

2024 CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING

Good morning ladies and gentlemen. My name is Peter James. I am the Independent Non-Executive Chairman of DroneShield Limited. On behalf of the Board, it is my pleasure to welcome you to the 2024 Annual General Meeting.

It is now 10:00 AM and with a quorum present, I declare the meeting open for business. I confirm that the meeting has been properly constituted. The AGM is being held as an in-person meeting.

I would like to introduce you to Oleg Vornik, our CEO and Managing Director. Oleg has been leading DroneShield for over eight years, with prior experience in senior commercial and financial roles.

Jethro Marks, Independent Non-Executive Director, whose extensive commercial experience has centred on successfully scaling a multi-national business, is also with us.

Also present are the Company's auditor, Nicholas Guest of HLB Mann Judd, DroneShield's CFO and Joint Company Secretary, Carla Balanco, and DroneShield General Counsel and Joint Company Secretary, Paul Cenoz.

The agenda for today's meeting is as follows:

- I will provide the Chairman's address;
- following which, we'll proceed to the more formal matters to be considered today, as set out in the Notice of Meeting that was dispatched to all shareholders on 22 March 2024.
- Oleg will provide an update on the business and the outlook for the remainder of 2024; and
- finally, there will be an opportunity for questions and discussion.

After the meeting has closed, I invite you to stay, and our team can answer any further questions you might have.

I am pleased to present to you today my review of 2023 and 2024 year to date, with 2023 being the eighth year both as Chairman and for DroneShield as a publicly listed company, and an overview of DroneShield's prospects going forward.

2023 has seen DroneShield produce another leap in results, with 2024 shaping to be a strong year for the business.

Highlights for 2023 and 2024 to date include:

- 2023 Revenue of \$55.1 million (in addition to R&D incentives and other grants). This is an approximately 3x increase on 2022 revenues, and continues the trend of the Company generating record revenues each year of its existence.
- \$73.5 million of 2023 cash receipts, another all-time record.
- Record \$33 million order received in July 2023, as well as numerous smaller contracts.
- Bank and term deposit balance of \$56.4 million as at 31 March 2024.
- \$27 million contract backlog as at 31 March 2024, and a strong sales pipeline with over \$519 million, including \$375 million for remainder of 2024 opportunities (on a risk unweighted basis).
- Receiving first ever NATO counterdrone contract.
- Substantial tailwinds for the defence industry with growing geopolitical tensions, with an increase in Government spending in Australia and in other markets.

- More than doubling of the shareprice over last 12 months, with the current market capitalization of around \$750 million, and inclusion into S&P Dow Jones All Ordinaries Index in March 2024.

The Ukrainian war, where DroneShield has been deployed since the start in February 2022 on the Ukrainian side, has demonstrated the potential of drones and counterdrone systems on the battlefield, coupled with significant nonmilitary use cases for the intelligence community, airports, prisons, border security, stadiums, and other facilities. In late 2023, the Australian Government has sponsored a \$10 million package of DroneShield products for shipment to Ukraine, as part of a \$20 million overall aid package. Previously, DroneShield has made several other shipments to Ukraine funded by various programs.

The Company has continued to significantly invest in its technology in the last 12 months, with over 95 software and hardware engineers in its team of 120 staff. It has been substantially growing its Artificial Intelligence technologies within radiofrequency spectrum, multi-sensor sensorfusion and computervision, with quarterly AI engine firmware rollouts to its global database of subscribed customers. Over the years, DroneShield has built in-house high-quality databases of tens of thousands of data samples, used to continuously train its AI algorithms. DroneShield devices deployed in the field with customers can also relay collected data back to the Company (where the customer specifically enables for them to do so), contributing to ongoing refinement of the AI software engines.

DroneShield has also made significant advancements in hardware development, evidenced by the release of DroneSentry-X Mk2, unveiled in late 2023 at the Association of the United States Army Annual Meeting. The device, which can be used for vehicle, ship and expeditionary fixed site deployments for counterdrone detection and defeat, has received substantial interest and purchase orders from US Government agencies, including ahead of the launch. Other technologies launched during the year included Area-Specific Satellite Denial Systems, addition of a long range radar, and DroneSentry-C2 Tactical, a command-and-control system for handheld and On-The-Move counterdrone devices.

DroneShield has continued to ramp up its mass production capabilities to the current \$400 million annual capacity, across supply chain, inventory and deployment aspects, with the goal of immediate or short-term fulfilment of customer orders, including anticipated record-size orders. This included moving to a larger Sydney facility in January 2024, at 3x the floorspace of the previous location, as well as scaling up of its outsourced manufacturing. As the case in point, the \$4.3 million contract with the US Government announced mid-March, was filled within days of receiving the order. Rapid order fulfilments not only enable the Company to recognise revenues and receive cash receipts faster, but also increase the likelihood of the customers placing repeat and larger purchase orders with DroneShield.

In the last several days, DroneShield has undertaken a \$100 million fully underwritten placement (of which the last \$30 million are subject to shareholder approval at an upcoming EGM, with details to be provided in due course), as well as a \$5 million SPP. This enables the Company to capitalise on its high-quality sales pipeline, where rapid order fulfilment is often critical; as well as further invest in its cutting edge Artificial Intelligence R&D that underpins its products and SaaS model.

The Australian Government continues to strongly encourage the growth of the domestic defence industry. The earlier \$3.9 million Electronic Warfare contract has been renewed in mid 2023 into a larger \$9.9 million contract due for completion in mid 2025, with larger subsequent contracts expected to follow. The previously released Defence Strategic Review is expected to be followed up with the implementation blueprint known as Integrated Investment Program, later this year, expected to add further momentum to sovereign defence businesses such as DroneShield. Further, the ongoing AUKUS momentum (the defence alliance between the US, UK, and Australia) is expected to add to DroneShield's growth, with the business being Australian headquartered, deriving the majority of its revenue from the US, and a strong UK presence via partnership with BT (British Telecom).

The U.S. Government and military market is expected to continue being the single largest opportunity for DroneShield, being the largest counterdrone customer in the world. During 2023, DroneShield continued to solidify its position in that market, led by its Virginia office, securing both significant repeat sales to existing customers and adding new customers. The US business is led by a seasoned ex-military veteran team, experienced in scaling US Government sales and the associated steps towards larger purchases.

The counterdrone industry continues to consolidate as it rapidly grows, as evidenced by High Point Aerotechnologies (backed by Texas-based Highlander Partners) acquiring Radio Hill earlier this year, in addition to purchasing Black Sage, Liteye Systems and DZYNE, prior to that. Blue Halo, backed by Arlington Capital, has similarly continued its consolidation, acquiring Verus in March 2023, in addition to purchasing Citadel earlier. DroneShield is well-positioned strategically in this environment, as the only pure-play publicly listed counterdrone company in the world.

At the macro level, international tensions and greyzone warfare (which C-UAS, Electronic Warfare (EW) and related areas are a key part of) continue to rise, driving increases in security and national defence budgets. The Company currently offers its products in over 70 countries and the diversity of its pipeline is one of its key strengths.

We are progressing through 2024 with a confident outlook due to the combination of the abovementioned factors.

I would sincerely like to thank our Board of Directors, our CEO and Managing Director Oleg Vornik and his executive team for their hard work and efforts. We appreciate the invaluable contribution of our loyal and dedicated employees, my fellow shareholders, our global network of distributors and of course the tremendous support of our customers.

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

For enquiries, please contact:



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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.dronesield.com/about

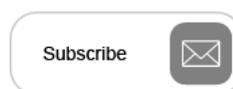
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