



29 November 2024

ASX Announcement

2024 Annual General Meeting – Chair’s Address

HighCom Limited (ASX:HCL) attaches the Chair’s Address to be delivered at the 2024 Annual General Meeting (**Meeting**).

The results of the Meeting will be released to the ASX after the conclusion of the Meeting.

This ASX announcement has been authorised for release by the Board

ENDS

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Chairman

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About HighCom Limited

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

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

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

Learn more about HighCom: www.highcom.group

Disclaimer

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



Chair's Address – 29 November 2024

On behalf of the board, I am pleased to welcome you to Highcom's 2024 annual general meeting. As we meet today to reflect on the past financial year, I deliver this address with a mixture of disappointment and optimism. The year presented significant challenges, but it also highlighted the resilience of our business, the dedication of our people, and the opportunities that lie ahead.

Financial Performance

The first half of FY2024 was particularly challenging, marked by a significant earnings downgrade. Our Armor division faced a disappointing sales result, coupled with a large write-off of existing inventory. These events, while difficult, brought to light both external pressures and internal inefficiencies that required immediate attention.

In response, the board and management team implemented a comprehensive cost-reduction program. This initiative was not taken lightly, as it involved tough decisions, including restructuring operations, reallocating resources, and streamlining processes. However, these steps were essential to secure the long-term sustainability of the business.

Despite a tough start, our efforts began to bear fruit into the second half of the year. Revenue in H2 FY2024 reached \$30.4 million, with a positive EBITDA of \$2.5 million—demonstrating the initial success of our turnaround strategy. While the full-year result was still a loss, with revenue at \$45.3 million and an EBITDA loss of \$9.6 million, it is important to note that these figures include \$5.9 million in one-off impairments related to inventory and other assets. Adjusting for these, our normalised EBITDA showed marked improvement, reflecting a positive trajectory.

Our cash position at the end of the financial year was \$6.2 million, with no debt.

Operational Achievements

I want to take a moment to highlight some of the key operational developments across our divisions, as these provide a clearer picture of the steps we've taken to position the company for future success.

Armor Division

The Armor division underwent significant transformation during the year. Most notably, we relocated our XTclave™ system from Adelaide to Columbus, Ohio. This move not only aligns our operations with US military compliance requirements but also positions us closer to key markets. The relocation has involved significant upgrades, including a new cooling system and the construction of a certified pressure vessel.

The XTclave™ technology remains a cornerstone of our strategy. Its ability to produce ultralight, strong ballistic products with complex curvatures gives us a competitive edge in markets such as military, and law enforcement. This technology has already attracted interest from US government agencies, including the Department of Defence, through initiatives like the Cooperative Research and Development Agreement. These engagements are expected to pave the way for new contracts and revenue streams in 2025 and beyond. Additionally, we expanded our "go to market" strategy by building a robust partner network and enhancing our direct-to-consumer channels, including e-commerce. These efforts have

improved brand recognition and are already driving incremental sales. The decision to consolidate European operations into our North American hub and maintain a lean presence in the UK reflects our commitment to operational efficiency while maintaining access to key markets.

Technology Division

Our Technology division also achieved significant milestones. We successfully transitioned from delivering the Acquisition Contract for AeroVironment's Small Unmanned Aerial Systems (SUAS) to a long-term support contract with the Australian Department of Defence.

The initial four-year term of this contract is valued at \$15.9 million, with additional potential for spare parts sales. If extended, the contract could generate further significant revenue, solidifying our position as a key player in unmanned aerial systems technology within the Australian defence sector.

We also renewed our partnership with AeroVironment, expanding our portfolio to include new products such as the Tomahawk Kinesis Ecosystem and high-performing eVTOL UAS. This partnership positions us at the forefront of technological advancements in surveillance, reconnaissance, and tactical support—areas that are increasingly critical in modern defence strategies. We also note AeroVironment's recently announced acquisition of BlueHalo, a world-leading counter UAS company.

Acknowledgements

I would like to take this opportunity to thank our employees for their unwavering dedication during a difficult year. Their commitment and resilience have been critical to navigating these challenges and setting the stage for future success. I would also like to extend thanks to my fellow board members for their support and efforts over the last 12 months.

Finally, to our shareholders, I want to express my appreciation for your continued commitment and patience. While we would all agree we aren't happy to be in this position, the company has made significant improvements across the organisation and these steps will set us up for the future.

Outlook

We are pleased to close the chapter on 2024 and turn our focus to 2025. We have started the financial year positively, announcing a major order in the technology division for SUAS spare parts (under our contract with the ADF). The order is due to be delivered in the 2nd half of the year.

We continue to make positive progress on the re-commissioning of the XTclave™. As of November, we are tracking on time and on budget. The reassembly is 65% – 70% complete, and we are awaiting delivery and installation of the new pressure vessel, which is the long lead item.

In terms of financial updates, the company is tracking to budget for H1 FY24. Revenue will be in the range of \$22m to \$24m, and we will continue to trade profitably at the EBITDA line.

Thank you for your time today.

Ben Harrison
Chairman