



Research Update

Dave Storms, CFA

dave@stonegateinc.com

214-987-4121

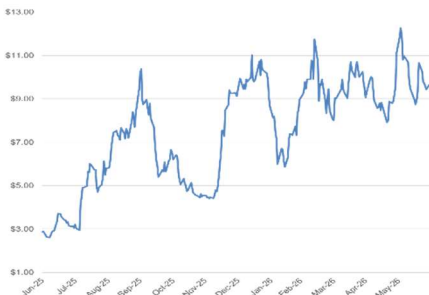
Market Statistics in AUD

Price	\$ 9.66
52 week Range	\$2.55 - \$12.58
Daily Vol (3-mo. average)	2,985,175
Market Cap (M):	\$ 1,863.9
Enterprise Value (M):	\$ 1,757.0
Shares Outstanding: (M)	193.0
Float (M)	158.9
Public Ownership	54.2%
Institutional Ownership	29.6%

Financial Summary in AUD

Pro-Forma Cash (M)	\$ 106.9
Cash/Share	\$ 0.55
Debt (M)	\$ -
Equity (M)	\$ 238.0
Equity/Share	\$ 1.23

FYE: Dec	2025	2026E	2027E
<i>(in AUD\$ M)</i>			
Rev	\$ 126.3	\$ 272.9	\$ 350.5
Chng%	-34%	116%	28%
EBITDA	\$ (24.4)	\$ 11.4	\$ 37.7
Net Income	\$ (73.5)	\$ (13.8)	\$ 19.1
EPS	\$ 0.10	\$ (0.07)	\$ 0.10
EV/Revenue	6.4x	5.0x	0.0x
EV/EBITDA	154.6x	46.6x	0.0x
P/E	94.5x	-147.0x	98.5x



COMPANY DESCRIPTION

Electro Optic Systems Holdings Limited is a global aerospace & defense technology company with operations in Australia, United States, Middle East, Asia, and Europe. EOS develops, manufactures, and sells remote weapon systems, counter-drone systems, high-energy laser weapons, and space intelligence / space control solutions. Following the completed MARSS acquisition, EOS' defense offering is expected to include a deeper software-led command-and-control layer, expanding the Company's counter-drone capabilities beyond standalone effectors and into more integrated detect-to-defeat solutions. 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

EOS' 1Q26 update and subsequent news flow moved the story from backlog rebuild to delivery execution. Management remains confident in demand and contract conversion, with 1Q26 backlog of A\$518M, customer receipts of A\$72.6M, positive operating cash flow of A\$9.5M, and advance payments up to A\$69.7M from A\$42.4M. Since quarter-end, EOS closed MARSS, raised capital, and announced additional counter-drone awards, broadening the story from RWS/Slinger hardware toward detection, C2, and effectors.

Quarterly Results: EOS ended 1Q26 with A\$95.1M of unrestricted cash and A\$54.3M of cash security deposits tied to guarantees and bonds. Customer receipts were slightly lower q/q on milestone timing, but up materially from A\$22.7M in 1Q25. Manufacturing activity remained high across Australia and the U.S., with RWS work continuing across the U.S., Europe, the Middle East, Southeast Asia, and Australia. The quarter was not about one headline number; it showed EOS beginning to turn FY25 order momentum into receipts, new deals, advances, and production activity.

MARSS Acquisition: EOS completed the MARSS acquisition in May alongside a A\$150M institutional placement and A\$40M strategic investment. MARSS adds NiDAR, an AI-enabled C2 platform that gives EOS the software layer it was missing. That matters because counter-drone customers increasingly want systems that detect, decide, and task effectors, not just standalone weapons. MARSS also expands EOS' cross-sell opportunity across RWS, HELW, and C2. After closing, MARSS secured ~A\$165M of orders, taking its order book to ~A\$217M, and was selected as the C2 provider for BAE Systems' BATS counter-drone system, an early external validation point for the acquisition.

HELW: EOS continues to advance HELW, supported by its Singapore production facility and ongoing customer discussions across Europe, the Middle East, Asia, and North America. The €71M / ~A\$125M Dutch 100kW HELW program remains in progress, with management discussing expanded scope and follow-on opportunities. In June, EOS announced a US\$124M / ~A\$175M counter-drone order from Generation 5 Holding, alongside a JV covering RWS manufacturing and 100–150kW Apollo systems, plus next-generation 200–300kW HELW development and distribution across the UAE and selected MENA markets. The JV also supports localization and ties into Korea and broader Middle East demand.

Growth Outlook: EOS reported 1Q26 backlog of A\$518M, which increased to an illustrative ~A\$726M following completion of the MARSS acquisition. Including the recent UAE order, aggregate contracted demand approaches A\$900M, providing improved visibility into FY26-FY28 revenue conversion. Management expects roughly 60-80% of the combined order book to convert during FY26-FY27 and recently increased FY26 revenue expectations to ~A\$240M. Pro forma net cash is expected to be ~A\$235M following the acquisition and capital raises, supporting working capital, long-lead inventory, customer terms, and future growth. In our view, MARSS improves the quality of the growth profile by adding software and C2 capabilities, while the enlarged backlog and capital position provide a clearer path toward converting demand into revenue and cash generation.

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\$12.40 to AUD\$14.68 with a midpoint of AUD\$13.43. For the Comp Analysis we arrive at a valuation range of AUD\$12.28 to AUD\$13.26 with a midpoint of AUD\$12.77.

Business Overview

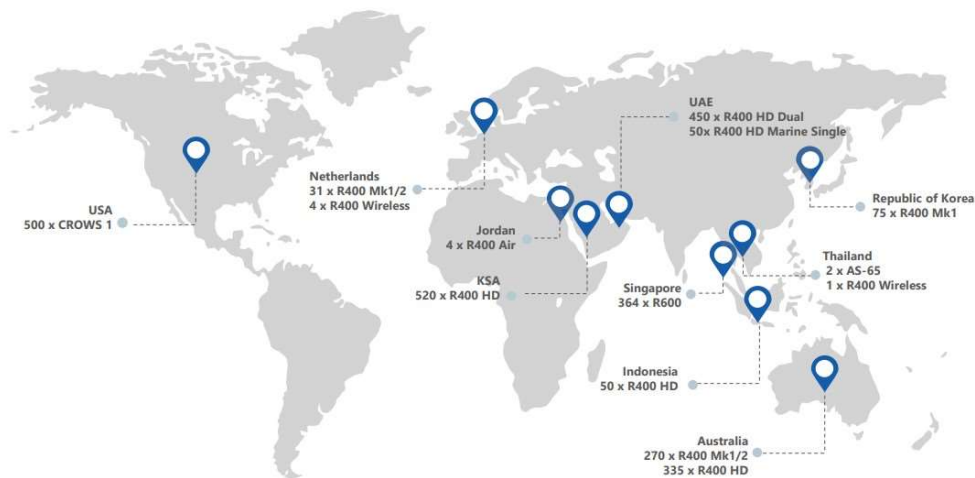
Electro Optic Systems Holdings Limited (“EOS,” “the Group”, or “the Company”) is a global aerospace & defense technology company with operations in Australia, United States, Middle East, Asia, and Europe. EOS develops, manufactures, and sells remote weapon systems, counter-drone systems, high-energy laser weapons, and space intelligence / space control solutions. Following the completed MARSS acquisition, EOS’ defense offering is expected to include a deeper software-led command-and-control layer, expanding the Company’s counter-drone capabilities beyond standalone effectors and into more integrated detect-to-defeat solutions. 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 with exports accounting for ~90% of revenue. In 2000 the group was officially listed on the Australian Securities Exchange under the symbol “EOS.”

In recent history, EOS completed its three-year turnaround program in 2025. Since launching the plan in 2022, management exited non-core businesses, improved liquidity, repaid debt, and refocused the Company on counter-drone and space technologies. Following 1Q26 results, EOS held A\$95.1M of unrestricted cash and reported an order book of A\$518M. Subsequent to quarter-end, EOS completed the acquisition of MARSS and associated capital raise, expanding its portfolio beyond RWS hardware into AI-enabled command-and-control capabilities through NiDAR. This also converts EOS into an integrator from a supplier. Including MARSS and recent contract awards, aggregate contracted demand now approaches A\$900M. The next stage is less about balance sheet repair and more about growth and converting backlog into deliveries, scaling counter-drone capacity, and integrating RWS, Slinger, HELW, and C2 capabilities into a broader layered counter-UAS offering.

Exhibit 1: Operating Areas



Source: Company Presentation

Business Segments

EOS operates in two core segments: Counter Drones and Space Control. 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. More recently, procurement priorities have increasingly shifted toward counter-drone, remote lethality, command-and-control, and layered air-defense capabilities, which aligns with EOS’ RWS, Slinger, HELW, and MARSS-enabled strategy. Rather than relying only on standalone hardware, EOS is increasingly aligned with demand for layered counter-drone architectures that combine detection, tracking, C2, and multiple effectors. 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. Space domain awareness and space control are also becoming more relevant as governments increase focus on resilient military infrastructure and the ability to detect, track, and characterize activity in orbit.





Exhibit 2: Business Segments

INTRODUCTION

EOS’ growth strategy is focused on Counter-Drone and Space Control.
The total illustrative order book is \$726m, including ~\$217m of acquired MARSS contracts

EOS

KEY PRODUCT LINES

COUNTER DRONE	SPACE CONTROL
<p>REMOTE WEAPONS SYSTEMS</p> 	<p>SPACE INTELLIGENCE AND CONTROL</p> 
<p>HIGH ENERGY LASER WEAPONS</p> 	<p>MARSS C2 NiDAR</p>  <p style="font-size: 8px; text-align: center;">ANNOUNCED ACQUISITION</p>

- Market conditions are currently supportive: Focused EOS growth strategy - Counter-Drone and Space Control
- MARSS acquisition announcement widens product range to include C2 systems and turnkey provider capability
 - NiDAR system has successfully protected Middle East critical infrastructure, driving accelerated customer enquiry
- Illustrative Total Order Book of \$726m¹, with approximately 60-80% expected to convert to revenue in 2026 and 2027
- Recent MARSS £85m new order from existing Middle East customer, increasing MARSS order book to €135m (~A\$217m)

Electro Optic Systems Note 1: As at the date of this announcement, including MARSS ~\$217m order book. Subject to completion of the MARSS acquisition. Post-completion, certain contracts that were entered into by MARSS (including the £85m new order contract) are expected to be novated to EOS subject to applicable processes and consents.

Source: Company Presentation

EOS Counter Drones Systems

EOS’ Defense Systems segment develops and manufactures remote weapon systems, counter-drone systems, and high-energy laser weapons, generating FY25 revenue of A\$115.8M. The business remains centered on RWS, but the story has broadened meaningfully following the completed MARSS acquisition, which adds AI-enabled NiDAR command-and-control software and moves EOS closer to a full Detect-to-Defeat counter-UAS offering. 1Q26 order activity supported this shift, with new awards across RWS, Slinger, U.S. counter-drone integration, and naval RWS applications. Subsequent to quarter-end, the US\$124M / ~A\$175M Gen5 Slinger order and Middle East JV further reinforced EOS’ push into integrated counter-drone systems, localized manufacturing, and higher-power HELW development.

RWS remains the core of EOS’ Defense Systems business. In FY25, the Company focused on delivering systems for several customers after completing a large legacy Middle East program. New contract wins show EOS gaining traction across Australia, Europe, North America, and the Middle East, with awards tied to LAND 400-3, LAND 156, European and NATO-country Slinger programs, U.S. Army platform work, South American demand, and U.S. defense-prime integration. In 1Q26, EOS added further Middle East

RWS/Slinger demand, U.S. counter-drone work, and an initial naval R800 order in India, expanding the addressable base across land, maritime, and counter-UAS use cases.

EOS views counter-drone as one of its largest growth opportunities. Slinger has become the Company's main commercial counter-drone product, with prior wins in Australia and Europe, including a €31M / ~A\$53M Western European order and an €11.4M / ~A\$20M NATO-country order. The US\$124M June Gen5 order adds another large Slinger program, with deliveries expected during 2027–2028, and helps support the view that cannon-based counter-drone systems are moving from urgent need to repeatable demand. MARSS adds the missing software layer through NiDAR, which coordinates sensors, effectors, and third-party equipment inside larger counter-drone deployments. MARSS' selection as the C2 provider for BAE Systems' BATS counter-drone capability provides early external validation of the acquisition and supports EOS' move from standalone effectors toward integrated counter-UAS systems.

UGVs remain an area of interest, but not the Company's primary near-term driver. Management has highlighted the broader opportunity as autonomy, accuracy, and reliability improve across defense programs. EOS' experience in remote lethality systems across markets including the U.S., Thailand, the Netherlands, and Australia provides a relevant base if the Company expands further into unmanned platforms, particularly where RWS, sensors, and C2 can be integrated onto autonomous or semi-autonomous systems.

EOS also sees HELW as a major medium-term growth driver. In 2025, the Company won the first export contract for its 100kW laser weapon, worth ~A\$125M, and used that program to help establish its Singapore production facility. Work on the Netherlands program remains underway, with revenue expected to build through 2026–2028 and discussions continuing around expanded scope and follow-on opportunities. EOS also has a conditional Korea HELW contract worth ~US\$80M / ~A\$120M, and the Gen5 JV adds a new path for 100–150kW Apollo systems and next-generation 200–300kW HELW development and distribution across the UAE and selected MENA markets. Taken together, HELW is moving from development-led activity toward a broader commercialization pipeline, though timing still depends on customer conversion, export approvals, and production execution.

EOS Space Control

EOS' Space Systems segment gives the Company exposure to the increasingly strategic markets of space intelligence, space domain awareness, and space control. The business is centered on optical space tracking, surveillance, and related technologies that support government customers as they expand their ability to observe, understand, and defend activity in space. While the segment has historically produced mixed financial results, management has emphasized a disciplined investment approach focused on opportunities with credible long-term return potential. During 1Q26, Space Systems continued to deliver on contracts with the ADF and Commonwealth of Australia, while KiwiStar secured a ~€3M / ~A\$5M optics contract tied to Europe's Extremely Large Telescope, supporting the view that the segment remains smaller but strategically relevant.

That opportunity remains relatively early but is gaining relevance. In FY25, segment revenue rose to A\$12.7 million from A\$10.8 million in FY24, supported by commercialization progress and two Australian government contracts worth A\$6 million and A\$5 million. Though still modest relative to Defense Systems, EOS continues to frame space as one of its two core strategic domains, and continued contract delivery, customer engagement, and potential future orders could improve the segment's relevance as governments place greater emphasis on sovereign space intelligence and space control capabilities.

Growth Strategy & Funding

EOS enters its next phase with a balance sheet built for growth. Following the MARSS acquisition and associated funding package, the Company expects pro forma net cash of approximately A\$235M, excluding the SPP, providing flexibility for working capital, long-lead inventory, customer terms, bond requirements, and growth initiatives. Management recently introduced FY26 revenue expectations of A\$240–270M, excluding MARSS and future contract wins, while we estimate the completed MARSS acquisition and recent Middle East order activity bring the aggregate contracted position toward A\$900M.

Looking ahead, management appears focused on organic investment, regional expansion, partnerships, and selective M&A. Near-term growth remains centered on RWS, Slinger, and integrated counter-drone systems, while HELW represents the next major platform opportunity and Space Systems remains longer duration. The Singapore facility, Dutch 100kW HELW program, and Gen5 JV support HELW’s move into early commercialization, with the JV adding regional manufacturing and a path toward 100–150kW Apollo systems and next-generation 200–300kW HELW development across the UAE and selected MENA markets.

MARSS broadens EOS beyond effectors by adding NiDAR C2, AI, and sensor-fusion capabilities. This increases EOS’ relevance in larger counter-drone programs where customers want integrated detection, decision support, and defeat capabilities rather than standalone hardware. Recent MARSS order activity and its selection as the C2 provider for BAE Systems’ BATS system provide early support for the acquisition rationale. The focus now shifts to execution: converting the larger order base, stronger funding position, and expanded software capabilities into revenue, receipts, and cash flow.

Exhibit 3: MARSS

EOS

RECAP ON MARSS

The acquisition of MARSS is expected to transform EOS into fully integrated global counter-drone systems provider

<ul style="list-style-type: none"> → Europe-based defence and security technology provider focused on surveillance, sensor fusion technology and integrated Command & Control (C2) systems → Proprietary NiDAR C2 technology provides AI-enabled decision-making and sensor-effector orchestration to rapidly counter asymmetric drone threats → Acquisition includes the NiDAR C2 technology, sensor fusion and AI software platform and hardware offering, customer contracts, IP and personnel → Creates an end-to-end counter-drone solution allowing EOS to compete for larger, higher value programs as a Prime Contractor → Expands geographic footprint and broadens its end market presence and customer relationships, with scope to leverage MARSS extensive defence, homeland security and civil relationships → Ability to embed the NiDAR technology into its existing remote weapon system product range, providing a meshed hemispherical coverage against drone attack 	<p>The Swarm Challenge</p> <ul style="list-style-type: none"> → Low-cost and adaptable: Drone swarms are proliferating, giving militaries a flexible and potentially decisive battlefield capability → Cognitive overload: Defending against fast, unpredictable swarms places an unsustainable burden on human operators → Overwhelming force: Swarms enable attackers to saturate and breach traditional defence systems 	<p>The NiDAR Solution</p> <ul style="list-style-type: none"> → AI-driven autonomy: NiDAR enables coordinated, automated defence against complex threats → Sensor-effector fusion: Integrates detection and countermeasures for rapid response → Machine-speed decisions: Automates threat assessment and action in real time → Scalable protection: Adapts to evolving swarm tactics and existing platforms → Continuous learning: Improves resilience through AI-driven adaptation <p style="text-align: center;">EOS + MARSS</p>
---	--	--

Source: Company Presentation

Market Overview

World military expenditure has risen steadily in recent years, reaching \$2,887 billion in 2025 according to the Stockholm International Peace Research Institute (SIPRI). The recent numbers represent a growth of 2.9% year to year and 41% over the last decade. Stripping out a one-off decline in US spending, global expenditure growth is closer to 9.2%. The major driver is a structural reassessment of national security, as the wars in Ukraine and the Middle East have persuaded nations to increase spending to protect their sovereignty. Additionally, these conflicts have also reshaped the perception of the modern battlefield increasingly defined by drones. As EOS specializes in counter-drone systems, the combination of rising budgets and shifting threat profiles reveals a supportive and growing demand backdrop.

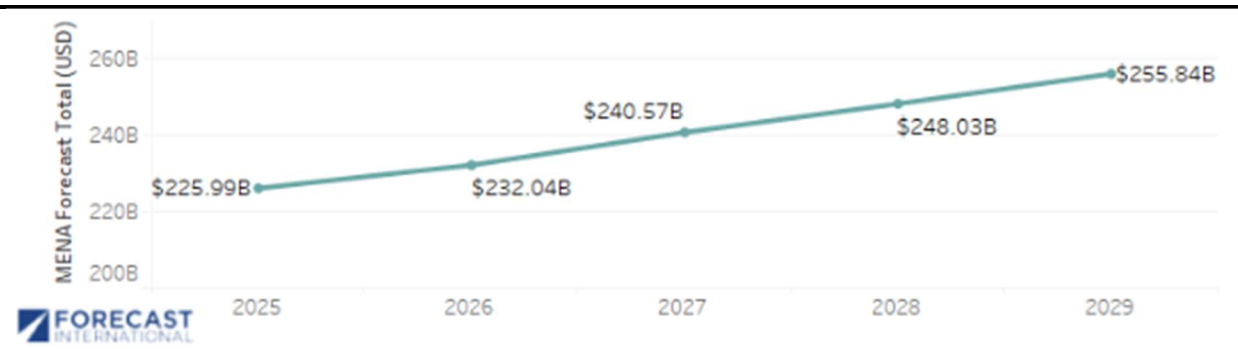
Against this backdrop, the sections that follow examine the regions most relevant to EOS's order book.

Australia is a clear example of increased defense investment toward self-reliance. Despite no direct threat having emerged against it, the government has chosen to accelerate its defense timeline. These earlier investments are made to address a rapidly deteriorating global security environment, building a 'strategy of denial'. The National Defense Strategy and Integrated Investment Program formalize those principles, setting out A\$887 billion in defense spending over the decade to 2033-34. Among its stated priorities is the fielding of counter-uncrewed air systems to protect Australian sites and critical infrastructure, which places EOS directly in the path of this spending.

Europe is responding to the same imperative, but with greater urgency. By comparison, European military spending rose 14% in 2025 to \$864 billion (SIPRI) which is the largest increase of any region, making Europe the largest regional contributor to global growth. Fueled by the Russian threat, NATO members are attempting to rebuild sovereign defense capability rather than rely on external support. Having secured a major contract with the Netherlands, EOS is positioning itself to convert Europe's rearmament into a recurring pipeline.

If Ukraine reset European defense priorities, the direct conflicts in the Middle East added a new level of urgency. Years of regional conflict, escalating drone and missile exchanges, and Gulf states' determination to harden their own defenses have made the region the Company's most important market. These tensions do not seem likely to be resolved, which will continue driving demand. All in all, ongoing instability and threats to Gulf infrastructure are driving demand for EOS's mobile air-defense systems.

Exhibit 4: Middle East & North Africa Total Defense Spending Forecast



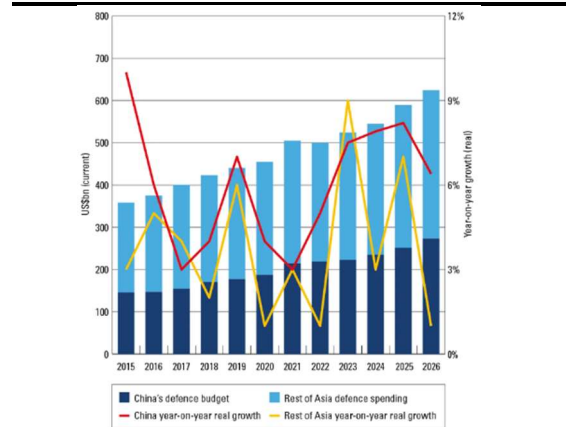
Source: Forecast International

The US anchors the global trend through a sharp upward trajectory. The U.S. federal government's FY27 defense budget request seeks roughly \$1.5 trillion in total defense resources, representing a

42% increase over FY26 and the highest single-year level since World War II. The Department of the Air Force (DAF) requested \$338 billion to modernize its armament. The direction of travel is clear and the priorities remain favorable. The request places unmanned and counter-drone systems at the center, including a new autonomous-warfare command, signaling sustained demand for the capabilities EOS provides.

The US influence extends into the Indo-Pacific, where it meets direct regional anxiety about China. Disputes over Exclusive Economic Zones (EEZs) illustrate the pressure the Chinese government places on the region, putting the sovereignty of these nations in peril. Taiwan lifted spending 14.2% to \$18.2 billion (SIPRI), its largest jump in over three decades, as Washington presses regional partners to harden their own defenses and maintain the capability to deter Beijing. EOS has moved to position itself at the center of this demand, opening a dedicated high-energy laser manufacturing facility in Singapore in February 2026 to build and sustain systems closer to regional customers.

Exhibit 5: Asian Defense Spending



Source: *milbalplus.iis.org*

Across all these regions, the same dynamic is at work. Counter drone demand is growing faster than the defense industry can supply it. The global counter UAS market is expected to expand from roughly \$6.6 billion in 2025 to \$20.3 billion by 2030 according to MarketsandMarkets, yet procurement and production cycles still move far more slowly than the threats they are designed to counter.

Two broader trends further strengthen EOS's position. Buyers increasingly prefer integrated, networked defense architectures over standalone products, while countries such as the UAE and Saudi Arabia are investing heavily in domestic defense manufacturing and regional supply chains. EOS is well positioned for both shifts. It combines end to end counter drone and laser capabilities with localized production through facilities in Singapore and Europe, helping convert a persistent supply gap into long term recurring revenue.

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.

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\$12.40 to AUD\$14.68 with a midpoint of AUD\$13.43.

Sensitivity Analysis:

Discount rate	Terminal Growth Rates				
	1.0%	1.5%	2.0%	2.5%	3.0%
9.50%	\$13.42	\$13.99	\$14.62	\$15.35	\$16.20
9.75%	\$12.90	\$13.42	\$14.01	\$14.68	\$15.44
10.00%	\$12.42	\$12.90	\$13.43	\$14.04	\$14.74
10.25%	\$11.96	\$12.40	\$12.90	\$13.46	\$14.09
10.50%	\$11.53	\$11.94	\$12.39	\$12.91	\$13.49

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)		
					2025	2026E	2027E	2025	2026E	2027E	2025	2026E	2027E
Ducommun Incorporated	DCO	\$ 184.42	\$ 2,782.1	\$ 3,082.8	3.7x	3.5x	3.2x	23.2x	20.3x	17.7x	3.3x	2.8x	2.3x
HEICO Corporation	HEI	\$ 350.44	\$ 40,834.7	\$ 43,831.2	9.9x	8.3x	7.6x	36.4x	29.5x	27.2x	0.5x	0.4x	0.4x
Kratos Defense & Security Solutions, Inc.	KTOS	\$ 46.95	\$ 8,795.3	\$ 7,516.4	5.7x	4.3x	3.5x	64.0x	42.4x	31.3x	0.6x	0.3x	0.2x
L3Harris Technologies, Inc.	LHX	\$ 289.38	\$ 53,910.0	\$ 64,677.0	2.9x	2.7x	2.5x	16.5x	15.2x	14.0x	0.1x	0.1x	0.1x
Lockheed Martin Corporation	LMT	\$ 502.07	\$ 115,759.1	\$ 134,562.1	1.8x	1.7x	1.6x	14.5x	12.0x	11.4x	0.1x	0.1x	0.1x
MDA Space Ltd.	MDA	\$ 38.01	\$ 5,274.0	\$ 5,159.0	4.6x	4.0x	3.2x	23.2x	20.9x	16.3x	0.3x	0.3x	0.2x
Moog Inc.	MOG.A	\$ 425.85	\$ 13,486.7	\$ 14,636.9	3.9x	3.4x	3.2x	27.6x	23.1x	21.2x	1.5x	1.2x	0.8x
Northrop Grumman Corporation	NOC	\$ 496.02	\$ 70,451.4	\$ 85,443.4	2.0x	1.9x	1.8x	14.4x	13.7x	12.9x	0.1x	0.1x	0.1x
RTX Corporation	RTX	\$ 187.33	\$ 252,274.2	\$ 286,145.2	3.3x	3.0x	2.8x	19.7x	18.1x	16.6x	0.0x	0.0x	0.0x
Springfield Properties Plc	SPR	\$ 1.36	\$ 161.8	\$ 221.0	0.6x	0.7x	0.8x	5.9x	8.9x	9.2x	0.1x	0.1x	0.1x
Average					3.8x	3.4x	3.0x	24.5x	20.4x	17.8x	0.7x	0.6x	0.4x
Median					3.5x	3.2x	3.0x	21.4x	19.2x	16.4x	0.2x	0.2x	0.2x
Electro Optic Systems Holdings Limited	ASX: EOS	\$ 6.65	\$ 1,407.2	\$ 1,341.2	13.9x	6.4x	5.0x	-72.0x	154.6x	46.6x	94.5x	-147.0x	98.5x

(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 \$1.45 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 17.8x of estimated EV/EBITDA in 2027. This is compared to EOS that is trading at 46.6x, based on our estimates.

We believe that EOS should be trading at a 2027 EV/EBITDA range of 60.0x to 65.0x, 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\$12.28 to AUD\$13.26 with a midpoint of AUD\$12.77.

	EV/EBITDA in AUD		
2027 E	60.0x	62.50x	65.00x
Adj EBITDA	37.7	37.7	37.7
TEV	2,263.1	2,357.4	2,451.7
Cash	106.9	106.9	106.9
Debt	-	-	-
Mrkt Cap	2,370.0	2,464.3	2,558.6
S/O	193.0	193.0	193.0
Price	\$ 12.28	\$ 12.77	\$ 13.26

DISCOUNTED CASH FLOW

Electro Optic Systems Holdings Limited														
Discounted Cash Flow Model														
<i>(in AUD\$M, except per share)</i>														
Estimates:	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	Terminal Value
Revenue	190.2	126.3	272.9	350.5	455.7	643.4	920.7	1,266.9	1,691.3	2,195.2	2,667.2	3,035.8	3,196.7	
Operating Income	(13.9)	(60.4)	(7.6)	18.7	30.8	52.1	87.5	128.0	179.3	239.3	301.4	349.1	372.4	
Less: Taxes (benefit)	3.3	5.5	(2.8)	3.8	6.2	10.4	17.5	25.6	35.9	47.9	60.3	69.8	74.5	
NOPAT	(17.2)	(65.9)	(4.9)	14.9	24.6	41.7	70.0	102.4	143.4	191.4	241.1	279.3	297.9	
Plus: D&A	12.5	19.3	19.0	19.0	27.8	35.4	41.4	44.3	47.4	54.9	53.3	60.7	60.7	
Plus: Changes in WC	(72.4)	25.2	(1.4)	(1.8)	2.3	3.2	4.6	6.3	12.5	16.2	19.7	22.5	23.7	
Less: Capex	(11.6)	(26.3)	(13.6)	(10.5)	(9.1)	(9.7)	(11.0)	(12.7)	(12.7)	(13.2)	(13.3)	(15.2)	(16.0)	
Free Cash Flow	(88.7)	(47.7)	(0.9)	21.6	45.6	70.6	105.0	140.4	190.6	249.4	300.9	347.3	366.3	4,670.9
Discount period - months			12	24	36	48	60	72	84	96	108	120	132	
Discount period - years			1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	
Discount factor			0.91	0.83	0.75	0.68	0.62	0.56	0.51	0.47	0.42	0.39	0.35	
PV of FCF			(0.8)	17.9	34.3	48.3	65.2	79.2	97.8	116.3	127.6	133.9	128.4	1,637.1
Growth rate assumptions:														
Revenue		-33.6%	116.1%	28.4%	30.0%	41.2%	43.1%	37.6%	33.5%	29.8%	21.5%	13.8%	5.3%	
Operating Income		N/A	N/A	N/A	64.6%	69.2%	67.8%	46.3%	40.1%	33.5%	26.0%	15.8%	6.7%	
EBITDA		2915.3%	-127.7%	231.9%	55.4%	49.3%	47.3%	33.7%	31.5%	29.8%	20.6%	15.5%	5.7%	
Free Cash Flow		-46.2%	-98.2%	-2565.7%	110.8%	54.9%	48.6%	33.7%	35.8%	30.8%	20.6%	15.4%	5.5%	
Margin assumptions:														
Operating Income	-7.3%	-47.8%	-2.8%	5.3%	6.8%	8.1%	9.5%	10.1%	10.6%	10.9%	11.3%	11.5%	11.7%	
D&A as a % of sales	6.6%	15.3%	7.0%	5.4%	6.1%	5.5%	4.5%	3.5%	2.8%	2.5%	2.0%	2.0%	1.9%	
EBITDA	-0.7%	-32.5%	4.2%	10.8%	12.9%	13.6%	14.0%	13.6%	13.4%	13.4%	13.3%	13.5%	13.6%	
Taxes	N/A	-9.2%	36.2%	20.4%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	
Changes in WC	-38.1%	19.9%	-0.5%	-0.5%	0.5%	0.5%	0.5%	0.5%	0.7%	0.7%	0.7%	0.7%	0.7%	
Capex as a % of sales	-6.1%	-20.8%	-5.0%	-3.0%	-2.0%	-1.5%	-1.2%	-1.0%	-0.8%	-0.6%	-0.5%	-0.5%	-0.5%	
Valuation:														
Shares outstanding	193.0													
PV of FCF	848.0													
PV of Terminal Value	1,637.1													
Enterprise Value	2,485.2													
less: Pro-Forma Net Debt	(106.9)													
Estimated Total Value:	2,592.1													
Est Equity Value/share:	\$13.43													
Sensitivity Analysis:														
Discount rate	Terminal Growth Rates													
	1.0%	1.5%	2.0%	2.5%	3.0%									
9.50%	\$13.42	\$13.99	\$14.62	\$15.35	\$16.20									
9.75%	\$12.90	\$13.42	\$14.01	\$14.68	\$15.44									
10.00%	\$12.42	\$12.90	\$13.43	\$14.04	\$14.74									
10.25%	\$11.96	\$12.40	\$12.90	\$13.46	\$14.09									
10.50%	\$11.53	\$11.94	\$12.39	\$12.91	\$13.49									
Price	\$9.66													

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	Q4 Dec-25	FY 2025
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	106.9	106.9
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	31.1	31.1
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	6.9	6.9
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	9.8	9.8
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	80.6	80.6
Prepayments	-	-	20.4	-	17.6	17.6	16.5	16.4	16.4	13.9	18.1	18.1	18.2	28.7	28.7
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	264.0	264.0
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	14.6	14.6
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	34.7	34.7
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	15.6	15.6
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	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	22.8	22.8
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	18.6	18.6
Other	7.2	1.0	-	-	-	-	-	-	-	-	2.2	2.2	1.7	1.9	1.9
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	\$ 374.7	\$ 374.7
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	40.9	40.9
Contract liabilities	-	-	7.7	-	22.2	22.2	18.1	20.6	20.6	38.0	24.1	24.1	19.7	42.4	42.4
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	4.8	4.8
Current tax payable	8.4	0.0	-	-	-	-	-	3.6	3.6	4.3	4.5	4.5	2.4	0.1	0.1
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	24.7	24.7
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	112.8	112.8
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	12.3	12.3
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	11.5	11.5
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	136.7	136.7
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	467.5	467.5
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	18.6	18.6
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)	(241.9)	(241.9)
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	244.2	244.2
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)	(6.1)	(6.1)
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	238.0	238.0
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	\$ 374.7	\$ 374.7
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	2.3x	2.3x
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	1.6x	1.6x
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	151.17	151.17
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%	7.2%	7.2%
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%	6.7%	6.7%
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%	-7.8%	4.8%
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%	-11.1%	8.1%

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 Dec-25	FY 2025	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	\$ 84.4	\$ 128.5	\$ 121.2	\$ 147.8	\$ 269.0	\$ 157.1	\$ 189.3	\$ 346.4
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)	1.5	(2.2)	2.4	1.6	3.9	2.4	1.7	4.2
Total Revenues	166.0	174.6	223.1	152.4	77.0	145.6	222.7	148.9	41.3	190.2	40.4	85.9	126.3	123.6	149.3	272.9	159.5	191.0	350.5
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	36.3	47.1	66.6	72.4	139.0	86.4	97.2	183.6
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	49.6	79.2	57.0	76.9	133.9	73.1	93.8	167.0
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	40.4	71.2	37.9	38.4	76.3	40.4	40.5	80.9
Occupancy costs	0.5	1.7	1.7	1.9	0.8	1.2	2.1	0.9	1.1	2.0	1.1	1.5	2.6	1.1	1.5	2.6	1.1	1.6	2.7
Administration expenses	14.1	19.8	15.8	23.3	13.5	16.5	30.0	19.9	12.3	32.2	16.9	20.8	37.8	21.2	22.4	43.6	22.3	23.3	45.6
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	9.9	19.3	9.5	9.5	19.0	9.5	9.5	19.0
Impairments	-	0.3	-	7.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	1.7	2.5	2.3	3.1	-	1.9	1.9	-	2.9	2.9	-	8.7	8.7	-	-	-	-	-	-
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	81.3	139.6	69.7	71.8	141.5	73.3	74.9	148.2
Operating Income	21.8	(28.5)	22.6	(48.6)	(19.5)	14.9	(4.6)	9.0	(22.9)	(13.9)	(28.7)	(31.7)	(60.4)	(12.7)	5.1	(7.6)	(0.2)	18.9	18.7
Finance costs	(0.4)	(1.4)	(6.6)	(14.3)	(16.0)	(19.6)	(35.6)	(12.5)	(12.0)	(24.6)	(16.6)	(2.1)	(18.7)	(1.7)	(1.7)	(3.4)	(1.7)	(1.7)	(3.4)
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)	(33.8)	(79.0)	(14.4)	3.4	(11.1)	(1.9)	17.2	15.3
Tax	(3.8)	4.7	(9.2)	9.3	3.0	3.0	6.1	0.0	3.3	3.3	0.4	5.1	5.5	(3.6)	0.8	(2.8)	(0.5)	4.3	3.8
Net Income	17.6	(25.2)	6.7	(53.6)	(32.4)	(1.7)	(34.1)	(3.5)	(31.6)	(35.1)	(44.8)	(28.7)	(73.5)	(18.0)	4.2	(13.8)	(2.4)	21.5	19.1
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)	(0.5)	(1.1)	(0.5)	(0.5)	(1.0)	(0.5)	(0.5)	(1.0)
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	(28.2)	18.6	(17.5)	4.7	(12.8)	(1.9)	22.0	20.1
Basic EPS	\$ 0.12	\$ (0.17)	\$ (0.09)	\$ (0.78)	\$ (0.19)	\$ (0.01)	\$ (0.23)	\$ (0.02)	\$ (0.10)	\$ (0.11)	\$ 0.26	\$ (0.15)	\$ 0.10	\$ (0.09)	\$ 0.03	\$ (0.07)	\$ (0.01)	\$ 0.11	\$ 0.10
Diluted EPS	\$ 0.12	\$ (0.17)	\$ (0.09)	\$ (0.78)	\$ (0.19)	\$ (0.01)	\$ (0.23)	\$ (0.02)	\$ (0.10)	\$ (0.11)	\$ 0.26	\$ (0.15)	\$ 0.10	\$ (0.09)	\$ 0.03	\$ (0.07)	\$ (0.01)	\$ 0.11	\$ 0.10
WTD Shares Out - Basic	146.9	146.9	146.9	146.9	164.5	164.5	146.9	164.5	164.5	175.4	181.6	193.0	182.1	193.9	194.9	194.9	194.9	194.9	194.9
WTD Shares Out - Diluted	146.9	146.9	146.9	146.9	164.5	164.5	146.9	164.5	164.5	175.4	181.6	193.0	182.1	193.9	194.9	194.9	194.9	194.9	194.9
EBITDA	25.9	(2.9)	22.8	(42.9)	(14.9)	20.5	5.7	11.5	(23.1)	(11.6)	(13.4)	(11.0)	(24.4)	(3.2)	14.6	11.4	9.3	28.4	37.7

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%	57.8%	62.7%	46.1%	51.5%	49.1%	45.9%	49.1%	47.6%
Operating Margin	13.1%	-16.3%	10.1%	-31.9%	-25.3%	10.2%	-2.1%	6.0%	-55.4%	-7.3%	-70.9%	-36.9%	-47.8%	-10.3%	3.4%	-2.8%	-0.1%	9.9%	5.3%
EBITDA Margin	16.6%	-1.7%	10.2%	-28.2%	-19.3%	13.3%	2.0%	7.7%	-52.0%	-5.4%	-33.2%	-2.0%	-12.0%	-2.6%	9.8%	4.2%	5.8%	14.9%	10.8%
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%	-39.3%	-62.6%	-11.7%	2.3%	-4.1%	-1.2%	9.0%	4.4%
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%	-33.4%	-58.2%	-14.6%	2.8%	-5.1%	-1.5%	11.3%	5.5%
Tax Rate	-17.5%	-15.7%	-57.8%	-14.8%	-8.6%	-64.5%	-15.1%	-1.0%	-9.5%	-8.7%	-1.0%	-15.1%	-7.0%	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%	108.1%	-33.6%	205.6%	73.9%	116.1%	29.1%	27.9%	28.4%
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%	54.4%	24.5%	19.5%	-11.7%	1.3%	5.3%	4.3%	4.8%
Operating Income	44.1%	-230.7%	-179.3%	-315.4%	-27.4%	-168.5%	-90.5%	-145.9%	-253.4%	201.5%	-420.2%	38.8%	334.3%	-55.6%	-116.0%	-87.4%	-98.4%	272.3%	-345.2%
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%	-3.2%	105.5%	-68.1%	-110.0%	-86.0%	-86.7%	410.8%	-238.2%
Net Income	17.0%	-242.9%	-126.7%	-895.0%	22.9%	-93.8%	-36.4%	-89.1%	1785.2%	3.0%	1173.1%	-9.2%	109.3%	-59.7%	-114.7%	-81.2%	-86.7%	410.8%	-238.2%

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	Q4 Dec-25	FY 2025
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	93.8	194.6
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)	(106.7)	(198.0)
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)	(2.4)	(5.9)
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	2.2	3.3
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)	(1.9)	(18.1)
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)	(15.0)	(24.2)
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)	(7.9)	(14.0)
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)	(0.8)	(6.3)
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)	-	-	-	-	-	-	-	(6.3)	(6.3)
Payment for intangible assets	-	(5.2)	-	-	-	-	-	-	-	-	-	-	(5.4)	(5.4)	(4.1)	(2.0)	(6.0)
Proceeds from Security Deposits	-	-	-	-	-	-	-	-	-	-	-	-	21.1	21.1	0.3	10.2	10.6
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	33.4	131.3
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)	-	(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)	(2.4)	(5.1)
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	0.2	0.3
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)	(2.2)	(53.0)
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	0.5	0.5
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	16.6	54.6
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	90.3	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	106.9	106.9

Source: Company Reports, Stonegate Capital Partners

IMPORTANT DISCLOSURES AND DISCLAIMER

- (a) The research analyst and/or a member of the analyst's household do not have a financial interest in the debt or equity securities of the subject company.
- (b) The research analyst responsible for the preparation of this report has not received compensation that is based upon Stonegate's investment banking revenues.
- (c) Stonegate or any affiliate have not managed or co-managed a public offering of securities for the subject company in the last twelve months, received investment banking compensation from the subject company in the last 12 months, nor expects or receive or intends or seek compensation for investment banking services from the subject company in the next three months.
- (d) Stonegate Capital Partners has a contractual agreement with the subject company to provide research services, investor relations support, and investor outreach. SCP receives a monthly retainer for these non-investment banking services.
- (e) Stonegate or its affiliates do not beneficially own 1% or more of any class of common equity securities of the subject company.
- (f) Stonegate does not make a market in the subject company.
- (g) The research analyst has not received any compensation from the subject company in the previous 12 months.
- (h) Stonegate, the research analyst, or associated person of Stonegate with the ability to influence the content of the research report knows or has reason to know of any material conflicts of interest at the time of publication or distribution of the research report.
- (i) No employee of Stonegate has a position as an officer or director of the subject company.

Ratings - Stonegate does not provide ratings for the covered companies.

Distribution of Ratings - Stonegate does not provide ratings for covered companies.

Price Chart - Stonegate does not have, nor has previously had, a rating for its covered companies.

Price Targets - Stonegate does not provide price targets for its covered companies. However, Stonegate does provide valuation analysis.

Regulation Analyst Certification:

I, Dave Storms, CFA, hereby certify that all views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this report.

For Additional Information Contact:

Stonegate Capital Partners, Inc.
Dave Storms, CFA
Dave@stonegateinc.com
214-987-4121

Please note that this report was originally prepared and issued by Stonegate for distribution to their market professional and institutional investor customers. Recipients who are not market professional or institutional investor customers of Stonegate should seek the advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents. The information contained herein is based on sources which we believe to be reliable but is not necessarily complete and its accuracy cannot be guaranteed. Because the objectives of individual clients may vary, this report is not to be construed as an offer or the solicitation of an offer to sell or buy the securities herein mentioned. This report is the independent work of Stonegate Capital Partners and is not to be construed as having been issued by, or in any way endorsed or guaranteed by, any issuing companies of the securities mentioned herein. The firm and/or its employees and/or its individual shareholders and/or members of their families and/or its managed funds may have positions or warrants in the securities mentioned and, before or after your receipt of this report, may make or recommend purchases and/or sales for their own accounts or for the accounts of other customers of the firm from time to time in the open market or otherwise. While we endeavor to update the information contained herein on a reasonable basis, there may be regulatory, compliance, or other reasons that prevent us from doing so. The opinions or information expressed are believed to be accurate as of the date of this report; no subsequent publication or distribution of this report shall mean or imply that any such opinions or information remains current at any time after the date of this report. All opinions are subject to change without notice, and we do not undertake to advise you of any such changes. Reproduction or redistribution of this report without the expressed written consent of Stonegate Capital Partners is prohibited. Additional information on any securities mentioned is available on request.