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EOS Update Re Dispute With Lender WHSP

Canberra, 30 October 2023

Electro Optic Systems Holdings (“EOS” or “the company”) continues commercial discussions with its lender, Washington H. Soul Pattinson (“WHSP”).

Background

EOS previously announced on 9 and 13 October 2023 that EOS had received a claim for payment of a \$4.5 million fee within 7 days, from its primary lender WHSP.

The fee claim was with respect to consent previously provided by WHSP for EOS to issue guarantees supporting an attractive, cash generative sale, announced on 13 June and 7 July 2023.

EOS announced that it had disputed the fee claim and was in commercial discussions with WHSP to review the matter, and to consider options to explore a mutually agreeable commercial outcome. As part of these discussions, WHSP agreed not to pursue collection of the disputed amount until 27 October 2023.

Update - 27 October 2023

EOS met with WHSP on 20 October and, as requested by WHSP at that meeting, on 22 October submitted a proposal to resolve this matter. This proposal included payment of a fee in exchange for amendments to the debt facility agreement that would support EOS future business growth.

Late on 27 October, WHSP notified EOS that it rejected the EOS proposal and gave EOS until 3 November to pay the \$4.5m in the absence of an acceptable-counter-proposal.

EOS will seek further discussions with WHSP with the aim of achieving a mutually agreeable commercial outcome however EOS disputes the \$4.5m fee claim and, if required, intends to vigorously defend its position.

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

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.