Delivery of Major EOS Overseas Contract Resumed

Canberra, 10 September 2020

Electro Optic Systems Holdings Limited ("EOS" or “Company”) (ASX: EOS) has achieved a key step in restoring cash flow from its major overseas contract\(^1\) that was disrupted by COVID-19 lockdowns. A team of senior engineers (EOS technical team) from Australia have travelled to an overseas delivery point to re-initiate delivery and testing for over $150 million worth of EOS products.

EOS previously advised that product delivery and acceptance had been interrupted by airport and border closures, travel prohibitions and the lockdown of EOS and customer facilities. All of these constraints are steadily easing.

The successful dispatch of the EOS technical team overseas is the latest in a series of positive developments unlocking the delivery process to key EOS customers:

1. Airports in Australia and overseas are now operating at sufficient freight capacity to allow EOS products to be exported. Over $100 million worth of EOS goods and services have already been physically imported into their destination markets since COVID-19 impacted. This is expected to reach $150 million over the next eight weeks. Physical importation is a pre-requisite for delivery to begin.

2. The EOS facility located in the customer’s country is required to support technical teams from Australia to implement the delivery of EOS goods and services in the region. This facility was closed for four months but has re-opened and staff are now permitted to attend work, and the facility is ready to support deliveries.

3. The delivery process requires systems integration of EOS products with components and vehicles provided by suppliers, then test firing of the fully integrated weapon systems. With the easing of COVID-19 restrictions appropriate firing range facilities are now available.

4. Despite a general prohibition on Australians travelling overseas, the EOS technical team recently received Commonwealth of Australia approval to travel to complete the delivery process overseas. The EOS technical team has arrived, passed COVID-19 testing requirements and commenced work on the delivery process.

EOS expects that it will take six to eight weeks to re-implement the full installation, integration, safety qualification, weapon testing and physical delivery process that was suspended in March 2020. Once the process of delivery has been re-started cash flow is expected to resume in Q4 2020 and the accumulated backlog of product deliveries is expected to be cleared in six months.

This announcement has been authorised for release to the ASX by Dr Ben Greene, Director.

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\(^1\) See initial contract announcement on 30 January 2018 “EOS WINS $410m DEFENCE EXPORT ORDER”
ABOUT ELECTRO OPTIC SYSTEMS (ASX: EOS; OTC: EOPSY)

EOS operates in three sectors: Defence, Space and Communications

- EOS Defence Systems specialises in technology for weapon systems optimisation and integration, as well as ISR (Intelligence, Surveillance and Reconnaissance) for land warfare. Its key products are next-generation remote weapon systems, vehicle turrets and counter-UAS systems.

- EOS Space Systems specialises in applying EOS-developed optical sensors to detect, track, classify and characterise objects in space. This information has both military and commercial applications, including managing space assets to avoid collisions with space debris, missile defence, space control and space protection.

- EOS Communications Systems provides global satellite communications services and systems. It specialises in innovative optical, microwave and on-the-move radio and satellite solutions that deliver high speed, resilient and assured satellite communications anywhere in the world.

This announcement contains 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 contains 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.