

Half Year Results Presentation

28th of February 2025



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Agenda

- Results and overview
- H1 FY25 financial performance
- Review of HighCom Armor
- Review of HighCom Technology
- Strategic Priorities (short to medium term)
- Conclusion
- Q&A



Key Snapshot for H1 FY25



- Revenue for H1 FY25 was \$26.6m (up 78% on pcp) with EBITDA at \$1.9m (H1 FY24 -ve \$12.2m)
- For the half ending 31 December 2024, Net Operating Profit was \$1.2m including a reversal of inventory impairment of +\$0.7m (from successful sales effort of slow-moving stock and excess inventory).
- Cash at 31 December 2025 was \$8.4m with no debt (facilities undrawn). There was \$1.2m capital expenditure related to the XTClave™ re-commissioning during the period, which was offset by cash inflows related to reduced inventory levels.
- Inventories as at 31 December 2024 were \$15.6m, down \$2.2m from \$17.8m at 30 June 2024. The company remains focused on reducing inventory towards its longer-term target.
- Focus for H2 remains on improving sales function, new product development, factory optimisation and re-commissioning of the XTClave™.

Revenue	Gross Profit	EBITDA	NPAT	Cash Balance
\$26.6m Up by 78% pcp	\$6.8m Up from \$2.9m pcp	\$1.9m Up from (\$12.3m) pcp	\$1.2m Up from (\$13.5m) pcp	\$8.4m Up from \$6.2m (Jun-24)

State of Play - Update



Issue	Strategy	Progress
Need for greater visibility	<ul style="list-style-type: none"> Complete 	✓
Cash management	<ul style="list-style-type: none"> H1 FY25 cash position improved during reporting period. Ongoing cash management closely monitored during H2 FY25. 	🚦
Inventory reduction	<ul style="list-style-type: none"> The company remains focused on reducing inventory towards its longer-term target of \$10m. Successful implementation of multiple sales initiatives led to strong sales of slow moving or excess inventory, resulting in +\$0.7m profit in H1 2025. 	🚦
European and US DoD sales approach	<ul style="list-style-type: none"> International military and US DoD market opportunities identified with ongoing positive engagement regarding XTclave™ product with clear market opportunities. 	🚦
Manufacturing approach	<ul style="list-style-type: none"> Pricing review completed on the back of greater understanding of cost based. Ongoing improvement in factory efficiencies to be completed H2. 	🚦
Closure of operating facilities	<ul style="list-style-type: none"> Closure of two redundant facilities which will result in annual cost savings of \$3m. 	✓
Overhead and consultant costs	<ul style="list-style-type: none"> Corporate and administrative expenses down to \$2.9m from \$4.1m, a reduction of 42% pcp. 	✓

Corporate Snapshot



Capital Structure (27 February 25)

Shares Outstanding	102,682,672
12 Month Share Price Range	A\$0.115 – A\$0.310

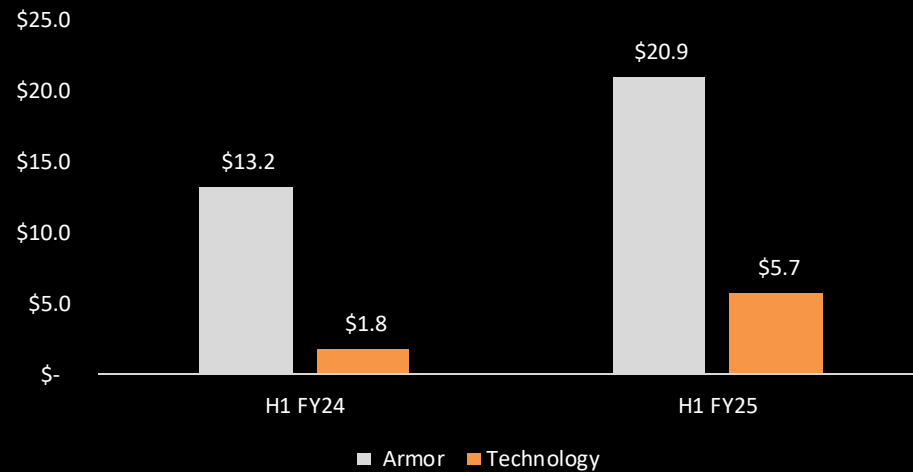
Cash Balance & Borrowings (31 December 24)

Cash Balance	A\$8.4m
Borrowings	A\$0.0m (\$3.8m overdraft facilities available)

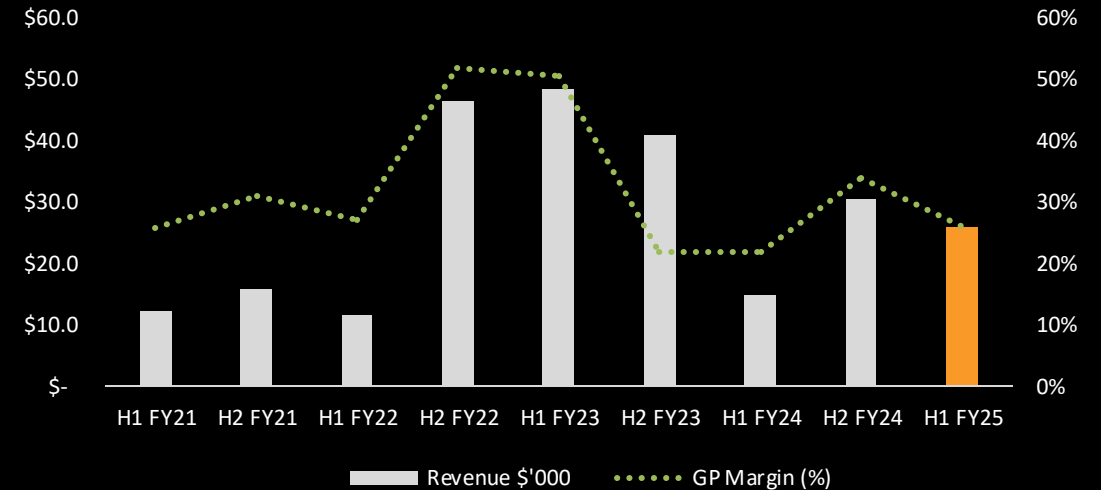
H1 FY25 Results – Key Highlights



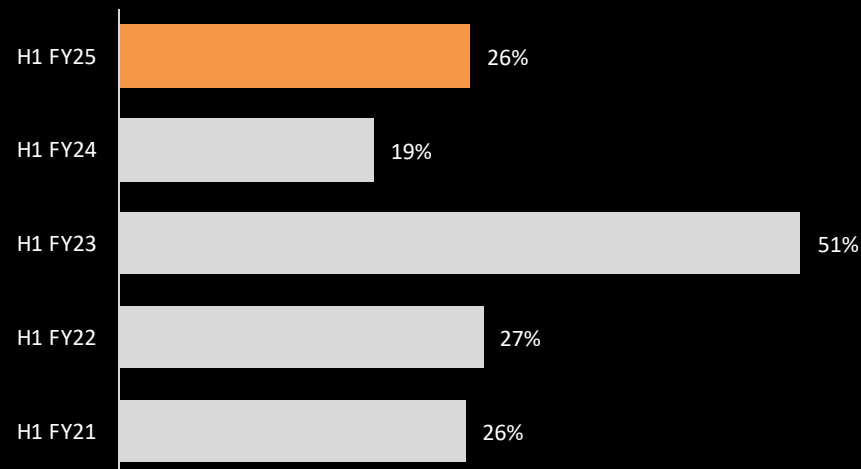
Divisional Revenue Attribution (A\$m)



Revenue (A\$m)



Gross Margin (%)

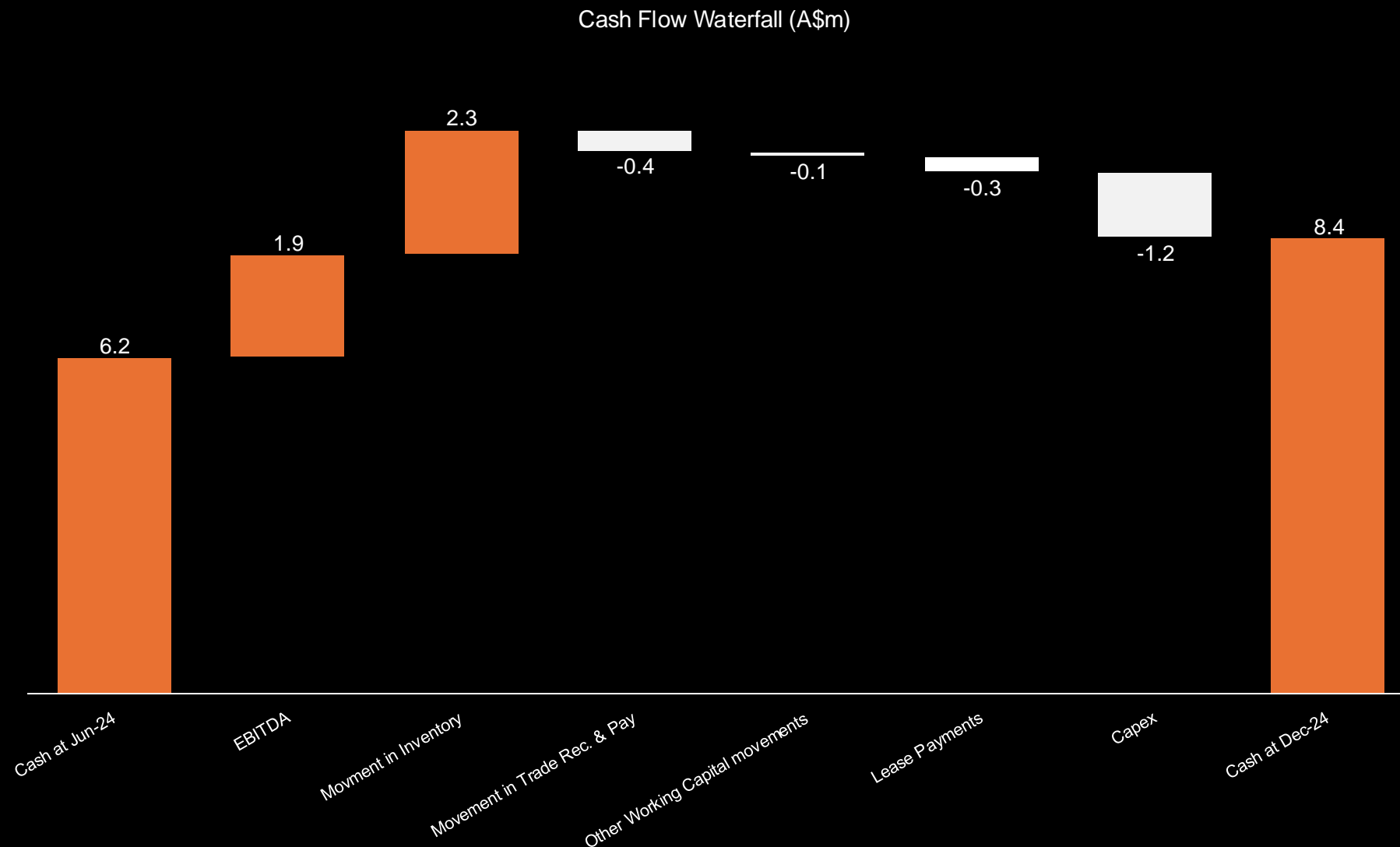


EBITDA (A\$m)



*Where required by accounting standards comparative figures have been adjusted to conform with changes for the current reporting period

H1 FY25 Results – Key Highlights



Group Overview

Highcom Group is comprised of two distinct businesses – HighCom Armor & HighCom Technology



HighCom Armor

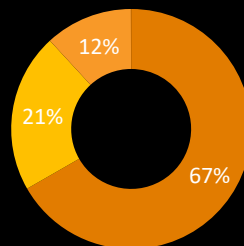
Designs, manufactures, and supplies global military, law enforcement, and first responder customers with world-class, advanced personal protection ballistic products and solutions for Body Armor, Ballistic Helmets, Shields, and Composite Armor Panels & Platform Structures.



HighCom Technology

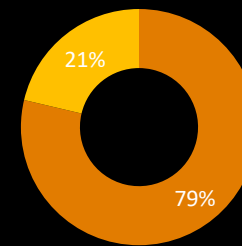
Supplies Australian Defence and Security Agencies with world-leading Small Uncrewed Aerial Systems (SUAS) and Sensor Payloads, and provides local Program, Project and Engineering Management, Systems Integration, Maintenance, Composite Repairs, and Logistics Support Services.

FY25 YTD Revenue by Customer Country



■ North America ■ Australia and Asia Pacific
■ Europe ■ Others

FY25 YTD Revenue by Segment



■ HighCom Armor ■ HighCom Technology

HighCom Armor – Overview



- Designs, manufactures, and supplies world-class, advanced Body Armor, Ballistic Helmets, Shields and Armor Panels & Platform Structures.
- Key Customers:
 - Global militaries
 - US law enforcement
 - National security
 - First responders.
- Locations:
 - Global Manufacturing, R&D, US Sales & Distribution Centre – Columbus, OH, USA
 - APAC Sales – Canberra, ACT, Australia

HighCom Armor – Update



- HighCom Armor sales of \$20.9m included monthly domestic US run rate sales and a larger \$8.9m order from a military customer delivered during H1 FY25.
- At the end of the period, the order book backlog is in excess of \$6m and continues to receive regular orders from US customers, all of which are expected to be delivered and recognised in H2 FY25.
- Government business development team remain fully engaged with US and international militaries and US federal law enforcement who are keenly anticipating XTclave™ product.
- Short term has been impacted by uncertainty following US election resulting in decreased order sizes and volumes challenging sales efforts. Long term outlook remains positive.



HighCom Armor – Xtclave™ Update

- The re-commissioning of the XTclave™ production system in Columbus, Ohio remains on schedule for Q2 CY2025
- Initial XTclave™ operational testing has occurred with fluid circulation, pumps and new cooling system tested successfully (while in an unpressurised state).
- Initial programming of XTclave™ system has commenced in anticipation of new pressure vessel arrival. This new pressure vessel has completed construction, remaining offsite for independent testing and final fabrication works.

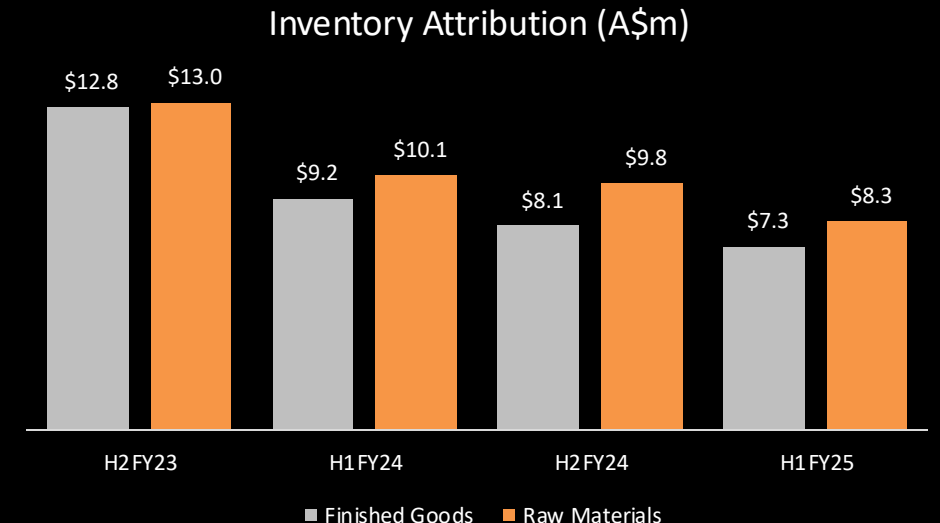
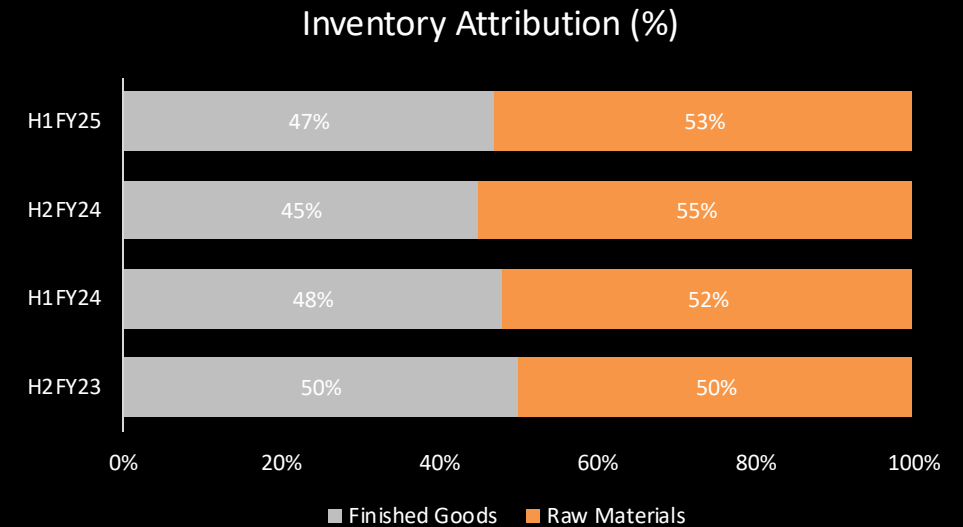
Picture of XTclave™ Recommissioning at US Facility



HighCom Armor

– Inventory Management

- The company remains focused on reducing inventory towards its longer-term target of \$10m.
- As part of this strategy, HighCom implemented targeted marketing campaigns and discounts on discontinued product lines and ran sale campaigns during trade shows. These efforts led to strong sales of slow moving or excess inventory, resulting in +\$0.7m profit in H1 FY25.
- A product review was conducted to reduce product range (removing low selling product) to support inventory reduction from our classic range of ballistic products. This also enables preparation in material and product planning for the new XTclave™ product that will be produced.
- Current inventory 53% raw materials and 47% finished product.



HighCom Technology – Overview



- Co-located with Corporate Headquarters in Canberra, ACT, Australia.
- Focused on manufacturing and supplying Australian Department of Defence and Security Agencies with world-leading products:
- **Systems** - UAV solutions and sensor payloads
- **Software** - 3D Mapping & Modelling SW and Tactical Situational Awareness SW
- **Support** - System Integration, Training & Service Support



HighCom Technology – Update



- During the half-year period ended 31 December 2024, the HighCom Technology business successfully delivered a variety of engineering, maintenance and logistic support services under existing contracts awarded by the Commonwealth of Australia's (CoA) Department of Defence, for Small Unmanned Aerial Systems (SUAS).
- At the end of the reporting period, orders in hand for delivery in H2 FY25 worth over \$7m.
- In November 2024, AeroVironment expanded HighCom's Exclusive Reseller Agreement from Small UAS (SUAS) to also include Medium UAS (MUAS) systems. This has greatly broadened the product range providing greater integrated capability options to customers.
- HighCom Technology continues to invest in business development efforts to increase sales and services to existing customers, as well as to identify and assess new opportunities related to adjacent technologies for the defence and civilian markets.



Strategy & FY25 Outlook



Maintain Strategy



REINFORCE SUCCESS

Invest in the areas of our business that have been successful and have potential for continued enhancement and growth.



SEEK ADJACENCIES

Find new business opportunities that extend our reach and can draw on our experiences and expertise.

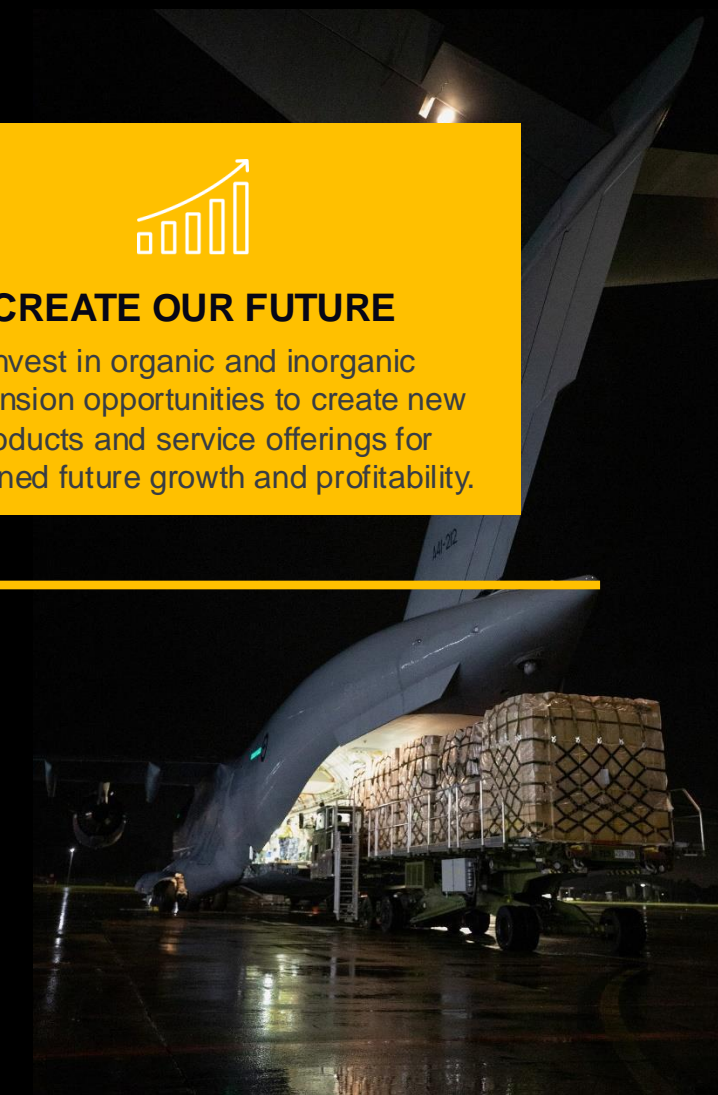


CREATE OUR FUTURE

Invest in organic and inorganic expansion opportunities to create new products and service offerings for sustained future growth and profitability.

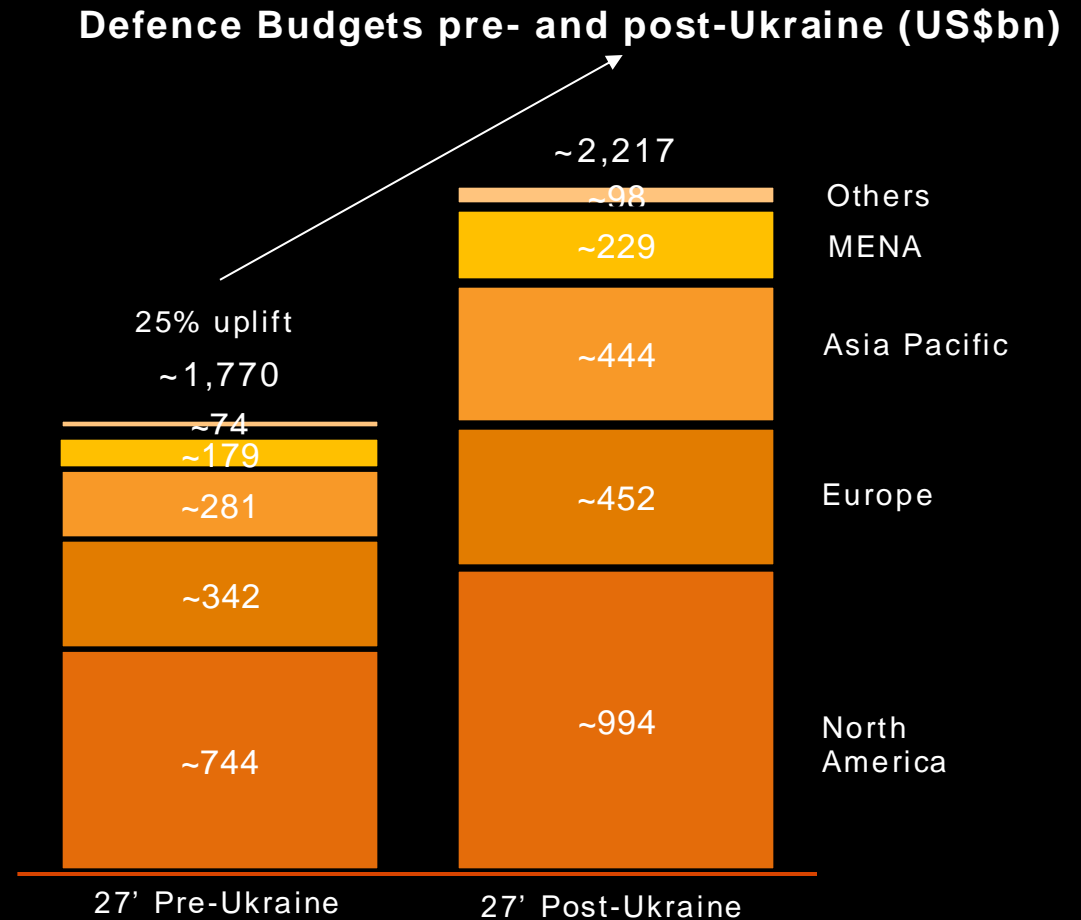
FY25 Outlook

- Positive macro due to the ongoing geopolitical tension and increasing commitment by countries to increase defence expenditure (UK recently committed to move to 2.5% by 2027).
- The Group remains committed to developing longer-term opportunities in both HighCom Technology and Armor while also seeking to maximise short term revenue streams.
- H2 FY25 focus remains on improvement in sales function, product development, factory optimisation and re-commissioning of XTclave™.



Industry Trends & Outlook

- A heightened global threat environment has and will continue to drive defence spending for both military and law enforcement.
- However, the US election outcome has created some initial uncertainty in international defence markets. As pressure to increase percentage of GDP expenditure on defence becomes reality this should see greater commitment in acquisitions.
- There remains an increasing focus on autonomous solutions that provide asymmetric advantages, including uncrewed systems, and integrated payloads for surveillance, electronic warfare and communications.
- Current U.S. DOD spending remains high in response to near-peer threats

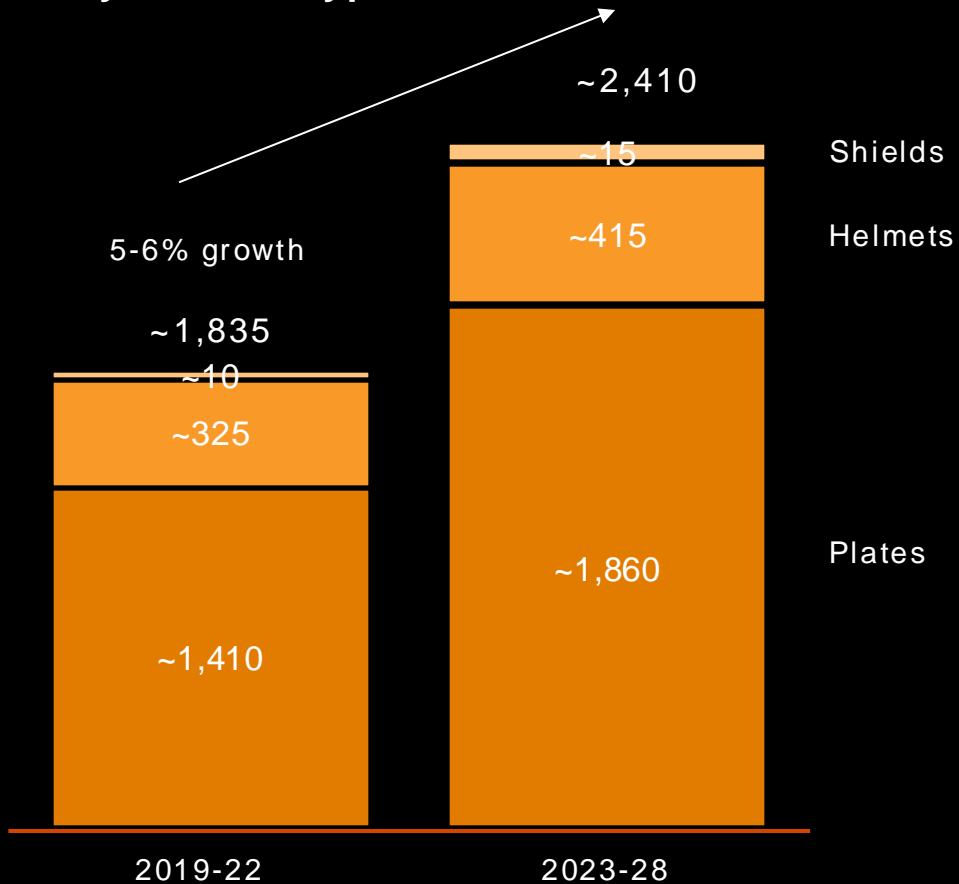


Industry Trends & Outlook

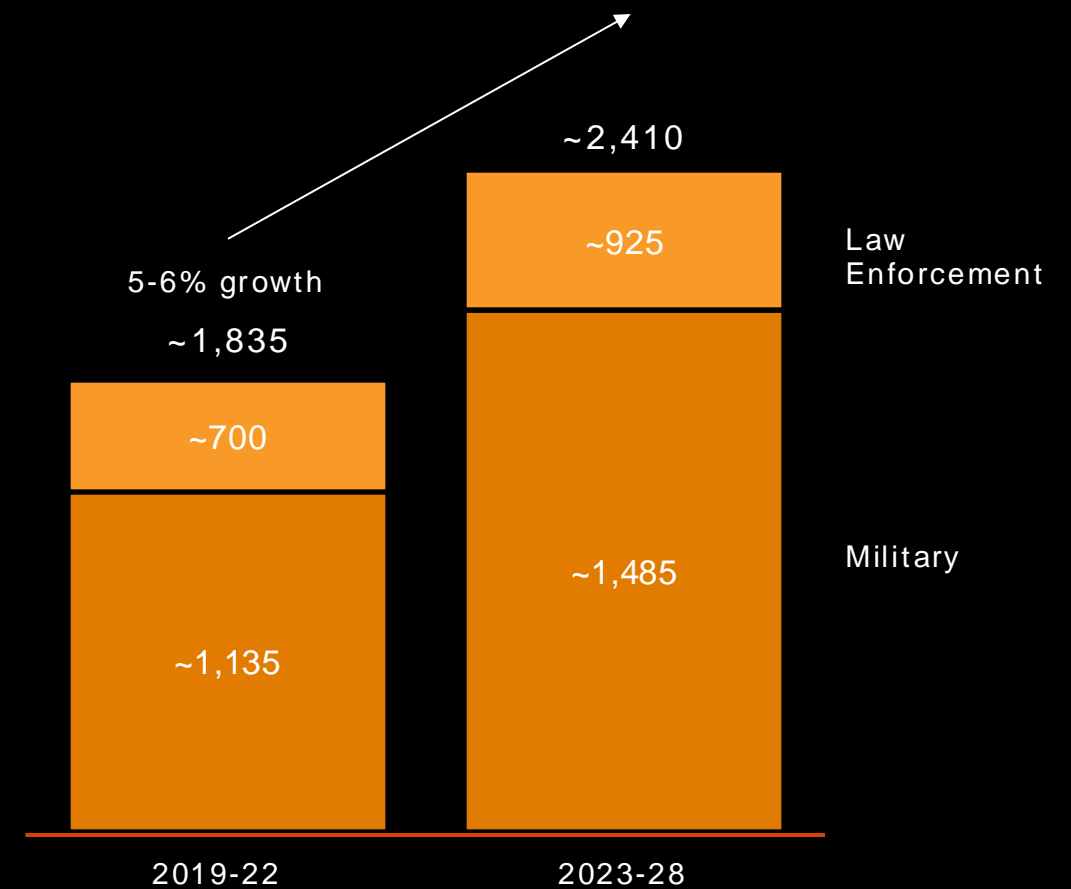


Plates and military account for ~75% and ~60% of the addressable personal armor market size by armor and customer type, respectively

By Armour Type



By Customer Type



Conclusion



- HighCom Ltd has demonstrated a strong financial recovery in H1 FY25, returning to profitability, driven by increased sales, cost reductions, and inventory management initiatives.
- HighCom Armor experienced strong revenue growth, with strong domestic and foreign sales and a major military contract, while HighCom Technology successfully fulfilled key defence contracts and continues to expand its market presence.
- With a solid order backlog and ongoing investments in strategic capabilities, the Group is well-positioned for continued growth.
- While some short-term challenges remain (following US election), long term thematic for defence and security remains very positive.
- Board and management team continue to focus on improving sales function, new product development, factory optimisation and re-commissioning of the XTClave™.



Appendix



Summary Income Statement



Summary Income Statement		H1 FY24	H1 FY25	Change
Revenue	A\$m	14.9	26.6	78%
Cost of Sales	A\$m	(12.0)	(19.8)	65%
Gross Profit	A\$m	2.9	6.8	
Gross Margin	%	19%	26%	7pp
Other Income	A\$m	0.2	0.9	
Operating Costs	A\$m	(15.4)	(5.8)	(62%)
EBITDA	A\$m	(12.3)	1.9	
EBITDA Margin	%	(82%)	7%	89pp
NPAT	A\$m	(13.5)	1.2	
NPAT Margin	%	(90%)	5%	95pp

Summary Financial Position



Summary Financial Position		FY24	H1 FY25	Change
Cash	A\$m	6.2	8.4	2.2
Receivables	A\$m	3.6	4.6	1.0
Inventories	A\$m	17.8	15.6	(2.2)
Other Current Assets	A\$m	0.7	1.2	0.5
Total Current Assets	A\$m	28.3	29.8	1.5
PP&E	A\$m	8.5	9.8	1.3
Other Non-current Assets	A\$m	2.9	4.1	1.2
Total Non-current Assets	A\$m	11.4	13.9	2.5
Total Assets	A\$m	39.7	43.7	4.0
Payables	A\$m	7.4	8.0	0.6
Contract Liabilities	A\$m	0.1	0.1	0.0
Borrowings	A\$m	-	-	0.0
Other Current Liabilities	A\$m	1.2	1.0	(0.2)
Total Current Liabilities	A\$m	8.7	9.1	0.4
Total Non-current Liabilities	A\$m	0.2	1.4	1.2
Total Liabilities	A\$m	8.9	10.5	1.6
Net Assets	A\$m	30.8	33.2	2.4