

Image: RfZero™ sensor on a Polaris MRZR during the US DoD trials



DRONESHIELD

Investor Presentation
August 2020



Key Highlights

- Counterdrone market continues to rapidly expand, expecting to reach US\$4.5 billion by 2026¹
- DroneShield positioned as the pioneer and a leader in the space with a number of differentiated products
 - Rising international tensions driving increases in security and defence budgets
- High conviction, near term pipeline of \$85 million+²
- Key revenue themes:
 - Middle Eastern MOD purchases
 - US Government and DoD
 - Australia and NZ Government and MOD
 - EU Police Framework Agreement
 - Airports (European, in particular)
- A number of additional revenue drivers include UK (BT partnership), other European customers (incl EU Police), and in-country partners in 100+ countries



Australian military with DroneSentinel™



French President Emmanuel Macron with DroneGun Tactical™

¹ Grand View Research: <https://www.grandviewresearch.com/press-release/global-anti-drone-market>

² Necessarily, not all, and there can be no assurance that any, of the Company's sales opportunities will result in sales



Rapidly Rising Momentum

Record quarterly sales revenue, recent contract wins and successful trials set to drive growth

- DroneShield has posted a record 2Q20 quarter, with approx \$2.1 million in customer and grant cash receipts and a further \$700,000 non-dilutive funding
- Bank balance approx \$4.0 million as at 30 June 2020, with monthly fixed costs of approximately \$450,000 (much of it being ongoing product development)
 - Increase of \$500,000 vs 1Q20 quarter in bank balance
- Recent Contract wins and successful trials with high profile marquee customers, across a range of DroneShield products:
 - EU Police 4 year framework agreement for DroneGun Tactical™ units
 - US State Department order for RfPatrol MKII™, DroneGun MKIII™ and DroneNode™
 - USAF order for DroneSentry™ deployment
 - European Ministry of Defence purchase of RadarZero™ and DroneShieldComplete™
 - Airport deployment of DroneSentinel™ with Deutsche Telekom, in a lead of a major deployment with European airports in late 2020
 - Purchases of RfPatrol™ and DroneGun Tactical™ units by Australian and NZ militaries
- The Company continues to work towards the execution of a formal contract in relation to the previously announced \$70 - \$85 million Middle Eastern bid.
- The Company is continuing to move into the SaaS space by subscription pricing on a range of its products



Shipments of DroneShield products in final QA testing and ready for dispatch



COVID-19 Impact

Diversified industry verticals and increased military spending mitigate impact of COVID-19

- DroneShield has experienced substantial demand and interest in its products, throughout the COVID-19 period, despite some markets (e.g. Europe and to a lesser degree, the Middle East) slowing down procurements in the period
- The crisis did not result in any of the customer orders for DroneShield's products being cancelled, nor did it result in any potential customers declining to purchase the Company's products
- Majority of customers are governmental agencies resulting in a lower credit risk in the current environment compared to that faced by businesses whose customers are private enterprises and consumers
- Military and Government agencies remain substantially unaffected by COVID-19 and have experienced an increase in budget driven by macro-economic tensions and as a means of additional Government investment to stimulate the economies
- Airports vary considerably depending on region. European focus on counterdrone deployments continues, substantially funded by the Governments
- Stadiums and Events have largely slowed down as a result of COVID-19, however target verticals such as Oil & Gas, Mining, Law Enforcement and Maritime & Vessels all substantially unaffected, with budgets either unaffected or increased in recent months
- Supply chain and manufacturing capabilities remain intact and have ramped up following the opening of a new manufacturing facility in Western Sydney

1. <https://www.abc.net.au/news/2020-06-30/australia-unveils-10-year-defence-strategy/12408232#:~:text=Scott%20Morrison%20has%20committed%20%24270,epicentre%22%20of%20rising%20strategic%20competition>
2. <https://www.cnbc.com/2019/11/01/european-defense-spending-to-hit-300-billion-by-2021-analysts-say.html>
3. <https://www.euractiv.com/section/defence-and-security/news/military-spending-saw-biggest-increase-in-a-decade-in-2019/>

NEWS

POLITICS

Australia to spend \$270b building larger military to prepare for 'poorer, more dangerous' world and rise of China



AEROSPACE & DEFENSE

Europe's defense spending nears \$300 billion as experts say Trump's pressure is paying off



/ Europe

Global defence spending sees biggest rise in a decade, report says

THE WALL STREET JOURNAL

WORLD

U.S.-China Rivalry Pushes Rise in World-Wide Military Spending, Report Finds

4. <https://www.france24.com/en/20200214-global-defence-spending-sees-biggest-rise-in-a-decade-report-says>
5. <https://www.wsj.com/articles/u-s-china-rivalry-pushes-rise-in-world-wide-military-spending-report-finds-11581698608>



Recent Material Announcements

Momentum increases with marquee new clients and scope for larger orders

European Airport Trial	<p>27 July 2020</p> <ul style="list-style-type: none">▪ Successfully completed a trial deployment of its DroneSentinel™ system at a mid-tier European airport▪ Evaluation is expected to substantially shape the requirement for a large multi-million dollar European airports tender expected to be released prior to year end▪ Now seeing airports, particularly in Europe, mobilising their procurement selection processes towards wide roll-outs of counterdrone systems
European Ministry of Defence Order	<p>24 July 2020</p> <ul style="list-style-type: none">▪ DroneShield received an order from a European Ministry of Defence customer, worth A\$100,000 in sales proceeds▪ Order was for DroneShield's RadarZero™ portable counterdrone system and is an evaluation order expected to lead to additional deployments with the Ministry of Defence customer▪ Sale represents the Company's first order from this European military
United States Air Force Contract	<p>23 July 2020</p> <ul style="list-style-type: none">▪ United States Air Force ("USAF") awarded DroneShield an approximately US\$200,000 contract to deploy multiple units of DroneShield's DroneSentry™ integrated detect-and-defeat counterdrone system, for use at the Grand Forks airbase in North Dakota, USA▪ As part of the contract, the USAF acquired an option to acquire additional systems following the initial deployment▪ Contract represents DroneShield's first USAF deployment, one of the most demanding customers in the world
European Union Police	<p>21 May 2020</p> <ul style="list-style-type: none">▪ DroneShield's DroneGun Tactical™ was selected after a competitive tender as the preferred solution by the European Union police forces▪ Under the framework agreement, DroneGun Tactical™ is expected to be rolled out across a range of police across the European Union▪ DroneShield expects the agreement to produce material period sales over an extended period of time, with orders commencing this quarter▪ Framework is expected to be a platform for sales of other products to EU police departments (RfPatrol™, vehicle and fixed site products)
Shipment of Middle Eastern Order	<p>30 March 2020</p> <ul style="list-style-type: none">▪ DroneShield shipped the remainder of the DroneGun Middle Eastern Ministry of Defence order previously announced to the market in June 2018▪ Remaining customer payment due to DroneShield under this contract is approximately US\$1.8 million (A\$3.0 million)
United States Government Agency Order	<p>9 March 2020</p> <ul style="list-style-type: none">▪ DroneShield received an order worth approximately \$460,000 from a major agency of the US Government▪ Order follows several smaller orders received from customers such as major Government agencies across several countries, in anticipation of larger contract awards



How is DroneShield Differentiated?

Best in class performance validated through tier 1 customer relationships



Validation through Orders and Deployments



- Examples only - most of the orders and deployments are confidential in nature and customers cannot be disclosed



Validation Through Customer Partnerships

THALES



Collins Aerospace



STC
الاتصالات السعودية
Specialized



Deutsche Telekom



BOSCH



Team

- World class talent
- One of the largest industry teams across 3 continents
- Defence Innovation Network grant - access to NSW universities



Patents and Certifications

- NATO Stock Number
- CE Certified
- GSA Schedule
- SAR Safety Testing
- French military safety standards
- Safety for Airport Use Testing
- UK Government CPNI certified

Best in Class Performance



Multi-Sensor
Detection, ID
and Tracking



Up to 8km
detection range



Up to 2km
defeat range

Multi-Platform Products



Body-worn



Vehicle



Fixed site



Branding

- Strong brand
- Recognisable globally for innovation and quality



Additional Investment to Capitalise on Current Momentum

■ Uses of Funds – an investment in rapid growth opportunities currently opening up

- Sales and marketing resourcing (team and inventory) in the US to support current momentum
- Resourcing (including inventory) to support offered airport trials
- Scaling up of the Australian engineering team to support rapid refinement of products in response to end user feedback and increasing robustness of the software backbone to support wide rollouts
- Team scale up includes reinstating part time team members back to full time (reduced at the early stage of COVID-19 in expectation of market slow down)
- Investment in long lead items for sale inventory to enable rapid sales and demos

■ Deployment of additional resourcing (team and products) to be applied to current opportunities including:

- Newly created momentum in the US, with a range of Government and military agencies looking to acquire counterdrone systems in the near term
- Current growing momentum with:
 - i. European Government and military agencies
 - ii. Asian military
 - iii. Government counterdrone spending momentum (including Japan, Indonesia, Thailand and Malaysia)
 - iv. Australian military
 - v. European airport deployments
- Continue to rapidly evolve existing product offering, e.g.
 - i. Continue to improve ruggedisation
 - ii. MIL-SPEC certifications
 - iii. Optimise new products such as the on-vehicle offering
 - iv. Refining the Command-and-Control software back-end to support mass product rollouts of the systems
- Resourcing into Artificial Intelligence software to support the SaaS model rollout
- Invest in long lead inventory items to cut down on manufacturing timeframes
- Continue to scale up manufacturing operations



DroneShield product evaluations



Investment Highlights

■ Large and expanding addressable market

- Counterdrone market continues to rapidly expand, expected to reach US\$4.5 billion by 2026¹
- Rising international tensions driving increases in security and defence budgets
- DroneShield is positioned as the pioneer and a worldwide leader in the space, with a number of differentiated products

■ Best-in-class technology quality validated by tier 1 customers

- Recent material orders from the Australian Defence Force, United States Government Agency, European Union Police, United States Air Force and European Ministry of Defence
- Customer partnerships with Thales, Collins Aerospace, Saudi Telecom, Bosch and British Telecom

■ High-conviction, near term pipeline of \$85.0 million+ and multiple revenue driving opportunities

- Middle Eastern MOD purchases
- US Government and DoD
- Australia and NZ Government and MOD
- Airports (European, in particular)
- EU Police Framework Agreement

■ Momentum building across several verticals set to drive near term revenue

- Increasing government expenditure due to COVID-19 and increasing geopolitical uncertainty driving increases in military expenditure
- Target verticals such as Oil & Gas, Mining, Law Enforcement and Maritime & Vessels all substantially unaffected by COVID-19, with budgets either unaffected or increased in recent months
- Other revenue drivers include the UK (through the BT partnership), European customers, in-country partners in 100+ countries
- Framework model (as demonstrated by EU Police agreement) set to drive sales of additional products and to additional departments of existing customers



US Army reviewing DroneShield products

¹ Grand View Research: <https://www.grandviewresearch.com/press-release/global-anti-drone-market>

² Necessarily, not all, and there can be no assurance that any, of the Company's sales opportunities will result in sales



Contact Details

Level 5, 126 Phillip St
Sydney, NSW 2000
Australia

4150 Weeks Dr
Warrenton, Virginia 20187
USA

Phone: +61 2 9995 7280
+1 (540) 215-8383

Email: info@dronesield.com





DRONESHIELD

Appendices



C-UAS: Large and Rapidly Growing Addressable Market

Military



Oil & Gas and Mining



Law Enforcement



Critical Infrastructure



Prisons



Airports



Events



Venues / Stadiums



VIPs



Maritime and Vessels





What Can a Drone Do?

Payload Delivery

- Nefarious payload (in addition to camera)
- Difficult to confirm until after payload release
- Examples: bombs/CBRN on targets or contraband to a prison

ISR (Intelligence, Surveillance and Reconnaissance)

- Used to gather intelligence of any kind
- ID timing and location or capture images
- Includes directing fires

Nuisance

- Wrong place, wrong time
- Can create major disruptions, such as at Gatwick Airport



Response Actions

Detect

- Is there something unexpected flying in the vicinity?

Track

- Where is it now?
- Where did it come from?
- Where is it likely going?

Identify

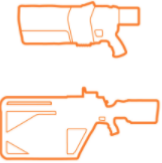




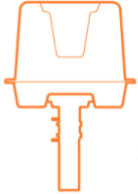

























- What is it?
- Is it hostile? Potentially? Likely?

Defeat

- Once determined a risk, how to mitigate or eliminate that risk?



Best Product for Each Mission

	BODY-WORN			VEHICLE/STATIONARY			STATIONARY	
	 DroneGun MKIII DroneGun Tactical	 RfPatrol	 DroneNode	 DroneSentry-X	 DroneCannon RW	 RfZero	 DroneSentinel	 DroneSentry
Detect/ID		4 km		2 km		5 km	8 km	8 km
Real Time Tracking								
Defeat	2 km		1 km	1 km				2 km
UI & Reporting								



DroneGun Tactical™

- Disruption range up to 2km
- Completely application built, Robust Rifle Style Design
- Lightweight, Efficient and Directional Antennas
- Optional GNSS disruption capability (GPS, GLONASS, BeiDou, Galileo)
- Battery life: 2+ Hours (Aggregate operational time per charge)
- Designed for easy operation with minimal technical training
- 7.3kg weight (including battery)
- Dimensions: 1041mm x 122mm x 421mm
- Common NATO-standard military grade battery
- Operating temperature: -20° to + 55° C
- Designed to IP54
- Frequencies: 433Mhz (optional activation), 915Mhz (optional activation), GNSS L2 & L1 (optional activation), 2.4GHz ISM, 5.8GHz ISM
- Safety: military certifications for safety to proximity to personnel, ammunition and fuels





DroneGun MKIII™

- Disruption range up to 1km
- Designed for one handed operation 1.95kg (including battery)
- Optional GNSS disruption capability
- 1 hr+ with continuous use
- Designed for easy operation with minimal technical training
- Dimensions: 629mm x 393mm x 209mm
- Disrupts: drone control and video links
- Common NATO-standard military grade battery
- Operating temperature: -20° to + 55° C (-4°F to +131°F)
- Designed to IP55
- Frequencies: 433Mhz (optional activation), 915Mhz (optional activation), GNSS L2 & L1 (optional activation), 2.4GHz ISM, 5.8GHz ISM





RfPatrol MKII™

- 800g weight (plus 380g battery)
- Technology: Software Defined Radio
- Detects: Drone Video & Control links
- Common NATO-standard military grade battery
- Operating temperature: -20° to + 50° C
- Designed to IP67
- Detection range up to 4km
- Signal strength indicator
- Completely passive – no RF emissions
- Ability to detect drones on a broad range of frequencies across
- Regular drone signature updates as new protocols come out
- 10+ hours on single battery charge, ability to connect to mains



*Two Australian military RfPatrol™ tenders
awarded in 2019*



- **Integrated Detection:** Combining all of DroneShield's detection sensors into one product
- **Modular:** A compact design allows for effective transport and assembly
- **Durable:** Weather-resistant and rugged design protects the technology in harsh environments





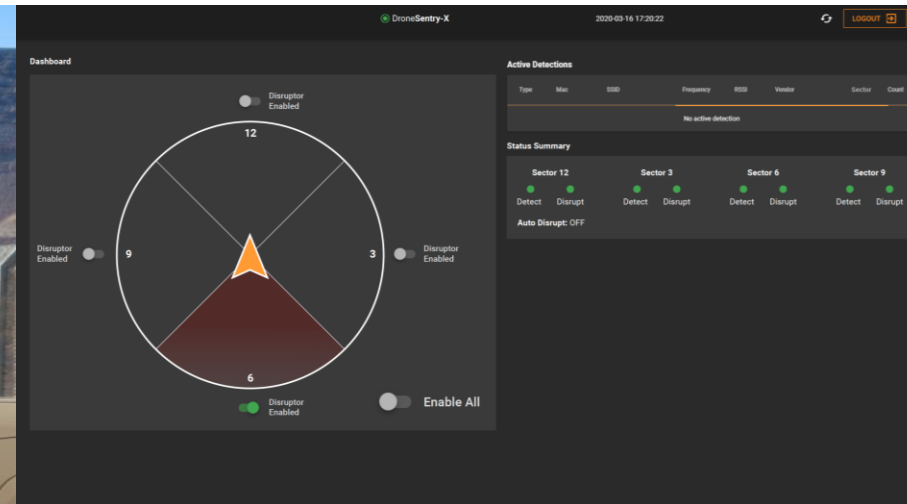
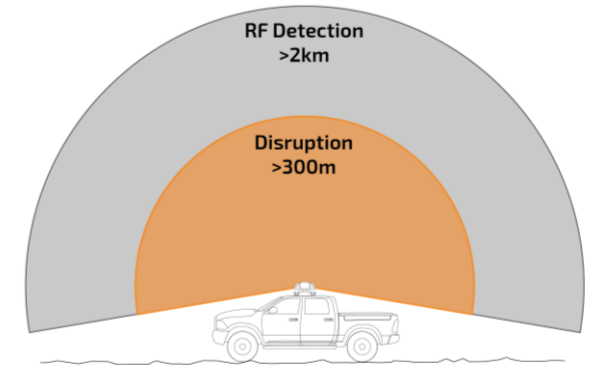
- **Cost-effective:** omni-directional drone detection capability for cost-sensitive deployments
- **Rapidly deployable:** plug and play functionality
- **Vehicle or Site deployments:** can be used in on-the-move vehicles or deployed at a site





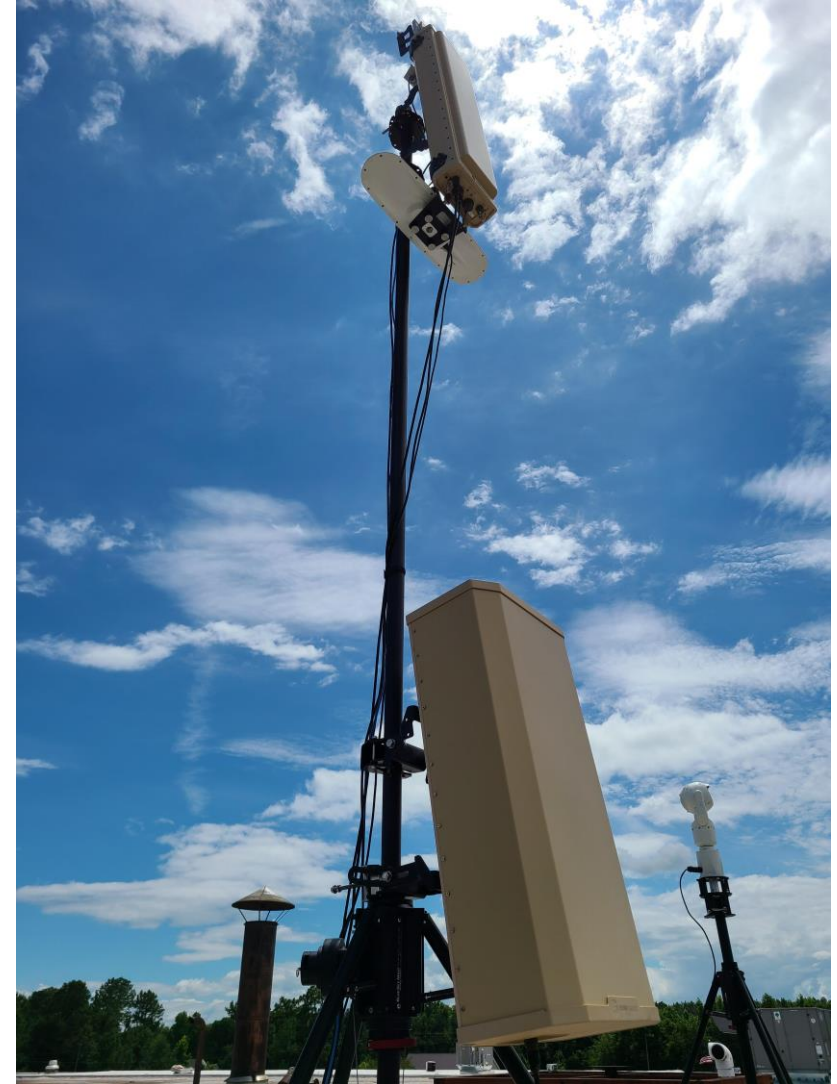
DroneSentry-X™

- **Combined Detect and Defeat Solution:** Automatically detects and disables incoming drone threats
- **Integrated:** connects into vehicle's main battle management system
- **Anti-Swarming Capability:** Effectively disables multiple incoming drone threats within its effective range, 4 quadrants
- **Ruggedized:** Designed to IP66, weather-resistant and rugged design protects the technology in harsh environments
- **Range:** Up to 2km detection and 300m defeat





- **Integrated Detect and Defeat Solution:** Automatically detects and disables incoming drone threats
- **Anti-Swarming Capability:** Effectively disables multiple incoming drone threats within its effective range
- **Modular:** A compact design allows for effective transport and assembly
- **Durable:** Weather-resistant and rugged design protects the technology in harsh environments
- **Range:** Up to 8km detection and 2km defeat
- **DroneCannonRW™** – the variant mounting to a Remote Weapon Station



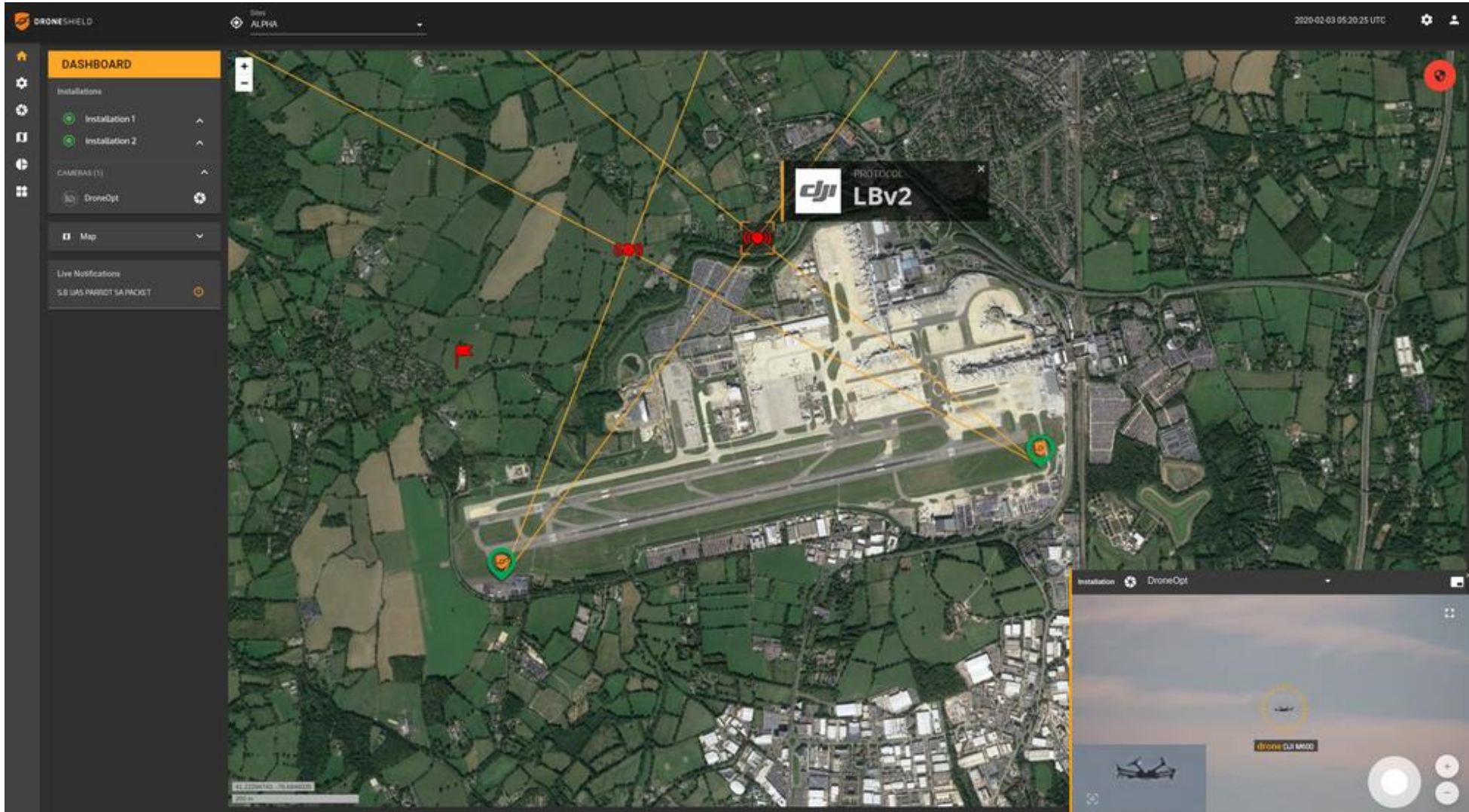


- **Inconspicuous Design:** Subtle, non threatening form factor provides protection without inciting public concern.
- **Rapid Deployment:** DroneNode can be deployed, activated and packed away in seconds. The perfect choice for drone defence on the go
- **Extended Range:** Up to 1km defeat range
- **Swarm Ready:** DroneNode will engage and neutralise a swarm of multiple drones simultaneously
- **Battery Powered:** DroneNode is powered by a NATO approved self contained battery with room for a second battery stored in the accessories tray





DroneShieldComplete™ - User Interface and Reporting Suite





Board of Directors

Accomplished and experienced team



Peter James
Independent Non-Executive Chairman

- Mr. James joined DroneShield's Board of Directors in April 2016
- Mr. James has over 30 of experience in the Technology, Telecommunications and Media Industries
- Mr. James recently completed 12 years on iiNet's Board of Directors after overseeing its sale to TPG Telecom for \$1.3 billion in September 2015
- BA, Computer Science and Business, University of Canberra
- Fellow, Australian Institute of Company Directors



Oleg Vornik
CEO / Managing Director

- Mr. Vornik joined DroneShield's Board of Directors in January 2017, and with the business since 2015
- Mr. Vornik is responsible for overseeing DroneShield's market strategy and daily operations
- BS (Honours), Economics and Mathematics, University of Canterbury
- Business Program, Columbia University



Jethro Marks
Independent Non-Executive Director

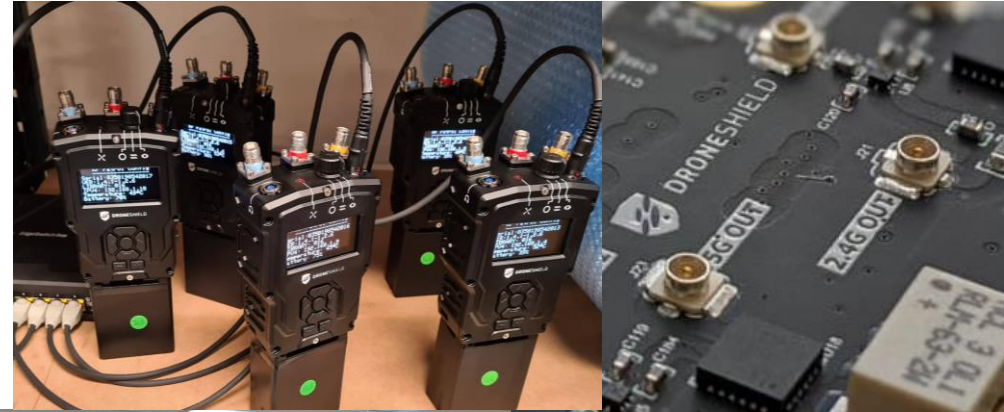
- Mr. Marks joined DroneShield's Board of Directors in January 2020
- CEO and co-founder of the Mercury Retail Group, an eCommerce retail, services, logistics and outsourcing business
- Mr Marks brings to the Board extensive commercial experience in successfully scaling a multinational business
- University of Auckland, with a Bachelor of Commerce (Honours)



Our Expertise Areas

Australian company with local capability and globally leading experience in

- RF/Electronic Warfare
- Artificial Intelligence
- Rapid product development
- Systems integration – front and back-end





Important Notice and Disclaimer

These presentation materials (the **Presentation Materials**) are confidential and have been prepared by DroneShield Limited (**Company**). By receiving the Presentation Materials, you acknowledge and represent to the Company that you have read, understood and accepted the terms of this disclaimer. It is the responsibility of all recipients of these Presentation Materials to obtain all necessary approvals to receive these Presentation Materials and receipt of the Presentation Materials will be taken by the Company to constitute a representation and warranty that all relevant approvals have been obtained.

NOT AN OFFER

These Presentation Materials are for information purposes only. The Presentation Materials do not comprise a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with the Australian Securities and Investments Commission) or any other law. The Presentation Materials also do not constitute or form part of any invitation, offer for sale or subscription or any solicitation for any offer to buy or subscribe for any securities nor shall they or any part of them form the basis of or be relied upon in connection therewith or act as any inducement to enter into any contract or commitment with respect to securities. In particular, these Presentation Materials do not constitute an offer to sell or a solicitation to buy, securities in the United States of America.

NOT INVESTMENT ADVICE

The Presentation Materials are not investment or financial product advice (nor tax, accounting or legal advice) and are not intended to be used for the basis of making an investment decision. Recipients should obtain their own advice before making any investment decision.

SUMMARY INFORMATION

The Presentation Materials do not purport to be all inclusive or to contain all information about the Company or any of the assets, current or future, of the Company.

The Presentation Materials contain summary information about the Company and its activities which is current as at the date of the Presentation Materials. The information in the Presentation Materials is of a general nature and does not purport to contain all the information which a prospective investor may require in evaluating a possible investment in the Company or that would be required in a prospectus or product disclosure statement or other offering document prepared in accordance with the requirements of Australian law or the laws of any other jurisdiction, including the United States of America.

The Company does not undertake to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

FORWARD LOOKING STATEMENTS

Certain statements contained in the Presentation Materials, including information as to the future financial or operating performance of the Company and its projects, are forward looking statements. Such forward looking statements:

- a) are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies;
- b) involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward looking statements; and
- c) may include, among other things, statements regarding estimates and assumptions in respect of prices, costs, results and capital expenditure, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions.

The Company disclaims any intent or obligation to publicly update any forward looking statements, whether as a result of new information, future events or results or otherwise.

The words “believe”, “expect”, “anticipate”, “indicate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward looking statements.

All forward looking statements contained in the Presentation Materials are qualified by the foregoing cautionary statements. Recipients are cautioned that forward looking statements are not guarantees of future performance and accordingly recipients are cautioned not to put undue reliance on forward looking statements due to the inherent uncertainty therein.

NO LIABILITY

The Company has prepared the Presentation Materials based on information available to it at the time of preparation. No representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information, opinions and conclusions contained in the Presentation Materials. To the maximum extent permitted by law, the Company, its related bodies corporate (as that term is defined in the *Corporations Act 2001* (Commonwealth of Australia)) and the officers, directors, employees, advisers and agents of those entities do not accept any responsibility or liability including, without limitation, any liability arising from fault or negligence on the part of any person, for any loss arising from the use of the Presentation Materials or its contents or otherwise arising in connection with it.

CONFIDENTIAL

The contents of these Presentation Materials are confidential. These Presentation Materials are being provided to you on the condition that you do not reproduce or communicate them or disclose them to, or discuss them with, any other person without the prior written consent of the Company.

This investor presentation has been authorised for release to the ASX by the Board.