



# 1H 2024 Results Presentation

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27 August 2024

Approved for release by the Board of Directors

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# 1H Highlights and Business Update

Andreas Schwer, Managing Director & Chief Executive Officer



# Summary

EOS grew revenue by 92% in 1H 2024 and delivered \$11.5m Underlying EBITDA<sup>1</sup>. Securing new orders is the key focus for 2H 2024

Turnaround  
Continues

Record  
1H Revenue

Positive Underlying  
EBITDA<sup>1</sup>

Strong  
Markets

Wider Product &  
Customer Range

Strategic  
Discipline

Key financial outcomes in 1H 2024 include:

- |   |          |   |
|---|----------|---|
| • Revenue                                 | \$142.6m | up 92% or \$68.3m on prior corresponding period |
| • Gross Margin <sup>2</sup>               | 44%      | up 9% on prior corresponding period             |
| • Underlying EBITDA <sup>1</sup> positive | \$11.5m  | up \$26.3m on prior corresponding period        |
| • Cash received from customers            | \$120.3m | down \$3.0m on prior corresponding period       |
| • Cash Balance                            | \$52.2m  | at 30 June 2024                                 |

Growth outlook underpinned by:

- **Geopolitical uncertainty** is creating very supportive market conditions, particularly counter-drone
- **Wider product & customer base**, and continuing European growth
- Innovation continues – **commercialising existing IP**
- Continue to **seek third party funding support** for strategic growth opportunities:
  - Higher Energy Laser Weapon – negotiations continuing
  - Space Control – ongoing progress

1. Underlying EBITDA is a non-IFRS measure and comprises net profit after tax, adjusted to exclude tax, net finance costs, depreciation and amortisation and foreign exchange impacts. A reconciliation between the net profit after tax and Underlying EBITDA is set out in the appendix to this presentation. The directors consider it useful as it enables readers to obtain an understanding of results from operations. Underlying EBITDA is unaudited.

2. Gross Margin % represents margin on materials costs and is defined as Revenue less Raw Materials and Changes in inventory work in progress only. Gross Margin % is not audited by the Company's auditors.

# 1H 2024 Highlights

In 1H 2024 we grew revenue, developed growth capacity and reduced debt

## Key Developments in 2024 YTD

<b>Jan 24</b>	New Slinger counter-drone contract (\$15m) with Diehl Defence in Germany
<b>Mar 24</b>	Completed placement and announced SPP (together net \$35m) to invest in long lead items and accelerate growth
<b>Mar 24</b>	Completed RWS deliveries to Western European Government (A\$25m)
<b>Apr 24</b>	Repaid \$20.5m working capital facility, on schedule, continuing deleveraging
<b>Apr 24</b>	New sales contracts including EM Solutions (\$19m) & Space Technologies (\$5m) signed
<b>Apr 24</b>	Established a Laser Innovation Centre in Singapore
<b>May 24</b>	Upgraded leadership capabilities, incl in Sales with EVP Defence International
<b>Jul 24</b>	New sales contracts including EM Solutions (\$4m) & Space Technologies (\$9m) signed
<b>Jul 24</b>	Secured cannon supply with a 3-year total commitment of approx. US\$70m (approx. A\$104m)



# Market Conditions – Geopolitical Backdrop

Geopolitical uncertainty continues to create very supportive market conditions

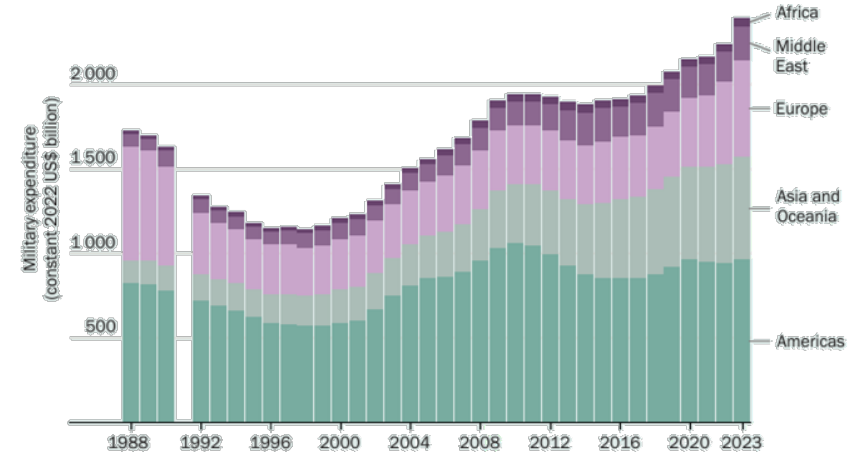
Entrenched conflict in Ukraine and broadening conflict Middle East



Evolving geopolitical situation and increasing tensions between nations in several regions

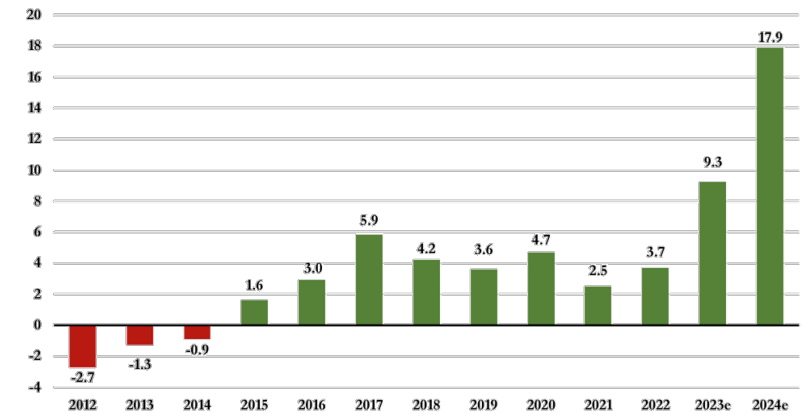


Global defence spending increased by 9% to a record US\$2.4tn in 2023



Source: SIPRI Military Expenditure Database, Apr. 2024.

NATO Defence Expenditure annual change (%)



Source: NATO Press Release June 2024

# Market Conditions - Technological

Wide-ranging technological shifts in the defence industry are expected to continue

## THEME

## DESCRIPTION

## RECENT MEDIA

### Mass manufactured drones

- Low-cost, mass-produced drones
- Readily available and easy to operate
- Difficult to detect and defeat with conventional defences
- Asymmetric conflict – cheap to deploy, expensive to defeat

### AI and autonomous swarms

- Autonomous swarms of drones function in groups
- Communication within swarm allows a cohesive unit operation
- Technology can quickly respond to changing battlefield conditions

### Innovative counter-drone solutions e.g. laser weapons

- Drone proliferation creates counter drone demand
- Drone innovation drives Counter Drone development
- Requires evolution from traditional rocket & missile air defence

### Space as a contested domain

- Space critical to surveillance, navigation & communication
- Space capabilities provide an asymmetric military advantage
- Protection/Disruption of Space capabilities now seen as critical

AIR WARFARE: GLOBAL  
**European coalition bids to deliver 1 million drones to Ukraine**

**DoD Announces First Tranche of Replicator Capabilities for Autonomous Systems**

BY INSIDE UNMANNED SYSTEMS

**South Korea to Deploy Laser Weapons to Intercept North Korean Drones**

**Russia, China catching up to U.S. in space weaponry, new report finds**



# Recent Product Developments and Growth Opportunities

EOS has recently launched several products to capitalise on key macro drivers and enable future growth

Macro Drivers	Product	Recent activity	Forecast Indicative revenue timing *
C-UAS Autonomy UGV	R150 Light-weight System 	<ul style="list-style-type: none"> <li>Formal production launch in 2023</li> <li>Suitable for light vehicles</li> <li>Bids currently submitted in SE Asia and EU NATO</li> </ul>	2024-25
C-UAS	Counter-Drone Kinetic System 	<ul style="list-style-type: none"> <li>Launched "Slinger" in 1H 2023</li> <li>Proven, world-leading accuracy</li> <li>Evaluation orders including to Diehl Germany</li> <li>Demonstrations underway in N. America and Middle East</li> </ul>	2024-25
Economic	Large R800 Remote Weapon System 	<ul style="list-style-type: none"> <li>Launched in 2023</li> <li>Low-cost and heavy firepower</li> <li>Negotiations currently underway with potential launch customer</li> </ul>	2024-26
C-UAS	Integrated Counter-Drone Laser Dazzler 	<ul style="list-style-type: none"> <li>Launched in October 2023</li> <li>Capable of disrupting incoming drones</li> <li>Demonstrated at recent 2024 NATO Sandbox event</li> </ul>	2025-27

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

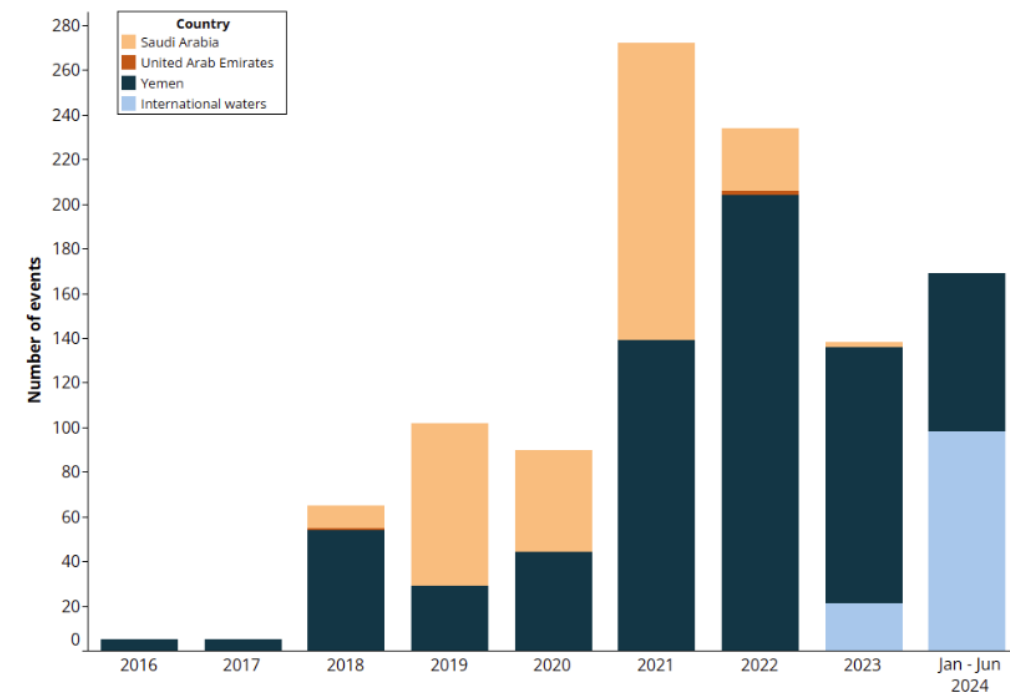
# Drones & Counter-Drone Warfare

Global demand for drones and counter-drone solutions is growing rapidly

- **The rise of drones** in modern warfare in recent years is well documented – media attention is expected to continue
- **Low Cost** - Drones provide both state and non-state actors the opportunity to disrupt traditionally more powerful opponents
- **Autonomous “swarms”** of drones in future will provide militaries with a highly adaptable and potentially decisive tool on the battlefield
- **Existing solutions are expensive & less effective** - counter-drone (C-UAS) solutions are either highly costly i.e. missile-based defences or easily thwarted i.e. electronic warfare
- **“Hard-kill” or “kinetic” counter-drone solutions, like EOS’ Slinger product, are both economical and highly-effective**
- In the future militaries will likely move to “directed energy” solutions which are likely to prove even more economical on a per-shot basis

## Houthi drone attacks

January 2016 - June 2024

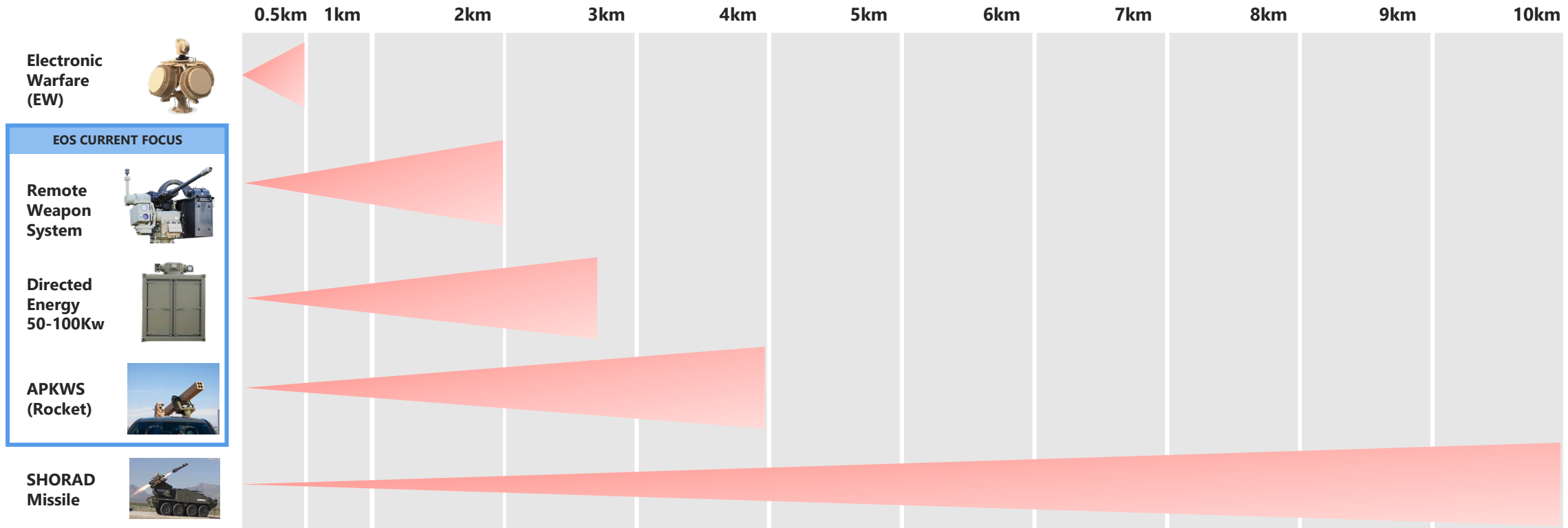


Source: Armed Conflict Location and Event Data



# Effective counter-drone strategies require a layered response

EOS is developing products that form part of comprehensive, layered, counter-drone systems



## Rapidly evolving threat technology

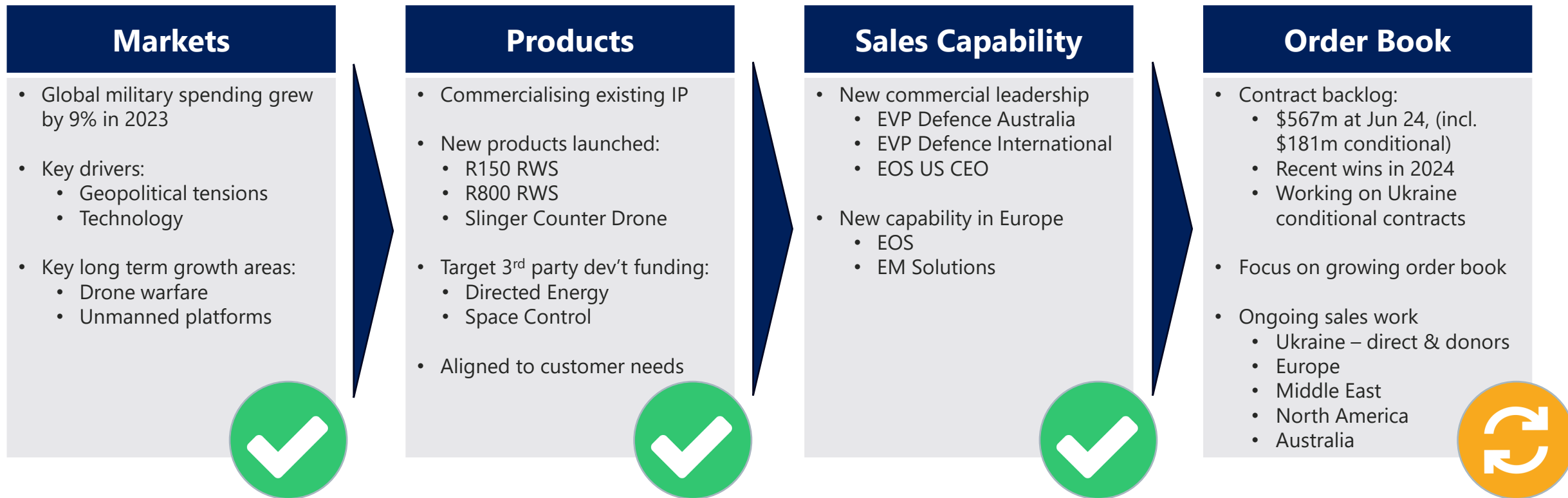


## Key criteria

Range	Acquisition Cost
Accuracy	Operating Cost
Effectiveness	Cost per Drone Kill

# EOS is focused on organic growth opportunities

Growing the order book continues to be our key focus; several opportunities are developing positively; European growth is targeted



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



# Market Development Update

Growing the order book continues to be our key focus; several opportunities are developing positively; European growth is targeted

Geography	Potential Size (A\$m)	Maturity	Remote Weapon Systems
Australia	> 100	Advanced	Contract negotiations continue with Hanwha in relation to the supply of RWS for the Land 400 Phase 3 project.
Ukraine	~181	Advanced	Work continues with Ukrainian end-users and customers to allow committed orders to be placed under the conditional contracts.
Europe	50 - 100	Evaluation	Continuing to work on opportunities to leverage demand from European countries for donation to Ukraine.
N. America	10 – 50	Evaluation	Working with a North American company looking to integrate EOS' R800 onto Stryker vehicles for potential donation to Ukraine.
N. America / Middle East	< 10	Evaluation	Evaluation orders for Slinger product received from customers in North America and Middle East.
Europe	> 100	Preliminary	Ongoing interest from European customers for light-weight R150 solution for protection of logistics vehicles.
Middle East	> 500	Preliminary	Work continues on upcoming bid for follow-on order of next-generation R400 in Middle East.

Note: there is no certainty that any particular outcome or transaction will result from these discussions and negotiations

Geography	Potential Size (A\$m)	Maturity	High Energy Laser Weapon
Europe / Middle East	50 - 100	Advanced	<ul style="list-style-type: none"> <li>Commercial discussions continued with a number of potential customers for its High Energy Laser Weapon system.</li> <li>In particular, discussions with two potential international customers are at a more advanced stage.</li> <li>These discussions are ongoing and could result in new customer agreements being signed during 2024 or later.</li> </ul>
			<b>Space Technologies</b>
Australia	< 10	Evaluation	Continue to build on recently announced contracts with ADF Joint Capability Division.
			<b>EM Solutions</b>
Europe / East Asia	10 - 50	Evaluation	Opportunities to sell new King Cobra terminal to multiple navies.

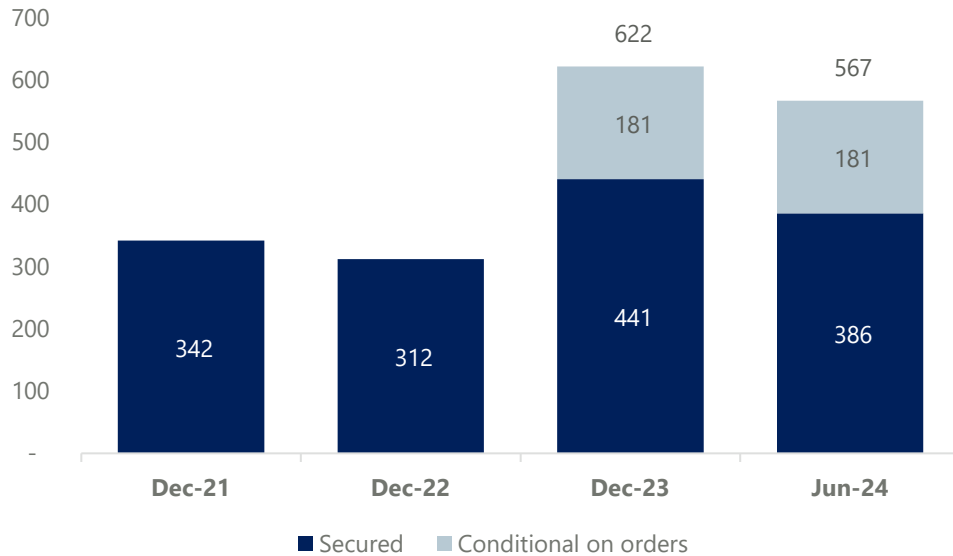
## Maturity Definition

- Advanced: Contract under negotiation or negotiated and conditional
- Evaluation: Customer is performing assessments of product and/or discussions are underway
- Preliminary: Bid being prepared or submitted as part of initial customer discussions

# Contract Backlog

We aim to continue work to diversify the customer base. The key focus is on converting opportunities into contracted orders

Contract Backlog, \$m



Secured Contact Backlog – 30 June 2024

Description	\$m	Business
RWS	158	Defence Systems
Royal Australian Navy	175	EM Solutions
Other	53	
<b>Total</b>	<b>386</b>	

- Contract Backlog includes large Middle East contract with ~\$46m revenue remaining to earn in 2H 2024 and 2025
- EM Solutions contract with Royal Australian Navy will be realised over next ~5 years
- Previously announced conditional Ukraine contracts (~\$181m) were conditional on testing & approval and have customary wartime terms (cancellable due to prioritisation/budget):
  - First demonstration completed successfully during 2023
  - Products listed in Approved Goods catalogue
  - Further demonstrations in Ukraine in 2024
  - EOS working with a range of Ukrainian end-users / customers to allow committed orders to be placed under the conditional contracts





# 1H 2024 Financial Results

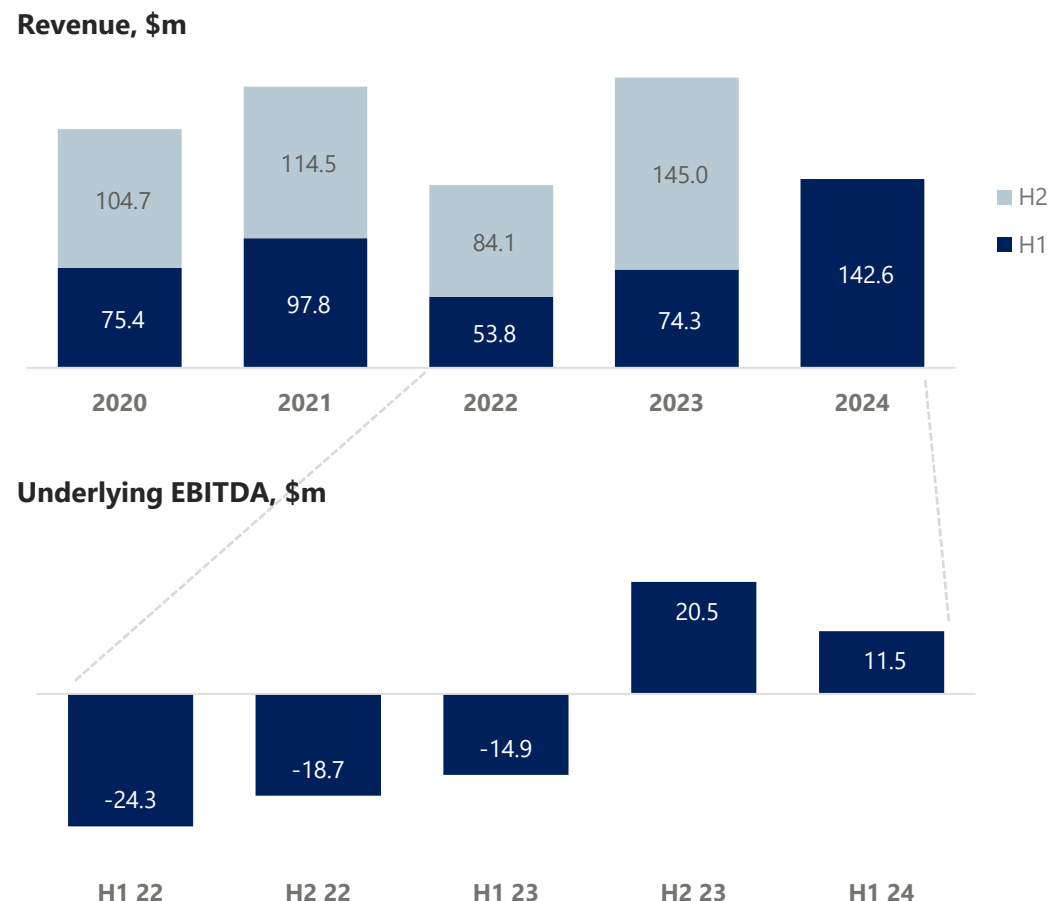
Clive Cuthell, Chief Financial Officer & Chief Operating Officer

# 1H 2024 Financial Performance

EOS increased Revenue by 92% or \$68.3m on 1H 2023 and achieved Underlying EBITDA<sup>1</sup> of \$11.5m

\$m	1H 2024	1H 2023	Var
Revenue	142.6	74.3	▲ 68.3
Gross Margin % <sup>2</sup>	44%	35%	▲ 9%
Underlying EBITDA <sup>1</sup>	11.5	(14.8)	▲ 26.3
EBIT	9.0	(19.4)	▲ 28.4
Finance Costs	(12.5)	(16.0)	▲ 3.5
NPAT	(3.5)	(32.4)	▲ 28.9

- **Revenue** increased \$68.3m (92%) on prior comparable period, with growth across all businesses. This included the acceleration of activity for a key Middle Eastern customer. Given the lumpy nature of EOS' revenue, half-yearly figures should not be used to imply full year estimates
- **Gross Margin %<sup>2</sup>** (margin on material costs) increased to 44% due to strong markets and pricing
- **Underlying EBITDA<sup>1</sup>** increased by \$26.3m due to increased revenue and improved gross margin combined with cost discipline
- **Finance costs** were \$12.5m (down \$3.5m), following principal repayments in September 23 and April 24
- Continued progress towards positive **Net Profit After Tax** - improved by \$28.9m on prior year



1. Underlying EBITDA is a non-IFRS measure and comprises net profit after tax, adjusted to exclude significant items such as tax, net finance costs, depreciation and amortisation and foreign exchange impacts. A reconciliation between the net profit after tax and Underlying EBITDA is set out in the appendix to this presentation. The directors consider it useful as it enables readers to obtain an understanding of results from operations. Underlying EBITDA is not audited by the Company's auditors.

2. Gross Margin % represents margin on materials costs and is defined as Revenue less Raw Materials and Changes in inventory work in progress only. Gross Margin % is not audited by the Company's auditors.



# 1H 2024 Segment Performance

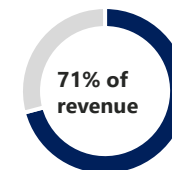
Both business segments contributed strong growth to the positive financial performance in 2024

## Defence Systems



\$m	1H 2024	1H 2023	Var
Revenue	101.4	50.7	▲ 50.6
Underlying EBITDA <sup>1</sup>	5.2	(12.9)	▲ 18.1

- Revenue increased by 100% on prior corresponding period
- Results include sales to customers in the Middle East and Western Europe
- Underlying EBITDA (including allocated corporate costs) improved due to revenue growth and improved gross margins

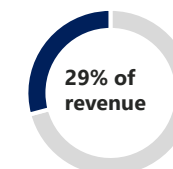


## Space Systems (incl EM Solutions)



\$m	1H 2024	1H 2023	Var
Revenue	41.2	23.6	▲ 17.7
Underlying EBITDA <sup>1</sup>	10.1	1.5	▲ 8.6

- Revenue increased by 75% on prior corresponding period driven by strong sales in our EM Solutions business
- Result included growth in Europe and Australia
- Underlying EBITDA (including allocated corporate costs) improved to revenue growth and cost discipline



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Note: The above analysis does not include unallocated corporate costs. A full reconciliation can be found in the appendix to this presentation

# 1H 2024 Cashflow

1H 2024 Cash Flow included interest payments and debt repayment. Operating Cashflows remain lumpy while we diversify

\$m	1H 2024	1H 2023	Var
Receipts from customers	120.3	123.3	(3.0)
Payments to suppliers and employees	(137.0)	(89.1)	(47.9)
Interest and other costs	(13.9)	(3.5)	(10.4)
Operating cash flows	(30.6)	30.7	(61.3)
Investing cash flows	0.7	(6.1)	6.8
<b>Sub total</b>	<b>(29.9)</b>	<b>24.6</b>	<b>(54.5)</b>
Financing cash flows	12.4	(3.9)	16.3
<b>Net cash flow</b>	<b>(17.5)</b>	<b>20.8</b>	<b>(38.3)</b>
FX effect	(1.3)	(0.4)	(0.9)
<b>Change in cash balance</b>	<b>(18.8)</b>	<b>20.4</b>	<b>(39.2)</b>
<b>Free Cash at balance date</b>	<b>52.2</b>	<b>42.0</b>	<b>10.2</b>
<b>Additional Restricted Cash Security Deposits</b>	<b>66.3</b>	<b>67.1</b>	<b>(0.8)</b>

- 1H 2024 Operating cash flow includes :
  - Receipts from customers of \$120.3m – similar to record high prior period.
  - Payments to suppliers and employees of \$137.0m included production during the current period. This production generated revenue and cash receipts in late 2023 & 1H 2024 and more is expected in 2H 2024.
  - Contract asset has increased by \$21.7m – increased working capital investment expected to reduce during 2024 and 2025.
  - Cash paid for Interest and other costs of finance includes cash paid for interest (capitalised in 2023).
- Investing cash flow includes a \$8.3m cash inflow from the release of a cash security deposit on performance bonds from a funding provider offset by \$6.2m in increased security deposits.
- Capital expenditure totaled \$1.4m in the period.
- Financing cash flow includes a \$20.5m debt repayment in Apr 24 and \$35.4m raised from the equity capital raising in the period.
- Cash balance of \$52.2m at 30 June 2024, \$10.2m more than at 30 June 2023.
- In addition, at 30 June 2024 EOS had \$66.3m of restricted cash security deposits.

# Debt Position

During 1H 2024 Cash Flows were used to reduce debt levels

\$m	Principal	Term	Maturity	Total Rate	Repayment <sup>1</sup>	Status
Working Capital Facility	20.0	12m	Sep 23	19%	26.9	REPAID
Working Capital Facility	15.0	18m	Apr 24	19%	20.5	REPAID
Term Loan Facility	35.0	36m	Oct 25	26%	52.1	PLANNED TO BE REPAID ON SCHEDULED DATE

- Facilities set up in Sep/Oct 2022 with longstanding equity investor WHSP
- Borrowing facilities include a 100% make whole clause for prepayment or early repayment

1. The repayment at maturity includes repayment of principal, capitalised interest and fees.





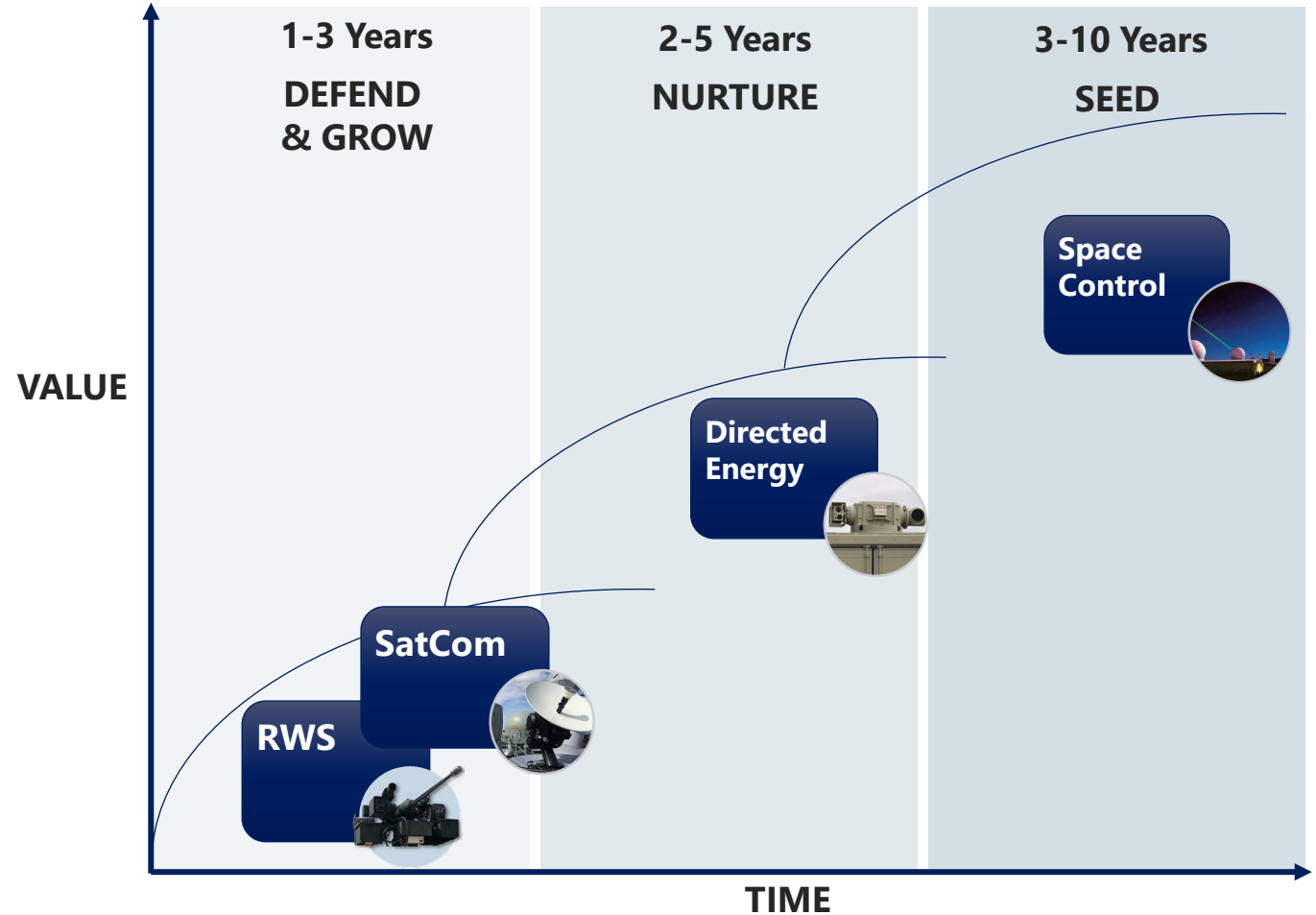
# Conclusion



# 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





# Future Strategic Growth Opportunities

EOS is developing world-leading innovations with large addressable markets and is currently seeking strategic partners



## High Energy Laser Weapon (HELW)

- There is an urgent market need for laser-based drone and missile defense systems
- Access to HELW systems is fast becoming a strategic requirement for all modern militaries
- EOS has developed a 36-54kW prototype laser weapon and demonstrated it during August 2023

## Recent Activity

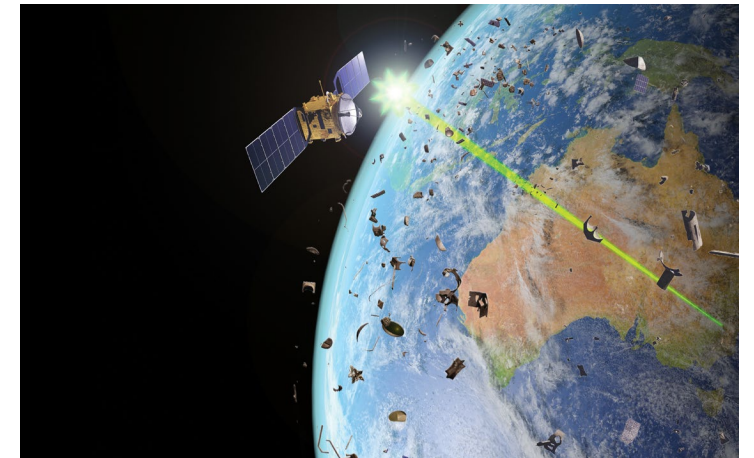
- Negotiations with potential customer partner/s to fund further development are in progress
- Laser Innovation Centre in Singapore has been established and will be the primary location of future IP development

## Space Control Opportunity

- Satellites have become a key defence asset for surveillance, navigation and communications
- EOS has unique advantages in developing counter-satellite capabilities - decades of experience in telescope construction, satellite tracking, laser weapons and adaptive optics
- EOS is seeking to develop "soft kill" solutions

## Recent Activity

- Product development is continuing - pilot demonstration successfully completed
- Secured third party funding





# Summary and Outlook

## Summary

- Market conditions are very supportive
- Product range widened and now in-market
- Significant counter-drone opportunity
- Discipline will continue – Strategy, Capex, Costs
- Focus on commercialising strategic IP
  - High Energy Laser Weapons and Space Control
  - Disciplined approach – seeking third party funding

## 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
- We will monitor outlook and provide regular updates in line with disclosure obligations







# Appendices



# Reconciliation of Statutory Profit / (Loss) and Non-GAAP measures

\$m	1H 2024	1H 2023
<b>(Loss) for the period</b>	<b>(3.5)</b>	<b>(32.4)</b>
Income tax (benefit)	(0.0)	(3.0)
<b>(Loss) before tax</b>	<b>(3.5)</b>	<b>(35.4)</b>
Finance costs	12.5	16.0
Foreign exchange (gain)	(5.1)	(2.4)
<b>Underlying EBIT (loss) (before impairment and foreign exchange gains)</b>	<b>3.9</b>	<b>(21.8)</b>
Depreciation & amortization & other	7.6	7.0
<b>Underlying EBITDA gain/(loss) (before impairment and foreign exchange gains)</b>	<b>11.5</b>	<b>(14.8)</b>

# 1H 2024 Segment Performance

\$m	1H 2024	1H 2023	Var
<b>Revenue</b>			
Defence	101.4	50.7	50.6
Space (incl. EM Solutions)	41.3	23.6	17.7
<b>Total</b>	<b>142.6</b>	<b>74.3</b>	<b>68.3</b>
<b>Underlying EBITDA Profit/(Loss)</b>			
Defence	5.2	(12.9)	18.1
Space (incl. EM Solutions)	10.1	1.5	8.6
Unallocated	(3.8)	(3.5)	(0.3)
<b>Total</b>	<b>11.5</b>	<b>(14.9)</b>	<b>26.4</b>



# Remote Weapon Systems Product Range

EOS is developing a wider range of RWS products to meet evolving needs

Sensor Unit



Ultralight RWS  
R150



Light RWS  
R400



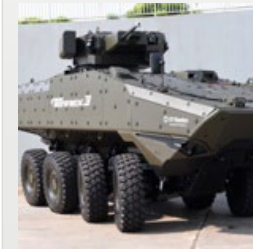
Medium RWS  
R600



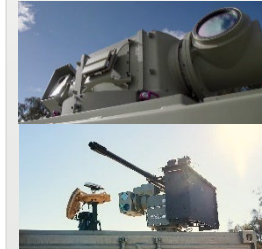
Heavy RWS  
R800



Light Turret  
T1600



Multi-Mission  
Sensors



## Common Range of Platforms and Applications

Truck



Protected  
Vehicle



UGV



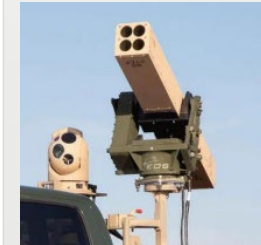
CUAS



## Common Control Interfaces



MLRS



# R800 Heavy Calibre System

EOS recently launched a heavy calibre R800 system, with an integrated counter-drone laser dazzler

## Product

- Turret-level, heavy-calibre hitting lethality
- Lightweight system
- Operated remotely

## Wide range of weapons, including:

- 1 x Javelin or 2 x Spike (pod)
- Mk44S 30 x 173mm cannon
- 7.62 mm machine gun or chain gun
- Counter-Drone Laser Dazzler

## Market

- Growing demand
- Low cost/weight vs armoured turret



# R150 Remote Weapon System

Lightest system on the market capable of deploying 12.7mm/14.5mm heavy machine guns

## Product

- Ultra lightweight system
  - Under 150kg with 12.7mm machine gun and full ammunition load
- Can be operated remotely
- Non-ITAR

## Wide Range of Weapons, including:

- 14.5 mm and 12.7 mm heavy machine guns
- 7.62 mm and 5.56 mm light machine guns
- APKWS laser guided rocket launcher
  - Drone defeat at 4500m

## Market

- Growing demand for lightweight protection systems
- Deployed to Ukraine in CUAS configuration





# Slinger Counter-Drone System

The Ukraine conflict demonstrates the drone threat and the need for counter-drone solutions. EOS is pursuing a range of opportunities.

## Context

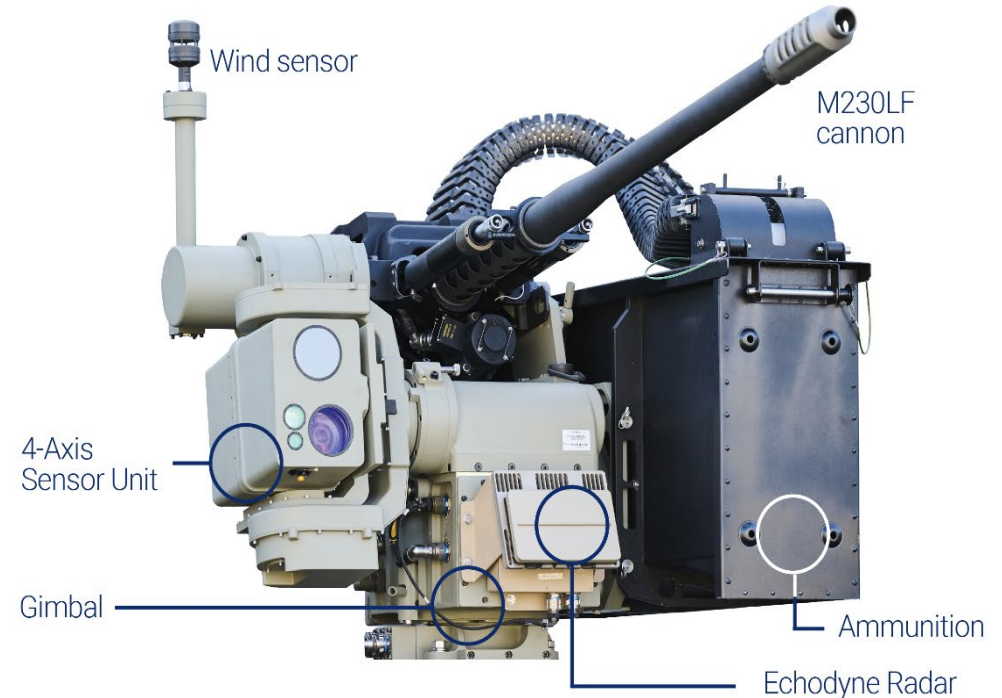
- Continuing Ukraine drone attacks
- Limited defence options:
  - technical requirements
  - economic sustainability

## EOS "Slinger" Product

- Traditional Kinetic drone kill
- High accuracy - proven US trials
- Initial evaluation orders received

## Recent Sales

- EUR 9m (A\$15m) contract to supply Diehl Defence in Germany announced in January 2024
- 10 Slinger systems ordered by the US Department of Defense in 2023 for use on "30mm gun trucks" and subsequently donated to Ukraine





# Glossary

Term	Description	Term	Description
<b>ADF</b>	Australian Defence Force	<b>ISR</b>	Intelligence, surveillance and reconnaissance
<b>Adaptive Optics</b>	Technique of precisely deforming a mirror in order to compensate for (atmospheric) light distortion	<b>kW</b>	Kilo Watts
<b>APKWS</b>	Advanced Precision Kill Weapon System	<b>LCMP</b>	Low-cost, mass-produced
<b>CRAM</b>	Counter Rocket, Artillery and Mortar	<b>MLRS</b>	Multiple Launch Rocket System
<b>CUAS</b>	Counter Unmanned Aerial System	<b>NATO</b>	North Atlantic Treaty Organization
<b>DE</b>	Directed Energy	<b>NDS</b>	National Defence Strategy
<b>DLR</b>	Debris Laser Ranging	<b>NG AGT</b>	Northrop Grumman Agnostic Gun Truck
<b>DSR</b>	Defence Strategic Review	<b>RWS</b>	Remote Weapon System
<b>EVP</b>	Executive Vice President	<b>SatCom</b>	Satellite Communications
<b>HELW</b>	High Energy Laser Weapon	<b>SDA</b>	Space Domain Awareness
<b>IED</b>	Improvised Explosive Device	<b>SLR</b>	Space Laser Ranging
<b>IFV</b>	Infantry Fighting Vehicle	<b>UGV</b>	Unmanned Ground Vehicle
<b>IIP</b>	Integrated Investment Program	<b>USV</b>	Unmanned Surface Vehicle
<b>ITAR</b>	International Traffic in Arms Regulations	<b>V SHORAD</b>	Very Short Range Air Defence System

EOS

