@DroneShield
www.droneshield.com
ABN 26 608 915 859

12 July 2021 **ASX RELEASE**

2Q21 Results Investor Webinar

DroneShield Limited (ASX:DRO) ("DroneShield" or the "Company") is pleased to invite investors and shareholders to the DRO Investor Webinar to be held on 13 July 2021 at 11:00am Sydney time.

Oleg Vornik, DroneShield's CEO will run through an investor presentation followed by a Q&A session.

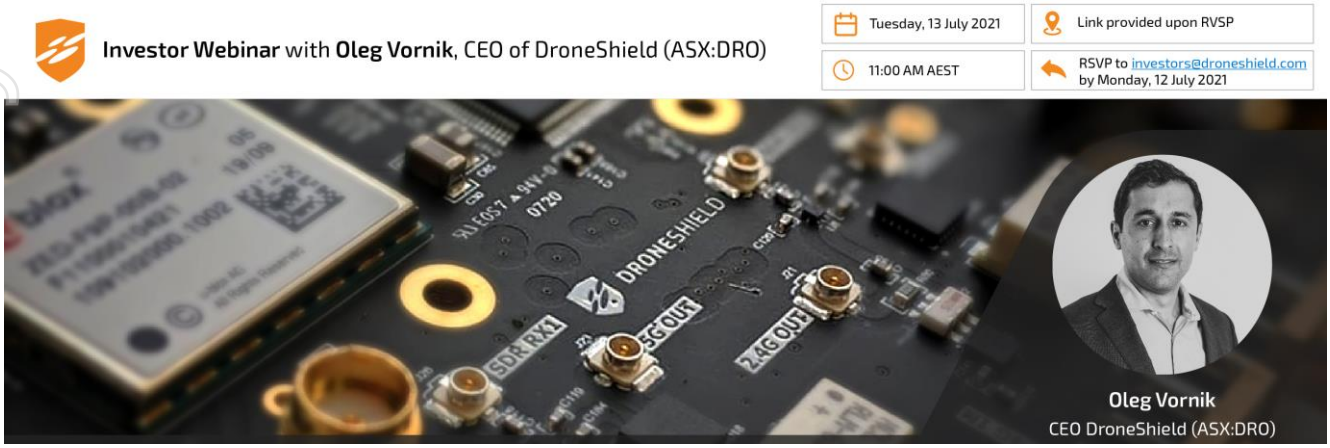
The webinar presentation is attached to this release. Key highlights include:

- 2Q21 quarterly customer receipts of $7.4 million, an all-time record, despite COVID slowdown.
- 1H21 cash receipts of $9.1 million, a 600% growth over 1H20 cash receipts.
- $3.8 million contract with Australian Department of Defence in Electronic Warfare/Signals Intelligence arena, including the first $1.9 million initial payment received in June 2021.
- Active engagement on the US$50 million Middle Eastern contract continues.
- Diversity in the quarterly cash receipts, including substantial Australian, US and Middle Eastern payments, across multiple product lines, as well as R&D work.
- Positive cashflow quarter, bank balance as at 30 June 2021 increased to $14.2 million.
- $200 million global sales pipeline, across number of key markets and products, in a $6bn total addressable market.
- Substantial inventory acquisition process to mitigate supply chain delay risks. $10 million of inventory by sale value on hand to meet near term pipeline requirements.
- DroneSentry-X^{TM} on-the-go C-UAS system has successfully completed U.S. Navy, Department of Homeland Security and other key agency trials, along with successful UK MOD evaluations.
- Rapid scale-up of the team complete, at 50 staff globally, including engineering hires in Australia, and sales and field support hires in the US. Additional hiring continuing opportunistically.
- Highly favourable macro environment for DroneShield, with rapidly rising counterdrone expenditure globally, and ongoing increase in local defence capability by the Australian Government.

Details of the event are as follows:

Event: DroneShield Investor Webinar
Presenters: Oleg Vornik, DroneShield CEO and Managing Director
Date and Time: 13 July 2021, 11.00am Sydney time
Where: Webinar, link provided upon registration. To register, please email investors@droneshield.com.

Participants will be able to submit questions via the panel throughout the presentation, however, given we are expecting a large number of attendees we encourage shareholders to send through questions beforehand to investors@droneshield.com, along with the registration for the webinar.



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

Further Information

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Tel: +61 2 9995 7280

About DroneShield Limited

DroneShield (ASX:DRO) is an Australian publicly listed company with its head office in Sydney and teams in the US and UK, specialising in C-UAS, Electronic Warfare, RF sensing, Artificial Intelligence and Machine Learning, Sensor Fusion, rapid prototyping and MIL-SPEC manufacturing. Our capabilities are used to protect military, Government, law enforcement, critical infrastructure, commercial and VIPs throughout the world.

Through our team of Australian based engineers, we offer customers bespoke solutions and off-the-shelf products designed to suit a variety of terrestrial, maritime or airborne platforms. DroneShield is proudly exporting Australian capability to customers throughout the world and supporting Australia's defence, national security and other organisations to protect people, critical infrastructure and vital assets.

ENDS

DRONESHIELD

Counter-drone technologies, electronic warfare, and signals intelligence

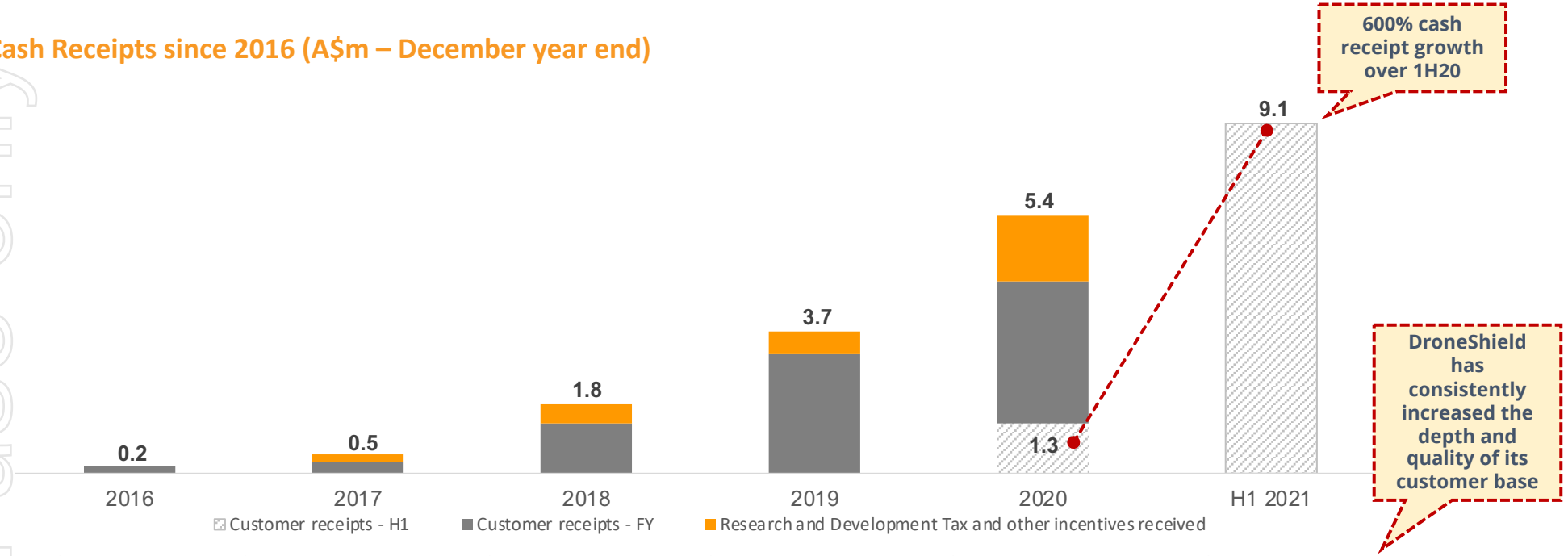
Investor Presentation (ASX:DRO)

July 2021

1H21 financial results | DroneShield delivers 600% customer and grant cash receipt growth on 1H20

Since 2016, DroneShield's total revenue has grown materially each year, with 2021 shaping as the pivotal year

Cash Receipts since 2016 (A$m – December year end)



Selected customers in period

Note: R&D Tax and other grant incentives are expected to be substantially received in the September 2021 quarter

Continued Rapid Growth in 2H21

- **$200m sales pipeline, with growing focus towards the more business-transparent Australian and the US customer base. Rising repeat sales accounting for majority of cash receipts**
- **$3.8m contract with the Australian Department of Defence in Electronic Warfare/Signals Intelligence arena, including the first $1.9m initial payment received in June 2021**
- **$10m in inventory (by sale value) on hand for quick delivery and to mitigate supply disruptions**
- **Favourable macro environment, with rising counterdrone expenditure globally, and ongoing increases in local defence capability by the Australian Government ($270bn in next 10 years)**
- **Scale up of the team complete, at 50 staff across Australia, US and the UK. Additional hiring continuing opportunistically**

Financial Snapshot

DroneShield maintains an excellent operating outlook with balance sheet strength to support future growth

Strong revenue outlook

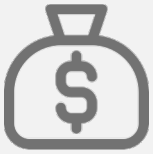
- Sales pipeline to December 2022 of over A$200m[1]

Starting to deliver results

- A$7.3m customer cash received in 2Q21 quarter

Strong cash position

- Cash balance at A$14m with manageable monthly fixed costs of approx. A$1m per month



Balance sheet strength

- No debt or convertibles

High quality contract wins

- Recent contract wins and successful trials with high profile marquee customers, across a range of products

Recurring revenues

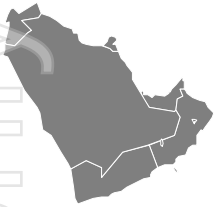
- Continues to move into the SaaS space with subscription pricing on a range of products

Source: Company filings.

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

Strong Cash Receipts Pipeline of $200m to Dec 2022

DroneShield maintains a significant and geographically diversified near term high conviction revenue pipeline



Middle East

Pipeline: $65m (2H21: $28m)

- Awarded preferred bidder status for a major Government order, awaiting execution of contract with customer

Europe

Pipeline: $51m (2H21: $12m)

- Sales to a major European army and contracted EU Police 4 year framework agreement for DroneGun Tactical units
- Airport and prison opportunities

USA

Pipeline: $34m (2H21: $20m)

- Multiple military/Govt agency order discussions
- Initial purchases across wide range of Govt agencies and successful trials completed

Australia

Pipeline: $16m (2H21: $5m)

- Orders and R&D contracts with Department of Defence and intelligence agencies

United Kingdom

Pipeline: $10m (2H21: $3m)

- Sales associated with the partnership with BT
- Primarily Ministry of Defence focused

Other

Pipeline: $27m (2H21: $21m)

- Diverse range of geographic and product opportunities

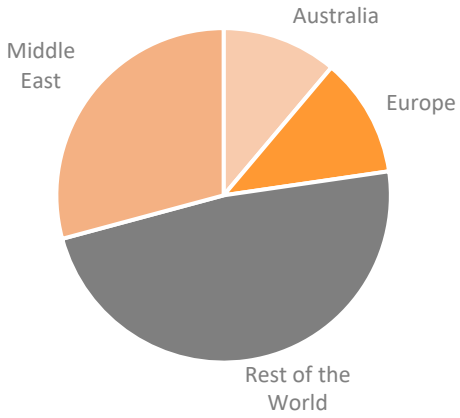
- The pipeline includes existing defined sales opportunities at various stages of maturity
- The opportunities are unweighted, and measured as expected cash receipts to December 2022

Notes: Quoted in Australian dollars. AUD.USD FX rate at 0.77, AUD.EUR FX rate at 0.64, AUD.GBP FX rate at 0.55
Necessarily, not all, and there can be no assurance that any, of the Company's sales opportunities will result in sales

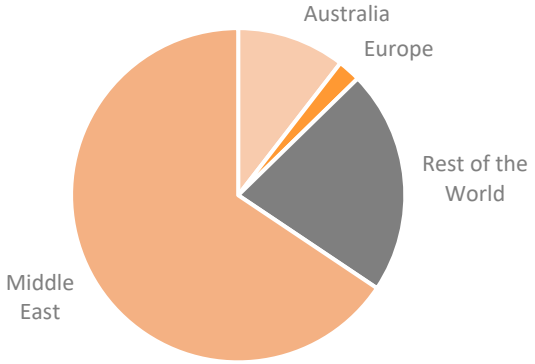
Increasing Predictability of Cash Receipts via Balancing Geographies

Increasing focus towards the more business-transparent Australian and the US customer base, with deep track record of successfully conducting business (and being paid) in the Middle East

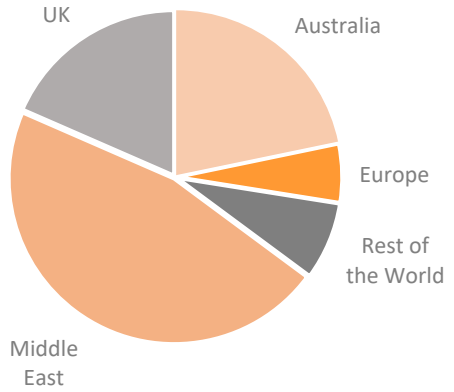
Cash Receipts in 2017



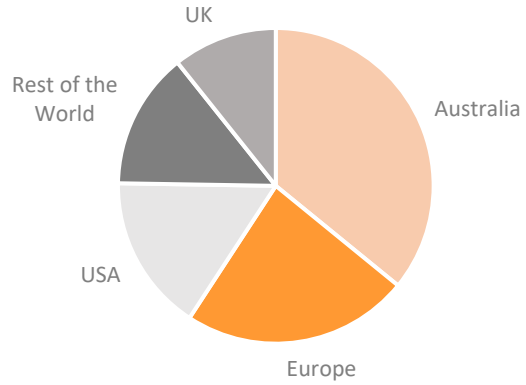
Cash Receipts in 2018



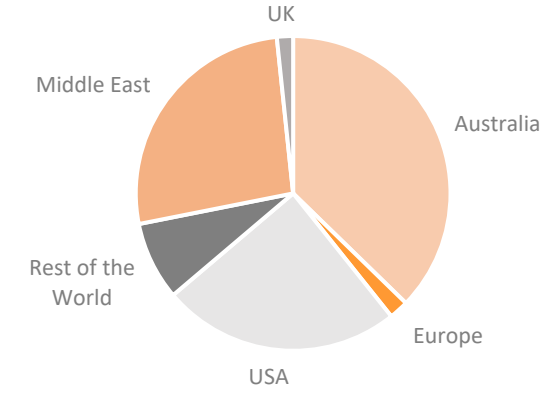
Cash Receipts in 2019



Cash Receipts in 2020

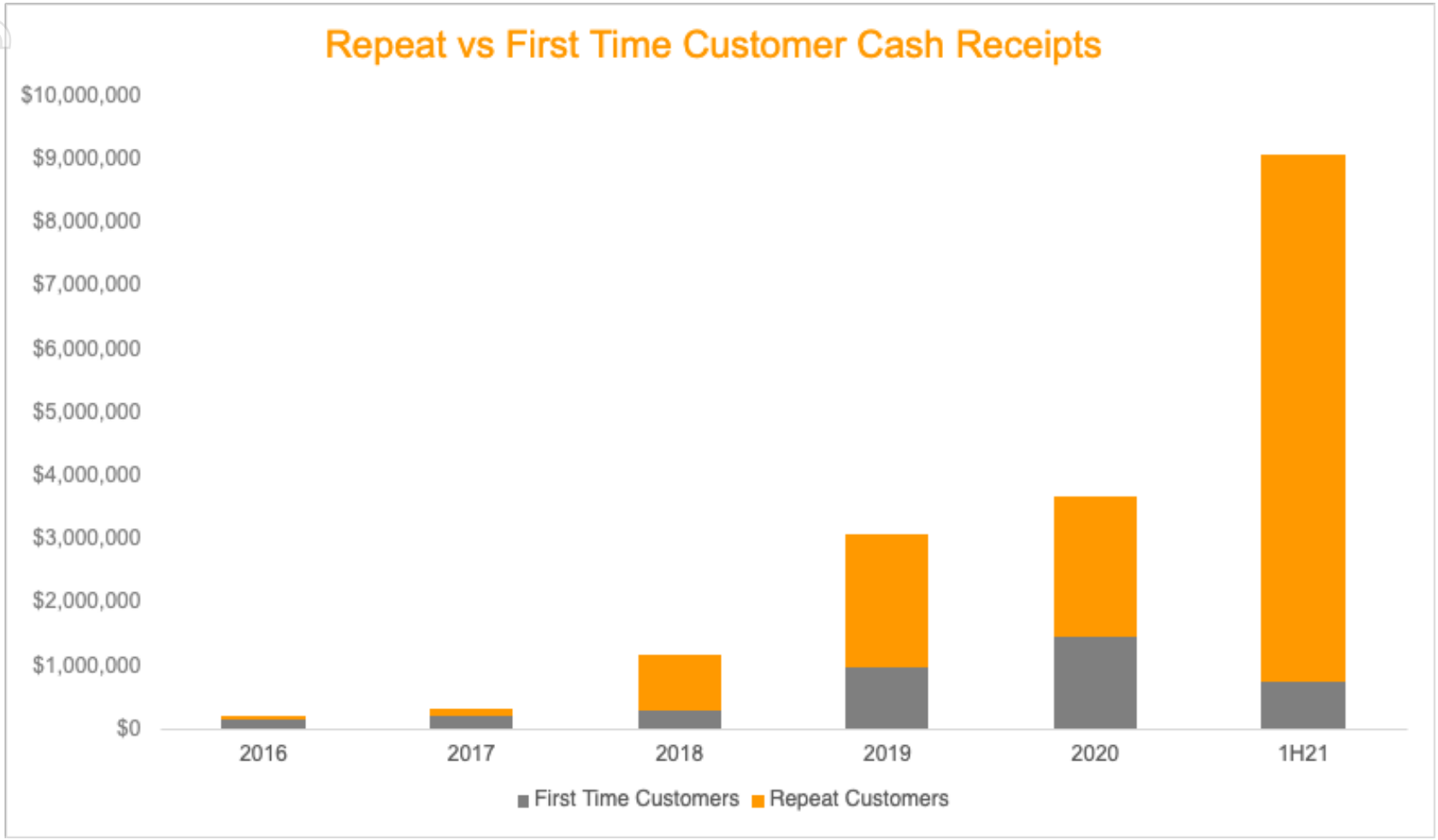


Cash Receipts in 1H21



Increasing Predictability of Cash Receipts via Growing Repeat Business

Defence and Government Agencies often have a long acquisition cycle to first purchase, but are loyal and collaborative customers, once on board. DroneShield has been increasing its repeat customer business



Rapidly Growing Electronic Warfare Contracts in Hand

- **Electronic Warfare (EW) / Signals Intelligence (SIGINT) area has a number of technology overlaps with counter-drone, as drones utilise radiofrequency spectrum in an increasingly complex and encrypted manner**
- **EW/SIGINT is generally the domain of Defence Primes, however the Governments also support specialized smaller firms to promote sovereign capability and encourage disruptive technologies**
- **DroneShield has received its first EW contract of approximately $600k in December 2020 with Australian Department of Defence, followed by a $3.8 million 2 year contract received in June 2021**
- **Additional, and larger, follow-on contracts, can be achieved in the near term, if DroneShield continues to perform well**
- **Demand for smart EW technologies from sovereign providers (eliminating "backdoor code" concerns by the customer) for spectrum dominance are rapidly growing, and are an essential part of modern warfare**
- **There is minimal Australian based competition with suitable capabilities, for this high-end work**

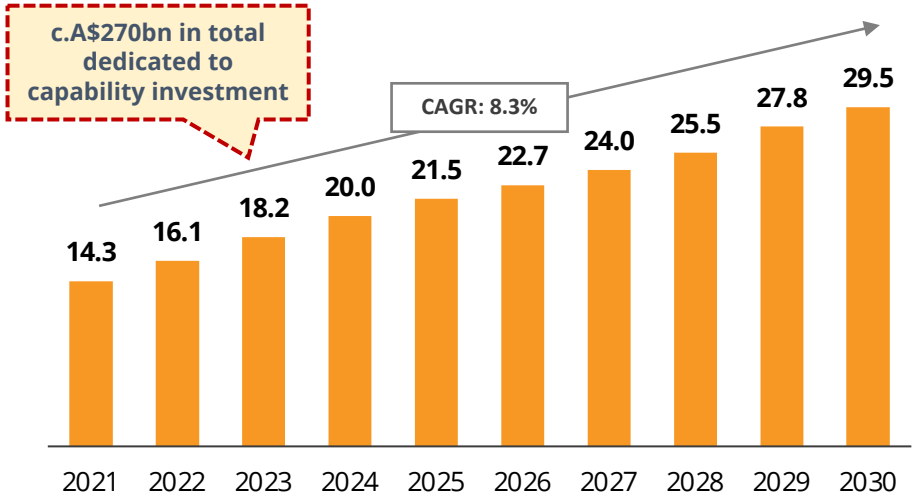
Australian Government is committed to building home-grown defence sector

The Australian Government's defence spending commitment presents a large opportunity for the sector

Overview

- The long-term funding certainty confirmed in the July 2020 Defence Strategic Update outlines an enormous opportunity for Australian defence industry players to materially increase their size and relevance in the global defence market
- c.A$270bn of funding allocated towards "capability investment" over the next 10 years, covering a broad suite of military domains across both acquisitions (c.A$220bn) and future sustainment (c.A$50bn)
- The significance of this funding is further supported by Government's commitment to increase the local defence industrial base by providing priority to Australian platforms for defence tenders

Capability investment funding profile (A$bn)



In September 2020, the Government announced improvements to strengthen the Australian Industry Capability (AIC) Program in Defence contracts

Enforceability

✓ Government tenderers are required to provide AIC Plans that demonstrate engagement with Australian industry

Measurability

✓ Defence has developed an enhanced AIC contractual framework with specific and measurable AIC commitments

DroneShield CEO Oleg Vornik with the Australian Minister for Defence Industry, Hon Melissa Price

Rapid Scale Up of the Team is Complete – Ready for Growth

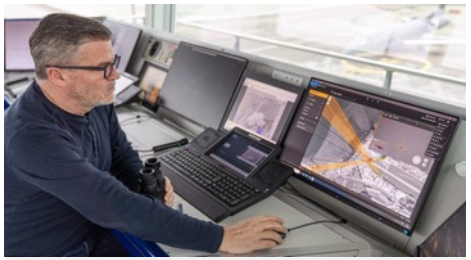
- $35m spend in last 5 years on R&D marketing and sales channels
- Transforming customer expectations with technology, responsiveness and short manufacturing times

Product sales

Contracted sales to global militaries and government

Pricing starts from tens of thousands of dollar per unit

Recurring SaaS revenues



Software provided on a subscription basis, providing up-to-date detection and monitoring solutions

With support provided by a large and experienced team

- **6x dedicated sales team members**
- **4x technical and customer support members**
- **30x engineers**
- **6x production and operations team**
- **Dedicated full time proposal and grant writer**
- **c.120 in-country partners across the globe**

Deep Technology Expertise

Rapid software advancement
- Across AI / machine learning at Field-Programmable Gate Array ("FPGA") circuit level up

Printed Circuit Board ("PCB") design technologies
- Programs to increase the speed and performance of DroneShield circuits

Ecosystem integration
- Integration capabilities of DroneShield sensors into systems of defence projects
- Integration of 3rd party products into DroneShield ecosystem

Supply chain refinement
- Continuous enhancement of build manuals and work streams to maximise scalability and shorten delivery times for products

Waveform technologies
- Programs focused on improving the transmission of RF signals

Note: DroneShield R&D is both expensed and capitalised across 3 line items, R&D equipment (capitalised), R&D materials (expensed) and R&D salaries (expensed). Ratio is approximately 1/3 capitalised and 2/3 expensed.

Image: ISIS drone video

DRONESHIELD | Appendix A – Problem We Are Solving

Drones are one of a number of new, technology based, asymmetric threats

The widespread adoption of drone technology has increased the risk and prevalence of disruptive use

Why is the malicious use of drones a threat?

Payload delivery

- **Attacks:** Leveraging drones to drop harmful / explosive payloads or to damage property via collision
- **Smuggling:** Using drone payloads to move contraband or transfer material into sensitive zones such as prisons

Intelligence gathering

- **Spying and tracking:** Using drones to obtain video, images and track movements of personnel
- **Surveillance:** Using drone images and other payload data to enable spatial reconstruction and reconnaissance

Nuisance activity

- **Infrastructure disruption:** Using drones to jeopardise the safe operation of major facilities such as airports

High profile incidents have caused major disruptions for infrastructure facilities and Governments

Attack on Saudi Arabian oil facilities by Houthi rebels

- In September 2019, drones were used to attack the state-owned Saudi Aramco oil processing facilities at Abqaiq
- The attacks resulted in an enormous blaze and resulted in Saudi Arabia temporarily shutting down about half of its crude output and caused substantial turbulence in world energy markets
- Following the strike, the Middle East has experienced a surge in demand for counter-drone products

Drones were used to inflict serious damage to major natural resource production facilities

Gatwick Airport drone incident

- Between 19 and 21 December 2018, hundreds of flights were cancelled at Gatwick Airport near London, England, following reports of drone sightings close to the runway
- Due to the risk of collision with aircraft, Gatwick immediately closed its only runway and suspended all flights
- The incident caused substantial disruption with c.140,000 passengers and c.1,000 flights affected

Drones forced the temporary closure of a major infrastructure facility

Drone assassination attempt on Venezuelan President Maduro

- In August 2018, "off-the-shelf" drones carrying explosives were used in an assassination attempt of the Venezuelan President during a military ceremony
- The explosive carrying drones failed to reach Maduro and detonated above the audience, leading to a small number of injuries
- The incident was the world's first known attempt to kill a head of state with retail / recreational drones

Drones were used in an attempt to disrupt the operation of a sovereign government

Source: News articles.

Malicious use of drones continues to be a global concern

Recent cases around the world highlight the extent of the problem

United Arab Emirates

BURJ THREAT Iran-backed terrorists threaten to bomb Dubai's Burj Khalifa as Brit influencers flock to Gulf to escape lockdown

Felix Allen
28 Jan 2021, 13:59 | Updated: 28 Jan 2021, 14:31

TERRORISTS backed and funded by Iran have threatened to blow up Dubai's Burj Khalifa skyscraper with drones.

A bloodthirsty militia group turned its sights on the glitzy Gulf getaway where scores of Brit influencers and reality stars have gone to escape lockdown.

United Kingdom

Pilots report TWO drone near-misses every week with more than 400 incidents in the last five years, investigation finds

- Aircraft pilots are reporting two near-misses every week, investigation reveals
- There have been 405 near-misses between drones and aircraft since 2015
- This includes 115 in the year to November - 44 which were serious collisions
- MP Huw Merriman said Parliament should act on this if aviation industry don't

By TOM PAYNE and RICHARD MARSDEN FOR THE DAILY MAIL
PUBLISHED: 09:10 AEDT, 4 January 2020 | **UPDATED:** 11:46 AEDT, 4 January 2020

United States

Trump's Plane Was Nearly Hit by a Small Drone Sunday, Witnesses Say

Alan Levin

Bookmark

Published on August 17 2020, 10:32 PM
Last Updated on August 18 2020, 5:01 PM

(Bloomberg) -- President Donald Trump's jet was nearly hit by what appeared to be a small drone as it approached an air base near Washington Sunday night, according to several people aboard Air Force One.

The device, which was yellow and black and shaped like a cross, was off the right side of the plane. It was seen by several passengers on the jet, shortly before it touched down at 5:54 p.m. at Joint Base Andrews in Maryland.

Iran

Year after Soleimani killing, Iran unleashes 'kamikaze' drones amid tensions with US

Iran and the regional forces it backs have increasingly relied in recent years on drones in Yemen, Syria, Iraq and the Strait of Hormuz at the mouth of the Gulf.

Australia

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Drone drug drop at Cessnock jail allegedly thwarted by New South Wales prison officials

ABC Newcastle / By Giselle Wakatama
Posted Mon 27 Jul 2020 at 7:05pm

Canada

NORTHERN ONTARIO | News

North Bay Police remind public of restrictions around using a drone after one flew into air traffic

Source: News articles.

The Counterdrone Market Forecast of A$5.9b Total Addressable Market by 2026

Increasing drone use is driving demand for counter-drone technology across a number of sectors

Counter-drone total addressable market

A$5.9bn by 2026[1]

- The increasing adoption of drone products across recreational and commercial applications has generated an enormous industry which is expected to reach c.A$60bn by 2024[2]
  - Increased prevalence of drones is resulting in higher malicious use events
- As the security risk from drones increases, there is concurrently an increasing market for counter-drone technology
- Detection and safe defeat methods are preferred in non-warlike settings

Counter-drone products have applications across various sectors

Military

Protection from
- Lethal payload delivery
- Intelligence gathering

Resources

- Destructive payload delivery

Prisons

- Smuggling and contraband delivery

Police

- Payload delivery
- Intelligence gathering
- Nuisance activity

Stadiums

Protection from
- Nuisance activity and event disruption
- Surveillance

VIPs

- Lethal payload delivery
- Intelligence gathering

Infrastructure

- Destructive payload delivery

Airport

- Flight disruption and nuisance activity

Notes:
1. Grand View Research: https://www.grandviewresearch.com/press-release/global-anti-drone-market. Quoted in Australian dollars with an AUD.USD FX rate of 0.77.
2. Drone Industry Insights. (2019). The Drone Market Report 2019.

Image: DroneGun Tactical

DRONESHIELD

Appendix B – Counter-UAS technology

Defeat and mitigation solutions in the counter-drone market

DroneShield defeat solutions utilise radio frequency jamming as the core safe defeat component which has advantages over other technologies, particularly, in its use across civil and military applications

	Safe – "soft kill"		Kinetic – "hard kill"		
DRO offering	**RF jamming**	**Spoofing**	**Counter-drone drones**	**Projectile fire kinetic systems**	**Directed energy**
Impact	No intentional damage to the drone		Physical force used with potential for destructive damage		
Imagery					
Overview	• Radio waves are used to force a drone into emergency protocols - causing it to fly back to its starting point, hover, or land	• Protocol manipulation technology allowing the control of a drone to be "hacked" by a third party	• "Kamikaze" or "catching" drones are used to neutralise a drone threat	• Use of remote weapons systems with integrated weapon platforms to shoot down drones	• Use of lasers and high-power microwave systems to "dazzle" or destroy a drone
Advantages	✓ Universal effectiveness against drones ✓ 360 degree defeat coverage ✓ Effective against swarms ✓ Applications in both civil and military environments	✓ Allows for the re-routing and re-direction of malicious drone flight paths ✓ Applications in both civil and military environments	✓ "Catching" the drone can provide information about its flight path / controller and effectively neutralise the drone	✓ Established technology that has been used on military operations ✓ Destructive outcome neutralises any drone threat	✓ "Game changer" in military applications ✓ Effective against highly advanced drones ✓ Systems can be mounted on naval vessels for complex defence systems
Disadvantages	× Potential for collateral interference (if using a "dirty" jammer)	× Not effective against all drones × Higher chance of collateral damage	× Generally slow to deploy × Not effective against swarms	× Risk of collateral damage × Unsuitable for use in a civil environment	× Technology still in infancy and only available for military applications

Detection solutions offered by DroneShield

DroneShield detection solutions utilise layered technology to create highly capable counter-UAS systems

	Radio frequency	Radar	Cameras[1]	Acoustic[2]
Imagery				
Overview	• Foundational layer of an effective counter-UAS system • RF sensors provide detection capability by matching drone communication protocols to known UAS RF signatures	• Systems that act as motion trackers by emitting signals which may be reflected by objects in their path • Reflected signals from the target are scattered back to the radar system	• Electro-Optical (EO), Infrared (IR) and Thermal camera detection are able to provide video analytics and image capture identification of UAS activity	• Systems that are able to remove the background clutter from noise made by drone blades and / or motor and compare it to a database of acoustic signatures
Advantages	✓ No interference with other communications in operational area ✓ Low false alarm rate from a high-quality sensor ✓ Direction-finding capability ✓ Long ranges possible and cost effective	✓ Able to pick up drones without RF emissions ✓ Can utilise different technical approaches ✓ A single radar can track multiple targets	✓ Best used for verification / classification and tracking of a target detected by other sensors ✓ Provides evidence of drone intrusion ✓ Potential identification of payloads	✓ Passive, cost effective ✓ Great as supporting/secondary sensor, using acoustic spectrum to fill detection gaps from other sensors
Disadvantages	× Doesn't pick up RF-silent drones × Requires regular firmware updates	× Prone to false alarms despite filters × Longer range drone detection is usually expensive, large size and / or compliance restricted	× Not well suited for detection due to field-of-view vs distance trade-off × Relatively shorter ranges (camera hardware dependent)	× Short detection distances, prone to false alarms × Cannot identify precise location or pinpoint track × Requires regular signature database updates

Source: Company filings and presentations.
1. Camera technology is provided by DroneShield through partnership agreements with Bosch, Silent Sentinel and Trakka Systems.
2. Acoustic technology is provided by DroneShield through a partnership agreement with Squarehead.

Benefits and applications of safe, layered, counter-drone systems over kinetic systems

Safe counter-drone systems have many advantages over kinetic counter-drone systems, which are only practical for deployment in war-like scenarios

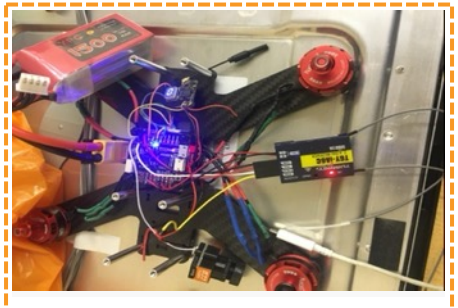
Avoidance of collateral damage

- DroneShield safe defeat solutions force drones to pre-set emergency protocols causing the drone to fly back to its starting point, hover, or land, allowing for the safe defeat of drones
- Alternatively, kinetic solutions could see a destroyed drone fall on crowds of people or inflict “friendly fire” from fired ammunition

Evidence for legal prosecution

- A drone which has been forced to land can be collected by local law enforcement to track the whereabouts of its controller
- As drones are usually accompanied by an image recording device, this can be used as legal evidence to prosecute offenders

Intelligence gathering



- Drones can often carry sensitive instruments or technology
- When forced to land, this technology can be exploited by military personnel to aid in intelligence gathering operations

Multi-platform with scale benefits

- Safe solutions can be carried on-the-man, mounted on light skinned vehicles and provide continuous passive protection unconstrained by ammunition stores
- Kinetic counter-drone solutions are often mounted on heavy, remote weapon stations and constrained by magazine depth

DRONESHIELD

Appendix C – Further information

Who is DroneShield?

Overview

- DroneShield (ASX: DRO) develops pre-eminent counter-drone technology and products with wide application across defence and civil roles
- Specialises in detection and safe defeat which minimises / prevents collateral damage
- DroneShield employs a large engineering team and has spent over A$35m in R&D since inception
  - World-class talent with leading product design and R&D capabilities
  - Established international sales network supported by a dedicated sales team and 120 in-country partners
  - Established and trusted relationships with numerous global defence and Government clients

Source: Company filings and presentations.

Counter-drone product suite

Dismounted & Body-Worn

DroneGun

DroneGun Tactical

RfPatrol

DroneNode

Vehicle / Ship Mounted / Fixed Site

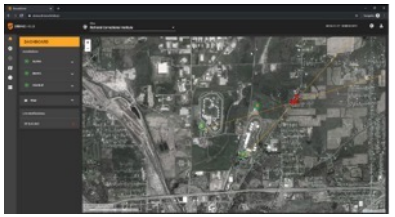
DroneSentry-X

DroneCannon RW

RfZero

DroneSentry

Software



DroneSentry-C2

DroneOptID AI

What do DroneShield's products do?

DroneShield counter-drone products provide multi-layered solutions to detect and defeat drones, utilising radio frequency jamming as the core safe defeat component

Drone response process

Step 1	Step 2	Step 3	Step 4
Detection	**Analysis & Identification**	**Monitoring & Alerting**	**Response & Defeat**
			
• DroneShield products use fixed site or stand-alone detection solutions utilising enterprise-grade sensor fusion technology integrated with multi-sensor detection to detect drones	• Once identified radar sensors are used to track moving objects, radio frequency sensors are used to provide direction and camera sensors provide visual confirmation of the drones to the end user	• Drone activity is then monitored by DroneShield software with instant alerts delivered independently through a variety of methods, including on-screen monitor, SMS, email, or existing video / incident management systems	• If a response to the drone is required, DroneShield products offer safe, effective and long-range counter-measures to defeat threats once identified through "controlled management" capabilities. No damage is inflicted to the drone

Source: Company filings and presentations.

DroneShield's competitive advantage?

By offering best-in-class performance across a suite of multi-platform products, DroneShield's technology has been validated through orders, deployments and partnerships with blue-chip customers

Market leading technology...

- ✓ Multi-sensor detection, ID and tracking
- ✓ Best-in-breed detection range
- ✓ Best-in-breed defeat range

...across multiple platforms...

- ✓ Body-worn / on-the-man
- ✓ Vehicle mounted
- ✓ Fixed site

...underpinned by DroneShield software...

- ✓ DroneShield developed software integrated across product suite
- ✓ Difficult to replicate counter-drone software
- ✓ Experienced development team for ongoing software upgrades development

... and backed by high barriers to entry

- ✓ Established international sales channel network
- ✓ Established relationships with numerous global defence clients
- ✓ World-class talent with leading product design and R&D capabilities

Source: Company filings and presentations.

Continuous Significant Momentum

DroneShield LLC Incorporated (January 2014)

First Acoustic Sensor Sold (February 2014)

DroneShield Limited incorporated (September 2015)

DroneShield Limited IPO (June 2016)

DroneShield Limited IPO (June 2016)

DroneGun MKI Launched (November 2016)

DroneSentinel Launched (July 2017)

DroneSentry Launched (July 2017)

First DroneSentinel Demo (October 2017)

DroneGun MKII Launched (September 2017)

$3.2m Order with Saudi MoD (June 2018)

DroneGun Tactical Launched (February 2018)

RfPatrol MKI Launched (April 2019)

DroneGun MKIII Launched (July 2019)

$9.55m Capital Raise (August 2019)

RfZero Launched (August 2019)









Partnership with British Telecom (September 2019)

Australian DoD Purchases RfPatrol (October 2019)

Initial US Agency order (March 2020)

DroneSentry-X Launched (November 2019)

USAF Grand Forks order (July 2020)

RfPatrol MKII Launched (April 2020)

US ARFL C2 funding, (September 2020)

$17m capital raise (September 2020)

Government Agency DroneGun Tactical order (October 2020)

RFAI rollout (February 2021)

Swiss Airport Deployment (December 2020)

2x $1m repeat US Agency order (March 2021)

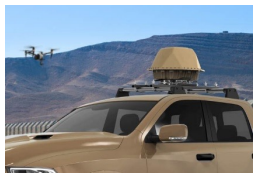
Multiple Sentry-X order (March 2021)

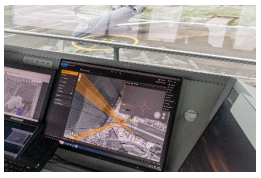
US Law Enforcement order (April 2021)

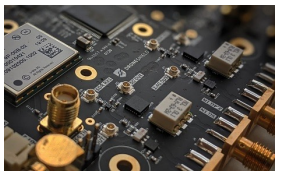
$3.8m Government Agency order (June 2021)

Today

2021 & Beyond



Seasoned senior sales and engineering teams

DroneShield's experienced team carries a solid track record of delivering growth

Peter James

Independent Non-Executive Chairman

- Peter joined DroneShield's Board of Directors in April 2016
- Over 30 years of experience in the Technology, Telecommunications and Media Industries
- Chairman of ASX-listed companies Macquarie Telecom and Nearmap

Oleg Vornik

CEO and Managing Director

- Oleg joined DroneShield in 2015, and the Board of Directors in January 2017
- Responsible for overseeing DroneShield's market strategy
- Senior executive experience includes Royal Bank of Canada, Brookfield, Deutsche Bank and ABN AMRO

Jethro Marks

Independent Non-Executive Director

- Jethro joined DroneShield's Board of Directors in January 2020
- CEO and co-founder of the Mercury Retail Group
- Extensive commercial experience in successfully scaling a multinational business

Carla Balanco

CFO and Company Secretary

- Carla joined DroneShield in mid-2018
- Instrumental in scaling the company's financial management systems
- Experience working in Chartered, Commercial and Business Development roles

Red McClintock

Sales Director

- Red served 23 years as an officer in the Royal Australian Navy
- Prior to joining DroneShield, Red worked for five years with BAE Systems as a Business Development and Account Manager

Katherine Stapels

General Counsel

- Kat started her legal career in litigation and moved to an in-house role in 2018
- Kat's previous in-house experience includes manufacture and supply of complex Australian defence technologies
- Registered practitioner of the High Court of Australia

Angus Bean

Chief Technology Officer

- Angus joined DroneShield in early 2016
- Merges the fields of mechanical hardware, electronics, software, digital interface and technology
- Experience as the development lead for Australia's largest industrial design and engineering consultancy

John Wood

Sales Director

- John served in the British Army in Angola, Namibia, Northern Ireland and the Gulf before joining the UK Special Forces
- Co-founder of a global security business
- Owned a tech business supplying specialist operational equipment to the British Army

Hedley Boyd-Moss

Vice President, Engineering

- 30 years of global RF and Electronic engineering
- Working knowledge of regulatory compliance standards
- Specialist knowledge in areas such as antenna manufacturing and RF communication modulation techniques

Matt McCrann

Vice President, Sales

- Experienced business development executive
- Over 15 years of experience in the Defense and National Security sector
- Served in the US Navy as an Intelligence Analyst and a member of NSA/CSS's Cryptologic Direct Support Element

Lyle Halliday

Chief Operating Officer

- Lyle is an experienced Systems Engineer with a background in medical device product development
- Responsible for implementation of processes to ensure customer expectations
- Engineering experience spans electrical, mechanical, manufacturing and software

Carl Norman

Embedded Product Engineer

- Carl is an experienced embedded product engineer who joined DroneShield early in 2019
- Over 25 years of experience in electronic product design, manufacturing and project management
- Background in RF products, analogue, embedded and high speed digital systems

Capital Structure

Enterprise Value (A$)		
DRO Shares	16.5c / share[1]	$65.1m[2]
Cash	As at 30 June 2021	$14.2m
Debt	As at 30 June 2021	nil
Enterprise Value		$50.9m

[1] Shareprice as at 9 July 2021. 394,446,768 ordinary shares outstanding at the date
[2] Excluding unlisted options. 48,900,218 unlisted options outstanding as at 9 July 2021

Substantial Shareholders		
Beta Gamma Pty Ltd	21,500,000 shares	5.45%

Director and Employee Shareholdings		
Oleg Vornik, CEO and Managing Director	4,370,022 shares 13,650,000 options[2]	1.11%[1]
Peter James, Independent Non-Executive Chairman	3,452,522 shares 7,262,500 options[2]	0.88%[1]
Jethro Marks, Non-Executive Director	583,333 shares 166,667 options[2]	0.15%[1]
Other Employees	6,059,570 shares 9,776,051 options[2]	1.54%[1]

[1] Based on the shares held and excluding options
[2] Options issued at various strike price and maturities. For full information please refer to ASX releases

Image: DroneSentry-X™ on an MRZR vehicle

Image: RfPatrol MKII

DRONESHIELD

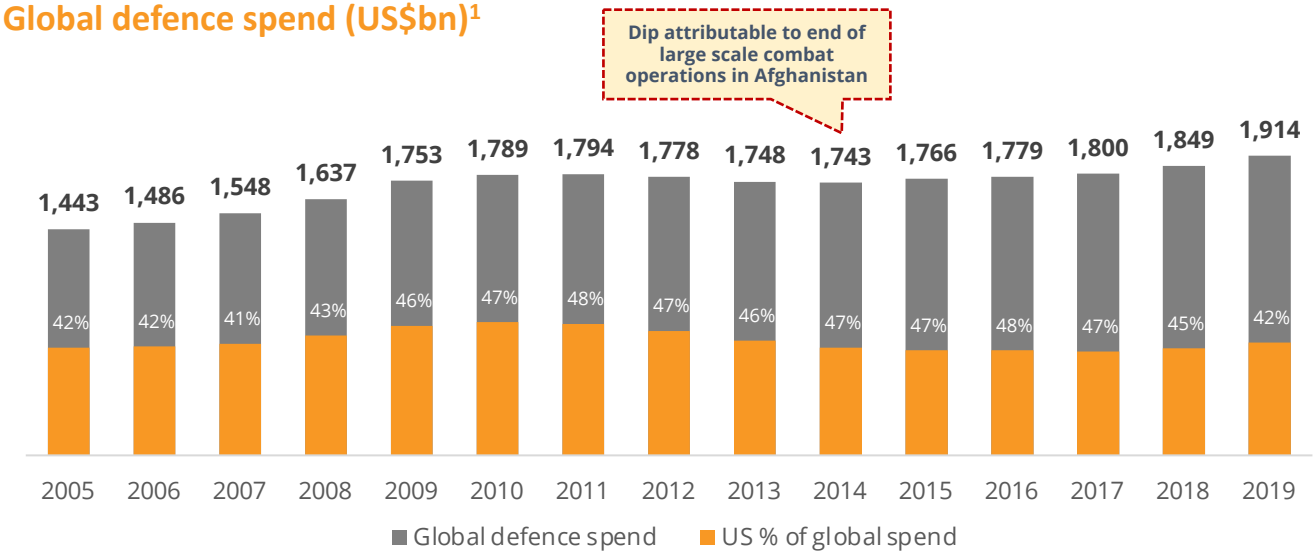
Appendix D – Macroeconomic thematic

Global defence spending continues to rise

Overview

- Global military spending in 2019 represented 2.2% of GDP
- Total military spend is primarily attributed to the United States, which grew by 5.3% to total of US$732bn in 2019
- The global increase in spending is predominately attributed to increased tensions and risk of conflict between nation states
- In 2019 China and India were, respectively, the second and third-largest military spenders in the world

Global defence spend (US$bn)[1]



Hybrid warfare is shaping modern conflict and DroneShield is positioning to be a leader in this space

High intensity conflict

- Strike weapons with enhanced lethality are a core focus of future military doctrine
- Increased defence budgets are being utilised to develop and procure these systems
- Relevant counter-measures are also a core focus

"Grey zone" activities

- The lines of conflict are being blurred with military action undertaken in a covert nature
- Facilitated by technological advancements
- Infrastructure and services are significant strategic targets

Artificial intelligence

- Processing large amounts of data quickly and accurately to support military decision making represents a key technological focus for nations
- Artificial intelligence systems will provide decision overmatch capacity in conflict scenarios

DRONESHIELD

- ✓ Counter-measures for pervasive drone technology with applications across multiple mission profiles
- ✓ Safe nature makes products highly suitable for "grey zone" activities

Source: Australian Government - Defence Strategic Update, Stockholm International Peace Research Institute.

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