



Half Year Results Guidance

HIGHLIGHTS

- **Net loss in the range of \$13m to \$15m expected for the half year FY2024.**
- **Result due to disappointing sales and the Board's decision to recognise a one-off non-cash write down of inventory value of \$4m to \$6m.**
- **The Board has commenced a company-wide review which will result in a range of cost-reduction initiatives to return the Company to an EBITDA positive position for 2H FY24.**

February 12th, 2024. HighCom Group Limited (ASX:HCL) (HighCom or the Company) provides guidance for its financial result for H1 FY2024 and the commencement of a company-wide review.

Expected Loss for First Half of FY24

Following receipt of preliminary financial accounts and a decision to recognise a non-cash write-down, for the first half of FY24 the Company expects to deliver a loss in the range of \$13 million to \$15 million.

Given the level and duration of inventory held in the Ballistics Division, the Board feels it appropriate to recognise a partial write-down. The Board remains confident that it will realise cash from the sale of the inventory, and final provisioning will be determined, in consultation with the Company's auditors, before the half-year result is released at the end of February 2024. Importantly, while the write-down will impact the HY earnings, there will be no impact on cashflow.

As part of the company-wide review the Board will analyse the sales pipeline, including the current order backlog, and determine the appropriate cost-base for delivering an improved second-half result for FY24. The resultant initiatives are aimed at returning the Company to an EBITDA positive position for the second half of FY24.

Cost-reduction review

In response to today's guidance, the Directors will oversee a cost reduction program in addition to the recently announced savings from the closure of the Adelaide Manufacturing Centre.

In personal alignment, Directors have agreed to a temporary reduction in Board fees for the next 3 months while the cost reduction program is undertaken.

While further details will be determined and provided with the HY report to be released in late February, the Board advises that it has also decided to close its facility in Poland and that orders can be serviced from its North American operations.

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Comment by the Company's Chairman, Mark Stevens,

"The Board recognises the underperformance of the business and its impact on the share price. We are unhappy with current business performance, recognise the need to act swiftly and wish to assure shareholders that we remain focused on doing what is needed to enable HighCom Group to be a world-class company servicing the Defence and Law Enforcement industries. Whilst the 1HY performance is disappointing, the Board is taking decisive action. Given our current sales order book and the planned cost reduction initiatives arising from the Board's review, we are highly confident that the business will deliver improved results in future periods."

This announcement has been authorised for release by the HighCom Limited Board.

Signed for and on behalf of HighCom Limited

A handwritten signature in black ink, appearing to read 'Mark Stevens'.

Mark Stevens
Chairman

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