



31 July 2025

ASX RELEASE

## **QUARTERLY ACTIVITY REPORT & APPENDIX 4C FOR THE QUARTER ENDED 30 JUNE 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 30 June 2025.

### **1. KEY ACTIVITIES**

#### **Customer Order Activity**

- As announced on 19 May 2025, a Western European government customer placed an order for EOS' flagship "Slinger" Counter-Drone Remote Weapon System (RWS) valued at €31m (approx. A\$53m). The systems are intended to address urgent operational requirements in Europe and delivery is expected to occur during 2025 and 2026. This order represents the largest order to date for the EOS "Slinger" Counter-Drone RWS, and the largest ever EOS order for naval RWS.
- As previously announced, a US Government customer ordered R400 RWS valued at up to US\$3.1m (approx. A\$5.0m) as part of evaluation work, which may lead to future opportunities.
- During the quarter, EOS secured evaluation orders in Thailand, the UAE and the United States for a range of products and business development opportunities. These variously related to unmanned systems, autonomous systems and new market opportunities. Orders for spares were also received from existing customers. Together, these orders totalled \$8.3m and may lead to more future sales.
- After the end of the quarter, EOS Space Systems secured a \$5.8m contract with the Commonwealth of Australia to further collaborate on research priorities. The project is expected to be completed in 2027.
- After the end of the quarter, a European customer placed an order for precision optical equipment with EOS' KiwiStar Optics division, valued at €\$3.0m (approx. A\$5.3m).



EOS systems are deployed in Ukraine, including the R400, Slinger and the L3H Vampire gimbal

## Manufacturing and Delivery Activity

- Ongoing manufacture of counter-drone Container-Based RWS for a Western European customer, for delivery in 2025.
- Commenced manufacture of naval Slinger systems for delivery in 2025 and 2026 to a Western European customer.
- Ongoing manufacture and delivery of R600 RWS spares and related services to a longstanding customer in Singapore.
- EOS Space Systems installed and tested a new improved “guide star laser” system at Mt Stromlo in Australia. This technology was funded with customer support, and is aimed at delivering improved product and service capability to customers.



New ‘guide star laser’ capability



Slinger demonstration in the UK

## Order Book Development Activity

- The contract backlog at 30 June 2025 was \$170m, a \$34m or 25% increase from 31 December 2024. Growing the contract backlog remains a key priority.
- Progress was made during the quarter towards finalising negotiations on the Land 400 Phase 3 RWS opportunity in Australia. Customer product requirements have now been largely finalised and this contract is targeted for signing in during 2025. The opportunity is valued at approximately \$80 to \$100m, with RWS targeted for delivery in 2026 and 2027.
- Advanced negotiations continue with two potential customers for EOS’ High Energy Laser Weapon. One opportunity is targeted for signing during 2025 and is valued at approximately \$100m. The other is targeted for signing in 2026 and could be similar in size. We continue to deal with business development enquiries from several potential future customers.
- Discussions continued regarding the potential sale of EOS’ heavy-calibre, R800 RWS, to a new customer in North America, valued at up to \$30m. Extended discussions have included work with relevant government authorities and others to address a range of complex matters.
- 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.

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 into sales contracts.

## Market Development Activity

During the quarter:

- EOS entered into a Memorandum of Understanding with MSI Defence Systems Limited (MSI). MSI is a UK-based company which specialises in the development of weapons including RWS, particularly for naval customers. The agreement is expected to enable EOS and MSI to work together and leverage each other's unique strengths.
- EOS recently entered into a Memorandum of Understanding with an Adani Group subsidiary to work collaboratively to promote EOS' technologies in various programs in India.
- EOS was an exhibitor at Northrop Grumman's Bushmaster User Conference 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 Cannon. In addition, EOS demonstrated its flagship R400 and its new heavy-calibre R800 RWS at this event.
- EOS participated at DSEI Japan under Team Defence Australia. DSEI Japan is the only large-scale, fully integrated defence event in the country
- EOS participated at Indo Defence Exhibition under Team Defence Australia where it exhibited its flagship Slinger Counter-Drone RWS.
- EOS participated in an operational live fire test demonstrating the effectiveness of the EOS Slinger product on a Stryker vehicle developed by Leonardo for counter-drone engagement. In addition, EOS recently completed a Slinger counter-drone demonstration on a vehicle in the UK.
- EOS worked with Thales Belgium to successfully conduct the first live firing development test of the Thales 70mm Rocket Launcher with 70mm counter-drone rockets mounted to the Slinger and Container Based Weapon System.
- EOS successfully performed the initial integration of the Slinger in support of a US Army counter-drone project. This included performing preliminary testing of the system prior to the integration onto the relevant vehicle platform.
- EOS Kiwistar Optics division continued to work on identifying and developing market opportunities to make and sell precision optical equipment.
- EOS Space Systems hosted demonstrations for potential partners and customers, including potential new international customers. Some international customers have indicated that they expect significant increases in government funding for space control activities in future years.



EOS Slinger (left) and R800 (right) RWS showcased at Northrop Grumman's Bushmaster User Conference

## Other Activity in the Quarter

- EOS Defence Systems and EODH, a Greek Defence company, signed a Memorandum of Understanding to cooperate on the potential future local assembly of RWS in Greece and support work to pursue local Greek defence programmes.
- EOS Space Systems won “Business of the Year – Large” and “Space Situational Awareness Program of the Year” at the 2025 Australian Space Awards.

## 2. FINANCIAL SUMMARY

EOS' total cash holdings (including term deposits) at 30 June 2025 was \$130.3m, representing a \$27.2m increase from 31 March 2025. This includes a \$20m term deposit that matures in July 2025 and a \$20m term deposit that matures in August 2025.

This movement was largely driven by the finalisation of a customer contract in the Middle East and related receipt of approximately \$60.0m in the quarter, as previously announced on 30 June 2025). Following this receipt, the contract asset working capital balance was reduced from \$56.7m at 31 March 2025 to \$5.1m at 30 June 2025. In addition, at 30 June 2025, EOS had received payments in advance from customers totalling \$19.7m, compared to \$24.8m at 31 March 2025, a reduction of \$5.1m during the quarter.

In addition to the cash and term deposit balance shown above, at 30 June 2025 the Group had \$51.9m of cash security deposits held with banks to support bank guarantees and bonds.

### Operating Cash Flows

The Net Cash inflow from Operating Activities for the quarter was \$30.5m, compared to a Net Cash outflow of \$39.7m in Q1 2025.

Receipts from Customers totalled \$78.1m during the quarter, which is \$55.5m higher compared to Q1 2025, largely driven by the finalisation of a contract with a customer in the Middle East (noted above).

Other cashflows from operating activities (excluding cash receipts from customers) amounted to net payments of \$47.6m during the quarter, a decrease of \$14.8m compared to Q1 2025. Other cashflows during the quarter included payments for manufacturing and operating costs of \$20.2m, and payments for staff costs, administration costs and other items of \$27.4m.

During Q1 2025 EOS incurred a \$12.9m make-whole interest payment to Washington H. Soul Pattinson (WHSP) on repayment of the debt facilities, which was recorded as a Financing Cash Flow. During Q2 2025, this was reclassified as an Operating Cash Flow.

### Other Cash Flows

The Net Cash outflow from Investing Activities for the quarter was \$2.2m, compared to an inflow of \$100.1m in Q1 2025. During Q1 2025, EOS received \$158.6m proceeds from the divestment of the EM Solutions business and in Q2 2025 a further \$1.3m final adjustment was received. In addition, during Q1 2025 EOS placed \$40.0m in term deposits maturing in Q3 2025. These deposits were treated as cash at 31 March 2025. During Q2, these have been reclassified and treated as Investing Activity.

The Net Cash outflow from Financing Activities for the quarter was \$1.4m, compared to an outflow of \$49.4m in Q1 2025. On 31 January, EOS repaid \$61.1m (inclusive of \$48.2m capital, fees and interest and \$12.9m make-whole fee) to its primary lender, WHSP. This make-whole fee has now been recorded as an Operating Activity (see above) and the balance of the repayment is disclosed as a Financing Activity.

### 3. BORROWING SUMMARY

All amounts borrowed from WHSP in 2022 were repaid in Q1 2025 and EOS currently has no borrowings.

Following the Term Loan repayment to WHSP during Q1 outlined above, the Group continues to be required to comply with quarterly covenants under bond facility agreements with Export Finance Australia. For the quarter ended 30 June 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 lodged on 25 February 2025.

The obligation commitment is secured by an offset bond of US\$16.9m (A\$25.8m) which is guaranteed by Export Finance Australia. In respect of this bond, a cash security amount of US\$16.9m (A\$25.8m) 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 was 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 IP, 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. As at the date of this announcement, EOS expects to achieve the necessary approvals. Under the approved business plan in order to earn offset credits EOS must contribute not less than AED 18.4m (approximately A\$7.8m) in cash to the JV in due course.

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. TRADING UPDATE**

On 30 June 2025, EOS issued a 1H Trading Update that included the following:

- EOS expects its 1H 2025 revenue to be approximately \$40 to \$45 million. Included in the \$40m to \$45m 1H revenue is US\$8m (approximately A\$12m) of previously constrained revenue. The recognition of this revenue in 1H reflects the finalisation of a longstanding contract with a customer in the Middle East.
- EOS currently expects full year 2025 revenue to be heavily biased to the second half.
- As at the date of this announcement, EOS expects that full year revenue will include the benefit of 2025 work performed under (1) the contract backlog (which is \$170m at 30 June 2025, as noted above) and, (2) new contracts that are currently expected to be signed prior to 31 December 2025.
- EOS' primary focus is on growing the contract backlog further by securing new sales contracts. The company continues to work on a range of sales opportunities, noted in section 1 above. Some opportunities are in advanced stages of negotiation.
- EOS operates primarily in the defence industry and accordingly revenue can be lumpy. In addition, the EOS revenue outlook can be uncertain due to a range of factors, including uncertainties relating to (1) the timing of customer contract awards and, (2) the achievement of customer contract milestones.

## **6. RELATED PARTY TRANSACTIONS**

Payments to related parties of the entity and their associates totalled \$337,493 for the quarter.

These amounts include:

- payments of \$193,743 paid to CEO Dr Schwer, representing salary paid during the quarter; and
- \$143,750 paid in directors' fees and superannuation to non-executive directors and entities associated with non-executive directors during the quarter.

## **7. SUBSEQUENT EVENTS**

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

## **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:

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Managing Director and Chief Executive Officer  
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### **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/yzjX3y>

## 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.

## EOS CUSTOMER IDENTITIES

EOS deals with a number of customers in the defence and security industries and has not disclosed the identity of these customers in this announcement. EOS confirms that:

1. it does not consider the identity of such customers to be information that a reasonable person would expect to have a material effect on the price or value of EOS securities; and
2. this announcement contains all material information relevant to assessing the impact of the matters referred to in this announcement on the price or value of EOS securities, and is not misleading by omission.

## 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")**

30 June 2025

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	78,124	100,779
1.2 Payments for		
research and development	(834)	(4,855)
product manufacturing and operating costs	(20,232)	(41,389)
advertising and marketing	(2,407)	(4,362)
leased assets	-	-
staff costs	(11,046)	(27,606)
administration and corporate costs	(8,569)	(13,134)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	423	1,089
1.5 Interest and other costs of finance paid	(1,365)	(16,182)
1.6 Income taxes paid	(3,564)	(3,564)
1.7 Government grants and tax incentives	5	11
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>30,535</b>	<b>(9,213)</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	(1,104)	(6,165)
	(d) investments	-	-
	(e) intellectual property	(2,197)	(4,060)
	(f) other non-current assets	-	-
	(d) term deposits	-	(40,000)
2.2	Proceeds from disposal of		
	(a) entities	-	-
	(b) businesses	1,335	159,975
	(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	(188)	(5,171)
2.6	Cash balance disposed of in disposal of business	-	(3,366)
2.7	Transaction costs arising from disposal of business	(29)	(3,294)
<b>2.8</b>	<b>Net cash from / (used in) investing activities</b>	<b>(2,183)</b>	<b>97,919</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	117	117
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	-	(48,219)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Repayment of lease liabilities	(1,481)	(2,691)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(1,364)</b>	<b>(50,793)</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	63,139	52,304
4.2	Net cash from / (used in) operating activities (item 1.9 above)	30,535	(9,213)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,183)	97,919
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,364)	(50,793)
4.5	Effect of movement in exchange rates on cash held	162	72
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>90,289</b>	<b>90,289</b>

Appendix 4C

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

5.	<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	90,289	63,139
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>90,289</b>	<b>63,139</b>
<b>Note</b>	<b>Not included in the cash figure above are:</b>		
	• Term deposits	40,000	40,000
	• Current and non-current cash security deposits securing performance bonds, premises and guarantees.	51,900	53,816

6.	<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	337
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.		

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	77,002	76,651
7.4	<b>Total financing facilities</b>	<b>77,002</b>	<b>76,651</b>
7.5	<b>Unused financing facilities available at quarter end</b>		351

**7.6 Export Finance Australia Bond Facility:**

- The Group continues to maintain a performance bond in respect of a contract in Defence Systems of US\$33.2m (A\$50.7m). 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\$24.2m) and a fixed and floating charge over the assets of the Group. Under the terms of a customer agreement finalised during the quarter ended 30 June 2025, this performance bond is expected to be replaced with a smaller US\$16.0m (A\$24.5m) during 2025. The costs of this facility are included in Item 1.5 as other costs of finance paid.
- 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\$25.8m). 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\$25.8m) 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.
- Following the Term Loan repayment to WHSP in January 2025, the Group continues to be required to comply with quarterly covenants under facility agreements with financiers, including guarantee facilities provided by Export Finance Australia

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	30,535
8.2	Cash and cash equivalents at quarter end (item 4.6)	90,289
8.3	Unused finance facilities available at quarter end (item 7.5)	351
8.4	Total available funding (item 8.2 + item 8.3)	90,640
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
	The cash flow from Operating Activities was positive for the quarter	
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: 31 July 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.