



ELECTRO OPTIC SYSTEMS HOLDINGS LIMITED

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2023 Annual General Meeting – CEO’s Presentation

Canberra, 23 May 2023

Electro Optic Systems Holdings Limited (**EOS** or **Company**) (ASX: EOS) provides the attached CEO Presentation to be delivered at today’s Annual General Meeting commencing at 9.00am AEST at the offices of MinterEllison, Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000.

Authorised for release by the CEO of Electro Optic Systems Holdings Limited.

Further information:

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ABOUT ELECTRO OPTIC SYSTEMS (ASX: EOS)

EOS operates in two divisions: Defence Systems and Space Systems

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 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.



Electro Optic Systems Holdings Limited

Annual General Meeting

CEO Presentation

23 May 2023

CEO Presentation

EOS is a Defence Technology business with new leadership driving a turnaround and product commercialisation

1. **EOS at a Glance**
2. **Recent Challenges and Actions Taken**
3. **Q1 2023 Progress Update**
4. **Future Growth**
5. **Summary and Actions**



EOS at a Glance

The global defence industry is technology-led and growing strongly. EOS operates across three business areas:



Defence Systems

- Remote Weapon Systems (RWS) manufacturer – pioneered product development over 30 years
- Key product (R400 RWS) is well established and recognised for accuracy and range
- Widening product range to include R150 (launched) and R800 (in future)
- Recent launch of RWS Counter-Drone System
- Directed Energy products in development
- Recent Revenue A\$105 -185m



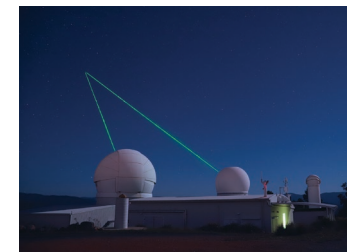
EM Solutions

- Leading naval satcom terminal manufacturer
- Acquired 2019
- Provides global satellite communications systems and services to primarily navy / maritime customers
- Strong position in Australia, growing in Europe
- Recent Revenue ~A\$28m



Space Systems

- Space laser tracking and identification services
- World leader in technology – using laser accuracy to track objects in space
- Directed Energy / Space Warfare capability in development
- Future growth opportunity
- Recent Revenue ~A\$4m



Recent Challenges and Actions Taken

The new Leadership Team is established, and turnaround actions are underway

Recent Challenges

- Funding of SpaceLink
- Middle East Contract – COVID-19, supply chain etc. factors
- US operations ramp-up speed / Security Clearance
- Overhead cost base / Workforce base
- Debt situation in Q3 2022
- Opportunity to develop group culture and capabilities

Actions Taken

- New CEO - Aug 2022
- New CFO - Sep 2022
- New Chair - Nov 2022
- Management Team replaced
- Turnaround
- Phase 1 - Completed Q4 2022
- Phase 2 - In Progress
- Phase 3 - Planned

Progress Update

EOS has cut costs, launched new products, signed contracts, and improved cashflow

1. Q4 22 Initiatives – Benefit Realisation

- US SpaceLink now in US liquidation
- Group restructuring program accomplished: 30% reduction in global headcount; ca. 50% in indirect positions



2. Middle East Contract Amendment Agreed, Signed and Collected

- Significant contract asset to be realised ~A\$164m gross at 31 December 2022
- Amendment means future cashflows accelerated & lower risk profile - aim to realise proceeds to repay debt on schedule
- Contract asset reduced by \$25m in Q1 2023



3. New Product Launch

- 'Slinger' Counter Drone product launched, others to follow



4. Order Book Growth - New Sales Agreements

- Ukraine conditional contracts – A\$181m, in discussion re further opportunities
- EMS ADF Contract up to A\$202m secured
- Backlog growing from \$312m at December 2022 to higher levels



5. Q1 Results Delivered

- Receipts from customers, including UAE amendment \$61m; staff cash costs reduced from >A\$15m to ~A\$9m
- Net Cash Flow of +\$25m in Q1 2023



Building the New Business - EOS 2.0

EOS Aims to achieve sustainable growth with a disciplined strategic approach

Phase 1	Phase 2	Phase 3
Restructuring	Implementation of Strategy	Sustainable Growth
2022	2023-2024	from 2025
<p>Lean Re-Organisation Elimination of One Hierarchy Layer ✓ 40% Reduction in Indirect Positions</p> <p>Headcount Reduction ✓ 30% Overall Reduction</p> <p>Wind-Down of SpaceLink ✓ EXIT in November 2022</p> <p>Stop Unprofitable Business ✓</p>	<p>Pillars of the New Strategy Four Core Business Lines International Partnering Approach Roll-Out of New Products</p> <p>Cash is King Existing Contracts: Cash Collection New Contracts: Positive Cashflow Down-Payment of Debt</p> <p>Order Intake Focus on Sales and Order Intake From 2023: Book/Bill > 1</p>	<p>Maximise Government R&D Funding Directed Energy Space Warfare</p> <p>Establishment of EOS Europe Sales, Project Management Maintenance, Repair and Upgrades</p> <p>Launch of Partnering Arrangements 2-3 for European Markets 2-3 for US Market 1-2 Asian Market</p>

EOS Four Growth Pillars

EOS will be product-led with growth focused in four key areas

We Are Now Strategically Disciplined with a Focus on Four Business Lines, which:

- have a strategic growth potential;
- are based on EOS heritage technology and innovation portfolio; and
- have a competitive advantage or can be one of the first-movers.

The new leadership team are reviewing opportunities with a disciplined approach to investment.

We are developing an ambitious and realistic product development and commercialisation program, which includes targeting a range of different development funding strategies.

RWS and Turrets	Directed Energy	Space	EM Solutions
R400 Family World Market Leader	Titanis CUAS Grow in 2023 - 24	Commercial Space Intelligence World Market Leader	Naval Terminals Market Leader
R150 Family Launch in 2023	DEW 36kW Launch in 2024	Military Space Control Launch in 2024	Land Terminals Successful in Market
R800 Family Launch in 2024	DEW 50kW Launch in 2025	Space Warfare Launch in 2025	Medium Size Terminals Launch in 2024
T1600 Launch in 2025	DEW 100kW Launch in 2026		Submarine Terminals Launch in 2025

Summary and Actions

The turnaround is well established and future growth is targeted

Summary

- Restructuring accomplished
- Strong defence markets
- Significant future opportunities:
 - Commercialise technology / product launches
 - Comprehensive and structured market approach
- Positive Q1 cash result
- New and experienced team

Key 2023 Actions

1. Collect cash
2. Secure new sales contracts
3. Disciplined approach:
 - Costs
 - Capital expenditure
 - Contract execution
4. Repay debt on schedule



Thank you

