

28 May 2025

ASX Announcement

## 2025 CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING

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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 2025 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 a hybrid in-person and virtual meeting to maximise the opportunity for shareholder participation.

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

Other Independent Non-Executive Directors, constituting the remainder of the DroneShield Board and present here today are:

- Jethro Marks, whose extensive commercial experience has centred on successfully scaling a multi-national business.
- Richard Joffe, bringing significant experience in technology, strategy and rapid scaling globally across a range of industries.
- Simone Haslinger, bringing investment banking experience, providing strategic and capital advice to a diverse range of companies.

For both Richard and Simone who have joined the Board in October 2024 in recognition of our entry into ASX300 a month prior, I would like to extend a special welcome for their first DroneShield AGM.

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 28 April 2025;
- Oleg will provide an update on the business and the outlook for the remainder of 2025; 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 2024 and 2025 year to date, with 2024 being the ninth year both as Chairman and for DroneShield as a publicly listed company, and an overview of DroneShield's prospects going forward.

2024 has seen DroneShield produce another year of record revenues and a substantial scale up in the technology capabilities in the fast-moving counterdrone landscape, with 2025 already shaping to be a strong year.

Highlights for 2024 and 2025 to date include:

- FY2024 Revenue of \$57.5 million – continuing the trend of the Company generating record revenues each year of its existence.
- \$95.8 million of FY2025 revenue already either received or under committed Purchase Orders for 2025 delivery, including a \$32 million order received last month.
- 1Q2025 revenue of \$33.5 million - highest revenue quarter historically to date.
- Becoming firmly established as a global operation with 91% of our FY2024 revenues coming from offshore.
- Strong FY2024 sales cash receipts of \$56.9 million, in line with revenues.
- Transformational \$235 million raised in new capital in FY2024, positioning the Company for ongoing growth, R&D investment and appropriate inventory on hand for rapid order fulfilment.
- Strong cash and term deposit balance of \$197 million as of last month.
- Strong sales pipeline of \$2.3 billion<sup>1</sup> in active project discussions for FY2025 and FY2026 opportunities (risk unweighted).
- Substantial tailwinds for the defence industry with Governments continuing to scale up their defence budgets in response to the geopolitical deterioration.
- Inclusion into S&P Dow Jones ASX 300 Index in September 2024.

The Ukrainian war, where DroneShield has been deployed since the start in February 2022 on the Ukrainian side, continues to demonstrate the potential of drones and counterdrone systems on the battlefield, coupled with significant non-military use cases for the intelligence community, airports, prisons, border security, stadiums, and other facilities.

With the new US administration spurring Europe to reboot its defence procurement, Europe represents the largest demand driver at present, following the recently announced EUR800bn ReArm Europe plan. DroneShield already has an on the ground sales team in Denmark, supported by a network of distributors throughout Europe and existing material sales that we have previously announced to the market, and in the process of setting up its first manufacturing facility outside of Australia, in Europe.

Asia is also demonstrating a significant ramp up (especially countries neighboring China), as multiple Governments are commencing counterdrone programs against the threat of small Chinese drones conducting surveillance of sensitive areas, harassment and potential attacks. DroneShield has received a \$32 million contract on 14 April 2025, following from the \$11.8 million contract from the same customer on 29 January 2025.

Middle East covers opportunities mainly in integrated systems, however also with some standalone products. The region is run by a dedicated DroneShield senior sales executive based in Abu Dhabi with a long track record of technology sales in the region.

In the US, the Trump administration recently announced a US\$1 trillion record defence budget, with drones and counterdrone as priority areas. The tariffs on shipments from Australia (where DroneShield manufactures its products) to the US are anticipated to be substantially passed through, reflecting the highly differentiated nature of its solutions. Historically the largest market for DroneShield, this year in percentage terms will be more balanced, as European and Asian segments surge significantly. The current tariffs on Chinese imports into the US are expected to create significant interference within the US supply chain for our competitors, at least short term. 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.

In the UK, DroneShield has won several key contracts with the MoD to date, as it starts to ramp up its counterdrone capability. We operate via an exclusive partnership with British Telecom, providing a substantial local presence and relationships. The UK Government is in the process of lifting its defence spending to 3% of GDP by 2029 from the current 2.3% - a significant 30%

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<sup>1</sup> *Necessarily, not all (and there can be no assurance that any) of the Company's sales opportunities will result in sales.*

increase

Latin and South America is expected to be an increasing revenue segment, with the \$9.7 million contract announced in January 2025, with the business led by a season sales executive based in Mexico, previously with SpaceX.

Back home in Australia, LAND156 program (rollout of counterdrone solutions across the Australian Defence Force) is the largest opportunity, where DroneShield is tendering across multiple packages. The Company has been scaling up the strategic sophistication of its Australian operation for programs like LAND156, including the formal office opening by the Hon Pat Conroy, the Minister for Defence Industry and Capability Delivery and the Avalon Australian International Airshow visit by the Hon Richard Marles, the Deputy Prime Minister and Minister for Defence.

Outside of the military, airports are starting to display substantial interest in counterdrone. DroneShield has hired a seasoned ex-Smiths Detection sales executive based in Sydney who commenced in 1Q25, to run its global airport strategy

Drone As First Responder (DFR) programs, where police or fire fighting departments use drones to respond to an emergency, deploying the drone to the scene of the call, are starting to gather momentum. These rely on an eco-system of drone makers, counterdrone companies such as DroneShield (to track drones) and a specialist DFR software overlay businesses. DroneShield believes it is well placed for such initiatives, which will become a global phenomenon in 2-5 years and assist growth in the non-military markets

With the larger counterdrone program acquisitions, the procurement times to award are longer for larger projects, due to additional probity requirements associated with larger deals. There are currently 17 separate sale opportunities, each in excess of \$30 million, in the sales pipeline.<sup>2</sup>

The Company has continued to significantly invest in its technology in the last 12 months, with over 200 software and hardware engineers in its team of over 300 staff.

On the technology front, the Company continues to significantly invest into the next generation of its offerings, in what has become a rapid “cat and mouse” game between drone manufacturers and counterdrone system makers like DroneShield. As described in the last 4C quarterly, DroneShield believes that radiofrequency will remain the core sensor and effector mechanism as drone technology evolves. Where the customer has “detect all drones no matter what they could be” requirements and a sufficient budget, DroneShield acts as an integrator, adding third party sensors and effectors into a single system package (customers do not wish to buy “lots of boxes” and rely on an integrator). Over time, DroneShield may add some of these alternative detection and defeat technologies into its own portfolio. Looking ahead, DroneShield has a number of next generation products due for 2026 release. Utilising its knowledge over the last decade as a pioneer in the counterdrone sector and its substantial engineering team of over 200 engineers, we provide hardware platforms that service the market for years to come, with regular software updates on a subscription (SaaS) basis. To derisk new technology rollouts and continue engagement with cutting edge requirement customers, the new product releases are staggered. During 1Q2025, two minor hardware releases came out, in response to market demand, for new variants of DroneGun Mk4 and RfPatrol Mk2.

DroneShield has continued to ramp up its mass production capabilities to the current \$500 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 upgrading and enlarging its Sydney facility in January 2025, as well as scaling up of its outsourced manufacturing. 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.

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<sup>2</sup> *Necessarily, not all (and there can be no assurance that any) of the Company’s sales opportunities will result in sales.*

We are progressing through 2025 with a confident outlook due to the combination of the abovementioned factors.

I would sincerely like to thank our Board of Directors, Oleg 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

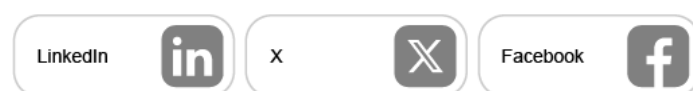
DroneShield (ASX:DRO) provides Artificial Intelligence based platforms for protection against advanced threats such as drones and autonomous systems. We offer customers bespoke counterdrone (or counter-UAS) and electronic warfare solutions and off-the-shelf products designed to suit a variety of terrestrial,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

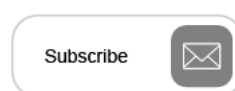
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