

# Stock Focus

## ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX)

E&P

Wednesday, 15 April 2020

### Blowing up cash

Recommendation: Neutral (was Positive)

**Last price** **\$5.75**  
**Valuation** **\$5.78**

TSR	
Upside to valuation	0.5%
Dividend yield	0.0%
Expected total SH return	0.5%

#### EOS.ASX share price history v XJO.ASX

Source: EAP Research, IRESS



#### Trading Data

Last Price	\$5.75
Valuation	\$5.78
12 month range	\$2.71 - \$10.53
Market Cap	\$650m
Free Float	\$520m (80%)
12 month return (historical)	113.0%

#### Earnings revisions

	FY20	% chg	FY21	% chg
REVENUE (\$m)	228	(9.7%)	319	(2.1%)
EBITDA (\$m)	31	(28.5%)	51	(15.3%)
Adj. EPS (c)	16.3	(39.1%)	24.1	(30.4%)
DPS (c)	0.0	-	0.0	-
Val	\$5.78	(20.4%)		

#### Filling a hole

Electro Optic Systems is raising at least \$134m to fill a looming cash flow hole. The company has called out contract delays due to logistics issues caused by the coronavirus lockdown. We believe there could be more to it.

The relevant contract is the supply of 200 weapon systems worth \$140m to the UAE. EOS has so far produced over \$60m of product, with another \$55m to spend from April to July. EOS had \$43m cash as at April 14<sup>th</sup>.

According to the Dec Q cash flow statement, inventory was expected to increase through Q1 2020 before running down in Q3 2020. Given the delivery schedule would have been known when EOS raised \$85m in Nov/Dec 2019, it is surprising that the company is running short of cash.

The UAE accounts for most of the reported \$620m backlog of orders, so long delivery/payment delays or cancellations would present a major challenge for EOS. While there is a Letter of Credit with an Australian bank, it is only payable upon receipt and acceptance of the goods.

News of a new \$100m contract win by the end of May (accelerated payment terms and production to start within 90 days) is a positive. The customer appears to be the Australian Government, so it could be viewed as a bailout.

#### Earnings and Valuation Impact

We have cut our Revenue forecasts for FY20E-22E by 10%/2%/1% and our EBITDA numbers by 28%/15%/10%. Our blended valuation is down by 20% to \$5.78, reflecting the downgrades and higher share count.

#### Our Thinking

The long-term story remains exciting, with growth options on multiple fronts (on earth and in space). But the surprise capital raising is a concern, as it either implies poor cash flow management or serious earnings risk. Given the uncertainty, we have lowered our rating to Neutral.

#### Earnings Forecasts

Yr to December	17A	18A	19A	20E	21E	22E
EBITDA (\$m)	(9)	7	26	31	51	88
Rep NPAT (\$m)	(9)	15	19	21	33	58
Adj NPAT (\$m)	(9)	10	18	22	34	59
Adj. EPS (c)	(14.3)	11.4	19.7	16.3	24.1	42.1
Adj. EPS Gth (%)	519.5	(179.9)	72.6	(17.3)	47.8	74.3
PER (x)	NM	50.3	29.1	35.2	23.8	13.7
PEG Ratio (x)	NM	NM	0.4	NM	0.5	0.2
DPS (c)	0.0	0.0	0.0	0.0	0.0	0.0
Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
Franking (%)	0.0	0.0	0.0	0.0	0.0	0.0
ROE (%)	(37.8)	10.4	8.1	5.9	8.5	12.9
EV/EBITDA (x)	NM	81.1	22.4	14.7	9.3	5.5
Net Debt/EBITDA (x)	1.2	(6.7)	(3.0)	(6.5)	(3.5)	(1.8)
Int. Cover (x)	(253.2)	183.1	61.2	75.0	128.2	232.3
Valuation (blended)						\$5.78

Source: EAP Research

# Stock Focus

## ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX)

### IN A PICKLE

EOS started 2020 with \$78m of cash, but the inventory build on existing contracts has seen it run down to \$43m currently (\$59m including restricted cash). With \$55m still to spend on the UAE contract, EOS is in pickle.

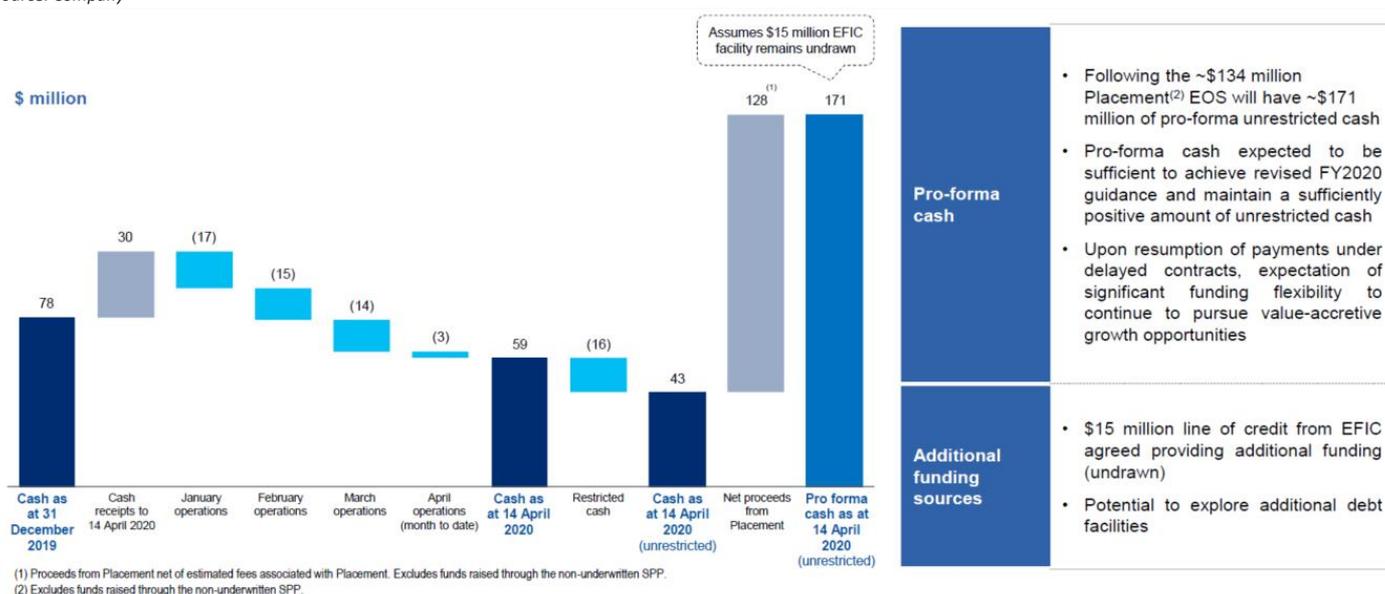
The use of the \$134m being raised is as follows:

- \$55m to produce goods from April to July 2020;
- \$11m to complete the Audacy acquisition (satellite licenses);
- \$20m for counter-drone system production start-up;
- \$14m for performance and security upgrades to IT communications;
- \$34m retained to provide additional cash liquidity, optionality to pursue growth opportunities and to fund transaction costs associated with the Placement (\$6m).

Up to an additional \$10m could be raised via a Share Purchase Plan.

### Chart 1. Funding

Source: Company



### CONFUSED MESSAGE

The reason given for the equity raise is delivery and payment delays due to logistics issues caused by the coronavirus lockdown, specifically in the UAE.

While airports in the UAE are closed for passengers, they remain open for freight (except from Iran and China). We also note that a RAAF flight landed today at the Al Minhad Air Base, which supports Australian's ME operations.

Furthermore, delivery on the UAE contract was supposed to be in Q2 and Q3, so the current situation shouldn't be a factor.

EOS has seen no major delays or disruptions to its supply chain, and currently has parts in hand for over three months of production in Australia. It has, however, temporarily stopped issuing new part orders for contracts that are experiencing significant delivery and payment delays (presumably the UAE contract).

## Stock Focus

### ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX)

While the company has stated that “no customer has indicated any intent to cancel or diminish any contract already in effect”, it appears to be a factor in EOS returning to the market to raise equity. EOS had a backlog of \$620m at the end of December 2019, of which the UAE accounted for most.

The Australian Government is the obvious customer behind the soon to be won \$100m contract. The contract includes accelerated payment terms, with the same offer made to all EOS’s suppliers.

#### CHANGES TO FORECASTS

As a result of expected contract delay, EOS has reduced guidance for FY20 to Revenue \$230m (down \$70m) and EBIT \$27m (down \$9m). The guidance assumes that no orders are cancelled. In terms of cash flow, EOS expects to produce \$140m of billable goods in FY20 (i.e. \$90m gap to revenue).

The guidance is confusing. EOS normally books revenue when the build is complete. So if the build for the UAE contract is scheduled to be finished by the end of July, and the contract is not at risk, it seems odd to downgrade revenue. Furthermore, EOS is set to start on a new \$100m contract within 90 days.

That said, we have cut our Revenue forecasts for FY20E-22E by 10%/2%/1% and our EBITDA numbers by 28%/15%/10%. Our blended valuation is down by 20% to \$5.78, reflecting the downgrades and higher share count.

#### Chart 2. Earnings revisions

Source: EAP Research

YE Dec - \$m	2020E			2021E			2022E		
	old	new	variance	old	new	variance	old	new	variance
Revenue	252.3	227.9	-9.7%	325.6	318.8	-2.1%	516.0	508.4	-1.5%
EBITDA	43.0	30.7	-28.5%	60.1	50.9	-15.3%	98.4	88.3	-10.2%
Core NPAT	30.3	21.7	-28.3%	39.2	34.1	-13.0%	65.3	59.5	-9.0%
EPS (cps)	26.8	16.3	-39.1%	34.7	24.1	-30.4%	57.8	42.1	-27.2%
DPS (cps)									
<b>Valuation (\$/share)</b>	<b>\$7.26</b>	<b>\$5.78</b>	<b>-20.4%</b>						

In the 2019 accounts, cash receipts were \$57m below reported revenue, reflecting the policy of booking revenue when the build is complete. Given that some of the revenue is believed to relate to the UAE contract there is a risk of re-statement.

# Stock Focus

## ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX)

**ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX), Neutral, VALUATION \$5.78**

### EAP CORE DRIVERS

- Defence contracts – the weapons business has an order backlog of more than \$600m and it has tender submissions for more than \$2.5bn with existing customers. A large potential market is starting to develop in anti-drone defence systems, with EOS at the forefront.
- Space contracts – EOS performs more than 15,000 space tracks per week and will soon commence live testing of high-power lasers to manoeuvre space debris in orbit. The main revenue opportunity for EOS is military, with management estimating the potential market to be worth \$2bn over the next 10 years.
- Quantum Communications – this involves control of entangled photons. While the world is focused on developing ultra-secure communication networks, EOS is exploring options to commercialise its technology for long-range, ultra-wideband optical communications (i.e. 20THz).

### INVESTMENT THESIS

- Electro Optic Systems (EOS) makes advanced weapon systems for the military and develops tracking systems for orbiting satellites and space debris. At the core of the company's IP is laser technology and the ability to tackle problems from a science-based perspective. Demand for the weapons business is growing strongly (contract wins and new tenders), and the market is finally opening for the space business, after decades of development.

**EOS.ASX share price history v XJO.ASX**

Source: EAP Research, IRESS



# Stock Focus

## ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX)

### FINANCIAL SUMMARY

ELECTRO OPTIC SYSTEMS HOLDING						EOS.ASX							
As at:	14/04/2020					Recommendation:	Neutral					Share Price:	\$5.75
Year end	December	2019A	2020E	2021E	2022E	Year end	December	2019A	2020E	2021E	2022E		
<b>INCOME STATEMENT</b>						<b>VALUATION METRICS</b>							
Sales revenue	\$m	165	228	319	508	PER	x	29.1	35.2	23.8	13.7		
EBITDA	\$m	26	31	51	88	Dividend Yield	%	0.0	0.0	0.0	0.0		
Depreciation	\$m	(4)	(4)	(6)	(7)	EV/EBITDA	x	22.4	14.7	9.3	5.5		
<b>EBIT (ex associates)</b>	<b>\$m</b>	<b>22</b>	<b>26</b>	<b>45</b>	<b>82</b>	EV/EBIT	x	26.6	17.1	10.5	6.0		
Equity accounted profits	\$m	0	0	0	0	P/FCF	x	NM	NM	NM	NM		
<b>EBIT (incl associates)</b>	<b>\$m</b>	<b>22</b>	<b>26</b>	<b>45</b>	<b>82</b>	P/BV	x	2.9	2.2	2.0	1.8		
Net interest	\$m	0	2	4	3	<b>BLENDED VALUATION</b>							
Pre-tax profit	\$m	22	28	49	85	Discounted Cash Flow	\$/sh	5.82	33.3%				
Tax expense	\$m	(4)	(6)	(15)	(25)	Capitalisation of Earnings	\$/sh	6.08	33.3%				
Net profit	\$m	18	22	34	59	PER	\$/sh	5.43	33.3%				
Oth./Outside equity interests	\$m	0	0	0	0	<b>Blended Valuation</b>	<b>\$/sh</b>	<b>5.78</b>	<b>100.0%</b>				
<b>NPAT attributable to s'hers</b>	<b>\$m</b>	<b>18</b>	<b>22</b>	<b>34</b>	<b>59</b>	<b>EARNINGS</b>							
Net abnormal items	\$m	0	(1)	(1)	(1)	Closing shares on issue	m	113	141	141	141		
<b>Reported NPAT</b>	<b>\$m</b>	<b>19</b>	<b>21</b>	<b>33</b>	<b>58</b>	EFPOWA	m	113	141	141	141		
<b>BALANCE SHEET</b>						<b>Adj. EPS</b>	<b>¢</b>	<b>19.7</b>	<b>16.3</b>	<b>24.1</b>	<b>42.1</b>		
<b>Assets</b>						DPS	¢	0.0	0.0	0.0	0.0		
Cash	\$m	78	200	178	163	Franking	%	0.0	0.0	0.0	0.0		
Working Capital	\$m	117	122	172	276	<b>FINANCIAL RATIOS</b>							
PP&E	\$m	8	14	17	20	Sales Growth	%	91.6	37.8	39.9	59.4		
Intangibles	\$m	17	16	14	13	EBITDA Growth	%	244.7	20.3	65.8	73.3		
Investments	\$m	-	-	-	-	EBIT Growth	%	217.7	22.6	70.9	81.3		
Other	\$m	78	103	134	156	Adj. EPS Growth	%	72.6	(17.3)	47.8	74.3		
<b>Total Assets</b>	<b>\$m</b>	<b>298</b>	<b>456</b>	<b>515</b>	<b>627</b>	Tax Rate	%	17.4	22.3	30.0	30.0		
<b>Liabilities</b>						EBITDA Margin	%	15.4	13.5	16.0	17.4		
Debt	\$m	0	0	0	0	EBIT Margin	%	13.0	11.6	14.1	16.1		
Working Capital	\$m	22	31	44	70	ROA	%	7.2	5.8	8.8	13.0		
Other	\$m	48	56	70	97	ROE	%	8.1	5.9	8.5	12.9		
<b>Total Liabilities</b>	<b>\$m</b>	<b>70</b>	<b>87</b>	<b>113</b>	<b>167</b>	ROCE	%	14.4	15.6	20.2	27.5		
<b>Net Assets</b>	<b>\$m</b>	<b>228</b>	<b>369</b>	<b>402</b>	<b>460</b>	Net Debt (cash)	\$m	(78)	(200)	(178)	(163)		
Ordinary Equity	\$m	228	369	402	461	Net Debt/Equity	%	(34.2)	(54.2)	(44.3)	(35.4)		
Minority Interests	\$m	(1)	(1)	(1)	(1)	Net Debt/Debt + Equity	%	(52.0)	(118.5)	(79.6)	(54.8)		
<b>Total Shareholders' Funds</b>	<b>\$m</b>	<b>228</b>	<b>369</b>	<b>402</b>	<b>460</b>	Net Debt/EBITDA	x	(3.0)	(6.5)	(3.5)	(1.8)		
<b>Capital Employed</b>	<b>\$m</b>	<b>150</b>	<b>169</b>	<b>224</b>	<b>297</b>	Working Capital/Sales	%	57.5	40.0	40.3	40.5		
<b>CASH FLOW</b>						D&A/PP&E	%	49.8	30.8	34.6	33.2		
EBITDA	\$m	26	31	51	88	EBIT Interest Cover	x	61.2	75.0	128.2	232.3		
Change in Working Capital	\$m	(33)	(2)	(51)	(68)	<b>DIVISIONAL SUMMARY</b>							
Other	\$m	(25)	(31)	0	0	<b>Revenue</b>							
<b>Gross Operating Cash Flow</b>	<b>\$m</b>	<b>(32)</b>	<b>(2)</b>	<b>0</b>	<b>21</b>	Space Systems	\$m	5	10	15	25		
Net interest paid	\$m	0	2	4	3	Defence Systems	\$m	158	195	279	455		
Tax paid	\$m	(2)	(6)	(13)	(24)	Communications	\$m	2	23	25	28		
<b>Net Operating Cash Flow</b>	<b>\$m</b>	<b>(34)</b>	<b>(6)</b>	<b>(10)</b>	<b>0</b>	<b>EBITDA</b>							
Maintenance capex	\$m	(1)	(2)	(3)	(3)	Space Systems	\$m	0	3	5	9		
<b>Free Cash Flow</b>	<b>\$m</b>	<b>(35)</b>	<b>(8)</b>	<b>(13)</b>	<b>(3)</b>	Defence Systems	\$m	26	26	44	77		
Dividends paid	\$m	0	0	0	0	Communications	\$m	0	3	4	4		
Net acquisitions/Growth capex	\$m	(5)	(16)	(4)	(4)	Corporate	\$m	0	(1)	(1)	(1)		
Equity raisings/Buybacks	\$m	81	120	0	0								
Net borrowings	\$m	0	0	0	0								
Other	\$m	(13)	26	(6)	(8)								
<b>Net change in cash</b>	<b>\$m</b>	<b>28</b>	<b>122</b>	<b>(22)</b>	<b>(15)</b>								
GOCF/EBITDA	%	(126.1)	(7.0)	(0.3)	23.4								
Total Capex/Sales	%	3.5	7.9	2.0	1.4								
Total Capex/Depreciation	x	1.5	4.2	1.1	1.1								

Source: Company data, E&P estimates

---

## Stock Focus

### ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX)

#### RESEARCH RECOMMENDATION DEFINITIONS

---

Positive	Stock is expected to outperform the S&P/ASX 200 over the coming 24 months.
Neutral	Stock expected to perform in line with the S&P/ASX 200 over the coming 24 months.
Negative	Stock is expected to underperform the S&P/ASX 200 over the coming 24 months.
Speculative Buy	Stock has limited history from which to derive a fundamental investment view or its prospects are highly dependent on event risk, e.g. Successful exploration, scientific breakthrough, high commodity prices, regulatory change, etc. Consequently, the stock is considered a high-risk investment which may be prone to high volatility in share price movements, have a greater risk of capital loss and/or the stock may have low liquidity.
Suspended	Stock is temporarily suspended due to compliance with applicable regulatory and/or E&P policies in circumstances where E&P is acting in an advisory capacity.
Not Rated	Stock is not included in our investment research universe.

---

#### Research Criteria Definitions

Recommendations are primarily determined with reference to how a stock ranks relative to the S&P/ASX 200 on the following criteria:

---

Valuation	Composite of Rolling 12-month prospective multiples and discounted cash flow (DCF), or DCF for resource stocks.
Earnings Outlook	Forecast 2-year EPS growth.
Earnings Momentum	Percentage change in the current consensus EPS estimate for the stock (rolling 1-year forward basis) over the consensus EPS estimate for the stock 3 months ago.
Shareholder Returns	Composite of forecast ROE (rolling 1-year forward basis) and the percentage change in ROE over 2 years.
Debt Servicing Capacity	Rolling 12-month EBIT Interest Cover ratio.
Cyclical Risk	Qualitative assessment of the 2-year outlook for a stock/industry's profit cycle.
Industry Quality	Qualitative assessment of an industry's growth/returns potential and company specific management capability.
Financial Transparency	If we don't understand it, we won't recommend it.

---

For stocks where Evans & Partners does not generate its own forecasts, Bloomberg consensus data is used. Analysts can introduce other factors when determining their recommendation, with any material factors stated in the written research where appropriate.

# Stock Focus

## ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX)

### Australian Equity Research Team

**Cameron McDonald – Managing Director**

Head of Research  
P: +61 3 9235 9709  
E: [cameron.mcdonald@eap.com.au](mailto:cameron.mcdonald@eap.com.au)



**Simon Fitzgerald – Executive Director**

Diversified Financials  
P: +61 2 8070 6634  
E: [simon.fitzgerald@eap.com.au](mailto:simon.fitzgerald@eap.com.au)



**Steve Wheen – Executive Director**

Healthcare  
P: +61 2 8070 6654  
E: [steve.wheen@eap.com.au](mailto:steve.wheen@eap.com.au)



**Julian Mulcahy – Executive Director**

Small Caps  
P: +61 3 9235 9713  
E: [julian.mulcahy@eap.com.au](mailto:julian.mulcahy@eap.com.au)



**Sacha Krien – Executive Director**

Gaming & Leisure  
P: +61 3 9235 9715  
E: [sacha.krien@eap.com.au](mailto:sacha.krien@eap.com.au)



**Robin Young, CFA – Executive Director**

Research  
P: +61 3 9235 9730  
E: [robin.young@eap.com.au](mailto:robin.young@eap.com.au)



**Phillip Kimber – Executive Director**

Consumer  
P: +61 3 9631 9873  
E: [phillip.kimber@eap.com.au](mailto:phillip.kimber@eap.com.au)



**Paul Mason – Executive Director**

Technology  
P: +61 3 9631 9867  
E: [paul.mason@eap.com.au](mailto:paul.mason@eap.com.au)



**Matthew Wilson, CFA – Executive Director**

Financials  
P: +61 3 9631 9869  
E: [matthew.wilson@eap.com.au](mailto:matthew.wilson@eap.com.au)



**Michael Clark – Associate Director**

Energy  
P: +61 3 9631 9848  
E: [michael.clark@eap.com.au](mailto:michael.clark@eap.com.au)



**Davin Thillainathan, CFA – Associate Director**

Healthcare  
P: +61 2 8070 6645  
E: [davin.thillainathan@eap.com.au](mailto:davin.thillainathan@eap.com.au)



**Nira Sonah – Associate Director**

Real Assets  
P: +61 3 9631 9804  
E: [nirah.sonah@eap.com.au](mailto:nirah.sonah@eap.com.au)



**Johnny Huynh – Associate**

Small Caps / Technology  
P: +61 3 9235 9737  
E: [johnny.huynh@eap.com.au](mailto:johnny.huynh@eap.com.au)



**Harry Saunders – Associate**

Transport & Services  
P: +61 3 9235 9744  
E: [harry.saunders@eap.com.au](mailto:harry.saunders@eap.com.au)



**Alex Champion – Associate**

Gaming & Leisure  
P: +61 3 9235 9748  
E: [alex.champion@eap.com.au](mailto:alex.champion@eap.com.au)



**Nikolai Dale – Analyst**

Diversified Financials  
P: +61 2 8070 6664  
E: [nikolai.dale@eap.com.au](mailto:nikolai.dale@eap.com.au)



**Bethany Phipps – Analyst**

Consumer  
P: +61 3 9631 9836  
E: [bethany.phipps@eap.com.au](mailto:bethany.phipps@eap.com.au)



# Stock Focus

## ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX)

### GENERAL RESEARCH DISCLAIMER, WARNING & DISCLOSURES

This document is provided by Evans and Partners Pty Ltd (E&P) ABN 85 125 338 785, holder of AFSL 318075, trading as E&P Research.

Please refer to the document entitled 'Research Conflicts of Interest Disclosure' available for download from the Important Disclosures section of our website (eap.com.au) and E&P's Financial Services Guide (FSG) which is also available on our website.

The information is **general advice only** and does not take into consideration an investor's objectives, financial situation or needs. Before acting on the advice, investors should consider the appropriateness of the advice, having regard to the investor's objectives, financial situation and needs. If the advice relates to a financial product that is the subject of a Product Disclosure Statement (e.g. unlisted managed funds) investors should obtain the PDS and consider it before making any decision about whether to acquire the product.

The material contained in this document is for information purposes only and does not constitute an offer, solicitation or recommendation with respect to the purchase or sale of securities. It should not be regarded by recipients as a substitute for the exercise of their own judgment. Investors should be aware that past performance is **not an infallible indicator** of future performance and future returns are not guaranteed.

Any opinions and/or recommendations expressed in this material are subject to change without notice and E&P is not under any obligation to update or keep current the information contained herein. References made to third parties are based on information believed to be reliable but are not guaranteed as being accurate.

This document is provided to the recipient only and is not to be distributed to third parties without the prior consent of E&P.

### E&P DISCLOSURE OF INTERESTS

E&P and its respective officers and associates may have an interest in the securities or derivatives of any entities referred to in this material. E&P does, and seeks to do, business with companies that are the subject of its research reports.

### E&P CORPORATE RELATIONSHIP DISCLOSURE

Security	Nature of Relationship
APOF (FSREC I)	The Responsible Entity (RE) and Fund Manager of Fort Street Real Estate Capital Fund I (APOF), the Trustee of APOF's primary underlying investment, the Australian Property Opportunities Trust (APOF Trust) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The Investment Manager (IM) of APOF is partially owned by a related body corporate of Evans and Partners Pty Ltd. Each of the RE, Fund Manager, Trustee and IM will receive fees for services provided to APOF and/or APOF Trust. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE, Fund Manager, Trustee and/or IM of APOF and/or APOF Trust. Each individual receives remuneration from Evans Dixon and/or its related entities.
APOF II (FSREC II)	The Responsible Entity (RE) and Fund Manager of Fort Street Real Estate Capital Fund II (APOF II), the Trustee of APOF II's primary underlying investment, the Australian Property Opportunities Trust II (APOF Trust II) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The Investment Manager (IM) of APOF II is partially owned by a related body corporate of Evans and Partners Pty Ltd. Each of the RE, Fund Manager, Trustee and IM will receive fees for services provided to APOF II and/or APOF Trust II. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE, Fund Manager, Trustee and/or IM of APOF II and/or APOF Trust II. Each individual receives remuneration from Evans Dixon and/or its related entities.
APOF III (FSREC III)	The Responsible Entity (RE) and Fund Manager of Fort Street Real Estate Capital Fund III (APOF III), the Trustee of APOF III's primary underlying investment, the Australian Property Opportunities Trust III (APOF Trust III) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The Investment Manager (IM) of APOF III is partially owned by a related body corporate of Evans and Partners Pty Ltd. Each of the RE, Fund Manager, Trustee and IM will receive fees for services provided to APOF III and/or APOF Trust III. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE, Fund Manager, Trustee and/or IM of APOF III and/or APOF Trust III. Each individual receives remuneration from Evans Dixon and/or its related entities.
AGM	The Responsible Entity (RE) and Investment Manager (IM) of Australian Governance & Ethical Index Fund (AGM) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The RE and IM will receive fees for acting as RE and IM of AGM. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE and/or IM of AGM. Each individual receives remuneration from Evans Dixon and/or its related entities. AGM has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Evans and Partners Pty Ltd receives fees for acting in this capacity.
AUI	The Issuer has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Accordingly, Evans and Partners Pty Ltd may be restricted from giving sellers advice in respect to a sale of this security.
AYUHC	E&P Corporate Advisory Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
AYUHD	E&P Corporate Advisory Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
BRG	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Breville Group Limited.
CBA	E&P Corporate Advisory Pty Ltd, a related party of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
CBR	E&P Corporate Advisory Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
CD1	The Responsible Entity (RE) of CD1, other entities that provide services to Cordish Dixon Private Equity Fund I (CD1) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE and other related entities will receive fees for services provided to CD1. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE of CD1 and/or other related entities that provide services to CD1. Each individual receives remuneration from Evans Dixon and/or its related entities.

# Stock Focus

## ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX)

CD2	The Responsible Entity (RE) of CD2, other entities that provide services to Cordish Dixon Private Equity Fund II (CD2) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE and other related entities will receive fees for services provided to CD2. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE of CD2 and/or other related entities that provide services to CD2. Each individual receives remuneration from Evans Dixon and/or its related entities.
CD3	The Responsible Entity (RE) of CD3, other entities that provide services to Cordish Dixon Private Equity Fund III (CD3) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE and other related entities will receive fees for services provided to CD3. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE of CD3 and/or other related entities that provide services to CD3. Each individual receives remuneration from Evans Dixon and/or its related entities.
CDIV	The Responsible Entity (RE) of CDIV, other entities that provide services to Cordish Dixon Private Equity Fund IV (CDIV) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE and other related entities will receive fees for services provided to CDIV. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE of CDIV and/or other related entities that provide services to CDIV. Each individual receives remuneration from Evans Dixon and/or its related entities.
CVCECF	The Trustee (Trustee) and the Investment Manager (IM) of CVC Emerging Companies Fund (Fund) and Evans and Partners Pty Ltd are wholly or partly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The Trustee and IM will receive fees for acting as Trustee and IM of the Fund. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the Trustee and/or IM of the Fund. A director of Evans and Partners Pty Ltd is a Portfolio Manager of the Fund. Each individual receives remuneration from Evans Dixon and/or its related entities.
CVF	The Issuer has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Accordingly, Evans and Partners Pty Ltd may be restricted from giving sellers advice in respect to a sale of this security.
DUI	The Issuer has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Accordingly, Evans and Partners Pty Ltd may be restricted from giving sellers advice in respect to a sale of this security.
EAF	The Responsible Entity (RE) and Investment Manager (IM) of Evans and Partners Asia Fund (EAF), other entities that provide services to EAF and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE, IM and other entities will receive fees for services provided to EAF. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE and/or IM of EAF. The Portfolio Manager and Assistant Portfolio Manager of EAF are employees of Evans Dixon and/or its related bodies corporate. Each individual receives remuneration from Evans Dixon and/or its related entities. EAF has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Evans and Partners Pty Ltd receives fees for acting in this capacity.
ETL0390AU ETL0391AU ETL0475AU ETL0476AU	The Investment Manager (IM) of Evans and Partners International Fund (Fund), and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The IM will receive fees for services provided to the Fund. The Portfolio Managers of the Fund are employees of Evans Dixon and/or its related bodies corporate. Each individual receives remuneration from Evans Dixon and/or its related entities.
EFF	The Responsible Entity (RE) and Investment Manager (IM) of Evans and Partners Australian Flagship Fund (EFF), other entities that provide services to EFF and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE, IM and other entities will receive fees for services provided to EFF. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE and/or IM of EFF. Directors or employees of Evans Dixon and/or its related bodies corporate are members of the EFF Investment Committee and/or Portfolio Managers of EFF. Each individual receives remuneration from Evans Dixon and/or its related entities. EFF has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Evans and Partners Pty Ltd receives fees for acting in this capacity.
EGD	The Responsible Entity (RE) and Investment Manager (IM) of Evans and Partners Global Disruption Fund (EGD) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The RE and IM will receive fees for acting as RE and IM of EGD. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE and/or IM of EGD. Directors or employees of Evans Dixon and/or its related bodies corporate are members of the EGD Investment Committee and/or Portfolio Managers of EGD. Each individual receives remuneration from Evans Dixon and/or its related entities. EGD has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Evans and Partners Pty Ltd receives fees for acting in this capacity.
EGF	The Responsible Entity (RE) and the Investment Manager (IM) of Evans & Partners Global Flagship Fund (EGF) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The RE and IM will receive fees for acting as RE and IM of EGF. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE and/or IM of EGF. Employees of Evans Dixon and/or its related bodies corporate are Portfolio Managers of EGF. Each individual receives remuneration from Evans Dixon and/or its related entities. EGF has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Evans and Partners Pty Ltd receives fees for acting in this capacity.
FLC	E&P Corporate Advisory Pty Limited, a related party of Evans and Partners Pty Ltd, has been appointed Joint lead manager to an offering of securities of the company or its affiliates, for which it will receive a fee.
FSREC IV	The Responsible Entity (RE) and Fund Administrator of Fort Street Real Estate Capital Fund IV (FSREC IV), the Trustee of FSREC IV's primary underlying investment, Fort Street Real Estate Capital Trust IV (the Trust) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The Investment Manager (IM) of FSREC IV is partially owned by a related body corporate of Evans and Partners Pty Ltd. Each of the RE, Fund Administrator, Trustee and IM will receive fees for services provided to FSREC IV and/or the Trust. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE, Fund Administrator and/or Trustee of FSREC IV and/or the Trust. Each individual receives remuneration from Evans Dixon and/or its related entities.
HPI	E&P Corporate Advisory Pty Limited, a related party of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
IAP	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Investec Australia Property Fund
KKC	E&P Corporate Advisory Pty Limited, a related party of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
LE.US	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Lands' End Inc.

# Stock Focus

## ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX)

MQG	E&P Corporate Advisory Pty Limited, a related party of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
MXT	E&P Corporate Advisory Pty Limited, a related party of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of the security in the past 12 months, for which it received a fee.
NAB	E&P Corporate Advisory Pty Limited, a related party of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
NBI	E&P Corporate Advisory Pty Limited, a related party of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
NEW	The Responsible Entity (RE) and the Investment Manager (IM) of New Energy Solar (NES), Evans and Partners Pty Ltd and E&P Corporate Advisory Pty Limited are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The RE and IM will receive fees for acting as RE and IM of NES. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of New Energy Solar Ltd, the RE and/or IM of NES. Each individual receives remuneration from Evans Dixon and/or its related entities.
PGG	E&P Corporate Advisory Pty Limited, a related party of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities and/or provided advisory services for the company or its affiliates in the past 12 months, for which it received a fee.
PMV	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Premier Investments Limited.
QRI	E&P Corporate Advisory Pty Limited, a related party of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
RF1	E&P Corporate Advisory Pty Limited, a related party of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
SOHS.US	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Sears Hometown & Outlet Stores Inc.
SUN	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Suncorp Group Limited.
SWM	A director of Evans and Partners Pty Ltd is a director of Seven West Media Limited.
TGH	E&P Corporate Advisory Pty Limited, a related party of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
TTT	E&P Corporate Advisory Pty Limited, a related party of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
URF	The Responsible Entity (RE) and Investment Manager (IM) of US Masters Residential Property Fund (URF), other entities that provide services to URF and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE, IM and other related entities will receive fees for services provided to URF. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE, IM of URF and/or other related entities that provide services to URF. Each individual receives remuneration from Evans Dixon and/or its related entities. URF has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Evans and Partners Pty Ltd receives fees for acting in this capacity.
VCOF	The Responsible Entity (RE) of Venture Capital Opportunities Fund (VCOF) provide services to VCOF and Evans and Partners Pty Ltd which is a wholly owned subsidiary of Evans Dixon Ltd and related bodies corporate. The RE will receive fees for services provided to VCOF. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE of VCOF. Each individual receives remuneration from Evans Dixon and/or its related entities.

### RESEARCH ANALYST CERTIFICATION

I, Julian Mulcahy, hereby certify that all views expressed in this publication reflect my personal views about the subject theme and/or relevant company securities, and no attempt has been made by any other person to influence the views or themes contained within; and I am not in receipt of inside information and this publication does not contain any inside information. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

I, Julian Mulcahy, and/or entities in which I have a pecuniary interest, have an exposure to the following securities and/or managed products: N/A.

### DISCLAIMER

Except for any liability which cannot be excluded, E&P, its directors, employees and agents accept no liability or responsibility whatsoever for any loss or damage of any kind, direct or indirect, arising out of the use of all or any part of this material. All information is correct at the time of publication; additional information may be available upon request.