

A high-contrast, blue-toned image of space. The left side shows the curved horizon of the Earth with visible cloud patterns. In the upper right, a bright sun or star creates a large, multi-pointed starburst effect. A small satellite or spacecraft is visible in the distance between the Earth and the sun.

EOS

Company Update

30 May 2014

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- 1. Review of 2013 Results**
- 2. Current Status and Outlook:**
 - Space**
 - Remote Weapon Systems**
- 3. Summary and Outlook**

Financial Results 2013



1. Revenue: The 2012 restructure lowered break-even revenue to around \$30 M. Achieving \$29.9 M in 2013 slightly exceeded expectations.

2. Profit/Loss

A profit of **\$1.56 M** was made after >\$3 M in EOS costs associated with ongoing technology development for both business sectors were fully expensed.

3. Cash

Net cash used by operating activities for the 2013 year was \$2.7m (2012: net cash generated \$3.8m).

Cash available for operating activities was A\$4.0 m at 31 December 2013 (2012: A\$6.7m).

Key Features of 2013 Operations



- Both sectors profitable for the first time
- Improving execution of contracts in both sectors
- Space sector momentum increasing
- Completion of EOS' principal space research program, with commercialization accelerating
- Completion of a key new weapon system product

Remote Weapons Systems Sector: Status and Outlook



Key Developments in 2013



1. Business Model and Resilience

The efficiency improvements from 2012 were entrenched in 2013.

2. New Technology and Products

A next-generation weapon system designated R-400S completed development and prepared for production from 2014.

The EOS remote turret completed technology development and commenced 2 years of pre-production testing and refinement.

3. Remote Weapon System Market

Weapon system market recovery commenced, but only in new markets requiring new products. EOS deployed new technology and products to those markets.

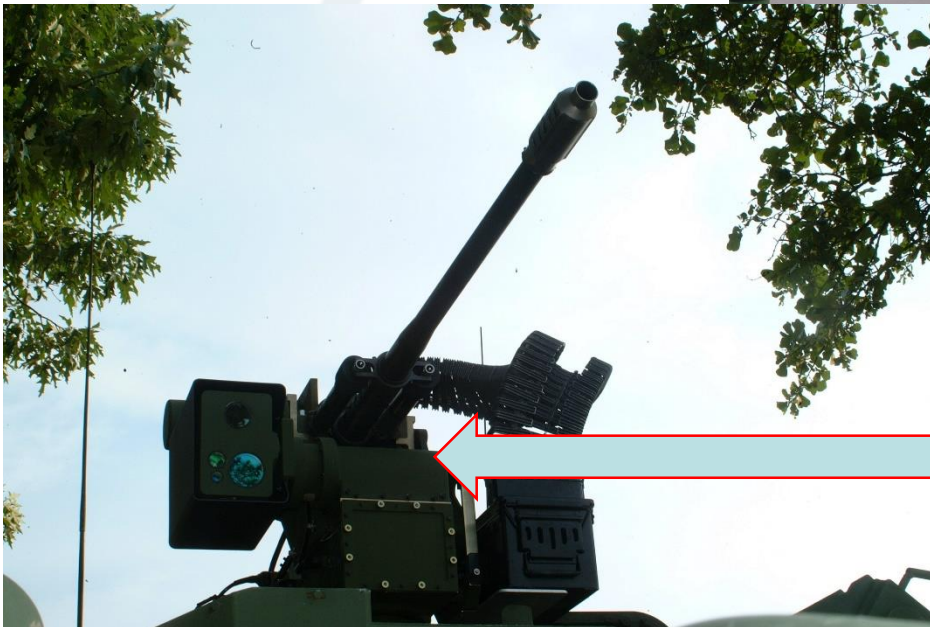
4. Product support Programs

Revenue from providing service and support for many of the 1,000+ EOS weapon systems previously delivered increased as troops were withdrawn from theatre. This will be a long term trend.

New Products



Lightweight remote turret
for armored vehicles with
30-40 mm cannon



R-400S next-gen RWS with
lightweight 30 mm cannon

Sector Outlook for 2014



Revenue from sustainment of EOS products sold in recent years is steadily growing.

Demand for new technology and products is emerging in specific regions and EOS is well placed to respond with lean processes, new products and existing strategic partnerships.

New products appear to meet market expectations, with EOS bids either shortlisted or selected for contract negotiation in key programs.

Space Sector:

Status and Outlook



Key Developments in 2013



1. Space Debris

The trend of increasing debris and increasing investment in space continued. Asset risk now exceeds a prudent threshold for some applications and risk mitigation is required.

2. Multi-national Consensus

Australia, USA and key allies simultaneously announced on 21 May 2014 a formal partnership for joint space operations aimed at mitigating the debris threat. This builds on a series of formal announcements in Canberra and Washington.

3. Major Development Milestone

EOS space debris management technology exceeded key cost-effectiveness thresholds in 2013 and will now transition to commercial operations. This transition is now under way with service agreements in negotiation and revenue impact expected from 2015.

4. Commonwealth CRC Funding

EOS has made its technology platform available for collaboration with local and international partners [incl. USA, Japan, Europe] thru a new \$60M R&D program attracting \$20M in new Commonwealth funding.

CRC Participation

- Australian National University
- RMIT University
- Lockheed Martin Corporation
- **EOS Space Systems**
- Optus
- National Institute of Information and Communications Technology [NICT], Japan
- NASA



CRC participants will pool over \$100M of infrastructure and \$60M of new funding to research new technology for space environment management. EOS provided founding technologies and 30% of all resources.

Sector Outlook for 2014



- Long term international collaboration for new technology development secured thru the CRC.
- Partnership agreements in negotiation for global space *operations* to parallel the space *research* [CRC] effort.
- Space infrastructure contracts are in negotiation.



EOS

Summary and Outlook



Business Outlook for 2014



1. New Business:

The company's new technology and products are competing strongly in new markets in both business sectors, with new long-term awards expected within 2014.

2. Cash:

Cash available to the company is expected to be stable through 2014.