



# EM Solutions Divestment

Andreas Schwer, Managing Director & Chief Executive Officer  
Clive Cuthell, Chief Financial Officer & Chief Operating Officer

21 November 2024

Approved for release by the Board of Directors

ersonal use only

# Disclaimer and important notices

This investor presentation (**Presentation**) has been prepared by Electro Optic Systems Holdings Limited ACN 092 708 364 (**Company or EOS**) and is dated 21 November 2024. This Presentation has been prepared in connection with the binding share sale agreement (**SSA**) which has been entered into between EOS and CHRT Holdings Pty Ltd (a wholly-owned subsidiary of Cohort plc (an entity listed on the London AIM securities exchange)) in relation to the sale of 100% of the issued capital in the Company's wholly-owned subsidiary E M Solutions Pty Limited (**EM Solutions or EMS**) (the **Proposed Transaction**)

## Summary information

This Presentation contains summary information about the Company and its subsidiaries (**Group**) and their respective business activities which is current as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete. This Presentation should be read in conjunction with the Company's other periodic and continuous disclosure information lodged with the Australian Securities Exchange (**ASX**) which are available at [www.asx.com.au](https://eos-aus.com), or on the Company's website at <https://eos-aus.com>. Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. None of the Company, its representatives or advisers have independently verified any such market or industry data provided by third parties or industry or general publications.

## Not financial product advice

This Presentation does not constitute financial product or investment advice or accounting, legal or tax advice. Information in this Presentation is not intended to be relied upon as advice to investors or potential investors and has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs.

## Past performance

The operating and historical information given in this document is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Company's views on the future performance of the Group.

## Financial data and rounding

All dollar values are in Australian dollars (A\$ or AUD) unless otherwise stated. A number of figures, amounts, percentages, estimates and calculations of value in this Presentation are subject to the effect of rounding.

## Forward-looking statements

This Presentation contains certain "forward looking statements" that are based on management's beliefs, assumptions and expectations and on information currently available to management. Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. You are cautioned not to place undue reliance on forward looking statements. Any such statements, opinions and estimates in this Presentation, speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward looking statements are provided as a general guide only. The forward looking statements contained in this Presentation are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Group, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. No representation, warranty or assurance (express or implied) is given or made in relation to any forward looking statement by any person (including the Company or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward looking statements in this Presentation will actually occur. Actual operations, results, performance, production targets or achievement may vary materially from any projections and forward looking statements and the assumptions on which those statements are based. Except as required by law or regulation (including the ASX Listing Rules), the Company disclaims any obligation or undertaking to update forward looking statements in this Presentation to reflect any changes in expectations in relation to any forward looking statement or change in events, circumstances or conditions on which any statement is based.

## Disclaimer

None of the Company's advisers or any of their respective affiliates, related bodies corporate, directors, officers, partners, employees and agents (together, the Advisers), have authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation and, except to the extent referred to in this Presentation, none of them makes or purports to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them. For the avoidance of doubt, the Advisers have not made or purported to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them. To the maximum extent permitted by law, the Company and its Advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents exclude and disclaim all responsibility and liability, including, without limitation, for negligence or for any expenses, losses, damages or costs incurred by you as a result and the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

Statements made in this Presentation are made only as at the date of this Presentation. The information in this Presentation remains subject to change without notice.

# Executive Summary (1 / 2)

The announced divestment of EM Solutions (EMS) represents an important step in the evolution of EOS and provides the ability to recycle capital into opportunities aligned with EOS' core competencies and high growth markets

## Evolution of EOS

- EOS' business was originally founded on electro-optics and space surveillance, and this is where our core technical and commercial competencies lie
  - The SpaceLink venture represented a strategic pivot into the communication domain and the acquisition of EMS in 2019 formed part of that
  - EOS terminated the SpaceLink venture in 2022
- EOS is well progressed in implementing its strategy and transforming operations, building a platform for profitable growth

## Core business

- EOS sees very strong market growth in counter-drone applications and the opportunity to secure global product leadership
- The defence sector is rapidly evolving, driven by the geopolitical environment and technological developments. Key megatrends include drones, automated and unmanned platforms, and space control – all segments where EOS has significant experience and a differentiated offering
- EOS' strategic intent is to focus on market segments aligned with its core technical competencies and where there is a strong growth thematic
  - Technologies – remote weapon systems ("RWS"), directed energy and space control
  - Application domains – ground-to-ground, counter-drone and space

## Capital discipline

- A culture of cost discipline and cash generation has been established, enabling EOS to improve its profitability and repay debt
- Order book of \$386m at 30 June 2024 - excludes conditional Ukraine contracts and inclusive of contribution from EMS (represents \$165m on a pro forma basis excluding EMS). See slide 20 for more details on business development activity

# Executive Summary (2 / 2)

The announced divestment of EM Solutions (EMS) represents an important step in the evolution of EOS and provides the ability to recycle capital into opportunities aligned with EOS' core competencies and high growth markets

## Transaction rationale

- Over the past year EOS has undertaken a review of its portfolio and identified EMS as a high performing but non-core asset providing a significant opportunity to recycle capital to support growth in EOS' focus areas

## Proposed transaction

- Following a market sounding process, EOS received a compelling offer for the acquisition of 100% of EMS
- EOS has entered into a binding agreement with a wholly-owned subsidiary of Cohort plc (Cohort) to affect the sale of 100% of the issued capital of EMS for an enterprise value of \$144m (subject to customary adjustments)

## Use of sale proceeds

- The transaction is expected to provide EOS with the funding flexibility and operational focus to pursue growth opportunities for both RWS and High Energy Laser Weapons in the counter-drone market

## Background to Cohort

- Cohort is a UK-based, AIM listed company, that supports entrepreneurial businesses to grow and innovate in defence technology, products and services. It is the parent company of six businesses that provide technology-based services and products for international defence and security customers in government and industry

## Transaction timing

- The transaction is subject to satisfaction of conditions customary for a transaction of this nature including counterparties under certain material contracts providing consents, waivers or amendments in connection with the Proposed Transaction and the non-occurrence of any material adverse changes
- Given FIRB approval has been obtained by Cohort for the Proposed Transaction, completion is expected within six months

## Capital management

- The sale will automatically trigger the requirement to repay the debt facility with WHSP in full (which EOS would have otherwise repaid in October 2025 from organic cash flows). The total repayable is currently \$64.4m
- Following this repayment, EOS will have no borrowings and have the balance sheet strength to support future growth
- It is anticipated that capital gains tax generated by the Proposed Transaction will be largely offset by existing tax losses in the EOS group

# Market Conditions – Geopolitical Backdrop

Geopolitical uncertainty continues to create very supportive market conditions

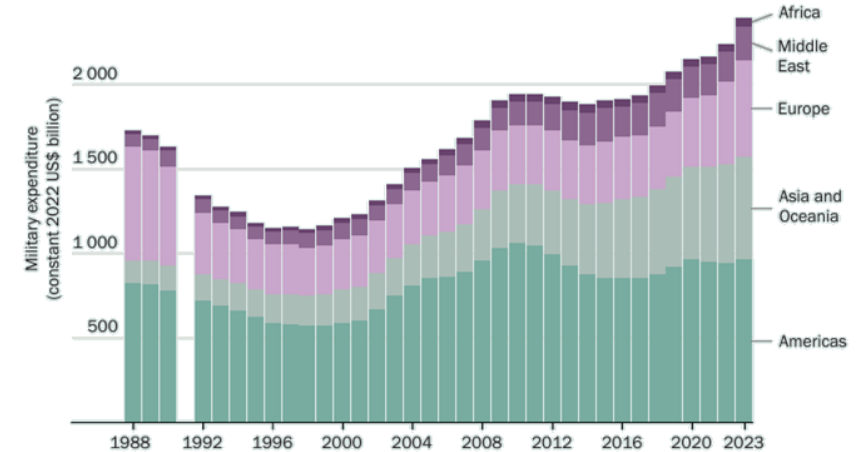
Entrenched conflict in Ukraine and broadening conflict in Middle East



Evolving geopolitical situation and increasing tensions between nations in several regions

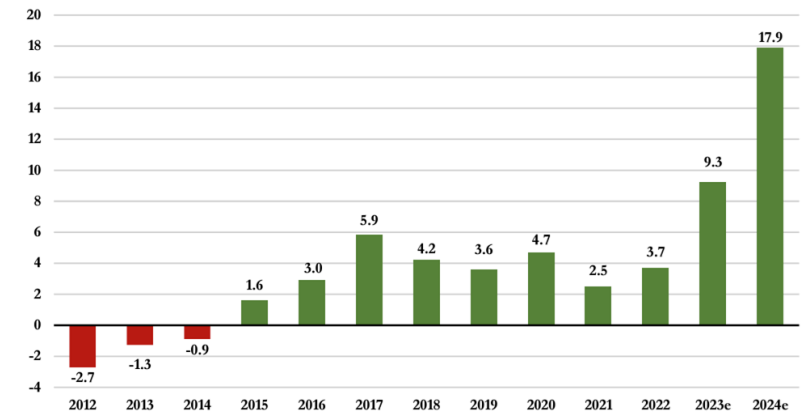


Global defence spending increased by 9% to a record US\$2.4tn in 2023



Source: SIPRI Military Expenditure Database, Apr. 2024.

NATO Defence Expenditure annual change (%)



Source: NATO Press Release June 2024

# Market Conditions - Technological

Wide-ranging technological shifts in the defence industry are expected to continue

## THEME

## DESCRIPTION

## RECENT MEDIA

### Mass manufactured drones

- Low-cost, mass-produced drones
- Readily available and easy to operate
- Difficult to detect and defeat with conventional defences
- Asymmetric conflict – cheap to deploy, expensive to defeat

### AI and autonomous swarms

- Autonomous swarms of drones function in groups
- Communication within swarm allows a cohesive unit operation
- Technology can quickly respond to changing battlefield conditions

### Innovative counter-drone solutions e.g. laser weapons

- Drone proliferation creates counter-drone demand
- Drone innovation drives counter-drone development
- Requires evolution from traditional rocket and missile air defence

### Space as a contested domain

- Space critical to surveillance, navigation and communication
- Space capabilities provide an asymmetric military advantage
- Protection/Disruption of Space capabilities now seen as critical

AIR WARFARE: GLOBAL

**European coalition bids to deliver 1 million drones to Ukraine**

**DoD Announces First Tranche of Replicator Capabilities for Autonomous Systems**

BY INSIDE UNMANNED SYSTEMS

**South Korea to Deploy Laser Weapons to Intercept North Korean Drones**

**Russia, China catching up to U.S. in space weaponry, new report finds**

# Key Megatrend – Drone Warfare

Drone Warfare has been a disruptive force in recent conflicts and is evolving at an accelerating pace

**The age of drone warfare is disrupting the defence industry**

Rapidly evolving technology designed by smaller players is challenging the dominance of sluggish industry giants

**Drone Swarms Are About to Change the Balance of Military Power**

On today's battlefields, drones are a manageable threat. When hundreds of them can be harnessed to AI technology, they will become a tool of conquest.

**Drones are crowding Ukraine's skies, largely paralyzing battlefield**

**Iron Beam: Israel's 'new era of warfare' defence system to use high-power lasers**

**The threat Israel didn't foresee: Hezbollah's growing drone power**

## Significant Ongoing Growth in Drone Warfare

- Creating asymmetric conflicts, favouring more agile forces
  - Easy to attack high value targets – infrastructure, munitions, ships, HQ etc
  - Low-cost method of attack
  - Difficult to defend against
- Used by all sides

## Ongoing Technological Development

- Diverse technologies – short and long range, FPV etc.
- Developments in shielding and inertial/visual navigation making impervious to Electronic Warfare (EW) countermeasures
- Future includes autonomous, swarm attacks capable of oversaturating the airspace

## Wide Threat Recognition

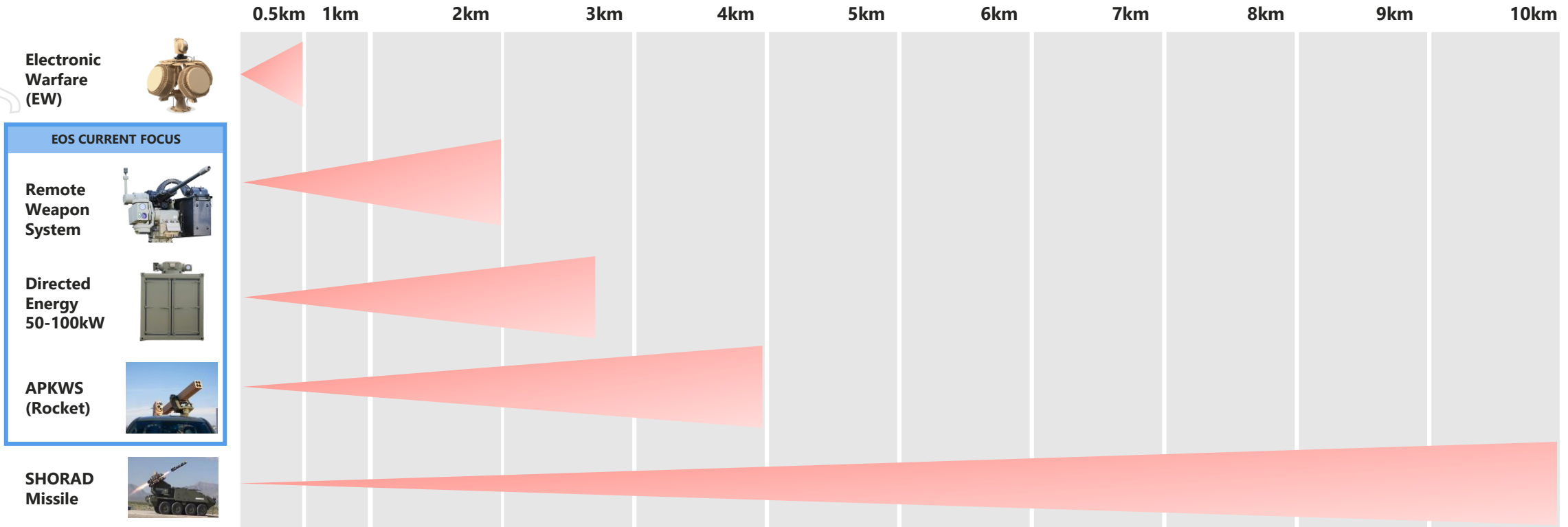
- *"The D.O.D. has been doing things the same way since World War Two. Occasionally, when we have a conflict, we innovate. But what we're looking at here is being able to change the culture to keep up with not this strategic competition but also modern technology. We can't be on these ten-to-twenty-year development cycles. That's not going to work"* – Eric Pahon, Office of the Deputy Secretary of Defense (USA)



Personal use only

# Effective counter-drone strategies require a layered response

EOS is developing products that form part of comprehensive, layered, counter-drone systems



## Rapidly evolving threat technology



## Key criteria

Range	Acquisition Cost
Accuracy	Operating Cost
Effectiveness	Cost per Drone Kill

Personal use only



# High Energy Laser Weapon Update

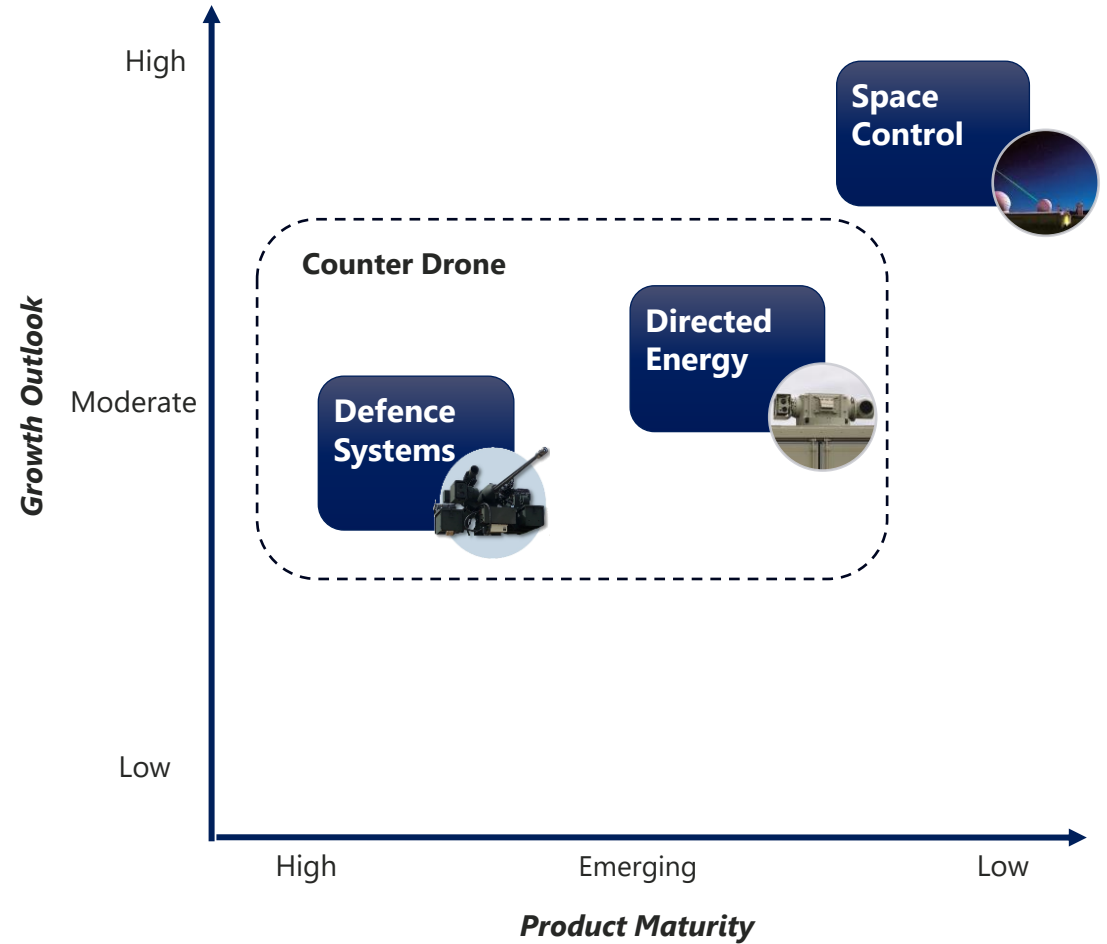
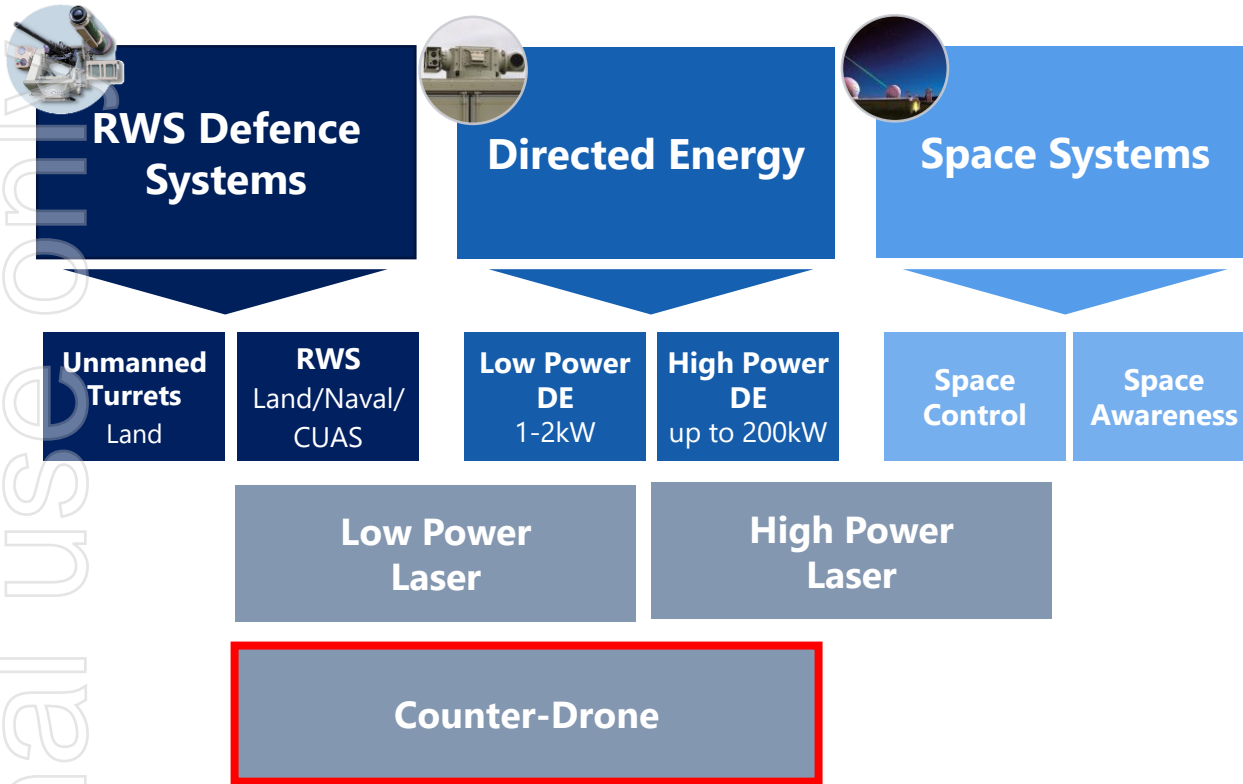
EOS continues to pursue significant opportunities in the High Energy Laser Weapon market

- Emerging and urgent market need for laser-based drone, rocket, artillery, mortar, air and missile defence
- The rapid proliferation of drones and other unmanned warfighting systems has created significant new markets for affordable counter-drone capabilities to protect military and other strategic assets from these low-cost asymmetric threats
- High energy laser weapons emerging for defending against large numbers of inexpensive drones due to:
  - Ability to engage targets instantly (at the speed of light) with high precision, limiting collateral damage
  - Unlimited ammunition magazines based on power supply
  - Low cost per shot
- EOS has deep expertise with weapons systems, tracking and laser-optics
- EOS has developed a 36-54kW prototype laser weapon and demonstrated it during August 2023
- EOS is now in advanced negotiations with 2 parties to manufacture and commercialise 50-150kW systems



# EOS Future Strategic Focus Areas

The emergence of drone warfare on the battlefield is supporting a generational shift for counter-drone solutions.



# Summary of Investment Opportunities

EOS has several attractive opportunities to accelerate business growth. These will be funded through EM Solutions divestment, and as far as possible, customer partnerships. We will continue to exercise strategic and capital discipline

Opportunity	Focus	\$m	Investment Timeframe
<b>RWS Counter Drone</b>	<ul style="list-style-type: none"> <li>• <b>Artificial Intelligence (AI) and Advanced Software development</b></li> <li>• Develop products with longer range, better accuracy and lower costs                             <ul style="list-style-type: none"> <li>• Improved passive and active detection capabilities</li> <li>• Integrate wider array of weapons and effectors to improve range of use-cases, range, accuracy and choice</li> </ul> </li> <li>• Invest in demonstration models and global demonstrations for market development and growth</li> <li>• Continue to target cash flow positive customer projects</li> <li>• Increase working capital reserves to provide flexibility</li> <li>• Continue to partner with customers on product development spend</li> </ul>	<b>40 - 60</b>	<b>1-3 years</b>
<b>High Energy Laser Weapon</b>	<ul style="list-style-type: none"> <li>• Invest in demonstrator unit/s to accelerate market development and growth</li> <li>• Further improve software integration including detect, identify, track and fire</li> <li>• Increased investment in laser component inventory</li> <li>• Continue to partner with customers on product development spend</li> </ul>	<b>40 - 70</b>	<b>2-5 years</b>
<b>M&amp;A</b>	<ul style="list-style-type: none"> <li>• Consider bolt-on acquisitions where investment criteria are met</li> <li>• M&amp;A to be used to fill capability gaps and/or de-risk supply chain</li> </ul>	<b>20 - 70</b>	
<b>Total</b>		<b>100-200</b>	

# Conclusion

EOS aims to become a global leader in Counter-Drone, High Energy Laser Weapons and Space Control. We will continue to exercise discipline

## Future Outlook

- EOS is a growth business with a focus on value creation by capitalising on high growth opportunities
- EOS will be in a strong financial position post divestment of EMS to accelerate focused transformation of the company
- EOS is a disciplined allocator of capital (utilise capital to support core growth initiatives whilst continuing to evaluate opportunities for partnering and third-party funding)

## Conclusion

- Discussion / Q&A
- Thank you for your support

## RWS Defence Systems



## High Energy Laser Weapons



## Space Control





# Appendix 1 – Background to EMS

ersonal use only

# Background to EMS

EMS primarily designs, builds, deploys and maintains on-the-move satellite communication equipment systems for defence forces

## Background

- Acquired by EOS in 2019 in a scrip-based transaction which valued EMS at ~\$26m
- It has operated predominantly as a standalone business that supported the EOS SpaceLink venture which was terminated in 2022
- EOS portfolio review confirmed EMS to be a high performing, but non-core asset
- No connections or operating synergies with other EOS operations

## EMS today

- Supported by rapid pace of industry development
- Growing naval SatCom demand with near term performance underpinned the SEA 1442 contract
- High growth business with strong cash flow generation
- Total LTM Jun-24 revenue of \$74m with largest ever order book of diversified revenue secured over 2024-2029

## Diversified market offering

### Products

#### SATCOM Terminals

*Designed for clients who demand resilient and assured communications operating in high threat environments*

#### RF Subsystems

*Assembly of radio components such as microwave filters, oscillators, mixers and power amplifiers*

### Services

#### Contract Manufacturing & Design

*Tailored design, engineering and contract manufacturing of electronic components*

#### Sustainment

*Repairs and maintenance across product life cycles*



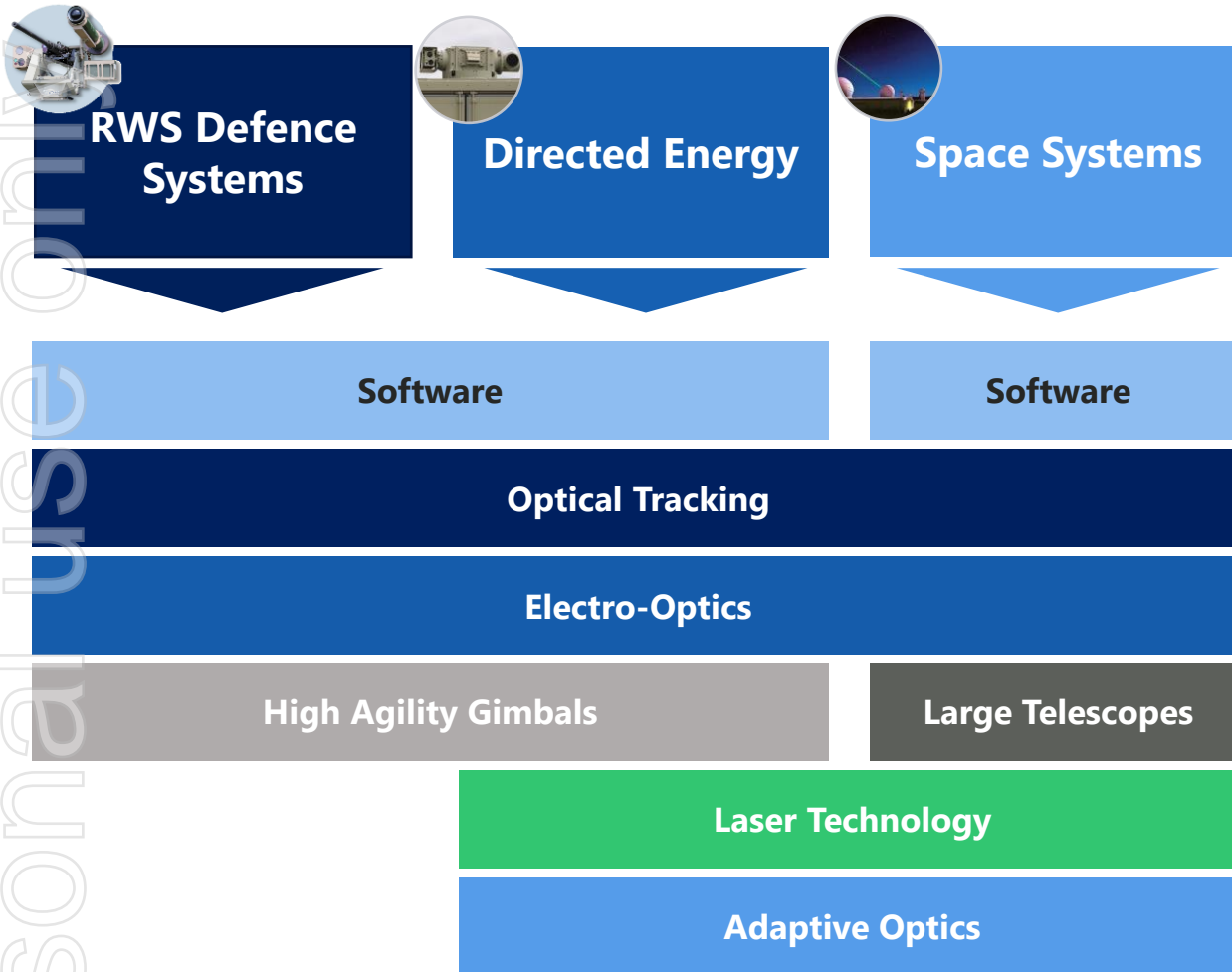


# Appendix 2 – EOS Background

ersonal use only

# Enabling Technologies and Synergies

Software and Artificial Intelligence, closely integrated with complex hardware and optical solutions, will become key differentiators



- EOS' go-forward businesses share common technology platforms and create compelling synergies
- Software and increasingly, artificial intelligence will become a key differentiator and competitive advantage



# Remote Weapon Systems Product Range

EOS is developing a wider range of RWS products to meet evolving needs

Sensor Unit



Ultralight RWS  
R150



Light RWS  
R400



Medium RWS  
R600



Heavy RWS  
R800



Light Turret  
T1600



Multi-Mission  
Sensors



## Common Range of Platforms and Applications

Truck



Protected  
Vehicle



UGV



CUAS



## Common Control Interfaces



MLRS



Personal use only

# Update on EOS Transformation

Strong markets have supported our turnaround and continue to create significant future growth opportunities for EOS. Ongoing Ukraine and Middle East conflicts and need for NATO militaries to rearm creating an enduring growth driver

## Markets

- Global military spend up 9% in '23
- Key drivers:
  - Geopolitical tensions
  - Technology
- Key long-term growth areas:
  - Drone warfare
    - RWS
    - High Energy Laser Weapons
  - Automation and Unmanned Platforms
  - Space Control



## Products

- Commercialising existing IP aligned to evolving market needs
- New products launched:
  - R150 RWS
  - R800 RWS
  - Slinger Counter-Drone RWS
  - High Energy Laser Weapon
- New products in development:
  - Next-gen RWS with AI
  - Counter-drone software integ'n
- Disciplined investment spending; targeted 3<sup>rd</sup>-party funding



## Sales Capability

- New commercial leadership
  - EVP Defence Australia
  - EVP Defence International
  - EOS US CEO & local Board
- New capability in Europe
- Focus on critical markets:
  - Europe
  - Middle East
  - North America



## Order Book

- Contract backlog:
  - \$386m at Jun 24<sup>1</sup>
  - Recent wins in 2024
- Focus on growing order book
- Ongoing sales work
  - Ukraine – direct & donors
  - Europe
  - Middle East
  - North America
  - Australia



Traditional sales lead times are 1-3 years - several opportunities continue to develop positively

1: Excludes conditional contracts and inclusive of contribution from EMS. Represents \$165m on a pro forma basis excluding EMS

# Recent Product Developments and Growth Opportunities

EOS has recently launched several products to capitalise on key macro drivers and enable future growth

Macro Drivers	Product	Recent activity	Forecast Indicative revenue timing *
C-UAS Autonomy UGV	<b>R150 Light-weight System</b> 	<ul style="list-style-type: none"> <li>Formal production launch in 2023</li> <li>Suitable for light vehicles</li> <li>Bids currently submitted in SE Asia and EU NATO</li> </ul>	2024-25
C-UAS	<b>Counter-Drone Kinetic System</b> 	<ul style="list-style-type: none"> <li>Launched "Slinger" in 1H 2023</li> <li>Proven, world-leading accuracy</li> <li>Evaluation orders including to Diehl Germany</li> <li>Demonstrations underway in N. America and Middle East</li> </ul>	2024-25
Economic	<b>Large R800 Remote Weapon System</b> 	<ul style="list-style-type: none"> <li>Launched in 2023</li> <li>Low-cost and heavy firepower</li> <li>Negotiations currently underway with potential launch customer</li> </ul>	2024-26
C-UAS	<b>Integrated Counter-Drone Laser Dazzler</b> 	<ul style="list-style-type: none"> <li>Launched in October 2023</li> <li>Capable of disrupting incoming drones</li> <li>Demonstrated at recent 2024 NATO Sandbox event</li> </ul>	2025-27

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

# Market Development Update

Growing the order book continues to be our key focus; several opportunities are developing positively; European growth is targeted

Geography	Potential Size (A\$m)	Maturity	Remote Weapon Systems
Australia	>100	Advanced	Contract negotiations continue with Hanwha in relation to the supply of RWS for the Land 400 Phase 3 project.
Ukraine	~181	Advanced	Discussion continues with Ukrainian end-users and customers. Local situation is fluid and subject to changing battlefield priorities and evolving donor attitudes. Ukrainian budget funding remains a challenge.
Europe	50- 100	Evaluation	Continuing to work on opportunities to leverage demand from European countries for donation to Ukraine.
N. America	10 – 50	Evaluation	Working with a North American company looking to integrate EOS' R800 onto Stryker vehicles for potential donation to Ukraine.
N. America / Middle East	<10	Evaluation	Evaluation orders for Slinger product received from customers in North America and Middle East.
Europe	>100	Preliminary	Ongoing interest from European customers for light-weight R150 solution for protection of logistics vehicles.
Middle East	>500	Preliminary	Work continues on upcoming bid for follow-on order of next-generation R400 in Middle East.

Note: there is no certainty that any particular outcome or transaction will result from these discussions and negotiations

Geography	Potential Size (A\$m)	Maturity	High Energy Laser Weapon
International	50 - 100	Advanced	<ul style="list-style-type: none"> <li>Commercial discussions continued with a number of potential customers for its High Energy Laser Weapon system.</li> <li>In particular, discussions with two potential international customers are at a more advanced stage.</li> <li>These discussions are ongoing and could result in new customer agreements being signed during 2024 or later.</li> </ul>
			<b>Space Technologies</b>
Australia	<10	Evaluation	Continue to build on recently announced contracts with ADF Joint Capability Division.

## Maturity Definition

- Advanced: Contract under negotiation or negotiated and conditional
- Evaluation: Customer is performing assessments of product and/or discussions are underway
- Preliminary: Bid being prepared or submitted as part of initial customer discussions

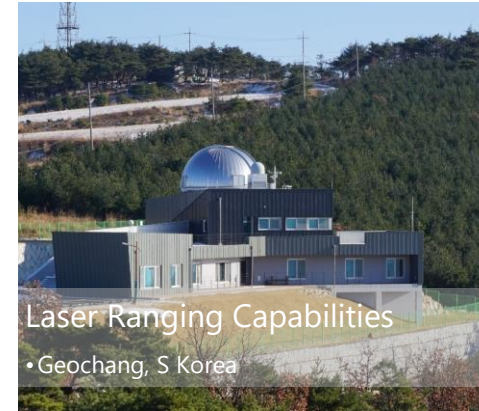
# EOS Space Technologies

EOS specialises in applying EOS developed optical sensors and effectors to detect, track and characterise objects in space

## Summary

- EOS designs and manufactures bespoke world-leading beam director telescopes
- EOS has decades of experience in Satellite Laser Ranging (SLR), Debris Laser Ranging (DLR) and Space Domain Awareness (SDA)
- World leader in accuracy, using laser technology to track objects in space:
  - Hardware
  - Software
  - Data
  - Domain expertise - people
- EOS produces highly accurate beam directors suitable for passive and high energy laser applications

## Demonstrated Capability



Personal use only

# Glossary

Term	Description	Term	Description
<b>ADF</b>	Australian Defence Force	<b>ISR</b>	Intelligence, surveillance and reconnaissance
<b>Adaptive Optics</b>	Technique of precisely deforming a mirror in order to compensate for (atmospheric) light distortion	<b>kW</b>	Kilo Watts
<b>APKWS</b>	Advanced Precision Kill Weapon System	<b>LCMP</b>	Low-cost, mass-produced
<b>CRAM</b>	Counter Rocket, Artillery and Mortar	<b>MLRS</b>	Multiple Launch Rocket System
<b>CUAS</b>	Counter Unmanned Aerial System	<b>NATO</b>	North Atlantic Treaty Organization
<b>DE</b>	Directed Energy	<b>NDS</b>	National Defence Strategy
<b>DLR</b>	Debris Laser Ranging	<b>NG AGT</b>	Northrop Grumman Agnostic Gun Truck
<b>D.O.D</b>	Department of Defence	<b>RWS</b>	Remote Weapon System
<b>DSR</b>	Defence Strategic Review	<b>SatCom</b>	Satellite Communications
<b>EMS</b>	EM Solutions Pty Ltd	<b>SDA</b>	Space Domain Awareness
<b>EVP</b>	Executive Vice President	<b>SLR</b>	Space Laser Ranging
<b>FPV</b>	First Person View	<b>UGV</b>	Unmanned Ground Vehicle
<b>FIRB</b>	Foreign Investment Review Board	<b>USV</b>	Unmanned Surface Vehicle
<b>HELW</b>	High Energy Laser Weapon	<b>V SHORAD</b>	Very Short Range Air Defence System
<b>IED</b>	Improvised Explosive Device		
<b>IFV</b>	Infantry Fighting Vehicle		
<b>IIP</b>	Integrated Investment Program		
<b>ITAR</b>	International Traffic in Arms Regulations		

ersonal use only

ersonal use only

EOS

