



Electro Optic Systems Holdings Limited

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The Manager
Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sirs,

Oversubscribed placement raises \$60m plus SPP of \$5m

Electro Optic Systems Holdings Ltd (ASX: EOS) is pleased to announce that it has successfully completed a \$60m placement to secure funding for the fulfilment of the recently announced defence contracts. The placement, in two tranches for 20,618,557 shares at a price of \$2.91 per share, was oversubscribed and received strong participation from new and existing shareholders. The price represents no discount to the last closing price of \$2.91 per share on 25 January 2018, the date EOS shares traded before the \$410m RWS contract announcement.

The first tranche of the placement of 10,471,434 shares is within the 15% limit under ASX Listing Rule 7.1. Shareholder approval is required for the second tranche of the placement for 10,147,123 shares. The Extraordinary General Meeting to ratify the second tranche is set down for Tuesday 13 March 2018.

Petra Capital acted as the Lead Manager and Book Runner to the placement.

EOS now has in excess of \$580m in orders for its new R-400S-Mk2 weapon system.

The CEO of EOS, Dr Ben Greene, said:

“This placement will allow EOS to forge ahead with the execution of all its current contracts and provides a stronger capital base for further expansion to meet growing demand. For future defence export sales EOS plans to extend its relationship with Efic in the area of working capital support through the program announced on 30 January 2018 by the Prime Minister. This new Commonwealth program provides new access to government funds of \$3.7 billion for working capital required for defence industry exports.”

“No significant outlays of a capital nature are required to grow EOS business on its current trajectory. The capital raised in this placement will be used principally as fixed deposits to secure project performance bonds, and that capital will return to EOS in the normal course as projects complete. At the same time these funds significantly strengthen the balance sheet,

which includes essentially no debt, to support future arrangements with Efic and other providers of working capital to fund new projects.”

Use of Funds

The funds raised from the placement will primarily be used to fulfil the recently announced defence contracts, specifically towards:

- the working capital to lodge performance bonds and offset bonds; and
- optimising the supply chain.

A copy of the presentation to institutional shareholders has been lodged with the ASX.

Share Purchase Plan (SPP)

The Directors of the Company have decided to offer existing shareholders an opportunity to purchase new shares at the same price of \$2.91 per share as paid by the institutions in the placement in the form of a SPP up to a maximum amount of \$5m representing 1,718,214 ordinary shares. The SPP will be open to holders of fully paid EOS shares at 7.00 pm registered on 5 February 2018 and whose address on the share register is in Australia or New Zealand. A separate announcement setting out the terms and conditions of the SPP will be lodged with ASX.

Yours faithfully,

Fred Bart
Chairman

ABOUT ELECTRO OPTIC SYSTEMS (ASX: EOS; OTC: EOPSY)

Based in Canberra, Australia, EOS employs approximately 145 staff in two sectors: Space Systems and Defence Systems.

The Space Systems sector specialises in obtaining space information using EOS-developed optical sensors to detect, track, classify and characterise objects in space. This information is used for both military and commercial space applications, and in particular for managing space assets to avoid collisions in space with space debris.

The Defence Systems sector specialises in technology for weapon systems optimization and integration, as well as ISR (intelligence, surveillance and reconnaissance) for land warfare. Its key products are next-generation armored vehicle turrets and remote weapon systems.