

14 July 2025

ASX Announcement

R&D and Manufacturing Capacity Expansion

- DroneShield is committing to invest \$13 million in a significant R&D and manufacturing capacity expansion
- New dedicated 3,000sqm of own production space (3x the floorspace of the current production facility)
- Addition of 2,500sqm to the R&D area in its headquarters, for engineering and lab space
- Together with planned expansions to its Australian contract manufacturing, and plans to set up contract manufacturing in Europe and the US, the current \$500 million annual manufacturing capacity is estimated to expand to \$2.4 billion, by the end of 2026
- The expansion in Australia is concurrent with DroneShield's European and US manufacturing initiatives, against the backdrop of record global demand

DroneShield Limited (ASX:DRO) (DroneShield or the Company) is pleased to announce it is making a more than \$13 million initial investment via a multi-year lease and fitout commitment into a brand new 3,000sqm production facility in Sydney's Alexandria, with expected opening in December 2025. This is in addition to 2,500sqm of R&D area in its headquarters, expanding its own annual production capacity to \$900 million by mid-2026 and a combined total annual manufacturing capacity to \$2.4 billion by the end of 2026, as it targets a \$2.34 billion and rapidly growing global sales pipeline including in Europe, its fastest-growing export market.

The \$13 million amount refers to 5 years of initial lease commitment as well as the fit-out cost for its expanded R&D area, and the new production facility. As DroneShield engages with third party supply chain, substantially Australian, there is no requirement for heavy machinery and similar capital expenditure investment.

The new facility, including advanced in-house production, testing and warehousing capabilities is DroneShield's largest to date and more than three times the size of its current production floor near central Sydney. The current production floor will be converted into an additional R&D area for the Company, resulting in a 5,530sqm total R&D area.

It comes on the heels of DroneShield announcing it has received a \$61.6 million European contract in June, the biggest single order in DroneShield's history, followed shortly by a \$9.7 million Latin American contract and an \$11.7 million Five-Eyes R&D contract. In line with the broader increase in military spending across the EU region, DroneShield has also announced its significant expansion into Europe, where it is planning to establish a European Centre of Excellence, including manufacturing and production facility, to support the continent's domestic defence programs such as the EUR800bn ReArm Europe Plan / Readiness 2030.

"In response to rising threats and multiple wars taking place across the globe, Australia's allies are increasing investment in modern defence capabilities," **said Oleg Vornik, CEO, DroneShield.**

"We are stepping up to meet this demand by investing in state-of-the-art facilities here and abroad, and in sovereign Australian skills development to provide the most modern and effective counter-drone capabilities in the world. Our new facility in Alexandria will epitomise the value Australian engineering can bring to a changing geopolitical landscape."



Image: DroneShield's current in-house production facility in central Sydney

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

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About DroneShield Limited

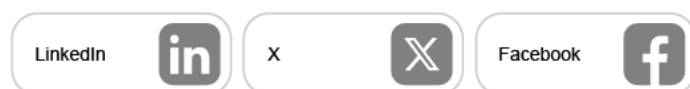
DroneShield (ASX:DRO) provides Artificial Intelligence based platforms for protection against advanced threats such as drones and autonomous systems. We offer customers bespoke counterdrone (or counter-UAS) and electronic warfare solutions and off-the-shelf products designed to suit a variety of terrestrial, 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

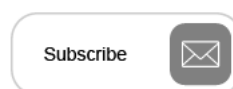
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