



29 April 2025

ASX RELEASE

## **QUARTERLY ACTIVITY REPORT & APPENDIX 4C FOR THE QUARTER ENDED 31 MARCH 2025**

The consolidated entity consisting of Electro Optic Systems Holdings Limited and the entities it controls ("EOS" or the "Group") has filed its Appendix 4C and provides the following update on its activities for the quarter ended 31 March 2025.

### **1. KEY ACTIVITIES**

#### **Customer Order Activity**

- Following recent success in defeating drones in Ukraine, during the quarter EOS received an order worth US\$5.3m (approx. A\$8.5m) for counter-drone R150 gimbal integration into the L3Harris VAMPIRE system.
- After the end of the quarter, in April 2025, the US Government customer ordered R400 Remote Weapon Systems (RWS) valued at up to US\$3.1m (approx. A\$5.0m).

#### **Manufacturing and Delivery Activity**

- Manufacture and delivery of R600 RWS spares and related services to longstanding customer in Singapore.
- Manufacture of Counter-Drone Container-Based RWS for a new Western European customer, for an order previously announced in December 2024.
- Set up of R800 production line within Huntsville, Alabama manufacturing facility to support commercialisation of this new heavy-calibre RWS product.
- Upgrade of RWS to latest technology for an existing European customer.

#### **Order Book Development Activity**

- Negotiations continued regarding the potential sale of EOS' heavy-calibre, R800 RWS, to a new customer in North America, valued at up to A\$30m, with delivery targeted for 2025 and 2026.
- Extended negotiations continued on the Land 400 Phase 3 RWS opportunity in Australia, including regarding evolving customer requirements. This opportunity is valued at approximately A\$90m, with RWS targeted for delivery in 2026 and 2027.
- Work continued on Ukrainian opportunities including both (1) discussions regarding budget availability in Ukraine to place firm orders under the existing conditional contracts for RWS supply, and (2) discussions with several potential European donor nations regarding the supply of RWS for donation to Ukraine. In addition, counter-drone products previously supplied for use in Ukraine were deployed during the quarter and successfully used to defeat drones. In January 2025, Ukrainian forces successfully destroyed an in-flight enemy cruise missile using an EOS R150 gimbal (as part of an L3Harris VAMPIRE system).

## Order Book Development Activity (continued)

- Advanced negotiations continued with two potential customers for EOS' High Energy Laser Weapon. Each opportunity is worth A\$50-100m, with one targeted for signing during 2025 and the other in 2025 or 2026.

## Market Development Activity

- In February 2025, EOS participated at International Defence Exhibition & Conference (IDEX) in Abu Dhabi. IDEX is the preeminent defence tradeshow in the region and the highlights included:
  - Formal launch of EOS' next generation R500 remote weapon system
  - EOS entered into a strategic collaboration agreement with Calidus to explore joint manufacturing of EOS' new next-generation R500 remote weapon system
  - EOS signed a co-operation agreement with leading robotics and autonomous systems developer Milrem Robotics to work together to advance unmanned ground systems solutions

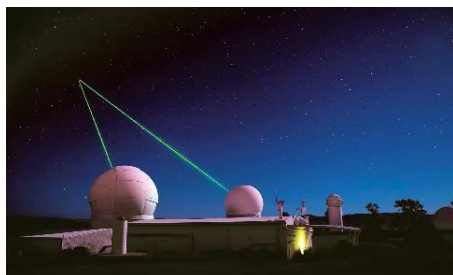


- In January 2025, EOS supported a local prime defence contractor to exhibit counter-drone capabilities in a high-profile local demonstration to a potential new customer in the Middle East.
- In April 2025, after the end of the quarter, EOS was an exhibitor at Northrop Grumman's Bushmaster User Conference (BUC) in Nevada in the United States. EOS was proud to be selected to support Northrop Grumman's product launch demonstration of its new and innovative cannon product, the Northrop Grumman Dual Feed Bushmaster Chain Gun. In addition, EOS demonstrated both its flagship R400 and its new heavy-calibre R800 RWS at this event.



### Market Development Activity (continued)

- During the quarter, EOS Space Systems hosted successful high energy laser and space control capability demonstrations to potential international partners and customers. In addition, EOS Space Systems engaged in discussion with multiple potential partners and customers in Europe.
- In March EOS Space Systems attended the Australian International Airshow at Avalon, highlighting our key capabilities including Space Domain Awareness and Space Control.



EOS continues to work to develop the above opportunities and other pipeline opportunities. There is no guarantee that these opportunities will be realised in the form of binding sales contracts or the timing of revenue recognition and cash flows from any opportunities that may be converted.

### Sale of EM Solutions and Repayment of Borrowings

- On 31 January 2025, EOS announced the completion of the divestment of its non-core, satellite communications subsidiary, EM Solutions. On 31 January 2025, EOS received divestment proceeds (after customary estimated adjustments) of \$158.6m. On the same date, EOS repaid \$61.1m (inclusive of capital, interest and 'make whole' amounts) to its primary lender, Washington H. Soul Pattinson ('WHSP').
- Following the end of the quarter, in April 2025 EOS received the final payment from the purchaser of EM Solutions, of \$1.3m. This represented the final working capital completion adjustment.

### Impact of Trade Tariffs

- Based on our initial assessment of changes in tariffs publicly announced (as at today, 29 April 2025) by the United States government and those of other countries, our preliminary analysis suggests that the impact of announced trade tariffs on EOS is not expected to be material.

## **2. FINANCIAL SUMMARY**

EOS' total cash balance at 31 March 2025 was \$103.1m, representing a \$50.8m increase from 31 December 2024. This movement largely arose due to the disposal of EM Solutions and the repayment of borrowings on 31 January 2025 (see above).

In addition to the cash balance shown above, the Group had \$53.8m of cash security deposits held with banks to support bank guarantees and bonds at the end of the quarter.

### **Operating Cash Flows**

The Net Cash outflow used in Operating Activities for the quarter was \$26.8m, compared to an Net Cash outflow of \$10.3m in Q4 2024.

Receipts from Customers totalled \$22.7m during the quarter, which is \$41.6m lower compared to Q4 2024. This reduction is due to the completion during 2024 of deliveries under a longstanding contract with a customer in the Middle East, and the lower order book at 31 December 2024 (as previously announced).

Other cashflows from operating activities (excluding cash receipts from customers) during the quarter amounted to net payments of \$49.5m, a decrease of \$25.1m compared to Q4 2024. These other cashflows from operating activities included payments for manufacturing and operating costs of \$21.2m (down \$22.3m on Q4 2024 due to lower manufacturing activity levels) and other cashflow payments of \$28.3m, including staff costs, administration costs, interest payments and other items.

### **Other Cash Flows**

The Net Cash inflow from Investing Activities for the quarter was \$140.1m, compared to an inflow of \$10.6m in Q4 2024. On 31 January 2025, EOS announced the completion of the divestment of its non-core, satellite communications subsidiary, EM Solutions. On 31 January 2025, EOS received divestment proceeds (after customary adjustments) of \$158.6m. This net cash inflow position also includes an outflow for cash sold as part of the EM Solutions, an outflow for transaction costs relating to the EM Solutions divestment, and an outflow for an increase in collateral paid on cash security deposits during the quarter.

The Net Cash outflow used in Financing Activities for the quarter was \$62.4m, compared to an outflow of \$1.3m in Q4 2024. On 31 January, EOS repaid \$61.1m to its primary lender, WHSP. This included the scheduled payment at maturity of \$52.1m plus a 'make whole' penalty which applied in the case of early repayment.

Following the divestment of EM Solutions and the above repayment of borrowings, EOS had nil borrowings at 31 March 2025.

### **Contract Asset Balance**

At 31 March 2025, EOS had a gross contract asset totalling approximately \$56.7m.

The gross contract asset balance represents work completed for existing contracts but not yet invoiced to the customer. The balance at 31 March 2025 related largely to a Defence customer contract in the Middle East. The gross contract asset balance of \$56.7m is \$0.7m lower than the 31 December 2024 amount (\$57.4m, excluding EM Solutions assets held for sale at that date).

As at 31 March 2025, EOS had received payments in advance from customers totalling \$24.8m. The corresponding balance at 31 December 2024 was \$24.1m (excluding EM Solutions assets held for sale at that date).

### **3. BORROWING SUMMARY AND CASH BALANCES**

During the quarter, EOS completed the early repayment of its Term Loan. As announced on 21 November 2024, this early and full repayment of the outstanding debt facility with WHSP was required under the borrowing agreements on completion of the divestment of EM Solutions.

The divestment occurred on 31 January 2025 and the total repayment of borrowings made was \$61.1m. This included the scheduled payment at maturity of \$52.1m plus a 'make whole' penalty which applied in the case of early repayment.

As at 31 March 2025, all amounts borrowed from WHSP in 2022 have been repaid and EOS has no borrowings. The Directors consider that EOS is well placed to focus on future growth.

Following the Term Loan repayment to WHSP outlined above, the Group will continue to be required to comply with quarterly covenants under bond facility agreements with Export Finance Australia.

For the quarter ended 31 March 2025, and in the period up to the date of this announcement, the Group complied with its obligations under the various facility agreements.

### **4. OFFSET CREDIT OBLIGATION**

The Group is obligated as part of its contract to supply a customer in the Middle East, to contribute to economic development in the country as an offset against purchases of its products and services ("Offset Program").

The detailed background to this obligation has been provided in previous announcements to the ASX, and the Financial Report for the year ended 31 December 2024 which was announced on 25 February 2025.

The obligation commitment is secured by an offset bond of US\$16.9m (A\$27.0m) which is guaranteed by Export Finance Australia. In respect of this bond, a cash security amount of US\$16.9m (A\$27.0m) has been placed on deposit. These are included in the cash security deposits identified in section 2 above.

As part of the offset program, EOS is required to develop, agree and submit an approved business plan, which will generate offset credits, to the offset credit authority. On 20 February 2025, the Group received approval from the offset credit authority for the business plan.

The business plan envisages that EOS will enter into a 49% EOS owned JV with Shielders Advanced Industries to set up local manufacturing and assembly of EOS' R150 Remote Weapon System product in the Middle East.

Under the approved business plan, EOS has from 1 July 2026 until 1 July 2033 to set up the JV and earn the relevant offset credits. This includes in-kind contributions including the licensing of EOS owned intellectual property, and providing technical data packages and manufacturing knowhow to the JV.

Under the approval from the offset credit authority, the final form of the JV agreement, along with other agreements necessary for the JV to manufacture and assemble EOS product in the Middle East, require the approval of the offset credit authority and approval of the JV agreement must be obtained from the offset credit authority within a maximum of 6 months from 20 February 2025, unless otherwise agreed. Under the approved business plan in order to earn offset credits EOS must contribute not less than AED 18.365m (approximately A\$7.8m) in cash to the JV.

EOS considers that it is currently in compliance with its obligations.

In the event that EOS does not comply with its obligations in future, the Offset Credit authority is entitled to demand payment under the guarantee outlined above. EOS intends to continue to work to ensure it complies with its obligations.

## **5. RELATED PARTY TRANSACTIONS**

Payments to related parties of the entity and their associates totalled \$562,191 for the quarter.

These amounts include:

- payments of \$418,062 paid to CEO Dr Schwer, representing \$176,872 salary and \$241,190 bonus paid during the quarter; and
- \$144,129 paid in directors' fees and superannuation to non-executive directors and entities associated with non-executive directors during the quarter.

## **6. SUBSEQUENT EVENTS**

Other than the items discussed above, there are no material subsequent events.

## **7. UNMARKETABLE PARCELS FACILITY**

On 6 December 2024, EOS announced the establishment of an Unmarketable Parcel Share Sale Facility. This was concluded during the quarter ended 31 March 2025 and there was no impact on EOS cash flows during the quarter or subsequently.

## **8. AUDITED RESULTS**

All information included in this announcement is unaudited.

This announcement has been authorised for release to the ASX by the Board of Directors. All amounts are in Australian dollars unless stated.

Further information:

Dr Andreas Schwer  
Managing Director and Chief Executive Officer  
[ir@eos-aus.com](mailto:ir@eos-aus.com)

### **EOS Investor Hub**

Questions relating to this announcement can be posted on our Investor Hub at the link below:

<https://investorhub.eos-aus.com/link/WrAJXP>

## 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** 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.

## FORWARD LOOKING STATEMENTS

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.



## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

ELECTRO OPTIC SYSTEMS HOLDINGS LIMITED

**ABN**

95 092 708 364

**Quarter ended ("current quarter")**

31 March 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	22,655	22,655
1.2 Payments for		
research and development	(4,021)	(4,021)
product manufacturing and operating costs	(21,157)	(21,157)
advertising and marketing	(1,955)	(1,955)
leased assets	-	-
staff costs	(16,560)	(16,560)
administration and corporate costs	(4,565)	(4,565)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	666	666
1.5 Interest and other costs of finance paid	(1,882)	(1,882)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	6	6
1.8 Other (provide details if material)	-	-
Income tax refund received	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(26,813)</b>	<b>(26,813)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(5,061)	(5,061)
	(d) investments	-	-
	(e) intellectual property	(1,863)	(1,863)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of		
	(a) entities	-	-
	(b) businesses	158,640	158,640
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Security Deposits	(4,983)	(4,983)
2.6	Cash balance disposed of in disposal of business	(3,366)	(3,366)
2.7	Transaction costs arising from disposal of business	(3,265)	(3,265)
<b>2.8</b>	<b>Net cash from / (used in) investing activities</b>	<b>140,102</b>	<b>140,102</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(61,154)	(61,154)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Repayment of lease liabilities	(1,210)	(1,210)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(62,364)</b>	<b>(62,364)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	52,304	52,304
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(26,813)	(26,813)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	140,102	140,102
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(62,364)	(62,364)
4.5	Effect of movement in exchange rates on cash held	(90)	(90)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>103,139</b>	<b>103,139</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	103,139	52,304
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>103,139</b>	<b>52,304</b>
<b>Note</b>	<b>Not included in the cash figure above are current and non-current cash security deposits securing performance bonds, premises and guarantees, including assets classified as held for sale in the previous quarter</b>	<b>53,816</b>	<b>56,096</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	562
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
These amounts included in item 6.1 relate to salary and bonus payments to the executive director during the quarter and payments for directors' fees and superannuation to non-executive directors and entities associated with non-executive directors during the quarter.		

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7.	<b>Financing facilities</b> <i>Note: the term 'facility' includes all forms of financing arrangements available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other – Export Finance Australia	80,312	79,946
7.4	<b>Total financing facilities</b>	<b>80,312</b>	<b>79,946</b>
7.5	<b>Unused financing facilities available at quarter end</b>		366

<b>7.6</b>	<p><b>Export Finance Australia Bond Facility:</b></p> <ul style="list-style-type: none"> <li>• The Group maintains a performance bond in respect of a contract in Defence Systems of US\$33.2m (A\$52.9m). The performance bond was provided by Export Finance Australia under a Bond Facility Agreement and is secured by a cash Security Deposit of US\$15.8m (A\$25.2m) and a fixed and floating charge over the assets of the Group. The costs of this facility are included in Item 1.5 as other costs of finance paid.</li> <li>• Under the terms of a contract in Defence Systems, the Group signed an offset agreement with the relevant overseas Government Authority on 12 February 2021 for an amount of US\$16.9m (A\$27.0m). The offset bond was provided by Export Finance Australia under the same Bond Facility Agreement and is secured by a cash Security Deposit of US\$16.9m (A\$27.0m) and a fixed and floating charge over the assets of the Group. The costs of this facility are included in Item 1.5 as other costs of finance paid.</li> <li>• Following the Term Loan repayment to WHSP outlined above, the Group continues to be required to comply with quarterly covenants under facility agreements with financiers, including guarantee facilities provided by Export Finance Australia.</li> </ul> <p><b>Westpac Facility:</b></p> <ul style="list-style-type: none"> <li>• The Group had previously secured a bank guarantee facility for \$6m with Westpac to support an EM Solutions contract to deliver and install communications systems to the Royal Australian Navy. To secure these bank guarantees the Group had provided a cash security deposit of \$6m. During the quarter, this arrangement was divested as part of the sale of the EM Solutions business.</li> </ul>
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<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(26,813)
8.2	Cash and cash equivalents at quarter end (item 4.6)	103,139
8.3	Unused finance facilities available at quarter end (item 7.5)	366
8.4	Total available funding (item 8.2 + item 8.3)	103,505
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	3.86
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	n/a	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	n/a	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	n/a	

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2025

Authorised by the Board of Directors.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

#### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.