

EOS
Annual General Meeting
24 April 2018





ELECTRO OPTIC SYSTEMS HOLDINGS LIMITED

ACN 092 708 364

PROXY SUMMARY FOR ANNUAL GENERAL MEETING ON TUESDAY 24 APRIL 2018 AT 9.30 AM

RESOLUTION	MATTER FOR CONSIDERATION	TOTAL	FOR	AGAINST	DISCRETION	ABSTAIN
1	NO VOTE REQUIRED					
2	RE-ELECTION OF IAN DENNIS	34,029,542	28,872,460	5,157,082	0	0
		100.00%	84.85%	15.15%	0.00%	0.00%
3	RE-ELECTION OF GEOFF BROWN	34,029,542	34,026,802	2,740	0	0
		100.00%	99.99%	0.01%	0.00%	0.00%
4	RE-ELECTION OF KATE LUNDY	34,029,542	33,785,877	243,665	0	0
		100.00%	99.28%	0.72%	0.00%	0.00%
5	REMUNERATION REPORT	34,029,542	23,41,635	249,045	0	10,338,862
		100.00%	68.89%	0.73%	0.00%	30.38%
6	REFRESHING PLACEMENT LIMIT	34,029,542	25,711,894	246,305	0	8,071,343
		100.00%	75.56%	0.72%	0.00%	23.72%
7	APPROVAL OF LFSP	34,029,542	23,426,881	263,799	0	10,338,862
		100.00%	68.84%	0.78%	0.00%	30.38%
8	APPROVAL OF LFSP FOR FRED BART	34,029,542	18,510,464	5,177,216	0	10,341,862
		100.00%	54.40%	15.21%	0.00%	30.39%



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<u>RESOLUTION</u>	<u>MATTER FOR CONSIDERATION</u>	<u>TOTAL</u>	<u>FOR</u>	<u>AGAINST</u>	<u>DISCRETION</u>	<u>ABSTAIN</u>
9	APPROVAL OF LFSP FOR BEN GREENE	34,029,542	23,421,141	266,539	0	10,341,862
		100.00%	68.83%	0.78%	0.00%	30.39%
10	APPROVAL OF LFSP FOR PETER LEAHY	34,029,542	18,507,724	5,177,216	0	10,344,602
		100.00%	54.39%	15.21%	0.00%	30.40%
11	APPROVAL OF LFSP FOR IAN DENNIS	34,029,542	18,507,724	5,179,956	0	10,341,862
		100.00%	54.39%	15.22%	0.00%	30.39%
12	APPROVAL OF LFSP FOR GEOFF BROWN	34,029,542	18,510,464	5,177,216	0	10,341,862
		100.00%	55.40%	15.21%	0.00%	30.49%
13	APPROVAL OF LFSP FOR KATE LUNDY	34,029,542	17,507,724	5,179,956	0	10,341,862
		100.00%	54.39%	15.22%	0.00%	30.39%

EOS
Company Update
24 April 2018





Disclaimer

This presentation and any related communication may contain statements that are forward looking with regard to the business and future performance of Electro Optic Systems Holdings Limited ["EOS"] and its subsidiaries.

These statements reflect EOS' current views, assumptions and projections based on, but not limited to, currently available information with regard to its existing and potential customers, markets and the prevailing economic conditions.

These statements may involve risks and uncertainties which may cause EOS actual financial performance to differ materially from those inferred from any forward-looking statements.

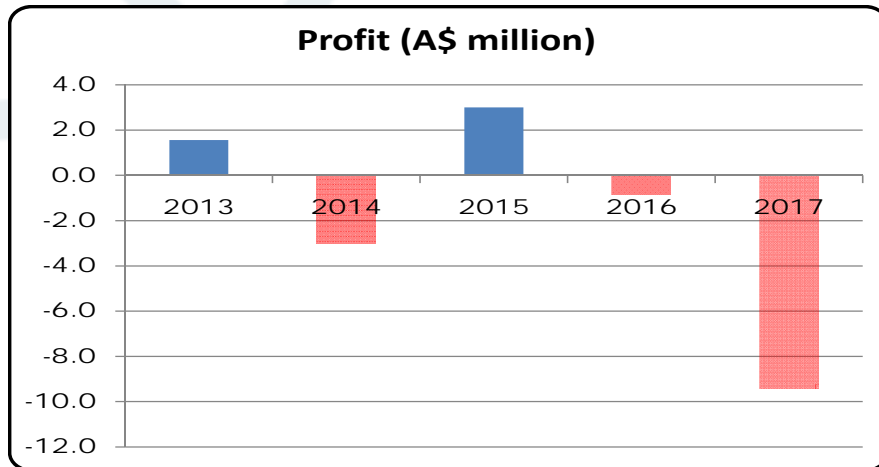
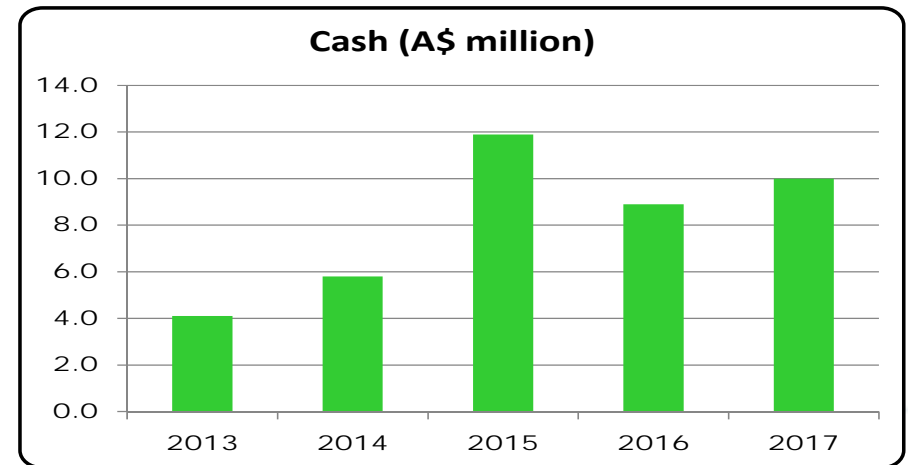
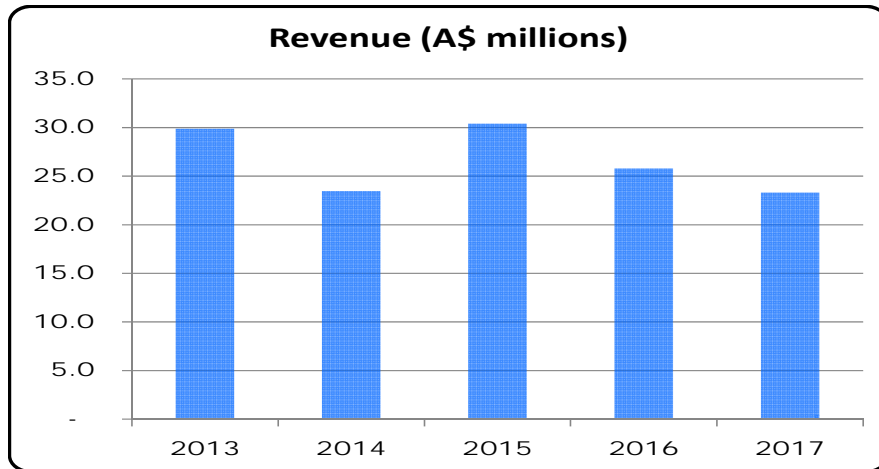
Such statements, therefore, should not be regarded as an expressed or implied forecast of the future financial performance of EOS. You are cautioned not to put undue reliance on this presentation.



Market Update

- 1. Finance**
- 2. Defence Systems Sector**
- 3. Space Systems Sector**
- 4. Company Outlook**

FINANCIAL PERFORMANCE SUMMARY



These results are in line with management expectations

Defence Sector Status



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Defence: Key Points

- \$600 million of contracts executed in 2017 for 30 mm RWS
- \$6.3 million sector loss for 2017 attributable to expanding capacity x12
- Contract implementation on schedule: licenses, recruitment, infrastructure
- Risk management for growth: regulatory, HR, legal, governance, security
- Production capacity, yield and quality are all on target thru Q1 2018
- Accelerated expansion to reinforce success:
 - US activities accelerated with new plant in Huntsville
 - GCC expansion initiated with new subsidiary and facilities in Abu Dhabi
 - New products. R-600DE, SHORAD, EOS turret, R-150
- Annual revenue growing to \$250M in 2019 on current orders
- Further growth expected as customer funds flow to meet requirements

Risk Management



What we did thru 2017:

- **Development.** 30 months of firing tests, 100 units of production, full documentation.
- **Commonality.** All customers agreed to a common product configuration thru 2018.
- **Supply Chain.** EOS has been proving its supply chain for 3 years, limiting new failures.
- **Capital.** Capital and financing arrangements for growth were positioned in advance.
- **Management.** A strong management team designed the strategy, implemented the product and market development and is executing the expansion.

What we have added:

- Process to stabilise company execution and performance behind a very agile strategic development process.
- Implementing a new function under COO addressing security, licensing, contracting, compliance, OH&S and HR across multiple sovereign jurisdictions.
- Restructure of company board and management to support growth while reducing risk



Production

- Production tracking to the EOS schedule and within contractual requirements
- Production for 2018 should meet or exceed forecast of 240 units
- Quality and yield are both improving on schedule towards objective levels
- EOS is accepting new orders for 2018 delivery from key customers
- This risk is gradually receding



New Products: Short Range Air Defence



EOS SHORAD includes **all three** objective capabilities for this large new market:

- **SAM.** Advanced acquisition and track enhances Stinger performance against large or lethal UAS
- **Cannon.** Confirmed UAS capability confirmed in multiple tests using air burst ammunition.
- **Directed Energy.** High power laser adapted from space applications can kill or disable UAS at long range.



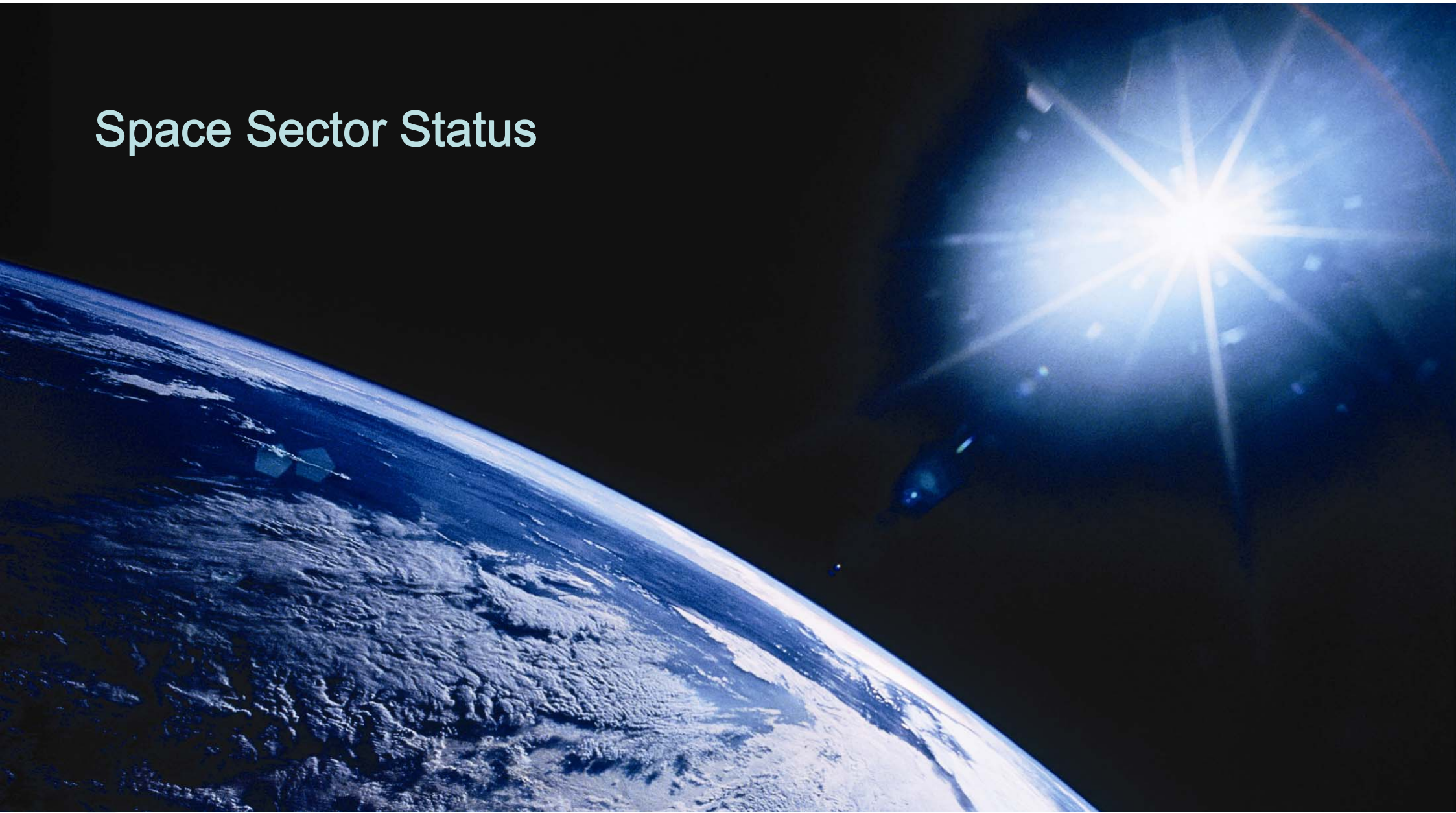
New Products: R-150



- Low cost and lightweight RWS which mount 7.62mm and 12.7 mm weapons.
- Developed in collaboration with Defence PIC [Priority Industry Capability] program
- Out-performs all comparable weapon systems
- Addresses new market entrants and significant replacement programs from 2020
- Fielding from 2019

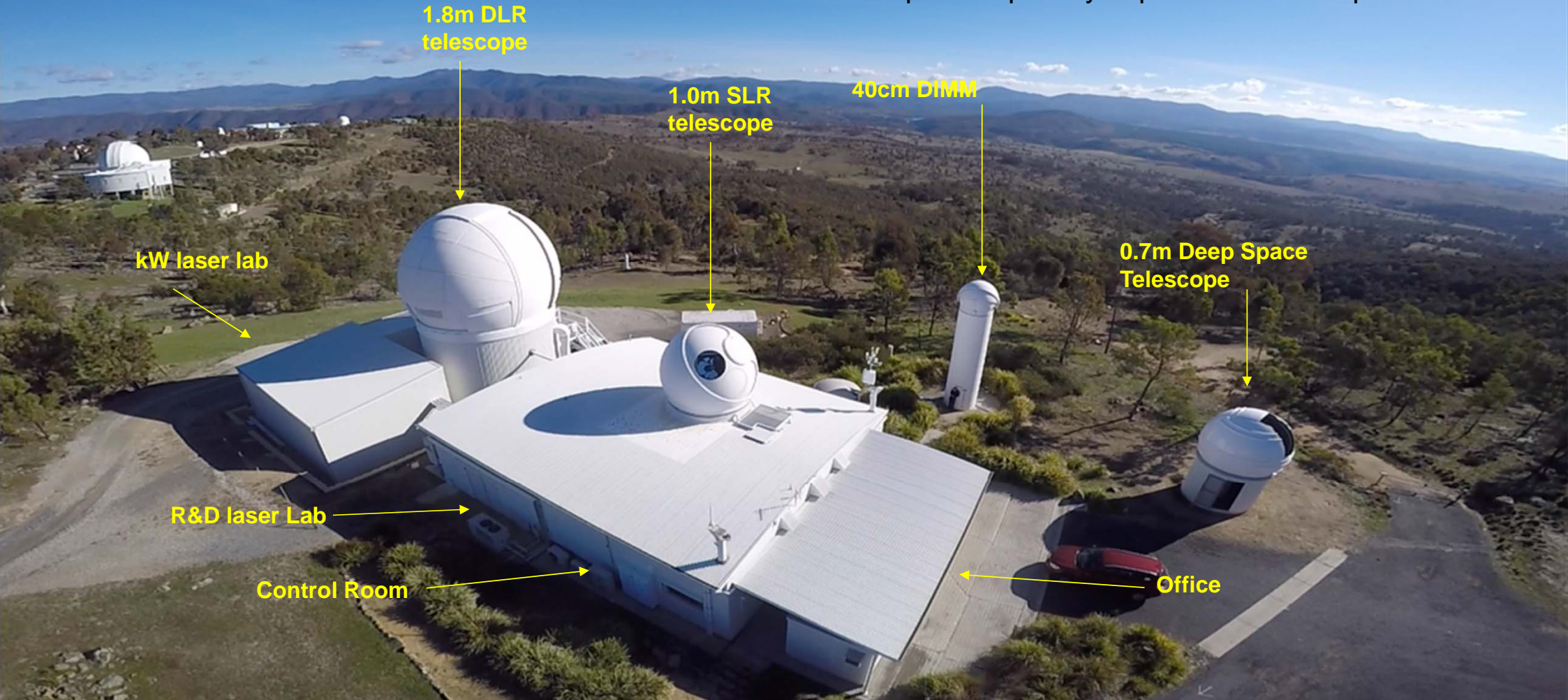


Space Sector Status



EOS Space Research Centre

The EOS \$35M space Research Centre at Mount Stromlo is the largest and most capable optical space capability in private ownership world-wide



EOS Learmonth SSA Facility

This \$30M site is now fully operational and undertaking a variety of customer missions



Space Sector Key Points



- Learmonth site now fully operational
- \$3.1 million sector loss for 2017 attributable to long-term customer testing under worst-case conditions to confront technical risk early
- Space operations meet or exceed all requirements and expectations, and these military and commercial tests have continued to April 2018
- Mission management and data enrichment capabilities have expanded to meet customer requirements and forecast performance requirements
- Support for Defence sector SHORAD program by providing laser, optics and beam optimisation technologies for directed energy capability
- US activities in missile defence and directed energy applications will expand thru new EOS plant in Huntsville AL

Outlook: Defence Systems

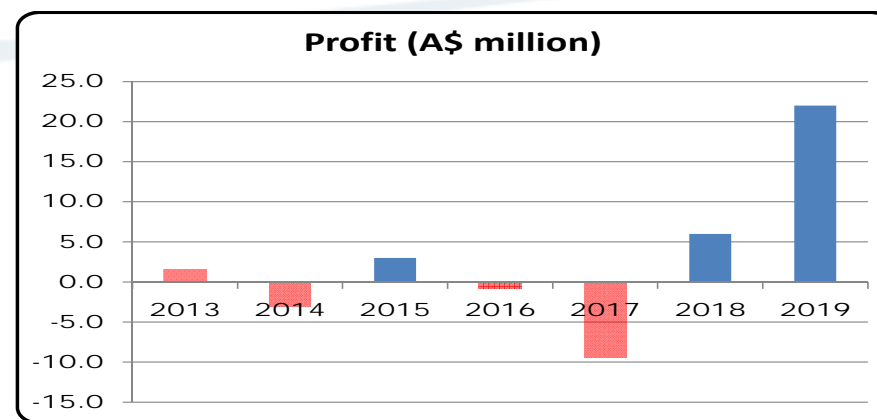
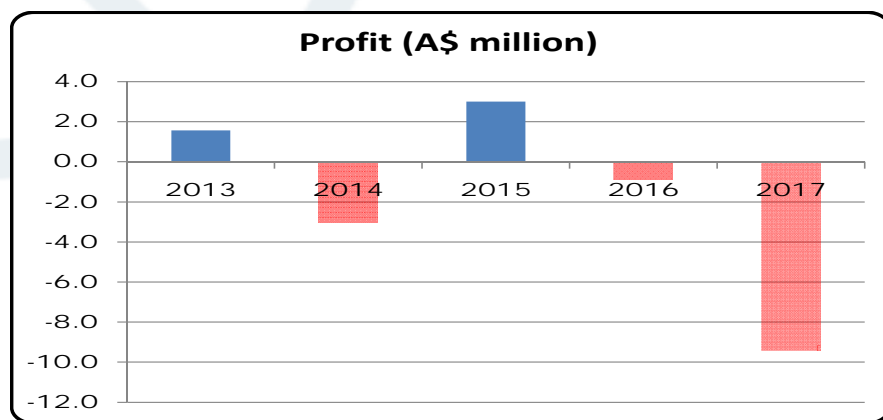
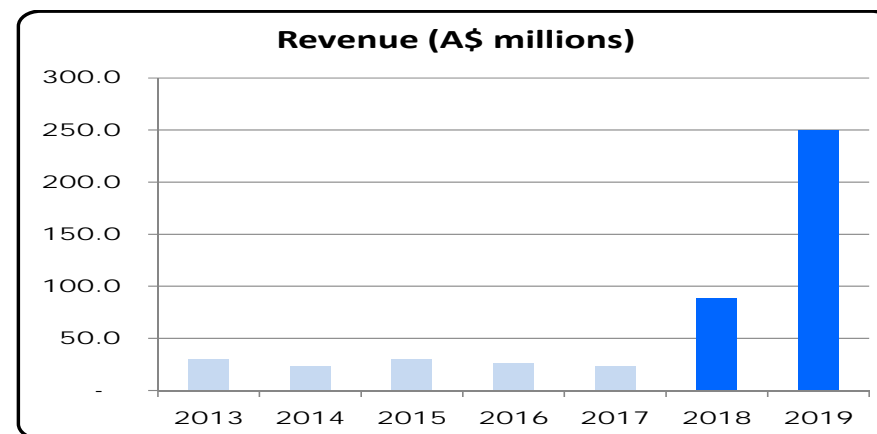
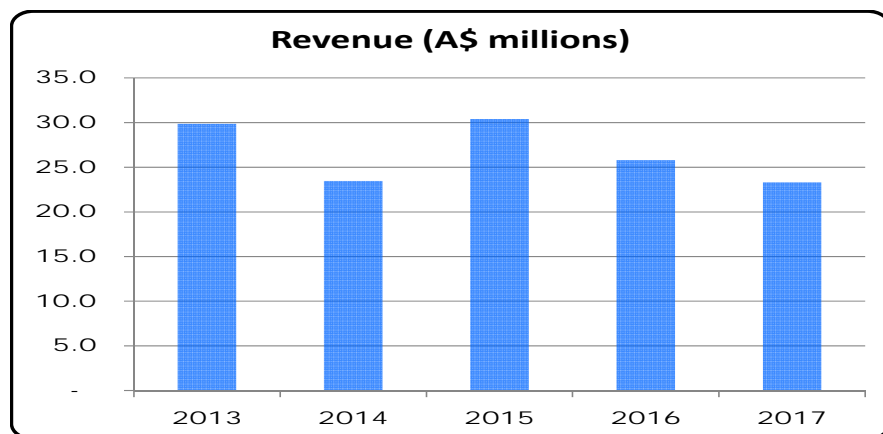
- \$1 billion in RWS sales expected across 2017 and 2018 with 60% [\$600M] already booked
- This requires x12 growth in revenue between 2017 [\$21M] and 2019 [\$250M] and mitigation of risk due to this extreme growth is so far successful
- Processes to profitably execute large contracts are stabilizing, allowing new awards to be sought
- Initial 30 mm RWS market is expanding as expected and customers have improved funding going forward
- New products are being released from the proprietary development pipeline as predicted customer requirements emerge with funding
- The outlook for Defence is strong in terms of both growth and profit.

Outlook: Space Systems

- Based on long term customer engagement, the outlook for space sector is positive with customer funding now moving forward.
- From 2019/20 Eos expects to lift data and services revenue to produce a commercial return on investments.
- Space requires up to \$5 million in further support across 2018-2019 before transition to profitability from H2 2019



Outlook: Financial and Corporate



EOS management organisation, board structure and governance processes are moving dynamically in parallel with the complexity and scale of company operations. This is a continuous process.