



RESEARCH UPDATE

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Market Statistics in AUD

Price	\$ 6.41
52 week Range	\$1.00 - \$10.42
Daily Vol (3-mo. average)	4,841,101
Market Cap (M):	\$1,054.2
Enterprise Value (M):	\$ 982.7
Shares Outstanding: (M)	164.5
Float (M)	126.1
Public Ownership	59.4%
Institutional Ownership	17.3%

Financial Summary in AUD

Pro-Forma Cash (M)	\$ 71.5
Cash/Share	\$ 0.43
Pro-Forma Debt (M)	\$ -
Equity (M)	\$ 219.5
Equity/Share	\$ 1.33

FYE: Dec 2025E 2026E 2027E

(in AUD\$ M)

Rev \$ 120.1 \$ 234.8 \$ 275.4

Chng% -37% 96% 17%

EBITDA \$ (23.0) \$ 21.0 \$ 43.8

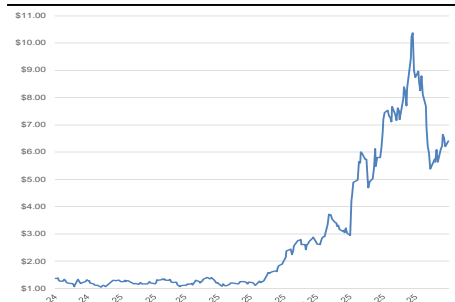
Net Income \$ (54.7) \$ 10.6 \$ 39.0

EPS \$ 0.23 \$ 0.07 \$ 0.23

EV/Revenue 4.2x 3.6x 0.0x

EV/EBITDA 46.7x 22.4x 0.0x

P/E 28.4x 91.2x 27.6x



COMPANY DESCRIPTION

Electro Optic Systems Holdings Limited is a global aerospace & defense and communications company with operations in Australia, United States, Middle East, Asia, and Europe. EOS develops, manufactures, and sells remote weapons systems, counter-drone weapons systems, naval satellite communication systems and space domain awareness services. The Company operates across two segments: Defense Systems and Space Systems. EOS is currently headquartered in Canberra, Australia with regional offices in the United States, the United Arab Emirates, Singapore, the Netherlands, and Germany.

ELECTRO OPTIC SYSTEMS HOLDINGS, LTD. (ASX: EOS)

COMPANY UPDATES

Continued Diversification Through Acquisition: EOS announced the acquisition of the UK-based interceptor business from MARSS Group for a total of A\$10.0M. This acquisition adds a complimentary counter-drone capability, which is expected to take 12-24 months of further development. This establishes EOS as a leading counter-drone capability company. Interceptor drones are an emerging advanced technology, seen as a critical future tool. Following the launch of a counter-drone the system pursues the target with onboard imaging, an infrared seeker and market-leading AI-based guidance. The system is compact and mobile, suited to fixed sites and vehicle deployment, and is designed to integrate with common sensors and command and control systems as part of a layered counter drone solution. Notably, a version of this system can be side-loaded to EOS' RWS. It is expected that this acquisition will require an additional AUD\$10.0M over the next three years, portions of which may be funded by customers.

Significant HELW Contract: In August of 2025 EOS announced that it has secured an order for a 100kW high power laser weapon system (HELW) for counter-drone warfare. This is an A\$125.0M contract for a HELW that is to be delivered to a European NATO member, with revenues expected to be recognized over the next 3 years. Of note, this unit can take down 20 drones per minute, which is approximate 5 to 10 times more efficient than current kinetic kill options and does not have the constraint of cool down time. We also note that this contract is expected to be accretive to margins and cash flow positive in the back half. Going forward we expect EOS to secure a further contract for a HELW in 2026. Given the short training window needed to operate these weapons, and significant need for cheaper and effective counter-drone weapons we expect this vertical to become a very significant growth driver as EOS has reason to believe it is poised to capture 50% of the HELW TAM given the proprietary technology and first mover advantage it has.

Growth Outlook: The Company has laid out a three-pronged approach for accelerated growth over the medium term that is two parts internal and one part external. EOS expects to focus resources on counter drone RWS technology over the next 1 to 3 years and HELW technology over the next 2 to 5 years. With the above mentioned contract already signed, and another contract not far behind, we believe that this midterm growth potential will quickly come into focus. Aside from these HELW contracts the Company has seen significant macro tailwinds as the EU continues with its ReArm Europe Program, expecting to mobilize €800.0M across the European Union, culminating in the "drone wall".

Strong Backlog: As of the most recent market update, the Company has a strong order backlog that is over AUD\$400.0M, almost 3 times higher than it was at year end. This is supported by a recent Slinger counter-drone order contract valued at AUD\$20.0M. Most of this backlog is expected to be monetized in 2026 and 2027. In addition to this strong backlog the Company also has a significant pipeline of sales opportunities.

Valuation: We use both a DCF Analysis and Comparable Analysis to inform our valuation of EOS. Our DCF analysis arrives at a valuation range of AUD\$8.16 to AUD\$9.56 with a midpoint of AUD\$8.79. For the Comparable Analysis we arrive at a valuation range of AUD\$7.09 to AUD\$9.75 with a midpoint of AUD\$8.42.

Business Overview

Electro Optic Systems Holdings Limited (“EOS,” “the Group”, or “the Company”) is a global aerospace & defense and communications company with operations in Australia, United States, Middle East, Asia, and Europe. EOS develops, manufactures, and sells remote weapons systems, counter-drone weapons systems, naval satellite communication systems and space domain awareness services. The company is also developing further products, including high energy laser weapons. The Company operates across two segments: Defense Systems and Space Systems. EOS is currently headquartered in Canberra, Australia with regional offices in the United States, the United Arab Emirates, Singapore, the Netherlands, and Germany.

Company History

The Company was originally founded in 1983 from the privatization of Australia’s government space activity. In the late 1990’s and early 2000’s, EOS began expanding globally and now serves markets in Australia, the United States, Europe, the Middle East and Southeast Asia. To date, the Company’s flagship product (the RWS 400) is well established and has sold over 2,500 units over fifteen years, working with more than ten different nations. The Group has grown to become the largest defense exporter in the Southern Hemisphere, with exports accounting for ~90% of revenue. In 2000 the group was officially listed on the Australian Securities Exchange under the symbol “EOS.”

Exhibit 1: Operating Areas



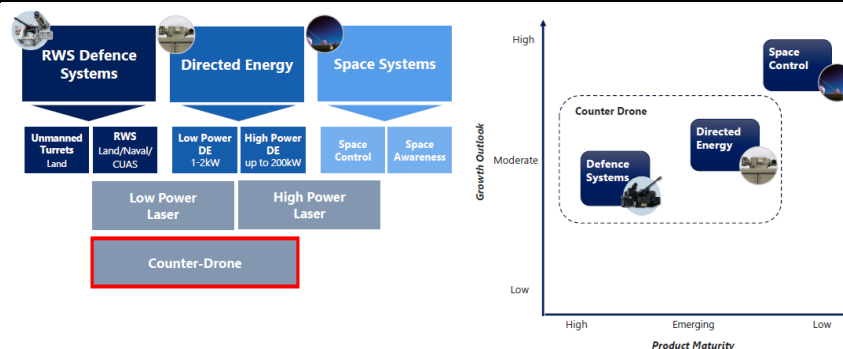
Source: Company Presentation

Business Segments

Electro Optics operates in two core segments: Defense Systems and Space Systems. The Company’s revenues are significantly dependent on governments ramping up their defense budgets, which could lead to major defense and space contract wins for EOS. Over the last two decades, countries have been steadily increasing their defense budgets to bolster their military strength and national security. Countries like the U.S. have started to increase investments in their remote weapon systems and unmanned vehicles capabilities, two core areas of EOS’s Defense business. For instance, counter-drone technologies are increasingly in demand and recent conflicts have demonstrated that traditional kinetic weapons have advantages as a cost effective and sustainable counter-drone measure.

Additionally, space warfare is becoming more of a focal point as governments adjust their defense budgets, exemplified by the U.S. and China establishing their own independent space branches of their militaries. This could prove to be catalyst if other countries follow suit.

Exhibit 2: Business Segments



Source: Company Presentation

EOS Defense Systems

The EOS Defense Systems segment develops remote weapons systems (“RWS”) and weapon systems for unmanned ground vehicles (“UGVs”) as well as counter-drone applications. This segment accounts for AUD\$100-200 million of the Company’s revenue. EOS is intent on capitalizing on future commercial growth by maximizing prospects provided by third part development funding and making commercialization a core focus in the immediate future.

RWS production is responsible for the Company’s largest contract, which is supplying the UAE with 200 units worth USD\$300 million into 2024. EOS has secured two conditional contracts totaling AUD\$181 million to supply Ukraine with RWS. EOS has also won a few smaller contracts in Ukraine, involving the L3Harris VAMPIRE program, with additional wins in Southeast Asia and NATO

The Company sees its counter-drone applications as an opportunity for outsized growth. In 2023, EOS launched its newest counter-drone product named “Slinger”. The Slinger product was launched in May 2023 and was available for both the domestic Australian market as well as international markets to address current and emerging threats that are informed by the Ukraine conflict. The product is equipped with a radar and 30mm cannon that incorporates specialized ammunition with EOS’ proprietary technology for effective counter-drone operations. Next in line is the Company’s R500 remote weapon system

UGVs are also a major growth area for EOS. Recent technological advancements have increased UGVs’ accuracy and reliability, making them attractive to customers. Over the last two decades militaries have shifted their battlefield tactics by using drones and UGVs. The use of UGVs has become a top priority for international defense programs wishing to reduce casualties while increasing lethality. EOS provides remote lethality to the U.S., Thailand, the Netherlands, and Australia.

Additionally, EOS is growing the pipeline for its directed energy weapon, a high energy laser weapon (HELW), that management expects to bring growth potential. It functions somewhat comparable to the laser from James Bond’s Goldfinger. The Company announced in 1H25 the first contract for sale of a HELW unit for a price of A\$125.0M. This new technology could provide a catalyst to significantly drive revenues as the price per shot of HELW weapons could be a tenth of the price per shot for current anti-drone kinetic options. The Company is now in the advanced stages of negotiations for this product with an estimated opportunity size in the range of \$100M to \$200M. We expect further research and development into this technology following EOS securing a launch customer for this new technology.

EOS Space Systems

EOS's Space Segment is an industry leader that specializes in space surveillance and intelligence services, space control and warfare capabilities, and optical and satellite communications products. In the space, this segment has produced inconsistent and unreliable results for EOS. However, management has a commitment to only invest in activities that have true potential to produce meaningful returns in the future. By focusing its efforts on bolstering its operating efficiency to build superior products, EOS can capitalize on a rapidly growing market with governments actively working to build their space capabilities.

In March 2023, the White House proposed a USD\$30 billion budget for the U.S. Space Force, increasing by USD\$4 billion over 2022. This exhibits the U.S. commitment to build up and maintain the Space Force in the face of impending threats from China and Russia. As other countries follow suit and build their space warfare capacities, EOS could be presented as a significant opportunity to garner extensive contract wins. Most recently the Company secured a AUD\$9.0m contract with the Australian Defense Force Joint Capabilities Division to further develop its space capabilities with expected delivery in FY25.

Turnaround Strategy

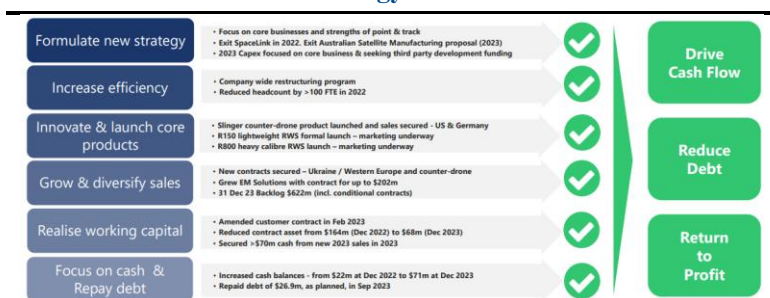
EOS has implemented a turnaround strategy to scale the company's revenue and reach profitability. This began with the appointments of new CEO Andreas Schwer, CFO Clive Cuthell, and Chair Garry Hounsell. Historically, the Company was known to severely overpromise on their expectations only to completely underdeliver, losing credibility and investor trust in the process. New management adopted an opposite approach by giving honest expectations and clearly displaying their goals by initiating a multiphase turnaround program.

The now completed phase 1 concentrated on restructuring the business. When EOS's new management was appointed, its immediate goals were to cut unnecessary costs and seek additional funding, seen by the termination of the cash burning SpaceLink venture and the borrowing facilities set up in October 2022. This was swift and effective as EOS has ended AUD\$26m per year of cash outflows from SpaceLink and AUD\$25m from roles that were redundant. The Company also fully drew its AUD\$70m principal loan to push operations forward.

Phase 2 is currently underway and is focused on collecting cash from customers and securing new orders. Thus far, the Company has made true on the plan, by renegotiating contracts and building up a backlog. In the short term, cashflows were strong in 2024 as the Company focused on cash generation. However, the Company is now in a solid position to drive its cash performance in 2025. If EOS sticks to its turnaround strategy, its reputation should improve, allowing the business to grow.

With EOS at the midway point of its turnaround program we expect the Company to continue focusing on cash receipts as well as management of cost and capital. While this is an ongoing process, we also expect the company to begin moving its focus towards growing strategic partnerships as part of the next phase of the turnaround. We see steps being taken towards this phase with the announcement of the European entity that will grow the Company's footprint in Europe and

Exhibit 3: Turnaround Strategy



Source: Company Presentation

ability to collaborate with customers in the region as well as the Company's 1H25 divestiture of its EM Solutions segment.

Financing and Growth Strategy

In the fall of 2022, EOS set up a borrowing facilities with equity investor Washington H. Soul Pattinson ("WHSP"), containing terms that interest can be capitalized in 12 months. The Company received AUD\$70 million principle and the total amount required to be repaid was AUD\$127m. On July 30, 2023, the facilities were fully drawn, despite having AUD\$42.0m in cash to continue funding operations. Due to the challenging circumstances the Company was facing when they took this loan, leading to the high rates seen in exhibit 4. In 1H25, EOS repaid this debt following the divestiture of its EM Solutions segment. This divestiture automatically triggered the repayment along with its associated early payment penalty. Following the divestiture and subsequent debt repayment, EOS emerged in a strong financial position with substantial cash for its growth initiatives.

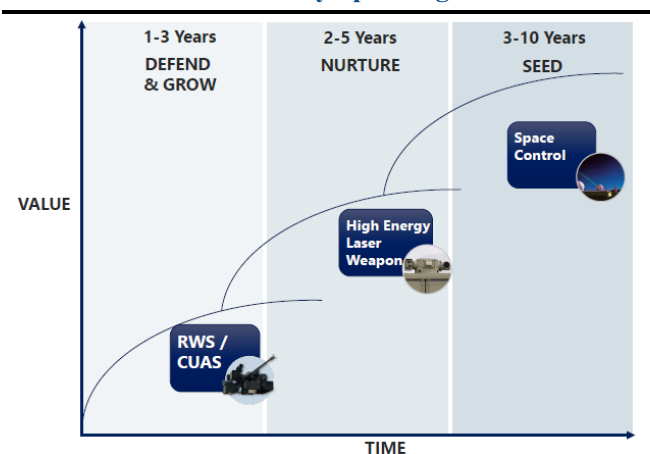
Exhibit 4: Funding

Facility	Principal	Term	Maturity	Total Rate	Repayment	Status
Working Capital	\$20.0m	12m	6 Sep 23	19%	\$26.9m	Repaid Sept 23
Additional Working Capital	\$15.0m	18m	11 Apr 24	19%	\$20.5m	Repaid April 24
Term Loan	\$35.0m	36m	11 Oct 25	26%	\$52.1m	Fully drawn Dec 24 Repaid Jan 25

Source: Company Presentation

Going forward we expect EOS to take a three-pronged approach to its growth strategy that is two parts research and development and one-part external growth. The first two prongs of internal growth are expected to focus on its RWS technology in the short term and HELW technology in the medium term. Following this we expect the Company to focus more intently on space control as pilot phases and prototyping are completed. Through this we expect EOS to use its strong financial position to add bolt-on acquisitions that will help fill capability gaps and/or de-risk the Company's supply chain.

Exhibit 5: Global Military Spending 1998-2021



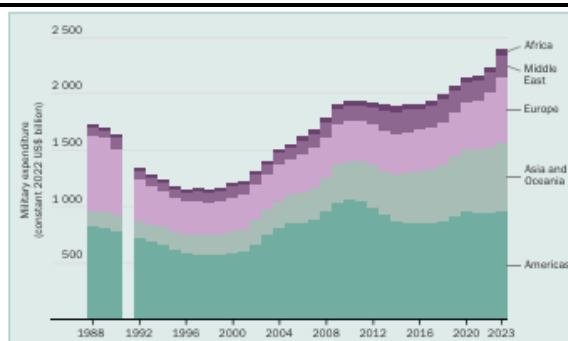
Source: Company Presentation

Market Overview

Global military spending has steadily increased over the last three decades. Despite a high inflationary environment, governments have actively increased their military budgets, largely due to the war in Ukraine as well as rising tensions in Asia. In fact, global military spending reached all-time high in 2023, surpassing USD\$2 trillion and the number is increasing. Ukraine's military spending was USD\$64.8 billion in 2023, increasing ~47% over 2022. With the War in Ukraine and tensions in Asia and the Middle East showing no sign of resolving soon, this rapid growth in spending is expected to persist.

EOS has experienced the effects of the spending surge with active contracts and contract negotiations to supply Ukraine and supporting countries with RWS's. In January 2023, the defense systems secured a contract in the U.S. for use in L3Harris Vampire program supporting Ukraine. In April 2023, the Company entered conditional contracts with Ukraine valued at AUD\$181m to supply RWS, including ammunition, spares, and related services. Consistent contract wins like this are key for the Company's future, especially as defense spending continues to reach all time highs.

Exhibit 6: Global Military Spending 1998-2023



Source: Stockholm International Peace Research Institute

Risks

As with any investment, there are certain risks associated with EOS's operations as well as with the surrounding economic and regulatory environments common to the Aerospace & Defense industry and operating in foreign countries.

Highly Competitive Industry – The Aerospace & Defense industry is highly competitive with several large players. Should EOS fail to attract more customers or lose current customers to other companies, the business could suffer. Additionally, should countries begin to reduce their budgets and reduce their demand for defense solutions, competition will rise and EOS's market will decrease.

Geopolitical Change – EOS operates in an industry that is subject to high geopolitical risk. Should governments reduce their military budgets, EOS's becomes more at risk of a reduction in its revenues. Additionally, some of the markets that the Company operates in are exposed to political and economic instability, which could bring negative pressures on operations.

Customer Concentration – The Company's activities are currently concentrated with two customers in two markets with a backlog of over AUD\$300m. A delay in cash receipts puts downward pressure on the business. Failure to secure future sales contracts and diversify its customers base could hurt the Company's ability to continue operations.

Regulatory Changes – The Company is exposed to regulatory changes. The risks of regulations include export licenses, security obligations, and compliance with countries' securities legislation. This subjects EOS to potential legal disputes, investigations, and sanctions from investors, governments, and customers amongst others. Any sort of legal action taken on the Company could have negative ramifications on operations.

VALUATION SUMMARY

We use a DCF Analysis and a Comparison Analysis to frame valuation.

DCF Analysis

We are modeling near-term revenue growth rates driven by continued contract wins around the globe. Our longer-term revenue growth normalizes around 5%.

For our sensitivity analysis, we used a range of discount rates from 9.75% to 10.25% and terminal growth rates between 1.50% and 2.50%. We selected this discount rate to account for EOS's smaller market cap and the current interest rate environment. This results in a valuation range of AUD\$8.16 to AUD\$9.56 with a midpoint of AUD\$8.79.

Sensitivity Analysis:

Discount rate	Terminal Growth Rates				
	1.0%	1.5%	2.0%	2.5%	3.0%
9.50%	\$8.78	\$9.13	\$9.52	\$9.97	\$10.49
9.75%	\$8.46	\$8.78	\$9.15	\$9.56	\$10.03
10.00%	\$8.17	\$8.46	\$8.79	\$9.17	\$9.60
10.25%	\$7.88	\$8.16	\$8.46	\$8.81	\$9.20
10.50%	\$7.62	\$7.87	\$8.15	\$8.47	\$8.83

Comparison Analysis

Comparative Analysis
(all figures in M, except per share information)

Company Name	Symbol	Price ⁽¹⁾	Mrkt Cap (M)	EV (M)	EV/Revenue ^(2, 3)			EV/EBITDA ^(2, 3)			P/E ^(2, 3)		
					2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Ducommun Incorporated	DCO	\$ 92.05	\$ 1,369.3	\$ 1,585.2	1.9x	1.8x	1.7x	11.8x	10.4x	9.2x	1.3x	1.1x	1.1x
HEICO Corporation	HEI	\$ 314.39	\$ 38,341.6	\$ 41,036.0	9.2x	8.4x	7.9x	34.1x	30.7x	28.2x	0.5x	0.4x	0.4x
Kratos Defense & Security Solutions, Inc.	KTOS	\$ 90.03	\$ 15,292.8	\$ 14,798.5	11.3x	9.5x	8.1x	124.9x	91.2x	71.5x	1.1x	0.7x	0.6x
L3Harris Technologies, Inc.	LHX	\$ 288.58	\$ 54,077.0	\$ 65,580.0	3.0x	2.8x	2.7x	16.5x	15.2x	14.7x	0.1x	0.1x	0.1x
Lockheed Martin Corporation	LMT	\$ 487.18	\$ 113,819.9	\$ 132,538.9	1.8x	1.7x	1.6x	14.3x	12.1x	11.7x	0.1x	0.1x	0.1x
MDA Space Ltd.	MDA	\$ 19.60	\$ 2,463.4	\$ 2,267.3	2.0x	1.7x	1.6x	10.2x	9.0x	8.1x	0.2x	0.1x	0.1x
Moog Inc.	MOG.A	\$ 204.67	\$ 6,489.7	\$ 7,706.3	2.0x	1.9x	1.8x	14.6x	13.0x	11.6x	0.7x	0.5x	N/A
Northrop Grumman Corporation	NOC	\$ 574.69	\$ 83,270.0	\$ 98,288.0	2.3x	2.2x	2.1x	16.7x	15.5x	14.6x	0.2x	0.1x	0.1x
RTX Corporation	RTX	\$ 176.96	\$ 239,327.8	\$ 275,949.8	3.2x	3.0x	2.8x	18.8x	17.5x	16.4x	0.0x	0.0x	0.0x
Spirit AeroSystems Holdings, Inc.	SPR	\$ 36.82	\$ 4,311.9	\$ 9,508.4	1.3x	1.1x	1.0x	-19.5x	11.7x	9.0x	0.0x	0.2x	0.1x
Average					3.8x	3.4x	3.1x	24.2x	22.6x	19.5x	0.3x	0.4x	0.3x
Median					2.2x	2.1x	2.0x	15.5x	14.1x	13.1x	0.2x	0.2x	0.1x
Electro Optic Systems Holdings Limited	ASX: EOS	\$ 4.19	\$ 807.8	\$ 729.1	8.2x	4.2x	3.6x	-42.8x	46.7x	22.4x	28.4x	91.2x	27.6x

(1) Previous day's closing price

(2) Estimates are from Capital IQ

(3) Forward estimates as of calendar year

(4) All Values in USD at an exchange rate of \$1.53 AUD/USD

Source: Company reports, CapitalIQ, Stonegate Capital Partners

We use an EV/EBITDA multiples comparison to determine a valuation range for EOS. Given the current turnaround story, large backlog of receivables, and recent contract wins coupled with the potential for continued growth due to the favorable market outlook, we feel comfortable using FY27 estimated EBITDA to value EOS. This allows us to value EOS as compared to the above peer companies that are trading at an average of 19.5x of estimated EV/EBITDA in 2027. This is compared to EOS that is trading at 22.4x, based on our estimates.

We believe that EOS should be trading at a 2027 EV/EBITDA range of 25.0x to 35.0x, which will bring the Company in line with growth oriented peers and applies a well deserved premium over legacy peers such as LHX, LMT, and NOC. This informs a valuation range of AUD\$7.09 to AUD\$9.75 with a midpoint of AUD\$8.42.

EV/EBITDA in AUD			
2027 E	25.00x	30.00x	35.00x
Adj EBITDA	43.8	43.8	43.8
TEV	1,094.6	1,313.5	1,532.4
Cash	71.5	71.5	71.5
Debt	-	-	-
Mrkt Cap	1,166.1	1,385.0	1,603.9
S/O	164.5	164.5	164.5
Price	\$ 7.09	\$ 8.42	\$ 9.75

DISCOUNTED CASH FLOW

Electro Optic Systems Holdings Limited													
Discounted Cash Flow Model													
(in AUD\$M, except per share)													
													Terminal Value
Estimates:	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Revenue	222.7	190.2	120.1	234.8	275.4	385.5	530.5	707.2	876.9	1,021.6	1,166.6	1,293.8	1,349.4
Operating Income	(4.6)	(13.9)	(38.6)	8.4	31.2	45.9	63.1	82.7	102.2	117.5	134.7	146.2	149.8
Less: Taxes (benefit)	6.1	3.3	0.5	2.1	7.8	11.5	15.8	20.7	25.5	29.4	33.7	36.5	37.4
NOPAT	(10.7)	(17.2)	(39.1)	6.3	23.4	34.4	47.3	62.1	76.6	88.1	101.1	109.6	112.3
Plus: D&A	12.4	12.5	15.7	12.6	12.6	20.4	27.1	37.5	44.7	51.1	58.3	63.4	64.8
Plus: Changes in WC	53.0	(72.4)	(1.2)	(1.2)	1.4	1.9	5.3	7.1	8.8	10.2	11.7	12.9	13.5
Less: Capex	(2.9)	(11.6)	(4.8)	(4.7)	(2.8)	(1.9)	(2.7)	(3.5)	(4.4)	(5.1)	(5.8)	(6.5)	(6.7)
Free Cash Flow	51.7	(88.7)	(29.5)	13.1	34.6	54.8	77.1	103.1	125.7	144.3	165.2	179.5	183.9
													2,344.2
Discount period - months			6	18	30	42	54	66	78	90	102	114	126
Discount period - years			0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5
Discount factor			0.95	0.87	0.79	0.72	0.65	0.59	0.54	0.49	0.44	0.40	0.37
PV of FCF			(28.1)	11.3	27.3	39.3	50.2	61.0	67.7	70.6	73.5	72.6	861.7
Growth rate assumptions:													
Revenue	-14.6%	-36.9%	95.5%	44.3%	40.0%	37.6%	33.3%	24.0%	16.5%	14.2%	10.9%	4.3%	
Operating Income	201.5%	N/A	N/A	269.3%	47.1%	37.6%	31.1%	23.5%	15.0%	14.7%	8.5%	2.5%	
EBITDA	-117.5%	1587.0%	-191.7%	108.0%	51.5%	36.0%	33.3%	22.2%	14.8%	14.5%	8.6%	2.4%	
Free Cash Flow	-271.5%	-66.7%	-144.3%	165.0%	58.5%	40.5%	33.8%	22.0%	14.8%	14.5%	8.6%	2.4%	
Margin assumptions:													
Operating Income	-2.1%	-7.3%	-32.2%	3.6%	11.3%	11.9%	11.9%	11.7%	11.7%	11.5%	11.6%	11.3%	11.1%
D&A as a % of sales	5.6%	6.6%	13.0%	5.4%	4.6%	5.3%	5.1%	5.3%	5.1%	5.0%	5.0%	4.9%	4.8%
EBITDA	3.5%	-0.7%	-19.1%	9.0%	15.9%	17.2%	17.0%	17.0%	16.8%	16.5%	16.6%	16.2%	15.9%
Taxes	-132.0%	N/A	-1.4%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Changes in WC	23.8%	-38.1%	-1.0%	-0.5%	0.5%	0.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Capex as a % of sales	-1.3%	-6.1%	-4.0%	-2.0%	-1.0%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%
Valuation:													
Shares outstanding	164.5												
PV of FCF	512.9												
PV of Terminal Value	861.7												
Enterprise Value	1,374.6												
less: Pro-Forma Net Debt	(71.5)												
Estimated Total Value:	1,446.1												
Est Equity Value/share:	\$8.79												
Sensitivity Analysis:													

Source: Company Reports; Stonegate Capital Markets

BALANCE SHEET

Electro Optic Systems Holdings Limited
Consolidated Balance Sheets (AUD\$ M)
Fiscal Year End: December

ASSETS	FY 2019	FY 2020	FY 2021	Q2 Jun-22	Q4 Dec-22	FY 2022	Q2 Jun-23	Q4 Dec-23	FY 2023	Q2 Jun-24	Q4 Dec-24	FY 2024	Q2 Jun-25
Cash and cash equivalents	77.9	65.9	59.3	13.8	21.7	21.7	42.0	71.0	71.0	52.2	41.1	41.1	90.3
Trade and other receivables	27.1	35.8	23.5	10.6	7.4	7.4	20.1	8.5	8.5	33.3	17.7	17.7	9.5
Tax Receivable	-	-	0.2	0.8	12.2	12.2	17.1	-	-	-	-	-	-
Security Deposits	-	-	-	-	-	-	-	21.1	21.1	13.9	12.7	12.7	12.1
Contract assets	44.2	124.5	106.8	109.0	127.9	127.9	68.1	29.1	29.1	44.3	57.4	57.4	5.1
Inventories	53.5	67.3	74.6	83.2	74.8	74.8	72.9	73.4	73.4	84.8	62.7	62.7	73.5
Prepayments	-	-	20.4	-	17.6	17.6	16.5	16.4	16.4	13.9	18.1	18.1	18.2
Others	14.6	13.1	-	18.6	-	-	-	-	-	-	95.2	95.2	40.0
Total Current Assets	217.2	306.7	284.8	236.0	261.7	261.7	236.7	219.4	219.4	242.4	304.9	304.9	248.7
Contract assets	-	13.4	21.5	24.3	36.5	36.5	36.7	38.9	38.9	45.4	-	-	-
Deferred tax asset	3.0	11.3	4.5	11.3	3.3	3.3	2.6	9.0	9.0	9.7	7.9	7.9	9.5
Security deposits	9.0	16.7	28.1	31.3	35.6	35.6	41.2	46.0	46.0	52.4	36.7	36.7	39.8
Loan to associate	2.6	2.4	2.5	2.5	-	-	-	-	-	-	-	-	-
Right of use assets	14.0	20.1	28.6	24.3	18.3	18.3	22.1	19.8	19.8	17.8	15.0	15.0	13.1
Goodwill	14.9	14.9	14.9	12.4	12.4	12.4	12.4	12.4	12.4	12.4	2.5	2.5	2.5
Trade and other receivable	12.1	2.1	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	17.2	19.7	17.1	13.2	12.4	12.4	11.6	18.3	18.3	28.1	18.7	18.7	20.2
Property, plant, and equipment	8.1	29.1	56.1	34.8	37.2	37.2	35.2	29.5	29.5	15.7	13.0	13.0	13.4
Other	7.2	1.0	-	-	-	-	-	-	-	-	2.2	2.2	1.7
Total Assets	\$ 305.3	\$ 437.4	\$ 458.1	\$ 390.2	\$ 417.4	\$ 417.4	\$ 398.6	\$ 393.2	\$ 393.2	\$ 423.9	\$ 401.0	\$ 401.0	\$ 348.9
LIABILITIES AND SHAREHOLDERS' EQUITY													
Trade and other payables	37.0	52.2	35.4	62.1	43.2	43.2	44.2	40.8	40.8	36.8	28.2	28.2	15.1
Contract liabilities	-	-	7.7	-	22.2	22.2	18.1	20.6	20.6	38.0	24.1	24.1	19.7
Secured borrowings	-	-	34.4	34.8	21.4	21.4	43.5	19.9	19.9	-	47.9	47.9	-
Unsecured borrowings	-	-	-	-	1.9	1.9	0.3	-	-	-	-	-	-
Lease liabilities	2.6	3.4	5.2	5.1	3.9	3.9	5.0	4.9	4.9	4.7	4.7	4.7	4.7
Current tax payable	8.4	0.0	-	-	-	-	-	3.6	3.6	4.3	4.5	4.5	2.4
Provisions	12.9	15.1	14.2	21.2	12.2	12.2	10.3	25.8	25.8	27.9	19.0	19.0	15.1
Total Current Liabilities	60.8	70.8	96.8	123.2	104.8	104.8	121.4	115.5	115.5	111.7	128.5	128.5	57.0
Secured borrowings	-	-	-	-	49.4	49.4	39.7	44.9	44.9	46.4	-	-	-
Lease liabilities	11.4	17.7	24.9	26.0	20.5	20.5	23.2	19.0	19.0	17.0	13.3	13.3	10.7
Provisions	6.5	9.3	7.2	8.8	9.6	9.6	13.1	14.7	14.7	15.2	13.5	13.5	13.2
Other liabilities	-	-	-	-	-	-	-	-	-	-	26.2	26.2	-
Total Liabilities	78.7	97.8	128.9	158.0	184.3	184.3	197.4	194.2	194.2	190.3	181.5	181.5	80.9
Issued Capital	274.3	413.5	413.7	413.7	432.2	432.2	432.2	432.2	432.2	467.6	467.2	467.2	467.3
Reserves	9.3	8.4	11.6	13.5	12.5	12.5	13.1	12.6	12.6	15.3	17.8	17.8	20.0
Accumulated losses	(56.6)	(81.0)	(94.0)	(192.4)	(208.5)	(208.5)	(240.5)	(241.8)	(241.8)	(244.8)	(260.5)	(260.5)	(213.7)
Total Parent Net Equity	227.1	340.9	331.3	234.8	236.3	236.3	204.9	203.1	203.1	238.1	224.5	224.5	273.6
Minority interest	(0.5)	(1.3)	(2.2)	(2.7)	(3.2)	(3.2)	(3.7)	(4.0)	(4.0)	(4.6)	(5.0)	(5.0)	(5.6)
Total Consolidated Equity	226.5	339.6	329.2	232.2	233.1	233.1	201.2	199.1	199.1	233.6	219.5	219.5	268.0
Total Liabilities and Shareholders' Equity	\$ 305.3	\$ 437.4	\$ 458.1	\$ 390.2	\$ 417.4	\$ 417.4	\$ 398.6	\$ 393.2	\$ 393.2	\$ 423.9	\$ 401.0	\$ 401.0	\$ 348.9

Liquidity

Current Ratio	3.6x	4.3x	2.9x	1.9x	2.5x	2.5x	2.0x	1.9x	1.9x	2.2x	2.4x	2.4x	4.4x
Quick Ratio	2.7x	3.4x	2.2x	1.2x	1.8x	1.8x	1.4x	1.3x	1.3x	1.4x	1.9x	1.9x	3.1x
Working Capital	156.35	235.91	187.99	112.81	156.88	156.88	115.38	103.93	103.93	130.66	176.37	176.37	191.70

Leverage

Debt to Equity	6.2%	6.2%	19.6%	28.4%	41.7%	41.7%	55.5%	44.6%	44.6%	29.1%	30.0%	30.0%	5.7%
Debt to Capital	5.8%	5.9%	16.4%	22.1%	29.4%	29.4%	35.7%	30.8%	30.8%	22.6%	23.1%	23.1%	5.4%

Profitability

Return on Average Assets	8.3%	-6.6%	-2.9%	-23.2%	-4.0%	-26.2%	-7.8%	-0.3%	-8.2%	-0.7%	-3.8%	-4.7%	12.5%
Return on Average Equity	11.2%	-8.6%	-3.9%	-35.1%	-6.9%	-40.7%	-14.7%	-0.7%	-15.4%	-1.4%	-6.9%	-8.9%	19.2%

Source: Company Reports, Stonegate Capital Partners

INCOME STATEMENT

Electro Optic Systems Holdings Limited																				
Consolidated Statements of Income (in AUD\$ M, except per share amounts)																				
Fiscal Year End: December																				
	FY 2019	FY 2020	FY 2021	FY 2022	Q2 Jun-23	Q4 Dec-23	FY 2023	Q2 Jun-24	Q4 Dec-24	FY 2024	Q2 Jun-25	Q4 E Dec-25	FY 2025E	Q2 E Jun-26	Q4 E Dec-26	FY 2026E	Q2 E Jun-27	Q4 E Dec-27	FY 2027E	
Revenue	\$ 165.4	\$ 180.2	\$ 212.3	\$ 137.9	\$ 74.3	\$ 145.0	\$ 219.3	\$ 142.6	\$ 33.9	\$ 176.6	\$ 44.1	\$ 76.0	\$ 120.1	\$ 103.6	\$ 125.4	\$ 229.0	\$ 119.1	\$ 150.5	\$ 269.6	
Total Other Revenue	0.6	(5.6)	10.8	14.5	2.7	0.7	3.4	6.3	7.3	13.6	(3.6)	3.7	0.0	2.4	3.5	5.9	2.5	3.3	5.8	
Total Revenues	166.0	174.6	223.1	152.4	77.0	145.6	222.7	148.9	41.3	190.2	40.4	79.7	120.1	105.9	128.9	234.8	121.6	153.8	275.4	
Operating Expenses:																				
Raw materials and consumables used	84.4	77.7	117.2	87.5	46.0	82.1	128.0	105.7	(13.8)	91.9	10.8	42.3	53.1	50.7	66.5	117.2	56.7	75.2	132.0	
Changes in inventory	5.7	38.3	(5.7)	3.9	2.3	(6.7)	(4.4)	(25.3)	25.3	-	-	-	-	-	-	-	-	-	-	
Gross Profit	75.9	58.6	111.6	61.0	28.7	70.3	99.0	68.4	29.8	98.3	29.6	37.4	67.0	55.2	62.4	117.6	64.8	78.6	143.4	
Employee benefits expense	33.7	53.2	59.1	63.0	26.9	30.4	57.3	31.1	31.4	62.5	30.8	28.9	59.7	31.7	30.1	61.8	32.7	31.3	64.0	
Occupancy costs	0.5	1.7	1.7	1.9	0.8	1.2	2.1	0.9	1.1	2.0	1.1	1.2	2.3	1.1	1.2	2.3	1.1	1.2	2.3	
Administration expenses	14.1	19.8	15.8	23.3	13.5	16.5	30.0	19.9	12.3	32.2	16.9	11.0	28.0	18.6	13.8	32.4	19.3	14.1	33.4	
Depreciation and Amortization	4.1	9.6	10.1	11.1	7.0	5.4	12.4	7.6	4.9	12.5	9.5	6.2	15.7	6.3	6.3	12.6	6.3	6.3	12.6	
Impairments	-	0.3	-	7.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Expenses	1.7	2.5	2.3	3.1	-	1.9	1.9	-	2.9	2.9	-	-	-	-	-	-	-	-	-	
Total Operating Expenses	54.1	87.1	89.0	109.7	48.2	55.4	103.6	59.5	52.7	112.2	58.3	47.3	105.6	57.8	51.4	109.1	59.4	52.9	112.2	
Operating Income	21.8	(28.5)	22.6	(48.6)	(19.5)	14.9	(4.6)	9.0	(22.9)	(13.9)	(28.7)	(10.0)	(38.6)	(2.6)	11.0	8.4	5.4	25.7	31.2	
Finance costs	(0.4)	(1.4)	(6.8)	(14.3)	(16.0)	(19.6)	(35.6)	(12.5)	(12.0)	(24.6)	(16.6)	-	(16.6)	-	-	-	-	-	-	
Profit Before Taxes	21.4	(29.9)	16.0	(62.9)	(35.5)	(4.7)	(40.2)	(3.6)	(34.9)	(38.5)	(45.3)	(10.0)	(55.2)	(2.6)	11.0	8.4	5.4	25.7	31.2	
Tax	(3.8)	4.7	(9.2)	9.3	3.0	3.0	6.1	0.0	3.3	3.3	0.4	0.1	0.5	(0.6)	2.8	2.1	1.4	6.4	7.8	
Net Income	17.6	(25.2)	6.7	(53.6)	(32.4)	(1.7)	(34.1)	(3.5)	(31.6)	(35.1)	(44.8)	(9.9)	(54.7)	(3.2)	13.8	10.6	6.8	32.2	39.0	
Non-Controlling Interest	(0.4)	(0.8)	(0.8)	(1.0)	(0.5)	(0.4)	(0.8)	(0.5)	(0.4)	(1.0)	(0.6)	(0.6)	(1.2)	(0.6)	(0.6)	(1.2)	(0.6)	(0.6)	(1.2)	
Discontinued operations	-	-	(20.6)	(62.0)	-	-	-	-	15.4	15.4	91.0	-	91.0	-	-	-	-	-	-	
Net Income To Common Stkhldrs	18.0	(24.4)	(13.0)	(114.5)	(32.0)	(1.3)	(33.3)	(3.0)	(15.7)	(18.7)	46.8	(9.2)	37.5	(2.6)	14.4	11.8	7.4	32.8	40.2	
Basic EPS	\$ 0.12	\$ (0.17)	\$ (0.09)	\$ (0.78)	\$ (0.19)	\$ (0.01)	\$ (0.23)	\$ (0.02)	\$ (0.10)	\$ (0.13)	\$ 0.26	\$ (0.03)	\$ 0.23	\$ (0.02)	\$ 0.09	\$ 0.07	\$ 0.04	\$ 0.19	\$ 0.23	
Diluted EPS	\$ 0.12	\$ (0.17)	\$ (0.09)	\$ (0.78)	\$ (0.19)	\$ (0.01)	\$ (0.23)	\$ (0.02)	\$ (0.10)	\$ (0.13)	\$ 0.26	\$ (0.03)	\$ 0.23	\$ (0.02)	\$ 0.09	\$ 0.07	\$ 0.04	\$ 0.19	\$ 0.23	
WTD Shares Out - Basic	146.9	146.9	146.9	146.9	164.5	164.5	146.9	164.5	164.5	146.9	181.6	166.1	166.1	166.9	167.8	167.8	167.8	167.8	167.8	
WTD Shares Out - Diluted	146.9	146.9	146.9	146.9	164.5	164.5	146.9	164.5	164.5	146.9	181.6	166.1	166.1	166.9	167.8	167.8	167.8	167.8	167.8	
EBITDA	25.9	(2.9)	22.8	(42.9)	(14.9)	20.5	5.7	11.5	(24.4)	(12.9)	(13.4)	(9.5)	(23.0)	3.7	17.3	21.0	11.7	32.0	43.8	
Margin Analysis																				
Gross Margin	45.7%	33.6%	50.0%	40.0%	37.3%	48.3%	44.5%	46.0%	72.3%	51.7%	73.3%	46.9%	55.8%	52.1%	48.4%	50.1%	53.3%	51.1%	52.1%	
Operating Margin	13.1%	-16.3%	10.1%	-31.9%	-25.3%	10.2%	-2.1%	6.0%	-55.4%	-7.3%	-70.9%	-12.5%	-32.2%	-2.4%	8.6%	3.6%	4.5%	16.7%	11.3%	
EBITDA Margin	16.6%	-1.7%	10.2%	-28.2%	-19.3%	13.3%	2.0%	7.7%	-59.2%	-6.8%	-33.2%	-12.0%	-19.1%	3.5%	13.4%	9.0%	9.7%	20.8%	15.9%	
Pre-Tax Margin	12.9%	-17.1%	7.2%	-41.3%	-46.1%	-3.2%	-18.1%	-2.4%	-84.6%	-20.2%	-111.9%	-12.5%	-46.0%	-2.4%	8.6%	3.6%	4.5%	16.7%	11.3%	
Net Income Margin	10.6%	-14.4%	3.0%	-35.2%	-42.1%	-1.2%	-15.3%	-2.4%	-76.6%	-18.5%	-110.8%	-12.4%	-45.5%	-3.1%	10.7%	4.5%	5.6%	20.9%	14.2%	
Tax Rate	-17.5%	-15.7%	-57.8%	-14.8%	-8.6%	-64.5%	-15.1%	-1.0%	-9.5%	-8.7%	-1.0%	-1.0%	-1.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
Growth Rate Y/Y																				
Total Revenue	75.0%	5.2%	27.8%	-31.7%	25.4%	60.0%	46.1%	93.4%	-71.7%	-14.6%	-72.9%	93.1%	-36.9%	162.0%	61.8%	95.5%	14.8%	19.3%	17.3%	
Total cost of revenues	48.2%	60.8%	2.2%	23.2%	-10.7%	-0.6%	-5.5%	23.4%	-4.9%	8.3%	-2.0%	-10.2%	-5.8%	-0.9%	8.5%	3.3%	2.8%	2.9%	2.9%	
Operating Income	44.1%	-230.7%	-179.3%	-315.4%	-27.4%	-168.5%	-90.5%	-145.9%	-253.4%	201.5%	-420.2%	-56.4%	177.7%	-91.0%	-210.8%	-121.9%	-310.8%	133.3%	269.3%	
Pre-Tax Income	41.9%	-239.7%	-153.4%	-493.7%	7.6%	-84.2%	-36.1%	-90.0%	639.1%	-4.3%	1172.9%	-71.5%	43.6%	-94.3%	-210.8%	-115.3%	-310.8%	133.3%	269.3%	
Net Income	17.0%	-242.9%	-126.7%	-895.0%	22.9%	-93.8%	-36.4%	-89.1%	1785.2%	3.0%	1173.1%	-68.8%	55.7%	-92.8%	-239.8%	-119.3%	-310.8%	133.3%	269.3%	

Source: Company Reports, Stonegate Capital Partners estimates

Statement of Cash Flows

Electro Optic Systems Holdings Limited Consolidated Cash Flow Statements (AUD\$ M) Fiscal Year End: December															
CASH FLOW	FY 2019	FY 2020	Q2 Jun-21	Q4 Dec-21	FY 2021	Q2 Jun-22	Q4 Dec-22	FY 2022	Q2 Jun-23	Q4 Dec-23	FY 2023	Q2 Jun-24	Q4 Dec-24	FY 2024	Q2 Jun-25
Operating Activities															
Receipts from customers	109.1	107.6	117.0	117.0	233.9	74.5	71.4	145.9	123.3	202.2	325.5	120.3	140.8	261.1	100.8
Payments to suppliers and employees	(141.3)	(204.4)	(109.7)	(115.6)	(225.3)	(86.2)	(102.4)	(188.6)	(89.1)	(126.8)	(215.9)	(137.0)	(131.4)	(268.4)	(91.3)
Income tax paid	(1.9)	(12.0)	(0.8)	(1.9)	(2.6)	(0.9)	(0.1)	(1.0)	(0.4)	17.1	16.7	-	(0.5)	(0.5)	(3.6)
Interest and bill discounts received	0.6	0.7	0.3	(0.3)	0.0	0.0	0.2	0.2	0.1	0.9	1.0	0.8	1.4	2.2	1.1
Interest and other cost of finance paid	(0.4)	(1.0)	(2.3)	(3.6)	(5.9)	(4.5)	(3.6)	(8.0)	(3.2)	(11.0)	(14.2)	(14.7)	(10.1)	(24.8)	(16.2)
Cash flow generated/(absorbed) from operating Activities	(33.8)	(109.2)	4.6	(4.3)	0.2	(17.1)	(34.5)	(51.6)	30.7	82.4	113.1	(30.6)	0.2	(30.4)	(9.2)
Investing Activities															
Payment for property, plant, and equipment	(4.6)	(24.6)	(9.0)	(20.0)	(29.0)	(16.1)	(3.2)	(19.3)	(1.4)	(1.6)	(2.9)	(1.4)	(4.7)	(6.2)	(6.2)
Security deposit for performance bond	-	(7.3)	(8.4)	(0.3)	(8.7)	(7.1)	(4.1)	(11.2)	(4.7)	(27.1)	(31.8)	2.1	(8.0)	(5.9)	(5.5)
Repayment of loan by associated entity	(2.8)	-	-	-	-	-	2.6	2.6	-	-	-	-	-	-	-
Payment to acquire a business	(1.3)	-	-	-	-	(0.4)	0.0	(0.4)	-	-	-	-	-	-	-
Payment for intangible assets	-	(5.2)	-	-	-	-	-	-	-	-	-	-	(5.4)	(5.4)	(4.1)
Proceeds from Security Deposits	-	-	-	-	-	-	-	-	-	-	-	-	21.1	21.1	0.3
Cash flow generated by Investing Activities	(8.6)	(37.0)	(17.3)	(20.4)	(37.7)	(23.6)	(4.7)	(28.3)	(6.1)	(28.7)	(34.7)	0.7	3.0	3.7	97.9
Financing Activities															
Drawdown non-current bank loans and borrowings	-	-	-	-	-	-	14.6	14.6	-	-	-	-	-	-	-
Repayment non-current bank loans and borrowings	-	-	0.2	0.0	0.2	-	-	-	(1.6)	1.6	-	(20.5)	-	(20.5)	(48.2)
Net changes in current and non-current financial assets and liabilities	(1.7)	(3.2)	(2.1)	(1.7)	(3.9)	(2.6)	(2.5)	(5.0)	(2.3)	(2.4)	(4.6)	(2.5)	(2.8)	(5.2)	(2.7)
Non-monetary change	-	-	-	35.0	35.0	-	75.7	75.7	-	-	-	-	-	-	-
Distribution of Dividends	-	-	-	-	-	-	(35.8)	(35.8)	-	(24.4)	(24.4)	-	-	-	-
Acquisition of treasury shares	-	-	-	(0.8)	(0.8)	-	(4.1)	(4.1)	-	-	-	-	-	-	-
Transaction Costs Related to Issues of Shares	-	-	-	-	-	-	-	-	-	-	-	(1.5)	(0.4)	(2.0)	-
Proceeds from issue of new shares	81.3	139.2	-	-	-	-	-	-	-	-	-	36.9	-	36.9	0.1
Cash flow generated/(absorbed) by financing Activities	79.6	135.9	(1.9)	32.5	30.6	(2.6)	47.9	45.4	(3.9)	(25.2)	(29.1)	12.4	(3.2)	9.2	(50.8)
Effect of exchange rate changes on cash	0.2	(1.7)	(0.2)	0.4	0.2	(2.2)	(0.9)	(3.0)	(0.4)	0.4	(0.0)	(1.3)	0.1	(1.2)	0.1
Net Cash flow in the year	37.3	(11.9)	(14.8)	8.1	(6.7)	(45.4)	7.8	(37.6)	20.3	29.0	49.3	(18.8)	0.1	(18.7)	38.0
Cash and Cash Equivalents															
Beginning Cash balance	40.5	77.9	65.9	51.1	65.9	59.3	13.8	59.3	21.7	42.0	21.7	71.0	52.2	71.0	52.3
Ending Cash balance	77.9	65.9	51.1	59.3	59.3	13.8	21.7	21.7	42.0	71.0	71.0	52.2	52.3	52.3	90.3

Source: Company Reports, Stonegate Capital Partners

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