

13 December 2021

ASX RELEASE

Five Eyes Defence Agency Order

DroneShield Limited (ASX:DRO) ("DroneShield" or the "Company") is pleased to advise it has received an initial order of an approximately \$600,000 value for a variant of its DroneSentry™ system, by a defence agency of a Five Eyes country. Five Eyes intelligence community consists of US, Australia, UK, Canada and New Zealand.

The system is an initial trial order, to determine suitability for end user requirements, in anticipation of larger purchases. DroneShield will continue to work collaboratively with the customer in an agile manner to perform any refinements to the software, in turn continuing to improve the offering to all Defence and intelligence users which often have similar requirements.

Oleg Vornik, DroneShield CEO, commented, "We are pleased to add another marquee first time defence customer to our user community. It is exciting in several ways.

First, there is a significant potential for large follow up systems to this customer, both this system configuration and cross selling of our other products.

Second, this is another validation of our AI-enabled signals intelligence (SIGINT) DroneSentry™ platform, utilising Artificial Intelligence (AI) across multi-spectrum, including radiofrequency and computer vision to enable threat awareness and dominance to the Defence customer, who is faced with the need to collect and process enormous volumes of data from multiple domains. Importantly, the computer vision element also incorporates machine learning models in the Long-Wave Infrared spectrum (LWIR) – this is in addition to more conventional electro-optical and night-vision sensors.

Over its development period, DroneShield has accumulated a substantial number of complex datasets across various domains to optimise its algorithms, along with proprietary techniques for smart marking of the data, as well as techniques to maximise the efficiency of available data, including via creation of synthetic datasets. This, together with enriching our Defence customers' own proprietary data and analytics via DroneShield's modern, robust APIs, enables DroneShield to continue its lead in the Artificial Intelligence protocol development.

The sold system incorporates both hardware and software, including SaaS. The hardware includes computing at the edge, reducing the timelag and dependency on central systems. It also utilises DroneShield's proprietary Field Programmable Gate Array (FPGA) techniques, substantially reducing size and increasing efficiency compared to conventional computing chips."

DroneShield expects to deliver the system and receive full payment in the March 2022 quarter.

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

Further Information

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About DroneShield Limited

DroneShield (ASX:DRO) provides Artificial Intelligence based platforms for protection against advanced threats such counterdrone and Electronic Warfare applications. We offer customers bespoke solutions and off-the-shelf products designed to suit a variety of terrestrial, maritime or airborne platforms. The customers include military, intelligence community, Government, law enforcement, critical infrastructure, and airports globally.

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