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HIGHCOM LIMITED

ANNUAL REPORT

2024

HighCom Group

HighCom Limited is an ASX
Listed International Defence
Industry Company

Engineered to Protect the Frontline Defenders



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Important Information

Information in this annual report is for general information purposes only, and is not an offer or invitation for subscriptions, purchase of recommendation of securities in HighCom. Certain statements in this document regarding the Company's financial position, business strategy and objectives may contain forward looking statements (rather than being based on historical or current facts).

Future Performance

This annual report contains certain "forward-looking statements" that are based on management's beliefs, assumptions and expectations and on information currently available to management. The words "expect", "anticipate", "estimate", "intend", "target", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Any indications of, and guidance on, future operating performance, earnings, financial position and performance or production are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this annual report are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements, including projections, guidance on future operations, earnings, estimates or production targets (if any), are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This annual report contains statements that are subject to risk factors associated with HighCom's business activities including but not limited to those set out in this annual report. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited

to earnings, capital expenditure, cash flow and capital structure risks and general business risks.

No representation, warranty, or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including HighCom or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this annual report will actually occur. Actual operations, results, performance, production targets or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Any forward-looking statements in this Presentation speak only as of the date of this Presentation. Subject to any continuing obligations under applicable law or regulation (including the listing rules of ASX), HighCom disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statements in this annual report to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based.

Past Performance

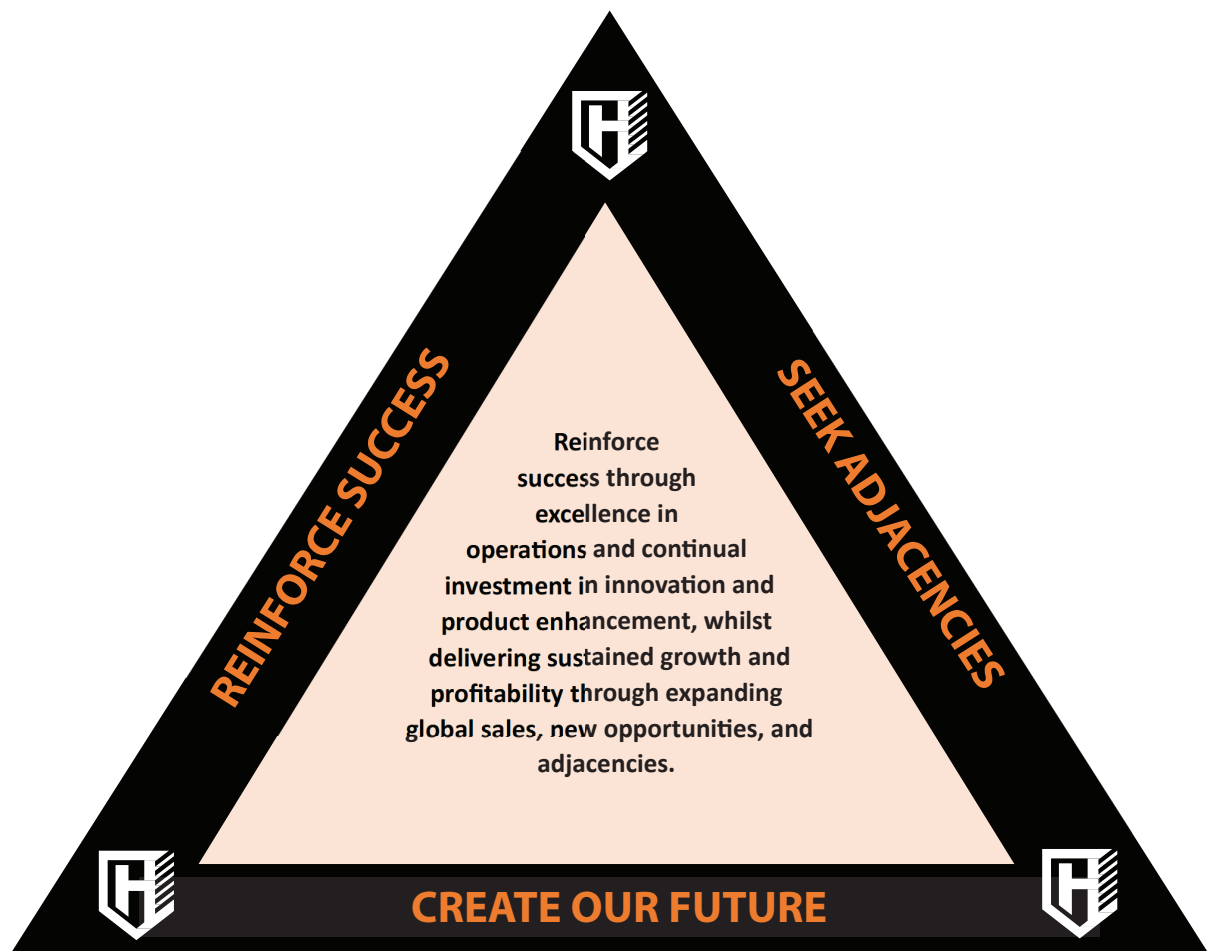
Prospective investors should note that past performance, including past share price performance, of HighCom cannot be relied upon as an indicator of (and provides no guidance as to) future performance including future share price performance.

HIGHCOM VISION AND STRATEGY

Our Vision

To provide trusted, high-quality specialist products and tailored solutions to military, law enforcement and government agencies while growing long-term shareholder value.

Our Strategy



OUR FOCUS

To grow our global sales and revenue through a diversified approach through a wider opportunity pool to expand current and generate new markets for our high-performance ballistic products and technology solutions.

OUR VALUES

Customer Focus

Listen to and understand the needs of our customers, ensuring that solutions provided are effective, safe, of the highest quality and practical.

Integrity

Accept responsibility and deliver on our commitments guided by ethical business practices, accountability, transparency, and compliance with international regulations.

Respect

Embrace openness, trust, teamwork, and diversity where we treat each other and our customers, suppliers and partners with respect and professionalism.

Sustainability

Put health and safety first through managing risks, being environmentally responsible, and supporting our people.

Innovation

Strive for continual improvement at the forefront of technology to provide the highest quality solutions to those who defend, protect, and serve.

Performance

Achieve superior business results by optimising our capabilities focusing efforts on the things that matter most.

We are successful when:

- Our people start each day with a sense of purpose and end the day with a sense of accomplishment.
- Our customers and suppliers value their relationships with us and are better off for our presence.
- Our products and services are highly sought after and valued.
- Our operational discipline and financial strength enable our future growth.
- Our shareholders receive a superior return on their investment.

HighCom Armor

Research, designs, manufacturers, and supplies global military, law enforcement, and first responder customers and world-class, advanced personal protection ballistic products and solutions for:

- Body Armour
- Ballistic Helmets
- Shields
- Composite Armour Panels and Platform Structures

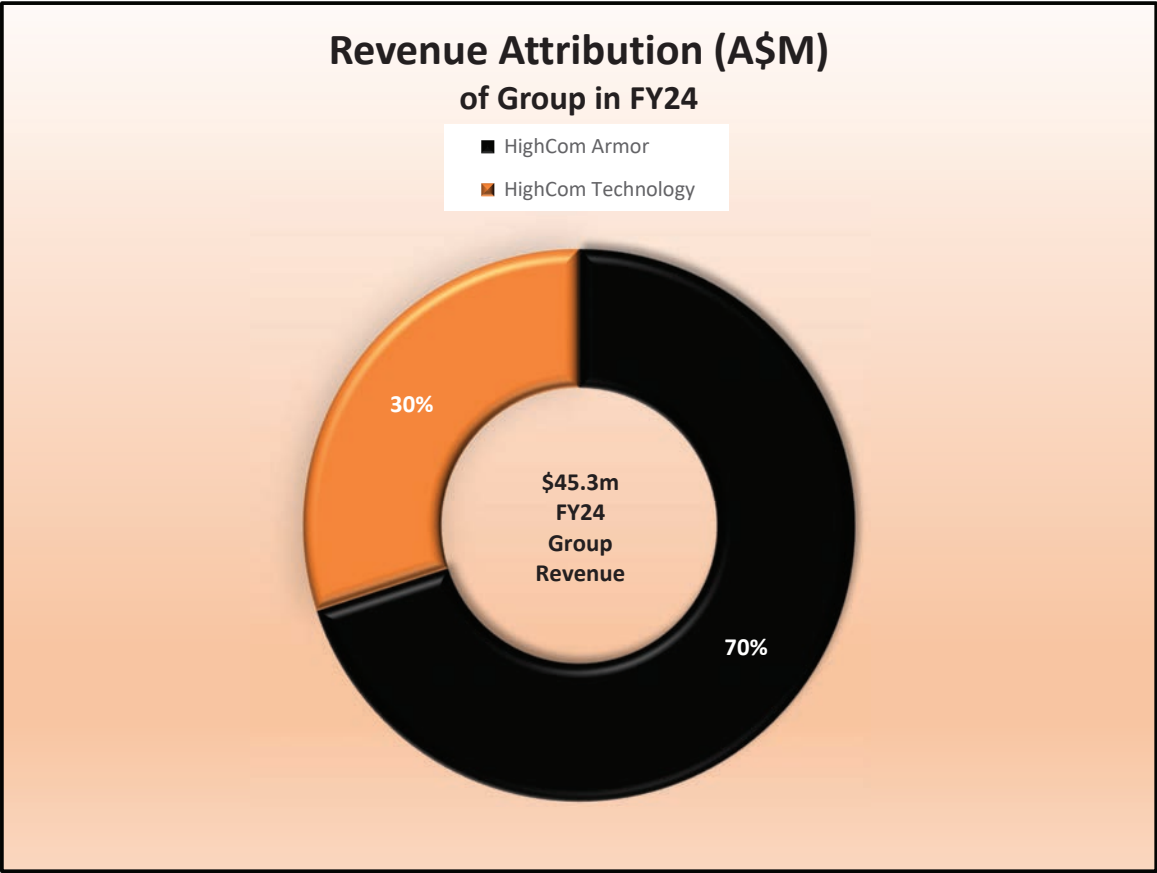
HighCom Armor’s goal is to be the global leader in advanced ballistic protection, ensuring the safety of those who protect us, through continuous innovation and excellence in product quality.

HighCom Technology

Supplies and supports global Defence, Security and Law Enforcement agencies with world leading uncrewed systems, control systems, and sensors. Provides expert support services that includes:

- Integration
- Project management
- Engineering
- Repair and maintenance services
- Product support
- Training.

HighCom Technology’s goal is to be the trusted partner of choice in supplying, supporting and integrating capabilities for use by Defence, Security and Law Enforcement agencies.





Chairman's Report

Dear Shareholders,

We are pleased to present the FY2024 annual report for Highcom Limited ("Highcom" or the "Company").

As we reflect on the past financial year, it is with a mix of disappointment and optimism that we deliver this annual report. The first half of the financial year began with challenges that impacted our financial performance, most notably a significant profit downgrade. The financial result was impacted by a disappointing sales result in our armour division and a large write-off of existing inventory. The poor operating financial result was driven by a combination of external factors and internal inefficiencies that required immediate attention from the Board.

The Board's response was to take decisive action by leading a comprehensive cost-out program aimed at streamlining our operations and resetting the business on a more sustainable footing. This program, while difficult, was essential to ensuring the long-term viability of our company. I am pleased to report that these measures have started to yield results.

Through the dedication and hard work of our management team and staff, H2 FY2024 demonstrated a marked improvement in our financial performance with revenue of \$30.4m, resulting in EBITDA of \$2.5m.

As we look forward, the lessons learned from this challenging year will guide our strategy as

we continue to invest in the Company across sales and product development.

We remain committed to delivering value to our shareholders and are confident that the foundations we have laid will support a return to growth and profitability in the coming years.

I would like to take this opportunity to thank our employees for their unwavering commitment, our management team for their leadership during difficult times, and our shareholders for their continued support and trust in our vision.

Yours sincerely,

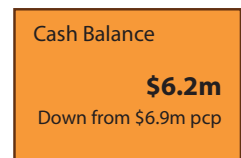
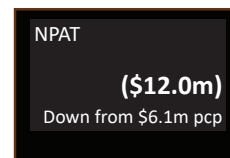
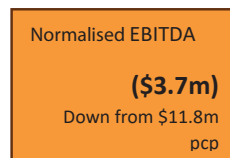
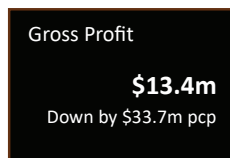
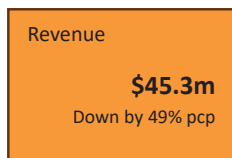
Benjamin Harrison
Chairman
Highcom Limited



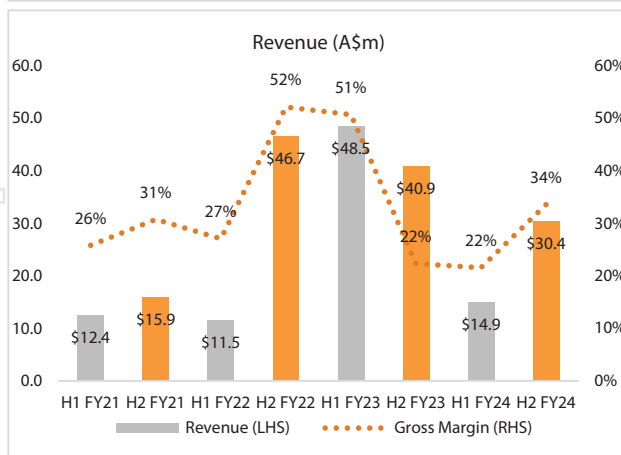
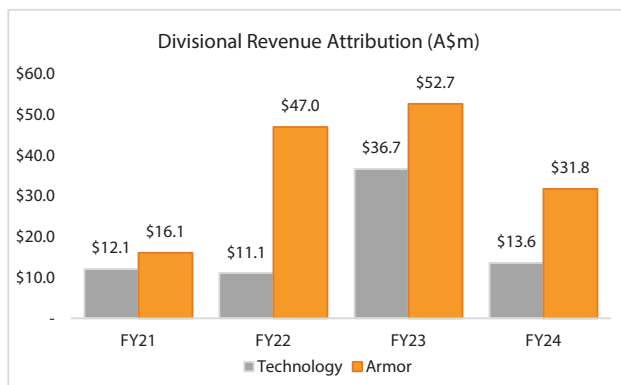


Key Snapshot for FY24

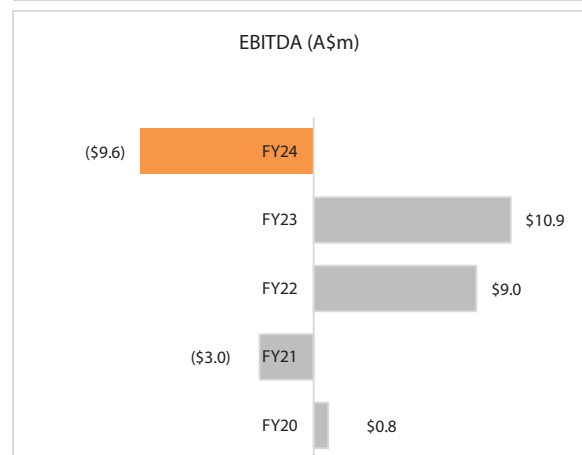
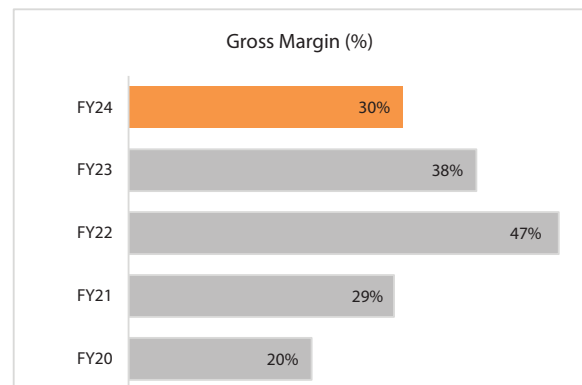
- Revenue for the FY24 \$45.3m (down 49% on pcp) with EBITDA at (\$9.6m) and normalised EBITDA at (\$3.7m) after adjusting for one-off impairments in H1.
- Story of two halves, the wide review to improve profitability continues, with a pleasing H2 FY24 EBITDA result of \$2.5m. Upper end of guidance.
- Cash at 30 June 2024 was \$6.2m. No debt at the end of the period having repaid its line of credit facilities in full. There is currently \$3.8m of available facilities in place which the Company can draw on.
- Inventories on 30 June 24 was \$17.8m vs \$25.7m at 30 June 23.
- For the full year ending 30 June 2024, the Net Operating Loss was \$12m and EBITDA was a \$9.6m loss, including \$5.9m of impairments for inventory and equipment.



Revenue Growth Comparison



Key Profit Comparison





Management Report – Group COO and Group CFO

Operational and Financial Update

The Company wide review to improve the Company's profitability continues, with a pleasing H2 FY24 EBITDA of \$2.5m. 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, the Net Operating Loss after income tax was \$12m and EBITDA was a \$9.6m loss, including \$5.9m impairments for inventories and equipment. Group Revenue for the period to 30 June 2024 is \$45.3m. The Group's combined blended gross margins have decreased in FY24 to 30% from FY23 of 38%, due to lower volumes of direct military sales compared with FY23.

Inventories on 30 June 24 was \$17.8m (net of inventory impairment), down from \$25.7m at 30 June 23.

Cash at 30 June 2024 was \$6.2m, and the Company had no debt at the end of the period having repaid its line of credit facilities 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.

Summary Income Statement		FY22	FY23	FY24
Revenue	A\$m	58.2	89.4	45.3
COS	A\$m	(30.7)	(55.7)	(31.9)
Gross Profit	A\$m	27.4	33.7	13.4
Gross margin	A\$m	47%	38%	30%
EBITDA	A\$m	9.0	10.9	(9.6)
Net Profit/(Loss)	A\$m	5.7	6.1	(12.0)

Other key metrics		FY22	FY23	FY24
Cash Balance	A\$m	36.2	6.9	6.2
Market Capitalisation (30 June)	A\$m	39.7	43.8	12.3



HighCom Armor

During the reporting period, HighCom Armor successfully implemented its “go to market” business model progressively building a partner network to promote its advanced, high performance, specialist ballistic protection body armour and helmet products focused on the domestic US and international law enforcement and military customers. The partner network now provides a solid foundation for steady sales growth while HighCom broadens marketing directly towards end user law enforcement and first responder agencies. This was further enhanced by selling direct to this community via e-commerce with increasing revenues.

The Board’s decision to cease all manufacturing operations in the Adelaide manufacturing facility and relocate the business’ patented XTclave™ production system to Columbus, Ohio, has seen the business’ armour manufacturing now centrally located, generating efficiencies. The XTclave™ arrived at the HighCom Armor factory in Columbus Ohio during Q1 FY24 where re-assembly 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 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 CY2025. Once fitted, re-commissioning is planned to be completed in Q2 CY2025.

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 armour 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.

To support the relocation of the XTclave™ a government business development team has been established to directly target government agency opportunities and tenders. Their efforts have already generated significant interest from various areas of the US military and US federal law enforcement to discover what is possible with the XTclave™ technology. This includes the existing Cooperative Research and Development Agreement (CRADA) signed with one agency (US Army Development Command) and the opportunity for a funded “special threat” development contract within the Department of Defence, for research and development of selected ballistic products. 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 and beyond, allowing HighCom to compete for major contracts. The strategic move of the XTclave™ ensures all products produced by the XTclave™ will be US Berry Amendment compliant, opening any sale opportunity from the US Department of Defence.

The closure of the HighCom Armor Sales and Distribution office in Poland occurred in line with the business wide restructuring plans, with the decision to focus European efforts from its North American operations, supported by a sales representative based in the UK to better access Western Europe markets. Meanwhile Australian operations continued to concentrate on domestic, regional and Middle East markets. International efforts have concentrated on short-term sales opportunities while building longer-term prospects including building partner networks while gaining market insight to inform product development for future tender opportunities.

The strategic changes, planning, and sales efforts continue to not only increase the HighCom brand recognition across the global ballistic markets but is setting the foundations for strong sales and revenue growth in the coming years from a wider opportunity pool.

Relocation to Columbus





HighCom Technology

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. Transition to the Support Contract, that was announced on 3 October 2023, has now occurred. This multi-year Support Contract has a total contract potential value over a 10-year term of \$110m. The Support Contract will provide services including engineering, maintenance, logistics, flying and training for an initial term of 4 years, with 3 x 2-year extension options. The initial 4-year term of the contract for support services is valued at \$15.9m, with potential for up to \$23m of spare parts over the initial term. The further 6 years (2+2+2) of extension period support services, if taken, will be valued up to ~\$26m, with a potential ~\$45m of spare parts also possible.

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.

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. The broadening and extension to our partnership places the Company at the center 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. HighCom look forward to continuing to demonstrate and support AeroVironment capabilities to the Australian Department of Defence.





Board of Directors

Mr Benjamin Harrison

Non-Executive Director (Appointed Non-Executive Chairman 31 July 2024)



Mr Benjamin Harrison has 15 years of experience in advising and investing in companies. He commenced his career as a Project Manager for a large international engineering consulting firm working on a number of infrastructure projects in Australia and South East Asia.

Benjamin later moved into investment banking, working for a leading corporate advisory house where he executed over \$2.0 billion in capital market transactions and \$5.5 billion of public M&A transactions. He is a partner and Chief Investment Officer of Altor Capital and is active in the private equity and private credit sectors in Australia.

Benjamin currently holds board and advisory roles with several private and public companies. Benjamin's extensive investment, financial background and experience provides key leadership to the HighCom Board.

Hon Christopher Pyne

Independent Non-Executive Director



Hon Christopher Pyne brings a wealth of commercial, political and global defence experience to HighCom, having served as a Member for Parliament (MP) for over 25 years. Christopher served as the 54th Australian Defence Minister and was responsible for delivering the \$200 billion build-up of Australia's military capability, the largest in Australia's peacetime history.

Christopher was elected to Parliament in 1993 and served as the Member for Sturt for 26 years. During this time, he was in the Liberal Party Leadership Group for ten years, Leader of the House of Representatives for six years, and served in Cabinet for six years. Christopher has worked to

ensure the growth and sustainment of Australia's Defence Industry.

Christopher is the current Chairman of Pyne and Partners and Principal of GC Advisory, consulting to business in the domain of government and political engagement.

Both are headquartered in Adelaide, South Australia but operate nationally and globally. He is an Industry Professor in the University of South Australia Business School specialising in Defence and Space. Before entering Parliament, Christopher practised as a solicitor at Corrs Chambers Westgarth and Thomson Geer.

Mr Mark Smethurst DSC, AM

Independent Non-Executive Director



Mr Mark Smethurst's significant Defence experience spans over 35 years in the Australian Army, with 27 years as a Senior Special Forces Officer commanding at all levels including the Deputy Commander of the Australian Special Forces. He commanded the NATO Special Forces in Afghanistan during 2011/12 and was the Deputy Chief of Operations for the US Special Operations Command in 2013/14.

Mark holds a variety of board and advisory roles with several private and public companies and is an Advisor to the Global SOF Foundation and Chairman of the Commando Welfare Trust.

Through his other business interests, he remains well positioned to support the HighCom Group in Australia and international markets.



Ms Adelaide McDonald

Independent Non-Executive Director



Ms Adelaide McDonald has over 15 years' experience in corporate advisory and equity research. Adelaide is currently a Non-Executive Director of VGI Partners Global Investments Ltd (ASX:VG1) and Regal Partners Asian Investments Ltd (ASX:RG8). In addition, Adelaide has held roles as a Director at KPMG in the Mergers and Acquisitions practice with previous roles at Wilson HTM and BDO Kendalls. Adelaide graduated from the University of Queensland with a Bachelor of Commerce, with majors in Accounting and Finance, and a Bachelor of Business Management, majoring in Business Economics. Adelaide has completed the CFA Program and has been awarded the CFA Charter.

Ms Jacqueline Myers

Joint Company Secretary



Ms Jacqueline (Jacqui) Myers joined HighCom Limited in November 2022 as the Group Chief Financial Officer, and in December 2023 also became the Joint Company Secretary. In accordance with ASX Listing Rule 12.6, Jacqui is nominated as responsible for communications with the ASX in relation to Listing Rule matters.

Jacqui is a Certified Practising Accountant (CPA) and holds a Bachelor of Commerce from the Australian National University, as well as a Master of Business Administration from Deakin University, and is a graduate Member of the Australian Institute of Company Directors.

Mr Adam Gallagher

Joint Company Secretary



Mr Adam Gallagher was appointed as Joint Company Secretary, effective 24 May 2024.

Adam is an experienced ASX officeholder and executive with a broad corporate skillset. He holds the office of Company Secretary and Director on several ASX-listed companies. Adam holds Graduate Diplomas in Applied Corporate Governance and Information Systems, a Masters in Commerce and Bachelor of Economics.



Corporate Leadership

Ms Jacqueline Myers

Group Chief Financial Officer



Ms Jacqueline (Jacqui) Myers has a proven track record of success in providing advice to boards for decisions relating to mergers and acquisitions, capital development projects, risk management, and financial performance of subsidiary companies. A highly experienced and qualified finance professional with extensive public sector, private sector, management consulting, Australian defence industry, and international business operations expertise.

Jacqui is a Certified Practising Accountant (CPA) and holds a Bachelor of Commerce from the Australian National University, as well as a Master of Business Administration from Deakin University, and is a graduate Member of the Australian Institute of Company Directors.

Mr Todd Ashurst

Group Chief Operating Officer and General Manager Technology Division



Todd Ashurst, DSM, GAICD joined the Highcom Group after 32 years of military service with the Australian Defence Force where he rose to the rank of Brigadier (One Star General). He had several senior command and executive appointments within the senior leadership group of the Australian Defence Force including Head of Australian Army Logistics, and the final commander of Task Group Afghanistan commanding Australian troops as part of the NATO mission. During this deployment he was also the NATO Combined Joint Operations Officer responsible for the planning and execution of daily operations across Afghanistan.

Todd is a proven strategic leader who values driven with strengths in collaborative stakeholder engagement, change management, critical thinking and problem solving. He has led multiple complex multi-billion dollar projects and contracts often delivering outcomes within tight timeframes.

Todd is a Distinguished Graduate of the United States Army War College where he obtained a Master of Strategic Studies. He holds a Master of Arts from Kings College London, and 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 with board experience.

Todd was appointed as Group Chief Operating Officer on 13 February 2024 and as General Manager Technology Division from 1 July 2024.



People, Environmental, Social and Governance

The HighCom Board and Management recognise the importance of sound Environmental, Social and Governance (ESG) practices as part of their responsibility to shareholders, employees, clients, and the communities in which HighCom operates. HighCom's ESG approach is structured around four focus areas considered to be material to our business and stakeholders. These include:

	People and Work Environment Ensuring our people related functions not only provide effective human resource processes and outcomes but also a supportive work environment focused on providing a positive culture that aligns with HighCom's strategy and values. • People and Culture • Remuneration • Diversity, equity and inclusion • Employment of Veterans • Our Commitment to Ethical Exports and Human Rights
	Sustainability in our Business Operations Management of environmental and social issues in our own business operations by being responsible and committed to the environment in which we work. • Quality • Integration of environmental and social risk (ESR) factors in decision-making • Climate change • Work health and safety (WHS) and wellbeing
	Client and Customer Experience Accountable to each other, the Board and Shareholders on the company's activities and results of its conduct. Being transparent and communicating the strategy, financial results etc. to shareholders and key stakeholders. • Client and customer satisfaction • Transparent information and fair dealing

People and Work Environment

HighCom understands that the achievement of business goals and the overall company strategy requires highly skilled and committed people. HighCom strives to attract, develop, and retain its quality workforce.



People And Culture

The importance of having a good work environment and is actively implementing a range of initiatives to improve its workplace culture. These include:

- Ensuring our policies and procedures are legally compliant and effective. This includes managing employee records, ensuring compliance with wage laws and overtime regulations, and creating policies and procedures to ensure fair and equitable treatment of employees.
- Continually developing and improving our policies, procedures, work practices and benefits aimed at retention of employees.
- Creating and implementing performance management systems to help managers evaluate employee performance and provide feedback. This includes setting performance goals, conducting performance reviews, and creating individual development plans.
- Creating a workplace culture that is engaging and motivating for employees. This involves creating opportunities for employees to connect with each other, providing professional development opportunities, and creating a positive work environment.
- Creating opportunities for employees to develop their skills and grow their careers within the organisation. This may include creating training programs, providing coaching and mentoring, or potentially opportunities for employees to take on new roles and responsibilities.
- Balance the needs of the business with employee preferences that accommodates family such as category of employment (fulltime/part time/casual), hours of work, patterns of work and workplace arrangements.

Remuneration

Designing and administering compensation and benefits packages for employees including setting salaries, other benefits, and managing payroll is critical to providing stability and certainty for our people. The Remuneration and Nominations Committee annually reviews remuneration, conditions of employment, remuneration relativities and succession plan against the Company's performance and objectives.

Diversity, Equity and Inclusion

As an equal-opportunity employer, HighCom values the efforts and contributions of all staff members irrespective of age, disability, gender identity, marriage or civil partnership, pregnancy or maternity, breastfeeding, race, religion or belief, sexual orientation, or intersex status. This means that:

- HighCom will continue to adopt a consistent, non-discriminatory approach to the advertising of vacancies.
- all applicants who apply for jobs with us will receive fair treatment and will be considered solely on their ability to do the job.
- short listing and interviewing will be carried out by more than one person where possible and selection decisions will not be influenced by any perceived prejudices of other staff.
- interview questions will be related to the requirements of the job and will not be of a discriminatory nature.
- HighCom will continue to develop and improve business policies and procedures to prevent any forms of discrimination or harassment from occurring in its workplaces.



Employment of Veterans

When Veterans leave the ADF they take with them a unique combination of qualifications, training, experience and skills. In addition to these transferable qualities, Veterans possess high level capabilities in leadership, decision making, problem solving and communication, which have been developed and refined in high-pressure environments. As a Defence Industry company, HighCom recognises Veteran value that can be brought into our organisation, which is why we remain a committed and proud employer of veteran personnel. This includes attractive support packages to our Reservists when taking reservist leave as they continue service to the nation. Our goal is to be the Defence industry employer of choice for Veterans, Reservists and their family members through the creation of a safe, supportive and flexible working environment for all.

Our Commitment to Ethical Exports and Human Rights

HighCom operates under Australian and US export controls that are designed to protect human rights around the globe. At HighCom, we recognise our responsibility to respect human rights as stated in our Employees Health and Safety handbook. This handbook also covers the issue of modern slavery as defined in the Universal Declaration of Human Rights, which is a comprehensive definition that includes forced labour (Articles 4 and 23).

We work internally and with our suppliers (through formal supplier evaluations) to address the risk of forced labour and child labour in our global supply chain. We recognise that the risk of forced labour exists in various forms in all countries and across our supply chain.

We strictly prohibit any type of forced labour, regardless of the market or region. All allegations made about HighCom, a supplier or business partner are investigated. If we discover and verify a case of forced labour, we take immediate action. For business relationships this will lead to enforcement action, and if prompt corrective action is not taken or adequate remedy provided, the ultimate consequence will be termination.

In addition, Australia participates in several multilateral export control regimes, and the Commonwealth assesses export applications against legislative criteria that include human rights and Australia's international obligations. The US controls the export, import and use of military items under the International Traffic in Arms Regulations, which operate separately from, and in addition to, Australian controls.

Sustainability in our Business Operations

HighCom is committed to the protection and preservation of our environment and to maintaining a high standard of environmental care, contributing to a sustainable future while conducting our business activities.

Quality

HighCom is committed to continual improvement, **right first-time quality and strives to supply our customers with the highest quality products and services**. The quality of our products and services is supported by our commitment in implementing and maintaining a robust Business Management System through:

1. Standardised processes and procedures across the Group.
2. More inspections and internal audits to assist with continual improvement.
3. Reducing production scrap rate and percentage of product returns.
4. Ensuring all products and services delivered to customers are done so in accordance with applicable government rules and regulations, including ITAR and EAR and Distributor and customer requirements for both domestic and international markets.



Integration of Environmental and Social Risk (ESR) factors in Decision-Making

Environmental and social risks are managed through the implementation of the Environmental, Social and Sustainability and WHS policies. These are updated periodically to address opportunities for improvement and emerging issues.

Our environmental performance is supported by implementing and maintaining sound management practices and provides a framework for establishing, reviewing, and updating our Environmental objectives. In practice, this commitment involves:

1. Reducing risks from environmental hazards in our operations.
2. Ensuring fair labour practices are implemented while providing a safe, inclusive workplace.
3. Building a culture of sustainable work practices maximising efficient use of resources.
4. Implementing paperless/digital solutions to boost efficiency and reduce waste.
5. Identifying opportunities to refine waste management practices no later than the 20th of November annually embracing the principles of redesign, reduce, reuse, and recycle.
6. Implementing a controlled program of machinery repair and preventive maintenance services across all locations to ensure mechanical assets remain fully functional, optimised, and operational.

Climate Change

Our approach to managing climate risk is underpinned by the Environmental, Social and Sustainability Policy. HighCom recognises climate risk may impact a broad range of material risks within our business. HighCom continues to embed and enhance the identification, assessment, monitoring, management and reporting of climate risks across the risk management framework.

Work Health and Safety (WHS) and Wellbeing

Throughout 2024, HighCom has maintained a strong focus on Work Health and Safety (WHS) of both staff and suppliers (contractors) alike. HighCom is committed to providing a safe and healthy work environment for our employees, subcontractors, customers, and visitors across all locations.

HighCom Limited (HighCom) recognises and is committed to our moral and legal responsibilities in providing a safe and healthy work environment for our employees, subcontractors, customers, and visitors. We extend this commitment to ensuring our local community is safe from potential risk from any of our business operations.

Our Vision Zero goal is to reduce or eliminate injuries as well as increase the wellbeing and productivity of our manufacturing and technology divisions in the meantime. This is supported by our commitment in implementing and maintaining a safe and healthy workplace through:

1. Leadership – demonstrating commitment.
2. Identifying hazards – controlling risks.
3. Defining targets – developing programs.
4. Ensuring a safe and healthy system – being well-organised.
5. Ensuring safety and health in machines, equipment and workplaces – preventive maintenance.
6. Improving qualifications – developing competence.
7. Investing in people – motivating through participation.



Client and Customer Experience

HighCom adopts a customer-first approach which ensures that customer needs and expectations are determined, converted into requirements, and are met with the aim of enhancing customer satisfaction. Customer requirements are determined and met through regular contact with clients. Evidence of these customer feedback is in minutes of meetings, contract Scorecards, emails, letters, audit reports, and in the HighCom Customer Relationship Management system.

Client and Customer Satisfaction

HighCom solicits customer feedback as a metric for process and product quality improvement. HighCom conducts periodical internal meetings with sales and customer support personnel to discuss customer interactions and feedback with HighCom.

Transparent Information and Fair Dealing

As a listed public company with obligations to ensure that trade in its securities takes place in the context of an informed market clear and open communications are important to HighCom in maintaining confidence and building shareholder value. HighCom communicates with shareholders in four main ways:

1. through releases to the market via the ASX
2. through the Company's website
3. through information provided directly to shareholders
4. at general meetings of the Company.

It is HighCom's policy to comply with its continuous and periodic disclosure obligations, and unless exempted by the ASX Listing Rules, HighCom will immediately notify the ASX of information:

1. concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
2. that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.





Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of HighCom Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

The following persons were Directors of HighCom Limited during the financial year ending 30 June 2024 and to the date of this report:

- Mr Benjamin Harrison
- Hon Christopher Pyne
- Mr Mark Smethurst
- Ms Adelaide McDonald
- Mr Christopher Fullerton (resigned 23 November 2023)
- Mr Mark Stevens (resigned 31 July 2024)

Particulars of the Director's experience and qualifications are set out later in this report.

Principal Activities

During the financial year the principal continuing activities of the consolidated entity consisted of:

HighCom Armor - 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, and Composite Armour Structures.

HighCom Technology - focused on the provision of uncrewed systems, control systems, sensors and advanced ballistic solutions for use by Defence, Security and Law Enforcement agencies in Australia and around the world including project management, engineering, integration, repair and maintenance services, product support and related training.

Dividends

In line with the Capital Management Policy, no dividends were declared on or before or subsequent to the end of the financial year. Priority for FY25 is on reinvestment of capital to drive revenue growth and profitability.

Review of Operations

The loss for the consolidated entity after providing for income tax amounted to \$12,018,108 (30 June 2023: profit \$6,093,520).

The Company wide review to improve the Company's profitability continues, with a pleasing H2 FY24 result with Revenue \$30.4m, resulting in an EBITDA of \$2.5m. 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, the Net Operating Loss was \$12m and EBITDA was a \$9.6m loss, including \$5.9m impairments for inventories and equipment. Group Revenue for the period to 30 June 2024 is \$45.3m. The Group's combined blended gross margins have decreased in FY24 to 30% from FY23 of 38%, due to lower volumes of direct military sales compared with FY23.

Inventories on 30 June 24 was \$17.8m (net of inventory impairment), down from \$25.7m at 30 June 2023.

Cash at 30 June 2024 was \$6.2m, and the Company had no debt at the end of the period having repaid its line of credit facilities 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.

Significant changes in the state of affairs

On 13 February 2024, Mr Scott Basham resigned as Group Chief Executive Officer and Mark Stevens was appointed Executive Chairman.

Matters subsequent to the end of the financial year

On 31 July 2024, Mr Mark Stevens resigned as Executive Chairman and Mr Benjamin Harrison was appointed as Non-Executive Chairman.

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of HighCom, the results of those operations, or the state of affairs of HighCom in future financial years.

Likely developments and expected results of operations

The outlook for HighCom continues to remain positive due to the ongoing geopolitical tension across the globe generated by the war in Europe, ongoing tensions in the Middle East and the resurgence of greater power competition that has seen rising tensions across the Asia Pacific region.

The Group remains committed to developing longer-term future opportunities in both HighCom Technology and HighCom Armor while simultaneously seeking to maximise short term revenue streams. The focus on strategy implementation and execution, combined with improved processes and procedures, has resulted in business improvement and increased productivity. The further diversification of the sales strategy including partner, direct, and online will continue to provide the foundations for steady growth in FY25, while the government opportunities are developed that will provide longer-term opportunities with significant revenue growth in future years.

Material Business Risks

Our operating environment continues to evolve, resulting in changes to the risks and uncertainties that we face. We regularly review risks and measures to mitigate risks and support the delivery of our purpose and strategy. Key and material risks identified of the Group's activities are categorized into eight (8) Key Areas within which risks will be managed/mitigated and resolved as appropriate:

1. Market Risk (including geo-political, macro-economic, and competition)
2. Strategic program prioritisation and execution
3. Operational
4. People



5. IT, data management, cyber and security
6. Legal and Regulatory
7. Financial
8. Health, Safety and wellbeing

Relative Risk Appetites

The enterprise risks for which the Group has the lowest appetite include:

- compliance with legal, governance and regulatory requirements.
- fraud, unethical behaviour, or corruption
- Health, Safety and wellbeing of our people
- Cyber security, protection of IP and of confidential or personal information

There is zero appetite for non-compliance with legal, professional, regulatory requirements, fraud, unethical behaviour or corruption.

There is a low appetite for risks that may negatively impact on our cyber security, IP protections and information in addition to the health, safety and wellbeing of our people, the community and/or reputation.

There is a moderate to high appetite for risk in the pursuit of strategic program and execution in order to achieve outcomes to gain benefit toward achieving the Group's vision, while actively managing the risks.

Group Material Risks

The material risks faced by the Group and the approach to their management are set out below.

Fully Commercialising Proprietary XTclave™ Technology

HighCom has moved our XTclave™ technology to Columbus. Failure to re-commercialise this technology quickly and scale up production of the XTclave™ will have a material negative impact on the Group.

HighCom has employed and engaged experienced staff and contractors to further develop and establish our XTclave™ technology, against a background of increasing interest in its products.

Technology Obsolescence

The inherent value of the HighCom armour business is the design and manufacture of the lightest and strongest products in the market. There is a risk that if we fail to adequately invest in research and development, stay updated with technological advancements through an active innovation strategy, that our products will become obsolete, and we will no longer be competitive in the marketplace.

HighCom's executive and management teams remain attuned to supplier technological developments and to customer requirements to ensure it responds in a timely manner to remain competitive. Furthermore, our competitors' activities are closely monitored.

Sales and Partner Risks

HighCom's sales have previously been solely reliant through its "go to market" business model progressively building a partner network to promote products focused on the domestic US and international law enforcement and military customers. While our partner network provides a solid foundation, to achieve greater growth the sales strategy needs to be diversified. There is a risk that we could lose major partners from our network as we seek to develop our direct sales streams.



It is essential that the HighCom sales team remains closely engaged with all partners regularly to ensure deconfliction and understanding of their continued value and importance even as we broaden our sales approach to include direct to law enforcement and first responders, through e-commerce web sales within the USA and direct to US Government agencies.

Cyber/Information Technology Risks

HighCom is highly dependent on the performance, reliability and availability of technology platforms, data centres and technology systems, including services provided by third parties. There is a risk that technology systems may be seriously adversely disrupted. Any prolonged disruption to activities could severely impact our reputation and financial position.

In addition to a strong internal focus, the Group has engaged expert personnel and third-party service providers to help mitigate these risks.

Legal/Regulatory Risks

HighCom is subject to a wide range of regulatory and legal obligations, in Australia, the US and Europe including but not limited to ITAR and EAR. To ensure timely compliance, the Group has employed suitably qualified staff and engaged professional consultants when required to help identify, manage and mitigate these risks.

Work Health and Safety Risks

Many of HighCom's staff are involved in work which involves industrial risk with machinery and equipment. In addition, our staff are responsible for managing contractors conducting work on our site.

HighCom continues to review, refine and if necessary, develop new processes and procedures in its safety management systems to ensure we keep our people, visitors and assets safe while remaining compliant to relevant WHS and OSHA regulations.

Financial Risk Management

Financial Risk Management is disclosed in Note 34 to the financial statements.

Risk Management Process

The organisation's risk management goals for 2025 are to:

1. Continue to consolidate a corporate risk management framework in accordance with AS/NZS ISO 31000, Risk Management – Principles and Guidelines.
2. Monitor, review and update the Risk Register incorporating strategic, operational and project risks across the Group monthly.
3. Actively manage medium, high and critical risks to HighCom.
4. Incorporate risk mitigation and actions arising from the Risk Register into daily operations.
5. Continue to develop tools and processes and integrate into the risk management framework.
6. Identify and implement training programs across HighCom where required (on a priority basis) to facilitate a sound understanding of risk management; and
7. The Finance, Audit and Risk Committee and Senior Leadership Team will continue to facilitate and monitor the implementation of this risk management framework.



Information relating to the Directors and Company Secretary during the reporting period

Mr Benjamin Harrison

Director (Non-Executive) – Appointed 23 February 2022
Chairman (Non-Executive) Appointed 31 July 2024

Experience

Mr Harrison has 15 years of experience in advising and investing in companies. He commenced his career as a Project Manager for a large international engineering consulting firm working on a number of infrastructure projects in Australia and Southeast Asia. Mr Harrison later moved into investment banking, working for a leading corporate advisory house where he executed over \$2 billion in capital market transactions and \$5.5 billion of public M&A transactions. He is a partner and Chief Investment Officer of Altor Capital and is active in the private equity and private credit sectors in Australia. Mr Harrison holds board and advisory roles with several private and public companies. Mr Harrison's extensive investment, financial background and board experience provides key leadership to the HighCom Board.

Interest in Shares

Nil

Special Responsibilities

Chairman of Finance and Audit Committee

Other Directorships

Non-Executive Director of Propell Holdings Limited

Hon Christopher Pyne

Director (Non-Executive) – Appointed 30 November 2020

Experience

Christopher Pyne brings a wealth of commercial, political, and global defence experience to HighCom, having served as a Member for Parliament (MP) for over 25 years, from which he retired in 2019. Christopher served as the 54th Australian Defence Minister and was responsible for delivering the \$200 billion build-up of Australia's military capability, the largest in Australia's peacetime history.

Christopher was elected to Parliament in 1993 and served as the Member for Sturt for 26 years. During this time, he was in the Liberal Party Leadership Group for ten years, Leader of the House of Representatives for six years and served in Cabinet for six years. He has worked to ensure the growth and sustainment of Australia's Defence Industry, and thus implemented Australia's Defence Export Strategy, Defence Industrial Capability Plan, and the Naval Shipbuilding Plan. Christopher also created the Defence Cooperative Research Centre, the Centre for Defence Industry Capability, the Defence Innovation Hub, and the Next Generation Technology Fund. Additionally, he was the driving force behind the recent establishment of the Australian Space Agency.

Christopher is the Executive Chairman of Pyne and Partners, consulting to business in the domain of government and political engagement. Headquartered in Adelaide, South Australia, and operating nationally with a presence in Sydney, Canberra, Melbourne, Brisbane, and internationally in Washington DC and London. He is an Industry Professor in the University of South Australia Business School specialising in Defence and Space.

Before entering Parliament, Christopher practiced as a solicitor at Corrs Chambers Westgarth and Thomson Geer.

Interest in Shares

38,461 as at 30 June 2024

Special Responsibilities

Member of the Remuneration Committee and Finance, Audit and Risk Committee

**Other Directorships**

Christopher is Chairman of the Advisory Board of NIOA Munitions and the Australian Missile Corporation. He is a member of the Advisory Board of Amaero Ltd and also Neishlos Capital. He is Chair of COTA Australia, Chair of Vision2020 and on the Board of the International Centre for Democratic Partnerships Pty Ltd and the Advisory Board of the Orygen Institute. In addition, he is on the Board of Pyne and Partners Pty Ltd, GC Advisory Pty Ltd and Newpin Advisory Pty Ltd. Christopher is the Co-chair of the Australia UAE Business Council.

Mr Mark Smethurst**Director (Non-Executive) – Appointed 29 April 2021****Experience**

Mr. Smethurst's significant Defence experience spans over a 35 year career in the Australian Army, with 27 years as a Senior Special Forces Officer. Mr Smethurst holds a variety of board and advisory roles with several private and public companies. Through his business and military experience, current contacts and other business interests, he is well positioned to support the HighCom Group both within the Australian and internationally.

Interest in Shares

72,460 ordinary shares at 30 June 2024

Special Responsibilities

Chairman of the Human Resource and Remuneration Committee

Other Directorships

Non-Executive Director of KORD Group, XRG Pty Ltd and KLAS Australia Pty Ltd

Ms Adelaide McDonald**Director (Non-Executive) – Appointed 24 August 2022****Experience**

Ms McDonald has over 15 years experience in corporate advisory and equity research. Ms McDonald has held roles as a Director at KPMG in the Merger and Acquisition practice with previous roles at Wilson HTM and BDO Kendalls. Ms. McDonald graduated from the University of Queensland with a Bachelor of Commerce, with majors in Accounting and Finance, and a Bachelor of Business Management, majoring in Business Economics. Ms. McDonald has completed the CFA Program and has been awarded the CFA Charter.

Interest in Shares

Nil

Special Responsibilities

Member of the Remuneration Committee and Finance, Audit and Risk Committee

Other Directorships

Non-Executive Director of VGI Partners Global Investments Ltd (ASX:VG1), Regal Partners Asian Investments Ltd (ASX:RG8).

Mr Christopher Fullerton

Director – appointed 24 April 2018, resigned 23 November 2023

Mr Lawrence Gardiner

Company Secretary, appointed 17 August 2004, resigned 11 December 2024

Ms Jacqueline Myers

Joint Company Secretary, appointed 11 December 2024

Ms Natalie Climo

Joint Company Secretary, appointed 11 December 2024, resigned 24 May 2024

Mr Adam Gallagher

Joint Company Secretary, appointed 24 May 2024

Mr Mark Stevens

Director (Non-Executive Chairman) appointed 23 February 2023 to 12 February 2024, Executive Chairman from 14 February 2024, resigned 31 July 2024



Meetings of Directors

The number of meetings of the company's Board of Directors ("the Board") and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board		Finance, Audit & Risk Committee		Nominations Committee		Human Resources & Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Mr Ben Harrison	13	14	22	22	-	-	-	-
Hon Christopher Pyne	12	14	-	-	2	2	-	-
Mr Mark Smethurst	14	14	-	-	-	-	6	6
Ms Adelaide McDonald	14	14	22	22	-	-	6	6
Mr Christopher Fullerton	5	5	2	2	-	-	-	-
Mr Mark Stevens	14	14	22	22	2	2	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration Report (Audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including all directors.

The Human Resources and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

2024	Short-term Benefits			Post Employment Benefits		Long-term Benefits	Total	Perf. Related
	Fees and Leave ⁽¹⁾	Bonuses ⁽²⁾	Termination Benefits	Super-annuation	Other	LSL ⁽³⁾		
Key Management Personnel (KMP)	\$	\$	\$	\$	\$	\$	\$	%
Non-Executive Directors:								
Ben Harrison	59,719	-	-	-	-	-	59,719	-
Hon. Christopher Pyne	59,719	-	-	-	-	-	59,719	-
Mark Smethurst	59,719	-	-	-	-	-	59,719	-
Adelaide McDonald	59,719	-	-	-	-	-	59,719	-
Chris Fullerton ⁽⁴⁾	28,438	-	-	-	-	-	28,438	-
Executive Chairman								
Mark Stevens ⁽⁵⁾	105,000	-	-	-	-	-	105,000	-
Other Key Management Personnel								
Scott Basham ⁽⁶⁾	309,807	-	100,000	49,363	-	(3,697)	455,473	-
Lawrence Gardiner ⁽⁷⁾	107,303	4,045	-	12,232	-	(2,625)	120,955	3%
Jacqueline Myers	354,471	-	-	40,658	-	1,008	396,137	-
Todd Ashurst ⁽⁸⁾	175,214	-	-	17,807	-	-	193,021	-
Total KMP	1,319,109	4,045	100,000	120,060	-	(5,314)	1,537,900	0.3%

Notes:

- (1) Salary, fees and leave are per payroll summary or invoices received. These payments may vary from the employment contract due to employee benefits, voluntary salary reductions, additional pay, back pay and annual leave.
- (2) For FY24, cash bonuses of \$4,045 were accrued (FY23 \$151,144), related to the Short-Term Incentive Plan (STIP). There were no share-based payments accrued for STIP or Long-Term Incentive Plan (LTIP) in FY24.
- (3) Amounts included for long service leave are movements in accrued entitlements for the relevant twelve-month period.
- (4) Remuneration from 1 July 2023 to 23 November 2023
- (5) Remuneration for Non-Executive Chairman from 1 July 2023 to 12 February 2024, and Executive Chair from 13 February 2024 to 30 June 2024
- (6) Remuneration 1 July 2023 to 13 February 2024
- (7) Remuneration 1 July 2023 to 11 December 2024
- (8) Remuneration 11 September 2023 to 30 June 2024



2023 Key Management Personnel (KMP)	Short-term Benefits			Post Employment Benefits		Long-term Benefits	Share-based Payments		Total	Perf. Related
	Fees and Leave	Bonuses	Non- Monetary Benefits	Super- annuation	Other	LSL	(STIP)	(LTIP)		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Ben Harrison	65,000	-	-	-	-	-	-	-	65,000	-
Hon. Christopher Pyne	65,000	-	-	-	-	-	-	-	65,000	-
Mark Smethurst	65,000	-	-	-	-	-	-	-	65,000	-
Adelaide McDonald	54,167	-	-	-	-	-	-	-	54,167	-
Chris Fullerton	65,000	-	-	-	-	-	-	-	65,000	-
Mark Stevens	96,000	-	-	-	-	-	-	-	96,000	-
Scott Basham	429,190	100,000	-	67,042	-	2,969	-	100,000	699,201	29%
Lawrence Gardiner	160,966	18,270	-	21,568	20,000	5,080	18,270	-	244,154	15%
Jacqueline Myers	204,942	32,874	-	20,184	-	-	-	63,814	321,814	30%
David Brooking	134,590	-	-	17,473	-	25,088	-	-	177,151	-
Total KMP	1,339,855	151,144	-	126,267	20,000	33,137	18,270	163,814	1,852,487	18%

Options Rights Granted as Remuneration

There were no new issues of share options or share performance rights during FY24 (FY23 nil). Any share options or share performance rights issued by the parent company have lapsed. During the year no shares were issued as a result of the exercise of options or share performance rights by staff.

Service Agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Jacqueline Myers
Title: Group Chief Financial Officer, Company Secretary
Agreement commenced: 28 November 2022
Term of agreement: Ongoing
Details: Base salary for the year ending 30 June 2025 of \$340,000 plus superannuation, to be reviewed annually by the Human Resources and Remuneration Committee. 6 month termination notice by either party, non-solicitation and non-compete clauses, eligible for Company Long Term Incentive Plan and Short Term Incentive Plan as per Human Resource and Remuneration Committee approval and KPI achievement.

Name: Todd Ashurst
Title: Group Chief Operating Officer, General Manager Technology Division
Agreement commenced: 11 September 2023
Term of agreement: Ongoing
Details: Base salary for the year ending 30 June 2025 of \$280,000 plus superannuation (full-time equivalent), to be reviewed annually by the Human Resources and Remuneration Committee. 3 month termination notice by either party, non-solicitation and non-compete clauses, eligible for Short Term Incentive Plan as per Human Resource and Remuneration Committee approval and KPI achievement.

This concludes the remuneration report, which has been audited.



Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors,

Benjamin Harrison
Chairman
Highcom Limited
16th Day of September 2024



Auditor's Independence Declaration



RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of HighCom Limited and its controlled entities for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Australia Partners

RSM AUSTRALIA PARTNERS

RODNEY MILLER
Partner

Canberra, Australian Capital Territory
Dated: 16 September 2024

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RSM Australia Partners ABN 36 965 185 036

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2024

	Notes	2024 \$	2023 \$
Revenue	3(a)	45,319,192	89,428,127
Cost of Sales		(31,909,174)	(55,708,966)
Gross Profit		13,410,018	33,719,161
Other income	3(b)	316,282	96,165
Employee Benefits	4	(9,134,227)	(8,915,067)
Administrative expenses	5	(7,762,910)	(7,867,390)
Finance costs	6	(255,430)	(111,158)
Selling and marketing expenses	7	(342,386)	(5,319,395)
Depreciation and Amortisation	8	(1,897,580)	(1,904,560)
Impairment	9	(5,910,080)	(789,206)
(Loss)/Profit before income tax expense from continuing operations		(11,576,313)	8,908,550
Income tax expenses (US operations)	10	-	(2,815,030)
(Loss)/Profit after income tax expense from continuing operations		(11,576,313)	6,093,520
(Loss) after income tax expense from discontinued operations	37	(441,795)	-
(Loss)/Profit after income tax expense for the year		(12,018,108)	6,093,520
OTHER COMPREHENSIVE LOSS, NET OF TAX			
Items that may be reclassified subsequently to Profit or Loss:			
Foreign operations – foreign currency translation differences		221,902	756,449
Total comprehensive (loss) income for the period		(11,796,206)	6,849,969

	Notes	2024 Cents	2023 Cents
Earnings per share – continuing operations			
Basic earnings per share	29	(11.31)	6.01
Diluted earnings per share	29	(11.31)	6.01
Earnings per share – discontinued operations			
Basic earnings per share		(0.43)	-
Diluted earnings per share		(0.43)	-
Total Basic and Diluted (loss)/earnings per share			
Basic earnings per share	29	(11.74)	6.01
Diluted earnings per share	29	(11.74)	6.01

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	2024 \$	2023 \$
ASSETS			
Current assets			
Cash and cash equivalents	15	6,180,310	6,894,578
Trade and other receivables	16	3,628,517	24,668,035
Contract assets	17	-	3,007,469
Inventories	18	17,831,553	25,736,038
Other assets	19	664,212	1,444,930
Total current assets		28,304,592	61,751,050
Non-current assets			
Goodwill	20	1,402,346	1,402,346
Intangibles	21	978,794	1,763,194
Right of use assets	22	593,661	1,438,254
Property, plant and equipment	23	8,450,369	9,763,021
Total non-current assets		11,425,170	14,366,815
TOTAL ASSETS		39,729,762	76,117,865
LIABILITIES			
Current liabilities			
Trade and other payables	24	7,417,844	31,225,374
Lease liabilities	25	485,649	325,513
Provisions	26	692,795	808,467
Contract liabilities	27	101,645	280,226
Total current liabilities		8,697,933	32,639,580
Non-current liabilities			
Lease liabilities	25	197,686	1,228,581
Provisions	26	20,161	130,506
Contract liabilities	27	11,289	15,052
Total non-current liabilities		229,136	1,374,139
TOTAL LIABILITIES		8,927,069	34,013,719
NET ASSETS		30,802,693	42,104,146
EQUITY			
Contributed equity	28	52,927,156	52,502,403
Reserves	36 a.	1,247,139	1,027,119
Accumulated Losses	36 b.	(23,371,602)	(11,425,376)
TOTAL EQUITY		30,802,693	42,104,146

The above statement of financial position should be read in conjunction with the accompanying notes.



Consolidated Statement Of Changes In Equity

For The Year Ended 30 June 2024

	Issued Capital \$	Equity- based Payments Reserve \$	Foreign Exchange Translation Reserve \$	Accumulated Losses \$	Total \$
GROUP					
Balance as at 1 July 2022	52,061,051	41,842	268,788	(17,558,856)	34,812,825
Profit for the year	-	-	-	6,093,520	6,093,520
Other comprehensive income for the year	-	-	756,449	-	756,449
Total Comprehensive Income for the Year	-	-	756,449	6,093,520	6,849,969
<i>Transactions With Owner Recognised Directly in equity</i>					
Issuance of Ordinary Shares (Note 28)	445,169	-	-	-	445,169
Share based payment reserve	-	(39,960)	-	39,960	-
Transaction costs associated with share capital	(3,817)	-	-	-	(3,817)
Total transactions with owners of the Company	441,352	(39,960)	-	39,960	441,352
Balance as at 30 June 2023	52,502,403	1,882	1,025,237	(11,425,376)	42,104,146
Balance as at 1 July 2023	52,502,403	1,882	1,025,237	(11,425,376)	42,104,146
Net loss for the year	-	-	-	(12,018,108)	(12,018,108)
Other Comprehensive Income for the year	-	-	221,902	-	221,902
Total Comprehensive Loss for the year	-	-	221,902	(12,018,108)	(11,796,206)
<i>Transactions With Owner Recognised Directly in Equity</i>					
Equity-settled share-based payment	428,250	-	-	-	428,250
Share based payment reserve	-	(1,882)	-	1,882	-
Transaction costs associated with share capital	(3,497)	-	-	-	(3,497)
Total contributions and distributions	424,753	(1,882)	-	1,882	424,753
<i>Changes in Ownership</i>					
Deregistration of subsidiary	-	-	-	70,000	70,000
Total changes in ownership interests	-	-	-	70,000	70,000
Total transactions with owners of the Company	424,753	(1,882)	-	71,882	494,753
Balance as at 30 June 2024	52,927,156	-	1,247,139	(23,371,602)	30,802,693

The above statement of statement of changes in equity should be read in conjunction with the accompanying notes.



Statement of Cash Flows

For the Year Ended 30 June 2024

	Notes	2024 \$	2023 \$
Cash flows from (used in) operating activities			
Receipts from customers		67,098,907	40,431,248
Payments to suppliers and employees – continuing operations		(66,337,767)	(63,885,033)
Payments to suppliers and employees – discontinued operations		(239,416)	-
		521,724	(23,453,785)
Interest received	3(b)	140,349	66,693
Finance costs		(198,372)	(111,160)
Income tax refund (paid)		194,233	(2,815,029)
Net cash flows from (used in) operating activities		657,934	(26,313,281)
Cash flows (used in) from investing activities			
Proceeds from sale of assets		477,290	16,500
Payments for intangible assets		-	(14,492)
Payments for property, plant, and equipment	23	(1,117,938)	(1,653,824)
Net cash flows (used in) investing activities		(640,648)	(1,651,816)
Cash flows from financing activities			
Payment of transaction costs associated with issued share capital	28(a)	(3,497)	(3,817)
Repayment of lease liabilities		(780,815)	(587,226)
Proceeds from borrowings		1,500,000	-
Repayment of borrowings		(1,500,000)	(1,414,740)
Net cash flows from (used in) financing activities		(784,312)	(2,005,783)
Net increase (decrease) in cash and cash equivalents		(767,026)	(29,970,880)
Exchange rate impact on cash		52,758	665,934
Cash and cash equivalents at beginning financial year		6,894,578	36,199,524
Cash and cash equivalents at end of year	15	6,180,310	6,894,578

The above statement of statement of cashflows should be read in conjunction with the accompanying notes.



Notes to the Financial Statements

For the Year Ended 30 June 2024

1. Material accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 38.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Highcom Limited (formerly XTEK Limited) ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Highcom Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.



Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transactions.

provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Board of Directors, the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Highcom Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be



delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or



- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

HighCom Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.



Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract Assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the consolidated entity that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.



Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased



significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Property and equipment	2-10 years
Office furniture and equipment	3-7 years
Motor vehicles	5-7 years
Demonstration equipment	3-5 years
Leasehold improvements	3-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.



The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Patents and certifications

Significant costs associated with patents and certifications are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3-5 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.



Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.



Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.



If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.



Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of HighCom Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The company is of a kind referred to in the Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing an adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 28 for further information.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Determination of variable consideration

Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to the goods returned to the consolidated entity where the customer maintains a right of return pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward-looking information that is available. There is no allowance for expected credit losses, for the financial year ended 30 June 2024. The actual credit losses in future years may be higher or lower.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 16 for further information.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.



Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Warranty provision

In determining the level of provision required for warranties the consolidated entity has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.



3. Revenue and Other Income

	2024 \$	2023 \$
(a) Revenue from contract with customers		
Armour Division	31,751,517	52,718,140
Technology Division	13,567,675	36,687,987
Grant revenue	-	22,000
Total Revenue	45,319,192	89,428,127
(b) Other Income		
Interest Income	140,349	66,693
Gain on sale of assets	64,104	-
Foreign exchange gain net	71,866	-
Other Income	39,963	29,472
Total Other Income	316,282	96,165
Total Revenue and Other Income	45,635,474	89,524,292

Disaggregation of Revenue

The disaggregation of revenue from contracts with customers is as follows:

	2024 \$	2023 \$
Timing of revenue recognition		
Goods transferred at a point in time	40,786,179	62,970,098
Services transferred over time	4,533,013	26,458,029
	45,319,192	89,428,127

4. Employee Benefits

	2024 \$	2023 \$
Salaries and wages	7,107,842	7,453,224
Superannuation contributions	567,558	559,770
Payroll tax	801,711	541,772
Other employee expenses	657,116	360,301
Total Employee Benefits	9,134,227	8,915,067

5. Administrative Expenses

	2024 \$	2023 \$
Accounting, taxation and audit fees	701,269	314,572
Bank charges	76,032	54,228
Consultancy fees	1,172,492	1,354,682
Directors' fees	355,513	409,167
Insurance	855,294	1,081,572
Share Registry	108,496	92,370
Travel and accommodation	711,627	1,165,122
Other expenses	3,782,187	3,395,677
Total Administrative expenses	7,762,910	7,867,390



6. Finance Costs

	2024 \$	2023 \$
Interest on lease liabilities	57,058	93,214
Other interest expense	198,372	17,944
Total Finance Costs	255,430	111,158

7. Selling and Marketing expenses

	2024 \$	2023 \$
International sales commission (to 3 rd party for armour sales)	2,363	4,756,208
Marketing and trade shows	340,023	563,187
	342,386	5,319,395

8. Depreciation and Amortisation

	2024 \$	2023 \$
<i>Depreciation</i>		
-Plant and equipment	748,776	1,034,817
-Motor vehicles	29,573	29,502
-Office furniture and equipment	82,140	124,307
-Demonstration equipment	99,740	114,681
-Leasehold property improvements	94,712	110,787
-Right to use assets	585,607	342,666
<i>Amortisation</i>		
-Computer software	44,496	70,175
-Intangible – plate development	161,724	53,867
-Intangible – certifications	50,812	23,758
Total Depreciation and Amortisation	1,897,580	1,904,560

9. Impairment

	2024 \$	2023 \$
Impairment – Inventory	4,199,634	444,118
Impairment – Property, plant & equipment	1,155,906	345,088
Impairment – ROU assets	26,971	-
Impairment – Intangibles	527,569	-
Total Impairment	5,910,080	789,206

**10. Income Tax Expense**

	2024 \$	2023 \$
Current tax (benefit)/expense (US operations)	-	2,815,030
Deferred tax (income)/expense	-	-
Income tax (benefit)/expense	-	2,815,030

a. Reconciliation of Income Tax to Accounting Profit

	2024 \$	2023 \$
Profit	(12,018,108)	8,908,550
Tax	30%	30%
	(3,605,432)	2,672,565
Add:		
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Capital raising cost amortised	(105,779)	(93,804)
Capital expenditure incurred	70,838	58,693
Assessable government grant	-	98,697
Losses not brought to account	2,663,635	1,584,726
Timing differences not brought to account	(679,270)	260,752
Non-assessable foreign subsidiary income	1,656,008	(1,766,599)
Income Tax Expense	-	2,815,030

Note: The tax position is reconciled to the position of the parent company, for which no tax is payable.

b. Recognised Deferred Tax Assets and Liabilities

	2024 \$	2023 \$
Deferred tax liabilities	-	-
Deferred tax assets		
Accrued expenses	21,355	11,100
Bonus	1,224	238,988
Superannuation	35,583	43,575
Employee leave entitlements	137,884	276,714
Deferred revenue	3,387	82,182
Unrealised foreign exchange losses	(307,285)	(121,252)
Lease assets	28,860	49,752
Capitalised assets	11,552	7,703
Potential tax losses	10,506,470	7,847,645
Potential capital tax losses	466,878	466,878
Deferred tax assets from US operations	2,281,086	-
Deferred differences and losses not recognised	(13,186,994)	(8,903,285)
Total deferred tax assets and liabilities	-	-

**c. Tax Losses**

The Parent Company and Australian subsidiaries are consolidated for taxation purposes.

The Group has capital losses for which no deferred tax asset is recognised on the Balance Sheet that arise in Australia of \$1,556,260 (2023: \$1,556,260) and are available indefinitely for offset against future capital gains of a similar nature subject to continuing to meet relevant loss recoupment tests.

The Group has accumulated tax losses for which no deferred tax asset has been recognised on the Balance Sheet and arise in Australia of \$35,021,566 (2023: \$26,158,818).

The deferred tax asset associated with the loss will only be realisable in the future in the event of sufficient taxable profits being available to utilise the losses, subject to loss recoupment rules.

d. Unrecognised Temporary Differences

At 30 June 2024, there are no unrecognised temporary differences associated with the Parent Company's investments in subsidiaries as the Parent has no liability for additional taxation should unremitted earnings be remitted (2023: nil).

e. Foreign subsidiary income tax paid

The income tax refund (paid) for HighCom Holdings Inc. for 30 June 2024 amounts to refund \$194,233 (2023: paid \$2,815,030).

11. Key Management Personnel Remuneration

Refer to the remuneration report in the Directors' report for details of remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2024.

Key management personnel remuneration included within employee expenses for the year is shown below:

	2024 \$	2023 \$
Short-term employee benefits	1,323,154	1,509,269
Post-employment benefits	120,060	146,267
Termination benefits	100,000	-
Other long-term benefits	(5,314)	196,951
Total key management personnel remuneration	1,537,900	1,852,487

12. Auditors' Remuneration

	2024 \$	2023 \$
Audit and review services		
Auditors of the Group – RSM Australia Partners		
Audit and review of financial statements – Group	126,960	182,000
	126,960	182,000
Other services		
Auditors of the 2024 HighCom Inc US standalone financial statements – RSM Australia Partners	77,500	-
Auditors of the 2023 HighCom Inc US standalone financial statements – RSM US Partners	139,674	-
Accounting Services 2023 HighCom Inc US – RSM US Partners	18,685	-
	235,859	-



13. Dividends

Ordinary shares

No dividends were declared on or before or subsequent to the end of the financial year.

Franking Account

	2024 \$	2023 \$
The franking credits available for subsequent financial years	981,110	981,110

The above available balance is based on the dividend franking account at year-end adjusted for:

- Franking credits that will arise from the payment of the current tax liabilities;
- Franking debits that will arise from the payment of dividends recognised as a liability at the year-end; and
- Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

The ability to use the franking credits is dependent upon the Company's future ability to declare dividends.

14. Operating Segments

Segment Information

Identification of reportable segments

The consolidated entity is organized into two operating segments based on differences in products and services provided; Armour Division and Technology Division. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortization). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information is reported to the CODM on a monthly basis.

**Operating Segment information**

	2024 \$	2023 \$
Segment revenues - continuing operations		
Armour division	31,751,517	52,718,140
Technology division	13,567,675	36,687,987
Total of all segments	45,319,192	89,406,127
Segment results - continuing operations		
Armour division	(6,577,274)	11,679,989
Technology division	1,448,724	3,518,770
Unallocated holding company costs	(4,435,102)	(4,341,184)
EBITDA	(9,563,652)	10,857,575
Depreciation and amortisation	(1,897,580)	(1,904,560)
Interest expense	(255,430)	(111,158)
Interest income	140,349	66,693
(Loss)/Profit before income tax expense	(11,576,313)	8,908,550
Income tax expense	-	(2,815,030)
(Loss)/Profit after income tax expense from continuing operations	(11,576,313)	6,093,520

Geographical information

In presenting information, the segment revenue is based on the geographical location of the Group's customers.

	2024 \$	2023 \$
North America	17,328,433	36,844,391
Australia and Asia Pacific	18,998,345	19,413,155
Europe	7,973,561	33,170,581
Others	1,018,853	-
	45,319,192	89,428,127

15. Cash and Cash Equivalents

	2024 \$	2023 \$
Cash at bank and in hand	6,180,310	6,894,578

Cash at bank earns interest at floating rates based on daily bank deposit rates.

**Reconciliation of cash**

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2024 \$	2023 \$
Cash and cash equivalents	6,180,310	6,894,578
Balance as per statement of cash flows	6,180,310	6,894,578

16. Trade and Other Receivables

	2024 \$	2023 \$
Current		
Trade receivables	3,628,517	24,668,035
Total current trade and other receivables	3,628,517	24,668,035

At 30 June 2024, the ageing analysis of trade receivables is as follows:

	2024 \$	2023 \$
Not impaired <30 days	571,102	22,238,665
Past due but not impaired (days overdue) 31-60	2,998,179	2,330,728
Past due but not impaired (days overdue) 61-90	58,306	6,596
Past due but not impaired (days overdue) >90	930	92,046
Not impaired gross amount	3,628,517	24,668,035

99% of all trade receivables at 30 June 2024 were received by 26 August 2024.

The Group does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables in the financial statements.

17. Contract Assets

	2024 \$	2023 \$
Contract Assets	-	3,007,469
Reconciliation		
Reconciliation of the written down values at the beginning and end of the contract previous financial year are set out below:		
Opening Balance	3,007,469	-
Additions	-	24,949,431
Transfer to trade receivables	(3,007,469)	(21,941,962)
Closing Balance	-	3,007,469



18. Inventories

	2024 \$	2023 \$
Current		
Work in progress	28,272	122,579
Products and spare parts	17,803,281	25,613,459
Total Inventories	17,831,553	25,736,038

In FY24, the inventory comprises of 55% raw materials and 45% finished goods (FY23: 50%, 50%)

19. Other Current Assets

	2024 \$	2023 \$
Current		
Prepayments	248,077	1,439,178
Short-term loan	-	1,600
Other Assets	416,135	4,152
Total Other Current Asset	664,212	1,444,930

20. Goodwill

	2024 \$	2023 \$
Goodwill	1,402,346	1,402,346
Total Goodwill	1,402,346	1,402,346

Goodwill acquired through business combinations have been allocated to the following cash-generating unit.

	2024 \$	2023 \$
HighCom Armor Solutions Inc.	1,402,346	1,402,346
Total Goodwill	1,402,346	1,402,346

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 1 year projection period approved by directors and extrapolated for a further 4 years using a steady rate of 10% per annum projected EBIT. The discounted cash flow model used a 15% pre-tax discount rate. The long-term growth rate represents the rate relevant to market conditions and business plans. The long-term growth rate in the terminal value in calculating the value in use for the CGU was 2%.

Based on the above, the recoverable amount of the cash generating unit exceeded the carrying amount, therefore no impairment is recorded.

Sensitivity

As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- Revenue would need to decrease by more than 10% before goodwill would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to increase to 25% before goodwill would need to be impaired, with all other assumptions remaining constant.



21. Intangibles

	Computer Software \$	Plate Development \$	Patents and Certification \$	Total \$
30 June 2024				
Cost				
At 1 July 2023	761,309	808,633	427,862	1,997,804
Disposal – write-off	(561,191)	-	(1,530)	(562,721)
Exchange differences	-	-	91	91
At 30 June 2024	200,118	808,633	426,423	1,435,174
Accumulated Depreciation				
At 1 July 2023	135,923	53,867	44,821	234,611
Depreciation	44,496	161,724	50,812	257,032
Disposal – write-off	(33,623)	-	(1,531)	(35,154)
Exchange differences	-	-	(109)	(109)
At 30 June 2024	146,796	215,591	93,993	456,380
Net Carrying Value	53,322	593,042	332,430	978,794

	Computer Software \$	Plate Development \$	Patents and Certification \$	Total \$
30 June 2023				
Cost				
As at 1 July 2022	601,198	-	424,796	1,025,994
Additions	14,492	-	-	14,492
Disposals	(261,110)	-	-	(261,110)
Exchange differences	26,778	-	3,066	29,844
Assets reclassified	379,951	808,633	-	1,188,584
At 30 June 2023	761,309	808,633	427,862	1,997,804
Accumulated Depreciation				
At 1 July 2022	391,185	-	27,738	418,923
Amortisation	70,175	53,867	23,758	147,800
Disposals	(257,446)	-	-	(257,446)
Exchange differences	34,223	-	(6,676)	27,547
Assets reclassified	(102,214)	-	-	(102,214)
At 30 June 2023	135,923	53,867	44,820	234,610
Net Carrying Value	625,386	754,766	383,042	1,763,194



22. Right of Use Assets

	2024 \$	2023 \$
<i>Right of use, lease assets</i>		
Cost		
As at 1 July	3,268,720	3,185,082
Additions	199,383	271,588
Disposals	(529,436)	(187,950)
Exchange differences	1,220	-
Adjustment	(253,655)	-
At 30 June	2,686,232	3,268,720
Accumulated Depreciation		
At 1 July	1,830,466	1,565,905
Depreciation	666,662	575,769
Disposals	(422,427)	(116,431)
Exchange differences	(3,543)	27,144
Impairment	21,413	-
Adjustment	-	(221,921)
At 30 June	2,092,571	1,830,466
Net Carrying Value	593,661	1,438,254

23. Property, Plant and Equipment

	Plant and Equipment \$	Office Furniture and Equipment \$	Motor Vehicles \$	Demonstration Equipment \$
30 June 2024				
Cost				
As at 1 July 2023	11,498,328	851,894	174,398	706,347
Additions	144,365	16,834	-	151,399
Disposals	(732,327)	(160,185)	(28,611)	-
Disposal – write-off	(582,858)	(3,868)	-	(592,811)
Foreign exchange movement	2,921	296	86	-
Assets reclassified	(7,097,301)	-	-	-
At 30 June 2024	3,233,128	704,971	145,873	264,935
Accumulated Depreciation				
At 1 July 2023	2,969,626	677,007	46,108	191,307
Depreciation expense	748,776	82,140	29,573	99,740
Disposals	(369,299)	(145,716)	(18,692)	-
Disposal – write-off	(115,407)	(3,035)	-	(177,844)
Foreign exchange movement	(3,320)	(159)	(175)	-
Assets reclassified	(1,039,261)	-	-	-
At 30 June 2024	2,191,115	610,237	56,814	113,203
Net Carrying Value	1,042,013	94,734	89,059	151,732



30 June 2024	Leasehold Improvement \$	Assets Under Construction ⁽¹⁾ \$	Total \$
Cost			
As at 1 July 2023	858,397	-	14,089,364
Additions	19,663	785,677	1,117,938
Disposals	(58,396)	-	(979,519)
Disposal – write-off	(574,094)	-	(1,753,631)
Foreign exchange movement	36	186,870	183,278
Assets reclassified	-	7,097,301	-
At 30 June 2024	245,606	8,069,848	12,664,361
Accumulated Depreciation			
At 1 July 2023	442,296	-	4,326,344
Depreciation expense	94,712	-	1,054,941
Disposals	(32,626)	-	(566,333)
Disposal – write-off	(300,766)	-	(597,052)
Foreign exchange movement	(254)	-	(3,908)
Assets reclassified	-	1,039,261	-
At 30 June 2024	203,362	1,039,261	4,213,992
Net Carrying Value	42,244	7,030,587	8,450,369

Note:

- (1) Assets under construction relates to the XTclave™ production system being reassembled in Columbus, Ohio USA. In FY23, the XTclave was located in Adelaide, Australia and was classified as Plant and Equipment.

30 June 2023	Plant and Equipment \$	Office Furniture and Equipment \$	Motor Vehicles \$	Demonstration Equipment \$
Cost				
As at 1 July 2022	11,622,634	721,865	163,020	241,577
Additions	918,883	66,548	50,344	592,811
Disposals	(281,521)	(95,963)	(42,554)	(128,041)
Foreign exchange movement	109,294	24,432	3,588	-
Assets reclassified	(870,962)	135,012	-	-
At 30 June 2023	11,498,328	851,894	174,398	706,347
Accumulated Depreciation				
At 1 July 2022	2,114,147	570,269	56,721	204,491
Depreciation expense	1,034,817	124,307	29,502	114,681
Disposals	(231,496)	(93,972)	(40,571)	(127,865)
Foreign exchange movement	52,158	(25,811)	456	-
Assets reclassified	-	102,214	-	-
At 30 June 2023	2,969,626	677,007	46,108	191,307
Net Carrying Value	8,528,702	174,887	128,290	515,040



30 June 2023	Leasehold Improvement \$	UAS \$	Total \$
Cost			
As at 1 July 2022	924,449	81,312	13,754,857
Additions	25,238	-	1,653,824
Disposals	-	(81,312)	(629,391)
Foreign exchange movement	(91,290)	-	46,024
Assets reclassified	-	-	(735,950)
At 30 June 2023	858,397	-	14,089,364
Accumulated Depreciation			
At 1 July 2022	400,730	-	3,346,358
Depreciation expense	110,787	-	1,414,094
Disposals	-	-	(493,904)
Foreign exchange movement	(69,222)	-	(42,419)
Assets reclassified	-	-	102,214
At 30 June 2023	442,295	-	4,326,343
Net Carrying Value	416,102	-	9,763,021

24. Trade and Other Payables

	2024 \$	2023 \$
Current		
Trade and other payables	6,592,255	28,505,747
GST payable	103,936	2,230,427
Sundry payable and accrued expenses	721,653	489,200
Total trade and other payables	7,417,844	31,225,374

25. Lease Liabilities

	2024 \$	2023 \$
Current		
Lease liability	485,649	325,513
	485,649	325,513
Non-current		
Lease liability	197,686	1,228,581
	197,686	1,228,581
Total lease liabilities	683,335	1,554,094

Lease maturity information is disclosed at Note 34. The leases relate to office buildings and manufacturing facilities and warehouses.

**26. Provisions**

	2024 \$	2023 \$
Current Liabilities		
Annual leave provision	528,466	657,196
Long service leave	164,329	151,271
	692,795	808,467
Non-current liabilities		
Long service leave	20,161	80,506
Lease make good	-	50,000
	20,161	130,506
Total provisions	712,956	938,973

27. Contract Liabilities

	2024 \$	2023 \$
Current		
Customer deposits	101,645	280,226
	101,645	280,226
Non-current		
Customer deposits	11,289	15,052
	11,289	15,052
Total contract liabilities	112,934	295,278

28. Issued Capital

	2024 \$	2023 \$
102,682,672 (2023: 101,761,703) Ordinary shares	52,927,156	52,502,403
There were no options as 30 June 2024 (30 June 2023: nil)		

a. Movement in Ordinary Shares

	2024 No.	2024 \$	2023 No.	2023 \$
Opening balance	101,761,703	52,502,403	100,620,244	52,061,051
Shares issued	920,969	428,250	1,141,459	445,169
Transaction cost in relation to capital	-	(3,497)	-	(3,817)
Total	102,682,672	52,927,156	101,761,703	52,502,403

b. Expired Options and Share Performance Rights

There were no options on issue at 30 June 2024 (30 June 2023: nil). There were no share performance rights exercisable at the end of any prior year.

As at 30 June 2024 there were no unissued shares nor were there any at the end of any prior year.

**c. Capital Management**

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

No dividends were declared on or before or subsequent to the end of the financial year.

29. Earnings Per Share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the Company (after declaring interest on the convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company (after deducting interest on the convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all potential shares into ordinary shares.

	2024 Cents	2023 Cents
Earnings per share		
Basic earnings per share	(11.74)	6.01
Diluted earnings per share	(11.74)	6.01
Earnings per share – continuing operations		
Basic earnings per share	(11.31)	6.01
Diluted earnings per share	(11.31)	6.01

(a) Basic earnings per share

The calculation of basic EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

(i) Profit (loss) attributable to ordinary shareholders (basic)

	2024 \$	2023 \$
Profit/(loss) for the year, from continuing operations	(11,576,313)	6,093,520
Profit (loss) for the year, from discontinuing operations	(441,795)	-
Total Earnings used in the calculation of Basic EPS	(12,018,108)	6,093,520

(ii) Weighted-average number of ordinary shares (basic)

	2024 No.	2023 No.
Weighted-average number of ordinary shares at 30 June	102,370,650	102,370,650

b) Diluted earnings per share

The calculation of diluted EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

**(i) Profit (loss) attributable to ordinary shareholders (diluted)**

	2024 \$	2023 \$
Profit/(loss) for the year	(11,576,313)	6,093,520
Profit (loss) for the year, from discontinuing operations	(441,795)	-
Earnings used in the calculation of dilutive EPS from continuing operations	(12,018,108)	6,093,520

(ii) Weighted-average number of ordinary shares (diluted)

	2024 No.	2023 No.
Weighted-average number of ordinary shares at 30 June	102,370,650	101,439,793

Options and share performance right

Options and share performance rights granted to employees and Directors that are considered to be potential ordinary shares would be included in the determination of diluted earnings per share, to the extent to which they are dilutive. As at reporting date, no options or share performance rights have not been included in the determination of basic earnings per share.

Share Issuance

The issued capital of Highcom Limited & controlled entities at 30 June 2024 comprised 102,682,672 (2023: 101,761,703) fully paid Ordinary Shares. There were no issued options as at 30 June 2024 (2023 nil).



30. Cash Flow Information

	2024 \$	2023 \$
(Loss)/Profit for the year	(12,018,108)	6,093,520
Adjustments for:		
Depreciation and amortisation – continuing operations	1,897,580	1,904,560
Depreciation and amortisation – discontinuing operations	81,055	-
Net loss (gain) on disposal of non-current assets & Other Revenue	(64,104)	124,321
Loss on closure of discontinued operation, net of tax	70,000	-
Foreign exchange gain net	(35,528)	-
Impairment losses on inventories	4,199,634	-
Impairment losses on property, plant & equipment	1,155,906	-
Impairment losses on intangible assets	527,569	-
Impairment losses on Right of Use Assets	26,971	-
Net finance costs – lease	72,044	93,214
Equity-settled share-based payment transactions	428,250	445,169
Change in operating assets and liabilities:		
Trade and other receivables	21,039,518	(14,071,008)
Contract assets	3,007,469	(3,007,469)
Inventories	3,704,851	(9,863,137)
Prepayments	780,718	(292,894)
Trade and other payables	(23,807,530)	24,443,172
Contract liabilities	(182,344)	(32,400,591)
Provisions and employee benefits	(226,017)	217,862
Net cash flow from (used in) operating activities	657,934	(26,313,281)



31. Share Based Payments

During the year ended 30 June 2024, there were 920,969 ordinary shares were issued as part of staff incentive plans for employees of the company (FY23:1,141,459 ordinary shares issued).

Employee Share Ownership Plans

The Company provides benefits to employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares ('equity settled transactions').

There are currently two plans in place:

- the Highcom Ltd Employee Incentive Plan; and
- the Employee Tax Exempt Share Plan, which provides benefits to all eligible employees.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they were granted.

Share Options and Share Performance Rights

There were no unlisted options at 30 June 2024 (2023: nil). There were no options or share performance rights in the hands of staff issued at the start of financial year 2024 or the prior year. There were no options or share performance rights in the hands of staff exercisable at the end of the year or any prior year.

Employee/Director Share Issue

The Board may approve a bonus comprising cash and fully paid ordinary shares separate from the LTIP – note 3(s). No non-executive director bonus was paid in FY24 (FY23 – nil).

Weighted Average Share Price

The weighted average market price at 30 June 2024 was 26.94 cents (2023: 52.3 cents).

32. Events Occurring after the Reporting Date

On 31 July 2024, Mr Mark Stevens resigned as Executive Chairman and Mr Benjamin Harrison was appointed as Non-Executive Chairman.

The financial report was authorised for issue on the 16th Day of September 2024 by the Board of Directors.

No other matters or circumstances has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

33. Related Parties

Parent Entity

HighCom Limited is the parent entity.

Subsidiaries

Interest in subsidiaries are set in note 39.

**Key Management Personnel**

Disclosures relating to key management personnel are set out in note 11 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	2024 \$	2023 \$
Payment of goods to subsidiaries	1,097,578	907,119
Payment of goods from subsidiaries	3,280,817	148,830
Interest related to borrowings from subsidiaries	209,831	161,745
Payment of advisory services to former Company Secretary Mr. Lawrence Gardiner	31,506	-
Payment of advisory services to Arican Pty Ltd, a company related to Mr. Stevens former Chairman of HighCom Ltd	-	356,250

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties.

	2024 \$	2023 \$
Receivable from subsidiaries for the purchase of goods	1,053,891	-
Receivable from subsidiaries for the purchase of assets	6,369,513	-
Loan receivable from subsidiaries	2,264,823	5,730,162
Loan receivable related to borrowings to HighCom Armor Sp. z o.o. from HighCom Armor Solutions Inc	361,917	-

Terms and Conditions

All transactions were made on normal commercial terms and conditions and at market rates.

34. Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments. The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The most significant financial risks to which the Group is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk, currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by the Group are described below.

- Cash at bank/Bank overdraft
- Trade receivables
- Trade and other payables
- Credit facilities

**Summary Table**

	2024 \$	2023 \$
Financial assets		
Held at amortised cost		
Cash and cash equivalents	6,180,310	6,894,578
Trade and other receivables	3,628,517	24,668,035
Total financial assets	9,808,827	31,562,613
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	7,417,844	31,225,374
Total financial liabilities	7,417,844	31,225,374

Objectives, policies and processes

The Company's Board of Directors has overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

The HighCom Group does not engage in the trading of financial assets for speculative purposes. Mitigation strategies for specific risks faced are described below.

At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

The Group's liabilities have contractual maturities which are summarised below:

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group could encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash and credit card facilities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell non-financial assets.



The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180 day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

The Group's liabilities have contractual maturities which are summarised below:

2024	Weighted average interest rate	1 Year or Less	Between 1 and 2 Years	Between 2 and 5 Years	Remaining Contractual maturities
Financial liabilities					
Trade and other payables	-	3,628,517	-	-	-
Lease Liability	4.7%	492,167	201,157	-	-
Borrowings	-	-	-	-	-
Total financial liabilities	-	4,120,684	201,157	-	-

2023	Weighted average interest rate	1 Year or Less	Between 1 and 2 Years	Between 2 and 5 Years	Remaining Contractual maturities
Financial liabilities					
Trade and other payables	-	31,444,066	-	-	-
Lease Liability	4.7%	729,998	565,831	781,762	-
Borrowings	-	-	-	-	-
Total financial liabilities	-	32,174,064	565,831	781,762	-

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from the potential default of the counter party, with a maximum exposure being equal to the carrying amount of these instruments. Exposure at statement of financial position date is addressed in each applicable note.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. The Group minimises concentrations of credit risk in relation to trade and other receivables by undertaking transactions with a large number of government entities.

It is the Group's policy that all non-government customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their financial position, past experience and industry reputation.

In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Foreign exchange risk

The Group has transactional currency exposures. Such exposure arises from sales or purchases by the Group in currencies other than the Group's functional currency.

The following sensitivity analysis is based on the foreign currency risk exposures in the Statement of Financial Position as they relate to the Parent Entity. Movements in the value of the assets of the foreign subsidiary have no immediate impact on the profit/loss of the Group as variations in the exchange rate impact the foreign exchange reserve (see Note 32 (a)) not the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

At 30 June 2024, had the Australian Dollar moved, with all other variables held constant, post-tax profit/(loss) would have been affected as follows:

	2024 USD	2023 USD	EUR
Trade and other receivables	691,191	22,489,507	-
Trade and other payables	(2,372,271)	(27,950,762)	-
Net statement of financial position exposure	(1,681,080)	(5,461,255)	-
Next six months' forecast sales	2,691,938	6,007,980	420,596
Next six months' forecast purchases	(2,134,999)	(6,731,414)	(356,125)
Net forecast transaction exposure	556,939	(723,434)	64,471
Net exposure	(1,124,141)	(6,184,689)	64,471
Sensitivity analysis:			
USD (10% Strengthening)	(112,414)	(618,469)	-
EUR (10% Strengthening)	-	-	6,447
USD (10% Weakening)	112,414	618,469	-
EUR (10% Weakening)	-	-	(6,447)

Exposure to foreign exchange rates vary during the year depending on the volume of overseas trading transactions. Nonetheless, the analysis table is considered to be representative of the Group's exposure to foreign currency risk through the year.

In order to minimise HighCom's exposure to currency fluctuation, the Group is increasingly negotiating with government customers for them to accept invoices in the source currency of the manufacturer. This provides a natural offset in the invoicing and cost base.

(ii) Interest Rate Risk

The Group's exposure to market interest rates relates primarily to the cash at bank. At reporting date, the Company had financial assets comprising cash and cash equivalents totalling \$6,894,578 (2023: \$36,199,524) exposed to variable interest rate risk that are not designated in cash flow hedges.

The following sensitivity analysis is based on the interest rate risk exposures in existence at reporting date. At 30 June 2024, if interest rates had moved, as illustrated in the table below, with all other variables held constant, the post-tax net profit/(loss) for the period and equity would have been affected as below.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

For cash held

	2024		2023	
	+1.00%	-1.00%	+1.00%	-1.00%
	\$	\$	\$	\$
Net results	61,803	(61,803)	68,946	(68,946)
Equity	61,803	(61,803)	68,946	(68,946)

35. Grants

There were two grants awarded during FY23, and acquitted during FY24:

- Defence Global Competitiveness grant of \$112,356, was a fifty percent contribution for the purchase of a new CNC Virtual Machining Centre. This project was completed during FY24.
- Sovereign Industrial Capability Priority grant of \$263,284 was a fifty percent contribution for enhancing the helmet pre-forming and production capacity. The grant project was terminated, and grant funds returned to the Australian Government after HighCom's decision to relocate the manufacturing operations to Ohio, Columbus.

There were Government grants of \$22,000 recognised in FY23.

36. Reserves and Retained (losses)/profits

a. Equity Based Payment Reserve

Equity based payments reserve of \$1,882 relates to premiums paid on the purchase of Simmersion Holdings Pty Ltd during FY16 which has been deregistered on 01 November 2023.

	2024	2023
	\$	\$
Foreign Exchange Reserve		
Balance at the beginning of the year	1,025,237	266,906
Creation on consolidation of foreign subsidiaries	221,902	758,331
Balance Foreign Exchange Reserve	1,247,139	1,025,237
Equity Based Payment Reserve		
Balance at the beginning of the year	1,882	41,842
Transfer to Retained Earnings	(1,882)	(39,960)
Balance Equity Based Payment Reserve	-	1,882
Balance at the end of the year	1,247,139	1,027,119

b. Accumulated Losses

	2024	2023
	\$	\$
<i>Movement in accumulated profit/(losses) were as follows:</i>		
Balance at the beginning of the year	(11,425,376)	(17,558,856)
(Loss)/Profit for the year	(12,018,108)	6,093,520
Deregistration of subsidiary	70,000	-
Transfer to Retained Earnings	1,882	39,960
Balance at the end of the year	(23,371,602)	(11,425,376)



37. Discontinued Operation

Simmerion Holding Pty Ltd was deregistered by Australian Securities and investments commission on 01 November 2023.

On 13 February 2024, the board of directors has decided made the decision to winddown and de-register the HighCom Armor Sp. z o.o., which is a subsidiary of HighCom Armor Solutions Inc.

(i) Result of the discontinued operation

	2024 \$	2023 \$
Revenue	-	-
Elimination of inter-segment revenue	-	-
External revenue	-	-
Expenses	371,795	-
External expenses	371,795	-
Results from operating activities	(371,795)	-
Income tax	-	-
Results from operating activities, net of tax	(371,795)	-
Loss on deregistration of discontinued operation	(70,000)	-
Income tax on gain on sale of discontinued operation	-	-
Loss from discontinued operations, net of tax	(441,795)	-
Basic loss per share (cents)	(0.42)	-
Diluted loss per share(cents)	(0.42)	-

The loss from the discontinued operation of \$441,795 (2023: Nil) is attributable entirely to the owners of the Company.

(ii) Cash flows from (used in) discontinued operation

	Notes \$	Notes \$
Net cash used in operating activities	(239,416)	-
Net cash from investing activities	-	-
Net cash flows for the year	(239,416)	-



38. Parent Entity

As at and throughout, the financial year ended 30 June 2024 the parent entity of the Group was HighCom Limited.

	2024 \$	2023 \$
Result of parent entity		
Loss for the period	(6,498,081)	(6,433,625)
Total comprehensive income for the period	(6,498,081)	(6,433,625)
Financial position of parent entity at year end		
Current assets	17,318,526	40,917,976
Non-current assets	4,522,453	13,755,832
Total assets	21,840,979	54,673,808
Current liabilities	5,257,407	31,393,391
Non-current liabilities	208,975	832,492
Total liabilities	5,466,382	32,225,883
Total equity of the parent entity comprising of:		
Share capital	52,927,156	52,502,403
Retained earnings	(36,552,559)	(30,054,478)
Total equity	16,374,597	22,447,925

The parent entity and its subsidiaries are not party to any deeds of cross guarantee under which each company guarantees the debts of the others.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for investments in subsidiaries which are accounted for at cost, less any impairment, in the parent entity.

39. Interests in Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country Incorporated	Ownership interest	
		2024 %	2023 %
Simmersion Holdings Pty Ltd	Australia	0%	100%
HighCom Holding Inc	USA	100%	100%
HighCom Armor Solutions Inc	USA	100%	100%
HighCom Armor Sp. z o.o	Poland	100%	100%

Simmersion Holding Pty Ltd was deregistered by Australian Securities and investments commission on 01 November 2023.



40. Contingencies

There were no contingent liabilities at 30 June 2024 (At 30 June 2023 – nil).

41. Business Combination

There were no new business combinations in FY24 (FY23 – nil).

42. Statutory Information

The principal registered office and place of business, of the company is:

HighCom Limited
3 Faulding Street
Symonston ACT 2609

Consolidated Entity Disclosure Statement

The consolidated financial statements incorporate the assets, liabilities and results of the following parent entity and wholly-owned subsidiaries, in accordance with the accounting policy described in note 1:

Entity name	Entity Type	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax residency	Jurisdiction for Foreign tax residency
HighCom Ltd	Body corporate	Australia	100.00%	Australia	N/A
HighCom Holdings, Inc.	Body corporate	USA	100.00%	Foreign	USA
HighCom Armor Solutions Inc	Body corporate	USA	100.00%	Foreign	USA
HighCom Armor Sp. z o.o.	Body corporate	Poland	100.00%	Foreign	Poland



Directors' Declaration

In accordance with a resolution of the Directors at HighCom Limited, the Directors declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 and;
 - a. Comply with Australian Accounting Standards, which as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b. Give a true and fair view of the financial position as at 30 June 2024 and of the performance for the year ended on that date for the consolidated group.
2. In the Directors' opinion there are reasonable grounds to believe that the group will be able to pay its debts as and when they fall due;
3. The consolidated entity disclosure statement required by subsection (3A) is true and correct; in accordance with s295 (4) (da) of the Corporations Act 2001; and
4. The Directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Group Chief Financial Officer.

On behalf of the Board,

A handwritten signature in blue ink, appearing to read 'Ben Harrison'.

Ben Harrison
Chairman

Dated this 16th day of September 2024



Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT

To the Members of HighCom Limited

Opinion

We have audited the financial report of HighCom Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including independence standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matter	How our audit addressed this matter
Valuation of Inventory Refer to Note 18 in the financial statements	
We have identified a Key Audit Matter (KAM) related to the valuation of inventory in the audit of HighCom Limited. The significant volume of inventory on hand increases the risk of impairment. This KAM highlights the crucial audit area that required significant attention and professional judgement. Inventory is a critical asset for HighCom Limited, and its valuation directly impacts the financial statements.	Our audit procedures in relation to the management's impairment assessment included: • Assessed the appropriateness of the inventory valuation method used by the client. Examined whether it is consistent with the applicable accounting standards. • Performed detailed testing to verify the existence and completeness of the inventory recorded in the financial statements. This included attendance at the year-end stock take procedures at Columbus, Ohio. We assessed the adequacy of management's controls to ensure that stock takes were carried out adequately, and we validated the accuracy of the counts for a sample of items by comparing our count results with the results of the counts performed by the client and reconciliation with supporting documentation. • Performed a net realisable value test to verify that inventories are being held at the lower of cost and net realisable value. • Given the large volume of inventory on hand we specifically evaluated the presence of any indicators of impairment. We evaluated the assumptions and estimates applied in management's impairment assessment.



Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and
- b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in page 27 to 28 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of HighCom Limited, for the year ended 30 June 2024, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM Australia Partners

RSM Australia Partners

RODNEY MILLER
Partner

Canberra, Australian Capital Territory
16 September 2024



Additional Information

- The following information set out below was applicable as at 3 September 2024.
- Shareholding

a) Distribution of Shareholders

Range	Total Holders	Units	% Unites
1 – 1,000	333	160,946	0.16
1,000 – 5,000	802	2,136,768	2.08
5,001 – 10,000	341	2,693,603	2.62
10,001 – 100,000	719	24,952,797	24.3
100,001 and over	146	72,738,558	70.84
Rounding			0
Total	2,341	102,682,672	100.00

b) Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$500.00 parcel at \$0.19 per unit	2631	786	968,667

c) Top Holders (Grouped) as at 3 September 2024

	Name	Units	% Units
1	ACM AEPF PTY LTD <ALTOR EMERGING PIPE FUND A/C>	8,635,006	8.41
2	JWT HOLDINGS PTY LIMITED <JWT A/C>	5,214,403	5.08
3	UDB PTY LIMITED <THE BOETTCHER FAMILY A/C>	4,365,000	4.25
4	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	2,873,560	2.80
5	CORNISH GROUP INVESTMENTS PTY LTD <CORNISH GROUP INVEST A/C>	2,500,000	2.43
6	FAIRLANE MANAGEMENT PTY LTD	2,096,097	2.04
7	ACE PROPERTY HOLDINGS PTY LTD	2,000,000	1.95
8	CITICORP NOMINEES PTY LIMITED	1,780,183	1.73
9	ALL OTHERS PTY LTD <ALL OTHERS A/C>	1,779,011	1.73
10	EMALYN HOLDINGS <JOHN KENNEDY TESTAMENTARY AC>	1,666,666	1.62
11	WAVET FUND NO 2 PTY LTD <WAVET SUPER FUND NO 2 A/C>	1,496,757	1.46
12	BISSAPP SOFTWARE PTY LTD <BISAPP SOFTWARE SF A/C>	1,182,351	1.15
13	MRS CHERYL MARGARET MCEVOY	1,000,000	0.97
14	BNP PARIBAS NOMS PTY LTD	955,324	0.93
15	BAJKOR NOMINEES PTY LTD <M & G BAJKOR PL SF 1978 A/C>	880,358	0.86
16	GAILFORCE MARKETING & PR PTY LIMITED <HALE AGENCY SUPER FUND A/C>	850,000	0.83
17	CPU SHARE PLANS PTY LTD <XTE EST UNALLOCATED A/C>	719,802	0.70
18	BISSAPP SOFTWARE PTY LTD <SUPER FUND ACCOUNT>	693,493	0.68
19	ANNE MARGARET MCGRATH <EST NICHOLAS H WEBER A/C>	675,804	0.66
20	MISS GILLIAN MAY HORNER	631,946	0.62
	Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)	41,995,761	40.90
	Total Remaining Holders Balance	60,686,911	59.10



Corporate Governance Statement

Commensurate with the letter and spirit of the ASX Corporate Governance Principles and recommendations (4th Edition) (Principles or Recommendations), HIGHCOM (the 'Company') has followed each recommendation where the Board has considered it to be an appropriate benchmark for corporate governance practices, considering factors such as the size of the Company and the Board, resources available, and activities of the Company. Where the Company's corporate governance practices depart from the recommendations, the Board has disclosed the nature and reason for the departure.

The Board will periodically review and develop its governance policies and practices as the Company grows in size and complexity.

This Corporate Governance Statement was authorised for issue by the Board on 3 September 2024.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Council Recommendation 1.1: A listed entity should disclose the respective roles and responsibilities of Board and Management and those matters expressly reserved to the Board and those delegated to Management

To assist the Board to carry out its functions, it has adopted a formal Board charter (**the Charter**) that outlines the Board's roles and responsibilities. The Charter delineates matters reserved for the Board and those delegated to management.

It is the role of senior management to manage the Company in accordance with the Board's direction and delegations, and it is the Board's responsibility to oversee management's activities in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

The Board Charter is supplemented by the Company Code of Conduct, which is available to guide Directors, the Company Secretary, Group and Divisional executives and officeholders, and other employees in the performance of their roles.

Role of Senior Executives

Mr. Scott Basham resigned as Group Chief Executive Officer on 13 February 2024, and Mr. Mark Stevens assumed the role of Executive Chairman, supported by the senior executives, until his resignation as director on 31 July 2024. On 31 July 2024, Mr. Benjamin Harrison was appointed as non-executive Chairman, and the Group Chief Financial Officer, Ms Jacqueline Myers, and the Group Chief Operating Officer, Mr. Todd Ashurst (senior executives) perform the duties of the Group Chief Executive Officer role (for the period until a new Group Chief Executive Officer is appointed).

The senior executives collaborate with the Board to develop the corporate strategy and vision and to oversee the implementation of the strategy and management of the Company to achieve the agreed vision in accordance with the strategies, policies and programs set by the Board.

Responsibilities include:



- Formulating and reviewing, with the Board, the vision and strategy and developing actions and plans to achieve the vision and implement the strategy. Reporting to the Board on the progress against those plans;
- Appointing a management team and negotiating terms and conditions for approval by the Human Resource and Remuneration Committee of the Board. Providing leadership to and overseeing the senior management team, ensuring employees are properly instructed to achieve a safe workplace and ensuring compliance with laws and Company policies and that a high level of ethical behaviour is practised;
- Reporting to the Board on various matters, including all matters requiring review or approval, significant changes to the risk profile, certification to the Board on the fairness of the financial statements and adequacy of policies as regards risk management, monthly reporting on the performance of businesses and continual education of Directors of the Company, its business environment and relevant changes of law;
- Acting within delegated authority levels for capital expenditure, sale of assets, appointment and termination of executives; and
- All other matters necessary for the day-to-day management of the Company and not reserved for the Board. Induction procedures are in place to allow new executive management personnel to participate fully and actively in management decision-making at the earliest opportunity upon appointment. This induction process will consider the individual's knowledge of the Company and the homeland security industry. The induction program for senior executives is designed to make available the Company's financial position, strategies, operations and risk management policies. Also, the respective rights, duties, responsibilities and roles of the Board and senior executives.

Responsibilities of the Board of Directors

In general, the Board is responsible for and has the authority to determine all matters relating to the company's policies, practices, management, and operations. It is required to do all things that may be necessary to carry out the company's objectives.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

- **Leadership of the Company:** overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board, management and employees.
- **Strategy Formulation:** working with senior management to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- **Overseeing Planning Activities:** overseeing the development of the Company's strategic plan and approving that plan as well as the annual and long-term budgets.
- **Shareholder Liaison:** ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- **Monitoring, Compliance and Risk Management:** overseeing the Company's risk management, compliance, control and accountability systems and reviewing the effectiveness and directing the financial and operational performance of the Company.
- **Company Finances:** approving expenses more than those approved under the Company authorisations process and approving and monitoring acquisitions, divestitures and financial and other reporting.
- **Human Resources:** appointing, and, where appropriate, removing the Company Secretary, senior executives fulfilling the Chief Executive Officer functions, as well as reviewing their performance and monitoring the performance in their implementation of the Company's strategy.
- **Ensuring the health, safety and well-being of Employees:** in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.



- Delegation of Authority: delegating appropriate powers to the Company Secretary and senior executives, fulfilling the role of the Chief Executive Officer to ensure the effective day-to-day management of the Company, and establishing and determining the powers and functions of the Committees of the Board.

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it makes use of sub-committees. Specialist committees can focus on a particular responsibility and provide informed feedback to the Board. The following committees were in place in FY24:

- Finance, Audit and Risk Committee (the Finance and Audit Committee and the Risk Committee were combined on 23 November 2023)
- Nominations Committee
- Human Resources & Remuneration Committee

The Board has simplified the structure of the following Standing Committees for FY25, details of which are included later in this Corporate Governance Statement:

- Finance, Audit and Risk Committee; and
- Nominations and Remuneration Committee.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has several mechanisms in place to ensure this is achieved including:

- Board approval of strategic plans designed to meet stakeholders' needs and manage business risk;
- Reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance;
- Ongoing development of strategic plans and approving initiatives and strategies designed to ensure the continued growth and success of the entity; and
- Management implemented budgets and monitoring progress against budgets. This is achieved by establishing and reporting key performance indicators for both financial and non-financial areas.

Other matters expressly reserved for the Board of Directors

The following matters and responsibilities have been expressly reserved for the Board:

- Approval of the annual and half-yearly financial reports;
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- Ensuring that any significant corporate risks that arise are identified, assessed, appropriately managed and monitored;
- Ensuring appropriate resources are available to senior executives; and
- Reporting to security holders.

Full details of the Board's role and responsibilities are contained in the Board Charter at <https://highcom.group/corporate-governance/>.

The Company complies with Recommendation 1.1.



Council Recommendation 1.2: A listed entity should undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election as a Director and, in addition, should disclose all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company has implemented a policy developed by the Nomination Committee for the selection and appointment of Directors. This policy outlines the procedures for appointing new Directors and re-electing current ones. As part of this process, the Company conducts appropriate background checks on all candidates under consideration. Directors are chosen based on the specific governance skills needed to fill Board vacancies as they occur. The Company ensures that all relevant material information is disclosed to security holders to assist in decisions regarding the election or re-election of Directors. This information is primarily shared through the Notice of the Annual General Meeting, which details motions on Director elections and re-elections.

The Company complies with Recommendation 1.2.

Council Recommendation 1.3: A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

All new Directors and Senior Executives are provided with a letter of appointment and contractual agreements setting out terms of the appointment, which include the Company's expectations, their individual responsibilities, rights and terms and conditions of their appointment. By way of induction, new Directors and Executives meet with the Chairman and Company Secretary upon appointment. These briefings cover the operation of the Board and its Committees and financial, strategic, operations and risk management issues.

The Company complies with Recommendation 1.3.

Council Recommendation 1.4: The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

The Board has designated the role of the Company Secretary as the Officer(s) responsible for oversight on all governance matters and coordinating disclosure and communication of information to the ASX. The Company Secretary is responsible for ensuring that all Company announcements are made in a timely manner and are factual and do not omit any material information. In addition, the Company Secretary is also responsible for the following matters:

- advising the Board and its Committees on all governance matters;
- monitoring of Board policy and procedures to ensure compliance standards are met by the Company;
- ensuring the business of the Board/Committee meetings are accurately recorded in official Minutes and disseminated in a timely manner;
- overseeing and coordinating information disclosure to the ASX, security holders, analysts, brokers, the media and the public;
- advising Directors and staff on the Company's governance and disclosure policies and raising awareness of the principles underlying continuous disclosure; and
- facilitating the induction and professional development of new Directors and Executives.

The Company complies with Recommendation 1.4.



Council Recommendation 1.5: A listed entity should have a disclosable diversity policy which includes requirements to set measurable objectives for achieving gender diversity.

The Company is dedicated to providing a safe working environment and ensuring equal employment opportunities for all Directors, executives, and employees at every level. Although the Company is not subject to The Workplace Gender Equality Act, as it employs fewer than 100 people, it acknowledges the importance of workplace diversity.

As an equal opportunity employer, the Company selects personnel based on the principle of hiring the best person for the role, regardless of gender, age, sexual orientation, ethnicity, marital or family status, and religious or cultural background. The Company's Code of Conduct makes it clear that discrimination, harassment, vilification, and victimisation are unacceptable and will not be tolerated.

Recruitment and selection processes at all levels are carefully designed to ensure that all candidates are considered fairly and without any conscious or unconscious bias.

During the 2024 financial year, the Board had five males and one female, and after the resignation of Mr Christopher Fullerton on 23 November 2023 and Mark Stevens on 31 July 2024, there are three males and one female Board members. There are two female and one male senior executives. A 'senior executive' is defined as the C-suite level, including the Executive Officers responsible for fulfilling the Chief Executive functions, and the Chief Financial Officer. On average during FY24, 34% of board member and senior executives are female.

The Company is not considered a 'relevant employer' as defined under the Workplace Gender Equality Act.

The Company was not included in the S&P / ASX 300 Index at the commencement of the reporting period and is therefore not bound by the measurable objective to achieve a gender diversity composition of its board of not less than 30% of each gender within a specified period.

Whilst the Company does not fully comply with Recommendation 1.5, it nonetheless applies many of the core principles through its Code of Conduct provisions.

**Council Recommendation 1.6: A listed entity should have and disclose a process for periodically evaluating the Board, Committees and individual Directors.**

The Nomination Committee of the Board is responsible for conducting a performance review of the Board (both collectively and individually) and the Group and Divisional Chief Executive Officers. This is an annual evaluation process and is based on several goals for the Board and the individual Directors that have been established in the previous year. The goals are based on the role of the Board and individual Directors, corporate objectives, and any areas for improvement identified in reviews. The performance assessment of individual Directors is undertaken by the Nomination Committee, with the Chairman meeting privately with each Director, Company Secretary, and senior executives to discuss their annual assessment. The performance assessment was conducted for the FY24 reporting period, with the Chairman meeting with all Directors, the Company Secretary and the Group and Divisional Chief Executive Officers.

The Company complies with Recommendation 1.6.

Council Recommendation 1.7: A listed entity should have and disclose a process for periodically evaluating the performance of its senior executives.

The performance of senior executives is reviewed regularly through the application of a Performance Appraisal Program (PAP) that defines appropriate evaluation measures to be applied in the assessment process. Each year, senior executives establish a set of performance targets. These targets are aligned with overall business goals and the Company's requirements. The PAP is administered annually for all senior executives with the Group and Divisional Chief Executive Officers being responsible for their individual assessment and subsequent reporting of outcomes to the Board. The Board is responsible for the performance assessment of the Company Secretary and senior executives, in accordance with contractual performance measures and deliverables. An informal review of the PAP outcomes for other senior executives and staff is carried out annually by the Human Resource and Remuneration Committee. Performance assessments were conducted for all senior executives during the FY24 reporting period. A statement outlining specific matters reserved for the Board and Executive Management is contained in the Board Charter, a copy of which is posted on the Company's website in the Corporate Governance Section.

The Company complies with Recommendation 1.7.

PRINCIPLE 2: STRUCTURE OF THE BOARD TO ADD VALUE

Council Recommendation 2.1: The Board of a listed entity should have a Nomination Committee.**Nominations Committee**

During the 2024 financial year, the Nomination Committee consisted of two members: Mr Mark Stevens as Chair and Hon Christopher Pyne. Following the resignation of Mr Stevens as director on 31 July 2024, Mr Mark Smethurst has assumed Chair of the newly formed Nominations and Remuneration Committee for FY25. The committee's membership is completed by Ms Adelaide McDonald and Hon Christopher Pyne.

The skills and experience of the Nomination Committee members, the number of meetings held, and the number of meetings attended by each Nomination Committee member in the reporting period, are set out in the 2024 Annual Report.

The Nominations and Remuneration Committee oversees the selection, appointment, and succession planning of Directors within the Company. This includes evaluating potential director candidates' skills,

experience and diversity and recommending their suitability for appointment or reappointment to the Board.

Role of Nominations and Remuneration Committee

The role of the Nominations and Remuneration Committee is to:

- Review the structure, size and composition of the Board;
- Identify, consider and select candidates with appropriate capabilities, to fill Board vacancies when they arise;
- Ensure that candidates have adequate time available to fulfil their role as a Director;
- Undertake or arrange for annual performance evaluation of the Board, its committees and Directors, and
- Review the:
 - continuation of the Chairman after the initial term of appointment and subsequent re-appointments;
 - re-election of Directors who retire by rotation; and
 - membership of committees.
- Maintain a system of human resource management that recognises the company's staff as the most important asset of the Company and oversee that HR practices meet legislative requirements and meet the current and future business needs;
- Have coherent remuneration policies and practices to attract and retain executives and Directors who will create value for shareholders;
- Observe those remuneration policies and practices; and
- Fairly and responsibly reward executives having regard to the performance of the Company, the performance of the executives and the general pay environment.

Director Selection and Appointment

The Board has adopted a policy as developed by the Nomination Committee for the selection and appointment of Directors. This policy defines procedural processes for the appointment of Directors and the re-election of incumbent Directors. Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company always aims to have at least one Director with experience in the industry, appropriate to the Company's market. If the need for a new Board member is identified, the Nomination Committee, may initiate a search or nominate eligible candidates, who are interviewed by the Chairman and considered by the Board. The Board then appoints the most suitable candidate, who must stand for election at the next general meeting of security holders.

Access to independent Professional Advice

To ensure that Directors have access to independent expertise necessary to effectively carry out their role as a Director of the Company, the Board has adopted a policy to allow Directors to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

The Company does not comply with Recommendation 2.1 as the Nomination Committee Chair was an executive director and, therefore, not an independent director for part of the reporting period, and there were less than three members.

Council Recommendation 2.2: A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is seeking to achieve in its membership.

During the 2024 financial year, the board comprised six members from 1 July 2023, Mr Ben Harrison, Hon Christopher Pyne, Mr Mark Smethurst, Ms Adelaide McDonald, Mr Mark Stevens and Mr Christopher Fullerton and then four members following the resignation of Mr Christopher Fullerton on 23 November 2023 and Mr Mark Stevens on 31 July 2024. The current Board possess a wide range of background skills, expertise and knowledge deemed appropriate for the Company's industry type. The names of Directors in office and their term in office at the date of this statement and their standing as Executive or Non-Executive and independence, are in the Directors Report from page 25 to 26 of the 2024 Annual Report.

The board does not have a current skills matrix, and following recent changes in its composition, the directors intend to develop and report against a skills matrix in the 2025 financial year.

The Company does not comply with Recommendation 2.2 as it does not disclose a skills matrix.

Council Recommendation 2.3: A listed entity should disclose the names of the Directors considered by the Board to be independent, if they have a relevant interest and their length of service.

The Board considers independent decision-making as critical to effective governance and to meet the ASX Corporate Governance Council Recommendations. Independent Directors are identified by their profiles in the 2024 Annual Report. These profiles detail the skills, experience, and expertise relevant to the position of Director, and the terms of office held by the Director and the status of each Director in relation to the criteria listed below. Unless otherwise stated, the Board does not consider a Director to be an independent Director of the Company if the Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or within the last three years, has been employed in an executive capacity by the Company, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years, been a principal of a material professional adviser or a material consultant to the Company, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has a material contractual relationship with the Company other than as a Director of the Company;
- has served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is not free from any interest and any business or other relationship which could reasonably be perceived to materially interfere with the Director's ability to act in the best interests of the Company.

Mr Mark Stevens was Chairman of the Company during the 2024 Financial Year and was appointed as Executive Chairman on 13 February 2024 which he held until his resignation on 31 July 2024. The Board then appointed Mr Ben Harrison as non-executive Chairman. Mr Harrison is an employee of the group that controls the Company's largest shareholder, ACM AEPF Pty Ltd, and due to this association, Mr Harrison is not considered to be independent.



The Company further recognises that Independent Directors are important in assuring shareholders that the Board is properly fulfilling its role. Directors Hon Christopher Pyne, Mr Mark Smethurst, and Ms Adelaide McDonald meet the criteria for independence.

The Company complies with Recommendation 2.3.

Council Recommendation 2.4: A majority of a Board of a listed entity should be independent Directors.

Under the Company's Constitution, the Board is to be comprised of not less than three and no more than twelve Directors, unless otherwise determined by a general meeting. The Board currently consists of four Non-Executive Directors.

To add value to the Company, the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the Directors and their qualifications and experience are stated in their Director Profiles that form part of the 2024 Annual Report along with the term of office held by each of the Directors. Directors are appointed based on the specific governance skills required by the Company and on the independence of their decision-making and judgment. The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer.

In the 2024 financial year, the board comprised of five members from 1 July 2023, with Mr Mark Stevens, Mr Mark Smethurst, Hon Christopher Pyne and Ms Adelaide McDonald serving as independent Directors. Mr Ben Harrison is not considered to be independent as set out in under Recommendation 2.3.

The Board has a specific Code of Conduct for Directors and Senior Management. As part of this, where any Director has a material personal interest in a matter, the Director will not be permitted to be present during discussions or to vote on the matter. Enforcing this requirement should ensure that the interests of shareholders are pursued and not jeopardised by a lack of a majority of independent Directors. The independence of Non-Executive Directors is assessed annually by the Nomination Committee and this assessment was completed in the reporting period.

The Company complies with Recommendation 2.4.

Council Recommendation 2.5: The Chairperson of a listed entity should be an independent Director and, in particular should not be the same person as the Chief Executive Officer of the entity.

Independence of Chairman

The Board acknowledges the critical importance of maintaining independence in its decision-making processes. The functions of the Chairman and Chief Executive Officer were exercised by the same person from 13 February 2024 until 31 July 2024. On 31 July 2024, following Mr. Mark Stevens' resignation, Mr. Benjamin Harrison was appointed as the Non-Executive Chairman of the Company. Mr. Harrison is an employee of the entity that controls the Company's largest shareholder, ACM AEPF Pty Ltd, and due to this association, Mr Harrison is not considered to be independent.

The Company does not comply with Recommendation 2.5 as the Chair of the Board is not considered to be independent.

**Council Recommendation 2.6: A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities for Directors to develop and maintain skills and knowledge needed to perform their role as Directors effectively.**

The Board has designated the Company Secretary as the Officer responsible for facilitating the induction and professional development of new Directors. Upon appointment, new Directors meet with the Chairman and Company Secretary for induction, during which they are briefed on the operation of the Board and its Committees and financial, strategic, operations, and risk management issues applicable to the Company.

The Company Secretary provides all new Directors with a comprehensive induction package covering Company policies and procedures that apply to all Directors and employees. As part of their ongoing professional development, new Directors may be required to complete a Company Directors Course conducted by the Australian Institute of Company Directors.

The Company complies with Recommendation 2.6

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Council Recommendation 3.1: A listed entity should articulate and disclose its values.

The Company is committed to conducting all its business activities honestly, with a high level of integrity and in compliance with all applicable laws, rules and regulations. The Board is dedicated to the ongoing maintenance of high ethical standards and has established a Company Code of Conduct to guide compliance with legal and other obligations to all legitimate stakeholders. These stakeholders include shareholders, employees, customers, government authorities, creditors, and the community as a whole. All Directors, senior executives and employees are made aware of the existence of the Company Code of Conduct and are requested to confirm they have read it. The Company's values are set out in the Company Code of Conduct that is available on the Company's website at <https://highcom.group/corporate-governance/>

The Company complies with Recommendation 3.1.

Council Recommendation 3.2: A listed entity should have and disclose a code of conduct for its Directors, senior executives and employees and that the Board is informed of any material breaches of that code.**Company Code of Conduct**

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct that applies to all Directors, senior executives and employees.

The Company's Code of Conduct gives guidance on the following.

- *Ethical Standards:* All Directors, senior executives and employees are expected to act with the utmost honesty and integrity, always striving to enhance the reputation and performance of the Company.
- *Responsibilities to Shareholders and the Financial Community Generally:* The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.
- *Responsibilities to Clients, Customers and Consumers:* Each employee has an obligation to use their best efforts to deal in a fair and responsible manner with each of the Company's clients, customers



and consumers. The Company for its part is committed to providing clients, customers and consumers with fair value.

- *Employment Practices:* The Company is committed to providing a safe workplace environment in which there is equal opportunity for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources.
- *Obligations Relative to Fair Trading and Dealing:* The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws. The Company strives to deal fairly with the Company's customers, suppliers, competitors and other employees and encourages its employees to strive to do the same.
- *Responsibilities to the Community:* As part of the community the Company:
 - is committed to conducting its business in accordance with applicable environmental laws and regulations and encourages all employees to have regard for the environment when carrying out their jobs; and
 - encourages all employees to engage in activities beneficial to their local community.
- *Responsibility to the Individual:* The Company is committed to keeping private information from employees, clients, customers, consumers and investors confidential and protected from uses other than those for which it was provided.
- *Conflicts of Interest:* Employees and Directors must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the Company.
- *How the Company Complies with Legislation:* Within Australia, the Company strives to comply with the spirit and the letter of all legislation affecting its operations. Outside Australia, the Company will abide by local laws in all countries in which it operates. Where those laws are not as stringent as the Company's operating policies, particularly in relation to the environment, workplace practices, intellectual property and the giving of "gifts", Company policy will prevail.
- *How the Company Monitors and Ensures Compliance with its Code of Conduct:* The Board, management and all employees of the Company are committed to implementing this Code of Conduct and everyone is accountable for such compliance. Disciplinary measures may be imposed for violating the Code.

The Company's Code of Conduct policy is posted on the Company's website at <https://highcom.group/corporate-governance/>

The Company complies with Recommendation 3.2



Council Recommendation 3.3: A listed entity should have and disclose a whistleblower policy and that the Board is informed of any material incidents under that policy.

The Company's Whistleblower Policy which forms part of the Code of Conduct provides for the reporting of unlawful and unethical behaviour by Directors, Senior Executives and Employees of the Company.

These provisions allow for whistleblower protection in accordance with legislative requirements and good practice recommendations. The policy aims to provide a working environment that enables employees to voice genuine concerns in relation to:

- breaches of relevant legislation;
- breaches of the Company's vision and values;
- financial misconduct or impropriety or fraud;
- failure to comply with legal obligations;
- danger to health and safety or the environment;
- criminal activity; and
- attempts to conceal any of the above.

Any material breaches of the Whistleblower Policy as defined by the Company are reported to the Board.

The Company complies with Recommendation 3.3

Council Recommendation 3.4: A listed entity should have and disclose an anti-bribery and anti-corruption policy and that the Board is informed of any material breaches of that policy.

The Company's Anti-Bribery and Anti-Corruption Policy forms part of the TRACE International Code of Conduct that has been adopted by the Company. This policy provides guidance on the conduct of commercial transactions that may involve the following risks:

- bribery and facilitation of payments or extortion;
- kick-backs/granting of a benefit;
- conflicts of interest; and
- political and philanthropic contributions.

The Company complies fully with this international policy and undertakes annual anti-bribery and anti-corruption training with TRACE International. Any material breaches of this policy are reported to the Board and to TRACE International.

The Company complies with Recommendation 3.4

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Council Recommendation 4.1: The Board of a listed entity should have an Audit Committee.

Finance, Audit and Risk Committee

On 23 November 2023, the Finance and Audit Committee and Risk Committee were combined into the Finance, Audit and Risk Committee.

The Finance, Audit and Risk Committee reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements before submission to the Board and recommends their approval.



The Finance, Audit and Risk Committee also recommends to the Board the appointment of the external auditor and the internal auditor. The responsibilities of the Finance, Audit and Risk Committee include:

- Reviewing audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- Liaising with the auditors and ensuring that the annual statutory audits are conducted in an effective manner;
- Monitoring management efforts to continuously improve the quality of the accounting function;
- Reviewing the half-year and annual reporting and financial statements prior to lodgement of those documents with the Australian Securities Exchange and to make the necessary recommendations to the Board for the approval of these documents;
- Providing the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports;
- Annually reviewing the appointment, removal and remuneration of the external auditors, the terms of their engagement the scope and quality of the audit, their independence, the audit fee and any questions of resignation or dismissal;
- Assessing the attention being given by management to matters likely to impact on the financial performance of the Company, including monitoring of compliance with laws and regulations and monitoring and control of business risks;
- Management information and other systems of internal control and risk management; and
- Ethical policies and practices for corporate conduct are in place and being adhered to.

The Auditor, senior executives and the Group Financial Controller may be invited to the Finance, Audit and Risk Committee meetings at the discretion of the Committee Chair.

Composition

The Finance, Audit and Risk Committee currently consists of two members. Members are appointed by the Board from amongst the Directors. During the 2024 financial year, Mr. Harrison was the Chair of the Finance, Audit and Risk Committee. Ms. Adelaide McDonald was also a member. All members can read and understand financial statements and are otherwise financially literate. The details of the member's qualifications may be found in their Director profiles as published on the Company's website and in the Company's 2024 Annual Report.

Charter

A formal charter for the Finance, Audit and Risk Committee has been established and defines the role and responsibility of the Finance, Audit and Risk Committee together with procedures for the selection and appointment of external auditors and rotation of engagement partners and is posted on the Company's website. The Board, with the involvement of the Finance, Audit and Risk Committee, has established procedures in relation to the external auditor selection and appointment and for discussing with the auditor the rotation of the lead partner. The current external Auditor as appointed by the Board is RSM Australia Partners.

Further details are contained in the Finance, Audit and Risk Committees Charter, which is available on the Company's website at the Corporate Governance Section.

The Company does not comply with Recommendation 4.1 as the Finance, Audit and Risk Committee does not have at least three members.



Council Recommendation 4.2: The Board of a listed entity should before it approves the entity's financial statements for a financial period, receive assurance from the Group Chief Operating Officer and the Group Chief Financial Officer a declaration, that in their opinion, the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

CEO and CFO declaration

Before it approves the financial statements for a financial period the person(s) fulfilling the functions of the Group Chief Executive Officer and the Group Chief Financial Officer declare to the Board that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. Such assurance was provided for the financial reports lodged with the ASX during the period.

The Company complies with Recommendation 4.2.

Council Recommendation 4.3: A listed entity should disclose its process to verify the integrity of any periodic corporate report, it releases to the market that is not audited or reviewed by an external auditor.

The Company ensures that all its periodic corporate reports (Half Year and Annual Report) it releases to the market are firstly reviewed by Management and appropriate supporting documents and declarations are provided to the Board for final review and approval. All financial reports are prepared in accordance with accounting standards and give a true and fair view of the financial position and performance of the Company. Additionally, all financial reports released to the market are subject to review by an external auditor and the Auditor's Report forms part of all Company financial reports released to the market.

The Company complies with Recommendation 4.3.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURES

Council Recommendation 5.1: A listed entity should have and disclose its written policy for complying with continuous disclosure obligations under ASX Listing Rule 3.1.

Continuous Disclosure

It is the policy of the Company to act at all times with integrity and in accordance with law, including the disclosure required of:

- Australian Securities Exchange (ASX) Listing Rules and Guidance Notes;
- ASX Corporate Governance Council Recommendations; and
- The *Corporations Act 2001* (Cth).



In accordance with the ASX Listing Rules, the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

The only exception to this is where the ASX Listing Rules do not require such information to be disclosed. Upon confirmation of receipt from the ASX, the Company posts all information disclosed in accordance with this policy on the Company's website in an area accessible by the public.

The Board has designated the Company Secretary as the person(s) responsible for overseeing and coordinating information disclosure to the ASX and communicating with the ASX. The Company Secretary is responsible for ensuring that all Company announcements are made in a timely manner, factual, and do not omit any material information. The Company Secretary is also responsible for ensuring that all announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

To assist the Company Secretary to fulfil the Company's disclosure requirements, all divisional managers are responsible for immediately communicating to the Company Secretary any possible continuous disclosure matter concerning their divisions. The manager of each division is required to promptly respond to requests from the Company Secretary for further information concerning possible continuous disclosure matters.

The Company Secretary's role includes:

- overseeing compliance with the continuous disclosure requirements in the ASX Listing Rules;
- overseeing and coordinating information disclosure to the ASX, shareholders, analysts, brokers, the media and the public; and
- advising Directors and staff on the Company's disclosure policies and procedures and raising awareness of the principles underlying continuous disclosure.

Price-sensitive information is publicly released through the ASX before being disclosed to analysts or others outside the Company.

The Company's Continuous Disclosure policy is posted on the Company's website in the Corporate Governance Section.

The Company complies with Recommendation 5.1.

Council Recommendation 5.2: A listed entity should ensure its Board receives copies of all market announcements promptly after they have been made.

In accordance with the Company's Continuous Disclosure Policy, all members of the Board are provided with material market announcements promptly after they have been made.

The Company complies with Recommendation 5.2



Council Recommendation 5.3: A listed entity that gives a new or substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation being undertaken.

The Company ensures that all substantive investor or analyst presentations are first released on the ASX Market Announcements Platform prior to any presentation being made to anyone else external to the Company and its professional advisors.

The Company complies with Recommendation 5.3

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

Council Recommendation 6.1: A listed entity should provide information about itself and its governance to investors via its website.

The Company aims to ensure that investors are kept informed of all major developments affecting the state of affairs of the Company and its governance regime via its website. Information currently available to investors through the Company's website, which has a dedicated investor relations section, includes the following:

- the names and brief biographical information of Directors and senior executives;
- the Company Constitution, Board/Committee Charters and corporate governance policies;
- the Annual Report and the Interim Report;
- disclosures made to the Australian Securities Exchange;
- notices and explanatory memoranda of annual and extraordinary general meetings; and
- Newsletters or market updates to security holders where appropriate.

The Company complies with Recommendation 6.1.

Council Recommendation 6.2: A listed entity should have an investor relations program that facilitates effective two-way communications with investors.

The Company recognises the importance of effective communication with investors and has a new Investor Relations program to facilitate enhanced communication with both security holders and investors. To facilitate the effective communication with investors, the Company is committed to:

- communicating effectively with investors and security holders through releases to the market via ASX, the Company's website and information mailed to security holders and the general meetings of the Company; and
- providing investors and security holders with ready access to balanced and relevant information about the Company and corporate proposals.

The Company website also includes a feedback mechanism and an option for investors and security holders to register their email addresses for direct email updates on Company matters.

The Company complies with Recommendation 6.2.



Council Recommendation 6.3: A listed entity should disclose how it facilitates participation at meetings of security holders.

The Company encourages full participation of security holders at its Annual General Meetings to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to security holders as single resolutions at general meetings. To make it easy for security holders to participate in general meetings of the Company, a direct voting facility has been put in place so that security holders can vote ahead of the meeting without having to attend or appoint a proxy.

The Company complies with Recommendation 6.3.

Council Recommendation 6.4: A listed entity should ensure that all substantive resolutions at a meeting of security holders security holders are decided by a poll rather than by a show of hands.

All resolutions at meetings of the security holders are decided by a poll rather than by a show of hands.

The Company complies with Recommendation 6.4.

Council Recommendation 6.5: A listed entity should give security holders the options to receive communications from, and send communications to, the entity and its security registry electronically.

The Company encourages all security holders to exercise their option of receiving communications electronically from the Company and its security registry. This allows for the dissemination of Company information to security holders in a timely and cost-effective manner. The Company, in conjunction with its contracted security registry, routinely issues newsletters, notices, and financial reports electronically to those security holders who have registered for this service. The Company has developed a formal policy for promoting electronic communication with shareholders.

The Company complies with Recommendation 6.5.

PRINCIPLE 7: RECOGNISING AND MANAGING RISK

Council Recommendation 7.1: The Board of a listed entity should have a committee to oversight material business risks and disclose the charter and policies of such a committee.

The Board's Charter clearly establishes that it is responsible for ensuring there is a sound system for overseeing, assessing and managing risk. The Board has delegated certain responsibilities in these matters to the Finance, Audit and Risk Management Committee. In compliance with the Board's approach, the Company has established specific policies and procedures to identify, assess and manage critical areas of financial and operating risk.

The Company's Risk Management policy is available on the Company's website at the Corporate Governance Section.

The Company complies with Recommendation 7.1.



Council Recommendation 7.2: The Board or a committee of the Board should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board and subsequently disclose the findings of the review.

The Board has delegated the responsibilities of conducting an annual review of the entity's risk management to the Finance, Audit and Risk Management Committee. All such reviews are conducted in accordance with the established risk management policy and consider the formal Management Statement as provided by the Group Chief Executive Officer and the Group Chief Financial Officer on an annual basis. At least annually the Finance, Audit and Risk Management Committee reviews the Company's risk management framework and internal compliance and control systems. This was conducted for the 2024 reporting period.

The Company complies with Recommendation 7.2.

Council Recommendation 7.3: A listed entity should disclose if it has an internal audit function, how the function is structured and what role it performs.

The Company has established an internal audit function that applies a systematic and disciplined approach to evaluating and continually improving the effectiveness of quality systems covering risk management and internal control measures. All internal audit functions are conducted throughout the year on a program authorised by senior executives and Chief Financial Officer. Findings and observations from internal audits are reported to the Board for subsequent action as required. Internal audits performed by the Company are subject to an annual quality systems assurance review by an external auditor. Failure to meet the requisite audit standards could result in a loss of quality systems accreditation by the Company.

The Company complies with Recommendation 7.3.

Council Recommendation 7.4: A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and how it manages or intends to manage those risks.

The Company manages material exposure concerns associated with economic, environmental and social sustainability risks as part of its overall risk management strategies as defined in relevant risk policies and procedures. In the course of conducting its business as a listed entity and recognising the legitimate interests of stakeholders, the Company also utilises policy contained within its Code of Conduct Policy to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include security holders, Directors, employees, customers, government authorities, creditors and the community as whole.

While committed to corporate social responsibility, the Company considers that its size and nature of operations currently limit its exposure to economic, environmental, and social sustainability risks.

The Board has assessed that the economic risks associated with traditional industries, such as resource depletion, general supply chain disruptions, or market fluctuations, do not have a significant and direct impact on the Company's operations.

While the Company acknowledges the importance of economic, environmental, and social sustainability, it maintains transparency by openly disclosing the assessment of these risks and its current position. This allows investors and stakeholders to develop a comprehensive understanding of the Company's operations, including the extent of its exposure to sustainability risks.



As the Company continues to grow and evolve, it remains committed to periodically reassessing its exposure to economic, environmental, and social sustainability risks. This ongoing evaluation will ensure that it adapts its practices and strategies in accordance with emerging sustainability trends, industry best practices, and the evolving expectations of stakeholders.

The Company complies with Recommendation 7.4

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Council Recommendation 8.1: The Board of a listed entity should have a Remuneration Committee and disclose the charter of the committee.

Human Resources and Remuneration Committee

The role of the Human Resources and Remuneration Committee is to review and make recommendations to the Board on remuneration packages for Directors, Company Secretary, Group and Divisional Chief Executive Officers, Group Chief Financial Officer, Group Chief Operating Officer, and other senior executives. In addition, the committee has an objective to ensure that the Company maintains a system of human resource management practices that recognises the Company's staff as an important asset of the Company and that human resource practices meet legislative requirements for current and future business needs. This role also includes responsibility for share option schemes, incentive performance packages and retirement and termination entitlements. Remuneration levels are competitively set to attract suitably qualified and experienced directors and senior executives. The Human Resources and Remuneration Committee may obtain independent advice on the appropriateness of remuneration packages.

Composition

The Human Resource and Remuneration Committee currently consists of two members: Ms. Adelaide McDonald and Mr. Smethurst, who serves as the current Chair. The details of the members' qualifications may be found in their individual Director profiles published on the Company's website.

The Company does not comply with Recommendation 8.1 as the Remuneration Committee does not have at least three members.

Council Recommendation 8.2: A listed entity should separately disclose its policies regarding the remuneration Non-Executive Directors and the remuneration of Executive Directors and Senior Executives.

Remuneration Practice

The Board has determined that Non-Executive Directors will be remunerated differently from Executive Directors and Senior Executives in the following ways:

Remuneration of Non-Executive Directors

Non-Executive Directors are remunerated by fixed annual fees, superannuation, and at various times may also be remunerated at agreed hourly rates, for additional time expended in the performance of authorised tasks that are in addition to their normal Director functions.



The level of annual Directors' fees is reviewed by the Human Resources and Remuneration Committee, considering a number of factors, including the range of Directors' fees paid in the market, and the Company's costs and operating performance. Non-executive Directors will receive fees in the form of cash fees and statutory superannuation. The maximum total for annual fees for Directors is approved from time to time by security holders in a general meeting. This is currently set at \$500,000 per annum as approved by security holders on 29 November 2019.

Non-Executive Directors may also, in view of the Company's size and resources, from time-to-time be issued options as part of their remuneration in place of a higher cash fee. Options would be issued after consideration by the Human Resource and Remuneration Committee and the Board and subject to security holder approval.

Executive Directors and Senior Executives

Under the Company's constitution, remuneration of Executive Directors, subject to other provisions in any contract between these executives and the Company, may be by way of fixed salary, performance-based bonus or participation in the profits of the Company but may not be by way of commission on or percentage of operating revenue. Other senior executives, including the Group and Divisional Chief Executive Officers, Group Chief Financial Officer, Group Chief Operating Officer and the Company Secretary may be remunerated by fixed salary and performance-based bonuses. Remuneration packages will generally be set to be competitive to both retain and attract experienced executives to the Company.

Where packages comprise a fixed element and variable incentive components, the variable components will depend on Company and personal performance. Short term incentives may include annual cash incentives on meeting specific profit and performance criteria that have been agreed in plans set with the Group and Divisional Chief Executive Officers and the Board.

Criteria to be met may include Company and or business unit profit performance and personal Key Performance Indicators. The amount of the incentive will depend upon the extent to which the measure is exceeded. These conditions help to ensure that the short-term incentives are aligned with the interests of security holders in the current period. The total cost of Directors and senior executive remuneration packages for FY 2024, including the fair value of options, is listed in the Directors Report and Financial Statements of the 2024 Annual Report.

The Company complies with Recommendation 8.2

Council Recommendation 8.3: A listed entity which has an equity-based remuneration scheme should have and disclose policy on participation in such a scheme.

The Company has approved equity-based incentive schemes to remunerate senior executives and staff. The Board has determined that all approved securities issues made to employees under equity-based incentive schemes are disclosed to security holders and investors as part of its continuous disclosure obligations.

The Human Resources and Remuneration Committee Policy contains policies pertaining to employees' participation in equity-based incentive schemes. This policy is publicly available and published on the Company's website.

The Company complies with Recommendation 8.3.



Corporate Directory

Directors

Mr. Ben Harrison (Appointed 23 February 2022, appointed Non-Executive Chairman 31 July 2024)

Hon. Christopher Pyne (Appointed 30 November 2020)

Mr. Mark Smethurst (Appointed 29 April 2021)

Ms. Adelaide McDonald (Appointed 24 August 2022)

Secretary

Jacqueline Myers (Appointed Joint Secretary 11 December 2023)

Adam Gallagher (Appointed Joint Secretary 24 May 2024)

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RSM Australia Partners

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Share Registry

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