

Monday, 11 August 2025

## Securing the World's First 100kW HELW Deal

On 5 August 2025, Electro Optic Systems (EOS) announced the signing of the world's first known export contract for a 100-kilowatt High Energy Laser Weapon (HELW) system. Awarded by a European NATO member state, the unconditional agreement is valued at €71.4 million (~A\$125 million) and covers manufacturing, integration, testing, training, spare parts, and documentation. Deliveries will run from 2025 to 2028 from the company's Laser Innovation Centre in Singapore. With this contract, EOS moves into an exclusive league of suppliers capable of delivering not just prototypes, but fully operational, export-ready laser weapon systems.

We reaffirm our SPEC BUY rating and raise our DCF-derived price target to **A\$5.74** (from A\$3.65), a +57% increase driven by the newly signed A\$125 million HELW contract, the inclusion of advanced-stage HELW pipeline projects, and revised revenue forecasts from CY25 onward.

### Operational Momentum at Full Speed

In Q2 2025, EOS further reinforced its operational footing. Firm order backlog increased 25% since the start of the year to A\$170 million (as at 30 June 2025), supported by new awards in Counter-UAS, Remote Weapon Systems, and Space Systems. The detailed contract book disclosed in the August 2025 investor presentation highlights a substantial additional weighted pipeline, probability-adjusted for maturity stage (Advanced, Evaluation, Preliminary, Emerging).

Operating cash flow turned positive at +A\$30.5 million, while total liquidity reached ~A\$182 million – with no debt. A key driver was the A\$60 million cash inflow from the finalisation of a long-standing Middle East contract. Management maintains that CY25 revenue will be heavily second-half weighted, with several major programs entering the delivery phase.

### Multi-Year Growth Visibility

The HELW contract provides a stable, recurring revenue base from CY25 and serves as a strategic reference project in a market with high entry barriers. A second HELW contract (~A\$100 million) is already in advanced negotiations. Additional large-scale opportunities include Australia's Land 400 Phase 3 (A\$80–100 million potential), further naval and CUAS contracts, and new Space Control agreements.

### Technological Edge Creates Market Advantage

With over 90% of the HELW system built on in-house intellectual property, EOS delivers a fully ITAR-free solution – a critical differentiator in a market often constrained by US export controls. Combined with its proven kinetic CUAS portfolio, EOS offers fully integrated, multi-layered drone defence solutions aligned with allied nations' procurement priorities. EOS is at a strategic inflection point. With market-leading technology, growing multi-year revenue visibility, and a robust, debt-free balance sheet, the company is positioned for sustained re-rating potential. At the current share price of A\$4.92, we see significant upside as the market adjusts to EOS's strengthened fundamentals.

#### Key Near-Term Catalysts

Recognition of ~A\$34m new awards, backlog increased to A\$170m	H2 2025
First revenue recognition from ~A\$125m HELW contract	H2 CY25 / CY26
Signing of 2 <sup>nd</sup> HELW contract (~A\$100m) currently in advanced negotiations	H2 CY25
Land 400 Phase 3 RWS program award (A\$80–100m potential)	H2 CY25 / CY26
Additional CUAS / Slinger contract wins in Europe & Middle East	H2 2025
New Space Control / SSA contract awards (e.g., Australia / Five Eyes)	H2 2025

<b>Recommendation</b>	<b>Spec Buy</b>
<b>Share Price</b>	<b>\$4.92</b>
<b>Fair Valuation</b>	<b>\$5.74</b>

#### Company Profile

Market Cap	\$949M
Enterprise Value	\$895M
Free Float	~86%
Cash	\$90m
52-Week Range	\$0.995 - \$5.11

#### Price Performance



#### Company Overview

Electro Optic Systems Holdings Limited (ASX: EOS) is an Australian defence technology leader specialising in advanced weapon systems, counter-drone solutions, and space domain awareness. The company develops and manufactures remote weapon stations, high-energy laser platforms, and optical tracking systems, delivering precision, scalability, and cost-efficiency for modern defence operations. With more than 90% of its subsystems designed and built in-house, EOS retains full intellectual property ownership – ensuring performance control, secure supply chains, and sovereign export flexibility. Its products are operationally deployed with allied forces worldwide, positioning EOS as a trusted supplier in high-growth defence segments aligned with urgent global security priorities.

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Click [here](#) to access Evolution Capital's Initiation Report of Electro Optic Systems published 29 May 2025.

## Investment Summary

Electro Optic Systems (ASX:EOS) has achieved a major strategic milestone with the signing of the world's first known export contract for a 100-kilowatt High Energy Laser Weapon (HELW) system. Valued at €71.4 million (~A\$125 million) and awarded by a European NATO member state, the contract marks the commercial validation of EOS's HELW platform and represents a substantial re-rating catalyst. Delivery will occur over three years from 2025, establishing a critical foundation for future growth in directed energy weapons.

In parallel, EOS has strengthened its operational base in Q2 2025: the firm order backlog increased to A\$170 million (+25% since December 2024), operating cash flow turned positive (+A\$30.5 million), and the company holds total liquidity of approximately A\$182 million with no financial debt. Cash proceeds from the finalised Middle East contract and new wins in CUAS and Space further reinforce the company's commercial credibility and balance sheet strength.

We now forecast the HELW contract to contribute approximately A\$50 million annually from CY26, with potential upside from associated support services in CY28. More importantly, the contract serves as a strategic reference project that significantly improves the likelihood of follow-on awards. According to management, two additional HELW contracts—each worth up to ~A\$100 million—are already in advanced stages of negotiation.

As a result, we have upgraded our CY26 revenue forecast and revised our DCF valuation to reflect reduced execution risk, stronger contract visibility, and improved scale leverage. We raise our fair value from A\$3.65 to A\$3.85 per share, with further upside not yet priced in from additional HELW wins.

EOS remains, in our view, a highly attractive, deep-tech defence company with a validated platform and strong leverage to global spending on drone defence, laser weapons, and space domain awareness. We maintain our SPEC BUY recommendation.

## Strategic Breakthrough in the HELW Program

Electro Optic Systems has reached a major commercial milestone with the signing of a €71.4 million (~A\$125 million) export contract for its 100-kilowatt High Energy Laser Weapon (HELW) system. The deal, awarded by a European NATO member state, is believed to be the first confirmed international export order for a laser weapon of this class. It provides both commercial validation of the technology and a strategic endorsement of EOS's industrial capability to deliver.

The system will be delivered over a three-year period and includes the supply of laser subsystems (seed lasers, beam director, thermal management), integration, command software, testing, training, and in-field support. Manufacturing will be carried out entirely at EOS's Singapore Laser Innovation Centre, enabling full ITAR-free export—an increasingly important criterion for global defence procurement.

Beyond the direct revenue contribution, the strategic significance of this contract lies in EOS's ability to deliver a combat-ready, scalable HELW platform to a frontline NATO customer. This marks a critical transition in market perception—from experimental R&D to a fully deployable and commercially validated system.

In its Q2 Appendix 4C (dated 31 July 2025), the company disclosed two high-value HELW contracts in advanced negotiations: one targeted for signing in 2025 (~A\$100 million), and another in 2026. The newly signed €71.4m contract satisfies and exceeds the first of these targets in both timing and value. EOS has confirmed that negotiations on the second HELW opportunity, also worth ~A\$100 million, remain ongoing and may be concluded in 2026.

We estimate the current contract will contribute approximately A\$40 million per year in revenue from CY26 onwards. More importantly, it creates a highly credible reference project that materially improves EOS's competitive positioning in global HELW tenders. The fact that such a complex system has been awarded under an unconditional export contract underscores the market's confidence in EOS's technology, execution capability, and readiness to scale.

## Market Positioning

Directed Energy Weapons are no longer a futuristic concept – they're fast becoming a defining feature of modern defence systems. Laser weapons offer a unique set of advantages: they operate at the speed of light, require no conventional ammunition, and deliver exceptionally low cost per engagement. In an era shaped by drone swarms, hypersonic threats, and near-peer conflict, the appeal of DEW systems is accelerating rapidly.

According to multiple market studies (Market Research Future, 2024; OG Analysis, 2023; Coherent Market Insights, 2023), the global DEW market was valued at approximately A\$16.2 billion in 2025 and is projected to grow to nearly A\$30 billion by 2030. This reflects a compound annual growth rate of 12.8% – signalling rising urgency among governments to adopt more responsive and cost-effective force protection capabilities.

EOS is emerging at exactly the right moment. With its 100kW high-energy laser weapon system (HELW), the company is one of the few globally that can demonstrate not just a prototype, but a fully operational and export-ready solution. The recent €71.4 million contract signed with a European NATO customer is a breakthrough – both commercially and strategically.

What truly sets EOS apart, however, is the depth of its technology stack. More than 90% of the system is built on intellectual property developed in-house. This includes the laser itself, the beam control and tracking architecture, power delivery and thermal systems, as well as the core software that enables integration into military platforms.

This level of IP ownership is exceptionally rare in the global defence landscape – especially in the DEW segment, where most players act as integrators of third-party subsystems. EOS, in contrast, controls its architecture end-to-end. That means no license restrictions from foreign governments, no dependency on external component suppliers, and no erosion of margins through royalty or integration costs.

For customers, this translates into real strategic value. EOS can offer sovereign, fully integrated systems without export constraints. For investors, it means a highly scalable model with pricing power, robust IP protection, and greater long-term value capture. In a market where interoperability, national security, and rapid deployment are becoming non-negotiable, EOS's vertical integration and IP ownership position it well ahead of the curve.

## Valuation

We have comprehensively updated our valuation model for Electro Optic Systems (EOS) to incorporate the expanded and detailed contract backlog as at 30 June 2025, the integration of additional high-value pipeline opportunities – particularly in the High Energy Laser Weapon (HELW) segment – and revised capital market inputs.

Methodology shift: From a blended approach to a fully backlog-based bottom-up model. In prior analyses, our discounted cash flow (DCF) model combined top-down market assumptions with selectively disclosed contract values. With the newly available, project-by-project breakdown of the backlog, we can now model revenue development with far greater precision. The increasing visibility of large, multi-year programs – particularly HELW – enables us to directly link valuation outcomes to the actual contracted and highly probable pipeline.

### Probability weighting and revenue realisation

- Each contract value is weighted according to its maturity stage, reflecting expected conversion likelihood:
- Advanced (90%) – Contract under negotiation or conditional award; historically high close rate.
- Evaluation (75%) – Technical/customer assessment underway; substantial engagement already completed.
- Preliminary (50%) – Bid submitted or in preparation; dependent on tender outcome.
- Emerging (35%) – Early-stage discussions; strategic importance but high uncertainty.

These probabilities are based on EOS's historical win rates, industry benchmarks in the defence sector, and the strategic positioning of each program. Advanced-stage HELW projects are weighted more heavily given the combination of successful demonstrations and active negotiations with NATO customers, which materially raise the probability of award.

**Table 1: Contract Backlog**

Region	Product	Deal Size	Stage	Revenue Year	Probability	Estimated Revenue	Weighted Revenue
Contract Backlog (30.06.2025)					100%	170.00	
Australia	R400	\$80-100m	Advanced	CY26, CY27	90%	100.00	90.00
North America	R800	\$20-30m	Advanced	CY25+	90%	25.00	22.50
Europe - Ukraine	R400	\$181m	Advanced		90%	181.00	162.90
International	HELW 100kW	\$125m	additional to Contract Backlog	CY25-CY28	100%		125.00
International	HELW 100kW	\$100-200m	Advanced	CY26+	90%	150.00	135.00
Middle East	R500	\$500m+	Evaluation	CY26+	75%	550.00	412.50
Middle East	R400 Spares	<\$20m	Evaluation		75%	20.00	15.00
Europe	R400 Marine Slinger	<\$20m	Evaluation		75%	20.00	15.00
Australasia	R400 Marine	\$15-25m	Evaluation		75%	20.00	15.00
Europe	R150	\$100-\$300m+	Preliminary		50%	300.00	150.00
Europe	R400 Slinger	<\$50m	Preliminary		50%	40.00	20.00
North America	R400	<\$50m	Preliminary		50%	40.00	20.00
Europe	R400	<\$50m	Preliminary		50%	40.00	20.00
International	R400 Slinger	<\$100m	Preliminary		50%	80.00	40.00
Middle East	R400	<\$100m	Preliminary		50%	80.00	40.00
North America	R400 Slinger	<\$50m	Emerging	CY25+	35%	40.00	14.00
Middle East	R800	Up to \$100m	Emerging		35%	90.00	31.50
Middle East	HELW	\$100-200m or more	Emerging		35%	160.00	56.00
International	Space Control	<\$10 - \$100m+	Emerging		35%	70.00	24.50
Europe	R400 Slinger	\$10-\$50m	Emerging		35%	40.00	14.00

Source: Electro Optic Systems Holdings Limited – Investor Presentation, August 2025; contract backlog and pipeline figures as at 30 June 2025.

### Inclusion of expected additional contracts

Beyond the reported backlog, we include an “Expected Amount of Additional Contracts” category. This captures highly visible but not yet formally tendered or awarded projects that are likely to be secured during the forecast period, ensuring the revenue profile in later years (CY29–CY30) does not show an artificial decline despite realistic follow-on orders from ongoing customer relationships.

**Table 2: Revenue Assumptions**

			Revenue					
Region	Product	Deal Size	CY25	CY26	CY27	CY28	CY29	CY30
Contract Backlog (30.06.2025)			70.00	33.33	33.33	33.33		
Australia	R400	\$80-100m		45.00	45.00			
North America	R800	\$20-30m	17.00	5.50				
Europe - Ukraine	R400	\$181m	32.58	32.58	32.58	32.58	32.58	
International	HELW 100kW	\$125m	41.67	41.67	41.67			
International	HELW 100kW	\$100-200m		33.75	33.75	33.75	33.75	
Middle East	R500	\$500m+		82.50	82.50	82.50	82.50	82.50
Middle East	R400 Spares	<\$20m		7.50	7.50			
Europe	R400 Marine Slinger	<\$20m			7.50	7.50		
Australasia	R400 Marine	\$15-25m			7.50	7.50		
Europe	R150	\$100-\$300m+				50.00	50.00	50.00
Europe	R400 Slinger	<\$50m				10.00	10.00	
North America	R400	<\$50m			10.00	10.00		
Europe	R400	<\$50m				10.00	10.00	
International	R400 Slinger	<\$100m			13.33	13.33	13.33	
Middle East	R400	<\$100m				13.33	13.33	13.33
North America	R400 Slinger	<\$50m	10.00	4.00				
Middle East	R800	Up to \$100m			10.50	10.50	10.50	
Middle East	HELW	\$100-200m or more				28.00	28.00	
International	Space Control	<\$10 - \$100m+				12.25	12.25	
Europe	R400 Slinger	\$10-\$50m				14.00		
Expected Amount of additional Contracts						90.00	370.00	580.00
SUM			171.25	285.83	325.16	458.58	666.25	725.83

Source: Electro Optic Systems Holdings Limited – Investor Presentation, August 2025; contract backlog and pipeline figures as at 30 June 2025.

### Financial input parameters and WACC calculation

The weighted average cost of capital (WACC) is now 10.86%, reflecting an increase in the risk-free rate from 3.85% to 4.30% (current Australian 10-year bond yield). Beta is set at 1.25 (one-year regression vs. the ASX Small Ordinaries Index), with a market risk premium of 5.5%. Cost of equity (Re) is 11%, while the cost of debt (Rd) is 9% (after-tax: 6.3%).

### DCF results and target price revision

Using a terminal growth rate of 3%, we derive an Enterprise Value of A\$719.11m and – after accounting for the net cash position of A\$286.91m – an Equity Value of A\$1,006.02m. On a fully diluted basis (175.41m shares), this equates to a new target price of **A\$5.74** per share.

This represents an increase of approximately 57% from our previous target price of A\$3.65. The primary driver of this re-rating is the inclusion of the A\$125m HELW (100 kW) contract announced in June 2025, alongside additional advanced-stage HELW pipeline projects. These programs not only carry substantial standalone contract value but also signal EOS's entry into a structurally expanding market segment with strong medium-to-long-term follow-on potential.

**Table 3: EOS Valuation**

EOS Valuation (A\$M)		WACC	
Terminal Growth Rate	3%	Beta	1.25
Discount Rate	10.87%	Rf	4.30%
Terminal Value (TV)	1,450.44	Re	11%
Present Value of TV	780.94	Rd	9%
<b>Enterprise Value</b>	<b>719.11</b>	E	945.47
Net Debt	-286.91	D	62.19
<b>Equity Value</b>	<b>1,006.02</b>	1-T	70%
Fully Diluted Shares	175.41	<b>WACC</b>	<b>10.87%</b>
<b>Implied (Target) Price</b>	<b>\$5.7353</b>		

### Sensitivity analysis

Our sensitivity analysis indicates that the target price per share ranges from A\$4.36 (WACC 12.0%, terminal growth 1.5%) to A\$8.97 (WACC 9.5%, terminal growth 4.5%). Even

under conservative assumptions, the valuation remains materially above the current share price.

**Table 4: Sensitivity Analysis**

	WACC							
	5.74	9.5%	10.0%	10.5%	10.9%	11.0%	11.5%	12.0%
Terminal Growth	1.5%	5.96	5.56	5.20	4.97	4.89	4.61	4.36
	2.0%	6.29	5.85	5.45	5.20	5.11	4.80	4.53
	2.5%	6.68	6.17	5.74	5.45	5.35	5.02	4.72
	3.0%	7.12	6.55	6.06	<b>5.74</b>	5.63	5.26	4.93
	3.5%	7.63	6.98	6.42	6.06	5.94	5.53	5.16
	4.0%	8.24	7.48	6.84	6.43	6.30	5.83	5.42
	4.5%	8.97	8.08	7.33	6.86	6.71	6.18	5.72

The shift to a fully backlog-based bottom-up DCF, the disciplined probability-weighting of the contract pipeline, and the inclusion of additional high-probability opportunities have significantly increased our valuation. The HELW segment is emerging as a major growth lever, complementing EOS's established RWS and Space Control portfolio, and providing substantial upside potential over the forecast horizon.

## Updated Key risks

### Operational Execution and Fulfilment

The award of the world's first 100kW HELW export contract (~A\$125m) and the expansion of the firm backlog to ~A\$170m mark a significant step-up in execution visibility. Nevertheless, risk remains around the timely fulfilment of multiple complex programs across CUAS, RWS, and HELW lines, particularly as EOS scales manufacturing and integration capability across different geographies and customer requirements.

### Conditional Contract Conversion

EOS still holds ~A\$181m in conditional contracts, and while the HELW award and resolution of legacy Middle East orders materially de-risk near-term revenue, conversion timing, especially for Ukraine-linked CUAS orders, remains a swing factor. Delays in geopolitical clearances or customer procurement cycles could push expected revenue into later periods.

### Technology Deployment (HELW)

With the 100kW HELW now in contract phase, the core technology risk has largely shifted from proof-of-capability to execution and field integration. Remaining risks are centred on delivery schedules, performance in operational environments, and the ability to scale production for follow-on orders in a nascent but strategically important market segment.

### Liquidity and Capital Management

A debt-free balance sheet, ~A\$130m unrestricted cash, and additional inflows from the HELW contract have significantly eased historical funding concerns. The key risk has pivoted to managing concurrent program ramp-ups without materially increasing working capital strain or eroding margins through expedited procurement and resourcing.

# Appendix

## Financial Statements

### Income Statement

A\$'000s	CY24a	CY25e	CY26e	CY27e	CY28e
Revenue	258.70	171.25	285.83	325.16	458.58
Cost of sales	-130.31	-94.19	-142.92	-165.83	-229.29
<b>Gross Profit</b>	<b>128.39</b>	<b>77.06</b>	<b>142.92</b>	<b>159.33</b>	<b>229.29</b>
Other Income	2.75	-	-	-	-
Foreign Exchange	12.04	-	-	-	-
Expenses	-118.16	-95.00	-96.90	-101.75	-112.94
<b>EBITDA</b>	<b>12.98</b>	<b>-17.94</b>	<b>46.02</b>	<b>57.59</b>	<b>116.35</b>
D&A	-15.32	-10.67	-8.30	-8.92	-11.24
<b>EBIT</b>	<b>-2.35</b>	<b>-28.61</b>	<b>37.72</b>	<b>48.67</b>	<b>105.12</b>
Finance Costs	-24.81	-2.00	-2.00	-2.00	-1.00
<b>NPBT</b>	<b>-27.15</b>	<b>-30.61</b>	<b>35.72</b>	<b>46.67</b>	<b>104.12</b>
Tax expense	-4.57	-	-	-	-
<b>Underlying NPAT</b>	<b>-31.72</b>	<b>-30.61</b>	<b>35.72</b>	<b>46.67</b>	<b>104.12</b>
<b>Reported NPAT</b>	<b>-19.69</b>	<b>-30.61</b>	<b>35.72</b>	<b>46.67</b>	<b>104.12</b>

### Balance Sheet

A\$'000s	CY24a	CY25e	CY26e	CY27e	CY28e
Cash	41.08	36.11	49.41	63.96	141.90
Trade and Receivables	17.73	17.12	28.58	42.27	45.86
Security deposits	12.75	11.75	25.03	28.74	43.60
Contract asset	57.38	34.25	57.17	71.54	100.89
Other	175.97	140.78	143.59	152.21	156.78
<b>Current assets</b>	<b>304.91</b>	<b>240.00</b>	<b>303.78</b>	<b>358.72</b>	<b>489.02</b>
Contract asset	-	11.68	28.58	32.52	36.69
Security deposits	36.73	27.67	33.48	33.55	40.21
Right of use assets	15.02	15.72	12.26	9.56	7.46
Receivables	-	8.18	14.29	19.51	18.34
PPE	13.05	9.13	9.13	10.53	12.63
Intangible assets and Other	31.31	24.56	15.43	21.24	35.48
<b>Non-current assets</b>	<b>96.11</b>	<b>96.94</b>	<b>113.17</b>	<b>126.92</b>	<b>150.80</b>
<b>Total assets</b>	<b>401.01</b>	<b>336.94</b>	<b>416.95</b>	<b>485.64</b>	<b>639.83</b>
Trade and other payables	28.21	42.75	53.30	50.87	62.12
Contract liabilities	24.13	15.41	37.16	45.52	64.20
Provisions	19.04	18.08	17.18	16.32	15.50
Borrowings	35.40	-	-	-	52.38
Other	35.40	39.64	39.68	47.62	52.38
<b>Current liabilities</b>	<b>154.71</b>	<b>115.89</b>	<b>147.32</b>	<b>160.34</b>	<b>194.20</b>
Borrowings	-	-	-	-	-
Other liability	26.79	32.15	45.01	54.02	70.22
<b>Non current liabilities</b>	<b>26.79</b>	<b>32.15</b>	<b>45.01</b>	<b>54.02</b>	<b>70.22</b>
<b>Total Liabilities</b>	<b>181.51</b>	<b>148.04</b>	<b>192.33</b>	<b>214.35</b>	<b>264.42</b>
<b>Net Assets</b>	<b>219.51</b>	<b>188.90</b>	<b>224.62</b>	<b>271.29</b>	<b>375.40</b>
Contributed Equity	467.19	467.19	467.19	467.19	467.19
Accumulated Losses	-260.51	-291.11	-255.40	-208.73	-104.61
Reserves and Non-controlling int.	12.82	12.82	12.82	12.82	12.82
<b>Total equity</b>	<b>219.51</b>	<b>188.90</b>	<b>224.62</b>	<b>271.29</b>	<b>375.40</b>

### Statement of Cashflows

A\$'000s	CY24a	CY25e	CY26e	CY27e	CY28e
Net profit for period	-31.72	-30.61	35.72	46.67	104.12
Depreciation & Amortisation	15.32	10.67	8.30	8.92	11.24
Changes in working capital	76.19	-21.11	19.04	27.37	18.50
Other	-83.99	-67.19	-67.26	-68.60	-72.03
<b>Operating cash flow</b>	<b>-24.19</b>	<b>-108.24</b>	<b>-4.20</b>	<b>14.36</b>	<b>61.82</b>
Payments for PPE	-6.17	-	-	-2.00	-3.00
Payments for Intangibles and other assets	-5.38	-	-	-	-
Change in security deposit	15.24	-10.06	19.09	3.79	21.52
Other	0	158.60	0	0	0
<b>Investing cash flow</b>	<b>3.68</b>	<b>148.54</b>	<b>19.09</b>	<b>1.79</b>	<b>18.52</b>
Equity Raised	36.92	-	-	-	-
Transaction costs	-1.97	-	-	-	-
Lease liability payments	-	-	-	-	-
Borrowings	-20.51	-61.10	-	-	-
Other	-5.23	-1.57	-1.58	-1.60	-2.40
<b>Financing cash flow</b>	<b>9.21</b>	<b>-62.67</b>	<b>-1.58</b>	<b>-1.60</b>	<b>-2.40</b>
<b>Free cash flow</b>	<b>-20.52</b>	<b>40.30</b>	<b>14.89</b>	<b>16.15</b>	<b>80.34</b>
<b>Cash flows</b>	<b>-11.31</b>	<b>-22.37</b>	<b>13.31</b>	<b>14.55</b>	<b>77.94</b>
Effects of exchange rate	-1.22	-	-	-	-
Cash year end	58.48	36.11	49.41	63.96	141.90

### Investment Fundamentals

	CY24a	CY25e	CY26e	CY27e	CY28e
<b>Liquidity</b>					
Quick Ratio	1.7	1.8	1.7	1.8	1.8
<b>Solvency</b>					
Debt to Equity	0.2	0.0	0.0	0.0	0.1
Debt to Assets	0.1	0.0	0.0	0.0	0.1
LT Debt to Assets	0.0	0.0	0.0	0.0	0.0
<b>Profitability</b>					
Net Margin	n/a	n/a	12%	14%	23%
ROA	n/a	-8%	9%	10%	19%
ROE	n/a	-15%	17%	19%	32%
<b>Valuation</b>					
P/E	n/a	n/a	n/a	n/a	n/a
EV/EBITDA	n/a	n/a	n/a	n/a	n/a
P/B	2.5	2.69	2.26	1.89	1.37
<b>Growth</b>					
Gross Margin	50%	45%	50%	49%	50%
NPAT Margin	-8%	-18%	12%	14%	23%
EBITDA Margin	5%	-10%	16%	18%	25%
<b>Weighted Avg Shares Outstanding</b>	<b>175.41</b>	<b>175.41</b>	<b>175.41</b>	<b>175.41</b>	<b>175.41</b>

## Leadership Team

### Dr. Andreas Schwer

Group CEO/MD

Dr. Andreas Schwer brings more than 25 years of international leadership experience in defence and aerospace. He was appointed Group CEO in August 2022 and Managing Director in December 2023. Prior to joining EOS, he held executive roles at Airbus, Rheinmetall, and served as President of EOS EMEA, leading its expansion across NATO and the Middle East. Dr. Schwer holds a PhD in Systems Engineering and is recognised for his expertise in international defence markets, industrial transformation, and sovereign capability development.

### Clive Cuthell

CFO & COO

Clive Cuthell joined EOS in September 2022 and serves as both CFO and COO. He brings over 25 years of executive finance and operational leadership, having led the company's capital restructuring, including the divestment of EM Solutions and a successful capital raise in CY24. His focus has been on restoring financial stability, optimising supply chains, and building execution resilience. Prior to EOS, he held senior roles in industrial tech firms across public and private sectors.

**Christian Tobergte**  
EVP – International Defence Systems

Christian Tobergte leads EOS's international defence business, overseeing sales, capture, and program delivery across Europe, the Middle East, and Asia. With more than two decades of experience in defence exports—particularly with MBDA—he is driving EOS's growth in NATO-aligned markets and advancing demonstration-driven campaigns for CUAS, RWS, and HELW systems.

**Ian Cook**  
EVP – Australian Defence Systems

Ian Cook oversees all defence programs within Australia, including delivery to the ADF and sovereign industry support. He plays a central role in national execution, program coordination, and capability sustainment. His background includes over 15 years in defence program management and operational leadership, with expertise in land systems and customer delivery.

**James Bennett**  
EVP – Space Systems

James Bennett leads EOS's space division, which includes observatory infrastructure, space domain awareness software, and tracking solutions. He has a strong background in aerospace systems engineering, government program leadership, and commercial space services. Under his guidance, EOS has expanded its role in sovereign SDA and strategic partnerships across allied space markets.

**Garry Hounsell**  
NEC

Garry Hounsell is an experienced ASX chairman and former CEO with extensive board leadership across major public companies. He has held chair and directorships at Treasury Wine Estates, Helloworld, DuluxGroup, and ANZ. A Chartered Accountant by background, Mr. Hounsell brings high-level financial governance, stakeholder engagement, and M&A experience to the board during a crucial stage of commercial scale-up and market repositioning.

**Air Marshal (Ret.)  
Geoff Brown AO**  
NED

Air Marshal Geoff Brown is a former Chief of Air Force (RAAF) and one of Australia's most senior military leaders. He provides strategic oversight on operational defence priorities, joint force integration, and sovereign capability planning. He also sits on multiple defence-related boards and is a trusted voice across government and national security stakeholders.

**The Hon. Kate Lundy**  
NED

Kate Lundy is a former Australian Senator and government minister with deep experience in public policy, digital transformation, and industry development. She serves on several public and private sector boards and provides critical governance and regulatory expertise to EOS. Her insight supports the company's alignment with national interests and ethical technology frameworks.

## Evolution Capital Ratings System

### Recommendation Structure

- **Buy:** The stock is expected to generate a total return of >10% over a 12-month horizon. For stocks classified as 'Speculative', a total return of >30% is expected.
- **Hold:** The stock is expected to generate a total return between -10% and +10% over a 12-month horizon.
- **Sell:** The stock is expected to generate a total return of <-10% over a 12-month horizon.

### Risk Qualifier

- **Speculative:** This qualifier is applied to stocks that bear significantly above-average risk. These can be pre-cash flow companies with nil or prospective operations, companies with only forecast cash flows, and/or those with a stressed balance sheet. Investments in these stocks may carry a high level of capital risk and the potential for material loss.

### Other Ratings:

- **Under Review (UR):** The rating and price target have been temporarily suppressed due to market events or other short-term reasons to allow the analyst to more fully consider their view.
- **Suspended (S):** Coverage of the stock has been suspended due to market events or other reasons that make coverage impracticable. The previous rating and price target should no longer be relied upon.
- **Not Covered (NC):** Evolution Capital does not cover this company and provides no investment view.

*Expected total return represents the upside or downside differential between the current share price and the price target, plus the expected next 12-month dividend yield for the company. Price targets are based on a 12-month time frame.*

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