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ASX RELEASE

2026 Annual General Meeting
Chair of the People and Culture Committee's Address

Sydney, 19 May 2026

Electro Optic Systems Holdings Limited (**EOS** or **Company**) (ASX: EOS) provides the attached People and Culture Committee Chair's address to be delivered at today's Annual General Meeting commencing at 10.00am AEST at the offices of MinterEllison, Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000.

Authorised for release by the Chair of the People and Culture Committee of Electro Optic Systems Holdings Limited.

Further information:
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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 offered 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 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.

Electro Optic Systems Holdings Limited

2026 AGM Address

Chair of the People and Culture Committee – Robert Nicholson

Thank you Garry and good morning fellow shareholders. I am going to make a few comments regarding our remuneration report.

Background

The past year was the final year of our 3-year turnaround program, where significant progress has been made against our corporate strategy as demand for counter-drone remote weapons systems and high energy laser systems as well as space technology systems increased.

While not fully reflected in our 2025 financial performance, particularly revenue recognised in that year, the strong growth in our order book and prospective upside from our MARSS acquisition augers well for our future performance.

Our turnaround started in late 2022. The huge progress made since then reflects the hard work and growing skills, resources and capabilities of our still relatively small management team.

We delivered a net profit after tax, including the gain on sale of EM Solutions, of $17.5m and finished 2025 with a share price of $9.44.

Your Board believes we have attracted an extremely strong and experienced global executive team. In order to continue to motivate and retain that team and attract global talent as we continue to grow, including following the MARSS acquisition, our remuneration framework needs to be globally fit for purpose.

That is, our framework needs to provide remuneration opportunities that rival our often much larger, global competitors, both listed as well as often more nimble competitors supported by private capital. If we don't, we will likely struggle to attract and retain the right people.

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Short term incentive programme

Some shareholders and their representatives have asked for more detail regarding STI targets for 2025. As we highlighted on page 53 of the Annual Report, our STI measures included Group earnings, revenue, cash flow, order book and individual performance targets.

In response to the request of those shareholders details of our performance against the financial targets for the MD/CEO, which constitute 60% of the scorecard, are:

- Our revenue of $128.5 million and underlying EBITDA of -$24.4 million were both below the threshold set for 2025 as a result of delays in converting our growing order pipeline to revenue;

- Our cash collections from customers for the year were marginally (3%) below threshold for the year, again as a result of later/lower orders than expected for 2025; and
- Our confirmed orders for the year of $424 million, were close to our stretch target. This sets EOS up well for the years to come in which these orders are fulfilled.

In terms of the other performance measures for our CEO/MD:

- Strategic partnerships (13%) – performance was between target and stretch as the number of key agreements signed for the year exceeded our target;
- Growth in new markets (13%) – performance was at stretch as new product orders in new markets well exceeded our target levels for the year, expanding our global footprint and the opportunity for future orders in these new markets; and
- Company strategy (14%) – performance was at stretch as we continued to build bench strength in our leadership team, successfully executed on the strategy, particularly for our High Energy Laser Weapons and Space Systems businesses, successfully delivered on our new product development targets and made progress on our MARSS acquisition, about which Andreas spoke today.

As a result, our STI scorecard for 2025 for our MD/CEO was 56% of maximum and for our CFO/COO was 37% of maximum. The Board believes that these outcomes appropriately balance our financial performance in 2025 and the achievements and progress against our strategy that will result in increased orders and better financial performance in future years for the benefit of our shareholders.

The Board has taken on the feedback from our shareholders regarding our remuneration report and will provide more guidance as to the targets and performance against those targets in our next remuneration report.

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Long term incentive programme

Our LTI should be viewed in the context of our total remuneration policy. Our LTI opportunities are market competitive but not over generous for executives of the experience, qualifications and defence industry contacts that we have attracted. Our much larger international competitors can offer significantly larger packages.

Accordingly, the Board wishes the LTI to be challenging but also incentivising, retentive and ultimately rewarding for those executives if we deliver for shareholders.

In 2025, options and rights granted to our CEO/MD and CFO/COO in 2023 vested, the options having well exceeded the share price vesting targets set back in the 2022/23.

In line with many of our global peers, our long-term incentive (LTI) for FY25 and FY26 comprises new grants of performance tested options (75%) and service-based rights (25%).

A number of shareholders have questioned the inclusion of a service-based element in our LTI as this is not common in Australia, although it is in many markets where EOS is active. Service based rights were introduced into our LTI in 2022 during a difficult time for the company when this structure was considered necessary to attract new management to help turn the company around whilst retaining key executives.

We have continued that practice again this year as it is important to the competitiveness of our packages in a global market. Many of our key management are attractive candidates for our much larger global competitors. Global re-tooling of defence capabilities has led to significant demand for talent.

Our management team is truly a global team, reflective of our global business. You will see from page 14 of our Annual Report for 2025, 38% of employees were located outside of Australia including our CEO and a number of his direct reports. You will also see on pages 4 and 5 that, in addition to Australia, we have for some time operated notable facilities in the US, UK, Germany, UAE and Singapore, Netherlands and New Zealand. This global team will only grow following completion of the MARSS acquisition.

A number of shareholders have questioned the tranche vesting of our LTI and the ability for any options in a tranche that do not vest to be added to the next tranche to be tested. As each of you know, EOS operates in a highly volatile industry, with timing of orders of defence weaponry having long gestation times. This is the case for much of the global defence procurement sector.

The testing of the options on the second, third and fourth anniversary of grant and the potential for retesting of options that do not vest, while not ASX300 standard, is appropriate for EOS because of that high level of uncertainty in timing of orders being confirmed and programmes implemented.

The Board's intent with the LTI is that management are incentivised to continue to grow our order book, our revenues, our profits and our share price (and not be lured away by deep pocketed global competitors).

The exercise price for the options being proposed at the AGM is $9.01. Our share price this calendar year has varied between $5.86 and $11.74. Industry speculation, the announcements of competitors and delays in orders being confirmed (for us and even others in our industry) can have a material impact on our share price and could very quickly render the options in a tranche valueless to our executives.

We know non-vesting of LTI due to factors outside management's control when they are delivering on strategy is demotivating to executives and potentially raises a retention risk. Accordingly, the Board is satisfied that having three tranches of options vesting across three performance periods where our large order book will be fulfilled and shareholders will have benefitted is fit for purpose for EOS.

While we acknowledge that a 2-year period for Tranche 1 is shorter than standard, the 4-year period for Tranche 3 is longer than many of our ASX 300 peers.

The performance tested component requires EOS' total shareholder return (or TSR) to match the ASX Emerging Companies Index at the relevant test date for half of the available options to vest. For the maximum number of options to vest, EOS' TSR must equal or exceed 200% of that Index (with straight line vesting between those two points).

A shareholder asked how this scale works when the Index return is negative. The Board's policy is that if the index is negative our result needs to be half that of the index. That is, in the same way as if the Index return is 10%, outperformance will be 20%, if the index is -20% for the period, outperformance will occur where EOS' TSR performance is -10% over the performance period. We can ensure that this is more clearly articulated in future.

Your Board is committed to having a fit for purpose remuneration framework having regard to the markets in which we compete for talent. We will ensure in future remuneration reports that we provide clear rationale for the elements of the framework, especially where they may differ from ASX300/Australian norms.

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Minimum shareholdings

As we announced to the market in March this year, we introduced a minimum shareholding policy that requires the CEO/MD to hold a minimum shareholding equal in value to 400% of his fixed annual remuneration and for the CFO/COO to hold 300% of his fixed annual remuneration in shares. These levels are much higher than is typically the case for other companies that have adopted such policies.

Following adoption of this policy and noting neither executive had sold any shares since joining EOS in 2022, we permitted both executives to sell a number of shares acquired on exercise of their options. To date, those sales have resulted in executives retaining holdings well above what is required by the policy. The Board remains committed to our Policy requiring executives to maintain a material shareholding in EOS.

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Non-executive director fees

Finally, we reviewed and adjusted Non-Executive Director fees were adjusted at the beginning of 2026. These changes ensure that our fees remain competitive in attracting and retaining directors with the experience and expertise necessary to support EOS's strategic direction. Garry has already mentioned today our proposal to appoint two new directors to our board.

The Board thanks you for your continued support of the company.