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ASX RELEASE

EOS STATEMENT ON SETTLEMENT OF ASIC INVESTIGATION

Electro Optic Systems Holdings Limited ("EOS" or "Company") (ASX: EOS) today announces that it has settled ASIC's investigation in relation to certain disclosure matters in 2022. The settlement includes an agreed proposed penalty of \$4 million for the approval of the Federal Court.

BACKGROUND

As previously disclosed in an Investor Presentation on 22 March 2024, and referenced in the Company's 2023 and 2024 Annual Reports, EOS has been the subject of an investigation by ASIC in connection with the Company's 2022 revenue guidance.

The Company navigated a challenging environment in 2022 marked by strategic, financial, and operational pressures. Significant business and leadership changes were made towards the end of that year, including the appointment of Garry Hounsell as Chair, Dr Andreas Schwer as CEO and Clive Cuthell as CFO, along with the addition of Robert Nicholson in 2023 as a non-executive director.

SETTLEMENT WITH ASIC

The Company has reached a settlement with ASIC in connection with alleged breaches by the Company of continuous disclosure obligations under the Corporations Act 2001 (Cth) and the ASX Listing Rules. The settlement brings to an end ASIC's investigation into the Company's 2022 revenue guidance.

The Company accepts ASIC's conclusion that it breached its continuous disclosure obligations in the period from 25 July 2022 to 31 October 2022. The Company announced on 8 September 2022 that delivery against existing contracts had been impacted by supply chain constraints, the awarding of new contracts had been slower than expected and that the Company was reassessing its financial outlook. Updated revenue guidance for 2022 was provided on 31 October 2022.

EOS has cooperated with ASIC throughout the course of the investigation. As part of the settlement, ASIC has applied to the Federal Court seeking declarations of contravention of continuous disclosure obligations and a civil penalty of \$4 million. EOS supports the declarations and penalty sought by ASIC.

ASIC has indicated that it intends to bring separate proceedings against Dr Ben Greene (former CEO and current Chief Innovation Officer of EOS) in relation to the same revenue guidance issues. Dr Greene is not a party to the settlement.

COMPANY STATEMENT

The Company recognises the importance of meeting its continuous disclosure obligations and remains committed to upholding high standards of corporate governance and transparency. Garry Hounsell, Chair of the Company, said:

"This outcome represents a constructive resolution with ASIC that allows the business to move forward with clarity, removing the potential of protracted litigation on the matter. We believe this outcome is in the best interests of the Company and its shareholders. Since late 2022, we have made significant progress in strengthening our business and remain committed to best-practice and transparent communication. As we look to the future, we are well-positioned to execute our strategic priorities and deliver long-term value for our shareholders"

This announcement has been authorised for release to the ASX by Garry Hounsell, Chair of the Company's Board of Directors.

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ABOUT ELECTRO OPTIC SYSTEMS

(ASX: EOS)

EOS operates in two divisions

DEFENCE 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

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.

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