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EOS Update on EM Solutions Acquisition

Canberra, 11 November 2020

Electro Optic Systems Holdings Limited (“EOS” or “Company”) (ASX: EOS) is pleased to provide an update to shareholders on the successful integration of EM Solutions into the EOS Group following the acquisition announced a year ago¹.

Brisbane-based EM Solutions has had a successful first year of ownership under EOS, with continued strong growth, new contract wins and significant technology development.

Led by CEO Rowan Gilmore, EM Solutions continues to achieve growth at over 20% year-on-year in both revenue and EBIT. Despite delays on critical supply chain components due to COVID-19, management still expects to meet all scheduled shipments before year-end and to outperform the original acquisition business case. This represents the seventh successive year that EM Solutions has grown its business.

This year the company has delivered its tri-band Cobra satellite communications terminals into the Australian Navy’s Anzac frigate upgrade and new Offshore Patrol Vessel programs, and in November shipped the first of a series of Cobra terminals as part of a new AU\$14 million² order for three NATO Navies. EM Solutions has also recently received an AU\$3 million order from a US prime contractor supplying manpack satellite terminals into a US Defense program. These terminals will incorporate EM Solutions’ Ka-band transceivers which are based on the same core technology that has been supplied over recent years into numerous maritime, airborne and land mobile platforms.

As a result of recent contract wins, EM Solutions now has a record confirmed order backlog equivalent to 14 months’ production, and is in contract discussions with overseas defence forces that could stretch that to two years of future production. EOS is also seeking to leverage the US EOS marketing and production capabilities in Huntsville, Alabama to address the large and growing North American market.

EM Solutions also continues to invest strongly in R&D, leveraging its intellectual property in electromagnetics and microwaves with EOS’ technology in optics to develop new hybrid RF-optical systems that will support forthcoming satellite systems.

¹ See acquisition announcement on 1 October 2019 [“EOS Communication Systems Acquires EM Solutions”](#)

² See contract announcement on 23 April 2020 [“EOS Expands Space Communication Backlog”](#)

In November, EM Solutions and the Australian Navy will also complete the Detailed Design Review of its new “Fleet” terminal which is intended to replace certain aging legacy systems currently in service.

Commenting on the update Glen Tindall, CEO of EOS Communications Systems said:

“The team at EM Solutions have worked exceptionally hard to deliver a fantastic result, demonstrating their dedication to their clients, adding to EOS’ proprietary technology base, and maximising the synergies between EM Solutions and the broader EOS group. As government customers continue to evolve towards multi-orbit, multi-band satellite communications, EM Solutions is uniquely positioned to deliver products that provide maximum flexibility and resilience. We will be developing next generation satcom-on-the-move terminals that can support the optical technology that will be deployed by the EOS SpaceLink MEO Satellite Relay System.”

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

Further information:

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Group CEO

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The Cobra tri-band satellite communications terminal delivered into the Australian Navy’s Anzac frigate

ABOUT ELECTRO OPTIC SYSTEMS (ASX: EOS)

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.