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ASX RELEASE

SIGNING OF £370M (A\$700M) CONTRACT FOR NATION-WIDE COUNTER-DRONE DEFENCE

Electro Optic Systems Holdings Limited (together with its subsidiaries, "EOS" or the "Company") (ASX:EOS), is pleased to announce that it has entered into an agreement (the "Contract") with the government of a Middle Eastern Gulf state (a Gulf Co-operation Council or GCC member) (the "Customer") for the provision of a nation-wide, counter-drone defence system valued at £370m (~A\$700m). The Contract is subject to the satisfaction of a number of conditions as outlined below. This represents the largest contract ever secured by EOS.

BACKGROUND

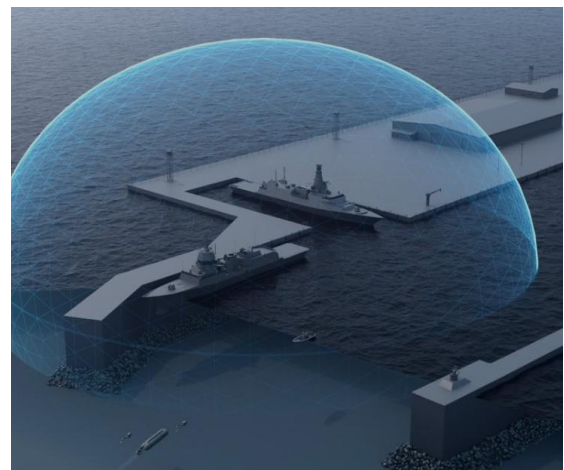
Recent conflicts in the Middle East have highlighted the urgent need for advanced counter-drone systems. Drone attacks have inflicted significant physical and economic damage and traditional air-defence systems based on expensive interceptor missiles have faced challenges. More effective and sustainable solutions are being sought.

EOS' NiDAR counter-drone system, acquired as part of the recent MARSS acquisition, is an advanced AI-enabled command and control system (C2), designed specifically for counter-drone defence, embracing both airborne and coastal seaborne drone detection. As required, systems fielded by MARSS in the Middle East are showing throughout the recent crisis to be an effective and economical counter-drone system. EOS believes that this is driving an acceleration of market demand and sales opportunities.

THE CONTRACT

The Contract requires the rapid deployment of a cellular, nation-wide, counter-drone system (the "System") with EOS' NiDAR C2 at its core. EOS is acting as the prime contractor and systems integrator, leveraging MARSS' extensive product capability and engineering expertise.

The Contract includes supply of third-party sensors (electro-optical, radar and sonar) to detect threats at longer and medium ranges. These sensors feed information into central command centres using NiDAR to fuse data inputs and create intelligent, user-friendly and actionable threat assessments.



MARSS NiDAR C2 provides hemispherical protection

For personal use only

The Contract also includes initial supply of third-party effectors, such as hard-kill interceptors and soft-kill jammers.

EOS expects over 80% of revenue to be earned over the initial 12-24 months after the Contract becomes unconditional. Approximately 20% of the Contract's value relates to ongoing support over a four-year period.

EOS believes that completing this work may lead to further sales opportunities in future, although there is no guarantee this will occur.



Example counter-drone kinetic interceptor

Under the Contract a number of conditions need to be satisfied before performance of the Contract can commence. These include:

- EOS providing a performance bond guarantee for 10% of the Contract value (£37m). As announced previously, this performance bond guarantee was provided on 12 August 2026. The guarantee is secured by a cash security deposit for British £40.3m (~A\$77.0m) that EOS has provided to a commercial bank,
- EOS providing a bank guarantee of £74m, and an advance payment of the same amount being paid by the Customer to EOS, and
- EOS obtaining relevant export licences for the various components of the System within two months following receipt of necessary documentation from the Customer.

EOS will work to satisfy the conditions in the coming months, however there is no guarantee if or when this will occur. The Customer may terminate the Contract or withdraw the work and execute it at EOS' expense if EOS fails to fulfil any condition of the Contract (including failure to obtain export licences) which includes warranties by EOS of the system for a period of 5 years from acceptance by the Customer, termination rights and both capped and uncapped damages payable to the Customer for failure to perform or delay in performing the Contract and other breaches.

The Contract is expected to be profitable and cashflow positive over its term, noting that, as is the nature with integration projects such as this, there will be a significant short-term working capital funding requirement in the early stages of the Contract which is expected to turn positive during mid-2027.

EOS carried out a capital raising in May 2026 to fund the upfront consideration of the MARSS acquisition, provide working capital to support contract ramp-up and development, and increase balance sheet flexibility to pursue growth opportunities and execute on strategic initiatives. EOS notes that it requires certain consents and further accommodation from WHSP and providers of guarantee facilities in connection with the performance bond and guarantee for the Contract.

EXECUTION AND RISK MANAGEMENT

EOS will deploy a team to the Customer's country to execute the Contract and pursue other growth opportunities in the region. EOS is in the process of recruiting new resources to build and expand on existing MARSS resources for this and other projects.

While noting that the nature of this Contract is similar to others fulfilled by EOS and existing MARSS resources in the Gulf region, EOS believes that this Contract represents an inflection point for the Company in its strategy to become a major player in the global integrated, counter-drone market as it represents a significant expansion of both the products and services previously provided.

At the same time, EOS recognises that the Contract does contain financial and operational risks, some significant, which EOS will seek to manage. While EOS will implement risk management processes to seek to manage these risks, there is no assurance that the risks will be adequately mitigated.

EOS is grateful for the support provided by both the UK Government and the Australian Government in enabling EOS to secure this opportunity.

This document was authorised for release by the EOS Board of Directors.

DR. ANDREAS SCHWER

Managing Director and Chief Executive Officer

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ABOUT ELECTRO OPTIC SYSTEMS

(ASX: EOS)

EOS currently 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.

EOS CUSTOMER IDENTITIES

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

- 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
- 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