

4 July 2023

ASX RELEASE

\$9.9 million DoD Contract

- **Five Eyes DoD awards DroneShield a record \$9.9 million contract**
- **The award follows DroneShield successfully completing a \$3.8 million contract with the same customer**
- **Ongoing significant momentum in the business in a rapidly expanding market**

DroneShield Ltd (ASX:DRO) (**DroneShield** or the **Company**) has been awarded a follow-on 2-year R&D contract with a total value of \$9.9 million by a Five Eyes Department of Defence (**DoD**). Approximately \$4.5 million is due in the September and December 2023 quarters. Five Eyes refers to the defence/intelligence alliance between the US, Canada, UK, Australia and NZ.

The award follows DroneShield materially completing the \$3.8 million contract announced 4 June 2021 with the DoD, with a final milestone payment expected this month.

Oleg Vornik, DroneShield's CEO, commented, "Follow-on contracts are the ultimate customer measure of our performance. As an Australian sovereign industrial capability business, DroneShield is proud and pleased to continue undertaking multi-year contracts of increasing size with this customer."

"This is the largest long-term contract received by DroneShield to date, significantly larger than the earlier, \$3.8 million contract. The 2-year term locks in cash receipts over a period of time. Further larger contracts are anticipated following completion of this phase."

"In the current uncertain geopolitical environment, there is a significant focus by the Five Eyes Governments to procure from defence industrial capability champions within their network of countries. Having deep engineering and research capability, TRL9 products and a track record of working with Defence, places DroneShield in a favourable position for ongoing work."

Operational Update

- Following a strong \$7 million cash receipts 1Q23 quarter, DroneShield is on track for an all-time record 2Q23 quarter and continuing on a trajectory for another record year for cash receipts in 2023. Further detail will be provided in the next 4C quarterly, due to be released later in July.
- Significant progress on manufacturing, operations and inventory scale-up to support additional anticipated orders for remainder of 2023. DroneShield is currently finalizing the location for a larger industrial site to move its Sydney operations to enable the growth.
- With the \$11 million contract announced in December now fully delivered and paid for, DroneShield is progressing the inventory build of the second \$11 million order announced in January, expected to be delivered later this year.
- Current order book (committed and binding customer purchase orders) of approximately \$29 million, an all-time record.
- Over \$200 million qualified opportunities pipeline (in addition to the order book), across approximately 80 projects.
- Ongoing record demand for counterdrone / C-UAS equipment, underscored by the events in Ukraine and increasing defence and security budgets globally.
- In addition to military and intelligence communities, significant engagement with critical infrastructure plants, airports and other civilian customers.



Image: Operator with the tablet console of DroneShield DroneSentry-X vehicle counterdrone system

Further Information

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About DroneShield Limited

DroneShield (ASX:DRO) provides Artificial Intelligence powered platforms for protection against advanced threats such as drones and autonomous systems. We offer customers custom counterdrone (or counter-UAS) solutions and off-the-shelf products, designed to deliver highly effective capabilities for multiple missions and use cases. Our customers include military, government, law enforcement, critical infrastructure, and airports globally.

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