



1H 2023 UNAUDITED RESULTS

28 August 2023



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SPEAKERS



Andreas Schwer, CEO

- Over 30 years in global Defence, Manufacturing and Space industries
- Aeronautical engineer, PhD
- German citizen
- Airbus 14 years, Rheinmetall International 5 years

**Commenced
August 2022**



Clive Cuthell, CFO

- Over 15 years as CFO in global industrial businesses
- Chartered Accountant 25 years
- British / Australian citizen
- Rinker Group / Holcim 9 years, Nuplex 3 years

**Commenced
September 2022**

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1. Introduction

- Status of Half Year Report
- Global Market Update
- Business Overview
- 1H 2023 Performance Overview

2. Financial Results

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STATUS OF HALF YEAR REPORT

Status of Half Year Report

- EOS has not yet finalised its Appendix 4D and Financial Statements for the Half Year ended 30 June 2023.
- This is as a result of a matter that has recently been raised by a Middle East customer concerning EOS's compliance with offset credit obligations on a timely basis. The company and the customer are working in good faith to resolve the matter.
- As part of the offset credit obligations, EOS has previously disclosed that it has issued an offset bond, guaranteed by Export Finance Australia under a bond facility agreement. The offset bond has been issued for an amount of US\$16,957,000 (A\$25,576,000). The offset bond is secured by a cash security deposit of US\$10,504,000 (A\$15,842,000) and a fixed and floating charge over the assets of the Group.

This presentation contains Unaudited and Unreviewed Information

- EOS is completing the Appendix 4D and Financial Statements, including finalising a Review by EOS auditors. The information in this presentation has not been audited or reviewed by the company's auditors.
- EOS confirms it plans to report its results for the Half Year ended 30 June 2023 on or before the due date of 31 August 2023. This is expected to include the completion of a review by the company' auditors.

MARKET UPDATE

Ukraine conflict and increased geo-political tensions are resulting in higher Defence spending



Market Situation

The Ukraine war and geopolitical tensions



Significant increases in global Defence activity and planned spending



Technology is key differentiator

EOS Strengths

- ✓ Leading edge technology
- ✓ Focused product development and commercialisation
- ✓ Targeted business development
- ✓ EOS strategic discipline and capital allocation



BUSINESS OVERVIEW

Strategic Positioning



>75% export revenue



Global Non-ITAR market (non-US)

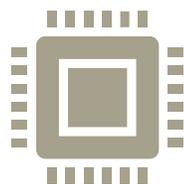


Growing market size

Our Strengths



Accuracy and tracking

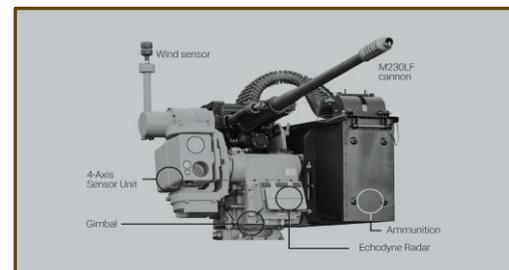


Technology and Innovation



Established >2,500 RWS in service

Key Product Areas



RWS and Turrets



High Energy Laser Weapons



Space



EM Solutions

1H 2023 PERFORMANCE OVERVIEW

**Improved cash flow,
signed new contracts,
and launched new
products**



New Products

**New products launched:
Slinger Counter-Drone
R150 lightweight formal launch**



New Orders

**Signed new contracts >\$400m
incl. conditional Ukraine \$181m**



Working Capital

**Focus on contract management
Net realisation A\$50m contract asset**



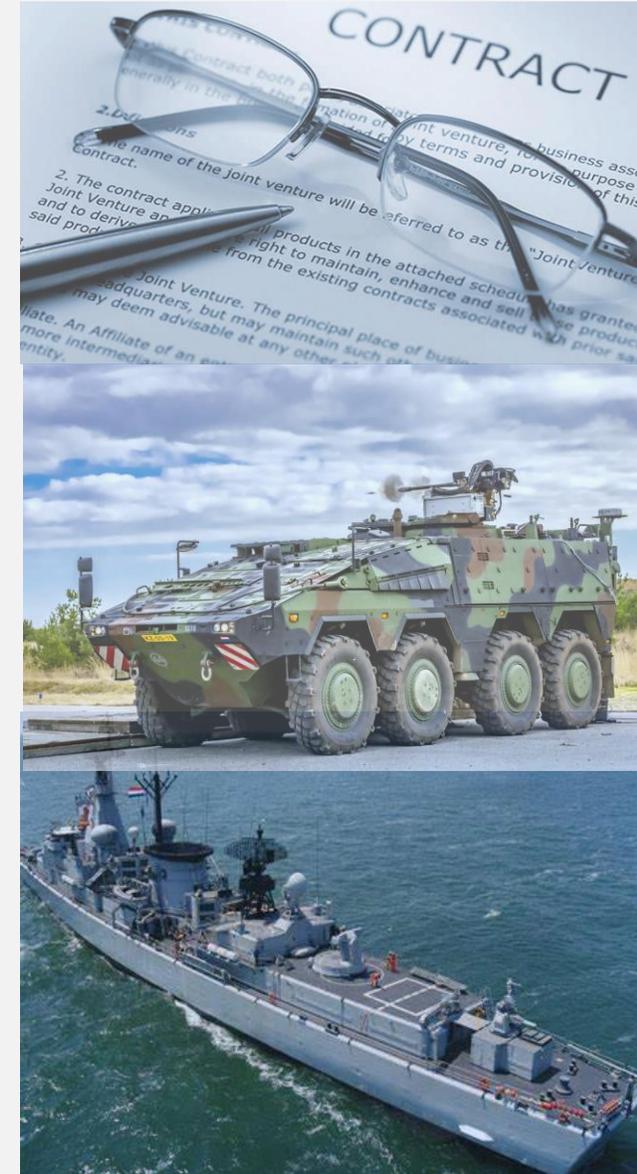
Cash Receipts

**\$123m cash receipts in 1H 2023
Up 65% from \$74m in 1H 2022
Cash balance 28 Aug - \$83m**



Debt Repayment

**EOS intends to repay \$26.9m of debt,
on or before 6 Sep 2023,
in accordance with debt agreements**



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- 1H 2023 Financial Results Overview
- 1H 2023 Cash Flow
- Segment Update – Defence & Space

3. Growth & Outlook

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Unaudited & Unreviewed

1H 2023 FINANCIAL RESULTS

**Significant improvement
in Revenue, Cashflow and
Order Backlog**



Unaudited & Unreviewed Key Results	1H 2023	1H 2022	▲	
	\$m	\$m	\$m	
Revenue	74.3	53.8	20.5	+
Underlying EBITDA	(14.8)	(24.2)	9.4	+
Finance cost	(16.0)	(6.1)	(9.9)	-
Net loss before tax	(35.4)	(33.0)	(2.4)	-
Net cash flow from operations	30.7	(17.1)	47.8	+
Order backlog 30 June				
Secured	464	323	141	
Conditional	181	-	181	
Total	645	323	322	+



CASH FLOW IMPROVEMENTS

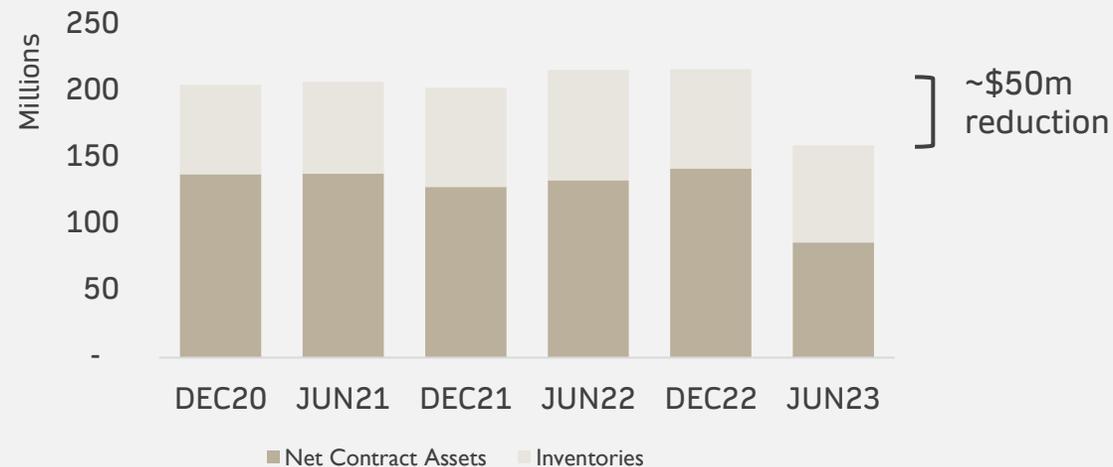
EOS delivered cash flow improvement



Unaudited & Unreviewed Key Cash Flows	1H 2023	1H 2022	▲	
	\$m	\$m	\$m	
Customer receipts	123.3	74.5	48.8	+
Net operating CF	30.7	(17.1)	47.8	+
Net investing CF	(6.1)	(23.6)	17.5	+
Cash balance 30 Jun	42.0	13.8	28.2	+
Cash balance 28 Aug	83.1			

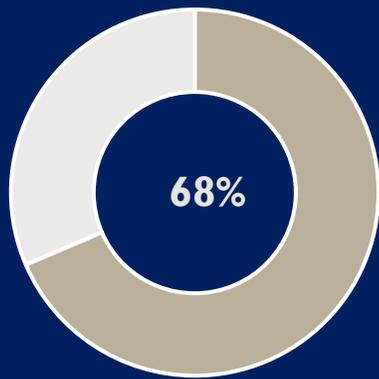


Net Contract Assets and Inventory



DEFENCE

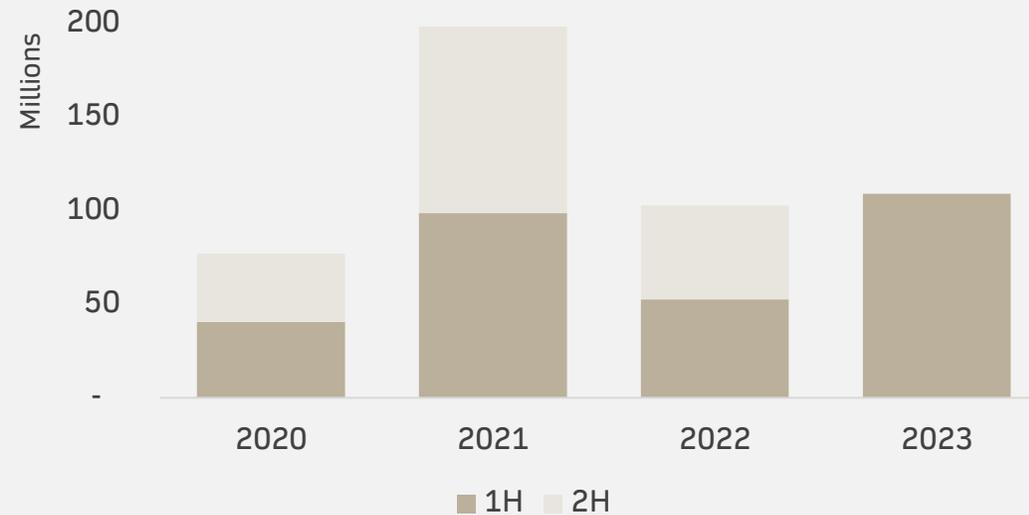
Solid revenue growth with positive market outlook



% of Total EOS Revenue

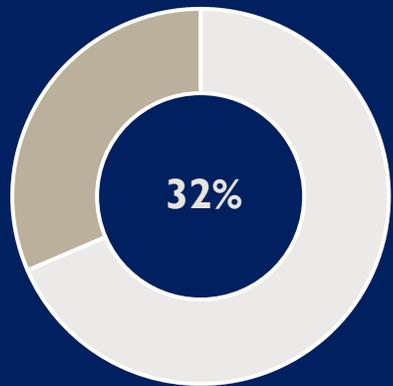
Unaudited & Unreviewed Divisional Results	1H 2023	1H 2022	▲	
	\$m	\$m	%	
Revenue	50.7	38.2	33%	+
Loss before tax	(17.5)	(25.7)	32%	+
Customer receipts	109.3	52.7	107%	+

Customer receipts



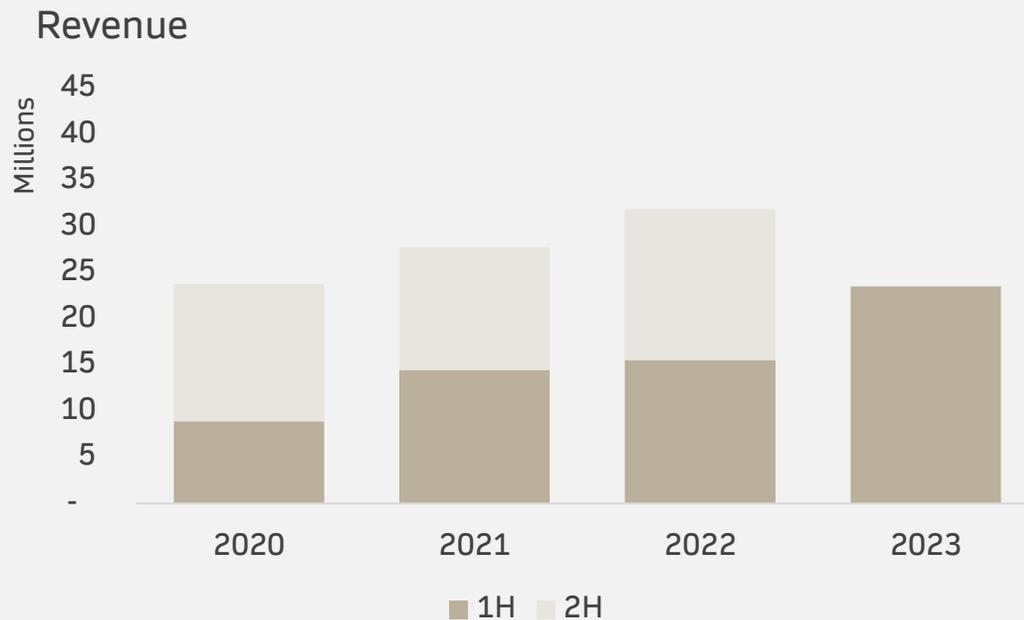
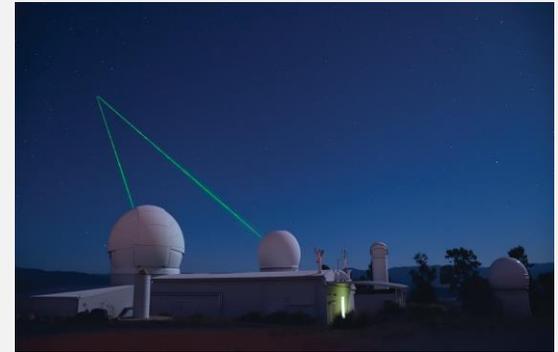
SPACE

High growth EM Solutions
naval satcom activity, and
Space data services



% of Total EOS Revenue

Unaudited & Unreviewed Divisional Results	1H 2023	1H 2022	▲
	\$m	\$m	%
Revenue	23.6	15.6	51% +
Loss before tax	(0.4)	(3.4)	88% +
Customer receipts	13.9	21.8	-36% -



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- New Order Intake & Backlog
- New Product Growth Opportunities
- Our promises
- Our approach

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NEW ORDER INTAKE & BACKLOG

Record order backlog provides a strong base for future growth



Unaudited & Unreviewed
Order Backlog



Significant New Orders Secured

- A\$51m Western European Government sales, delivered July 2023
- Up to A\$202m EM Solutions for Australian Navy (2023-2030)
- A\$181m Ukraine contracts, conditional on testing, approval and customary wartime (cancellable) terms:
 - First demonstration completed successfully
 - Test report documentation underway
 - Next step: Ukraine MOD approvals, which may result in confirmed orders



NEW PRODUCT GROWTH OPPORTUNITIES

**EOS has unique
advantages in point &
track technology**



		Revenue timing *	
R150 Lightweight System	Formal launch in 2023 Suitable for light vehicles Future UGV opportunity	2023-25	
Counter Drone Kinetic System	Launched "Slinger" in 1H 2023 Proven, world-leading accuracy Initial evaluation order received	2024-25	
Large R800 Remote Weapon System	Continued to develop and test Low cost and heavy firepower Planned market intro 2023-24	2024-26	
Unmanned Ground Vehicle Weapon Systems	Growing demand Lightweight & resilient High accuracy	2025-27	

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

NEW PRODUCT GROWTH OPPORTUNITIES

We focus on security threats that are growing



High Energy Laser Weapon

36kW prototype laser weapon
Counter-Drone app'n (Class 1/2)
Scalable to 54kW & 100kW
Marketing and demo in 2023
Low power opportunities

(More details in appendix)

Aim *

Product Develop't Funding*
2023-25



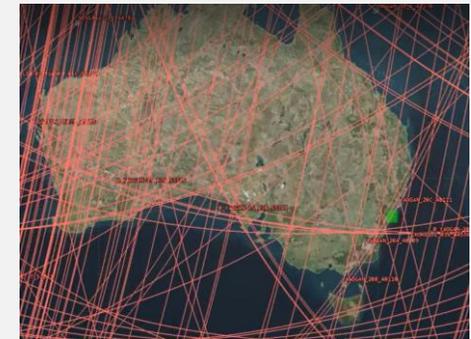
Space Warfare

Growing market demand
EOS unique capabilities:

- Tracking - Space Domain Awareness
- Telescope design and construction
- Adaptive Optics
- High Energy Laser

(More details in appendix)

Product Develop't Funding*
2023-25



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

OUR PROMISES

We have delivered on our promises

We said...		We delivered...	
Formulated new strategy		Focus on core businesses & strengths of point & track Exit SpaceLink in 2022 Exit Australian Satellite Manufacturing proposal (2023) 2023 Capex focused on core business Seeking third party product development funding	
Increase efficiency		Company wide restructuring program Reduced headcount by >100 FTE in 2022	
Innovate & launch core products		Slinger Counter Drone launched R150 lightweight RWS formal launch VAMPIRE AS65 R150 gimbal in market (with L3Harris)	
Grow & diversify sales		New contracts secured – Ukraine / Western Europe Grew EM Solutions with contract for up to A\$202m 30 June 23 Backlog \$645m (incl. conditional contracts)	
Realise working capital		Amended customer contract in February 2023 1H 2023 reduced contract asset by \$50m Secured >\$44m proceeds from new sales in July 2023	
Focus on cash		Increased cash balances From \$22m at Dec 2022 To \$42m at June 2023 To \$83m at 28 August 2023	

OUR APPROACH

We will maintain focus



1. Manage Cash Flow

- Realise working capital
- Repay debt on schedule in 2023, 2024 and 2025

2. Diversify Product Base

- Maintain leadership in accurate pointing
- Commercialise technology

3. Diversify Customer Base

- Go to market in Europe & North America
- Continue to grow sales orders

4. Maintain Strategic Discipline

- Focus on the core – accurate pointing
- Secure product development funding

CONCLUSION

1. QUESTIONS

2. THANK YOU

- **Glossary**
- **Net loss to EBITDA reconciliation**
- **Segment results detail**
- **Historical revenue and cash receipts**
- **Order intake summary**
- **Debt summary**
- **EOS Segments**

GLOSSARY

Unaudited & Unreviewed

Term	Description
1H	First Half of the financial year
2H	Second Half of the financial year
ADF	Australian Defence Force
ASMH	Australian Satellite Manufacturing Hub
CF	Cash Flow
CUAS	Counter Unmanned Aerial System
DE	Directed Energy
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax Depreciation and Amortisation
FTE	Full Time Equivalent
IP	Intellectual Property

Term	Description
ITAR	International Traffic in Arms Regulation (a USA regulatory regime)
MOD	Ministry of Defence
Q4	4 th quarter of the financial year
RWS	Remote Weapon System
SatCom	Satellite Communications
UGV	Unmanned Ground Vehicle
Underlying EBITDA	EBITDA before impairment and foreign exchange gain/(loss)

NET LOSS TO EBITDA RECONCIL'N

Unaudited & Unreviewed Continuing operations	Period ended 30 June 2023 \$m	Period ended 30 June 2022 \$m
(Loss) for the period	(32.4)	(26.4)
Income tax (benefit)	(3.0)	(6.6)
(Loss) before tax - see next page	(35.4)	(33.0)
Impairment of assets	-	3.8
Finance costs	16.0	6.1
Foreign exchange (gains)	(2.4)	(6.4)
Underlying EBIT (loss) (before impairment and foreign exchange gains)	(21.8)	(29.5)
Depreciation and amortisation	7.0	5.3
Underlying EBITDA (loss) (before impairment and foreign exchange gains)	(14.8)	(24.2)

SEGMENT RESULTS DETAIL

Unaudited & Unreviewed

June 2023**Defence****Space****Un-allocated**
(incl. finance costs)**Total****\$m****\$m****\$m**

Revenue

50.7

23.6

74.3

Loss before tax

(17.5)

(0.4)

(17.6)

(35.4)

June 2022

Revenue

38.2

15.6

53.8

Loss before tax

(25.7)

(3.4)

(3.9)

(33.0)

Amounts may not add due to rounding.

ORDERS INTAKE SUMMARY

From Sep 22 to date

Unaudited & Unreviewed

Segment	Amount \$m	Customer location	Product/Services	Delivery period
Defence	120	Ukraine	RWS	2023-2024
	61	Ukraine	RWS	2023-2024
	51	Western Europe	RWS	2023-2024
	15	Southeast Asia	RWS R600	2023
	<10	USA	RWS R150	2023
Space	202	Australia	SEA-1442-5 award	2023-2030
	26	Australia	Sustainment of existing fleet of Cobra Maritime SATCOM Terminals	2022-2026
	38	Various	Cobra satellites and RF components	2023-2024
	1m	Asia and Europe	Laser and telescope equipment	2022-2023
	<1m	USA	Satellite laser ranging data	2023

DEBT SUMMARY

Key steps have been taken to improve cash flow, and more are underway

Unaudited & Unreviewed

<i>A\$m</i>	Principal	Term	Maturity	Total Rate	Repayment
Working Capital Facility	20.0	12m	6 Sep 23	19%	26.9
Working Capital Facility	15.0	18m	11 Apr 24	19%	20.5
Term Loan Facility	35.0	36m	11 Oct 25	26%	52.1
Total	70.0				99.5

New Borrowing Facilities

- Set up in Sep/Oct 2022 with longstanding equity investor Washington H. Soul Pattinson (“WHSP”)
- Interest can be capitalised up to 12 months – total Group 1H finance costs were A\$16.0m (A\$6.1m in 1H 2022)
- Repayment of A\$99.5m includes capitalised interest, excludes interest paid prior to maturity. Total repayable is up to A\$127m
- Borrowing facilities include substantial covenants and restrictions and a 100% make whole clause

Recent Actions and Cash Flow

- Cost reduction program executed in Q4 2022 (A\$25m); SpaceLink venture terminated ceasing further investment (A\$26m in 2022)
- Middle East contract amended in February 2023
 - 1H 2023 reduction in contract asset working capital asset of A\$50m
 - 2023 1H Cash Receipts from customers of A\$123m (increase from \$75m in 2022 1H)
 - Cash balance at 28 August of \$83m

HIGH ENERGY LASER WEAPON

**EOS has developed a 36-
54kW laser weapon and is
demonstrating it during
August 2023**



EOS Prototype

- Currently available 36-54kW class (36kW in trial operation)
- Two test ranges – indoor and outdoor
- Class 1 and 2 drone capability and demonstration
- Fully owned IP



Fixed/Portable

Product Development

- Investment required to fully develop 54kW product, ~US\$15m
- Investment required to increase to 100-150kW, ~US\$50-70m
- Seeking partner funding – based on Aug 23 demonstrations
- Lower power weapons 0 – 20kW
 - Development in progress
 - Evolving application



Mobile Armoured Vehicle



SPACE & SPACE WARFARE

Space Warfare is a rapidly evolving military need - EOS has key capabilities in house



Market Evolution

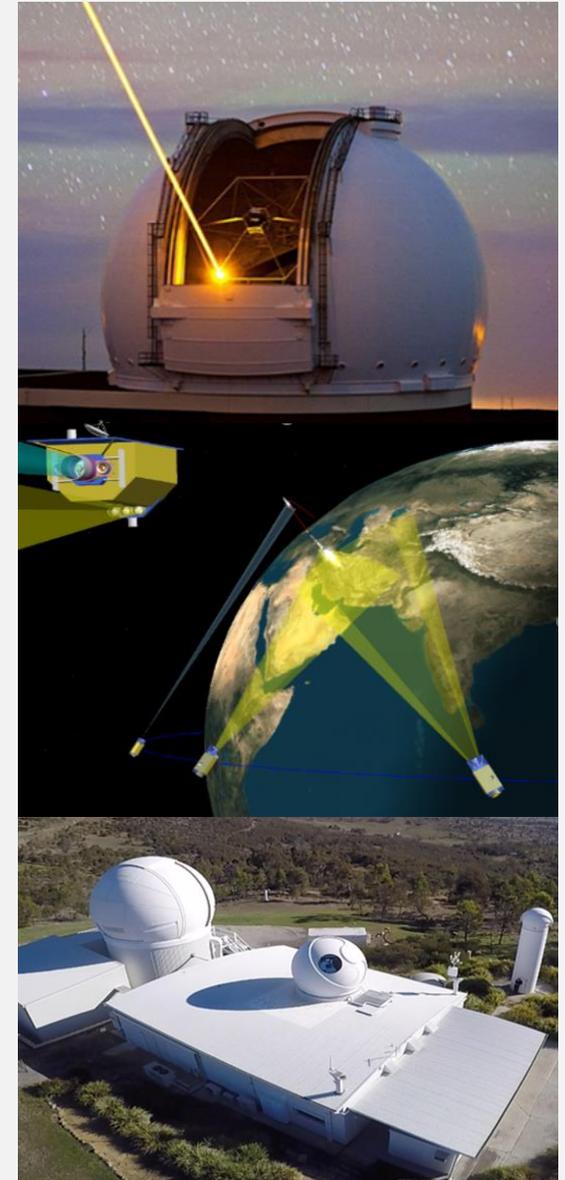
- Space Warfare is a significant growth market – growing need for capability to disrupt enemy space operations
- National governments are seeking help to develop this capability - recent government tender for US\$80m development project

EOS Capability – EOS has significant private IP

- Space Domain Awareness – market leading identification and tracking capability
- Telescope construction for over 20 years
- High energy laser – EOS experienced in space operation
- Opportunity for fixed and mobile ground station development

EOS Next Steps

- Seeking product development funding partners
 - EOS contributes IP and technology
 - Commercialise expertise in growing market



EOS SEGMENTS

Defence

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

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

