



Bell Potter Emerging Leaders Conference 2024

Electro Optic Systems Holdings Limited

29 May 2024

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EOS Overview

EOS has designed, manufactured and exported advanced technology systems for nearly 40 years

STRATEGIC POSITIONING



>65% export revenue



Global Non-ITAR market (non-US)

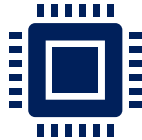


Growing market size

OUR STRENGTHS



Accuracy and tracking



Technology and innovation



Established >2,500 RWS in service

PRODUCT AREAS



Remote Weapon Systems



Space



High Energy Laser Weapons



Naval Satellite Communications

2023 Financial Highlights & Growth Focus

In 2023 EOS generated a positive Underlying EBITDA¹ and reduced debt.

Turnaround
Continues

Record
Operating Cash Flow

Positive Underlying
EBITDA¹

Strong
Markets

Wider Product &
Customer Range

Strategic
Discipline

2023 saw **significant progress** in the **EOS turnaround**, including:

- Highest ever revenue \$219.3m up \$81.3m on prior year
- Underlying EBITDA¹ positive \$5.7m up \$48.6m on prior year
- Cash received from customers \$325.5m up \$179.6m on prior year
- Net Operating Cashflow \$113.1m up \$164.7m on prior year
- Debt repayment of \$26.9m in September 2023

Growth outlook underpinned by:

- **Geopolitical uncertainty** is creating very supportive market conditions, particularly counter-drone
- In 2023 EOS **widened the product & customer base**, achieving significant European growth
- Innovation continues – **commercialising existing IP** with successful demonstrations in 2023
- Continue to **seek third party funding support** for strategic growth opportunities:
 - Higher Energy Laser Weapons
 - Space Warfare

1. Underlying EBITDA is a non-IFRS measure and comprises net profit after tax, adjusted to exclude tax, net finance costs, profit/loss on disposal of assets, depreciation and amortisation and foreign exchange impacts. The directors consider it useful as it enables readers to obtain an understanding of results from operations. Underlying EBITDA is unaudited.

Outlook: Market Conditions

Geopolitical uncertainty continues to create very supportive market conditions, particularly for counter-drone products

Context

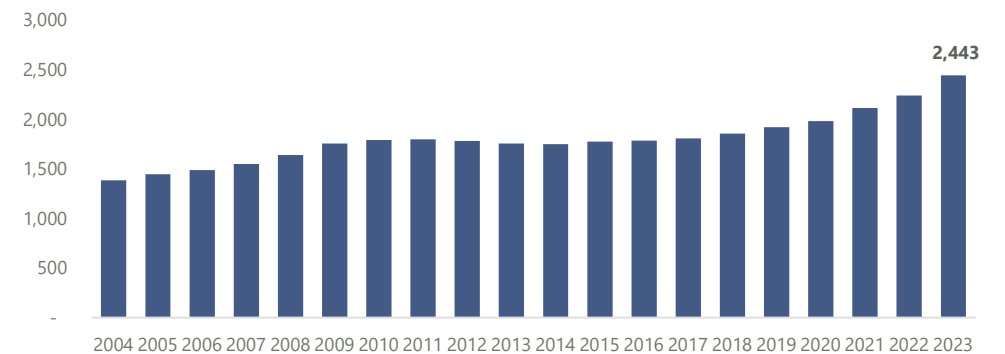
- Entrenched conflict in Ukraine and broadening conflict Middle East
- Changing geopolitical situation and increasing tensions between nations in several regions
- Changing nature of warfare:
 - Mass manufactured drones
 - Electronic warfare (EW)
 - Autonomy/unmanned
 - Future AI
 - Space domain



Outcome

- Increased defence spending
 - Global defence spending increased by 9% to a record US\$2.4tn in 2023
 - NATO European allies defence spending to rise to a record US\$380bn
- Shift to cannon-based air defence as a cost effective counter-drone (C-UAS) solution

Global military spending (US\$bn)



Source: Statista

Identified Growth Opportunities

Current market demand expected to be filled through the innovative products launched by EOS during 2023

Indicative revenue timing *

R150 Lightweight System

- **Formal production 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
- **Launched in 2023, market intro in 2024**

2024-26



Integrated Counter-Drone Laser Dazzler

- **Launched in October 2023**
- Capable of disrupting incoming drones
- First to market

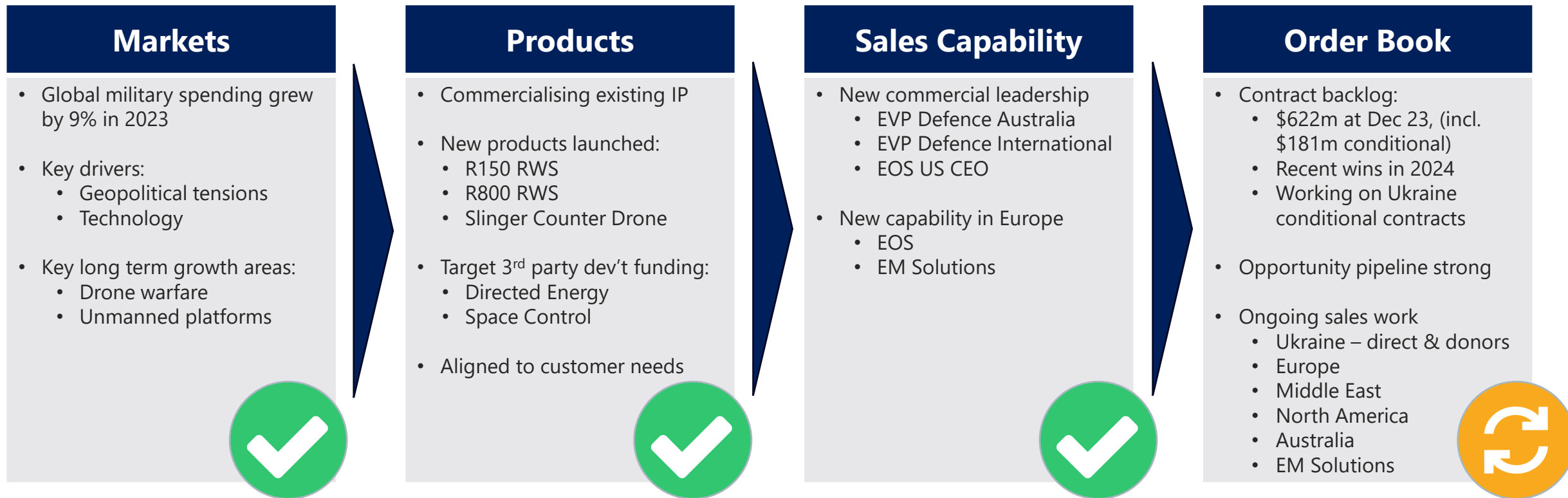
2024-25



* 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.

EOS is focused on organic growth opportunities

Growing the order book is our key focus for 2024 - several opportunities are developing positively; European growth is targeted

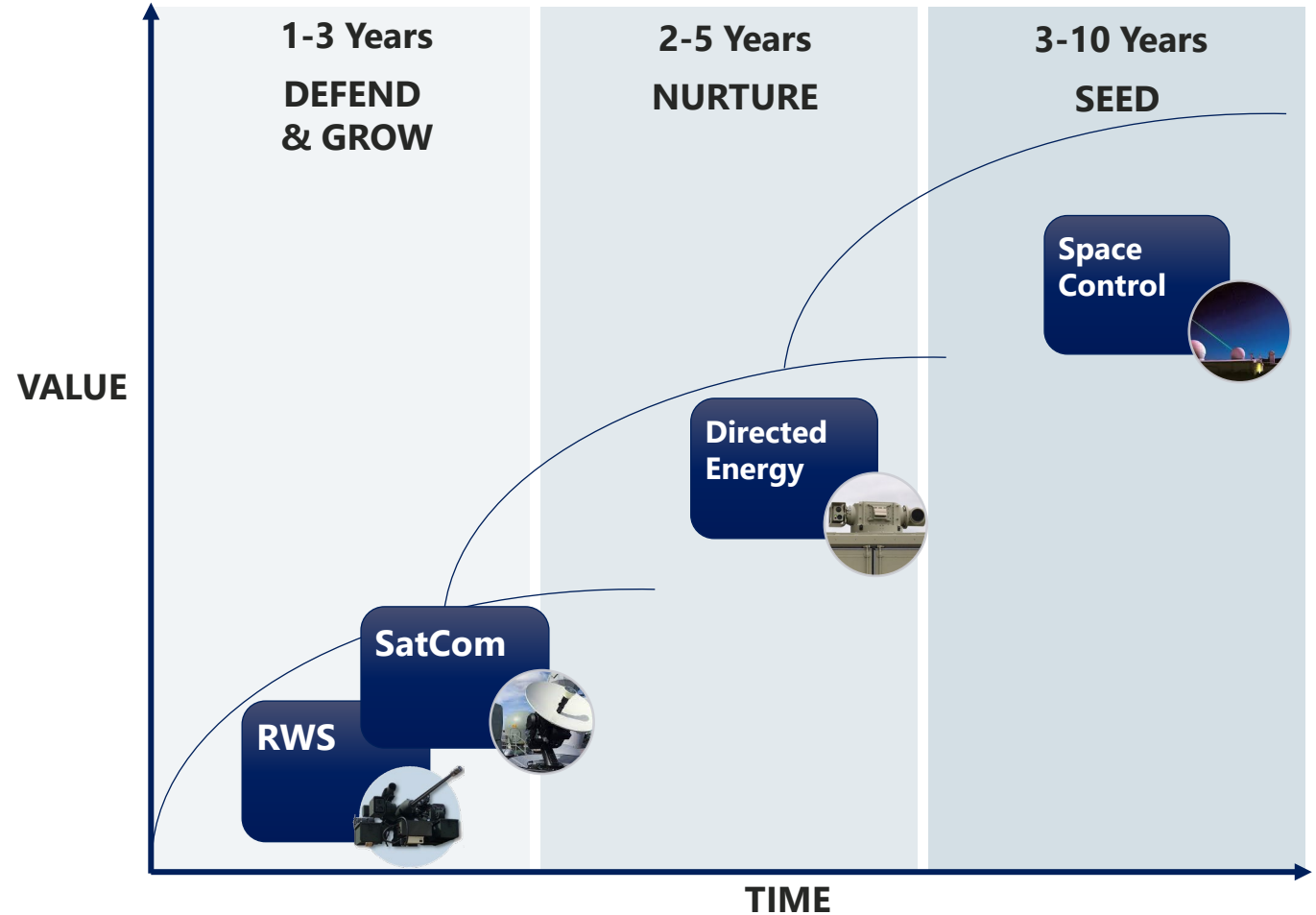


Traditional sales lead times are 1-3 years - several opportunities continue to develop positively

Growth Strategy

EOS is positioned to grow sustainably in the short, medium and longer terms

- Significant organic growth opportunities:
 - Remote Weapons Systems (RWS)
 - Counter-Drone Products (specialised RWS)
 - Naval Satcom (EM Solutions)
- Supporting two large strategic opportunities:
 - Directed Energy
 - Space Control
- Key focus areas:
 - Commercialising our significant IP assets
 - Maintaining capital discipline



Summary and Outlook

Summary

- Market conditions are very supportive
- EOS provides key products that the market is demanding – especially counter-drone
- We will continue to widen the customer and product base - especially in Europe
- Discipline will continue – Strategy, Capex, Costs
- EOS has significant strategic IP in High Energy Laser Weapons and Space Control:
 - Continue to seek strategic partnerships to develop and commercialise products
 - Significant future growth opportunity

Outlook

- Market conditions are expected to remain supportive for the foreseeable future
- Further diversification of the business, with a focus on European markets and US manufacturing
- Opening of European EOS locations in 2024
- We will monitor outlook and provide regular updates in line with disclosure obligations





Thank You

