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ASX RELEASE

CAPITAL RAISING TO SUPPORT GROWTH OPPORTUNITIES

Electro Optic Systems Holdings Limited ("EOS" or the "Company"[1]) (ASX: EOS) is pleased to announce that it has launched a capital raising of up to A$175 million by way of a fully-underwritten A$150 million institutional placement ("Placement") and non-underwritten share purchase plan to raise up to A$25 million ("SPP" and, together with the Placement, the "Capital Raising"), in each case, of new fully paid ordinary shares in EOS ("New Shares") issued at a price of A$8.00 per New Share ("Placement Price").

SUMMARY

- → Capital Raising follows update on MARSS acquisition and the strengthening of the commercial outlook for MARSS and EOS, particularly in the Middle East
- → As announced on Friday 15 May 2026, MARSS has secured new orders totalling €102m (~A$165m) from an existing customer in the Middle East to take MARSS existing order book to €135m (~A$217m) as at the date of this announcement[2]
- → Subject to transaction completion, the addition of MARSS' A$217m order book to EOS' existing A$509m order book (as at 15 May 2026), would illustratively increase EOS' total order book to A$726m[2]
- → EOS has announced a A$175m Capital Raising including a A$150m fully-underwritten Placement and non-underwritten SPP to raise up to A$25m
- → Proceeds from the Capital Raising, together with the secured term loan facility provided by Washington H. Soul Pattinson (as previously announced on 12 January 2026) will be used to fund the upfront consideration of the MARSS acquisition[3], and increase balance sheet flexibility to pursue growth opportunities and execute on strategic initiatives

MARSS TRANSACTION UPDATE

As announced on Friday 15 May 2026, due to the recent conflicts in the Middle East, MARSS has seen a demonstrable increase in customer enquiry for its systems and increased interest from other industry participants. In particular, MARSS' NiDAR system has performed strongly

[1] Includes the entity's subsidiaries, unless the context requires otherwise.
[2] Post-completion, certain contracts that were entered into by MARSS are expected to be novated to EOS, subject to applicable processes and consents.
[3] EOS may apply the proceeds of the Capital Raising together with the secured term loan facility to, in effect, fund the upfront consideration of the MARSS acquisition. The secured term loan facility remains in place with $30m available for future drawdown.

in the region, driving accelerated customer enquiry and interest in MARSS' counter-drone capabilities.

As announced on Friday 15 May 2026, MARSS has now secured new orders totalling €102m (~A$165m) from an existing customer in the Middle East to take MARSS' existing order book to €135m (~A$217m) as at the date of this announcement.

In light of the strengthening commercial outlook, EOS and the vendors have agreed certain amendments to the transaction terms previously announced on 12 January 2026, including an increase to the maximum earnout cap to €140m (from €100m) – as set out in the Appendix.

ORDER BOOK[4]

As announced on 15 May 2026, MARSS has recently entered into a £85m (~A$160m) contract with an existing Middle Eastern military customer.

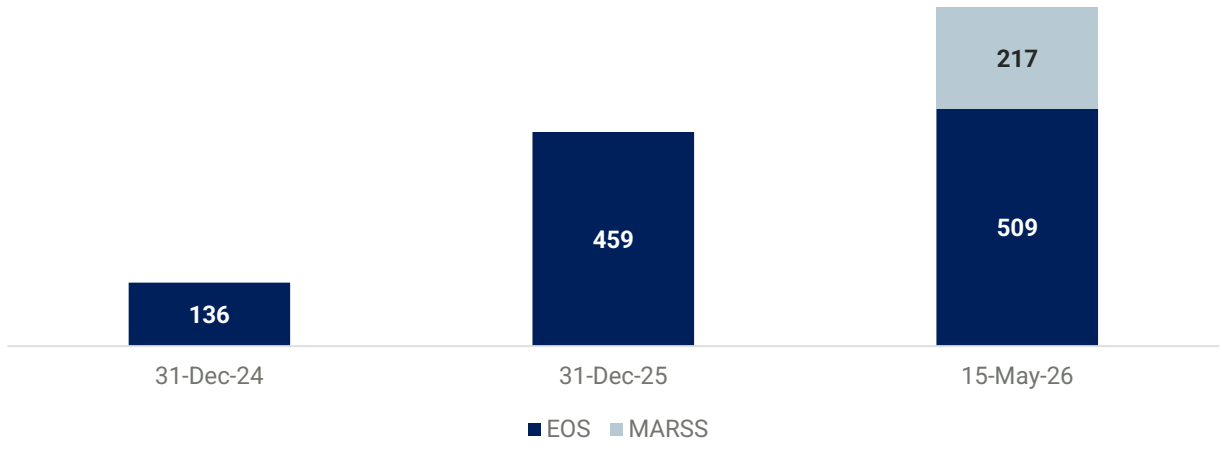
The contract is with the national defence force of a country in the Middle East.

The contract expands MARSS' existing installations, delivering a country-wide drone detection and mitigation capability - with NiDAR C2 software at its core.

Given the urgent operational need, the contract is expected to be substantially implemented during 2026 and 2027, with approximately 70% of revenue and cash expected to be earned in that period and the balance recognised over the following three years through support services.

As previously disclosed, and subject to transaction completion, addition of MARSS' A$217m order book to EOS' existing A$509m order book, would illustratively increase EOS' total order book to A$726m, enhancing visibility over the near-term outlook for EOS.

Indicative Post-Completion Order Book (A$m)



[4] Post-completion, certain contracts that were entered into by MARSS are expected to be novated to EOS, subject to applicable processes and consents.

TRADING UPDATE

Market backdrop and the volatile geopolitical environment remains supportive of demand and EOS has had strong engagement from customers in target regions, including growing enquiries for Counter-Drone solutions (e.g., Slinger and High Energy Laser).

EOS has seen significant contract wins in 2026 to date, including:

- → EOS Counter-Drone order (A$60m) in March 2026
- → Total of A$170m new C2 Counter Drone contracts for MARSS

Of the unconditional illustrative order book of A$726m, approximately 60 - 80% is expected to convert to revenue in 2026 and 2027.

EOS' pipeline of potential future orders continues to develop presenting an opportunity for further order book growth. EOS' order opportunity pipeline is dynamic and rapidly evolving, especially during a time of active conflict.[5]

DETAILS OF THE PLACEMENT

EOS has today launched the Placement, which is a fully-underwritten institutional Placement of New Shares to eligible institutional investors to raise up to A$150 million.

The Placement will result in the issue of approximately 18.8 million New Shares to institutional investors at the Placement Price, being A$8.00 per New Share, representing approximately 9.7% of EOS current issued capital and pursuant to the Company's available placement capacity under ASX listing rule 7.1A.

The Placement Price represents a 9.3% discount to the last traded price of EOS' ordinary shares on ASX

The New Shares issued under the Placement will rank equally with existing fully paid ordinary shares in EOS ("Shares") on issue with effect from their date of issue.

DETAILS OF THE SPP

Following the completion of the Placement, EOS will offer existing EOS shareholders with a registered address in Australia and New Zealand as at 7.00pm (Sydney, Australia time) on the record date of Friday, 15 May 2026 ("Record Date"), who are not in the United States or acting for the account or benefit of a person in the United States, ("Eligible Shareholders") the opportunity to participate in a non-underwritten share purchase plan. The SPP will provide each Eligible Shareholder with the opportunity to apply for up to A$30,000 worth of New Shares at the Placement Price.

EOS intends to target a raising of up to A$25 million via the SPP, however the Company reserves the right in its absolute discretion to accept applications from Eligible Shareholders in excess of A$25 million or to scale back applications that exceed that amount. In the event of a scale back occurring, Eligible Shareholders who participate may not receive the full number of New Shares applied for under the SPP and the difference in any application monies

[5] There is potential for some opportunities to be converted to orders sooner than expected, and equity for orders to be delayed or never converted if priorities change.

will be refunded to those Eligible Shareholders (without interest) following the issue of New Shares under the SPP. EOS expects to announce the final outcome of the SPP, including any scale-back, on Friday, 12 June 2026.

The SPP offer booklet ("SPP Offer Booklet") containing further details of the SPP will be released separately and will be despatched to all Eligible Shareholders and is expected to be lodged with ASX on Monday, 25 May 2026 and Eligible Shareholders wishing to participate in the SPP should carefully read the SPP Offer Booklet. Each New Share issued under the SPP will rank equally with existing Shares with effect from its date of issue and EOS will seek quotation of the New Shares issued under the SPP on the ASX.

Shareholder approval is not required for the issue of New Shares under the SPP.

USE OF PROCEEDS

Proceeds from the Capital Raising, together with the secured term loan facility provided by Washington H. Soul Pattinson (as previously announced on 12 January 2026),[6] will be used to:

- → Fund the upfront consideration of the MARSS acquisition
- → Increase flexibility to pursue growth opportunities and execute on strategic initiatives
- → Provide working capital flexibility, including long lead parts investment and flexibility for customer terms / bond requirements
- → Accelerate commercialisation of new products
- → Pay transaction costs

Following completion of the acquisition and Capital Raising, EOS is expected to have a pro-forma net cash balance of approximately A$195m.[7]

[6] The secured term loan facility remains in place with $30m available for future drawdown.

[7] Net Cash includes Cash and Borrowings and is calculated as at 31 March 2026 ($95m) less $50m paid to acquire MARSS, plus $150m raised under the Placement (excluding the SPP).

KEY DATES FOR THE PLACEMENT AND THE SPP

Event	Date
Record date for SPP (7:00pm)	Friday, 15 May 2026
Announcement of Placement and SPP	**Monday, 18 May 2026**
Announcement of the completion of the Placement, trading halt lifted and trading resumes on ASX	Tuesday, 19 May 2026
Settlement of New Shares issued under the Placement	Thursday, 21 May 2026
Issue and normal trading of New Shares issued under the Placement	Friday, 22 May 2026
Opening date of SPP (9:00am) and dispatch of SPP Offer Booklet	Monday, 25 May 2026
Closing date of SPP (5:00pm)	Tuesday, 9 June 2026
Announcement of results of SPP	Friday, 12 June 2026
Issue and allotment of New Shares under the SPP	Tuesday, 16 June 2026
SPP holding statements dispatched and trading of New Shares issued under the SPP commences	Wednesday, 17 June 2026

All times and dates refer to Sydney, Australia time. The above timetable is indicative only and subject to change. EOS and the Joint Lead Managers (as defined below) reserve the right to amend any or all of these dates at their absolute discretion and without prior notice, subject to the Corporations Act, the ASX listing rules and any other applicable laws or rules. In particular, EOS and the Joint Lead Managers reserve the right to extend the closing date for the SPP, accept late applications under the SPP (either generally or in particular cases) and to withdraw or vary the Placement or SPP without prior notice. Any extension of the closing date for the SPP will have a consequential effect on the date for the issue of New Shares. The quotation of New Shares is subject to confirmation from the ASX.

ADVISERS

Macquarie Capital, Bell Potter and Canaccord Genuity are Joint Lead Managers to the Placement and Minter Ellison is the Legal Adviser to the Company with respect to the Capital Raising.

This announcement has been authorised for release by the Board of Directors.

DR. ANDREAS SCHWER

Managing Director and Chief Executive Officer

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APPENDIX – INVESTOR WEBINAR DETAILS

Details of the Capital Raising will be presented by Dr Andreas Schwer, CEO and Managing Director, and Clive Cuthell, Chief Financial Officer and Chief Operating Officer, via webcast.

Date: Monday, 18 May 2026

Time: 10:30am (AEST)

To listen to the briefing, pre-register at the link below. You will then receive the webcast link via email.

Register for webcast: https://webcast.openbriefing.com/webcast-2026-5/

APPENDIX – DETAIL OF AMENDED TRANSACTION TERMS

The key amendments, which were made to the asset transfer agreement and terms of the performance rights referenced in the announcement on 12 January 2026, are as follows:

- → Up-front consideration of €36m in cash remains unchanged.
- → The maximum contingent consideration ('earnout') payable to the MARSS management shareholders has been increased from €100m to €140m.
- → The conversion ratio of new MARSS contracts during the earnout period remains €20m for each €100m of order intake value (with pro-rated amounts being earned for order intake values of lower than €100m). As such, MARSS would need to achieve €700m of new order intake in the earnout period (which runs from 12 January 2026 until 12 months from the completion date), in order to achieve the maximum earnout of €140m.
- → The maximum earnout is capable of being earned by the MARSS management shareholders as follows:
    - The first €500m of order intake will earn contingent consideration of €100m. This consideration is payable in EOS shares at the previously agreed conversion price of A$7.40 per EOS share and an exchange rate of 0.57. The maximum number of shares to be issued is 23,529,411. As previously announced, the vendors can elect to receive up to €20m of this first tranche in cash.
    - A further €200m of order intake can earn additional contingent consideration of €40m. This consideration is payable in EOS shares, at a new conversion price equal to the volume weighed average of EOS's share price in the 5 trading days (converted into euros at the exchange rate on the day) prior to completion of the acquisition of MARSS ("New Conversion Price"). The maximum number of shares that may be issued in respect of this element of the earnout is 5,413,403 and any earnout amount earned in excess of the value of those EOS shares is payable in cash (as described below).
- → The maximum total number of EOS shares that could be issued if MARSS achieves €700m of order intake by the date that is 12 months after completion is now 28,942,814 (previously 23,529,411) ("Maximum Shares"). The Maximum Shares of 28,942,814 potentially issuable represent 15% of EOS' currently issued share capital (meaning that the payment of the earnout in EOS shares is subject to this 'placement capacity cap'). Accordingly, if the aggregate amount payable under the MARSS performance rights exceeds the value of the 23,529,411 Shares at A$7.40 per Share and 5,413,403 Shares at the New Conversion Price per Share, the balance (up to the earnout cap) will be payable in cash.

- → The previous earnout was payable in two separate tranches (under two classes of performance rights), one at 90 days from completion and one after the end of the earnout period (after 31 May 2027). The amended terms now split the payment into three tranches (under three classes of performance rights), one at 90 days from completion, one after 270 days from completion and one after the end of the earnout period (31 May 2027). If sufficient contracts are signed during a tranche period, the entire earnout payment of €140m could be earned in that tranche period (provided that the cap on all earnout payments is €140m).
- → EOS shareholder approval is not required for the issuance of these additional performance rights or the EOS shares which may be issuable on vesting of the performance rights, because of the placement capacity cap referred to above, the amounts fall within the placement capacity available to EOS under ASX listing rule 7.1.
- → EOS has agreed to, if desired by the vendors, advance an amount of up to €12m to MARSS management shareholders and other MARSS vendors as advance earn-out payments and to assist in settlement of liabilities of the business not transferring to EOS. These amounts will be set off against the earnout in the first tranche period and will reduce the amount of shares issued (at A$7.40) or cash paid. If the amount of earnout earned during the first tranche period is insufficient to set off these amounts, the amounts (or any unset off balance) will be repayable to EOS on demand.
- → Subject to the nomination of a suitable candidate, the board has agreed to appoint a nominee of MARSS management shareholders as a director to the EOS Board if at any time the MARSS management shareholders collectively hold shares in excess of 15% of EOS issued share capital. Any director nominated by the MARSS management shareholders will fill a casual vacancy and will be required to stand for reappointment by shareholders at the first AGM following their appointment to the casual vacancy.
- → If a director nominated by the MARSS management shareholders is appointed, the MARSS management shareholders agree to vote their EOS shares (up to a 19.99% cap, when aggregated with any other relevant interest EOS has in its own shares) at meetings of EOS' shareholders in line with the recommendation of the EOS Board of Directors.

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), fully integrated and modular counter-UAS and C2 and C4 systems. C2 Systems include Command and Control Systems such as MARSS' software-led counter-drone and critical infrastructure protection capabilities, centred on the NiDAR platform.

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.

NOT AN OFFER OF SECURITIES

This announcement may not be released to U.S. wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any New Shares in the United States or any other jurisdiction. The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, to any persons in the United States except, in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States.

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, as well as the completion and the effect of the acquisition of MARSS, the timetable and outcome of the Placement and SPP and the use of the proceeds thereof. 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, including the risk factors described under the "Key risks" section of the investor presentation relating to the Capital Raising (which Cuscal recommends that you read in full). 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.

Past performance is not necessarily a guide to future performance, and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast. Nothing contained in this announcement or any other information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of the Cuscal. None of EOS, the Joint Lead Managers, their respective related companies and/or related bodies corporate (as applicable), securityholders or affiliates, or any of their respective officers, directors, employees, affiliates, partners, representatives, consultants, agents or advisers (each a "Limited Party") makes any representation or warranty as to the accuracy of any forward-looking statements contained in this announcement. Forward-looking statements speak only as at the date of this announcement, and the Limited Parties disclaim any obligations or undertakings to release any update of, or revisions to, any forward-looking statements in this announcement (including to reflect any change in expectations or assumptions), except as required by law or regulation (including the ASX Listing Rules).

GENERAL

Nothing contained in this announcement constitutes financial product, legal, tax or other advice or recommendation. It does not take into account the investment objectives, financial situation or needs of any particular investor. Before making any investment decision in respect of EOS, prospective investors should consider the appropriateness of the information in this announcement and EOS' other announcements having regard to their own investment objectives, financial situations and needs and with their own professional advice. EOS is not licensed to provide financial product advice in respect of New Shares. Cooling off rights do not apply to the acquisition of New Shares.