



ELECTRO OPTIC SYSTEMS HOLDINGS LIMITED

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**EOS Announces Q1 Cash Outcome
and New Business Opportunities
Canberra, 17 April 2023**

Electro Optic Systems Holdings (“EOS” or the “Company” or the “Group”) announces today that it achieved a 31 March 2023 cash balance of A\$45.5m, and has made significant progress on two new business opportunities.

Q1 Cash Outcome

EOS announces today that its cash balance at 31 March 2023 was \$45.5m, representing an increase of \$23.8m from the 31 December 2022 cash balance of \$21.7m. Receipts from Customers totalled \$62.1m during Q1, the quarter ended 31 March 2023. These receipts included cash flow benefits arising from a contractual amendment that was agreed with a significant overseas customer in the Middle East in February 2023, as previously announced. During the quarter, there were no significant changes in Group funding or new borrowings drawn.

EOS continues to target improved cash flows during 2023. Future cash flows are expected to include benefits arising from actions completed in Q4 2022, including the termination of the SpaceLink venture, and the \$25m cost reduction program, both previously announced.

In addition, the Group continues to focus on improving Cash Receipts from Customers, including seeking contract amendments to existing contracts where appropriate, and securing new sales contracts that are cash-positive. This includes the recently announced US\$80m (A\$120m) conditional contract to supply Ukraine. The Group is also maintaining a disciplined approach to costs and capex.

EOS operates in the defence industry and has a high level of customer concentration. As a result, cash inflows and outflows can vary significantly over time, particularly with large periodic receipts from customers. Notwithstanding the increased 31 March 2023 cash balance, and as noted in the financial statements for the year ended 31 December 2022, the Group is required to comply with borrowing covenants related to cash inflows calculated on a rolling three-month basis. If adequate cash inflows are not received, including in any of April, May or June 2023, the Group may breach borrowing covenants and/or may not have sufficient liquidity and funds to continue operations.

More information on the Q1 cash flow will be included in the ASX Appendix 4C scheduled to be published prior to 30 April 2023.

Progress in New Business Opportunities

EOS today announces progress in two new business opportunities which are expected to lead to revenue in 2023 and future years.

(1) EM Solutions Part of Preferred Team for ADF Project JP9102

The Group's EM Solutions business is pleased to be part of the Lockheed Martin Australia team, which has been selected as the preferred tenderer for the Australian Defence Force's (ADF) Project JP9102 - Phase 1. This project is expected to oversee the delivery of Australia's new military satellite communications capability. The Lockheed Martin Australia-led team includes Inovor Technologies, Av-Comm Space & Defence, Linfox, Shoal Group Pty Ltd, Ronson Gears Pty Ltd, Calytrix Technologies, Conscia, Clearbox Systems, DXC Technology and Blacktree Technology and EM Solutions.

Subject to the outcome of further tender discussions, this project may give rise to revenues for EM Solutions from 2025 onwards.

(2) EM Solutions Secures \$8.5m of New Orders for 2023 and 2024

EM Solutions recently received additional customer orders valued at A\$8.5m. These include:

- Additional orders from a European NATO Navy for additional King Cobra Satellite Communication Terminals
- Orders for Cobra Satellite Communication Terminals for use by the Royal Australian Navy
- Orders for Radio Frequency (RF) components received from US and European primes for use in in third party systems

These orders are expected to support the continued growth of EM Solutions in 2023 and 2024.

This announcement has been authorised for release to the ASX by the Board of Directors of the Company.

Further information:

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ABOUT ELECTRO OPTIC SYSTEMS (ASX: EOS)

EOS operates in two divisions: Defence Systems and Space Systems

Defence Systems specialises in technology for weapon systems optimisation and integration, as well as ISR (Intelligence, Surveillance and Reconnaissance) and C4 systems for land warfare. Its key products include next-generation remote weapon systems, vehicle turrets, high-energy laser weapons (directed energy), as well as fully integrated and modular counter-UAS and C4 systems.

Space Systems includes all EOS space and communications businesses, and operates as two entities – Space Technologies and EM Solutions. Space Technologies specialises in applying EOS-developed optical sensors and effectors to detect, track and characterise objects in space. It includes capabilities in the domain of space control and space warfare. EM Solutions delivers world-leading RF and optical space communications technology. Its core product range centres around the development and production of high-end, broadband radio transceivers for satellite communications as well as satellite communications-on-the-move terminals for defence and government customers.

This announcement may contain certain "forward-looking statements" including statements regarding EOS' intent, belief or current expectations with respect to EOS' business and operations, market conditions, results of operations, financial condition, and risk management practices. The words "likely", "expect", "aim", "should", "could", "may", "anticipate", "predict", "believe", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings, financial position and performance, establishment costs and capital requirements are also forward-looking statements. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This announcement may contain such statements that are subject to risk factors associated with an investment in EOS. Forward-looking statements involve known and unknown risks, uncertainties and assumptions and other important factors that could cause the actual results, performances or achievements of EOS to be materially different from future results, performances or achievements expressed or implied by such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this announcement.