DRONESHIELD

Artificial Intelligence For Multi-Mission C-UxS

Investor Presentation (ASX:DRO)
May 2024

Image: DroneSentry-X Mk2 in rapid field deployment

Accelerating the Business

- 1Q24 revenues of **$16.4 million, up 10x** vs 1Q23 ($1.6 million)
  - Exceptional ongoing momentum, following reaching $9.3m profit after tax in 2023

- 1Q24 customer cash receipts of **$7.1 million**, up vs 1Q23 ($7 million)
  - **Highest ever March quarter**

- Strong start to 2024 given strong seasonality in revenues and cash receipts, with the March quarter being the slowest period
  - Most payments are from US Government, with net30 payment terms (December and January being quieter months), hence only one "business as usual" month of February being captured under net30 in the March quarter cash receipts)
  - End of calendar year often corresponds to the start of a new budget cycle for many customers
  - Accordingly, the cost base of the business reflects annual rather than first quarter revenues

- 1Q24 SaaS revenues doubled to $561k vs 1Q23 ($239k)
  - Customers require Company's AI software engines, upgraded quarterly, in response to a rapidly evolving drone threat
  - Additional SaaS based solutions planned for launch in the next 12 months

- **Pro-Forma Cash balance of approx $171 million** as of 31 March 2024, no debt or convertibles
  - Based on $56m as at 31 March 2024, $100m Placement (Tranche 2 of $30m subject to EGM approval) and $15m SPP
  - DroneShield hardware carries sophisticated componentry (which assists high margins and competitive differentiation), driving requirement for componentry purchasing in advance due to the build time
  - Funds to be used for a significant inventory investment, corresponding to a high-quality sales pipeline, and a further investment into Artificial Intelligence R&D, underpinning the Company's products and the SaaS model

- **$27 million** contracted **backlog** and **pipeline of over $519 million**[1] (as at 31 March 2024)

- Current **manufacturing capacity of $400 million per annum**

- Favourable environment for DroneShield with rapidly rising counter-drone, defence and security spending globally

- **Signed NATO Framework Agreement a significant milestone**
  - DroneShield awarded first procurement framework agreement for C-UAS in NATO history
  - 3-year procurement framework agreement with extension options
  - Magnitude of sales under the NSPA framework over the initial 3 years is expected to be significant

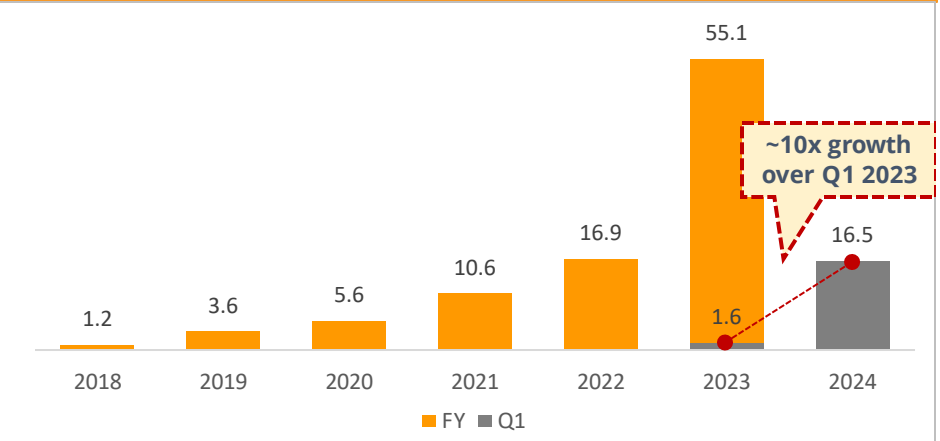
Image: DroneGun Mk4

[1] *There is no assurance that any of the Company's sales opportunities will result in sales.*

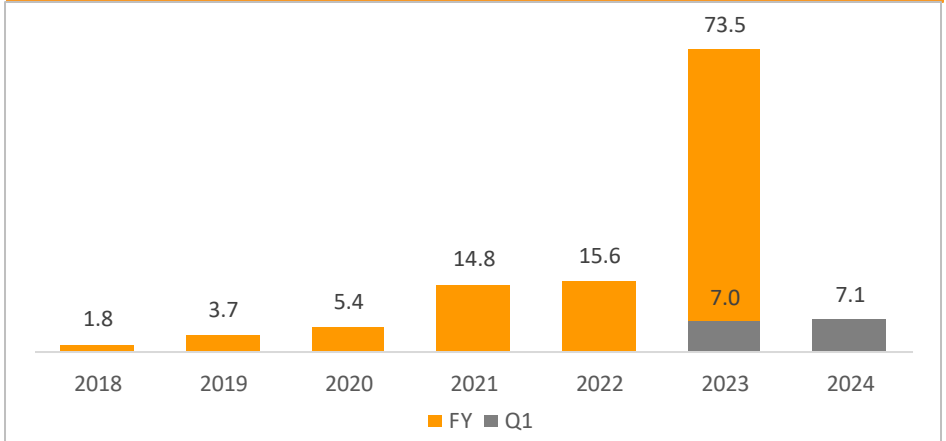
Rapid Profitable Growth ($m, Dec YE)

The business is accelerating its rate of growth, and is now profitable

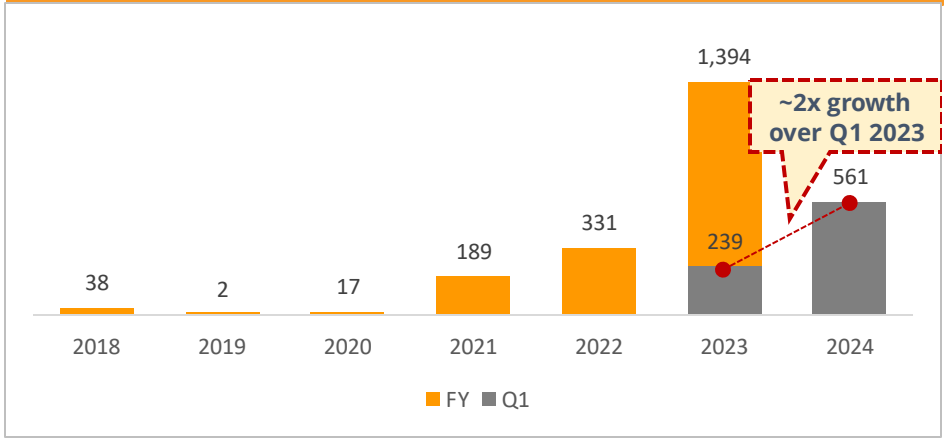
Strong Revenue Growth (A$m)



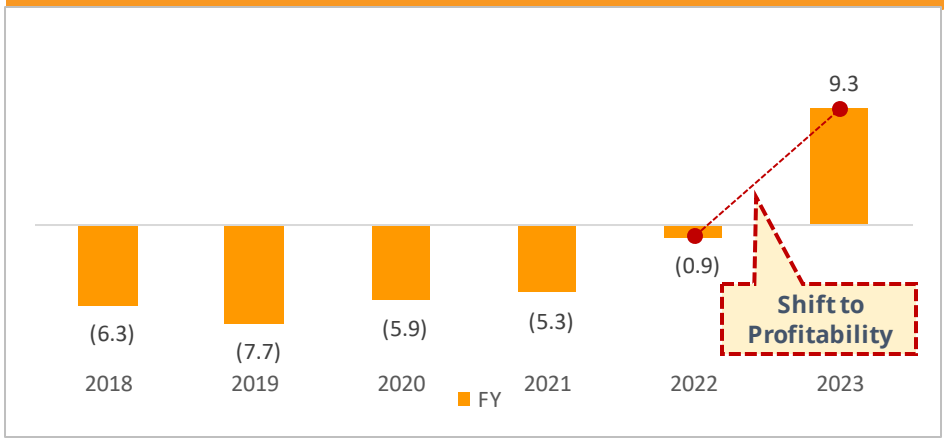
Cash Receipt Growth (Sales + Grants) (A$m)



SaaS Revenue Growth (A$000)



Profit After Tax (A$m)



SaaS model was fully introduced in 2021

DroneShield "Secret Sauce"

C-UAS pioneer, full in-house suite of multi-mission products, culture of innovation and deep channels to market

Market leading, differentiated technology

- ✓ **All hardware (except radar and camera) developed and made in-house (with outsourced manufacturing to DRO's specifications for large batches)**
  - low in-house capex as heavy industrial work is outsourced at lower margins to DRO specifications
- ✓ **All SaaS software, including AI engines for RF sensors, cameras, sensorfusion; and EW work, done in-house**
  - robust software and digital infrastructure to support enterprise grade software updates, monitoring and retrieval
- ✓ **100+ in-house engineers (out of team of 130) developing and integrating IP into product updates**
  - FPGA, AI/ML, RF/waveform, data engineering, field service engineering, front-end, back-end, platforms, mechanical engineering, industrial design, UI/UX, and production engineers, quality managers

Global pioneer with strong team and brand

- ✓ **The original counter-drone pioneer, with a strong global brand and reputation for innovation and quality**
- ✓ **Experienced in-house veteran sales team (complemented by global distributor network)**

Complete product, integration and geographic coverage

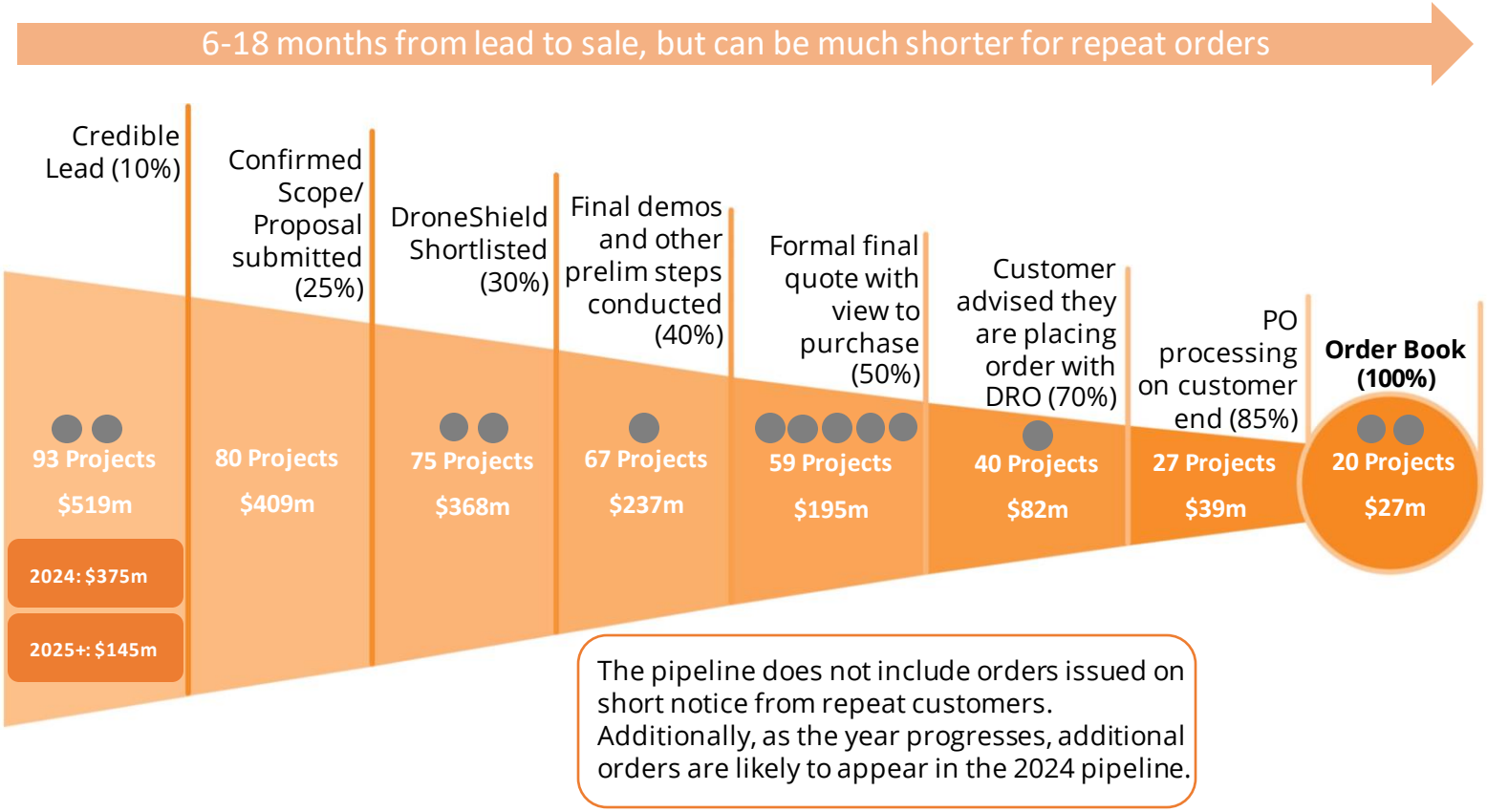
- ✓ **Body-worn, vehicle/ship and fixed site systems**
- ✓ **Both integrator and sensor maker – can integrate third party sensors/effectors, and have its sensors easily integrated into larger systems**
- ✓ **Global presence in around 70 countries via experienced and trained distributor network**
- ✓ **Mature technology development roadmap executed by a seasoned counterdrone team, ensuring solutions adapt to counterdrone market shifts**

Numerous other differentiators

- ✓ **Substantial and growing in-house AI databases for RF, sensorfusion and optical/thermal AI**
- ✓ **Deep sales pipeline and relationships with end users and channel partners, following multi-year nurturing and growth**
- ✓ **Security clearances, certifications, NATO Stock Numbers. Non-ITAR solutions**

Deep and High Quality Government Customer Pipeline (as at 31 March 2024)

Multiple projects at each development stage improve predictability of cashflows



The pipeline does not include orders issued on short notice from repeat customers. Additionally, as the year progresses, additional orders are likely to appear in the 2024 pipeline.

P-Go vs P-Win

Probability weighting on a project is a blend of

1. P-Go (deal going ahead on time, without material changes) and
2. P-Win (probability of the deal awarded to DRO vs competitor)

P-Go is managed by building proactive relationships with customers and having a large amount of projects on the go.

P-Win is generally exceptional, based on numerous product differentiators.

Notes:

● *Denotes a significant ($5m+) 2024 project at a particular stage of a funnel*
The pipeline is cumulative – eg, the 80 projects at Confirmed Scope stage are included as part of the 93 projects at the Credible Lead stage
Order Book = current Purchase Orders (POs), less amount already paid to DRO (eg deposit) under those POs
There is no assurance that any of the Company's sales opportunities will result in sales

2024 Pipeline of $375m, with a further $145m of projects tracked for 2025+ (as at 31 March 2024)

USA continues to be the major contributor to the sales and is the primary focus for the business, however the global pipeline is also growing rapidly

USA

2024 Pipeline: $226m / 43 projects

- Multiple military/Govt order discussions
- Well advanced on several major acquisition programs

United Kingdom

2024 Pipeline: $22m / 3 projects

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

- 13 pipeline projects (across 2024) of over $5m each
- Several of these are estimated to be awarded in current quarter (note: Government contracts have delay risks)
- The largest 2024 pipeline project is $77m
- The large projects are substantially US, UK and West Europe Governments as end customers
- DroneShield expects to secure several large framework purchasing agreements in next 12 months

Europe

2024 Pipeline: $111m / 19 projects

- Well advanced on several major acquisition programs
- Diverse pipeline across countries, products and use cases

Australia

2024 Pipeline: $4m / 5 projects

- Execution continues on the $10m, 2 year DoD contract
- Substantial upside, not currently in the pipeline, from Government allocating funding towards C-UAS (such as LAND156) and additional Ukraine aid

Other

2024 Pipeline: $11m / 14 projects

- Diverse range of geographic and product opportunities
- Middle East continues as an active focus, however conservatively small allocation in the pipeline

Notes:
The pipeline includes existing defined sales opportunities at various stages of maturity
The opportunities are unweighted, and measured as cash receipts to December 2024
Quoted in Australian dollars. AUD.USD FX rate at 0.66, AUD.EUR FX rate at 0.61, AUD.GBP FX rate at 0.52
Necessarily, not all, and there can be no assurance that any, of the Company's sales opportunities will result in sales

Explosive Growth Based on a Strong Foundation

2014-2017 Building the Foundation

- Setting up in Australia and US
- ASX IPO (raising $7m)
- R&D and productizing the initial product family:
  - DroneGun Mk1 and Mk2
  - Acoustic detection sensors
- Team grows to 11 staff
- Global partner network setup
- C-UAS market in infancy
- Customers demos, trials and initial smaller orders
- From nil to $300k/year annual revenue

2018-2022 "Green Shoots"

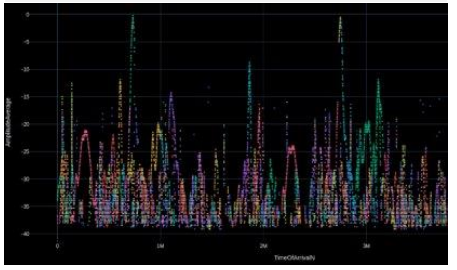
- Multiple $1m+ orders
- $3.8m 2-year R&D contract
- $9.6m and $17m capital raises, $3.7m Epirus investment
- Completing the product line-up:
  - DroneGun Tactical
  - RfPatrol Mk1 and Mk2
  - DroneSentry-X
  - Refinement of DroneSentry
  - Introducing SaaS model
- First-ever ACMA licence to manufacture jammers
- Team grows to 60 staff
- From $1m to $17m annual revenue

2023 Explosive Growth

- $33m U.S. Govt sale
- $9.9m 2-year R&D contract
- Numerous other multi-million contracts
- $40m capital raise in March 2023 to fund working capital and scale the team
- 105 staff in Sydney and Virginia
- Exploding market, with Ukraine highlighting the need for C-UAS products
- $30m order backlog
- $400m pipeline
- First profitable year

2024-2028 Transforming to Next Level

- 5-year target*:
  - $300-$500m annual revenue
  - 50% of revenue in SaaS and Electronic Warfare
- This revenue is expected to be supported by 150-170 staff



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DroneShield Overview

Summary

DroneShield Overview	• Founded in 2014 and listed on the ASX in 2016, DroneShield provides **Artificial Intelligence platforms** for **protection against drones** • **Hardware and software** to detect and safely neutralise small drones used for warfare, terrorism, contraband delivery, and airport disruptions • **Key customer areas** include military, intelligence community, Homeland Security, law enforcement, critical infrastructure, prisons and airports globally
Business Model	• **Three streams of revenue**: hardware (drone detection and defeat devices), SaaS (device software updates) and R&D • Sales through an **experienced in-house veteran salesforce with distribution partners across over 70 countries** • SaaS is expected to become a **significant proportion of overall revenue** over the next 5 years • R&D contracts are adjacent to the core technology, and contribute advanced capability in-house
SaaS via 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 • The result is an **increase in detection responsiveness**, **lower false positives** and an **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 solutions except for radars and cameras hardware fully developed in-house, with no reliance on third party IP
Addressable Market	• **US$10 billion** worldwide addressable market • 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** • Defence, intelligence community and border security will continue to be the key focus, however there is a **major opportunity for growth** into civilian airports, critical infrastructure, prisons, stadiums and corporates

Market Pioneer in C-UAS Technology at the Forefront of Innovation

Complete Multi-Mission Counter-Drone Arsenal with the Best Product for Every Scenario

	Body-Worn			Vehicle / Stationary		Fixed Site		
								
	DroneGun Mk3	DroneGun Mk4	DroneGun Tactical	RfPatrol Mk2	DroneSentry-X Mk2	DroneCannon	RfOne	DroneSentry
2023 Revenue	2%	17%	41%	29%	6%	5%		
	older model	% expected to rise in 2024	% to reduce, replaced by Mk4	% expected to stay stable	% expected to rise in 2024	Smaller amount due to fixed sites being a smaller market at present. This will rise as defence bases, airports, prisons and similar customers commence adoption		

Best in Breed, Proprietary Technology

- Multi-Sensor Detection, ID and Tracking
- World Class Detection Range
- World Class Defeat Range

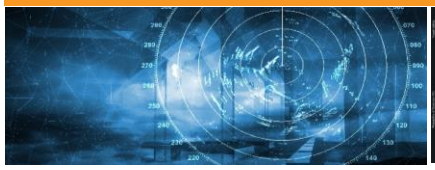
Protecting Against a Wide Range of Threats

- Aerial Vehicles
- Ground Vehicles
- Surface Vehicles
- Underwater Vehicles

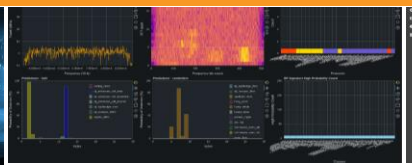
With An Established Competitive Moat

- Veteran Sales Force
- Top Tier Customer Base incl US DoD
- World Class Engineering Talent
- 70+ countries Distributor Network
- Security clearances, certifications, NATO stock numbers

Software (SaaS and R&D contracts)



Electronic Warfare and SIGINT



RFAI (Radiofrequency AI engine)

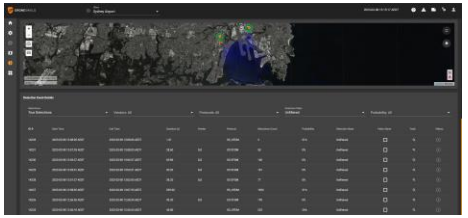
DroneSentry-C2 (incl SensorFusion AI) and DroneOptID

Replacement Cycle

- Substantial majority of the purchases are to fill new or additional requirements, not to replace existing C-UAS stock (due to low market penetration)
- Hardware life of approx. 5 years (use dependent), but likely to be replaced as new generations of hardware come out (2-3 year release cycles)
- Software/SaaS quarterly release cycles (applies to RfPatrol, RfOne, DroneSentry-X, DroneSentry-C2/DroneOptID, DroneSentry-C2 Tactical). DroneGun SaaS due in 2025

How a Counterdrone System Works

DroneShield Performs all steps of the Process

Step 1	Step 2	Step 3	Step 4
Detect	**Assess**	**Respond**	**Review**
	 	 	 
Bespoke sensor solutions provide optimal **Detection** and **Identification** of UAS threats	Machine Learning and AI based detection and classification software is used to undertake near-real time tracking and **assessment** of drones and UAS threats	**Respond** / defeat technologies offer solutions for the controlled management of UAS threats	**Review** by visualizing event data and recorded information to harden systems and procedures against future threats

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	• Foundational layer • Detects drone comms protocols (via conventional RF library or an AI engine)	• Motion tracker - emits signals which are then reflected back to the radar by targets	• Electro-Optical (EO), Infrared (IR) and Thermal • Video analytics and image capture identification of drone activity	• Compares noise of drone blades or motor to a database of acoustic signatures
Advantages	✓ No interference with other sensors ✓ Tracks multiple targets ✓ Passive – cannot be “seen” ✓ Low false alarm rate ✓ Direction-finding capability ✓ Long ranges ✓ Cost effective	✓ Picks up drones without RF emissions ✓ Tracks multiple targets	✓ Best used for verification, classification and tracking of a target detected by other sensors ✓ Potential identification of payloads ✓ Provides “eye on target”	✓ Passive, cost effective ✓ Supporting sensor, filling gaps from other sensors
Disadvantages	× Doesn’t pick up RF-silent drones × Requires firmware updates	× False alarms (birds etc) × Is “seen” as emits energy × Longer range detection is expensive × Struggles with hovering drones	× Not well suited for detection on its own due to field-of-view vs distance trade-off × Short ranges	× 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

DroneShield Offering

Exotic Tech, Limited Reliability

Large Defence Primes Dominance Area

	Safe – "soft kill" *No intentional damage to the drone*		Kinetic – "hard kill" *Physical force used with potential for destructive damage*		
	Smart Jamming	**Spoofing/Cyber/ Protocol Manipulation**	**Counter-Drone Drones**	**Projectile Fire Kinetic Systems**	**Directed Energy (Laser or Microwave)**
Imagery					
Overview	• Radio waves force a drone to fly back, hover, or land	• Hijacks the control of a drone	• "Kamikaze" or "catching" drones	• Remote weapons systems shoot down drones	• Lasers and high-power microwave systems "dazzle" or destroy a drone
Advantages	✓ Universal effectiveness ✓ 360-degree defeat coverage ✓ Effective against swarms ✓ 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 is available to a wider range of customers	✓ Effective against Govt-grade drones ✓ Established technology for military operations	✓ Effective against Govt-grade drones ✓ Systems can be mounted on naval vessels for complex defence systems
Disadvantages	× Potential for collateral interference (for a "dirty" jammer)	× Not effective against all drones × Higher chance of collateral damage × 30-90sec per drone to engage, can't engage multiple drones same time	× Generally slow to deploy × Not effective against swarms	× Collateral damage × Unsuitable for use in a civil environment	× In early stages × Only available for military applications

At a Critical Inflection Point, capitalizing on numerous Growth Vectors

Continue Market Leadership & Expand Wallet Share

- Leverage industry pioneer status to **deepen penetration in key markets**
- **Expand wallet share among existing clients** by embedding more solutions into key customer systems
- **Capitalize on U.S. DoD recommendation** and track record with other top customers to reinforce brand strength

Grow Adjacent Electronic Warfare (EW) Capabilities

- **Capitalize on the ~$10m Five Eyes DoD contract** to enhance EW offering
- **Expand EW capabilities, utilizing software-centric approaches** to provide scalable and versatile solutions
- **Explore broader distribution opportunities** within the AUKUS alliance to enhance global reach in EW

Accelerate SaaS Subscriptions

- **Intensify focus on SaaS model** to drive recurring revenue through subscriptions
- **Expand userbase for key products**: RFAI and DroneSentry-C2
- **Leverage in-house AI & ML engines and capabilities** to continuously enhance threat detection & response, ensuring high customer retention

Expand into Adjacent Markets

- **Increase penetration in civilian sectors** such as airports, infrastructure, and facilities, where drone threats are escalating
- **Extend market reach into non-traditional sectors** like shipping points, first response, and prisons, where DroneShield's tech can add unique value
- **Capitalize on geopolitical tensions** to identify new markets for expansion

Strategic Alliances & Partnerships

- **Forge strategic alliances** with defence contractors and technology firms to integrate solutions into broader security systems
- **Collaborate with government bodies** for co-development projects
- **Pursue partnerships with private security firms** to expand the reach into commercial and VIP protection markets

Future Contracts

✓ **13 major (>$5m) 2024 contracts representing >$250M**

✓ **Initial contracts often serve as a foothold in forming lasting, high-sales-volume customer relationships**

Exceptional Brand and Differentiated Market Position

	DRONESHIELD	ANDURIL	CACI	HIGH POINT	Dedrone Aerial Armor	ELECTRONIC WARFARE		BLUEHALO	SRC	D-FEND SOLUTIONS
Origin	/				/					
Integrator	✓	✓	✓	✓	✓	-	✓	-	-	-
DETECT										
Dismounted	✓	-	-	-	-	-	✓	-	-	-
Vehicle	✓	-	✓	-	-	-	✓	✓	✓	✓
Fixed Site	✓	✓	✓	-	✓	-	✓	✓	✓	✓
DEFEAT										
Dismounted	✓	-	-	✓	✓	✓	✓	-	-	-
Vehicle	✓	-	-	-	-	-	✓	✓	-	✓
Fixed Site	✓	✓	-	✓	-	-	✓	✓	✓	✓
COMMENTARY										
Platform information		✓ Integrator via its Lattice platform	• Substantially an integrator • Acquired AVT, a smaller integrator	• Roll up by Highlander Partners of Liteye, Black Sage and Radio Hill (in Feb 24) • Integrator/C2 supplier, and handheld disruptors	• Announced to be acquired by Axon in May 2024 • Focus on law enforcement • Acquired Aerial Armor Jan 23	• Handheld Dronekiller jammer gun • Lacks a full product suite	• Lower performance vs DRO • European customer focus • Handheld defeat is on-the-body based, creating potential issues	• RF detect-and-defeat (via Citadel purchase) • LOCUST laser defeat • Acquired Verus Mar 23	• Offer an expensive, competing product to DroneSentry	• Protocol manipulation – similar legal restrictions to jamming, less reliability, no swarm protection

DRONESHIELD

- ☑ Most extensive product range on the market
- ☑ Unrivaled versatility from handheld to fixed-site solutions
- ☑ Large IP portfolio and robust AI capabilities
- ☑ Battle-tested, superior performance

Note: Competitor analysis based on publicly available information

DRONESHIELD

Appendices

Geopolitical Environment Providing Market Tailwinds

Increased expenditure by Western Governments in response to small drones being used in virtually all conflicts globally

- Iran's recent attack on Israel reportedly using over 100 drones
- US DoD proposed 2024 budget of over US$840bn, a record peacetime amount[1]
- Germany increasing spending to over 2% of GDP (from 1.53% in 2021), including a new EUR100bn fund to modernise military[2]
- Poland have announced a record 2023 Defence budget at 3% of GDP[3]
- Australia completed Defence Strategic Review (DSR), with expectations to increase the allocations to asymmetric, high-tech and greyzone warfare. The next step is the release of Integrated Investment Plan, which will lay out implementation blueprint of the DSR

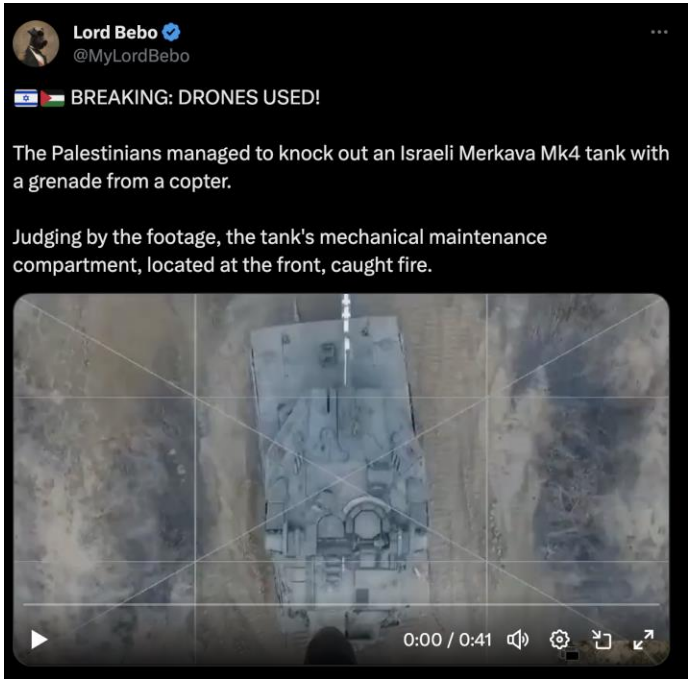
In Australia, the Government is seeking to rapidly grow sovereign defence capability, with several key focus areas directly matching DRO expertise, including counter-robotics, Electronic Warfare, and battlefield surveillance (ISR)

Record Defence and Security budgets, combined with a demonstrated use of drones in conflicts worldwide 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

Increasing global tensions and use of drones across hot zones, including Ukraine, Hamas attack on Israel, and in the Armenia/Azerbaijan ongoing conflict

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



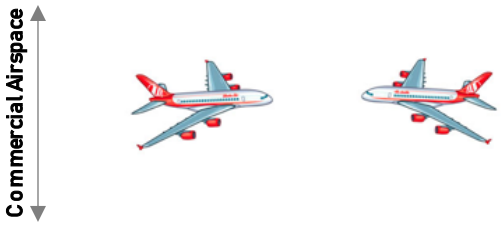
Iranian Shahed drones used by the Russian military

[1] https://www.cbo.gov/publication/59511#:~:text=The%20proposed%20budget%20for%20DoD,2024%20in%20the%20previous%20FYDP.
[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

Urgent Need for Counter-Drone Solutions Across Both Military & Civilian Sectors

The Rapid Proliferation of Drones has Escalated the Potential for Disruptive Incidents…

- Payload Delivery
- Intel Gathering
- Swarms
- Nuisance Activity
- Cyber Attacks



Deepening the Demand for Robust Countermeasures, Positions DroneShield for Sector-wide Market Capture with its Sophisticated, Proprietary C-UAS Solutions

Growing Counter-Drone Applications Across End Markets

Military

Government Facilities

Law Enforcement

Protective Details

Airports

Stadiums

Commercial Venues

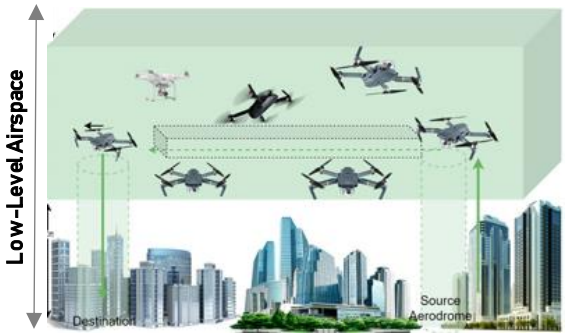
Energy Production

High Profile Events

Shipping / LNG Ports

Rescue / Fire Response

Correctional Facilities



Benefits and Applications of Safe, Layered, Counterdrone 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

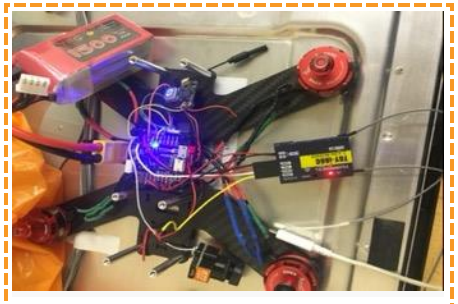
Avoidance of Collateral Damage

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

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

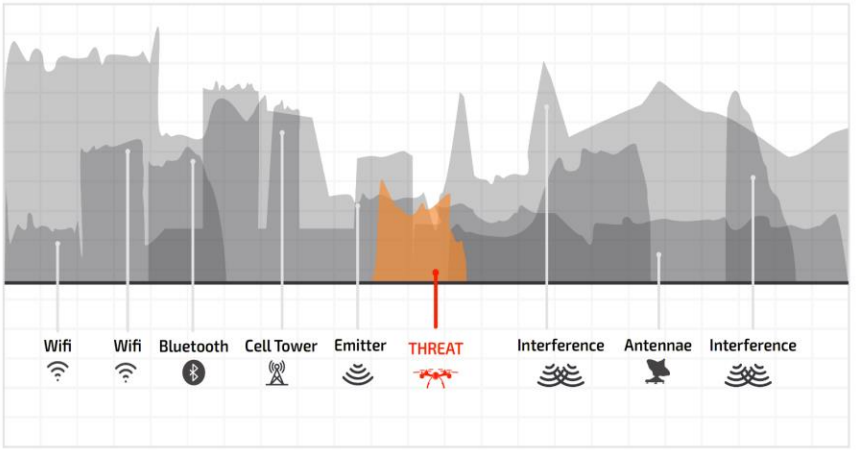
Multi-Platform with Scale Benefits

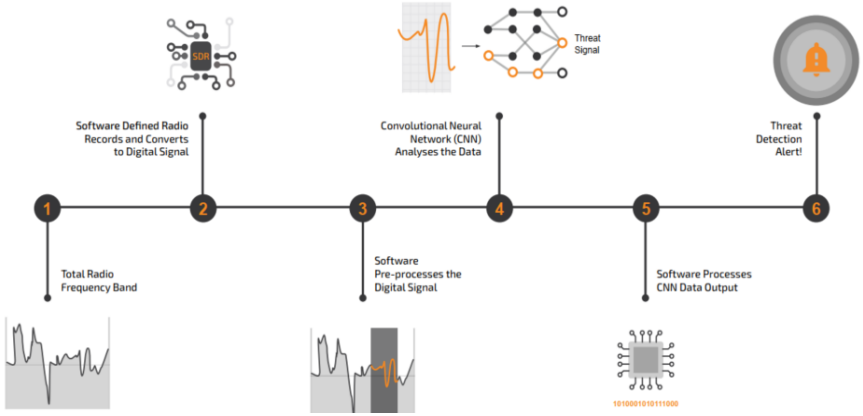
- Safe solutions can be carried on-the-man, mounted on light skinned vehicles and provide continuous passive protection unconstrained by ammunition stores
- Kinetic counter-drone solutions are often mounted on heavy, remote weapon stations and constrained by magazine depth

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 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
  - Drone detection technology needs to be able to pull a signal out of all the other "noise", while maintaining low false alarms
- DroneShield has developed a cutting-edge spectrum awareness capability using proprietary AI techniques through its RFAI™ engine
- The RFAI™ engine receives quarterly updates (intra-quarter updates also available) which get pushed to the devices globally
- <u>Why is this more advanced than the cell phone technology?</u>
  - Need to detect all protocols, all the time, on all bands, while cell phones are specific dedicated protocols on specific channels
  - Cell phones are a well-defined protocols with defined timing, frequency, and identifying signals to lock onto. This allows to optimize the system from the hardware bands being made narrow band so there is no interference. The Government licensed bands allow no interference sources, so the algorithms are defined, which means the math is defined
  - In C-UAS, there is no set sample rate, sample frequency, bands, licensed channel control, so there is no optimization about any one algorithm





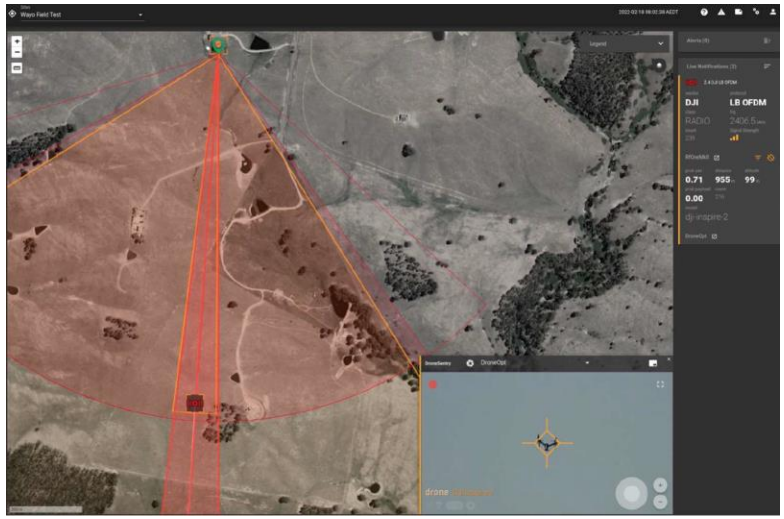
DroneOptID AI Software – Optical and Thermal Spectrum Counterdrone Surveillance

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

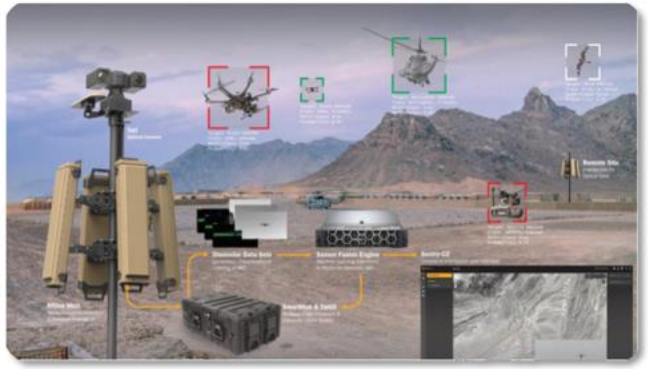
- To enable cameras to accurately detect and track drones and other objects, DroneShield has developed a proprietary AI engine DroneOptID™, in conjunction with University of Technology Sydney, with DroneShield retaining the IP
  - DroneOptID uses the latest in Computer Vision technology to detect, identify 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



Cutting-Edge Proprietary AI-Based Software Capabilities

ROBUST SOFTWARE SUITE

INTEGRATED ACROSS THE DRONESHIELD ECOSYSTEM



POWERED BY BEST-IN-CLASS TECHNOLOGY

- **Advanced Computer Vision & ML** to detect and track drones in complex environments
- **Sophisticated, Proprietary Algorithms** to enhance real-time threat analysis and response
- **Substantial & Growing Threat Database** leverages 35,000+ database of drone samples to precisely classify drones
- **Regular Software Updates** maintains technological edge and responsiveness

DRONESHIELD'S SOFTWARE IN ACTION – CASE STUDIES

U.S. Navy

- **Deployment:** DroneSentry-X and DroneSentry-C2 on the U.S Navy's M80 Stiletto vessel for 6 weeks
- **Technology:** Powered by RFAI, DroneShield's AI/ML signal detection and classification engine
- **Capabilities Demonstrated:**
  - ✓ Advanced AI/ML signal detection & classification with RFAI, enabling robust detection of a diverse range of unmanned threats
  - ✓ High-performance adaptability in various sea states against swarms, showcasing sophisticated AI-driven response in dynamic environments

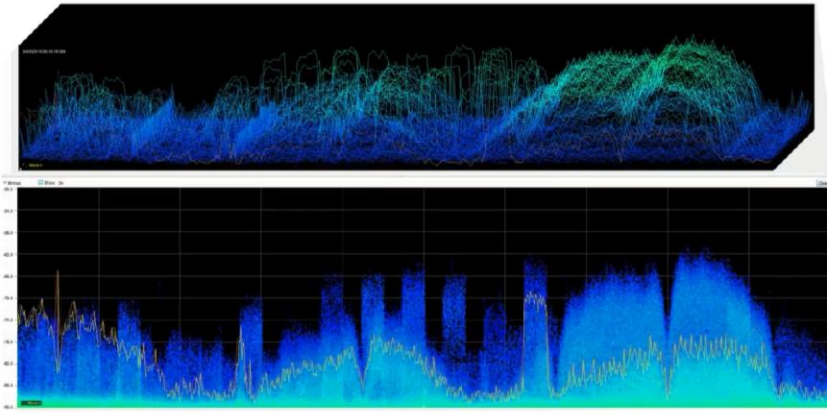
IRONMAN Sports Event

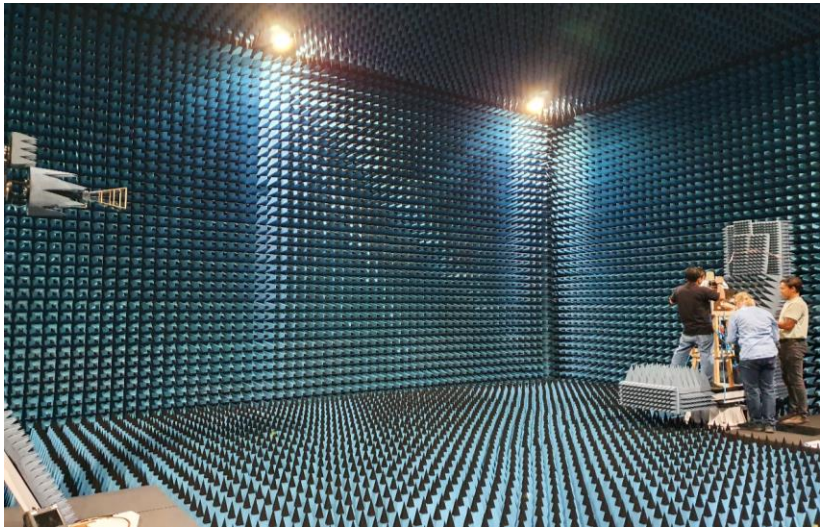
- **Deployment:** DroneSentry and DroneOptID, used for the 2nd consecutive year at the event
- **Technology:** DroneOptID for AI-powered detection, identification, and tracking
- **Capabilities Demonstrated:**
  - ✓ Leveraged AI to provide instant notifications to security personnel, enabling prompt response to potential aerial threats
  - ✓ Software system was able to integrate with existing security measures at the event, demonstrating its flexibility

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 July 2023, DroneShield received a $9.9 million, 2-year R&D contract with the Five Eyes Department of Defence
  - Contract was awarded on a sole source basis
- Additional, and larger, contracts are expected, as DroneShield builds up its AI capabilities in the EW and Signals Intelligence arena





Visionary Team of Industry Veterans with Deep Industry Experience

Peter James

Independent Non-Executive Chairman

Oleg Vornik

CEO and Managing Director

Jethro Marks

Independent Non-Executive Director

Carla Balanco

CFO and Joint Company Secretary

Red McClintock

Sales Director

Tom Branstetter

U.S. Director of Business Development

Angus Bean

Chief Technology Officer

Lawrence Marychurch

Vice President, Design

Paul Cenoz

General Counsel and Joint Company Secretary

Matt McCrann

U.S. CEO

Raffael Battner

Operations Manager

Carl Norman

Vice President, Embedded Systems

Majority of the DroneShield senior team has been with the business for most of its history, delivering rapid growth.

Capital Structure

Capital Structure (approximately 17,000 shareholders) - 13 May 2024	
DRO Shares on Issue	723,154,247
DRO Options on Issue[1]	57,434,000
DRO Shares Placement Tranche 2[2]	**37,875,000**
Fully Diluted Shares on Issue	**818,463,247**
Fully Diluted Equity Value[3]	$802.1m
Cash[4]	$171.4m
Debt	-
Fully Diluted Enterprise Value	**$630.7m**

[1] Options issued at various strike price and maturities
[2] Subject to shareholder approval at EGM
[3] At 98c per share as at 13 May 2024
[4] Using 31 March 2024 cash balance of $56.4m and applying $100m Placement and $15m SPP gross proceeds

Director and Employee Shareholdings		
Oleg Vornik, CEO and Managing Director	15,000,000 options	1.83%*
Peter James, Independent Non-Executive Chairman	935,345 shares 3,000,000 options	0.48%*
Jethro Marks, Independent Non-Executive Director	1,500,000 options	0.18%*
Other Employees	10,450,391 shares[1] 36,384,000 options[2]	5.72%*

Notes: Percentages are on a fully diluted basis and assume the completion of Tranche 2 of the Placement
[1] Shares held by 38 employees (out of the team of 130)
[2] Options held by 36 employees (out of the team of 130)

Research Coverage

BELL POTTER

henslow
AN OAKLINS MEMBER FIRM

PELOTON CAPITAL

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DRONESHIELD

Artificial Intelligence For Multi-Mission C-UxS

DroneShield Limited (ASX:DRO)
Investor Presentation

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