

Investor Update September 2023

Important Notice and Disclaimer

CONTENT OF PRESENTATION FOR INFORMATION PURPOSES ONLY

This presentation has been prepared as at 12 September 2023. All information herein has previously been published on the Australian Securities Exchange (“ASX”).

Forward-looking Statements

This presentation may contain statements that are, or may be deemed to be, forward-looking statements. Such statements can generally be identified by the use of words such as ‘may’, ‘will’, ‘expect’, ‘intend’, ‘plan’, ‘estimate’, ‘anticipate’, ‘believe’, ‘continue’, ‘objectives’, ‘outlook’, ‘guidance’, ‘forecast’ and similar expressions. Indications of plans, strategies, management objectives, sales and financial performance are also forward-looking statements. Such statements are not guarantees of future performance, and involve known and unknown risks, uncertainties, assumptions, contingencies and other factors, many of which are outside the control of Electro Optic Systems Holdings Limited (ABN 95 092 708 364) (EOS). No representation is made or will be made that any forward-looking statements will be achieved or will prove to be correct. Typically, EOS and its subsidiaries (together, the Group) operate in an industry where it can take an extended period of time (including up to, and beyond, twelve months) for opportunities to be converted into signed sales contracts. Readers are cautioned not to place undue reliance on forward-looking statements in this presentation and EOS assumes no obligation to update such statements.

No representation or warranty, expressed or implied, is made as to the accuracy, reliability, adequacy or completeness of the information contained in this presentation.

Past Performance

Past performance information in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Information is Not Advice

This presentation is not, and is not intended to constitute, financial advice, or an offer or an invitation, solicitation or recommendation to acquire or sell EOS shares or any other financial products in any jurisdiction and is not a prospectus, product disclosure statement, disclosure document or other offering document under Australian law or registration statement under the United States Securities Act of 1933 as amended (Securities Act) or any other law. This presentation also does not form the basis of any contract or commitment to sell or apply for securities in EOS or any of its subsidiaries. It is for information purposes only. EOS does not warrant or represent that the information in this presentation is free from errors, omissions or misrepresentations or is suitable for your intended use.

This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to any ‘U.S. persons’ (as defined in Regulation S under the Securities Act of 1933). No securities have been, nor will be, registered under the Securities Act or any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, or otherwise transferred except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and any other applicable securities laws.

The information contained in this presentation has been prepared without taking account of any person’s investment objectives, financial situation or particular needs and nothing contained in this presentation constitutes investment, legal, tax or other advice. The information provided in this presentation may not be suitable for your specific needs and should not be relied upon by you in substitution of you obtaining independent advice. Subject to any terms implied by law and which cannot be excluded, EOS accepts no responsibility for any loss, damage, cost or expense (whether direct or indirect) incurred by you as a result of any error in, omission from or misrepresentation in this presentation.

Preparation of Financial Information

All financial information has been prepared in accordance with Australian Accounting Standards. Certain financial data included in this presentation is ‘non IFRS financial information’. The Company believes that this non IFRS financial information provides useful insight in measuring the financial performance and condition of EOS. Readers are cautioned not to place undue reliance on any non IFRS financial information including ratios included in this presentation. These measures have not been subject to audit or review.



Important Notice and Disclaimer

Presentation of Information

The financial data in this presentation is provided on a statutory basis but in a non-statutory presentation format (unless otherwise stated).

- Currency: all amounts in this presentation are in Australian dollars unless otherwise stated.
- Financial years: FY refers to the full year to 31 December, 1H refers to the six months to 30 June, and 2H refers to the six months to 31 December.
- Rounding: amounts in this presentation have been rounded to the nearest \$0.1m. Any differences between the amounts in this presentation and the accompanying financial statements are due to rounding. Totals may not add due to rounding.

Product Development

This presentation includes information about potential future product developments. Users are cautioned that new product development work can take up to five years & more for new products to be developed and launched. Following the initial commercial launch, it can take a further two to three years and more for newly launched products to reach commercial maturity and achieve meaningful sales revenue. There is no guarantee that it will be possible to achieve product development launch dates or meaningful commercial sales from new products.

Third Party Information and Market Data

The views expressed in this presentation contain information that has been derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, reliability, adequacy or completeness of the information. This presentation should not be relied upon as a recommendation or forecast by EOS. Market share information is based on management estimates except where explicitly stated otherwise.

No Liability or Responsibility

The information in this presentation is provided in summary form and is therefore not necessarily complete. To the maximum extent permitted by law, EOS and each of its subsidiaries, affiliates, directors, employees, officers, partners, agents and advisers, and any other person involved in the preparation of this presentation disclaim all liability and responsibility (including without limitation, any liability arising from fault or negligence) for any direct or indirect loss or damage which may arise or be suffered through use or reliance on anything contained in, or omitted from, this presentation. EOS accepts no responsibility or obligation to inform you of any matter arising or coming to its notice, after the date of this presentation, which may affect any matter referred to in this presentation. This presentation should be read in conjunction with EOS' other periodic and continuous disclosure announcements lodged with the ASX.

General Information

Statements made in this presentation are made only as at the date of this presentation. The information in this presentation should be read in conjunction with EOS's other periodic and continuous disclosure announcements lodged with ASX. The information in this presentation remains subject to change without notice. Circumstances may change and the contents of this presentation may become outdated as a result. EOS may in its absolute discretion, but without being under any obligation to do so, update or supplement this presentation.



EOS Leaders



Andreas Schwer, CEO

- Over 30 years in global Defence, Manufacturing and Space industries
- Aeronautical engineer, PhD
- German citizen
- Airbus 14 years, Rheinmetall International 5 years

Commenced
August 2022



Clive Cuthell, CFO

- Over 15 years as CFO in global industrial businesses
- Chartered Accountant 25 years
- British / Australian citizen
- Rinker Group / Holcim 9 years, Nuplex 3 years

Commenced
September 2022

Contents

1. Introduction

- Business Overview
- Global Market Update
- 1H 2023 Performance Overview

2. Financial Results



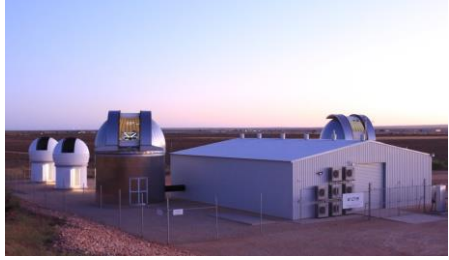

3. Growth & Outlook

Appendices

Business Overview

STRATEGIC POSITIONING	OUR STRENGTHS
 >75% export revenue	 Accuracy and tracking
 Global Non-ITAR market (non-US)	 Technology and Innovation
 Growing market size	 Established >2,500 RWS in service

KEY PRODUCT AREAS

 <p>RWS and Turrets</p>	 <p>High Energy Laser Weapons</p>
 <p>Space</p>	 <p>EM Solutions</p>

Market Update

Ukraine conflict and increased geo-political tensions are resulting in higher Defence spending

Market Situation

- Ukraine war and geopolitical tensions
- Significant increases in global Defence activity and planned spending
- Technology is a key differentiator

EOS Strengths

- Leading edge technology
- Focused product development and commercialisation
- Targeted business development
- EOS strategic discipline and capital allocation



1H 2023 Performance Overview

Improved cash flow,
signed new contracts, and
launched new products



New products launched:
Slinger Counter-Drone
R150 lightweight formal launch



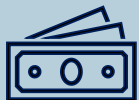
Signed new contracts >\$400m
incl. conditional Ukraine \$181m



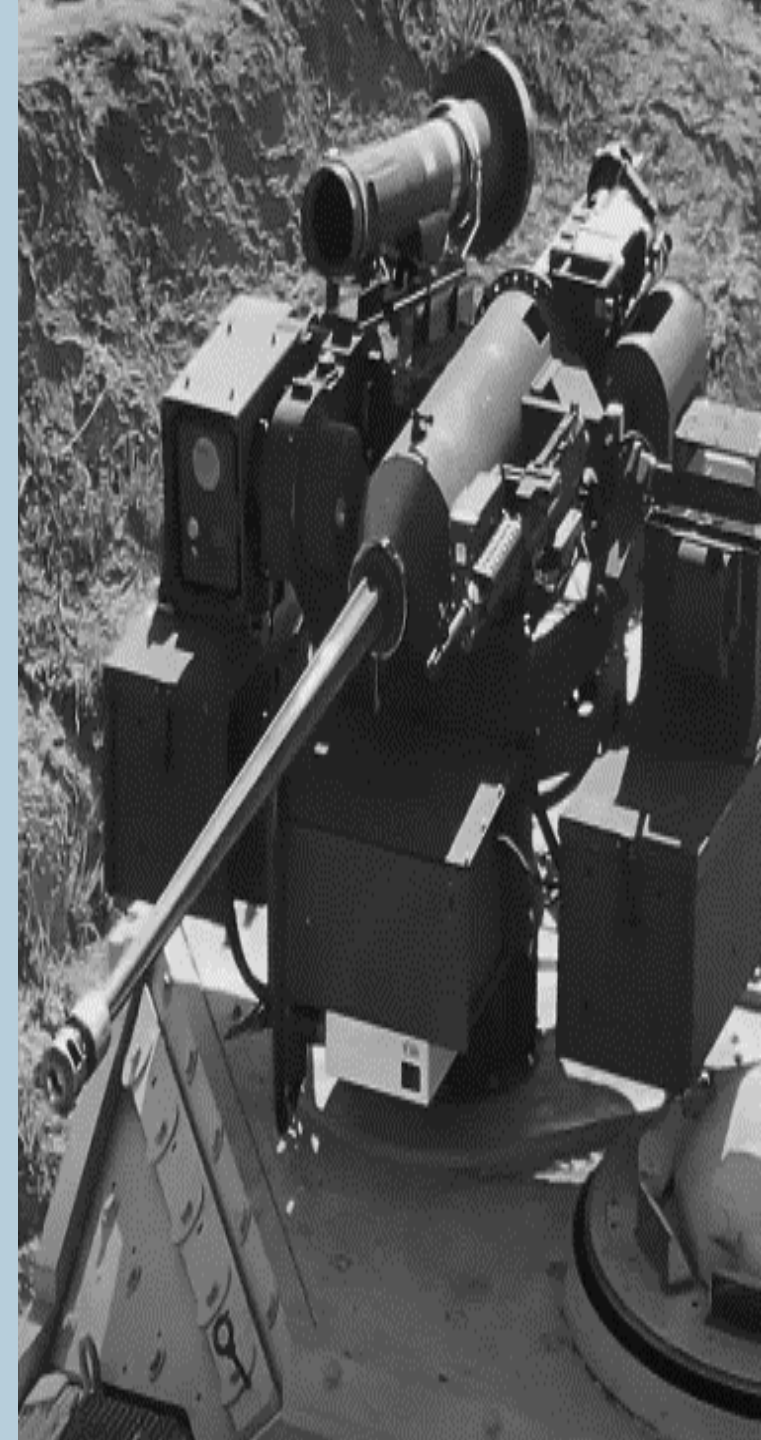
Focus on contract management
Net realisation A\$50m contract asset



\$123m cash receipts in 1H 2023,
Up 65% from \$74m in 1H 2022
Cash balance 28 Aug - \$83m



EOS repaid \$26.9m of debt, on schedule in Sep 2023
In accordance with debt agreements



Contents

1. Introduction

2. Financial Results

- 1H 2023 Financial Results Overview
- 1H 2023 Cash Flow
- Segment Update – Defence & Space

3. Growth & Outlook

Appendices

1H 2023 Finance Results

Significant improvement in Revenue, Cashflow and Order Backlog

Key Results	1H	1H	▲	
	2023	2022		
	\$m	\$m	\$m	
Revenue	74.3	53.8	20.5	+
Underlying EBITDA	(14.8)	(24.2)	9.4	+
Finance cost	(16.0)	(6.1)	(9.9)	-
Net loss before tax	(35.4)	(33.0)	(2.4)	-
Net cash flow from operations	30.7	(17.1)	47.8	+
Order backlog 30 June				
Secured	464	323	141	+
Conditional	181	-	181	+
Total	645	323	322	+



Cashflow Improvements

EOS has delivered cash flow improvement

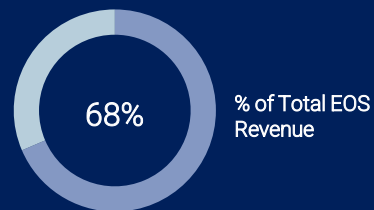
Key Cash Flows	1H	1H	▲	
	2023	2022		
	\$m	\$m	\$m	
Customer receipts	123.3	74.5	48.8	+
Net Operating Cash Flow	30.7	(17.1)	47.8	+
Net Investing Cash Flow	(6.1)	(23.6)	17.5	+
Cash balance 30 Jun	42.0	13.8	28.2	+
Cash balance 28 Aug	83.1			

Net Contract Assets and Inventory



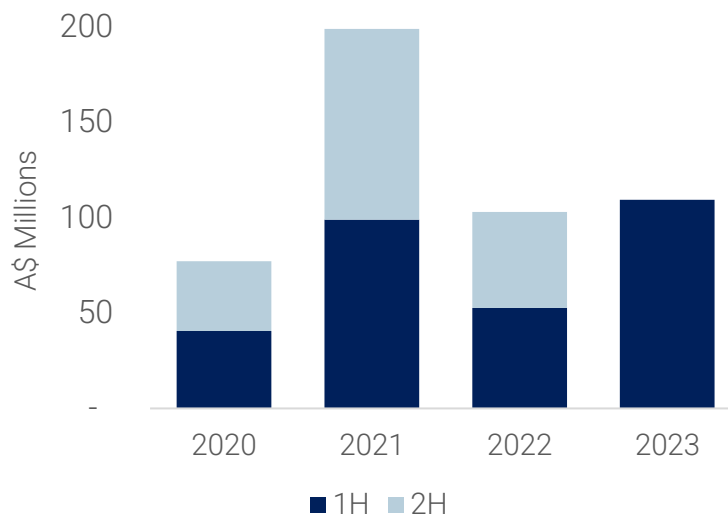
Defence

Solid revenue growth
with positive market outlook



Divisional Results	1H 2023	1H 2022	▲
	\$m	\$m	%
Revenue	50.7	38.2	33% +
Loss before tax	(17.5)	(25.7)	32% +
Customer receipts	109.3	52.7	107% +

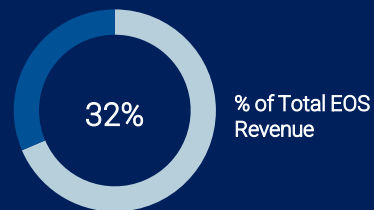
Customer receipts



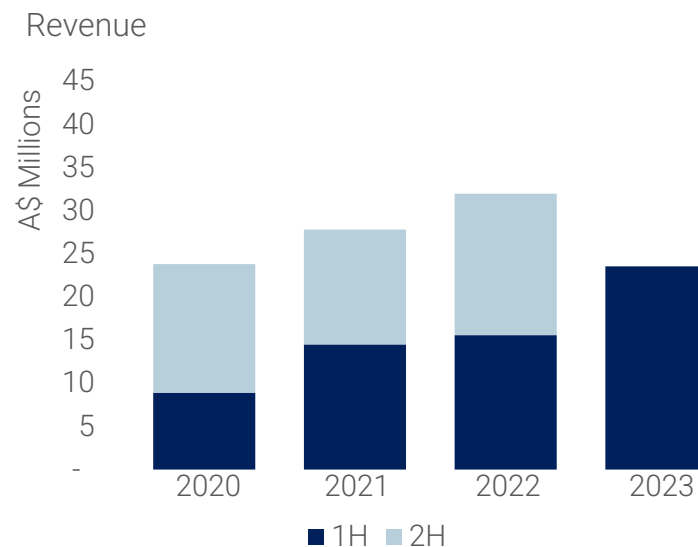
EOS

Space

High growth EM Solutions naval satcom activity, and Space data services



Divisional Results	1H 2023	1H 2022	▲	
	\$m	\$m	%	
Revenue	23.6	15.6	51%	+
Loss before tax	(0.4)	(3.4)	88%	+
Customer receipts	13.9	21.8	-36%	-



Contents

1. Introduction
2. Financial Results
3. Growth & Outlook
 - New Order Intake & Backlog
 - New Product Growth Opportunities
 - Our promises
 - Our approach

Appendices

New Order Intake & Backlog

Record order backlog provides a strong base for future growth

Order Backlog



Significant New Orders Secured

- A\$51m Western European Government sales, delivered July 2023
- Up to A\$202m EM Solutions for Australian Navy (2023-2030)
- A\$181m Ukraine contracts, conditional on testing, approval and customary wartime (cancellable) terms:
 - First demonstration completed successfully
 - Test report documentation underway
 - Next step: Ukraine MOD approvals, which may result in confirmed orders

New Product Growth Opportunities

EOS has unique advantages in point & track technology

		Revenue timing *	
R150 Lightweight System	Formal launch in 2023 Suitable for light vehicles Future UGV opportunity	2023-25	
Counter Drone Kinetic System	Launched "Slinger" in 1H 2023 Proven, world-leading accuracy Initial evaluation order received	2024-25	
Large R800 Remote Weapon System	Continued to develop and test Low cost and heavy firepower Planned market intro 2023-24	2024-26	
Unmanned Ground Vehicle Weapon Systems	Growing demand Lightweight & resilient High accuracy	2025-27	

* The global defence industry supports innovation – product development can take five years and more, with commercial launches taking two-three years or more to reach maturity.

New Product Growth Opportunities

High Energy Laser Weapon

EOS has developed a 36-54kW laser weapon and demonstrated it during August 2023

EOS Prototype

- Currently available 36-54kW class (36kW in trial operation)
- Two test ranges – indoor and outdoor
- Class 1 and 2 drone capability and demonstration
- Fully owned IP

Product Development

- Investment required to fully develop 54kW product, ~US\$15m
- Investment required to increase to 100-150kW, ~US\$50-70m
- Seeking partner funding – based on Aug 23 demonstrations
- Lower power weapons 0 – 20kW
 - Development in progress
 - Evolving application



New Product Growth Opportunities

Space & Space Warfare

Space Warfare is a rapidly evolving military need, and EOS has the key capabilities in house

Market Evolution

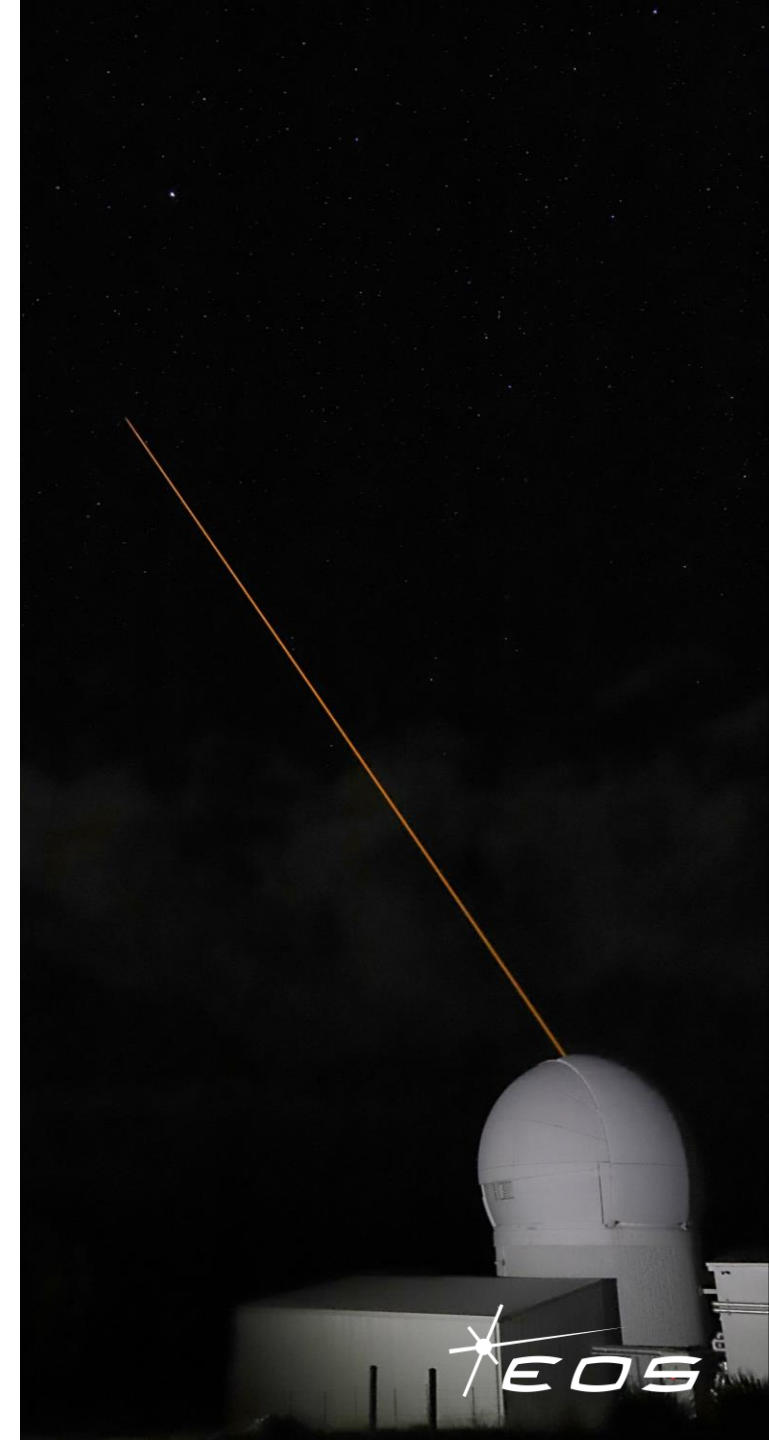
- Space Warfare is a significant growth market – growing need for capability to disrupt enemy space operations
- National governments are seeking help to develop this capability - recent government tender for US\$80m development project

EOS Capability – EOS has significant private IP

- Space Domain Awareness – market leading identification and tracking capability
- Telescope construction for over 20 years
- High energy laser – EOS experienced in space operation
- Opportunity for fixed and mobile ground station development



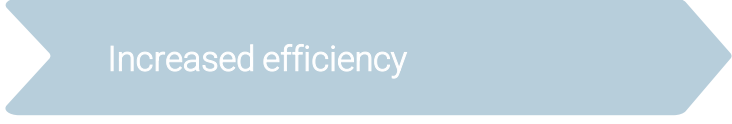





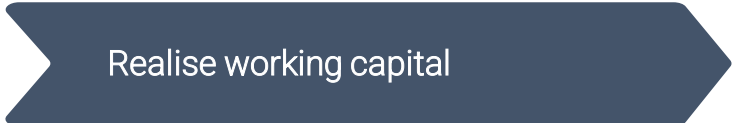



EOS Next Steps

- Seeking product development funding partners
 - EOS contributes IP and technology
 - Commercialise expertise in growing market



Our Promises

We have delivered on our promises

We said...	We delivered...	
 <p>Formulated new strategy</p>	<p>Focus on core businesses & strengths of point & track. Exit SpaceLink in 2022. Exit Australian Satellite Manufacturing proposal (2023) 2023 Capex focused on core business. Seeking third party product development funding</p>	
 <p>Increased efficiency</p>	<p>Company wide restructuring program Reduced headcount by >100 FTE in 2022</p>	
 <p>Innovate & launch core products</p>	<p>Slinger Counter Drone launched R150 lightweight RWS formal launch VAMPIRE AS65 R150 gimbal in market (with L3Harris)</p>	
 <p>Grow & diversify sales</p>	<p>New contracts secured – Ukraine / Western Europe Grew EM Solutions with contract for up to A\$202m 30 June 23 Backlog \$645m (incl. conditional contracts)</p>	
 <p>Realise working capital</p>	<p>Amended customer contract in February 2023 1H 2023 reduced contract asset by \$50m Secured >\$44m proceeds from new sales in July 2023</p>	
 <p>Focus on cash + Repay Debt</p>	<p>Increased cash balances - From \$22m at Dec 2022 To \$42m at June 2023 and To \$83m at 28 August 2023 Repaid debt of \$26.9m, as planned, in September 2023</p>	

Our Approach

We will maintain focus

1. Manage Cash Flow

- Realise working capital
- Repay debt on schedule in 2023, 2024 and 2025

2. Diversify Product Base

- Maintain leadership in accurate pointing
- Commercialise technology

3. Diversify Customer Base

- Go to market in Europe & North America
- Continue to grow sales orders

4. Maintain Strategic Discipline

- Focus on the core – accurate pointing
- Secure product development funding



Conclusion

1. Questions

2. Thankyou

Appendices

- Glossary
- Net loss to EBITDA reconciliation
- Segment results detail
- Historical revenue and cash receipts
- Order intake summary
- Debt summary
- EOS Segments

Glossary

Term	Description
1H	First Half of the financial year
2H	Second Half of the financial year
ADF	Australian Defence Force
ASMH	Australian Satellite Manufacturing Hub
CF	Cash Flow
CUAS	Counter Unmanned Aerial System
DE	Directed Energy
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax Depreciation and Amortisation
FTE	Full Time Equivalent
IP	Intellectual Property

Term	Description
ITAR	International Traffic in Arms Regulation (a USA regulatory regime)
MOD	Ministry of Defence
Q4	4 th quarter of the financial year
RWS	Remote Weapon System
SatCom	Satellite Communications
UGV	Unmanned Ground Vehicle
Underlying EBITDA	EBITDA before impairment and foreign exchange gain/(loss)

Net Loss to EBITDA Reconciliation

Continuing operations	Period ended 30 June 2023 \$m	Period ended 30 June 2022 \$m
(Loss) for the period	(32.4)	(26.4)
Income tax (benefit)	(3.0)	(6.6)
(Loss) before tax – see next page	(35.4)	(33.0)
Impairment of assets	-	3.8
Finance costs	16.0	6.1
Foreign exchange (gains)	(2.4)	(6.4)
Underlying EBIT (loss) (before impairment and foreign exchange gains)	(21.8)	(29.5)
Depreciation and amortisation	7.0	5.3
Underlying EBITDA (loss) (before impairment and foreign exchange gains)	(14.8)	(24.2)

Segment Results Detail

June 2023	Defence	Space	Un-allocated (incl. finance costs)	Total
	\$m	\$m	\$m	
Revenue	50.7	23.6		74.3
Loss before tax	(17.5)	(0.4)	(17.6)	(35.4)
June 2022				
Revenue	38.2	15.6		53.8
Loss before tax	(25.7)	(3.4)	(3.9)	(33.0)

Order Intake Summary

From September 2022 to Date

Segment	Amount \$m	Customer location	Product/Services	Delivery period
Defence	120	Ukraine	RWS	2023-2024
	61	Ukraine	RWS	2023-2024
	51	Western Europe	RWS	2023-2024
	15	Southeast Asia	RWS R600	2023
	<10	USA	RWS R150	2023
Space	202	Australia	SEA-1442-5 award	2023-2030
	26	Australia	Sustainment of existing fleet of Cobra Maritime SATCOM Terminals	2022-2026
	38	Various	Cobra satellites and RF components	2023-2024
	1m	Asia and Europe	Laser and telescope equipment	2022-2023
	<1m	USA	Satellite laser ranging data	2023

Debt Summary

The focus on Cash Flow has ensured that Sep 23 debt repayments occurred as planned.

A\$m	Principal	Term	Maturity	Total Rate	Repayment
Working Capital Facility	20.0	12m	Repaid Sep 23	19%	26.9
Working Capital Facility	15.0	18m	11 Apr 24	19%	20.5
Term Loan Facility	35.0	36m	11 Oct 25	26%	52.1
Total	70.0				99.5

2022 Borrowing Facilities

- Set up in Sep/Oct 2022 with longstanding equity investor Washington H. Soul Pattinson (“WHSP”)
- Interest can be capitalised up to 12 months – total Group 1H finance costs were A\$16.0m (A\$6.1m in 1H 2022)
- Repayment of A\$99.5m includes capitalised interest, excludes interest paid prior to maturity. Total repayable is up to A\$127m
- Borrowing facilities include substantial covenants and restrictions and a 100% make whole clause

Recent Actions and Cash Flow

- Cost reduction program executed in Q4 2022 (A\$25m); SpaceLink venture terminated ceasing further investment (A\$26m in 2022)
- Middle East contract amended in February 2023
- 1H 2023 reduction in contract asset working capital asset of A\$50m
- 2023 1H Cash Receipts from customers of A\$123m (increase from \$75m in 2022 1H)
- Cash balance at 28 August of \$83m
- Debt Repayment of \$26.9m occurred in September 2023, as planned



EOS Segments

Defence

Defence Systems specialises in technology for weapon systems optimisation and integration, as well as ISR (Intelligence, Surveillance and Reconnaissance) and C4 systems for land warfare. Its key products are next-generation remote weapon systems, vehicle turrets, high-energy laser weapons (directed energy), as well as fully integrated and modular Counter-UAS and C4 systems.

Space

Space Systems includes all EOS space and communications businesses and operates as two entities – Space Technologies and EM Solutions.

Space Technologies specialises in applying EOS-developed optical sensors and effectors to detect, track and characterise objects in space. It includes capabilities in the domain of space control and space warfare.

EM Solutions delivers world-leading RF and optical space communications technology. Its core product range centres around the development and production of high-end, broadband radio transceivers for satellite communications as well as satellite communications on-the-move terminals for defence and government customers

