

## DroneShield 2026 AGM Report

<b>ASX code</b>	DRO
<b>Meeting date</b>	Friday, 29 May 2026
<b>Type of meeting</b>	Physical meeting with live webcast, not hybrid
<b>Monitor</b>	Mary Curran and Rachel Waterhouse
<b>Pre-AGM meeting</b>	No pre-AGM meeting held

### Meeting Statistics

<b>Number of holdings represented by ASA</b>	34
<b>Number of shares represented by ASA</b>	875,354
<b>Value of shares represented by ASA</b>	\$2.79 million
<b>Total number attending meeting</b>	30 registered voting holders in the room, with a further 61 registered non-voting holders online.
<b>Market capitalisation</b>	\$2.94 billion
<b>ASA open proxies voted</b>	ASA voted against the adoption of the remuneration report and MD performance options, and voted for Director Hamish McLennan and maximum aggregate amount of non-executive directors fees.

*Monitor Shareholding: One individual involved in the preparation of this report has a shareholding in this company.*

DroneShield Limited held its 2026 Annual General Meeting on Friday, 29 May 2026 in Sydney as a physical meeting with a live webcast. ASA was disappointed that the meeting was not held as a hybrid AGM, as hybrid meetings provide broader access and participation rights for shareholders who cannot attend in person. ASA was represented by Rachel Waterhouse and Mary Curran. In its Voting Intentions Report, ASA voted against the Remuneration Report and the issue of performance options to Managing Director Angus Bean, supported the increase in the non-executive director fee pool, and was undecided on the election of Chair-elect Hamish McLennan pending further discussion at the meeting.

From ASA's perspective, the AGM highlighted the tension between DroneShield's strong commercial momentum and the governance expectations that come with rapid growth into the S&P/ASX 200. The company presented strong FY2025 and first quarter FY2026 results, growth in recurring revenue, a debt-free balance sheet and a broader customer base. However, shareholder questioning and voting outcomes showed that remuneration, board capacity, director alignment, governance uplift and the ongoing ASIC investigation remain important issues for investors.

DroneShield reported FY2025 revenue of \$216.5 million, up 276% on FY2024, SaaS revenue of \$11.6 million, underlying EBITDA of \$36.5 million, statutory profit after tax of \$3.5 million and cash and term deposits of \$210 million. The Chair also noted that the company entered the S&P/ASX 200 in September 2025.

The company also reported a strong start to FY2026, with first quarter revenue of \$74 million, customer cash receipts of \$77 million and net cash flow from operations of \$24.1 million. DroneShield advised that ASX had confirmed it was no longer required to lodge quarterly Appendix 4C reports, following its fourth consecutive quarter of positive operating cash flow.

Management discussed the company's expansion beyond military customers, including government, law enforcement, critical infrastructure, airports, public safety, agriculture, and commercial applications. The company also highlighted its AI-enabled counter drone and counter uncrewed systems technology, increasing software and services revenue, and next generation product launches planned from the third quarter of 2026 through to 2027.

DroneShield outlined its 2030 goal of reaching \$1 billion in revenue, with more than 30% from recurring revenue. Recurring revenue was 7% in the first quarter of FY2026 and represented 13% of committed FY2026 revenue.

Management noted that orders generally include recurring revenue components and said future market updates would focus on committed revenue, material contract announcements and strategic priorities. The company also said that providing too much pipeline visibility could create a competitive disadvantage in a globally contested market.

When questioned, management indicated that despite the focus on growing recurring revenue, there are no current plans to pay dividends.

Growth in the business was also evident in staffing and operations. The Chair said DroneShield's team had grown from 250 to approximately 520 employees across seven countries, with more than 70% of the Australian workforce made up of engineers, product developers and technicians. The company has moved production to a new Sydney facility, opened a dedicated R&D facility in South Australia, and commenced manufacturing capability in Europe.

Governance was a major focus of shareholder questioning. DroneShield outlined its recent governance uplift, including the corporate governance review conducted by Herbert Smith Freehills Kramer, enhanced trading and continuous disclosure policies, a Disclosure Committee, clarified blackout periods and approval processes, a "front page" test for employee trading, a Minimum Shareholding Policy for directors and senior executives, and the search for additional independent non-executive directors.

The ASIC investigation was also raised. The company said it had received a notice from ASIC requiring assistance in connection with an investigation relating to events in November 2025, that it would cooperate fully, and that it could not comment further while the investigation remained ongoing.

Board renewal was another important theme. Outgoing Chair Peter James was thanked for his service, including his role in the company's development from before its 2016 IPO through to its current position as a global counter drone technology company. Mr McLennan attended the meeting as Chair-elect and became Chair at the conclusion of the AGM. The company also noted that it is continuing to evolve the board and bring additional skills to support the next stage of growth.

ASA had entered the meeting undecided on Mr McLennan's election, reflecting questions raised in the Voting Intentions Report about his capacity, the alignment of his experience with DroneShield's needs as a rapidly growing defence technology company, and governance concerns associated with the proposed Chair-elect share grant. Following the discussion at the meeting, including Mr McLennan's confirmation that he had sufficient time for the role, his commitment to review remuneration for the following year, and his commitment to support appropriate governance settings for the company's next stage of growth, ASA voted in favour of his election.

ASA also asked about director "skin in the game". While Chair-elect Hamish McLennan has been issued equity, ASA noted that genuine alignment with shareholders is strengthened when directors also purchase shares personally. Hamish McLennan, Richard Joffe and Simone Haslinger indicated they intend to begin purchasing shares when permitted, subject to blackout periods and the company's securities trading policy.

The most significant voting outcome was the Remuneration Report, which received 50.51% of votes against on the poll, resulting in a first strike. This compared with 21.46% against the Remuneration Report at the 2025 AGM. The ASX results also show that Mr McLennan's election was carried with 82.43% support, the increase in the non-executive director fee pool was carried with 87.19% support, and the issue of performance options to Mr Bean was carried with 55.80% support, although it attracted a significant 44.20% vote against.

ASA's concerns on remuneration were consistent with those set out in the Voting Intentions Report. These included the level of realised CEO remuneration, the absence of effective windfall protection on option grants, the continued reliance on options, the use of revenue as the primary incentive hurdle, and the need for clearer disclosure on malus and clawback provisions, particularly in light of the ASIC investigation.

ASA supported the increase in the non-executive director fee pool, noting DroneShield's growth into the S&P/ASX 200, the expansion of the board, the transition to a cash-only fee structure and the increasing committee workload. ASA voted against the issue of performance options to Mr Bean because it prefers performance rights over options and supports a more balanced set of performance measures than a single revenue-based hurdle.

Overall, shareholders recognised DroneShield's commercial momentum, but the first strike and the volume of governance-related questions showed that investors expect governance, remuneration and disclosure practices to keep pace with the company's rapid growth. The Chair-elect's commitment to review remuneration for the following year was an important signal to shareholders. From ASA's perspective, the next step is for the board to demonstrate how the remuneration framework, governance settings and shareholder communication will evolve as DroneShield moves into its next stage as a larger ASX-listed company.

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