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EOS Announces Consequences of Land 400 Phase 3 Announcement by Commonwealth of Australia

Canberra, 27 July 2023

Electro Optic Systems Holdings (“EOS” or the “Company”) announces today the consequences of the announcement by the Commonwealth of Australia that Hanwha Defense Australia (“Hanwha”) has been selected as Prime Contractor on the Land 400 Phase 3 Project.

Context – Defence Strategic Review

EOS notes the following information previously announced by EOS on 28 April 2023.

On 3 August 2022, the Commonwealth of Australia announced that the Defence Strategic Review (“DSR”) would be undertaken to examine force structure, force posture and preparedness, and investment prioritisation.

On 24 April 2023, the Commonwealth of Australia announced the outcome of the DSR. As part of this, some aspects of potential future projects and opportunities have been clarified.

As announced in the outcome of the DSR, the ADF’s Land 400 Phase 3 Project has been rescoped. Land 400 Phase 3 was previously expected to procure up to 450 Infantry Fighting Vehicles (“vehicles”) with delivery from 2024/25/26 onwards.

As a result of the DSR it is now expected that this project will include the procurement of 129 vehicles with delivery timing expected to evolve further.

This project previously included two contenders for the Prime Contractor role, Rheinmetall Defence Australia and Hanwha Defense Australia (“Hanwha”). EOS was included in the bid by both Prime Contractor options as the Remote Weapons Systems provider. In addition, for the Hanwha bid team, EOS was the proposed Australian turret manufacturer. It should be noted that the inclusion of EOS in a bid team does not mean that revenue is certain to arise for EOS, even if that bid team is successful.

Land 400 Phase 3 – Announcement of Hanwha as Prime Contractor

Today, 27 July 2023, the Commonwealth of Australia announced that Hanwha has been selected as the Prime Contractor for the Land 400 Phase 3 Project.

Consequences for EOS

The announcement by the Commonwealth of Australia of the selection of Hanwha means that EOS may have the opportunity to provide Remote Weapons Systems to Hanwha. In addition, EOS may have the opportunity for a significant share of work in support of the manufacture of turrets for Hanwha.

Any future revenues for EOS will depend on a range of factors that are yet to be finalised in binding contracts. These include the final number of vehicles sought by the customer, the selection of subcontractors by Hanwha, and subsequent negotiations between the parties.

Subject to the outcome of further discussions and negotiations, it is anticipated that the Land 400 Phase 3 Project now has the potential to give rise to revenues for EOS from 2026 onwards. There is no certainty that any particular outcome or transaction will result from these discussions, and EOS will update the market as appropriate.

EOS Remote Weapon System (“RWS”)

The EOS RWS product portfolio is designed to provide the highest firepower for lowest weight, delivering superior accuracy and reliability compared to competitor systems. Over 2,500 units have been sold and are currently in use with several military services in Australia, North America, Europe, the Middle East and South-East Asia.

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