

24 November 2025 ASX Announcement

Response to Recent Media Reporting

DroneShield Limited (ASX:DRO) (DroneShield or the **Company)** a global leader in counterdrone technology, today issued the following statement in response to recent media commentary and in recognition that its level of stakeholder engagement may not have met expectations at a time when company resources were focused on engaging with the Australian Securities Exchange in relation to its recent queries.

Mr Oleg Vornik, DroneShield Chief Executive, said: "The fundamental business of DroneShield remains strong and unchanged. The Company continues to deliver record revenues, expand globally, and invest in technological innovation to meet evolving customer needs. Record revenues in 2025 have been driven by repeat customers, reflecting market confidence in DroneShield's solutions."

As both a technology developer and systems integrator with a growing global presence, DroneShield remains well positioned to capitalise on the rapidly expanding counter-drone market across military and civilian sectors.

DroneShield's technology is supported by one of the world's largest dedicated counter-drone engineering teams, and undergoes continuous refinement through quarterly software updates and regular hardware refreshes, informed by customer feedback from dozens of countries worldwide. The Company leverages extensive drone threat data to stay ahead of emerging trends.

As DroneShield looks ahead, the Company's focus remains clear: to grow revenue, while developing and delivering world-class solutions to customers worldwide - many of whom rely on DroneShield technology in active operational environments every day.

Mr Vornik reconfirms his unwavering commitment to DroneShield.

Governance and Best Practice

Mr Peter James, DroneShield Chairman, said: "DroneShield is committed to undertaking an independent review of its continuous disclosure and securities trading policies and other areas, as stated in the 20 November 2025 response to the ASX. That review will be overseen by independent directors, Simone Haslinger & Richard Joffe. It reflects DroneShield's commitment to transparency and continuous improvement as the company grows."

Performance Options and Share Sales

Performance options issued to employees, management, and directors are compensatory in nature, designed to incentivise achievement of specific revenue milestones. Historically, these options represented a significant proportion of total remuneration of key personnel, as a means to conserve the Company's cash balance while rewarding performance (all grants to the publicly named directors were approved by shareholders).

Going forward, the Company will ensure an appropriate split between cash compensation and equity-based incentives. The new options incentive framework was presented to the Board at a board meeting in September 2025. Non-executive directors no longer receive performance options, as outlined in the FY24 Annual Report.

DroneShield's Chief Executive continues to hold a mix of vested and unvested performance options. The Chairman and non-Executive Director Mr Jethro Marks continue to hold vested

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performance options.

DroneShield notes that in addition to the Directors having exercised and sold a part of their newly vested shares, a number of employees have done so as well, crystallising the reward for their past effort.

Withdrawn Announcement

The announcement of 10 November 2025 regarding US contracts related to orders that were reissued by the customer due to regulatory updates. The contracts were inadvertently marked as new contracts rather than revised contracts based on the error in correspondence from the customer and an administrative error.

When DroneShield became aware of the error, it contacted the ASX to request a pause of trading pending a market release to withdraw the announcement made earlier that day.

DroneShield has taken steps to strengthen validation checks of orders prior to announcement, to prevent recurrence.

Financial Reporting

DroneShield reaffirms that financial reporting practices fully comply with all applicable accounting standards, including AASB 15 Revenue from Contracts with Customers. Revenue is recognised only when or as performance obligations are satisfied, and never in advance of transferring control to customers. This ensures that reported revenue accurately reflects the delivery of goods and services.

The Company's financial statements are subject to appropriate internal controls and independent external audits. For further detail, stakeholders are encouraged to review DroneShield's audited financial statements contained in the FY24 annual report, which outlines the Company's revenue recognition policy and inventory disclosures.

Sales Channels

DroneShield follows strict compliance procedures under Australian export control legislation and the Company's internal controls. All distributors undergo thorough vetting, and secure freight processes are employed to ensure end-to-end security.

A network of trusted and performing distributors around the world enables DroneShield to utilise their local deep customer relationships, without opening an office in each of 80+ countries around the world.

R&D and Marketing Expenditure

DroneShield is fundamentally a technology business, and innovation remains at the core of the Company's operations. Approximately 70% of DroneShield's Australian-based staff are engineers, product developers, and technicians, focused on advancing the Company's counter-drone technology in a rapidly evolving threat environment.

The R&D line item reported in quarterly 4C statements reflects expenditure on materials, as well as external consultants and services. The majority of R&D expenditure relates to DroneShield's inhouse engineering team, with those employment costs reported under overall staff costs alongside other company roles. Where appropriate, a subset of DroneShield's R&D costs is capitalised and disclosed under cash flows from investing activities.

Historically, DroneShield participated in global trade shows as part of Team Defence Australia, where the cost of exhibiting is subsidised by the Australian Government. As DroneShield has



grown and established a stronger international presence, the Company now also exhibits independently at many major global trade shows. This requires investment in stand space and professional fit-outs to ensure a high-quality presence that reflects DroneShield's brand and capabilities.

These marketing initiatives are critical for building brand awareness and supporting sales objectives, enabling DroneShield to meet ambitious revenue targets and maintain its leadership position in the counter-drone market.

DroneShield is a Counter-Drone Technology Leader

DroneShield leverages feedback from frontline customers and insights from real-world deployments. As a globally recognised counter-drone technology provider, DroneShield's solutions are informed by extensive operational experience and customer engagement.

Reports implying fibre-optic drones are becoming mainstream are not consistent with field realities. In a recent interview, the Ukrainian Deputy Prime Minister described fibre-optic drones as "sluggish" and noted they are rarely used due to operational challenges.

Detailed commentary on market trends and the "ground truths" about them can be found within the Company's October 2025 Investor Presentation.

DroneShield's commercial strategy reflects the value of advanced technology that meets rigorous operational requirements. Customers choose DroneShield's products because DroneShield prioritises performance, reliability, and ongoing innovation - critical factors in safeguarding personnel and assets.

DroneShield US Leadership

DroneShield is pleased to advise that Tom Branstetter, Vice President of Sales and Business Development, and a key contributor to the success of its US presence in recent years, has stepped into an expanded role and will lead the Company's US operations in the interim. This transition reflects continuity and strength within the leadership team. DroneShield's US operations have achieved significant growth recently, including the establishment of a senior advisory board, and progress toward establishing US-based manufacturing and assembly to better serve customers.

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

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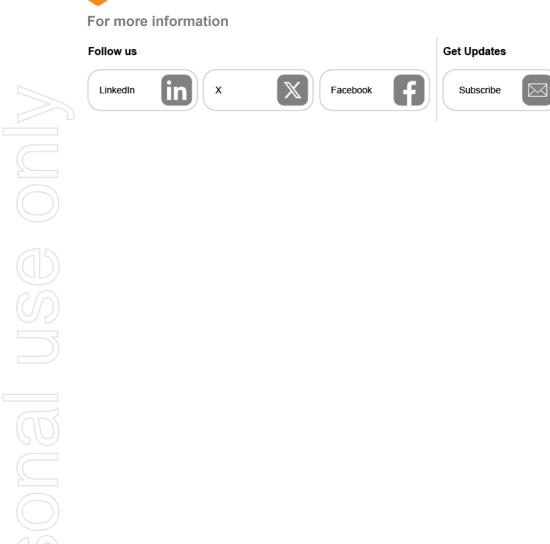
About DroneShield Limited

DroneShield (ASX:DRO) provides Artificial Intelligence based platforms for protection against advanced threats such as drones and autonomous systems. We offer customers bespoke counterdrone (or counter-UAS) and electronic warfare solutions and off-the-shelf products designed to suit a variety of terrestrial, maritime or airborne platforms. Our customers include military, intelligence community, Government, law enforcement, critical infrastructure, and airports.

To learn more about DroneShield click here: www.droneshield.com/about

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