$3.4m SUAS Spare Parts Order from Defence on 12 Jul 23.
 - Spares used for “WASP” fleet under existing multi-year Support Contract.
- Received 10 year / ~\$110m Support Contract from Defence on 3 Oct 23.
 - Contract directly linked to \$26.9m drone order announced on 1 Dec 22
- Received \$4.1m, Spare Parts Order from Defence on 13 Nov 23.
 - 1st spares order of Initial Term of new 10 year / ~\$110m Support Contract.
- The Acquisition and Support Contract Orders received over the last year are directly linked to the \$75m of opportunities in our pipeline.
- Seems unlikely DoD would not utilise these agreements for future purchases.
- Leveraging our SUAS expertise and capabilities to build a solid backlog of annuity income, with improving GM from greater asset and staff utilisation, which is expected to grow further as the drone fleet size increases over time.



HighCom Armor Overview

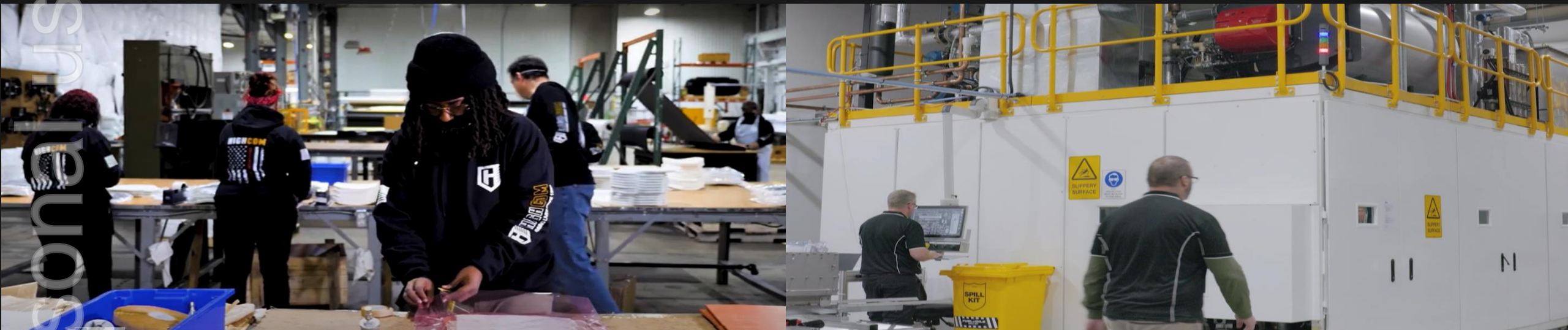


Designs, manufactures, and supplies world-class, advanced Body Armour, Ballistic Helmets, Shields, and Armour Panels & Platform Structures.

Key Customers: Global militaries, and US law enforcement, national security, and first responders.

Locations:

- Global Manufacturing*, R&D*, US Sales & Distribution Centre – Columbus, OH, USA
- European Sales & Distribution Centre – Bydgoszcz, Poland
- APAC Sales & Distribution Centre* – Canberra, ACT, Australia



*WEF Closure and relocation of Adelaide Manufacturing & R&D Operations by end Dec 23

Unique XTclave Relocation to USA



- Our XTclave & R&D capabilities are being relocated to HighCom Armor facility in Columbus, OH, USA.
- Adelaide Manufacturing & R&D to close by End Dec 23.
- Relocation is already well underway, and move is expected to be completed during Q1 2024.
- APAC Sales Team and Distribution capability remains based at Group HQ in Canberra, providing support to local, regional, and international Defence and Law Enforcement customers.
- Move maximizes potential for unique XTclave made ultra-lightweight and high-performance products in world's largest Ballistic Armour market.
- Moving to US makes us "Buy America Act" and "Berry Amendment" compliant – needed to pursue the huge "next gen" US DoD opportunities.
- Relocation & redundancy cost expected at ~\$0.8m
- Synergies of ~\$2m p.a. expected to be achieved.



HighCom Armor Activity YTD FY24



- Currently running at ~A\$2m in monthly “run rate” bookings.
- In addition to that, YTD in FY24, HighCom Armor has also announced \$12.4m of new Ballistic Armour orders:
 - A\$2.6m on 17 Jul 23
 - A\$3.2m on 29 Sep 23
 - A\$2.2m on 12 Oct 23
 - A\$1.6m on 18 Oct 23
 - A\$2.8m on 20 Nov 23
- Continuing to pursue and negotiate multiple large contracts with end users around the world, with a \$300m global pipeline of opportunities.
- Well placed to support any sustained demand from our inventory of finished goods and raw material holdings, even as we run stock down to more normalised historical levels.



Group Strategic Growth Plan

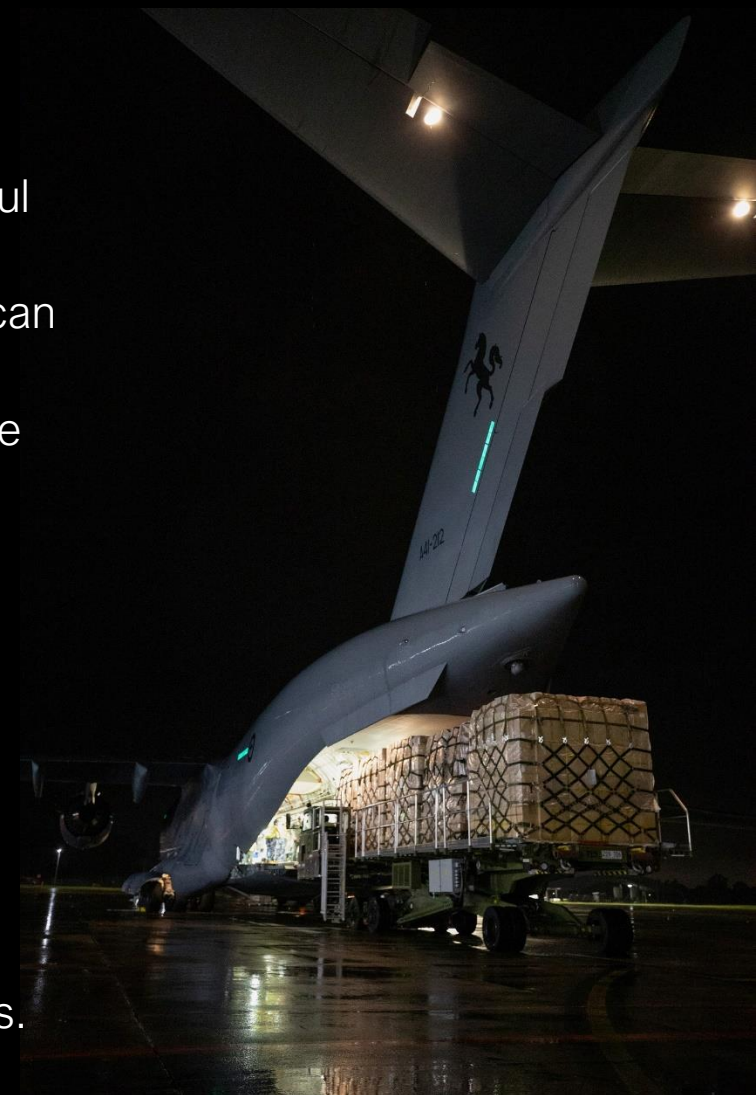


The Group continues to execute on our clear strategy for growth and continued profitability:

- **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 experience and expertise.
- **Create our Future** – Invest in organic and inorganic expansion opportunities in the Defence and Law Enforcement markets to create new products and service offerings for sustained future growth and profitability.

Inorganic Expansion:

- The Group continues to seek the “right” inorganic expansion opportunity.
- Likely be a US ballistics competitor (market consolidation opportunity).
- Has existing contracts with the US DoD that are profitable and in good order.
- Help capitalise on the move of our XTclave technology into that Defence market.
- Speeds realisation US DoD “blue ocean” potential for our “next gen” products.
- Build long term annuity income streams from multi-year US DoD supply contracts.



Global Tailwinds Continue in FY24



- Tailwinds are being driven by the war in Europe, continuing tensions in the South China Sea, and the war now underway in the Middle East.
- Instability continues to drive both short-term demand, and long-term investment to upgrade with next generation products and solutions.
- Internationally, the potential for continued growth in our HighCom Armor business appears likely to remain strong for foreseeable future.
- The recent Australian Defence Strategic Review indicates preference to buy “US Military-Off-The-Shelf” capabilities, which is positive for our HighCom Technology business, and is confirmed by our recent drone spare parts orders and long-term multi-year support contract win.
- We are actively engaged with end users and channel partners to provide support from inventory to fill urgent military operational demands of customers all around the world.



FY24 Key Execution Priorities



- Relocating our XTclave & R&D capabilities and consolidating all of our manufacturing capabilities in the US in 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 global Sales & Marketing capabilities.
- Securing multiple significant global armour opportunities, in addition to winning regular large quarterly US Gov deals, and maintaining our “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:

- **HighCom Technology** – is pursuing multiple drone related Acquisition & Support Contract opportunities across the region valued >\$75m;
- **HighCom Armor** – 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 the continued tailwinds for the sector, the current sales and business development activity being progressed around the world, and with the enormous long term revenue generation potential that we believe will be created from the relocation of our unique XTclave IP into the huge US market, the Group is positive about continued revenue growth and profitability in FY24 and beyond.





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