



**ELECTRO OPTIC SYSTEMS HOLDINGS LIMITED**

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**EOS Announces Q2 Cash Outcome,  
Receipt of Tax Refund and New Guarantee Facilities to Support Growth  
Canberra, 7 July 2023**

**Electro Optic Systems Holdings Limited (“EOS” or the “Company” or the “Group”) announces it achieved a 30 June 2023 cash balance of A\$42.4m. Further, subsequent to 30 June 2023 EOS has (1) received a \$17.2m tax refund and (2) has provided a cash security deposit of \$16.6m in order to establish \$22.2m of new bank guarantee facilities to support near-term growth.**

**Q2 Cash Outcome**

EOS announces today that its cash balance at 30 June 2023 was \$42.4m. Receipts from Customers totalled \$61.1m during Q2, the quarter ended 30 June 2023 bringing H1 2023 receipts from customers to \$123.2m (compared to H1 2022 \$74.5m).

These Q2 Receipts from Customers included cash flow benefits arising from the 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.

**Tax Refund**

On 3 July 2023 (after the end of the quarter), EOS received a A\$17.2 million tax refund in cash. This arose following finalisation of Australian income tax returns, claiming tax losses that arose during the year ended 31 December 2022.

## **Additional Bank Guarantee Facilities and Security Deposit to Support Growth**

EOS previously announced the sale of 80 Remote Weapons Systems (“RWS”) to a Western European Government, subject to approval by the Australian Government. The various required approvals have now been obtained, including an arrangement to source products previously manufactured for and sold to another domestic customer. These are expected to be replaced with newly manufactured equipment over the balance of 2023 and 2024.

As a result, EOS has commenced shipment of systems under this contract during July 2023. EOS expects to receive EUR 32m (approximately A\$51m) of customer proceeds during H2 2023 from this contract.

To support rapid sourcing and performance under this contract, on 5 July 2023 EOS secured additional bank guarantee facilities totalling \$22.2m. To secure the guarantees, EOS has provided a cash security deposit of \$16.6m to facility providers.

The guarantees and cash deposits are expected to be returned to EOS during 2023 and 2024 as various obligations are fulfilled.

## **Continued Focus on Cash Flow**

EOS continues to target improved cash flows. Future cash flows are expected to include benefits arising from actions completed to date, including the Q4 2022 termination of the SpaceLink venture, the Q4 2022 \$25m cost reduction program and the increased management focus on improving cash flows from customer contracts, all previously announced. The Group is also maintaining a disciplined approach to costs and capex.

In addition, the Group continues to focus on securing new sales contracts that are cash-positive. This is pursuant to the EOS strategy of diversifying the Group’s customer base.

EOS notes two recently announced contracts to supply Ukraine:

- US\$80m (A\$120m) conditional contract, announced 3 April 2023; and
- US\$41m (A\$61m) conditional contract, announced 26 April 2023

The two conditional contracts (total value A\$181m), are conditional on successful demonstrations being completed. Customer and end-user demonstrations are scheduled to occur during Q3 2023.

In addition, EOS recently announced the following new contracts:

- Contract to supply the Royal Australian Navy (up to A\$202m), announced 19 May 2023; and
- A\$51m contract to supply a Western European Government, announced 13 June 2023 (noted above).

Work on both of these contracts has commenced.

### **Detailed Cash Flow Information**

Further information on the Q2 2023 cash flow will be included in the ASX Appendix 4C scheduled to be published prior to 31 July 2023.

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.