STONEGATE CAPITAL PARTNERS

Research Update

Electro Optic Systems Holdings, LTD. (ASX: EOS)

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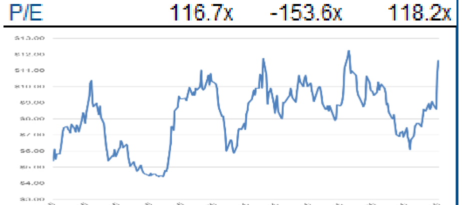
Market Statistics in AUD	
Price	$ 11.93
52 week Range	$4.27 - $12.58
Daily Vol (3-mo. average)	3,096,163
Market Cap (M):	$2,659.2
Enterprise Value (M):	$2,512.6
Shares Outstanding: (M)	222.9
Float (M)	188.3

Financial Summary in AUD	
Pro-Forma Cash (M)	$ 286.0
Cash/Share	$ 1.28
Pro-Forma Debt (M)	$ 139.4
Equity (M)	$ 391.6
Equity/Share	$ 1.76

Valuation in AUD	
Valuation Range	$13.03 - $15.42
2027E Price Target	$ 14.18

FYE: Dec	2025	2026E	2027E
(in AUD$ M)			
Rev	$ 126.3	$ 380.3	$ 428.0
Chng%	-34%	201%	13%
EBITDA	$ (24.4)	$ 49.5	$ 56.3
Net Income	$ (73.5)	$ (19.5)	$ 24.5
EPS	$ 0.10	$ (0.08)	$ 0.10
EV/Revenue	19.9x	6.6x	5.9x
EV/EBITDA	-103.0x	50.8x	44.6x
P/E	116.7x	-153.6x	118.2x



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.

COMPANY UPDATES

EOS' 1H26 results provide clearer evidence that recent order growth is converting into revenue, profitability, and a larger contracted base. Revenue reached a record A$168.8M and underlying EBITDA was A$21.6M, while the unconditional order book increased to ~A$846M. EOS now guides to A$360–400M of FY26 revenue, including MARSS; prior to 1H26 results, base-business guidance stood at A$280–300M excluding MARSS, up from A$240–270M in June. Management noted the current range is supported entirely by secured, unconditional work. The higher guide materially improves revenue visibility into year-end, though cadence remains influenced by delivery timing in the core business and the revenue-recognition profile of MARSS.

Results: Revenue increased 283% y/y to A$168.8M, reflecting higher defense activity as existing and recently secured programs moved through production and delivery. Defense revenue increased to A$163.7M from A$38.8M in 1H25. Gross margin declined to 58% from 76%, with the prior-year comparison benefiting from finalization of a Middle East contract. Underlying EBITDA improved by A$36.5M y/y to A$21.6M. Statutory NPAT remained negative at A$33.7M, including a A$34.0M fair-value remeasurement of MARSS contingent consideration and A$10.2M of acquisition-related costs. Operating cash outflow narrowed to A$8.1M as customer receipts increased to A$138.9M; inventories declined A$11.9M from year-end despite the higher activity level.

MARSS Acquisition: Management indicated the MARSS outlook is stronger than expected. The business has secured ~A$200M of orders in 2026, including the ~A$160M Middle East country-wide counter-drone program, with ~70% of revenue and cash from that contract expected during 2026–2027. Management also identified several additional opportunities above A$100M. Beyond the order contribution, NiDAR materially broadens EOS' offering by adding the C2 and software layer needed to integrate third-party sensors and effectors, supporting EOS' transition from hardware supplier toward a broader prime integration role.

HELW: The Netherlands 100kW HELW program remains on schedule and passed Critical Design Review in 2Q26. EOS is discussing potential scope expansion and timing acceleration with the customer, while the Singapore manufacturing facility formally opened in February and expansion of the laser team, technology, resources, and capabilities remains underway. Management expects increased HELW revenue over the next 12 months to benefit gross and EBITDA margins, while MARSS growth is expected to carry a lower gross margin.

Growth Outlook: EOS enters 2H26 with substantially greater contracted revenue support, backed by the A$846M unconditional order book and A$303M of 1H26 contracts signed, excluding MARSS orders signed before acquisition completion. In our view, the balance sheet provides ample capacity to support execution, with A$256M of unrestricted cash, A$70.2M of security deposits, A$30M undrawn on the A$100M term facility, and another A$30M of equity proceeds received in July. Management indicated 1H core activity was unusually high and 2H may be softer on delivery timing, while FY26 guidance excludes unsigned opportunities. The emphasis now shifts toward execution across the existing backlog, with MARSS and HELW broadening the revenue mix while Space Control remains a longer-dated growth opportunity.

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$12.77 to AUD$15.03 with a midpoint of AUD$13.80. For the Comp Analysis we arrive at a valuation range of AUD$13.29 to AUD$15.82 with a midpoint of AUD$14.55.

VALUATION SUMMARY

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$12.77 to AUD$15.03 with a midpoint of AUD$13.80. For the Comp Analysis we arrive at a valuation range of AUD$13.29 to AUD$15.82 with a midpoint of AUD$14.55. When we combine these valuation methods using a simple average it returns a valuation range of AUD$13.03 to AUD$15.42 with a price target of AUD$14.18.

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%.

Sensitivity Analysis:

		Terminal Growth Rates				
		1.0%	1.5%	2.0%	2.5%	3.0%
Discount rate	9.50%	$13.76	$14.33	$14.97	$15.70	$16.54
	9.75%	$13.25	$13.77	$14.36	$15.03	$15.80
	10.00%	$12.77	$13.26	$13.80	$14.41	$15.11
	10.25%	$12.32	$12.77	$13.27	$13.83	$14.47
	10.50%	$11.90	$12.31	$12.77	$13.29	$13.88

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$12.77 to AUD$15.03 with a midpoint of AUD$13.80.

Comparison Analysis

					EV/Revenue (2, 3)			EV/EBITDA (2, 3)			P/E (2, 3)		
Company Name	Symbol	Price (1)	Mrkt Cap (M)	EV (M)	2025	2026E	2027E	2025	2026E	2027E	2025	2026E	2027E
Ducommun Incorporated	DCO	$ 185.36	$ 2,798.9	$ 3,090.6	3.7x	3.5x	3.2x	23.3x	20.1x	17.3x	-2.5x	4.4x	5.4x
HEICO Corporation	HEI	$ 346.15	$ 40,738.8	$ 43,656.9	9.8x	8.1x	7.4x	36.2x	28.8x	26.2x	5.1x	6.5x	7.3x
Kratos Defense & Security Solutions, Ir	KTOS	$ 52.93	$ 9,936.1	$ 8,692.1	6.5x	4.8x	3.9x	74.0x	49.1x	36.1x	0.1x	0.8x	1.1x
L3Harris Technologies, Inc.	LHX	$ 262.96	$ 48,967.0	$ 59,413.0	2.7x	2.5x	2.4x	15.1x	13.9x	12.9x	8.5x	12.0x	13.5x
Lockheed Martin Corporation	LMT	$ 565.62	$ 130,539.9	$ 147,286.9	2.0x	1.8x	1.7x	15.9x	13.1x	12.4x	21.5x	30.5x	32.7x
MDA Space Ltd.	MDA	$ 29.58	$ 4,794.4	$ 4,780.4	4.1x	3.5x	2.3x	21.0x	18.4x	12.0x	N/A	N/A	N/A
Moog Inc.	MOG.A	$ 384.03	$ 12,165.8	$ 13,244.5	3.5x	3.0x	2.8x	25.0x	19.9x	19.1x	8.0x	11.9x	12.1x
Northrop Grumman Corporation	NOC	$ 549.95	$ 78,127.6	$ 92,444.6	2.2x	2.1x	2.0x	15.6x	14.9x	13.9x	29.1x	29.0x	30.4x
RTX Corporation	RTX	$ 211.99	$ 285,711.2	$ 318,029.2	3.7x	3.3x	3.1x	21.9x	19.6x	18.0x	5.0x	7.2x	7.9x
				Average	**4.3x**	**3.6x**	**3.2x**	**27.6x**	**22.0x**	**18.6x**	**9.3x**	**12.8x**	**13.8x**
				Median	**3.7x**	**3.3x**	**2.8x**	**21.9x**	**19.6x**	**17.3x**	**6.5x**	**9.6x**	**10.0x**
Electro Optic Systems Holdings Limite	ASX: EOS	$ 8.55	$ 1,785.9	$ 1,658.5	19.9x	6.6x	5.9x	-103.0x	50.8x	44.6x	116.7x	-153.6x	118.2x

(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 $1.39 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 44.6x, based on our estimates.

EV/EBITDA in AUD			
2027 E	**50.00x**	**55.00x**	**60.00x**
Adj EBITDA	56.3	56.3	56.3
TEV	2,816.0	3,097.6	3,379.2
Cash	286.0	286.0	286.0
Debt	139.4	139.4	139.4
Mrkt Cap	2,962.6	3,244.2	3,525.8
S/O	222.9	222.9	222.9
Price	**$ 13.29**	**$ 14.55**	**$ 15.82**

We believe that EOS should be trading at a 2027 EV/EBITDA range of 50.0x to 60.0x, 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$13.29 to AUD$15.82 with a midpoint of AUD$14.55.

DISCOUNTED CASH FLOW

Electro Optic Systems Holdings Limited
Discounted Cash Flow Model
(in AUD$M, except per share)

Estimates:	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	Terminal Value
Revenue	190.2	126.3	380.3	428.0	513.6	652.3	881	1,206	1,629	2,085	2,429	2,618	2,723	
Opearting Income	(13.9)	(60.4)	(8.4)	34.6	44.7	62.6	105.2	162.9	244.3	333.6	420.2	458.2	476.5	
Less: Taxes (benefit)	3.3	5.5	(2.0)	(1.1)	8.9	12.5	21.0	32.6	48.9	66.7	84.0	91.6	95.3	
NOPAT	(17.2)	(65.9)	(6.4)	35.7	35.7	50.1	84.2	130.3	195.4	266.8	336.1	366.5	381.2	
Plus: D&A	12.5	19.3	21.1	21.7	31.3	35.9	39.6	42.2	45.6	52.1	48.6	52.4	51.7	
Plus: Changes in WC	(72.4)	25.2	(1.9)	(2.1)	(2.6)	(3.3)	(4.4)	(6.0)	(8.1)	(10.4)	(12.1)	(13.1)	(13.6)	
Less: Capex	(11.6)	(26.3)	(12.2)	(12.0)	(10.3)	(9.8)	(10.6)	(12.1)	(12.2)	(12.5)	(12.1)	(13.1)	(13.6)	
Free Cash Flow	(88.7)	(47.7)	0.6	43.3	54.2	72.9	108.8	154.4	220.7	296.0	360.4	392.7	405.7	5,172.7
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			0.5	37.5	42.7	52.2	70.9	91.4	118.8	144.8	160.3	158.8	149.1	1,901.5
Growth rate assumptions:														
Revenue		-33.6%	201.1%	12.5%	20.0%	27.0%	35.0%	37.0%	35.0%	28.0%	16.5%	7.8%	4.0%	
Operating Income		N/A	N/A	N/A	29.1%	40.1%	68.0%	54.8%	50.0%	36.5%	26.0%	9.0%	4.0%	
EBITDA		2915%	-130.9%	343.9%	35.0%	29.6%	47.1%	41.6%	41.4%	33.0%	21.5%	8.9%	3.5%	
Free Cash Flow		-46.2%	-101.2%	#######	25.4%	34.5%	49.2%	41.9%	42.9%	34.1%	21.8%	9.0%	3.3%	
Margin assumptions:														
Operating Income	-7.3%	-47.8%	-2.2%	8.1%	8.7%	9.6%	12.0%	13.5%	15.0%	16.0%	17.3%	17.5%	17.5%	
D&A as a % of sales	6.6%	15.3%	5.5%	5.1%	6.1%	5.5%	4.5%	3.5%	2.8%	2.5%	2.0%	2.0%	1.9%	
EBITDA	-0.7%	-32.5%	3.3%	13.2%	14.8%	15.1%	16.5%	17.0%	17.8%	18.5%	19.3%	19.5%	19.4%	
Taxes	N/A	-9.2%	23.3%	-3.1%	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%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	
Capex as a % of sales	-6.1%	-20.8%	-3.2%	-2.8%	-2.0%	-1.5%	-1.2%	-1.0%	-0.8%	-0.6%	-0.5%	-0.5%	-0.5%	

Valuation:

Shares outstanding	222.9
PV of FCF	1,027.2
PV of Terminal Value	1,901.5
Enterprise Value	2,928.7
less: Pro-Forma Net Debt	(146.6)
Estimated Total Value:	3,075.3
Est Equity Value/share:	**$13.80**
Price	$11.93

Sensitivity Analysis:

		Terminal Growth Rates				
		1.0%	1.5%	2.0%	2.5%	3.0%
Discount rate	9.50%	$13.76	$14.33	$14.97	$15.70	$16.54
	9.75%	$13.25	$13.77	$14.36	$15.03	$15.80
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	10.25%	$12.32	$12.77	$13.27	$13.83	$14.47
	10.50%	$11.90	$12.31	$12.77	$13.29	$13.88

Source: Company Reports; Stonegate Capital Partners

Business Overview

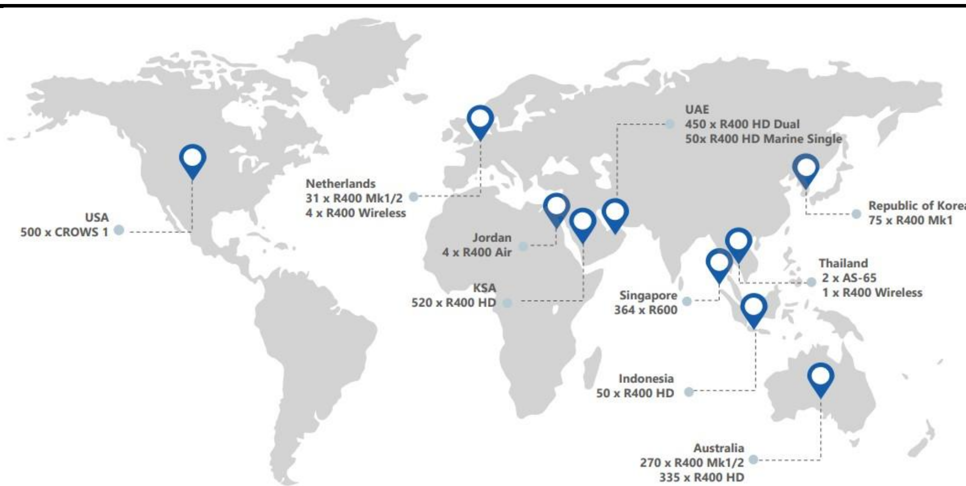
Electro Optic Systems Holdings Limited ("EOS," "the Group", or "the Company") is a global aerospace & defense technology company with operations in Australia, United States, Middle East, Asia, and Europe. EOS develops, manufactures, and sells remote weapon systems, counter-drone systems, high-energy laser weapons, and space intelligence / space control solutions. Following the completed MARSS acquisition, EOS' defense offering now includes 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 operations and regional offices across North America, Europe, the Middle East, and Asia-Pacific.

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 R400 RWS) 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. The listed vehicle joined the Australian Securities Exchange in October 2000 and adopted the Electro Optic Systems Holdings name in 2002.

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. At June 30, EOS reported an unconditional order book of ~A$846M. 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

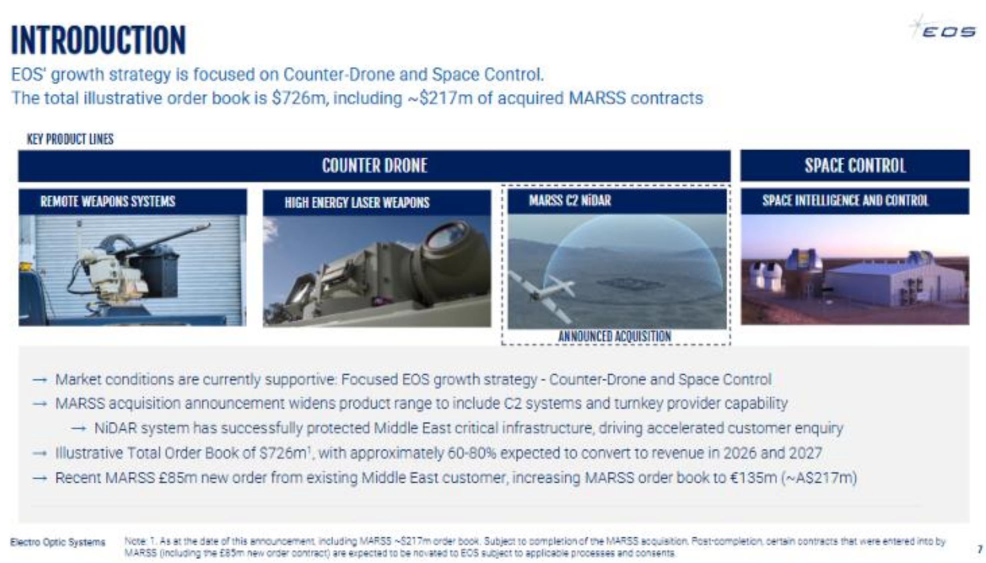


Source: Company Presentation

Business Segments

EOS operates in two reportable segments, Defense Systems and Space Systems, while its growth strategy is focused on the two strategic domains of Counter-Drone 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



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 and program participation show EOS gaining traction across Australia, Europe, North America, and the Middle East, with awards and opportunities 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. The broader opportunity should expand 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. At June 30, the Company held A$256M of unrestricted cash, with a further A$30M of equity proceeds received in July and A$30M undrawn on its A$100M term facility. The Company now guides to A$360–400M of FY26 revenue, including MARSS, with the range based on contracted, unconditional work. EOS also reported an unconditional order book of ~A$846M at June 30. This provides flexibility for working capital, long-lead inventory, customer terms, bond requirements, and growth initiatives.

Exhibit 3: MARSS

Source: Company Presentation

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.

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 2.9% growth in real terms y/y and 41% over the last decade. Excluding the U.S., global expenditure growth was approximately 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.

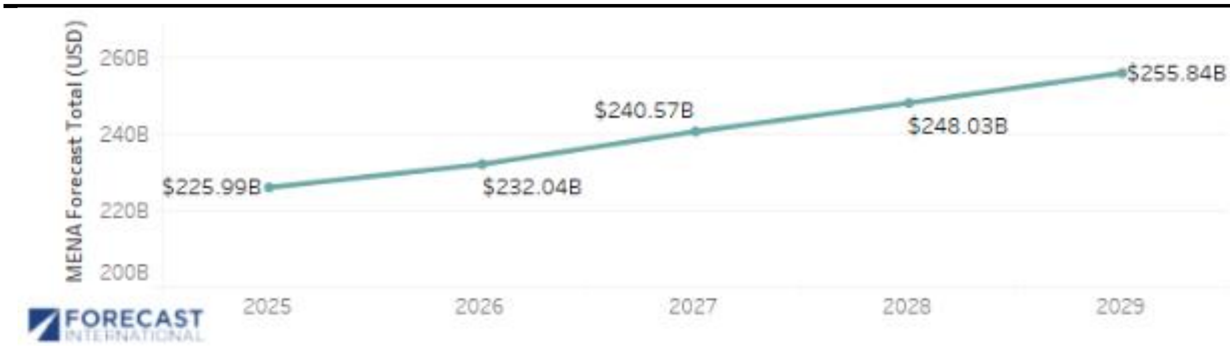
Against this backdrop, the sections that follow examine the regions most relevant to EOS's order book.

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 total Defence portfolio funding through 2035–36. 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



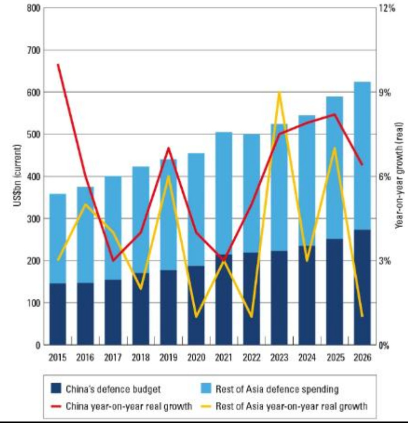
Source: Forecast International

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 approximately $338.8 billion of total FY27 funding, supporting both readiness and modernization. The direction of travel is clear and the priorities remain favorable. The request places significant emphasis on unmanned and autonomous capabilities and counter-drone systems. Separately, the military's increasing organizational focus on autonomous warfare further signals demand for these capabilities.

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, lower defense budgets or changes in procurement priorities could reduce addressable demand and intensify competition for available programs.

Geopolitical Change – EOS operates in an industry that is subject to high geopolitical risk. Changes in government defense budgets, procurement priorities, or geopolitical conditions could reduce demand or delay contract activity. 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 regulatory penalties or sanctions, contractual remedies, investigations, litigation, or delays and losses of required approvals. Any sort of legal action taken on the Company could have negative ramifications on operations.

Contract Execution & Revenue Timing – EOS operates under large, milestone-based defense contracts that can create lumpiness in revenue, working capital, and cash receipts. Delays in customer milestones, deliveries, supply chains, export approvals, or production execution could shift revenue between periods and increase funding requirements.

MARSS Integration & Contingent Consideration – The MARSS acquisition increases EOS' exposure to integration requirements, working-capital needs, and contingent consideration tied to future order intake. Changes in EOS' share price or the assessed probability of qualifying MARSS contract wins can also create further fair-value volatility in reported earnings.

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	Q2 Jun-26
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	256.0
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	155.8
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	5.4
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	7.1
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	80.6	80.6	68.8
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	26.4
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**	**519.5**
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	14.2
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	64.8
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	15.6	15.6	14.1
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	2.5	2.5	147.4
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	96.0
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	42.6
Other	7.2	1.0	-	-	-	-	-	-	-	-	2.2	2.2	1.7	1.9	1.9	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**	**$ 374.7**	**$ 374.7**	**$ 900.3**
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	51.3
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	163.8
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	5.7
Current tax payable	8.4	0.0	-	-	-	-	-	3.6	3.6	4.3	4.5	4.5	2.4	0.1	0.1	3.0
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	22.3
Contingent consideration liability																164.1
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**	**112.8**	**112.8**	**410.2**
Secured borrowings	-	-	-	-	49.4	49.4	39.7	44.9	44.9	46.4	-	-	-	-	-	69.4
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	10.0
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	13.4
Other liabilities	-	-	-	-	-	-	-	-	-	-	26.2	26.2	-	-	-	5.8
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**	**508.8**
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	655.6
Other contributed equity																10.0
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	7.7
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)	(274.8)
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**	**398.4**
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)	(6.9)
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**	**391.6**
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**	**$ 900.3**
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	1.3x
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	1.1x
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	151.17	151.17	109.29
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%	21.7%
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%	6.7%	6.7%	17.9%
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%	-5.2%
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%	-10.5%

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 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	$ 168.8	$ 198.3	$ 367.1	$ 205.1	$ 220.5	$ 425.6
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)	1.5	(2.2)	8.8	4.5	13.2	1.8	0.7	2.4
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**	**177.6**	**202.8**	**380.3**	**206.8**	**221.2**	**428.0**
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	71.7	95.3	167.0	98.2	107.9	206.2
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**	**105.9**	**107.5**	**213.3**	**108.6**	**113.2**	**221.8**
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	53.3	53.4	106.6	54.6	54.7	109.3
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	2.0	2.0	4.1	2.1	2.1	4.2
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	25.1	25.4	50.5	25.9	26.2	52.0
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	10.3	10.8	21.1	10.9	10.9	21.7
Impairments	-	0.3	-	7.3	-	-	-	-	-	-	-	-	-	34.0	-	34.0	-	-	-
Other Expenses	1.7	2.5	2.3	3.1	-	1.9	1.9	-	2.9	2.9	-	8.7	8.7	5.4	-	5.4	-	-	-
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	130.1	91.6	221.7	93.4	93.8	187.2
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)**	**(24.2)**	**15.9**	**(8.4)**	**15.2**	**19.4**	**34.6**
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)	(4.6)	(4.5)	(9.2)	(4.5)	(4.5)	(9.0)
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)**	**(28.9)**	**11.3**	**(17.5)**	**10.7**	**14.9**	**25.6**
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	(4.8)	2.8	(2.0)	2.7	(3.7)	(1.1)
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)**	**(33.7)**	**14.2**	**(19.5)**	**13.3**	**11.2**	**24.5**
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)	(0.7)	(0.7)	(1.5)	(0.7)	(0.7)	(1.5)
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**	**(32.9)**	**14.9**	**(18.0)**	**14.1**	**11.9**	**26.0**
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**	**$ (0.17)**	**$ 0.10**	**$ (0.08)**	**$ 0.06**	**$ 0.05**	**$ 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**	**$ (0.17)**	**$ 0.10**	**$ (0.08)**	**$ 0.06**	**$ 0.05**	**$ 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	190.1	231.9	231.9	239.1	243.1	243.1
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	190.1	231.9	231.9	239.1	243.1	243.1
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)**	**21.6**	**27.9**	**49.5**	**26.0**	**30.3**	**56.3**
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%	59.6%	53.0%	56.1%	52.5%	51.2%	51.8%
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%	-13.6%	7.8%	-2.2%	7.3%	8.8%	8.1%
EBITDA Margin	16.6%	-1.7%	10.2%	-28.2%	-19.3%	13.3%	2.0%	7.7%	-52.9%	-5.4%	-33.2%	-2.0%	-12.0%	17.9%	13.7%	15.7%	12.6%	13.7%	13.2%
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%	-16.3%	5.6%	-4.6%	5.2%	6.8%	6.0%
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%	-19.0%	7.0%	-5.1%	6.4%	5.1%	5.7%
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%	16.6%	25.0%	11.1%	25.0%	-25.0%	-4.2%
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%	339.2%	136.1%	201.1%	16.5%	9.1%	12.5%
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%	123.1%	12.6%	58.8%	-28.2%	2.4%	-15.6%
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%	-15.5%	-150.0%	-86.1%	-162.6%	22.6%	-513.8%
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%	-36.2%	-133.6%	-77.8%	-136.9%	31.6%	-246.1%
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%	-24.9%	-149.4%	-73.5%	-139.6%	-21.0%	-226.0%

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	Q2 Jun-26
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	138.9
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)	(150.7)
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)	(0.1)
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	7.2
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)	(3.3)
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)**	**(8.1)**
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)	(9.9)
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)	(51.2)
Payment for intangible assets	-	(5.2)	-	-	-	-	-	-	-	-	-	-	(5.4)	(5.4)	(4.1)	(2.0)	(6.0)	(11.2)
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**	**(107.2)**
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)	-	-	-	-	-	-	-	-	-	-
Proceeds from Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70.0
Transaction Costs Related to Loans and Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.7)
Transaction Costs Related to Issues of Shares	-	-	-	-	-	-	-	-	-	-	-	(1.5)	(0.4)	(2.0)	-	-	-	(4.4)
Proceeds from issue of new shares	81.3	139.2	-	-	-	-	-	-	-	-	-	36.9	-	36.9	0.1	0.2	0.3	190.0
Proceeds from share subscription	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.0
Proceeds from exercise of options	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.2
Repayment of lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2.6)
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)**	**262.5**
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	2.0
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**	**149.1**
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	106.9
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	256.0

Source: Company Reports, Stonegate Capital Partners

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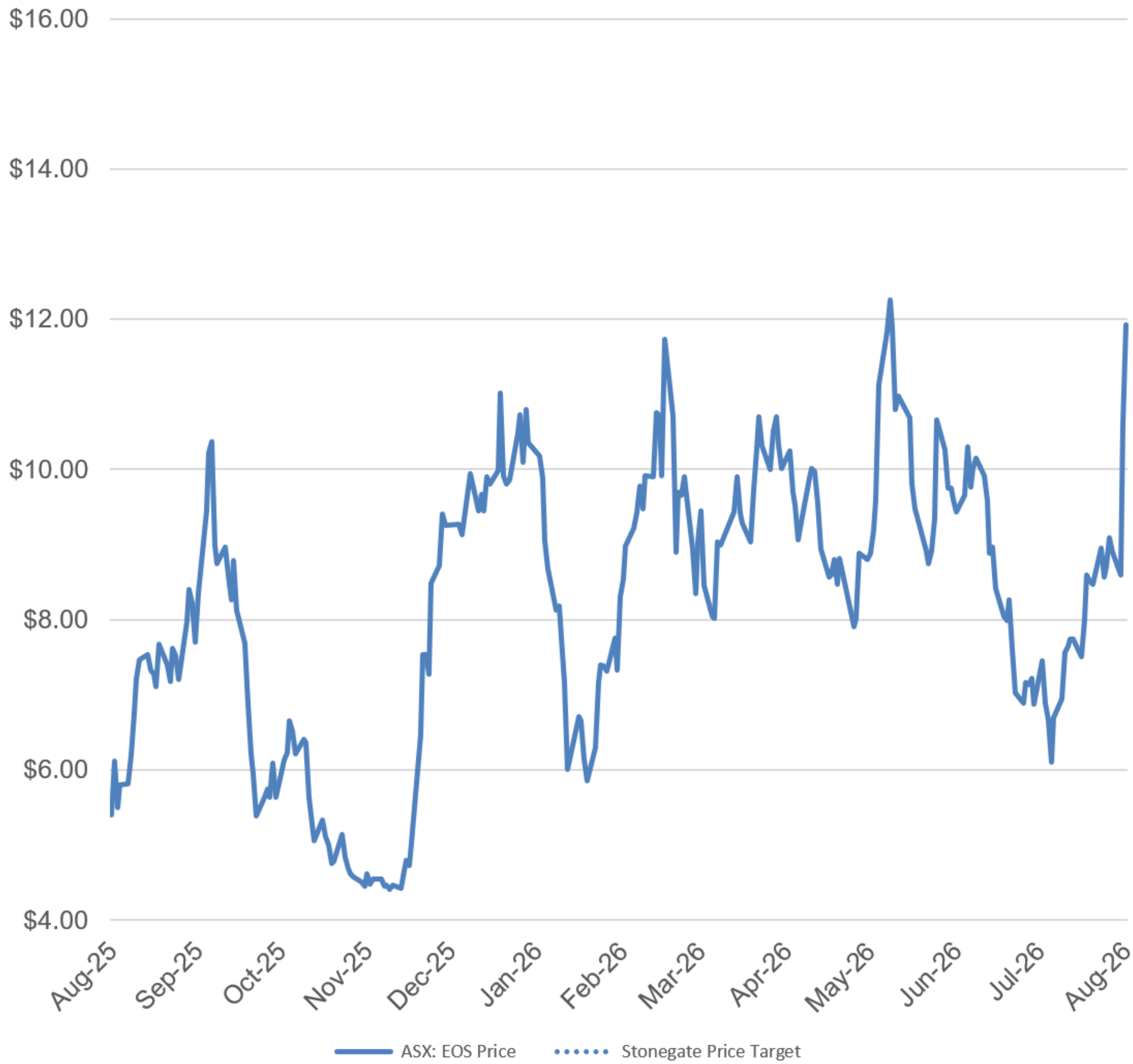

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