

\$70m Fully Underwritten Placement and up to \$5m SPP

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Key Highlights

- DroneShield is raising approximately \$70 million via a fully underwritten Placement.
- DroneShield is also undertaking a Share Purchase Plan (**SPP**) to raise up to \$5 million, providing the opportunity for all shareholders to participate in the capital raising¹.
- Post transaction pro forma cash balance of approximately \$132 million² will fund the build-up of inventory to support the strong pipeline of high-quality customer opportunities and the scaling of the engineering team to accelerate development of in-house artificial intelligence (AI) and machine learning (ML) engines and capabilities.
- Sales pipeline of over \$500 million with over 90 qualified projects at different stages with high quality government customers; \$27 million in contracted sales orders currently being fulfilled.
- DroneShield looking to capitalise on strong momentum experienced in the first quarter of 2024 and favourable geopolitical environment with the use of drones continuing to headline armed conflicts globally.
- Signing of NATO Framework Agreement for Counter-small UAS a significant milestone for DroneShield, with total order of magnitude of sales under the framework expected to be significant.
- Record \$55.1 million revenue for 2023 (up 226% on previous record year). Company has also now turned profitable, with profit after tax of \$9.3 million in 2023.

DroneShield Limited (Company) (ASX:DRO) is pleased to announce it is raising \$70 million through a fully underwritten placement of new fully paid ordinary shares in the Company (**Shares**) to sophisticated, professional and institutional investors (**Placement**). In conjunction with the Placement, the Company will provide eligible shareholders with the opportunity to participate in a SPP to raise up to \$5 million.

Net proceeds raised from the Placement and SPP will be used to build up inventory to support DroneShield's strong pipeline of high-quality customer opportunities as well as the scaling of the engineering team to accelerate development of in-house artificial intelligence (**AI**) and machine learning (**ML**) engines and capabilities for enhanced detection, identification and response of drone threats.

¹ The Company reserves the right to scale back applications or increase the size of the SPP in its absolute discretion.

² Using cash balance as at 31 March 2024 including committed supply chain payments for inventory of \$35.4m over the next 9 months. Assumes placement of \$70m and fully subscribed SPP of \$5m excluding transaction costs.

Details of the Placement

The Placement will result in the issue of approximately 87.8m Shares to sophisticated, professional and institutional investors at an issue price of \$0.80 per Share (**Placement Price**). The Placement Price represents a 28.6% discount to the last traded price of the Company's Shares on ASX of \$1.12 and a 18.9% discount 5-day volume-weighted average price of the Shares as traded on ASX of \$0.986 over the period up to and including 17 April 2024.

The Placement will take place in a single tranche pursuant to the Company's available placement capacity under ASX Listing Rule 7.1.

Settlement of the Placement is expected to take place on 26 April 2024, with allotment expected to occur on 29 April 2024. Shares issued under the Placement will rank equally with DroneShield's existing shares.

Bell Potter Securities Limited (**Bell Potter**) is acting as the Company's corporate advisor and Bell Potter and Shaw and Partners Limited (**JLMs**) are acting as Joint Lead Managers, Bookrunners and Underwriters to the Placement.

Further information on the Placement and the use of proceeds can be found in the presentation lodged on the ASX platform today.

Details of Share Purchase Plan

In conjunction with the Placement, the Company will provide eligible shareholders with a registered address in Australia, New Zealand, Singapore, Hong Kong, Germany, the United Kingdom, the United States (but only US shareholders who are "accredited investors" as defined in Rule 501(a) under the US Securities Act of 1933) and the Netherlands at 7:00pm (AEST) on 17 April 2024 (**Record Date**), (**Eligible Shareholders**) the opportunity to participate in a non-underwritten SPP. The new Shares to be issued under the SPP will be issued at the Placement Price. Each Eligible Shareholder will be entitled to apply for up to \$30,000 worth of Shares at the Placement Price.

The Company intends to target a raising of \$5 million under the SPP, however the Board of Directors of the Company (**Board**) reserves the right in its absolute discretion to increase the size of the SPP or scale back applications under the SPP. In the event of a scale back occurring, Eligible Shareholders who participate may not receive the full number of 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 Shares under the SPP. The Company expects to announce the final outcome of the SPP, including any scale-back on 14 May 2024.

The Directors of the Company who are Eligible Shareholders intend to fully participate in the SPP.

The SPP offer booklet (**SPP Offer Booklet**) containing further details of the SPP will be released separately and will be despatched to all Eligible Shareholders and is expected to be lodged with the ASX on 22 April 2024 with the closing date for acceptance of the SPP offer expected to be 5:00pm (AEST) on 10 May 2024. Eligible Shareholders wishing to participate in the SPP should carefully read the SPP Offer Booklet.

The SPP Shares will be purchased free of brokerage and no prospectus will be issued.

Shares issued under the SPP will rank equally with existing Shares on issue.

Indicative Timetable

The timetable below is indicative only and subject to change. All times below are Sydney, Australia time.

Record Date for SPP	7.00pm on 17 April 2024
Announcement of Placement and SPP and lodgement of Appendix 3B	18 April 2024
Placement bookbuild opens	18 April 2024
Announcement of completion of Placement – trading halt lifted and trading resumes on ASX	22 April 2024
Issue of SPP Cleansing Notice	22 April 2024
Opening date for SPP and dispatch of SPP Offer Booklet	10.00am on 22 April 2024
Settlement of Shares to be issued under the Placement	26 April 2024
Issue of Shares under Placement, lodgement of Appendix 2A and Cleansing Notice	29 April 2024
Closing date for SPP	5.00pm on 10 May 2024
Announcement of result of SPP	14 May 2024
Issue of Shares under SPP and lodge Appendix 2A	15 May 2024
Quotation on ASX of Shares under the SPP	16 May 2024
Despatch of holding statements in respect of Shares issued under the SPP	17 May 2024

The above timetable is indicative only and subject to change. The commencement of trading and quotation of Shares issued under the Placement and the SPP is subject to confirmation from ASX. The Company reserves the right to alter the dates at its discretion and without prior notice, subject to the ASX Listing Rules and the *Corporations Act 2001* (Cth). In particular, the Company 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 Shares.

This announcement has been approved for release to the ASX by the Board.

For enquiries, please contact:



Oleg Vornik
CEO and Managing Director
E: oleg.vornik@dronesshield.com
P: +61 2 9995 7280

About DroneShield Limited

DroneShield (ASX:DRO) provides Artificial Intelligence based platforms for protection against advanced threats such as drones and autonomous systems. We offer customers bespoke counterdrone (or counter-UAS) and electronic warfare solutions and off-the-shelf products designed to suit a variety of terrestrial, maritime or airborne platforms. Our customers include military, intelligence community, Government, law enforcement, critical infrastructure, and airports.

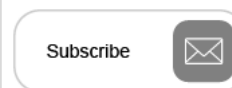
To learn more about DroneShield click here: www.dronesshield.com/about

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Forward-looking statements

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