NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

ELECTRO OPTIC SYSTEMS HOLDINGS LIMITED

Upgraded FY2020 guidance and equity raising

21 November 2019

Disclaimer

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

The material in this presentation has been prepared by Electro Optic Systems Holdings Limited (ACN 092 708 364) (**EOS** or the **Company**) and includes information about a fully underwritten institutional private placement (**Placement**) of new fully paid ordinary shares in the Company (Shares) and an offer of Shares in the Company to eligible shareholders under a share purchase plan (SPP).

This presentation is for information purposes only and is not a prospectus, product disclosure statement or any other disclosure or offering document under Australian law (and has not been, and will not be, lodged with the Australian Securities and Investments Commission). This presentation is not a recommendation or advice in relation to the Company or any product or service offered by the Company or its subsidiaries. It is not intended to be relied upon as advice to investors or potential investors, and does not contain all information relevant or necessary for an investment decision or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act 2001 (Cth) (**Corporations Act**). It should be read in conjunction with the Company's periodic and continuous disclosure announcements filed with the Australian Securities Exchange which are also available on the Company's website at https://www.eos-aus.com/.

This presentation does not constitute an invitation to subscribe for or buy any Shares or an offer for subscription or purchase of any Shares, including in any jurisdiction in which it would be unlawful, or a solicitation to engage in or refrain from engaging in any transaction. In particular, this presentation may not be distributed or released to any person, and the Shares may not be offered or sold, in any country outside Australia (including, but not limited to, the United States) except to institutional and professional investors (or in the case of the United States, only to "qualified institutional buyers" as defined in the U.S. Securities Act of 1933 (the **Securities Act**)), and to the extent permitted pursuant to applicable exemptions from any prospectus or registration requirements, in certain countries as contemplated in the 'Foreign Selling Restrictions' set out at the end of this presentation.

Citigroup Global Markets Australia Pty Limited (**Citi** or **Lead Manager**) and its affiliates, directors, partners, officers, employees and advisers (together with the **Lead Manager Group**) have not authorised, permitted or caused the issue or lodgement, submission, despatch or provision of this presentation or any of its contents and there is no statement in this presentation which is based on any statement made by any member of the Lead Manager Group. No member of the Lead Manager Group accepts any responsibility or liability for the contents of this presentation, makes any warranty or representation as to the accuracy of the information in this presentation and to the maximum extent permitted by law, excludes and disclaims all liability for losses incurred as the result of any information being inaccurate or incomplete. This includes for any indirect, incidental, consequential, special or economic loss or damage (including, without limitation, any loss or profit or anticipated profit, fines or penalties, loss of business or anticipated savings, loss of use, business interruption or loss of goodwill, bargain or opportunities). The Company and the members of the Lead Manager Group make no recommendation as to whether a reader of this presentation should participate in the Placement and makes no warranties concerning the Placement.

In Australia, the Placement is only available to certain persons who are professional investors or wholesale investors or other persons specified in section 708 of the Corporations Act to whom a disclosure document is not required to be given under Chapter 6D of the Corporations Act. The information in this presentation is provided for general purposes only and does not take into account the investment objectives, financial situation and particular needs of investors. Before making an investment in the Company, including a decision whether or not to participate in the Placement, an investor or prospective investor should consider whether such an investment is appropriate to their particular investment objectives, financial situation and particular needs and consult a financial adviser if necessary.

Disclaimer

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

This presentation is based on information available to the Company as at the date of this presentation (unless otherwise stated). The information in this presentation is subject to change without notice and the Company may in its absolute discretion, but without being under any obligation to do so, update or supplement this presentation.

This presentation may contain forward looking statements, forecasts, estimates and projections including on the Company's future financial performance and outlook (Forward Statements). Such Forward Statements can be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and include, without limitation, statements regarding the Company's intent, belief or expectations, plans, strategies, future acquisitions, objectives of management, and the outcome of the Placement and SPP and the use of proceeds from the same. EOS gives no undertaking to update this information over time (subject to legal or regulatory requirements). Any forward-looking statements, including projections, guidance on future revenues, earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside EOS' control and may cause EOS' actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. Any forward- looking statements, opinions and estimates in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Neither EOS, nor any other person, gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this presentation will actually occur. In addition, please note that past performance is no guarantee or indication of future performance. Possible factors that could cause EOS' results or performance to differ materially from those expressed in its forward looking statements include the risk factors set out on in this presentation. No member of the Lead Manager Group nor any independent third party has reviewed the reasonableness of any Forward Statements or the underlying assumptions. None of the Company, any of its related bodies corporate or any member of the Lead Manager Group represents or warrants that any Forward Statements will be achieved or will prove to be correct. Actual results could vary materially from any Forward Statements. Similarly, no representation or warranty is made that the assumptions on which the Forward Statements are based are reasonable.

This presentation includes certain historical financial information extracted from EOS' audited consolidated financial statements and certain historical financial information derived from EOS' unaudited management accounts (collectively, the **Historical Financial Information**). The Historical Financial Information has been prepared and presented in accordance with the measurement and recognition principles of the Australian Accounting Standards (including the Australian Accounting Interpretations) (**AAS**). The Historical Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by the AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. The Historical Financial Information has been derived from EOS' accounts has not been audited or reviewed.

Disclaimer

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

The basis of preparation of the earnings guidance included in this presentation is, to the extent applicable, consistent with that of the Historical Financial Information. The guidance is based on an assessment of current economic and operating conditions, the specific assumptions set out in this presentation and certain general assumptions. The guidance has not been audited or reviewed. Unless otherwise stated, all dollar values are in Australian dollars ($ or A$). A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation and totals may vary slightly due to rounding. All references to financial years appearing in this presentation are to the financials years ended on 31 December of the indicated year, unless stated otherwise.

You should be aware that financial data in this presentation include "non-IFRS financial information" under ASIC Regulatory Guide 230 Disclosing non-IFRS financial information published by ASIC. Non-IFRS financial information in this Presentation include earnings before interest and tax. EOS believes this non-IFRS financial information provides useful information to users in measuring the financial performance and conditions of EOS, however such financial information does not have a standardised meaning prescribed by the AAS and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with the AAS. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information included in this presentation.

The reader acknowledges that neither it nor members of the Lead Manager Group intend that any member of the Lead Manager Group act or be responsible as a fiduciary, or assume any duty, to the reader, its officers, employees, consultants, agents, security holders, creditors or any other person. Each of the reader and the Lead Manager (on behalf of each other member of the Lead Manager Group), by accepting and providing this presentation respectively, expressly disclaims any fiduciary relationship between them, or the assumption of any duty by the Lead Manager Group to the reader, and agrees that it is responsible for making its own independent judgments with respect to the Placement, any other transaction and any other matters arising in connection with this presentation. Members of the Lead Manager Group may have interests in the securities of the Company, including being directors of, or providing investment banking services to, the Company. Further, they may act as a market maker or buy or sell those securities or associated derivatives as principal or agent. The Lead Manager may receive fees for acting in its capacity as lead manager, underwriter and bookrunner to the Placement.

Determination of eligibility of investors for the purposes of the Placement is determined by reference to a number of matters, including at discretion of the Company and the Lead Manager. The Company and the members of the Lead Manager Group disclaim any liability in respect of the exercise of that discretion, to the maximum extent permitted by law.

The distribution of this presentation in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions. Neither this presentation nor any copy hereof may be transmitted in the United States or distributed, directly or indirectly, in the United States. This presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, persons in the United States, unless the Shares have been registered under the Securities Act (which the Company has no obligation to do or to procure) or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable United States state securities laws. By accessing this presentation, you agree to be bound by these limitations.

Agenda

1 Executive summary

Company update and equity raising

1. Backlog and pipeline:

- Backlog of confirmed orders and contracts are expected to grow to ~$630 million by 31 December 2019, despite increased conversion of backlog to revenue throughout 2019
- Pipeline of tenders and contracts under negotiation are developing rapidly. EOS expects to convert this pipeline to around $2 billion of contract awards for current products over the next three years to December 2022

2. Outlook update:

- FY2019 EBIT forecast of $20 million reaffirmed
- FY2020 EBIT *excluding* the FY2019 acquisition of EM Solutions Pty Ltd upgraded by ~17%[1] from $29 million to $33-35 million. This represents ~70% underlying EBIT growth over FY2019 (vs. previous guidance of ~45% underlying EBIT growth)[1,2]
- FY2020 EBIT *including* the FY2019 acquisition of EM Solutions forecast of $36-38 million, with an EBIT margin of ~15%
- Market demand for EOS advanced technology is expected to support growth around this level beyond 2020

3. Equity raising:

- EOS is undertaking a fully underwritten institutional placement of ordinary shares to support its revised EBIT guidance and to fund working capital requirements and ongoing growth initiatives

Notes: 1. Based on the midpoint of FY2020 EBIT guidance; 2. Excluding contributions from the FY2019 acquisition of EM Solutions Pty Ltd.

Management of growth: Demand vs. Capacity

DEMAND

EOS defence products are now penetrating Remote Weapon Systems (RWS), turret and counter drone systems markets. In addition, EOS is leveraging its technology and expertise to sell more complex and more highly aggregated systems and platforms. This diversification is expected to provide a strong platform for growth, higher business resilience and reduced sovereign and geographic risks.

Current backlog and sales pipeline is expected to support underlying FY2020 EBIT growth of ~70% (vs. previous guidance of ~45% underlying EBIT growth).[1,2] The backlog of confirmed orders and contracts include $65 million of new contracts from the Government of Australia. On their current trajectory, backlog, margins and pipeline are expected to support growth around this level beyond 2020. Global demand may support even higher growth going forward.

CAPACITY

EOS expects to be able to fulfil its contractual obligations underlying its upgraded growth forecasts, having considered the key operational and financial requirements, including:

1. Supply chain resilience and reliability
2. Fitness for purpose of all processes and procedures, including technical documentation
3. Human resources availability, training capacity and management bandwidth
4. Working capital availability
5. Physical capacity of production plant and equipment

EOS has risk management and mitigation processes that systematically address these elements

Notes: 1. Based on the midpoint of FY2020 EBIT guidance; 2. Excluding contributions from the FY2019 acquisition of EM Solutions.

Equity raising details

Placement	• EOS is undertaking a fully underwritten institutional placement to professional and sophisticated investors to raise A$68 million (“**Placement**”) • 10.1 million new fully paid ordinary shares (“**New Shares**”) to be issued, representing 10.1% of current issued capital • New Shares to be issued under EOS’ unconditional placement capacity per ASX Listing Rule 7.1
Share Purchase Plan	• EOS will also conduct a non-underwritten Share Purchase Plan to existing eligible shareholders (“**SPP**”) capped at a total aggregate of A$10 million • All of the Directors of EOS who are shareholders have indicated that they will participate in the SPP
Offer price	• The Placement will be conducted at $6.66 per New Share (“**Placement Price**”), representing a 0.8% premium to the last traded price of $6.61 on Wednesday, 20 November 2019 • The price for the Share Purchase Plan will be the lower of the Placement Price and the 5 day volume weighted average price prior to close of the SPP (“**SPP Price**”)
Use of proceeds of Placement	Supply chain expansion: ~$52m Facility expansion: ~$3m Other: ~$13m **Total proceeds: ~$68m**
Ranking	• New Shares issued under the Placement and SPP will rank pari passu with existing EOS shares on issue
Underwriting	• The Placement is fully underwritten by Citigroup Global Markets Australia Pty Limited, which is acting as sole lead manager, bookrunner and underwriter • The SPP is not underwritten

Equity raising timetable

Event	Date[1]
SPP Record Date	7:00pm, Wednesday, 20 November 2019
Trading halt and announcement of Placement and SPP	Thursday, 21 November 2019
Placement opens	Thursday, 21 November 2019
Announcement of results of Placement and trading halt lifted	Friday, 22 November 2019
Settlement of Placement	Wednesday, 27 November 2019
SPP offer opens and SPP Offer Booklet dispatched to eligible shareholders	Wednesday, 27 November 2019
Issue and trading of New Shares under the Placement	Thursday, 28 November 2019
SPP pricing period	Tuesday, 3 December 2019 – Monday, 9 December 2019
SPP closing date	5:00pm, Monday, 9 December 2019
Issue of New Shares under the SPP	Friday, 13 December 2019
Dispatch of holding statements and normal trading of New Shares issued under the SPP	Monday, 16 December 2019

Note: 1. The above timetable is indicative and subject to variation. EOS and the Lead Manager reserve the right to withdraw or amend the Placement or SPP or alter the timetable at their absolute discretion and without notice, subject to the ASX Listing Rules, the Corporations Act and other applicable law. All dates and times refer to Sydney, Australia time.

2 Company overview

Company overview

EOS is an Australian technology company with leading positions in the application of advanced electro-optic technologies for the global defence and aerospace markets.

- Founded in 1983 from the privatisation of Commonwealth of Australia space activity
- Listed on the ASX in 2003, with current market capitalisation of ~A$665m
- An established defence and aerospace player serving the niche markets globally and providing leading industry technology
- Growth underpinned by long history of successful research and development, product innovation and commercialisation
- Global presence with operating entities established in Australia (30+ years), USA (22 years), Germany (13 years), Singapore (8 years) and UAE (2 years)
- Strong strategic partnerships with some of the world's largest aerospace and defence companies including Northrop Grumman, Hanwha and Hyundai
- Ongoing assessment of capability enhancements through strategic M&A
- A major shareholder is the US aerospace and defence company Northrop Grumman, holding ~5%
- Operations are divided into three business divisions: Defence, Space and Communications
- Major competitive advantages based on ISO9001:2008 customer feedback are:
    - <u>Customer trust and confidence</u> – most EOS business is with long term customers
    - <u>Advanced technology</u> – EOS is renowned for its leading edge technology
    - <u>Commitment</u> – achievement of well defined and mutually agreed objectives is a hallmark of Company culture

3 EOS Defence Segment

Defence Segment background

1. Remote weapon systems [RWS] allow users to deploy existing weapons with the gunner located remotely from the weapon to avoid casualties from returned fire.
2. The RWS is far more accurate and effective in combat than a manned gun. These are not robots. A human must still fire the weapon.
3. EOS invented this product class under various US Army contracts from 1993 and has recently re-invented the product with new technology.
4. The capability of these systems has opened new markets in both ***conventional combat*** roles and emerging ***counter-drone*** [normally called counter-UAS or CUAS] operations.
5. These two markets are valued at over $12 billion each.
6. EOS is the dominant RWS supplier for conventional combat roles and is positioning to achieve the same role for CUAS.

Each $1 billion of sales typically generates another $1 billion of product support revenue over 15 years

Defence Segment fundamentals

Strong fundamentals support long term growth and profitability:

1. Demand for RWS and CUAS products exceeds $24 billion and EOS is securely lodged in this market with currently dominant technologies and dominant market share in the initial 4% [$1 billion] which has matured to contract

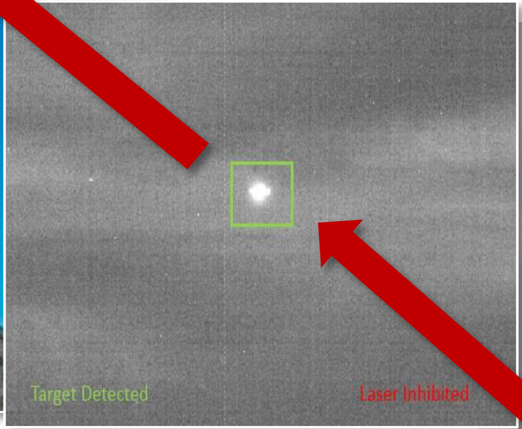
2. No competitor has won a significant award against EOS in 3 years and while this situation will not continue the EOS market share in key market segments can now be confidently predicted

3. Rapid expansion to reinforce success is desirable and so after extensive risk mitigation the limits on growth have been lifted such that underlying EBIT growth for FY2020 is expected to be ~70%

4. Strong margins are supported by current technical edge and prior policy of expensing all development and establishment costs

5. Secured orders in $630 million backlog already exceed 24 months of production at the forecast growth rate of ~70% per annum from FY2019

Counter Drone [CUAS] Applications



EOS in US Army CUAS trials 2017-19

EOS systems are ***proven*** drone killers:

1. Drones are detected by radar
2. The RWS slews to radar cue and acquires the drone with a thermal tracker
3. The fired round detonates near the drone and destroys it

This has rapidly emerged as a $12 billion market

EOS has already tendered for $700 million of counter drone systems, with awards due in FY2020

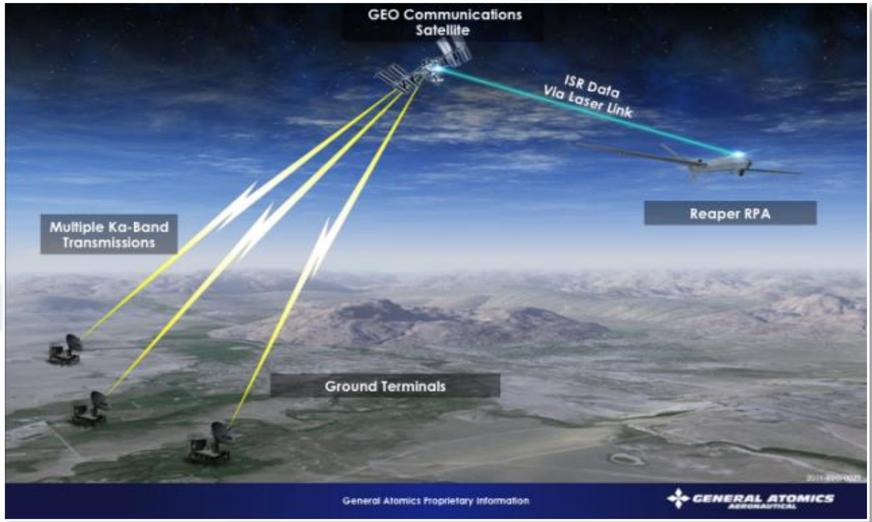
Production plant: Australia

- Hume [ACT] plant can now routinely run at >40 units or $25 million revenue per month in output [$300 million annually]
- This is its design capacity for single-shift operation and the output level required to meet FY2020 guidance
- This plant is a reference plant for developing production processes and testing suppliers

Production capacity expansion

- New EOS plants in UAE [above], USA [right] and Singapore expected to lift total capacity to $900 million annual revenue by 2022
- Technology transfer to other EOS plants is under way and training for foreign production staff has commenced in Australia

4 EOS Communications Segment



Space Communications Market

- Space communications employs over $1,000 billion of existing infrastructure investment and generates $500 billion in annual revenue across the sector
- A large proportion of all global communications passes from one point on earth to another through space using microwave technology
- For terrestrial communications, microwaves were replaced long ago by optical communications delivering 100 times more capacity in optical fibre
- This capacity expansion is needed in space where capacity is now saturated, but optical data links cannot efficiently penetrate the atmosphere and in some cases (cloud) cannot function at all.
- Even for satellite-to-satellite communications which avoid the atmosphere, the emphasis on fast, low satellite orbits raises technical barriers to using optical links
- EOS has addressed the current technical and commercial barriers to entry for expanding space communication capacity using optical technology.

The bandwidth of optical technology is needed for space communications, but there are factors preventing adoption:
atmospheric transmission losses, crosslink complexity, and incompatibility with $1 trillion of existing infrastructure.

EOS Optical Communications Technology

A laser atmospheric probe of the type used by EOS for real-time atmospheric correction.

- Optical communication transmitters used on earth for fibre optic communications cannot presently provide enough power to move data to and from space through the turbulent atmosphere which distorts the beam causing huge signal loss.
- EOS measures atmospheric distortion using new laser probes and removes it to achieve space communication with less than 1% of the power previously required.
- EOS has also addressed existing technical barriers to achieving small, light and inexpensive satellite-to-satellite optical antennae which can accurately track fast LEO satellites.
- EOS is packaging its optical communications technology with microwave communication terminals to seek to offer a smooth transition from existing technology to the next generation.

Communications Sector: Microwave Technology

- EOS has acquired EM Solutions Pty Ltd (**EMS**) to enter the space communication market. EMS is one of the world leaders in the technology and products for microwave communications.
- EOS has optical space communication technology which is higher in performance than microwave technology, but there is no supporting infrastructure deployed in space.
- EOS is offering to progressively future-proof EMS customers in the sector, and as space-based infrastructure allows, EOS intends to offer optically enhanced microwave communication products to the market.

A combination of EOS and EMS technology is expected to bring the best of both worlds to space communications

5 EOS Space Segment

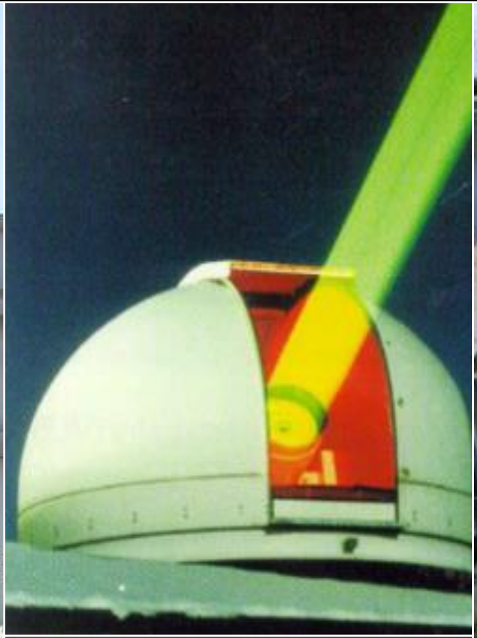
Space Segment

Space Sector is EOS' research centre and technology incubator. It has spun off EOS Defence and Communications.

Space Sector is also directly monetising its technology through 4 space markets:

1. ***Infrastructure Deployment***. EOS provides space tracking infrastructure to Australia and its allies.
2. ***Space Domain Awareness*** *[SDA]*. Space domain data including information about $700 billion of space assets
3. ***Counterspace Capabilities***. Protection of space assets from all known hazards.
4. ***Missile Defence***. Missile threat detection and classification managed from space.

Space Infrastructure Deployment



EOS is one of the world's leading optical space tracking companies, with over $600 million of space and missile tracking sensors deployed. EOS continues to provide advanced space surveillance equipment to Australia's allies and coalition partners.

SDA and Counterspace

- EOS owns a significant number of space sensors used for SDA operations
- EOS sensors are used to detect, analyse and even negate space threats
- EOS has lasers capable of moving space debris from the path of a satellite

6 Key risks and foreign selling restrictions

Key risks

1. **Manufacturing facilities**
   The EOS business plan relies on establishment of significant high technology manufacturing capacity. Notwithstanding the use of a large-scale pilot plant, there is risk associated with developing and maintaining the manufacturing facilities used by the business so that they operate efficiently and to capacity, and remain appropriate for the nature and scale of EOS' activities. Any failure in the development, effectiveness or suitability of EOS' manufacturing facilities may materially impact the business, its financial performance and prospects.

2. **Supply chain**
   A majority of EOS production activity is outsourced to suppliers of components, assemblies and sub-systems. This supply chain is globally distributed to reduce prices and reduce risk. A failure or delay in the supply chain caused by an individual supplier, shipping agent, government control or transport company (whether for operational reasons at the supplier's facilities, contractual issues between the supplier and EOS or otherwise) could adversely impact the EOS business.

3. **Acquisitions and integration**
   EOS' growth strategy may involve finding and consummating acquisitions in areas complementary to or ancillary to its existing business. EOS may not be successful in identifying and acquiring suitable acquisition targets for an acceptable price . Further, acquisitions may require additional funding on acceptable terms, which may or may not be available to EOS at the relevant time.

   Furthermore, integration of EOS' operations and the operations of each business which it has acquired, or will in the future acquire is complex, time-consuming and expensive and may adversely affect the results of EOS' operations.

4. **International operations**
   EOS has a number of customer and supplier relationships in various countries and expects to continue to do business around the world. In addition, EOS' customers are often sovereign states. EOS' operations will therefore be subject to a number of risks inherent in global operations, including political and economic instability in foreign markets, inconsistent product regulation by foreign agencies or governments, imposition of product tariffs and burdens, cost of complying with a wide variety of regulatory requirements (including the U.S. Foreign Corrupt Practices Act, the U.S. Export Administration Act and the U.S. Arms Export Control Act (and the regulations promulgated thereunder)), difficulty in enforcing intellectual property rights, foreign taxes, and language and other cultural barriers. In connection with its business with sovereign states, EOS is subject to a wide range of budget, political and strategic pressures which may trigger change at the contractual level. Such matters may adversely impact EOS financial performance and its business activities.

5. **Export controls**
   EOS requires specific government permits under applicable international export laws from the country of manufacture for each and every export of defence equipment. Such permits are issued and occasionally withdrawn for political and strategic reasons by the issuing government. Delivery contracts must be declined or avoided if an export license is not granted. The occurrence of such events may adversely impact the EOS business, its financial performance and prospects.

Key risks

6. **Government contracts**
   A portion of EOS' revenues may depend on its ability to do business with the U.S. as well as foreign governments and their various agencies, whether directly or indirectly. Such customers may:
   a) award or terminate contracts at their convenience;
   b) terminate, reduce or modify contracts or subcontracts if its requirements or budgetary constraints change;
   c) cancel multi-year contracts and related orders if funds become unavailable;
   d) shift their spending priorities;
   e) adjust contract costs and fees on the basis of audits done by its agencies;
   f) use and practice intellectual property developed in the performance of a government contract or subcontract;
   g) claim rights to intellectual property not properly protected pursuant applicable contract terms;
   h) seek penalties and fines exceeding the value of a contract for contract activity that results in the submission of a false claim to the government;
   i) debar EOS or its subsidiaries because of legal and other actions undertaken by or against EOS or its subsidiaries, EOS' officers, directors, shareholders, employees and affiliates, or convictions of EOS' officers, directors, shareholders, employees or affiliates; and
   j) inquire about and investigate business practices and audit compliance with applicable rules and regulations.

   The impact of any of the above may have a negative effect on EOS' revenues and performance.

7. **Contracts in general**
   There are a number of risks associated with contracts entered into by EOS, including the risk that those contracts may contain unfavourable provisions, or be terminated, lost or impaired, or renewed on less favourable terms.

8. **Reliance on key personnel**
   EOS technical superiority and market access are based on a small number of individual employees. The loss of any one of these could adversely affect the EOS business, its financial position and performance.

9. **Foreign exchange**
   EOS reports its financial results in Australian currency but operates principally in foreign markets, and is typically paid in foreign currency. It is not possible to offset all foreign exchange risk through financial or other instruments and fluctuations in the value of Australian dollar may impact EOS financial performance.

10. **Product liability**
    As with all new products, even after the granting of regulatory approval, there is no assurance that unforeseen adverse events or manufacturing defects will not arise in EOS' products. Adverse events could expose EOS to product liability claims or litigation, resulting in the removal of regulatory approval for the relevant products and/or monetary damages being awarded against EOS. In such event, EOS' liability may exceed EOS' insurance coverage, if any.

Key risks

11. Competition

EOS operates in markets which are significant on industry terms, and which attract strong competition. Accordingly, there is no certainty that EOS' current market share will be maintained or that its expected market share will be achieved in the near future or if at all.

12. Occupational health and safety

EOS manufactures large quantities of material and its activities also involve the use of explosives and lethal equipment by EOS personnel for testing purposes. A major health or safety issue arising in the workplace could disrupt or delay EOS programs, with negative impact on EOS' financial and performance.

13. Reputational risk

Adverse publicity about EOS, its subsidiaries or any of their respective directors or business activities could directly impact EOS' access to necessary government permits or contracts, which may adversely affect EOS' financial performance.

14. Intellectual property

EOS products are based on advanced technology developed by EOS. EOS applies Intellectual property protection strategies include, but are not heavily reliant on, patents. Items which could be patented are often protected by insinuating a deep dependence on EOS copyrighted software. However, parallel developments by competitors are common.

EOS' ability to commercially exploit technology which it considers it owns could be delayed or disrupted by a suit alleging violation of another party's intellectual property rights.

EOS regards its patents, copyrights, trademarks, trade secrets and similar intellectual property as important. EOS relies on patent, trademark and copyright law, trade secret protection and duties of confidence with third parties to protect its intellectual property rights. While EOS will use all reasonable endeavour to protect these rights, the steps that EOS takes to protect its intellectual property rights may be inadequate. The unauthorised use or disclosure of EOS proprietary technology and systems may have adverse effects on the operation and financial performance of EOS.

15. Environmental risk

Extensive national environmental laws and regulations in Australia affect the operations of EOS. The laws and regulations set various standard that regulate certain aspects of health and environmental quality, provide penalties or other remedies for any violation of standards and, in certain circumstances, impose obligations to undertake remedial action in current locations where operations are conducted. There is a risk that significant damages or penalties might be imposed on EOS and its subsidiaries, including for certain discharges into the environment, effects on employees, sub-contractors or customers, or as clean up costs.

16. Technical risk

A key requirement of modern aerospace markets is the rapid deployment of new technology. However product lifetimes in these markets may exceed 20 years. Accordingly, there are risks to EOS' financial performance which may arise from the reduced time for product development and testing and a rapidly changing environment.

Foreign selling restrictions

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

Hong Kong

WARNING: This presentation has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this presentation or to permit the distribution of this presentation or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this presentation have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this presentation, you should obtain independent professional advice.

If you (or any person for whom you are acquiring the New Shares) are in Hong Kong, you (and any such person) represent that you are a "professional investor" as defined under the SFO.

Norway

This presentation has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this presentation shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

If you (or any person for whom you are acquiring the New Shares) are in Norway, you (and any such person) are a "professional client" as defined in Norwegian Securities Regulation of 29 June 2007 no. 876.

Foreign selling restrictions

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

New Zealand

This presentation has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

If you (or any person for whom you are acquiring or procuring the New Shares) are in New Zealand, you (and any such person) represent and warrant that You:

a) are a person who (i) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act), (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act, (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act, (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act or (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act;
b) acknowledge that: (i) Part 3 of the FMC Act shall not apply in respect of the offer of New Shares to you, (ii) no product disclosure statement under the FMC Act may be prepared in respect of the offer of New Shares and (iii) any information provided to you in respect of the offer is not required to, and may not, contain all of the information that a product disclosure statement under New Zealand law is required to contain;
c) warrant that if in the future you elect to directly or indirectly offer or sell any of the New Shares allotted to you, you undertake not to do so in a manner that could result in (i) such offer or sale being viewed as requiring a product disclosure statement or other similar disclosure document or any registration or filing in New Zealand, (ii) any contravention of the FMC Act or (iii) the Company or its directors incurring any liability; and
d) warrant that (i) any person for whom you are acquiring New Shares meets one or more of the criteria specified in subclause (a) above and (ii) you have received, where required, a safe harbour certificate in accordance with clause 44 of Schedule 1 of the FMC Act.

Foreign selling restrictions

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

Singapore

This presentation and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this presentation and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This presentation has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this presentation immediately. You may not forward or circulate this presentation to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

If you (or any person for whom you are acquiring the New Shares) are in Singapore, you (and any such person) represent and warrant that you:

- are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA);
- will acquire the New Shares in accordance with applicable provisions of the SFA; and
- acknowledge that the offer of the New Shares is subject to the restrictions (including selling restrictions) set out in the SFA.

Foreign selling restrictions

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

United Kingdom

Neither this presentation nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares.

This presentation is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this presentation, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This presentation should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this presentation is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this presentation relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this presentation or any of its contents.

If you (or any person for whom you are acquiring the New Shares) are in the United Kingdom, you (and any such person) are:

- a "qualified investor" within the meaning of Section 86(7) of the FSMA; and
- within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO, as amended.