ASX Announcement

29 August 2025

UNAUDITED PRELIMINARY FINAL REPORT (APPENDIX 4E)

HighCom Group Ltd (ASX: HCL) (HighCom) attaches its Unaudited Preliminary Final Report (Appendix 4E) for HighCom Limited (HCL) for the financial year ended 30 June 2025.

HighCom's Chairman, Mr Benjamin Harrison, Group CEO, Todd Ashurst, and Group CFO, Martyn Dominy, will host a **live Investor Call today** at **10.30 am (AEST)**.

To join the Investor Call, please register via the Zoom link below:

https://zoom.us/webinar/register/WN_ajD84Fs9SE62pQ_fLzIEug

Investors can submit questions via email to investors@highcom.group

Authorised for release by the Board

For General & Media Enquiries:

Ben Harrison

Chairman

T: +61 2 6163 5588

E: investors@highcom.group

Learn more about HighCom: www.highcom.group

HighCom Limited

And Controlled Entities

ABN 90 103 629 107

APPENDIX 4E

Unaudited Preliminary Final Report

For the Year Ended **30 June 2025**

Given to the ASX Under Listing Rule 4.3a

Current period:	**1 July 2024 to 30 June 2025**
Prior corresponding period:	1 July 2023 to 30 June 2024

Results For Announcement To The Market

Key Information	2025 $'000	2024 $'000	Change %
Revenue from ordinary activities	**48,109**	45,319	Up 6%
(Loss)/Profit after tax from continuing operations	**(1,206)**	(11,576)	Up 90%
(Loss)/Profit after tax from discontinued operations	**17**	(442)	Up 104%
Net (Loss)/Profit from ordinary activities after tax attributable to members	**(1,189)**	(12,018)	Up 90%

Dividends	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Interim dividend	Nil	Nil
Record date for determining entitlements to dividend		Not applicable

Profit per share attributable to the ordinary equity holders of the company	2025 Cents	2024 Cents
Continuing operations		
Basic (loss)/profit per share	(1.17)	(11.31)
Diluted (loss)/profit per share	(1.17)	(11.31)
Discontinued operations		
Basic (loss)/profit per share	0.02	(0.43)
Diluted (loss)/profit per share	0.02	(0.43)
Total Basic and diluted (loss) earnings per share	**(1.15)**	**(11.74)**

Net tangible asset backing per share	2025 Cents	2024 Cents
Net tangible asset backing per share	26.88	27.76

Directors Report

Financial Year Ended 30 June 2025

Your Directors submit the financial report for the financial year ended 30 June 2025.

Directors

The names of Directors who held office during the financial year ended 30 June 2025 and to the date of this report, are:

- Mr Benjamin Harrison (Non-Executive Chairman from 31 July 2024)
- Mr Mark Smethurst
- Hon. Christopher Pyne
- Ms Adelaide McDonald
- Mr Mark Stevens (resigned 31 July 2024)

Key Financial Highlights

The simplified Income Statements for the three financial years ended 30 June are outlined below.

Summary Income Statement		**FY23**	**FY24**	**FY25**
Revenue	A$m	89.4	45.3	48.1
COS	A$m	(55.7)	(31.9)	(37.1)
Gross Profit	A$m	33.7	13.4	11.0
Gross margin	A$m	38%	30%	23%
EBITDA	A$m	10.9	(9.6)	0.2
Net Profit/(Loss)	A$m	6.1	(12.0)	(1.2)

Other key metrics		**FY23**	**FY24**	**FY25**
Cash Balance	A$m	6.9	6.2	5.8
Market Capitalisation (30 June)	A$m	43.8	12.3	31.8

Principal Activities

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

HighCom Armor (US Operation):

The US based operation is focused on the design, manufacture and sale of personal ballistic armour protection equipment. End users of the products include global military, US law enforcement agencies and first responders. The products are also sold to the international market outside of the US. Ballistic products sold by HighCom include Body Armour, Ballistic Helmets, and Ballistic Shields.

HighCom Technology (Australian Operations):

The Australian based operation supplies, integrates, manages, trains, maintains and logistically supports across the ANZ region military grade equipment that includes small and medium sized Unmanned Aerial Systems (UAS) and Counter Unmanned Aerial Systems (CUAS). HighCom Technology Pty Ltd, a 100% owned subsidiary was incorporated during the year to operate technology synergies.

Review of Operations:

HighCom Group

During the reporting period, the business has moved forward with a change in Executive Leadership. Mr Todd Ashurst was appointed as Group Chief Executive Officer in March 2024 and Mr Martyn Dominy was appointed as Group Chief Financial Officer in May 2025.

The new executive leadership team has prioritised stabilising the business and working with the Board on a growth strategy for sustainable progress. FY25 focused on achieving turning around the business while laying the groundwork for future growth.

HighCom Armor (US Operation):

The US operation has concentrated on managing operating costs, optimising inventory, and driving sales growth. This strategic focus has led to a notable improvement in EBITDA performance, with positive trends anticipated to continue into future financial years. Fiscal Year 2025 is positioned as a preparatory period to ready the business for sustained future expansion.

The XTclave™ was successfully assembled during FY25 and handed over to the US operation in July 2025. The recommissioning of the XTclave™ has fast-tracked research and development activities for new product lines which are expected to be available for sale in FY26. The cost to relocate and recommission the XTclave™ has been circa AUD$4.1m.

HighCom Technology (Australian operations):

The Australian operation remains focused on servicing existing multi-year contracts for UAS with Defence, while promoting a broader range of AeroVironment products for sale opportunities in the small and medium categories. It is expected that further parts orders to support the current defence contract throughout the capability's life will continue during the contracted multi-year period.

During the period the L129 contract reached its end-of-life cycle and ended on 30 June 2025.

HighCom Technology successfully bid for Project L156 in the dismounted space marks a pivotal moment of strategy execution to expand its business into CUAS. These battle-proven CUAS systems enable real-time threat monitoring and tactical awareness and will be part of Defence trials during H1 of FY26.

Financial Overview

The company wide review to improve the Company's profitability continues, with the full year ending 30 June 2025 resulting in a positive EBITDA of $0.2m up from an EBITDA loss of $9.6m in FY24. For the full year ending 30 June 2025, the profit after income tax expense was $1.2m including a $1.7m reversal of impairments for inventories and equipment, an improved result compared to $12m loss in FY24. Group revenue for the period to 30 June 2025 is $48.1m up from $45.3m in FY24. The Group's combined blended gross margins have decreased in FY25 to 23% from 30% in FY24, due primarily to the sale of discounted excess inventory at low margins.

Inventories on 30 June 25 was $14.4m, down from $17.8m at 30 June 2024.

Cash at 30 June 2025 was $5.8m, down from $6.2m at 30 June 2024. The Company had no debt at 30 June 2025. There is currently $3.8m of available credit facilities in place which the Company can draw on.

FY26 Outlook

The overall outlook for FY26 remains positive and will provide management with the opportunity to lead the business towards future growth, market expansion and EBITDA improvement. Local market conditions in the US have seen a softer start to FY26, which is attributed to a slow-down in US Government spending on the previous US Administration programs. This is expected to change in Q2, based on the legislative bill funded from 1 October.

The XTclave™ is currently operating under engineering control conducting research and development on new product lines. The next step will be full commercialisation of the XTclave™ through further capital investment to maximise capacity and enable full-rate production of the new product lines. The new products will see HighCom Armor compete in areas of the market previously unrepresented which will increase market share, group revenue, and EBITDA.

HighCom Technology is currently in active sales cycles to support local defence activities in the UAS and CUAS space throughout FY26. The business unit is also focused on maintaining and servicing existing contracts and has successfully supplied a new product range (CUAS) to the Australian Government in FY26.

Audit

The report is based on accounts which are in the process of being audited by RSM Australia Partners.

Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

For The Year Ended 30 June 2025

	Notes	2025 $	2024 $
Revenue	2(a)	48,109,454	45,319,192
Cost of Sales		(37,125,774)	(31,909,174)
Gross Profit		**10,983,680**	**13,410,018**
Other income	2(b)	385,731	316,282
Employee Benefits	3	(7,010,575)	(9,134,227)
Administrative expenses	4	(5,417,202)	(7,762,910)
Finance costs	5	(131,711)	(255,430)
Selling and marketing expenses	6	(313,700)	(342,386)
Depreciation and Amortisation	7	(1,356,467)	(1,897,580)
Impairment Reversal/(loss)	8	1,654,232	(5,910,080)
(Loss)/Profit before income tax expense from continuing operations		**(1,206,012)**	**(11,576,313)**
Income tax expenses		-	-
(Loss)/Profit after income tax expense from continuing operations		(1,206,012)	(11,576,313)
Loss)/Profit after income tax expense from discontinued operations		16,953	(441,795)
(Loss)/Profit after income tax expense for the year		**(1,189,059)**	**(12,018,108)**
OTHER COMPRENSIVE INCOME (LOSS), NET OF TAX			
Items that may be reclassified subsequently to Profit or Loss:			
Foreign operations – foreign currency translation differences		172,463	221,902
Total comprehensive (loss) income for the period		**(1,016,596)**	**(11,796,206)**

	2025 Cents	2024 Cents
Earnings per share – continuing operations		
Basic earnings per share	(1.17)	(11.31)
Diluted earnings per share	(1.17)	(11.31)
Earnings per share – discontinued operations		
Basic earnings per share	0.02	(0.43)
Diluted earnings per share	0.02	(0.43)
Total Basic and Diluted (loss)/earnings per share		
Basic earnings per share	**(1.15)**	**(11.74)**
Diluted earnings per share	**(1.15)**	**(11.74)**

Consolidated Statement Of Financial Position

For The Year Ended 30 June 2025

	2025 $	2024 $
CURRENT ASSETS		
Cash and cash equivalents	5,811,893	6,180,310
Trade and other receivables	3,993,497	3,628,517
Contract assets	497	-
Inventories	14,366,185	17,831,553
Other assets	1,754,298	664,212
Total Current Assets	**25,926,370**	**28,304,592**
NON-CURRENT ASSETS		
Goodwill	1,402,346	1,402,346
Intangibles	781,751	978,794
Property, plant and equipment	10,904,918	8,450,369
Right of use assets	1,421,450	593,661
Total Non-Current Assets	**14,510,465**	**11,425,170**
TOTAL ASSETS	**40,436,835**	**39,729,762**
CURRENT LIABIITIES		
Trade and other payables	8,520,636	7,417,844
Lease liabilities	382,019	485,649
Provisions	429,243	692,795
Contract liabilities	127,516	101,645
Total Current Liabilities	9,459,414	8,697,933
NON-CURRENT LIABILITIES		
Lease liabilities	1,155,538	197,686
Provisions	35,786	20,161
Contract liabilities	-	11,289
Total Non-Current Liabilities	1,191,324	229,136
TOTAL LIABILITIES	**10,650,738**	**8,927,069**
NET ASSETS	**29,786,097**	**30,802,693**
EQUITY		
Contributed equity	52,927,156	52,927,156
Reserves	1,419,602	1,247,139
Accumulated Losses	(24,560,661)	(23,371,602)
TOTAL EQUITY	**29,786,097**	**30,802,693**

Consolidated Statement Of Cash Flows

For The Year Ended 30 June 2025

	2025 $	2024 $
Cash flows from (used in) operating activities		
Receipts from customers	47,771,473	67,098,907
Payments to suppliers and employees – continuing operations	(44,918,252)	(66,337,767)
Payments to suppliers and employees – discontinued operations	(561)	(239,416)
	2,852,660	**521,724**
Interest received	108,669	140,349
Finance costs	(116,390)	(198,372)
Income tax refund/(paid)	-	194,233
VAT refunds – discontinued operations	17,514	0
Net cash flows (used in) operating activities	**2,862,453**	**657,934**
Cash flows (used in) from investing activities		
Proceeds from sale of assets	-	477,290
Payments for intangible assets	(55,751)	-
Payments for property, plant, and equipment	(3,107,831)	(1,117,938)
Net cash flows from (used in) investing activities	**(3,163,582)**	**(640,648)**
Cash flows from financing activities		
Payment of transaction costs associated with issued share capital	-	(3,497)
Repayment of lease liabilities	(489,748)	(780,815)
Proceeds from borrowings	1,500,000	1,500,000
Repayment of borrowings	(1,500,000)	(1,500,000)
Net cash flows from (used in) financing activities	**(489,748)**	**(784,312)**
Net increase (decrease) in cash and cash equivalents	(790,877)	(767,026)
Exchange rate impact on cash	422,460	52,758
Cash and cash equivalents at beginning of financial year	6,180,310	6,894,578
Cash and cash equivalents at end of year	**5,811,893**	**6,180,310**

Consolidated Statement Of Changes In Equity

For The Year Ended 30 June 2025

	Issued Capital $	Equity-based Payments Reserve $	Foreign Exchange Translation Reserve $	Accumulated Losses $	Total $
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	-	-	221,902	-	221,902
Total Comprehensive Loss for the year	**-**	**-**	**221,902**	**(12,018,108)**	**(11,796,206)**
Transactions With Owner Recognised Directly in Equity					
Equity-settled share-based payment	428,250	-	-	-	428,250
Share based payment reserve	-	(1,882)	-	1,882	-
Transaction costs associated with share raising	(3,497)	-	-	-	(3,497)
Total contributions and distributions	**424,753**	**(1,882)**	**-**	**1,882**	**424,753**
Changes in Ownership					
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**

Balance as at 1 July 2024	**52,927,156**	**-**	**1,247,139**	**(23,371,602)**	**30,802,693**
Net loss for the Year	-	-	-	(1,189,059)	(1,189,059)
Other Comprehensive Income	-	-	172,463	-	172,463
Total Comprehensive Loss for the year	**-**	**-**	**172,463**	**(1,189,059)**	**(1,016,596)**
Transactions With Owner Recognised Directly in Equity					
Equity-settled share-based payment	**-**	**-**	**-**	**-**	**-**
Share based payment reserve	-	-	-	-	-
Transaction costs associated with share raising	**-**	-	-	-	-
Total contributions and distributions	-	-	-	-	-
Changes in Ownership					
Deregistration of subsidiary	-	-	-	-	-
Total changes in ownership interests	-	-	-	-	-
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**-**
Balance as at 30 June 2025	**52,927,156**	**-**	**1,419,602**	**(24,560,661)**	**29,786,097**

Notes To The Preliminary Financial Statements

1. Summary of material accounting policies

The principal accounting policies adopted in the preparation of the preliminary final report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The preliminary final report includes the financial statements for the HighCom Group and, separately, the Parent Company.

a. Corporate information

HighCom is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The preliminary financial report of the HighCom Group for the year ended 30 June 2025 was authorised for issue in accordance with a resolution of the Directors on 29 August 2025.

b. 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.

c. Significant accounting judgment, estimates and assumptions

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances. These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates. The significant estimates and judgements made have been described below:

Key estimates – impairment of tangible and intangible assets

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets, including property, plant and equipment, inventory, goodwill and other intangible assets, are reassessed using value- in-use calculations which incorporate various key assumptions.

Key estimates - 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.

Key estimates – provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Key estimates – receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An allowance for expected credit losses is based on the best information at the reporting date.

d. Foreign currency translation functional and presentation currency

The financial statements are presented in Australian dollars, which is the functional and presentation currency of the HighCom Group.

Transactions and balances

Foreign currency transactions are translated into the functional currency 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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

e. Property, plant and equipment

Cost and valuation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows: Most depreciation periods are:

• plant and equipment	3 - 15 years
• office furniture and equipment	3 - 20 years
• motor vehicles	3 - 7 years
• demonstration equipment	5 - 15 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income.

f. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. HighCom does not currently hold any qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

g. Intangible assets research and development

Development expenditure incurred on an individual project is expensed. Expenditure is only capitalised when it is probable that future economic benefits associated with the item will flow to the entity and the costs incurred can be reliably measured. On recognising that there is an asset with a future economic benefit to the Group the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure carried forward is amortised over the period of expected future sales from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable. Where recognition criteria are not met, development costs are recognised in the Statement of Comprehensive Income as incurred.

Gains or losses from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Comprehensive Income when the asset is derecognised.

h. Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount is the greater of fair value less costs to sell and value in use for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

i. Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials - purchase cost including freight, on a first in, first out basis; and
- Finished goods and work-in-progress cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

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

j. Trade receivables

Trade receivables are recognised and carried at original invoice amount less any allowance for expected credit losses. Receivables are non-interest bearing and are generally on thirty day terms, unless otherwise agreed with the customer. Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off when identified. 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.

Receivables from related parties are recognised and carried at amortised cost, with interest recognised using the effective interest rate method.

k. Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and equivalents as defined above, net of outstanding bank overdrafts.

l. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

m. Share based payment transactions

The Group has an ability to provide 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 to provide such benefits:

- the HighCom Employee Incentive Plan;
- 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 are granted. The fair value is determined by reference to either the Black Scholes valuation or by an external valuer using a binomial model.

In valuing equity settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of HighCom ('market conditions') if applicable.

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

At each subsequent reporting date until vesting, the cumulative charge to the Statement of Comprehensive Income is the product of (i) the grant date fair value of the award, (ii) the current best estimate of the awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period. The charge to the Statement of Comprehensive Income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is also a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not the market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

n. 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.

o. Taxes

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided on all temporary differences at the Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward balances of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward balances of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at all tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the statement of financial position date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Comprehensive Income.

p. Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Employee benefit expenses and revenues arising in respect of wages and salaries, non-monetary benefits, annual leave, long service leave and other leave entitlements, are charged against surpluses on a net basis in their respective categories.

The contributions made to superannuation funds are charged to the Statement of Profit or Loss and Other Comprehensive Income.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as 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 national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after statement of financial position date are discounted to present value.

q. Earnings per share

Basic earnings per share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary charges in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

r. Interest bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised as well as through the amortisation process.

s. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

t. Contributed equity

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

u. Dividends

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

Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority is recognised as part of the cost of acquisition of the asset, or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

v. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Impairment of Loans

If there is objective evidence that an impairment loss on receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the loss is recognised in profit or loss.

w. Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. They are not credited directly to shareholders equity.

When the grant relates to an asset, the fair value is credited to a deferred income account and is offset against the capital value when the asset is first recognised in use.

x. Leases

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is/or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluation criteria which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in- substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in plant and equipment.

2. Revenue and Other Income

(a) Revenue from operations

	2025 $	2024 $
HighCom Armor	34,996,927	31,751,517
HighCom Technology	13,112,527	13,567,675
Total Revenue	**48,109,454**	**45,319,192**

(b) Other Income

	2025 $	2024 $
Interest Income	108,669	140,349
Gain on sale of assets	-	64,104
Foreign exchange gain net	199,528	71,866
Other Income	77,534	39,963
Total Other Income	**385,731**	**316,282**
Total Revenue and Other Income	**48,495,185**	**45,635,474**

3. Employee Benefits

	2025 $	2024 $
Salaries and wages	5,123,853	7,107,842
Superannuation contributions	374,712	567,558
Payroll tax	717,574	801,711
Other employee expenses	794,436	657,116
Total Employee Benefits	**7,010,575**	**9,134,227**

4. Corporate and Administrative expenses

	2025 $	2024* $
Consultancy fees	755,814	1,601,595
Insurance	773,363	855,294
Information and Communication Technologies	929,621	1,059,352
Director's fees	438,244	355,513
Travel and accommodation	501,345	731,394
Occupancy Expenses	603,496	586,417
Accounting and Audit fees	658,138	701,269
Share Registry	110,623	108,496
Bank Charges	92,221	76,032
R&D Expenses	274,574	924,614
Freight	-	272,441
Lease makegood	-	217,383
Other expenses	262,249	273,110
Total Administrative expenses	**5,417,202**	**7,762,910**

**Prior period comparatives have been reclassified*

5. Finance Costs

	2025 $	2024 $
Interest on lease liabilities	15,321	57,058
Other interest expense	116,390	198,372
Total Finance Costs	**131,711**	**255,430**

6. Selling and marketing expenses

	2025 $	2024 $
International sales commission (to 3rd party for armour sales)	-	2,363
Marketing and trade shows	313,700	340,023
Total selling and marketing expenses	**313,700**	**342,386**

7. Depreciation and Amortisation

	2025 $	2024 $
Depreciation		
-Plant and equipment	420,645	748,776
-Motor vehicles	28,203	29,573
-Office furniture and equipment	55,911	82,140
-Demonstration equipment	60,710	99,740
-Leasehold property improvements	37,800	94,712
-Right to use assets	500,860	585,607
Amortisation		
-Computer software	35,386	44,496
-Intangible – plate development	161,724	161,724
-Intangible – certifications	55,228	50,812
Total Depreciation and Amortisation	**1,356,467**	**1,897,580**

8. Impairment

	2025 $	2024 $
Impairment – Inventory (reversal)/loss	(1,654,232)	4,199,634
Impairment – Property, plant & equipment	-	1,155,906
Impairment – ROU assets	-	26,971
Impairment – Intangibles	-	527,569
Total Impairment	**(1,654,232)**	**5,910,080**

9. Reconciliation of cash flow from operations with profit after income tax

	2025 $	2024 $
Cash flows from operating activities		
Loss for the period	(1,189,059)	(12,018,108)
Adjustments for:		
-Depreciation and amortisation – continuing operations	1,356,467	1,897,580
-Depreciation and amortisation – discontinuing operations	-	81,055
-Net loss (gain) on disposal of non-current assets & Other Revenue	-	(64,104)
-Loss on closure of discontinued operation, net of tax	-	70,000
-Foreign exchange gain net	(199,528)	(35,528)
-Impairment losses/(reversal) on inventories	(1,654,232)	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	15,321	72,044
-Equity-settled share-based payment transactions	-	428,250
Change in operating assets and liabilities:		
-Trade and other receivables	(364,980)	21,039,518
-Contract Assets	(497)	3,007,469
-Inventories	5,119,600	3,704,851
-Prepayments	(1,090,086)	780,718
-Trade and other payables	1,102,792	(23,807,530)
-Contract liabilities	14,582	(182,344)
-Provisions and employee benefits	(247,927)	(226,017)
Cash generated from operating activities	2,862,453	657,934
Net cash from operating activities	**2,862,453**	**657,934**

10. Earnings Per Share

(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)

	2025 $	2024 $
Profit/(loss) for the year from continuing operations	(1,206,012)	(11,576,313)
Profit/(loss) for the year from discontinuing operations	16,953	(441,795)
Earnings used in the calculation of basic EPS	(1,189,059)	(12,018,108)

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

	2025 No.	2024 No.
Weighted-average number of ordinary shares (basic) at 30 June	102,682,672	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)

	2025 $	2024 $
Profit/(loss) for the year from continuing operations	(1,206,012)	(11,576,313)
Profit/(loss) for the year from discontinuing operations	16,953	(441,795)
Earnings used in the calculation of dilutive EPS	(1,189,059)	(12,018,108)

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

	2025 No.	2024 No.
Weighted-average number of ordinary shares (diluted) at 30 June	102,682,672	102,370,650

Options and share performance rights

Options and share performance rights granted to employees and Directors that are considered to be potential ordinary shares have been included in the determination of diluted earnings per share to the extent to which they are dilutive. As at reporting date, the options and share performance rights have not been included in the determination of basic earnings per share.

The issued capital of HighCom Ltd at 30 June 2025 comprises 102,682,672 fully paid Ordinary Shares. At 30 June 2025 there were no options on issue.

11. Non-current Assets

During the full year ended 30 June 2025, the Group acquired property, plant and equipment assets with a cost of $3,107,831 and intangible assets with a cost of $55,751 (FY 2024: $1,117,938 and nil respectively).

12. Share based payments

(a) Expired options and share performance rights

There were no share performance rights exercisable at the end of any prior year. As at 30 June 2025 there were no unissued shares, nor were there any at the end of the prior year.

(b) Weighted average share price

The weighted average market price for the year ended 30 June 2025 was 21.71 cents.

13. Interest bearing liabilities

At 30 June 2025, the Group had no external borrowings. There were lending facilities in place for a total of $3.8m.

14. Contributed equity

(a) Issued Capital

	2025 $	2024 $
Ordinary Shares	52,927,156	52,927,156
Total	**52,927,156**	**52,927,156**

There were no options on issue at 30 June 2025 (30 June 2024: nil)

(b) Movement in Ordinary Shares

	2025 No.	2025 $	2024 No.	2024 $
Opening balance	102,682,672	52,927,156	101,761,703	52,502,403
Shares issued	-	-	920,969	428,250
Transaction cost in relation to capital	-	-	-	(3,497)
Total	**102,682,672**	**52,927,156**	**102,682,672**	**52,927,156**

15. Contingent liabilities

The Group advises that there were no contingent liabilities at 30 June 2025. (At 30 June 2024 – nil).

16. Parent entity

The following information has been extracted from the books and records of the parent, HighCom Limited, and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, HighCom Limited, has been prepared on the same basis as the consolidated financial statements except as disclosed below.

	2025 $	2024 $
Financial position of parent entity at year end 30 June		
Current assets	14,535,356	17,318,526
Non-current assets	6,354,302	4,522,453
Total assets	**20,889,658**	**21,840,979**
Current liabilities	5,627,004	5,257,407
Non-current liabilities	35,786	208,975
Total liabilities	**5,662,790**	**5,466,382**
Total equity of the parent entity comprising of:		
Share capital	52,927,156	52,927,156
Accumulated losses	(37,700,288)	(36,552,559)
Total equity	**15,226,868**	**16,374,597**

17. Business combination

In the financial year ending 30 June 2025 there were no new business combinations.

18. Significate Events occurring during the year under review

- On 31 July 2024 Mr Mark Stevens resigned as Executive Chairman and Mr Benjamin Harrison was appointed Non-Executive Chairman (previously a Director).
- On 3 March 2025 Mr Todd Ashurst was appointed as Group Chief Executive Officer.
- On 19 May 2025 Mr Martyn Dominy was appointed as Group Chief Financial Officer.
- On 30 May 2025 Ms Jacqueline Myers resigned as Group Chief Financial Officer.

19. Events occurring after the balance sheet date

- 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.

Compliance

1. This report is based on accounts which are in the process of being audited.
2. The Group has a formally constituted Finance, Audit and Risk Committee.

Printed Name:	Benjamin Harrison
Position:	Chairman
Date:	29 August 2025