



Successful A\$15 Million Institutional Placement – Launch of A\$2 Million SPP

Canberra, 29 June 2022

Electro Optic Systems Holdings Limited ACN 092 708 364 (ASX: EOS) (**EOS** or the **Company**) is pleased to announce that:

- The Company has received binding commitments to raise A\$15 million via a non-underwritten institutional placement (**Placement**) of new fully paid ordinary shares in EOS (**New Shares**)
- The Company will offer a share purchase plan (**SPP**) to certain eligible existing shareholders of EOS to raise up to A\$2 million
- Net proceeds from the Placement and SPP will be applied to working capital and near-term capital requirements of EOS
- Strategic Review announced on 17 March 2022 (**Strategic Review**) remains ongoing to ensure the Company optimises shareholder value

EOS has received binding commitments for an institutional placement to raise A\$15 million, at A\$1.20 per New Share, that will be applied to working capital and the Company's near-term capital requirements. The Company intends to prioritise capital into the core Defence business. The Company has also announced an SPP, capped at A\$2 million, at the same price as the Placement.

Peter Leahy, AC, Chair of EOS, said:

"We welcome the support for the Placement and the new institutional investors to the register. On behalf of the Board of Directors of EOS, I would also like to thank our existing shareholders for their ongoing support.

The Placement provides additional capital to support EOS as we finalise our Strategic Review. We are pleased to offer the opportunity for eligible shareholders to participate in the capital raising, at the same price as the Placement, under the SPP.

We look forward to updating the market on the finalisation of the Strategic Review, including ongoing funding initiatives and growth trajectory."

1H FY22 (6 months to 30 June 2022) Update

1H FY22 revenue has been impacted beyond typical seasonal factors due to two contract delays and the Federal election in May impacting new projects, resulting in expected 1H FY22 EBIT loss of ~A\$45m (unaudited) (A\$15m of this loss relating to SpaceLink).

The Company provides guidance that it expects FY22 revenue to be equal to or exceed FY21.

As at 31 May 2022, EOS had a cash balance of approximately A\$26 million (unaudited) and debt outstanding of A\$35 million (under the current working capital facility with RNC Nominees Pty Ltd (**RNC**), which matures on 6 September 2022). The Company will apply the proceeds of the Placement and SPP towards meeting the Company's working capital and near-term capital requirements. Further, the Company currently intends, among its other capital initiatives, to either seek to extend the existing RNC facility or seek alternative funding. There is no guarantee that the facility will be extended, or that alternative funding will be available.

Strategic Review

As previously announced, a range of strategic and funding options for the Company are actively being explored as part of the ongoing Strategic Review, with a view to maximising shareholder value. The recent volatility in capital markets has resulted in these discussions taking longer than expected.

The Strategic Review is actively exploring strategic options for SpaceLink, including investment by financial or strategic investors directly into the SpaceLink subsidiary. SpaceLink has an estimated capital requirement of US\$280 million (with a minimum of A\$85 million being required to progress SpaceLink to the next key milestone) and initial constellation revenue expected to be slightly more than US\$500 million. As announced on 29 March 2022, Export Finance Australia has issued a US\$80m non-binding letter of support for SpaceLink, conditional on certain matters including an agreed minimum amount of equity and an acceptable level of contingency funds. The Company is seeking to optimise the underlying value of SpaceLink whilst continuing to support and prioritise the profitable Defence business.

The Board remains focused to ensure the Company optimises shareholder value and prioritises the use of capital. There can be no guarantee that a transaction will result from the Strategic Review.

Placement

The Placement will involve the issue of approximately 12.5 million New Shares to institutional investors at an issue price of A\$1.20 per New Share (**Placement Price**) to raise A\$15 million, representing 8.3% of EOS current issued capital and pursuant to the Company's available placement under ASX Listing Rule 7.1 (**Placement Shares**).

The issue price of A\$1.20 per New Share represents a 22.1% discount to the last traded price of the Company's ordinary shares on ASX of A\$1.54 and a 20.0% discount to the 5-day volume weighted average price of the Company's ordinary shares as traded on ASX of A\$1.50 over the period up to and including 27 June 2022.

The New Shares issued under the Placement will rank equally with existing EOS ordinary shares on issue with effect from their date of issue.

Petra Capital Pty Limited has acted as sole lead manager and sole bookrunner to the Placement. The Placement was not underwritten.

Settlement of the Shares is expected to occur on 4 July 2022 with issue of Placement Shares expected to occur on or around 5 July 2022.

Share Purchase Plan

EOS has also announced a non-underwritten SPP to its existing Shareholders with a registered address in Australia and New Zealand as at 7.00pm (Sydney, Australia time) on the record date of 28 June 2022 (**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 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\$2 million via the SPP, however the board of directors of EOS (**Board**) reserves the right in its absolute discretion to accept applications from Eligible Shareholders in excess of A\$2 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 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 22 July 2022.

The SPP offer booklet (**SPP Offer Booklet**) containing further details of the SPP will be released separately and will be mailed to all Eligible Shareholders and is expected to be lodged with the ASX on 5 July 2022 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.

All of the Directors of EOS who are shareholders intend to participate in the SPP.

Timetable

The timetable below is indicative only and subject to change. EOS reserves the right to alter the dates at its discretion and without prior notice, subject to ASX Listing Rules and the *Corporations Act 2001 (Cth)*.

In particular, EOS reserves 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.

Event	Date
Record date for Eligible Shareholders to subscribe for New Shares under the SPP	7.00pm (Sydney, Australia time), 28 June 2022
Announcement of Placement and SPP - trading halt lifted and trading resumes on ASX	29 June 2022
Settlement of Shares under the Placement	4 July 2022
Issue of Shares under the Placement	5 July 2022
Dispatch of SPP Offer Booklet to Eligible Shareholders	5 July 2022

Opening date of SPP	9.00am (Sydney, Australia time) 6 July 2022
Closing date of SPP	5.00pm (Sydney, Australia time) 19 July 2022
Announcement of SPP results	22 July 2022
Issue of New Shares issued under the SPP	26 July 2022

ENDS

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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 are next-generation remote weapon systems, vehicle turrets, counter-UAS and C4 systems.
- Space Systems includes all EOS space and communications businesses, and operates as three entities – SpaceLink, EM Solutions and Space Technologies. SpaceLink is developing a constellation of Medium Earth Orbit satellites to create the communications superhighway for the space economy. EM Solutions provides global satellite communications services and systems. Space Technologies specialises in applying EOS-developed optical sensors to detect, track, classify and characterise objects in space and remains integral to research and development across the group.

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.