



19 April 2023

ASX RELEASE

2023 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 2023 Annual General Meeting.

It is now 10:00 AM and there being a quorum present, I declare the meeting open for business. I confirm that the meeting has been properly constituted. This year's AGM is being held as a hybrid in-person and virtual meeting, to maximise shareholder participation.

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

Present virtually is Jethro Marks, Independent Non-Executive Director, whose extensive commercial experience has centered on successfully scaling a multi-national business.

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

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 17 March 2023.
- Oleg will provide an update on the business and the outlook for the remainder of 2023; and
- finally, there will be an opportunity for questions and discussion.

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

I am pleased to present to you today my review of 2022 and 2023 year to date, with 2022 being the seventh year both as Chairman and for DroneShield as a publicly listed company, and an overview of DroneShield's prospects going forward.

2022 has seen DroneShield produce another leap in results, with 2023 shaping to be another record year for the business.

Highlights for 2022 and 2023 to date include:

- 2022 Revenue of \$16.9 million (in addition to R&D incentives and other grants). This is an approximately 60% increase on 2021 revenues, and continues the trend of the Company generating record revenues each year of its existence.
- \$15.6 million of 2022 cash receipts, another all-time record.
- Record \$11 million order received in December followed by another \$11 million order from a different Government customer in January 2023, as well as numerous smaller contracts.
- Strong bank and term deposit balance of approximately \$46 million, including completion of \$10.9 million placement and \$29.4 million SPP, which both received exceptional investor support.
- Record \$24 million contract backlog at the start of the year, and a strong sales pipeline with over \$200 million in active project discussions for 2023 opportunities (on a risk unweighted basis).
- Substantial tailwinds for the defence industry with growing geopolitical tensions, with an increase in Government spending in Australia and in other markets.

The Ukrainian war, where DroneShield has been deployed since the start in February 2022 on the Ukrainian side, has clearly 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.

Nefarious use of drones is a global and rapidly rising threat, with DroneShield providing a proven market leading suite of solutions, directly and via its network of 100+ in-country partners globally.

DroneShield has continued to ramp up its mass production capabilities, across supply chain, inventory and deployment aspects, with the goal of immediate or short-term fulfilment of customer orders, including anticipated record-size orders.

The Australian Government continues to strongly encourage the growth of the domestic defence industry. The current \$3.9 million Electronic Warfare contract has been progressing well and a subsequent, larger, contract is expected in 2023. The recently released Defence Strategic Review is expected to add further momentum to sovereign defence businesses such as DroneShield.

The U.S. Government and military market is expected to be the single largest opportunity for DroneShield, being the largest counterdrone customer in the world. During 2022, 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 U.S. DoD recommended DroneShield solutions for a rollout across its bases nationwide during the year, as part of the SAIC consortium.

DroneShield continues to actively engage with strategic primes, including welcoming a \$3.7 million investment from Epirus in November 2022, a multi-billion dollar defence technology unicorn based in California, developing software-defined directed energy systems. The counterdrone industry continues to consolidate as it rapidly grows, as evidenced by Texas-based Highlander Partners acquiring Black Sage, Liteye Systems and DZYNE, in the last 12 months. DroneShield is well-positioned strategically in this environment.

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 100 countries and the diversity of its pipeline is one of its key strengths.

We are progressing through 2023 with a confident outlook as we navigate through the inflection point of the business 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.

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 globally.

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