



07 August 2024

ASX Announcement

FY24 Guidance and Company Update

HIGHLIGHTS

- H2 FY24 financial results in line with previous guidance
- Cash has significantly improved over H2 FY24, increasing from \$1.6m to \$6.2m
- No debt, with \$3.2m of current working capital facilities available
- Relationship with AeroVironment extended and expanded to new products
- New orders of ballistic products for US domestic and international customers valued at \$13.7m, supplied during H1 FY25
- HighCom continues to engage closely with customers in domestic and global markets
- XTClave™ construction ongoing, however delayed, initial engagement from key customers in US Department of Defence

HighCom Limited (ASX: HCL) (the Company) is pleased to provide the following update on its anticipated FY24 results and general operational update.

Financial result

The FY24 revenue is expected to be approximately \$46m being at the lower end on the guidance provided to ASX on 30 May 2024. The revenue was impacted by a timing issue for a recent contract that was delayed. This revenue will now be recognised in Q1 FY25.

The Company wide review to improve the Company's profitability continues, with a pleasing H2 FY24 EBITDA of approximately \$2m. This result is primarily due to a review to return the Company to profitability as announced in February 2024. Further changes continue and in FY25 the company continues to trade profitability. For the full year ending 30 June 2024 EBITDA will be approximately a \$10m loss, including \$6.2m impairments recognised in H1 FY24.

Cash at 30 June 2024 was \$6.2m, up from \$1.6m from the end of H1 FY25, noting the timing of supplier payments in FY25 will reduce this balance during H1 FY25. The Company had no debt at the end of the period having repaid its line of credit facility in full. There is currently \$3.8m of available facilities in place which the Company can draw on. On this basis, the Company does not currently believe it will need to raise additional equity.

The Company expects the financial results will be released by the end of August. The Company will hold a conference call to discuss the results and will release details closer the date.

Technology Division Update

HighCom Technology have successfully finalised the delivery of the Acquisition Contract for a mixed fleet of AeroVironment Small Unmanned Aerial Systems (SUAS) for the Commonwealth of Australia's Department of Defence and have now fully transitioned to the subsequent Support Contract previously announced to the ASX.

For personal use only



This will see HighCom Technology continue to deliver the support services, including engineering, maintenance, logistics, flying and training, for at least four, and potentially up to ten years. With the SUAS now in use, it is anticipated that future spare parts orders to support the fleet will be required later this financial year. In June 2024, the Company received multiple spares SUAS orders totalling \$4m (GST inclusive), to be delivered during FY25.

With the successful delivery of the SUAS projects for Defence and transition to the support phase, HighCom Technology has recently expanded its business development team to focus on increasing sales with existing customers, as well as investigating and assessing new business opportunities and adjacencies.

The Company is pleased to announce that HighCom Technology and AeroVironment have also executed a renewed Exclusive Reseller Agreement for SUAS in addition to a suite of new AeroVironment products, including the Tomahawk Kinesis Ecosystem and universal controller, helicopter UAS, and future high performing P550 eVTOL UAS. Management and sales staff continue to engage the Department of Defence regarding their current and future requirements to meet the rapidly changing strategic environment.

HighCom Technology also maintains a sales representation agreement for the SwitchBlade 300 & 600 Loitering Munition Systems. The Australian Government publicly announced the acquisition of Switchblade 300 precision loitering munitions, to be delivered in 2024. HighCom look forward to continuing to demonstrate and support AeroVironment capabilities to the Australian Department of Defence.

The broadening and extension to our partnership places the Company at the centre of the critical and growing role SUAS technology plays in modern military operations within the Australian Defence environment, by providing unparalleled effectiveness in surveillance, reconnaissance, and tactical support.

Armor Division Update

HighCom Armor is pleased to announce that it has received new orders valued at \$13.7m since 1 July 2024 (this includes the \$8.9m and \$2.5m order disclosed to the ASX on 5 August and 6 August 2024); to supply its high-end ballistic products to US domestic and international customers. The customer purchase orders have been received, with sales recognition to occur during H1 FY25. HighCom continues to engage closely with customers in domestic and global markets.

XTclave™ Update

The XTclave™ was successfully relocated from Australia to the HighCom Armor factory in Columbus Ohio during Q1 FY24 where re-assembly has commenced. This included designing a new Cooling System for the XTclave™ (moving from air to water) to operate inside the Columbus facility due to the climate extremes compared to the previous Adelaide facility. The final requirement is the construction of a new pressure vessel that is American

For personal use only



Society of Mechanical Engineers (ASME) certified. HighCom are anticipating delivery of the new pressure vessel, which will have a greater capacity than the existing vessel, at the start of Q1 2025. Unfortunately, there has been a delay to ordering the new larger vessel until the financial position of the Company improved. Once fitted, re-commissioning is planned to be completed by the start of Q2 2025.

The XTclave™ is a proven technology that manufacturers ultralight, thin, and strong ballistic products highly suitable for military, government agencies, and specialised police elements. Additionally, the XTclave™ can produce complex curvatures married with ceramic and other facing materials, yielding advanced hard armor products suitable for a broader range of body types, genders, and applications such as aviation or vehicle Armour.

The XTclave™ provides an industry-leading advantage in the US market due to the ability to create complex contours and improved consolidation resulting in increased strength and lighter weight products.

The relocation has already generated significant interest from various areas of the US military and US federal law enforcement to discover what is possible with the technology. The strategic move of the XTclave™ ensures all products produced by the XTclave™ will be US Berry Amendment compliant, opening sale opportunities from the US Department of Defence.

HighCom maintains an existing Cooperative Research and Development Agreement (CRADA) signed with one agency (US Army Development Command) and has been tasked with a funded “special threat” development contract within the Department of Defence, for research and development of selected ballistic products. Meanwhile, HighCom management engagement has generated significant additional interest from other US Department of Defence agencies and commercial strategic partners, to explore ballistic products which can be produced utilising the XTclave™ technology. By working closely with the US military there is an opportunity to receive ongoing research and development income, and the ability to develop products that will go to tender over 2025 allowing HighCom to compete for major contracts.

Appointment of Chief Operating Officer

HighCom Limited is pleased to announce the appointment of Todd Ashurst, DSM, GAICD as the Group Chief Operating Officer effective from 1st July 2024. Todd has been acting in this position since February 2024, having initially joined the company in September 2023 as Vice President of International Defence Programs. As part of his role Todd will also be taking on broader responsibility managing Highcom Technology.

Todd has brought with him considerable experience gained from 32 years of fulltime military service where he rose to the rank of Brigadier (One Star General). During his service he had several senior command and executive appointments within the senior leadership group of the Australian Defence Force. Since departing fulltime service early in 2023, he continues to provide Reserve Service where possible.



Todd is a proven strategic leader with a strength in collaborative stakeholder engagement, change management and systems thinking. He has commercial acumen gained from leading multiple complex multi-billion-dollar projects, contracts, and budgets within Defence and multilateral military organisations delivering outcomes within tight timeframes and resources.

Todd is a Distinguished Graduate of the United States Army War College where obtained a Master of Strategic Studies. He holds a Master of Arts from Kings College London, a Bachelor of Professional Studies from the University of New England. He is a graduate of the Joint Services Command and Staff College in the United Kingdom and a graduate of the Australian Institute of Company Directors.

Chairman, Ben Harrison said,

“The board is pleased with the progress that has been made over the balance of FY24 and the corresponding turnaround in the financial result. The positive \$2m EBITDA for H2 FY24 is a testament to the team’s efforts.

The extension of our exclusive agreement with leading UAS manufacturer AeroVironment is reflective of the successful partnership and the expansion into new cutting edge products like the new VTOL P550 provides the Company with a strong portfolio of products that leverage the growth in uncrewed aircraft.

While we are disappointed with the delays to commissioning XTClave™ the relocation has been more than justified by the early engagement from the US DoD. Importantly, most larger contracts we would be tendering for are anticipated for release in 2025, in time for the commissioning of the XTClave™. In the meantime, the Columbus facility continues to manufacture leading armour product which continues to be sold into a range of customers across the globe.

We look forward to updating shareholders on the financial result closer to the end of August”

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

ENDS

Learn more about HighCom: www.highcom.group

Email: investors@highcom.group
Disclaimer

This announcement may contain certain "forward-looking statements" including statements regarding HighCom's intent, belief or current expectations with respect to HighCom's business and operations, market conditions, results of operations, financial condition, and risk management practices. The words "likely", "expect", "aim", "should", "could", "may", "anticipate", "predict", "believe", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings, financial position and performance, establishment costs and capital requirements are also forward-looking statements. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This announcement may contain such statements that are subject to risk factors associated with an investment in HighCom. Forward-looking statements involve known and unknown risks, uncertainties and assumptions and other important factors that could cause the actual results, performances or achievements of HighCom to be materially different from future results, performances or achievements expressed or implied by such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this announcement.