The Manager
Markets Announcements Office Australian Securities Exchange Centre
Level 4, 20 Bridge Street
SYDNEY NSW 2000

By Electronic Lodgement

Dear Sir/Madam,

LODGEMENT OF UNAUDITED PRELIMINARY FINAL REPORT (APPENDIX 4E)

In accordance with the Listing Rules, please find attached the Unaudited Preliminary Final Report (Appendix 4E) for HighCom Limited (HCL) for the financial year ended 30 June 2024.

HighCom's Chairman, Mr Benjamin Harrison, Group CFO, Jacqui Myers and Group COO, Todd Ashurst will host a live Investor Call on Monday, 2 September 2024 at 11.00am (AEST).

To register for the Investor Call, please sign up via the Zoom link below:

https://zoom.us/webinar/register/WN_-U2TdQMHQbyJuFxpZwZK4Q

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

Yours sincerely,



Jacqueline Myers
Company Secretary

Date: 30 August 2024

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HighCom Limited

And Controlled Entities

ABN 90 103 629 107

APPENDIX 4E

Unaudited Preliminary Final Report

For the Year Ended **30 June 2024**

Given to the ASX Under Listing Rule 4.3a

Current period:	**1 July 2023 to 30 June 2024**
Prior corresponding period:	1 July 2022 to 30 June 2023

Results For Announcement To The Market

Key Information	2024 $'000	2023 $'000	Change %
Revenue from ordinary activities	**45,319**	**89,428**	**Down 49%**
(Loss) Profit after tax from continuing operations	(11,576)	6,094	Down 290%
(Loss) after tax from discontinued operations	(442)	-	n/a
Net (Loss) Profit from ordinary activities after tax attributable to members	**(12,018)**	**6,094**	**Down 297%**

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	2024 Cents	2023 Cents
Continuing operations		
Basic (loss)/profit per share	(11.31)	6.01
Diluted (loss)/profit per share	(11.31)	6.01
Discontinued operations		
Basic (loss)/profit per share	(0.43)	-
Diluted (loss)/profit per share	(0.43)	-
Total Basic and diluted (loss)/earnings per share	**(11.74)**	**6.01**

Net tangible asset backing per share	2024 Cents	2023 Cents
Net tangible asset backing per share	27.76	38.04

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Directors' Report

Financial Year Ended 30 June 2024

Your Directors submit the financial report for the financial year ended 30 June 2024

Directors

The names of Directors who held office during the financial year ended 30 June 2024 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		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

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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, and sensors 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.

Operational and Financial Update

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 2025. Once fitted, re-commissioning is planned to be completed in Q2 2025.

The XTclave™ is a proven technology that manufacturers ultralight, thin, and strong ballistic products highly suitable for military, government agencies, and specialised police elements. Additionally, the XTclave™ can produce complex curvatures married with ceramic and other facing materials, yielding advanced hard armor products suitable for a broader range of body types, genders, and applications such as aviation or vehicle Armour. The XTclave™ provides an industry-leading advantage in the US market due to the ability to create complex contours and improved consolidation resulting in increased strength and lighter weight products.

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.

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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.

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 (includes recurring services fees and tasked priced services), 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. HighCom look forward to continuing to demonstrate and support AeroVironment capabilities to the Australian Department of Defence.

The broadening and extension to our partnership places the Company at the 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.

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Financial Overview

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 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.

FY25 Outlook

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.

Audit

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

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Statement Of Profit Or Loss And Other Comprehensive Income

For The Year Ended 30 June 2024

	Notes	2024 $	2023 $
Revenue	2(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	2(b)	316,282	96,165
Employee Benefits	3	(9,134,227)	(8,915,067)
Administrative expenses	4	(7,762,910)	(7,867,390)
Finance costs	5	(255,430)	(111,158)
Selling and marketing expenses	6	(342,386)	(5,319,395)
Depreciation and Amortisation	7	(1,897,580)	(1,904,560)
Impairment	8	(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)		-	(2,815,030)
(Loss)/Profit after income tax expense from continuing operations		(11,576,313)	6,093,520
Loss)/Profit after income tax expense from discontinued operations		(441,795)	-
(Loss)/Profit after income tax expense for the year		**(12,018,108)**	**6,093,520**
OTHER COMPRENSIVE 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**

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

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Consolidated Statement Of Financial Position

For The Year Ended 30 June 2024

	2024 $	2023 $
CURRENT ASSETS		
Cash and cash equivalents	6,180,310	6,894,578
Trade and other receivables	3,628,517	24,668,035
Contract assets	-	3,007,469
Inventories	17,831,553	25,736,038
Other assets	664,212	1,444,930
Total Current Assets	28,304,592	61,751,050
NON-CURRENT ASSETS		
Intangibles	978,794	1,763,194
Goodwill	1,402,346	1,402,346
Right of use assets	593,661	1,438,254
Property, plant and equipment	8,450,369	9,763,021
Total Non-Current Assets	11,425,170	14,366,815
TOTAL ASSETS	**39,729,762**	**76,117,865**
CURRENT LIABIITIES		
Trade and other payables	7,417,844	31,225,374
Lease liabilities	296,778	325,513
Provisions	692,795	808,467
Contract liabilities	101,645	280,226
Total Current Liabilities	8,509,062	32,639,580
NON-CURRENT LIABILITIES		
Lease liabilities	386,557	1,228,581
Provisions	20,161	130,506
Contract liabilities	11,289	15,052
Total Non-Current Liabilities	418,007	1,374,139
TOTAL LIABILITIES	**8,927,069**	**34,013,719**
NET ASSETS	**30,802,693**	**42,104,146**
EQUITY		
Contributed equity	52,927,156	52,502,403
Reserves	1,247,139	1,027,119
Accumulated Losses	(23,371,602)	(11,425,376)
TOTAL EQUITY	**30,802,693**	**42,104,146**

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Statement Of Cash Flows

For The Year Ended 30 June 2024

	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	140,349	66,693
Finance costs	(198,372)	(111,160)
Income tax refund/(paid)	194,233	(2,815,029)
Net cash flows (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	(1,117,938)	(1,653,824)
Net cash flows from (used in) investing activities	**(640,648)**	**(1,651,816)**
Cash flows from financing activities		
Payment of transaction costs associated with issued share capital	(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
Effect of movements in exchange rates on cash held	6,894,578	36,199,524
Cash and cash equivalents at end of year	**6,180,310**	**6,894,578**

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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 $
Balance as at 1 July 2022	52,061,051	41,842	268,788	(17,558,856)	34,812,825
Profit for the Period	-	-	-	6,093,520	6,093,520
Other comprehensive income for the period	-	-	756,449	-	756,449
Total Comprehensive Income for the Year	**-**	**-**	**756,449**	**6,093,520**	**6,849,969**
Transactions With Owner Recognised Directly in equity					-
Issuance of Ordinary Shares (Note 14)	448,169	-	-	-	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	-	-	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**

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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 2024 was authorised for issue in accordance with a resolution of the Directors on 30 August 2024.

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 – 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.

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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).

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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

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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

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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.

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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.

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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.

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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.

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v. 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.

w. 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.

x. 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.

y. 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;

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- 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

	2024 $	2023 $
Ballistics 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**

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3. 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**

4. Administrative expenses

	2024 $	2023 $
Accounting 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**

5. 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**

6. Selling and marketing expenses

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

7. Depreciation and Amortisation

	2024 $	2023 $
Depreciation		
-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
Amortisation		
-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**

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8. 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**

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

	2024 $	2023 $
Cash flows from operating activities		
Profit for the period	(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
Cash generated from operating activities	657,934	(26,313,281)
Net cash from operating activities	**657,934**	**(26,313,281)**

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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)**

	2024 Continuing Operations $	2024 Discontinued Operation $	2024 Total $	2023 Continuing operations $
Profit (loss) for the year, attributable to the owners of the Company	(11,576,313)	(441,795)	(12,018,108)	6,093,520
Earnings used in the calculation of Basic EPS From continuing operations	(11,576,313)	(441,795)	(12,018,108)	6,093,520

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

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

(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 Continuing Operations $	2024 Discontinued Operation $	2024 Total $	2023 Continuing operations $
Profit (loss) for the year, attributable to the owners of the Company	(11,576,313)	(441,795)	(12,018,108)	6,093,520
Earnings used in the calculation of dilutive EPS From continuing operations	(11,576,313)	(441,795)	(12,018,108)	6,093,520

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

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

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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 2024 comprises 102,682,672 fully paid Ordinary Shares. At 30 June 2024 there were no options on issue.

11. Non-current Assets

During the full year ended 30 June 2024, the Group acquired property, plant and equipment assets with a cost of $1,117,938, and no intangible assets (FY 2023: $1,653,824 and $14,492 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 2024 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 2024 was 26.94 cents.

13. Interest bearing liabilities

At 30 June 2024, the Group had no external borrowings. There were lending facilities in place for a total of $3.8m.

14. Contributed equity

(a) Issued Capital

	2024 $	2023 $
Ordinary Shares	52,927,156	52,502,403
Total	**52,927,156**	**52,502,403**

There were no options on issue at 30 June 2024 (30 June 2023: nil)

(b) 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**

15. Contingent liabilities

The Group advises that there were no contingent liabilities at 30 June 2024. (At 30 June 2023 – nil).

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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.

	2024 $	2023 $
Financial position of parent entity at year end 30 June		
Current assets	17,318,526	40,917,975
Non-current assets	4,522,453	13,755,833
Total assets	21,840,979	54,673,808
Current liabilities	5,257,407	31,312,886
Non-current liabilities	208,975	912,998
Total liabilities	5,466,382	32,225,884
Total equity of the parent entity comprising of:		
Share capital	52,927,156	52,502,403
Accumulated losses	(36,552,558)	(30,054,479)
Total equity	16,374,598	22,447,924

17. Business combination

In the financial year ending 30 June 2024 there were no new business combinations.

18. Significate Events occurring during the year under review

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

19. Events occurring after the balance sheet date

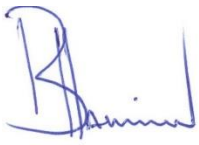
- On 31 July 2024, Mr Mark Stevens resigned as Executive Chairman and Mr Benjamin Harrison was appointed as Non-Executive Chairman.
- No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of HighCom, the results of those operations, or the state of affairs of HighCom in future financial years.

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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.

Signed



Printed Name: Benjamin Harrison
Position: Chairman
Date: 30 August 2024

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