

ersonal use only



AI-Enabled Platforms for Protection against Advanced Threats

DroneShield (ASX:DRO)

April 2023

Image: DroneGun counterdrone system

Investment Highlights



1

World leading proprietary **AI platform** for protection against drones

2

Leverage to the **global defence and security technology sector**. **\$10bn counterdrone** addressable market, in addition to **electronic warfare and Defence AI markets**

3

Pipeline of over **\$200m** with over **90 qualified projects** at different stages. Over **\$20m in contracted pipeline**. Repeat customers drive majority of sales

4

Best in class customer base including **Australian Department of Defence, US DoD, US State Department and others**

5

\$16.9m in 2022 revenue, another record year, as the **business is at inflection point**

6

Fully funded for growth with **\$40m raised in March 2023** towards rapid scale of inventory and operations

Executive Summary



DroneShield Overview

- Founded in 2014 and listed on the ASX in 2016, DroneShield (ASX:DRO) provides **Artificial Intelligence platforms** for **protection against drones**
- **Hardware and software solutions** that detect and safely neutralise small drones used for high-tech warfare, terrorism, contraband delivery, and airport disruptions
- **Key customers** include military, intelligence community, Homeland Security, law enforcement, critical infrastructure, and airports globally

Financial Highlights

- Record **\$16.9 million revenue** for 2022, with expected strong 2023
- **\$22.5 million contracted backlog of orders** as of 14 April 2023, expected to be fulfilled and paid in 2023
- \$44.9 million bank balance as at 14 April 2023

Business Model

- **Three streams of revenue:** hardware (drone detection and defeat devices), SaaS (device software updates) and R&D contracts
- Sales through an **experienced in-house veteran salesforce with distribution partners across over 100 countries**
- SaaS is expected to become a **significant proportion of overall revenue** over the next 5 years
- **R&D contracts are expected to increase**, representing an opportunity to develop advanced capability in-house, and attracting and upskilling talent

Proprietary AI Software Engines

- **RFAI™** (radiofrequency spectrum engine), **DroneOptID™** (optical AI engine), **SFAI™** (sensorfusion AI engine)
- The engines undertake real-time, at the edge, **detection and identification of drones** and other potential threats in the ISR and Electronic Warfare fields
- The result is a dramatic **increase in detection responsiveness, lower false positives** and a **significant increase in the speed** at which new threats are detected, classified and tracked by DRO systems
- Customers receive **regular software updates** via enrolling in a SaaS model at the time of purchase of their systems
- All hardware except for radars and cameras fully designed and developed in-house, with no reliance on third party IP
- Delivering on a **\$3.8 million contract to provide Electronic Warfare (“EW”)** capabilities to detect “never seen before threats” to the **Australian DoD**

Addressable Market

- **International addressable markets** in counterdrone and related EW and tracking systems estimated at approximately **US\$10 billion** worldwide
- Rapidly improving and easily available drone technology is **driving demand for counterdrone solutions**
- **Current geopolitical conflicts make extensive use of drones by all sides**

Growth Strategy

- Today, over **75% of revenues is derived from defence**, and approximately **15% of revenue** comes from the **intelligence community**
- Defence, the intelligence community and border security will continue to be the key focus for DRO, however there is a **major opportunity for continued expansion** into other markets including civilian airports, prisons, stadiums and corporates

Key execution priorities

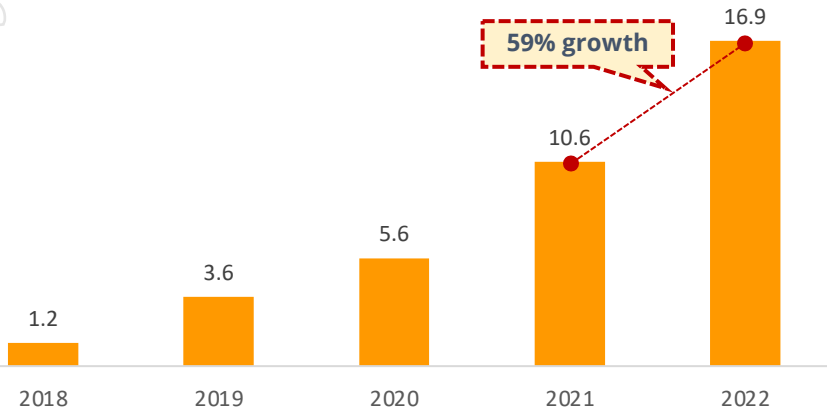
- **US sales:** converting trial and integration successes into large multi-million-dollar contracts
- **Australia sales:** expanding on the initial \$3.8 million Electronic Warfare contract into the next, and larger, contract
- **Technology:** rapidly scaling the AI engine software for SaaS deployments
- **M&A:** continue to review and successfully implement appealing acquisition options. \$3.7 million investment into DRO by Epirus in Nov 2022, a US tech unicorn

Continued Rapid Growth (\$m, Dec YE)



Rapidly improving financials, as the business stands at an inflection point into 2023

Strong Revenue Growth



Rapid Cash Receipt Growth (Sales + Grants)

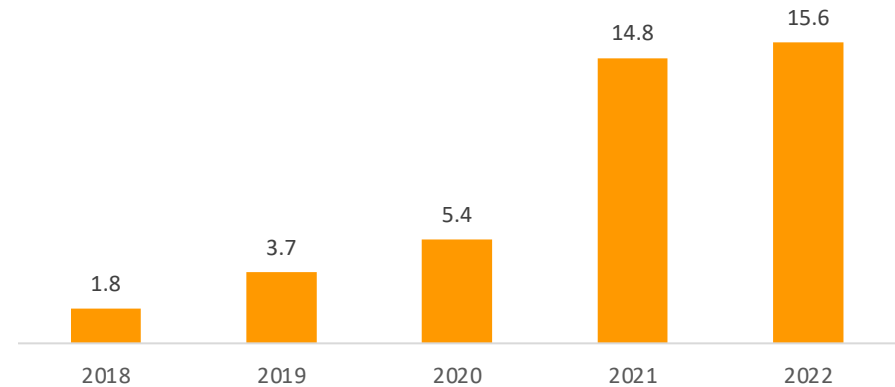
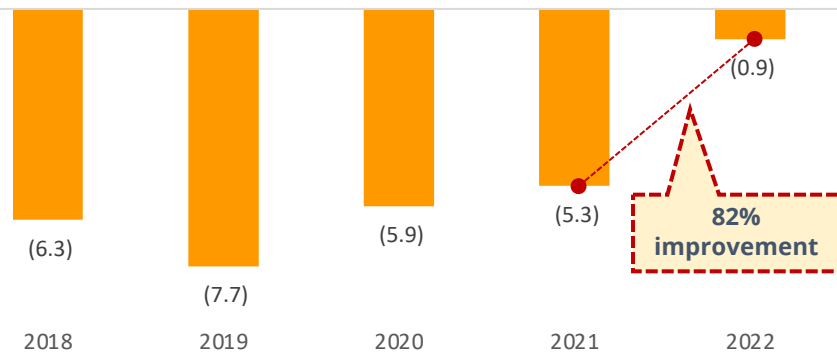


Image: With the Chief of Army, Lieutenant General Simon Stuart, AO, DSC at Avalon Airshow 2023

Rapidly Improving P&L



ersonal use only



DRONESHIELD

Business Overview

Image: RfPatrol™ during customer evaluation

Why is the Malicious Use of Drones a Threat?



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



Payload delivery

- **Attacks:** Dropping harmful / explosive payloads (including chemical or biological substances) or creating damage via collision
- **Smuggling:** Moving contraband into sensitive zones such as prisons



Intelligence gathering

- **Directing attack:** Reporting enemy target location on the battlefield to direct forces
- **Spying and tracking:** Obtaining video, images and track movements of personnel
- **Surveillance:** Using drone images and other payload data to enable reconnaissance



Nuisance activity

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



Cyber and Ransom attacks

- **Corporates, Ships, Facilities:** Hack into control networks via proximity intrusion with a drone, and demand ransom or cause terrorist attack

AI-Enabled Platforms for Protection against Advanced Threats



Multiple platforms in adjacent technologies and customers with a common theme of AI-based threat protection

Counterdrone

- Global leader with multiple differentiators in a rapidly growing counterdrone market
- Hardware sales with SaaS
- Tier 1 customers across military, intelligence community, Government and critical infrastructure
- \$200m+ pipeline

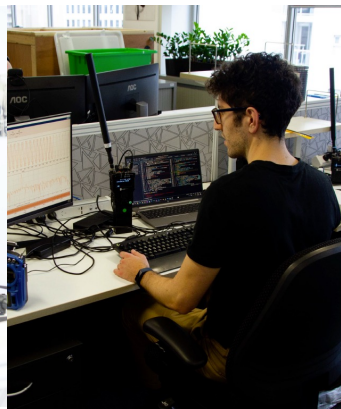
Artificial Intelligence in Electronic Warfare

- Executing on a 2 year \$3.8m contract with Australian DoD, following on the initial \$600k contract in 2020
- Follow-up contract expected in 2023
- Potential to take the work to the US DoD
- Land, Sea/sonar, Air, Space and Joint Forces applications
 - DroneShield's AI software is well positioned to solve Defence "big data" challenges

Artificial Intelligence in computer vision and sensor fusion

- Completed 1-year initial \$800k contract with Australian DoD in late 2022
- Expecting follow up work

Synergies between counterdrone and non-drone applications



How does a counterdrone system work?



Step 1

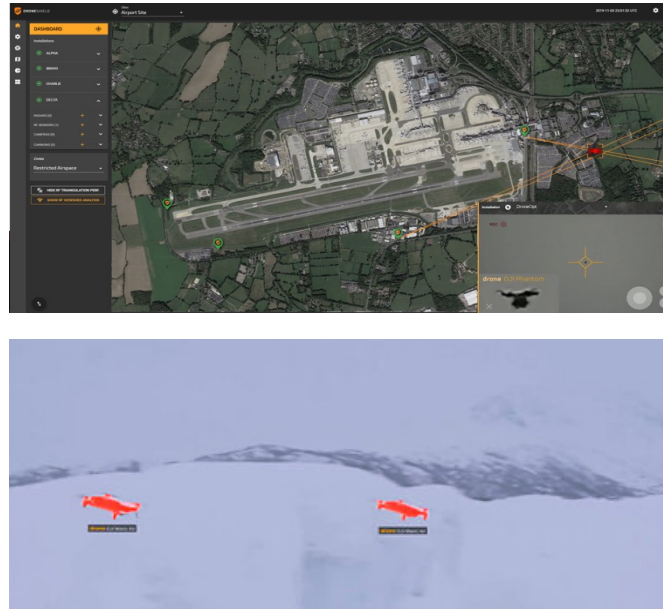
Detect



State of the art, multi-sensor drone **detection** products provide optimal detection and identification of drones and other UAS threats

Step 2

Assess



- Machine learning and AI based detection and classification software is used to undertake near-real time tracking and **assessment** of drones and UAS threats

Step 3

Respond



- Respond** / defeat technologies offer intelligent, responsive, non-kinetic jamming for the controlled management of threats

Geopolitical Environment



- Increased expenditure by Western Governments in response to the war in Ukraine
 - US DoD increasing 2023 budget to over US\$800bn, a record peacetime amount¹
 - Germany increasing spending to over 2% of GDP (from 1.53% in 2021), including a new EUR100bn fund to modernise military²
 - Poland have announced a record 2023 Defence budget at 3% of GDP³
 - Australia is currently under a Defence Strategic Review, with expectations to increase the Defence spend and allocate an increasing budget to asymmetric, high-tech and greyzone warfare
- In Australia, the Government is seeking to rapidly grow sovereign defence capability, with several key focus areas directly matching DRO expertise, being counter-robotics, Electronic Warfare, battlefield surveillance (ISR) and defence technology capabilities more generally
- Record Defence and Security budgets, combined with a demonstrated use of drones by both sides in Ukraine for payload delivery, directing artillery strikes, collecting field intelligence and general use, has put increasing focus on both drone and counterdrone systems for all major militaries
- DroneShield is one of very few fielded and proven counterdrone systems with **US DoD recommendations** and based in Australia and US, hence well positioned to supply to Western allies
- Combined, these factors are expected to lead to meaningful and consistent order flow for DroneShield across near and medium term



Ukrainian men practice attaching a bomb to a drone



Iranian Shahed drones used by the Russian military

¹ <https://news.am/eng/news/711941.html>

² <https://www.reuters.com/business/aerospace-defense/germany-hike-defense-spending-scholz-says-further-policy-shift-2022-02-27/>

³ <https://www.trade.gov/market-intelligence/polands-defense-spending>



erscal use only

DRONESHIELD
Layered Counter-UAS Solutions
DETECT &
DEFEAT

kaléo

StarGuides

Cynalytica



DRONESHIELD

Addressable Market

Image: US Department of Defense conference

Counterdrone: Multi-Billion Dollar Market by 2024



Rapidly improving and easily available drone technology is driving demand for counterdrone solutions

Military



Government Facilities



Law Enforcement



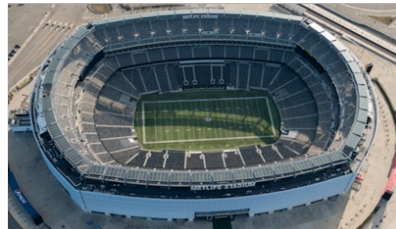
Protective Details



Airports



Stadiums



Commercial Venues



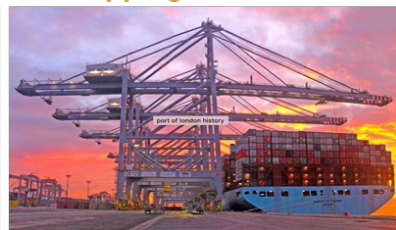
Energy Production



High Profile Events



Shipping / LNG Ports



Rescue / Fire Response

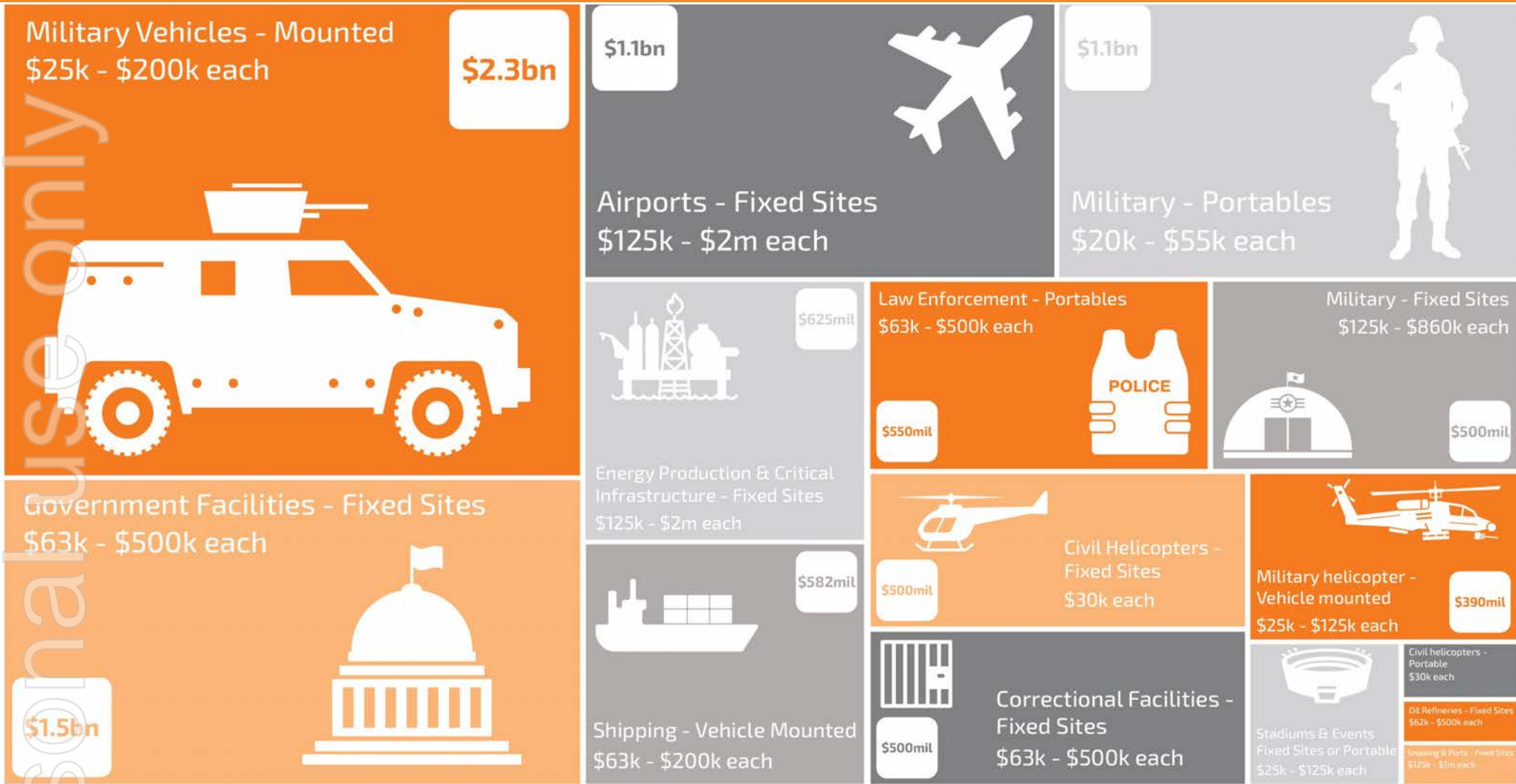


Correctional Facilities



Sources:
Markets and Markets: <https://www.marketsandmarkets.com/Market-Reports/anti-drone-market-177013645.html>
Factors & Factors: <https://www.globenewswire.com/en/news-release/2021/08/27/2287713/0/en/Global-Counter-UAV-Market-Size-Share-Expected-to-Reach-USD-2-041-09-Million-by-2026-Facts-Factors.html>

US\$10bn Total Addressable Market



Sources: <https://www.dronesshield.com/counterdrone-market>

ersonal use only



DRONESHIELD

DroneShield Capability and Product Overview

Image: DroneSentry-X™ at the Canadian Government Agency evaluation

DroneShield Capability Overview



High IP, yet mass-production hardware, with a software subscription platform and Electronic Warfare work

Hardware with Embedded Software and Associated Services

Dismounted & Body-Worn Counterdrone Solutions



DroneGun Mk3



DroneGun Mk4



DroneGun Tactical



RfPatrol Mk2

Vehicle / Ship / Fixed Site Counterdrone Solutions



DroneSentry-X



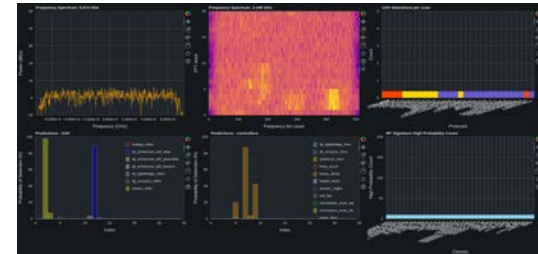
DroneSentry

Software (SaaS and R&D contracts)

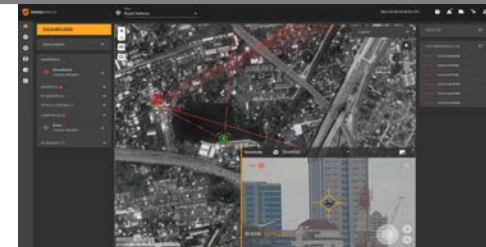
Electronic Warfare and SIGINT



RFAI (Radiofrequency AI engine)



DroneSentry-C2 and DroneOptID







DroneShield has its own production facility, supplemented by outsourced manufacturers, to ensure ability to manage large hardware orders

The focus is on software subscriptions, with hardware fleet serving as an enabling platform

Counterdrone detection solutions



DroneShield uses multi-sensor drone detection for optimal results, unaffected by time of day or weather







	Radio frequency	Radar*	Cameras*	Acoustic*
Imagery				
Overview	<ul style="list-style-type: none"> • Foundational layer • Detects drone comms protocols (via conventional RF library or an AI engine) 	<ul style="list-style-type: none"> • Motion tracker - emits signals which are then reflected back to the radar by targets 	<ul style="list-style-type: none"> • Electro-Optical (EO), Infrared (IR) and Thermal • Video analytics and image capture identification of drone activity 	<ul style="list-style-type: none"> • Compares noise of drone blades or motor to a database of acoustic signatures
Advantages	<ul style="list-style-type: none"> ✓ No interference with other sensors ✓ Tracks multiple targets ✓ Passive – cannot be “seen” ✓ Low false alarm rate ✓ Direction-finding capability ✓ Long ranges ✓ Cost effective 	<ul style="list-style-type: none"> ✓ Picks up drones without RF emissions ✓ Tracks multiple targets 	<ul style="list-style-type: none"> ✓ Best used for verification, classification and tracking of a target detected by other sensors ✓ Potential identification of payloads ✓ Provides “eye on target” 	<ul style="list-style-type: none"> ✓ Passive, cost effective ✓ Supporting sensor, filling gaps from other sensors
Disadvantages	<ul style="list-style-type: none"> ✗ Doesn't pick up RF-silent drones ✗ Requires firmware updates 	<ul style="list-style-type: none"> ✗ False alarms (birds etc) ✗ Is “seen” as emits energy ✗ Longer range detection is expensive ✗ Struggles with hovering drones 	<ul style="list-style-type: none"> ✗ Not well suited for detection on its own due to field-of-view vs distance trade-off ✗ Short ranges 	<ul style="list-style-type: none"> ✗ Short range ✗ False alarms ✗ Cannot locate or track ✗ Requires signature database updates

* Third party hardware, integrated into DroneShield combined multi-sensor solution, with differentiated offering via AI-powered software layers

Counterdrone defeat solutions



DroneShield uses smart jamming which has advantages over other technologies, particularly, in its use across civil and military applications, and does not compete against large Defence Primes

	Safe - "soft kill"		Kinetic - "hard kill"		
	Smart jamming	Spoofing/Cyber	Counter-drone drones	Projectile fire kinetic systems	Directed energy (Laser or microwave)
Impact	No intentional damage to the drone		Physical force used with potential for destructive damage		
Imagery			 		
Overview	<ul style="list-style-type: none"> Radio waves force a drone to fly back, hover, or land 	<ul style="list-style-type: none"> Hijacks the control of a drone 	<ul style="list-style-type: none"> "Kamikaze" or "catching" drones 	<ul style="list-style-type: none"> Remote weapons systems shoot down drones 	<ul style="list-style-type: none"> Lasers and high-power microwave systems "dazzle" or destroy a drone
Advantages	<ul style="list-style-type: none"> ✓ Universal effectiveness ✓ 360-degree defeat coverage ✓ Effective against swarms ✓ Civil and military environments 	<ul style="list-style-type: none"> ✓ Allows for the re-routing and re-direction of malicious drone flight paths ✓ Applications in both civil and military environments 	<ul style="list-style-type: none"> ✓ "Catching" the drone is available to a wider range of customers 	<ul style="list-style-type: none"> ✓ Effective against Govt-grade drones ✓ Established technology for military operations 	<ul style="list-style-type: none"> ✓ Effective against Govt-grade drones ✓ Systems can be mounted on naval vessels for complex defence systems
Disadvantages	<ul style="list-style-type: none"> ✗ Potential for collateral interference (for a "dirty" jammer) 	<ul style="list-style-type: none"> ✗ Not effective against all drones ✗ Higher chance of collateral damage 	<ul style="list-style-type: none"> ✗ Generally slow to deploy ✗ Not effective against swarms 	<ul style="list-style-type: none"> ✗ Collateral damage ✗ Unsuitable for use in a civil environment 	<ul style="list-style-type: none"> ✗ In early stages ✗ Only available for military applications

Exotic tech, limited reliability

Large Defence Primes dominance area

DRO offering

Personal use only

Personal use only



DRONESHIELD

Competitor Analysis

DroneShield's competitive counterdrone advantage?



C-UAS market pioneer, with a culture of systematic innovation and understanding of channels to market

Market leading, differentiated technology...



Multi-sensor detection, ID and tracking



Best-in-breed detection range



Best-in-breed defeat range

...across multiple platforms...



Body-worn



Vehicle/Ship mounted



Fixed site

...underpinned by AI-powered SaaS...



Proprietary software integrated across product suite



Difficult to replicate



Experienced development team for quarterly software updates

... and backed by high barriers to entry



Experienced in-house veteran sales team



Relationships and pipeline with global defence partners and clients in over 100 countries



Deep in-house world-leading technology talent (40+ engineers)

Competitor analysis

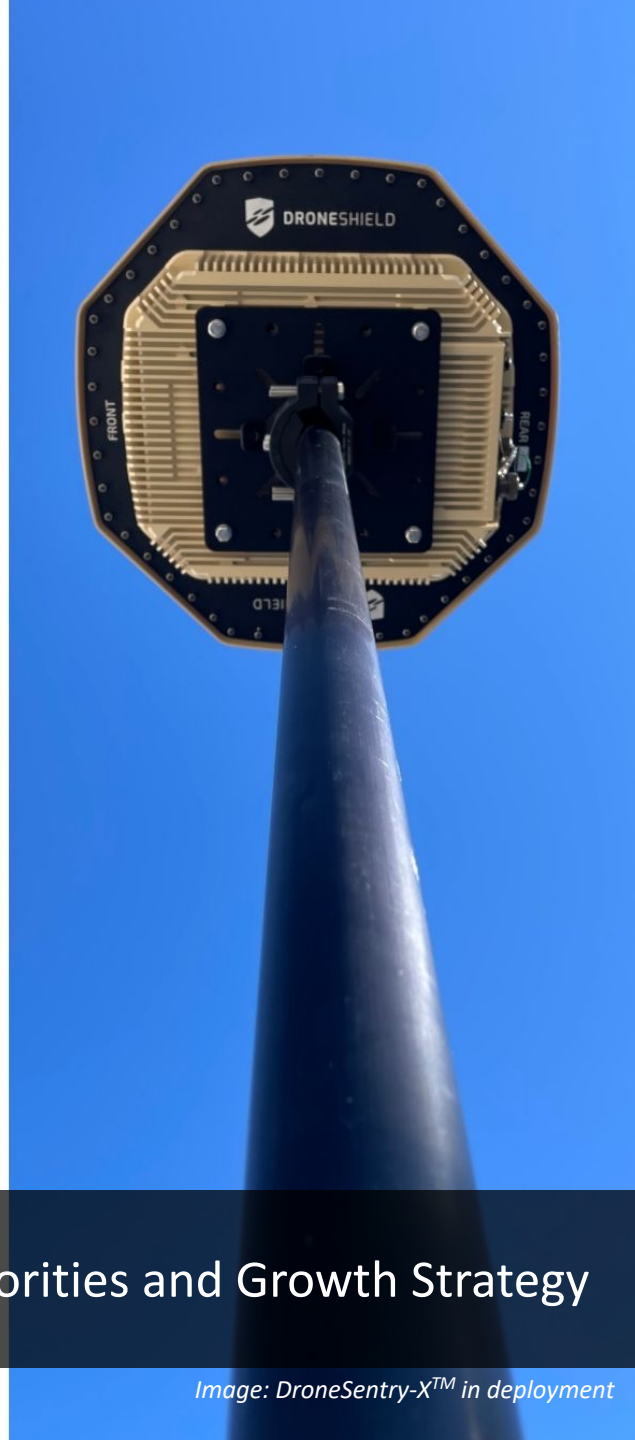
DroneShield is the only global provider of own individual sensors, all integrated into a complete system, fully in-house



	DRONESHIELD	ANDURIL	CACI	LITEYE Black Sage	Dedrone Aerial Armor	ELECTRONIC WARFARE	Radio Hill Home of the Dronebuster	BLUEHALO	SRC
Country of origin									
Integrator	✓	✓	✓	✓	✓	-	-	-	✓
In-House Detect									
Dismounted	✓	-	-	-	-	-	-	-	-
Vehicle Mounted	✓	-	✓	-	-	-	-	✓	✓
Fixed Site	✓	✓	✓	-	✓	-	-	✓	✓
In-House Defeat									
Dismounted	✓	-	-	✓	✓	✓	✓	-	-
Vehicle Mounted	✓	-	-	-	-	-	-	✓	-
Fixed Site	✓	✓	-	✓	-	-	-	✓	✓
Commentary									
Platform information	<ul style="list-style-type: none"> ✓ Most extensive product range in the market ✓ Large in-house IP portfolio ✓ Market leading performance 	<ul style="list-style-type: none"> ✓ Integrator-only via its Lattice platform ✓ Acquired Copius Imaging sensing technology 	<ul style="list-style-type: none"> • Substantially an integrator • Acquired AVT, a smaller integrator 	<ul style="list-style-type: none"> • Highlander Partners (Texas PE) acquired both Liteye and Black Sage • System integrators/C2 suppliers 	<ul style="list-style-type: none"> • Lower-performance technology • Focus on prison and police • Dedrone acquired Aerial Armor Jan 2023 	<ul style="list-style-type: none"> • Handheld Dronekiller jammer gun • Lacks a full product suite 	<ul style="list-style-type: none"> • Handheld DroneBuster jammer gun • Lacks a full product suite 	<ul style="list-style-type: none"> • Titan RF detect-and-defeat (via Citadel acquisition) • LOCUST laser defeat • Acquired Verus Mar 2023 	<ul style="list-style-type: none"> • Offer an expensive, competing product to DroneSentry • Lacks a full product suite
Detection	RF, EO / IR, Radar	RF, EO / IR, Radar	RF, EO / IR, Radar	RF, EO / IR, Radar	RF, EO / IR, Radar	-	-	RF	EO / IR, RF, Radar
Defeat	RF smart jamming	Drone on drone – Anvil product	-	Catching net, RF jamming	RF jamming	RF jamming	RF jamming	RF jamming, Laser	RF jamming
Geography focus	Global	USA, UK, Australia	USA	USA	Global	USA	Global	USA	USA
In-house technology portfolio	RF, EW, waveforms, AI, sensorfusion, computervision	Sensor integration	EO / IR sensors, gimbals, RF	Sensor integration	RF	Waveforms	RF	RF, Laser	RF, EW, radar

Note: Competitor analysis based on publicly available information

ersonal use only



DRONESHIELD

Key Execution Priorities and Growth Strategy

Image: DroneSentry-X™ in deployment

Strategy | Continue Leadership in Counterdrone, Grow Adjacent Capabilities and SaaS



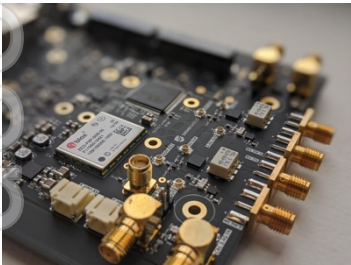
Three-part Strategy



Continue Leadership in the Counterdrone/Unmanned Threat Sector

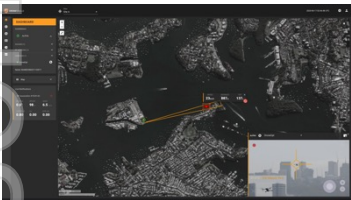
- The counterdrone market is growing rapidly, especially in the US
- DroneShield is well positioned as the industry pioneer, with on-the-ground US team, and Australia being part of the Five Eye intelligence alliance (US, UK, Australia, NZ and Canada)

Grow Adjacent Capabilities



- **Electronic Warfare (EW):** currently delivering on the second, \$3.8m contract with the Australian Defence Force
 - EW includes obtaining intelligence of the radiofrequency signals on the battlefield and applying directed energy to jam, degrade, disrupt or neutralise an adversary capability
- **Command-and-Control and Tracking Systems:** providing a central display/control for numerous assets deployed in the field by military, law enforcement and Government agencies
- **Optical Detection and Tracking:** using proprietary AI algorithms to enhance optical/thermal camera capabilities to detect, identify and track objects for military, law enforcement, Government, airport and prisons

Grow SaaS (Software as a Service) element



- Existing counterdrone detection products include a meaningful ongoing subscription, which will continue to grow with the number of deployed devices in the field – DroneShield provides quarterly software updates
- Adjacent capabilities are purely or mostly software based, either with subscription or longer term R&D cashflows (including counterdrone training and simulation market)

Contact details



Email: info@dronesshield.com

Sydney, NSW (Headquarters)

Level 5, 126 Phillip St
Sydney, NSW 2000
Australia

Phone: +61 2 9995 7280

Warrenton, Virginia

7140-B Farm Station Rd,
Warrenton, VA 20187
USA

Phone: +1 (540) 215-8383



ersonal use only

ersonal use only



DRONESHIELD

Appendices

Image: Middle Eastern Defence agency brief at IDEX

Drones - A Critical and Growing Threat Vector



Otago Daily Times

cloudy Dunedin 18 | 8 Monday, 6 September 2021 Send us news & photos

News Sport Life & Style Entertainment Business Regions Fea

Friday, 23 April 2021

Helicopter pilot horrified at close drone encounter

courier journal

Sports Life Opinion USA TODAY Obituaries E-Edition Legals

Drug cartels attack enemies and spread terror with weaponized drones in US, Mexico

Karol Suárez
Published 6:01 a.m. ET May 24, 2021

Police hunt drone pilots in unprecedented Gatwick Airport disruption

By Sheena McKenzie and Gianluca Mezzofiore, CNN
Updated 0050 GMT (0850 HKT) December 21, 2018



Drone Attack Damages Hangar at US-Coalition Air Base in Iraq

By Edward Yeranlian
May 08, 2021 01:54 PM

Forbes

Aug 3, 2021, 09:05am EDT | 18,681 Views

Drone Striking World Trade Center Is A Wake-Up Call

David Hambling Contributor @ Aerospace & Defense
I'm a South London-based technology journalist, consultant and author

Listen to this article now
Powered by Trinity Audio

York Post reports that a small drone has slammed into a building at the World Trade Center complex. No terrorist threat is suspected, but the incident is a wake-up call to the potential threat posed by such drones.

Middle East

Fire extinguished on oil tanker off Syria after suspected drone attack

IDF Shoots Down Hamas Drone That Crossed Into Israeli Territory

by I24 News



A drone that Israeli troops recovered in southern Israel that the military said crossed Israeli airspace from the Gaza Strip two days earlier, on August 13, 2021. Photo: Israel Defense Forces.

News & buzz

'Almost intentional': Doctor reacts to Tru vaccine...

Analysis: Blow to Me and Harry with UK w ruling but...

Ultimate Helicopter briefly shut down due to illegal drone activity

Written by defenceWeb - 4th May 2021



Ultimate Helicopters in Midrand.

Army opens fire on two drones found hovering over Ratnuchak-Kaluchak military areas in Jammu

One drone was spotted at 11:45 pm on Sunday night and the other at 2:40 am, officials said. Both were shot down.

Saudi Arabia Plants Aftermath

TRENDING

"Sidharth Shukla Sent Money During Lockdown": Pratyusha Banerjee's Father

"If We Die...": What Afghan Resistance Leader, Killed, Had Told NDTV

Inside Rishi Kapoor's Birth Anniversary Party. The Cake Stole The Show

Multiple drones hit northeast of Erbil, no casualties: sources

Drugs and weapons were given to the windows of the Donacona prison

Drone activity at Augusta Correctional Center in Craigsville causes lockdowns



Benefits and applications of safe, layered, counterdrone systems over kinetic systems



Safe counterdrone 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

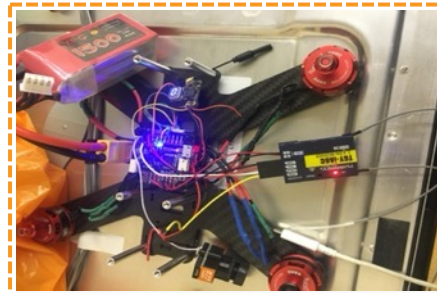
Alternatively, kinetic solutions could see a destroyed drone fall on crowds of people or inflict "friendly fire" from fired ammunition

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 AI Software Sees Through Noise – Radiofrequency Spectrum

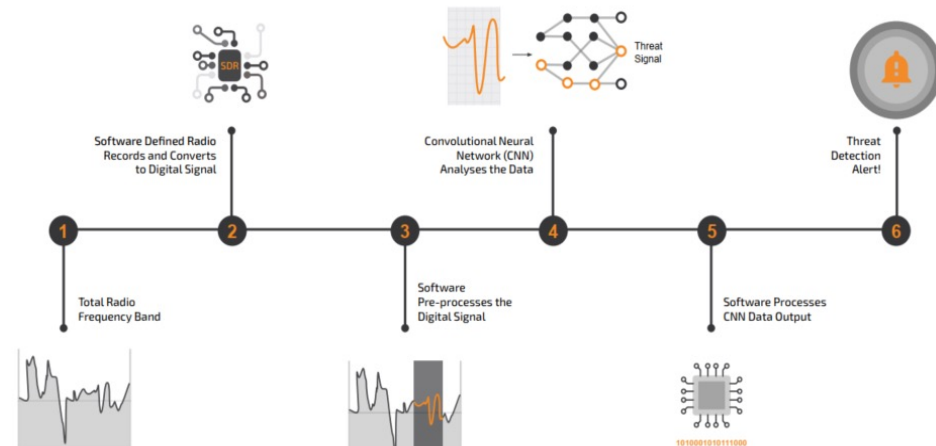
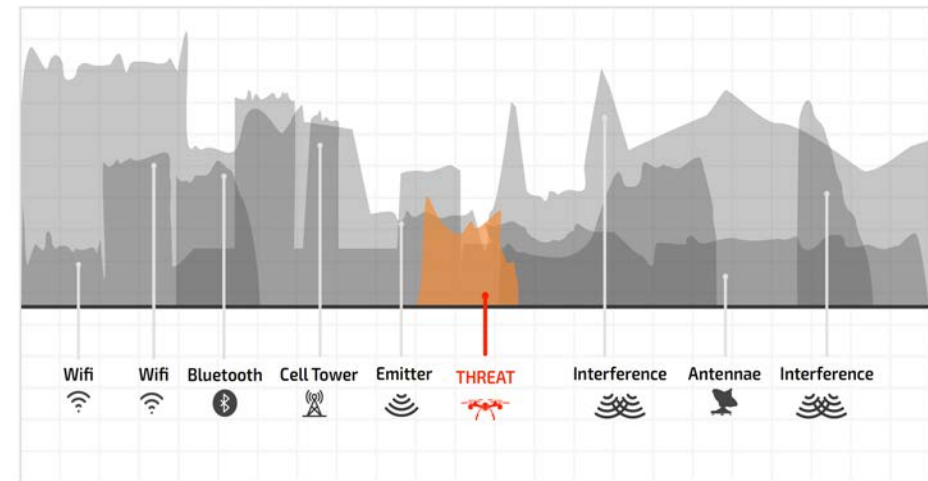


World leading proprietary RF AI platform for protection against advanced threats, such as drones

- Drones operate in arguably the densest parts of the Radio Frequency (“RF”) Spectrum with “noise” coming from all kinds of other emitters including Wi-Fi, Bluetooth, cell towers and antennas
 - Consequently, counter-drone detection technology needs to be able to pull a signal out of all the other “noise”, while still maintaining a low false alarm rate
 - Achieving this using traditional techniques, especially in a very cluttered environment, is very difficult – if not impossible

Consequently, DroneShield has developed a cutting-edge spectrum awareness capability using proprietary Artificial Intelligence techniques through its RFAI™ engine

- The RFAI™ engine receives quarterly updates (intra-quarter updates also available) which get pushed to the devices deployed across the globe in a variety of ways suitable for the security of the end user



DroneOptID AI Software – Optical and Thermal Spectrum Counterdrone Surveillance



DroneShield's DroneOptID™ AI engine detects and tracks complex threats such as drones in cluttered environments

- Drones are small, fast-moving objects, hard to detect with naked eye more than 50m away, against complex background
- Cameras on their own cannot detect and track drones at any meaningful distance, due to
 - the trade-off between the camera Field-of-View (FoV) and Depth. A wide FoV would only see drone at a close distance. A narrow FoV means only looking at a tiny part of the area
 - Even once an object is detected, separating drones from birds is difficult, especially for fixed wing drones
- To enable cameras to accurately detect and track drones and other objects, DroneShield has developed a proprietary AI engine DroneOptID™, in conjunction with University of Technology Sydney, with DroneShield retaining the IP
 - DroneOptID™ uses the latest in Computer Vision technology to detect, identify and track drones in real time, cutting through all the other “noise”
 - The software takes geographical and environmental data from other sensors in order to slew and validate a drone threat. Once the drone is in the field of view of the camera, using proprietary DroneShield algorithms, the DroneOptID™ software uses motion tracking and machine learning techniques to identify and track the target
- Further development is currently under way, funded by the Australian Department of Defence

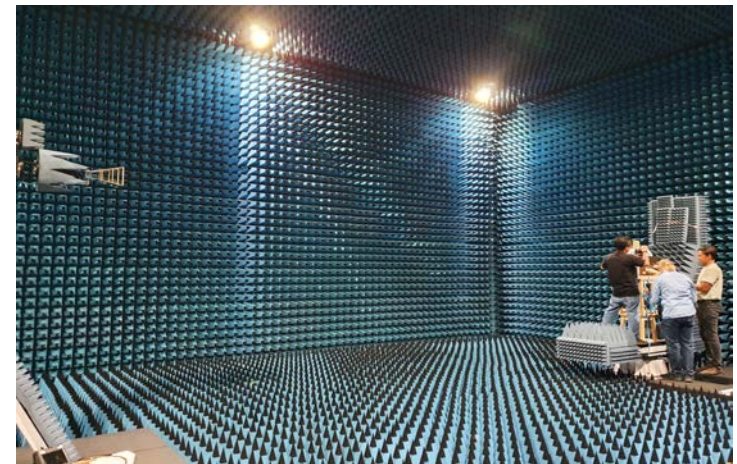


Artificial Intelligence in Electronic Warfare



DroneShield is favourably exposed to the fast-growing Electronic Warfare business segment

- **Electronic warfare (EW)** is any action involving the use of the electromagnetic spectrum (EM spectrum) or directed energy to control the spectrum, attack an enemy, or impede enemy assaults. The purpose of electronic warfare is to deny the opponent the advantage of—and ensure friendly unimpeded access to—the EM spectrum
- Demand for smart EW technologies to jam, degrade, disrupt or neutralise an adversary capability are rapidly growing and are an essential part of modern warfare
- Given the overlap with DroneShield’s counter-drone AI technology and the minimal Australian based competition in EW technology, DroneShield is in the box seat to exert dominance in this rapidly growing area
- In 2021, DroneShield received a \$3.8 million, 2-year R&D contract with the Australian Department of Defence
 - Contract was awarded on a sole source basis. Importantly, the contract was not in counter-drone, but EW and Signals Intelligence, an adjacent area utilising an existing DroneShield skillset, but with much wider applications.



Additional, and larger, contracts are expected with the Australian Department of Defence, as DroneShield builds up its AI capabilities in the EW and Signals Intelligence arena

Seasoned senior sales and engineering teams



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

 <p>Peter James Independent Non-Executive Chairman</p> <ul style="list-style-type: none"> 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 including Macquarie Telecom and Nearmap 	 <p>Oleg Vornik CEO and Managing Director</p> <ul style="list-style-type: none"> 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 	 <p>Jethro Marks Independent Non-Executive Director</p> <ul style="list-style-type: none"> 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 	 <p>Carla Balanco CFO and Company Secretary</p> <ul style="list-style-type: none"> Carla joined DroneShield in mid-2018 Instrumental in scaling the company's financial management systems Experience working in Chartered, Commercial and Business Development roles 	 <p>Red McClintock Sales Director</p> <ul style="list-style-type: none"> 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 	 <p>Tom Branstetter U.S. Director of Business Development</p> <ul style="list-style-type: none"> U.S. Navy veteran and former Navy SEAL Focus across DoD and other federal agencies Tom holds a Bachelor of Arts degree in Entrepreneurship
 <p>Angus Bean Chief Technology Officer</p> <ul style="list-style-type: none"> 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 	 <p>Lawrence Marychurch Vice President, Design</p> <ul style="list-style-type: none"> Lawrence joined DroneShield in 2018 and has a background in Industrial Design Manages a team of industrial designers and mechanical engineers as well as DroneShield's in-house production team Responsible for DroneShield's wide base of Australian and international component suppliers 	 <p>Hedley Boyd-Moss Vice President, Engineering</p> <ul style="list-style-type: none"> 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 	 <p>Matt McCrann U.S. CEO</p> <ul style="list-style-type: none"> 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 	 <p>Lyle Halliday Chief Operating Officer</p> <ul style="list-style-type: none"> 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 	 <p>Carl Norman Vice President, Embedded Systems</p> <ul style="list-style-type: none"> 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

Industry and Media Recognition



ASX-listed DroneShield wins US Defence contract



Matthew Cranston
United States correspondent

Oct 5, 2022 - 6:04am

Washington | ASX-listed anti-drone technology company DroneShield has won a \$1.8 million contract with the US Department of Defence and says the win will open doors to [significantly larger contracts](#) with the world's biggest military.

In what is the company's largest US sale to date, DroneShield will provide dozens of DroneGun MKIIIs – a two kilogram pistol that sends a signal which neutralises an attacking drone or drone swarm.

DroneShield (ASX:DRO) selected for ISREW panel

ASX News, Technology

ASX:DRO MCAP \$71.36M



Julia Seymour
Markets Presenter/Reporter
julia.seymour@themarket Herald.com.au
07 September 2022 15:23 (AEDT)

RELATED QUOTES



DroneShield Launches Regional NSW Testing Facility
October 5, 2022

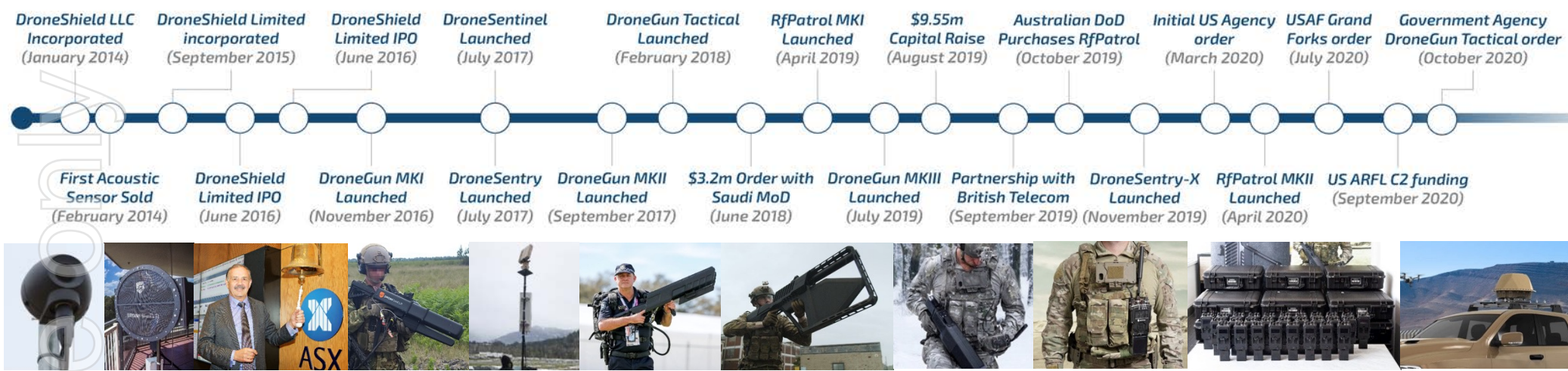


Aussie 'drone gun' bringing Mexican cartels down to earth
1 min read
Bitte Technology Fast 50 Australia



Homegrown defence company helping Ukraine take out Russian drones
1 min read
www.dronesield.com DRONESIELD

Continuous Significant Momentum



Epirus Investment and Partnership



- In November 2022, DroneShield announced a strategic partnership with Epirus, which included a \$3.7 million investment at 20c (market price at the time) for a 4.1% stake
- Epirus is a high-growth U.S. technology unicorn, developing software-defined directed energy systems that enable unprecedented counter-electronics effects and power management solutions to optimize power efficiency in defense and commercial applications
- This includes the Leonidas™ solid-state, software-defined high-power microwave (HPM) technology to enable unmatched counter-electronics effects for a range of use cases
- Epirus was founded in California in 2018 and has raised approximately US\$300 million (approximately \$450 million) in funding since inception
- DroneShield and Epirus share a number of attractive synergies across technology and customer bases, and are both a part of the SAIC consortium, which has been recommended by JCO (part of U.S. Army) for counterdrone rollout across U.S. Department of Defense bases nationwide
- Epirus has deep linkages into a range of US Government agencies, which is expected to benefit DroneShield's US sales and create additional revenue streams



Capital Structure



Capital Structure (approximately 9,900 shareholders)

DRO Shares on Issue	585,179,443
DRO Options on Issue ¹	35,155,001
Fully Diluted Shares on Issue	620,334,444
Fully Diluted Equity Value ²	\$186.1m
Cash ³	\$44.9m
Debt ³	\$nil
Fully Diluted Enterprise Value	\$141.2m

¹ Options issued at various strike price and maturities. For full information please refer to ASX releases

² At 30c per share, as at 14 April 2023

³ As at 14 April 2023

Director and Employee Shareholdings

Oleg Vornik, CEO and Managing Director	8,177,022 shares 10,250,000 options ²	2.97% ¹
Peter James, Independent Non-Executive Chairman	6,401,688 shares 5,132,500 options ²	1.86% ¹
Jethro Marks, Non-Executive Director	666,666 shares 1,083,334 options ²	0.28% ¹
Other Employees	22,938,954 shares 12,816,667 options ²	5.76% ¹

¹ On a fully diluted basis

² Options issued at various strike price and maturities. For full information please refer to ASX releases

Research Coverage

BELL POTTER

PELTON
CAPITAL



Image: RfPatrol™ at the Rheinmetall and Team SABRE (Safran, Nova Systems, BAE Systems) stands at Land Forces 2022

Disclaimer



These presentation materials (the Presentation Materials) are confidential and have been prepared by DroneShield Limited (Company). By receiving the Presentation Materials, you acknowledge and represent to the Company that you have read, understood and accepted the terms of this disclaimer. It is the responsibility of all recipients of these Presentation Materials to obtain all necessary approvals to receive these Presentation Materials and receipt of the Presentation Materials will be taken by the Company to constitute a representation and warranty that all relevant approvals have been obtained.

NOT AN OFFER

These Presentation Materials are for information purposes only. The Presentation Materials do not comprise a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with the Australian Securities and Investments Commission) or any other law. The Presentation Materials also do not constitute or form part of any invitation, offer for sale or subscription or any solicitation for any offer to buy or subscribe for any securities nor shall they or any part of them form the basis of or be relied upon in connection therewith or act as any inducement to enter into any contract or commitment with respect to securities. In particular, these Presentation Materials do not constitute an offer to sell or a solicitation to buy, securities in the United States of America.

NOT INVESTMENT ADVICE

The Presentation Materials are not investment or financial product advice (nor tax, accounting or legal advice) and are not intended to be used for the basis of making an investment decision. Recipients should obtain their own advice before making any investment decision.

SUMMARY INFORMATION

The Presentation Materials do not purport to be all inclusive or to contain all information about the Company or any of the assets, current or future, of the Company.

The Presentation Materials contain summary information about the Company and its activities which is current as at the date of the Presentation Materials. The information in the Presentation Materials is of a general nature and does not purport to contain all the information which a prospective investor may require in evaluating a possible investment in the Company or that would be required in a prospectus or product disclosure statement or other offering document prepared in accordance with the requirements of Australian law or the laws of any other jurisdiction, including the United States of America.

The Company does not undertake to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

FORWARD LOOKING STATEMENTS

Certain statements contained in the Presentation Materials, including information as to the future financial or operating performance of the Company and its projects, are forward looking statements. Such forward looking statements:

- a) are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies;
- b) involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward looking statements; and
- c) may include, among other things, statements regarding estimates and assumptions in respect of prices, costs, results and capital expenditure, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions.

The Company disclaims any intent or obligation to publicly update any forward looking statements, whether as a result of new information, future events or results or otherwise.

The words “believe”, “expect”, “anticipate”, “indicate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward looking statements.

All forward looking statements contained in the Presentation Materials are qualified by the foregoing cautionary statements. Recipients are cautioned that forward looking statements are not guarantees of future performance and accordingly recipients are cautioned not to put undue reliance on forward looking statements due to the inherent uncertainty therein.

NO LIABILITY

The Company has prepared the Presentation Materials based on information available to it at the time of preparation. No representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information, opinions and conclusions contained in the Presentation Materials. To the maximum extent permitted by law, the Company, its related bodies corporate (as that term is defined in the Corporations Act 2001 (Commonwealth of Australia)) and the officers, directors, employees, advisers and agents of those entities do not accept any responsibility or liability including, without limitation, any liability arising from fault or negligence on the part of any person, for any loss arising from the use of the Presentation Materials or its contents or otherwise arising in connection with it.